



The Rise of Private Wealth in Private Markets

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INSIDE THE REPORT

A Note from Jim Walker, Partner & Global Head of Wealth	3
Private Markets Open Doors for Financial Advisors	4
Key Advisor Survey Findings	5
Expanding Wealth Inflows: A Growing Investor Landscape	6
Building Resilient Private Market Portfolios	9
The Evergreen Advantage: Unlocking Liquidity & Growth	13
Key Regions and Private Market Sectors to Watch	15
Advisors Hold the Key to Growing Private Markets Demand	17

CONTRIBUTORS



Jim Walker

Partner & Global Head of Wealth
Adams Street Partners



James Beck

Partner, Head of Investments
James Hambro & Partners



Roman Berri

Global Head of Fund Offerings
Julius Baer



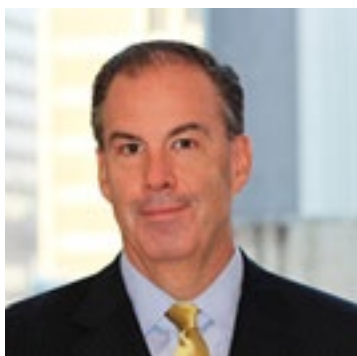
A Note from Jim Walker, Partner & Global Head of Wealth

The private markets investing landscape is undergoing a profound transformation. For financial advisors (FAs) and their clients, access to private markets—traditionally dominated by institutional investors—is expanding at an unprecedented pace. This shift is creating opportunities to diversify portfolios, potentially enhance long-term returns, and navigate today’s complex and ever-evolving investment environment with greater flexibility and clarity.

Our inaugural survey of FAs underscores this momentum. It reveals a strong and growing conviction among FAs that private markets are a key driver of portfolio performance. A significant majority of respondents expect the proportion of their clients with allocations to private investments to rise over the next three years, with many favoring evergreen fund structures. These vehicles can provide an entry point into private markets and eliminate legacy barriers, including intermittent capital calls and illiquidity constraints. By offering periodic distributions, simplified tax reporting, and diversified exposure, evergreen funds are helping to broaden participation for individual investors.

As private wealth continues to influence capital flows into private markets, the role of FAs has never been more critical. The ability and confidence to guide clients through an expanding universe of opportunities is essential to helping unlock long-term value. This survey provides data-driven perspectives on the evolving role of private markets in wealth management, the trends shaping allocations, investor priorities, and the tools that are making private markets more accessible than ever before.

We hope the following pages offer valuable insights for advisors and their clients as they navigate the dynamic landscape of private markets.



“As private wealth continues to influence capital flows into private markets, the role of FAs has never been more critical.”

Jim Walker

Partner & Global Head of Wealth

Adams Street Partners



Private Markets Open Doors for Financial Advisors

Access to private market investments is expanding for FAs, giving their clients the opportunity to tap into a significant portion of the economy that has traditionally been dominated by institutional capital. Innovations such as evergreen funds are streamlining entry, offering enhanced diversification, periodic liquidity, and the potential for superior long-term returns compared with public markets.

Adams Street's inaugural Advisor Outlook, which contains insights from more than 100 wealth managers globally, finds that private markets often present an attractive alternative to publicly traded debt and equity securities for individual investors.

Our survey reveals that more than two-thirds of FAs expect a larger percentage of their clients to allocate capital to private markets over the next three years, and that the vast majority believe these investments will outperform public markets in the long run. Wealth managers stated their clients' top priorities include gaining access to new investment opportunities, protecting capital, generating income, and achieving tax efficiency.

The emergence of evergreen fund structures is a significant positive for individual investors in private markets. Our survey indicates that FAs favor these vehicles over traditional closed-end funds because they reduce or remove some of the historical barriers to private market access. Products that do not require intermittent capital calls, provide periodic liquidity, and utilize a 1099 tax format result in a more accessible, investor-friendly experience. Digital platforms are further streamlining access, making it easier for private investors to participate alongside institutions.

This increased accessibility means the wealth management market has emerged as one of the fastest-growing capital sources in private markets. Individual investors account for about \$2.7 trillion, or one-fifth, of the \$14 trillion in private market assets under management (AUM), according to Morgan Stanley.¹ Individual investors' share is projected to rise to 37% within five years, signaling a profound shift in capital flows and a growing democratization of private markets investing.

Wealth managers stated their clients' top priorities include gaining access to new investment opportunities, protecting capital, generating income, and achieving tax efficiency

Key Advisor Survey Findings

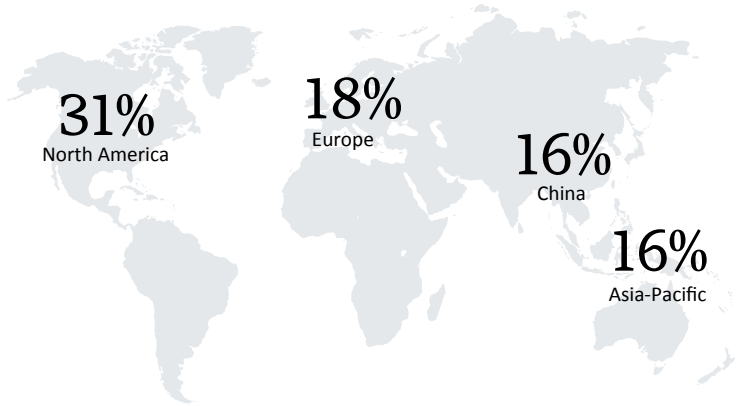
92%

of FAs expect private markets to outperform public markets in the long run, with 86% agreeing private companies offer superior governance to their public counterparts.



