Asset Servicing Times



PRIVATE MARKETS ANNUAL 2027

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Editor's Foreword

As private markets continue to expand and attract a broader range of investors, the industry faces a new set of challenges. Growing demand for alternative assets, evolving liquidity requirements, and increasing operational complexity are placing greater pressure on the infrastructure supporting the sector.

In this Asset Servicing Times Private Markets Annual 2027, we hear from industry experts about the developments shaping the market and the opportunities and challenges facing asset managers and their service providers.

Lisa König of Clearstream examines how the next phase of private markets growth will depend on building the infrastructure needed to support distribution at scale, while Centralis Group's Aidan Foley discusses the importance of specialist expertise and operational capabilities as alternative investments become increasingly global and complex.

Elsewhere, Gen II Fund Services' Brian Bekiers explores the growing role of technology and artificial intelligence in private markets, highlighting the importance of integrating systems while maintaining human expertise.

Liquidity is also a key theme, with Belasko's Alex Di Santo examining the increasing focus on distributed to paid-in capital and the alternative solutions managers are adopting to return capital to investors.

Rounding off, we look at the growing institutionalisation of family offices and the operational challenges associated with managing increasingly diverse and complex portfolios.

These are just some of the issues explored in this year's annual. As private markets continue to evolve, the ability of the industry to adapt its technology, infrastructure, and operating models will be critical to supporting future growth. We hope this edition provides valuable insight into the challenges and opportunities ahead.

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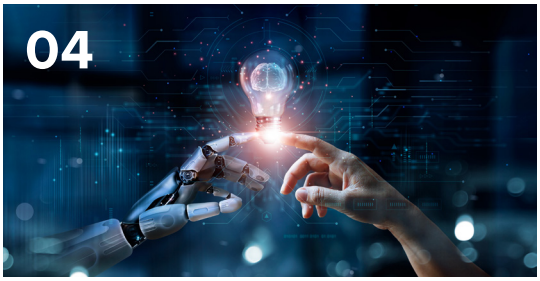
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As family offices move further into private markets and manage increasingly global portfolios, their investment strategies are beginning to resemble those of institutions. But can their operational infrastructure keep pace?



S&P Global expands AI-powered capabilities across private markets

S&P Global has expanded its AI-powered capabilities across its private markets ecosystem, including new iLEVEL enhancements.

iLEVEL is the firm's private markets platform for portfolio monitoring, valuations, reporting, and data management, which the firm notes is at the centre of the expansion.

The latest enhancements to iLEVEL build on AI capabilities embedded within the platform which helps automate data-intensive workflows and enables users to surface portfolio insights through natural language search, explains the firm.

Additionally, the firm says the expansion enables customers to securely connect their iLEVEL data and capabilities to third party AI tools, like Copilot and Claude, through iLEVEL's model context protocol (MCP) server while still maintaining existing access controls and permissions.



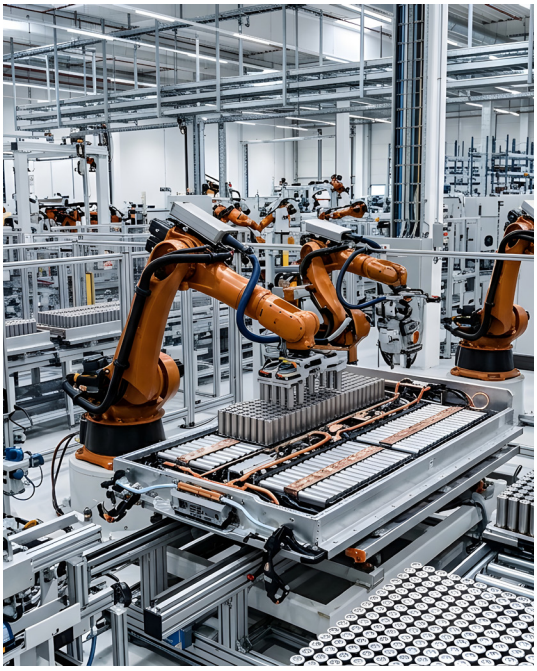
Ebury Institutional adds escrow and paying agent capabilities

Ebury Institutional, a treasury solution provider for institutions, has bolstered its services with the addition of escrow and paying agent capabilities to manage the flow of funds in high-value, complex transactions. The service allows Ebury Institutional to act as an independent intermediary, holding funds securely until all conditions of a deal are met, says the firm. These services are provided across a wide range of scenarios including M&A, litigation, liquidations, sports, real estate, maritime, and global trade.

Ebury Institutional's escrow and paying agent services provide two core capabilities; escrow accounts — independent safeguarding of funds under agreed contractual terms, with controlled release upon satisfaction of predefined conditions; paying agent services — distribution of funds to recipients across jurisdictions and currencies.

Ebury will handle the complexity of verification, holding funds, and executing payments.

Beyond escrow and paying agent, Ebury Institutional supports institutions operating across borders with foreign exchange risk management, transactional accounts, and cash management.



Canoe and Landytech partner to automate data delivery

Canoe Intelligence, an intelligence infrastructure firm, and Landytech, an AI-powered investment management platform, announce a data partnership focused on automating alternative investment data delivery for family offices.

The partnership brings Canoe's automated document collection and data extraction capabilities directly to Sesame, Landytech's reporting and system-of-record platform for family offices, trust companies, private banks, and asset managers, eliminating the need for manual data entry.

Private markets data is one of the most persistent operational drags on family offices, say the firms, and manual processes introduce delay, cost, and room for error where family offices can least afford it.

With the partnership, the firms explain mutual clients will gain automated data delivery, more reliable reporting, and a more complete portfolio view.



Versana and Allvue partner

Versana, an enterprise data and digital infrastructure company for broadly syndicated loans (BSL) and private credit markets, and Allvue Systems, a technology provider for private capital markets, have partnered. By connecting Versana's centralised digital data platform with Allvue's trade order management and investment accounting solutions, the firms aim to transform interoperability and scalability across the US$9 trillion BSL and private credit markets.

The firms say for the first time, mutual clients will benefit from straight-through processing using Versana's golden-source agent loan data fed directly into Allvue's investment accounting system resulting in streamlined workflows and reduced costs. Further, they explain that through the partnership mutual clients will receive the most up-to-date visibility into their net positions and risk from Allvue's Trade Order Management system delivering real-time executed trade data to Versana upon client direction.

According to the firms, the collaboration brings together real-time automation of position-impacting events across the post-loan transaction lifecycle and they aim to reduce the loan market's reliance on fragmented processes.



Quorim partners with AccessFintech

Quorim, a private credit infrastructure company launched by iAltA, and AccessFintech have partnered to bring together Quorim's expertise in private credit workflows and market structure with AccessFintech's data network, connectivity, and post-trade operating model.

Under the partnership, Quorim will build new technology directly on AccessFintech's network, pairing Quorim's private credit reach and loan market expertise with AccessFintech's data infrastructure and established base of partners.

The firms say the result is a more connected ecosystem that aims to improve the exchange of information, streamline workflows, and reduce the operational friction that has historically limited scalability across private credit markets.

Stephen Johnson, head of strategy at Quorim, says: "Most of the managers we work with aren't purely private credit. They're investing across liquid and private markets, and they need solutions that reflect that."



Clearstream and Brookfield partner to broaden private market access

Clearstream, Deutsche Börse Group's post-trade business, and Brookfield, a global alternative asset manager, have partnered to expand investor access into private markets.

The firms explain that through this collaboration, Brookfield's Luxembourg private market funds, including infrastructure, private credit, and private equity, will be accessible via Clearstream's fund distribution platform.

By integrating Brookfield's fund suite into Clearstream's distribution and order-routing infrastructure, fund distributors, private banks, and wealth managers can access alternative funds with the same standardisation, operational efficiency, and settlement traditionally associated with mutual funds, says the firms.

Commenting on the partnership, Moritz Dechow, head of distribution for Clearstream Fund Services, says: "Expanding our private markets network is central to our ambition to empower wealth managers and distributors with the tools they need to navigate investments."

Tata Newbery, managing director in the legal and regulatory group for Brookfield's Private Wealth group, adds: "Clearstream's established reach across global private banking and wealth channels, combined with its robust operational infrastructure, makes them an ideal partner."



CACEIS and Edmond de Rothschild form a partnership

CACEIS and Edmond de Rothschild have announced an asset servicing partnership which aims to deepen their cooperation in Luxembourg.

Since 2013, CACEIS has been performing a range of account-keeping, custody, and fund administration activities for Edmond de Rothschild in Luxembourg.

Under this new agreement, CACEIS will acquire the entirety of Edmond de Rothschild's third-party asset servicing business in Luxembourg and asset servicing activities for Edmond de Rothschild's Private Equity and Infrastructure funds.

This partnership enables both groups to co-design service offerings for the dedicated funds in the liquid and illiquid space.

Such offerings will combine Edmond de Rothschild's expertise in private banking and asset management with CACEIS's asset servicing capabilities.

Jean-Pierre Michalowski, CEO of the CACEIS group, says: "Building on the trust we have earned from Edmond de Rothschild since 2013, we are ready to deepen our commercial relationship and help drive consolidation in the European asset servicing market."

