THE INVESTMENT ASSOCIATION

PRIVATE MARKETS DEMOCRATISATION IN THE UK

PROMISE, PROGRESS AND KEY NEXT STEPS

October 2026

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The IA champions UK investment management, supporting British savers, investors and businesses. Our 250 members manage £11.1 trillion of assets.

Our mission is to make investment better. Better for clients, so they achieve their financial goals. Better for companies, so they get the capital they need to grow. And better for the economy, so everyone prospers.

Our purpose is to ensure investment managers are in the best possible position to:

- Build people's resilience to financial adversity
- Help people achieve their financial aspirations
- Enable people to maintain a decent standard of living as they grow older
- Contribute to economic growth through the efficient allocation of capital.

The money our members manage is in a wide variety of investment vehicles including authorised investment funds, pension funds and stocks and shares ISAs. The UK is the second largest investment management centre in the world after the US, and manages £5.9 trillion in overseas client AUM.

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EXECUTIVE SUMMARY

Private markets are becoming increasingly central to the UK's investment, pensions and economic growth agendas. The question is no longer whether access should broaden, but how it can do so responsibly, at scale and in a way that preserves investor confidence. The UK has made significant progress through the LTAF, Mansion House reforms, DC pension developments and ISA eligibility, but product innovation alone will not deliver responsible access. The next phase requires an ecosystem approach, bringing together product design, platform infrastructure, adviser capability, investor understanding, and proportionate regulation.

Five headline **findings**

1 **Demand Exists But Remains Concentrated.**
Adoption is strongest in institutional, DC and higher-net-worth segments. Demand within the wider advised mass-affluent market remains nascent. IA consumer research shows a generational divide: overall consideration of investing in an LTAF, once fully explained, softened to 49% in 2026 (from 57% in 2025), but Gen Z became more enthusiastic, up 11 percentage points to 81%. Awareness remains a constraint – 41% have heard of an LTAF, but only 5% say they know exactly what one is.

2 **Education and Trust Remain Critical Enablers.**
Advisers and investors continue to require greater familiarity with private markets, evergreen structures and liquidity management tools, so that features like notice periods and gating are understood as intentional design choices rather than product weaknesses.

3 **The UK Has Made Product Progress, But Flexibility and Scalability Gaps Remain.**
Long Term Asset Funds (LTAFs) have reached £7.3bn in AUM as at 15 March 2026, up from £5bn in June 2025, with a further £3.1bn of committed capital yet to be called. Despite this success, managers continue to identify scope for greater flexibility in the length of the LTAF's mandatory notice period to better align with the liquidity profile of underlying investments, alongside constraints affecting hybrid public-private strategies, while UK vehicles more broadly face a structural scale ceiling given the lack of an EU-wide distribution passport.

4 **The Principal Barriers Have Shifted from Regulation to Distribution.**
Platforms, wealth managers and asset managers consistently identified operational infrastructure, onboarding processes and distribution readiness as the main obstacles to scale.

5 **Access Is Constrained By Governance, Reporting and Value Considerations.**
Differences in data quality and reporting standards between private and public markets can complicate governance and due diligence processes, and stakeholders highlighted SIPP capital treatment as one specific area worth further review.

Five priority **actions**

1 **Build Demand and Adoption in the Mass-Affluent Market.**
Long-term
Develop a stronger evidence base on investor needs, adviser behaviour and portfolio construction, working alongside the education effort so the two reinforce each other.

2 **Strengthen Education and Capability Across the Investment Chain**
In flight, will take time
Support continued adviser and client education, building on the IA's own explainers, roundtables and thought leadership.

3 **Evolve The LTAF And NURS Framework to Support Greater Flexibility.**
In flight
Explore with the FCA whether greater flexibility could be introduced in the length of the mandatory notice period for LTAFs, while retaining a mandatory notice period as a core safeguard and ensuring redemption terms remain aligned with the liquidity profile of underlying investments. Explore whether NURS could better accommodate hybrid strategies, and how lessons from the LTAF can inform the FCA's proposals on liquidity management of FIIAs.

4 **Accelerate Building the Distribution Infrastructure Needed for Scale.**
Delivering
Continue the collaborative work already underway between industry and regulators to make platforms and systems ready for non-daily dealing funds, so private market products can be onboarded and supported at scale.

5 **Strengthen Governance Confidence, Data Consistency and the Investor Value Proposition.**
In flight, will take time
Work with the FCA to review how SIPP capital rules currently apply to LTAFs, alongside continued industry collaboration on standardising information formats across the distribution chain.

INTRODUCTION AND PURPOSE

Private markets, and efforts to broaden access to them, have been a defining market and policy trend for the past decade. In the UK, this agenda can be traced back to the 2016 *Patient Capital Review*, launched by HM Treasury to address the gap in long-term patient finance for high-growth, innovative UK companies trying to scale up. The Review culminated in a 2017 action plan aimed at unlocking £20 billion of investment over 10 years and laid much of the groundwork for subsequent initiatives, including the LTAF, the Mansion House Compact and the broader productive finance agenda.

Against this backdrop, this paper examines the UK's progress in democratising the private markets landscape. It assesses both the strength of the domestic market and the UK's ability to remain competitive internationally. It primarily considers the UK's ability to distribute UK-based fund structures and investment vehicles to investors.

This report builds on the UK's established success in institutional private markets and examines how that foundation is being extended to a broader investor base, particularly retail investors. It assesses where access is already expanding, where the main bottlenecks now sit, and what practical steps are needed to support responsible growth in UK distribution channels.

A subsequent report will consider the UK's international competitiveness in greater depth, including the conditions needed for UK-based fund structures and investment vehicles to be more effectively distributed to global investors.

SETTING THE SCENE:
WHAT DEMOCRATISATION MEANS AND WHERE PROGRESS IS ALREADY HAPPENING

Investments through private markets have grown to around $22 trillion globally, driven primarily by institutional capital.[1] The next phase of growth is expected to involve a greater role for individual investors, alongside increasing demand for long-term capital to finance structural shifts such as decarbonisation, artificial intelligence and infrastructure.