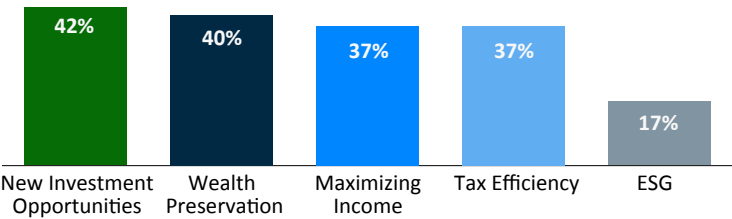
NORTH AMERICA TOPS INVESTMENT PREFERENCES

31% of respondents expect North America to provide the best private markets investment opportunities in 2025. Europe ranks top for 18%, followed by emerging Asia-Pacific and China (both 16%).



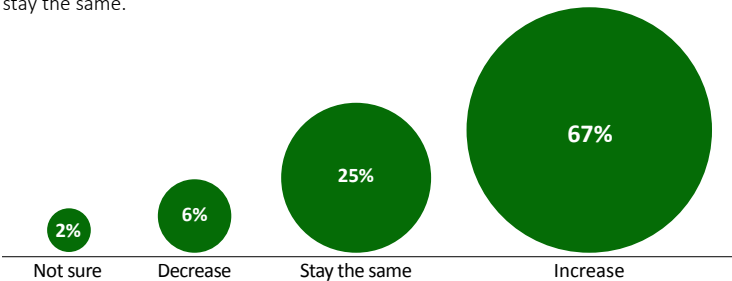
WEALTH CLIENTS PRIORITIZE RETURNS

FAs stated that the top priorities of their private wealth clients are new investment opportunities (42%), wealth preservation (40%), maximizing income, and tax efficiency (both 37%). FAs ranked ESG as least important to their clients among listed priorities, at 17%.



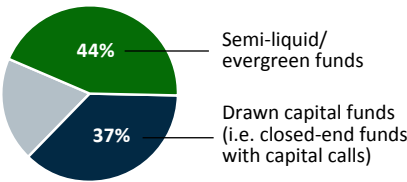
PRIVATE MARKETS RISE

Two-thirds (67%) of FAs expect the percentage of their clients invested in private markets to increase over the next three years, while about one-fifth expect the number of clients with an allocation to private markets to grow by at least 11%. Less than 6% expect the proportion to decrease, and one-quarter say the proportion will stay the same.



STRUCTURE PREFERENCES

FAs slightly favor open-ended evergreen funds (44%) over traditional closed-end funds (37%).



The most important factor influencing the decision by FAs to recommend private market investments to their clients is risk-return profile (51%), followed by the FAs knowledge of private markets (40%), client demand, and diversification (both 37%).

94%

More than nine in 10 clients (94%) of FAs frequently express interest in private markets investments.



Expanding Wealth Inflows: A Growing Investor Landscape

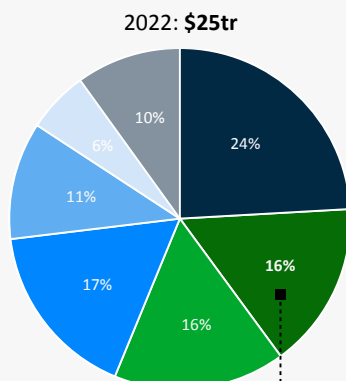
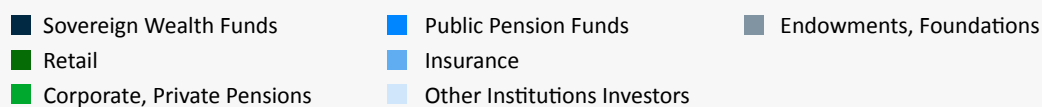
High-net-worth individuals (HNWIs) and retail investors are emerging as a major frontier for alternative investment fundraising. A surge in private wealth inflows, a historic inter-generational wealth transfer, and the growing trend of companies staying private for longer are factors fueling interest in private markets.

This momentum is reflected in our survey, with 94% of FAs reporting that their clients “frequently express interest” in private markets. This shift is reflected in recent capital-raising activities, with general partners (GPs) seeing growing inflows from the wealth channel.² Additionally, an increasing number of both generalist and specialist GPs are launching private wealth-focused strategies and funds designed for non-institutional investors.

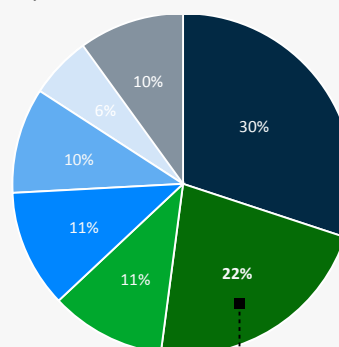
Private market AUM is projected to grow at more than twice the rate of public markets, to between \$60 trillion and \$65 trillion by 2032, with the shift of individual wealth into alternative investments a key driver, according to Bain & Company.³

