MORNINGSTAR PitchBook

Q2 2026

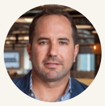
US

Evergreen Fund Landscape

PitchBook

Contents

Institutional Research Group



Juan Mier, CFA
Lead Analyst, Fund Strategies
juan.mier@pitchbook.com

Hilary Wiek, CFA, CAIA
Principal Analyst, Fund Strategies
hilary.wiek@pitchbook.com

Nick Rescigno
Analyst, Fund Strategies
nick.rescigno@pitchbook.com

Jason Kephart, CFA
Senior Principal, Multi-Asset Strategy Ratings, Morningstar
jason.kephart@morningstar.com

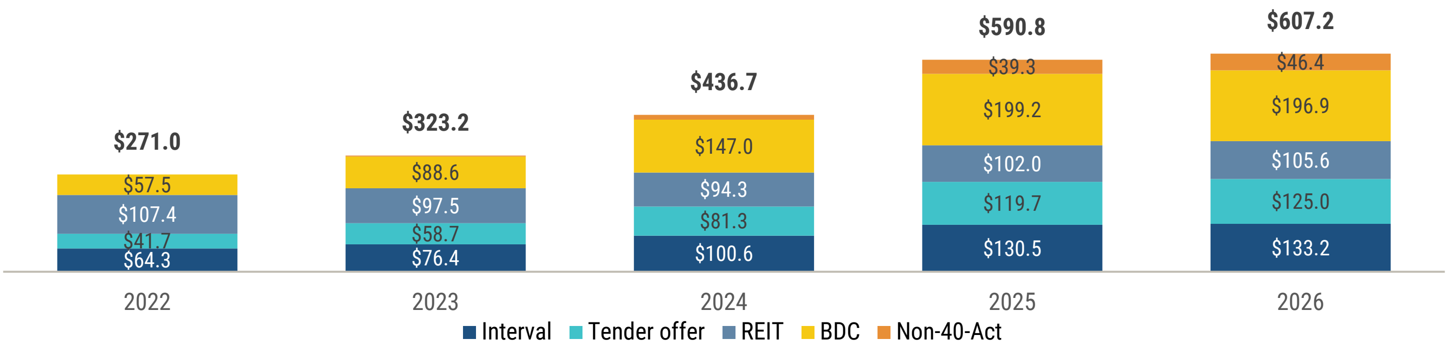
Jack Shannon
Principal, Equity Strategies, US, Morningstar
jack.shannon@morningstar.com

Steven Buibish, CFA
Director, US Private Equity
steven.buibish@morningstar.com

Published on July 7, 2026

Market Overview

Evergreen fund AUM ($B)

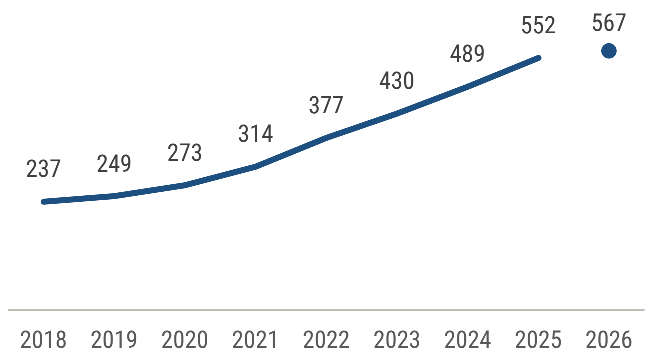


Sources: Morningstar & PitchBook • Geography: US
Note: Data was aggregated on June 10, 2026. The most recent dates of the disclosure documents range from September 30, 2025, to March 31, 2026.

The word of the quarter in the evergreen space was redemptions. While there is eventual transparency, the data on redemptions still comes on a lagged basis, so there were many breathless headlines when individual fund prorations were announced as the filings were released. In a recent webinar we hosted, more of our attendees selected herd mentality as the main reason for the redemptions than any of the other three options, feeling that news of redemptions, rather than news of fundamental issues, was leading investors to put in for their own redemptions. In talking with a range of industry participants, who certainly have a vested interest in calming the waters, the prevailing feeling is that the typical 5% maximum required redemption each quarter from interval funds and BDCs is working as it should: it is protecting the portfolio from having to liquidate illiquid investments under adverse circumstances. Generally speaking, a combination of maturities and income have been plenty to fulfill redemption requests. In several cases, the proration was ratcheted up to 7% in a show of unrequired goodwill by the asset managers to their investors.

In the assets and flows section of this report, the redemptions show up clearly in the March entry. It is worth noting that this has largely been a direct lending phenomenon, not spreading across all evergreen fund strategies. Our Fund Performance Report spotlight this quarter focused on private debt, and we also noted during our webinar that the income component of direct lending has been able to comfortably offset realized losses.[1]

Active evergreen fund count



Source: Morningstar & PitchBook · Geography: US · As of June 1, 2026
Note: Data excludes non-40-act funds.

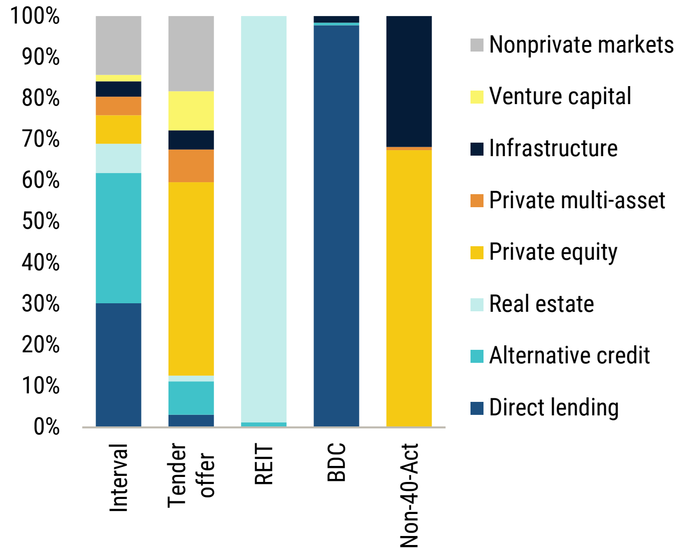
New this quarter:

- Our colleagues at Morningstar have been working diligently to issue ratings on the evergreen fund universe, with several new ratings being issued every quarter over the past year. We will have a section of this report dedicated each quarter to developments in those ratings.
- This quarter, we were able to assemble the data to fill a previously acknowledged gap in our coverage: what we are calling the non-40-Act funds. Last quarter, we reported $534.6 billion in US evergreen funds as of the end of 2025, but now we show $590.8 billion. The difference reflects the addition of these funds, a catch-up of previously delayed reporting, and some additional fund coverage.

What we are reading

- "Competition Mounts to Run the Private Market 'Operating System,'" PitchBook, Alexander Davis, June 26, 2026.
- "The Semiliquid Label Is Not a Misnomer: Stanger CEO," FUNDfire, Tony Rifilato, June 8, 2026.
- "Private Credit Investors Just Read the Fine Print. Will PE Be Next?" PitchBook, Esther Luz, June 2, 2026.
- "Retail Investors Cool on Private Equity as Jitters Spread," Financial Times, Alexandra Heal and Eric Platt, May 9, 2026.
- "Apollo Chief Says Retail Fund Mark-Ups 'Make No Sense,'" Financial Times, Antoine Gara, May 6, 2026.
- "Semiliquid Private Equity Funds Have a Math Problem," Morningstar, Jack Shannon, April 28, 2026.
- "The Arithmetic of Direct Lending," Cliffwater Insights, April 23, 2026.
- "Goldman President Warns Private Credit Funds Are Not Marketed Properly," Financial Times, Martin Arnold & Eric Platt, April 15, 2026.
- "Retail Investors Are Pulling Back From Private Credit. CalSTRS CIO Sees Opportunity in Their Retreat." Pensions & Investments, Ryan Prete, April 13, 2026.
- "Goldman CEO Solomon Sees Private Credit as Attractive Sector, Despite Retail Concerns," Pensions & Investments, Palash Ghosh, April 13, 2026.
- "US Treasury Calls in Regulators for Talks on Private Credit Risks," Financial Times, James Politi, Eric Platt, & Sujeet Indap, April 1, 2026.
- "Wave of Private Debt Cash-Outs Highlights Role of Wealth Advisers Handling Alt Investments," PitchBook, Alexander Davis, March 27, 2026.

Share of evergreen fund net AUM by structure and strategy



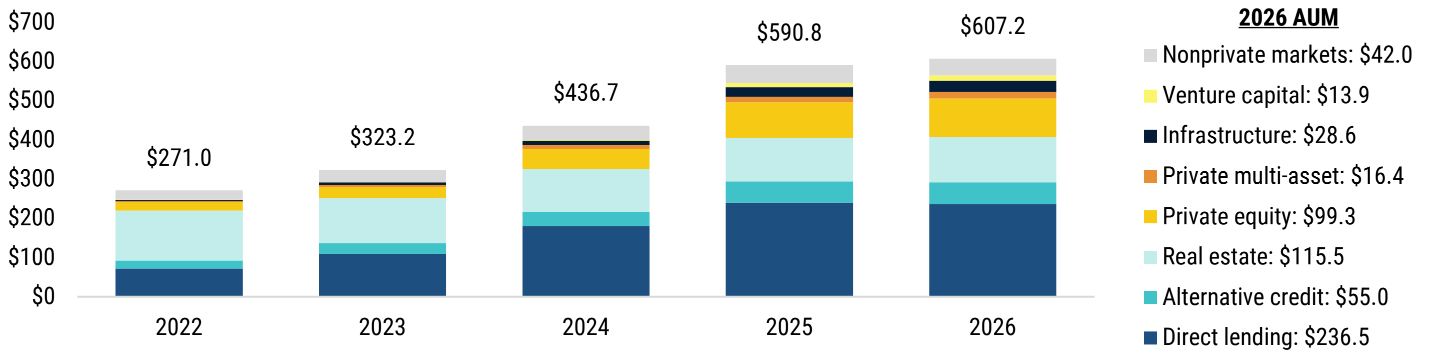
Sources: Morningstar & PitchBook • Geography: US
Note: Data was aggregated on June 10, 2026. The most recent dates of the disclosure documents range from September 30, 2025, to March 31, 2026.

The make-up of the evergreen fund universe varies widely by fund type. Interval funds, with their promise of some level of liquidity at a specified interval, are well suited for assets that pay income, so we see a lot of credit, direct lending, and real estate in that structure. Tender offer funds, which offer redemptions at the fund board's discretion, make more sense for the equity assets that lack the built-in liquidity mechanisms of maturities and income.

