



DALMORE CAPITAL

Patient Assets, Liquid Stakes: why infrastructure's secondary market makes long-term capital work

THE DALMORE INFRASTRUCTURE SERIES

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How stakes in long-dated funds change hands, why Britain's pension endgame is bringing them to market — and why the buyer's cost of capital, not just the asset, sets the price

Britain's defined-benefit endgame is bringing infrastructure fund stakes to market: schemes insured £38.2 billion of liabilities through buy-ins in 2025, and advisers estimate £4–8 billion of their illiquid assets could be offered within a year. Alistair Ray, Chief Investment Officer of Dalmore Capital, argues that the price of those stakes is set not only by the assets but by the buyer's cost of capital — and that long-horizon institutions can pay more than specialist secondaries funds for long-dated core stakes and still improve on the return from a new commitment.

1. KEY POINTS

- Stake-level liquidity lets one investor exit while the fund and its assets remain intact. Redemption promises are different: open-ended funds can pay out quickly only while new money matches old, and when it does not, gating and asset sales can delay liquidity for months or years.
- Britain's DB endgame is creating timetable-driven sellers. Schemes insured £38.2 billion of liabilities in 2025 and £10.2 billion in the first half of 2026, with £40–55 billion forecast at the start of the year. Only the illiquid slice needs a secondary buyer: advisers estimate £4–8 billion over a year. This is best treated as a three-to-five-year tailwind; run-on could shorten it.
- A secondary buyer gets a portfolio it can see: blind-pool risk falls, the J-curve shortens and the stake generally trades below NAV. Infrastructure's average 2025 discount was 8.9%, but stale valuations, inherited terms and adverse selection remain.
- Pricing reflects the buyer as well as the asset. In the worked example, a ten-year stake yielding 8% must be bought at 58–65% of NAV to clear a specialist's 15% net hurdle, yet a long-horizon buyer with an 8% hurdle can pay 91 and earn 9.4%. More specialist capital is now entering, so the durable advantage lies in selection, duration and cost of capital.
- A working transfer market also changes how long a fund should be. Evergreen structures solve real problems, but UK property funds and, in 2026, semi-liquid private-credit funds showed what happens when a redemption promise meets a queue. In current conditions we prefer a defined-life fund with an active secondary market beneath it — a view we would expect to revisit as the evidence changes.
- Continuation vehicles, roughly two-thirds of infrastructure secondary volume, can be legitimate, but the motives include preserving fee income and avoiding a disappointing mark as well as asset logic; acceptability is earned through the process. The author's own interests, as a manager of defined-life funds whose stakes have traded, are declared.

2. THE LIQUIDITY PROBLEM IN LONG-TERM FUNDS

Infrastructure assets can earn returns over decades, while fund investors' circumstances change much sooner. Funds once stretched from ten-year lives to fifteen- and twenty-five-year terms as pension investors sought long-dated, inflation-linked returns to match their liabilities. Newer raisings have moved back towards ten or fifteen years as investors seek earlier realisations and a secondary market has developed beneath the funds.¹ Whatever the term, some investors will need an exit before the vehicle does.

There are four broad responses, and each resolves the mismatch by conceding something.

An existing fund can shorten its life. That improves visibility for investors but weakens the match with the asset and requires agreement from both the manager and a supermajority of investors.

A fund can promise redemption. An open-ended or evergreen fund avoids a fixed terminal sale and can broaden access, but its promise depends on new money arriving as fast as old money leaves. When investors wanting out outnumber those coming in, typically just when the underlying assets are hardest to sell, redemptions queue. Investors may then wait months or even years: first while the manager tries to raise new capital, then while it arranges to sell assets. A gate can itself trigger a rush for the exit, as investors try not to be at the back of the queue. UK property funds gated after the 2016 referendum and again in 2020, and several entered wind-down in 2023.² Semi-liquid private-credit funds faced similar pressure in 2026: requests exceeded caps and one vehicle sold assets to fund a return of capital that replaced its redemption programme.³

A fund can be listed. Listing is stake transfer made continuous: the fund and its assets stay intact and shares change hands every day. The difference is the price, set daily by public-market sentiment rather than negotiated against NAV, and it can remain well below NAV for years, as UK-listed infrastructure trusts have shown.⁴

Or the stake can change hands privately. The fund and its assets remain intact while the departing investor finds a new holder, at a price negotiated against NAV by buyers who have examined the assets. It is the only route that avoids both an asset sale and a redemption queue while pricing the exit on the assets rather than on market sentiment.

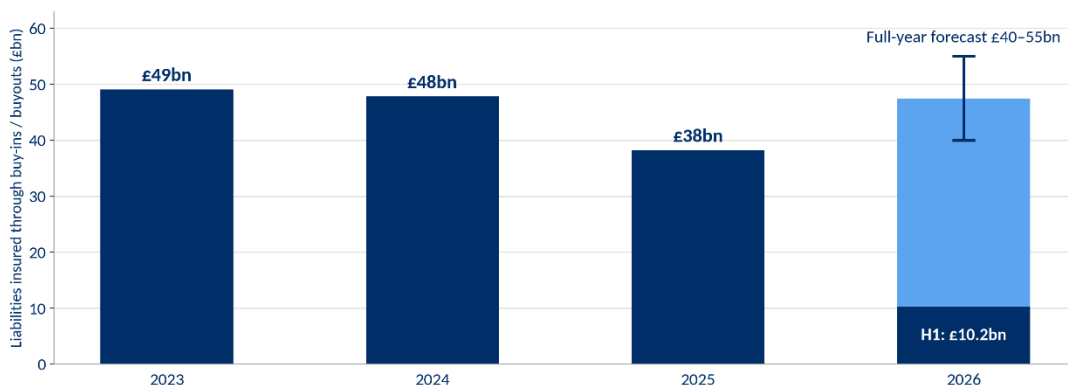
Stake-level liquidity is the secondary market's central contribution to long-term investing. The investor changes; the fund and the assets do not.

