

Debut Haynes Boone Fund Finance Report Receives Widespread Coverage

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PRACTICES Asset-Based Lending, Finance, Fund Finance

Haynes Boone released [its first-ever Fund Finance Annual Report](#) earlier this month, which received widespread media coverage from *Private Equity International*, *ABL Advisor*, *ABF Journal* and *Private Funds CFO*.

The report revealed an industry cautiously optimistic about growth despite facing headwinds, including rising interest rates and market disruptions, and noted a significant increase in pricing for subscription line facilities, with margins rising over 17% throughout 2023.

The Haynes Boone Fund Finance team is a global leader in representing commercial and investment banks acting as agents and lead arrangers in fund finance facilities for private capital funds across the globe. The firm was instrumental in developing the structure and documentation for the first subscription-secured financing in the late 1980s and continues to be a pioneer and innovator in the fund finance market.

Please see below for excerpts of coverage:

[Private Equity International](#)

Subscription credit lines are becoming significantly more expensive, research from law firm Haynes Boone has found. Margins for such facilities rose over 17 percent last year, with half of sub lines in the fourth quarter of last year having spreads of roughly 250 basis points. While recent market volatility has raised concerns about fund finance, sub lines remain “valuable tools” for sponsors and have historically proven resilient through periods of higher interest rates, said Aleks Kopec, a partner in Haynes Boone’s Fund Finance Practice Group.

[ABL Advisor](#)

The report noted a significant increase in pricing for subscription line facilities, with margins rising over 17% throughout 2023. Survey data showed in Q4, 50% of financings had a spread between 226 and 250bps. Nearly half of market participants, however, expect pricing to stabilize in the next six months, with 35% expecting a slight decrease.

"The recent volatility in the market has understandably raised concerns about the future of fund finance," said Kopec. "But our data shows that subscription lines remain valuable tools for sponsors, and they have historically proven resilient even through periods of higher interest rates."

[ABF Journal](#)

The report draws from three sources. The bulk of the data is fresh from a January survey on pricing and market expectations, which received responses from more than 120 individuals from 61 banks, sponsors and law firms. The Haynes Boone annual report also pulled from a live poll conducted at

an industry event in November 2023, with the firm's internal data on closed deals providing context and trends.

The report includes 26 charts and insights on pricing, subscription line facilities, NAV financings and the market outlook for 2024.

[Private Funds CFO](#)

Haynes Boone found that a sizable majority of respondents to a survey predicted robust fund finance market activity for the new year, with a combined 63 percent anticipating different levels of increases.

But both borrowers and lenders have lingering anxieties for 2024, following a challenging fundraising environment and last spring's banking crisis.

GP respondents were most concerned about the fundraising environment, as well as the potential for further turmoil in the banking system making borrowing more difficult.