The new additions to some of our charts and displays this quarter are the non-40-Act funds, which can be characterized as fund structures designed to allow investment managers the ability to pursue broader, more customized investment mandates. Given the most flexibility, it is not surprising to see PE as the leading strategy in this grouping of funds, with infrastructure as the next largest, as those strategies often house long-term holdings that do not lend themselves to liquidity on demand. This universe is currently made up of only 19 funds, but several are substantial: Blackstone Private Equity Strategies Fund (BXPE, $14.7 billion), KKR Private Equity Conglomerate (K-PEC, $11.2 billion), KKR Infrastructure Conglomerate (K-INFRA, $7.2 billion), and Blackstone Infrastructure Strategies (BXINFRA, $4.4 billion) are big and growing.[2] It is incumbent upon investors to look at the fine print of these funds' terms, as they tend to be more opaque compared to 40-Act registered peers.

Assets and flows

Evergreen fund net assets ($B) by strategy



Sources: Morningstar & PitchBook • Geography: US
Note: Data was aggregated on June 10, 2026. The most recent dates of the disclosure documents range from September 30, 2025, to March 31, 2026.

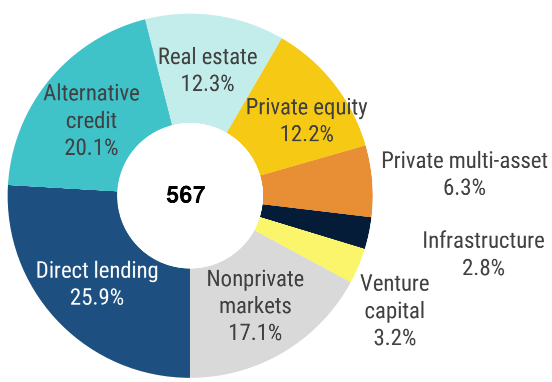
Note: AUM by strategy represents the total net assets managed by each vehicle. Strategy tags are assigned to each fund rather than individual holdings, which are often a mix of the private capital strategy focus, publicly traded assets, cash, and so on. Strategy categories are assigned based on the dominant asset mix and/or self-marketed exposures targeted. See the "Appendix" for private capital definitions.

Evergreen fund universe net assets exceeded $600 billion as of the most recent data available. This figure includes funds that have already reported 2026 data and those within a two-quarter lookback window to account for reporting lags. This quarter, we included the non-40-Act funds, as mentioned in the Market Overview, reflecting an important step in our coverage of the evergreen fund universe.

Private debt strategies continue to dominate asset share, nearing $300 billion across direct lending and alternative credit funds. However, some of the largest funds in the strategy have experienced substantial but controlled outflows coupled with flat performance. Credit-focused vehicles from Blackstone and Blue Owl took a hit as outflows impacted those funds. Net assets in the Blackstone Private Credit Fund (BCRED) fell by $2.6 billion, comparing the Q4 2025 vs. Q1 2026 entries. On a positive note, the Oaktree Strategic Credit Fund was first among major firms to report lower redemption demand in Q2 vs. Q1 and below the 5% cap.

Our evergreen funds universe now reflects a more accurate value for PE fund assets. The arrival of Blackstone's BXPE and KKR's K-PEC to our universe, both non-40-Act funds, has brought PE evergreen assets to nearly $100 billion.

Share of active evergreen fund count by strategy



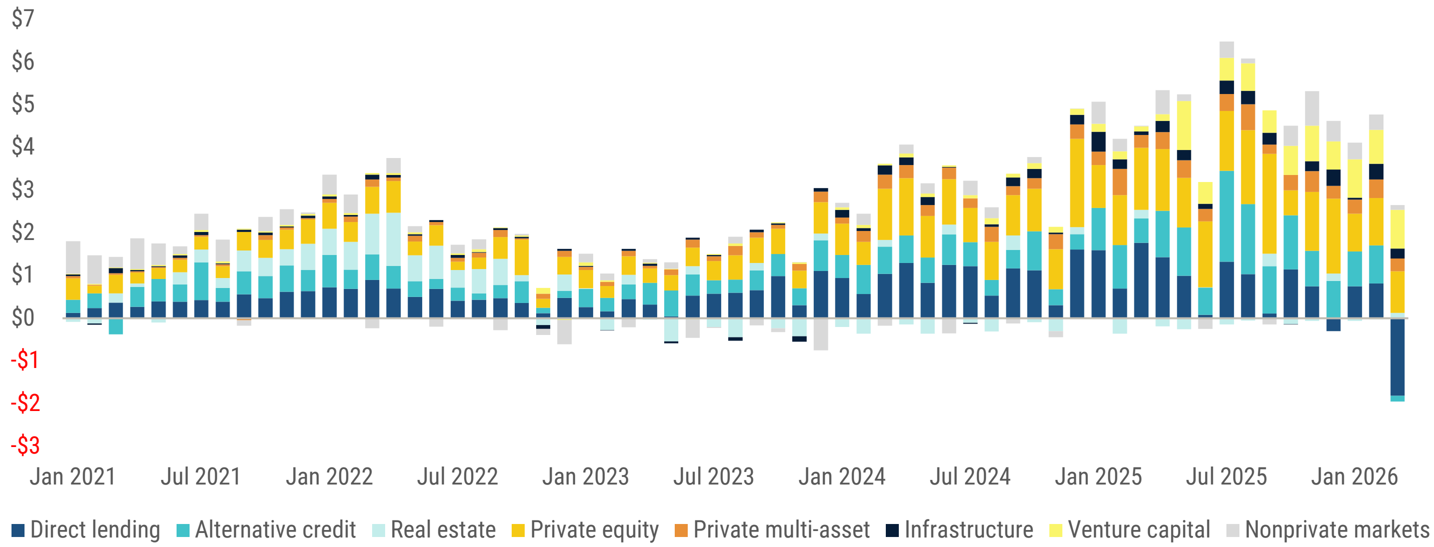
Sources: Morningstar and PitchBook • Geography: US • As of June 1, 2026
Note: Data excludes non-40-act funds.

These funds are only a couple of years old but are evidence of high demand for the products, which have delivered double-digit returns in the last year. Similarly, these GPs are also managing successful infrastructure platforms. And here again, infrastructure assets have been boosted by the inclusion of the non-40-Act funds. Blackstone and KKR's PE and infrastructure platforms are global strategies with vehicles in several geographies. We are only counting US-domiciled assets, but there is worldwide appetite for these funds.

Real estate fund assets have recovered slightly since our last reporting, but are still below the lofty days of 2022. Venture capital funds are a small slice of the evergreen universe, but they are garnering attention amid the recent wave of announced mega-IPOs, which have the potential to boost near-term valuations.

PitchBook

Monthly interval and tender offer fund net flows ($B) by strategy



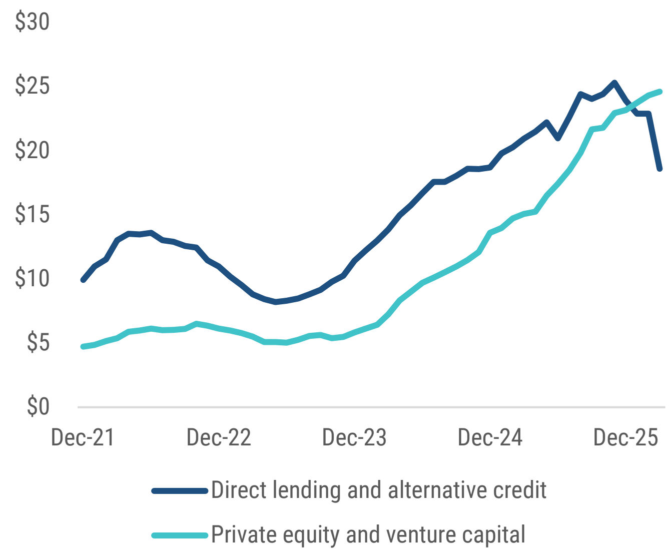
Sources: Morningstar and PitchBook • Geography: US • As of March 31, 2026

Until recently, interval and tender offer fund flows have been largely a one-way street. Since 2021, net flows have been consistently positive month by month for most strategies. However, we invoke Stein's Law: if something cannot go on forever, it will stop.[3] The flows narrative could now be changing as we see a sharp negative drop from direct lending funds, driven by investor jitters due in part to private credit's exposure to software companies.

Evergreen fund outflows are often framed within the bounds of the oft-cited "5% quarterly" redemption cap. Research from Morningstar, featured in the *Spotlight* section of the report, draws on the open-end mutual fund and ETF worlds to show that essentially every fund has experienced a 5% outflow at some point.

So not only were accelerated outflows inevitable at some point for evergreen funds, but we believe it is a necessary stress test for the asset class. AUM has grown at an impressive rate that was bound to moderate eventually. Despite the outflow pressures on private debt funds, we note that two prominent sponsors, Morgan Stanley and JPMorgan, have filed for new debt-focused interval funds. Furthermore, the JPMorgan fund intends to offer monthly liquidity.[4]

Interval and tender offer trailing 12-month net flows by strategy ($B) time series



Sources: Morningstar and PitchBook • Geography: US • As of March 31, 2026

Pre-launch fund tracking: We are now beginning efforts to track funds before they are officially launched. As of the end of May, approximately 100 were in the pipeline, dominated by private credit and multi-asset strategies.

Stepping back from the recent quarterly flows, longer-period flow trends are still positive, and not all strategies are seeing outflow pressures yet. Trailing 12-month net flows for equity-related strategies (PE and VC) have accelerated significantly since 2024. Our latest reading was nearly $25 billion, with PE hauling in over $16 billion on its own. The trend in debt strategies is shifting downward, driven by direct lending, after a recent peak in November 2025. However, we note that alternative credit has captured approximately $12 billion in the 12 months through March.