For investors willing to lock capital away for longer periods, access to private assets can offer enhanced portfolio resilience through diversification as well as potential illiquidity premium. Policymakers and regulators are increasingly focused on enabling broader access in a measured and well-governed way. In this report, democratisation refers to ensuring a broader set of investors can benefit from private market investment exposure. It is intended for investors whose time horizons, liquidity needs and advice or governance arrangements make private markets suitable. The policy challenge is therefore to broaden access without weakening investor protection, and to ensure that the structures used for access reflect the characteristics of the underlying assets.

In the UK, investment trusts provide a well-established means to access a variety of private markets strategies and sub-asset classes, from private equity to infrastructure. However, a range of investors, particularly in the DC pensions market, but also in private wealth and retail, have expressed a preference for a different kind of vehicle that sits more clearly in an allocation model based on Net Asset Value (as per traditional investment funds), without being subject to additional market movements resulting from a listed structure. Creating this kind of additional optionality – recognising the value that continues to be offered by investment trusts – has been at the heart of IA policy thinking over the past decade. The key policy and regulatory challenge has therefore been to broaden access without weakening investor protection, and to ensure that the structures used for access reflect the characteristics of the underlying assets, which has involved a major focus on the role of notice periods to control for potential liquidity mismatch.

Within occupational pensions, workplace DC has been the first major channel to adopt the LTAF, and the reasons go beyond governance alone. Rather than dispensing with daily dealing, DC schemes have found ways to accommodate illiquid allocations within what remains, for members, a daily-priced and daily-dealt default fund. This works for several structural reasons: private market allocations are typically small relative to the overall default fund; LTAFs sit one or two layers beneath the member-facing fund, insulating members from the underlying dealing terms; and schemes are strongly cash flow positive, providing ample liquidity headroom to meet individual member events such as transfers and retirements without needing to sell illiquid holdings. Members are also generally unable to access their pension savings before age 55 (rising to 57 in 2028), which further reduces the likelihood of large, unplanned redemption demands. Investment procurement, governance and implementation in DC are also institutional in nature: schemes work with advisers, consultants, asset managers and platforms to make centralised allocation decisions on behalf of members, rather than members making individual product-level choices, and suitability is addressed through trustee and IGC governance rather than assessed client-by-client. Together, these structural and governance features have allowed DC schemes to absorb illiquid allocations without disrupting member-facing dealing terms – a combination that pure personal pensions, advised wealth and execution-only retail channels have not yet replicated.

The scale of the DC market underscores its long-term importance. Workplace DC assets are projected to reach £1.3 trillion by the mid-2040s, positioning DC as a major potential driver of private market capital flows for decades to come.[2] Current policy commitments, including the Mansion House objective of allocating 10% of default DC assets to private markets by 2030, are likely to act as an important catalyst.[3] Some schemes are already signaling ambitions to go further, with target allocations in the range of 20–30%. International experience, particularly from Australian superannuation funds, suggests that higher allocations may be achievable over time.

The Mansion House commitment has also provided a forward demand signal for providers to invest against, addressing the "build it and they will come" uncertainty that platforms cite as a barrier in the wealth channel.

This does not mean the DC route is settled. Fee dynamics remain more nuanced than a simple charge-cap barrier and while the Value for Money framework may help by allowing forward-looking investment performance metrics to offset immediate cost increases, uncertainty over how the framework will treat private market allocations in practice may still influence near-term decision-making.

[1] McKinsey & Company (2025), Global Private Markets Report 2025: Braced for Shifting Weather, May 2025
[2] Pensions Policy Institute (2024), The DC Future Book 2024, London: Pensions Policy Institute.
[3] Isio (2025), Mansion House Accord: It's All in the Implementation, May 2025.

CURRENT UK PRODUCT TOOLKIT

Building on the discussion above, the table below sets out the principal UK fund structures currently available for private market investing and the role each is intended to play.

KEY STRUCTURES	Investment Trust (Private Markets Focused)	LTAF	Non UCITS Retail Schemes Fund of Alternatives Investment Funds (NURS FAIFs)	QIS
KEY FEATURES	• Investment fund listed on the London Stock Exchange. • Closed-ended structure (fixed pool of capital and shares). • Secondary market liquidity through trading shares at a premium or discount to NAV. • Trusted product structure with good governance from listing.	• Strategy to be mainly in illiquid assets. • Open-ended but very flexible re-dealing model. • More extensive use of liquidity management tools.	• Similar to UCITS but with a more flexible investment framework. • Can invest in more illiquid assets than UCITS. • Can offer more limited redemption terms to reflect their ability to invest in less liquid assets (Typically for fund of funds vehicles). • Deals at price based on NAV. • These structures remain relatively rare, with only a handful currently active in the market.	• For professional and sophisticated investors. • Wider investment powers. • Deals at price based on NAV. • Mostly (98% by assets) LGPS pool funds using third party ACD (based on 49 funds from IA data).
ACCESS TO PRIVATE MARKETS	• Unrestricted	• Mostly unrestricted	• Only available via other open-ended funds or listed securities	• Mostly unrestricted
ACCESS TO GEARING	• Unrestricted	• 30% at fund level, unrestricted at investment level.	• Very limited	• 100% at fund level
LIQUIDITY	• Instantaneous liquidity is available in theory, but will depend on secondary market liquidity. • Investors may have to buy shares at a premium to NAV or sell at a discount	• NAV based subscriptions and redemptions. • Dealing is infrequent (typically quarterly) with redemption limits that limit access to liquidity • Redemptions require minimum 90 days' notice.	• NAV based subscriptions and redemptions. • Dealing can be infrequent (minimum once every six months), but no redemption limits apply. • No prescribed minimum redemption notice period (with limited exceptions).	• NAV based subscriptions and redemptions. • Dealing can be infrequent (no minimum prescribed). • Redemption limits can apply.
INVESTOR ELIGIBILITY/ TARGET INVESTORS	• Open to all investors • Used by wealth platforms and advisers.	• Professional investors including defined contribution (DC) pension schemes. • Sophisticated investors • High-net-worth individuals • Retail investors (subject to eligibility requirements and investment limits).	• Open to all investors	• Professional investors • Sophisticated investors who meet strict eligibility criteria. • No wider retail access.

