

Should We Invest in PE?

INVESTMENT INSIGHTS

Why Private Equity? Why Now? Reasons to Invest in Private Equity in 2026

FEBRUARY 2026 / 6 MINUTE READ



ALISA AMAROSA WOOD



DAVID MCNELLIS

Should We Invest in PE?



Melvin  @LaurenzRod · 16h

"Stocks & bonds are more correlated, so you have to go where value is being created."

Where is this being created? How?
Magical valuations?

1 18 1.3K

Clifford Asness  @CliffordAsness · 15h

Total gibberish. And they are mildly levered long equity. They are ridiculously correlated to the stock market. Only their made up #s are not. Outrageous. Also the historical "win by 5%" is highly disputed (though not my main fight). The prospective (not historial) expected returns are likely far lower (my fight): aqr.com/Insights/Persp...

2 20 1.2K

Melvin  @LaurenzRod · 14h

Yeah, I almost edited it to:
"Magical valuations... on stocks & bonds!"

They vaguely infer there's some mystical category of assets that only they can access [but don't describe] that's better than what mere mortals know about.

Stereotypical con.

1 188

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FINANCE

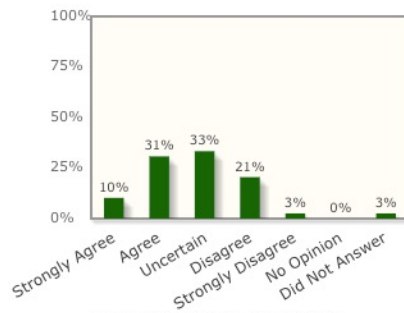
Investing in Private Assets

DECEMBER 18, 2024

ADD TO POLL 

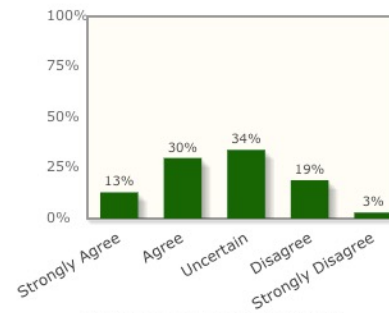
A properly diversified 401k account should include private equity and private credit assets.

Responses



© 2026. Kent A. Clark Center for Global Markets.
Source: Clark Center Economic Experts Panel
Methodology

Responses weighted by each expert's confidence



© 2026. Kent A. Clark Center for Global Markets.
Source: Clark Center Economic Experts Panel
Methodology

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John Campbell

Harvard



Disagree

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Bio/Vote History

Private assets do have a role in a fully diversified portfolio, but discretion in marking values to market makes it easy to conceal risks which is dangerous for less sophisticated investors including typical 401(k) investors.

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Darrell Duffie

Stanford



Diversification benefit versus smaller-investor access costs and heterogeneous investor sophistication. There is also evidence (e.g., Begenau et al) that less sophisticated investors may pay much bigger fees.

[-see background information here](#)

Bio/Vote
History

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Robert
Stambaugh

UPenn Wharton



Uncertain: empirically gauging risk characteristics of private is more difficult, and thus diversification benefits are unclear. I'm not sure if private offers exposure to unique systematic risks, or if it just scales up or down risk exposures already available within public.

Bio/Vote
History

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Duke Fuqua



Agree

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Bio/Vote

History

Campbell R.
Harvey

The first problem is the lack of vehicles for 401k. There are only a few PC ETFs (e.g., Virtus) and not that many PE ETFs (iShares has some). The second prob is the lack of quality of the ETFs. Institutional investors get the best deals and retail investors gets the leftovers.

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Ralph Koijen

Chicago Booth



Uncertain

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Bio/Vote

History

While this can be valuable in principle, it depends on the implementation in terms of fees, which assets are being included / offered. Those issues are already important with public assets and are even more important here.

