Trust must be earned

Recipe for a Successful Evergreen
The Case for a Multi-Manager Strategy in Private Market Evergreens

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Evergreen funds have fundamentally changed who can access private markets. Open-ended and continuously subscribed, they bring private equity, private credit, and unlisted infrastructure to private individuals and smaller institutions. At this point, the case for evergreens is well-established. The harder question is in which evergreen to invest and how to build exposure wisely.

For many private investors, an evergreen fund is a first entry point into private markets. For institutional investors, these vehicles can serve as portfolio building blocks, sustaining meaningful allocations without the administrative burden of managing multiple drawdown funds, capital calls, distributions, and repeated due diligence and subscription cycles. Continuous reinvestment of proceeds, combined with structural simplicity, makes evergreens a compelling long-term allocation tool.

But structure alone does not ensure success. The long-term performance of an evergreen depends on disciplined portfolio construction, genuine diversification, operational robustness, and consistent access to high-quality opportunities.

Given their indefinite lifespan, evergreen funds must be built to withstand multiple market cycles. Diversification is therefore not merely a risk management tool, but a structural necessity. Exposure must span managers, strategies, geographies, sectors, vintages, and liquidity profiles. At the same time, excessive fragmentation can dilute returns and undermine portfolio coherence. The goal is not maximum diversification, but deliberate and balanced exposure that builds resilience without sacrificing performance.

Asset Classes and Their Roles

Within this framework, each asset class serves a distinct purpose.

Private equity is the foundation of capital appreciation, with returns driven by operational value creation, multiple expansion, and successful exits. It carries greater outcome across managers and is more sensitive to market cycles and liquidity conditions, which makes manager selection the defining variable.

Private credit, by contrast, offers contractual income and greater capital structure protection, typically resulting in lower volatility and more predictable cash flows. Here, systematic diversification across strategy, geography, company size, manager, sponsored and sponsorless transactions, sector, and vintage is essential to reduce credit loss while preserving returns.

Unlisted infrastructure is primarily a capital preservation and income generation asset class, characterised by large, capital-intense opportunities. Larger managers hold a natural advantage in capturing these opportunities, but their investment strategies vary considerably and may drift over time. Focus areas diverge across sectors (digital infrastructure investments have become increasingly popular), risk profiles (core, core plus, value-add, opportunistic, brownfield/greenfield), definitions of what constitutes infrastructure, and value creation approaches. Meanwhile, mid-market managers have carved out attractive niches in a landscape otherwise dominated by scale. Sustained exposure requires diversification across multiple managers.

Advantages of the Multi-Manager Approach in Evolving Markets

A central challenge in evergreen construction is manager concentration risk. Over an indefinite investment horizon, no single manager, strategy, or sector leader retains its edge permanently. Private markets evolve, cycles turn, and competitive advantages shift. A single-manager evergreen concentrates exposure to one investment philosophy and one investment team, limiting adaptability precisely when flexibility matters most.

A multi-manager approach addresses this directly. It provides continuous access to best-in-class managers across strategies, geographies, and sectors, while reducing dependence on any single platform. It allows the portfolio to evolve as market conditions change and supports vintage diversification across cycles .

This flexibility is particularly valuable when navigating secondary markets and other opportunity-driven strategies, but really is critical for the success of portfolio construction across asset classes and strategies. During periods of stress, such as liquidity contractions and denominator effects that emerged from 2022, LP-led secondary transactions can offer compelling entry points, with widened discounts enhancing return potential. But discounts alone are not enough; rigorous bottom-up underwriting of underlying portfolios and managers remains critical. In more stable markets, secondary returns are driven less by pricing dislocation and more by asset performance and earlier de-risking. A well-constructed evergreen must be able to capture dislocations when they arise, without being structurally dependent on any particular market environment.

GP-led transactions, co-investments, special situations, and growth or venture strategies each present opportunity sets, that can be highly attractive under the right market conditions. Rigid allocations to narrowly defined sub-strategies may fail to reflect changing conditions. An evergreen vehicle, by its nature, should combine strategic focus with tactical flexibility.

Track Record and Cycle Experience

The perpetual nature of evergreen funds places particular weight on track record and cycle experience. Managers must demonstrate disciplined underwriting across different economic regimes and maintain institutional processes capable of navigating volatility. A long history across market environments is not a credential, but a requirement.

Conclusion

As the evergreen market matures, consolidation is coming. Platforms without the depth, operational strength, and cycle experience to manage these vehicles responsibly will struggle to survive. For investors seeking durable private markets exposure without the complexity of traditional fund programs, a multi-manager evergreen strategy offers a compelling answer. It combines access to best-in-class managers, balanced diversification, cycle adaptability, and institutional infrastructure, all within a single structure. For those who get it right, it represents a genuinely differentiated approach to one of the most important allocation challenges in private markets today.

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.

Further Insights

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Date of first use: 12/05/2026

Doc ID no. 5333656

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