

The Future of Evergreen Investment

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Peter Boumgarden, PhD | boumgardenp@wustl.edu

Charles Stucke | c.m.stucke@wustl.edu

Swetabh¹ | s@wustl.edu

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The Promise and Peril of Evergreen Capital

Within the private markets, one trend of note is the rapid growth of the so-called “evergreen investment” fund, which we will refer to as evergreen capital.² Evergreen capital is a kind of private investment designed with significantly longer holding periods, often exceeding a decade. It can take different shapes: traditional funds with 20–30-year timelines, funds in which capital recycles every 5 years, or family office capital that, by virtue of not raising a traditional fund, does not require a forced exit at a specific time horizon. Proponents argue these longer horizons allow for greater prioritization of sustainable value creation over short-term exits.

But the rise of this vehicle has also come with significant criticism, voices that highlight the genuine challenges of doing this well. Many critics suggest that investment returns in this kind of vehicle will ultimately be driven by exit, so any model claiming to deliver similar returns without that mechanism is misleading. Others see this as merely a rebrand of traditional holding companies. Finally, many are right to suggest the model's critical design challenge: if investors need their money back, the lack of structured liquidity can trigger a “run on the bank” that could pressure any vehicle into dissolution or slam a tightly locked vehicle into a big net asset value (“NAV”) discount. Witness Blackstone Real Estate Investment Trust (BREIT), where investor liquidity requests peaked at \$5.3 billion in January of 2023, a level well beyond what BREIT could meet.³

¹ Many thanks to all the people who contributed to this report and the initial case design, including but not limited to Jennifer Wintzer, Gretchen Abraham, Brent Beshore, Heath Hunter, Clay Hunter, Paul Tice, Scott Wilson, Dave Whorton, Kat Vendetti, and Jeremy Degenhardt.

² While often linked to private markets, public companies like Berkshire Hathaway and Constellation Software also follow a similar philosophy, often holding businesses indefinitely. Exits may happen occasionally—or not at all—depending on the setup. The key idea is to give portfolio companies the time and funding they need to pursue strategic, long-term growth.

³ Oguh. C. (2023, February 1). Blackstone REIT blocks investor withdrawals in January. Reuters.

So, which is it? Do evergreen funds provide a kind of patient capital that addresses the time-horizon challenges of traditional private equity investments in private markets? Or is the design ultimately set up for failure due to poor liability matching and weaker incentives to drive cash exits?

We approach this question from the perspective of family enterprise scholarship, where the stakes are particularly acute. First, if evergreen capital is an attractive investment approach, we are interested in how a family office might have unique skills in deploying it. Second, we are interested in whether this kind of investment might be an attractive alternative for those companies looking to avoid more traditional private investment. For these reasons, among others, Olin Business School hosted a national competition on the topic in the Winter of 2025, a forum that spurred many of the ideas in this piece.

The Growth of Evergreen Alternatives to Traditional Private Equity

Evergreen capital, in one form or another, has been around every bit as long as traditional funds, but its rapid growth is more recent. According to MSCI, assets under management in evergreen structures grew by more than 30% between September 2024 and September 2025 alone.⁴ A recent Hamilton Lane report⁵ highlights that evergreen funds currently account for approximately 5% of the overall private markets, totaling nearly \$700 billion, and could account for 20% of total private market investment within 10 years. Pitchbook/Morning Star flags this number slightly lower at \$450 billion, but still estimates a crest of \$1T within 5 years.⁶

Fulfilling these predictions will necessitate growth at almost triple the historic 11% rate of the broader private markets. And yet, such momentum feels warranted by the launch of 415 new funds between 2017 and 2023 and hundreds more under discussion and in development.⁷

One source of attraction to evergreen capital is its promise of addressing some of the time-dependent value-creation challenges of traditional private equity. A standard fund model has a five- to seven-year investment horizon and a ten-year life, which introduces a set of structural challenges particularly relevant to this work. While a full review of private equity lies far beyond the scope of this paper, we will flag three areas of particular note.

One challenge of the fixed exit horizon is its impact on portfolio companies' strategies. With only a few years to demonstrate results, sponsors can rely disproportionately on cost-cutting, aggressive demand generation, and workforce stretch rather than long-term investments in innovation or resilience. This is sometimes akin to taking one's foot off the gas pedal to increase fuel efficiency; such mischief only works for so long. Strategies that would likely make sense over a 10-year or longer period can be harder to justify over shorter time horizons.

