

Fund Finance Intelligence Survey

In collaboration with

LMA | Loan
Market
Association



FIND OUT MORE

Explore the LMA Fund Finance Microsite to discover more about our initiatives, workstreams and the latest insights that support enhancing liquidity, efficiency and sustainability within this key asset class.

www.lma.eu.com/fund-finance

INTRODUCTION

Welcome

Scott McMunn, CEO of the Loan Market Association

As the CEO of the Loan Market Association (LMA), I have had the privilege to engage with numerous senior market participants and reflect on the evolving fund finance market. This market is rapidly gaining attention as its significance grows across the financial landscape.

However, despite its increasing prominence, it remains a private and often misunderstood segment of the market. The role of our association is to support loan markets, enabling the transmission of capital in an effective and transparent manner.

While it is frequently described as a trillion-dollar market, the actual size and composition of its various subsets remain unclear, leading to persistent misconceptions. To address this we have reached out to our members for their support, gathering insights in order to enhance our collective understanding of the fund finance market. At the LMA we soundly look to build out our foundations based on data, and the response to the Fund Finance Intelligence Survey, created in collaboration with *The Drawdown*, is a significant showing of the market coming together.

The LMA has established a Fund Finance Committee that represents the key interests across the ecosystem, driving the underlying specific workstreams to deliver market led-outputs. This survey forms one of the key requests from our members and stakeholders.

Valuable dataset

Through anonymous engagement with borrowers, lenders and advisers, we have

Methodology

The data outlined in this report is based on the findings of an online survey designed by *The Drawdown* in conjunction with a panel of experts from the Loan Market Association and conducted between 20 January 2025 and 4 April 2025. A total of 73 lenders, borrowers and advisers submitted information and their responses have been anonymised and aggregated.

compiled a valuable dataset that offers meaningful insights into market dynamics, growth trends and emerging challenges. Access to accurate data and informed analysis is critical for navigating this market effectively, and our findings help bridge the knowledge gap.

Our survey provides a detailed overview of transaction volumes, asset classes and most-used products, along with the typical tenors and lending practices across different participant groups. It also sheds light on the perceived drivers, challenges and opportunities in 2025. While a fantastic start, we acknowledge this survey is embryonic; we are aiming to build this out through 2025 and bring a golden source of fund finance data which can be used to educate, support and grow our market. We have much more to do but welcome the initial broad participation.

Increased competition

Drawing on some of the responses, we clearly see a market that is experiencing increased

competition. A key challenge will undoubtedly be maintaining a lending USP and being innovative and proactive for borrowers. It will be interesting to see how this performs – along with recent vintages – and how lending appetite evolves as we enter a more geopolitically volatile period.

Additionally, it will be worth observing whether buyout firms see more exit opportunities emerging amidst these shifting dynamics.

For now, the asset class is supported by a long and robust performance history, with the only caveat being how much recent markets have changed. History supports attractive risk-adjusted returns. However, the survey and responses do not touch on human capital and perhaps this scarcity may be one of the key dependencies for success.

I expect borrowers to remain demanding and to seek optionality and innovation. This will also set apart the winners from the others.

I hope that you enjoy looking through our findings. ♦



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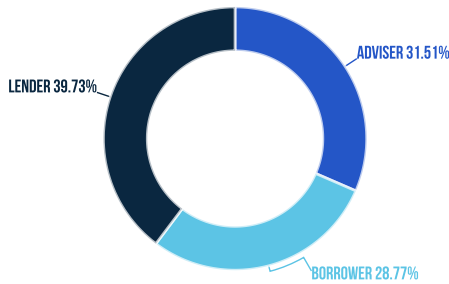
SCOTT MCMUNN
LMA

SURVEY FINDINGS

Lenders

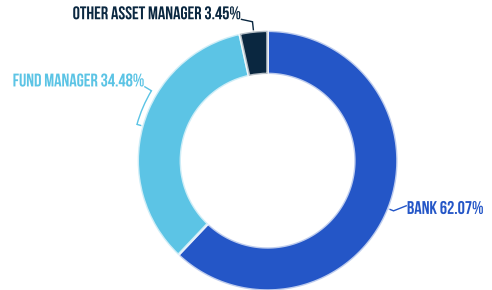
Statistical breakdown of responses from respondents defining themselves as lenders

What best describes your organisation in the context of fund finance?



