

Institutional Research Group



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Published on January 15, 2026

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Sink or Swim: Interval Funds Liquidity

Examining the complexities beneath the surface of interval funds liquidity

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- Evergreen funds' assets and investor base continue to expand. The semi-liquid nature of these structures means that liquidity management is just as crucial as delivering investment results. In this note, we focus on interval funds to explore the nuances of liquidity, highlighting key considerations for investors.
- Interval funds must set up regular liquidity repurchase offers as part of their fundamental policies. Consequently, these specific evergreen funds are helpful for analysis, especially when compared with other structures where liquidity is at the board's discretion.
- Fund managers have various tools and levers to manage liquidity. Sources of liquidity include portfolio income, cash, publicly listed securities, and credit facilities. However, this is a complex process that requires dedicated, full-time liability management teams to ensure the repurchase process runs smoothly.
- Strategies such as private credit can rely more heavily on portfolio income to meet redemptions. Interest income and loan repayments generate a cycle of "organic liquidity" within a well-diversified debt portfolio. In other private strategies, exits and cash flows back to interval funds must be carefully stress-tested, but organic liquidity is achievable as well.
- While the liquidity mechanism of the interval fund universe is functioning correctly on a systemic level, liquidity stress on individual funds may still be lurking beneath the surface. We examine a case study of a sizable real estate fund that experienced significant liquidity setbacks.
- Liquidity disclosure is somewhat inconsistent and could be improved. While regulatory filings for interval funds offer extensive information, we believe that clearer liquidity disclosures in simple fund documents, such as fact sheets, would benefit both fund managers and investors.



Introduction

Evergreen funds are gaining popularity as a way to access private capital strategies. What used to be exclusive to multimillion-dollar commitments with funds locked up for years is now available with low minimum investments and perpetual capital. While evergreen funds offer more transparency than drawdown funds, their disclosure practices are not standardized, especially as they relate to liquidity, and may fall short of expectations from investors used to open-end vehicles that trade liquid, public securities. Evergreen funds are often referred to as semi-liquid structures, as they straddle the worlds of drawdown funds and open-end funds. Therefore, investors need to evaluate whether periodic liquidity—one of the key differences between evergreens and drawdowns—lives up to expectations.

Interval funds are a useful case study because they are required to specify predetermined liquidity intervals in their prospectus—hence their name. This is different from other evergreen structures, such as tender offer funds, business development companies (BDCs), or unlisted REITs. Although those structures might also offer periodic liquidity, the cadence and amounts remain at the discretion of the board. Interval funds' net asset values (NAVs) are typically priced daily, and data on their attributes is generally more comprehensive than that of other evergreen structures.

Liquidity is like oxygen. It is often taken for granted during normal times, but in periods of market stress, it is the only thing that matters. One could argue that every financial crisis is accelerated or amplified by liquidity shortages. As evergreen funds expand in scope and size, understanding the nuances of liquidity becomes increasingly important.

For further insights on evergreen structures, read our inaugural [Q4 2025 US Evergreen Fund Landscape](#) report.



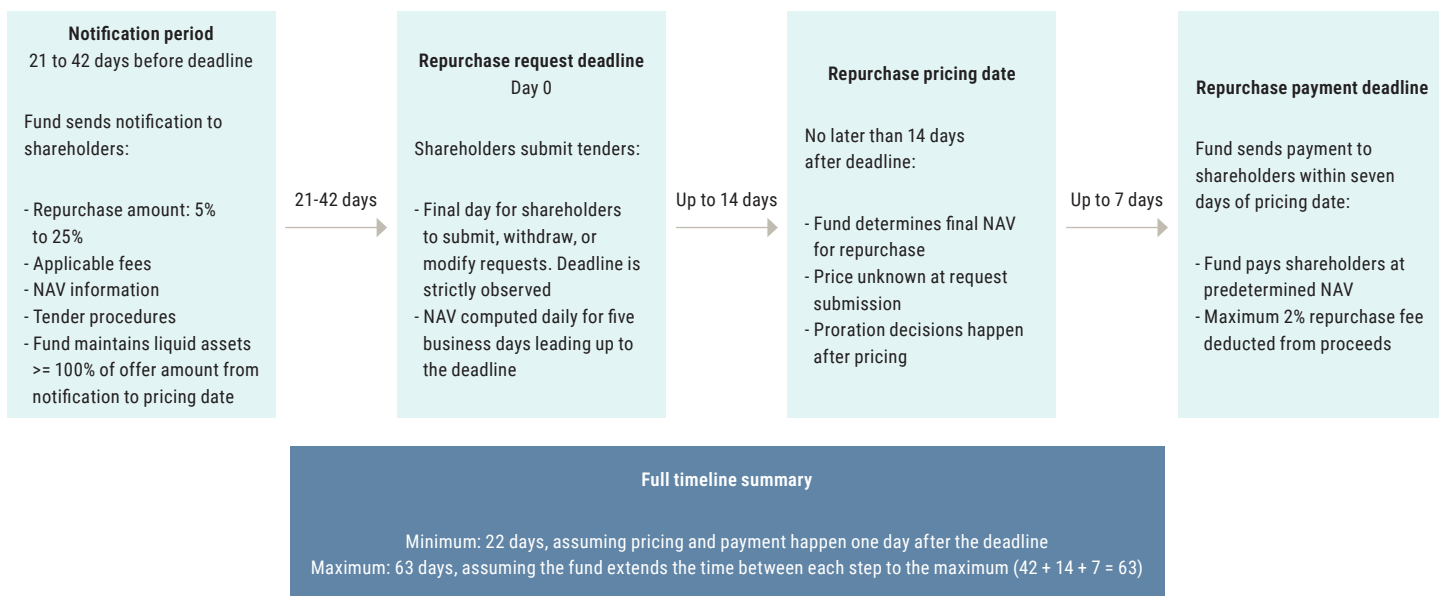
Basic concepts

Interval funds are regulated by the US Securities and Exchange Commission (SEC) as unlisted closed-end structures that must comply with the Investment Company Act of 1940 ('40 Act). Interval funds have no limit on the value of illiquid assets they can hold, but these funds must establish periodic liquidity. The rules set a range of 5% to 25% of a fund's outstanding shares that must be repurchased at a predetermined cadence. The timing of these redemptions is chosen by the fund as a "fundamental policy" delineated in the fund prospectus. A fund can also offer discretionary redemptions outside of its regular schedule. However, for the remainder of our analysis, it is practical to focus on the mandatory 5% minimum per interval, as this represents the true liquidity constraint.

