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Journal

The Capco Institute Journal of Financial Transformation

A new world order

Private markets

Private equity's retail turn: anatomy of a misselling risk

Ludovic Phalippou

King's College London
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The Capco Institute Journal of Financial Transformation

Journal

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Journal

Welcome to the 62nd edition of the Capco Journal of Financial Transformation, the second to be published in partnership with King's College London, a world-renowned leader in education and research.

This year marks the Journal's 25th anniversary and the beginning of **Capco30**, our strategic vision as we build towards Capco's landmark 30th anniversary.

At the heart of Capco30 is The Expert Advantage: our commitment to be the trusted partner clients turn to when the stakes are highest. We are proud to have built an exceptional business by obsessing about our deep expertise, our strong client relationships, our innovative culture and our reputation for impact.

The Journal has embodied that ambition since its launch in 2001. Over the past quarter century, it has brought together leading academics and industry practitioners – including Nobel laureates, international regulators and board members of major institutions – to examine the forces shaping financial services and the wider global economy. We are equally proud to see Capco experts sharing their perspectives alongside such distinguished contributors.

As Professor Crawford Spence, our editor from King's College, observes in his introduction, this edition might aptly have been titled 'how to survive and thrive in turbulent times'.

After decades of globalization, firms are both refocusing on local market shifts and new forms of cross-border collaboration. Technology is driving integration as trade barriers rise; financial innovation is accelerating amid monetary realignment and volatile geopolitics; and the green transition is redrawing both energy markets and fiscal priorities.

Edition 62 focuses on the **new world order** emerging from these shifts – and how leaders across financial services and energy are rethinking established assumptions, navigating new risks and identifying opportunities for growth.

The coming decade could bring one of the most consequential reconfigurations of global business and economic systems in generations.

This environment reinforces the importance of expertise, judgement and the ability to turn insight into action. At Capco, we help clients connect vision models and strengthening resilience to reimagining customer experiences and the future of work.

We bring together industry depth, technology and data capabilities, and disciplined execution to help clients navigate the moments that matter most with confidence.

The Journal is one expression of that Expert Advantage: convening leading perspectives, challenging established thinking and helping shape the agendas that will define the future of our industries.

I hope you will find the articles in this edition both thought-provoking and valuable for informing your organization's future vision and strategic decisions.

My sincere thanks and appreciation to our contributors, readers and clients.

Annie Rowland, Capco CEO

2026, Edition 62

Editor's note

KING'S BUSINESS SCHOOL

We could equally have labelled this volume of the Journal of Financial Transformation 'how to survive and thrive in turbulent times', given that each of the articles effectively attempts to tackle this issue in their own unique way. Times are indeed turbulent. Recent months and years have borne witness to increased military conflict, heightened economic shocks and the emergence of new political forces.

These disruptions are often captured in popular discourse by reference to, variously, the decline of the rules based international order, the rise of authoritarianism and the re-emergence of nationalism and protectionism as challenges to globalization. While putting clear conceptual parameters around what is a very unsettled geopolitical period is difficult, there is at the very least little doubt that the world is changing and that a new order is emerging. To paraphrase an old political aphorism: the old is dying and the new is struggling to be born.

This geopolitical reshuffling is the backdrop to the current issue of the Journal. Contributors were asked to think about how financial services and energy might respond to, and indeed themselves help reshape, the new global order that is emerging. What they have presented here can be grouped into four conceptual clusters, each of which makes up a distinct sub-theme in this issue of the journal: colliding worlds; monetary risks; strategic pivots; and private markets.

The first group of articles we refer to here as colliding worlds. The worlds that collide here specifically are those of finance and energy. Each of these forces us to zoom out from financial transactions and investments and think about the wider environmental and material basis for these. For example, Ragland's fascinating look at the arms race for computing power shows how the rapid expansion of data centers is at odds with the way in which existing energy infrastructure is built. Those who will be successful in rolling out advanced computing power are those who will be able to finance and build out alternative energy infrastructure at the same time.

This has strong parallels with Xu and Preda's article looking at the infrastructure of bitcoin mining, which demonstrates in some detail how supposedly digital assets have heavy materiality in terms of both the physical infrastructure that supports them and the energy consumption that goes into their mining and processing. Finally, Savignon takes the energy transition head on by exploring the mechanics and possibilities of carbon credits in Brazil, a country which is characterised by a dominance of renewables in its energy mix. Showing real heterogeneity in how carbon credits are deployed in different sectors in Brazil, this article concludes by outlining how those who are able to integrate thinking around finance, data and energy will be able benefit from and contribute to the energy transition in the Brazilian market.

