EVERCORE

PRIVATE CAPITAL ADVISORY

H1 2026

Credit Secondary Market Review

July 2026

Trends, volumes, and outlook for the global credit secondary market

H1 2026

AT A GLANCE

H1 2026 Credit Secondary Volume

$20bn[1]

▲ +122% YoY

H1 2026 GP-led Credit Volume

$17bn[1]

▲ +183% YoY

H1 2026 LP-led Credit Volume

$3bn

▲ +7% YoY

Current Estimated Equity Dry Powder

$31bn

EVR Advised Credit Secondaries (LTM)

$22bn[2]

H1 2026 Market Highlights

INTRODUCTION

The credit secondary market accelerated in H1 2026, with volume reaching $20.4bn, more than doubling H1 2025 and already exceeding full-year 2025 transaction volume. Investors became much more cautious amid concerns over AI risk in software companies, portfolio valuations, liquidity, and evergreen fund redemptions. Despite this backdrop, GPs and LPs increasingly used the secondary market as a portfolio management tool.

GP-led transactions drove growth, accounting for approximately 83% of H1 2026 credit secondary volume. GPs increasingly utilized continuation vehicles and other secondary alternatives to offer LPs an option for liquidity, optimize mature portfolios and extend duration for existing performing assets. The enhanced diligence package, coupled with strong GP alignment and reset economics, helped compensate secondary investors for the increased concentration of GP-led transactions. **High-quality first-lien portfolios continued to transact in the high 90s as a percentage of FMV[3].**

Traditional closed-end funds remained the primary source of credit secondary opportunities, as GPs sought to generate liquidity from mature 2018-2021 vintage funds during their harvest periods and, where possible, ahead of any fund-term extensions. **BDCs, semi liquid vehicles, and interval funds are also expected to become an increasingly relevant source of supply as redemption activity, share-price pressure, and liquidity needs create additional secondary opportunities.**

Capital formation remains supportive, with **dedicated equity dry powder currently at approximately $30.5bn and most buyers planning to raise additional capital in the next 12 months.** Continued fundraising and new investor participation are deepening the buyer base and reinforcing credit secondaries' growing role within the private credit ecosystem.

Key Market Dynamics in H1 2026

Record Volume

H1 2026 volume more than doubled YoY and has already surpassed FY 2025 volume

GP-led Dominance

GP-led volume rose 183% YoY and accounted for 83% of H1 2026 activity

Resilient Pricing

High-quality first-lien portfolios continued to transact in the high-90s despite volatility

Broader Participation

BDCs, semi liquid vehicles, and interval funds are expected to drive ~25% of 2026 volume

Strong Capital Backdrop

~$30.5bn of equity dry powder and planned fundraising support continued deployment

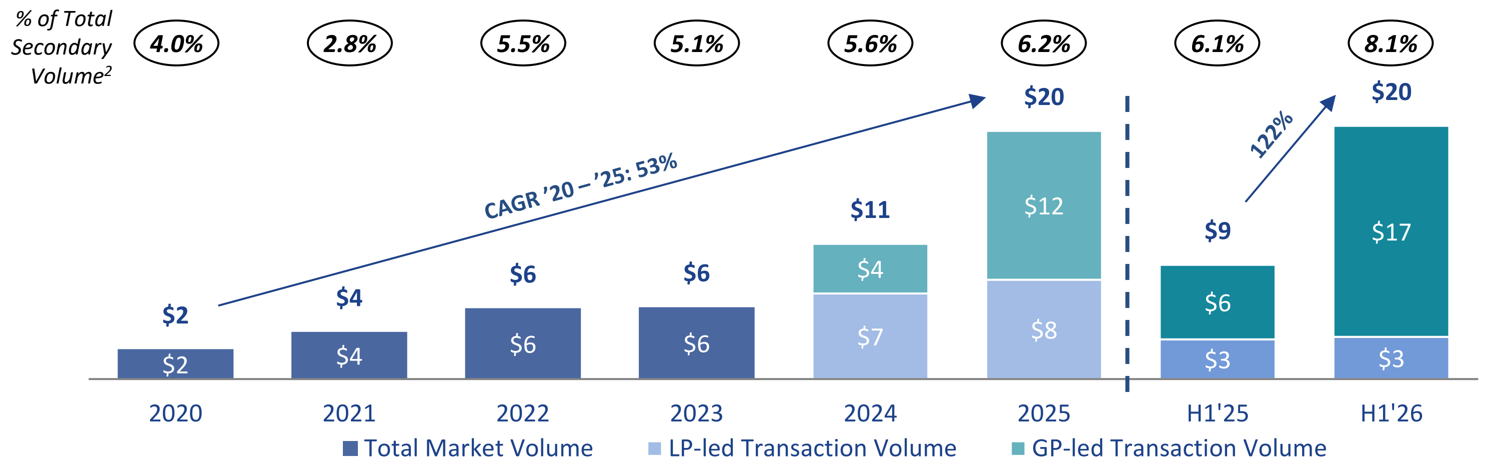
A Strong First Half for the Credit Secondary Market

