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SECONDARY AND LIQUIDITY SOLUTIONS WEBINAR SERIES

Semi-Annual Secondary Market Update

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Current Themes in the Secondary Market

Supply Driven by LP Desire for Liquidity

In a lower M&A and IPO environment, sellers have turned to the secondary market to seek liquidity

Record Dedicated Secondary Capital

Dedicated secondary capital available has reached all-time high at $302 Billion

'40 Act Funds / Evergreen Vehicles

Evergreen vehicles now represent one-third of total secondary fundraising

Proliferation of New Investor Entrants

Direct investors, sovereign, family offices, pensions and endowments entering the secondary market in mass

Market Innovation: Growth of Sub-Strategies

Introduction of lower cost of capital has fueled the growth of Credit, Venture/Growth, Energy and Infrastructure verticals

Greater Acceptance of Creative Deal Structuring

Increasingly innovative market participants bridge bid-ask spreads with nuanced transaction frameworks

Secondary Market Fired on All Cylinders in H1 2025

The Secondary Market Reached Record Levels

The secondary market has reached record levels at $103B of transaction volume in H1 2025 across GP-led, LP-led, and Structured Liquidity Solutions ("SLS") transactions

GP-led Volume	LP-led Volume	SLS Volume [1]
$47B	$56B	$8B

Growing Dedicated Capital Raised

Dedicated available capital increased $302B in H1 2025, but volume continues to outpace secondary fundraising

Dedicated Available Capital LTM	Secondary Volume LTM
$302B	$197B

Increased Investor Focus on Sector Specialization

The influx of new investors has led to a significant uptick in secondary investors **specializing in non-buyout asset classes;** broader secondary market growth is aided by **growth in credit, venture, and real asset secondaries**

Credit '25E Volume	Venture '25E Volume	Real Assets '25E Volume
$12B	$8B	$12B

Record Lead Check Sizes through Retail Capital

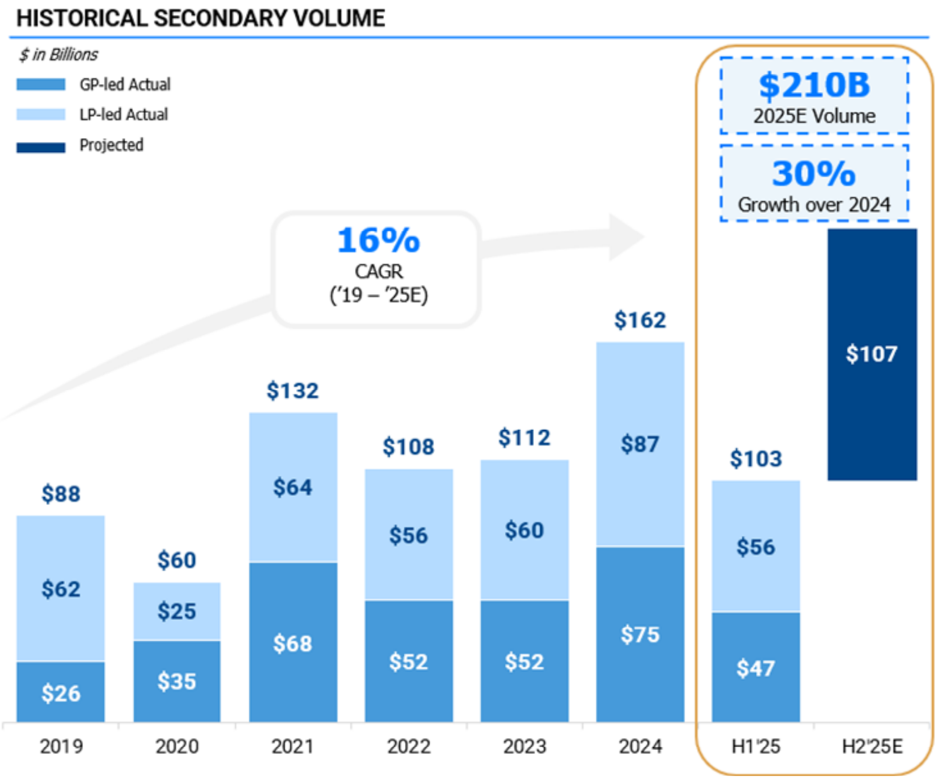
Record amounts of retail capital are being deployed into the secondary market alongside traditional secondary investors, leading to **scaled check sizes across transactions**

Total Retail AUM [2]	Growth in Retail AUM Over 18 Months
$80B	100%

Source: Jefferies estimates.
Note: Figures shown are based on JEF advised CVs.
1. SLS volume included within GP-led and LP-led volume.
2. As of March 31, 2025.