Retail Expected to be Key Driver of Private Markets AUM Growth

Percentage of global alternatives assets under management by investor type⁴



By 2032 Estimate: \$60tr to \$65tr



Expected surge of retail investors

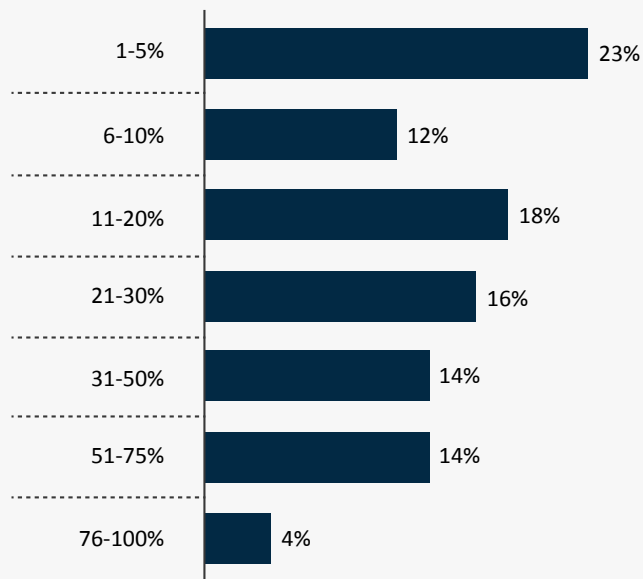
In the US, asset management research and consulting firm FUSE Research Network estimates that wealth channels manage \$1.37 trillion in alternatives (spanning private equity, venture capital, private credit, interval and business development company funds, real estate, infrastructure, natural resources, and hedge funds). Wealth channel AUM invested in alternatives is projected to hit \$3.03 trillion in 2029, growing at a 17% compound annual growth rate.⁵ Key factors influencing these projections include the expanding alternatives market, more investors surpassing the \$1 million net worth threshold mandated by US federal securities laws, and new private market offerings from major asset managers such as BlackRock, Fidelity, and Franklin Templeton.

Regulatory initiatives and new investment structures are also improving access by, for example, offering more flexible liquidity and redemption terms, lower minimum investment thresholds, and more competitive fees than other investment options. As a result, more than 65% of FAs stated that at least 10% of their clients currently had private market investments and two-thirds (67%) of FAs expect that proportion to increase over the next three years, with nearly 7% predicting that the percentage of clients with alternative holdings will increase by more than 20%. A quarter of respondents expect the percentage of their clients with an allocation to private markets to remain stable, while less than 6% foresee a decline.

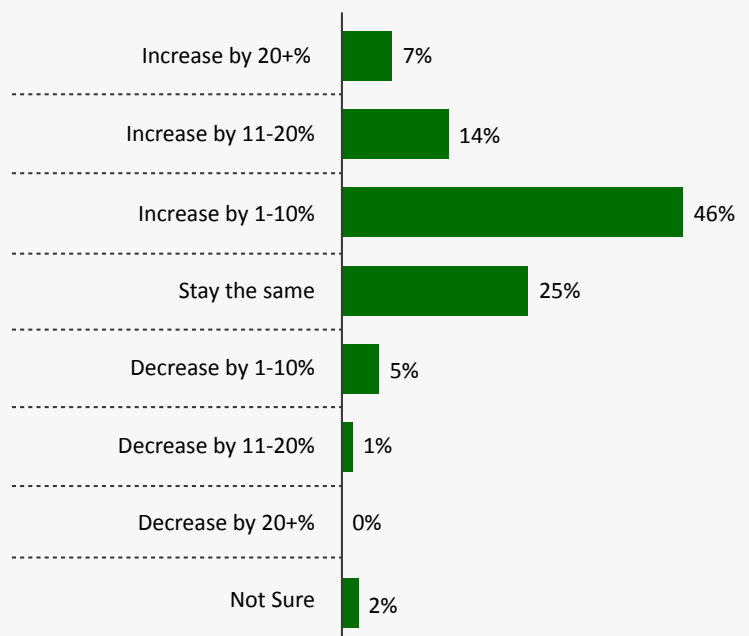
Clients Show Growing Interest in Private Markets


What percentage of your clients are currently invested in private markets?⁶

(Based on client count, not AUM)



Do you expect the percentage of your clients who invest in private markets to increase, decrease, or stay the same over the next three years?⁶





“If a manager is offering evergreen funds, we want to know how these structures are managed alongside the closed-end funds and separately managed accounts that they’re running on behalf of institutions or sovereign wealth funds.”

James Beck
Partner, Head of Investments
James Hambro & Partners

“Financial advisors and their clients want choice and flexibility as they access private markets investment opportunities,” said Jim Walker, Partner & Global Head of Wealth at Adams Street Partners. “The industry is evolving rapidly to support financial advisors as they seek to grow and protect client wealth.”

James Beck, Partner, Head of Investments, James Hambro & Partners, notes that for new entrants to private markets like themselves, manager selection is critical. The ability to deploy capital effectively, manage risk across multi-strategy vehicles, and ensure consistent outcomes are key factors, he says, emphasizing the importance of fair treatment of limited partners (LPs) and fund structures.

“If a manager is offering evergreen funds, we want to know how these structures are managed alongside the closed-end funds and separately managed accounts that they’re running on behalf of institutions or sovereign wealth funds,” Mr. Beck says. “Do they have the right organization to support that structure? And do they have enough ideas coming into the hopper to satisfy those different end accounts without having to compromise on quality?”