Gen II appoints Krastin

Gen II Fund Services welcomes Niel Krastin as director of Private Equity Funds, strengthening its local private equity capabilities as the business continues to expand in Guernsey.

Krastin brings 20 years of financial services and fund administration experience to the role, spanning across fund accounting, financial reporting, operations, and client service.

Krastin has held a series of senior fund administration and client service positions in the Guernsey jurisdiction, giving him significant local experience, says the firm.

Most recently, he acted as client relationship director, Funds at IQ-EQ, and prior to that he spent nearly four years with Apex Group in the Channel Islands Branch holding various senior positions.

Earlier in his career, he spent more than 12 years in asset management in South Africa with PSG Asset Management, more than eight of which was leading a fund accounting division.

Speaking on the appointment, Matt Beresford, country head, UK and Channel Islands at Gen II Fund Services, says: "Niel brings to Gen II a strong technical fund administration experience, senior client service expertise, and a deep understanding of the Guernsey market.

"We're happy to have Niel join Gen II and proud to be building our presence in Guernsey with experienced people on the ground in support of our clients."

Michael Johnson, chief commercial officer at Gen II Fund Services, adds: "Our value add to clients is having experienced people close to them in Guernsey, backed by everything Gen II can bring to the relationship."



Ocorian: North America poses greatest regulatory complexity

New research from Ocorian, a US and global asset services provider, found that — despite recent relaxation of rules in the US regarding climate and ESG disclosures — North America is regarded as posing the greatest regulatory complexity ahead of Europe. Ocorian's study surveyed private equity fund managers across US and Europe who collectively manage US$3.511 trillion in AUM.

The study also found that in key markets like the UK, Switzerland, Germany, Italy, Spain, Poland, Sweden, and Bulgaria, 77 per cent of those surveyed say regulatory considerations are "significant but manageable" factors in determining fund structures.

Regulatory fragmentation was identified by respondents as one of the most underestimated risks facing the market; nearly half believe it.

Ocorian's study found that more than half — 55 per cent — of fund managers polled believe North America currently poses the greatest regulatory complexity for their business, in comparison with 38 per cent who say Europe is more challenging.

Versana appoints Gallant as Chief Product Officer

Versana has announced that fintech leader Paul Gallant has joined the company as its chief product officer.

In this newly created role, Gallant will oversee Versana's suite of digital data offerings and development of new solutions for the US$9 trillion broadly syndicated loan (BSL) and private credit markets.

Gallant brings 25 years of experience leading product strategy and transformation across traditional and alternative asset classes.

Most recently, he served as chief product officer at Hazeltree. Previously, he was a managing director at BlackRock, SS&C Technologies, and J.P. Morgan, driving product innovation across global financial markets.

Gallant will report directly to founding CEO Cynthia Sachs. He will lead the company's multi-year product roadmap, working closely with the executive leadership, technology, and sales teams to drive revenue and further the digital transformation of the loan ecosystem.

Commenting on his appointment, Gallant says: "I'm honored to join Versana at this exciting moment of growth. Versana has built a first-of-its-kind centralised digital data platform that solves the loan market's most foundational challenges.

"I look forward to working with this incredible team to expand the company's products, deepen its value proposition for clients and create scalable solutions to modernise a multi-trillion-dollar asset class."

Sachs adds: "We're thrilled to welcome Paul to Versana. His deep experience in managing complex businesses within the alternatives space, with a keen focus on product and operational excellence, makes him an exceptional addition to our leadership team.

"As we grow to the next level, Paul's expertise will be instrumental in our ability to scale and create long-term value for our clients." ■

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Evolution



Private markets have a distribution problem, not a product problem

Lisa König, head of Clearstream Fund Services Strategy & Marketing, examines why the next phase of private market expansion will depend less on creating new investment vehicles and more on building the infrastructure required to distribute, service, and govern those investments at scale

Over the past decade, private markets have become significantly more accessible. Once reserved largely for institutional and ultra-high-net-worth investors, asset classes such as private equity, private debt, and infrastructure are increasingly available through vehicles designed for wealth investors.

Traditional operating models were designed for a relatively small number of institutional investors. Wealth distribution requires servicing thousands of investors through networks of advisers, distributors, platforms, and custodians. As a result, operational capabilities are becoming just as important as product design.

The industry must now solve scale

Structures including European Long-Term Investment Funds (ELTIFs), Long-Term Asset Funds (LTAFs), interval funds, tender-offer funds, and evergreen vehicles have lowered investment minimums, simplified subscription processes, and introduced periodic liquidity mechanisms. As a result, private markets are becoming a more established allocation within wealth portfolios across Europe, North America, and Asia. However, greater access brings greater complexity. As investor numbers grow, firms must manage onboarding, anti-money laundering (AML) and know your customer (KYC) checks, suitability assessments, reporting, valuations, liquidity events, and governance across a much broader investor base.

A major growth opportunity is emerging

The need for scalable infrastructure becomes clearer when viewed against expected market growth.

According to the Clearstream and Oliver Wyman white paper, global private-market assets under management are expected to increase from approximately US$18 trillion in 2025 to US$28 trillion by 2030. Assets distributed through wealth channels are projected to grow from around US$3 trillion to US$6 trillion over the same period.

This growth is being driven by structural changes in capital markets. Companies are remaining private for longer, meaning a larger share of economic

“Sustainable growth still depends on the ability to onboard, service, and govern investors efficiently”

value creation occurs outside public markets. Wealth managers increasingly view private assets as a source of diversification, long-term growth, and alternative returns for client portfolios.

Yet strong demand alone does not create scalability. The industry needs operational frameworks capable of supporting significantly higher volumes and greater complexity — a challenge that informed the research behind this white paper, and that sits at the heart of Clearstream’s focus on private-market distribution infrastructure.

Regulation opens the door

Regulatory reform has played a crucial role in expanding investor access to private markets. Frameworks such as ELTIF 2.0 have broadened eligible assets and improved the practicality of distributing private-market products through wealth channels. Similar developments can be seen with the UK’s LTAF regime and other emerging semi-liquid structures.

These initiatives reflect a broader objective: directing private capital toward long-term economic priorities such as infrastructure, digital transformation, and energy transition. However, regulation only creates the opportunity. Sustainable growth still depends on the ability to onboard, service, and govern investors efficiently. In many cases, operational infrastructure has not evolved as quickly as product innovation.

Product innovation does not eliminate complexity

Semi-liquid products represent one of the most important developments in private-market distribution. They offer lower entry barriers and periodic liquidity, making private assets more accessible to wealth investors. Their growth has been substantial and is expected to accelerate further over the coming decade.

Yet semi-liquid structures do not remove complexity. They simply change its nature. While they reduce challenges associated with capital calls and commitment management, they introduce new requirements around redemption requests, liquidity windows, valuation oversight, investor reporting, and governance controls.

Periodic liquidity should not be confused with full liquidity. Private assets remain inherently long-term investments, requiring careful operational management throughout the investment lifecycle.

Distribution infrastructure is becoming the real competitive battleground

As private markets scale through wealth channels, infrastructure is becoming a critical differentiator.

Many distribution platforms were originally built for public-market funds and daily dealing processes. Private-market products require additional capabilities, including investor eligibility checks, lock-up management, liquidity-event processing, investor-level reporting, and governance workflows.

The industry’s next priority is therefore not another fund wrapper. It is the creation of industrialised distribution rails built around standardised data models, digital onboarding, automated order routing, investor-level recordkeeping, liquidity-event processing, workflow automation, oversight and governance reporting, and interoperable APIs.

These capabilities may appear operational, but they will ultimately determine how efficiently private markets

can scale. Clearstream's integrated Private Markets offering — including Vestima Digital — is designed to address precisely these requirements, connecting asset managers, distributors, and investors through digital onboarding, automated workflows, and investor-level recordkeeping that transform fragmented processes into scalable distribution models.

The objective is not to make private markets behave like mutual funds. It is to make them operationally repeatable.

"The objective is not to make private markets behave like mutual funds. It is to make them operationally repeatable"

The role of the fund domicile

As private-market distribution expands, established fund centres will play an increasingly important role.

According to Clearstream data, Luxembourg accounts for approximately 62 per cent of client-preferred private-market fund assets by assets under management (AUM), reinforcing its position as a leading European domicile for cross-border fund distribution.

Yet the next phase of growth will require more than domicile expertise.

Success will increasingly depend on building and supporting the infrastructure required for efficient onboarding, investor transparency, automation, and servicing across multiple markets and jurisdictions.

As distribution requirements become more complex, operational capabilities will become as important as domicile attractiveness.

Redemption stress exposes the infrastructure gap

Recent periods of elevated redemption pressure in parts of the semi-liquid market have highlighted the importance of operational resilience.

Managing redemption requests requires accurate investor-level data, predefined workflows, governance frameworks, and effective communication processes.

Without these capabilities, liquidity events can quickly become operational, reputational, or regulatory challenges. Growth reveals efficiencies. Market stress reveals weaknesses.

