

AB NAVigator

Your Guide to Market Trends in Fund and Manager Finance



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As General Partners increasingly approach the management company as a true enterprise, the market has responded with more sophisticated, bespoke capital solutions, including GP Stakes and GP Financing, to support that evolution.”

Dupe Adeyemo—Managing Director, Head—AB-PCI FMF

Rebranding Update: The NAV Lending team has recently undergone a strategic rebranding and will now operate as AB-PCI Fund & Manager Finance (FMF). This rebrand reflects the platform's expanded capability to provide non-dilutive capital to both private capital funds (Fund Finance / NAV lending) and investment managers (Manager Finance). Read the official announcement [here](#).

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GP Capital Solutions: The Modern GP's Capital Toolkit

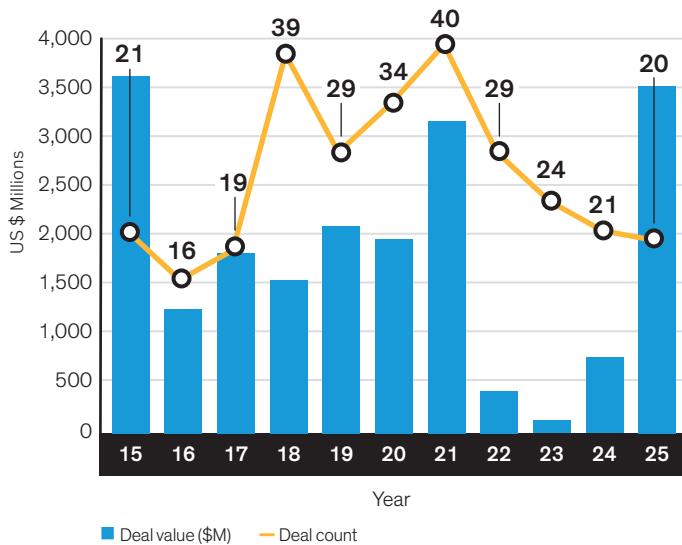
In Focus: GP Stakes & GP Financing

Two core GP Capital Solutions that GPs increasingly use to access strategic capital and unlock GP enterprise value—now estimated at \$1.7 trillion.

- Evolving capital needs:** Managers face a more selective fundraising market while balancing liquidity and growth, with capital primarily used to:
 - Support platform expansion & new strategy development
 - Fund GP commitments and provide capital for new funds
 - Facilitate leadership succession transitions
- Broad participation:** GP Stakes and GP Financing are being used by buyout, credit, infrastructure, and multi-strategy platforms, reflecting adoption across private markets.
- Sustained transaction activity:** Non-dilutive financing is rising, with GP financing at \$19.6B in 2024 and projected to reach \$58B by 2033¹, while GP-stakes and asset-manager M&A remain strong
- Capital Formation:** GP stakes fundraising has surged, averaging roughly \$12B annually from 2021–2024 versus \$6.7B per year in 2015–2020², while new entrants have increased GP financing capacity to support deal flow.

GP GLOBAL STAKES DEAL ACTIVITY

2025 posted \$3.5B in deals—the highest level since 2016



As of October 31, 2025 | Source: Pitchbook

GP Stakes vs. GP Financing: Choosing the Right Tool for the Objective

Managers are increasingly choosing between GP stakes and GP financing based on the specific outcome they need: targeted and non-dilutive capital versus permanent equity capital.

GP Financing: Key Players & Structures

- Driven largely by direct lenders, this market benefits from institutions willing to structure bespoke collateral packages, negotiate non-standard terms, and accommodate moderate deal sizes—aligning with their strategy of managing complexity.
- Arrangements remain highly bespoke, tailored to each sponsor's structure, fund terms, and leverage profile.

MANAGER PRIORITIES

- Seeking nondilutive capital
- Fund GP commitments at first close
- Smooth working capital
- Liquidity without asset sales
- Succession planning

- Partners that can add strategic or operational value
- Raise long-term, permanent balance sheet capital and mitigate future refinancing

GP Stakes: Key Players & Structures

- Specialized GP-stakes platforms—including Blue Owl, Bonaccord, Investcorp, Petershill, and Wafra—continue to lead the market in providing strategic, long-term capital.
- Preferred-equity structures are increasingly used in GP-stakes deals, offering contractual returns and downside protection, especially for emerging managers.

Q&A with Proskauer Rose LLP: Evaluating GP Facilities

1. What is a GP financing?

A GP financing is a loan made to the sponsor (or an affiliated entity) that relies on future economic entitlements to support its repayment. GP financings address a distinct set of liquidity needs within the sponsor organization from those met by other fund finance products. GP financings enable sponsors to access capital at the highest tiers of their structures.

2. Why do GPs utilize financing facilities?

GP financings typically include one or more of the use of proceeds below:

- Funding strategic investments and GP commitments
- Bridging delayed GP distributions
- Facilitating partner transitions, succession, and estate planning
- Refinancing and balance sheet optimization
- Working capital and operational flexibility

Covenants are focused on the integrity of the revenue streams and prohibition on arrangements that can impede revenue. Financial covenants are often limited, where decline in key ratios often lead to increased cash flow sweeps by the lender rather than enforcement.

