The Odyssey: 10 ways private markets will chart a new course in 2026

*It's that time of year when **[James Gow](#)** explores the 10 themes managers need to navigate as we head towards 2026. For private markets, 2025 was a year of innovation and recalibration – despite a punishing fundraising environment heightened by ongoing macroeconomic tensions, there are signs that safe harbor may be in sight.*

It has been another demanding year, with private markets remaining slow for many. In last year's article, I drew comparisons to the classic struggle between Nemesis and hubris, capturing the industry's ongoing challenges and opportunities. This year, inspired by Homer's The Odyssey, we look to Odysseus' journey through uncertainty and obstacles, mirroring fund managers' efforts to steer the industry back to calmer waters. Building on last year's insights, we now focus on the 10 themes predicted to shape private markets in 2026 and beyond.

The challenges

Global events continue to unsettle markets and societies, illustrated by interest rates in developed markets falling more slowly than originally anticipated at the start of 2025. Ongoing conflicts in Europe, the Middle East and Africa, shifting international relationships, and significant U.S. policy changes, means that securing and deploying capital remains challenging. Among these broader macroeconomic conditions is the artificial intelligence (AI) investment boom, which has boosted markets, particularly in the U.S. and has led to significant capital investment to build AI infrastructure.

Meanwhile, the overall fiscal environment has rattled investors at various points during 2025, and it's broadly accepted that many advanced economies, including the U.S., UK and France, are on an unsustainable path. A further consideration is the fracturing of the global economy which has been exacerbated by trade uncertainty and supply chain disruption driven by U.S. tariff policies. Additionally, the increasing frequency of natural disasters has impacted investor confidence. In the first half of 2025, natural disasters exacerbated by climate change cost the U.S. $101 billion in damages, the largest toll for any first half-year since records began in 1980.

The opportunities

At our recent Leaders in Private Markets Summit in London, we conducted a snap poll of our audience comprising 200 c-suite leaders from across the industry. When asked about the biggest challenges industry leaders were facing, the top three issues raised were an over-reliance on automated decision-making (19%), cybersecurity (17%), and rising LP demands for real-time reporting (15%). Meanwhile, when asked about what excited them most, attendees overwhelmingly voted for the expectation that AI will enable teams to make faster and smarter decisions (38%), tech-driven operational efficiencies and controls (31%), and the flexibility of semi-liquid structures (28%).

Perhaps one of the unexpected benefits of a slower fundraising, exit and deal environment is that fund managers have had the time to optimize their operating models, introducing AI technologies as well as establishing which operations would be better outsourced.

LPs with available capital are increasingly adopting a hands-on approach, seeking more comprehensive information from GPs on a broader array of topics and becoming more actively involved in operational matters. The Private Funds CFO Survey found that, during RFP processes, the main topics LPs asked GPs about in detail were cybersecurity (88%), valuations (89%), and compliance (82%). This shows that investors are paying even closer attention to how managers operate.

The themes

Much like Odysseus steadfastly navigating past the Sirens in Homer’s epic, today’s fund managers must plot a clear course through distraction and uncertainty, remaining committed to future-proofing their operations to reach their intended goals. Drawing on our extensive client engagements spanning various regions, investment strategies and fund sizes, we foresee that the following 10 themes will not only persist but also further influence and redefine private markets as we journey into 2026 and towards 2030.

1. Fundraising will continue to be challenging, for some

The recent Private Funds CFO Survey, conducted by the Aztec Group in partnership with PEI, confirmed what every manager in the market knows to be true, that the fundraising environment continues to be challenging, with 4 in 10 of those surveyed stating they've extended their fundraising period, while 2 in 10 have adjusted their target fund size, and 2 in 10 have explored a continuation vehicle. Bucking this trend are infrastructure and private credit funds. Infrastructure fundraising rebounded in 2025 due to a small number of large fundraises in the year to date, while there's a steady increase in year-on-year fundraising forecasts from 2026 to 2030 for both asset classes, according to Preqin.

> *"Among our clients we've observed a clear reward for those GPs who have executed a plan to return cash to investors. They are being repaid for that endeavour." – Matt Horton, Head of Client Relationships, Private Equity*

2. Semi-liquid funds will continue to grow in popularity

A Deloitte report in September 2025 stated that semi-liquid fund AUM had almost tripled, from $126 billion in 2020 to $349 billion by 2024. The number of funds surged too, from 238 to 455 in the same period. Based on this upward trend, **Deloitte** forecasts semi-liquid fund AUM will reach **$4.1 trillion by 2030**, driven by retail interest, new fund structures (including LTAFs, ELTIFs), and favourable regulations. However, this market will be dominated by large fund managers who will build complete retail propositions, while medium sized managers will offer funds with semi-liquid entry points, and smaller managers will likely not participate at all.

