



Houlihan
Lokey

LP Compass
Secondary Investor Survey

March 2026

Foreword

SECONDARY
INVESTOR
SURVEY

We are pleased to share Houlihan Lokey's first-ever LP Compass survey of private equity secondaries. The Investor LP Compass documents the activity and opinions of 58 of the world's top secondary buyers and sellers. The picture that emerges is one of exceptional optimism.

Among the highlights, an overwhelming 86% of top secondary players expect volume to hit new all-time highs in 2026, following what Houlihan Lokey estimates was a record in 2025.

Apart from temporary growth drivers, namely a slowdown in distributions and the slow pace of initial public offerings, LP Compass responses make it clear that several long-term factors are also powering secondaries.

These include the spread of secondaries as an investment management tool beyond the core private equity strategy of buyouts, into areas like credit and infrastructure, and inflows of new money from both institutional investors and retail investors.

Moreover, the LP Compass indicates that current pricing is in a healthy place, with a good supply of everything from top-quality assets to long-in-the-tooth tail ends. Indeed, only 4% of LP Compass respondents see prices declining in 2026, with about two-thirds predicting pricing stability. The vast majority of LP Compass respondents see no deterioration in the quality of GP-led secondaries, despite the sector's exceptionally rapid growth in recent years.

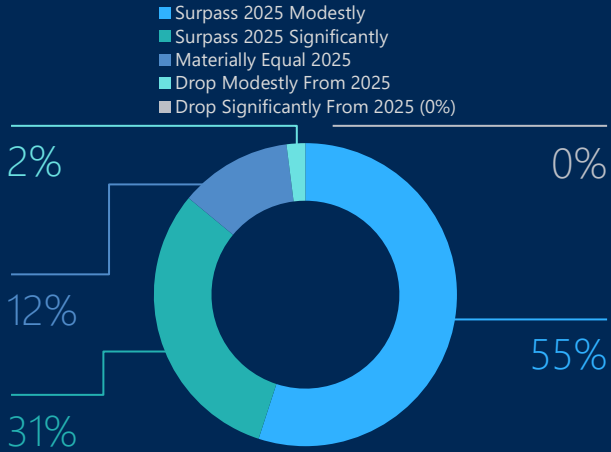
Once you have examined this LP Compass, we believe you will agree with us that the future of the secondary market is bright.



Matt Swain
Managing Director
Global Co-Head of Equity Capital Solutions

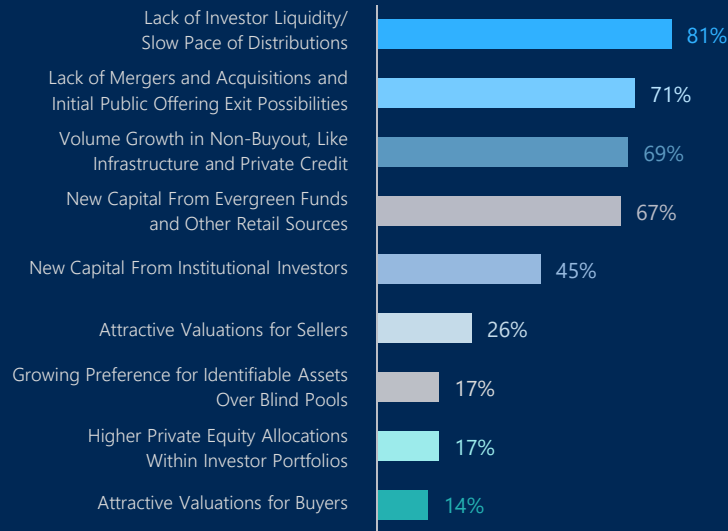
Houlihan Lokey LP Compass | **Secondaries** | 2026 Market Volume Expectations

Likely to Increase, Stay the Same, or Decline From 2025's Estimated Record



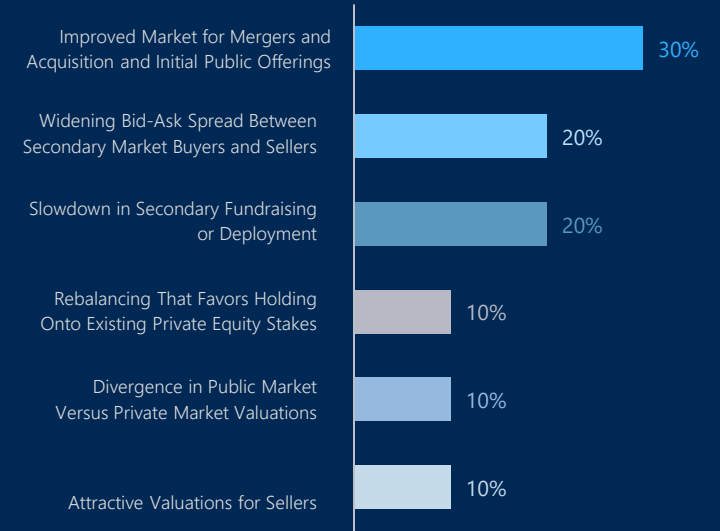
An overwhelming 86% of secondary buyers and sellers expect volume to hit new records in 2026, following what Houlihan Lokey estimates was an unprecedented \$225 billion in secondary market value in 2025. Among the small group of pessimists predicting a drop in volume (2%), none see more than a modest decline.

