

The Next Generation of Private Capital

How allocation is being re-underwritten.

Private markets investing: committing capital to companies and assets not traded on public exchanges — private equity, venture capital, private credit and real assets — for multi-year horizons. The IMS Group view from the buy-side.



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INTRODUCTION

From whether to how

One of the largest intergenerational handovers of private capital on record is now under way, and it is changing the question allocators ask.

For most of the past decade, private markets investing posed a question of whether: whether a family office or institution should hold private equity and private credit alongside listed stocks and bonds at all. That argument is largely settled. The live question is how allocation itself is being re-underwritten: by a generational change of ownership, by the tokenisation of real-world assets, and by artificial intelligence moving into the underwriting seat.

This paper does two things. First, it sets out a clean definition of private markets investing: what it is, the core asset classes, and how it differs from public markets. Then it sets out the IMS Group synthesis: the five forces reshaping private capital, and why each one points in the same direction. IMS Group is a technology-forward private markets investment group and partnership of family offices, operating across four divisions: IMS Capital Management, IMS Sports Capital, IMS Digital Ventures and IMS Labs. The Group reads this moment from the buy-side, as a principal rather than a platform, and writes about it in the firm voice rather than the first person.

A note on discipline before the argument. Every figure in this paper carries a source and a date, every forecast is flagged as a projection and given as a range, and where the direction of travel is clear but the magnitude is contested, the paper says so. The Group brings that same posture to the whole thesis.

01 DEFINITION

What private markets investing is

Private markets investing is the practice of investing in companies and assets that are not traded on public stock exchanges. Capital is committed to private businesses, funds or real assets, usually for multi-year horizons, and returns are realised through eventual sale, refinancing or income rather than daily market quotation. Investors typically gain access in one of two ways: by committing to a managed fund run by a specialist manager, or by investing directly, including alongside a manager as a co-investor. Because these holdings are illiquid and harder to value, access has historically been limited to institutional and accredited investors rather than the general public.

That single paragraph is the whole of the definition. The substance sits in what gets bought.

Core asset classes

Private markets are usually grouped into four core asset classes, each with a distinct return-and-risk profile:

Private equity

Ownership stakes in mature private companies, typically with the aim of improving and growing the business before an eventual sale.

Venture capital

Earlier-stage equity in young, high-growth companies, where a small number of outcomes drive most of the return.

Private credit

Privately negotiated lending to companies, an income-generating asset class that has expanded as banks have stepped back from parts of corporate lending.

Real assets

Tangible holdings such as real estate, infrastructure and natural resources, often held for inflation-resilient income and long-duration value.

These four blocks are the building set. A growing list of newer exposures, from royalties and intellectual property to sports franchises, sits alongside them, and the Group treats those as an expanding part of the same universe rather than a separate world.

02 THE DIFFERENCE

Private vs public markets

The clearest way to understand private markets investing is by contrast with public markets, where shares and bonds trade continuously on an open exchange. Four differences matter most.

	Public markets	Private markets
Liquidity	Sell on any trading day	Capital locked up for years
Access	Open to almost anyone	Institutional & accredited only
Time horizon	Measured in quarters	Years and full cycles
Valuation	Continuous, visible prices	Periodic, the manager's marks

Start with **liquidity**. Public holdings can usually be sold on any trading day; private holdings cannot. Capital is locked up for years, and that illiquidity is the defining trade-off of the asset class. In principle, investors expect to be compensated for accepting it — the so-called illiquidity premium, the additional return sought in exchange for giving up the ability to exit at will. That premium is an expectation, not a guarantee, and it varies by strategy and vintage.

Then there is **access**. Public markets are open to almost anyone; private markets have historically been gated to institutional and accredited investors, on the reasoning that illiquid, less-transparent holdings suit investors able to lock up capital and absorb the analysis. **Time horizon** is the third: private strategies are measured in years and full cycles, not quarters, which changes how performance should be judged. The fourth is **valuation and transparency**: public prices are continuous and visible, while private valuations are periodic and depend on the manager's marks, so transparency is lower and comparison harder.

None of this makes one structure better than the other. Public and private markets answer different questions. The point of the comparison is to be clear-eyed about the trade-off: private markets ask investors to give up liquidity and continuous pricing, and the case for accepting that has to be made on the merits, position by position, rather than asserted.

03 THE DRIVER Why this is a generational re-allocation

A clean definition explains what private markets investing is. It does not explain why allocation is changing now. The first force is generational: capital is changing hands, and the people receiving it allocate differently from the people who built it.

