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The Evergreen Evolution

The growth of evergreen funds, perpetual capital, and private wealth investment in private markets

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- A significant shift toward evergreen fund structures in private markets is underway, driven by LP and GP demand. Managers are looking to broaden their investor base, take advantage of permanent capital partnerships via insurance arms and joint ventures, and provide simpler solutions for LPs, moving away from traditional finite-life fund models for AUM growth.

- The private wealth channel, with an estimated $450 trillion in net assets, has historically had limited access through drawdown funds. There is likely to be trillions of new capital flowing from the channel over the coming decade.

- There have been more than 200 fund launches since the start of 2019 targeting the private wealth opportunity set, and we have tracked nearly $400 billion managed in these fund structures today.

- Large, name-brand GPs are emerging as the primary beneficiaries in creating distribution channels for private wealth. These established firms leverage their resources and brand recognition to capture a significant portion of the market. However, technology platforms have launched to provide solutions for smaller-scale managers to access private wealth.

Introduction

The playbook of many private capital firms has been largely the same since the market's early modernization in the 1960s. An investment firm will typically form a limited partnership, themselves becoming the GPs and managers, and recruit investors—that is, LPs—to commit capital to the fund vehicle. The fund will then call down that capital over a few years as investment opportunities arise, and the GP will manage the portfolio, eventually seek exits for the investments, and distribute the proceeds back to the fund's LPs until the fund is liquidated. Typically, that all takes place in a 10- to 12-year time frame, with the GP raising new funds every three to five years to keep a fresh stock of dry powder at the ready.

Regulations in the US that were formed by the Securities Act of 1933—and followed up in 1982 with the Security and Exchange Commission's (SEC) Regulation D—ensured that private fund offerings were hard to access, predominantly to protect ordinary people from the perils and illiquidity of these sophisticated and presumed-to-be riskier investment products.[1] High investment minimums and low accessibility have meant that private funds' LP bases have principally been made up of investors with large pools of capital, namely pensions, endowments, financial firms, and other so-called "institutional investors." For nearly everyone else, investment options were limited to stocks, bonds, and cash.

The playbook is now getting rewritten. The tailwind of large institutions allocating more and more capital to private markets has become a gentle breeze. Many of these LPs have come up against their exposure limits for the asset class, resulting in a pullback in fund commitments. That has led the industry to seek new ways to broaden the investor base. Plus, a growing emphasis on fee-related earnings from GP stakes and public market investors has incentivized firms to diversify their product offerings and adopt a pseudo-subscription model. Meanwhile, innovative technologies have unlocked GPs' abilities to manage funds with larger numbers of LPs, more dynamic liquidity features, and without the need for a mandated finite life. The relatively untapped potential of the private wealth channel has provided the fuel for this structural shift to take off, slowly at first but now accelerating.

While not new, a growing share of private market investment is being allocated to evergreen and open-ended fund structures. These help GPs avoid the lumpiness of sporadic fund launches and inopportune end-of-life liquidations in the traditional drawdown/finite-life structure. For LPs, these funds provide a simpler way to manage private market allocations and, by gaining full allocation from the subscription date to redemption, more exposure to the benefits of compounding returns. That translates to a more efficient offering for private wealth advisors relative to drawdown funds when managing an array of investor portfolios. Institutional investors have had access to these structures for decades, mainly in real estate and infrastructure strategies, but fund launches targeted at individual investors have increased considerably over the last several years, providing access to private markets and other alternative investments.

1: You can read more about US regulations regarding private fund retail investors in our 2021 PitchBook Analyst Note: Access Points for the Masses.

The shift is less revolution and more evolution. The largest private asset managers of yesterday have become the leaders in leveraging their platforms, brands, and scale to bring new products to market to meet the needs of a diversifying private market investor base. This structural move is just getting underway, and it represents the next era of modernization for the investment industry as part of the broader convergence of public and private markets.[2]

The rise of perpetual capital

The growth of private markets has mostly occurred by using the traditional PE drawdown, finite-life fund structure. They have had the advantages of a relatively long-term horizon, typically 10+ years, and the control it affords the GP managing the portfolio. Investors wanting to come and go from a fund can be disruptive to a portfolio of illiquid investments, so a GP that controls when assets are bought and sold is imperative. The drawdown fund has been a staple of the industry since its mid-twentieth century origins, and we estimate there are about $15 trillion in assets under management (AUM) held in such vehicles, with expansion to $20 trillion to $25 trillion possible over the next five years.

Evergreen funds have been around nearly as long as drawdown vehicles, but without the growth the latter have had. Because evergreen vehicles typically allow the LP some limited ability to redeem from the fund, this structure has historically been more appropriate for income-producing assets such as core real estate and debt. A GP can satisfy a limited amount of redemptions with the cash generated from these assets instead of being forced to sell something in unfavorable market conditions. Some of the earliest institutional evergreen LP funds became the foundation of National Council of Real Estate Investment Fiduciaries index products with returns data dating back to the late 1970s and early 1980s for commercial real estate and agricultural land. The bulk of evergreen LP fund AUM today, which we estimate at around $1 trillion, is still in income-producing strategies, with infrastructure and private credit having been added to the menu over time. Meanwhile, the stalwart private market strategies of PE and VC, with their much less liquid nature, have been little represented by evergreen products other than through feeder funds. That is changing, however, as secondaries and co-investment strategies mature, providing new ways to build and manage portfolios with liquidity features.

