



Full Year 2024 Secondary Market Report

Key themes observed

Data still subject to change

Strictly private & confidential



Key themes observed in full year 2024

5 key themes:

1

Secondary market volumes hit record levels of \$155bn, exceeding the prior record set in 2021 of \$135bn by 15% and CL's original full year 2024 estimates of \$137bn

2

Buyout LP-led pricing rebounded to peak levels last seen in 2021, with the highest quality portfolios pricing again closer to NAV

3

Single-Asset Continuation Funds have surged as an alternative exit path to M&A / IPOs, with dollar volumes nearly doubling compared to the previous year

4

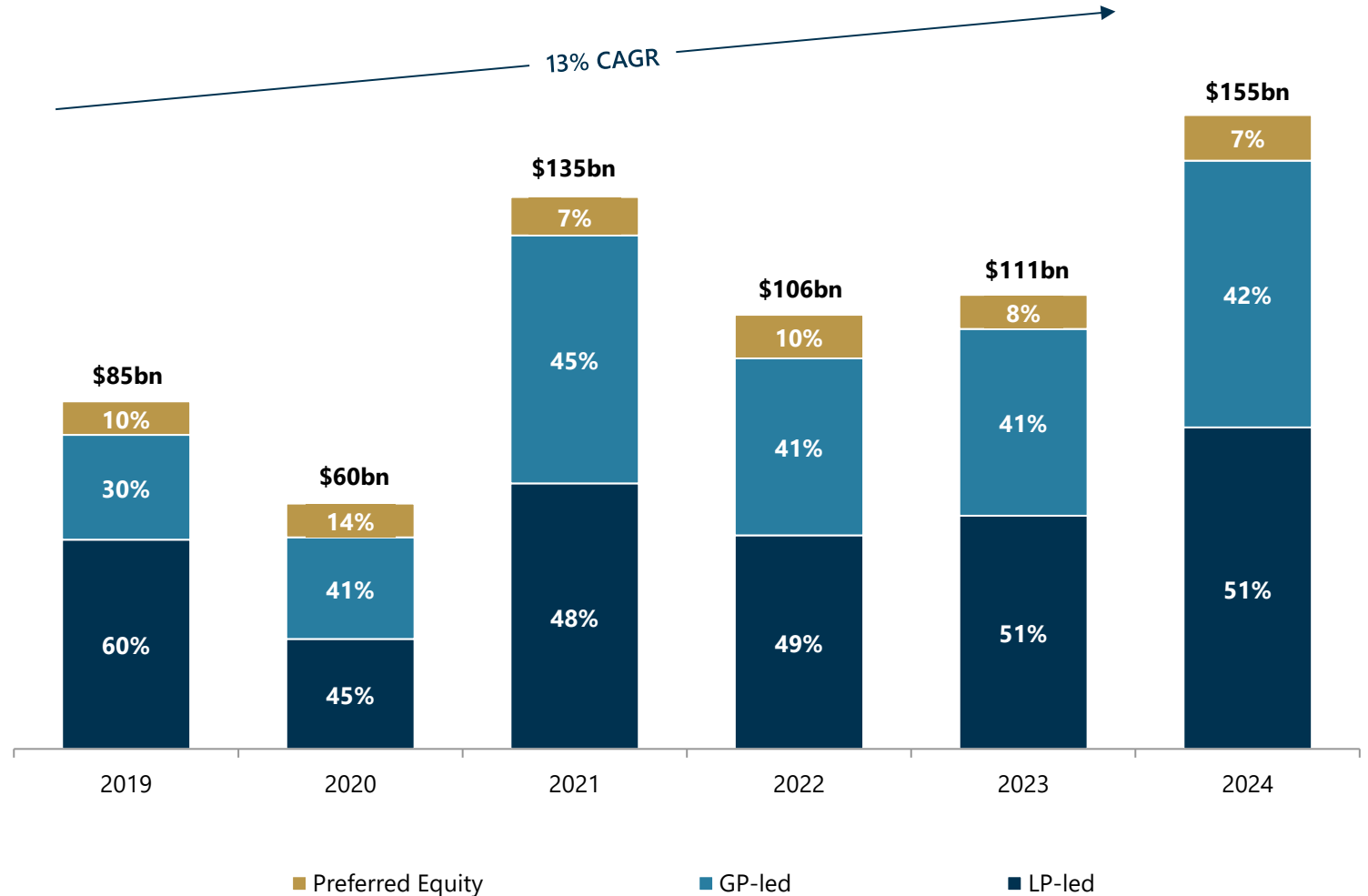
Demand for software technology assets more broadly has continued to rise, as asset prices have improved with a more favourable macro-economic outlook

