HIGHTOWER
Private Market Solutions

Words Matter: The Case for Replacing "Semi-Liquid" with "Conditional Liquidity" in Private Markets

A perspective from the intersection of wealth management, and the democratization of private markets

Private markets are, without question, one of the most transformational stories in modern finance. The numbers speak for themselves: 87% of all U.S. companies generating more than $100 million in revenues remain privately held,[1] yet the average individual investor has allocated less than 5% of their portfolio to this space.[2] That gap represents both an enormous opportunity and a shared responsibility to get the language right as we invite a new generation of investors into these markets.

And right now, candidly, we're not getting the language right.

The Problem in Plain Sight

The financial industry has a long and productive history of evolving its nomenclature when the old terms no longer serve. "Alternative investments" gave way to "private markets" precisely because the word alternative implied something peripheral, exotic, or optional. In reality, endowments and sovereign wealth funds have long allocated well north of their public-market peers to these very strategies. That was a smart and necessary linguistic evolution.

The same evolution is overdue for how we describe the liquidity profiles of tender offer and interval funds. Today, the dominant shorthand is **"semi-liquid,"** a label broadly adopted across financial press, product literature, and even regulatory commentary. On the surface, it sounds reasonable: these vehicles sit somewhere between a daily-liquid mutual fund and a fully locked-up traditional private equity fund. The prefix semi implies a middle ground. The problem? That middle ground is not a stable, reliable feature of the product. It is a **conditional** one.

What These Structures Actually Do

Interval funds and tender offer funds are regulated vehicles under the Investment Company Act of 1940 that provide investors periodic, not perpetual, opportunities for redemption.[3] Interval funds commit to a fixed cadence of buybacks, typically on a quarterly or semi-annual basis, with limits on the percentage of shares that can be redeemed in any given window, generally in the range of 5% of net assets per quarter. Tender offer funds are even more discretionary, with redemption windows that are manager-determined and can be modified based on market conditions or portfolio requirements.[3]

Here is the critical nuance that gets lost in the word "semi-liquid": **these products are only meaningfully liquid when the number of investors seeking redemption at any given time is small, say under 5% of the fund's capital base.** The moment demand for redemptions approaches or exceeds those structural caps, the effective liquidity of the product evaporates. The gates go up. The queue forms. The term "semi-liquid" offered absolutely no warning that this scenario was possible.

As one practitioner aptly put it: *"Semi-liquid does not mean liquid. Semi-liquid means structured, limited, and conditional liquidity."*[7]

The Naming Convention Deserves a Rethink

Consider the investor experience in practice. A wealth advisor, working hard to bring private markets access to a client, describes the fund as "semi-liquid." The client hears "half-liquid" and anchors on the liquid part of that word. When a redemption request is gated or deferred, the advisor faces a credibility problem that was entirely preventable. The fund did exactly what it was designed to do. The language just failed everyone in the room.

This is not merely a semantic concern. It has real consequences for trust, for advisor-client relationships, and ultimately for the continued democratization of private markets. That is the very thing the industry has worked so hard to achieve.

The proposed alternative is both simple and precise: **"Conditional Liquidity"** or **"Periodic Liquidity."**

Current Label	Proposed Label	Why It's Better
Semi-liquid	**Conditional Liquidity**	Accurately conveys that liquidity is available only under specific circumstances, when redemption demand stays within structural limits
Semi-liquid	**Periodic Liquidity**	Reflects the scheduled, cadence-based nature of redemption windows rather than implying ongoing availability

"Conditional liquidity" is not a pejorative. It does not mean broken or inferior. It means this product provides access to capital in certain defined scenarios, and that design is intentional. It is precisely what allows the manager to invest in less liquid assets and generate the return premium that makes the allocation worthwhile. That is a story worth telling accurately. In fact, it is a story worth celebrating.

The Broader Imperative for the Industry

Private markets have grown to approximately $14 trillion in global assets under management, with credible projections pointing toward $24 trillion by 2030[i]. Interval and tender offer funds alone surpassed $237 billion in combined net asset value at the close of 2025, cementing their role as core portfolio tools for retail investors seeking access to private markets.[ii]

That growth trajectory is only sustainable if the industry earns and maintains the trust of the new investor base it is actively courting. In 2025, nearly 60% of financial advisors surveyed by Hamilton Lane planned to allocate 10% or more of client portfolios to private markets,[12] yet that education effort is undermined at every turn when a product label creates expectations the product cannot reliably meet.

The financial press, product manufacturers, and distribution platforms all share a role here. Trade publications that routinely reference "the semi-liquid space" have an opportunity to lead a language update that would serve both their readers and the industry's long-term interests. Fund managers who invest in beautifully produced pitch decks and DDQs can add a single, clear page explaining the liquidity continuum and positioning their fund's conditional or periodic liquidity as a deliberate, investor-friendly design choice, not a compromise.

A Simple Path Forward

The private markets industry has demonstrated an impressive capacity for evolution across product structures, distribution models, technology, and its investor base. The next step is simply this: evolve the language.

Call it what it is. A fund that provides quarterly redemptions up to 5% of NAV, subject to board approval and prevailing market conditions, is not "semi-liquid." It is a vehicle offering conditional liquidity, and for the right investor with the right time horizon, that is a feature, not a limitation. Frame it that way, and the industry gains something invaluable: clarity.

Clarity builds trust. Trust enables continued growth. And continued growth is what brings the endowment model of investing, long the exclusive domain of University Endowments such as Yale, Harvard, and the largest sovereign wealth funds, within reach of the individual investors who deserve access to it just as much.

That is the whole point of democratization. Let's make sure our words are doing their part.

This perspective reflects the author's views on evolving industry nomenclature and is intended to foster constructive dialogue among investment professionals.

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