

# When sitting back and waiting just won't cut it

Everyone starts each day, quarter, and year with a playbook. As we get to the end, the objective is to meet, if not decisively exceed, our goals and obligations.

On December 31st, as I was planning to finalize a few client matters, manage a last-minute fire drill or two, and wait for updates on deals seeking our guidance, the front page of the Financial Times closed the year with a pointed headline: "Buyout groups sell assets to themselves at record rate amid low exit valuations." That headline captured not only market conditions, but also the growing reliance on alternative paths to liquidity.

Throughout 2025 there was a marked acceleration in the use of continuation vehicles, and the surrounding commentary became hard to ignore. By November and December alone, there were at least 20 substantive articles focused on the topic. Earlier in December, one such piece cited Evercore data showing that rising sponsor adoption of CVs drove GP led secondaries to USD 48bn in 1H25, up 54% year on year, on the back of USD 71bn in GP led volume in 2024.

Everyone plans to outperform the playbook. Then reality intervenes, and more time becomes the most valuable commodity in the capital structure. Continuation vehicles are, in many ways, a formal acknowledgment of that need for time.

The critical question, however, is what one chooses to do with that time. Is the continuation vehicle simply a mechanism to wait out the cycle and hope market conditions improve, or is it the catalyst for a fundamental refresh of the value creation agenda? Once the CV is in place, is it business as usual, or is it the moment to challenge assumptions, reset priorities, and aggressively reposition the asset?

At a broader level, the industry still gravitates between two legacy mindsets the Berkshire Hathaway "compound and steward" philosophy and the Carl Icahn "intervene and unlock" approach. GPs have meaningful levers to create value; the constraints are focus, bandwidth, and the expected return on incremental effort. These debates play out daily with GPs looking to extract more value from the companies they know best, yet more often than not, they revert to Plan A because it feels familiar and "good enough."

Today, that is no longer sufficient. The real question is: what is Plan B, and is there the will to execute it? If there was unfulfilled value in a portfolio company the first time around, a continuation fund is more than a time extension it is a mandate to confront what did not work, redesign the playbook, and go after the opportunity set with renewed intensity. Done right, the continuation structure should not merely justify the LPs' additional capital; it should turn that incremental commitment into a clear, demonstrable upgrade in trajectory.

Ultimately, continuation vehicles are not just a technical solution to low exit valuations; they are a very public test of a GP's conviction, creativity, and operational courage. In a market where "wait and see" is the default, the firms that will stand out are those willing to treat continuation capital not as a safety net, but as a high expectation runway and then prove, through execution, that LPs were right to double down.