Monetary risks refer to the various ways in which currencies are embroiled with risk at both the national and transnational levels. As the fundamental means via which deals are transacted, it is perhaps no surprise that we find money, in its various guises, to have so many political inflections. Cryptoassets are often heralded as some kind of safe haven (‘digital gold’) during times of economic and political turmoil and there are many central banks across the globe who are now pursuing digital currency projects of their own. These have significantly lagged the development of private crypto initiatives. One of the reasons for this might be the perceived financial crime risk that is associated with digital currencies in general, something which Tjeransen’s article outlines in detail.

Fiat currencies are also deeply imbricated in geopolitical factors. This is the subject of Hou et al’s article which draws attention to the ways in which currency risk premia are associated with trade imbalances between nations. Such factors are of increasing importance to, not only forex traders, but any organization engaging in currency hedging. Finally, nowhere is the importance of currency to geopolitics more evident than in Zayim’s article looking at how central banks engage in currency swaps with other central banks. Focusing on both China and the US, Zayim shows how each has sought to build up spheres of influence with different counterparties as part of larger attempts to accrue power and minimize geopolitical risk for themselves.

Our third conceptual ‘bucket’ looks at how individual organizations respond to geopolitical shifts. In other words, these articles look at the various strategic pivots that organizations make in order survive and thrive in turbulent times. These strategic pivots can take different forms depending on the geography and industry in question. For example, Schnyder shows how banks in East Central Europe can mitigate risk in response to rising anti-FDI policies in that region. In Scriven’s article the author shows how software delivery needs to be reconfigured in order to overcome increasing regulatory divergence and export controls.

In times of geopolitical uncertainty, capital markets can become less efficient in allocating capital and so firms have to focus more on their internal efficiencies, which is what Gkikopoulos and Stathopoulos illustrate in their article exploring the relationship between firms and banks; such relationships have implications for tax planning and productivity. Political turbulence also impacts hiring strategies, which Nguyen and Sila demonstrate in relation to corporate hiring practices during times of election uncertainty. Finally, Confalone makes a strong case for a strategic pivot towards developing ‘enterprise intelligence’ in the age of AI, a shift which has governance implications for financial services organizations.

The final sub-theme of the issue reflects an ongoing interest that we have had in private markets. The shift from public to private markets is one of the big secular shifts of modern finance, which was dealt with explicitly in issue 61. In this issue, we build on this with two further articles. One of these, by Phalippou, tackles the shift of private equity towards retail investors, outlining the potential risks in selling private equity products that were designed with institutional investors in mind to a less informed and less powerful constituency. Preda and Chen’s article pursues another tack, showing how venture capital funding in Asia and elsewhere has to be cognisant of surrounding government policy imperatives if it is to be successful.

Taken together, these articles argue that financial services are not simply being buffeted by geopolitical change. They are becoming one of the arenas in which that change is negotiated. Through payment systems, liquidity backstops, energy and computing infrastructure, corporate strategy and the evolving boundary between public and private markets, we can see how geopolitical forces manifest themselves and adapt to existing institutional constraints and imperatives.

Professor Crawford Spence
King’s College London

Private equity's retail turn:

anatomy of a misselling risk

Author | **Ludovic Phalippou** | Professor of Financial Economics, University of Oxford, Said Business School

Abstract

Private equity's retail expansion has been promoted as 'democratization,' yet it primarily transfers the complexity and opacity of institutional structures to individual investors. Semi-liquid vehicles now marketed to the public rely on discretionary valuations, layered fees, and misleading performance metrics. These features, once tolerated among institutions, are now creating predictable legal and economic risks. The likely outcome is a wave of litigation that will expose hidden practices and force greater transparency. This process will make private equity cleaner, fairer, and ultimately more sustainable, but only after the reckoning has begun.

1. Introduction

Private equity's reach has expanded dramatically over the past decade. Once limited to institutional investors such as pension funds and endowments, it is increasingly offered to individuals through new fund structures and wealth platforms. This shift is often presented as 'democratization'. In principle, broader access can be beneficial. But access is not the same as suitability. Extending a model built for institutions to households without retail-grade disclosure, valuation governance, liquidity rules, and accountability is closer to putting non-licensed drivers on the road than to the democratization of transport.

