Crisil
Coalition
Greenwich

# Private markets see a rapidly evolving provider landscape

A significant share of institutional investors expect to increase target allocations to private equity and debt by **10% or more** in the next 3 years


Mounting demand for private assets is driving a convergence of the traditional asset management business and private market specialists. That integration is helping to bring the world of private markets to retail investors and changing the way traditional asset managers benchmark business performance.

## Partnering for private markets

The past two years have produced a rush of deals and partnerships between some of the world's largest asset management companies and firms that have dominated private markets for decades:

- In February 2025, State Street partnered with Apollo to launch the first exchange-traded fund (ETF) offering retail investors direct access to private credit.
- A few months later, Capital Group partnered with private market stalwart KKR to launch interval funds blending public and private credit market exposures. The firms announced their intention to extend that partnership into public/private equity funds and other blended offerings.
- Soon after, the somewhat surprising collection of Vanguard, Blackstone and Wellington Management filed with the SEC to launch their own interval fund blending public and private market exposures.
- All these announcements followed the groundbreaking announcement in Q4 2024 from Blackrock and Partners Group that the two firms were partnering to provide model solutions that integrate private equity, private credit and real assets into a single portfolio.

Those four deals represent just the notable tip of a much larger iceberg. Since at least 2023, traditional asset management firms have been acquiring or partnering with private market specialists in an effort to meet increased demand from high-net-worth and retail investors for access to private markets.

## Not all AUM are created equal

The rapid growth of private markets is forcing individual asset managers and the industry as a whole to reconsider some standard metrics used to measure business performance. Historically, the asset management industry has employed assets under management (AUM) as perhaps the most widely used indicator of market position and business performance. However, the rise of private markets is making AUM a much less relevant data point.

For example, passive assets now represent nearly 30% of asset management AUM but account for only 7% of revenues. Meanwhile, alternative assets, which make up just 18% of AUM, generate 57% of industry revenues.[1]

In short: All AUM are no longer created equal. Some dollars under management are worth far more than others when it comes to revenue generation. This is driving a higher need to review business performance through more than just the AUM lens, increasingly looking at margins and revenues, especially as many large managers start having a footprint in both public and private market offerings.

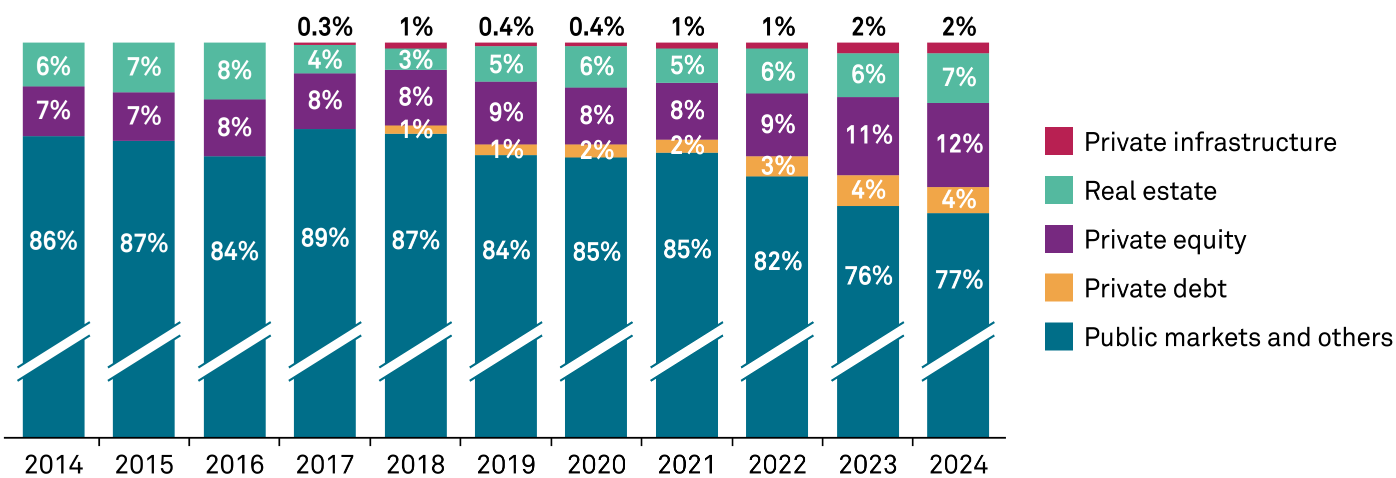
Source: [1]Oliver Wyman, Morgan Stanley Research estimates from *Recalibrating for an Ageing and Multipolar World*

# A sustained surge in appetite for private markets

Private assets have already become a staple in institutional portfolios. The following graphic tracks the historic growth of private equity, private credit and other private assets in institutional investment portfolios in the United States.

