NOVEMBER 2026

Amundi
Investment Solutions

Trust must be earned



ARTICLE

GP-led secondaries: when does a continuation vehicle create value?

Continuation vehicles have evolved from a niche liquidity solution into an increasingly established part of the private equity toolkit, allowing General Partners (GPs) to hold selected strong-performing assets beyond the life of an existing fund while offering existing investors a liquidity option.

Marketing Material for Professional Investors Only

Key takeaways

01 Continuation vehicles have evolved from a niche liquidity solution into an increasingly established part of the private equity toolkit, allowing General Partners (GPs) to hold selected strong-performing assets beyond the life of an existing fund while offering existing investors a liquidity option.

02 Although their recent growth was accelerated by a more difficult exit environment, their role is not merely cyclical. Continuation vehicles are now a structural part of the private markets ecosystem and are likely to remain relevant as conventional distribution levels recover. This makes it important to distinguish transactions driven by a compelling investment case from those primarily designed to postpone an exit or generate fast distributions.

03 For investors, the quality of a GP-led transaction depends less on the structure itself than on four key factors: asset quality, pricing, alignment of interests, and the credibility of the next phase of value creation.

04 Continuation vehicles are also used in asset classes such as infrastructure and private credit. This paper focuses on private equity because it remains the largest and most established segment of the continuation-vehicle market. Across that market, specialist underwriting and access to high-quality transactions should remain critical.

From liquidity solution to portfolio management tool

Private equity has historically followed a relatively familiar sequence: acquire a company, improve it over 4 – 6 years while creating value, and ultimately realise the investment through a sale or public listing. All assets must be fully realised within a predetermined period, after which the fund itself must be fully realised and wound down. Continuation vehicles are changing that sequence.

Rather than selling every asset to third parties when the fund approaches the end of its life or an investment's original value-creation thesis has been realised, a GP may transfer one or several portfolio companies into a newly established vehicle. Existing Limited Partners (LPs) are generally offered the choice of selling their pro-rata interest and receiving liquidity, or "rolling" their exposure into the new vehicle. In most cases, new secondary investors establish the transaction price through an independent, competitive process and provide the majority of the capital required to finance the transaction. A sufficiently broad and credible secondary process can therefore act as a market-based price setter.

The concept is not inherently new. What has changed is its role within the private equity ecosystem.

GP-led transactions were once used largely to resolve specific end-of-life situations or a misalignment of interests.

Today, continuation vehicles are increasingly being considered as a proactive portfolio management tool: a way for a manager to retain ownership of a star asset (or assets) it believes to still have significant value creation potential through a revised investment thesis, while providing liquidity to investors with differing objectives or time horizons.

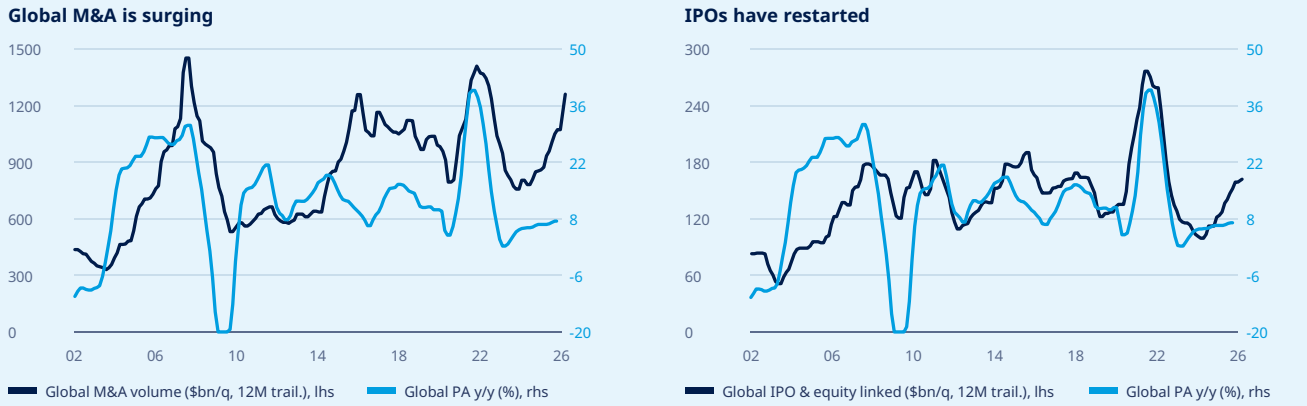
This evolution comes at an important point in the private equity landscape.

