THE EVERGREEN MARKET LANDSCAPE

Private Markets in a Perpetual Structure

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The research and analysis in this report are powered entirely by Dakota Marketplace, the most comprehensive private markets database built for the institutional investment community. Dakota's 60-plus person data team researched, verified, and maintained every data point referenced in these pages by hand. Real people verify the information and update records with the rigor that institutional-grade intelligence demands. This report is the output. The database is the foundation.

Executive Summary

The perpetual strategies market has grown from $46 billion to $505 billion over the past decade, a 27% annualized growth rate driven by structural demand, per Blackstone. Today, 252 registered vehicles hold $431 billion in AUM, and new filings are running at more than one per business day.

Three forces are compounding: a $150 trillion wealth channel with almost no private markets exposure, regulatory reforms in the U.S. and Europe making access easier, and distribution infrastructure that has finally scaled. A proposed DOL safe-harbor rule puts U.S. defined-contribution plans, $12.2 trillion with effectively zero allocation to private markets, on a 2 to 3 year path to opening.

This report covers what the perpetual strategies market looks like today, where the capital sits, how the math works, who is building these products, and what the data says about returns and risks.

What Is an Evergreen Fund?

An evergreen fund is an open-ended investment vehicle with no fixed end date. Investors subscribe monthly at the fund's current net asset value. When the fund sells an asset, the money is reinvested rather than returned to investors. Each quarter, investors can request to exit, but the fund caps total redemptions at 5% of assets in any given quarter. The fund keeps running indefinitely.

In the U.S., most of these funds are registered under the Investment Company Act of 1940 as interval funds or tender offer funds. Non-traded BDCs and non-traded REITs follow the same open-ended logic but are specific to private credit and real estate respectively. The terms semi-liquid, perpetual-life, and evergreen are used interchangeably in practice. They all describe the same basic idea: private markets exposure in a wrapper investors can get into and out of without waiting ten years.

Structure Comparison: Evergreen vs. Drawdown

Feature	Evergreen / Semi-Liquid	Closed-End Drawdown
Legal structure	Tender offer fund, interval fund, BDC, non-traded REIT	Limited partnership
Fund life	Perpetual — no defined end date	10–15 years to final liquidation
Subscriptions	Continuous (typically monthly)	Finite offering window, then closed
Capital deployment	100% invested on day of subscription	Staged over 4–5 years via capital calls
Investor minimum	~$25,000	~$250,000 (individual); $5M+ (institutional)
Liquidity	Quarterly tenders, typically capped at 5% of NAV	None — distributions only upon exits
Distributions	Reinvested into new deals	Returned to investors after exits
Tax reporting	Form 1099 (most US registered structures)	Schedule K-1
Diversification at entry	Immediate — investor buys into existing portfolio	Builds gradually as deals close
Blind pool risk	Limited — existing portfolio is visible	High at fund launch
J-curve	Avoided / minimized	Inherent to structure
Performance metric	Net annualized return (CAGR)	Net IRR
Capital utilization	~100% of subscription deployed	~44% of commitment invested at any time (Ares est.)

Source: Ares Management, Evaluating Evergreens, 2025; KKR, Alternatives Unlocked; iCapital, The Future is Evergreen, 2024.

Three Forces Driving the Shift

1. Demand for Private Markets in a Liquid Wrapper

Apollo puts the total addressable market for individual investors at roughly $150 trillion. Family offices already put about half their portfolios into private markets. High net worth investors put in around 2%. Mass affluent investors, around 1%. Closing that gap is what the evergreen structure is designed to do.

The traditional drawdown fund does not help. An advisor managing 100 client accounts cannot track capital calls, K-1 statements, and ten-year lockups across hundreds of positions. An evergreen cuts through all of that: investors subscribe once, pay at NAV, and get a 1099 at year-end. The same logic applies to smaller institutions. A pension fund without a dedicated alternatives team may not have the staff to run a drawdown program. An evergreen gives them the exposure without the work.

2. A Regulatory Door That Is Opening, Not Closing

Regulators in Europe and the U.S. have spent the past two years making it easier to put private market assets into retail and retirement wrappers. In January 2024, Europe's updated ELTIF rules dropped minimum investment requirements, opening evergreen funds to ordinary investors across the EU.

The U.K. did the same for defined-contribution pensions through the Long-Term Asset Fund regime. In the U.S., an August 2025 executive order directed agencies to expand retirement plan access to alternatives. Six months later, the Department of Labor published a proposed rule that would let plan sponsors add evergreen funds to 401(k) lineups without taking on extra fiduciary liability, provided they follow a defined due-diligence process. U.S. defined-contribution plans hold $12.2 trillion. Today, almost none of it is in private markets.

