Proskauer

Insights on the NAV Financing Market

Full Year 2025

Proskauer

2025 NAV Survey

Insights on the NAV Financing Market

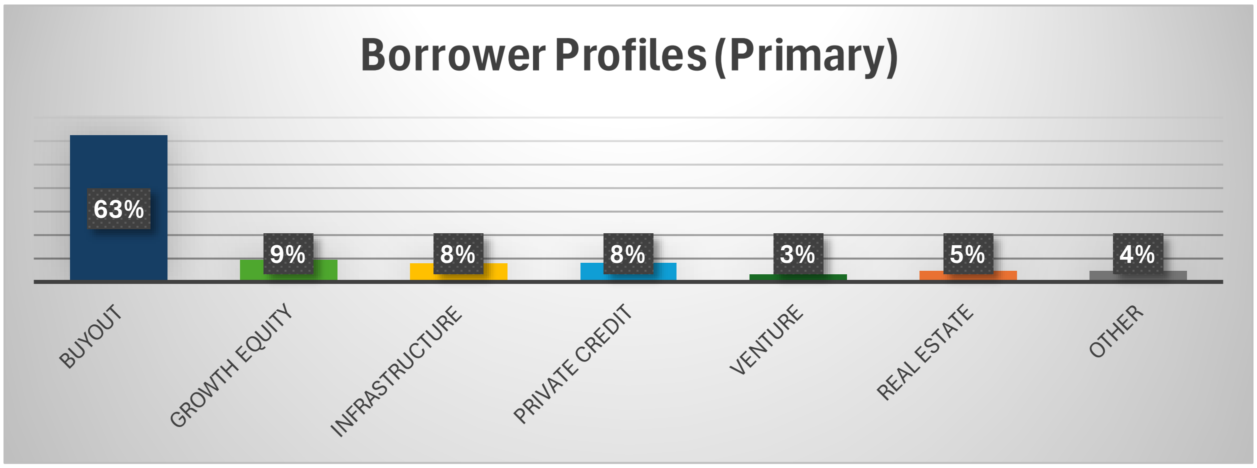
In the third iteration of our "net asset value" (NAV) financing market survey, we engaged traditional banks, non-bank lenders and borrowers across North America, Europe, Asia-Pacific and Latin America to capture key trends and activity in 2025, as well as perspectives on what to expect in 2026. As the secondaries market differs in several key respects from the primary NAV financing market, this report presents results for each respective market separately.

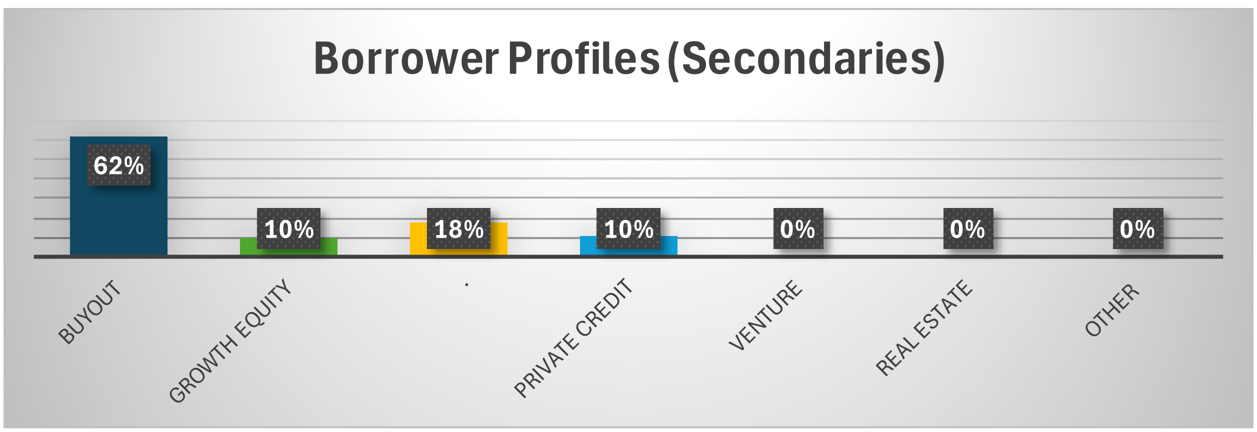
Overall, the survey results reflect continued growth and maturation of the NAV financing market, with respondents reporting increased activity. NAV facilities continue to be used as a flexible liquidity and portfolio management tool across a range of fund strategies and sizes, while secondaries facilities are characterized by larger facility sizes, more robust collateral packages and higher leverage at origination relative to primary facilities. At the same time, the data indicates that structuring across the market remains mostly conservative, with moderate leverage levels, prevalent cash sweep mechanisms and disciplined pricing. Looking ahead, respondents express a generally positive outlook for 2026, with most expecting increased transaction volume and stable credit terms, reflecting continued demand for NAV solutions amid extended exit timelines and evolving liquidity needs.

Please note that while we broadened the scope of this survey compared to prior reports and received a robust number of responses across multiple regions, the findings may not be fully representative of the global NAV financing market.

Fund Strategy

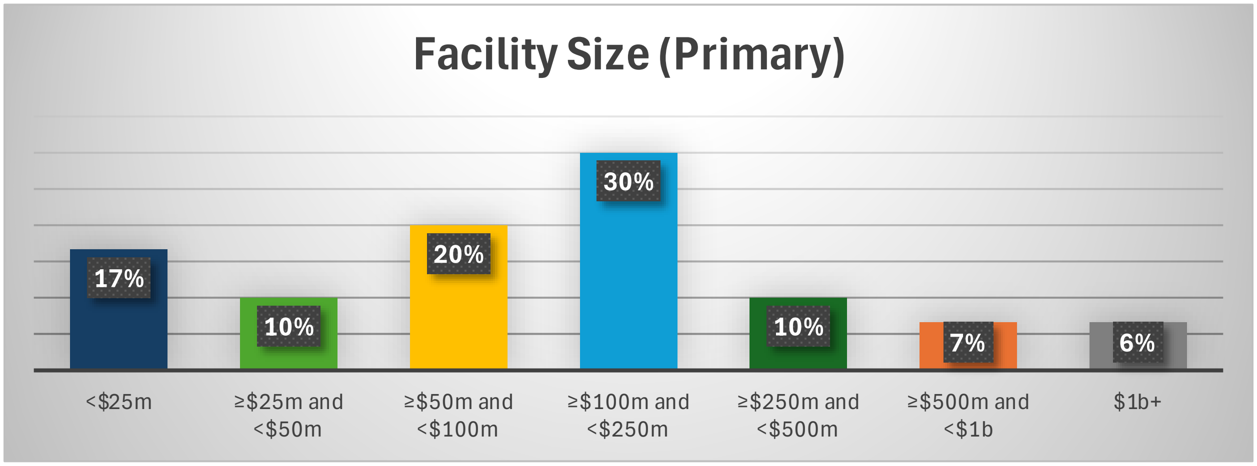
As expected, buyout funds represent the largest share of NAV borrowers. Outside of the secondaries market, NAV financing activity reflects a more diversified mix of borrower strategies, indicating broader acceptance of NAV facilities as a flexible liquidity and portfolio management tool across fund types.

