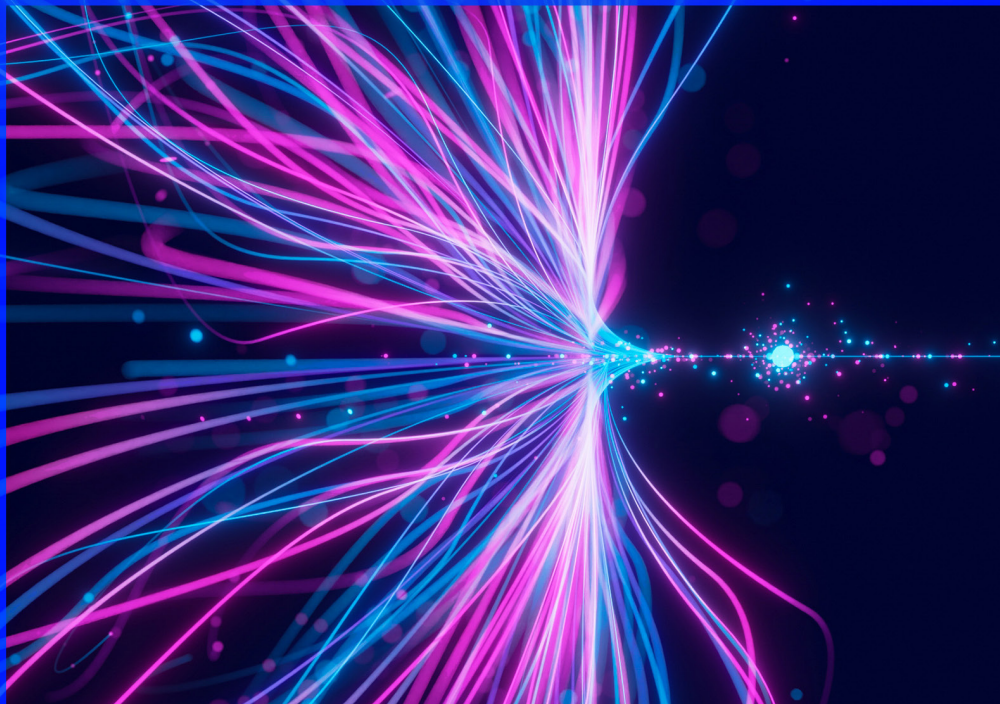




Private markets valuation under pressure

Transparency, frequency, and
auditability in today's market



Executive summary

Shifting private market dynamics are straining traditional valuation processes. Broader investor access and semiliquid funds drive increased valuation volumes and more frequent cycles amid intense scrutiny from market participants. Manual, disconnected approaches can no longer keep pace. In response, firms are upgrading governance, data discipline, and technology to treat valuation as an enterprise capability. This paper examines these shifts and how private capital leaders can respond.

Introduction

Retail investors are projected to account for half of all inflows into private assets by 2027.¹ As this shift accelerates, new fund structures and platforms are emerging while the traditional relationship between fund managers and institutional limited partners (LPs) is giving way to a one-to-many model.

As firms open access to retail investors, legacy valuation practices face intense scrutiny from regulators, auditors, and investors, particularly regarding governance, documentation, frequency, and the controls supporting reported net asset values.

As deal volumes and valuation frequencies rise, the margin for error shrinks. Firms must rethink how valuations are governed to meet higher expectations for transparency and auditability. Informal information flows such as relying on deal professionals to share updates—are no longer sufficient. If critical data sits delayed in an inbox, then it directly impacts net asset

value and investor outcomes. To mitigate this risk, firms must formalize how material information is captured, relying on robust governance to ensure timely, defensible valuations. More frequent valuations also require firms to incorporate new types of information such as public data and real-time signals into the process.

When operationalized effectively, valuation transcends compliance and becomes a strategic asset. It provides critical insights to drive better investment decisions, optimize portfolio construction, and communicate a more compelling value story to investors.

Navigating this new environment requires transforming the valuation operating model, replacing manual friction with streamlined execution and harnessing technology to turn compliance into a strategic advantage.



¹ State Street, "2025 Private Markets Outlook: Driving Success in Volatile Environments," 2025.