3. Distribution Infrastructure Has Finally Caught Up

Five years ago, launching an evergreen was the easy part. Selling it was the problem. Most wirehouses had no process for alternatives on their platforms. RIA custodians required custom diligence for each new fund. The technology to run monthly subscriptions, quarterly tenders, and daily NAV calculations barely existed outside a handful of specialist administrators. All of that has changed. Evergreens now sit on standard wirehouse shelves next to mutual funds and ETFs. Platforms like iCapital and CAIS have built the technology infrastructure that thousands of advisors now use. The operational barriers are gone, which is the main reason new fund filings have doubled in three years.

How Evergreens Actually Work: The Mechanics

The mechanics matter for anyone evaluating a fund and for anyone thinking about launching one.

Mechanism	How It Works	Key Point for Allocators
Subscriptions	Investors subscribe monthly at the fund's prevailing NAV per share. No future capital calls. The entire commitment is funded at subscription.	Capital is put to work immediately, with no waiting period.
Continuous deployment	When realizations occur, the manager recycles proceeds into new investments rather than distributing them.	The perpetual mechanism: capital compounds rather than rotating in and out.
The liquidity sleeve	Funds hold 10–20% of the portfolio in more liquid assets (cash, short-duration credit, listed securities) to accommodate redemptions.	An unavoidable structural compromise. The sleeve can be a drag on returns.
Redemptions & gates	Quarterly tender offers, typically capped at 5% of fund NAV. If requests exceed the cap, redemptions are prorated.	Liquidity is offered, not guaranteed. Funds can and do gate in stress scenarios.
NAV pricing	NAV is struck monthly (sometimes quarterly). Private assets are valued by the manager with independent oversight.	Valuations lag market events by quarters. NAV may not reflect forced-sale prices.
Tax reporting	Form 1099 for most US-registered structures, materially simpler than a Schedule K-1.	Significant operational advantage for wealth advisors managing 100+ client accounts.

The Math: Why IRR and CAGR Are Not Directly Comparable

Drawdown funds report returns as an IRR. Evergreen funds report returns as a CAGR. These are not the same thing, and comparing them directly leads to bad decisions. The difference comes down to one question: when was the money actually at work?

Same Headline Return, Different Dollar Outcome

A clean illustration: $100 invested at a 15% return over 10 years.

Structure	Return Metric	Mechanics	Dollar Outcome	Net Gain
Drawdown Fund	15% Net IRR	Capital called over 4 years; distributed in years 5–10. Only ~44% invested at any time.	**$216**	$116 gain on $100 committed
Evergreen Fund	15% Net CAGR	Full $100 invested from day one; compounds for 10 years without interruption.	**$405**	$305 gain on $100 committed

Source: Ares Management, Evaluating Evergreens, 2025; Morgan Stanley Investment Management, The Compelling Case for Semi-Liquid Evergreen Private Equity, 2026.

Both funds would advertise a 15% return. Neither is lying. But the drawdown investor ends up with $216 while the evergreen investor ends up with $405. The gap comes from two places: uncalled capital sitting in cash during the ramp-up period, and distributions returning to the investor rather than staying in the fund to compound.

The Capital Utilization Gap

In a drawdown fund, you commit $1 million but the manager calls it gradually, typically over four to five years. During that period, the money sitting in your account earns whatever your cash rate is, not the fund's return. Industry research estimates that across a typical drawdown fund's life, only about 44% of committed capital is actually invested at any given moment.

In an evergreen, your money goes to work on the day you subscribe. The fund holds a small cash buffer, typically 10 to 20 percent, to cover redemptions, but the rest is invested from the start. That difference in when capital is deployed is what makes IRR and CAGR two different things.

Multiple on Committed Capital (MOCC)

A more useful comparison is Multiple on Committed Capital (MOCC) rather than the standard Multiple on Invested Capital (MOIC). The difference is simple. MOIC measures how the invested dollars performed. MOCC measures what happened to every dollar you committed, including the portion that sat in cash waiting to be called.

A fund that calls half your commitment and doubles it reports a 2.0x MOIC. But you only received 1.5x what you put in. That is the number that matters to a real investor.

Metric	Drawdown (Example)	Evergreen (Example)
Committed capital	$1,000,000	$1,000,000
Capital deployed	$500,000 (50%)	$1,000,000 (100%)
Return on deployed capital	2.0x MOIC	1.5x MOIC
Uninvested cash returned	$500,000	—
Total returned to investor	$1,500,000	$1,500,000
MOCC (on full commitment)	**1.5x**	**1.5x**

Source: Ares Management, Evaluating Evergreens, 2025.

