



By Christen Estrup

co-founder at Jera Capital

GP-Led Secondaries – A Strategic Evolution in Private Equity Performance

In a private equity landscape shaped by prolonged exit timelines, valuation uncertainty, and a growing demand for transparency, continuation funds have emerged as a powerful tool for both capital deployment and value preservation. Once viewed as a niche solution for legacy assets, these vehicles are now redefining how investors access high-conviction, de-risked opportunities with proven upside.

The Rise of Continuation Vehicles in GP-Led Secondaries

Continuation vehicles are structured transactions in which general partners (GPs) transfer one or more portfolio companies from an existing fund into a new vehicle, typically backed by secondary capital. These GP-led secondaries allow GPs to retain control of high-performing assets while offering liquidity options to existing limited partners (LPs).

The market has seen a material increase in both volume and sophistication of these vehicles. Single-asset continuation vehicles (SACVs) and multi-asset continuation vehicles (MACVs) now account for almost half of the secondary market, driven by investor appetite for transparency, selectivity, and risk-adjusted returns.

Why Single-Asset Continuation Vehicles Stand

SACVs are designed for concentrated exposure to a single, high-performing company that the GP knows intimately. These vehicles are typically formed around assets with strong historical performance, robust operational data, and clear value creation plans going forward.

Performance Edge

SACVs have consistently delivered superior returns, averaging close to 2.1x TVPI across vintages, with peaks above 3.0x TVPI in 2019 vintages as seen in Figure 1. These vehicles leverage the GP's deep knowledge of their portfolio company, allowing for targeted value creation strategies that drive strong performance outcomes. Investors benefit from the focused approach and proven track record of these high-performing assets.

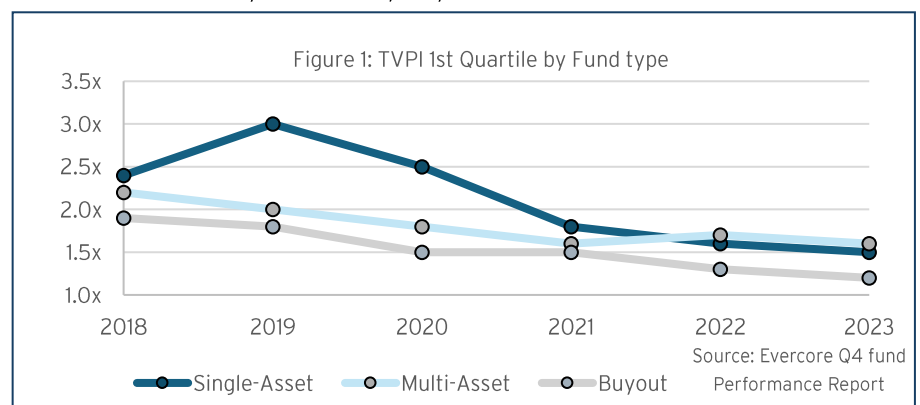
High Conviction and Concentration

While SACVs offer compelling upside, they also carry concentration risk. If the single asset underperforms, the entire vehicle is affected. This makes GP credibility and asset quality

critical to underwriting decisions. Investors must thoroughly assess the GP's track record and the asset's potential to ensure alignment with their risk tolerance and investment goals.

Alignment and Transparency

GPs tend to reinvest all crystallised carry and top-up capital into SACVs, signalling strong alignment. Investors benefit from full visibility into the asset's performance and future strategy—unlike traditional blind-pool funds. This transparency allows investors to make informed decisions based on detailed operational data and value creation plans, fostering trust and confidence in the investment process.



JERA CAPITAL INSIGHT

The Diversification and Liquidity of Multi-Asset Continuation Vehicles

MACVs offer a more diversified approach, extending multiple assets into a single vehicle. This structure appeals to investors seeking balanced exposure and earlier liquidity.

Attractive Returns with Lower Volatility

While TVPIs for MACVs typically trail those of SACVs by a modest margin, they remain strong—averaging approximately 1.8x across recent vintages. The diversified nature of MACVs helps mitigate idiosyncratic risk, offering a more stable and predictable return profile for investors seeking consistent value creation across multiple assets.

Early Distributions

MACVs often generate earlier DPI (Distributions to Paid-In Capital) due to staggered exits across portfolio companies. This structure allows investors to receive cash flows sooner, enhancing liquidity and providing flexibility for reinvestment or other financial needs. The ability to realize returns earlier can be particularly attractive in uncertain market conditions.

Strategic Flexibility

GPs can construct MACVs to include assets with varying growth profiles, enhancing resilience in volatile markets. This flexibility allows GPs to adapt to changing economic conditions and capitalize on diverse opportunities within the portfolio. Investors benefit from a balanced approach that combines growth potential with risk management, ensuring long-term value creation.

Outperforming Traditional Buyout Models

Continuation funds offer a distinct advantage over traditional buyout funds, which rely on blind-pool commitments and fixed fund lives.

Known Assets and Lower Dispersion

Investors in continuation funds gain exposure to assets with established track records. As seen in Figure 1, SACVs and MACVs outperformed traditional buyouts and they also show lower return dispersion. This improved predictability in performance is a key advantage, historical data and proven results become more reliable indicators to make informed investment decisions.

No Forced Exits

Unlike traditional funds, continuation vehicles are not constrained by fund life cycles. This

allows GPs to exit based on business readiness, not arbitrary timelines. The flexibility to hold assets until optimal exit conditions are met ensures that value is maximized, benefiting both GPs and investors by aligning exit strategies with business performance.

Precision Deployment

Investors can allocate capital into assets that GPs are willing to “buy again,” reinforcing conviction and reducing blind-pool risk. This targeted approach allows for more efficient capital deployment, as investors can focus on high-quality companies with demonstrated potential. The ability to selectively invest entities enhances confidence and reduces uncertainty in the investment process.

Conclusion: A Core Component of the Modern Private Equity Toolkit

Continuation funds are no longer a niche solution—they are a strategic evolution in private equity. SACVs offer concentrated, high-upside exposure for investors with longer horizons and higher risk tolerance. MACVs provide diversification, earlier liquidity, and portfolio resilience.

Both structures outperform traditional buyouts in transparency, alignment, and performance predictability. As the market matures, investors who embrace continuation vehicles will be better positioned to navigate uncertainty and capture long-term value.

About Jera Capital

Jera Capital is an independent private markets asset manager with a dedicated focus on the private equity secondary market. The Jera Capital team has over 50 years of combined experience in private markets and its members have been active in the secondary market since 2006 completing over 100 transactions.

More Information:

www.jera-capital.com