> *'The difference between now and a year ago is that we are seeing a split in the market. Smaller managers are not building in any form of liquidity, medium-sized managers are offering semi-liquid parallel or entry points, and large/mega managers are building true retail offerings.' – Sam Metland, Head of Products and Propositions*

3. Secondaries will continue to surge

With the exit environment expected to remain challenging, GPs must continue to find alternative sources of liquidity including through continuation funds, allowing them to extend the life of their investments and provide liquidity to existing investors. In a recent article, Verdun Perry, head of secondary market funds at Blackstone Inc., said he believes that trading in existing private equity assets is an underutilised tool. He forecasts that by 2030, secondary market trading volume will more than double to reach $400 billion, and that trading in the sector could exceed $220 billion by the end of 2025. According to Preqin, AUM in the secondaries market is projected to grow at a compound annual rate exceeding 16% between 2024 and 2030, surpassing $1.4 trillion by the end of the period. Market volume has been impacted by several factors, including the lack of distributions from standard IPO and M&A pipelines which increased supply, while broader and more diverse pools of secondary capital drove demand.

> *"Activity across fund of funds and secondaries managers continues to increase in complexity, driven by larger portfolios, bespoke transaction structures and greater data demands. Secondaries processes in particular now operate on compressed timelines and require deeper visibility into layered underlying asset information." – Metz Vara, Global Head of Fund of Funds and LP Services*

4. GP/LP relationships will deepen

According to respondents of the Private Funds CFO Survey, LPs' most frequent questions to GPs focus on fund performance and benchmarking (75%), as well as transparency around fees (43%). Meanwhile, Bain's latest global private equity report notes that 70% of LPs are now pursuing co-investment opportunities with GPs, while McKinsey found that 30% of LPs are participating in strategic partnerships or separate accounts structured to allow for deeper engagement with GPs. What these findings signal is a shift beyond traditional, passive investment roles to more active participation by LPs in deal selection, governance, and value creation. The Survey also revealed what GPs think LPs value, the top answers were: timely and accurate reporting (72%), followed by responsive, high-touch investor relations (69%). Third was confidence in strong controls and governance (35%), while smooth onboarding (21%) and easy access to data (21%) were also important to LPs. So, it's not just about the numbers, it's about making the investor experience seamless.

5. Operating models will continue to evolve

Facing increasing pressure on returns, GPs are expected to maintain a sharp focus on cost management and operational efficiency, frequently reviewing and adapting their operating models. Maximising outsourcing arrangements across all business functions has become a key strategy, and more innovative fee models are emerging as firms compete for investor capital. As fund managers consider whether to keep processes in-house or outsource to maintain a stable cost base, they must also respond to growing investor demands and more prescriptive regulatory requirements. The importance of selecting the right outsourcing partner is reflected in the Private Fund CFO Survey, which found that timely and accurate reporting (72%), responsive client service (69%), cost and fee structures (27%), and technology and data capabilities (21%) are the top priorities for GPs, showing that efficiency and service quality are as crucial as ever in a rapidly evolving private markets landscape.

> *"The need for managers to continuously assess and adapt their operating models with a focus on resilience, scalability, and investor experience is not a new concept. However given market evolution, what is changing is the 'how' and the speed of execution – which includes the use of new tech and working creatively with strong, nimble delivery partners." – Akbar Sheriff, Chief Client Success Officer*

6. Leveraging data, AI and automation is a necessity

Volatile macro-economic factors present operational challenges for fund managers. Several clients have asked for our help to support their data and AI strategies to get ahead of those operational challenges, whether sharing insights from our own data, AI and automation journey, or through the provision of quality data served by our industry-leading data platform. Our CFO Survey found only a quarter of firms are actively implementing AI, while a mere 2% said they'd fully embedded it. Most fund managers were either in the early exploration phase (29%) or piloting use cases (36%), and among those exploring or using it, 75% said they were buying in the technology from third parties.

> *"Leveraging data, AI and automation to augment deep human expertise is moving beyond differentiation, it is becoming a necessity to operate and scale in an increasingly unpredictable market." – Will Relf, Director of Data*

7. Global regulations and digitization will step up

The direction of travel globally is towards more regulation of private markets, not less. This is especially true as the alternatives industry opens up to a more diverse group of investors, with regulators moving to provide comprehensive protections. While the U.S. market has experienced some regulatory loosening under the current administration, there are still many regulatory changes that require careful attention, such as the upcoming changes to the ADV Form. In other jurisdictions regulations are tightening, and for globally active managers, this is an area that will continue to require close attention. Within the EU there is already increasing oversight of how sustainability is measured and reported, as well as how the crypto-asset landscape is regulated. As digital assets become more mainstream, regulation will follow to protect investors. Digital assets are rapidly becoming an essential part of the investment mix, providing opportunities – and potential risks – for jurisdictions, regulators, fund managers and investors.

