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As used herein, “Lazard Estimates” refers to a global survey that Lazard launched to take inventory on the secondary market in 2022 and an internal database at Lazard that tracks financial sponsor secondary transactions. The database aggregates information gathered from publicly available sources, discussions with secondary investors and transactions Lazard has executed in the applicable calendar year. The database does not capture all financial sponsor secondary transactions, and certain values in the database are estimates.
Weathering the Storm…

H1’22 was among the most turbulent first half global markets have ever seen\(^1\). Yet amidst this challenging macroeconomic backdrop, Lazard estimates suggest that the secondary market posted $59B of volume globally — up 23% on H1’21 and a record for first-half volumes. With fears of recession looming and a significant backlog of sales postponed during the COVID crisis, LP-led volume surged back in Q1’22, only to then lose steam in Q2’22 as the Russia-Ukraine crisis unfolded and bid-ask spreads widened.

Sponsor-led volume was estimated to be largely consistent with H1’21 at $28B globally, although there was a marked flight-to-quality as ICs grappled with the macro volatility and valuations came under increased scrutiny. While many transactions still appear to have priced above par, there were a meaningful number that completed at a discount to NAV — which was more the exception in 2021. Transactions where price was set externally to the secondary market continued to polarize investors with ~50% of respondents stating that less than 10% of their completed deals had price set externally, compared with ~30% in 2021.

Single-asset transactions again accounted for the largest segment of the Sponsor-led market, but fell from ~52% in 2021 to an estimated 43% in H1’22. Given such meaningful deployment in 2021, investors set a high bar for additional single-asset exposure although importantly large transactions still completed — notably KKR’s recapitalisation of Internet Brands which closed in July. Preferred equity deals gained traction as investors looked to protect their downside risk and now account for ~16% of the Sponsor-led market, up from only ~6% in 2021. There was also broad adoption of secondary technology across all sponsor fund sizes with balanced deployment across both middle market and large cap secondary transactions during H1’22.

Looking forward, liquidity is likely to remain a key theme. With traditional exits materially slowing, sponsors are expected to increasingly turn to the secondary market to deliver interim liquidity options to their LPs while also maintaining full ownership of trophy assets. Average sellside volume in Sponsor-led transactions is currently estimated at ~90% and is expected to remain high as LPs seek cash in an environment where distribution activity is less robust. Investors are expected to continue to prioritize existing GP relationships in the immediate term, although as secondary fundraising gathers pace in H2’22, we expect deployment pressure to return. Full year figures may well be down on 2021’s record high, but given the near-term dry powder available, more compelling valuation outlook and sponsors’ desire to de-risk returns, we and the vast majority of respondents expect a buoyant 2023.

This report encompasses the results of Lazard’s market research and tracking, as well as a survey of secondary investors that we conducted in July 2022. We appreciate your taking the time to read the report and look forward to further discussion.

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\(^1\)Source: Reuters – “Markets in H1”, June 30, 2022

\(^2\)Source: Lazard Estimates

\(^3\)Based upon majority feedback from respondents
I  H1'22 Secondary Market Overview
H1’22 Secondary Volume Ahead of H1’21, With GP-Led Volumes Still Strong

Despite increased global macroeconomic uncertainty, H1’22 continued the trend of growth in the secondary market, with GP-led demand remaining robust and LP-led activity, most notably from the U.S., seeing a meaningful resurgence over the period.

### Another Period of Growth Across the Secondary Market, Albeit with LP-Leds Recovering Market Share from GP-Leds

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GP-led</strong></td>
<td>$16B</td>
<td>$24B</td>
<td>$28B</td>
<td>$30B</td>
<td>$63B</td>
<td>$29B</td>
<td>$28B</td>
</tr>
<tr>
<td><strong>LP-led</strong></td>
<td>$37B</td>
<td>$51B</td>
<td>$55B</td>
<td>$30B</td>
<td>$63B</td>
<td>$19B</td>
<td>$32B</td>
</tr>
</tbody>
</table>

