Accessing AI Leaders Before the IPO: A Framework for Late-Stage Private Names

A practical framework for family offices, ultra-high-net-worth investors and intermediaries seeking disciplined exposure to late-stage private artificial-intelligence companies ahead of a public listing.

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ABSTRACT

Abstract. The most consequential companies of the current artificial-intelligence cycle are, for the most part, staying private for longer and listing later than their predecessors. For a family office or an ultra-high-net-worth investor, this poses a concrete problem of access: the names that define the theme cannot simply be bought on an exchange, and the private routes that do exist vary enormously in cost, control, information and risk. This paper sets out a structured framework for accessing late-stage private AI companies ahead of an initial public offering. It treats the question as four sequential decisions: which names to screen in, which access route to use, how to diligence the specific shares on offer, and how to structure and govern the holding. The framework maps the principal access routes, namely the direct secondary, the single-name special-purpose vehicle, the multi-name secondary fund and the structured forward, against the attributes an investor should weigh, and it offers a name-screening map that separates franchise quality from entry discipline. It is calibrated to 2026 conditions in the Gulf Cooperation Council, where a deep pool of family-office and sovereign capital is increasingly active in United States pre-IPO secondaries. The paper is an orientation and decision tool, not investment advice, and all figures are illustrative rather than sourced. It is written for the pre-IPO secondary buyer and for the brokers, investment bankers and platforms who intermediate this market.

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1. INTRODUCTION

A wealthy investor who decides, in 2026, that artificial intelligence is the defining investment theme of the decade faces an immediate and frustrating problem. The companies that most clearly embody the theme, the frontier model laboratories, the leading applied-AI platforms and the specialised infrastructure providers that sit beneath them, are overwhelmingly private. They have raised extraordinary sums, they command valuations that rival mature listed businesses, and yet their shares cannot be bought on any exchange. The investor who wishes to own them must therefore navigate the private secondary market, a market that is opaque by design, uneven in quality and unforgiving of the unprepared.

This is not a temporary state of affairs. The structural drift towards companies staying private for longer has been visible for two decades, and the current AI cohort has taken it further than any group of companies before it. Abundant private capital, from growth funds, sovereign investors and a new generation of dedicated AI vehicles, has removed much of the financing pressure that once pushed companies towards a listing. The result is that an enormous amount of value is being created, and in some cases realised through secondary sales, entirely outside the public markets. For an allocator, the practical consequence is stark: to participate in the theme at all, one must learn to operate in the private secondary market or accept being left on the sidelines until a listing that may be years away.

The difficulty is that the private secondary market for marquee AI names is not a single, orderly venue. It is a patchwork of routes, each with its own economics, its own intermediaries and its own pitfalls. The same exposure to the same company can be obtained by buying shares directly from a departing employee, by purchasing a unit in a special-purpose vehicle that someone else has assembled, by committing to a secondary fund that holds a basket of such names, or by entering a synthetic forward that references the share price without ever placing a share on the register. These routes are not interchangeable. They differ in what they cost, in what they let the investor see, in what rights they confer and in how cleanly they can be exited. An investor who chooses the wrong route, or who chooses the right route but diligences the wrong shares, can end up paying a full price for a stale mark, an impaired claim or no claim at all.

This paper supplies a framework for making those choices well. It does not recommend any company, and it does not tell the reader what to pay; both of those judgements depend on facts that change weekly and on a suitability assessment that only the investor and their advisers can make. What it does instead is impose order on the decision. It treats the question of how to access a late-stage private AI name as a sequence of four decisions, each of which can be reasoned about systematically, and it provides the maps and the comparisons that make each decision legible.

The four decisions are these. First, which names belong in the screen at all, a question that turns on separating durable franchise quality from the price discipline available at entry. Second, which access route to use, a question that turns on matching the route's cost, directness and rights to the investor's own constraints. Third, how to diligence the specific shares on offer, a question that turns on provenance, marks and structure rather than on the company's prospects alone. Fourth, how to structure, document and govern the holding so that the exposure the investor believes they have bought is the exposure they actually own.

The framework is calibrated to the conditions a Gulf-based allocator faces in 2026. The family offices and sovereign-linked investors of the Gulf Cooperation Council have become substantial buyers in United States pre-IPO secondaries, drawn by the same scarcity of listed access and aided by a deep pool of long-horizon, dollar-denominated capital that is well suited to illiquid, multi-year holds. The intermediaries who serve them, the brokers, the investment bankers and the platforms, form a second audience for this paper, because the quality of the access route an investor obtains depends heavily on the quality of the counterparty who sources it.

Three caveats frame everything that follows. First, this is an orientation and decision document, not investment advice, and nothing in it should be read as a recommendation to buy or sell any security or to use any particular structure. Second, every figure, table and worked number in the paper is illustrative; it is included to make the structure of the decision legible, not to convey sourced data or a forecast. Third, the private secondary market is fast-moving and lightly documented, and any framework for operating in it must be held loosely and updated as conditions change.

The paper makes three contributions. First, it organises a confusing and intermediary-driven market into a single, sequential decision framework that a non-specialist can follow. Second, it provides a comparative map of the principal access routes, so that the trade-offs between them can be seen at a glance rather than discovered the hard way. Third, it supplies a diligence sequence specific to pre-IPO shares, one that begins with the provenance of the shares rather than with the merits of the company, because in this market the most common and most expensive mistakes are made at the level of the instrument, not the issuer.

The remainder of the paper is structured as follows. Section 2 reviews the relevant literature on private-market secondaries, illiquidity pricing, late-stage venture and the staying-private phenomenon, and draws from it a set of propositions. Section 3 sets out the data and methodology, which are analytical and illustrative rather than empirical, and states the assumptions on which the figures rest. Section 4 develops the framework itself, the name screen, the access routes, the diligence sequence and the structuring choices. Section 5 turns the framework into an implementation roadmap. Section 6 sets out the risks, caveats and limitations. Section 7 concludes. Three appendices provide the base-case assumptions, an access decision checklist and a glossary.

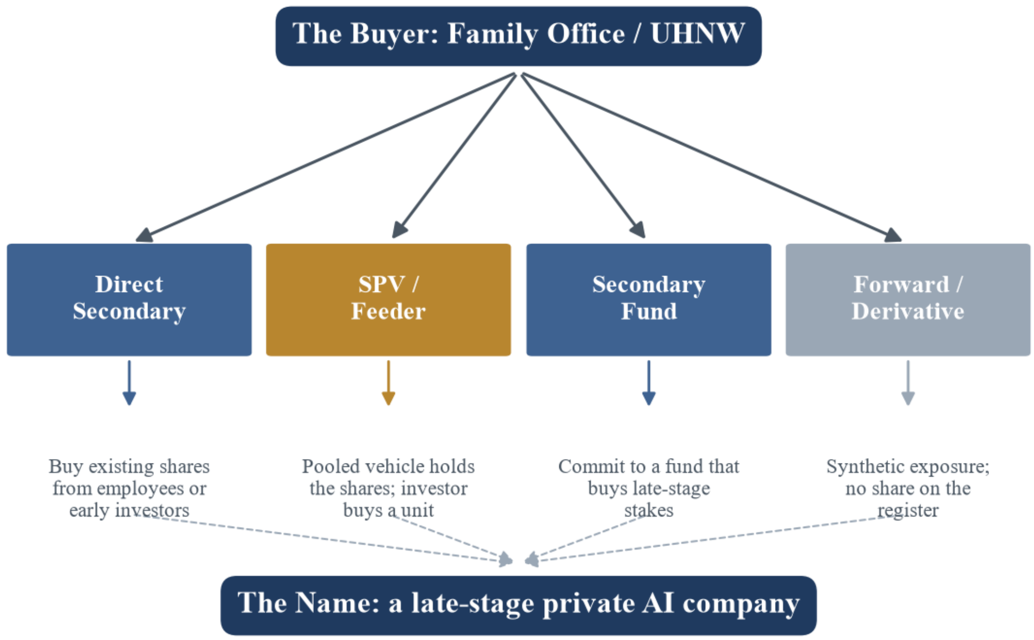

Figure 1. Access Routes from Buyer to a Late-Stage Private Name

Illustrative schematic. The same economic exposure to a single private company can be reached through several distinct routes, each differing in cost, directness, rights and exit. The framework in this paper helps an investor choose among them.

