



The **Alternative Investor**

*Looking back at some
of the defining themes
that have shaped this
year-to-date*



A Brodie Consulting publication in
conjunction with Capricorn Fund
Managers and RQC Group.

A Very Brief Word

So far, 2026 has been another positive year for hedge fund performance, providing a reassuring backdrop for investors.

The bigger story, however, has been the pace and breadth of change across the alternatives industry. Over the course of the year, The Alternative Investor has explored many of the issues reshaping the market, from impact investing, infrastructure and private credit to secondaries, emerging markets, regulation, fundraising, democratisation and the changing needs of both institutional and private wealth investors.

We have also examined how managers are responding to a more competitive fundraising environment, evolving investor expectations, greater demand for liquidity and transparency, and rapid advances in technology.

Throughout, our aim has been to look beyond the headlines, bringing together practical insights, informed perspectives and real-world experience from across the industry.

The result has been a series of thought-provoking discussions that reflect not only where alternatives stand today, but where the industry is heading.

My sincere thanks go to everyone who has contributed their expertise and helped make those conversations possible.

Alastair Crabbe

January

Rewind: hits, misses and what's ahead

February

The private wealth surge: how HNW is redefining private capital

March

From fringe to framework: how crypto is reshaping private markets

April

Private capital's role in a fragmented world

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Asia ascendant: a new gravity centre of global alts

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Beyond ESG: is impact investing ready to go mainstream

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GUEST ARTICLES

Competing for LP Commitments: The Importance of Operational Precision in 2026 and Beyond

Daniel Trentacosta, Global Head of Private Markets & Change, MUFG Investor Services

While deal making and historical returns remain the top performance metrics, leading managers are increasingly prioritizing operational excellence, and for good reason. Operational missteps can trigger a range of consequences including regulatory fines and damaged investor relationships. Operational precision will undoubtedly play a role in securing Limited Partner (LP) allocations throughout the year, and General Partners (GP) should take heed of strategic drivers that may impact their approach.

Growth of Complex Fund Structures

Managers are increasingly turning to semi-liquid or evergreen funds to meet the evolving needs of LPs participating in private markets while looking to maintain periodic liquidity. Although these funds provide greater flexibility, semi-liquid structures inherently raise operational considerations and create new layers of complexity for managers.

With evergreen funds, cash and liquidity management needs are heightened due to increased inflows and outflows with no fixed maturity date. Redemptions,

NAVs and investment performance calculations become more complicated and matching liquidity between investors and investments becomes challenging when compounded by slow pay provisions or lock-in periods.

Unsurprisingly, managers are turning to experienced providers to tackle these complexities. For example, our advanced fee calculation tool runs waterfall, carried interest modeling, and performance fees per investor in the fund. Our integrated automated payments and settlements platform provides solutions for slow pay and full redemption, both important GP tools given the increased liquidity opportunities with evergreens.

Increasingly Complicated Investor Needs

As complex fund structures entice new entrants into private markets, GPs require targeted yet highly flexible operations to serve long-standing institutional LPs and incoming high-net-worth retail investors. Operational demands and baseline requirements, including fee calculations and allocations, are becoming more complicated due to these varied participants. For example, while institutional investors are used to NAVs



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Daniel Trentacosta, MUFG Investor Services

GUEST ARTICLES (cont.)

LPs continue to demand manager alignment with the Institutional Limited Partners Association (ILPA) guidelines in addition to clarity on capital calls, distributions, carried interest...

Daniel Trentacosta, MUFG Investor Services

and capital calls, retail investors may be accustomed to real time valuations and upfront funding as seen in public markets.

Adding operational complexity is the need for timely, standardized and reconciled reporting to provide investor transparency. For LPs, regulatory requirements for disclosure obligations, such as beneficial ownership reporting, continue to increase. Fee transparency and fees paid to managers are also of growing interest when determining capital commitments. LPs continue to demand manager alignment with the Institutional Limited Partners Association (ILPA) guidelines in addition to clarity on capital calls, distributions, carried interest, and allocation details with calculations they can verify. Consistently meeting these obligations and regulatory requirements, at scale and as required, is nearly impossible without specialized infrastructure and jurisdictional expertise.

Necessitating an Automated Bespoke Approach

To meet an increasingly high bar, GPs are looking to safely deploy institutional grade capabilities to support their private market operations. Leading managers understand that partnering with trusted specialists who custom-fit processes and automate front- to back-office activity, all within a

highly controlled environment, saves time and creates efficiency. Notably, both private and public market tools have been revamped to support semi-liquid funds. Our teams have developed flexible, automated solutions for calculations, collaboration tools, and other operational requirements for complex structures that are custom fit for each investment vehicle.

With thousands of funds vying for LP commitments, the private market ecosystem demands operational excellence. Managers must move quickly to implement the support required to transform today's operational complexity into a competitive advantage.

Daniel Trentacosta, Global Head of Private Markets & Change, MUFG Investor Services

Daniel Trentacosta is the Global Head of Private Markets & Change for MUFG Investor Services, responsible for overseeing the Private Markets Lines of Business, including strategic platform execution, revenue generation and market positioning, as well as the Global Change program.

Daniel assumed his current role in 2020, after serving as Global Head of Business Process Outsourcing, Global Head of Project Management and Executive Director, Business Development.



GUEST ARTICLES (cont.)

Crypto's Utility Moment Has Arrived, Driving Future Value

Vin Molino, Chief Operating Officer, Crypto Insights Group

As we begin a new year, it would not be a far stretch to assume many who looked to the crypto markets in 2025 were speculating their digital assets of choice would ride the presumption of volatility in an ever-upward price movement, due to any number of positive factors, including: certain tokens being considered inflation or macro hedges, a perceived favourable regulatory environment, the growth of ETPs and new crypto-originated investment products, and other logical investment hypotheses.

Unfortunately, as 2025 drew to a close, the price of a majority of common crypto holdings dropped heading into Q4 2025 and then flattened to close out the year, demonstrating crypto was not immune to market cycles, just as every other asset class experiences.

But in 2025, something else was occurring in crypto that set up the industry for success in 2026 and beyond, where, ironically, the mass speculation and flow of capital created a primer for the engine needed to drive the value and innovation of digital assets.

In the payments and money transmitting space, major financial companies, such as global payment systems and banks, increased their adoption and use of

stablecoins in ways that would have been unthinkable just a year prior. Examples announced were Visa, Mastercard and Stripe using stablecoins for transaction settlements; JP Morgan, Goldman Sachs and Bank of New York either issuing stablecoins or tokenizing money market funds; and highly used stablecoin networks, such as Tether and Circle, investing their considerable financial holdings into government debt (typically U.S. Treasuries) in such amounts that they are now competing with central banks and other global institutions with respect to sovereign debt purchases.

With a high degree of certitude, it is very likely such news and trends will continue to increase the convergence of crypto and everyday money utility with very established players, setting up 2026 to be a year of economic value derived from digital assets.

Moving to other areas of global finance, combined with natively unique crypto infrastructure use cases, further innovation has taken root in utilizing the core capabilities of blockchains and related software buildouts with respect to asset management.

The emergence of DeFi vaults have made their presence known in a number of ways familiar and new.



...2025 may not have resulted in the calendar goals of those with short-term outlooks, but it was their capital that planted the seeds for the financial utility happening in crypto right now...

Vin Molino, Crypto Insights Group

GUEST ARTICLES (cont.)

Using the technology of smart contracts and pricing oracles, asset managers, referred to as curators, can create and offer trading strategies that can generate attractive yields similar to investing in a fund (ETF, hedge fund or other managed pools), but with the additional benefits of 24/7 liquidity, automated control over operations (pre-set through the aforementioned smart contracts), and the ability to create significant efficiencies in pool/fund creation, which should likely drive down the operating expense of common fund structures. Names such as Morpho, Midas, Gauntlet and Steakhouse Financial may not be common now, but when they partner with the likes of Société Générale (as announced in recent months), it's worth paying attention to.

Another area that shows signs of driving crypto's future value in the months ahead includes the growth, and maturation, of the liquid investment space. For the emergent years of crypto investment pools (circa 2017 - 2022), most access to digital assets were through venture-backed vehicles that would provide distributions and returns after locking up capital for years. However, with the growth of the liquid crypto field in recent years, the differentiated and risk-adjusted returns offered here contrasted a muted close for passive investing



Vin Molino, Chief Operating Officer, Crypto Insights Group

in 2025. Such distinction indicates the maturation of investment managers and sophisticated strategies which are in an ideal position to implement successful investment outcomes for larger pools of institutional capital allocation.

The above also demonstrates capital is driving crypto's means of delivering alpha relative to common liquid market benchmarks, while also enhancing market depth beyond personal trading.

In addition, as everyday securities, such as equities and "real assets" become tokenized, it will be those participants already familiar with how to achieve crypto-alpha, who will best be suited to trade and hedge on behalf of institutional portfolios looking for alternative, and efficient, ways of achieving their investment objectives.

Digital asset speculation in 2025 may not have resulted in the calendar goals of those with short-term outlooks, but it was their capital that planted the seeds for the financial utility happening in crypto right now, setting the economic value of both an industry, and asset class, over the months and years to come.

GUEST ARTICLES (cont.)

DIFC's rise as a top-five global hedge fund hub comes into sharp focus

Salmaan Jaffery, Chief Business Development Officer at DIFC Authority

As we look back on 2025, one of the most defining developments in the UAE has been the extraordinary expansion of Dubai International Financial Centre (DIFC) as the preferred destination for the world's hedge fund community. Towards the end of 2025, DIFC surpassed a major milestone - more than 100 hedge fund managers are now registered in the Centre, firmly cementing its movement towards a top 5 global hub for the industry.

This step-change in growth reflects more than market momentum; it demonstrates a deeper structural shift in how global managers view both Dubai and the wider Middle East. Hedge funds are no longer operating here as peripheral satellites. Instead, they are building meaningful, strategically important presence to access capital, talent and global markets with agility and scale.

A breakout year for hedge fund expansion

The past year has seen remarkable acceleration. Since the start of 2024, the number of hedge fund managers in DIFC has more than doubled, rising from 50 to over 100, with 81 of them each managing more than USD 1bn in assets, representing one of the largest concentrations of billion-dollar hedge funds anywhere in the world.

Throughout 2025, the Centre welcomed an impressive roster of new arrivals including Baron Capital Management, BlueCrest Capital, Naya Capital, Nine Masts Capital, North Rock Capital, Pearl Diver Capital, Select Equity Group, Strategic Investment Group, Silver Point Capital, Squarepoint Capital and Welwing Capital Group. They

join long-standing global powerhouses such as BlackRock, Millennium, Brevan Howard, Balyasny, Blue Owl, Dymon Asia, ExodusPoint, Hudson Bay, QRT and Verition. A particularly notable milestone was the arrival of Oak Hill Advisors, with USD 108bn in assets under management, alongside AIP and Varenne, pushing DIFC past the symbolic 100-manager threshold and further reinforcing its global status.

Why global hedge funds continue to choose DIFC

Hedge funds continue to scale in DIFC because the Centre offers a compelling combination of talent, efficiency, global connectivity and access to capital. Managers value Dubai's unrivalled pool of local and international talent, which has deepened alongside the city's growing appeal for financial professionals seeking both opportunity and quality of life. Managers also take comfort from DIFC's internationally respected legal and regulatory framework, grounded in English common law, which provides clarity and confidence for sophisticated cross-border activity. Crucially, DIFC's location allows managers to run Asian, European and North American operations centrally, relying on their ability to trade those markets in a business day - a critical advantage few other global financial centres can provide. Lastly, DIFC provides direct access to deep global and regional capital pools, including ultra-high-net-worth individuals, family offices and sovereign wealth funds, and is supported by a mature ecosystem of banks, advisors and service providers, resulting in an operating environment uniquely suited to modern alternative investment strategies.



GUEST ARTICLES (cont.)

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Salmaan Jaffery, DIFC

Innovation as a catalyst for growth

DIFC's proactive approach to innovation has also played a defining role in its rise. The DIFC Funds Centre, a first-of-its-kind co-working model for asset managers, enables firms to establish quickly, operate cost-effectively and scale efficiently. The Centre brings together global heavyweights, mid-sized players, emerging spinouts and ambitious start-ups in one collaborative environment, creating both diversity and dynamism. Importantly, more than 85 per cent of DIFC-based hedge funds are now licensed to raise and manage private and sovereign capital directly from the Centre, underscoring the maturity of the regulatory framework and the depth of investor appetite.

Alternatives continue their move to the mainstream

The global reallocation towards alternatives also continues to support DIFC's growth. The Centre's Future of Alternative Investments report highlights accelerating flows into hedge funds, private credit and other alternative strategies, driven by technological advances, regulatory evolution and greater investor sophistication. High-net-worth individuals and family offices have doubled their allocation to alternatives since 2008, reaching around 15 per cent, and this shift is reflected in the expansion of DIFC's wealth and asset-management

community, which today comprises more than 470 firms and over 1,250 family-related business entities. Dubai's position as the world's leading destination for wealth migration, with nearly 9,800 millionaires estimated to have relocated to the UAE by the end of 2025, further strengthens this growth trajectory.

Looking ahead: A strong outlook for 2026

As we enter 2026, the outlook for hedge fund activity in DIFC is exceptionally strong. All indicators point to continued momentum: allocations to alternatives are increasing, regional wealth is deepening, and demand for sophisticated investment solutions is expanding. DIFC's unique blend of world-class talent, operational efficiency, global market connectivity, and direct access to deep pools of capital positions the Centre as the natural choice for hedge funds seeking global reach from a single, strategically located base.

DIFC's ascent towards becoming a top-five global hedge fund hub is a milestone that marks both achievement and opportunity. As global investors recalibrate their portfolios and managers seek new engines of growth, DIFC stands ready to shape the next chapter of alternative investment performance and innovation.

Salmaan Jaffery, Chief Business Development Officer at DIFC Authority

GUEST ARTICLES (cont.)

Democratisation of Private Markets: A decade in the making

Jonida Vesiu, Director, Fund Solutions, CSC

Democratisation of Private Markets—A decade in the making

The past decade has laid the groundwork for a structural transformation in private markets. What was once the exclusive domain of institutional allocators and ultra-high-net-worth investors is steadily opening to a broader investor base. Regulatory reform, product innovation, and shifting investor preferences have converged to reshape how private market exposure is structured, distributed, and governed. This evolution marks not a cyclical fluctuation but a fundamental rebalancing of global capital flows.

Across the US, EU, and UK, regulators and market participants are actively expanding the pathways through which retail investors can access private market opportunities. Each region is moving at a different pace, but the direction is unmistakable.

US: Innovation as the Catalyst

The United States has progressed through a combination of regulatory reforms and product innovation. Regulatory developments, most notably the 2020 SEC's¹ expansion of the accredited investor definition, shifted eligibility from a purely wealth-based criterion to a more nuanced knowledge-based assessment of financial sophistication. This shift reflects a broader philosophical move toward capability-based access.

Simultaneously, the proliferation of SEC registered semi-liquid structures such as interval funds, tender-offer funds, and non-publicly traded business development companies (BDCs) and Real Estate Investment Trusts (REITs) created regulated pathways for retail investors to gain exposure to private equity, private credit, and real assets. These vehicles now represent one of the fastest-growing segments of the US alternatives landscape enabling semi-liquid vehicles to surpass \$300 billion² in AUM by 2024 and positioning them for exponential growth in the years ahead.

Regulation A+³ and crowdfunding⁴ frameworks further broadened participation in early-stage investing, enabling non-accredited investors to engage in private offerings under defined limits and disclosure requirements. The SEC reports that more than \$10 billion⁵ has been raised through these channels since their introduction.

EU and the UK: Architecture before Access

In contrast to the US, European and UK regulators have prioritised structural integrity rather than opening traditional private funds to retail investors. Their approach has centred on purpose-built frameworks

¹ SEC.gov | SEC Modernizes the Accredited Investor Definition

² Semi-liquid funds | Deloitte Insights

³ SEC.gov | SEC Adopts Rules to Facilitate Smaller Companies' Access to Capital

⁴ SEC.gov | SEC Adopts Rules to Permit Crowdfunding

⁵ SEC.gov | SEC Publishes Data on Regulation A, Crowdfunding Offerings, and Private Fund Beneficial Ownership Concentration



... democratised private markets and semi-liquid structures has created new operational demands, making liquidity management and investment sourcing strategic priorities...

Jonida Vesiu, CSC

GUEST ARTICLES (cont.)

designed to balance broader access with robust governance, suitability assessments, and investor protection.

The **European Long-Term Investment Fund (ELTIF)** regime, introduced in 2015⁶ and significantly enhanced through ELTIF 2.0⁷, became the EU's flagship mechanism for retail access to private markets. The revised framework lowered barriers to entry while strengthening suitability and disclosure requirements, enabling cross-border distribution of private equity, private debt, infrastructure, and real asset strategies.

The UK's **Long-Term Asset Fund (LTAF)** emerged as a purpose-built structure designed to accommodate illiquid assets within a regulated environment. Initially targeted at defined contribution pension schemes, LTAFs⁸ have since expanded to certain retail investors under enhanced suitability and advice requirements.

