AllianceBernstein

July 2026

AB NAVigator

Your Guide to Market Trends in Fund and Manager Finance

Published by AB-PCI PE Fund & Manager Finance

“As open-ended private-market vehicles scale, sponsors face a growing ALM challenge—and fund finance tools are becoming part of the liquidity tool kit.”

Dupe Adeyemo—Head of AB-PCI PE Fund & Manager Finance

Evergreen Funds Meet Structural Liquidity Constraints

Evergreen vehicles—open-ended, perpetual funds—are gaining traction as investment managers seek to democratize access to private markets and offer individual investors exposure to traditionally institutional strategies. Unlike closed-end funds that call capital only as deals are ready, evergreen vehicles take in capital continuously, leaving managers to actively balance illiquid portfolio investments with periodic investor liquidity.

Market Sizing: The Drivers and Landscape

Evergreen vehicles are scaling as managers seek to broaden private-markets access through structures that reduce capital call friction, soften the J-curve, allow smaller investment sizes and offer day-one diversification. That expanded access is translating into rapid growth, with total net assets in unlisted evergreen funds eclipsing $530 billion at year-end 2025, up more than $100 billion from 2024, with 98 new funds launched.

Liquidity Terms

Evergreen funds typically offer periodic liquidity, often quarterly, following any applicable lockup period.

- **Lockup Period:** Some funds include a 1–3 year lockup, during which investors generally cannot redeem.
- **Redemption Caps:** After the lockup, investors may request to redeem all or part of their investment, but aggregate redemptions are typically capped at 5%–10% of fund net asset value ("NAV") per period; requests above the cap are generally deferred under the fund documents.

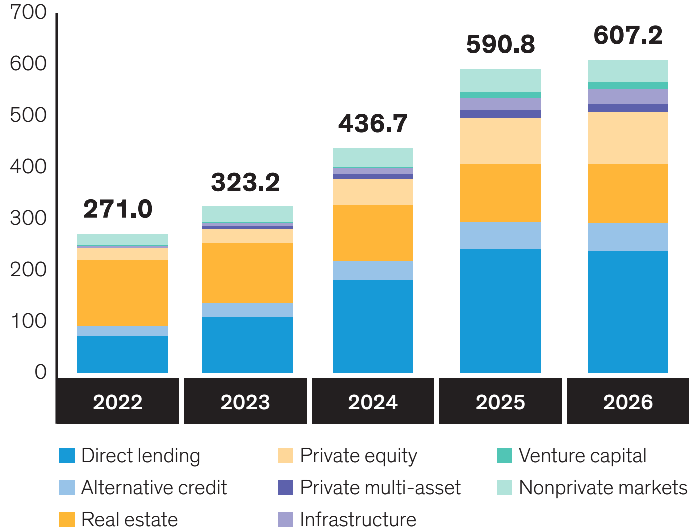
Liquidity Management

Evergreen structures can improve access and capital formation, but require managers to actively balance deployment, cash reserves and redemption windows.

- **Cash Drag:** Continuous fundraising creates pressure to deploy capital efficiently, while maintaining sufficient liquidity for future redemptions.
- **Deployment and Periodic Redemptions:** Managers need to forecast liquidity inflows from illiquid investments, and maintain liquidity to meet redemptions.

INCREASING ASSETS IN US EVERGREEN FUNDS

Net Assets (USD Billions) by Strategy



	2026 Assets Under Management (Billions)
Direct lending	$236.5
Alternative credit	$55.0
Real estate	$115.5
Private equity	$99.3
Private multi-asset	$16.4
Infrastructure	$28.6
Venture capital	$13.9
Nonprivate markets	$42.0

Data was aggregated on June 10, 2026. The most recent dates of the disclosure documents range from September 30, 2025, to March 31, 2026.
Source: Morningstar, PitchBook and AB

Spotlight: Fund Financing for Evergreen Funds

Traditional subscription facilities are less effective in evergreen structures, where capital is raised continuously rather than through defined commitment draw periods. In response, NAV facilities, termed-out sublines (i.e., capital call facilities that convert into an amortizing term loan to be repaid over a set period after the revolving period ends) and hybrid fund finance solutions are emerging as key financing tools.

