C A D W A L A D E R

Fund Finance
Friday

Optimizing Fund Finance with Umbrella and Master Facilities

May 22, 2026

Table of Contents:

- **Mastering the Umbrella: Structural and Practical Considerations for Umbrella and Master Credit Facilities**
- **Does a Steeper Yield Curve Matter for Fund Finance?**
- **Patrick Calves and Michael Tenenhaus to Participate in Careers in Finance Law Panel**
- **Inaugural FFA Fall Forum Agenda Taking Shape**
- **George Pelling to Serve as Panelist at 10th Annual European Fund Finance Symposium**
- **Fund Finance Hiring**

Mastering the Umbrella: Structural and Practical Considerations for Umbrella and Master Credit Facilities

May 22, 2026

By **Joe Zeidner**
Partner | Fund Finance

As the fund finance industry has matured, investment managers and lenders alike have sought increasingly efficient and flexible ways to structure credit facilities across expanding fund platforms. Sponsors today generally manage multiple funds with differing investment strategies while lenders are navigating borrower relationships, balance-sheet optimization and evolving syndication dynamics. As the umbrella facility has continued to evolve, a new form, the master credit facility, has emerged to provide even more optionality to market participants. This article distills the differences from an operational, documentation and practical perspective so you can implement these important structuring tools in your next relevant facility.

Although umbrella facilities and master facilities share the same DNA, they are distinct concepts with different implications. Both structures seek to streamline execution and administration by consolidating elements of multiple credit facilities into a unified framework. But the degree of flexibility—and corresponding complexity—can vary significantly.

While the central structural mechanics of both approaches are substantially similar, there are principal benefits and tradeoffs for each, with key drafting and functional considerations when determining which approach may be most appropriate for a particular deal. Since umbrella facilities have long been used in our market, this article briefly recaps their features before delving into a deeper discussion of how the newer master facility construct works.

Umbrella Facilities: One Lender Group Across Multiple Borrower Fund Groups

In a conventional structure, a discrete borrower group consisting of one or more fund vehicles with a unified investment thesis enters into its own standalone credit agreement with a lender or group of lenders. If the manager launches a second fund with a new business strategy or a successor fund, the parties typically negotiate and document an entirely separate facility. But as sponsors have scaled, fund structures have become more sophisticated and lenders have sought to broaden their touchpoints with their closest fund clients. Market participants have thus explored methods to centralize financing arrangements while preserving sufficient flexibility for distinct borrower groups. Enter the umbrella facility.

At its core, an umbrella facility is a structure in which multiple fund groups operate under a single credit agreement with the same lender group. A key feature is that the lender group remains substantially identical across the entire structure. The administrative agent is generally one of the lenders for each fund group. Although investor bases, investment asset classes and facility economics may vary among the fund groups, the same lender syndicate participates throughout the facility.

Structurally, each group of borrowers under an umbrella facility is ring-fenced from the others. The obligations of one fund group may be joint and several among the borrowers within that fund group, but will be several and not joint between the different fund groups. The collateral pools are segregated between fund groups such that the investor capital commitments for one borrower group does not support the obligations of the other fund groups. In effect, the parties create multiple independent facilities housed under a single documentation framework.

From a sponsor perspective, the principal attraction is efficiency. Negotiating a unified framework in a single credit agreement can substantially reduce execution time and administrative burden. Rather than renegotiating a largely duplicative set of provisions for each subsequent fund launch, the sponsor and lender establish a common architecture and set of terms that can accommodate numerous affiliated fund groups.

Umbrella facilities may also facilitate easier onboarding of successor funds. Once the umbrella structure is established, additional fund groups can be added via joinders or limited amendments rather than through fully negotiated standalone credit agreements.

For lenders, umbrella facilities may deepen sponsor relationships and improve visibility across the sponsor's platform. If a lender wins one deal, an umbrella may help it get mandated for future funds that can be rolled into the existing loan

documents with the investment manager. The structure can also streamline syndication and portfolio management by consolidating related exposures within one coordinated facility.

