

Alts in the Wealth Management Era

An Alternatives Watch
special report sponsored
by Convergence Inc.,
Jersey Finance and Templum

Alts in the Wealth Management Era

Editor's Letter

When we began researching this report, two fundamental questions emerged: How much capital is set to move into alternative strategies from wealth management? And secondly, are the alternative investment firms ready to meet the new opportunities coming from investors wanting to invest in alternatives?

After seeing the number of stories related to wealth management platforms pick up rapidly over the last couple of years, we determined this was a topic worth exploring. The team needed to widen our focus and so we reached out to research and data provider Convergence to help us set the scene and find out just how much growth has occurred. You can read the results of that project on pages 4-13.

We knew this wasn't just a story about a growing U.S. market, however. More industry practitioners told us each week that European high-net-worth (HNW) investors are also clamoring to diversify their portfolios. In this report we lean on Jersey Finance, the voice of that jurisdiction's finance center, to provide us the view from their unique vantage point of helping U.S. firms gain a foothold in Europe and navigate various regulatory and jurisdictional challenges along the way. You can hear from industry veterans in the British Crown dependency of Jersey on page 15.

Lastly, but perhaps most significantly, there is a great deal of opportunity and projected growth in this space. But just as great is the need for new technology. Templum has developed investment platforms, workflow solutions, and partner networks, allowing RIAs and wealth managers to offer a number of private market and alternative asset strategies. The company serves as a partner throughout the full investment lifecycle.

We teamed up with the Templum team to conduct a survey on key issues related to investment and front-, middle-, and back-office automation needs that have emerged as non-traditional asset classes have truly become a cornerstone to retirement plans as well as HNW

long-term investment portfolios. The survey findings, and Templum's own take on industry trends can be found on page 21.

This has been a journey in discovering new trends affecting multiple service providers, managers, and of course investors themselves. We hope you will find the research and insights in this report to be additive to your firm's role in this new era that is changing the alternative asset landscape as we know it.



Susan Barreto

Editor of *Alternatives Watch*

Democratization of alternative investing: The impact on wealth intermediaries, asset managers, investors, regulators and service providers

By John Phinney, CEO of Convergence Inc.

Fund managers and service providers are on the cusp of garnering trillions of dollars in new assets as wealth intermediaries help their clients allocate more of their wealth to alternative assets and a more accommodating regulatory environment “greases the skids” for retail investors and tax-exempt plans to access private market investments. This is creating massive financial opportunities for those who can position their products and services to meet the growing numbers of 401k plan sponsors and IRA account owners seek greater exposure to alternative investment funds.

While the challenges are daunting, the financial stakes are enormous. A meager 10% allocation of company-sponsored and self-directed IRAs and 401k plans to alternatives will shift \$3 trillion from traditional asset classes to alternatives over the next decade. This has the potential to generate \$30 billion to \$90 billion in combined management and incentive fees and generate another \$6-\$10 billion in associated fees to service providers, according to data compiled by Convergence, a leading industry provider of data and business intelligence to advisers, service providers and institutional investors.

This paper discusses key demographics driving this shift to alternatives and raises questions and challenges that fund managers, wealth intermediaries, service providers and regulators must address to create a win-win for the industry.

Clearly defining industry roles

There are 40,000 investment advisers doing business in the United States who are required to register with the SEC and States. These Advisers provide a variety of advisory services. Convergence uses the term investment manager or adviser to describe:

- **Fund and SMA Managers** – Those that exclusively advise public and private funds and SMAs
- **Wealth Managers** – Those that exclusively advise retail and high net worth investors
- **Hybrid Managers** – Those that advise funds, SMAs and retail and high net worth investors

When Convergence uses the term service provider, we refer to:

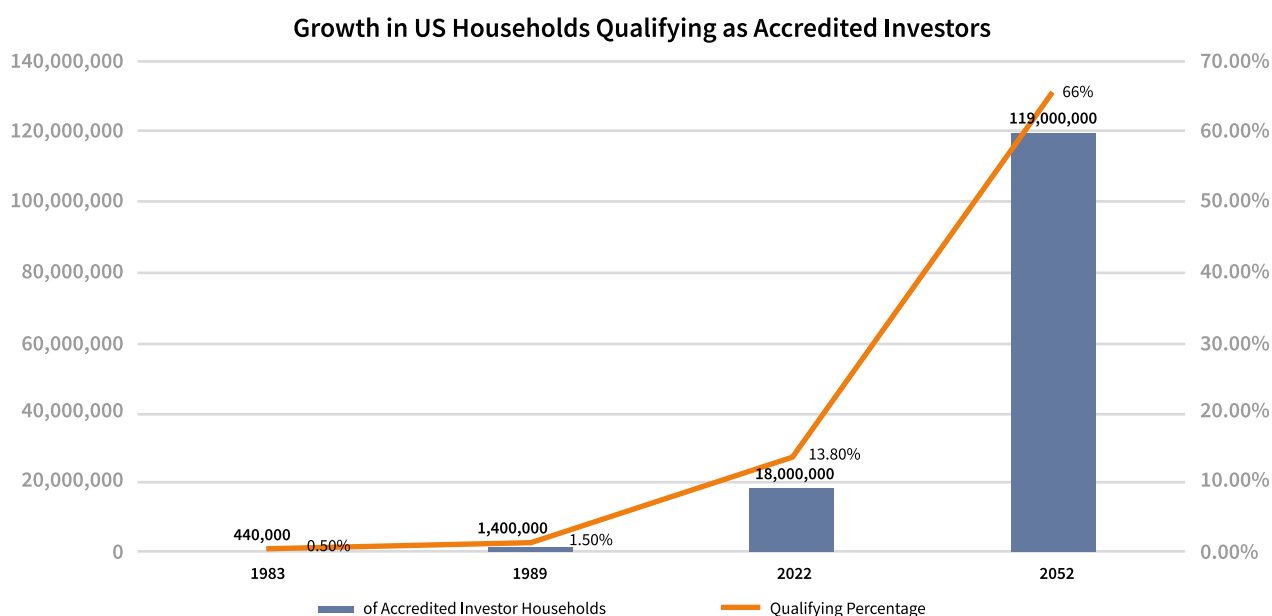
- **Fund Administrators**
- **Fund Auditors**
- **Prime Brokers**
- **Custodians**
- **Compliance Firms**

The growth of accredited investors

As of 2022, roughly 18 million Americans met the accredited investor threshold. If the financial thresholds remain and are unadjusted for inflation this means most U.S. citizens will join the ranks of accredited investors in the coming decades. The SEC predicts that by 2052, nearly 119 million households or 66% of the population will be accredited investors as opposed to roughly 14% today.