Broad sponsor adoption and portfolio management needs drove strongest H1 on record

TOTAL DEAL VOLUME	GP-LED CREDIT	LP-LED CREDIT
$20bn	$17bn	$3bn
▲ +122% YoY	▲ +183% YoY	▲ +7% YoY

Credit Secondary Market Transaction Volume Over Time[1]

($bn)



A Structural Step-up in Market Activity

H1 2026 credit secondary volume reached $20.4bn, already exceeding full-year 2025 volume and representing 122% year-over-year growth. GP-led transactions continued to gain market share, representing ~83% of H1 credit secondary volume.

Volume was spread across a larger number of processes and sponsors than in any prior period, highlighting the broader market adoption from both sponsors and buyers.

GP-leds Continue to Gain Market Share

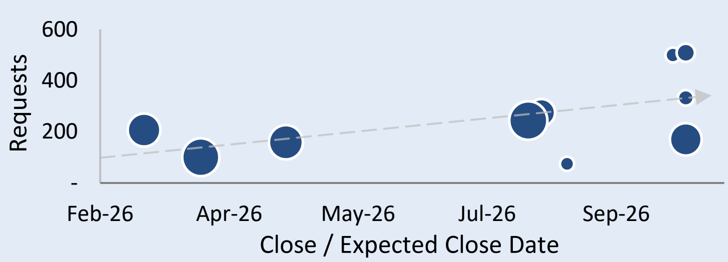
The mix shift toward GP-led activity primarily reflected growing sponsor adoption and the composition of opportunities brought to market.

Closed-end fund GP-led activity increased in H1 2026 as many 2021 and earlier vintage funds well into their harvest period looked to use the secondary market as a portfolio management tool before concentration increases and extensions beyond the original fund term become necessary.

Sponsors are increasingly utilizing GP-led transactions to address LP liquidity needs, wind down older vintage vehicles, and raise additional unfunded capital to support existing portfolios.

Diligence Requests Received in Evercore-Advised GP-led Credit Processes

(Bubble Size = # of Borrowers)



Buyer scrutiny increased across 2026 transactions, with investors placing greater emphasis on granular borrower-level and asset-level underwriting.

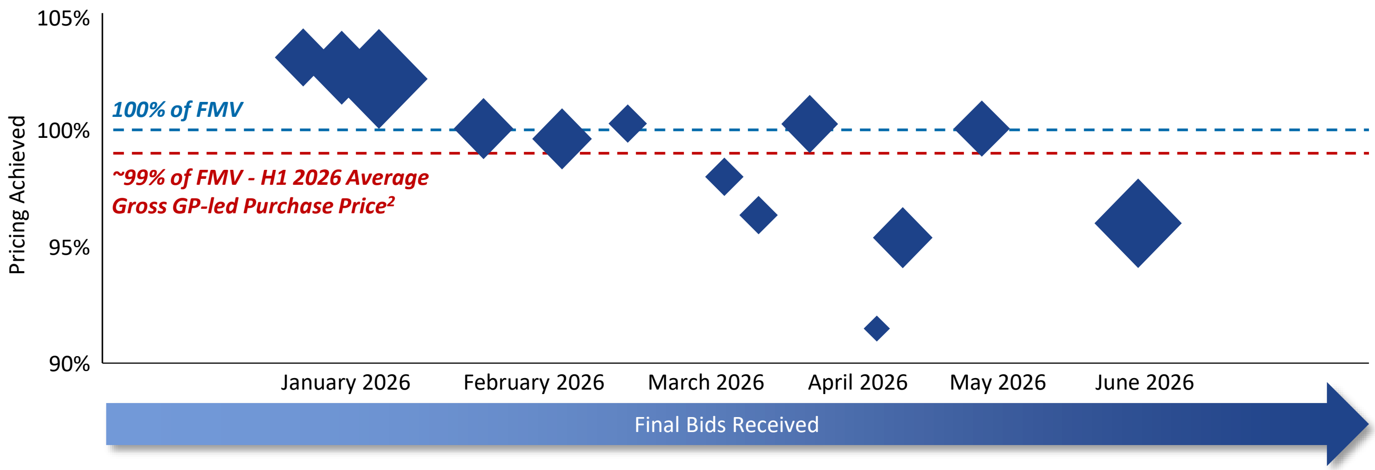
Access to sponsors and more comprehensive portfolio information enabled buyers to assess downside risk and underwrite with greater confidence, supporting competitive tension and resilient pricing for high-quality portfolios.

