

IS THE VCs VEHICLE SHIFT IS REAL

VC's old playbook is out of sync with a faster world. We tested the new Dissonance framework to see who the new one actually works for.

A Report By Forvm

Is the VCs Vehicle Shift is Real

THE FUND

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About the Report

Venture capital has operated for decades around a closed-end fund model, typically structured around ten-year fund lives and assumptions about technology cycles, capital deployment and exit markets. This report examines whether the emergence of evergreen and semi-liquid structures, GP-led continuation funds, and alternative exit pathways represents a broad structural shift in venture capital or a more selective, segment-specific response to changing market conditions.

The analysis uses Venture Dissonance, first articulated in 2025 by Rohit Yadav, creator of The Big Book of VC, as its primary diagnostic lens. Because the framework is less than one year old, originates from a single practitioner-researcher and has not been independently validated or peer-reviewed, the report treats it as a working hypothesis rather than established theory. Its propositions are tested against current market data and cross-checked against established institutional-investing theory, including the Endowment Model.

The report combines structural and historical analysis, quantitative market data, sourced case studies across different manager segments, and private-markets performance metrics including IRR, TVPI and DPI. It examines both successful adoption and documented governance, liquidity and exit constraints, while explicitly distinguishing conflicting data and limiting conclusions to what the underlying evidence supports. These findings are then translated into a vehicle-by-segment feasibility matrix, rather than a single industry-wide conclusion.

Its distinctive value lies in connecting theory, market evidence, real-world implementation and practitioner application. Rather than assuming that new vehicles improve outcomes, the report tests where they appear structurally relevant, where their feasibility remains conditional, and where the available evidence is insufficient to support broader adoption. The result is designed for GPs, LPs, allocators and other private-markets practitioners seeking a structured way to evaluate evolving venture-capital fund structures — with the accompanying practitioner toolkit providing a practical extension of the report's findings.

The Old Anatomy — Origins and Persistence of the Traditional Venture Fund Structure

Purpose of This Section

Before evaluating whether newly evolved fund vehicles deserve industry-wide adoption, it is necessary to establish why the structure they are challenging came to dominate the venture capital industry in the first place. This section traces the origin of the closed-end limited partnership as venture capital's default vehicle, the regulatory event that scaled it, and the tax treatment that reinforced its durability. Together, these three forces explain why the traditional model has proven so resistant to structural change — and provide the baseline against which later sections evaluate emerging alternatives.

Origins of the Limited Partnership Structure

The limited partnership is not a venture capital invention. Its legal lineage traces to eighteenth-century French commandite arrangements, and the first American limited partnership statute was enacted in New York in 1822, over a century before institutional venture investing existed in any recognizable form. Venture capital's formal adoption of this structure came much later and coincided with the industry's own professionalization: the National Venture Capital Association was founded in 1973, and it was in this period that firms began standardizing the limited partnership as the default vehicle for pooling outside capital into early-stage investments.

The structural logic was straightforward. A limited partnership cleanly separates capital providers (limited partners, who bear no management responsibility and enjoy limited liability) from capital managers (general partners, who make investment decisions and bear unlimited liability for the fund's obligations). This separation matched the risk profile of venture investing well: LPs wanted exposure to high-growth private companies without operational involvement, and GPs wanted a legal wrapper that let them exercise investment discretion without requiring LP consent on individual deals.



The Old Anatomy — Origins and Persistence of the Traditional Venture Fund Structure

The Standard Architecture: Fund Term, Capital Calls, and Illiquidity Design

The structure that emerged from this regulatory opening became remarkably standardized: a fixed-term closed-end vehicle, typically seven to twelve years, with ten years the common baseline and GP-optional one-to-two-year extensions for portfolio wind-down.

Origins of the Limited Partnership Structure

Staged capital deployment. LPs commit capital upfront but transfer it only in stages, via capital calls, as the GP identifies investment opportunities — minimizing idle cash that would otherwise drag on the fund's IRR. This same cash-drag problem resurfaces later in this report as a central tradeoff for newer, more liquid vehicle types.

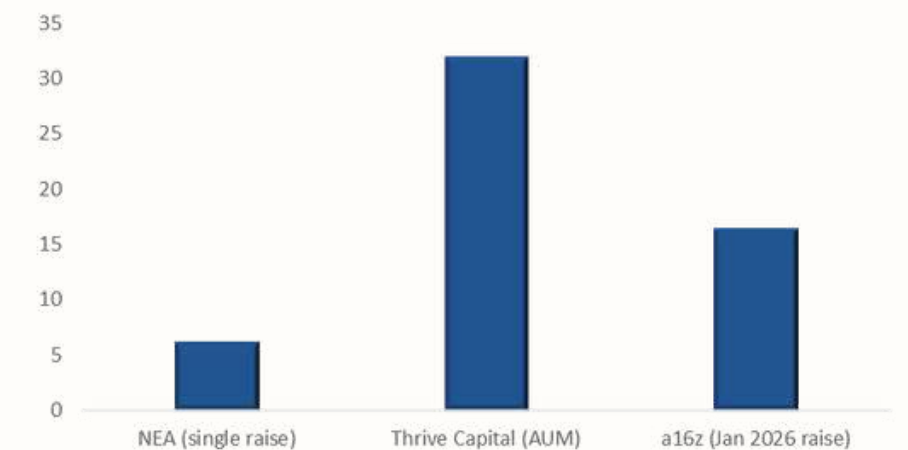
Term length matched to illiquidity. The ten-year benchmark reflects the reality that early-stage value creation can span a genuinely long horizon—full venture cycles have been documented running as long as two decades — so the term was set to accommodate the slower end of that range.

No early redemption. Once capital is called, LPs cannot withdraw it before the fund's wind-down, regardless of their own liquidity needs. Capital returns only through a genuine exit event — an acquisition, an IPO, or occasionally a secondary sale of the LP's own position.

scale achieved under this architecture

NEA, Thrive Capital, and Andreessen Horowitz all still raise money the traditional way — through fixed-term, closed-end funds — rather than switching to the newer evergreen model this report examines later. That makes them good real-world examples of the architecture just described, still working at very large scale.

- **NEA raised \$6.2B split across two separate funds in one raise** — a direct example of the fund-by-fund pattern the traditional model is built around, rather than one continuous pool of money.
- **Thrive Capital has built its estimated \$26.8-37B in total assets by repeating this same process** — raising, investing, and returning to raise again — over time, not through a single ongoing fund.
- **Andreessen Horowitz's (A16z) ~\$15-18B January 2026 raise was itself one single traditional fund**, and its size alone made up roughly 18% of all US venture dollars raised that year — showing this decades-old model can still absorb enormous amounts of money in one go.



The Old Anatomy — Origins and Persistence of the Traditional Venture Fund Structure

The Tax Logic Reinforcing the Structure

Beyond its operational design, the limited partnership structure has been reinforced by a specific and quantifiable tax treatment that has made it financially advantageous for general partners to operate within this wrapper rather than alternative compensation arrangements.

The mechanism. General partners are typically compensated through a **"two and twenty" model**: an annual **management fee** of approximately two percent of assets under management, and a performance-based share of profits - **carried interest**, set at roughly twenty percent above a specified return threshold. Under current U.S. tax law, and provided the underlying investment is held for longer than three years (a holding-period requirement introduced by the Tax Cuts and Jobs Act of 2017), carried interest is taxed at the long-term capital gains rate rather than as ordinary income.

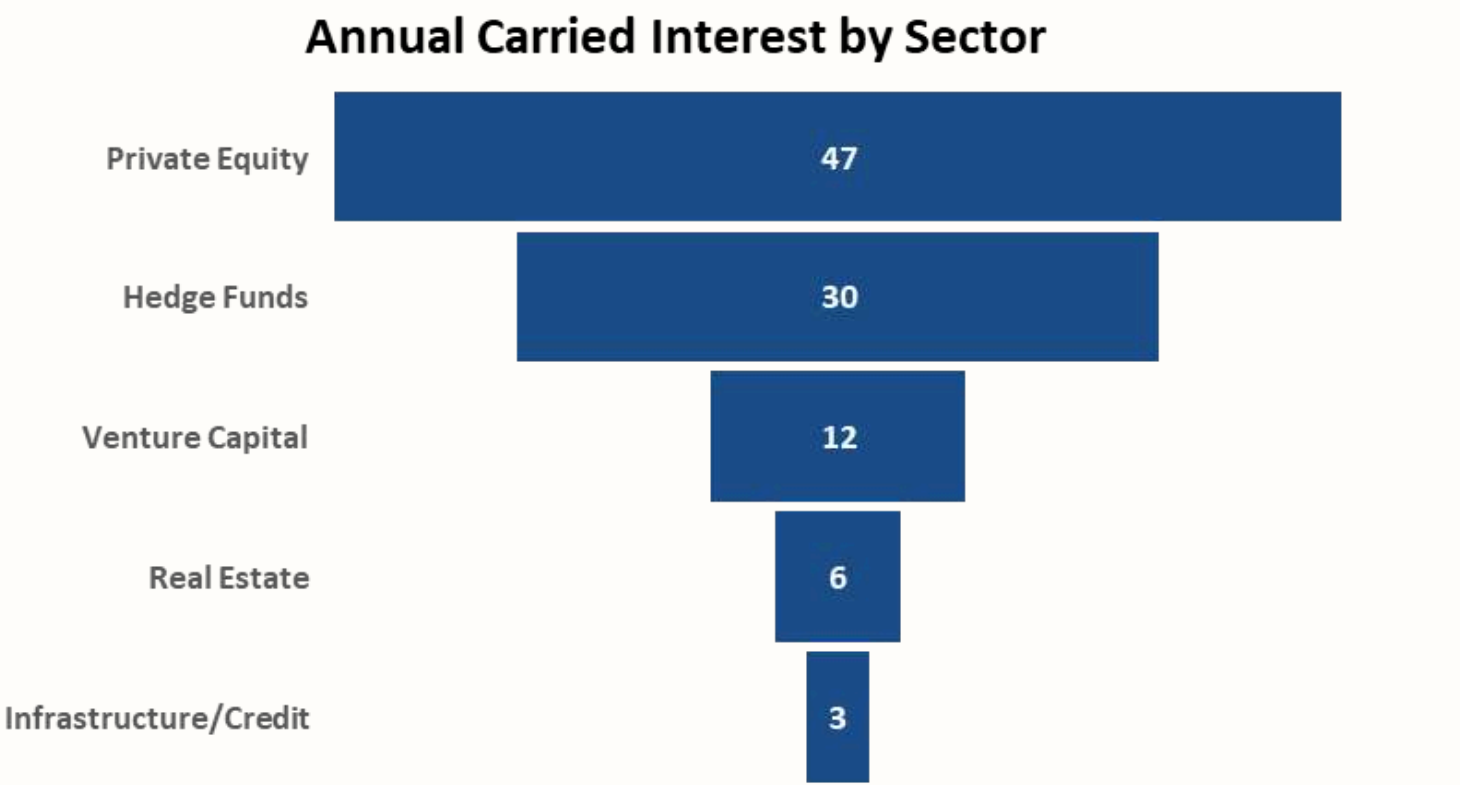
The magnitude of the differential. This distinction carries substantial financial weight. The top federal **long-term capital gains rate is 20 percent** (plus a 3.8 percent Net Investment Income Tax surtax for high earners), compared with a top ordinary **income rate of 37 percent** — a differential of 17 percentage points. Because fund managers receiving substantial carried interest typically earn well above the income thresholds that would otherwise apply, virtually all carried interest income is taxed at this preferential top rate.

Scale across the industry. Estimated annual carried interest income across the U.S. alternative investment industry totals approximately \$98 billion, compiled from LCH Investments, McKinsey, Bain, and AICPA data. This is an annual figure and should not be directly compared to government revenue estimates, which are typically scored as cumulative totals over a 10-year budget window. Using updated 2026 methodology built on IRS data, the Yale Budget Lab estimates that one specific reform proposal would raise \$87.7 billion over 10 years — nearly double the \$47.5 billion estimated for the same bill under older methods, and well above the Joint Committee on Taxation's earlier \$15 billion/10-year estimate for a separate, narrower proposal.

