What's In a Price?

How to Think about Pricing in the LP-led Secondaries Market

by Ethan Levine

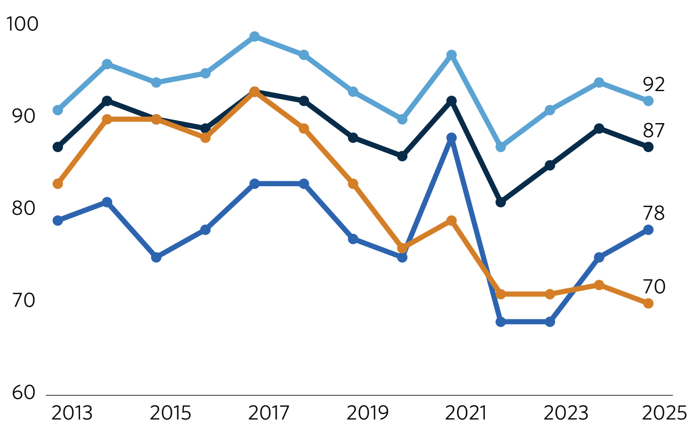
In private equity limited partner (LP)-led secondaries, one of the most common questions is, "what does pricing look like?" to which, a typical response might be, "it depends." That response, while unhelpful, provides insight as to why the secondaries market is so dynamic, inefficient, and growing exponentially in interest. The reality is the market includes everything from high quality, undervalued LP-led buyout secondaries which trade at a premium, to lower quality, over-valued interests which could exhibit steep 70%+ discounts.[1] *As one can see, "it depends."*

1 Jefferies Global Market Review, January 2026

When analyzing pricing at an aggregate market level, it's helpful to understand how private asset classes price relative to one another. Typically, buyout LP interests will price highest and have held steady with discounts normally in the mid-single digits. Credit secondaries have also moved into that realm as well. Conversely, venture and growth LP interests tend to exhibit more volatility and often price at greater discounts. Other areas, like real assets, see a range of pricing, with infrastructure secondaries typically commanding higher prices, and energy and real estate pricing at steeper discounts. Overall, while the broader market has grown, average pricing has tended to hold relatively steady around the high 80s/low 90s, as a percentage of NAV, for all secondaries in aggregate.[2]

HISTORICAL SECONDARY PRICING BY ASSET CLASS

Numbers in percent



Source: Jefferies Global Market Review, January 2026

Looking at average pricing across asset classes is helpful in contextualizing relative pricing, but it is usually unhelpful when buyers are underwriting and analyzing specific deals and preparing bids. There are several key factors that are critical when considering what amount a buyer might bid and how a seller should consider what will drive expected pricing on an interest.

QUALITY MATTERS!

One of the most important determinants on price is the quality of the underlying asset(s). Not surprisingly, higher quality assets price higher than lower quality assets. That quality can be interpreted based on the underlying operating metrics of a portfolio's companies as well as on the credibility of the financial sponsor or General Partner ("GP"). Certain sponsors' LP interests may price higher than those of other sponsors for idiosyncratic reasons like differences in valuation methodology. Yet, for those buyers who conduct a bottom-up analysis, the health and growth prospects of the underlying companies are of paramount importance.

VALUATIONS

How underlying companies are valued can differ dramatically from sponsor to sponsor. In fact, the same company held by two different sponsors, utilizing the same operating metrics, could lead to two completely different valuations. For example, in venture capital, some sponsors hold companies at the most recent round of financing while other sponsors may have a methodology that always holds companies at a significant discount to the most recent financing round. Understanding those methodologies and mapping how a company may be valued elsewhere can be critical to a buyer's ability to price an asset. Methodology aside, certain GPs will have a more aggressive approach to calculating enterprise value, using higher exit multiples. For example, two sponsors may own the same company, but one sponsor might use a 15x EBITDA multiple while the other sponsor may use a 12x EBITDA multiple. A buyer's ability to synthesize appropriate multiples, recognize and account for the nuances in valuation approach from sponsor to sponsor, and accurately project how a company might actually exit, will be important in determining how much that buyer is willing to pay for the interest holding those companies.