Reforms to the UK's financial promotion regime⁹ further tightened marketing standards for high-risk investments, reflecting a broader emphasis on investor protection.

Together, ELTIFs and LTAFs reached more than \$30 billion in AUM by 2024¹⁰, with significant growth expected as adoption accelerates.

Democratisation and a renowned focus on semi-liquids—new operational realities

Semi-liquid structures clearly sit at the centre of the developments, enabling the inclusion of retail capital across the three regions. Deloitte estimates these will continue the growth momentum and reach \$4.1 trillion¹¹ in AUM by 2030 and retail investors will likely contribute more than 40% of this total AUM.

The rise of semi-liquid structures introduces operational complexities that differ markedly from traditional closed-end private funds. Liquidity management and effective investment sourcing

become strategic capabilities, as managers must balance unpredictable cash inflows and outflows with long-duration assets, avoiding cash drags and maintaining strategy alignment. Valuation practices must evolve to support more frequent pricing events, often in the absence of observable market data, increasing reliance in sophisticated valuation models, independent oversight, and robust governance frameworks. Administrative demands increase significantly as retail investors require more frequent communication, enhanced disclosures, and seamless digital experiences. These pressures are compounded by regulatory fragmentation, with managers navigating divergent rules across jurisdictions and cost

pressures. Technology—particularly digital onboarding, automated reporting, and AI-enabled valuation tools—will be essential to achieving scalability and operational resilience.

2026 and beyond

As private markets continue to democratise, the next decade will test the industry's ability to scale responsibly. The opportunity is substantial—potentially trillions in new capital and a more diversified investor base. Yet the operational, regulatory, and governance demands are equally significant. Success will depend on the industry's capacity to balance access with protection, innovation with discipline, and growth with operational excellence.

The democratisation of private markets is no longer an emerging trend; it is a defining structural shift that will reshape the global investment landscape for years to come.

Jonida Vesiu, Director, Fund Solutions, CSC

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⁶ Regulation - 2015/760 - EN - ELTIF Regulation - EUR-Lex
⁷ European Long-Term Investment Funds Regulation - Finance

⁸ FCA widens retail and pensions access to Long-Term Asset Funds | FCA

⁹ FCA to strengthen financial promotion rules to protect consumers | FCA

¹⁰ Semi-liquid funds | Deloitte Insights

¹¹ Semi-liquid funds | Deloitte Insights

GUEST ARTICLES (cont.)

Portfolio construction in an age of uncertainty: how global allocators are adapting

Amy Cheung, Asia Capital Introduction, Marex

Moderating the iConnections Global Alts Asia session on global allocator trends at the end of last year offered a timely window into how investment teams are navigating one of the most unpredictable market environments in years. Those conversations, combined with ongoing dialogue across Marex's 15-person global capital introduction team based in Europe, the US, Asia and the Middle East, point to a striking degree of alignment in how allocators are thinking about portfolio construction.

While investment teams operate within different local, regulatory and market contexts, the forces shaping their decisions are increasingly global.

Liquid alternatives and uncorrelated strategies are back in focus

The renewed focus on liquid alternatives and uncorrelated strategies reflects a shift in the market environment. For a long period, equity-heavy portfolios were supported by low interest rates, abundant liquidity and largely one-directional markets – conditions that limited the opportunity set for many diversifying strategies.

That backdrop has now changed. Markets are displaying greater dispersion, clearer interest-rate differentials, and more genuine two-way behaviour. These conditions are far more conducive to strategies such as macro, trend-following, multi-strategy, alternative risk premia and equity market-neutral approaches.

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These strategies are able to deliver differentiated outcomes, particularly during periods when traditional equity and credit markets struggle. Their appeal is straightforward: they offer the potential for return streams with low or no correlation to equities, credit or broader growth cycles. In an environment where balanced portfolios require more than directional equity exposure, the case for liquid alternatives has strengthened.

Long-horizon themes: climate transition, sustainability and AI

Another consistent theme is the growing importance of structural investment drivers that extend beyond short-term macro cycles. Allocators are increasingly aligning capital with areas such as energy transition, decarbonisation and sustainability, alongside the technologies enabling these changes. Many also point to the rising influence of AI and national resilience as long-term investment drivers.

These themes are not being viewed as trends but as multi-decade transformations reshaping economies, industries and capital flows. Portfolio construction is increasingly focused on building exposures that are less reactive to near-term market noise and more closely linked to the forces expected to define growth over the long-term.



... conditions are far more conducive to strategies such as macro, trend-following, multi-strategy, alternative risk premia and equity market-neutral approaches.

Amy Cheung, Marex

GUEST ARTICLES (cont.)**Regional perspectives shaping allocation decisions**

While strategic priorities are broadly shared, it is important to understand the nuanced, regional dynamics that are influencing allocators.

Europe – European investors continue to favour specialist expertise, particularly within equity separately managed accounts (SMAs), where sector and regional specialists remain in demand. Within SMAs, market-neutral strategies remain the dominant theme. In addition, investors are often factor-aware, given the utilisation of leverage in SMA structures. Interest spans opportunities from energy transition related cyclical and industrials managers to regional specialists focused on Europe, emerging markets and Korea.

In this region, macro and commodity strategies are also gaining traction both as alpha sources and portfolio diversifiers, with some investors seeking macro exposure as a hedge against potential shifts in the strong equity beta environment. Commodity strategies remain attractive for their orthogonal return profile, and we are also seeing allocators prioritising specialist managers who combine deep domain expertise with robust risk management.

The US - The dominant themes in the US are diversification and a renewed search for alpha. Those objectives are showing up in allocator activity across a number of areas such as commodities, where investors are looking to diversify portfolios and hedge macro and inflation risks, and non-US/European exposure, reflecting efforts to reduce US concentration and broaden geographic diversification. Healthcare stands out as a particularly fertile area for idiosyncratic, bottom-up alpha. Allocators are also showing greater openness to backing newer or smaller managers in pursuit of more differentiated returns. This mindset is extending to small-cap strategies, where dispersion and market inefficiencies are perceived to be higher, as well as to long-only strategies, which are increasingly used to complement hedge fund allocations when conviction is strong and after-fee outcomes are compelling, with tax efficiency an important consideration. At the same time, we will see the continued expansion in the use of SMAs, driven by demand for greater transparency, customisation, and capital efficiency.

Asia - Asia remains a compelling long-term growth story,

supported by rising middle-income populations, economic expansion and growing demand across infrastructure, consumption and technology. However, public market performance has not always reflected this structural potential. Policy shifts, currency pressures and periodic disconnects between economic growth and market returns have led to uneven outcomes. As a result, interest in Asia remains strong but increasingly selective, with investors favouring long-term approaches such as private markets, partnerships and bottom-up strategies that align more closely with underlying fundamentals.

Diversifying away from the US looks to be a trend that is set to continue. Asian investors are looking for alpha opportunities elsewhere, and are allocating to non USD share classes, namely JPY and EUR. Asian investors also find China investible again, with valuations having been depressed for a long time. Uncorrelated strategies are also often mentioned including commodities, market neutral/multi strats.

Middle East - Middle East investors are entering 2026 with increased appetite for liquid alternatives, with hedge funds continuing to gain traction. Given the prevailing market environment, allocators are favouring longer-vol hedge fund strategies including global macro. Multi-strat demand is expected to persist, led by family offices that are newer to the asset class. Event-driven strategies are also gaining traction as tariff volatility eases and capital markets activity picks up. Similar to other regions, equity focus has shifted away from the US, with particular interest in China, Japan, Korea, and European markets amid reforms and more attractive valuations.

Priorities for 2026

The direction of travel is clear: greater emphasis on diversification, more robust risk management, deeper alignment with long-term structural themes, and a more deliberate approach to sourcing returns that behave differently from the traditional equity-rate cycle. For those of us working closely with allocators across regions, it is important to understand how capital is likely to be positioned in 2026 and how global portfolios are being reshaped for a very different world.

Amy Cheung, Asia Capital Introduction, Marex



GUEST ARTICLES (cont.)

Selective Capital, Higher Standards: The New Hedge Fund Reality

Max Heppleston, Managing Partner, H-Squared

2026 is shaping up to be a strong year for hedge funds as investors continue to reassess allocations in a more volatile and uncertain market. Persistent geopolitical risk, uneven economic growth and higher for longer interest rates have reinforced the role of hedge funds as risk-mitigating, uncorrelated return generators, rather than equity substitutes. Firms are looking for IR professionals who can articulate downside protection & portfolio construction, and speak fluently with investors of varying sophistication about risk-adjusted returns, correlation, and resilience. Storytelling, with technical credibility.

Allocations are reflecting this shift, inflows in 2025 were some of the strongest since 2017, with hedge fund AUM now looking to reach \$5 trillion by the end of 2027. Institutions are continuing to build out hedge fund exposure through multi-year allocation programmes, while family offices and private wealth investors are becoming increasingly selective and sophisticated in how they deploy capital. Capital raisers who can navigate long cycles and consultants will be in demand; at the same time, growing family office and private

wealth demand will create a bifurcation in firms as they need to have specialists for institutions and wealth rather than trying to have one person cover it all.

This sophistication is partially being driven by factors elsewhere in the space, the lack of distributions from private equity has made fundraising more challenging across the board, making investors more discerning about deploying new capital. As liquidity expectations are pushed further out, allocators are gravitating toward strategies that can generate returns without relying on exits or rising markets. Many hedge funds, especially those with low net exposure and clear downside protection, are filling that gap, and they are looking for capital raisers who can win share, not just raise capital in a rising tide, proof of raising in difficult markets has been something our clients have been asking for more and more.

Multi-family offices are a notable example. These investors are no longer passive allocators but sophisticated capital partners with institutional level diligence. Many are now showing a preference for smaller, capacity constrained funds with strong, consistent returns, rather than large,



2026 may not drive more IR hires, but it will drive better paid, more selective hiring, prioritising talent with product knowledge, allocator trust, and technical fluency.

Max Heppleston, H-Squared

GUEST ARTICLES (cont.)

asset-gathering platforms, benefiting emerging and boutique hedge funds that can clearly articulate their edge and strategy.

Investor expectations are higher than ever, the familiar criticism that some hedge funds are “up when markets are up and down when markets are down” remains front of mind, and rightly so. In a world of cheap beta, allocators are unwilling to pay hedge fund 2/20 fees unless a strategy delivers genuine alpha, and capital preservation in drawdowns. Managers that fail to differentiate are finding fundraising increasingly difficult, regardless of brand or legacy, and tolerance for disguised long only exposure is diminishing rapidly.

These dynamics are having a direct impact on the hiring market, especially in investor relations and fundraising functions. In a tougher capital raising environment, firms are investing in experienced IR professionals who can navigate longer fundraising cycles, manage increasingly long diligence processes and engage a more fragmented investor base. There is growing demand for IR talent with deep relationships across family offices, RIAs and institutional investors, as well as the ability to clearly communicate strategy, risk, and performance through different markets. 2026 may not drive more IR

hires, but it will drive better paid, more selective hiring, prioritising talent with product knowledge, allocator trust, and technical fluency. Firms are going to need to move fast to secure them, we have seen firms lose fantastic candidates due to long drawnout processes, the ones who can move fast will secure the best talent.

Multi-manager platforms and large hedge funds also continue to allocate externally to smaller teams via SMAs, providing an alternative route to capital for strong, proven PMs, helping to stabilise new launch activity and creating opportunities for investment talent, especially for managers with niche strategies and/or sector focus.

For what I think 2026 will bring, the outlook for hedge funds seems positive. As fundraising becomes more competitive and investors more selective, firms that combine differentiated alpha generation with strong communication and infrastructure should be well positioned. In a market where liquidity, true alpha, downside protection and clarity matter more than ever, hedge funds that truly hedge are once again earning their place in portfolios.

Max Heppleston, Managing Partner, H-Squared



GUEST ARTICLES (cont.)

Private wealth is becoming private capital – and alternative managers are repositioning fast

Christine Cairns, Tax Partner, PwC UK

Global wealth has reached unprecedented levels. According to the UBS Global Wealth Report 2024, household wealth now exceeds USD 500 trillion globally and is expected to surpass USD 600 trillion by the end of the decade. But the real story for alternative asset managers is not the headline number — it is how this wealth is increasingly being mobilised and channelled into private markets.

The global population of wealthy individuals continues to expand rapidly. By 2028, the number of adults with wealth exceeding USD 1 million is expected to rise in 52 of the 56 markets analysed by UBS, with some markets seeing growth of up to 50%. At the same time, more than half of global wealth is now held by individuals in the USD 10,000–1 million range, creating a vast pool of “mid-level” private wealth that sits well beyond traditional institutional capital.

This matters because many believe private capital — rather than pension funds and sovereign wealth alone — will become one of the dominant sources of funding for private markets over the coming

decades. Institutional capital remains critical, but it is increasingly complemented by family offices, high-net-worth individuals and, crucially, the fast-growing affluent investor segment.

Unsurprisingly, large alternative asset managers are moving quickly to position themselves accordingly. Across private equity, credit, infrastructure and real assets, leading firms are launching semi-liquid, evergreen and retail-accessible fund structures designed to capture private wealth flows. These vehicles aim to bridge the gap between traditional institutional products and the growing demand from private investors for access to private markets, yield and diversification — albeit with different liquidity, governance and reporting expectations.

At the same time, family offices are becoming an increasingly powerful force within this private capital ecosystem. PwC’s Global Family Office Deals Study 2024 highlights how family offices worldwide are evolving from passive allocators into highly professionalised investment platforms, often operating with permanent capital and long-



Products, governance frameworks and investor relations approaches are being rethought to accommodate longer holding periods, differentiated liquidity, greater reporting and, in some cases, more influence for investors.

Christine Cairns, PwC

GUEST ARTICLES (cont.)

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Across private equity, credit, infrastructure and real assets, leading firms are launching semi-liquid, evergreen and retail-accessible fund structures designed to capture private wealth flows.

Christine Cairns, PwC

term horizons. Many now invest directly alongside funds, co-invest with peers or establish their own investment arms, blurring the traditional lines between LPs and GPs.

While the study shows that family offices are active across asset classes, the broader implication for alternative managers is strategic rather than statistical. Family offices — and private investors more generally — operate under very different constraints from institutions. They are not driven by allocation cycles, denominator effects or regulatory capital requirements. They can sit on cash, move opportunistically and prioritise control, alignment and long-term value creation over short-term deployment.

This flexibility is reinforced by the generational transition now under way. UBS estimates that USD 83.5 trillion of wealth will be transferred globally over the next 20–25 years, including significant “horizontal” transfers between spouses before wealth moves to the next generation. The next generation of wealth holders is typically more digitally native, more global in outlook and more comfortable with private markets, alternatives and direct investing. They also expect greater transparency and engagement — and, increasingly, a

demonstrable sense of purpose.

This shift helps explain the continued growth of impact investing and thematic strategies within private markets, as well as the strong appetite for co-investment and bespoke structures. It also explains why many alternative managers now see private wealth — in all its forms — as a strategic growth engine rather than a peripheral channel.

The implications are significant. Fundraising models designed solely around institutions may struggle to fully capture future capital flows. Products, governance frameworks and investor relations approaches are being rethought to accommodate longer holding periods, differentiated liquidity, greater reporting and, in some cases, more influence for investors. The rise of retail-style private market funds is not a passing trend; it is a response to a structural rebalancing of where capital originates.

Private markets were once the preserve of institutions. Today, they are increasingly shaped by private wealth — from billionaires and family offices to the rapidly expanding affluent investor base. For alternative asset managers, the message is clear: the future of private capital will be broader, more diverse and more demanding — and those who adapt early will be best placed to benefit.

**Christine Cairns, Tax Partner,
PwC UK**



GUEST ARTICLES (cont.)

Why family offices are increasingly turning to prime brokers

Mark Ralph, Prime Services, Marex

For decades, ultra-high net worth individuals and family offices have relied on private banks and wealth managers for their capital markets activity. These relationships remain central to how families think about advice, governance and long-term stewardship of wealth. Yet as family offices become larger and more active across public and private markets, many are reassessing whether their operational infrastructure needs to evolve.

One development gaining momentum is the growing use of prime brokers by family offices - not to replace existing partners, but as a complementary layer that brings more structure, better financing options and more efficient market access.

This is a natural evolution. Family offices increasingly operate in the same markets as hedge funds, often with comparable scale and complexity. Yet while hedge funds have engaged prime brokers to support their trading and financing needs, family offices have traditionally accessed markets through more

fragmented and often more costly arrangements. The operational and economic advantages that prime brokerage provides are becoming compelling for family offices seeking a more integrated, institutional-grade approach.

A generational shift in mindset

This shift is partly being driven by the next generation leaders who are typically less constrained by legacy assumptions and more focused on outcomes: how capital is deployed, how risk is managed and how efficiently the organisation operates. Viewed this way, engaging prime brokers is a practical evolution rather than a radical change.