2. LITERATURE REVIEW AND PROPOSITIONS

The framework draws on four bodies of work: the literature on why companies stay private and list later; the literature on private-market secondaries and late-stage venture; the literature on the pricing of illiquidity and of private assets; and the literature on family-office and concentrated private investing. Each contributes a building block, and together they yield the propositions that the rest of the paper develops.

2.1 The Staying-Private Phenomenon and Late-Stage Venture

A now-substantial literature documents the lengthening of the private phase of a company's life. Where once a successful technology company might list within six to eight years of founding, the median age at listing has risen materially, and the share of value created before a listing has risen with it. The drivers are well rehearsed: deeper private capital pools, the regulatory and disclosure burdens of public life, the desire of founders to retain control, and the availability of private liquidity events that relieve the pressure that flotation once provided. The implication for an outside investor is direct. If a growing share of value is created while a company is private, then an allocator who can only access public markets is, by construction, excluded from that value. Access to the private phase becomes not a luxury but a condition of participating in the theme at all.

The late-stage venture literature adds a second observation. The risk profile of a company in the final years before a listing differs markedly from that of an early-stage venture. The product-market question is largely settled, the revenue base is established, and the principal residual risks are those of valuation, timing and execution rather than of survival. This matters because it means that the analytical task facing a pre-IPO investor is closer to that of a public-equity analyst pricing a richly valued growth company than to that of a venture capitalist underwriting a binary outcome. The discipline that the pre-IPO buyer most needs is therefore valuation discipline, not the early-stage skill of spotting a winner from a field of unknowns.

2.2 Private-Market Secondaries

A growing literature examines the secondary market in private assets, both the limited-partner secondary market, in which fund interests change hands, and the direct secondary market, in which shares in operating companies are bought and sold. Several findings bear on this paper. First, secondaries frequently transact at a discount to the most recent primary valuation, and the size and the sign of that discount carry information: a deep discount may reflect a motivated seller and an opportunity, or it may reflect information the buyer does not have. Second, the secondary market is intermediated and relationship-driven; access to attractive supply is itself a scarce resource, and the quality of an investor's counterparties materially shapes the quality of the deals they see. Third, the secondary market is informationally asymmetric: the seller, and often the intermediary, knows more than the buyer about why the shares are available and on what terms.

These findings frame the central practical risk of the market. The pre-IPO buyer is not principally exposed to the risk of choosing a bad company; the marquee names are, almost by definition, good companies. The buyer is exposed to the risk of buying the right company through the wrong instrument, at the wrong price, from a counterparty whose interests are not aligned with their own. The literature thus pushes the analyst's attention away from the issuer and towards the transaction.

2.3 The Pricing of Illiquidity and Private Assets

A third strand concerns how illiquid and private assets should be priced and how their returns should be interpreted. Two points are salient. The first is that illiquidity should command a premium: an investor who locks up capital for an uncertain, multi-year horizon should expect to be compensated for doing so, and an entry price that offers no such premium relative to a reasonable estimate of fair value is a poor entry price regardless of how attractive the company is. The second is that reported private marks are smoothed and lagging. A last-round valuation or a 409A appraisal is a point estimate struck at a moment in time and is not continuously updated to reflect changing conditions; treating such a mark as a current, liquid price is a category error that flatters volatility and understates risk. For the pre-IPO buyer, the practical lesson is that the reference mark is the starting point for a negotiation about price, not the price itself.

2.4 Family-Office and Concentrated Private Investing

A fourth literature examines how family offices and ultra-high-net-worth investors actually behave in private markets. The recurring themes are a tolerance for illiquidity and concentration that exceeds that of most institutions, a preference for direct and co-investment access over blind-pool funds, and a vulnerability to behavioural pitfalls, in particular the temptation to chase marquee names without a commensurate discipline on price and structure. The literature also notes that family offices frequently lack the specialist operational infrastructure, the legal, tax and custody capabilities, that the safe execution of private secondaries demands, and that they are therefore unusually dependent on the quality of their advisers and intermediaries. This dependence is precisely why a framework that makes the decision legible, and that flags where specialist help is indispensable, is valuable to this audience.

2.5 Synthesis and Propositions

Taken together, these literatures yield five propositions that the rest of the paper develops and illustrates.

- Proposition 1. Access, not selection, is the binding constraint. The marquee AI names are good companies; the difficulty for an outside investor is reaching them on acceptable terms, so the decision framework should centre on the route and the instrument, not on stock-picking.

- Proposition 2. The access route is a structural choice with first-order consequences. The direct secondary, the single-name vehicle, the secondary fund and the structured forward deliver materially different combinations of cost, directness, rights and exit, and the right choice depends on the investor's own constraints.
- Proposition 3. Diligence in this market begins with the shares, not the company. The most common and most expensive errors concern provenance, share class, price relative to stale marks, and structure, and a diligence sequence should address these before it addresses the issuer's prospects.
- Proposition 4. Price discipline relative to a properly understood reference mark is the principal source of edge. Because the names are good and the marks are lagging, the durable advantage available to a disciplined buyer lies in the entry price and in the illiquidity premium it does or does not embed.
- Proposition 5. The quality of intermediation determines the quality of access. In a relationship-driven, asymmetric market, the counterparty who sources and structures the deal shapes the outcome as much as the company does, which makes counterparty selection a core part of the framework rather than an afterthought.

3. DATA AND METHODOLOGY

This study is analytical and descriptive rather than empirical. It builds a decision framework and a set of illustrative figures designed to make the structure of the pre-IPO access decision legible; it does not estimate parameters from a dataset, and it does not present sourced market data. This section explains the framework, states what it does and does not do, and sets out the assumptions on which the figures rest.

3.1 The Access Framework

The framework has four components, corresponding to the four sequential decisions introduced in Section 1. The first is the name screen, a simple two-dimensional map that separates the durability and quality of a company's franchise from the valuation discipline available at entry, and that identifies a screen-in zone in which both are adequate. The second is the access-route map, a comparison of the principal routes against the attributes an investor should weigh. The third is the diligence sequence, an ordered stack that begins with the provenance of the shares and works through fundamentals, price, structure and exit. The fourth is the structuring and governance choice, which determines whether the exposure the investor believes they have acquired is the exposure they actually own and can later realise.

3.1a What the Framework Does and Does Not Do

It is important to be precise about scope. The framework is a tool for reasoning about an unfamiliar and intermediary-heavy market in a structured way. It helps an investor decide which questions to ask, in what order, and how to weigh the answers. It does not value any company, it does not recommend any name or route, and it does not substitute for the specialist legal, tax and custody advice that the safe execution of a pre-IPO secondary requires. The choice of an analytical and illustrative method, rather than an empirical one, is deliberate. The private secondary market is sparsely and inconsistently documented; published transaction data are partial, often stale and frequently unreliable. A framework that purported to rest on such data would convey a false precision. A transparent, illustrative framework, whose every input is labelled as a stylised assumption, is both more honest and more useful, because the reader can substitute their own facts for the illustrative ones without having to unpick a spurious empirical claim.

3.2 Assumptions and Their Justification

The stylised inputs used in the figures, the relative positioning of the access routes, the scoring of structures on each attribute, the shape of the entry-discount wedge and the placement of risks on the heat map, are calibrated to be plausible under 2026 conditions and internally consistent, not to match any particular transaction. They are intended to be directionally representative of how these routes and risks generally compare, while remaining clearly illustrative. Table 1 records the base-case assumptions and their bases, so that the reader can see exactly what stands behind each figure and can vary it.