Another key indicator of the shift to alternatives is the growing number of high-net-worth (HNW) investors and accredited investors allocating to 506(b)(c) funds, which in turn have seen regulatory easing for issuers eager to offer private investment funds and solicit directly and advertise these offerings across the U.S.

And while private fund managers are tailoring their products to accommodate this shift, service providers to these managers are



expected to grow as well. Convergence calculated that the number of service providers serving this market is likely to grow in the years to come. From 2015 through 2024, the number of accredited investors grew by 151%, while assets grew at a 2% CAGR over the same time period to \$4.9 trillion.

Wealth managers too can expect their businesses to grow within alternatives, according to Convergence’s analysis. These registered firms that advise individuals on fund selection are expecting to increase their allocations to alternative investments by 15% over the next several years.

Interestingly, higher investment returns may increase their management fees, but at the same time those higher fees will be met with increased costs possibly as wealth management firms need new tools to monitor these new asset classes for their clients.

A shift in the definition of accredited investor?

The SEC also recently proposed amendments to the definitions of “accredited investor” in Rule 501(a) of Regulation D under the Securities Act of 1933, and “qualified institutional buyer” (QIB) in Rule 144A under the Securities Act.

According to Convergence, this proposed rule would create additional categories of accredited investors, making the QIB categories more consistent with the accredited investor categories and solidi-

fying some existing SEC staff interpretive positions relating to these definitions.

Qualifying as an accredited investor is significant because accredited investors may participate in private investment opportunities not available to other investors, such as investments in startup companies and private investment funds, according to the Convergence team. Qualifying as a QIB allows an investor to participate in certain investment opportunities available only to large institutional investors.

The SEC predicts that by 2052, nearly 119 million households or 66% of the population will be accredited investors as opposed to roughly 14% today.

In May, the U.S. Securities and Exchange Commission Chairman Paul Atkins announced plans to do away with the 15% asset limit on closed-end funds investing in private funds. Such a move would also mark a huge change from 2002 when the SEC first imposed the asset limit on closed-end offerings with initial investment requirements of \$25,000. The rule also restricted sales to investors that satisfy the accredited investor standard.

As mentioned previously, the SEC staff also issued no-action guidance on Rule 506(c) of Regulation D private securities offerings in March, which should provide issuers with an easier path to rely on Rule 506(c) in order to solicit and advertise their private investment funds to investors.

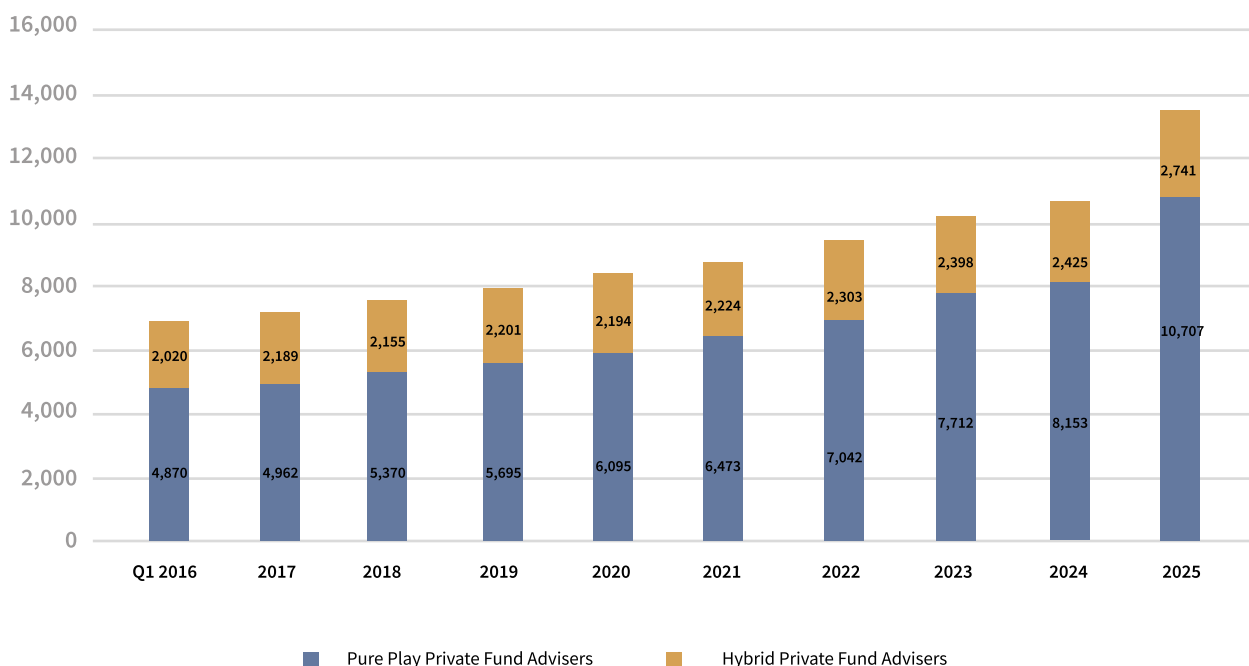
The impact on private fund managers

Convergence believes that fund managers will need to work harder to convince wealth managers and their investors of their operational safety and soundness while the DOL and SEC sorts out the regulatory chasm that exists between them.

Rumor has it that POTUS plans to issue an Executive Order instructing the SEC and DOL to develop the framework for enabling 401k plans to invest in private equity. This raises real questions about the industry's state of readiness to invest this capital profitably and in a safe and sound environment. Are there enough good investments or to go around or will returns decline as more money is put to work?

The “supply” of private fund managers exists. Since 2015, the number of private fund advisors that invest $\geq 75\%$ of their assets in alternatives increased by 120%, to total over 10,000 firms. Over the same time period, hybrid managers, those that advise public and private funds and SMAs and retail and high net worth investors, also increased to over 2,700 firms or roughly 36% growth since 2015.