Resilient Pricing Through Market Volatility

Pricing held firm despite geopolitical, software, and broader credit market noise

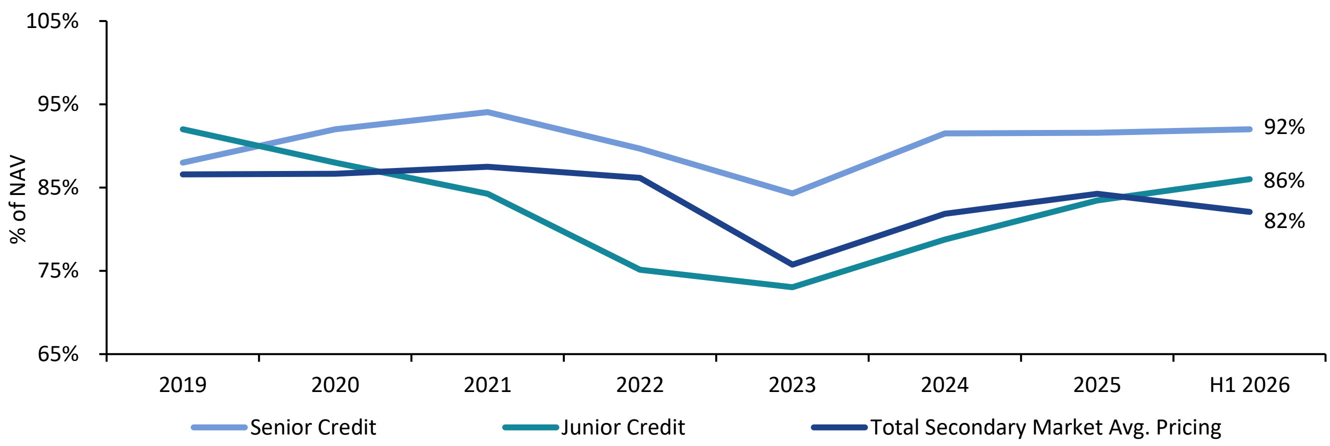
GP-led Credit Secondary Transaction Pricing[1]

(% of FMV Before Post-Reference Date Cash Flow Adjustments)



LP-led Credit Secondary Transaction Pricing[3]

(% of NAV Before Post-Reference Date Cash Flow Adjustments)



Pricing Resilience Reflects Asset Quality and Competitive Tension

Credit secondary pricing remained resilient throughout H1 2026 despite the broader private credit market noise, potential software business model disruption from AI and heightened geopolitical uncertainty due to the war in Iran.

GP-led transactions continued to price at approximately 99% of FMV on average, supported by greater access to information, direct sponsor engagement and increased buyer confidence in the ability to underwrite borrower-level performance.

While buyers became more selective during periods of volatility, competition for high-quality, senior-secured portfolios remained strong. Well-run processes also continued to benefit from competitive tension as final bids developed, supporting clearing levels despite a more uncertain market backdrop.

