ROPES & GRAY

H1 2026 Secondaries Update

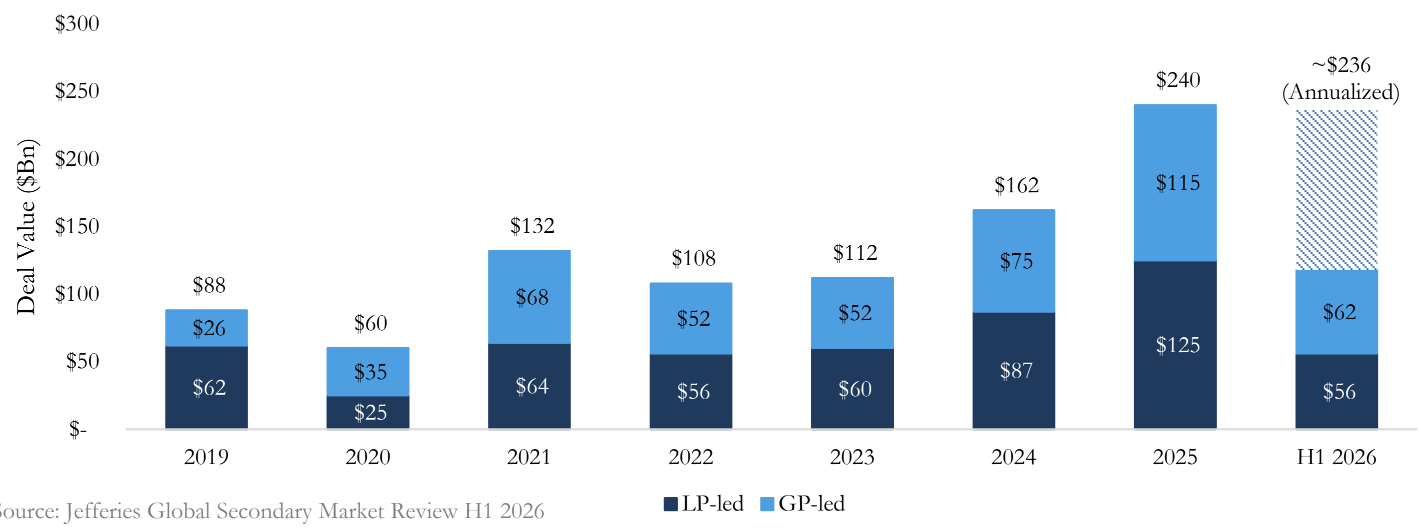
Sponsor Solutions

Ropes & Gray advises private equity sponsors and investors on secondary transactions, including GP-led continuation vehicles, and other liquidity solutions across the private capital landscape. The firm's multidisciplinary team provides strategic counsel on complex legal, business and financial matters throughout the investment lifecycle.

MARKET COMMENTARY

- Structural tailwinds continued to propel the secondaries market in H1 2026, as **persistent liquidity constraints, growing GP adoption of continuation vehicles across asset classes, and an expanding buyer universe** combined to produce strong first-half volume and set the stage for another year well over $200 billion in transaction volume.
- LP liquidity needs remain a central source of secondary market activity, with **annual distribution yields holding near 10% in H1 2026**, well below the long-term historical average of approximately 25%.
- Total dedicated secondaries capital **fell to $290 billion from $327 billion at the end of H2 2025,** while **total available capital fell to $328 billion from $477 billion at the end of 2025**, signaling a contraction in dry powder as capital deployment accelerates.
- Deployment continues to broaden across non-U.S. geographies, particularly in Europe, where GP-led volume **reached approximately $15 billion, or 24% of the global market,** and is projected to approach $35 billion for full-year 2026.

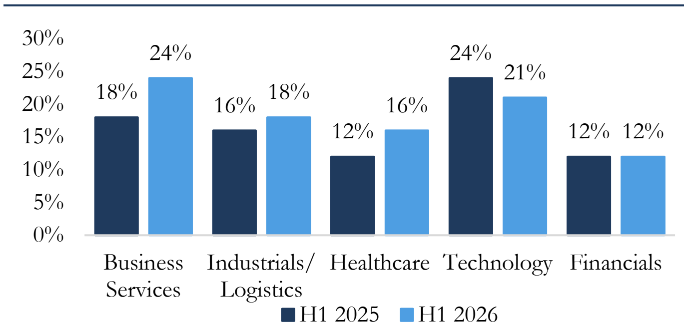
Secondaries Transactions Volume through H1 2026 ($Bn)



Source: Jefferies Global Secondary Market Review H1 2026

The secondary market has become a permanent capital channel, with H1 2026 volume reaching **$118 billion (+15% YoY**).