Factors Driving Volume to Equal or Exceed 2025



More than 80% of secondary buyers expecting similar or higher volumes in 2026 attribute that view to a continuation of 2025's weak M&A and IPO markets. Over two-thirds expect growth in non-buyout strategies to add volume, and nearly as many point to retail-oriented investment vehicles driving trading. Almost half cite new institutional entrants as another source of momentum. One in four sees attractive seller pricing as a factor, though only one in seven expects buyer-friendly pricing to help. Overall, this suggests a market driven primarily by demand.

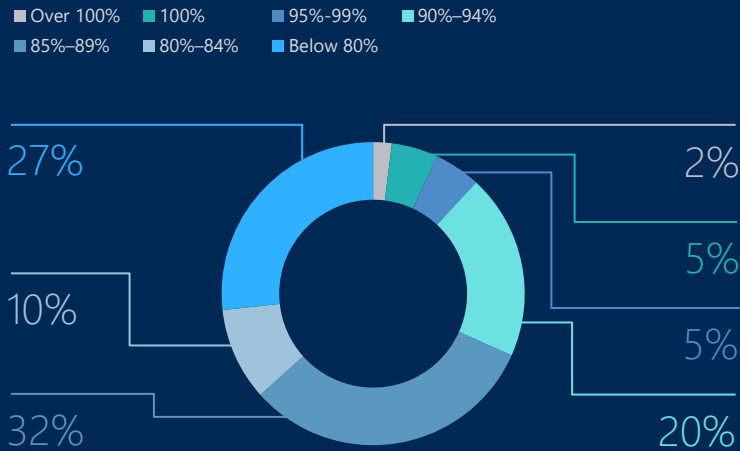
Factors That Could Drive a Volume Decline



Although most investors do not expect a secondary market volume decline, nearly a third cite a potential improvement in traditional private equity exit markets (i.e., M&A and IPOs) as the most probable cause for any decline in secondary volume in 2026.

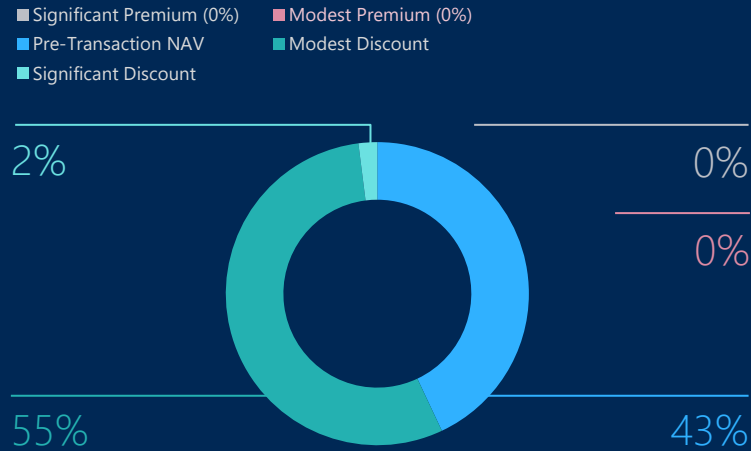
Houlihan Lokey LP Compass | Secondaries | Pricing

Average Pricing Level for LP-Leds 2H 2025 as a Percentage of Net Asset Value



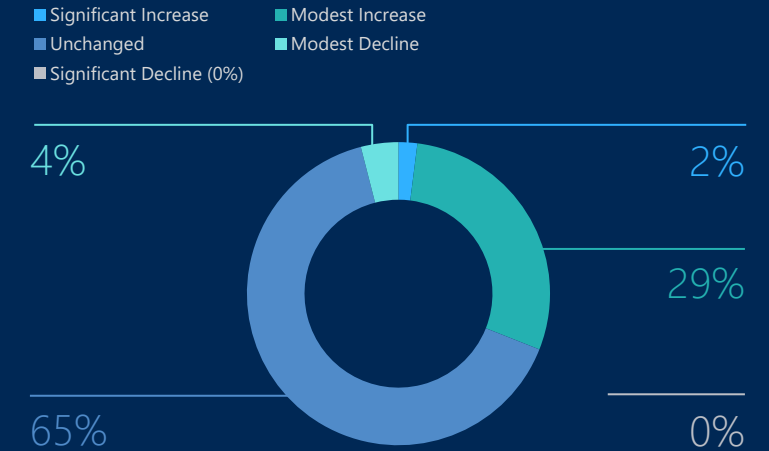
Nearly a third of LP-led secondaries in 2H 2025 were sold at 90% or more of NAV, considered seller-friendly, with 7% at par or better. More than one in four transactions were sold for under 80%, a typical level for older, usually harder-to-sell assets. The picture conveyed is of a balanced market, with attractive opportunities for both buyers and sellers.

