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OPINION

# Private markets belong in every advisor’s toolkit

With a shrinking pool of publicly listed firms and lower barriers to entry, the case to diversify client portfolios with private investments is stronger than ever.

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Public markets have been the default playground for investors for decades, but that landscape is shrinking.

*As noted by the Tuck School of Business at Dartmouth*, the peak of the market saw nearly 8,000 publicly traded companies in the US. Today, that number has dwindled to roughly 4,000.

Meanwhile, *nearly 90% of companies generating $100 million or more in revenue are privately held*, representing a vast universe of opportunity.

Thanks to evolving regulations and technology, access to private market investments is no longer reserved solely for institutions and ultra-high-net-worth individuals. Advisors now have the tools to offer these options to a broader range of clients, helping them diversify their portfolios and pursue potentially stronger returns by investing in companies before they go public.

## Why invest in private markets?

Some of the most sophisticated investors are increasingly allocating significant portions of their portfolios to private markets – including *private equity*, hedge funds, private debt, real estate and infrastructure. This reflects a growing recognition that private markets can offer access to opportunities that are simply not available through public exchanges.

One of the compelling reasons to include private market assets in client portfolios is as a potential hedge against volatility. Unlike public equities, which are updated daily and can swing due to headlines, technical factors or investor sentiment, private investments are typically revalued only during significant events like a capital raise or a sale. This means they're less correlated with matters that affect public markets, which can help smooth out portfolio performance during turbulent times. As public markets grow more unpredictable, private assets may offer a powerful tool for diversification.

## A lower barrier to entry

Historically, private market investments were limited to those who could meet steep qualification thresholds and navigate complex structures; private equity firms offered access only to large limited partners (LPs) with at least $5 million in investible assets.

That standard is shifting. Wealth management platforms have pushed for broader access, and private market managers have responded by creating new vehicles – like evergreen and tender option funds – designed to accommodate lower net worth thresholds. This democratization of private markets means that investments once restricted to qualified purchasers (net worth of $5 million+) are now available to qualified clients (net worth of $2.2 million) and even accredited investors (net worth of $1 million).

Some of these newer structures also offer liquidity features that create more flexibility for investors – for example, issuing 1099 tax forms instead of K-1s, which simplifies tax reporting and avoids the delays and costs associated with filing extensions. Changes like these are making private markets investing more accessible, manageable and attractive to a wide range of clients.

## It's time to bring private markets into the conversation

As private markets continue to evolve, the case for including them in client portfolios grows stronger and advisors who overlook these opportunities risk falling behind. With access expanding through new fund structures, lower investment minimums and simplified tax reporting, the barriers that once kept private markets exclusive are rapidly disappearing.

Advisors can offer stocks, bonds and mutual funds. But those looking to deliver robust returns and meaningful diversification should explore how private market investments can elevate their practice. Take advantage of the growing pool of educational resources, learn more about product availability and understand why these investments can add real value. As private markets become more accessible, clients may begin to seek them out – and advisors who are prepared can meet that demand with confidence.

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