**Key GP-Led Themes of H1’22**

- **Increased sponsor demand for GP-leds to deliver LP liquidity**
- **Increased LP selling into GP-leds due to PE liquidity slowdown**
- **Transactions still pricing at / above NAV but discounts also appearing**
- **Buyer prioritizing GP-leds alongside core relationships**
- **Flagship funds investing alongside continuation funds**
- **Fundraising across a broad range of the large buyside firms**

Source: Lazard Estimates.
H1’22 Trends by Market Segment

Perhaps unsurprisingly, buyers focused the overwhelming majority of their capital towards the buyout space in H1’22, with VC / growth deployment falling sharply. The U.S. continues to form ~70% of the secondary market, slightly down vs. 2021.

- With the Nasdaq selling off by ~30% in H1’22 and tech valuations coming under increasing scrutiny as a result, venture capital secondary deployment saw a substantial fall in activity over the period.
- Buyout has, conversely, seen a relative increase in volumes with investors allocating the majority of their capital towards established, profitable businesses which have proven resilience through previous downturns.

Observation

- Amidst macroeconomic turbulence, investors continue to prioritize relative deployment into North America, which remained the busiest region by transactions completed (at 69% of total Sponsor-led volume). Relative European and Asian deployment remains broadly consistent vs. 2021.
- This differs, however, to the expectations of respondents in our 2021 survey, who were more bullish on relative deployment in Europe & Asia. Sentiment towards Europe is likely reflective of greater perceived geopolitical risk in the region. Sentiment towards Asia, particularly China centric technology companies, has been even more impacted due to the increasingly strained relations between the West & China with activity largely muted.

Source: Lazard Estimates.

1) Expectations of respondents from Lazard’s 2021 Survey Sponsor-led market survey.
Capital Deployment by Sponsor-led Transaction Type

Single-asset continuation funds remained the largest part of the Sponsor-led secondary market in H1’22, although appear to have lost share to multi-asset transactions and preferred equity over the period.

### Capital Deployment by Transaction Type and Invested Capital\(^1\) in H1’22

<table>
<thead>
<tr>
<th>Secondary Transaction Type</th>
<th>Invested Capital Deployed(^1) in H1’22</th>
<th>2021 % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0-50M</td>
<td>$51-100M</td>
</tr>
<tr>
<td>Continuation Fund – Single Asset</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>Continuation Fund – Multi Asset</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Tender Offer</td>
<td>3%</td>
<td>--</td>
</tr>
<tr>
<td>Strip Sale</td>
<td>1%</td>
<td>--</td>
</tr>
<tr>
<td>Preferred Equity</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

---

- **Single asset continuation funds remain popular.** Single asset continuation funds continue to form the largest part of the Sponsor-led secondary market at ~43% of volume but are down vs. 2021 (~52%) with multi asset transactions being increasingly prioritized by a number of secondary firms (~31% → ~33%)
- **More conservative buyside “bite sizes”.** In 2021, ~45% of capital invested in continuation funds came from individual investments of >$150m whereas in H1’22 this number was down to ~43%. Smaller investments increased by a corresponding amount, indicating a greater need for syndication (particularly on larger deals)
- **Preferred equity deployment.** In response to more turbulent market conditions, demand for preferred equity solutions appears to have increased over the period. Driven by a number of larger individual investments, our survey indicates that preferred equity accounted for ~16% of the Sponsor-led market in H1’22

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\(^1\) Capital deployed by an individual investor into a transaction

Observation

Note: Total figures may not add up as a result of rounding.
Source: Lazard Estimates
Broad Deployment Across Middle Market & Large Cap GP-Leds with Unfunded Capital for M&A a Key Theme Across Both

GP-led volumes in H1’22 were broadly spread across a wide variety of transaction sizes. Examples of this breadth include Equistone’s single asset transaction with Sicame (~€450M of 2021 revenues) and KKR’s recapitalisation of Internet Brands ($12B+ of enterprise value).

