

# Private Funds CFO

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## IT & CYBERSECURITY

# CFOs revise priorities as tech takes center stage

Ongoing uncertainty coupled with major advances in tech are reordering where CFOs spend their time and attention.

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Standing (from left): Peter Mahoney, David Fairman. Seated (from left): John Stephens, Ore Adegbotolu, Tony Braddock. Inset: Lauren Dillard. Photography: Salem Krieger

**A**s the CFO role continues to take an increasingly strategic shape, the issues taking up CFO time and focus are also changing. Once preoccupied with challenges such as compliance with changing US Securities and Exchange Commission rules, the war for talent and cybersecurity risks and data silos, today's CFO is attuned to a new raft of priorities underpinned by macroeconomic uncertainty and fast-moving technological innovation.

CFOs are searching for new sources of capital and assessing the fund structures and infrastructure required to channel them. They are also keeping their finger on the pulse of advances in artificial intelligence, which is forcing CFOs to rapidly rethink how they operate across functions, and critically, how they manage data.

All this comes through strongly in our Private Funds CFO Insights Survey 2026, conducted in partnership with Aztec Group. Only 8 percent of CFOs are yet

to explore AI, with 29 percent in the early exploration or research phase, 36 percent piloting use cases and 25 percent actively implementing AI strategies. Just 2 percent say AI is embedded and no respondents felt they were leading with AI innovation, highlighting why this is such a potential growth area.

Finance chiefs are looking for unexpected policy announcements that might impact the industry, while keeping an eye on liquidity and exit opportunities.

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**Peter Mahoney**

**Head of investment accounting,  
HarbourVest Partners**

Managing director and head of fund accounting at HarbourVest Partners, Peter Mahoney is responsible for the firm's fund and investment accounting operations, in addition to leading the firm's valuation and audit committees. Mahoney joined HarbourVest from Vanguard, where he held a number of accounting roles over the last 25 years.



**David Faiman**

**CFO and director of portfolio operations,  
Argand Partners**

David Faiman is CFO and director of portfolio operations at Argand. He was previously CFO of three portfolio companies, one public company and a senior finance professional at two other portfolio companies. Faiman has worked in numerous leveraged environments, being responsible for all aspects of finance.

In the US, macro uncertainty and regulatory change present some challenges, says John Stephens, CFO at secondaries firm Pomona Capital.

He points to the Outbound Investment Rule issued by the US Treasury in November 2024, which restricts US companies from investing in certain technology sectors in China. "That may affect some GPs more than others. Tariffs – which seem to change frequently – are another source of uncertainty."

Announcement of the first raft of tariffs in April, "was a massive shock initially," agrees Ore Adegbotolu, head of commercial, US, at Aztec Group. "For GPs with portfolio companies that had supply chain exposure to jurisdictions heavily impacted by tariffs, valuations will be a problem."

However, Adegbotolu says most GPs are adjusting to the volatility. "It's the cost of doing business today. Shocks have become normalized as a policy is rolled out and refined or met with legal challenge and reshaped. Managers are still fundraising – albeit at lower levels than seen in 2022-23 – and those that are successful have accepted that there's going to be some noise."

## **LPs under pressure**

For Tony Braddock, CFO at New York-based Stellex Capital Management, "middle market fundraising doesn't strike me as being particularly differently

challenging from what it was, let's say, five or 10 years ago. Our strategy continues to resonate with some prospective LPs. It doesn't with others due to timing and other factors."

However, Braddock notes that the GP is consciously trying to diversify its LP base. "From Fund I our investor base grew 50 percent in Fund II and it's probably going to grow another 50 percent in Fund III," he says.

"At the same time, we've been fighting the same battle every GPs is: trying to generate liquidity for our LPs. Across the market, some LPs have been very smart and forward-thinking and taken the initiative by executing secondary transactions to help free up capital and to get past being stuck in a relationship."

"LPs have been under a lot of pressure," agrees Stephens. "Liquidity is lower than what it was several years ago. Portfolios are no longer self-funding as they once were. Public equity volatility affects how LPs think about allocations too. It's a more challenging environment for them. And if you're a large [US] endowment, the prospect of a new tax on equity earnings adds another layer of complexity. All this translates into a more challenging fundraising environment for many GPs, and opportunity for secondary buyers."

"Some GPs have responded by extending their fundraising periods. Others are completing a few investments during

their fundraising process, which can benefit LPs by providing an early look at how a sponsor's portfolio is developing."

