

Key Takeaways from the Fund Finance Association Global Symposium

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PRACTICES Fund Finance

It was another great week at the Fund Finance Association's 14th Annual Global Symposium Feb. 24-27, 2025, at the Fontainebleau Miami! Our global Fund Finance team sincerely thanks the Fund Finance Association and everyone who was involved in the planning and participation of the conference—with over 2,500 delegates, the event was a huge success, and the attendance and energy of the conference reflected the growth and excitement of the industry over the past 12 months.

Our 30+ Haynes Boone attendees enjoyed visiting with old and new friends and clients and participating in the various panels and activities put on by the FFA, Women in Fund Finance and other sponsors. Throughout the conference, various trends and takeaways emerged, which we have summarized below. As always, please reach out to any member of our global Fund Finance team if you would like to discuss any of these topics in more depth.

2025 Outlook

Expectations for the private markets and fund finance industry in 2025 ranged from cautiously optimistic to anticipating a "supercycle." This aligns with our [Haynes Boone Fund Finance Report and Survey](#), where 70% of respondents expected a better exit environment for funds compared to the previous year, and 54% anticipated an improved fundraising environment. Attendees also highlighted that the fund finance market operates somewhat independently of the private capital markets, with funds consistently seeking liquidity management tools regardless of market conditions.

Non-Bank Lenders (NBLs)

Collaborative yet Competitive Environment: The marketplace is both collaborative and competitive, with NBLs working together in syndicates with banks and other lenders while also building up their own bilateral portfolios. This dynamic fosters innovation and efficiency as firms strive to offer the best solutions for sponsors.

Expansion Into Sublines: NBLs primarily entered the market through NAV lending, but many are now expanding into subscription lines as well. Several NBLs also specialize in financings for LPs and GPs as well as other ancillary liquidity financings in the fund finance ecosystem that are not a key focus of many bank lenders.

Complexity Premium: NBLs often take on complex deals that banks may avoid, earning premium pricing for their efforts. This "complexity premium" allows NBLs to differentiate themselves from bank lenders by offering tailored solutions that may fall outside of traditional bank comfort zones.

Market Specialization and Flexibility: Successful NBLs and bank lenders are increasingly focusing on solving specific problems for funds rather than simply pushing specific fund finance

products. They emphasize listening, flexibility and asking questions to tailor facilities proactively at the onset for the needs the sponsor may have over the life of the entire fund, not just the next 2-3 years. This approach ensures that the solutions provided are not just immediate fixes but are sustainable and adaptable to future needs.

Education of Industry

Importance of Education: Taking the time to educate stakeholders (LPs, sponsors, insurance companies and other investors in capital market solutions, etc.) is crucial for the continued growth and acceptance of all aspects of the fund finance market. This includes explaining the mechanics, benefits and potential risks associated with the various fund finance liquidity management tools.

Increased Awareness of NAV: Two years ago, LPs were largely unaware of NAV lending. Now, many LPs have an opinion on NAV lending stemming from the increased exposure in the press and by ILPA. This education is crucial for transparency, dispelling misconceptions and highlighting the strategic advantages of NAV lending.

Securitizations Toolkit

Emerging Trends: Securitizations are being discussed extensively, though as with many emerging trends, the discussions far outweigh the current amount of activity. The market is recognizing the nuanced nature of securitizations, which are offered in various structures and formats to meet different objectives.

Diverse Intentions: Securitizations help diversify funding sources, manage regulatory capital, provide liquidity, and meet investor demand. They also demonstrate liquidity to regulators and help with exposure limits.

Toolkit: Securitization tools, and more broadly any lender balance sheet management solution (including syndications and participations), are not one-size-fits-all. The objectives of the lenders, economics of the facilities, cooperation of the sponsors and goals of the investors all impact which tool in the toolkit will be used (e.g., CRTs/SRTs, CFOs, bank/non-bank partnerships, syndications and assignments via participations or lenders of record, securitizations, etc.).

Need for Market Leaders: Leaders in the market need to push forward good use cases and develop a track record to educate the market and demonstrate the benefits of securitizations. This will help build confidence and drive adoption.

NAV Lending

Growing Recognition: NAV lending continues to gain widespread industry recognition, supported by guidance and legitimacy from organizations like ILPA. There is a growing supply and demand for NAV facilities.

Education and Acceptance: The NAV lending industry is poised for growth and mirrors the state of subscription line lending 10-20 years ago, with education being key to acceptance of its viability as part of a sponsor's liquidity management. This recognition will be important for the ongoing expansion of NAV lending.

Subscription Lines

Ubiquity and Demand: Sublines are now ubiquitous and continue to be in demand, even with the higher interest rates seen in the past year or two.

Pricing Compression: Throughout the conference, there was ongoing chatter about pricing compression, which reflects the findings of our [2025 Fund Finance Survey and Report](#). The report found that pricing had stabilized and then compressed throughout 2024, with 62% of survey participants expecting pricing to continue to decrease from 5-15% in the first half of 2025. This trend reflects the competitive nature of the market with the entrance of more lenders (banks and NBLs) and the increasing efficiency and comfort with subline structures.

Growth of Private Markets

New Sources of Capital: To meet growth expectations, the private markets need to tap into new sources of capital, including high-net-worth (HNW) and retail investors. This diversification is essential for sustaining the growth trajectory of private markets.

Evergreen Funds and Platforms: With these new sources of capital, there is a growing trend towards evergreen funds and feeder vehicles for HNW investors and private wealth management platform investors. These structures offer continuous investment opportunities and cater to the needs of a broader investor base. For the fund finance industry to maintain its parallel growth trajectory of the private markets, lenders will need to continue to innovate to find ways to include these structures and investors in the borrowing bases of their facilities.

Secondaries: Secondaries are a growing part of the private markets, offering liquidity to GPs and LPs and allowing for a more active management of private market portfolios. Several panels noted the growing prevalence of NAV, subline and hybrid facilities for secondaries funds.

Conclusion

The Fund Finance Association Global Symposium highlighted the dynamic and evolving nature of the fund finance industry. With non-bank lenders playing an increased role, the importance of education, the emerging trend of securitizations and the ongoing development of the NAV lending market, the industry is poised for continued growth and innovation. The strength of the subline market, combined with new sources of capital and evolving financing structures, underscores the adaptability and resilience of the fund finance market.