As private markets continue to expand into wealth channels, firms will need infrastructure capable of supporting both rapid growth and periods of volatility.

Looking Ahead

Private markets are entering a new stage of maturity. The first phase focused on expanding access through product innovation. The next phase will focus on scaling distribution.

Demand remains strong, regulation is supportive and the growth opportunity is substantial. Yet success will increasingly depend on the industry's ability to industrialise distribution through standardised data, automated workflows, investor-level transparency, and strong governance.

The firms that succeed will not necessarily be those that create the next product innovation. They will be those that make private markets easier to distribute, service, and govern at scale.

As private markets continue to evolve, efficient distribution rails will be essential to unlocking their full potential. ■



The operating partner behind private markets' next chapter

Alternatives have become more global, more complex, and more operationally needed. Centralis Group's CEO Aidan Foley talks to Asset Servicing Times about how the firm is scaling — through capital markets expansion, a transatlantic platform, and disciplined investor-backed growth — while keeping its specialist, senior-led model intact

Ask any asset manager where their pain points lie; the answer is rarely front office. You will hear issues stemming from the back and middle — the servicing, the reporting, the governance — too much of the sector has failed to keep pace with clients. Managers are being served by providers assembled through a string of acquisitions that have not been properly integrated, as a result the client experience is served through legacy platforms that were never built for today's cross-border complexity, delivering a commoditised service that is not modern-day tech-enabled. Meanwhile, funds have adopted more complex global structures against an evolving regulatory landscape. What used to be a periodic administrative task is now a continuous, cross-border discipline — the risk is shared between the managers, and appointed providers. Oversight or cutting corners results in steep operational costs, elevated risks, and a sharp fall in investor confidence.

At Centralis, we have built a business on combatting these pressure points, providing asset managers and multinational corporates with their most complex, cross-border, outsourced corporate, fund, and debt capital markets services — managed by senior industry experts, delivered accurately and on time. This is a deliberately narrow promise. We are not trying to be the largest administrator in the market; we are trying to be the one clients trust with their most critical and challenging work.

A common observation we see time and time again — a global alternative asset manager deploys capital through a web of cross-border special-purpose vehicles (SPVs) — real cash flows, multiple parties, waterfalls, and paydowns that must be right every time, across each currency. Forming the vehicles was the easy part and, frankly, a commodity. The value, and the risk, sat in administering the money moving through the structure accurately and reporting it cleanly to the manager and its investors.

This is our sweet spot, and precisely the work of a commoditised, legacy-platform model tends to underserve. It is a small example of a larger point: we treat complexity as our core competence, not as an exception to be priced away.

Growing intelligently, not swiftly

The more challenging operating environment raises the bar on the quality of growth. Our approach is disciplined: we expand where there is durable client demand, and where we can add genuine capability, jurisdictional strength, or access to higher-growth markets. Acquisitions must earn their place, and each new service line should follow the same discipline.

Two of those service lines illustrate the point — and both sit within a deliberate capital markets push that is complementary to an established fund services franchise across governance, risk and compliance (GRC), fund administration, and fund-linked SPVs. The logic is straightforward: the substance, structuring, and governance muscle we already apply for asset managers can be extended to more asset classes, without diluting the services providers exceed in.

Loan agency

Expert-led and tech-enabled from day one

Private credit continues to grow rapidly, and with it the demand for independent, conflict-free facility agents, and security trustee services. Increasingly, lenders and sponsors want an independent, non-bank agent they can trust with the cash and the controls — these are appointments driven by the law firms and arrangers structuring the deals. We have launched a dedicated loan agency capability to meet that demand — and we have done it in a way that reflects how we think a new service line should be built.

We start with two differentiators most new entrants struggle to claim together.

First, expertise: the offering is led by Joe Ellis-Grewal, CFA, based in our Central London office, an experienced key figure across the UK loan agency and administration market with a strong record across credit products.

Second, technology: we are launching as fully tech-enabled from day one with the utilisation of a market leading, modern, cloud-based loan servicing platform, rather than the legacy outdated systems many incumbents are still trying to escape. Most newcomers have people or technology. We have chosen to launch with both.

Aviation finance

A clear expansion signal

Aviation finance is our second capital markets expansion, and a firm signal of intent rather than a tentative toe in the water. The logic is the same. Ireland sits at the centre of global aircraft leasing and a fast-growing aviation asset-backed securities (ABS) market, Centralis already has both the Irish base and a long-standing strength in the SPV services that lessors, airlines, banks, and asset managers rely on. Building a dedicated aviation finance capability is a natural, complementary extension of the same platform — entered, as with loan agency, led by specialists with the operational discipline our clients expect.

An independent partner to the advisory community

How we work matters as much as what we do, we operate as an independent partner to the legal and advisory community, not a competitor.

Law firms, fund counsel, and arrangers structure and advise; we administer, report, and govern once the structure is live. Clients are comfortable putting us in front of their boards and their investors because we are not trying to own the end-relationship — the adviser who introduces us has reassurance that they own the relationship. This independence should be viewed as paramount and commercially valuable to everyone in the chain. It is why a growing share of our most crucial mandates come through people who already know our work. Counsel and intermediaries who trust us with the operational delivery are free to focus on advising and structuring. In a market rightly sensitive to conflicts, being the safe, independent pair of hands is not a soft attribute. It is a hard differentiator we see overlooked by the need for commercial gain.

A transatlantic platform for global managers

The most visible expression of our strategy is our acquisition of PINE Advisor Solutions, the US fund governance, compliance, and distribution business headquartered in Denver.

PINE gives Centralis an immediate and credible US front end — an established, trusted presence with direct access to fund boards, and advisers across high growth segments: registered funds, evergreen and interval structures, active ETFs, and outsourced private-fund chief financial officer (CFO) services. PINE Distributors, which is an affiliated broker dealer, recently surpassed US$45 billion in assets under distribution, a marker of the scale and trust built.

Strategically, PINE creates two connected 'power alleys'. In Europe, Centralis provides substance-and-complexity structuring through SPV services and fund governance, risk, and compliance (GRC). In the US, PINE provides fund governance and regulatory services. Together they form a single, multi-jurisdictional platform for alternative managers who need consistent governance, operational discipline, and regulatory support across both sides of the Atlantic from a single partner.

As part of our long-term strategy — this is a widening of our existing GRC lane, not a new strategic tangent. It extends the GRC footprint we have built in the UK and Cayman into the US, and it is highly complementary to our UK GRC business.

It is a natural next step in a deliberate transatlantic build — and clients will continue to work with the teams they know and trust, now backed by the scale and reach of an international platform.

A platform with long-term backing

None of this happens without the support of conviction and capital. Our majority shareholder, HGGC, backed Centralis because it saw a strong specialist business with genuine client trust, sector relevance, and clear expansion plans.

Their investment represents a long-term ownership stake, not a short-term capital deployment.

The relationship is built on a simple division of roles. HGGC backs the long-term strategy and helps us invest in the systems, people, and service quality that sustained growth demands.

Management remains the voice of the business and the custodian of the client relationships.

The PINE acquisition is the clearest proof of that model working in practice: capability-additive, disciplined M&A into a higher-growth market, executed by the management team and, supported by our investor.

What lies ahead

My conviction is that the winners in fund and corporate services over the next decade will not be the largest processors. They will be the integrated, cross-border, governance-led specialists who can operate wherever their clients invest and treat complexity as their core competence rather than an exception to be priced away.

Equally, we are not trying to be everything to everyone. We would rather specialise where we have a right to win and excel, than spread ourselves too thinly across services we cannot lead. Every expansion we make — loan agency, aviation finance, the US platform — is chosen on that test: a market where our expertise, our clients and our capabilities give us collateral to compete, and win.

The foundations and future of any reputable service provider should follow: complete, bespoke expertise across corporate, fund, and debt capital markets services for asset managers and multinational corporates, delivered by senior people who own the outcome.

As alternatives and the capital markets that serve them enter their next phase — more global, more complex, more demanding — our ambition is to be the operating partner behind it. ■

Insight

When compliance becomes a moving target

As sanctions regimes proliferate, private markets expand, and regulatory expectations evolve, financial crime compliance has become one of the most operationally demanding functions across asset servicing. Zarah Choudhary explores how firms are navigating a new era of financial crime risk



Financial crime compliance has always been a moving target. Criminals evolve their methods, regulators tighten their expectations, and financial institutions adapt accordingly.

Over the past five years, however, the pace of change has accelerated dramatically.

The convergence of geopolitical conflict, increasingly sophisticated financial crime, rapid technological innovation, and expanding private markets has fundamentally altered the operating environment for asset servicers. Anti-money laundering (AML) programmes, once centred on customer onboarding and transaction monitoring, are now expected to identify complex ownership structures, monitor rapidly evolving sanctions regimes, verify the source of wealth behind investments, and guard against increasingly sophisticated AI-enabled fraud.

The scale of this transformation is reflected in the numbers. According to LSEG's Global Sanctions Index, the number of global sanctions has increased by more than 440 per cent since 2017, driven largely by geopolitical tensions including the Russia-Ukraine conflict and wider developments involving Iran, Belarus, China, and the Middle East.