What Types of GP-led Transactions did you Deploy Capital into by Type and Deal Size?(1)

- **57%** of respondent investments
- **43%** of respondent investments

<table>
<thead>
<tr>
<th>The “Middle Market”</th>
<th>The “Upper-Mid” / “Large Cap” Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>36%</td>
<td>21%</td>
</tr>
<tr>
<td>$0 - $250M</td>
<td>$251M - $500M</td>
</tr>
<tr>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>$501M - $1B</td>
<td>$1B - $1.5B</td>
</tr>
<tr>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>$1.5B - $3B</td>
<td>$3B+</td>
</tr>
</tbody>
</table>

Observation

- Balanced deployment across both middle market and large cap secondary transactions during H1’22
- The overwhelming majority of groups surveyed deployed capital across transaction sizes of all ranges
- Perhaps unsurprisingly, however, a number of “lead” buyers had a clear preference for transactions in excess of $500M – likely a reflection of the substantial dry powder these groups have at their disposal and the need to deploy this capital in an efficient manner

Unfunded Capital is Now Present in the Majority of GP-Leds (Irrespective of Underlying Company Size)

- **80%** of respondents invested >50% of their GP-led capital into deals with unfunded for M&A
- **68%** of respondents

What was the average % of unfunded relative to continuation fund size?

- Less than 10% 16%
- 11-15% 18%
- 16-20% 34%
- 21-25% 16%
- 26-30% 7%
- 30%+ 9%

Source: Lazard Estimates.

1) X axis is reflective of overall size of the continuation fund at final close
Deployment Trends – *Lead & Syndicate Commitment Sizes*

Average lead commitments to GP-led transactions are down marginally vs. 2021, albeit still greater than $100M on average. Average syndicate commitments have moved more dramatically, with ~85% of syndicate commitments in H1’22 amounting to <$50M (previously ~71% in 2021).

### Average Lead Investor Commitment

<table>
<thead>
<tr>
<th>Commitment Range</th>
<th>2021</th>
<th>H1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $50M</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>$51M - $100M</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>$101M - $150M</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>$151M - $200M</td>
<td>36%</td>
<td>14%</td>
</tr>
<tr>
<td>$201M - $300M</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>$301M+</td>
<td>2%</td>
<td>7%</td>
</tr>
</tbody>
</table>

% of respondents in the survey:

- GDP: 100%
- USD: 100%

### Average Syndicate Investor Commitment

<table>
<thead>
<tr>
<th>Commitment Range</th>
<th>2021</th>
<th>H1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $50M</td>
<td>71%</td>
<td>15%</td>
</tr>
<tr>
<td>$51M - $100M</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>$101M - $150M</td>
<td>2%</td>
<td>14%</td>
</tr>
<tr>
<td>$150M+</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

% of respondents in the survey:

- GDP: 100%
- USD: 100%

**Average** commitment of respondents to GP-led transactions in H1’22 where they were acting as *lead investor*

- >$100M:
  - Of respondents had an average commitment of >$100M to transactions where they were acting as *lead investor* in H1’22.

- ~25%:
  - Of respondents had an average commitment of >$200M to transactions where they were lead investor in H1’22.

**~85%**:

- Of respondents had an average commitment of <$50M to transactions where they were a *syndicate investor* in H1’22.

**14 ppt**:

- Increase in the relative proportion of <$50M commitments from syndicate investors in H1’22 vs. 2021.

Source: Lazard Estimates.
II  Select Key Market Themes
Select Key Market Themes for H1’22

Current macroeconomic conditions, recent deployment levels and fundraising across the largest secondary firms were all key drivers of behavior and market volumes during H1’22 and will likely continue to be key determinants of volumes for at least the remainder of the year.

