NAVember 2026 – Market Update on Securitization and Structured Products in Fund Finance

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NAV financing continues to evolve as one of the most dynamic areas of private fund finance, with growing adoption across asset classes, financing structures and investment strategies. Throughout the NAVember 2026 Conference, industry leaders, lenders, sponsors and legal practitioners explored the latest developments in NAV lending, including the expansion of commercial real estate NAV facilities, the growth of GP/ManCo financing, and the increasing focus on downside protections and exit planning. This summary highlights the key themes, market trends and practical takeaways from each session, offering insights into where the NAV market stands today and where it may be heading in the years ahead.

Fund finance has continued to expand, and insurance money is behind much of the change. Fifteen to 20 years ago, the market was almost entirely subscription lines and relationship working-capital revolvers, and senior secured loans provided by banks. As private markets grew larger, more diverse and more complex, financing for GPs and LPs developed alongside them. Panelists called the regional banking crisis the turning point. It drew in significantly more non-bank capital, private credit lenders and a considerable expansion of available insurance capital. Changes in rating methodologies also made it easier for insurers to enter the market. Banks still play an outsized role, but depending on the assets and products, the financing goals and other constraints, a private credit or insurance solution may now be a better fit.

Questions That Drive the Solution

Choosing the right product starts with two questions, according to the panel: What is the client trying to achieve with the financing, and which assets or capital are available to support it? Taken together, those two questions drive most product choices. For example:

- **NAV loan:** fits when speed and efficiency are needed and only assets are available.
- **Structured product:** fits when the client wants to raise capital and hit a leverage target at the same time. Also a good fit when there are capital constraints or it makes sense for the investors.
- **Subscription line:** fits at early stages, when there is ample uncalled capital and if the GP prefers not to make calls on investors.

Clients are also now better informed of options and alternative structures. Panelists observed that sponsors and institutional capital markets teams now know far more about their options, and that

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progression will continue to speed up.

Current Trends With Rated Note Feeders

A rated note feeder securitizes LP commitments into a single fund and gives insurers a capital-efficient way into private equity and other private market funds. In the vertical structure, the investor buys the full stack, mainly for regulatory capital efficiency.

The emerging trend is that more rated note feeders are being done with a horizontal structure. Here, the GP's fundraising and capital markets teams sell different tranches to different investors. Conservative and risk-averse investors take the senior notes, more opportunistic capital takes the mezzanine tranches, and the GP or other investors keep the equity. This allows investors to target their preferred risk, exposure and returns. With exposures matched to the right investors, GPs get support for fundraising in a hard environment.

The structures are more investor-focused, because investors can choose their exposure, including taking slices of only the investment-grade notes. The market is also shifting to force institutions to cover new asset classes and to bring internal coverage together. Panelists warned that the market could get more difficult if the Fed raises rates further, and they expect more tranching beyond simple A/B structures.

Panelists also discussed issues with including horizontal structures as included investors in subscription lines, and potential mitigants and emerging structures to combat such concerns.

What Comes Next

Next up are evergreen and repeatable structures. Work is underway on series LPs, series master funds and series feeders, so that each series can target specific assets and investors. Rating methodologies continue to evolve, and because insurers are very sensitive to regulatory capital, panelists stressed that every notch of rating matters. The underlying asset classes are also expanding beyond direct lending to secondaries, credit secondaries and infrastructure, and possibly real estate, as GPs running other strategies seek access to insurance capital.

CFOs and Other Structured Products

Demand is rising for what panelists called "generic portfolio financing." Clients are requesting coverage of a mixed bag of assets, which could include a portfolio of equity, real estate and credit across assets and markets. That poses a challenge, because most institutions have credit and risk organized by asset class and are not set up to easily underwrite mixed portfolios. The problem is especially acute for CFOs, which are expanding to hold multiple asset classes, not just LP interests. As such, a holder needs a counterparty who can assess all of them. Rating agencies are revising their CFO criteria toward a bottom-up approach to assess mixed portfolios, which can be complicated and hard for both agencies and lenders. CFOs that hold pools of loans alongside LP interests also raise risk retention and related issues.

Panelists noted an increase in volume on the GP-led side, although sophisticated LPs are increasingly aware of these structures and they are seeing LP-led CFOs at a higher clip than last year. One panelist called a rated solution close to a "no-brainer," given funding cycles, market demand and insurance capital.

Slow distributions are pushing institutional LPs, such as large family offices and other large accounts, to look for liquidity, partly to fund commitments to the next fund. The panel therefore

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expects the potential for more LP-led CFOs and securitizations. However, cost and operational burden weigh heavily: law firms, rating agencies, lenders and ongoing reporting. Sponsors usually have that infrastructure built in, and many investors do not.

The Bottom Line

The panel's message was clear: Structured products have become more mainstream, and they are here to stay as a critical tool in both sponsor- and an investor-driven toolkits. Horizontal rated note feeders, repeatable series structures, a wider range of asset classes in DFOs and emerging LP-led demand all point to continued growth. How fast that growth comes, panelists said, will depend on rating methodologies and on institutions building the ability to underwrite across asset classes.

See other panel summaries here:

- NAVember 2026 – NAV Finance: Market Maturation and Strategic Applications
- NAVember 2026 – New Frontier of NAV: CRE NAV Loans
- NAVember 2026 – New Frontier of NAV: GP/ManCo Facilities and CVs
- NAVember 2026 – Exit Scenarios and Downside Protections

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