



# The best of all worlds

Ignore private equity at your peril.

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As the S&P 500 and Nasdaq 100 return to record highs at near-record speed, despite the fog of war hanging over the Middle East, the IPO market looks to be reopening once more.

Rumours are circling that SpaceX, Elon Musk’s rocket launching juggernaut, which recently merged with xAI, the Tesla CEO’s Grok and X owning holding company, is set to finally blast off into the realms of public listing in mid-2026, which, when you think about it, isn’t far away.

Should the reported valuation of \$2trn (£1.75trn) come to pass, it will be the biggest ever IPO by a long shot – the current record is held by Chinese ecommerce platform Alibaba, which was worth \$169.4bn when it floated in 2014 (around \$235bn when adjusted for inflation, according to [usinflationcalculator.com](http://usinflationcalculator.com)).

Founded in 2002, SpaceX is one of many companies playing into a growing trend of staying private for longer. For comparison, Facebook was founded in 2004 and went public in 2012. SpaceX has been a private company for three times as long as Mark Zuckerberg’s was.

As a result of this, the number of domestic companies listed on major US stock exchanges has more than halved since its peak in 1997, falling from 7,451 then to 3,657 by the end of 2025, according to Jay R. Ritter, director of the IPO Initiative and Emeritus professor at the University of Florida’s Warrington College of Business.

Hence, ignoring private equity within portfolios leaves a huge swathe of global companies untouched. Private equity has historically not been an easy part of the market to get access to, but fortunately investment trusts open the asset class up to Joe Public – and there are plenty of different ways of doing so, which we’ll spin through below.

## Full-fat options

The private equity sector of the Association of Investment Companies’ universe is the most obvious place to start here. The sector houses a plethora of different strategies and encompasses a myriad different parts of the private equity spectrum, about more of which you can read in our [guide to private equity](#).

There has been a divergence in performance recently, with laggards such as 3i Group and **HgCapital (HGT)** having been hit by trust-specific factors (slower-than-expected growth by Dutch

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discount retailer Action and worries about the impact artificial intelligence will have on software companies, respectively).

Fears over weakness in private credit markets may have caused some to worry about private equity, too, and we’ve certainly seen weakness in some other names in the sector. Yet, this could present an interesting opportunity for adventurous investors to gain, or increase, exposure, in our view.

After a slight recovery, **Pantheon International’s (PIN)** share price has fallen c. 5% from its recent high, yet it boasts one of the longest track records within the listed private equity sector. It offers investors a one-stop-shop exposure, with a portfolio curated by the specialist team at Pantheon, offering access to the best private equity funds globally, as well as direct company investments.

PIN’s board was, in many respects, the first mover in addressing what has looked like a sector-wide performance and discount malaise, and that looks set to continue under new chairman Tony Morgan, who is committed to implementing measures to make PIN more even attractive to investors and, hopefully, over time, tackling with the current 27.5% discount.



**NB Private Equity Partners (NBPE)** has been hit harder, with shares now down c. 11% from their recent peak. NBPE provides a differentiated exposure to private equity, thanks to its exclusive focus on direct co-investments. This allows management to choose each and every company on their own merits and confers a number of fee and capital efficiencies on the trust.

Underlying revenue and earnings growth from the portfolio has been strong and the board looks to be on the front foot, having recently indicated a step-change in the pace of both making new investments and a renewed commitment to buybacks. Again, the discount of c. 27% looks attractive to us.

The so-called SaaS-pocalypse has clearly brought to the fore the risks of being heavily focused on software, yet it's possible that the baby has very much been thrown out with the bathwater when it comes to the sector as a whole. HGT's rating has widened significantly, going from a c. 5% premium as recently as November 2024 to a c. 30% discount at the time of writing.

HGT's team has significant experience of building businesses that provide critical services for many thousands of businesses globally and are very close to their investee companies. Given this, it seems likely that they'll have their fingers on the pulse and the ability to determine which are the most susceptible companies to AI risk and which are most likely to even thrive in this backdrop.

## The seedlings

The venture capital part of the private market complex offers the potential for high returns and is an area that **Molten Ventures (GROW)** focuses on, specifically in Europe. While the US certainly takes most of the plaudits here, Europe has plenty of world-class companies here, too.

GROW's top holding Revolut recently penned a major funding deal with NVIDIA and other key positions are also seeing valuation uplifts and providing cash realisations that validate the NAV.

On that topic, GROW had a tough 2023 and 2024 thanks to a confluence of factors all working against GROW at the same time: rapid rate hikes, risk aversion on the outlook for key economies, cost inflation and heavy selling of UK equities.

Yet, GROW has now delivered two consecutive positive NAVs, suggesting a corner has been turned. The share price has doubled over the past 12 months and the discount has narrowed to put it more in line with its listed private equity peers, yet a c. 28.5% discount may still undervalue the opportunities that are ahead for GROW.

## Hybrid offerings

As we mentioned earlier, we think that an investor's portfolio should take the best parts of public markets and marry them with the best parts of private markets into a portfolio that is agnostic of whether a company is listed on a stock market or not. This is also the case for investment trusts themselves and there is a growing number of trusts that can and do allocate a portion of their otherwise-listed holdings with private firms.

This includes Baillie Gifford's stable of trusts, where **Scottish Mortgage (SMT)** continues to stand out, despite its small premium rating. SMT combines the best of both worlds: the likes of NVIDIA, Amazon and Ferrari from public markets with the likes of SpaceX, Anthropic and ByteDance from private markets.

There are some under-the-radar opportunities here, too, though. The board of **Ashoka India Equity (AIE)** recently increased the trust's allowance for pre-IPO companies to 15%. This sleeve of AIE's portfolio sees the trust invest in companies just before their IPOs.

This increases the opportunity set available to the managers, and enables them to capitalise on the heterogeneous and fragmented market that has the same issues of being under-researched and therefore offers considerable alpha potential.

India's market has been going through a tough period recently, but AIE's Ayush Abhijeet recently told us on a podcast that despite this the country's IPO market remains buoyant.

Finally, **Hansa Investment Company (HANA)** has recently undergone a transformation after some corporate activity in 2025. With the sale of Brazilian logistics firm Wilson Sons and merger with Ocean Wilsons, HANA has become a diversified, multi-asset portfolio that blends a range of global investment strategies with direct equity investments, bonds, specialist hedge funds and private assets.

The Wilson Sons sale meant that the trust had over 24% cash at the point of its latest factsheet on 28/02/2026. Once that money is put to work, manager Alec Letchfield sees HANA being c. 70% invested in equities, c. 10% in diversifiers and c. 20% in private equity.

For now, a c. 45% discount provides a compelling opportunity to get in at the start of what we think could be a fascinating long-term journey.

SpaceX may not be long for the private equity world, but we see plenty of opportunities for adventurous, long-term investors to get access to this thriving area of financial markets.



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