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TR CAPITAL INSIGHTS

Capturing Asia-Pacific's Next Growth Cycle *Through Active Secondaries*

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Fabien Meyer
TR Capital

Foreword

When we set out to write this paper, our goal was not to produce another marketing document. The Asia-Pacific secondary market is at a genuine inflection point, and we believed the moment warranted a serious, evidence-led examination of the opportunity as we see it from the ground.

Over two decades, TR Capital has built one of Asia-Pacific's most established secondary investment platforms, with a deep local footprint. Our investment professionals live in the markets they invest in, and that lens shapes every conclusion in this paper. Some of our views may differ from market consensus, but they reflect the realities we observe every day.

Producing this paper has been a significant undertaking. Led by Fabien Meyer, our team spent several months combining extensive research, proprietary market observations and transaction experience to develop an objective assessment of the region's secondary landscape. Wherever possible, our conclusions have been tested against both market data and insights from our own investments.

Two themes stand out.

First, Asia-Pacific's long-term structural growth story has never been more compelling. As the region enters a new cycle, it offers a timely opportunity for investors to reassess their exposure.

Second, as returns in this cycle are likely to be driven by company selection and operational execution rather than declining interest rates, financial engineering and multiple expansion, we believe an active secondaries approach is better positioned to capitalize on the opportunity. A new generation of secondary investors is emerging: one that takes a far more active approach, both pre- and post-investment, leads transactions, and combines a buyout-style investment discipline with a strong focus on exit execution.

We hope this paper serves as a thoughtful contribution to how institutional investors think about allocating capital to Asia-Pacific over the coming decade.

Paul Robine

Founder and Chief Executive Officer, TR Capital

Executive Summary

After more than a decade of U.S. outperformance and significant institutional capital flow toward Western markets, the forces underpinning that “supercycle” are moderating. Meanwhile, Asia-Pacific is entering a new private equity cycle as macroeconomic fundamentals and market conditions realign.

The investment case rests on both structural and cyclical foundations. Structurally, Asia-Pacific is home to three of the world's five largest economies, is projected to account for c.50% of global GDP (PPP) by 2030, and is expected to host c.3.2 billion middle-class consumers by 2035. Cyclically, improving public markets, recovering exit activity and attractive valuations have created a strong entry point as global investors begin to re-engage with the region.

These conditions are particularly compelling for secondaries. Following several years of constrained exits, Asia-Pacific has accumulated a record US$2.3 trillion of unrealized private equity NAV in mature vintages, the majority concentrated in the proprietary mid-market. This has intensified pressure on GPs to generate liquidity and on LPs to manage their portfolios more actively, creating a timely opportunity for secondary investors to acquire stakes in high-quality companies with greater visibility on operating performance and shorter paths to liquidity than the venture, growth and fund-of-funds strategies that dominate the region.

Capturing this opportunity requires a fundamentally different investment approach from that used in North America and Europe. Asia-Pacific's fragmented markets, minority ownership structures, uneven governance standards, information asymmetry and diverse exit environments reward active secondary investors: who selectively acquire high-quality companies, underwrite at the company level, and remain actively involved post-investment through value creation and disciplined exit execution.

For institutional investors seeking diversified exposure to Asia-Pacific while prioritizing liquidity, active secondaries offer a differentiated and compelling risk-return profile to access the region's long-term growth. The current vintage may represent one of the most attractive entry points into Asia-Pacific private equity in more than a decade.

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Why Asia-Pacific?
Why Now?

Why Asia-Pacific? Why Now?

Asia-Pacific is the World's Largest Economic Region and the Primary Engine of Growth

Asia-Pacific is the world's largest economic region, encompassing three of the world's five largest economies — China, Japan, and India — and is projected to account for close to half of global GDP (in PPP terms) by 2030. In 2026, the IMF forecasts the region will grow by 4.4%, more than double the 1.8% expected for advanced economies *(IMF, World Economic Outlook, Apr 2026)*.

This economic expansion is accompanied by an unprecedented rise in consumer purchasing power. **By 2035, Asia-Pacific is expected to host 3.2 billion of the world's 5 billion middle-class consumers, forming the largest consumer base in history.** Growth is increasingly broad-based, extending beyond China to India and Southeast Asia, which are emerging as major engines of consumption *(World Data Lab, 2025)*.

Asia-Pacific has also evolved from a manufacturing hub into a global center of innovation. In 2024, Asia accounted for 45% of global R&D spending and over 70% of global patent filings, exceeding North America and Europe combined *(WIPO, 2025)*. Innovation is increasingly global, with Asia at its core.

Across the region's major economies:

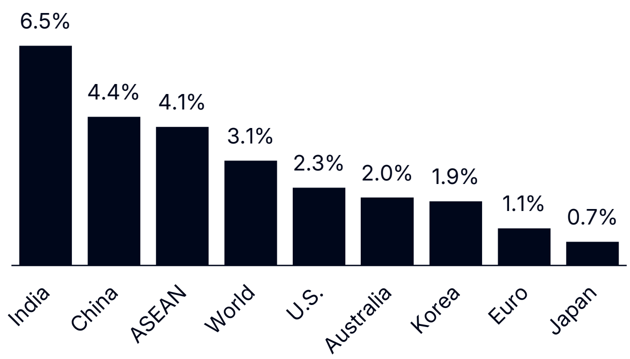
China is the world's second-largest economy (2026E GDP of US$21 trillion), the largest manufacturer globally (c.30% of global manufacturing output), and the largest exporter of goods *(IMF, Apr 2026; United Nations)*. Its deeply integrated supply chains, world-class infrastructure, and massive domestic market continue to support the emergence of global leaders. China has also evolved into a technology leader across several sectors such as AI, robotics, electric vehicles, renewable energy, and biotechnology to cite a few. According to the 2025 ASPI *(Australian Strategic Policy Institute)* Critical Technology Tracker, China leads research globally in 69 of 74 critical technologies.

India is the fastest-growing major economy, with a GDP expected to expand by c.6–7% annually, and is projected to become the world's third largest economy by 2030. Its growth is supported by favorable demographics, with a population of c.1.5 billion and a median age of just 29, as well as a decade of pro-business reforms *(IMF, Apr 2026)*. India has emerged as a global hub for services exports, particularly in IT and business process outsourcing, and is supported by robust digital infrastructure. For instance, Aadhaar (the world's largest biometric identity system) and UPI (India's flagship real-time payment system) have enabled the rapid scaling of fintech, e-commerce, and other technology-enabled services.

Japan is the world's fourth-largest economy (2026E GDP of US$4.4 trillion), and a global leader in advanced manufacturing, including robotics, precision engineering, and industrial machinery *(IMF, Apr 2026)*. After decades of deflation, Japan is undergoing a structural shift with a return to inflation, reshaping corporate behavior and capital allocation. Governance reforms led by the Tokyo Stock Exchange, encouraging listed companies trading below book value to improve capital efficiency, are driving meaningful improvement in shareholder returns and creating new opportunities for private equity.

Southeast Asia is emerging as one of the world's most dynamic economic regions, benefiting from supply-chain diversification under the "China +1" strategy, and increasing intra-regional trade integration. Its young and increasingly connected population of over 700 million (median age c.30) is driving robust growth and enabling the rise of regional champions across consumer markets, e-commerce, fintech, and industrial manufacturing *(IMF, Apr 2026)*. Key economies such as Indonesia, Vietnam and the Philippines are emerging as major growth engines with improving manufacturing capacity, infrastructure, and FDI.

Figure 1: Real GDP growth forecasts for 2026.



Source: IMF, World Economic Outlook (Apr 2026).

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> **Taken together, these dynamics of scale, rapid growth and innovation create structural tailwinds that cannot be found elsewhere.** Despite these strong fundamentals, Asia-Pacific remains structurally under-allocated, representing only c.25% of global private equity AUM and c.15% of the MSCI ACWI Index *(Preqin, Sep 2025; MSCI, 2026)*.

A Challenging Post-COVID Recovery

The past five years have been one of the most challenging periods for Asia-Pacific public and private markets in three decades, contributing to this under-allocation. The region experienced a weaker post-COVID recovery than Western markets, which weighed on deal activity, exit conditions, and ultimately investor appetite.

This softness was primarily driven by developments in China, **which accounted for over 50% of Asia-Pacific private equity deal value at its peak in 2020** *(Bain & Co, APAC PE Report 2025)*. A combination of regulatory tightening, heightened geopolitical tensions, a prolonged real estate downturn, and a constrained exit environment — until 2025 — significantly impacted liquidity and returns. **Given China's scale, these challenges had an outsized effect on global investor perceptions of Asia-Pacific**, despite the resilience of other major markets such as India, Japan and Australia.

At the same time, this period coincided with an exceptional U.S. public and private market "supercycle". A decade of near-zero interest rates, quantitative easing and innovation drove a prolonged outperformance, reinforcing the perception that the most attractive investment opportunities were concentrated in the U.S. market.

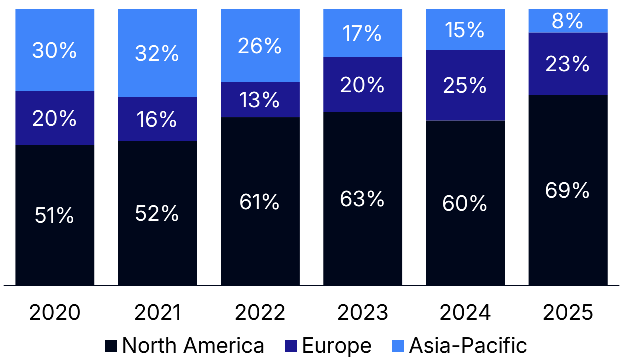
The result was a clear divergence in allocations:

- **Asia-Pacific private equity fundraising declined to a 12-year low of c.US$60 billion in 2025** (down from c.US$360 billion in 2021) *(Preqin, Apr 2026)*;

- **North America-focused funds grew to capture c.69% of global capital raised in 2025,** an unprecedented concentration *(Preqin, Apr 2026)*.

Between 2020 and mid-2025 (**the turning point**), being overweight U.S. and underweight Asia-Pacific was the dominant positioning for global investors.