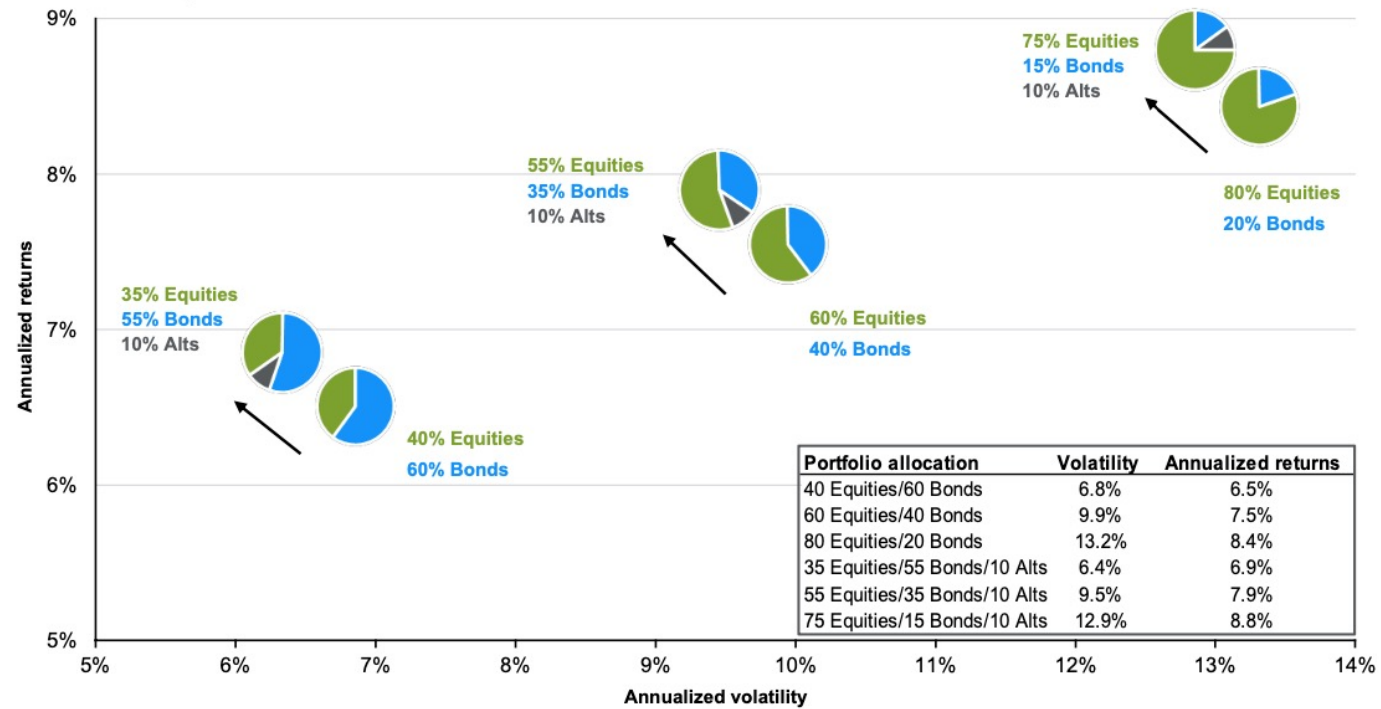
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Portfolio diversification

GTA MI 7

Alternatives and portfolio risk/return

Annualized volatility and total return, 1Q98 – 3Q25



Should We Invest in PE?

Channel	Fees	Liquidity	Information	Selection
Traditional LPs	Low concern. One fee layer; large LPs negotiate discounts	High concern. Locked capital, no redemptions; thin secondary market	Low concern. Quarterly reports, detailed data for LPs; GP discretion high	Low concern. Flagship funds, top managers, front of queue
Retirement Products (TDFs/CITs)	Medium concern. Two layers (PE + TDF); large plans negotiate; households blind to PE costs	Low concern. Daily liquidity for households; manager absorbs redemption risk	High concern. Single price only; PE hidden in default; no household visibility	Medium concern. Large plans access top funds; small plans get pooled solutions
Registered Semi-Liquid Funds				
Platform & Feeder Channels				