3. Can you describe key structuring considerations and related covenants?

GP financings include a combination of collateral from:

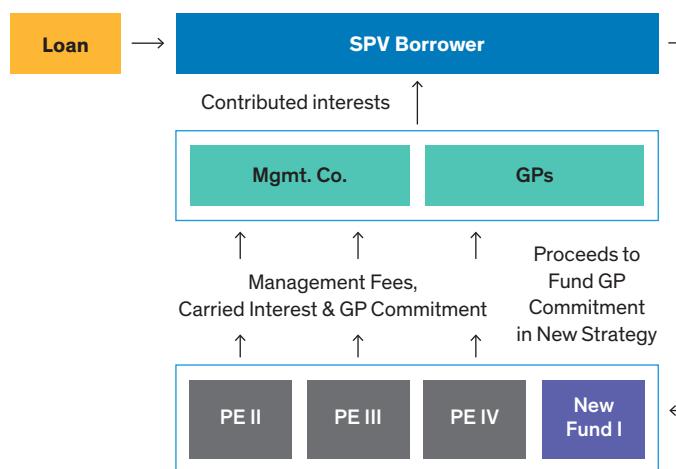
- (i) fee income, including management fees;
- (ii) carried interest, and
- (iii) distributions relating to GP investments. While lenders often seek direct pledges of fee income collateral, legal and structural constraints driven by the GP and management company's governing documents frequently influence the ultimate borrower and collateral structure. Common structuring options include:

Option 1: SPVs hold the collateral, with lenders taking equity pledges and security interests in income streams and other pools of value used to support the loan.

Option 2: If collateral is limited to management fees, the borrower is often the Management Company, with security over bank accounts and fee interests. Incremental credit support may also be provided through additional collateral or limited guarantees.

OPTION 1: TOPCO SPV BORROWER

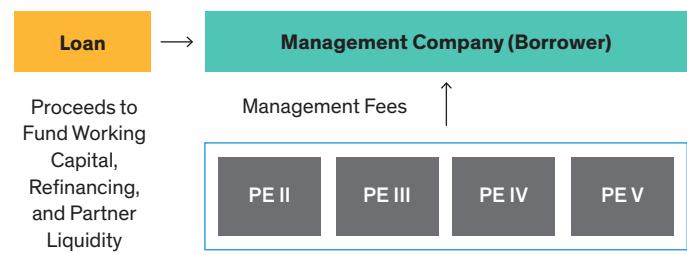
Illustrative GP Financing Structure



■ Borrower Entity ■ Management Company & GPs ■ Flagship PE Funds
■ New Strategy Fund

OPTION 2: MANAGEMENT COMPANY BORROWER

Illustrative Management Company Loan Structure



■ Management Company & GPs ■ Flagship PE Funds

AB-PCI Fund & Manager Finance (“FMF”)

AB-PCI FMF Solution Offering: At a Glance

\$25 million–\$1 billion Loan Size	5%–40% Loan to Value	SOFR 3.5%–8%+ Pricing	IG/Specialty NAV: 5+/2+ Portcos GP Finance: \$1B+ AUM
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Platform Highlights

- Part of AB Private Credit Investors (“AB-PCI”), a \$23BN private credit manager with 100+ professionals
- Expands AB-PCI’s sponsor-focused solution set to include fund and manager finance alongside existing direct lending and equity co-invest solutions
- Dedicated professionals with product expertise supplemented by underwriting and industry experts

Recent Transactions

 NAV Loan to Large PE Buyout Fund Q4 2025 Use Case: Fund Deployment Optimization	 NAV Loan to Middle Market PE Buyout Fund Q4 2025 Use Case: Fund Platform Acquisitions	 Management Company Loan to Middle Market PE Buyout Firm Q4 2025 Use Case: Optimize Capital Structure
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Upcoming Conferences and Events



15th Annual Global Fund Finance Symposium
Miami | February 2–4, 2026



Women's Private Equity Summit
Phoenix | March 8–11, 2026

Meet the Team



DUPE ADEYEMO
Managing Director, Head—
AB-PCI PE FMF



SARA CASEY
Director—
AB-PCI PE FMF



PATRICK GIMLETT
Managing Director—
AB-PCI PE FMF



PATRICK FEAR
Senior Managing Director,
Chair—AB-PCI PE FMF

CATON SANDERS
Vice President—AB-PCI PE FMF

MANISH KUNDNANI
Assistant Vice President—AB-PCI PE FMF

NICK SANTOS
Associate—AB-PCI PE FMF

Discover more at alliancebernstein.com. For more information, please contact the AB-PCI FMF Team at FMF@alliancebernstein.com.

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Resources

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[1 GP Financing Market Research Report](#)

[2 Secondaries and GP stakes: The next wave of private market innovation](#)

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