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# Continuity as a Strategy: GP-Led Secondaries Redefining Ownership in Private Equity

The rapid growth of GP-led continuation vehicles marks a structural shift in how value is realised and retained across private equity. By enabling managers to hold and compound their strongest assets rather than sell them to another sponsor, GP-leds are structurally reducing the traditional secondary buyout deal flow – replacing the transfer of ownership with the continuity of stewardship as the engine of long-term value creation.

## Transition to Continuity

The private equity market is undergoing a quiet structural realignment in how ownership and value creation converge. For a long time, sponsor-to-sponsor buyouts have been the traditional way to recycle capital and maintain portfolio momentum between fund generations. The model remains important, but its dominance is fading as general partners increasingly choose to hold and compound value within their own platforms. Transferring ownership may unlock liquidity but can disrupt execution, reset alignment, and erode the advantages built through years of active management.

GP-led continuation vehicles are redefining this dynamic. They enable managers to retain control of their strongest companies under renewed capital structures and long-term

alignment, preserving strategic direction and compounding performance without interruption. For investors, the appeal lies in the ability to either realise liquidity or maintain exposure to proven assets under continued, aligned stewardship. This marks a structural rebalancing in how private equity realises and retains value – shifting the emphasis from the transfer of assets to the continuity of ownership.

## Reframing Exit Management: From Liquidity Events to Ownership Optimisation

GP-led continuation vehicles have matured far beyond their origins as defensive liquidity tools. Initially designed to bridge timing gaps between fund life and asset potential, they have become a deliberate mechanism for long-term ownership. Traditional fund structures often constrain the full potential of value creation, forcing managers to exit strong

assets just as the most tangible phase of value realisation begins. These exits often therefore reflect structural timing, driven by fund maturity rather than the asset's exhausted potential. Today, managers use these structures not to delay exits, but to sustain performance where potential remains. The growing sophistication of secondary capital, combined with active LP roll-over participation, has strengthened alignment and pricing integrity across transactions – supported by independent valuations, fairness opinions, and LPAC oversight that have become standard features of institutional governance. For managers, they preserve operational momentum, strategic oversight, and alignment of incentives. In this sense, the GP-led model reflects a broader evolution in private equity – from exit management to ownership optimisation, matching ownership duration with the pace and true horizon of long-term value creation.

## Redefining the Fund Lifecycle

The idea of extended ownership in private equity is not new. Secondary buyouts continue to enable high-quality assets to remain within the private equity ecosystem beyond a single fund's life. They function as a practical mechanism to manage fund-life constraints – allowing one sponsor to realise returns while another continues to develop the asset under new ownership.

Transferring ownership between sponsors, however, creates inherent inefficiencies and structural challenges. Each change of ownership resets governance, capital structures, and strategic priorities – requiring management teams to adjust to new oversight and often leading to loss of accumulated institutional knowledge.

GP-led continuation vehicles address these inefficiencies and structural frictions directly. They enable managers to retain ownership of high-conviction assets within newly capitalised vehicles, sustaining strategic continuity and operational rhythm while offering liquidity to investors who seek it. Rather than restarting value creation under new sponsorship, the same GP extends the investment horizon and continues to execute the existing plan.

Different exit routes create different forms of value. But when a company's next stage of growth is best supported by remaining in the private equity ecosystem, continuity under the existing sponsor often represents the most effective path. The GP that built the business, understands its dynamics, and maintains alignment with management is typically best placed to keep compounding its performance. In that context, a GP-led continuation vehicle is not a liquidity workaround but a logical extension of stewardship. As a result, GP-led secondaries are structurally reducing sponsor-to-sponsor buyouts, as managers increasingly opt to retain control of strong performing assets through continuation funds rather than exit to another sponsor.

Continuation vehicles also offer a structurally faster path to liquidity. With average hold periods shorter than traditional buyouts, they can deliver capital back to investors faster – a growing consideration as allocators manage duration risk and capital planning across portfolios. Coupled with this, continuation fund economics have matured: market data suggests fee structures are leaner, with management fees typically half those of traditional buyouts and carried interest often structured in performance-based tiers. For investors, this translates to a more cost-efficient way to stay invested in high-quality assets with proven operating models.

For secondary investors, this structural realignment further represents a sourcing advantage, as a growing share of high-quality, cash-generative assets now reach the market through targeted, sponsor-driven processes rather than broad, intermediated sponsor-to-sponsor deals. These opportunities typically carry lower downside risk because of the exposure to established assets under managers with demonstrated conviction, but also often a narrower upside, as much of the initial value creation and operational transformation has already been realized.

## How GP-leds are Replacing Traditional Secondary Buyouts

Continuation solutions have moved well beyond the "proof of concept" stage, showing that extending ownership under existing sponsorship can deliver returns that are not only competitive, but often more predictable than traditional sponsor-to-sponsor sales. What began as a liquidity tool for aging funds has evolved into a strategic mechanism for long-term value retention – and in doing so, is structurally displacing the traditional secondary buyout. This shift is driven by a clear alignment of interests. Managers are balancing investors' need for liquidity with

their own conviction to hold high-performing assets longer. Continuation funds allow them to achieve both: offering liquidity to LPs seeking rotation while retaining control over prized assets that still have material upside potential. For investors, these deals provide access to established, high-quality assets that offer asymmetric risk/return profiles and a more stable performance. Hold durations are typically shorter, and enhanced governance standards have improved through independent pricing and LPAC oversight.

Large buyout managers and secondary firms – traditionally focused on sponsor-to-sponsor transactions, are increasingly raising dedicated continuation strategies. This is expanding the capital pool and encouraging broader GP adoption. As capital deepens, high-performing companies in mid- and large-cap buyouts are being flagged earlier as potential continuation vehicle candidates – steadily redirecting deal flow toward continuation vehicles and reinforcing the shift from ownership turnover to long-term stewardship. The result is a reinforcing dynamic, as capital and infrastructure build around continuation vehicles, they are becoming a more natural option for high-quality assets.

This evolution marks a fundamental shift in private equity's value cycle – from recycling ownership to compounding it. GP-leds are no longer a bridge to exit, but an increasingly preferred route to sustain performance and optimise ownership over the long term.

### 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.

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