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Thriving on volatility

The world may be reeling from geopolitical shock after geopolitical shock, but this uncertainty is only fuelling record-breaking secondaries activity, write Amy Carroll and Madeleine Farman

According to data from Jefferies, the global secondaries market reached \$240 billion in transaction volume in 2025 – a record-breaking high, and a 48 percent increase on 2024’s previous record.

“Last year was extremely active, driven by the protracted slow-down in M&A and IPOs, as well as increased adoption rates. LPs and GPs alike are simply getting more comfortable with doing secondaries deals,” says Rocío Heres, a partner at AltamarCAM, speaking on *Private Equity International’s* annual secondaries roundtable. “Furthermore, all the signs are that this growth is set to continue. More than half of sellers in 2025 were new to the secondaries market. Those parties are likely to become repeat sellers.”

Wilfred Small, co-head of US secondaries and primaries at Ardian, agrees: “A series of macro shocks – that started with the pandemic, and continued with the rise in interest rates, the Russia-Ukraine war, the Israel-Palestine conflict, tariffs, and now the software sell-off and war in Iran – mean traditional liquidity routes have remain challenged. Distributions have been running at around 10 percent of NAV for a prolonged period of time now, compared with historical norms of between 20 and 25 percent. That has become a structural driver of dealflow.”

Ian Wiese, managing director at Barings Portfolio Finance, adds that secondaries volumes are also being propelled by an expansion in the asset classes that are trading: “Historically, it was private equity that dominated the secondaries market, but now we are

seeing rapid acceleration in the credit secondaries, infrastructure secondaries and real estate secondaries markets.”

Against this backdrop, Yann Robard, managing partner at Dawson Partners, believes the secondaries market will once again break records this year, predicting volumes of \$300 billion: “With continued adoption by both LPs and GPs, expansion into new asset classes and innovation in terms of types of transactions, we believe this is a market that is only just getting started.”

Secondaries remains an undercapitalised industry; as such, the volume of transactions completed is, in part, a function of the amount of capital raised. As new sources of funding increasingly target the secondaries space, that is likely to drive further expansion of the market.

“All the innovations that are bringing new money to the strategy,



Gavin Anderson

Partner, Debevoise & Plimpton

Gavin Anderson is based in Debevoise & Plimpton's Hong Kong and London offices, and is a member of the firm's private fund transactions, investment funds and investment management groups.

Rocío Heres

Partner, AltamarCAM

Rocío Heres joined AltamarCAM in 2008 and works on the sourcing, analysis and execution of investments in private equity managers in North America and Latin America. She previously worked at PwC and Fundación Banco Herrero.



Yann Robard

Managing partner, Dawson Partners

Yann Robard was part of the team that established Dawson Partners in 2015. He previously spent 13 years at CPP Investment Board, most recently as head of secondaries and co-investments.



Wilfred Small

Co-head of US secondaries and primaries, Ardian

Wilfred Small is primarily focused on the origination and evaluation of investments in the US, where he co-leads Ardian's US secondaries and primaries offerings and oversees Ardian's San Francisco office. Small joined Ardian in 2011.

Ian Wiese

Managing director, Barings Portfolio Finance

Ian Wiese is responsible for sourcing and structuring transactions in the portfolio finance team at Barings. He is also a member of the firm's investment committee. Wiese was previously a portfolio manager in MassMutual's direct private investments team and head of secondaries at Investec Fund Solutions.



including semi-liquid funds and structured products such as rated feeder funds and collateralised fund obligations, will ultimately feed into increased volumes,” says Gavin Anderson, a partner at Debevoise & Plimpton.

Growing GP-leds

The GP-led secondaries growth story, in particular, continues to go from strength to strength. GP-led secondaries volume reached \$115 billion in 2025, Jefferies data shows, representing a 53 percent increase year-on-year and accounting for 48 percent of total secondaries market activity. Furthermore, continuation vehicles represented around 14 percent of all sponsor-backed exit volumes.

Adoption of CVs also continues to broaden. As of 2025, nearly 80 percent of the top 100 sponsors by assets under management had completed a CV transaction, according to Jefferies. Today, the technology continues to work its way downstream.