Figure 2: Private equity fundraising by core markets (% of total).



Source: Preqin (Apr 2026), excluding RoW.

A Cycle Shift is Underway Since 2025

That positioning is being reassessed. Since 2025, U.S. tariff measures ("Liberation Day") and subsequent geopolitical developments have **prompted investors globally to reconsider the risks associated with geographic concentration.**

Signs are emerging that the conditions underpinning U.S. exceptionalism are moderating: elevated valuations (S&P 500 fluctuating between 21x and 23x forward P/E in 2026), high market concentration (top 10 companies representing c.40% of the U.S. index market cap), elevated public debt levels, and persistent geopolitical uncertainty have led to increased scrutiny of forward return expectations *(Capital IQ)*.

As highlighted in J.P. Morgan's and Goldman Sachs' recent market reviews:

"After a decade of U.S. exceptionalism with returns concentrated in U.S. technology stocks and boosted by an appreciating U.S. dollar, 2025 saw the opposite as growth started to broaden out across the globe." (J.P. Morgan, 2025 Review of Markets)

Goldman Sachs (Nov 2025) projects 10-year annualized returns of 6.5% for U.S. equities versus 10.3% for Asia-Pacific ex-Japan, highlighting that stronger GDP growth and ongoing structural reforms are likely to favor emerging markets.

The shift is already visible in public market performance. In 2025, Asia-Pacific outperformed the U.S., with the MSCI AC Asia ex-Japan returning 33% versus 17% for the MSCI USA. This outperformance has continued until mid-2026 (*MSCI*, Jun 2026).

Figure 3: Annualized returns across Cambridge Associates private equity and MSCI public equity indices.

	Private Equity		Public Equity		
Period	**U.S.**	**APAC**	**U.S.**	**APAC** *(ex-Japan)*	**APAC** *(incl. Japan)*
YTD 26	n/a	n/a	9.4%	29.3%	28.4%
1Y	12.0%	9.8%	25.8%	50.5%	51.2%
3Y	8.7%	3.8%	20.7%	23.9%	23.7%
5Y	11.3%	3.7%	12.6%	8.7%	9.5%
10Y	15.1%	9.1%	14.9%	11.1%	11.0%
25Y	10.9%	10.7%	8.9%	10.0%	7.0%

Sources: Cambridge Associates, PE/VC horizon pooled returns (Q4'25); MSCI (Jun 2026).

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Over the long term, the case for geographic diversification is clear. Across both public and private markets, Asia-Pacific has delivered returns comparable to the U.S. over a 25-year horizon, with similar levels of volatility. The U.S.' exceptional outperformance in recent years reflects a market cycle. For long-term investors, the question is not whether the U.S. remains a high-quality market — it clearly does — but whether this period of exceptional performance will continue into the next decade, and whether portfolios are positioned for a future in which value creation is more global.

Private markets are slower to adapt, in part because LPs are cautious about locking up capital for long periods. However, several indicators suggest that a rotation of capital toward Asia-Pacific is underway:

- Bain & Co (Jun 2026) surveyed that over **80% of the SWF leaders expect to increase their allocations to Asia**, diversifying into the world's fastest-growing economies while hedging against Western valuation peaks.

- UBS (2025) reports that **35% of global family offices plan to increase allocations to Asia-Pacific** over the next five years, the highest among all regions.

- Rede Partners' H2 2025 **LP Sentiment Index shows Asia-Pacific rising from 29 (H1 2024) to 45 (H2 2025)**, while North America declined from 65 to 48.

- Nomura (Apr 2026) shows **Asia as the top region for future allocation increases** (59% of respondents).

- TR Capital's LP discussions suggest a gradual **repatriation of Asian capital**, as regional investors — previously overweight U.S. assets — reallocate domestically.

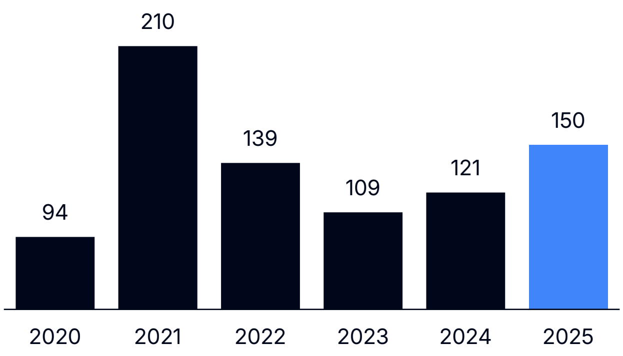
The Current Environment Presents an Attractive Entry Point for Private Equity

The reopening of exit channels, attractive valuations, and renewed interest from global investors suggest that **Asia-Pacific private equity is entering a new cycle. The coming vintages may represent an attractive entry point.**

A revival in exit activity

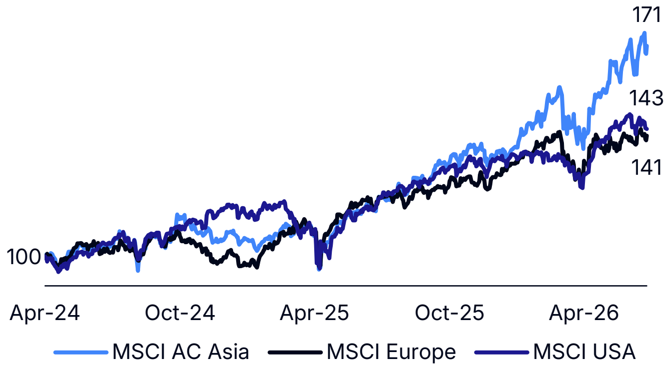
One of the clearest signals is the recovery in exit markets. **In 2025, private equity exit value in Asia-Pacific increased for the second consecutive year to US$150 billion, supported by improving public markets and a sharp rebound in IPO activity.** IPOs accounted for the largest share of exit value, rising by more than 70% versus 2024. Most importantly for LPs, net distributions turned positive in 2025 for the first time since 2021 *(Bain & Co, APAC PE Report 2026)*.

Figure 4: Asia-Pacific private equity exits ($ billion).



Source: Bain & Co, APAC PE Report 2026.

Figure 5: MSCI indices performance (April 2024 to June 2026).



Source: MSCI (25 June 2026).

China is a key driver of this recovery. In 2025, China's IPO market experienced a strong resurgence, led by technology, healthcare, and AI-related companies. Hong Kong alone raised c.US$35 billion in IPO proceeds, making it the largest IPO venue globally. Combined with Shanghai and Shenzhen, **China-related IPO issuance reached c.US$55 billion in 2025**, exceeding U.S. levels. This momentum has continued into Q1 2026, with c.US$18 billion raised, confirming the reopening of one of Asia-Pacific's most important exit channels and renewed investor interest in China *(EY Global IPO Trends, 2025)*.

India has also emerged as one of the world's most active IPO markets in the past two years, raising c.US$22 billion annually in 2024 and 2025 — three times more than in 2023 *(EY India IPO Report, 2025)*. The exit market has also become more diversified. While IPOs remained the largest exit route, they accounted for 45% of exits in 2025, down from 55% in 2024 *(GPCA)*. A deepening domestic investor base, strong economic growth, and increased discipline from GPs around distributions have created a more supportive exit environment.

While developed Asia's markets — Japan, Australia, and South Korea — have experienced the global slowdown in exit activity, they have remained more resilient, supported by deeper capital markets and a more established buyout ecosystem.

Valuations are compelling

Even with improving capital markets, **Asia-Pacific continues to trade at a meaningful discount to the U.S., creating an attractive entry window for long-term investors.**

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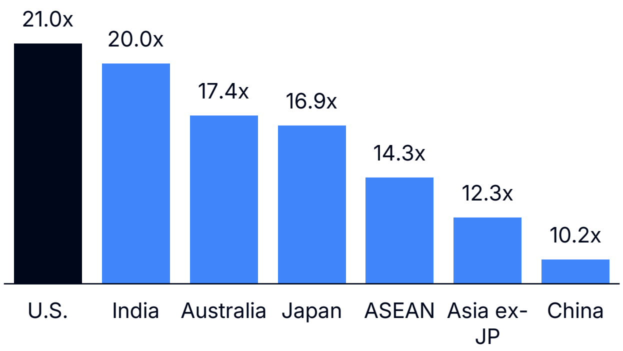
The opportunity is even more pronounced in the secondary market. Across Asia-Pacific, secondary transactions have been observed at discounts of 20-50%, with outliers reaching as much as 80%, depending on geography, liquidity pressure, and information asymmetry. These dislocations enable experienced secondary investors to **selectively acquire high-quality companies that have successfully navigated the past five years at valuations often unavailable in primary markets.**

This environment creates attractive conditions for generating superior risk-adjusted returns via secondaries. However, access to local resources, disciplined underwriting and due diligence and, above all, a clear and credible path to liquidity remain essential to avoiding value traps.

Figure 6: 1Y forward PE ratio of major MSCI indices.



Source: MSCI (30 June 2026).

Global private equity firms are returning

As exit markets improve and valuations remain attractive, Asia-Pacific's long-term growth potential is drawing global private equity firms back to the region, **reinforcing an important source of exits for secondary investors.**

KKR: "Asia is by far, at least in private equity, our fastest-growing business. We want to own more Asia at this point in the cycle." (2026 Outlook)

EQT: "Asia is a big growth opportunity for us... we see some of the most attractive opportunities in our pipeline in Asia,"; "many non-U.S. investors are now feeling overexposed to dollar assets, prompting a reallocation towards Asia." (CNBC, Nov 2025)

Blackstone: "Asia-Pacific is the fastest-growing region in the world, presenting compelling opportunities to invest at scale." (Jun 2026)

Looking Ahead

Asia-Pacific is the primary engine of long-term economic and demographic growth and offers a **compelling diversification opportunity** at a time when exit markets are improving, valuations remain attractive, and the rotation of global capital back to the region is still in its early stages. In private markets, the region has matured, with a broader range of available strategies — **particularly secondaries — that may be more suited for LPs cautious about committing to long-duration primary vehicles in the current environment.**

The following section examines the depth of Asia-Pacific's secondary market and how specialist secondary strategies can deliver attractive risk-adjusted returns.