5

Evergreen funds have played an increasingly larger role in the market, raising \$66bn in aggregate capital to date, and supporting price increases in LP-led transactions

Record year for secondary market volumes

Annual secondary market volume by transaction type (\$bn / % of total)



Source: CL Full Year 2024 Secondary Market Overview
 Note(s): 1. Compared with Renaissance IPO Index, Bain & Company's "Looking Back at M&A in 2024: Dealmakers Adapt as the Market Idles" and EY's "Private Equity Pulse: key takeaways from Q3 2024"

Record year for secondary market volumes:

The secondary market reached a record high of \$155bn, 15% above the prior high in 2021

Secondaries has been one of the bright spots for private markets as it has grown since 2021, in contrast to IPO, M&A and PE acquisitions which have all declined¹

This latest record growth was largely driven by the LP-led market, which has grown by \$14bn since 2021 compared with only \$4bn of growth for the GP-led market. Despite this the market has stabilized since COVID, with LP trades consistently representing ~50% of the market and GP transactions ~40%

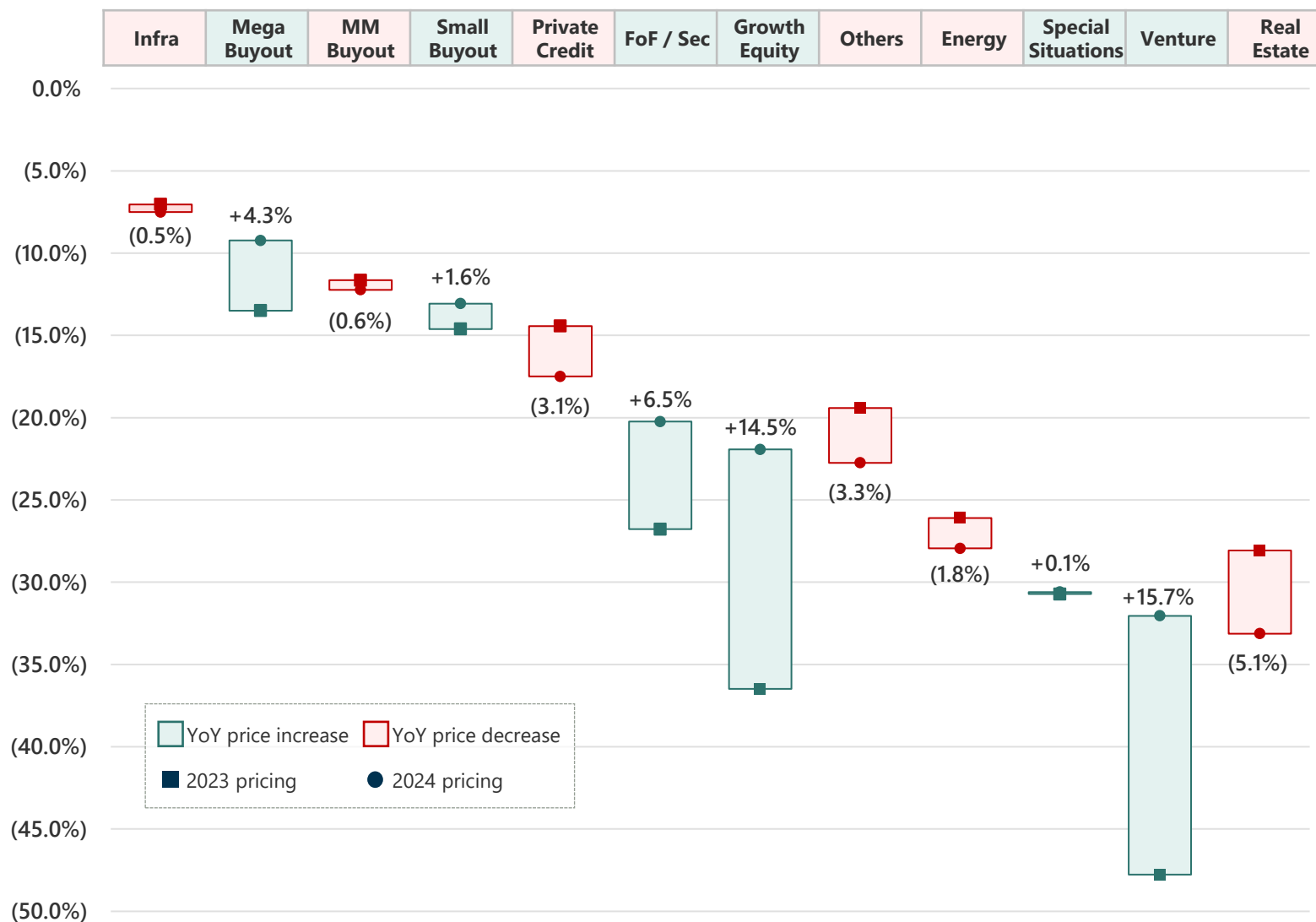
Buyout LP-led pricing rebounds to peak levels last seen in 2021