ISA/SIPP ELIGIBILITY	• Eligible for Stocks & Shares ISAs • Eligible for SIPPs	• Eligible for Stocks & Shares ISAs • Eligible for SIPPs	• Generally eligible for Stocks & Shares ISAs and SIPPs, but only where assets can be realised within 30 days. In practice, not all underlying private market assets would meet this requirement, which can limit eligibility.	• Generally, ISA/SIPP eligible (subject to 30-day realisability requirement), though primarily used by institutional and professional investors.
TAX TREATMENT	• 0.5% stamp duty on purchase (also eligible in ISAs). • Dedicated tax regime for streaming dividend and interest income, separate from the main authorised investment fund regime.	• UK authorised investment fund tax regime. • Can be structured as a TTF (tax transparent	• UK authorised investment fund tax regime. • Can be structured as a TTF.	• UK authorised investment fund tax regime. • Can be structured as a TTF.
RETAIL UPTAKE	• Relatively well understood and established in the retail market. • Lower than open-ended funds.	• Currently limited. Dominated by DC pension schemes and institutional investors.	• Limited due to complexity, illiquid nature and adviser suitability concerns.	• None
ABILITY TO DISTRIBUTE OUTSIDE OF THE UK	• Primarily UK-domiciled distribution. • Overseas distribution is limited and jurisdiction-specific. • Accessible to international investors through stock exchange trading and index inclusion.	• Primarily UK domiciled distribution. • Not widely recognised internationally as it is a relatively new product.	• Same as LTAF	• UK QIS are less widely recognised internationally and often unattractive than Luxembourg or Irish vehicles.

INDUSTRY VIEWS AND ECOSYSTEM INSIGHTS

In order to ascertain insights from the ecosystem, we engaged with 20+ firms spanning asset managers, wealth managers and platforms through a combination of surveys and targeted follow-up interviews to identify areas of success, pain points and explore opportunities for change. While these different stakeholders naturally approach these issues from different perspectives, a consistent theme across the evidence is that the UK has made meaningful progress in creating structures capable of supporting broader access to private markets. However, there are practical barriers that continue to limit adoption and scale across different parts of the ecosystem. Findings have been grouped thematically and are detailed below.

1 KEY FINDING 1: Demand exists, but remains concentrated

Demand for private market exposure is clearly emerging across the UK market, but it remains uneven. Institutional and defined contribution (DC) markets are relatively well developed, with allocations driven by portfolio construction objectives and increasing adoption of vehicles such as the LTAF. Within wealth management, demand is more established among private banks, family offices and high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients, often accessed through international structures, where private market allocations continue to grow. Uptake within the advised mass-affluent market, which broadly fall within the FCA's Restricted Mass Market Investment (RMMI) category, is significantly more limited, governed by self-imposed minimum investment thresholds, enhanced suitability assessments and bespoke customer journeys that have yet to reach scale.

Even within institutional and DC channels, however, demand is not evenly spread across private market sub-asset classes. Some workplace DC schemes have yet to introduce private market allocations at all, citing the combined effect of the DC charge cap and the practical difficulty of accommodating private equity or private credit exposure within it. Where schemes have made progress, several have found real estate and infrastructure, including social housing and assisted living, more straightforward to implement than private equity or credit, partly on operational grounds and partly because these assets provide a more tangible link to UK economic outcomes that schemes can communicate to members. This suggests that Mansion House-type commitments may translate unevenly across private market sub-asset classes, at least in the near term.

This unevenness partly reflects how differently demand behaves outside institutional markets. Institutional investors tend to be allocation-driven, seeking exposure to specific asset classes as part of strategic portfolio construction, whereas wealth clients are typically outcome-driven, assessing investments through objectives such as retirement planning, income generation, capital preservation and wealth transfer. As a result, private market exposure is largely adviser-led rather than client-driven: most wealth managers report that clients rarely seek these investments proactively, and that suitability, rather than traditional client segmentation, is the more meaningful determinant of access. The key consideration is not whether an investor is classified as retail, sophisticated or high-net-worth, but whether private markets align with their investment horizon, liquidity needs, financial resilience and overall portfolio objectives.

IA consumer research adds a generational dimension to this picture. Baseline awareness of LTAFs is low: only 41% of investors say they have heard of one, and just 5% say they know exactly what one is. To test underlying appetite regardless of this awareness gap, the research therefore gave respondents a full explanation of LTAFs before asking whether they would consider investing. On this basis, 49% said they would consider investing in 2026, down from 57% in 2025 — but this softening was not uniform. Gen Z was the only generation to become more enthusiastic year-on-year, up 11 percentage points to 81%, while consideration eased among Millennials (still a majority, at 71%), Gen X (48%) and Baby Boomers (32%). This points to a meaningful pool of future demand concentrated among younger, longer-horizon investors, once informed — reinforcing the importance of the education work discussed later in this report.

Even where appetite exists, allocations remain relatively modest in practice. Private market investments are typically incorporated within existing asset-class exposures, with private equity forming part of equity allocations and private credit assessed alongside higher-yield fixed income investments. Most wealth managers expect exposures to remain around 5% of portfolios, potentially increasing towards 10% in certain segments over time. The constraint here is less about willingness to allocate than the practical challenge of implementing and maintaining those allocations within portfolios, particularly where illiquid or semi-liquid assets must be managed within model-based investment frameworks.

LTAFs are already available through execution-only channels in certain circumstances, and stakeholders recognised this as a market reality. But fully scaled execution-only retail distribution is likely to develop gradually, depending on platform capability, clear client journeys, appropriate disclosures and robust operational processes.

