Redefining value: A new era of investor engagement

As firms compete for capital, the GP-LP dynamic is evolving into a much more interactive, investor-led experience, say Aztec Group's [Maria von Oldenskiöld] and [Scott Kraemer.]

In the face of challenging fundraising conditions and heightened competition across private markets, the relationship between investors and fund managers is being reshaped. LPs aren't just supplying capital – they are actively influencing how partnerships unfold, from investment decisions to the way funds operate. This means GPs are upping their game, responding with more transparency, customized options and genuine collaboration. As Aztec Group's Maria von Oldenskiöld, group head of investor services, and Scott Kraemer, head of US markets, point out, the GP-LP dynamic is evolving into a much more interactive, investor-led experience.

Q: How is the current fundraising environment impacting the LP/GP relationship?

Maria von Oldenskiöld: The scarcity of easy funding has upended the traditional power dynamic, compelling GPs to reinvent themselves, not merely to survive but to stand out. GPs now routinely offer exclusive access to off-market dealflow, invite LPs into the investment process through advisory boards and embrace new technologies for transparency and real-time reporting. The rise of co-investment is just one piece of this puzzle: GPs use it to showcase select deals, offering LPs privileged opportunities and, in some cases, accelerated returns. In essence, GPs are becoming more entrepreneurial, tailoring their approach to each investor. It's not just about terms – it's about forging relationships that feel strategic, innovative and personal.

Scott Kraemer: On the flip side, LPs are now firmly in the driving seat, wielding unprecedented influence over how funds are set up and managed. With a glut of options and leverage firmly in their favor, LPs are no longer passive contributors – they're active architects of their own investment experience.

Q: What does AI mean for the investor experience?

MvO: AI stands to be a gamechanger in the investor experience, unlocking new horizons for efficiency, insight and personalization. Automated data aggregation, intelligent reporting and advanced compliance monitoring can streamline operational burdens, giving investors faster, clearer access to everything from portfolio analytics to regulatory updates. Predictive tools can help anticipate risks and opportunities, and AI-driven dashboards provide up-to-date, actionable information, all tailored to the investor’s needs.

But as much as we embrace these technologies, we must not lose sight of the irreplaceable human touch. Trust is built through relationships. While AI can surface insights and automate the routine, it is our people who understand context, offer nuanced advice and respond to the unique complexities of each investor’s journey. Human judgment, empathy and problem-solving are vital – especially when the unexpected occurs or bespoke solutions are required. In this future, AI will be the tireless assistant; the humans, the trusted advisors.

SK: I view AI as an enabler – empowering both administrators and investors to work smarter, not just faster. AI can automate repetitive tasks, support real-time data queries and reduce friction in reporting and document processing. Imagine investors being able to access up-to-the-minute updates on transactions, filter data for their oversight needs and even receive proactive alerts when milestones are reached – all through intuitive platforms.

Yet, automation is just one piece of the puzzle. The real value emerges when AI-driven efficiency frees up our teams to focus on what matters most: collaboration, personalization and service excellence. Human insight remains essential for interpreting complex scenarios, navigating cross-border regulatory challenges and delivering the bespoke support investors expect. Technology and people together create a partnership – AI handles the heavy lifting, while expert teams ensure investors feel heard, valued and fully supported at every stage of the investment lifecycle. The future lies in balancing the best of both worlds. The proliferation of side letters is evidence of this shift: LPs secure bespoke terms covering everything from ESG integration to fee breaks and priority reporting, ensuring their unique requirements are front and center.

They’re also shaping the agenda on governance, risk and portfolio construction, often insisting on more frequent interaction and accountability. This has led to a culture of negotiation, where LPs expect – and get – custom solutions tailored to their institutional mandates.

Q: How has the evolving LP/GP relationship impacted the investor experience?

MvO: Today’s LPs come with clear-cut expectations, seeking an experience that’s smooth and efficient from start to finish. They look for quick, intuitive and largely automated processes, with as little paperwork and repetition as possible. Immediate access to information is expected as standard; LPs want secure online portals that let them retrieve reports, check dashboards and obtain critical documents instantly – sidestepping the holdups linked to more traditional systems.

Consistency and dependability in reporting is crucial. Regular updates in familiar, industry-standard formats such as ILPA are now the norm, making comparisons straightforward and avoiding the annoyance of inconsistent or overly tailored presentations. Beneath all this sits an unwavering focus on security and privacy, with strong controls and clear audit trails in place, so that LPs’ data and every point of interaction remains fully safeguarded throughout their journey.

