

# Private Market Secondaries

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## A Core Allocation for Modern Private Market Portfolios





With many traditional primary private equity (PE) strategies facing extended holding periods, a record exit backlog, and slower distributions, secondaries can serve as a complementary solution, offering an attractive alternative: vintage and manager diversification, and the potential for attractive risk-adjusted returns and more consistent capital distributions.

### What Are Private Market Secondaries?

Private market secondaries are transactions in which existing investors buy or sell stakes in private market funds or portfolio companies, providing liquidity in a market that was not originally designed to offer it. Secondary buyers acquire interests in individual assets or funds that are already invested, providing immediate exposure to mature, cash-flowing assets while also offering attractive risk-adjusted return potential.

### Why Investors Allocate to Secondaries

We believe secondaries can offer a distinct blend of potential benefits not seen in most private market strategies:

 <b>Dislocation-Oriented</b>	 <b>Growing and Evolving Market</b>	 <b>Attractive Risk-Adjusted Returns</b>	 <b>Portfolio Diversification</b>
<p>Secondaries can take advantage of distress and dislocation by investing at attractive valuations</p>	<p>LPs and GPs are increasingly likely to tap the secondaries market for a growing range of creative liquidity solutions</p>	<p>The potential for comparable and complementary returns to primary private equity, alongside faster capital return, and a differentiated cash flow profile</p>	<p>Immediate access to a diversified pool of underlying companies and assets across vintages and industries</p>

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## Two Main Types of Secondary Transactions

The secondary market is broadly divided into two transaction types — LP-led and GP-led — each serving a distinct purpose, but together forming a complementary toolkit that supports liquidity generation and portfolio construction across private markets.

### Limited Partner (LP)-led

LP sells its commitment in a fund to a secondaries buyer, who then takes on the rights and obligations of the selling LP in the existing fund.

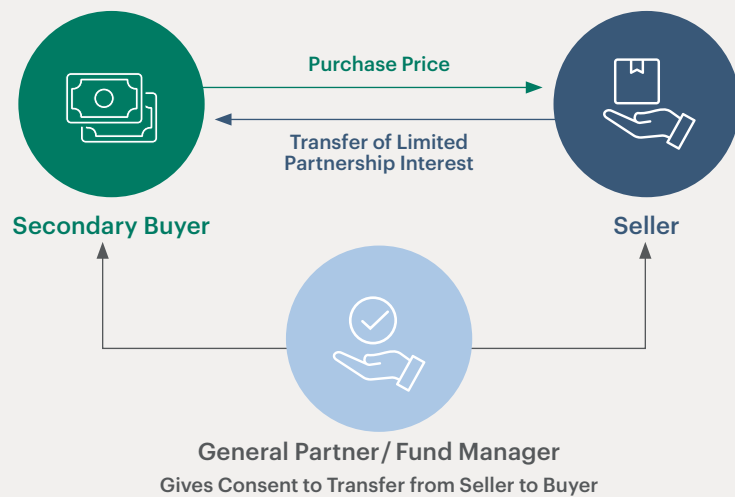
### General Partner (GP)-led

GP transfers a single asset or portfolio of companies to a new vehicle, which provides the GP with additional time to execute a value-creation plan.

## LP-led transaction

- Private equity funds generally have a lifespan of 10 years, and LPs (investors) are expected to remain in the fund for the full term.
- But LPs sometimes need accelerated liquidity for various reasons, and GPs are not likely to sell holdings to provide liquidity to just one investor.
- The secondary market can provide liquidity from an illiquid asset class.