Growth of private markets

Global private markets assets under management grew from approximately \$15.4 trillion in 2023 to \$16.1 trillion in 2024.¹ PitchBook estimates total private markets AUM at approximately \$20.3 trillion in 2025, comprising roughly \$17.0 trillion in drawdown funds and \$3.2 trillion in evergreen vehicles,² broadly consistent with industry estimates of approximately \$19 trillion.³ PitchBook projects AUM to reach approximately \$26.7 trillion by 2030,⁴ driven by continued expansion across private equity, private credit, real assets, and infrastructure.

As private assets play a larger role in diversified investment strategies, expectations for transparency

and liquidity are rising. Asset managers are expanding into new private asset classes while diversifying their investor base, both organically and through acquisition. LPs seek greater visibility into assumptions, multiples, and methodologies, while retail investors expect pricing that reflects current market conditions and supports secondary trading.

The rise of semiliquid and retail-focused funds, like interval and tender offer funds, means investors can invest more often, and seek redemptions at prescribed intervals, requiring valuations coinciding with these liquidity periods.



Valuation at the heart of decision-making

Change begins with shifting valuation data from a periodic reporting exercise to an ongoing strategic input. Leading firms use structured data to generate real-time insights that inform portfolio construction, stress testing, and scenario planning, allowing leaders to easily spot warning signals and benchmark performance.

To reach the next stage of maturity, firms must move from fragmented, manual valuations to a centralized model that uses structured data and shared technology. This creates a controllable, transparent environment that delivers actionable intelligence and real-time pricing through automation assisted by artificial intelligence (AI).

¹ PitchBook, "2030 Private Market Horizons Summary," Total private capital tab, forecasts generated April 17, 2026.

² Ibid.

³ RBC Capital Markets, "Entering an Alternative Universe: US Alternative Asset Manager Initiation," February 23, 2026, p. 8 (citing Preqin/Fitch).

⁴ PitchBook, "2030 Private Market Horizons Summary," Total private capital tab, forecasts generated April 17, 2026.

Assessing the present, defining the future

Firms must define clear operational, financial, and strategic goals, building a sound business case that prioritizes high-impact, measurable objectives.

Governance requires establishing clear ownership and decision rights to design, own, and oversee valuation processes. These rights, in turn, define the roles of internal teams, third-party providers, and valuation committees.

Understanding the strengths and gaps in existing data can make or break a valuation transformation.



Assess current data sources for quality and completeness.



Inventory data wherever it resides—in spreadsheets, on shared drives, in legacy systems, or in the cloud.



Determine what data must be cleansed before moving forward.

Establishing clear governance for ongoing data maintenance—and a single source of truth for valuation and monitoring—supports consistency, reliability, and traceability over time.

A playbook for accelerating change

Once firms understand their current conditions and establish a strategic vision, they can transition to the execution stage.



Set direction and governance

Establish clear ownership across the enterprise. Cross-functional “tiger teams”—spanning investment, finance, risk, and technology—can drive decisions and resolve issues quickly. Updating policies early helps prevent inconsistency as new models, data, and tools are introduced.



Focus on the foundation

Rather than attempting to overhaul everything at once, firms should prioritize the most material pain points affecting current valuation cycles, then address the data, standards, and governance required to support them. A single source of truth and clear data ownership are essential to ensuring consistency and auditability as activity scales.



Prove value, then scale

Phase the execution. Focus first on high-impact improvements through targeted pilots, demonstrating tangible value before scaling these approaches across the enterprise.

Accelerate through partnerships

Building a modern infrastructure from scratch requires significant investment and introduces execution risk. Specialist partners with ready-made platforms can mitigate this risk and accelerate transformation timelines.

Choose a platform

The platform should be flexible enough to satisfy today's complex valuation needs and deliver capabilities as they are needed. Key features include valuation calculations, market inputs, portfolio-level sensitivity analysis, nonstandard discount rate inputs, and discounted cash flow modeling.

Use templates and standard models

Begin with off-the-shelf components that can be configured and updated as valuation practices evolve. Standardized models and automated data capture reduce manual effort, errors, and rework.