Breakeven Analysis: What IRR Equals What CAGR?

The breakeven analysis makes this concrete. If uninvested capital earns 7% in public equities while waiting to be called, a drawdown fund needs to generate a 25% IRR to produce the same dollars as an evergreen returning 11.7% per year. The drawdown fund's headline return needs to be more than double to match the evergreen on a dollar-in, dollar-out basis.

If Drawdown Net IRR is...	Equivalent Evergreen Net CAGR (assuming 7% on uninvested capital)	Implied premium the drawdown must earn
10%	~5.3%	Drawdown must earn nearly double the headline rate to match evergreen dollar return
15%	~8.2%	Meaningful gap: drawdown J-curve and deployment timing erode ~7pp
20%	~10.0%	20% IRR funds are rare; most investors never access them
25%	~11.7%	The "fair" comparison: a 25% IRR drawdown ≈ 11.7% CAGR evergreen in dollar terms

Source: Ares Management, Evaluating Evergreens, 2025. Assumes uncalled capital earns 7% in a public equity proxy.

Where Evergreens Fit in a Portfolio

One useful way to think about where evergreens fit: split a private markets allocation into a core and a satellite.

	Core (Evergreen)	Satellite (Drawdown)
Purpose	Permanent, diversified baseline allocation to major private markets asset classes	Tactical, opportunistic, or specialist allocations
Best-fit strategies	Buyout PE, direct lending, core real estate, core infrastructure	Healthcare/biotech, energy transition, distressed credit, venture, growth equity, value-add real estate
Key advantages	Immediate diversification, continuous compounding, no capital call management, 1099 reporting	Fee negotiation, co-investment access, vintage-year control, specialist strategy access
Best for	Individual investors, family offices below institutional scale, wealth platforms, smaller institutions	Institutions with $500M+ in private markets (drawdown program economics justify complexity)
Dakota coverage	252 funds, $431B AUM, full N-2 pipeline, performance benchmarking, gating alerts	Full GP/LP database, fundraising activity, institutional allocations, performance

Most large allocators use both. Evergreens go in the core — a permanent position in buyout PE, direct lending, and core real estate. Drawdowns go in the satellite: specialist mandates where vintage control and co-investment access are worth the complexity.

The Market Landscape

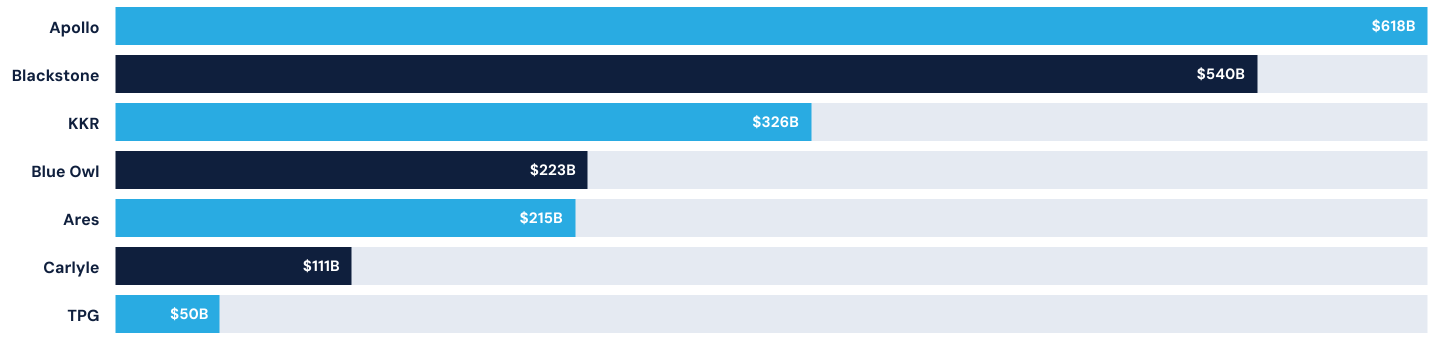
Market Sizing and Growth

According to Blackstone, perpetual fund AUM for individual investors in the U.S. grew from $46 billion in Q4 2014 to $505 billion in Q4 2024, a 27 percent annualized growth rate over the decade. Globally, semi-liquid private market fund AUM grew more than 30 percent in the 12 months through September 2025. Wealth investors now account for roughly one in five dollars. The 252 funds tracked in Dakota Marketplace hold $431 billion in verified, primary-sourced AUM.

