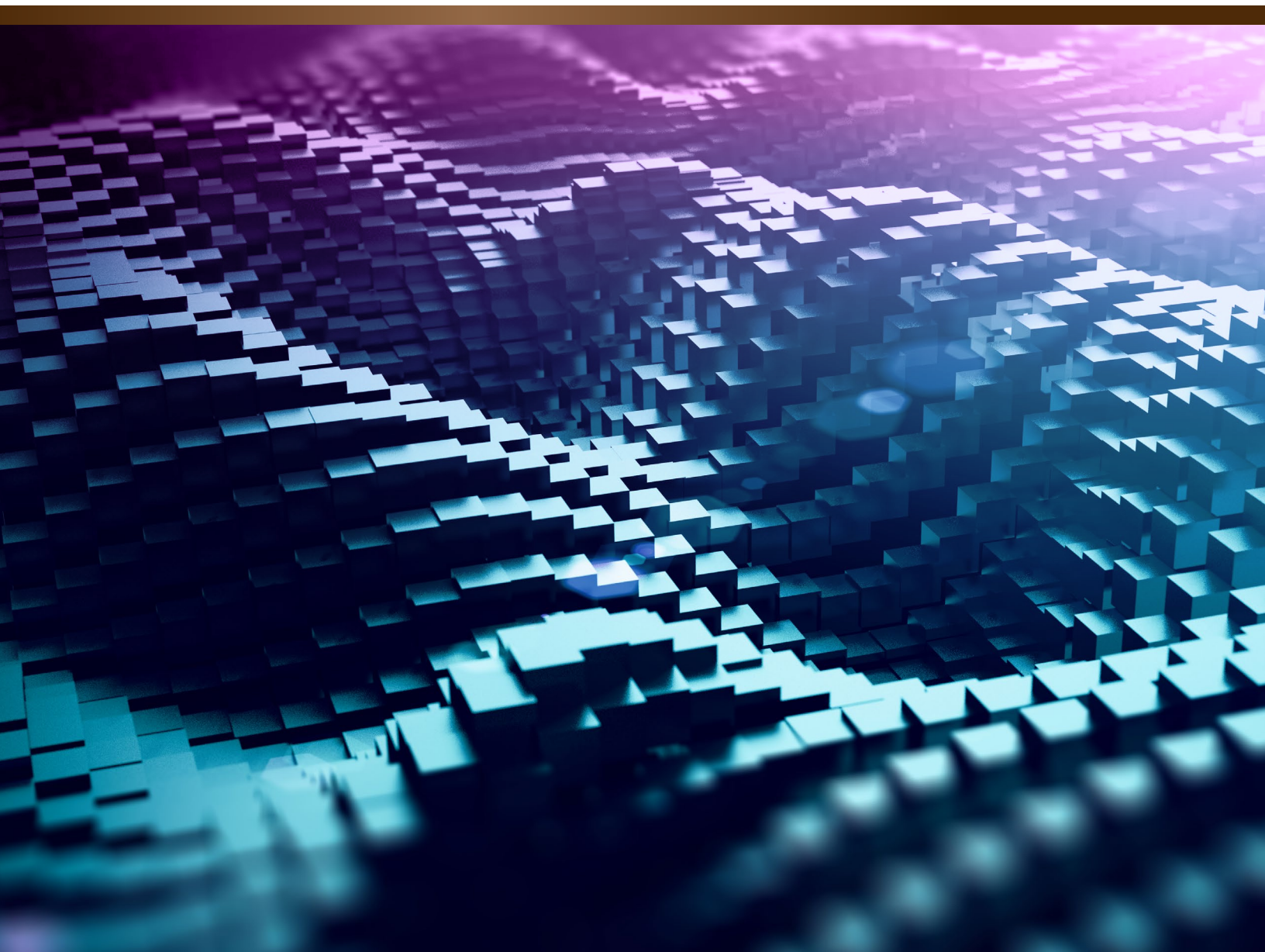
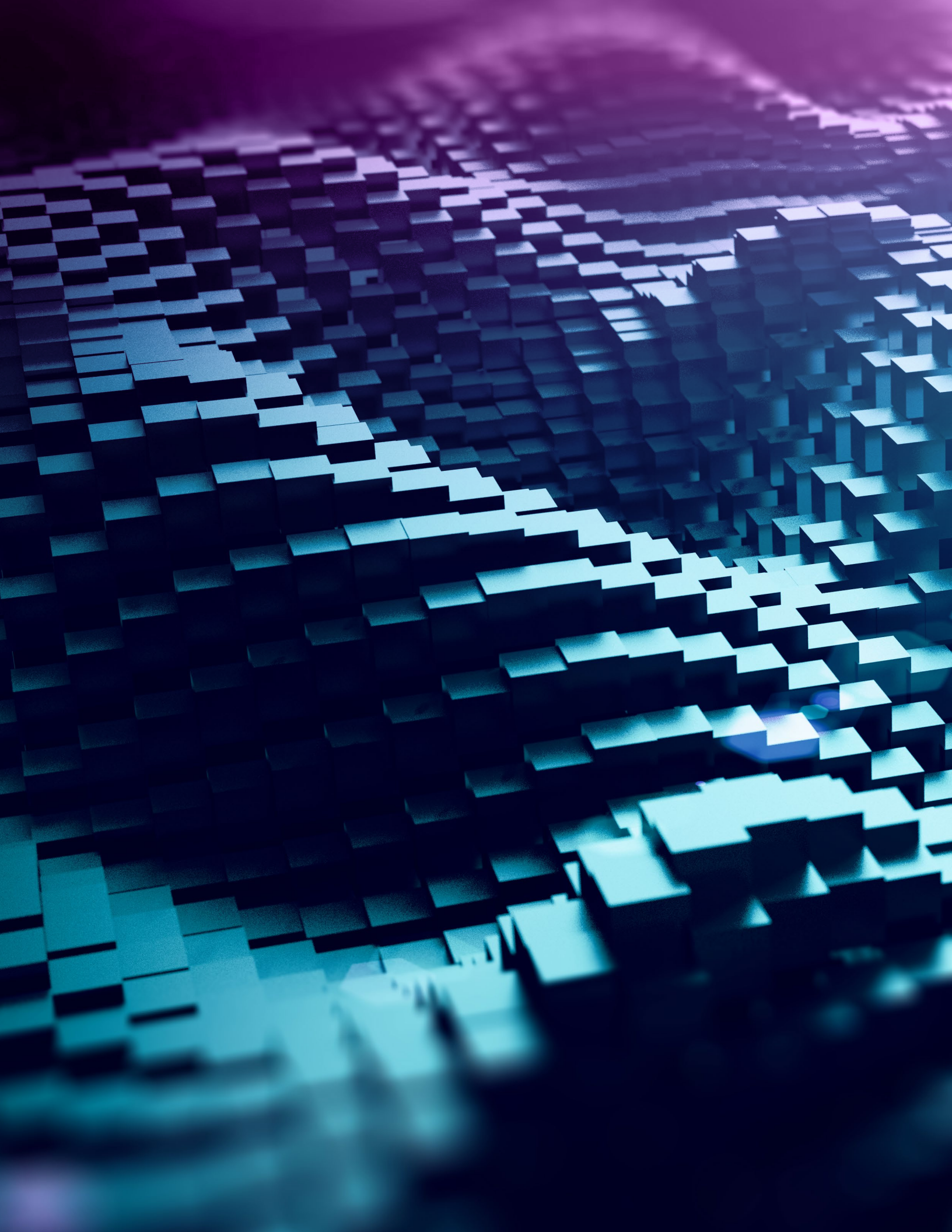