SECTION

02

The Case for Secondaries *in Asia-Pacific*

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The Case for Secondaries in APAC

Secondaries: From Satellite to Core

Until recently, secondaries were viewed as a satellite allocation in private equity portfolios. **As DPI has become a central focus for LPs, secondaries merit consideration as a core allocation**, particularly in Asia-Pacific.

Partners Capital *(Insights 2026)*, among other outsourced CIOs and institutional advisers, believes **most client portfolios benefit from a 10–20% allocation to secondaries.**

Over the past two decades, an allocation to secondaries has demonstrated several advantages:

- **Faster liquidity:** Secondary investors acquire companies later in their ownership cycle, shortening the remaining time to exit and enabling faster distributions.
- **Diversification:** Traditional LP-led secondaries provide exposure to hundreds of underlying companies. More specialized strategies, such as GP-led, are more concentrated but still typically offer broader diversification than primary funds. This diversification contributes to lower loss ratios and greater portfolio resilience.
- **Buyout-like returns with lower dispersion:** Secondaries have generated returns comparable to buyout funds, with lower dispersion and stronger downside protection.

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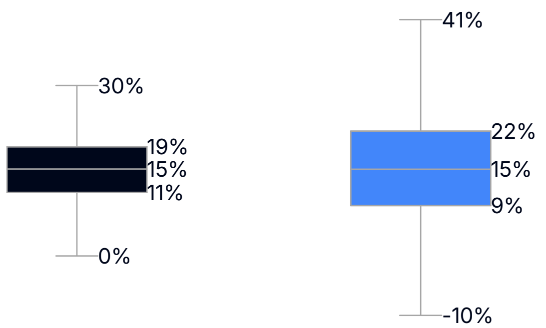
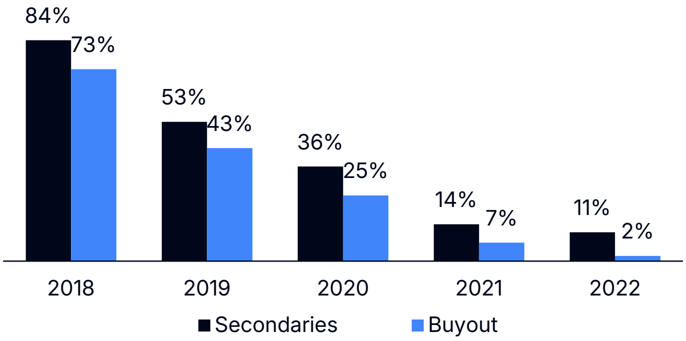
> In TR Capital's experience, the strategy has been oriented towards targeting 1x DPI within six years and maintaining diversified exposure to c.30–60 companies per fund.

Figure 7: IRR distribution of selected secondaries (left) and buyout (right) funds globally across 2010–2022 vintages.



Source: Preqin (222 secondaries funds, 1,444 buyout funds).

Figure 8: Global median DPI by vintage year.



Source: Cambridge Associates (Q4 2025).

Asia-Pacific Offers One of the Largest and Least Penetrated Secondary Markets Globally

Historically, LP exposure to Asia-Pacific private equity has been dominated by venture capital, growth equity and fund-of-funds strategies, which together account for 85% of private equity AUM in the region, compared with 28% in North America and 21% in Europe *(Preqin, Sep 2025)*. These strategies have played an important role in financing the emergence of leading Asian companies. **However, they are characterized by long holding periods,** making them less aligned with today's LP priorities, where distributions have become as important as returns. This shift in LP priorities is itself a consequence of an unprecedented distribution shortfall across the global private equity industry:

- Unrealized private equity assets held for more than four years (2010–2021 vintages) **have grown to a record c.US$6.0 trillion** globally *(Preqin, Sep 2025);*
- Distributions as a percentage of NAV have remained **below 15% for four consecutive years** (*Bain & Co, Global PE Report 2026); and*
- Average holding periods have **extended from five years in 2010 to seven years in 2025** *(Bain & Co, Global PE Report 2026).*

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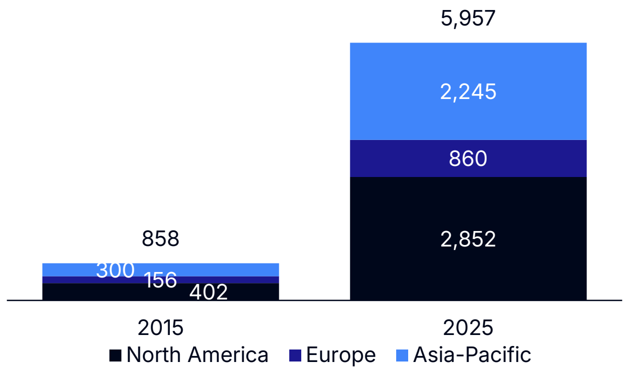
> **Asia-Pacific alone accounts for c.US$2.3 trillion of this unrealized NAV, the largest inventory the region has ever accumulated** (Preqin, Sep 2025). This has placed significant pressure on LPs to become more selective with new commitments and on GPs to generate liquidity, creating a large and timely opportunity for secondary investors.

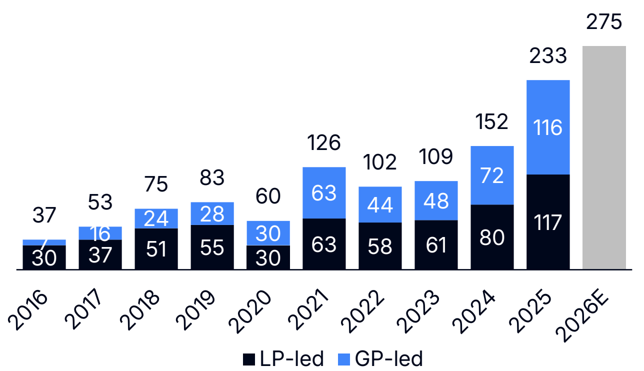
Figure 9: Global unrealized value of assets held for four years or more ($ billion).



Source: Preqin (September 2025, VC, growth, buyout, 2010–2021 vintages).

The global secondary market has expanded rapidly to meet this growing demand for liquidity. Transaction volume reached a record c.US$230 billion in 2025, around eight times the level seen a decade ago. Yet Asia-Pacific accounted for only c.5-10% of that volume despite the scale of its opportunity, reflecting the region's fragmentation, complexity and the local presence required to source and underwrite secondary investments.

Figure 10: Global secondary market volume ($ billion).



Source: Lazard 2025 Secondaries Market Report.

The Rise of Active Secondaries

The secondaries asset class has become more sophisticated in the past decade, not only in the type of transactions (LP-led or GP-led), but also in the **degree of influence the buyer has over the investment**. On this basis, secondaries can broadly be divided into two operating models: **passive and active.**

Passive Secondaries

Passive secondaries are primarily LP-led transactions in which a secondary investor acquires existing interests in one or more private equity funds from a selling LP, steps into the seller's position, and relies on the underlying GPs to drive value creation and execute exits.

For sellers, LP-led transactions provide a means to generate liquidity, rebalance portfolios across vintages, managers, geographies or strategies, and free up capital for new commitments. For secondary investors, they offer immediate exposure to seasoned (in some cases tail-end) private equity assets, broad diversification and J-curve mitigation.

The capabilities required for LP-led secondaries resemble those of fund-of-funds: the same team, broad GP relationships, a cash-flow modelling approach to investing, large datasets to price diversified portfolios statistically, and the ability to deploy capital at scale. The largest global secondary funds rely heavily on LP-led secondaries, transacting in large portfolios spanning hundreds of companies.

In a changing cycle, where returns are likely to be driven by company selection and operational execution rather than declining rates and multiple expansion, passive secondaries present the following key limitations:

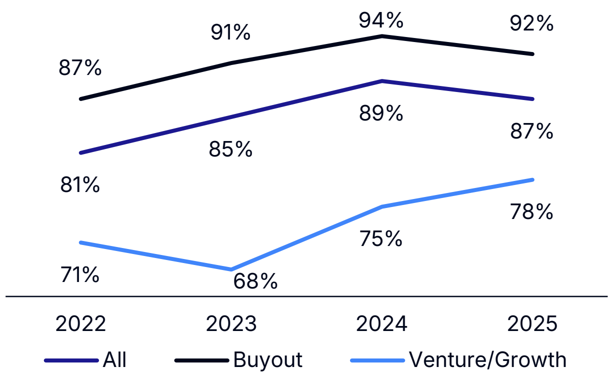
- **Limited asset selection.** Secondary buyers acquire exposure to large portfolios, including funds or companies with weaker fundamentals and limited exit paths.

- **Dependence on GP execution.** Secondary buyers have no direct governance rights, influence over value creation, or control over exits at either the fund or company level.

- **Limited information access.** Due diligence is primarily conducted at the fund level, with limited access to underlying company information or direct engagement with management.

- **Compressed return drivers.** The two primary return drivers of passive secondaries — discount and leverage — have both weakened: intensifying competition has narrowed discounts to NAV, and higher interest rates have made leverage more expensive.

Figure 11: LP portfolio pricing (% of NAV).



Source: Jefferies 2025 Global Secondary Market Review.

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Passive secondaries are well-suited to North America and Europe, where private equity is dominated by buyout transactions and benefits from relatively consistent GP quality, strong governance standards and deep exit markets. Asia-

Pacific is fundamentally different. Investments are predominantly minority stakes, while GP quality, governance standards and information transparency vary considerably across managers and jurisdictions. **A passive approach risks exposure to weaker managers and lower-quality companies, with limited ability to influence outcomes.**

Active Secondaries

Asia-Pacific rewards a more selective and hands-on investment approach. Active secondaries represent the next evolution of the asset class, positioning the secondary investor closer to a direct private equity investor than a fund-of-funds. Rather than acquiring large portfolios, active secondary investors selectively invest in high-quality companies or concentrated portfolios and play an active role post-investment. **The investment thesis rests on company quality and a credible path to liquidity, rather than on discounts.** While discounts can provide a margin of safety, they are not a substitute for underlying company quality.

