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R8 · EXECUTIVE SUMMARY

# Private Markets, Retail Edition (free edition)

The findings in brief — free edition

As of 2026-09-09

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# Private Markets, Retail Edition

**Executive summary · free edition · September 2026**

*Complete in itself. The finding is here, not held back to make you buy the report.*

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## The finding, and it has a date on it

**The gate is not a tail risk. It is the product working as designed, and it has already been tested.**

Across **twenty-three months**, **36 repurchase offers were oversubscribed across 19 named vehicles** — **29 of them, across 17 vehicles, in the last twelve** — with fill rates from **7.38% to 95.15%**. The largest fund in the sample filled **48.5%** of what investors asked to redeem — 191.8m shares requested, 93.1m accepted. Another filled **13.1%**, in two consecutive quarters.

**And the timing is the story.**

| Period | Share of determinable offers prorated |
|---|---|
| Seven consecutive quarters | **0.5% – 5.3%** |
| The two most recent quarters | **10.8% – 19.2%** |

Three of the largest interval funds printed **exactly the 7% regulatory ceiling** in the March 2026 quarter, and one states outright that it prorated in all four.

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## Why nobody has published this

**A repurchase offer's result is filed but never collected.**

The form that announces every offer never reports its outcome. The annual form records only a yes or a no. The portfolio form has nothing at all. **The regulator does not gather it, and no aggregated source carries it.**

> We built it by reading **1,439 filings from 328 filers**. The evidence was public, complete, and unassembled — which is the shape of finding this house looks for.

**And the table checks against the funds' own arithmetic.** Where a fund states its fill rate *and* files the share counts, our recomputation reproduces its number — **eleven times, twice to three decimal places.**

## Three promises, examined separately

### "You can get out quarterly"

Periodic and conditional — and the condition has now bound. One fund repurchased **0.47%** of its shares in early 2025 and, a year later, filled **43.1%** of a capped offer. One vehicle ran six consecutive oversubscribed offers with the fill rate falling from **92% to 7.38%**.

An interval fund's stated repurchase percentage is **a ceiling, not a promise.**

### "The fee is 1.25%"

| Vehicle | Headline management fee | As a share of what the fund actually spent |
|---|---:|---:|
| One large non-traded vehicle | 1.25% | **17.15%** |
| One interval fund | 1.00% | **31.25%** of a 3.20% filed total |
| An exchange-traded fund holding others | **0.40%** | files **9.69%** — a 9.27-point gap |

**Interest expense is the largest single line in every levered vehicle**, at 55% to 65% of total expenses. A reader comparing "the fee" is comparing the smallest component.

**And some cost sits outside every expense ratio.** One fund's acquired-fund line of 0.78% explicitly excludes the underlying funds taking "*approximately 15%–20% of net profits*." One exchange-traded fund's 0.75% unified fee excludes both management and performance fees charged inside its holding structures.

**The comparison, without a verdict:** one private-credit share class costs **9.96%**; a listed high-yield bond fund costs **0.49%**. That is **9.47 points**. **We state both and stop** — what they buy is not the same thing, and the comparison is the reader's to make.

### "It returned 10% with low volatility"

**It reports steady marks.** Level 3 shares run **84.9% to 97.1%** across the large non-traded vehicles. One reports **0.02%** of assets at quoted market prices. **Four report no quoted-price investments at all.**

A risk-adjusted statistic computed on manager-set marks inherits their smoothness and says nothing. **So we did not compute one.** Instead, for companies whose same assets have both a reported value and a traded share price, we measured the difference in variability over the same ten quarters:

| Company | Reported value varied |
|---|---:|
| One | **3.5× to 3.9× less** than the market price of its own shares |
| Another | **6.6× to 7.2× less** |

**Same assets, same period, same company. The smoothness is in the measurement, not in the business.**

## What happens when a mark meets a market

One listed vehicle went from a **+2.95% premium** to a **47.37% discount** in four quarters — a **50.32-point swing**. Four listed vehicles spanned **+1.10% to −37.91%** against the same valuation date.

## And where the distribution comes from

Return of capital as a share of distributions runs from **0% at three funds** to **26.99%** at one and **39.70%** at another — the latter being **57.93% of the per-share distribution** in a single year. One company's figure was **first filed at $10.4m and finally determined at $69.9m, 6.7 times higher.**

**Two of the five large non-traded vehicles do not publish the split at all.**

## What is actually inside these things, in both directions

**One product marketed on private markets barely holds any.** It is **6.21% level 3, 37.07% Treasuries and agency paper, and 0.00% restricted securities** across 325 holdings — its ten largest positions are government bonds and a money-market fund.

**At the other extreme**, one interval fund is **97.13% level 3 or marked at another fund's net asset value** — and **holds $1.29bn of four vehicles that were themselves prorating in the same quarters.** A fund whose own liquidity depends on funds that were gating.

## "Can I hold it in my retirement account?"

| Stage | Status |
|---|---|
| Executive order | August 2025 |
| Proposed rule | March 2026 |
| Comments closed | June 2026 |
| **Final rule** | **None** |

**And the object is narrower than the headline.** The proposal concerns an asset-allocation *fund* that may include private assets — and **its own worked example is 90% liquid.**

## What we cannot tell you

- **Twelve months is a short window** and the proration jump is recent. Two quarters back below 5% would change the reading — which is why it is the report's first marker.
- "**Determinable" is our word.** Not every offer's outcome can be established from filings.

- **Level 3 is a disclosure category, not a judgement.** 90% level 3 says the assets do not trade. It does not say the marks are wrong.
- **The smoothing measurement compares a reported value with a share price**, and a share price carries sentiment the underlying assets do not. It shows the two series behave differently, not that one is correct.
- **A comparability trap we found in replication:** one fund reports its expense ratio *excluding* interest expense, so its 3.30% is **not the same measurement** as another's 8.50%.
- **The rule is a proposal.** Nothing here forecasts what a final rule will say.

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**Verification.** 3,145 automated checks across two research passes, none failing. **227 planted mutations across nine rounds, all caught.** Twenty-six errors were found and corrected inside the packs — including a dropped duplicate holding worth $49.2m and a near-miss in which one fund's figures were almost attributed to another. **Twenty-two holes were found in the packs' own checkers.** The most useful became rule 10 of the house standard: **finding a number in a source is not verifying it.**

**Access.** A government full-text search was CAPTCHA-gated and a market-data site used a proof-of-work check. **Neither was bypassed.** The printing office's own service answered the first, and the second was routed around onto the issuers' own filed tables — **better sourcing than the blocked route would have given.**

**Disclosures.** The author holds no position in any fund or security named here. No issuer payment, no advertising. Impersonal research, identical for every purchaser, tailored to no one. **No statement about what any reader should hold, no forecast.** Finnacl Research is not an investment adviser.

*The full report adds the eleven-vehicle snapshot series ordered by fill rate, the complete gate table, the fee-stack chapter, the adviser chapter and the evidence appendix.*