Distribution across fund types. This 98 billion dollar total is not evenly distributed across the alternative investment industry. Private equity accounts for the largest share, at an estimated 47 billion dollars annually, followed by hedge funds at approximately 30 billion dollars. Venture capital's share is comparatively smaller: an estimated 12 billion dollars annually, or roughly 12 percent of total industry carried interest, generated from a venture capital asset base of approximately 1 trillion dollars under management.

The Old Anatomy — Origins and Persistence of the Traditional Venture Fund Structure

Real estate funds and infrastructure/credit funds account for the remaining, smaller shares, at an estimated 6 billion and 3 billion dollars respectively.



"Estimated annual U.S. carried interest income by fund type (~\$98B total); venture capital's \$12B share is roughly a quarter of private equity's \$47B."

Historical Persistence. This is what actually proves "reinforcing." A tax break that existed for five years and got closed wouldn't reinforce anything. One that has survived at least seven legislative attempts across four presidential administrations over eighteen years including a near-miss in 2022 - is a structurally entrenched feature of the system. This block is the causal bridge between "there's a tax benefit" and "this tax benefit reinforces the traditional model's durability," which is literally the section's title claim.

Legislative Persistence

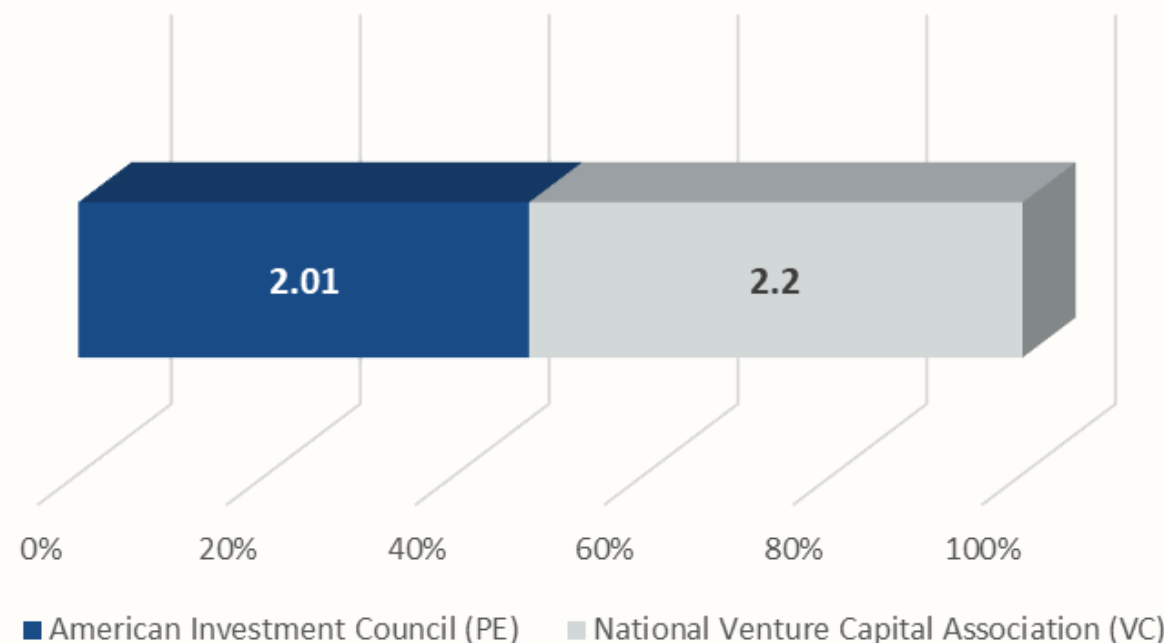
Year	Attempt	Outcome
2007	Rep. Levin's bill (H.R. 3996)	Passed House, stalled in Senate
2008	Levin's repeat attempt (H.R. 6275)	Passed House again, stalled in Senate again
2010-2016	Obama included reform in every annual budget proposal	Never enacted
2012	Carried Interest Fairness Act	Failed
2014	Camp Tax Reform Act (carried interest provision)	Failed
2015	Carried Interest Fairness Act (reintroduced)	Failed
2017	Trump's TCJA	Only tightened holding period (1→3 years) – a compromise, not a closure
2021	Biden's Build Back Better Act	Carried interest provision dropped in negotiations
2022	Inflation Reduction Act	Reform included, then removed specifically to secure Sen. Kyrsten Sinema's vote
2025	Trump discusses closing it again; Democrats reintroduce legislation	Ongoing, unresolved

The Old Anatomy — Origins and Persistence of the Traditional Venture Fund Structure

The Political Economy Layer

Why reform keeps failing despite repeated attempts. Two factors help explain this persistence. First, at the trade-association level, lobbying spending is closer than the scale disparity would suggest: the American Investment Council (private equity's trade group) spent \$2.01 million on federal lobbying in 2025, while the National Venture Capital Association spent \$648,000 in a single quarter of the same year — a broadly comparable order of magnitude, not the multi-fold gap the \$47B-vs-\$12B carry disparity might imply. Second, and more decisive, is concentrated influence over pivotal votes rather than aggregate spend: in 2022, a carried interest reform provision was included in the Inflation Reduction Act, then removed specifically to secure the vote of a single senator, Kyrsten Sinema. This suggests reform has failed less because one industry consistently outspends the other, and more because a small number of pivotal votes have repeatedly been enough to block change.

Annual Lobbying Spend (\$M)



NVCA's \$2.2M figure is an estimate, not a confirmed annual total — the only verified data point is NVCA's Q3 2025 spend of \$648K, annualized here (×4) for comparability with AIC's confirmed \$2.01M full-year figure. Actual lobbying spend can vary by quarter, so this estimate may understate or overstate NVCA's real annual total. This comparison is included to test whether VC's smaller carried interest pool (\$12B vs. PE's \$47B) translates into proportionally less lobbying activity — it does not; spend is roughly comparable, suggesting political resistance to reform comes more from concentrated influence over pivotal votes than from raw spending disparity.

Interpretation .This evidence supports a narrow but important claim: venture capital's proportionally smaller share of industry-wide carried interest (\$12B vs. private equity's \$47B) means VC has less in aggregate financial value tied to defending current tax treatment. This does not mean individual GPs face different tax incentives — the rate applies identically regardless of fund type or vehicle. What differs is industry-level stake, and even that distinction is more nuanced than the raw dollar gap suggests: trade-association lobbying spend between VC and PE is roughly comparable, and the treatment's survival across seven-plus reform attempts since 2007 appears driven less by outspending opponents than by concentrated influence over a small number of pivotal votes, as the 2022 near-miss demonstrated. The durability of this tax treatment — nearly two decades, four administrations, one vote away from repeal in 2022 — is itself the strongest evidence that it meaningfully reinforces the traditional fund structure's persistence, a factor revisited in Section 8's feasibility analysis.

Bridge Timeline: From Old Anatomy to New Diagnosis

The Political Economy Layer

Legal foundation	Industry formation	Regulatory constraint	Regulatory unlock	Theory formation	Stress event
1822	1973	1974	1979	1980	2008
New York enacts the first U.S. limited partnership statute	National Venture Capital Association founded; industry begins formalizing the LP structure	ERISA enacted, initially restricting pension fiduciaries from illiquid, high-risk allocations	DOL clarifies "prudent man" rule into "prudent investor" rule, unlocking pension capital for venture allocation	David Swensen pioneers the Endowment Model at Yale, formalizing the illiquidity-premium thesis	Global Financial Crisis; beginning of the 16-year window in which Ivy League endowments underperformed a simple 85/15 index benchmark
Regulatory reinforcement	Vehicle emergence	Theory transition	Vehicle emergence	Governance formalization	Current state
2017	2019	2021	2022	2023	2026
Tax Cuts and Jobs Act introduces the 3-year holding period requirement for capital-gains carried interest treatment	Beginning of accelerated evergreen/semi-liquid fund formation — 230+ such funds launched from this point onward	GP-led secondary transaction volume at approximately \$15 billion; David Swensen passes away in May	Sequoia Capital restructures its flagship fund into an evergreen structure ("The Sequoia Fund")	ILPA issues formal guidance requiring independent fairness opinions and LP votes on GP-led secondary transactions	GP-led secondary volume exceeds \$100B; Harvard reportedly sells ~\$1B in private equity; H1 2026 VC deal value already exceeds all of 2025, concentrated in AI megadeals

The Diagnosis — Testing the Venture Dissonance Hypothesis

Purpose of This Section

This section introduces the report's central analytical lens: the Venture Dissonance framework, first articulated in 2025 by practitioner-researcher Rohit Yadav. Because the framework is less than one year old, developed by a single analyst, and has not been independently validated, peer-reviewed, or empirically tested, it is treated as a working hypothesis—not established theory. Claims attributed to the framework are presented as hypotheses under examination, while conclusions drawn directly from market data are clearly distinguished.

To avoid relying on a single untested lens, the analysis examines Venture Dissonance alongside the Endowment Model, developed by David Swensen at Yale in the 1980s. Where both independently developed frameworks point toward the same conclusion using different evidence, that convergence provides greater analytical weight than either framework alone.

The Dissonance Framework

The framework's central claim is that venture capital, as an asset class, is currently governed by three timelines that no longer move in sync:

1. **Capital inflows** are governed by rigid, closed-end fund structures with terms of ten years or more, a legacy of the private equity and real estate asset classes from which the limited partnership structure was borrowed.



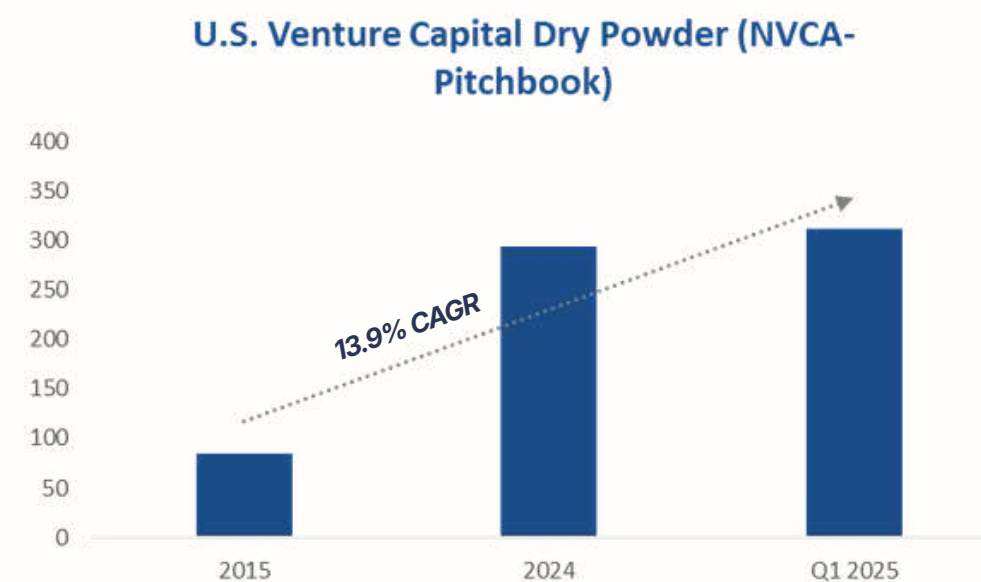
The Diagnosis — Testing the Venture Dissonance Hypothesis

2. **Underlying technology cycles**, particularly in artificial intelligence, are now compressing into twelve-to-twenty-four-month windows, a pace far faster than the multi-decade adoption curves that historically characterized prior technology waves.
3. **Exit markets** are subject to two-to-three-year macroeconomic cycles — interest rate policy, geopolitical conditions, and IPO market sentiment, that are largely outside any individual fund's control.