Input	Illustrative value / basis	Used in
Universe of marquee names	8 stylised late-stage AI categories spanning frontier labs, infrastructure, applied platforms and verticals	Fig. 3
Franchise-quality scoring	Judgemental 0 to 10 scale on durability of moat, revenue quality and category leadership	Fig. 3
Entry-discipline scoring	Judgemental 0 to 10 scale on valuation headroom and discount to last mark	Figs. 2, 3
Access-route attributes	Four routes scored 0 to 10 on access ease, fee efficiency, information rights and exit liquidity	Figs. 2, 4
Entry discount wedge	Secondary entry struck at an illustrative 15 to 25 per cent below the last-round / 409A mark	Fig. 5
Implementation timeline	Mandate-to-monitoring sequence of roughly 6 to 12 months	Fig. 7
Risk positioning	Eight risks placed on a likelihood-impact grid by judgement	Fig. 8
Calibration context	2026 GCC family-office and sovereign capital active in US pre-IPO secondaries	Throughout

Table 1. Base-Case Assumptions for the Access Framework. Indicative, illustrative calibrations used to make the structure legible; not forecasts or sourced data. See Appendix A.

4. THE FRAMEWORK: NAMES, ROUTES, DILIGENCE AND STRUCTURE

This section develops the framework in the order of the four decisions. It begins with the name screen, proceeds to the access routes and the comparison among them, then sets out the diligence sequence specific to pre-IPO shares, and closes with the structuring and governance choices. Throughout, the figures are illustrative devices for reasoning, not sourced evidence.

4.1 Screening the Names

The first decision is which names belong in the screen at all. It is tempting to treat this as a stock-picking exercise, a hunt for the single company that will define the cycle. That framing is a trap. In a cohort of marquee AI names, most of the candidates are, on the merits, good companies; the category leadership, the revenue trajectory and the strategic importance that put them on the radar are real. The differentiating question is therefore not whether a company is good but whether the investor can enter it on disciplined terms. The screen must hold two dimensions in view at once: the durability and quality of the franchise, and the valuation discipline available at the point of entry.

Franchise quality, the vertical axis of the screen, captures the durability of the company's advantage: the depth of its moat, the quality and recurrence of its revenue, its position in the value chain and the credibility of its path to sustained profitability. A frontier model laboratory with a defensible technical lead and a fast-growing enterprise revenue base scores high on this axis; a promising but undifferentiated application-layer company scores lower, because its advantage is more easily competed away. Entry discipline, the horizontal axis, captures whether the investor can buy at a price that embeds a sensible margin of safety: a meaningful discount to the last round, a valuation that does not require heroic assumptions to justify, and an illiquidity premium commensurate with the lock-up. A name can be excellent on the first axis and uninvestable on the second if the only available shares are priced at or above a stretched last-round mark.

The screen-in zone, shown in Figure 3, is the region where both axes are adequate: a franchise of genuine quality available at a price that embeds discipline. Names that are high on quality but low on discipline are not rejected outright but parked, to be revisited if and when supply appears at a better price. Names that are low on quality are screened out regardless of price, because a discount on a weak franchise is not a margin of safety but a warning. The discipline the screen enforces is precisely the discipline the literature identifies as the pre-IPO buyer's principal source of edge: it refuses to let the quality of the name override the discipline of the price.

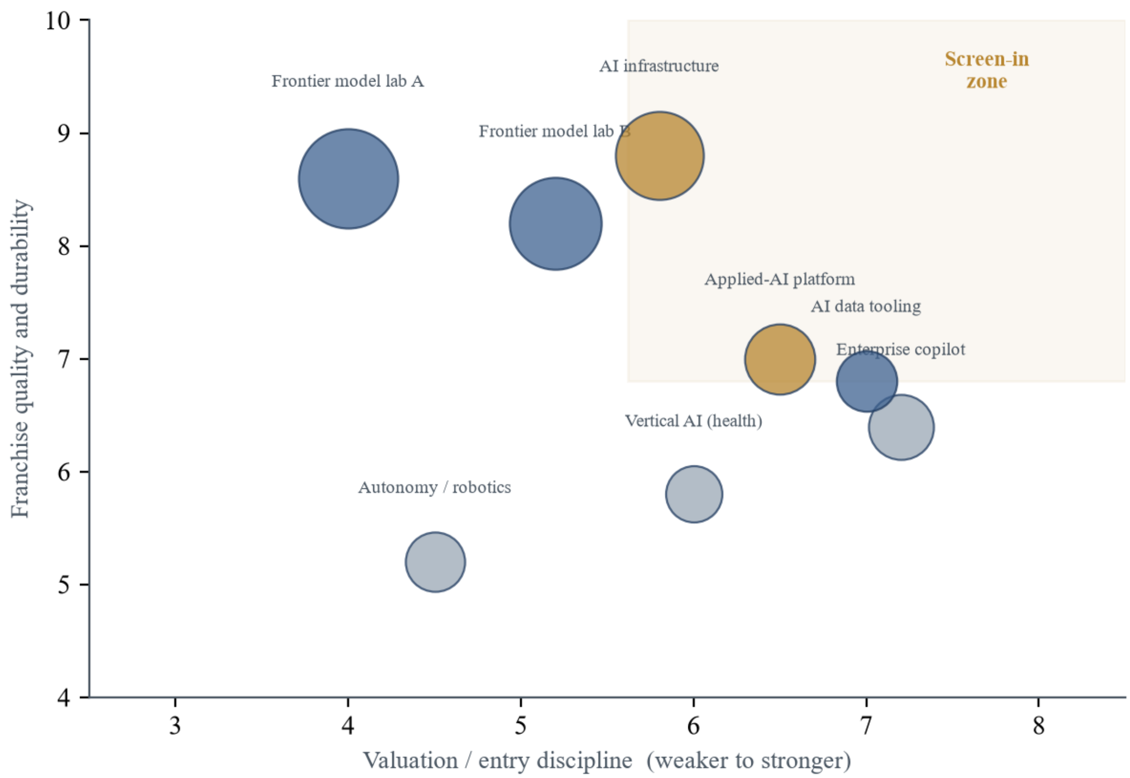

Figure 3. Name-Screening Map: Franchise Quality against Entry Discipline

Illustrative. Each bubble is a stylised late-stage AI category; bubble size denotes relative scale. The screen-in zone (upper right) holds names of genuine quality available on disciplined terms. Positions are judgemental and not based on any specific company.

4.2 The Access Routes

The second decision, and the structural heart of the framework, is which route to use to obtain the exposure. The same economic interest in the same company can be reached through several distinct routes, and they are not interchangeable. Four principal routes, with two further hybrids, span the field.

The direct secondary is the purchase of existing shares from an existing holder, typically a former employee, an early investor or a founder seeking partial liquidity. It offers the most direct exposure and, in principle, the cleanest claim, because the buyer ends up on the company's register or its equivalent. Its drawbacks are that it is the hardest route to access, since attractive supply is scarce and relationship-gated; that it requires the buyer to clear transfer restrictions and rights of first refusal; and that it places the full diligence and execution burden on the buyer. It suits a large, well-advised investor with strong intermediary relationships and the infrastructure to execute.

The single-name special-purpose vehicle is a pooled structure assembled by a sponsor to hold shares in one company, into which several investors buy units. It lowers the access barrier, because the sponsor sources the shares and clears the transfer process, and it allows a smaller investor to participate in a name that would otherwise be out of reach. Its costs are a layer of fees and a layer of separation: the investor owns a unit in a vehicle, not the shares themselves, and the rights, information and exit terms are only as good as the vehicle's documentation. The quality of the sponsor and the terms of the structure therefore matter as much as the underlying company.

The multi-name secondary fund is a blind or semi-blind pool that buys a basket of late-stage stakes across several companies. It offers diversification, professional sourcing and a single relationship in place of many, at the cost of the least direct exposure, the longest separation from the underlying shares, and a full layer of fund-level fees and carry. It suits an investor who wants exposure to the theme rather than to a specific name, and who values diversification and delegation over directness and control.

