L3A WORKING GROUP

Evergreen Funds: From Model Design to Administration & Servicing

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About L3A

The Luxembourg Alternative Administrators Association ("L3A") is the leading representative body for fund and corporate administrators of alternative assets in Luxembourg.

Since its founding in 2004, the association has been dedicated to promoting the interests of alternative service providers and contributing to the development of Luxembourg as the investment hub and operations centre of choice for global alternative investment managers.

Our members deliver our mission through their work on our 5 permanent committees, being Operations, Tax, Regulatory, HR and Events & Communications, with output delivered to industry players, regulators and government bodies amongst others, and published through our website and social media channels, in particular LinkedIn.

As the recognised voice of our profession, we engage with authorities through participation in commissions and working groups, and maintain strong ties with government bodies, professional organisations, and Chambers of Commerce.

Our membership is made up of over 60 members, including Full Members, being Luxembourg administration firms predominantly providing services to foreign investment managers of funds and related entities in the alternative management industry and Associate Members, being Luxembourg professional firms operating in the real asset environment and offering services to Full Members and/or their clients.

Together, we form a trusted network committed to excellence.

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Executive summary

Evergreen funds have become one of the most significant structural innovations in private markets. Once a niche solution, evergreen funds have become a mainstream format, reflecting a fundamental shift in how capital accesses private markets. Evergreen and semi-liquid funds were **approaching USD 500 billion of assets in the US as at 30 September 2025**[1], with projections indicating growth to **over USD 1 trillion by the end of the decade.**

This growth is driven by structural demand. Traditional private market funds require long lock-ups and lock investors in for the full duration of the fund, resulting in delayed capital deployment and limited liquidity. Evergreen funds address these constraints by offering **continuous subscriptions, immediate portfolio exposure and periodic liquidity windows**, while maintaining exposure to long-term private investments. These structures also have no fixed termination date.

However, this flexibility does not remove the inherent illiquidity of private assets. Instead, it requires a disciplined framework combining liquidity management tools, valuation governance and portfolio construction techniques. Evergreen funds therefore represent a new product architecture rather than a new asset class.

This paper focuses on the first building block of that architecture: defining evergreen funds clearly, understanding their strategic positioning in Luxembourg, and analysing how different asset classes operate within this structure. Depending on the structure and its stage of build-up, investor entry may be either commitment-based or NAV-based.

[1] Keith Crouch, "The Ascendance and Implications of Evergreen Funds in Private Markets", MSCI, March 2026 (semi-liquid private-market funds approaching USD 500 billion in AUM, growth of more than 30 percent over the twelve months to September 2025, with wealth investors around one fifth of AUM).

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Part 1

Client demand, market perspective and structural foundations

Topic 1: Client Demand & Definition of Evergreen Funds

How to read this section

This section establishes the conceptual foundation of evergreen funds. It is structured to provide:

- → a precise and operational definition of evergreen structures;
- → a clear distinction between evergreen and traditional or hybrid models;
- → a market view of how evergreen is implemented in Luxembourg;
- → a detailed analysis of the main asset classes used in evergreen structures.

This framework is intended to support decision-making across structuring, distribution and servicing functions.

1.1 A precise and operational definition

An evergreen fund is an investment vehicle with no fixed term that invests in predominantly private-market assets over a long-term horizon and reinvests capital rather than returning it to investors. It provides investor liquidity through structured redemption mechanisms (such as notice periods, gates or run-off shares) rather than on demand.

This definition combines three structural characteristics which must be considered together.

First, evergreen funds operate on a perpetual capital basis. Unlike traditional private market funds, which are designed around a fixed lifecycle with a defined investment and divestment period, evergreen structures are mostly intended to reinvest proceeds and attract new capital as an ongoing feature. Capital is not returned at the end of a predefined horizon but is redeployed, resulting in a continuously evolving portfolio.

Second, investor entry is either commitment-based or NAV-based, depending on the structure and its stage of build-up. Where entry is NAV-based, investors subscribe at the prevailing NAV and gain immediate exposure to an existing portfolio; where it is commitment-based, capital is drawn progressively during the build-up phase. This fundamentally alters the investor experience by removing the timing uncertainty associated with capital calls and deployment.

In certain hybrid structures, liquidity may also be organised through run-off mechanisms, whereby investor exits are managed progressively through natural asset amortisation, portfolio realisations or internal reallocation arrangements. Third, liquidity is structured rather than intrinsic. Redemption opportunities are offered at defined intervals and are governed by a set of constraints including notice periods, gates and liquidity thresholds. This ensures that investor liquidity remains aligned with the underlying characteristics of the portfolio.

Taken together, these elements create a hybrid model combining the long-term investment horizon of private markets with selected features of open-ended funds. For the purposes of this paper, an open-ended fund is understood in the AIFMD sense: an AIF whose shares or units are repurchased or redeemed at the request of its investors, out of the assets of the AIF and before its liquidation phase or wind-down,

in line with the procedures and frequency set out in its fund documentation; any other AIF is closed-ended (Commission Delegated Regulation (EU) No 694/2014, Article 1).

1.2 Evergreen versus traditional and hybrid fund structures

While evergreen funds are often contrasted with closed-ended vehicles, observed market structures reveal a more complex spectrum.

EXHIBIT 1 – COMPARATIVE OVERVIEW OF EVERGREEN, CLOSED-ENDED AND HYBRID FUND STRUCTURES

Dimension	Evergreen funds	Closed-ended funds	Observed hybrid dynamics
Duration	No fixed term	Fixed lifecycle	Closed-ended legal form with semi-liquid features
Capital model	Continuous subscriptions	Commitments and drawdowns	Transition from commitment-based to NAV-based
Liquidity	Periodic and constrained	No voluntary liquidity	Run-off mechanisms and structured exits
Portfolio	Continuous	Vintage-based	Mixed portfolio maturity
NAV role	Central to pricing	Secondary	Increasing role in investor transactions

In practice, several important structural nuances arise.

Some funds adopt a two-phase model, starting with commitment-based subscriptions during the build-up phase and transitioning to NAV-based subscriptions once the portfolio has reached sufficient maturity. This transition can create inconsistencies in investor experience, particularly when early commitments are called after market valuations have deteriorated.

Legal classification may also diverge from economic behavior. Certain structures are formally documented as closed-ended funds while being marketed and operated as semi-liquid strategies through run-off mechanisms or redemption frameworks. Run-off mechanisms themselves introduce further complexity. Liquidity can be generated either through natural realization of the portfolio, where the fund waits for assets to mature such as underlying loans repaying, or through a deemed sale, a fund-level notional reallocation initiated by the GP in which no asset is actually sold and the run-off investor's exposure is reallocated to the active investors, as distinct from a bilateral secondary transfer between investors.

These features demonstrate that evergreen structures cannot be assessed on the basis of legal form alone. Their defining characteristics lie in the interaction between capital model, liquidity framework and portfolio dynamics, all of which are shaped by the time horizon anticipated by both the investor and the fund manager. A run-off mechanism does not of itself make a fund open-ended, since the GP does not undertake to create liquidity; the liquidity is generated naturally by the portfolio, so run-off is a liquidity mechanism rather than a reclassification of the legal form.

1.3 Structural drivers of growth

The growth of evergreen funds reflects deep structural changes in the private markets ecosystem.

The increasing institutionalisation of private markets has led investors to treat these assets as core allocations rather than opportunistic exposures, creating demand for continuous access and diversification rather than periodic fundraising cycles. This trend has been reinforced by the expansion of private wealth participation, as evergreen structures lower barriers to entry and simplify subscription compared to traditional drawdown models.

From a manager perspective, continuous capital inflows reduce reliance on cyclic fundraising and allow portfolio managers to focus on deployment and performance rather than successive fund vintages. Evergreen structures also improve portfolio construction by diversifying across vintages, which mitigates the J-curve effect and reduces concentration risk associated with single entry points in the cycle.

Each of these drivers carries a direct consequence for the servicing model. Continuous subscriptions and redemptions replace periodic capital calls with recurring servicing cycles; broader private-wealth distribution increases the volume and diversity of investor data that must be onboarded and maintained; and vintage diversification requires equalisation and allocation mechanics capable of running continuously rather than at discrete closes. These operational consequences are developed further, from a service-provider perspective, across the servicing ecosystem in Part 2 and 3.

1.4 Operational implications of evergreen structures

The transition from closed-ended to evergreen structures fundamentally alters the operational framework of private market funds. The detailed operational implications, from valuation frequency and lag to dual NAV, investor equalisation and platform fit, are examined in Part 2.

Valuation becomes a continuous and central function. In contrast to closed-ended funds where valuation is often aligned with reporting cycles, evergreen funds require more frequent NAV calculations, sometimes monthly, while underlying assets may only be valued quarterly or less frequently. This creates a structural lag that must be managed through robust valuation policies.

This lag gives rise to the concept of dual NAV. Some structures distinguish between an accounting NAV used for financial reporting and a dealing NAV used for subscriptions and redemptions. This approach attempts to reconcile accounting constraints, such as the inability to amortise certain costs under IFRS or USGAAP, with investor fairness considerations. From a regulatory standpoint, the dealing NAV presented to investors should align with the accounting NAV set out in the prospectus; dual NAV is a pragmatic response that still carries some regulatory tension rather than a settled solution.

Investor equalisation becomes a key issue. Differences in entry timing can lead to unequal economic outcomes between investors. Without appropriate adjustments, early investors may benefit or suffer disproportionately compared to later entrants depending on valuation timing and portfolio evolution.

From a systems perspective, evergreen funds challenge existing infrastructure. Administration platforms such as eFront or Investran are typically optimised for either closed-ended or open-ended models, but not both simultaneously. As a result, service providers often rely on parallel systems, hybrid configurations

or operational workarounds, increasing complexity and operational risk while facing mounting pressure to consolidate the operating model and achieve better economies of scale.

Administrators also remain operationally responsible for producing the final NAV, even where external pricing providers are used, while the AIFM retains regulatory responsibility for the valuation function and its oversight. This reinforces the need for governance frameworks aligned with regulatory expectations.