⁴ Crouch, K. (2025). The ascendance and implications of evergreen funds in private markets. MSCI Research & Insights.

⁵ Hamilton Lane. (2025). 2025 market overview: Evergreen funds. Hamilton Lane.

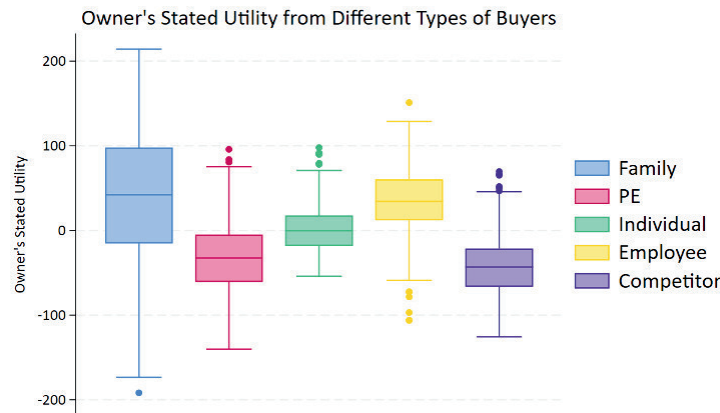
⁶ PitchBook. (2025). Benchmarking the evergreen evolution: Q4 2025 (Report No. 20536).

⁷ Hamilton Lane. (2025). 2025 market overview: Evergreen funds.

Fundraising cycles can amplify time pressure. As general partners (GPs) approach the end of a fund’s life, they may prioritize distributions to show realizations and prepare for their next raise. This dynamic can result in the premature sale of attractive, cash-generating companies, not because the company’s potential has been exhausted, but because the fund’s timetable requires liquidity. A related point is that lower-performing assets can stay in an evergreen portfolio longer but lose valuable support along the way, the so-called “ghost company” effect. Notably, evergreen structures may actually exacerbate this problem: without the forcing function of a fund deadline, there is less pressure to make the hard decision to write down or exit a struggling investment.

Finally, the time-limited model can result in frequent turnover of ownership, with cascading effects on leaders' ability to capture value, whether the assets are still held by the fund or have exited. For portfolio companies, this can mean repeated shifts in strategy, governance, and leadership, disrupting operations and eroding the stability needed for sustained growth.

Within the family business space, these constraints matter because they shape perceptions of private equity as an exit option. In our own work with the Brookings Institution,⁸ a survey of nearly 600 small business owners affiliated with US Bank, Enova International, and Edward Jones found that they disproportionately undervalued selling to private equity, surpassed only by selling to competitors, a finding that speaks directly to the reputational and structural costs of the traditional fund model.



The Performance Potential of Evergreen Capital

So, is there a role for an evergreen investment model to effectively overcome the limitations of standard fund models while still delivering strong returns? There are several structural reasons for this potential.

First, the decision to hold a business leverages the powerful compounding effect by deploying all committed capital on day one and continuously reinvesting proceeds into available opportunities, a distinct advantage over traditional closed-end funds, where Limited Partners (LPs) must manage reinvestment. Additionally, holding strongly compounding winners longer can materially add to long-term returns, especially after taxes.

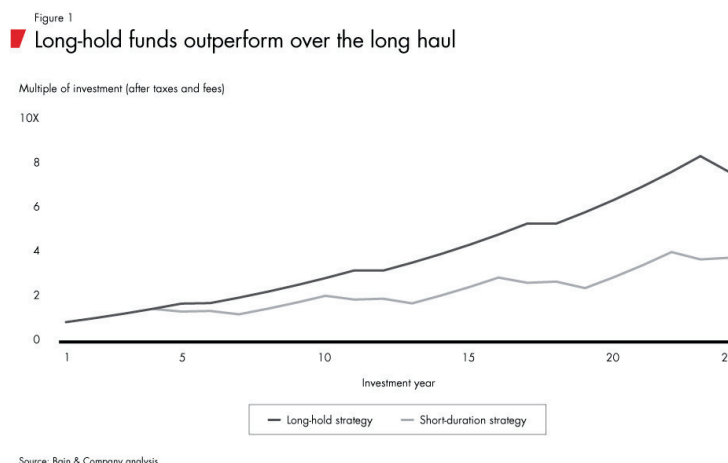
Second, these fund structures are often characterized by favorable fee structures to lure in investors compared to the more traditional model, specifically lower carried interest, which is frequently 15% or less, as compared to the persistent 20% in closed-end funds.

