PERMANENT CAPITAL VEHICLES

This survey compares in summary form the structure and characteristics of different permanent capital vehicles.

This is not intended to be a comprehensive discussion of these topics.

	Open-End Funds	Target Date Funds	Closed-End Funds	Business Development Companies (BDCs)	Interval Funds	Tender Offer Funds
Overview	Mutual fund that continuously offers securities in order to raise capital to invest into diversified assets.	Fund that may be structured as an exchange-traded fund (ETF) or a mutual fund to automatically adjust asset allocation over time.[i]	Fund that issues a fixed number of shares, often through an IPO, to raise capital for its initial investments into diversified assets.	Investment vehicle that may raise capital through an IPO and continuous offerings or through private placements and financings. BDCs provide capital primarily to small and middle-market companies.	Type of closed-end fund generally focused on private credit investments.	Type of closed-end fund focused on private equity investments that may continuously offer securities.
Listed	Unlisted.	ETFs are listed. Mutual funds are unlisted.	Generally listed on an exchange, but may be unlisted.	May be publicly listed.	Unlisted.	Unlisted.
Offering	May continuously offer securities sold through an independent broker-dealer channel. Senior securities are not permitted.	ETFs may be continuously offered with an effective registration statement. Mutual funds may be continuously offered by mutual fund companies or through brokerage accounts that offer mutual funds.	One-time IPO but may undertake follow-on public offerings with an effective registration statement. Limited to a single class of common stock. Sales load is limited to 8% of a completed offering.	Public BDCs – May continuously offer securities on a national securities exchange with an effective registration statement. Limited to a single class of common stock unless SEC exemptive relief is granted. Non-traded BDCs – May continuously offer with an effective registration statement. Sold through independent broker-dealers. Multiple share classes are permitted. Subject to sales loads and FINRA limits. Private BDCs – Continuous private offerings. Multiple security classes are not permitted unless exemptive relief from the SEC is obtained.	May continuously offer with an effective registration statement. Sold through independent broker-dealers. Multiple security classes are permitted if exemptive relief is granted. Subject to sales load fees and FINRA limits. Sales load fees are at the investor level, based on share price. Separate limits for upfront fees and ongoing fees.	May continuously offer with an effective registration statement. Sold through independent broker-dealers. Multiple share classes are permitted. Subject to sales load fees and FINRA limits.
Time to Market	6 months, depending on structure.	6 months, depending on structure.	6 months (possibly longer if application for co-investment relief is required).	Private BDCs – 4-6 months (possibly longer if application for co-investment relief is required). Public BDCs – 6 months (possibly longer if application for co-investment relief is required).	6 months (possibly longer if application for co-investment relief is required).	6 months (possibly longer if application for co-investment relief is required).

	Open-End Funds	Target Date Funds	Closed-End Funds	Business Development Companies (BDCs)	Interval Funds	Tender Offer Funds
Price Determination	NAV, determined daily.	NAV, determined daily.	IPO based on NAV then market price, often determined daily, if not usually weekly.	NAV.	NAV, often determined daily, at least weekly.	NAV, determined daily.
Securities Act Registered	Yes.	Generally, yes.	Generally, yes.	Yes for public BDCs.	Yes.	Yes.
Management fees	Investors pay the open-end mutual fund's current net asset value plus any initial sales load.	Tend to have average expense ratio fees. Average fees may be around 0.32%.	Base management fee and incentive fees on income only.	Base management fee and incentive fees on realized capital gains and income (if CEF, only on income). Base management fee – generally 1.25% annually on net assets. Incentive fees based on income – 12.5% of net investment income, subject to a hurdle rate and catch-up, and 12.5% capital gains fee on realized gains, net of realized and unrealized losses.	Base management fee and incentive fees on income only. Base management fee – generally 2% annually on net assets. Incentive fees based on income – typically 12.5% - 15%.	Base management fee and incentive fees on realized capital gains and income (if CEF, only on income). Base management fees – 1% - 1.5% with total expenses 2% - 2.5%.
Liquidity Events and Fees	Repurchase or private resale.	ETFs may be resold on an exchange. Mutual funds may be resold through a private sale, facilitated by a broker-dealer.	Generally through sales on an exchange.	Public – Shares are listed on an exchange. Private – Exchange listing; limited term; and periodic repurchases, IPO or unwinding of the fund. Non-traded – often conduct periodic repurchases. Discretionary repurchases, generally 2.5% - 5% of outstanding shares.	Periodic repurchase (i.e., quarterly, semiannually or annually)[ii] of 5% - 25% of outstanding shares at mandated intervals, following a lockup period. If repurchases are oversubscribed, exceeding the amount authorized, the fund must accept additional tenders on a pro rata basis. May establish a repurchase fee, not to exceed 2% of the proceeds that are reasonably intended to compensate the fund for its expenses.	Periodic repurchase through a tender offer on a discretionary basis. If repurchases are oversubscribed, exceeding the amount authorized, the fund may accept additional tenders on a pro rata basis. An early repurchase fee may be charged as a percentage of the tendered amount.