The structured forward or derivative provides synthetic exposure to a company's share price without the buyer ever holding a share. It can be the fastest and least operationally burdensome route, and in some cases the only available one, but it introduces counterparty credit risk, basis and reference-price risk, and frequently the weakest claim of all, since the investor owns a contract referencing the shares rather than the shares themselves. It suits a sophisticated investor who understands derivative risk and who values speed or discretion over a clean equity claim. Two hybrids, the pre-IPO platform marketplace and the GP-led or continuation stake, sit between these poles and are discussed where relevant.

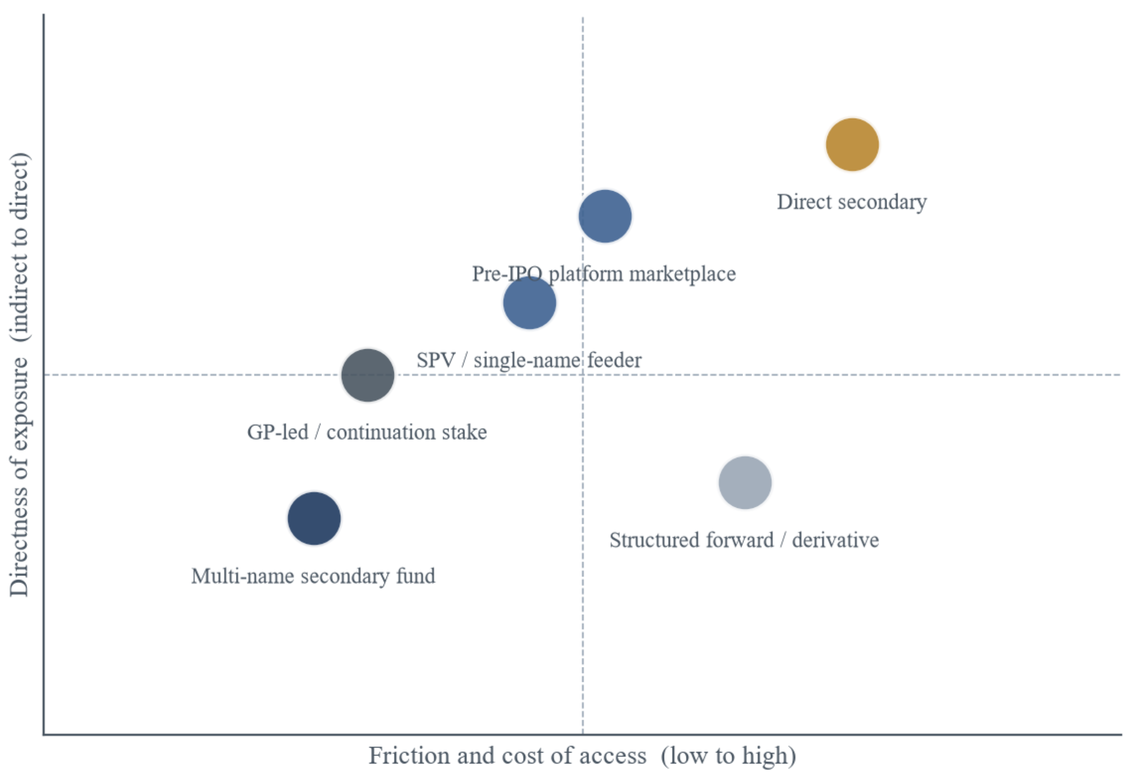

Figure 2. Access Routes by Cost of Access and Directness of Exposure

Illustrative. Routes are positioned by the friction and cost of access (horizontal) and by how directly they deliver exposure to the underlying shares (vertical). The right route depends on the investor's own constraints, not on any single best answer.

4.3 Comparing the Routes

Because the routes differ across several attributes at once, a single ranking is misleading; the right choice is the route whose profile best matches the investor's constraints. Figure 4 compares the four principal routes on four attributes that matter most: the ease of access, the efficiency of the fee load, the strength of the information and governance rights, and the liquidity available at exit. The pattern is instructive. The direct secondary scores well on fee efficiency and information rights but poorly on access ease; the secondary fund inverts that profile; the single-name vehicle sits between them; and the structured forward trades a clean claim for speed and access. No route dominates. An investor with deep relationships and strong infrastructure will rationally favour the direct route; one without them will rationally accept the fee load of a vehicle or a fund in exchange for access they could not otherwise obtain.

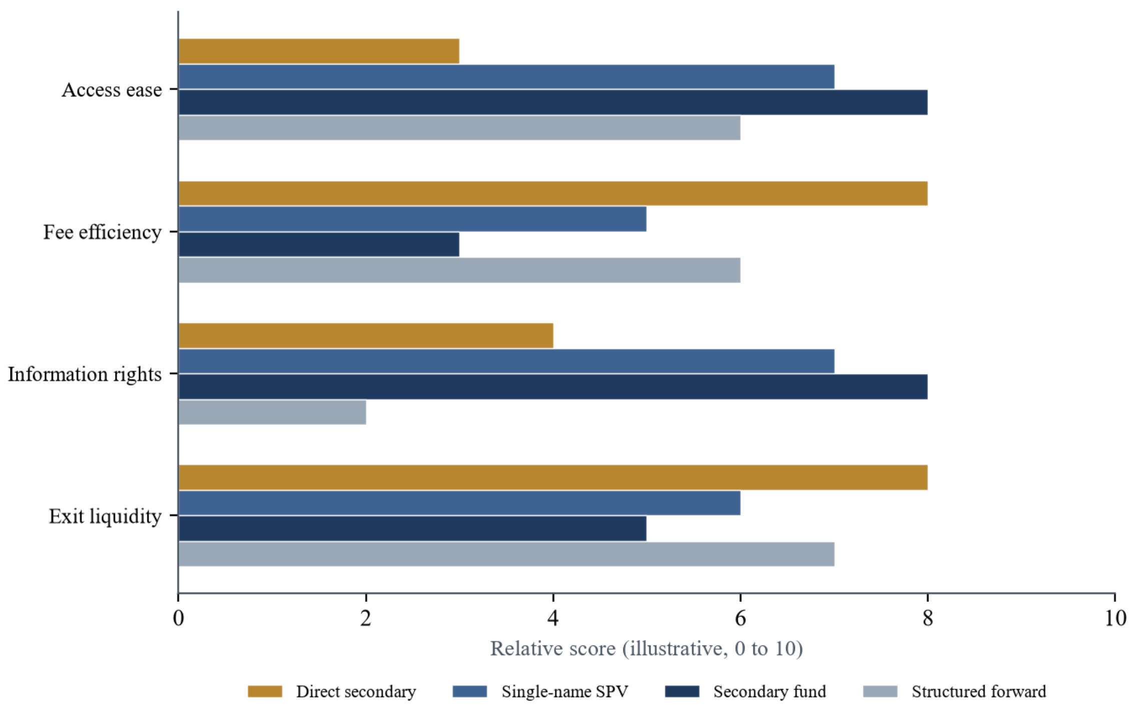

Figure 4. Structure Comparison across Four Attributes

Illustrative scoring on a 0 to 10 scale. Higher is more favourable on each attribute, including fee efficiency, where a higher score denotes lower drag. No route dominates; the right choice matches the route's profile to the investor's constraints.

The comparison also makes plain why the access route is a structural decision rather than an operational detail. The route determines not only what the investor pays but what they can see, what they can influence and how cleanly they can exit, and these differences compound over a multi-year hold. An investor who treats the route as an afterthought, choosing whichever one their first intermediary happens to offer, surrenders control over the very attributes that most affect the outcome.

4.4 The Entry Price and the Illiquidity Premium

Whatever route is chosen, the price at which the exposure is acquired is, by Proposition 4, the principal source of durable edge. The reference point for that price is the company's last-round valuation or its 409A appraisal, but, as the literature on private marks insists, that reference is a lagging point estimate, not a current price. The disciplined buyer treats it as the opening figure in a negotiation and asks two questions of any offered price: does it embed a discount to the reference mark sufficient to compensate for the information the seller holds, and does the resulting expected return embed an illiquidity premium commensurate with a multi-year, uncertain lock-up?