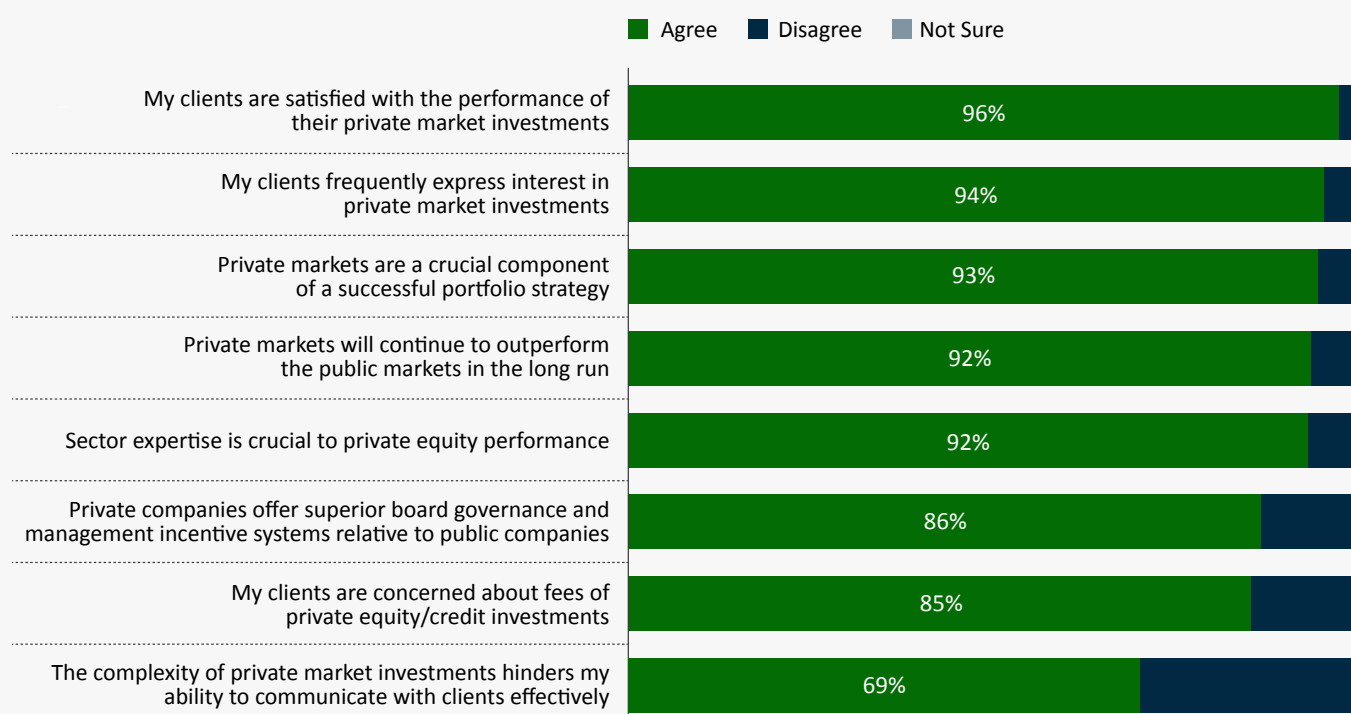
Building Resilient Private Markets Portfolios

Private markets are also increasingly recognized as a key element in a successful portfolio strategy, with more than 90% of FAs agreeing on their importance. FAs in Europe place the highest value on private markets (100%), followed by North American FAs (91%), and FAs in Asia (89%). Nine out of 10 respondents believe private markets will outperform public markets in the long term.

Individual investors are becoming more aware of the role private markets can play in achieving long-term investment goals, with advisors citing higher return potential, diversification beyond public equities and traditional fixed income, capital preservation, and income generation as primary benefits.

Key FA Insights Into Private Markets

To what extent do you agree or disagree with the following statements?⁶



Greater diversification compared with public markets is seen as a key attraction of private markets. A handful of names can disproportionately skew public indexes. For example, tech’s Magnificent Seven – Apple, Microsoft, Amazon, Alphabet, Meta Platforms, Nvidia, and Tesla – can disproportionately tilt public index returns. They collectively account for about one-third of the S&P 500’s market capitalization, up from 20% two years ago, and with 63% average upside in 2024, they accounted for more than half the gains of the US benchmark.⁷ By contrast, at almost 300,000 globally, the universe of venture and private equity-backed companies is 2.75 times bigger than the pool of publicly traded companies, according to PitchBook,⁸ illustrating the broader diversity available in the private realm.

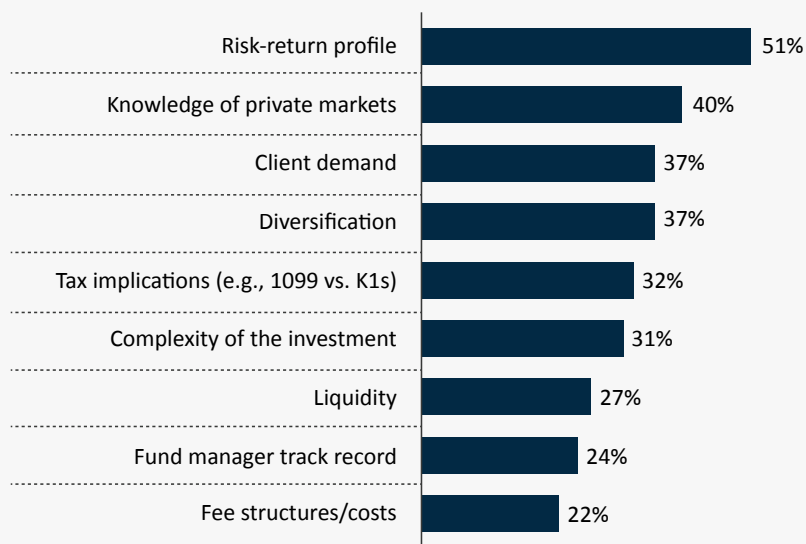
In addition, the median age for a company to go public was 10.7 years in 2024, up from 6.9 years a decade earlier, Morningstar data show.⁹ There are now more than 1,300 unicorns—private companies with a value higher than \$1 billion—valued collectively at about \$4.5 trillion, with around 60% of them in the US.¹⁰ As a result, more and more value is accruing to private markets investors.