Last, by opening up the possibility of holding a company longer, there can be performance potential on both sides of an investment transaction. Specifically, this model can be especially attractive to sellers who prioritize long-term stability after their exit, thus pulling otherwise unavailable companies into the market. Likewise, the model is attractive to those interested in deploying more patient capital, whether due to the potential for higher long-term multiples and deferred taxes, or the value-alignment of a long-term partnerships might be the case with a family office—thus drawing out more fundraising from a key target client.

Each of these potential advantages, however, has a corresponding counterargument worth considering. For example, while the movement away from the need to redeploy capital can allow reinvestment, so too can the closing of a fund force investors to reset and deploy to new, better opportunities rather than committing marginal capital to aging, lower-performing assets. On this account, the exit deadline is more of a disciplining mechanism that keeps capital allocation honest. On the point of the fee structure, an intermittent striking of carry and taking of carry on marks could actually be more expensive in expectation than five points back-loaded on cash exits.

Specific to the point of seller preference, while evergreen structures may unlock deal flow from owners who resist traditional PE, our own work with Brookings suggested that seller’s preference for “who” one was selling to—e.g., employee purchase versus competitor or fund—was more tied to the buyer’s likely impact on culture than their investment time horizon.

Nonetheless, preliminary modelling of returns in these funds suggests meaningful return advantages. A 2018 Bain & Company report⁹ modelled the costs and returns of a theoretical long-hold fund that held an investment for 24 years against a conventional buyout fund that made four successive investments over the same period. Assuming equivalent portfolio company performance, Bain’s analysis found that the long-hold structure, by avoiding multiple transaction fees, deferring capital gains taxation, and keeping capital more fully deployed, could deliver nearly twice the after-tax returns of the short-duration buyout approach (see Figure 1 from their report, reproduced below).



⁹ Bain & Company. (2018, March). Spotlight on long-hold funds: Opening up new horizons.

In the same vein, a Neuberger Berman analysis¹⁰ of historical performance over a hypothetical 10-year horizon showed an IRR equivalent to traditional private equity and a significantly better multiple on invested capital, so long as they maintained a relatively small liquidity sleeve (see Figure 1 from their report, reproduced below). This finding underscores the critical importance of redemption management, which we will return to shortly.

FIGURE 1: RETURN ANALYSIS OF TRADITIONAL VS. EVERGREEN FUNDS⁵

Return Analysis (10-Year Period)	IRR	Annual Return	MOIC
Series of Traditional Funds	13.7% ⁶	N/A ⁷	2.7x ⁸
Evergreen Fund (15% Liquidity)	N/A ⁹	12.2%	3.2x
Evergreen Fund (0% Liquidity)	N/A ⁹	13.7%	3.6x

Source: Neuberger Berman.

We should note that the way this comparison is modeled fails to account for the fact that drawdown funds are often jointly managed with public equity portfolios, thereby limiting the cost of holding liquid reserves for capital calls (“cash drag”). In contrast, evergreen funds, as we will discuss below, need cash for liquidity, so they will have a drag. All of this is likely to weigh on returns. Consequently, thoughtful design and modeling will make a massive difference in expected returns, something perhaps not thoughtfully articulated in the market today.

Finally, a 2024 KKR report¹¹ on evergreen funds notes that “to achieve a MOIC of 3x over a 10-year period—meaning that, net of fees, investors walk away with three times more money than they invested—a typical drawdown fund would need to generate an 18.4% net internal rate of return while an evergreen vehicle could achieve the same MOIC from a net internal rate of return of just 11.6%.” Indeed, the structural potential to generate attractive long-term investor returns with lower firm-level growth is a major draw to experimenting with this structure.

The Illusion of Liquidity

But for all the potential, the key challenge is ultimately how these funds provide liquidity when investors seek it. The case of Blackstone Real Estate Investment Trust (“BREIT”) is instructive in this regard.