For firms facilitating trillions of pounds in cross-border assets, financial crime compliance has become far more than a regulatory obligation. It now sits at the intersection of geopolitics, data governance, technology, and operational resilience.

As Sean Vickers, managing director and global head of client lifecycle management (CLM) at Delta Capita, explains, firms have experienced "a significant increase in both regulatory scrutiny and complexity" in recent years.

"Sanctions have evolved from being a relatively static compliance obligation to a rapidly changing geopolitical risk management challenge, driven by events such as the Russia-Ukraine conflict, heightened US-China tensions, and the expansion of global sanctions frameworks," he explains.

"The biggest challenge is maintaining a holistic view of risk across increasingly complex investor, intermediary, and fund structures while controlling operational cost and client friction."

Sanctions become a geopolitical instrument

Although sanctions have long formed part of financial crime compliance frameworks, their role has changed significantly over the last decade. Rather than functioning primarily as tools against terrorism or organised crime, sanctions have become central instruments of international diplomacy, evolving rapidly in response to geopolitical events.

Successive rounds of restrictions introduced following Russia's invasion of Ukraine demonstrated how quickly governments can impose measures targeting individuals, financial institutions, sovereign assets, and entire sectors of an economy. At the same time, export controls and technology restrictions have expanded alongside more traditional financial sanctions, creating a regulatory environment that is increasingly dynamic and politically driven.

Jamie Rogers, partner at Hogan Lovells, believes this represents a fundamental shift.

"The sanctions landscape has changed dramatically over the last five years," he says.

"Sanctions have moved from static to dynamic and continuously evolving regimes as legislators establish sanctions restrictions and then legislate to prevent circumvention."

Rather than focusing solely on designated individuals and organisations, regulators are increasingly targeting attempts to evade sanctions through intermediary jurisdictions, layered ownership structures, and indirect trading relationships.

"The extraterritorial reach of sanctions has become increasingly important. Legislators are seeking to prevent sanctioned persons from accessing international markets indirectly through third countries or complex ownership arrangements," Rogers adds.

For internationally-active asset servicers, this creates significant operational challenges. Compliance teams must not only identify clients and counterparties but also understand where capital originates, who ultimately controls investment vehicles, and whether changing geopolitical developments have altered the risk profile of an existing relationship.

Robin Cotterill, chief compliance officer at Carne Group, notes sanctions have become one of the fastest-moving areas of financial crime compliance.

He says that sanctions lists now contain almost 80,000 sanctioned individuals, entities, and organisations globally, while the overall number of sanctions has risen sharply over the last decade.

"The direction of travel is clear," he informs. "Notwithstanding year-on-year fluctuations, the stock of sanctioned individuals, entities and organisations has expanded substantially, increasing the screening burden for firms operating cross-border."

With sanctions programmes frequently updated in response to geopolitical developments, firms are increasingly required to reassess risks in real time rather than relying on static compliance frameworks.

As Cotterill puts it, the industry is moving "from a world of consensus and correlation to one of navigation" — a shift that demands greater agility as well as a deeper understanding of increasingly interconnected global risks.

Can the AMLA deliver consistency?

While sanctions regimes continue to evolve globally, Europe is pursuing a different objective: harmonisation.

The creation of the Anti-Money Laundering Authority (AMLA) marks the most significant overhaul of the EU's financial crime framework in decades.

Alongside the new Anti-Money Laundering Regulation (AMLR), the AMLA is intended to reduce regulatory fragmentation through a single rulebook, harmonised supervisory standards, and closer coordination between national supervisors and Financial Intelligence Units (FIUs). For firms operating across multiple European markets, the long-term ambition is clear: greater consistency, clearer supervisory expectations, and fewer differences in how AML rules are applied.

Vickers describes the AMLA as “the most significant reform of the European AML framework in decades”.

“Its objective is to reduce regulatory fragmentation through a single rulebook, harmonised supervisory standards, and greater coordination across member states,” he says.

“In the longer term, firms should benefit from greater consistency and predictability across Europe.”

However, harmonisation will not necessarily simplify compliance overnight. During implementation, firms will need to review governance frameworks, customer due diligence procedures, risk assessment methodologies, and reporting arrangements to ensure they align with the new regime, while continuing to meet requirements in jurisdictions outside the EU.

Claire Lipworth, partner at Hogan Lovells, believes the AMLA should improve consistency for firms operating across multiple member states, but notes that organisations will still need to balance EU-wide expectations with national requirements and wider international obligations.

Cotterill agrees that the long-term direction is positive but warns the transition could initially increase operational complexity.

“The development of a common rulebook has been designed to harmonise and simplify AML regulation,” she explains, “but firms may find they are facing another layer of supervision alongside existing national competent authorities rather than a straightforward replacement.”

While Europe is working towards harmonisation internally, firms with global operations must continue navigating increasingly divergent regulatory expectations elsewhere — a balancing act likely to define compliance strategies for years to come.

Looking beyond the customer

If sanctions have reshaped the external risk landscape, the rapid expansion of private markets has transformed how firms assess risks within their own client base.

Private equity, private credit, infrastructure, and real estate continue to attract significant investment, but they also introduce increasingly complex ownership structures involving trusts, holding companies, special purpose vehicles (SPVs), and multiple cross-border entities. For compliance teams, identifying the legal owner of an asset is no longer enough. Regulators increasingly expect firms to identify the ultimate beneficial owner (UBO), understand who exercises control, verify the source of wealth and funds, and continuously reassess those risks as ownership structures evolve.

Sean Vickers believes private markets have significantly increased the depth of due diligence required.

“Unlike many public market investments, private assets often involve layered legal structures, trusts, holding companies and cross-border ownership arrangements that require significantly deeper investigation,” he says.

As a result, firms are moving away from treating onboarding as a one-off exercise towards maintaining a continuous understanding of ownership and risk throughout the client lifecycle.

Claire Lipworth says this reflects a broader shift in regulatory expectations.“KYC remains foundational,” she notes, “but it is no longer sufficient on its own.”

“As private markets expand, increasingly complex fund structures, and layered ownership chains are placing greater pressure on firms to understand not just

their direct clients but the full spectrum of underlying investors and assets."

This has also accelerated interest in Know Your Asset (KYA), which complements traditional Know Your Customer (KYC) processes by examining the asset itself, its ownership history, and any associated financial crime risks alongside the customer.

Robin Cotterill says the growth of private markets is placing increasing pressure on compliance functions.

"AML teams are being asked to do ever more complex work to ensure that new private asset transactions are cleared from an AML point of view, often without the requisite increase in resources," he explains.

For asset servicers, the challenge is balancing increasingly detailed due diligence with clients' expectations for faster onboarding and seamless service. As private markets continue to expand, maintaining that balance is likely to become one of the defining operational challenges facing compliance teams.

Technology meets human judgement

As financial crime obligations continue to grow in both volume and complexity, technology has become indispensable.

AI and automation are increasingly being used across sanctions screening, transaction monitoring, customer due diligence, and adverse media searches, helping firms process vast amounts of information more efficiently while reducing false positives and allowing investigators to focus on genuinely higher-risk cases.

Yet contributors consistently stress that technology should enhance — not replace — human expertise.

Adam McLaughlin, director of financial crime product at Fenergo, believes firms are moving beyond simply monitoring transactions to understanding customer behaviour over time.

"What that means is not just simply detecting sanctions breaches," he informs, "but demonstrating that firms can identify behaviour that is genuinely abnormal or suspicious."

Analysing behavioural patterns can reveal risks that traditional rules-based monitoring may overlook, from unusual transaction activity to indirect links with sanctioned entities. AI enables firms to process these increasingly complex datasets at scale, but McLaughlin argues that human judgement remains central.

"AI can detect those signs rapidly," he says, "but it can't make the final judgement. That still requires human expertise."

Steve Hyland, strategic adviser at Complia, agrees that AI's greatest value lies in supporting experienced investigators rather than replacing them.

"It can cover millions and millions of transactions," he says. "People can't do that. It's not manually possible."

By automating repetitive screening tasks, compliance teams are able to spend more time investigating genuinely complex cases where context and professional judgement are essential.

However, the same technologies are also being adopted by criminals.

Silvija Krupena, director of the Financial Intelligence Unit at RedCompass Labs, warns that AI is enabling increasingly sophisticated forms of financial crime.

"Deepfake video and cloned voices now defeat identity verification. Synthetic identities pass onboarding checks. AI-generated scripts allow a single operator to run multiple social engineering campaigns simultaneously," she says.

Rather than viewing AML, sanctions, fraud, and cybercrime as separate disciplines, Krupena believes firms must recognise what she describes as "convergence crime".

"The same jurisdictions, the same layering techniques, and the same intermediary chains appear across every crime type," she explains.

As both financial institutions and criminals embrace AI, firms will increasingly need to combine technological capability with experienced human oversight to remain effective.

The foundations of effective compliance

While AI continues to attract investment, contributors consistently point to a more fundamental challenge: data. Incomplete customer records, fragmented ownership information, and inconsistent internal systems can undermine sanctions screening, customer due diligence, and transaction monitoring regardless of how sophisticated the underlying technology may be.