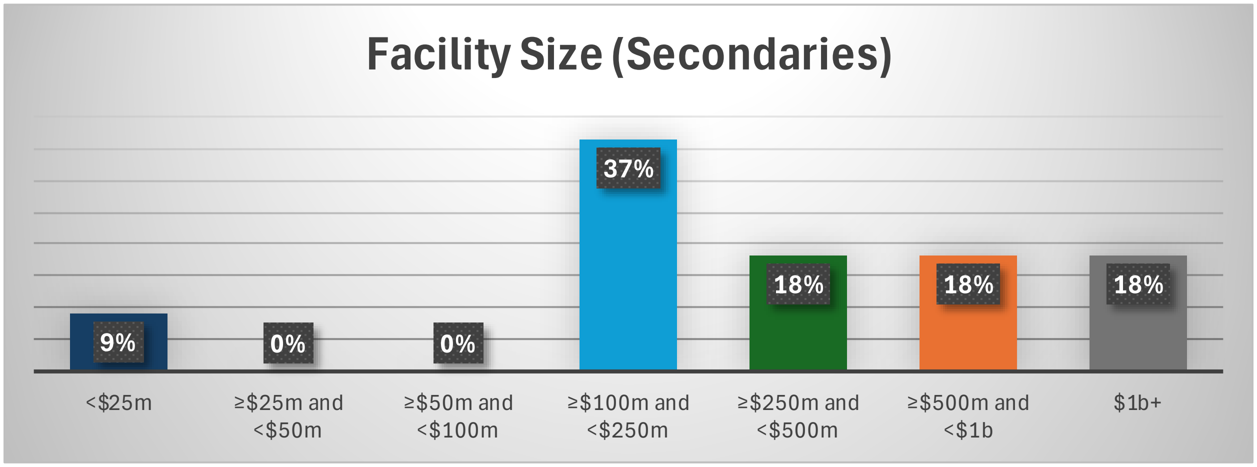




Facility Size

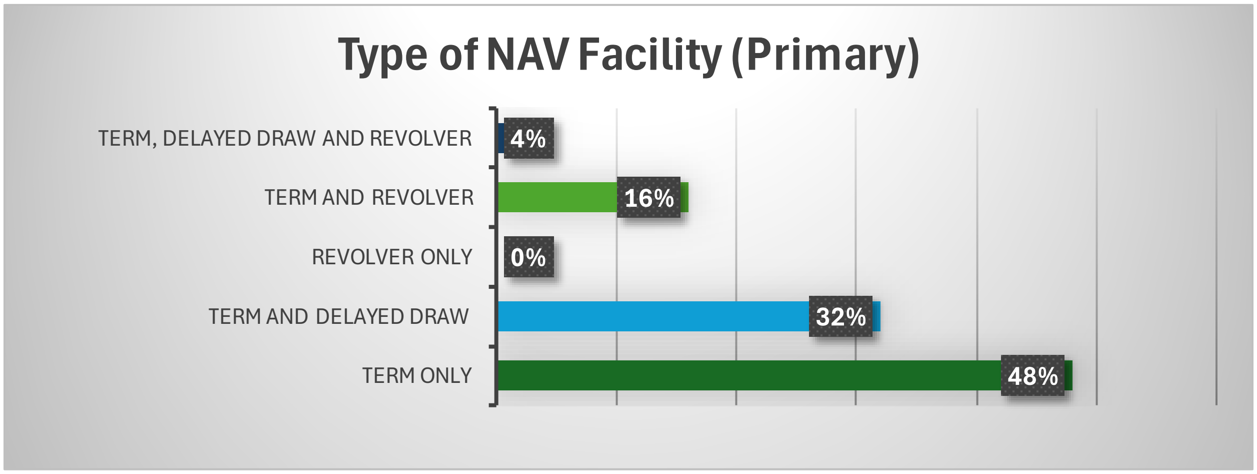
The survey results highlight a clear distinction between NAV facility sizes in the primary and secondaries market. In the primary market, facility sizes are more evenly distributed, with the most respondents reporting facilities in the $100 million to $250 million range, alongside continued use of smaller and mid-sized facilities. By contrast, secondaries facilities skew larger, with a significant portion of respondents reporting facilities in excess of $250 million, including a meaningful concentration at $500 million and above, reflecting the continued growth and increasing scale of secondaries transactions.

