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JANUARY 2025

LAZARD

PRIVATE CAPITAL ADVISORY

Secondary Market Report 2024

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As used herein, "Lazard Estimates" refers to a global survey that Lazard launched to take inventory on the secondary market in 2024 and an internal database at Lazard that tracks financial sponsor secondary transactions. The database aggregates information gathered from publicly available sources, discussions with secondary investors and transactions Lazard has executed in the applicable calendar year. The database does not capture all financial sponsor secondary transactions, and certain values in the database are estimates.

Introductory Remarks – Holcombe Green III

In 2024, the secondary market achieved record-breaking deal volume of \$152B, driven by increased liquidity demands and narrowing bid-ask spreads

This year, the secondary market set an annual record, generating an estimated \$152 billion of volume, well in excess of the previous record that was set in 2021. Despite some positive trends in the M&A and IPO markets, limitations on these exit paths continued to motivate sponsors and limited partners to access the GP-led and LP-led secondary markets. New buy-side entrants, the significant rise of '40 Act fund AUM and continued fundraising success by secondary investors have increased the amount of capital available to deploy into the market and driven up pricing across the board. While we expect traditional exit markets to improve in the coming year, we anticipate sponsors and limited partners will be increasingly active issuers in the secondary market in 2025.

The GP-led market in 2024 built upon the strength established in the first half of the year, generating total volume of \$72 billion. Single-Asset Continuation Funds surged in popularity in 2024, reversing a trend we'd seen in preceding years, as sponsors and investors gravitated towards deals for "trophy" assets. GP-led pricing improved on the year across deal types, and secondary investors deployed larger check sizes compared to 2023. Geographically, North America remained the largest market in 2024 as volumes normalized towards historical levels following a very active first half of the year in Europe.

The LP-led market continues to grow as pricing has strengthened throughout the year and aggregate capital calls still exceed distributions for the majority of portfolio managers, driving demand for liquidity. Investors have had improved visibility into near-term liquidity events, driving considerable improvement in Buyout pricing. Additionally, notable improvements in appetite for Growth and Venture Capital exposure reflect the dedicated pools of capital that several players raised to specifically target those sub-sectors. As '40 Act fund monthly capital inflows have soared, there has been increased interest in diversified fund portfolios, fueling competition and higher pricing. We expect these trends to continue into 2025 as limited partners actively manage their portfolios to take advantage of these improving trends.

Capital formation in the secondary market continues to grow at a steady pace. Following a record year in 2024, several large secondary managers are expected to hold closings for their flagship and more specialized funds in 2025. Several of the secondary managers that held large final closings earlier in 2024 should begin preparing to reenter the market in 2025, as demonstrated by the high proportion of respondents indicating their plans to fundraise in the coming year. Fundraising success for sub-strategies (e.g., Private Credit, Infrastructure and Venture Capital secondaries), and new market entrants will add more capital into the market than ever, setting the market up for continued growth.

Our team at Lazard continues to be at the forefront of the trends impacting the secondary market, and we intend to leverage our experience and knowledge of the marketplace to drive favorable outcomes for our clients. Our Secondary team continues to leverage the benefits of its integration with the primary fundraising team and has expanded our global footprint, having recently augmented our presence in San Francisco and added an office in Dubai to help cover our clients in both regions more closely. We are ready to address your needs on the secondary market and are happy to discuss any questions you may have. Thank you for reading our report, and we look forward to hearing from you.



Holcombe Green III

Global Head of Private Capital Advisory

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Source: *Lazard Estimates.*

- 1 Based on volume deployed by individual investors into Single-Asset transactions.
- 2 Calculated as the sum of each investor's reported deal count.



~\$152B

Estimated Aggregate Secondary Deal Volume in 2024

~48%

Estimated GP-Led Market Share in 2024

~48%

of Estimated GP-Led Volume in Single-Asset Continuation Funds in 2024

~56%

Estimated Share of Single-Asset Deals That Priced at Par or Above¹ in 2024

650+

Estimated LP-Led Transactions Completed in 2024²

~14%

Percentage of Lead Investors Reporting an Average GP-Led Commitment >\$200 Million

~83%

Percentage of Respondents Currently Raising for Flagship Fund

~\$175B

Expected Market Volume for 2025

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SECONDARY MARKET REPORT 2024

I

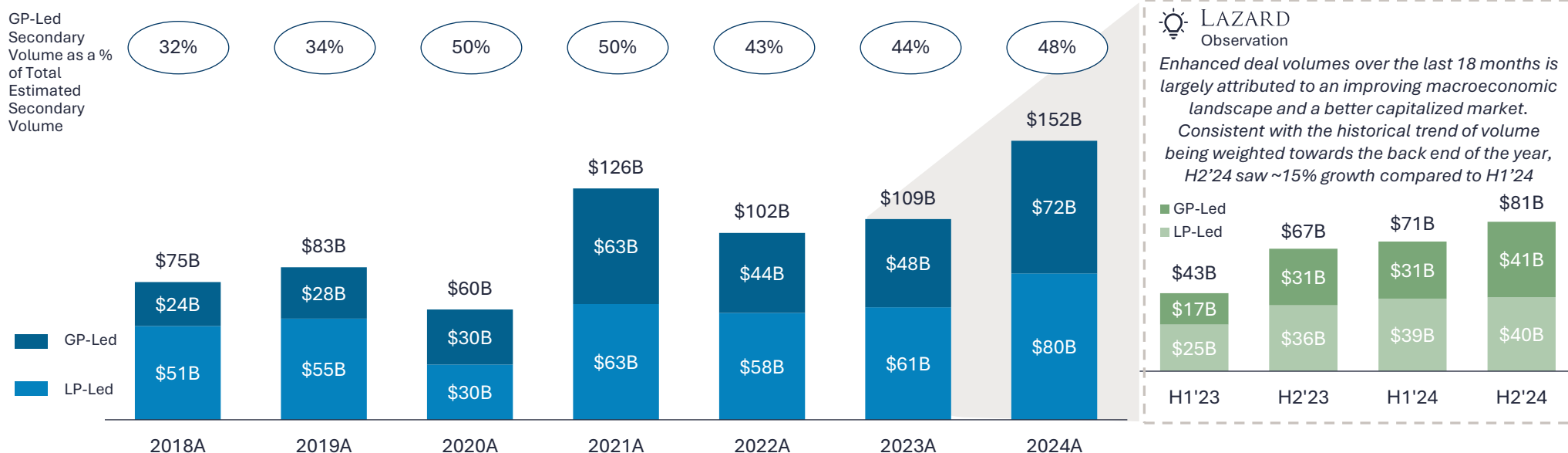
Secondary Market Overview



Record-Breaking Volume, with Both the LP and GP-Led Segments Posting Record Results

2024 marked a year of unprecedented volume, up ~21% versus the prior peak in 2021. This is largely attributed to an uplift in GP-led deal flow, particularly in H2'24

The Secondary Market Witnessed Unprecedented Activity in 2024, and We Predict Sustained Strong Growth in Volumes



Key Market Themes / Drivers for 2024

Sellside Themes (GPs & LPs)

- Sponsors are Increasingly Turning to the Secondary Market to Extend Duration and Raise Capital for Their "Trophy" Assets
- Shortfall in Distributions to LPs, Driven by a Shortage in Underlying M&A and Capital Markets Activity
- Sponsors Face Intensified Pressure to Deliver Near-Term Distributions to Investors

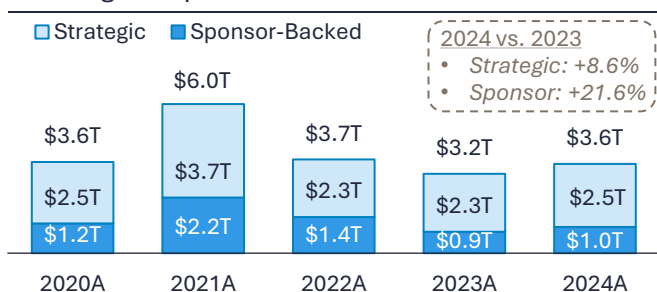
Buy-side Themes (Secondary Investors)