“Continuation vehicles were originally mostly confined to the largest managers, but today a lot of smaller GPs are using CVs too,” says Wiese. According to affiliate title *Secondaries Investor’s* full-year 2025 *CV Deal Log*, last year saw 85 CVs close, with a total of 125 CVs launched, closed or being mulled by GPs as of year-end. Wiese adds, “Furthermore, 63 percent of continuation vehicles launched or closed by mid-market managers were the equivalent to 50 percent or more of their latest flagship fund size, according to Lazard. The ability to not only hang on to that AUM, but also to foster relationships with secondaries investors that may prove invaluable in the long term, is a key strategic tool for these smaller firms.”

The breadth of firms engaging in GP-led secondaries has increased – as has the breadth of deal rationale. “GP-led secondaries have become a flexible tool that can be used in multiple different ways,” says Anderson. “They

can be used for an end-of-fund-life clean-up at one end of the spectrum. Then there are your trophy assets that need more runway or follow-on capital at the other, and everything in between. We are also seeing GP-led secondaries being used across different strategies, from venture to credit to funds of funds.”

Small agrees: “These deals started out as a restructuring technology in the aftermath of the global financial crisis, but have now evolved to include a much higher-quality universe of GPs

using continuation vehicles to prolong the life of their best-performing assets. In doing so, they are providing a service to investors by offering liquidity in a market where traditional exits have been slow. This is why the GP-led side of the secondaries market has grown to nearly half of the overall market.”

Specifically, Small explains, it is the single-asset continuation vehicle market that is gaining most traction. “When GPs first tried to pursue single-asset deals, they were met with a secondaries buy-side that prioritised

“There is recognition that single-asset deals tend to be very high quality, and a buyer universe has grown up around those transactions”

WILFRED SMALL
Ardian

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ROCÍO HERES
AltamarCAM

diversification and therefore favoured multi-asset deals. However, that sometimes resulted in adverse selection bias, as lower-quality assets were thrown into the mix to increase buyer interest.

“Now, there is recognition that single-asset deals tend to be very high quality, and a buyer universe has grown up around those transactions. Of course, the risk-return profile is different to your classical secondaries deal: really, you are underwriting a new primary hold. But compared with a

traditional direct deal, you typically buy at NAV as opposed to a premium, so these can be very compelling opportunities indeed in a still-undercapitalised market.”

Nonetheless, Heres argues that multi-asset deals can still be highly attractive: “Even if there is a star deal in the mix, the other assets are often also strong. There is also the potential to play around with price. I don’t think all multi-asset deals deserve a reputation for poor quality, as it depends on the opportunity.”

The big question, as it relates to the explosion in continuation vehicles that has taken place over the past few years, is whether this growth trajectory will continue when traditional exit routes eventually recover.

“People ask whether GP-leds will persist when liquidity returns. We believe they will,” says Robard. “Whenever there is innovation, it takes time for those innovations to become fully accepted. For example, sponsor to sponsor deals were not initially well received in the early 2000s. Today, they are broadly accepted as an exit option. Subscription lines were initially met with scepticism; now, they are ubiquitous. Continuation vehicles appear to be on that same path of becoming accepted by the market.

“We believe that if the industry focuses on the right process, right structure and right mindset, the market will continue to grow, and in

“The secondaries market is largely countercyclical: with a lack of certainty comes a slowdown in traditional M&A. But LPs still require liquidity, and they still need to be able to rebalance their portfolios”

IAN WIESE
Barings

10-15 years’ time, it may be difficult to imagine a world without this type of exit option.”

Competitive marketplace

Given these attractive dynamics, it is unsurprising that so many new entrants have been drawn to the GP-led space – and the single-asset GP-led space in particular. In addition to traditional secondaries houses, many direct buyout shops have now set up GP-led secondaries teams. The fact that these two disparate groups have met in this market reflects the mix of skills required.

Traditional secondaries firms argue that their deep GP relationships put them at an advantage. “We have over 650 GP relationships. There are 1,600 underlying funds associated with those GPs and 10,000 underlying portfolio companies,” says Small. “That means we have a huge coverage of the market and breadth of opportunity. And, because we are also long-term primary fund investors, GPs are incentivised to work with us and give us the company-level information that we need to price from the bottom up.”