**Growth in Private Found Investment Advisers
Q12016 - Q12025**



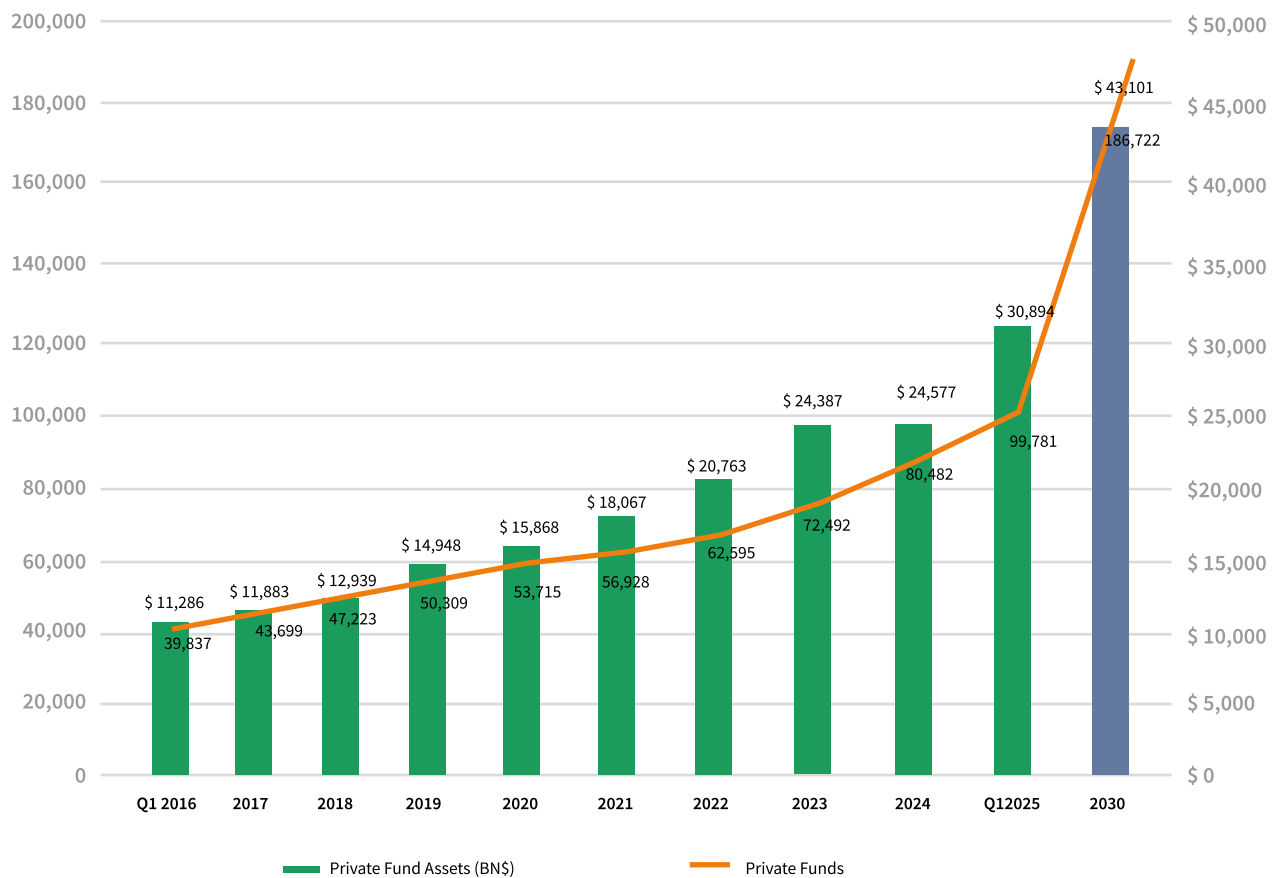
Yet, the quantity of supply does not suggest quality. Convergence notes that increasingly private fund advisors are teaming up with public fund advisers and buying wealth management firms to offer access to alternative exposure through “liquid alts” type of funds that includes Interval and Tender Offer funds. And in the venture capital space, crowd funding platforms remain a popular way for

young investors to get their hands on shares of the latest fads through Reg A offerings. This all stems from the more accommodating and pro-growth regulatory environment.

The impact on private funds and assets

A decade ago, just over \$11 trillion in regulatory assets was reported by roughly 40,000 private funds. Fast forward to the end of 2024 and that figure has mushroomed to nearly \$31 trillion in almost 100,000 funds and we project this will increase to \$43 trillion held by 187,000 funds by the end of 2030!

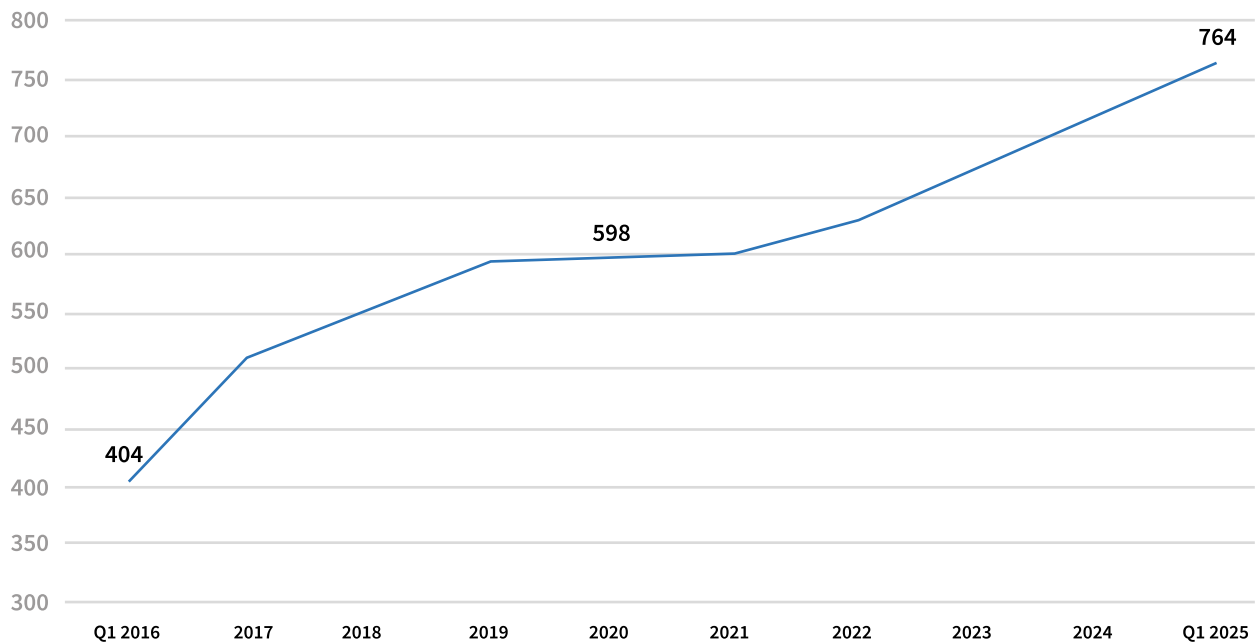
**Growth in Private Funds and Assets
Q12016 - Q12025 and 2030 Forecast**