- Abundant Deal Flow Continues to Exceed Available Capital, Coupled with Investors Maintaining a High Bar for Performance
- Record Year for Dedicated Secondary Capital Formation Created Sufficient Demand for Record Deal Volumes
- Influx of Retail Capital Through New Entrants and '40 Act Funds Leading to Improved Pricing, Especially Diversified Deals

The Secondary Market Remained a Key Liquidity Solution for GPs and LPs

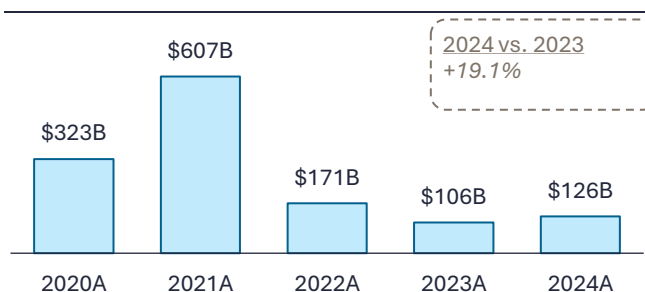
Although we started to see some recovery from M&A and IPO activities in 2024, financial sponsors and LPs continued to leverage the secondary market for innovative portfolio management and liquidity solutions this past year

Strategic & Sponsor-Backed M&A



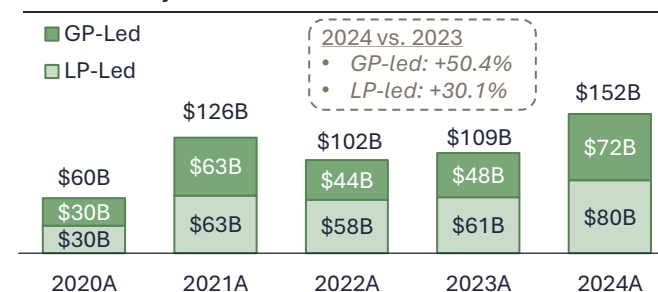
- 2024 was a recovering year for M&A activity, with volumes ~12% higher than those recorded in 2023. M&A deal volume overall has been roughly consistent over the past 5 years other than the outsized figures observed post-COVID in 2021
- In 2024, sponsor-backed M&A activity increased by ~9% and strategic M&A activity increased by ~22% as compared to 2023, reflecting strong appetite for liquidity events and an improving macroenvironment
- In 2025, strategic M&A is expected to rise as companies enhance their competitive positioning and operational capabilities, with regulatory developments likely serving as a catalyst; sponsor-backed M&A is also anticipated to grow as private equity firms increase capital deployment in a more supportive rate environment

IPO Market



- 2024 saw a ~19% increase in IPO volume compared to 2023 but is still lower than the IPO volume experienced in 2022
- EMEA accounted for the largest volume of IPOs, accounting for ~45% of the total in 2024, with the Americas and the Asia-Pacific region following at ~30% and ~25% respectively, demonstrating that the IPO market is active across the globe for the right assets
- Improved market conditions, easing inflation and heightened investor confidence boosted IPO activity in EMEA and the Americas. However, countervailing economic and geopolitical concerns led to a relative decline in the Asia-Pacific region

Secondary Market



- The secondary market experienced a record year for dedicated secondary capital dry powder, which supported record deal volumes; 2024 secondary volume increased by ~39% compared to 2023, and grew by ~49% compared to 2022
- Additionally, an influx of retail capital through new entrants and '40 Act funds led to improved pricing, particularly in diversified deals, which further boosted market activity
- Sponsors increasingly turned to the secondary market as a strategy to extend the duration of their investments and raise capital for their "trophy" assets; largely driven by a shortfall in distributions to LPs from constrained M&A and capital markets activity



- Prior to 2024, the most active year in the history of the secondary market was 2021, when M&A and IPO markets were booming. Continuation Funds are now an established tool in the toolkit for sponsors to generate liquidity. Given the need for enhanced liquidity across the alternatives landscape, we expect secondary volumes to continue to grow even as M&A and IPO volumes recover

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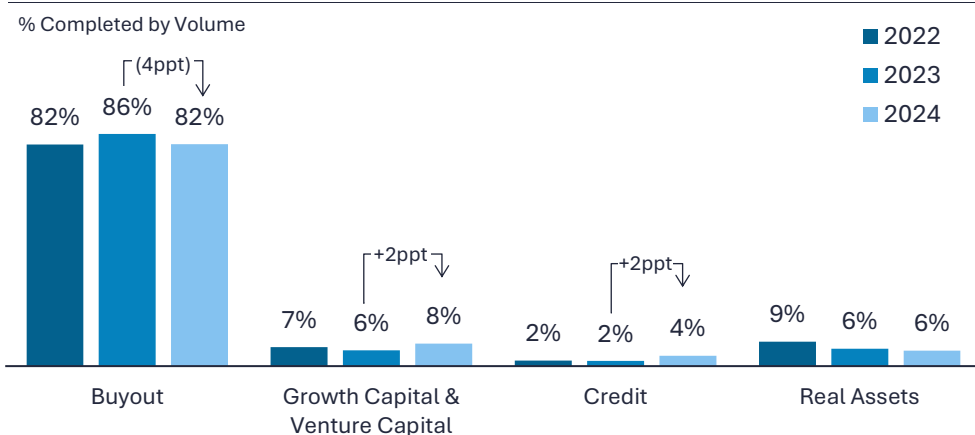
II

GP-Led Deep Dive

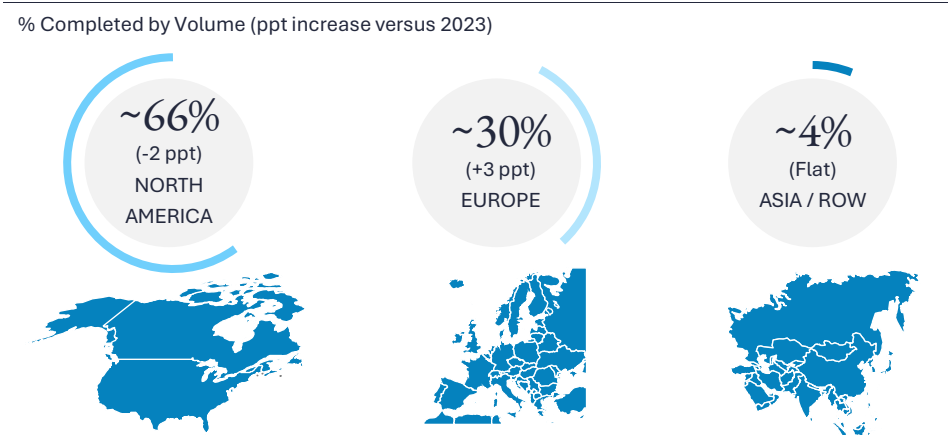
2024 GP-Led Market at a Glance

Buyout experienced a small decline in relative market share as Growth Capital, Venture Capital and Credit experienced modest upticks; geographically, North America continued to lead in terms of deal volume, while Europe and Asia remained roughly in line with 2023

GP-Led Transactions Completed by Strategy



GP-Led Transactions Completed by Geography



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Observation

- Buyout remained the largest GP-led strategy in 2024, comprising ~82% of the total GP-led market volume in 2024; overall Buyout deal volume grew even as relative market share declined given the growth in the overall market
- The continued level of Buyout deal volume reflects secondary investors' preference to invest in control positions in mature assets with consistent business models; we expect this relative weighting to continue in 2025
- The increasing maturity of the Growth Capital and Venture Capital markets, the emergence of new capital resources and the narrowing of bid-ask spreads (as investors grew more comfortable with current valuations) drove relative growth in these sub-sectors
- Credit is experiencing an uptick in volume driven by the growing number of Credit secondaries funds and their demand for exposure, as well as the increasing scale of maturing Private Credit portfolios managed by Direct Lending / Private Credit funds

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Observation

- Over the full year, North America remained the largest market for GP-led transaction volume at ~66%, roughly in-line with our 2023 observations. The secondary market broadly continues to prioritize North American transactions given the established nature of the market and dependable deal flow
- European secondaries continue to grow and now represent ~30% of the global secondary market amid challenging exit environments; the region was particularly active in H1'24
- Asia / ROW transaction volume was limited throughout 2024 as investors remained hesitant to deploy capital in those geographies; however, there was more support for deals in developed countries (Australia, Japan and South Korea) and select emerging Asian countries (notably India)

