Expanding Access: Retail Investors and Private Funds

Andrew Glover
University of Michigan
andglove@umich.edu

Oscar Halliwell
University of Washington
ohalliwe@uw.edu

Rui Silva
University of Washington
ruisilva@uw.edu

July 2026

ABSTRACT

Politicians, investors, and investment managers have begun advocating for the expansion of retail investor access to private markets, despite uncertain implications for individual financial opportunities and outcomes. We study private market investment vehicles that have recently become available to all retail investors: closed-end funds of private funds (CE-FOPFs). In 2025, the SEC made accreditation requirements for CE-FOPFs optional. We examine the characteristics and performance of these private-market-exposed securities. We show that there has been significant growth in capital allocated to CE-FOPFs, particularly those with a private equity focus, resulting in CE-FOPFs holding over $80 billion in net assets by the end of 2025. In terms of performance, CE-FOPFs appear to provide some diversification benefits. However, they have underperformed public and private market benchmarks during our sample period, even before accounting for (often high) transaction fees. Finally, we describe characteristics and early outcomes for funds that have lifted accreditation requirements to cater to everyday retail investors.

JEL Classifications: M41; M48; G20; G24; G28; G50

Keywords: Private Markets, Closed-end Funds, Retail Investors, Funds-of-Funds

---

We gratefully acknowledge helpful comments and suggestions from Morten Sorensen (discussant) and workshop participants at the 2026 PERC Oxford Symposium, the 40th Mitsui Finance Symposium, and the University of Washington. We thank MSCI for providing data on private asset indexes. The authors are grateful to their respective institutions for financial support.

1. INTRODUCTION

Private markets are less liquid and transparent than public markets, posing greater risks to investors (e.g., Lerner and Schoar 2004; Franzoni, Nowak, and Phalippou 2012). These factors have led regulators to limit private market access to institutional, professional, or accredited investors. However, private assets considered collectively have had higher returns than publicly traded securities over the last several decades. Private markets also account for an increasingly large fraction of overall capital allocation in the United States. Firms can use private markets to access capital needed for sustained growth, allowing them to remain private for longer or even forego public listings altogether. Some of the most valuable and innovative companies of today (e.g., OpenAI, Stripe) are privately held, while public firms have become larger and older (Kahle and Stulz 2017). Thus, some politicians, investors, and firm leaders have advocated for increased retail investor access to private markets, arguing it is unfair that most individuals are "missing out" on opportunities for high returns and diversification provided by private assets.[1] We study the effects of expanding retail investors' access to private markets by examining a change in regulatory approach by the SEC, which recently opened closed-end funds of private funds (CE-FOPFs) to participation by all retail investors.

A CE-FOPF is a registered closed-end fund that invests in private funds, such as buyout, venture capital (VC), and hedge funds. Unlike some registered closed-end funds, CE-FOPFs are not exchange-listed. Instead, they have a semi-liquid structure, taking on new investors by offering shares on an ongoing basis and providing liquidity to existing investors through periodic share repurchases. Since 2002, when the first SEC registered CE-FOPF was created, funds investing more than 15 percent of their assets in private funds limited investment access to institutions and

[1] As illustrations of these arguments, consider the August 7, 2025 Executive Order addressing 401(k)s (U.S. President 2025), a speech by SEC Chairman Paul Atkins on May 19, 2025 on investing in private funds (Atkins 2025a), or SIFMA comments on a House bill to change the accredited investor rules (SIFMA 2025).

wealthy individuals that met the SEC's accredited investor definition (Atkins 2025b). In August of 2025, the SEC issued Accounting and Disclosure Information (ADI) 2025-16, which lifted this requirement and allowed fund managers to expand access to any investor interested in buying shares (SEC 2025). Importantly, the rule does not *require* CE-FOPFs to accept retail investor capital. Fund managers may choose to either remove or retain the accreditation restrictions.

This change is significant, as the recent push to allow retail investor access to private markets, including through 401(k) plans, requires suitable investment vehicles that have low minimum capital commitments and ongoing exposure to a diversified portfolio of private assets with reasonable liquidity backstops (Brown et al. 2022). The structure of CE-FOPFs meets all these requirements, suggesting they may become a preferred vehicle through which retail investors gain private market exposure. The objectives of our study are to provide descriptive evidence on the characteristics and historical performance of CE-FOPFs and to examine whether CE-FOPFs that become available to retail investors differ from those that do not.

We focus our analysis on 115 CE-FOPFs operating between 2020 and 2025. These funds primarily invest in private equity (either VC or buyout funds) or hedge funds. Both the number of CE-FOPFs and the amount of capital allocated to them increased significantly during our sample period, from 52 funds holding $21 billion in net assets in the first quarter of 2020 to 94 funds holding $85 billion by the end of 2025. We identify the primary investment class of each CE-FOPF by linking their underlying fund holdings to Form D notices and PitchBook. There is significant variation in the primary investments across CE-FOPFs, with about 40 percent focusing on private equity, another 34 percent focusing on hedge funds, and about 7 percent investing in other funds (primarily real asset and private credit funds). The remaining 19 percent are generalist CE-FOPFs investing across different classes of private funds. The growth in CE-FOPFs is primarily driven by

the rise of funds investing in private equity funds, which grow from holding $8 billion in net assets (38 percent of total CE-FOPF net assets) at the start of our sample period, to holding $64 billion (76 percent) by the end.

The first attribute of CE-FOPFs that we examine is their fees. Annual fees to access these securities are much higher than those of most public market ETFs or mutual funds retail investors may be familiar with. The annual fees are also meaningfully higher than the typical management fees of private funds-of-funds (Ang, Rhodes-Kropf, and Zhao 2008; Harris et al. 2018), although, unlike private funds-of-funds, less than a fifth of CE-FOPFs in our sample charge performance fees. CE-FOPFs charge average annual fees of 6.2 percent of net assets, covering both CE-FOPF-level charges (such as management fees and distribution fees) and acquired fund fees (fees charged by the underlying funds and passed on to CE-FOPF investors).

Different investors may also experience different fee loads, as many CE-FOPFs issue multiple share classes with varying fee structures and minimum capital commitments. Retail share classes with lower minimum capital commitments are often charged higher ongoing fees. In addition, there are significant differences in sales load fees across share classes, which are charged to investors initially buying shares in the fund. These fees are typically waived for institutional share classes, but range between 2 and 6 percent of the purchase amount for retail share classes. Many funds also charge early redemption fees (usually 2 percent) to investors redeeming shares within a year of purchase. Thus, transaction costs in our setting can be significant and can result in large performance differences for different types of shareholders.

We then examine the recent performance of CE-FOPFs. Returns net of fees, contributions, and distributions are reported in mandatory N-PORT filings. For CE-FOPFs with multiple share classes, we focus on the performance of the highest-fee or lowest capital commitment share class,

which likely represents the entry point for capital constrained retail investors.[2] The reported returns are based on cash flow changes as well as changes in the net asset values (NAVs) of underlying holdings (i.e., unrealized gains and losses), net of fees. Notably, our return measures do not account for sales load fees or early redemption fees, which can affect returns significantly, particularly in the short term. In other words, the after-cost performance for individuals subject to these fees is worse than what we report.

We find that CE-FOPF returns have lagged those of several benchmarks during our sample period. A net-asset-value-weighted portfolio of CE-FOPFs returned 71 percent between the first quarter of 2020 and the end of 2025. This return is significantly lower than the 136 percent returned by the (public equity) S&P 500 index during the same period. We also examine private market benchmarks and find the performance of MSCI's funds-of-funds index and overall private markets index is also superior to that of CE-FOPFs, having returned 98 percent and 106 percent, respectively. Most of the underperformance of CE-FOPFs is attributable to lower returns during the post-COVID rally of late 2020 and 2021, whereas performance in recent years has been comparable or even superior to that of private market benchmarks. We also find significant heterogeneity in performance across fund types, with private equity focused CE-FOPFs and generalist funds earning higher returns than other fund types.

We next examine Fama and French (1993) factor exposures of CE-FOPFs, following a similar approach to that of Ewens, Jones, and Rhodes-Kropf (2013). Different fund types have relatively similar factor loadings, with market betas below 0.45, which is significantly lower than the estimates from earlier studies of direct private equity fund investments (e.g., Driessen, Lin, and

[2] Our results do not qualitatively change when considering the performance of other share classes. In addition, our sample period is almost entirely before the SEC's 2025 ADI, when all share classes were restricted to accredited investors. Still, the performance of the lowest capital commitment class should be suggestive of the potential returns for retail investors.

Phalippou 2012; Ewens et al. 2013; Jegadeesh, Kräussl, and Pollet 2015), and points to potential diversification benefits of CE-FOPFs. CE-FOPFs have generally small and insignificant loadings on the small-firm and book-to-market factors, which is consistent with the findings in Ewens et al. (2013) for buyout funds. Alphas are positive for the overall sample and for each fund type other than hedge fund focused CE-FOPFs, but statistically insignificant, and are highest for funds with some exposure to private equity (PE-focused and generalist) funds. Overall, the historical performance of CE-FOPFs suggests they have lagged public markets and other private asset benchmarks during our sample period but have provided some diversification benefits and statistically insignificant risk-adjusted performance. Performance has been strongest for PE-exposed CE-FOPFs, which are increasing in size and availability.

We then turn to our second objective of assessing differences between the CE-FOPFs that become accessible to retail investors and those which remain limited to institutions, professionals, and accredited investors. There is wide dispersion in the performance of private investments, which suggests that differential access could determine the quality of outcomes. It may be the case that opening CE-FOPFs to retail investors allows individuals to access a representative selection of investments, providing opportunities for higher returns and diversification. This would seem to align with the SEC's regulatory mission of equitable investor treatment as well as its mission to facilitate efficient capital formation; in this case, from a new and potentially eager source of capital. Given the high fees charged by CE-FOPFs, it is possible that the best performing funds will be interested in opening themselves to everyday retail investors, who are known to be attracted to salient performance measures, such as high trailing returns (e.g., Blankespoor et al. 2019). Thus, retail investors may be in a position to obtain exposure to previously inaccessible high-performing private funds, as intended by proponents of expanding access to CE-FOPFs.

However, there are several reasons why this change may have negative effects on individual investor financial outcomes. First, the discretion that fund managers have over whether to accept retail investor capital may lead to adverse selection, where individual investors only gain access to funds with worse performance than those available to institutions. Even if they gain access to similarly performing funds, the higher fees charged to small retail investors in exchange for lower minimum investment requirements may erode any potential return benefits from the underlying private fund investment.[3] Second, the higher fees, lower transparency, and limited liquidity of private assets can exacerbate the costs of systematic behavioral biases often associated with retail traders (e.g., Barber and Odean 2013). As summarized by Brown et al. (2022), allowing retail investors to participate in private markets requires balancing "equal access to investment opportunities with the need to protect unsophisticated investors."

We provide initial descriptive evidence on this empirical question by examining the characteristics and historical performance of CE-FOPFs that choose to expand access to retail investors (i.e., "Switcher" funds), relative to the CE-FOPFs that remain restricted to accredited investors. We find that, on average, Switcher funds have fund-level fees similar to those of other funds, higher past returns, and faster growth. In fact, Switcher funds outperformed other funds by around 10 percentage points in the last two years of our sample period. Our preliminary evidence is inconsistent with concerns over the worst performing, highest-fee CE-FOPFs being those most likely to cater to retail investors. We hesitate to draw strong conclusions without more quarters of N-PORT data, as this evidence is limited to a small sample over a short time series, and recent performance may not predict future performance. However, we can confidently assert there has been a dramatic uptick in the number of new CE-FOPF registrations with the SEC since the 2025

[3] This may be a fully rational response from fund managers attempting to address costs from heightened liquidity demands, increased portfolio volatility, lower investor sophistication, and greater regulatory oversight risk introduced by retail investors (e.g., Brown et al. 2022; Gilson 2025).

ADI, and most of these new funds are specifically targeting retail investors.

