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Fund Finance
Friday

Fund Finance Association 2026 European Symposium – Recap

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The FFA rolled out the blue carpet for the 2026 European Symposium on Wednesday 24 June 2026. Senior members of the Hogan Lovells Cadwalader Fund Finance team attended, and Partner George Pelling spoke on the *Sublines: The Second Coming?* panel. Below you'll find the team's concise session summaries.

GP Perspectives

Kyrstin Streeter

Senior Knowledge Lawyer - London

As reflected in the statistics provided by Evercore at the opening of the Symposium, the market continues to face challenges. The ongoing slow fundraising and delayed exit environment, fueled by factors such as global politics, inflation and higher borrowing costs, has led to fewer deals but interestingly deal values are increasing. However, as is always the case with fund finance, opportunities are being created out of these issues so the outlook from the panel was confident and optimistic.

The panel discussed how GPs are managing liquidity issues by various means, including utilising CFOs, secondaries and pref. Many sponsors maximise liquidity with a combination of subscription lines, NAV and GP/Manager support facilities, so require lenders who can accommodate all of these needs. In light of these needs, the ongoing growth and mobilisation of private credit and influx of alternative lenders has helped immensely. Private capital will play an increasingly important role to fill any gaps left by traditional lenders.

Perpetual, or evergreen, funds continue to be a hot topic (and were covered by their own session at the Symposium).

In considering the macro environment, the panelists considered whether it created a net positive or net negative. The consensus was that fundraising can always have its challenges, it is just more difficult in the current climate. Despite the current macro environment, the market continues to adapt and find new ways to deploy capital.

The consensus amongst the crowd at the Symposium was that the exit lag will continue but there are still plenty of opportunities (as described above). Challenges generate a creative environment to create liquidity and attract new business, and lenders and borrowers need to be proper partners to create bespoke solutions.

In regard to investors, in light of the various challenges, GPs are relying on their track record in order to fundraise. LPs are more specific than ever in regard to their needs. Risk tolerance, valuation practices and governing procedures are all key factors for LPs. Increased communication and transparency has become even more important to LPs.

As was the case with all of the days' panels, the implications of AI were discussed. While the full impact of AI is yet to be determined, it was agreed that all players in the market will need to adapt to survive and there is no "one stop shop" as different AI solutions are required for the different functions within sponsors. Given how fast AI is developing, it will be interesting to see how the discussion has moved on at the next Symposium.

Liquidity Solutions Across the Fund Lifecycle

Edward Grant

Associate - London

Introduction

The panel discussion on "Liquidity Solutions Across the Fund Lifecycle" explored the significant evolution taking place in the fund finance market. Panellists reflected on the pace of change and innovation over the last five years, driven by increased debt needs in a challenging environment, the blurring of traditional fund finance product lines, and growing borrower demand for liquidity solutions that cut across previously well-established categories. The discussion highlighted how innovation in fund finance has been born from necessity, and how the relationship between sponsors and lenders has matured into a true partnership focused on delivering bespoke liquidity solutions.

A Shifting Landscape

The panel noted that access to liquidity is now "mission critical" for fund managers, with the debt package at fund level forming an integral part of a manager's strategy. Fund finance products have become increasingly sophisticated, bespoke, and tailored to fund managers' specific objectives.

A key theme was the breakdown of the traditional alignment between particular liquidity solutions and specific stages of a fund's lifecycle. Previously, certain products were associated with certain phases - subscription line facilities, for example, were used predominantly at the start of a fund's life. The panel observed that sponsors and fund managers are now looking at different types of liquidity solutions at all stages of a fund's lifecycle, with the financing toolkit driven more by structural considerations than by lifecycle timing. Subscription lines, in particular, are now increasingly being used to access liquidity towards the end of a fund's life, including outside of the fund's investment period.

Specific Structuring Considerations

The panel discussed the growing use of financing solutions adapted to specific investor types, with rated note feeders (RNFs) cited as a prominent example. Managers will typically look to use a RNF structure where they have an insurance company investor. For a concise primer on RNFs, see the *Fund Finance Friday* article, **"The Rise of Rated Note Feeders: Structures and Subscription Facility Considerations."**

However, RNFs bring unique challenges. In order for RNFs to be eligible for borrowing base credit, lenders look for equity-like features. The counterbalance is that U.S. regulators require debt-like features. This creates a real tension, compounded by a hesitation among subscription line lenders to lend against debt commitments due to bankruptcy considerations.[1]

The panel emphasised that this tension is one that lenders should be looking to proactively solve, given that the insurance investors who take advantage of these structures are commonly institutional seed investors with large commitments and a low default risk. It is strategically important for both borrowers and lenders to find a solution, and the market is now splitting between lenders who have found a workable approach and those who have not. The panel cautioned that the market cannot wait for a test case - one is unlikely in the near future given the strong creditworthiness of these investors - and that finding a market consensus is firmly in the interests of lenders as well as fund managers.