Flexibility and Operational Benefits Balanced Against Standardization

The flexibility of an umbrella facility extends beyond mere documentation efficiency. Borrowers under an umbrella structure may have varying investment periods, investor pools and pricing while still operating under the same overarching agreement. While borrowing bases are often constructed similarly, the parties could tailor eligibility criteria and concentration limits separately for each fund group if there are different borrowing needs for the borrowers or different credit criteria for the lenders.

Similarly, one fund group may only have a revolving facility while another utilizes both a revolving and a term-loan structure. Certain fund groups may include ESG pricing toggles while others may not, or they could have different stated maturity dates. The parties can calibrate these commercial distinctions without needing entirely separate loan documents. Still, typically the fund groups in an umbrella facility have mostly common terms among them, as the purpose is more focused on providing a consistent set of negotiated terms rather than varied terms.

Operationally, umbrella facilities can also simplify amendment and extension exercises where multiple affiliated facilities would otherwise require parallel document drafting and negotiations. Administrative agents may also benefit from centralized reporting and more streamlined communication across the sponsor's platform.

Despite these efficiencies, umbrella facilities introduce some complexity that parties should evaluate with care. One central consideration is balancing standardization against customization. The more variability among fund groups, the more difficult it may become to maintain a streamlined umbrella structure. If each fund group requires extensive deviations from the common framework, the efficiencies and potential savings on legal fees of setting up the umbrella may diminish. If there are too many changes to terms between fund groups, it may be easier, faster and more cost effective to simply duplicate the loan documents for subsequent fund groups rather than building umbrella provisions into an otherwise standard credit facility. That's why most umbrellas don't have much variability in the facility structure or terms among fund groups. As described below, a feature of master credit facilities is they are intended to provide ultimate flexibility to allow as much differentiation in terms among fund groups as possible.

Master Facilities: Expanding the Umbrella for Ultimate Coverage

Whereas an umbrella facility generally maintains one consistent lender group across multiple fund groups, a master facility permits different borrower groups to have different lender syndicates under the same overarching credit agreement. Moreover, the administrative agent may even not be a lender to every fund group. Additionally, while umbrella facilities tend to keep terms fairly consistent among fund groups, master facilities are constructed to provide a full range of structural options for the different fund groups to potentially access.

The optionality of a master credit facility can provide substantial flexibility for sponsors and lenders alike. Sponsors may tailor lender groups based on fund strategy, jurisdiction, investor composition, hold sizes or relationship considerations without needing entirely separate agreements. Lenders can selectively lend to fund groups that fit their credit appetite, portfolio objectives or regulatory considerations.

The Fund Group Supplement Architecture

Like with umbrella facilities, a master credit agreement contains the overarching business, operational and legal provisions applicable across all fund groups. But to provide the broadest flexibility, master facilities use fund group supplements that are attached to the credit agreement like separate annexes for each fund group to specify the business and economic terms applicable to that group of borrowers.

Fund group supplements may address the group of borrowers and related fund vehicles, facility size, syndicate composition, lender commitments, lender tranches, pricing, borrowing base criteria, advance rates, stated maturity dates, currencies, extension and increase options, threshold event of default amounts and bespoke covenant provisions.

This modular structure can significantly reduce documentation redundancy. Rather than negotiating independent credit agreements or having an umbrella facility with largely unified terms, the parties negotiate one master framework and customize the individual fund group variances through supplements. The credit agreement stipulates that its terms govern all fund groups but the fund group supplement for each particular fund group supersedes any provisions in the credit agreement for that fund group.

Operational and Voting Considerations in Master Facilities

The major initial question the parties to a master facility should consider is how many features to build into the credit agreement. It can be cumbersome to wrangle a multitude of lender groups that don't overlap to approve amendments to a master credit agreement. So the version at the first closing of the credit facility should include any elements that might be useful for the borrowers and lenders going forward. Of course, the potential for flexibility must be balanced against the time and legal cost spent to add aspects that may or may not be used.

The parties should consider whether to include Cayman and Luxembourg provisions (or provisions specific to any other jurisdiction where current or future credit parties may be located), alternative currency language, a letter of credit facility, temporary increase options, term loan language, a swingline, tranche B mechanics, hybrid or NAV features, ESG elements and any other provisions that could be used by prospective parties to the facility. If the parties fail to include any needed or helpful options at the initial closing, they can always add them into the credit agreement later via amendment or just into the individual supplements for the fund groups that may employ those options.