A note on terminology

The language around these structures is somewhat fluid. We are generally using "evergreen," "perpetual capital," and "semi-liquid" interchangeably. Unlike SEC-defined structures such as interval funds, business development companies (BDCs), or real estate investment trusts (REITs), no overarching term appears to be industry standard. In general, we are discussing funds that allow investors to buy in at periodic intervals, have some provision for intermittent liquidity, and/or have no predetermined end. Some are formed as limited partnerships and referred to as "evergreen LP" funds. Generally, these types of funds can operate indefinitely by recycling capital into new deals instead of distributing the capital to LPs. However, that does not mean these funds always go on forever. BDCs, for example, will often list on public exchanges after spending several years as private funds. We will refer to the traditional closed-end, finite-life, drawdown structures as "drawdown" funds to simplify the writing.

Notable evergreen LP funds

Fund	Manager	Primary strategy	Total fund size ($B)	Inception date
JP Morgan Infrastructure Investments Fund	JP Morgan	Infrastructure	$37.7	July 1, 2006
Morgan Stanley Real Estate Prime Property Fund	Morgan Stanley	Real estate	$30.0	August 1, 1973
Sequoia Capital Fund	Sequoia Capital	Recent IPOs & VC FoF	$23.4	January 1, 2021
Blackstone Property Partners	Blackstone	Real estate	$14.6	October 30, 2014
Brookfield Super-Core Infrastructure Partners	Brookfield	Infrastructure	$9.1	August 3, 2018

Source: PitchBook • Geography: Global • As of July 31, 2024

2: "Investors First: The Convergence of Public and Private Markets," Morningstar, Kunal Kapoor, Nizar Tarhuni, and Brian Moriarty, September 20, 2024.

Evergreen funds hold several distinct advantages for LPs over their closed-end, drawdown counterparts—from a portfolio management standpoint as well as potentially from a return perspective. First, building an allocation in private markets using drawdown funds is tricky. Commitments are made up front, but the LP has no real control over their deployment. The GP can wait for investment opportunities and pounce at favorable times. GPs will typically take a few years to fully invest a fund because sourcing, negotiating, and closing private deals is a time-consuming process. Plus, managing the portfolio as it grows is bandwidth intensive. The LP often has little warning that the GP is planning to make an investment and call down capital. Similarly, GPs generate cash distributions at irregular intervals. That means the LP is perpetually left on the hook to manage the cash on deck for future capital calls and coming back from distributions. A portion of an LP's commitment must be held waiting, often in safe, highly liquid assets, and cash received from distributions must be reinvested. These issues are an open secret often ignored when evaluating fund performance.

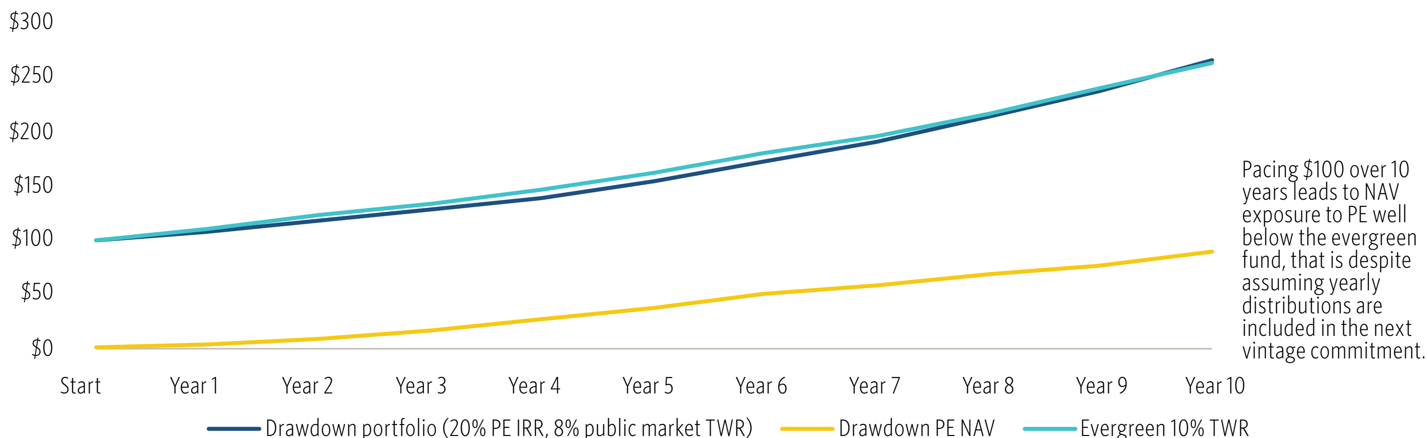
Secondly, the path of a fund's NAV is highly uncertain, not just because of returns generated, but also because of the timing of capital calls and distributions, making commitment pacing a challenge. Attempting to hit an allocation target becomes a long-horizon, cash-flow forecasting problem, one that we try to help solve with data, but all prediction tools are flawed.

Enter evergreen funds. An investor will buy in at NAV, providing point-in-time exposure to the fund assets at the exact amount that the LP chooses to allocate. The capital can stay invested and then redeemed at specified periodic intervals. The LP often gets exposure to a seasoned portfolio of diversified assets, and that exposure can then compound. It resembles a mutual fund in many respects, but with the caveats of private markets: The investment is much more illiquid, has higher fees, and has limited transparency of the underlying holdings.

The effects of compounding are material and make return comparisons with traditional drawdown funds apples-to-oranges. Evergreen can be measured via time-weighted return (TWR), versus PE funds, which are measured via money-weighted IRRs. The high IRRs that private capital has historically generated can be misleading, given the reinvestment problem.