Figure 5 illustrates the wedge. A secondary entry struck below the prevailing mark, in the illustrative range of fifteen to twenty-five per cent, builds a margin of safety that protects the investor if the mark proves stale or the listing is delayed, and that magnifies the return if the company lists at or above its private valuation. An entry at or above the mark inverts this logic, leaving the buyer exposed to the full downside of a smoothed valuation while capping the upside. The discipline is not to insist on any particular discount, which the market may not offer, but to refuse to mistake a marquee name for a margin of safety, and to walk away when the price embeds neither a discount nor a premium.

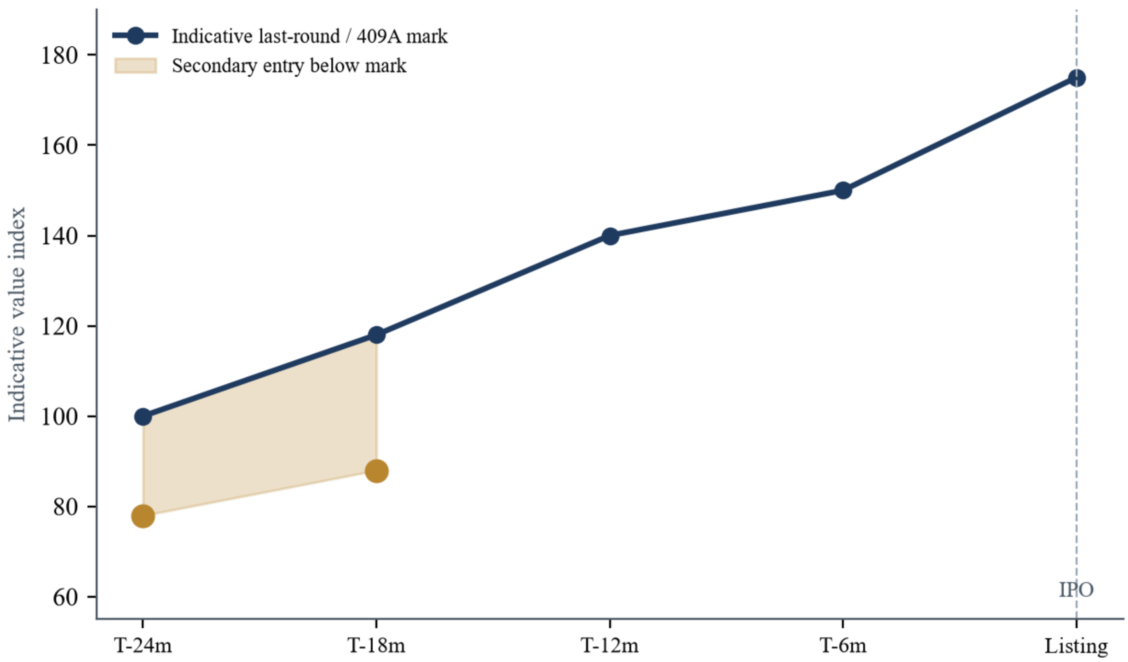

Figure 5. The Entry-Discount Wedge from Secondary to Listing

Illustrative. The gold band shows a secondary entry struck below the prevailing private mark, building a margin of safety. The path to listing and the size of any discount are stylised, not forecasts.

4.4a A Worked Illustrative Example

A simple worked example makes the entry-discipline logic concrete. The numbers are illustrative and are chosen only to show how the levers interact; they are not a recommendation and not a forecast. Suppose a marquee AI name carries a last-round mark of 100 (an index, not a currency). Three secondary offers reach the investor through different intermediaries: Offer A at a price of 100, level with the mark; Offer B at 85, a fifteen per cent discount; and Offer C at 75, a twenty-five per cent discount but in a single-name vehicle carrying a two per cent annual fee and a five per cent carry on gains. Assume, illustratively, that the company lists in three years at an index level of 150.

Offer A returns fifty per cent over three years gross, but it embeds no discount and no margin of safety: if the private mark proves stale and the company lists at 110 rather than 150, the investor barely breaks even, having borne three years of illiquidity for almost no premium. Offer B returns roughly seventy-six per cent gross on the same listing outcome, and crucially it survives a disappointing listing at 110 with a positive return, because the fifteen per cent discount cushions the downside. Offer C returns the most gross, twice the entry price before costs, but the vehicle's fees and carry erode part of that gain, and the investor must weigh the larger discount against the thinner claim and the fee drag of the structure. The example illustrates the framework's central point: the marquee name is common to all three offers, so the name is not the variable that determines the outcome. The discount, the structure and the fee load are, and the disciplined investor's task is to compare those, not to be dazzled by the company.

The example also shows why the willingness to walk away is the investor's strongest card. An investor who must deploy will accept Offer A and call it access to the theme; an investor who can decline will hold out for Offer B or C, or for no offer at all, and in doing so captures the discount that is the durable source of return. In a market where the supply of marquee names exceeds neither the demand for them nor the patience of most buyers, patience itself is an edge.

Illustrative offer	Entry price (mark = 100)	Structure	Gross return if listing at 150	Resilience if listing at 110
Offer A	100 (no discount)	Direct, no fee	50%	Marginal / break-even
Offer B	85 (15% discount)	Direct, no fee	76%	Positive
Offer C	75 (25% discount)	SPV, 2% fee + 5% carry	100% before costs	Positive after costs

Table 2. Illustrative Comparison of Three Secondary Offers on the Same Name. Stylised numbers for reasoning only; not a recommendation, a quote or a forecast.

4.5 Diligence: Beginning with the Shares

The third decision concerns diligence, and here the framework departs most sharply from intuition. The natural instinct is to begin with the company: its product, its revenue, its competitive position. But in the pre-IPO secondary market the company is usually the part of the transaction the investor understands best and worries about least. The errors that destroy value are made at the level of the instrument: shares that turn out to be encumbered, a share class with inferior rights, a price struck against a stale mark, or a structure that leaks value or confers no real claim. The diligence sequence therefore begins with the shares and works outward.

Figure 6 sets out the sequence as a stack, to be worked through in order. The first and most important layer is the provenance of the shares: who is selling, why, what class of shares they are, and whether the transfer is permitted at all. Late-stage companies routinely impose transfer restrictions, rights of first refusal and information walls, and a transaction that founders on a blocked transfer wastes the investor's time at best and their money at worst. The second layer is the company's fundamentals, addressed with the discipline appropriate to a richly valued growth company: revenue quality, model economics, cash burn, runway and governance. The third layer is price relative to reference marks, the discipline set out in the previous subsection. The fourth layer is structure and rights: the vehicle, its fees, the information rights it confers, the drag and tag provisions, and the conversion mechanics on a listing. The fifth layer is the exit and liquidity path: the probability and likely timing of a listing, the length of any lock-up, the depth of the secondary market in the interim, and the realistic holding horizon.

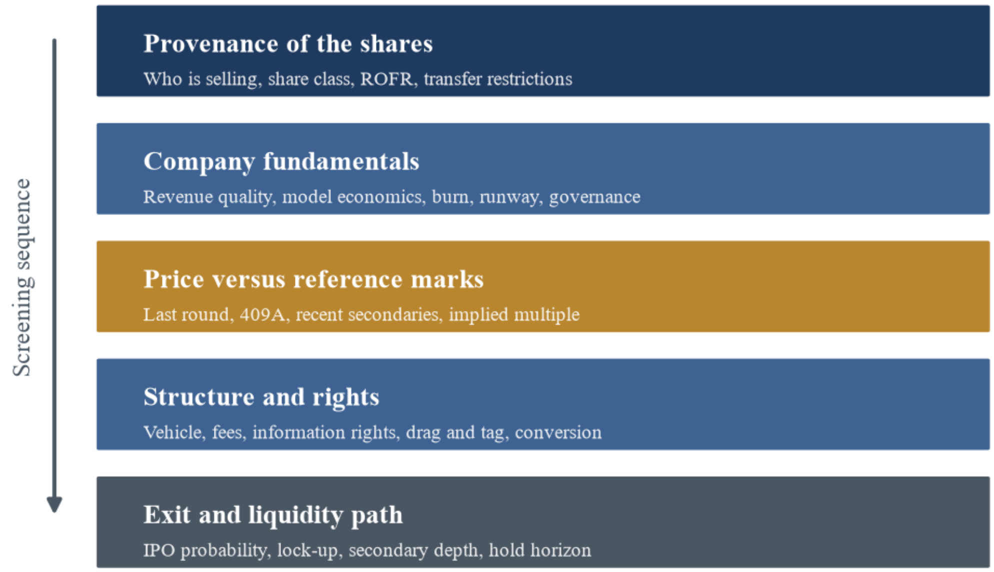

Figure 6. The Diligence Stack for Pre-IPO Secondaries

Illustrative. The sequence runs from the provenance of the shares at the top to the exit path at the bottom. In this market the most expensive errors are made at the instrument level, so diligence begins with the shares rather than the company.

