

# Interval funds

Interval funds may work well for long-term investment strategies while providing investors access to the benefits of less-liquid investments.

Interval funds are a type of closed-end fund that offers liquidity at stated intervals—typically quarterly, semiannually or annually—by offering to buy back a portion of its shares from shareholders at a price based on the fund’s net asset value. Interval funds are registered under the Investment Company Act of 1940 and, therefore, are subject to a high degree of regulatory oversight, like mutual funds are.

## The “illiquidity premium”

As compared to mutual funds, interval funds may invest a larger portion of their portfolios in less-liquid and illiquid assets, such as the securities of private companies. The price of illiquid investments may be more volatile than that of more-liquid securities, and such investments may be difficult to sell in volatile markets. In exchange for accepting a lower degree of investment liquidity, investors may earn higher returns than those found in the public markets—this is often referred to as the “illiquidity premium.” Therefore, interval funds may work well for investment strategies that require a long-term approach while still allowing investors to sell their shares at defined intervals.

	<b>INTERVAL FUND</b>	<b>CLOSED-END FUND<sup>1</sup></b>	<b>MUTUAL FUND</b>
<b>Liquidity</b>	Periodically (typically quarterly)	Exchange-traded	Daily
<b>Direct redemption</b>	Yes	Not generally	Yes
<b>Valuation</b>	Daily	Daily	Daily
<b>Pricing</b>	NAV	Market	NAV
<b>Max. illiquid investments</b>	No limit <sup>2</sup>	No limit	15%
<b>Taxed</b>	1099	1099	1099

 [Learn more about fund structures  
visit fsinvestments.com](https://www.fsinvestments.com)

<sup>1</sup> Category references closed-end funds that are listed on an exchange.

<sup>2</sup> Must have liquid assets to cover repurchase offers; otherwise no limit.

This information is educational in nature and does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering or investment. FS Investments is not adopting, making a recommendation for or endorsing any investment strategy or particular security.

All investing is subject to risk, including the possible loss of the money you invest.

FS Investment Solutions, LLC is an affiliate of the investment advisers to FS Investments’ funds and serves or has served as the dealer manager for certain of the public offerings of shares by FS Investments’ funds.