Take, for example, a starting LP portfolio of $100 tracked over ten years. A 20.0% IRR for a PE drawdown fund portfolio—where each year a commitment is made and uncalled capital is invested at an 8.0% return in public markets—translates to a 10.0% equivalent TWR all-in. In other words, an evergreen fund that generates a greater than 10% annual return is equivalent or better from a total-portfolio-value perspective than a drawdown fund portfolio that generates a 20.0% IRR over a 10-year horizon. Plus, pacing commitments over the 10-year horizon means that PE NAV exposure in the drawdown portfolio is much lower than in the evergreen fund portfolio, even when adding yearly distributions to subsequent vintage commitments. In this highly simplified hypothetical, that means much of the drawdown fund portfolio's returns and exposures are actually in public markets, and that is only if one could move money to and from stocks and bonds at will.

Hypothetical example of portfolio with drawdown vs. evergreen funds



Source: PitchBook

Despite the advantages, there are several drawbacks to evergreen funds LPs should be aware of. As the commonly used moniker "semi-liquid" implies, these funds often face liquidity constraints, including infrequent repurchase schedules, early redemption fees, and potential suspension of redemptions, which can limit investors' ability to access their capital. The challenge of efficiently deploying capital can lead to cash drag within the funds themselves, as some portion of the fund is usually allocated to public, liquid securities. Valuation uncertainty is another concern, as the constant raising and redeeming of capital may result in unfavorable purchases or redemptions if NAVs are mispriced. Those marks are also used for performance and management fees that investors pay the GP, and investors could be paying fees on unrealized gains that are later wiped out. Finally, the ability to enter and exit more frequently may encourage market timing attempts, which can be challenging in all markets but even more so in illiquid ones. Given these considerations, investors should thoroughly understand the specific terms and structure of an evergreen fund and how it aligns with their overall investment strategy before committing capital.

From the GP perspective, perpetual capital is often referred to as the holy grail for alternative-asset managers. A big reason: GPs get a break from the serial fundraising model that has prevailed to date. At a time of crowded fundraising conditions, an evergreen vehicle relieves the burden of continually seeking new capital from the same institutional investors. With the drawdown fund model, GPs are often in a constant cycle of raising new funds, one after the other, with added pressure for each to be bigger than the last to avoid reputational damage. Fund flows and fee streams are episodic and prone to wild swings as a result. Ironically, GPs become victims of their own success should they exit holdings and wind down funds ahead of schedule, since that reduces fee-earning AUM.[3] The tough recent exit market has led GPs to seek potentially less attractive liquidity solutions such as continuation funds and NAV loans.

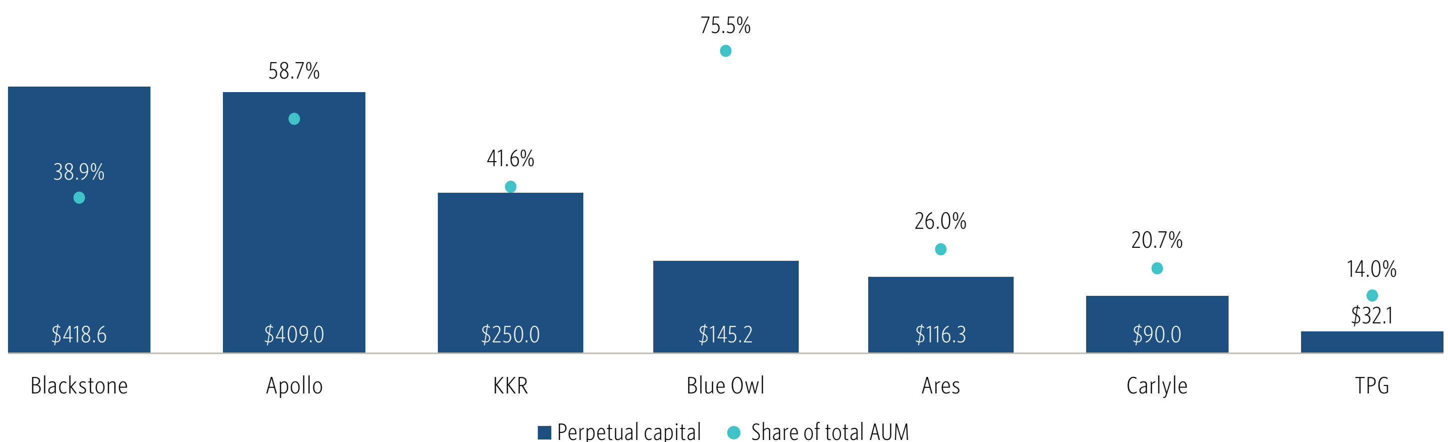
By contrast, once money is raised for an evergreen fund, fees have no end in sight, and there is no deadline for returning money to investors. Management fees along

3: You can learn more about private fund fees in our PitchBook Analyst Note: The Fine Print: Unraveling Fund Fees and Terms.

with performance-related fees can grow over time as AUM rises. Meanwhile, the reduced friction from raising capital on a continuous basis with fewer funds, as well as starts and stops in marketing, translates to lower expenses and higher operating margins for the GP franchise. The growth of the GP stakes market—and the move to publicly list themselves in the case of some of the largest firms—has incentivized managers to smooth their earnings profiles.

On the institutional side, permanent capital is now being deployed in conjunction with insurance arms in which managers have stakes or have acquired outright. There is also interest in the traditional LP base for evergreen funds to fill in private market allocations with easier-to-manage structures. These institutions often provide the seed or anchor capital for new launches.[4] Finally, evergreen funds are the primary point of entry for individual investors and investment advisors representing private wealth. As we dig into in the next section, the opportunity is large and untapped relative to the mature allocations of institutional investors.

