Private Funds CFO Keynote Interview: The Rise of Securitization in Fund Finance

By Albert C. Tan, Perry Hicks, Greg Cioffi | August 3, 2026

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As part of the launch of the latest ***Private Funds CFO* Fund Finance Report**, Haynes Boone attorneys **Albert Tan**, **Perry Hicks** and **Greg Cioffi** shared their perspectives on the state of the fund finance market and the trends shaping its next chapter. The keynote interview explores how evolving financing structures, market conditions and new sources of capital are influencing the opportunities and challenges facing fund finance professionals.

Read an excerpt from the article below.

Q: Are we currently experiencing an oversupply of subscription finance capital?

Albert Tan: *We represent over 90 financial institutions ranging from tier one US banks to international banks. Through that lens, the market is certainly competitive. At the same time, however, many lenders are extremely disciplined in terms of who they are prepared to lend to.*

The volume of our clients' deal activities comes from the top-tier, private fund sponsors with multi-strategy product lines that span private equity, real estate, infrastructure and credit across North America, Europe and Asia. There is strong competition to lend to these fund sponsors because of all the ancillary business that it can generate for the lending banks. Market dynamics are notably different in the mid-market where lending appetite tends to be more discerning.

Q: How would you describe demand and supply side dynamics in NAV finance?

Perry Hicks: *The dynamics favor growth in the NAV space. Private equity firms continue to face a challenging exit market, which generates demand for NAV facilities. Private investment firms can use proceeds from NAV facilities to provide an alternative liquidity source in place of traditional investment exit strategies (such as M&As), allowing funds to avoid selling assets during periods of volatility. Interestingly, some of the attention on anticipated and future high-profile IPO activity may provide additional near-term support for NAV facilities.*

Private equity firms and other investors are sitting on significant preferred share equity. These investors will want to realize the full value of their investment through the IPO but may face liquidity constraints, especially if there are lock-up arrangements. Given the high valuation of some of these IPOs, there could be a significant appetite for NAV facilities that can monetize the value of such investments for private investment firms.

That monetization process can require some advance planning to address potential transfer and pledge restrictions, as well as liquidity issues. However, the expected IPO activity is just one factor likely to lead to an uptick in activity in the NAV market.

Q: What evolutions are you seeing in sub-line facilities and securitizations?

Greg Cioffi: *We're seeing developments in UK banks that can achieve better regulatory capital treatment if a NAV facility constitutes securitization under UK securitization rules. Securitization and fund finance is a hot topic in the US and UK. Fund finance-related securitization can take different forms, including rated note feeders, CFOs and rated NAV and sub-line facilities.*

In addition, an area of particular interest is the securitization of subscription line loans. Goldman Sachs introduced the first of these securitizations a few years back. We are currently working with a number of clients on the next step in the evolution of this type of securitization.

The rated note feeder market is also evolving rapidly. A few years ago, insurance companies who sought better regulatory capital treatment for their private funds investments through rated note feeders were limited to acquiring "vertical strips," which are proportionate percentages of all classes of notes of the rated note feeders capital structure. This also meant that such noteholders could only sell their notes in the secondary market. That has now changed.

Most rated note feeder issuances are issued on a "horizontal" basis. This means that investors can acquire any portion of notes of any class in the capital stack. This has helped to broaden the investor base for these notes.

We are also seeing a lot of innovation in enhanced ratings on these rated note feeders. Historically, they were capped at a single "A" rating, but we are now working on a number of AA/ AAA structures with enhanced ratings.

Read the full article from the *Private Funds CFO* here.