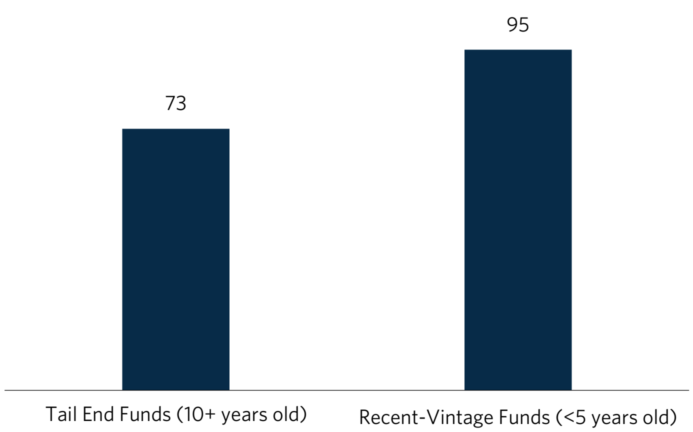
2 Jefferies Global Market Review, January 2026

REMAINING DURATION

When a buyer considers pricing a portfolio, they will typically project what kind of asset appreciation is possible over the remaining holding period of the underlying GP. If it's a more recent vintage, the underlying GP could have significantly more time to generate that value uplift, and a buyer might consider that opportunity when factoring what price is appropriate for the mandate's potential return. If the GP's portfolio is in the "tail-end" of its life cycle and is in the process of being wound down, the opportunity to generate further value uplift is likely more limited. In fact, the possibility of downside risk in the event the underlying assets are unable to be competitively sold is far greater. Thus, unsurprisingly, on average, younger portfolios tend to price higher than older portfolios.[3] While vintage years are helpful to directionally guide pricing, the emergence of continuation vehicles ("CVs") has brought with it another factor to be considered in a buyer's underwriting. Through CVs, sponsors can now opt for accelerated liquidity as compared to a traditional exit, while potentially reducing the upside potential associated with an extended hold. As such, the ability to balance recognizing the motivations and historical tendencies of sponsors and conduct a true bottom-up analysis are critical to understanding the quality and the exit potential of the underlying assets.[4]

AVERAGE PRICING AS BASED ON VINTAGE YEAR (% NAV)

Numbers in percent



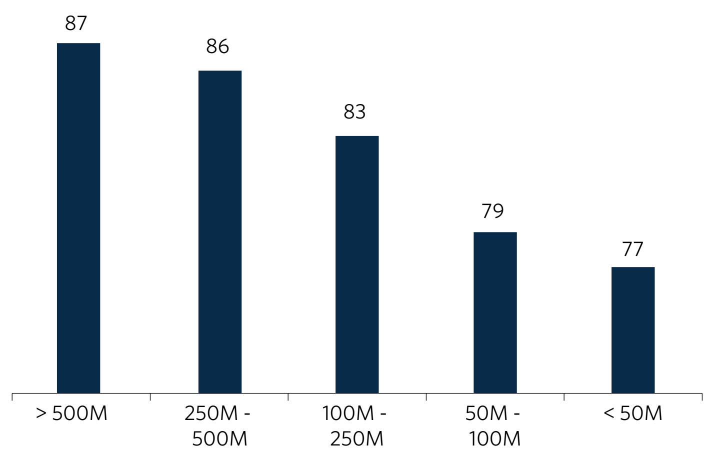
Source: Jefferies Global Market Review, January 2026

TRANSACTION SIZE

As the secondary market has matured, many buyers have continuously moved up-market. While there is an increasing number of large LP-led deals coming from sellers, this growth may not keep pace with the number of large LP-led buyers clamoring for these opportunities. All those larger deals typically utilize an advisor, so all the capable buyers can evaluate them. As the number of buyers looking for larger deals increases and the pressure to put capital to work continues, the pricing tension around these larger deals will remain competitive. Therefore, one sees much stronger pricing with larger transactions. Conversely, smaller transactions are brought forth by a wider variety of brokers (both large and small) and tend to be much less efficient. While there are always new entrants into the market, many of the previously consistent "smaller transaction" buyers have moved up-market, abdicating the smaller end. As such, processes tend to be less competitive, and pricing tends to be softer. This is clearly evidenced by historical average pricing data from Jefferies which highlights the deeper discount that exists as the size of a transaction decreases.[5]

AVERAGE PRICE BY TRANSACTION SIZE (% OF NAV)

Numbers in percent



Source: Jefferies PCA – Current State of the Secondary Market, January 2026

As such, the size of the transaction can be an important variable in the competitive nature of a process and affect the pricing tension that may or may not occur as a result.