The approach is built on four key principles:

- **Lead-investor.** The ability to identify and select high-quality companies within GP portfolios, conduct thorough company-level due diligence, set price and terms, and secure appropriate governance rights and alignment mechanisms.

- **Buyout-style due diligence.** Underwriting must be conducted at the company level through meetings with management, customers, employees, competitors and shareholders, alongside financial, legal, commercial diligence and background checks wherever possible. In Asia-Pacific, where information asymmetry is high, this level of scrutiny is particularly valuable.

- **Active ownership and exit discipline.** Active secondary investors remain closely involved after investment, reducing the reliance on the GP where appropriate. This means being able to step in operationally to protect downside, support value creation, or accelerate exit execution when required. Such engagement is especially important in Asia-Pacific, where most GPs are minority investors with limited operational influence.

- **Local execution capabilities.** Successful execution requires on-the-ground professionals with deep direct investment backgrounds, sector and country expertise. In a fragmented region such as Asia-Pacific, local presence is essential to source proprietary transactions, conduct due diligence, navigate cultural and regulatory complexities, and remain close to portfolio companies throughout the investment period.

The sweet spot for active secondaries is typically **companies three to five years into their ownership cycle — not tail-end which are often of lower quality** — where GPs have clear visibility on operating performance, believe further value can be created, yet recognize that providing interim liquidity to LPs is appropriate.

This active approach is most naturally implemented through two GP-led transaction structures: continuation vehicles (CVs) and direct secondaries.

In a CV, the GP transfers one or more companies from an existing fund into a new SPV capitalized by secondary investors. Existing LPs are offered the choice to realize liquidity or roll their interests into the new vehicle, while the GP continues to manage the underlying companies.

CVs have attracted growing interest from secondary investors due to their visibility and established performance history. **However, a CV is not inherently an active investment.** In an active approach, the secondary investor acts as lead investor, sets price and terms, and establishes strong alignment mechanisms around a clearly defined value creation and exit plan. These may include meaningful GP rollover, defined fund-life parameters, DPI-linked incentive structures, enhanced information rights and, where appropriate, carry adjustments, forced-exit rights or GP replacement rights.

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This level of discipline is critical in today's CV market. The emergence of very large secondary funds has intensified competition for CVs of all quality levels, increasing the risk of aggressive pricing and weaker GP alignment. We have recently observed transactions where sponsors were able to generate liquidity through CVs at valuations exceeding those that could have been achieved through a sale to another sponsor. This raises important questions about the asset class, with the consequences unlikely to become apparent until several years later.

In this environment, disciplined underwriting and alignment are as important as the entry valuation.

In a direct secondary, the investor acquires a partial or full stake in one or several companies directly from existing shareholders seeking liquidity ("strip sale").

For selling GPs, this structure provides a means to generate DPI and partially de-risk an investment, while retaining upside through their remaining ownership. For active secondary investors, direct secondaries offer targeted exposure to selected companies and the ability to obtain governance rights directly at the company level — including board or observer seats, enhanced information rights, consent rights over key corporate decisions and exit rights — **providing greater influence over value creation and exit execution. They also avoid the multiple layers of fees typically associated with LP-led transactions, fund-of-funds and CVs.**

Direct secondaries are particularly well-suited to Asia-Pacific, where many mature, high-quality companies remain held within venture and growth funds facing intense pressure to generate DPI.

They enable investors to acquire stakes later in a company's value creation journey, with greater visibility on operating performance, profitability, and a shorter path to liquidity. The opportunity set is also considerably less intermediated and less competitive.

Dedicated active secondaries performance data remains limited as the market is developing, but the closest proxy is encouraging. CVs provide early evidence that this model can be effective.

Figure 12: TVPI of 1st quartile funds, by type and vintage year.

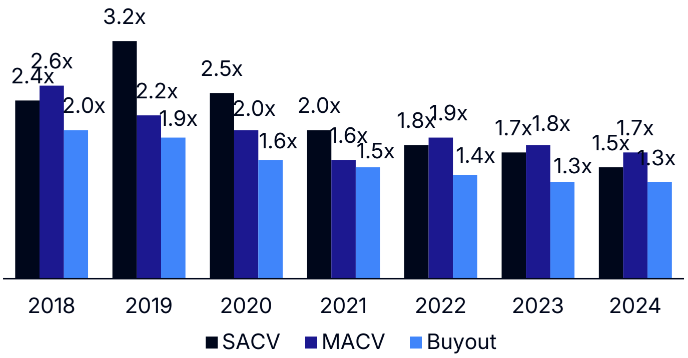
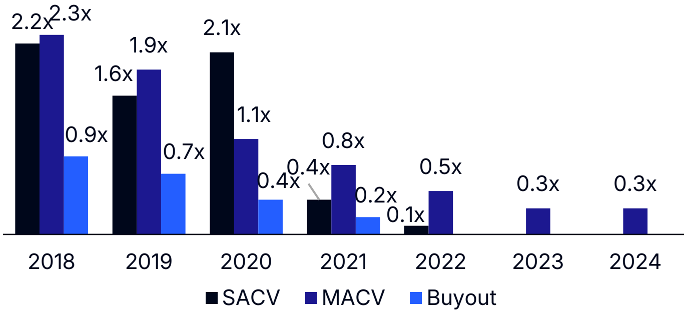


Figure 13: DPI of 1st quartile funds, by type and vintage year.



Source: Continuation Fund Performance Report (Evercore, Q4 2025).

A Less Competitive Mid-Market Opportunity

The opportunity for secondaries in Asia-Pacific is substantial, but competitive dynamics vary significantly by transaction size.

Large-cap transactions (typically above US$150 million) are generally intermediated and attract large global secondary funds, who allocate only a modest portion of their capital and resources to Asia-Pacific and require scale to deploy efficiently. Competition in this segment resembles that of developed Western markets, albeit still with fewer participants. The investable universe is also relatively concentrated, with only c.350 funds managing more than US$1 billion of committed capital and capable of generating transactions of this scale *(Preqin, Apr 2026)*.

The mid-market (transactions between US$30 and US$100 million) presents a different picture. More than 4,800 Asia-Pacific private equity funds manage between US$100 million and US$1 billion, creating a far broader universe of potential secondary opportunities *(Preqin, Apr 2026)*. At this size, transactions are typically sourced directly rather than through intermediaries, as economics rarely justify the involvement of an advisor. Success therefore depends on deep local networks, on-the-ground teams, and the ability to originate proprietary opportunities. These characteristics create high barriers to entry for global investors, resulting in a smaller buyer universe and greater scope to structure bespoke liquidity solutions.

This supply-demand imbalance makes the Asia-Pacific mid-market an attractive segment of the global secondary market.

Looking Ahead

The investment case for secondaries in Asia-Pacific is compelling, but the opportunity is not homogeneous. Each market has evolved under a different combination of private equity maturity, ownership structures and exit conditions, creating distinct sources of secondary deal flow and varying levels of competition. The following section examines the region's major markets in turn.

SECTION

03

Market-by-Market *Outlook*

India

A Structural Growth Story Supported by a Decade of Reforms

As the world's fourth-largest economy, India is projected to remain the fastest-growing major economy, with GDP expected to expand by c.6.5% through 2030. Unlike many other major economies facing demographic challenges, India benefits from a young and growing population of c.1.5 billion, with a median age of just 29, supporting a large workforce and a rapidly expanding consumer base *(IMF, Apr 2026)*.

Over the past decade, India has implemented a coherent reform agenda that has strengthened its economy and capital markets. Landmark measures — including the Goods and Services Tax (GST), the Insolvency and Bankruptcy Code (IBC), corporate tax reforms, the digitization of public services, labor law consolidation and sustained infrastructure investment — have improved productivity and enhanced India's global competitiveness. These reforms have also fostered the emergence of globally competitive companies serving both India's vast domestic market and international markets.

In parallel, India's capital markets have undergone a material transformation. Regulatory reforms have expanded access for both domestic and international investors, broadened the range of investment products, and accelerated the development of the alternatives ecosystem. **The institutionalization of the IPO market, together with a sharp increase in domestic retail participation and greater foreign investor access, has deepened liquidity and expanded exit opportunities** for entrepreneurs and private equity investors.

India is One of Asia-Pacific's Most Active Secondary Markets

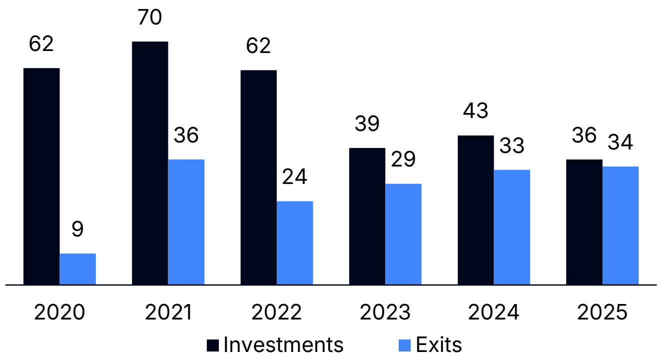
LP appetite for India has risen sharply over the past decade, and its regional weight has increased amid China's slowdown. **Annual PE/VC investments increased from US$15-20 billion per year between 2014–2016 to a peak of US$70 billion in 2021, before stabilizing at a robust US$35-45 billion annually over 2023–2025** *(Bain & Co, India PE Report 2026)*.

Exit activity has not kept pace with the growth in invested capital. Between 2016–2020, private equity investors deployed c.US$180 billion, while only c.US$156 billion was realized through exits over the subsequent five years (2021–2025). Between 2021–2025, investment accelerated further to c.US$250 billion, creating a substantial pool of assets expected to seek liquidity over the next three to five years *(Bain & Co, India PE Report 2026)*.

This accumulation of unrealized assets has increased the opportunity cost of LP capital and intensified pressure on GPs to accelerate distributions. Since 2024, as fundraising conditions have become increasingly challenging in India, many GPs have placed greater emphasis on generating liquidity and exit activity has improved accordingly. **Nevertheless, a substantial backlog of mature assets remains, creating a supportive backdrop for secondaries.**

McKinsey's March 2026 LP survey identifies secondaries as the second most sought-after strategy for accessing Indian private equity, consistent with DPI ranking as the second most important metric LPs use to evaluate the market.

