

# The Frontier Line

## Unlisted valuations for financial advisers

Issue 241 | March 2026



# About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for over thirty years and provides advice on \$900 billion of assets across the superannuation, charity, public sector, insurance and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.



AUTHOR

## Claire Casucci

Principal Consultant

Claire Casucci joined Frontier Advisors in 2018 and is now a Principal Consultant. Claire looks after a variety of clients across superannuation, insurance, endowments and private wealth, providing research, analysis and investment advice. Claire has previously been involved in research, spending five years in Frontier's Alternatives Team focusing on liquid alternative strategies. Prior to joining Frontier, Claire was a Senior Financial Advisor at ANZ Private in Adelaide, where she specialised in providing complex strategic and investment advice to high net worth individuals and families. Claire completed ANZ's Graduate Program and has also worked at ANZ in advice assurance, credit writing and transactional banking. Claire is a CFA charterholder, holds a Bachelor of Economics and Bachelor of Finance from the University of Adelaide and has an Advanced Diploma in Financial Services (Financial Planning) from Kaplan.

The background of the top section features a complex financial visualization. It includes several line graphs with data points, some of which are labeled with numbers like 7.723, 5.523, 4.711, 8.186, 5.523, 7.514, 6.306, 3.901, 2.999, 1.364, 8.715, 2.164, 5.619, 7.774, 2.164, 5.619, 4.711, 8.186, 7.531, 8.188, 3.670, 4.017, 2.492, and 8.183. There are also bar charts and a grid overlay. The overall color scheme is orange and white.

# Introduction

## Australian institutional asset owners lead the world when it comes to investing in unlisted assets, particularly in infrastructure and property.

This appetite for unlisted infrastructure and property has been instrumental in helping Australia's \$4.5 trillion superannuation sector deliver strong and steady returns over the last three decades.

Until recently, unlisted assets such as property, infrastructure, private equity and private debt were often only accessible to large institutional investors due to high minimum investment amounts, restrictive liquidity provisions, lack of Australian investment vehicles (for overseas strategies) and lack of availability on wealth platforms.

However, growing investor interest and a desire to diversify their client base has led to many fund managers and product providers innovating to create products for unlisted assets that are now accessible to individual retail or wholesale investors at a much lower entry point.

Sharp price changes in listed assets during COVID-19, followed by higher inflation and interest rates have been a catalyst bringing unlisted asset valuations under scrutiny. There has been a lot of attention in the media and from regulators about how unlisted assets are being valued.

While having more choice to a broader range of investments beyond traditional asset classes has many benefits, it also comes with additional considerations. Financial advisers often facilitate access to unlisted assets for wholesale and retail investors, and therefore play an important role in helping clients understand these assets and how they fit within a diversified portfolio.

Our team recently attended a number of conferences for financial advisers where private markets have been a significant topic of discussion. A repeating theme in the discourse is valuations of private market assets and their reliability. The intention of this paper is to demystify private market valuations and support financial advisers in guiding clients through the landscape and addressing any concerns.

This paper examines:

- Why the landscape for private market investments has changed.
- Implications of greater private market access for retail investors from a valuation perspective.
- Why valuations are important.
- Dispelling common myths about unlisted asset valuations.
- Risks of unlisted asset valuations for retail and wholesale investors (acknowledging retail and wholesale clients are different from large institutional asset owners).
- How financial advisers can improve their unlisted valuation governance.

# Why the investment landscape for private market assets has changed

The investment landscape has undergone a significant transformation in recent years, particularly in the realm of unlisted assets such as property, infrastructure, private debt and private equity.

Historically, these asset classes were the domain of institutional investors, but they are now increasingly accessible to retail investors. While this is a global phenomenon, there are also some particular local factors within the Australian market that are worth highlighting.

## Within Australia, the shift has been driven by:

- Changes in market dynamics:



Large superannuation funds have been building their own internal investment capabilities and relying less on fund managers, leading to fund managers seeking to diversify their client base to retail and wholesale investors.



Fund managers have reduced minimum investment amounts; launched Australian dollar, locally domiciled unit trusts (for overseas strategies); and introduced more generous liquidity mechanisms.



Wealth platforms have become more sophisticated and can now cater for less liquid investments.

- Investor demand:



Strong performance from unlisted assets over a long period of time has stoked investor interest.



Desire to diversify beyond traditional retail investments, such as listed equities and direct residential real estate.

While the increased availability of unlisted assets provides many opportunities, such as a broader investment universe and increased portfolio diversification, it also introduces additional considerations, risks and scrutiny.