Set up in 2017, BREIT offered investors access to Blackstone’s professional management of private market assets (real estate) in an evergreen structure with contractually “ready” liquidity for investors’ anticipated liquidity needs. Investors piled in, reassured by Blackstone’s reputation, the quality of the sponsor, and the apparent adequacy of the liquidity provisions (a 2% per month or 5% per quarter withdrawal cap).

Unfortunately for those investors, even that seemingly careful and narrow cap proved too wide for private markets. As a result, BREIT was unable to meet client redemptions, putting the fund and its investors at risk. By January of 2023, investor liquidity requests peaked at \$5.3 billion, an amount that well surpassed the levels BREIT could meet.

¹⁰ Neuberger Berman. (2024, September). Whitepaper: Comparing evergreen and traditional fund returns.

¹¹ KKR. (2024, May). An evergreen vehicle can be an important tool in private equity.

The asset/liability mismatch created by the evergreen structure's promise of managed liquidity imperiled investors' money. BREIT's shares traded down from a high of \$146 in November of 2021 to a low of \$74 by December of 2022 on the heels of these redemption requests (during a period of rising rates). This put additional pressure on the company to sell assets in a hostile market. To help meet these requests, Blackstone announced billions of dollars' worth of asset sales during an inopportune time.

Fortunately for those seeking liquidity, the University of California entered into a \$4+ billion strategic partnership with Blackstone and BREIT to rescue the fund and provide liquidity to its investors. Such an outcome may have been materially less likely without the reputation, size, and scale of Blackstone behind the problem. This alone should cause investors to pause before jumping into the promise of evergreen profits.

While the rescue structure was all but locked in at a handsome 11.25% preferred return for the University of California, a solid floor for stepping in to help at the right moment, existing investors felt the costs of the liquidations and the structure's weakness. Some of the damage was done. It took Blackstone until 2024 to finally meet 100% of the outstanding redemption requests.

Evergreen's Critical Design Choices

Despite their real structural challenges, we believe that evergreen funds are a worthwhile design, given their potential to address key challenges in traditional private equity. That said, getting them right requires attention to critical design challenges. Outlined below are eight key levers that investors should take note of in doing this work.

Lever 1: Investor Base

The first design feature of long-horizon fund structures is the composition of the vehicle's investor base. For evergreen capital, the critical question is who is more committed to holding over the long run and thus less likely to pull capital at different points in time. That said, it might be predicted by, for example, selecting a set of anchors with a more closely aligned time horizon, something belatedly demonstrated by BREIT's partnership with the University of California. Examples of groups like this include endowments, pension funds, insurers, and family offices that explicitly state a commitment to more permanent capital.

We should note up front that we believe this kind of prediction is quite difficult to do without using a heavier hand on the terms of the fund to steer it into the portfolios of more desirable investors. Thus, an alternative approach would be to address this need contractually, formally locking up that capital in exchange for different terms, or by setting terms that make the fund unappealing to investors who tend to make shorter-term decisions.

If the group is relatively concentrated in the hands of a single or a small number of investors, even if that investor seems aligned, what becomes important is a call for a capital mechanism spread out over an extended time horizon. One investor group we spoke with as part of this research structured a 13-year capital call window with the fund's primary family-office investor.

When lock-ups are difficult to enforce, diversifying the investor base itself becomes the primary tool for liquidity management. If no single investor holds an outsized position, capital call windows can be shorter, since all investors calling at the same time is less likely.

With this dynamic outlined, the trade-off is clear. Significant concentration reduces stakeholder management and increases dependence on a single investor. Diversification mitigates that risk but requires greater coordination and communication.

Lever 2: Liquidity Options

How is capital returned to investors? In traditional PE funds, liquidity is typically realized through a one-time event—the sale of a portfolio company. In an evergreen structure, however, portfolio companies may be held for much longer and, in some cases, may not be sold at all. This raises a key question. How is liquidity provided when inevitably one or more investors seek redemptions?

In designing for this reality, evergreen structures must balance two competing objectives: allowing investors flexibility to exit or rebalance while preserving the portfolio's long-term compounding potential. Outlined below are a set of design possibilities that could be incorporated into this kind of work.