As a result, regulators are placing increasing emphasis not only on controls themselves, but on firms' ability to demonstrate how decisions are made, how risks are assessed and how governance frameworks operate in practice.

Krupena believes improving data quality should be the industry's starting point.

"Every financial crime control depends on it," she adds. "If customer data is fragmented, inconsistent or poorly standardised, then every model, every alert, and every investigation built on top of it is compromised."

For Vickers, the organisations best placed to respond will be those that integrate policy, process, technology, and data into a single financial crime framework capable of adapting as regulatory expectations evolve.

Ultimately, financial crime compliance is no longer simply about satisfying regulatory requirements. Increasingly, it underpins firms' ability to respond to geopolitical change, identify emerging risks and maintain operational resilience across the investment lifecycle.

From obligation to operational capability

Although initiatives such as the AMLA promise greater consistency across Europe, the broader direction of travel remains one of increasing complexity. Sanctions will continue to evolve alongside geopolitical developments. Private markets will become larger and more interconnected.

Criminals will increasingly exploit emerging technologies, while regulators continue demanding greater transparency around ownership, governance, and operational effectiveness.

For asset servicers, compliance can no longer be viewed as a standalone regulatory function.

It is becoming embedded across onboarding, custody, fund administration, transfer agency, payments, and client lifecycle management.

Meeting tomorrow's expectations will require more than keeping pace with new regulations.

Firms must combine robust governance with high-quality data, invest in technology without becoming dependent on it, and recognise that automation and human expertise are complementary rather than competing capabilities.

As Cotterill observes, organisations must first understand the jurisdictions in which they operate before determining the controls they require.

In an increasingly interconnected financial system, understanding where risk begins — and where responsibility ends — is becoming progressively more difficult.

Financial crime compliance has evolved beyond a regulatory obligation.

For asset servicers, it is becoming a core operational capability — one that increasingly underpins trust, resilience, and confidence across global investment markets. ■



Private markets turn to technology to drive operational scale

Brian Bekiers, head of US client service at Gen II Fund Services, speaks to Zarah Choudhary about the growing role of technology in private markets, the challenge of connecting increasingly complex operating environments, and why AI will not remove the need for human expertise

Can you tell us a little about your role at Gen II and your background in the industry?

I am head of client service for Gen II in the US, with responsibility across fund accounting and operations. I have spent 23 years in fund administration, working across a range of alternative investment products.

That has included hedge funds, private equity, private credit, and fund-of-funds structures, as well as a number of the retail-oriented structures that are attracting increased attention in the market today.

How are you seeing the role of technology change within private market operations, and what does that mean for managers as their businesses grow?

Technology has always been extraordinarily important in private markets, but the pace of change has accelerated significantly with artificial intelligence.

I think AI has really been the catalyst for much of the current excitement around technology.

Fund administration and private asset operations have always depended on three principal elements: people, process, and technology. That has not changed. What has changed is the pace at which the technology component is developing.

When I think about the problems that managers and third-party administrators are trying to solve, there are essentially two areas.

The first is the operational process — what I would describe as everything below the glass. The second is the client or investor experience above the glass.

Above the glass, the question is how you improve the general partners (GP) and limited partners (LP) experience. Below the glass, it is about making operational processes more straight-through, scalable, and frictionless, while increasing the speed at which data can be delivered.

That is where a lot of the focus on integration comes into play. As businesses grow and become more complex, the ability to connect systems and move information efficiently between them becomes increasingly important.

When you speak to managers about operational efficiency, where do you see the biggest gaps today, particularly around systems, data, and processes?

Larger private asset managers and larger fund administrators typically operate more systems because they have more product verticals, a wider range of services, and more complex operating requirements.

When firms go into the market to select technology, they are generally looking for best-of-breed systems. It is very rare to find one system that can do everything a complex manager or fund administrator requires. Inevitably, that means firms end up operating multiple systems that need to communicate with one another.

System integration therefore sits at the centre of scale and efficiency.

I tend to think of these different systems as calculators built to perform different functions. The real benefit comes from connecting those calculators so they can use and exchange the same underlying data. That is where you begin to create meaningful operational uplift and scalability. It is not necessarily about replacing every existing system with one platform; it is about making sure the different components of the operating environment work together effectively.

That is the principle behind our own platform, Transacct. We built it API-first and cloud-native, so those pieces connect naturally rather than being stitched together after the fact. It goes further than the plumbing too. The fields and calculations underneath it are purpose-built for private equity, not general accounting logic stretched to cover a waterfall or a capital call. That distinction matters more as a manager's structures get more complex.

"AI can make the process faster and provide another layer of analysis, but someone still needs to understand the underlying fund structure and determine whether the output makes sense"

Investor expectations around data and reporting continue to increase. How are managers adapting their operating models to meet those expectations while maintaining data quality and consistency?

Data is at the centre of that discussion. GPs are asking for more data and LPs are looking for greater transparency. Investors increasingly want to look beyond capital account statements and financial reporting and get further under the hood of their investments.

They want access to much more granular information, and in many cases they also have increasingly sophisticated internal data models.

They may want to take information from their managers or administrators and apply their own analytics, AI tools, or internal data strategies to it.

For an administrator, that means we need to be both efficient and flexible in the way we provide information to clients.

At Gen II, for example, we service around 500 GPs and more than 250,000 LPs in total across those relationships. That figure does not represent 250,000 unique investors, as the same investor may participate across multiple funds or structures.

Those clients and LPs are not all going to have the same technical requirements or capabilities. The best way to service that range of users is therefore to provide granular, well-structured data, and make it available through channels that suit the recipient. That could include Snowflake, API connections, or more traditional file-based delivery, depending on the technical capabilities of the organisation receiving the data.

The underlying challenge is to make sure that flexibility does not come at the expense of consistency or quality.

There has been considerable discussion around AI in private markets. Where can it have the most meaningful impact on fund operations and investor servicing, and where does human oversight remain essential?

Throughout my 23 years in the industry, there have been continual incremental advances in technology. I have always viewed those advances as additions to the toolkit. They give people more powerful tools to perform tasks more efficiently.

That is how I look at AI. It is another advancement that should allow us to process information more efficiently, improve the accuracy of the datasets we produce, and build better surveillance capabilities around that data.

For example, AI can help monitor information and identify potential quality issues before bringing those issues to the attention of accounting and operations teams. In fact, at Gen II we've built a tool called Verifii™ that runs more than sixty automated checks against a financial statement, once during production and again at sign-off, and flags anything that looks off before it reaches a client.

Our accounting and operations teams then interrogate those flags, explain them to clients where necessary, and determine whether the data needs to be amended.

However, in the alternatives market, human oversight and human interaction with both the data and the client remain critical.

The complexity and importance of the deliverables being provided to GPs and investors still require people to review and understand the information being produced. The information is simply too important to rely on an AI tool to make every determination independently.

A good example is carried interest. We regularly see two fund documents containing very similar language around how carried interest should be calculated, but those provisions can still result in different interpretations of how the carry model should be constructed.

You could put that language into an AI model and receive an answer, but there remains room for interpretation. That is where subject-matter expertise and human judgement become extremely important.

AI can make the process faster and provide another layer of analysis, but someone still needs to understand the underlying fund structure and determine whether the output makes sense.

As technology automates more operational tasks, what skills and expertise will private markets firms need from their operations teams?

One issue I spend a lot of time thinking about is training.

The most effective way of learning many operational processes has traditionally been repetition. When you perform tasks manually, you get those repetitions, and begin to understand what is happening beneath the surface. Once you understand how a process works and how a model is constructed, it becomes much easier to explain the output and identify when something does not look right.

As technology reduces the number of manual repetitions people are getting, the responsibility falls increasingly on leaders to make sure employees are still developing that underlying understanding.

We therefore need to become smarter about how we train people and how training is incorporated into their everyday work.

"The objective should be to make sure that, even as operations become more automated, people continue to understand how the underlying processes, calculations, and deliverables actually work"

It cannot simply be a two-day or two-week training programme at the beginning of someone's role.

We should be thinking about how technology itself can support continuous learning.

For example, once somebody reviews an automated task, the system could prompt them with a series of questions designed to test whether they understand what has happened and why. AI could therefore be used not only to automate the task, but also to help train the employee reviewing it.

The objective should be to make sure that, even as operations become more automated, people continue to understand how the underlying processes, calculations, and deliverables actually work.

Smaller and mid-sized managers may not have the resources to build sophisticated technology infrastructure themselves. What role can fund administrators and other service providers play in helping them scale?

There is a broad service-provider market supporting managers of different sizes, and administrators have an important role to play as an extension of a manager's own team.

"Through our transformation office, we initially gave selected, technology-forward users access to AI tools, including Anthropic's technology, and allowed them to explore where those tools could improve their day-to-day work"

That can mean supplementing the manager's accounting expertise, technology capabilities, or broader operational infrastructure depending on where additional support is required.

For a smaller organisation, one of the biggest challenges can be funding technology investment and sustaining that investment over time.

