

Are my illiquid investments a ticking time bomb?

For Professional Investors only
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How a few harder-to-shift holdings can shape your endgame timing

Most illiquid assets do exactly what you expect them to do. The challenge typically lies with a small number of holdings where exit terms, runoff or limited liquidity routes can influence the pace and order of decisions. Knowing where these pinch points sit early on helps you keep control of your timetable and avoid last-minute surprises.

1 Understand the real cost of exiting

Exit terms evolve. Some funds are applying anti-dilution levies close to 10%, which can make early sales unrealistic for schemes that want to move at pace. Knowing where these charges apply helps trustees judge what can genuinely be realised within their chosen timeline.

2 Check whether the original investment case still holds

Illiquids were often chosen for diversification and the potential for an illiquidity premium. Recent performance across parts of private markets has been mixed, so it is worth testing whether each holding still earns its place as your time horizon shortens.

3 Break the portfolio into workable parts

An illiquid portfolio rarely behaves as a single entity. Some elements can be realised sooner while others run off slowly. Understanding these differences helps trustees sequence actions and avoid unnecessary pressure points.

4 Explore the newer ways to create liquidity

Secondary markets have expanded. Alongside traditional brokers, peer to peer opportunities, consolidators and adviser-run platforms now offer additional routes to adjust exposures. These can improve flexibility, but only if understood early.

5 Get clarity before timelines accelerate

Once a scheme enters formal discussions on buyout, consolidation or run on, decisions sometimes need to be made quickly. Early visibility on run off periods, redemption terms and practical exit routes gives trustees more room to make well timed choices.

Why this matters

Illiquid assets have played a valuable role for many years. A clearer view of how they behave as schemes approach endgame helps trustees stay ahead of potential bottlenecks and make decisions with confidence rather than compromise.

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