There is no doubt that while bottom-up underwriting matters, so too does a top-down insight of the GP. “Traditional secondaries firms have a right to win because they have both of those angles covered,” Small says. “The mantra is often ‘company first’, and the GP is a side issue. That’s important, of course, but you cannot afford to buy the right asset with the wrong GP, because at the end of the day, these are arms-length investments. Where is the GP strongest? How long do they take to monetise investments? What is their track record of delivering versus plan? What is their level of alignment relative to other vehicles where they already own the business?”

Robard accepts the rationale for direct buyout houses making the move into secondaries. “We believe innovation enables, while complacency kills. Many buyout firms already have the

capability to acquire companies outright, and a subset also runs minority strategies. GP-led secondaries now represent a third option, allowing firms to position themselves as a one-stop capital provider, aligned to any exit route.”

Anderson, meanwhile, can see both perspectives: “Traditionally, secondaries have been highly diversified, but now, all of a sudden, you have secondaries investors buying a major share of a single company. That starts to look more like an M&A deal in terms of the due diligence and underwriting skill involved. Different buyers take different approaches, often reflecting whether they have more of a secondaries or direct investment background.”

He agrees, however, that the distinction between a passive and an active investment is important: “These direct private equity firms certainly have a large part of the skill set that is essential for evaluating continuation vehicles, particularly in the single-asset space – for example, they often have deep sector expertise. But it remains to be seen how they will fare as passengers rather than drivers. The dynamics are different, but overall, my feeling is that the GP-led world is large and diverse, and there is plenty of room for everyone.”

And direct buyout firms are not the only new entrants, says Heres. “Lots of traditional buyout houses are considering single-asset continuation vehicles, but we are also seeing other institutions coming into secondaries as well – including, for example, family offices.”

Robard adds: “In our view, the secondaries market remains hugely undercapitalised. We believe new entrants can play a constructive role in the market’s development if they operate in the appropriate way.”

Future capitalisation

A lack of capitalisation – as well as a lack of resources – is the primary inhibitor of future secondaries growth.

“We’ve seen many headlines proclaiming that there has been record

The future of benchmarking

Increased standardisation in secondaries education and benchmarking will become critical as the industry continues to mature

The secondaries market is not only growing – it is also becoming increasingly specialised. Funds are being raised to target secondaries trades in particular sub-asset classes, ranging from private credit to infrastructure and real estate. Transaction types are also diversifying, with LP-led secondaries and both single- and multi-asset GP-led secondaries seeing increased activity. There are also levered and unlevered secondaries strategies.

“The secondaries market is, to a large extent, a function of the primary market, and so it makes sense that the secondaries market is mirroring the specialisation trend that we have seen in primaries over recent years,” says Gavin Anderson of Debevoise & Plimpton. “Meanwhile, the secondaries industry also has its own additional layer of specialisation: you have strategies focused on tail-end interests and strategies that focus on structured LP-leds, for example. These are all unique to the secondaries proposition.”

Critically, however, all of these different strategies sit at different points on the risk-return spectrum. “LPs, therefore, need to understand exactly what it is they are buying and benchmark it accordingly,” says Dawson Partners’ Yann Robard.

The way secondaries funds are benchmarked is therefore likely to be one of the major evolutions of the next few years. “Single-asset continuation vehicles, for example, have a fundamentally different risk-return profile to a highly diversified LP portfolio. We believe benchmarking will evolve to more accurately reflect each strategy’s profile,” Robard explains.

“From an investor’s perspective, the secondaries industry is like a sweet shop: the variety of options available just continues to get wider and wider,” adds Ian Wiese of Barings Portfolio Finance. “As a result, we need to have more of a focus on education and on benchmarking, so those investors can compare like for like. That kind of standardisation will be critical as the market continues to mature.”

Wilfred Small of Ardian adds that institutional investors are starting to structure themselves along the same lines as secondaries buyers.

“Large allocators are now segmenting their secondaries allocations,” says Small. “I think that is illustrative of the fact that secondaries are no longer viewed as an opportunistic play designed to take advantage of dislocation – they are part of a holistic approach to portfolio construction, with a clear recognition that different secondaries strategies offer different risk return opportunities.”

fundraising in secondaries – which may be factually correct, but lacks context,” says Robard.

“Case in point: in 2025, around \$165 billion was raised, while \$225 billion was transacted. Said differently, dry powder has continued to shrink, not grow, in this market. Our analysis suggests there is less than one year of dry powder, assuming no additional fundraising. We see this as a raise-and-deploy market.”

