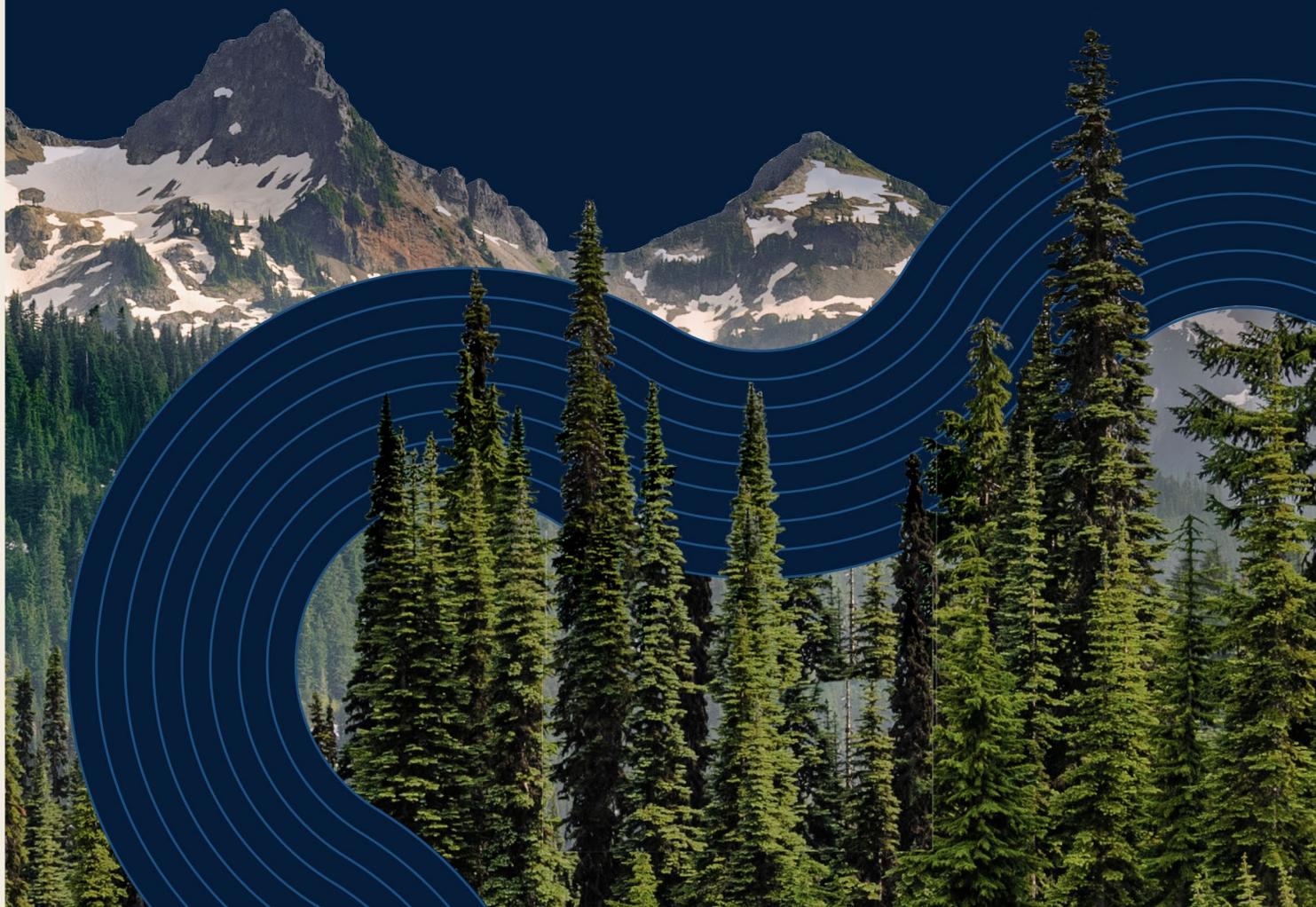


US

Evergreen Fund Landscape



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Click [here](#) for PitchBook's report methodologies.

Introduction

For much of the past several decades, private markets have effectively been the domain of large institutions and a narrow segment of ultra-high-net-worth investors. High minimum commitments, complex partnership agreements, and strict qualification rules kept most investors on the sidelines. Even when access was available, navigating capital calls, pacing strategies, and multiyear liquidity lockups required an operational tool kit that few advisors or individuals possessed. Fund managers had little incentive to broaden their participation when pensions, endowments, and sovereign wealth funds provided substantial, long-term capital.

That dynamic is changing. Advances in fund administration, digital onboarding, and distribution technology have lowered long-standing barriers, while regulatory developments are gradually widening the pool of eligible investors. Wealth platforms, asset managers, and alternative investment firms are rapidly building the infrastructure needed to scale private market access well beyond its historical base.

At the center of this shift are evergreen fund structures—sometimes referred to as “semi-liquid” fund structures—which adapt private market investment options to something a bit more akin to public market investments. These vehicles offer periodic inflows at net asset values (NAVs), streamlined tax reporting, and redemption features while still providing exposure to private credit, real estate, private equity, and even venture capital. What was once accessible only through multimillion-dollar commitments can now be integrated into diversified portfolios much more easily at investment minimums in the thousands of dollars or less. The US evergreen fund universe has grown to nearly \$500 billion today and is on a trajectory that could push assets [past \\$1 trillion by the end of the decade](#).

Over the past few years, PitchBook and Morningstar have been reporting on trends in the evergreen fund space. These funds include interval funds, tender offer funds, unlisted real estate investment trusts (REITs), and unlisted business development companies (BDCs).¹

There are also reporting company structures and private—but perpetually offered—funds that provide additional flexible investment solutions to investors. We are working behind the scenes to properly capture these vehicles, as well as non-US evergreen funds, but are still excited about the transparency we can bring to this quickly expanding area of the private markets.

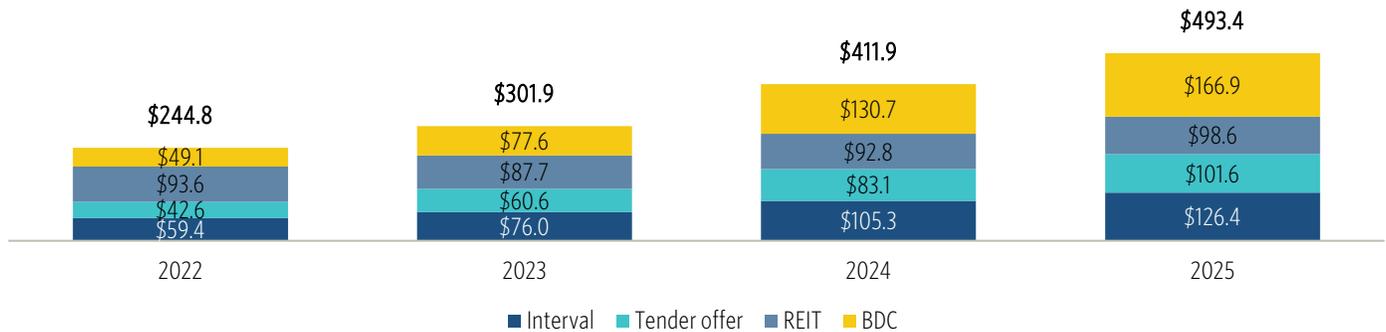
This is the inaugural report covering trends in US evergreen fund flows, product creation, fund performance, and fees and terms that we plan to issue every quarter. In addition to this new report, Morningstar and PitchBook have been working on a number of initiatives related to what we have been calling the “public-private convergence.” Morningstar has launched a [methodology for rating interval funds](#) and published ratings on several long-standing interval funds in the market. [Morningstar and PitchBook have created the US Modern Market 100 Index](#) to capture the performance of the largest public and private companies. In November, we launched the methodology and preliminary outputs for the [Morningstar PitchBook US Evergreen Fund Indexes](#), allowing industry participants to finally benchmark these structures to their peers and offering aggregate comparisons to public markets. We have updated our preliminary results of the indexes for this report and expect to fully launch the live indexes in early 2026.

We have more work to do as the evergreen fund universe expands and the lines between public and private markets increasingly blur. We are excited to be covering the key data and trends and highlighting our latest tools and frameworks in this report and more over the coming months. Stay tuned.

¹: See the [appendix](#) for fund structure and private capital category definitions.

Market overview

Unlisted evergreen fund net AUM (\$B) by structure



Sources: Morningstar and PitchBook • Geography: US
 Note: Data was aggregated on December 4, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

2025 has been a transformative year for the public-private convergence, with major developments that are accelerating the change. On the regulatory front, both the UK and the US released rules or opinions encouraging the inclusion of private market assets in retirement accounts, as we discussed in our analyst note [The New Face of Private Markets in Your 401\(k\)](#). In the US, this integration will take time, given there is much for the industry to figure out following President Donald Trump’s August 2025 executive order, which calls for the creation of rules that encourage the inclusion of alternative assets in 401(k)s via asset allocation funds.² However, the order is a big part of the broader democratization discussion. With over \$12 trillion in defined contribution (DC) plan assets in US retirement funds, a sliver allocated to private markets would represent a substantial new capital source for the industry. Legislation is also moving through Congress to expand the definition of an accredited investor to allow more individuals to invest in certain private market funds.