Single-Asset Continuation Funds Continue to Price Strongly

Single-Asset pricing increased in 2024 versus 2023 with a large majority of Single-Asset transactions (~87% of total) being priced at or above 90%^{1,2} and ~56% of transactions being completed at par or premium

Average Secondary Return Target for Single-Asset Continuation Funds³

NET MOIC TARGET

2.2x (2023) → 2.2x (2024)

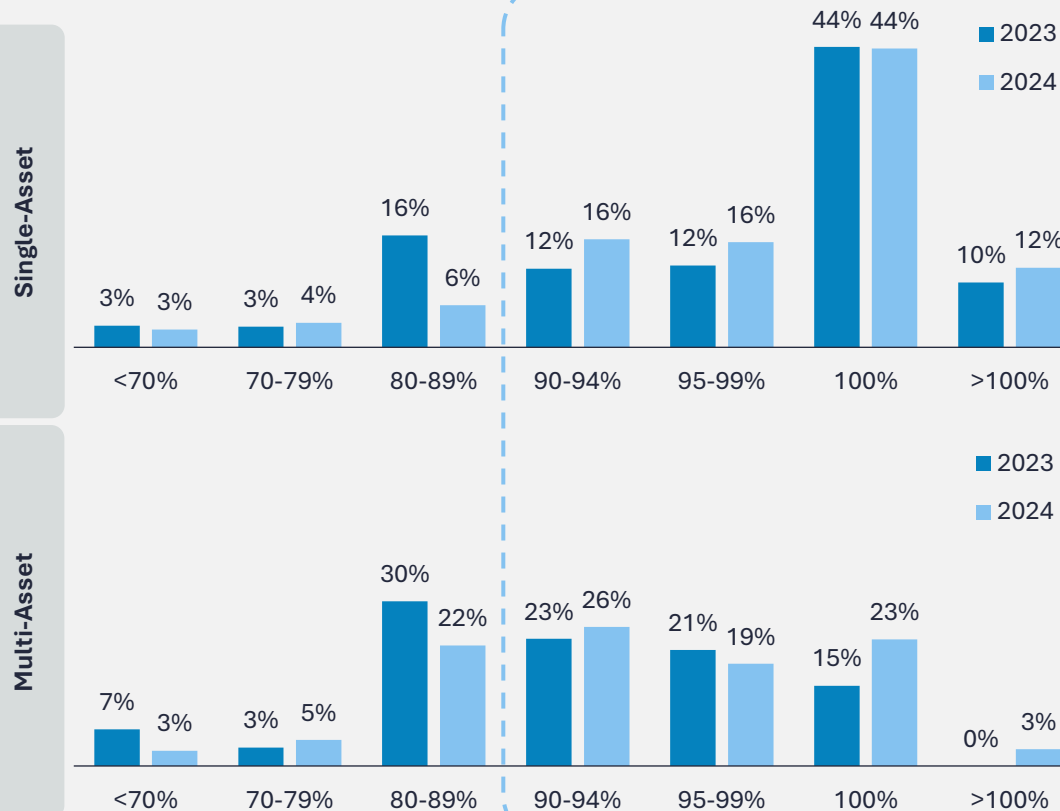
NET IRR TARGET

21.1% (2023) ↗ 21.3% (2024)

The underwriting target for Single-Asset Continuation Funds has remained stable at ~2.2x Net MOIC and ~21% Net IRR on “trophy” assets



Weighted Average GP-Led Pricing Over Time (By Volume)^{1,2}



~87%
of total Single-Asset Continuation Funds were priced at or above 90%, up from ~78% in 2023

~56%
of total Single-Asset Continuation Funds were priced at or above par, up from ~54% in 2023

~71%
of total Multi-Asset Continuation Funds were priced at or above 90%, up from ~59% in 2023

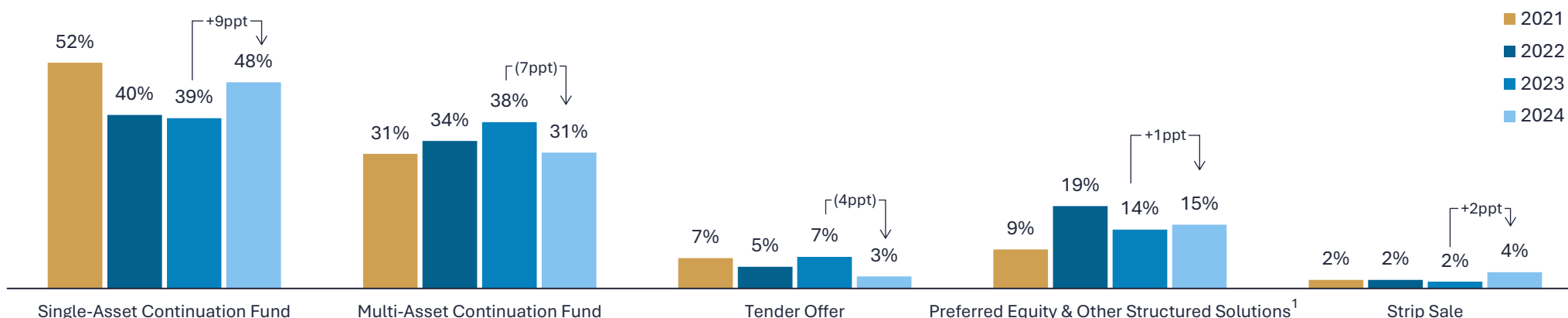


Deployment by Transaction Type – Continuation Funds Continue to Dominate

Continuation Funds dominated the GP-led market at ~79% of total volume in 2024. Single-Asset Continuation Funds represented the largest transaction type at ~48% of total volume, with Multi-Asset Continuation Funds following behind at ~31% of total volume. Preferred Equity & Other Structured Solutions remained valuable options for sellers

Capital Deployment by Transaction Type

% Completed by Total Volume

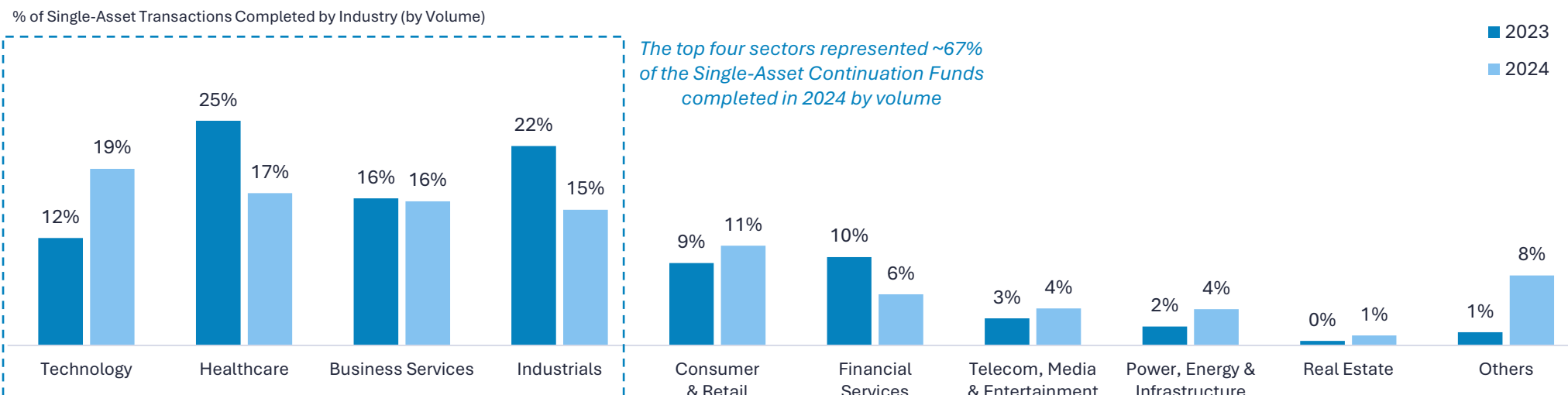


- Single-Asset Continuation Funds experienced a meaningful uptick in 2024 compared to 2023 as GPs gravitated towards deals for their highest quality assets; these deals received strong investor support given the asset quality and sponsor alignment. Despite this mix-shift, which reversed a trend over the preceding years, Multi-Asset Continuation Funds remained a key segment of the market given investors’ focus on managing concentration in their portfolios
- Preferred Equity & Other Structured Solutions maintained their position in the market following a dip in 2023, with a strong relative percentage of total volume in 2024. Investors continue to seek creative methods as they explore portfolio liquidity, and structured solutions provide flexibility and risk profile counterbalance that has appealed to the market of late. The market also experienced a slight uptick in Strip Sales, driven by high liquidity demands and strong pricing trends surrounding this structure
- Tender Offers experienced a notable decrease in volume, dropping by four points compared to 2023. This decline reflects shifting preferences in the market and an increased weighting on execution certainty when considering deal structures