Lower volatility is also a key consideration for wealthy individuals, says Roman Berri, Global Head of Fund Offerings at Julius Baer. “You don’t mark to market on a daily basis, and you don’t trade on a daily basis, which smoothes the overall portfolio volatility,” he says. “In addition, private markets offer access to different risk premia. This provides a more robust portfolio for clients as the universe of private companies is larger than listed companies.”

The risk-return profile of private markets is the top factor influencing advisors’ recommendations to clients, followed by the FA’s own knowledge of private markets and client demand.

Top Factors Influencing Private Market Recommendations

Which of the following are the top factors that most influence your decision when considering recommending private market investments to your clients?⁶



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Roman Berri

Global Head of Fund Offerings

Julius Baer

Mr. Beck from James Hambro says that private markets are expected to outperform public markets over the next decade, despite both potentially experiencing lower absolute returns. However, concerns about private equity’s ability to sustain excess performance have grown, particularly as funding costs rise.

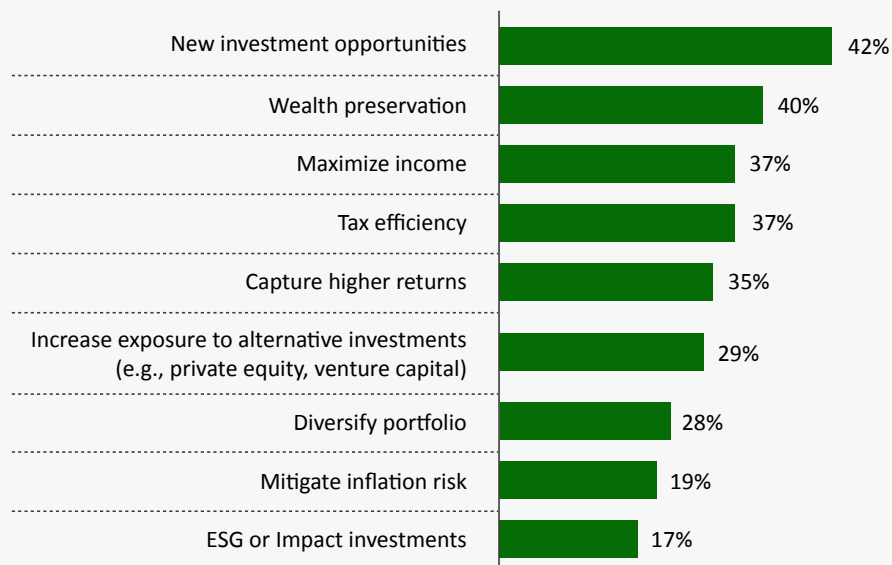
“We would highlight, however, that not all equities are the same,” he points out, noting that there are significant differences between small-cap, emerging markets, and US mega-cap stocks, just as there are between mega-cap buyouts, venture capital, mid-market buyouts, and growth investing.

“It’s about being aware of where you’re investing and how important the leverage piece is to the end return within that strata,” he adds.

Advisors report that top investment priorities for their clients are accessing new investment opportunities (42%), wealth preservation (40%), and maximizing income and tax efficiency (both at 37%). Among the choices offered, respondents said ESG considerations (17%) ranked the lowest among their clients’ priorities.