How is Gen II approaching the implementation of AI within its own operations?

We have taken a measured and controlled approach.

One of the challenges for any large organisation implementing new technology is maintaining agility.

Through our transformation office, we initially gave selected, technology-forward users access to AI tools, including Anthropic's technology, and allowed them to explore where those tools could improve their day-to-day work.

There was focused training because part of the objective was to understand what employees themselves could build and which operational problems they would choose to address.

Within a few months, that gave us a much clearer picture of the capabilities of AI, where it could create value, and the types of problems it could realistically solve.

One concern I have with some approaches to innovation is that firms establish separate technology or innovation labs and effectively remove the technology from the people performing the underlying work. You then risk losing some of the practical value because the people building the solutions are not necessarily the people encountering those operational problems every day.

Once we better understood what AI could offer, we created what we call the Nexus.

The Nexus is effectively a microcosm of Gen II's wider accounting and operations organisation. It is a team of around 15 people containing accountants, operations professionals, treasury specialists, subject-matter experts, and training professionals.

Its purpose is to take the operational issues being raised by employees and use AI to solve them tactically and quickly.

What we did not want was individual employees building their own tools independently in silos. That creates a decentralised and difficult-to-control environment. You could almost think of it as Excel on steroids — everyone building their own solution without sufficient governance around how those tools are being used.

Instead, employees can raise an issue, the team can categorise the problem, and develop a solution, sometimes within a week. We can then determine whether that solution should be institutionalised and deployed more broadly across the organisation, with the appropriate risk oversight and controls.

Ultimately, the underlying AI and technology tools are increasingly accessible to everybody in the market. The differentiating factor is therefore not simply which technology you purchase. It is how effectively you implement it, how quickly you can execute, how you govern its use, and how you ultimately translate it into a better service for clients. ■



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Generating DPI

Why cash returns have become private equity's defining currency

Alex Di Santo, group head of Institutional at Belasko, shares his perspective on the Distributed to Paid-In Capital challenge and the liquidity solutions reshaping private markets

For many years, private equity performance was largely judged by a combination of internal rate of return (IRR), total value to paid-in capital (TVPI), and portfolio growth. Strong valuation increases, supportive debt markets, and a healthy mergers and acquisitions environment allowed managers to demonstrate value creation even in situations when assets remained unrealised.

Today, however, the conversation across private markets has rapidly shifted. Investors are increasingly focused on one metric above all others: distributed to paid-in capital (DPI). The reason for this is straightforward. After several years of subdued exit activity, constrained initial public offering (IPO) markets, and extended holding periods, many limited partners (LPs) are now less concerned with the value of assets on paper and far more focused on when and how capital will actually be returned. In an environment where liquidity remains scarce, realised distributions have become one of the clearest indicators of fund performance.

As a result, DPI has moved beyond being a standard performance metric. It has become a critical factor in fundraising, manager selection, and investor confidence. Investors want real evidence that managers can generate cash returns and not just unrealised gains. General partners (GPs) with a track record of returning capital are often better positioned to secure re-ups and raise successor funds, while those struggling to deliver distributions face increasing scrutiny throughout the market.

This growing focus on DPI is influencing decision making processes throughout the private capital ecosystem. It is also driving a wave of innovation as managers seek to explore alternative pathways to liquidity and rethink traditional exit strategies.

Why DPI matters more than ever

DPI measures cumulative distributions returned to investors relative to the capital they have contributed. Unlike performance measures that rely on portfolio valuations, DPI reflects realised outcomes and actual cash returned to investors.

There are several market dynamics that have reinforced the importance of this metric.

The most significant factor has been the prolonged slowdown in traditional exit markets since 2020. While many private equity portfolios continue to contain high-quality assets, converting those holdings into realised proceeds has proven to be more challenging than expected. IPO activity also remains below historical norms in many jurisdictions, strategic buyers are approaching acquisitions in a more selective manner, and higher interest rates continue to affect acquisition financing and leveraged buyout economics. Regulatory scrutiny and longer transaction timelines have also contributed to slower exit activity. At the same time, institutional investors continue to face portfolio allocation challenges. The denominator effect, which emerged as private market exposures grew relative to public market holdings, has left many investors overallocated to alternatives. Without sufficient distributions flowing back from existing commitments, some LPs have been forced to slow the pace of new allocations despite remaining supportive of private markets as an asset class.

The needs for liquidity have also evolved in recent times. Pension schemes require cash to meet ongoing obligations. Insurance companies need balance sheet flexibility. Wealth management platforms must accommodate investor withdrawals and portfolio rebalancing requirements. Family offices are increasingly seeking greater optionality around capital deployment. In each case, the ability to generate liquidity has almost become as important as generating overall returns.

Against this market backdrop, managers are increasingly finding that investors are paying closer attention not only to performance, but to the timing and reliability of capital distributions.

The liquidity challenge facing GPs

For many private equity managers, the challenge is not a lack of value creation. Rather, it is finding the most effective way to realise that value.

Many portfolios contain businesses that consistently continue to perform well operationally and offer future growth potential. However, prevailing market conditions may not support traditional exits at valuations that fully reflect their underlying quality.

As a result, this creates a difficult balancing act to navigate. Managers can choose to sell assets today, potentially accepting lower valuations than they believe those businesses actually deserve. Alternatively, they can continue holding these assets and seek to maximise long-term value, knowing that doing so will likely delay distributions and increase pressure from investors seeking liquidity.

As a result, many GPs are now looking beyond the traditional playbook and exploring a wider range of liquidity solutions that enable capital to be returned while also preserving future upside.

Alternative routes to generating DPI

One of the most significant developments in recent years has been the rapid growth of continuation funds and GP-led secondary transactions. These structures allow a mature portfolio company to be transferred into a new investment vehicle, giving existing investors the option to either realise liquidity or maintain exposure through a rollover style investment.

Secondary investors provide new capital, while the GP retains ownership and continues executing on its value creation strategy.

The global popularity of continuation vehicles reflects a simple reality: many assets still have significant potential, but investors also need liquidity options. Rather than forcing a sale at a suboptimal time, continuation funds can create a practical middle ground that satisfies both objectives.

Net asset value (NAV) financing has also become increasingly prevalent. Under these arrangements, funds borrow against the value of their portfolios, allowing them to access capital without disposing of underlying assets.

The proceeds from NAV facilities may be used for several purposes, including supporting portfolio company growth, financing acquisitions, or facilitating distributions to investors.

While NAV financing remains a topic of debate within parts of the investor community, it is increasingly viewed as a legitimate portfolio management tool when deployed in a conservative and transparent manner.

Another area of growth is the use of preferred equity and other structured liquidity solutions. These transactions typically involve third-party capital providers injecting liquidity into a fund structure while existing investors receive distributions.

In exchange, preferred capital providers receive enhanced protections and priority repayment rights. For portfolios with strong underlying assets but limited immediate exit options, these solutions can provide meaningful and important flexibility.

Managers are also increasingly turning to minority stake sales as a way of unlocking value.

Rather than selling an entire business, a partial sale can generate liquidity while allowing funds to retain ownership and participate in future growth strategies. This approach is becoming particularly attractive for long-term asset classes where managers continue to have high conviction in an underlying investment.

Portfolio company recapitalisations represent another route to liquidity. Where company balance sheets support additional leverage, refinancing transactions can generate proceeds that are subsequently distributed to investors. While these transactions are not a direct replacement for genuine exits, they can provide interim liquidity and improve DPI without requiring ownership to be transferred.

Collectively, these approaches demonstrate how private markets are evolving to address liquidity challenges. What were once considered niche or specialist solutions are increasingly becoming established components of the modern-day private equity toolkit.

Transparency matters more than ever

As liquidity solutions become more sophisticated in nature, investor expectations around transparency are increasing as a result. Investors are no longer satisfied with simply observing that a distribution has occurred. They now want to understand the source of that distribution and its implications for future returns.

For example: Was the distribution generated through a full asset sale? Did it result from a recapitalisation? Was NAV financing involved? What obligations remain attached to the structure? How sustainable are future distributions likely to be? These questions are becoming increasingly standard elements of the investor due diligence process.

Consequently, reporting requirements are becoming more detailed and nuanced. Investors increasingly expect managers to distinguish between realised investment proceeds, financing-driven distributions, and other forms of liquidity generation. They are also looking for greater visibility into portfolio performance, future liquidity expectations, and the underlying assumptions supporting valuation and distribution forecasts.

In many respects, transparency has become just as important as the liquidity topic itself. Investors recognise that innovative structures can play an important role in portfolio management but they expect clear communication regarding how those structures work and the risks they introduce as standard.

The evolving role of the fund administrator

The rise of complex liquidity structures is also reshaping the role of fund administrators. Historically, administration focused primarily on accounting, reporting, and investor servicing. While those responsibilities remain fundamental to the process, administrators are increasingly supporting clients in a much broader and more strategic capacity.