Average Pricing Level for GP-Leds 2H 2025 as a Percentage of Pre-Transaction Net Asset Value



Because GP-leds typically involve the sale of a whole company (not partial stakes of funds holding multiple assets, customary in LP-leds), in a buoyant market, they are generally sold either at par or at modest discounts that may be used to offset specific transaction-related fees. Pricing for the past six months reflects this.

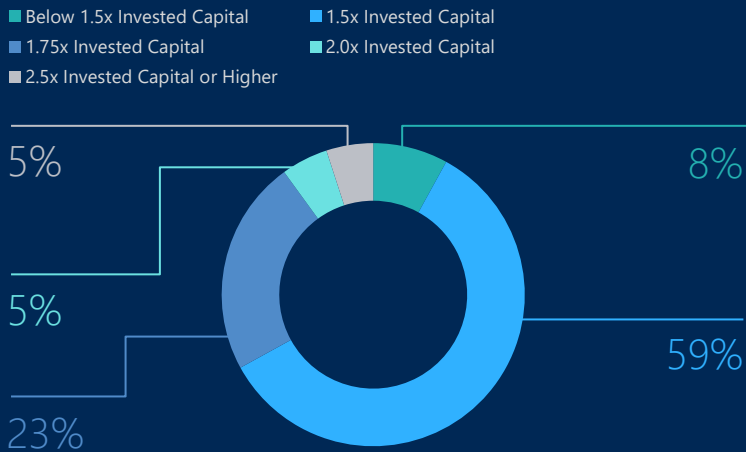
Expectations for Secondary Pricing LP-Leds and GP-Leds 2026 YoY



To substantiate the bullish sentiment among secondary buyers and sellers, 96% expect pricing to remain the same or rise (respectively 65% and 31%) in 2026. Only 4% predict a modest decline. None forecast a significant drop. Predicted rises will be most influenced by expectations for LP-led pricing.

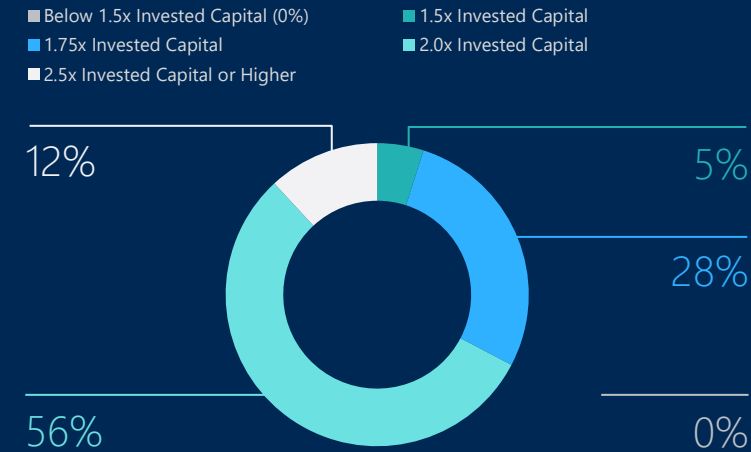
Houlihan Lokey LP Compass | Secondaries | Average Net Return Expectations

For LP-Led Secondary Investments



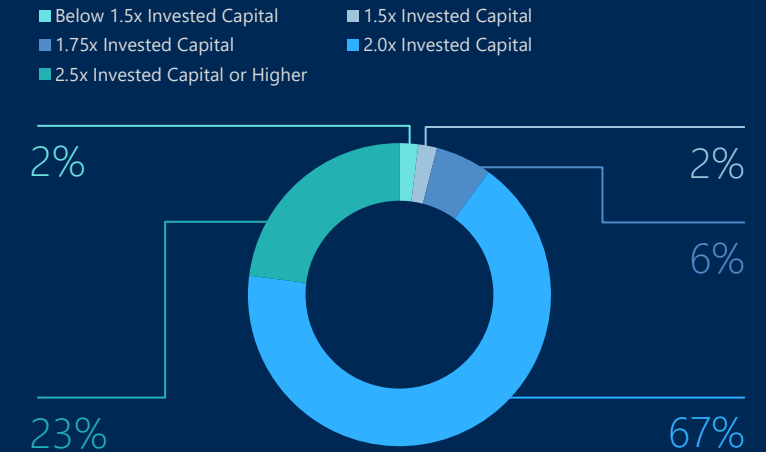
More than four out of five LP-led investors are targeting returns of 1.5x to 1.75x multiple on invested capital. Only one in 10 is aiming for returns of 2.0x invested capital or more, which is the classic target for longer-held primary investments.

