



AB NAVigator

Your Guide to Market Trends in NAV Financing
Published by AB NAV Lending



Our 2025 survey shows that NAV financing has continued to gain momentum within private markets over the past year. The use of NAV facilities is now firmly established as a portfolio management tool for private markets managers seeking to optimize liquidity, fund performance and capital efficiency.”

Rede Partners—NAV Financing Market Report 2025

Market Update: Focus on NAV Lending in the Evolving Secondaries Market

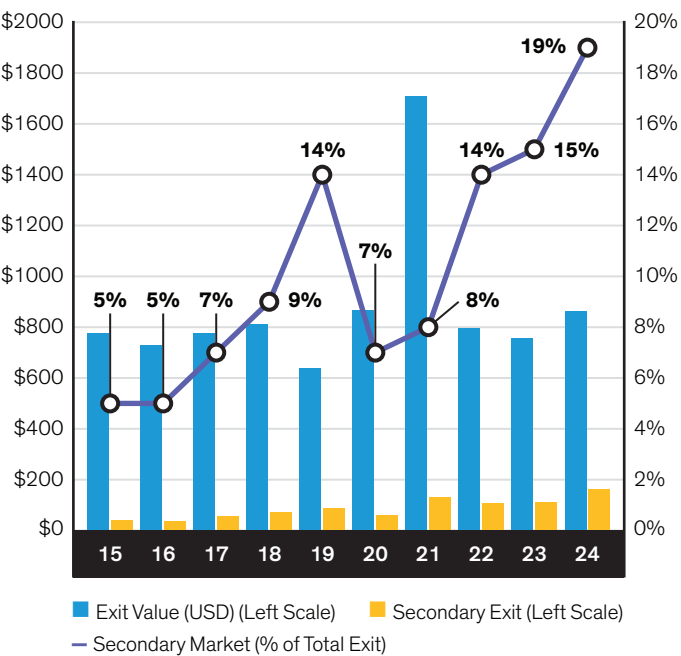
Changing Landscape: Evolution of Secondaries from Niche to Necessity

In a challenging PE exit environment, the secondary market has become a critical liquidity outlet for both LP and GPs—complemented by the growing use of NAV financing to bridge extended hold periods.

Secondary Market Activity Trend

- **Robust Secondary Fundraising as Institutions Pursue Differentiated Returns:** Secondary fundraising remained robust in 2024, totaling \$81B, just below the 2023 record of \$86B. Institutional investors continue to anchor fundraising with return expectations varying by strategy, with GP-led single-asset deals targeting ~15–20% IRRs and LP-led buyout portfolios around 12–15%.
- **GP-Led CV Volume Hits Record:** GP-led transactions surged to a record \$65B in 2024, up 41% from 2023 and surpassing the previous peak in 2021. Multi-asset GP-led transactions accounted for 44% of 2024 volume, providing diversified exposure—with 28% of deals pricing at par or better, underscoring continued investor appetite for portfolio-level opportunities.
- **LP-Led Deals Provide Liquidity Amid Exit Drought:** LP-led deals have become a key liquidity source—making up 51% (\$89B) of 2024's \$175B secondary market. The sale of stakes in Buyout funds accounted for 70% of that volume, with LPs turning to secondaries to rebalance and raise cash. Notably, Institutions like Harvard & Yale's sizable private equity sales highlight a broader endowment shift toward liquidity.

SECONDARY MARKET VS. GLOBAL PE EXIT VOLUME



As of December 31, 2024 | **Source:** Pitchbook—Global PE Exit and Secondaries Exit—Lazard Secondary Market Report

NAV loans are enabling sponsors to execute complex secondary deals with greater precision—unlocking liquidity while preserving value, especially in concentrated CVs where timing and flexibility are critical.

NAV Facilities for Secondaries

Sponsors and LPs are increasingly turning to NAV loans in secondaries. The table below outlines how use cases vary across transaction types.

Category	GP-Led Transactions	LP-Led Transactions
Purpose of Capital	Supplements CV equity—funds purchase price and supports follow-ons.	Provides LP liquidity without asset sales; also supports new asset acquisition and follow-ons.
Structure & Risk	Concentrated assets (2-4 assets); bespoke underwriting; LTVs: 10–30% .	Diversified portfolios across funds/managers; standardized terms; LTVs: 25–50% .
Lender Requirements	Requires specialist NAV lenders with deep asset-level underwriting and risk appetite.	Accessible to a broader range of NAV lenders due to portfolio diversification.

