GUEST ARTICLES

Liquidity in Private Markets: Still Concentrated in a Few Corners

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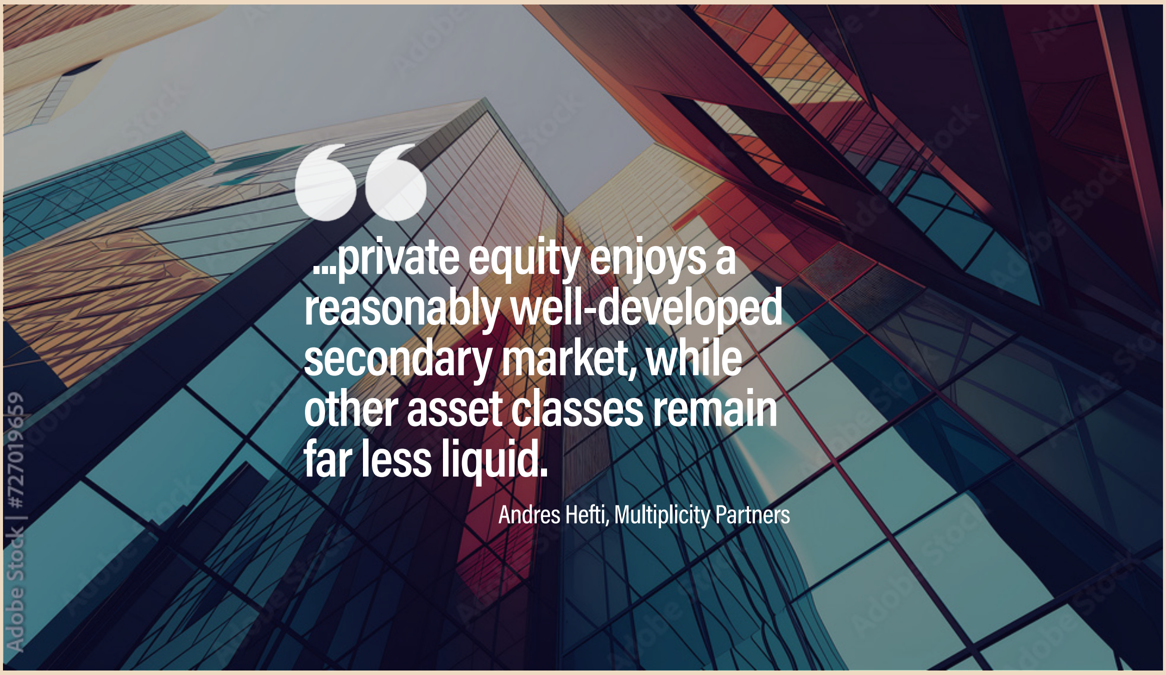
The private markets secondary industry has expanded significantly over the past decade. What started as a niche corner of private equity is now a global market of around USD 160 billion in 2024, according to Setter Capital. Activity has spread into private credit, infrastructure, real estate, hedge funds and other areas. Yet when compared to the size of the underlying markets, most of the liquidity remains concentrated in private equity.

Why does liquidity matter? For limited partners, secondaries provide a crucial tool to actively manage portfolios, rebalance exposures and recycle capital. In contrast to the illiquid nature of primary commitments, the ability to sell or adjust positions helps investors respond to shifting market conditions, manage risk or free up resources for new opportunities. The availability of liquidity therefore plays a major role in the appeal and sustainability of private markets as a whole.

Setter Capital's 2024 figures underline the scale of the imbalance. Private equity secondaries accounted for about USD 143 billion of trading volume, equal to roughly 1.3% of the sector's USD 10.8 trillion in assets under management. By contrast, private credit saw USD 11 billion of trades against USD 1.6 trillion AUM (0.7%). Infrastructure traded USD 7.5 billion out of USD 4.5 trillion (0.2%), and real estate just USD 2.8 billion versus USD 5.1 trillion (0.06%).

In other words, private equity enjoys a reasonably well-developed secondary market, while other asset classes remain far less liquid. The picture is even more limited in niche areas such as royalties, forestry funds, hedge fund side pockets or insurance-linked securities. While these markets exist, only tiny amounts trade each year as very few buyers are prepared to underwrite such exposures.