Deployment by Industry – Single-Asset Continuation Funds

Technology, Healthcare, Business Services and Industrials were the top four sectors by volume of Single-Asset Continuation Funds closed in 2024

Investments in Single-Asset Continuation Funds by Industry

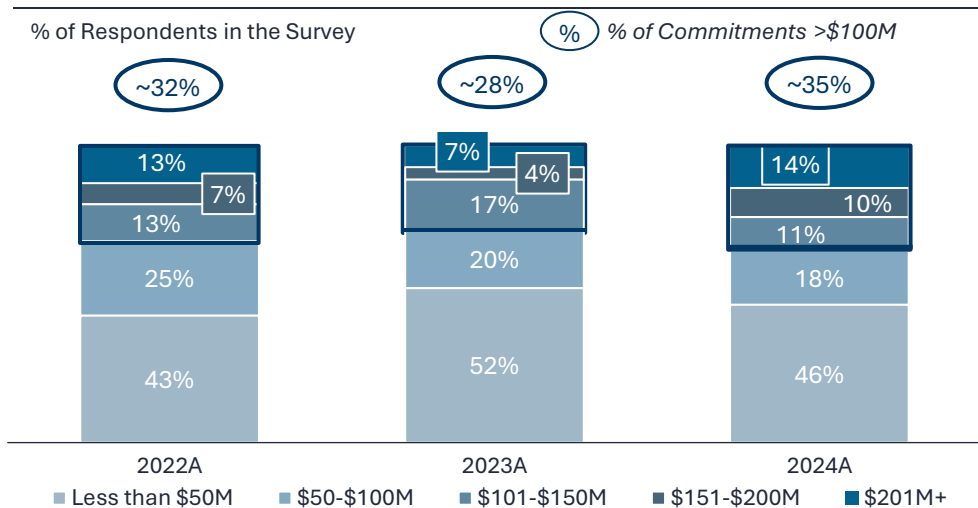


- Secondary investors maintained high standards when evaluating Single-Asset Continuation Funds in 2024, with a distinct preference for assets with strong free cash flow profiles, sustainable profitability, business resilience and proven historical track records
- Technology was the most active sector for Single-Asset Continuation Funds in 2024. Investors were attracted to the sector’s recurring SaaS business models, high growth and margin profiles and consistent, positive earnings demonstrated by more mature companies
- Healthcare remained active but experienced a modest dip in relative transaction activities in the Single-Asset secondary market as secondary buyers became more cautious around EBITDA adjustments, leverage profiles, valuation pressure and diminishing multiple arbitrage opportunities, particularly in the Healthcare Services sector
- Although the Consumer and Retail sector expanded, it continued to face headwinds, particularly in the consumer discretionary sub-category. We observed strong support for franchisor / franchisee businesses with strong cash flow profiles / history, low-to-modest leverage, long track records and leading brands with defensible statistics

Deployment Trends – Average Lead and Syndicate Tickets Increased in 2024

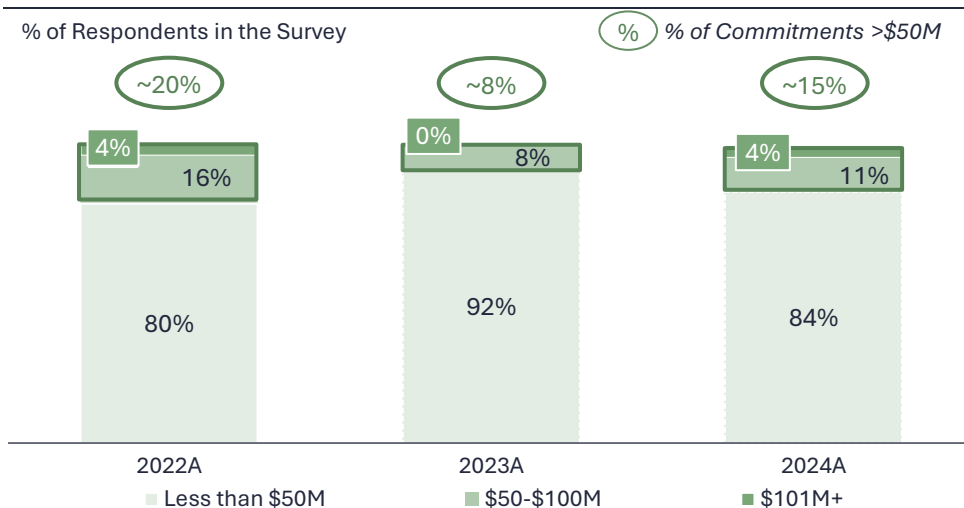
Average lead ticket sizes increased across the board in 2024. At the large end of the market, ~14% of lead investors reported an average commitment of >\$200 million, up from ~7% in 2023. Syndicate investors ramped up their bite sizes in 2024 as well, with ~15% of respondents reporting an average ticket size of >\$50 million, up from ~8% in 2023

Average Lead Investor Commitment



~35% of lead investors had an average commitment greater than \$100M in 2024

Average Syndicate Investor Commitment



~15% of syndicate investors had an average commitment greater than \$50M in 2024

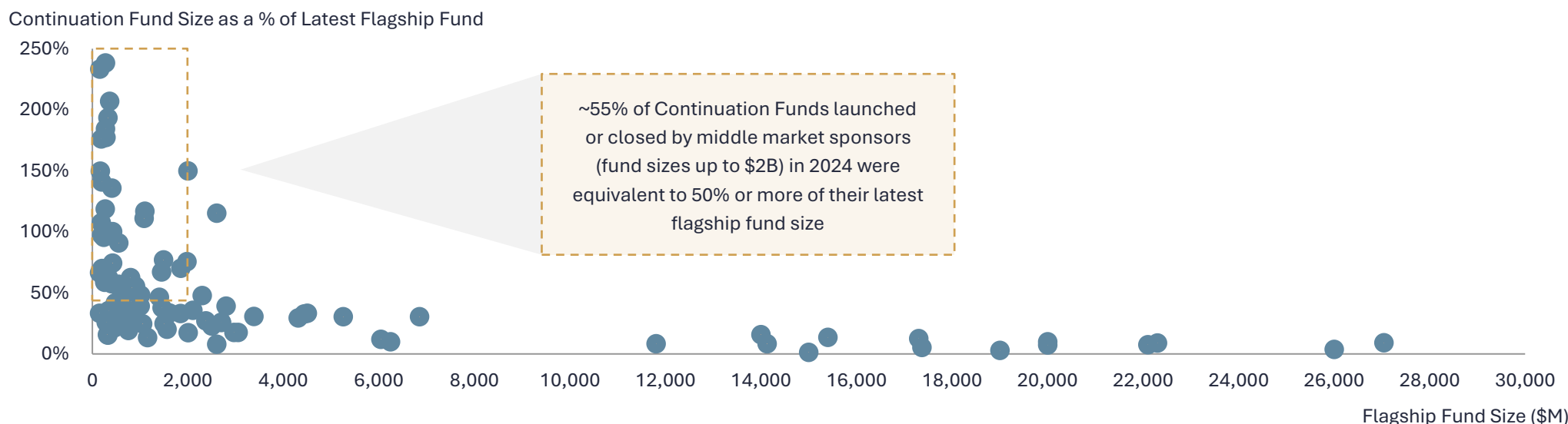


- Lead investor ticket sizes have increased across the board with more investors deploying checks greater than \$200M in 2024 (~14%) relative to 2023 (~7%) as large players with significant dry powder leaned in for the right opportunities
- The market has also embraced the concept of a larger number of co-lead investors “clubbing” together to take down a secondary transaction instead of one large lead investor, allowing smaller secondary players to participate as leads rather than syndicates
- At the same time that smaller investors increasingly look to lead or co-lead, and thus participate in fewer syndications, traditional LP capital is increasingly participating in Continuation Funds directly as a supplement to their co-invest programs, a trend that we expect to continue