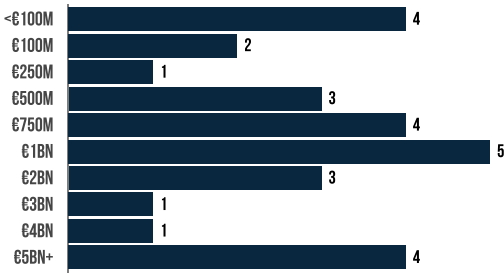
Source: The Drawdown/LMA

Lenders by sub-category



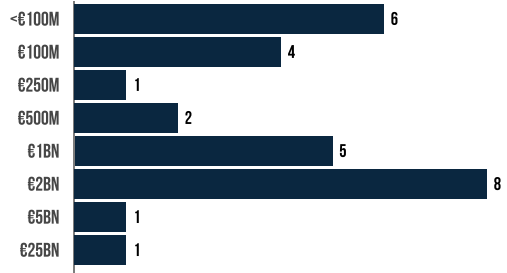
Source: The Drawdown/LMA

What volume of fund finance transactions did you commit to in total in 2024 (new money)?



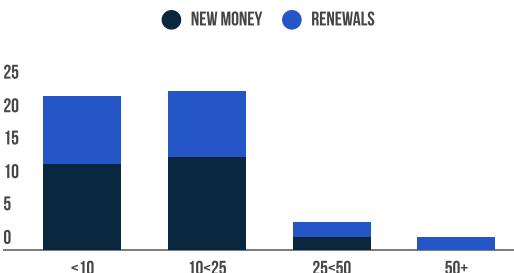
Source: The Drawdown/LMA

What volume of fund finance transactions did you commit to in total in 2024 (renewals)?



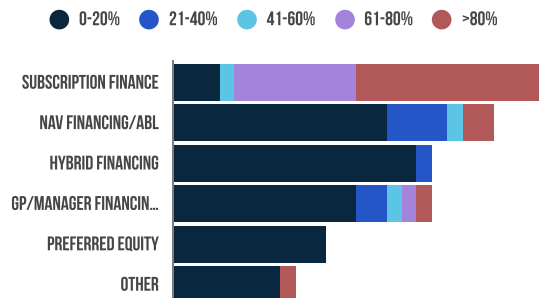
Source: The Drawdown/LMA

How many fund finance transactions (all products) did you commit to in 2024?