Priority and Intercreditor Arrangements

The panel noted that contractual subordination and leveraged finance-style intercreditor arrangements continue to remain uncommon in fund finance, with structural subordination still the prevailing approach. While some sponsors are looking to use contractual subordination in order to achieve higher advance rates through multiple tranches, these arrangements are not yet widespread, although panellists noted that there is starting to be some institutional flexibility in this area.

The practical reality is that it is now common to have debt across multiple levels in a fund structure and as a result there is a need for greater transparency and for lenders to consider indebtedness controls at the outset of a transaction.

Conclusion

The panel concluded by observing that structuring considerations are now seen as more important than price in the fund finance market. Sponsors are looking for genuine partnerships with lenders - those who are adaptable and open to bespoke solutions for different fund structures and liquidity needs. Reflecting on the difficult financing environment of three and a half years ago, panellists considered it something of a blessing in disguise: the market has evolved significantly as a consequence, and the fund finance landscape is more innovative and dynamic as a result.

Private Credit: Client, Competitor, or Co-Lender to Banks

John Donnelly

Senior Attorney - London

The panel, of course, were mindful of the recent mood music around private credit and the perceived weaknesses in the sector. It was therefore very encouraging that the session was able to strike a very positive tone around their discussions. Private credit, in their view, has made significant in-roads in raising the capacity in the fund finance space and is here to stay!

The recent press coverage has made investors more discerning around the funds in which they wish to invest, which has caused a "flight to quality" and a desire for more precisely defined investment strategies determining which sectors will receive loans. The private credit lenders benefitting from such investment will likely welcome any increased regulation and transparency requirements which come into the sector as this is likely to help to solidify investor confidence.

Continuing the upbeat tone to the panel, the panellists were keen to emphasise the opportunities for traditional lenders to work alongside private credit providers to provide new, innovative products into the fund finance space. There are numerous lenders who have come into this space who have demonstrated their ability to provide tailored solutions in shortened time scales. Combining that execution skill to the array of products which can be provided by the traditional retail lenders can only help to improve capital efficiency in the fund finance space.

NAV Finance: Market Update and Structuring Trends

Matt Worth

Partner - London

There was much discussion in this session of the "demand side" of the NAV market, looking at evolving use cases and changing drivers of sponsor demand. Panelists felt that NAV retained some of its traditional use cases in terms of managing liquidity in a muted market for exits, while generally being used in a NAV-accretive manner. Relevant and creative current use cases include, for instance, taking leverage off individual assets to enable them to invest in growth.

NAV has become a mainstream and ordinary course financing tool for sponsors and has powered growth in secondaries and continuation transactions. GPs have become comfortable managing dialogue with LPs around NAV facilities, and LPs themselves are familiar with the product, sometimes using NAV-based leverage on their own portfolios.

On the supply side, the panel felt the market was segmenting as it matures, with different lender types finding different niches. There was a sense that margins, and margin differentials between deal types, were still tightening.

Malcom in the Middle: Mid-Market Opportunities

Kyrstin Streeter

Senior Knowledge Lawyer - London

This was an engaging and informative session on a topic not often discussed on stage. The panel came together to discuss the mid-market from the combined perspectives of sponsors, lenders and lawyers.

It was discussed how mid-market means different things to different parties. Lenders consider, amongst other things, the strategy deployed by managers, ticket size, AUM and need to consider the possibility that their mid-market clients may be less sophisticated in fund finance. GPs can demonstrate their suitability beyond their AUM – for example, the quality of their investor base and track record of vintage funds. GPs can also lean on their advisors' experience and existing lender relationships (as they may not have as wide of a lender pool as larger sponsors).

For legal advisors, their mid-market clients may be looking for more innovative products and liquidity solutions.

As discussed in most of the Symposium sessions, the last few years have seen a massive influx of capital into fund finance. This has been advantageous for mid-market sponsors as they now have a larger lender pool to choose from. From a product perspective, although the subline market remains strong, it easier for lenders to accommodate bespoke mid-market needs now there are so many products beyond sublines.

