

# Private Markets for Private Wealth: Democratisation vs. Retailisation



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## Why read on?

A decade ago, private markets were firmly the domain of institutional investors—the territory of pension funds, sovereign wealth funds, and global banks. For wealth managers, these asset classes, with the exception of listed trusts, remained largely out of reach: aspirational, not accessible.

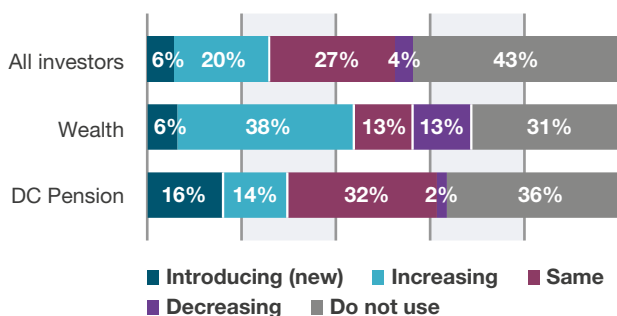
Today, that landscape has changed. Private equity, private credit, infrastructure and real assets are no longer positioned solely for institutional capital; they are becoming increasingly central to the propositions being offered to high-net-worth and mass-affluent clients.

A recent bfinance survey, illustrated in figure 1, shows that more than one-third of wealth managers are now increasing their use of open-ended or semi-liquid private markets strategies, reflecting a clear pivot towards structures that align with evolving client expectations—an investment universe which has rapidly evolved to become increasingly broad and complex (read more on page 8).

As a result, the central question is no longer if wealth managers can access private markets. That question has been answered. The challenge now is more nuanced: what form of access should we provide—and to whom?

### FIGURE 1: MORE THAN A THIRD OF WEALTH MANAGERS ARE LOOKING TO OPEN-ENDED VEHICLES

*In Private Markets other than Real Estate (e.g. Private Equity, Private Debt, Infrastructure), which of the following shifts are taking place in your portfolio? Answer: use of open-ended or semi-liquid strategies*



Source: bfinance 2024 Global Asset Owner Survey. Respondents were asked to estimate shifts over a period spanning the past 18 months and next 18 months. 'All investors': 311 respondents, 23% DB pension, 21% insurance, 17% DC pension, 8% foundation/endowmen, 7% family office, 7% wealth.

### Facts and figures:

**US\$478 trillion** of global net wealth at the end of 2024.<sup>1</sup>

**US\$629 trillion** is the expected global net wealth by 2028, representing a 6% CAGR.<sup>1</sup>

**61%** of wealth managers increased private market allocations in the three years to end 2021.<sup>2</sup>

**52%** planned to increase their private market allocations further.<sup>2</sup>

**38%** are now seeking to increase their exposure to open-ended and semi-liquid private markets strategies.<sup>3</sup>

**400+** evergreen strategies available.

Source <sup>1</sup>: BCG Global Wealth Report 2024  
Source <sup>2</sup>: bfinance Wealth Manager Survey  
Source <sup>3</sup>: bfinance Global Asset Owner Survey

Two structural forces are shaping this evolution: **democratisation** and **retailisation**. While often used interchangeably, these terms reflect very different dynamics—and their implications for wealth managers are material.

**Democratisation:** Refers to reducing traditional barriers to institutional-calibre private market exposure—lowering minimum ticket sizes, streamlining operational complexity, and navigating regulatory hurdles—so that high-quality, institutional-grade strategies become viable within wealth portfolios.

**Retailisation:** In contrast, centres on the creation of new products engineered specifically for the broader retail audience. These may offer greater liquidity or simplified mechanics but can be at the expense of strong returns, acceptable fee loads and structural robustness.

Distinguishing between these trends is not a matter of semantics—it is fundamental to a wealth manager's strategy. As access expands and product innovation accelerates, so too does the complexity of the decision-making environment. In an asset class where the dispersion between top- and bottom-quartile managers remains significant, delivering effective private markets exposure will increasingly hinge on thoughtful programme design, manager selection, and advisor enablement.

## Early barriers to private markets access

Rewind ten years, and access to private markets was limited—possible, but practically elusive.