Testing the Capital Inflow Leg

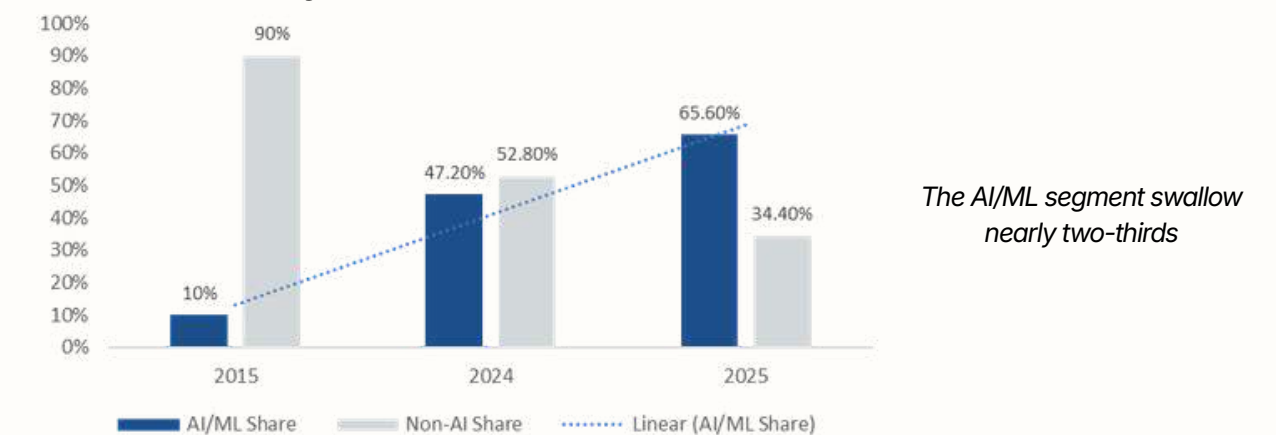
Available U.S. data shows dry powder capital committed but not yet deployed—reached approximately \$311.2 billion in Q1 2025, up from \$293.9 billion in 2024 and nearly four times the \$84.7 billion recorded in 2015. A comparable global series is not used because estimates vary substantially across providers, from roughly \$320 billion to \$690 billion for overlapping periods, reflecting differences in methodology. Global VC AUM is more consistent.

However, rising dry powder is inherently ambiguous. It may reflect healthy capital reserves awaiting deployment—or capital accumulating because deployment and exit mechanisms are constrained. The Dissonance framework favors the latter interpretation, but this figure alone does not establish it; the report therefore tests that hypothesis against the exit-leg evidence that follows.



Testing the Technology-Cycle Leg

Here the data is considerably less ambiguous. Artificial intelligence and machine learning investments captured an estimated 65.6 percent of all U.S. venture capital deal value in 2025, totaling approximately 222 billion dollars of a 339 billion dollar total, up sharply from 47.2 percent in 2024 and just 10 percent as recently as 2015.



This represents a genuine, measurable reallocation of an entire asset class within a three-year window — a pace of change that stands in stark contrast to the multi-decade adoption timelines of prior technology cycles such as personal computing or mobile internet. This finding provides direct, independent support for the framework's technology-cycle hypothesis; it is not merely an assumption carried over from the framework's own narrative

The Diagnosis — Testing the Venture Dissonance Hypothesis

Testing the Exit-Volatility Leg

This is the strongest and most concerning finding among the three legs. The median internal rate of return for North American venture fund vintages since 2019 remains in single digits, and the median distribution-to-paid-in multiple across the past decade of fund vintages remains below 1.0 — meaning that, in aggregate, **more capital has been called from limited partners over the past ten years than has been returned to them.**

This weakness in liquidity coexists with a striking concentration of headline activity: first-half 2026 deal value already exceeds all of 2025, yet deals exceeding 100 million dollars accounted for 87.5 percent of the 412.7 billion dollars deployed in that period, and three firms alone — Andreessen Horowitz, Thrive Capital, and Founders Fund — accounted for 48.1 percent of all capital raised industry-wide during the same window. Simultaneously, first-time fund formation is on pace for its lowest level since 2016.

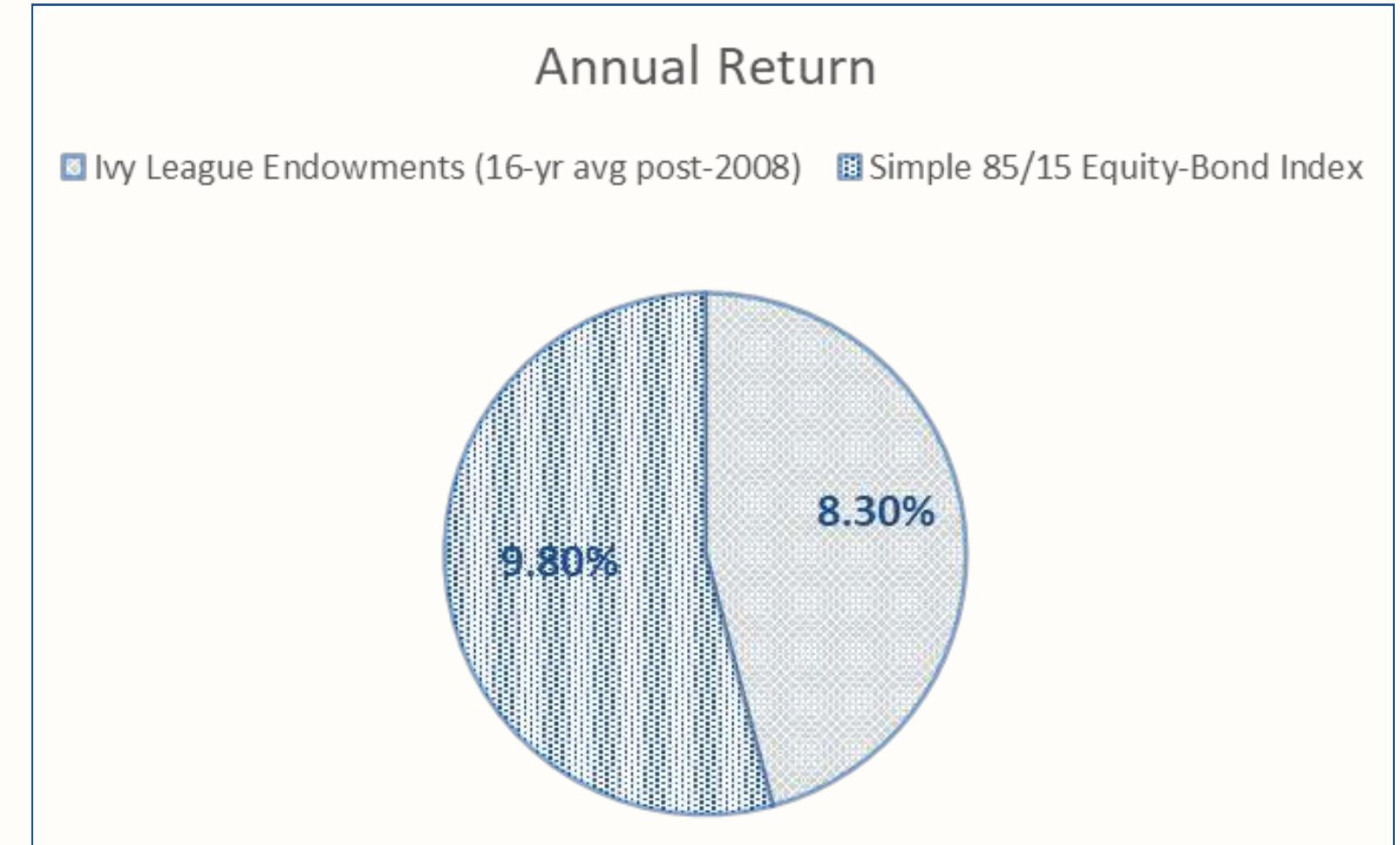
Taken together, this is a coherent and troubling picture: aggregate headline figures suggest a booming market, while the typical fund's actual realized liquidity has remained weak for a full decade, capital formation is increasingly concentrated among a small number of already-dominant firms, and new managers are being effectively squeezed out of fundraising entirely. This is a substantive, data-grounded version of the "dissonance" the framework describes — not merely a restatement of the framework's own claim, but an independently observable pattern in the underlying data.

The Second Lens: Is the **Endowment Model's** Illiquidity Premise Also Breaking Down?

The Endowment Model, the dominant institutional theory of long-horizon investing since the 1980s, holds that a long-duration investor with stable funding can tolerate illiquidity in exchange for a return premium, without facing forced sales during market stress. Yale has historically allocated over 60% of its endowment to venture capital, private equity, and other illiquid strategies on this basis.

The Diagnosis — Testing the Venture Dissonance Hypothesis

Recent evidence questions whether this premise still holds. Ivy League endowments returned an average 8.3% annually over the sixteen years after the 2008 financial crisis, versus 9.8% for a simple 85/15 equity-bond index, suggesting the illiquidity premium may have narrowed. More tellingly, Yale has reportedly been in talks to sell \$2.5B of its private equity holdings, and Harvard roughly \$1B, with major universities collectively selling \$4B in bonds this year to raise cash — institutions built on tolerating illiquidity now selling those exact positions, precisely what their own model assumes they wouldn't need to do. This shouldn't be overstated: specialists at iCapital and Cambridge Associates maintain the model remains sound and caution against treating it as rigid rather than adaptable — current pressure may reflect a temporary rate-driven squeeze, not a permanent break.



Convergence of Two Independent Lenses

This finding matters because it wasn't derived from the Dissonance framework at all — it comes from an entirely separate, decades-old theory, tested against different data (endowment performance and disclosed sales, not venture fund metrics). Two independent approaches converging on the same conclusion — real liquidity and exit-timing strain across venture and private markets — is stronger evidence than either alone, and is the strongest basis this report has for treating the exit-volatility diagnosis as real rather than speculative. Overall, this section supports the framework's technology-cycle and exit-volatility hypotheses with reasonable confidence.

The Adoption Trend — Quantifying the Shift at Scale

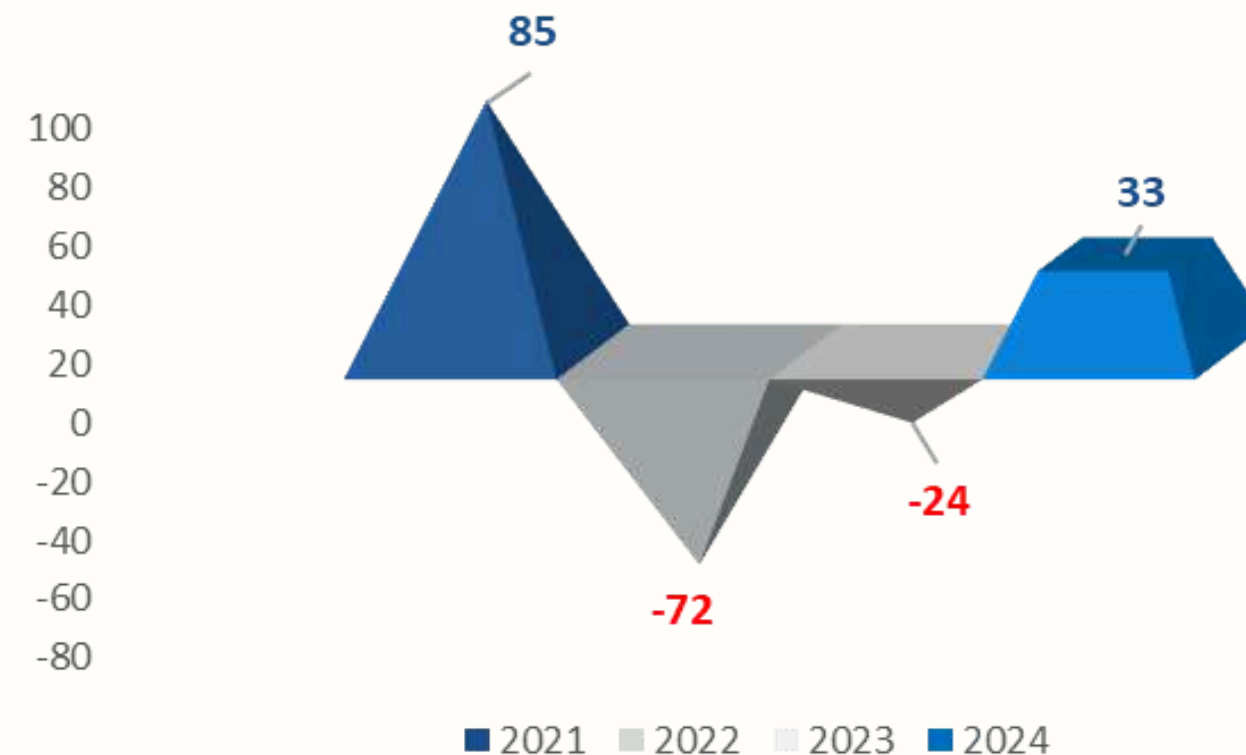
Purpose of This Section

Previously we diagnosed a structural strain using the Dissonance framework and corroborated it independently through the Endowment Model literature. This section asks a different, more empirical question: is the industry actually responding to that strain at measurable scale? Before examining individual named cases in further Section, this section establishes the aggregate trend -evidence that adoption of new structural vehicles is a genuine, accelerating market phenomenon rather than a handful of isolated experiments

Evergreen and Semi-Liquid Fund Growth

Fund count. More than 200 evergreen funds have launched since 2019, with Preqin Pro recording 825 semi-liquid fund structures in market as of January 2025 an all-time high. From 2010 to 2025, the category grew at a **15.5% compound annual growth rate**, and the evergreen segment has doubled roughly every five years since 2015, one of the fastest growth curves of any private markets strategy. Annual launch activity has not been perfectly linear: new launches peaked at 85 in 2021, contracted 15% in 2022 amid broader market tightening, then rebounded with 33 new launches in 2024, a 35% increase.