Regarding bank lenders, the panel noted it was not always the case that large banks are only interested in large sponsors. As fund finance is so relationship focused, lenders want to be able to provide a full suite of products for all of their clients. Mid-market can be more agile than larger sponsors (and mid-market sponsors are now more aware of the fund finance tools available) and this can be very attractive for banks. Mid-market managers are likely to be much closer to all aspects of the business and this too is an attractive prospect.

From a deal execution perspective, some highlights of mid-market are not dealing with large syndicates, so more round table discussion is facilitated, and more papering and strategy is carried out at the start, so there is enhanced problem solving. From the sponsor perspective, cost is not always the most important factor when choosing to partner with a lender – nimbleness of execution, reliability, relationships and availability of different solutions are of key importance.

Regarding AI in the mid-market, AI and use of the facility go hand in hand. There has been a huge adoption of AI in the US, and the scale and improvement of the tools available is rapid. It was highlighted how KYC is usually the holdup on closings and how AI can rectify this.

The sophistication of fund documents in the mid-market is improving. Multiple vintages means the LPA improves on each round as lessons are learned from previous mistakes. Issues with older LPAs in respect of GP lines (this is a universal problem in all markets) continues.

Harnessing Insurance Capital

Mira Midelieva

Associate - London

The panelists noted that the availability of insurance capital in fund finance is not new, and insurance capital has been a permanent feature of the market for at least five years now. It was also noted that insurance capital has played an important role in the development of various fund finance products in recent years - for example, subscription line facilities have changed dramatically to include a term loan tranche where needed to tap insurance capital, and rated note feeders through which insurers like to invest feature in fund structures more and more frequently.

It was noted that the routes to utilising insurance capital in fund finance continue to evolve and become more versatile, and it is important for all market participants to identify the right point of entry and point of contact when it comes to

harnessing insurance capital.

In terms of “points of entry”, the panelists outlined the key options for insurers, being:

- Investing in subscription line facilities, particularly where these offer a term loan tranche;
- Investing in NAV facilities, which can offer attractive returns to insurers and match their need for long term, fixed rate products drawn from Day-1 with little unused capacity;
- Investing in structured solutions, such as CFOs;
- Investing in funds as LPs, often through rated note feeders that allow insurers to navigate regulatory constrains under NAIC and Solvency II while capturing private credit returns; and
- Helping banks with balance sheet management, by providing credit risk insurance or investing in SRTs, for example.

The “right” point of entry would depend on the returns an insurer is looking to generate, the price a GP is willing to pay and, most importantly, the insurers’ need to navigate various regulations in different jurisdictions.

In terms of “points of contacts” for insurers looking to participate in the fund finance market and GPs looking to tap insurance capital, it was noted that insurers can connect with GPs directly when it comes to more straightforward products, but this is relatively rare in the context of insurance-backed facilities, as insurers often need the expertise of a bank or a non-bank lender to structure these and guide them through the market. In this context, insurers have often partnered with banks and non-bank lenders to harness their expertise, and such banks and non-bank lenders have benefitted from the increased availability of capital for their fund finance products. However, it was noted this might change as credit funds experienced in fund finance products acquire more and more insurers looking to participate in the market.

The panelists concluded that insurance capital fits in very well in the fund finance market, and brings about new structures and innovation, as well as a wider range of possibilities for GPs. It was also observed that insurers complement, rather than compete with, banks, due to the fact that insurers may often be looking to invests in more structured products that may not be of much appeal to banks, whereas banks continue to offer products (such as revolving subscription line facilities) that would not be attractive to insurers. In addition, insurers can offer capital relief products to banks that enable banks to enhance their fund finance offerings. Finally, insurers and banks are motivated by different factors which inevitable means they would behave differently in the market - e.g. banks are relationship-driven, whereas insurers’ main focus has not been building relationships with GPs historically; banks’ relationship with, and knowledge of, a GP can make them more inclined to take blind pool risks than insurers, for example.

Sublines: The Second Coming?

George Pelling

Partner - London

The panel discussed the continuing evolution of subscription finance from a relatively straightforward short-term capital-call bridge facilities to a broader and more complex financing market, shaped by changing fund structures and new pools of institutional capital.

Key themes included sponsors’ and investors’ increasing comfort with subscription line usage, lenders’ broader appetite for more varied fund types and structures, and the growing importance of relationship dynamics as facilities become more sophisticated. The panel also focused on term tranches, Facility B and second-ranking structures, and the role of institutional capital in expanding available financing sources while raising questions about pricing, collateral, and evolving risk profiles.