Source: Blackstone, Exhibit 4: 10-Year AUM Growth in Perpetual Funds for Individual Investors in the U.S. Total Assets.

Perpetual Capital at the Largest Alternative Asset Managers

Total perpetual capital reported in Q1 2026 investor presentations — covers all open-ended and permanent vehicles, including institutional mandates, listed BDCs, non-traded REITs, and other perpetual structures, and not just the registered semi-liquid funds tracked by Dakota.



Source: Firm Q1 2026 investor presentations. Total perpetual capital across all open-ended vehicles and strategies.

The Competitive Landscape: Major Evergreen Platforms

The largest managers dominate because scale matters for deal sourcing. A firm running $50 billion gets co-investment allocations, secondaries deal flow, and GP relationships that a $500 million fund simply cannot access. Smaller managers who want to reach wealth investors without building their own distribution platform typically work through iCapital or CAIS instead.

Sponsor	Notable Evergreen Vehicles	Asset Class Focus
Blackstone	BREIT, BCRED, BXPE, BXINF	Real estate, credit, PE, infrastructure
KKR	K-Series: KPRIV, KREST, KKEPF	PE, credit, real estate, infrastructure
Apollo	Apollo Aligned Alternatives, AAA, ADS	Credit, hybrid value, secondaries
Ares	Multiple non-traded BDCs and interval funds	Direct lending, real estate, secondaries
Brookfield	Brookfield Infrastructure Income, BREP non-traded	Infrastructure, real estate
EQT	EQT Nexus, Nexus Infrastructure, US PE vehicle, EQRT (4 active, 5th in dev.)	PE, infrastructure
Hamilton Lane	Global Private Assets Fund and related strategies	Diversified private markets
Partners Group	Multiple semi-liquid vehicles	Diversified private markets
StepStone	Private wealth platform across asset classes	Diversified private markets
Carlyle	CTAC, AlpInvest secondaries-led vehicle	PE, secondaries
Blue Owl	OCIC, OBDC, OBDE and related BDCs	Direct lending, real estate credit
Cliffwater	CCLF, Cliffwater Corporate Lending Fund	Direct lending, multi-sector credit

Source: Individual fund disclosures, EQT Half-Year Report 2025, Hamilton Lane 2025 Annual Report.

Where the Assets Sit

Most of the $431 billion sits in two strategies: private credit and real estate. Both produce regular income, interest payments and rent, which makes it easier to fund quarterly redemptions. Private equity returns come from selling companies, not from cash flows, which makes the math harder. Private equity evergreens exist and are growing, but they require more careful portfolio construction to manage liquidity. Private credit and real estate got there first because they suited the structure.

Strategy	Approx. AUM	# Funds	Avg. Fund Size	Share
Private Credit & Direct Lending	~$237B	66	~$3.6B	55%
Real Estate	~$104B	28	~$3.7B	24%
Private Equity & Secondaries	~$32B	48	~$0.7B	7%
Multi-Strategy / Multi-Asset	~$28B	55	~$0.5B	6%
Venture & Growth Equity	~$15B	22	~$0.7B	3%
Infrastructure & Real Assets	~$10B	18	~$0.6B	2%
Other	~$5B	15	~$0.3B	1%
Total	**~$431B**	**252**	**~$1.7B**	**100%**

Source: Dakota Marketplace. AUM from most recent publicly disclosed filings and NAV statements as of Q4 2025 – Q1 2026.

The average fund size column tells the real story. Private credit and real estate funds average around $3.6 billion each, pulled up by a small number of very large vehicles. Multi-strategy and PE funds, despite filing in volume, average under $1 billion. Most of the new launches are small. Capital is sitting with the established names.

The Largest Evergreen Funds

The ten largest funds hold roughly half of the $431 billion. The NAV figures below come from each fund's own filings: 10-Qs, NAV statements, and shareholder letters from September 2025 through February 2026. Where these numbers differ from figures published elsewhere, it is usually because other sources combine share classes, platform AUM, or total investments in ways that overstate the fund's actual net asset value.