As a result of these and other trends, there has been a wave of mergers, acquisitions, and partnerships between fund managers that have previously stayed largely in their public market or private market lanes, as is discussed each quarter in our [US Public PE and GP Deal Roundup](#). Many fund managers are launching new products to serve private wealth audiences. While 2025 had yet to close at the time of this writing, more evergreen funds have been launched YTD than in any prior year.

2: "Democratizing Access to Alternative Assets for 401(k) Investors," The White House, August 7, 2025.

Active evergreen fund count



Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025

Product creation is being met with demand, and investor preferences have evolved. Advisors and individual investors increasingly feel that portfolios built solely around public stocks and bonds miss a growing share of the investment opportunity set. Many are now constructing more institutional-style allocations that blend public and private assets—seeking steady income, diversification, and smoother (perceived) volatility profiles. At the same time, investors accustomed to ETF-like transparency and digital-first experiences expect efficient subscriptions, liquidity, and tax reporting, capabilities evergreen structures increasingly provide.

Fund managers are responding to the shifting landscape. Traditional closed-end fundraising has slowed, and large institutional LPs are approaching their allocation limits, pushing sponsors to view the wealth channel as a more durable source of long-term capital. This is not without qualms from the traditional institutional LP base. Among the legacy LP community, concerns have been rising about the alignment of interests between LPs and their managers.³

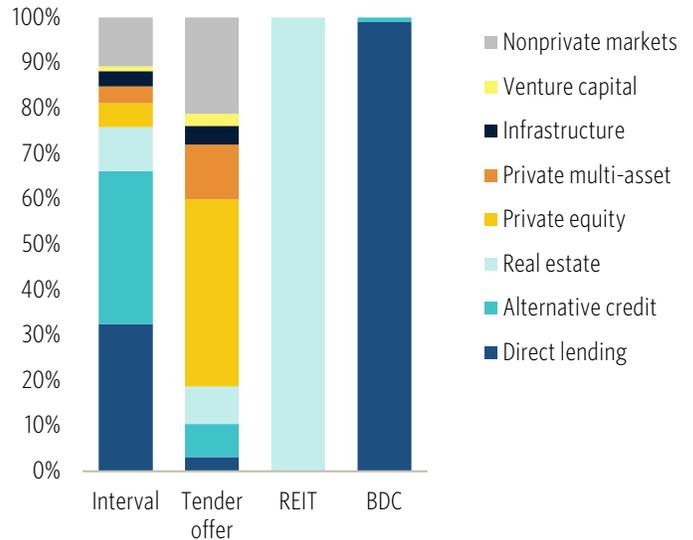
Still, with AUM now approaching \$500 billion, evergreen funds are not going anywhere anytime soon. Their growth reflects both a widening opportunity set and the increasing adoption of structures that blend private market exposure with periodic liquidity. As the space continues to expand and diversify, the industry is entering a new phase—one where evergreen vehicles play an integral role in channeling capital across private markets.

What we are reading

- [“Private Market Titans Step Up to Prove Resilience,” Bloomberg, Sinead Cruise, December 3, 2025.](#)
- [“Secretive \\$3 Trillion Fund Giant Makes Flashy Move Into Private Assets,” Bloomberg, Laura Benitez and Silla Brush, December 3, 2025.](#)
- [“Are the Lines Beginning to Blur Between Private and Public Markets?” FT Adviser, Bowen White, December 2, 2025.](#)
- [“Private Equity’s Embrace of the Mass Market Alarms Longtime Investors,” The Wall Street Journal, Chris Cumming, November 21, 2025.](#)
- [“Blue Owl Terminates BDC Merger Amid Media, Investor Scrutiny,” PitchBook, Zack Miller, November 20, 2025.](#)
- [“Private Equity Investor Body Sounds Alarm Over Rush of Retail Money,” Financial Times, Alexandra Heal, November 3, 2025.](#)
- [“How Evergreen Funds Are Taking Root in the Secondaries Market,” PitchBook, Emily Lai, October 28, 2024.](#)
- [“Goldman Executive Says Retail Rush Into Private Assets Is Raising Risks,” Financial Times, Brooke Masters, Eric Platt, Joshua Franklin, and Alexandra Heal, October 7, 2025.](#)
- [“Robinhood Plans to Launch Private-Company Fund for Retail,” Bloomberg, Paige Smith, September 15, 2025.](#)

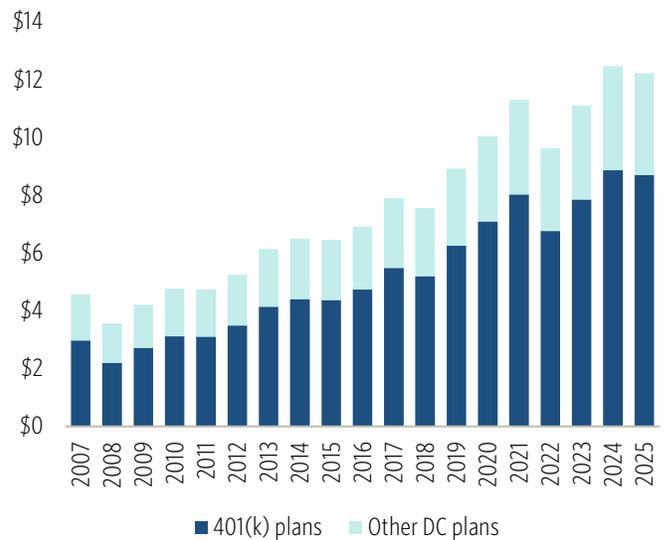
3: “Private Equity Investor Body Sounds Alarm Over Rush of Retail Money,” Financial Times, Alexandra Heal, November 3, 2025.

Share of evergreen fund net AUM by structure and strategy



Sources: Morningstar and PitchBook • Geography: US
 Note: Data was aggregated on December 4, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

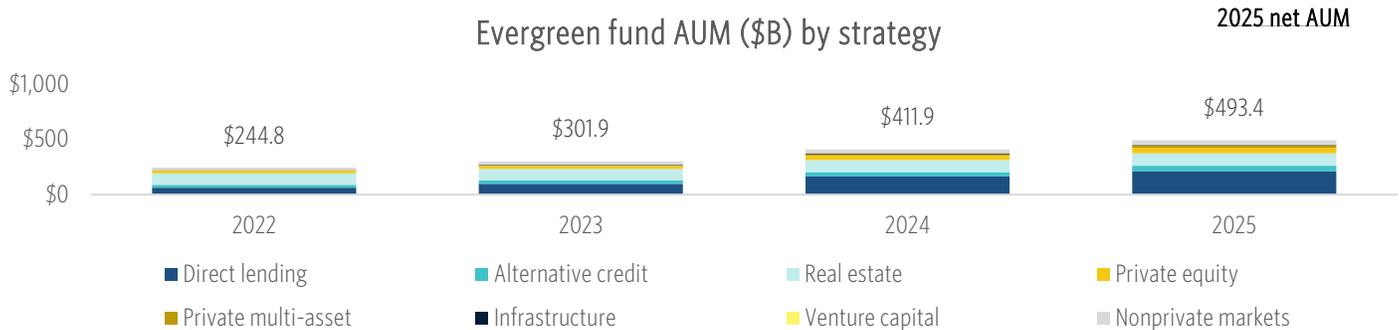
DC plan assets (\$T) by plan type



Sources: Investment Company Institute and Federal Reserve Board • Geography: US
 As of March 31, 2025

Assets and flows

Evergreen fund net AUM (\$B) by strategy



Note: Data was aggregated on December 4, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025. Sources: Morningstar and PitchBook • Geography: US

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.

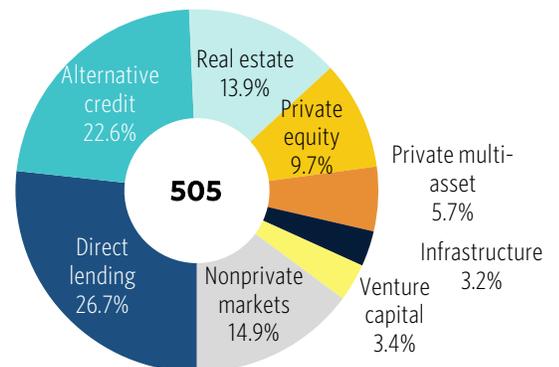
Evergreen fund assets continue to scale, with total net AUM rising from roughly \$245 billion in 2022 to nearly \$500 billion in 2025, according to the latest data available. Growth has been broad, but the pace has varied meaningfully by strategy. Direct lending remains the dominant driver, more than tripling from \$63.6 billion in 2022 to over \$209 billion in 2025, reflecting the persistent appeal of private credit’s yield profile.