Private Markets Court High-Net-Worth Investors

General Partners are getting creative when attracting new capital. Beyond institutional investors, they are targeting a new cohort eager to access private markets.







Executive Summary

Private market firms are increasingly focused on high-net-worth retail investors, as traditional institutional capital becomes more limited.

Regulatory changes in the U.S. and Europe have lowered barriers to entry, allowing retail investors to pool resources and access private equity (PE) and alternative investments. Innovative fund structures such as European Long-Term Investment Funds (ELTIFs) and UCI Part II Funds in Europe, Long-Term Asset Funds (LTAFs) in the U.K., and interval and tender offer funds in the U.S. offer flexible liquidity options for private asset exposure. Engaging this new investor class requires effective marketing strategies. Blockchain and asset tokenization present significant opportunities to streamline fund operations and distribution, enhancing retail participation in alternative investments. We at J.P. Morgan utilize our expertise and technology to support the creation and management of these innovative fund structures, meeting the needs of both institutional and retail investors.

Tailored for Retail Investors



Retail investors are increasingly attracted to alternative investments, given their robust returns and diversification. Of course, large minimum check sizes and 10-year lock-in periods have historically made retail investors reluctant or unable to invest in private markets.

However, the barriers to entry have lowered for retail investors looking to tap into private markets. In 2020, the Securities and Exchange Commission (SEC) in the U.S. expanded the definition of “accredited investor” beyond pure wealth- and income-based criteria to include those with “sufficient knowledge and expertise” that can be indicated by particular professional certifications such as a Series 7 or Series 65.¹ To clear high fund minimums for private market investments, an increasing number of retail investors can now more easily pool their assets to invest directly in private equity deals and other private market investment opportunities.

