

# How To Invest In Private Markets

Today, investors have more choices than ever before in how to access private markets. Traditionally, private market opportunities had been available exclusively through closed-end “drawdown” funds, which are structured to match the liquidity of the fund to that of the underlying investments. The majority of private market funds available today are structured in this manner. However, as the market evolves to better cater to the needs of a broader range of investors, evergreen structures are becoming increasingly prominent.

## Sample Investment Characteristics: Comparison

Feature	Public Markets	Private Markets: Evergreen Funds	Private Markets: Drawdown Funds
Investment Vehicles	Open-ended funds or ETFs	Varies (Open-ended or closed-ended, traded or non-traded)	Closed-end partnership between manager and investors
Registration	Registered	Varies (some registered)	Not registered
Structure	Perpetual life	Perpetual life	Finite life (8-15 years is typical)
Composition At Time of Investment	Fully invested	Fully invested	Blind pool, funded over time
Subscription Window	Continuous, daily	Continuous, monthly or quarterly	During fundraise period only
Investor Eligibility	All investors eligible	Varies	Accredited Investor and/or Qualified Purchaser
Typical Investment Minimums	<\$1,000 typical	≤ \$25,000 typical	\$250,000 - \$1,000,000 typical
Liquidity Profile	Daily liquidity, typically without restrictions	Semi-liquid. Redemptions are typically quarterly. Subscription and redemption limits, introduced at the discretion of the manager, limit the total amount investors can invest or redeem in a given period (5% redemption per quarter is a typical maximum).	Illiquid. Cash is invested and distributed intermittently at the discretion of the manager. Capital in the fund is locked up and unavailable for several years.
Tax Reporting	1099	1099 in many cases	K-1

# Private Markets Evergreen Fund Structure

## Subscriptions:

Subscriptions are available continuously, on a monthly or quarterly basis, giving the investor flexibility in timing fund subscriptions. The investor contributes the full amount of commitment at the time of subscription. Occasionally the manager may institute a queue to manage subscriptions—limiting new capital intake in a particular period in order to ensure orderly, thoughtful, timely cash deployment. In this case, it may take several months to become fully invested in the fund.

## Holding Period:

The fund's underlying portfolio is fully funded throughout the investor's holding period. A portion of the portfolio is typically held in liquid securities and cash. This is done in order for the fund manager to be able to provide periodic investor liquidity, as well as to manage timing differences between receiving subscriptions and deploying cash into new private opportunities. Private opportunities, by definition, are not available on a continuous basis, and new investments take some time to execute.

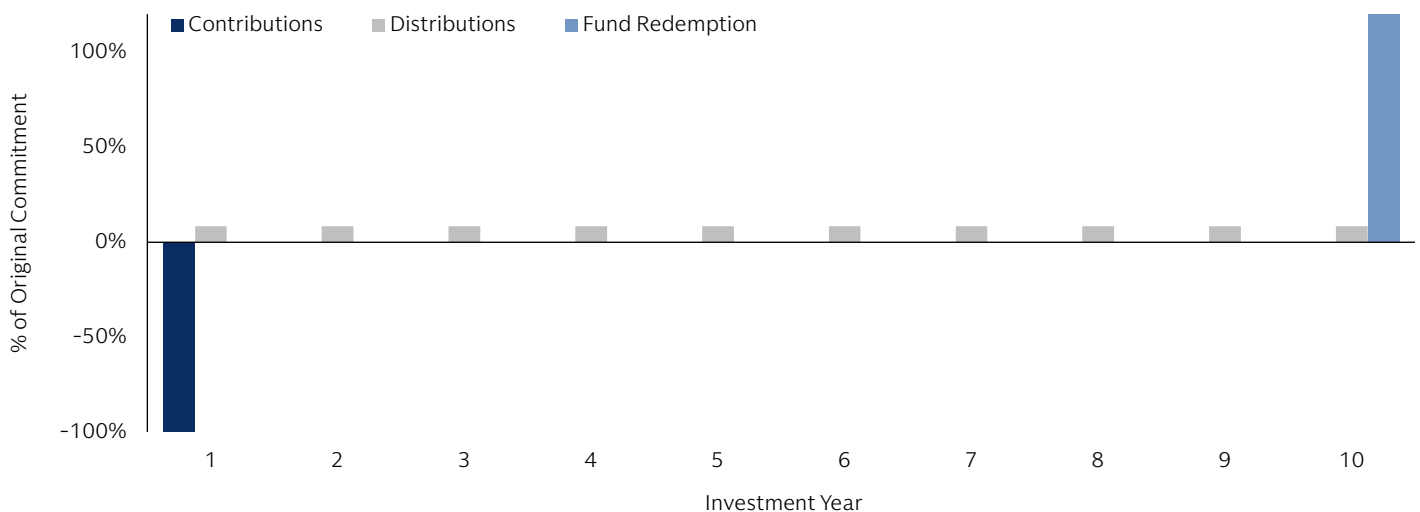
These liquid securities tend to have lower returns than the underlying private market assets, creating a drag on overall returns.