The ordering of the stack is its most important feature. A buyer who begins, as most do, with the company's prospects, and only later turns to provenance and structure, risks falling in love with a name before discovering that the shares on offer are encumbered, the price is stretched or the structure is leaky. Beginning with the shares inverts this, allowing the investor to reject a defective transaction quickly and to reserve the harder work of fundamental and price analysis for transactions that have already cleared the instrument-level tests.

4.6 Structuring and Governing the Holding

The fourth and final decision concerns structure and governance: ensuring that the exposure the investor believes they have bought is the exposure they actually own, and that it can be monitored and realised. Three questions dominate. The first is the holding vehicle: whether the investor holds directly, through a dedicated single-name vehicle, or through a sponsor's structure, and what fees, information rights and control each entails. The second is the alignment and rights package: whether the structure confers information rights, pro-rata participation in follow-on rounds, and protections such as tag-along on a subsequent sale, or whether the investor is a passive and uninformed minority. The third is the marking and monitoring discipline: how the holding will be valued between entry and exit, given that no continuous price exists, and how the investor will avoid both the complacency of carrying a stale mark and the false precision of marking to thin secondary prints.

For a family office in particular, this decision is where the dependence on specialist infrastructure is most acute. The legal review of the vehicle's documents, the tax analysis of the holding structure, the custody and title arrangements, and the ongoing administration are specialist tasks that the literature identifies as commonly beyond a family office's in-house capability. The framework's counsel here is simple and emphatic: the structuring and governance of a pre-IPO holding is not a place to economise on advice. A small saving on legal and structuring fees at entry is trivial against the cost of discovering, at exit, that the claim is weaker, the rights thinner or the tax treatment worse than assumed.

4.7 Putting the Four Decisions Together

The four decisions are sequential but interdependent. The name screen identifies candidates; the access-route choice determines how they can be reached and on what terms; the diligence sequence tests the specific shares on offer; and the structuring choice fixes the exposure and its governance. A failure at any stage undermines the others: a perfectly screened name reached through a leaky structure delivers less than the screen promised, and a well-structured holding of a poorly diligenced share delivers a clean claim on an impaired asset. The discipline the framework imposes is to make each decision deliberately and in order, rather than allowing the first intermediary's first offer to make all four decisions implicitly and at once.

4.8 Selecting the Intermediary

Proposition 5 holds that the quality of intermediation determines the quality of access, and it deserves its own treatment because it is the part of the framework most often neglected. In a relationship-driven and informationally asymmetric market, the broker, investment banker or platform who sources and structures a transaction is not a neutral conduit. They shape the supply the investor sees, the order in which they see it, the terms on which it is offered and the structure through which it is delivered. Two investors of equal sophistication can obtain materially different outcomes purely as a function of the counterparties they work through, and the difference is rarely visible at the moment of transacting; it surfaces later, in a thinner claim, a higher fee load or a transaction that should never have been shown.

The framework therefore treats intermediary selection as a deliberate decision with its own criteria. The first is alignment: how the intermediary is paid, whether their incentive is to move inventory or to serve the investor's interest, and whether they sit on the same side of the table or the other. The second is access: the genuine quality and breadth of the supply the intermediary can reach, as distinct from the supply they happen to be holding. The third is execution capability: whether the intermediary can actually clear transfer restrictions, structure a sound vehicle and document a clean claim, or whether they are a finder who passes those burdens back to the investor. The fourth is track record and reputation, which in a lightly documented market is often the best available proxy for the first three. An investor who selects intermediaries against these criteria, rather than transacting with whoever calls first, converts the asymmetry of the market from a hazard into a manageable variable.

For the intermediaries who form the second audience of this paper, the brokers, investment bankers and platforms active in United States pre-IPO secondaries, the same analysis read in reverse describes how to be the counterparty a discerning investor chooses: by aligning incentives transparently, by sourcing genuine rather than convenient supply, by building real execution and structuring capability, and by treating reputation as the asset it is in a repeat-play market. The deal-flow and co-broking network that links these intermediaries is itself a piece of market infrastructure, and its quality shapes the access available to the end investor.

4.9 The Decision in a Gulf Family-Office Context

For the Gulf-based allocator to whom this paper is principally addressed, the framework lands in a specific and favourable context. Gulf family offices and sovereign-linked investors enter the pre-IPO AI market with three structural advantages. They command long-horizon, dollar-denominated capital that is well matched to multi-year, illiquid holds and that is unburdened by the dollar-funding mismatch a non-dollar investor would face. They have, in many cases, the scale to access the direct and single-name routes that smaller investors cannot reach. And they have a growing network of intermediaries, the brokers, investment bankers and platforms of the second audience for this paper, who increasingly source United States pre-IPO supply for Gulf capital. The framework's value to this investor is to convert those advantages into disciplined outcomes: to ensure that scale buys directness rather than merely access, that long horizons are paired with entry discipline rather than used to excuse a stretched price, and that the quality of intermediation is treated as a variable to be selected rather than a constraint to be accepted.

5. IMPLEMENTATION: A SIX-TO-TWELVE-MONTH ROADMAP

This section turns the framework into an ordered, practical sequence. The roadmap assumes an investor moving from a standing start, with a mandate to build pre-IPO AI exposure but without an existing pipeline, and it runs over roughly six to twelve months from mandate to first close and into ongoing monitoring. The phases overlap, as Figure 7 shows, but the logic is sequential: each phase depends on the decisions made in the one before.

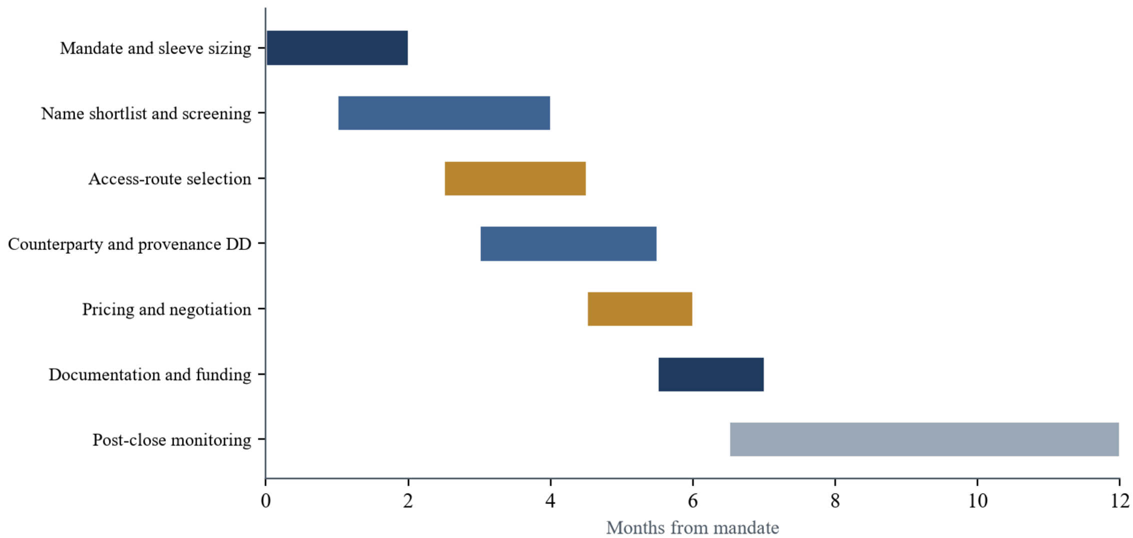

Figure 7. Illustrative Implementation Roadmap

Illustrative timeline in months from mandate. Phases overlap but follow a logical sequence from sizing and screening through access-route selection, diligence, pricing and documentation to ongoing monitoring.