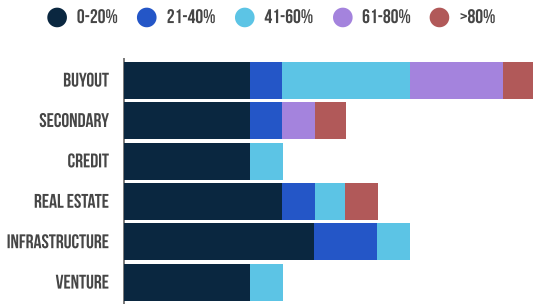
Source: The Drawdown/LMA

Percentage of fund finance commitments lent by type



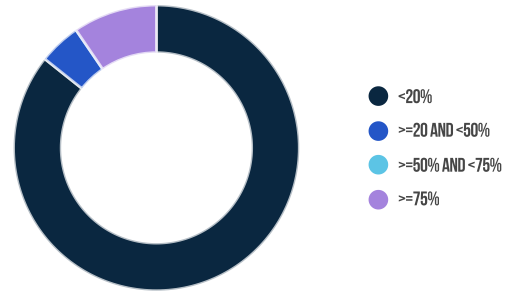
Source: The Drawdown/LMA

Percentage of NAV deals by asset class



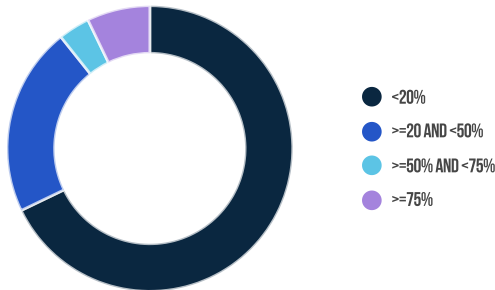
Source: The Drawdown/LMA

Percentage of subscription/hybrid facilities provided to continuation vehicles



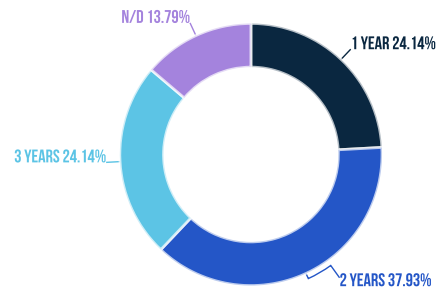
Source: The Drawdown/LMA

Percentage of fund finance transactions that were ESG-linked



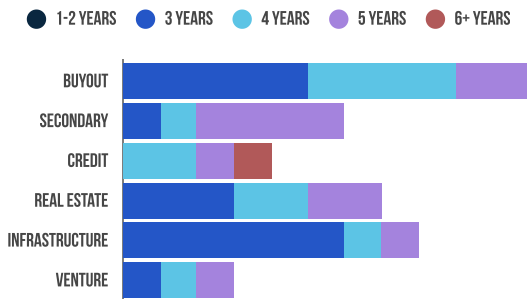
Source: The Drawdown/LMA

What was the typical tenor of subscription facilities (excluding extensions)?



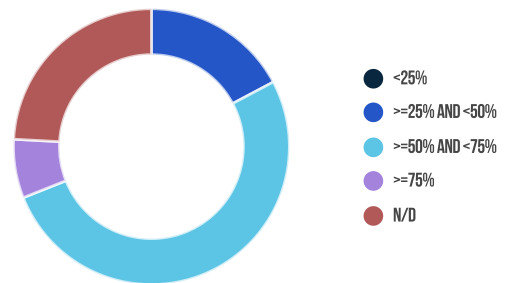
Source: The Drawdown/LMA

What was the typical tenor of NAV facilities (excluding extensions) by asset class?



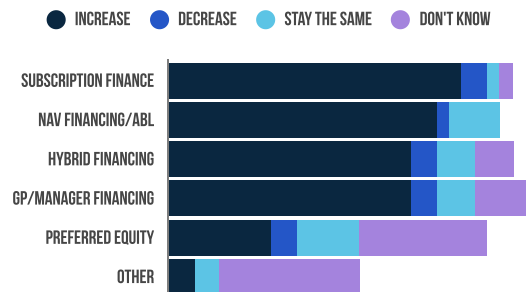
Source: The Drawdown/LMA

What was the typical utilisation of your revolving fund finance facilities?



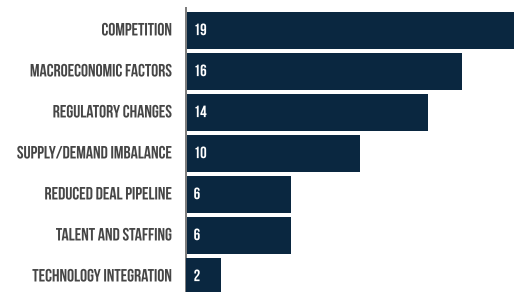
Source: The Drawdown/LMA

Will fund finance volumes increase or decrease in 2025 and, if so, for which products?



Source: The Drawdown/LMA

What do you think are the most significant challenges for lenders in the fund finance market?



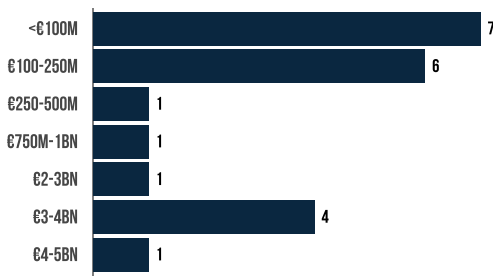
Source: The Drawdown/LMA

SURVEY FINDINGS

Borrowers

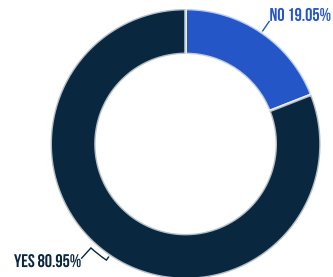
Statistical breakdown of responses from respondents defining themselves as borrowers

What volume of fund finance transactions did you commit to in total in 2024 (new money)?