Alternative credit has also accelerated, doubling over the same period and gaining a greater share of new fund launches as managers create products that diversify beyond core direct lending. These often have diversified holdings of public and private credit, capturing opportunities in structured credit, specialty finance, and opportunistic lending.

Real estate AUM, while still expanding, has grown at a more measured pace—from about \$107 billion in 2022 to roughly \$114 billion in 2025 as the market has faced headwinds from high interest rates and deterioration in property fundamentals.

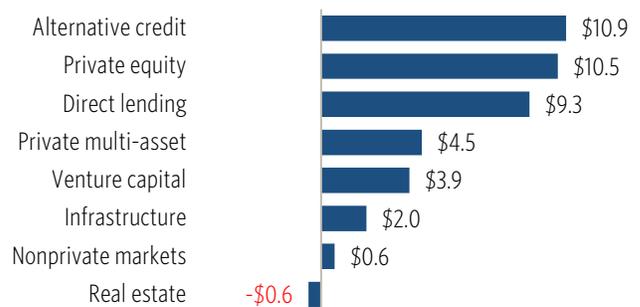
Private equity, infrastructure, and multi-asset evergreen strategies have all shown steady multiyear growth, with multi-asset vehicles rising sharply from \$2.3 billion in 2022 to nearly \$18 billion in 2025, underscoring their increasing role as a diversified entry point into private markets.

Share of active evergreen fund count by strategy



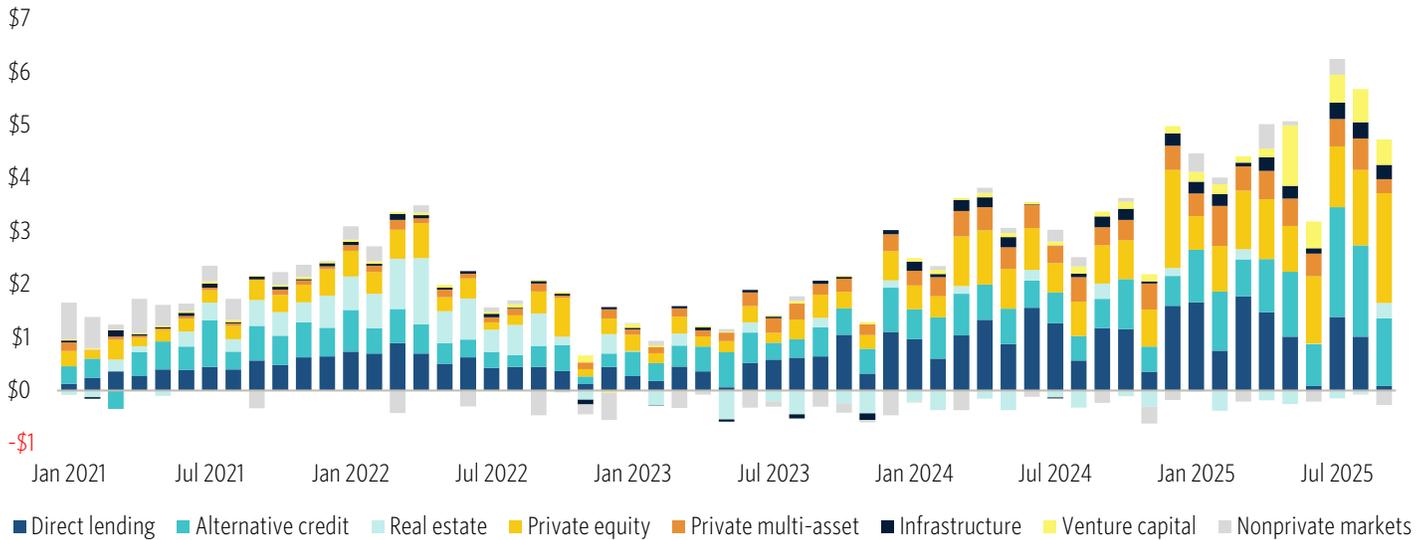
Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025

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



Sources: Morningstar and PitchBook • Geography: US • As of September 30, 2025

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



Sources: Morningstar and PitchBook • Geography: US • As of September 30, 2025

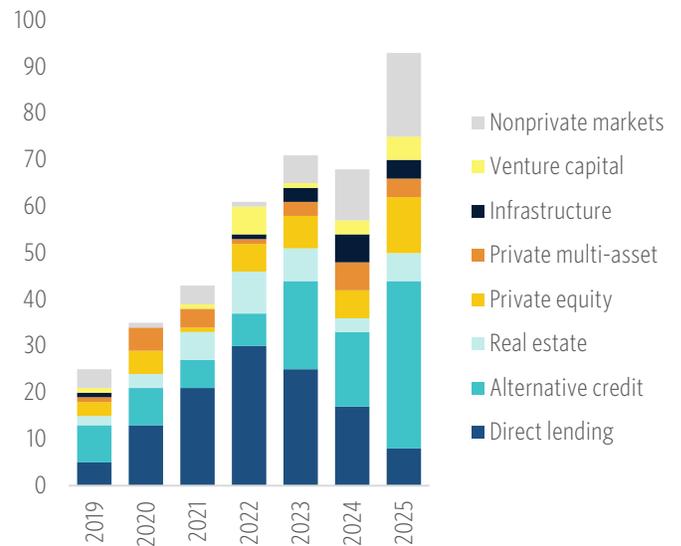
Inflows continue to reinforce these trends. Across funds that we track, interval and tender offer funds collectively took in more than \$40 billion in net inflows through September 2025, already surpassing the \$35 billion recorded in all of 2024.

Credit-focused vehicles make up the majority of inflows, aligned with the AUM expansion seen in the data, while real estate interval and tender offer funds have seen net outflows this year. Meanwhile, venture capital and private equity funds—generally newer to the evergreen space—have seen record inflows this year.

We are keeping a particularly close eye on private credit, for which the sun may be setting on its “golden age.” For the past few years, investors in direct lending funds have enjoyed exceptional returns, powered by strong income opportunities and supportive market conditions. Now, those dynamics are beginning to normalize, and rate-cut expectations will be a headwind for the yields these funds earn on floating-rate debt. Investors should prepare for a period of cooler returns ahead.

Despite this weaker outlook for performance, the wave of inflows continues unabated. Unlisted BDCs, which have been the most popular fund vehicle for individual investors accessing private markets since 2024, took in another \$10 billion of net-new money in the third quarter.

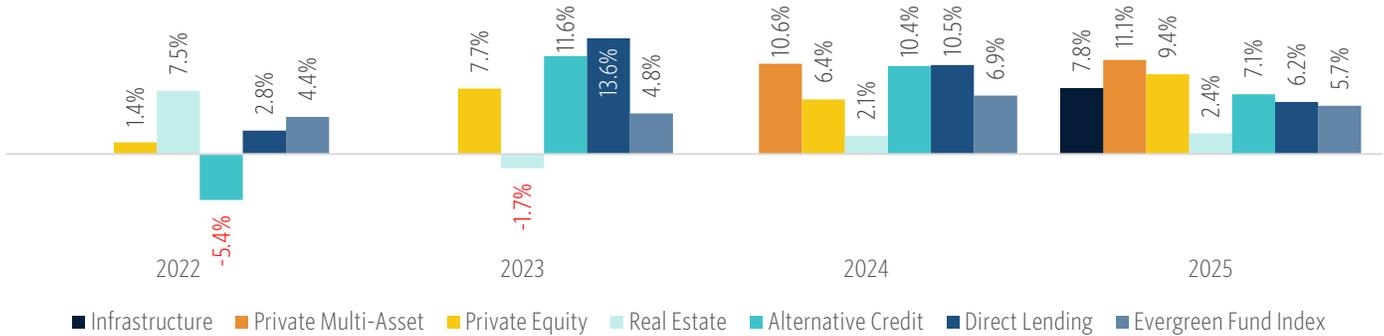
Evergreen fund launches by inception date and strategy



Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025

Performance

Morningstar PitchBook US Evergreen Fund Indexes net total returns



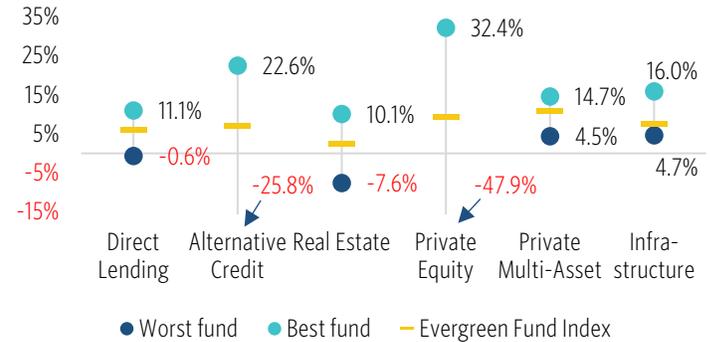
Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

In early November, [Morningstar and PitchBook announced](#) an upcoming suite of indexes built around the evergreen fund universe. While data is still preliminary, the family of Morningstar PitchBook US Evergreen Fund Indexes provides a helpful look into the aggregate net-of-fee performance of perpetual-life private market funds while serving as a benchmark across asset classes.