There are three ways that this capital gap is likely to be addressed over the course of this decade, according to Robard: “First, we believe established players will continue to scale their closed-end funds, reflecting the depth of the opportunity set. Second, we believe new entrants will continue to come to market. Third, we believe we will see continued growth in evergreen vehicles.

“At its core, the secondaries market provides liquidity in an otherwise illiquid asset class. And yet, while private markets now represent roughly \$20 trillion of assets under management, annual secondary transaction volume has only reached \$225 billion. That implies a turnover rate of just over 1 percent. It’s within this context that we believe the industry is just getting started – the market just needs more capitalisation to meet its full potential.”

In addition to traditional LPs, the secondaries market holds a strong appeal for private wealth investors, because the strategy helps to address the illiquidity embedded in private markets, explains Heres. “The shorter-duration profile tends to be a good fit for individuals.”

Wiese, meanwhile, points to insurance capital as having an important role to play. “From a risk-return and

inherent diversification perspective, this is a really interesting asset class for insurers. If you look at a lot of the large secondaries fundraisings that have taken place, insurance capital speaks for a significant proportion of those totals.”

“Insurance capital is a hot topic,” Anderson says, citing the strategic partnership that was recently disclosed between AIG and CVC. “Some insurance companies are forging these partnerships, some are taking a direct approach, some are using structured products and some are turning to the semi-liquid vehicle market. Given the bumps in the road that we have seen in the semi-liquid credit space, it remains to be seen what impact that will have on fundraising in other sectors.”

What is clear, however, is that this is a market where capitalisation is critical to future growth.

“If the industry focuses on the right process, right structure and right mindset, the market will continue to grow, and in 10-15 years’ time, it may be difficult to imagine a world without [continuation vehicles]”

YANN ROBARD
Dawson Partners

“This is one of very few asset classes where the limiting factors to volume are the amount of dry powder and resources available to address deals,” says Small. “In most asset classes, dry powder dwarfs the overall addressable market; in secondaries, it is the other way around. At the same time, private markets are growing rapidly, taking share from public markets, which continue to shrink in terms of number of companies. All of this means there has never been a more exciting time to be involved in this industry.”

Macro uncertainty

There is another factor that needs to be taken into account, of course, and that is the ongoing macroeconomic and geopolitical rollercoaster. Secondaries investors, for their part, are confident that theirs is a market that thrives on volatility.

“From our perspective, macro uncertainty is only increasing pent-up liquidity needs and, in turn, driving more secondaries activity,” says Robard. “We have seen \$80 billion of opportunities come across our desk in the first quarter of 2026 alone. This would imply this is an asset class experiencing significant dealflow – and yet, one that is also vastly undercapitalised, leading it to be a buyer’s market.”

“I see no reason why 2026 can’t once again break records,” adds Small. “Our industry obviously is not immune to volatility, but we transact over months and not days, so we have not yet seen any real softening in pricing as a result of recent geopolitical events.”

The impact of AI on software pricing in the public markets may yet have knock-on effects, however. “That is the biggest short- to medium-term risk that I see regarding valuations,” Small continues. “Longer term, I think a lot of business models may prove themselves to be resilient. Many of these software incumbents have a right to win when it comes to the distribution

of AI-enhanced products to end enterprise clients, particularly if the applications are highly specialised, mission critical and leveraging on proprietary data sets where 100 percent accuracy matters. Execution of management teams is going to be important, however.”

Heres agrees that greater macro uncertainty will lead to increased secondaries dealflow, but adds that buyers will intensify their focus on downside protection. “If geopolitical volatility continues, and if we continue to see decreases in tech multiples, the secondaries industry will benefit in

terms of dealflow. But it will nonetheless be important that buyers factor that uncertainty into their underwriting.”

Wiese adds: “The secondaries market is largely countercyclical. With a lack of certainty comes a slowdown in traditional M&A. But LPs still require liquidity, and they still need to be able to rebalance their portfolios. Those are all drivers of secondaries activity.

“We may see a temporary slowdown in the second quarter as everyone tries to unravel what is happening, but overall, I am extremely optimistic.” ■

“All the innovations that are bringing new money to the strategy, including semi-liquid funds and structured products... will ultimately feed into increased volumes”

GAVIN ANDERSON
Debevoise & Plimpton