Advisors Prioritize Growth and Wealth Preservation

What are your clients’ top investment priorities for 2025?⁶



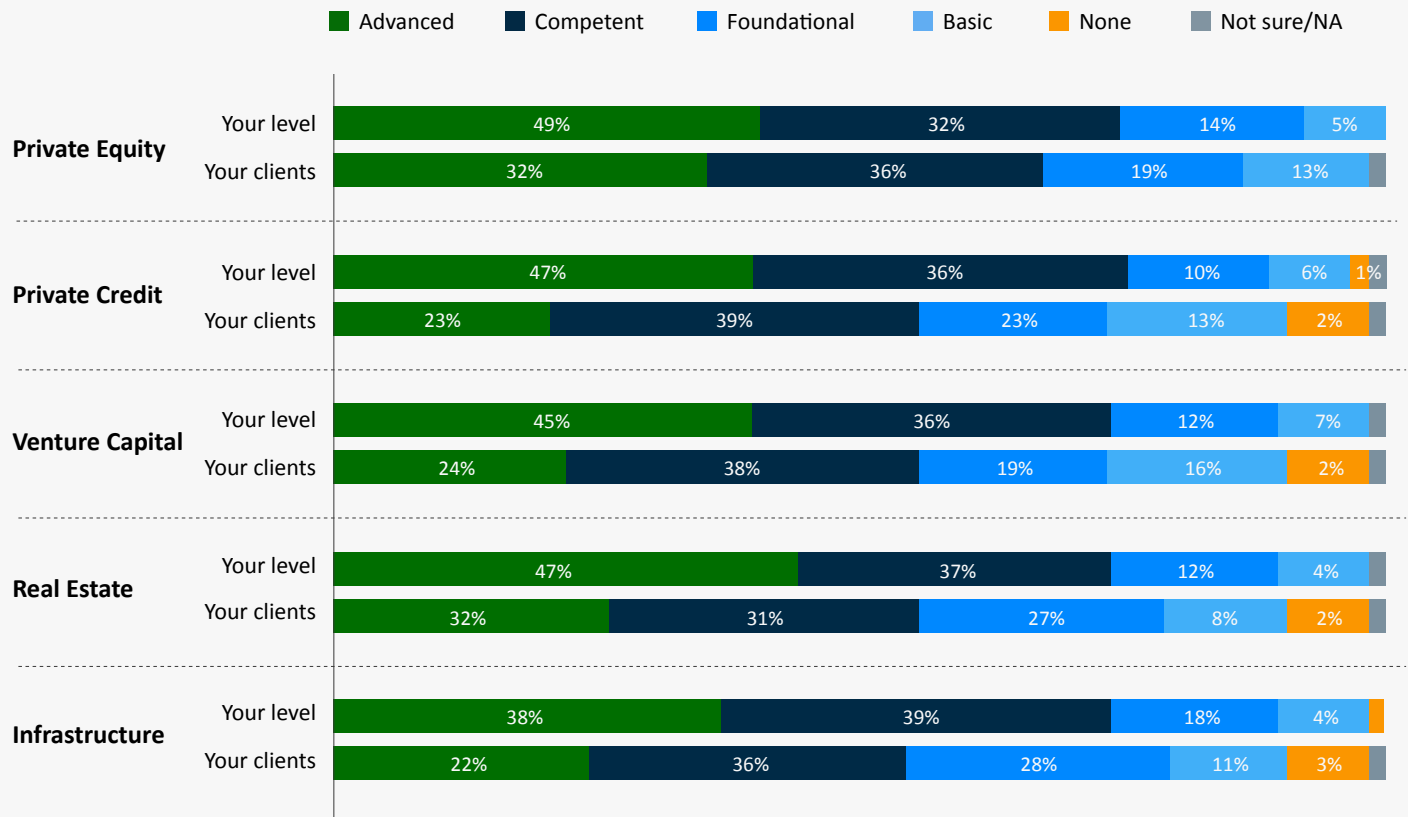
There are regional variations, with North America-based FAs saying their clients prioritize wealth preservation and tax efficiency, while FAs in Europe note that their clients put the most value on new investment opportunities. FAs based in Asia-Pacific said clients want private markets in their portfolios to maximize income and provide diversification.


For Mr. Beck, clear and accurate reporting — on returns, taxes, and fees — is a key priority for clients and advisors alike. “If we are not confident in an ability to keep a client report clean and accurate in terms of tax, fees and returns, then that risks undermining relationships, but also risks causing a regulatory challenge for us,” he says.

Respondents recognize that clients often rely on them for guidance about private markets because of limited knowledge of the asset class. Although 49% of advisors report “advanced expertise” in private equity, and 32% rate their knowledge as “competent”, client knowledge trails, with only 32% of FAs reporting that their clients have “advanced knowledge” and 36% demonstrating “competent understanding”. About a fifth of respondents said they have a foundational knowledge of private equity, underscoring the need for education.

Private Markets Knowledge Gaps Persist

How knowledgeable are you and your clients about the following types of private market investments?⁶





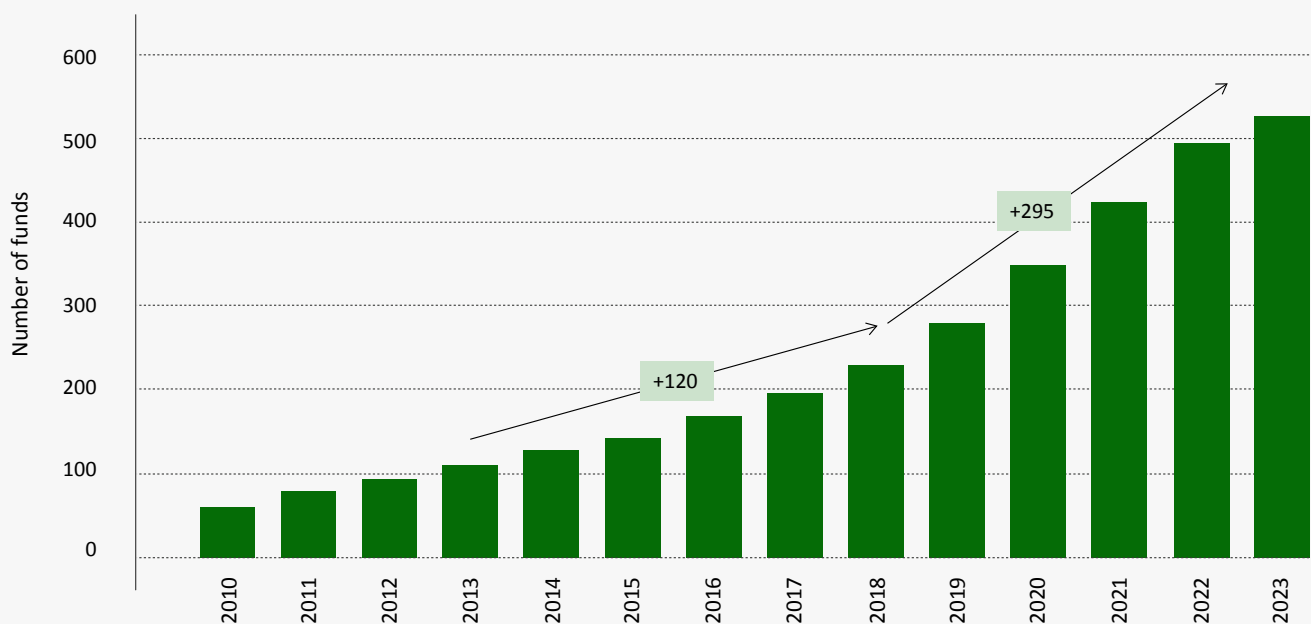
The Evergreen Advantage: Unlocking Liquidity and Growth

To meet rising demand from individual investors, private market managers are launching innovative investment vehicles, broadening their product offerings, and refining their fee and liquidity structures.

