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The Continuation of Continuation Funds

A comprehensive look at the liquidity tool that is here to stay

Key takeaways

- Continuation funds have evolved from being a niche tool for winding down tail-end assets into being a more widely accepted liquidity and portfolio management strategy for PE players to increasingly retain trophy assets with further upside. Continuation fund-related exits grew from under 1% of global PE exit value to a peak of 7.3% in 2025.
- IT's share of continuation fund activity increased as a valuation reset and AI uncertainty prompted sponsors to hold on to assets longer instead of selling at current marks.
- The dynamic between the age of assets when they are rolled into continuation funds and the age of the funds they initially come from demonstrates GPs' focus on recapitalizing their younger, higher-conviction assets in aging funds.
- A new "CV-squared" trend has emerged, where GPs roll their assets into a second continuation vehicle, balancing high conviction and the perception of deferring exits once again into another fund.

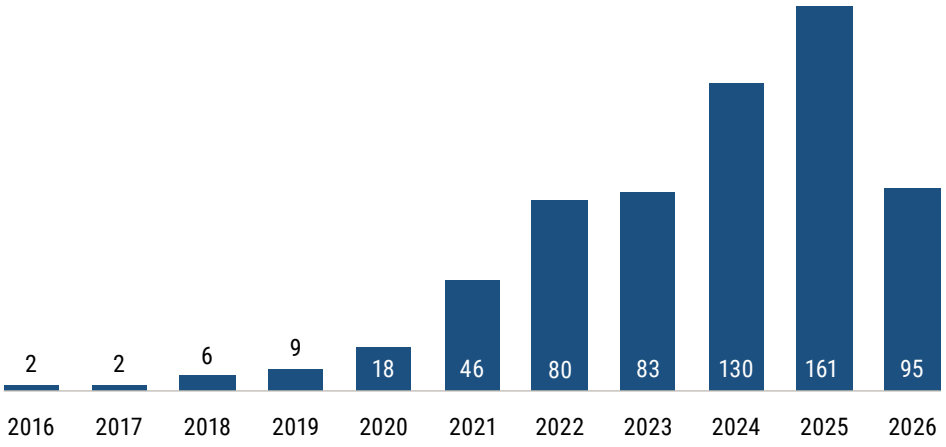
The acceleration of continuation fund-related exits

Continuation fund-related exits—further defined in the "Appendix" section—have evolved in recent years from being a niche, last-resort tool for winding down tail-end assets to being a more widely accepted liquidity and portfolio management strategy. The PE exit drought and subsequent liquidity pressure drove the acceleration of continuation fund usage by GPs as a "fourth exit path," alongside traditional options such as public listings, strategic sales, and sponsor-to-sponsor exits. As the usage normalized, GPs cemented continuation funds as a bigger part of the PE playbook that will outlive a single downmarket cycle. Continuation funds are here to stay and have advanced their status as a more strategic tool for releasing liquidity while extending the runway to compound value.

A type of GP-led secondaries, these transactions have become more common in recent years, following PE exit activity's significant two-year decline that started in 2022. Higher interest rates have set off a chain reaction: valuation gaps between buyers and sellers, dampened M&A activity, a closed IPO window, and a difficult exit landscape. PE firms typically avoid being forced sellers, opting instead to hold on to promising assets for longer. The prolonged slowdown in exits and the resulting liquidity crunch led sponsors to increasingly turn to continuation funds to extend the timelines of their portfolio companies and generate liquidity for their investors without selling their assets below what they believed to be the fair market value.

Another key piece of the puzzle that led to the inflection in continuation fund usage was a reframing of the tool itself. While continuation funds were once associated with distressed assets, GPs have been progressively using—or at least reframing—them as a way to retain trophy assets they believe have further upside and to prevent unfavorable exits. When pressed up against a fund's maturing timeline during a market downturn, GPs can use continuation funds to extend the holding period of promising assets in hopes of securing a traditional exit after a price recovery. Continuation funds can be reframed as a signal of conviction in a quality asset instead of a distress signal for lagging ones.