Our study contributes to the ongoing and challenging policy discussions around increased retail investor access to private markets by providing empirical evidence on the characteristics and historical performance of CE-FOPFs. These investment vehicles are an emerging path for retail investors to gain exposure to a diverse portfolio of private funds across a variety of investment classes, including private equity and hedge funds. We find mixed evidence for whether access to CE-FOPFs will give retail investors the "potential growth and diversification opportunities" that have been highlighted as the motivation behind the democratization of private markets (U.S. President 2025). Although we find CE-FOPFs provide some diversification benefits, we also find that they have underperformed cheaper public market alternatives in recent years. Moreover, the large influx of new CE-FOPFs raises questions about the future performance of individuals investing in these vehicles, especially given funds catering to retail investors are likely to charge higher fees.

Our study is also well positioned to contribute to a nascent literature on the characteristics of semi-liquid funds (Ewens and Faber 2026; Fang, Goldstein, and Zeng 2026; Pegoraro, Shive, and Zambrana 2026) and on individual investor performance in private markets (e.g., Balloch et al. 2026; Gocmen, Martinez-Toledano, and Mittal 2026; Miller, Yimfor, and Zhang 2026). The SEC's 2025 ADI opened the CE-FOPF market to all retail investors and, as data on retail-focused funds become available, we intend to continue to examine the CE-FOPF market's response to the ADI along three margins: the characteristics of the funds that choose to expand access to all retail investors, the behavior of investors within existing funds, and the wave of new fund formation that the rule unleashed.[4]

[4] Because ADI 2025-16 took effect on August 15, 2025, our current post-ADI analyses draw on data that continue to accumulate. We report results using SEC filings through the second quarter of 2026; the counts and magnitudes shown

2. INSTITUTIONAL BACKGROUND AND RESEARCH OBJECTIVES

2.1. Private Market Democratization

The amount of capital allocated to private markets now far outpaces that invested in public markets (Bauguess, Gullapalli, and Ivanov 2018). Available capital allows firms to stay private longer, a tendency illustrated by the fact that 87 percent of US firms with annual revenues exceeding $100 million are privately held (Sløk 2024). This growth in private market capital flows can be partly explained by the outsized returns private market investments have enjoyed relative to those in public markets, which have made private asset allocations a more important element of institutional investors' portfolios.[5] In addition, private markets are exempt from many securities regulations and thus operate in a markedly different regulatory and disclosure environment than public markets, with significantly less transparency (e.g., de Fontenay 2017; Bernard and Sutherland 2026). Investments in private markets often incur higher fees and may face additional risks, such as low liquidity and high commitment risk.[6] Because of these features, the SEC has historically restricted private market investment to institutions and accredited individual investors whom the SEC sees as "financially sophisticated and able to fend for themselves" (SEC 2021).[7] The suggestion is that everyday retail investors should be protected from these markets.

However, the growing economic importance of private markets makes them an

are based on the data available as of this draft and will be updated as additional N-PORT and registration filings become available.

[5] A large literature, primarily focused on VC and buyout funds, has debated whether and to what extent investments in private markets have outperformed public market benchmarks (e.g., Kaplan and Schoar 2005; Phalippou and Gottschalg 2009; Stucke 2011; Harris, Jenkinson, and Kaplan 2014; Phalippou 2020). The latest evidence suggests that private equity investments have generated superior risk-adjusted returns since the 1980s except for vintages around the Great Financial Crisis (Brown et al. 2022).

[6] Commitment risk is the uncertainty around the timing mismatch between capital commitments and capital calls in private fund investments (Harris et al. 2014).

[7] Individuals can gain accreditation either by having income or net worth above specified thresholds, or by possessing certain professional qualifications. As of 2025, the accreditation thresholds are a net worth of $1 million (excluding the investor's primary residence) or annual income above $200,000 ($300,000 when including a legal partner) in each of the previous two years. To meet the professional qualification criterion, the individual must hold a Series 7, Series 65, or Series 82 license.

increasingly important source of diversification for all types of investors (e.g., Goetzmann, Gourier, and Phalippou 2018; Schlingemann and Stulz 2022; Flynn and Ghent 2024; Shivakumar and Urcan 2026). There are increasing calls to democratize access to private markets, in part motivated by the perceived unfairness in preventing most of the population from choosing to invest in historically high-returning assets. As a result, there have been some recent regulatory and political shifts toward expanded access. In June of 2020, the Department of Labor (DOL) issued a public response letter laying out guidelines for how the inclusion of private equity investments in retirement plans would comply with ERISA (see Brown et al. 2022 for a discussion of these guidelines). More recently, in August of 2025, President Donald Trump issued an executive order directing the DOL and the SEC to take steps toward the inclusion of alternative assets (including private market investments) in individuals' retirement accounts (U.S. President 2025).

Most calls to expand access do not address two features of traditional drawdown vehicles that make them less suitable for many retail investors. First, they typically require high minimum commitments, which limit the ability of capital constrained investors to obtain diversified exposure to private assets. Second, they are often illiquid, locking up investor capital over long fund lives. Both features are problematic for a class of investors with lower wealth and higher likelihood of liquidation needs. One investment vehicle that could address these issues is the semi-liquid fund-of-funds, which can provide individuals with a potentially lower dollar-commitment and higher-liquidity path to a diversified set of private fund investments. In fact, the DOL investment outline refers to these vehicles as one mechanism through which retail investors could gain exposure to private assets (Brown et al. 2022). However, to date there is limited academic evidence on the performance of these investments and whether everyday retail investors, when allowed access to them, should expect to achieve comparable performance to the historical returns earned by

institutional investors. To shed light on these questions, we examine SEC registered closed-end funds of private funds.[8]

2.2. Closed-end Funds of Private Funds

Closed-end funds (CEFs) are investment vehicles that raise capital from investors in exchange for fund shares and, unlike open-end mutual funds, are not required to redeem those shares on demand. Thus, one of the primary advantages of closed-end funds relative to other investment management organizational forms is their ability to implement long-term strategies or make illiquid investments without risking a run by investors (e.g., Stein 2005).[9] Relatedly, they provide a liquidity transformation service by allowing investors to gain exposure to illiquid assets that are costly to trade by "transforming" them into more liquid securities (i.e., fund shares). Traditional drawdown funds-of-funds investing in private equity have existed since the beginning of the private equity industry (e.g., Harris et al. 2018). More recently, semi-liquid vehicles have become more prominent, and their features make them a potentially useful vehicle through which individual investors could gain diversified exposure to private markets.

We use the term CE-FOPFs to refer to SEC registered closed-end funds that provide access to a diversified portfolio of private funds. Under the SEC definition, private funds consist of funds exempt from SEC registration under sections 3(c)(1) or 3(c)(7) of the 1940 Investment Company Act: primarily buyout, VC, and hedge funds.[10] Unlike traditional exchange-listed closed-end funds, which raise a fixed number of shares in an IPO and trade in a secondary market, CE-FOPFs have historically been unlisted, offer shares to new subscribers continuously, and provide investors

[8] In their analysis of semi-liquid fund intermediation, Ewens and Faber (2026) examine a subset of closed-end funds of private funds in our sample (those investing in private equity), along with other funds holding direct investments (primarily private credit), which are not our focus.

[9] Dimson and Minio-Kozerski (1999) and Cherkes (2012) provide comprehensive reviews of the closed-end fund literature.

[10] This definition of private funds excludes other unregistered funds, most notably private REITs, which rely on a different exemption from SEC registration (Section 3(c)(5)(C) of the 1940 Act). Thus, closed-end funds investing primarily in unregistered REITs have historically been accessible to everyday retail investors.

with liquidity through periodic share redemptions (see 17 CFR sec. 270.23c-3). CE-FOPFs can be structured as interval funds or tender offer funds, with interval funds required to have a policy of repurchasing a fixed percentage of outstanding shares at NAV at a set frequency, whereas tender offer funds' repurchases are discretionary. In practice, both types of CE-FOPFs typically allow quarterly redemptions with maximum amounts ranging between 5 and 25 percent of outstanding shares.

Because direct investments in private funds are restricted to accredited investors, as defined under Regulation D of the Securities Act of 1933, historically the SEC also restricted CE-FOPFs with more than 15 percent of their assets invested in private funds from selling shares to non-accredited investors.[11] However, on August 15, 2025, the SEC announced ADI 2025-16 stating it would begin allowing non-accredited retail investors to buy shares in CE-FOPFs, including lifting an associated minimum initial investment requirement of at least $25,000 (SEC 2025).[12] This change marks an important expansion of retail investor access to private markets by granting them a way to invest in private funds. Funds wishing to allow retail participation can update their prospectus with the SEC indicating their change in accreditation requirement.

2.3. CE-FOPF Fees and Share Classes

CE-FOPFs charge annual fees to investors at two distinct levels. At the CE-FOPF level, investors pay a management fee and other annual expense fees, which cover various operating expenses, including account custody and administration, audit, and legal fees. Funds also often

[11] By regulation, SEC registered closed-end funds can sell shares to any investor. The SEC enforced the restriction against CE-FOPFs offering shares to non-accredited investors through staff comments during the funds' registration process. Funds enforce compliance with accreditation requirements primarily through broker-dealers, which are the typical distributors of fund shares and have substantive verification processes tied to "know your customer" regulations. Verification can be less strict when funds sell shares directly to investors through subscription agreements, in which case they typically rely only on investors' self-certification statements.

[12] An SEC ADI is a publication that summarizes the SEC staff's views regarding the application of federal securities laws. Even though ADIs are interpretations of existing rules and thus do not represent new rules, they carry similar implications for issuers.

impose a distribution fee, which covers marketing and shareholder servicing expenses, consisting primarily of compensation to broker-dealers who market and sell the fund to investors.[13] Unlike the funds of private equity funds studied in Harris et al. (2018), which have carried interest fees of 5 percent on average, funds in our sample do not typically charge performance-based fees at the CE-FOPF level due to SEC rules restricting such fees to qualified clients. Layered beneath the CE-FOPF charges are the fees of the underlying private funds (historically a 2 percent management fee plus 20 percent carried interest). These underlying fees are included in CE-FOPFs' annual expenses and estimated in fund prospectuses as "acquired fund fees and expenses." CE-FOPF-level and acquired fund fees combine to produce CE-FOPFs' total annual expenses, which can vary widely across funds.[14]

In addition to these ongoing fees, CE-FOPFs also frequently impose sales load fees, which consist of charges the fund deducts from each investment at the time of purchase. These fees are typically a significant percentage of the amount invested, routinely above 3 percent. It is also common for CE-FOPFs to impose an early redemption fee on shares sold back to the fund within 12 months of purchase.[15] These fees are intended to discourage short-term investment and to compensate longer-term shareholders for the liquidity costs of accommodating early exits.[16] To the extent that retail investors face a higher likelihood of liquidation needs, these fees will have a negative impact on their after-cost returns relative to those earned by institutions.

[13] Distribution fees are capped at 1 percent of average net assets annually under Rule 12b-1 of the 1940 Investment Company Act. This 1 percent cap is the aggregate of individual caps of 0.75 percent for marketing and 0.25 percent for service fees.

[14] CE-FOPFs often have a self-imposed cap on certain annual expenses and offer fee reductions or waivers to offset amounts exceeding that cap. However, these fee reductions can usually be clawed back in future periods if the respective expense is below the cap.

[15] Under Rule 23c-3 of the 1940 Act, interval funds may charge repurchase fees of up to 2 percent of redemption proceeds, and many CE-FOPFs set the fee at or near this cap. Tender offer funds impose similar fees through their tender documents.

[16] Liquidity costs can be substantial, as the fund must hold a cash sleeve, draw on credit facilities, or sell underlying private fund interests on the secondary market to fund repurchase requests.