For most of infrastructure's history, transfers were private and episodic: a manager introduced another investor and registered the change. Dedicated vehicles were buying PFI equity by the late 2000s, and stakes in the funds we manage have changed hands at intervals.⁵ Earlier waves followed distress or reallocation around 2008, the 2016 referendum and the 2022 gilt-market crisis.⁶ The newer UK seller is different: a mature DB scheme in surplus, acting to a timetable set by its endgame and by the requirements of its chosen insurer.

3. BRITAIN'S PENSION ENDGAME

Corporate DB schemes have matured, funding has improved and sponsors can transfer remaining liabilities to insurers. In 2025, schemes insured £38.2 billion of liabilities across a record 367 buy-ins; the first half of 2026 added £10.2 billion across 135 transactions.⁷ Forecasts at the start of the year put the full year at £40–55 billion, and the market is heavily weighted to the second half. Around 45% of schemes can already afford a full insurance transaction, and one adviser expects four in five to be able to within five years.⁸

The seller's timetable: UK DB pension risk transfer to insurers



Sources: LCP (2023–25 actuals, March 2026; 2026 forecast, January 2026); LCP / Hymans Robertson (H1 2026: £10.2bn across 135 transactions). Volumes are heavily second-half weighted. 2025 set a record for the number of transactions (367), with fewer deals above £1bn (7, against 14 in 2024).

Buyout exposes a mismatch between a scheme's illiquid assets and an insurer's annuity portfolio. Solvency UK's matching adjustment favours fixed, predictable cashflows; the 2024 reforms admitted a limited bucket of "highly predictable" cashflows but did not make infrastructure fund equity a natural match.⁹ UK annuity writers therefore hold substantial infrastructure debt but, in our experience, comparatively little infrastructure equity.

The binding constraint is not a uniquely punitive equity charge. The UK retained the reduced standard-formula charges introduced in the EU, while the EU has since gone further on long-term equity.⁹ The practical problem is that an infrastructure fund stake cannot ordinarily sit in the matching portfolio used to price annuity business. It must usually find another buyer.

An insurer accepting illiquids must diligence and monitor private-fund interests for years. Many prefer the scheme to realise them first. Four insurers accepted about £3.1 billion of illiquids over two recent years, in fewer than a quarter of the deals requiring a solution; for some assets, insurer pricing can nevertheless match or beat the secondary market.¹⁰ Schemes should compare deferred premiums, sponsor purchases, in-specie transfers and competitive sales.

Secondary sales are therefore prominent, not exclusive. Among schemes above £1 billion, 76% favour them, and advisers estimate £4–8 billion of UK scheme illiquids could reach the market over twelve months.¹¹ Pension funds already account for almost half of global LP-led seller volume.¹²

| *"The investor changes; the fund and the assets do not."*

— Alistair Ray, Chief Investment Officer, Dalmore Capital

Three limits matter. Infrastructure is only about 8% of the projected UK sell-down, so DB supply is a tailwind rather than the market's engine.¹¹ Run-on and surplus release could also shorten the wave: among schemes above £1 billion, intentions now divide roughly evenly between buyout and run-on.¹³ The largest schemes, which are the most likely to hold infrastructure, also transacted less often in 2025: buy-ins above £1 billion halved from fourteen to seven, while schemes under £100 million made up about 85% of deals.⁷ Finally, the first half of 2026 brought keener pricing but no acceleration in volume. Our estimate is that timetable-driven selling will be strongest for the next three to five years.

These are not distressed sellers. Schemes approaching buyout are usually well funded and acting on a long-planned timetable rather than an asset-specific concern. That does not eliminate adverse selection, but it reduces it. Competition between insurer transfers, sponsor solutions and secondary sales should improve value and execution certainty for schemes and their members.

4. WHAT THE BUYER GETS AND GIVES UP

A secondary purchase changes the investment proposition in four ways.

The blind pool disappears. A secondary buyer can examine named assets, operating histories, contracts, co-investors and the manager's conduct. In infrastructure, where entry price drives much of the difference between a good and bad vintage, this removes a major source of uncertainty. One specialist reports that half the LP stakes it underwrote had known or high-probability exits within twelve months.¹⁴

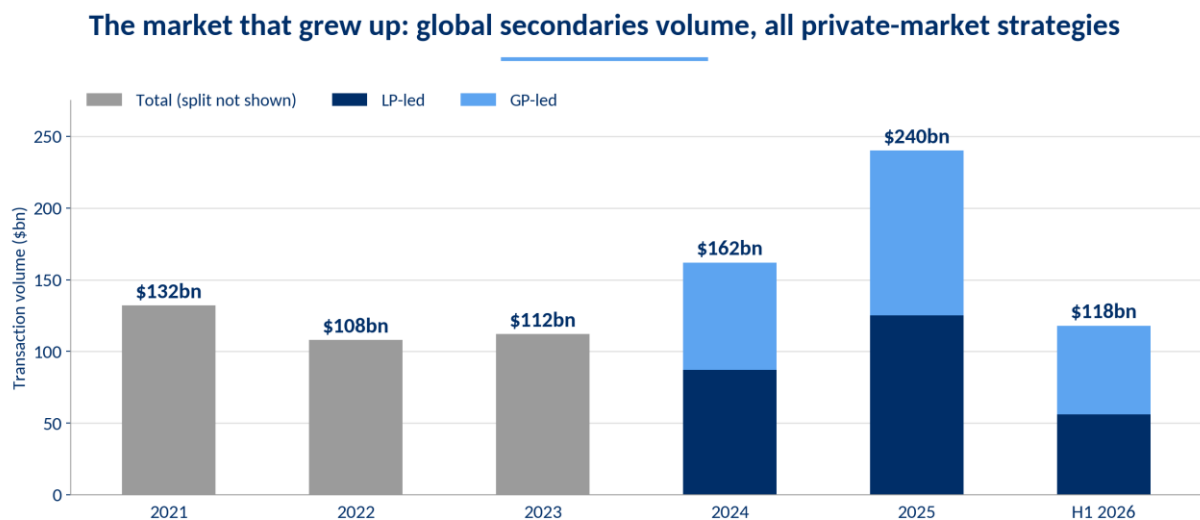
The J-curve shortens or inverts. The portfolio is already built and may be distributing cash. One comparison found secondary strategies returning a full capital multiple in about seven years, against more than eleven for fund-of-funds, with lower maximum net calls.¹⁴ A single purchase can also add vintage diversification, current yield and deployed exposure.