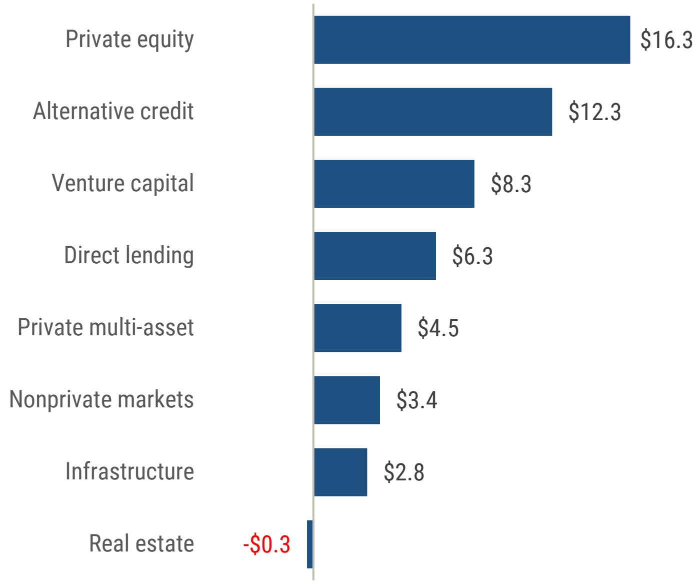
Not surprisingly, quarterly net flows for BDCs have turned sharply downward as outflows hit private credit strategies. The pace of inflows will be an important offset to any future outflows, but BDCs have a structural advantage over credit-focused interval funds: BDC boards have the discretion to pause redemptions. While unpopular, this can be a survival mechanism that interval funds cannot rely upon.

Developments around outflows deserve to be watched closely. However, we take the view that fears of contagion, systemic risk, or the general tone of describing outflows in evergreen funds are exaggerated. We would not be surprised if it took some time for flows to stabilize, and it is not unlikely that selective fund failures could happen in the meantime. All of this is normal in capital market cycles.

Prominent funds that have reported the results of their most recent repurchase programs, such as Cliffwater Corporate Lending and Blackstone Private Credit, have met the 5% cap without upsizing the most recent repurchase round. While getting one's capital pro-rated when the goal is to fully exit a fund can be disappointing, we believe these liquidity mechanisms are generally understood by investors. Several individual funds have posted strong long-term performance, so it is not far-fetched to assume that a portion of redemptions is being driven by profit-taking and rebalancing rather than a rush to the exits.

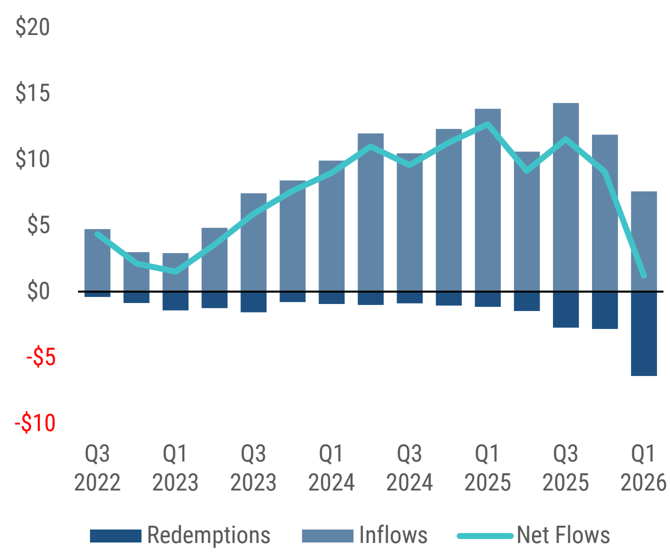
Beyond fund structures and liquidity terms, human behavior is also playing a big role. While the thesis of private capital investing centers on long-term, patient allocations, when given the option of some liquidity, some investors will be willing and ready to take it. Looking ahead, performance will be the key companion metric to watch alongside outflows. Game theory tells us that weak performance could intensify the incentive to redeem, even if staying invested helps avoid destabilizing a fund, all else equal.

Interval and tender offer funds trailing 12-month net flows ($B) by strategy



Source: PitchBook and Morningstar • Geography: US • As of March 31, 2026

Unlisted BDC quarterly flows ($B)

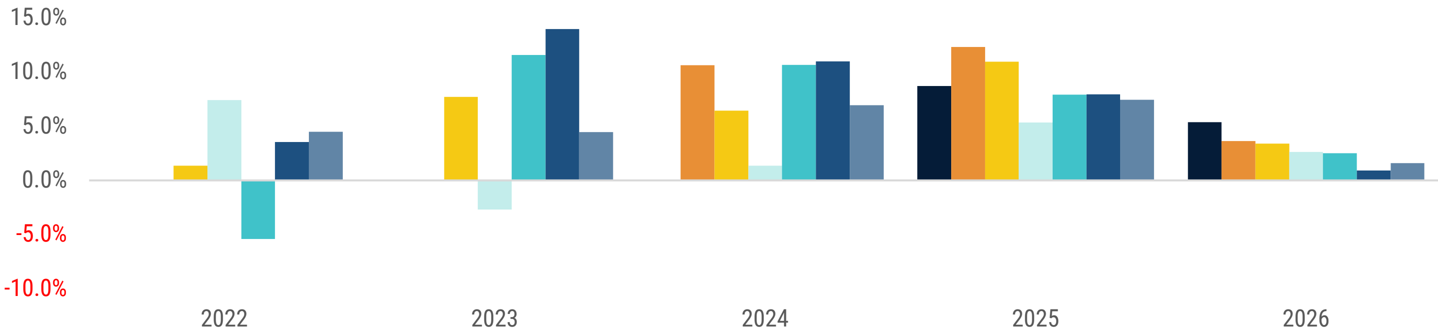


Source: SEC Filings • Geography: US

Note: Data was aggregated on June 10, 2026, from 20 unlisted BDCs using cash flow statements from quarterly and annual reports for the period September 2022 through March 2026.

Performance

Morningstar PitchBook US Evergreen Fund Indexes calendar-year returns



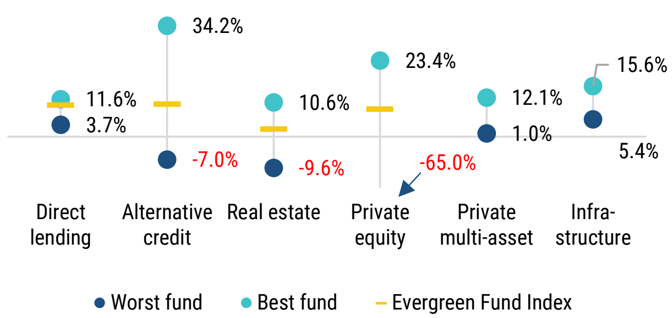
Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026
Note: Index data for months within their respective restatement periods is preliminary and subject to revision.

The Morningstar PitchBook US Evergreen Fund Indexes entered 2026 with strong gains across all major categories in 2025. Compared with 6.9% posted in 2024 and 7.4% in 2025, through April 30, 2026, the broad Evergreen Fund Index has returned 1.6%, held down so far by the index's large weighting in direct lending. Infrastructure led all major categories at 5.4%, while direct lending returned just 0.9%, a markedly slower start for the strategy that has anchored aggregate evergreen returns in recent years and will be an important gauge amid outflow pressures in this strategy.

Return dispersion remains a defining feature of private markets, in both the evergreen and drawdown fund universes, reinforcing the importance of manager selection. PE shows the widest range of outcomes for the three-year period through April 2026, consistent with its higher-risk profile. Picking the wrong manager can be costly in this strategy, as the worst fund's return equates to a massive impairment of capital.

The dispersion in alternative credit is also wide, albeit not as extreme as that of PE. The range reflects its varied mix of credit approaches across mezzanine, distressed, structured, as well as venture and real estate debt. Real estate dispersion is narrower but still notable, given the uneven recovery across property types, capital structures, and sub-strategies. By contrast, direct lending has shown a more consistent profile—its worst three-year performer still returned a positive 3.7%. The performance profile of senior-secured loans is more uniform and sits higher in the capital structure than alternative credit holdings, producing a tighter band of outcomes.

Morningstar PitchBook US Evergreen Fund Indexes three-year net total return dispersion



Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026
Note: Returns for periods greater than one year are annualized. Index data for months within their respective restatement periods is preliminary and subject to revision.

Evergreen structures broaden access to private markets, but they do not eliminate the manager-selection risk embedded in private-market investing.

Against public benchmarks, the performance picture by strategy remains mixed. Private credit still stands out historically. The Direct Lending Evergreen Index has outperformed the Morningstar LSTA US Leveraged Loan Index across one, three, five, and ten-year trailing subperiods. Direct lending performance is particularly strong in the three- and five-year periods ended April 2026, coinciding with the narrative of the so-called golden age of private credit. Meanwhile, the Alternative Credit Evergreen Index is ahead of public markets

Morningstar PitchBook US Evergreen Fund Indexes net total returns versus public benchmarks

Index	Performance start date	Return since start date	1-year return	3-year return	5-year return	10-year return
Morningstar PitchBook US Evergreen Fund	May 31, 2014	7.1%	7.1%	6.4%	7.9%	7.6%
Morningstar PitchBook US Private Capital Evergreen Fund	May 31, 2014	7.1%	7.2%	6.4%	8.0%	7.6%
Morningstar PitchBook US Private Debt Evergreen Fund	May 31, 2014	5.2%	6.9%	9.6%	7.7%	6.0%
Morningstar PitchBook US Direct Lending Evergreen Fund	November 30, 2014	5.2%	6.5%	9.7%	8.9%	6.0%
Morningstar PitchBook US Alternative Credit Evergreen Fund	May 31, 2015	5.3%	9.3%	9.8%	6.1%	5.4%
Morningstar LSTA US Leveraged Loan	May 31, 2014	4.8%	6.2%	8.1%	6.1%	5.5%
Morningstar PitchBook US Private Real Estate Evergreen Fund	February 28, 2015	6.5%	6.6%	2.5%	6.6%	6.6%
Morningstar US Real Estate	February 28, 2015	5.6%	13.5%	9.8%	3.7%	6.1%
Morningstar PitchBook US Private Equity Evergreen Fund	May 31, 2021	8.6%	12.0%	8.6%		
Morningstar US Market	May 31, 2021	12.2%	31.0%	21.5%		
Morningstar PitchBook US Private Multi-Asset Evergreen Fund	August 31, 2023	11.6%	13.1%			
Morningstar Moderate Target Risk	August 31, 2023	13.1%	17.9%			
Morningstar PitchBook US Private Infrastructure Evergreen Fund	February 29, 2024	8.6%	10.6%			
Morningstar Global Equity Infrastructure	February 29, 2024	18.9%	25.8%			

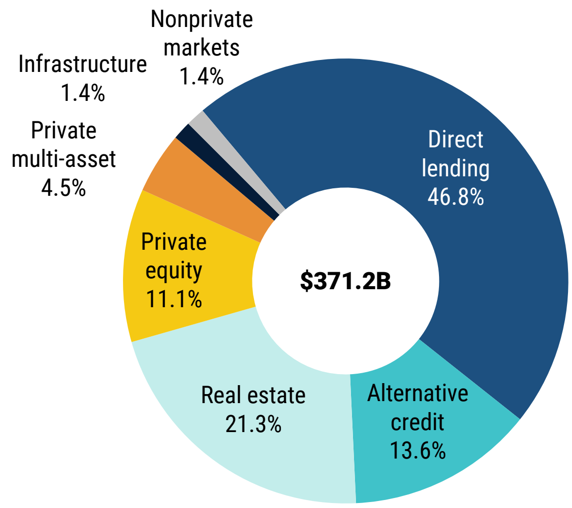
Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026

Note: Returns for periods greater than one year are annualized. Index data for months within their respective restatement periods is preliminary and subject to revision. The start date for the comparable public benchmark is the oldest start date of the corresponding evergreen fund index.

since inception but lags slightly in the five- and ten-year trailing periods through April 2026.