As evergreen funds scale, financing needs are shifting from short-term bridging tools to durable, fund-level capital solutions. Termed-out facilities effectively recreate the capital flexibility of drawdown structures, while preserving the long-term advantages of permanent capital.

Redemption Management

Facilities that enable the fund to borrow to meet periodic redemptions ahead of asset monetization

Capital Efficiency

Facilities to ensure the fund is fully invested and does not hold excess cash

Continuous Deployment

Facilities that enable managers to invest (ahead of investor inflow) when investment opportunities are identified

Illustrative Example:
NAV Facility Supporting an Evergreen Buyout Strategy

Balancing Deployment and Liquidity

NAV financing can help evergreen funds solve the deployment-versus-liquidity trade-off.

Situation

An evergreen fund has $1.0 billion of net asset value and seeks to optimize its balance sheet to reduce cash drag, while maintaining liquidity for periodic redemptions. The fund NAV of $1.0 billion comprises $900 million of private assets and $100 million of cash as a liquidity reserve. The fund has quarterly redemption features subject to fund-level limits.

Challenge

The fund faces a common evergreen trade-off: preserve cash for redemptions or deploy capital to reduce cash drag. Holding a $100 million reserve protects liquidity, but leaves the fund under-deployed. Deploying the reserve improves investment exposure, but reduces flexibility if redemption requests arrive before portfolio distributions.

Fund	[ ] Evergreen Partners
Structure	Open-ended private evergreen vehicle
AUM	$1.0 billion
Strategy	North America–focused buyout
Investor Base	Institutional LPs and private wealth feeder vehicles

NAV Loan Facilitates Portfolio Expansion

The fund draws $100 million under a NAV facility and invests an incremental $100 million into accretive private investments. This allows the manager to put the full $1.0 billion to work for investors, while maintaining the original $100 million cash liquidity reserve.

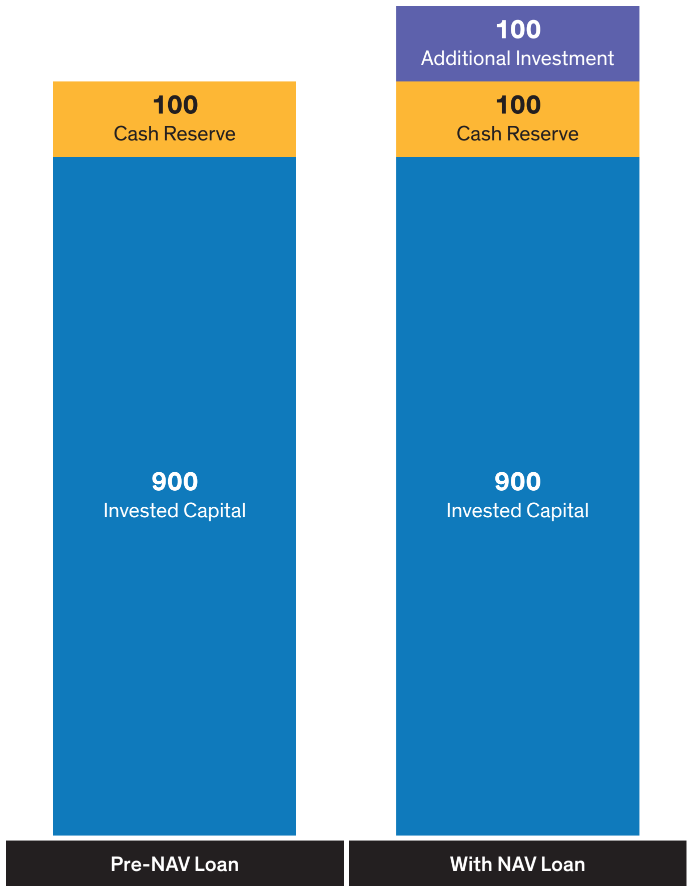
Prudent Reserves Maintained

If the fund receives redemptions, the initial redemptions can be fulfilled by using the $100 million cash reserves rather than selling assets, slowing deployment or disrupting the portfolio.