The discount is a head start, not the thesis. At prevailing infrastructure prices it provides a cushion against modestly generous valuations. The return premium comes from price, shorter duration and selection; the assets still have to perform.¹⁴

What is given up is real. The buyer inherits valuations that may be months old, existing terms, the remaining fund life and limited governance rights. Diligence cannot remove the information gap with a long-standing seller. UK scheme sales reduce adverse-selection risk because the timetable is often portfolio-wide, but they do not remove it.

5. THE SECONDARY MARKET AND ITS BUYERS

Global secondary volume reached \$225–240 billion in 2025 and \$118–121 billion in the first half of 2026.¹⁵ LP-led deals provide liquidity when distributions are scarce. GP-led deals, mainly continuation vehicles, let managers retain assets while offering existing investors cash or continued exposure; they exceeded LP-led volume in the first half of 2026.¹⁶



Source: Jefferies Global Secondary Market Review (Feb 2026; Jul 2026). LP-/GP-led split shown for 2024 to H1 2026. In H1 2026 GP-led volume exceeded LP-led for the first time; Jefferies projects c. \$260bn for full-year 2026.

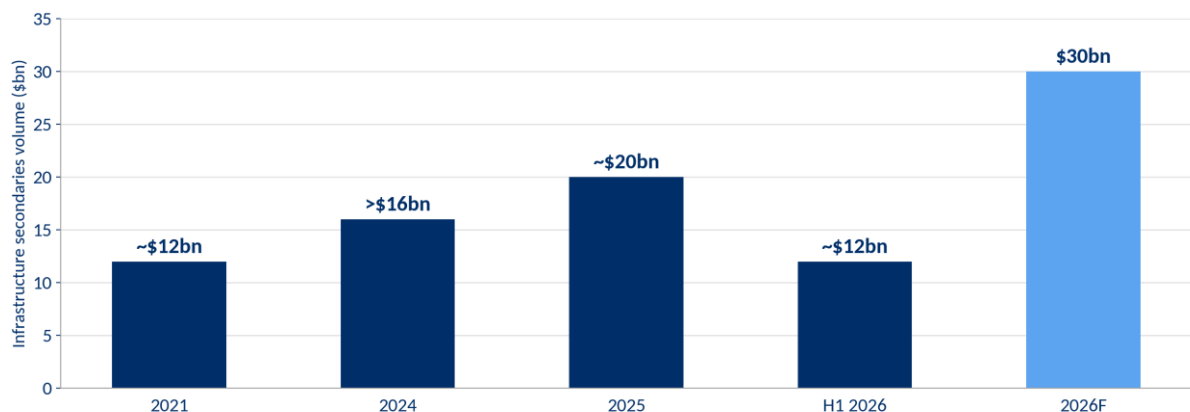
Sterling figures refer to UK pension risk transfer and scheme sales; dollar figures refer to global and infrastructure secondaries. Table 1 below keeps the periods and scopes visible because they are not directly comparable.

Table 1: The market in one place

Measure	Scope	Period	Figure	Source
Liabilities insured through buy-ins and buyouts	UK DB schemes; whole scheme portfolios	2025	£38.2bn; 367 transactions	LCP
		H1 2026	£10.2bn; 135 transactions (H1 2025: £9.8bn)	Hymans Robertson
		2026 forecast (January)	£40–55bn	LCP
Illiquid assets expected to be sold on the secondary market	UK DB schemes; private-market holdings only	12 months from Feb 2026	£4–8bn, of which infrastructure c. 8%	MeltX / Mallowstreet
Secondary transaction volume	Global; all private-market strategies	2025	\$225–240bn	Campbell Lutyens; Jefferies
		H1 2026	\$118–121bn	Jefferies; Evercore
Secondary transaction volume	Global; infrastructure only	2025	c. \$20bn (one adviser, wider scope: \$25bn)	Campbell Lutyens; Jefferies; PitchBook
		H1 2026	c. \$12bn	Evercore
Pricing of LP stakes	Global; infrastructure only	2025	91.1% of NAV (8.9% discount)	Campbell Lutyens
		H1 2026	91% of NAV	Jefferies
Capital available to buy	Global; infrastructure only	2024 estimate	c. \$14bn	Evercore, via StepStone
Capital newly raised	Global; infrastructure secondaries funds	2025	\$11.5bn — a record; 2024: \$5.6bn	PitchBook

Infrastructure secondaries grew from roughly \$12 billion at the 2021 peak to more than \$16 billion in 2024 and about \$20 billion in 2025. The first half of 2026 contributed about \$12 billion, with one forecast putting the full year at \$30 billion.¹⁵ The market remains underpenetrated: infrastructure accounts for less than a tenth of secondary volume despite its much larger share of private-market assets.¹⁷

Small and growing fast: infrastructure secondaries



Sources: StepStone (2021 prior peak; 2024 record); Campbell Lutyens / Jefferies (2025; 2026 forecast); Evercore (H1 2026: c. \$12bn, +33% year on year). PitchBook counts \$25bn for 2025 on a wider definition. Dedicated capital covered less than 1.0x annual volume on 2024 data (Evercore via StepStone); fundraising then doubled to a record \$11.5bn in 2025 (PitchBook).

Dedicated capital was scarce. Several major platforms already ran infrastructure-secondaries funds,¹⁸ but in 2024 their estimated dry powder was only about \$14 billion, less than one year's dealflow.¹⁹ The wider market held capital equal to roughly 2.5–3 times annual volume. That imbalance created a buyers' market without requiring weak sellers.