A recurring rationale for opening private equity to individuals is that public markets are shrinking. Private assets are said to offer exposure to companies that are no longer listed. Yet this argument is overstated. Eckbo and Lithell (2023) show that much of the decline in the number of listed firms reflects mergers rather than a withdrawal from public ownership. Many former stand-alone companies have simply been absorbed into larger listed entities. Today's conglomerates – Google, Amazon, Microsoft, among others – each encompass multiple business lines that would previously have been separate public firms. Moreover, empirical evidence shows that the elimination of most idiosyncratic risk does not require owning 'everything on earth'. Statman (1987) shows that a portfolio of roughly 40 stocks captures the bulk of diversification benefits. More recent work [Zaimović et al. (2021)] suggests that the number may now be somewhat higher, but investors do not need hundreds of equity positions to be well diversified.

Another common justification is the claim that private equity reliably outperforms public markets. The argument is then framed as a matter of fairness: if these higher returns exist, it would be unjust to reserve them for the wealthy. But this premise is not supported by data. Across private capital funds, performance has broadly matched that of public equity once the appropriate benchmarks are chosen [Phalippou (2020), Phalippou (2026)].

Despite weak evidence for superior returns and the shaky diversification argument, the fairness narrative has proven powerful. It has provided the political and commercial justification for a wave of product innovation aimed at bringing private equity to a mass audience. Since 2023, a growing set of semi-liquid funds – interval and tender-offer funds in the U.S., European Long-Term Investment Funds (ELTIFs) in the E.U., and Long-Term Asset Funds (LTAFs) in the U.K. – have channeled household savings into private equity and private debt. These vehicles lower investment minimums, offer some continuous subscription and redemption features, etc. Yet they retain the essential characteristics of institutional private equity: discretionary valuations, opaque and multi-layered fees, performance metrics that do not map into investor returns, and limited fiduciary protections.

The objective of this paper is to examine what happens when the institutional private equity model is extended to non-professional investors without changing its mechanics. It shows how performance presentation and pricing conventions can overstate returns and understate risk, how valuation discretion turns into a transfer mechanism, and how weak disclosure and governance create both legal and economic risks.

Retail participation in private markets is not inherently problematic. The risk comes from the way the products are currently packaged and distributed. Semi-liquid vehicles import institutional features (valuation discretion, complex fee stacks, and limited liquidity) into retail channels where investors cannot negotiate terms and often rely on intermediaries whose incentives are flow-driven. If reporting, governance, and accountability are not upgraded to retail standards, conduct risk and litigation become likely.

2. Retail vehicles

In the U.S., interval funds, tender offer funds, non-traded business development companies (BDCs), and non-traded REITs are the main retail vehicles for private equity and private credit. Industry estimates place assets in these semi-liquid structures at roughly U.S.$350 billion at the end of 2024, up from about U.S.$215 billion at the end of 2022 (around 60% total growth over two years).[1] The largest retail-facing private credit funds are managed by a relatively small set of sponsors (for example, Blackstone, Cliffwater, Blue Owl, Apollo), although concentration varies by segment and changes over time.

Interval funds are registered under the 1940 Investment Company Act. They offer mandatory quarterly redemptions, normally up to 5% of net asset value (NAV), and continuous subscriptions on a daily or weekly basis. Tender offer funds are also closed end registered funds but permit discretionary redemptions. By year-end 2024, there were approximately 118 interval funds and 113 tender-offer funds in the U.S., with about U.S.$99 billion and U.S.$80 billion in assets respectively. Business development companies held about U.S.$225 billion in net assets, putting the total for these semi-liquid and private-credit-linked vehicles near U.S.$400 billion in aggregate assets.[2]

[1] Source: https://www.advisorhub.com/private-funds-for-retail-investors-jump-to-350-billion-morningstar-says
[2] https://www.ici.org/research/closedend-funds

In addition, recent regulatory changes have both widened the investor base and loosened product restrictions. The Securities and Exchange Commission lifted its long-standing 15% cap on private asset exposure in registered funds, allowing them to hold larger allocations to private markets and to be sold to a broader pool of investors. At the same time, Congress has expanded the definition of accredited investor, and by 2025 roughly one quarter of U.S. households meet the threshold. An executive order also directed the Department of Labor to permit private market exposure within 401(k) retirement plans. These combined steps have opened the door for large asset managers to design and market semi-liquid products directly to individual investors.