**SELECT KEY SECONDARY MARKET THEMES FOR H1’22**

**A** LIQUIDITY DEMAND FROM LPs & GPs CLEARLY FEEDING THROUGH TO THE SECONDARY MARKET

- PE is on track to invest at a faster pace in 2022 than in 2021 (which was already a record year for deployment)
- PE exit activity, on the other hand, has slowed, while primary fundraising continues to be broad and competitive
- This is resulting in elevated levels of sellside from LPs in GP-leds…
- …And increased demand from sponsors in exploring secondaries

**B** BROAD RANGE OF SECONDARY MARKET PRICING OUTCOMES & EXTERNAL PRICING VIEWS

- ~50% of respondents to our survey still deployed >50% of their capital at / above NAV pricing in H1’22
- Return targets are slightly elevated, implying greater levels of underwriting case conservatism
- External pricing popular with those who liked it in 2021, but has become more polarizing with those that were already skeptical

**C** GP-LEDS WITH CORE GPs & FLAGSHIP FUND PARTICIPATION ARE IN DEMAND FROM BUYERS

- ~60% of respondents deployed >50% of their GP-led capital alongside core relationship GPs, underlining the importance of existing relationships in these transactions, particularly in turbulent market conditions
- Flagship fund investing alongside continuation funds is popular with buyers but is still only the case for a minority of the market

**D** FUNDRAISING ACROSS A BROAD RANGE OF THE LARGEST BUYSIDE FIRMS

- A broad range of the largest secondary groups are currently raising capital for new funds…
- …And deployed record levels of capital in 2020 / 2021
- This combination is resulting in less pressure to deploy / a “high bar” for deals that will ultimately be in the “shop window” with prospective LPs
An Expected “Liquidity Squeeze” in PE is Driving Demand for Secondaries

While PE deal making remained on record-setting pace in H1’22, exit activity slowed considerably. This is feeding through to the GP-led market in the form of (i) increased LP selling into continuation funds and (ii) greater demand from GPs for alternative liquidity solutions...

1. According to Pitchbook’s Q2 2022 US & European Private Equity Breakdown, 2022 PE Deal Value is Already up to ~50%+ on 2021...

2. ...Over an Equivalent Period Where Exits have Materially Slowed...

3. ...Leading to Increased Selling Volume in Continuation Funds

- The combination of continued record levels of deployment and slower PE exit activity (given the macroeconomic backdrop) is a key theme from H1’22
- While this potential “liquidity squeeze” might not be felt immediately by LPs (given the use of fund financing facilities), it is still likely that cashflows from PE will be negative in 2022 for only the 3rd time in the last 12 years
- In response to this, we are seeing increased demand from GPs to use the secondary market to generate liquidity in an environment where traditional routes may not be as compelling
- We also estimate that there has been a significant increase in selling volume (now on average at ~90%) as LPs increasingly take liquidity options in continuation fund processes, particularly to redeploy given the substantial fundraising activity in the broader primary markets

Source: Pitchbook. Lazard Estimates.
1) According to Pitchbook’s Q2 2022 US Private Equity Breakdown and Pitchbook’s Q2 2022 European Private Equity Breakdown
2) Converted using EUR:USD of 1.02 as at 29-Jul-22
3) Lazard Estimates for H1’22
## Secondary Market Pricing for GP-Led Transactions

~47% of buyers deployed over half of their GP-led capital at / above NAV during H1’22. Underwriting targets are slightly elevated, particularly for single asset deals, implying increased buyside underwriting conservatism. External pricing remains in favor with only minority though.

### Transactions Completing both at / above NAV as well as Below

<table>
<thead>
<tr>
<th>What % of your GP-led transactions priced at or above NAV?</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 80%</td>
<td>32%</td>
</tr>
<tr>
<td>50-80%</td>
<td>15%</td>
</tr>
<tr>
<td>30-50%</td>
<td>13%</td>
</tr>
<tr>
<td>Less than 30%</td>
<td>40%</td>
</tr>
</tbody>
</table>

47% of respondents deployed >50% of GP-led capital at / above NAV.

### Buyside Underwriting Targets Increase Slightly Reflecting Greater Conservatism

<table>
<thead>
<tr>
<th>Target Single Asset Returns?</th>
<th>H1’2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.51-1.90x</td>
<td>17%</td>
<td>27%</td>
</tr>
<tr>
<td>1.90-2.30x</td>
<td>71%</td>
<td>62%</td>
</tr>
<tr>
<td>&gt;2.30x</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target Multi Asset Returns?</th>
<th>H1’2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.51-1.90x</td>
<td>48%</td>
<td>57%</td>
</tr>
<tr>
<td>1.90-2.30x</td>
<td>48%</td>
<td>41%</td>
</tr>
<tr>
<td>&gt;2.30x</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### What % of your GP-Led Deployment Had Price Set Externally?