Wide performance dispersion is a defining feature of private markets, and it persists in the evergreen format, even over relatively short one- and three-year horizons. This wide dispersion emphasizes that manager selection is a key determinant of outcomes even in diversified evergreen fund portfolios.

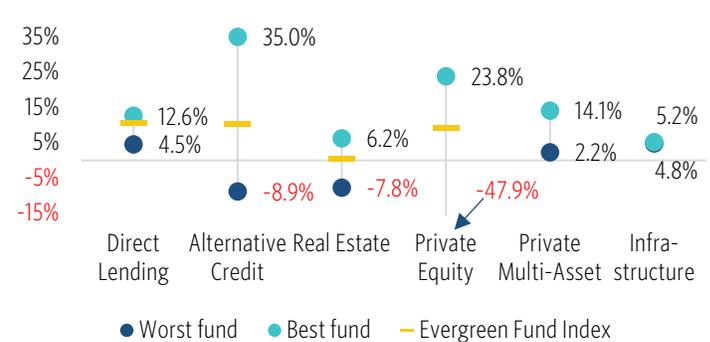
It is also key to understanding downside, because evaluating risk-adjusted returns in evergreen funds presents unique challenges, particularly when relying on standard measures such as volatility. Because most evergreen vehicles report appraisal-based NAVs rather than market-traded prices, their return streams exhibit artificially smooth patterns that suppress measured volatility. This smoothing effect makes traditional metrics such as Sharpe ratios or drawdown statistics difficult to interpret and often incomparable to public market benchmarks. Apparent low volatility should therefore be viewed with caution, as it rarely captures the true economic variability embedded in private markets.

Morningstar PitchBook US Evergreen Fund Indexes YTD net total return dispersion



Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

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



Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

Morningstar PitchBook US Evergreen Fund Indexes net total returns vs. public benchmark

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	7.2%	6.7%	5.8%	9.4%	7.6%
Morningstar PitchBook US Private Capital Evergreen Fund	May 31, 2014	7.2%	6.7%	5.8%	9.5%	7.6%
Morningstar PitchBook US Private Debt Evergreen Fund	May 31, 2014	5.0%	7.8%	10.5%	9.2%	5.6%
Morningstar PitchBook US Direct Lending Evergreen Fund	November 30, 2014	5.0%	7.5%	10.6%	10.6%	5.6%
Morningstar PitchBook US Alternative Credit Evergreen Fund	May 31, 2015	5.2%	8.5%	10.2%	7.4%	5.2%
<i>Morningstar LSTA US Leveraged Loan</i>		4.9%	6.3%	9.6%	7.0%	5.5%
Morningstar PitchBook US Private Real Estate Evergreen Fund	February 28, 2015	6.6%	2.4%	0.5%	7.7%	6.6%
<i>Morningstar US Real Estate</i>		4.9%	-1.1%	7.1%	7.1%	5.4%
Morningstar PitchBook US Private Equity Evergreen Fund	May 31, 2021	8.4%	11.4%	9.3%		
<i>Morningstar US Market</i>		12.2%	21.0%	22.2%		
Morningstar PitchBook US Private Multi-Asset Evergreen Fund	August 31, 2023	12.0%	12.6%			
<i>Morningstar Moderate Target Risk</i>		13.4%	14.3%			
Morningstar PitchBook US Private Infrastructure Evergreen Fund	February 29, 2024	7.3%	7.8%			
<i>Morningstar Global Equity Infrastructure</i>		14.3%	11.3%			

Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision. The start date for the comparable public benchmark is the oldest start date of the corresponding evergreen fund index.

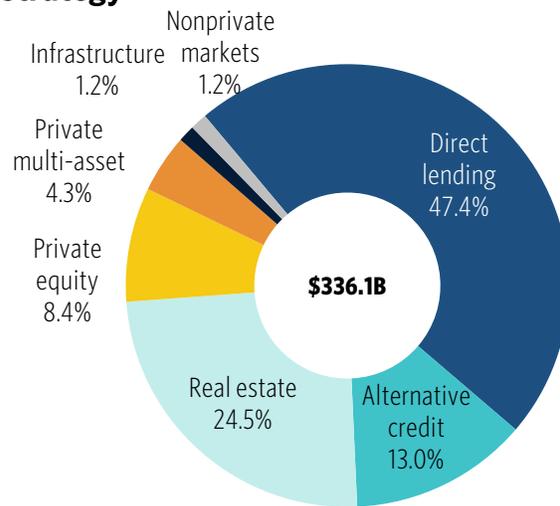
As a cautionary tale, the recently collapsed Renovo Home Partners offers an example of when NAVs can lag reality. Private credit firms had loans extended to the home improvement company priced at par less than a month before managers marked the loans to zero.⁴

That said, with stated returns in hand, we ask, Have evergreen funds delivered against public markets? So far, the track record is mixed.

First, private debt funds stand out for their aggregate performance lately. The Private Debt Evergreen Fund Index has outpaced a comparable public benchmark, the Morningstar LSTA US Leveraged Loan Index, for one, three, five, and 10 years and since its May 31, 2014, start date. This result parallels the so-called golden age of private credit. Looking ahead, even if we are past these golden years in absolute return terms, private debt exposures can still provide relative value. The key would be if relative spreads versus US Treasuries remain more attractive for private debt than for tradable fixed income.

The Real Estate Evergreen Fund Index is ahead of the public comparable since inception. However, this masks a considerable subperiod of underperformance, as its three-year

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 September 22, 2025, reconstitution. Differences in the net AUM data in the "Market Overview" section and the constituents for the indexes are due to data availability in Morningstar Direct, from which the indexes are built.

4: "BlackRock Faces 100% Loss on Private Loan, Adding to Credit Market Pain," Bloomberg, Davide Scigliuzzo and Silla Brush, November 10, 2025.

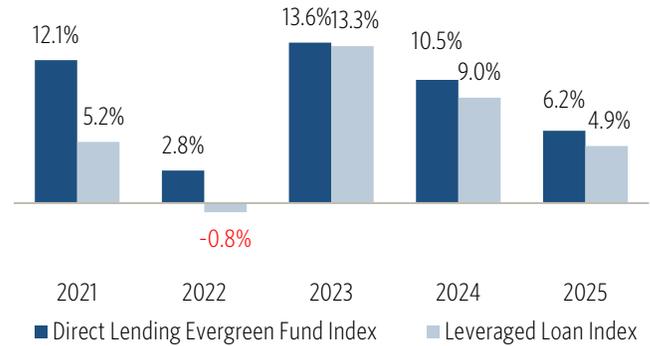
return is 0.5% versus 7.1% annualized for the Morningstar US Real Estate Index. Some of this is a lag effect in private real estate, as the public index had put behind part of the impact of rising rates and recovered.

Perhaps not surprisingly, the Private Equity Evergreen Fund Index has significantly lagged listed US equities, which have seen substantial growth led by the tech sector. Since inception, the gap between the two indexes is close to 380 basis points, and it is a whopping 960 basis points in the trailing one-year period. It should be noted that the starting point of this evergreen index, May 2021, is unfavorable in terms of market timing. The public equity market was just getting warmed up after the post-pandemic rebound. Following headwinds from interest rates and inflation in 2022, public markets entered a multiyear bull run. Private equity could not keep pace with the accelerated growth in listed equities, particularly the Big Tech firms driving the index aggregate.

The Infrastructure Evergreen Fund Index has also lagged public markets by a substantial margin. Listed infrastructure equities have performed well in the past year, as utilities tied to the AI trade have been strong contributors. Interestingly, some renewable energy stocks have also added value in public markets, bypassing the policy noise and antagonism prevalent in 2025. However, we think that a more appropriate public-versus-private evaluation in infrastructure would take place over a longer time frame, as the evergreen index still has a very short track record.

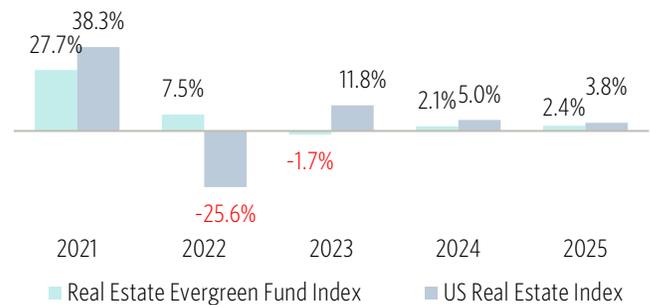
Note: The Morningstar PitchBook US Evergreen Fund Index suite remains preliminary and is subject to revision. Nonetheless, these initial results offer valuable insight into the performance of the rapidly growing evergreen fund universe. We expect to fully launch an initial family of live indexes on evergreen funds in early 2026.