Private banks continue to play a vital role in wealth planning, governance and relationship management, while prime brokers – particularly those with experience with family offices – provide the infrastructure and market access required to support investment strategies.



GUEST ARTICLES (cont.)**Bringing hedge fund strategies in-house**

Some single-family offices are internalising hedge-fund-style strategies that they previously accessed via external managers. Many are reassessing the need to pay management and performance fees, given that they already possess much of the required infrastructure, banking relationships and governance. Strategies like managed futures, CTAs, and global macro fit naturally in mature family office investment frameworks. Prime brokers providing outsourced trading, execution, and middle-office support are becoming key partners, enabling hedge-fund-level sophistication while retaining full control of capital and strategy. This evolution is also reflected in the growing use of managed accounts and Separately Managed Accounts (SMAs), which allow families to implement these strategies with greater transparency, risk control, and asset segregation.

Financing flexibility

Another key driver behind the growing adoption of prime brokers is financing flexibility. Prime brokers can offer bespoke financing solutions, including asset-backed lending and portfolio-level facilities, aligned closely with a family office's broader investment strategy.

For family offices pursuing more dynamic strategies, or seeking to deploy capital efficiently without disrupting long-term holdings, this flexibility unlocks options that were previously less accessible. Compared with traditional lending structures, prime brokerage financing integrates seamlessly with trading activity and portfolio management.

Many family offices use prime brokers alongside existing private bank lending facilities, diversifying funding sources and improving resilience. They also benefit from multi-asset prime broker capabilities, using a broad range of listed asset classes as collateral for margin lending.



For family offices navigating complex and volatile markets, the question is no longer whether their infrastructure needs to evolve, but how.

An alternative model

As family offices build more diversified and active portfolios, and trading becomes increasingly global, the limitations of their fragmented operational models become clear. Multiple custodians, separate financing arrangements and uneven portfolio visibility can introduce friction, increasing costs and absorbing management time within the family office.

Acting as a central operational hub, prime

brokers provide consistency across margining, collateral management, reporting and risk oversight, enabling family offices to focus on investment decisions rather than infrastructure. They also offer access to institutional trading architecture, 24/6 execution coverage, global markets and specialist liquidity that private banks typically cannot provide. For leaner teams, or where supplementary capabilities are required, some prime brokers offer outsourced trading services, enabling family offices to access experienced execution teams

Mark Ralph, Marex

across multiple asset classes and generate 'execution alpha' without the cost or complexity of building this in-house.

For family offices navigating complex and volatile markets, the question is no longer whether their infrastructure needs to evolve, but how. By combining long-standing private bank relationships with prime brokerage capabilities, family offices gain agility, resilience and control.

Mark Ralph, Prime Services, Marex



GUEST ARTICLES (cont.)

Private Wealth and Investment Funds – Convergence in Jersey

Arindam Madhuryya, Corporate Partner, Carey Olsen

Private wealth and investment funds are two of the mainstays of Jersey's financial services sector. In recent years, we have seen some convergence between the two sectors with two distinct themes of Ultra-High-Net-Worth Individuals (UHNWI) and family offices: (i) using Jersey limited partnerships and unit trusts; and (ii) using the Jersey fund regime to structure investments.

(i) Using Jersey limited partnerships and Jersey unit trusts:

Typically, UHNWI and family offices have used traditional trust structures for the management and preservation of wealth, whilst limited partnerships and unit trusts have been used mostly for funds or "fund-like" investment structures. Whilst traditional Jersey trust structures remain extremely popular, we are

seeing an increasing number of UHNWI and family offices using Jersey limited partnerships and/or unit trusts with "fund-like" attributes to make investments in alternative assets (e.g., private equity, real estate etc.).

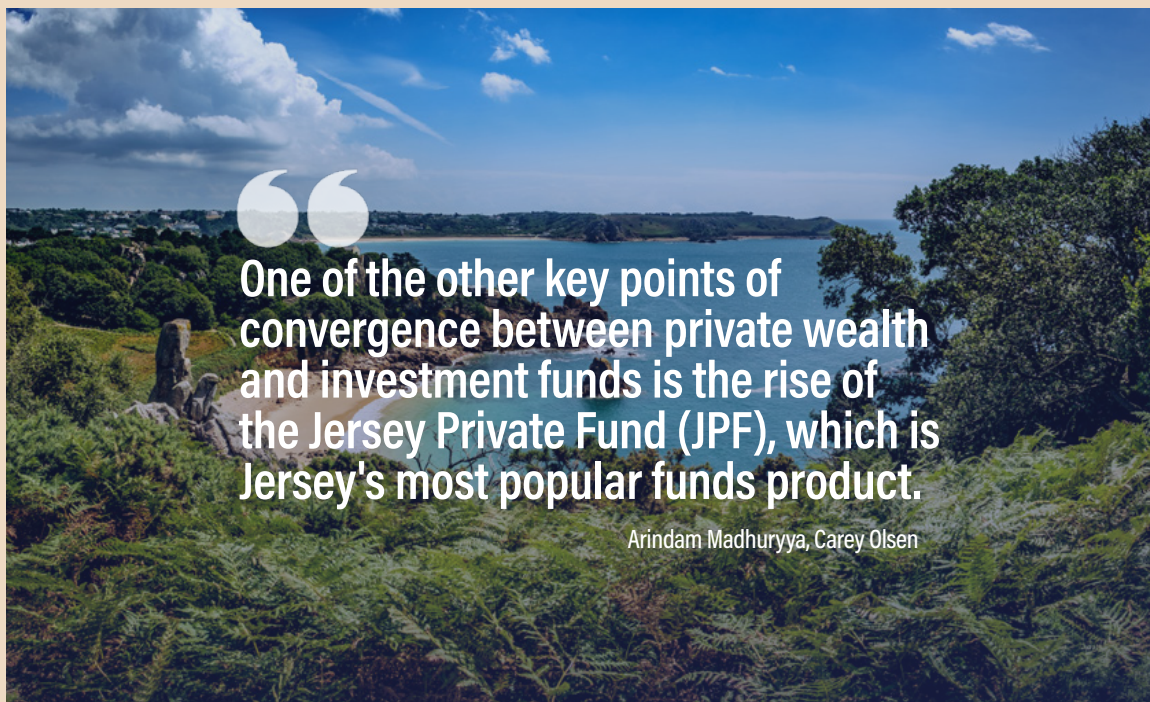
Limited partnerships are particularly useful when multiple family members or associates pool their capital for the purpose of making investments. A key attribute of a Jersey limited partnership is that it does not have its own legal personality, and hence, is not assessed for income tax in Jersey. Instead, the partners are assessed in their own name in accordance with the tax laws of their respective jurisdictions. Subject to certain very limited exceptions, limited partners who are not tax resident in Jersey are not subject to Jersey income tax or withholding tax on distributions.

Separately, we are also seeing UHNWI and family offices with an exposure to the UK using Jersey unit trusts. Units can be tied to particular investments or



“...we are seeing an increasing number of UHNWI and family offices using Jersey limited partnerships and/or unit trusts with "fund-like" attributes to make investments in alternative assets...”

Arindam Madhuryya, Carey Olsen

GUEST ARTICLES (cont.)

asset classes, and there is flexibility on the level of control unitholders would want to retain. Moreover, the shares of the trustee can be owned by a nominee, a purpose trust or a foundation, giving maximum confidentiality to the UHNWIs.

Both in case of limited partnerships and unit trusts, the constitutional documents and the identity of investors are private, hence, allowing for maximum confidentiality. As the commercial arrangements are contained in private contractual documents, there is a great degree of drafting flexibility.

(ii) Jersey Private Funds for family investments:

One of the other key points of convergence between private wealth and investment funds is the rise of the Jersey Private Fund (JPF), which is Jersey's most popular funds product. A JPF is a lightly regulated investment product that is quick and easy to set up, and inexpensive to operate. Some of the key features of the JPF that make it attractive to investors are that there is no regulatory requirement for audited accounts or for a formal offering memorandum. Service providers other than the designated service provider

(usually the corporate administrator) do not need to be regulated as they can rely on certain exemptions.

In recent years, we are seeing a number of UHNWI and family offices using JPFs to pool capital from "friends and family" for the purpose of investment. Family offices can also sometimes rely on a specific exemption if the vehicle is used for investment by a single family. Multiple family offices may also be exempt from fund regulation if the structure is set up as a joint venture. These exemptions will keep the vehicle out of scope of Jersey's funds regulation altogether, further reducing ongoing regulatory and compliance expenses.

**Arindam Madhuryya, Corporate Partner,
Carey Olsen**



GUEST ARTICLES (cont.)

From Access to Accountability: Crypto's Convergence with Institutional Private Markets

Andy Martinez, CEO & Founder, Crypto Insights Group

Crypto's early private markets were defined by access. Capital flowed to those closest to networks, protocols, and information asymmetries. Innovation outpaced structure, and participation was often driven by opportunity rather than underwriting discipline.

Today, the defining shift in crypto private markets isn't broader access or technological novelty, but accountability.

Private markets are sustained by repeatable standards. Capital can tolerate volatility, but it has difficulty tolerating structural ambiguity. As larger pools of capital evaluate crypto funds, active digital asset strategies, tokenized structures, and other blockchain-native investment vehicles, they're applying the same core principles that govern traditional private markets: independent administration, custody clarity, counterparty transparency, liquidity mapping, governance enforceability, and strategy-level visibility.

Crypto is increasingly converging toward these

institutional frameworks. The dispersion across managers reinforces the need for discipline. Return dispersion remains wide, and operational quality can vary significantly. Strategy labels like "market neutral," "multi-strategy," "yield," or "venture" often conceal meaningful differences in risk construction, liquidity assumptions, and capital formation mechanics. This is particularly visible across active digital asset strategies, where differences in market structure expertise, liquidity management, and counterparty discipline can materially shape outcomes. In markets where dispersion is high, underwriting rigor becomes non-negotiable.

This convergence toward structure isn't a rejection of crypto's technological foundations, but rather a maturation process. Traditional private markets developed institutional standards over decades through cycles of excess, correction, and reform. Crypto has experienced a similar cycle in compressed form. Counterparty failures, liquidity mismatches, governance breakdowns, and volatility shocks have



Today, the defining shift in
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broader access or technological
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Andy Martinez, Crypto Insights Group

GUEST ARTICLES (cont.)

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Crypto's private markets are increasingly judged not on innovation in isolation, but on whether innovation can coexist with accountability.

Andy Martinez, Crypto Insights Group

stress-tested the ecosystem in under a decade. The result has been a faster institutionalization curve as allocators and managers alike recognize that durable capital requires enforceable standards.

At the same time, crypto's architecture introduces structural possibilities that traditional private markets did not grow up with. Blockchain-based systems operate on shared ledgers, programmatic settlement, and observable collateral flows. Tokenization enables fractional ownership, greater efficiency at scale, and potentially broader distribution. Smart contract infrastructure allows for programmable capital structures and automated compliance mechanisms. Even if these capabilities are not yet fully embedded in institutional workflows, the design space is fundamentally different.

While crypto private markets are converging toward traditional underwriting principles, they're doing so atop infrastructure that enables greater transparency and shorter information cycles. The availability of verifiable, high-frequency data has raised expectations around visibility and reporting. Institutions investing in custody platforms, settlement infrastructure, and tokenization frameworks are positioning around the possibility that blockchain-native architecture may

influence capital markets over time.

That influence shouldn't be overstated. Crypto hasn't yet reshaped traditional hedge fund or venture underwriting. But it has accelerated conversations around transparency, settlement efficiency, and capital mobility. It has demonstrated that even technologically novel asset classes must ultimately align with institutional governance standards if they are to attract durable capital.

The transition from fringe to framework, then, is not about legitimacy alone. Crypto's private markets are increasingly judged not on innovation in isolation, but on whether innovation can coexist with accountability. Responsible access now implies structured diligence, comparable reporting, counterparty clarity, and governance that can withstand stress.

If crypto ultimately succeeds in combining institutional discipline with programmable transparency, its influence may extend beyond digital assets themselves. What's clear today is that capital is evaluating crypto through the lens of opportunity, durability, and sustainability.

Andy Martinez, CEO & Founder, Crypto Insights Group



GUEST ARTICLES (cont.)

Controlling Technology Risk in Crypto

Jon Freedman & Richard Burgess, Quant Fin Ltd

If a finance team mistakenly wires \$1m to the wrong bank account, that money is not gone. There are established remedies, counterparty and legal frameworks designed to unwind the error. In a decentralised blockchain system, that safety net does not exist. Once a transaction is signed and broadcast, the funds are final. Recovery depends entirely on the recipient's willingness to return them. For an institutional investor, this distinction matters because operational risk has an owner. Accountability is between named individuals, governance committees, auditors and regulators. A crypto loss caused by a simple process failure isn't a market event, it's an institutional control failure. As digital assets move into treasury, settlement and collateral workflows, this shifts crypto risk out



Jon Freedman, Quant Fin Ltd

of P&L and into operational and reputational risk.

The likelihood is your firm's bank accounts have gone years without targeted attack, and most instances of misappropriated funds trace back to an internal fraudulent actor, a rogue trader or an executive stealing money. Traditional banking infrastructure is protected by friction, limited opening hours, human review, jurisdictional controls. Crypto infrastructure operates 24/7, settles instantaneously and exposes a global market with no undo button. This explains why crypto wallets are scanned continuously. Attacks are automated, global and cheap with over \$3.4bn stolen in 2025, \$2bn by North Korean state actors.¹

The weakest link is rarely the cryptography, it's people and processes. When you log into your work environment on a Monday morning, if you're in an office it may still just

¹ 2025 Crypto Theft Reaches \$3.5bn [link](#)



GUEST ARTICLES (cont.)

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Anyone with access to [crypto] funds should use a physical FIDO2 security key that cannot be shared or phished and companies should use multi-sig approvals across separate physical locations to ensure no single individual, device or office can unilaterally move funds.

Jon Freedman & Richard Burgess, Quant Fin Ltd

be a username and password. The rise of remote working has made multi-factor authentication (MFA) more common, originally using RSA keys, now with a smartphone app. Even these controls are now considered weak. Smartphone-based MFA can still be socially engineered. Anyone with access to funds should use a physical FIDO2 security key that cannot be shared or phished and companies should use multi-sig approvals across separate physical locations to ensure no single individual, device or office can unilaterally move funds. These controls exist because blockchain replaces trusted intermediaries with software. The burden of control shifts entirely onto internal processes.

As crypto becomes part of financial market plumbing - settlement, custody, collateral - the conversation must move away from ideology to operational resilience and governance discipline. Setting your firm up for success doesn't mean chasing innovation fastest, but

treating blockchain like any other piece of critical infrastructure, with policies and procedures designed on the assumption that mistakes will happen, and built to ensure they are survivable.

Jon Freedman & Richard Burgess, Quant Fin Ltd

Quant Fin works with capital markets buy-side firms, engaging directly with c-suite leadership to help scale their business without linear increases in fixed costs or technology slowing them down. Quant Fin helps firms review, enhance or even build their technology, which could be a mature firm looking for an experienced operator that's solved their current problems before; or a trusted advisor to provide an outside perspective on their current approach.



Richard Burgess, Quant Fin Ltd

GUEST ARTICLES (cont.)

From Private to Inclusive Markets – How Tokenisation Is Driving Real Change in Global Investment Opportunities

Jesse Knutson, Head of Operations, Bitfinex Securities

Private markets have long been the lifeblood of growth-stage and mid-size businesses looking to scale. Private equity alone saw [\\$2.6 trillion](#) in deal value globally in 2025, up by almost a fifth on the year before.

Yet while private markets are seeing a resurgence, their infrastructure still belongs to a bygone era. Settlement cycles are long, liquidity is constrained, and investment opportunities are typically only available to a select few. Markets that finance innovation and economic expansion are themselves constrained by outdated systems. The mismatch is becoming increasingly difficult to ignore.

Rewiring private markets through tokenisation

Beyond the volatility and speculation often associated with digital assets, the underlying technology can

unlock financial infrastructure fit for the digital age.

Through tokenisation – representing securities as digital tokens on a blockchain – private markets can operate more efficiently. Smart contracts – the code underpinning digital assets – make asset transfers more streamlined and enable frictionless dividend payments. Compliance is also embedded with built-in whitelisting features.

In effect, tokenisation shifts private markets from fragmented, manual processes to streamlined, automated systems designed for scale.

Expanding access to global capital

The operational gains are only part of the story. Arguably, the most transformative impact of tokenisation in private markets is broadening access.

This is particularly pertinent for emerging markets where access to capital can be costly and constrained.



GUEST ARTICLES (cont.)



“...tokenisation shifts private markets from fragmented, manual processes to streamlined, automated systems designed for scale.”

Jesse Knutson, Bitfinex Securities

The [Bitfinex Securities Latin America Market Inclusion Report](#) found that high start-up costs – with a capital raise of \$30-\$50 million incurring average fees of 7% – is a real barrier to growth. This, combined with regulatory complexity and low liquidity, make it extremely difficult for businesses to scale, with the ramifications of this being felt in the broader economy.