Many CE-FOPFs offer multiple share classes, which allow fund managers to attract capital across distribution channels and investor types by offering alternative minimum investment commitments with different fee loads.[17] Because all share classes of a given CE-FOPF hold the same underlying portfolios, pre-fee returns are identical across classes and differences in after-cost returns reflect only differences in fees. The annual expense that most commonly varies across share classes is the distribution fee, which is capped at 1 percent. This is likely why we find negligible differences in reported returns across share classes for most funds. However, differences in sales load fees can be large, with institutional share classes typically waiving them altogether. Thus, realized returns for retail investors will be lower than the returns we report. Appendix A provides an example of the fee structure of a CE-FOPF in our sample, illustrating all the different ongoing expense categories and how sales load fees vary across share classes.

2.4. Retail Investor Performance in Private Markets

Although academic literature largely suggests there are benefits from private market investments, there are several concerns with expanding retail investors' access to them. First, as discussed in Section 2.3, private investments generally charge much higher fees than similar public investments, and these fees tend to be even larger for investors committing less capital. Individuals are therefore unable to earn the same after-fee returns as institutions even when investing in the same assets. This effect has the potential to be compounded by the additional layer of fees charged by CE-FOPFs on top of the already sizable fees charged by their underlying private fund holdings (Harris et al. 2018).

Second, given the growing amount of capital allocated to private markets, future performance of private market investments may weaken and potentially underperform public

[17] Unlike open-end funds, which can issue multiple classes under Rule 18f-3 of the 1940 Act, closed-end funds must obtain exemptive relief from the SEC to do so.

market investments, which challenges one of the primary arguments for democratizing access to private assets. This concern has recently been echoed repeatedly in the popular press (e.g., Demos 2025; Heal 2025) and is validated by academic research showing the performance of private equity vintages is negatively related to the amount of capital flowing into the industry at the time of fund formation (Kaplan and Schoar 2005; Harris et al. 2014). Thus, it is possible that retail investors are gaining access to private markets at a time when future performance will be weaker than historical performance.

Lastly, there are wide performance differences across private assets within the same investment class (e.g., Harris et al. 2014), and it is unclear whether everyday retail investors will have access to the same quality opportunities available to accredited investors. In fact, recent evidence suggests that even within the accredited investor class, performance of private equity investments differs significantly across individuals, and underperforming funds-of-funds tend to offer lower minimum capital commitments (Balloch et al. 2026). In other words, retail investors may face an adverse selection problem, with the best performing funds catering to large institutional investors, and only the worst performing funds granting access to retail investors.[18]

This concern over differential access can be particularly severe in the context of private fund managers competing for retail investor capital. Retail investors face high information processing costs, often ignoring or misinterpreting financial information (e.g., Blankespoor et al. 2019; Blankespoor, deHaan, and Marinovic 2020; deHaan, Li, and Watts 2023). Thus, they may be less likely to consider or understand the complex fee structures and valuation approaches of private funds, leading fund managers to compete along margins other than performance. For example, fund managers may try to exploit retail investor biases toward sensation- or

[18] This adverse selection problem bears some similarities to that documented in the IPO setting (e.g., Gempesaw et al. 2025).

entertainment-seeking behavior (e.g., Dorn and Sengmueller 2009; Grinblatt and Keloharju 2009). In fact, in the immediate aftermath of the SEC's ADI allowing retail investors to buy shares in CE-FOPFs, new funds have launched that appear targeted directly toward retail investors, playing up the novelty factor of private market investments.[19]

Irrespective of whether the historical and future performance of CE-FOPFs is comparable to that of the broader private markets, the concerns above suggest that retail investors may underperform other investors in their CE-FOPF investments. On the other hand, as institutional investor allocations to private markets plateau, it is possible that the best performing funds see retail investors as their primary source of new capital and growth (as well as an attractive source of fee revenue). In fact, some institutional investors have raised concerns that private fund managers are channeling investment opportunities to retail-oriented funds (WSJ 2025). Thus, retail investors may gain exposure to comparably attractive private market opportunities to those available to institutions.

3. DATA AND DESCRIPTIVE INFORMATION

3.1. Sample Selection

Our sample includes closed-end funds holding more than 15 percent of their assets in private funds, which is the threshold the SEC historically used to limit CE-FOPFs to accredited investors. We identify such funds by examining the underlying investments of all SEC registered closed-end funds and calculating the percentage of their assets allocated to private funds. We obtain this information from Portfolio Investments Reports filed with the SEC in Form N-PORT, which is a quarterly filing required from all CEFs within 60 days of quarter end. Besides detailing information on each portfolio holding (such as the amount invested and the asset class of each

[19] For example, WVB Private Markets Fund, a joint offering by Wellington Management, Vanguard, and Blackstone, is a new CE-FOPF promoting itself as giving "individual investors access to institutional-quality portfolios" (see https://www.wellington.com/en-us/intermediary/investments/investment-solutions/wvb-strategic-alliance).

investment), N-PORT also provides fund-level information, including total assets, overall net asset value, fund flows, monthly returns after fees, and distributions for each share class of the fund. N-PORT filings are our primary data source, enabling us to identify the CE-FOPFs affected by the SEC's 2025 ADI and examine their performance over time.

Form N-PORT has been required of all closed-end funds since 2020. Our sample ends in the fourth quarter of 2025, the last reporting period for which we have complete data.[20] From our initial population of closed-end funds meeting the 15 percent threshold investment in private funds, we remove "feeder funds" that exist only to funnel investment into another fund present in our sample, to avoid double counting net asset holdings. Finally, to ensure that we only capture CE-FOPFs per the SEC's definition, we require that all funds in our sample have investor accreditation requirements before May 2025.[21] This step leads us to drop 18 funds investing primarily in private REITs, which are classified as private funds in Form N-PORT, but do not count as private funds toward the SEC's definition of CE-FOPFs (see Section 2.2).

We identify a total of 115 unique CE-FOPFs meeting these criteria. Figure 1 illustrates the significant growth in both the number of CE-FOPFs and the amount of capital allocated to these vehicles during our sample period. By the end of 2025, there were 94 active CE-FOPFs holding $85 billion in net assets, a sharp increase from the 52 funds holding $21 billion in net assets in the first quarter of 2020.[22] This pattern is consistent with an increase in private market allocations and shows that CE-FOPFs are becoming an increasingly important investment vehicle through which

[20] The limited time series of data following the SEC ADI is the primary barrier to accomplishing our second research objective of comparing funds that expand access and those that do not, but this constraint will become less problematic over the next several quarters.

[21] The SEC's August 2025 ADI followed remarks from SEC Chairman Paul Atkins at the SEC Speaks conference on May 19, 2025, which first unveiled his intention to change the commission's approach toward investing in private funds (Atkins 2025a). A few funds in our sample lifted investor accreditation requirements soon after these pronouncements, ahead of the SEC's ADI in August.

[22] Our estimates of the amount of capital allocated to CE-FOPFs represent a lower bound, as we require that capital be actively deployed into private funds to enter our sample. Several closed-end funds have the objective of investing in private funds but are still searching for investment opportunities and thus hold their capital in liquid instruments.

investors gain exposure to private markets.

We also use each fund's holdings to understand the distribution of CE-FOPFs across different investment classes. To do so, we match each underlying private fund investment to Form D notices and PitchBook data and classify each investment into categories (e.g., venture capital fund, buyout fund, hedge fund). We then examine the percentage of overall investments that each CE-FOPF allocates to each of these underlying private fund categories and create an overall "fund type" based on the predominant investment class of their underlying holdings. Our sample is thus partitioned into four mutually exclusive fund types: private equity (PE, consisting of funds investing primarily in either venture capital or buyout funds), hedge funds (HF), other funds (OF, primarily investing in funds with exposure to real assets or private credit), and generalists (GN), which have meaningful allocations to private funds across multiple of these categories.[23]

In Table 1, we show the number and total NAV of CE-FOPFs across each fund type throughout our sample period. The most frequent fund types are PE and HF, together representing 74 percent of the total number of funds in our sample. The number and size of HF CE-FOPFs have been mostly stagnant during our sample. In contrast, PE CE-FOPFs have risen sharply from 16 funds holding $8.1 billion at the start of our sample to 41 funds holding $64.2 billion by the last quarter of 2025. Generalist funds have also experienced significant growth, but account for a relatively small fraction of CE-FOPFs. Figure 2 depicts trends in total net assets across fund types. Overall, it appears that the growth in CE-FOPFs has been largely driven by the popularity of private equity investments, which is consistent with the large increase in attention devoted to this asset class in recent years.

3.2. Descriptive Statistics

[23] While several CE-FOPFs in our sample have significant allocations to venture capital funds, they typically do not represent most of their investments and are often paired with significant allocations to buyout funds. For that reason, we combine venture capital and buyout funds into a single private equity category.

Table 2 presents descriptive statistics on the fees charged by the CE-FOPFs in our sample, which we obtain from the latest prospectus filing made by each fund. In Panel A, we report the distribution of each fee category (as a percentage of net assets) across all funds that charge the respective fee. Almost all funds charge management fees and acquired fund fees, whereas only a subset of funds charge other types of fees, such as distribution fees or profit share fees. The average management fee is 1.0 percent, which is comparable to that of private funds investing in hedge funds or private equity funds (Ang et al. 2008; Harris et al. 2018). However, distribution and other fees raise the average (median) annual fee at the CE-FOPF level to 2.5 (2.3) percent. These fees are imposed on top of the underlying acquired fund fees, which add another layer of annual expenses. Overall, annual fees charged by CE-FOPFs average 6.2 percent, with significant variation across funds, largely driven by differences in acquired fund fees. More than half of CE-FOPFs also do not impose transaction fees (sales load and early exit fees), but these fees can be substantial for those that do, with the median fund charging 3 percent in sales load fees and 2 percent for early redemptions.

Panel B provides mean and median values for each fee category across fund types (inclusive of funds not charging the fee). Although management fees are similar for different fund types, there are significant differences in other fee categories. Funds investing in private equity funds have the highest fees at the CE-FOPF level, with the median fund charging 2.6 percent. In contrast, hedge funds are the most expensive underlying fund class, with the median HF CE-FOPF charging acquired fund fees of 5.0 percent, substantially more than other fund types. Transaction fees are both more common and higher for PE funds. Overall, CE-FOPFs impose significant ongoing fees on shareholders, and many funds penalize frequent transactions with large transaction costs. Our analysis of CE-FOPF performance examines returns net of annual fees, and thus only

accounts for the former. Transaction costs will drive realized performance down and should be kept in mind when interpreting our results.

Table 3 presents descriptive statistics for our sample of 1,690 fund-quarters. Panel A shows that funds hold on average $609 million in NAV (*Net Assets*), although the distribution is highly right-skewed, with the median fund holding $206 million. Funds in our sample hold approximately 82.3 percent of their investments in 51 private funds (*PF Percentage* and *PF Count*) and around 3.6 percent of net assets in cash (*Cash*).[24] The number of private fund holdings is also significantly skewed by funds with a large number of holdings, with the median fund holding only 25 underlying private funds. CE-FOPFs with multiple share classes are required to report the returns for each share class separately. We see little difference in the distribution of quarterly returns for share classes with the lowest (*Ret Low Fee*) and highest (*Ret High Fee*) fees, which is not surprising given most funds have only one share class (*# Share Classes*). Quarterly returns for the highest (lowest) fee share class equal 1.8 (1.8) percent on average and 1.6 (1.7) percent for the median fund. In our subsequent analyses, we consider the historical performance of the share classes with the highest fees (i.e., *Ret High Fee*, hereafter *Ret*), which are likely to be most representative of the share class available to retail investors.

Panel B reports variable means and medians across fund types. Average quarterly returns are highest for PE-focused funds at 2.2 percent (followed by generalist funds at 1.6 percent), although median returns are similar across fund types. PE funds also tend to be larger, with the median fund holding $329 million in net assets. The median HF and GN CE-FOPFs are similar in size and are about half the size of the median PE fund. PE funds also have the highest number of

[24] The cash reported by CE-FOPFs in Form N-PORT excludes positions in liquid cash equivalent investments such as money market funds, which are included as part of the fund's portfolio holdings. For that reason, the true cash position of each fund is typically larger than that reflected in our *Cash* variable, and *PF Percentage* provides a lower bound on the share of non-cash investments held in private funds.

underlying private fund holdings, with the median fund investing in 58 private funds, which is significantly higher than the 22.5 reported by Harris et al. (2018) for non-SEC registered private equity funds-of-funds. However, other CE-FOPF types tend to invest in fewer private funds than PE funds do, more comparable to the figures reported in Harris et al. (2018).[25] Different fund types are more similar along other characteristics, such as cash holdings, percentage invested in private funds, and number of share classes.