Annual Launch Count-Evergreen Fund

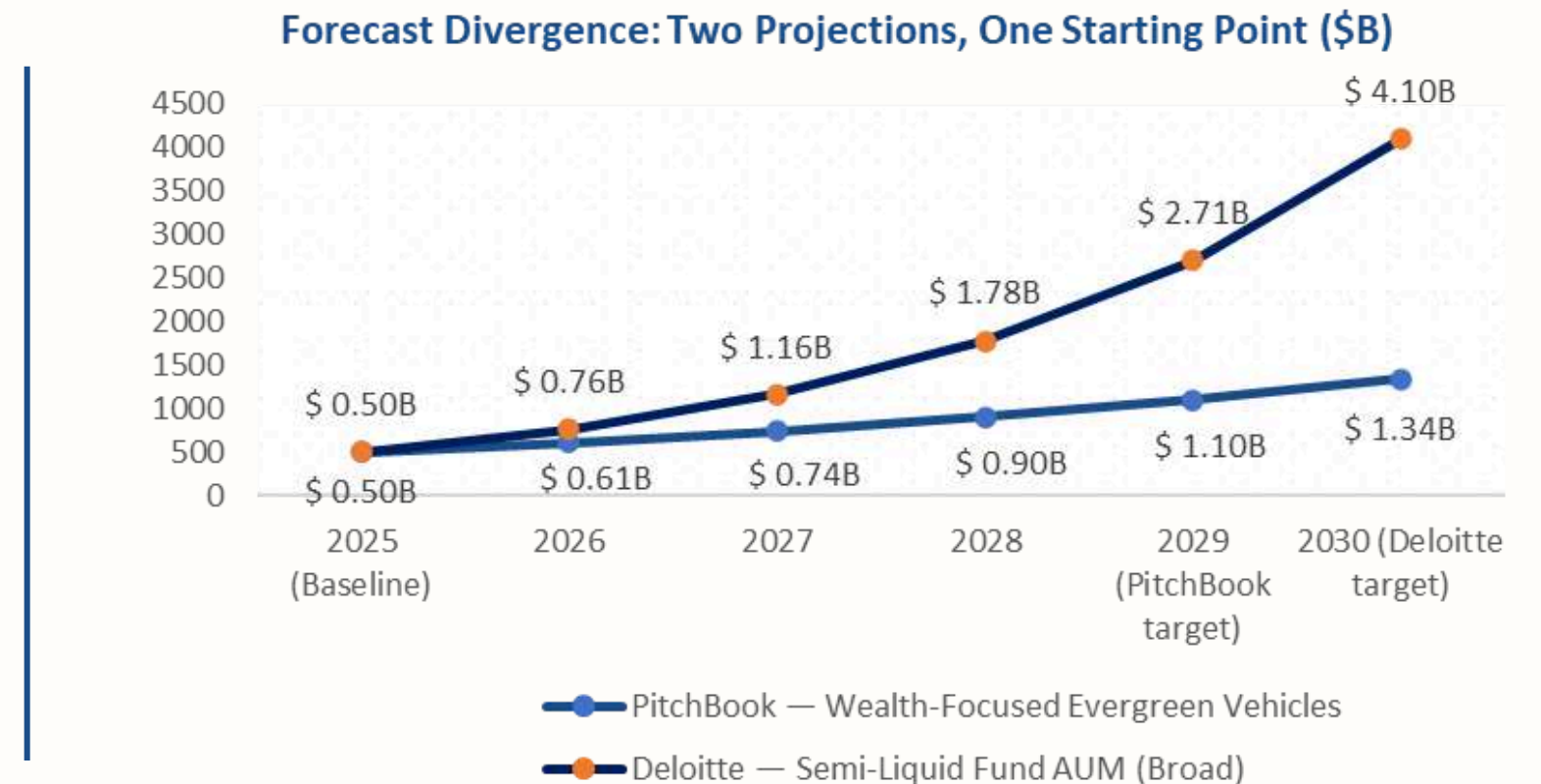


2022 launches were ~72, and 2023 launches were only ~24 (since 33 is a 35% increase over 2023). That's a 67% collapse from 2022 to 2023 — not a "15% contraction," a near-crash — followed by only a partial rebound to 33 in 2024, still 61% below the 2021 peak of 85

The Adoption Trend — Quantifying the Shift at Scale

Assets under management. By year-end 2025, semi-liquid evergreen funds in the U.S. alone held approximately 457 billion dollars in net assets across 486 funds, with more than half of these funds launched in just the last four years. Separately, evergreen funds broadly (a related but not identical category) were reported approaching 500 billion dollars in AUM by Q3 2025, up from approximately 200 billion dollars in 2020 — a more than doubling in five years, growing more than 30% in the twelve months through September 2025 alone. Deloitte separately reports the number of semi-liquid fund products nearly doubled between 2020 and 2024, with AUM nearly tripling to 349 billion dollars over the same period.

Forward projections PitchBook's base-case forecast projects wealth-focused evergreen vehicles could surpass \$1.1 trillion by 2029, while Deloitte projects semi-liquid fund AUM could reach \$4.1 trillion by 2030. Both trajectories begin from an approximately \$500 billion 2025 baseline, yet diverge almost immediately, implying fundamentally different growth regimes rather than marginal forecasting differences.



The definitions are not identical—PitchBook focuses on wealth-focused evergreen vehicles, while Deloitte uses the broader semi-liquid category, which partly explains the gap. However, the resulting nearly \$3 trillion difference is too large to attribute to scope alone. The divergence therefore provides a concrete measure of forecast uncertainty: the market's projected trajectory varies substantially depending on the underlying definition and methodology.

The Adoption Trend — Quantifying the Shift at Scale

Regulatory tailwind. The European ELTIF 2.0 framework, effective January 2024, removed minimum investment thresholds and broadened eligible asset classes for evergreen-style vehicles in Europe, materially lowering the barrier to launching these structures a concrete regulatory data point rather than a market-sentiment observation.

Interpretation. This is not a marginal or niche trend. A 15.5% compound annual growth rate sustained over a fifteen-year period, doubling roughly every five years, is evidence of structural rather than cyclical change a phrase used explicitly by industry analysts reviewing this data. It directly corroborates the Dissonance framework's capital-inflow hypothesis from Previous Section the market is visibly building new mechanisms to escape the rigidity of the traditional ten-year lockup, at meaningful and accelerating scale.

GP-Led Secondary and Continuation Fund Growth

Volume growth. GP-led secondary transaction volume increased sharply from approximately \$15 billion in 2021 to \$116 billion in 2025, according to Jefferies and Evercore reviews. GP-led transactions now account for nearly half of total secondary market volume, up from roughly 14% in 2023, reflecting a rapid structural shift toward GP-led liquidity solutions.

Mainstream adoption. Continuation vehicles account for the majority of GP-led activity, while 83% of the top 100 global buyout sponsors have completed at least one such transaction. This indicates that GP-led secondaries have moved beyond an emerging niche into a mainstream liquidity tool among major private-market sponsors.

Venture-specific signal. Although most activity remains concentrated in private equity, venture adoption is also growing. Firms including Lightspeed and Insight Partners have used continuation funds to extend holding periods and provide liquidity for aging assets, with Jefferies noting increased traction across venture and other alternative-asset strategies.

Interpretation. The scale and speed of this adoption provide independent, market-behavior-based support for the Dissonance framework's exit-volatility hypothesis: as traditional IPO and M&A exits have become less reliable, private-market participants have increasingly developed alternative mechanisms to create liquidity.

The Adoption Trend — Quantifying the Shift at Scale

Alternative Exits: The Shift Away from IPO-Primacy

Exit-path shift. Unlike the vehicles discussed above, this represents a change in the default exit pathway from IPO primacy toward M&A, tender offers, and structured secondary sales.

M&A dominance. M&A became the dominant venture exit channel from 2023 onward, accounting for over 55% of VC-backed exits in 2023 and roughly 68% of startup exits by Q1 2026. In EMEA, M&A's share of venture-backed exits reached 98% in H1 2025, while IPOs accounted for just 2%, down from a 14% peak in 2021

IPO recovery remains selective. Global VC-backed IPO activity fell sharply after its 2021 peak of more than 300 offerings. U.S. activity improved in 2025, with 48 venture-backed IPOs, but Q1 2026 recorded only 15, indicating recovery without a return to prior levels.

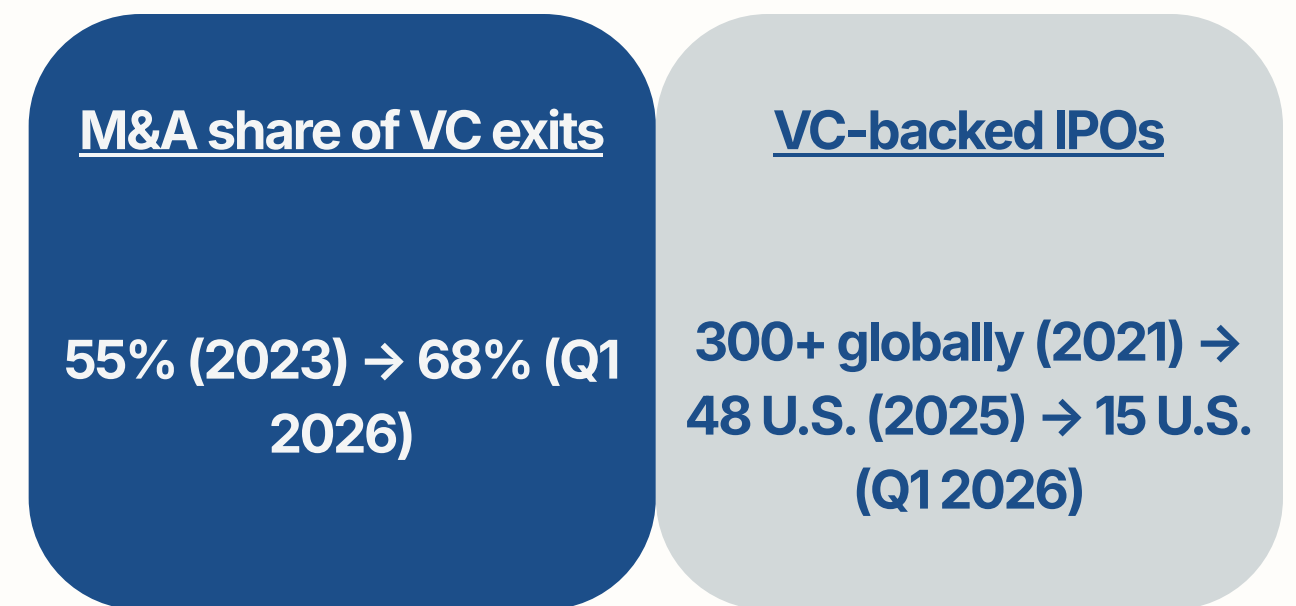
Structural implication. The evidence points toward longer private-company lifecycles and greater reliance on non-IPO liquidity routes. This connects directly with the evergreen and continuation vehicles discussed above, which provide mechanisms for investors to maintain exposure while creating liquidity without requiring a traditional IPO exit.

Reading the Trends

Taken together, the trends show accelerating, multi-year growth across multiple sources rather than isolated anomalies. GP-led secondaries, however, are advancing faster and have achieved deeper mainstream adoption, with 83% of top sponsors having completed at least one continuation vehicle.

This asymmetry suggests that the industry has adapted more readily to exit and liquidity constraints than to restructuring how new capital is raised and locked up—an important distinction examined through specific cases further.