One major development over the past roughly 24 months has been the exponential rise of evergreen, or perpetual, vehicles. Evergreen funds typically provide periodic liquidity after an initial lock-up period and, as compared to traditional closed-end funds, eliminate capital calls and simplify taxes.

Evergreen Funds Grow Dramatically as Private Wealth Expands

Evergreen fund growth over time¹³



As the market broadens to encompass mass affluent and retail investors in addition to HNWIs, more evergreen structures are being launched. Firms such as Ardian, Ares, Blackstone, KKR, EQT, and Collier Capital have recently launched or plan to introduce evergreen vehicles.¹¹ Many of these vehicles have significant allocations to secondaries, due to their typically shorter durations that provide a differentiated cash flow profile, and their ability to record immediate, unrealized paper gains by purchasing assets at a discount to the estimated net asset value.¹² Over the five years through November 2024, the number of evergreen funds nearly doubled to 520, conservatively representing \$350 billion of net asset value at the end of 2023, according to Preqin.¹³

Lower investment minimums, immediate capital deployment, periodic liquidity, and simplified tax reporting are among the reasons a higher proportion of FA respondents favor evergreen funds (44%) over traditional closed-end funds (37%). The ability to deliver private market exposure to a broader segment of the FA's client base, increased diversification potential (54%), and simplified fee structures are also cited as benefits of evergreen funds.

Mr. Berri from Julius Baer expects evergreen funds' share of assets to grow substantially in coming years. "Operational efficiency is a key benefit. Investors are fully invested on day one and they have the flexibility to adjust their allocations over time," he says.

However, illiquidity remains a concern for many individual investors. Advisors view fund gating during periods of elevated withdrawals (59%) as the biggest drawback to evergreen funds. This is followed by lower return potential versus traditional closed-end vehicles (50%), and the need for client education (47%).

"While evergreen structures have a lot of advantages, including offering an alternative way to access a diversified portfolio of PE-backed companies, liquidity remains a key consideration," Mr. Berri says.

Before committing, individuals therefore need to fully appreciate how a fund of funds works, along with the vehicle's cash flow and distribution mechanisms, and portfolio construction. James Hambro's Mr. Beck adds that managers also need to understand the composition of their investor base when structuring evergreen offerings. "We feel that evergreen offerings should be invested with the same principles as closed-end funds, but with the ability to provide opportunities for timely redemptions," he says.

As this market develops, short-term investors in evergreen vehicles may begin chasing performance, leading to increased volatility in decision making and liquidity demands for GPs, Mr. Beck adds. "It comes back to making sure you partner with the right people, who are willing to grow in the right way," he says.

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James Beck
Partner, Head of Investments
James Hambro & Partners



Key Regions and Private Markets Sectors to Watch

North America is expected to provide the best private markets investment opportunities in 2025 for 31% of survey respondents. Europe was the preferred choice of 18% of FAs, followed by emerging Asia-Pacific and China, which were ranked top by 16% of advisors.

Over the past year, a number of managers have intensified efforts to capture the Asia-Pacific opportunity by establishing regional offices and expanding teams. The region is set to experience an inter-generational wealth transfer of approximately \$5.8 trillion between 2023 and 2030, according to McKinsey.¹⁴ This younger generation is more receptive to alternative assets, providing a fresh opportunity for GPs.