At the same time, there is a scarcity of capital resulting from both the popularity of illiquid private markets and a slowdown in private asset exits – meaning capital is tied-up and thus limited in supply. As a result, private equity General Partners (GPs) and other private market firms looking for additional sources of capital are expanding their focus on institutional investors to also include individual investors who represent new capital for their funds. There is added good reason: almost half of the global assets under management belong to retail investors, clocking in at \$295 trillion, per Bain & Company.²

¹ *Accredited Investor Definition, 2020*

² *Global Private Equity Report 2023, Bain & Company*

Those individual retail investors will collectively influence a gravitation away from the more customary institutional capital inflows to GPs. Blackstone, for instance, expects to boost retail capital from \$200 billion to \$500 billion.³ KKR anticipates that half of the new capital it raises in the years ahead will originate from private wealth, and Apollo Global Management is seeking to raise \$50 billion in retail capital from 2022 through 2026.⁴ In 2025, high-net-worth-individuals will have \$1.2 trillion total in PE funds, up 2.4x from 2020, according to Boston Consulting Group and iCapital Research.⁵

Of course, convincing retail investors to lock away a significant amount of their capital in private investments for more than a decade can be tough. It is all the more difficult given the lagged valuations of private funds. While yields and diversification may be attractive in private asset classes, private market firms are also offering greater liquidity to attract capital from retail investors.



\$295tn

(almost half of global AUM) belong to retail investors

Source: Bain & Company.

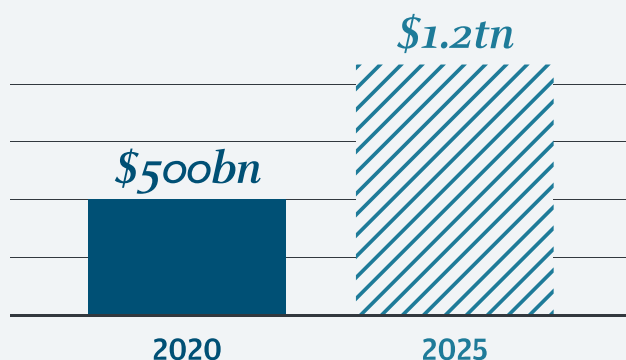


Apollo Global Management is seeking to raise

\$50bn

in retail capital 2022 through 2026

HNWI CAPITAL IN PE FUNDS



Source: BCG & iCapital Research

BLACKSTONE TO BOOST RETAIL CAPITAL

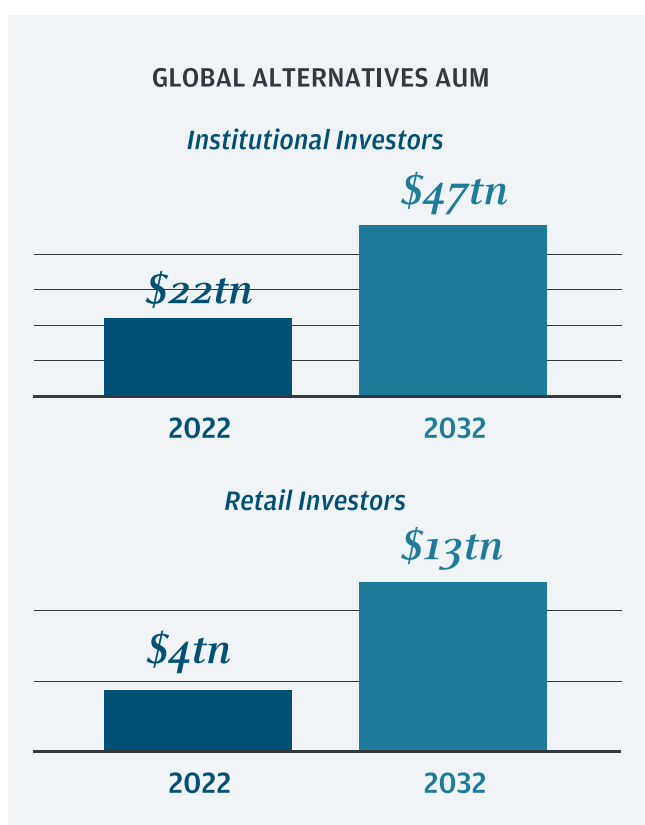


^{3,4} Ibid.

⁵ *The Future is Private - Unlocking the Art of Private Equity in Wealth Management*, Boston Consulting Group (BCG) and iCapital, 2022

Beyond the Institutional Investor

Retail investor enthusiasm for alternatives is growing so robustly that alternative investment allocations from individual capital will rise 12% annually over the next decade compared to just 8% from institutional capital, per Bain & Company.⁶



Nevertheless, traditional buyout funds face many obstacles. That is because regulatory guidance has set barriers for who can have access to alternative investments. In the U.S., for example, regulators have traditionally aimed to restrict the complexity and fee structures of products aimed at the mass affluent pool of investors who have south of \$1 million to invest.⁷ There has been a shift such that complex structures can be marketed to investors with less than \$1 million if there are adequate disclosures. For instance, the SEC's private fund advisor rules, originally adopted in August 2023 and struck down by the Fifth Circuit in June 2024, would have required registered private fund advisors to provide substantial disclosures to individual investors.⁸ Though these rules have been put on hold, they demonstrate that government agencies have been looking closer at private assets and exploring an increased emphasis on disclosure and transparency that could facilitate individual investors' entry into private markets.