Fund that invest in yield-generating strategies (e.g., credit, real estate, infrastructure) may pay monthly or quarterly distributions. Generally there are no distributions from underlying asset sales. Proceeds from investment sales are redeployed by the fund manager into new opportunities.

## Redemptions:

Redemptions are typically available on a quarterly basis, giving an investor flexibility of redemption timing. Often, the full redemption request amount is honored. However, funds typically feature redemption limits on the total amount investors can withdraw in a given period—a 5% quarterly maximum is typical. When redemption demand exceeds these limits, redemption requests may not be honored in full (typically, redemptions are scaled pro-rata). This allows the fund manager to avoid liquidating assets at unfavorable prices in order to meet liquidity requests. The most likely scenario for redemption limits is in times of market stress, as this is when more investors tend to seek liquidity. As such, an investor may be gated at the time when liquidity may be most valuable. For this reason, these structures are considered “semi-liquid” rather than fully liquid.

## Illustrative Cash Flows—Evergreen Credit Fund



Source: Goldman Sachs Asset Management. As of December 2024. For illustrative purposes only.

FOR THE USE OF THE INTENDED RECIPIENT ONLY. NOT FOR FURTHER REDISTRIBUTION.

## Private Markets Drawdown Fund Structure

### Subscriptions:

Funds have a finite subscription period at the inception of the fund's life, during which the investor commits capital to the fund. The investor does not fund their commitment at the time of subscription. At this time, there are no investments in the fund.

### Holding Period:

Investor capital is drawn down in a series of capital calls, as the fund manager identifies investments to add to the portfolio. This investment period typically lasts 3-5 years, and the timing and amount of each capital call are at the discretion of the manager. Fund investments are held over a multi-year period. All assets in the fund are private assets.

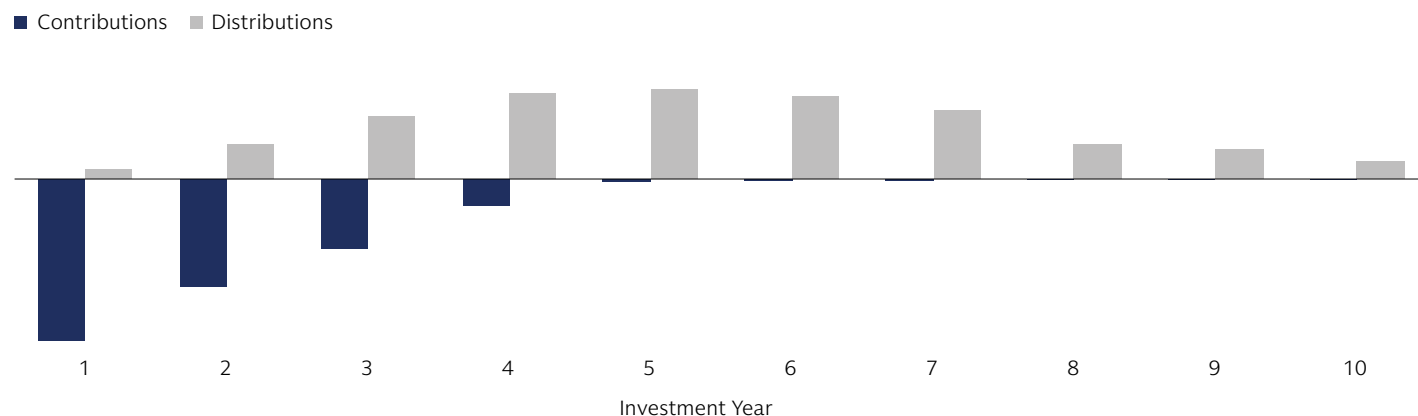
The value of investments in the portfolio at any given time make up the fund's Net Asset Value (NAV). NAV grows in the early years of the fund as capital is called and invested, and declines in later years as investments are realized.