Ultimately, LPs measure their experience by how efficiently they receive answers and insights, and by how little time is wasted on administrative friction.

SK: Beyond day-to-day ease, LPs are looking for real transparency and a genuine sense of involvement. They want to know they can log in and see exactly where things stand, with no surprises. Platforms must enable them to track fund events, monitor changes and review all relevant information whenever they choose.

In terms of ease, offering a single platform with one log-in where LPs interact with the manager over the entire lifespan of an investment – from looking for information during fundraising, to signing an electronic subscription document, through to exiting their investment – is essential. LPs want the execution of tasks, such as handoffs between the investor, the GP, the tax advisor and auditor, for instance, to be fast and clear with reduced duplication costs and limited frictions. Where possible, all parties should have access to the same information at the same time in the same way.

Q: What impact has the rise in retailization had on the LP/GP relationship?

MvO: Traditionally, GPs were accustomed to dealing with institutional LPs whose demands and expectations were well understood. However, the emergence of retail investors – drawn in by semi-liquid funds and shorter lock-in periods – has introduced a new layer of complexity. Retail capital is no longer a fringe element; it's becoming an integral part of fundraising strategies, especially as competition for capital intensifies.

To attract and retain retail investors, GPs are now adopting semi-liquid strategies that demand operational agility. Managing these funds involves handling daily or weekly liquidity windows, complex valuation cycles and navigating an evolving regulatory landscape. Unlike closed-end structures, semi-liquid funds must support frequent subscriptions and redemptions, requiring robust systems for accurate, timely reporting and a proactive approach to compliance.

Moreover, GPs face the significant task of scaling anti-money laundering and know-your-customer checks, addressing a wide array of tax regimes, and maintaining clear, responsive communication with a broader investor base. As a result, GPs are investing heavily in digital infrastructure and client service functions to deliver a seamless, consumer-grade experience – recognizing that retail investors expect the same speed and convenience they receive from other segments of the financial industry.

SK: From the LP perspective, the arrival of retailization is transformative, but it's not simply a shift towards greater transparency and digital access. For institutional LPs, the process has always been defined by formal structures – quarterly reporting, scheduled meetings and a focus on long-term partnership and governance. Their involvement is strategic, with a premium placed on stability, clarity and predictable engagement across the fund's lifecycle.

Retail investors, however, bring entirely different priorities. Their expectations are shaped by their experiences as consumers: they demand immediate access to information, frictionless transactions and the ability to interact with their investments on their own terms. They are less interested in periodic meetings and more concerned with being able to track performance, make decisions, or request redemptions in real time, often via intuitive digital platforms.

The net effect is that GPs are now required to cater to two distinct investor profiles. Institutional LPs still expect rigor and structure, while retail LPs prioritize flexibility, accessibility and ongoing engagement. Success for GPs lies in balancing these divergent needs without compromising the quality of service for either group.

Q: How can fund administrators help GPs meet rising LP expectations?

MvO: The evolving expectations of LPs are fundamentally reshaping the investor experience, with fund administrators at the forefront of this transformation. Administrators have moved beyond traditional models and are now actively investing in the LP journey – viewing investors as key stakeholders rather than passive recipients. This means building specialist teams that focus on servicing investors, implementing technology that enables real-time access to fund information and supporting LPs with tools to monitor events, review documents and participate meaningfully in operational matters.

The goal is to create a seamless end-to-end journey, from onboarding to exit, where all parties have simultaneous access to information, duplication is minimized, and the process is as frictionless as possible.

SK: We're seeing a clear shift towards treating LPs as the clients' client, prompting administrators to reimagine the investor experience from the ground up. The focus is on simplification and control: LPs are provided with a single, secure platform to interact with the manager throughout the investment lifecycle, whether it's fundraising, onboarding or managing exits. Tasks that previously involved multiple handoffs are now streamlined and clarified, with reduced duplication and fast execution.

Crucially, GPs increasingly expect fund administrators to accommodate tailored governance arrangements and bespoke LPA provisions for cornerstone LPs. Furthermore, administrators are relied upon to manage the complexity that comes with a global investor base – this includes overseeing diverse regulatory reporting obligations, deploying blocker structures and addressing jurisdiction-specific requirements.

On the reporting side, the shift is towards flexibility and immediacy. LPs expect to filter, analyze and download data in ways that suit their oversight needs. This is supported by intuitive digital dashboards and specialist support teams, so LPs always feel informed, involved and empowered to participate as much – or as little – as they choose.

If you have additional questions that aren't covered or simply want to discuss a topic raised, please [contact us.]