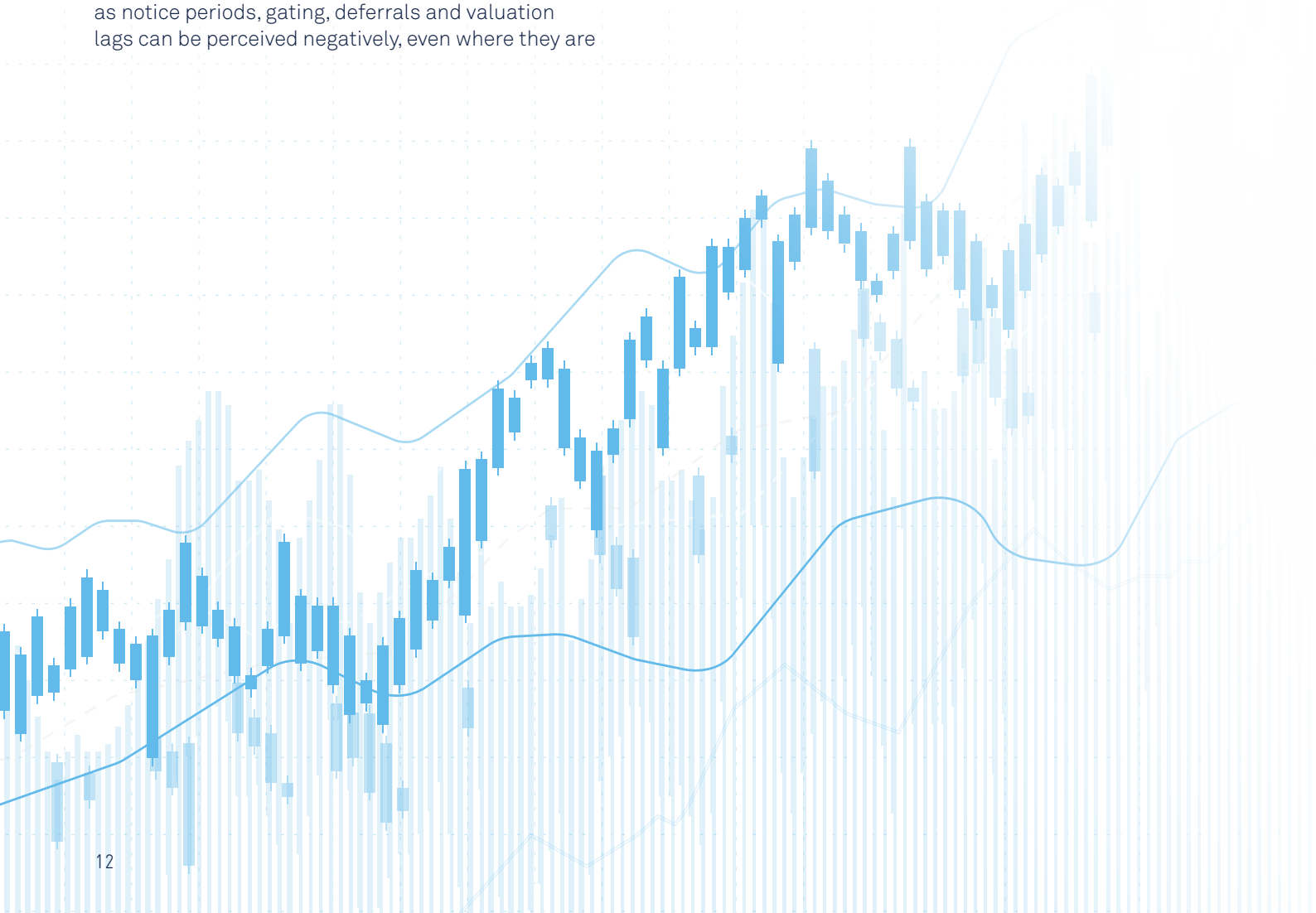
2 KEY FINDING 2: Education and trust are critical enablers

While products, distribution infrastructure and governance frameworks shape access, stakeholders consistently emphasised that broader adoption will ultimately depend on investor understanding and confidence.

Private market exposure remains largely adviser-led rather than client-led. Most wealth managers noted that investors rarely seek private market investments proactively, meaning advisers play an important role in introducing the asset class, explaining its characteristics and positioning it within broader financial planning discussions. Because advisers, platforms and intermediaries are often the primary route through which clients encounter private markets, any gaps in their own understanding are likely to be passed on directly to clients — making their confidence, not just investors', central to broader adoption.

One area where this matters most is liquidity. Many investors continue to see daily liquidity and immediate access to capital as non-negotiable, so features such as notice periods, gating, deferrals and valuation lags can be perceived negatively, even where they are entirely consistent with the long-term nature of the underlying assets. Broader adoption will require these characteristics to be understood as features of long-term investment design rather than indicators of product weakness. Communication is therefore central to closing this gap. The challenge is not simply the quantity of information provided, but whether it is understandable, relevant and delivered at the right point in the client journey.

As a result, education should not be viewed as a marketing exercise, but as a prerequisite for responsible democratisation. Broader adoption is likely to depend on building this understanding across the investment chain, advisers, platforms and investors alike, while ensuring private markets are presented clearly, consistently, and in a way that reflects both their opportunities and their trade-offs.



3 KEY FINDING 3:
The UK has made product progress, but flexibility and scalability gaps remain

The UK has made significant progress in developing investment fund structures capable of supporting broader access to private markets. Investment trusts, LTAFs, NURS FAIFs, FIIAs and QIS structures all play different roles across the investor spectrum. It is worth noting that retail access to less liquid assets has historically been difficult to deliver well: QIS, in existence since 2004, remains restricted to certified sophisticated or HNW investors, while real estate funds in particular have faced recurring difficulties where an expectation of daily dealing has led to redemption pressure the fund cannot always meet from available cash, requiring costly liquidity buffers that act as a drag on performance. This history is a useful backdrop to the LTAF and FIIA reforms discussed below, which are explicitly designed to reset these expectations through longer, more structured dealing terms.

Two core issues emerge from the evidence gathered on the current UK product toolkit:

First, there is likely to be scope for targeted refinements to the LTAF and NURS frameworks as the market develops.