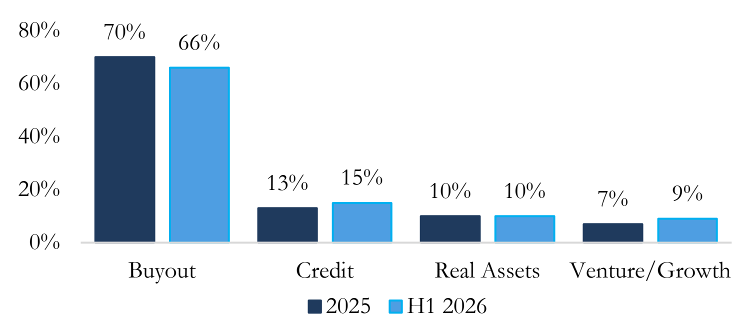
% of Total GP-led Transaction Volume by Company Sector



Source: PJT 1H 2026 Secondary Market Insight

GP's rotated toward hard asset sectors with low obsolescence in H1 2026 like **Business Services, Healthcare, and Industrials**, while **technology** interest wavered amid AI and valuation concerns.

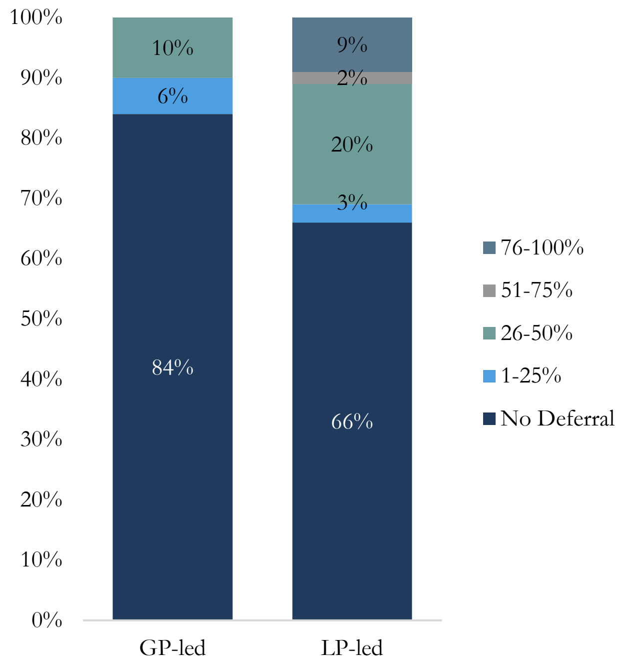
GP-led Transaction Volume by Asset Class



Source: Jefferies Global Secondary Market Review H1 2026

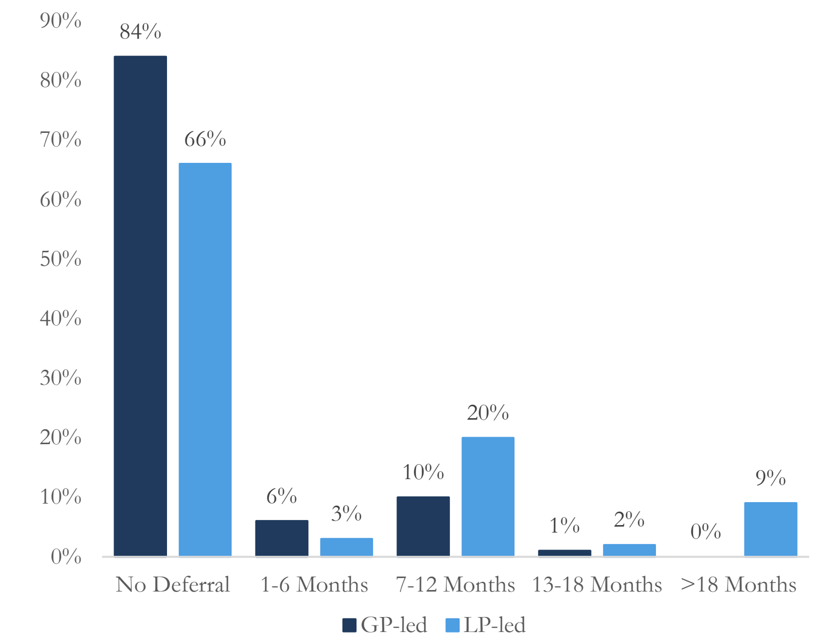
GP-led transactions for buyout funds **fell to 66%** of the secondaries market in H1 2026, **down from 70% in 2025**, as continuation vehicle activity for credit and AI-linked venture and growth investments outpaced the growth of the overall secondaries market.