If redemptions are oversubscribed, investors will receive a pro rata amount, effectively serving as a liquidity gating mechanism. Funds are allowed but not required to use a 2% additional repurchase buffer without needing board approval. This means that in a hypothetical case where a fund offers the minimum 5% and investors' requests exceed this amount, the fund can choose to increase the offer to up to 7% using the 2% allowance and avoiding proration.

Another essential consideration is complying with the regulated repurchase timeline. It might seem like a straightforward matter, but for investors, missing a deadline means having to wait until the next interval. And for the fund, the timeline introduces a whole new operational dimension for liability management. The fund must maintain liquid assets equal to 100% of the repurchase amount from the time the shareholder notifications are sent out, up until the repurchase pricing date when the NAV price is established. This can be a minimum of 22 days (assuming payment to shareholders happens the day afterward), but it can be a much longer period, approaching several weeks.

Interval funds repurchase timeline



Source: [Investment Company Act of 1940 \(Rule 23c-3\)](#)



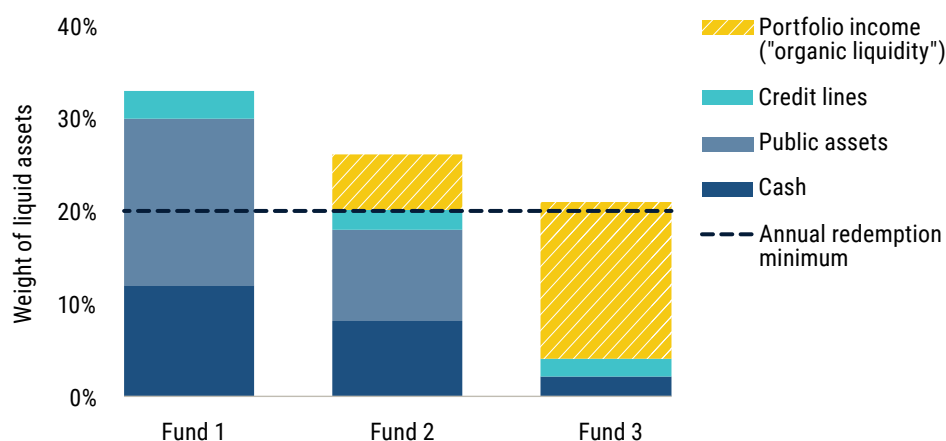
Liquidity sources and liquidity management

Private assets are illiquid—period. In a basic framework, a fund manager would hold cash alongside private assets as a liquidity buffer. However, this presents a clear trade-off: Cash reduces exposure to private assets, and as a result, it can act as a long-term return drag. To mitigate the potential drag on returns from cash, some interval funds opt to hold a “liquidity sleeve” of publicly traded assets. The liquidity sleeve can be composed of listed equities or tradable debt assets that are aligned with the investment strategy. However, interval fund investors need to understand that some of the pure-play exposure to—and, importantly, expected returns of direct private assets—are diluted in public asset proxies. Interval funds live in constant tension between exposure purity and the safety of liquidity.

There is no industry consensus and certainly no standards on how to construct a liquidity sleeve. So, it is up to the investor to become comfortable with a specific fund’s approach. Beyond liquidity sleeves, interval funds and other evergreen structures can rely on portfolio income. In private debt funds, this can mean interest payments, prepayments, and debt maturities. For private equity strategies, income is generated primarily through exits, making fund secondaries attractive for mitigating the J-curve effect and reducing the wait time for distributions.

Another liquidity tool that interval funds can use is maintaining financing lines with banks and lenders. These credit facilities can be tapped tactically to top off liquidity at a given time. However, for investors, this presents a new subject for diligence questions to ensure borrowing costs are kept within expectations, as well as questions regarding diversified and stable banking relationships.

Three hypothetical approaches to liquidity management



Source: PitchBook

Note: For illustrative purposes only. The chart does not reference any investments, funds, or securities.



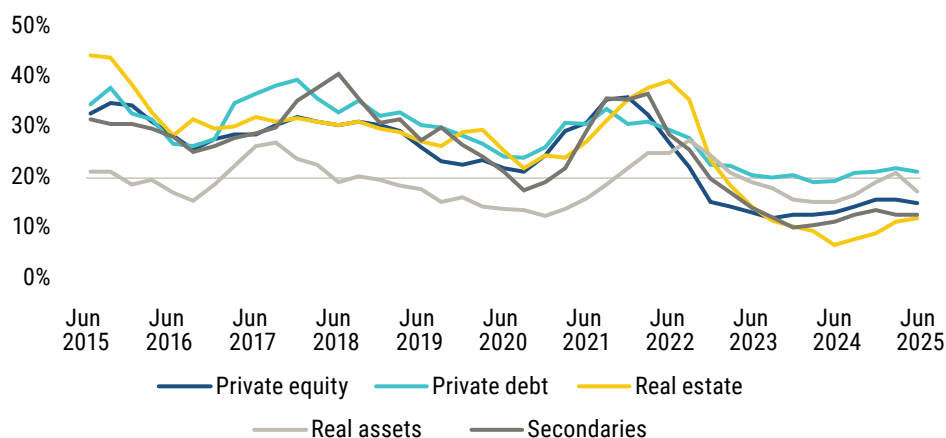
Liquidity and liability management are just as important for interval funds as generating investment ideas. Whether a fund has an explicit liquidity sleeve or relies on a combination of portfolio income and credit lines, matching the redemption timing with liquidity tools requires deep resources and staff to ensure precision.

The above chart shows a hypothetical example of three funds with different approaches. We assume these funds offer 5% quarterly liquidity for an annual requirement of 20%. Fund 1 has a dedicated and sizable liquidity sleeve, which dilutes the private markets exposure but ensures a high likelihood of staying out of trouble in the face of redemptions. Fund 2 strikes a balance between a liquidity margin of safety and private assets exposure. Lastly, Fund 3 provides full exposure to private strategies but is reliant on portfolio income. This fund can claim to be a true provider of exposure to private markets. However, the fund depends heavily on market conditions for adequate management of liabilities and, as such, has a lower margin for error to ensure liquidity. Fund 3 emphasizes the importance of relentless liability and liquidity management, which often needs a dedicated team alongside the portfolio manager and other investment decision-makers.

