



Why should investors consider the secondary market for private credit opportunities?

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Marco Busca, Head of Indirect Private Debt, Generali Asset Management - part of Generali Investments - explains why the secondary market elevates the benefits of private credit for institutional portfolio. He also introduces the recently launched Generali Private Credit Secondaries Fund, which aims to provide opportunities in a burgeoning market that targets both LP-led and GP-led transactions.

- *Investments in private credit secondaries enable investors to quickly generate significant returns, achieve high diversification, and mitigate the J-curve effect.*
- *Private credit secondaries should be looked at not just as a liquidity solution but as a long-term, performance-enhancing building block for institutional portfolios.*
- *The Generali Private Credit Secondaries Fund is an opportunity to invest alongside Generali Group, the cornerstone investor and one of the world's largest institutional investors.*

In an investment environment shaped by uncertain interest rates, inflationary pressures, geopolitical tensions, and an increasing demand for liquidity, the secondary market for private credit is fast emerging as one of the most attractive and strategically relevant segments of the private markets. At Generali Asset Management, we see this evolution not as a fleeting trend but as a structural shift – one that we believe will play an increasingly central role in portfolio construction for institutional investors.

Private credit has long offered an appealing set of characteristics: illiquidity premia, floating-rate structures that protect against inflation, and lower volatility compared to public markets. But when these features are accessed through the secondary market, the opportunity set expands significantly, adding immediate deployment, shorter duration, and enhanced visibility into cash flows. We believe this segment deserves a place in a sophisticated investor's long-term allocation strategy.

WHY PRIVATE CREDIT STILL MATTERS

At its core, private debt remains a powerful tool for generating stable, risk-adjusted returns. The floating-rate nature of most direct lending structures offers natural protection against interest rate fluctuations, while the low correlation with public markets supports portfolio resilience in volatile environments.

What makes private credit particularly attractive to pension funds and insurers is its predictability. Unlike private equity or venture capital, private debt provides more visibility and consistency of cash flows, which is essential for institutions that must meet recurring liabilities.

In our selective approach, according to client demands and our investment views, we target all three credit sub-asset classes: Direct Lending, Credit Opportunities and Asset Based Lending. In Direct Lending our fund-of-funds approach maintains a geographically diversified portfolio of funds

– so far evenly balanced between the US and Europe – and we allocate across the full middle market spectrum, targeting companies with EBITDA ranging from \$25 million to \$250 million. This breadth allows us to remain adaptive to shifting economic conditions while optimizing for deal flow and relative value across regions. For example, to date, the US tends to have lower spreads than Europe due to greater competition among lenders, but also benefits from a larger deal flow due to the more advanced stage of disintermediation of lending outside the banking system.

WHY THE SECONDARY MARKET ENHANCES THE PROPOSITION

The global private debt market has seen explosive growth, with assets under management reaching \$1.6 trillion in 2024 and projected to exceed \$2 trillion by 2026¹. Yet as this market matures, so too does the need for liquidity – spurring the rise of the secondary market.

The secondary market elevates the benefits of private credit in three important ways.

First, it enables immediate capital deployment. Rather than committing to a blind pool and waiting through a multi-year investment period, investors can purchase interests in funds that are already significantly deployed, often in the harvesting phase. This means capital begins returning faster, and the exposure is to seasoned assets with established payment histories.

Second, the J-curve effect is minimized, which improves early performance. In our experience, this makes the strategy particularly well-suited to institutions that cannot afford long capital lockups or delayed income streams.

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Third, and perhaps most compelling in today's market, secondary transactions can often be executed at a discount to net asset value. This pricing dynamic comes from the liquidity needs of sellers, both Limited Partners (LPs) and General Partners (GPs) and allows for enhanced entry yields without necessarily increasing underlying credit risk.

In 2022 alone, transaction volume in private credit secondaries surpassed \$17 billion, over 30 times the volume from a decade prior². We believe that what began as an opportunistic market, driven by temporary dislocations,

¹ Source: Preqin: Future of Alternatives, 18 September 2024 <https://prequin.com/insights/research/reports/future-of-alternatives-2029>

² Source: Private Debt Investor/Collier Capital, 23 May 2023 <https://www.privatedebtinvestor.com/private-credit-secondaries-macro-disruption-generates-momentum/>



has now matured into a permanent, structured ecosystem. As seen in private equity secondaries, we expect the private credit secondary market to become an essential part of liquidity and portfolio management, and not merely a solution for distressed sellers.

THE GENERALI PRIVATE CREDIT SECONDARIES FUND

In response to these developments, Generali Asset Management is proud to have launched the Generali Private Credit Secondaries Fund in partnership with Partners Group, a global leader in private markets. The fund is closed-ended, classified as Article 8 under SFDR, and will focus on private credit secondary transactions globally, targeting both LP-led and GP-led transactions. The fund is structured as a Luxembourg RAIF by Generali Investments Luxembourg, with Generali Asset Management serving as the delegated portfolio manager and Partners Group as the investment advisor and joint distributor.

