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Evergreen Funds, Scale and the Mid-Market: A Compelling Combination for Today's Private Markets Landscape

Evergreen vehicles are redrawing the boundaries of private markets access. What began in the wealth channel has steadily extended to include institutional investors, drawn by the structural advantages these vehicles offer: immediate deployment of capital, long-term compounding, and the flexibility to adjust allocations without the need to manage capital calls, distributions, or the administrative burden of traditional fund structures.

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But the evergreen model places specific demands on the investment platform supporting it. Because capital is raised and deployed continuously, both scale and access are critical. Large, established asset managers are natural leaders in this space: they bring institutional infrastructure, reliable deal flow, experienced teams, and track records spanning multiple economic cycles. However, large asset managers often focus on large-cap businesses.

New Return Reality: "12 Is the New 5"

The shift is structural. According to Bain & Company's Global Private Equity Report 2026, generating a 2.5x multiple or a 20% IRR now requires roughly 12% annual EBITDA growth, compared to around 5% a decade ago. In the era of ultra-low interest rates, multiple expansion and cheap leverage did much of the heavy lifting. Valuation arbitrage and financial engineering were considered legitimate return drivers.

In today's era, with normalised interest rates and valuation multiples still elevated, performance increasingly hinges on operational excellence and genuine earnings growth. And this is a structurally more challenging task for large-cap businesses.

Companies with EBITDA above EUR 100m are often already highly professionalised and operating at scale, with limited headroom for improvement. Sustaining 12% annual EBITDA growth in this segment requires transformational initiatives that are complex, capital-intensive, and inherently riskier.

Mid-sized companies, typically defined as those in the EUR 5m to EUR 100m EBITDA range, present a fundamentally different investment opportunity. These businesses often carry operational inefficiencies, untapped growth potential and are operated by founder families, making them natural candidates for value creation playbooks, if executed thoroughly. The runway for growth is typically longer, and the impact of targeted operational improvements is proportionally greater In the current environment, the mid-market offers a more realistic foundation for the growth rates required to hit return targets.

Why the Mid-Market and Evergreens Are a Natural Match

Three things are essential for an evergreen structure to function well: consistent and scalable deal flow, broad diversification, and reliable liquidity pathways. The mid-market delivers on all three.

On deal flow, the investment universe is substantially broader. Across Europe and North America, thousands of companies fall within the core mid-market EBITDA range, compared to a much smaller pool of large-cap targets. This breadth enables steady capital deployment, which is critical for a vehicle that raises capital continuously. It also supports diversification across sectors, business models, and geographies. The large-cap segment, by contrast, is characterised by intense competition, auction-driven pricing, and periods of constrained capital deployment.

On liquidity, the mid-market is structurally more flexible. As transactions sizes grow, the buyer universe narrows - from hundreds of active private equity firms and strategic acquirers in the mid-market to, in some mega-cap situations, a single-digit group of financial sponsors and global corporates. Larger transactions also attract greater antitrust scrutiny, require shareholder approvals, involve more complex financing structures, and carry higher execution risk. Mid-market transactions, by comparison, benefit from a deep and layered private equity ecosystem, where numerous step-up funds provide natural exit pathways, and where realisations are far less dependent on cyclical IPO windows.

For semi-liquid evergreen funds managing periodic liquidity features, this is particularly important. Smaller transaction sizes allow partial realisations, support more predictable cash flow management, and reduce the risk of execution bottlenecks during volatile market periods.

The Role of Large-Caps in an Evergreen Portfolio

None of the above makes large-caps irrelevant. Within a well-constructed evergreen strategy, the large-cap segment can play a complementary role to a core mid-market strategy.

Large, established market leaders bring stability. Their diversified revenue streams, global footprints, and pricing power offer defensive characteristics that can help mitigate portfolio volatility during periods of stress.

Certain transformational themes, such as digital infrastructure, healthcare services, and the energy transition, also require significant capital commitments that are typically only accessible at larger investment sizes. Selective exposure to these platforms can provide structural growth drivers that mid-market operational value creation alone cannot deliver.

Large-cap assets also retain exit optionality: public listings and large strategic combinations, while cyclical, can generate meaningful returns when conditions align. And from a portfolio construction standpoint, blending mid-market growth assets with select large-cap positions adds diversification across company maturity, sector exposure, and risk-return profile.

The right approach is not a binary choice between segments, but a deliberate allocation that leverages the strengths of each.

Scale, Focus, and Long-Term Compounding

Scale remains essential to evergreen success. Open-ended vehicles require robust origination capabilities, institutional governance, disciplined risk management, and the sector expertise to support portfolio companies through full economic cycles. A platform of meaningful size can ensure consistent deal sourcing, backed by the operational resources to support it effectively.

When that scale is combined with a genuine mid-market focus and selective, deliberate large-cap exposure, the alignment with the evergreen structure becomes particularly strong. The broad mid-market universe supports continuous deployment and diversified growth, while the deep buyer landscape enhances liquidity management. Carefully chosen large-cap businesses can add resilience and thematic breadth.

In an environment where financial engineering no longer drives performance, the ability to create operational value – company by company, over time – is what separates durable strategies from those built for a different era. And the mid-market is where that ability is most consistently rewarded.

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About Amundi Alpha Associates

Amundi Alpha Associates is the private markets multi-manager business line of Amundi Alternative & Real Assets, a trusted European partner with over 40 years of investment experience. Amundi Alpha Associates manages over EUR 20b in AuM across private equity, private debt, and infrastructure funds-of-funds and segregated accounts, primarily on behalf of a global, institutional client base. The business line employs over 80 professionals across its offices in Zurich, Paris, and Barcelona.

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Evergreen Funds: An essential wealth management tool


Beyond the Numbers: ESG in Action

Beyond the Numbers: ESG in Action

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Amundi's private market multi-management business, based in Paris, was launched in 1998 under the legal entity Amundi Private Equity Funds (PEF). Zurich-based Alpha Associates AG was founded in 2004 as a spin-off from Swiss Life. These two entities have been working together since 2024 to create the Amundi Alpha Associates platform.

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