Income from private investments can cover funds' liquidity needs, but we would add the timeless caveat "under normal market conditions." To illustrate this, we look at drawdown funds' cash flow data and use a proxy indicator of trailing 12-month (TTM) distributions as a share of NAV. Historically, this ratio has been above 20% of NAV. This distribution level would hypothetically cover the minimum annual liquidity needs of interval funds, assuming a 100% allocation to private assets and perfect stability of these distributions, which is not always the case. In 2022—a year marked by rising interest rates and macroeconomic headwinds that caused risk assets to fall sharply—the ratio of distributions to NAV also declined. In other words, when investments fail and distributions are delayed, a fund relying on this liquidity source to meet redemptions may fall into a negative feedback loop.

We can see private debt defending better than other strategies during the downturn. Real assets distributions are also generally more stable on the upside and downside. On the other hand, private equity, secondaries, and real estate distributions as a share of NAV plummeted. If expected liquidity from portfolio income falls short, cash, credit lines, and public assets (if any are held) must make up the difference.

TTM drawdown fund distributions as a share of NAV by strategy



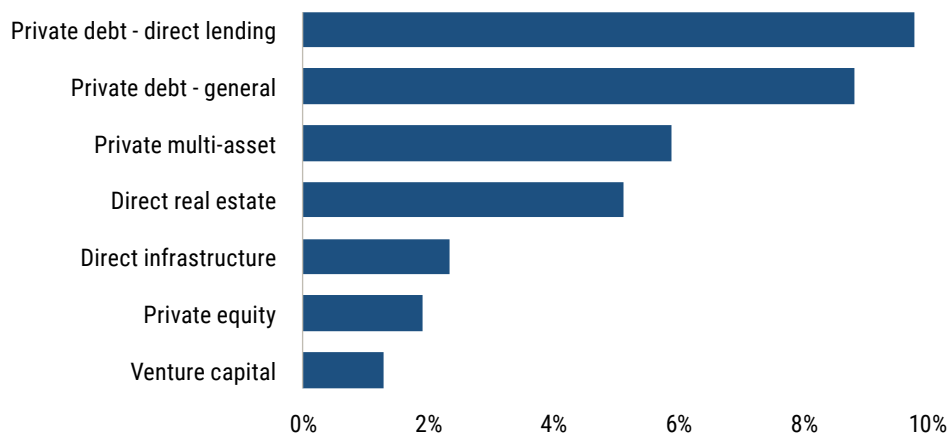
Source: PitchBook • Geography: US • As of June 30, 2025



The term “distributions” has two connotations in the context of interval funds: inflows and outflows. Exits and cash flows from holdings moving into the interval fund are the first definition (inflows). In the second definition, interval funds and other ‘40 Act vehicles pay distributions to their investors as well (outflows), as discussed next. For the remainder of this note, when referring to distributions or distribution rates, we mean an outflow from the perspective of the interval fund.

Funds regulated by the ‘40 Act are required to distribute taxable earnings annually to maintain their registered investment company status. Investors in these funds can choose to automatically reinvest dividends through so-called dividend reinvestment plans (DRIPs), which reinvest the dividends back into the fund. For a given fund, reinvested distributions are neutral from a cash flow perspective but can be accretive to NAV, stabilizing the base for future investment gains. By strategy, the results are not surprising, as private debt funds have the highest average distribution rate, exceeding 8%. Direct real estate, often also known for its income, has an average 5.1% distribution rate. VC funds—not typically considered an income-generating strategy—rank at the bottom. Direct infrastructure distributions are lower than expected, as direct infrastructure is somewhat considered an income-generating asset class due to steady cash flows from essential assets and services, albeit with a low fund count. We note that direct infrastructure funds are a small but growing sample, and we suggest that an overall slowdown in private assets exits has decreased the distribution rate that interval funds can promise, especially when compared with listed infrastructure funds holding a full portfolio of steady, dividend-paying equities.

Average interval funds distribution rate by strategy



Sources: Morningstar and PitchBook • Geography: US • As of December 26, 2025
Note: The distribution rate is annualized and is calculated as the latest available distribution per share amount available on Morningstar Direct. This is then scaled up by the annual distribution frequency (monthly, quarterly, semiannual, or annual) and divided by the month-end NAV (November 2025). Distribution rates are then aggregated by fund-size-weighted average (November 2025). Data excludes unavailable and non-private-capital interval funds.

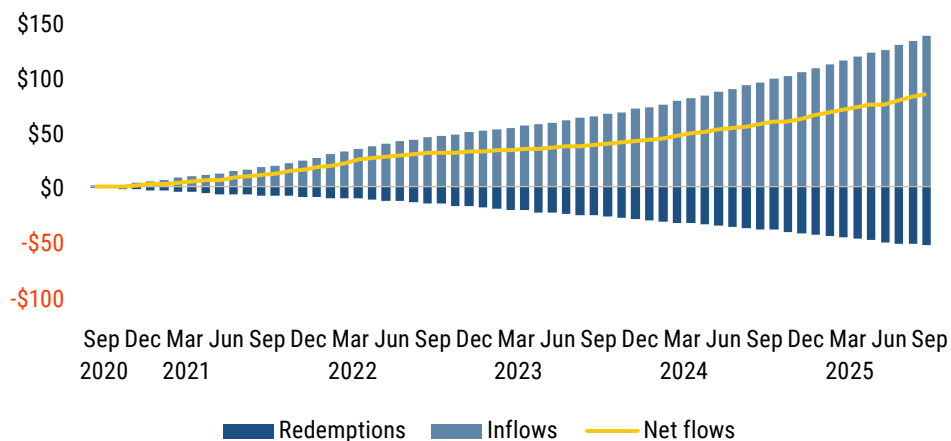
However, what is important to note is that funds often advertise their distribution rates to attract income-focused investors and must ensure that liquidity sources are available to meet these distributions, as well as redemptions. Overall, inflows, cash, liquidity sleeves, credit lines, and portfolio income serve as the main sources of liquidity for interval funds. Conversely, redemptions and ‘40 Act distributions reduce liquidity.