Finally, the discussion covered the rise of SMAs, changing syndicate and participation dynamics, documentation tensions around voting rights, confidentiality and transferability, and where the market may head next.

Evergreens Under Pressure: Sourcing Liquidity and Optimising the Capital Structure

Kyrstin Streeter

Senior Knowledge Lawyer - London

‘Evergreens’ were summarised as semi liquid retail open-ended vehicles. The panel focused on the European model but considered some comparisons to the US.

It was noted that facilities for evergreens are very bespoke, and are frequently syndicated on day one as a single lender may be uncomfortable with the fluctuating nature of the investor base. It was also noted that investors need to be clear upfront that the fund is not fully liquid.

From a risk management perspective, the hedging strategy is important. The two layers which are considered for the hedging are asset class and share class. Evergreens make use of hedging in a way closed-ended funds do not have to (largely due to having to meet periodic investor redemptions and dealing with fluctuating interest rates in respect of international investors).

Some interesting contrasts which were highlighted - in Europe, the investor pool is not 100% retail (as opposed to the US) and a much broader range of currencies are considered in evergreen fund facilities than usual (multicurrency share classes are used as these funds are raising capital from a global investor base and investors prefer returns in their local currency).

This space has a limited pool of lenders, but is still deemed to be competitive from a lender’s perspective. Relationships and track record are as always, of key importance, as lenders are providing facilities on a relationship basis in Europe. Lending to an evergreen can be tricky for some lenders if the facility will remain largely undrawn, so a holistic view needs to be taken.

Lawyers can add value via working with contacts within the close-knit fund finance community, sharing knowledge of structures seen on other deals involving evergreens, working with fund formation colleagues and providing referrals.

In summary, managers of evergreens need to mitigate liquidity risk via various means, including:

- Maintaining liquidity pockets
- AIFMD liquidity rules
- Credit facility to meet redemption requests
- Risk management – retail investors equals additional disclosures in fund documents
- Stress testing various scenarios

Lenders make decisions to lend to evergreens based on (among other factors):

- Manager selection
- Long term relationships
- Portfolio track record
- Liquidity (getting comfortable with investors redeeming)
- Diversification of assets (preferable but can be considered on a case by case basis)

Given the current market conditions and longer asset realisation periods, evergreen funds are predicted to continue to rise in popularity.

Continuation Vehicles: Trends and Financing Options

Mira Midelieva

Associate - London

The discussions focused on how the perception around continuation vehicles (“**CVs**”) has evolved rapidly in recent years - originally seen as an “opportunistic” tool used to solve problems with “bad” investments, CVs are now viewed

as a mainstream tool for holding on to worthy assets and managing liquidity for a fund and its LPs. CVs were also compared to secondaries transactions, noting that both operate to provide liquidity to the market, noting also that new investors in CVs are often predominantly secondaries funds.

Banks participating in the panel noted that, when looking at a CV financing from a lender perspective, one of the first questions they focus on is whether the manager has options or is using the CV as an effective asset management tool. More often than not, the latter would be true for funds looking for a CV financing in recent times. Banks would also analyse the GP's historic performance, as well as its ability to execute an exit for the relevant investment (and what that exit might look like) and harness the availability of information and reporting on the financial performance of the asset(s) transferred to the CV. Another factor that banks take into account is whether significant LPs in the existing fund are looking to reinvest in the CV or exiting.

In terms of fund finance products frequently utilised by CVs, the panelists discussed that subscription line facilities have historically been the most popular and this remains the case today, but subscription lines offered to CVs often include features that are not that typical for this product, such as:

- A term loan tranche (for the initial asset acquisition), complemented by a revolving loan tranche to manage the CV fund's on-going working capital needs;
- LTV and other NAV-like covenants reflecting the lender's reliance on the performance of the underlying asset(s); and
- Controls around, and mandatory prepayments on, disposals.

It was also noted that the availability of both unused LP commitments and valuable asset(s) held by the fund from day-1 create the perfect conditions for a hybrid facility, and NAV facilities may become more popular in the market as multi-asset CVs gain popularity.

In terms of the right size for a CV facility, the panelists discussed that this would usually depend on the value of the relevant asset(s), the amount of rollover equity and the fund's capital needs to complete the asset rollover and fund any follow-on investments. Panelists observed that LPs (often secondaries funds) looking to invest in CVs frequently look to leverage their investment too, which may be another point of entry for banks looking to participate in this market.