The early-2026 deceleration, however, reflects a genuine shift in conditions rather than ordinary noise. Elevated redemption requests at several large nontraded vehicles and a sharp decline in listed BDC prices have weighed on sentiment—much of it tracing to concerns over software exposure, roughly a fifth of direct lending by some estimates,[5] as fears of AI disruption to the SaaS model repriced public software and, in turn, the BDCs lending against it. Because listed BDCs trade daily, their price declines act as a market signal that appraisal-based evergreen marks have not yet fully registered, a reminder that private market NAVs lag. We would caution against over-reading the redemption headlines: actual repurchases remain capped near 5% of NAV by design and underlying loan performance has selectively held up so far.[6] The greater concern now is whether borrowers can service their debt, as elevated rates strain already-leveraged companies and AI clouds the outlook for the software firms that make up a large share of these portfolios. Amid the redemption pressure and shifting sentiment, the evergreen indexes give us a high-frequency read on how the asset class is actually performing. The signal is less real-time than that of publicly traded securities, but it is a meaningful step beyond the lags of traditional private market reporting.

Share of Evergreen Fund Indexes net AUM by strategy



Sources: Morningstar and PitchBook • Geography: US

Note: Net assets data was most recently available as of the March 31, 2026, reconstitution. Differences in the net AUM data in the other sections of the report and the constituents for the indexes are due to data availability in Morningstar Direct, from which the indexes are built. Indexes exclude non-40-act funds.

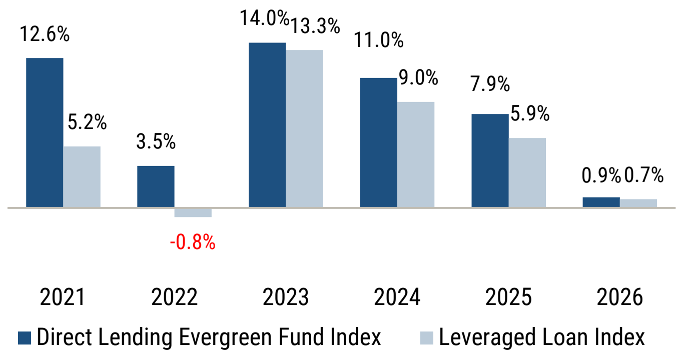
The Real Estate Evergreen Index has outperformed the Morningstar US Real Estate Index since inception and over the five- and ten-year periods, but shorter horizons have favored public markets, returning 2.6% YTD versus 10.4% for the public benchmark. Where appraisal-based return smoothing delayed the recognition of losses during the 2022-23 drawdown, the same lag now cuts the other way. As sentiment improves, listed real estate reprices quickly, while private real estate is slow to participate in the recovery.

PE evergreen fund performance remains positive but continues to trail the Morningstar US Market Index, returning 3.4% against 5.8% for public equities, YTD to April 2026. The gap is far wider over longer horizons, with trailing one- and three-year returns of 12% and 8.6% versus 31% and 21.5% for public equities. Part of that gap reflects a public equity bull run propelled largely by AI-linked megacap technology, but part is structural—AI-exposed winners are less prominent today in the evergreen fund universe than in the drawdown world and they are also more likely to be reflected in VC returns than in PE. VC is thus far a small slice of the evergreen funds landscape.

Infrastructure is the clearest bright spot, leading all evergreen categories YTD at 5.4% on rising power demand, energy security, grid investment, and datacenter build-out. It is also a corner of the evergreen universe where AI registers as a tailwind rather than a risk. The same theme threatening software borrowers in private credit is driving power and datacenter demand that supports infrastructure assets. That strength, however, has shown up faster in public markets—listed infrastructure equities, particularly power and utility names, have surged well ahead of private marks, leaving the evergreen index trailing its public benchmark over a short comparison window. At just 1.4% of index assets, the category is small, but the capital to build out is expected to draw suggests evergreen infrastructure has room to scale.

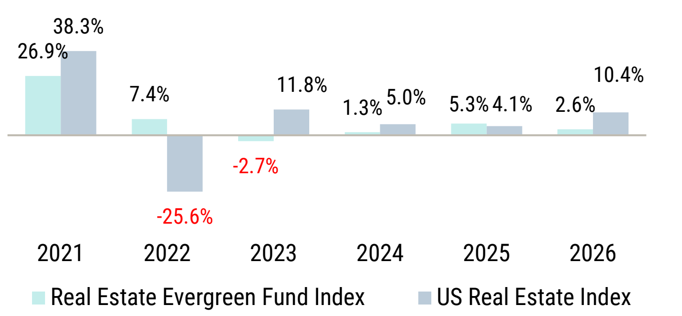
Note: Please refer to the "Appendix" for a brief description of the Morningstar PitchBook US Evergreen Fund Indexes and view the index rulebook here. Indexes currently exclude non-40-act funds.

Direct Lending Index net total return comparison



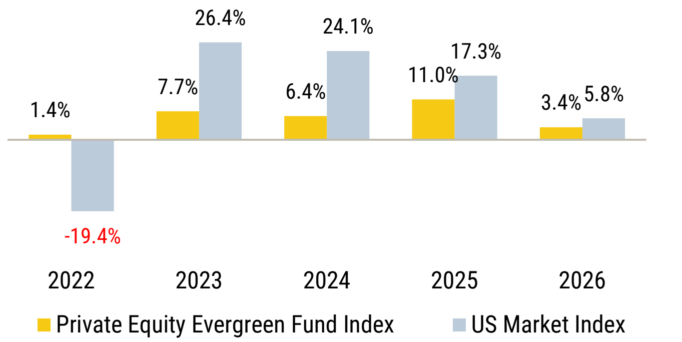
Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026
Note: Index data for months within their respective restatement periods is preliminary and subject to revision.

Real Estate Index net total return comparison



Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026
Note: Index data for months within their respective restatement periods is preliminary and subject to revision.

Private Equity Index net total return comparison



Sources: Morningstar and PitchBook • Geography: US • As of April 30, 2026
Note: Index data for months within their respective restatement periods is preliminary and subject to revision.

Spotlight: Outflows are inevitable

Note: This Spotlight is based on Morningstar's research note [Why the Semiliquid Fund Liquidity Crunch Was Inevitable](). Please see the full note for additional analysis.

The recent surge in private credit fund redemption requests should not have caught semiliquid fund managers off guard. The outflows they have seen are in line with normal retail mutual fund and exchange-traded fund investor behavior.

Retail flow patterns are remarkably consistent, and it would behoove semiliquid fund managers to manage their funds' liquidity with them in mind. The more retail money they court, the more it becomes a matter of when, not if, a run of redemptions will hit their funds.

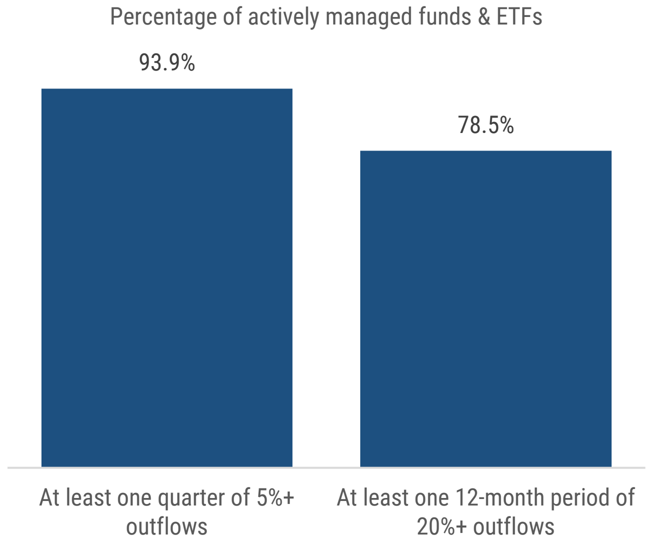
Making sure investors have clear and reasonable expectations about an investment strategy's performance and time horizon is key to limiting outflows and avoiding sudden withdrawals. Such communication can fall by the wayside, however, when asset growth takes priority.

Acute outflows come for everyone

Mutual funds and ETFs differ meaningfully from semiliquid funds. Investors can pull their money out of mutual funds or ETFs on at least a daily basis, while they can typically sell only quarterly in semiliquid funds and often only 5% of outstanding shares. Such limited liquidity is designed to prevent fire sales of hard-to-trade assets in the event of big redemptions. To private asset managers accustomed to providing zero periodic liquidity in traditional private vehicles, 5% quarterly redemptions may feel like a generous amount and one that should occur rarely.

That may have been true with institutional clients who, heretofore, have been private credit and equity managers' primary clients, but the retail market they are now targeting is different. Nearly all (94%) actively managed mutual funds and ETFs experienced a 5% quarterly outflow at some point in their lives. In fact, the typical fund experiences 5% or more of quarterly net outflows nearly 20% of the time. Clearly, this is not a rare occurrence.