Data and analytics are playing a growing role in helping managers understand portfolio cash generation, forecast distributions, and assess liquidity scenarios. Sophisticated reporting provides greater visibility into realised versus unrealised value and supports more informed decision-making around exit planning. Administrators are also helping managers model potential outcomes associated with continuation funds, secondary transactions, NAV financing facilities, and other liquidity solutions. As transaction structures become more complex, robust operational frameworks, and high-quality data become increasingly important to support.

Investor communication is another area where general expectations are rising. Clear, timely, and transparent reporting helps managers explain the sources of distributions, demonstrate progress on DPI, and maintain investor confidence during periods of market uncertainty. As a result, the administrator's role is expanding beyond operational execution towards becoming a key enabler of liquidity strategies and investor engagement.

Market outlook

Private Markets are adapting to a new reality. While exits are gradually returning, liquidity remains constrained and investors continue to place greater emphasis on realised returns. In this environment, DPI will remain a critical measure of performance. Managers are increasingly being judged not only on the true value that they create, but on their ability to return capital to investors.

Continuation funds, NAV financing, GP-led secondaries, and other structured liquidity solutions are no longer niche strategies. They are becoming part of the industry's standard liquidity toolkit.

As these structures continue to become more common, the role of fund administrators is evolving too. Beyond traditional administration, they are helping managers navigate complexity, enhance transparency, and meet growing investor expectations.

Ultimately, the ability to generate liquidity has become a defining differentiator. In today's market, DPI is not just a measure of performance; it is a measure of relevance. ■



Rethinking fund accounting for a changing investment landscape

As private market allocations grow, traditional fund accounting infrastructure is coming under increasing pressure. Simon Behan, chief commercial officer at FundGuard, speaks to Zarah Choudhary about the challenges

As allocations to private markets continue to grow, what are the biggest operational and fund accounting challenges this creates for asset managers and their service providers?

The biggest challenge is that private markets have grown considerably faster than the accounting infrastructure supporting them has evolved. Private assets introduce different accounting requirements, such as capital calls, distributions, unfunded commitments, complex fund structures, irregular valuations, and bespoke loan agreements. These requirements are fundamentally different from the transaction and pricing cycles associated with public markets.

Historically, firms addressed these requirements through specialised platforms, often operating separately from their core investment and fund accounting systems. That worked when private market allocations were relatively modest. As allocations grow, however, the fragmentation becomes increasingly difficult to manage.

For asset managers and their service providers, the result is greater reconciliation overhead, more manual intervention, and difficulty producing a consistent view of exposures, cash flows, and valuations across the portfolio. The challenge is not simply processing more private assets. It is supporting increasingly complex investment structures without introducing another layer of operational complexity every time the business expands.

Private market assets often involve fragmented data, bespoke structures, and less standardised workflows. Where do you see the greatest opportunities for technology to reduce manual intervention and operational risk?

One of the most immediate opportunities is in how private markets information enters the accounting process. A significant amount of information still arrives through loan agreements, capital call notices, distribution statements, and other documents that require manual interpretation and entry. AI can help extract and structure this information, validate it against existing records and identify discrepancies before they affect downstream accounting.

There is also considerable scope to automate lifecycle processing. In private credit, for example, drawdowns, repayments, interest accruals, and changes to commitments should be managed within the accounting system rather than passed between separate applications.

But automating individual tasks only gets us so far. If those processes still feed disconnected accounting environments, firms are simply making fragmented workflows faster. The greater opportunity is to combine intelligent data ingestion, native lifecycle accounting, and continuous validation within a common accounting infrastructure. That allows operations teams to spend less time transferring and reconciling information and more time managing genuine exceptions.

How are expectations around the frequency, accuracy, and transparency of private market valuations changing, and what does this mean for the technology underpinning fund accounting and NAV processes?

Investors and asset managers increasingly expect a more complete and timely picture of their portfolios, including private market exposures. That does not necessarily mean private assets need to be valued daily.

Private market valuations are often based on periodic appraisals, manager assessments, or other information that becomes available less frequently than public market prices. Those characteristics are not going to disappear. What should change is the ability of accounting systems to process new information as it becomes available, maintain the latest known valuation, and provide transparency into its source, effective date, and subsequent adjustments.

This becomes particularly important for portfolios combining public and private assets, where different valuation frequencies must coexist within the same accounting environment. Real-time accounting and real-

time valuation are not the same thing. The technology should support continuous accounting and validation while respecting the actual valuation methodology and frequency of each asset. That gives fund accountants, administrators, and their clients greater visibility and stronger controls without creating a false impression of valuation precision.

To what extent are legacy fund accounting platforms equipped to support the growing complexity of private markets, and where are the main limitations becoming apparent?

Many established platforms remain highly capable within the operating models they were originally designed to support. The difficulty arises when firms try to extend those architectures across asset classes and fund structures with very different requirements.

Traditional fund accounting systems were largely designed around standardised securities processing, established pricing conventions and scheduled accounting cycles. Private markets require more event-driven processing, commitment-based accounting, complex cash-flow allocations, and support for irregular valuation schedules.

Specialised private markets platforms emerged to address those needs, but often introduced a separate accounting environment alongside the existing public markets infrastructure.

The limitations become particularly apparent when firms need consolidated reporting, consistent controls or a total portfolio view. Multiple systems mean multiple data models, processing schedules, and reconciliation points.

So, the question now is whether firms should continue extending and connecting separate platforms or establish a common accounting foundation that supports different asset classes natively.

Modernisation does not necessarily require replacing every surrounding application. It requires addressing the accounting architecture at the centre.

As managers increasingly operate across both public and private assets, is the industry moving towards more unified accounting and operating infrastructures? What challenges does this convergence create?

The direction is clearly toward greater convergence, although much of the industry is still operating with separate public and private markets accounting environments. Investment portfolios no longer fit neatly into the technology boundaries that developed around individual asset classes. Managers increasingly need to understand their exposures, liquidity, cash flows, and performance across public and private investments, sometimes within the same fund structure. The difficulty is that the underlying assets behave differently. Public securities may be priced and traded continuously, while private investments involve commitments, capital calls, distributions, and valuations recorded on different schedules. A unified platform cannot simply impose public markets processing conventions on private assets. It needs to accommodate those differences within one accounting framework. This is where we see the industry heading. At FundGuard, we have built a single investment accounting engine designed to support public and private assets, with multiple books of record and the flexibility to process each asset's lifecycle appropriately.

The objective is to eliminate unnecessary fragmentation while preserving the accounting requirements specific to each investment.

How important is having a single, reliable data architecture when servicing private market funds, particularly as information is drawn from multiple managers, administrators, custodians, and other sources?

It is fundamental, particularly as the number of parties contributing information to a private markets portfolio increases. Managers, administrators, custodians, and other providers may each hold different pieces of the investment record, often produced on different schedules and in different formats. Simply bringing

those feeds into a common reporting layer does not necessarily resolve the inconsistencies between them.

There is an important distinction between aggregating data from multiple accounting systems and maintaining a common accounting system of record.

A unified accounting architecture allows incoming information to be validated, processed, and reflected consistently across the relevant books of record, with traceability back to the underlying transactions and source information. It also makes that accounting data available to other systems across the enterprise, whether for investment oversight, risk management, reporting, or AI-enabled analysis. That does not mean every institution needs to replace its entire technology ecosystem.

The accounting foundation needs to be reliable, interoperable, and capable of supporting the different applications that depend on it.

Where can AI and automation realistically make the biggest difference in private markets operations today, and which processes still require significant human oversight?

Private markets offer some particularly compelling opportunities for AI because so much operational work involves interpreting documents, validating information, and investigating exceptions. Loan agreements, investor statements, capital call notices, and partnership documentation contain information that traditionally requires considerable manual effort to extract and process. AI can help structure this data, identify missing, or inconsistent information and accelerate its movement into the accounting process.

There is also an opportunity to strengthen controls by identifying unusual cash flows, discrepancies in commitments, unexpected changes in valuations, or inconsistencies across related records. But we need to distinguish automation from judgment. Valuation methodologies, complex contractual interpretations, material exceptions, and formal accounting approvals still require appropriate human oversight.

The important shift is toward exception-based operations, where AI supports accountants by identifying and explaining issues and, where controls permit, resolving lower-risk exceptions automatically.

For that to work reliably, AI needs access to trusted accounting data, clear permissions, and a complete audit trail.

Otherwise, firms risk introducing another layer of technology that creates more work to validate its outputs.

Looking ahead over the next three to five years, what do you expect will be the biggest technology or infrastructure shift affecting the servicing and administration of private market assets?

We believe the biggest shift will be the move away from separate, asset-specific accounting environments toward a common investment accounting foundation supporting public and private markets.

For years, the industry's response to increasing complexity has been to introduce specialised systems and connect them through integrations and reconciliations. That approach becomes increasingly difficult to scale as portfolios diversify, fund structures evolve, and expectations for transparency increase.

The next generation of accounting infrastructure needs to process different asset classes and investment lifecycles within a single system of record, while making trusted accounting data available across the enterprise.

This also has important implications for AI. As firms move toward more autonomous, agent-driven operations, those capabilities will need reliable access to accounting data and the controls governing how it is used.

