Governance, Scale and the Next Phase of Private Markets

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How operating models, governance frameworks and infrastructure are evolving alongside the institutionalisation of private markets.

The growth of private markets is increasingly a story of structural transformation as well as asset growth.

As private assets move beyond traditional closed-ended institutional structures into evergreen, semi-liquid and wealth-focused products, parts of the industry's operating model are changing. Private markets are becoming more accessible through these structures, capital is becoming more perpetual in certain parts of the market, and expectations around transparency, liquidity and oversight are rising.

In this environment, governance is becoming a critical enabler of sustainable growth.

Macroeconomic and geopolitical events can move quickly from headline risk to portfolio risk. Rate shocks, energy volatility, geopolitical change and liquidity stress can affect valuations, refinancing conditions, exit timelines, portfolio-company performance and redemption behaviour, requiring ongoing monitoring rather than periodic review alone.

Liquidity, valuation and transparency are under greater scrutiny

Liquidity management has become a central regulatory and operational focus, particularly following developments such as AIFMD II and the increased emphasis on Liquidity Management Tools.

Monitoring liquidity and redemption risk is increasingly taking place on a continuous basis rather than solely at reporting intervals, placing greater emphasis on data quality, operational responsiveness and oversight frameworks.

This reflects a broader shift in private markets. Historically, closed-ended fund structures allowed liquidity events to be driven primarily by exits, distributions and fund lifecycles. Today, the growth of evergreen and semi-liquid structures means liquidity increasingly needs to be managed and monitored through product design and governance frameworks.

Valuation discipline within private assets has also come under the spotlight. Longer holding periods, slower exits and greater competition for transactions have increased scrutiny around valuation methodologies, transparency and ongoing investor costs.

Counterparty and collateral exposure are also being monitored more than in previous market cycles, while escalation frameworks have evolved towards much more frequent engagement between governance teams and boards.

Structurally, governance is shifting from periodic oversight towards continuous forward-looking risk monitoring.

Private markets are entering a more complex phase

Recent periods of market volatility have highlighted continued appetite for private market risk, particularly among managers able to navigate a more fragmented and complex environment.

Companies are also staying private for longer and creating more value before reaching public markets. This is contributing to demand for hybrid and semi-liquid products that seek to combine long-term private market exposure with broader investor accessibility.

As a result, some private market structures are bringing public-market expectations into private markets, including more frequent reporting, increased transparency and greater scrutiny around investor outcomes.

Governance as a foundation for sustainable growth

Governance is increasingly influencing whether growth in private markets can be achieved sustainably.

Semi-liquid and evergreen structures offer opportunities to broaden participation, but they also introduce new challenges. Investors expect timely reporting, robust oversight and effective liquidity management, while the underlying assets often remain less liquid and less frequently valued than traditional public market investments.

In many respects, these structures introduce public-market expectations without public-market infrastructure.

Timely, usable and decision-ready data is becoming central to governance, liquidity management and investor servicing.

Effective governance increasingly means continuous liquidity monitoring, independent challenge around valuations, clearly defined escalation processes, strong board engagement and data infrastructure capable of supporting accurate and timely investor reporting at scale.

Scale and operating infrastructure are becoming strategic differentiators

Across hedge funds and private markets more broadly, managers are under growing pressure to deliver greater transparency, stronger governance and more institutional-grade infrastructure. This is increasing the need for connected governance, administration and operational infrastructure across asset classes.

Scale increasingly matters because larger operating platforms can invest in technology, data, governance expertise and reporting capability across multiple asset classes and jurisdictions. But scale alone is not enough. Growth can also bring integration challenges, operational complexity and fragmentation, which can dilute the benefits of scale if not managed effectively.

The strongest platforms will be those able to combine scale with a clear, responsive and well-governed operating model that supports increasingly complex investment structures and rising investor expectations.

Governance is becoming part of the investment proposition

The transition towards more perpetual and accessible private market structures means governance quality is becoming an important determinant of long-term success.

Investors are evaluating transparency, operational resilience, reporting quality and governance infrastructure alongside investment performance.

In that environment, governance has moved from a background function to a core component of how investment platforms scale, support investors, meet regulatory expectations and build long-term confidence.

Waystone: Supporting the Next Phase of Private Markets

As private markets scale and product structures evolve, managers need operating partners with both the breadth of service coverage and the market reach to support more complex structures, broader distribution models and heightened governance expectations.

Waystone supports global institutions across fund administration, governance, distribution, compliance and operational infrastructure, helping firms scale efficiently while navigating an increasingly complex regulatory and investment environment. This integrated support is becoming more important as governance, data, liquidity oversight and investor servicing become more closely connected.

For managers, the right operating partner can help make this complexity more manageable. As products evolve and investor expectations rise, broad service coverage, market reach and connected governance infrastructure can help managers scale with greater control, resilience and confidence.

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