Acute outflows are the norm in active management

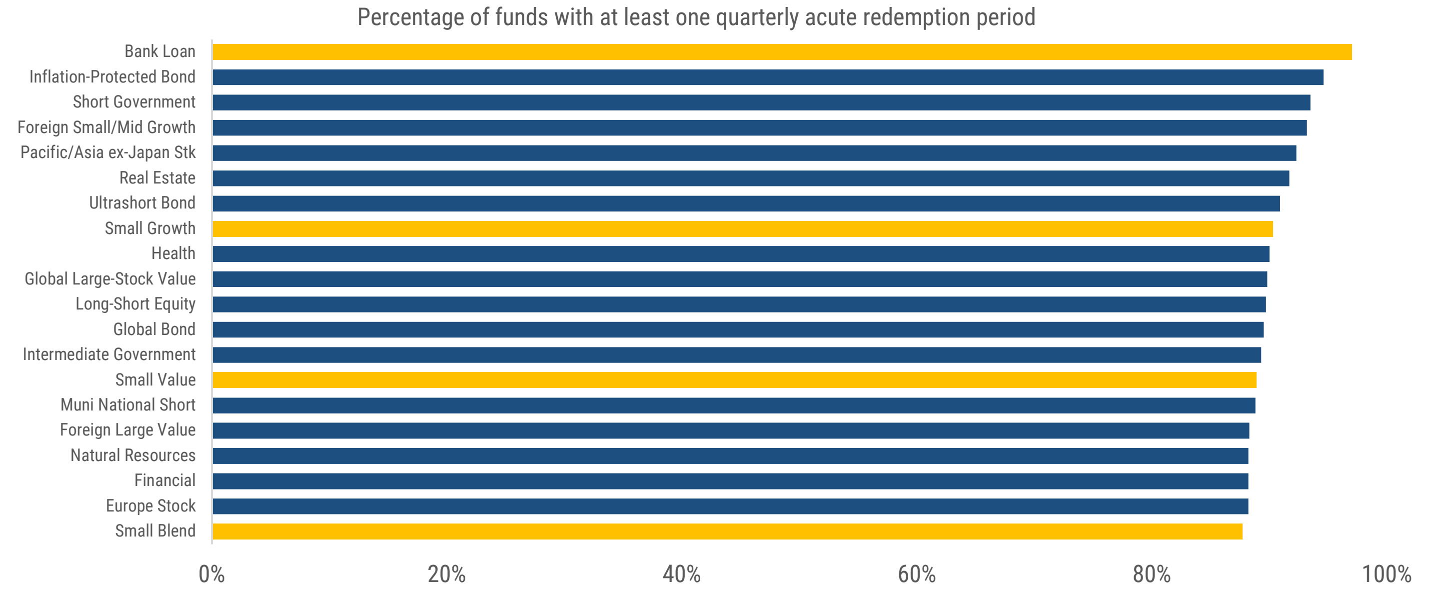


Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes all actively managed funds, including obsolete funds, with five years or more of operating history.

Percentage of active mutual funds and ETFs that had an acute outflow in the last five years

Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes all actively managed funds, including obsolete funds, with five years or more of operating history.

Morningstar categories with the most frequent acute redemptions



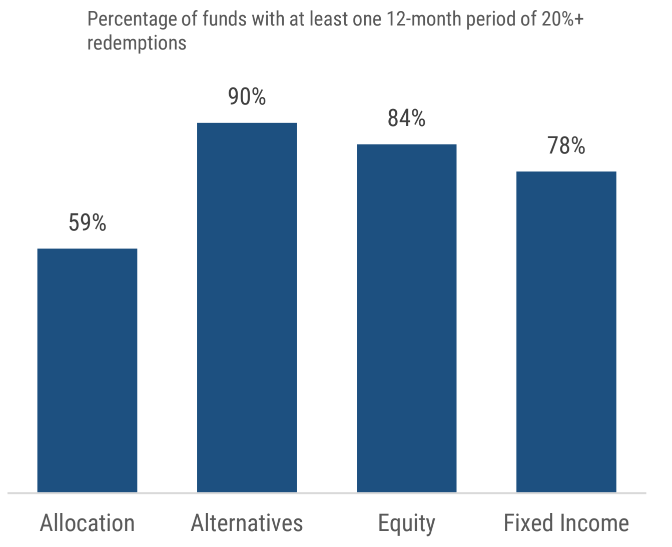
Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes all actively managed funds, including obsolete funds, with five or more years of operating history. Categories shown include those with 50 or more funds.

Handling a single quarter of 5% redemptions is not a huge concern for semiliquid funds. However, persistently high redemptions have created meaningful stress in these vehicles. A more relevant comparison is how frequently a whole year's worth of redemptions (20%, or four quarters of 5%) occurs in mutual funds and ETFs.

A logical starting point is to track how often mutual funds and ETFs see steady 5% quarterly outflows, but that misses how their investors actually behave. When mutual fund and ETF investors decide to leave, they tend to exit all at once, not on an orderly basis once a quarter. A better stress test, then, is the share of funds that experience a 20% net redemption at any point over a 12-month period—what we will call "acute redemptions."

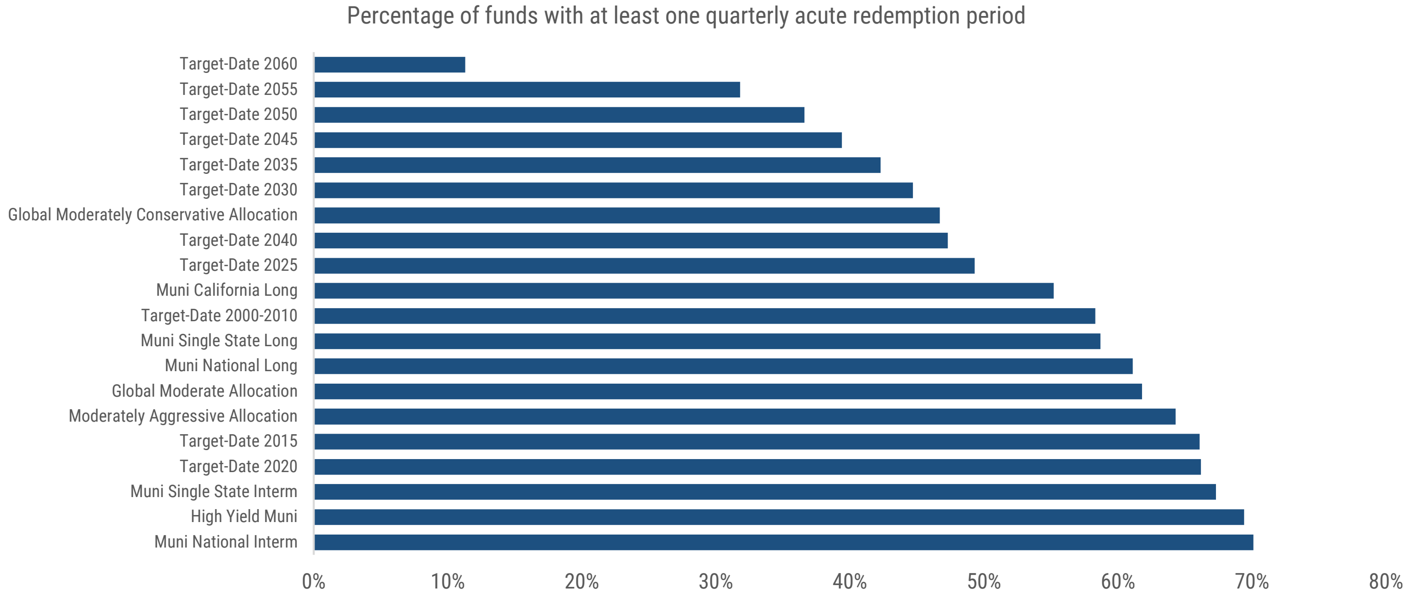
In the case of actively managed mutual funds and ETFs (all semiliquid funds are actively managed, after all), it is the vast majority of them. Roughly 80% of all funds with at least five years of operating history saw at least one 12-month period of 20% redemptions during their lifespan. And these are not one-off occurrences. The average fund that had at least one acute redemption also saw acute outflows in 18% of all quarters during its respective life.

Alternative funds see higher frequencies of acute redemptions



Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes all actively managed funds, including obsolete funds, with five years or more of operating history.

Morningstar Categories with the least frequent acute redemptions



Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes all actively managed funds, including obsolete funds, with five or more years of operating history. Categories shown include those with 50 or more funds.

Perhaps even more concerning, the categories most similar to semiliquid funds see some of the highest acute redemption rates. Private asset strategies typically get bucketed into investors' alternatives allocation. Funds in Morningstar's Alternative Strategies broad category group typically see the highest rates of acute redemptions—90% of all alternatives funds have experienced at least one 12-month period of 20% net outflows. Further, the typical alternatives fund was in acute outflows in 24% of its quarters. Alternatives allocations can often be where investors try their hands at tactical positioning. Semiliquid funds should absolutely not be used for such purposes, and trouble will certainly arise if they are.

Drilling even further down, the categories with the most frequent acute redemption periods are often the ones closest to typical semiliquid fund strategies. For instance, 97% of bank loan funds saw at least one period of acute redemptions, with the average fund experiencing them in 23% of quarters. Both bank loans and private credit offer floating-rate loan exposure and appeal to more aggressive yield-seeking investors. Likewise, PE can be thought of as similar to small-cap equity investing, and small-cap funds typically see more acute outflows than large-cap funds.

Easy come, easy go

Semiliquid funds, particularly in private credit, have collected massive inflows in recent years. Funds such as Blackstone Private Credit, Cliffwater Corporate Lending, and Blue Owl Credit Income have seen assets under management surge more than 2,000% or more in just the past five years. If these funds follow the typical pattern of high-inflow mutual funds and ETFs, expect a surge of redemption requests in the coming years.

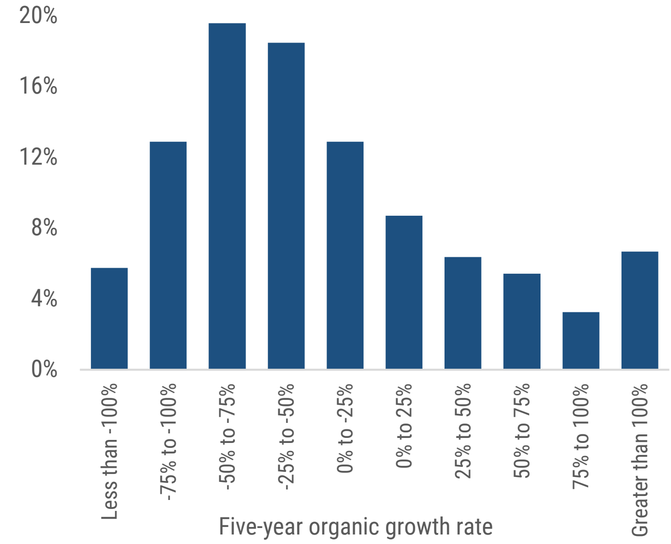
Nearly 70% of active funds and ETFs with $100 million or more that grew 1,000% or more in a five-year span saw net outflows in the ensuing five years, with nearly 40% seeing their assets cut in half or more.