PE continuation fund-related exit count



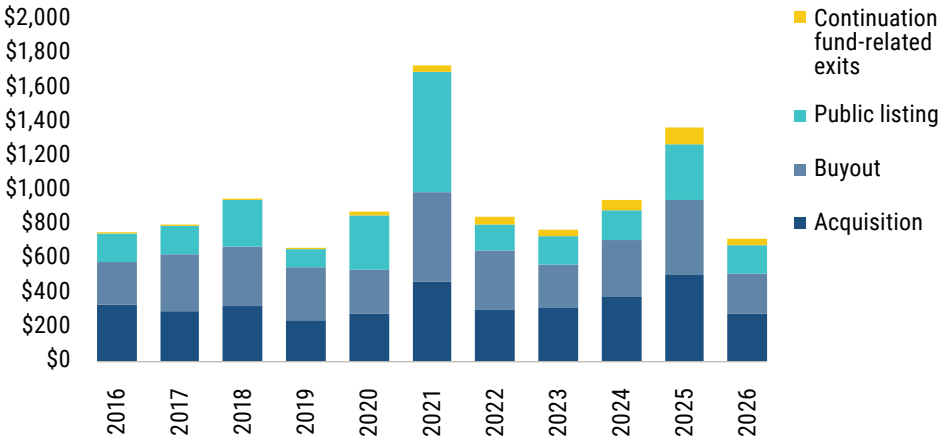
Source: PitchBook • Geography: Global • As of September 30, 2026

The state of the market

While continuation funds are still a small portion of total exit activity, the secondary transactions' share has grown meaningfully in a few years. Continuation fund-related exits increased from a sub-1% share of the total global PE exit value to 5.9% in 2022 and a peak of 7.3% in 2025.[1] For share of global PE exit count, continuation fund-related exits also jumped from a sub-1% share to 3.8% over five years. As of Q3 2026, continuation fund-related exits account for 4.8% of global PE exit value and 4.3% of PE exit count. As the industry has scaled, the median transaction size has as well, rising from $376 million in 2022 to $645 million in 2025.

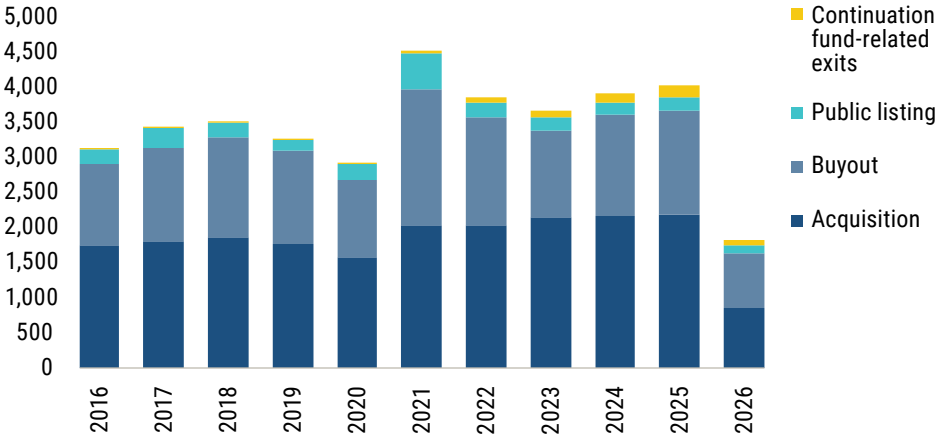
In Q4 2025, with the recovery in PE exit activity appearing promising for the year ahead, the US PE team predicted that continuation fund activity would fall below the peak set in 2025 as the improved exit market funneled more assets toward traditional exit paths. However, PE exit activity fell once again in H1 2026 as both prolonged and new macroeconomic and geopolitical headwinds dampened investor sentiment. The recent lull in exit activity has not yet translated into an increase in continuation fund activity. As of Q3, there have been 95 continuation fund-related exits YTD globally, which is below the pace needed to reach the 161 exits tracked in 2025. Still, continuation fund-related exit activity remains healthy, and the disconnect between a down market and an immediate jump in GP-led secondaries can be interpreted to mean that continuation fund usage is not as much of a reactive, cyclical tool as it used to be, but one that GPs will deploy strategically as a part of the PE playbook.