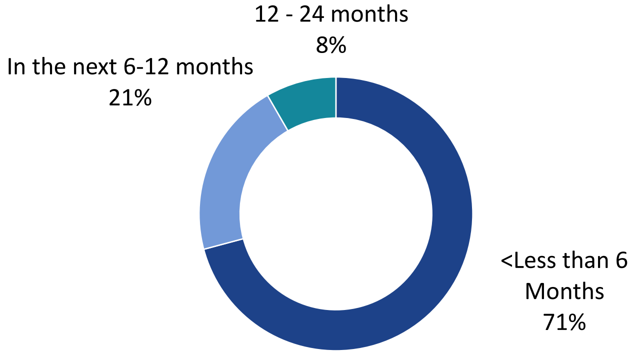
Note: See Endnotes for further detail

Strong Capital Backdrop[1]

Dedicated dry powder and near-term fundraising plans support continued growth

Months Until Planning to Raise More Capital

(% of Respondents)



90%+ of Buyers are Raising Capital in the Next 12 Months

Fundraising momentum remains strong, with nearly all respondents planning to raise additional capital within the next 12 months, including 71% that expect to return to market in less than six months, expanding the dedicated buyer base and supporting continued deployment.

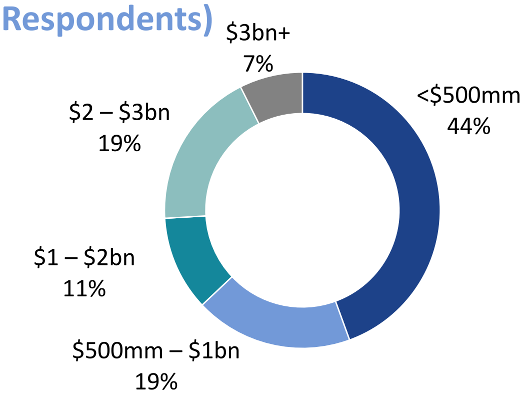
$30.5bn of Dedicated Equity Dry Powder

Dedicated equity dry powder for credit secondaries currently stands at approximately $30.5bn, representing more than 14% of total secondary market dry powder.

While capital remains concentrated among a relatively small number of scaled platforms, new entrants continue to broaden the buyer universe through dedicated funds, SMAs, and evergreen vehicles.

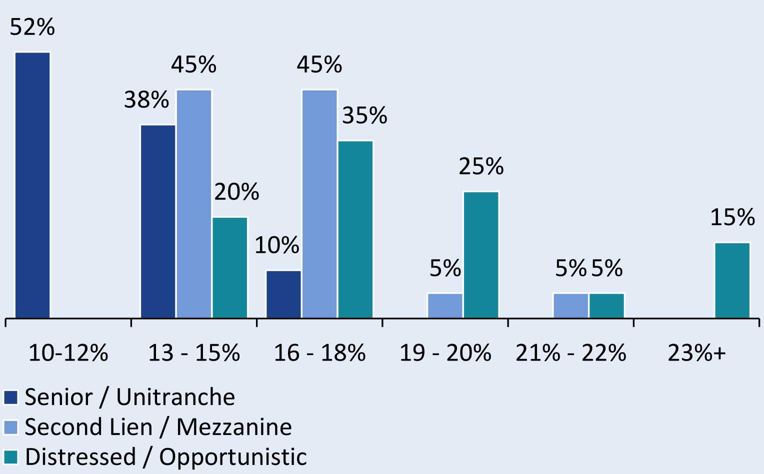
Capital Available to Deploy into the Credit Secondary Market

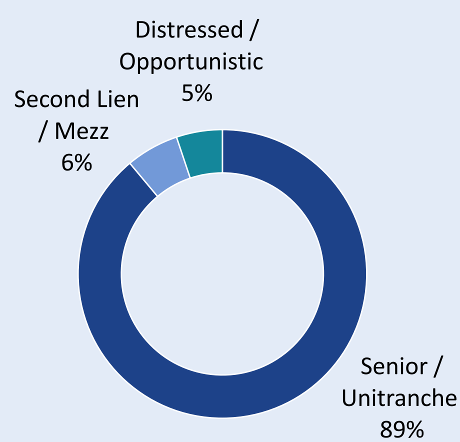
(% of Respondents)



Senior / Unitranche Remains the Dominant Strategy[2]

The majority of available capital is focused on senior / unitranche opportunities, where buyers typically target 10%-15% levered net IRRs (with transactions generally levered at or around 50%+ LTV), while Second Lien / Mezzanine and Distressed / Opportunistic strategies target progressively higher returns.