Fund	Sponsor	Strategy	Total NAV
Blackstone Real Estate Income Trust (BREIT)	Blackstone	Real Estate	$54.3B
Blackstone Private Credit Fund (BCRED)	Blackstone	Private Credit	$47.6B
Blue Owl Credit Income Corp (OCIC)	Blue Owl	Private Credit	$19.3B
Partners Group Private Equity (Master Fund)	Partners Group	Private Equity	$15.9B
Apollo Diversified Credit Fund (ADS)	Apollo	Private Credit	$15.0B
Cliffwater Corporate Lending Fund (CCLF)	Cliffwater	Private Credit	$13.9B
HPS Corporate Lending Fund (HLEND)	HPS / BlackRock	Private Credit	~$10.7B
Starwood Real Estate Income Trust (SREIT)	Starwood	Real Estate	$10.1B
Blue Owl Real Estate Net Lease Trust	Blue Owl	Real Estate	~$8.6B
AMG Pantheon Fund (P-PEXX)	Pantheon	Private Equity	~$6.6B

Source: Dakota Marketplace; SEC 10-Q and 8-K filings. HLEND as of June 30, 2025. Blue Owl NLT as of Feb 28, 2026. AMG Pantheon as of Mar 31, 2026. All other figures Sep 2025–Feb 2026.

Category Leaders: Who Owns Each Strategy

In private credit, BCRED alone holds more assets than the next four funds put together. HLEND, managed by HPS under BlackRock, has grown to roughly $10.7B. In real estate, Blue Owl's ORENT has reached $8.6B in NAV, the third largest behind BREIT and SREIT, and Apollo Diversified Real Estate sits at around $3.7B. In private equity, Partners Group leads at $15.9B, with AMG Pantheon (P-PEXX) second at $6.6B, up from under $3B three years ago.

Private Credit	Real Estate	Private Equity
BCRED (Blackstone) **$47.6B**	BREIT (Blackstone) **$54.3B**	Partners Group PE Master **$15.9B**
OCIC (Blue Owl) **$19.3B**	SREIT (Starwood) **$10.1B**	AMG Pantheon (P-PEXX) **~$6.6B**
ADS (Apollo) **$15.0B**	ORENT (Blue Owl) **~$8.6B**	StepStone Private Markets **~$3.9B**
CCLF (Cliffwater) **$13.9B**	NREIT (Nuveen) **~$4.4B**	Hamilton Lane Private Assets **~$3.4B**
HLEND (HPS / BlackRock) **~$10.7B**	Apollo Diversified Real Estate **~$3.7B**	Ares Private Markets Fund **~$3.5B**

The Launch Pace Keeps Accelerating

93 new evergreen funds were filed in 2024. 100 more in 2025. The first four months of 2026 produced 38 filings, which runs at roughly 114 per year, another 14 percent increase. At that pace, more than one new fund is being filed every business day.

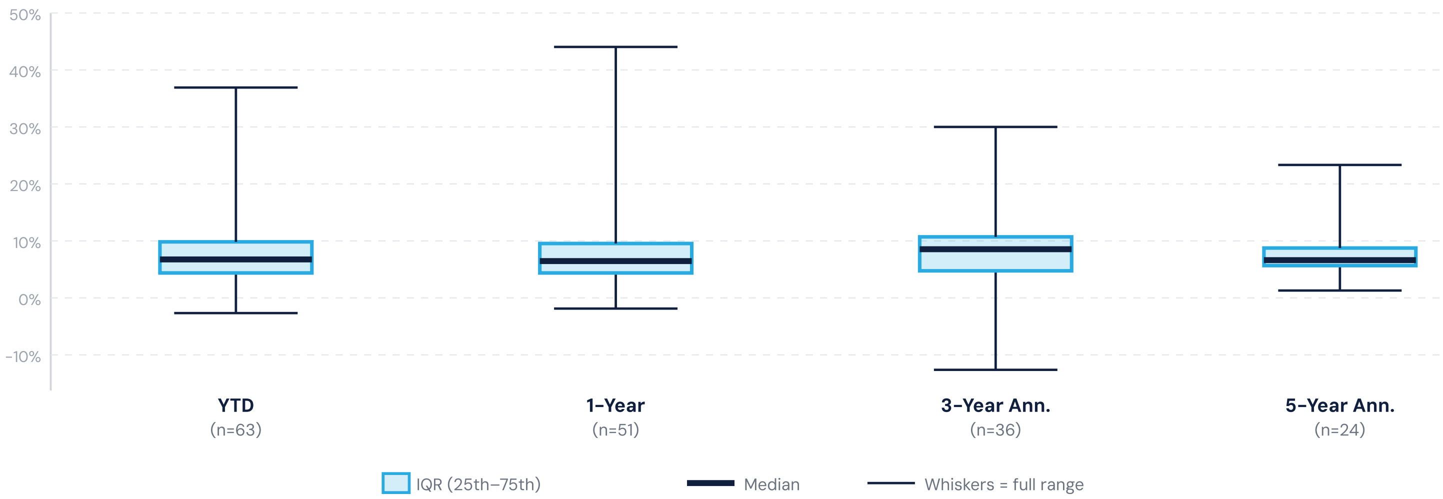
Year	N-2 Filings	YoY Change	Notes
2023 (partial)	59	—	Dataset begins May 2023
2024	93	+58%	Category enters mainstream wirehouse distribution
2025	100	+8%	Regulatory clarity and partnership model accelerate launches
2026 (annualized)	~114	+14%	Based on 38 filings in first four months