### Distributions:

Once investments are exited (asset is sold, loan is repaid), the proceeds are distributed back to investors. These distributions tend to start at the end of the investment period and continue until the end of the fund's life. Most capital is returned within the first 8-12 years, but some strategies can take several more years to distribute all proceeds. Investments in yield-generating strategies (e.g., credit, real estate, infrastructure) may pay periodic distributions (e.g., quarterly) in the meanwhile. When the final investment is exited, the fund is wound down.

Distributions are at the discretion of the fund manager. The investor should consider the capital in the fund as locked up and unavailable for several years. An investor can sell their stake in the fund in the secondary market, but this process takes time, is not guaranteed to result in a transaction (especially for small transaction amounts), and will likely price at a discount to net asset value.

### Illustrative Cash Flows—Drawdown Private Credit Fund



Source: Goldman Sachs Asset Management. As of December 2024. For illustrative purposes only.

### Maintaining The Allocation

Because of the finite nature of drawdown funds, maintaining desired exposure to the asset class using these vehicles calls for a consistent investment program of commitments to new funds on an ongoing basis. Distributions of capital from mature funds can be redeployed by investors to help fund capital calls from younger funds. While it can take approximately 7-9 years to reach the target allocation, a consistent, well-balanced portfolio can become self-funding, or cash flow positive, over time. We believe this approach can also help diversify the program across market environments.

FOR THE USE OF THE INTENDED RECIPIENT ONLY. NOT FOR FURTHER REDISTRIBUTION.

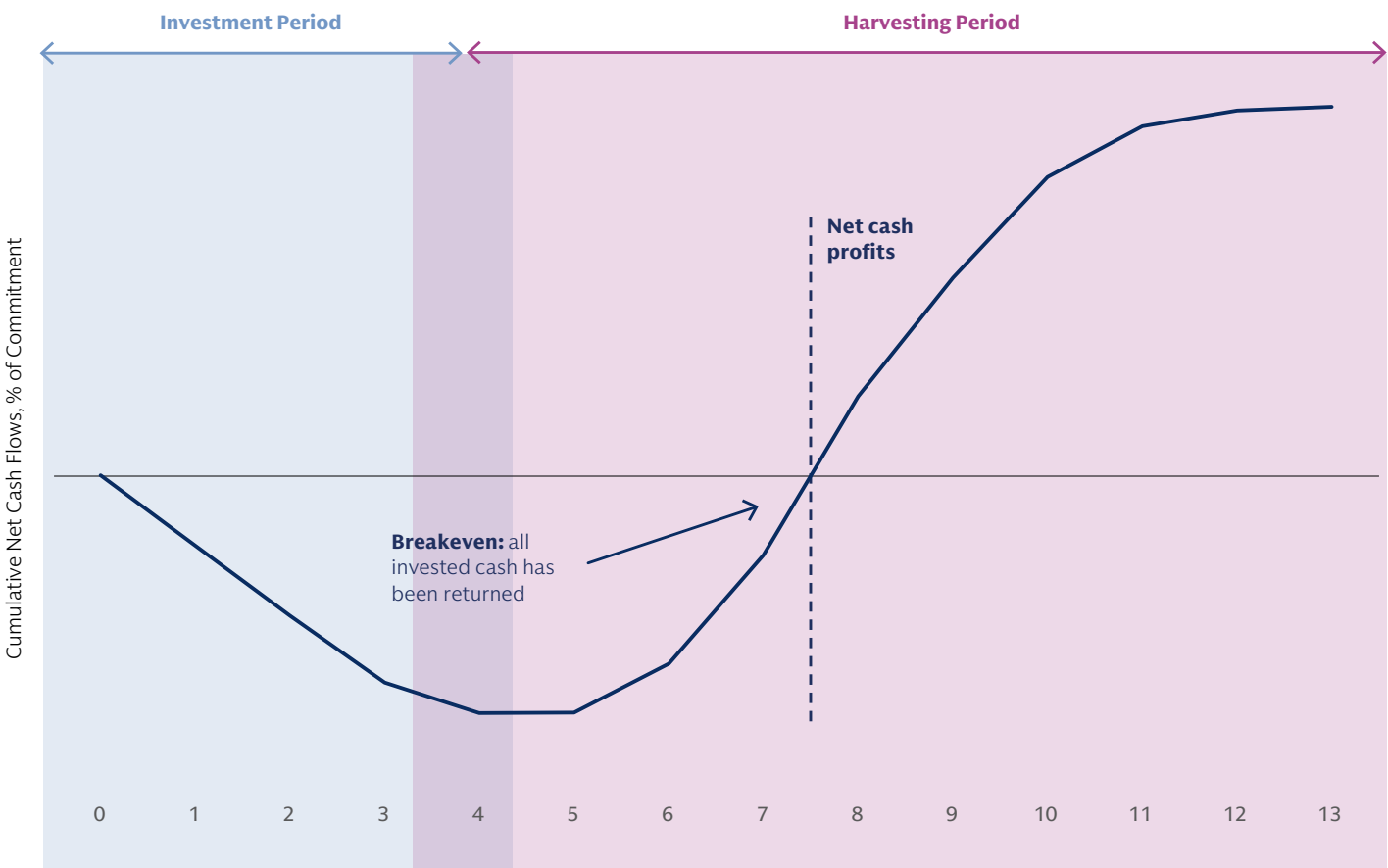
# Appendix:

## Cash Flow J-Curve in Traditionally-Structured Private Funds

The cumulative, since-inception net cash flow pattern of a typical drawdown funds resembles the letter J, giving rise to the term “j-curve.” Cumulative cash flows start off negative as investor capital is called, and reach an inflection point once investment realizations start. It typically takes a fund several years to distribute all cash.

Returns may start off negative due to fees and expenses charged on a relatively low amount of invested capital. They grow over time toward the fund’s final performance as the fund harvests its investments.

### Illustrative Cash Flows—Drawdown Funds



Source: Goldman Sachs Asset Management. As of December 2024. These assumptions are for illustrative purposes only and are not actual results.

# Disclosures

## Alternative Investments

Alternative Investments are subject to less regulation than other types of pooled investment vehicles such as mutual funds. Alternative Investments may impose significant fees, including incentive fees that are based upon a percentage of the realized and unrealized gains and an individual's net returns may differ significantly from actual returns. Such fees may offset all or a significant portion of such Alternative Investment's trading profits. Alternative Investments are not required to provide periodic pricing or valuation information. Investors may have limited rights with respect to their investments, including limited voting rights and participation in the management of such Alternative Investments.

Alternative Investments often engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested. There may be conflicts of interest relating to the Alternative Investment and its service providers, including Goldman Sachs and its affiliates. Similarly, interests in an Alternative Investment are highly illiquid and generally are not transferable without the consent of the sponsor, and applicable securities and tax laws will limit transfers.

## Conflicts of Interest

There may be conflicts of interest relating to the Alternative Investment and its service providers, including Goldman Sachs and its affiliates. These activities and interests include potential multiple advisory, transactional and other interests in securities and instruments that may be purchased or sold by the Alternative Investment. These are considerations of which investors should be aware and additional information relating to these conflicts is set forth in the offering materials for the Alternative Investment.

**Past performance does not guarantee future results, which may vary.** The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.

Views and opinions expressed are for informational purposes only and do not constitute a recommendation by Goldman Sachs Asset Management to buy, sell, or hold any security. Views and opinions are current as of the date of this presentation and may be subject to change, they should not be construed as investment advice.

