



**ODDO BHF**  
ASSET MANAGEMENT



PROMOTIONAL INFORMATION

## WHEN PRIVATE EQUITY DEMOCRATIZATION *meets Secondaries*

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For decades, private equity was the preserve of large institutions — pension funds, endowments, and sovereign investors with the scale and patience to commit capital for years. That exclusivity is now fading. Technology, regulation, and investor appetite are reshaping private markets and opening them to a far broader audience.

Digital platforms are lowering barriers to entry, simplifying compliance, and allowing individuals to invest modest sums across diversified portfolios. Meanwhile, regulation is catching up. Europe's ELTIF 2.0 framework and the expanded definition of accredited investors in the United States are widening access while introducing stronger transparency and reporting standards. Wealth platforms and asset manager partnerships are also creating new, more efficient channels of distribution.

This shift carries clear benefits. Broader participation can support capital formation, fuel innovation in private companies, and offer investors diversification and uncorrelated returns at a time when public markets remain volatile. It also reflects a wider societal movement toward financial inclusion and shared access to long-term growth.

Yet the movement is not without risk. Private equity remains a complex, illiquid, and opaque asset class.

*« Analysts  
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2025. »*

Therefore blend accessibility with prudence.

Within this transformation, secondaries have moved from the margins to the mainstream. Once a discreet liquidity backstop for distressed sellers, the secondary market has evolved into a strategic pillar of private capital. LPs now trade fund stakes to rebalance portfolios or manage duration, while GPs increasingly initiate their own transactions — extending fund lives or rolling prized assets into continuation vehicles.

The numbers tell the story. According to Jefferies, the global secondary market reached an all-time high of \$162 billion in 2024, up 45 per cent year-on-year. GP-led transactions represented nearly half that total. Analysts expect volumes to surpass \$200 billion in 2025, underscoring the secondary market's role as the circulatory system of private equity — recycling capital, improving transparency, and sustaining momentum across an industry now exceeding \$13 trillion.

Liquidity solutions — such as GP-led secondaries, hybrid fund structures, and tokenised vehicles — are emerging, but they cannot eliminate the fundamental long-term nature of private assets. Responsible democratisation must

## THE SMART MONEY IN PRIVATE MARKETS

For investors, secondaries offer something rare in private markets: visibility, diversification, and disciplined pricing. They buy into portfolios already invested and cash-flowing, often at a discount to net asset value, while smoothing the traditional “J-curve.” In an environment of higher interest rates and slower exits, this combination of clarity and early liquidity is increasingly valuable.

Far from being a derivative play, secondaries now underpin the efficiency and resilience of private markets. As global private capital matures, the smart money gravitates here – to the intersection of liquidity, value, and time – where private equity’s next chapter is quietly being written.

What makes secondaries particularly attractive today is its combination of visibility, diversification, and disciplined pricing. Secondary investors buy into portfolios that are largely invested and cash-flowing, rather than blind pools of capital. This provides a clearer view of underlying asset performance and allows for rigorous, bottom-up underwriting. In a market where primary valuations are still recalibrating, secondaries can offer access to quality assets at a discount to net asset value – a rare alignment of value and transparency in private markets.

For investors, secondaries offer another underappreciated advantage: the smoothing of the private equity “J-curve.” Because secondary portfolios are already invested and often generating distributions, they can produce earlier cash returns and lower volatility in reported performance. In a period of rising scrutiny on liquidity and portfolio construction, that predictability is increasingly valued.

Critics sometimes suggest that secondaries are a derivative play – recycling existing assets rather than creating new value. But that view misses the structural role the market now plays. The secondary ecosystem is the circulatory system of private equity: it recycles capital, provides transparency, and disciplines pricing across the asset class. Without it, the private markets’ promise of long-term, illiquidity-based outperformance would be harder to sustain.

As global private capital matures into a \$13 trillion industry, secondaries investing represents not a side show, but the mechanism that keeps it functioning efficiently. The best opportunities are no longer found solely at entry, but in understanding how and when to exchange risk, liquidity, and time. For investors seeking to navigate this new era of private markets – one defined by higher costs of capital and slower exits – secondaries is increasingly where the smart money goes to work.

**The examples mentioned in the document are not investment recommendations.**

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