



JUNE 2026

Turning uncertainty into opportunity: a boost for Private Credit Secondaries

As private credit has become a core allocation for most institutional investors, a mature secondaries market is beginning to take shape. It has become an essential component and its attractiveness keeps increasing.



Joaquin Ardit
Lead Portfolio Manager
Private Credit Secondaries



Sven Seppour
Senior Investment
Specialist Private Markets

This development is reflected in record fundraising of USD 16.7 billion in credit secondaries during 2025 – exceeding the combined total of the previous three years – according to the latest Private Credit outlook released by data analyst platform With Intelligence.¹ And this upward trend is expected to continue.

Allianz Global Investors progressively focuses the build out of its private credit secondaries platform – and the timing is deliberate. In recent months, private credit has frequently featured in the news, with various segments of the market drawing attention through headline coverage. Nonetheless, there appears to be a divergence between market sentiment and its underlying fundamentals. Experienced secondary investors are well positioned to identify

attractive opportunities within this environment.

Secondaries have long been an integral part of the private equity market and are gaining increasingly importance in private credit as well. Although sometimes labelled as “second-hand” investments, they are far from second-class. Depending on a fund’s maturity, prevailing market conditions and the seller’s circumstances, secondaries can provide institutional investors with attractive entry points and valuable support in portfolio construction. For this reason, it is no surprise that a recent report by Campbell Lutyens stated in their recent Private Credit Market Report that 38% of global

¹) With Intelligence, S&P Global, Private Credit Fundraising Report 2025.

investors are actively investing into private credit secondaries. This is an increase by 10% compared to 2025.²

Private credit secondaries have moved well beyond a niche segment. This development was further driven by the last 2-3 years of slower M&A activity with fewer exits. Secondaries are increasingly used as a core portfolio management tool, providing liquidity solutions for Limited Partner (LPs) and General Partners (GPs), while allowing secondary investors to access diversified, seasoned portfolios and deploy capital more quickly at a time when uncertainty is bringing more assets to the secondary market. In the current market environment, diligent underwriting remains key. Large investors in particular can often rely on well-staffed experienced in-house teams to provide swift support for investment decisions, ensuring proper guidance throughout the process.

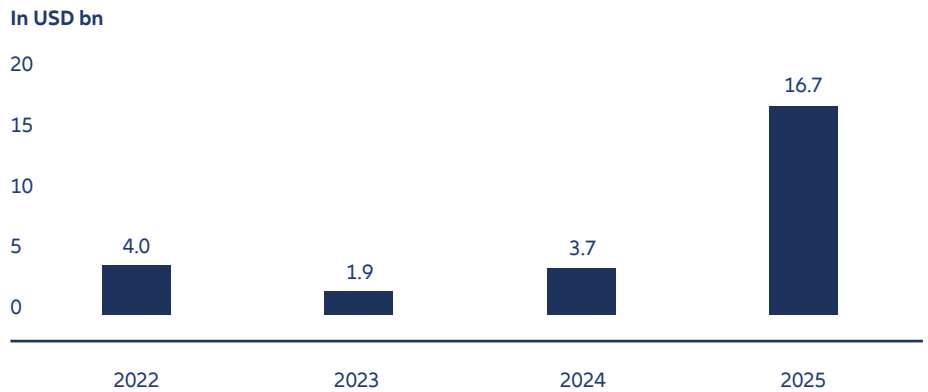


Fundamentals in focus

Recent market discussions have focused on volatility across private credit, including liquidity dynamics in semi liquid and wealth channel vehicles, rising attention on software exposure and a normalisation of default levels from the exceptionally benign post-Covid years. We believe these developments need to be viewed in context.