3 Jefferies Global Market Review, January 2026
4 Jefferies Global Market Review, January 2026
5 Jefferies Global Market Review, January 2026

RESTRICTIVE TRANSFERS

When an LP interest is sold, there are three parties that need to agree on the transfer, the buyer, the seller, and the GP. While some GPs are indifferent as to which buyers are eligible to take ownership of the interest, there are many that use discretion as to whom they might prefer and allow into their fund. Some GPs do not want to expand their investor lists and will only make existing investors eligible. Or perhaps they see the potential to build a new strategic relationship and allow those they deem as possible candidates to start such a relationship. Regardless, the more restrictive a manager is on the list of allowable buyers, the less competitive a process might be and the more dislocation one might find with pricing. Buyers that develop more allowances than restrictions can gain better access to attractive processes as well as pricing advantages.

ADVISOR RELATIONSHIPS

While many proprietary transactions are completed in the secondaries market, about 75% of the market is intermediated by advisors, as per Jefferies.[6] Given this sub-segment is such a significant part of the market, almost all active buyers of secondaries seek to develop relationships with the advisor community. While such relationships are critical to driving deal sourcing volume, it can also be very helpful in accessing processes that may be more limited due to size or timing dynamics. Advisors that understand a buyer's preference and credibility can lead to access to less competitive processes which can then influence pricing relative to more broadly marketed processes.

COST OF CAPITAL

While all buyers are focused on optimizing returns in the market, different buyers may have different mandates that they are aiming to fulfill. These mandates may lead to different target returns due to differences in their cost of capital. Different costs of capital could be attributed to a variety of reasons, ranging from specialized target asset classes, underlying use of leverage, or necessity to deploy capital. For example, an infrastructure-focused secondary buyer would likely have a lower cost of capital as compared to a venture capital buyer. Therefore, infrastructure secondaries target returns may be lower and lead to lower discounts relative to NAV as compared to dedicated venture capital buyers.

Alternatively, some buyers are willing to lever up purchases of assets and are therefore more comfortable underwriting to lower unlevered returns to compete with those buyers that tend to avoid leverage in transactions.[7] Furthermore, larger transactions present buyers with increased flexibility to explore transaction level leverage, likely at more favorable terms, as compared to smaller transactions, given potential lender appetite. In turn, this deal level leverage can drive pricing upwards at the larger end of the market. Lastly, different buyers have different time horizons for putting capital to work. Many draw-down secondary funds typically target ~2-4 years to invest their capital, not necessitating immediate deployment and offering flexibility.

Some secondary buyers, like endowments or pensions, have perpetual duration and therefore have limited pressure to deploy capital in secondaries. Such buyers may use a higher cost of capital as a result. Conversely, evergreen secondary focused funds (typically '40 Act Funds), which are perpetually fundraising, are constantly bringing in cash and, in their attempt to avoid holding that cash for too long, they try to put that capital to work as quickly as possible. This may lead such buyers to have a slightly lower cost of capital and allow them to potentially offer higher pricing to deploy funds quickly. A 2024 Evercore report found that buyers who used or who would have used '40 Act funds in Evercore processes won ~85% percent of their deals, pricing on average at 500 bps higher than the top competing non-40 Act buyers.[8] While it's often difficult to determine how each buyer may approach cost of capital in a particular process, it's an important variable in determining how a price may ultimately be set.

6 Jefferies PCA – Current State of the Secondary Market, January 2026
7 Evercore 2025 Secondary Market Report Highlights
8 Evercore 2025 Secondary Market Report Highlights

CONCLUSION

In a market that's continuing to evolve, while still exhibiting inefficiency, pricing can vary quite widely. It depends upon the competitiveness of a particular process – driven by factors like restrictive transfers, advisor relationships, and size of the transaction. It could also be driven by factors relating to the underlying assets itself – quality and underlying valuations. For sellers, a larger transaction with a well-known set of high-quality, accessible buyout managers run by a credible advisor should fetch a very strong price. Alternatively, a smaller portfolio with a set of managers that are highly restrictive in more specialized asset classes could present some attractive pricing opportunities for the right buyer. In this ever-evolving market, a buyer's ability to target less competitive processes – perhaps a smaller transaction or utilizing in-house specialized knowledge or with a manager that's highly restrictive but is already an existing relationship – can lead to more attractive discounts for the buyer. A buyer's ability to differentiate will be increasingly important as the market evolves, grows and becomes more efficient. As discussed, pricing will continue to have a wide range of outcomes based on several variables – so a typical price? It depends.

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