Data's role in secondaries

The increased complexity and scale of the secondaries industry means fund managers need to take a more rigorous and tech-supported approach to effectively manage data, says Metz Vara in his recent interview with PEI. In it, he explores how to solve the challenges facing secondaries managers. Read the full interview below:

Q: How has the role of data in the secondaries industry evolved?

A: A protracted lack of liquidity in private markets has turbocharged the secondaries space. Additionally, the continued and growing use of transaction types like LP-led secondaries, GP-led secondaries and structured mandates has necessitated more nuanced analysis and data handling, which has led to an increased need for transparency, both at a manager and investor level. Market participants are demanding more detailed and timely reporting as a result.

The market is also seeing increased demand for operational efficiency, particularly among some of the largest players; historically, secondaries transactions involved lots of manual processes, which have been both slow and error prone. Real-time access to data has become critical to improving responsiveness in deal evaluation and liquidity reporting, and as a result, automation and AI tools have become increasingly common to support both the timeliness and accuracy of data whilst reducing reliance on manual processes.

In terms of how the role of data has evolved, managers are increasingly building centralized data platforms, consolidating data from due diligence, fund performance and underlying portfolio companies with the aim of improving investment decision-making and ultimately driving enhanced returns.

Q: What are the biggest challenges facing secondaries managers in relation to their data needs?

A: I think it comes back to this issue of scale and complexity and the implications

of working with a larger number of partners, all providing data in different formats and with differing levels of timeliness and accuracy. The manual effort and time required to collate, extract, standardize and report on that data is significant, potentially delaying decision-making.

Q: What does data management best practice look like?

A: Having fast, efficient, reliable and granular data is critical, as is being able to combine investment data with other data sets, such as investor commitments and cash, to gain a more comprehensive view. Technology has a really important role to play in making that possible. For the most part, however, the tools we see in the market are focused on discrete parts of the data management process.

We are seeing tech solutions that focus on the data collection process, as well as solutions focused on data extraction, which quickly and efficiently scrape data from the relevant attachments. Finally, there are technologies focused on surfacing data through dashboards or centralized repositories, where managers and investors alike can then access the information and use it to inform decision-making.

Q: How are fund administrators differentiating themselves from a technology perspective?

A: All three of the processes I've described above are critical: collecting data from GP portals as quickly as possible; scraping that data; and having some form of manual intervention at the point where managers and investors are then reviewing and analyzing that data. The importance of that human interaction when it comes to reviewing, manipulating, presenting and analyzing the data cannot be underestimated, given the critical nature of the information, not only for investment decision-making but also in relation to cashflow, liquidity, investor drawdowns and distributions.

Our response as an administrator has first and foremost been to build our specialist fund of funds and secondaries capability, which combines purpose-built technology with the expertise of over 100 highly experienced individuals.

One area where we've made significant investment from a technology perspective

is the launch of Aztec Xtract, an AI-powered tool that automates data collection, extraction and standardization at a fund and portfolio company level.

Once processed, the data undergoes validation by our team before being delivered through a secure, on-demand and intuitive dashboard, enabling real-time analysis and reporting at the click of a button.

Q: What unique features and challenges does the secondaries market have that require that kind of specialised administrative support?

A: I think it comes back to the sheer volume that is so often involved in secondaries. At Aztec Group, for example, we look after well over 6,000 individual GP investments. Having a team that is exclusively focused on the nuances of this industry is hugely helpful.

Furthermore, there are a number of specific challenges involved with this part of the market. First, you are not starting from zero, every secondaries investment comes with legacy capital account history, historic investor notices, bespoke terms and inconsistent reporting formats. You need to untangle, reconstruct and standardize someone else's complexity, all under tight reporting timelines. A specialist administrator will have tried-and-tested processes for that kind of legacy fund onboarding, liaising directly with underlying GPs to extract and normalise data, reconcile historic capital activity and validate key metrics.

Secondly, every secondaries deal is bespoke. Transaction types range from the sale of LP interests to strip sales, continuation vehicles, stapled deals, preferred equity and co-investments. Each structure comes with its own waterfalls, side letters, management fee offsets and cashflow nuances that standard systems simply can't handle. Again, a specialist administrator can build and maintain customized models tailored to deal-level economics.