Liquidity in practice

Interval fund assets have nearly doubled in the past three years. The total interval fund universe net assets stand at \$126.4 billion, based on reported data across individual funds from June to September 2025. Given the strong asset growth, and excepting a few minor blips, aggregate net fund flows have been solid for the past five years. The interval fund ecosystem has been able to absorb approximately \$53 billion in cumulative redemptions since September 2020. This indicates that inflows and the liquidity mechanism are functioning effectively on a systemic level.

Interval funds universe cumulative redemptions, inflows, and net flows (\$B)

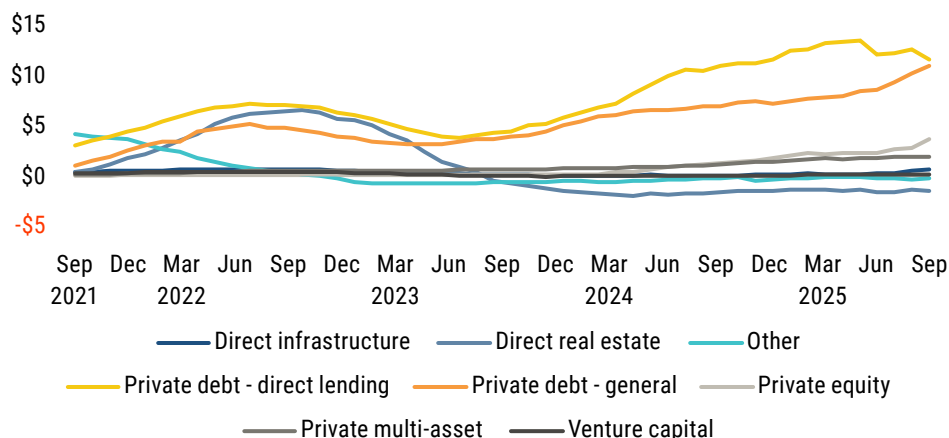


Sources: Morningstar and PitchBook • Geography: US • As of September 30, 2025

However, disaggregating the fund flow data, we can see different narratives. Slicing the data by strategy and viewing net fund flows as a TTM sum, we see considerable strength in private debt strategies with net flows accelerating after a brief trough in mid-2023. This may not be surprising considering the popularity of the private debt asset class, which dominates by assets and number of funds, as well as its attractive performance in recent years—the so-called “golden age” of private credit. Private equity interval funds have also experienced a recent acceleration in fund flows, largely on the back of an increase in the number of fund launches.



TTM interval funds net flows (\$B) by strategy



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

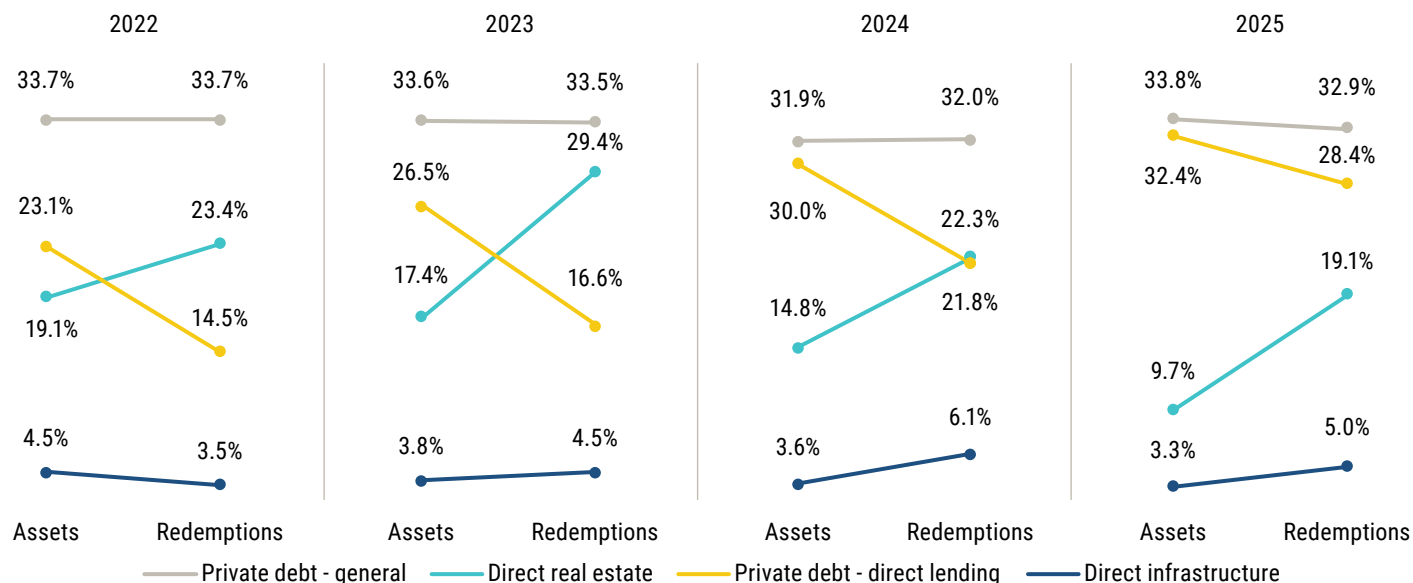
On the other hand, fund flows to private real estate interval funds have exhibited weak momentum since late 2022, as TTM net flows turned negative. Another way to examine the outflow pressure on real estate is by analyzing assets and redemptions by strategy as a percentage of the total interval fund universe over various time periods.

In a steady state, these two shares should be proportional to each other. For strategies that are growing relative to others, we would see the share of assets higher than, or in line with, the share of redemptions. In the case of real estate, we are seeing the opposite. In each calendar year snapshot since 2022, the share of redemptions for real estate has been significantly higher than its share of assets. This trend appears to be worsening. In 2022, real estate's share of assets was 19.1%, compared with 23.4% for redemptions. As of September 2025, these figures were 9.7% and 19.1%, respectively.

Direct infrastructure interval funds are also experiencing this mismatch, where their share of redemptions was higher than their share of assets in 2023, 2024, and 2025. However, as seen in the slope charts below, the relative effect in real estate is more pronounced in terms of the total shares.



Interval funds universe: Net assets and redemptions as a share of total by strategy and year



Sources: Morningstar and PitchBook • Geography: US • As of September 30, 2025
Note: For visualization purposes, we excluded PE, VC, private multi-asset, and nonprivate strategies because they are less illustrative of the point we are trying to make.