PE exit value ($B) by type



Source: PitchBook • Geography: Global • As of September 30, 2026

PE exit count by type



Source: PitchBook • Geography: Global • As of September 30, 2026

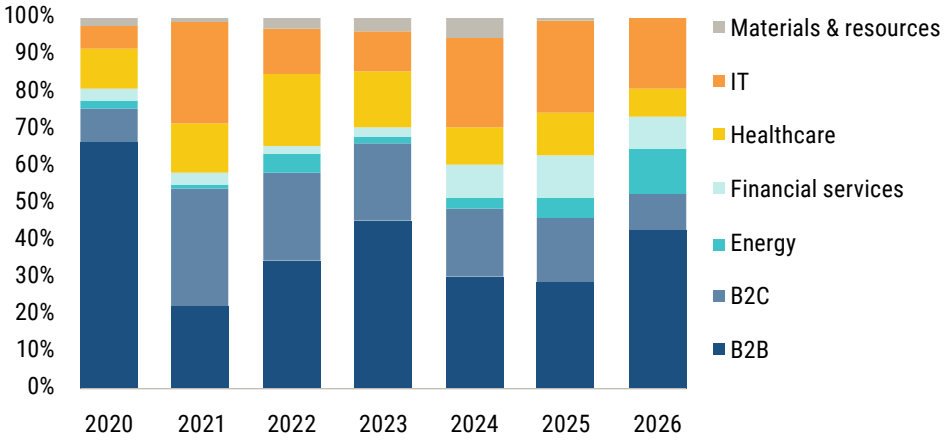
Sector shift

Over the past 6.5 years, the B2B sector has accounted for the largest share of continuation fund activity at approximately one-third. The sector breakdown of continuation fund-related exits roughly aligns with how the overall PE exit activity shakes out in both North American and European markets, the two largest markets of continuation fund activity. When measuring the sector share of continuation fund activity against the sector share of total global exit activity, no sector appears to be meaningfully overrepresented or underrepresented, suggesting that continuation funds are not concentrated in a particular part of the market; they instead mirror where sponsors are most active overall.

When looking at the sector mix by year, there is a meaningful jump in IT's share of continuation fund activity. Tech increased from 10.5% of continuation fund value in 2023 to 24.6% in 2025, and from 13.4% to 19.7% in count. The same trend appears in single-asset continuation funds, which concentrate on individual trophy assets. The number of IT assets rolled into single-asset continuation funds jumped from five in 2023 to 10 in 2025, while the value of these rollovers increased from $1.9 billion to $7.3 billion in the same period.

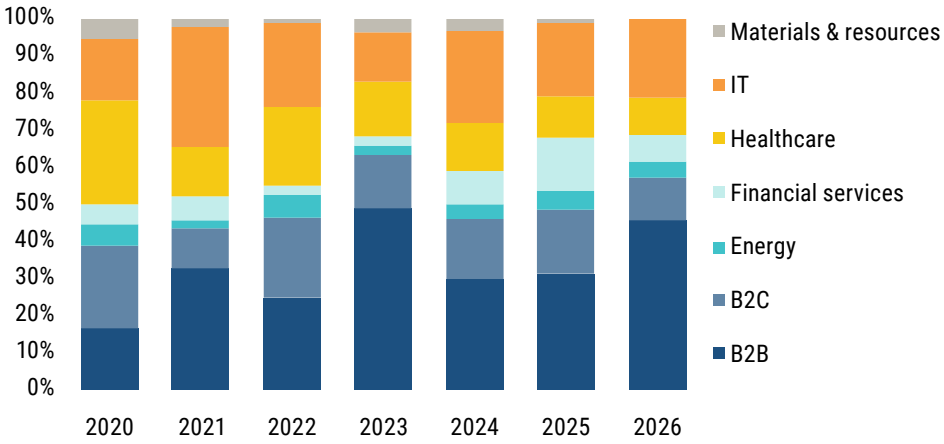
The wave of larger tech continuation funds follows the interest rate hikes that started in 2022 and the resulting valuation adjustments that hindered exit activity. During the 2021 dealmaking frenzy, PE buyers acquired tech companies at peak multiples that have since come under pressure, leaving assets marked above what the current environment can replicate. Additionally, software has come under scrutiny in recent months, as concerns about AI disruption hamper asset valuation and exit opportunities. The long-duration nature of the sector's value-creation plans can easily extend beyond a fund's timeline, incentivizing investors to extend their holds on high-conviction assets. Furthermore, the current disruption in software valuations gives GPs more reason to seek additional time to reposition their portfolio companies rather than sell them into a concerned market. The recent shift toward tech companies also suggests that the sector mix can keep evolving toward assets with long-duration growth runways and valuation sensitivities instead of just broadly tracking the underlying total PE exit activity.