Middle Market GPs Use Continuation Funds to Raise Significant Amounts of Capital

Middle market sponsors are increasingly utilizing the secondary market as a strategic tool to efficiently manage large NAV exposures and accelerate AUM growth. This trend is bolstered by enhanced deal flow in the middle market, which is being positively received by the secondary market as more investors seek to allocate capital to these opportunities

2024 Continuation Funds¹: Size as a % of the Sponsor’s Latest Flagship Fund



- The Continuation Fund product has been a complementary GP solution for financial sponsors in addition to traditional exits (M&A and IPO) over the past few years. Approximately 55% of middle market sponsors (with fund sizes up to \$2B) aimed to raise a Continuation Fund amounting to at least 50% of their latest flagship fund. Additionally, around 25% of these sponsors have or are seeking to raise amounts equal to or exceeding 100% of their latest flagship fund size via their Continuation Funds
- Historically, middle market sponsors would exit high-value assets by selling them to larger sponsors. However, the Continuation Fund approach has enabled these sponsors to create liquidity for their LPs and manage large NAV exposures within existing funds more efficiently, allowing them to retain ownership and governance over their most promising assets while increasing their total AUM
- These deals have generated significant interest from the market, as investors seek to capitalize on these businesses’ substantial potential for growth and exit opportunities

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A vertical photograph of the Eiffel Tower and the Paris skyline, serving as a background for the left side of the page.

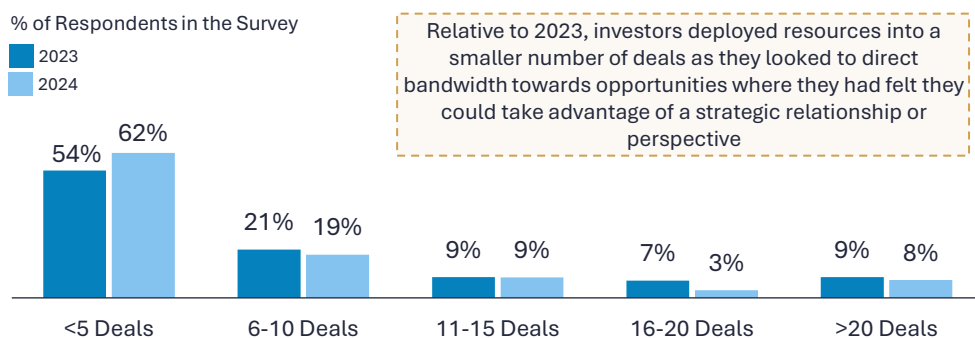
III

LP-Led Deep Dive

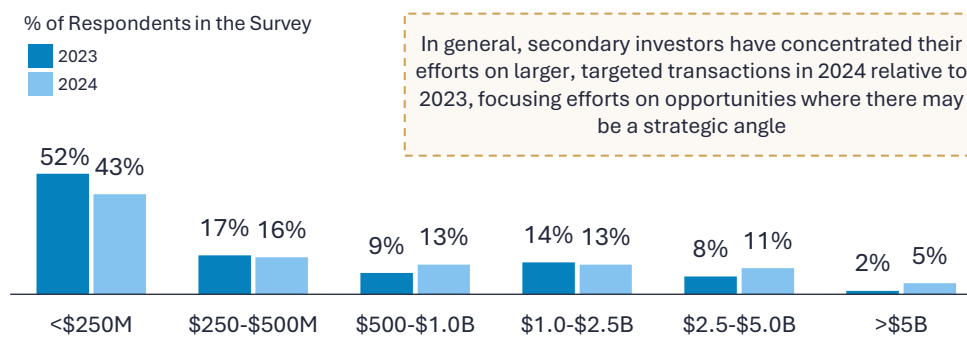
2024 LP-Led Market at a Glance

As a proportion of total estimated secondary market volume, LP-led transactions were ~52%, relatively consistent with 2023 and 2022, which came in at 56% and 57%, respectively

Number of LP-Led Transactions Completed by Investors



Volume of LP-Led Transactions Completed by Investors



As AUM in '40 Act funds grew, so did monthly inflows, necessitating increased capital deployment relative to traditional secondary funds. Investors with '40 Act funds moved upmarket, eschewing smaller opportunities for deals in the \$500M – \$1.0B and \$2.5B – \$5.0B ranges. As capital deployment pressures surmounted, many investors traded transaction count for deal volume in 2024

>650¹
~600 in 2023

LP-led transactions closed in 2024, an ~8% increase relative to 2023 volume, substantiating that the number of transactions in the LP-led market is steadily growing

8
8 in 2023

individual buyers together accounted for ~50% of LP-led market volume in 2024, highlighting the ongoing market bifurcation: a few investors are concentrating on large, complex transactions, while a significant number of investors selectively target smaller, specialized deals

88%
80% in 2023

of respondents closed their respective transactions in under five months and 28% of respondents closed their transactions within two months, highlighting continued impressive efficiency in the LP-led market

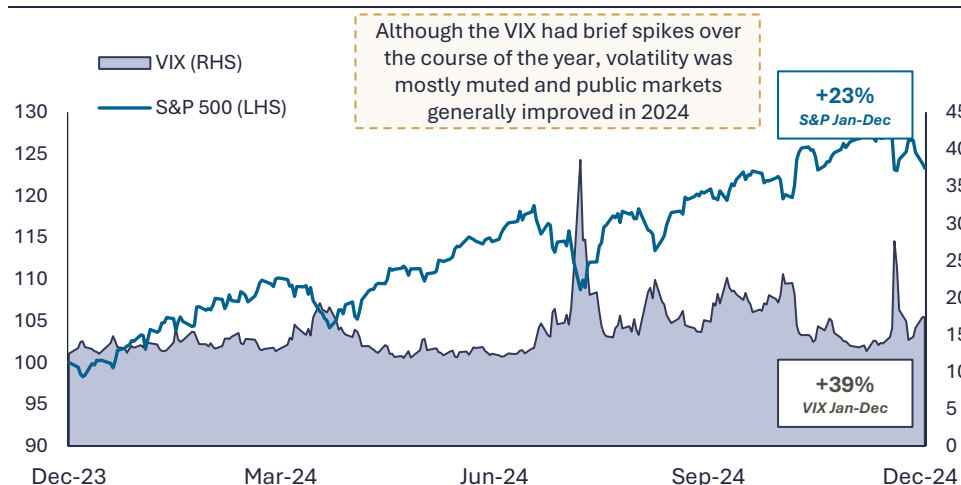
~44%
~53% in 2023

of total secondary commitments are expected to be deployed into LP-led transactions in 2025 as several large GP-led-focused new entrants are focusing their capital on those types of transactions and increased competitive pricing in the LP-led market has encouraged participants to pivot to GP-led opportunities

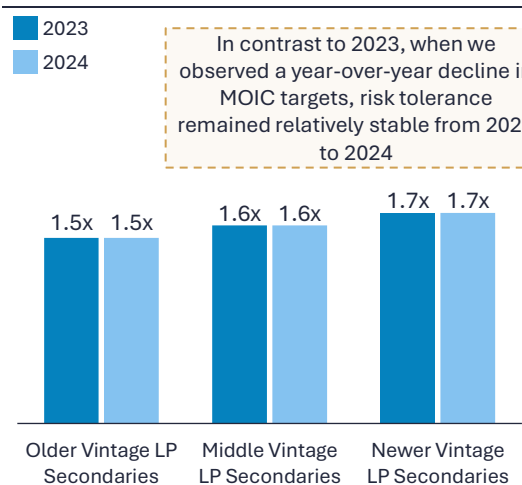
2024 LP-Led Deployment Snapshot

There was significant LP-led deployment volume in the first half of 2024, likely from pressure to deploy large amounts of capital raised; volume remained strong in the back half of the year but was met with increased pricing competitiveness