Rising interest rates and other macro headwinds have weighed on real estate as an asset class, thereby impacting outflows for real estate interval funds. However, it is precisely this type of market stress that can make investors worry about the liquidity of evergreen funds. Although the trends we highlighted are at the strategy level, it means that beneath the surface, individual funds must also be struggling. For example, the Bluerock Total Income+ Real Estate Fund (which we refer to as simply "Bluerock") is one such case, which we further discuss in the ["Case study: Bluerock Total Income+ Real Estate Fund"](#) section.



What can basic fund disclosures tell us about liquidity?

To find information about liquidity, we examined the fact sheets of the 20 largest interval funds by net assets as of September 2025. When a fact sheet was not available, we used holdings or annual reports. We focused on funds whose objective is to provide exposure to private strategies. This decision led us to exclude non-private-capital funds and replace three funds from the top 20.¹ A fourth replacement was Bluerock, which ceased operating as an interval fund and began trading as a listed closed-end fund on December 16, 2025.

Liquidity information published on fact sheets was scarce. We could not find direct explanations about liquidity management. Similarly, only nine funds had data about cash weights, and eight had public liquid assets information (either explicitly stated or able to be surfaced) that would allow an investor to get a good initial read on the funds' liquidity profile.

In the [appendix table](#), the column for liquid assets displays the sum of tradable securities and cash, or the value of cash when the value of other liquid securities could not be determined. Private credit funds rarely disclose this, as we have mentioned previously, these funds have a greater ability to generate “organic liquidity” through portfolio income compared with other strategies. On the other hand, real estate and real assets funds are more likely to disclose the size of their liquidity sleeves in fund fact sheets.

Of course, holdings data and other vast quantities of information are available in regulatory filings. However, our aim was to test whether funds can help investors understand liquidity in straightforward documents such as fact sheets, which are readily available and usually the first point of contact for investors and advisors. We also note that holdings-based analysis, particularly on credit funds, requires parsing hundreds or even thousands of holdings. During our review of fund documents, we encountered an annual report and schedule of investments that totaled over 13,000 pages.²

Lastly, we flag interval funds' cross-holdings—that is, interval funds holding other interval funds. For example, as of September 2025, the Beacon Pointe Multi-Alternative Fund held several interval funds, including 17.9% in the Cascade Private Capital Fund, which in turn allocates 2.4% to the Cliffwater Corporate Lending Fund. A multilayered, look-through analysis of liquidity for the Beacon Pointe fund would be exceedingly complex.

1: These excluded funds are the [ACAP Strategic Fund \(XCAPX\)](#), a \$9.8 billion long/short public equities strategy; the \$1.3 billion Stone Ridge Reinsurance Risk Premium Interval Fund (SRRIX); and the PIMCO Flexible Municipal Income Fund (PMFLX), a \$1.6 billion municipal bond fund. AUM is as of September 30, 2025.

2: “[Stone Ridge Alternative Lending Risk Premium Fund Annual Report](#),” Stone Ridge, February 28, 2025.



We are mindful that month-end holdings snapshots can show irregular cash levels or other distortions due to the timing of inflows and deployments that affect this figure. However, we believe investors would benefit from clear disclosures about target cash weights and explanations on liquidity management. Specifically, what levers will the fund liability managers use to handle liquidity? Will the fund rely on income, financing lines, or liquid assets?

Liquidity sleeves are not standardized

Fund managers have the freedom to construct—or ignore—explicit liquidity sleeves. The following is a non-exhaustive list of some of the implementations we have found:

- **No sleeve, minimal cash:** Typically found in private credit funds, as these can generate a more consistent stream of organic liquidity. Example: Cliffwater Corporate Lending Fund (private debt – direct lending).
- **Cash, money market, or treasuries:** A simple yet effective approach. This implementation requires little explanation. These are the most liquid financial assets. However, the weight in these instruments remains discretionary. Example: Cascade Private Capital Fund (private equity).
- **Tradable fixed-income instruments:** Private credit funds holding tradable investment-grade or high-yield bonds. Example: Lord Abbett Credit Opportunities Fund (private debt – general).
- **Public equity securities aligned with private strategy:** We see this in real estate funds holding listed REITs or in real assets vehicles owning listed infrastructure/natural resources stocks. Example: Apollo Diversified Real Estate Fund (direct real estate) and Harrison Street Real Assets Fund (direct infrastructure).
- **Other public equity holdings:** The Primark Meketa Private Equity Investments Fund (private equity) holds positions in listed asset managers focused on private investments, such as Apollo, Ares, Brookfield, Carlyle, and KKR, among others. However, conversations with this fund's manager clarified that these stocks are not part of liquidity to meet redemptions, but rather to complete an 80% private equity exposure due to the regulatory “names rule” and to be used as liquidity source for deployment into co-investments. So care must be taken to interpret the use of publicly listed holdings in evergreen funds, as not all are earmarked for redemptions.

There is no standard on how to construct a liquidity sleeve. In our opinion, the cleanest approach is to hold cash and cash equivalents. Publicly listed securities may be aligned with private strategies but are not a replication.



Case study: Bluerock Total Income+ Real Estate Fund

The case of the Bluerock Total Income+ Real Estate Fund has been covered extensively in the press and by our Morningstar colleagues.³ The fund serves as a cautionary tale about the negative feedback loop that can arise in interval funds when liquidity pressures intensify. Bluerock ceased operating as an interval fund on December 16, 2025. The fund became a listed closed-end fund (ticker: BPRE), meaning it now has a fixed pool of capital, and its shares are traded in the secondary market via an exchange. To clarify, this structural conversion was approved by a shareholder vote, garnering 81% of the votes. However, it seems that shareholders were left with little choice. Continuing to operate as an interval fund would mean ongoing oversubscribed redemptions. Listing as a closed-end structure exposed the fund to market pricing, but investors would not be subject to periodic liquidity.

Bluerock was a long-standing interval fund, operating since 2012 and eventually becoming one of the largest in this evergreen structure. So, this was not the case of a newcomer or failed fund startup. The fund's downfall as an interval fund was due to a combination of factors, which are instructive to review. Performance, investment strategy, distributions, and borrowings all put pressure on the fund's liquidity.

Real estate's sensitivity to interest rates meant that as policy rates and bond yields rose in 2022, performance fell sharply across public and private strategies. With these headwinds, investors shied away from real estate, resulting in outflows across the board. For Bluerock, annual total returns (ending in September) for its Class I shares were 20.99% in 2022, followed by three consecutive negative years posting -12.44%, -8.84%, and -2.11% through September 2025.