The panelists also noted that the banks offering CV facilities would often do so where they are familiar with the GP and/or the underlying asset(s). It was noted that currently there is not that much interest from non-bank lenders and insurers, but the panelists predict that the rise of multi-asset CVs will inevitably attract more capital to the market; an increased interest from insurers investing through rated note feeders is also expected.

The panelists observed that the CV market has already overcome various market challenges and preconceptions, and prospered in vastly different economic environments - from the busy exit years in 2021 - 2022 to the current much slower exit market.

The panelists predicted that the CV market will keep growing, and multi-asset CVs will rise in popularity. The growth predictions focused on the fact that CVs benefit all market participants - existing LPs get the flexibility to reinvest in the CV or exit, new LPs in the CV benefit from holding valuable assets from day-1 and GPs get the opportunity to hold on to an asset when market conditions may not favour a sale or further growth is expected - so as long as this "win, win, win" formula holds true, further growth is expected.

In terms of sectors, the panelists discussed that CVs have been best suited to (and most popular with) private equity funds, but infrastructure would be an obvious growth area in the coming years, noting the longer average hold for infrastructure assets.

Despite the positive developments in the CV market, the panelists admitted some challenges remain - such as the need to manage conflicts of interest, ensure transparency and accurate valuations, and structure facilities during fundraising when the number of rolling LPs may still be uncertain. It is important for GPs, banks and LPs alike to ensure that the best practices are being followed, so as long as this alignment of interests is retained, market challenges can be overcome.

The Evolution of CFOs

John Donnelly

Senior Attorney - London

The panel were keen to point out that CFOs were not a new phenomenon. They have been around for many years and have popped up for many reasons. They have now firmly become part of the toolkit required to maximise access to fund structures.

The most high profile example of the use of CFOs in the fund finance space has been around feeders set up to allow US insurance investors access to various fund structures in a way where they are given favourable capital treatment in the US. Evidence has shown the vast interest in setting up these structures and, given other jurisdictions are looking at similar structures, this trend is set to continue.

The theme of the panel was that CFOs are a tool to allow increased amounts of capital to come into the fund finance space. This was also brought out by discussing who CFOs can provide flexibility around their capital stack to attract different kinds of investors. As well as issuing notes, vehicles are now being used to issue preference shares in order to offer suitable risk profiles for different investors.

Ultimately, the rise in CFO use is a function of the ever increasing size of the capital that is being drawn into fund structures. These vehicles are now commonly used to allow efficient ways to bring in capital into the structure, especially where such capital is subject to certain regulatory treatment. Their use is likely to continue to increase as they become more familiar and should be seen as useful tool in allowing flexible solutions to allow increased capital to be raised.

NAV: Lessons from the ABL and CLO Markets

Kyrstin Streeter

Senior Knowledge Lawyer - London

The panel discussed how NAV is essentially just another form of ABL and how the NAV market has incorporated CLO technology into fund finance. This has been a natural evolution and the securitisation to fund finance pipeline has been gaining momentum.

What was particularly interesting was that the attendees were asked for a show of hands, as to whether they have a pure fund finance background or a securitisation background. The room was fairly evenly split. A few years ago, the audience would have been mainly from a pure fund finance background.

Regarding the virtues of CLO technology, it was discussed how tests such as concentration tests and coverage tests are very standard compared to other forms of finance. This allows lenders to cater for as many scenarios as possible, and aides transparency. The CLO space is also good to look for risk retention examples and innovation. It therefore makes sense for the NAV space to borrow from the CLO space. CLOs are much older and tried and tested compared to NAV. generally speaking, they have more terms, more constraints and more testing, combined with a higher degree of reporting and transparency (some may say this is a negative rather than a positive – depends where you are coming from).

Looking to the future, NAVs will not become CLOs, but we will see more CLO technology entering NAVs. In the current market, NAV is no longer niche, but still in the minority compared to sublines.

In terms of negatives, double pledging is a potential issue. It is rare to have public registers (in respect of security over loans or receivables) so the due diligence process needs to get comfortable that the lender is the only secured creditor. Another negative is that CLO documents cannot be amended very easily and they typically have a long tenor, so they are therefore not as adaptable as fund finance.

It was also discussed how NAV does not need to be as complex as it does not have the same issues as CLOs. Timetable pressures mean that the parties may not want to spend time on unnecessary detail. Of course there is the health warning that more structured debt in fund finance means more potential to fall foul of the securitisation regulations. It is important to carry out analysis at the beginning of each transaction regarding securitisation regulations to avoid any pitfalls.