That imbalance is correcting. Infrastructure-secondaries fundraising doubled to a record \$11.5 billion in 2025, and managers were targeting a further \$20 billion.¹⁹ By mid-2026, one adviser described pricing as firm while dedicated capital arrived with lower return targets.²⁰ Buyers should assume scarcity will keep easing; the durable opportunity must survive that change.

Specialist platforms provide underwriting, diversification, speed and price discovery, but their economics shape the price. Their investors typically expect low-to-mid-teens net returns, while management fees and carried interest create a second fee layer.^{18,20} Both are paid from the difference between the purchase price and the stake's cashflows. The lower the underlying fund's expected return, the larger the discount the specialist needs. A low-risk core stake may therefore need a wider discount than a value-add stake, even if its valuation is sound. In transactions we have seen, a wide discount can reflect a low-return fund as much as an overvalued one.²¹

Box 1: What a 15 percent hurdle does to the price of an 8 percent fund

Assume a stake with NAV of 100 distributes 8 a year and returns NAV at par when the fund ends. There is no leverage or growth in the valuation. Two buyers consider the same cashflows.

A specialist secondaries fund targets 15% net for its investors and needs roughly 17% from the stake after allowing for its own fees. A pension fund compares the purchase with a similar primary commitment yielding 8% and carries no second fee layer.²²

Table 2: The price each buyer can pay as a percentage of NAV and the return earned at a price of 91²²

Remaining life of the stake	Specialist at 15%, no fee layer	Specialist at c. 17%, with fee layer	Pension fund at 8%	Return to any buyer at the market's 91
2 years	89	86	100	13.4%
5 years	77	71	100	10.4%
10 years	65	58	100	9.4%
15 years	59	52	100	9.1%
25 years	55	48	100	8.9%

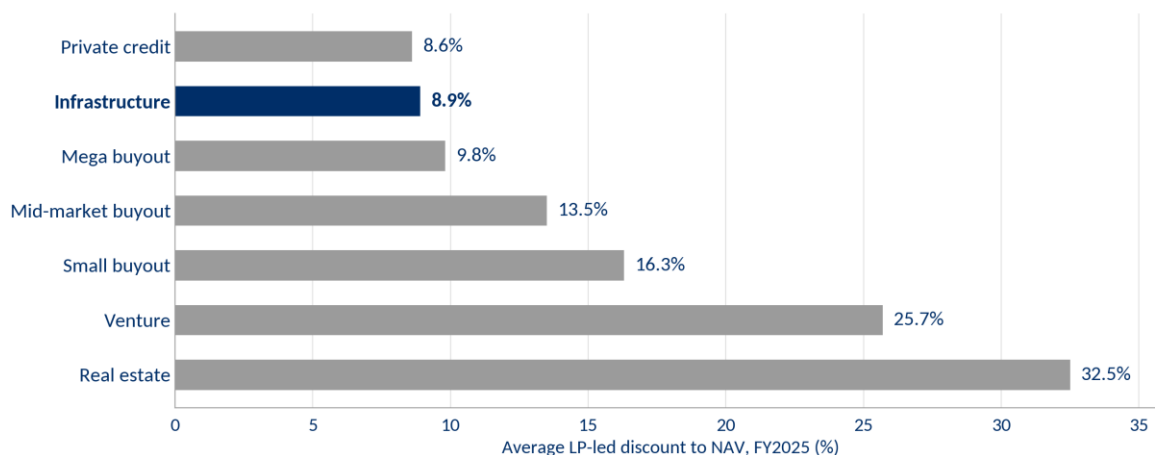
The arithmetic has three implications. First, with ten years remaining, a specialist needs a price of 58–65; it must therefore underwrite earlier exits or higher cashflows, use leverage or defer consideration. A headline price of 91 with half paid two years later has a present value of about 80 at a 15% discount rate. Second, a long-horizon buyer with an 8% hurdle values the same cashflows at par. Paying 91 produces about 9.4% on a portfolio it can already see. Third, the observed price and payment terms reveal the marginal buyer's assumptions. At 91 in cash, that buyer has a hurdle nearer 9% or expects better cashflows, earlier realisations or value above NAV.²²

LP stakes traded at an average 13.6% discount in 2025. Infrastructure was among the tightest at 8.9%, and by the first half of 2026 averaged 91% of NAV on Jefferies' measure.^{23,20} Individual infrastructure stakes still range from low-single-digit to roughly 30% discounts in our experience.²¹ The spread reflects return expectations, seller urgency and competition as well as confidence in the NAV.

“The lower the underlying fund’s expected return, the larger the discount the specialist needs.”

— Alistair Ray, Chief Investment Officer, Dalmore Capital

Infrastructure among the tightest priced: secondary discounts by strategy



Source: Campbell Lutyens, FY2025 Secondary Market Overview. All-strategy average 13.6%.

Tight pricing is double-edged. It suggests confidence in infrastructure valuations, but it also means the return case cannot rest on buying cheaply. A modest discount is a head start and margin of safety; the assets must earn the rest. This is where long-horizon capital can have an advantage. An unlevered institution with no second fee layer or exit deadline can pay more than a specialist for long-duration core stakes and still improve on a new commitment. That advantage matters only when paired with underwriting skill, governance, manager access and execution speed.

The market bears this out. Priced out by their return targets, specialist secondaries funds have, in our experience, largely left UK core and PPP stakes alone. Those stakes, in funds and in the projects themselves, have mostly changed hands among a small group of experienced direct investors: dedicated PPP secondary funds, the listed infrastructure companies and a few pension-backed vehicles.²⁴ Since interest rates rose, the listed companies have been largely unable to raise new capital, so that group has narrowed just as DB supply has grown. That is the gap long-horizon institutions are placed to fill, and UK pension reform could bring more of them into the market, as the second paper in this series argues. Newer secondaries funds raising capital at lower target returns may also compete in time.²⁰

Four constraints explain why long-term institutions remain under-represented. Buying a stake requires people who can underwrite the manager, assets and NAV quickly. The seller determines ticket size, which may be too large for a new entrant or too small to justify diligence. Every transfer also needs the manager’s consent and cooperation. Finally, advisers market processes to buyers they already know, so a new entrant may not see the dealflow. Partnerships can help with scale and access; buyers should engage managers and advisers early. As a manager whose funds have seen transfers, we treat a well-run secondary process as being in the fund’s interest; a manager’s stance on transfers is now a fair diligence question for any investor committing to a fund.