Perhaps even more important, the parties should thoughtfully structure amendment provisions to ensure only the relevant lenders vote on matters affecting their borrower groups while preserving appropriate protections for lenders whose interests may be indirectly affected. The answer may depend on whether the amendment affects global provisions of the master agreement or only localized supplement terms. The key is to make it clear that only the lenders to a particular fund group affected by an ordinary change to a loan document outside of sacred rights will have a vote to approve such change.

The treatment of sacred rights becomes more intricate in a master facility than in an umbrella structure. A sacred right for lenders applicable solely to a specific fund group may appropriately require only the consent of affected lenders to that fund group. But changes to the core architecture of the master agreement, such as amendments to agency protections, assignment provisions, indemnity clauses or enforcement mechanics, may require broader lender approval.

If it's contemplated the administrative agent could choose to not be a lender to a particular fund group, care should be given to ensure any related provisions throughout the credit agreement address relevant issues. Consent standards may need to be tweaked to allow the majority lenders or all lenders to vote on clauses where the administrative agent ordinarily has the authority to do so. Indemnity and repayment of costs provisions should also be focused on to implement the appropriate level of remuneration for each of the secured parties.

When an Umbrella or Master Facility Makes Sense

Not every sponsor or lender group will benefit from an umbrella or master facility structure. For smaller sponsors with only one or two relatively straightforward fund vehicles, standalone facilities may remain operationally simpler and easier to administer. Likewise, if fund groups have materially different strategies, investor profiles or financing needs, the efficiencies of consolidation may be outweighed by drafting and operational complexity.

Umbrella and master facilities tend to work best where sponsors maintain recurring financing needs across multiple affiliated vehicles, there is sufficient overlap in operational mechanics and legal terms, the parties value rapid onboarding of future funds, and the sponsor has sufficient scale to justify the upfront structural investment and cost.

Master facilities may be particularly attractive where lender composition is expected to vary meaningfully across fund groups or where sponsors seek maximum flexibility to tailor financing sources over time.

At the same time, lenders should carefully evaluate operational capacity, agency complexity, exposure aggregation and internal approval requirements before implementing these structures. Administrative agents especially may require enhanced infrastructure and documentation precision to effectively manage a master facility platform.

Final Thoughts

Umbrella and master subscription facilities reflect the continued evolution and sophistication of the fund finance market. These structures provide increasingly valuable tools for structuring flexibility and operational efficiency. The parties should carefully evaluate balancing ease of administration, speed of execution and the potential for future optionality against the upfront investment of time and legal fees and the added complexity when considering an umbrella or master facility. As the market continues to innovate, we expect umbrella and master facilities to become increasingly prominent, particularly among larger sponsors and more sophisticated lender groups. With prudent

structuring and disciplined documentation, these facilities can provide meaningful benefits to all parties involved while preserving the fundamental credit protections that underpin our fund finance products.

Does a Steeper Yield Curve Matter for Fund Finance?

May 22, 2026

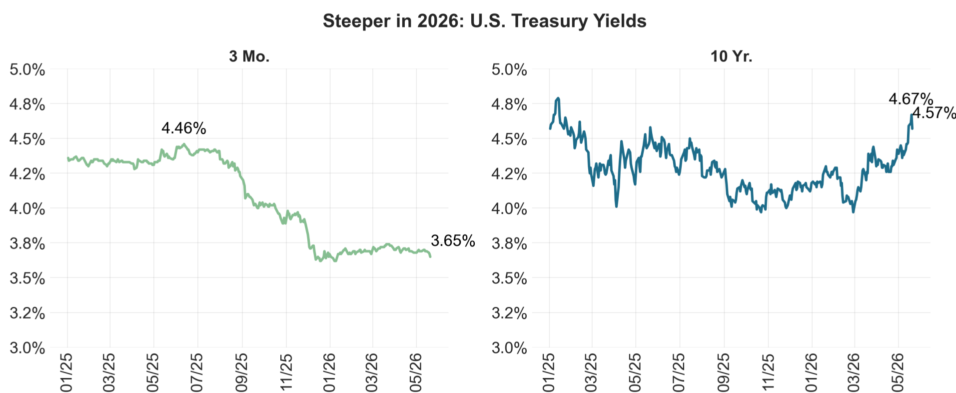
By **Chris van Heerden**
Director of Market Research | Fund Finance