Semiliquid funds' limited redemption policies will be able to stem short-term outflows, but over a horizon of five or more years, it can be hard for any fund that attracted hot money to keep that money from chasing the next hot fund. Private markets are not designed for tourists.

Bottom Line: Pro-ration is inevitable

Given the facts of how everyday investors behave, it is a near certainty that semiliquid funds are going to see liquidity crunches should they take on more and more retail money. What does this mean for investors? If they are considering owning a semiliquid fund, poor liquidity management practices by a fund will get exposed at some point, so focusing on the fund's plan to handle outflows is critical to successful due diligence.

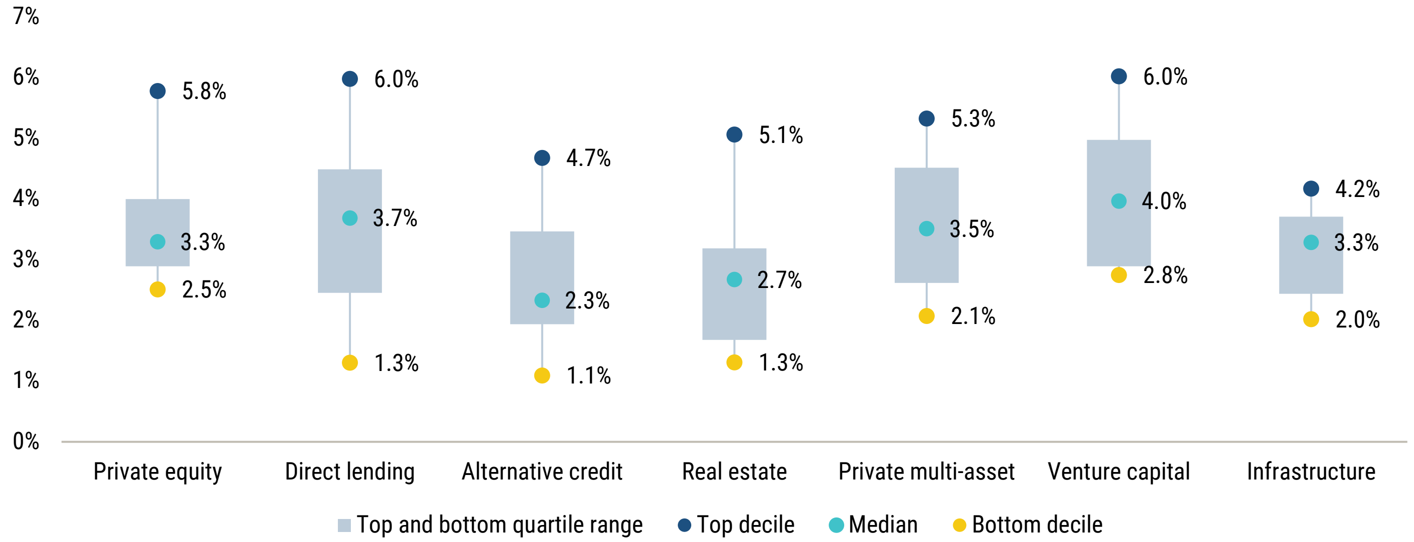
High-inflow mutual fund and ETFs typically see sharp outflows over ensuing five years



Source: Morningstar Direct, author's calculations. • Geography: US • As of March 18, 2026.
Note: Includes funds that grew 1,000% or more of a base of $100 million or more. Excludes target-date funds. Organic growth rates can be less than 100% due to market appreciation of share values before selling.

Fees and terms

Evergreen fund adjusted net expense ratio dispersion by strategy

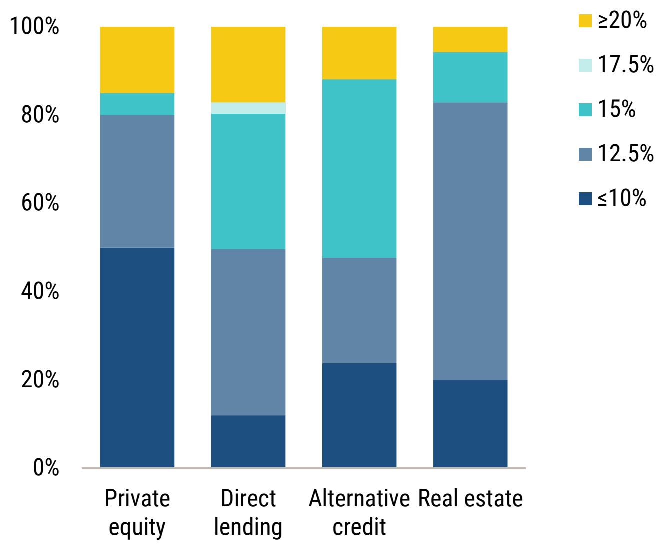


Sources: Morningstar and PitchBook • Geography: US • As of June 1, 2026
Note: Expenses for each fund included represent the most expensive share class from the fund's prospectus documents. Adjusted net expense ratios exclude interest costs. Net expense ratios are unavailable for REITs.

Fund fees are a complex topic in the evergreen fund universe. Fees are far harder to compare across semi-liquid funds than they are for open-ended mutual funds or ETFs. Interest expense associated with fund leverage, performance fees, and underlying private fund expenses, known as acquired fund fees and expenses (AFFE), are some of the fund cost line items that complicate the picture. For those funds with performance fees, the calculations are complex in their own right, given that investors need to consider hurdle rates and catch-up provisions to see the whole picture.

As a result, Morningstar analysts are developing a fee standardization methodology to be released in the coming quarters. Aimed at improving comparability, this methodology will hold return and financing costs constant at the category level (for example, private equity, real estate, direct lending). The framework will allow investors to isolate the fee structure from fund to fund, irrespective of performance. Another version of standardized fees will exclude borrowing costs, removing the differences in leverage decisions across funds.

Share of evergreen fund count by strategy and incentive fee rate



Sources: Morningstar and PitchBook • Geography: US • As of June 1, 2026
Note: Data includes only funds that charge incentive fees.

Fund terms and attributes by structure

1940 Act treatment	Structure	Basic definition	Typical investment strategy fit	Typical filings reporting and investor tax forms	Liquidity mechanism
Outside the Act	3(c)(7) private fund	Private fund exempt under section 3(c)(7) of the Investment Company Act with 10-12G voluntary filing.	Private equity, infrastructure, multi-asset	10-Q/10-K + periodic 8-Ks. Tax: K-1.	Sponsor-defined SRP. Contractual board-set cap and rules.
	Operating holding company	Operating company outside the "investment company" definition with 10-12G voluntary filing.	Private equity, infrastructure	10-Q/10-K + periodic 8-Ks. Tax: K-1.	Sponsor-defined SRP. Contractual board-set cap and rules.
	Non-listed REIT	Equity REITs own and operate real estate (not 'investment companies'); mortgage REITs rely on the section 3(c)(5)(C) exemption.	Real estate	10-K/10-Q + periodic 8-Ks. Tax: 1099.	Sponsor-defined SRP. Contractual board-set cap and rules.
Inside the Act	Interval fund	1940 Act closed-end fund; mandatory periodic repurchases.	Private credit, multi-asset credit, real estate	N-CSR & N-PORT shareholder reports. Tax: 1099.	Rule 23c-3 repurchase offers. Mandatory; 5–25% at preset intervals. Needs shareholder vote for any changes.
	Tender offer fund	1940 Act closed-end fund; discretionary issuer tenders.	Private equity, venture capital	N-CSR & N-PORT shareholder reports. Tax: 1099.	Issuer tender offers under Rule 13e-4. Discretionary; Schedule TO each round.
	Business development company (BDC)	Fund electing BDC status: looser leverage limits than other registered funds, 70% qualifying assets.	Private credit (direct lending)	10-K/10-Q + periodic 8-Ks. Tax: 1099.	Issuer tender offers under Rule 13e-4. Discretionary; Schedule TO each round.

Source: Various external sources via PitchBook research • Geography: US

While differences arise when comparing individual funds, aggregate fee data across our fund universe is fairly static from quarter to quarter. The median net expense ratio hovers around 3% across fund strategies. Incentive fees are typically anchored at 12.5% or 15% for those funds charging performance fees. Management fees are centered around 1.25% in the data we track.

With the introduction of non-40-Act funds to our AUM data, we provide a recap of the different fund terms by structure, inclusive of these new funds in the associated table. Although discussing the fine print of fund terms is best suited to legal minds, it is important for investors to understand the broad brushstrokes. The first divide between US fund structures is whether they are registered under the '40 Act. This is important because living outside this regulation allows greater flexibility in portfolio construction. These funds can avoid the diversification tests required for registered funds, allowing for focused, control-oriented investments often found in buyout and infrastructure transactions.

For example, the operating "hold co" structure (found in KKR's K-PEC) is designed for company control. The non-40-Act funds have more stringent investor accreditation requirements, generally allowing the GP to set investment minimums along with several other custom terms in the investor agreements. These funds often blur the line between institutional and private wealth channels. We find it interesting that Blackstone's BXPE has launched a series of institutional share classes with declining fees as ticket sizes increase,[7] clearly aimed at institutional investors or the very top end of wealth management, with minimums beginning at $50 million.

Liquidity terms are also important to parse and review. Evergreen funds undertake share repurchase programs (SRPs). Interval funds operate under the most stringent SRP, which is mandatory and coded as a fundamental policy. Tender offer funds and BDCs have discretionary SRPs but are subject to the specific process and filing requirements of Rule 13e-4. Lastly, REITs and other funds outside the '40 Act have the most flexibility, as SRPs are fully contractual with terms stipulated in investor agreements.