Perpetual capital ($B) and share of total AUM by manager

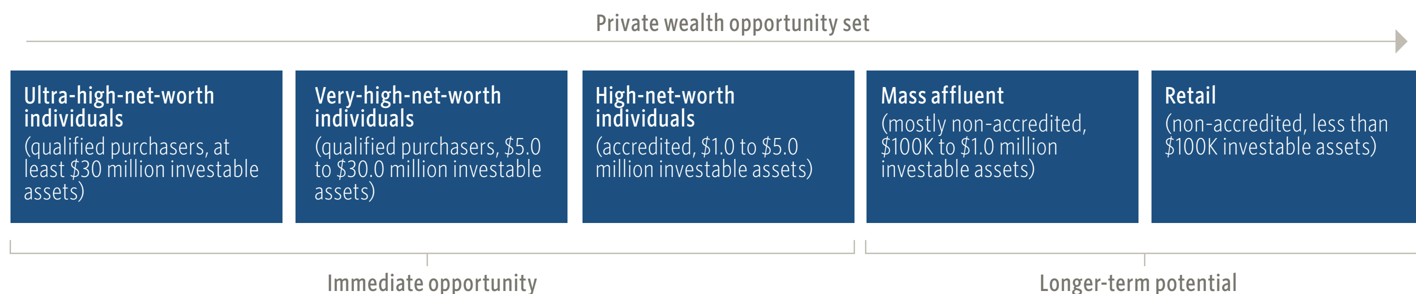


Source: Company filings • Geography: Global • As of June 30, 2024

A (private) wealth of opportunities

Private market AUM held in drawdown funds is nearly $15 trillion globally, up from less than a trillion in 2000, handily outpacing the growth in public markets. However, outside of ultra-high-net-worth individuals (UHNWIs) and those with privileged networks, individual investors have been largely left out of the mix. Investor protection laws are partially to blame, and arguably for good reason. Typically, drawdown funds are exempt from Investment Act of 1940 ('40 Act) registration under Section 3(c)(7), but that limits the number of LPs and translates to high investment minimums and barriers to entry for much of the private wealth channel. Estimated global wealth stands at nearly $450 trillion, with about 90% held by those with at least $100K.[5] If 5% of that wealth were to be allocated to private markets, that would represent more than $20 trillion in total capital formation, dwarfing total AUM in drawdown funds today and $1.1 trillion in evergreen LP funds.

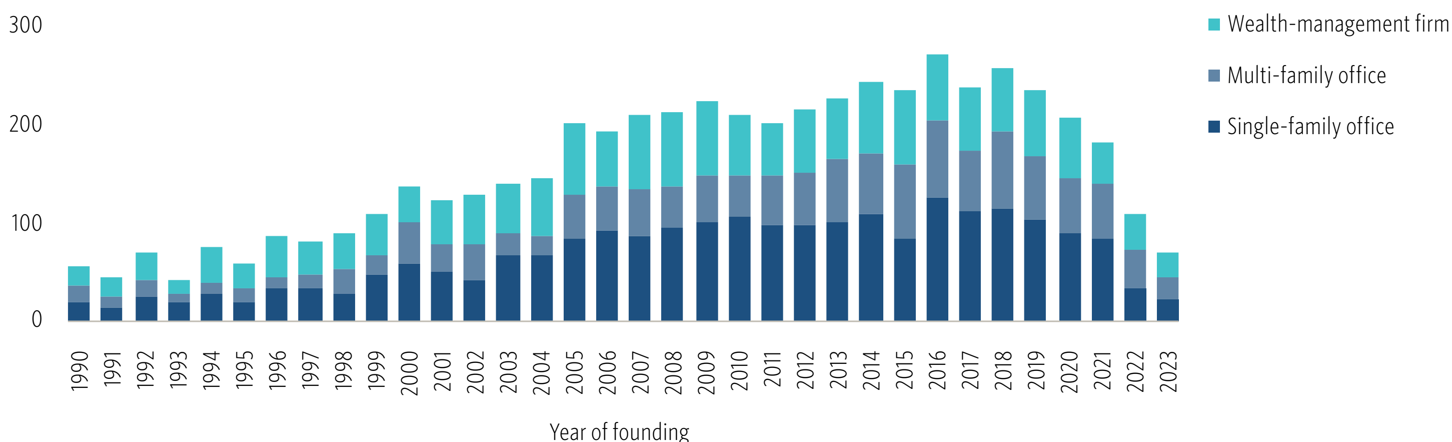
4: "Apollo Launches $15 Billion Equity Fund for High Net-Worth Investors," Bloomberg, Allison McNeely and Amelia Pollard, August 4, 2024.
5: "Global Wealth Report 2024: Crafted Wealth Intelligence," UBS, 2024, accessed September 23, 2024.



We view the private wealth channel as two broad opportunity sets for GPs. The first is the ongoing adoption by accredited investors and qualified purchasers making up high-net-worth (HNW), very-high-net-worth (VHNW), and the aforementioned UHNW. Together, they are expected to invest over $7 trillion in private market allocations by 2033.[6] That amount represents more than half the $12.6 trillion in fundraising activity in drawdown funds across all private capital for the 10 years ending in 2023. With investor accreditation requirements, most evergreen fund offerings launched today are targeted at these cohorts. The growing ranks of family offices and registered investment advisors (RIAs), as well as the expected wealth transfer to younger generations, means the opportunity set is expanding.[7] These investors are also interested in drawdown funds, and those with scale and access are taking share from institutional investors in the LP base of traditional vehicles.

