

Fund Finance Friday



NAV Loan Ratings Go Formal – Fitch Publishes Master Rating Criteria

May 23, 2025

In a move that highlights the robust and sustained growth in the fund finance market of loans backed by the net asset value (“NAV”) of fund investments, Fitch Ratings, Inc. (“Fitch”) released its **Net Asset Value Finance Rating Criteria** report on February 27, 2025.

The report finalizes a draft that was circulated in September 2024, and focuses in particular on loans backed by the NAV and cash flows of secondaries funds – that is, funds that invest primarily in the limited partnership interests of other closed-end (private-equity style) alternative investment funds.

While in recent years several major rating agencies have formalized methodologies for rating subscription lines of credit, Fitch is, to our knowledge, the first to develop and publish a methodology that is tailored to the NAV loan space.

Fried Frank’s Fund Finance team summarizes key takeaways from the report [here](#).