To thread the needle between allowing individuals more access to private investments and ensuring they have the necessary regulatory protections, a new crop of products has arrived with the aim of easing retail investors' entry into alternative investments, varying by region.

⁶ *Global Private Equity Report 2023*, Bain & Company

⁷ *Accredit Investors, Financial Criteria*, SEC

⁸ *SEC Enhances the Regulation of Private Fund Advisers*, SEC



The European Long-Term Investment Fund (ELTIF) emerged in 2015 in part to allow individual investors access to private market investments.⁹ However, concerns around asset eligibility, investment restrictions and diversification, marketing and distribution, and liquidity, largely limited widespread use of this structure.¹⁰ The number of authorized ELTIFs did rise by nearly 25% in 2023 to 95 total across 41 different EU asset managers for a total of €13.6 billion in AUM, according to the latest annual survey of the ELTIF market by rating agency Scope Fund Analysis.¹¹ As a point of reference, though, that represents only about 1% of the €13.1 trillion in AUM in EU Undertakings for the Collective Investment of Transferable Securities (UCITS) funds at the end of 2023.¹²

To counter challenges and boost investment in ELTIFs, the ELTIF 2.0 Regulation, which came into effect in January 2024, introduced broader marketing rules to raise capital from retail investors and gave investment managers more flexibility on investment rules.¹³ In particular, there is no minimum investment threshold an investor needs to clear nor is there an ELTIF-specific eligibility assessment for investors; instead, managers marketing to investors are required to perform a suitability assessment on investors that aligns with Markets in Financial Instruments Directive (MiFID) tests to make sure they possess the knowledge and means to invest in these funds.¹⁴ In addition, ELTIF 2.0 has granted retail investors access to an expanded range of investments supporting the Green Pact Europe, such as green bonds. It has also allowed them access to previously unavailable assets, such as mortgage securities and corporate and commercial loans.¹⁵ As part of the EU's plan to drive capital flows into long-term social and infrastructure projects, ELTIF 2.0 also broadened the definition of real assets to incorporate immovable property like highways and infrastructure projects like hospitals.¹⁶ More than half of the ELTIFs established to date are domiciled in Luxembourg, but other competing fund domiciles such as Ireland are increasingly eager to

capture a share of the market.¹⁷ The Central Bank of Ireland (CBI) created a standalone ELTIF Chapter in its Alternative Investment Fund (AIF) Rulebook in 2024 to support the domestic implementation of ELTIF regulation. That has facilitated a pathway for ELTIFs seeking authorization in Ireland.¹⁸ In a pivotal development, the European Commission's (EC) long-anticipated Regulatory Technical Standards (RTS) came into effect in October 2024.¹⁹ Despite the European Securities and Markets Authority's (ESMA) recommendation to mandate a one-size-fits-all minimum liquidity asset approach whereby an ELTIF would have to hold a certain minimum percentage of their portfolios in highly liquid assets to serve as a buffer for potential redemptions, the EC's RTS grants ELTIF managers the discretion to determine the most appropriate liquidity provisions for their funds, within certain parameters. In particular, semi open-ended ELTIFs will not be required to maintain a minimum percentage of liquid assets or to have a minimum holding period. The ELTIF manager will be required to calibrate the maximum size of redemptions using two available options, set out in the RTS's Annex I where the percentage of redeemable assets is based on the redemption frequency and the notice period and the RTS's Annex II where the percentage of redeemable assets is based on the redemption frequency and the minimum percentage of liquid assets. The ELTIF must also demonstrate that it can avail itself of Liquidity Management Tools (LMTs) that are compatible with the ELTIF's long-term strategy and may select at least one anti-dilution LMT.

In addition, the CBI updated its application form in November 2024 to accept applications to authorize open-ended ELTIFs. This milestone could pave the way forward for the development of open-ended, semi-liquid structures, but time will tell. Furthermore, the CBI noted that ELTIFs, which are reserved for "Qualifying Investors" alone, can use the 24-hour fast-track approval process. Amid such momentum, ELTIF assets may reach as high as €35 billion by the end of 2026, per Scope.²⁰

⁹ [Implementing and Delegated Accts – ELTIF](#), European Commission

¹⁰ [Focusing on Funds: ELTIFs and LTAFs](#), CMS Law

¹¹ [A new era | ELTIF study 2024](#), Scope Fund Analysis

¹² [Value of total UCITS net assets in Europe in 4th quarter 2023, by asset type](#), Statista