Topic 2: Luxembourg market perspective

2.1 Market implementation and structuring landscape

Luxembourg has positioned itself as a leading jurisdiction for evergreen fund structures, supported by a wide range of regulatory wrappers including ELTIF 2.0, Part II UCIs, RAIFs and SIFs.

The following examples illustrate how evergreen strategies are implemented across asset classes.

EXHIBIT 2 – SELECTED EVERGREEN FUND EXAMPLES BY ASSET CLASS IN LUXEMBOURG

Asset class	Fund structure	Example funds	Key characteristics
Private equity	ELTIF, SICAV	Partners Group Private Equity Evergreen, EQT Nexus ELTIF, BlackRock Private Equity Fund	Diversified exposure, NAV-based subscriptions
Private credit	ELTIF, open-ended structures	Apollo European Private Credit ELTIF, Eurazeo EPIC, Blackstone ECRED	Income-generating, shorter duration
Infrastructure	ELTIF	Blackstone Infrastructure Strategies, EQT Nexus range	Long-term yield, low turnover assets
Multi-asset	Hybrid ELTIF / Part II	BlackRock Multi-Alternative Growth Fund, Apollo Global Private Markets	Combination of public and private assets
Secondaries	ELTIF, FoF	Schroders Capital Semi-Liquid PE ELTIF, Eurazeo EPSO	Faster deployment, reduced J-curve

These structures demonstrate that evergreen models are adaptable across strategies, but their design is heavily influenced by the liquidity characteristics of the underlying assets.

2.2 Strategy concentration and structural rationale

The Luxembourg market shows a strong concentration of evergreen activity in a limited number of asset classes.

Private credit represents the dominant segment, followed by infrastructure and secondaries. Real estate and primary private equity remain significantly less represented. This distribution is primarily driven by structural compatibility. Evergreen funds must balance two opposing forces: the illiquidity of underlying assets and the need to provide periodic liquidity. Based on our own observation as service providers, we estimate a rough split of around 70 percent private credit, 20 percent infrastructure and 10 percent secondaries, with real estate very limited and primary private equity typically appearing via secondaries rather than directly.

Strategies that generate predictable cashflows, offer shorter duration or enable portfolio turnover independently of exit cycles are naturally better suited to this model.

Topic 3: Asset classes and operational implications

3.1 Private credit

Private credit is the most developed evergreen strategy. Its suitability is driven by recurring income generation and shorter asset durations, with underlying loans often maturing over a few years or sometimes below 12 months.

However, the strategy is also entering a more demanding phase. Recent market commentary highlights rising attention on borrower defaults, credit losses, regulatory scrutiny and redemption pressures in private credit, while increasing competition continues to put pressure on returns.

However, valuation represents a major operational challenge. Unlike closed-ended credit funds that often rely on amortised cost approaches, evergreen funds must apply fair value methodologies, resulting in increased complexity in pricing and oversight.

Administrators rely heavily on external valuation providers and are responsible, at operational level, for checking consistency with regulatory and prospectus requirements.

3.2 Infrastructure and real assets

Infrastructure and real asset strategies offer stable income but introduce significant liquidity constraints.

Valuation is typically based on external appraisal reports, and asset disposals are subject to extended transaction timelines. As a result, redemption mechanisms must incorporate queues, gates, liquidity buffers and credit facilities to absorb investor flows without disrupting the portfolio. Real-estate evergreen presence in Luxembourg remains thin relative to the United States, and the 2026 suspension of UBS's Euroinvest fund illustrated how buffers and redemption limits behave under concentrated pressure in open-end real estate, with the mechanics discussed in Topic 7 (Exhibit 8).

3.3 Secondaries

Secondaries strategies provide access to more mature assets, reducing the J-curve effect and accelerating cash generation.

However, they introduce a structural valuation challenge. Underlying fund valuations are often reported with delays of 45 to 60 days, creating a gap between available data and current market conditions. Evergreen structures must therefore implement adjustment methodologies to ensure that subscriptions and redemptions are priced appropriately and fairly.

3.4 Multi-asset structures

Multi-asset evergreen funds combine illiquid investments with a liquidity sleeve composed of liquid securities or cash.

This structure serves to absorb inflows and outflows while allowing progressive capital deployment. However, it introduces complexity in valuation, operational systems and reporting.

In practice, these funds are often structured as umbrella vehicles with multiple sub-funds, as combining multiple strategies within a single compartment presents significant operational challenges. This structure can pose a particular strain for fund administrators whose operating models are built around a single asset class, requiring them to adapt their processes, systems and expertise across multiple strategy types simultaneously and coordinate across the business.

Topic 4: Liquidity management architecture

Liquidity management is the central component of evergreen fund design.

4.1 Core liquidity tools

EXHIBIT 3 – CORE LIQUIDITY MANAGEMENT TOOLS IN EVERGREEN FUNDS

Tool	Mechanism	Operational implications
Redemption gates	Cap redemption volume per period/year	Calibrated alongside the liquidity buffer
Notice periods	Require advance redemption requests	Typically between 30 and 180 days
Lock-ups	Restrict early redemptions	Applied per investor, or at fund level

Tool	Mechanism	Operational implications
Liquidity buffer	Maintain liquid assets	Usually 5% to 10% of NAV, the 45 percent figure sometimes quoted for ELTIFs is the Article 13(1) ceiling on UCITS-eligible assets under Regulation (EU) 2023/606, which concerns eligible-asset composition rather than the size of the liquidity sleeve, so ELTIFs do not as such carry a higher buffer
Side pockets	Segregate illiquid assets	Separate valuation and governance
In-kind redemption	Transfer assets instead of cash	Complex and rarely used
Suspension	Halt redemptions	Exceptional measure, subject to regulatory conditions and investor notification requirements

4.2 Structural principles

Liquidity is not guaranteed but managed through a combination of tools. Lock-up length also drives the depositary regime: a lock-up of under five years, or any admission of retail investors including under ELTIF 2.0, requires a fully licensed credit-institution depositary, whereas a lock-up of five years or more permits a PSF depositary under AIFMD.

This approach is increasingly reinforced by the evolving European regulatory framework. Under AIFMD II, open-ended AIFs are required to select and implement appropriate liquidity management tools, with the framework aiming to strengthen liquidity risk management and investor protection. The selection, calibration and activation of these tools must therefore be considered not only as a product-design matter, but also as an operational and governance requirement. AIFMD II has also tightened expectations on both the depositary and AIFM sides for LMT selection, disclosure and liquidity-stress management, and the CSSF is understood to have asked AIFMs which LMTs they apply to their open-ended funds.

Redemptions are generally allocated on a pro-rata basis, as this approach avoids creating first-mover incentives that could destabilise the fund.

Lock-up periods are typically structured at the investor level, starting from the individual subscription date rather than the fund launch, ensuring fair treatment across investors.

Liquidity buffers are calibrated alongside redemption gates to ensure sufficient coverage of expected redemption volumes.

4.3 Advanced structures and operational complexity

Certain mechanisms introduce significant operational challenges.

Liquidating share classes require the creation of parallel portfolios, separate NAV calculations and complex cost allocation between exiting and remaining investors.

In practice, similar outcomes are often achieved through side pockets, which are operationally simpler to manage.

Matching mechanisms, where redemptions are funded through new subscriptions, depend on sustained inflows and may not be reliable in stressed market conditions; their behaviour under stress is examined later in this paper.

Over time, the combination of features such as multiple fee structures, currency hedging, differentiated share classes and optional investor features can lead to highly complex structures with significant operational overhead.

4.4 Key risks and structural tensions

Evergreen structures introduce a number of inherent risks.

Liquidity mismatch remains the central challenge. Funds offer periodic liquidity while underlying assets remain illiquid. This tension becomes particularly visible during market stress, when redemption demand increases simultaneously across investors.

Investor fairness is another critical issue.

Differences in entry timing, valuation methodologies and fee structures can create unequal outcomes. In particular, valuation lags and NAV adjustments may generate investor complaints if not managed transparently.

Operational complexity represents a third major risk. The interaction of multiple liquidity tools, valuation requirements and structuring features increases the likelihood of operational errors and reconciliation challenges.

Finally, there is a risk of over-engineering. Combining too many features within a single structure can result in funds with dozens of share classes or series, divergent performance profiles and significant reporting burdens. This can ultimately undermine transparency and investor confidence.

Conclusion Part 1

Evergreen funds represent a fundamental evolution in private market structures. They enable continuous access to private assets while introducing a controlled degree of liquidity, addressing key limitations of traditional fund models.

However, their effectiveness depends on the robustness of their design. The balance between liquidity, performance and operational feasibility must be carefully calibrated against investors` expectations.

A detailed understanding of valuation processes, liquidity mechanisms and structural trade-offs is therefore essential for structuring, distributing and servicing evergreen funds in a sustainable and efficient manner. The following sections of this paper examine the regulatory landscape, governance frameworks and distribution strategies that underpin the sustainable growth of evergreen funds in Luxembourg and beyond.

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Part 2

Operational and technological pain points

Operational and technological pain points

The topics so far have described the evergreen model as it is designed on paper: what these funds are, how Luxembourg structures them, and how the liquidity architecture lets permanent capital coexist with periodic redemptions. The topics that follow look at what happens when that design meets daily operations. Where does the model strain as it grows? Where does technology help, and where does it get in the way? And what happens when a lot of investors ask for their money at once? Regulatory requirements are flagged as such and kept separate from market practice. Where the market genuinely disagrees, both views are given.

Five key findings

- **Complexity is a design outcome:** operational cost is driven by feature combinations, not fund size - the practical tipping point sits at 15-20 active share classes multiplied by the currencies offered.
- **Faster NAV is not better NAV:** more frequent production improves the investor experience, not valuation accuracy - and it can add operational risk.
- **No end-to-end platform exists:** every major function runs partly outside the core systems, and scale is currently bought with headcount.
- **Ownership lines matter:** forecasting assumptions, stress scenarios and suspension decisions sit with the AIFM, which carries the regulatory responsibility, with input from the GP as investment manager or sponsor; the exact suspension process depends on fund documentation; administrators supply data, computation, monitoring and escalation.
- **Stress readiness is untested and investors` reaction unpredictable:** suspension playbooks are rare, activation takes five to ten working days, and recovery planning has entry criteria but often no exit.