The Secondary Market is Experiencing Another Record Year

The secondary market remains on pace for a record year, with over $200B of volume expected in 2025



KEY TAKEAWAYS – H1

51%
More Volume than Previous H1 Record

40%
LP Volume Growth YoY

68%
GP Volume Growth YoY

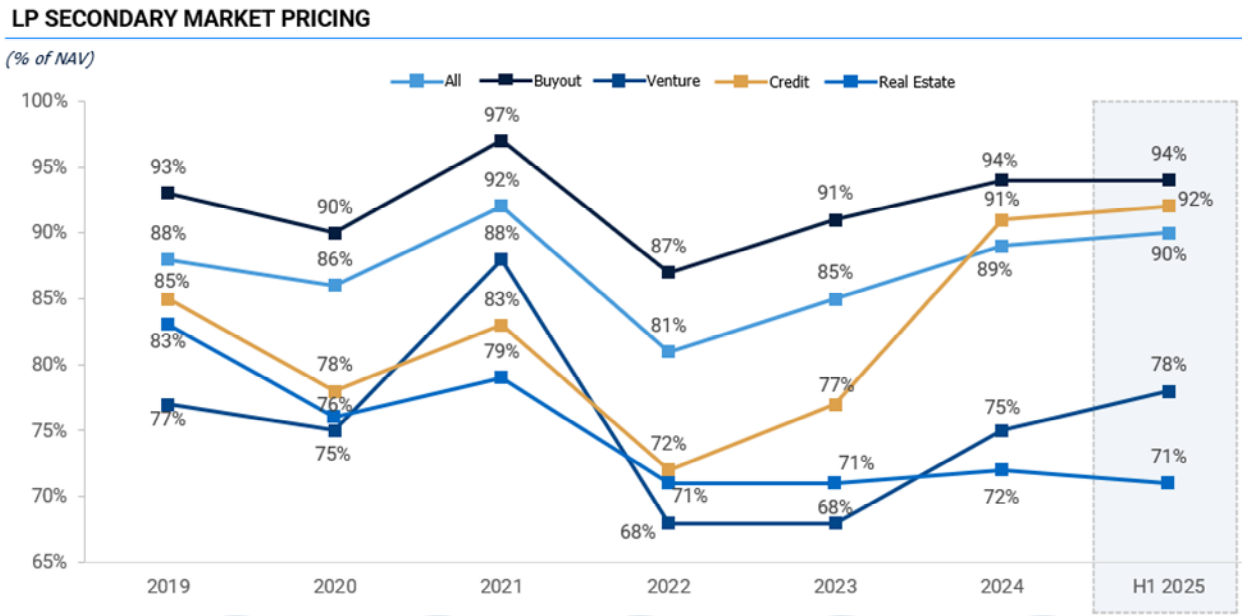
54%
LP Volume as % of Total H1 Volume

8%
Structured Deals as % of Total Volume

Source: Jefferies estimates

LP Pricing Holds Steady

Secondary market pricing continues to hold steady despite record volume into Q4



200 bps
Avg. LP pricing improvement YoY

74% of NAV
Avg. price for 10+ year old funds

96% of NAV
Avg. pricing for <5 year-old funds

2018
Avg. fund vintage sold YTD

350bps
Avg. deferral price improvements

Source: Jefferies estimates

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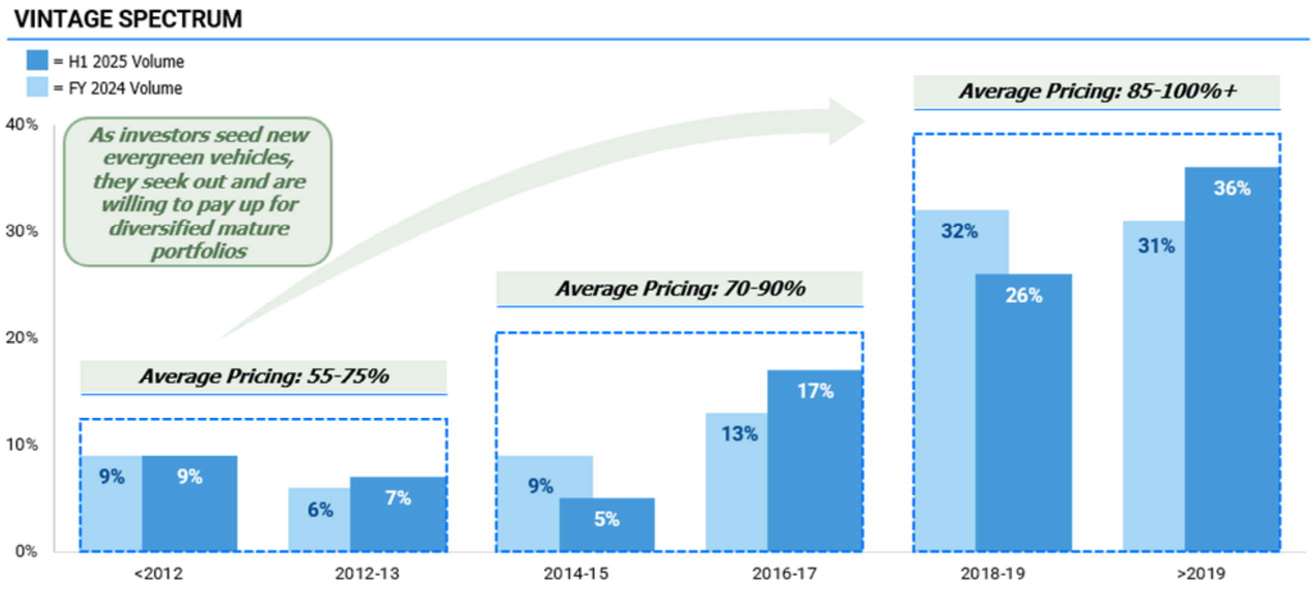
Newer Vintage Funds Drive Strong Pricing