^{13,16} [Fresh Momentum for the Reformed European Long-Term Investment Fund \(ELTIF\)](#), J.P. Morgan

¹⁴ [ELTIF 2.0: A new era for European private asset investing](#)

¹⁵ [The 'Retailisation' of Private Funds – Key Considerations for Private Fund Managers](#), Proskauer Rose LLP

¹⁷ *Ibid.*

¹⁸ [Feedback Statement Consultation Paper 155: Consultation on ELTIF chapter in the AIF Rulebook](#), Central Bank of Ireland

¹⁹ [Commission Delegated Regulation \(EU\) 2024/2759, The Official Journal of the European Union](#), July 19, 2024



Beyond ELTIFs, UCI Part II Funds were last amended by the Law of 21 July 2023 to modernize the Luxembourg fund structuring toolbox.²¹ This added legal forms under which these funds could be established, including the partnership limited by shares, the common limited partnership, and the special limited partnership.²² If they are managed by an EU-authorized Alternative Investment Fund Manager (AIFM), UCI Part II Funds have been able to take advantage of the Alternative Investment Fund Managers Directive (AIFMD) marketing passport for professional investors. If set up as an ELTIF, UCI Part II Funds can be marketed as semi-liquid open-ended funds to retail investors.²³ This registration process has been

made easier with EU authorities and beyond thanks to the updated regulation status of UCI Part II Funds.²⁴

These UCI Part II Funds can work like an umbrella fund with sub funds that can invest in different strategies and differ in redemption policy, dividend policy, fee structure, reference currency, appointed investment manager, and type of target investor. A versatile product, UCI Part II Funds enable the launch of open-ended subscription-based funds that fund sponsors can establish. Those include feeders or fund-of-funds structures that invest in illiquid AIFs that otherwise would be inaccessible to individual investors.²⁵



The U.K.

In the U.K., long-term asset funds (LTAFs) have launched over the last year, initially to Defined Contribution pension schemes. That has allowed more retail investors exposure to private assets while also reducing blind pool risk, meaning investors have better visibility into exactly where their money will be invested.²⁶ The LTAF is a newly created open-ended-fund category authorized by the Financial Conduct Authority (FCA). LTAFs let individual investors accept more illiquidity for the prospect of more robust future returns.²⁷

LTAFs deliver investor protection by employing liquidity management tools to create an equilibrium between asset-based liquidity and the redemption frequency afforded to investors.²⁸ LTAFs implement effective

liquidity management strategies that align with their investment goals and redemption policies. This ensures that the redemption terms are consistent with the time required to sell underlying assets, preventing any liquidity mismatches. Therefore, LTAFs must set a minimum notice period of 90 days and cannot offer redemptions more frequently than monthly. This stability makes LTAFs more scalable by allowing them to raise capital that clears investor requirements.²⁹ Currently, just shy of a quarter (24%) of wealth managers and 18% of DC pension schemes in the U.K. use an LTAF (or ELTIF) for private market investments.³⁰ Yet more than three-quarters (78%) of U.K. and U.S. asset managers with a European presence are considering LTAF launches over the next three years.³¹

²⁰ [A new era | ELTIF study 2024, Scope Fund Analysis](#)

²¹ [Part II Fund Regime](#), Mondaq, Elvinger Hoss Luxembourg Law

^{22, 25, 29, 31} *Ibid.*

²³ [Part II UCIs: The ELTIF Fund Regime of choice?](#), Investment Officer

²⁴ [Part II Fund Regime](#), Mondaq, Elvinger Hoss Luxembourg Law

²⁶ [The Role of the Long-Term Asset Fund: IA Position Paper](#), The Investment Association

²⁷ [Key Features - ELTIFs, LTAFs and UCI Part II Vehicles](#), Proskauer Rose LLP

²⁸ [How does liquidity work in an LTAF?](#), Schroders

³⁰ [Atlas 2024 report, Exploring private markets: A new world of possibilities](#), Carne



The U.S.

To increase the number of high net-worth retail investors investing in private markets, some private equity firms have created retail funds in the U.S. that are registered under the Investment Company Act of 1940 ('40 Act) and accessible to a broader range of the individual investor market. Two closed-end mutual fund structures have emerged for private investors to tap into private equity, private credit, and real assets: interval funds and tender offer funds.³²

Interval funds offer redemptions at agreed-upon frequencies while tender offer funds offer redemptions at the manager's discretion³³. Though tender offer funds do not institute liquidity restrictions, they must make payments for redemption proceeds "promptly" - delaying or expediting payments to match underlying investments' liquidity timelines.³⁴ Integrating private assets into model portfolios through interval funds and tender offer funds may enable investors diversify their portfolios and improve performance. Fund managers, in turn, can attract untapped capital from private investors who want to invest in a wider range of assets. In fact, private equity represented nearly a quarter of all interval and tender offer fund assets in 2023, a jump of almost 13 percentage points from 2017.³⁵

