XAI THOUGHT LEADERSHIP

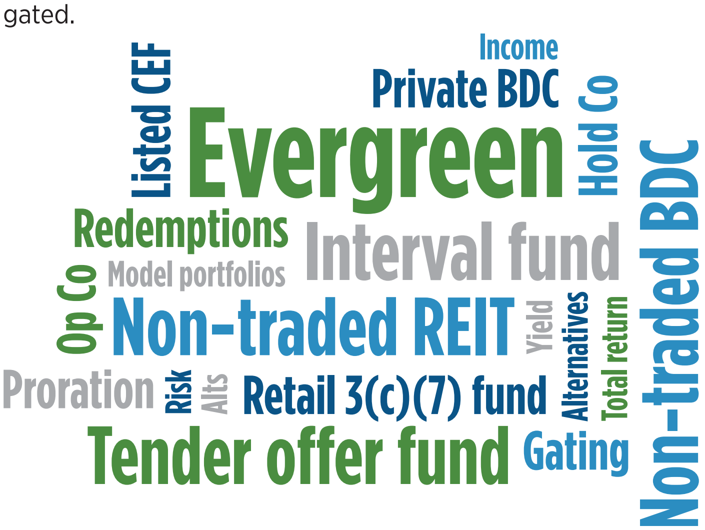
WHAT'S IN A NAME? SEMI-LIQUID FUNDS NAMING CONVENTION UNDER FIRE

MAY 2026

"What's in a name?
That which we call a rose
By any other name would smell as sweet." **Juliet**
Shakespeare's *Romeo and Juliet* (Act II, Scene II)

The U.S. Landscape

There is a growing concern in the U.S. about the term "semi-liquid funds" that media and fund sponsors have used to describe interval, tender offer funds, non-traded BDCs and non-traded REITs. The recent headlines surrounding liquidity concerns in direct lending interval funds and BDCs give market leaders the opportunity to pause and consider potential industry improvements. XAI believes it would be helpful for fund sponsors to address the fundamental differences in product structures with respect to key matters such as liquidity. With innovation and product proliferation in the U.S., we now have a variety of different evergreen fund structures that are being employed by asset managers to sell their private market capabilities into the U.S. private wealth market. The illustration below points to the reason for both media and investor confusion. We have fielded input from consulting clients regarding the confusion resulting from grouping and labeling of "semi-liquid funds" together (interval funds, tender offer funds, non-traded BDCs and non-traded REITs) which can confuse investors on the liquidity provisions of the different product types. For example, an interval fund may be subject to proration but cannot be gated.



Industry Leaders Sound Off

Furthermore, Industry leaders have voiced concerns about sales and marketing practices of evergreen products sold into private wealth. iCapital's Chairman and CEO Lawrence Calcano at the iCapital U.S. Connect event on March 16, 2026 called for change regarding the "semi-liquid" category naming. Goldman Sachs' President John Waldron, at a Semafor World Economy event on April 15, 2026, said that retail vehicles lack "clarity that this is really not a liquid product." Waldron noted that "It's not semi-liquid. It's really illiquid," he added. "Those retail investors, I think, have the perception of more liquidity than is the reality."

Food for Thought

In the UK, the interval fund equivalent is called the LTAF, or Long-Term Asset Fund. In Europe, they have the ELTIF, or the European Long-Term Investment Funds. See the table on page 2 which outlines the various U.S. and European non-listed registered evergreen product types. The main benefit of the European evergreen fund naming convention is that it puts the investor on notice and sets expectations as to the long-term nature of the investment. By putting "long-term" in the name it makes the risk front and center in the sales and distribution process. Investors should be thinking – "How long am I expected to hold this fund?"

