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What are Interval and Tender Offer Funds?

DEFINING INTERVAL AND TENDER OFFER FUNDS

These funds are a type of continuously offered closed-end fund that frequently price shares at net asset value (NAV) but are not listed on an exchange. They are regulated under the Investment Company Act of 1940 (the '40 Act) and are registered with the Securities and Exchange Commission (SEC). This structure combines flexible underlying investment options with the investor protections of SEC registration, such as transparency through frequent public filings, an independent board, and audited financial statements.

LIQUIDITY

Interval funds are required to make periodic repurchase offers at NAV of no less than 5% and up to 25% of shares outstanding.

Tender offer funds periodically offer to repurchase shares on a discretionary basis.

UNDERLYING INVESTMENTS

Open-end mutual funds are generally limited to holding no more than 15% of assets in illiquid investments. Interval and tender offer funds are not subject to this limitation. That is why these fund structures are attractive for a range of private market strategies.

ELIGIBLE INVESTORS

Unlike many other private market structures, these funds have no minimum financial suitability requirements, such as being an Accredited Investor or Qualified Purchaser. Individual funds may set their own requirements.

	INTERVAL FUNDS	TENDER OFFER FUNDS
Structure	Closed-end Fund	Closed-end Fund
Exchange Listed	No	No
NAV Calculation	Weekly/Daily	Varies
Redemption Obligation (i.e., liquidity)	Mandatory	Optional
Redemption Frequency	Every 3, 6, or 12 Months	Board Discretion
Redemption Threshold	5 – 25% of Shares Outstanding	Board Discretion
Liquidity Requirement	During Redemption Period Only	None
Eligible Investors	All – No Requirement	All – No Requirement
Minimum Investment (varies by fund)	$1,000 – $10,000	$1,000 – $50,000
Tax Reporting	1099	1099

BENEFITS

- Low investment minimums
- No minimum financial suitability requirements
- Access to private market strategies
- 1099 tax reporting
- Some liquidity provisions
- SEC and '40 Act investor protections

KEY RISK CONSIDERATIONS

Key risk considerations may include, but are not limited to, the following:

- **Liquidity:** Interval and tender offer funds have limited liquidity, therefore, investors may not receive the amount requested due to oversubscribed redemptions.
- **Fees**: Interval and tender offer fund fees are generally higher than those associated with traditional investments.
- **Cash drag**: Private market investments may take weeks or months to move from identification to acquisition, which can lead to a reduction in fund performance.
- **Underlying assets and strategy:** Each underlying asset and strategy will exhibit their own inherent risks.
- **Long-term investments:** Private market strategies should be considered long-term investments.

Please contact your financial professional or a fund manager to learn more.

IMPORTANT INFORMATION

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