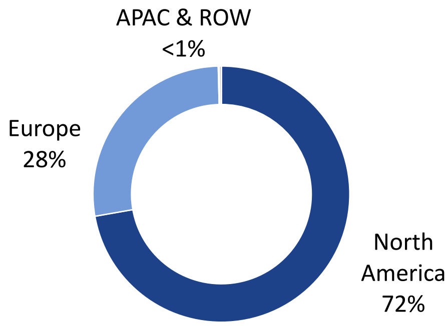


Broader Participation Across Sellers, Buyers, and Regions[1]

Supply, capital, and geography are all expanding, reflecting a maturing market with more sellers and a deeper buyer base

Capital Deployed Into the Credit Secondary Market

(% of Volume)



North America Remains the Primary Investment Focus

Capital deployment remains heavily concentrated in North America, reflecting the depth and maturity of the U.S. private credit market.

Europe has increasingly become a key part of the market, with multiple European transactions closing in H1 2026 and several more currently in market. The European market is expected to continue growing as secondaries become more widely adopted by both GPs and LPs. We expect European GP-led credit secondary volume to total approximately €13bn across 12 deals in 2026.

Transaction Features & Market Terms[2]

Transactions remained largely intermediated, with continued use of post-reference date cash flow mechanics, deferred consideration, and unlevered sleeves. Approximately 25% of reported transactions included deferrals, while 34% of GP-led transactions included an unlevered sleeve.

25%
Of Deals Included Deferrals

34%
Of GP-led Transactions Included an Unlevered Sleeve

81%
Of Deals Were Intermediated

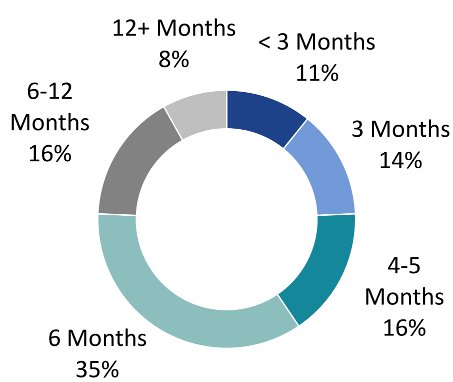
PRD Cash Flow Netting Period

Post-reference date, or "PRD," cash flow adjustments reconcile portfolio cash flows generated between the agreed reference date and closing against the final purchase price.

~76% of reported transactions used a PRD period of 6 months or less, though several transactions included extended PRD periods, which ultimately impact the net purchase price paid to LPs.

Post-Reference Date Cash Flows

(% of Deals)