4. MAIN ANALYSES

4.1. CE-FOPF Performance

We first examine the performance of CE-FOPFs during our sample period and compare it to a variety of benchmarks. We begin by plotting the distribution of quarterly returns in Figure 3. CE-FOPFs had generally positive returns during our sample period, except for the first quarter of 2020 and the first three quarters of 2022, and generated the highest returns in late 2020 and during 2021. These patterns largely match the fluctuations in public markets, which is consistent with a positive association between public and private valuations. It also suggests that changes in CE-FOPF valuations are relatively timely. There is significant dispersion in performance across CE-FOPFs, with an interquartile range of several percentage points in quarterly returns, which suggests there are significant differences across fund portfolios.

In Table 4, we compare the performance of CE-FOPFs with that of public and private benchmarks. In Panel A, we show quarterly returns of CE-FOPFs (column 1), the S&P 500 index (column 2), a private funds-of-funds index (column 3), and an overall private markets index (column 4). The last two indexes are provided by MSCI, which aggregates the after-fee

[25] In an untabulated analysis, we find the distribution of *PF Count* for PE CE-FOPFs is bimodal, with about half of these funds holding around 20 underlying funds and the other half holding a much larger number of PE funds, in some cases over 100. These CE-FOPFs with a large number of holdings tend to manage a significant amount of capital and invest in a wide variety of underlying PE funds, including funds located in different geographical regions.

performance of all private funds it tracks.[26] We focus on the net-asset-value-weighted returns of CE-FOPFs to increase comparability with the benchmark indexes and provide the results graphically in Figure 4. The quarterly returns of the S&P 500 are much more volatile than those of CE-FOPFs and the MSCI indexes, with lower returns during market declines but higher returns in growth periods, consistent with private funds only updating valuations for a fraction of their holdings in each quarter. CE-FOPF returns tend to be lower than those of the two private markets benchmarks, especially early in the sample period. The last row of Table 4 Panel A shows that the buy and hold return for CE-FOPFs during our sample period is 70.5 percent, much lower than the 135.5, 98.3, and 106.4 percent returned by the S&P 500, the funds-of-funds index, and the overall private markets index, respectively.

In Panel B, we show the quarterly returns separately for each CE-FOPF type. Consistent with our descriptive statistics in Panel B of Table 3, PE funds (column 1) have the best performance of all fund types, with OF funds (column 3) exhibiting the worst performance during our sample period. However, PE funds have a buy and hold return of 83.2 percent during our sample period, which is still lower than that of the benchmark indexes shown in Panel A. Moreover, column 5 shows that an MSCI index of private equity funds has returned 134.0 percent during our sample period, which suggests that CE-FOPFs have generally underperformed other comparable private assets.

This difference is primarily driven by underperformance during the post-COVID bull market of late 2020 and most of 2021. The recent performance of PE CE-FOPFs has been comparable to that of the MSCI PE index, even surpassing it in the last two years of our sample period. The relative improvement in performance of PE CE-FOPFs has occurred as they have

[26] Burgiss, now MSCI Private Capital, offers data on private companies, funds, investors, and individual deals. Burgiss has been increasingly used in private markets research (e.g., Harris et al. 2014; Brown et al. 2021). We thank Greg Brown for facilitating access to MSCI index data.

experienced a large influx of capital, which is surprising given the generally negative relation between capital flows into private equity and subsequent returns (Kaplan and Schoar 2005; Harris et al. 2014). Thus, our pattern of results is consistent with either higher quality fund managers entering the CE-FOPF market in recent years, or a broader decline in private equity performance reducing the gap between CE-FOPFs and non-SEC registered PE funds. Consistent with the latter explanation, returns of private market indexes have lagged those of the S&P 500 by a large margin over the last few years.

Finally, we examine the risk profile of CE-FOPFs. We follow Ewens et al. (2013) and measure CE-FOPF returns against the Fama and French (1993) three-factor model by estimating a time-series regression of net-asset-value-weighted CE-FOPF excess returns above the risk-free rate on concurrent and lagged factor returns, using the following model:

$$r_t = \alpha_t + \sum_{k=0}^{12} \beta_i^{RMRF} r_{t-k}^{RMRF} + \sum_{k=0}^{12} \beta_i^{SMB} r_{t-k}^{SMB} + \sum_{k=0}^{12} \beta_i^{HML} r_{t-k}^{HML} + \varepsilon_i \quad (1)$$

where *t* represents each month in our sample period.[27] We use twelve monthly lags of each factor return, consistent with the four quarterly lags used by Ewens et al. (2013).

We present the results in Table 5. We find that, when pooling all fund types together (column 1), CE-FOPFs have a significantly positive market beta of 0.415. This estimate is much smaller than that documented by previous studies of private equity funds (e.g., Driessen et al. 2012; Ewens et al. 2013; Jegadeesh et al. 2015). To understand whether the small market betas are driven by specific investment classes, we re-estimate Equation 1 for each of our fund types in columns 2 to 5 and find market loadings are highest for PE and HF CE-FOPFs. Although the loading on the small-firm factor is marginally significant for the pooled sample, we find generally insignificant

[27] This analysis takes advantage of the monthly granularity available in N-PORT for fund returns. Other fund attributes are reported only at the quarterly level (hence most of our other analyses are conducted at the quarterly level), but returns are available on a monthly basis.

loadings on the small-firm and on the book-to-market factor, consistent with the results for buyout funds in Ewens et al. (2013). Alphas are positive for the pooled sample and for all but HF CE-FOPFs, but do not reach statistical significance. Combined with a moderate market beta, these results lend some support to the claims from advocates of increased private market access that these investments may provide retail investors with diversification benefits without sacrificing risk-adjusted returns. Performance is strongest for PE CE-FOPFs during our sample period, which may help explain the significant increase in capital allocated to these funds in recent years.

4.2. Retail Investor Access to CE-FOPFs

We next provide a preliminary examination of the effects of the SEC's 2025 ADI allowing retail investor access to CE-FOPFs. As institutional investors tap out their allocations to private markets, it is possible that retail investor capital will become an important source of continued growth for the industry. We begin by examining how managers of CE-FOPFs have responded to this change. First, we identify funds that decided to remove their investor accreditation requirements in response to the change in the SEC's regulatory approach. To do so, we complement our N-PORT data with information from fund prospectus filings. These prospectuses include a section on investor eligibility that lists any investor accreditation requirements and minimum investment amounts. To identify CE-FOPFs that lift their investor accreditation requirements, we manually examine all prospectus changes filed with the SEC between May 19, 2025, when Chairman Paul Atkins first announced the upcoming change, and June 30, 2026. We find 28 CE-FOPFs lift their investor accreditation requirements during this period, suggesting that, in the first year after this regulatory change, about 32 percent of the 87 CE-FOPFs active in the second quarter of 2025 make the choice to expand access to non-accredited retail investors. We label these funds "Switcher" funds, and those which have not yet chosen to drop accreditation requirements "Non-

Switcher" funds.

Although the small number of Switcher funds limits the power and scope of empirical analyses, we provide preliminary evidence of differences in attributes and recent performance between these funds and those that remain restricted to accredited investors. We first limit the sample to only quarters prior to the SEC ADI in August of 2025 to focus on the determinants of the decision to allow retail access and avoid any potential effects that retail access may itself have had on Switcher funds. Table 6, Panel A presents separate means and standardized differences between Switchers and Non-Switchers for net assets, redemptions, sales, returns, and fees. T-tests of differences in means are based on White standard errors.

We find that Switcher and Non-Switcher funds have similar size and charge comparable fees at the CE-FOPF level, including statistically indistinguishable sales load fees. However, Switcher funds have lower acquired fund fees, leading to a lower overall annual fee. Moreover, Switcher funds exhibit better performance, with lower redemptions, higher sales, and higher quarterly returns (net of fees). This evidence is not consistent with the adverse selection hypothesis that struggling funds with net outflows and poor returns are those most likely to drop accreditation requirements. Instead, it appears growing, better performing funds are those most likely to switch.

The small number of Switcher funds and the non-normal distributions of fund attributes can challenge the assumptions needed for reliance on parametric statistical tests. We turn to permutation testing to identify possible differences between Switcher and Non-Switcher funds. Specifically, we randomly shuffle the Switcher and Non-Switcher group labels and reperform the difference in means test. This provides a pseudo-coefficient based on the null hypothesis that average attributes for Switcher and Non-Switcher funds are identical. We reperform this shuffling 9,999 times and compare each pseudo-coefficient to the true coefficient representing the difference

between Switcher and Non-Switcher funds in our sample. Panel B of Table 6 reports the distribution of the pseudo-coefficients as well as the true coefficient from our sample. A Fisher p-value is calculated based on the number of pseudo-coefficients more extreme than the true coefficient over all permutations. Results are consistent with those in Panel A, suggesting we find meaningful differences across the two groups of funds in recent performance and total annual fees, as illustrated by the distribution of coefficients in Panel C.

While Table 6 focuses exclusively on pre-ADI differences between Switcher and Non-Switcher funds, we also make a preliminary investigation into differences around the decision to remove accreditation requirements. To do so, we construct three cohorts of observations centered around Q2, Q3, and Q4 of 2025, with each cohort including treated funds (i.e., funds that switched during the quarter) and control funds (i.e., all funds that did not switch during the quarter and were not yet treated in a previous quarter). We then plot net inflows (fund sales minus redemptions) and buy and hold returns for Switcher and Non-Switcher funds from four quarters before to two quarters after the switching quarter and present the results in Figure 5.

In Panel A, we show trends in net inflows, scaled by net assets at the beginning of the event window, which allows us to track the relative growth of Switcher and Non-Switcher funds over time. Consistent with our findings in Table 6, Switcher funds have higher levels of net inflows than Non-Switcher funds prior to lifting accreditation requirements, though both have a similar slope. Notably, we see an increase in the net inflows to Switcher funds after they switch that is not present for the Non-Switchers, suggesting the SEC's ADI allowed them to attract additional capital, likely from everyday retail investors. Panel B also confirms that Switcher funds have higher returns ahead of dropping accreditation requirements. We also observe a slightly lower return relative to Non-Switcher funds in the first quarter after the switching quarter, which matches the uptick in net

inflows, possibly due to a time lag in deploying the additional capital. However, this relative dip is short-lived, with Switcher fund returns outpacing those of Non-Switcher funds in the second quarter post-switch. With the same caveats outlined above, our early evidence does not indicate a significant return reversal in Switcher funds upon lifting of accreditation requirements.

Finally, we also consider new CE-FOPFs registered with the SEC. Between the SEC Chairman's speech on May 19, 2025 and June 30, 2026, we identify 34 new closed-end fund registrations with the investment objective of investing in private funds. For comparison, during the four years prior to the ADI, there was an average of only three new CE-FOPFs registering with the SEC each quarter. Moreover, 19 (56 percent) of the new funds registered in this period have no investor accreditation requirements (untabulated). Thus, it appears that the SEC's ADI encouraged the formation of an abnormally large number of new CE-FOPFs, and most of these funds are targeting retail investor capital. Although we currently lack sufficient data to examine the characteristics of these new funds, as data become available in the coming quarters, we plan to analyze their performance relative to that of CE-FOPFs restricted to accredited investors, as well as the same public and private benchmarks examined above. These analyses will provide additional evidence on the consequences of expanding retail investor access to private markets.