Asset quality remains the primary factor in secondary pricing, but newer vintage funds with greater upside generally price best



Vehicle Wind-Downs

Some LPs still use the secondary market primarily to wind-down legacy vehicles and create administrative relief

DPI Acceleration

Certain LPs consistently sell 7-11 year-old funds as the vast majority of a fund's return has been captured by year 8

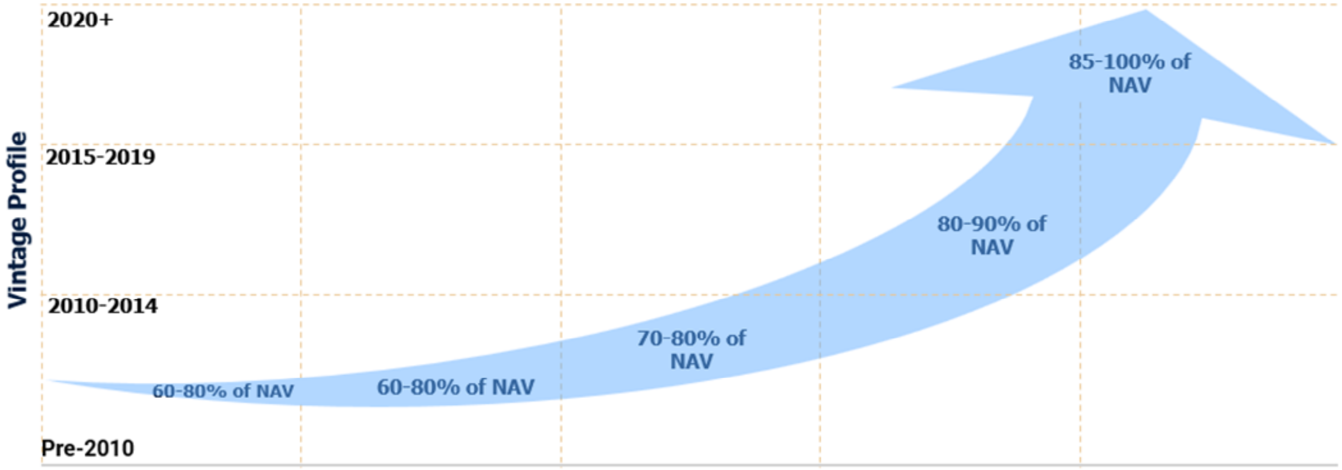
Price Optimization

LPs are opportunistically selling newer vintage funds, which act as portfolio sweeteners, to enhance secondary pricing

Source: Jefferies estimates

Buyer Demand Spectrum for LP Portfolios

Strong buyer preference in today's market for newer vintage exposure with highly-regarded managers



Venture

- ▲ Strongest pricing for more conservatively marked funds
- ▼ Buyers averse to Asia / emerging markets exposure
- ▼ Valuation uncertainty due to stale fundraising marks

Real Estate

- ▲ Buyers drawn to stability of industrial and logistics assets
- ▲ Multi-family assets experiencing consistent rent growth
- ▼ Office and retail remain out of favor given reduction in re-leasing rates

FoF / Secondaries

- ▲ Diversification alleviates buyer portfolio concentration
- ▼ Limited buyer universe
- ▼ Fee drag
- ▼ GP restrictiveness hinders secondary volume traded

Credit

- ▲ Increasing amounts of dedicated private capital has been raised
- ▲ Post-2016 senior direct lending funds
- ▼ Wider discounts for funds prone to increased default risk

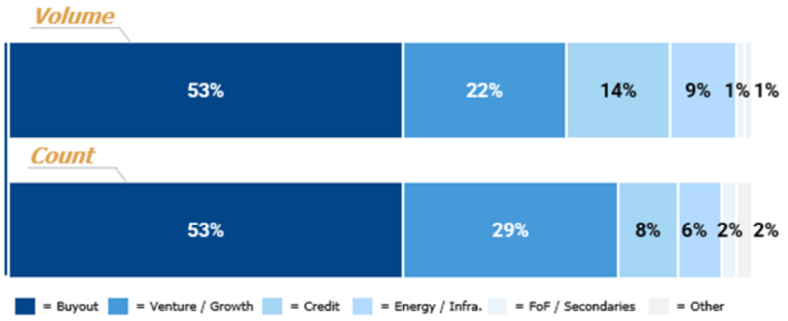
Buyout

- ▲ Buyers able to rapidly diligence large / mega-cap exposure
- ▲ Middle market demand continues to outpace supply
- ▼ Buyers more wary of '20-'21 vintage funds invested at peak valuations