The impact on service providers

The demand for middle and back-office support services will only continue to grow and competition intensify as asset managers focus on delivering returns and not on the safety and soundness of their infrastructure. We see great opportunities for fund administrators and compliance firms yet these segment are in desperate need of consolidation and a full service makeover. With few barriers to entry, some vestige of regulation that will ensure that new entrants can protect investor assets and information. New private equity-backed entrants are making competition for traditional fund administration more difficult, so perhaps a real move into the managed services space by well-branded public accounting firms will usher in greater financial and operational scale and greater legal protections.

**Growth in Fund Administrators
Q12016 - Q12025**



The impact on institutional and other investors

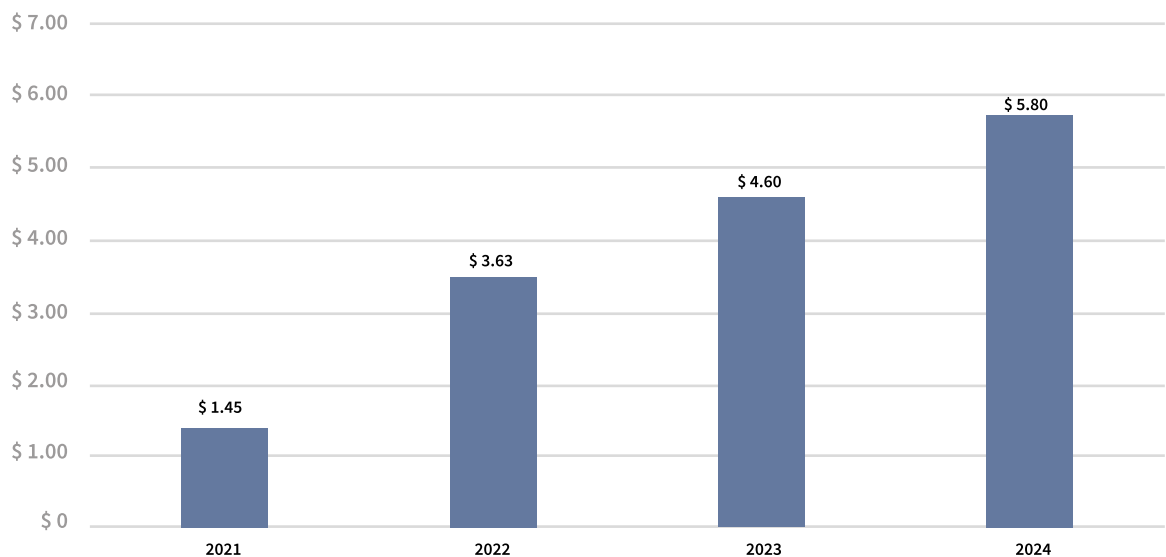
There are 4-major questions raised by democratization that need more discussion. Today's institutional investors almost exclusively enjoyed the benefits of investing in alternatives. This is about to change. First, the value of their capital in the eyes of fund managers may decline as the flows from the "democratization movement" in-

crease. How will this impact their ability to negotiate fees and expenses?

Second, there will be a lot more money chasing a finite number of good investment opportunities. How will this impact investment allocations and performance returns? Third, deal related and fund operating expenses are likely to increase as the cost of investment and operational due diligence increase. Will investors of all kinds be able to negotiate and control these costs?

And last, I would be remiss if I did not mention the impact that fraud and misrepresentation that is likely to increase as allocations to alternatives grow and while the SEC and DOL sort out their respective missions, budgets and politics. Unfortunately, bad actors and “regulatory arbitrageurs” will always find ways to “skin” unsuspecting investors. Based on Convergence’s studies of widely publicized enforcement actions, specifically, the SEC’s 2018 12b-1 Fee Self Disclosure Initiative, we believe that the amount of fraud reported by the FBI and FTC is materially understated and could be as high as \$400 billion per year, or 1% of private fund AuM. While I hear many say that “1% is an immaterial amount of breakage that shouldn’t deter progress,” I ask them to consider how comfortable they will be telling a retired hairdresser that their small monthly pension benefit had to be cut to finance “progress.” \$400 billion is real money to these retirees who depend on these payments, so the industry as a whole needs to do a better job at embracing their respective safety and soundness missions.

**Reported Investor Fraud (BN)
2021 - 2023**



Summary

The democratization of alternative investing has the asset management industry on the cusp of a new golden age. Yet, as we know, these boom periods are not without the natural risks that we have seen in similar boom periods. Is direct lending the new form of NINJA mortgage loans? Private fund managers, wealth managers and service providers who participate in the democratization movement stand to grow materially over the next decade. Yet, they need to address the impact that it will have on investment returns and safety and soundness and embrace the fullest meaning of what it is to be a fiduciary. Will we learn from our past mistakes?



John Phinney is the CEO of Convergence Inc. Convergence was founded in 2013 to deliver outsourced data and business intelligence to clients seeking to grow their top and bottom lines and improve risk detection and mitigation. Convergence supports the world's leading asset managers, service providers, institutional investors and regulators through its "data as a service" model that

allows clients to outsource expensive and time-consuming data collection, curation, enrichment and analytical processes.

