Athennian



HIGH ALERT

Private markets' operational response to volatility

PRIVATE EQUITY WIRE®

- Private markets are shifting from patient to opportunistic investing
- Technological innovation is a top priority for risk management
- Inefficiency, inaccuracy and system disparity could hinder fund and entity management

Long viewed as a haven amid volatility, private markets are taking on a new, nimbler character in response to what have been repeated and sustained market shocks. Investor capital has steadily receded and dealmaking suffered in the past few years, and firms are seeking ways to create ins and outs for capital to mitigate longer fundraising cycles and holding periods.

What results is a more opportunistic market – as shown by Private Equity Wire's Q2 2025 GP survey (see Figure 1), which collected data through the thick of tariff turmoil. Asked about their primary response to heightened macro-economic risks this year, nearly half of all private markets fund managers cite more strategic/ opportunistic investing as the way forward.

Firms are carefully aligning themselves with market trends – in part evidenced through the rapid growth of secondaries, credit, fund financing and other strategies, while asset selection, too, is more meticulous than ever.

But navigating this more opportunistic landscape demands operational adaptability. This is where many firms are feeling the strain.

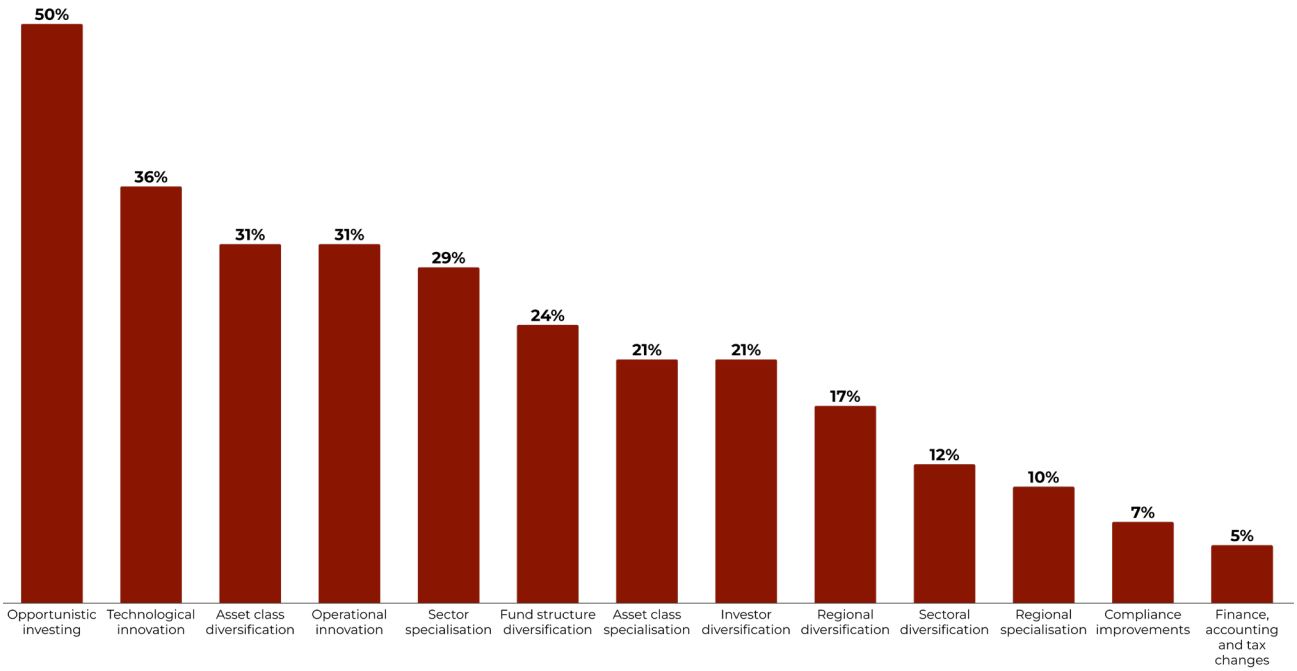
OPERATIONAL IMPLICATIONS

The second most popular response to current macro-economic conditions is technological innovation – cited by 37% of respondents – while operational innovation follows closely with 32%. Meanwhile, 24% of firms also say fund structure diversification has been high on their agenda this year.