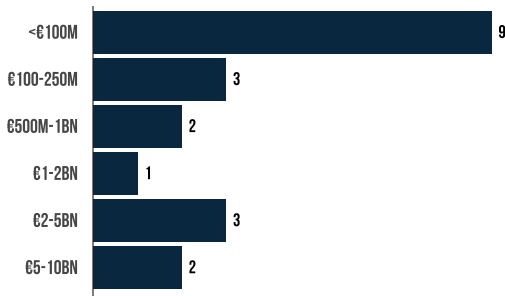
Source: The Drawdown/LMA

Did you also use fund finance products in 2023?



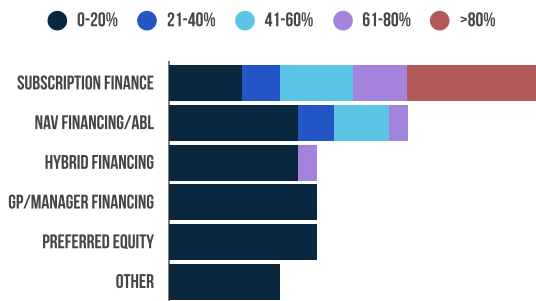
Source: The Drawdown/LMA

What was the 2024 volume for renewals?



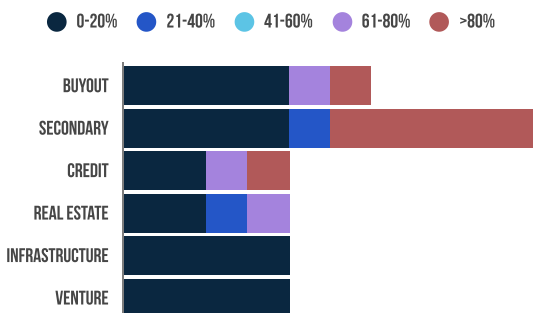
Source: The Drawdown/LMA

Percentage of fund finance commitments raised by type



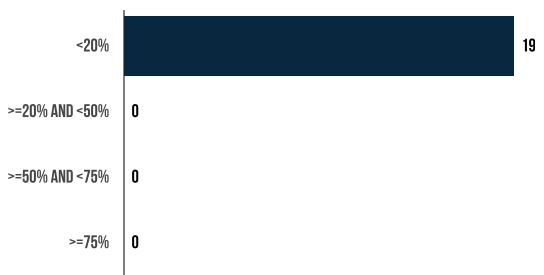
Source: The Drawdown/LMA

Percentage of NAV deals raised by asset class



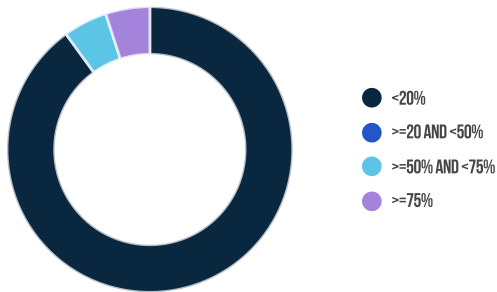
Source: The Drawdown/LMA

Percentage of subscription/hybrid facilities provided to continuation vehicles



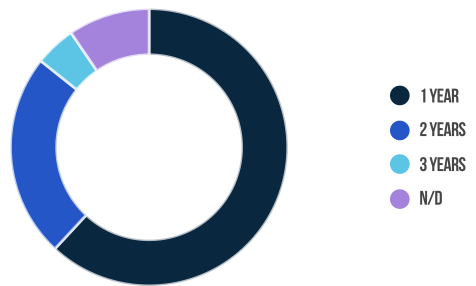
Source: The Drawdown/LMA

Percentage of fund finance transactions that were ESG-linked



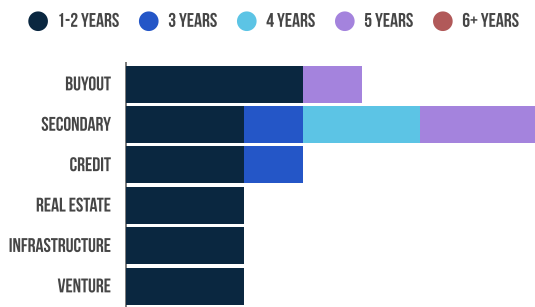
Source: The Drawdown/LMA

What was the typical tenor of subscription facilities (excluding extensions)?