5.1 Mandate and Sleeve Sizing

The first phase fixes the boundaries of the exercise before any name is considered. It sets the total capital allocated to pre-IPO AI exposure as a sleeve within the broader portfolio, the maximum position in any single name, the acceptable holding horizon, and the liquidity the investor is willing to surrender. These constraints are not bureaucratic; they are the inputs that make every later decision tractable. An investor who has not decided how much illiquidity they can bear, or how concentrated they are willing to become, cannot rationally choose between a direct secondary and a diversified fund, because the choice depends precisely on those tolerances.

5.2 Name Shortlist and Screening

The second phase applies the name screen of Section 4.1 to assemble a shortlist. The output is not a single pick but a ranked set of candidates, each placed on the quality-against-discipline map, with the screen-in names prioritised and the high-quality but expensive names parked for later. This phase is deliberately separated from the search for supply, because conflating the two, screening only the names for which shares happen to be available, lets the intermediary's inventory drive the portfolio rather than the investor's judgement.

5.3 Access-Route Selection

The third phase matches each shortlisted name to an access route using the comparison of Section 4.3. For some names a direct secondary will be reachable; for others only a vehicle or a fund will provide access; for a few only a synthetic route may be available. The output is a route plan that pairs each target with the route best suited to the investor's constraints and to what the market actually offers for that name. This is also the phase in which the investor selects and engages intermediaries, applying Proposition 5: the brokers, bankers and platforms chosen here will shape the supply the investor sees and the terms on which they see it.

5.4 Counterparty and Provenance Diligence

The fourth phase begins the diligence stack at its foundation. Before any fundamental or price analysis, the investor establishes the provenance of the specific shares on offer: the identity and motivation of the seller, the class and rights of the shares, and whether the transfer is permitted under the company's restrictions and rights of first refusal. This phase frequently eliminates transactions that looked attractive on the surface, and doing so early, before time and money are sunk into fundamental analysis, is one of the principal efficiencies the ordered sequence delivers.

5.5 Pricing and Negotiation

The fifth phase applies the fundamental, price and structure layers of the diligence stack to the transactions that have cleared provenance, and it negotiates the entry. The discipline of Section 4.4 governs: the reference mark is the opening figure, the target is an entry that embeds both a discount and an illiquidity premium, and the willingness to walk away is the investor's strongest card. This phase is where the durable edge identified in the literature is captured or surrendered.

5.6 Documentation and Funding

The sixth phase executes the structuring and governance decisions of Section 4.6: the legal review of the vehicle and the share documentation, the tax and custody analysis, the negotiation of information and protective rights, and the funding of the purchase. This is the phase in which specialist advice is indispensable, and in which the investor ensures that the exposure documented matches the exposure intended.

5.7 Post-Close Monitoring

The final and longest phase runs from close to exit. It comprises a disciplined marking policy that neither carries a stale entry price indefinitely nor over-reacts to thin secondary prints; the monitoring of company fundamentals and of the probability and likely timing of a listing; the management of follow-on rights; and the preparation of an exit plan against the eventual listing or secondary sale. The phase is where a multi-year holding is actually managed, and where the governance discipline established at entry either holds or decays.

5.8 Common Pitfalls and How the Roadmap Avoids Them

The roadmap is designed to forestall the errors the literature and practice identify as most common. The temptation to let an intermediary's inventory drive the portfolio is checked by separating screening from the search for supply. The temptation to fall in love with a name before testing the shares is checked by beginning diligence with provenance. The temptation to overpay for a marquee company is checked by the entry-discipline rule. The temptation to economise on structuring advice is checked by treating documentation and funding as a distinct, specialist-led phase. And the temptation to set a holding and forget it is checked by an explicit, ongoing monitoring discipline. None of these checks is exotic; the value of the roadmap lies in sequencing them so that each error is caught at the cheapest possible point.

6. RISKS, CAVEATS AND LIMITATIONS

A framework of this kind is only as useful as the honesty with which its limits are stated. This section sets out the principal risks of operating in the pre-IPO secondary market and the limitations of the framework itself.

6.1 The Limits of an Illustrative Framework

The framework is analytical and its figures are illustrative. They are devices for reasoning, calibrated to be plausible and internally consistent, not measurements of any actual market. The positioning of routes, the scoring of structures, the size of the entry discount and the placement of risks are judgemental, and a reader who substitutes their own facts will and should reach different specific conclusions. The framework's claim is to the structure of the decision, not to any of its illustrative numbers.

6.2 Market and Valuation Risk

The dominant risk in this market is that the buyer pays a full price for a stale mark. Private valuations are smoothed and lagging, and a secondary struck against a last-round mark that the public market would no longer support exposes the buyer to a sharp downward revaluation, whether at a subsequent round, at listing or at a later secondary. The AI cohort intensifies this risk, because the speed of revaluation in the sector, in both directions, can outpace the cadence at which private marks are refreshed. The entry-discipline rule of Section 4.4 mitigates but cannot eliminate this risk.

6.3 Liquidity, Timing and Concentration Risk

Pre-IPO holdings are illiquid for an uncertain and potentially long period. A listing that is widely expected may be delayed for years or abandoned, and the secondary market that exists in the interim is thin, intermittent and itself priced at uncertain discounts. An investor who needs liquidity on a fixed horizon should not be in this market. Concentration compounds the risk: the marquee-name appetite that draws investors to the theme tempts them towards positions that are large relative to the portfolio in a single illiquid, binary-on-listing asset. The sleeve-sizing discipline of Section 5.1 is the principal defence.

6.4 Information, Counterparty and Structural Risk

The market is informationally asymmetric: the seller and often the intermediary know more than the buyer about why the shares are available and on what terms. This asymmetry manifests as adverse selection, the risk that the shares most readily available are those the better-informed are most willing to sell. It also manifests as counterparty risk in the synthetic routes, where the investor holds a contract rather than a share, and as structural risk in vehicles whose documentation may confer thinner rights, higher fees or a weaker claim than the investor assumes. The diligence sequence of Section 4.5 and the structuring discipline of Section 4.6 address these risks but depend on specialist execution to do so.

6.5 Regulatory, Tax and Cross-Border Risk

Pre-IPO secondaries cross jurisdictions, securities regimes and tax boundaries, and a Gulf investor buying United States private shares through an intermediated structure sits at the intersection of several. Transfer restrictions, securities-law constraints on resale, withholding and other tax consequences, and the enforceability of rights across borders are all material and all specialist. The framework flags these as requiring dedicated advice; it does not and cannot resolve them, and nothing in it should be read as legal or tax guidance.

6.6 Scope and Suitability

This paper is an orientation and decision tool for a specific and sophisticated audience: investors with the capital, horizon and risk tolerance for concentrated, illiquid private holdings, and the intermediaries who serve them. It is not suitable for investors who need liquidity, who cannot bear concentration, or who lack access to the specialist legal, tax and custody advice the market demands. It is not investment advice, it recommends no security, route or structure, and the suitability of any pre-IPO exposure for any particular investor can be assessed only by that investor and their advisers.