GLOSSARY - SEVEN TERMS USED IN THESE TOPICS

ROLL-FORWARD An interim NAV produced by taking the last full valuation and adjusting it for known events and cash flows.

TOLERANCE THRESHOLD The level at which a NAV calculation error becomes material and must be corrected and, where relevant, compensated.

DEALING NAV AND ACCOUNTING NAV The price at which investors subscribe and redeem, as against the NAV used for financial reporting; some funds calculate both.

INVESTOR-LEVEL LOCK-UP A restriction running from each investor's own subscription date rather than from a single fund-level date. A hard lock-up blocks early exit; a soft lock-up allows it against a penalty.

CAPITAL ACCOUNT ACCOUNTING (BCA) Tracking each investor's position as a capital account rather than as units of a share class.

RUN-OFF SHARE CLASS Also called a liquidating share class: a redeeming investor's holding is moved into a class that is wound down as the underlying assets mature and does not participate into new deals but keeps supporting running fees.

LIQUIDITY MANAGEMENT TOOL (LMT) The mechanisms a fund can use to manage redemption pressure: redemption gates, notice periods, redemption fees, swing and dual pricing, anti-dilution levies, redemption in kind, side pockets and suspension.

Topic 5: The administration model under scale

15-20
active share classes: the point where administration becomes disproportionately complex

2-3×
longer to onboard an evergreen fund than a comparable closed-ended fund

5-10
business days after month end to produce the NAV; clients ask for five

€0.5-1bn
of evergreen assets: the level at which a dedicated team is typically considered

Assets, launch pipelines and dealing expectations are all rising together. The open question is whether the administration model can grow with them.

EXHIBIT 4 - DEMAND SIGNALS ON ADMINISTRATOR CAPACITY

Indicator	Reading	Source and as-at date
Evergreen fund assets (US universe)	Approaching USD 500 billion as at 30 September 2025, after growth of more than 30% over the preceding twelve months; wealth investors hold around one fifth	MSCI, March 2026 (data as at 30 September 2025)
ELTIF market volume	EUR 20.5 billion	Scope Group, October 2025 (via HarbourVest, March 2026)
ELTIF forward views	Survey respondents expect EUR 31-41 billion by 2027; one manager predicts more than EUR 75 billion by late 2026	Scope survey, October 2025; HarbourVest, March 2026
Luxembourg share of EU ELTIFs	Approximately 54% by fund count (176 of 327)	ESMA register data, September 2026
Launch pipeline	89% of managers plan semi-liquid launches within two years	Carne, Change 2026, February 2026

5.1 Complexity compounds through feature combinations

What makes an evergreen fund hard to administer is not how many share classes it has, but which features are stacked on top of each other. A fund with many plain classes can be run efficiently. A fund that mixes several currencies with hedging, or side pockets with run-off classes, or investor-level lock-ups with capital account accounting, creates extra work at every single valuation point. There is still a practical tipping point. Beyond roughly 15 to 20 active share classes, administration becomes disproportionately complex, and funds that accumulate 25 to 30 classes over six or seven years are increasingly common.

Administrators consistently describe the same situation: a fund is launched with multiple share classes, only a few are effectively subscribed, and some attract so little demand that they later have to be merged. What looks commercially alluring often appeals to the sales team more than to the end investor. The lesson administrators draw is that upfront research into genuine investor demand, and comparison against competitor structures, is key before a class line-up is finalised.

EXHIBIT 5 - FEATURE COMBINATIONS THAT DRIVE OPERATIONAL COST

Combination	Why it compounds	Administration impact	Mitigation in use
Multiple currencies + share-class hedging	Every class carries its own hedging overlay, revalued at each NAV point; hedging results must be isolated and allocated class by class	Additional valuation and reconciliation work at every dealing cycle, growing with each currency and class added	Challenging the number of currency classes at design stage: additional currencies are added only where clear investor demand exists
Side pockets + run-off share classes	Two segregation mechanisms layered: assets tagged between active and run-off pools while side-pocketed assets sit outside both; parallel NAVs multiply	Separate NAV calculations, cross-pool profit-and-loss allocation, manual reconciliations and an additional control framework	Annual rather than quarterly run-off election windows to contain class proliferation; repurposed side-pocket logic run under a documented control framework
Investor-level lock-ups + capital account (BCA) accounting	Restrictions and records are both tracked per investor rather than per class; each subscription date starts its own clock and its own capital account	Manual lock-up enforcement in dealing workflows; external BCA ledger maintained in parallel and reconciled to the core platform; consolidated reporting across classes	Manual controls at each redemption cycle; external ledger with in-system reconciliation; escalating data-quality requirements on distributors

Source: L3A evergreen working group, May 2026.

5.2 Operating models and the talent constraint

This complexity is changing how administrators organise themselves. Dedicated evergreen or hybrid teams are appearing across the market, although pooled teams are still the norm. What triggers a dedicated team is complexity, not size: figures of EUR 500 million to 1 billion of evergreen assets are often mentioned, but no agreed threshold has emerged. Onboarding a new evergreen fund also takes two to three times longer than a comparable closed-ended fund. Liquidity terms, subscription and redemption mechanics, transfer agency design and valuation governance all have to be agreed before launch, alongside the depositary decision described earlier in this paper.

The real limit is people. These funds need a rare combination of skills: private-markets fund accounting together with transfer agency, liquidity management and open-ended fund experience. That profile is scarce in Luxembourg, so administrators often recruit from banking and UCITS backgrounds and build teams that cover the gap between them. Four responses dominate:

- → **Structured training:** building evergreen-specific expertise internally rather than waiting for it to appear on the market.
- → **Internal mobility:** moving experienced staff across open-ended and closed-ended teams to cross-pollinate the two skill sets.
- → **Process standardisation:** reducing dependence on scarce expert judgement by codifying the recurring mechanics.
- → **Offshore delivery:** routine processing is moved to offshore centres once the knowledge has been built up in Luxembourg, with oversight staying local. The concern frequently raised is that this thins out expertise in Luxembourg over time and leaves fewer entry-level roles for people starting their careers.

How to find, organise and develop these teams remains an open question, including whether existing back-office capacity can be redeployed.

5.3 Dealing frequency and the valuation disconnect

> ***"The valuation turnaround - not the accounting - is the bottleneck."***

Dealing is getting faster. Most managers now want monthly subscriptions and redemptions, and clients increasingly ask for the NAV within about five business days of month end. In practice, five to ten business days is the standard. The bottleneck is not the accounting; it is how quickly assets can be valued. Underlying assets are usually revalued quarterly, so the NAV in the months in between is produced by a roll-forward: the last full valuation, adjusted for known events and cash flows.[2] Secondaries illustrate the lag, with underlying fund data arriving 45 to 60 days late, as Topic 3 noted. The same mechanics apply across private assets, with different lags.

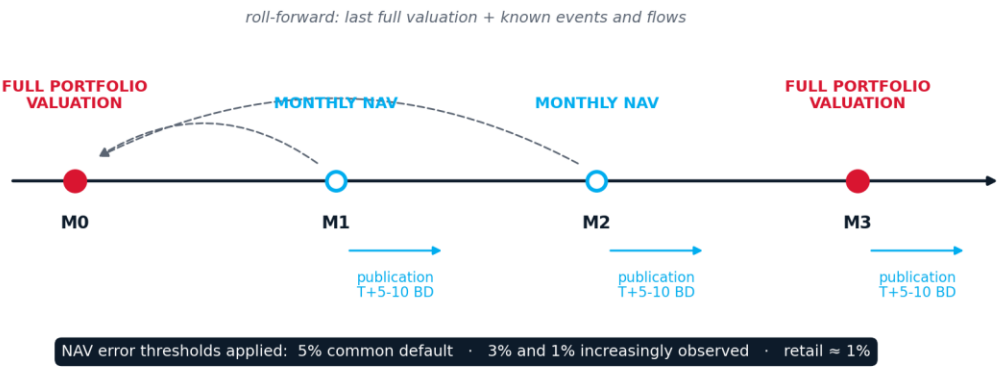
This leads to an uncomfortable conclusion. Producing a NAV more often gives investors a better experience, but it does not make the valuation more accurate, and it can add operational risk. Error thresholds show where the tension sits. A 5% tolerance threshold is the common default, and it has a regulatory anchor: CSSF Circular 24/856 allows Part II UCIs, ELTIFs reserved to well-informed or professional investors, SIFs and SICARs to go up to a maximum of 5% of NAV, but only on the basis of a documented analysis.[3] Funds open to retail investors apply the circular's reference tables instead, which sit closer to 1%. In practice, thresholds of 3% and 1% are increasingly used, and they are hard to change once set. There is an argument that the more often the NAV is struck, the higher the threshold should be, because each calculation rests on less refreshed information. How supervisors will view that argument is not yet clear. Exhibit 6 shows the cycle.

Responsibility does not shift with the workload. The administrator remains operationally responsible for calculating the final NAV, even when external valuation providers are used, but this is distinct from the AIFM's regulatory responsibility for the proper and independent valuation of the fund's assets. The AIFM must approve the valuations that set the price at which investors come in: the portfolio manager or the external valuer prepares them, the AIFM reviews and challenges them, and adjustments still most often come to light at audit.

[2] On quarterly valuation cycles and the use of roll-forwards between formal valuation dates, see for example Long Angle, Evergreen Fund Investment Guide (2025), and Asora, Net Asset Value: how to calculate for private assets (January 2026). AIFMD Article 19(3) requires open-ended AIFs to value at a frequency appropriate both to the assets held and to the fund's issuance and redemption frequency.

[3] Circular CSSF 24/856 on the protection of investors in case of a NAV calculation error, non-compliance with the investment rules and other errors at UCI level, in force since 1 January 2025 (replacing Circular CSSF 02/77), together with the related CSSF FAQ (December 2024).

EXHIBIT 6 - MONTHLY NAV PRODUCTION AGAINST QUARTERLY VALUATION REFRESH



Dealing has speeded up; valuation has not. Roll-forwards bridge the gap, which makes dealing more timely without making pricing more accurate.

Source: L3A evergreen working group, May 2026. Schematic; no data series. Roll-forward practice and quarterly valuation cadence per source [2]; tolerance thresholds per CSSF Circular 24/856, source [3].