Figure 14: India's PE/VC investments outpace exits ($ billion).



Source: Bain & Co, India PE Report 2026.

TR CAPITAL PERSPECTIVE

Secondaries offer a differentiated way to access the Indian private equity market while mitigating the challenges associated with long-duration venture capital and growth investments that dominate the market. **By investing in carefully selected companies that have been held by established GPs for three to five years, secondary investors gain exposure at a more mature stage of the value creation journey, with greater visibility on operating performance, profitability, and exit.**

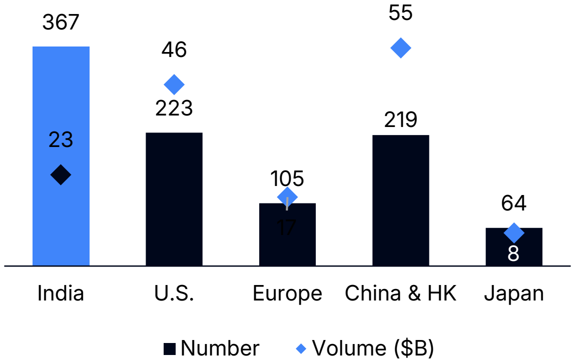
The Exit Market Has Deepened

India's primary market has deepened substantially in recent years, supported by favorable regulatory reforms that have driven increased participation from domestic institutional and retail investors. As a result, **India ranked second and third globally by IPO volume in 2024 and 2025, respectively** *(EY Global IPO Trends, 2025)***.**

While IPOs remain the dominant exit route, **the market is becoming increasingly diversified.** In 2025, IPOs represented 45% of private equity exits, while the remaining 55% was evenly split between strategic sales, buybacks and sales to sponsors *(GPCA Research Insights, May 2026)*.

This evolution is particularly important for the secondary market. **An efficient secondary ecosystem depends on a robust and diversified primary exit environment.**

Figure 15: IPO number and volume by key markets in 2025.



Source: EY Global IPO Trends 2025.

Elevated Valuations Call for Selectivity and Flexibility

While India is the most dynamic and attractive secondary market in Asia-Pacific, **valuations are elevated relative to most other regional markets** (Figure 6). However, compelling opportunities remain for investors with the capabilities to source proprietary transactions and the flexibility to adapt their investment approach.

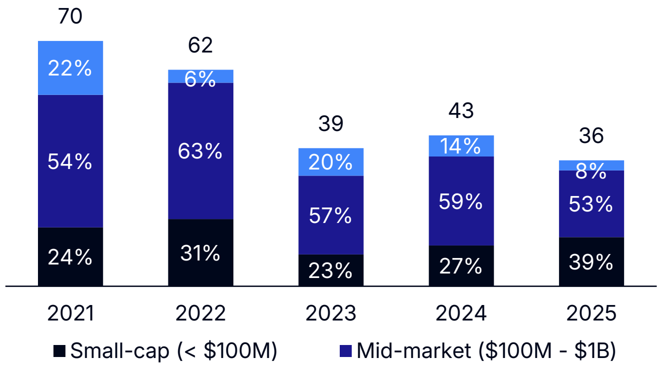
The most competitive segment is large-cap single-asset secondaries. These transactions are typically high-profile, intermediated, and attract most global secondary funds seeking exposure to Asia-Pacific. Competition has intensified further as capital previously allocated to China has been redirected to India over the past five years.

TR CAPITAL PERSPECTIVE

Valuation premiums were particularly pronounced during 2023–2024, when many GPs continued to reference peak private market valuations from the 2020–2022 fundraising cycle. Since then, the disconnect has narrowed as public market multiples have normalized and **many high-quality businesses have grown into their valuations.**

By contrast, the mid-market is less intermediated, more fragmented, and significantly harder to source and underwrite. Accessing these opportunities requires local teams, deep networks, and strong proprietary sourcing capabilities.

Figure 16: Annual PE/VC investments by deal size in India ($ billion).



Source: Bain & Co, India PE Report 2026.

In this environment of elevated valuations, the opportunity has shifted toward multi-asset transactions (both CVs and direct secondaries). **Acquiring a carefully selected portfolio can offer a more attractive risk-return profile than individual single-asset deals, while diversifying exit timing across several companies.** At the same time, these deals require significant structuring, underwriting and execution expertise, limiting the buyer universe capable of sourcing and executing them effectively.

TR CAPITAL PERSPECTIVE

Since entering the Indian secondary market in 2008, TR Capital has consistently emphasized rigorous company selection across both single- and multi-asset transactions. **Rather than pursuing discounts, our strategy prioritizes high-quality, growth-oriented businesses that are already profitable or have a clear path to profitability within 6–12 months of investment.** Where appropriate, we also seek governance rights, including through board representation, to strengthen alignment and support disciplined value creation and exit execution.

This approach has underpinned investments in leading Indian companies such as Flipkart, Lenskart, Fibe, MoEngage and Shadowfax, illustrating the breadth and quality of opportunities accessible through an active secondary strategy.

China

China Is a Global Powerhouse and “Too Big to Ignore”

China is a global economic and technological superpower, overwhelmingly dominant in Asia-Pacific. **Following a multi-year correction across both public and private markets, its cycle has turned.** Public equities have re-rated since early 2024, international investor interest is gradually returning to Chinese companies, and valuations remain attractive on both a relative and absolute basis. **While the investment environment remains selective, we believe the conditions for re-engaging with China — through a disciplined, liquidity-first underwriting — are compelling.**

China accounts for nearly **half of Asia-Pacific’s economic output and is the world’s second-largest economy** with a nominal GDP of US$20 trillion in 2025. Despite trade tensions and a challenging geopolitical backdrop, the economy is expected to grow by c.4.5-5.0% in 2026, outpacing most developed markets *(IMF, Apr 2026)*. It is also the **world’s largest manufacturer and exporter**, with manufacturing expected to account for c.45% of global value added by 2030 and a record trade surplus of c.US$1.2 trillion in 2025.

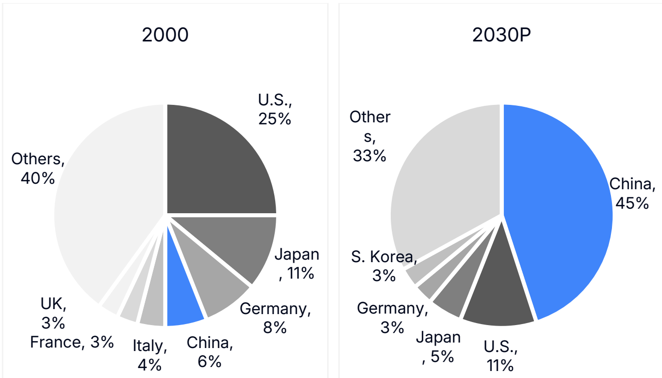
Beyond its scale, **China has established itself as a global technology leader.** It files more patent applications than any other country and is at the forefront of industries shaping the future such as robotics, electric vehicles, renewable energy, AI, healthcare and life sciences. **In 2025, China was the world's largest EV market for 11 consecutive years,** with c.16.5 million units sold. It accounted for c.70% of global EV battery production, c.90% of solar wafer and cell capacity, c.58% of new energy-storage installations. **China has also led the world in industrial robot installations for 13 consecutive years,** with c.300,000 units installed in 2025. In AI, capex by Chinese hyperscalers — including Alibaba, ByteDance, Tencent, and Baidu — is projected to reach c.US$200 billion in 2026, while **frontier Chinese AI models have rapidly narrowed the performance gap with their U.S. counterparts at a fraction of the cost** *(MIIT; IEA GGII; CPIA; CNESA; MIR DATABANK)*.

This progress is increasingly being recognized by global industry leaders. In late 2025, Jensen Huang, CEO of Nvidia, remarked that China is "nanoseconds behind" the United States in semiconductor capabilities.

TR CAPITAL PERSPECTIVE

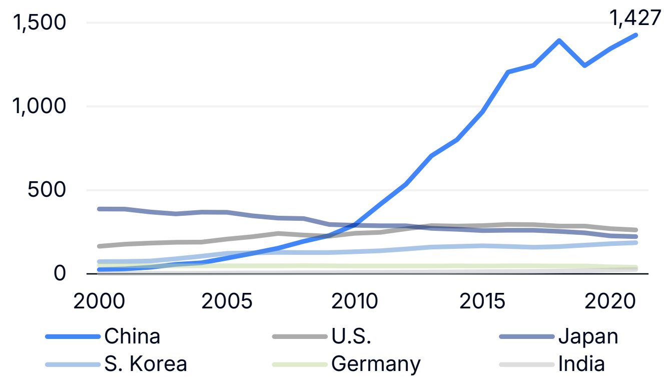
Over the past decade, **Chinese companies have steadily moved up the global value chain, evolving from low-cost imitators into global category leaders.** This transformation is evident across industries: from BYD, NIO and Li Auto redefining the automotive sector; to Anta and Li-Ning building globally competitive sportswear brands; to healthcare companies developing world-class cell-therapy and gene-editing platforms. This structural upgrade creates attractive opportunities for secondary investors.

Figure 17: China’s takeover of global manufacturing value added between 2000 and 2030P.



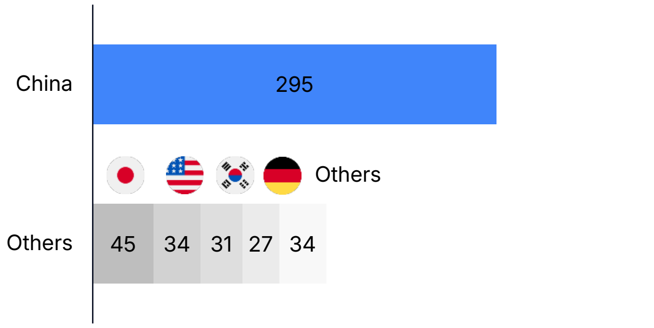
Source: UN Industrial Development Organization (as of November 2024).

Figure 18: Annual patent applications (in thousands).