The rapid rise in interest rates from 2022 onwards, combined with a more difficult M&A environment and periods of limited IPO activity, contributed to a significant slowdown in conventional exits. Multiple headwinds constrained the private equity realisation pipeline between 2022 and 2025, and GP-led continuation transactions provided an additional route to liquidity while allowing selected assets to continue their development. The difficult exit environment accelerated adoption, but it did not create the underlying rationale for the market.[1]

Importantly, continuation-vehicle activity has continued as M&A conditions have begun to improve and IPO activity has resumed. This persistence demonstrates that demand is structural rather than solely conjunctural: continuation vehicles have become one of several established tools for managing private equity portfolios, not simply a temporary response to weak distributions.

[1] Amundi Investment Institute. "10 themes for private assets in 2026". March 18, 2026.

Figure 1. Global M&A is surging and IPOs have restarted



Sources: Preqin, Macrobond, Bloomberg, Amundi Investment Institute. Data as of indicated. For illustrative purposes only.

Not every delayed exit is a better investment

There is an intuitive investment case for continuation vehicles.

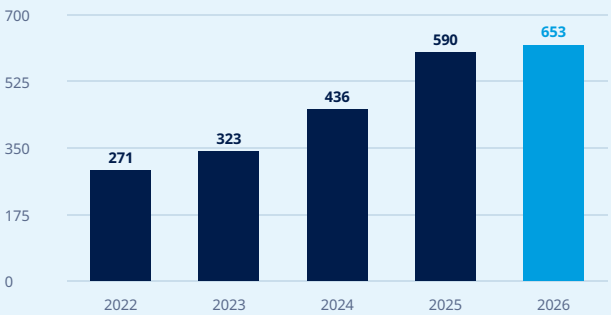
A GP may own a high-quality business whose original investment thesis has largely succeeded, but where a further stage of growth remains ahead. Selling simply because the fund has reached a certain point in its life can create an artificial constraint. A continuation vehicle can give the company additional time and capital to pursue acquisitions, expand internationally, invest in capacity, or execute another operational transformation. In these circumstances, the incumbent GP may be the best-placed owner for the next phase because of its detailed knowledge of the business, sector and management team, which can help reduce execution risk—although that advantage must still be tested against the price, governance and proposed value-creation plan.

In such cases, extending the ownership period may allow value creation to continue rather than forcing an exit according to the calendar.

The growing prominence of evergreen vehicles has added a further dimension to this dynamic. Open-ended structures have no fixed end date, and a high-quality business with further growth ahead is precisely the kind of holding an evergreen strategy is designed to own – making them natural buyers of continuation vehicle interests.

However, continuation vehicles themselves are products of closed-end funds, and closed-end funds remain the traditional vehicle for private equity. The time-bound structure imposes a discipline that many institutional investors require. Capital is deployed, returns are realised, and the relationship between GP and LP has a clear endpoint. Continuation vehicles exist precisely because that predefined endpoint sometimes conflicts with the reality of where an asset is in its growth cycle.

Figure 2. Evergreen funds: total net assets, $bn



Source: Morningstar, PitchBook. Data as of June 10, 2026. For illustrative purposes only.

The increasing depth and sophistication of the secondary market also provide an important screening mechanism. Competitive processes and disciplined underwriting mean that many proposed continuation-vehicle opportunities do not reach completion, particularly where asset quality, price or alignment is unconvincing.

This selectivity is a strength of the market, but it does not remove the need for transaction-by-transaction underwriting.

Investors still need to understand why the asset is not being sold today, why additional ownership should create value, and why the proposed transaction represents an attractive entry point for new capital. The relevant distinction is not between continuation vehicles and conventional exits in the abstract, but between opportunities supported by a credible next-stage thesis and those that fail the market's quality, pricing or alignment tests.

Four questions investors should ask

01 Is this an asset that investors would want to buy independently?

A strong transaction typically involves an asset for which the GP can envisage a credible next chapter: further earnings growth, expansion into new markets, operational improvements, transformative opportunities, or another clearly identifiable source of value creation. It can also give incoming investors access to a seasoned company that is not otherwise being offered through a conventional M&A process.

The key question is whether the investment would still look attractive if it were being presented as an entirely new private equity opportunity. That requires looking beyond past performance. A company that has performed exceptionally well during the GP's initial ownership period is not necessarily an attractive investment at its current valuation. Conversely, an asset that has not yet fully delivered on its original plan may still offer an attractive opportunity if the path forward is convincing.

For continuation vehicles, this raises the stakes: extending the holding period should be supported by a tangible value creation plan rather than an assumption that market conditions will eventually produce a better exit scenario.

02 Is the price attractive for incoming investors?

It is effectively selling an asset from an existing fund while continuing to manage it in the new vehicle. Existing LPs may wish to maximise the sale price, while incoming secondary investors need an attractive risk-adjusted entry point. In both cases, the GP has an interest in completing a transaction that allows it to maintain ownership.