Higher long-term interest rates complicate the sponsor value creation model by limiting the value that can be extracted from investment capital structuring due to higher term financing costs, undermining a buy-and-hold approach as lower benchmark rates at exit is no longer a given, and increasing the discount rate for asset net present value of investments. We see several potential implications for fund finance resulting from the 2026 rate environment:

- A steeper yield curve means borrowing at the short-end of the curve, including via subscription and asset-backed revolving capacity, has become significantly more compelling for sponsors.
- Expect selective substitution away from longer-tenor fund-level debt to result in subscription amendment activity skewing toward reserving or increasing borrowing capacity, extending a trend that emerged in 2025. Look for facility utilization to increase at the margin. Overall bank balance sheet capacity has evolved to accommodate fund needs.
- Sponsors that seek to maximize short-end borrowing capacity may have more reason to explore umbrella and master facilities to consolidate borrowing capacity across funds.
- While long-duration, deep j-curve PE funds face fundraising headwinds due a long cash flow duration profile and a compressed risk premium between the 8% pref return and higher Treasury benchmarks, income-oriented fundraising may benefit, given a shorter duration profile and the ability to originate into a higher rate environment.

A Curve Steepening Recap

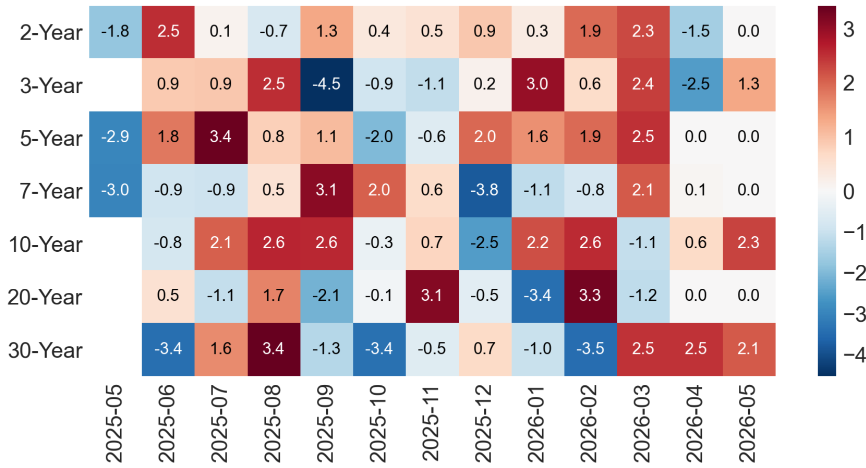
Yield curve steepening in 2026 doesn't require commentary from FFF, but I'll put a few observations on the table: (1) Steady front-end rates underscore that this is not a cuts-are-coming steepener, (2) higher long-end yields may be indicative of reduced appetite for duration, (3) term premium, the incremental compensation for holding longer exposure is clearly higher, (4) higher long-end rates reflect a mix of fiscal-driven (non-transitory) supply, inflation, and required risk premium factors.



Source: U.S. Department of the Treasury and Cadwalader, Wickersham & Taft LLP.

Embedded in the higher yields shown above is a weakening demand picture that emerged in February and appears to be extending into May. Below we show a monthly tenor-bucket composite auction stress score matrix that measures Treasury coupon auction results against the prior four auctions. Higher stress score numbers this month (shown in red) signals weak support for long-end Treasury auctions.

The score combines four standardized auction components computed over a trailing four-auction window: a lower bid-to-cover raises the score, higher primary dealer takedown raises the score, lower indirect bidder share raises the score, and higher allotted-at-high raises the score. Higher yields should be viewed in the context of the weakening demand backdrop.



Source: U.S. Department of the Treasury and Cadwalader, Wickersham & Taft LLP.

Part of the weakening demand traces to foreign buyers, as reflected in the decline in Treasuries held in custody at the Fed on behalf of foreign official accounts. As these generally price-insensitive, policy driven buyers have stepped back, auctions have come to rely more on price-sensitive buyers.