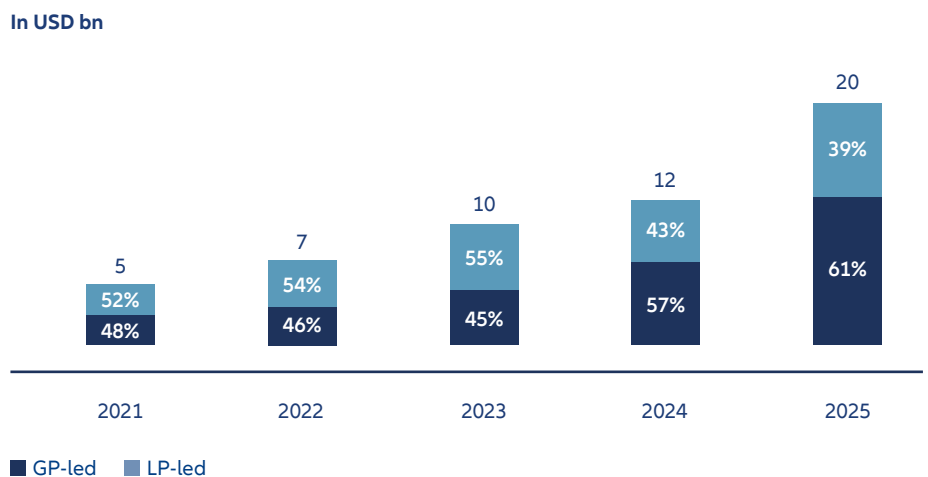
In particular, uncertainty around wealth channel vehicles has led to redemption pressure and technical selling, often independent of underlying credit quality. For

Exhibit 1: Credit Secondaries fundraising



Source: With Intelligence by S&P Global

Exhibit 2: Historical private credit secondaries volumes split by LP- and GP-led



Source: Campbell-Lutyens, [Secondary Market Overview Report](#), 2025

secondary buyers with the ability to analyse assets in depth, this has resulted in purchase opportunities at attractive discounts. Importantly, in our view this is less a reflection of deteriorating fundamentals and more a function of product design, investor behaviour and liquidity timing.

At the same time, the core of institutional private credit – sponsor backed mid market direct lending (meaning the lending to a mid-market

company which is owned by a private equity firm) – continues to benefit from strong covenant packages, senior secured positions and active creditor control. These structural features allow lenders to engage early with borrowers and sponsors, preserving value through periods of stress rather than reacting late. Major institutional

2) Campbell Lutyens, [Private credit market report 2025 | Campbell Lutyens](#), Jan 2026.

lenders are often in a better position enabling them to negotiate and structure financing agreements bilaterally to further mitigate risk.



Why credit secondaries are benefitting

Against this backdrop, credit secondaries are emerging as a natural beneficiary of the current environment. Credit secondaries can benefit from the J curve effect by enabling investors to enter more mature portfolios at a discount, resulting in faster cash flows, earlier yield generation and reduced early stage performance drag compared with primary investments.

As private credit portfolios have grown over the past decade, so too has the need for flexibility. Both LPs and GPs are increasingly turning to the secondary market to manage portfolio construction, rebalance exposures and address liquidity needs.

For investors, secondaries offer several advantages: access to seasoned portfolios, greater visibility on underlying assets and the ability to deploy capital more quickly than in primary funds. In addition, current market conditions allow investors to benefit from meaningful discounts, and entry pricing can reflect a margin of safety that is difficult to achieve in primary markets – particularly for those with a strong network and primary book that provide access to the right transactions.

A credit secondaries strategy should be global in scope: the US is a core market because it is the largest private credit

market and therefore the biggest generator of secondary volume; and Europe is also a meaningful and growing source of attractive opportunities. In secondaries, returns are driven by access to motivated sellers and discounted, high-quality portfolios, and those opportunities do not arise evenly across regions. Different regional dynamics, including regulation, liquidity pressure, portfolio rebalancing, and changing investor sentiment, can create dislocations at different times. A global mandate therefore matters not just for diversification, but for selectivity. It allows a manager to allocate where the best relative value is available rather than being tied to a single market window.

High-quality portfolios come to the secondary market across all market environments, as secondaries have firmly established themselves as an active portfolio management tool for investors.

Periods of uncertainty, however, tend to increase the volume of such opportunities and are often accompanied by particularly attractive entry terms.

For investors who remain focused on underlying credit fundamentals and maintain a disciplined, long-term approach, the current market environment can therefore be a highly constructive environment to deploy capital.

