

E X P E R T Q & A

With GP-led deal popularity soaring and opportunistic portfolios entering the fray, there is now a broader opportunity, according to Daniel Roddick, founder at Ely Place Partners



GPs should engage early with this innovative market

Q What is driving dealflow in credit secondaries?

There has been huge growth in the past year across the secondaries market, and that momentum is expected to continue. The fundamental driver is the persistent need for liquidity: as long as liquidity is constrained, secondaries will remain essential for investors.

The secondaries market has become recognised as a standard way for LPs to strategically manage portfolios, to sell off tail-end funds and to realign fund exposures with strategic objectives. That structural role will continue to drive dealflow regardless of market conditions.

There is also the enormous expansion on the buy-side, with most

SPONSOR
ELY PLACE PARTNERS

mainstream secondaries buyers now establishing dedicated credit secondaries strategies and actively generating dealflow. LPs can get competitive prices for their positions and GPs can bring portfolios of real scale to market. GP-led deals are now the dominant segment, accounting for the lion's share of credit secondaries volume.

Q What types of assets are being sold in the secondaries market, and what does that mean for pricing?

The majority of capital raised in credit

secondaries is targeting downside protected investment opportunities. The most sought-after assets are diversified pools of high-quality senior loans managed by blue-chip GPs. Those portfolios tick all the boxes for most buyers and command the most competitive pricing, accounting for a significant share of overall volume.

But liquidity needs to extend beyond that sweet spot. Many GPs are grappling with tail-end funds where exposures are more concentrated, credit quality more mixed, and equity positions sit alongside performing loans. Those GPs want to wind down funds and return capital to investors, but doing so requires buyers willing to take a flexible approach and acquire everything from performing

senior debt to subordinated, underperforming or equity positions. Pricing in these situations is naturally more varied.

As the market matures, more flexible, opportunistic capital is entering, moving beyond pure senior diversified strategies to target higher-returning and more complex situations. This gives GPs with non-vanilla portfolios a credible path to market that simply did not exist a few years ago.

Q How should GPs think about engaging with secondaries buyers?

GPs need to be conscious of one key risk: letting funds get too old. A concentrated, equitised portfolio is going to find limited buy-side appetite. Similarly, a young credit fund whose LPs are content collecting income has little reason to transact. There is typically an optimum window where buy-side interest is strong and LP appetite to sell is genuine.

Our advice to GPs is not to wait for pressure to act. GPs can engage with

secondary buyers well ahead of any transaction, discussing their portfolios, getting indicative pricing and understanding how their funds are perceived relative to peers.

GPs should also educate themselves on how the secondaries market might serve their own capital-raising objectives. Many secondaries buyers are also active primary LPs, and a secondary transaction can often be used to accelerate the fundraising process.

Part of the reason GP-leds took so long to gain traction in private credit was that fund managers were reluctant to engage. Now that they are becoming mainstream, GPs should treat them as a standard tool at their disposal, not a last resort.

Q With traditional exits reduced, how is creativity in the secondaries market delivering alternative liquidity solutions?

The whole GP-led market in credit secondaries is relatively young, but

innovation is accelerating rapidly. A key distinction versus private equity lies in transaction structure: while private equity continuation vehicles typically involve isolating a single trophy asset or couple of assets, and leaving the rest of the fund intact, credit transactions more often involve winding up the entire fund and transferring the whole portfolio. This has wider implications for the manager, particularly in respect of communication with LPs and managing their opinions, which often conflict.

As well as transactions which release liquidity for LPs, we are also seeing credit managers bringing assets from their own balance sheets to the secondaries market. These can serve a dual purpose: freeing up capital and enabling them to recycle funds, while also acting as an effective fundraising tool.

One such example of this creativity was Investec's transaction with Carlyle AlpInvest, advised by Ely Place Partners. This involved an acquisition of performing loans from the bank's balance sheet, which was then used to seed the launch of Investec's inaugural European senior debt fund. We expect to see more of these innovative approaches in a market where there is no let-up in fundraising challenges.

Q Finally, how do you think 2026 will shape up, and what is the outlook for credit secondaries?

In the near term, credit volatility may increase as well as the need for liquidity. If bids begin to reflect higher perceived principal risk, this could lead to wider bid-ask spreads and, in some cases, transactions not completing.

However, these dynamics are likely to be short-term concerns. Over the long term, the direction of travel points towards greater adoption of credit secondaries. Credit is now the fastest-growing segment of the secondaries market. So, we expect it to take a larger share over time, and the huge growth we've seen over the last year to continue. ■

Case study: Investec

Ely Place Partners advised on an innovative transaction led by Carlyle AlpInvest

In November 2025, Ely Place Partners announced it had acted as exclusive adviser to Investec Alternative Investment Management, a subsidiary of Investec Bank, on a €400 million credit secondary and fundraising transaction.

The transaction, led by Carlyle AlpInvest, involved the purchase of a strip of high-quality performing loans from Investec's balance sheet. This transaction then formed the seed portfolio to launch a new European senior debt strategy, Investec Senior Debt Fund I, to which Carlyle AlpInvest committed additional primary capital. Carlyle AlpInvest also committed to Investec's flagship commingled direct lending fund, PDF II.

Ely Place Partners ran a two-stage process where the emphasis was on selecting the right partner to support the Investec direct lending platform with future capital, in addition to seeking a competitive price for the assets.

SDF I is a closed-end, Luxembourg-based special limited partnership that focuses on providing traditional senior secured loans for European private equity and corporate-backed businesses between €3 million and €50 million EBITDA primarily based in the UK, Ireland, Benelux and DACH regions.