Credit index net total return comparison



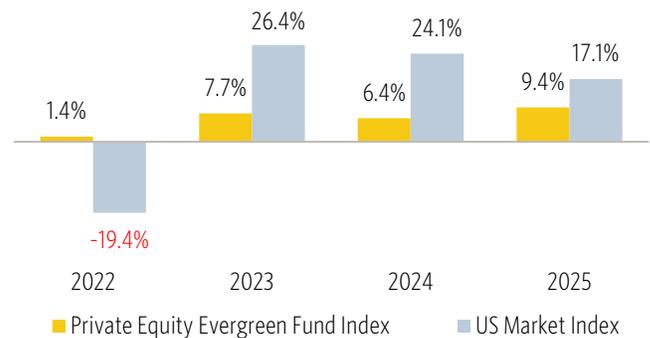
Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

Real estate index net total return comparison



Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

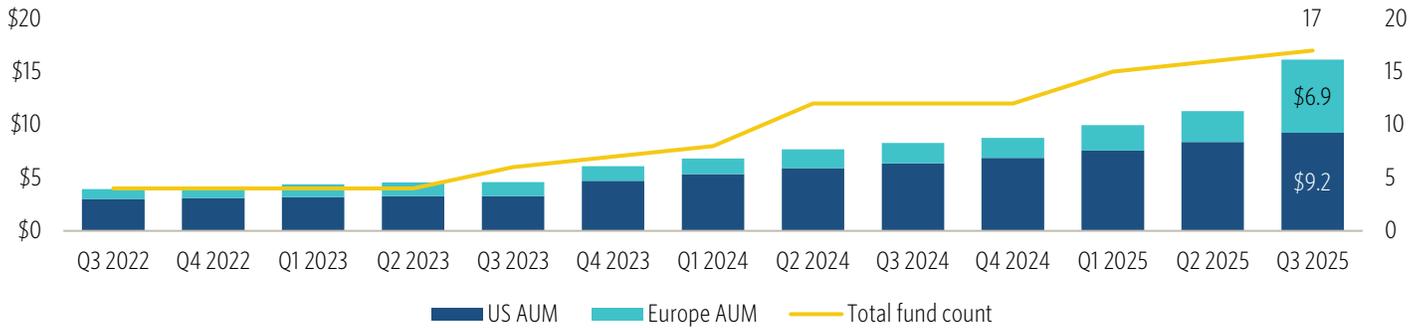
Equity index net total return comparison



Sources: Morningstar and PitchBook • Geography: US • As of October 31, 2025
 Note: The Morningstar PitchBook US Evergreen Fund Indexes are preliminary and subject to revision.

Spotlight: Real assets

Quarterly evergreen real assets fund net AUM (\$B) by domicile and total fund count



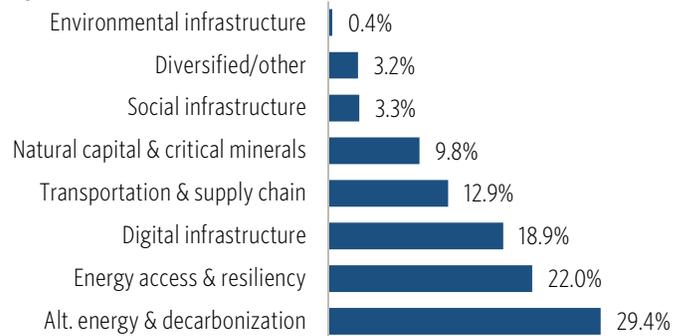
Sources: Morningstar, fund filings, fund literature • Geography: US and Europe • As of September 30, 2025

Note: This spotlight is abridged from PitchBook’s forthcoming analyst note *Evergreen Real Assets Funds*, which will publish on December 22. Please see the full note for additional analysis on asset growth, performance, and sector exposure data.

Over the past five years, private real assets funds—specifically, those that invest in infrastructure and a portion of those that invest in natural resources—have become increasingly attractive to investors. Investors have been drawn to infrastructure’s countercyclical, inflation-hedging characteristics and steady returns. They also have looked to capitalize on the secular trends of decarbonization, growing energy demand and energy security concerns, digitalization, and deglobalization. As fund managers have increasingly looked to broaden their investor base by accessing the largely untapped private wealth channel, and private wealth investors have been enticed by the higher return potential and portfolio diversification benefits of the private markets, these trends have been converging, with more and more evergreen real assets funds coming to market.

For the purposes of this analysis, we define evergreen real assets funds to be those with at least 66.6% of their assets in infrastructure or natural resources, although the share of non-real-assets AUM is typically much lower than 33.4%, averaging less than 5%. We have chosen to exclude real-estate-focused vehicles given the significantly different market dynamics at play in several of the core real estate sectors and the sheer

Share of evergreen real assets fund net AUM by sector

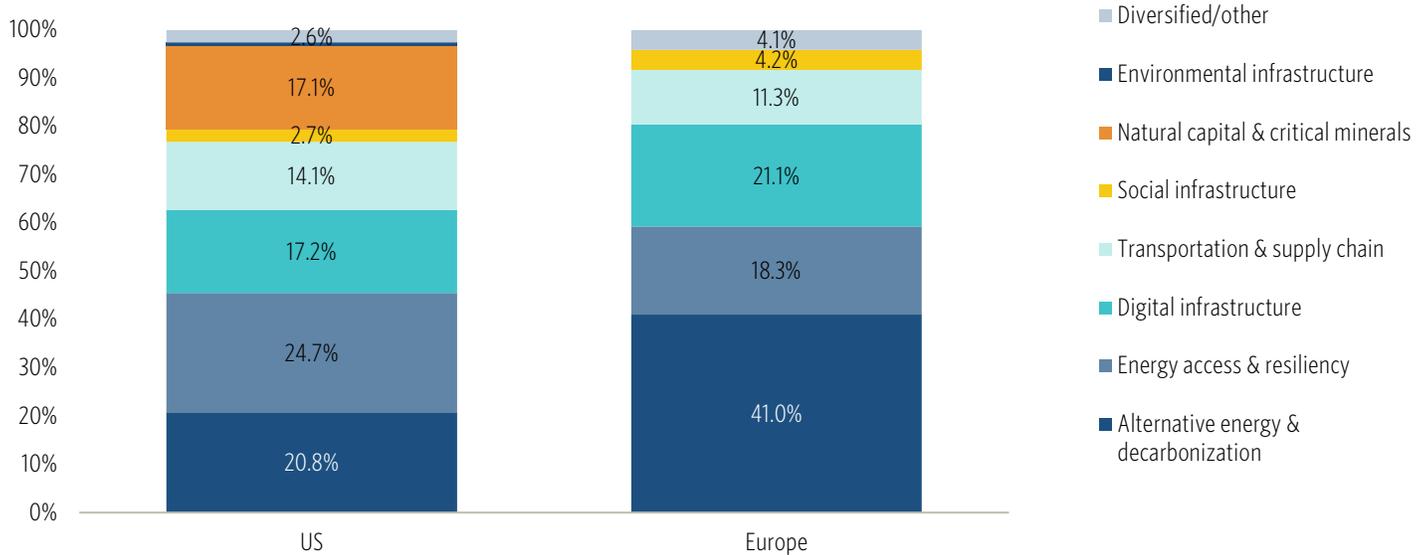


Source: PitchBook • Geography: US and Europe • As of November 15, 2025
 Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

size of the unlisted REIT universe, which would have obfuscated many of the trends we hoped to explore. As such, our scope is limited to interval funds, tender offer funds, European Long-Term Investment Funds (ELTIFs), and Société d’Investissement à Capital Variable (SICAV) funds.

In order to answer the question of what investors are actually getting exposure to in these funds, we developed a theme-based taxonomy, linking real assets investment sectors to broader investment themes that we believe are economically aligned, adaptable, and intuitive. We then collected sector exposure data from monthly reports, fact sheets, and the asset managers themselves and aggregated it using the taxonomy.