For some mid-market managers, fundraising never stops, notes Adegbotolu. "Of the firms we work with, even after they've reached final close, some of them are still keeping their fundraising feelers out there."

Among Aztec's clients, some firms "are exploring new frontiers as they expand their addressable investor pool and hunt for more capital. They are getting educated around navigating the European market in a more fulsome fashion, and also Asia, specifically Japan and Korea. Our clients are also opening up in the Middle East. An outsourcing partner can help chaperone a manager through new markets to help them overcome regulatory hurdles and operate safely."

## **Channeling private wealth**

Another increasingly appealing and possible option is to tap into the growing interest from high-net-worth and retail investors in private markets. How to accommodate their specific needs, including liquidity and reporting, is top of mind for many CFOs.

HarbourVest sits among the very large firms leading the charge. In July, the firm appointed its first head of global private wealth to focus solely on this segment and has already launched a handful of

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**Lauren Dillard**

**CFO, Vista Equity Partners**

Lauren Dillard is senior managing director and CFO at Vista Equity Partners. Before Vista, she was executive vice-president of investment intelligence at NASDAQ, overseeing its index, data and investment analytics businesses. Dillard also spent 17 years at Carlyle Group, where she was a partner and led the investment solutions unit.



**John Stephens**

**CFO, Pomona Capital**

John Stephens is partner and CFO at Pomona Capital, the global secondaries investor. After leading Pomona's Asia efforts from Hong Kong, Stephens relocated to New York to oversee the firm's finance and operations functions. Prior to Pomona, he co-founded EMAlternatives, a fund of funds focused on Asia and emerging markets.

evergreen solutions. “We’re really trying to expand access to more investors in the US,” says Peter Mahoney, HarbourVest Partners’ head of investment accounting. “From Luxembourg, we’ve started to expand access to this segment in Europe too. Private wealth is certainly a big strategy for us moving forward.”

Down the scale, “there’s definitely appetite to explore the variety of ‘retail-ish’ structures,” says Adegbotolu. “Moving from chasing a few institutional managers to onboarding hundreds of investors, there’s all manner of supporting infrastructure that you need to have in place. That’s where partnerships with broker-dealers and banks could provide a channel for mid-market firms, through feeder vehicles as an example. These institutions are looking beyond large managers to mid-market GPs with niche appeal and a solid product who they can offer to customers through their platform.”

However, for mid-market firms, “a significant barrier to entry is the regulatory infrastructure they need to put in place, coupled with their lack of brand penetration in that space compared to mega-managers,” Adegbotolu says. “How can mid-market firms establish breadth and penetration? Larger managers are going to drive the direction of this market. We’re not seeing that many, if any, mid-market managers successfully execute on this.”

“Most of us in the middle market

are still establishing that brand and track record,” says Braddock. “From a fundraising perspective, the question is, how do we raise capital through what is a competing channel? The potential conflicts of interest that arise from that seem to be very, very difficult to navigate.”

And all the while, meeting these additional regulatory and product obligations is seemingly growing more complex. Mahoney notes that “valuations are certainly interesting because there’s a requirement for monthly valuations [of the fund] and that timeline could shrink further. The public world of mutual funds and private markets are moving much closer together.”

About a decade ago, Pomona launched a 40 Act fund targeting mass affluent investors and has steadily scaled that business over time, says Stephens. “Brand recognition, infrastructure and distribution are all critical, and there are operational challenges involved in operating a 40 Act business that are very different than those faced in managing funds for institutional investors.” However, attracting retail capital is not simply about operational capabilities, he notes. “Retail investors invest with similar return discipline as institutional investors. If returns aren’t there, they won’t invest.”

## **Continuing on**

While the quest for new investors

continues, in the absence of an active exit market, GPs are also exploring new sources of liquidity. Notable among them is the rising use of continuation vehicles. However, deploying such structures comes with its own set of challenges and considerations for today’s CFO.

In April 2024, Stellex closed a single-asset continuation vehicle that acquired the assets of Fenix Parts, an automotive parts recycler and reseller, which the firm acquired in 2018. “From the day we underwrote the asset, we told our LPs our plan and explained there would be a growth phase post-investment, and we couldn’t wait to get to that phase,” Braddock says. “[Having launched a continuation fund] now we’re part of that growth phase.