At FundGuard we see a future in which accounting is no longer confined to a periodic back office process, but operates continuously and provides a trusted data foundation for investment operations, oversight, and increasingly intelligent automation. ■

When family offices become institutions

As family offices move further into private markets and manage increasingly global portfolios, their investment strategies are beginning to resemble those of institutions. But can their operational infrastructure keep pace?

Zarah Choudhary reports



Family offices are investing more like institutions than ever before. Portfolios now stretch across public markets, private equity, private credit, real estate, infrastructure, and direct investments, forcing the operational machinery behind them to catch up.

Goldman Sachs' 2025 Family Office Investment Insights survey of 245 family office decision-makers found alternatives accounted for 42 per cent of average portfolios, including 21 per cent in private equity, 11 per cent in private real estate and infrastructure, 4 per cent in private credit, and 6 per cent in hedge funds. Looking ahead, 39 per cent expected to increase private equity exposure and 26 per cent planned to increase private credit. The shift is not simply one of allocation. Family offices are increasingly co-investing, holding assets through special purpose vehicles, and operating across jurisdictions. Yet many remain relatively compact organisations, creating a widening gap between institutional-style portfolios, and the infrastructure used to administer them.

Frank Anduiza, US managing director at Vistra Fund Solutions, says diversification has increased both the volume and variety of data family offices must handle.

"These assets bring different cash flows, liquidity rules, valuations, entity structures, and reporting cycles," he informs. "Legacy systems and spreadsheets were not designed to handle differing data from such a range of sources."

Cédric Cajet, product director at NeoXam, argues that the workload "no longer scales with headcount".

"Each of these asset types brings its own valuation rules, its own risk indicators, data challenges, and its own accounting treatment," he adds. "A private credit facility, a co-investment special purpose vehicle, and a real asset holding cannot be measured, or booked, the way a listed equity is."

The single-view problem

The most visible consequence is consolidated reporting. A family office may receive data from custodians, private banks, fund administrators, general partners, and managers, while maintaining records for trusts, foundations, holding companies, and special purpose vehicles (SPVs). The challenge is not simply collecting those records, but making them comparable.

Christiane El Habre, head of family office and regional head of Middle East at Apex Group, points out: "The core problem is that the data arrives in different formats, on different timelines, and with different definitions of value.

"Private assets are valued quarterly or semi-annually, liquid assets daily, and direct holdings often only when someone asks. Stitching that together into a single, trustworthy picture is a data-governance problem before it is a technology problem."

Cross-border structures add another layer. El Habre notes consolidated information may also need to satisfy different regulators, tax authorities, and auditors, exposing processes originally designed only for internal family use.

Stuart Pinnington, global head of asset owners at IQ-EQ, similarly identifies fragmentation as a central obstacle. Assets may sit across several custodians and managers, each sending information through different systems, formats, and reporting timetables. Historically, he says, much of the aggregation and reconciliation has been completed manually through spreadsheets.

"The objective should be to create a single source of truth for the portfolio," Pinnington says.

"That means collecting data from the various underlying systems, validating, and standardising it,

"While maintaining a spreadsheet for 10 direct investments was viable, once the number increases the manual element increases the associated risk"

Belinda Aspinall, Northern Trust

and then presenting it consistently so the family can see its overall performance and liquidity in one place."

The underlying data matters as much as the dashboard. Cajet warns that unless securities, counterparties, entities, and currencies are mapped into a common reference model, "aggregation produces a number nobody trusts".

True consolidation must also provide look-through into feeder funds, fund-of-funds, and holding structures to reveal concentrations by company, sector, geography, or manager.

Research from The Family Office Association adds a qualification to the pursuit of a single system. Its 2025 paper on consolidated reporting argues a sustainable model is better understood as a comprehensive reporting system than a single platform. With assets ranging from listed securities to property, art, and other illiquid holdings, not everything supports automatic data feeds, meaning regular reconciliation and work outside the platform can remain necessary.

Private markets change the rules

The operational strain becomes clearest in private markets. Preqin data cited by IQ-EQ show the number of family offices tracked with exposure to private markets has increased by 524 per cent since 2016. Private assets do not fit neatly into infrastructure designed around listed securities. Capital calls, distributions, commitments, waterfalls, and irregular valuations must be tracked over long lifecycles, often using documents rather than structured messages.

Belinda Aspinall, head of global family and private investment office practice, EMEA and APAC at Northern Trust, describes private asset administration as still "paper heavy with limited straight through processing".

"While maintaining a spreadsheet for 10 direct investments was viable, once the number increases the manual element increases the associated risk," she says.

Cajet adds that private markets "break the assumptions that public-market operating models are built on". Family offices must monitor unfunded commitments, forecast capital calls and liquidity, verify fees, and maintain an auditable record of valuation changes, while measuring private-market performance through internal rate of return (IRR) and multiples alongside time-weighted returns for listed assets.

The capability gap is already visible. Pinnington cites BlackRock's Global Family Office Survey, in which 57 per cent of family offices identified gaps in internal reporting expertise, rising to 75 per cent for private-market analytics.

Custody has also had to stretch beyond traditional safekeeping. Research from Northern Trust describes a global custodian's role as including

settlement, income collection, corporate actions, cash movements, accounting, and performance measurement, while also reflecting holdings and activity for non-custody assets to provide a fuller financial picture.

Rob Lowe, market head, UK, at Pictet Asset Services, states that each investment class requires some bespoke reporting. Pictet has combined reporting from its Pictet Connect platform with eFront for private assets, allowing clients to see traditional and alternatives portfolios through one reporting suite.

"Service providers often get caught somewhere between institutional and private wealth services, when the reality is that family offices now demand a blend of both," Lowe says.

Outsourcing without surrendering control

That demand is changing the line between what sits inside the family office and what is delegated.

Anduiza says outsourcing is becoming more attractive as specialist operational requirements become difficult to maintain internally. External providers can supply technology, data controls, and processing capacity without forcing family offices to build large permanent teams.

Cajet sees capability and continuity, rather than cost alone, as key drivers. Building an internal team capable of multi-entity accounting, private-market operations, and consolidated reporting can create dependence on a small number of people.

"What they are not willing to give up is the tool itself," he emphasises. "Most want to retain their own platform as the place where data is consolidated, controlled and owned — the processing can be delegated, but ownership of the platform and its data stay with the family."

"No matter how good an AI agent is, if the data it is fed is inaccurate, its outputs will be too"

Frank Anduiza, Vistra Fund Solutions

Lowe sees a similar distinction among larger offices, which are increasingly keeping governance-critical activities inside while outsourcing operational tasks that do not require direct internal oversight.

For Aspinall, outsourcing can become the more cost and risk-effective option where offices oversee alternatives across jurisdictions while meeting complex tax and regulatory requirements.

The model nevertheless creates a fresh oversight challenge. Adding administrators, technology providers, and specialists can reduce internal key-person dependency, but increases the importance of vendor governance, access controls, cyber security, and documented processes.

Anduiza says the greatest risks emerge "where fragmented data and manual workflows clash". Spreadsheet-based processes can create errors and inconsistent reporting, while poorly structured data can undermine automation and AI.

"No matter how good an AI agent is, if the data it is fed is inaccurate, its outputs will be too," he elaborates. "Key-person dependency creates

> ***"Family offices are one of the most significant growth opportunities in asset servicing, precisely because they are institutionalising faster than the industry has adapted to them"***
>
> **Christiane El Habre, Apex Group**

additional vulnerabilities when important knowledge is held by one individual rather than embedded in systems and controls."

The institutional family office

Institutionalisation therefore does not necessarily mean making a family office bigger or more bureaucratic. It increasingly means importing institutional controls around data, reconciliation, permissions, audit trails, and operational resilience while retaining the discretion that made the model attractive.

El Habre argues the answer is to distinguish between what should be standardised and what should remain bespoke. Legal vehicles, administration, controls, and reporting frameworks can form a repeatable institutional "structural chassis", while the family retains flexibility over jurisdiction, asset class, governance, and objectives.

"The expectation has shifted from 'hold my assets and send me a statement' to 'give me the operating platform of an institution'," she explains.

Yet personal service remains central. Aspinall says family offices expect institutional-level support across multiple asset classes and jurisdictions because they increasingly invest alongside large institutional investors.

Lowe adds that this must still be delivered through "human-first interactions" and white-glove relationship management.

For asset servicers, this creates a significant client segment, but not one that can simply be squeezed into existing institutional models.

"Family offices are one of the most significant growth opportunities in asset servicing, precisely because they are institutionalising faster than the industry has adapted to them," says El Habre.

Anduiza agrees that convergence with institutional investing creates an opportunity, but believes that providers must accommodate family offices' greater requirements for privacy, flexibility, and personalised service.

The emerging model is therefore neither a traditional private bank proposition nor a scaled-down asset manager.

Family offices want institutional-grade custody, administration, data, and controls, but on terms that preserve family ownership of information, bespoke reporting, and direct relationships with providers.

As portfolios move deeper into private markets and across borders, the question is no longer whether operational models will change.

It is whether asset servicers can help family offices institutionalise the infrastructure without institutionalising away the flexibility that made them distinctive in the first place. ■

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