In this context, efficient private markets are vital, and tokenisation is already delivering impact. For example, ALTERNATIVE, a securitisation fund, has issued four tokenised bonds totalling \$6.2 million-equivalent on Bitfinex Securities since 2023. These have helped to fund SMEs in emerging markets, and since issuance have made 20 coupon payments for a total of more than \$1.1 million USDt, and there are more issuances in the pipeline. These tokenised bonds are providing investors with exposure to real-economy impact investments that might otherwise have been unavailable to them.

Tokenisation also means that a much wider group of investors can access the potential upside of scaling companies. Growth businesses are staying private for longer, with the median age of going public increasing to [11 years in 2025](#) from just under 7 years in 2014. This means only a very select few are able to capitalise on not just early-stage growth, but some of the most successful, mature and innovative companies in the world.

The combination of fractionalisation – offering smaller, more affordable

chunks of an asset – and baked-in compliance could open up these opportunities to retail investors. With stagnating interest rates in developed economies and rampant inflation in many Latin American and other emerging markets, individual investors have the appetite for high-yield opportunities, but are often locked out.

Tokenisation changes this, bridging the gap between opportunity and access in a responsible and compliant way.

From private to inclusive

For emerging and growth markets in particular, the efficiencies unlocked by tokenisation could be decisive. Where legacy infrastructure has historically constrained access to global capital, modern digital rails offer a more direct, transparent and cost-effective route to funding.

Tokenisation is therefore more than a technological upgrade. It lays the groundwork for a more connected and inclusive global investment landscape.

Jesse Knutson, Head of Operations, Bitfinex Securities

Jesse Knutson is the head of operations at Bitfinex Securities, where he is responsible for expanding the platform's issuance pipeline, overseeing distribution and building its user base while ensuring compliance with regulatory standards. Prior to this role, Knutson served as vice president of financial products at Blockstream, and held roles at prominent investment banks including Macquarie Group and Barclays.



GUEST ARTICLES (cont.)

How Tokenization is Reshaping Market Infrastructure Today

Duke Kim, Director of Institutional Solutions, Securitize Fund Services

“Crypto” has historically been shorthand for volatility and speculation, or worse. Institutional participants have previously sought to separate the technology from the emerging asset class; i.e., “blockchain not crypto”. And now, the technology and its blockchain-based assets have converged and emerged as an integral part not just of onchain capital markets, but simply, capital markets.

By “plumbing,” I mean the operational layer: issuance, transfer, settlement, collateral management, and reporting. Tokenization is driving that shift as onchain assets and workflows are being institutionally adopted, battle-tested, and regulated.

At its core, tokenization is the process of representing traditional financial assets — funds, treasuries, private credit, equities — as blockchain-based securities. Bringing securities onchain means the resultant digital asset security is *pari passu* with the traditional (real-world asset) security. What changes is how ownership is recorded, transferred, and integrated into existing capital markets workflows.

Today, investors globally hold roughly \$11 billion in tokenized U.S. Treasury funds and billions more

in tokenized private credit, managing these assets through custody accounts or self-custody wallets, with 24/7 liquidity in some instances, enabled by the removal of traditional intermediaries.

The practical implications are clear:

- **Faster settlement** Blockchain-based securities can settle instantly rather than T+2, reducing counterparty exposure and operational friction.
- **Improved collateral mobility** Tokenized fund shares can be pledged, financed, or used in structured pools with programmable controls, enabling increased capital efficiency.
- **Operational transparency** Ownership records update in real time, simplifying cap table management, transfer restrictions, and reporting.

Decentralized Finance (DeFi) enables the realization of the benefits now. Institutional-grade assets are being placed into permissioned “pools” to capture yield as tokenized assets are borrowed against by other KYC’d counterparties. Investors can “loop” their fund shares, mimicking prime brokerage onchain to optimize asset utilization within programmatically defined risk parameters. Managers are deploying tokenized



“...the technology and its blockchain-based assets have converged and emerged as an integral part not just of onchain capital markets, but simply, capital markets.”

Duke Kim, Securitize Fund Services

GUEST ARTICLES (cont.)

products that can interact directly with automated market infrastructure, such as vaults, which are smart contract-based investment strategies.

Margin compression is also a meaningful driver: The current post-trade stack in capital markets is layered, manual, and often geographically fragmented. Tokenized securities can compress issuance, transfer agency, investor verification, and settlement into a unified workflow. The result is not only time saved, but real reductions in reconciliation, operational overhead, and capital tied up in multi-day settlement cycles.

Most importantly, this evolution is not occurring outside the regulatory perimeter. U.S. policymakers have increasingly acknowledged tokenization as a legitimate modernization of market infrastructure. The Securities and Exchange Commission has issued guidance clarifying that tokenized securities remain securities, subject to existing laws, while also signaling openness to responsible innovation. In Europe, the DLT Pilot Regime provides a formal framework for tokenized trading and settlement systems. In Cayman, there is draft legislation currently under review that focuses specifically on tokenized fund products.

The message from regulators: “modernize responsibly.”

For LPs, GPs, and service providers, asset tokenization

may feel simultaneously evolutionary and revolutionary, and I believe both are true. Tokenization is transforming market infrastructure to the benefit of all participants.

For LPs, GPs, and service providers, tokenization may feel both evolutionary and revolutionary, and both descriptions are accurate. As issuance, settlement, collateral management, and reporting migrate onchain, the result is a more efficient, transparent, and programmable financial system that benefits all market participants.

Duke Kim, Director of Institutional Solutions, Securitize Fund Services

Securitize, the world's leader in tokenizing real-world assets with \$4B+ AUM (as of November 2025), is bringing the world onchain through tokenized funds in partnership with top-tier asset managers, such as Apollo, BlackRock, BNY, Hamilton Lane, KKR, VanEck and others. In the U.S., Securitize operates as a SEC-registered broker-dealer, SEC-registered transfer agent, fund administrator, and operator of a SEC-regulated Alternative Trading System (ATS). In Europe, Securitize is fully authorized as an Investment Firm and a Trading & Settlement System (TSS) under the EU DLT Pilot Regime, making it the only company licensed to operate regulated digital-securities infrastructure across both the U.S. and EU. Securitize has also been recognized as a [2026 Forbes Top 50 Fintech company](#).

For more information: [Website](#) | [X/Twitter](#) | [LinkedIn](#)



As issuance, settlement, collateral management, and reporting migrate onchain, the result is a more efficient, transparent, and programmable financial system that benefits all market participants.

Duke Kim, Securitize Fund Services

GUEST ARTICLES (cont.)

The Growing Crypto-TradFi Crossover

Martin Gaspar, Senior Crypto Market Strategist, FalconX

Bitcoin ETF volumes have climbed to roughly 50% of BTC spot volumes in recent weeks, a sign of how quickly the market's structure has shifted. Crypto trading, once dominated by spot exchanges, now runs through instruments long familiar to traditional finance: ETFs and a rapidly growing derivatives complex. That migration is bringing in new pools of capital while also importing the structural trends and trading dynamics of conventional markets.

For one, these TradFi vehicles are starting to have more of an impact, as seen during the largest crypto volume days in recent history. The selloff on October 10, 2025, was broad-based across cryptocurrencies, while the one on Feb 5, 2026, was largely in BTC. During the latter, IBIT volumes spiked to a record \$10.7B, 53% above October 10 volumes, while spot BTC volumes in aggregate were below October levels. The dichotomy demonstrates crypto is now part of traditional plumbing and likely will be increasingly impacted by it.

Crypto derivatives are also exploding. This was especially seen on the IBIT options front, which decisively flipped Deribit BTC options in notional open interest in 2025. BTC options notional open interest (~\$70B) was more than double its futures open interest (~\$30B) as of mid February, highlighting the institutionalization of this asset class.

This broader shift could accelerate, as wealth platforms increasingly target crypto allocations. Platforms such as BlackRock, Morgan Stanley, and Bank of America are suggesting up to a 4% crypto allocation. There are signs this is already showing up in flows, with newer ETF launches such as SOL, XRP, and LINK all consistently seeing inflows, despite turbulent markets. It indicates wealth advisors may be implementing the suggested allocations now that they finally have the tools available to them and their clients. Moreover, flows suggest these products are successfully attracting sticky capital.



GUEST ARTICLES (cont.)

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Crypto-native exchanges (Coinbase, Kraken, Binance) have moved into offering stock trading, while traditional brokerages move into crypto (Robinhood, Schwab, E-trade). This is playing out on-chain as well, with DEXes moving to offer markets on traditional instruments.

Martin Gaspar, FalconX

These trends coincide with a broader push in the finance space for platforms to be the “everything exchange”. Investors seem increasingly interested in having access to a full suite of asset classes or products at their fingertips. Crypto-native exchanges (Coinbase, Kraken, Binance) have moved into offering stock trading, while traditional brokerages move into crypto (Robinhood, Schwab, E-trade). This is playing out on-chain as well, with DEXes moving to offer markets on traditional instruments. Hyperliquid is a flagbearer in this regard, with its HIP-3 markets on equities and commodities reaching a record 20% of its total open interest as of early March. For the crypto industry, this means that the capital they are chasing may have a different profile than before.

Crypto will look very different in a few years. Investor profiles evolve along with new investment products that will have an impact on price action and activity. The more interesting question isn't whether crypto continues

to institutionalize, but rather what ends up running through those pipes.

Martin Gaspar, Senior Crypto Market Strategist, FalconX

Martin is a Senior Crypto Market Strategist at FalconX and has a background in conducting fundamental research and cryptocurrency analysis. Martin previously held research positions at Menai, CrossTower, and Wells Fargo Securities. He has a passion for crypto and has followed the space extensively since 2012. Martin holds a BA from Colorado College, where he graduated with Distinction in Economics.



GUEST ARTICLES (cont.)

The Role of Hedge Funds in a Volatile World – The Emergence of European Credit Hedge Funds

Sven Olson, Co-Founding Partner and Senior Research Analyst, Acer Tree

Whilst historically both small and overlooked, European credit hedge funds have grown in recent years to occupy an important niche in diversified portfolio allocations. Unlike either private credit funds or traditional long-only funds, credit hedge funds enable investors to benefit from a much larger tool kit, which encompasses strategies that are agnostic to overall market levels, such as capital structure arbitrage and long/short credit investing. These strategies can then be augmented by investments in event-driven trades as well as select distressed investments. This flexibility enables skilled managers to generate alpha in both rising and falling markets.

Further differentiating the European peer group from its US brethren is the ability of skilled managers to monetise additional alpha from

the complexity of trading across 27 countries, languages and legal jurisdictions. Unlike the US, which has a single bankruptcy regime that has largely remained stable, each country in Europe has its own unique bankruptcy rules that are frequently changing and adapting. Access to corporate information is also more challenging and often opaque, as there is no standardised SEC-like reporting in Europe. Adding to the barriers in the leveraged loan market are very restrictive white lists, which can create significant hurdles for managers in accessing information and limit their ability to trade in many loans. The overall smaller, yet still significant, market size and higher complexity combine to vary liquidity compared to the US market – this favours smaller managers who can navigate the complex, less liquid environment. The more nimble funds can also access a wider,



European credit hedge funds stack up very well compared to private credit funds in terms of liquidity.

Sven Olson, Acer Tree

GUEST ARTICLES (cont.)

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The ability of credit hedge funds to adapt both short and long risk to market circumstances is a distinct advantage given the constantly changing and volatile environment.

Sven Olson, Acer Tree

more diverse, and granular opportunity set, as there are many situations with bond or loan tranche sizes of between EUR 300 million and 500 million that have reasonably active trading markets. By contrast, the very largest managers tend to be confined to a smaller number of large capital structures, given their need to deploy meaningful size positions to any given situation.

European credit hedge funds stack up very well compared to private credit funds in terms of liquidity. While generating similar returns, credit hedge funds typically have redemption periods spanning four quarters, compared to the traditional, locked-up five- to seven-year fund structures for private credit. The other obvious benefit is the mark-to-market discipline embedded in (most) credit hedge funds based on liquid instruments.

The constantly changing and volatile investing landscape, as evidenced by the recent combination of AI disruption and the geopolitical events in the Middle East, highlights the difficulty private credit faces in investing through the cycle in illiquid credit instruments. There are simply too many unknowable variables that can come into play over a typical three-to-five-year term that are not foreseen at the time of the initial private credit portfolio construction - regardless of how detailed the diligence process is. A case in point has been the

recent AI scare, which has exposed private credit as disproportionately vulnerable. This decade has experienced many tectonic events requiring constant portfolio adaptation. For example, a portfolio that was fit for purpose during COVID was not necessarily the same portfolio that could manage the inflationary shock created by Russia's invasion of Ukraine. The ability of credit hedge funds to adapt both short and long risk to market circumstances is a distinct advantage given the constantly changing and volatile environment.

Sven Olson, Co-Founding Partner and Senior Research Analyst, Acer Tree

Prior to founding Acer Investment Management, Sven worked for Angelo, Gordon where he spent two years as a distressed analyst and his last year assisting in the launch of AG's first European CLO. Prior to Angelo, Gordon, Sven was a founding Partner at Castle Hill, where he focused on industrials and special situations. Previously, Sven spent three years in proprietary trading at Deutsche Bank focusing on a variety of debt, equity and derivative instruments. Before that, Sven was the Head of European High Yield Research at Deutsche Bank where he received the top ranking from Institutional Investor in the industrial category. Sven began his research career at Bankers Trust in New York in 1998.



GUEST ARTICLES (cont.)

Navigating Private Markets in a Liquidity Constrained Environment

Andrew White, CFA, Senior Investment Principal, Capricorn Private Investments

Liquidity conditions in private markets remain a central concern for allocators today, prompting renewed questions about the value of private allocations relative to public equivalents. This is not because the case for private assets has disappeared, but because the path from reported value to realised cash has, in some cases, become materially longer. For those of us allocating on behalf of long-term multi-asset portfolios - in Capricorn's case for families, institutions and charitable foundations - the practical question is no longer simply whether private equity can outperform over time, but whether sufficient illiquidity premium exists to justify the long lock-ups and fee drag that remain a feature of many strategies.

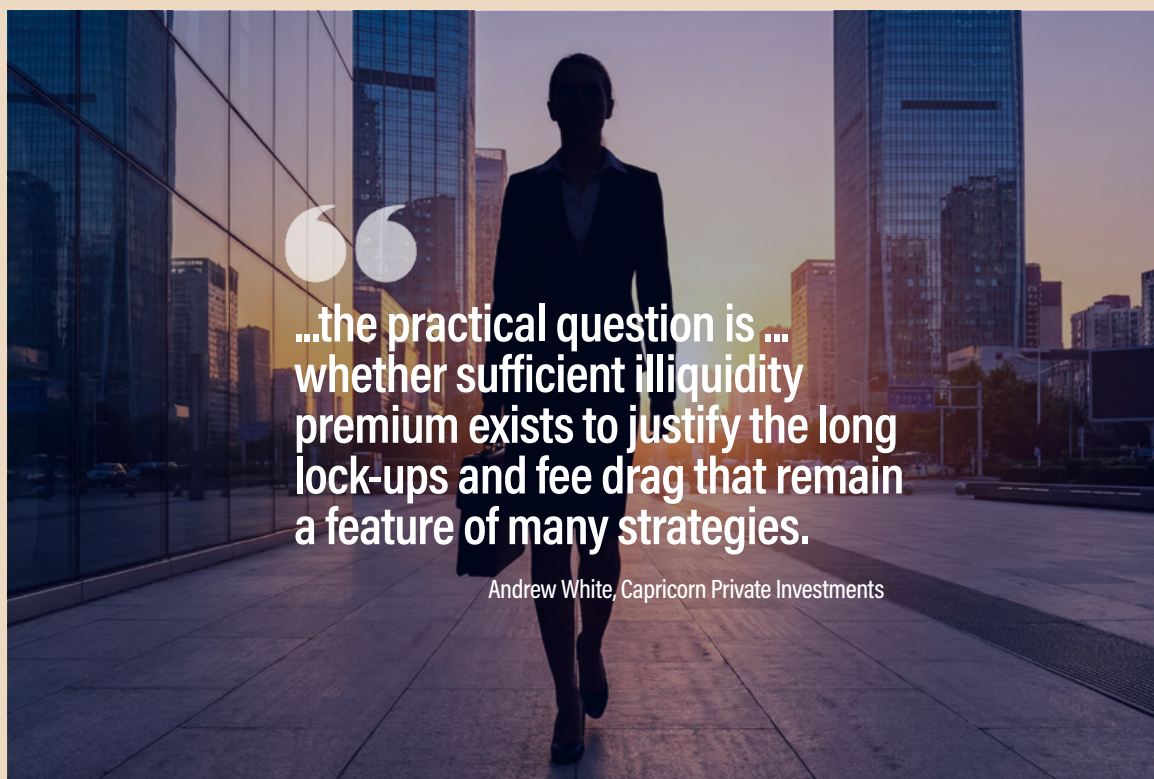
That question deserves greater scrutiny in a higher-rate environment than it did during the years when falling discount rates, abundant liquidity and ready leverage did much of the heavy lifting. The global interest-rate environment sits at the heart of this adjustment. Higher rates have made traditional buyout underwriting more demanding by raising financing

costs, constraining leverage and reducing the scope for multiple expansion. The recent Bain & Company: Global Private Equity Report 2026¹ highlights that where once a 5% annual growth in EBITDA was required to return a 2.5x multiple over a five year hold period, due to higher interest rates and lower leverage ratios, an equivalent EBITDA growth rate of 10-12% is now required. That does not mean buyouts are unattractive; it does mean, however, that the return equation is far more demanding, and the likelihood of achieving the expected returns to justify illiquidity is consequently far less certain.