Diversification and opportunism bring complexity, in both fundraising and portfolio management. And what has historically been a manual, bespoke industry, is perhaps operationally ill-equipped to steer the ship more briskly through choppier waters.

Asked about operational challenges that come with increasingly complex entity and fund structures, 46% of managers say inefficient and manual processes will likely create delays or inaccuracies (see Figure 2). Tighter scrutiny on due diligence, higher transaction

Figure 1 Primary responses to heightened macro risks in 2025



Analysis note: *Multiple choice question*

Sources: *Private Equity Wire GP Survey Q2 2025*

volumes, and a wider pool of investors to consider are all stretching the time and resource investment required across the investment lifecycle. Inefficiencies in any one area could prove pivotal amid fierce competition for funds and deals.

Also high on the list of challenges is a fragmented set of technology systems, and the integration pain points that result – cited by 37% of managers. Few legacy private markets firms set out with technology as an operational driver, often opting to implement point solutions on an ad-hoc basis. Now tasked with streamlining operations, firms struggle to bring these solutions into a single ecosystem, a task that comes with a significant cost burden, too.

A lack of a centralized source of data to feed into these disparate systems is, consequently, cited by 27% of firms as a pain point. And inefficiency-driven errors are not just costly and frustrating, they also widen the regulatory exposure for firms – noted as an anticipated challenge by more than a quarter of respondents.

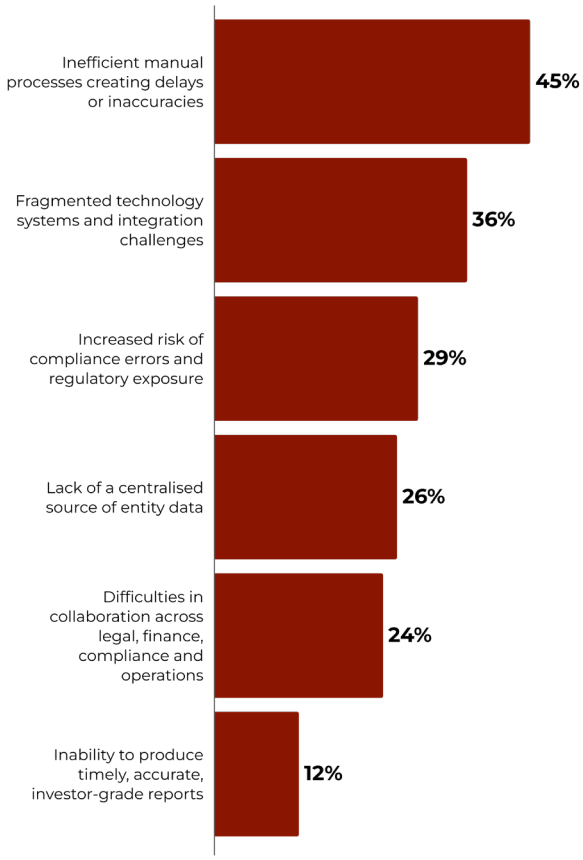
Private markets firms looking to navigate what can safely be predicted to be a protracted period of uncertainty now need to address their operational preparedness. Adrian Camara of Athennian says: “This data highlights a critical reality for fund operations teams. As firms pursue more strategic and diversified investment strategies, they take on increasingly complex investment and fund structures.

“With 45% of respondents citing manual inefficiencies and over a third pointing to integration challenges across fragmented systems, the operational burden is becoming a barrier to agility and scaling. For legal, tax, accounting, and other fund ops professionals, this often translates into more time spent reconciling data, managing bespoke compliance processes, and struggling to deliver timely, investor-ready reporting.

“Governance operations sit at the core of this challenge. Entity data underpins every capital call, audit, and restructuring event. When that data is spread across disconnected systems or locked in spreadsheets, delays and errors are almost inevitable. At Athennian, we believe fund operations teams need to move past these limitations by centralizing governance data, automating compliance workflows, and integrating with core systems across fund administration, legal, and tax. This not only improves oversight of complex portfolio structures but also enables faster, more confident execution in critical moments.

“In a market where responsiveness is essential and operational missteps can compromise competitive advantage, the firms that invest in modernizing governance operations will be best positioned to navigate what comes next.”

Figure 2 Anticipated challenges in risk management



Analysis note: *Multiple choice question*

Sources: *Private Equity Wire GP Survey Q2 2025*

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