



What is secondary private equity

A primary private equity ("PE") investment is a direct investment into a PE fund at its inception

- These funds typically contain few or no underlying assets at the time of investment
- They usually have twelve to fifteen years of fund life remaining

A secondary PE investment is an investment into existing PE-backed companies

- Traditionally via the purchase of fund interests where the buyer acquires the selling investor's interests in a primary fund's remaining assets as well as taking on their commitments to meet capital calls in the future
- This is typically 5+years into a primary PE fund's life but can be at any time
- Given the absence of trading markets, secondary transactions are less efficient, can be complex and buyers require expertise and resources

The secondary private equity market initially developed as a liquidity tool for primary PE investors. It has since expanded over the last two decades to include:

- The sale and purchase of Limited Partner ("LP") interests in PE funds
- The sale and purchase of direct PE investments and portfolios
- Bespoke liquidity solutions for General Partners ("GPs") generally called GP-led restructurings including spin-outs, tail-end restructurings, asset liquidations, LP replacements and bespoke fund extensions