6. CONTINUATION VEHICLES

GP-led transactions have accounted for roughly two-thirds of infrastructure secondary volume in recent years.²⁵ A continuation vehicle can make sense when an asset is worth more held than sold, while giving existing investors a choice between cash and continued exposure. Single-asset vehicles reached \$34 billion in the first half of 2026, more than half of GP-led volume.¹⁶

The conflict is equally real. A continuation vehicle can preserve fee income, avoid a sale into a weak market and defer a disappointing mark. The manager may earn fees on both sides, while the price refers to a NAV it helped set. Most single-asset continuation volume in the first half of 2026 cleared at par or above.¹⁶ None of this makes a transaction wrong, but it shifts attention from the pitch to the process.

ILPA's test is practical: a clear commercial rationale, competitive price discovery or an independent fairness opinion, early conflict disclosure, a genuine cash option, adequate election periods and no worse economics for rolling investors.²⁶ Acceptability is earned deal by deal through pricing, transparency and genuine choice.

7. WHY SECONDARY LIQUIDITY MATTERS

Stake-level liquidity can lower the asset class's cost of capital. Investors demand compensation for an illiquid commitment; a credible transfer route should reduce that premium at the margin. The effect is hard to isolate, but a deep secondary market supports primary commitments and reduces reliance on emergency asset sales.

It also makes a defined-life fund more credible. The vehicle can hold and realise assets to a timetable the manager controls while acknowledging that individual investors may need to leave sooner. Transfer reconciles those two timelines without promising redemption on demand.

The choice between a defined-life and evergreen fund depends on the quality of the exit mechanism. A decade ago, infrastructure transfers were thin and slow. Today, a stake in a well-regarded fund can be marketed competitively within months. That makes a ten- or fifteen-year vehicle, supported by an active secondary market, more flexible without weakening the discipline of a terminal date.

In current conditions we prefer that structure to an evergreen fund. Private-market redemption design has not been tested through a full cycle; liquidity sleeves reduce returns for every investor; and a queue rewards the quickest investor rather than the patient one.³

That is not a permanent verdict. An evergreen vehicle with realistic notice periods, conservative valuations, a properly sized liquidity sleeve and an active transfer market can solve the same problem. The UK long-term asset fund is designed on those lines, and is the route by which defined-contribution schemes are most likely to reach the asset class, as the third paper in this series discusses. A full redemption cycle survived without gating, deeper transfer-market capital and lower liquidity-sleeve costs would strengthen the case. We would then revisit our view.

The market also supports the pensions transition. Schemes must resolve illiquid portfolios as their strategies end. Secondary sales, insurer transfers and sponsor purchases provide competing routes to owners whose holding periods are beginning. Competition should improve outcomes for members.

Finally, secondaries broaden access. Evergreen and semi-liquid vehicles often use seasoned portfolios and earlier cashflows to help manage their own liquidity terms.²⁷ Their redemption promises also depend on a transfer market when the liquidity sleeve is insufficient.

8. CAVEATS AND TESTS

Discounts may compress further. Infrastructure-secondaries fundraising set a record in 2025, managers were targeting up to \$20 billion more and stakes averaged 91% of NAV by mid-2026.^{19,20} An investor underwriting today's discount as permanent is effectively underwriting competitors not to arrive. The durable opportunity therefore rests on the gap between a specialist's hurdle and a long-horizon buyer's, not on today's headline discount.

The seller wave has a horizon. Run-on and surplus release could reduce the buyout pipeline; £4–8 billion is a one-year survey estimate; infrastructure is its smallest component; and the first half of 2026 did not accelerate.^{11,13} The UK DB endgame is a three-to-five-year tailwind, not a permanent basis for a strategy.

NAV is constructed. It is a manager's periodic mark, not a price tested every day. Tight infrastructure discounts express confidence in those marks, but a rate shock, regulatory reset or writedown would test it. A stake bought at 91% of NAV is not cheap if NAV subsequently falls by 15%. Buyers must underwrite the assets, not the accounting.

Conflicts are managed, never absent. Continuation vehicles carry mixed motives by construction, and a governance failure in a prominent one would damage the whole market. Buyers and rolling investors should treat process quality as part of the asset.

Liquidity design remains unproven at scale. LTAFs and other open-ended structures have not faced a full redemption stress with substantial retirement money inside them. The 2026 private-credit experience produced mixed results.³ Conservative sleeves and honest notice periods cost return, but a prominent gating failure would cost confidence.

Dalmore's position should be clear. We manage defined-life funds in which stakes have traded; our funds have also been buyers of UK core and PPP stakes; and our investors include institutions of the kind described as sellers. We have also managed twenty-five-, fifteen- and ten-year vehicles. That experience informs our preference for defined-life funds supported by a liquid transfer market, and readers should weigh the analysis knowing that we have a commercial interest in both propositions.

9. IMPLICATIONS FOR INVESTORS

Potential sellers should prepare early. They should compare insurer transfers, sponsor solutions and competitive sales, and engage the manager before the final transaction quarter because consent, records and introductions affect both price and speed.

Buyers should favour known funds and assets with predictable cashflows, treating the discount as margin of safety rather than the thesis. Assets with revenues set by regulation or long-term contract are easier to value and leave less room for NAV to disappoint. Buyers should also be wary of excessive leverage at fund and asset level alike: debt beyond what the cashflows can comfortably carry magnifies any fall in NAV, and a discount that looked generous can disappear with it. People, ticket size, manager cooperation and access must be planned for before a process starts.

“An investor underwriting today's discount as permanent is effectively underwriting competitors not to arrive.”