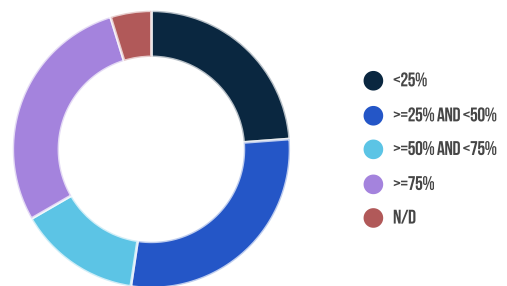
Source: The Drawdown/LMA

What was the typical tenor of NAV facilities (excluding extensions) by asset class?



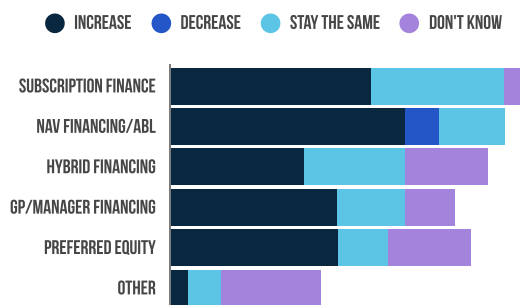
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What was the typical utilisation of your revolving fund finance facilities?



Source: The Drawdown/LMA

Will fund finance volumes increase or decrease in 2025 and, if so, for which products?



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What do you think are the most significant challenges for lenders in the fund finance market?



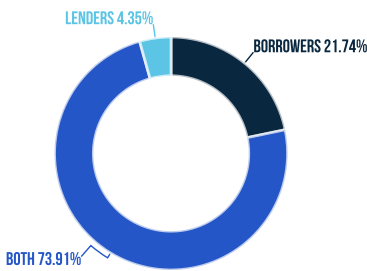
Source: The Drawdown/LMA

SURVEY FINDINGS

Advisers

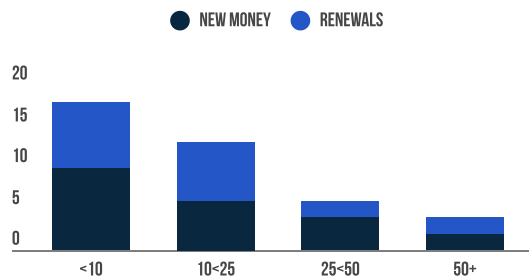
Statistical breakdown of responses from respondents defining themselves as advisers

What types of clients do you advise when it comes to fund finance?



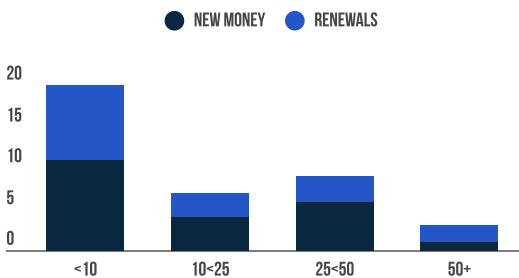
Source: The Drawdown/LMA

On the lender side, how many fund finance transactions did you advise on in 2024?



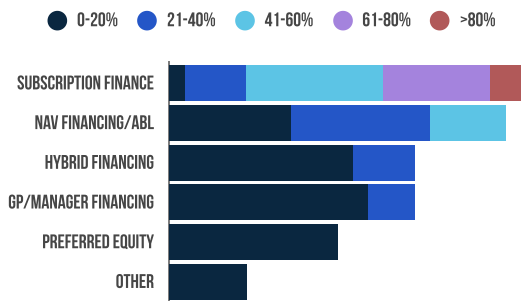
Source: The Drawdown/LMA

On the borrower side, how many fund finance transactions did you advise on in 2024?