- **Liquidity reserves:** Maintaining 5–15% of AUM in liquid assets such as cash, treasuries, or select public equities to meet unforeseen liquidity needs from LPs. The inevitable challenge here, however, is the cash drag flagged in the Neuberger Berman analysis, though they suggest that funds can maintain the same MOIC even with 15% liquidity in place.
- **Lock-up periods:** Implementing lock-ups ranging from 18 to 48 months, in some cases with withdrawal penalties to discourage early exits. Importantly, if choosing this lever, lock-up penalties can create adversarial dynamics with investors and raise marketing challenges for subsequent fundraising. In addition, adding lock-ups can help fund sponsors filter out prospective investors with short-term time horizons, which should enhance the quality of the capital base over time.
- **Redemption windows and caps:** Offering redemption opportunities every 2–5 years, typically with limits such as 15% of NAV to protect the portfolio from forced sales. Again, it is worth noting that this is what BREIT attempted, and even their conservative 2%/5% cap structure proved insufficient.
- **Dividend distributions:** Returning excess cash flows to LPs through periodic dividends, providing ongoing yield without requiring asset sales.
- **Secondary market transfers:** Permitting investors to sell their fund positions to qualified secondary buyers rather than redeeming directly from the fund. This approach addresses the liquidity mismatch without creating cash drag or forcing asset sales. This model has grown significantly as an institutional practice, particularly among family offices, which are increasingly active participants in the secondary market.

Lever 3: Fund Lifecycle

An additional structure to consider is whether the fund has a clear end date. Each of these options is outlined below:

- **Closed-ended models:** A closed-end model is closer to a traditional private equity deal, albeit with a longer time horizon. Consider groups like Brent Beshore's Permanent Equity, based in Columbia, MO, have moved from calling their capital permanent to explicitly naming the 30-year fund structure. This rebranding reflects a pragmatic acknowledgment that investors, even aligned ones, ultimately require some temporal clarity around return of capital. Options like this, organized around a 15–30-year closed-fund structure, could provide periodic liquidity windows to balance stability with investor flexibility, while still giving investors clarity on the eventual exit. Models like this could also have a 10-year lock-up period, followed by a vintage-year-based capped withdrawal.
- **Open-ended models:** A more structurally distinct model is one with ongoing capital contributions. This model can allow the fund to scale from an initial base (e.g., \$100 million) to a potentially billion-dollar vehicle over time. The liquidity in this could be based on dividends, exit of parts of the portfolio over time, and other such mechanisms. In this way, this model is closer to a holding company model, with regular valuations and some capped options for exit at a predefined share price. It is fair to ask whether this model is meaningfully distinct from a traditional holding company, or whether the evergreen label is primarily a marketing innovation rather than a structural one.

Lever 4: Investment Thesis

A fourth lever is the question of which sectors might best align with an evergreen thesis, and where there is a lack of natural fit. While identifying a set of industries for which patient capital is a perfect fit is beyond the scope of this paper, the investment thesis of an evergreen structure is not sector-agnostic. Patient capital is likely to find its strongest expression in industries where value compounds over time rather than through exit.

Public energy markets offer one example, where mid- and small-sized E&P companies benefit from patient capital that funds initial drilling programs or where assets producing royalties benefit from long-term holders, with recapitalization decisions tied to demonstrated results rather than arbitrary fund timelines. Other sectors where patient capital aligns naturally include infrastructure, healthcare services, and, most relevant to this paper's central argument, family business transitions, where ownership psychology and generational timelines actively resist the compressed exits of traditional private equity. Our work with the Brookings Institution further supports this thesis.

While not an industry per se, the NFL offers a vivid illustration of this logic among minority investors. By recently offering private equity firms the opportunity to invest in franchises, we are seeing in real time how these firms must adapt their model when working alongside majority owners who have explicitly committed to permanent controlling ownership.

In each of these contexts, the investment thesis depends not on a timed exit but on compounding value through sustained ownership, precisely the dynamic that evergreen structures are designed to enable.

Lever 5: Fund Size

The size of a fund matters not only from a capital perspective but also in terms of the team required to execute effectively, and the requirements of the opportunity set the fund targets. While the fund needs to be large enough to have the kind of team to support operational excellence across the portfolio, research by Bhardwaj, Gupta, and colleagues¹² demonstrates decreasing returns to scale with funds, with a 1% increase in fund size reducing net IRR by 0.1 percentage points. This underscores the importance of balancing scale with efficiency.

