



PRIVATE EQUITY

## Will secondaries solve liquidity issues in South Africa's private equity market?

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*by Dylan Cunard, Director*

*A multi-billion dollar revolution in global private capital could arrive in South Africa.*

South Africa's private equity industry has long had a quiet problem: getting capital out can be harder than getting it in. Exits depend on a cooperative stock exchange, willing trade buyers and investors patient enough to wait out a fund's full life. When none of those conditions are met, options run thin.

The secondary market is changing that — and the numbers behind it are extraordinary.

Global secondary transaction volumes reportedly hit a record \$162 billion in 2024 and exceeded \$200 billion in 2025. By mid-2025, volumes were already up 51% year-on-year. The world's largest-ever fund established to invest exclusively in private equity secondaries, raised by French-founded Ardian (Ardian's Secondary Fund IX), closed on \$30 billion last year alone, showing that this is no longer a niche area but one of the fastest-growing areas in global finance.

## Investor-led or manager-led

The secondary market takes two main forms, either investor led or fund manager led transactions.

When investor-led, an investor — such as a pension fund, that is rebalancing sells its fund interest to a third-party buyer before the fund reaches the end of its life. The buyer acquires a mature, de-risked asset. The seller acquires liquidity.

The second form is more impactful. A fund manager creates a continuation vehicle — a new fund designed to acquire assets from an older fund approaching the end of its life. Existing investors choose either to cash out at fair value, or to roll into the new structure and keep participating. There is no forced sale or forced premature exit and it allows more time for quality assets to reach their potential.

Once viewed with suspicion as a sign of distress, continuation funds have been rehabilitated. In the UK and across Europe, they are now often a preferred tool for sophisticated managers who are looking to hold winning assets for longer. The stigma is largely gone and been replaced by a market worth hundreds of billions of dollars annually.

## South Africa's opportunity

South Africa has one of the continent's most mature PE industries. What it has lacked is exactly what the secondary market provides: an efficient mechanism to recycle capital and manage fund lifecycle flexibly.

The conditions for change are converging now. Many South African funds raised between 2013 and 2018 are at or beyond their natural end-of-life. Managers face pressure to return capital, yet listings are difficult, M&A is slow, and traditional exit routes remain constrained. The secondary market — both investor-led sales and GP-led continuation structures — offers a credible, proven answer.

South Africa's institutional base is also maturing. Pension funds, insurers, and development finance institutions are growing in private markets sophistication. As they do, secondary sales will shift from an optional to an essential portfolio management tool. Meanwhile, global secondary buyers are actively hunting deal flow beyond North America and Europe. South Africa will be on their radar.

## Careful implementation

Secondary transactions involve complex issues and require careful implementation.

GP-led continuation funds involve genuine conflicts: the same manager oversees both the fund selling the assets and the fund buying them. That demands independent valuation, real investor choice, and comprehensive disclosure — not just disclosure of transaction terms, but disclosure of fee changes, conflicts, and valuation methodology. Investors must be able to give truly informed consent and not merely rubber-stamp a process.

Where fund agreements lack a formal advisory committee, best practice is to appoint an independent transaction committee to oversee the process and confirm fairness. The difference between a clean transaction and a contentious one almost always comes down to process rigour and the quality of investor communication.

## The bottom line

Secondary markets emerge from maturity. Major PE centres with developed secondary markets have benefitted greatly from, increased liquidity and have managed to attract new capital as a result.

South Africa's market is well placed and institutional sophistication is building. What remains is the confidence to act.

***Secondaries are ready to make a big impact.***

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