

CFOs revise priorities as tech takes center stage

As the CFO role continues to take an increasingly strategic shape, the issues taking up CFO time and focus are also changing. Once preoccupied with challenges such as compliance with changing US Securities and Exchange Commission rules, the war for talent and cybersecurity risks and data silos, today's CFO is attuned to a new raft of priorities underpinned by macroeconomic uncertainty and fast-moving technological innovation.

CFOs are searching for new sources of capital and assessing the fund structures and infrastructure required to channel them. They are also keeping their finger on the pulse of advances in artificial intelligence, which is forcing CFOs to rapidly rethink how they operate across functions, and critically, how they manage data.

All this comes through strongly in our [Private Funds CFO Insights Survey 2026](#), conducted in partnership with Aztec Group. Only 8 percent of CFOs are yet to explore AI, with 29 percent in the early exploration or research phase, 36 percent piloting use cases and 25 percent actively implementing AI strategies. Just 2 percent say AI is embedded and no respondents felt they were leading with AI innovation, highlighting why this is such a potential growth area. Finance chiefs are looking for unexpected policy announcements that might impact the industry, while keeping an eye on liquidity and exit opportunities. In the US, macro uncertainty and regulatory change present some challenges, says John Stephens, CFO at secondaries firm Pomona Capital.

He points to the Outbound Investment Rule issued by the US Treasury in November 2024, which restricts US companies from investing in certain technology sectors in China. "That may affect some GPs more than others. Tariffs – which seem to change frequently – are another source of uncertainty."

Announcement of the first raft of tariffs in April, "was a massive shock initially," agrees [Ore Adegbotolu](#), head of commercial, US, at Aztec Group. "For GPs with portfolio companies that had supply chain exposure to jurisdictions heavily impacted by tariffs, valuations will be a problem." However, Adegbotolu says most GPs are adjusting to the volatility. "It's the cost of doing business today. Shocks

have become normalized as a policy is rolled out and refined or met with legal challenge and reshaped. Managers are still fundraising – albeit at lower levels than seen in 2022-23 – and those that are successful have accepted that there’s going to be some noise.”

LPs under pressure

For Tony Braddock, CFO at New York-based Stellex Capital Management, which is currently targeting \$2.5 billion for its third flagship vehicle, “middle market fundraising doesn’t strike me as being particularly differently challenging from what it was, let’s say, five or 10 years ago. Our strategy continues to resonate with some prospective LPs. It doesn’t with others due to timing and other factors.”

However, Braddock notes that the GP is consciously trying to diversify its LP base. “From Fund I our investor base grew 50 percent in Fund II and it’s probably going to grow another 50 per cent in Fund III,” he says. “At the same time, we’ve been fighting the same battle every GPs is: trying to generate liquidity for our LPs. Across the market, some LPs have been very smart and forward-thinking and taken the initiative by executing secondary transactions to help free up capital and to get past being stuck in a relationship.” “LPs have been under a lot of pressure,” agrees Stephens.

“Liquidity is lower than what it was several years ago. Portfolios are no longer self-funding as they once were. Public equity volatility affects how LPs think about allocations too. It’s a more challenging environment for them. And if you’re a large [US] endowment, the prospect of a new tax on equity earnings adds another layer of complexity. All this translates into a more challenging fundraising environment for many GPs, and opportunity for secondary buyers.

“Some GPs have responded by extending their fundraising periods. Others are completing a few investments during their fundraising process, which can benefit LPs by providing an early look at how a sponsor’s portfolio is developing.”

For some mid-market managers, fundraising never stops, notes Adegbotolu. “Of the firms we work with, even after they’ve reached final close, some of them are still keeping their fundraising feelers out there.”

Among Aztec’s clients, some firms are exploring new frontiers as they expand

their addressable investor pool and hunt for more capital. They are getting educated around navigating the European market in a more fulsome fashion, and also Asia, specifically Japan and Korea. Our clients are also opening up in the Middle East. An outsourcing partner can help chaperone a manager through new markets to help them overcome regulatory hurdles and operate safely.”

Channeling private wealth

Another increasingly appealing and possible option is to tap into the growing interest from high-net-worth and retail investors in private markets. How to accommodate their specific needs, including liquidity and reporting, is top of mind for many CFOs.

HarbourVest sits among the very large firms leading the charge. In July, the firm appointed its first head of global private wealth to focus solely on this segment and has already launched a handful of evergreen solutions. “We’re really trying to expand access to more investors in the US,” says Peter Mahoney, HarbourVest Partners’ head of investment accounting. “From Luxembourg, we’ve started to expand access to this segment in Europe too. Private wealth is certainly a big strategy for us moving forward.”

Down the scale, “there’s definitely appetite to explore the variety of ‘retailish’ structures,” says Adegbotolu. “Moving from chasing a few institutional managers to onboarding hundreds of investors, there’s all manner of supporting infrastructure that you need to have in place. That’s where partnerships with broker-dealers and banks could provide a channel for mid-market firms, through feeder vehicles as an example. These institutions are looking beyond large managers to mid-market GPs with niche appeal and a solid product who they can offer to customers through their platform.”

However, for mid-market firms, “a significant barrier to entry is the regulatory infrastructure they need to put in place, coupled with their lack of brand penetration in that space compared to mega-managers,” Adegbotolu says. “How can mid-market firms establish breadth and penetration? Larger managers are going to drive the direction of this market. We’re not seeing that many, if any, mid-market managers successfully execute on this.”

