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Liquidity Solutions

Newsletter



H1 26' in Review

The secondary market had a robust first half of 2026, generating an estimated \$124 billion in dollar volume transacted. GP-led transactions comprised approximately 49% of that volume with the majority of single asset continuation funds comprising that mix, extending the structural shift toward concentrated, high-conviction investments. Pricing on GP-led transactions has been strong with approximately 87% of single-asset continuation funds priced above 90% of net asset value. The dry powder picture looks equally as rosy for full year 2026. A Lazard survey of buy-side secondary investors suggests there is approximately \$77 billion of dry powder to deploy in GP-led transactions in the second half of 2026 and that 76% of respondents indicated they are raising flagship secondary funds in 2026, replenishing capacity into 2027.¹

Approximately 30% of GP-led transactions were by multi-asset continuation funds with the remaining 16% comprised of preferred equity and other structured solutions.

LP-led transactions accounted for approximately 51% of secondary volume in the first-half as limited partners seek to take control of their own liquidity needs amid pressure to generate DPI.

Within GP-led transactions, the majority of transactions were focused on traditional private equity buy-out with the top four sectors being industrials, healthcare, business services and technology, while infrastructure and credit continue strong gains. The market for technology focused continuation funds was slightly challenged during the first half of 2026 with software continuation funds representing approximately 20% of GP-led volume in the first half, down from 27% in 2025.²

GP-led transactions continue to be driven by a need for an alternative to traditional M&A and IPO exit routes to generate and deliver liquidity. But GP-led activity remains steady with buyers focusing on tech investments around assets with proven resilience and/or AI tailwinds.

On LP-led transactions, underlying activity continues to be driven by a steady aging of vintage buyout funds, with 70% of volume coming from funds that are three to eight years old and 26% from funds older than eight years. The LP-led market is becoming more institutionalized with the bulk of transaction volume being driven by advisor-led, multi-bidder processes.

Shift In Terms

In terms of deal terms, more buyers and sponsors are opting to obtain representations and warranties insurance policies as part of GP-led secondary transactions, as well as opting for additional "top-up" coverage on fundamental representations and excluded obligations. Please see [here](#) for additional considerations on insurance coverage published by Willkie in the second quarter.

While general economic terms remain consistent from prior years, premium carry remains a growing opportunity in competitive, single-asset deals. We are also seeing more sponsors opt to commit their latest primary flagship fund to commit alongside newly established continuation funds to further support alignment and bolster primary fundraising.

Outlook for Remainder of 2026

2026 looks to be continuing a record expansion of the secondary market from prior years as sellers in the secondaries market have turned to a consistent bench of institutional capital with secondaries mandates. The secondary market in some respects remains a buyers market and investors will continue to diligence the wide universe of asset opportunities, weighing GP and asset quality with more explicit and built out underwriting with a general view towards being more selective. We expect to see a continued march towards specialization with buyer groups focusing on particular sectors and strategies (e.g., credit, venture, infra, real estate, etc.) as secondary mandates continue to come online.

We expect the challenges going into the second half of 2026 will be mostly from geopolitical volatility and uncertainty as to the level of disruption associated with AI-driven business models.

We also expect to see an expansion of capital solutions focused transactions, including net-asset-value (NAV) lending and collateralized fund obligations (CFOs) issuances to capitalize secondary transactions. Managers and investors alike are increasingly tying products that offer liquidity with products that raise capital, such as CFOs that include continuation vehicles together with primary funds. Each CFO is unique in terms of the specific liquidity and capital objectives that are being solved for.

¹ Lazard Interim Secondary Market Report 2026

² Evercore Interim Secondary Market Report 2026



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