In the U.K., the Long Term Asset Fund (LTAF) regime introduced by the Financial Conduct Authority in 2021 was designed to facilitate investment in long-term illiquid assets within a regulated framework. Market development has been gradual but growing. Industry summaries such as that of Morningstar put the assets in FCA-authorized LTAFs at around £5 billion, with early activity led by firms such as Schroders, Aviva, and BlackRock. From April 2026, LTAFs will also be eligible for inclusion in Individual Savings Accounts (ISAs), the U.K.'s main tax-advantaged defined-contribution retail savings wrapper, which holds over £700 billion of household assets.[3]

Europe's equivalent is the European Long-Term Investment Fund (ELTIF) 2.0, which became operational in early 2024. Under the revised framework, 55 ELTIFs were launched in 2024, more than double the previous high, and this strong momentum has continued into 2025. According to Scope Fund Analysis, the total ELTIF market volume reached €20 billion by the end of 2024, with Luxembourg and France among the leading domiciles for these vehicles. Large asset managers, including BlackRock and Amundi, have been active participants in this segment.[4]

Together these vehicles mark a structural change in how household savings reach private markets. They lower entry thresholds and create the appearance of liquidity while retaining the economic and governance features of institutional private equity. The next section examines the implications of this new architecture, focusing on how it can turn an institutional model into a retail misselling problem.

3. Issues

3.1 Performance metrics and comparability

Comparing private equity performance to public markets is more complex than most retail marketing suggests. The dominant reporting metric in private equity is the internal rate of return (IRR), a money-weighted measure that is fundamentally different from the time-weighted returns commonly used for public equities. Most importantly, IRR is not a measure of investor wealth compounding. It assumes reinvestment of interim cash flows at the same rate, an assumption that rarely holds in practice. As a result, IRRs can be high even when the growth of invested capital is modest.

This property of IRR is particularly relevant in a retail context, where reported figures are often interpreted as stable annual returns. Early distributions mechanically raise IRR and can anchor high values that change little over time, even if subsequent outcomes are weaker. This feature is visible in public disclosures. For example, KKR reports a since-inception (1976) gross IRR of 25.5% for its private equity program, a figure that has shown little variation across reporting periods (see Table 1). Apollo

[3] https://www.ajbell.co.uk/group/news/isas-unpacked-who-holds-them-and-how-much-do-they-have
[4] https://www.scopeexplorer.com/files/get/?name=news.ReportFile%2Fbytes%2Ffilename%2Fmimetype%2FScope_ELTIF_study_2025_ENG.pdf

has similarly reported since-inception IRRs of around 39% year after year. These figures are not incorrect as reported, but they do not correspond to a compound rate at which an investor's wealth would have grown. Interpreted as such, they would imply implausibly large terminal wealth levels. Outside an institutional context, these metrics are therefore easy to misinterpret and are not directly comparable to public-market return measures.

The issue is not limited to the choice of metric but extends to how performance is presented. Retail platforms frequently display 'since-inception IRR' in chart form as a smooth, upward-sloping line, visually resembling a time series of annual returns. Yet IRR is not a time-series return, and this mode of presentation can blur the distinction between money-weighted fund-level reporting and investor-level wealth compounding. The risk of misinterpretation is amplified when such charts are shown alongside public equity indices whose reported returns do represent time-weighted growth.

Once returns are measured and benchmarked on a consistent basis, the empirical evidence does not support the view that private equity has systematically outperformed public equity net of fees. Using comparable benchmarks and definitions, the aggregate net performance of private capital funds has been close to that of public equity over long horizons [Phalippou (2020); Phalippou (2026)]. This does not preclude

Table 1: KKR Since-Inception Gross IRR (1976–2024)

