Chart of the Week

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Pining for Evergreens

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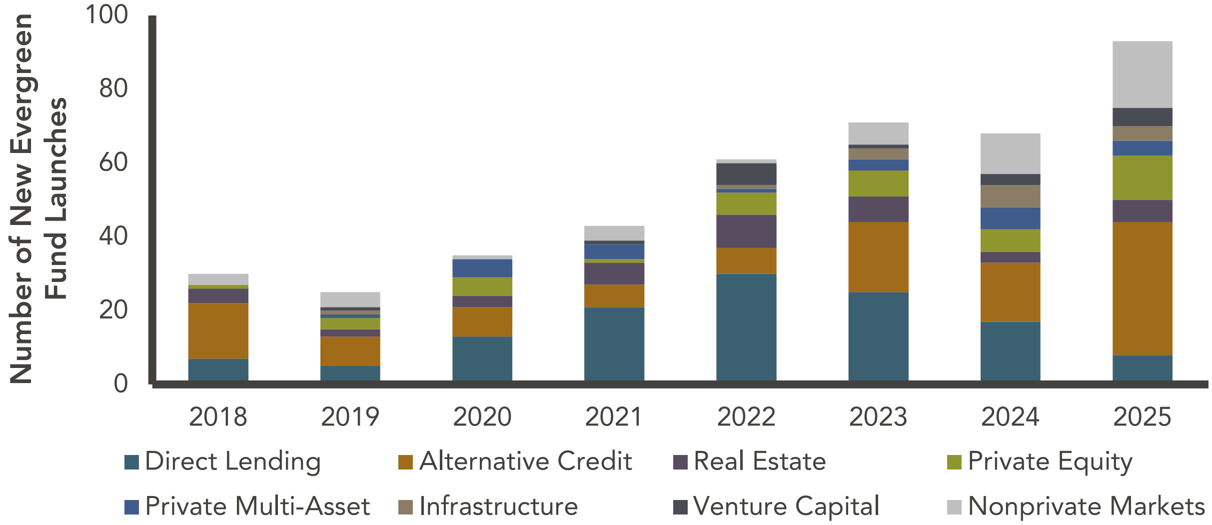
Evergreen funds have quickly expanded access to private markets through greater flexibility, albeit with some liquidity risk



Source: Morningstar, Pitchbook as of November 30, 2025. Nonprivate markets evergreen funds invest in liquid or semi-liquid assets, such as public equities, investment-grade bonds, high yield bonds, bank loans, public real assets (e.g., REITs and listed infrastructure), and alternative risk-premia strategies.

In recent years, access to traditionally illiquid private markets has expanded through the rapid growth of evergreen funds, which provide investors with more favorable subscription and liquidity terms than traditional closed-end vehicles. New evergreen fund launches notably increased from 30 in 2018 to 107 in 2025, with alternative credit strategies emerging as the primary driver of this growth (36 new fund launches last year). Many new funds have also come to market in the private equity, real estate, and infrastructure spaces, and these dynamics can be observed in the chart above. There are more than 500 active evergreen funds available to investors currently.

Broad adoption of the evergreen structure reflects growing demand for more illiquid assets across both institutional and retail investors. In addition to the advantageous terms mentioned above, many offer seasoned and diversified exposures, which can help mitigate the J-curve effect that is exhibited within private markets. Many evergreen funds also have lower investment minimums and less operational complexity relative to closed-end vehicles. All of these factors have contributed to the proliferation of evergreens detailed above. It is important to note, however, that there are drawbacks associated with evergreen fund investing, including potential liquidity mismatches and gating risk. Overall, while evergreen funds have broadened access to private markets through greater flexibility and lower barriers to entry, investors must balance these benefits against the structural liquidity and redemption risks inherent in illiquid asset classes.

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