Next section therefore moves from aggregate trends to named examples, beginning with Sequoia Capital's 2022 restructuring into an evergreen model and selected venture continuation fund transactions.



EMEA M&A vs IPO: 98% vs 2% (H1 2025)

The Challengers — Named Cases of Vehicle Adoption

Purpose of This Section

Previous section established that adoption of evergreen funds and GP-led continuation vehicles is accelerating across the industry. This section examines four named cases showing different forms of adoption: Sequoia Capital through full evergreen restructuring, Lightspeed Venture Partners through selective continuation funds, B37 Ventures through an emerging-manager evergreen model, and Stripe through company-level liquidity without an IPO.

Case One: Sequoia Capital's Evergreen Restructuring SEQUOIA

The announcement and structure. In October 2021, Sequoia replaced its traditional ten-year closed-end model with a permanent structure combining an open-ended Sequoia Fund with seed, venture, and growth sub-funds. Proceeds from successful investments can flow back into the central vehicle, allowing capital to be recycled rather than requiring fund termination.

The stated rationale. Sequoia cited its investment in Square as an example of the limitations of the traditional model: distributing shares within 6–12 months of an IPO could prevent LPs from capturing subsequent company growth, including the later expansion of Cash App.

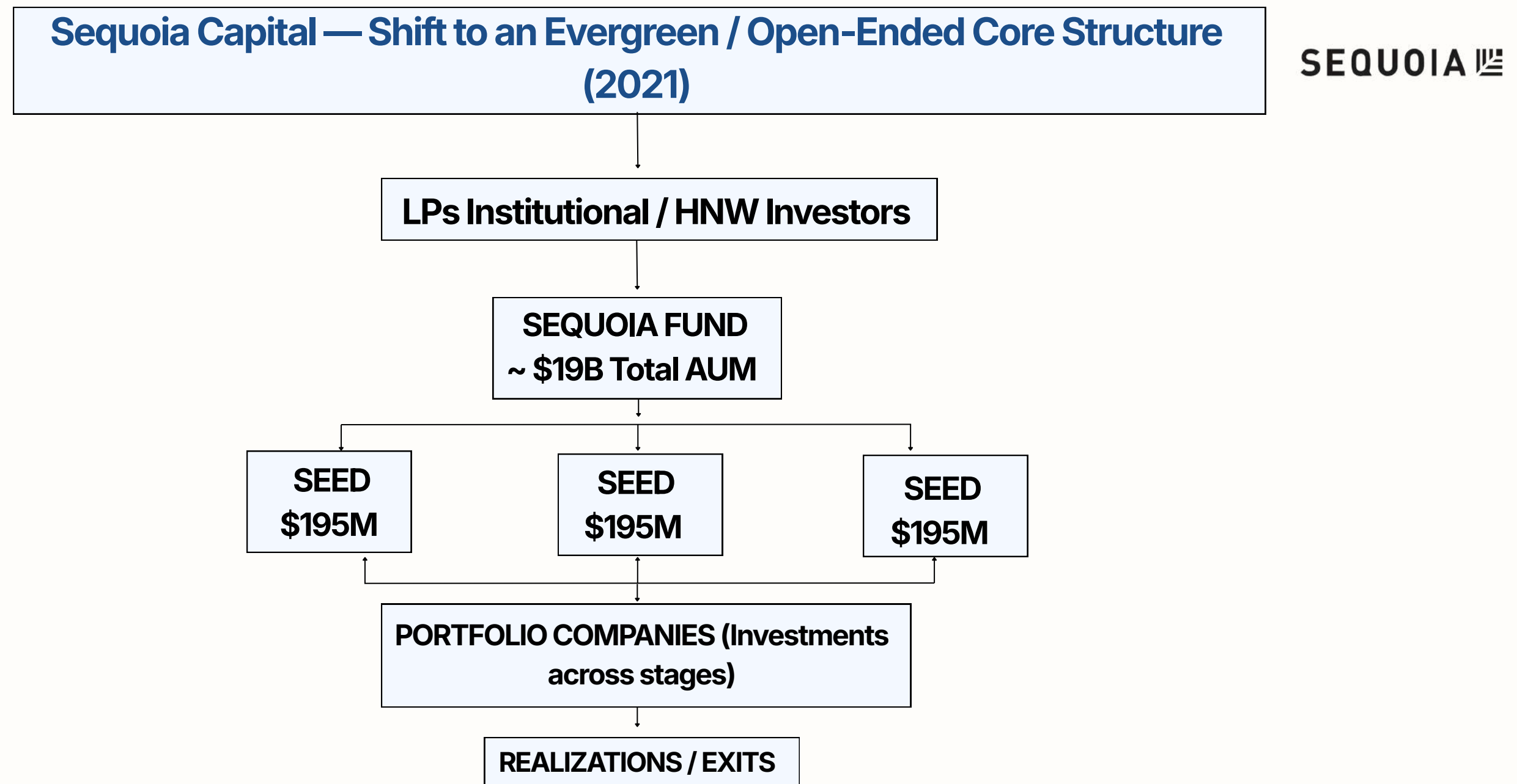
Scale and terms as of 2026. Sequoia manages approximately \$19B in assets under the structure. Its stage-specific vehicles include roughly \$195M seed, \$950M–\$1B venture, and \$2.25B+ growth funds, with approximately 2% management fees and 30% carried interest.



The Challengers — Named Cases of Vehicle Adoption

A disclosed, quantified outcome. Roelof Botha attributed approximately \$6.7B in additional net gains to LPs over 3.5 years to the ability to continue holding public positions rather than distributing them at IPO. This remains a firm-reported figure rather than independently audited performance evidence.

Documented limitations and critique. Analysts questioned whether Sequoia's brand and multi-decade track record make the model difficult to replicate. Governance concerns were also raised around multiple sub-funds feeding a shared vehicle, including potential cross-subsidization between stronger and weaker funds.



The Challengers — Named Cases of Vehicle Adoption

Case Two: Lightspeed Venture Partners — Continuation Funds as a Complementary Tool



A contrasting adoption pattern. Unlike Sequoia, Lightspeed has retained its traditional closed-end architecture while adopting GP-led continuation funds selectively. It closed over \$9B across six vehicles in December 2025, bringing total AUM above \$40B.

Regulatory enabler. Lightspeed's transition to Registered Investment Advisor (RIA) status enabled explicit secondary-market strategies and greater flexibility in managing private-position liquidity, illustrating how regulatory infrastructure can influence adoption.

A live, current example. As of August 2026, Lightspeed was reportedly building a continuation fund around its OpenAI stake, illustrating how the structure can extend ownership of a high-conviction asset beyond the original fund's timeline.

Why this matters for the segment comparison. Lightspeed addresses the exit-timing problem without fundamentally restructuring the capital-inflow model. This demonstrates that the two problems identified by the report can be addressed independently rather than through a single comprehensive restructuring.



Case Three: B37 Ventures — An Emerging Manager's Evergreen Structure



Filling the segment gap. B37 Ventures, founded in 2013 with approximately \$130M in AUM, provides a materially smaller-manager counterpoint to Sequoia and Lightspeed.

The structure and its stated rationale. B37's managing partner has described an open-ended, evergreen structure designed to make investment decisions "timing-agnostic", allowing holdings to be managed according to strategic fit rather than a fixed fund-life exit clock. The model also requires continuous NAV calculation and different investor-budgeting disciplines.

The Challengers — Named Cases of Vehicle Adoption

A specific caution from this smaller-scale operator. The managing partner has emphasized restraint around adding adjacent businesses such as accelerators or company-builders because of potential conflicts of interest with existing portfolio companies.

An important, honestly-disclosed sourcing conflict. Independent aggregators describe B37 as operating traditional closed-end vehicles, including a named Dexterity Fund that finalized commitments in March 2022. Public information does not fully resolve whether this reflects a hybrid structure, a later change, or inconsistent classification.

Why this case matters despite the ambiguity. B37 provides suggestive evidence that evergreen-style structures are not exclusively a large-firm phenomenon. However, because of the sourcing conflict, the case should be treated as suggestive rather than conclusive evidence.

\$130M AUM

B37

- Timing-agnostic
- Periodic NAV / budgeting
- Hurdle before principal

Case Four: Stripe's Tender Offer as a Deliberate Alternative to IPO

stripe

Mechanics. A tender offer allows a company or third party to purchase shares directly from existing shareholders, creating liquidity without a public listing or change in control. It therefore represents a company-level alternative to IPO-led liquidity.

The case. In 2023, Stripe conducted a tender offer providing liquidity to employees and early investors at a \$50B valuation. The transaction allowed stakeholders to realize liquidity while Stripe remained private. The valuation was below earlier private-market levels, showing that alternative liquidity does not necessarily preserve peak valuations.

What These Four Cases Establish Together

Together, the cases show that adoption is not one uniform action. Sequoia converted its core structure to address long-term capital deployment; Lightspeed uses continuation funds to solve exit timing; B37 provides smaller-manager evidence for evergreen structures, albeit with a sourcing caveat; and Stripe demonstrates company-level liquidity through a tender offer.

The cases also reveal different barriers: brand and LP trust for Sequoia, regulatory infrastructure for Lightspeed, structural uncertainty for B37, and sufficient company scale for Stripe. This leads directly to Section 6: where adoption has stalled, been rejected, or proved unsuitable.

The Counter-Case - Where the New Vehicles Break Down

Purpose and a Note on Sourcing Difficulty

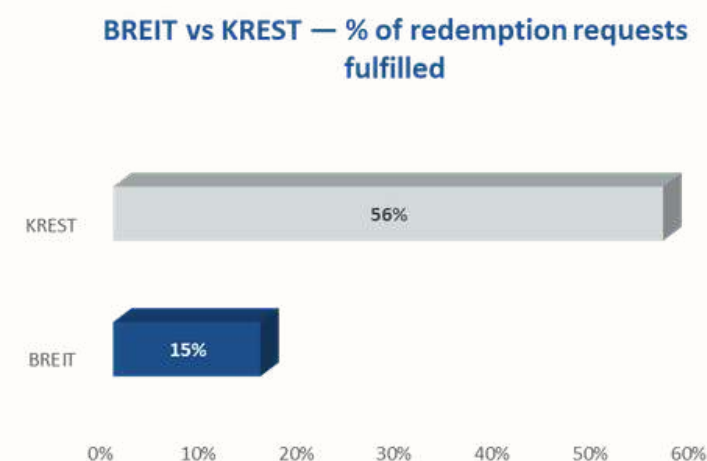
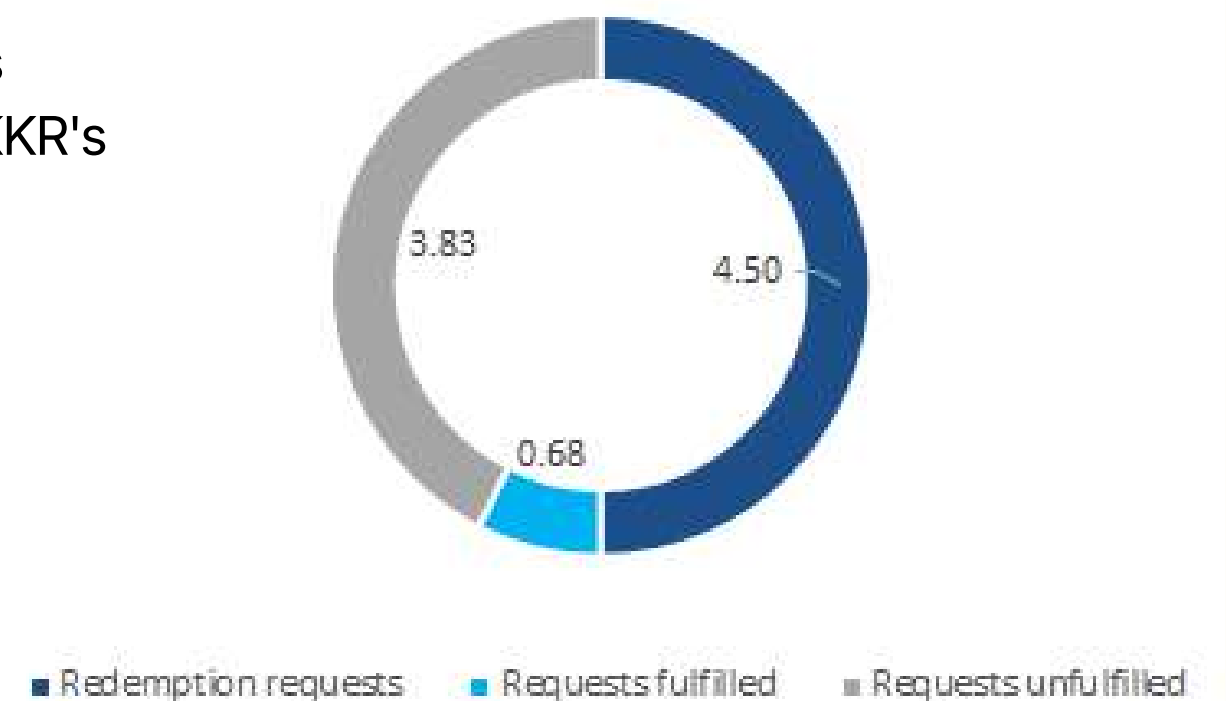
The previous section documented successful adoption of new structural vehicles. This section tests where those mechanisms break down: liquidity gates, continuation-fund governance, and alternative M&A exits. The first two counter-cases come from private equity and real estate, where these structures are more mature and better documented. This is a sourcing limitation, but the cases test vehicle mechanics, not the industry: Sequoia and Lightspeed use the same core structures, making the risks mechanically relevant to the venture cases examined earlier. The evidence demonstrates structural risk, not equivalent VC-specific failure. The third counter-case is venture-specific.