<table>
<thead>
<tr>
<th>FY21</th>
<th>H1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>46%</td>
</tr>
<tr>
<td>11-50%</td>
<td>27%</td>
</tr>
<tr>
<td>&gt;50%</td>
<td>20%</td>
</tr>
</tbody>
</table>

+22 ppts

53%

(FY21: 31%) (H1’22: 46%)

Source: Lazard Estimates.

1) Net of underlying GP economics
2) Percentage (by # deals) of deployment a given buyer put in to externally set valuations

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**Observation**

Internal views within lead buyers that already had a preference against investing into transactions with an external price appear to have strengthened in H1’22. However, buyers that liked this dynamic in 2021 continue to do so in H1’22 (~20% of respondents)

- Increase in the number of buyers avoiding GP-leds where price was set externally between H1’22 and FY21 (~31% → ~53%)
- This shift has been driven from buyers who were already investing only a minority of their capital into GP-leds with an external price, with the 11-50% bucket decreasing over the period (~46% → ~27%)
Buyside Views on Core GPs and Investing Alongside the Flagship Fund

Buyside firms are placing significant weight in deal selection on whether or not they have an existing relationship with the GP. A flagship fund investment alongside the continuation fund is also being viewed favorably by buyers although still represents a minority of the market.

Buyside Firms are Prioritizing Core GPs in Uncertain Times…

What % of transactions completed were you an existing investor in the fund / GP?

66%
Of respondents deployed >50% of their GP-led capital alongside core GP relationships

...And Seeing it as A Positive if Investing Alongside the Flagship Fund

- While still only forming a minority of the market, buyside reaction to GPs co-investing with their latest flagship fund alongside the continuation fund is typically positive.
- Viewed as an additional source of alignment by buyside firms.

% of Lazard’s 2022 dealflow where the continuation fund is investing alongside the GP’s flagship

Key Considerations for GPs

- Manages transaction size / syndication risk
- Strong signal to the secondary market on alignment of interest
- High quality & well-known asset in the flagship fund
- Risk to track-record of having the same asset(s) in multiple funds
- Less capital for the continuation fund
- Additional conflicts / LPACs to be managed

In uncertain market times, our survey suggests that the majority of buyside firms are prioritising transactions where they have an existing primary / secondary relationship.

Investing alongside core GPs gives investors unique insights into sponsor behavior and the portfolio companies, the majority of which they have been following for several years.

Source: Lazard Estimates.
Record Levels of Fundraising Activity Across the Secondaries Market

~70% of the largest firms by historical capital raised are currently fundraising. This, combined with record levels of deployment in the past 12-24 months, has reduced pressure to deploy but should ultimately ensure the market is very well capitalized for the medium term.

Actual vs. Expected Deployment

- 84% of respondents were at their deployment targets for H1'22
- Only 5% of respondents were above their deployment targets for H1'22

Implications for the Market / Volumes

2022 deals in the “shop window” with prospective LPs
- Buyside firms prioritizing transactions more than ever that are “middle of the fairway”
- Marginal transactions being de-prioritized as a result

Less pressure to deploy given recent record volumes
- Most buyside firms are in-line with target deployment levels following a record 2021
- Less pressure to deploy capital at the moment as a result

Buyers expected to be very well capitalized in due course
- Increased amounts of buyside capital to deploy in 2023
- Deployment pressure rising with the passage of time
- Favorable dynamics for GPs, LPs and overall market volumes

Aggregate Secondaries Fundraising – Key Statistics

- **$125B+**
  - Lazard Estimate of PE Secondaries Fundraising in 2022
- **~70%**
  - Of the Largest Firms by Historical Capital Raised are Currently Raising
- **>$10B**
  - Five Secondaries Investors Targeting Funds >$10B