The driver is the great wealth transfer, the multi-decade movement of accumulated wealth from the baby-boomer generation to spouses, heirs and chosen causes. Cerulli Associates projects roughly \$84 trillion transferring in the United States through 2045 on its earlier estimate, rising to roughly \$124 trillion through 2048 on its updated 2024 projection (Cerulli Associates, 2024). These are United States figures and long-range projections, not a settled global total, a distinction the headline coverage routinely flattens. In the United Kingdom, the Group's lead market alongside the United States, the comparable range is roughly £5.5 trillion to £7 trillion by around 2050 (Kings Court Trust / Cebr, cited by Brooks Macdonald; Vanguard UK, 2024).

72%

of investors aged 21–43 no longer believe stocks & bonds alone can deliver above-average returns

28%

of investors aged 44+ feel the same way — a split in sentiment by age (Bank of America, 2024)

However the totals are eventually counted, the behavioural shift underneath them is not in doubt. Bank of America research finds that 72% of younger investors, aged 21 to 43, no longer believe it is possible to achieve above-average returns using only traditional stocks and bonds, against just 28% of investors aged 44 and over who feel the same way (Bank of America Private Bank, Study of Wealthy Americans, 2024). That 72%-versus-28% figure is a split in sentiment by age, not a measure of who holds the wealth, and it is the spine of the change in behaviour. A generation that does not believe the traditional balanced portfolio can deliver will reach for alternatives and private markets as a matter of conviction.

Three behaviours separate the receiving generation from the one that built the wealth. They start from a higher baseline allocation to private markets, treating private equity and private credit as core holdings rather than satellite positions. They are more willing to hold uncorrelated and frontier exposures, from real assets to digital assets, where an older portfolio might have stopped at listed equities and bonds. And they expect the selection process itself to be evidenced and technology-led, favouring managers who can show how a decision was reached rather than assert a track record. The claim here is qualitative and observable in allocation surveys, not a promise of specific returns: the receiving generation tilts toward private markets, and that tilt turns a transfer of ownership into a re-allocation of capital.

That same generation increasingly receives and deploys capital through a formal structure: the family office. For readers new to the term, the Group explains what a family office is and how these vehicles work, and examines why the single-family-office population is rising. The fuller case for the receiving generation as a distinct class of allocator runs through the Group's work on next-generation allocators. The handover, read from the buy-side, is a re-allocation event before it is an inheritance one.

04 THE THESIS

The five forces re-underwriting allocation

Generational change is the first force. Four more sit alongside it, and together they are what the Group means by allocation being re-underwritten rather than merely growing. Each is the subject of a dedicated analysis; each points the same way.

01 Institutional digital assets

Digital assets have moved from the margins toward the institutional core. The question for allocators has shifted from whether to hold any exposure to how much, through which vehicles, and with what controls. The Group sets out the evidence, and the limits of it, in its analysis of institutional digital assets — written for the allocator deciding on policy rather than the retail trader chasing a price.

02 Tokenisation of real-world assets

The second force is infrastructural. The tokenisation of real-world assets, representing ownership of funds, credit, treasuries and real assets on shared digital ledgers, promises to make traditionally illiquid private holdings easier to issue, settle and transfer. The trend is settled, even if its eventual scale is still being argued over; credible 2030 forecasts run from roughly \$2 trillion to \$16 trillion, and the gap between those ends is the whole argument. Treated soberly, asset tokenisation is a plumbing upgrade for private markets, not a speculative side-show.

03 AI in investing

The third force changes how decisions get made. AI in investing is moving from research assistant toward the underwriting and operating layer of private capital. IMS Labs, the Group's in-house engineering arm, runs this in production rather than in pilots: Cortex, a 41-agent underwriting engine on an Agent Mesh, compresses two-week diligence cycles to under two hours; Onyx provides a patent-pending authentication and provenance layer, with digital twins, for real-world assets; and Nimbus addresses agentic commerce.

04 New alternative assets

The fourth force is the widening of the investable set. Beyond the four core blocks, allocators are moving into new alternative assets: private credit as a now-substantial income engine, alongside royalties, intellectual property, litigation finance and sports franchises. The common thread is uncorrelated, contractual or scarce cash flows that behave differently from listed equity — the kind of exposure the next generation treats as core rather than exotic.