Prior to founding Convergence, he held senior roles at Apollo Global Management, The Rohatyn Group, JPMorgan, and Fidelity. He is a named inventor and patent holder and throughout his career his teams initiated, designed and implemented several "game changing" initiatives, including:

Large Scale Co-Sourcing Platform — Involved the design, development and execution of a large-scale multi-year middle-back-office outsourcing program for a multi-billion dollar highly complex PE and Hedge fund asset manager.

Custody Fee Hedging Program — Involved the design, development and execution of a securities valuation program that identified market-based revenue volatility that led to the implementation of a hedging solution for the

Custody Bank division of a trillion-dollar AuC portfolio.

Trade Settlements Quality Ranking System — The development of patented data-driven broker-dealer operational settlements ranking system that helped the trading desks negotiate better execution prices by differentiating prices with counterparts based on the quality and cost of trade settlements.

John has served on several Boards, including President and Chairman of the Marginal Way Preservation Fund in Ogunquit, Maine, the Chewonki Institute in Wiscasset, Maine and the Villanova School of Business Advisory Board. John resides in Wilton, Ct.

Discover the Key Trends Shaping Alternative Investing

Get fresh insights and stay competitive

The Island of Jersey is a forward-thinking international finance centre. Read our latest report, produced in partnership with IFI Global, for a rundown on the four big trends shaping the alternative investment industry.

[Download report](#)

About Jersey

An increasing volume of US business is being undertaken in Jersey. There are many compelling reasons for using our jurisdiction. Political stability and our own independent legal, administrative and fiscal systems are high on the list, alongside our flexible companies law. Our Island is a trusted home to a wide range of financial services providers, including fund managers and administrators, major law firms, international banks and the 'big four' accountancy firms. We have one of the largest number of industry professionals of any international finance centre, with an impressive depth and breadth of expertise.



To learn more and to connect with Jersey-based providers, contact [Philip Pirecki](#), Americas Lead at Jersey Finance.

Opportunities for managers as private markets enter period of substantial change

By Elliot Refson, Head of Funds, and Philip Pirecki, Americas Lead, at Jersey Finance

The alternative and private investment sector appears to be entering a period of substantial change, with industry norms being challenged like never before — on multiple fronts.

These largely unrelated factors look set to have a major impact on asset managers in the U.S. and globally in the years ahead — but if they can grasp what these changes mean and take action, then there are some exciting opportunities on the horizon.

Diversification

The need to really get to grips with these changes was at the heart of a [report](#) Jersey Finance recently published in partnership with IFI Global. It sets out how investor, product and structural diversification are all coming together to transform the private investment sector over the coming years.

At its starting point is the premise that asset raising is no longer as straightforward as it once was. After 15 years of strong growth, managers are facing more challenging conditions than they are accustomed to. Many institutional investors, such as pension funds, have reached their target allocation thresholds for the sector, whilst the end of the once booming IPO market is also contributing to the challenging picture.

This environment has prompted managers both in the U.S. and globally to diversify away from their traditional institutional investor base and look to family offices and the broader high-net-worth (HNW) market, which remain significantly under-allocated to the sector.

Research from J.P. Morgan and Bain in 2022, for example, found that just 5% of the HNW investor market had allocations to alternatives — but that 53% plan to raise their allocations to this sector over the next three years.

There is clear mutual benefit for both managers and investors here — on the one hand, many private asset managers are needing to diversify their investor base away from their traditional reliance on large institutional investors; on the other, there is a growing desire amongst family offices and HNW investors to increase their allocations to private market assets.

But there are challenges to this otherwise happy union. Accessing alternatives can be opaque, cumbersome and costly. Not only that, there is a reliance on advisors and relationships to source deals, and there can be challenging minimum investment levels for private and family office investors.

Thankfully, other significant changes shaping the sector are helping to address those issues.

This environment has prompted managers both in the U.S. and globally to diversify away from their traditional institutional investor base and look to family offices and the broader high-net worth market, which remain significantly under-allocated to the sector. How much structures have changed over recent years has been mirrored in Jersey – which has continued to grow as an alternatives funds jurisdiction. U.S.-focused business has increased by 113% since Jersey Finance established a presence there.

Products and structures

Acceleration in the creation of new products and the adoption of new structures is enabling U.S. managers to cast their net wider.

In addition to standard pooled funds, many managers now offer investors managed accounts, co-investments, funds-of-one and various other hybrid fund structures. With fees relating to managed accounts having come down considerably in recent years, for instance, it is estimated that up to three-quarters of financial advisors in the U.S. could be using managed accounts in the coming years, according to research from Investment Trends and SPDR. Some private equity managers in the U.S. have also diversified into open-ended (3)(c) funds.

How much structures have changed over recent years has been mirrored in Jersey — which has continued to grow as an alternatives funds jurisdiction. U.S.-focused business has increased by 113% since Jersey Finance established a presence there. This growth, however, has come primarily from non-traditional entities, rather than from standard funds. This looks to be a long-term change in investment structuring in which managers have a different range of options to offer investors, depending upon what they are looking for.

Meanwhile, the rise of blockchain technology, AI and tokenization is further transforming the market. Blockchain is increasingly providing a way into alternatives and private markets for high-net-worth investors. Real assets backed by blockchain technology can be securely traded, tracked and owned, and can greatly aid liquidity and transparency, whilst also substantially reducing minimum investment levels.

In addition, the application of tokenization is set to revolutionize access to alternatives, helping to break down existing barriers for private and family office investors — giving them improved liquidity, transparency and control over their allocations, but without the extra fees. This is particularly significant in high-value investments such as real estate, private equity and infrastructure.

Total tokenized market capitalization is forecast to reach around \$2 trillion by 2030 (McKinsey, 2024). HNW investors anticipate allocating an average of 8.6% of their portfolios to tokenized assets by the end of 2026, and they plan to allocate a greater portion of their portfolios

to these assets than institutional investors do (EY Parthenon, 2023). There are hurdles to overcome — 24% of HNW investors identify regulatory uncertainty as a significant challenge, for instance — but it's clear that the avenues tokenization can open up for U.S. managers could be transformative.

Domiciles like Jersey, that can provide the sort of certainty U.S. managers need, balanced with a progressive outlook, regulatory regime and experience in supporting tokenization and virtual assets work, will play a vital role in bringing managers' ambitions and private investors' aspirations together.