Where the Growth Is Coming From

Bain estimates that institutions will account for about 75% of new private markets capital raised between 2023 and 2033, with private wealth making up the other 25%. Institutions are bigger in dollar terms. But private wealth is growing faster from a much smaller base. That is why every major alternative asset manager now runs a dedicated wealth team alongside its institutional business. Evergreens charge fees continuously, with no wind-down and no fundraising gap — steady fee revenue supports a higher stock price for publicly traded managers. EQT runs four active evergreen vehicles with a fifth in development and expects 15 to 20 percent of its current fundraising cycle to come from private wealth.

Return Dispersion

Comparing evergreen performance is messier than comparing mutual funds. NAVs are calculated on different schedules. Private asset valuations can lag market moves by a quarter or more. Funds start at different points in the cycle. To control for some of that noise, the analysis below uses a single group: 63 funds with performance data dated November 2025 in Dakota Marketplace, the largest single-date cohort available. Sample size drops at longer horizons because many funds are newer. All returns are net CAGR.



Measure	YTD (n=63)	1-Year (n=51)	3-Year Ann. (n=36)	5-Year Ann. (n=24)
Maximum	37.3%	44.3%	30.1%	23.5%
Median	6.8%	6.5%	8.6%	6.7%
Minimum	-2.7%	-1.9%	-12.7%	1.3%
IQR Spread (25th–75th)	5.5pp	5.2pp	6.0pp	3.1pp
Full Range (Max–Min)	40.0pp	46.2pp	42.8pp	22.2pp

Median returns are steady: between 6.5% and 8.6% across all horizons. That is better than most investment-grade fixed income and roughly in line with what private credit and real estate fundamentals would suggest. The median is not the story, though. The spread is. Over five years, the bottom fund in this group returned 1.3% per year. The top returned 23.5%. That 22-point gap comes partly from strategy differences, but within strategies the dispersion is still wide. The negative tail in the three-year data. The worst fund in that group was down 12.7% annualized, almost entirely real estate funds whose NAVs were cut as rates rose in 2022 and 2023.

The spread means manager selection matters as much as strategy selection. A first-quartile manager beats a third-quartile manager by roughly two-to-one in the same asset class. That gap is structurally larger in evergreens than in drawdown funds: in a drawdown fund, the investor controls what happens to uncalled capital. In an evergreen, the manager controls everything, including how the cash buffer is invested. A manager who deploys slowly or lets the liquidity sleeve grow is a drag on every dollar in the fund.

The Retirement-Plan Unlock

The largest potential source of new capital for evergreen funds is not the wealth channel. It is U.S. retirement plans. In August 2025, an executive order directed federal agencies to make it easier to include private assets in defined-contribution plans. In March 2026, the Department of Labor published a proposed rule that would give plan sponsors a safe harbor from fiduciary liability if they follow a defined process when adding alternatives to a 401(k) lineup. U.S. defined-contribution plans hold $12.2 trillion with almost no private markets exposure today. A 2% shift in target-date fund allocations would bring in $244 billion, more than the entire current wealth-channel AUM base. A 5% shift would approach $610 billion. Managers have been preparing: daily NAV systems, ERISA-compliant share classes, and record-keeper integrations are already in place. The proposed rule still has to clear a comment period and final publication, and some opposition from plan trustees and consumer advocates is expected. But the direction is clear.

What Sponsors Are Bringing to Market

Before an evergreen fund can accept investor money in the U.S., it has to register with the SEC on a form called the N-2. Tracking those initial filings is the clearest way to see what sponsors are planning before they launch. Dakota captured 290 clean N-2 filings between May 2023 and April 2026, after removing amendments, duplicates, feeder funds, and re-registrations that would otherwise inflate the count.

Complete Private Market Offerings Are Gaining Traction

The key number: direct lending is only 10% of new filings even though private credit holds 55% of existing AUM. Most new launches are multi-strategy or multi-asset vehicles that bundle private equity, credit, and real assets together. The reason is simple. An advisor does not want to explain to a client why they need four different private market funds. One allocation that covers everything is an easier sell. That is what sponsors are building.