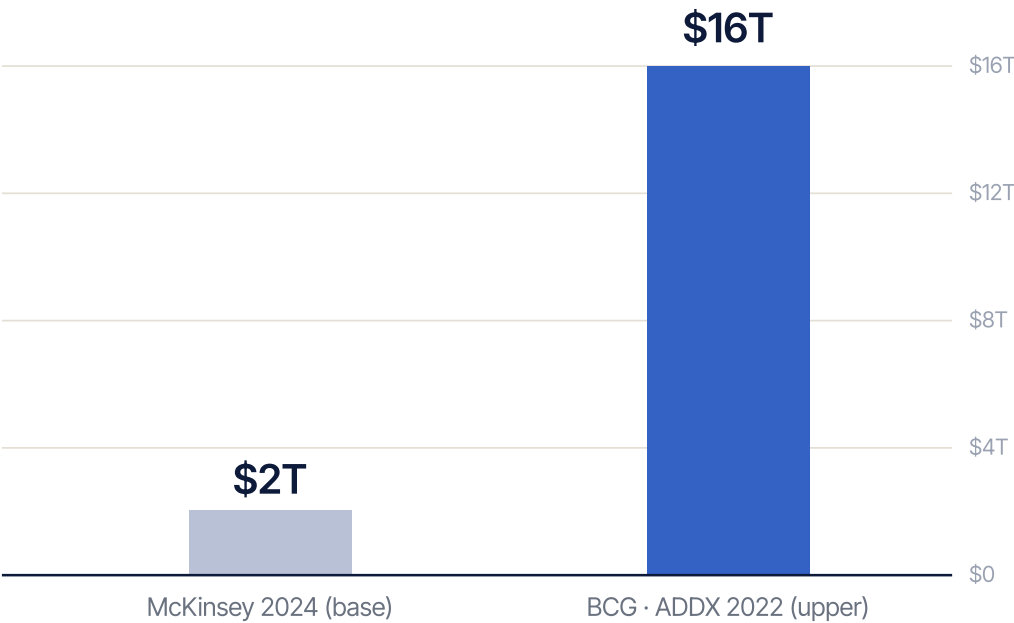
05 Next-generation allocators

The fifth force closes the loop with the first. The buy-side of private capital is getting larger, younger and more demanding at the same time. Next-generation allocators start from a higher baseline allocation to private markets, are more willing to hold frontier exposures, and expect the selection process itself to be evidenced and technology-led. That set of preferences is what turns the other four forces from trends into demand.

Generational change and the widening investable set converge on one number that captures how contested the scale of this shift still is — the size of the tokenised real-world-asset market by 2030.

EXHIBIT 1

How big is tokenisation by 2030? Credible forecasts span an 8× range



Source: McKinsey & Company (2024) base case; BCG / ADDX (2022) upper end. Both are projections — the gap between them is the whole argument.

ACCESS

05 How allocators access private markets today

Understanding the forces is one thing; acting on them is another. In practice, allocators reach private markets through two broad routes, and the choice between them is where a firm's character shows.

Funds

Committing capital to a specialist manager who sources, underwrites and operates the underlying investments.

Direct & co-investment

Investing into companies or assets directly, often alongside a manager — more control and concentration, but far more in-house capability required.

The first route is **funds**: committing capital to a specialist manager who sources, underwrites and operates the underlying investments. The second is **direct and co-investment**: investing into companies or assets directly, often alongside a manager, which offers more control and concentration but demands far more in-house capability. Both routes still run through the institutional and accredited gates described earlier; private markets remain, for now, the province of professional investors rather than the general public.

This is where the family-office-partnership lens differs from the platform one. A platform sells access to a catalogue. A partnership of family offices reads private markets as a principal: it brings proprietary, off-market dealflow that a distribution channel rarely sees, and it underwrites every position on one discipline across divisions. For most allocators, the practical entry points are understanding the vehicle — how the family-office model works and why single-family-office formation is accelerating — and then engaging through the Group's investments activity and its partnership network. The route matters less than the underwriting behind it.

06 DISCIPLINE

Magnitude is contested

A house view is only as credible as its discipline with numbers, so it is worth being explicit about what is known and what is merely projected. On the direction of travel, the evidence is strong: capital is moving to a younger generation, the investable set is widening, and tokenisation and AI are changing the infrastructure of access. On the size of each shift, the honest answer is a range.

Take tokenisation. Credible projections for the tokenised real-world-asset market in 2030 span roughly \$2 trillion at the conservative end (McKinsey, 2024 base case) to roughly \$16 trillion at the upper end (BCG / ADDX, 2022); both ends are projections. That is not a rounding difference: it reflects genuinely different assumptions about scope, adoption and which asset classes move on-chain. The wealth-transfer figures carry the same caution: \$84 trillion to \$124 trillion in the United States through the late 2040s (Cerulli Associates, 2024), each end a projection on different definitions and dates.

There is a further discipline that the headline numbers tend to obscure. The CFA Institute has argued that the wealth transfer is more concentrated, and in places more modest, than the largest figures imply, because a disproportionate share sits with a small band of high- and ultra-high-net-worth households (CFA Institute, 2024). A cumulative figure stated through 2048 also describes more than two decades of gradual settlement, not a sum arriving at once. Both points cut the same way: a large, real shift is best read as a trajectory, not a windfall.

Direction is clear; magnitude is contested — and saying so is the point, not a hedge.