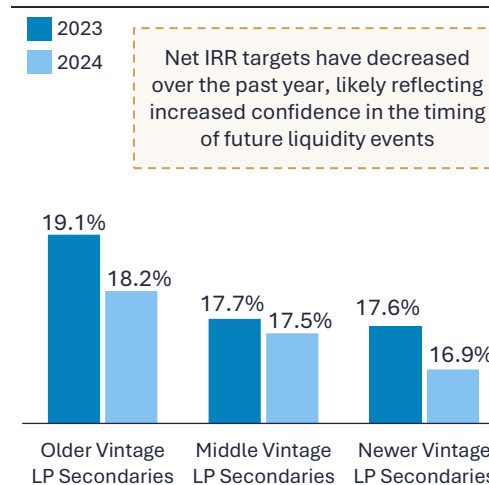
Stable S&P Growth Was Met with Rising VIX in 2024



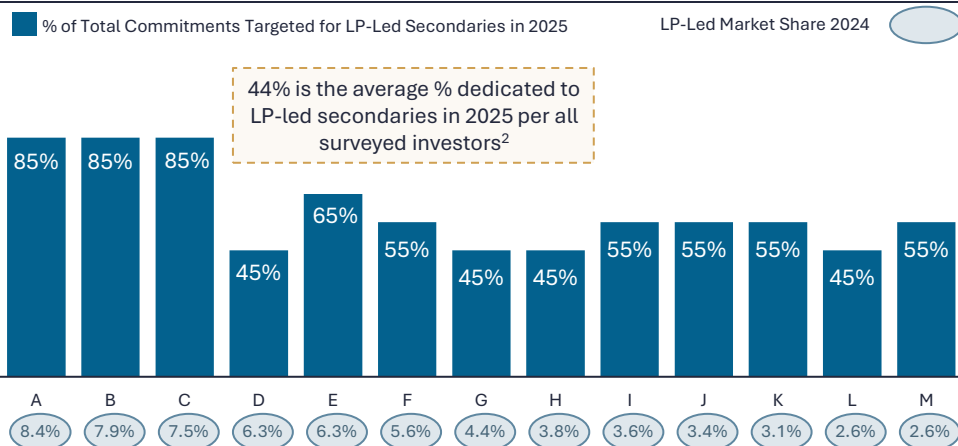
Underwriting Net MOIC¹ Targets



Underwriting Net IRR¹ Targets



% of Total Commitments Dedicated to LP-Led Secondaries for 2025 – Select Top Investors



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Observation

- With the overall market outlook appearing relatively stable, secondary investors are eager to maintain deployment velocity at record levels
 - In 2024, the largest number of LP-led transactions completed by a single investor was 130, slightly surpassing last year's largest of 125 transactions completed
 - On average, individual survey participants completed seven LP-led transactions over the course of 2024
- We anticipate this momentum will continue into 2025, largely driven by the record capital raised by secondary investors and '40 Act funds, as well as their significant deployment targets into LP-led secondary transactions

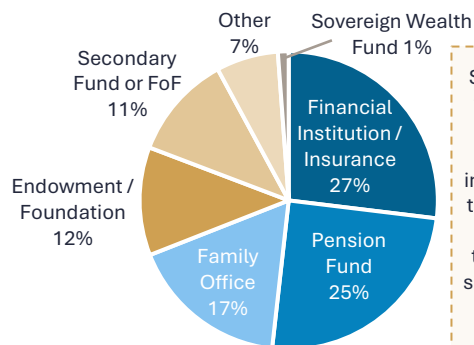
Source: FactSet Financial Data and Analytics, Lazard Estimates.
 1 Net of underlying GP economics (by number of respondents).
 2 Calculated as a weighted average of respondents.

Sellers Looked to Rebalance Portfolios in 2024 with a Focus on North American Buyout

Strong pricing allowed North America to take relative share, increasing to ~66% of total LP-led deal volume in 2024. Small / Middle Market Buyout continued to be the predominant strategy for 2024 transactions, with a notable decline in Large / Mega Buyout

Seller Type

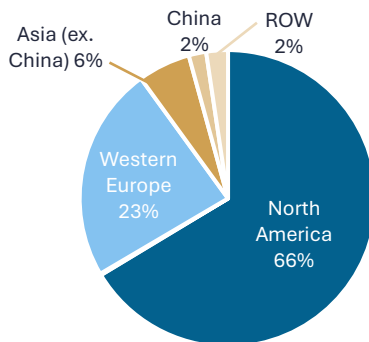
▲ Financial Institution **+6% from 2023**
 ▼ Pension Fund **(8)% from 2023**



Sizable managed fund transactions over the course of 2024 have made financial institution transactions the predominant seller type in transactions this year, a significant shift from the dominant position of pension funds in 2023

Geographic Focus of Underlying Funds

▲ North America **+9% from 2023**
 ▼ Western Europe **(7)% from 2023**



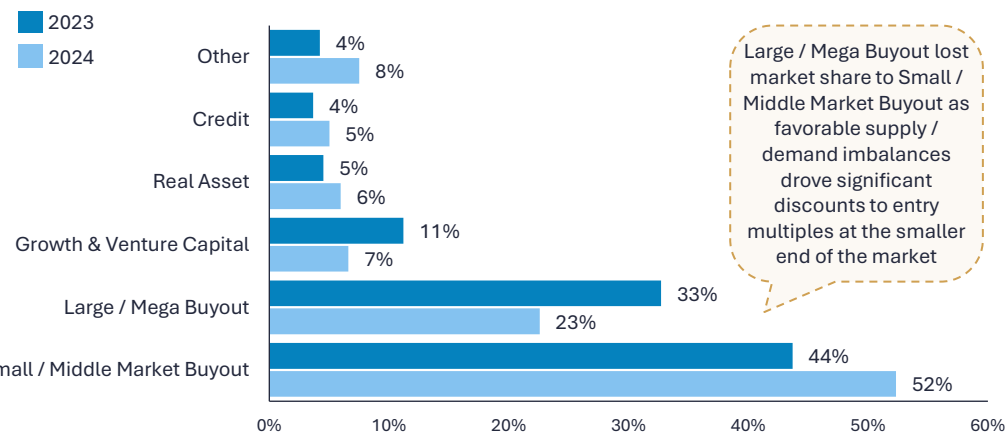
Seller Rationale

▲ Portfolio Management **+13% from 2023**
 ▼ Liquidity **(11)% from 2023**

Sale Rationale	2023	2024
Portfolio Management	38%	51%
Liquidity	44%	33%
Vehicle Wind Down	12%	11%
Other	2%	6%
Regulatory / Legislation	4%	0%
Total	100%	100%

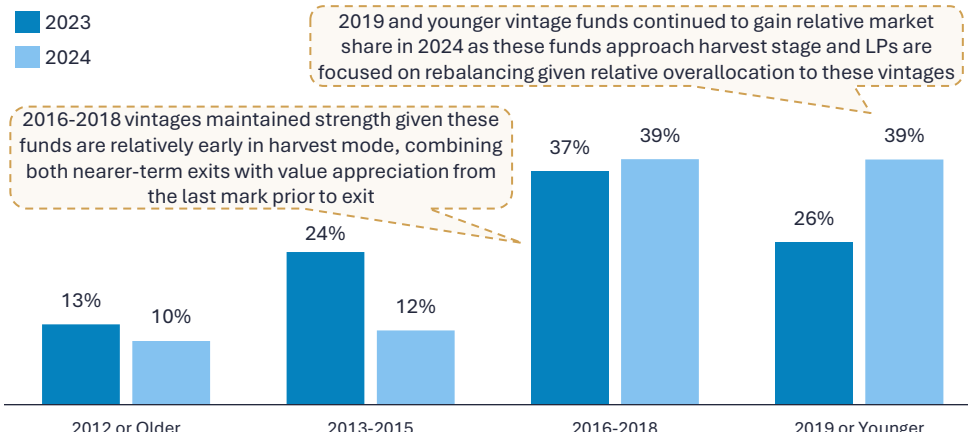
~84%
 of sellers pursued a secondary market transaction for liquidity or portfolio management purposes, although the focus has shifted to portfolio management given consistent improved pricing for fund portfolios