Buyout LP-led pricing rebounded to peak levels last seen in 2021: As

projected in our full year 2024 report, the average pricing for buyout funds in LP-led transactions hit an average pricing of ~10% discount with mega-buyout funds, showing the highest increase year over year

The market has seen more competitive tension as the pool of buyers has increased with the entrance of evergreen funds and institutional investors. At the same time, buyers have been able to raise prices as a stabilizing macro environment has supported lower return hurdles

Change in average transaction pricing by fund type since full year 2023¹

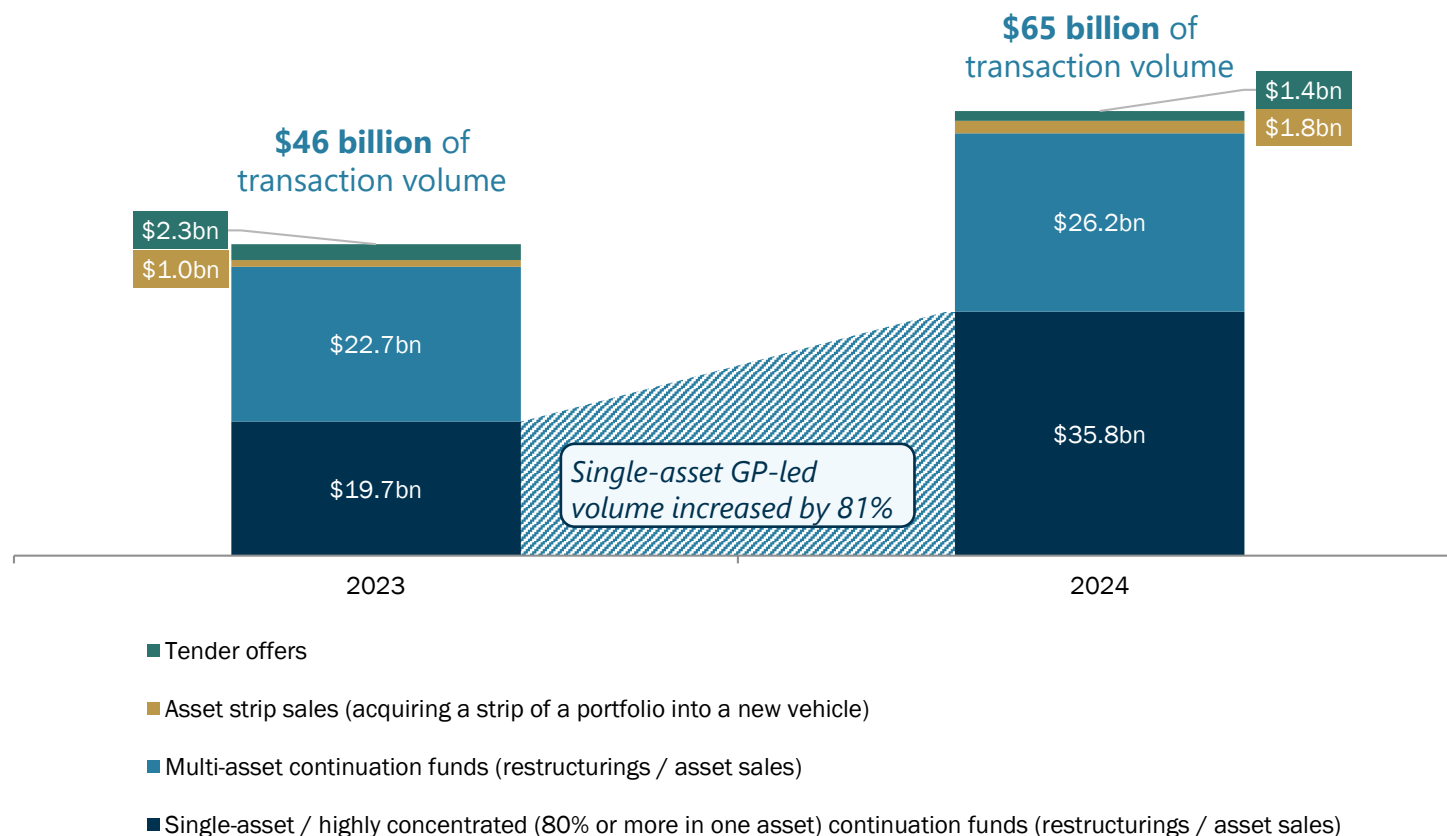


Single-asset continuation vehicles continue their surge as an alternative exit path

Type of GP-led transactions in full year 2024¹

Single-Asset Continuation Funds have surged as an alternative exit path to M&A / IPOs: Single-asset continuation fund dollar volumes nearly doubled compared to the prior year, reaching \$36 billion in full year 2024

An influx of new capital and investors have come into the GP-led space, increasing the amount of demand on the buy-side. At the same time, portfolio companies have grown into valuations amid stronger performance, boosting confidence. These have fueled more confidence in single-asset deals, leading to continued adoption by GPs, particularly in the lower and middle market segments



