

KEYNOTE INTERVIEW

Why size matters in secondaries



Being able to offer scale and draw on cross-asset class relationships is vital in the fast-growing secondaries market, say Pantheon's [Andrea Echberg](#), [Rakesh Jain](#) and [Aryn Hassanally](#)

Growth in the secondaries market has been a private capital megatrend in recent years. Once largely contained to the private equity space, it has since firmly taken hold in other private market asset classes.

Here, Andrea Echberg, global head of Pantheon's infrastructure team; Rakesh Jain, global head of private credit; and Aryn Hassanally, global head of private equity secondaries, explain how finding success in today's market can come down to the ability to cross-pollinate between asset classes and draw on the benefits of scale.

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Q How significant are the secondaries opportunities outside the private equity space?

Andrea Echberg: The infra secondaries market came of age following the post-pandemic shift in interest rates. The volume of dealflow we screen has increased from about \$14 billion in 2020 to over \$50 billion annually for the last couple of years, with around \$25 billion to \$30 billion transacted. Alongside this huge growth, the market

has been institutionalised, and investor appetite is increasing significantly. It is quickly becoming a mainstream allocation for investors.

Rakesh Jain: In private credit, there has been significant growth in deal volumes since we created the market's first dedicated credit secondaries fund in 2018. When the right cost of capital, team and strategy are in place, opportunities come together. We built these opportunities and helped educate the market alongside LPs, GPs and advisers. The dealflow we've sourced in private credit has increased almost tenfold since then, from

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RAKESH JAIN

approximately \$5.5 billion to over \$51 billion in 2025.

We’re seeing continued growth and acceptance of credit secondaries. Private credit secondaries volume remains small compared with the overall \$2.3 trillion private credit market, which means the potential for growth is significant.

Q What key trends are expected around GP-leds and LP-leds across asset classes?

Amyn Hassanally: The GP-led part of the market is still relatively nascent, but there’s a lot of creativity and innovation as sponsors increasingly use continuation vehicles as a capital solution. CVs are now being created in connection with take-privates, M&A processes and cross-fund transfers; I expect there will be even more innovation and diversity in use cases, and that will result in more capital coming into these types of transactions.

So far, the majority of deals have been in the mid-market, and we think there’s a lot of room for that to grow further. That’s the area where relationships and selection are really critical.

Q What advantages come from being able to access cross-asset class relationships in secondaries?

AE: Knowledge sharing is one major advantage. When we started investing in infrastructure secondaries back in 2010, we were able to leverage Pantheon’s then 25-plus years of experience in private equity secondaries. We brought that together with our infrastructure underwriting and sector knowledge to become one of the first players in the space.

The second advantage of cross-asset class relationships is the ability to bid together. It’s an origination advantage. For example, a few infrastructure lines may come into a portfolio that credit or private equity teams are reviewing, or a seller may be trying to sell infrastructure and credit assets simultaneously. A firm with cross-asset capabilities can give them a holistic solution.

AH: The ability to accumulate information and data is also big advantage for incumbents in this market. We have a database of more than 30,000 private companies built up over more than 40 years. It’s very hard for new entrants in secondaries to compete effectively when they don’t possess that level of data and information on underlying assets.



LP-led secondaries have also been a bright spot for us: mid-market deal volumes in this segment have nearly tripled since 2021, a trajectory reinforced by the growing institutionalisation of seller behaviour as more LPs shift from opportunistic, one-off sales toward programmatic selling programmes.

RJ: In private credit, we define GP liquidity solutions differently: we select and acquire diversified portfolios of loans, not single assets. We also negotiate the structure and terms of the vehicle in which those assets reside and realign the GP to an appropriate – and likely incrementally larger

– commitment.

We initiated this approach in 2020 because, in our view, it was a compelling way to generate attractive returns for our LPs while mitigating the risk of potential underperformance in loan portfolios. We’ve now completed close to 50 GP solution deals. Additionally, dealflow in GP deals now represents over 70 percent of the credit secondaries market, compared with approximately 60 percent in 2025.