The Group's rule is to state both ends, name them as forecasts, and never anchor a thesis on the largest number available. Anyone presenting a single dramatic figure as settled fact is reporting a projection as though it were a measurement.

REFERENCE

Frequently asked questions

What is private markets investing?

Private markets investing is investing in companies and assets not traded on public stock exchanges, principally private equity, venture capital, private credit and real assets. Capital is committed for multi-year horizons, through managed funds or directly, and returns come from eventual sale, refinancing or income. Because the holdings are illiquid, access has historically been limited to institutional and accredited investors.

Why are private markets growing?

Demand is rising for several reasons at once: a younger generation inheriting capital allocates more heavily to private markets, banks have stepped back from parts of lending and opened room for private credit, and tokenisation and AI are making private assets easier to access and underwrite. Bank of America (2024) found 72% of investors aged 21 to 43 doubt traditional stocks and bonds alone can deliver above-average returns.

How do private markets differ from public markets?

Public markets trade continuously on open exchanges with visible prices; private markets do not. Private holdings are illiquid, locking up capital for years in exchange for an expected illiquidity premium, are valued periodically rather than continuously, and are measured over full cycles rather than quarters. Access is gated to institutional and accredited investors rather than open to the general public.

Who can invest in private markets?

Private markets have historically been restricted to institutional investors (such as pension funds, endowments and family offices) and accredited or professional individual investors who meet defined wealth or income thresholds. The reasoning is that illiquid, less-transparent assets suit investors able to lock up capital and conduct their own analysis. Access is gradually widening, but remains principally professional rather than retail.

What are the main private-market asset classes?

The four core private-market asset classes are private equity (stakes in mature private companies), venture capital (early-stage company equity), private credit (privately negotiated lending) and real assets (real estate, infrastructure and natural resources). A widening set of newer alternatives, including royalties, intellectual property and sports franchises, increasingly sits alongside these four.

REFERENCE

Glossary

Explanations of terms used in this paper. Not exhaustive; intended as a guide only.

Private equity

Ownership stakes in mature private companies, with the aim of improving and growing the business before an eventual sale.

Venture capital

Earlier-stage equity in young, high-growth companies, where a small number of outcomes drive most of the return.

Private credit

Privately negotiated lending to companies; an income-generating asset class that has expanded as banks have stepped back.

Real assets

Tangible holdings such as real estate, infrastructure and natural resources, held for inflation-resilient income.

Illiquidity premium

The additional return investors seek in exchange for giving up the ability to exit at will. An expectation, not a guarantee.

Co-investment

Investing directly into a company or asset alongside a manager, rather than only through a pooled fund.

Tokenisation

Representing ownership of funds, credit, treasuries and real assets on shared digital ledgers to ease issuance, settlement and transfer.

Real-world assets (RWA)

Traditional, off-chain assets — credit, treasuries, property — represented or settled on a digital ledger.

Family office

A private vehicle through which a wealthy family or individual manages and deploys capital, including into private markets.

Vintage

The year a fund begins investing; used to compare performance across market cycles.

Accredited / professional investor

An investor meeting defined wealth, income or expertise thresholds, eligible for private-market access.

Wealth transfer

The multi-decade movement of accumulated wealth from the baby-boomer generation to spouses, heirs and chosen causes.

REFERENCE

Sources & important information

1. Cerulli Associates (2024). "Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048" — ~\$124T through 2048 (of which ~\$105T to heirs, ~\$18T to charity), revised up from the earlier 2021 estimate of ~\$84.4T through 2045. United States figures.
 2. Bank of America (2024). Private Bank Study of Wealthy Americans — 72% of investors aged 21–43 vs 28% of those aged 44+ believe above-average returns are no longer achievable through traditional stocks and bonds alone.
 3. Kings Court Trust / Cebr, "Passing on the Pounds" (cited by Brooks Macdonald, 2024) — UK wealth transfer of ~£5.5T over ~30 years.
 4. Vanguard UK (2024) — UK projection of ~£7T passing between generations by 2050.
 5. BCG / ADDX (2022). "Relevance of On-Chain Asset Tokenization" — illiquid-asset tokenisation up to ~\$16T by 2030 (upper end). Projection.
 6. Deloitte Private (2024). Family Office Insights Series, Global Edition — ~8,030 single family offices in 2024, projected to ~10,720 by 2030. Projection.
 7. CFA Institute (2024). "Dispelling myths about the 'Great Wealth Transfer'" — the transfer is more concentrated, and in places more modest, than headline figures imply.
 8. McKinsey & Company (2024). "Tokenized financial assets: From pilot to scale" — base-case ~\$2T by 2030 (lower end). Projection.
- Point-in-time figures (wealth-transfer, tokenisation and family-office projections) are volatile and should be re-verified on the date of publication.

Important information

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IMS Group

info@groupims.com

groupims.com

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