## U.S. defined benefit and investment pool asset mix

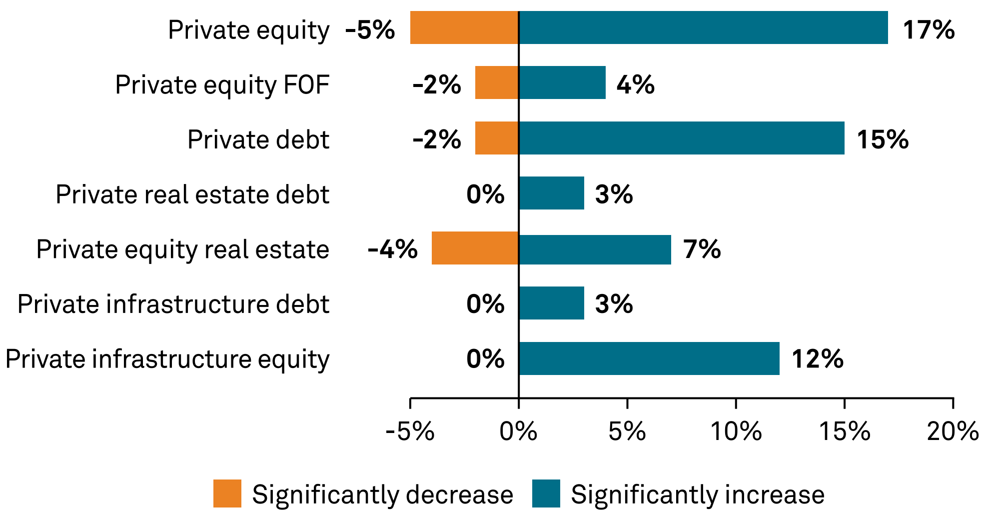
% total U.S. debt and investment-pool assets




Note: Based on 168 respondents.
Source: Coalition Greenwich Voice of Client – 2024 U.S. Institutional Investors Study

That growth shows no sign of slowing. As illustrated in the graphic below, a significant share of institutional investors expect to increase target allocations to asset classes like private equity, private debt and private infrastructure equity by 10% or more in the next three years.

## Proportion of U.S. asset owners planning a more than 10% change in 3 years




Note: Based on 113 respondents.
Source: Coalition Greenwich Voice of Client – 2025 U.S. Institutional Investors Study

Those impressive growth rates could be dwarfed by the expansion of private assets in retail portfolios. According to a 2025 study by State Street, a majority of institutional investors believe that retail-style vehicles will account for at least half of private market inflows over the next two years.

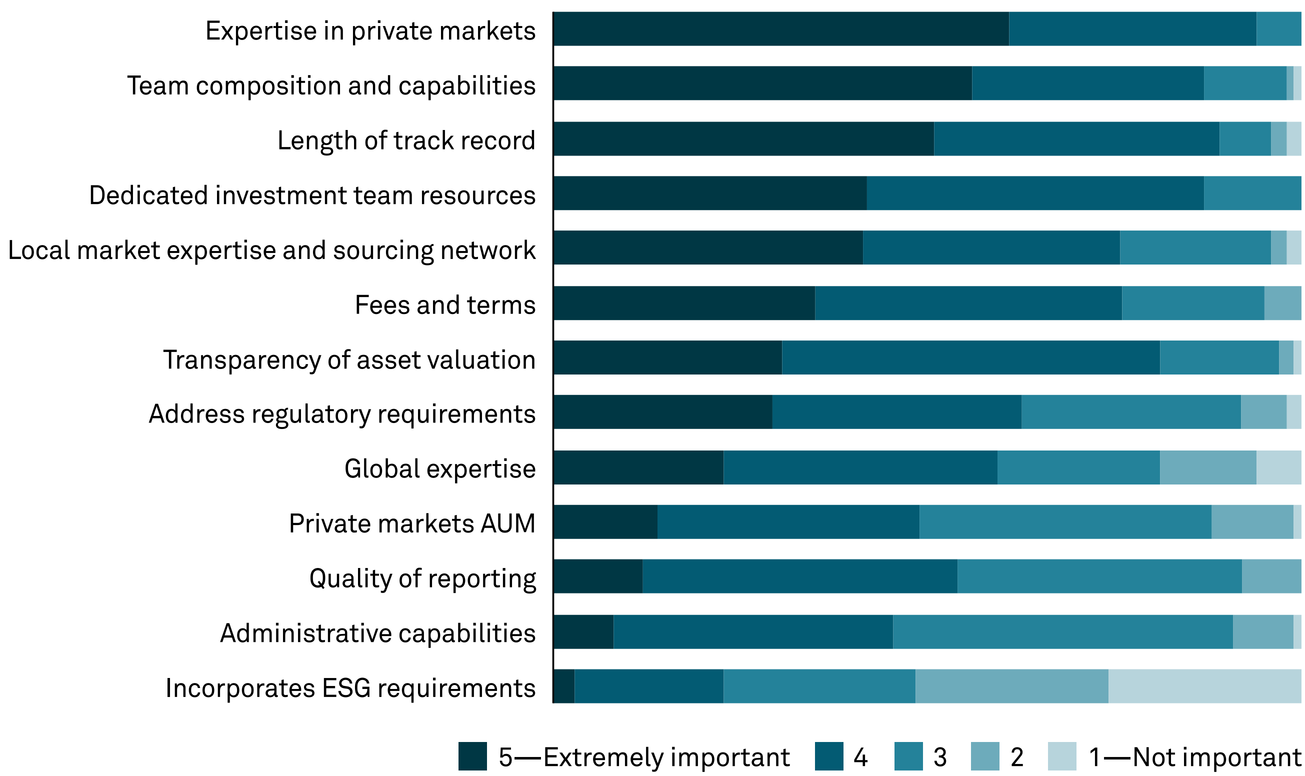
# A competitive advantage for established brands

Projections like that help explain why traditional asset managers are moving so quickly to expand private markets capabilities and capacity. But as traditional managers position themselves for an era of increased private exposures and blended public/private portfolios, it is interesting to consider why so many are opting to partner with private market specialists as opposed to building private market franchises in house.

