

The Rise of the Continuation Fund

All eyes are on the trophy assets. Or should they be?

Andres Hefti, Partner, Multiplicity

The secondaries market has moved into a new phase of scale. Global volume hit USD 226bn in 2025, up more than 40% on the year.¹ GP-leds made up roughly USD 106bn of that, and continuation funds the lion's share, close to USD 100bn. What was a niche solution only a few years ago has become a defining feature of private equity.

The logic is simple enough. Private equity assets routinely outlast the funds that hold them. Rather than force a sale, a sponsor can move those assets into a new vehicle, hand existing LPs their liquidity, and keep running the investment. Adoption has become broad: around three quarters of large sponsors have now done at least one continuation deal, and the number of vehicles has roughly quadrupled over five years.

A broader GP-led toolkit

Continuation funds are only one instrument in a wider GP-led toolbox. The structures tend to get lumped together, but they solve different problems, and each

demands its own underwriting. Six core transaction types are worth separating out:

- **Continuation fund.** Addresses a mismatch between asset duration and fund life, or a need for fresh capital, by moving assets into a new vehicle where existing LPs can sell or roll.
- **Preferred equity.** Injects capital at the portfolio level, usually through a new vehicle with priority rights on future cash flows, allowing distributions while keeping the upside intact.
- **Tender offer.** Lets LPs chasing liquidity, or looking to trim relationships, exit through an auction in which buyers bid for their interests.
- **Strip sale.** Monetises part of a portfolio in a poor exit environment by selling a proportional stake into a new vehicle while holding on to future upside.

¹ [Evercore](#)



GUEST ARTICLES (cont.)

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- **Stapled primary.** A hybrid that pairs a secondary sale of existing interests with a fresh primary commitment into the GP's next fund.
- **Spin-out.** Lets a team or corporate programme stand up on its own, acquiring and managing the portfolio through a newly formed GP and vehicle.

Where the market is shifting

This is where the distinction matters. The mega continuation funds take the headlines, but they are only one corner of the opportunity. Those processes are crowded, well intermediated and increasingly efficient.

The more interesting activity is moving towards smaller and messier situations, often below USD 100mn. Here continuation funds are routinely combined with preferred equity, strip sales or other features to make a deal work. Nothing is standardised, and the structuring takes more imagination.

It reflects a wider imbalance. Liquidity clusters around a narrow band of high-quality assets, while a large share of portfolios simply struggles to trade at all. The GP-led tools are increasingly the way liquidity reaches those less efficient corners.

Implications for investors

For LPs the draw is optionality; for GPs, flexibility. For the secondary buyer, the question

is no longer access but selectivity. Continuation funds are not going away. Exit conditions remain patchy, and more than USD 3 trillion of unrealised value still sits in buyout portfolios. The demand for flexible liquidity is not about to fade. In the large, well-understood deals, competition is steadily compressing returns. In the smaller, liquidity-driven and more complicated ones, it is not.

This is the part of the market we at Multiplicity Partners have always preferred. Since 2010 our credo has been providing liquidity and creating value in illiquid assets, and our focus stays on the deals shunned by the mainstream buyers, where EBITDA multiples do not necessarily define value. The rise of continuation funds is not really a growth story. It is a shift from standardised liquidity towards bespoke solutions, and the best opportunities increasingly sit where complexity keeps the crowd away.

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Multiplicity Partners is a Switzerland-based secondaries investor with a broad mandate, focused on special situations and niche opportunities often overlooked by traditional buyers. Founded in 2010 as an intermediary before launching its own funds in 2016, we have consistently sought to provide liquidity in underserved markets with the goal of consistently returning investors' capital within around four years.