Source: Federal Reserve and Cadwalader, Wickersham & Taft LLP.

<u>Foundations</u>

Two foundational finance principles bear a passing mention in the rate discussion. First, higher discount rates imply lower NPVs. Reflexive surface-level commentary often dismisses the impact on the assumption that input cost disruptions may prove transitory, but this overlooks the elevated Treasury supply outlook and the soft demand picture discussed above, which are also priced into the yield.

Second, over time interest rates drive capital flows. Specifically, capital tends to flow away from slower-to-reprice assets with compressed risk premiums versus benchmark rates and toward more responsively-priced assets. Secondary fixed income securities tend to benefit early as discount accretion and curve rolldown opportunities become available while other markets reprice overtime with more gradual price discovery.

<u>Fund Finance</u>

Does all this matter for fund finance? Yield curve steepness well in excess of unused fees should make borrowing at the short-end of the curve via subscription and asset-backed revolving capacity more compelling to sponsors.

This already became visible in 2025 when 35% of the subscription amendments we processed included a commitment increase, up from 25% over the prior three years. The trend continues in 2026 with 30% of amendments to date including a commitment increase. Roughly 60% subscription amendments so far in 2026 have maintained or increased commitment size, showing that sponsors are biased to preserving or increasing subline capacity.

To be clear, this is not an argument for broader subscription adoption. Instead, the hypothesis is that a steeper yield curve will drive a marginal increase in subscription facility utilization, upsized commitments, extensions, and the use of umbrella structures to pool borrowing capacity across funds. The effect should be weaker for mature funds, where NAV or hybrid facilities remain the more natural liquidity tool.

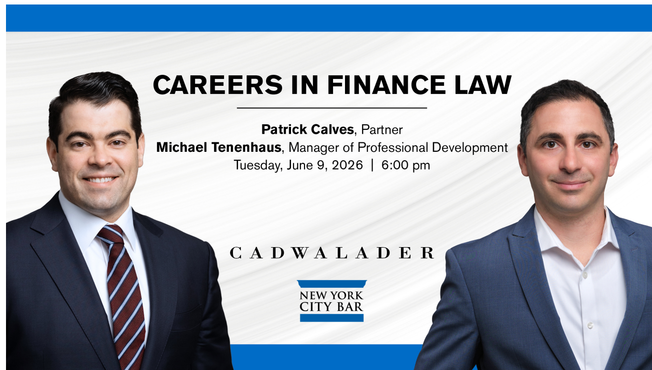
Two Final Points

Optionality inside and outside the fund finance credit agreement continues to prove valuable: The sponsor-lender relationship allows for market-responsive changes to the commercial agreement.

As it relates to the broader environment, higher long-end rates pose a headwind to fundraising, particularly for equity funds given the duration profile, as the risk premium of the static 8% pref return is compressed by higher Treasury yields. At the same time, income-oriented fund asset classes (a smaller segment of the market) become relatively more attractive given the ability to originate into higher rates and benefiting from a shorter duration cash flow profile.

Patrick Calves and Michael Tenenhaus to Participate in Careers in Finance Law Panel

May 22, 2026



Cadwalader Partner Patrick Calves and Manager of Professional Development Michael Tenenhaus will participate in the Careers in Finance Law program at the New York City Bar Association on Tuesday, June 9, from 6:00 p.m. to 8:00 p.m.

Patrick will serve on a panel that also includes Jonathan Aguedelo, Executive Director at SMBC Group, and Alison Syré, Senior Vice President at Macquarie Group, and will share insights related to fund finance, leveraged finance, and other transactional specialties. Michael will moderate the discussion.

The event be held in hybrid format: attendees can join in person at the New York City Bar Association's building at 42 W 44th Street or access the event via Zoom.

Careers in Finance is part of the City Bar's annual Summer Series, where lawyers and law students can learn about critical and practice areas for that year.

For additional information and to register, visit **here**.

Inaugural FFA Fall Forum Agenda Taking Shape

May 22, 2026

The agenda for the inaugural Fund Finance Forum, taking place in New York City on October 15, 2026, is now available **here**.

