

# Private Credit Secondaries

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## A Differentiated Way to Access Private Markets

Private credit has grown into a **\$40 trillion market** and can offer yield, diversification, and income that public markets struggle to deliver.

Rather than committing to a fund at inception, credit secondaries can allow investors to gain exposure to seasoned, performing portfolios — often with greater visibility into underlying assets at the time of investment and the potential for earlier distributions. For investors building or scaling a private credit allocation, credit secondaries can serve as a complementary sleeve alongside primary commitments: one that adds diversification across vintages, managers, and deal types from day one.

### Why Credit Secondaries Belong in Portfolios

<b>Attractive Risk-Adjusted Returns</b>	Buying at a discount to net asset value (“NAV”) creates an attractive entry point — potentially improving yield without taking on additional credit risk. Secondary investors can effectively access the same underlying loans as primary investors, but at a lower cost basis.
<b>Immediate Private Market Access</b>	Rather than waiting years for a primary fund to deploy capital, secondary investors gain exposure to private credit immediately. Capital goes to work faster, and income generation can begin sooner.
<b>Instant Diversification</b>	A single secondary transaction can provide exposure to hundreds of underlying borrowers across multiple fund vintages, managers, and strategies — a level of breadth that could take years and significant capital to replicate through primary commitments alone.
<b>Accelerated Cash Flow</b>	Seasoned portfolios can generate both income and earlier return of principal, leading to potentially faster DPI and shorter duration compared to primary strategies.

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## Primary vs. Secondary Markets

In primary strategies, investors commit capital to a fund managed by a General Partner (GP), which deploys that capital over several years and returns proceeds as loans mature or are repaid.

Credit secondaries are transactions in which investors can gain exposure to private credit funds or portfolios that are already up and running — either by purchasing an existing investor’s stake, or by providing strategic capital directly to a fund manager seeking liquidity or portfolio solutions.

On the Limited Partner (LP) side, an existing fund investor sells their stake to a secondary buyer, who gains immediate exposure to a portfolio that is already invested and generating income. On the GP-led side, fund managers themselves initiate transactions to access capital, restructure vehicles, or seed new strategies.

As a result, LPs and GPs get early liquidity from an asset class not historically designed to offer it. Buyers get access to seasoned, cash-flowing assets at attractive entry points, with greater visibility and diversification than a traditional primary commitment.

### Primary Fund

Vintage	Single Vintage																			
Manager	Single Manager																			
# Issuers	●	●	●	●	●	●	●	●	●	●	30-50 positions each comprising 2.0-3.0%+ of the fund.									

### Secondary Fund

Vintage	2018	2019	2020	2021				
Manager	1-5	6-9	10-13	14-16				
# Issuers					500+ positions each comprising <0.5%+ of the fund.			

For illustrative purposes only.

## Two Types of Credit Secondary Transactions

### LP-LED SECONDARIES

An LP sells its fund interest to a secondary buyer, who takes on the LP’s rights and future distributions. These transactions are typically motivated by portfolio rebalancing, capital constraints, or strategy shifts — not distress in the underlying assets.

### GP SOLUTIONS

GP Solutions refer to a set of manager-led, partnership-oriented transactions where investors provide flexible capital directly to GPs across different stages of the fund lifecycle. This includes both GP-led continuation vehicle (CV) transactions and seeding transactions, offering a differentiated way to access private credit.

#### — GP-Led Continuation Vehicles (CVs)

In a GP-led CV, a manager transfers a portfolio of existing credit assets into a new vehicle, providing liquidity optionality to current investors while allowing others to remain invested. New investors underwrite seasoned, cash-flowing portfolios, potentially benefiting from greater visibility into asset performance and immediate income generation.

#### — Seeding Transactions

Seeding involves providing anchor capital to new credit vehicles, often alongside:

- Revenue-sharing economics (e.g., fees)
- Visibility into an initial seeded portfolio at close, reducing blind pool risk
- Exposure to current vintage assets

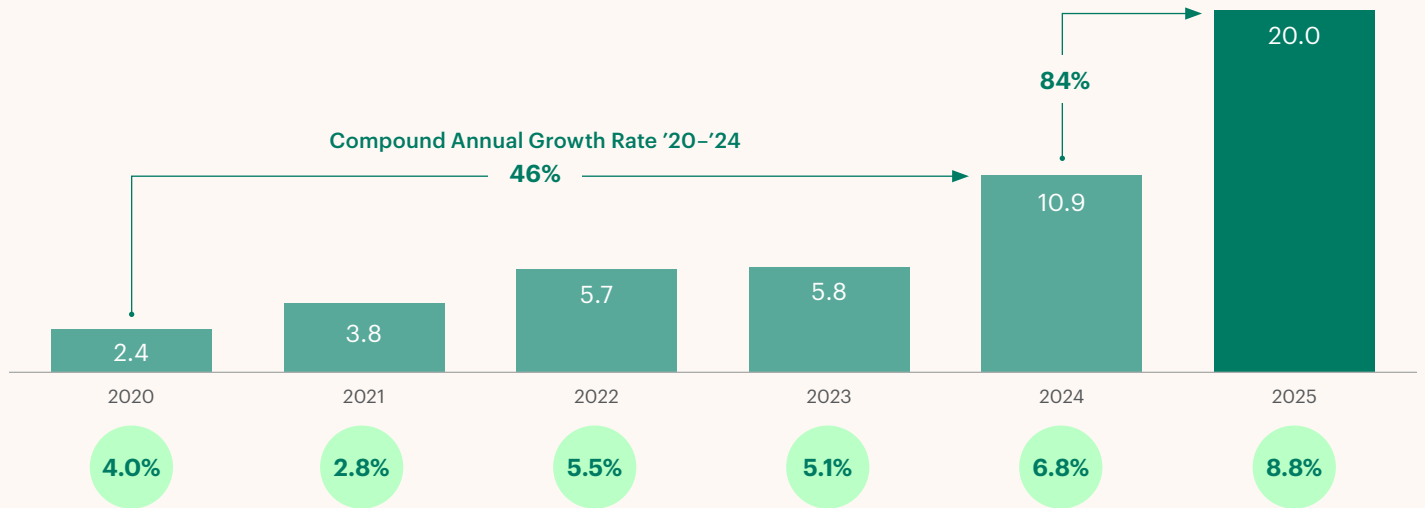
These transactions allow investors to partner with GPs at inception while capturing potential upside beyond the underlying assets.

## A Market with Significant Room to Grow

Credit secondaries are one of the fastest-growing segments of private markets — and still in the early stages of institutionalization.

Despite this growth, credit secondaries remain a fraction of the overall direct lending market. With volume expected to scale from \$20 billion in 2025 to **\$50 billion or more** within two to three years, the opportunity for investors to access this market is only expanding.

Credit Secondaries Are Claiming a Growing Share of a Growing Market (billions, transaction volume)



● % of total secondary volume

Source: Evercore Private Capital Advisory Group, 2025 Secondary Market Report

## The Bottom Line

Credit secondaries can add value across market environments. In periods of dislocation, secondary buyers can deploy into high-quality assets at meaningful discounts. In stronger markets, the secondary market can provide access to seasoned portfolios and top-tier managers that can be difficult to reach through primary commitments alone. In steady-state conditions, the ongoing need for LP liquidity and GP capital solutions creates the potential for consistent and growing deal flow.

The result is an all-weather allocation: one that can offer the income and diversification of private credit, with better pricing, faster access, and greater visibility into what you're buying — regardless of where we are in the cycle.



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