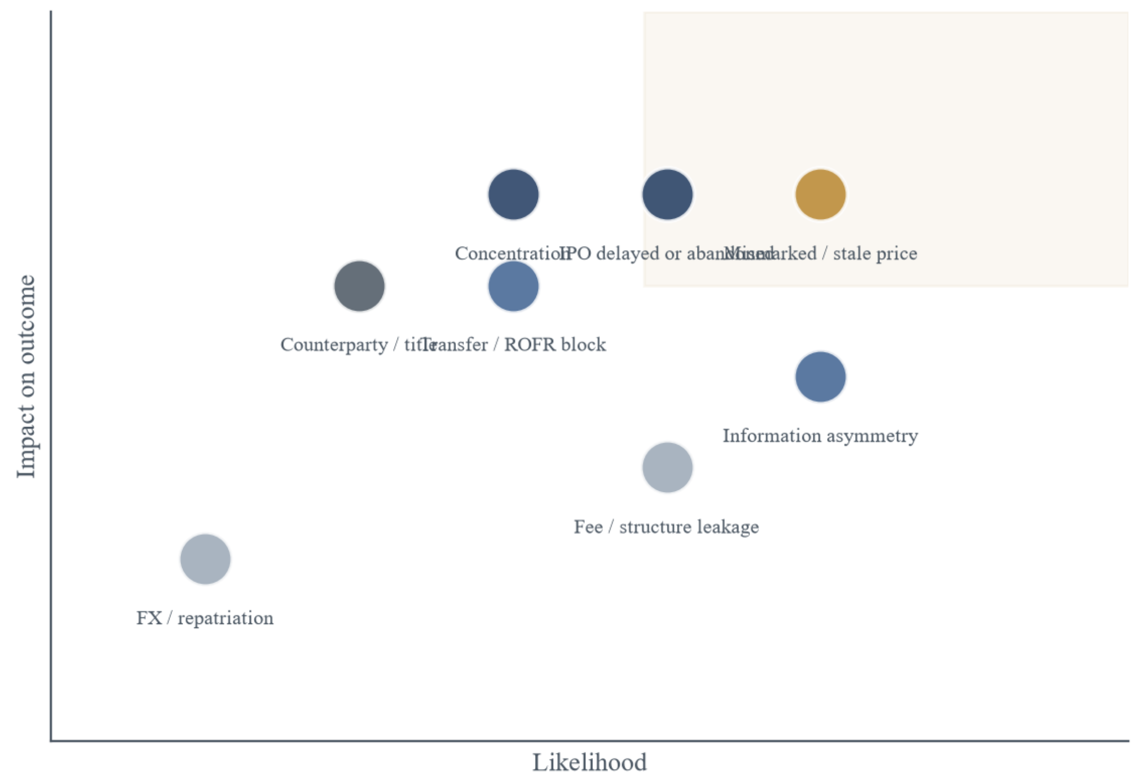

Figure 8. Illustrative Risk Heat Map

Illustrative. Risks are placed by judgement on a likelihood-against-impact grid; the upper-right region holds the risks that most warrant mitigation. Positions are stylised and not derived from data.

7. CONCLUSION

The defining companies of the artificial-intelligence cycle are staying private, and for an investor who wishes to own them the binding constraint is access rather than selection. This paper has argued that the access problem, far from being an impenetrable mystery, can be reduced to four sequential and tractable decisions: which names to screen in, which route to use, how to diligence the specific shares, and how to structure and govern the holding. The marquee names are, for the most part, good companies; the edge available to a disciplined buyer lies not in picking them but in reaching them on the right terms, at a price that embeds a margin of safety, through an instrument that confers a clean claim, sourced through an intermediary whose interests are aligned.

The framework's central counsel is to make each of the four decisions deliberately and in order, rather than allowing the first intermediary's first offer to make all four at once. Begin with a screen that holds franchise quality and entry discipline in view together. Choose the access route that matches the investor's own constraints rather than the one most readily offered. Diligence the shares before the company, because the most expensive errors are made at the level of the instrument. And structure the holding with specialist care, because the exposure that is documented is the exposure the investor truly owns. For the Gulf-based family office or sovereign-linked investor with long-horizon dollar capital and growing access to United States supply, this discipline converts a structural advantage into a durable one. The opportunity to own the AI cycle before it reaches the public market is real; capturing it well is a matter of process, and the process is the subject of this paper.

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Chennakeshav (CK) Adya is an independent researcher and corporate-finance practitioner with more than twenty-five years of experience as both an operator and an investor across capital markets, private capital and cross-border transactions. His research focuses on capital structure, private markets, and the financing and development of high-growth ecosystems in the Gulf and beyond. He writes to make the structure of unfamiliar markets legible to international investors, combining a practitioner's view of how capital is actually raised and deployed with the discipline of a structured, evidence-aware framework.

APPENDIX A. BASE-CASE ASSUMPTIONS

The following assumptions underpin the illustrative figures. They are stylised calibrations chosen to be plausible and internally consistent under 2026 Gulf Cooperation Council conditions, not sourced data or forecasts. A reader may substitute their own facts without disturbing the structure of the framework.

Parameter	Illustrative basis
Name universe	8 stylised late-stage AI categories, not specific companies
Franchise-quality axis	0 to 10, judgemental, on moat, revenue quality, leadership
Entry-discipline axis	0 to 10, judgemental, on valuation headroom and discount
Access routes compared	Direct secondary, single-name SPV, secondary fund, structured forward

Route attribute scoring	0 to 10 on access ease, fee efficiency, information rights, exit liquidity
Entry discount	15 to 25 per cent below the last-round / 409A mark
Holding horizon	Multi-year, typically 2 to 5 years to listing or secondary exit
Implementation timeline	Roughly 6 to 12 months from mandate to first close
Investor profile	GCC family office / UHNW with long-horizon dollar capital

All values are illustrative and for reasoning only; none is sourced or a forecast.

APPENDIX B. ACCESS DECISION CHECKLIST

- Mandate: Is the pre-IPO AI sleeve sized, with a single-name ceiling and an acceptable holding horizon, before any name is considered?
- Screen: Does the name sit in the screen-in zone, adequate on both franchise quality and entry discipline, rather than chosen on quality alone?
- Route: Has the access route been chosen to match the investor's own constraints, rather than accepted because it was the one offered?
- Provenance: Is the seller's identity and motivation known, the share class and its rights confirmed, and the transfer permitted under restrictions and rights of first refusal?
- Fundamentals: Have the company's revenue quality, economics, burn and runway been tested with the discipline due a richly valued growth company?
- Price: Does the entry embed a discount to the reference mark and an illiquidity premium commensurate with the lock-up, or is the investor prepared to walk away?
- Structure: Have the vehicle, fees, information rights, drag and tag provisions and conversion mechanics been reviewed by specialist counsel?
- Exit: Are the probability and likely timing of a listing, the lock-up, the interim secondary depth and the realistic holding horizon understood?
- Counterparty: Has the intermediary been selected for alignment and quality, not merely for the supply they happen to hold?
- Monitoring: Is there a marking policy and an ongoing monitoring plan that neither carries a stale price nor over-reacts to thin prints?

APPENDIX C. GLOSSARY OF KEY TERMS

Pre-IPO secondary. A purchase of existing shares in a private company ahead of its public listing, from an existing holder rather than from the company itself.

Direct secondary. Acquisition of shares directly from an existing holder, placing the buyer on the company's register or its equivalent.

Special-purpose vehicle (SPV). A vehicle assembled to hold shares in one or more companies, into which investors buy units rather than holding the shares directly.

Secondary fund. A pooled, often blind, vehicle that buys a basket of late-stage private stakes, offering diversification and delegated sourcing.

Structured forward. A derivative providing synthetic exposure to a company's share price without the holder owning the underlying shares.

409A valuation. An independent appraisal of a private company's common-share value, used for tax purposes and as a lagging reference mark.

Right of first refusal (ROFR). A contractual right allowing the company or existing holders to match or block a proposed transfer of shares.

Illiquidity premium. The additional expected return an investor should require for committing capital to an asset that cannot be readily sold.

Lock-up. A period after a listing during which existing shareholders are restricted from selling their shares.

Screen-in zone. In this paper, the region of the name-screening map where a company is adequate on both franchise quality and entry discipline.