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The Evolving Landscape of the Secondaries Market.

A market review by Apeksha Kulkarni

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We are delighted to present the Pearse Partners 2024 evolving landscape of the Secondaries Market.

If you are ready to take the next step in your career within the secondaries market, Pearse Partners is here to help. Our expertise and insights can guide you in finding the right opportunities and achieving your professional goals.

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Introduction

The secondaries market, once considered a niche segment of private equity, has evolved into a dynamic and integral part of the broader private equity landscape. Driven by increasing investor demand for liquidity and the rise of more complex, structured transactions, the secondaries market has opened a diverse range of career opportunities for professionals across all seniority levels.

This whitepaper provides a detailed analysis of the current trends, key challenges, and growth opportunities in the secondaries market, with actionable insights for candidates seeking to position themselves strategically in this space.

Whether you are an entry-level analyst or a senior executive, this guide will help you navigate the unique demands of the secondaries market, optimise your career trajectory, and stand out as a top candidate.

The Evolving Landscape of the Secondaries Market

The secondaries market has grown exponentially, driven by its ability to provide liquidity solutions to investors and the emergence of more sophisticated transaction structures. Key developments include:

GP-Led Secondaries

These have gained traction as General Partners (GPs) seek to provide liquidity options for Limited Partners (LPs) while retaining control of high-potential assets. Candidates need to understand complex continuation funds and strip sales, which are driving a significant portion of deal volume.

LP-Led Transactions

Traditional LP stake sales remain a key component of the secondaries market.

These deals provide investors with early liquidity, and candidates with expertise in portfolio valuation and transaction structuring will be well-positioned for roles in this area.

Growth of Structured Deals

The market has seen a rise in bespoke solutions such as preferred equity and debt-like structures. Candidates should have a strong understanding of how these hybrid models are used to align interests between GPs and LPs while providing flexible liquidity solutions.

Increased Institutional Interest

Large institutional investors, sovereign wealth funds, and pension funds are increasingly active in the secondaries market, further driving its growth. Candidates must be prepared to work with sophisticated clients and large portfolios.

For professionals, these developments mean that secondaries roles are becoming more diverse and technically demanding, requiring both a deep understanding of financial modeling and strong transactional expertise.

Key Skills and Experiences Sought After by Employers

Employers in the secondaries market seek candidates with a unique blend of technical and interpersonal skills to handle the complexity and rapid growth in this space. Critical skills include:

Advanced Financial Modeling and Valuation Expertise

Proficiency in complex financial modeling, particularly with regard to discounted cash flows (DCF) and net asset value (NAV) calculations for illiquid assets, is essential. Secondaries transactions often involve analyzing portfolios of private equity fund investments and underlying companies, requiring sharp analytical skills.

In-Depth Knowledge of Transaction Structuring

Understanding the intricacies of GP-led and LP-led transactions, including fund recapitalisations, tender offers, and direct secondaries, is vital. Candidates must be familiar with various transaction structures and how they create liquidity solutions.

Legal and Regulatory Acumen

A strong grasp of the legal frameworks governing secondaries transactions is essential, especially as the market becomes more regulated. Candidates should be comfortable navigating legal documents, limited partnership agreements (LPAs), and understanding investor rights and obligations.

Deal Negotiation and Execution

Successful candidates must excel in deal negotiation and execution, working closely with sellers, buyers, legal teams, and intermediaries to finalize transactions. Strong project management skills are critical, as deals often involve multiple parties and complex timelines.

Client Relationship Management

Building and maintaining relationships with LPs, GPs, and institutional investors is key. Employers look for professionals who can manage client relationships, advise on deal structures, and act as trusted advisors during transaction processes.

Secondaries market professionals are expected to operate in a high-paced, detail-oriented environment. Having the ability to deliver under pressure, while also maintaining strong client relationships, will set candidates apart.



Career Progression Paths in the Secondaries Market

The secondaries market offers significant opportunities for career advancement, with defined paths from junior roles to senior leadership. As the sector grows, so too do opportunities for progression.

Senior-Level Roles

Senior executives, including managing directors and partners, are responsible for originating deals, building long-term relationships with key LPs and GPs, and driving the strategic direction of their firms. These professionals are involved in the most complex and high-value transactions, often leading teams across multiple geographies. Leadership skills, an extensive network, and deep market knowledge are essential at this stage.

Mid-Level Roles

Vice presidents (VPs) and Directors typically take on greater responsibility in deal execution, including managing transactions from initial sourcing through to completion. They are involved in negotiation, structuring, and advising clients on liquidity solutions. Mid-level professionals must demonstrate strong leadership abilities and the capacity to manage cross-functional deal teams.

Entry-Level Roles

Junior analysts and associates typically focus on portfolio analysis, financial modeling, and market research. These roles require strong quantitative skills and a keen understanding of private equity and alternative investments. Candidates with experience in investment banking or private equity are highly sought after at this level.

Each career stage in the secondaries market offers opportunities to work on increasingly sophisticated transactions and develop specialised expertise, allowing professionals to carve out a niche in a growing sector.

Practical Tips for Positioning Yourself as a Strong Candidate in the Secondaries Market

Candidates aiming to build a successful career in the secondaries market should focus on the following:

Hone Your Financial and Analytical Skills

Master advanced financial modeling techniques, including portfolio valuation and NAV discounting, as these are critical for deal analysis.

Stay Informed on Market Developments

Keep up-to-date with industry reports and insights on the secondaries market, particularly the latest trends in GP-led and LP-led transactions, continuation funds, and structured deals.

Highlight Relevant Transaction Experience

Demonstrate your ability to work on complex transactions, including private equity or other illiquid assets. Employers will be looking for direct experience with deal execution, negotiation, and structuring.

Seek Continuous Professional Development

Pursue additional certifications, courses, and workshops focused on private equity and secondaries transactions. This shows employers that you are committed to staying ahead of market trends and continuously improving your skills.

By following these steps, candidates can build a strong profile and position themselves as top-tier professionals in the secondaries market.

Growing Opportunities in the Secondaries Market

The secondaries market continues to offer significant opportunities for growth, with its increasing complexity and institutionalisation creating roles for professionals at all levels. Whether you are starting out in your career or looking to take on a leadership role, understanding the nuances of this market will be crucial for your success.

With the right combination of technical skills, market knowledge, and strategic networking, candidates can position themselves for success in this dynamic sector. As the secondaries market continues to grow, so too will the demand for talented professionals ready to take on its challenges.

To Conclude

If you are ready to take the next step in your career within the secondaries market, Pearse Partners is here to help. Our expertise and insights can guide you in finding the right opportunities and achieving your professional goals. Contact us today for personalised advice and to explore available roles in this fast-growing sector.



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