AICA Panel: Interval Funds Make Special Situations Credit, Late-Stage Venture Investing a Retail Reality

Investing in late-stage venture capital, or investments that occur after a venture-backed company has demonstrated viability and may be looking to sell or go public, is increasingly open to nonaccredited investors thanks to the structure of interval funds, a leadership panel at AICA's 2023 Fall Roundtable said. Interval funds also present an upside opportunity for those seeking portfolio diversification, experts from Destra, Liberty Street Advisors, and Brookfield said at the November 15, 2023, event in New York City.

Those comments came during the panel discussion, *Attractive Funds for Access to Unique Strategies*, in which panelists trumpeted closed-end interval funds as key components for portfolio construction. Ryan Crewe, Vice President, Institutional Relationship Manager at Liberty Street, said interval funds, a type of SEC-registered, closed-end fund that expands investor access to illiquid investment strategies through low investment minimums, frequent valuations, and 1099 tax forms, are on the rise.

"We're increasingly seeing more funds in this space, we're seeing more investor appetite, and … from our perspective, this is becoming a much more investable part of the market," Crewe added. He noted that Liberty Street's interval fund, The Private Shares Fund, is available for a minimum investment of $2,500 without investor accreditation requirements and that shares can be purchased via its ticker symbol PRIVX on numerous exchanges.

"The main reason why we think it fits into portfolio construction, apart from the access piece, is the upside opportunity," Crewe said.

He continued: "Over 75% of companies with revenues of more than $100 million are private companies … [and] the average life in the private markets of a company is now 13 years — two decades ago that was four years. If you're not taking advantage of investing in private market companies and just waiting for them to become public companies, you're missing out on a lot of the opportunity," Crewe said.

Looking ahead to 2024, Jake Schultz, CFA® Director, Portfolio Oversight & Analytics for Destra Capital noted that BlueBay sees plenty of opportunity for investments in public stressed and distressed credit. He said Destra's [BlueBay Destra International Event-Driven Credit Fund](), a continuously offered closed-end interval fund, is today roughly 90% allocated to public credit and securities.

"In terms of the private space, we think there's certainly opportunities for that but you're locking up capital for generally a bit longer," Schultz said.

James Ryan, panel moderator and Partner, Head of Business Development at Destra, echoed the sentiment that interval funds provide good options for income-seeking investors:

"I think that's why you're seeing so many alternative strategies come to market today in an interval structure, because it affords managers the opportunity to put capital to use on strategies that may play out over three, six, or nine months and two-to-three-year periods," he said.

As with most investments, it all boils down to value, said James Bruno, Managing Director and Head of Product Development and Advocacy for Brookfield Oaktree Wealth Solutions. He suggested that thought is top of mind for the team managing the "value-oriented" [Oaktree Diversified Income Fund](), an interval fund primarily focused on global high-yield bonds, senior loans, structured credit, and emerging markets debt and convertibles. Bruno said the flexibility of the interval structure allows the Oaktree Diversified Income Fund to invest in both the public and private space which can be a portfolio diversifier to a single strategy fund.

To hear more valuable insights from this panel, [register to access a replay]() and review the full agenda of AICA's 2023 Fall Roundtable. The cost of the replay is $30 for access to all nine panels.

[Oaktree Diversified Income Fund Disclosures]()