

Allocating to Private Markets:

Having the conversation

We believe private markets can bring clear benefits to a portfolio:

Capital appreciation

Inflation mitigation

Income generation

Diversification¹ benefits

When discussing private markets with clients, remember these three key points:

1



Start with goals

- Ask what's most important right now — growing their wealth, generating steady income, or something else?
- If growth, you can focus the conversation on private equity.
- If income, consider focusing the conversation on private credit and real estate.
- All private market asset classes can offer diversification¹ from public markets.

2



Assess risk tolerance

- Private-market strategies span the full spectrum — from steady-income, lower-volatility approaches to opportunistic, higher-growth investments.
- The right mix depends on your clients' individual needs.

3



Keep it clear and jargon-free

- Ask about short-term liquidity needs, versus what can be set aside for the long term.
- Explain that private market investments are designed to be held for years, not months.
- Help them see that illiquidity doesn't equal risk — it can mean the flexibility of staying invested through short-term noise and potentially earning more over time.

Next steps

Use our step-by-step guide.

On the reverse, you'll find a simple conversation framework to discuss asset allocation with clients.



1. Diversification does not ensure a profit or protect against losses.

Conversation framework: Talking asset allocation with clients

1

Goals



Discussion prompts

Explore whether the client's priority is steady income, capital appreciation, or diversification,¹ or a mix of all three.



Why it matters

Matching the right private market strategy to the right goal makes the investment more meaningful.

Notes

2

Risk comfort



Discussion prompts

Talk about how the client approaches investment risk and match their tolerance to the appropriate private markets strategies.



Why it matters

Private markets span a spectrum. Understanding your clients' comfort with risk helps guide the right allocations.

Notes

1. Diversification does not ensure a profit or protect against losses.

Conversation framework: Talking asset allocation with clients

3

Liquidity needs



Discussion prompts

Identify how much of the portfolio needs to remain accessible for near-term needs and how much could be committed to longer-term investments.



Why it matters

Understanding liquidity needs ensures clients stay comfortable with their commitments.



Quick tips for client conversations

Lead with priorities

Anchor the conversation in what the client values most.

Make it relatable

Connect strategies to examples or situations they already understand.

Set clear timelines

Ensure they know how long investments are expected to be held.

Check in regularly

Revisit goals, risk comfort, and liquidity needs as circumstances change.

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