GP solutions growth and acceptance is a function of the demand for liquidity: DPI challenges in private equity and credit mean these asset classes are no longer as self-liquidating

as they were in the past. GPs are also increasingly recognising that in order to become better fund managers, they need to be front footed on delivering liquidity at the fund level rather than just around select assets.

AE: In infrastructure, after interest rates began to increase, the really significant hockey stick growth was very much driven by LP stakes portfolios. For the first time, many billion-dollar portfolios started coming to market. These were high-quality assets that were available at a discount, and that drove a big uptick in the market. During that time, it was quite hard to get GP-led transactions over the finish line; those deals focused on a smaller number of assets with less diversification and offered less ability to price in a discount. Now, due to pent-up demand, some really high-quality growth assets need financing.

Another factor is the underlying macro themes – supply chain security, energy security and opportunities around AI – that are driving demand for infrastructure more broadly. A lot of managers have high-growth assets that they're not ready to sell, but they need to have a new source of liquidity. That's what is driving the GP-led market in infrastructure today.

Q What factors differentiate managers in secondaries?

AH: Aside from relationships, information advantages and cross-platform knowledge sharing, the biggest factor that benefits established incumbents is scale.

Being able to offer scale by having boots on the ground in multiple markets is critical for sourcing the best opportunities globally. The volume of dealflow in secondaries is really significant; the key to success is having teams that are large enough to dissect and sift through information and get to the best opportunities by leveraging access to information and deep networks.

RJ: In addition to those factors, in private credit, transactions are increasingly complex given the varied structural considerations in loan portfolios and credit vehicles. Consequently, a reputation and track record of addressing complexity and providing execution certainty at scale is becoming more important.

Q Where do you see leading opportunities for growth in secondaries in the coming years?

AE: The infrastructure secondaries market is still only 10 percent of the size of the private equity secondaries market. We are where private equity was 10 or 15 years ago, meaning there is a lot of room to grow.

We now have a functioning and efficient secondaries market, and an underlying market that is growing strongly with a 10 percent CAGR in capital raised. Given that, we expect to see a lot of scaling in infrastructure. That will be fuelled not only by the release of pent-up demand, but by the geopolitical factors driving investment in infrastructure. The high-growth platforms that are being developed by mid-market managers will really benefit from the expansion in secondaries market opportunities.

RJ: In private credit, the secondaries market remains highly undercapitalised, especially at the high end of deal sizes (over \$500 million in deal size and \$1 billion in assets). As deal sizes continue to increase, growth will take place in larger, more complex situations where incumbency, access to information and relationships, and transaction and credit expertise will differentiate buyer groups.

The scope and scale of what we will invest in is also changing, given the complexity of the asset class and the entry of new investors over the last cycle. Private credit is no longer exclusively found in traditional closed-end funds: interval funds, evergreens,

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ANDREA ECHBERG

public and non-traded BDCs, collateralised fund obligations and rated feeders permeate the landscape. These are all opportunities we have invested in or engaged with, and they will continue to represent interesting target opportunities in the years ahead.

AH: On the GP-led side, over the last couple of years, these transactions have accounted for 14 or 15 percent of total exit transaction volume by value. There's a lot of debate about whether they can reach a share of 20 or 25 percent. We view this as a secular theme that's not wholly linked to the exit markets, because we've seen GP-led volumes increase year-on-year, even when M&A and IPO volumes have also increased. GP-leds is an area where capital formation is happening, and they will increase as a percentage of sponsor exits by value.

AI and data analytics are also going to expedite secondaries processes, facilitating more deal volumes annually. This is something at early innings as well. Everyone is experimenting and playing with these tools, but ultimately, new tools will make it easier to analyse the vast number of line items in diversified LP portfolios. That will facilitate more and larger transactions over time. ■