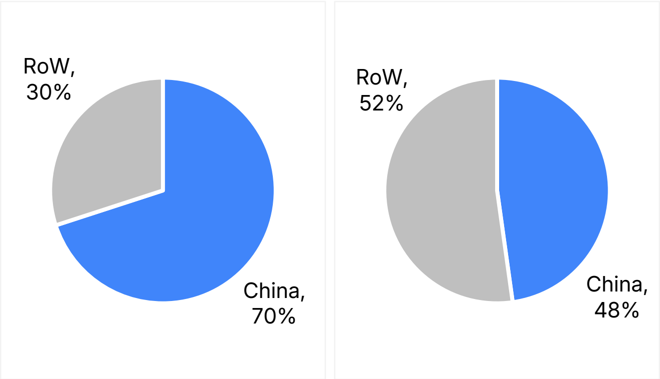
Source: World Intellectual Property Organization (WIPO).

Figure 19: Annual installations of industrial robots in 2024 (in thousands).



Source: World Robotics (Others include India, Italy, Taiwan, Mexico, Spain).

Figure 20: Global electric car manufacturing (left) and total global solar PV generation capacity (right) in 2024.



Source: International Energy Agency (2024).

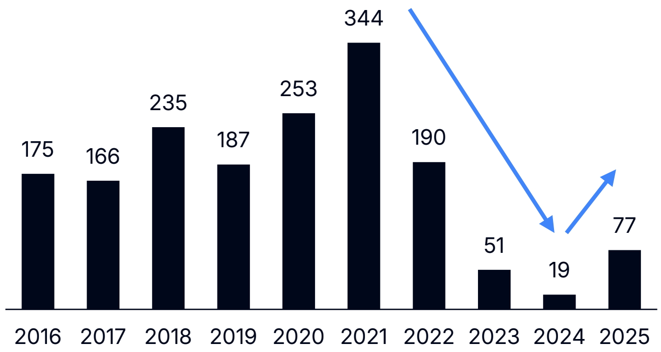
Foreign Investor Sentiment Fell Sharply Post-COVID, and is Reversing

Despite China's long-term economic and technological leadership, foreign investor sentiment deteriorated sharply after 2022 following a record period of investment. The reversal was driven by the convergence of three factors:

- **Regulatory interventions across key sectors** including healthcare, education, and real estate, which weakened investor confidence.
- **Escalating U.S.–China tensions**, prompting foreign investors to retreat amid uncertainty around investment restrictions and exit channels such as U.S. IPOs.
- The combined effects of **prolonged Zero-COVID lockdowns**, a sluggish domestic recovery, and global pressures from inflation and rising interest rates.

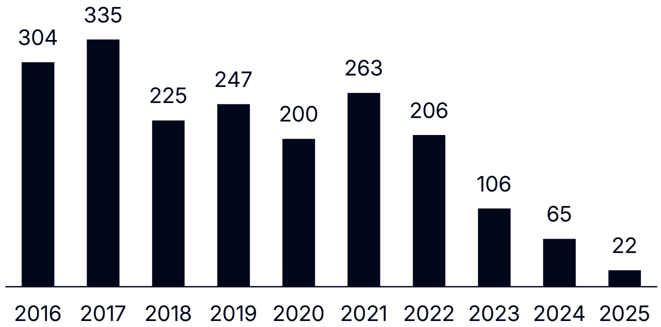
The impact on China's private equity industry was significant. Exit activity declined sharply, reducing distributions to LPs and leaving many mature assets unrealized. At the same time, fundraising weakened as international investors reduced allocations, intensifying pressure on GPs to generate liquidity.

Figure 21: Net FDI inflows in China (in $ billion).



Sources: World Bank Group; SAFE.

Figure 22: Private equity fundraising in China, impacted by the decline in investor confidence (in $ billion).

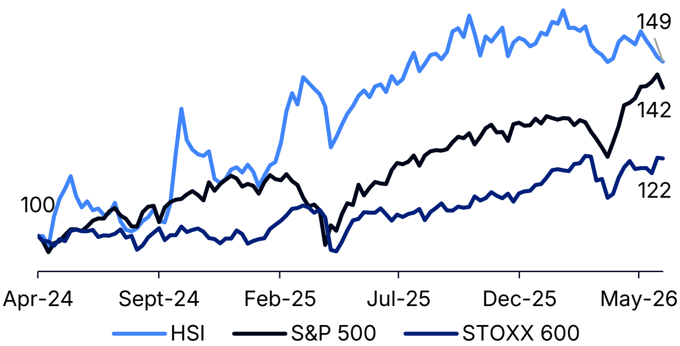


Source: Preqin (June 2026).

Since 2025, investor sentiment has begun to recover:

- **Capital markets have re-rated decisively.** Chinese equity markets were among the strongest performers globally in 2025 (ChiNext rose c.58%, STAR 50 c.42%, Hang Seng Index c.33% and CSI 300 c.22%), while Greater China IPO proceeds doubled year-on-year to c.US$55 billion, surpassing the U.S. and re-establishing Hong Kong as a major exit venue for private equity-backed companies.

Figure 23: Major stock index performance since Apr 2024.



Source: Investing.com (May 2026).

- **The "DeepSeek moment" has crystallized the shift in global perception of Chinese tech.** In January 2025, DeepSeek's release of open-source frontier AI models highlighted China's ability to develop leading AI capabilities at substantially lower cost, prompting investors to reassess the country's technology leadership. The improvement in sentiment has since broadened beyond AI to other advanced technology sectors.

- **Global investors are selectively re-engaging with China.** Leading global private equity firms — including KKR, Bain, EQT, and Warburg Pincus — have reaffirmed their commitment to investing in China in 2025-26, citing attractive valuations and an improving exit environment. Middle Eastern sovereign wealth funds have also emerged as an important source of capital, with QIA, PIF, ADIA, and Mubadala participating in several landmark transactions.

These developments have translated into a meaningful recovery in private equity liquidity. Total exit value rose to c.US$53 billion, up from c.US$17 billion in 2023 and US$46 billion in 2024 *(Bain & Co, Apr 2026)*. **TR Capital's discussions with global LPs also point to a marked improvement in distributions from China since 2025, reinforcing confidence that the market has entered a more constructive phase.**

Strategic Implication for Secondaries

On paper, China presents one of the most compelling secondary opportunities in Asia-Pacific. Unrealized value has reached record levels, GPs are under intense pressure to generate liquidity amid a challenging fundraising environment, and secondary transactions have been available at discounts exceeding 50% to NAV. **However, discounts alone do not constitute an investment thesis.** Without a credible path to liquidity, discounted assets can remain discounted for prolonged periods. **In China, exit visibility is paramount.**

TR CAPITAL PERSPECTIVE

Our conviction on exit visibility led TR Capital to pause new investments in China between late 2023 and mid-2025, despite otherwise attractive opportunities. As market conditions have improved, we have selectively re-engaged while maintaining a high bar. Today, we believe the most attractive opportunities fall into two categories:

Single-asset secondaries in scaled, profitable companies that have demonstrated resilience through the 2022–25 market cycle and offer a clearly identifiable path to liquidity, ideally through a strategic sale, within two to four years.

Selectively constructed multi-asset transactions where early realizations from part of the portfolio can materially de-risk the investment within 6–18 months while preserving upside from longer-duration holdings.

In both cases, success depends on rigorous company-level underwriting, careful assessment of exit pathways, and strong local capabilities. This investment discipline has underpinned our investments in companies such as RoboSense, WeRide, Rokae, Huagai, and Evisu, as well as our decision to re-enter China in late 2025 through an investment in leading pet food OEM Seek.

We believe China's next phase will **reward active secondary investors who combine valuation discipline with rigorous company selection and a relentless focus on liquidity.**

Japan

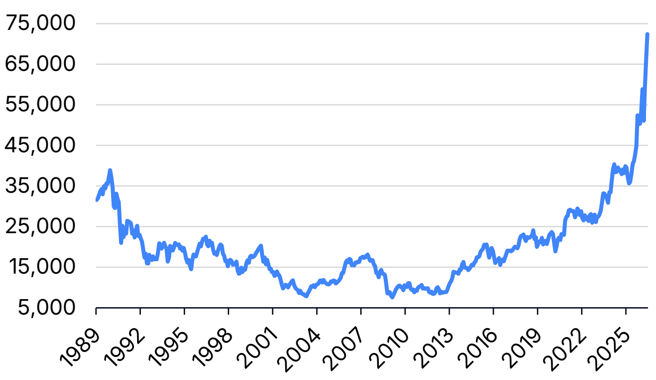
Japan Has Entered a New Economic Regime

After nearly three decades of deflation and subdued economic growth, Japan has entered a new economic regime. Inflation has remained above 2% since mid-2022, marking a decisive break from the deflationary environment that constrained corporate earnings, wage growth and investment for much of the past thirty years. As a result, nominal GDP growth accelerated to 4.5% in 2025, compared with an average of just 0.2% over the previous two decades *(IMF, April 2026)*.

Several structural factors have reinforced this recovery. The **yen's sustained weakness** (around ¥150-160 per USD since 2024) has enhanced the global competitiveness of Japanese exporters while increasing the yen value of overseas earnings. **Corporate governance reforms** — including Tokyo Stock Exchange initiatives encouraging companies trading below book value to improve capital efficiency, alongside government measures promoting higher shareholder returns — have accelerated management focus on profitability, capital allocation, and shareholder value.

Together, these developments have supported stronger corporate earnings, increased M&A activity and renewed investor confidence. Japanese equities have responded accordingly, with the **Nikkei 225 surpassing 72,000 points in 2026 for the first time in its history.**

Figure 24: Nikkei 225 monthly price since January 1989.



Source: Investing.com.

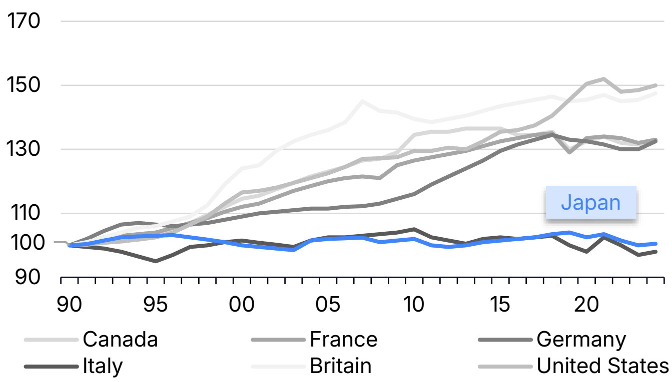
TR CAPITAL PERSPECTIVE

Japan's improved macroeconomic backdrop has created a supportive environment for public and private equity. However, the strong recovery in public markets warrants valuation discipline. As of May 2026, the TOPIX traded at c.17x forward earnings, above its long-term average of c.15x, while the Nikkei 225 traded at c.24x. Although valuations remain reasonable relative to other developed markets, Japanese equities are no longer cheap.