Notable Launches: 2024–2026 Vintage

Two things stand out in this vintage beyond the multi-asset trend. First, most traditional asset managers are entering through partnerships rather than building alternatives capabilities in-house. T. Rowe Price and Goldman Sachs registered a joint interval fund. Capital Group and KKR launched two public-private credit interval funds in April 2025 that drew more than $100 million within their first three months. Lincoln Financial partnered with Bain Capital. Carlyle launched CAPS with AlpInvest. Building a private markets origination network takes years, and the wealth channel is already open. A partnership gets a firm to market faster.

Filing Date	Fund	Sponsor	Strategy
Nov 2024	**JPMorgan Private Markets Fund**	JPMorgan	Private Markets
Feb 2025	**Carlyle AlpInvest Private Markets Secondaries**	Carlyle / AlpInvest	PE Secondaries
Mar 2025	**TPG Private Markets Fund**	TPG	Private Markets
Apr 2025	**Capital Group KKR Core Plus+**	Capital Group / KKR	Public-Private Credit
Apr 2025	**HarbourVest Private Investments Fund**	HarbourVest	Private Markets
Sep 2025	**EQT Nexus ELTIF Private Equity**	EQT	Private Equity (ELTIF — EU/EEA)
Sep 2025	**Lincoln Bain Capital Total Credit Fund**	Lincoln Financial / Bain Capital	Private Credit
Oct 2025	**Hamilton Lane Global Venture Capital & Growth Fund**	Hamilton Lane	Venture & Growth (Intl.)
Dec 2025	**Stone Point Capital Evergreen PE**	Stone Point Capital	Private Equity
Dec 2025	**T. Rowe Price Goldman Sachs Private Markets Fund**	T. Rowe Price / Goldman Sachs	Private Markets
Mar 2026	**Bain Capital Private Credit**	Bain Capital	Private Credit
Apr 2026	**Pantheon Global Infrastructure Secondaries Fund**	Pantheon	Infra Secondaries (ELTIF — Intl.)

Inside the Portfolio: Construction and Deployment

A fund sitting 20% in cash will underperform one that stays 90% deployed. Staying deployed is harder than it sounds. New subscriptions arrive monthly, redemptions need funding, and deal pipelines dry up. Managers use five approaches in combination to keep capital at work.

#	Strategy	How It Works	Key Role in the Portfolio
1	**Primary Fund Commitments**	The evergreen acts as an LP in newly raised drawdown funds, the same way an institutional investor would. Capital is called over the drawdown fund's life.	Scalable but slow to deploy; exposes the evergreen to J-curve of underlying fund. Provides vintage and manager diversification.
2	**LP-Led Secondaries**	The evergreen buys existing fund interests from LPs seeking liquidity ahead of natural distributions. Often acquired at a discount to NAV.	Workhorse strategy for maintaining deployment. Immediately diversified, shorter hold periods, mature portfolios with known assets.
3	**GP-Led Secondaries**	The evergreen participates as a buyer when a GP creates a continuation vehicle to extend the hold period on one or several portfolio companies.	More concentrated. Provides manager-specific exposure to known, high-conviction assets. Often accessed at attractive terms.
4	**Co-Investments**	The evergreen invests alongside a primary fund manager in a specific company, typically at no fee and no carry to the underlying manager.	Higher concentration but potential for meaningful alpha when sourced well. Requires strong GP relationships.
5	**Direct Investments**	The evergreen manager sources, executes, and manages investments in private companies without a GP intermediary.	Requires the most operational capability. Higher return potential but concentration risk. Typically a smaller portion in early fund life.

Source: Ares Management, Evaluating Evergreens, 2025; iCapital, The Future is Evergreen, 2024.

Inside the Portfolio: Partners Group Private Equity (Master Fund)

What does a top-performing evergreen private equity fund actually own? Partners Group launched the Master Fund in 2009, one of the first registered PE evergreen funds in the U.S. At the end of 2025 it held $15.9 billion in net assets with exposure to more than 3,000 companies. A newer fund at $500 million cannot replicate that diversification.

Investment Type	% of Portfolio	# Positions	Role in Portfolio
Direct investments	64%	417	Long-term value creation via controlling equity stakes, direct infrastructure, direct lending
Secondary investments	16%	81	Discounted entry into seasoned portfolios; reduces J-curve; accelerates deployment
Primary commitments	14%	223	Vintage-year and manager diversification; access to best-in-class specialists
Listed investments	6%	110	Daily-liquid buffer that absorbs modest redemption flows without forcing private-asset sales

Source: Partners Group Private Equity (Master Fund). SEC N-CSR Filing, March 2025. Portfolio data as of fiscal year ending March 31, 2025.