Share of evergreen real assets fund net AUM by domicile and sector



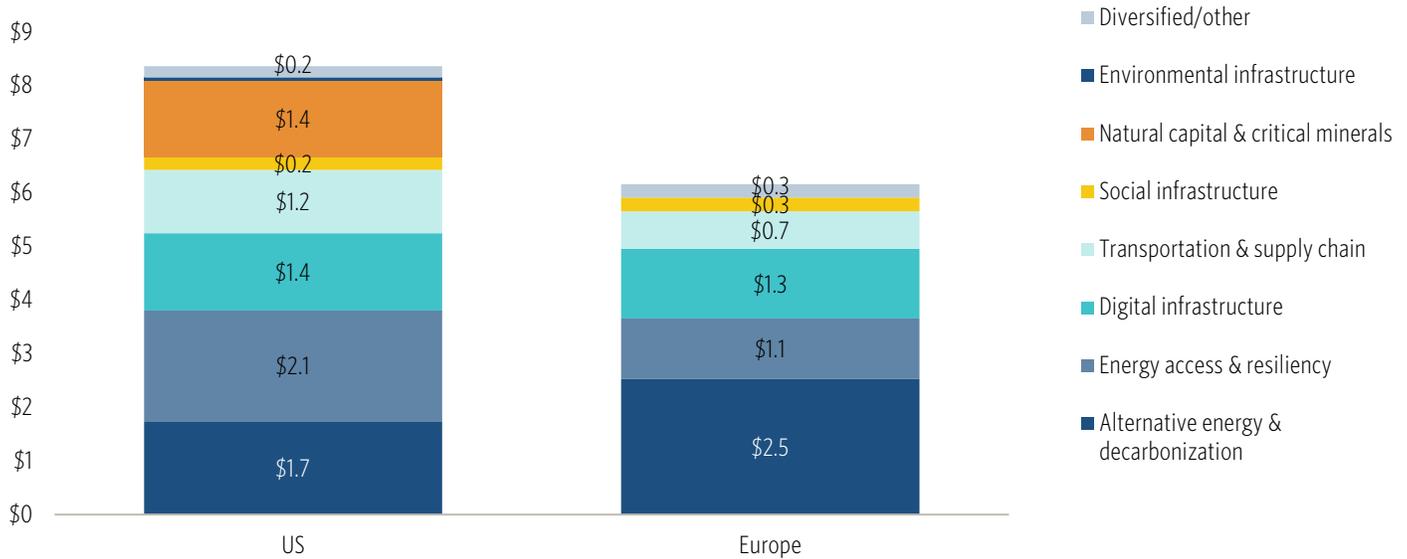
Source: PitchBook • Geography: US and Europe • As of November 15, 2025
 Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

Over 80% of evergreen real assets AUM sits in investments aligned to the following four themes: alternative energy & decarbonization (29.4%), energy access & resiliency (22%), digital infrastructure (18.9%), and transportation & supply chain (12.9%). Natural capital & critical minerals investments make up 9.8% of AUM, and the remaining three categories represent less than 4% of AUM each.

Beneath the overall sector exposure figures, weights vary considerably by fund location. For instance, Europe-domiciled funds have far more concentrated exposure to the alternative energy & decarbonization space, at 41% of AUM. Among US-based funds, this figure is 20.8%. While the sample size of funds is small, making these numbers lumpier, it is clear that European evergreen real assets fund managers are prioritizing investment in this theme to a greater extent than those in the US. This is likely due in part to a difference in investor beliefs around how future-proof conventional energy assets are and how persistent decarbonization initiatives will be, with European investors more skeptical of the conventional energy sector's staying power. Thus, those looking to meet energy demand are more likely to do so via renewable and low-carbon energy.

Among US-based funds, the energy access & resiliency category represents the highest weighting, while for Europe-domiciled funds it is the third highest. It is worth pointing out that while this category includes conventional energy and related infrastructure, it also includes any unspecified energy-related investments, including in unspecified utilities, as well as electric grids. As such, European funds with decarbonization aims are not necessarily working against them if they make investments in this category, and in fact are very frequently doing the opposite by investing in the build-out of the energy management and distribution infrastructure necessary for the energy transition. US-based funds generally have more balanced weightings to alternative energy & decarbonization and energy access & resiliency than their European counterparts, and they are also more likely to explicitly call out their investment in midstream infrastructure or conventional power by name. This reflects an energy-source-agnostic approach to capitalizing on the structural drivers of surging energy demand and energy security needs that has become popular in recent years, particularly in the US, with investors open to drawing from all types of energy in order to meet growing needs.

Evergreen real assets fund net AUM (\$B) by domicile and sector



Source: PitchBook • Geography: US and Europe • As of November 15, 2025
 Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

Within digital infrastructure, it may be surprising to see that European funds have a higher weighting to the category than US-based funds, at 21.1% of AUM versus 17.2%. In the drawdown fund universe, North American vehicles dominate digital infrastructure fundraising, as the US has been at the forefront of datacenter development since the space's inception and, as a result, fund managers have developed specialization and expertise in the space. It would follow that these dynamics persist in the evergreen universe as well. Part of the explanation for this is that KIF is heavily influencing the European numbers given its size and 36.4% exposure to digital infrastructure. When averaging exposure across funds to control for fund size, the figure for US-based vehicles is 21.4% versus Europe-domiciled funds' 13.5%. Although Europe is a much smaller digital infrastructure market, it is rapidly growing, so we may see more investment from European evergreen funds in the future.

Transportation & supply chain investment is slightly more common among US funds than European ones, with 14.1% of AUM in this category, versus Europe's 11.3%. It is difficult to attribute these differences to particular policy tailwinds or market-specific trends without additional context around where these investments are being made.

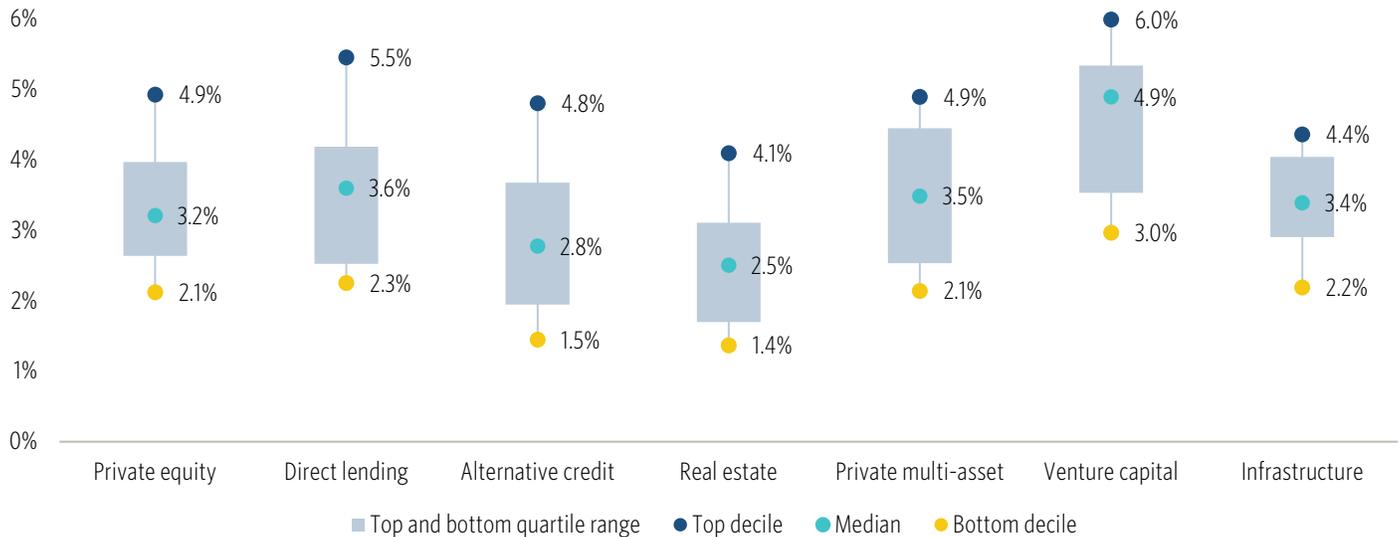
However, broadly, opportunities have arisen from post-pandemic policy moves aimed at improving transportation infrastructure and addressing needs tied to reshoring, friend-shoring, and shifting supply chains because of evolving trade relationships, as well as consumer expectations around shorter delivery times due to e-commerce activity.

Lastly, the US cohort has a whopping 17.1% of natural capital & critical minerals exposure, versus no exposure in European evergreen funds. Just two interval funds with substantial exposures are responsible for this, Harrison Street Real Assets Fund and Principal Real Asset Fund, with most of the capital they have directed to this category going to agricultural land and timberland, which often play a diversifying role in an otherwise infrastructure-heavy portfolio and can generate steady returns.

Ultimately, we find it highly likely that evergreen real assets funds will continue to gain popularity as awareness grows about the asset class as a means of capitalizing on the megatrends of decarbonization, digitalization, deglobalization, and energy demand and security.

Fees and terms

Evergreen fund adjusted net expense ratio dispersion by strategy



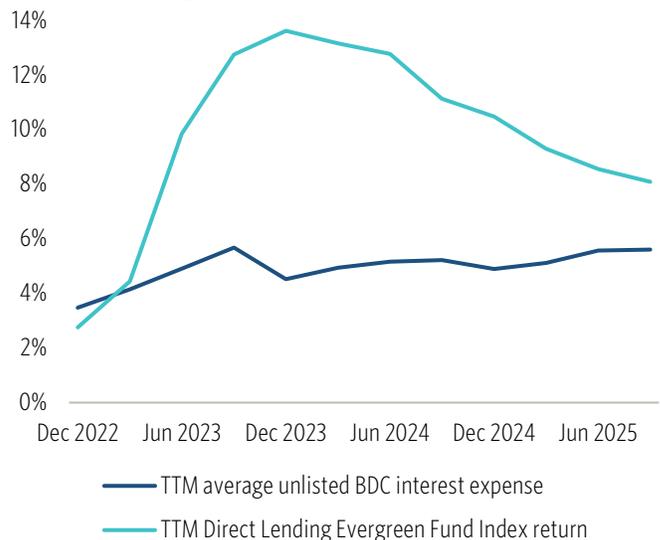
Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025
 Note: Expenses for each fund included represent the most expensive share class from fund prospectus documents. Adjusted net expense ratios exclude interest costs. Net expense ratios are unavailable for REITs.