“Even though the transaction had the characteristics of a typical ‘crown jewel’ GP-led investment, it came with its challenges. LPs have different needs and sensitivities. We had a straightforward story, but we still had to explain our reasoning to our LPs and reassure them that we were doing the CV for them.

“The big issue is, and it’s an obvious one – it’s been difficult to sell. In 2021 and 2022, you didn’t have the performance numbers. In 2023, interest rates began to rise, and valuations started to take a turn. And in 2024, there was a question mark over the economy. Looking ahead, no one knows where the economy is headed in

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## Ore Adegbotolu

**Head of commercial, US, Aztec Group**

As head of commercial, US, at Aztec Group, Ore Adegbotolu is responsible for the creation and execution of the firm's US strategy and go-to-market plan. Previously he spent more than a decade as a senior corporate and investment banker leading cross-border relationship and sales teams covering large-cap multinational corporates and private equity firms in Europe and the US.



## Tony Braddock

**CFO, Stellex Capital Management**

Prior to joining Stellex in 2014, Tony Braddock founded Oculus Resource Group, a family office advisory firm focused on private investments in natural resources and real estate. Before that, he was a founder and managing partner of Merel Capital Management and served as a vice-president at Sunrise Capital Partners and workout officer with First Union National Bank.

2026. The [exit] market will open up when it opens. People asking you to sell won't change that."

David Faiman joined Argand Partners as CFO and director of portfolio operations earlier this year. Over the last few years, in response to the tight liquidity environment, the mid-market GP considered a number of options including sales, dividends and a continuation vehicle, he says. Earlier this year, Argand executed a dividend recapitalization of one of its portfolio businesses and a special dividend on a listed portfolio company.

"Those are two nice transactions to report and returned money to investors," says Faiman. "Earlier this year, we also evaluated a full exit for a very strong business. There was a lot of interest, and the company had almost no tariff exposure, but Liberation Day came and the sudden new tariffs pre-occupied buyers. In another instance, Russian oil tariffs on India sidelined a business that is well placed to go to market. While we had not yet launched a process, we did hold some fireside chats. Then the next day punitive Russian oil tariffs on trade with India were announced."

From an LP perspective, there has been pressure to sell, Faiman notes. "These are very good assets, but we're happy to hold them until there's an opportunity where it makes sense to sell. LP pressure abates when you explain it.

"We've continued to support the portfolio with add-on acquisitions, and we have found strong support for investments outside the fund, including our recent purchase of [dancewear designers and manufacturers] Capezio."

Faiman concedes that it's a tough environment to fundraise, and long hold periods deplete IRR. "But I don't know that that's enough of a reason to sell. We are very focused on generating a strong MOIC," he says. "It's tough. If you asked 10 people on the street, when will the market normalize? I think you'll get 10 different answers."

From a secondaries investor perspective, "we take a highly granular, asset-centric view of GP-led opportunities," says Stephens.

"We conduct an LBO analysis on companies to determine if we're comfortable with our entry valuations and to confirm we can invest behind their growth and exit story. For LPs with smaller teams, this effort can be challenging. Alongside concern about conflicts and valuations, limited bandwidth also may contribute to a natural cautiousness LPs may feel when responding to GP-led proposals in their portfolios."

Mahoney agrees: "It's resource intensive, it takes a lot of due diligence, and internal debate to get there. There's a whole process built around reassessing the assets to ensure they align with our

strategy."

While firms grapple with constrained liquidity, CFOs have also been tasked with overseeing the launch of entirely new strategies. "Over the next few years, the product pipeline we all share is exciting," says Mahoney. This summer, building on its established credit business, HarbourVest launched a new credit secondaries platform that will acquire interests in GP- and LP-led processes.

Braddock can see an opportunity for credit secondaries created by ambitious mid-market managers that have expanded into the private credit space only to realize it has a very different investment profile, but would be willing to sell.

Lauren Dillard, CFO at Austin-based enterprise software specialists Vista Equity Partners, notes that the firm's credit platform typically lends to businesses with profiles similar to its equity investments, but is open to strategic financing alternatives.

"Vista Credit Partners focuses on direct lending and structured finance solutions for later-stage software companies, which fits naturally with our expertise and leverages the full strength of our ecosystem," she says. "Not only can we originate, underwrite and lend to these businesses at a quantum and structure aligned with their growth stage, but we can also provide light-touch operational support through our value creation team."