While the degree of 'premium' demanded by individual investors for illiquidity is highly subjective, we would broadly expect an annualised net return of 300-500bps above public market equivalents to be sufficient compensation to lock-up assets for a period of a decade – or more in some instances.

The most immediate challenge has been weaker M&A

¹ Bain & Company Global Private Equity Report 2026



GUEST ARTICLES (cont.)

and capital markets activity. Distributions, or DPI, have declined markedly as a proportion of fund NAV since 2017, according to the same Bain report. This has contributed to hold periods for portfolio companies at their longest on record, with over 39% of global active buyout-backed companies now held for longer than 5 years (according to the same source). This matters beyond the optics of distributions; lower DPI impairs pacing, reduces flexibility to recommit capital and increases the opportunity cost of remaining tied up in ageing vintages just as new investments may be emerging across both liquid and less-liquid strategies.

Private credit also deserves a more nuanced place in the conversation. The asset class has delivered strong recent performance, with direct lending strategies for example annualising at around 4% above high yield bonds over the past decade². We believe select areas of private credit remain attractive, particularly where recent dislocations have improved pricing. However, the growth of semi-liquid vehicles has highlighted a basic structural point: liquidity at the fund level cannot exceed the liquidity of the underlying assets for long. Redemption gates and queues are not necessarily signs of stress, and are designed to protect long-term value when redemption requests rise. The same principle applies more starkly to private equity evergreen structures, an area where caution is warranted given the illiquidity of the underlying fund investments make the imposition of fund level gates in future almost inevitable.

That said, one enduring benefit of private equity allocations is that they are not marked every day, and can therefore help investors look through shorter periods of public-market volatility and disruption. In the current environment, with instability linked to the Middle East conflict affecting oil prices and broader market sentiment, that behavioural advantage should not be dismissed. The closed-end nature of private equity can help long-term investors remain focused on underlying company progress



Our bias remains towards lower middle-market buyouts and other idiosyncratic opportunities where manager skill, pricing discipline and operational value creation can still drive attractive outcomes.

rather than daily price action.

This brings us back to the illiquidity premium itself. In our view, it should no longer be treated as a default assumption attached to anything private. In some parts of venture capital and private equity, once fees and lock-ups are fully taken into account, the premium may not be compelling enough to justify the trade-offs. The

real value of illiquidity now lies less in broad exposure to the asset class and more in selecting those managers and strategies where the compensation for locking up capital is both visible and justified. Clearly, determining with certainty ex-ante which funds are likely to deliver such returns 10 years into the future is an impossibility; rigorous quantitative analysis of historic performance and qualitative assessment of a manager's process and strategy – including thorough referencing – can help bridge the uncertainty as best possible.

Our bias remains towards lower middle-market buyouts and other idiosyncratic opportunities where manager skill, pricing discipline and operational value creation can still drive attractive outcomes. We also continue to see merit in select co-investments and parts of the secondaries market, though selectivity remains critical. The opportunity set has not disappeared, but it is no longer broad enough to justify blind vintage-year deployment or undifferentiated exposure to the asset class.

Andrew White, CFA, Senior Investment Principal, Capricorn Private Investments

Capricorn Private Investments is a London-based private investment office, serving as an outsourced investment partner to family offices, entrepreneurs, endowments and charitable foundations. Capricorn provide highly customised investment solutions across asset classes and aim to deliver to clients a service equivalent to having capital managed by their own dedicated family office with the investment approach of a leading institution.



² J.P.Morgan Asset Management: Guide to Alternatives

GUEST ARTICLES (cont.)

FX and Interest Rate Risk in a Fragmented World

Jack Carnell, Head of Portfolio Solutions, Private Markets, Marex

Fragmentation is a key feature of the current investment landscape, with geopolitical tensions and divergent policies creating a more complex and volatile environment. Capital flows and financing conditions are increasingly region and market-specific.

This is directly impacting private markets. Fundraising is slower, capital pools are more widely dispersed and transactions are increasingly cross-border. Fragmentation is changing how managers think about risk and return.

As capital is more dispersed, funds have to go further afield to raise it. You used to be able to do a roadshow around Europe. Now, capital sits in more places and you have to go out and search for it.

Foreign exchange and interest-rate exposure, once seen as afterthoughts in transactions, are becoming integral to investment decisions.

Historically, FX and rates were a last-minute

consideration – a by-product of investing. They are now less back office and more front office factors.

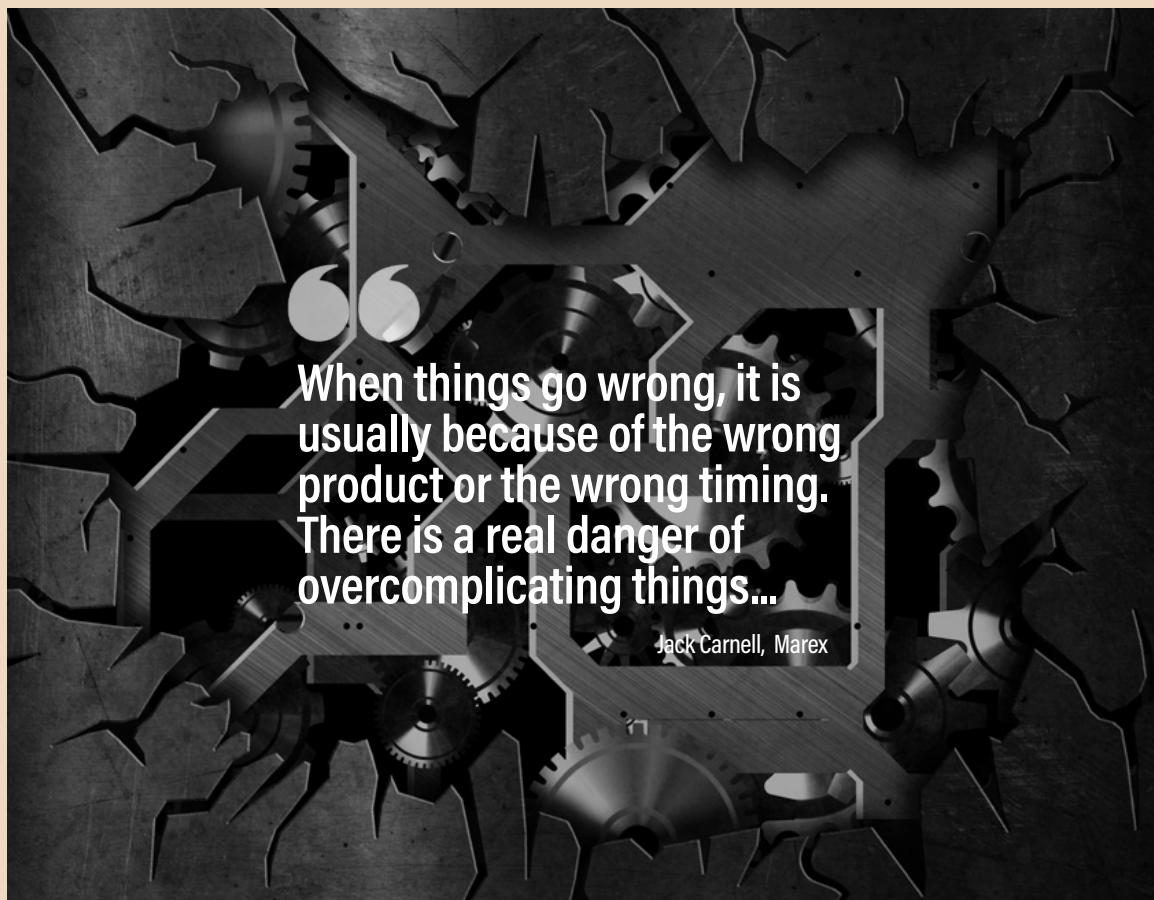
Managers are increasingly aware of how market movements can materially affect returns throughout the lifecycle of a transaction. For example, a euro-denominated fund buying a UK asset could find that a shift in sterling reduces value, even if the performance of the business remains sound. We are living in a more volatile world, and people are seeking ways to reduce uncertainty.

FX and rates are key tools for protecting internal rates of return. Our objective is not to predict where currencies are going, but to help clients mitigate downside risk from adverse FX movements.

Currencies are no longer driven mainly by scheduled economic announcements, but by geopolitics, policy changes and shifts in sentiment.

The growing demand in risk mitigation products



GUEST ARTICLES (cont.)

for FX and rates comes with its own risks. When things go wrong, it is usually because of the wrong product or the wrong timing. There is a real danger of overcomplicating things, which is ironic given that FX is one of the most transparent and visible markets.

In our experience, private markets managers often assess hedging needs at the point of acquisition, on exit, and to protect management company income streams.

Clients are more focused than ever on working with credible counterparties, reflecting market consolidation and a growing appetite for a broader range of solutions. They are increasingly looking for specialist providers with deep experience of private capital managers, a strong understanding of fund structures, flows and underlying requirements, and a commitment to long-term relationships across the entire fund and investment lifecycle.



Anyone can quote a price. What matters is the ability to provide clear, informed insight. Clients tell us they want quick decisions, strong execution and greater certainty around risk.

Jack Carnell, Head of Portfolio Solutions, Private Markets, Marex

For more information please visit info.marex.com/marex-fx-private-markets

Marex Group plc (NASDAQ: MRX) provides market access, infrastructure services and essential liquidity to clients across global commodity and financial markets. The Group provides comprehensive breadth and depth of coverage across four services: Clearing, Agency and Execution, Market Making and Hedging and Investment Solutions. It has a leading franchise in many major metals, energy and agricultural products, with access to more than 60 exchanges. Marex has over 3,400 active clients, including some of the largest commodity producers, consumers and traders, banks, hedge funds and asset managers. With more than 50 offices worldwide, the Group has over 3000 employees across Europe, Asia and the Americas.

GUEST ARTICLES (cont.)

Solving the Cost of Trust in a Fragmented World

Ruud Smets, Managing Partner and CIO, Theta Capital Management

For asset managers of private capital in a fragmented world, trust is critical. We trust that ownership is clearly defined, transactions will settle as agreed, records are accurate, and rules are enforced consistently. Creating that trust is expensive. It requires intermediaries, compliance processes, reconciliation systems, legal contracts, and regulatory oversight. Much of this cost is fixed. As a result, it weighs heaviest on small transactions, niche assets, and marginal participants.

Traditional financial markets rely on layered institutional arrangements to manage trust between parties who do not know one another. Brokers, custodians, clearing houses, correspondent banks, and legal frameworks all play a role. For large, standardised transactions, this structure works well enough. For smaller or more bespoke transactions, the overhead often becomes prohibitive.

The result is that liquidity pools around a relatively small number of assets and participants. Long-tail assets remain illiquid not because they lack value, but because the cost of underwriting, monitoring, and settlement is too high relative to their size. Potential borrowers, lenders, and traders are excluded not by regulation, but by economics.

By making trust programmable, blockchains change

this calculus. Blockchains embed verification, settlement, and enforcement directly into shared software systems. Instead of relying on multiple intermediaries to maintain separate records and reconcile them after the fact, participants coordinate around a single, collectively maintained ledger. Transactions settle automatically according to predefined rules. Ownership and obligations are transparent and verifiable in real time.

The economic consequence is inescapable: when the cost of trust falls, the minimum viable size of a market falls with it.

This pattern is familiar. Economic history is shaped by institutional innovations that reduced foundational costs. Double-entry bookkeeping lowered the cost of accounting and enabled complex organisations. Limited liability reduced the cost of risk-taking and unlocked large-scale capital formation. Centralised clearing and settlement made modern securities markets possible. Each innovation expanded the range of economic activity that could be coordinated reliably.

Blockchains operate on the same axis, but at a more fundamental level. They reduce the cost of trust itself. When trust is expensive, markets must be large, standardised, and few. When trust is cheap,



When trust is expensive, markets must be large, standardised, and few. When trust is cheap, markets can be smaller, more specialised, and more numerous.

Ruud Smets, Theta Capital Management

GUEST ARTICLES (cont.)

The larger mistake for asset managers of private capital would be to dismiss blockchains as a speculative distraction and miss the underlying economic paradigm shift.

Ruud Smets, Theta Capital Management

markets can be smaller, more specialised, and more numerous.

The timing of this shift matters. Advances in artificial intelligence are rapidly lowering the cost of analysis and decision-making. As intelligence becomes cheaper and more widely available, the binding constraint shifts toward economic coordination. The challenge is no longer generating insight, but executing agreements reliably and at scale.

In other words, trust becomes the scarce input. Automated systems can act continuously and at speed, but only if the rules governing ownership, settlement, and enforcement are clear and credible. Blockchains address this constraint by making trust verifiable and execution predictable. In economic terms, artificial intelligence commoditises cognition, while blockchains commoditise trust. Together, they change the relative cost structure of coordination. But only one of them determines whether transactions can safely occur.

Reducing the cost of trust does not eliminate the need for coordination or rules. It changes how those rules are enforced. Instead of relying on institutions to behave correctly, blockchains make outcomes independently verifiable. Participants do not need to trust the system; they can verify that it operates as specified.

This distinction matters. It removes the need for discretionary enforcement in many cases, but not all. Governance, legal frameworks, and regulation remain essential, particularly where consumer protection and financial stability are concerned. But where verification can replace trust, the economic implications are significant.

The larger mistake for asset managers of private capital would be to dismiss blockchains as a speculative distraction and miss the underlying economic paradigm shift. History suggests that when a foundational institutional cost falls, the most important effects emerge gradually, through new organisational forms and market structures that were previously impossible.

The significance of blockchains is not that they create new assets, but that they expand the frontier of economic coordination. They allow markets to form closer to the margin—at smaller scale — and with broader participation.

Trust has always been one of the most expensive inputs in economic life. Technologies that reduce its cost do not merely make existing markets more efficient. They determine which markets can exist at all.

Ruud Smets, Managing Partner and CIO, Theta Capital Management



GUEST ARTICLES (cont.)

Japan: The Lost Decades That Weren't

Sammy Lee, Founder, Asia Alpha Systems

Japanese companies faced major headwind in the decades after the stock market crash in 1989, commonly referred to as the “Lost Decades.” The economy faced deflation, negative GDP growth, and a shrinking and aging population.

However, the lost decades were not lost for many companies. Instead, it was their extreme boot camp. These companies adapted to be profitable in an environment where they had no pricing power and were charging less for the same product year after year. In addition, companies dealt with a shrinking domestic customer base, a hallowing out economy, and workers who got no pay raise. Despite the harsh operating environment, many companies survived and thrived.

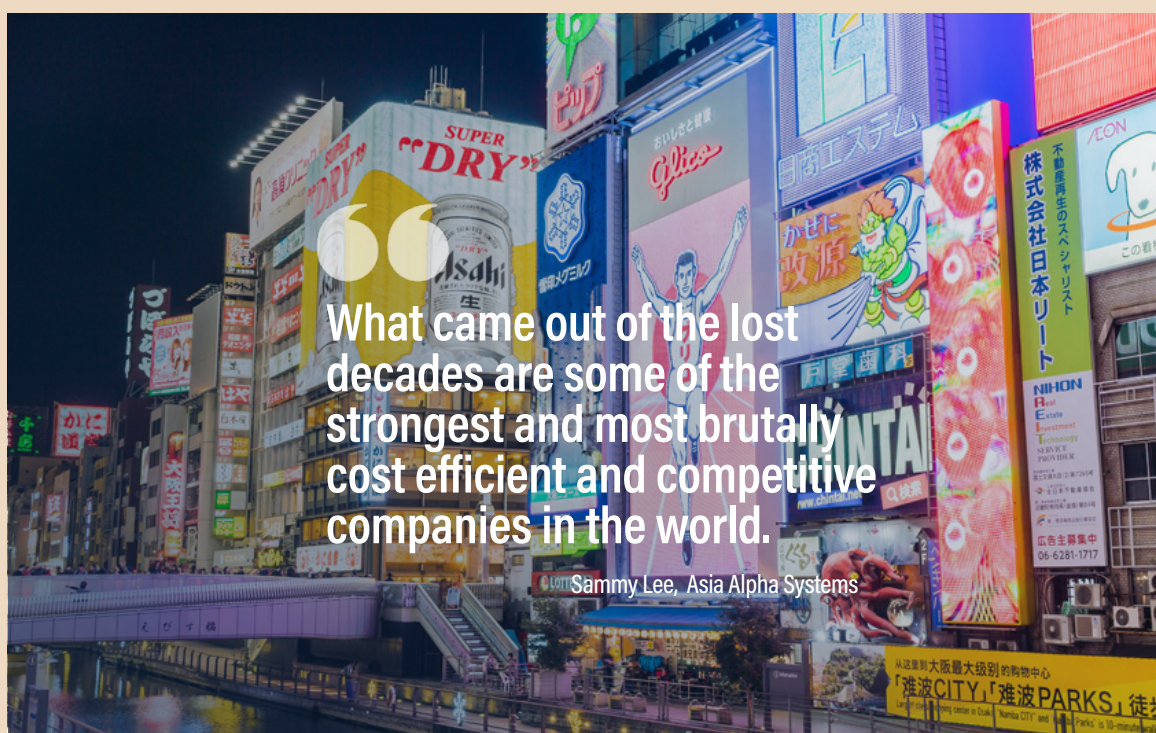
This was especially evident from the beginning of Abenomics in 2013, and the Corporate Governance reform implemented by the Tokyo Stock Exchange in 2015. Japan corporations have experienced a renaissance that has never been seen before.