An independent and competitive pricing process is therefore important. Together with a genuine choice for all existing LPs to sell or roll into the new structure on equivalent terms, this can mitigate the inherent conflicts and support a fair, market-tested outcome. Investors should assess the price relative to the company's earnings, cashflow prospects, leverage, relevant market comparables, sector trends, and realistic exit scenarios. They should also understand how the valuation was established. Was there meaningful third-party interest? Was the asset exposed to a sufficiently competitive process? How does the continuation-vehicle price compare with credible alternatives available to the GP? In a deep and knowledgeable secondary market, a properly run process can provide clear price discovery and act as a credible price setter. In other words, the question is not simply "Is there a discount?" but "What are we paying for the future cash flows we expect to receive?"

In today's higher rate environment, where multiple expansion alone is less likely to generate returns, that question matters more than ever. Returns will need to come from income and genuine operational value creation, making realistic cash flow assumptions central to any pricing assessment.[2]

03 Is the GP aligned with new investors?

A GP that rolls a meaningful amount of its existing exposure into the new vehicle and commits additional capital is participating alongside incoming investors in the outcome of the investment. The aim should be for the GP to be a net buyer in the transaction, retaining or increasing meaningful exposure to the next phase of value creation. Conversely, a transaction in which the GP receives a substantial payout while assuming limited risk deserves closer scrutiny.

The treatment of carried interest is particularly important. If value created during the original ownership period is realised at the point of transfer, investors should understand how incentives are reset for the continuation period. The new structure should reward future value creation without allowing the same economic performance to be compensated twice.

Other factors can also come into play, such as management team turnover, transaction fees, governance rights, the composition of the advisory board, and the GP's own commitment to the vehicle. There is no single structure that guarantees perfect alignment. What matters is whether the incentives of the GP, management team, selling LPs, and incoming investors are sufficiently balanced.

04 Is there a credible route to the next exit?

The underwriting therefore needs to consider not only what can happen operationally over the next several years, but also who is likely to own the business afterwards and under what circumstances. For a mature company already owned by private equity for several years, the universe of future buyers may differ from what was available at the original investment. The size of the company may have increased substantially, leverage may have changed, and some obvious strategic or sponsor buyers may already have considered and passed on the asset. A credible investment case therefore requires a realistic assessment of the eventual exit routes after the next chapter of growth has been delivered.

This is also where holding-period assumptions matter. They are typically shorter and more focused than in a primary buyout, centred on a defined new deliverable and a repeatable investment thesis. The attractiveness of a continuation vehicle can be weakened significantly if the return case depends on another lengthy extension beyond the new vehicle's intended life. The objective should not simply be to buy more time. It should be to use that time productively.

[2]Amundi Investment Institute. "Capital Market Assumptions 2026". April 21, 2026.

A structural part of a changing private-markets ecosystem

The rise of GP-led transactions also tells us something broader about private markets.

The industry is becoming larger, more mature, and more sophisticated in the ways it manages liquidity. Secondaries, evergreen structures, and other forms of liquidity engineering are increasingly becoming part of the infrastructure of private markets rather than peripheral solutions.

This development can shape how the illiquidity premium is priced, how negotiating power is distributed, and ultimately how returns are shared among investors.

That creates opportunities, but also new risks.

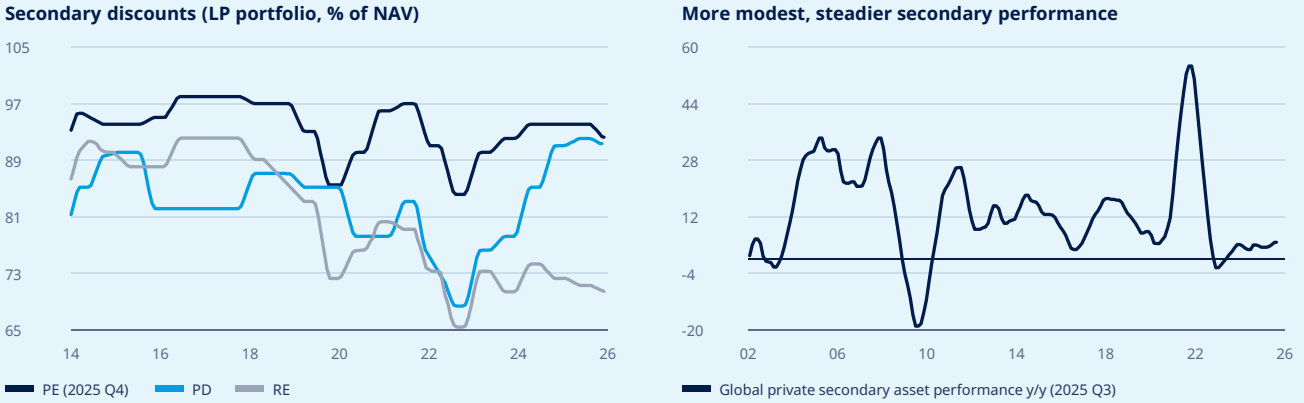
The concentration of secondary market capital among large investors is one potential risk: intense demand for top-tier transactions may compress pricing or encourage investors to accept weaker opportunities in search of deployment.