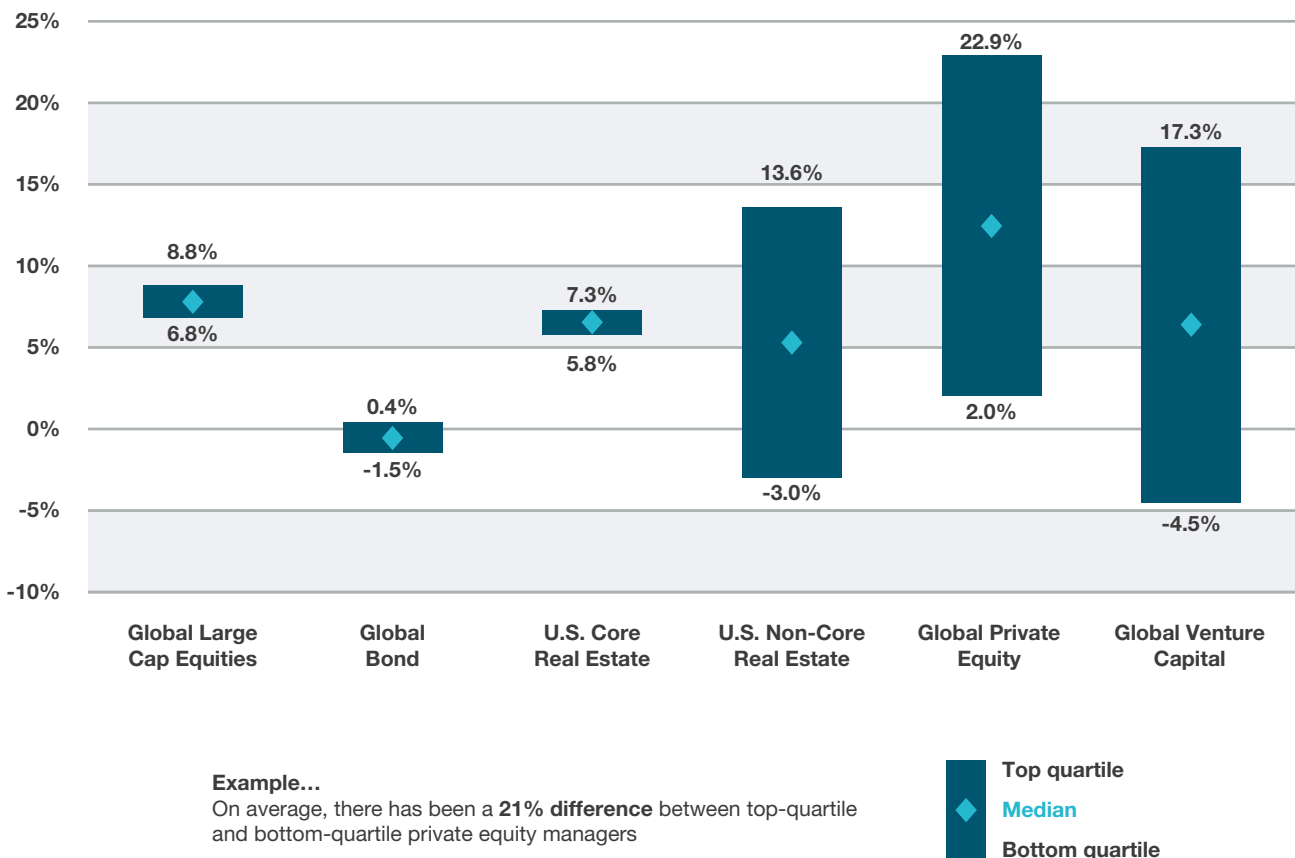
High minimum investment thresholds, constrained capacity, and complex operational requirements posed significant barriers. Participation was often limited to Tier 1 Banks with long-standing relationships.

The dynamic was largely one-directional: wealth managers sought out managers, not the other way around. Allocations were difficult to obtain, relationship-driven, and often reactive.

Private markets had been consistently outperforming public equivalents for much of the post-GFC period. Meanwhile, the traditional 60/40 portfolio was under strain: the declining diversification benefit between equities and bonds pushed wealth managers to seek alternative portfolio diversification methods.