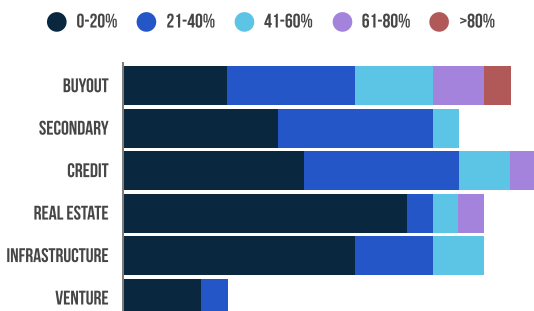
Source: The Drawdown/LMA

Percentage of fund finance commitments advised on by type



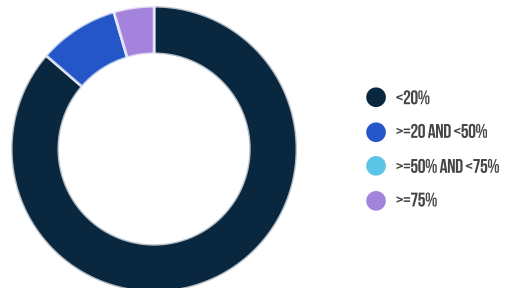
Source: The Drawdown/LMA

Percentage of NAV deals advised on by asset class



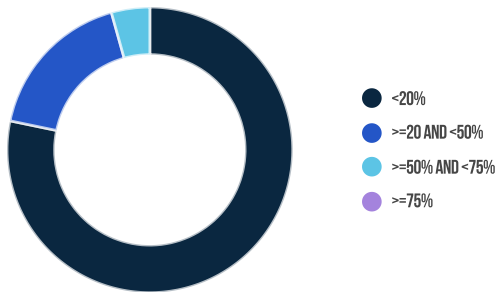
Source: The Drawdown/LMA

Percentage of subscription/hybrid facilities advised on involving continuation vehicles



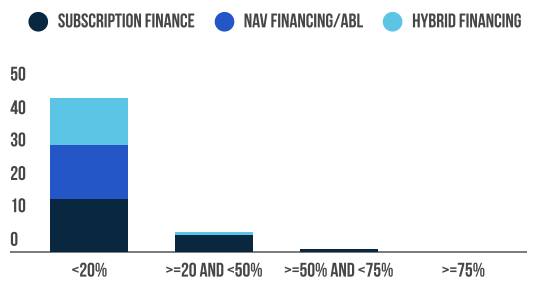
Source: The Drawdown/LMA

Percentage of transactions advised on that were ESG-linked



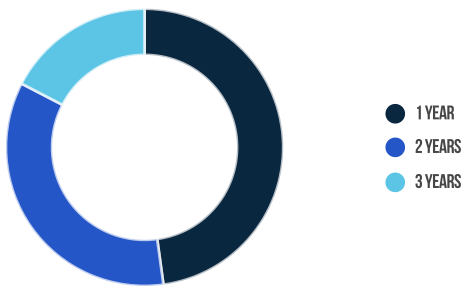
Source: The Drawdown/LMA

What percentage of your fund finance transactions were structured as umbrella facilities and were they subscription, NAV or hybrid facilities?



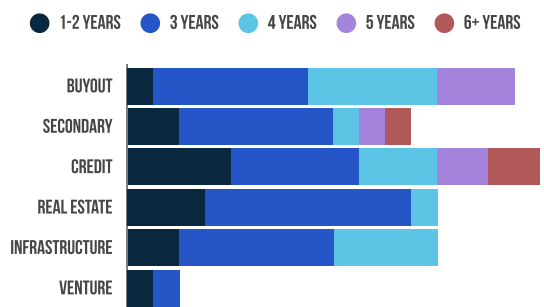
Source: The Drawdown/LMA

What was the typical tenor of subscription facilities advised on (excluding extensions)?



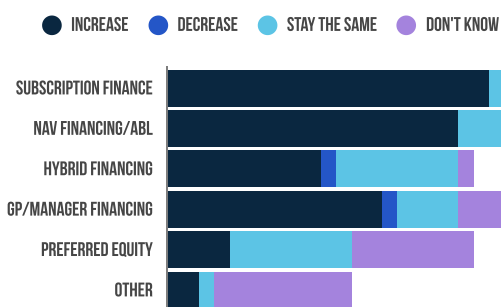
Source: The Drawdown/LMA

What was the typical tenor of NAV facilities (excluding extensions) by asset class?