At the scale of a \$5B evergreen fund, even modest asset-gathering pressure could translate into meaningful erosion of returns. When management fees on a multi-billion dollar vehicle generate tens of millions annually regardless of returns, the GP's economic incentive shifts from performance to asset gathering, precisely the misalignment that carried interest was designed to prevent.

The size of the fund should also support the investment strategy's ambition. One potential rule of thumb is that funds targeting middle-market private equity shouldn't be structured around a billion dollar plus raise as the ability to support these funds operationally will be challenged. In contrast, funds that seek to sponsor global category killers or especially capital-intensive investments might need ten- or eleven-figure balance sheets to pursue this work effectively. The math simply reflects the cost of assembling a diversified portfolio of control positions in companies of the target size.

Lever 6: Governance Structure

Evergreen structures with indefinite time horizons also sharpen a related concern: key person risk. A fund that succeeds on its own terms may outlast its founding partners, raising questions about succession without the forced discipline of re-underwriting capitalization through a subsequent fundraise. This dynamic also impacts culture, and assessments of whether LP commitments are really bets on an institution or on specific individuals.

These tensions point toward a deeper design challenge: the need for thoughtfully designed governance solutions. Unfortunately, governance frameworks in evergreen funds are relatively nascent compared with those in traditional PE, where fund termination itself serves as a disciplining event. Such governance challenges often become more acute given potential conflicts of interest regarding fee and redemption dynamics and asset valuation.

By trapping assets in an evergreen structure without the compulsion to create term-limited exits, managers prevent investors from cleanly performing whole-fund re-underwritings with cash-on-cash results. Investors also don't get the ready re-bargaining of compensation that comes with board-led executive hires, nor the discipline of needing to appeal to the market for a fresh round of capital. These are among the attributes that some believe drive the intense performance focus of traditional private equity.

Whether the benefits of an extended time horizon outweigh these costs remains to be seen. While no single mechanism is sufficient, well-designed evergreen funds should incorporate a combination of independent valuation

committees, LP advisory boards with real removal rights, transparent fee disclosure tied to performance benchmarks, defined succession protocols for key persons, and periodic re-underwriting windows, even if not full liquidity events.

Lever 7: Leverage Design

Private equity has long faced criticism for overleveraging portfolio companies, a practice that was further fueled by the prolonged low-interest-rate environment. While recent years have seen a modest increase in equity contributions from PE sponsors, leverage levels remain materially higher than in public markets. For example, MSCI¹³ reports that, over the past decade, global buyout portfolio companies averaged a debt-to-equity ratio of 1.74x, compared with roughly 1.4x for small-cap public peers. Compensating sponsors with a large carry component and limited personal investment creates a call-option-like structure for the GP sponsor. One way to increase the expected value of a call option is to increase the volatility of the underlying asset, done in this case by adding more financial leverage.

Empirical evidence has shown that excessive debt burdens have, in many cases, impaired companies' resilience and long-term value creation, and, in some cases, even more catastrophically, led to bankruptcies. By contrast, in evergreen capital structures, where investors have the flexibility to take a truly long-term view, there is a clear rationale for deploying cash to strategic growth initiatives, such as capital expenditures for capacity expansion, operational efficiency programs, and automation investments, rather than disproportionately servicing debt. This is not to suggest that leverage has no place in evergreen structures, though some groups like Beshore's Permanent Equity avoid it; rather, its application and location within the capital stack warrant particular care.

A key challenge for these funds will be both to specify their leverage tolerance and to determine where that leverage is held. It is worth noting that fund-level leverage on illiquid assets is precisely the structure that destabilized several hedge fund-of-funds vehicles in 2008. Keeping leverage at the portfolio company level, rather than the fund level, limits contagion risk, but requires evergreen managers to resist the temptation to use fund-level debt as a liquidity management tool, particularly during periods of elevated redemption pressure.

Lever 8: Allocation Breadth

One of the market's more important roles is leveraging collective intelligence to price and allocate capital. It does so across diverse asset types and management teams with astounding efficiency and resilience, putting a significant burden of proof on managers who think they can do this better than the market writ large.

In recent decades, large, historically diversified firms like General Electric have moved away from such an approach, breaking into separate independent companies and letting markets, rather than managers, drive capital allocation. Further supporting this thesis, a 2025 study from Boston Consulting Group¹⁴ found that focused companies outperform diversified ones, and that further concentrating a holding company narrows the historical holding-company diversification discounts observed in equity markets.