Yet for sophisticated wealth clients, the goal was never simply access—it was *quality* access: to proven managers and institutional-grade fee terms. In an asset class where dispersion between top- and bottom-quartile performance can exceed 1,000 basis points (bps), the *what* is as important as the *how*.

**FIGURE 2: MANAGER DISPERSION BETWEEN ASSET CLASSES**



Sources: Burgiss, NCREIF, Morningstar, PivotalPath, J.P. Morgan Asset Management. Data are based on availability as of May 31, 2024. Global equities and global bonds are based on the Morningstar categories “Global Large-Stock Blend” and “Global Bond” respectively. Manager dispersion is based on annual returns over a 10-year period ending 1Q 2024 for U.S. Core Real Estate, U.S. Fund Global Equities and U.S. Fund Global Bonds. Non-core Real Estate, Global Private Equity and Global Venture Capital are represented by the 10-year horizon internal rate of return (IRR) ending 4Q 2023. U.S. Global Equities and Bonds are comprised of U.S.-domiciled mutual funds and ETFs. It is not possible to invest in an index. Past performance is no guarantee of future results.

# The first wave: democratisation

Early private markets access expansion came with the emergence of turnkey platforms—feeder fund structures delivered alongside technology solutions.

High minimum investment thresholds were overcome through pooling vehicles, and complex onboarding, manual subscription processes and post-investment workflows—capital calls, reporting, distributions—were increasingly digitised.

These early solutions enabled high-net-worth individuals to invest in private markets with relative ease, typically on a business-to-consumer basis, at significantly reduced investment minimums.

However, access was still contingent on general partners (GPs) granting capacity to platforms—requiring comfort in accepting capital from a ‘blind pool’ of end investors from an unfamiliar client segment. As such, the range of investible options remained narrow, and available exposure across the full sub-asset class universe of top-tier managers was often absent. Access was brokered, not embedded.

Crucially, while the underlying power dynamics remained intact, the narrative began to shift. Private markets were no longer viewed as the exclusive preserve of institutions. The idea of wealth clients participating—however indirectly—was gaining traction.

## From access to adoption

As democratisation gathered pace and early platforms matured, the focus began to shift. No longer just

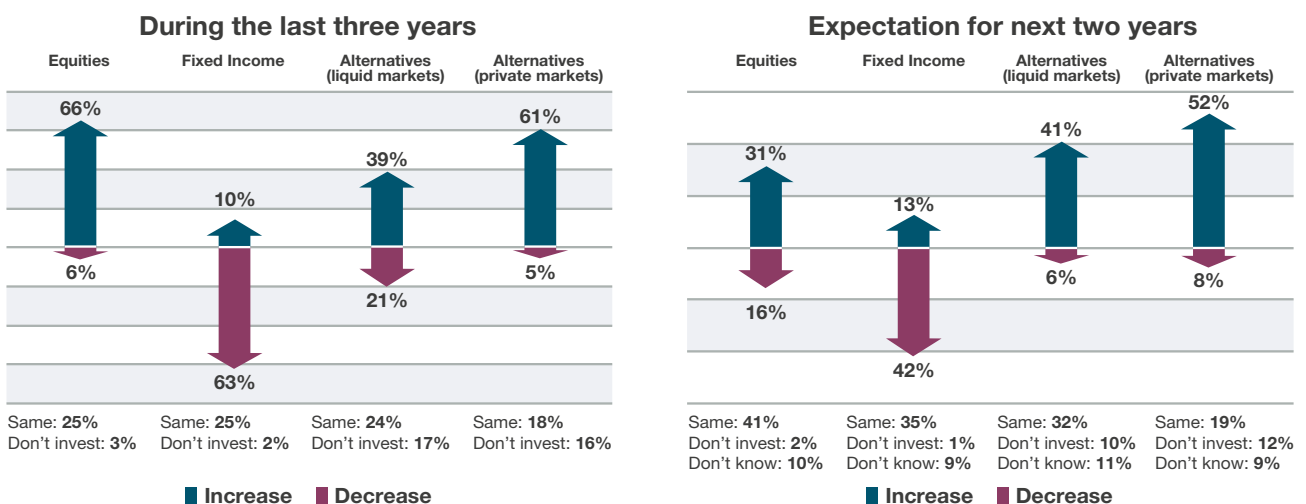
solving for access, the emerging challenge became adoption. This marked a significant turning point for the sector. Technology and service providers invested heavily into business-to-business (B2B) capabilities—enabling wealth managers to offer curated fund menus, digitised onboarding, and post-investment servicing without having to replicate institutional operations in-house.