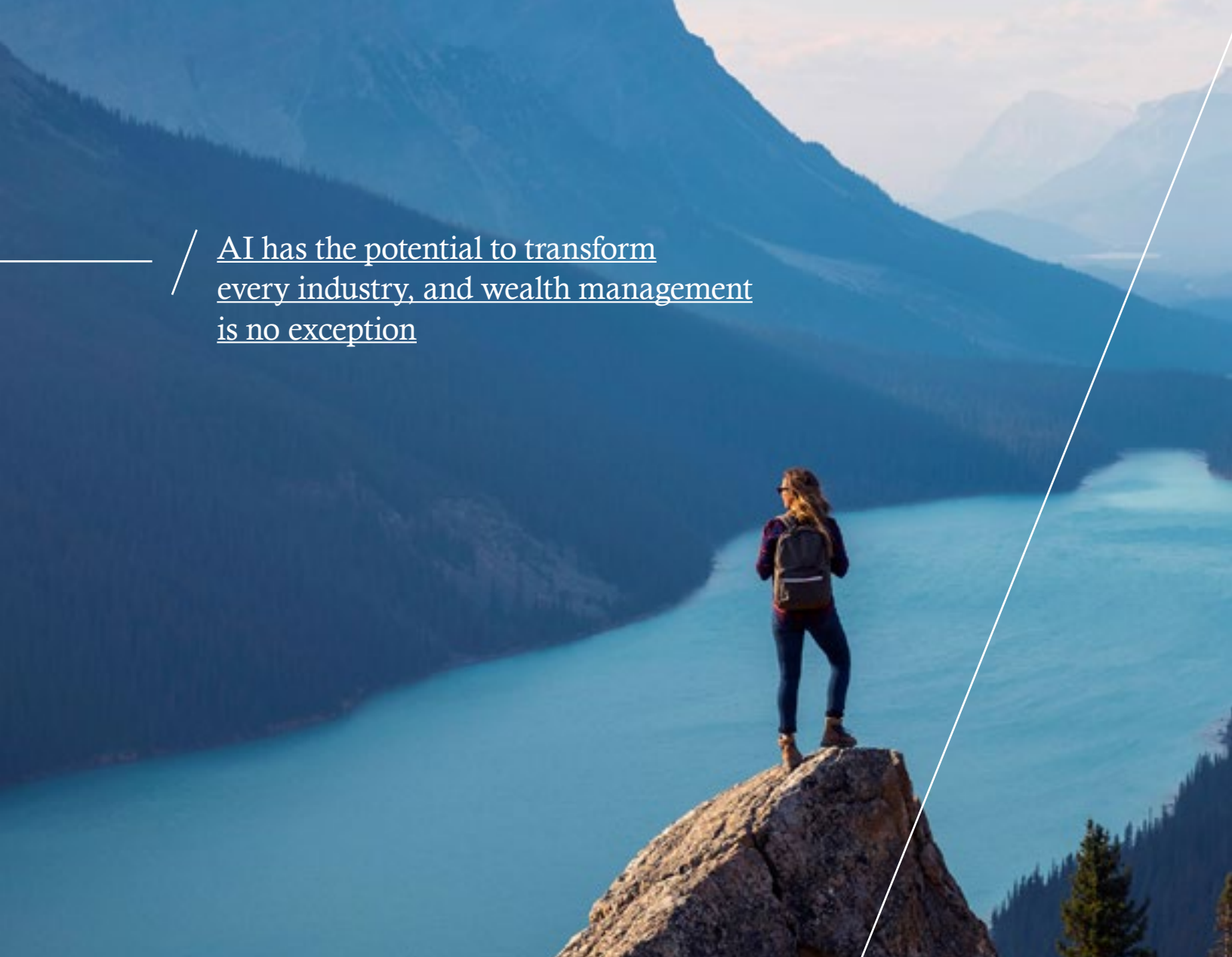
Julius Baer's Mr. Berri highlights how Asia has contributed to global growth in private banking and has increased interest in alternative investment solutions. "Many clients in the region show strong interest in open-end and evergreen products," he says. However, he cautions that Asia's rapid private wealth expansion over the past two decades comes with both opportunities and risks. "For us, the best recipe for stability is always a balanced approach, both on the asset and liability side—diversification and no overallocation in one sector or market," he says.

"For us, the best recipe for stability is always a balanced approach — diversification and no overallocation in one sector or market."

Roman Berri
Global Head of Fund Offerings
Julius Baer

Mr. Beck from James Hambro & Partners highlights his belief in Europe's mid-market buyout space as particularly attractive for HNWIs, potentially offering a compelling risk-return profile that could make it more appealing than venture capital or large-cap buyouts, especially for first-time investors. "Europe is less penetrated and valuations are cheaper, but has many of the similar attractions of the US market," he says. "We expect more growth in Europe in the coming years."

In terms of sector focus, our survey shows technology and tech services leading FA's sense of their investors' interest, followed by financial services, and energy and utilities.

A person with a backpack stands on a rocky peak, looking out over a vast, turquoise lake nestled between dark, forested mountains. The scene is captured in a cinematic style with soft lighting, suggesting dawn or dusk. A white diagonal line cuts across the right side of the image.

AI has the potential to transform every industry, and wealth management is no exception

AI's potential to fundamentally change the way we work and live has already captured the imagination of investors eager to capitalize on its transformative potential. Venture deal value reached \$209 billion across 15,260 deals in 2024,¹⁵ an encouraging 29% uptick over 2023, with venture-backed AI companies capturing 46.6% of the year's deal value.¹⁶ AI is accelerating innovation and driving significant investment across the technology stack, and we expect early-stage AI-native companies to continue to raise significant capital over the next 12 months and beyond.

AI has the potential to transform every industry, and wealth management is no exception. According to PwC, assets managed by algorithm-driven and AI-enabled digital platforms will reach almost \$6 trillion by 2027, nearly double the 2022 total.¹⁷ In addition to providing investible opportunities for their clients, advisors also foresee AI helping them to improve their risk management (52%), their ability to forecast market trends, and their operational efficiency (both 48%).



Advisors Hold the Key to Growing Private Markets Demand

Expansion in the private wealth market is creating a significant opportunity for private markets managers. As demand grows, FAs say that individual investors are increasingly drawn to the potential of private markets to generate returns that are less correlated to public market equivalents, that enhance diversification, and unlock long-term value. Regulatory changes¹⁸ and products such as open-ended evergreen funds are helping to enhance the appeal of private markets by simplifying tax reporting, providing flexible liquidity and redemption options, lowering investment minimums, and eliminating periodic capital calls.

Unlocking the full potential of the private wealth channel will require collaboration between advisors and investment managers to improve understanding of the asset classes available. FAs will play a pivotal role in this transformation by helping clients to understand how private markets align with long-term investment goals. Knowledge breeds confidence, and by providing expert guidance, advisors can empower investors as they seek to capitalize on the opportunities private markets offer.

About the Research

Over six weeks leading into 2025, Adams Street Partners surveyed more than 100 financial advisors for their views on a variety of topics that were a cause for optimism or concern. Participants included wealth managers located in the US, Europe, and APAC.

The findings of this research are shared across a variety of media to effectively highlight key conclusions on geopolitical risk, ESG trends, and the outlook for select strategies, sectors, and geographies. Included in the research are insights into what institutional investors and financial advisors report they are considering to best seize opportunities in the future.

Notes & Disclosures

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LEADING WITH FORESIGHT™

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