

The case for evergreen funds

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Evergreen funds are rapidly gaining momentum in Private Markets by offering a flexible, diversified alternative to traditional closed-ended vehicles. Evergreens provide immediate access to a fully-paid-in portfolio of Private Markets investments, while continuously reinvesting the proceeds over time. As a result, they represent a simple yet highly effective approach for private individuals and institutional investors to access Private Markets.

What are evergreen funds exactly?

Evergreen funds work as perpetual (open-ended) funds, where investors can invest (“subscribe”) and sell (“redeem”) their investments over time. Subscriptions are typically possible on a monthly basis, redemptions quarterly. Funds automatically recycle exit proceeds into new deals, creating compounding returns for investors from day one. Similar to public-market ETFs, evergreens can be distributing or accumulating (cash income or no cash income for investors).

Key differences between evergreens and closed-ended funds

Feature	Closed-ended funds	Evergreen funds
Investment	Investor commits capital in fundraising period; within 3-5 years	Investors may subscribe monthly ; capital is invested directly
Fund life	Typically 10-12+ years	Perpetual (open-ended)
Distributions	Distributions are paid out at manager’s discretion ; typically after 4-6 years	Returns are either distributed or efficiently reinvested in the fund
Returns	J-curve ; net returns can initially be negative during investment period	No J-curve ; investors access a pre-funded portfolio of investments
Exit	Investors may exit the investment at the end of the fund’s lifetime	Investors can exit at defined windows (e.g., quarterly); subject to gates/restrictions

Why are evergreen funds attractive for investors?

Evergreen funds can substantially reduce complexity for Private Markets investors. In particular, evergreens exhibit 3 key advantages for investors:

- 1 **Simple yet effective processes** during investment and exit
- 2 **Diversified investment allocation** to Private Markets
- 3 **Accumulating, compounding returns** of Private Markets investments

1 Simple yet effective processes during investment and exit

Evergreens reduce complexity of investors by eliminating capital calls, enabling flexible investment and exit windows, simplifying transaction processes, and streamlining the required documentation to complete transactions.

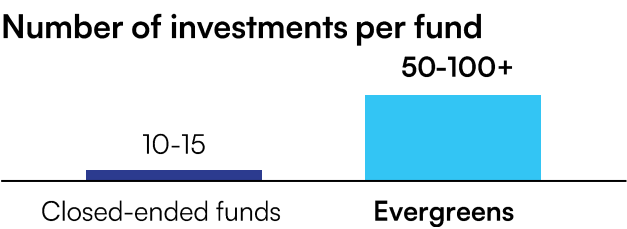
Consequently, investors in evergreen funds are fully invested from day one and can avoid the typical administrative burdens arising when investing in traditional closed-ended funds.

Feature	Evergreen funds
Timing	Entry: Monthly Exit: Quarterly (gates apply)
Processes	Purchase or sale of ISIN through securities account
Documentation	No additional legal documentation required
Reporting	Transparent, comparable, monthly reports

2 Diversified investment allocation to Private Markets

Evergreen funds typically invest in the complete portfolio/platform of one or several Private Markets managers — resulting in a significantly higher number of investments per fund.

The approach allows evergreens to gain exposure across geographies, vintages, industries, and more. By capitalizing on a manager’s ongoing deal flow and reinvesting returns, evergreen funds maintain dynamic diversification over time, reduce concentration risk, and enhance portfolio resilience.

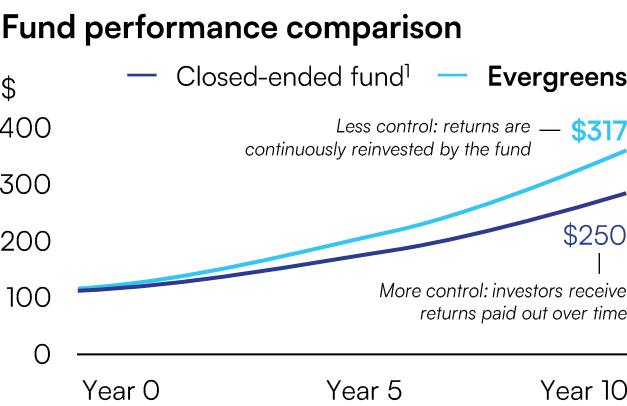


- Possible diversification across:
- ✓ Geographies
 - ✓ Strategies
 - ✓ Maturity stage
 - ✓ Vintages
 - ✓ Industries
 - ✓ Fund managers
- Only selected evergreens

3 Accumulating, compounding returns of Private Markets investments

Traditional closed-ended funds (which draw capital over several years and return proceeds to investors after selling assets), typically require ongoing cash management by investors and often result in larger parts of the committed capital not being at work in Private Markets.

The structure of evergreen funds (fully paid-in portfolios; continuous reinvestment of returns) is set up to maximize time in the market, avoid cash drag, and enhance the long-term compounding effect for investors. As a result, evergreens have the potential to generate higher performance vs. closed-ended funds over the investment horizon when net returns are equal.



- Advantages for investors
- ✓ Pre-funded portfolios
 - ✓ Fully paid in, no capital calls
 - ✓ No distribution management needed (reinvesting)

1) Closed-ended fund assumes that capital is deployed in equal increments over a 5-year investment period and that investments are held for 5 years before their sale and distribution of capital. Undrawn capital is assumed to be held in a 60/40 portfolio of public equities and bonds generating a 6.8% return assuming a 5% return for bonds and 8% return for equities, which is the long-run historical returns of the MSCI World Index and Bloomberg Global Agg Index since 1990.

In short: The **value proposition** of evergreen funds

Core allocation in Private Markets



Evergreen funds are a simple, effective, and efficient way for investors to gain a core holding in Private Markets.

Reduced complexity of investments



Evergreens simplify the process for investors to access Private Markets, building the basis for an effective integration in existing portfolios.

Increased diversification through a single investment



Investing in a broad portfolio of assets, evergreens allow for enhanced diversification in Private Markets — via one investment vehicle.

Robust performance due to compounding returns



Since evergreens are fully funded (no capital calls) and continuously reinvest their proceeds, they offer competitive return opportunities.

Want to know more about evergreens or iAccess Partners?

Don't hesitate to reach out to info@iaccesspartners.com.



Sources: Hamilton Lance, KKR, Blackstone, Ares Management, Partners Group, Apollo Global Management, Neuberger Berman, EQT, CVC, Blue Owl Capital

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