The second, longer-term potential for private capital's growth will come from the lower end of the wealth channel: mass affluent and retail investors. This growth will be sustained in part by the shrinking share of investment dollars coming from pension plans. Money that would previously have been accumulated and managed by large defined-benefit (DB) pensions is now in the hands of individuals or managed in defined-contribution (DC) 401(k) plans and retirement programs. In

New family offices and wealth-management firms founded annually



Source: PitchBook • Geography: US • As of September 17, 2024

6: "Pulse Check: 2024 Market Outlook," Blue Owl, Craig W. Packer, et al., 2024, accessed September 23, 2024.
7: "Will the 'Great Wealth Transfer' Transform the Markets?" Merrill, n.d., accessed September 23, 2024.

the US, individual retirement accounts and DC plans have eclipsed $25 trillion, and almost all this capital is invested in highly liquid bonds and stocks, even though in many cases the investment horizon is decades long, based on when the individual expects to retire.[8]

Since June 2020, 401(k) plans have been allowed to include certain types of managed PE funds, although in 2021, the US Department of Labor provided a supplemental statement indicating that their allowing PE in 401(k) plans was not meant to be taken as a broad endorsement of the funds.[9] Four years after the 2020 decision, very few products had been created for this channel, but there is little doubt that asset managers are highly motivated to find a model that will work for this source of capital where assets are increasing with employee and employer contributions every paycheck. SEC rules do allow for up to 15% of private assets to be held in public funds, an allowance that a few traditional mutual fund providers have used to invest in pre-IPO unicorns.[10] More recently, Apollo and State Street are attempting to team up for a unique public and private credit exchange traded fund (ETF) offering, although it remains to be seen if the proposed retail structure will receive approval.[11]

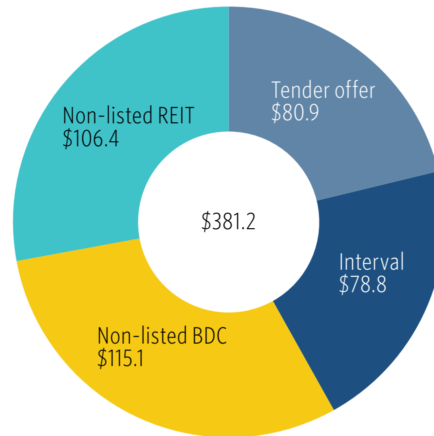
Wherever an investor is on the wealth spectrum, individuals and their advisors must balance short-term liquidity needs and long-term wealth goals. By incorporating private capital into their portfolios, individual investors with a long horizon and appropriate risk tolerance can allocate a portion of their assets to capitalize on the diversification benefits and potential for outsized returns, while leaving the rest of their portfolio in more traditional assets such as stocks and bonds. Size matters when determining the appropriate asset allocation. Individuals on the highest end of the wealth spectrum can afford to behave similarly to institutional investors. UBS reports that global single-family offices with an average net worth of $2.6 billion allocate 37% to the private markets.[12] By comparison, DB pensions with at least $1 billion in AUM have a 16.9% average allocation to private markets, increasing to more than 20% for the largest 100. For some endowments, allocation targets can reach upward of 30%.[13]

For most HNWIs and VHNWIs, recommended private allocations range from 8% to 22%, depending on the overall portfolio size, investors' risk tolerance and objectives, and the institution making the recommendation.[14, 15, 16] Best practices include diversification across investment years, asset classes, and managers, which historically has been resource intensive when using drawdown funds. Evergreen funds are shifting this narrative by lowering the barrier to entry. We have tracked 230 private market funds launched since 2019 targeting the private wealth channel across interval, tender offer, non-listed BDCs, and non-listed REITs, and total net

8: "Release: Quarterly Retirement Market Data," ICI, September 19, 2024.
9: "Information Letter 06-03-2020," US Department of Labor, June 3, 2024.
10: "How Has Private Equity Investing Fared for Mutual Funds?" Morningstar, Jack Shannon and Katie Rushkewicz Reichart, September 20, 2022.
11: "A Closer Look at a Groundbreaking Active ETF Proposal," Morningstar, Brian Moriarty and Ryan Jackson, September 12, 2024.
12: "Global Family Office Report 2024," UBS, Stephanie Perryfrost and Gabriele Schmidt, 2024, accessed September 23, 2024.
13: "Endowments Quarterly: A Look at Asset Allocation and Total Returns for US Endowments and Foundations," Cambridge Associates, 2023, accessed September 23, 2024.
14: "Does Market Upheaval Tarnish the Golden Age?" Morgan Stanley, October 7, 2022.
15: "High-Net-Worth Investors Embrace Alternative Investments," Cerulli Associates, January 17, 2023.
16: "Unlocking the Potential of Alternative Investments in the Wealth Management Channel," iCapital, Marco Bizzozero and Kunal Shah, February 5, 2024.