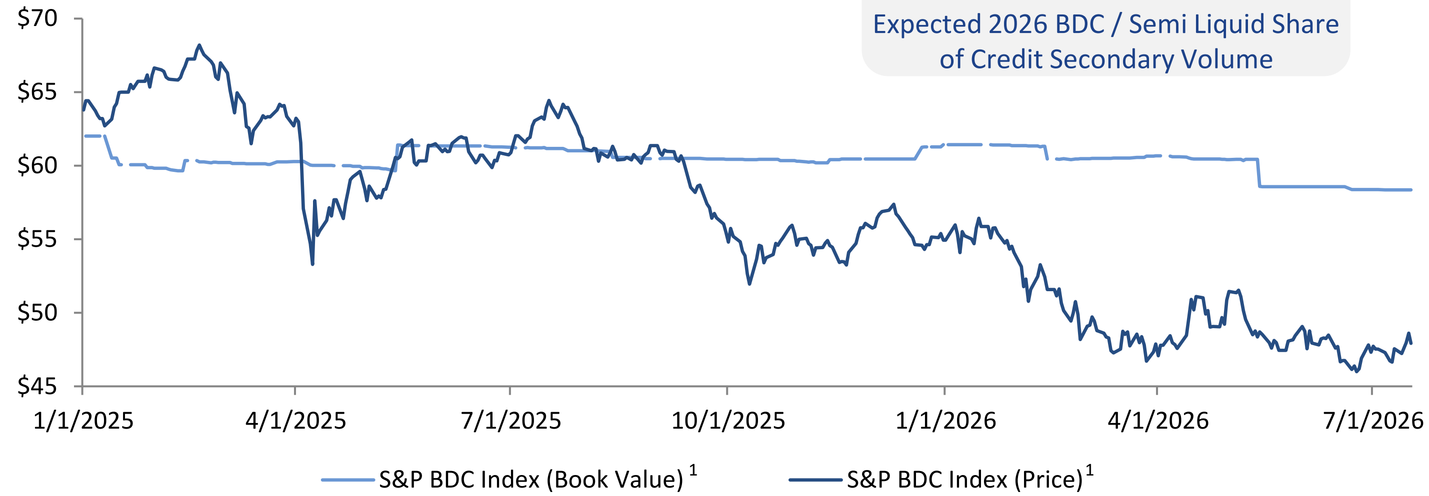
Note: See Endnotes for further detail

BDC Redemption Pressure Driving Secondary Market Opportunity

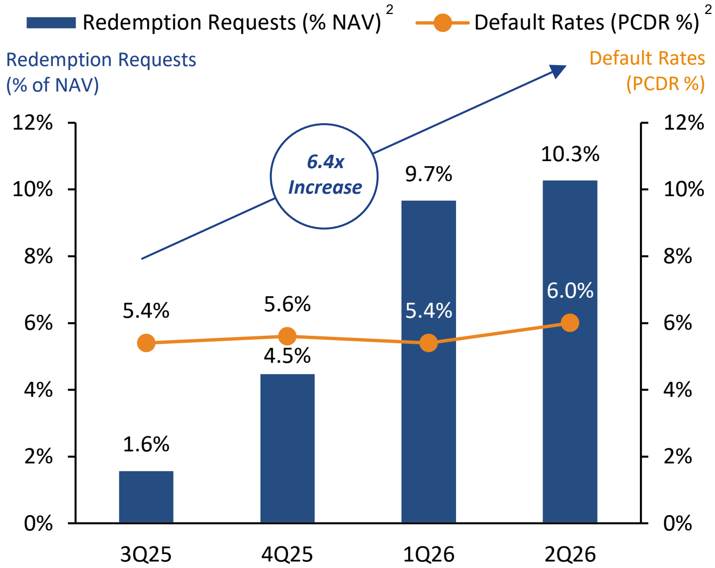
Market dislocation remains liquidity-driven rather than credit-driven, expanding secondary opportunities and supporting H2 2026 deal flow

25%

Expected 2026 BDC / Semi Liquid Share of Credit Secondary Volume



Liquidity to Drive Deal Flow in H2 2026



Second Half Outlook

Redemption requests have increased more than sixfold since 3Q25, reflecting elevated liquidity needs rather than weakening credit fundamentals. As investors continue to rebalance portfolios, a potential increase in secondary supply is expected to support robust transaction activity through the remainder of 2026, while default rates have remained relatively stable with historical norms.

Liquidity-Driven Dislocation Expands Secondary Opportunity Set

Structural demand continues to support the private credit secondary market. Elevated redemption requests have not yet resulted in meaningful secondary market activity, though sponsors are increasingly evaluating ways to generate liquidity for investors through secondary transactions. Persistent redemption pressure could therefore create additional secondary opportunities over time.

Despite weaker investor sentiment toward private credit, credit fundamentals remain stable. Default rates have remained broadly in line with historical ranges, and NAVs have demonstrated resilience, suggesting the current market dislocation is liquidity-driven rather than reflective of underlying credit deterioration. As a result, increased secondary supply has been driven primarily by technical factors rather than weakening portfolio performance.

Looking ahead, sustained liquidity needs and resilient credit fundamentals should continue to support private credit secondary activity through 2026.