Fund ratings

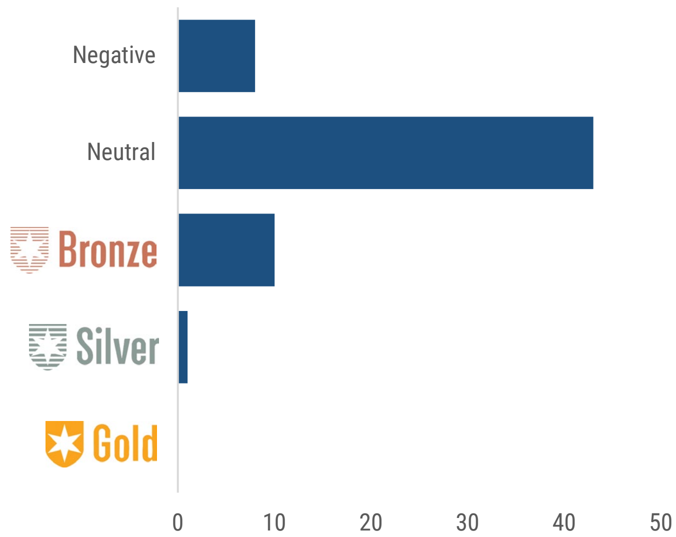
Private assets have long promised investors something that traditional public markets cannot always deliver: expanded opportunity and potential portfolio diversification. But for most individual investors, accessing those benefits has meant wading through complexity, opacity, and fees that can quickly erode returns. Choosing the right fund to gain exposure to private assets is no small challenge, and getting it wrong carries real consequences. To help investors navigate that decision, Morningstar has launched the Morningstar Medalist Rating for Semiliquid Funds, a forward-looking assessment of semiliquid strategies' performance potential versus relevant peers and traditional mutual funds and exchange-traded funds.

That need for guidance has never been more apparent. After investors clamored to enter private credit funds in late 2024 and 2025, many are now looking to exit in droves. It's a pointed reminder that access to private markets is only valuable when investors truly understand what they own. That understanding is improving across the industry, but there remains a pressing need for clearer, more consistent language to evaluate these funds' trade-offs: their potential rewards alongside their liquidity constraints, fee structures, and underlying risks.

To date, Morningstar has assigned Medalist Ratings to 19 semiliquid funds, with more under evaluation. The goal is to give investors a rigorous, independent perspective on these vehicles at a time when the market is young, growing quickly, and not always easy to parse.

The methodology builds on the same analytical framework Morningstar has employed since 2011 to evaluate conventional investment strategies. At its core, the Medalist Rating for Semiliquid Funds seeks to identify strategies that are likely to outperform relevant public-market equivalents and peer funds over a full market cycle. Analysts conduct in-depth due diligence to assess each fund's durable advantages and risks.

Medalist ratings distribution by share class



Source: Morningstar • Geography: US • As of May 31, 2026

That conviction is grounded in three pillars: Process, People, and Parent. For semiliquid funds, Parent's weight rises to 25%, from 10% for actively managed funds Morningstar rates, offset largely by a reduction in the People weighting (25% for semiliquid funds). The reasoning reflects something important about how private markets work. In this context, a firm's broader capabilities, its ability to build robust teams, forge partnerships, source deals, and maintain strong governance, are often more consequential than the contributions of any individual portfolio manager.

Many private investment strategies rely heavily on shared teams and firm-wide infrastructure, which means the parent organization's resources have an outsized impact on outcomes. Portfolio managers remain important decision-makers, but they operate within and depend on a much broader ecosystem.

Process, meanwhile, sees its weight increase from 45% to 50%, reflecting the added complexities and risks inherent to managing portfolios that include illiquid or private assets. Running these strategies demands a higher standard of process discipline, and the rating methodology recognizes that. A rules-based system, incorporating a fee adjustment, systematically assigns the final Medalist Rating based on the pillar ratings to each share class.

Of the nearly 20 semiliquid funds Morningstar has rated so far, just four have at least one share class that earned a positive rating of Gold, Silver, or Bronze, reflecting Morningstar analysts' view that beating public-market indexes is a high bar given high fees and cash balances. Morningstar Medalists are expected to outperform a public benchmark over a full market cycle.

Two of the funds that cleared the bar are from PIMCO. PIMCO Flexible Credit Income received a Silver rating, and PIMCO Flexible Municipal Income earned a Bronze. Investors who accept the liquidity constraints of semiliquid structures reasonably expect something in return, and PIMCO's funds deliver on that premise. Both make sensible use of the interval fund structure, holding a considered mix of higher-income illiquid securities while adding leverage judiciously when opportunities arise, and both operate squarely within PIMCO's established circle of competence.

The other two funds to earn positive ratings are Blackstone Private Credit and Apollo Diversified Credit; each received a Bronze rating. While private credit's resilience in a true downturn remains unproven, the teams, investment processes, and parent organizations behind both funds impressed Morningstar's analysts enough to warrant meaningful conviction.

Funds with at least one share class rated Bronze

Fund	Medalist rating	People	Process	Parent	Prospectus adj. expense ratio
PIMCO Flexible Credit Income	Silver	High	Above average	High	1.76%
Apollo Diversified Credit	Bronze	Above average	Above average	Average	0.18%
Blackstone Private Credit	Bronze	Above average	Above average	Above average	2.82%
PIMCO Flexible Municipal Income	Bronze	Above average	Above average	High	1.83%

Source: Morningstar • Geography: US • As of May 31, 2026

Notable funds

Direct lending

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
Blackstone Private Credit Fund	$45.0	January 7, 2021	$2,500	5.6%	1.25%	12.5%	BDC
Cliffwater Corporate Lending Fund	$31.3	June 5, 2019	$10,000,000*	8.1%	1.00%	0.0%	Interval
Blue Owl Credit Income Corp.	$19.1	March 1, 2021	$25,000	7.1%	1.25%	12.5%	BDC
Apollo Debt Solutions BDC	$14.4	January 7, 2022	$2,500	6.7%	1.25%	12.5%	BDC
HPS Corporate Lending Fund	$12.4	February 3, 2022	$2,500	8.2%	1.25%	12.5%	BDC

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Cliffwater investment minimum applies to an aggregate advisory firm level.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Alternative credit

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
Cliffwater Enhanced Lending Fund	$7.8	June 30, 2021	$50,000	10.5%	0.95%	0.0%	Interval
Carlyle Tactical Private Credit Fund	$4.6	June 4, 2018	$10,000	4.1%*	1.00%	15.0%	Interval
PIMCO Flexible Credit Income Fund	$4.2	February 22, 2017	$2,500	9.6%	1.75%	0.0%	Interval
Variant Alternative Income Fund	$2.4	September 28, 2018	$25,000	6.8%	0.95%	0.0%	Interval
Keystone Private Income	$1.8	July 1, 2020	$50,000	10.1%*	1.50%	15.0%	Tender Offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Carlyle performance as of March 31, 2026; Keystone performance as of September 30, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Real estate

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
Blackstone REIT	$54.9	January 1, 2017	$2,500	9.2%	1.25%	12.5%	REIT
Blue Owl Real Estate Net Lease Trust	$8.8	April 4, 2022	—	10.9%*	1.25%	12.5%	REIT
Starwood REIT	$7.7	December 21, 2018	$5,000	-0.8%	1.25%	12.5%	REIT
Ares Industrial REIT	$5.1	November 1, 2017	$25,000	7.7%*	1.25%	12.5%	REIT
Apollo Diversified Real Estate	$3.4	June 30, 2014	$2,500	2.8%*	1.50%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Ares performance as of March 31, 2026; Apollo performance as of February 28, 2026; Blue Owl performance as of December 31, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Private equity

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
Partners Group Private Equity Master Fund	$15.8	July 1, 2009	$25,000	5.6%*	1.50%	10.0%	Tender Offer
Blackstone Private Equity Strategies Fund	$14.7	January 2, 2024	$10,000	20.0%*	1.25%	12.5%	Non-40-Act
KKR Private Equity Conglomerate	$11.2	August 1, 2023	$10,000	16.8%*	1.25%	15.0%	Non-40-Act
AMG Pantheon Fund	$6.6	October 27, 2015	$10,000	9.5%*	0.70%	0.0%	Tender Offer
Hamilton Lane Private Assets Fund	$5.8	January 4, 2021	$25,000	17.0%	1.40%	10.0%	Tender Offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Partners Group & AMG Pantheon performance as of March 31, 2026; Blackstone & KKR performance as of December 31, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Private multi-asset

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
StepStone Private Markets Fund	$5.8	October 1, 2020	$5,000	14.4%	1.40%	0.0%	Tender offer
First Trust Alternative Opportunities Fund	$3.4	June 12, 2017	$1,000	8.2%*	0.95%	0.0%	Interval
Beacon Pointe Multi-Alternative Fund	$1.1	July 5, 2024	$1,000	9.9%*	0.95%	0.0%	Interval
Morgan Stanley Private Markets & Alternatives Fund	$1.0	August 1, 2025	$25,000	7.5%*	0.40%	0.0%	Tender offer
Ares Sports, Media, & Entertainment Opportunities	$0.8	June 1, 2025	—	12.5%*	1.40%	15.0%	Non-40-Act

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*First Trust & Beacon Pointe performance as of March 31, 2026; Ares SME as of March 31, 2026, and since inception on June 1, 2025; Morgan Stanley as of March 31, 2026, and since inception on August 1, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Infrastructure

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
KKR Infrastructure Conglomerate	$7.2	June 1, 2023	$10,000	10.1%**	1.25%	12.50%	Non-40-Act
Brookfield Infrastructure Income Fund	$5.4	November 1, 2023	$2,500	9.0%	1.25%	12.50%	Tender offer
Blackstone Infrastructure Strategies Fund	$4.4	January 2, 2025	$10,000	13.0%**	1.25%	12.50%	Non-40-Act
Harrison Street Real Assets Fund	$2.2	September 18, 2017	$10,000,000*	7.4%	1.15%	0.0%	Interval
StepStone Private Infrastructure Fund	$1.2	September 11, 2023	$5,000	16.2%	1.60%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Harrison Street investment minimum applies to an aggregate advisory firm level.
**KKR Infra & Blackstone Infra performance as of December 31, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Venture capital

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
StepStone Venture and Growth Fund	$6.4	November 1, 2022	$50,000	43.6%	1.50%	15.0%	Tender offer
Coatue Innovative Strategies Fund	$4.8	May 5, 2025	$50,000	31.1%	1.25%	12.5%	Tender offer
The Private Shares Fund	$1.2	March 25, 2014	$2,500	14.1%*	1.90%	0.0%	Interval
ARK Venture Fund	$0.7	September 23, 2022	$500	65.0%*	2.75%	0.0%	Interval
Partners Group Growth Fund	$0.4	September 1, 2023	$50,000	14.4%*	1.50%	15.0%	Tender offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*The Private Shares, ARK Venture, & Partners Group performance as of March 31, 2026. *Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.*

Nonprivate markets

Fund	Net assets ($B)	Inception date	Minimum investment	1-year return	Management fee	Performance fee	Structure
ACAP Strategic Fund	$10.4	March 1, 2010	$50,000	29.8%*	1.50%	20.0%	Interval
Ironwood Institutional Multi-Strategy	$6.3	January 1, 2011	$25,000	8.3%*	1.20%	0.0%	Tender offer
Lord Abbett Credit Opportunities Fund	$2.9	February 21, 2019	$2,500	4.5%*	1.25%	0.0%	Interval
John Hancock GA Mortgage Trust	$2.6	January 11, 2019	—	8.6%*	0.22%	0.0%	Tender offer
BBR ALO Fund	$1.8	May 1, 2020	$100,000	9.7%*	0.80%	0.0%	Tender offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • Performance is as of April 30, 2026; other data is as of the corresponding dates referenced elsewhere in the report.
*Lord Abbett and BBR ALO performance as of March 31, 2026; John Hancock as of December 31, 2025; ACAP Strategic as of September 30, 2025; Ironwood as of April 30, 2025.
Note: Performance is for Class I or the highest-performing share class available. Minimum investments and fees are share class-specific and vary by fund.