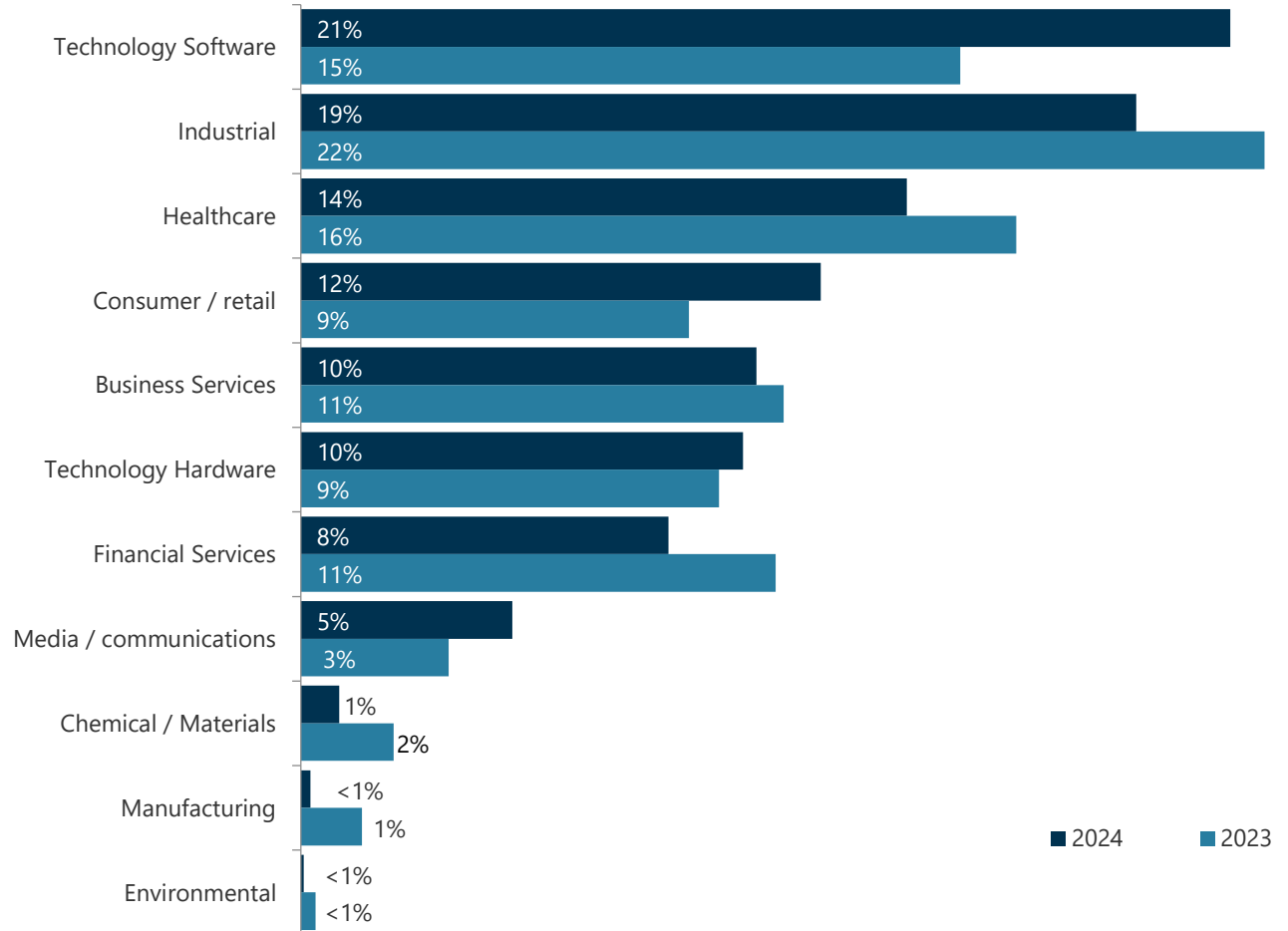
Demand for software technology assets has continued to rise

GP-led sector breakdown

Demand for software technology assets has continued to rise:

Continuing the trend identified in our 1H 2024 report, the demand for software technology grew by nearly \$7 billion during the full year 2024 compared to 2023