The flow picture for the fund is closely linked to its performance. Net flows, on a TTM basis, peaked in October 2022, then fell sharply and turned negative in August 2023. Viewing outflows through the lens of interval fund mechanics, redemptions became oversubscribed beginning in 2023 when Bluerock could no longer repurchase the entirety of the fund shares tendered by investors. The percentage of shares repurchased dwindled, as the fund could buy back only an average of 22% of the shares tendered from November 2023 to June 2025. By value, the fund repurchased \$241 million on average over this period, which is only about one-fifth of the total redemption queue. In its final interval fund repurchase offer period, concluded on June 27, 2025, Bluerock's shareholders tendered 20.1% of total shares outstanding, way oversubscribed versus the expected 5% quarterly policy.^{4, 5}

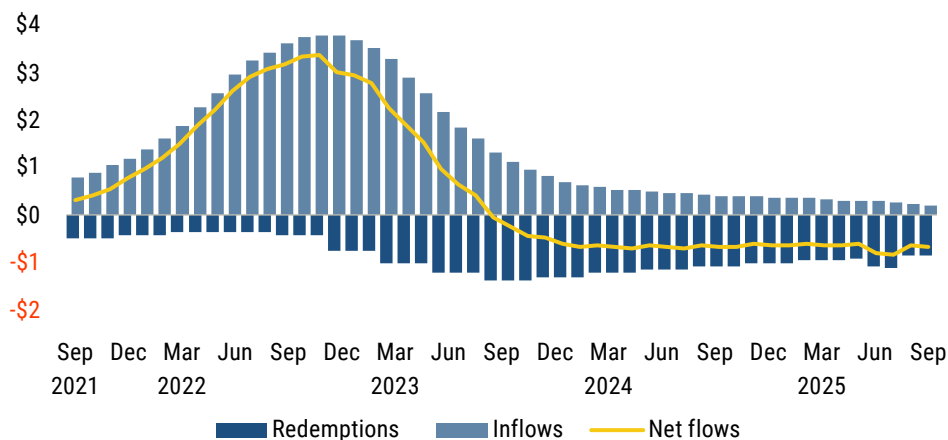
3: "Bluerock's Listing of a Fund-of-Private Funds Squeezes Investors," Morningstar, Jack Shannon and Jason Kephart, December 18, 2025.

4: The 20.1% share was calculated by dividing the 29.1 million shares tendered by the 144.8 million shares outstanding as of September 30, 2025.

5: "Certified Shareholder Report of Registered Management Investment Companies: Bluerock Total Income+ Real Estate Fund," US Securities and Exchange Commission, September 30, 2025.

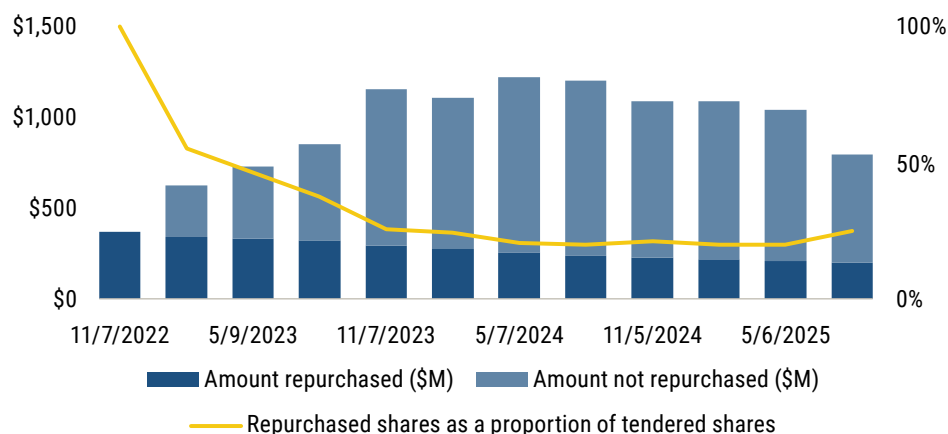


TTM Bluerock Total Income+ Real Estate Fund flows (\$B)



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

Bluerock Total Income+ Real Estate Fund repurchase offer history



Source: Fund annual reports via [SEC EDGAR filings](#) • Geography: US

Note: Data is based on several annual reports, with the most recent data as of September 2025.

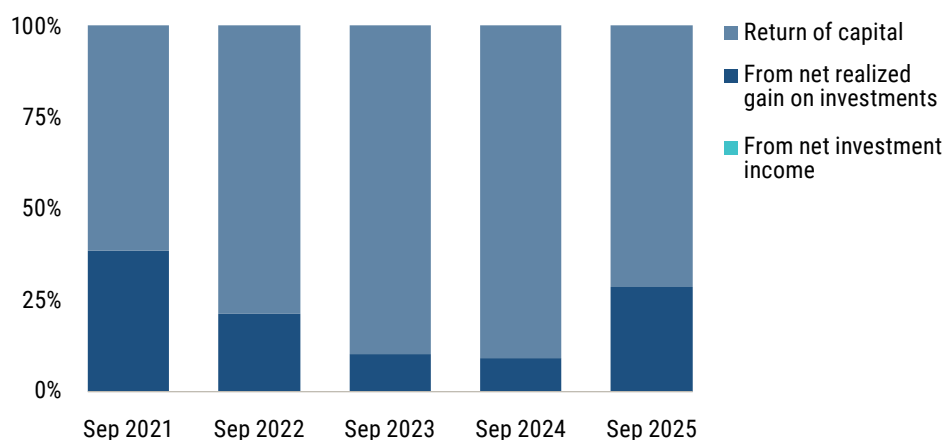
The fund's self-described investment strategy is defined as "investing, under normal circumstances, at least 80% of its net assets plus the amount of any borrowings for investment purposes, in real estate industry securities, primarily in income-producing equity and debt securities."⁶ However, in practice, Bluerock was a fund of funds (FoF), and while there is nothing inherently wrong with this approach, we believe that two features of FoFs were detrimental. First, under an FoF structure, there is less control over real estate assets compared with investing directly in the underlying properties. Having control over individual properties could offer better cash flow planning or make asset sales easier if needed, with the trade-off of likely requiring significantly more investment staff and resources. Second, although real estate FoFs can offer diversification across hundreds of underlying investments, the actual FoF portfolio typically contains a small number of funds, leading to concentration. Bluerock's top 10 holdings, excluding cash, as of September 2025, were 61% of the portfolio.