For Multi-Asset GP-Led Secondary Investments



Expected returns for multi-asset GP-leds are considerably higher than for LP-leds. More than two-thirds of investors in the former target average net returns of 2x or higher. GP-leds typically focus on a narrower range of assets than LP-leds, filtering out an existing fund's poorer investments, and GP-leds are usually recapitalized to take advantage of growth opportunities. Higher return expectations for GP-leds are balanced by typically shorter holds for LP-leds and the risk-reducing diversification of LP-leds.

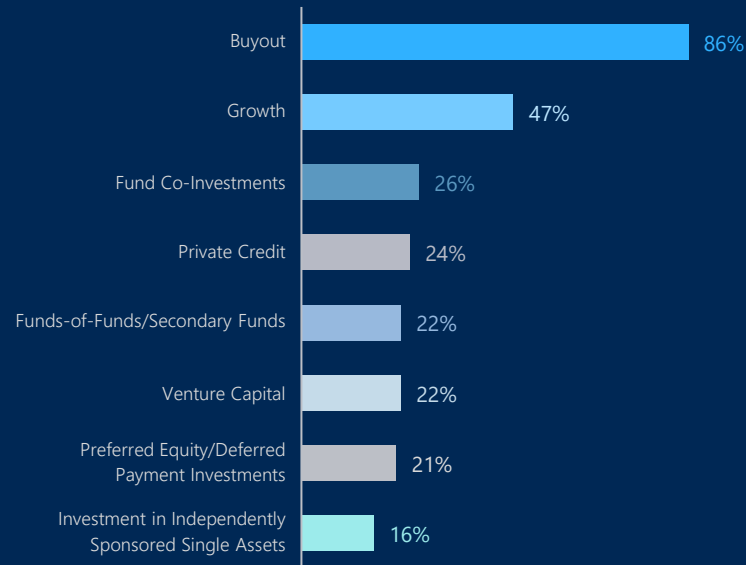
For Single Asset GP-Led Secondary Investments



Out of the three common types of secondaries covered here, return expectations for single-asset GP-leds are materially higher, with nine out of 10 investors targeting net returns of 2.0x or more (with nearly one in four of those targeting 2.5x or higher). Single-asset GP-leds are, in theory, inherently both higher risk and potentially higher-returning investments given the concentrated exposure to a GP's top performing (trophy) asset compared to diversified multi-asset GP-leds or LP-leds.

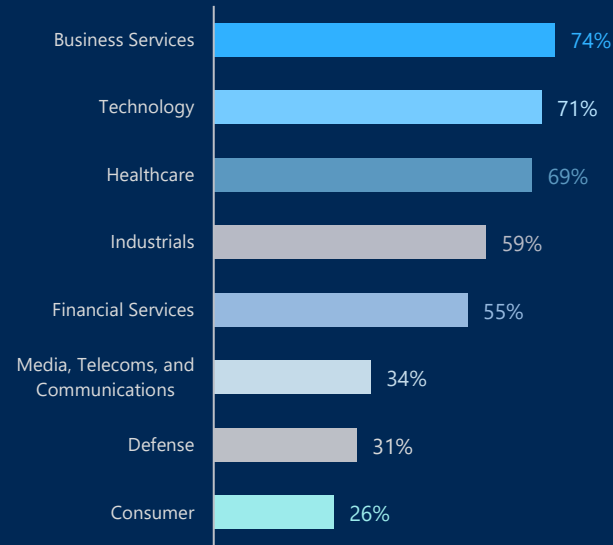
Houlihan Lokey LP Compass | Secondaries | 2026: Strategies, Industries, Regions Targeted

