



Are Evergreen funds the future of private market access?

MARKETING COMMUNICATION FOR PROFESSIONAL INVESTORS IN IT, AU, DE, ES, PT, LU
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With allocators seeking to balance long-term return potential with operational flexibility, evergreen funds are emerging as a compelling part of the allocation mix, explains Lumyna Investments. Their recently launched Lumyna – Twelve Capital Parametric ILS Fund is one such example.

- *Evergreen funds provide exposure to private markets in an ongoing investment vehicle. They are more liquid than closed-end funds but less liquid than public funds.*
- *Easier investment access to private markets may widen potential uses in investor portfolios.*
- *Globally, total evergreen assets surpassed \$427 billion by early 2025¹. As more high-quality managers enter the space, we believe that this trend is likely to accelerate.*
- *The Lumyna – Twelve Capital Parametric ILS Fund aims to deliver higher returns than a traditional cat astrophe bond fund by accessing Insurance linked securities that are not available to the general public, while maintaining attractive modelled risk metrics.*

What are evergreen funds and what are the benefits?

Evergreen funds are ongoing investment vehicles, with no fixed end date, that provide investors with exposure to illiquid private markets with limited redemption opportunities. They are more liquid than closed-end funds, but less liquid than public funds. These structures are designed to offer perpetual capital deployment with periodic liquidity, and they are reshaping how investors access private market asset classes.

Private markets have historically generated attractive returns with relatively low volatility. So, they're both a return enhancer and a diversifier to investor portfolios. They provide an uncorrelated source of alpha, but also a different source of beta through diversifying into assets that are not traded on public exchanges.

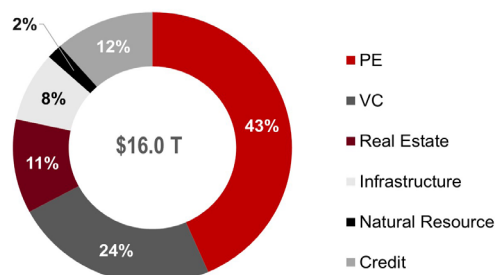
Historically, private market investing was the domain of institutional investors, constrained by high minimum investments, capital calls, and long lock-up periods. In contrast, evergreen funds offer immediate exposure to diversified portfolios, lower entry points (as low as \$20,000), and the potential for a degree of redemption liquidity.

The appeal to investors is clear: evergreen structures can reduce, or even eliminate the J-curve effect, allowing capital to be fully deployed from day one. This enables the compounding of returns to begin immediately, a feature that has proven powerful in long-term wealth creation. The ability to adjust exposures and deploy capital quickly also allows investors to be more dynamic in their asset allocation, responding to market opportunities as they arise.

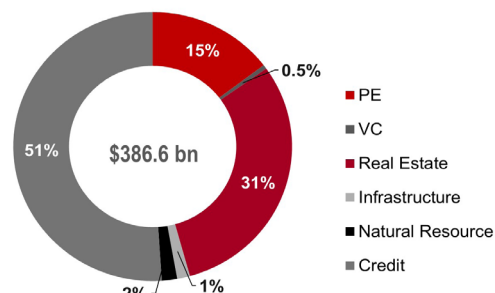
A maturing market

Market adoption reflects this momentum. As of Q3 2024, semi-liquid evergreen funds managed \$381 billion across 351 vehicles in the U.S. alone, with over half launched in the past four years². Globally, total evergreen assets surpassed \$427 billion by early 2025. As more high-quality managers enter the space, we believe that this trend is likely to accelerate further in the coming years.

Total Net Assets in Institutional Funds



Total Net Assets in Semi-Liquid Evergreen Funds



Source: Pitchbook. As of September 27, 2024

Evergreen structures are not without challenges. Liquidity is not guaranteed, particularly during periods of market stress. However, at Lumyna we believe that well designed, managed and overseen portfolios can be built using private market investments in a way that can minimise these risks; while proper disclosure and education can help investors understand the constraints of the liquidity provision and reduces the risk of unexpected outcomes.

¹Source: Pitchbook June 2025.

²Source: Pitchbook As of September 2022.



Why did Lumyna expand into private markets?

Lumyna has been partnering with world-class alternatives managers to deliver innovative and differentiated investment funds since 2007. While we initially focused on the alternative UCITS space, partnering with best-of-breed hedge fund managers, we have seen a significant level of interest in private market solutions over the last few years, and launched our first private markets product four years ago with US-based manager Adams Street.

We believe many investors are still under-allocated to private markets, despite there being significant investor appetite for these strategies and the benefits they can offer.

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One of the key barriers to capital deployment has been the shortage of investment vehicles providing access to the highest-quality managers within the right kind of structure that enables investors to easily incorporate these assets in their portfolios.