Share of PE continuation fund-related exit value by sector



Source: PitchBook • Geography: Global • As of September 30, 2026

Share of PE continuation fund-related exit count by sector



Source: PitchBook • Geography: Global • As of September 30, 2026

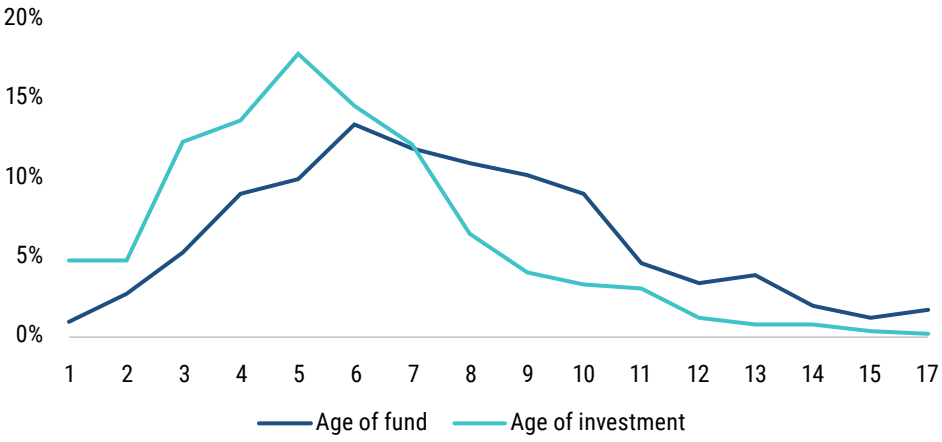
The link between asset age and fund age

Although continuation funds were originally intended for assets nearing the end of their lifespan and requiring an extension, the current assets in these funds tend to be younger. This aligns with the evolving use of continuation funds to hold on to trophy assets whose value a GP would look to crystallize around five to seven years after the initial investment. 44.4% of these assets have been held for five to seven years before being rolled into a continuation fund, while just 13.8% have been held for eight to 10 years and 6.3% for longer than 10 years. The remaining 35.4% are assets held for less than five years, meaning close to 80% of assets in continuation funds entered them within seven years of the initial investment. This skew toward younger assets demonstrates the increasingly proactive nature of GPs in utilizing continuation funds on high-conviction winners, rather than turning to them only under the pressure of aging assets.

When analyzing the age of the initial funds those assets came from, however, the data skews older. 16.7% of assets were in funds that had been closed for more than 10 years, while another 30.1% were rolled from funds that had been closed for eight to 10 years. Almost half of continuation fund-related exits were from funds nearing or beyond the end of the standard 10-year fund term. But fund age data still shows that GPs have not been turning to continuation funds only at the end of their fund terms, with 35.2% of assets rolled from funds at their five- to seven-year marks.

The divergence between the age of assets when they enter a continuation fund and the age of the funds they rolled out of is driven by two factors. First, a fund's investment period means that an asset held for five to seven years is likely to have been acquired a few years after the fund was fully raised, meaning it could be in a fund that is 8 to 10 years old by that time. Second, although the fund reaching the end of its term can be the trigger for GPs to launch continuation funds, the assets themselves are still mid-life-cycle winners rather than low-quality tail-end holdings. Nearly half of continuation fund assets are from funds at or past the end of their natural fund cycle, but more assets being moved have been held for less than eight years. The maturity of the fund can clearly drive the timing of the continuation fund, but GPs are using them to retain and recapitalize their younger, higher-conviction assets rather than as a forced sale of any remaining assets.

Distribution of continuation fund-related exits by age (years)



Source: PitchBook • Geography: Global • As of September 30, 2026

CV-squared

Even as they become a more widely used liquidity tool for the PE industry, another new facet of continuation funds has emerged: sponsors rolling a portfolio company into a continuation vehicle for a second time. The CV-squared trend gained traction in 2025, with six tracked transactions during the year, compared with just one that PitchBook was able to track before that in 2024.