As this *Alternatives Watch* report highlights, there is a significant opportunity for fund advisors, intermediaries and service providers to enable a growing number of investors to access trillions of dollars in new assets over the next decade.

Indeed, the outlook for private markets has never looked more promising. The major changes shaping the private markets suggest that, over the coming years, intrepid U.S. managers will be able to bring new products to market like never before, giving private investors the wider choice of strategies and structures they crave.

For more insights, read this report: [Trends in Alternative Investing](#). To learn more about using the Island of Jersey, contact [Philip Pirecki](#), Americas Lead at Jersey Finance.



Elliot re-joined Jersey Finance in November 2018 from Crestbridge where he managed their Management Company Services Group.

Elliot's role is to help define Jersey's product offering for funds as well as to oversee the strategy and execution of marketing Jersey as both a domicile and destination for Alternative Investment Managers and their funds.

Elliot moved to Jersey in 2006 to establish a Macro strategy Hedge Fund under the Ermitage umbrella for whom he also seeded other Macro / CTA strategy Hedge Funds.

Elliot founded the Jersey Hedge Fund Managers Group and the Digital Asset Managers Group aimed at linking the growing community of local Managers and is a committee member of the Jersey Funds Association, the BVCA Channel Islands working group and the islands Funds' Innovation Committee.



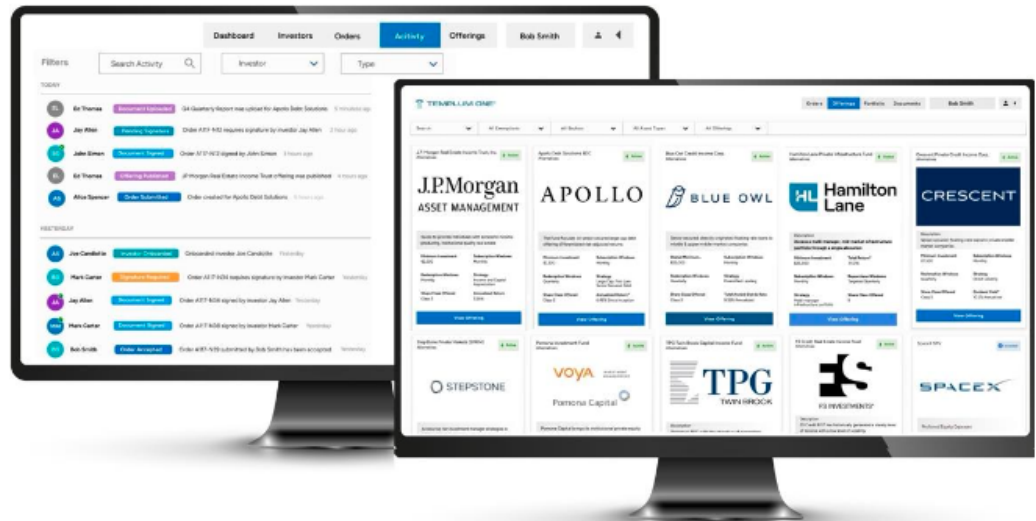
Philip leads Jersey Finance's business development in the Americas, working with financial institutions and innovative startups while drawing on over three decades of experience across investment management, banking, and consulting. Born in Jersey but based in New York, with regular presence in London and Jersey, Philip bridges international markets and brings deep cross-border expertise to the financial services industry, including family offices, institutional investors, and their advisors.

His leadership journey includes serving as Partner and Director at an independent investment advisory firm focused on global automotive and industrial sectors with particular emphasis on China, and as Partner and COO at a London-based hedge fund group. He has held key positions as equity research analyst at a major investment bank in New York and as manager in forensic accounting and auditing at a global professional services firm in New York and Seattle.

A registered director and member of the Alternative Investment Management Association, Philip brings valuable regulatory insight to his work with sophisticated investors. He holds a Bachelor of Science degree from the University of Southern California and served six years in the United States Marine Corps.

Alts Made Easy

Too many steps?
Too many systems?
Not enough control?
We fix that.



- ✓ **Powerful technology** that removes the complexities and daily headaches associated with Alts
- ✓ **Integration** with existing platforms, custodians, fund administrators and transfer agents
- ✓ **All the top managers you know** plus exclusive private investments
- ✓ **Secondary liquidity** through our broker-dealer, ATS and QMS
- ✓ **White-glove onboarding** and dedicated support

+ Alts Supermarket

+ Frictionless Investing

+ Lifecycle Management

+ Streamlined Reporting

+ Easy Implementation

+ Seamlessly Scale

= One Partner

[Learn More](#)

Private Markets
Powered by Templum

Automation or bust: Why alts must evolve to serve wealth managers

Templum and Alternatives Watch survey reveals the automation gap holding back private market growth.

Private markets have long been hailed as drivers of innovation — fueling breakthroughs in AI, biotech, and clean energy. But while alternatives have surged, the infrastructure surrounding it remains decades behind. For wealth managers and registered investment advisors (RIAs) seeking to incorporate alts into client portfolios, the real barrier isn't interest or demand. It's operational complexity.

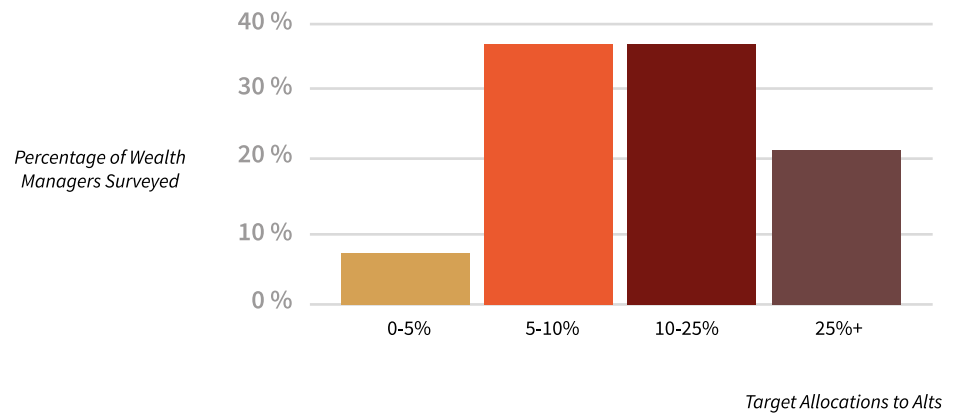
Templum Founder and CEO Christopher Pallotta has spent years building technology designed to address this challenge head-on. “It's a natural evolution,” he says. “Managers want a direct relationship with investors — and the private wealth channel is now larger than many institutional pools. But scale is impossible without automation.”