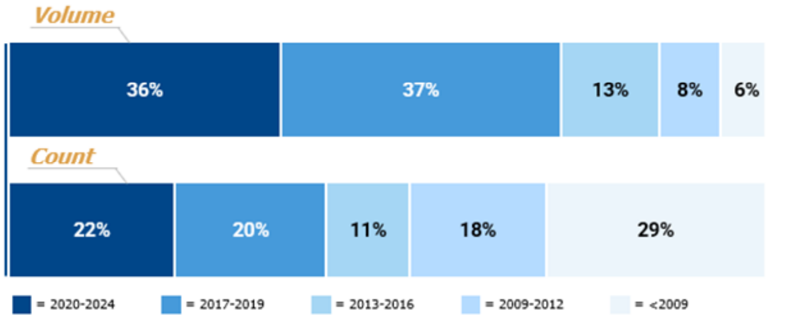
Market Activity: Strategy and Vintage Mix

Seller flexibility and outsized demand from portfolio buyers helped bridge bid-ask spreads in the first half

STRATEGY MIX



VINTAGE MIX



KEY COMMENTARY

Venture volume surges YoY as bid-ask spreads narrow

Real estate activity remains muted in H1 due to depressed pricing

5-8 year-old funds are in the "sweet spot" for the largest universe of buyers

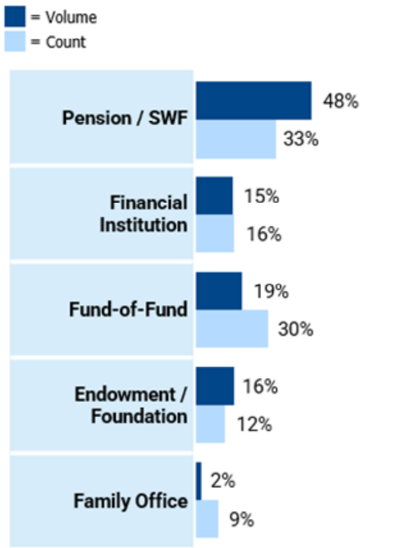
Small-to-medium sized tail-end deals draw strongest interest from retail investors

Source: Jefferies estimates

LP Seller Transaction Dynamics

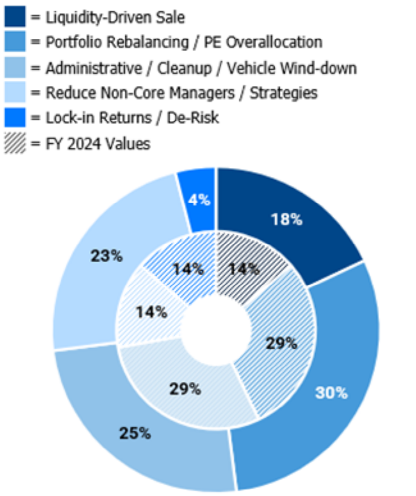
Pension sellers still drive the majority of secondary market volume in recent quarters, though all LP types tap the market

SELLER TYPE



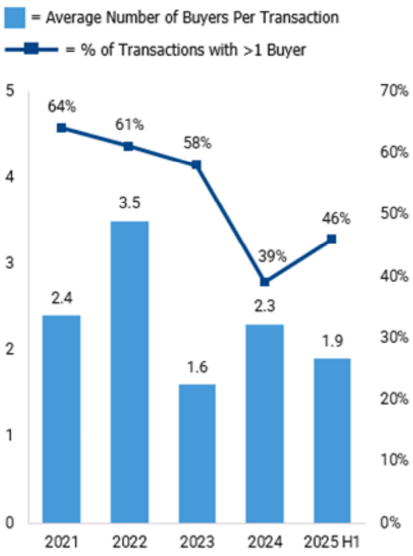
- The growing concern for tax increases and funding cuts has driven an increase in endowment sellers in H1
- Secondary buyers no longer use the market to solely wind-down legacy vehicles; now looking to drive DPI earlier for their LPs

SELLER RATIONALE



- Limited ability to re-up with core GPs or commit to new GPs due to mounting liquidity issues drives many LPs to sell
- Longer hold periods lead to more fund-of-funds leveraging the secondary market to wind-down older vehicles

MOSAIC VS. PORTFOLIO BUYERS



- As buyers raise ever-larger funds, their ability to acquire large, homogenous portfolios has resulted in fewer buyers/deal
- Multi-strategy portfolios increasingly result in mosaic transactions as strategy specialists drive outlier pricing