5.4 Pricing fairness: dual NAV, equalisation and commitment-based entry

The valuation lag is also a fairness problem, and dual-NAV arrangements inherit it. Some funds calculate two NAVs: an accounting NAV for financial reporting and a dealing NAV for subscriptions and redemptions. The usual reason is technical, such as the fact that certain costs cannot be amortised under IFRS or USGAAP. Whatever the reason, the dealing NAV must still reconcile to the valuation basis set out in the prospectus. Dual NAV is a practical workaround for a real constraint, not a settled solution, and it brings governance obligations with it.

Equalisation is the hardest pricing problem in commitment-based and two-phase structures. When investors join at different times, they can end up with unequal outcomes. The difficulty is greatest during ramp-up, when commitments are drawn against valuations that may have moved since the investor subscribed. An investor deciding whether to subscribe needs the right price on the day of that decision, which puts weight on valuation dates that platforms do not naturally support. Swing pricing, the standard answer to dilution in open-ended funds, is still rarely used in evergreen structures.

5.5 Performance fees without a standard

Fees add another layer of variation. Performance-fee methodologies differ from fund to fund, and the widest variation is in US-sponsored structures, which import hedge fund and traditional private equity concepts into evergreen wrappers. Carried interest is usually triggered when an individual investor exits rather than by an event at fund level. Legal drafting often borrows UCITS-style templates. Clients do not always realise how the adjustments they ask for will affect the point at which profits and losses crystallise.

Because platforms generally assume one methodology per fund, these calculations are still done in spreadsheets with controls around them. Auditors prefer transparency and a clear audit trail to automation, and often ask for the underlying files. No vendor standard has emerged. Where a methodology requires series-level tracking, the workload grows again, as Topic 6 explains.

5.6 The continuous operating model and retail volumes

Evergreen administration never stops. Subscriptions, redemptions, transfers and reporting run continuously rather than around a few capital events a year. The model feels the strain first at retail volumes. Administrators do not onboard retail investors themselves, because distributors own the KYC relationship. What has changed is the type of distributor. Since September 2025, Trade Republic has offered ELTIF products from Apollo and EQT to a customer base of more than ten million, with fractional investing from as little as EUR 1 against a traditional minimum of EUR 10,000, and a monthly sell option through its own internal marketplace even though the funds themselves redeem quarterly.[4] Other consumer platforms are moving in the same direction, e.g. Revolut. For the administrator, this changes the daily operating picture: far more transactions, each one far smaller, arriving through a channel whose own liquidity promise does not match the fund's. Digital subscription journeys, where investors complete forms and upload documents themselves, are emerging in response.

How that growth is being absorbed is the concern. Today it is absorbed mainly by hiring people rather than by getting more out of the systems. Automation is partial and fragmented, cut-off times are not standardised between transfer agents, distributors and managers, and manual work grows with volume. The pressure to consolidate the operating model is building, but for now scale is being bought with headcount. The technology side of that problem is the subject of the next topic.

Key takeaways

- → Feature combinations, not class counts, set the cost curve - and providers now shape fund design to contain them.
- → The talent profile is the scarce input; training, mobility and offshoring are the market's answers, each with trade-offs.
- → Faster NAV is an experience upgrade, not an accuracy upgrade - materiality thresholds are where that tension will surface.

[4] Trade Republic press release and contemporaneous reporting, September 2025 (partnership with Apollo and EQT; ELTIF products; fractional investing from EUR 1; monthly sell option via the platform's internal marketplace against quarterly fund redemption windows); ELTIF.info newsletter, May 2026, on neo-broker and fintech distribution of ELTIFs.

Topic 6: Technology and platform limitations

0	**1**	**Excel**	**16.04.26**
native run-off modules on major platforms	NAV per share class is what systems assume	still the standard for forecasting and fees	AIFMD II applies - reporting scrutiny rises

Administration platforms are built either for closed-ended funds or for open-ended funds. Evergreen structures ask one set of systems to behave as both at the same time.

No platform does this in full today. Evergreen administration therefore runs across several connected systems, with a reconciliation at every join. The most common split follows the assets: one platform built for liquid instruments, alongside another built for private assets, because no single system handles both well. Each extra feature widens the gap between what the fund documentation promises and what the systems support natively. Exhibit 7 maps that gap function by function, and the sections below take each one in turn.

EXHIBIT 7 - PLATFORM SUPPORT BY FUNCTION

Function	Typical platform gap	Workaround in use	Direction of travel
Run-off accounting	No native run-off module on major administration platforms	Side-pocket functionality repurposed; NAV completed outside the core system under a documented control framework	Limited short-term vendor development; solutions remain administrator-driven; design-stage containment via annual elections
Investor-level lock-up tracking	Systems can record but not operationally enforce investor-level terms; simultaneous hard and soft lock-ups hardest	Manual controls at each redemption cycle	Growing market expectation; deployment constrained by distributor data quality
Liquidity forecasting	No purpose-built market standard	Excel-based models owned by the AIFM, with GP input on the deal pipeline; administrators supply operational inputs only	Early vendor exploration; ownership expected to remain with the AIFM
Series-based pricing	Platforms strike one NAV per share class; multiple series per class unsupported	External series calculations, manually reconciled, with controls documented for audit	Providers increasingly challenge series requests lacking commercial rationale
Regulatory reporting	Templates (AIFMD Annex IV, CSSF U1.1) pre-date evergreen features: run-off classes, redemption queues, investor-level lock-ups and LMT use map poorly	Manual interpretation and off-system adjustments	Expectations anticipated to evolve under AIFMD II; scrutiny of liquidity disclosures rising

Source: L3A evergreen working group, May 2026. Vendor-generic by design.

6.1 Run-off accounting: the weakest link

Run-off accounting is the least supported function in the market today. No major administration platform has a fully native run-off module. In practice, providers repurpose side-pocket functionality and finish the calculation outside the core system. The liquidity architecture described earlier noted that side pockets are often the operationally simpler route to a run-off outcome. It is exactly that borrowed simplicity which is now under strain, because a repurposed side pocket brings a separate NAV calculation, manual reconciliations and an extra control framework with it.

The approach works at today's volumes. Whether it will scale as run-off assets grow is an open question, particularly in funds with many classes and currencies, where every run-off election multiplies the tagging of assets between active and run-off pools and the allocation of profit and loss by class. Run-off and rolling-vintage structures are becoming more common in evergreen private credit, so the volume question is not hypothetical.[5] Some providers deal with this at the design stage, steering managers toward annual rather than quarterly run-off elections to limit the number of classes; institutional investors do not necessarily find annual windows less attractive. Vendors show few signs of building this in the near term, so the solutions are likely to stay administrator-driven.

6.2 Investor-level lock-up tracking

The liquidity architecture described earlier treats lock-ups applied at investor level, running from each investor's own subscription date, as the design standard and the fairer approach. Fund-level lock-ups are increasingly seen as less equitable. What operations show is that practice lags the documentation. Systems can usually record an investor's lock-up period, but cannot enforce it inside the dealing workflow, so enforcement depends on manual controls at each redemption cycle. It gets harder when hard and soft lock-ups run side by side. A soft lock-up, which allows early exit against a penalty, is especially difficult to track because the restriction is conditional rather than absolute.

The real constraint, though, sits further upstream. Enforcing lock-ups investor by investor depends on complete and reliable data about who subscribed when. Where orders arrive through distribution platforms, that data is inconsistent. Until it improves, investor-level lock-up terms will keep being written faster than they can be administered systematically.

6.3 Liquidity forecasting: ownership before tooling

On liquidity forecasting, the clearest line is about ownership rather than technology. Forecasting a fund's liquidity is a budgeting exercise, and it is owned by the AIFM, in line with how the AIFMD allocates liquidity risk management; the general partner contributes the investment-side inputs, such as the deal pipeline and expected realisations.[6] Administrators provide the operational inputs: subscription and redemption pipelines, commitment schedules and cash positions. They do not set or own the assumptions. Managers regularly try to move the exercise onto their service providers, and the line should hold: an administrator that owns the assumptions has stepped into the manager's risk function. Private credit is easier to forecast than most strategies, because loan maturities support clear interest and repayment scenarios.

[5] BNP Paribas Securities Services, “A new wave of innovation in evergreen private credit funds: run-off and rolling vintage structures”, March 2026.
[6] Directive 2011/61/EU (AIFMD), Article 16 (liquidity management), as amended.

The tooling matters less than the ownership. Excel dominates because it is flexible and transparent, vendors are starting to explore purpose-built tools, and there is no industry standard.6.4 Series-based pricing

Series accounting is the sharpest example of the platform gap. Core systems are built to strike one NAV per share class. Funds that issue several series within a class, almost always to support the performance-fee methods described in Topic 5, therefore have to be calculated outside the platform and reconciled by hand. Direct experience in the market is still limited, but the assessment is consistent: series pricing is one of the most operationally intensive features an evergreen fund can adopt, and several providers now challenge series requests that lack a clear commercial reason. Auditors accept externally calculated series where the controls are documented and transparent.

6.5 Regulatory reporting fit

Regulatory reporting frameworks were designed before evergreen funds existed. Annex IV reporting under the AIFMD and the CSSF's U1.1 collection assume conventional fund shapes, so the features that define evergreen structures map onto them poorly: run-off classes, redemption queues, investor-level lock-ups and the use of liquidity management tools. Manual interpretation and off-system adjustments are routine. The context is tightening, too. AIFMD II has applied since 16 April 2026 and was transposed in Luxembourg by the law adopted on 12 February 2026.[7] Reporting expectations and templates can be expected to evolve with it, and scrutiny of liquidity disclosures is rising in the meantime.

6.6 No end-to-end platform: the integration response

> ***"There is no single place to go."***

The theme running through every function is that no end-to-end evergreen platform exists. A typical set-up spans transfer agency, fund accounting, investor servicing, performance-fee calculation and regulatory reporting, joined together by messaging and file transfers, including SWIFT. The market's answer is pragmatic rather than aspirational: rather than wait for a perfect platform, most providers are investing in integration and in the controls that police each hand-off. Consolidation is being engineered around the platforms rather than delivered by them. Whether that stitched-together set-up holds up under stress is the subject of the final topic.

