

2026 Outlook: Limited Partners Looking to Shape Fund Structures and Liquidity Strategies

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The private funds landscape is entering a new phase in 2026, with limited partners (LPs) exerting greater influence on fund design and prioritizing liquidity solutions. These shifts have significant implications for managers and investors aiming to stay competitive and aligned with evolving market expectations. Our latest analysis highlights key trends shaping capital deployment and structuring strategies across global jurisdictions.

1. Geographic diversification of target funds

Since 2020, we have advised on 300+ LP commitments across 15 LP jurisdictions and 12 general partner (GP) jurisdictions. Delaware continues to dominate the choice of fund domicile, accounting for approximately 57% of target funds we worked on, followed by the Cayman Islands at 24%. The remainder spans Luxembourg, Singapore, the UK, Australia, Hong Kong and other markets. This reflects LPs' increasing comfort with cross-border capital deployment and global manager sourcing, with jurisdictional considerations becoming less of a gating factor despite geopolitical uncertainties.

2. Growing influence of LPs on fund structure

Large sovereign investors and strategic LPs are increasingly shaping fund structures rather than simply accepting pre-designed vehicles. This trend is evident in the rise of separately managed accounts ("fund of one"), customized vehicles and permanent capital structures tailored to specific investor mandates. In Asia, for example, LPs increasingly request bespoke fund solutions aligned with their internal policy mandates, governance requirements, economic terms and liquidity preferences.

3. Heightened focus on liquidity

Liquidity considerations have become more prominent compared to prior cycles. In 2025, allocations expanded into secondary opportunities and private credit funds, alongside increased interest in structured products blending venture capital and private equity and hedge strategies. While closed-end funds remain central, they now compete with credit, secondaries and hybrid products for allocation.

4. Increased use of liquidity management tools

Continuation vehicles, NAV facilities and structured secondary products have moved to the forefront of investor discussions. Notably, LPs are raising these topics at the outset of fund negotiations rather than later in the fund's life cycle. Investors seek clarity on when such tools may be deployed, how conflicts will be managed and what protections are embedded in fund documentation.

These insights are based on our recent market observations. Please contact us if you would like to discuss these trends further or explore their implications for your fundraising or investment strategy.

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Key Contacts

Pang Lee Hong Kong	pang.lee@cooley.com +852 3758 1211
Joyce Wang Hong Kong	xwang@cooley.com +852 3758 1285

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