Counter-Case One: The Redemption Gate Crisis

The core mechanism failing as predicted. The redemption gates typically around 5% of NAV per quarter as protection against a bank-run-style liquidity event. Recent cases show that the mechanism can function as designed while still leaving investors without timely access to capital.

Blackstone BREIT (2022–2024). Blackstone's \$69B BREIT reached its 5% quarterly redemption cap in late 2022. In March 2023,  \$4.5B of withdrawal requests were submitted, with only 15% fulfilled. The backlog took until 2024 to clear, with a \$4.5B University of California investment helping provide liquidity. Blackstone described the gating as the structure “working exactly as planned”—highlighting the central tension: contractual liquidity can still mean prolonged waits during correlated stress.

This was not isolated. BREIT's sibling **BCRED** also hit its limit; Starwood's **SREIT** subsequently reduced its redemption allowance from 5% to 0.33% monthly before suspending redemptions entirely in May 2026. KKR's KREST fulfilled only 56% of redemption requests in Q3 2024.



The Counter-Case - Where the New Vehicles Break Down

The crisis reached private equity. In June 2026, Partners Group imposed a 5% quarterly gate on its \$8.6B evergreen private-equity fund within its \$185B platform. The fund holds buyout companies, primary commitments and secondary positions, making the case directly relevant to long-duration private-company investing. Separately, Grizzly Research alleged that as much as 40% of the fund's investments could be significantly mis-marked, raising an additional NAV-integrity concern; this is an allegation, not an established finding.

A measurement caveat. Q2 2026 U.S. evergreen assets were reported at \$607.2B, but \$56.2B of the prior quarter's increase resulted from methodology changes and delayed reporting. Adjusted underlying quarterly growth was approximately 2.8%, versus 35% the prior year, while the largest category—business development companies—contracted. This suggests headline adoption growth should not automatically be interpreted as equivalent underlying momentum.

Counter-Case Two: Governance Failure in Continuation Fund Transactions

The structural conflict. In a GP-led continuation transaction, the GP can effectively sit on both sides: representing the existing fund while establishing and managing the new vehicle. This creates a potential conflict between maximizing value for existing LPs and maximizing future economics in the continuation fund.

Escalating industry intervention. ILPA (Institutional Limited Partners Association) issued initial GP-led guidance in 2019, followed by substantially more prescriptive guidance in May 2023 amid reported LP concerns over conflicts and compressed transaction timelines.

Protections increasingly built into the process. The 2023 guidance called for adequate LP evaluation periods, LPAC review and voting rights with conflicted GP affiliates excluded, independent fairness opinions, and a status quo option allowing LPs to avoid being forced into a roll-or-cash-out choice. Legal commentary in 2026 continues to treat conflict-management provisions as an active drafting issue rather than a settled problem.

GP

EXISTING FUND
SELLER VEHICLE

CONTINUATION
VEHICLE

PRICE

Potential conflict

Why the conflict matters

Existing LPs	GP	New Vehicle
Want fair exit price	Controls transaction	Wants attractive entry
Need adequate time	Sets process	Managed by same GP
Need independent valuation	May earn future carry	Future carry opportunity

The Counter-Case - Where the New Vehicles Break Down

Counter-Case Three: The Adobe-Figma Deal Collapse

The deal and its collapse. Adobe agreed to acquire Figma for approximately \$20B in September 2022. After 15 months of regulatory review, the companies terminated the transaction in December 2023 because they saw no clear path to approval from European and UK regulators. Adobe paid Figma a \$1B reverse termination fee, nearly three times Figma's lifetime capital raised at that point.

The structural lesson. M&A can provide an alternative to IPO-based exits, but it introduces its own timing and regulatory risk. Here, a supposedly definitive exit path consumed 15 months and ultimately failed, leaving the company to pursue an independent path.

The resolution reinforces the point. Figma subsequently completed a traditional IPO in 2025, with its first-day price rising more than 100%. The case therefore suggests that alternative exits and IPOs are better viewed as complementary options rather than simple substitutes.

Alternative exit intended to reduce uncertainty (M&A)

→ 15 months regulatory review
→ deal collapses

→ \$1B reverse termination fee
→ company ultimately returns to IPO route



An alternative exit can remove one bottleneck while introducing another.

What These Counter-Cases Establish

The three cases expose different failure points within the solutions examined in Previous Section:

- **Evergreen vehicles:** liquidity can become conditional precisely when investors need it most; a gate can operate exactly as documented while still creating prolonged illiquidity.
- **Continuation funds:** exit liquidity introduces governance and conflict-of-interest challenges that have required repeated industry intervention.
- **Alternative M&A exits:** avoiding the IPO does not eliminate exit risk; regulatory review can create severe delays and ultimately prevent the transaction.

Standard Metrics Cross-Check — Does Adoption Translate to Better Outcomes?

Purpose of This Section

The previous sections established that adoption of new private-market vehicles is accelerating, while also documenting structural constraints and failure points. This section tests whether these vehicles produce measurably different investment outcomes from traditional structures, using standard private-markets metrics including **IRR, TVPI, DPI, annualized returns, and fee economics**.

The evidence remains mixed. Reported performance varies by asset class, measurement methodology, and market regime, limiting the basis for a definitive conclusion on structural outperformance.

The Measurement Problem

Traditional drawdown funds and evergreen vehicles are not measured on identical economic timelines.

Drawdown funds typically report **IRR**, which incorporates the timing of capital calls and distributions. Evergreen structures, by contrast, are more naturally assessed through **annualized returns or NAV**-based performance measures, given their continuous capital base and absence of a defined fund termination date.

This creates a methodological constraint: differences in reported returns can partly reflect capital deployment patterns, liquidity structures, valuation conventions, and distribution timing, rather than underlying investment performance alone.

The Theoretical Case for Evergreen Structures

The principal theoretical advantage of evergreen structures is deployment efficiency.

Traditional drawdown funds may hold uncalled commitments that generate limited returns before deployment. An evergreen structure can maintain a more continuously invested capital base, potentially reducing this deployment drag.

Goldman Sachs and other market analyses illustrate the effect: assuming comparable investment multiples, a traditional closed-end structure may require substantially higher net IRRs—approximately 16%–24.9% in certain scenarios—while an evergreen structure may achieve comparable economics at approximately 10%–11.6%, primarily because capital is deployed earlier and more continuously.

This provides a structural rationale for evergreen vehicles, but does not establish superior realized investment performance across market environments.

Standard Metrics Cross-Check — Does Adoption Translate to Better Outcomes?

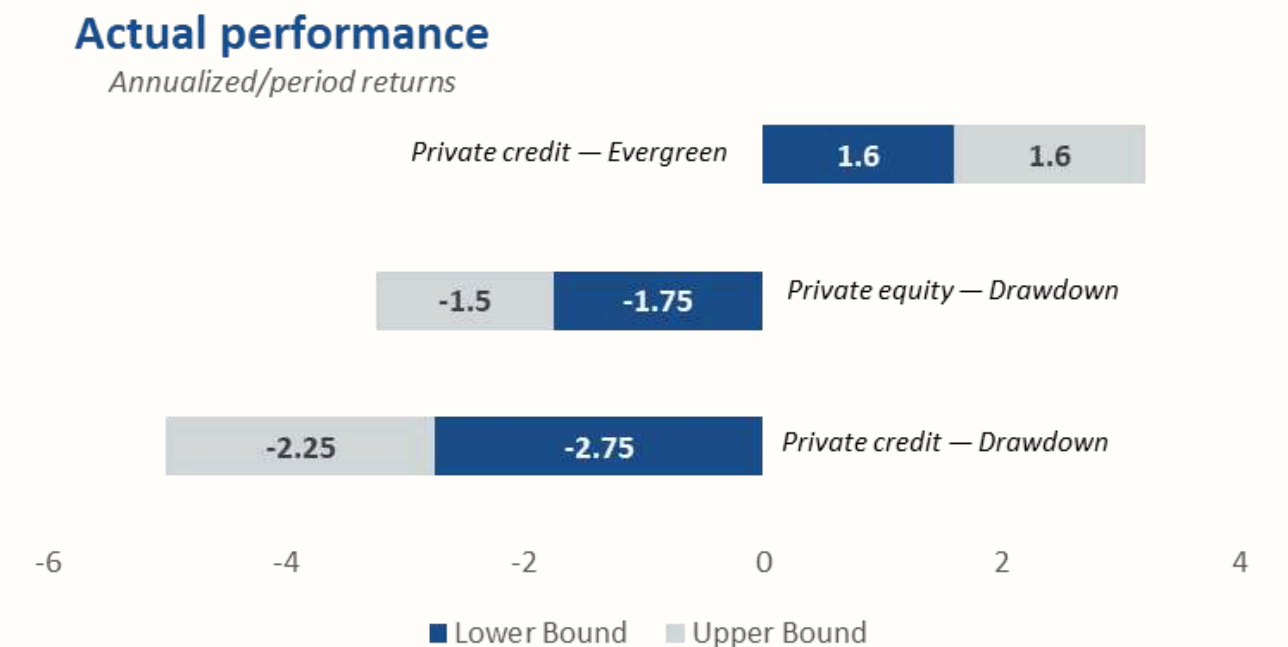
Empirical Performance Evidence

Evidence supporting evergreen structures:

Hamilton Lane's analysis of 13 equity evergreen funds covering 2019–2024 reported performance above the MSCI World Index and slightly ahead of comparable closed-end strategies. MSCI data through late 2025 also indicated that evergreen private credit exceeded comparable closed-end strategies by approximately 160 basis points, while evergreen private real estate recorded positive 2025 performance when the drawdown cohort was negative.

Evidence supporting drawdown structures:

PitchBook-sourced analysis indicates that traditional drawdown private equity historically exceeded evergreen strategies by approximately 2.25–2.75 percentage points annually, with a differential of approximately 1.5–1.75 percentage points in private credit. Identified explanations include exit timing, liquidity allocations, fee structures, and greater GP discretion.



Market-regime dependence:

MSCI's private-equity analysis further indicates that evergreen strategies experienced stronger relative performance through September 2025 but materially underperformed during the 2021–22 bull-market period.

The divergence suggests that relative performance is regime-dependent rather than structurally fixed. Evergreen structures may benefit from continuous deployment and liquidity management in certain environments, while traditional drawdown structures may benefit from concentrated exposure and defined exit cycles in others.

Standard Metrics Cross-Check — Does Adoption Translate to Better Outcomes?

Venture Capital and DPI

DPI provides a particularly relevant metric for assessing whether alternative liquidity structures address the realization constraints discussed earlier.

Median venture-fund DPI across recent vintages has remained below 1.0x over the past decade. Continuation funds and secondary transactions are increasingly positioned as mechanisms for accelerating distributions by creating liquidity before a conventional fund exit.

The mechanism is straightforward: a continuation transaction can convert an otherwise unrealized position into a realized distribution for participating LPs, thereby increasing DPI.