XAI Recommendations

XAI advocates for improved advisor and investor education on interval funds including sales practice focus on the long-term nature of private markets investing, and enhanced marketing material disclosures that are prominent with respect to limited liquidity provisions. The long-term health and wellness of the interval fund marketplace and the growth of alternatives in the private wealth markets will be supported by these collective efforts. At a minimum, industry leaders need to coalesce around a better name for the product set. A few suggestions to consider would be the U.S. Limited Liquidity Vehicles (ULLV) or U.S. Long-Term Asset Funds (ULTAF) or the Evergreen Long-Term Asset Funds (ELTAF). It may take some time for the industry to mull over and try potential new names on for size.

U.S. & European Evergreen Product Structures

U.S. Evergreen Non-Listed Registered Products for Private Market Investments

Product Type	Product Definition	Asset Classes
Interval Fund	A perpetual, continuously offered closed-end fund, registered under the 1940 Act, that provides limited liquidity through repurchases in "intervals" (quarterly, semi-annual, and annual) of 5%-25% of shares outstanding.	Various asset classes – majority are private credit and ABS funds
Tender Offer Fund	Like the interval fund, a perpetual, continuously offered closed-end fund, registered under the 1940 Act, but tender offer funds differ in that the Fund Board has flexibility to determine tender frequency and amount, including gaiting of redemptions.	Various asset classes – vast majority of private equity funds
Non-Traded Business Development Company (non-traded BDC)	Closed-end fund that provide financing primarily to U.S.-based companies. Registered under and subject to a limited set of 1940 Act rules. Often continuously offered with similar liquidity to tender offer funds (i.e. may be gated). Can be sold to unlimited number of accredited investors (lower eligibility standard than retail 3(c)(7) fund.	Primarily direct lending, loans of U.S. middle market companies
Non-Traded Real Estate Investment Trust (non-traded REIT)	SEC registered fund that owns, operates, and/or finances primarily real estate assets.	Real estate eligible investments
Retail 3(c)(7) Fund	Private fund that is continuously offered and registered under the 1934 Act so they can be sold to unlimited number of QP investors (not registered under the 1940 Act).	Various asset classes – majority are private equity or infrastructure
Holding Company (HoldCo) / Operating Company (OpCo)	Company that owns and controls one or more underlying operating companies (at least 60% of the portfolio). Underlying operating companies are responsible for day-to-day operations, revenue generation, and delivering the investment's performance. Can be sold to unlimited number of accredited investors (lower eligibility standard than retail 3(c)(7) funds.	Various asset classes

European Evergreen Non-Listed Registered Products for Private Market Investments

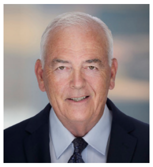
Product Type	Product Definition	Asset Classes
Alternative Investment Fund (AIF)	An investment fund that is not covered under the harmonized UCITS directives. Generally governed by a patchwork of regulations, such as the AIFMD, local country laws, and other EU regimes (e.g., MiFID II, ELTIF). Fund structure and offering rules may have wide variance depending on where the fund is offered.	Various asset classes
Long-Term Asset Fund (LTAF)	A UK regulated, open-ended fund designed to invest in illiquid, long-term assets (≥ 50% of AUM). Fund registered under the UK Financial Conduct Authority (FCA).	Various asset classes
European Long-Term Investment Fund (ELTIF 2.0)	EU regulated investment fund that makes long-term investments into private assets, designed to be accessible to all investors. Fund registered in EU / EEA member countries. Most similar European analog to the interval fund.	Primarily long-term private equity, private debt, and real assets

Source: XA Investments.

Easter Egg:

The Bridge (Bron III Broen): When a body is found on the bridge between Denmark and Sweden, right on the border, Danish inspector Martin Rohde and Swedish Saga Norén have to share jurisdiction and work together to find the killer (sub-titled in English).
Streaming on Netflix.

About the Authors



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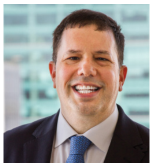

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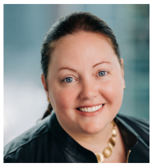

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