LTAFs are viewed positively as a targeted solution, with the mandatory notice period providing an important safeguard against liquidity mismatch and helping to align investor expectations with the long-term nature of the underlying assets. Some firms nevertheless consider that there may be scope for greater flexibility in how the minimum 90 day requirement applies across different strategies, provided that any variation remains consistent with the liquidity profile of the assets and maintains appropriate investor protection. The issue is therefore not whether the notice-period safeguard should remain, but whether the framework could accommodate proportionate variation within it. Some stakeholders also noted that international regimes often combine minimum notice periods with a broader range of liquidity management tools, such as redemption caps, redemption fees and liquidity sleeves, and suggested that there may be value in considering how such measures interact with notice periods when designing future frameworks.

We note that the FCA intends to introduce similar provisions to FIIAs in the short term, and that industry should consider issues identified with the LTAF when engaging with the FCA on these proposals.

This same rigidity is evident in how both regimes treat hybrid strategies — funds that, instead of "mainly" investing in private market assets, offer a mixed strategy with a significant (but not necessarily majority) exposure to private markets. Funds combining public and private assets are often seen as a key route to broader participation, but two structural constraints currently limit this: the LTAF's liquidity sleeve is capped in a way that restricts how blended a strategy can be while remaining within the regime, and the NURS regime offers limited or indirect access to private assets. A NURS can invest a maximum of 20% in private assets, and in practice will set a much lower threshold to avoid breaching this maximum where asset values appreciate; NURS Funds of Alternative Investment Funds (FAIFs), a specific type of NURS aimed at giving retail investors indirect exposure to less liquid assets, are even more constrained, generally only able to hold private assets via other funds. As a result, there is no widely available authorised UK structure designed to hold a genuine mix of public and private assets in one fund, closing off participation from investors seeking a lower-risk alternative to the LTAF (as currently structured) with NAV-based entry and exit. It is notable that similar blended exposures have been successfully delivered in the investment trust market, where vehicles such as Scottish Mortgage combine public and private assets — this highlights that investor appetite exists, but current open-ended fund structures struggle to accommodate these strategies.

Second, the inability to distribute UK structures in the EU represents a significant scale challenge. Asset managers are clear there is no single structure that works across all use cases internationally: most firms operate across a combination of LTAFs, ELTIFs, UCI Part II vehicles, partnerships and other structures, with the choice driven by target investor, distribution channel and underlying strategy. UK structures, by contrast, are well-designed in principle but are inherently single-market vehicles, requiring standalone infrastructure and relying

on domestic demand to reach scale. This is not a design weakness specific to UK vehicles or to private markets, but a structural feature of the post-Brexit landscape: ELTIFs benefit from an EU-wide marketing passport that allows distribution across all member states under a single authorisation, a mechanism UK-domiciled funds lost access to when the UK left the single market. The practical consequence is that the LTAF's global growth potential is likely to remain structurally smaller than that of a vehicle such as UCI Part II, unless UK demand alone proves sufficient to drive it to scale.

Scale is also constrained closer to home. Several stakeholders noted that even within the UK, tax and structural considerations often require firms to use different vehicles for different client types and distribution channels, for example, distinguishing between structures suitable for workplace pensions and those used for wealth or SIPP distribution. This adds cost and complexity relative to a model in which a single vehicle could be distributed efficiently across multiple channels, and was identified as a further, largely domestic, constraint on achieving scale.

A broader question raised by stakeholders is whether the UK should prioritise growing onshore fund manufacturing and servicing capability or accept that UK investors may continue to be served largely through Luxembourg-domiciled vehicles such as ELTIFs and UCI Part II funds, which already offer global managers greater scale. This report does not attempt to resolve that question; it is considered further in our forthcoming report on the UK's international competitiveness.

4 KEY FINDING 4:
The principal barriers have shifted from regulation to distribution

A consistent finding across stakeholders is that the principal barriers to democratisation are no longer product design or regulatory permission, but the practical challenges of distribution.

From an asset manager perspective, product design is increasingly shaped by distribution capability rather than investor need. Managers note that many UK wealth platforms remain oriented towards daily-dealt products and are not designed to accommodate features such as notice periods, subscription cycles, redemption gates/ deferrals, side pockets and other liquidity management tools. They also highlight the operational burden of onboarding products across a fragmented distribution landscape, where differing platform requirements increase cost, complexity and limit scalability. Several firms argued that greater consistency in onboarding processes, data requirements and reporting standards could help reduce these frictions and support wider distribution. However, there was little appetite for broader product standardisation. Firms emphasised that private market strategies, liquidity profiles and investor requirements differ significantly, meaning that fund structures and product terms need to retain sufficient flexibility to reflect the characteristics of the underlying assets. The challenge is therefore not to standardise products, but to standardise the operational infrastructure that supports them.

From a platform perspective, the challenge is more fundamental. Existing retail and wealth infrastructure was built around a different operating model. Closed-ended funds are generally easier to support due to their relatively predictable operational profile, centred on periodic capital calls and distributions. By contrast, semi-liquid and open-ended private market structures require changes across systems, workflows, data standards, reporting processes and client journeys to accommodate different liquidity and valuation characteristics. Features such as non-daily dealing, notice periods, variable settlement, gating, deferrals and complex cash flow patterns sit uneasily within infrastructure designed for daily-dealt funds, increasing reliance on manual processes and system workarounds where existing straight-through processing capabilities and messaging standards are insufficient. Operational complexity is further increased by the need to coordinate with multiple third-party providers, including custodians, transfer agents and fund administrators, each bringing additional integration, data-sharing and contractual requirements.

Several stakeholders pointed to more developed evergreen markets in parts of Europe as a useful comparison, noting that European infrastructure has evolved alongside the products themselves over time. This was generally viewed as a function of market maturity rather than fundamentally different market architecture, suggesting the UK's challenges are less a permanent structural gap than a function of the market's relative youth.