Reported for end of year	Gross IRR (%)	Filing
2007	26.3	S-1 (Mar 2007)
2008	26.1	S-1 (Mar 2008)
2009	25.8	S-1 (Dec 2009)
2010	25.8	Form 10-K (Dec 2010)
2011	25.7	Form 10-K (Dec 2011)
2012	25.7	Form 10-K (Dec 2012)
2013	25.7	Form 10-K (Dec 2013)
2014	26.0	Form 10-K (Dec 2014)
2015	25.6	Form 10-K (Dec 2015)
2016	25.6	Form 10-K (Dec 2016)
2017	25.6	Form 10-K (Dec 2017)
2018	25.6	Form 10-K (Dec 2018)
2019	25.6	Form 10-K (Dec 2019)
2020	25.6	Form 10-K (Dec 2020)
2021	25.6	Form 10-K (Dec 2021)
2022	25.6	Form 10-K (Dec 2022)
2023	25.5	Form 10-K (Dec 2023)
2024	25.5	Form 10-K (Dec 2024)
Note: Legacy PE Funds from 1976 to 1996 vintages pooled reported gross IRR	26.1	Form 10-K (Dec 2024)

This table reports the gross internal rate of return (IRR) since inception disclosed by KKR & Co. Inc. in its SEC filings. The IRR represents the aggregate performance of the firm's private equity funds since 1976 as reported each year.

dispersion across funds, but it does undermine claims of broad, persistent outperformance that are often implicit in retail marketing narratives.

In a retail setting, these distinctions matter. When complex institutional metrics are presented without explicit explanation, investors may reasonably infer properties that the metric does not have. Clearer disclosure, standardized performance reporting, and explicit education about the meaning and limits of IRR are therefore not optional add-ons but necessary conditions for meaningful comparability and informed participation.

3.2 Biased valuations

In traditional closed-end partnerships, NAVs are periodic accounting estimates with little immediate effect. In open-ended retail vehicles, investors enter, exit, and pay fees based on those marks, giving small valuation changes immediate cash consequences. When new investors subscribe at optimistic NAVs, wealth transfers to continuing investors, and fees based on inflated NAVs overcharge everyone.

A notable illustration appeared in 2024, when Hamilton Lane's retail fund purchased private-equity stakes at roughly 80% of stated NAV and marked them up to 100% the next day, booking large one-day gains. Such practices are routine across the industry. They transform valuation discretion into a direct source of economic transfer and litigation exposure. As explained in Phalippou and Magnuson (2025), once retail investors buy and redeem at those inflated marks, mispricing ceases to be a technical matter – it becomes a consumer-protection and contract issue.

Real-estate and credit vehicles face the same dynamic. When the Blackstone BREIT trust met only a quarter of redemption requests in 2023, investors began questioning whether reported NAVs reflected realizable prices. The same pattern has since appeared in several interval funds, where 'mark-to-model' pricing determines who exits profitably and who remains locked in.

3.3 Fee opacity and layering

The classical '2 and 20' fee model persists, but retailization adds more layers. Management and performance fees accrue at the fund level, asset-level fees at portfolio companies, and new layers – distribution, platform, and placement costs – at the retail interface. Phalippou and Gottschalg (2009) show that standard institutional fees reduce annual returns by about 7% for the average fund. Adding the three percentage points typical of retail products leaves little room for investor profit.

In addition, retail investors are unlikely to grasp the multitude of fees and expenses embedded in the underlying structures. Beyond the stated management and performance charges, private equity funds extract additional revenue through monitoring and transaction fees at portfolio companies [Phalippou et al. (2018)], affiliate consulting arrangements, and financing costs linked to subscription credit lines. Retail investors typically see only the top-level charges of the product they buy, while the economic burden of these lower-layer costs remains hidden. There is still no requirement to disclose a consolidated total expense ratio that would reveal the true cost of participation.

3.4 Governance limits and fiduciary exposure

Limited-partnership agreements in private equity routinely waive fiduciary duties and permit related-party transactions under broad indemnities. Such clauses were tolerated in institutional settings under the assumption of informed consent. Transposed into retail structures, they remove the core investor protection on which securities law rests.

As shown in Phalippou and Magnuson (2025), fiduciary waivers and indemnity clauses have become central to the industry's risk transfer: they turn what would otherwise be regulatory violations into contractual defaults. Retail investors enter through feeders and platforms that diffuse accountability.

Fund boards owe duties to the vehicle, not to investors in affiliated funds. The result is a governance vacuum where no party bears ultimate responsibility for fairness or disclosure.