Investors who roll their portfolio companies into another continuation fund describe the decision as being needed to unlock additional value, maintaining the stance that these are trophy assets rather than troubled ones. For instance, many of these CV-

squared assets are rather sizable, with the largest being a $4.2 billion vehicle from PAI Partners to roll Froneri International into a second continuation fund following its initial continuation fund in 2019. The transaction is one of the largest single-asset continuation funds raised, attracting both existing and new investors in an oversubscribed vehicle that reflects investors' confidence in the global ice cream company's growth runway.[2]

Despite the framing of CV-squared transactions as high-conviction assets that need more time and capital, it is hard to ignore that the main driver of this trend is the compounding exit drought. Continuation funds have already approached maturity, while exit activity has remained sluggish, pushing more managers into a CV-squared solution as a second liquidity release valve for assets that have yet to exit through a conventional exit path. The median holding period between the two continuation vehicles is 3.9 years, another indicator of how long the exit slowdown has persisted.

It remains unclear whether the trend is gaining meaningful traction. So far in 2026, we have tracked two CV-squared transactions: the $1.5 billion continuation fund for Ascent Resources, less than six months after its first continuation fund close, and the $1.3 billion continuation fund for Ryan (Dallas) three years after its initial continuation fund close. Even in 2025, the most active year, this strategy accounted for just 3.7% of the year's total continuation fund-related exit count. And this new strategy is not without criticism. Healthcare-focused PE firm Revelstoke reportedly scrapped its plans to extend its ownership of Fast Pace Health through a second continuation fund after facing pushback from its LPs.[3] GPs' usage of multiple continuation funds could be where LPs—having dealt with delayed exits and reduced liquidity over the past couple of years—draw the line. While continuation funds can offer some liquidity and prevent an unfavorable exit, CV-squared transactions will be a stress test of whether continuation funds are a durable and successful liquidity tool or a mechanism for GPs to defer exits and postpone dealing with more fundamental issues within their portfolios.

Tracked CV-squared transactions

Company	Investor(s)	Original fund exit value ($M)	Original fund close date	New fund exit value ($B)	New fund close date	Holding period between funds (years)
Ryan	Onex	$700.0	June 23, 2023	$1.3	August 13, 2026	3.1
Ascent Resources	The Energy & Minerals Group	Undisclosed	October 10, 2025	$1.5	March 25, 2026	0.5
Curium Pharma	Ardian France, CapVest Partners, TPG	Undisclosed	October 28, 2020	Undisclosed	November 20, 2025	5.1
Wireless Logic	Montagu Private Equity	$1,426.3	December 1, 2021	$2.3	November 2, 2025	3.9
iSolved Benefit Services	Accel-KKR	Undisclosed	August 1, 2019	$1.9	August 8, 2025	6.0

Source: PitchBook • Geography: Global • As of September 30, 2026

Tracked CV-squared transactions (continued)

Company	Investor(s)	Original fund exit value ($M)	Original fund close date	New fund exit value ($B)	New fund close date	Holding period between funds (years)
Froneri International	Abu Dhabi Investment Authority, British Columbia Investment Management, Goldman Sachs Asset Management, PAI Partners, Patria Private Equity Trust	Undisclosed	December 1, 2019	$4.2	July 31, 2025	5.7
Sperre Air Power	Norvestor	Undisclosed	August 26, 2022	Undisclosed	July 15, 2025	2.9
United Petfood Producers	Waterland Private Equity Investments	Undisclosed	March 18, 2021	Undisclosed	February 27, 2025	3.9
Genesys	Permira	Undisclosed	May 28, 2020	Undisclosed	March 3, 2024	3.8

Source: PitchBook • Geography: Global • As of September 30, 2026

Looking ahead

Continuation funds have evolved from a niche workaround into a more standard instrument in the PE liquidity toolkit, and their growth and industry acceptance suggest they are here to stay. What remains uncertain at this stage is not whether they will persist, but how their trajectory will unfold. During the 2026 Midyear Outlook Check-In: US Private Equity webinar in July, we polled attendees about their expectations for continuation fund-related activity in the next six to 12 months. 38.5% expected continuation fund activity to increase because exit opportunities will remain constrained in the near term, while another 38.5% expected activity to stabilize as an ongoing liquidity tool for PE players. The remaining 23% expected continuation fund-related exits to decrease. The leading views point to the same outlook of a more permanent role for continuation funds in the PE ecosystem, differing only on whether volumes climb further or plateau.

