Proskauer

GPs Up Fund-Level Borrowing to Optimise Management and Performance

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Managers are increasingly seeking more flexibility on fund-level borrowing, fund life and investment period extensions, according to findings from law firm Proskauer.

Investors continue to have a significant focus on fund leverage and some are less comfortable with extensive borrowing, the firm detailed in separate Fundraising Terms and Trends in European and North America Buyout Funds reports.

“As in recent years, there is a strong trend towards higher fund-level borrowing limits at all fund sizes,” according to Proskauer’s findings. The majority (71 percent) of European funds’ borrowing limits are in the 20-30 percent range, while 63 percent of the funds in the sample have limits of 30 percent or greater. This represents a significant increase from 49 percent in the previous year’s report.

Meanwhile, Proskauer’s inaugural report for North America found that 47 percent of funds surveyed have borrowing limits of 30-50 percent.

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