This reinforces a central feature of the secondary market – access alone is not enough.

The ability to assess a manager, independently value the underlying company, understand transaction dynamics, and negotiate appropriate terms becomes increasingly important as GP-led transactions move further into the mainstream.

This can be particularly relevant in the mid-market, where deep knowledge of GP platforms and long-standing relationships can be essential to access. The larger number of potential transactions creates a broader opportunity set, while managers may manage their LP base more restrictively and processes may be narrower than for large-cap assets. Access is therefore important—but it only creates value when paired with disciplined selection.

Figure 3. Tightening secondary discounts and steadier secondary performance



Sources: Jefferies, Preqin, Macrobond, Bloomberg, Amundi Investment Institute. Data as of indicated. For illustrative purposes only.

Selectivity matters more as the market matures

Continuation vehicles are one useful item in the private equity investor's toolkit.

They can offer existing investors an optional route to liquidity, allow selected businesses additional time to execute a defined next phase of growth, and provide secondary buyers with access to seasoned assets with an established operating history—including companies that may not otherwise be available through a conventional sale process. These characteristics can be valuable, but continuation vehicles are neither a substitute for conventional exits nor a source of liquidity comparable with public markets.

But the structure alone should not be confused with the investment case.

For incoming investors, the central question is ultimately straightforward: Is this a high-quality asset, at an attractive price, managed by a GP whose incentives remain aligned, with a credible plan to create further value?

When the answer is yes

When the answer is yes, a continuation vehicle can be an efficient way of reallocating ownership towards investors willing to fund the next stage of a company's development. It should be viewed as an alternative structure for suitable circumstances, rather than as inherently preferable to a conventional exit.

When those conditions are absent

When those conditions are absent, however, additional time risks doing little more than postponing the underlying problem.

As private equity liquidity solutions continue to evolve, distinguishing between those two situations will be one of the key sources of differentiation for secondary investors.

WHY PARTNER WITH AMUNDI ALTERNATIVE & PRIVATE ASSETS?

~€68bn
AuM in private and alternative assets

330
professionals

8
investment hubs across Europe

With the rise of continuation vehicles in private markets, investors must select an asset manager that can ensure and control the deployment of capital in a timely and profitable manner.

Amundi APA is a leading player in private markets asset management, with ~€68 billion AuM in private and alternative assets, 330 professionals, and 8 investment hubs (Paris, London, Milan, Luxembourg, Barcelona, Madrid, Dublin and Zurich).

Amundi APA combines a rigorous risk management process and proven knowledge to build robust and diversified portfolios in all segments of private markets, including: private equity, infrastructure, private debt, real estate, and multi-management of General Partners (GPs) across all four of these asset classes. The strategies deployed could incorporate pure asset class strategies or a combination of them. Amundi APA is able to create tailored vehicles, such as ELTIFs 2.0 evergreen funds, through direct investments or funds-of-funds.

Amundi APA's management team aims to create strong value for all stakeholders. Believing that companies and financial actors have a responsibility to address the major challenges of our time, the company takes an active role as a facilitator in the evolution of our society towards a more sustainable development model. All of Amundi APA's current evergreen funds incorporate environmental, social, and governance (ESG) factors in their investment processes and asset selection throughout the entire holding period, in addition to reporting in-line with the Sustainable Finance Disclosures Regulation (SFDR).

As an investor of the real economy, Amundi APA leverages its expertise on behalf of both retail and institutional investors to develop optimal and innovative solutions.

ALL SEGMENTS OF PRIVATE MARKETS



IMPORTANT INFORMATION

Unless otherwise stated, all information contained in this document is from Amundi Asset Management S.A.S. and is as of the date shown. Diversification does not guarantee a profit or protect against a loss. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management S.A.S. and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. This material does not constitute an offer or solicitation to buy or sell any security, fund units or services. Investment involves risks, including market, political, liquidity and currency risks. Past performance is not a guarantee or indicative of future results.

Date of first use: 16 November 2026 · Doc ID: 6005279

Amundi
Investment Solutions

Trust must be earned

Visit us on **amundi.com**