

Fund Finance Friday



Yale Eyes Secondaries Sale: Who's Next?

April 25, 2025



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Right after Patrick Calves [wrote about](#) “continued momentum in the secondaries market, supported by both cyclical and structural tailwinds” in last week’s FFF, Yale University’s [plans to sell](#) up to \$6 billion is dominating private equity news this week.

Aside from its size—15% of the endowment’s total assets and around an estimated 30% of its PE holdings according to Bloomberg—Yale’s contemplated sale raises questions about setting a precedent. The “Yale Model” advanced by David Swenson advocated for an expanded role for private investments in endowment portfolios, consistent with a long investment horizon, and as an alternative to unnecessary return concessions for liquidity. Swenson’s book, *Pioneering Portfolio Management: An Unconventional Approach to Institutional Investment*, significantly influenced institutional portfolio management after its publication in 2000.

When an industry leader decides to trim up to nearly a third of its PE portfolio, the natural question is who else could follow. Other university endowments are obvious candidates for secondaries sales in light of the pressure some may face to tap endowments to replace Federal subsidies. More broadly, the ongoing distributed to paid-in capital (DPI) drought could pressure other institutional investors, particularly when considered in the context of a declining dollar and overall portfolio performance pressure due to failure of Treasury prices to offset declines in risk assets in 2025.

So, yes, we expect significant acceleration in secondaries transactions, and we expect LPs to look to a broader portfolio finance toolkit, including LP interest financing, pref equity, and securitization, to free up liquidity without realizing a potential discount to NAV in a secondary sale.