	Open-End Funds	Target Date Funds	Closed-End Funds	Business Development Companies (BDCs)	Interval Funds	Tender Offer Funds
Investors and Investor Considerations	Offers high liquidity, transparency and convenience. Vulnerable to fluctuations in the stock market, potentially large and quick outflows that lead to losses for investors, and potential exit load fees.	Offers investors an option to automate the risk balance of their portfolios. ETFs offer high liquidity. Fees associated with these funds have gone down over time. SEC and 1940 Act investor protections.	Offers efficient means of diversification. Potential for attractive distributions. Enhanced returns (via the illiquidity premium and leverage). Intra-day liquidity. Tend to attract IRA investors, depending on fund investments.	Access to private markets. Non-traded BDCs may be available to retail investors. Investor qualifications for private BDCs. High dividend yields and capital appreciation potential. Higher risk investment. Tend to attract IRA investors, depending on fund investments.	Access to private markets but tend to be sold to qualified investors. No mandated financial suitability requirements. Low minimums. 1099 tax reporting. SEC and 1940 Act investor protections. Higher fees. Limited liquidity. More attractive to IRA investors due to greater liquidity.	Access to private markets, but some only sell to qualified investors. No mandated financial suitability requirements. Low minimums. 1099 tax reporting. SEC and 1940 Act investor protections. Higher fees. Limited liquidity.
Asset Allocation Requirements	Generally may not invest more than 15% of assets in illiquid securities.	Flexibility to allocate assets.[iii]	Broad flexibility to allocate assets.	Public and Private BDCs – At least 70% of assets must be invested in qualifying assets (primarily private U.S. companies).	Interval funds are not subject to the same 15% requirement as mutual funds, but they must hold liquid assets equal to the repurchase offer amount during each repurchase period.	Tender offer funds are not subject to the same 15% requirement as mutual funds, but they must hold liquid assets equal to the repurchase offer amount during each repurchase period.
Leverage Restrictions	Borrowing only permitted from banks (in the absence of exemptive relief, e.g., for interfund lending). Generally limited to a maximum leverage of 33.33% of portfolio value.	Borrowing only permitted from banks (in the absence of exemptive relief, e.g., for interfund lending). Generally limited to a maximum leverage of 33.33% of portfolio value.	May borrow from a bank and have more than one credit facility at a time.[iv] 1:2 leverage limit for debt, 1:1 leverage limit for preferred stock.	1:1 debt-to-equity ratio. May elect to reduce asset coverage to 150%, allowing for a 2:1 debt-to-equity ratio.[v]	Any borrowing, including any borrowings to cover repurchases or any issuance by the fund of senior securities, must meet the asset coverage limitations of 300%, including the amounts borrowed. 1:2 leverage limit for debt; 1:1 leverage limit for preferred stock.	Any borrowing, including any borrowings to cover repurchases or any issuance by the fund of senior securities, must meet the asset coverage limitations of 300%, including the amounts borrowed. 2:1 leverage limit.

	Open-End Funds	Target Date Funds	Closed-End Funds	Business Development Companies (BDCs)	Interval Funds	Tender Offer Funds
Public Reporting	Pursuant to Section 30 of the 1940 Act, the fund must file semiannual and annual reports. Open-end funds file annual reports pursuant to Section 15(d) of the 1934 Act. Must also file monthly investment holdings reports and publicly file quarterly disclosure of investment holdings with the SEC.	Pursuant to Section 30 of the 1940 Act, the fund must file semiannual and annual reports. Closed-end funds file annual reports pursuant to Section 13(a) of the 1934 Act. Must also file monthly investment holdings reports and publicly file quarterly disclosure of investment holdings with the SEC.	Pursuant to Section 30 of the 1940 Act, the fund must file semiannual and annual reports. Closed-end funds file annual reports pursuant to Section 13(a) of the 1934 Act. Must also file monthly investment holdings reports and publicly file quarterly disclosure of investment holdings with the SEC.	BDCs register securities with the SEC on Form N-2 and must file public company reports (10-K, 10-Q, 8-K) pursuant to Section 14(a) of the 1934 Act. Must also publicly file quarterly disclosure of investment holdings with the SEC.	Pursuant to Section 30 of the 1940 Act, the fund must file semiannual and annual reports. Closed-end funds file annual reports pursuant to Section 13(a) of the 1934 Act. Must also file monthly investment holdings reports and publicly file quarterly disclosure of investment holdings with the SEC.	Pursuant to Section 30 of the 1940 Act, the fund must file semiannual and annual reports. Closed-end funds file annual reports pursuant to Section 13(a) of the 1934 Act. Must also file monthly investment holdings reports and publicly file quarterly disclosure of investment holdings with the SEC.
Corporate Governance	Under the 1940 Act, at least 40% of a mutual fund's directors must not be affiliated with the fund, but virtually all funds maintain a board with a majority of independent (disinterested) directors.	Under the 1940 Act, at least 40% of the fund's directors must not be affiliated with the fund, but virtually all funds maintain a board with a majority of independent directors.	Majority independent directors who are not "interested persons," and those directors must select and nominate any other disinterested directors.	Majority independent directors who are not "interested persons." Must maintain and enforce a Code of Ethics for officers and directors.	Majority independent directors who are not "interested persons," and those directors must select and nominate any other disinterested directors.	Majority independent directors who are not "interested persons," and those directors must select and nominate any other disinterested directors.

[i] Target date funds may also be collective instrument trusts. Collective instrument trusts are not regulated by the SEC and may have different characteristics than the exchange-traded funds or mutual funds described in this table.

[ii] Governing documents specify how often the TO fund will repurchase shares.

[iii] Funds must disclose the asset allocation of the fund in SEC filings, and marketing materials are reviewed by FINRA, but the allocation may be actively managed and adjusted.

[iv] A closed-end fund may have more than one credit facility, because debt of the same priority is considered to be a single class, provided all facilities are unsecured or secured by the same collateral.

[v] The vote required to decrease the asset coverage ratio of a BDC is a majority of directors or general partner with a one-year delay on implementation or a majority of shareholders for immediate effectiveness.