

ILPA White Paper Explores the Growing Presence of Retail Investors in Private Markets

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The Institutional Limited Partners Association (ILPA) recently released a white paper, [ILPA Retail Capital Analysis: Primer and Questions to Ask GPs](#), that explores the growing presence of retail investors in private markets and what this means for LPs in traditional private funds.

ILPA's decision to address the rise of semi-liquid retail funds is a well-timed and welcome development for both LPs and GPs.

By focusing on this area, ILPA is helping LPs understand the unique aspects and challenges of these funds. By actively encouraging LPs to engage with the "retailization" of private markets, this initiative also encourages broader industry discussion. As more LPs become informed, the quality of dialogue between them and GPs is likely to improve.

We also see this as a positive development for GPs, whether they already have semi-liquid retail funds or are considering entering this space. This is especially important given the differences between retail and institutional fund structures. By highlighting key questions and due diligence points, ILPA is helping to raise standards of awareness and transparency across the industry, which benefits all participants, including those in both semi-liquid retail funds and traditional institutional funds.

The ILPA white paper provides a comprehensive overview of the rapid growth and structural evolution of semi-liquid retail funds in private markets. We agree that, although still in its nascent stages, the expansion of retail participation in private markets is not a passing trend but a fundamental shift that is reshaping the industry landscape. For example, the ILPA white paper notes that Hamilton Lane projects that

retail funds will become at least 20% of the total private markets space in 10 years. Other market commentators believe that new capital raised from individuals and private wealth channels will constitute anywhere between 33% and 50% of their fundraised capital in the medium to long term.

The private markets are undergoing significant transformation as the traditional boundaries between retail and institutional capital become increasingly blurred. Not only are more LPs in traditional private funds expressing interest in the liquidity features of semi-liquid retail funds, but the very structure of the market is evolving to accommodate a broader range of investor types and preferences.

These developments are highly relevant even for GPs who do not currently offer, or have immediate plans to launch, retail funds. At a high level, it is essential for GPs to ensure their organizations are positioned with the flexibility and readiness to establish retail offerings if and when the opportunity arises. As equally important, GPs should anticipate a growing volume of questions and more detailed discussions from their LPs regarding retail strategies, fund structures, and the implications for governance and alignment. Proactive engagement and preparedness in these areas will be critical for long-term strategic planning and maintaining strong investor relationships as the landscape continues to shift.

For those seeking further insights or with specific questions about how these developments may affect your fund structures or investor relations, please feel free to contact your regular [Kirkland & Ellis investment funds counsel](#).

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