Valuations in the spotlight: Why a frequent NAV isn't always a current one

Dealing windows are opening more often, but the assets behind them are no easier to price or sell. Evergreen and semi-liquid funds are widening access to private markets, but they don't make the underlying holdings more liquid or their values more certain. Managers need timely information, clear governance and realistic stress testing to support credible valuations and liquidity terms. In the first of a two-part article series, Melissa Ferraz talks to Richard Olson and Matthew Goldberg of Alvarez & Marsal (A&M) about what it takes to meet the valuations challenge.

For managers, the tension is clear: investors can deal more frequently than the underlying assets trade. Long investment horizons, infrequent transactions and limited market data make private assets harder to value than their listed counterparts. Where evergreen and semi-liquid funds offer regular subscriptions and redemptions, managers must ensure valuations reflect current evidence at each dealing point, despite those information constraints.

Higher interest rates, geopolitical shocks and sharp sector repricing can all affect asset values, but those changes may take time to feed through to a private fund's net asset value (NAV). For managers offering regular trading windows, the challenge is to ensure the dealing NAV remains a credible assessment of current fair value.

The growth of these funds makes that challenge more pressing. According to MSCI, U.S. semi-liquid private market assets grew by more than 30% in the year to September 2025, approaching US$500 billion in AUM. Timely valuations and credible liquidity terms are increasingly important, but calculating valuations

more often is not enough. GPs must use current evidence to inform valuation decisions and align liquidity terms with the requirements of the underlying portfolio.

When does a valuation become stale?

Age alone does not make a valuation stale. A price becomes stale when material information indicates a change in fair value, but the fund's NAV does not yet reflect it. Holding an investment at cost is a common case in point. "Often we do see firms try to hold on to cost longer than they potentially should as markets shift," says Matthew Goldberg, managing director at Alvarez & Marsal (A&M). "That is an example of stale versus infrequent."

Publicly traded assets are priced continuously, therefore any change in an asset's prospects is quickly baked into its price. After a macroeconomic or geopolitical shock, prices will adjust quickly while comparable private asset valuations will likely remain unchanged until the next reporting cycle.

Private markets asset managers should investigate public market pricing movements, but not necessarily copy them directly into private marks. They should also challenge whether holding an investment at cost remains reasonable as market conditions change. The test is whether current evidence still supports the assumptions made for the valuation, not simply when the manager last reviewed them.



Follow the signal, not the noise

Public market valuations signal changes in rates, sector multiples and risk appetite. Private markets managers must distinguish lasting changes in an asset's economics from temporary market pressures before adjusting asset valuations. As Richard Olson, managing director at A&M puts it: "Directionally, I'd be looking to see how much of this change is permanent versus temporary." Early in the COVID-19 pandemic, broadly syndicated loan volatility reflected both changing credit fundamentals and uncertainty, selling pressure, portfolio rebalancing and limited market liquidity. Price movements alone did not isolate changes in underlying value.

A rising interest rate curve may warrant reviewing a discount rate that reflects earlier “pre-rising” conditions; a short-lived, technically driven public market sell-off may call for restraint in decreasing private market valuations. Likewise, a sharp repricing of public technology stocks warrants scrutiny for private market similarities to public companies, not blanket adjustments to private holdings. Managers must assess each asset’s sector, geography, business model and expected cash flows. Different investment horizons generally dampen the transmission of public market movements into private valuations. The test is which changes endure and what they mean for the asset.

Timeliness is an information problem

Valuation judgement depends on current evidence. Monthly NAV calculations that rely on quarterly company reporting risk false precision: new numbers built largely on old data. Between financial updates, market and industry trends, comparable company data and granular public-to-private analysis can inform, but not replace, sound valuation judgement.

The opportunity to apply valuation judgement often starts internally. “One thing that slows down the process can be the delay between reporting cycles for the company and communication with the investment deal teams,” says Goldberg. Deal teams may know that trading conditions, forecasts or financing assumptions have changed but the impact may take time to determine for a variety of factors.

Timeliness therefore depends as much on information flow and governance as technical expertise and communication. Managers should assign responsibility for sharing material information, set interim review triggers when markets are changing rapidly and define how valuation committees assess new evidence – technology can help teams incorporate timely information. The aim is not a constantly moving mark, but a committee with current evidence and a clear basis for action.

Secondaries compound the information lag

Valuations of secondary strategies in evergreen vehicles can become detached from reality due to these delays. A secondary fund may receive an underlying manager’s valuation three months after its valuation date, while the company information behind that mark may date from three months earlier still. “In the

secondary context, sometimes the marks can be four to six months out of date," Olson notes. Stable markets may make that lag manageable, but rapid changes in rates, markets or geopolitical conditions can instead open a material gap between reported NAV and current economic value.

Secondary managers need not automatically abandon the underlying investment vehicle NAV mark, particularly where a practical expedient permits reliance on that investment vehicle NAV. But monitoring current market evidence alongside it gives valuation committees a clearer view of any potential divergence.



Fair values reflected in NAVs are not the same as immediate liquidity

A timely NAV assesses fair value in orderly transactions, where assets are expected to be held to maturity, not necessarily the pricing available for immediate liquidity. It does not guarantee that a fund can sell its portfolio immediately at that price or meet every redemption request on demand. An orderly transaction differs from a forced sale. "Immediate liquidity could result in a discount to NAV if that's what is needed in extenuating circumstances," Goldberg explains. That is especially true for an illiquid minority interest with limited information and no control over the underlying asset's exit.

Redemption terms, notice periods, gates and cash reserves to satisfy redeeming LPs determine how much investors can realise and when. Investors in evergreen and retail-oriented funds may equate frequent dealing with the liquidity of listed funds or money market products. "Investors start to think there's immediate liquidity, treating it closer to a money market account than a long-term investment vehicle," says Olson. "That's the real mismatch." The underlying assets, however, remain long term investments and largely illiquid. Managers must be clear: a redemption window does not guarantee immediate or even complete access to the value on an investor's statement.

Design liquidity for stressed conditions

Credible communication starts with product design. Managers should align semi-liquid funds' liquidity terms with their underlying assets and test them under

stress. The U.S. market's longer history of publicly traded and periodically redeemable private asset vehicles offers lessons from multiple cycles on cash reserve requirements, redemption frequency and gates under stress. European managers should examine that experience rather than assume investors in their funds will behave differently.

Stress tests should combine rising redemptions with declining asset sale liquidity, identifying cash sources, how long they would last and the impact on remaining investors. Cash reserves, credit facilities, secondary sales and other market participants may provide liquidity, but managers cannot assume unchanged availability or terms under stress. As Goldberg observes: "The big question with redemptions is the reserve account needed to meet them. What is the appropriate reserve amount? That is going to be part of what is in the fund documents." Reserve levels must reflect governing documents, redemption terms, portfolio composition and realistic asset sale timelines – not stand apart from them.

A governance challenge, not just a valuation one

Debating valuation frequency alone misses the central challenge. A credible liquidity offer requires valuation, liquidity management and governance to work as one system. Investment teams must share material changes promptly; valuation committees must assess their implications, and product terms must reflect what the portfolio can deliver under stress. Together, those disciplines give investors a clearer basis for understanding both the value of their holdings and the limits to accessing it.

Managers do not need to manufacture precise daily valuations for the assets they hold over the long term. They do need processes that recognise when the evidence has moved on and respond accordingly. As evergreen capital continues to broaden access to private markets, the credibility of the liquidity promise rests less on how often managers publish a NAV than on how effectively they connect evidence, valuation and investor access.