Key takeaways

- → Run-off accounting is the least-supported function in the market - repurposed side-pocket logic works today and worries everyone about tomorrow.
- → Investor-level lock-up terms are being written faster than they can be administered; distributor data quality is the binding constraint.
- → The forecast is owned by the AIFM, with input from the GP. Tooling is secondary to keeping that ownership line clean.

[7] Directive (EU) 2024/927 ("AIFMD II"), applicable from 16 April 2026; Luxembourg law of 12 February 2026 transposing the Directive .

Topic 7: Preparedness for extreme market events

~10%	5%	20-25%	5-10
liquidity buffer commonly observed	redemption gate per dealing period	of NAV - typical annual redemption capacity	working days from trigger to suspension

The set-up described in Topic 6 holds together in calm conditions. The real test of the evergreen model is what happens when redemptions arrive all at once.

Three questions follow. How is the market backdrop changing? How ready are stress arrangements in practice? And what actually happens when a fund moves from business as usual into suspension, and back again?

7.1 The market backdrop: sentiment under debate

Views on the near-term outlook genuinely diverge, and private credit is where the disagreement is sharpest. It is the dominant evergreen strategy in Luxembourg. One view is that this is a difficult moment to launch. It points to the quality of loans written in the boom years, to the risk of non-performing exposures if the cycle turns, and to the fact that downturns tend to increase redemption requests at exactly the moment assets are hardest to sell. The other view points to the demand evidence in Exhibit 4 and to a practical advantage: private credit produces contractual interest and repayments, so its cash flows are easier to forecast than most other strategies.

Recent events give the debate substance. In late 2025 and early 2026, redemption requests at several large US evergreen credit funds went beyond their quarterly limits, and market observers described queues forming.[8] Real estate attracts less debate and more caution, as confidence there has not recovered. Two further observations recur: retail investors gravitate to products they understand, and private credit needs more investor education than real estate, not less. Scepticism about how far the ELTIF label has really taken off also persists in parts of the market. As of October 2026 the ESMA register recorded 327 ELTIFs across the EU, 176 of them domiciled in Luxembourg — more than half the total, and well ahead of France (87) and Ireland (35). That signals real traction for the wrapper, but it is not a measure of the evergreen market as such: many evergreen funds are established as RAIFs, SCSps or Part II UCIs rather than as ELTIFs, and not every ELTIF is open-ended.

7.2 Stress testing: ownership and visibility

Liquidity stress testing follows the same ownership line drawn in Topic 6. Designing scenarios and setting assumptions is the AIFM's job. That is a regulatory allocation, not a preference, and it has been covered by ESMA's liquidity stress testing guidelines since 2020, on at least an annual cycle.[9] Administrators supply the operational data: redemption pipelines, upcoming deals and subscriptions, cash and liquidity positions. What they usually cannot see is how their data is being used, and boards in turn rely on the AIFM's conclusions.

[8] Press reporting on redemption limits and queues at large US evergreen private credit funds, Q4 2025 - Q1 2026
[9] ESMA, Guidelines on liquidity stress testing in UCITS and AIFs, applicable since September 2020.

Engagement is intensifying, with AIFMs asking more questions more often, and the regulatory floor has just risen. Since 16 April 2026 every open-ended AIF must have chosen at least two liquidity management tools from the harmonised list introduced by AIFMD II. Technical standards are phasing in, and ESMA guidance recommends pairing a quantitative tool with an anti-dilution tool.[10] Regulation and practice are pushing in the same direction, toward more conservative liquidity positions.

7.3 Buffers, gates and their limits

Luxembourg practice sits toward the top of the 5-10% buffer range described earlier in this paper. Liquidity buffers of around 10% of NAV are common, redemption gates are frequently set near 5% per dealing period, and funds are typically designed to return no more than 20-25% of NAV a year. The question is whether buffers are being asked to do too much. Under concentrated redemption pressure a buffer is finite, and visibly so, which is why it is increasingly treated as one tool among several rather than as the defence. The academic evidence points the same way. A study of US open-end real estate funds found that liquidity restrictions protect long-term investors against NAV-timing behaviour, while buffers do not, and that buffers can make the problem worse when added on top of restrictions.[11] The suspension of UBS's Euroinvest fund in March 2026 (Exhibit 8) gave the debate a live reference point, and each such event pushes the market toward more conservative calibration.

EXHIBIT 8 - CASE IN POINT: UBS (D) EUROINVEST IMMOBILIEN

On 26 March 2026, UBS Real Estate announced the suspension of redemptions in its Euroinvest Immobilien fund for up to 36 months. The fund - a German open-ended real estate vehicle holding EUR 406.8 million (USD 469 million) at end-February 2026 - had reported a twelve-month loss of roughly 9% ahead of the suspension The fund operates under Germany's KAGB regime rather than as a Luxembourg AIF, so its mechanics do not read across directly. The episode nonetheless stands as a live illustration of the limit of visible, finite buffers under concentrated redemption pressure - consistent with the evidence that restrictions, not buffers, do the protective work.

Source: Reuters, March 2026; Couts (2025).

7.4 Activation: decision and communication

Suspensions are rare, and it shows. Few providers have a written, board-approved playbook, and first-time activations are largely improvised. The decision chain itself is broadly understood, although the precise process depends on the fund structure, its documentation and governance arrangements. A typical sequence is:

- → **The AIFM typically proposes:** the suspension, on the basis of the liquidity position and stress outlook.
- → **The board (or relevant governing body) typically decides:** where the fund documentation provides for it, carrying formal responsibility for the measure.

[10] Article 16(2b) and Annex V AIFMD, as amended by Directive (EU) 2024/927; Commission Delegated Regulation on the characteristics of liquidity management tools (adopted 17 November 2025, applying from 16 April 2026, with transition to 16 April 2027 for funds constituted before that date); ESMA Guidelines on liquidity management tools (March 2026).

[11] Couts, S.J. (2025), "Liquidity transformation risks and stabilization tools: Evidence from open-end private equity real estate funds", Real Estate Economics, 53(5), 1009-1044.

- → **The depositary verifies:** that the decision and its execution follow the fund documentation, as part of its oversight duties.[12]
- → **The CSSF is notified:** the AIFM must notify the regulator when a suspension is activated or deactivated.
- → **The administrator monitors and escalates:** on a date or threshold breach - typically its only formal role in the chain.

Working through that chain typically takes five to ten working days from trigger to activation, which can be slower than the situation it is responding to. Communication is the weaker half. Prospectus disclosure of liquidity tools is thorough, but communication during an actual suspension is improvised and inconsistent across distribution channels, and pre-drafted notification templates are rare. Escalation paths and communication protocols agreed in advance are the clearest gap in preparedness, and the closing topics of this paper return to it.

EXHIBIT 9 - STRESS READINESS BY PHASE

Phase	Practice observed	Coordination touchpoints	Maturity gap
Preparation	AIFM-owned stress testing on at least an annual cycle; administrators supply redemption pipelines, deal and subscription calendars, and liquidity positions; buffers of ~10% of NAV calibrated against gates near 5%; annual redemption capacity typically 20-25% of NAV	AIFM-administrator (data); AIFM-board (conclusions); depositary oversight	Administrators have limited visibility into assumptions; evergreen-specific scenarios rare; two-LMT selection now the regulatory floor (16 April 2026)
Activation	Trigger to suspension typically 5-10 working days: AIFM typically proposes and board decides (subject to fund documentation), depositary verifies, CSSF notified; administrator monitors thresholds and escalates, applies the suspension	Governance triangle: AIFM (regulatory responsibility), GP (investment input) and board plus depositary, regulator and distributors	Written, board-approved playbooks rare; first activations improvised; live communications inconsistent across channels; few pre-drafted templates
Recovery	Phased reopening preferred, sequencing partial dealing before full resumption; rebuilding investor confidence treated as the critical variable	Board/AIFM decision; administrator sequencing of dealing resumption; distributor communications	Exit criteria often undefined where entry criteria are not; recovery planning less mature than suspension planning

Practice observed and timings: L3A evergreen working group, May 2026. Regulatory elements: stress testing per source [9]; two-tool requirement per source [10]; suspension notification and depositary oversight per source [12].

[12] AIFMD as amended by Directive (EU) 2024/927: suspension of subscriptions, repurchases and redemptions is Annex V point 1, available in exceptional circumstances and where justified in the interests of investors, with the AIFM required to notify its national competent authority without delay on activation and deactivation; in Luxembourg the CSSF expects notification within a reasonable timeframe before activation or deactivation. Depositary oversight of the issue, repurchase, redemption and cancellation of units follows AIFMD Article 21(9). ESMA Guidelines on liquidity management tools (March 2026) confirm that responsibility for selecting, calibrating and activating tools rests with the manager.

7.5 Recovery and the governance bottleneck

> ***"The bottleneck is governance coordination, not operational execution."***

Recovery planning is less developed still. The criteria for entering a suspension are usually defined; the criteria for leaving one often are not. Phased reopening is the preferred route, with partial dealing before full resumption, and rebuilding investor confidence is treated as the critical variable. One option occasionally raised is suspending publication of the NAV itself during the stabilisation period. Two points temper the picture. First, many evergreen funds are still early in their life, with a large share of assets inside lock-up, so the model's behaviour under stress is genuinely untested at scale; the impact will depend on who the investors are and how the fund is performing at the time. Second, and consistently across scenarios: administrators can calculate, monitor and escalate quickly, but the decisions sit with the AIFM, which carries the regulatory responsibility, and with the board or relevant governing body as provided in the fund documentation, with the general partner contributing investment-side input. The speed of the whole process depends on how quickly these parties convene and commit. Exhibit 10 draws the line.

EXHIBIT 10 - THE BOUNDARY LINE: WHO OWNS WHAT IN A LIQUIDITY EVENT

The AIFM (with GP input) owns	The administrator provides
Liquidity forecasting assumptions and the liquidity budget	Operational inputs: subscription and redemption pipelines, commitment schedules, cash positions, available portfolio data
Stress-test scenarios and assumptions (with board reliance on conclusions)	Data feeds: redemption pipeline, forthcoming deals and subscriptions, liquidity positions
The suspension proposal (AIFM) and decision (typically the board, depending on fund documentation and governance); depositary verifies; CSSF notified)	Threshold monitoring, breach identification and escalation to the right governance body
Investor communications during a stress event	Dealing sequencing and operational execution on reopening

Source: L3A evergreen working group, May 2026.