For wealth managers and retail advisers, distribution challenges are closely linked to suitability and implementation. A product may be available in principle, but if it cannot be integrated into advice processes, model portfolios, client reporting, compliance frameworks and portfolio rebalancing arrangements, adoption is likely to remain limited. These challenges are particularly acute in model portfolio services (MPS), which are structurally dependent on daily NAVs and therefore find non-daily-dealt products difficult to accommodate. Discretionary management is generally better placed to absorb private market allocations, as implementation depends more on the decisions of individual portfolio managers than on a fixed delivery mechanism. This is already evident in private banking, where private market exposure is held within discretionary portfolios and liquidity is managed centrally by the manager, who typically has visibility of the client's wider cash position, allowing liquidity to be managed on the client's behalf rather than at the individual client level, as in execution-only or advised channels.

However, where discretionary portfolios are administered through platforms, many of the same operational constraints re-emerge. Challenges are amplified further where multiple funds with differing dealing terms, settlement cycles and liquidity profiles must be managed within a single portfolio structure.

The operational burden becomes particularly acute during periods of market stress. While liquidity management sits with fund managers, platforms and distributors bear many of the operational and client-facing consequences, including processing transactions, communicating outcomes and managing investor expectations when liquidity constraints are activated. Gating was consistently identified as one of the most challenging features in this respect, creating operational complexity, straining client relationships and potentially undermining confidence in the wider asset class, even when fund structures are operating as intended.

This same caution shows up further upstream, in whether advisers recommend these products at all. Some wealth managers pointed to uncertainty around how private market investments are treated within existing professional indemnity insurance arrangements, which can create an additional hurdle to adoption: even where private markets may be suitable for a client, advisers may be reluctant to recommend less familiar products where perceived liability risks are higher or there is limited precedent for their use in retail and wealth channels. This can constrain distribution even where appropriate products and opportunities exist.

As a result, stakeholders repeatedly described a "chicken and egg" dynamic in the UK: platforms are reluctant to invest in new capabilities without clear evidence of demand, while asset managers, advisers and distributors require suitable infrastructure before products can achieve scale.

5 KEY FINDING 5: Access is constrained by governance, reporting and value considerations

Access is shaped by how regulatory requirements are interpreted and implemented through governance, risk management and suitability frameworks — and, increasingly, by whether firms and investors have the information and confidence to act on the flexibility these frameworks already allow. Four themes emerge from the evidence: governance and firms' interpretation of Consumer Duty, SIPP prudential capital treatment, data, reporting and disclosure and the investor value proposition relative to public markets.

On the first theme, requirements such as Consumer Duty have raised expectations around suitability, disclosure and evidencing good outcomes for complex or less liquid products. Where these expectations are perceived to be ambiguous, both platforms and wealth managers tend to adopt conservative interpretations to minimise risk, for example, around how liquidity restrictions or valuation outcomes would be assessed in practice, effectively raising the threshold for product approval above what regulation alone requires. Consumer Duty is therefore often viewed less as a direct constraint than as a framework that reinforces existing caution.

Separately, stakeholders pointed to SIPPs as a specific case where an existing rule shapes access more directly. While SIPPs are well suited to the long-term nature of private market investing, the treatment of many private market assets as "non-standard" investments increases capital requirements for platforms and reduces their willingness to distribute them. This is a regulatory issue for the FCA to address, rather than one of firm-level governance. However, stakeholders noted that its effects are not purely commercial: the continued non-standard asset classification can send an implicit signal that LTAFs are inherently higher risk than other authorised fund structures, which may in turn reinforce the same governance caution described above. In this sense, the rule acts both as a direct barrier to distribution and as a factor contributing to wider perceptions of complexity across the market. This is directly actionable (see Recommendation 5).

Assessing private market investments often requires a different approach to public markets, and stakeholders across both wealth managers and platforms pointed to the same underlying issue: existing reporting standards and data were not originally designed for large-scale retail distribution, and inconsistent formats make products harder to compare, assess and integrate into due diligence and existing systems. This is an area of active work, the IA's ongoing distribution infrastructure work is intended to help address it, converging on more consistent formats across the distribution chain (see Recommendation 5).

Disclosure presents a related challenge, though the picture is evolving. Private markets can suffer from both insufficient and excessive disclosure, information that is less detailed than in public markets, alongside technical material that can overwhelm rather than inform. Encouragingly, new rules are already addressing part of this: the FCA's Consumer Composite Investments (CCI) regime, replacing the current PRIIPs Key Information Document (KID), moves away from a fixed template towards greater firm judgement, and specifically adjusts how risk is presented for illiquid or restricted-access products. This is a welcome step.

Finally, wealth managers increasingly need to justify private market allocations against low-cost public market alternatives that have delivered strong returns in recent years. Fee structures were also raised, though the underlying issue is less about whether current levels are appropriate, and more about whether their value is clearly communicated, pointing to the education and communication work already under way (see Recommendation 2).

Taken together, the evidence suggests that access to private markets is shaped less by regulatory permission itself and more by how governance frameworks, data availability and commercial considerations are navigated in practice — and, encouragingly, each of these areas already has a concrete piece of work attached to it.

BRINGING THE FINDINGS TOGETHER:
AN ECOSYSTEM APPROACH TO DEMOCRATISATION

Responsible democratisation cannot be delivered by asset managers, platforms, wealth managers, advisers, regulators or government acting alone. Each part of the market depends on the readiness of the others.

Asset managers need confidence that products can be distributed and serviced. Platforms need operational standards, data consistency and evidence of demand. Wealth managers need reliable due diligence information, workable implementation models and defensible suitability frameworks. Advisers and clients need clear explanations of liquidity, valuation, costs, risk and expected outcomes.

The recommendations below flow from the five findings and consolidate the existing asks into a clearer delivery agenda.

1 RECOMMENDATION 1:
Build Demand and Adoption in the Mass-Affluent Market

Long-term

The ask is for the IA and members to work together to build a stronger evidence base on investor needs, adviser behaviour, portfolio construction and distribution economics, run alongside the education effort so that better evidence and better understanding reinforce each other. This report is a first step in that direction, and further work will be needed to build on it. The IA's role is primarily convening, bringing together manufacturers, platforms, wealth managers, advisers and policymakers, since adoption will follow infrastructure and adviser confidence rather than lead them. Participation should be driven by suitability and informed decision-making, not by allocation targets or product availability alone.