¹³ Liu, Y., & Xiong, L. (2024, September 9). Leverage in private equity: What do we know? MSCI.

¹⁴ Boston Consulting Group. (2025). Market performance: Focus beats diversification.

With this model in mind, it is worth noting that at some basic level, evergreen funds look a lot like diversified holding companies with less stable balance sheets. This implies that, over the long run, they may be subject to the same governance and structural headwinds investors face with those holding companies. Their trickier redemption-sensitive balance sheets may add a further layer of complexity.

One solution, while not avoiding the structure altogether, is to build around a narrow, complementary set of evergreen-friendly industries rather than keeping the investment approach broad. A focused manager with genuine operational expertise across a related portfolio may be able to generate cross-portfolio efficiencies—in talent, customers, or capital—sufficient to justify active allocation over market pricing. The narrower the mandate, the more credible that claim becomes.

A Path Forward for Evergreen Design

The rapid growth of evergreen capital is driven by a real market opportunity and a perception problem with private equity. As an alternative to traditional private equity, evergreen structures offer a unique return profile and perhaps a more flexible financing approach that can truly drive value in businesses' operations. But identifying evergreen capital as a solution is not the same as designing an evergreen program that works, as the experience of funds like BREIT makes clear.

What is needed is a framework for thinking about the key levers involved in fund design, and whether the model in place addresses the real structural challenges inherent in this work. The following model offers a first cut in that direction.

Ultimately, the most important question about evergreen capital may not be whether the structure can deliver superior returns, but whether the market will develop the governance sophistication to hold managers accountable over horizons that outlast careers. The eight levers outlined here provide early signals of whether a given fund represents a genuine structural innovation or a repackaging of the holding company model. With real pressure on some of these evergreen structures taking place in real time, the next decade will reveal whether evergreen capital becomes a durable institutional category or a well-marketed experiment that, like BREIT, discovers its design limits at the worst possible moment.

CRITICAL DESIGN CHOICES FOR EVERGREEN FUNDS

KEY QUESTION	IMPORTANT CONSIDERATIONS
<p>Lever 1: Investor Base</p> <p><i>Who are your LPs, and how long will they really want to or be required to stay?</i></p>	<ul style="list-style-type: none"> • Choose between concentrated investors (few aligned LPs) vs a diversified base (lower risk of mass exodus) • In either case, build contractual lock-ups and/or long capital call windows
<p>Lever 2: Liquidity Options</p> <p><i>How will investors get cash back?</i></p>	<ul style="list-style-type: none"> • Structure lower liquidity sleeves (5–15%); • Design redemption caps/windows; dividends; • Explore secondaries for greater need
<p>Lever 3: Fund Lifecycle</p> <p><i>Is there a specified end to the investment model?</i></p>	<ul style="list-style-type: none"> • Thoughtfully choose between long-dated closed-end (15–30 yrs) vs fully open-ended/perpetual, knowing investor interest will depend on the model
<p>Lever 4: Investment Thesis</p> <p><i>Where does long-duration capital actually win?</i></p>	<ul style="list-style-type: none"> • Determine sectors of potential, including but not limited to infrastructure, certain parts of healthcare, and committed long-hold (family) ownership in need of liquidity
<p>Lever 5: Fund Size</p> <p><i>How big should the vehicle be?</i></p>	<ul style="list-style-type: none"> • Select small/mid-market vs large-scale platforms, depending on the operating model and investment thesis
<p>Lever 6: Governance Structure</p> <p><i>How are managers held accountable over long horizons?</i></p>	<ul style="list-style-type: none"> • Design a mix of governance mechanisms, including LP advisory boards, independent valuation, thoughtful removal rights, and proactive succession plans
<p>Lever 7: Leverage Design</p> <p><i>How much debt should the investors hold, and where should it sit?</i></p>	<ul style="list-style-type: none"> • Rely on lower leverage vs traditional PE fund • Choose between portfolio-company-level vs fund-level leverage in the design
<p>Lever 8: Allocation Breadth</p> <p><i>How broad (and integrated) should the mandate be?</i></p>	<ul style="list-style-type: none"> • Attractiveness of building a strategically integrated holding model that stands between a diversified holding company and a narrowly focused strategy

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