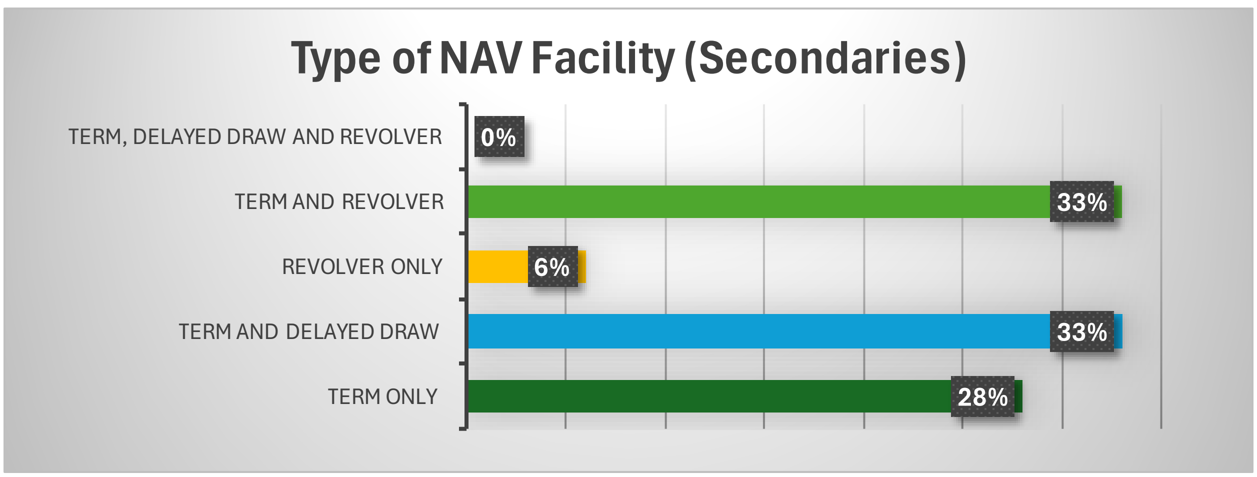




Types of NAV Facility

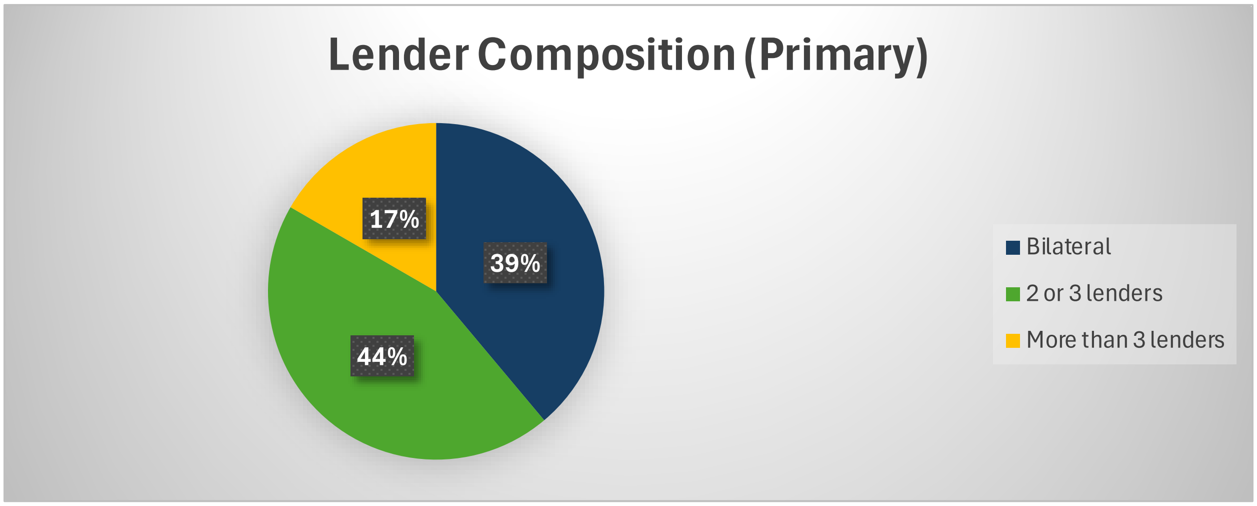
Respondents reported a mix of facility types, with term-only facilities and term facilities with delayed-draw features representing the largest shares, alongside more limited use of revolver structures. By contrast, in the secondaries market, respondents more frequently reported term facilities with delayed draw features and combined term and revolver facilities. Overall, the results reflect continued variation in facility structures, with lenders becoming more comfortable with the inclusion of a revolver in a NAV facility.

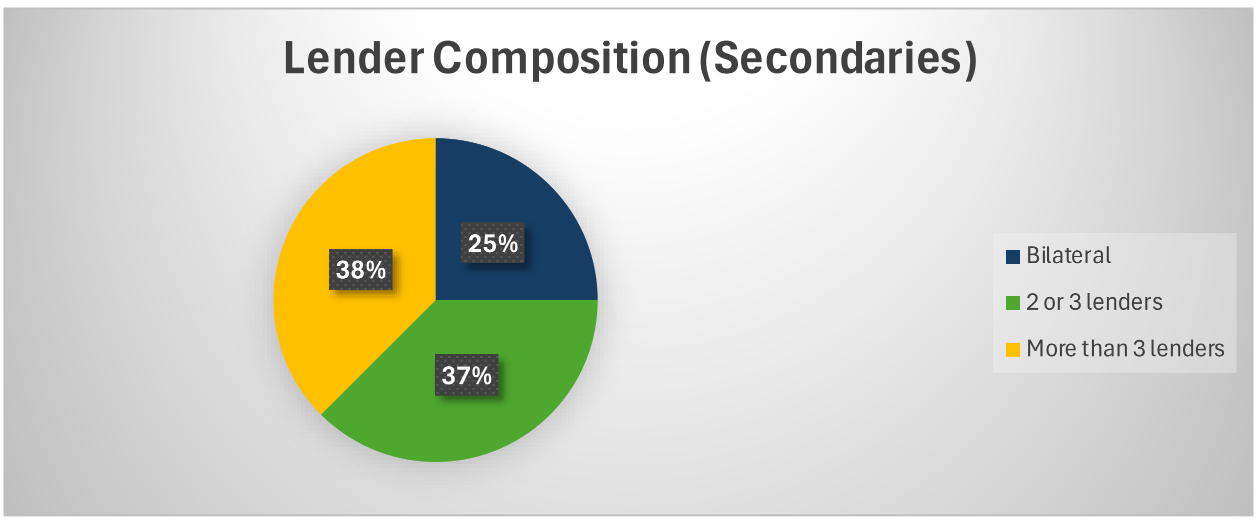




Lender Composition

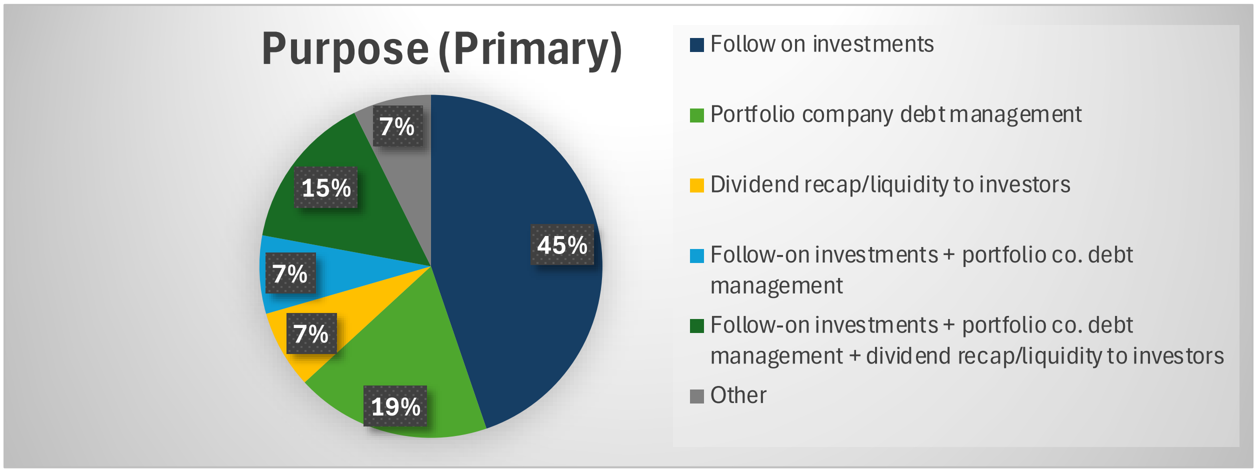
The survey results show meaningful differences in lender composition between the primary and secondaries NAV financing markets. Outside of the secondaries market, transactions are most commonly structured with two or three lenders, with bilateral facilities also representing a significant share, reflecting continued use of streamlined lending structures. By contrast, the secondaries market exhibits a greater prevalence of larger lender groups, with a substantial portion of respondents reporting transactions involving more than three lenders. This shift toward more broadly syndicated structures reflects the larger facility sizes and increased complexity commonly associated with secondaries transactions.