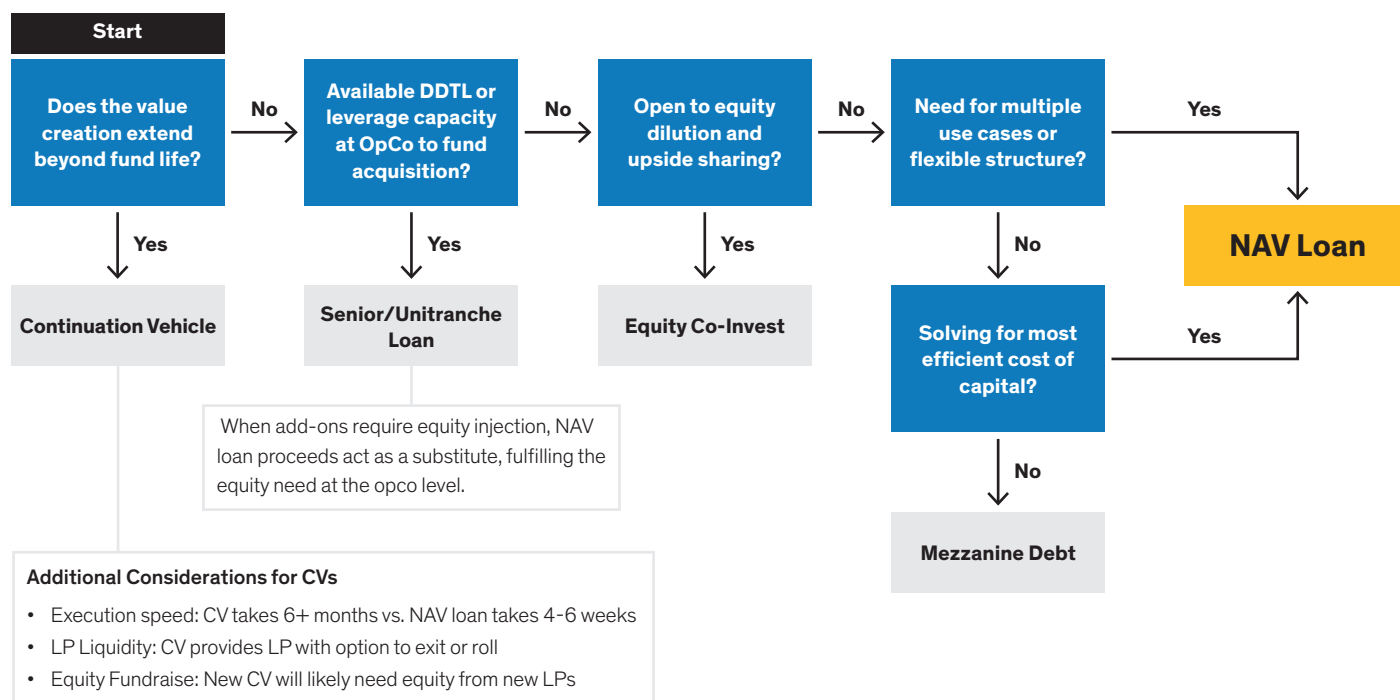
NAV Loans 101: Why NAV Loans Make Strategic and Economic Sense

Later in a PE fund's life, company-level solutions can be inflexible, expensive, or dilutive.

- Once LP commitments have largely been drawn, the fund cannot call capital or draw on the subscription line
- Refinancing senior operating company indebtedness often doesn't reduce cost or solve the entire capital need

Case Study Using Capital Solution Decision Tree

Situation: A Fund's portfolio company is evaluating the strategic acquisition of a profitable, R&D-focused business to unlock innovation and accelerate growth. With Fund III now 90% called, the sponsor is assessing multiple capital sources to fund the opportunity



Cost of Capital

Capital Source	NAV Loan	PortCo Mezzanine/HoldCo Debt	PortCo Equity
Est. Pricing	S + 4.5% – 6.5%	14-17%	~20%
Use Cases	<ul style="list-style-type: none">• Growth investments• Protective liquidity• Capital Optimization	<ul style="list-style-type: none">• Growth investments• Protective liquidity• Capital Optimization	<ul style="list-style-type: none">• Growth investments• Protective liquidity
Advantages / Drawbacks	<ul style="list-style-type: none">• Highly customizable structures tailored to fit specific use case	<ul style="list-style-type: none">• Expensive• Risks over-leveraging a single company	<ul style="list-style-type: none">• Most expensive / dilutive

AB NAV Lending Team

AB NAV Lending enables AB Private Credit Investors (AB-PCI) to provide fund-level financing to private equity sponsors in addition to direct lending and equity co-investment solutions for portfolio companies.


AB NAV Platform

- Highly experienced team executing NAV loans: ~\$5.5 billion across ~60 deals
- Synergy with corporate credit originations and underwriting teams at AB-PCI
- ~\$400 million executed since Q2 2024

Solution Offerings

- Investment-Grade NAV (5+ Investments)
- Specialty NAV (2–4 Investments)
- Management Company Loans
- GP Stake Financing

Select Recent Transactions



\$100,000,000
April 2025
Fund Deployment
Optimization



\$150,000,000
December 2024
Financing Additional
Investments



\$30,000,000
October 2024
Working Capital for
Strategy Pivot

Upcoming Conferences and Events

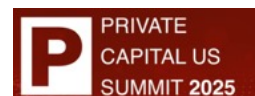


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AB CFO/COO Private Equity Conference
New York | September 30, 2025

CADWALADER

Cadwalader Finance Forum 2025
Charlotte, NC | October 29, 2025



Private Capital US Summit 2025
New York, NY | November 06, 2025

Meet the Team



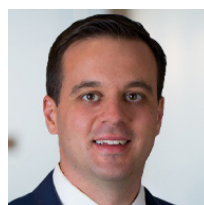
DUPE ADEYEMO
Managing Director,
Head—AB NAV Lending



SARA CASEY
Director—AB NAV Lending



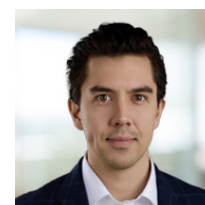
PATRICK FEAR
Senior Managing Director,
Chair—AB NAV Lending



PATRICK GIMLETT
Managing Director—
AB NAV Lending



MANISH KUNDNANI
Assistant Vice President—
AB NAV Lending



NICK SANTOS
Associate—
AB NAV Lending

Discover more at alliancebernstein.com. For more information, please contact the AB NAV Lending team at NAVlending@alliancebernstein.com.

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