Regulators such as ASIC and APRA have increased their attention on private market investments and issued various papers, guides and reports in recent years, such as:

- [APRA's SPG 530: Investment Governance \(July 2023\)](#)
- [APRA's Review of Valuation Governance & Liquidity Risk Management for Unlisted Private Assets \(December 2024\)](#)
- [ASIC Discussion Paper: Australia's Evolving Capital Markets \(February 2025\)](#)
- [ASIC Report 814: Private Credit in Australia \(September 2025\)](#)

A key risk of private market investing relates to valuations, which is examined in more detail in this paper.

# Why valuations are important

Maintaining accurate unlisted asset valuations is essential for:

- **Investor protection** - Fair value provides investors with a reliable benchmark of the investment's worth.
- **Transparency** - Fair value allows investors to understand the true value of their holdings and make informed decisions regarding their investment strategies.
- **Equitable treatment** - Fair value ensures all investors are treated fairly and have equal access to the unit trust's assets, regardless of the timing of their investments.

The repercussions of inaccurate valuations have wide-ranging impacts across the entire investment landscape.

- **Investors** - Incorrect unit prices can misinform investors and lead to poor investment decisions. They may suffer financial losses or miss out on potential gains due to inaccurate valuations.
- **Fiduciaries** - Fiduciaries, such as platform trustees, are entrusted with the responsibility of safeguarding investors' interests. Not maintaining accurate unit prices can damage a fiduciary's reputation and expose them to regulatory and legal repercussions.
- **Market integrity** - Inaccurate valuations can undermine the overall integrity and stability of the market, as investors rely on accurate pricing for fair and efficient trading.

The potential impact of inaccurate valuations on investors in unlisted unit trusts is a particularly important issue, especially for products designed for retail investors with more generous liquidity provisions that may allow investors to increase or redeem their investments more quickly.

If investors move their money in a product with weekly or monthly liquidity, there is a potential timing mismatch given the underlying unlisted assets are valued quarterly, semi-annually, or annually. An inaccurate or 'stale' valuation embedded in a unit price can impact equity between investors. While this timing mismatch is less of an issue in normal market conditions, it can be impactful during periods of market stress where valuations may change rapidly and significantly (and more so, if this coincides with a lot of movement out of a particular product).



# Valuing and ascribing accurate and up-to-date valuations to unlisted assets is not a new issue

Valuing unlisted assets is an ongoing investment question. The issue has certainly risen to prominence again in recent years, with increased regulatory focus and media scrutiny.

The rise of evergreen structures used for retail and wholesale investors puts a new emphasis on the importance of valuing unlisted assets, as the generous liquidity provisions in these products can make them particularly vulnerable to valuation risks. Australia's institutional asset owners have been considering how to manage unlisted asset valuations for decades and we can draw on their experiences when supporting retail and wholesale investors and financial advisers.

As one of Australia's largest institutional investment advisers, Frontier has worked with numerous superannuation trustees to help them align with APRA's enhanced prudential standards which came into effect in 2023. We discussed how superannuation trustees, and the industry more broadly, have responded to these changes in [Frontier Line 210 - Unlisted asset valuations: ensuring fairness and equity](#).

Some of the key changes we have observed during this period are:

## **More frequent valuations.**

- More fund managers are now providing quarterly valuations, whereas previously half-yearly or annual valuations were standard.
- More frequent valuations must be balanced against the significant costs a full valuation incurs, which is ultimately borne by investors.

## **More rigorous compliance.**

- Improved record-keeping and disclosure.

## **More rigorous valuation governance frameworks.**

- Greater board oversight and clarity of roles.
- Establishment of appropriately qualified and experienced internal valuation committees that are separate from the investment decision-makers.
- Clear procedures and escalation points for when the fund manager's valuations may be considered unreliable, and/or interim valuations may be required.

In addition, we generally view valuation practices by institutional-grade unlisted fund managers to be thorough and well governed. We have seen enhancements in recent times, which we view positively, and the bar is constantly being raised by investor and regulator expectations. That said, investors should not take for granted that fund manager size, historical performance or capability of the investment team equates to good valuation governance practices. Valuation governance should be rigorously interrogated as part of any initial and ongoing due diligence process.

The media attention and publicity surrounding APRA and ASIC's focus on unlisted asset valuations has naturally led to increased awareness amongst individual investors. Increased awareness about unlisted asset valuations leads people to question the impact on their own investments, whether they are held by large superannuation funds, they are investing directly themselves, or with the support of a financial adviser.