“Most of us in the middle market are still establishing that brand and track record,” says Braddock. “From a fundraising perspective, the question is, how do

we raise capital through what is a competing channel? The potential conflicts of interest that arise from that seem to be very, very difficult to navigate.”

And all the while, meeting these additional regulatory and product obligations is seemingly growing more complex. Mahoney notes that “valuations are certainly interesting because there’s a requirement for monthly valuations [of the fund] and that timeline could shrink further. The public world of mutual funds and private markets are moving much closer together.”

About a decade ago, Pomona launched a 40 Act fund targeting mass affluent investors and has steadily scaled that business over time, says Stephens. “Brand recognition, infrastructure and distribution are all critical, and there are operational challenges involved in operating a 40 Act business that are very different than those faced in managing funds for institutional investors.”

However, attracting retail capital is not simply about operational capabilities, he notes. “Retail investors invest with similar return discipline as institutional investors. If returns aren’t there, they won’t invest.”

Continuing on

While the quest for new investors continues, in the absence of an active exit market, GPs are also exploring new sources of liquidity. Notable among them is the rising use of continuation vehicles. However, deploying such structures comes with its own set of challenges and considerations for today’s CFO.

In April 2024, Stellex closed a single- asset continuation vehicle that acquired the assets of Fenix Parts, an automotive parts recycler and reseller, which the firm acquired in 2018. “From the day we underwrote the asset, we told our LPs our plan and explained there would be a growth phase post-investment, and we couldn’t wait to get to that phase,” Braddock says. “[Having launched a continuation fund] now we’re part of that growth phase.

“Even though the transaction had the characteristics of a typical ‘crown jewel’ GP-led investment, it came with its challenges. LPs have different needs and sensitivities. We had a straightforward story, but we still had to explain our reasoning to our LPs and reassure them that we were doing the CV for them.

“The big issue is, and it’s an obvious one – it’s been difficult to sell. In 2021 and

2022, you didn't have the performance numbers. In 2023, interest rates began to rise, and valuations started to take a turn. And in 2024, there was a question mark over the economy. Looking ahead, no one knows where the economy is headed in 2026. The [exit] market will open up when it opens. People asking you to sell won't change that."

David Faiman joined Argand Partners as CFO and director of portfolio operations earlier this year. Over the last few years, in response to the tight liquidity environment, the mid-market GP considered a number of options including sales, dividends and a continuation vehicle, he says. Earlier this year, Argand executed a dividend recapitalization of one of its portfolio businesses and a special dividend on a listed portfolio company.

"Those are two nice transactions to report and returned money to investors," says Faiman.

"Earlier this year, we also evaluated a full exit for a very strong business. There was a lot of interest, and the company had almost no tariff exposure, but Liberation Day came and the sudden new tariffs pre-occupied buyers. In another instance, Russian oil tariffs on India sidelined a business that is well placed to go to market. While we had not yet launched a process, we did hold some fireside chats. Then the next day punitive Russian oil tariffs on trade with India were announced."

From an LP perspective, there has been pressure to sell, Faiman notes. "These are very good assets, but we're happy to hold them until there's an opportunity where it makes sense to sell. LP pressure abates when you explain it. "We've continued to support the portfolio with add-on acquisitions, and we have found strong support for investments outside the fund, including our recent purchase of [dancewear designers and manufacturers] Capezio."

Faiman concedes that it's a tough environment to fundraise, and long hold periods deplete IRR. "But I don't know that that's enough of a reason to sell. We are very focused on generating a strong MOIC," he says. "It's tough. If you asked 10 people on the street, when will the market normalize? I think you'll get 10 different answers."

From a secondaries investor perspective, "we take a highly granular, asset-centric view of GP-led opportunities," says Stephens. "We conduct an LBO analysis on

companies to determine if we're comfortable with our entry valuations and to confirm we can invest behind their growth and exit story. For LPs with smaller teams, this effort can be challenging. Alongside concern about conflicts and valuations, limited bandwidth also may contribute to a natural cautiousness LPs may feel when responding to GP-led proposals in their portfolios."

Mahoney agrees: "It's resource intensive, it takes a lot of due diligence, and internal debate to get there. There's a whole process built around reassessing the assets to ensure they align with our strategy."

While firms grapple with constrained liquidity, CFOs have also been tasked with overseeing the launch of entirely new strategies. "Over the next few years, the product pipeline we all share is exciting," says Mahoney. This summer, building on its established credit business, HarbourVest launched a new credit secondaries platform that will acquire interests in GP- and LP-led processes. Braddock can see an opportunity for credit secondaries created by ambitious mid-market managers that have expanded into the private credit space only to realize it has a very different investment profile, but would be willing to sell.

Lauren Dillard, CFO at Austin based enterprise software specialists Vista Equity Partners, notes that the firm's credit platform typically lends to businesses with profiles similar to its equity investments, but is open to strategic financing alternatives.

"Vista Credit Partners focuses on direct lending and structured finance solutions for later-stage software companies, which fits naturally with our expertise and leverages the full strength of our ecosystem," she says. "Not only can we originate, underwrite and lend to these businesses at a quantum and structure aligned with their growth stage, but we can also provide light touch operational support through our value creation team."

The evolution of the credit space is just one example of the creativity and complexity indicative of a maturing industry. "Since the financial crisis, there's been a number of smaller crises and the industry has evolved and innovated and found new ways to make money and create value," says Adegbotolu. "The industry has become more resilient." In turn, so has to be today's private fund CFO.

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

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