Key takeaways

- → Buffers are one instrument among several - the evidence says restrictions, not buffers, do the protective work.
- → Activation is a governance sprint the industry has rarely run: 5-10 working days, few playbooks, improvised communications.
- → Recovery needs exit criteria as deliberate as the entry criteria - today it rarely has them.

From pain points to responses

The picture that emerges is consistent. The evergreen administration model works: assets are serviced, NAVs are produced and redemptions are met. But it works through people, workarounds and control frameworks rather than through platforms built for the job. Complexity builds up through combinations of features, talent is the scarce ingredient, and every major function from run-off accounting to series pricing runs at least partly outside the core systems.

Two boundaries hold firm. Valuation and liquidity forecasting assumptions, stress scenarios and suspension decisions sit primarily with the AIFM, which carries the regulatory responsibility, supported by the general partner on the investment side. Administrators supply data, calculation, monitoring and escalation. Keeping that split clean, as more work migrates toward service providers, is itself an operational discipline.

The gaps set out here are an agenda rather than a verdict: run-off accounting at scale, investor-level tracking, standardised cut-offs and interfaces, suspension playbooks and communication protocols. The closing topics of this paper take up that agenda, looking at the operating models emerging across the market, the investments administrators are making, and the areas where common guidance or standards are still missing.

Topic 8: Operating models and the investment response

3	Build vs buy	AI + OCR	Local + offshore
operating models in use: pooled, hybrid and dedicated	the investment question every provider now faces	where automation is being applied first	the delivery model the market is converging on

The gaps set out in Topics 5 to 7 are being met in two ways: by choices about how teams are organised, and by where administrators put their money. Neither is settled, and the market is visibly experimenting.

The pain points described so far are not being ignored. Across the market, providers are responding through a mix of organisational design and targeted investment. What is striking is how little consensus there is. Two administrators of similar size can run entirely different operating models and make opposite build-versus-buy calls, and both can be defensible. This topic sets out the models that are emerging, the investment choices behind them, and where automation genuinely helps.

8.1 Three operating models, no consensus

Three broad operating models are visible today. The pooled model keeps evergreen funds inside existing closed-ended or open-ended teams and treats them as a variation on business as usual; it is the most common starting point and the cheapest to run, but it strains as complexity rises. The hybrid model carves out a specialist cell for the hardest functions - series pricing, run-off accounting, capital account maintenance - while routine processing stays pooled. The dedicated model stands up a self-contained evergreen team end to end, and is generally reserved for providers with EUR 500 million to 1 billion or more of evergreen assets, as Topic 5 described. No single model has won. What determines the choice is the complexity of the book rather than its size, and several providers move between models as their pipeline matures.

8.2 Build, buy or integrate

The investment question underneath the operating model is build, buy or integrate. Building in-house gives the closest fit to a provider's own controls but is slow and ties up scarce engineering talent. Buying a vendor module is faster but, as Topic 6 showed, no vendor covers the full evergreen feature set, so a purchase still leaves gaps. In practice most administrators are choosing a third path: integrate. They keep their existing accounting and transfer agency platforms and invest in the connective tissue between them - middleware, reconciliation engines and controls around each hand-off. Consolidation is being engineered around the platforms rather than bought as a finished product, and this is where the bulk of current spending is going.

> ***Scale is still being bought with people, not systems - but the balance is starting to shift.***

8.3 Where the investment is going

Investment is concentrating in four areas. First, integration and data flows between systems, to cut the manual reconciliation that grows with every added feature. Second, workflow and controls tooling, to make the workarounds described in Topic 6 auditable and repeatable rather than person-dependent. Third, investor-facing digital channels: subscription journeys, document upload and reporting portals, driven by the retail volumes flagged in Topic 5. Fourth, data quality at the distributor boundary, because investor-level lock-ups and capital account accounting are only as good as the subscription data feeding them. Exhibit 11 sets the three operating models against the investment profile each one implies.

EXHIBIT 11 - OPERATING MODELS AND THEIR INVESTMENT PROFILE

Model	What it is	Best suited to	Trade-off
Pooled	Evergreen funds run inside existing closed- or open-ended teams as a variation on BAU	Providers early in the evergreen cycle, or with simple, low-class books	Cheapest to run but strains fastest as feature combinations accumulate
Hybrid	A specialist cell for the hardest functions; routine processing stays pooled	Providers with a growing book and a handful of complex funds	Requires clear hand-off rules; expertise can bottleneck in the cell
Dedicated	A self-contained evergreen team, end to end	Providers above roughly EUR 0.5-1bn of evergreen assets	Highest fixed cost; only justified once volume and complexity are both high

Source: L3A evergreen working group, May 2026. Model thresholds indicative; no agreed market standard.

8.4 Automation and the limits of straight-through processing

Automation is where expectations most often outrun reality. Optical character recognition and rules-based automation are being applied to subscription documents, dealing instructions and reconciliations, and machine learning is starting to appear in data validation and exception handling. These help at the edges. What they do not yet deliver is straight-through processing across the evergreen life cycle, because the underlying platforms still cannot hold run-off classes, series or capital accounts natively. Automation layered on top of a fragmented system landscape speeds up individual steps without removing the hand-offs between them. Until the platform gap in Topic 6 narrows, automation raises throughput per person rather than replacing the person, and the honest assessment across the market is that scale is still being bought mainly with headcount.

Key takeaways

- → Three operating models coexist - pooled, hybrid and dedicated - and complexity, not size, decides which one fits.
- → The dominant investment choice is to integrate rather than build or buy: spending is going into the connective tissue between platforms.
- → Automation lifts throughput per person but does not yet deliver straight-through processing while the platform gap remains.

Topic 9: Where common guidance and standards are still missing

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industry data standards for evergreen NAV and dealing files	cut-off times still unharmonised across TAs, distributors and managers	LMT transition deadline for funds constituted before April 2026	priority areas the working group flags for common guidance

Individual administrators have built workarounds that hold today. What the market still lacks is common ground: shared definitions, standard interfaces and agreed playbooks that would let those workarounds scale.

The workarounds documented throughout this paper work because skilled people and documented controls make them work. Their weakness is that they are bespoke. Each provider has solved run-off accounting, series pricing and investor-level tracking in its own way, which means effort is duplicated across the market and nothing compounds. The clearest opportunity is not another platform; it is common ground. Four areas stand out, and a fifth - a shared vocabulary - underpins them all.

9.1 Data and interface standardisation

There is no industry data standard for the files that move an evergreen fund: NAV packs, dealing instructions, capital account statements and regulatory extracts are all formatted provider by provider. Every new distributor or manager relationship therefore starts with a bespoke mapping exercise. A common message schema, of the kind that already exists for parts of the UCITS world, would cut onboarding time and reduce the reconciliation burden that Topic 6 identified as the main driver of manual work. This is a coordination problem rather than a technology problem, and it is well suited to industry-body facilitation.

9.2 Cut-off harmonisation

Cut-off times are not aligned between transfer agents, distributors and managers, so the same dealing cycle can carry three different deadlines. That mismatch is a direct source of operational risk and manual intervention, and it worsens as retail distribution channels - with their own, faster, liquidity promises - are added. Agreeing reference cut-off conventions would not remove every difference, but it would give providers a baseline to design against rather than reconciling exceptions after the fact.

9.3 Suspension playbooks and communication protocols

Topic 7 identified activation and communication as the weakest links in stress readiness: few board-approved playbooks, improvised first activations and inconsistent messaging across channels. This is the area where shared templates would help most quickly. Model suspension playbooks, pre-drafted investor notifications and agreed escalation paths could be developed once, at industry level, and adapted by each fund - turning a five-to-ten-working-day governance sprint into a rehearsed procedure. Because suspensions are rare, no single provider builds this muscle often enough on its own, which is exactly why common guidance adds value.

9.4 A shared vocabulary for run-off and series

Underlying all of the above is language. Terms such as run-off class, series, dealing NAV and soft lock-up are used with subtly different meanings across providers, prospectuses and regulators. The glossary at the front of this paper is a first step. A market-agreed vocabulary would make data standards, cut-off conventions and playbooks far easier to write, because the parties would at least be describing the same thing. Exhibit 12 sets out the priority areas, the gap today and what good would look like.

EXHIBIT 12 - PRIORITY AREAS FOR COMMON GUIDANCE

Area	Gap today	What good would look like	Natural owner
Data and interfaces	NAV, dealing and capital-account files formatted provider by provider	A common message schema reused across managers and distributors	Industry body + vendors
Cut-off times	Deadlines unaligned across TAs, distributors and managers	Reference cut-off conventions to design against	Industry body
Suspension playbooks	Few board-approved playbooks; communications improvised	Model playbooks, pre-drafted notices and agreed escalation paths	AIFMs + industry body
Shared vocabulary	Key terms used inconsistently across parties	A market-agreed glossary underpinning the above	Industry body
Regulatory templates	Annex IV and U1.1 pre-date evergreen features	Guidance on mapping run-off, queues and LMTs under AIFMD II	Regulator + industry

Source: L3A evergreen working group, May 2026. Regulatory template evolution anticipated under AIFMD II.

Key takeaways

- → The binding constraint is no longer technology but coordination: bespoke workarounds do not compound across the market.
- → Data standards, cut-off conventions, suspension playbooks and a shared vocabulary are the four highest-value pieces of common ground.
- → Most of these are industry-body problems, not vendor problems - and they can be solved without waiting for a perfect platform.

Conclusion: the road ahead

Taken together, the closing topics of this paper describe a market that is coping well and standardising slowly. The evergreen administration model delivers: assets are serviced, NAVs are struck and redemptions are met. It does so through capable people, documented workarounds and control frameworks rather than through purpose-built platforms, and providers are now investing to make those workarounds repeatable and auditable rather than person-dependent.