Geography compounds the imbalance. Most activity is concentrated in North America and Western Europe, while Asia, Latin America, Africa and other regions



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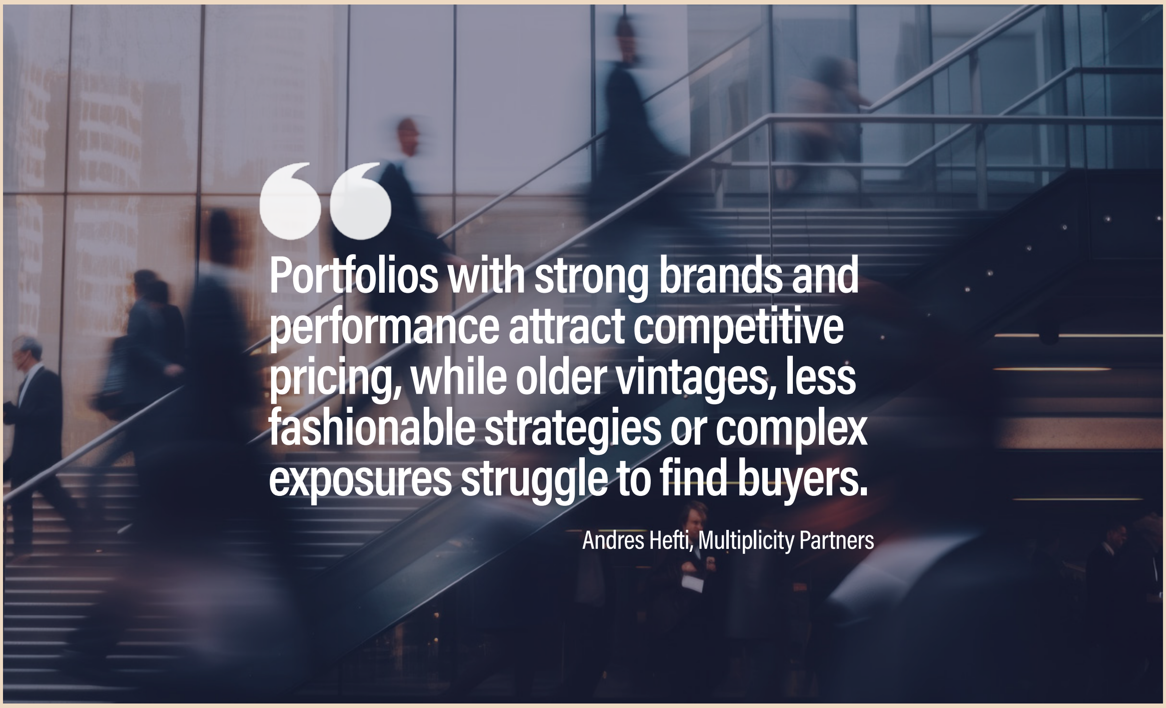
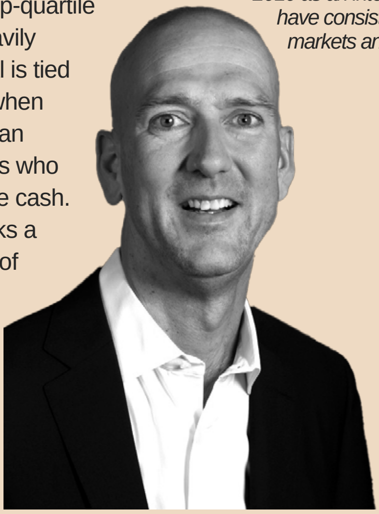


remain far less active despite rapid growth in private market assets. This geographic skew limits investor flexibility in parts of the world where private markets are expanding fastest.

Buyer preferences also reinforce the concentration. Investors often target the best-known funds and highest-quality growth assets. Portfolios with strong brands and performance attract competitive pricing, while older vintages, less fashionable strategies or complex exposures struggle to find buyers. A recent development is the acceptance that certain tail-end funds—particularly in emerging markets—may never recover their NAV and need to change hands at steep discounts to clear.

This behaviour highlights an important point: private markets are not made up solely of top-quartile funds. While the best names are heavily sought after, a large portion of capital is tied up in funds that attract little interest when investors seek liquidity. That reality can frustrate institutions and family offices who need to adjust exposures or generate cash. The industry's growth therefore masks a persistent gap between the promise of liquidity and its actual availability.

Looking forward, there are reasons for cautious optimism. Private credit is on a trajectory to develop a more active secondary market, given its scale and shorter-duration characteristics.



Infrastructure and real estate may also follow, particularly as investors push for more flexibility in long-hold assets. Broader geographic participation should gradually improve as local buyers and dedicated funds emerge.

Still, the secondary market today remains uneven. Liquidity is plentiful for a narrow set of funds, but scarce for the rest. Our mission is to serve those overlooked corners - because broadening access to liquidity means turning unmet demand into profitable opportunities.

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Multiplicity Partners is a Switzerland-based secondaries investor with a broad mandate, focused on special situations and niche opportunities often overlooked by traditional buyers. Founded in 2010 as an intermediary before launching its own funds, we have consistently sought to provide liquidity in underserved markets and complex positions.