Investors used to mutual funds and ETFs are in for sticker shock when they look at semi-liquid options. The median net expense ratio for semi-liquid funds was over 3% as of data from the latest available prospectus filings. Meanwhile, the average annual net expense ratio for passive mutual funds and ETFs was 0.37%, while active ones charged 0.97% on average.⁵ On the high end, venture capital evergreen funds have a median expense ratio of nearly 5%, driven in part by outsized standard management fee charges compared with other fund strategies, which, to be fair, are nowhere close to free either.

The implication is obvious: Private market return premiums will need to be significantly above public markets to overcome these fee hurdles.

For the most common vehicle, direct lending funds have seen elevated interest expenses on borrowed funds. Leverage has helped juice returns, but the squeeze has become increasingly less fruitful as spread compression and falling base rates put pressure on the double-digit returns seen over the past couple of years.

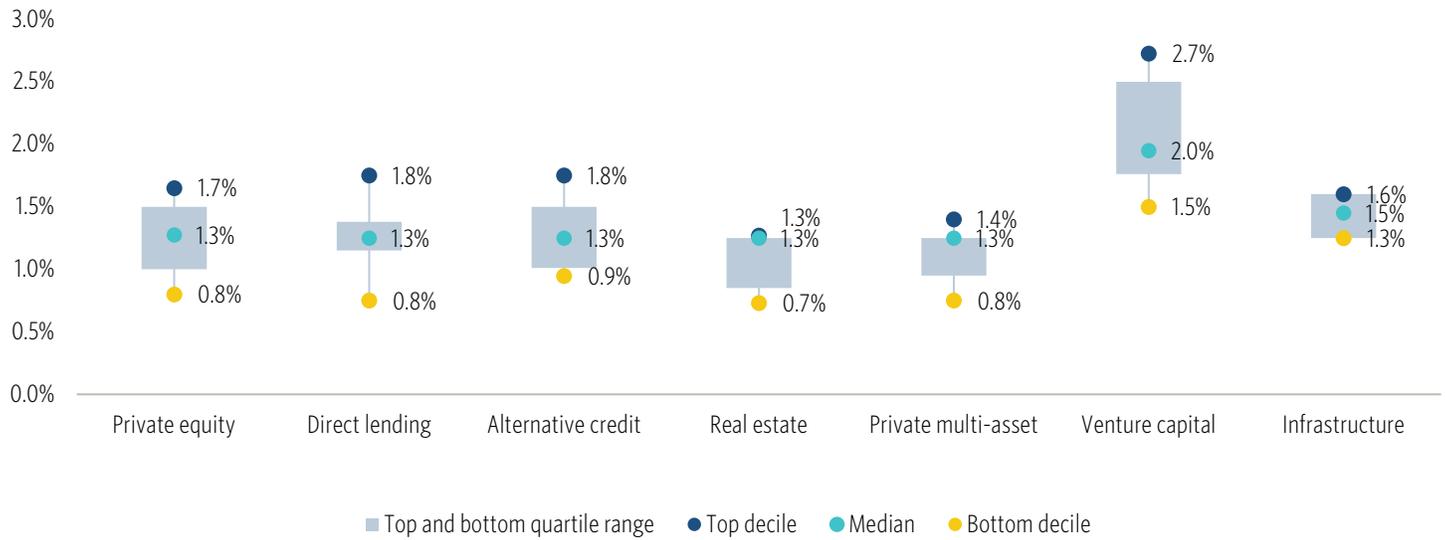
TTM average unlisted BDC interest expense vs. direct lending net total returns



Sources: Morningstar and PitchBook • Geography: US • As of September 30, 2025

⁵: For more comparisons between public and private fund fees, read [Morningstar's The State of Semiliquid Funds 2025 report](#).

Evergreen fund management fee dispersion by strategy



Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025

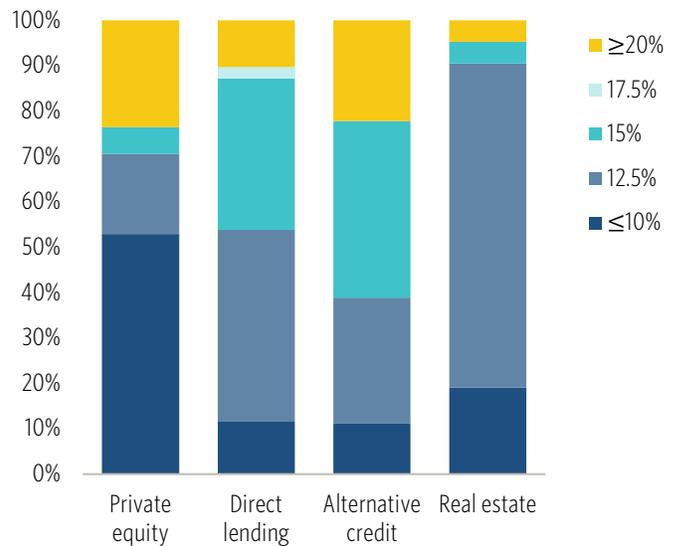
While the “2 and 20” model has long defined traditional private equity drawdown funds, evergreen vehicles typically apply a management fee on NAV rather than committed capital. Median management fees cluster around 1.3%, yet the spread ranges from 0.7% to 0.9% at the low end, 1.6% to 1.8% across several strategies, and 2.7% at the top decile in venture.

Not all funds levy an incentive fee, either by choice or because the fund is marketed to investors below qualified client status. Among those that do charge performance fees, the data shows wide variability, and importantly, it is common for incentive fees to be charged on realized and unrealized gains.

Similar to management fee terms, incentive fee terms vary widely within and across different strategies. A 10% fee is common for private equity funds, while 12.5% is the most common performance fee for real estate funds. Credit funds are a bit more mixed with no structure dominating.

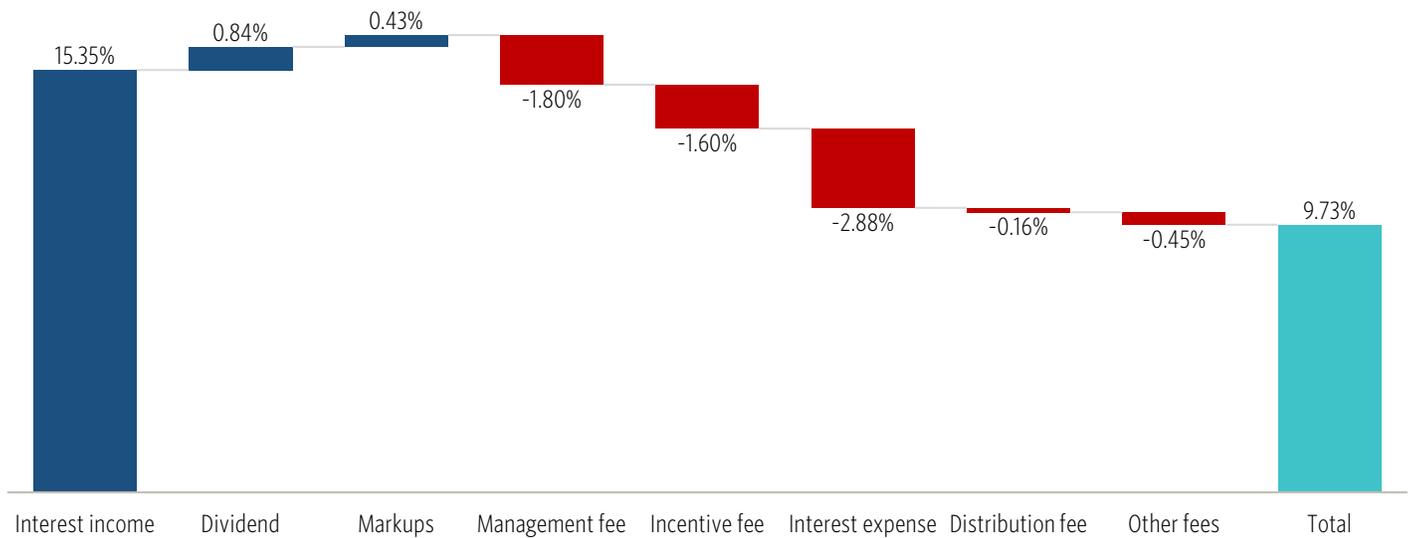
Together, the dispersion in expenses highlights the meaningful heterogeneity in fee structures across the evergreen fund universe and the importance of evaluating these components individually.

Share of evergreen fund count by strategy and incentive fee rate



Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025
 Note: Data includes only funds that charge incentive fees.