— Alistair Ray, Chief Investment Officer, Dalmore Capital

Long-term institutions should compare direct purchases with a commitment to a specialist secondaries fund. Buying directly and unlevered, without a forced exit date or second fee layer, can support a higher price for long-duration core stakes while still improving on a primary commitment. That advantage only produces value with strong underwriting, governance, manager relationships and execution. Institutions can build those capabilities, obtain them

through partnership or delegate them. As more long-horizon capital enters, it will compress the discounts that attracted it; that is an argument for developing capability early, not for relaxing discipline.

Hold-to-maturity investors also benefit from a functioning market. It supports the value of their stake, disciplines the manager's NAV and preserves a route out if their circumstances change.

The asset class should therefore favour efficient transfers, conservative valuations, cooperative managers and continuation vehicles that meet the governance tests. Long commitments are more credible when investors have a workable route to exit.

10. CONCLUSION

Infrastructure secondaries now hit \$20 billion a year. Britain's pension endgame adds well-funded sellers whose decisions are driven more by portfolio timing than by a judgement on individual assets. The opportunity is real but time-limited: more specialist capital is already narrowing the imbalance.

The durable case is structural. Specialist managers provide essential underwriting and execution, but their return hurdles and fee layers limit what they can pay for long-duration core stakes. Long-horizon institutions can sometimes pay more and still improve on a new commitment, provided they possess or obtain the required capability. The DB-driven window will pass and headline discounts may narrow; the difference between buyers' costs of capital will remain.

Patient assets, liquid stakes. That is not a paradox — it is the design.

11. ABOUT DALMORE CAPITAL AND ROYAL LONDON ASSET MANAGEMENT

Dalmore Capital is part of Royal London Asset Management, the asset management arm of Royal London. Dalmore Capital is a UK infrastructure investment manager overseeing more than £5.7 billion of capital on behalf of institutional investors. The firm currently holds a diversified portfolio of 128 infrastructure assets accumulated since its formation in 2009, across Core, Core+ and PPP social infrastructure assets.

12. NOTES AND REFERENCES

1. The account of the trend in infrastructure fund terms — from the twenty-five-year vehicles of the PPP era to fifteen-year core funds and, in recent raisings, ten-year vehicles — reflects the author's market experience; no comprehensive public dataset of infrastructure fund terms by vintage exists. Dalmore has itself managed vehicles of twenty-five, fifteen and ten years; see the disclosure of interests.
2. UK open-ended property funds suspended dealing following the June 2016 referendum and again during 2020. Aviva's UK Property Fund, suspended in March 2020, entered wind-up from 19 July 2021; Aegon's Property Income Fund (c. £530m) was closed and wound up from June 2021; M&G closed the M&G Property Portfolio on 19 October 2023 with an expected wind-down of around eighteen months; St James's Place suspended dealing in its property unit trust on 23 October 2023. The FCA consulted on mandatory notice periods for open-ended property funds and introduced the long-term asset fund regime (PS21/14, October 2021) as an alternative structure.
3. S&P Global Ratings (18 March 2026): Cliffwater Corporate Lending Fund received Q1 redemption requests equal to 13.95% of NAV and met requests up to 7%. Blackstone Private Credit Fund investor letter filed with the SEC (4 June 2026): the fund fulfilled Q1 requests in full after its board increased the repurchase cap from 5% to 7%, with

Blackstone and employees investing alongside shareholders. Blue Owl Capital Corporation II press release and SEC filing (18 February and 6 March 2026): OBDC II sold \$600 million of loan commitments at approximately 99.7% of par and used part of the proceeds for a return-of-capital distribution equal to 30% of NAV; its board intended those distributions to replace future quarterly tender offers.

4. HICL Infrastructure and International Public Partnerships, the two largest UK-listed core infrastructure companies, traded at discounts to net asset value for extended periods between 2023 and 2026, while continuing to pay dividends equivalent to c. 5–6% of NAV. See *The Missing Allocation* (paper 3 of this series), note 11, for the distribution-to-NAV comparison and sources.
5. UK PFI/PPP secondary precedents: dedicated PFI secondary vehicles date from the late 2000s (e.g. the Innisfree PFI Secondary Fund, 2008 vintage); GLIL Infrastructure and LPPI built a combined 47.1% holding in Semperian PPP Investment Partners (January 2022), the c. £1bn portfolio of c. 100 UK PPP assets; the 2018 take-private of John Laing Infrastructure Fund by a consortium including Dalmore was, in substance, a whole-portfolio liquidity event for a listed PPP vehicle. Individual fund-stake transfers are private by nature and largely undocumented publicly.
6. The account of earlier waves of UK secondary selling reflects the experience of the author and colleagues; individual transfers are private and largely undocumented. Before 2008 many investors over-committed to private equity funds and became forced sellers when drawdowns continued and distributions stopped in 2008–09; after the 2016 referendum some overseas investors reduced UK exposure they had come to treat as standalone rather than European; and the gilt-market crisis of autumn 2022 left some schemes over-exposed to private markets after selling liquid assets to meet collateral calls (Work and Pensions Committee, *Defined benefit pensions with Liability Driven Investments*, citing LCP analysis; Bank of England, Financial Stability Report, December 2022, on the collateral-call mechanism).
7. LCP, press release, 27 March 2026: £38.2bn across a record 367 buy-in transactions in 2025 (2023: £49.1bn; 2024: £47.8bn), with seven transactions above £1bn against fourteen in 2024 and schemes under £100m accounting for c. 85% of transactions (as reported by Pensions Age, 27 March 2026). LCP, predictions for the pension risk transfer market in 2026 (8 January 2026): buy-ins of £40–55bn forecast for 2026. Hymans Robertson, analysis of insurers' half-year results (September 2026): £10.2bn across 135 transactions in H1 2026, against £9.8bn across 161 transactions in H1 2025. The 2025 total implies that roughly three-quarters of that year's volume came in the second half, so H1 figures are a poor guide to the full year. All buy-in figures are premiums paid to insurers for the liabilities insured, covering whole scheme portfolios; they are not a measure of assets sold on the secondary market.
8. PPF, *Purple Book 2025* (20th edition): s179 funding ratio 125% (aggregate surplus £214bn); aggregate buyout-basis deficit narrowed to £47.2bn; 4,840 schemes; bonds and bond-like assets 71% of scheme assets; insurance annuities a record 13%. LCP, Pension Risk Transfer Report 2025 (6 November 2025): c. 45% of UK DB schemes already able to afford a full buyout, projected to reach c. 80% within five years.
9. Bulk annuity pricing rests on Solvency UK's matching adjustment, which requires assets with fixed, predictable cashflows matched to annuity liabilities; LP fund interests, with uncertain distribution timing and residual equity risk, do not qualify. The PRA's 2024 reforms (PS10/24, *Review of Solvency II: Reform of the Matching Adjustment*, June 2024) admitted assets with "highly predictable" cashflows to a limit of 10% of the total MA benefit claimed. On capital charges for infrastructure equity: the reduced standard-formula charges for qualifying infrastructure investments (30%) and qualifying infrastructure corporate investments (36%), introduced in the EU by Commission Delegated Regulations (EU) 2016/467 and 2017/1542, were retained in UK law on withdrawal from the EU, and the Solvency UK reform programme did not propose to change them (Clifford Chance, *Investments by insurers under Solvency II and Solvency UK*, May 2024: "neither the UK nor the EU are recommending changes to capital charges"). IFM Investors and Barnett Waddingham, *Infrastructure equity for insurers: capital efficiency, diversification, resilience* (December 2025), likewise describe the 30% (QIE) and 36% (QICE) charges as applying under both Solvency II and Solvency UK. The EU's subsequent review of Solvency II (Directive (EU) 2025/2) introduced a broader dedicated treatment for long-term equity investments which, as we understand it, the UK has not matched. Most large UK annuity writers use internal models rather than the standard formula, which further limits the practical significance of the standard-formula distinction. The observation that UK annuity