Nikkei 225 profit margin is at a 20 year high, with net income margin at 8.6%, more than doubled the 3.8% when Abenomics started. Earnings have also tripled since 2013. Furthermore, share buy back has become a norm, almost unthinkable just 10 years ago.

Corporate transparency has improved significantly, and shareholders' return and cost of capital have become major topics for management.

What came out of the lost decades are some of the strongest and most brutally cost efficient and competitive companies in the world. Take Saizeriya for example, an Italian casual dining restaurant with price more akin to a fast-food chain: it is the epitome of Japan “Cosupa” (Cost Performance) companies. Saizeriya did not raise prices for years, and there are items on the menu that have remained the same since the 70s. To maximize performance efficiency, servers are even trained to carry dishes from tables in certain hands as to minimize unnecessary movement.

Another exemplary example is Asics, a 76 year



“What came out of the lost decades are some of the strongest and most brutally cost efficient and competitive companies in the world.”

Sammy Lee, Asia Alpha Systems

GUEST ARTICLES (cont.)

old sports gear company that famously helped Phil Knight start Nike in the 70s. Asics has more than doubled their business in China in the past few years, while most other foreign consumer brands struggled. Even in Japan, a market with a shrinking customer base, Asics managed to double their sales compared to before Covid.

On the contrary, there will be creative destruction. Interest rates are rising where companies used to issue long term debt at less than 0.3%. Companies are now finding themselves refinancing at 10x the interest rate. More than 1 out of 4 mid to large cap industrial companies on the Tokyo Stock Exchange had increased interest expenses by over 50% last year, with interest rates far from peaking.

There are many companies that have lower than 5% operating margin and half of their operating income is reserved for interest expense. Yet, there are still many cash hoarders that simply refuse to borrow.

Even the country's largest employer, the auto industry, is facing tremendous challenges. As Mr. Mibe, Honda's CEO, warned recently:

"Japanese auto industry itself is on the brink of survival." The good news is that Japan has a developed and transparent stock market with a wide spectrum of industries and companies to pick winners and losers from. This is an ideal environment for a Long/Short strategy. From Mr. Buffett's favorite Sogo Shosha (general trading companies), Mitsubishi Corporation, that is involved in most things under the sun, to specialized equipment makers like Hamamatsu Photonics, a world leader in Spatial Light Modulator, an indispensable technology for quantum computing, the choices are vast.

Equally important, is that Japan has a well-developed and liquid stock loan market, critical for alternative investors. It is for this reason that Japan's markets are ideal for hedge fund managers, combining deep liquidity, strong transparency and a rich opportunity set for smart long/short investors.

Sammy Lee, Founder, Asia Alpha Systems

Sammy Lee is the founder of Asia Alpha Systems, using a systematic and rules-based approach to bottom-up fundamental investment, and portfolio manager of Japan Efficiency Fund, a Long/Short Japan Equity Fund.



GUEST ARTICLES (cont.)

Asia's Investment Resurgence: Diversification, Value and a New Growth Narrative

Amy Cheung, Asia Capital Introduction, Marex

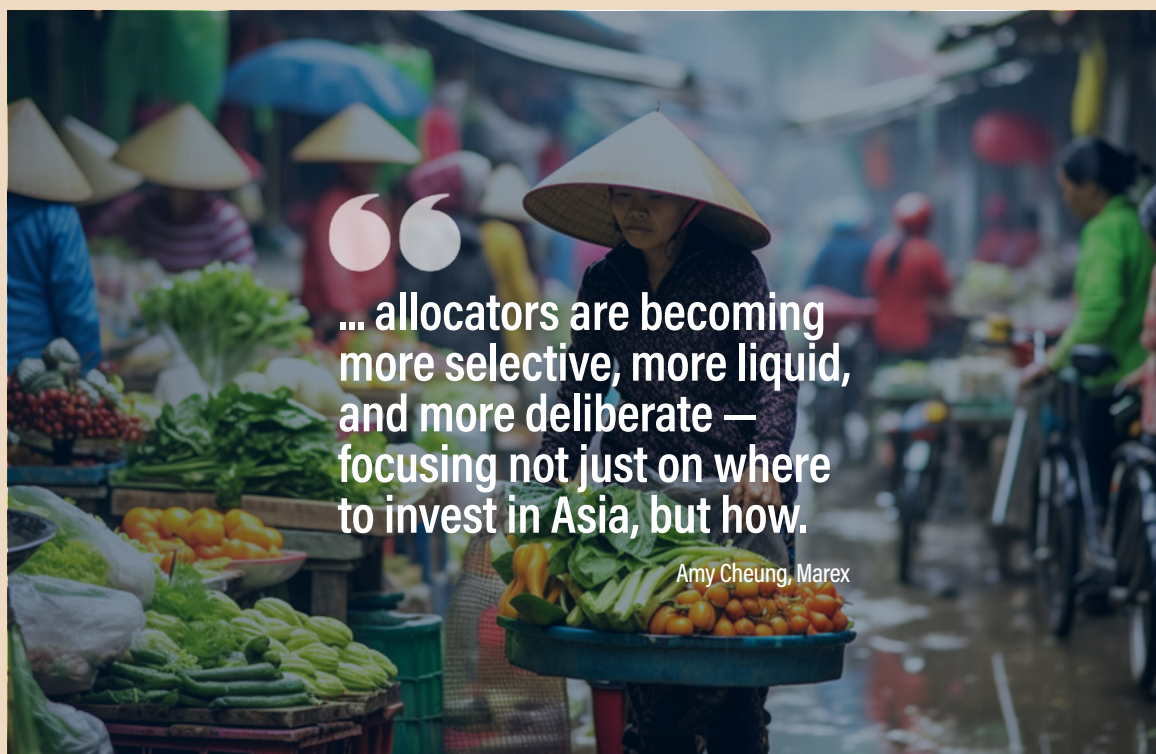
Asia is once again commanding the attention of global allocators, driven by a powerful combination of diversification needs, attractive valuations and compelling structural growth themes. After a prolonged period of US market dominance, investors are increasingly looking east, albeit with some level of caution. This renewed focus is evident on the ground, with a notable increase in inbound inquiries from US and European investors, and a growing number of allocators travelling to key financial hubs such as Hong Kong and Tokyo.

Flexibility is Key

Alongside growing interest in the region, one of the defining trends is a strong emphasis on flexibility and a move away from single-country mandates. Pan-Asia strategies are emerging as attractive entry points, enabling investors to dynamically shift allocations across markets. This allows managers

to navigate regional cycles effectively, adjusting exposure between China, Japan, Korea and India, for example, as opportunities evolve. Reflecting this shift, new fund launches are increasingly multi-country in scope, often supported by specialist teams with deep expertise in individual markets.

However, whilst many institutional investors, particularly in the US, remain cautious about concentrated exposure, Japan is a notable exception. Confidence in the Japanese market continues to rise, largely driven by ongoing corporate governance reforms. Efforts to improve shareholder returns, support wage growth and promote greater workforce diversity are reshaping the investment landscape, positioning Japan as a leading candidate for single-country allocation within the region. Sophisticated US and European institutions, with the ability to make macro calls and implement internal hedging strategies, are the most likely to pursue these targeted mandates.



“
... allocators are becoming more selective, more liquid, and more deliberate — focusing not just on where to invest in Asia, but how.”

Amy Cheung, Marex

GUEST ARTICLES (cont.)**A Sentiment Shift in China**

Stretched US valuations have acted as a catalyst for investors to assess opportunities elsewhere - and China is increasingly benefiting from this shift. Sentiment has been challenged in recent years, but the appeal of China is being anchored in its own fundamentals, with an acceleration triggered by the huge interest in DeepSeek. After a prolonged period of outflows, many high-quality companies are now trading at compelling valuations, creating opportunities that global investors are finding increasingly difficult to ignore.

Investor interest is particularly strong in biotechnology, oncology and artificial intelligence, where China is demonstrating both innovation and commercialisation capability. This is reshaping manager selection, with greater focus on identifying where value will ultimately accrue, whether in hardware and infrastructure or in companies successfully monetising AI.

Beyond valuations, China's structural strengths continue to underpin sentiment. Its deep and dynamic talent pool, combined with a highly skilled and motivated workforce, is driving innovation across sectors and reinforcing its long-term growth narrative. At recent industry events, international fund managers have increasingly acknowledged the pace of China's technological integration and the need to incorporate it more meaningfully into global portfolios.

At the same time, capital flows are reflecting a more nuanced re-engagement. Asian family offices, particularly those based in mainland China, are actively allocating capital. Even when investing offshore, there is a clear preference for strategies that maintain China exposure, such as through USD-denominated, China-focused long-bias equities. Performance dynamics are also reinforcing this trend,



Pan-Asia strategies are emerging as attractive entry points, enabling investors to dynamically shift allocations across China, Japan, Korea and India as opportunities evolve.

with a number of Asia-based TMT (Technology, Media and Telecommunications) managers outperforming global peers due to higher trading frequency and greater tactical flexibility, highlighting the advantage of local market proximity.

Liquidity, Selectivity and Evolving Allocations

With returns from traditional private equity and private credit becoming less predictable, and capital often tied up for longer than expected, investor interest is shifting toward more flexible structures. Some are exploring alternatives such as CLO strategies, targeting mid-teen returns with greater cash flow visibility.

Liquidity has become a central theme. Investors with historically high private market exposure are recalibrating, driving demand for liquid alternatives, particularly strategies offering shorter lock-ups and regular liquidity. In contrast, structures with investor-level gates are

increasingly out of favour, reflecting a broader preference for control and flexibility.

Capital is also becoming more targeted. In China, long-only and long-biased strategies are seeing the strongest inflows. In Japan and Korea, activist strategies remain in focus, alongside continued demand for Japan's fundamental long-short managers.

Amid ongoing volatility, commodities are re-emerging as a diversification and inflation hedge, reinforcing Asia's central role in the global commodity supply chain. Many investors are accessing this exposure through multi-strategy managers with dedicated commodities expertise.

Ultimately, allocators are becoming more selective, more liquid, and more deliberate - focusing not just on where to invest in Asia, but how.



**Amy Cheung, Asia Capital
Introduction, Marex**

GUEST ARTICLES (cont.)

The Eastward Shift: Asia as the New Gravity Center for Global Alternatives

Mandy Lam, Executive Director, CSC, Head of Fund Services North Asia.

Why now?

For years, Asia sat in many global alternatives portfolios as a diversification story, or a market to watch rather than meaningfully scale. That is becoming harder to justify.

After a period of macro and market recalibration, Asia-Pacific private markets have become more selective, but not dormant. Investors are placing more weight on controllable outcomes, deeper underwriting, and hands-on value creation. Control strategies and carve-outs are also drawing attention, particularly as corporate simplification and governance reforms open more assets to private capital.¹

That matters because the opportunity is no longer defined only by growth. It is increasingly defined by access, structure, and execution. For global allocators, especially those in the UK, Europe, and the UAE, the bigger risk may no longer be moving too early. It may be staying underexposed for too long while the region's alternatives ecosystem matures further.

Structural tailwinds: wealth, savings and succession

Asia's case for a larger allocation to alternatives is structural rather than cyclical.

First is wealth scale within the region. UOB Private Bank and BCG project Asia's private wealth could reach ~US\$99 trillion by 2029, anchored by Singapore and Hong Kong as leading regional hubs.

Second is the region's domestic funding capacity. Gross domestic savings remain relatively high across major Asian economies, supporting a deeper local base for long-duration private assets as allocators broaden alternatives exposure.²

Third is succession – capital in transition. McKinsey estimates US\$5.8 trillion will shift across UHNW and HNW families in Asia-Pacific between 2023 and 2030.³

Against a backdrop of global net worth of around US\$600 trillion entering 2025, this reinforces a broader point: Asia is increasingly becoming a durable source of alternatives capital, not only a destination for opportunistic allocation.⁴

Technology lowers barriers and hybridizes access

Technology is shortening the distance between insight and execution across sourcing, due diligence, and

¹ Bain & Company, Asia-Pacific Private Equity Report 2025.

² McKinsey, Asia-Pacific's family office boom: Opportunity knocks; UOB Private Bank and BCG, The Asia Generational Wealth Report 2025.

³ McKinsey Global Institute, Out of balance: What's next for growth, wealth, and debt?

⁴ World Bank, Gross domestic savings (% of GDP), indicator NY.GDS.TOTL.ZS.



GUEST ARTICLES (cont.)

ongoing monitoring in APAC. IDC's latest outlook expects AI and GenAI investment in Asia/Pacific to reach around US\$175 billion by 2028, with a 33.6% CAGR from 2023 to 2028, supporting wider adoption of AI-enabled screening, analytics, and benchmarking tools across investment workflows.⁵

On the distribution side, McKinsey estimates US\$700 billion of personal financial assets in APAC could migrate toward digital wealth platforms over the next four years, reinforcing hybrid models where digital scale and transparency are complemented by human advice for more complex decisions.⁶

As public and private investing increasingly overlap, product innovation, including evergreen strategies, semi-liquid products, and public-private model portfolios, is broadening implementation routes for investors. That can make access more flexible, but it does not change the fundamentals: manager selection, transparency, and governance still matter.⁷

Governance and due diligence: confidence compounds

For global investors, Asia's growing pull in alternatives is increasingly about risk-adjusted access. The opportunity set is deepening. Just as importantly, allocators are paying closer attention to governance, disclosure discipline, and diligence as they assess managers and channels.

Hong Kong and Singapore now sit at the center of Asia's private wealth rise, which matters because both hubs help anchor the region's cross-border capital ecosystem.⁸

At the manager level, the practical test is straightforward: clear disclosures, decision-grade controls, credible monitoring, and evidence of value creation. This is where Asia's story becomes more compelling. The region is not only offering growth. It is becoming harder to dismiss on institutional grounds.

Four engines pulling capital east

Greater China remains one of the biggest private equity markets in Asia-Pacific even as its share of regional activity has fallen from earlier highs. Buyouts have taken a larger role as investors prioritize control and operational value creation.⁹

Japan is undergoing a structural unlock. It was again the standout major market in the region, supported by corporate governance reforms, carve-outs, privatizations, and favorable financing conditions.¹⁰

India continues to

attract capital with resilient growth fundamentals and persistent investor interest in sectors including financial services, healthcare, and real assets.¹¹

Southeast Asia combines digital adoption with demographic depth. The region is also seeing alternative credit emerge as a more important financing pillar, adding to the appeal across venture, growth, and private capital strategies.¹²

These markets are not interchangeable, and that is part of the appeal. Together, they create a more diversified opportunity set across control, growth, credit, and real assets. For allocators still viewing Asia as a single macro trade, that lens is becoming increasingly outdated.

Infrastructure: Asia's next private capital wave

Beyond corporate deal flow, the region's infrastructure supercycle requires vast private financing. The Asian Development Bank estimates developing Asia needs roughly US\$1.7 trillion per year through 2030 across power, transport, telecommunications, water, and sanitation. That maps directly to energy transition, grid modernization, logistics, and data center platforms.¹³

That gives the region another important advantage: the alternatives story is not limited to private equity. It increasingly extends across infrastructure, real assets, and adjacent long-duration strategies where demand is structural and capital needs are substantial.

Conclusion

Asia's gravitational pull is being shaped by deep savings, accelerating wealth transfer, technology-enabled access, and a generational infrastructure buildup.¹⁴

The question for global investors is no longer whether Asia belongs in a private markets strategy, but how seriously they are prepared to scale exposure as the region's capital base and investment infrastructure continue to deepen.

Mandy Lam, Executive Director, CSC, Head of Fund Services North Asia.



⁵ IDC, Asia-Pacific AI Spending to Reach \$175 Billion by 2028, Driven by GenAI Boom.

⁶ McKinsey, A wake-up call to tap into digital wealth.

⁷ McKinsey, Asset management 2025: The great convergence.

⁸ UOB Private Bank and BCG, The Asia Generational Wealth Report 2025.