Moreover, interval funds allow managers to package illiquid assets into retail investment vehicles that usually have strict asset liquidity requirements. Mutual funds require daily liquidity to investors, meaning any investor can redeem the full amount of shares on a day's notice. The SEC sets limits on investments that asset managers cannot quickly liquidate into cash to pay out investors.³⁶ Interval funds, by contrast, typically only let investors redeem quarterly.³⁷ That way, they can hold assets that may be challenging to sell on a short-term basis like bank loans, private credit, and private equity secondaries but still sell shares to unaccredited investors.³⁸

In the case of some private equity tender offer funds, the underlying investments consist of secondaries and co-investments that can be allocated in a fund-of-fund capacity across multiple GPs.³⁹ Secondaries can deliver a solution to the limited liquidity of private investments, giving GPs and Limited Partners (LPs) a chance to exit their existing positions in private investments by selling them to another investor. That allows them to access capital for other investments, rebalance their portfolios, or leave a position in the event of poor performance. Over the last decade, secondaries have experienced significant growth: from Q1 2012 to Q1 2022, secondaries quadrupled from \$100 billion in AUM to \$400 billion.⁴⁰ As of early December 2024, secondaries took in a record \$100 billion for the year, representing 9.5% of capital raised by all private fund strategies.⁴¹ Secondaries are particularly attractive to buyers eager to snag bargains, which have averaged 15% less than net asset value (NAV).⁴² In Q3 2024, StepStone closed on a \$4.8 billion flagship fund double the size of its predecessor.⁴³ Lexington Partners, which in Q1 2024 closed on a \$22.7 billion fund, is just another prime example of the furor around secondaries, with more than 100 funds still raising capital.⁴⁴ As for co-investments, they create customized portfolios for LP investors that join with a GP to purchase individual portfolio companies and join deals. This allows for enhanced diversification in light of the co-investment exposure to a focused set of companies. While introducing greater idiosyncratic risk, co-investments may also boost returns by reducing fees. Some 67% of LPs say they plan to explore joining private equity co-investments in the next 12 months.⁴⁵

At their core, interval and tender offer funds allow GPs to have fund structures that target the \$66 trillion of available capital in U.S. wealth management from individuals.⁴⁶ Actually accessing that well of capital and catalyzing individual investors' entry into alternative investments, however, requires different fundraising and marketing strategies.

³² [An Introduction to Interval and Tender Offer Funds](#), ACA Group.

^{33, 42, 43} *Ibid.*

^{34, 39} [Interval and Tender Offer Closed-End Funds: Investment Company Alternatives to Traditional Funds, 2024 Update](#), Chapman

³⁵ Pitchbook, *iCapital Investment Strategy*, as of Dec. 5, 2023

³⁶ [Investment Company Liquidity Risk Management Programs](#), SEC

³⁷ [How Do Interval Funds Work?](#), 2024

³⁸ *Morningstar's Guide to Interval Funds*, Morningstar Manager Research

⁴⁰ [Preqin Global Private Equity Report 2023](#), Preqin

⁴¹ [Secondaries funds top \\$100B in all-time high](#), Pitchbook, Dec. 18, 2024

⁴⁴ [The five largest secondary funds in the market](#), Pitchbook, Jan. 16, 2024

⁴⁵ [PEI LP Perspectives Report 2024](#), Privat Equity International

⁴⁶ Cerulli Associates, *The Cerulli Report. U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2023*, as of Jan. 2024

Facilitating Retail Investment into Alternatives

Alternative investments were previously exclusive to institutional investors. As such, private markets firms were not required to promote fund capabilities to retail investors.

However, as large alternative asset managers aspire to expand fee-bearing AUM at double-digit rates, that means new fundraising that requires them to market these new retail private market fund structures and manage the liquidity needs of individual investors.

According to a 2023 joint study from SuperReturn, a private equity conference series, and BackBay Communications, 82% of private markets professionals across 27 global firms described having a strong brand as “very important” for private equity firms, with the remaining labeling it as “somewhat important.”⁴⁷ In addition, 86% of respondents in the same study noted the need for a strong brand had intensified in the last two years driven by added competition for deals (56%), more private equity firms (41%), and competition for LP capital (41%).⁴⁸



82%

of private markets professionals across 27 global firms described having a strong brand as “very important” for private equity firms.

