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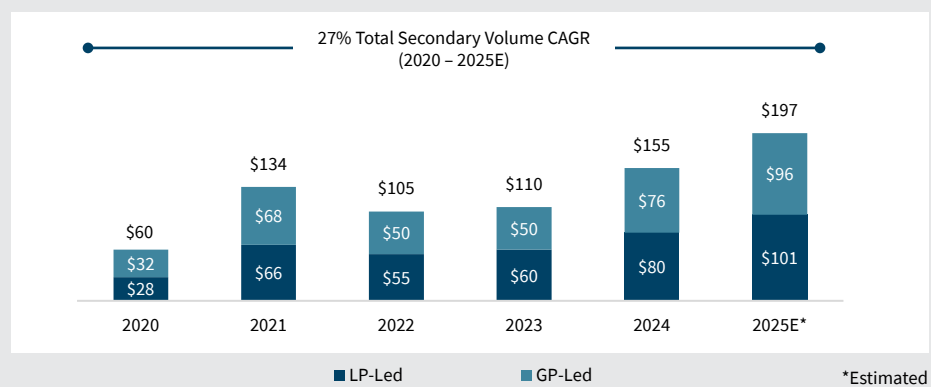
INVESTMENT BANKING

Secondary Volumes Continue to Break Records

Investors in the space are full steam ahead despite the macroeconomic and geopolitical developments of the past several months—and continue to show a strong appetite.

Bullishness around secondaries has continued to grow over the course of the year, as LP- and GP-leds prove an increasingly important alternative given broader liquidity constraints. Investors surveyed in early 2025 by William Blair projected \$175 billion in annual volume, split almost evenly between LP-leds and GP-leds. By the second quarter, investors projected a record of nearly \$200 billion, with secondaries reaching nearly \$100 million in the first half alone.¹

Global Secondary Market Volume (\$ in Billions)²



What's behind the exponential growth? LP-led pricing continued to improve as sellers sought liquidity and as tariff-related uncertainty began to ebb late in the spring. For GP-leds, sponsors continue to utilize continuation funds to deliver liquidity to shareholders in light of a slower-than-expected rebound in the M&A market.

The bullishness around secondaries shows no signs of waning, as investors not only project a strong finish to 2025 but a record 2026. In the following report, we discuss trends in the LP- and GP-led markets and the outlook for the remainder of 2025 and beyond.

1. Source: William Blair Estimates; [2025 William Blair Secondary Market Survey](#). Total percentages in chart may not foot due to rounding.
2. Source: Ibid.

LP-Leds Surge as Funds Look to Monetize

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Market uncertainty stemming from new U.S. tariff policy in April made LP-led sellers somewhat less motivated, but the sentiment was fleeting—and we can again characterize LP-led sellers as “slightly motivated” (see chart). Buyers in secondaries have apparently grown accustomed to uncertainty and are now comfortable pricing in regular macro turbulence.

Understanding Secondary Market Pricing³

After falling slightly this spring as a result of tariff-related uncertainty, seller motivation improved in recent months, and we can now characterize them as slightly motivated. Each move to the right on the chart below represents an increase of approximately 300 basis points.



The continued emergence of retail investing (notably through '40 Act Funds and their interest in tail-end deals) has stoked the market, as limited partners' need for liquidity remains significant. Indeed, '40 Act Funds are a big reason LP-led volume slightly outpaced GP-leds in the first half of 2025.

Going forward, LP-led buyers could become increasingly willing to get their hands dirty in more complex portfolios. Case in point, the emerging markets category had languished in recent years but is now drawing increased interest. That's partly due to improved overall pricing, but sellers in the category are re-evaluating risk profiles and realizing that proceeds—even at lower valuations relative to other asset classes—can be effectively redeployed.

In addition, energy has bounced back with strong enough demand to sustain more growth. There also are early signs of a real estate rebound with sellers possibly coming to terms with lower valuations.

Finally, LP-led pricing has been dynamic in recent weeks with '40 Act funds fluctuating in and out of the market as they hit deployment goals and/or deplete funds. This is especially pronounced on more tail-end deals, which can move up or down by 500 basis points (or more) depending on where some larger evergreen funds are in their cycles. One result has been unpredictability, but another is big promises being made based on best-case scenarios that are far more circumstantial than they used to be—even as the downside case could still likely yield decent outcomes.

GP-Leds, Continuation Funds Still Cooking

While slightly behind total LP-led volumes, GP-led activity also reached a record in the first half of 2025. Nearly five years after 2021's fundraising peak, sponsors remain acutely focused on DPI—and are increasingly turning to continuation funds to provide liquidity ahead of the next fundraise and to deliver shareholder liquidity amid slower M&A volumes.

Single- and multi-asset continuation funds are at the center of the strong activity, both growing at healthy clips. Multi-asset transactions were a significant presence in the first half, as the structure allows sponsors to generate liquidity for multiple companies in single transactions and address other firm-level objectives (e.g., realigning economics, raising follow-on capital, winding down older funds). At the same time, single assets remain the drumbeat of the GP-led market and continue to provide sponsors opportunities to hold onto their prized assets while offering investors meaningful liquidity.

Helping fuel the continued growth is additional capital that has come online. '40 Act funds remain highly active and increased their attention to GP-leds in the first half. In addition, direct private equity firms who have set up GP-led strategies

3. Source: William Blair Estimates. For illustrative purposes only.

Bullish Sentiment for the Rest of 2025 and Beyond

as well as traditional LPs who now have GP-led mandates are emerging, enhancing the buyer pool and increasing check sizes and overall demand for continuation funds.

Lastly, as these investors do their work on transactions, investors underwriting new opportunities are increasingly focused on organic growth and GP alignment, which have become the two most important investment criteria for transactions to gain traction. Investors also focused on technology, professional services, aerospace and defense, and healthcare as the most favored sectors in the first half of the year.

Bullish Sentiment for the Rest of 2025 and Beyond

Market insiders surveyed by William Blair this summer not only think secondaries will come close to \$200 billion in total volume this year, but they also expect healthy growth again in 2026—with expectations of approximately \$225 billion in volume.⁴ Significantly, that optimism came before President Trump's early August executive order to allow 401(k)s to invest in private funds.⁵ That move—as we noted in [William Blair's 2025 Secondary Market Report](#) earlier this year—represents a potential driver of future growth, adding upside to the forecasts shared to date for 2026 and beyond.

Bullishness around secondaries also likely stems from the market's strong position in an era of regular macro turbulence, which can slow activity in M&A and IPO markets. Funds still face pressure to generate liquidity, so they have turned to secondaries—all while secondary investors, who have raised record capital, face pressure to deploy.

Whether that pressure on buyers remains after so much dry powder has been deployed is perhaps a small point of concern. But secondaries are flying high as we enter the final months of 2025, and investors remain bullish on expected future capital deployment.

4. Source: William Blair Estimates.
5. Source: White House Presidential Actions: [Democratizing Access to Alternative Assets for 401\(k\) Investors](#), August 7, 2025.

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