

# From Exclusive to Essential: The Rise of Private Markets in Modern Portfolios

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Private market investments were the exclusive domain of institutions and ultra-high-net-worth investors for decades. These asset classes are characterized by limited disclosure, high minimum investment thresholds, and long lock-up periods, which have historically made them opaque and difficult for retail investors to access. However, private markets have grown dramatically and have become an increasingly important component of diversified modern portfolios for qualified investors\*. The number of private companies has ballooned by 43% over recent decades, while the number of public companies has declined by 35%. In other words, a growing share of economic growth and investment opportunity now resides in private ventures. As such, an investment strategy encompassing public and private assets should be considered table stakes.

Large institutions, like pension funds and endowments, have been paving the way for several decades. Since the early 2000s, public pension plans in the U.S. have sharply increased allocations to “alternative” investments from just 14% of portfolios in 2001 to nearly 40% by 2021. This massive reallocation reflects a fundamental belief that private assets can enhance returns and provide diversification beyond what traditional stocks and bonds offer. Private market assets under management are projected to keep expanding rapidly – Bain & Company forecasts private markets will grow more than twice as fast as public markets, potentially reaching \$60–\$65 trillion in AUM by 2032.

## Why Institutions Love Private Assets

Within private markets, there are a broad spectrum of asset classes and strategies — each with its own risk/return profile. The long-term performance of many of these strategies has often exceeded that of traditional public market investments, particularly when measured over multi-year periods.

**Comparative Private Market Returns**

Index	1-year	5-year	10-year	15-year
Private Equity	8.9%	15.8%	15.2%	14.8%
Venture Capital	5.6%	12.2%	11.9%	12.9%
Real Estate	2.0%	6.7%	8.1%	9.5%
Real Assets	10.2%	9.9%	7.3%	7.7%
Private Debt	5.9%	8.1%	7.6%	9.2%
Fund of Funds	2.7%	12.8%	12.2%	12.0%
Secondaries	8.7%	13.0%	12.5%	13.5%
Private Capital	7.7%	12.9%	12.2%	12.5%

*Source: PitchBook, as of December 31, 2024*

Institutional investors, such as large pensions, sovereign wealth funds, and university endowments, have long favored private markets for several compelling reasons:

- **Diversification and Low Correlation:** Private assets often move independently of public markets and offer a way to reduce overall portfolio volatility.
- **Access and Control:** Investors gain a level of influence and insight into underlying businesses or assets that's not possible with public equities.
- **Higher Long-Term Returns:** As the data above shows, asset classes like private equity and secondaries have historically delivered low to mid-teen returns, outpacing public benchmarks.

While the door to private markets has cracked open slightly in recent years, thanks to the emergence of interval funds, non-traded REITs, and online platforms, the most compelling private opportunities are still difficult for retail investors to access. High-performing private equity funds, top-tier venture capital vehicles, and specialized real asset strategies are still mostly reserved for institutional capital or ultra-wealthy individuals.

In addition to access challenges, private market investments often come with structural nuances that require deeper analysis: long lock-up periods, irregular cash flows, complex fee structures, and legal documents that are difficult to interpret. Without proper guidance, retail investors can find themselves in investments that don't align with their risk tolerance, liquidity needs, or long-term goals.

Given the complexity, opacity, and variability of private market opportunities, retail investors stand to benefit significantly by working with a trusted partner that can guide them through the private investment landscape. By partnering with an experienced advisor, individuals can gain exposure to high-quality private market opportunities that were once out of reach, while ensuring those investments are thoughtfully integrated into a long-term strategy. In today's evolving financial landscape, access is no longer the only challenge; making smart, well-informed decisions about where and how to allocate in the private market is what separates successful investors from the rest.

Evergreen Gavekal offers exclusive alternative investment opportunities for clients through our [Evergreen Ventures division](#). If you're a client interested in learning more about our private investment opportunities, please get in touch with your wealth consultant.

\*Investing in alternative investments often requires being an Accredited Investor and/or a Qualified Purchaser.

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