Source: SuperReturn & BackBay Communications

To capture an increasing market share of retail investors in this competitive environment, private equity firms are promoting themselves to potential investors through search engine optimization (SEO), email marketing, social media, or traditional marketing like direct mail or sponsorships, according to a report from CMOx, a fractional chief marketing officer company.⁴⁹ In 2023, some 85% of European GPs reported considering marketing funds to high-net-worth individuals (HNWIs) with assets north of €500,000, and more than half (51%) are interested in marketing to mass affluent investors with €100,000 to €500,000.⁵⁰

EUROPEAN GPs IN 2023

85%

reported considering marketing funds to HNWIs with assets >€500,000

51%

reported considering marketing to mass affluent investors with €100,000 to €500,000

GPs are also reaching private investors through wealth managers that are handling their clients’ portfolios. In fact, some 51% of fund selectors at major wealth managers say their firms are offering more private asset strategies to meet rising demand.⁵¹ As a result, GPs are seeing an increased percentage of their AUM from non-institutional investors.

Attracting capital from individual investors with wealth advisors into alternative investments comes at a time when these individual investors are increasingly changing asset allocations targets, according to John Sweeney, CEO of Brookfield Oaktree Wealth Solutions.

⁴⁷ *Private Equity Brand Study 2023*, SuperReturn and BackBay Communications

⁴⁸ *Ibid.*

⁴⁹ *Private Equity Marketing: A Guide for Firms*, CMOx

⁵⁰ *European Private Equity Survey 4th Edition*, Invest Europe and Arthur D. Little, 2023

⁵¹ *Natixis Investment Managers, Global Survey of Fund Selectors conducted by CoreData Research in November and December 2023. Survey included 500 respondents in 26 countries throughout North America, Latin America, the United Kingdom, Continental Europe, Asia and the Middle East*



62%

of current HNWI alts users in North America intend to increase their alts allocation over the next one to two years.

Source: Brookfield Oaktree Wealth Solutions

“In recent years, the traditional view that investors should adopt a 60/40 portfolio allocation approach has been repeatedly challenged—and even more so as alternative investing opportunities for individual investors has grown,” Sweeney told J.P. Morgan Securities Services. “For some people, starting with an initial allocation as little as 5% can be helpful in terms of diversification and helping them get comfortable with the space. Others are more eager to invest in alts—especially if their advisor suggests it. In fact, among our recent survey of high-net-worth investors, more than half would be comfortable with a 20%+ allocation to alternatives if their advisor recommended it.”

Amid the industry wide marketing focus to raise more capital from individual investors and attract retail investors via wealth advisors, an intermediaries ecosystem has emerged that facilitates private market entry for alt-curious individual investors through digital platforms:

- **Opto Investments** provides software to help financial advisors intelligently steer their clients’ assets to alternative investments.
- **iCapital** zeroes in on accredited investors through private banks and aggregates their assets. (J.P. Morgan has made a strategic investment in this platform.)
- **Moonfare** is a direct-to-consumer platform that pools assets from self-certified investors to enter PE funds. Individuals have the potential to exit positions with less friction through a digital securities market that lets them match with other individual investors.

Such technological advancements reduce entry friction to these funds for retail investors. That can help maximize GPs’ promotion of these alternative fund investments. To that end, the emergence of tokenization could be the linchpin that streamlines the distribution and servicing of alternative investments to a broader pool of investors. Innovative intermediary platforms, aided by blockchain technology, are paving the way for a paradigm shift in the wealth management industry, enabling wealth managers to include alternatives in their model portfolios. This allows wealth managers to present new alternatives strategies to a broader set of investors. These retail investments can, in turn, more easily allocate funds to alternative investments to have the opportunity to bolster their diversification and returns. Of course, it is challenging for GPs to provide timely NAVs that demonstrate returns given that private funds have lagged valuations, typically reporting only on a quarterly basis. Outsourced fund administration for GPs can help them report returns to investors in a more timely manner, which may enhance investors’ comfort level in unlisted assets. Though more than half (52%) of private equity fund managers handle fund administration in-house, according to a 2023 Ocorian study, almost all (96%) said they planned to outsource fund administration over the next three years.⁵²

All told, the potential influx individuals investing in alternatives represents a \$400 billion annual revenue opportunity for alternative fund managers and distributors.⁵³ As these individual investors work with their financial advisors to evaluate alternative investments, they will rely on GPs whose fund structures will allow them entry, and those GPs have a specific set of needs to service those fund structures.

INTERMEDIARIES HELPING WEALTH ADVISORS STEER INDIVIDUAL INVESTORS TO ALTERNATIVE FUNDS:



⁵² *Alternative fund managers increasingly turn to third parties for fund administration services*, Ocorian, Aug. 30, 2023

⁵³ *How Tokenization Can Fuel a \$400 Billion Opportunity in Distributing Alternative Investments to Individuals*, Bain & Company and Onyx, now Kinexys, by J.P. Morgan

Smoother Connections



J.P. Morgan's expertise and global scale can help alternative investment clients launch new fund structures and support a wide variety of asset types, including private equity, infrastructure, and private credit.