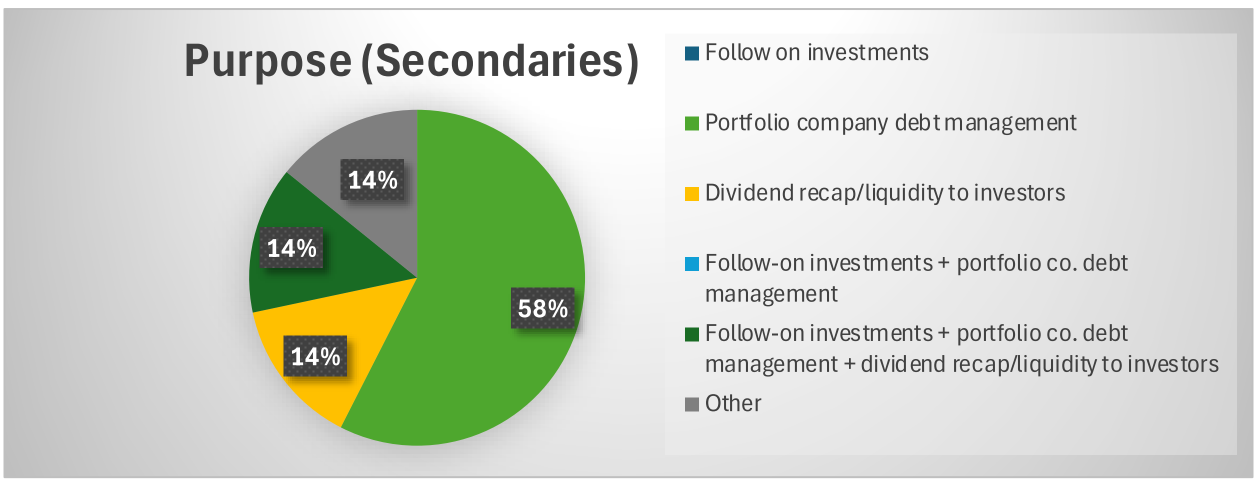




Purpose

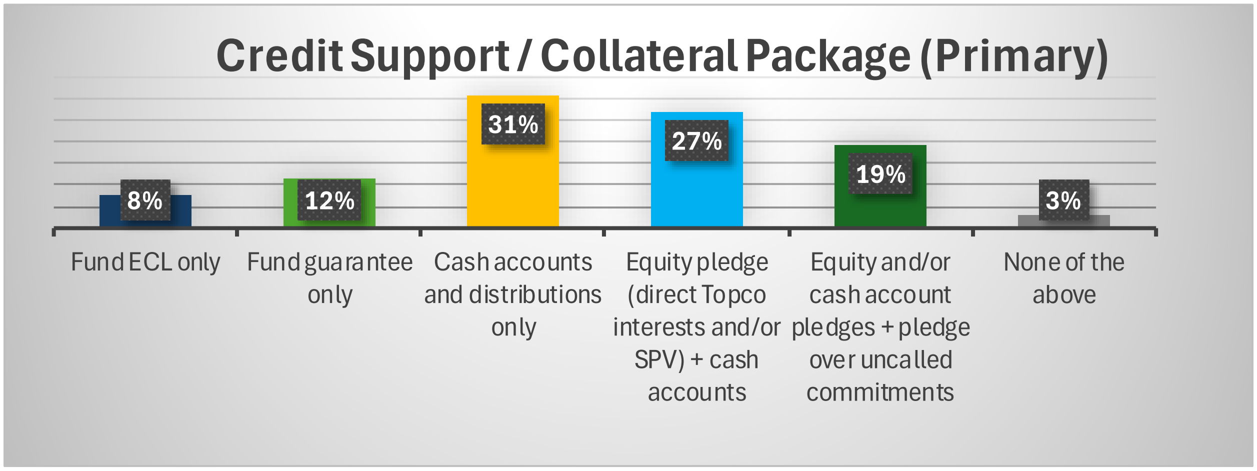
Follow-on investments are the most cited use of proceeds among primary facilities, with use for portfolio company debt management a distant second. Respondents also reported combined use cases, highlighting the flexibility and versatility of NAV facilities as a portfolio management tool. By contrast, secondaries facilities are predominantly used for portfolio acquisitions.