⁹ Bain & Company, Asia-Pacific Private Equity Report 2025.

¹⁰ Bain & Company, Japan private equity off to a strong start in 2025, continues to be a hotspot for investors.

¹¹ Bain & Company, India Private Equity Report 2025.

¹² EY, Southeast Asia Private Equity Pulse 2025: year in review.

¹³ Asian Development Bank, Meeting Asia's Infrastructure Needs.

¹⁴ Composite support using sources 3, 4, 6, and 13.

GUEST ARTICLES (cont.)

China Quant Strategies: A New Era of Opportunity and Regulation

Ivy Yam, Partner, Asia Head of Funds and Regulatory, Simmons and Simmons Hong Kong, & Melody Yang, Co-Head, Funds and Regulatory Partner, Shanghai YaoWang Law Offices

China's quantitative investment landscape is capturing global attention after a remarkable year. According to PaiPaiWang and With Intelligence, quant funds in the PRC have posted average returns exceeding 30%, more than double the performance of their global peers. Zhejiang High-Flyer Asset Management, founded by DeepSeek creator Liang Wenfeng, delivered a remarkable average return of nearly 57% in 2025, underscoring the sector's dynamism and innovation.

This surge in performance is also attracting renewed interest from international investors, many of whom are returning to the A Share markets after a period of caution. The result is a steady rise in the number of fund managers and fund launches, as well as an expansion of Mainland Chinese quant managers into Hong Kong. This cross-border movement is driven by the desire to access offshore capital and leverage Hong Kong's established financial infrastructure, further integrating China's quant ecosystem with global markets.



Ivy Yam, Simmons and Simmons

Alongside this growth, China's regulatory approach to programme trading has evolved rapidly, providing much-needed clarity for both domestic and international market participants. After years of deliberation, Chinese regulators have formally acknowledged the legality of programme trading, while emphasising the need for robust oversight to ensure fair, transparent, and orderly markets, a message conveyed by the PRC State Council in 2024.

To implement the 2024 policy framework, the China Securities Regulatory Commission (CSRC) introduced a comprehensive suite of regulatory measures targeting programme trading in the securities and futures markets in 2025, most of which already took effect. These measures, particularly the Securities Programme Trading Rules and implementation rules issued by the Shanghai and Shenzhen Stock Exchanges, mark a significant step forward in regulatory sophistication.

Key Features of the New Regulatory Framework

Key features of the Securities Programme Trading Rules and the implementation rules include:



China's quant sector is entering a new era, fuelled by exceptional performance, international capital flows, and a maturing regulatory environment.

GUEST ARTICLES (cont.)

- **Scope and Definition:** The rules clarify that programme trading encompasses any use of algorithms or software to select securities, determine trading timing, or execute trades automatically. Even discretionary investment decisions, if executed via programme trading software, fall within the scope of the rules.
- **Reporting Obligations:** Market participants must file detailed initial reports before commencing programme trading, covering fund size, leverage, broker details, trading strategies, and software used. Material changes trigger further reporting requirements, enhancing transparency.
- **Market Abnormalities:** The rules introduce heightened scrutiny for behaviours such as unusual declaration rates, frequent cancellations, price manipulation, and large trades executed in short timeframes. This framework provides a legal basis for restricting disruptive trading practices.
- **High-Frequency Trading (HFT):** HFT is specifically defined, with extra reporting obligations for accounts exceeding 300 declarations/cancellations per second or 20,000 per day. Tiered fee structures for HFT are anticipated but not yet published.
- **Overseas Investors:** The rules explicitly cover overseas investors trading via the Qualified Foreign Investor (QFI) scheme, Stock Connect, and swap arrangements. However, regulators appear to have adopted a comparatively lighter-touch approach toward overseas investors engaging in quantitative trading via swap structures. In particular, such investors are not currently required to make full disclosures of their underlying swap transactions or to comply with all market-abnormality requirements on a consolidated basis across all their trading activities, by cash and synthetically. Further

“
...China's regulatory approach to programme trading has evolved rapidly, providing much-needed clarity for both domestic and international market participants.



Melody Yang, Shanghai YaoWang Law Offices

regulation of swap trading is expected once the CSRC finalises its rules.

- **DMA and Colocation:** The framework paves the way for eligible brokers to re-activate direct market access (DMA) for external clients, subject to further technical details; though in practice, however, regulators are currently assessing the viability of colocation arrangements and appear to be reducing their availability. This has, in turn, led to the growth of proximity-hosting solutions, which offer a feasible—albeit somewhat less efficient—alternative.

On the futures trading front, the CSRC also strengthened oversight with the introduction of the Regulation Measures on the Programme Trading in the Futures Market (Trial) (“Futures Programme Trading Rules”), which came into effect in October 2025. These rules apply to all programme trading activities in the PRC futures market, including those conducted by overseas participants, whether via futures brokers or directly by non-member entities. Mirroring the approach taken in the securities market,

the Futures Programme Trading Rules impose comprehensive reporting obligations and set out clear definitions of market abnormalities to ensure orderly trading.

Looking Ahead

China's quant sector is entering a new era, fuelled by exceptional performance, international capital flows, and a maturing regulatory environment. For alternative fund managers and investors, the opportunities are significant—but so too are the compliance obligations. As the regulatory landscape continues to evolve, staying abreast of these developments will be critical for those seeking to participate in China's quant revolution.

Ivy Yam
Partner, Asia Head of Funds and Regulatory
Simmons and Simmons Hong Kong

Melody Yang
Co-Head, Funds and Regulatory Partner
Shanghai YaoWang Law Offices

GUEST ARTICLES (cont.)

Beyond ESG: Why Mainstreaming Impact is a Structural Evolution, Not an Ideological One

Chris Wehbé, Chief Executive Officer, Lendable

The debate surrounding ESG is increasingly fatigued. As allocators grapple with shifting regulatory frameworks and the inherent limitations of using ESG merely as a defensive, backward-looking risk overlay, the focus is decisively shifting toward impact investing. However, the question of whether impact is "ready to go mainstream" fundamentally misdiagnoses the hurdle. The bottleneck has rarely been a lack of institutional appetite for real-world outcomes; rather, it has been a lack of structural alignment with the strict plumbing of institutional capital.

Mainstreaming impact is not an exercise in changing institutional mandates or appealing to ideology. It is an exercise in disciplined capital structuring and uncompromising investment fundamentals.

Historically, impact assets have sat awkwardly outside core allocation buckets, effectively quarantined in specialized CSR or niche alternative sleeves. To unlock the broadest pools

of institutional capital, impact products must reconcile high-conviction origination with fiercely competitive risk-adjusted returns, proving they can clear both uncompromising fiduciary hurdles and strict regulatory frameworks like Solvency II.

At Lendable, we have consistently attracted institutional investors not through impact mandates, but by delivering rigorous commercial returns. Yet, to mobilize the most conservative, highly regulated pools of capital, the industry must offer solutions that map perfectly to their specific structural needs. Our recent milestone of securing an Investment Grade rating for the Senior tranche of our Financial Inclusion fund is a prime example of this. It provided the exact external validation required to move our strategy into a core fixed-income proposition. By utilizing blended finance structures - incorporating subordinated capital to optimize the risk profile of the senior tranches - we attracted significant allocations from two global insurers and a major commercial bank. These



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allocators to make concessions.”

Chris Wehbé, Lendable



The bottleneck has rarely been a lack of institutional appetite for real-world outcomes; rather, it has been a lack of structural alignment with the strict plumbing of institutional capital.

Chris Wehbé, Lendable

entities did not compromise their fiduciary duties; they allocated because the IG-rated, risk-adjusted yield fit precisely within their existing frameworks.

This maturation of impact credit coincides with a critical juncture in the broader private credit market. Institutional allocators are actively de-risking from an era characterized by covenant-lite structures, extreme leverage, and a troubling reliance on payment-in-kind (PIK) income to mask underlying corporate stress. In this macroeconomic environment, impact lending offers a compelling structural antidote.

By avoiding highly correlated, equity-linked corporate buyouts, disciplined impact credit focuses on the granular "real economy." We prioritize asset-backed lending, robust covenant packages, and amortizing, cash-pay structures. Whether financing MSMEs in emerging markets or driving the energy transition in developed economies, the underlying premise is the same: highly granular, uncorrelated pools of risk can offer superior downside protection.



This model is highly scalable. Our recent €40 million debt facility for Ennoo Rental in Germany - financing EV and hybrid fleets for SME ride-hailing operators - demonstrates how this expertise applies globally. The transaction delivers clear impact by accelerating lower-emission mobility, but its institutional appeal lies in the execution: providing asset-backed, cash-flow-visible financing to a fast-growing, real-economy segment overlooked by traditional commercial banks.

Impact investing goes mainstream the moment it stops asking institutional allocators to make concessions. It is no longer a peripheral strategy; it is a structural evolution, offering allocators a refuge from the deteriorating fundamentals in broader private credit while delivering measurable, real-world outcomes wrapped in uncompromising, institutional-grade architecture.

Chris Wehbé, Chief Executive Officer, Lendable

GUEST ARTICLES (cont.)

Impact Has Always Been the Point

Marie Anna Bénard, Head of Impact, Saison International

The most important question in impact investing is not whether capital reaches the underserved - it does. The question is what actually happens next. That question is becoming harder to avoid. As the impact investing market has matured - assets under management in the sector now exceed a trillion dollars globally - the scrutiny on what capital actually achieves has intensified accordingly. That has been Credit Saison's preoccupation since the beginning.

For us, it started with a credit card.

In 1983, Credit Saison, our parent company, did something no Japanese financial institution had done before: it offered a credit card to women. At the time, cards were the preserve of bank customers - typically male, managerial, home-owning. The idea that a woman could hold independent lines of credit and make their own financial decisions was considered unconventional, even risky.

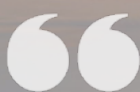
Within two years, major banks followed. What looked radical at the time became commercially obvious in hindsight. The lesson was simple: some of the

greatest opportunities exist precisely where traditional financial systems have failed to look.

Four decades later, that same insight continues to shape impact investing in emerging markets.

Roughly twelve years ago, Credit Saison began expanding beyond Japan into South and Southeast Asia, and more recently into Latin America. The geographies changed, but the underlying logic did not. Emerging economies remain home to some of the world's largest financing gaps, particularly for small businesses and individuals underserved by traditional institutions. These are markets where patient, well-structured capital can generate both financial returns and measurable social value.

But presence in these markets is not, on its own, impact investing. That distinction matters more now than it did a decade ago. As geopolitical fragmentation, economic volatility, and climate pressures intensify, investors are increasingly expected not only to deploy capital, but also to demonstrate discipline, accountability, and a clearer understanding of the risks and outcomes



The most important question in impact investing is not whether capital reaches the underserved. It does. The question is what actually happens next.

Marie Anna Bénard, Saison International

GUEST ARTICLES (cont.)

attached to that capital, and a willingness to build the relationships, the local infrastructure, and have the patience to stay when conditions become complicated. That gap between intent and execution is where the real differentiation in impact investing is being established.

Since 2022, we have worked to formalise practices that were once implicit. We built dedicated ESG and Impact teams across Tokyo, Paris, India, and Brazil, developed and embedded a structured impact framework, aligned with leading sector standards, and subjected our processes to independent verification. None of this was driven by regulation or investor pressure. It was driven by the belief that scrutiny improves practice.

That process can be uncomfortable.

During due diligence on a non-bank financial institution, our team visited one of its underlying borrowers - a manufacturing SME - and identified labour practices that fell short of our standards. Financially, the investment was attractive. Operationally, however, the risks were real. Rather than ignore them, we required the institution to raise its own standards as a condition of investment. That friction was the framework doing its job.

In Brazil, we faced a different challenge with Agroforte, a fintech serving dairy and poultry producers. Animal protein is a sector many impact-focused investors avoid because of its environmental complexity. Instead of stepping away, we chose to provide technical assistance alongside financing to help the company build an environmental and social management system designed to endure beyond the financing itself.

There is a financial logic to this approach. Unmanaged social and operational risks rarely appear immediately in financial statements — but over time they affect performance, resilience,

and long-term value creation. Investors who manage these risks early are not sacrificing returns for principles; they are pricing risk more accurately. This is something the market is beginning to internalise. The ESG controversies and governance failures of the past several years have, in a paradoxical way, made the case for rigorous impact practice more clearly than its proponents ever could: the cost of

ignoring these dimensions is now legible in financial terms.

This discipline also strengthens partnerships. Rigorous impact practice also opens doors to development finance institutions and long-term co-investors. Each partnership raises the bar, and a higher bar creates the conditions to scale responsibly.

Japanese capital carries something genuinely rare in global markets: patience, institutional stability, long-term commitment. In a moment of shrinking political will and tightening development finance, those qualities are precisely what

emerging markets are looking for.

The next chapter shall be built collectively. Sustainable progress will require collaboration between development finance institutions willing to absorb early risk and private investors prepared to scale proven models over time. The opportunity is one of genuine complementarity - each type of capital doing what it does best, in service of outcomes neither can achieve alone.

The invitation to build that future is open.

**Marie Anna Bénard, Head of Impact,
Saison International**



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Unmanaged social and operational risks... over time they affect performance, resilience and long-term value creation. Investors who manage these risks early... are pricing risk more accurately.

GUEST ARTICLES (cont.)

DFIs have a vital role in accelerating the flow of private capital to where it is needed the most

Huma Yusuf, Director, Head of Financial Services Responsible Investing, British International Investment

Developing economies need between \$1.1 trillion and \$1.8 trillion a year in climate finance over the next decade.

But while capital is abundant, it is not flowing at the scale, the price, or at risk levels that work, into the markets where it is most needed. For alternative investors, this is less a values problem than a market design problem: Impact investing has yet to fully translate into something allocators can treat as an investable, repeatable, portfolio-ready asset class.

For most private institutional investors, the barrier is not philosophical alignment but execution friction. Deals are too small, structures too bespoke, and underlying risks too difficult to underwrite within existing mandates. Even after years of growth, blended finance remains a relatively marginal segment: around 1,100 transactions totalling \$213 billion globally – a tidy sum but barely visible relative to global credit or infrastructure markets.

The implication is clear. If impact investing is to absorb meaningful commercial capital, it needs to

look less like project finance and more like securitised exposure: standardised, scalable and priced against transparent risk.

That shift is starting to emerge. Increasingly, the most credible models are those that separate impact from concession using public or catalytic capital not to subsidise outcomes indefinitely, but to reshape the risk curve in a way that makes the senior tranche investable.

The recent launch of the [Allianz Credit Emerging Markets](#) (ACE) fund is a case in point. Structured as a \$1 billion blended fund, the vehicle uses \$150 million of concessional, first-loss capital - contributed by DFIs including BII - to support up to \$850 million of private investment.

For institutional investors, the proposition is straightforward: access diversified emerging market credit exposure, with climate alignment as a feature, but without taking unmitigated frontier risk. The concessional layer is doing precisely what it should - absorbing volatility, smoothing returns, and converting



The private sector does not need convincing that climate and development are investable themes. It needs instruments that behave like assets, not projects.

Huma Yusuf, British International Investment

GUEST ARTICLES (cont.)

what would otherwise be sub-investment-grade exposure into something closer to a pension-fund-compatible profile.

This is not new in concept. But what distinguishes funds like ACE is scale, intent, and replication. These are no longer proof-of-concept structures; they are increasingly being designed with institutional ticket sizes and portfolio construction in mind.

Across the DFI ecosystem, the shift is from direct capital provision to systemic risk transfer. BII and other DFIs will in future be judged not on how much they invest, but on how much private capital they mobilise. Otherwise, we will not begin to address the enormity of the funding gap that remains.

Where the model is evolving fastest is in the use of guarantees and portfolio-level risk sharing - instruments more familiar to credit investors than development practitioners.

Guarantees accounted for around a quarter of all mobilised private climate finance in recent OECD analysis, and in some cases can unlock multiples of private capital relative to direct lending.

Other interesting developments are emerging at the intersection of development finance and structured credit. Institutions such as the EBRD are beginning to experiment with portfolio risk transfer transactions, packaging pools of emerging-market exposure and distributing risk across tranches to institutional investors - a model designed to create repeatable access to what has historically been an illiquid, opaque asset class.

At the same time, DFIs and affiliated platforms such as GuarantCo are working deeper into local markets, using guarantees to unlock domestic institutional capital, particularly in local currency, where foreign investors have traditionally struggled to operate.

The direction is set, but further developments are required.

First, scale must

come from aggregation. Institutional capital will not deploy into fragmented pipelines; it will allocate into platforms and portfolios.

Second, risk has to be priced. Structures need to make risks explicit and redistribute them to those best able to bear them.

Third, DFIs will need to become less visible as financiers and more influential as architects. Their role is not to fill the gap, but to make it investable.

And lastly, DFIs need to demonstrate that their continuing commitment to responsible investing and ESG standards is not at the cost of commercial viability, but is core to risk management, value preservation - and ultimately value creation. This shift is also underway, with DFIs exploring risk-based, proportionate and differentiated approaches to ESG due diligence and requirements,

increasingly drawing on local law and regulation where relevant. For example, BII's new Policy on Responsible Investing prioritises flexibility and partnerships.