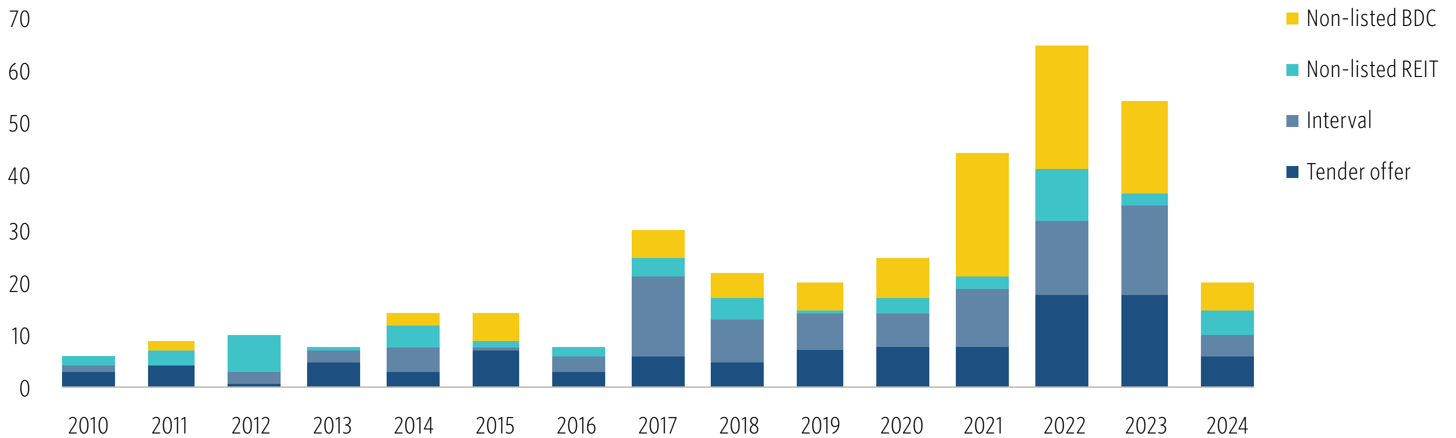
assets in these vehicles is nearly $400 billion. In the next section, we provide an overview of these structures, how they compare to evergreen LP and traditional drawdown funds, and include some notable examples.

Total net assets of private-wealth-targeted funds ($B)



Sources: PitchBook and fund documents • Geography: US • Varies between December 31, 2023, and July 31, 2024

Yearly launches of private-wealth-targeted funds



Sources: PitchBook and fund documents • Geography: US • As of September 17, 2024

Evergreen fund structures overview

Evergreen funds can have wide-ranging terms, fees, accessibility, and liquidity characteristics, even in the same category. Therefore, RIAs and investors should diligence funds and their fund managers carefully when selecting which vehicles to use or when choosing to include these funds in portfolios at all. The accompanying table provides some common characteristics, but it is important to note that there can be wide variation depending on the specific fund, and fees can be substantially higher than funds in public markets.[17] We have provided key information and returns of some notable funds to showcase some of these differences.

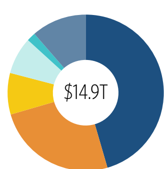
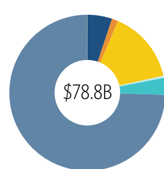
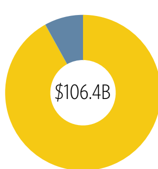
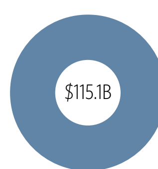
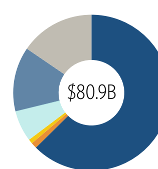
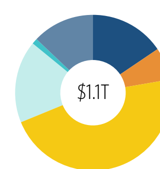
Investment strategies can also be quite diverse across offerings. For example, while StepStone's tender offer funds largely target secondaries to construct diversified portfolios of PE funds, Hamilton Lane's emphasize more direct co-investments. It is worth adding that funds formed as publicly registered investment companies (RICs) under the '40 Act have a tax-reporting advantage. Instead of issuing a Schedule K-1 document required of a limited partnership, RICs issue 1099 forms. K-1s often arrive long after the IRS's tax reporting deadline and require more complicated tax returns than just reporting dividends or income from a 1099.

Importantly, there is overlap between the structures because "tender offer" and "interval" refer only to the redemption process the fund follows. For example, KKR Real Estate Select Trust is a non-listed REIT and tender offer fund.[18] We have eliminated double counting in our aggregate figures by assigning a primary structure type of REIT and BDC where applicable. Additionally, there are funds that are exempt from '40 Act registration as private placements, such as Blackstone's Private Equity Strategies, which is open to qualified purchasers.[19] Generally, accreditation status is needed to invest in any of these vehicles, but some publicly registered '40 Act funds choose to target the retail and mass affluent market, like those offered by Fundrise.[20] Funds will usually have different share classes as well. While they are marketed around the private wealth channel, institutional investors typically have access via Class I shares. Advisors can purchase other classes, which have different terms and lower investment minimums.

Finally, there are more structures not covered in this report, but will be in future research and in our Platform. Examples in Europe include long-term asset funds (LTAFs) in the UK and European Long-Term Investment Funds (ELTIFs) in the EU.

17: "Interval Funds: Are They Worth What You Give Up?" Morningstar, Brian Moriarty, June 24, 2024.
18: "KKR Real Estate Select Trust ("KREST")," KKR, n.d., accessed September 23, 2024.
19: "Blackstone Private Equity Strategies Fund L.P. (BXPE)," Blackstone, July 31, 2024.
20: "Flagship Real Estate Fund," Fundrise, n.d., accessed September 23, 2024.

