Pomona Capital

Secondaries Market Trends

Secondaries have been one of the fastest growing segments of the private equity asset class in recent years. Transaction volume has exceeded over $100 billion for the past four consecutive years and 2025 was a record year with volume reaching $226 billion [1], a 41% increase from 2024.

The market for secondaries is robust

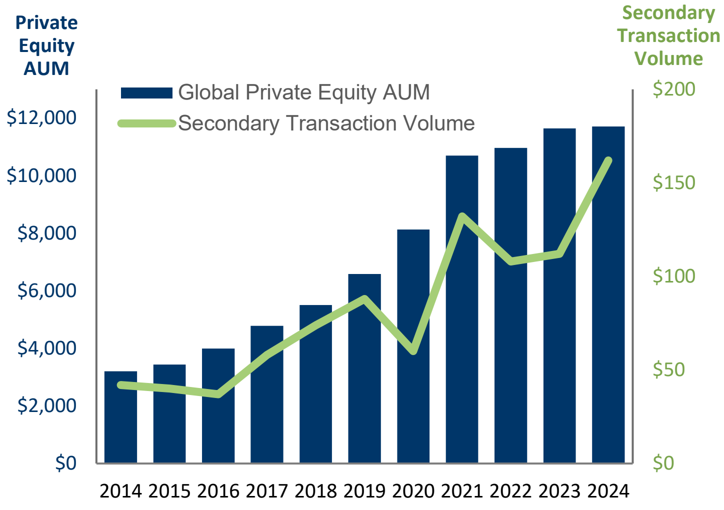
As it has expanded, the secondaries market has come to be viewed as a crucial source of liquidity, integral to the smooth functioning of the private equity market. For secondaries investors, the market opportunity is a function of flows into private equity and the rate of turnover of those interests.

Approximately $14 trillion [2] of capital has flowed into private equity over the last decade. As of year-end 2024, assets under management stood at nearly $12 trillion (chart). These assets are the source of potential secondary transactions in the future. Some estimates suggest secondary deal volume could reach $400 billion in a few years. [2]

Turnover refers to the rate at which private equity interests are bought and sold on the secondary market (chart). Higher turnover rates indicates a more active secondary market. Secondaries, once a niche exit strategy, have evolved as a standard exit path for investors needing liquidity in an illiquid asset class. As a result, turnover has accelerated in recent years, and we believe it will remain brisk into the foreseeable future.

Private equity flows drive secondaries growth

Private Equity AUM & Secondary Market Deal Flow ($B) [3]



Turnover: When buyers become sellers

PRIVATE EQUITY INVESTMENT

An investor makes a commitment to invest in a private equity fund

INVESTOR NEEDS LIQUIDITY

Before the fund matures, the investor needs to sell their interest in the fund

SECONDARY TRANSACTION

A secondaries fund buys the investor's stake

Why private equity investors sell their interests

- ✓ Need cash for new funds
- ✓ Need cash for for capital calls when distributions are slow
- ✓ Rebalance when private equity weights exceed targets
- ✓ Personal liquidity needs

Sources

1. Evercore - H1 2025 Secondary Market Review; Secondaries Investor – "Secondaries Volume Smashes Predictions to Reach $226bn in 2025 – Evercore"
2. Bloomberg News; Blackstone's Perry Sees Secondaries Topping $400 Billion by 2030..
3. Compiled and presented by Pomona Capital from the following sources: Jefferies Global Secondary Market Review, January 2025; and Preqin Assets Under Management by Asset Class (2024 Global Private Equity AUM is as of December 2024; most recent data available).

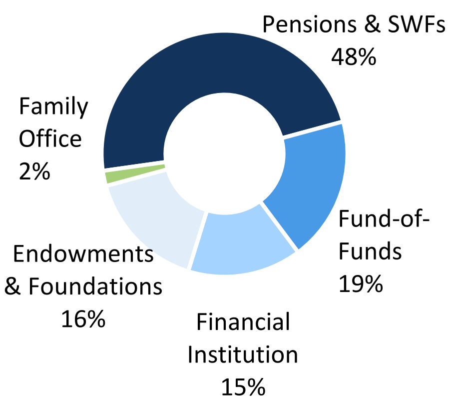
Secondaries: An established asset class

The private equity secondaries market has evolved into a resilient asset class in large part because of the diversity of sellers participating in it. A broad mix of investors—including pensions, financial institutions, investment companies, sovereign wealth funds, high-net worth individuals and endowments—sell their private equity stakes in the secondary market when they need to rebalance allocations or manage their liquidity.