Strategies Investors Intend to Favor



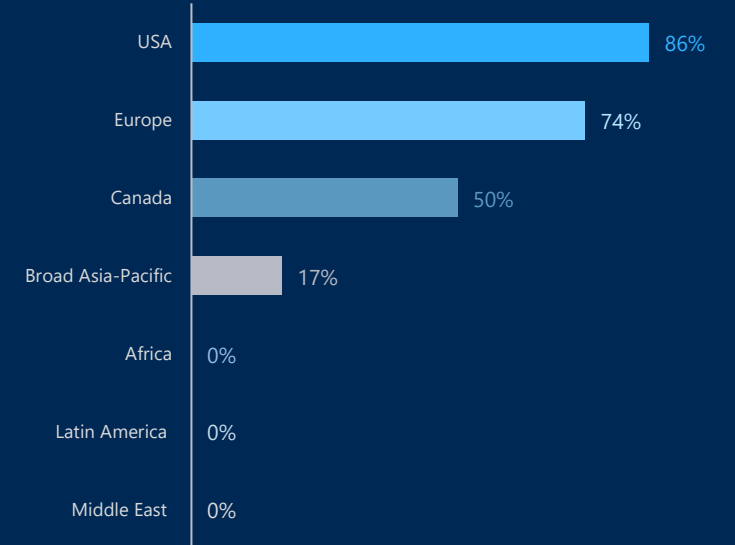
Nearly nine in 10 investors are targeting PE's main strategy, buyout, while slightly less than half favor the next biggest strategy, growth, which is focused on smaller companies. Third is fund co-investment (26%), which almost always focuses on single assets. Combined with investment alongside independent sponsors (16%), an impressive 42% of investors favor identifiable single assets, versus the blind pool funds that typify PE investment.

Industries Investors Favor*



Secondary investors intend to favor a wide range of industries this year, with well over half targeting business services, technology, healthcare, industrials, and financial services. Cyclical sectors, such as consumer-focused and energy businesses, more speculative research-focused life sciences and biotech, and yield-focused real asset businesses, come in at the bottom, favored by between 10% and 14% of secondary investors.

Regions Investors Favor

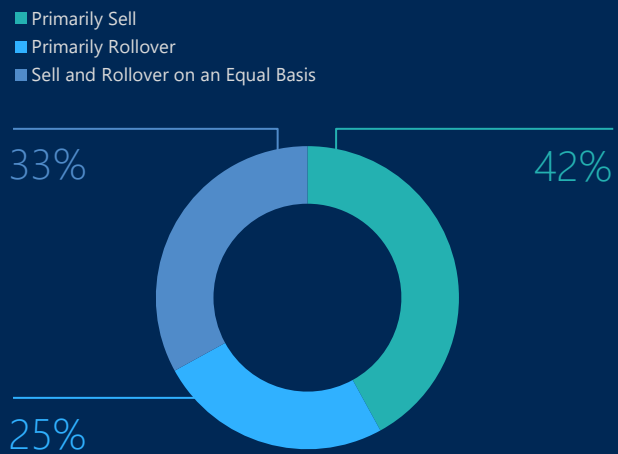


Favored geographies demonstrate the still-narrow focus of the secondaries market, and, implicitly, its vast potential for growth. While almost nine out of 10 investors favor the USA and nearly three quarters are inclined to prioritize investment in Europe, Asia has appeal for only about one in six, and the rest of the world is prioritized by none of the groups in our sample.

*Life sciences/biotech, energy, and real assets are favored by between 10% and 14% of investors.

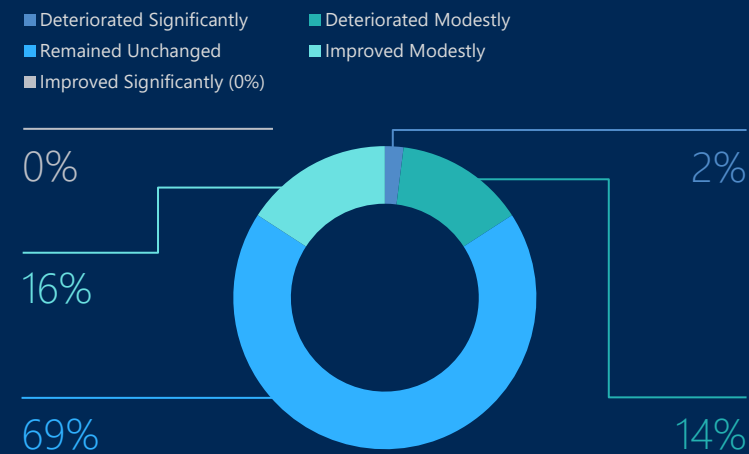
Houlihan Lokey LP Compass | **Secondaries** | GP-Leds and Investor Confidence

Primarily Sell or Rollover in GP-Leds



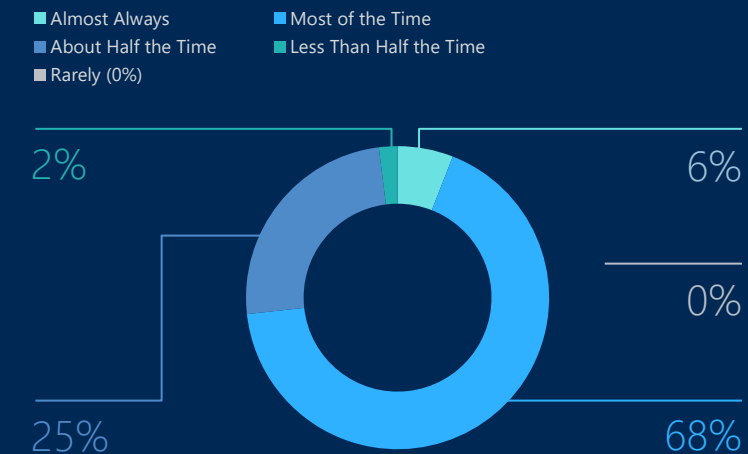
While slightly more than two out of five active secondary buyers have a bias toward selling when it comes to GP-leds—the largest single category—a significant majority either primarily rollover into GP-led transactions (25%) or tend to sell and rollover equally (33%), indicating most active investors are comfortable with this newest form of major secondary deal.