Strategy



Large / Mega Buyout lost market share to Small / Middle Market Buyout as favorable supply / demand imbalances drove significant discounts to entry multiples at the smaller end of the market

Vintage



2019 and younger vintage funds continued to gain relative market share in 2024 as these funds approach harvest stage and LPs are focused on rebalancing given relative overallocation to these vintages















2016-2018 vintages maintained strength given these funds are relatively early in harvest mode, combining both nearer-term exits with value appreciation from the last mark prior to exit

LP-Led Pricing in 2024 Showed Similar Positive Trends to 2023 With Some Caveats

Average pricing across strategies has broadly continued to improve from 2023 to 2024, with the strongest price increase attributable to Growth Capital (increased by 5.0%) and the largest decrease attributable to Infrastructure (decreased by 7.2%)

Pricing Across Various Strategies

Average Price Among Survey Respondents

Strategy	Estimated Average Pricing Ranges (2023)	Δ Change in Pricing	Estimated Average Pricing Ranges (2024)
Buyout	82.5%  92.5%	+ 2.6%	85.1%  95.1%
Growth Capital	70.0%  82.5%	+ 5.0%	75.0%  87.5%
Early-Stage Venture Capital	55.0%  65.0%	+ 3.9%	58.9%  68.9%
Late-Stage Venture Capital	57.5%  67.5%	+ 3.1%	60.6%  70.6%
Private Credit	80.0%  90.0%	(3.8)%	76.2%  86.2%
Infrastructure	87.5%  92.5%	(7.2)%	80.3%  85.3%
Secondary / Fund of Funds	70.0%  77.5%	+ 0.9%	70.9%  78.4%














LAZARD Observation

- Pricing for Buyout funds has continued to increase with upper ends of the range nearing 95%+ of NAV; Buyout strategies focused on developed markets remained the most sought-after funds on the secondary market, as demonstrated by the fact that portfolios of buyout funds make up a substantial majority of the LP-led deals closed in 2024
- Given more binary outcomes and higher standard deviation of returns relative to Buyout funds, Venture Capital fund pricing improved as M&A markets became more active and increasingly benign equity markets supported increased future IPO issuance. Stability in economic growth, interest rate and inflation expectations, relative market volatility and consistent public equity multiples are all contributing to a more favorable public market exit environment in the US, driving improved pricing
- In 2024, Private Credit funds traded at a slight discount relative to 2023. As the Private Credit market continues to mature in 2025, similarly to Infrastructure secondaries, a higher percentage of the AUM “inventory” is expected to turn over on the LP-led secondary market, as limited partners shift more from allocating capital to managing existing portfolio exposures
- Infrastructure fund pricing was slightly depressed relative to 2023, despite increased specialization across the secondary market and the accumulation of primary infrastructure assets under management. However, all facets related to the energy transition and electrification of processes traditionally powered by fossil fuels will drive capital deployment into Infrastructure in 2025

Influx of Retail Capital Boosted LP Fund Pricing and Drove Competition

Investors with '40 Act funds paid premiums and inflated LP-led pricing due to capital deployment pressures and lower return thresholds, which prompted investors without '40 Act funds to shift their capital to diversified GP-led deals (e.g., Multi-Asset CVs)

Select '40 Act Fund Managers	Secondary Fund Size	'40 Act Fund AUM ¹
 ALPINVEST	\$10.0B	\$917M
 ARDIAN	\$30.0B	Undisclosed
 ARES	\$2.2B	\$629M
 BlackRock	\$4.0B	\$274M
 Coller Capital	\$12.0B	\$351M
 Hamilton Lane	\$5.6B	\$2.8B

Select '40 Act Fund Managers	Secondary Fund Size	'40 Act Fund AUM
 LEXINGTON PARTNERS	\$22.7B	~\$905M ²
 NEUBERGER BERMAN	\$4.9B	\$1B+
 PANTHEON	\$3.3B	~\$4.8B ³
 Pomona Capital	\$3.5B	\$1.9B
 STEPSTONE <i>inside private markets</i>	\$4.9B	~\$4.8B ⁴

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Observation

- A surge in GP-led and LP-led deals is forecasted to persist in 2025, propelled by record capital raising activity, including traditional investors, new entrants and retail investors
- Capital inflows from retail investors continue to accelerate, fueling a rise in '40 Act fund AUM with new vehicles continually coming online
- Given the structure of these vehicles, capital needs to be deployed rapidly into diversified opportunities with more regular or contractual cash flows to reduce the cash drag on returns
- The emergence of '40 Act funds and associated capital deployment pressures, bolstered by increased market confidence, have improved LP fund interest pricing across most strategies
- Increasing competition in the market, driven by premium pricing offered by '40 Act funds with lower return thresholds, is narrowing bid-ask spreads and driving several traditional investors out of the LP market
- The record influx of retail capital and resulting improvement in LP fund interest pricing, is driving capital inflow into diversified GP-led opportunities (i.e., Multi-Asset transactions)

'40 Act funds brought in more capital than ever before in 2024, with an unprecedented number of secondary fund managers launching these vehicles

Source: Lazard Intelligence.

1 As of latest information available (all data are as of 2024).

2 Franklin Lexington Private Markets Fund (FLEX) is co-advised by Franklin Templeton and Lexington Partners.

3 Sum of two separate funds including \$4.4B from AMG Pantheon Fund (P-PEXX) and \$435M from AMG Pantheon Credit Solutions Fund (P-SECC).

4 Sum of three separate '40 Act secondary funds, including \$3.4B from StepStone Private Markets (SPRIM), \$1.1B from StepStone Private Venture and Growth Fund (SPRING), and \$247M from StepStone Private Infrastructure Fund (STRUCTURE).

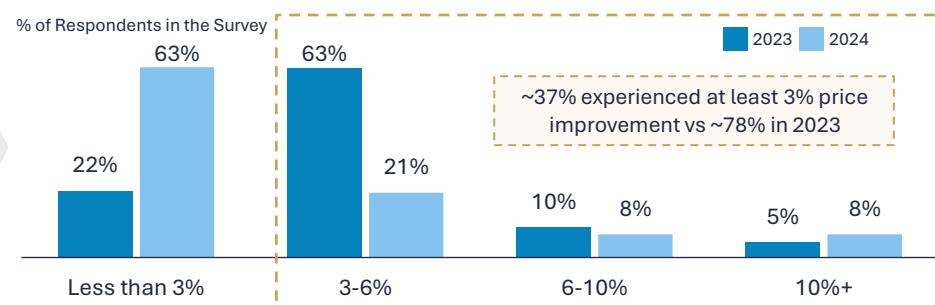
Continued Buyside Use of Deferred Payments with New Trends

Deferred payment structures continue to prove effective at bridging pricing gaps between buyer pricing (upfront cash) and seller expectations. 2024 saw an increased number of secondary buyers continuing to use deferred payment structures in LP-led transactions

Deferred Payments Rationale

- Deferred payment structures are fully customizable; the amount deferred, time horizon and repayment intervals can vary
- The seller can give buyers the option to include a deferred purchase price as well as an all-cash offer to best understand the pricing impact of accepting a deferred structure
- There are numerous ways to mitigate credit risk, which include (i) taking a lien on future distributions or unfunded of buyers' vehicles, and, if necessary, (ii) taking parental guarantee in the event of a default
- Over time, deferred payments have proven to be accretive to secondary investor returns, although given trends in duration and quantum deferred, the value accretion to price has been slightly less impactful in the current higher interest rate environment