The growth story for credit secondaries is expected to continue from the USD 20bn deal volume in 2025 mentioned above. According to Secondaries Investor, Private Credit Secondaries annual deal volume could reach 80bn USD by 2030.³



Software sector drawing attention

One area attracting particular attention is software. While the sector remains an important component of many private credit portfolios, we approach software exposure with a high degree of selectivity when acquiring assets in the secondary market. Disruption also affects numerous software companies. Therefore, we conduct thorough evaluations of portfolio risk profiles, particularly considering technology risk.

Each portfolio is analysed in detail. Where individual software loans exhibit potential disruption risk – for example related to business model differentiation or technological change – AllianzGI conducts detailed discussions with the originating GP. Any identified risks are reflected directly in pricing, with purchase discounts calibrated to over compensate for potential loss rates.

This pricing discipline is a defining feature of AllianzGI's secondary strategy. Discounts are not simply an outcome of market conditions, but an active tool to manage uncertainty and protect downside across different scenarios. In addition, they help to optimize the risk-return-profile. Importantly, our extensive GP network provides us with differentiated access and a depth of information that allows us to underwrite assets with a high level of conviction and price risk appropriately.

³) Secondaries Investor, **Private credit secondaries could reach \$80bn by 2030**, Feb 2026.



Scale, relationships and discipline

As credit secondaries continue to institutionalise, access and sourcing increasingly come down to one thing: the scale of the primary platform. As one of the largest investors in Private Credit⁴ we have often an earlier, broader and more consistent access to managers and portfolios, creating a clear sourcing edge when secondary opportunities emerge. Hence, complex and large transactions in the market are very often seen among long-standing partners who have been present in the market for a long time and have proven their execution strength.

Discipline matters most when markets become more challenging. Staying within areas of expertise, maintaining conservative assumptions and structuring transactions carefully are essen-

tial to delivering resilient outcomes in private credit. This is further reinforced by access to extensive data sets, rigorous modelling, and broad diversification, all of which support robust risk assessment and informed decision-making.

Combined with that sourcing advantage, AllianzGI's disciplined underwriting helps the team move quickly, diligence portfolios in depth and price risk with conviction also in larger and more complex secondary transactions.



Discipline meets return potential

Credit secondaries can thrive in the current uncertain market environment. The combination of structural growth in private credit over the last decades, increasing use of the secondary

market by LPs and GPs, and episodic selling pressure from wealth-channel vehicles is expanding the opportunity set. This goes for investors that remain disciplined, focus on fundamentals and have a good market access to be able to seize opportunities when they arise. This backdrop offers the potential to build a diversified portfolio at attractive entry points while maintaining a strong focus on risk management. As private credit continues to mature, we expect secondaries to play an increasingly central role in delivering flexibility and long term value for investors. Then, secondaries are not a second option but can be a first class opportunity.

4) PDI, Private Debt Global Investor 75, privatedebtinvestor.com/global-investor-ranking/



Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested.

Past performance does not predict future returns. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency.

This is for information only and not to be construed as a solicitation or an invitation to make an offer to buy or sell any securities. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. The data used is derived from various sources and assumed to be accurate and reliable at the time of publication. but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or willful misconduct. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted, except for the case of explicit permission by Allianz Global Investors.

This material has not been reviewed by any regulatory authorities.

This document is being distributed by the following Allianz Global Investors companies: In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional/professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws; in the European Union, by Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungs-aufsicht (BaFin) and is authorized and regulated in South Africa by the Financial Sector Conduct Authority; in the UK, by Allianz Global Investors (UK) Ltd. company number 11516839, authorised and regulated by the Financial Conduct Authority (FCA); in Switzerland, by Allianz Global Investors (Schweiz) AG, authorised by the Swiss financial markets regulator (FINMA); in HK, by Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; in Singapore, by Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; in Japan, by Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424], Member of Japan Investment Advisers Association, the Investment Trust Association, Japan and Type II Financial Instruments Firms Association; In mainland China, it is for Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations and is for information purpose only. in Taiwan, by Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan; and in Indonesia, by PT. Allianz Global Investors Asset Management Indonesia licensed by Indonesia Financial Services Authority (OJK) and in the Abu Dhabi Global Market by Allianz Global Investors Middle East Limited, which is authorised and regulated by the ADGM Financial Services Regulatory Authority in the Abu Dhabi Global Market by Allianz Global Investors Middle East Limited, which is authorised and regulated by the ADGM Financial Services Regulatory Authority.