

**Private assets can improve retirement returns: CFA Institute research
Private equity can add the most to retirement outcomes**

[SYDNEY AUSTRALIA] – October 15 2026 – New research from CFA Institute reveals private market allocations can improve risk-adjusted performance for defined contributions retirement schemes, with private equity enhancing returns the most of all of the private assets examined.

Australia's compulsory superannuation system, a defined contribution scheme, was considered in the new CFA Institute research, reflecting its status as the fourth largest pension market in the world.¹ Australian superannuation assets totalled a record A\$4.77 trillion in the June 2026 quarter,² with Australian superannuation funds having encompassed private assets ahead of other markets, the report noted.

The research, [*Private Markets in Retirement Plans: Returns, Risks, and the Importance of Plan Design*](#), compares schemes investing in public equity and fixed income only to defined contribution (DC) or accumulation retirement portfolios also allocating to **private equity, private debt, infrastructure, real estate, and venture capital**, to examine how private assets could affect long-term retirement outcomes.

The research finds that a modest allocation to each private market asset class across the accumulation period **improved risk-adjusted performance compared to portfolios with allocations only to public equities and bonds**. The improvement in risk adjusted returns, or the mean annual Sharpe ratio, appeared across all private asset classes the CFA Institute examined, with the highest mean annual Sharpe ratio observed in funds that allocate to private equity or venture capital.

"The relevant test is whether a private market allocation adds value after fees and within the liquidity, valuation, and governance constraints of a defined contribution plan. Our analysis shows that the answer depends on the asset class and the design of the plan," said **Olivier Fines, CFA**, Head of Advocacy and Policy Research at CFA Institute.

According to **CFA Society Australia CEO Lisa Carroll**, Australian superannuation funds already invest in private assets including infrastructure, property, private equity, and private credit. "Large superannuation funds already treat unlisted infrastructure, property, private equity, and private credit as established building blocks for long-horizon portfolios, with Australian policy focused on valuation, liquidity, and governance," Carroll said.

"Importantly, this new report finds that retirement funds with allocations to private equity or venture capital show a higher average end accumulation value and stronger upside performance than those only investing in public equities and bonds," Carroll said.

¹ [Super Members Council, Global Pension Rankings](#)

² <https://www.apra.gov.au/quarterly-superannuation-performance-statistics-highlights-june-2026>

“The key message from the report is that private market inclusion in accumulation plans should be carefully considered and calibrated into retirement portfolios; it should account for portfolio construction considerations and associated costs, liquidity and fee constraints, retirement outcomes, and fiduciary governance,” Carroll said.

APRA’s December 2024 thematic review on unlisted asset valuation and liquidity risk management makes the stance clear for superannuation funds. APRA expects timely and reliable valuation information, strong board oversight, conflict management, clear revaluation triggers, and credible liquidity frameworks, the report noted.

Other key findings from the research are that pairing venture capital with defensive private market assets such as private debt, infrastructure, or real estate reduced volatility and modestly improved risk-adjusted performance compared with including only venture capital in the private market allocation.

Plan design also matters. Changes to the target-date fund’s asset allocation over the course of the plan, in particular the glide path from equities to bonds over the final 10 years, affected the modeled outcome.

“Ultimately, contribution levels and the time horizon over which cash flows are compounded are the most important aspects of securing adequate retirement income,” Carroll said.

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