The goal was to make private markets both operationally feasible and commercially scalable for the wealth management sector. At the same time, GPs, previously cautious, started to recognise the strategic value of diversifying their investor base beyond institutions. The amount of global net wealth—now estimated at over US\$478 trillion and projected to exceed \$629 trillion by 2028—coupled with the slowdown in institutional fundraising, offers a compelling incentive.

Adoption remained uneven. With clients and advisors facing a relatively unfamiliar asset class, coupled with a relatively opportunistic approach, uptake proved slow.

According to our 2021 Wealth Manager Investment Survey, 61% of firms increased their allocation to private markets in the three years prior—a clear signal of appetite—while 52% reported that their private markets allocations will increase in the two years after 2021 (figure 3). As shown in the bfinance 2024 Global Asset Owner Survey (figure 1), demand continues for the asset class with the proliferation of open-ended vehicles acting as a catalyst—a phenomenon we will explore later in the paper.

**FIGURE 3: HOW THE ASSET ALLOCATION OF WEALTH CLIENTS HAS CHANGED**



Source: bfinance Wealth Manager Survey, 2021

Today, firms are no longer content to simply offer private markets—they are seeking to own the proposition. Independently or supported by an ecosystem of structurers, technology partners and investment consultants, wealth managers are increasingly acting as bespoke programme architects: tailored to their clients, aligned with portfolio design principles.

## The second wave: retailisation

The next phase of evolution came not from platforms, but from GPs themselves.

As institutional fundraising conditions tightened, GPs began to view the wealth channel not merely as a complementary source of capital, but as a strategic growth priority. Where private wealth platforms were once tolerated, they are now being directly catered to—with new product design, dedicated distribution teams, and evolving fund structures.

While democratisation focused on lowering the barriers to institutional products—retailisation involves launching new products specifically targeting the wealth channel. These include evergreen funds with lower investment thresholds, enhanced liquidity terms, and wrappers designed to enable broader distribution.

Regulatory developments have accelerated this trend—in Europe, for example, where ELTIF 2.0 has made it easier to bring private markets strategies into the hands of non-institutional investors. Meanwhile, pressure on GPs to diversify their limited partner (LP) base has added urgency to the shift.

Liquidity has become the most visible innovation in the retailisation of private markets—and evergreen structures are the flagship. Importantly, liquidity can affect product integrity and performance.

## Evergreens and the liquidity trade-off

Evergreen vehicles offer ongoing subscriptions, simplified reporting, automatic reinvestment of distributions, and periodic redemption windows.

For wealth managers and their clients, this format brings welcome simplicity. It eliminates the j-curve, capital call mechanics—one of the more significant operational barriers in traditional closed-end models—and supports more seamless portfolio integration.

Yet this accessibility comes with important trade-offs:

- **Liquidity mismatch risk** in an inherently illiquid asset class
- **Dilution of returns** from high cash buffers (up to 25%, product dependent) leading to potential performance drag of 70-100bps
- **Limited or opaque performance track records**, especially for newer launches
- **Fee layering and structural complexity**, which may obscure true return alignment

Importantly, evergreen structures are not unique to retailisation. In core private credit and real assets, evergreens have long been used by institutional investors and demonstrated considerable resilience. These strategies are often well-matched to underlying cash-flowing assets with stable return profiles.

The latest generation of evergreens—offering monthly, weekly or in some cases daily liquidity—raise more challenging questions. In pursuit of broader distribution, liquidity terms risk exceeding what underlying investments can reliably support. This introduces potential friction between investor expectations and fund reality.

Liquidity can be helpful—but in private markets, more is not always better.

## Data Spotlight: bfinance's evergreen universe

At bfinance, we've mapped the global evergreen and semi-liquid private markets universe to help our clients make sense of the current landscape.