Deferral Amount (% of Transaction Value)



Source: Evercore Secondaries Market Review H1 2026

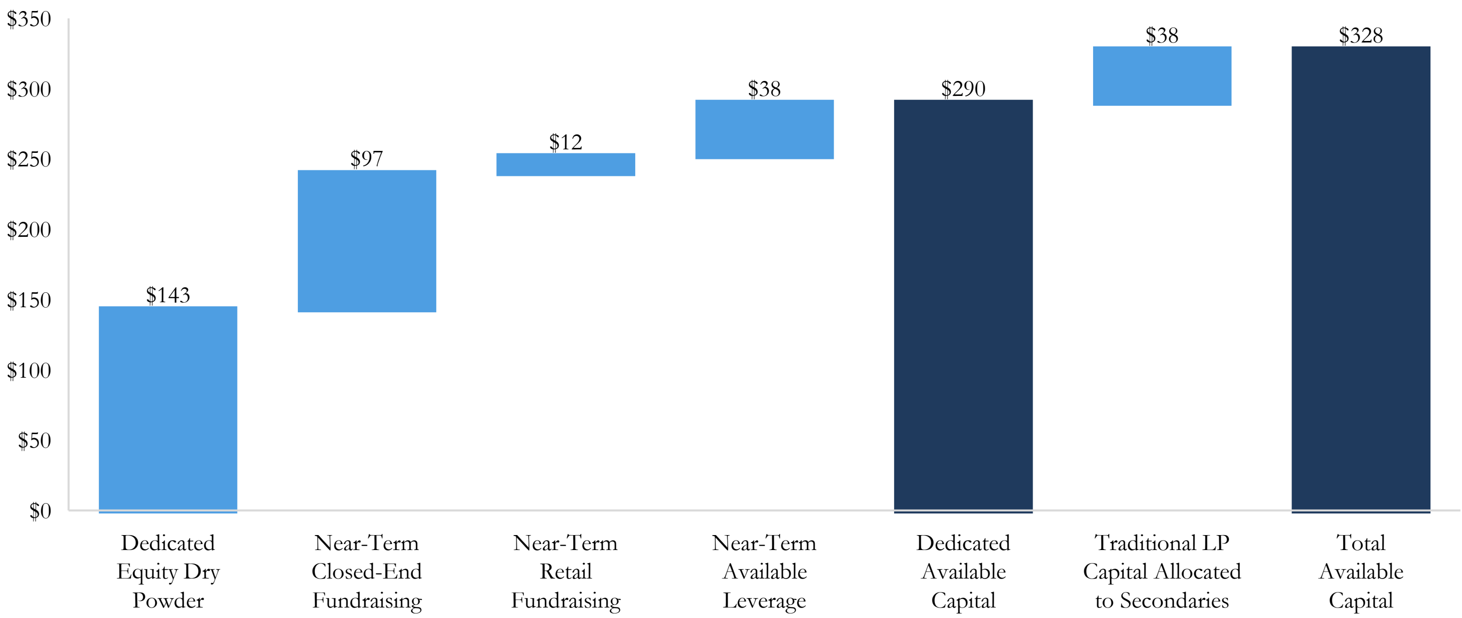
Deferral Period (% of Transaction Value)



Source: Evercore Secondaries Market Review H1 2026

Deferred consideration is now a standard structuring tool, with **about one-third of LP-led deals including deferrals**; LP-led buyers use them to support returns, and most settle within 12 months, reflecting pricing and financing calibration rather than long-term risk transfer.

H1 2026 Total Available Capital ($ Bn)



Source: Jefferies Global Secondary Market Review H1 2026

Dedicated available capital declined to **$290 billion from $327 billion at year-end 2025 (1.2x LTM overhang**). Including traditional allocations, evergreen vehicles, and leverage, total capital reaches ~$328 billion, indicating the market remains well-capitalized despite elevated deployment activity.

Ropes & Gray Team

ROPES & GRAY

The sponsor solutions team delivers innovative, market-leading solutions in connection with all types of fund secondary transactions, including continuation funds, fund recapitalizations and other structured secondary transactions, preferred equity deals, tender offers, and portfolio sales.

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