The event is designed to address the strategic shifts and evolving dynamics of today's global markets and will explore the trends and emerging opportunities currently redefining the future of fund finance.

The Fall Forum is being held from 1:00 to 7:00 p.m. at the Sheraton New York Times Square.

Register here before Monday, June 1 to take advantage of the the early bird rate of $399.

George Pelling to Serve as Panelist at 10th Annual European Fund Finance Symposium

May 22, 2026

10TH ANNUAL

EUROPEAN FUND FINANCE SYMPOSIUM

JUNE 24, 2026 | OLD BILLINGSGATE | LONDON

Cadwalader Fund Finance Partner George Pelling will be a panelist at the 10th annual European Fund Finance Symposium, taking place in London on Wednesday, June 24. He will take part in the 2:05 p.m. session "SubLines: The second coming?," which will focus on how SubLine structures are evolving.

The full event agenda is available **here**.

Location
1 Old Billingsgate Walk
Riverside, 16 Lower Thames St,
London EC3R 6DX

Individual passes for the 2026 European Symposium are £2,000.

You can register now **here**.

Fund Finance Hiring

May 22, 2026

Fund Finance Hiring

Here is who's hiring in fund finance:

Cadwalader, Wickersham & Taft LLP is seeking associates with three to six years of relevant experience for its Fund Finance practice in New York, Charlotte or London. Qualified candidates will have experience in syndicated lending, commercial lending, leverage finance, fund formation, CLOs, asset-based lending, NAV financings or acquisition financings. Candidates must possess excellent academic credentials and solid legal experience. Selected candidates will get extensive interaction with preeminent bank, asset manager and lending clients. If interested, **please email Margaret Cart**.

SouthState Bank is seeking candidates to fill two positions, including:

> A **Private Capital Solutions Relationship Manager** who will be responsible for supporting the new client development and relationship management activities for the Fund Finance group. The role will include client portfolio management, sales support for new client opportunities, risk management and underwriting of new and existing client opportunities and cross-functional support for new client onboarding. This is a remote role and candidates must have a minimum two years of commercial banking, financial services or PE/Venture fund experience. Learn more **here**.
>
> A **Fund Finance Portfolio and Sales Associate** who will be responsible for supporting new business activity and ongoing portfolio management for Fund Finance relationships. The role will include client onboarding and diligence coordination, portfolio and credit support, and treasury and deposit support, among others. The individual can be based in Raleigh, Durham, Atlanta, or Richmond. Candidates must have one to three years of experience in commercial banking, credit support, portfolio management, fund administration, or a related financial services role. Learn more **here**.

Moody's Ratings is seeking two Vice Presidents-Senior Analysts (Fund Finance). The individuals' responsibilities will include leading the analysis for assigning new ratings to fund finance transactions, contributing to methodology and technology development projects, building and maintaining strong relationships with fund sponsors, lenders, and arrangers, and presenting at industry events, conferences, and webinars. Candidates must have at least eight years of credit or risk assessment experience with deep sector knowledge and excellent communication skills. Learn more **here**. Contact Jimmy Smith at **Jimmy.Smith@moodys.com** if you have any questions.

Stifel is seeking a Director/Managing Director of Fund Banking (Fund Finance). This individual will be the lead business development position for New York City and surrounding northeast geographies and will be focused on building new Fund Banking/Fund Finance business with VC/PE firms and being the senior relationship manager to those firms. Learn more **here**.

Redding Ridge Asset Management, which was stablished and seeded by Apollo Global Management, is seeking an Associate, CLO Structuring to join the firm's dynamic Structuring & Advisory team, supporting both its market-leading global CLO issuance business and other platforms within the Apollo ecosystem utilizing securitization technology. Learn more **here**.

Goldman Sachs is seeking a VIce President on the Capital Call Financing (CCF) team in New York. This role sits at the intersection of origination, underwriting, and relationship management, supporting private equity and alternative investment sponsors with bespoke subscription finance solutions. The individual will be responsible for sourcing opportunities, structuring facilities, and ensuring disciplined credit execution in partnership with Credit Risk Management and broader Private Bank stakeholders. Learn more **here**.