Three shifts will shape the next phase. Operating models will keep migrating from pooled toward hybrid and dedicated as books grow in complexity. Investment will stay concentrated on integration and controls rather than on a single end-to-end platform that does not yet exist. And the largest gains will come not from any one provider but from common ground - shared data standards, harmonised cut-offs, model suspension playbooks and an agreed vocabulary - that lets individual solutions compound across the market.

The boundary that runs through the whole paper still holds, and should. Valuation and liquidity assumptions, stress scenarios and suspension decisions sit primarily with the AIFM, supported by the general partner on the investment side; administrators supply data, calculation, monitoring and escalation. Keeping that line clean as more work migrates to service providers is itself a discipline. The agenda is clear, the responses are under way, and the work of turning bespoke resilience into shared standards is where the L3A community can add the most value next.

L3A WORKING GROUP

Part 3

Best practices and market solutions

Best Practices & Market Solutions

Purpose of this section

Building on the previous sections, this part shifts the focus from the structural features and operational constraints of evergreen and semi-liquid funds to the practical models required to service them at scale.

It examines how operating models, distribution channels, servicing architecture and infrastructure are evolving to support these structures as they become more established across the market.

The section therefore focuses on emerging best practices and market solutions, including distribution enablement, investor servicing, data connectivity, platform readiness, governance and standardisation.

Topic 10: A broader servicing ecosystem

10.1 From fund lifecycle to a broader servicing ecosystem

Topics 10 to 17 look beyond the administrator's own perimeter to the wider servicing ecosystem. The growth of evergreen structures is expanding the role of fund administrators. Traditional private market administration has historically been organised around a defined fund lifecycle, with operational intensity concentrated around commitments, capital calls, distributions, reporting and eventual wind-down. Evergreen funds require a different rhythm. Onboarding, subscriptions, redemptions, investor reporting, data checks and communication processes occur on a recurring basis and often in parallel.

This creates a broader servicing ecosystem. Administrators are no longer operating only in a direct relationship with the fund manager and a limited investor base. They increasingly need to coordinate with AIFMs, distributors, nominee platforms, private banks, transfer agents, depositaries, technology providers and investor portals. This evolution is particularly visible where evergreen strategies are distributed through wealth channels, where intermediaries may hold the investor relationship while the asset manager and administrator still require reliable investor data, transaction information and reporting outputs.

10.2 A B2B2C architecture and the balance between scale and transparency

The resulting model is closer to a B2B2C servicing architecture. The fund remains a private markets product, but the servicing experience increasingly reflects wealth-management expectations. Investors expect clearer access, more frequent information and better transaction visibility, while managers and AIFMs require stronger look-through data, operational control and governance across the distribution chain.

This creates a structural tension between scale and transparency. Omnibus and nominee models support broader distribution and operational efficiency, but they also require clear arrangements for AML/KYC oversight, investor-data transmission, look-through due diligence and ongoing monitoring.

The effectiveness of the operating model therefore depends on the ability to define responsibilities clearly across all participants in the servicing chain.

EXHIBIT 13 – EVERGREEN SERVICING ECOSYSTEM

Layer	Main participants	Key operating requirement
Governance and oversight	AIFM, board, portfolio manager, depositary, CSSF	Valuation oversight, liquidity governance, investor fairness and regulatory accountability
Fund administration	Administrator, transfer agent, fund accountant	NAV production, investor register, subscriptions, redemptions, equalisation and reporting, financial statements, investor communication
Distribution interface	Distributors, nominee platforms, private banks, wealth managers	Investor access, onboarding data, transaction routing and communication
Technology and data	Investor portals, accounting systems, workflow tools, API providers	Data exchange, reconciliation, dashboards and audit trails
Investor experience	Institutional investors and wealth investors	Digital access, reporting transparency and liquidity communication

Topic 11: Investor servicing as part of the product experience

11.1 From administrative function to product proposition

Investor servicing is becoming a core component of evergreen fund design. In closed-ended private market funds, investor servicing was often treated as an administrative support function. In evergreen and semi-liquid structures, it becomes part of the investor proposition itself, particularly where funds are distributed through private banks, wealth managers or digital platforms.

Digital onboarding, document upload, self-service portals, automated notifications, transaction visibility, portfolio-level reporting and fee transparency are becoming increasingly important. These expectations are shaped less by traditional private market servicing and more by the standards investors experience in digital banking, wealth management and open-ended fund platforms.

11.2 Redemptions need the same attention as subscriptions

Market maturity remains uneven across the servicing cycle. Onboarding and subscription processes have progressed more rapidly because they are more standardised and easier to automate. Redemption servicing remains more complex. It requires investor-level eligibility checks, liquidity availability analysis, gate or queue management, NAV coordination and clear investor communication. This echoes Topic 7, where recovery planning was found to be less mature than suspension planning.

This distinction is important. Periodic liquidity is one of the defining features of evergreen funds, but it is also one of the most demanding areas to service. A scalable operating model must therefore give redemptions the same level of process design, system support and governance attention as subscriptions.

EXHIBIT 14 – MATURITY OF KEY EVERGREEN SERVICING WORKFLOWS

Workflow	Current market maturity	Main observation
Digital onboarding	Advanced / improving	Increasing use of portals and workflow solutions
Subscription processing	Improving	More standardised, but dependent on distributor data quality
Investor reporting	Developing	Growing demand for dashboards and portfolio-level visibility
Transaction notices	Developing	Increasing automation, depending on fund structure and client setup
Redemption processing	Less mature	More conditional, less standardised and more operationally sensitive
Liquidity operations	Less mature	Requires coordination between AIFM, portfolio manager, depositary and administrator
Cross-system reconciliation	Less mature	Still affected by fragmented data models and manual controls

Topic 12: Data architecture and platform readiness

12.1 Recurring data flows and data governance

Evergreen servicing depends on the ability to manage recurring data flows across multiple participants. Subscription and redemption instructions, investor data, NAV information, reporting outputs, liquidity data and operational-status information need to circulate between administrators, managers, AIFMs, distributors, banks and technology platforms. As a result, API connectivity, data integration, workflow visibility and reconciliation controls are becoming core infrastructure requirements.

This is not only a technology issue. It is also a governance issue. As more parties contribute to the servicing chain, the operating model must define who owns the data, who validates it, who enriches it, how exceptions are resolved and how data quality is monitored. Weak data governance can create reconciliation breaks, reporting inconsistencies and operational-risk exposure.

12.2 Platform readiness and structural choices

Platform readiness is particularly important because evergreen structures sit between traditional closed-ended private market funds and open-ended fund models. They require private market functionality, including investor allocations, equalisation and complex fee modelling, while also requiring more frequent NAV, dealing and reporting capabilities. Existing systems may therefore need to be connected, adapted or supplemented to support the full operating model.

The choice between NAV-per-share and commitment-based models has direct operational consequences. A NAV-per-share model requires systems and controls that support dealing, allocation and reporting logic closer to open-ended fund servicing, while commitment-based models rely more heavily on traditional private market administration mechanics. The appropriate platform architecture therefore depends on the fund's economic model, investor base, dealing frequency and reporting expectations.

Structural design choices can also create operational consequences. Tracking-share structures may reduce the need for multiple compartments and support cost efficiency, but they can introduce complexity around equalisation, NAV allocation, performance tracking and reporting. For this reason, product design should be assessed not only from a legal or distribution perspective, but also through an operational-readiness lens.

EXHIBIT 15 – KEY OPERATING DECISIONS BEFORE LAUNCH

Operating decision	Why it matters	Operational implication
NAV-per-share or commitment-based model	Determines dealing, accounting and allocation logic	Platform readiness must be assessed before launch
Direct investors or nominee platform	Determines investor visibility and due diligence model	Look-through and data-sharing processes must be defined
Tracking shares or compartments	Impacts cost, reporting and equalisation	Structural efficiency must be balanced against operational complexity
Internal portal or distributor portal	Determines ownership of the investor journey	Interfaces, data flows and responsibilities must be clarified
Manual files or API connectivity	Impacts scalability and reconciliation risk	Connected workflows reduce reliance on repeated manual exchange

Topic 13: Operational transparency and oversight

13.1 Transparency as a control requirement

As evergreen servicing becomes more continuous, operational transparency becomes a control requirement. Managers, AIFMs and distributors increasingly need visibility over the status of onboarding, dealing, reporting, redemptions and unresolved exceptions. This visibility is necessary not only for client service, but also for operational-risk management and governance oversight.

Workflow-monitoring tools and operational dashboards can support this shift. They allow servicing participants to identify delays, monitor service levels, track exceptions and understand bottlenecks across the operating model. This is particularly relevant where processes depend on multiple systems, external data feeds or delegated service providers.

13.2 Embedding KPIs and SLAs from the outset

KPIs and SLAs should therefore be embedded from the outset. These metrics should cover service delivery, data quality, investor experience and operational risk. Relevant indicators include onboarding turnaround time, incomplete investor files, subscription breaks, redemption-processing timelines, gated amounts, queue status, reconciliation breaks, late data feeds, reporting delivery, SLA breaches and unresolved exceptions.

A robust KPI framework also supports delegated oversight. Where AIFMs and managers rely on administrators, distributors, transfer agents or technology providers, clearly defined indicators help evidence monitoring, escalation and accountability across the servicing chain.

EXHIBIT 16 – EVERGREEN SERVICING KPI FRAMEWORK

Area	Example KPI / SLA	Purpose
Onboarding	Turnaround time, incomplete files, KYC exceptions	Measures investor-entry efficiency and compliance quality
Subscriptions	Processing time, rejected instructions, reconciliation breaks	Measures dealing accuracy and operational reliability
Redemptions	Requests processed, gated amounts, queue status, processing timeline	Measures liquidity-servicing readiness
Data quality	Missing fields, late feeds, reconciliation breaks	Measures integrity of the data architecture
Reporting	Delivery timing, portal availability, investor queries	Measures transparency and investor-servicing quality
Oversight	SLA breaches, escalations, unresolved exceptions	Measures operational-risk management

Topic 14: Automation and AI under governance

14.1 Automation as a servicing enabler

Automation is becoming an important enabler of evergreen servicing. Semi-liquid funds generate recurring and data-intensive workflows across onboarding, subscriptions, redemptions, NAV production, investor allocations, fee calculations, AML/KYC documentation and reporting. Automation can help reduce manual intervention, improve consistency and support higher servicing volumes.