Goldman Sachs does not provide legal, tax or accounting advice, unless explicitly agreed between you and Goldman Sachs (generally through certain services offered only to clients of Private Wealth Management). Any statement contained in this presentation concerning U.S. tax matters is not intended or written to be used and cannot be used for the purpose of avoiding penalties imposed on the relevant taxpayer. Notwithstanding anything in this document to the contrary, and except as required to enable compliance with applicable securities law, you may disclose to any person the US federal and state income tax treatment and tax structure of the transaction and all materials of any kind (including tax opinions and other tax analyses) that are provided to you relating to such tax treatment and tax structure, without Goldman Sachs imposing any limitation of any kind. Investors should be aware that a determination of the tax consequences to them should take into account their specific circumstances and that the tax law is subject to change in the future or retroactively and investors are strongly urged to consult with their own tax advisor regarding any potential strategy, investment or transaction.

Entities Providing Services. This presentation is intended only to facilitate your discussions with the applicable Goldman Sachs entity including, but not limited to, Goldman Sachs & Co. LLC, Goldman Sachs International, Goldman Sachs AG, Goldman Sachs Paris Inc. Et Cie., Goldman Sachs Saudi Arabia, Goldman Sachs Bank AG, Goldman Sachs (Asia) L.L.C., Goldman Sachs (Singapore) Pte (Company Number: 19862165W), Goldman Sachs Futures Pte. Ltd (Company Number: 199004153Z); Goldman Sachs Australia Pty Limited. In connection with its distribution in the United Kingdom, this material has been issued and approved by Goldman Sachs International which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. This material has been approved for issue in the United Kingdom solely for the purposes of Section 21 of the Financial Services and Markets Act 2000 by GSI, Plumtree Court, 25 Shoe Lane, London EC4A 4AU; by Goldman Sachs Canada, in connection with its distribution in Canada; in the United States by Goldman Sachs & Co. LLC; in Hong Street (Beijing) Equity Investment Management Co., Ltd., in Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in Japan by Goldman Sachs Japan Co., Ltd; in Australia by Goldman Sachs Australia Pty Ltd (ACN 006 797 897); and in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 19862165W).

This material represents the views of Goldman Sachs Asset Management. It is not financial research or a product of Goldman Sachs Global Investment Research (GIR). It was not a product nor financial research of Goldman Sachs Global Investment Research (GIR). It was not prepared in compliance with applicable provisions of law designed to promote the independence of financial analysis and is not subject to a prohibition on trading following the distribution of financial research. The views and opinions expressed herein may vary significantly from those expressed by GIR or any other groups at Goldman Sachs. Investors are urged to consult with their financial advisers before buying or selling any securities. The information contained herein should not be relied upon in making an investment decision or be construed as investment advice. Goldman Sachs Asset Management has no obligation to provide any updates or changes.

Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or its securities. Nothing in this document should be construed to constitute allocation advice or recommendations.

**United Kingdom and European Economic Area (EEA):** In the United Kingdom, this material is a financial promotion and has been approved by Goldman Sachs Asset Management International, which is authorized and regulated in the United Kingdom by the Financial Conduct Authority. Switzerland: For Qualified Investor use only— Not for distribution to general public. This document is provided to you by Goldman Sachs Bank AG, Zürich.

Any future contractual relationships will be entered into with affiliates of Goldman Sachs Bank AG, which are domiciled outside of Switzerland. We would like to remind you that foreign (Non-Swiss) legal and regulatory systems may not provide the same level of protection in relation to client confidentiality and data protection as offered to you by Swiss law.

**Canada:** This presentation has been communicated in Canada by Goldman Sachs Asset Management LP, which is registered as a portfolio manager under securities legislation in all provinces of Canada and as a commodity trading manager under the commodity futures legislation of Ontario and as a derivatives adviser under the derivatives legislation of Quebec. Goldman Sachs Asset Management LP is not registered to provide investment advisory or portfolio management services in respect of exchange-traded futures or options contracts in Manitoba and is not offering to provide such investment advisory or portfolio management services in Manitoba by delivery of this material.