8. Investors will choose size for security

CFOs have told us that the consolidation trend among GPs continues, with almost four in five expecting some or high levels of consolidation in the future. We anticipate this trend to continue, with bigger managers potentially seen as a safer bet by many investors. Based on our experience with a broad range of clients we expect that, as the market matures, managers will continue to consolidate, driving the emergence of 'mega' global asset managers. And as the industry expands into new sources of private finance, such as credit and infrastructure, managers are identifying opportunities to deploy capital into new assets in new locations.

> *"In terms of deal flow too, managers are looking at returns differently and taking a thematic approach to selecting companies," Maria von Oldenskiold, Global Head of Investor Services*

9. Private credit's boom will be stress-tested

Morgan Stanley's 2025 Private Credit Outlook noted that the credit market had expanded to $1.5 trillion at the start of last year, up from $1 trillion in 2020, and is estimated to soar to $2.6 trillion by 2029. This trend is fuelled by tighter bank lending, with borrowers looking for the speed, certainty and flexibility of private credit solutions. However, there are some stress-tests in store for this asset class, especially following the recent high-profile collapses of Tricolor and First Brands. Regulators are likely to demand more transparency, leverage controls and data collection to identify systemic vulnerabilities early, particularly around semi-liquid vehicles and valuation opacity, according to the International Monetary Fund. Pitchbook also notes that maturing PIK-heavy loans and stressed portfolios may pressure credit managers to raise capital, restructure or liquidate assets, especially if interest rates don't come down. Under stress, private credit could undergo a valuation reset. However, Morgan Stanley's report notes more opportunity in asset-based finance as well as growth companies needing hybrid finance and real estate funding.

> *"Private credit investors are also becoming more mainstream and include wealth management platforms, pension funds and insurance companies. These institutional LPs are more demanding, and regulatory bodies too are turning their attention to private credit, mandating transparency, and clarity as the asset class expands in size and scope." Kevin Hogan, Global Head of Private Credit*

10. Risk management and cybersecurity are top of mind

Cybersecurity is a priority across the industry and particularly for the LP population. When asked how detailed LPs' questions are of operational functions during due diligence, 9 out of 10 of CFOs surveyed said that questions around cybersecurity were either 'very' or 'somewhat' detailed. The QBE Private Equity Cyber Survey (2025) found that more than 50% of private equity firms incorporate regulatory compliance and supply chain cybersecurity assessments in their pre-investment reviews, and that target companies are evaluated for cybersecurity posture as well as financials. This reflects LPs' growing consideration of cybersecurity and risk. Another area of deep concern is the rising threats of deep fakes and AI-driven attacks. This is making it necessary for GPs and LPs to build cyber-resilience, including real-time verification and in-depth, ongoing training. LPs are prioritising cybersecurity, and GPs who are demonstrating risk management through active monitoring and response planning will be favored.

> *"Organisations that embed robust risk frameworks and strong cybersecurity*

detection and containment measures into their strategy will safeguard operations as well as strengthen trust and long-term value." Lisa Mellor, Chief Risk Officer

Safe harbor

As we wind up 2025 and look forward to the start of the next five-year cycle leading to 2030, one thing is certain, private markets will continue to evolve to meet the diversified needs of its widening investor base. Digitisation, data management, as well as AI and automation will continue to dominate the industry's transformation agenda, while cybersecurity concerns will rise and those who can demonstrate robust defences will prevail. Private investment in energy security and the energy transition will continue and, more globally, the build-out of data centres to power increased AI adoption may contribute to this growth. Private credit's boom will continue too, though under growing scrutiny from regulators, who will also tighten compliance around how retail investors are treated as they increase their exposure to the private markets.

Ultimately, it was Odysseus' perseverance and focus that eventually delivered him back to his family. In a similarly choppy market with many distractions and detractors, fund managers are best served by sticking to a strategy that sets them up for future success as the potential of safe harbor appears on the horizon. While there's no guarantee it will be plain sailing ahead, overall the macroeconomic environment is improving for private markets and as activity increases through 2026 and beyond, the waters will become easier to navigate.

If you'd like to discuss any of the points raised here, or add a few, please contact us below.

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