Average Value Accretion to Purchase Price Under a Deferred Payment

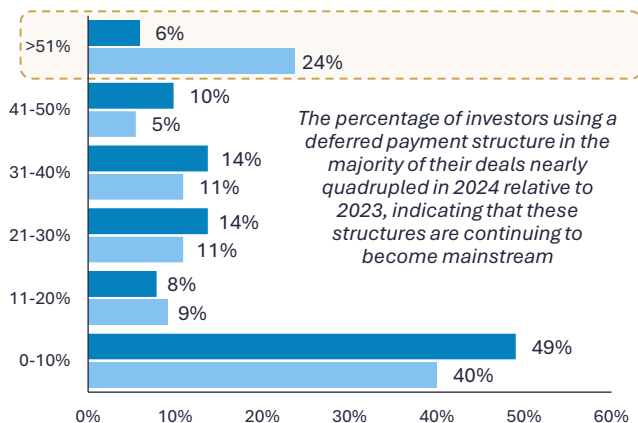


Key Statistics Detailing the Use of Deferred Payments in LP-Led Deals

% of LP-Led Deals Closed Utilizing a Deferred Payment Structure

■ 2023 ■ 2024

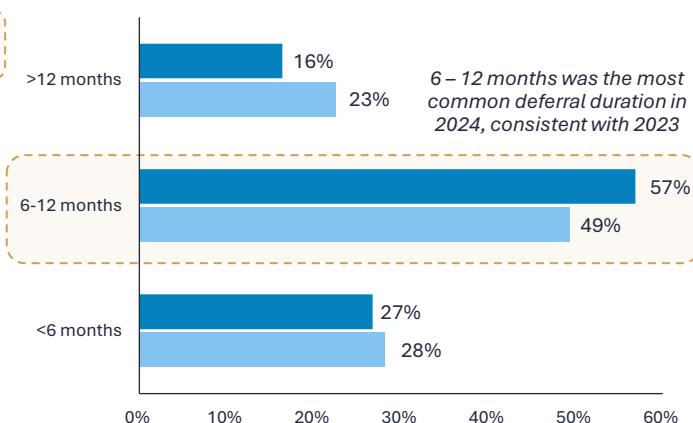
% of Respondents in the Survey



% of LP-Led Deals With Deferred Payment Structures by Duration

■ 2023 ■ 2024

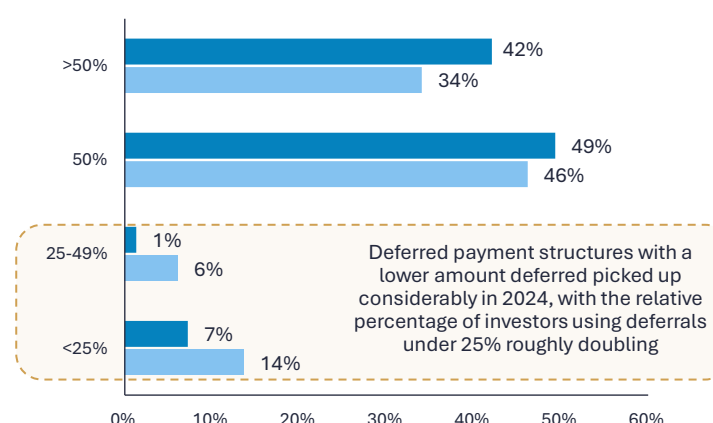
% of Respondents in the Survey



% of LP-Led Deals With Deferred Payment Structures by Amount Deferred

■ 2023 ■ 2024

% of Respondents in the Survey



Deferred structures, particularly those with 6 – 12 months duration, maintained their position as a fixture of the LP-led market. However, due to 2024's higher interest rate environment, some sellers were less willing to accept larger deferred payments, skewing the quantum deferred further to the lower end. Both buyers and sellers were highly focused on transaction execution certainty, with each willing to make concessions on the size or duration of the deferral in order to get deals done



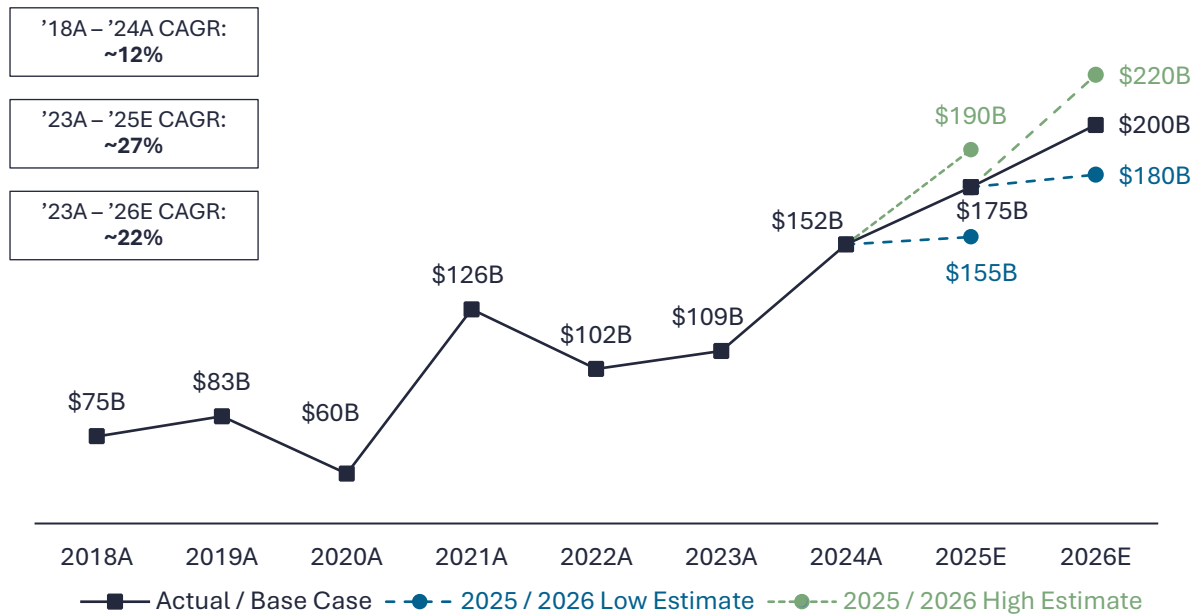
IV

Outlook & Predictions

Outlook for the Secondary Market in 2025

2024 saw impressive deal volume, and the secondary market is expected to maintain its momentum in 2025, with both GP-led and LP-led segments continuing to play a pivotal role in portfolio management and liquidity strategies

2025 / 2026 Outlook for Secondary Market Volumes



- The secondary market hit record levels in 2024, and survey respondents are projecting continued growth and expansion in 2025
- The emergence of new capital sources, particularly specialist investors and increasing '40 Act fund AUM, is expected to drive increasing volumes in both GP-led and LP-led transactions
- Although M&A and IPO markets are projected to recover in the coming year, secondary deal volume is expected to remain robust going forward as sponsors and LPs increasingly search for creative and attractive ways to manage their portfolios

Key Opportunities and Challenges for the Next 12 Months

Top 3 Opportunities (by % of Respondents)

- 64%** Increased deal volume and quality, particularly within the middle market space, driven by the desire to retain “trophy” assets
- 30%** Expectations of an improving macroeconomic landscape (e.g., lower interest rates), leading to narrowing bid-ask spreads
- 20%** Strong demand fueled by new entrants unlocking more dry powder (e.g., Evergreen and '40 Act funds), driving market growth and higher pricing

Top 3 Challenges (by % of Respondents)

- 55%** Proliferation of '40 Act funds driving deployment pressure, increasing competition and inflating pricing across the board
- 40%** Geopolitical events and global macroeconomic uncertainty generating additional market volatility, persistent inflation and high interest rates
- 29%** Elevated valuations causing a disconnect between buyer and seller pricing expectations, leading to larger bid-asks spreads

Six Predictions for the Secondary Market in 2025

1

Volume of GP-led transactions will likely continue to rise in 2025 as more high-quality deal flow enters the market and GPs outside the typical large-cap universe seek alternative liquidity options

2

Multi-Asset transactions will likely grow as a percentage of GP-led issuance in 2025 relative to 2024 as secondary investors seek more diversification from their GP-led investments

3

Influx of new capital, including the proliferation of '40 Act funds and retail capital, should intensify competition, narrow bid-ask spreads and support elevated GP-led and LP-led deal volumes

4

Growth Capital and Venture Capital should again grow at a rapid pace in 2025 as GPs and LPs each seek liquidity on these investments. We expect Credit to see continued growth but remain a small piece of the overall market

5





















Average check sizes in GP-led deals are likely to continue on an upward trend

6

GP-led volume is poised to exceed LP-led volume in 2025 as the universe of sponsors pursuing Continuation Funds broadens and repeat issuers tap the market

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