Develop power users

Rapid returns depend on building proficiency quickly. Train key stakeholders on new valuation methods and processes through targeted workshops, a train-the-trainer model, and just-in-time instruction aligned with live workflows.

As expectations for transparency, liquidity, and auditability rise, private capital firms that adopt enterprise-grade valuation platforms and technology-enabled processes will pull ahead. By realigning processes, centralizing data, and applying automation and AI, they can enable timely, accurate, and defensible valuations. Ultimately, strong governance and disciplined execution turn today's operational pressures into a sustained competitive advantage.



How KPMG can help

KPMG helps clients address today's valuation challenges through three distinct offerings:



Valuation process design or redesign

We help clients rethink their valuation processes to meet greater frequency, methodology scrutiny tighter timelines, and expanded investor bases. This includes strengthening governance, controls, and information flow.



Valuation technology implementation

We support the technology enablement of newly defined processes, helping the technology serves as a strategic enabler rather than simply a starting point.



Ongoing valuation support

We provide independent valuations and managed services.

These offerings can be delivered independently or as an integrated solution, depending on client needs.

A general partner's journey to unified valuation practices

A US-based global alternative asset management firm serving hundreds of portfolio companies recognized that its outdated valuation process, largely decentralized and owned by individual deal teams, was no longer sufficient to support the growth and complexity of its markets. Reliance on manual spreadsheets and disparate, deal-specific systems made valuation practices inconsistent, difficult to scale, and increasingly exposed to operational risk. The firm engaged KPMG and a major valuation and portfolio monitoring technology company to streamline the valuation process and transition to a modern, unified, and centralized system.

Through facilitated workshops with valuation, finance, and information technology stakeholders, the asset management firm captured business requirements and designed new valuation workflows. Crucially, a detailed data dictionary standardized terminology across the enterprise was developed as the foundation of the portfolio monitoring and valuation process. With a plan in place, the firm worked with KPMG and the technology company to migrate its historical valuation data to the new system. The firm also customized valuation methodologies, dashboards, and reporting to fit its needs.

Upon successful completion of the project, the asset manager had unified its valuation processes around a single platform and established a single source of truth for its valuation data across the enterprise. From there, it phased the platform's rollout more broadly, migrated portfolio company valuation processes to the new system, hardened its regulatory controls, and enhanced its reporting and insight capabilities to better support decision-making.

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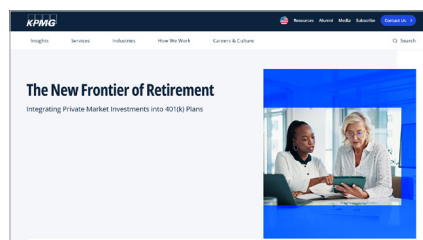
Bios

Fred Betz is a principal with more than 20 years of experience in valuation, focusing on financial and investor reporting, planning, transactional, and investment purposes. Fred leads some of the firm's largest portfolio valuation engagements, specializing in assets within the technology, venture capital, early-stage, infrastructure, and asset management sectors. Fred advises alternative asset managers through valuation transformation processes, addressing policy, governance, methods, templates, tools, models, and technology.

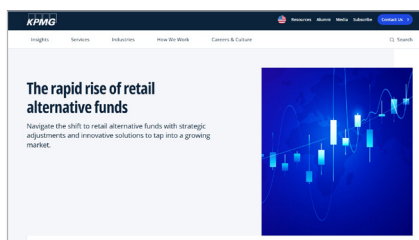
Brian Bouchard has more than 20 years of experience in valuation, transaction advisory, and accounting, particularly focused on illiquid and complex investments. As a partner in the KPMG Economic & Valuation Services practice in New York, Brian leads the firm's portfolio valuation services nationwide, providing valuation advisory services for tax, financial, and investor reporting, and supporting acquisitions/dispositions of financial assets.

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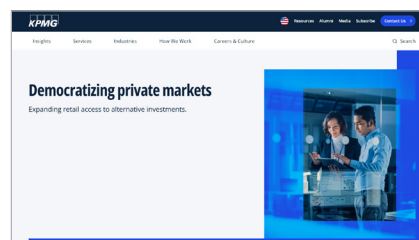
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