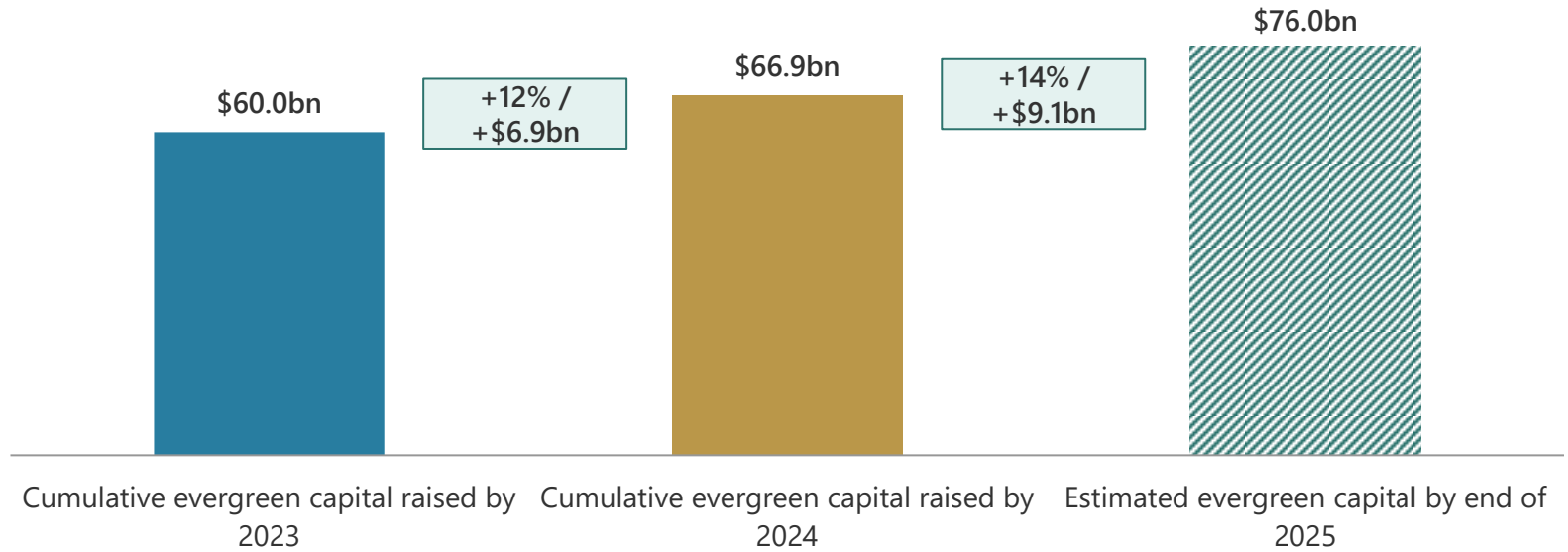
After a multi-year period where these assets were out of favor, a combination of increasing public market comparables and assets growing into their valuation marks has led to average pricing of VC / Growth funds approaching 25% discounts to NAV, reflecting an improving underwriting environment for these assets across both LP-leds and GP-leds



Source: CL Full Year 2024 Secondary Market Overview.

Evergreen funds¹ have played an increasingly larger role in the market

Historical evergreen fundraising for private markets transactions



Pricing levels in evergreen LP-led transactions, compared to total LP-led transactions



Source: CL Full Year 2024 Secondary Market Overview

Note(s): 1. Defined as open-ended funds which raise capital to invest in private markets including some allocation to secondary transactions

Evergreen funds have played an increasingly larger role in the market:

As discussed in theme two, evergreen funds made their biggest impact yet on the secondaries landscape in 2024. Evergreen funds earmarked for Secondary transactions represented ~7% of total secondaries funds raised in 2024

After raising \$67bn through 2024, these buyers have quickly become a force in LP-led transactions where they were able to bid 4 points higher than other buyers largely driven by a combination of lower underwriting targets as well as a heightened need to deploy due to shorter fundraising cycles

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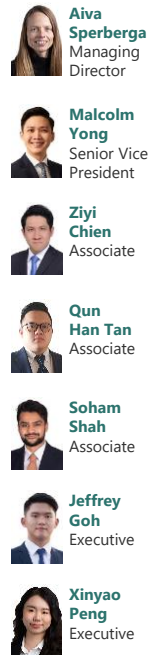
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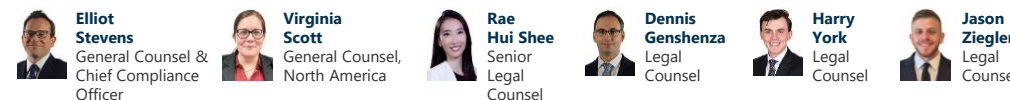
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