To understand just how critical automation has become, Templum partnered with *Alternatives Watch* in May 2025 to survey wealth managers, family offices, and investment platforms overseeing billions in client assets. The results were telling: even as demand for alternatives grows, the industry remains bogged down by manual workflows, fragmented systems, and limited transparency.

Alts demand Is rising — but so are operational headaches

Nearly 70% of survey respondents said their clients plan to increase allocations to alternatives in the next 18 months. The top drivers? Diversification (71%), enhanced returns (64%), and access to unique investment opportunities (57%). Meanwhile, 35% expect target allocations of 5-10% and another 35% will have alts portfolios 10-25% of assets this year, and 21% expect more than 25% of portfolios being allocated to alternatives.

Alt portfolio allocations rising



Source: *Alternatives Watch/Templum survey, May 2025.*

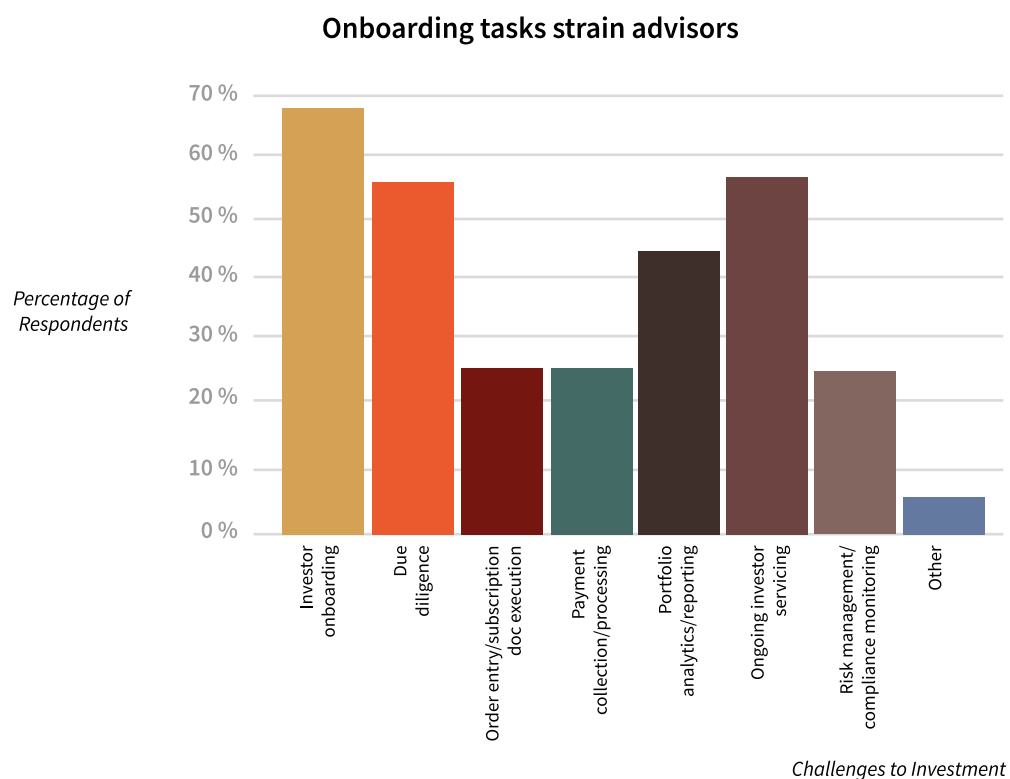
For informational purposes. See below for methodology, limitations, and use of data.

But even as allocations grow, operational challenges are straining advisor capacity.

- **68%** said investor onboarding is their most time-consuming process
- **56%** flagged investment due diligence as a heavy lift
- **56%** also pointed to ongoing investor servicing such as delivering issuer/fund communications (capital calls, tax statements, fund performance) as major time sinks

Whether it's onboarding investors or providing timely K-1s, the technology to tackle all the challenges across various alternative investment strategies has been lacking.

"Some alts workflows involve up to 70 steps just to complete a transaction," Pallotta says. "RIAs and wealth managers spend half their day trying to track down a client's positions and where they have invested across multiple platforms. A search for capital calls and distributions can also take time just to answer simple client questions. That's not scalable."



Source: Alternatives Watch/Templum survey, May 2025.

For informational purposes. See below for methodology, limitations, and use of data.

Without automation, growth isn't sustainable

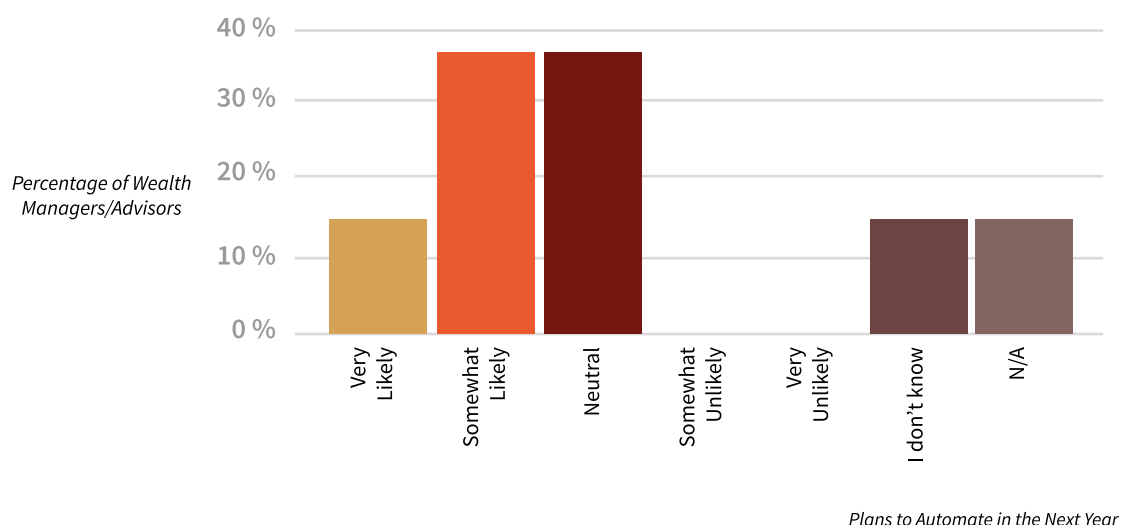
The greatest need for automation can be found in back-office processes — reconciliation, reporting and settlement, according to respondents.