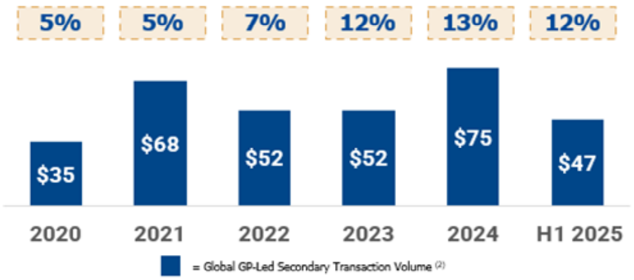
Source: Jefferies estimates

Continuation Vehicles are Broadly Accepted in Today's Market

CONTINUATION VEHICLES ARE NOW ENDEMIC TO THE PRIVATE MARKET ECOSYSTEM

$ in Billions

CVs make up 12% of global sponsor-backed exit volume (1)



- ✓ **Traditional Exits Can't Keep Up with Today's Private Market Liquidity Demands**
- ✓ **Interim Liquidity Planning is Now Central to Long-term Value Creation**
- ✓ **CVs Provide GPs and LPs the Flexibility and Optionality They Require**
- ✓ **CVs Represent a Structural Shift in the Maturing Private Markets**

CVS ARE NOW A PORTFOLIO MANAGEMENT TOOL (2)

165+
SACVs Completed Since 2022

74%
Of the Top 50 Sponsors have Already Utilized CV Technology

~88%
Of SACVs Priced Above 90%

~51%
Of SACVs Priced at Par or Better

LP SENTIMENT HAS SHIFTED TOWARDS CV'S

ilpa

In 2023, the Institutional Limited Partners Association **published its definitive guidance on CVs,** providing LPs with **advice on terms, structure and documentation**

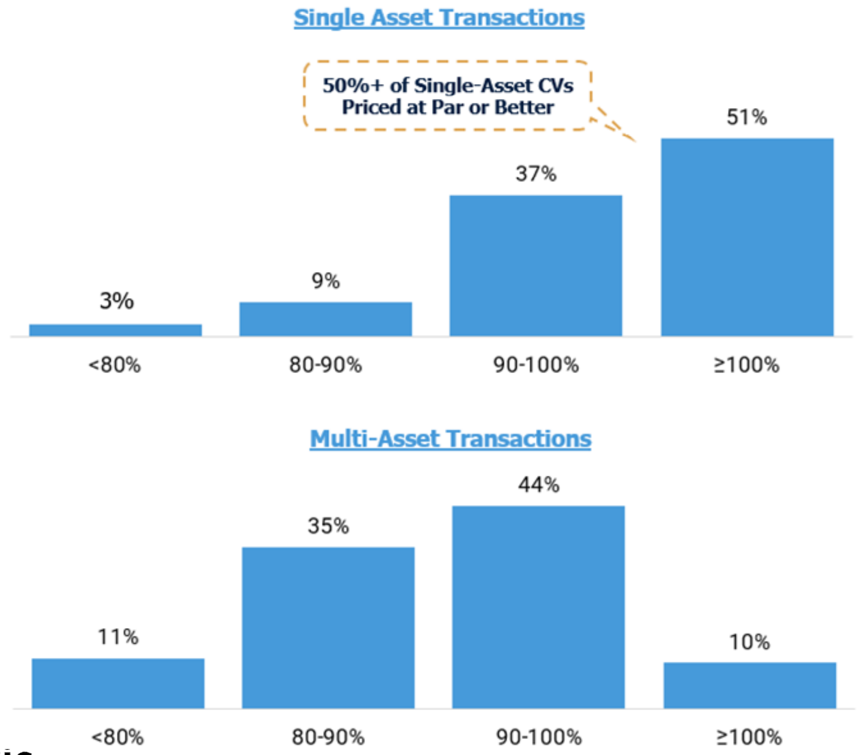
CALSTRS

In September 2024, CalSTRS **modified their PE policy** for secondaries deals, **removing red tape that made it difficult to receive IC approval quickly**

1. Source: Dealogic estimates for sponsor-backed exit deal volume, including M&A and IPO proceeds. Percentage represents CV transaction volume (numerator) over sponsor-backed exit deal volume (denominator).
2. Source: Jefferies estimates.