Common characteristics of fund structures

	Drawdown	Interval	Non-listed REIT	Non-listed BDC	Tender offer	Evergreen LP
Fund structure	Closed-end limited partnership, exempt from '40 Act under 3(c)(7)	RIC under '40 Act, specifically Rule 23c-3 requiring scheduled repurchase offers	RIC under '40 Act or exempt under 3(c)(7). At least 75% of its assets must be in real estate and 75%+ of gross income come from real estate activity	RIC under '40 Act or exempt under 3(c)(7). At least 70% of assets invested in qualifying assets, namely debt of private companies	RIC under '40 Act or exempt under 3(c)(7). Schedule TO of the Exchange Act of 1934	Closed-end limited partnership, exempt from '40 Act under 3(c)(7)
Lifespan	Finite life, 10 years with multiple yearly extensions	Evergreen or no predetermined liquidation timeline	Mostly evergreen, some with expected liquidation events	Mostly evergreen, some with expected liquidation events	Mostly evergreen, some with expected liquidation events	Evergreen
Minimum investment size	$100K-$5 million, depending on fund size and strategy	$1,000-$10,000	$2,500-$10,000	$2,500-$10,000	$25,000-$50,000	$100K-$5 million, depending on fund size and strategy
Liquidity/ redemptions	Lockup for fund lifespan	Required intervals, quarterly repurchase offer 5%-25% of outstanding shares	Monthly up to 2% of NAV or quarterly up to 5%, at discretion of the fund's board of trustees	Quarterly, up to 5% of NAV, at discretion of the fund's board of trustees	Quarterly, up to 5% of NAV, at discretion of the fund's board of trustees	Quarterly redemption requests
Subscriptions	Capital commitment drawdown over multi-year investment period	Daily	Monthly	Monthly	Monthly	Monthly or quarterly
Distributions	Irregular intervals	Monthly or quarterly	Monthly or quarterly	Monthly or quarterly	Monthly or quarterly	Monthly or quarterly
Private wealth access	Qualified purchasers	Accredited investors	Accredited investors	Accredited investors	Accredited investors	Qualified purchasers or accredited investors
Management fees	1.0%-2.0% per annum, first based on commitment then on capital invested following investment period	1.0%-1.5% per annum	1.0%-1.25% per annum	1.0%-1.25% per annum	1.25%-1.5% per annum	1.0%-1.5% per annum
Performance fees	15%-20% carried interest, subject to 8% hurdle	None	10%-12.5% performance participation, subject to 5%-8% hurdle with catchup	12.5% performance participation, subject to 5%-8% hurdle with catchup	12.5%-20% performance participation, subject to 5%-8% hurdle with catchup	10%-15% performance participation, subject to 5%-8% hurdle with catchup
AUM breakdown*						
Fund list in the PitchBook Platform (available to clients only)		Interval funds	Non-listed REITs	Non-listed BDCs	Tender offer funds	

Sources: PitchBook and fund documents • Geography: Global for drawdown and evergreen LP; US for tender offer, REITs, and BDCs • Varies between December 31, 2023, and July 31, 2024

**Note: Drawdown funds are net asset value plus dry powder. Interval, REIT, tender offer, and BDC are net asset value. Also, while we normally separate primary directs from other access points such as funds of funds, secondaries, and co-investments, we are bucketing the funds into the respective underlying private fund strategy.*

Notable interval funds

Fund	Primary strategy	Net assets ($B)	Inception date	Class I YTD return	Class I since inception annualized return	Minimum investment size	Management fee	Performance fee	Liquidity	Subscriptions
Cliffwater Corporate Lending Fund	Private credit	$21.9	June 5, 2019	7.7%	9.5%	$10.0K	1.00%	None	Quarterly	Daily
Cion Ares Diversified Credit Fund	Private credit	$4.0	January 26, 2017	5.9%	6.7%	$1.0K	1.25%	1.50%	Quarterly	Daily
Bluerock Total Income Plus RE Fund	Real estate FoF	$4.6	October 22, 2012	-5.3%	5.5%	$2.5K	1.50%	None	Quarterly	Daily
Apollo Diversified Real Estate Fund	Real estate FoF & public REITs	$4.4	June 30, 2014	5.0%	5.5%	$1.0K	1.50%	None	Quarterly	Daily
Carlyle Tactical Private Credit Fund	Private credit	$3.6	June 1, 2018	5.8%	6.1%	$10.0K	1.00%	15.0%	Quarterly	Daily

Source: PitchBook • Geography: US • As of July 31, 2024

Notable non-listed REITs

Fund	Primary strategy	Net assets ($B)	Inception date	Class I YTD return	Class I since inception annualized return	Minimum investment size	Management fee	Performance fee	Liquidity	Subscriptions
Blackstone Real Estate Income Trust	Industrial & residential	$56.0	January 1, 2017	2.2%	10.0%	$2.5K	1.25%	12.5%	Monthly	Monthly
Starwood Real Estate Income Trust	Lodging & residential	$9.5	December 21, 2018	0.9%	7.5%	$5.0K	1.25%	12.5%	Monthly	Monthly
JLL Income Property Trust	Industrial & residential	$2.6	October 1, 2012	-3.8%	5.7%	N/A	1.25%	10.0%	Quarterly	Daily
Ares Real Estate Income Trust	Industrial & residential	$2.1	September 30, 2012	-4.2%	6.0%	$2.5K	1.10%	12.5%	Monthly	Monthly
KKR Real Estate Select Trust	Industrial & residential	$1.2	July 2, 2020	-2.1%	7.0%	$10.0K	1.25%	12.5%	Quarterly	Daily

Source: Fund documents • Geography: US • As of July 31, 2024

Notable non-listed BDCs

Fund	Primary strategy	Net assets ($B)	Inception date	Class I YTD return	Class I since inception annualized return	Minimum investment size	Management fee	Performance fee	Liquidity	Subscriptions
Blackstone Private Credit Fund	First lien senior secured	$35.0	January 1, 2021	7.0%	10.5%	$2.5K	1.25%	12.5%	Quarterly	Monthly
Blue Owl Credit Income Corp	First lien senior secured	$10.2	March 1, 2021	6.9%	10.1%	$25.0K	1.25%	12.5%	Quarterly	Monthly
Apollo Debt Solutions BDC	First lien senior secured	$7.3	January 7, 2022	7.0%	8.7%	$2.5K	1.25%	12.5%	Quarterly	Monthly
Oaktree Strategic Credit Fund	First lien senior secured	$3.0	June 1, 2022	5.7%	8.2%	$2.5K	1.25%	12.5%	Quarterly	Monthly
Ares Strategic Income Fund	First lien senior secured	$2.4	December 5, 2022	6.5%	11.9%	$2.5K	1.25%	12.5%	Quarterly	Monthly