The supporting infrastructure reinforces that permanence. The secondaries market continues to grow, with global secondaries fundraising across asset classes increasing 29.8% YoY in 2025 and secondaries net asset value seeing 13.5% growth over the same period. Numerous funds focused on continuation vehicles have launched in the past few years, such as TPG's GP Solutions and Leonard Green's Sage Equity Investors, which are dedicated to investing in single-asset continuation funds. New entrants in this segment of GP-led secondaries and the substantial dry powder they bring suggest that when a sponsor initiates a continuation fund, there is plenty of capital ready to absorb it. On the governance side, the Institutional Limited Partners Association's draft continuation fund guidance to establish best practices, a structured framework, and clearer conflict-of-interest norms paves the way for greater institutional acceptance. Standardized guidance can help expand the market for continuation funds. Clearer rules make transactions more repeatable and easier to execute at scale, while helping alleviate the conflict-of-interest concerns between GPs and LPs that have shadowed continuation fund usage.

A continuing backlog of maturing assets could prolong continuation funds' life as a tool to manage it. Many companies acquired in the 2020-2021 dealmaking surge were underwritten at high valuations that subsequently adjusted downward. If sponsors hold assets at marks the exit environment cannot support and are unwilling to transact at lower clearing prices, they could lean on continuation funds to defer them into a new structure. This pressure is mounting as assets from 2020 and 2021 are now reaching the five- to seven-year mark at which sponsors typically look to monetize, placing them squarely in the continuation fund window over the next two to three years.

In this way, continuation funds are both a more lasting fixture of the PE ecosystem—underpinned by dedicated capital, maturing governance, and strategic utility for retaining high-conviction assets—and a still-necessary release valve for GPs to turn to during a pressured exit environment. Their growth will continue to be influenced by GPs' need to address an ongoing liquidity imbalance if exit activity fails to clear the backlog of maturing assets. And at the annualized pace of exits seen through Q3 2026, the current global PE inventory translates to over an 8.2-year backlog. It remains to be seen which of the two forces, strategic innovation or deferred liquidity pressure, will ultimately dominate. What is already clear is that the PE ecosystem is using continuation funds more and evolving how it uses them, embedding the tool more deeply into the way sponsors manage their assets.

Appendix

Continuation fund-related exit defined

Continuation fund-related exits allow a GP to transfer one or more assets from an older, existing fund into a new, dedicated fund—a continuation fund—to extend the holding period for portfolio companies beyond the original fund's typical 10-year duration. LPs have the option to sell their stake for liquidity, roll their stake into the new fund, or roll their stake and commit additional capital to avoid dilution.

New data access

In Q2 2026, PitchBook introduced "continuation fund transaction" as a new deal type on the PitchBook Platform to represent this type of GP-led secondaries deals as a distinct category within our data. In addition, continuation funds have been added as an option to both the Investor and Fund criteria. Previously, these deals were available through Keyword Search and proprietary lists tracked by the Institutional Research Group's US Private Equity team. Continuation fund transactions have recently become a significant driver of activity in the secondary market, yet there has been limited visibility into GP-led liquidity events across the industry. The creation of a separate deal type ensures PitchBook remains a market-leading source for tracking this growing segment of the PE market. With this update, we can better identify and analyze continuation fund transactions, improving both transparency and analytical accuracy.

References

1: Not all continuation fund data that we capture has a known exit value; as such, we set the unknown continuation fund-related exit values to $500 million based on the median value of known transaction sizes.

2: "PAI Partners Completes a €3.6 Billion Equity Transaction to Reinvest Into Froneri, Including Significant Co-Investment From ADIA and New Single-Asset Continuation Vehicle Led by Goldman Sachs Alternatives," PAI Partners, October 2, 2025.

3: "Private Equity Turns to Continuation Funds as Exit Options Narrow," TradeAlgo, John Liu, August 13, 2025.

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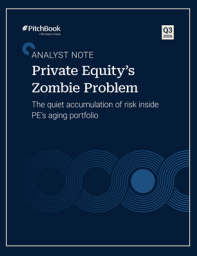
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Additional research:



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