Has GP-led return potential improved, remained stable, or deteriorated in the past year?



While some industry pundits claim that the return potential of GP-leds is deteriorating as an increasing number of private equity managers engage in these deals (dollar volume rose some 50% in 2025, according to the estimates of Houlihan Lokey and others), the overwhelming majority of investors, some 85%, see quality as remarkably stable (69% believe quality is unchanged and 16% say it improved modestly in the past 12 months). One in seven believes there has been a modest deterioration, while only 2% say quality has deteriorated significantly.

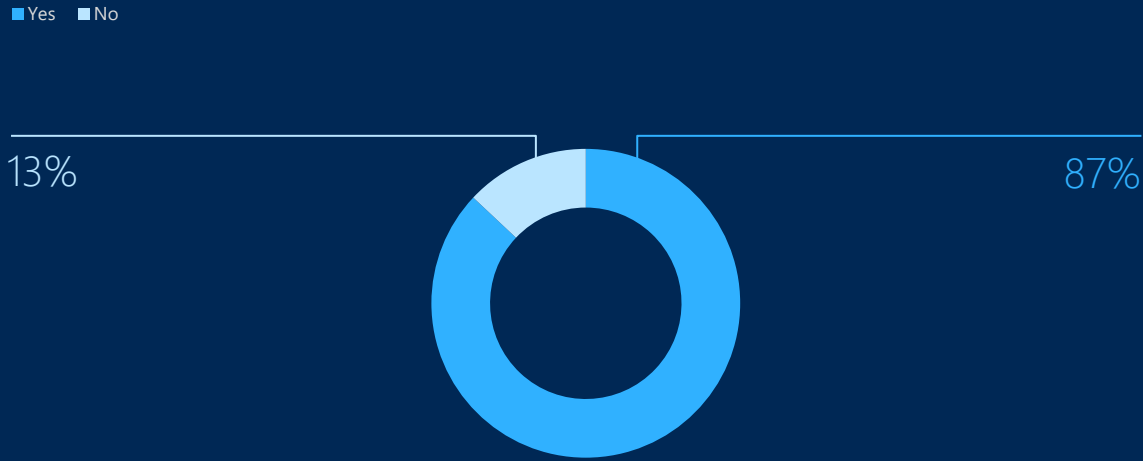
Are GP-led transactions undertaken for the right reasons?



Although a difficult exit environment and inherent conflicts of interest lead some critics to label GP-leds as self-dealing, most buyers view them as a valid strategic tool. More than two-thirds say GP-leds are undertaken for the right reasons most of the time (returning cash and generating more returns). Some 6% say GP-leds are almost always done for the right reasons. One in four believe they're done for the right reasons only about half the time, and 2% say it's less often. None say it is rarely done for the right reasons.

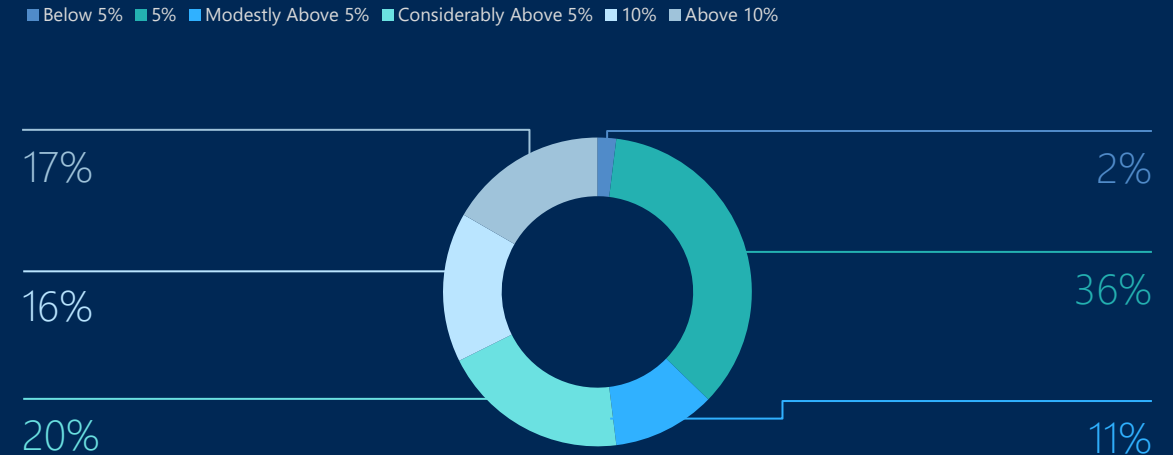
Houlihan Lokey LP Compass | [Secondaries](#) | [GP-Leds](#) and Investor Confidence (cont.)