The legal exposure is already visible. Continuation funds and cross-fund transactions – where managers sell assets from one fund to another they control – create textbook conflicts of interest. In 2025, investors sued H.I.G. Capital for selling a company from one fund to another at a self-set price. Such cases demonstrate how structural conflicts, once (barely) manageable within an institutional context, become significantly litigable once retail investors enter. As Phalippou and Magnuson (2025) emphasize, private equity's retailization shifts accountability from regulators to courts: what used to be a question of disclosure will now be tested through doctrines of contract, fiduciary duty, and consumer protection.

4. Litigation risk and the case for regulatory safeguards

The migration of private equity structures into semi-liquid, retail-facing formats magnifies long-standing weaknesses: valuation discretion, fee complexity, performance metrics that are easy to misinterpret, and limited governance constraints. These features were historically manageable in institutional settings, where investors had some bargaining power, contractual protections, and repeat-player relationships. In a retail context, they become sources of significant legal exposure. What was once an insider debate about benchmarking and disclosure increasingly takes the form of a consumer-protection problem that is likely to shape the next phase of private-capital regulation.

As Phalippou and Magnuson (2025) show, the same mechanisms that insulate private equity firms from public-market scrutiny can expose them to private-law liability once ordinary investors are involved. Expanding the investor base transforms limited partnerships into potential targets for contract, fiduciary-duty, and consumer-protection claims. Retail investors face no reputational or career constraints on litigation. Individual claims may be small, but they are numerous, and class-action procedures can aggregate them into material legal risk.

Two elements make litigation not merely possible but predictable. First, the presentation of performance metrics, especially IRR, creates a public disclosure record that courts can evaluate under doctrines of misrepresentation, negligent misstatement, or unfair and deceptive practices. Second, NAV-based pricing combined with layered fee structures generates identifiable cash transfers between investors, making potential damages quantifiable. Unlike disputes over strategy or skill, these claims turn on observable accounting and disclosure choices.

Legal doctrines long viewed as peripheral to private markets are therefore becoming central. Courts can scrutinize valuation practices, fee opacity, and conflicts of interest under common-law contract and fiduciary principles, as well as under consumer-protection statutes. Misleading interpretations of IRR, incomplete disclosure of layered costs, and self-priced transactions between affiliated funds fit squarely within these frameworks.

Litigation is thus likely to act as both a sanction and a disclosure mechanism. Private lawsuits will expose practices that were previously shielded by opacity or complexity. Yet reliance on ex post enforcement is an inefficient way to discipline market design. The preferable outcome is to reduce ambiguity through ex ante safeguards that clarify performance reporting, valuation governance, and cost transparency before disputes arise.

At a minimum, retail-facing documentation should make explicit four elements that are central to investor outcomes but easy to misunderstand:

(i) how the timing of cash flows mechanically affects IRR and why it should not be interpreted as a compound return;

(ii) how subscriptions and redemptions at reported net asset values can transfer value between investors when underlying assets are illiquid;

(iii) what liquidity-management tools such as gates, queues, and repurchase caps imply under stressed conditions; and

(iv) the consolidated, all-in cost borne by the investor across all layers of the product.

Without such measures, the retailization of private equity risks reproducing a familiar cycle of financial innovation: initial enthusiasm, inflated expectations, and subsequent litigation. Access without accountability breeds disputes; access under transparent and enforceable rules can make the market sustainable.

5. Conclusion

Retail participation in private markets is not inherently problematic, but the current structure is not well adapted to it. A framework designed for institutional negotiation cannot simply be repackaged and sold to individuals. Once private equity's valuation discretion, performance metrics that are easy to misinterpret, fee layering, and governance waivers are transferred to a retail setting, they cease to be technical features and become sources of predictable conduct and litigation risk.

The path forward is no longer straightforward. The safeguards that could have prevented large-scale disputes are not yet in place, and litigation is therefore likely to play a central role in the next phase of market development. Lawsuits will expose practices that were long tolerated in institutional contexts but become contested when applied to retail investors. This process will be costly, but it may also perform a function that regulation has so far struggled to achieve: forcing greater transparency, clearer disclosure, and stronger accountability.

Over time, this reckoning is likely to reward firms that already operate with disciplined valuation practices, conservative disclosure, and restrained use of complexity, rather than those that rely on opacity or aggressive marketing. Private equity can serve retail investors, but only under conditions that recognize the limits of institutional metrics and contracts in a retail environment. Access alone does not create value; transparency, governance, and cost discipline do.

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