

Fund Finance Friday



NAV Lending Provides Solutions for Middle-Aged Funds

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Aberdeen Standard Investments outlined the benefits of a growing trend among middle-aged funds in utilizing NAV lending to fill its liquidity gaps accelerated by the coronavirus pandemic. The coronavirus pandemic caused many middle-aged funds to use their remaining capital to defend portfolio companies' value, leaving them with limited liquidity to continue funding buy-and-build strategies. The lack of liquidity for many middle-aged funds placed them in a precarious position where they are in a crucial period to create value for their investors but lack easy financing alternatives. To obtain the liquidity a fund requires to increase the portfolio's value without further dilution, managers are increasingly utilizing NAV facilities to pursue "tack-on acquisitions" instead of passing up the opportunity. Managers of middle-aged funds are starting to realize that a NAV facility aligns General Partner and Limited Partner goals to support the portfolios and maximize Limited Partners' returns.

As NAV lending continues to develop into a mainstay in the fund financing world, Cadwalader's Fund Finance Group has helped clients utilize NAV lending to achieve their financial needs.

To see Aberdeen Standard Investment's article, click [here](#).