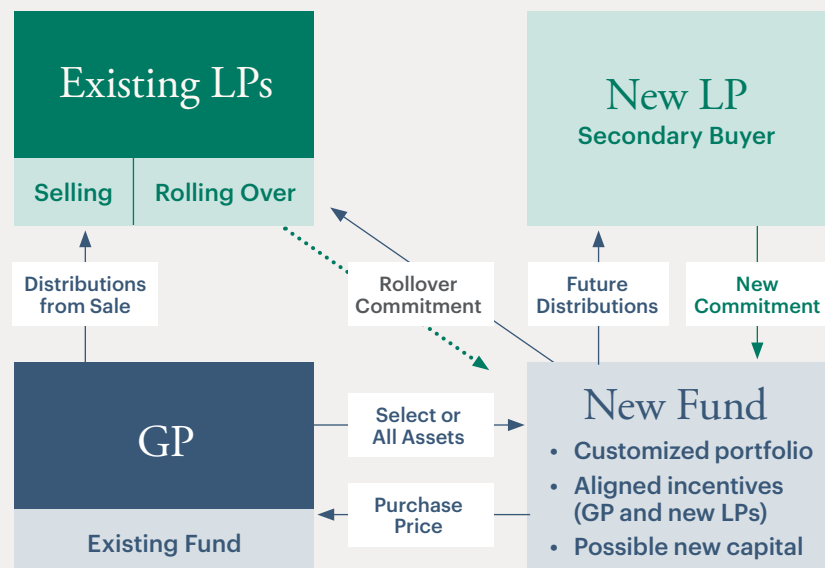
### LP-led transaction illustrative example



## GP-led transaction

- GP-led transactions can offer creative portfolio solutions such as liquidity optionality for LPs and strategic fund restructurings.
- These transactions can be mutually beneficial to all parties involved:
  - LPs can receive desired liquidity.
  - Managers can control assets for longer.
  - Secondary buyers get exposure to high-quality assets.

### GP-led transaction illustrative example



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## LP-led Secondaries Can Provide...

### Diversification

Acquiring seasoned fund interests provides exposure across multiple managers, strategies, vintages and geographies — large portfolios represented a growing share of LP-led volume in 2025.

### Attractive Entry Points

Access seasoned portfolios at attractive valuations driven by liquidity-motivated sellers.

### Shorter Duration investments

Invest in more mature assets with near-term realizations, enabling faster capital return and reduced duration.

## GP-led Secondaries Can Provide...

### Access to Trophy Assets

Continuation vehicles (CVs) allow GPs to retain their highest-conviction assets, extending value creation timelines. CVs have evolved from episodic solutions into a permanent component of GP liquidity and asset management strategy.

### GP Alignment

Deal structures increasingly emphasize alignment, with well-defined governance frameworks. GPs typically roll meaningful economics into continuation vehicles.

### Higher Return Potential

Concentrated, high-conviction exposure to attractive assets with negotiated economics, return protections and selective use of leverage can drive enhanced returns.

## Market Size and Institutionalization<sup>1</sup>

The secondaries market has experienced significant growth:

**\$226bn**

2025 Transaction Volume

▲ 41% YoY

**\$4.5tn**

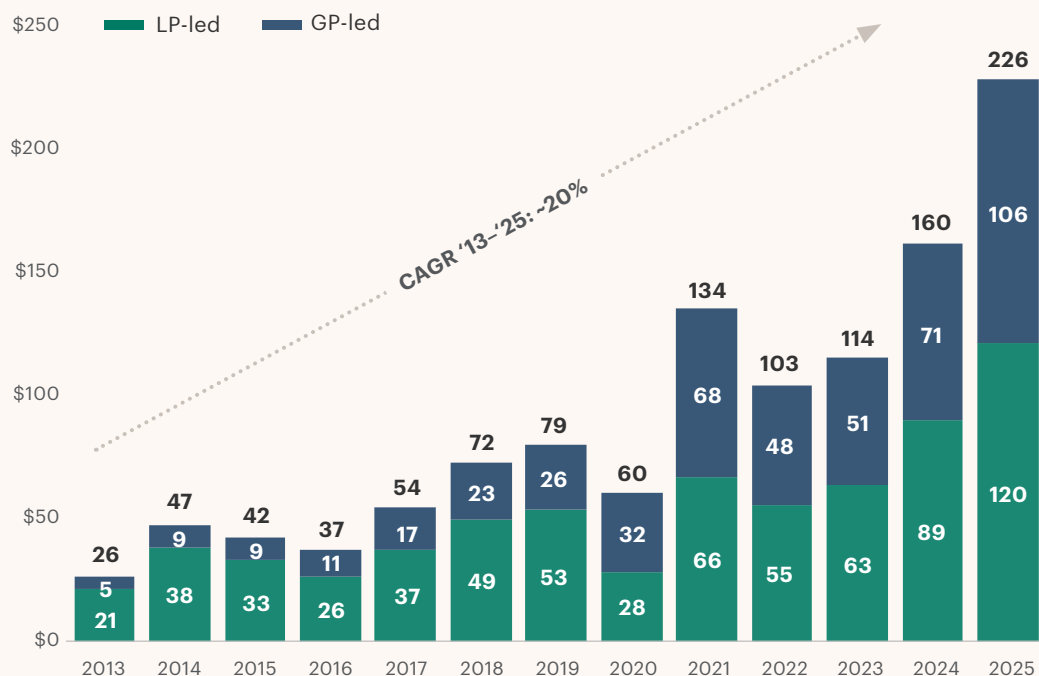
2025 Global Buyout AUM

\$3.3tn unrealized value

**\$18.7tn**

Global Private Markets AUM

\$14.2tn unrealized value



### Record pace in 2025

Secondary market reached a new high, **reaching \$226bn** of annual volume for the first time

**\$215bn**

in dry powder

Secondaries dry powder is less than 1.5 years of deal volume, a dynamic that favors secondary buyers

<sup>1</sup> Source: Evercore 2025 Secondary Market Highlights (January 2026); global buyout and private markets AUM is sourced from Preqin as of 9/30/25. Represents the views and opinions of Apollo Analysts. Subject to change at any time without notice.

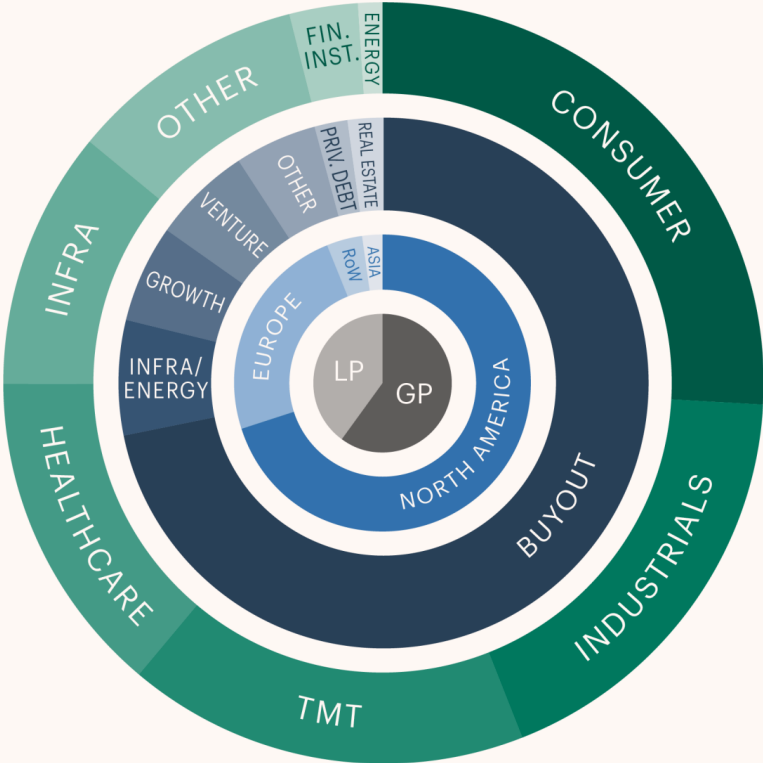
# The Bottom Line: A \$200bn+ Market, Just Getting Started

Private market secondaries have evolved from a niche liquidity tool into an essential component of the private markets ecosystem. With 2025 volume reaching record highs, secondaries trading still represents only ~2% of overall private market size—pointing to a market with significant room to grow. Average

annual growth of ~20% could carry the market to \$500 billion or more by 2030.<sup>2</sup> For investors, secondaries are an increasingly important complement and potential core allocation alongside primary private market strategies.

We believe well-constructed secondaries portfolios can provide investors with the potential for attractive returns and portfolio characteristics:

- **Diversification in vintage year, style, sector and manager**
- **Attractive upside return potential**
- **Immediate exposure to seasoned assets**
- **Ability to underwrite known assets and managers**
- **Targeted portfolio construction across sectors, geographies, and vintages**
- **Opportunity to access high-quality, hard-to-source assets**



<sup>2</sup> Source: Evercore, as of February 2026. Represents the views and opinions of Apollo Analysts. Subject to change at any time without notice.

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