This fund is designed for professional investors across Europe, with a target size of \$1 billion. The fund aims to leverage Generali Asset Management's competitive advantages in origination and underwriting, supported by its track record in fund investing, and benefits from Partners Group's institutional knowledge and investment expertise across private credit markets and secondaries transactions. In addition to doubling origination capacity, the partnership also means increased underwriting and execution capabilities, enhanced client reporting support, and expanded fundraising efforts. Together, we aim to provide investors with a product that delivers yield, diversification, and ESG foundation.

Importantly, the fund will leverage the full scale of our fund-of-funds model, allowing investors to gain access to a wide range of managers, strategies, and vintages, all with the benefits of an enhanced due diligence thanks to Generali's extensive network and experience. As clients will invest alongside Generali Group, the cornerstone investor and one of the world's largest institutional investors, this offers a unique alignment of interest. In addition, Partners Group will invest in the fund demonstrating their endorsement of the project.

FROM TACTICAL TO STRATEGIC: A PERMANENT ROLE IN PORTFOLIOS

Private credit secondaries are no longer a tactical tool for niche allocators: they are becoming a strategic allocation for long-term investors seeking to generate income, reduce volatility, and optimize capital efficiency.

The combination of near-term yield, discounted entry points, diversified exposure, and shorter duration makes this asset class particularly compelling in today's uncertain macroeconomic environment. As liquidity needs grow and the market continues to institutionalize, we expect secondary transactions to become a normalized, even preferred, route of access to private credit.

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The private credit secondaries market is gaining momentum, reflecting the rapid expansion of the private credit asset class in the last decade. As we have seen in private equity and infrastructure, a maturing asset class often leads to a shift amongst LPs from building up allocations towards managing exposure within portfolios. We expect a growing number of LPs will use the secondary market as a portfolio management tool for their private credit investments, particularly as the market becomes deeper.

At Generali Asset Management, we are committed to helping our clients navigate this opportunity with discipline, scale, and insight. Through our latest fund launch and our broader indirect private debt platform, we

In short, we believe now is the time to look at private credit secondaries not just as a liquidity solution but as a long-term, performance-enhancing building block for institutional portfolios.

IMPORTANT INFORMATION

This marketing communication is related to Generali Private Credit Secondaries S.C.A. SICAV-RAIF and its sub-fund Generali Private Credit Secondaries S.C.A. SICAV-RAIF – Compartment I, an Alternative Investment Fund (AIF) under Luxembourg law of 12 July 2013, and qualifying as a Reserved Alternative Investment Fund (RAIF) an unregulated investment vehicle within the meaning of the Luxembourg law of 23 July 2016 and its sub-funds, altogether referred to as “the Fund”. This marketing communication is intended only for professional investors where the fund is registered for marketing and is not intended for retail investors, nor for U.S. Persons as defined under Regulation S of the United States Securities Act of 1933, as amended. This document is co-issued by Generali Asset Management S.p.A. Società di gestione del risparmio and Generali Investments Luxembourg S.A.

The AIFM of the Fund is Generali Investments Luxembourg S.A., a public limited liability company (société anonyme) under Luxembourg law, authorised as an Alternative Investment Fund Manager (AIFM) in Luxembourg, regulated by the Commission de Surveillance du Secteur Financier (CSSF) - CSSF code: S00000988 LEI: 222100FSOH054LBKJL62. The portfolio manager is Generali Asset Management S.p.A. Società di gestione del risparmio is an Italian asset management company regulated by Bank of Italy and has been appointed by the AIFM as the Portfolio manager of the Fund (Via Niccolò Machiavelli 4, Trieste, 34132, Italia - C.M. n. 15376 - LEI: 549300LKCLUOHU2BK025).

Prior to making any investment decision, investors must read the Issuing Document, paying particular attention to section “32. Risk Considerations,” which provides a comprehensive list of risks associated with the investment, as all investments inherently carry risks. The Issuing Document is available in English, upon request and free of charge to Generali Investments Luxembourg S.A., 4 Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, e-mail address: GILfundinfo@generali-invest.com. More information on sustainability aspects, pursuant to Regulation (EU) 2019/20898, is available at the following link [\[here\]](#). The AIFM may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Article 32a of Directive 2011/61/EU. The Fund is actively managed without reference to a specific Benchmark. This marketing communication is not intended to provide an investment, tax, accounting, professional or legal advice and does not constitute an offer to buy or sell the Fund or any other securities that may be presented. Any opinions or forecasts provided are as of the date specified, may change without notice, may not occur and do not constitute a recommendation or offer of any investment. Past or target performance do not predict future returns. The value of an investment and any income from it may go down as well as up and you may not get back the full amount originally invested. The future performance is subject to taxation, which depends on the personal situation of each investor and which may change in the future.