5. CONCLUSION

There is currently a push from regulators, politicians, and some private fund managers to expand retail investor access to private markets. However, it remains unclear whether the diversification benefits and potential for higher returns in private assets outweigh the risks that individual investors face in private markets. To understand the impact of allowing retail investors to participate in private markets, we examine a recent change in regulatory approach by the SEC that allows CE-FOPFs to sell shares to all individual investors, rather than the historical limitation

to only accredited investors. This change in posture allows fund managers discretion over whether to remain restricted to accredited investors, creating adverse selection concerns and raising questions regarding the quality of funds retail investors will obtain access to.

We provide descriptive evidence on the characteristics and historical performance of these CE-FOPFs, which have experienced significant growth in recent years. CE-FOPFs focused on private equity investments account for the largest amount of capital and have driven the growth in CE-FOPFs. Despite their growth, we find that CE-FOPFs have generally underperformed public and private benchmarks, although there is significant performance heterogeneity within and between fund types. Despite this overall underperformance relative to benchmarks, CE-FOPFs appear to provide diversification benefits and have positive, albeit statistically insignificant, risk-adjusted returns during our sample period. When examining fund managers' reactions in the first year after the SEC's lifting of investor accreditation requirements, we find that a meaningful share of existing funds remove those requirements and there is a dramatic increase in the number of new fund registrations, primarily catering to retail investors. We find that the initial funds choosing to drop accreditation requirements are growing faster and have higher prior returns. We take a first step toward understanding an investment vehicle that has the potential to become an important source of retail investor exposure to private markets.

REFERENCES

Ang, A., M. Rhodes-Kropf, and R. Zhao. 2008. Do Funds-of-Funds Deserve Their Fees-on-Fees? SSRN Scholarly Paper. Rochester, NY: Social Science Research Network.

Atkins, P. 2025a. SEC.gov. Prepared Remarks Before SEC Speaks. https://www.sec.gov/newsroom/speeches-statements/atkins-prepared-remarks-sec-speaks-051925.

Atkins, P. 2025b. SEC.gov | Remarks at the Investor Advisory Committee Meeting. https://www.sec.gov/newsroom/speeches-statements/atkins-091825-remarks-investor-advisory-committee-meeting.

Balloch, C., F. Mainardi, S. Oh, and P. Vokata. 2026. Democratizing Private Markets? Private Equity Performance of Individual Investors. Working paper.

Barber, B., and T. Odean. 2013. The Behavior of Individual Investors. In *Handbook of the Economics of Finance*, 2: Chapter 22. Elsevier.

Bauguess, S., R. Gullapalli, and V. Ivanov. 2018. Capital raising in the US: an analysis of the market for unregistered securities offerings, 2009–2017. *US Securities and Exchange Commission White Paper*.

Bernard, D., and A. Sutherland. 2026. Private Firms and the Economic Role of Accounting: A Review of Empirical Research. Working paper.

Blankespoor, E., E. deHaan, J. Wertz, and C. Zhu. 2019. Why Do Individual Investors Disregard Accounting Information? The Roles of Information Awareness and Acquisition Costs. *Journal of Accounting Research* 57 (1): 53–84.

Blankespoor, E., E. deHaan, and I. Marinovic. 2020. Disclosure processing costs, investors' information choice, and equity market outcomes: A review. *Journal of Accounting and Economics* 70 (2-3): 101344.

Brown, G., R. Harris, W. Hu, T. Jenkinson, S. N. Kaplan, and D. T. Robinson. 2021. Can investors time their exposure to private equity? *Journal of Financial Economics* 139 (2): 561–577.

Brown, G. W., K. J. Crouch, A. Ghent, R. S. Harris, Y. V. Hochberg, T. Jenkinson, S. N. Kaplan, R. Maxwell, and D. T. Robinson. 2022. Should defined contribution plans include private equity investments? *Financial Analysts Journal* 78 (4): 5-17.

Cherkes, M. 2012. Closed-End Funds: A Survey. *Annual Review of Financial Economics* 4: 431–445.

Code of Federal Regulations (CFR) 270.23c-3 -- Repurchase offers by closed-end companies. https://www.ecfr.gov/current/title-17/part-270/section-270.23c-3.

de Fontenay, E. 2017. The Deregulation of Private Capital and the Decline of the Public Company. *Hastings Law Journal* 68: 445–502.

deHaan, E., J. Li, and E. M. Watts. 2023. Retail bond investors and credit ratings. *Journal of Accounting and Economics* 76 (1): 101587.

Demos, T. 2025. Private Equity Firms' Stocks Are Struggling, Despite Getting Into 401(k)s. *Wall Street Journal*, August 19, 2025. https://www.wsj.com/finance/investing/private-equity-firms-stocks-are-struggling-despite-getting-into-401-k-s-759ad08d.

Dimson, E., and C. Minio-Kozerski. 1999. Closed-End Funds: A Survey. *Financial Markets, Institutions & Instruments* 8 (2): 1–41.

Dorn, D., and P. Sengmueller. 2009. Trading as Entertainment? *Management Science* 55 (4): 591–603.

Driessen, J., T. C. Lin, and L. Phalippou. 2012. A new method to estimate risk and return of nontraded assets from cash flows: The case of private equity funds. *Journal of Financial and*

Quantitative Analysis 47 (3): 511-535.
Ewens, M., and J. Faber. 2026. Liquid claims on illiquid assets: The economics of retail access to private markets. Working paper.
Ewens, M., C. M. Jones, and M. Rhodes-Kropf. 2013. The Price of Diversifiable Risk in Venture Capital and Private Equity. *The Review of Financial Studies* 26 (8): 1854–1889.
Fama, E. F., and K. R. French. 1993. Common risk factors in the returns on stocks and bonds. *Journal of Financial Economics* 33 (1): 3–56.
Fang, C., I. Goldstein, and Y. Zeng. 2026. The fragility of semi-liquid private credit funds. NBER working paper.
Flynn, S. J. Jr., and A. Ghent. 2024. Does Main Street Benefit from What Benefits Wall Street? *Journal of Financial and Quantitative Analysis* 59 (3): 1300–1336.
Franzoni, F., E. Nowak, and L. Phalippou. 2012. Private Equity Performance and Liquidity Risk. *The Journal of Finance* 67 (6): 2341–2373.
Gempesaw, D., J. J. Henry, K. Pisciotta, and H. Xiao. 2025. Retail IPO Access: High Hopes, Low Returns. Working paper.
Gilson, D. 2025. The democratization of private equity could create a "systemic risk machine" | Stanford Institute for Economic Policy Research (SIEPR). https://siepr.stanford.edu/news/democratization-private-equity-could-create-systemic-risk-machine.
Gocmen, A., C. Martinez-Toledano, and V. Mittal. 2026. Private capital markets and inequality. Working paper.
Goetzmann, W. N., E. Gourier, and L. Phalippou. 2018. How Alternative are Private Markets? Working paper.
Grinblatt, M., and M. Keloharju. 2009. Sensation Seeking, Overconfidence, and Trading Activity. *The Journal of Finance* 64 (2): 549–578.
Harris, R. S., T. Jenkinson, and S. N. Kaplan. 2014. Private Equity Performance: What Do We Know? *The Journal of Finance* 69 (5): 1851–1882.
Harris, R. S., T. Jenkinson, S. N. Kaplan, and R. Stucke. 2018. Financial intermediation in private equity: How well do funds of funds perform? *Journal of Financial Economics* 129 (2): 287–305.
Heal, A. 2025. Private capital zombie firms will pile up in next decade, says EQT chief. *Financial Times*, November 1, 2025. https://www.ft.com/content/49d2cb79-5e0b-4c71-9258-b3fea4ca70c4.
Jegadeesh, N., R. Kräussl, and J. M. Pollet. 2015. Risk and expected returns of private equity investments: Evidence based on market prices. *The Review of Financial Studies* 28 (12): 3269-3302.
Kahle, K. M., and R. M. Stulz. 2017. Is the US Public Corporation in Trouble? *Journal of Economic Perspectives* 31 (3): 67–88.
Kaplan, S. N., and A. Schoar. 2005. Private Equity Performance: Returns, Persistence, and Capital Flows. *The Journal of Finance* 60 (4): 1791–1823.
Lerner, J., and A. Schoar. 2004. The illiquidity puzzle: theory and evidence from private equity. *Journal of Financial Economics* 72 (1): 3–40.
Miller, S., E. Yimfor, and Y. Zhang. 2026. Investor expertise and private investment selection. *Journal of Financial Economics* 183: 104331.
Pegoraro, S., S. Shive, and R. Zambrana. 2026. Democratizing illiquid assets: Liquidity transformation and performance in interval funds. Working paper.

Phalippou, L. 2020. An Inconvenient Fact: Private Equity Returns & The Billionaire Factory. *The Journal of Investing* 30 (1): 11-39.

Phalippou, L., and O. Gottschalg. 2009. The Performance of Private Equity Funds. *The Review of Financial Studies* 22 (4): 1747–1776.

Schlingemann, F. P., and R. M. Stulz. 2022. Have exchange-listed firms become less important for the economy? *Journal of Financial Economics* 143 (2): 927-958.

SEC. 2021. Accredited Investors – Updated Investor Bulletin. Investor.gov. https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/updated-3.

SEC. 2025. SEC.gov. ADI 2025-16 - Registered Closed-End Funds of Private Funds. https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds.

Shivakumar, L., and O. Urcan. 2026. Aggregate Earnings of Private and Public Firms and the Macroeconomic Effects of Capital Market Pressures on Investments. Working paper.

SIFMA. 2025. HFSC Markup of Various Capital Formation Bills. *SIFMA*. https://www.sifma.org/resources/submissions/letters/hfsc-markup-of-various-capital-formation-bills/.

Sløk, T. 2024. Many More Private Firms in the US. *Apollo Academy*. https://www.apolloacademy.com/many-more-private-firms-in-the-us/.

Stein, J. C. 2005. Why are most funds open-end? Competition and the limits of arbitrage. *The Quarterly Journal of Economics* 120 (1): 247-272.

Stucke, R. 2011. Updating History. Working paper.

U.S. President. 2025. Democratizing Access to Alternative Assets for 401(k) Investors. *The White House*. https://www.whitehouse.gov/presidential-actions/2025/08/democratizing-access-to-alternative-assets-for-401k-investors/.

WSJ. 2025. Private Equity's Embrace of the Mass Market Alarms Longtime Investors. *Wall Street Journal*, November 21, 2025. https://www.wsj.com/articles/private-equitys-embrace-of-the-mass-market-alarms-longtime-investors-0c583f32.