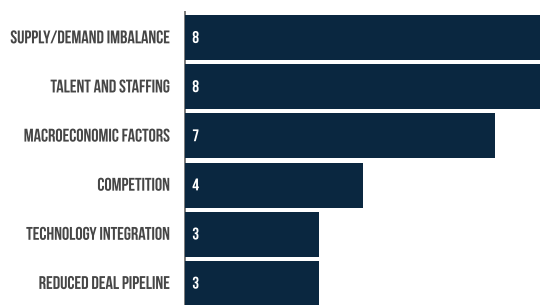
Source: The Drawdown/LMA

Will fund finance volumes increase or decrease in 2025 and, if so, for which products?



Source: The Drawdown/LMA

What do you think are the most significant challenges for lenders in the fund finance market?



Source: The Drawdown/LMA

COMMENTARY

Market view

The Drawdown's editor Jon Whiteaker gives his take on the survey findings

The *Fund Finance Intelligence Survey* is being published at a time of significant growth and change in the fund finance market.

Our research has revealed a number of trends observed by most if not all respondents: pricing is down across most products; there has been an influx of new lenders and advisers; product innovation abounds; and the competition for talent is increasing.

There were however many divergent responses to questions of what products will prove most popular in 2025 and how easy it is for borrowers to find the solutions they need.

A borrower's market

Demand for products may be increasing both in volume and in size but established borrowers have a wide pool of lenders to source fund-level debt from.

"On the lender side there have been new entrants along with existing entrants coming back strongly into the market, so liquidity is extremely strong currently, which is driving tighter spreads on deals," says Mohith Sondhi, senior director of debt finance at OakNorth.

Ed Saunders, partner and co-chair of law firm Goodwin's fund finance group, notes consolidation among private fund managers, with larger GPs buying smaller ones, with a subsequent impact on borrower behaviour.

"As fund sizes get larger there can be a challenge for managers to put liquidity solutions in place in order to meet increased GP commitment obligations," Saunders says.

Larger fund sizes mean some lenders are nearing defined risk appetite limits for sub-lines. This means lenders are finding ways to bring more institutional capital into the market to recycle or provide fresh capital, and increasingly diversifying into NAV loans and GP finance.

GPs spoken to for the survey acknowledged the scales being in their favour but are cautious about being complacent, given wider geopolitical uncertainties. Establishing the



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MOHITH SONDHI
OakNorth

right lender relationships with non-bank capital now will be invaluable when times are trickier.

Innovation abounds

We have seen a number of groundbreaking securitisation deals for sub-lines launched in the last six months, including those by Goldman Sachs and HSBC, and survey respondents expect even more creativity in fund structures in 2025.

"There is more innovation in the fund finance market than ever before, so borrowers will need to ensure they are selecting the right bespoke product for their needs, from a lender who is capable of providing the solution," says Andrew Spencer, senior vice-president at HSBC Innovation Banking.

Second-lien structures and the use of term loans for sub-lines mean that managers have new options to extract value from that product. Esoteric forms of financing can deliver significant value for GPs but come at a cost.

GP attitudes towards the likely growth in NAV loan use seems to depend on the size of the manager. One large US-based GP was bullish about NAV loans becoming a standardised tool, and increasingly accounted for in LPAs. Smaller GPs tend to link their use more directly to activity in the M&A space, are more wary of LP criticisms, and note the high costs of implementing these facilities.

According to Emma Russell, partner at White & Case, one product type that has been untapped to date is GP financing.

"Historically, the risk appetite from traditional lenders wasn't necessarily there but it is having a bit of a moment and there is a lot of opportunity, with a number of our clients looking at this closely," she explains.

With LPs asking for more skin in the game during fundraising and carry often delayed, many respondents thought GP financing may become an increasingly utilised tool. ♦



Jon Whiteaker, editor, The Drawdown



THE DRAWDOWN

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Association

The LMA is the authoritative voice of the loan market in EMEA. Our key objective is improving liquidity, efficiency, transparency and sustainability in the loan markets. Today, with 880+ members in 69 jurisdictions, we represent an ever-growing diversity of participants in international capital markets, including institutional investors, private and public sector issuers, banks, non-banks, technology solution platforms and market infrastructure providers, spanning the UK, US, EMEA, and Africa.