Given equal return/risk factors, are you more likely to invest in a GP-led where you have a strong relationship with the manager?



Managers planning a GP-led secondary need to carefully manage relationships with existing investors by demonstrating full transparency and communication throughout the decision-making process. Equally, potential investors want to see a courteous effort from managers to further develop existing relationships. All other factors being equal, nine out of 10 active secondary investors say it is more likely to invest in GP-leds organized by managers with whom they have a strong relationship.

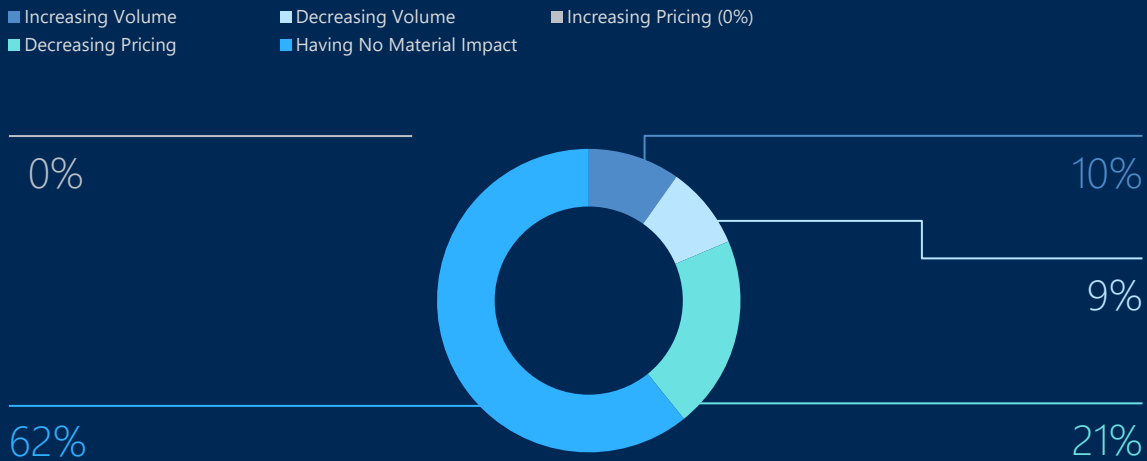
Over the past 12 months, if you rolled over or invested in a GP-led/continuation fund transaction, what has been the average GP commitment to the deal?



Over the past year, nearly two-thirds of investors have chosen to rollover or invest fresh capital into GP-leds where the average manager commitment was above 5% of total deal value. More than 50% of investors have done so only when the average manager commitment was considerably above 5%, with a third of investors taking part in deals with average manager commitments of 10% or more. This indicates that GP alignment (skin in the game), and a considerable amount of it, is crucial to a successful GP-led outcome.

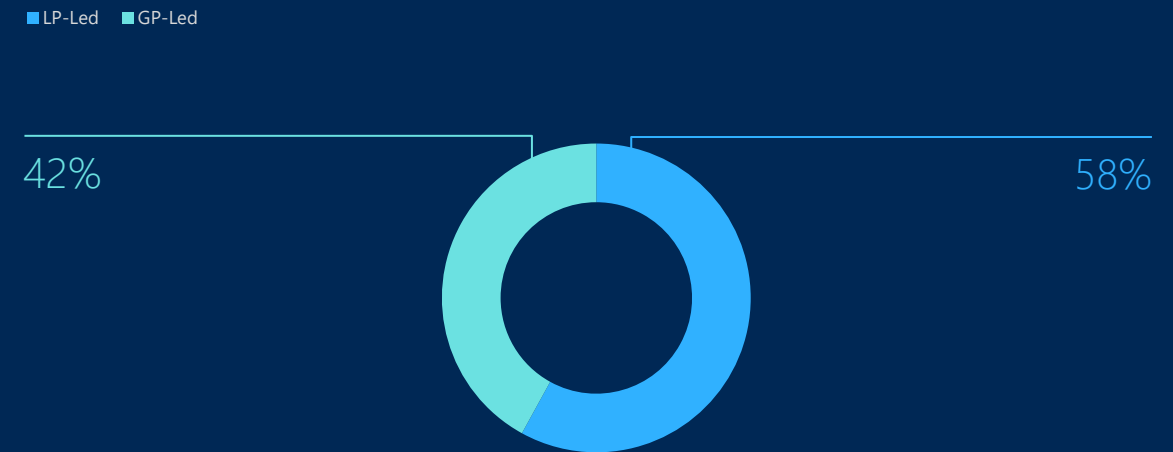
Houlihan Lokey LP Compass | Secondaries | Tariffs, Expected GP-Led and LP-Led Split

Tariff Wars' Impact on Secondary Pricing and Volume



Two out of three investors see no impact on the secondary market from tariff wars. Interestingly, while most in the minority believe tariffs are decreasing pricing, they split on whether that is increasing or decreasing volume, with only a percentage point dividing the two groups. All unite on one point: not a single active secondary market player believes tariffs are increasing average pricing.