A market with diverse seller types contributes to stability by providing more predictable and consistent deal flow, liquidity and price discovery. Over the past 20 years, secondaries have outperformed public equities (chart). Together, these demonstrate the depth and strength of the secondaries market.

Diverse participants[4] . . .

Diverse types of LP sellers (2024)



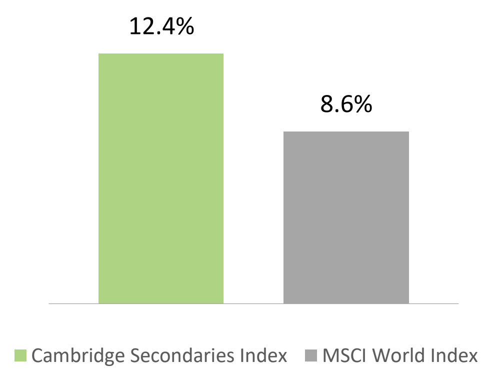
. . . and transaction types

Diverse Deal Types

- LP portfolios
- GP-led transactions
- Preferred equity deals
- Direct single-asset deals
- Tender offers

Attractive returns[5]

20-year annualized return as of 12/31/2024



About Pomona Capital

Founded in 1994, Pomona Capital is a global private equity firm that has $20 billion[6] in capital commitments across its sponsored funds and separate accounts.

Pomona manages a series of secondary and primary strategies for a global group of over 350 sophisticated investors. Pomona fields a team of experienced professionals with local networks, country expertise and GP relationships across both mature and developing markets. The team has an established record of originating, analyzing, negotiating and closing diverse transaction types.

Over our 30-year history, we have analyzed $1T+ in secondary transactions and purchased ~750 funds, totaling investments in 10,000+ companies. Pomona has a demonstrated track record of delivering strong returns and liquidity with a low risk profile[7] over multiple economic cycles.

4. Jefferies - Global Secondary Market Review - July 2025 (www.Jefferies.com).
5. Twenty years ending December 31, 2024. Source: Cambridge Associates and MSCI World Index. Refer to footnotes (i) and (ii) for more information. Past performance is no guarantee of future results. Indices are unmanaged and not available for direct investment.
6. Represents (i) aggregate capital commitments from investors to Pomona-sponsored funds, (ii) investments made by Pomona on behalf of its discretionary separate account clients, and (iii) investment recommendations made to Pomona's non-discretionary separate account clients, which total $715M. Pomona's regulatory assets under management (RAUM) as of December 31, 2024 (latest available) is $13.3B. RAUM is defined by the U.S. SEC and further information is available: https://reports.adviserinfo.sec.gov/reports/ADV/148269/PDF/148269.pdf.
7. Low risk profile refers to the "Loss Ratio" which encompasses transactions that are realized and unrealized that are below cost (1.0x), (ii) using paid-in capital less distributions and current net asset value of the transaction, and (iii) net of all actual underlying fund-level management fees, carried interest and expenses but gross of any Pomona fund-level management fees, carried interest and expenses.

Unless otherwise noted, all statements herein reflect the opinion of Pomona and its view of the financial markets, and the secondary private equity market in particular. This material is provided for informational purposes only and reflects the views and opinions of Pomona. Prospective investors should consult their financial, tax and legal advisors prior to making a commitment to private equity or any Pomona-sponsored fund. Investments in private equity involve a substantial degree of risk; there is no guarantee that an investment in a Pomona-sponsored fund will ultimately be profitable and an investor could lose some or all of their investment. Past performance is not indicative of future results. See important disclaimers and footnotes at the end of the presentation.

Footnotes & Disclaimers

i. The Cambridge Secondary Funds Index is based on unaudited quarterly performance data compiled from 369 secondary funds (excluding hard assets funds), including fully liquidated partnerships, formed between 1991 and 2024. The index has limitations (some of which are typical to other widely used indices) and cannot be used to predict performance of the Fund. These limitations include:
   - Survivorship bias (the returns of the index may not be representative of all secondary funds in the universe because of the tendency of lower performing funds to not report returns to the index);
   - Lack of transparency (the specific funds that are included in this index are not disclosed by Cambridge Associates, and therefore cannot be independently verified);
   - Heterogeneity (not all secondary funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and
   - Limited data (many funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown).

ii. MSCI World Index: The "MSCI World Index" is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. (https://www.msci.com/world) while Pomona' focuses on primarily purchasing secondary interests in private equity funds. The MSCI World Index has not been selected to represent an appropriate benchmark to compare an investor's performance, but rather is shown as a comparison to that of a well-known and widely recognized index. The MSCI World Index is not subject to any of the fees and expenses to which any Pomona fund would be subject and no fund sponsored by Pomona Capital will attempt to replicate the performance of the MSCI World Index.

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