2 RECOMMENDATION 2:
Strengthen Education and Capability Across the Investment Chain

In flight, will take time

The ask is for continued firm-level investment in adviser and client education, alongside the IA's own explainers, roundtables, industry events and thought leadership, including the educational explainers already in development, which reframe features like notice periods and gating as intentional design choices rather than product weaknesses. Success should be measured by better understanding of both the opportunities and trade-offs of private markets, not by uptake alone.

3 RECOMMENDATION 3: Evolve the LTAF and NURS Framework to Support Greater Flexibility

In flight

The LTAF and NURS are the UK's two main fund structures for giving a broader range of investors access to private markets. As these markets develop, there is likely to be scope for targeted refinements that preserve the core investor-protection features of each regime while allowing them to support a wider range of appropriate investment strategies.

The ask is therefore for an FCA and industry dialogue to explore the following:

- **Liquidity design:** Retention of a mandatory notice period as a core feature of the LTAF framework, but with greater flexibility in its length to reflect the liquidity profile of different underlying strategies.
- **Hybrid strategies:** Enhancement of the NURS framework to better support hybrid public-private strategies, including reconsidering the current 20% investment limit, second-scheme investment requirements and limited-redemption provisions, while maintaining appropriate investor protections.
- **Extending the toolkit to other funds:** The development of the liquidity management framework for the FIIA regime, including through the FCA's consultation *CP26/35* (Fair redemption terms for authorised funds investing in illiquid assets), provides an opportunity to reflect on the LTAF's early operating experience, including the calibration of notice periods and whether greater flexibility in notice-period length could be accommodated while continuing to align redemption terms with the liquidity profile of underlying assets.

The IA is already exploring many of these issues through engagement with members, regulators and distribution partners, and will continue this work with the FCA to help ensure any changes are proportionate, operationally workable, and reflect the needs of different fund structures and investment strategies while still setting realistic expectations around access.

4 RECOMMENDATION 4: Accelerate Building the Distribution Infrastructure Needed for Scale

Delivering

Much of the difficulty in distributing LTAFs and similar funds is operational rather than regulatory: platforms and distributors need to adapt systems built for daily-dealt products to handle notice periods, subscriptions and redemptions for non-daily dealing funds. The IA has already convened industry around this problem through the Retail LTAF Delivery Group (RLDG), which brings together managers, platforms and other ecosystem contributors and its Dealing Sub-Group, which is mapping the end-to-end dealing lifecycle to identify where manual processes could be replaced with automation and straight-through processing.

The ask is for platforms, managers and service providers to continue engaging with this work and to adopt the implementation options that fit their operating models. The Sub-Group's blueprint is deliberately a menu of options rather than a single mandated model. This builds on earlier work under the Leeds Reforms, which supported the inclusion of LTAFs within Stocks & Shares ISAs. The IA also welcomes the FCA's continued engagement in developing a workable model for hosting non-daily dealing funds with appropriate liquidity management tools.

Separately, the IA continues to monitor developments in private markets fund tokenisation and Direct-to-Fund dealing; these do not resolve the underlying liquidity, valuation or governance questions associated with private market investing, but may help make distribution and settlement more efficient over time.

These challenges are unlikely to be solved through a single policy intervention and will instead require sustained collaboration across the value chain and with policymakers.

5 RECOMMENDATION 5: Strengthen Governance Confidence, Data Consistency and the Investor Value Proposition

In flight, will take time

LTAFs are currently classified as "Non-Standard Assets" under the capital rules that apply to SIPP operators, as a result of a long-standing 30-day realisability test that was set before the LTAF existed as a product. In practice, this means SIPP operators must hold additional capital against client holdings in LTAFs, which can be a factor in some operators' decisions on whether to offer them.

The first ask is for the FCA to review the IA's proposal for a narrow, technical update to the relevant rule (Note 1 of IPRU-INV 5.9.1R), so that LTAFs and equivalent recognised overseas funds can be treated as Standard Assets in line with their status as fully authorised, regulated funds. This is set out in full in the IA's response to the FCA's CP26/20 consultation, alongside its support for the proportionate due diligence treatment of authorised funds. We welcome the FCA opening up this question in the recently published *CP26/35*.

The second ask is for industry and the IA to continue collaborating on standardising the formats used for information moving across the distribution chain, liquidity disclosures, valuation information, redemption processes, operational reporting and onboarding documentation, so that platforms and distributors can onboard and support products at scale. The objective throughout should be to improve transparency, comparability and operational efficiency, while preserving flexibility in product design and maintaining appropriate consumer protection and prudential safeguards.

CONCLUSION

The evidence gathered for this report suggests that the UK has made significant progress in broadening access to private markets. Policymakers, regulators and industry have developed a growing range of structures capable of supporting private market investment, while initiatives such as the Mansion House reforms, Leeds Reforms and the development of the LTAF have created important momentum behind the wider democratisation agenda.

Perhaps the clearest finding from this research is that the nature of the challenge has changed. Stakeholders generally do not believe that the principal barriers are a lack of product structures or regulatory permission. Instead, attention has shifted towards the practical realities of distribution: platform infrastructure, operational readiness, reporting and data standards, investor suitability, adviser confidence and the wider processes required to integrate private market products into wealth and retail channels.

This is an encouraging development. It suggests that the debate is no longer centred on whether broader access should be possible, but on how it can be delivered responsibly, efficiently and at scale. It also means that progress is likely to depend less on creating new structures and more on improving the ecosystem that supports them.

Importantly, this work is already underway. Through initiatives such as the IA's LTAF implementation programme, the LTAF Manufacturers ISA Delivery Group and the Retail LTAF Delivery Group, industry participants are increasingly focused on solving practical implementation challenges rather than debating policy objectives in principle.

Ultimately, democratisation should not be measured by the number of products launched or regulatory reforms introduced. Success will depend on whether appropriate investors can access appropriate opportunities through structures that are transparent, operationally robust and aligned with the characteristics of the underlying assets. The UK has made substantial progress in building those foundations. The next phase is about turning that progress into scalable and sustainable access.