However, the evidence base does not currently provide a rigorous independent comparison of realized DPI between venture funds using continuation vehicles and those that do not. The mechanism is therefore economically plausible but not independently validated as a source of superior aggregate fund performance.

Fee Economics

Fee economics provide another important comparison point, although the available evidence remains dependent on how fees are defined and calculated.

Illustrative comparisons cited in the underlying evidence use approximately **1.65% management fees** and **12.5% carry for an evergreen structure** versus 2% management fees and 20% carry for a traditional drawdown structure. Semi-liquid private-market vehicles have also been reported with average expense ratios above 3%, compared with below 1% for public-market funds.

The comparison is complicated by differences in fee bases and calculation methodologies. Evergreen vehicles may calculate fees against NAV that includes unrealized appreciation, meaning that headline fee rates cannot be evaluated independently of the underlying denominator and performance structure.

Vehicle / Structure	Management Fee	Carry / Expense Ratio
Evergreen	1.65%	12.5% carry
Drawdown	2.00%	20.0% carry
Semi-liquid	N/A	>3% expense ratio
Typical public-market vehicles	N/A	<1% expense ratio

Accordingly, the available evidence does not establish a universal fee advantage for either structure

The Feasibility and Segment Matrix

Purpose of This Section

The previous sections established the structural rationale for the traditional model, diagnosed its current constraints, examined adoption trends across three emerging vehicles, documented successful adoption cases, assessed structural failure points, and cross-checked investment outcomes against standard private-markets metrics.

This section synthesizes that evidence into the report's central analytical output: a segment-level feasibility matrix covering the three fund segments defined in the research scope - large multi-stage, mid-size established, and emerging manager.

The objective is not to produce a single industry-wide conclusion, but to determine **where adoption is demonstrated and replicable, where it remains conditional, and where the evidence is currently insufficient or structural barriers remain material.**

Scoring Methodology

Each vehicle-segment combination is assessed across four criteria derived from the master factor table developed earlier in the research and updated using the evidence from the previous sections:

- **Demonstrated adoption** — Is there a named or aggregate-data-supported example of the segment successfully using the vehicle?
- **Structural barrier severity** — How significant are the operational, regulatory, or trust-based barriers associated with the structure, including NAV infrastructure, RIA registration, and LP trust requirements?

DEMONSTRATED ADOPTION	STRUCTURAL BARRIERS	GOVERNANCE RISK	PERFORMANCE CASE
Existing evidence of successful use	Operational & regulatory constraints	Exposure to documented failure modes	Evidence for differentiated outcomes

VEHICLE × SEGMENT FEASIBILITY ASSESSMENT

- **Governance risk exposure** — How exposed is the vehicle-segment combination to documented failure modes, including redemption gates, conflicts of interest, and transaction-collapse risk?
- **Performance case strength** — Does the available evidence support a performance rationale specific to the combination, or does the case rest primarily on structural considerations?

The Feasibility and Segment Matrix

Each combination receives an overall feasibility rating of High, Conditional, or Low:

- **High** - demonstrated and potentially replicable adoption with manageable, reasonably understood structural risks.
- **Conditional** - adoption is feasible but depends on specific firm, portfolio, or investor characteristics that are not uniformly present across the segment.
- **Low** - significant unresolved barriers or insufficient demonstrated adoption currently constrain practical implementation.

The ratings represent the report's analytical interpretation of the evidence rather than an externally validated scoring standard.

The Underlying Factor Table

Before assessing individual vehicles by segment, the following table consolidates the factors influencing the choice between traditional and emerging vehicle structures. This factor table was initially developed as a working hypothesis early in this research and was subsequently updated using the evidence assembled across Sections

Sr. No.	Factor	Favors Traditional	Favors New Vehicle	Evidence Basis
1	Liquidity access	No additional mechanism required; LPs accept conventional lockups	Scheduled redemption windows provide interim liquidity	Contested — documented redemption constraints under correlated stress across BREIT, SREIT, KREST and Partners Group
2	Return potential (net of fees)	Limited cash drag; substantially deployed capital	Potential deployment-efficiency benefit from a continuously invested structure	Mixed — directly conflicting evidence across Hamilton Lane/MSCI and PitchBook
3	Fund lifecycle / duration match	Aligns with genuinely illiquid, long-duration assets	Better accommodates LPs whose liquidity requirements do not fit a fixed 10-year structure	Strong — central to the structural diagnosis and illustrated by Sequoia's model
4	Tax treatment on carry	Carry generally subject to the same capital-gains framework	No material structural advantage identified	Weak / neutral — corrected earlier in the research; should not be overweighted
5	GP fee continuity	Fundraising cycle creates periodic fee resets	Continuous structure can support an ongoing fee base	Strong — although Lightspeed demonstrates that continuous fundraising can also be achieved without full evergreen conversion

The Feasibility and Segment Matrix

Sr. No.	Factor	Favors Traditional	Favors New Vehicle	Evidence Basis
6	Fresh carry on existing assets	Generally unavailable during the existing fund life	Continuation structures can reset economics around known assets	Strong – directly evidenced by Lightspeed's continuation activity
7	Fundraising cost / effort	Repeated fundraising and LPA processes	Continuous capital formation can reduce dependence on discrete fundraising cycles	Moderate – supported by adoption data but not directly quantified as a cost differential
8	Operational complexity / infrastructure	Established operating and valuation framework	Requires NAV valuation, liquidity administration and potentially additional regulatory infrastructure	Strong – evidenced by RIA requirements and documented valuation concerns in scaled evergreen structures
9	Governance / conflict of interest	GP generally does not transact against an existing fund position	Requires additional protections, including independent valuation, fairness processes and LP oversight	Strong – supported by the evolution of ILPA guidance and documented governance concerns
10	Forced-sale / fire-sale risk	Lower liquidity pressure during fund life, although exits remain constrained by fund maturity	Redemption mechanisms can become stressed when multiple LPs seek liquidity simultaneously	Strong – documented multi-fund redemption stress demonstrates a recurring structural risk
11	Portfolio holding flexibility	Fund lifecycle can force realization irrespective of market conditions	Greater ability to retain high-quality assets beyond conventional fund maturities	Strong – supported by Sequoia and the broader extension of private-company lifecycles
12	Regulatory / registration burden	Established compliance pathway	May require additional registration and can expose alternative exits to regulatory scrutiny	Strong – supported by Lightspeed's RIA requirements and the Adobe-Figma transaction
13	LP investor-type fit	Suited to institutional LPs with long-duration capital	Potentially better suited to investors requiring periodic liquidity	Strong – evidence indicates that even traditionally long-duration institutional investors are increasingly seeking liquidity
14	Track record / trust	Established performance history and benchmarking	Newer structures have shorter performance histories	Moderate – particularly relevant for smaller managers without established institutional trust
15	Vintage-year diversification	LPs construct diversification across individual fund vintages	Evergreen structures inherently provide exposure across vintages	Moderate – structurally supported but not independently tested against outcomes
16	Industry lobbying / political exposure	Larger aggregate carry pools may create greater resistance to structural change	Smaller aggregate exposure may reduce organized resistance	Weak – underlying premise is supported, but the causal relationship with adoption remains speculative

The Feasibility and Segment Matrix

What changed after the evidence review

Two factors were upgraded from Moderate to Strong following the evidence review: **forced-sale / fire-sale risk and regulatory / registration burden**. Both moved from principally theoretical considerations to risks supported by documented cases.

Return potential moved in the opposite direction. The initial structural hypothesis suggested a deployment-efficiency advantage for new vehicles, but the performance evidence reviewed in the previous section produced conflicting results. It is therefore treated as a contested factor rather than an assumed advantage.

This revision of the factor table is material to the analytical framework: several initial hypotheses changed once tested against observed evidence rather than being retained as predetermined conclusions.

Vehicle One: Evergreen / Semi-Liquid Fund Structures

Segment	Rating	Evidence Basis
Large multi-stage	High	Sequoia provides a demonstrated, multi-year example of full structural conversion, although its execution is closely associated with substantial brand strength and established LP trust. The Partners Group case also demonstrates that scale and resources do not eliminate redemption-gate risk. Lightspeed's decision to retain its core closed-end architecture while selectively using continuation structures further indicates that evergreen conversion remains a strategic choice rather than a default model.
Mid-size established	Conditional	No direct named case of a mid-size manager executing a full evergreen conversion was identified in this research. The infrastructure requirements surrounding NAV pricing, redemption administration and liquidity management represent material implementation costs for firms without comparable operating resources. The evidence therefore supports feasibility under specific firm-level conditions rather than broad segment-wide adoption.
Emerging manager	Conditional, evidence-limited	B37 Ventures provides the principal identified example of an evergreen-style structure at sub-\$150M AUM, although the research disclosed classification uncertainty around the case. Where feasible, the structure appears linked to a specific investment model and investor alignment rather than providing evidence of broad replicability across emerging managers.

The Feasibility and Segment Matrix

Vehicle Two: GP-Led Continuation Funds / Secondaries

Segment	Rating	Evidence Basis
Large multi-stage	High	Lightspeed's OpenAI-focused continuation fund provides a current venture example, while broader private-equity data indicates substantial adoption among large sponsors. Although the aggregate evidence is primarily from private equity rather than venture capital, the structure is materially less disruptive than a firm-wide evergreen conversion because it can be deployed selectively on individual assets.
Mid-size established	Conditional	Continuation structures are more accessible than full evergreen conversion because they operate at the asset level. However, regulatory registration, independent valuation, fairness processes and LP oversight introduce meaningful compliance and transaction costs. The evidence therefore supports adoption where the manager has sufficient infrastructure and a portfolio asset capable of supporting the transaction economics.
Emerging manager	Low	No emerging-manager-scale venture example was identified. Continuation transactions generally require a sufficiently valuable asset or portfolio, together with independent valuation, governance processes and a competitive buyer process. These requirements create a structural threshold that is less frequently satisfied by emerging managers with smaller and earlier-stage portfolios.

The Feasibility and Segment Matrix

Vehicle Three: Alternative Exits — M&A, Tender Offers and Structured Liquidity

The feasibility logic for this vehicle differs from the previous two. Alternative exits operate primarily at the portfolio-company level, meaning portfolio maturity and asset quality are more relevant determinants than GP AUM alone.

Segment	Rating	Evidence Basis
Large multi-stage	High	Large multi-stage managers are more likely to hold mature, highly capitalized companies capable of supporting tender offers, strategic acquisitions or other structured liquidity mechanisms. The documented growth of M&A activity among well-capitalized venture-backed companies and Stripe's tender offer provide evidence that these mechanisms are already operational at scale.
Mid-size established	Conditional	Feasibility depends primarily on portfolio-company maturity rather than fund size. Where portfolio companies achieve sufficient scale and strategic value, these mechanisms are available. However, the Adobe-Figma case demonstrates that strategic M&A can carry substantial regulatory and transaction-completion risk.
Emerging manager	Low	Earlier-stage portfolio companies are less likely to have reached the scale required for meaningful tender offers or strategically significant M&A. The mechanism remains available in principle, but its practical application is constrained by portfolio maturity.

The Feasibility and Segment Matrix

Cross-Vehicle Synthesis

Across the three vehicles, feasibility is consistently associated with firm and portfolio maturity, although the binding constraint differs by structure.

For evergreen structures, the principal constraints are LP trust, brand strength, operating infrastructure and the ability to manage liquidity under stress.

For continuation funds, the primary constraints are regulatory and governance infrastructure, transaction economics, and the presence of sufficiently valuable portfolio assets.

For alternative exits, feasibility depends primarily on portfolio-company maturity and the manager's ability to navigate transaction and regulatory risks.

No single vehicle addresses all of the structural constraints identified earlier. Each addresses a different component of the private-markets liquidity and lifecycle problem and introduces its own implementation requirements.

A consistent pattern also emerges at the segment level: large multi-stage managers have the strongest demonstrated feasibility across all three vehicles, while evidence for mid-size and emerging managers is more conditional. No vehicle receives a High feasibility rating for the emerging-manager segment. This indicates that the structures examined in this report are not yet supported by sufficient evidence for broad industry-wide adoption across smaller managers.

A Note on What This Matrix Does Not Resolve

This matrix assesses feasibility, not investment superiority. A High rating indicates that adoption is demonstrated or reasonably replicable under the identified conditions, with risks that can be managed within an established operating framework. It does not indicate that the structure will generate superior investment performance relative to a traditional vehicle.