writers hold comparatively little infrastructure equity reflects the author's market experience; no consolidated public dataset isolates it.

10. LCP (February 2025): four bulk-annuity insurers accepted about £3.1bn of illiquid assets over two years — c. 4% of premiums — in fewer than a quarter of deals requiring an illiquids solution. LCP also reports that, for some assets, insurer pricing can match or beat the secondary market; since 2021 it has overseen more than £5bn of illiquid and semi-liquid sales, roughly half to insurers within buy-ins. The conclusion is selectivity, not an automatic haircut: trustees should compare all available routes. The observations on insurers' diligence and monitoring capacity reflect practitioner experience.
11. Standard Life / Professional Pensions trustee research (fieldwork August 2025, published April 2026; 100 trustees of schemes ≥£100m): 51% plan in-specie transfers or secondary sales; 26% deferred premiums; among schemes over £1bn, 76% favour secondary market sales. MeltX / Mallowstreet (February 2026): UK DB schemes could sell £4–8bn of illiquid assets on the secondary market over the next 12 months; expected asset mix — private debt 42%, private equity 32%, real estate 18%, infrastructure 8%.
12. Jefferies, H1 2025 Global Secondary Market Review: public and corporate pension funds were 48% of LP-led seller volume — the largest seller segment. No published dataset isolates UK pension sellers specifically; the attribution of the UK wave rests on the adviser surveys in note 11.
13. Pension Schemes Act 2026 (Royal Assent April 2026): statutory surplus-release power for well-funded schemes. DWP, *Surplus flexibilities for defined benefit pension schemes* (consultation 10 June to 2 September 2026, with draft Occupational Pension Schemes (Payments to Employer) Regulations 2027): closed, with the government's response awaited at the time of writing and implementation signalled for 2027. WTW Endgame Report 2026 (136 schemes, £300bn+): 65% still target buyout overall, but intentions among £1bn+ schemes are split roughly 50/50 between buyout and run-on.
14. Cambridge Associates, *When Secondaries Should Come First* (2017): median secondary fund outperformed median fund-of-funds across most 1998–2011 vintages; secondaries reached 1.0x DPI in c. 7 years versus 11+ for fund-of-funds, with maximum net capital calls of c. 50–75% of commitments. StepStone, *The Fundamentals of Infrastructure Secondaries* (March 2025): underwritten LP-interest deals offered c. 500bps IRR premium over implied since-inception primary returns; roughly half of underwritten LP interests had known or high-probability exits within 12 months; infrastructure core-plus/value-add J-curves typically exceed five quarters. Practitioner analyses; treated as indicative.
15. Global 2025 volume: Jefferies \$240bn (+48%; LP-led \$125bn, GP-led \$115bn); Campbell Lutyens \$225bn (LP-led \$121bn, GP-led \$93bn, preferred equity \$11bn) — advisers' scopes differ; we cite the range. H1 2026: Jefferies, *Global Secondary Market Review* (July 2026), \$118bn (LP-led \$56bn, GP-led \$62bn), with the year "on pace to exceed the 2025 volume record" and an outlook of c. \$260bn; Evercore, *H1 2026 Secondary Market Review* (July 2026), \$121bn (+19%; GP-led \$65bn, LP-led \$56bn). Infrastructure: c. \$12bn at the 2021 peak and a record >\$16bn in 2024 (StepStone); c. \$20bn in 2025 (Campbell Lutyens; Jefferies) or \$25bn on PitchBook's wider definition; \$12bn in H1 2026, +33% year on year (Evercore); forecast \$30bn for 2026 (Jefferies, June 2026).
16. Jefferies (January 2026): continuation vehicles were 89% of GP-led volume in 2025; 78 of the top 100 sponsors have completed at least one; CVs now c. 14% of all sponsor-backed exits. Evercore (July 2026): GP-led deals were 53.7% of H1 2026 volume; single-asset continuation vehicles \$34bn (+88% year on year), 53% of GP-led volume; the majority of single-asset volume transacted at par (71%), with a further 14% clearing above NAV.
17. StepStone (March 2025): infrastructure secondaries 10-year CAGR of 24% (2012–24); infrastructure LP-interest turnover as a share of AUM has run below the private-markets average in all but one recent year — the underpenetration point. Infrastructure was c. 8–10% of total secondary volume in 2024–25 depending on adviser scope (Evercore; Campbell Lutyens; Jefferies). The characterisation of why infrastructure investors held rather than traded — essentiality, lower volatility, inflation linkage and yield matched to liabilities — reflects practitioner experience.