APPENDIX:

Investor and Distribution Channel Definitions

Distribution channels

- **Workplace Defined Contribution (DC) Pensions** Workplace pension arrangements in which investment decisions are typically made through institutional governance structures on behalf of members. Asset allocation decisions are generally taken by trustees, governance committees and investment professionals rather than individual savers.
- **Advised Distribution** A distribution model in which a financial adviser recommends investments following an assessment of a client's objectives, risk tolerance, financial circumstances, investment knowledge and liquidity needs.
- **Discretionary Management** A model in which clients delegate day-to-day investment decisions to an investment manager operating within an agreed mandate. The manager determines portfolio allocations on the client's behalf.
- **Execution-Only Distribution** A model in which investors make their own investment decisions without personalised advice. The platform facilitates transactions but does not assess suitability (although it does assess appropriateness per the LTAF rules) or provide recommendations.

Investor Types

- **Retail Investors (Mass Market Investors)** Retail investors accessing investment products directly or through workplace pensions, ISAs, personal pensions and other mainstream savings vehicles.
- **Sophisticated Investors** Investors with sufficient knowledge, experience and understanding of investment risks to assess more complex products, although they may not necessarily meet existing professional client or high-net-worth thresholds.
- **High-Net-Worth (HNW) Investors** Investors with substantial financial assets and greater capacity to absorb investment losses or periods of illiquidity. Wealth alone does not necessarily imply investment sophistication or suitability for private market investments.
- **Professional Investors** Investors who meet regulatory criteria and are eligible to access a broader range of investment products subject to fewer retail investor protections.

Questions for Asset Managers

- Which fund structures (Investment Trusts, LTAFs, NURS, ELTIFs, others) do you currently use for private or less liquid assets, and why? What do you see as the shortcomings of the structures that you aren't using?
- What international structures are you using for UK investors and for non-UK investors?
- What have been the biggest constraints on launching or scaling LTAFs to date (regulation, operations, distribution, investor demand)?
- Are there asset classes where existing UK fund structures are poorly aligned with the underlying liquidity profile?
- How do UK fund structures compare with those you use in the EU or US for similar strategies?
- What are the main barriers to distributing long-term or semi-liquid funds through wealth management channels and platforms?
- To what extent do platform, custody, or transfer agency requirements influence product design?
- How material are ISA and SIPP eligibility rules in determining whether you bring a product to market?
- Are current liquidity management and redemption rules proportionate for long-term asset strategies?
- What challenges do you face around valuation frequency, disclosures, and governance for less liquid assets?
- How do you currently explain liquidity risk and long-term investment horizons to non-institutional investors?
- Are current fee, cost disclosure, and reporting requirements commercially viable for democratised private market products?
- If regulatory certainty improved, would you invest more meaningfully in new fund structures targeting a broader investor base?
- If you could change one regulatory or structural feature to support greater participation, what would it be?
- Where should responsibility primarily sit for enabling innovation — regulators, government, industry, or platforms?
- Do you think these products could ever be suitable for distribution to retail investors on an execution-only basis, or should access for retail investors be prioritised through advised or intermediated channels for the foreseeable future?
- Who are your target clients for private markets products?

Questions for Platforms

- Which fund structures (Investment Trusts, LTAFs, NURS, others) are currently most challenging to support on your platform, and why?
- What operational, legal, or systems constraints limit your ability to onboard and administer long-term or semi-liquid funds?
- How do dealing frequency, settlement cycles, and liquidity management requirements affect platform readiness for less liquid products?
- What are the main barriers to supporting LTAFs at scale (e.g. custody models, transfer agency, unit pricing, client reporting)?
- To what extent do regulatory expectations (e.g. Consumer Duty, disclosure, appropriateness checks) shape platform design decisions?
- Are existing data, reporting, and disclosure standards fit for purpose for long-term asset vehicles?
- How do platform economics (cost to build, maintain, and support products) affect willingness to support innovative fund structures?
- What changes — regulatory, operational, or market-led — would most improve platform readiness for democratised private market access?
- How do you balance investor protection with enabling choice and innovation on platforms?
- Where do you see the greatest need for coordination between platforms, asset managers, and regulators?
- Do you think platforms will be able to develop to support a wide variety of fund terms (different subscriptions/redemption timeframes etc.) or do you feel the asset management industry will need to standardise terms to fully realise the benefits of platform-based access?

- Gating, deferrals, transfers and valuations are all key challenges for platforms with LTAFs in particular. What are the key issues around these processes and which of them poses the biggest problem?
- How do your current custody and transfer agency arrangements affect your ability to onboard and administer long-term or semi-liquid fund structures (e.g. LTAFs)?

Questions for Wealth Managers

- Which client segments are genuinely seeking access to private or long-term assets today?
- What level of liquidity do clients actually require, versus what is assumed or expected?
- What client education or understanding gaps most limit uptake of long-term asset funds?
- Which fund structures are easiest to use operationally, and which are most challenging or impractical?
- How do platform, custody, dealing, or reporting constraints affect your ability to recommend certain structures (e.g. LTAFs or investment trusts)?
- Are minimum investment sizes, complexity, or operational frictions bigger barriers than risk itself?
- How do Consumer Duty and suitability requirements influence your willingness to recommend less liquid products?
- Do current disclosure requirements help or hinder informed client decision-making?
- Where do advisers feel most exposed from a liability or conduct risk perspective when recommending these products?
- How do you currently incorporate private or long-term assets within client portfolios (e.g. diversification, income, inflation protection)?
- Would improved access to long-term asset vehicles meaningfully change portfolio construction for typical clients?
- What changes would most increase your confidence in recommending long-term or semi-liquid fund structures?
- Should reform efforts prioritise new fund vehicles, regulatory clarification, platform readiness, or investor education?
- Do you think these products could ever be suitable for distribution to retail investors on an execution-only basis, or should access for retail investors be prioritised through advised or intermediated channels for the foreseeable future?
- Are long notice periods for redemptions a significant barrier to investing in private markets products? How can this be best overcome?

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