Retail and wholesale investors are rightly questioning whether the people and institutions they are entrusting to look after their money are valuing those investments correctly.

# Common myths about unlisted asset valuations

With increased media commentary about unlisted asset valuations, there are a number of myths that have circulated about the integrity of these assets and their valuations.

Some issues are valid and are inherent in the unlisted nature of the assets. These issues deserve scrutiny and an ongoing, critical eye. However, some seek to paint unlisted assets in an unduly negative light and simply end up eroding investor confidence.

Some of the key myths we have observed are:

## Valuing unlisted assets is highly speculative

Unlisted asset valuations are more uncertain than those of listed assets, simply because there is not second-by-second price discovery on a public exchange.

There are a range of widely-accepted and robust methodologies that are used for valuation purposes, such as discounted cash flows, market comparables or precedent transactions. Often, multiple alternative methods will be examined in arriving at a valuation and not all valuation techniques are suitable for all types of investments, or market situations.

While fund managers would have their own internal valuations, they regularly seek external valuations (typically quarterly or half-yearly) for independent assessment.

Some segments of private markets are more difficult to value, such as early stage venture capital, where the valuation is based more on future expectations of growth potential, as opposed to current revenue or assets that would be used for more established businesses.

## Unlisted assets can only be correctly valued when they are sold

Many unlisted assets have an intrinsic value, such as contracted cash flows, or a particular asset such as a building. Many valuation methods can estimate the value of an unlisted asset based on these factors without needing a transaction to occur.

### Example:

Consider when you apply for a loan against a three-bedroom home you already own. You cannot sell the house to work out its value. Instead, the bank will take the key defining features of your house such as its suburb, land size and number of bedrooms, bathrooms and car spaces, and compare it to other recent sales of similar houses in your area.

Whilst this valuation might not give the exact price you could achieve from a sale, it provides a reasonable estimate.

Indeed, a market-based sale price may also be 'incorrect' and driven by factors like overenthusiasm by the buyer. The buyer may not be able to sell the same asset, with no new information, for the same price the next day.

## Valuing unlisted assets is just guesswork

A thorough valuation uses a combination of financial statements, industry data and financial models. Even though these models may use assumptions, the assumptions are based on industry knowledge and standards. Often multiple scenarios will be tested to see how sensitive outcomes are to changes in an assumption.

There is a high level of rigour and structure that goes into valuations, which is not always readily apparent. The expense associated with this rigorous process is why there must be a balance between the frequency of valuations and the cost incurred to complete them.

In our house example from earlier, banks, valuers and real estate agents keep detailed databases on past home sales, rents and emerging trends to inform valuations. The valuation aims to provide a reasonable estimate based on established methodologies, although the actual price will only be discovered on auction day if you sell it.

## Once valued, unlisted assets do not need to be revalued

Unlisted assets can fluctuate in value just like listed assets, and their valuation needs to be updated regularly, especially if there are changes in market conditions, financial performance, or other relevant factors.

Usually, re-valuations occur on a set cycle, such as quarterly, half-yearly or annually. Ideally, valuations will be held more frequently, however this needs to be balanced with the cost incurred for each additional valuation.

It is important to understand the speed at which valuations may change, what indicators can be used to test the market or could be a prelude to change. For example, checking the robustness of the underlying cash flows, how contracted are they and how sensitive are they to changes to broader economic conditions. Identifying when these factors change can help ascertain whether an out-of-cycle valuation is required.

## Private markets are overpriced compared to their public counterparts

In our experience, both public and private markets have periods where they can be over- or under-valued relative to each other. We measure and track many of these as part of our markets assessment and deriving asset class views. Chart 1 and Chart 2 (on the next page) show how, over the very long term, listed infrastructure and property tend to show similar performance outcomes to their unlisted counterparts. However, listed markets tend to be significantly more volatile and can have strong correlations to listed equity markets in the short term as they are partially driven by investor sentiment.

In periods of sharply falling equity markets, such as during the GFC and early stages of COVID-19, listed infrastructure and property fell precipitously (along with listed equities). While unlisted infrastructure and property also fell during those times, it was a slower and shallower fall as fund managers and valuers had time for more detailed and considered assessment of the changing environment.