Source: Fund documents • Geography: US • As of July 31, 2024

Notable tender offer funds

Fund	Primary strategy	Net assets ($B)	Inception date	Class I YTD return	Class I since inception annualized return	Minimum investment size	Management fee	Performance fee	Liquidity	Subscriptions
Blackstone Private Equity Strategies Fund	PE FoF	$2.9	January 8, 2024	4.8%*	4.8%*	$25K	1.25%	12.5%	Quarterly	Monthly
Hamilton Lane Private Assets Fund	PE co-investment	$2.5	September 1, 2020	4.9%	16.4%	$50K	1.50%	12.5%	Quarterly	Monthly
StepStone Private Markets	PE secondaries	$2.3	October 1, 2020	9.3%**	22.9%**	$50K	1.40%	None	Quarterly	Daily
Ares Private Markets Fund	PE secondaries	$1.7	April 1, 2022	12.0%	15.3%	$25K	1.40%	12.5%	Quarterly	Monthly
StepStone Private Venture & Growth Fund	VC secondaries	$0.8	November 1, 2022	8.1%	27.4%	$50K	1.50%	15.0%	Quarterly	Monthly

Source: Fund documents • Geography: US • As of July 31, 2024
*As of June 30, 2024
**As of August 31, 2024

Creating the distribution channels

Given that this is a new product set for many individuals, the largest beneficiaries of the evergreen trend have been the long-established private capital GPs, who have the resources to educate the vast array of RIAs and their private wealth clients and the name brand to provide an aura of safety. These firms are building out their capabilities, not just on the investment side, but because raising capital from smaller investors will require many more partners to reach megafund sizes, they have had to add massively to their staffing. Apollo, for example, has increased its headcount of private wealth professionals by 10x since 2019 to 150 globally.[21] Other major asset managers have followed suit. For public GPs, AUM attributed to perpetual capital have already become substantial portions of total AUM. And while the primary target for evergreen products is the private wealth channel, there are institutional investors who are adopting these more-liquid structures for their private market investments to give themselves more flexibility in their portfolio management.

Notable private wealth platforms

Manager	Wealth platform	AUM ($B)	Wealth % of total AUM	Wealth TTM inflows ($B)	Launch year
Blackstone	Blackstone Private Wealth Solutions	$240.0	22.3%	$23.8	2010
KKR	KKR Global Wealth Solutions	$75.0	12.5%	$10.3	2021
Blue Owl	Blue Owl Private Wealth	$82.3	42.8%	$11.2	2021
Carlyle	Carlyle Private Wealth	$50.0	11.5%	N/A	2023
Ares	Ares Wealth Management Solutions	$25.0	5.6%	$6.4	2021
Apollo	Apollo Academy	N/A	N/A	$10.7	2022

Source: Company reports • Geography: Global • As of June 30, 2024

This effort is coming not just from building but also from buying or forming partnerships. Global Atlantic Financial Group, a retirement and life insurance company, became a wholly owned subsidiary of KKR in 2024. KKR also announced in May 2024 a partnership with Capital Group to create public-private investment solutions, something also contemplated in September 2024 by Apollo and State Street with the ETF they plan to launch. Partners Group, an early pioneer in private wealth products, is partnering with BlackRock to create a model portfolio that provides an easy single-access point to a diverse portfolio of alternatives. In 2022, Apollo bought the US wealth-distribution business of Griffin Capital Company to boost its private-wealth staffing.

Other acquisitions, such as BlackRock's 2024 purchase of Global Infrastructure Partners and Angelo Gordon's 2023 acquisition by TPG, have been in part to add product offerings for evergreen-seeking LPs, including income-producing strategies in real assets and private debt. Ares expanded its product offerings by buying Landmark Partners, historically a fund of funds provider, which could be a useful skillset in packaging products that provide diversified alternatives solutions to private wealth.

21: "Apollo Global Management: Investor Presentation," Apollo, May 2024.

There are some firms already familiar with the retail channel that are doing their own acquisitions and building platforms. In the last five years, Franklin Resources purchased secondaries manager Lexington Partners, private real estate firm Clarion Partners, private credit manager Benefit Street Partners, and European credit manager Alcentra. While these may have appeared to be just diversification plays, the distribution network of Franklin married to product in demand by private wealth is a potent combination. In 2021, T. Rowe Price acquired Oak Hill Advisors, a mostly private credit manager very different from T. Rowe's mutual funds. Meanwhile, BNY Mellon launched a new investor solution, "Alts Bridge," in September, and Charles Schwab's alternatives platform for qualified investors was announced earlier this year.

Despite this wave of expansion and acquisitions among the big players, smaller GPs wanting to tap private wealth do have options. Platforms such as CAIS, iCapital, Allfunds, Yieldstreet, Allocate, and Moonfare offer varying services to asset managers, but at their core, they are facilitating a channel to private wealth, with some providing in-house or outsourced due diligence to provide a lineup of fund offerings for RIAs. Some of these also include access to traditional drawdown structures and other alternatives products.

All told, we are still in the early innings of private market's evergreen evolution and its accessibility for the private wealth channel. As the landscape of investment opportunities continues to shift, HNWIs and family offices are increasingly seeking exposure to alternative assets traditionally reserved for institutional investors. This democratization of private markets is driven by a confluence of factors, including technological advancements, regulatory changes, and a growing appetite for diversification beyond public equities. However, challenges remain in terms of liquidity, transparency, expense, and education. As fund structures evolve and platforms emerge to facilitate easier access, we can expect to see a significant transformation in how private wealth is allocated and managed over the coming years, potentially reshaping the entire investment ecosystem.

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