One factor is speed. Retail demand is surging fast, and managers understand that providers who quickly establish themselves on wealth management platforms and other retail investment channels will have a first-mover advantage. Often, firms can get to market much quicker by partnering with a private market specialist than by building a new offering internally.

Leading traditional managers also understand the challenges of selling to investors across a spectrum of asset classes. Large asset managers know from experience that when it comes to selecting a manager, asset owners' preferences and criteria vary from asset class to asset class. And in private markets, the opinion from institutional asset owners is unambiguous: Investors want established managers with long track records, experienced investment teams and proven capabilities. A strong historic presence in private markets is much more important than AUM, global reach, administrative and reporting capabilities, and other factors that large traditional asset managers have historically counted as strengths.

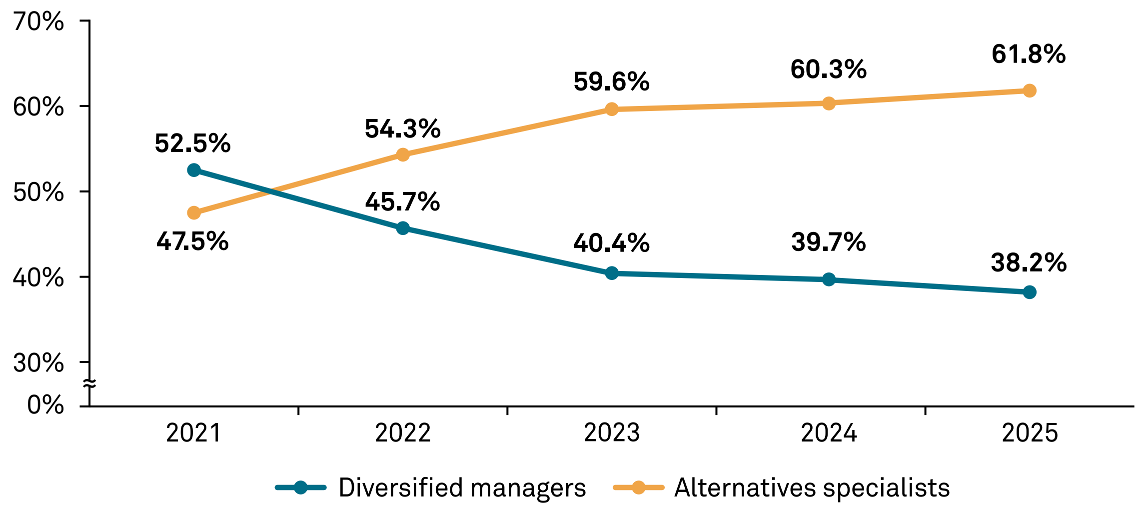
## Key attributes for selection of managers for private markets mandates




Note: Based on 104 respondents.
Source: Coalition Greenwich Voice of Client – 2023 Private Markets Study

The chart above shows the key criteria used by institutional asset owners when selecting managers for private markets. These results suggest strongly that new entrants to private markets will likely find themselves at a sharp disadvantage to existing players in the competition for institutional mandates and assets.

## Share of mentions among top 20 managers for alternatives




Note: Based on 462 respondents in 2025. Diversified managers: BlackRock, GSAM, Invesco, J.P. Morgan, MSIM, Neuberger Berman, PGIM, PIMCO. Alternatives specialists: Adams Street, Apollo Global, Ares Capital, Blackstone, Brookfield, Carlyle Group, Clarion Partners, HarbourVest, KKR, Oaktree Capital, Vista Equity, Warburg Invest.
Source: Coalition Greenwich Voice of Client – 2025 U.S. Institutional Investors Study

The graphic above illustrates how that dynamic is playing out in the industry today. Every year, Crisil Coalition Greenwich asks institutional investors to name the managers they are currently using in each asset class. As the chart shows, as recently as 2021, diversified asset managers accounted for more than half of these mentions across alternative asset classes. That changed as private markets began to grow, mature and take on a bigger position in institutional portfolios. Today, alternatives specialists account for more than 60% of citations.

As speed to market with new products remains critical for traditional asset managers, and retail distribution continues to be key for alternatives players, we believe such partnerships will endure, rather than managers trying to go it alone.

*Parijat Banerjee, Global Co-Head, Investment Management, is the author of this report.*

25-2060

Crisil

a company of S&P Global