Other challenges include the need to interact with two sets of GPs: the upstream GPs managing the underlying funds, and those invested in the secondaries fund. A specialist administrator can act as a communication bridge, proactively liaising with upstream GPs to secure statements, valuations and notices, and translating this data into clean, ILPA-compliant reports.

Secondaries transacting is also characterized by fast and frequent cycles – you might close upwards of 50 transactions across dozens of counterparties in a matter of months. Every new deal needs to be onboarded, accounted for and integrated into fund-level reporting, without slowing the next deal down. Specialist administrators are built for pace.
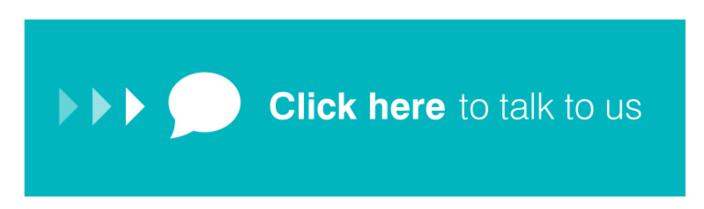
Furthermore, as LPs become more sophisticated, they want to see exposures at an underlying fund and portfolio company level. They want ESG metrics and risk breakdowns, and they want it all structured, verifiable and fast. That means you need to have true look-through reporting, layering data from underlying funds and portfolio companies into investor-ready dashboards.
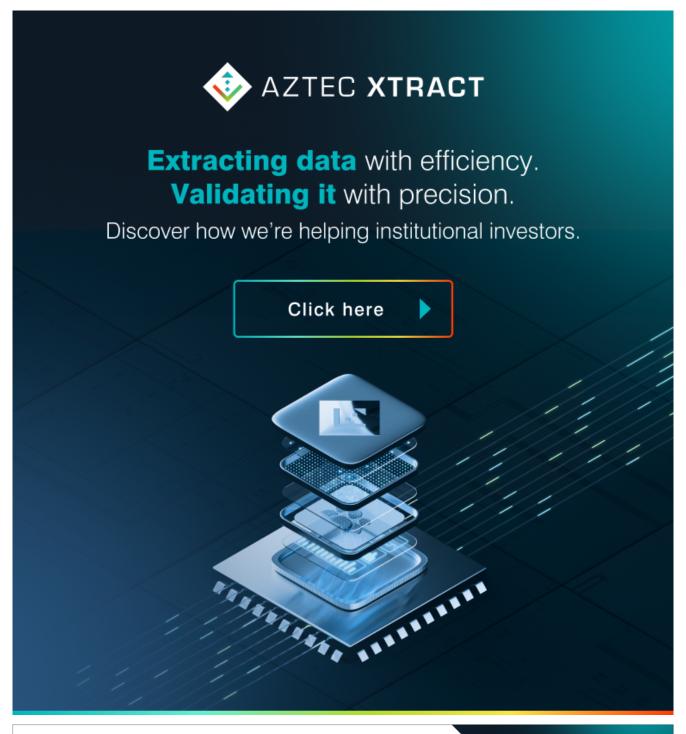
In addition, I would point to the need for fast and controlled scalability. The secondaries market is expanding rapidly, larger fund sizes, more entities and growing LP expectations are putting pressure on operations. Standard systems and shared service teams struggle to keep up.

The final challenge involves rising compliance risks. Secondaries GPs are typically managing multi-jurisdictional portfolios with underlying funds and investors subject to different regulations, including AIFMD, SFDR, FATCA/CRS and Beneficial Ownership registers. Any mistake carries reputational risk.

Fundamentally, we believe secondaries fund administration is its own discipline, demanding fluency in layered data, bespoke deal mechanics, compressed timelines and dual-stakeholder management. It isn't just about preventing errors, delays and inconsistencies – it's about enabling confidence, scale and competitive speed.

To learn more about how we're leveraging AI-powered tools like [Aztec Xtract](#) to drive data collation, or if you'd like to discuss this further, please contact us below.

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