Net: Elevated redemptions could create a larger secondary opportunity set as sponsors increasingly evaluate liquidity solutions

Note: See Endnotes for further detail

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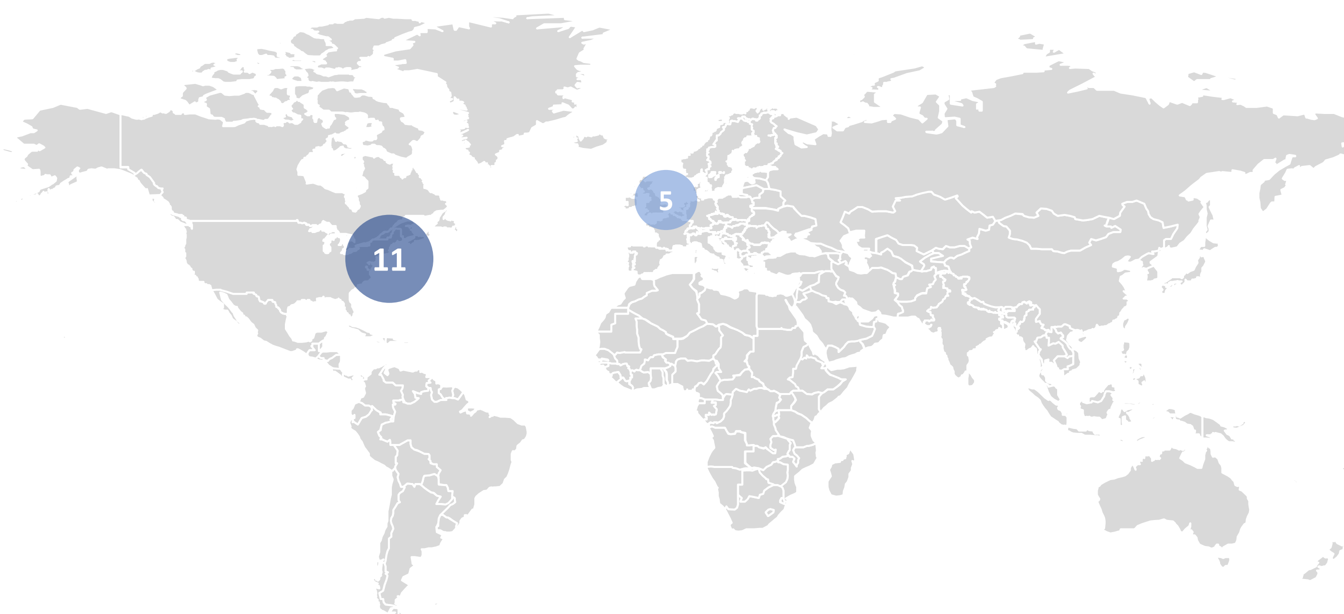
Dedicated EVR PCA Credit Secondaries Team Footprint



Endnotes

Note: Data and insights in this report are derived directly from our H1 2026 investor survey, extensive market research, and Evercore PCA's proprietary market-leading database, with prior-period figures drawn from earlier editions of the Secondary Market Survey.

H1 2026 Market Highlights

1. Transaction volumes include vehicle-level leverage attributable to GP-led transactions
2. Includes in-process deals
3. Gross purchase price reflects reference date NAV multiplied by the applicable purchase price percentage, before post-reference date cash flow adjustments

A Strong First Half for the Credit Secondary Market

1. Based on Evercore estimates and the Evercore H1 2026 Secondary Market Survey; GP-led and LP-led credit secondary transaction volume was not tracked separately prior to 2024
2. Reflects unlevered credit secondary transaction volume as a percent of total GP and LP-led unlevered secondary transaction volume for the specified period

Resilient Pricing Through Market Volatility

1. Includes EVR deals with final bids received H1 2026 and estimates for non-EVR deals in the same period; Pricing Achieved scaled from 90% to 105%; diamond size = transaction size
2. Based on Evercore estimates of average gross purchase price prior to post-reference date adjustments across 2026 GP-led credit transactions; GP-Led credit secondaries H1 2026 pricing average includes all asset classes
3. Pricing shown reflects gross purchase price as a % of NAV prior to post-reference date adjustments

Strong Capital Backdrop

1. Data based on Evercore H1 2026 Secondary Market Survey
2. Cost of capital targets reflect levered expectations

Broader Participation Across Sellers, Buyers, and Regions

1. Data based on Evercore H1 2026 Secondary Market Survey
2. Figures reflect average percentage reported across respondents

BDC Redemption Pressure Driving Secondary Market Opportunity

1. Source: FactSet as of 7/19/2026
2. Redemption requests source: Fitch Ratings as of July 2026; reflects perpetually non-traded BDCs tracked by Fitch. Default rates source: Fitch Ratings' U.S. Private Credit Default Rates; 2Q26 default rate as of May 2026

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