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Do evergreen funds have a liquidity problem

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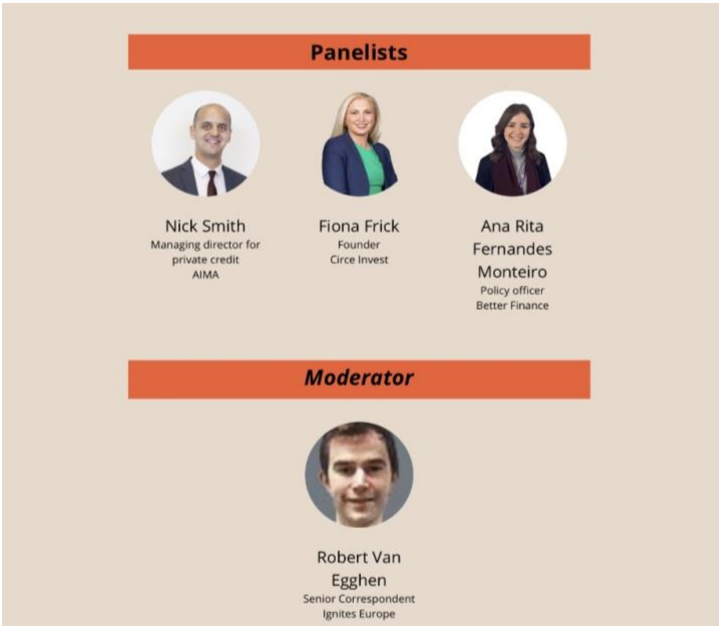

Key themes and Take-Aways

- **Evergreen funds do not have a liquidity problem by accident. They have a liquidity mismatch by design.** They combine inherently illiquid private assets with periodic redemption terms. This broadens access, but it does not make the underlying assets liquid.
- **In normal markets, liquidity looks abundant. In stressed markets, the structure is tested.** Managers rely on cash buffers, subscriptions, portfolio distributions, credit facilities, notice periods, redemption caps, queues and gates. These tools can absorb routine outflows, but several may weaken at the same time during a market shock.
- **A gate is not necessarily a failure. It is often the structure working as intended.** Gates protect investors who remain in the fund from forced asset sales at distressed prices. However, they also transfer the liquidity constraint from the fund to the redeeming investor.

- **Not all evergreen funds carry the same risk. The underlying asset class matters.** Private credit generally offers stronger natural cash flows, private equity provides less predictable liquidity, and real estate has historically been among the first segments to impose redemption restrictions under pressure.
- **Evergreen funds can be suitable for private wealth, but only with the right expectations.** They should not be sold as liquid products, used with excessive position sizes or financed through leverage. Liquidity must be treated as a portfolio construction constraint, supported by robust valuation, transparent disclosure and disciplined distribution.