We offer comprehensive services, including fund and partnership accounting, transfer agency, waterfall administration, financial and regulatory reporting, custody, depositary services, liquidity management, currency overlay solutions, and tax support services. J.P. Morgan can service and support ELTIFs, LTFAs, and UCI Part II Funds, along with interval and tender offer funds.

Our suite of solutions employs artificial intelligence to capture private assets data from various sources. Coupled with significant automation initiatives, that capability

enables an agile service model to manage sophisticated LP and GP reporting, timely capital calls, and deal processing. J.P. Morgan's Alternative Fund Services (AFS) business serves the fast-growing asset classes across private equity, private credit, infrastructure, and fund-of-funds strategies. We facilitate fund-level performance reporting through Burgiss Portfolio Management, which provides underlying holdings, performance, and exposure transparency on a client's alternative investment portfolio. It can also deliver Fund internal rate of return (IRR) analysis by investment strategy, fund manager, vintage year, time period, portfolio cash flow reporting for investment purchases and management fees, cashflow forecasting, and funded vs. unfunded commitment tracking.

Our Kinexys Digital Assets platform, having processed more than \$1.7 trillion in transaction volumes, empowers financial institutions, asset managers, and fintechs to explore new efficiencies through asset tokenization. Currently, the platform enables activities such as repos with tokenized U.S. Treasuries and collateral postings with

tokenized money market fund units. By standardizing the representation of fund shares, LP interests, and cash on a unified ledger, the platform aims to enhance settlement processes. This approach could significantly streamline the current lengthy, multi-party processes that involve siloed data and costly reconciliations, building on the platform's proven capabilities in delivering real-world utility.

Additionally, tokenization has the potential to address persistent frictions for retail investors surrounding the ease of investing in alternatives by expediting exit timelines, supporting broader borrowing against holdings, and enabling customizable alternatives portfolios. By including alternative investment funds in model portfolios and developing new client-friendly features such as investor-level personalization, fund managers could help unlock this opportunity and enable the creation of ultra-efficient discretionary portfolios that combine traditional and alternative investments.

Because J.P. Morgan has a long history of servicing traditional funds and alternative investments on its platform - with more than \$24 trillion in traditional assets under administration and \$1 trillion in alternative assets under administration as of September 2024 - we have the core experience paired with innovative technological capabilities to be a one-stop-shop for our clients' needs in creating private market funds that will attract high-net-worth-investor inflows.

"J.P. Morgan combines its alternatives and traditional fund services to create global and consolidated solutions for semi-liquid retail funds, meeting their unique accounting needs, including public/private portfolios and high investor volumes."

Janeane Higgins

J.P. Morgan Alternative Fund Services Global Product Manager

In addition, J.P. Morgan has harnessed its breadth of experience in fund servicing to act as a consultative concierge for its clients in all steps along the way, including supporting a client's navigation of regulatory

complexities in the creation of sub-funds within the structures that invest in different strategies. We manage to help create consistency across the funds, with uniformity in the proportion of assets allocated to public companies and similar service deliverables and timelines.

Our nimble approach to deploying an operating model to support innovative private funds has hinged on developing a modular technology platform that allows us to tailor our functionalities properly for each client and align them to the elected requirements of the fund, regardless of the specific regulatory wrapper chosen by our clients.

To that end, whereas some administrators can service either private funds in Europe or '40 Act funds in the U.S., J.P. Morgan has the technological capability and global reach across its fund services business to handle fund structures for alternative investments on both sides of the Atlantic. We function as one cohesive unit backed by the power of our Commercial and Investment Bank. As such, we are able to offer ways to leverage our cross-firm connectivity and ensure consistency across the entities within the funds.

Additionally, J.P. Morgan can provide asset-backed financing solutions to evergreen vehicles such as '40 Act Funds in the form of a Regulated Investment Company (RIC) or UCI Part II vehicles, often set up as an open-ended Luxembourg SICAV, to support portfolio growth, asset accumulation, and liquidity management. These facilities are often structured as a revolver collateralized by these vehicles' investments, giving borrowers the flexibility they need to draw and repay intra-period.

"As the advent of fundraising for evergreen vehicles continues, J.P. Morgan is able to provide sponsors with financing solutions and to deliver its global cross strategy platform to borrowers seeking additional capital to scale efficiently," said Leah Grant, a vice president on J.P. Morgan's Global Private Side Sponsors sales team focused on Fund Financing Solutions. This includes warehouse financing ahead of an RIC or SICAV launch to facilitate the acquisition of illiquid investments during the funds marketing process to deliver investors fully funded exposure upfront. J.P. Morgan's expertise in the global primary and secondaries markets enables us to provide bespoke financing packages provide liquidity and scale to allow evergreen vehicles for retail investors.

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- [Fresh Momentum for the Reformed European Long-Term Investment Fund \(ELTIF\)](#)
- [Democratization of Private Assets: The U.K. Long-Term Asset Fund \(LTAF\)](#)

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