Observation

- Aggregate fundraising in-line with the estimated total market volume of ~$126B in 2021
- Fund sizes have been steadily increasing, with the largest fund currently in-market likely to hit over $20B in commitments, a first for the secondary market

Source: Lazard Estimates.
III  Outlook & Predictions
Outlook for the Secondary Market in 2022 and Beyond

Lazard’s survey suggests 2022 secondary volumes will finish the year at ~$115B (~9% below 2021 volumes) with H2’22 being slower than the blockbuster H2 experienced in 2021. However, we do expect generally increasing demand from both LPs and GPs for the secondary market, which, combined with accumulating buyside dry powder, is expected to drive volumes to a new record in 2023 (midpoint estimate of ~$153B).

Historical Secondary Market Volumes & 2022 / 2023 Outlook

- Actual / 2022 & 2023 Midpoint Estimate
- 2022 / 2023 Low Estimate
- 2022 / 2023 High Estimate

- Despite outperforming the equivalent period in H1’21, expectations are for 2022 volumes to finish slightly below 2021 at a midpoint estimate of ~$115B, driven primarily by more uncertain macroeconomic conditions and ongoing secondaries fundraising.
- Respondents were in agreement, however, on the positive overall outlook for the secondary market, resulting in a midpoint estimate for 2023 volumes of ~$153B.

Opportunities & Challenges for the Next 12 Months

Top 3 Opportunities

1. More LPs looking to the secondary market for liquidity as distributions slow (~28% of respondents)
2. Increased sponsor demand for GP-leds as an alternative liquidity source due to less availability of traditional routes, e.g. IPOs (~26% of respondents)
3. Openness from LPs and GPs to accept modest discounts in processes (~16% of respondents)

Top 3 Challenges

1. Impact on companies from rising rates, inflation and macroeconomic uncertainty (~27% of respondents)
2. Bid-ask spread between buyers and sellers, notably for LP secondaries (~25% of respondents)
3. Private NAVs decoupling from public markets, resulting in difficulty for secondary buyside firms in assessing fair value (~18% of respondents)
# Six Predictions for the Secondary Market

<table>
<thead>
<tr>
<th>Secondary Market Predictions</th>
<th>Near Term?</th>
<th>Medium Term?</th>
</tr>
</thead>
<tbody>
<tr>
<td>**1. A less optimal environment for exits will likely see more GPs turning to the GP-led</td>
<td>Next 6-12 Months</td>
<td>Next 12-24 Months</td>
</tr>
<tr>
<td>market as a route to maintaining ownership while providing interim liquidity for LPs</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>**2. LPs will likely also turn to the secondary market as distributions slow, although bid-ask</td>
<td>Some LPs &amp; buyers</td>
<td>✅</td>
</tr>
<tr>
<td>spreads will moderate volumes if PE valuations do not reflect their public counterparts</td>
<td>still waiting on Q3</td>
<td></td>
</tr>
<tr>
<td>**3. LP selling into GP-leds will likely remain high and syndicate tickets will likely stay</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>conservative, resulting in a greater need for new entrants and wider syndications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**4. GP-leds, notably single assets, will likely continue to face particularly high levels of</td>
<td>✅</td>
<td>Scrutiny will remain</td>
</tr>
<tr>
<td>scrutiny from buyside ICs (albeit still get done if constructed thoughtfully)</td>
<td></td>
<td>high but should reduce</td>
</tr>
<tr>
<td>**5. Pressure on buyside firms to deploy will likely increase. Coupled with a number of</td>
<td>Unlikely to materialize</td>
<td></td>
</tr>
<tr>
<td>expected secondary fund closings, should result in higher levels of capital deployment</td>
<td>until 2023</td>
<td></td>
</tr>
<tr>
<td>**6. VC activity will likely return on the back of new funding rounds, financial performance</td>
<td>✅</td>
<td></td>
</tr>
<tr>
<td>growing into valuations and strong demand from VC firms for GP-led secondaries</td>
<td>Underlying valuations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>will take time to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>normalize</td>
<td></td>
</tr>
</tbody>
</table>

Source: Lazard Estimates.