6: "Certified Shareholder Report of Registered Management Investment Companies: Bluerock Total Income+ Real Estate Fund," US Securities and Exchange Commission, September 30, 2025.



Bluerock targeted quarterly distributions at approximately a 5.25% rate.⁷ In its 2024 annual report, the fund highlighted that it paid its 47th consecutive distribution at a 5.25% annual rate. This may attract income-focused investors, but it is crucial to examine the source of distributions.⁸ Funds can pay out distributions from investment income, realized gains (from selling investments), and, importantly, so-called return of capital. This last source of distributions should be carefully watched, as it indicates the fund is drawing from the NAV and using it to meet the distribution target. When NAV is rising, return-of-capital distributions are often called “constructive,” because the fund is essentially paying from a growing NAV base. However, when NAV declines, as with Bluerock, return-of-capital distributions tend to be quite negative for investors. The fund is eroding its future earnings power, making it harder to generate the same level of income and returns in the future. Since 2021, return of capital has been the primary source of distributions for Bluerock at a time when its performance has been declining. Notably, in 2023 and 2024, nearly 90% of distributions came from return of capital. Realized gains made up the rest of the distributions, while investment income contributed nothing. Overall, this indicates a fund struggling to meet its distribution policies, resulting in increased liquidity pressures.

Share of Bluerock Total Income+ Real Estate Fund distributions by source



Source: Fund annual reports via [SEC EDGAR filings](#) • Geography: US

Note: Data is based on Class I fund share class and was collected from several annual reports, with the most recent data as of September 2025.

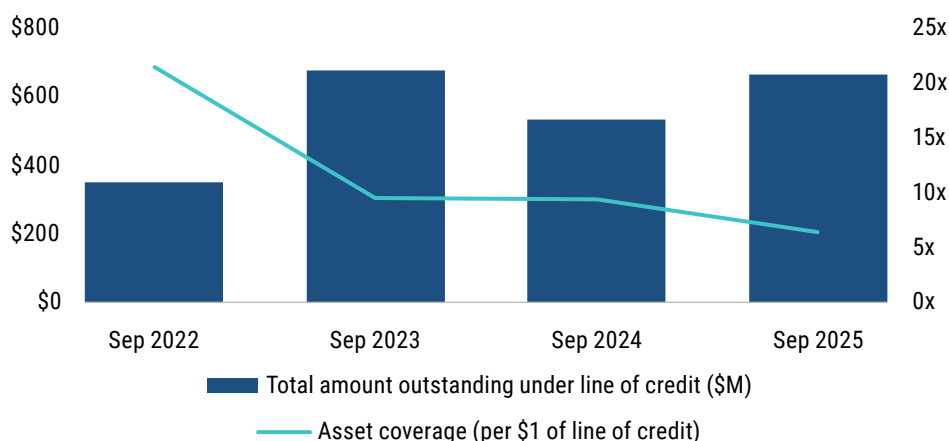
Lines of credit can be a valuable tool for interval funds, both to smooth capital deployment and to help meet liquidity requirements. But as with any source of financing, the borrowing terms and ability to cover debt are key considerations. Bluerock’s line of credit outstanding stood at \$665 million as of September 2025, compared with \$350 million in 2022. At that time, the fund’s net assets, excluding the line of credit, were able to cover indebtedness by 21x; in 2025, this multiple fell sharply to 6x, yet another indicator of stress. The fund’s borrowings consisted of a revolver line with \$580 million in use and an \$85 million term loan. The term loan was refinanced and is scheduled to mature on June 30, 2026. It appears the fund tapped emergency funding to address near-term liquidity at a high cost (SOFR +4%). This suggests that, in addition to investor redemptions, \$85 million was due as a bullet maturity for the fund in the short term.

7: “Form N-2: Bluerock Total Income+ Real Estate Fund,” US Securities and Exchange Commission, January 27, 2025.

8: “Certified Shareholder Report of Registered Management Investment Companies: Bluerock Total Income+ Real Estate Fund,” US Securities and Exchange Commission, September 30, 2025.



Bluerock Total Income+ Real Estate Fund line of credit amount and asset coverage



Source: Fund annual reports via [SEC EDGAR filings](#) • Geography: US

Note: Data is based on several annual reports, with the most recent data as of September 2025. Asset coverage is calculated as the difference between the fund's total assets and total liabilities (excluding the indebtedness represented by the line of credit), divided by the total amount outstanding on the line of credit.

All in, Bluerock's survival as an interval fund was untenable. Macro headwinds in real estate, a concentrated FoF structure, fund performance unable to cover distributions, and suboptimal financing converged as investors rushed to exit the fund.

Cliffwater has a dedicated five-person team focused full-time on liability management:

"Some managers do not staff a dedicated liability management function and instead have investment professionals moonlighting as financing specialists. This leads to inconsistent financing documents and confused investment professionals that must worry about what assets are financeable. Cliffwater supports a dedicated liability management team to ensure the best execution and maximum financing flexibility across its investment funds."¹¹

—Stephen L. Nesbitt, Cliffwater

Ultimately, Bluerock's listing as BPRE led to a precipitous drop in price, resulting in a nearly 40% discount to NAV, during its first day of trading in mid-December 2025. At the time of this writing, the fund continued to trade at a steep discount to NAV, and we view this discount as being driven more by a "price for liquidity" rather than a full repricing of the fund's underlying holdings.

We conclude this case study by briefly comparing the situation with that of the Cliffwater Corporate Lending Fund. At over \$30 billion in net assets, this private credit fund is the largest interval fund and a good example of a fund focused on unrelenting liquidity management. In a critique of Bluerock and a document outlining Cliffwater's approach to liquidity, the firm emphasizes the importance of several key considerations related to financing.⁹ Structuring financing the right way for an interval fund can make a big difference in liquidity management. The flexibility of revolver credit facilities is preferable as investments become more illiquid. A diversified and committed pool of lending partners is another key factor, largely tied to the relationship-building capabilities of an experienced liability management team. For private debt funds only, obtaining a rating from debt-rating agencies can broaden access to lenders and lower borrowing costs. The Cliffwater Corporate Lending Fund was recently rated "A" by S&P.¹⁰

9: "Liability Management: What Good, Bad, and Ugly Look Like," Cliffwater, Stephen L. Nesbitt, July 8, 2025.