Appendix: Glossary

Fund structures

Evergreen fund: Also known as a semi-liquid fund, this type of investment vehicle raises capital continuously and invests it over an indefinite period while providing some liquidity periodically. Unlike traditional private asset funds that have a fixed lifespan and deploy capital from commitments over time, evergreen funds operate on a perpetual basis, allowing them to accept new investments and make distributions to investors without a predetermined end date. In practice, the term has broadened into a functional category defined by investor access and strategy exposure—private-market investments packaged for private wealth—rather than the technical feature of perpetual life. On this basis, US finite BDCs and lifecycle REITs, are grouped into the universe, even absent perpetual life. But note that popularity of these structures is dwindling in favor of perpetual funds.

Interval fund: Interval funds are a type of closed-end investment vehicle regulated under the Investment Company Act of 1940. Unlike traditional closed-end private asset funds, they provide periodic liquidity through mandatory repurchase offers at predetermined intervals, typically quarterly or monthly. These funds operate under Rule 23c-3 of the act, which requires them to make repurchase offers between 5% and 25% of outstanding shares during each interval.

Tender offer fund: A tender offer fund is a closed-end investment vehicle regulated under the Investment Company Act of 1940 that provides investors with access to less liquid assets while still offering some degree of liquidity. Unlike interval funds with required liquidity schedules, tender offer funds allow for share repurchases at the discretion of the fund's board of trustees. These funds operate under specific SEC regulations, including Rule 13e-4 and Section 14 of the Securities Exchange Act of 1934, which govern the repurchase process. When initiating a tender, the fund must notify shareholders, complete a Schedule TO, and file with the SEC.

Unlisted business development company (BDC): Unlisted or nontraded BDCs are registered with the SEC and are subject to certain provisions of the Investment Company Act of 1940, but they are not publicly traded like their exchange-listed counterparts. They are investment vehicles that provide financing to small and medium-sized businesses while offering investors the opportunity to invest in private companies. They typically invest in the debt and equity of private companies, with at least 70% of their assets invested in qualifying assets.

Unlisted real estate investment trust (REIT): Unlisted or nontraded REITs are investment vehicles that allow investors to pool their capital for real estate investments without being listed on public stock exchanges. Publicly registered, nontraded REITs must adhere to SEC reporting requirements under the Investment Company Act of 1940. A REIT is required to invest at least 75% of its assets in real estate. Further, 75% or more of its gross income must come from rent payments, mortgage interest, or property sales.

European long-term investment funds (ELTIFs): ELTIFs are a regulated fund structure under the EU framework designed to channel capital into long-term, private assets. ELTIFs offer professional and retail investors a standardized way to access private markets within the European regulatory regime, with built-in rules governing diversification, eligible investments, leverage, and liquidity management. Although they invest primarily in illiquid assets, ELTIFs can provide periodic liquidity and are intended to support long-term economic projects while giving investors a transparent vehicle that can be sold across the EU.

Private capital categories

Private capital: Private capital funds include all funds classified as private equity, venture capital, private debt, direct real estate, direct infrastructure, or private multi-asset.

Private debt: Private debt funds include all funds classified as direct lending or alternative credit.

Alternative credit: Alternative credit funds are private debt funds that have at least 15% of their assets in illiquid securities, with a focus on debt that has been extended to private companies. Funds holding a variety of types of debt can be categorized as alternative credit funds, including mezzanine, real estate, distressed, infrastructure, venture debt, leveraged loans, collateralized loan obligations, direct lending, and others. However, funds that primarily focus on direct lending are classified in a dedicated category.

Direct lending: Direct lending funds are private debt funds that typically focus on directly originating loans to private corporate borrowers. These borrowers are often unrated and tend to be small and medium-sized companies.

Real estate: Real estate funds make equity investments in physical property directly, or indirectly through funds that invest in real estate directly, rather than primarily through listed REITs. Direct investment gives investors much greater control over their investments but requires property management and property selection expertise. It also tends to be less liquid than indirect investment. Property types may include warehouses, residential multi-unit properties, retail properties, and hotels, among others.

Private equity: Private equity funds are equity funds that have at least 15% of their assets in illiquid securities, with a plurality of those illiquid securities being private equity investments. Some common traits that distinguish private equity investments from venture capital investments are that they are established businesses in which an investor often takes a controlling stake or provides growth capital. They are commonly found in traditional equity sectors. Funds in the private equity category can also invest in other funds that gain exposure to private equity directly.

Infrastructure: Infrastructure funds make equity investments in infrastructure projects directly, or indirectly through funds that invest in such infrastructure projects directly, rather than indirectly through listed companies that are in the infrastructure space. Some examples of underlying projects are alternative-energy ventures, bridges, and data transmission and data storage projects.

Private multi-asset: Private multi-asset funds are those that have more than 15% of their assets in illiquid securities but do not have enough concentration in equities, debt, real estate, or infrastructure to be classified into one of those categories as the core focus. They typically have a mix of those asset types.

Venture capital: Venture capital funds are equity funds that have at least 15% of their assets in illiquid securities, with a plurality of those illiquid securities being venture capital investments. The venture capital investments can be any combination of seed, early-stage, or late-stage investments.

Evergreen indexes

Morningstar PitchBook US Evergreen Fund Indexes: The Morningstar PitchBook US Evergreen Fund Indexes are benchmarks designed to capture the full investable universe of unlisted evergreen funds, including tender offer funds, interval funds, BDCs, and REITs, with subindexes focused on private capital strategies. The indexes provide a rules-based framework for measuring and comparing performance across the full investable universe of nontraded evergreen vehicles. The indexes are available in total net asset-weighted and equal-weighted variants. For index construction information, please read the index rulebook.

About Morningstar

Morningstar, Inc. is a leading provider of independent investment insights in North America, Europe, Australia, and Asia. The Company offers an extensive line of products and services for individual investors, financial advisors, asset managers and owners, retirement plan providers and sponsors, institutional investors in the debt and private capital markets, and alliances and redistributors. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, debt securities, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with approximately $378 billion in AUMA as of December 31, 2025. The Company operates through wholly-owned subsidiaries in 32 countries. For more information, visit https://www.morningstar.com/company.

Follow Morningstar on LinkedIn @Morningstar.

1: Please follow this link for the chance to watch Myths vs. reality of evergreen funds and private credit: A conversation with Cliffwater. By signing up to watch, you will also receive a copy of the deck for that presentation.

2: Non-40-Act funds are included in the report for net assets only. These funds will be added to the remaining data sets in the coming quarters and will eventually be included in the Morningstar PitchBook Evergreen Fund Indexes for performance tracking. Today, we have identified 19 funds of which 14 have AUM data, given the recency of some fund launches, which may have initiated filings but have not recorded any assets in said filings. Strictly speaking, REITs are also outside of the '40 Act. However, we believe a pragmatic labeling approach, simply non-40-Act funds, should be well understood.

3: Named after economist Herbert Stein.

4: SEC filings: JPMorgan Public & Private Income Fund and North Haven Strategic Credit Fund (Morgan Stanley). And "JPMorgan's New Credit Funds Win SEC Nod for Monthly Redemptions," Hannah Webster, Bloomberg, June 23, 2026.

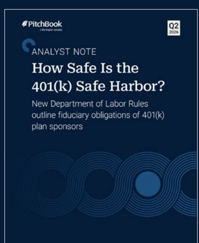
5: "Private Credit's Software Lending Meets AI Disruption," BIS Quarterly Review, Sebastian Doerr, et. al., March 16, 2026. And "Peek Under the Hood: An Analysis of Private Credit Loans in Top Public BDCs," PitchBook | LCD, Kenny Tang, Sebastian Kian, and Armando Di Cicco, April 28, 2026.

6: "Private Credit Under the Microscope–Separating Headlines from Fundamentals," J.P. Morgan Private Bank, Sitara Sundar and Audrey Weiss, March 12, 2026.

7: "Form 8-K: Blackstone Private Equity Strategies Fund L.P." US Securities and Exchange Commission, January 1, 2026.

PitchBook provides actionable insights across the global capital markets.

Additional research



Q2 2026 Analyst Note: How Safe Is the 401(k) Safe Harbor?

Download the report here

Q2 2026 Analyst Note: Return smoothing in evergreen fund indexes

Download the report here

PitchBook Insights is an online compendium of in-depth data, news, analysis, and perspectives that shape the private capital markets.

PitchBook subscribers enjoy exclusive access to a comprehensive suite of private market insights, including proprietary research, news, data, tools, and more on the PitchBook Platform.

Subscribe to our weekly Public Meets Private newsletter.

Nizar Tarhuni
Executive Vice President of Research and Market Intelligence

Daniel Cook, CFA
Global Head of Quantitative Research and Market Intelligence

Laura Lutton
Global Head of Morningstar Manager Research

Report created by:

Juan Mier, CFA
Lead Analyst, Fund Strategies

Hilary Wiek, CFA, CAIA
Principal Analyst, Fund Strategies

Nick Rescigno
Analyst, Fund Strategies

Jason Kephart, CFA
Senior Principal, Multi-Asset Strategy Ratings, Morningstar

Jack Shannon
Principal, Equity Strategies, US, Morningstar

Steven Buibish, CFA
Director, US Private Equity

Drew Sanders
Senior Graphic Designer

Learn more about PitchBook's Institutional Research team.

Click here for PitchBook's report methodologies.