GP-Led Market Continues to See Strong Pricing for Quality Assets

HISTORICAL CONTINUATION VEHICLE PRICING TRENDS (1)(2)



TAKEAWAYS

Focus on High-Quality Assets and Sponsors

- Improving pricing in the secondary market is supporting a flight-to-quality trend, as buyers show a preference for transactions involving high-quality assets managed by top-tier GPs

Established Pricing Confidence Enables Strategic Use

- Consistently strong pricing has empowered GPs to strategically utilize continuation vehicles, enabling them to unlock value from high-quality assets with greater certainty and alignment

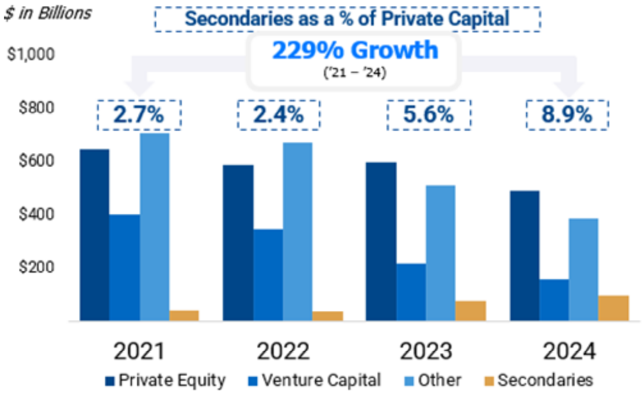
Outlook for Quality Remains Strong

- Jefferies expects that high-quality assets will remain in strong demand and continue to command premium pricing in the secondary market
- As pricing dynamics improve and buyer appetite for top-tier assets deepens, continuation vehicles are poised to see sustained momentum

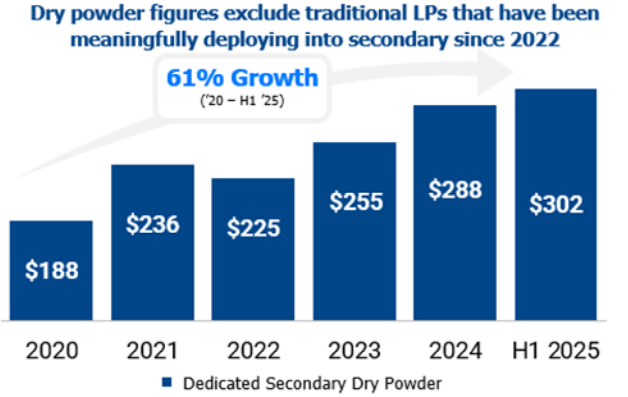
1. Pricing as of reference date NAV
2. Source: Jefferies estimates; representative data that does not capture the entire market