There are arguments both for and against the validity of listed and unlisted asset valuations. Listed property and infrastructure businesses undertake regular valuations to determine book value, yet some argue that listed valuations are overly influenced by equity market sentiment and tend to overshoot in both directions. Others contend that listed valuations are inherently more accurate because prices are updated continuously. Similarly, supporters of unlisted valuations believe less frequent pricing allows for more considered assessment without the sentiment driven swings seen in listed markets, while critics point to the risk of stale pricing.

While investors should expect an illiquidity premium for investing in unlisted assets (i.e. some economic compensation for an investor locking away their capital), that does not mean they are inherently over-priced. Many private companies or assets justify their valuations relative to their listed counterparts based on their specific characteristics, which may not otherwise be readily available in public markets. For example, certain sub-sectors or industries are not well-represented in listed markets and can only be accessed meaningfully via unlisted markets.

Chart 1 and Chart 2 show two examples of unlisted versus listed markets where we have long term data:

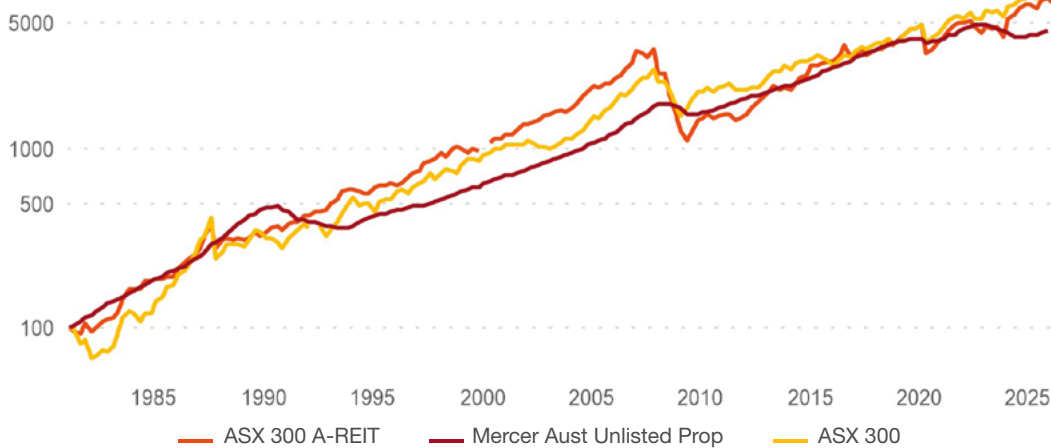
- Australian listed property versus unlisted property.
- Global listed infrastructure versus unlisted infrastructure.

In both cases, we can see cumulative returns for listed and unlisted assets have been relatively similar over the long term, indicating unlisted assets are unlikely to be persistently mispriced.

We can also see how closely listed property and infrastructure markets can be influenced by equity market sentiment in the short term, especially during stress periods such as the GFC and COVID-19 crash.

**Chart 1: Australian listed versus unlisted property: Cumulative performance**  
(Index Jan 1981 to Feb 2026, log scale)

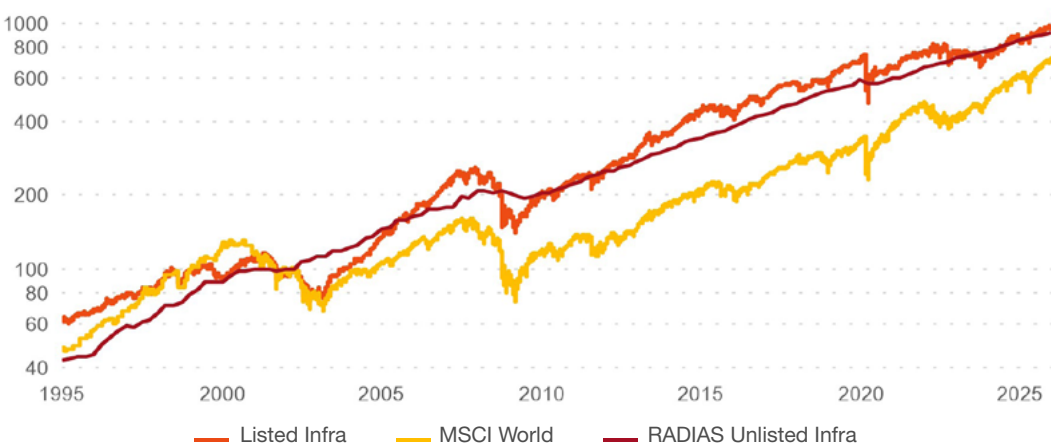
ASX 300 A-REIT: Standard and Poor's / Australian Stock Exchange 300. A-Real Estate Investment Trusts (REITS)



Source: LSEG Datastream, MSCI/Mercer

**Chart 2: International listed versus unlisted infrastructure: Cumulative performance**  
(Index Jan 2002 to 10 Mar 2026, log scale)

Listed Infrastructure: UBS G INFRA&UTIL 50-50HGDA\$ (latest data up to 2015) + FTSE Glob Core Infrastructure 50/50HDG Australian Dollar



Source: LSEG Datastream

# How wealth advisers can improve their unlisted valuation governance

In many cases, investors are reliant on the unit pricing and performance informed by the manager's valuation governance framework.