Artificial intelligence may support specific operational activities, including document review, AML/KYC processing, data validation, workflow monitoring, exception detection, reconciliation support and reporting production. These use cases are particularly relevant where administrators need to process large volumes of data and documents across recurring servicing cycles.

14.2 Automation does not remove the need for governance

However, automation does not reduce the need for governance. Fund servicing remains a regulated activity where accountability, auditability and investor fairness remain central. AI-enabled processes therefore require human oversight, vendor due diligence, outsourcing review, escalation procedures, policies, controls and audit trails.

This is particularly important for evergreen funds because operational outputs may have direct economic consequences between investors. Errors in investor eligibility, NAV allocation, equalisation, fee calculation, redemption processing or reporting can affect investor fairness. AI should therefore be treated as a controlled operating layer, not as a substitute for administrator judgement. This is consistent with CSSF Circular 22/806 on outsourcing arrangements and with the L3A/LPEA Outsourcing Guidelines based on CSSF Circular 22/806 (February 2026).

EXHIBIT 17 – AI USE CASES AND CONTROL REQUIREMENTS

Use case	Potential benefit	Required control
Onboarding document review	Faster processing of investor files	Human validation and AML/KYC oversight
Data validation	Earlier detection of incomplete or inconsistent data	Data ownership and quality controls
Reconciliation support	Faster identification of breaks	Exception review and sign-off
Workflow monitoring	Better visibility of bottlenecks	Escalation rules and accountability
Investor reporting support	More efficient production of reporting outputs	Output review and factual accuracy
AI-assisted operations	Reduced manual handling and data extraction and input	Vendor due diligence, auditability and outsourcing review

Topic 15: Skills and operating-model capabilities

15.1 New capabilities required

Technology investment must be accompanied by a corresponding evolution in skills. Evergreen servicing requires capabilities that go beyond traditional transaction processing and periodic fund reporting. Administrators need stronger expertise in data governance, technology integration, workflow design, investor servicing, liquidity operations, AI oversight and operational-risk monitoring.

15.2 From transaction processing to process orchestration

The role of servicing teams is therefore moving towards process orchestration and exception management. As automation absorbs more repeatable tasks, human expertise becomes more important in areas requiring judgement, interpretation, escalation, client communication, regulatory interaction and governance.

Liquidity and redemption specialists, technology-integration profiles, data-governance experts and AI-oversight capabilities are likely to become increasingly important. Scalable evergreen servicing depends not only on systems, but also on teams able to understand how fund terms, investor servicing, data controls, liquidity constraints and regulatory expectations interact.

Topic 16: Need for greater market standardization

Evergreen and semi-liquid structures are developing faster than the operating standards that support them. Greater standardisation would reduce implementation complexity, improve investor experience and support operational scalability.

16.1 Distributor data and investor experience

Distributor data is one area where standardisation would create clear benefits. Onboarding files, investor information, transaction instructions and servicing data vary significantly across distributors and wealth platforms. This creates reconciliation complexity and slows implementation. Common distributor-data standards would improve onboarding efficiency, data quality and scalability.

Investor experience is another area where alignment is needed. There is not yet a consistent baseline for portal functionality, reporting frequency, transaction visibility, response times or communication standards in evergreen funds. As investor expectations become more aligned with digital wealth and banking experiences, inconsistent servicing standards may become more visible.

16.2 Interoperability and governance priorities

Interoperability also remains a key challenge. Common standards are still limited across onboarding, accounting, transfer-agency and reporting systems. Bespoke integrations and manual reconciliations remain common, increasing operational cost and control risk.

Governance responsibilities also need clearer allocation. This is particularly relevant for data ownership, AI oversight, third-party risk management, outsourcing and operational accountability across administrators, distributors, transfer agents, AIFMs and technology providers.

Finally, the market would benefit from more consistent terminology. Terms such as evergreen, semi-liquid, hybrid and perpetual are not always used consistently (see the glossary at the start of Part 2). A common language would reduce interpretation risk and support clearer communication between managers, administrators, distributors, regulators and investors.

EXHIBIT 18 – MARKET STANDARDISATION PRIORITIES

Area	Current issue	Why alignment matters
Distributor data	Different formats and onboarding requirements	Reduces friction, improves reconciliation and supports scale
Investor experience	Inconsistent portal, reporting and servicing standards	Creates a more predictable investor journey
Interoperability	Bespoke integration across systems	Reduces manual controls and operational risk
Liquidity operations	Different implementation practices	Supports more consistent investor treatment
AI governance	Uneven oversight and auditability expectations	Enables controlled adoption of automation
Terminology	Inconsistent use of evergreen, semi-liquid and hybrid terms	Reduces interpretation risk

Topic 17: Market alignment roadmap

The next phase of evergreen fund development will require progressive alignment across the servicing ecosystem. The objective is not to impose a single operating model, but to define common foundations that reduce friction and support sustainable growth.

17.1 Priority areas: terminology, distributor data and oversight

The first priority is terminology. Shared definitions of evergreen, semi-liquid, hybrid and perpetual structures would improve communication across managers, administrators, distributors, regulators and investors.

The second priority is distributor data. Common data fields, onboarding file expectations and minimum investor-information requirements would improve operational consistency and reduce reconciliation issues.

The third priority is operational oversight. Common KPI and SLA indicators for onboarding, redemptions, reporting, data quality and exceptions would support stronger monitoring and more transparent servicing.

17.2 Interoperability and digital governance

The fourth priority is interoperability. Better alignment around data exchange, workflow connectivity and audit trails would reduce reliance on bespoke integrations and manual controls.

The fifth priority is digital and AI governance. As automation becomes more embedded in servicing processes, clearer expectations will be needed around human review, auditability, outsourcing, vendor oversight and operational accountability.

EXHIBIT 19 – SUGGESTED ROADMAP FOR EVERGREEN SERVICING ALIGNMENT

Phase	Focus area	Expected outcome
Phase 1	Common terminology	Shared definitions for evergreen, semi-liquid, hybrid and perpetual structures
Phase 2	Distributor data	Common data fields and onboarding file expectations
Phase 3	KPI / SLA framework	Common indicators for onboarding, redemptions, reporting and data quality
Phase 4	Interoperability	Better alignment of platform connectivity and data exchange
Phase 5	Digital and AI governance	Principles for auditability, outsourcing, vendor oversight and human review

Conclusion Part 3

Evergreen funds are reshaping the servicing model of private markets. Their development requires an operating model capable of supporting continuous workflows, broader distribution, investor transparency, data connectivity, workflow visibility and stronger governance.

The most important market solutions are emerging around ecosystem coordination, digital investor servicing, API connectivity, platform integration, KPI monitoring, controlled automation and clearer standards. Of these, a shared terminology for evergreen, semi-liquid, hybrid and perpetual structures is the most immediately actionable. These capabilities are becoming core features of scalable evergreen servicing rather than optional operational enhancements.

For Luxembourg, this represents a significant opportunity. Semi-liquid and evergreen structures are moving from niche innovation to mainstream adoption across Europe, shaping how private market strategies are accessed, distributed and serviced by institutional investors, private banks and wealth managers.

The industry's next challenge is to move from individual operating solutions to more consistent market practices. Administrators that combine robust data governance, connected workflows, transparent reporting, disciplined automation and strong oversight will be best positioned to support evergreen structures sustainably and at scale.

Sources

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[2] On quarterly valuation cycles and the use of roll-forwards between formal valuation dates, see for example Long Angle, Evergreen Fund Investment Guide (2025), and Asora, Net Asset Value: how to calculate for private assets (January 2026). AIFMD Article 19(3) requires open-ended AIFs to value at a frequency appropriate both to the assets held and to the fund's issuance and redemption frequency.

[3] Circular CSSF 24/856 on the protection of investors in case of a NAV calculation error, non-compliance with the investment rules and other errors at UCI level, in force since 1 January 2025 (replacing Circular CSSF 02/77), together with the related CSSF FAQ (December 2024).

[4] Trade Republic press release and contemporaneous reporting, September 2025 (partnership with Apollo and EQT; ELTIF products; fractional investing from EUR 1; monthly sell option via the platform's internal marketplace against quarterly fund redemption windows); ELTIF.info newsletter, May 2026, on neo-broker and fintech distribution of ELTIFs. Revolut was reported in December 2025 to be building a private markets team, so its offering was not yet live at the time of writing .

[5] BNP Paribas Securities Services, “A new wave of innovation in evergreen private credit funds: run-off and rolling vintage structures”, March 2026.

[6] Directive 2011/61/EU (AIFMD), Article 16 (liquidity management), as amended.

[7] Directive (EU) 2024/927 (“AIFMD II”), applicable from 16 April 2026; Luxembourg law of 12 February 2026 transposing the Directive .

[8] Press reporting on redemption limits and queues at large US evergreen private credit funds, Q4 2025 - Q1 2026 .

[9] ESMA, Guidelines on liquidity stress testing in UCITS and AIFs, applicable since September 2020.

[10] Article 16(2b) and Annex V AIFMD, as amended by Directive (EU) 2024/927; Commission Delegated Regulation on the characteristics of liquidity management tools (adopted 17 November 2025, applying from 16 April 2026, with transition to 16 April 2027 for funds constituted before that date); ESMA Guidelines on liquidity management tools (March 2026).

[11] Couts, S.J. (2025), “Liquidity transformation risks and stabilization tools: Evidence from open-end private equity real estate funds”, Real Estate Economics, 53(5), 1009-1044.

[12] AIFMD as amended by Directive (EU) 2024/927: suspension of subscriptions, repurchases and redemptions is Annex V point 1, available in exceptional circumstances and where justified in the interests of investors, with the AIFM required to notify its national competent authority without delay on activation and deactivation; in Luxembourg the CSSF expects notification within a reasonable timeframe before activation or deactivation. Depositary oversight of the issue, repurchase, redemption and cancellation of units follows AIFMD Article 21(9). ESMA Guidelines on liquidity management tools (March 2026) confirm that responsibility for selecting, calibrating and activating tools rests with the manager.