10: "Cliffwater Corporate Lending Fund Announces First Interval Fund Public Rating From S&P Global Ratings," PR Newswire, Cliffwater, November 20, 2025.

11: "Liability Management: What Good, Bad, and Ugly Look Like," Cliffwater, Stephen L. Nesbitt, July 8, 2025.



What they are versus what they should be: Liquidity disclosures have room for improvement

At the time of this writing, evergreen funds had nearly reached \$500 billion in net assets. In a world where growth in these vehicles is expected to continue as a wider base of investors gets access to private assets, liquidity is perhaps the most prominent risk factor. Although the industry still views evergreen funds as products for expert investors, as the investor cohort broadens and reaches defined-contribution retirement plans, liquidity disclosures need to improve.

In our view, liquidity disclosures should not be relegated to the fine print. As outlined in this note, gaining a full understanding of a fund's liquidity requires a multifaceted analysis. At the same time, the transparency we believe in should not be burdensome for fund managers. One simple solution could be for each evergreen fund to concisely describe its liquidity management process alongside its investment strategy. Funds already provide detailed descriptions of their investment strategy in their prospectus and shorter summaries in fact sheets. Complementing the fact sheet summary text with an explanation about how the fund manages liabilities would be a valuable piece of information for investors.

Data-wise, prominently disclosing a target cash and liquidity sleeve weight, when applicable, and indicating the size and basic terms of financing lines of credit will neatly summarize the liquidity picture for any fund. We also argue that since liquidity is nearly as important as performance for interval funds, the data related to share repurchase offers should be included in basic disclosures. In other words, the ubiquitous performance table should be accompanied by a summary table of the repurchase offer history. With these data points, an investor can quickly construct the liquidity picture of a specific interval fund.

Private assets are illiquid—full stop. Liquidity cannot be manufactured artificially from these investments. Fund managers will likely have processes in place to manage liquidity prior to launching an evergreen fund. The missing piece: more direct and transparent disclosure once the fund is live.



Appendix

Top 20 interval funds by net assets

Fund	Strategy	Inception date	Fund net assets (\$M)	Repurchase offer frequency	Weight in liquid/tradable assets*	Cash weight*	Document type*
Cliffwater Corporate Lending	Private debt - direct lending	June 5, 2019	\$31,452.8	Quarterly	N/A	N/A	Fact sheet
Cliffwater Enhanced Lending	Private debt - general	June 30, 2021	\$6,928.5	Quarterly	N/A	N/A	Fact sheet
CION Ares Diversified Credit	Private debt - direct lending	January 26, 2017	\$5,082.7	Quarterly	1.2%	1.2%	Fact sheet
Carlyle Tactical Private Credit	Private debt - general	June 4, 2018	\$4,538.2	Quarterly	N/A	N/A	Fact sheet
Cascade Private Capital	Private equity	January 7, 2022	\$4,238.2	Semiannual	N/A	N/A	Fact sheet
PIMCO Flexible Credit Income	Private debt - general	February 22, 2017	\$3,882.6	Quarterly	N/A	N/A	Fact sheet
Apollo Diversified Real Estate	Direct real estate	June 30, 2014	\$3,696.8	Quarterly	31.3%	2.2%	Fact card
Lord Abbett Credit Opportunities	Private debt - general	February 21, 2019	\$3,125.6	Quarterly	56.1%	3.0%	Fact sheet
First Trust Alternative Opportunities	Private multi-asset	June 12, 2017	\$3,079.6	Quarterly	N/A	N/A	Fact sheet
Variant Alternative Income Fund	Private debt - general	September 28, 2018	\$2,606.7	Quarterly	4.9%	4.9%	Fact sheet

Sources: Morningstar, fund fact sheets, annual reports, and other fund documentation • As of September 30, 2025

*Liquid assets weight and cash weight are sourced from fund documents and are as of dates ranging from December 31, 2024, to September 30, 2025.

Note: Data is based on funds' oldest share class. For the Lord Abbett Credit Opportunities Fund, the liquid assets total is the sum of HY corporate, IG corporates, EM bonds, convertibles, and equity. Cash is the residual after adding up all asset classes.



Top 20 interval funds by net assets (continued)

Fund	Strategy	Inception date	Fund net assets (\$M)	Repurchase offer frequency	Weight in liquid/tradable assets*	Cash weight*	Document type*
Harrison Street Real Assets Fund	Direct infrastructure	September 18, 2017	\$2,402.9	Quarterly	20.1%	0.2%	Fact sheet
Harrison Street Real Estate Fund	Direct real estate	July 9, 2012	\$1,664.1	Quarterly	21.1%	0.6%	Fact sheet
Stone Ridge Alternative Lending	Private debt - general	May 23, 2016	\$1,551.0	Quarterly	N/A	N/A	Annual report/prospectus
Apollo Diversified Credit Fund	Private debt - general	April 3, 2017	\$1,540.9	Quarterly	N/A	N/A	Fact card
Bow River Capital Evergreen Fund	Private equity	May 22, 2020	\$1,002.6	Quarterly	N/A	N/A	Fact card
The Private Shares Fund	Venture capital	March 25, 2014	\$987.0	Quarterly	N/A	N/A	Fact sheet
StepStone Private Credit Income Fund	Private debt - direct lending	May 31, 2024	\$966.9	Quarterly	N/A	3.9%	Fact card
AMG Pantheon Credit Solutions	Private debt - direct lending	April 30, 2024	\$891.8	Quarterly	28.0%	28.0%	Fact sheet
Calamos Aksia Alt. Credit & Income	Private debt - general	June 8, 2023	\$851.9	Quarterly	N/A	N/A	Fact sheet
Beacon Pointe Multi-Alternative Fund	Private multi-asset	July 5, 2024	\$849.6	Quarterly	3.9%	2.1%	Holdings report

Sources: Morningstar, fund fact sheets, annual reports, and other fund documentation • As of September 30, 2025

*Liquid assets weight and cash weight are sourced from fund documents and are as of dates ranging from December 31, 2024, to September 30, 2025.

Note: Data is based on funds' oldest share class. For the Lord Abbett Credit Opportunities Fund, the liquid assets total is the sum of HY corporate, IG corporates, EM bonds, convertibles, and equity. Cash is the residual after adding up all asset classes.



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