Institutional investors may have internal valuation expertise that allows them to conduct deep due diligence, review the reasonableness of unlisted asset valuations and governance frameworks themselves, and they may have the scale to influence fund managers to enhance their valuation governance. However, retail and wholesale investors generally lack both the expertise and access to assess unlisted asset valuations themselves, as well as the scale to influence fund managers to strengthen their valuation governance.

Many retail and wholesale investors rely on a financial adviser, licensee or ratings house to complete the due diligence on their behalf, with the expectation that a product will only be recommended if it is considered high quality and suitable for the client's needs.

**The valuation governance assessment should answer questions such as:**

- Who undertakes the valuation?
- How often are valuers rotated?
- Which standards or methodologies are followed?
- What are the internal governance arrangements and who is involved?
- Frequency of internal versus external valuations?
- When are interim or more frequent valuations required?
- What protections are in place to mitigate a fund manager's incentive to influence valuations to maximise performance fees?
- How does this compare to peers in a similar asset class?

These questions should be considered both as part of any initial due diligence, and on a regular basis to monitor changes to a manager's approach over time.

Where there are opportunities for improvement, the licensee or ratings house (as opposed to an individual investor) is more likely to have sufficient scale to provide constructive feedback to influence the fund manager's valuation governance practices.

In our experience, managers appointed to institutional investment portfolios tend to demonstrate stronger valuation governance and are generally open to feedback on improvements, although this should never be assumed and must still be verified through thorough due diligence. This is a reflection of having the scale, resources and expertise to implement and manage a sound valuation governance framework. In addition, an institutional manager's more sophisticated client base is more likely to demand higher governance standards to meet their own internal thresholds, as well as those of regulators.

That said, some caution is warranted, as fund managers may offer different products to different market segments. Products designed for retail or wholesale investors may not mirror those provided to institutional investors and may hold different underlying assets. As a result, they may not have undergone the same level of institutional due diligence, including reviews of valuation governance.

# The final word



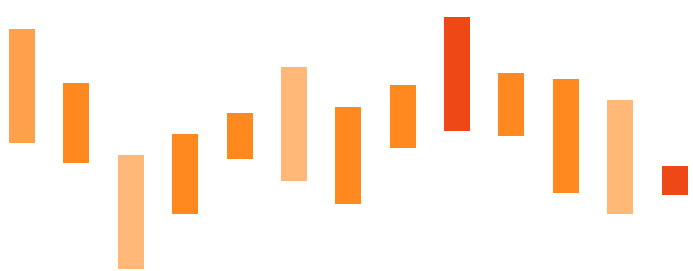
Investing in unlisted assets brings heightened attention to areas such as valuations and valuation governance. It is important for investors to have confidence in the valuation of unlisted assets as a basis for market integrity and fairness between investors.