Record Levels of Capital Extend to Secondaries…

PRIVATE CAPITAL RAISED BY TYPE

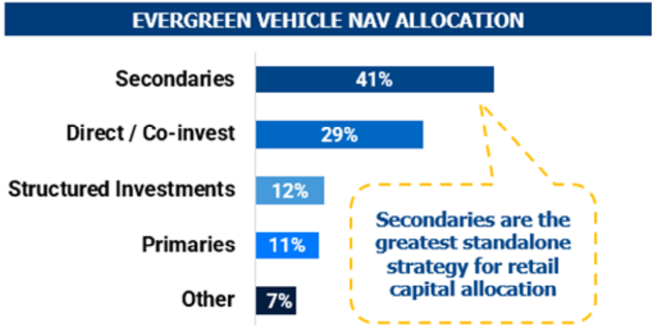


DEDICATED CAPITAL REACHES RECORD LEVELS



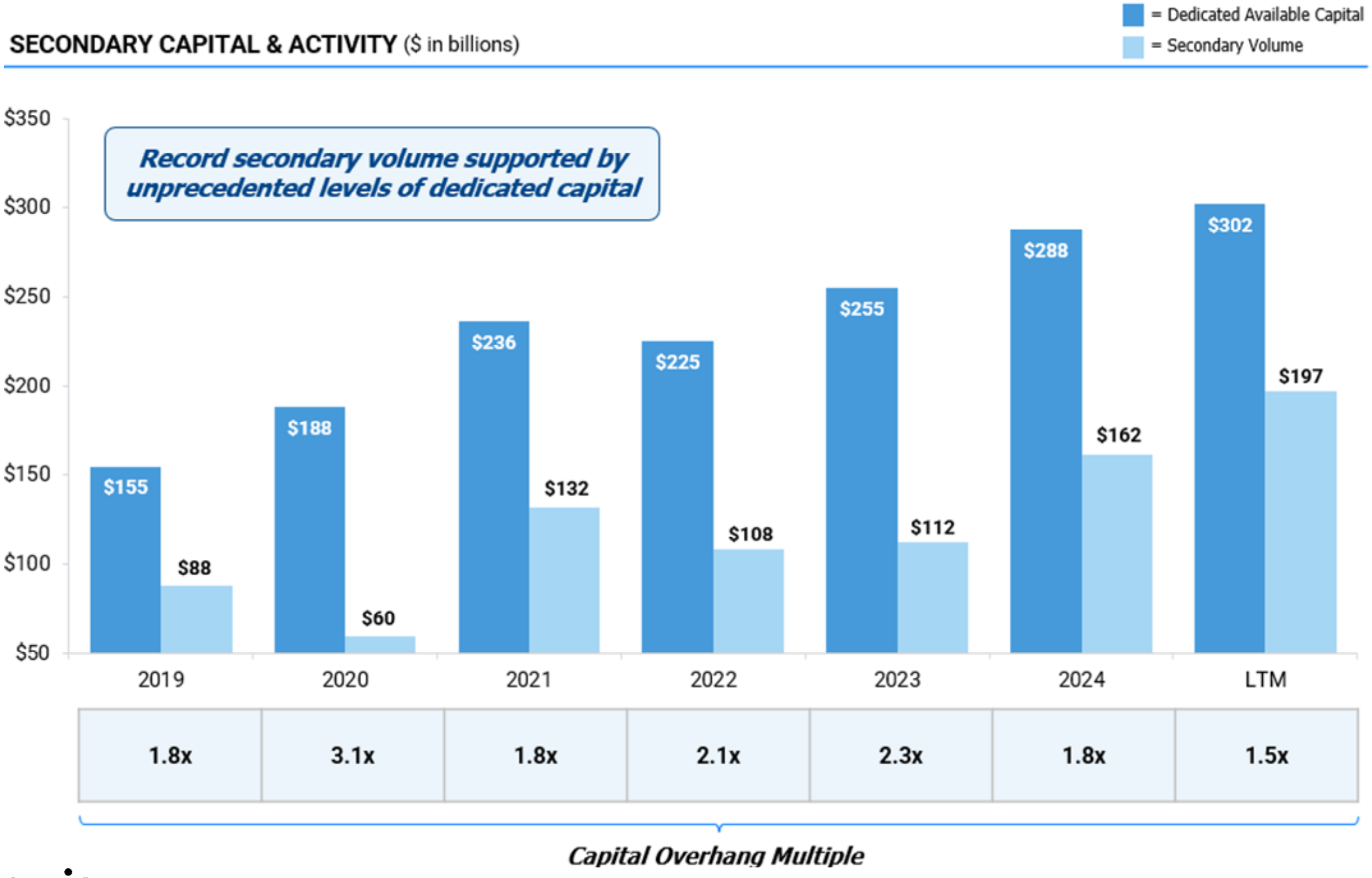
RETAIL CAPITAL BOOSTS SECONDARY MARKET

- ✓ **Aggregate NAV of retail vehicles managed by secondary investors reached $80B+ as of March 2025**
- ✓ **This marks a 100% increase from ~$40B as of September 2023**
- ✓ **Retail capital is driving larger check sizes and broader syndication across transactions**



Source: Jefferies estimates

…Supporting the Secondary Market’s Biggest Year Ever



Portfolio Features that Resonate

While there exists a buyer universe for portfolios of all shapes and sizes, certain elements will drive stronger pricing in H2

	−	JEFFERIES' PREDICTIONS	+
Strategy	Venture, Real Estate, Energy	Dedicated capital for credit and infra. deals continues to grow	Buyout, Credit, Infrastructure
Geography	Emerging Markets	More Asia volume in 2025, but developed markets still preferred	North America, Western Europe
Vintage	Pre-2015	Liquidity-craved LPs continue to sell newer vintages to optimize price	2019 and Newer
GP Composition	Unfamiliar Managers	Buyers gravitate toward well-known GPs in record-setting H2	High Conviction Managers
Diversification	Concentrated / Public Assets	While concentrated deals can get done, buyers prefer diversification	Portfolio Company Diversification

Keys to Successful LP Secondary Sales

There are five key elements that can significantly influence the outcome of a secondary sale

Transaction Objectives

- Establish a hierarchy of objectives in advance
- Consider all liquidity options (i.e. deferrals, preferred equity, bank financing, Managed Fund structures, etc.)
- Clearly communicate objectives to buyers

Portfolio Construction

- Understand and consider current buyer sentiment
- Carefully select right mix of vintages, strategies and GPs
- Scale to the current market sentiment – e.g. market partial commitments (if applicable), a slightly larger portfolio, etc.

Process Design

- Tailor the process and timeline to fit the sale portfolio
- Anticipate competitive supply and position transaction with buyers in advance
- Allow buyer flexibility to maximize options

Buyer Targeting

- Involve the right buyers who have demand and capacity
- Know and capitalize on each buyer's current appetite
- Provide targeted messaging / diligence assistance to buyers

GP Management

- Know GP restrictions and their impact to overall sale process
- Seek to maximize approved buyers and information sharing
- Understand GPs' fundraising status / potential GP-led deals and their impact on the transaction

Transaction Importance

Establishing Transaction Objectives

A clear hierarchy of objectives will help to design the appropriate marketing process for LP sellers