The private sector does not need convincing that climate and development are investable themes. It needs instruments that behave like assets, not projects.

That is what BII and other DFIs are moving to deliver. We are among the best placed institutions to deliver private capital mobilisation into those markets that need it the most.

Huma Yusuf, Director, Head of Financial Services Responsible Investing, British International Investment



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DFIs will need to become less visible as financiers and more influential as architects. Their role is not to fill the gap, but to make it investable.

GUEST ARTICLES (cont.)

From Promises to Performance: The Next Phase of Climate Investing

Charlie Sichel, Managing Partner, FLS Group

When Microsoft procures energy or builds a data centre, it does not pay for intentions. It pays for performance.

Carbon removals are increasingly subject to the same standard.

Reports that Microsoft had [paused new carbon removal purchases](#) tell us less about one company's climate strategy than about the evolution of the market itself. As carbon removals move from pilot projects to industrial-scale procurement, buyers are demanding proof, not promises.

Microsoft has been one of the market's most important early buyers. Its procurement activity has helped create demand signals for projects that might otherwise have struggled to secure financing. Earlier this year, the company agreed to purchase [2.85 million](#) soil carbon credits from Indigo, one of the largest transactions of its kind.

Deals at that scale demonstrate that carbon removals are moving beyond experimental sustainability initiatives and into the realm of industrial procurement.

That matters because the world needs carbon removal at scale. A recent report from the [Potsdam Institute for](#)

[Climate Impact Research](#) found that current national climate pledges leave a gap of more than five billion tonnes of annual carbon dioxide removal by 2050 if global warming is to be limited to 1.5°C.

As markets scale, however, the standard of proof changes.

Early adopters may tolerate uncertainty in exchange for innovation. Institutional investors and corporate balance sheets cannot. Once procurement moves into the millions of tonnes, attention inevitably shifts from volume to evidence. How is carbon measured? What baseline is being used? How durable is storage? Who verifies the claim? What happens if the carbon is later released? Who bears the financial consequences if it is not delivered?

This scrutiny is particularly important for nature-based carbon removal. Soil carbon, forestry, and ecosystem restoration can all deliver meaningful climate benefits, but they carry different risk profiles and must be assessed accordingly. Soil carbon is influenced by management practices, climate conditions, and land use. Forest carbon can be measurable and real, but remains exposed to fire, disease, illegal logging, policy change, and other reversal risks. None of this



High-integrity climate investments should combine productive assets, strong governance, independently verifiable data, operational discipline, and a pathway to resilient cash flows.

Charlie Sichel, FLS Group

GUEST ARTICLES (cont.)

invalidates nature-based solutions. It simply means they must be designed, monitored, and governed with greater rigour than voluntary carbon markets have historically demanded.

That is the real lesson from the Microsoft story: this is a market entering a new phase of maturity, where performance matters.

For investors, this means moving beyond ESG labels and focusing on fundamentals. High-integrity climate investments should combine productive assets, strong governance, independently verifiable data, operational discipline, and a pathway to resilient cash flows. Most importantly, they should demonstrate measurable and lasting climate outcomes.

Climate investing should not confuse positive impact with climate efficacy. A project can create jobs, support biodiversity, and generate local economic benefits while failing to deliver meaningful carbon reductions or removals. Equally, a project can deliver measurable climate outcomes even where broader co-benefits are more limited.

Projects linked to productive assets and recurring revenue streams are therefore likely to attract greater attention. Whether in forestry, biochar, renewable energy, or other integrated land-use systems, climate outcomes become more credible when they are tied to real assets, operational discipline, and measurable value creation.

Carbon credits will continue to play a critical role, particularly in addressing residual and historical emissions. But as the market matures, buyers will increasingly evaluate durability, additionality, reversal risk, governance, and verification with the same discipline applied to any other strategic procurement decision.

The industry's challenge may no longer be attracting demand; Microsoft, Frontier, and other early buyers have already demonstrated that demand exists.

The question is whether enough projects can meet the standards buyers increasingly require.

For climate investing to scale, it must become disciplined, measurable, repeatable, and auditable. The first phase of climate finance was built around promises. The next phase will be built around performance.

**Charlie Sichel, Managing Partner,
FLS Group**



GUEST ARTICLES (cont.)

Secondaries offer an answer to the private markets entry question

Thomas Pocock, Associate Director, W1M

As fiduciaries of our client's capital – clients who have typically not been exposed to private market investments to date – it is beholden on us to answer two key questions: Why should we begin investing in private markets today (if at all)?; and What strategies should we own for the best risk-adjusted returns? The burgeoning secondaries market can provide answers to both these questions.

It is well understood that private markets have generated strong returns for investors over the last 10-15 years, often in excess of public markets. However, it is this growth and success (as well as a degree of opaqueness which could be improved upon) that drives much scepticism of the industry, particularly in the UK. So, as we explore making potential allocations into private assets how do we discern whether today's market represents an attractive entry point?

The \$230 billion of secondary volume that we saw in 2025 hints at an answer: the exit market for private equity has been poor with distributions to LPs slowing commensurately. Preqin data suggests that the net capital called by GPs versus distributed has reached a cumulative \$2 trillion since 2016. It has got to the point now that existing investors (especially those with spending requirements) are demanding

liquidity and secondaries are one of the avenues that they have begun to explore. But the challenges for existing investors are, in turn, the opportunity for new investors. To the extent that we can provide new capital into the industry then we can expect to benefit from better pricing on secondary transactions or better terms from GPs struggling to raise assets at the same pace as previously. This, we believe, marks an attractive environment to be shifting exposure into private markets.

So do secondaries provide the answer as to where to invest? LP-led secondaries do certainly boast a number of attractive features for early allocations to private markets.

The most obvious of these is the J-curve mitigation: the fact that stakes in existing funds are typically bought after the investment period has ended, just as value is beginning to be accrued in the fund's holdings. This provides for a much more acceptable investor 'journey' versus the negative early years of performance you may experience in a primary fund.

Another benefit is the diversification that comes from stakes in existing funds. A portfolio of secondary transactions can provide exposure to 100s of underlying companies, avoiding the risk of concentration that can come from initial allocations to private markets.



LP-led secondaries do certainly boast a number of attractive features for early allocations to private markets.

Thomas Pocock, W1M

GUEST ARTICLES (cont.)

A potentially less obvious beneficial characteristic of secondaries relates specifically to the advent of evergreen structures which offer an element of limited liquidity. We see secondaries as particularly appropriate for these structures given the higher level of natural liquidity that is generated from buying fund stakes later in their lives. It is intuitive that a portfolio of LP-stakes bought with an average remaining life of 5 years can be expected to generate c.20% natural liquidity from distributions each year – exactly in line with the typical 5% per quarter of liquidity promised by most evergreen structures.

It is the evergreen structure, however, which poses the greatest challenge to an egregious standard practice in the secondaries market. The valuation policy adopted by most GPs which sees discounted purchases immediately marked up to NAV is a nonsense which needs addressing by accounting standard boards. The vast majority of transactions are conducted at a price agreed by two capable parties dealing

on an arm's length basis – this is one of the most basic definitions of fair market value. This is a far greater issue for evergreen structures where investors are required to redeem and subscribe at valuations based on these practices and can either be unfairly rewarded or punished for doing so; open-ended structures require accurate valuations to function. One of the key elements of performance that we assess in these structures is the extent to which early returns have been driven by this discount arbitrage, particularly where these returns came from seed portfolios not available to minority investors; outsized early returns from this mark up practice can give a very misleading impression of compounded annual return available to investors on a forward looking basis.

Thomas Pocock, Associate Director, W1M

W1M is a leading international wealth and investment management firm, formed in 2024 through the merger of Waverton Investment Management Group Limited and London and Capital Group Limited. With £24.4 billion in assets under management (AUM) and a team of c. 370 professionals, W1M specialises in working with high-net-worth and ultra-high-net-worth individuals and families, charities, institutions and independent financial advisers.



GUEST ARTICLES (cont.)

The Missing Link in Private Markets: Why Liquidity is the New Access

Fred Bouverat, CEO & Founder, TPE

The secondaries market has grown up around a simple problem: investors who want out, and capital that wants in. LP stake sales, GP-led restructurings, tender offers on private company shares: all well-established routes. But they share a common flaw. Each transaction is bespoke, slow, and expensive. Liquidity, when it arrives, arrives once.

There is a major category of investor for whom that simply does not work.

The Gap Nobody Talks About

Pension funds and any vehicle which ultimately has retail investors as holders face two structural barriers to private markets. The first is cost: traditional PE fund structures carry fee loads that are simply too high for most mandates to absorb without breaching their cost constraints. The second is liquidity. The nature of the underlying investors' funds means that fund managers need to be able to access liquidity: not massive amounts, but around a core position to service these

liabilities, redemptions and, dare I say, inflows.

The result is that the most promising asset class of the last twenty years has remained largely inaccessible to the broadest pool of long-term capital in the UK. Not because of risk appetite. Because of fees and plumbing.

A New Infrastructure for Private Markets

The London Stock Exchange's Private Securities Market, operating under the FCA's PISCES sandbox framework, represents a significant step in building that infrastructure. By bringing exchange-grade price transparency, regulatory oversight and defined auction mechanics to private company shares, it creates something that has not previously existed: an observable, regulated market price for assets that have historically been valued by model alone.

Asset-level secondary transactions of this kind remain a fraction of the LP secondaries market in volume terms. But the direction of travel is clear,



...the most promising asset class of the last twenty years has remained largely inaccessible to the broadest pool of long-term capital in the UK. Not because of risk appetite. Because of fees and plumbing.

Fred Bouverat, TPE

GUEST ARTICLES (cont.)

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The retail and pension capital that private markets needs will not flow into private assets on the basis of promises. It will flow when the plumbing works.

Fred Bouverat, TPE

and the pace of growth is accelerating. The question is not whether this market will develop, but what structure will allow it to serve the capital that most needs access to it.

Frequency as the Missing Piece

The PSM provides the venue. What the market now needs is the commitment to use it repeatedly. A single auction, however well-run, does not create a liquid instrument. Pension funds and retail-facing vehicles cannot build redemption policies around events that may or may not recur.

The structural answer emerging from the first generation of PSM-listed vehicles is the scheduled, repeated quarterly auction: a permanent structure that commits, by design, to offering liquidity at defined intervals across a single or portfolio of private company shares. The vehicle type now taking shape is the Tradable Private Equity Investment Company, or TPEIC. To declare an interest here, TPE is the firm behind the TPEIC structure, and the first TPEIC completed its inaugural transaction on the LSE PSM in March 2026. It is early, but the architecture is now proven.

**Why This Matters for UK Capital**

The retail and pension capital that private markets needs will not flow into private assets on the basis of promises. It will flow when the plumbing works. That means not just a route to liquidity, but a predictable, recurring, scheduled one.

The PSM creates the venue. The TPEIC creates the commitment. Together, they represent the first credible answer to a question the secondaries market has been unable to answer for a generation: how do you bring long-term capital into private markets when that capital has obligations to remain accessible?

The missing link was never access. It was frequency.

Fred Bouverat, CEO & Founder, TPE

Fred Bouverat is CEO and Founder of Pebble Capital Ltd (FRN 990338), trading as TPE, the firm behind the TPEIC structure. The first TPEIC was listed on the London Stock Exchange's Private Securities Market in March 2026.

GUEST ARTICLES (cont.)

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.)

- **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.

Andres Hefti, Partner, Multiplicity Partners

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.



GUEST ARTICLES (cont.)

The Rise of Private Market Liquidity: How Secondaries and Structured Trading Are Reshaping Capital Markets

Jonida Vesiu, Director, Fund Solutions at CSC

Private markets have reached a turning point. Companies are staying private longer, using private capital to fund growth, acquisitions, and global expansion without the costs and obligations associated with public markets.

As a result, liquidity has become one of the biggest challenges and opportunities in private markets. Investors, employees, fund managers, and companies increasingly need ways to access liquidity before traditional IPO and M&A exits. That demand has fuelled rapid growth in secondaries and semi-liquid investment structures, transforming what was once a niche market into an increasingly important part of the private capital ecosystem.

Increasingly, liquidity is being delivered not only through secondary fund transactions but also through structured trading mechanisms, including tender offers, periodic auctions, private trading venues, and regulated intermittent markets.

Secondary Market Volumes Reach New Highs

The scale of this shift is evident in transaction volumes. Global secondary market activity reached approximately \$240 billion in 2025¹, up 48% year-over-year and exceeding global IPO proceeds of roughly \$171.8 billion².

According to Jefferies, activity was evenly split between LP-led (\$125 billion) and GP-led (\$115 billion) transactions, with demand supported by growing allocations from secondary funds, evergreen vehicles, and an expanding base of institutional and private-wealth investors.

As transaction volumes increase and liquidity becomes a more routine expectation, market participants require more sophisticated infrastructure to support pricing, execution, settlement, and governance. This evolution is transforming private-market liquidity from an ad hoc process into a scalable and increasingly institutionalised ecosystem.

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As transaction volumes increase and liquidity becomes a more routine expectation, market participants require more sophisticated infrastructure...

Market Infrastructure Is Evolving

Dedicated trading venues, settlement platforms, pricing tools, and data providers are helping make transactions more efficient and transparent.

In the United States, SEC Regulation of Exchanges and Alternative Trading Systems (ATS), first adopted in 1998³, provides the regulatory framework for private trading venues that match buyers and sellers of securities outside traditional stock exchanges. Operating primarily through broker-dealers and ATS structures, these platforms enable eligible investors

to transact in private-company shares within a regulated environment.

Nasdaq Private Market (NPM)⁴ is a leading example. Originally focused on employee liquidity programs and pre-IPO trading, it now provides broader trading, settlement, and data services for private companies and investors. Together with Nasdaq Fund Secondaries⁵, it now supports liquidity across both private-company shares and private fund interests, reflecting the increasing convergence of these markets.

The pace of activity reflects that evolution. NPM's secondaries report⁶, found that block-trade volume nearly doubled from \$372 million in 2024 to \$673 million in 2025. Liquidity events are also becoming more frequent, with the average time between tender offers falling from 899 days in 2022 to just 132 days in 2025.

In other words, liquidity is shifting from a rare event to a recurring feature of private-company ownership.

NPM⁶ also found that companies with fewer restrictions on secondary share transfers experienced higher trading activity and stronger share-price performance, highlighting the growing value of liquidity as a strategic tool.

¹ Jefferies Insights

² EY Global IPO Trends 2025

³ SEC

⁴ Nasdaq Private Market

⁵ Nasdaq Solutions

⁶ Nasdaq Private Market

GUEST ARTICLES (cont.)

What was once a fragmented, relationship-driven market is becoming increasingly organised, institutionalised, and technology-enabled.

Jonida Vesiu, CSC

At the same time, secondary transactions are becoming more sophisticated. One of the strongest trends, according to NPM⁶, has been the rise of single-asset funds, which became a preferred vehicle for gaining exposure to many high-demand private companies in 2025. These structures help issuers maintain greater control over their shareholder base while providing investors with access to otherwise difficult-to-source opportunities.

Alongside continuation vehicles and structured tender offers, they reflect a broader trend toward more flexible and tailored liquidity solutions.

As secondary markets mature, the next phase will depend on regulation keeping pace with innovation preserving investor protection while maintaining the flexibility that has made private markets attractive.

This trend is evident not only in the growth of private trading platforms but also in emerging regulatory initiatives designed specifically for secondary liquidity.

The UK's PISCES Initiative

In 2025, the UK introduced the Private Intermittent Securities and Capital Exchange System (PISCES)⁷, a framework that allows private companies to hold periodic trading events where eligible investors such as institutions, sophisticated investors, high-net-worth individuals and employees can buy and sell shares without the need to list on a public stock exchange.

Operating within a regulatory sandbox through 2030, PISCES aims to bridge the gap between private and public markets by providing a regulated way for companies to offer liquidity while retaining greater control over participation and disclosure.

PISCES reflects a broader global recognition that

private companies increasingly require liquidity mechanisms that sit between traditional private transactions and full public-market listings.

Liquidity Is Becoming a Core Component of Private Capital Markets

Secondary funds, structured tender programs, private trading platforms, and regulatory frameworks such as ATS and PISCES are collectively reshaping how liquidity is created and accessed in private markets.

What was once a fragmented, relationship-driven market is becoming increasingly organised, institutionalised, and technology-enabled. As companies remain private for longer and investors seek more flexible pathways to liquidity, secondary markets are evolving from a niche exit mechanism into a permanent layer of capital-market infrastructure that supports capital formation throughout the private-company lifecycle.

The result is a more mature private-market ecosystem one in which liquidity is no longer viewed simply as an endpoint, but as an ongoing strategic tool that supports companies, employees, and investors throughout the private-company lifecycle.

Jonida Vesiu, Director, Fund Solutions at CSC

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⁷ ECA