

Power Up: Secondaries

A quick primer to charge your private markets portfolio

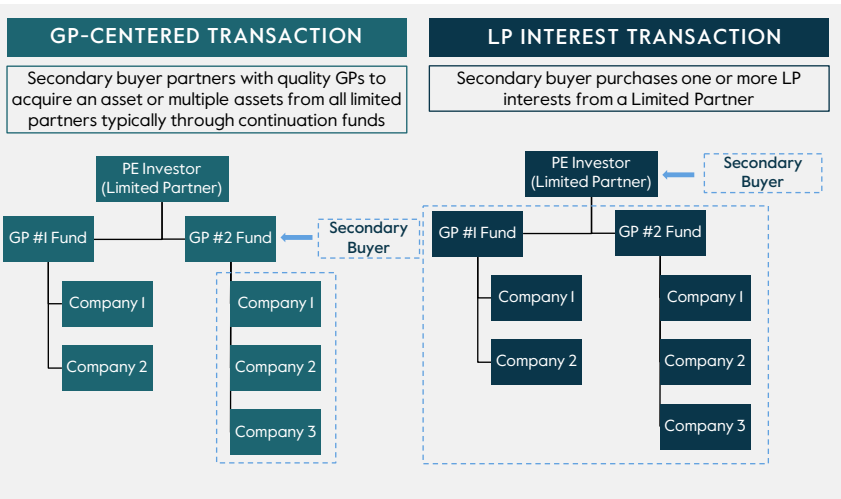
THE CONCEPT

We define a **secondary** investment as the acquisition of an asset or portfolio of assets from an original investor, or limited partner, in a private equity fund. The secondary market provides liquidity to an otherwise illiquid asset class.

WHY CONSIDER SECONDARIES?

- Seeks to provide diversified exposure to private equity across vintage year, investment strategy, industry sector and fund managers
- Seeks to deliver attractive returns with reduced volatility and low loss ratios¹
- Helps to mitigate “J-curve” effect through a balanced near-term cash flow profile
- Helps to reduce “blind pool” risk with greater asset visibility

GENERAL PARTNER-CENTERED VS. LIMITED PARTNER INTEREST SECONDARIES



For illustrative purposes only.

OUR ALPINVEST SECONDARIES TEAM²

Relentlessly focused on quality sponsors & companies.

20YR+ \$34BN+ 40+

Track record in secondary market

Deployed in 225+ transactions³

Dedicated secondary investment professionals



Eric Anton
Managing Director,
Secondaries & Portfolio
Finance at Carlyle

KEYS TO OUR APPROACH⁴

Strong Asset Visibility

- Purchasing assets in middle of fund life (years 3-6) can help limit “blind pool” risk and allows us to conduct bottoms-up due diligence on positions
- AlInvest global platform creates information edge through deep relationships with 370+ quality GPs⁵ and investment in 1,000+ funds

Balanced Cash Flow Profile

- Significant near-term distribution potential from maturing assets alongside longer-term value creation potential
- Purchasing investment at middle of fund life accelerates the pace and timing of distributions, which can help mitigate “J-curve” effect

Embedded Value at Entry

- Portfolios often purchased at a discount to fair market value while remaining highly focused on asset quality
- Vast majority of historical returns driven by value creation at the asset level

Flexible approach

- Well positioned to dynamically deploy across GP-centered and LP-interest secondaries, depending on market opportunity

“We seek to acquire high quality private equity exposure with embedded value that is managed by high quality and strongly aligned GPs.”

1. Past performance is not indicative of future results. 2. Source: Carlyle. As of June 30, 2024. 3. Includes private equity and credit investments. 4. There is no assurance that any portfolio construction objectives can be achieved or that any such portfolio will be profitable or have similar characteristics. Diversification does not eliminate the risk of loss. 5. Includes credit fund managers.

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