18. Dedicated infrastructure-secondaries vehicles include Ardian ASF VIII Infrastructure (\$5.25bn, 2022; successor >\$5bn by February 2026), Blackstone Strategic Partners Infrastructure IV (\$5.5bn, 2025, the largest raised), Pantheon Global Infrastructure Fund IV (\$5.3bn including co-investment, 2024) and Ares Secondaries Infrastructure Solutions Fund III (\$3.3bn, 2025); Stafford, Macquarie, Hamilton Lane and StepStone also run dedicated strategies. The characterisation of these platforms' model — closed-end vehicles, fund-level leverage, distribution-accelerated return targets and a second layer of fees and carried interest — reflects standard secondaries structuring and the author's market experience; individual platforms differ, and the description is of the category, not a claim about any named firm.
19. Evercore data cited in StepStone (March 2025): c. \$14bn of infrastructure-secondaries dry powder, c. 7% of all secondary dry powder, implying a capital-to-volume ratio below 1.0x against a market-wide 2.5–3.0x. PitchBook (2026): infrastructure secondaries fundraising reached a record \$11.5bn in 2025 (2024: \$5.6bn) across five fund closings, the most in a decade. Jefferies (June 2026): infrastructure secondaries funds targeting up to \$20bn of new capital over the following year.
20. Jefferies, *Global Secondary Market Review* (July 2026): H1 2026 LP-led pricing averaged 87% of NAV — buyout 91%, infrastructure 91%, credit 89%, venture 79%, real estate 68%. Evercore, *H1 2026 Secondary Market Review* (July 2026): infrastructure “remains steady as dedicated capital arrives at more modest targeted returns”; infrastructure secondaries strategies target c. 13–15% net IRR blended across transaction types; most strategies “pricing near or above their historical averages.”
21. The relationship between a specialist buyer's portfolio-wide return hurdle, its own fee layer and the discount it requires on a given stake is standard secondaries underwriting practice rather than a published finding; the range of low single digits to c. 30% for infrastructure stakes reflects transactions observed by the author and colleagues, not a dataset. With thanks to Rob Styles (Dalmore Capital) for the point; responsibility for the argument remains the author's.
22. Box 1 and Table 2 are illustrations, not forecasts. Assumptions: a stake with net asset value 100 distributing 8.0 a year net of the underlying fund's fees, level for the remaining life shown, with net asset value returned at par at the end of that life; no fund-level leverage; no growth or decline in the valuation; annual cashflows. Prices are the present value of those cashflows at the buyer's required return. The specialist's own fee layer is taken as a gap of c. 2 percentage points between the return on the stake and the return delivered to its investors, corresponding to a management fee of c. 1% and carried interest on the balance; actual terms vary and the gap widens the higher the carried interest. Returns “at the market's 91” are the internal rates of return on paying 91 for the same cashflows, and 91% of net asset value is the average infrastructure LP-stake price reported by Jefferies for H1 2026 (note 20). Deferred consideration is not modelled in the table: a headline of 91 with half the price paid two years after completion has a present value of c. 80 at a 15% discount rate and c. 79 at 17%, and c. 85 if the deferral is one year. Deferral and fund-level leverage are widely used in LP-led transactions and are the usual means by which a specialist reconciles a competitive headline price with its own hurdle; the observation reflects practitioner experience, and the sensitivity is arithmetic. Changing the yield, the remaining life or the exit value moves every figure; the shape of the result — that a fixed hurdle above the stake's yield requires a discount that grows with remaining life — does not.
23. Campbell Lutyens, FY2025 Secondary Market Overview: average LP-led discount 13.6% (2024: 13.3%); by strategy — private credit 8.6%, infrastructure 8.9%, mega buyout 9.8%, mid-market buyout 13.5%, small buyout 16.3%, venture 25.7%, real estate 32.5%. Jefferies' equivalent 2025 averages: all-LP 87% of NAV; buyout 92%; credit 91%; real estate 70%.
24. The observation that UK core and PPP stakes have mostly changed hands among a small group of experienced direct investors — dedicated PPP secondary funds, the listed infrastructure investment companies and pension-backed vehicles — rather than global secondaries funds reflects the author's market experience; no public dataset isolates it. Examples are given in note 5, including the 2018 take-private of John Laing Infrastructure Fund by a consortium including Dalmore, whose funds have been among those buyers. On the listed companies' limited access to new equity since interest rates rose, see *Why the UK is a Great Destination for Infrastructure Investment — and Why Now* (paper 2 of this series).

25. StepStone (March 2025): GP-led transactions have been roughly two-thirds of infrastructure secondary volume since 2020; digital infrastructure and power & utilities attract the strongest continuation-vehicle demand — digital led on raw top-rank votes, power & utilities led on Jefferies' blended demand score (Jefferies, 9 June 2026). The manager-side motives described in section 6 — preserving fee income when primary fundraising is difficult, and avoiding a sale that would crystallise a weak mark — are widely acknowledged in the market and reflect practitioner experience rather than a published survey.
26. ILPA, *Continuation Funds: Considerations for Limited Partners and General Partners* (May 2023), the source of the six tests listed in section 6. ILPA published a *Continuation Fund Disclosure Template* on 27 January 2026 and a draft updated guidance package on 24 June 2026; the public comment period closed on 5 August 2026 and final guidance is expected later in 2026. The 2023 principles remain operative as at October 2026.
27. Jefferies, *2025 Global Secondary Market Review* (February 2026): evergreen vehicles attracted an estimated \$113bn in 2025, with about 41% allocated to secondaries; buyer participation broadened and the top ten investors' share of deployment declined for a second year. These data support the role of secondaries in newer evergreen and private-wealth structures, while not implying that every such vehicle is predominantly secondary-funded.



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