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Investment Funds | Fund Finance Update February 19, 2026

Key Themes and Takeaways from the FFA 2026 Global Fund Finance Symposium

Gibson Dunn's market-leading Fund Finance & Structured Capital team participated in panel discussions and contributed to conversations on the evolution of fund finance and private credit markets.

The Fund Finance Association held its 15th Annual Global Fund Finance Symposium on February 2–4, 2026, in Miami, bringing together nearly 3,000 professionals from across the fund finance market, including fund managers, lenders, investors, and lawyers. As a platinum sponsor of the event, Gibson Dunn's market-leading Fund Finance & Structured Capital team participated in panel discussions and contributed to conversations on the evolution of fund finance and private credit markets. Below is a summary of our key takeaways from the symposium and our outlook for fund finance in 2026.

Market Outlook

We anticipate another year of significant growth and innovation in the fund finance industry, with sponsors and lenders drawing on an increasingly diverse set of financing structures and liquidity solutions to meet their strategic objectives. Both NAV facilities and subscription lines will remain widely used, as the market continues to accommodate lenders with varying risk profiles—from those favoring the relative security of unfunded capital commitments to those comfortable lending against portfolio assets—and as funds invest across an increasingly broad range of asset classes. We also anticipate continued innovation in deal structures, including an increase in hybrid facilities, greater use of securitizations and rated structures, and more frequent tranching of debt into different classes to accommodate varied investor preferences.

The Proliferation of NAV Financing

Net asset value (NAV) financings have become a well-established liquidity tool for fund sponsors, and this growth is expected to continue throughout 2026. Sponsors are increasingly utilizing NAV-based solutions to support existing portfolio investments, pursue new opportunities, enhance net returns, and refinance maturing subscription lines. NAV facilities have also become particularly important for evergreen fund structures, where traditional subscription facilities may be unavailable due to the absence of unfunded capital commitments and the presence of investor redemption features. We are also seeing increased use of NAV and hybrid financing solutions for separately managed accounts (SMAs) and continuation vehicles. We expect to see additional non-bank lenders entering the market and offering liquidity solutions, as fund managers themselves increasingly become providers of fund finance products.

Investor attitudes toward NAV financing have evolved considerably. Transparency, market education, and ILPA guidance have helped normalize NAV financing across strategies. Looking ahead, we expect to see the use of NAV and hybrid facilities continue to accelerate, driven by growing investor acceptance and the increasing participation of private credit funds and insurance companies as lenders in these transactions.

Continuation Vehicles as a Liquidity Management Tool

Continuation vehicle (CV) transactions represent a significant volume of GP-led secondary transactions, accounting for approximately 50% of the market in 2025. A CV gives investors in an existing fund the opportunity to invest in a new fund with one or more of the existing fund's assets, rather than requiring an exit or liquidity event. The uptake has been accelerated by a challenging M&A environment and depressed exit returns, as well as growing recognition that a typical four-to-six-year investment period may not provide sufficient time to fully realize value from a fund's asset or assets.

CVs represent a structural shift: fund managers have grown comfortable with the idea that they need not sell investments in a sponsor-to-sponsor transaction to extract value. Instead, utilizing a CV can drive the next wave of growth and investment in an asset while also providing existing fund investors with an option for liquidity. Financings for CVs are often structured as hybrid facilities, involving subscription facility components along with enhanced covenants such as asset coverage ratios and security over distributions from the underlying asset or assets.

The Growth of GP Financings

GP-level financings have become a well-established and growing segment of the fund finance market, with continued expansion expected in 2026 across sponsors of all sizes. These facilities allow general partners to address working capital needs and manage capital allocation by borrowing against predictable revenue streams. Lenders are developing customized financing solutions that may segment different income streams—such as management fees, performance-based compensation, and GP commitment obligations—into distinct tranches with tailored terms. As GP balance sheets become more sophisticated and capital needs more varied, we expect continued product innovation in this space.

Back-Leverage and Single-Asset Financing

Back-leverage transactions and single-asset financing solutions are gaining significant traction in the fund finance market. These structures allow sponsors to obtain financing at the asset level, often serving as interim capital ahead of a planned exit or to fund additional investment in a particular portfolio company. As sponsors seek more targeted liquidity solutions that do not require fund-level borrowing, back-leverage facilities offer flexibility and can be structured to align with specific asset timelines and value creation plans.

Rise of Insurance Capital and Private Wealth Investors

The influence of insurance companies in the fund finance space is likely to continue growing as insurers seek exposure to alternative investments. As lenders, insurance companies' long-duration capital allows them to offer more dynamic and flexible structuring options, access to alternative pools of capital, and potential pricing advantages for borrowers.

This past year also saw an increase in private wealth and family office investors, with general partners developing products tailored to individual investors. We expect the "retail-ization" of alternative investments to become an increasing focus as fund managers adopt new technologies to capture retail capital and "Defined Contribution" dollars as the 401(k) industry opens up to allocations in alternative investments.

Increased Use of Structured Products and Ratings

There has been a notable increase in rated note feeder (RNF) and collateralized fund obligation (CFO) transactions as insurers and fixed income investors seek exposure to private capital and more sponsors utilize these structures as fundraising and balance sheet tools. KBRA reported a record year in 2025 for CFO transactions, representing $26.2 billion across more than 20 transactions.

The recent expansion of CFO and RNF structured products is partially driven by increased involvement of rating agencies. The rating process brings discipline, greater standardization, and transparency, which in turn bolsters investor confidence. Investment grade outcomes depend heavily on leverage levels, diversification, and manager quality. CFO and RNF products offer flexible structuring, varied risk profiles, exposure to diverse assets, and predictable cash flows—making them attractive to a range of investors. Notably, the CFO transaction is perhaps better understood as a hybrid between a fundraising tool and a GP liquidity solution. As these products mature, they are transitioning from novel structures to established components of the fund finance toolkit. We also anticipate that the use of ratings will expand beyond NAV and CFO transactions to include a wider array of fund finance products, opening access to new pools of institutional capital.

Looking Ahead

The symposium provided a valuable opportunity to connect with colleagues, clients, and key players across the fund finance ecosystem. The prevailing sentiment reflected optimism about the fund finance market and the outlook for 2026. We expect continued growth and evolution of financing and fund structures, with expanded use cases for NAV financing, structured capital products, and other strategic liquidity solutions. Gibson Dunn's Fund Finance & Structured Capital team looks forward to working with clients as they navigate these developments.

The following Gibson Dunn lawyers prepared this update: Duncan McKay, Darius Mehraban, Ryan Kim, Sarah Lefsky, Aja Sanneh, Alin Potra, Lettie Rose, Claire Griffet, and Sonari Chidi.

Gibson Dunn's lawyers are available to assist with any questions you may have regarding the issues and considerations discussed above. Please contact the Gibson Dunn lawyer with whom you usually work, any leader or member of the firm's Investment Funds practice group or the Fund Finance team:

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