The 6% in listed equities is the most widely copied design decision in the category. Liquid positions absorb redemption requests. When investors want out, the manager sells listed stocks rather than private company stakes. The 16% in secondaries does something different: secondaries deploy capital quickly, come at a discount to NAV, and give the fund exposure to mature, known assets from day one rather than blind-pool commitments. Most new evergreen private equity funds launching today use some version of this construction: direct investments for return, secondaries for deployment speed, primaries for diversification, and a liquid sleeve for redemptions.

What the Structure Gives Up and Where It Can Break

The evergreen structure genuinely helps investors who couldn't otherwise access private markets. It also introduces risks that a drawdown fund doesn't have. Both sides matter.

What Evergreens Give Up vs. Drawdowns

Trade-off	Detail	Who Is Most Affected
Co-investment access at scale	Co-investment opportunities are typically not available to evergreen investors at the same scale as institutional LPs in drawdown funds. The fund itself may co-invest, but end investors do not get direct access.	Large family offices and institutional investors who value direct co-invest as a fee-reduction strategy
Fee negotiation and side letters	Registered funds must treat all investors equally. There is no mechanism for negotiated terms, reduced carry, or side letter provisions, tools that large institutional LPs use to materially improve net returns in drawdown funds.	Large institutional investors ($500M+ private markets allocation)
Vintage-year control	An evergreen subscription buys into whatever the portfolio looks like today. Allocators who believe strongly in vintage-year selection, deploying more aggressively at cycle lows, cannot express that view through an evergreen.	Sophisticated allocators with tactical allocation views

Structural Risks

Risk	What It Means	Q1 2026 Evidence
Liquidity is conditional	The 5% quarterly cap can be hit in stress scenarios. Redemptions can be prorated or suspended. Several non-traded REITs gated redemptions during heavy demand periods in late 2022–2023.	Four major funds gated in Q1 2026: $5.4B in requests, $2.1B honored. Funds operated exactly as disclosed, but the trigger event was real.
NAV pricing is estimated	Private assets do not have observable market prices. NAV is determined by the manager with independent valuation oversight. It may not reflect forced-sale prices.	Real estate NAVs adjusted sharply in 2022 and 2023 as rates rose, accounting for the -12.7% annualized tail in 3-year performance data.
Cash drag risk	A poorly managed liquidity sleeve dilutes returns. Investors should evaluate the manager's historical track record of staying deployed and their deal sourcing depth.	Not directly observable in aggregate performance data. Requires manager-level portfolio disclosure.
Fee layering	If the evergreen invests through primary fund commitments and pays underlying fund fees, total fee load can erode net returns significantly relative to the headline management fee.	Most relevant for evergreen-of-funds or diversified vehicles investing heavily via primaries.
Concentration risk in early-stage vehicles	Young evergreens may rely heavily on a small number of co-investments or secondaries until they reach scale. Top-20 concentration matters significantly in early vintages.	Partners Group top-20 holdings = 25% of portfolio at $15.9B, acceptable at scale but potentially problematic below $500M.

Looking Ahead

- **More managers entering, more complete solutions launching —** The pace of new filings is accelerating. Large incumbents are expanding their evergreen lineups beyond single-strategy products into complete private markets solutions that bundle PE, credit, and real assets in a single vehicle. Traditional asset managers are entering through partnerships rather than building in-house, compressing the time to market significantly.
- **Continued adoption across private wealth and institutional channels —** Wealth channel adoption has been the growth story of the past decade, but institutional interest is accelerating too. Smaller institutions — pension funds, endowments, and insurance companies without dedicated alternatives teams — are using evergreens as an efficient entry point to private markets exposure without the operational burden of a drawdown program.
- **Retirement plans are the defining catalyst to watch —** The March 2026 DOL safe-harbor proposal, if finalized, opens $12.2 trillion in defined-contribution assets to private markets for the first time. The implementation timeline is 2–3 years, but managers who have built ERISA-compliant infrastructure — daily NAV systems, record-keeper integrations, compliant share classes — are already positioned.
- **Distribution infrastructure evolving to meet retail demand —** RIAs, broker-dealers, and wirehouse platforms are building dedicated alternatives workflows. Platforms like iCapital and CAIS have scaled the technology layer that connects fund managers to thousands of advisors. As demand from retail investors grows, distribution is becoming a core competitive differentiator — not just a sales function.