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Over **400** evergreen strategies available

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### Multi-strategy:

**36** live with **10** in the pipeline

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### Single strategy:

**331** live with **69** launching soon

### Liquidity profile:

**64%** of **multi-strategy** and **58%** of **single-strategy** offer quarterly liquidity

**28%** and **31%**, respectively, offer more frequent redemptions

**Daily** liquidity **remains rare** and comes at the cost of high liquid asset allocation and gating clauses.

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The key takeaway is this: access isn't the challenge anymore - selection is. The risk of choosing the wrong product - or the wrong structure - is now as significant as the historical risk of being shut out of the asset class entirely.

## Wealth managers shaping their private markets proposition

Wealth managers — no longer passive participants in the private markets evolution — are becoming active proposition architects. The question is no longer whether to engage, but how much control to take.

With such a vast available universe — driven by democratisation and retailisation — many wealth managers are seeking to enter the asset class through prudent selection of a curated opportunity set.

Some firms are adopting a bespoke portfolio product approach, particularly within advisory models targeting sophisticated or ultra-high-net-worth clients. These solutions offer diversified,

multi-manager private markets exposure through a single-ticket structure, aligned with established portfolio construction principles. This empowers advisors to give portfolio advice — not fundraise — and provides a repeatable, scalable framework that supports meaningful differentiation and diversification.

Wealth managers are increasingly recognising the investment benefits to their clients and the commercial benefits of unique, differentiated propositions. The plethora of fund products in the market offers a unique combination helping solve specific investor problems and create a differentiated moat around the wealth manager.

For those building bespoke open-ended solutions, the natural journey begins with products built from existing semi-liquid funds followed by the inclusion of more specialist open-ended funds and eventually with the inclusion of illiquid, higher returning closed-ended funds as these solutions have scaled. In that way, investors benefit from the product innovation, but increasingly see the higher alpha, low correlation benefits of the asset class.

These solutions are entirely unique to the market with distinct liquidity and risk-reward behaviour.

Wealth managers who build their own bespoke multi-manager products—either through internal asset management capabilities or by partnering with third-party B2B platforms—seek to unlock further commercial growth opportunities. Opportunities exist to generate new long-term revenues from annual fees and/or carried interest applied to the wrapper, as is typical of an institutional fund-of-funds products, and from positioning as a market innovator.

Wealth managers are at different points of their private market journey with scale of AuM often not playing the deciding factor in the sophistication of private markets offerings, but rather the demand from underlying clients.

In the discretionary space, we are seeing a clear movement toward embedding evergreen funds into model portfolios—marking a new phase of integration that may well define the next chapter.

## **Conclusion: democratised and retailised – now what?**

The private markets opportunity has exploded, but with greater access comes greater responsibility.

Firms that conflate product availability with portfolio suitability risk undermining trust, performance outcomes, and long-term portfolio benefits. Democratisation improved access; retailisation enabled adoption. The next frontier is discernment—in selection, portfolio construction, and programme delivery.

## **Key takeaways**

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**Private markets are no longer out of reach.** Access for wealth managers has evolved thanks to platform innovation, regulatory support, and growing GP engagement.

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**Democratisation ≠ retailisation.** Democratisation enables access to institutional-grade strategies. Retailisation creates new, often more liquid, products for broader distribution.

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**Evergreen solutions offer opportunities and risk.** Evergreen and semi-liquid fund structures simplify access and enhance scalability, but introduce trade-offs around liquidity mismatch, performance opacity, and fee complexity that require careful scrutiny.

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**In a noisy market, thoughtful adoption is key to success.** Discernment in fund selection, portfolio construction, and delivery is now the critical frontier.

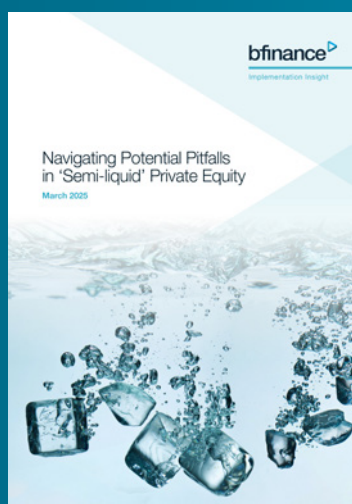
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**The opportunity for customisation and differentiation exists.** The availability of more liquid alongside illiquid products offers an opportunity to build a unique and tailored proposition.

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