Will 2026 volume be concentrated in LP-leds or GP-leds?



Although fast-growing GP-leds have been taking market share from LP-leds for years, and while there are occasional outlier years—notably during the COVID-19 epidemic in 2020 and 2021—when GP-leds outpace LP-leds, volume for the latter is typically greater than for the former. A clear majority of investors expect more of the same in 2026, predicting that LP-leds will see greater volume than GP-leds.

Methodology and Participants

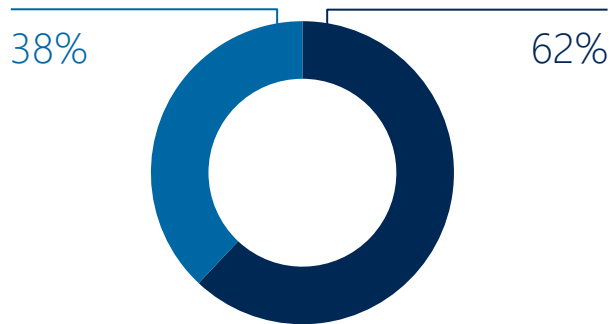
SECONDARY INVESTOR SURVEY

Houlihan Lokey's Secondaries LP Compass Survey was conducted to gather differentiated insights from the world's most active secondaries buyers and sellers participating in GP- and LP-led transactions that involve a broad set of opportunities and assets across the globe. Our research indicates that the market landscape is dominated by North American and European players, who collectively account for approximately 95% of secondary market participants. The residual 5% is dispersed between the Asia-Pacific region (3%) and the rest of the world (2%).

This presents a clear untapped growth opportunity within the latter two regions. Moreover, approximately 80% of the market remains dominated by specialist secondary funds or funds-of-funds, with wide dispersion in dry powder to deploy from assets under management. For the purposes of this survey, private equity is broadly defined to encompass buyout, growth, venture capital, credit, and real asset strategies.

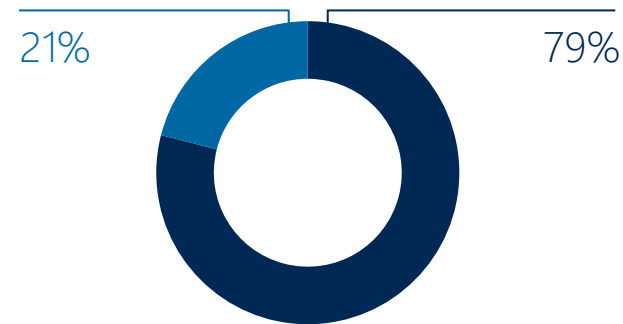
Primary Physical Base of Buyers and Sellers

■ USA and Canada ■ Europe



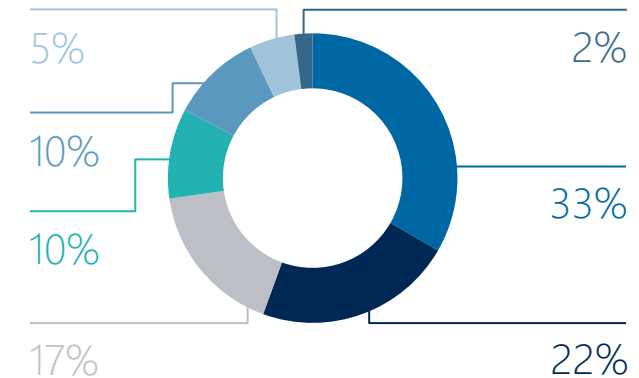
Type of Investor Organization

■ Secondary Funds or Funds-of-Funds
■ Corporate Pension Funds, Public Pension Funds, Banks, Asset Managers, Family Offices, Endowments, Foundations, Private Trusts, and Others



Value of Investors' Assets Under Management*

■ \$50B or More ■ \$5B to \$9.9B ■ \$1B to \$4.9B
■ \$20B to \$49.9B ■ \$10B to 19.9B ■ \$500M to \$999M
■ \$500M or Less



*Does not add up to 100% due to rounding.
Survey was conducted between November 17 and January 30

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