If cash reserves decrease, distributions from portfolio assets can first be used to refill the liquidity reserve back toward target levels.

FUND CAPITAL STRUCTURE

USD Millions



For illustrative purposes only

AB-PCI PE Fund & Manager Finance ("FMF")

AB-PCI PE FMF Solution Offering: At a Glance

$25 million–$1 billion Loan Size	5%–40% Loan to Value	SOFR +3.5%–8.0%+ Pricing	Investment-Grade/Specialty NAV: 5+/2+ Portcos GP Finance: $1 Billion+ AUM

Platform Highlights

- Part of AB Private Credit Investors ("AB-PCI"), a $26 billion private credit manager with 100+ professionals
- AB-PCI's sponsor-focused solution includes fund finance alongside existing direct lending and equity coinvest solutions
- Dedicated fund finance professionals with product expertise supplemented by underwriting and industry experts

Why AB-PCI PE Fund & Manager Finance?

- Full suite of capital solutions across risk, size and structure
- Seasoned team: 30+ years in fund finance, 60+ successful deals
- Committed insurance capital drives low-cost, scalable solutions
- Relationship-first, recourse-light approach—built to partner with strong stewards of capital
- Deep underwriting and valuation expertise enables efficient execution

AB's Private Equity CFO/COO Conference
September 29, 2026 | New York, NY | Reserve Your Spot

This half-day conference brings together CFOs and COOs from leading US private equity firms for peer discussion, market insights and practical strategies to navigate today's evolving financial, operational and regulatory landscape.

The conference will feature expert-led discussions and peer exchange on topics including:

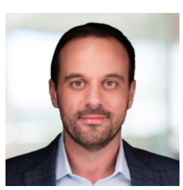
- The fundraising environment and evolving LP expectations
- Macro and market forces shaping portfolio strategy
- Valuation, governance and financial reporting considerations
- Practical applications of AI across finance and operations
- Peer perspectives on today's most pressing fund challenges
- Fund finance trends and evolving market structures
- Building the right finance and operations model for scale

Additional information, including the full agenda and speaker lineup, will be available through the registration site. We look forward to welcoming you to an engaging and insightful gathering of private equity finance and operations leaders.

Meet the Team

DUPE ADEYEMO
Managing Director, Head—AB-PCI PE FMF

SARA CASEY
Director—AB-PCI PE FMF



PATRICK GIMLETT
Managing Director—AB-PCI PE FMF Originations

PATRICK FEAR
Senior Managing Director, Founding Member and Co-Head—AB-PCI PE FMF

CATON SANDERS
Vice President—AB-PCI PE FMF

GRAHAM GALLAHER
Vice President—AB-PCI PE FMF

NICK SANTOS
Assistant Vice President—AB-PCI PE FMF

Discover more at alliancebernstein.com. For more information, please contact the AB-PCI PE FMF team at FMF@alliancebernstein.com.

Learn More

alliancebernstein.com

For Investment Professional use only. Not for inspection by, distribution or quotation to the general public.

Information as of July 20, 2026, unless otherwise stated. The information contained herein reflects the views of AllianceBernstein L.P. and sources believed by AllianceBernstein to be reliable. No representation or warranty is made concerning the accuracy of any data compiled herein. In addition, there can be no guarantee that any projection, forecast or opinion in these materials will be realized. The views expressed herein may change at any time subsequent to the date of issue hereof. These materials are provided for informational purposes only, and under no circumstances may any information contained herein be construed as investment advice. Alternative investments involve a high degree of risk and are designed for investors who understand and are willing to accept these risks. Past performance is not necessarily indicative of future results and there can be no assurance that any alternative investment strategy will achieve its investment objectives.

HFoPO-918450-2026-04-15
PCI–8506–0726