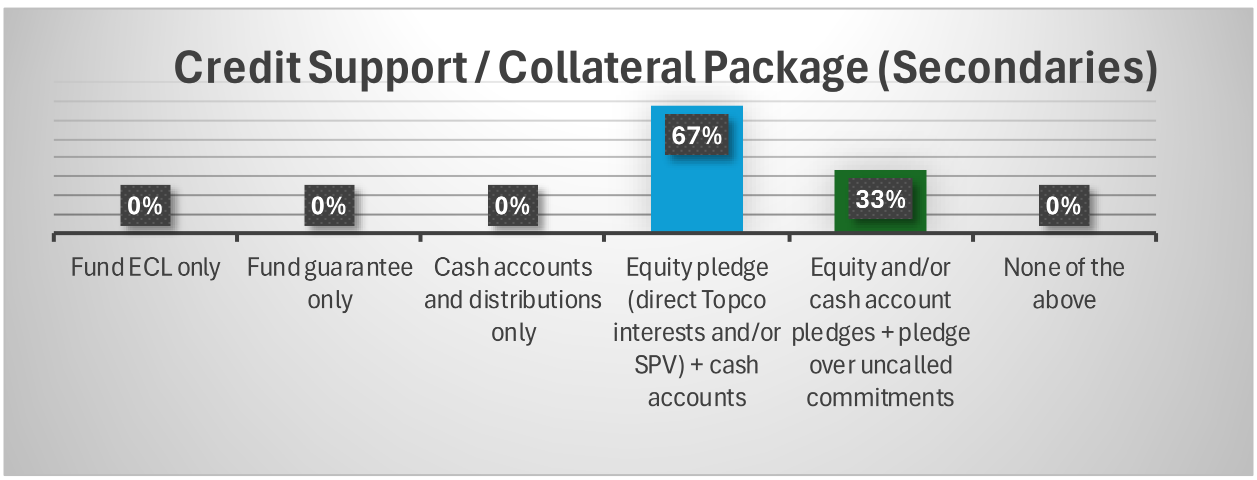




Credit Support / Collateral Package

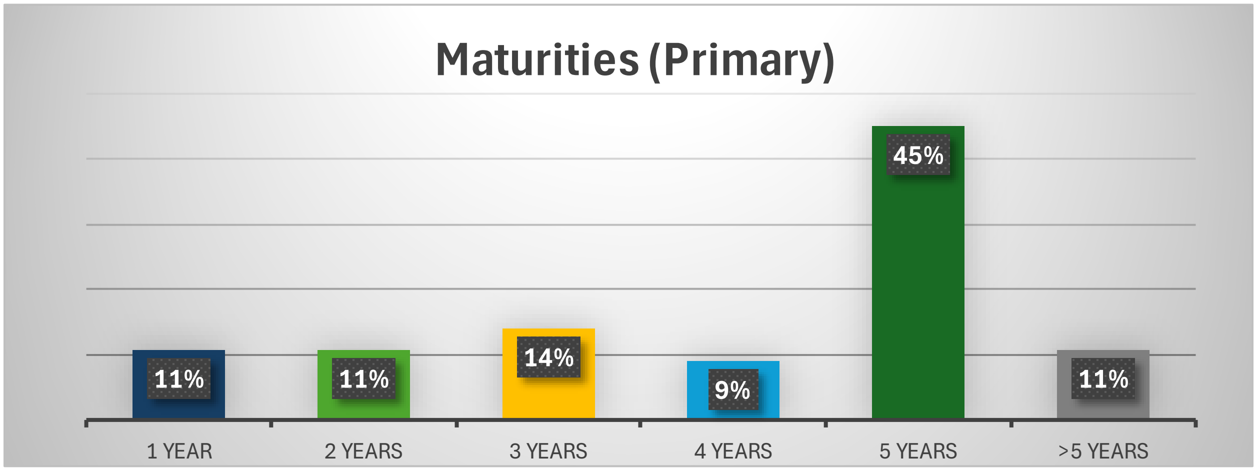
Respondents reported a range of credit support structures in the NAV financing market generally, most commonly including pledges over cash accounts and distributions, either on a standalone basis or in combination with equity pledges, and, in some cases, pledges over uncalled capital commitments. In the secondaries market, respondents more frequently reported equity pledges at the Topco or SPV level together with pledges over cash accounts, often accompanied by additional collateral.

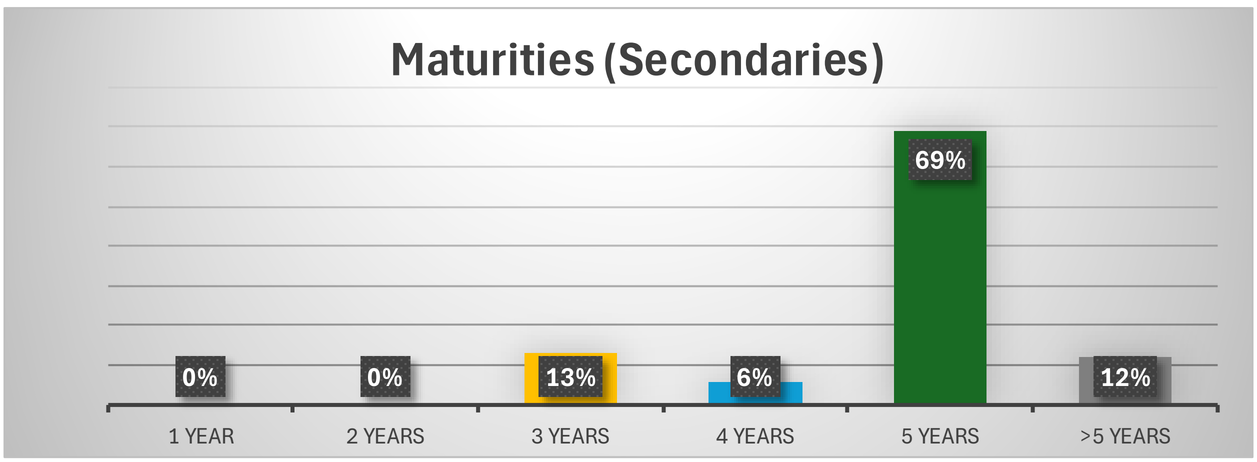




Maturities

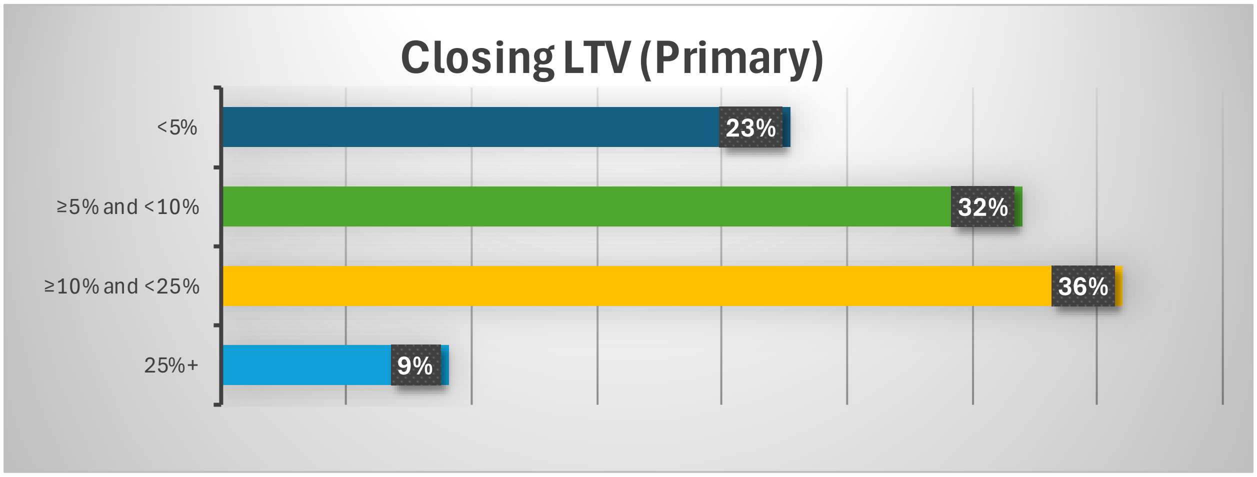
Maturities are most common in the three- to five-year range, with five-year terms representing the largest shares of reported facilities. We note, however, that the weighted average life of most NAV facilities, which typically require mandatory cash sweeps, is often well short of five years.