Despite the Recovery, Structural Challenges Remain

Despite this recovery, Japan continues to face significant structural headwinds. Real GDP growth is expected to remain modest, with the IMF forecasting 0.5–0.8% growth in 2026, well below most other Asia-Pacific economies. **The legacy of three decades of deflation continues to weigh on productivity and wages growth.**

Figure 25: Change in real wages among G7 countries.



Source: OECD.

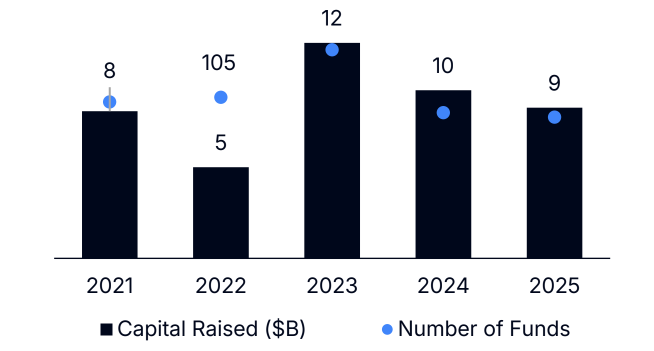
Demographics are an equally important constraint. Japan's population has declined from 128 million at its 2010 peak to 123 million today, while almost one-third of the population is now over the age of 65. The median age has reached 50, and the **working-age population is expected to shrink by 11 million by 2040** *(Recruit Works Institute)*. These trends will place increasing pressure on public finances, labor availability, and long-term economic growth.

A Mature Buyout Market, and a Secondary Market in Formation

Japan is one of the few Asia-Pacific private equity markets where fundraising has remained resilient in the past five years. Japan-focused funds raised US$12.3 billion, US$9.6 billion, and US$8.6 billion in 2023, 2024, and 2025, respectively, matching or exceeding levels seen in 2020. The average fund size has also increased, from c.US$100 million in 2020-21 to c.US$160 million in 2025 *(PEI)*.

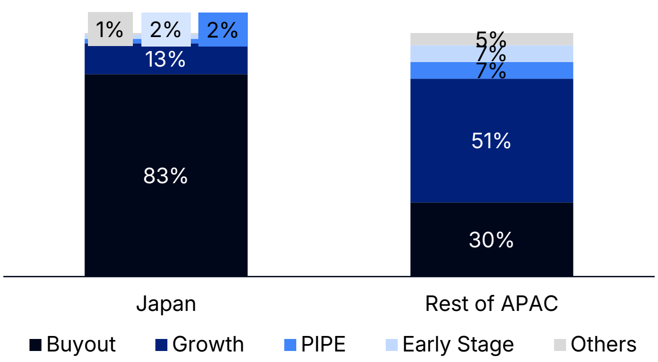
Investor appetite is driven primarily by Japan's distinctive buyout market, the second-largest in Asia-Pacific. Buyouts account for c.80% of transaction value, compared with c.30% across the rest of the region *(JPEA)*. This opportunity is underpinned by two structural characteristics: a steady pipeline of **corporate carve-outs and non-core divestitures** from large conglomerates, and a growing number of **succession transactions** driven by Japan's aging business-owner population, which account for c.65% of private equity deals *(Markets Group)*.

Figure 26: Japan-focused private equity fundraising ($ billion).



Source: PEI.

Figure 27: Deal value between 2020 and 2023 by deal type.

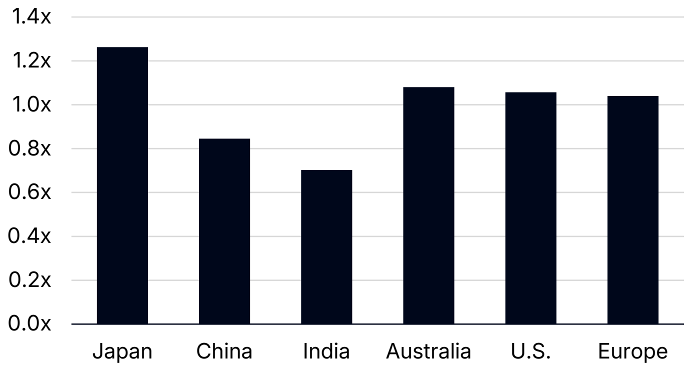


Sources: Japan Private Equity Association; Bain & Co.

Despite the strength of the primary market, secondary activity remains limited for three main reasons:

- Historically, **Japan's buyout market has generated relatively strong distributions**, reducing the need for alternative liquidity solutions;
- **Cultural factors have also slowed the adoption of secondaries.** Japanese LPs and GPs continuing to view the asset class with a degree of skepticism — similar to the perception that prevailed in North America and Europe before secondaries became mainstream;
- **Many Japanese GPs are backed by long-term domestic public institutions** — including pension funds, banks and insurance companies — that are evaluated primarily on MOIC rather than DPI. As a result, they tend to be highly averse to crystallize losses or sell assets at a discount.

Figure 28: Pooled DPI of private equity funds in select markets.



Source: SPI by StepStone. Based on all PE funds with vintages between 2000 and 2021.

These conditions are unlikely to persist indefinitely. The substantial capital raised over the past three year, particularly from non-Japanese LPs, will eventually require distributions, while holding periods are already beginning to extend. According to Bloomberg, **44% of investments made between 2018 and 2020 were exited within five years, compared with 54% of investments made between 2015 and 2017.** As AUM continues to grow faster than exits, the need for secondary liquidity solutions is likely to increase over time.

TR CAPITAL PERSPECTIVE

Japan represents an attractive long-term secondary opportunity in Asia-Pacific, but also one with high barriers to entry — including language, regulatory complexity, accounting standards, and the importance of local relationships.

Consistent with its strategy of building local secondary capabilities across Asia-Pacific, **TR Capital formed a strategic partnership with Mitsui & Co., one of Japan's largest conglomerates, in 2024.** The partnership combines TR Capital's secondary investment expertise with Mitsui's extensive local network, due diligence, and value creation capabilities, supporting our positioning as a strong secondary platform for Japanese GPs.

Since establishing the partnership, we have evaluated several investment opportunities and look forward to deepening our presence as this market continues to mature.

Australia

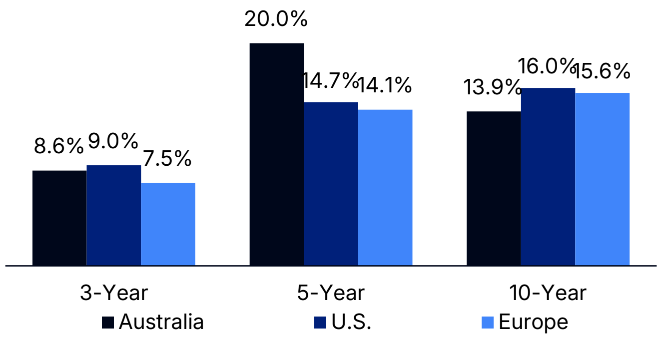
Australia Is a Source of Steady Private Equity Returns in Asia-Pacific

Australia is home to one of the most mature private equity ecosystems in Asia-Pacific, **supported by deep capital markets, a stable legal and regulatory framework, and one of the world's largest institutional investor bases.** The Australian Securities Exchange *(ASX)* had a market capitalization exceeding US$2.3 trillion in 2025, while the country's US$3.2 trillion superannuation system — the fourth largest globally after the U.S., the UK and Canada — provides a substantial and stable source of long-term capital *(APRA, March 2026)*. Australia-focused private capital AUM reached c.US$110 billion at the end of 2025, of which private equity, venture capital and private credit represented c.US$55 billion *(AIC, 2026)*.

Australia is predominantly a buyout market, with control transactions representing 60-70% of deal value *(Bain & Co, APAC PE Report 2026; AIC, 2026)*, a profile comparable to other developed private equity markets such as Japan and South Korea. The market is anchored by a **small group of established domestic managers** alongside the regional offices of certain major global private equity platforms.

Performance has reflected the maturity of the ecosystem. Australia-focused private equity funds have delivered returns in line with global peers *(AIC / Preqin, May 2025)*.

Figure 29: Australia private equity index vs. global peers.



Source: Cambridge Associates pooled IRR (Sep 2025).

Exit Conditions Have Become More Challenging

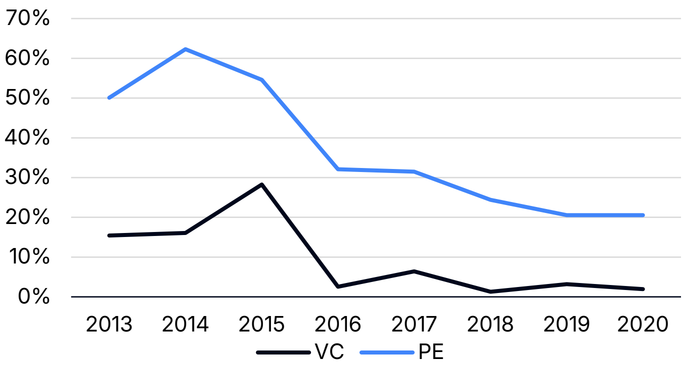
Despite these strengths, **Australia's exit environment has become more challenging since 2022.** The sharp rise in interest rates — from 0.10% in early 2022 to 4.35% by mid-2025 — increased the cost of capital and significantly weakened IPO activity. The number of companies listing on the ASX fell from an average of c.120 IPOs annually before 2022 to 45 in 2023, 67 in 2024 and 92 in 2025 *(ASX)*.