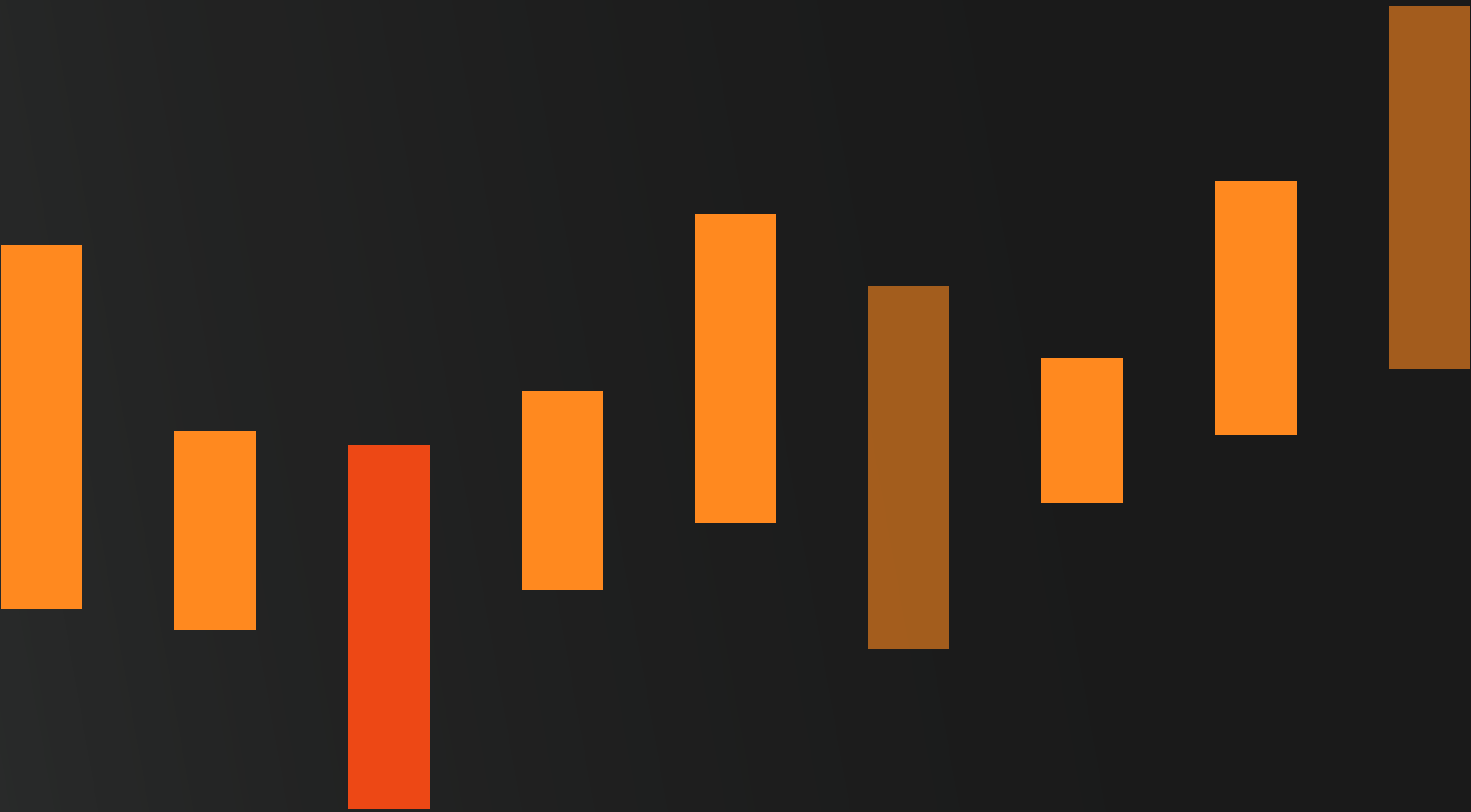
Financial advisers play a crucial role in educating their clients on private markets in general, as well as providing specific product advice when appropriate. Ensuring financial advisers are well-equipped to answer client questions helps to enhance client investment knowledge and experience. Understanding the valuation governance and methodologies used by the products recommended helps advisers to select quality products and appropriately manage client expectations.



## Learn more

With decades of experience assessing unlisted investments and advising on valuation governance, we are well placed to support financial advice licensees in conducting due diligence on private market products. Get in touch with our team on [busdev@frontieradvisors.com.au](mailto:busdev@frontieradvisors.com.au) to learn more.





## Frontier Advisors

### Melbourne office

Level 17, 130 Lonsdale Street, Melbourne, Victoria 3000  
Tel +61 3 8648 4300

### Sydney office

Level 21, 83 Clarence Street, Sydney, NSW 2000

Frontier Advisors is one of Australia's leading asset consultants. We offer a range of services and solutions to some of the nation's largest institutional investors including superannuation funds, charities, government / sovereign wealth funds and universities. Our services range from asset allocation and portfolio configuration advice, through to fund manager research and rating, investment auditing and assurance, quantitative modelling and analysis and general investment consulting advice. We have been providing investment advice to clients since 1994. Our advice is fully independent of product, manager, or broker conflicts which means our focus is firmly on tailoring optimal solutions and opportunities for our clients.

Frontier Advisors does not warrant the accuracy of any information or projections in this paper and does not undertake to publish any new information that may become available. Investors should seek individual advice prior to taking any action on any issues raised in this paper. While this information is believed to be reliable, no responsibility for errors or omissions is accepted by Frontier or any director or employee of the company.

Frontier Advisors Pty Ltd ABN 21 074 287 406 AFS Licence No. 241266