Objective	Considerations	Example Parameter
A Pricing Expectations	• Establish pricing objectives and acceptable discount • **Does the seller have a reserve / threshold or maximum dollar loss?**	**90%+ of NAV**
B Transaction Size	• Determine optimal transaction size and capacity for capital reallocation • **What is the ideal amount of liquidity / reduction of NAV & unfunded reduction for the seller?**	**Sell ~$1B of NAV**
C Transaction Timing	• Determine optimal transaction timing / closing • **When does the seller wish to close the transaction, transfer the funds and collect proceeds?**	**End of Q4 2025 close**
D GP Relationships	• Determine if full GP exits are preferred • **Is the seller willing to accept bids for funds within GP families or willing to include strips of newer funds?**	**Preference for partial sales in order to preserve key GP relationships**
E Structuring / Financing	• Determine appetite for a purchase price deferral / structured transaction with upside retention • **Is the seller interested in forgoing immediate sale proceeds for increased pricing / upside retention?**	**Cash purchase preferred**

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John focuses his practice on the private investment fund industry, representing buyers, sellers, and managers in secondary transactions of all types, including single-interest transactions, portfolio sales, tender offers and GP-led recapitalizations and restructurings. John also counsels investment banks, private investment funds, governmental and private pension plans, sovereign wealth plans, university endowments, family offices and global institutional investors on their investments in domestic and international private investment vehicles, including hedge funds, private equity funds, co-investment vehicles, funds of one and other private investment funds. John's practice also involves the structuring, formation, governance, and regulation of private funds, managed accounts and other products.

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Joe focuses on the private investment fund industry, including the structuring, formation, governance, and regulation of and investment in US and non-US hedge funds, private equity funds, venture capital funds, managed accounts, and other products. In addition, Joe has a significant practice representing buyers, sellers, and general partners in secondary transactions (including portfolio sales of fund interests and GP-led transactions). He also provides legal, regulatory, and transactional advice for investment managers and institutional investors. Joe is the practice group leader for the New York office investment management practice and co-head of the firm's secondary transaction practice.

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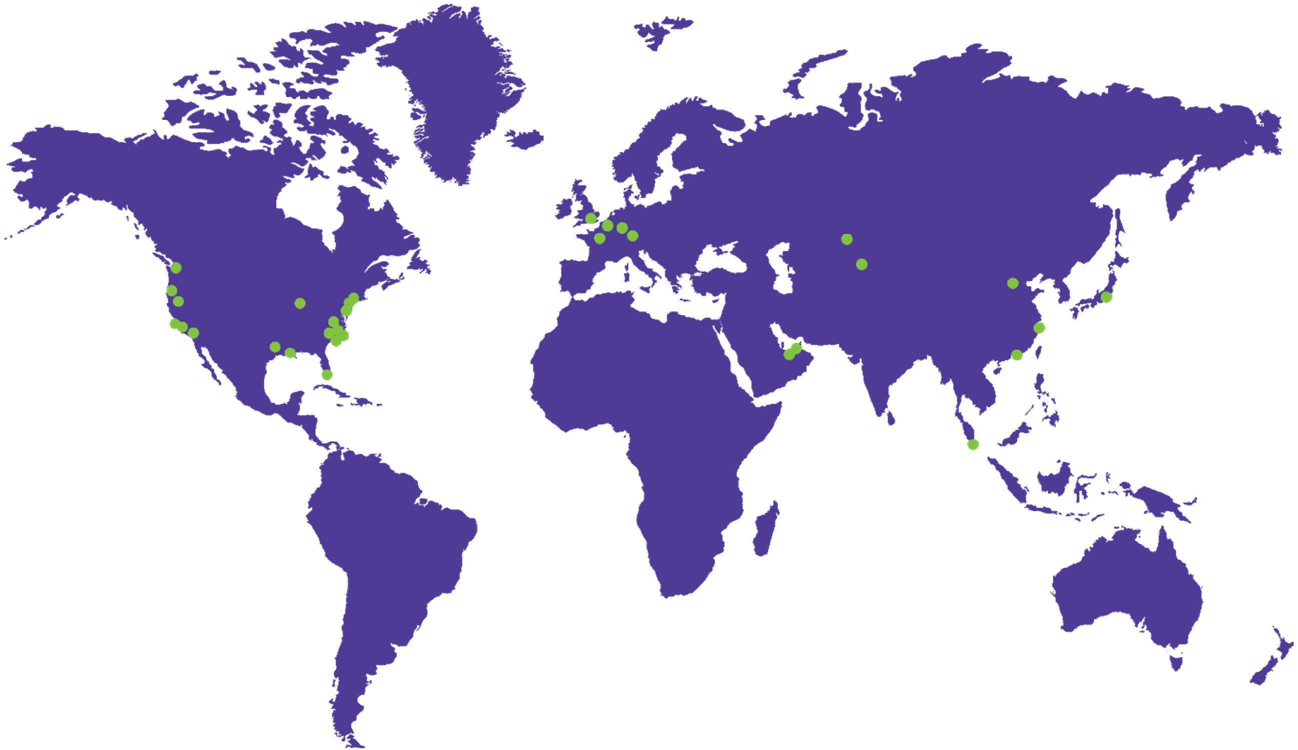

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