APPENDIX A
Example of CE-FOPF Fee Structure

iDIRECT PRIVATE MARKETS FUND

	Class A	Class I
TRANSACTION FEES		
Maximum sales load (percentage of purchase amount)(1)	3.50%	None
Maximum repurchase fee(2)	2.00%	2.00%
ANNUAL FUND EXPENSES (as a percentage of the Fund's net assets)		
Management Fee	0.90%	0.90%
Acquired Fund Fees and Expenses(3)	0.46%	0.46%
Interest Payments on Borrowed Funds(4)	0.13%	0.13%
Other Expenses(5)	0.42%	0.42%
Distribution and Servicing Fee	0.60%	—
Total Annual Fund Expenses	2.51%	1.91%

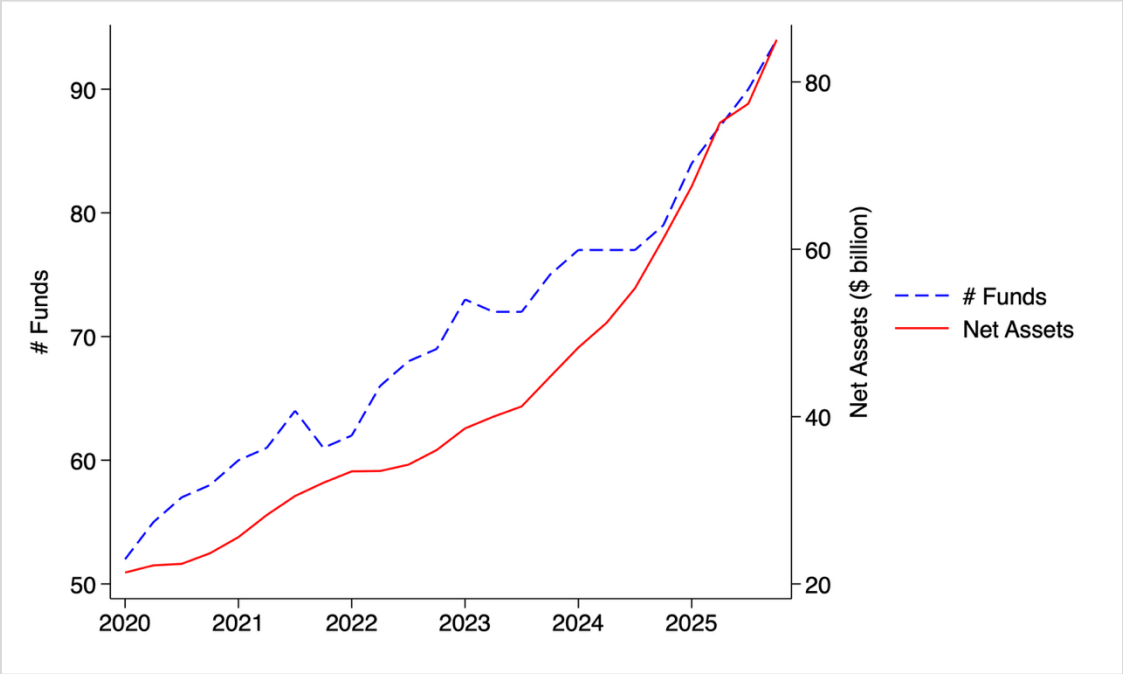
This appendix provides an example of the fee structure imposed by one of the CE-FOPFs in our sample. We obtain this fee table from a Form N-2 filed by iDirect Private Markets Fund (CIK 1606789) on July 26, 2024.

APPENDIX B
Variable Definitions

Variable Name	Definition	Source
Net Assets *	Total net asset value of the fund.	N-PORT
PF Percentage *	The percentage of *Net Assets* of the fund that is invested in private funds.	N-PORT
PF Count *	The number of private funds that the fund invests in.	N-PORT
Cash *	The percentage of *Net Assets* of the fund that is held in cash.	N-PORT
Ret Low Fee	Quarterly total return (after fees, contributions, and distributions) of the fund's share class with the lowest fees.	N-PORT
Ret High Fee	Quarterly total return (after fees, contributions, and distributions) of the fund's share class with the highest fees.	N-PORT
Quarterly Redemptions *	The quarterly redemptions by investors.	N-PORT
Quarterly Sales *	The quarterly fund subscriptions by investors.	N-PORT
Quarterly Net Inflows *	*Quarterly Sales* minus *Quarterly Redemptions*.	N-PORT
# Share Classes	The number of share classes held by the fund.	N-PORT
Management Fee *	Annualized management fee.	N-2
Distribution Fee *	Annualized distribution fee.	N-2
Other Fee *	Annualized other fees.	N-2
Annual Fee – CEF Level *	The summation of *Management Fee*, *Distribution Fee*, and *Other Fee*.	N-2
Acquired Fund Fee *	Annualized fees from underlying funds.	N-2
Annual Fee – Total *	The summation of *Annual Fee – CEF Level* and *Acquired Fund Fee.*	N-2
Profit Share *	Annualized profit share percentage on returns after a set hurdle rate.	N-2
Sales Load Fee *	Fees deducted from investments at the time of purchase.	N-2
Early Redemption Fee *	Fees charged to investors for redeeming shares within 12 months of purchase.	N-2
Ret	Net-asset-value-weighted sum of *Ret High Fee* across funds.	N-PORT
Buy and Hold Return	Buy and hold *Ret* during our sample period.	N-PORT
MSCI Benchmarks	"PE" = private equity; "FoFs" = funds-of-funds; "PM" = overall private markets.	Burgiss MSCI
Switchers	Funds that file an amended prospectus between May 19, 2025 and June 30, 2026 removing investor accreditation requirements.	N-2
S&P 500 Benchmarks	Value-weighted quarterly S&P 500 returns.	Compustat
RMRF; SMB; HML	The RMRF, SMB, and HML factors are defined in Fama and French (1993) and are obtained from Ken French's website. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html	Ken French's website

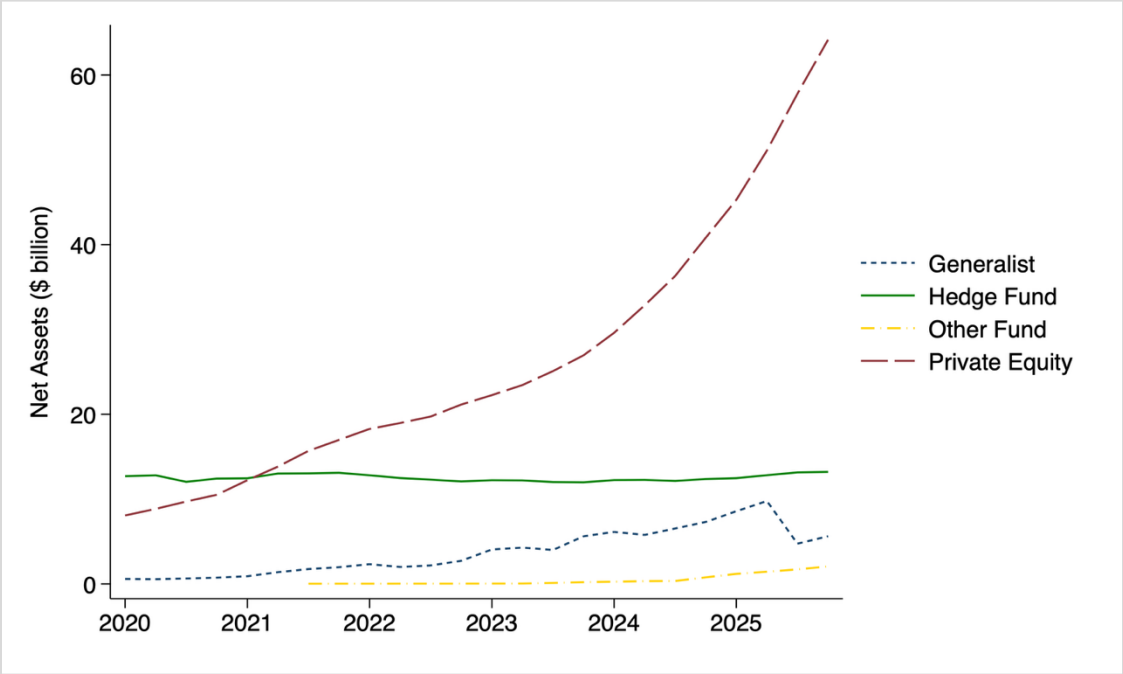
This appendix provides variable definitions and data sources. All variables are defined at the Fund-Quarter level, unless otherwise specified. * Indicates variables that are winsorized at the 1st and 99th percentiles.

FIGURE 1
Trends in CE-FOPFs



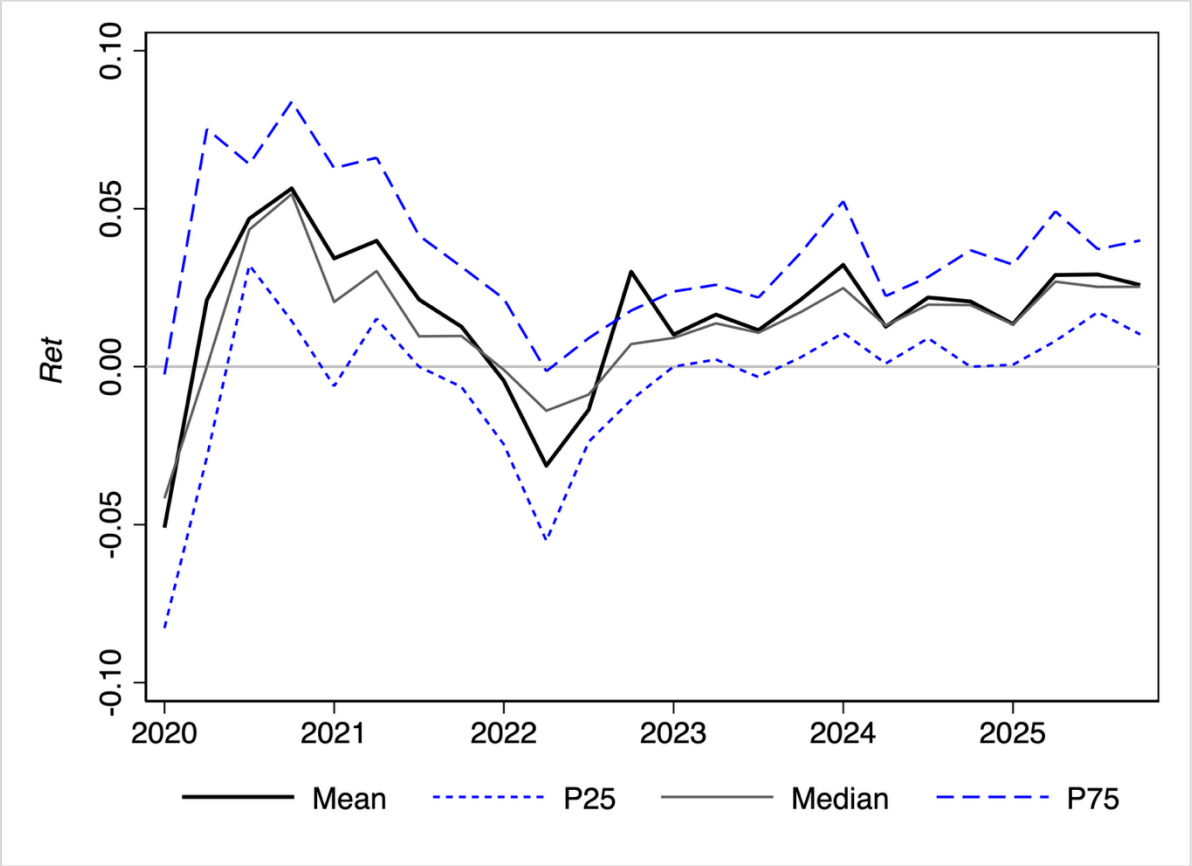
This figure shows trends in the number of SEC registered closed-end funds of private funds (CE-FOPFs) included in our sample and their total net asset holdings each quarter between the first quarter of 2020 and the fourth quarter of 2025.