Example interval fund net return waterfall



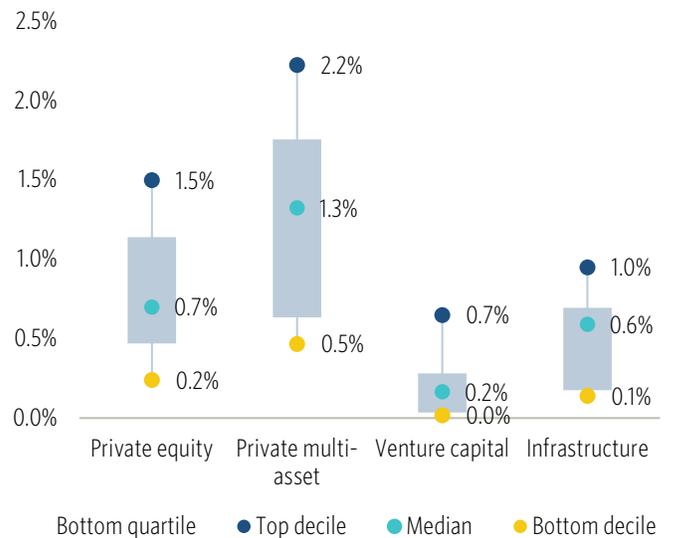
Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025

Additionally, many evergreen funds—particularly those allocating to private equity, venture capital, infrastructure, and multi-asset portfolios—incur acquired fund fees stemming from the management fees and carried interest charged by the underlying funds in which they invest if they are holders of fund interests rather than, or in addition to, making direct investments. In the case of funds of funds and secondaries, the external managers’ economics flow through to the evergreen fund investors.

In some cases, acquired fund fees can exceed 200 basis points, contributing to the wide dispersion in effective fee levels across strategies. Categories such as private equity and multi-asset show much broader quartile ranges and higher top-decile fee levels, reflecting the layered economics of investing through external funds versus originating assets internally or via no-fee co-investments.

Taken as a whole, fee structures for evergreen funds are more complex than your prototypical public mutual fund or ETF and can lead to several hundred basis points in difference between gross and net returns, as noted in the example above. Evaluating these embedded fee structures is an increasingly important part of assessing net return potential and comparing strategies on an apples-to-apples basis.

Dispersion of fees on acquired evergreen funds by strategy



Sources: Morningstar and PitchBook • Geography: US • As of November 30, 2025
 Note: Data includes only funds that disclose acquired fund fees.

Notable funds

Direct lending

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
Blackstone Private Credit Fund	\$46.7	January 7, 2021	\$2,500	6.9%	1.25%	12.5%	BDC
Cliffwater Corporate Lending Fund	\$32.9	June 5, 2019	\$10,000,000	7.3%	1.00%	0.0%	Interval
Blue Owl Credit Income Corp.	\$17.5	March 1, 2021	\$25,000	6.6%	1.25%	12.5%	BDC
Apollo Debt Solutions BDC	\$17.3	January 7, 2022	\$2,500	5.6%	1.25%	12.5%	BDC
HPS Corporate Lending Fund	\$11.7	February 3, 2022	\$2,500	6.6%	1.25%	12.5%	BDC

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Alternative credit

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
Cliffwater Enhanced Lending Fund	\$7.6	June 30, 2021	\$50,000	9.4%	0.95%	0.0%	Interval
Carlyle Tactical Private Credit Fund	\$4.7	September 4, 2018	\$10,000	5.5%	1.27%	15.0%	Interval
PIMCO Flexible Credit Income Fund	\$4.0	February 22, 2017	\$2,500	10.3%	1.75%	0.0%	Interval
Lord Abbett Credit Opportunities Fund	\$3.0	February 21, 2019	\$2,500	6.8%	1.25%	0.0%	Interval
Variant Alternative Income Fund	\$2.7	September 28, 2018	\$25,000	5.9%	0.98%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Real estate

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
Blackstone REIT	\$53.0	January 1, 2017	\$2,500	5.6%	1.25%	12.5%	REIT
Starwood REIT	\$8.4	June 22, 2017	\$5,000	-2.0%	1.25%	12.5%	REIT
Apollo Diversified Real Estate Fund	\$3.5	August 10, 2015	\$2,500	1.2%	1.50%	0.0%	Interval
Bluerock Total Income+ Real Estate Fund	\$4.6	April 1, 2014	\$2,500	-0.9%	1.50%	0.0%	Interval
Ares Industrial REIT	\$4.7	November 1, 2017	\$25,000	6.3%*	1.25%	12.5%	REIT

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 *The Ares Industrial REIT YTD return is as of September 30, 2025.
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Private equity

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
Partners Group Private Equity Master Fund	\$16.7	July 1, 2009	\$50,000	7.5%*	1.50%	10.0%	Tender offer
Cascade Private Capital Fund	\$4.8	January 7, 2022	\$25,000,000	20.3%	1.40%	20.0%	Interval
Carlyle Alpinvest Private Markets Fund	\$3.4	January 3, 2023	\$50,000	14.3%	1.25%	10.0%	Tender offer
Pomona Investment Fund	\$2.0	April 1, 2018	\$25,000	6.8%	1.65%	20.0%	Tender offer
FS MVP Private Markets Fund	\$1.5	January 3, 2022	\$50,000	11.3%	1.25%	10.0%	Tender offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 *The Partners Group YTD return is as of September 30, 2025.
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Private multi-asset

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
StepStone Private Markets Fund	\$5.6	October 1, 2020	\$5,000	11.7%	1.40%	0.0%	Tender offer
Hamilton Lane Private Assets Fund	\$5.0	January 4, 2021	\$25,000	14.7%	1.40%	10.0%	Tender offer
First Trust Alternative Opportunities Fund	\$3.2	June 12, 2017	\$1,000	7.2%	0.95%	0.0%	Interval
Beacon Pointe Multi-Alternative Fund	\$0.9	July 5, 2024	\$1,000	8.1%	0.95%	0.0%	Interval
Jackson Real Assets Fund	\$0.4	April 29, 2024	\$10,000	5.2%	1.15%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Infrastructure

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
Harrison Street Real Assets Fund	\$2.3	September 18, 2017	\$10,000,000	5.1%	1.15%	0.0%	Interval
StepStone Private Infrastructure Fund	\$0.9	September 11, 2023	\$25,000	16.0%	1.60%	0.0%	Interval
Cantor Fitzgerald Infrastructure Fund	\$0.6	March 20, 2023	\$2,500	15.0%	1.50%	0.0%	Interval
Partners Group Next Generation Infrastructure Fund	\$0.2	August 1, 2023	\$50,000	N/A	1.25%	15.0%	Tender offer
Principal Real Asset Fund	\$0.2	June 25, 2019	\$25,000	6.6%	1.70%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Venture capital

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
StepStone Venture and Growth Fund	\$3.6	November 1, 2022	\$50,000	22.2%	1.50%	15.0%	Tender offer
The Private Shares Fund	\$1.0	November 17, 2017	\$2,500	2.5%	1.90%	0.0%	Interval
ARK Venture Fund	\$0.4	September 23, 2022	\$500	43.1%	2.75%	0.0%	Interval
Partners Group Growth Fund	\$0.2	September 1, 2023	\$50,000	1.9%*	1.50%	15.0%	Tender offer
Hamilton Lane Venture Capital and Growth Fund	\$0.1	September 30, 2024	\$25,000	32.6%	1.50%	15.0%	Tender offer

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 *The Partners Group YTD return is as of September 30, 2025.
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

Nonprivate markets

Fund	Net assets (\$B)	Inception date	Minimum investment	YTD return	Management fee	Performance fee	Structure
PIMCO Flexible Municipal Income Fund	\$1.6	March 15, 2019	\$2,500	2.9%	1.02%	0.0%	Interval
Nuveen Enhanced High Yield Municipal Bond Fund	\$0.7	June 30, 2021	\$2,500	-1.8%	1.29%	0.0%	Interval
SEG Partners Long/Short Equity Fund	\$0.3	April 1, 2025	\$50,000	N/A	1.00%	20.0%	Tender offer
BlackRock Municipal Credit Alpha Portfolio	\$0.2	August 1, 2003	\$1,000	-0.5%	0.90%	0.0%	Interval
Rockefeller Municipal Opportunities Fund	\$0.2	December 9, 2024	\$1,000,000	4.8%	0.90%	0.0%	Interval

Sources: Morningstar, PitchBook, fund documents • Geography: US • As of October 31, 2025
 Note: YTD returns are in reference to Class I shares or the highest-performing share class available.

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.

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 Securities and Exchange Commission (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-size 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-size 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 multiunit 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.

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Additional research

Private markets



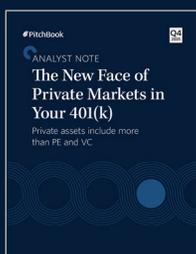
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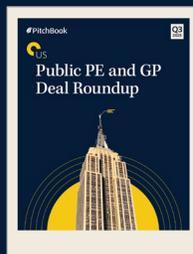
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