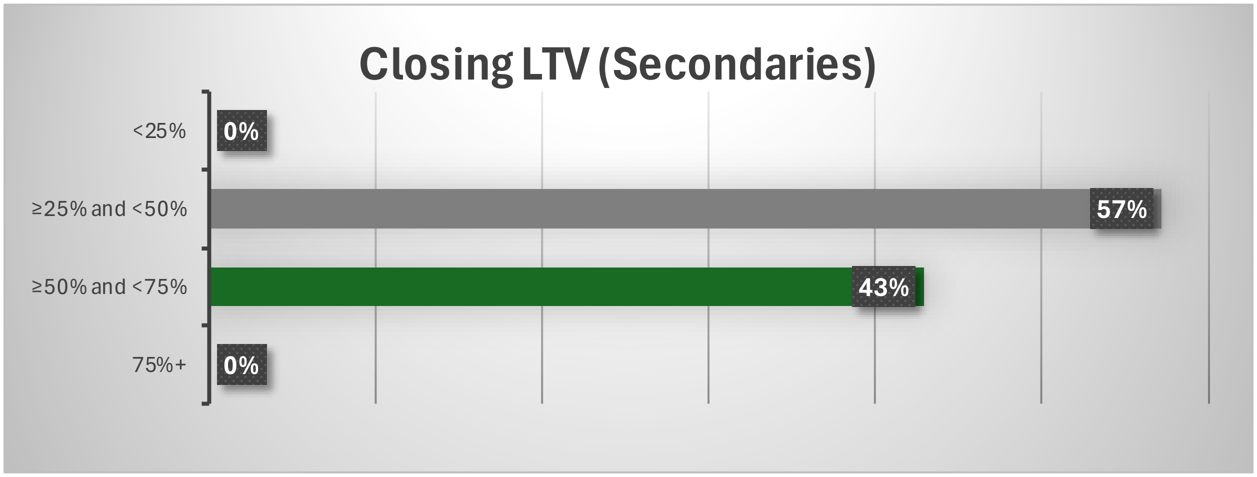




Closing LTV

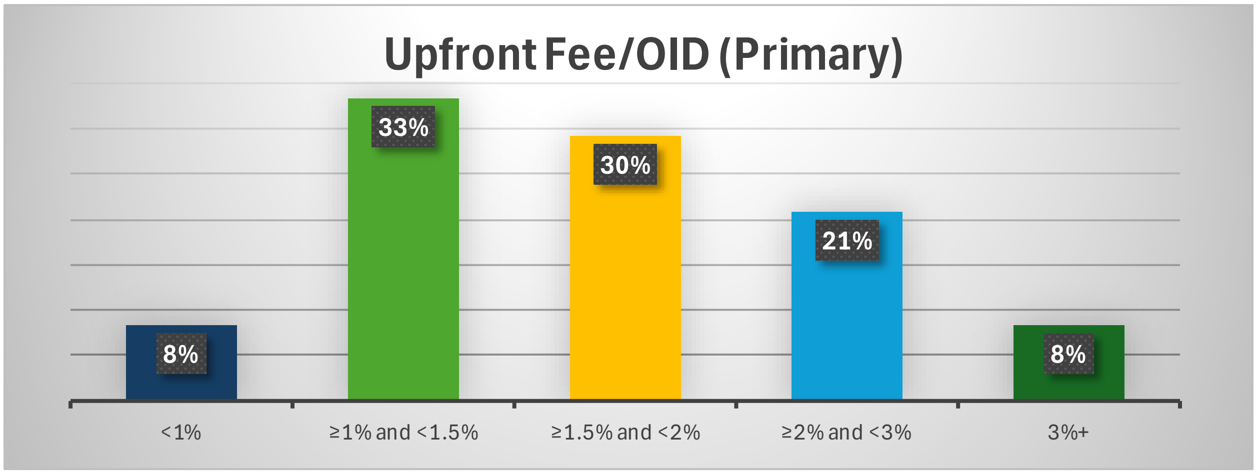
In primary NAV facilities, closing LTVs are fairly conservative, with most facilities originating below 25% and the largest share in the 5% to 10% range. By contrast, secondaries NAV facilities originate at higher initial LTVs, with a majority closing between 25% and 50% and the rest between 50% and 70%.