FIGURE 2
Trends in Net Assets Across Fund Types



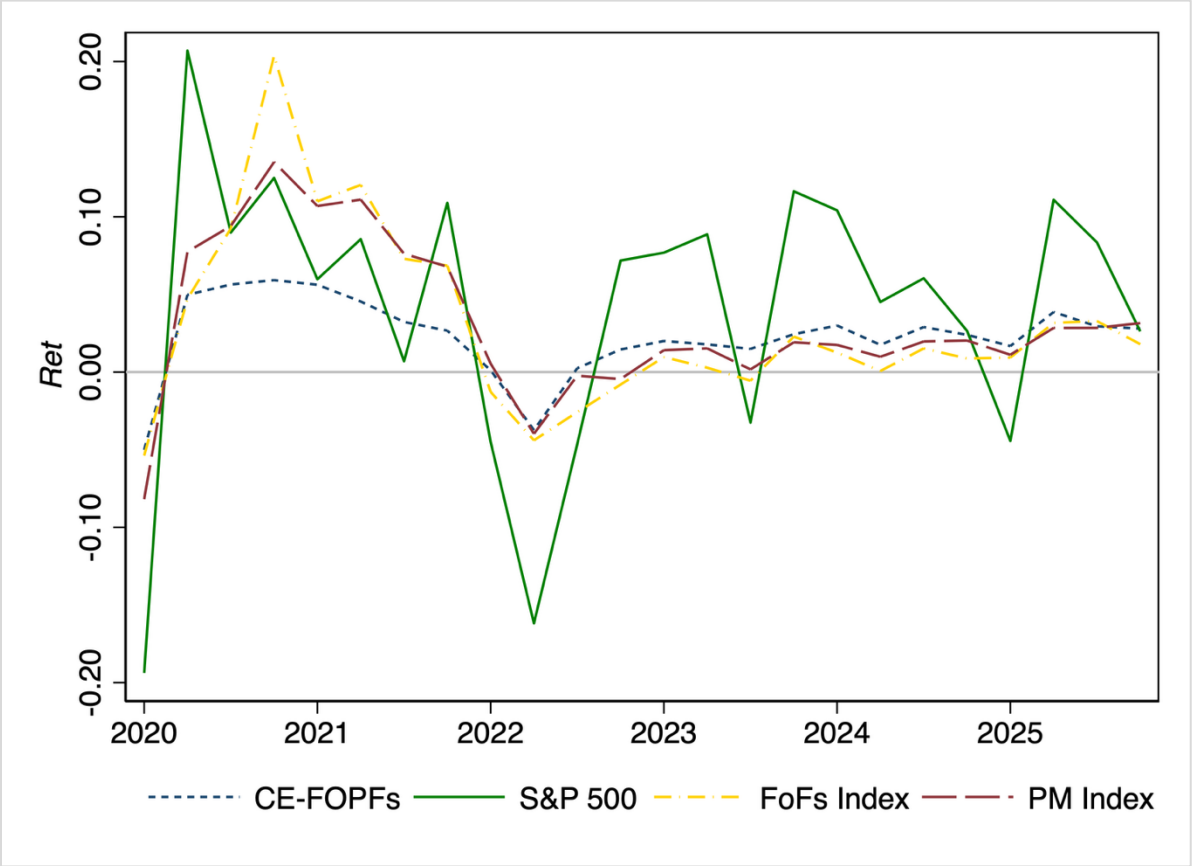
This figure shows trends in the total net assets of SEC registered CE-FOPFs included in our sample each quarter between the first quarter of 2020 and the fourth quarter of 2025, separately for each fund type, classified based on the primary investment class of their underlying fund holdings.

FIGURE 3
Distribution of Quarterly Returns



This figure shows the distribution of quarterly returns using the highest-fee share class of CE-FOPFs in our sample between the first quarter of 2020 and the fourth quarter of 2025.

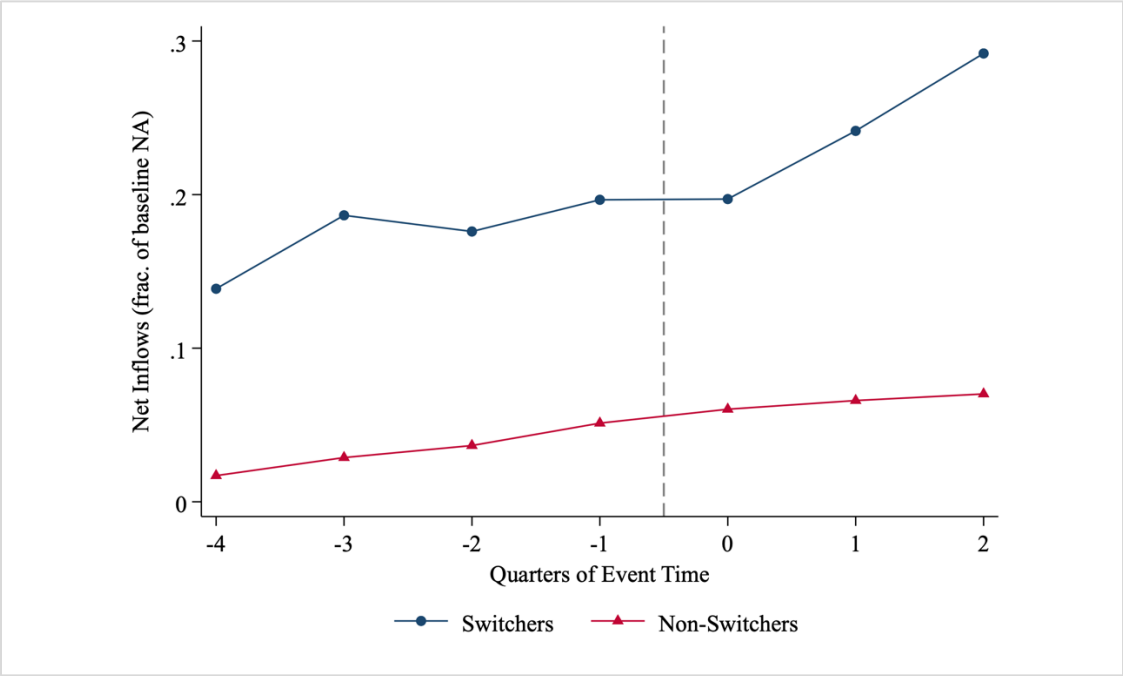
FIGURE 4
CE-FOPF Returns Against Benchmarks



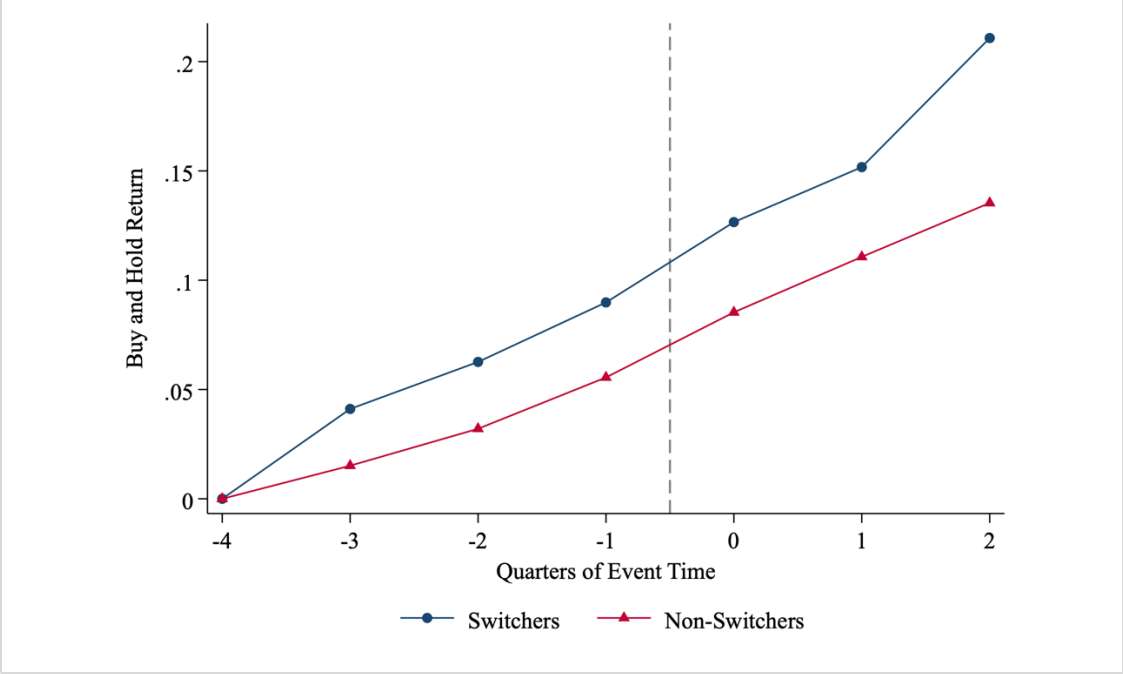
This figure shows net-asset-value-weighted quarterly returns for the highest-fee share class of CE-FOPFs in our sample between the first quarter of 2020 and the fourth quarter of 2025, along with those of the S&P 500 index, a private funds-of-funds index (FoFs Index), and an overall private markets index (PM Index). Returns for the FoFs Index and the PM Index are provided by MSCI.

FIGURE 5
Event Time Differences Between Switcher and Non-Switcher Funds

Panel A: Net inflows



Panel B: Buy and hold returns



This figure plots net inflows (Panel A) and buy and hold returns (Panel B) for funds that drop accreditation requirements between May 19, 2025 and June 30, 2026 (*Switchers*) and those that do not (*Non-Switchers*). Quarter 0 represents the quarter in which Switcher funds drop accreditation requirements, for three stacked cohorts of Switcher funds that switch in Q2, Q3, or Q4 of 2025, and all Non-Switcher and not-yet-treated Switcher funds. Net Inflows are scaled by the beginning net asset value at quarter -4. See Appendix B for variable definitions.

TABLE 1
Trends in CE-FOPFs

	Fund Type									
	All		PE		HF		OF		GN	
Quarter	# Funds	Net Assets ($ billion)	# Funds	Net Assets ($ billion)	# Funds	Net Assets ($ billion)	# Funds	Net Assets ($ billion)	# Funds	Net Assets ($ billion)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2020 Q1	52	21.4	16	8.1	32	12.7	0	0.0	4	0.6
2020 Q2	55	22.2	16	8.9	34	12.8	0	0.0	5	0.6
2020 Q3	57	22.4	18	9.7	33	12.0	0	0.0	6	0.6
2020 Q4	58	23.7	19	10.5	33	12.4	0	0.0	6	0.7
2021 Q1	60	25.6	21	12.2	32	12.5	0	0.0	7	0.9
2021 Q2	61	28.2	20	13.8	32	13.0	0	0.0	9	1.4
2021 Q3	64	30.5	21	15.7	31	13.0	1	0.0	11	1.8
2021 Q4	61	32.1	20	17.0	30	13.1	1	0.0	10	2.0
2022 Q1	62	33.5	22	18.3	29	12.8	1	0.0	10	2.3
2022 Q2	66	33.5	25	19.0	30	12.5	1	0.0	10	2.0
2022 Q3	68	34.3	26	19.7	30	12.3	1	0.0	11	2.2
2022 Q4	69	36.0	28	21.1	29	12.1	1	0.0	11	2.7
2023 Q1	73	38.6	30	22.3	29	12.2	1	0.0	13	4.1
2023 Q2	72	40.0	30	23.4	28	12.2	1	0.1	13	4.3
2023 Q3	72	41.2	29	25.1	28	12.0	1	0.1	14	4.0
2023 Q4	75	44.8	29	27.0	28	12.0	2	0.2	16	5.6
2024 Q1	77	48.3	30	29.6	28	12.2	2	0.3	17	6.1
2024 Q2	77	51.2	30	32.8	28	12.3	3	0.3	16	5.8
2024 Q3	77	55.3	30	36.3	28	12.1	3	0.3	16	6.5
2024 Q4	79	61.3	34	40.8	26	12.4	3	0.8	16	7.3
2025 Q1	84	67.5	35	45.3	27	12.5	4	1.2	18	8.6
2025 Q2	87	75.1	36	51.1	28	12.8	5	1.4	18	9.8
2025 Q3	90	77.4	39	57.8	27	13.2	6	1.7	18	4.8
2025 Q4	94	85.0	41	64.2	28	13.2	7	2.1	18	5.6
# Unique Funds	**115**		**46**		**39**		**8**		**22**	

This table shows trends in the count and total net asset holdings of CE-FOPFs included in our sample each quarter between the first quarter of 2020 and the fourth quarter of 2025, separately for each fund type, classified based on the primary investment class of their underlying fund holdings. Our four fund types include private equity (PE; columns 3 and 4), hedge funds (HF; columns 5 and 6), other funds (OF; columns 7 and 8), and generalists (GN; columns 9 and 10).