With the recent launch of the Lumyna AIF and RAIF umbrellas, we have been able to expand our private markets footprint with a series of evergreen, semi-liquid funds, while offering the same level of service when it comes to origination, structuring, oversight, and distribution on which Lumyna was founded. The initial strategy launches include an opportunistic credit fund managed by King Street and a parametric insurance-linked securities (“ILS”) product managed by Twelve Securis.

A truly unique and innovative offering

One example of Lumyna partnering with a market-leading manager to produce a differentiated product is in the Insurance-Linked Securities (ILS) space. Together with Twelve Securis, Lumyna has launched a parametric ILS evergreen, semi-liquid fund.

The Lumyna – Twelve Capital Parametric ILS Fund is an evergreen fund that aims to provide investors with efficient access to the growing parametric insurance market, which benefits from an attractive return and risk profile, while providing low correlation to traditional equity and fixed income assets. Insurance linked securities are a powerful structural diversifier for investor portfolios, as there is no reason why a windstorm in Florida – for example – should be correlated to global equity or bond markets. Furthermore, unlike most other asset classes, ILS provide a floating return above cash, which is unlike most other asset classes that tend to perform best in an environment of falling interest rates.

From a liquidity perspective, the Fund is structured to optimise capital efficiency while offering stability in adverse conditions. Approximately 40-60% of the portfolio is allocated to private parametric transactions

and industry loss warranties (ILWs), providing exposure to bespoke, high-alpha opportunities. The remainder is invested in liquid catastrophe bonds, which can be traded in the secondary market to meet redemption needs. This dual-layered approach balances return potential with liquidity management, a critical factor for investors seeking flexibility in private markets.

What is parametric insurance, and how does it differ from traditional indemnity-based ILS?

Parametric insurance is based on predefined triggers – such as wind speed or earthquake magnitude – rather than actual financial loss. When the defined threshold is met, the payout is made almost automatically, without waiting for claims adjustment or loss verification by an insurer. In contrast, traditional indemnity-based ILS depend on a potentially lengthy and complex claims process. Parametric structures provide speed, transparency, and simplicity – funds can be made available within days to impacted parties, whereas indemnity structures may take months or even years to settle. Protection buyers for parametric insurance are typically more focused on protecting themselves against business interruption than physical damage. Parametric insurance is not new, but developments in technology and data have accelerated its development in recent years.

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Why introduce a parametric into an ILS portfolio?

Parametric assets can enhance the risk-return profile of broader ILS portfolios. The parametric component typically consists of a large number of geographically diversified transactions, making large drawdowns from a single event less likely than in traditional cat bonds, where single events can lead to more concentrated losses. As a result, parametric strategies can improve diversification and reduce the potential for extreme negative events to significantly impact investment returns (left-tail risk).

The catastrophe bond (“cat bond”) allocation in a mixed portfolio can support overall liquidity and help further diversify tail risk compared to a pure cat bond strategy. For instance, in the Lumyna Twelve Capital Parametric ILS Fund, the parametric allocation focuses on U.S. earthquake and hurricane wind risk. Cat bonds can help balance this by covering perils outside the U.S. with different risk drivers (for example, a Japanese earthquake is uncorrelated with a hurricane in Florida).

In addition, parametric structures offer more transparent trigger mechanisms and involve lower information asymmetry between investors and protection buyers, reducing the risk of capital being trapped after an event. Lastly, because parametric transactions can be structured across a range of risk-return profiles, they offer the potential for higher returns.



How is the Lumyna Twelve Capital Parametric ILS Fund managed?

The fund's allocation between cat bonds, ILWs (Industry Loss Warranties), and parametric structures is actively managed and may shift depending on market conditions, pricing dislocations, and the stage of the (re)insurance cycle. This flexibility helps the strategy capture the most attractive risk-adjusted opportunities at any given time. The result is a more consistent and reliable target return profile. This strategy suits investors seeking diversification via uncorrelated risks and who can commit to a longer investment horizon.

Why could it be an interesting option for investors?

This fund aims to deliver higher returns than a traditional cat bond fund by accessing an asset class unavailable in listed markets – while maintaining attractive modelled risk metrics. It also aims to improve left-tail risk characteristics thanks to the diversification across ILS-sub asset classes.



LUMYNA TWELVE CAPITAL PARAMETRIC ILS FUND [\[factsheet\]](#)

Fund manager	Twelve Capital AG
AUM	USD 92.18M
Inception date	13.12.2024
ISIN	LU2881765403
Benchmark	N/A
Currency	USD
Domicile	Luxembourg
Management company	Generali Investments Luxembourg SA
Rec. Holding Period	7 years
SFDR	Article 8

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