Half of those surveyed (50%) said their organization is “very likely” to or “somewhat likely” to invest in further automation within the next 12 months. “There is still lots of room/need for automation of workflows,” commented a wealth manager/advisor with \$10 billion-plus in AUM.

Respondents were evenly split between investing in automation for data analytics, business intelligence tools, and workflow automation solutions.

“Investors expect the same digital experience in private markets that they already have in public ones,” Pallotta says. “But the industry hasn’t delivered. That’s the gap we’re solving.”

Half of wealth managers likely to invest in automation within next 12 months



Source: Alternatives Watch/Templum survey, May 2025.

For informational purposes. See below for methodology, limitations, and use of data.

Templum's solution, says Pallotta, lies in a unified infrastructure that streamlines every touchpoint — from onboarding to order execution to post-trade. Its platform includes a marketplace with top asset managers, an investor-facing activity feed (think: a social media timeline for portfolio updates), automated document delivery, and integrated secondary trading via its registered Alternative Trading System (ATS) and Qualified Matching Service (QMS).

"Investors can see where they are in real time," said Pallotta. Instead of sending out individual communications, investors can access everything related to their portfolio in one place."

This model enables RIAs and wealth managers to serve clients more efficiently while benefiting from Templum's open architecture, which allows them to keep preferred custodians, fund partners, and work-flows intact.

Access without the layers — and fees

The survey also found that 55% of capital is expected to flow directly into private companies, bypassing the feeder fund model that has dominated distribution of late.

Pallotta isn't surprised. "Fees are a major issue. Feeder structures charge fees on top of fees. The economics just don't work for many investors anymore," he said. "Automation and seamless connectivity make direct investments feasible in a way that was previously not achievable, making feeder funds a thing of the past."

Templum's partnerships with firms such as SoFi showcase these shifts. Through the Templum One marketplace, investors can access investments such as private equity, real estate, and shares in private companies like SpaceX, xAI and Databricks via SPVs — without the extra fee layers.

This is just the beginning of a trend as the traditional exits of the IPO market become less plentiful and companies opt to stay private for longer. In the future, Pallotta predicts that some of the larger names will go on a semi- or quarterly tender offering process so they can continue to stay private for longer.

"There will be venture capital firms sitting in the middle of this and that will be a core part of their business going forward," he predicted.

"It's a natural evolution," Templum Founder and CEO Christopher Pallotta says. "Managers want a direct relationship with investors – and the private wealth channel is now larger than many institutional pools. But scale is impossible without automation."

The education and transparency gap

The Templum/Alternatives Watch survey also uncovered that wealth management firms' biggest concern was lack of information/knowledge of product when it comes to investing (54%).

"Performance of private investments is difficult for investors to understand, delayed, and fees on both the underlying funds and feeder funds are complex (e.g., management fees on committed vs inves-

ted capital, sponsor fees, special arrangements, carried interest),” said one wealth advisor with \$5-10B in AUM. “There can be material performance differences on net IRR from the sponsor vs. net IRR to investors after the feeder fund costs. Communication of what is happening with the fund should be improved. Communication of liquidity constraints needs to be improved ... carry that all the way through interval funds and any strategy that is not daily liquid.”

Pallotta agrees that clarity around net IRRs and fund structure is long overdue. But he’s optimistic that digital infrastructure will raise the bar: “As platforms scale, weak performers will be easier to spot. A ‘Supermarket for Alts’ — such as Templum One — gives investors better tools — and better comparisons — across managers,” he said.

In the future too, Pallotta expects liquidity to be less of an issue as more secondary issuance is done on platforms. Templum already has this capability through its automated ATS and QMS that allow for secondary trading solutions.

Looking ahead: The next phase of digitized access

As private markets continue to evolve, momentum is building toward broader investor access and smarter infrastructure. Pallotta points to encouraging signs — from regulatory shifts to innovative fund structures — that are breaking down traditional barriers.

While some survey respondents remain concerned about education and retirement account eligibility, Pallotta sees positive momentum. Easing of accredited investor rules, along with greater fund flexibility (such as evergreen and interval funds), will open the door to more investors — especially as platforms simplify subscription, communication, and secondary liquidity.

“The alts space is 30 years behind when it comes to investment infrastructure,” says Pallotta. “But that’s changing. The wealth channel will drive the next wave of growth — if they have the tools to scale.”

About Templum

Templum, the future of private markets, offers a complete infrastructure solution that helps wealth firms modernize and expand their offerings to meet new generations of investors with Templum One

and Templum as a Service. The company streamlines connection to an innovative global ecosystem with some of the world's most sought-after private markets' alternative assets. By delivering or integrating turnkey investment platforms, workflow solutions, and partner networks, Templum is democratizing access and simplifying the process for alternatives investment. The company's robust technology and regulatory framework automates legacy processes and unifies a fragmented ecosystem.

Non-Promotional in Nature

This presentation is for informational purposes only. It is not intended as an offer to sell, or a solicitation of an offer to buy, any security or investment product. The survey results do not constitute investment advice, performance data, or a recommendation of any strategy, product, or service.

Methodology and Limitations

- The results reflect the views of respondents at the time of the survey and may not be representative of our full client base or the investing public.
- Participation in the survey was voluntary and not incentivized.
- No attempt was made to independently verify respondent identities or portfolio information.
- Findings should be interpreted in context and not relied upon for investment decision-making.

Use of Data

All survey responses were aggregated and anonymized prior to analysis. No personally identifiable information has been disclosed or included in this presentation. The data may have been refined for readability and grouped for thematic clarity. Any forward-looking insights drawn from this data are based on subjective interpretations and are not predictive of future performance or investor behavior.

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