The previous section found no conclusive evidence of structural performance superiority across market regimes. Accordingly, feasibility and investment performance should remain analytically separate. This distinction carries directly into the final synthesis.

Synthesis and Conclusion

Restating the Research Question

The report's central research question was whether evergreen/semi-liquid funds, GP-led continuation funds, and alternative exit paths address the structural mismatches they are designed to mitigate, and whether the available evidence supports broad industry adoption or instead indicates segment-specific feasibility.

The preceding sections established the structural diagnosis, documented adoption trends, examined named implementation cases and counter-cases, assessed performance metrics, and evaluated feasibility across fund segments. This section synthesizes those findings into a scoped conclusion, distinguishing between conclusions supported by convergent evidence and areas where the evidence remains limited or contested.

Findings Supported by the Evidence

Three findings emerge with comparatively strong support across the evidence base.

1. The structural strain identified in the traditional venture model is supported by independent evidence. The Dissonance framework's diagnosis is reinforced by the Endowment Model analysis, including evidence from disclosed private-equity sales and endowment performance data. The convergence of these separate analytical approaches provides supporting evidence that the underlying structural mismatch is not solely a product of the framework's assumptions.
2. Adoption of alternative vehicles represents a material market development rather than an isolated phenomenon. The adoption evidence includes sustained growth in evergreen vehicles, substantial expansion in GP-led secondary activity, continuation-vehicle adoption among major global sponsors, and the increasing role of M&A in venture exits. Collectively, these indicators support the conclusion that private-market vehicle structures are undergoing meaningful evolution.
3. Feasibility is differentiated by manager and portfolio characteristics. The feasibility matrix identifies a consistent concentration of demonstrated feasibility among large multi-stage managers, with more conditional evidence for mid-size established managers and limited evidence for emerging managers. The binding constraint differs by vehicle: LP trust and operating infrastructure for evergreen structures, regulatory and governance infrastructure for continuation funds, and portfolio-company maturity for alternative exits.

Synthesis and Conclusion

What the Evidence Does Not Establish



The evidence does not establish superior investment performance for the new vehicle structures. The previous performance analysis identified conflicting results across reputable sources. Hamilton Lane and MSCI reported periods of stronger performance for certain evergreen strategies, while PitchBook-sourced evidence indicated historical outperformance by traditional drawdown structures in private equity and private credit. Differences in methodology, asset class and market regime limit the basis for a structural performance conclusion.

The case for alternative vehicles therefore rests primarily on structural fit, deployment characteristics, liquidity management, portfolio-duration flexibility and investor economics, rather than demonstrated return superiority.

The evidence does not indicate that the new structures eliminate the risks associated with the traditional models . The counter-cases documented redemption constraints across multiple semi-liquid vehicles, governance challenges surrounding continuation transactions, and regulatory and timing risk in alternative M&A exits. The evidence indicates a redistribution of risk rather than its elimination: traditional structures retain known lifecycle and liquidity constraints, while newer structures introduce additional liquidity, governance, valuation and regulatory considerations

Uniform industry-wide adoption. No vehicle achieved a High feasibility rating across all three fund segments. The evidence therefore supports a differentiated adoption pathway rather than a single structural model applicable across the venture ecosystem.

Synthesis and Conclusion

Vehicle-Level Conclusions

Evergreen / Semi-Liquid Fund Structures

The analysis supports selective application rather than broad structural conversion.

Sequoia provides the clearest large-manager implementation case, supported by substantial brand strength, established LP relationships and operating infrastructure. At the same time, the redemption-gate cases documented in the counter-cases demonstrate that scale does not eliminate liquidity risk. Experience among smaller managers remains limited. B37 provides an example of an evergreen-style structure at smaller scale, but the sourcing limitations surrounding the case prevent it from serving as broad evidence of replicability.

Evergreen structures should therefore be understood primarily as a firm-specific solution whose feasibility depends on LP trust, operating infrastructure, liquidity management capability and portfolio characteristics.

GP-Led Continuation Funds / Secondaries

Continuation funds have the broadest demonstrated adoption base among the three vehicles, particularly among larger managers.

The structure directly addresses the exit-volatility constraint without requiring a full restructuring of the fund's architecture. Its asset-level implementation also makes it potentially more accessible than full evergreen conversion.

However, adoption remains dependent on regulatory and governance infrastructure, asset quality, independent valuation and appropriate LP protections. The analysis therefore supports broader application where these conditions are satisfied, rather than universal adoption across managers.

Synthesis and Conclusion

Vehicle-Level Conclusions

Alternative Exits

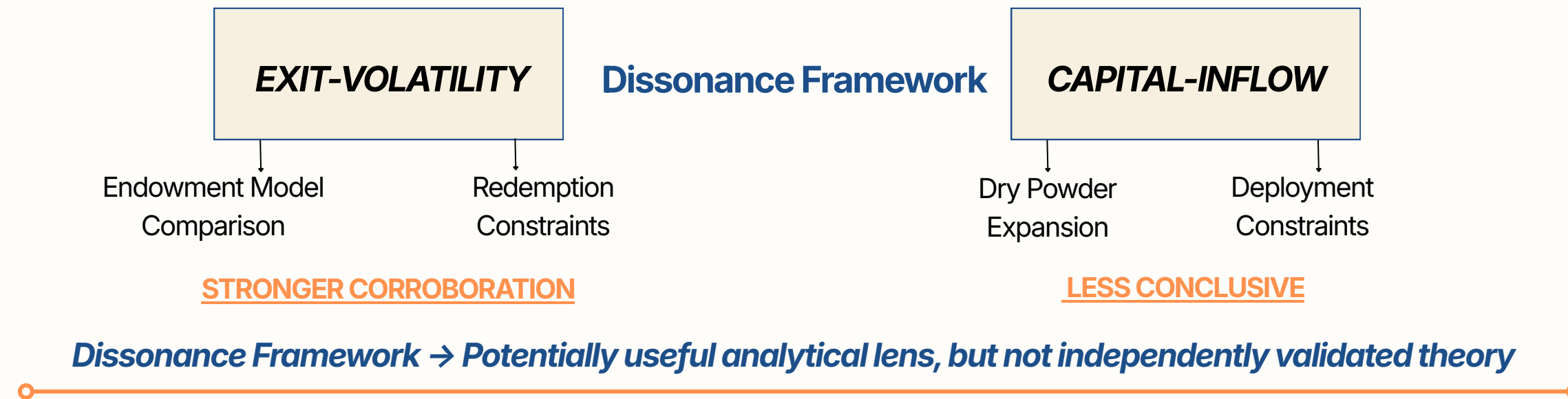
Alternative exits are best viewed as a complement to the conventional IPO pathway rather than a substitute for it.

Tender offers, strategic M&A and other structured liquidity mechanisms expand the set of potential liquidity routes available to mature private companies. However, the Adobe-Figma case demonstrates that strategic M&A can remain subject to substantial regulatory and timing uncertainty even where the underlying transaction rationale is strong.

These mechanisms therefore function as an expanded liquidity toolkit, with their practical value dependent on portfolio-company maturity, transaction conditions and regulatory feasibility.

Dissonance Framework: Research Findings

The report treated the Dissonance framework as a working hypothesis rather than an established theory. The evidence assembled through the research provides partial support for its diagnostic usefulness, while leaving material limitations unresolved.



Synthesis and Conclusion

Boundary Conditions

The conclusions above are subject to several methodological boundaries.

First, the research uses a curated set of named cases and publicly available industry evidence rather than a statistically representative industry sample.

Findings should therefore be interpreted as directional.

Second, the private-markets data environment creates a private-data ceiling. The analysis relies primarily on public filings, industry research, disclosed transaction information and firm statements rather than comprehensive audited fund-level performance data.

Third, the counter-case evidence is weighted toward private equity and real estate, where these structures are more mature and better documented, rather than venture capital directly. This limitation is particularly relevant when extrapolating structural risks from mature private-market segments to venture.

These limitations constrain the precision of the conclusions but do not invalidate the segment-level patterns identified across the evidence base.

The Core Conclusion

Taken together, the evidence indicates that the newly evolved vehicles examined in this report address documented structural constraints within private markets, particularly around fund duration, liquidity access, exit timing and portfolio-company lifecycle.

However, the evidence does not support a uniform structural replacement of the traditional venture model.

The strongest demonstrated feasibility is concentrated among large, established and well-resourced managers, while mid-size managers face conditional implementation requirements and emerging managers remain subject to material evidence and infrastructure gaps.

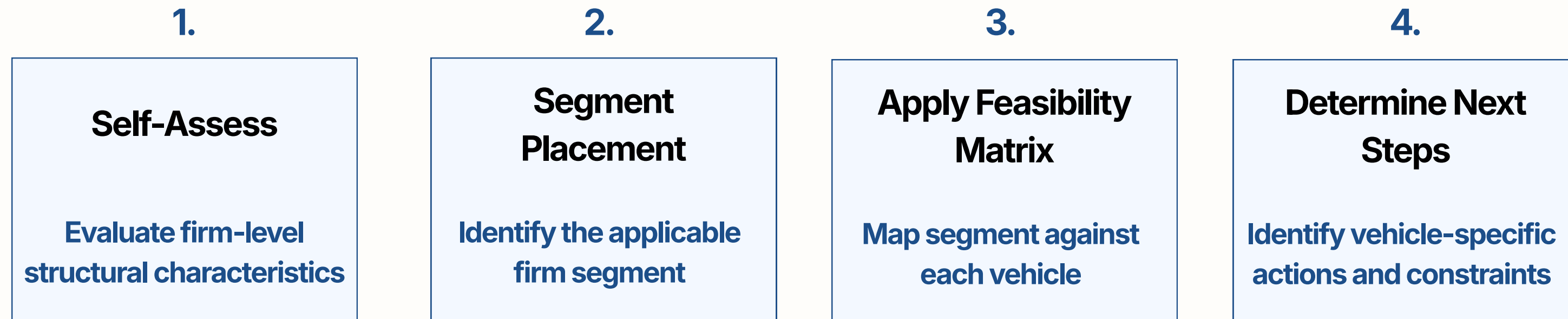
The appropriate interpretation is therefore segment-specific structural evolution rather than industry-wide replacement. Evergreen structures, continuation funds and alternative exits should be viewed as distinct mechanisms addressing different structural constraints, each with its own implementation requirements and risk profile.

The Practitioner Decision Tool

Boundary Conditions

Previous Sections tested a feasibility matrix using named case studies as reference points. This section converts that matrix into something a general partner or limited partner can actually use: a self-assessment tool that locates a real firm within the segment framework this report developed, and connects that placement directly to the feasibility findings of Section 8 and the verdict of Section 9. This is the report's answer to its own stated goal of producing a decision-useful output, not description alone.

Decision Pathway.



[Click here to get the Practitioner Decision Tool Checklist By Forvm](#)

This checklist is a direct, evidence-grounded translation of this report's findings — it is not a substitute for professional legal, tax, or fund-structuring advice, and it should be read with the same scope limitations disclosed throughout this report: a curated evidence base, a still-emerging primary analytical framework, and a private-data ceiling that leaves some questions (particularly comparative performance) unresolved. Firms considering a structural change of the kind evaluated in this report should treat this tool as a starting framework for internal discussion, not a final determination.

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Notes Before Publishing

- Item 69: Section 7 attributed this document to Goldman Sachs Asset Management, but the file I retrieved was hosted on a university investment-committee site (uncipc.com). Open the PDF, confirm the publisher, and then confirm the 16%-24.9% vs 10%-11.6% IRR figures appear in it. Fix the attribution on page 24 if it differs.
- Item 20: The lobbying figures came from two different sources (AIC \$2.01M, NVCA \$648K for Q3 only). Confirm AIC's number on the OpenSecrets page.
- Item 9: The 1979 DOL rule is cited generally. A primary citation would be stronger.
- ◆ sources: These are blogs, aggregators or interview-prep sites. Where possible, replace them with the primary document: the Sequoia announcement or podcast episode for the \$6.7B figure, Stripe's own announcement or a major outlet for the \$50B tender offer, and ILPA's own guidance for continuation-fund mechanics (instead of item 61).
- Not cited because it was not used in the final text: Hiive, Industry Ventures, EquityBee and Statista material that appeared in searches but never made it into the report.



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