Although the Reserve Bank of Australia began easing monetary policy in 2025, renewed inflationary pressures led to a return to policy tightening in 2026, while heightened geopolitical uncertainty continued to weigh on investor sentiment.

As a result, **IPOs have become a less reliable exit route for private equity-backed companies**, increasing the importance of alternative liquidity solutions. The Australia Investment Council noted in its 2026 review:

"For Australia to remain competitive, firms must move beyond 'AUM growth' and focus on the velocity of capital recycling, as DPI is now the leading indicator for a manager's ability to maintain an 'upper-arm' position in the global recovery."

Figure 30: 5-year median DPI (vintages 2013-2020).



Source: Australia Investment Council Private Capital Yearbook 2026.

The Secondary Market is Competitive and Rewards Discipline

Against this backdrop, secondary transactions have become an important portfolio management tool.

Australia has been among the earliest adopters of GP-led secondaries in Asia-Pacific, with a growing number of high-quality GPs using CVs to extend ownership of their strongest assets while generating liquidity for existing investors. Recent examples include transactions completed by Quadrant Private Equity (2024), Armitage Associates (2025) and Anacacia Capital (2025).

Australia's superannuation funds have also become active participants in the LP-led market. The denominator effect has encouraged several institutions to rebalance private equity allocations through secondary sales, while APRA's updated Prudential Standard SPS 530 — which strengthens governance around private market valuations — is expected to further institutionalize secondary activity over time (EY, 2025; APRA, March 2026).

Australia represents one of the highest-quality secondary markets in Asia-Pacific, but also one of the most competitive. Unlike many other markets in the region, barriers to entry for international investors are relatively low.

CVs are well established and predominantly involve large, high-quality buyout assets marketed through competitive auction processes, attracting most global secondary funds. By contrast, smaller companies continue to benefit from a deep pool of domestic buyout buyers. **Consequently, transactions price at the upper end of global valuation ranges, often at par or at premiums to NAV. In some cases, intense competition has also led buyers to accept weaker GP alignment and terms.**

Accordingly, we believe Australia is attractive but rewards selectivity. We continue to evaluate GP-led opportunities actively, but only where valuation, governance, and GP alignment satisfy our underwriting standards. In recent months, this has included passing on otherwise attractive transactions where entry valuations approached 20× EBITDA or where alignment and transaction terms fell short of our requirements.

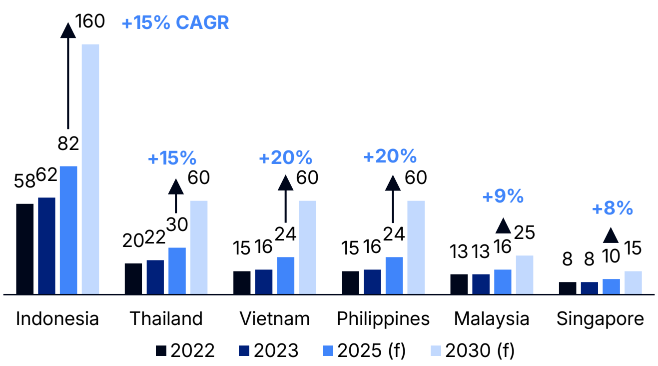
Southeast Asia (SEA)

Compelling Economic Growth but a Complex Investment Landscape

SEA is one of the world's most compelling long-term growth stories. The region's GDP exceeded US$4.2 trillion in 2025, with real GDP growth of c.4.5% *(IMF, Apr 2026)*. It has emerged as a key beneficiary of multinationals' "China+1" strategy, combining competitive labor costs, improving infrastructure, and supportive trade policies. Vietnam has become a leading electronics manufacturing hub, Malaysia has strengthened its position in semiconductor testing and assembly, and Indonesia and Thailand have become increasingly important to the global electric vehicle supply chain to cite a few examples.

Beyond manufacturing, SEA benefits from one of the **world's youngest and most digitally connected populations, approaching 700 million.** Around half of the population is under the age of 30, supporting rapid adoption of e-commerce, digital payments and services.

Figure 31: ASEAN-6 retail e-commerce market ($ billion).



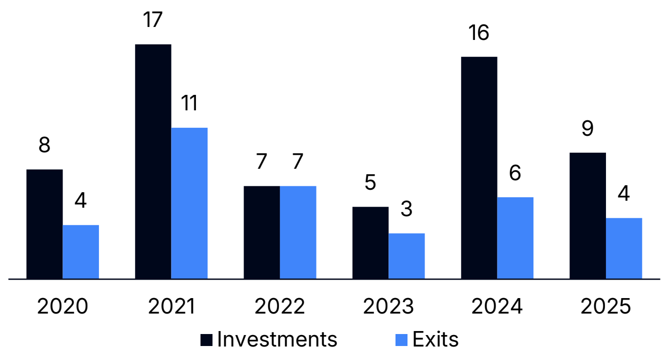
Source: International Trade Administration.

However, translating these structural tailwinds into attractive private equity returns has proven considerably more challenging. SEA accounts for less than 10% of Asia-Pacific private equity investment value. Unlike other Asia-Pacific countries, it is not a single integrated market but a collection of countries with distinct legal systems, regulatory frameworks, currencies, capital markets, and exit environments.

Public equity markets remain relatively underdeveloped generally and lack the depth and liquidity required to consistently support large private equity exits. Between 2020 and the first half of 2025, IPOs represented less than 20% of aggregate exit value *(Bain & Co, SEA PE Report 2026)*. Governance standards also remain uneven across the region, as highlighted by **several high-profile governance failures among private equity-backed companies in recent years.**

Together, this fragmentation, uneven governance standards and shallow exit markets have contributed to a private equity risk-return profile that many LPs perceive as insufficiently attractive.

Figure 32: SEA PE/VC investments vs. exits value ($ billion).



Source: EY, Southeast Asia Private Equity Pulse.

Singapore is the exception. It sits at the heart of SEA's private equity ecosystem. Its stable political environment, robust legal and regulatory framework, sophisticated financial markets, and deep talent pool have made it the preferred regional headquarters for multinational corporations, entrepreneurs and private equity firms. Around 60% of SEA's PE/VC deal volume flows through Singapore *(Praxis Global Alliance)* and **many of the region's highest-quality businesses operating across Indonesia, Vietnam, Malaysia and Thailand are ultimately domiciled there**. Singapore is the natural hub for accessing the region's most attractive investment opportunities.

TR CAPITAL PERSPECTIVE

SEA is best approached as a highly selective market. The most compelling opportunities are typically **single-asset investments in market-leading companies with established profitability and strong governance.** Where appropriate, we seek near-controlling stakes or significant minority positions with board representation, enabling active engagement on strategic decisions, support for management where needed, and disciplined exit execution. We strictly seek a **credible path to liquidity** within three to five years, through a strategic or sponsor-to-sponsor sale.

Preferred equity structures can also offer attractive risk-adjusted returns by ranking senior in the selling fund's distribution waterfall until a predefined minimum return is achieved, enhancing downside protection while prioritizing liquidity.

This approach has underpinned investments in leading SEA businesses such as Oatside and Pharmacity.

South Korea

South Korea Is a Developed Yet Local Market with High Barriers to Entry

South Korea is Asia-Pacific's fourth-largest economy, with a GDP of US$1.8 trillion in 2025 and per-capita income comparable to developed European Union economies (IMF, Apr 2026). The economy is anchored by globally competitive industries, including semiconductors, automotive, advanced manufacturing and increasingly AI, and is home to world-leading companies such as Samsung, SK Hynix, Hyundai and LG.

South Korea has developed one of Asia-Pacific's most mature private equity markets. Private equity investment accounts for 6.8% of the country's private business sector — the highest penetration rate in Asia-Pacific *(S&P Global)*, and **buyouts account for c. 60% of transaction value** *(Bain & Co APAC PE Report 2026)*.

A defining characteristic of the market has been the sustained restructuring program of Chaebols. **As these conglomerates continue to divest non-core businesses to simplify corporate structures and improve capital efficiency, private equity has become a large acquirer of carve-outs.** The market is dominated by a relatively small group of well-established domestic managers whose investment strategies have been shaped by these restructuring opportunities. SK Group's ongoing rebalancing illustrates the depth of this opportunity set, with the recent sales of SK Shieldus, SK Rent-a-Car and SK Specialty. Ongoing corporate governance reforms, including the government's 2024 Value-Up Programme, are expected to sustain this pipeline.

Despite managing more than US$235 billion of private equity assets *(Preqin, Sep 2025)*, **South Korea remains one of Asia's most local private equity markets, exhibiting many of the characteristics observed in Japan.** Local relationships, Korean-language capabilities and on-the-ground market knowledge are essential to sourcing transactions, conducting due diligence and supporting portfolio companies. Much of the relevant market information — fund filings, portfolio disclosures, regulatory filings and market data — is available only in Korean, creating **meaningful barriers to entry for international investors.**

South Korea's secondary market remains at an early stage of development. Historically, strong domestic institutional backing has reduced the need for alternative liquidity solutions. **Many funds share the same long-term, government-backed LP base and have never raised capital from international investors.** These public institutions have traditionally prioritized long-term value creation over near-term distributions, reducing the pressure on GPs to pursue secondary transactions. **Establishing a domestic secondary market also presents challenges**, as capital would largely be recycled among the same investor base.

Nevertheless, the market is beginning to evolve. A small number of landmark GP-led transactions — including Hahn & Co's US$1.5 billion CV for cement producer Sangyong C&E (2022), MBK's c.US$500 million CV for Korean fried chicken franchisor BHC, and CVC's US$600 million CV for Korean travel platform Good Choice (2025) — have demonstrated the viability of the strategy.

TR CAPITAL PERSPECTIVE

Consistent with its regional strategy, TR Capital selectively evaluates **GP-led transactions alongside leading Korean GPs** in sectors where it has a competitive advantage, as well as **selected direct secondary carve-out opportunities involving companies outside South Korea** in markets where it has established expertise.

As in Japan, success in South Korea is likely to depend on strong local partnerships. TR Capital therefore continues to **evaluate strategic partnerships that could create a competitive advantage in sourcing, due diligence and value creation,** with the objective of becoming a preferred secondary partner for Korean GPs.

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