**Asia excluding Japan:** Please note that neither Goldman Sachs Asset Management (Hong Kong) Limited ("GSAMHK") or Goldman Sachs Asset Management (Singapore) Pte. Ltd. (Company Number: 201329851H) ("GSAMS") nor any other entities involved in the Goldman Sachs Asset Management business that provide this material and information maintain any licenses, authorizations or registrations in Asia (other than Japan), except that it conducts businesses (subject to applicable local regulations) in and from the following jurisdictions: Hong Kong, Singapore, India and China. This material has been issued for use in or from Hong Kong by Goldman Sachs Asset Management (Hong Kong) Limited and in or from Singapore by Goldman Sachs Asset Management (Singapore) Pte. Ltd. (Company Number: 201329851H).

**Australia and New Zealand:** This material is distributed in Australia and New Zealand by Goldman Sachs Asset Management Australia Pty Ltd ABN 41 006 099 681, AFSL 228948 ("GSAMA") and is intended for viewing only by wholesale clients in Australia for the purposes of section 761G of the Corporations Act 2001 (Cth) and to clients who either fall within any or all of the categories of investors set out in section 3(2) or sub-section 5(2CC) of the Securities Act 1978, fall within the definition of a wholesale client for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSPA) and the Financial Advisers Act 2008 (FAA), and fall within the definition of a wholesale investor under one of clause 37, clause 38, clause 39 or clause 40 of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA) of New Zealand (collectively, a "NZ Wholesale Investor"). GSAMA is not a registered financial service provider under the FSPA. GSAMA does not have a place of business in New Zealand. In New Zealand, this document, and any access to it, is intended only for a person who has first satisfied GSAMA that the person is a NZ Wholesale Investor. This document is intended for viewing only by the intended recipient. This document may not be reproduced or distributed to any person in whole or in part without the prior written consent of GSAMA.

To the extent that this document contains any statement which may be considered to be financial product advice in Australia under the Corporations Act 2001 (Cth), that advice is intended to be given to the intended recipient of this document only, being a wholesale client for the purposes of the Corporations Act 2001 (Cth).

Any advice provided in this document is provided by either of the following entities. They are exempt from the requirement to hold an Australian financial services license under the Corporations Act of Australia and therefore do not hold any Australian Financial Services Licenses, and are regulated under their respective laws applicable to their jurisdictions, which differ from Australian laws. Any financial services given to any person by these entities by distributing this document in Australia are provided to such persons pursuant to the respective ASIC Class Orders and ASIC Instrument mentioned below.

- Goldman Sachs Asset Management, LP (GSAMLP), Goldman Sachs & Co. LLC (GSCo), pursuant ASIC Class Order 03/1100; regulated by the US Securities and Exchange Commission under US laws.
- Goldman Sachs Asset Management International (GSAMI), Goldman Sachs International (GSI), pursuant to ASIC Class Order 03/1099; regulated by the Financial Conduct Authority; GSI is also authorized by the Prudential Regulation Authority, and both entities are under UK laws.
- Goldman Sachs Asset Management (Singapore) Pte. Ltd. (GSAMS), pursuant to ASIC Class Order 03/1102; regulated by the Monetary Authority of Singapore under Singaporean laws
- Goldman Sachs Asset Management (Hong Kong) Limited (GSAMHK), pursuant to ASIC Class Order 03/1103 and Goldman Sachs (Asia) LLC (GSALLC), pursuant to ASIC Instrument 04/0250; regulated by the Securities and Futures Commission of Hong Kong under Hong Kong laws

No offer to acquire any interest in a fund or a financial product is being made to you in this document. If the interests or financial products do become available in the future, the offer may be arranged by GSAMA in accordance with section 911A(2)(b) of the Corporations Act. GSAMA holds Australian Financial Services License No. 228948. Any offer will only be made in circumstances where disclosure is not required under Part 6D.2 of the Corporations Act or a product disclosure statement is not required to be given under Part 7.9 of the Corporations Act (as relevant).

FOR DISTRIBUTION ONLY TO FINANCIAL INSTITUTIONS, FINANCIAL SERVICES LICENSEES AND THEIR ADVISERS. NOT FOR VIEWING BY RETAIL CLIENTS OR MEMBERS OF THE GENERAL PUBLIC.

## CONFIDENTIALITY

No part of this material may, without Goldman Sachs Asset Management's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient.

© 2025 Goldman Sachs. All rights reserved. 404566-OTU-2179452



Read more on [GSInvestmentUniversity.com](https://GSInvestmentUniversity.com)