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## ARTIFICIAL INTELLIGENCE GETS REAL

### As AI innovation continues apace, adoption is inevitable

While CFOs respond to economic volatility and industry specific challenges and opportunities, one technological development seems set to revolutionize the shape of their working day: artificial intelligence.

Aztec's Ore Adegbotolu sees the evolution of AI as "a massive tailwind." He says: "There are a huge number of use cases that can be explored with agentic AI, functions like AML screening, payment processing and high-level research. And if you're a mid-market firm that finds nimble ways of leveraging AI that accelerates engagement with investors, delivers richer reporting and research, and elevates the investor experience, it could give you a competitive advantage compared to the old-fashioned, institutional-style approach of some of the larger managers."

At Aztec, the firm is using AI tools for tasks such as corporate secretariat activities and high-level document review. "As the industry moves towards more open-ended products with thousands of investors, leveraging AI tools to meet requirements such as KYC processes can reduce bottlenecks. We also use them to assist clients extract and structure data ready to automate," says Adegbotolu.

At Vista Equity Partners, a firm targeting enterprise software businesses, enabling AI innovation is embedded across the firm's operations and investment processes. CFO Lauren Dillard notes the most significant benefit is the automation and acceleration of workflows. Dillard estimates that the firm has automated more than 60 processes and saved hundreds of work hours each quarter.

"The key to AI adoption is establishing a strong data foundation," says Dillard. "A lot of companies are experimenting with AI's research and due diligence capabilities. But for us, it's about generating better deliverables and better services for our clients. That starts with an integrated data architecture that connects our financial, operational and investor information – allowing us to seek to safely deploy AI across workflows and reporting. AI is accelerating timelines and helping us deliver more information to our global investor base, faster."

And all members of the finance team should be using AI, says Dillard. "It levels the playing field. We're not software engineers – our team is largely accountants and finance professionals – but we're using AI to design and automate workflows, retrieve and structure data, and generate customizable, secure reporting frameworks. We're standing up projects in weeks that used to take months and a small army of engineers or consultants to complete."

"Smaller GPs might still see this as a 'nice to have,' but given the pace of innovation in just the last three years, imagine what's coming in the next

three to five years. Timeline is critical because we believe that AI adoption compounds – the more workflows we digitize, the greater the benefit for our teams and our investors."

## Scratching the surface

At HarbourVest, where AI use cases are approved by an AI governance committee, staff are also using AI to assist in developing new tools to assist with tasks. In addition, any software the firm purchases is evaluated for its AI capabilities, says HarbourVest's Peter Mahoney. "Right now, we're just scratching the surface. For instance, thinking about secondaries and the data analytics required to make a decision, what's the potential impact of AI in that space? Will it open the doors for other players to come in because you can perform those analytics differently?"

At secondaries firm Pomona, the finance team has been running proof of concept tests on agentic workflows to read documents, extract data and apply the data to various applications, says CFO John Stephens. The firm also uses enterprise language models.

"Hopefully these tools allow individuals to generate insights they might otherwise miss," says Stephens. "At the moment, AI use by managers doesn't seem a big differentiator, but in two to three years it'll be a necessity. We see AI as offering a huge opportunity for team members to grow within their roles and to add value in different ways to the organization."

And at Argand, the firm has provided internal and portfolio-wide AI training and supported adoption and development of AI proprietary software solutions, says David Faiman. "We all know people in the industry who are not tech savvy and who don't want to adapt to any new technology. They do things manually because they don't understand it or are afraid for their job security." However, he says, "Argand is hyper-focused on AI opportunities and is actively driving AI initiatives across all of our companies."

Dillard says: "It's amazing that we're still early in the adoption phase, at least at the business level. But AI is going mainstream, and it's happening fast. We're responsible for making sure our team is well equipped to take advantage of these new tools and new ways of working. That includes embedding governance, validation and data security into AI initiatives enabling us to provide precision and transparency as we scale up processes."

"We're also encouraging our team to recognize the opportunities this technology creates. Automating manual or rote tasks allows people to focus on more analytical and interesting work that's more rewarding and more efficient. In over 25 years in private equity, I've never seen a moment as transformative as this – where AI is redefining how we use data and technology to deliver for our LPs."

The evolution of the credit space is just one example of the creativity and complexity indicative of a maturing industry. "Since the financial crisis, there's

been a number of smaller crises and the industry has evolved and innovated and found new ways to make money and create value," says Adegbotolu. "The industry has

become more resilient."

In turn, so has to be today's private fund CFO.