TABLE 2
CE-FOPF Fees

Panel A: All CE-FOPFs

	N	%Funds	Mean	Std dev	P10	P25	Median	P75	P90
Management Fee	115	100%	1.03	0.40	0.50	0.75	1.00	1.25	1.50
Distribution Fee	54	47%	0.78	0.28	0.60	0.72	0.75	0.85	0.85
Other Fee	115	100%	1.08	1.11	0.31	0.51	0.81	1.33	1.76
Annual Fee – CEF Level	115	100%	2.47	1.25	1.32	1.57	2.31	2.92	3.62
Acquired Fund Fee	109	95%	3.94	5.33	0.44	0.81	1.77	4.52	12.35
Annual Fee – Total	115	100%	6.21	5.18	2.69	3.15	4.29	7.16	12.47
Profit Share	19	17%	0.94	0.59	0.34	0.56	1.00	1.00	2.17
Sales Load Fee	55	48%	3.20	0.97	2.00	3.00	3.00	3.50	3.50
Early Redemption Fee	46	40%	2.04	0.50	2.00	2.00	2.00	2.00	2.00

Panel B: Means and medians across fund types

	Fund Type									
	All		PE		HF		OF		GN	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Management Fee	1.03	1.00	1.13	1.25	0.97	1.00	1.01	1.13	0.92	0.95
Distribution Fee	0.36	0.00	0.56	0.70	0.20	0.00	0.21	0.00	0.31	0.00
Other Fee	1.08	0.81	1.12	0.73	0.92	0.82	1.43	1.35	1.17	0.75
Annual Fee – CEF Level	2.47	2.31	2.81	2.63	2.08	2.02	2.65	2.58	2.40	1.88
Acquired Fund Fee	3.74	1.61	1.10	0.88	8.34	5.02	1.16	1.13	2.04	1.69
Annual Fee – Total	6.21	4.29	3.90	3.33	10.43	8.12	3.81	3.87	4.43	4.12
Profit Share	0.15	0.00	0.34	0.00	0.03	0.00	0.00	0.00	0.05	0.00
Sales Load Fee	1.53	0.00	2.15	3.00	1.28	0.00	0.88	0.00	0.92	0.00
Early Redemption Fee	0.82	0.00	1.07	2.00	0.74	0.00	0.00	0.00	0.73	0.00

This table presents descriptive statistics of the fees charged by the CE-FOPFs between the first quarter of 2020 and the fourth quarter of 2025. Panel A shows the distribution of fees across different categories for all CE-FOPFs that charge each respective category of fees. Panel B shows average and median values across all funds of each fund type. Our four fund types include private equity (PE), hedge funds (HF), other funds (OF), and generalists (GN). See Appendix B for variable definitions.

TABLE 3
Descriptive Statistics

Panel A: All CE-FOPFs

	N	Mean	Std dev	P10	P25	Median	P75	P90
Net Assets	1,690	0.609	1.398	0.032	0.084	0.206	0.447	1.178
PF Percentage	1,690	82.261	19.502	56.690	76.976	89.054	95.447	98.439
PF Count	1,690	50.607	67.101	7.000	13.000	25.000	63.000	133.000
Cash	1,690	0.036	0.076	0.000	0.000	0.006	0.033	0.106
Ret Low Fee	1,690	0.018	0.063	-0.026	-0.001	0.017	0.037	0.063
Ret High Fee	1,690	0.018	0.063	-0.026	-0.002	0.016	0.035	0.063
# Share Classes	1,690	1.534	1.010	1.000	1.000	1.000	2.000	3.000

Panel B: Means and medians across fund types

	Fund Type							
	PE		HF		OF		GN	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Net Assets	0.976	0.329	0.424	0.153	0.200	0.101	0.308	0.164
PF Percentage	80.787	87.688	88.165	91.927	64.377	84.218	73.924	78.980
PF Count	85.749	58.000	24.849	21.000	14.909	10.000	40.850	22.000
Cash	0.042	0.003	0.032	0.009	0.039	0.003	0.033	0.006
Ret Low Fee	0.023	0.016	0.015	0.015	0.015	0.016	0.017	0.019
Ret High Fee	0.022	0.014	0.015	0.015	0.014	0.016	0.016	0.017
# Share Classes	1.860	1.000	1.254	1.000	1.614	2.000	1.481	1.000

This table presents descriptive statistics for the 1,690 quarterly observations of CE-FOPFs included in our sample between the first quarter of 2020 and the fourth quarter of 2025. Panel A shows statistics for all CE-FOPFs and Panel B shows average and median values separately for each fund type. Our four fund types include private equity (PE), hedge funds (HF), other funds (OF), and generalists (GN). See Appendix B for variable definitions.

TABLE 4
CE-FOPFs Historical Performance

Panel A: All CE-FOPFs against public and private indexes

	CE-FOPFs	S&P 500	FoFs Index	PM Index
			Ret	
Quarter	(1)	(2)	(3)	(4)
2020 Q1	-0.050	-0.194	-0.054	-0.082
2020 Q2	0.050	0.207	0.047	0.078
2020 Q3	0.056	0.090	0.092	0.094
2020 Q4	0.059	0.125	0.204	0.135
2021 Q1	0.056	0.060	0.110	0.107
2021 Q2	0.045	0.086	0.121	0.111
2021 Q3	0.032	0.007	0.073	0.076
2021 Q4	0.027	0.109	0.069	0.068
2022 Q1	0.001	-0.045	-0.013	0.005
2022 Q2	-0.037	-0.162	-0.044	-0.040
2022 Q3	0.002	-0.046	-0.026	-0.002
2022 Q4	0.015	0.072	-0.008	-0.005
2023 Q1	0.020	0.077	0.010	0.014
2023 Q2	0.018	0.089	0.003	0.015
2023 Q3	0.015	-0.033	-0.006	0.002
2023 Q4	0.024	0.116	0.023	0.019
2024 Q1	0.030	0.104	0.013	0.017
2024 Q2	0.018	0.045	0.001	0.010
2024 Q3	0.029	0.060	0.015	0.020
2024 Q4	0.024	0.027	0.009	0.020
2025 Q1	0.017	-0.044	0.009	0.011
2025 Q2	0.039	0.111	0.032	0.028
2025 Q3	0.029	0.084	0.033	0.028
2025 Q4	0.028	0.026	0.018	0.032
Buy and Hold Return	**0.705**	**1.355**	**0.983**	**1.064**

TABLE 4 (continued)

Panel B: Returns across fund types

	Fund Type				
	PE	**HF**	**OF**	**GN**	**PE Index**
			Ret		
Quarter	(1)	(2)	(3)	(4)	(5)
2020 Q1	-0.108	-0.014		-0.044	-0.071
2020 Q2	0.091	0.025		-0.025	0.104
2020 Q3	0.071	0.045		0.051	0.127
2020 Q4	0.060	0.057		0.100	0.172
2021 Q1	0.062	0.052		0.037	0.129
2021 Q2	0.067	0.022		0.059	0.130
2021 Q3	0.044	0.019		0.033	0.086
2021 Q4	0.042	0.007	0.013	0.032	0.070
2022 Q1	0.015	-0.021	0.011	0.017	-0.011
2022 Q2	-0.037	-0.043	0.009	-0.006	-0.060
2022 Q3	0.013	-0.015	-0.016	0.001	-0.007
2022 Q4	0.029	-0.011	0.014	0.016	-0.012
2023 Q1	0.019	0.024	0.024	0.012	0.017
2023 Q2	0.024	0.006	0.013	0.016	0.019
2023 Q3	0.014	0.014	0.023	0.023	-0.002
2023 Q4	0.022	0.030	0.025	0.025	0.024
2024 Q1	0.017	0.066	0.018	0.020	0.017
2024 Q2	0.019	0.005	0.017	0.034	0.010
2024 Q3	0.033	0.018	0.020	0.027	0.023
2024 Q4	0.016	0.054	0.035	0.019	0.023
2025 Q1	0.015	0.018	0.016	0.026	0.014
2025 Q2	0.045	0.021	0.030	0.028	0.033
2025 Q3	0.028	0.040	0.008	0.029	0.032
2025 Q4	0.032	0.009	0.023	0.036	0.039
Buy and Hold Return	**0.832**	**0.516**	**0.323**	**0.733**	**1.340**

This table presents quarterly returns (*Ret*) and overall buy and hold returns for CE-FOPFs included in our sample and for public and private benchmarks between the first quarter of 2020 and the fourth quarter of 2025. Panel A shows returns for all CE-FOPFs (column 1), the S&P 500 (column 2), a private funds-of-funds index (FoFs Index; column 3), and an overall private markets index (PM Index; column 4). Panel B shows returns separately for each fund type (columns 1 to 4) and for an index of private equity funds (PE Index; column 5). Our four fund types include private equity (PE), hedge funds (HF), other funds (OF), and generalists (GN). Returns for the FoFs Index, PM Index, and PE Index are provided by MSCI.

TABLE 5
CE-FOPFs Risk Factor Exposures

	Fund Type				
	All	**PE**	**HF**	**OF**	**GN**
	(1)	(2)	(3)	(4)	(5)
α	0.169	0.322	-0.074	0.149	0.399
	(0.93)	(1.10)	(-0.30)	(1.27)	(1.65)
∑ RMRF	0.415***	0.431**	0.446**	0.090	0.243
	(3.49)	(2.32)	(2.29)	(1.21)	(1.65)
∑ SMB	0.245*	0.376	0.272	-0.127	0.292
	(1.81)	(1.60)	(1.26)	(-1.11)	(1.68)
∑ HML	0.026	0.138	-0.135	-0.051	0.135
	(0.29)	(0.90)	(-1.43)	(-0.82)	(1.27)
N (Months)	72	72	72	56	72
Adj R^2	0.737	0.545	0.622	-0.103	0.357

This table presents the results of monthly time-series regressions of CE-FOPF returns on the Fama and French (1993) three-factor model, with twelve-month lags of each factor (see Equation 1). Loadings on contemporaneous and lagged values are then summed for each factor, as in Ewens et al. (2013). Column 1 shows results of regressions with all CE-FOPFs and columns 2 to 5 show results separately for each fund type. Our four fund types include private equity (PE), hedge funds (HF), other funds (OF), and generalists (GN). *, **, and *** represent p-values from two-tailed tests below 0.10, 0.05, and 0.01, respectively.

TABLE 6
Funds that "Switch"

Panel A: Differences in means

	Switcher Mean	Non-Switcher Mean	Standardized Difference (S – NS)/σ
Net Assets	544,176,532	525,200,000	0.017
Quarterly Redemptions / Net Assets	0.031	0.039	-0.114*
Quarterly Sales / Net Assets	0.150	0.059	0.569***
Quarterly Return	0.024	0.013	0.157***
Annual Fee – CEF Level	2.520	2.419	0.079
Annual Fee – Total	4.534	6.569	-0.398**
Sales Load Fee	2.573	2.157	0.245

Panel B: Non-parametric permutation tests

	P1	P25	Median	P75	P99	True Coefficient	Fisher p-value
Net Assets (in millions)	-157	-51	-2	48	175	19	0.385
Quarterly Redemptions / Net Assets	-0.011	-0.003	0.000	0.003	0.012	-0.008	0.056*
Quarterly Sales / Net Assets	-0.025	-0.008	0.000	0.008	0.027	0.091	0.000***
Quarterly Return	-0.009	-0.003	-0.001	0.003	0.011	0.011	0.008***
Annual Fee – CEF Level	-0.574	-0.199	-0.015	0.182	0.702	0.101	0.343
Annual Fee – Total	-2.329	-0.826	-0.081	0.735	2.736	-2.035	0.024**
Sales Load Fee	-1.312	-0.362	-0.008	0.368	1.336	0.416	0.219

This table presents differences in attribute means for funds that expand access to retail investors (*Switchers*) and those that do not (*Non-Switchers*) in the period before May of 2025 (i.e., prior to the SEC's indication of a change to accreditation requirements). Variables are defined in Appendix B. Panel A reports standardized differences using the population standard deviation for each attribute, with significance determined by t-tests using White standard errors. Panel B presents the distribution of pseudo-coefficients from 9,999 permutations of the difference in means tests after shuffling the labels of Switcher and Non-Switcher, as well as Fisher p-values (computed as the share of pseudo-coefficients more extreme than the true difference in means). Panel C (below) presents the histograms of pseudo-coefficients from the 9,999 permutations for several of these tests, as well as the value of the true difference in means coefficient (represented as the red vertical line). *, **, and *** represent p-values from two-tailed tests below 0.10, 0.05, and 0.01 (in Panel A) and at the same levels for Fisher p-values (in Panel B).

Panel C: Histograms of tests