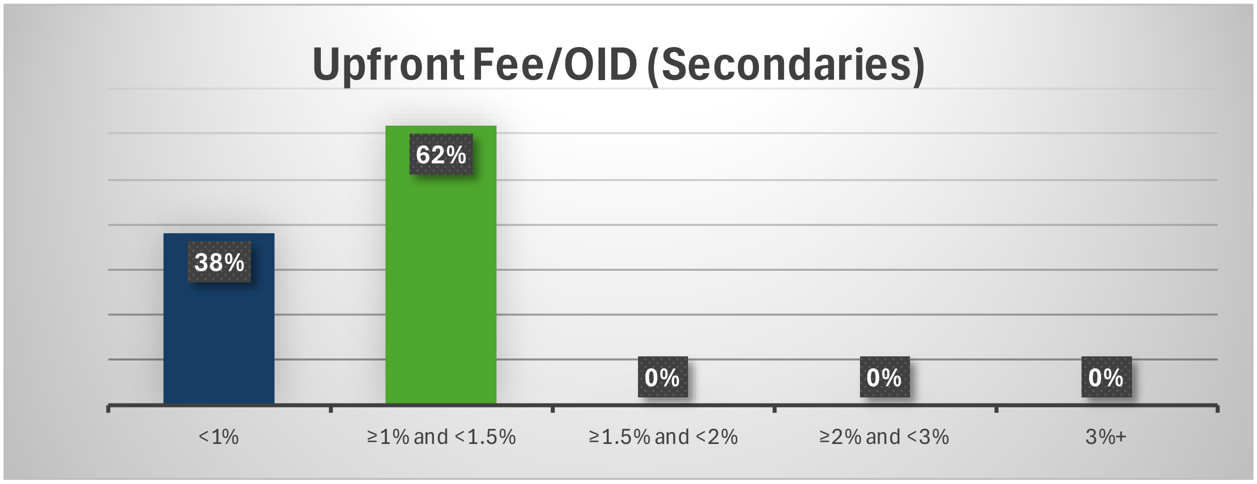




Upfront Fee / OID

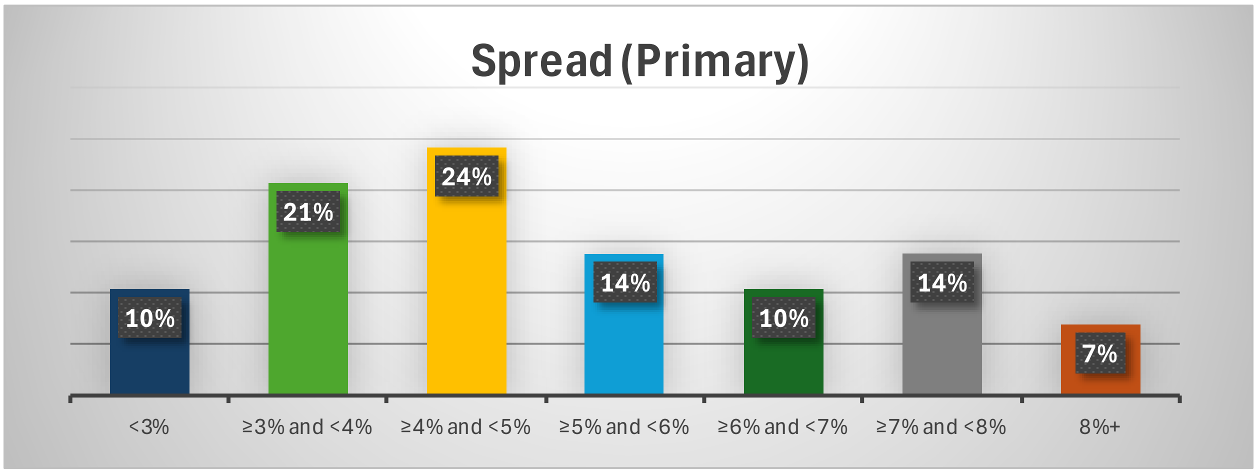
Upfront fees and original issue discounts generally fell in the range of 1% to 2%, with the largest share of respondents reporting fees between 1% and 1.5%. A smaller portion of facilities were priced below 1% or above 2%, indicating some variability in pricing across transactions. In the secondaries market, reported upfront fees are more concentrated at the lower end of the range, with respondents reporting fees either below 1% or between 1% and 1.5%.

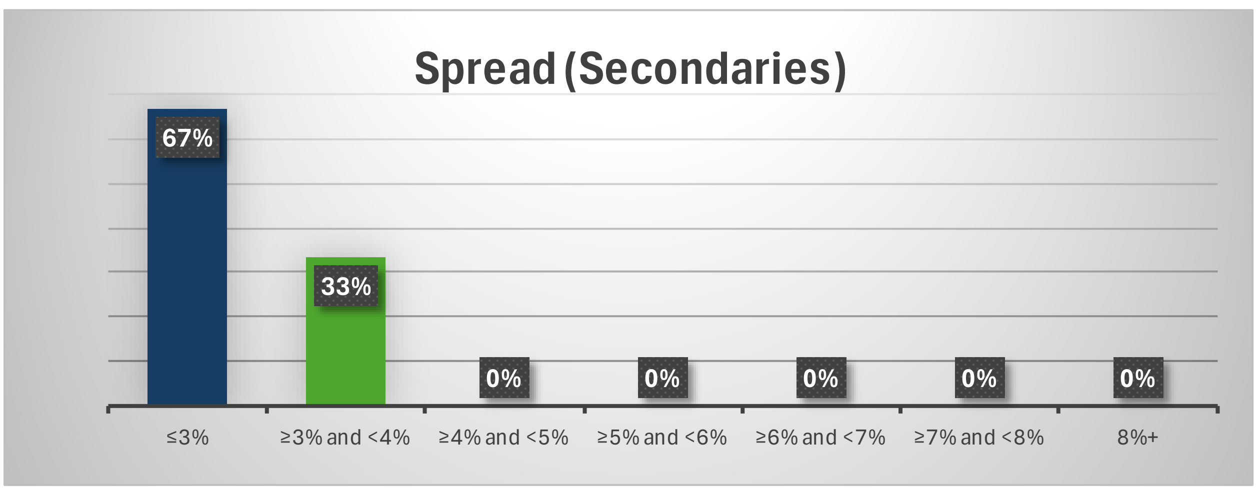




Spread Over Benchmark Rate

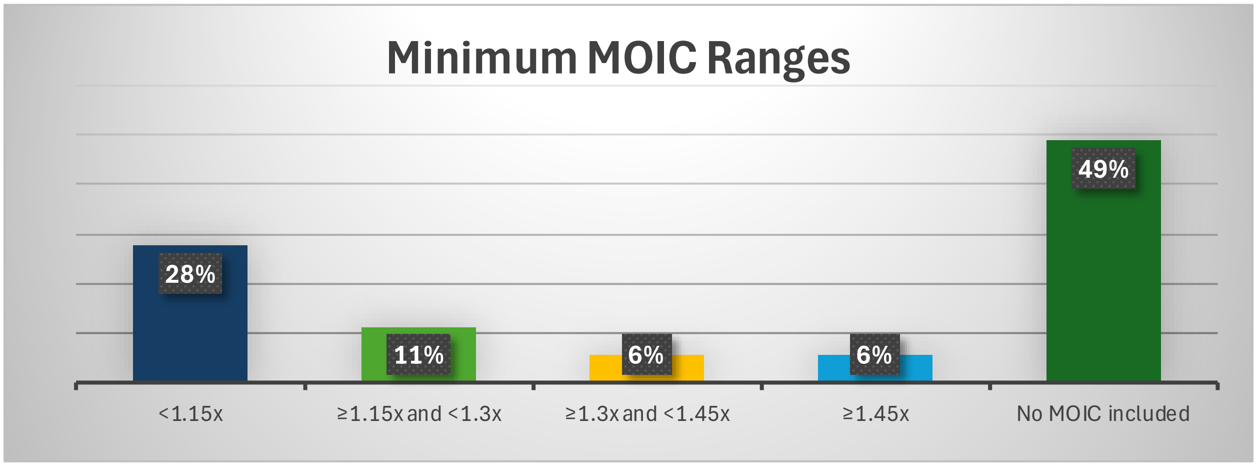
In the primary NAV financing market, spreads are mostly clustered in the sub-5% range over the relevant benchmark rate (typically three-month Term SOFR), with the greatest concentration between 4% and 5%, and a meaningful portion below 4%. Secondaries facilities exhibit tighter pricing relative to primary facilities, with respondents reporting spreads below 4% and the majority falling below 3%, which is consistent with prior years.





