

A horizontal banner with a green-to-blue gradient background. The text "FUND FINANCE FRIDAY" is centered in a white, sans-serif font. The banner is framed by a white grid pattern that curves inward from the sides.

FUND FINANCE FRIDAY

Fitch Primer on Private Equity Collateralized Fund Obligations

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Fitch Ratings recently published a primer on the securitization of private equity fund interests or "LP interests" (typically called "collateralized fund obligations" or "CFOs"). In a CFO, LP interests are transferred into a special purpose entity (the "SPV"). The SPV issues tranches of both debt and equity to finance the purchase of the LP interests. The sponsor enters the transaction to generate liquidity, add leverage to its portfolio and/or obtain regulatory capital relief, among other motivations. A copy of the primer is available [here](#).