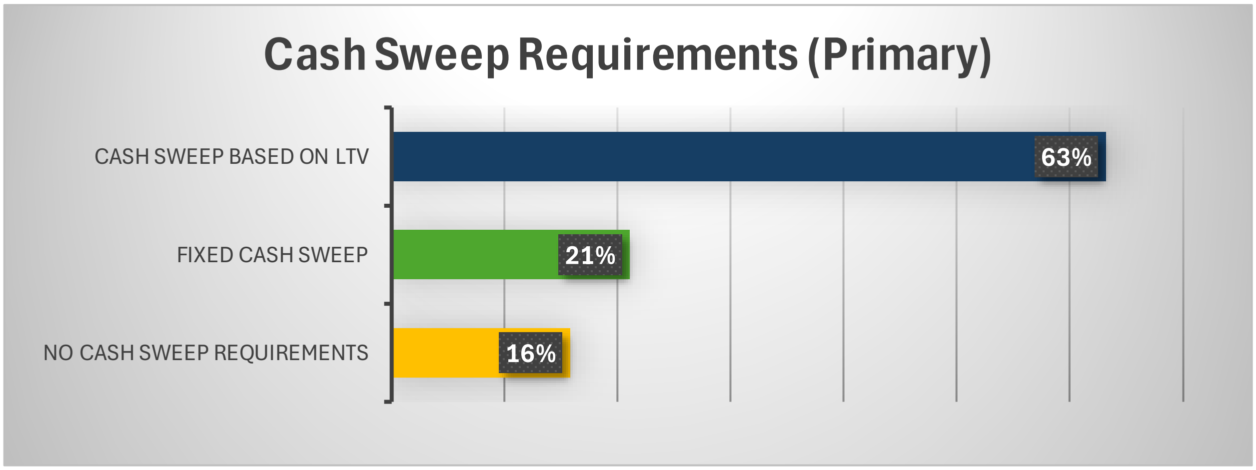
Lender Minimum MOICs

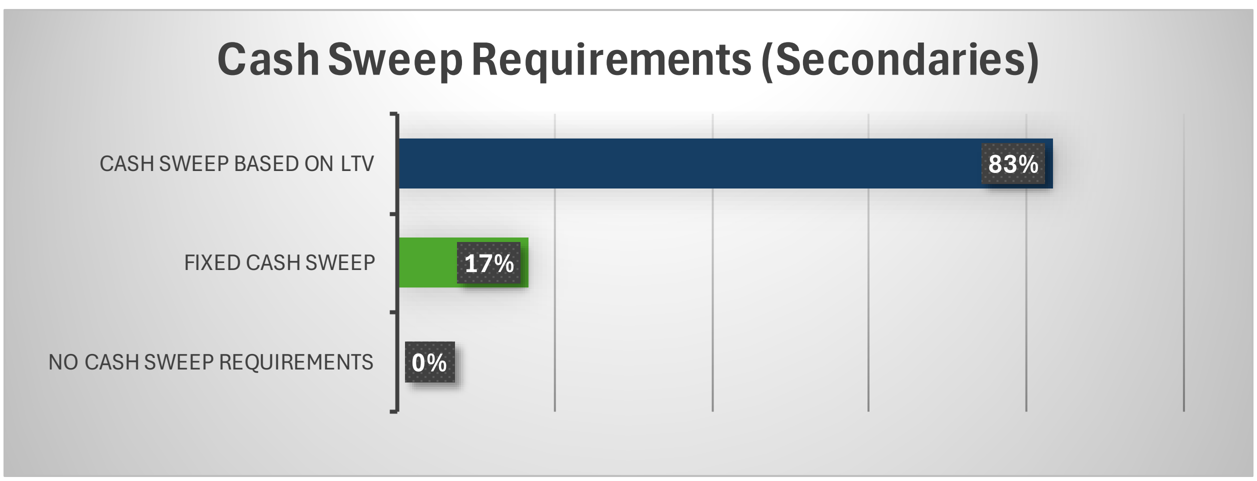
Where minimums on multiple on invested capital (MOICs) were included, transactions most frequently employed MOICs of less than 1.15x, according to survey responses. A significant portion of respondents reported transactions in which no minimum MOIC was included. The prevalence of lower or absent minimum MOIC requirements may reflect heightened competition resulting from recent market entrants and increased capital supply.



Cash Sweep Requirements

Periodic cash sweeps of distributions received by the borrower are a common feature of NAV facilities and the percentage of distributions required to be mandatorily prepaid is most often tied to the LTV level at the time of prepayment. In the secondaries NAV financing market, cash sweep requirements are ubiquitous, with a strong majority of facilities incorporating LTV-based cash sweeps, reflecting lenders' emphasis on ongoing deleveraging.





Forecasting 2026

Looking ahead to 2026, respondents expressed a broadly constructive outlook for both the primary and the secondaries NAV finance markets. Expectations point to continued growth in transaction volumes, stable leverage parameters and sustained competitive dynamics, with liquidity needs and fundraising activity remaining key drivers of NAV financing demand.

- **Increased Volume of NAV Financing Transactions**

  Respondents expect NAV financing volumes to increase in 2026, with approximately 80% anticipating growth and approximately 20% expecting stability. Nearly all secondaries market respondents expect to enter into a secondaries facility within the next 12 months, underscoring strong near-term demand across both primary and secondary strategies.

- **Average Transaction Size Stable or Larger**

  Expectations for average NAV transaction size in 2026 are evenly split, with half of respondents anticipating larger transactions and half expecting sizes to remain stable, reflecting continued variability in structuring across both traditional NAV and secondaries-focused facilities.

- **Stability in Average LTV**

  More than 70% of respondents expect average LTV ratios to remain stable in 2026 compared to 2025, while around 30% anticipate an increase.

- **Buyout Sector Expected to See the Most Growth in NAV Financing Activity in 2026**

  Respondents overwhelmingly identified buyout as the sector expected to see the most growth, with a significantly smaller percentage of respondents pointing to growth equity or infrastructure.

- **Top Challenges in NAV Financing Transactions in 2026: Lending Competition and Limited Liquidity**

  Lending competition was the most frequently cited challenge in primary transactions, while limited liquidity was pinpointed as a key challenge in secondaries transactions. Interest rates and other factors were cited by smaller but meaningful portions of respondents across both markets.

- **Drivers of NAV Financing Growth in 2026: Fundraising and Demand for Liquidity Solutions**

  Fundraising was cited as the leading driver of primary NAV financing growth in 2026, followed by opportunistic acquisitions and other factors. Demand for liquidity solutions was cited as a key driver of secondaries NAV borrowing growth in 2026 by a substantial majority of respondents, with opportunistic acquisitions cited by the remaining respondents. Consistent with this focus on liquidity solutions, we also saw significant use of collateralized fund obligations (CFOs) and rated note feeder structures during 2025, particularly by secondaries funds. The expectation is that these products will continue to gain traction, with demand and capital availability anticipated to grow across both the U.S. and Europe in 2026.

Fund Finance at Proskauer

Proskauer's Fund Finance team is a trusted partner to sponsors and lenders in some of the most significant and complex fund financing transactions. We bring a practical, balanced perspective by advising both borrowers and financing sources, helping clients think through terms and credit expectations early in the process.

Building on Proskauer's global finance capabilities, we work collaboratively across the firm to ensure fund structures and financing arrangements are aligned from the outset. With offices across the U.S., Europe and South America, we support more than 500 GP clients with investment strategies spanning private equity, private credit, venture, real assets, infrastructure and fund of funds.

Known for our commercial judgment and relationship-driven approach, we help clients navigate sophisticated and innovative solutions across the full spectrum of fund financing matters, including acquisition financings, subscription facilities, NAV facilities, GP, management and co-investment facilities, secondaries facilities, preferred equity, CFOs and rated notes.

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