



AB NAVigator

Your Guide to Market Trends in
Fund & Manager Finance

Published by AB-PCI Fund & Manager Finance



Volatility increases uncertainty—but it also separates prepared sponsors from reactive ones. For those with flexible capital, periods like this tend to create opportunity rather than paralysis.”

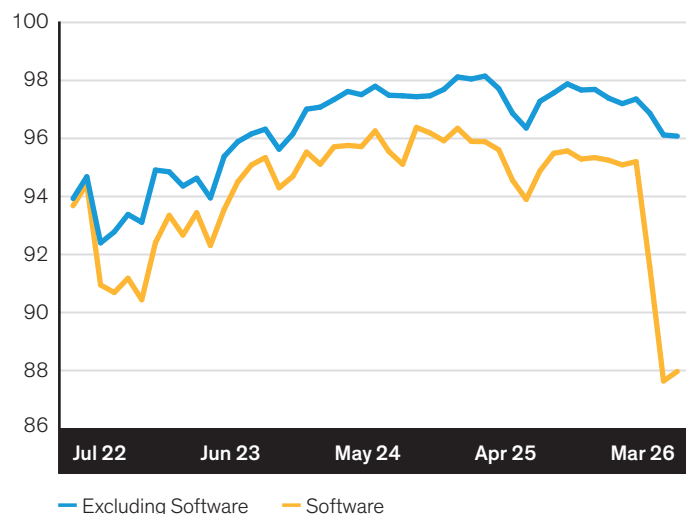
Dupe Adeyemo—AB-PCI PE Fund & Manager Finance

Volatility, Uncertainty, and Opportunity for Sponsors

AI-driven technology disruption, geopolitical conflicts, commodity shocks, credit repricing and muted M&A volumes have created uncertainty for sponsors—reshaping capital allocation decisions and increasing demand for alternative forms of capital.

VOLATILITY EVIDENCED IN LOAN PRICES

Weighted average bid price of performing loans



Morningstar LSTA US Leveraged Loan Index
Through March 31, 2026 | Source: PitchBook

Drivers of Uncertainty

AI-Driven Disruption and SaaS Valuation Volatility

- Rapid GenAI adoption has increased uncertainty around revenue durability and competitive moats in software, prompting a reassessment of pricing power and differentiation. That uncertainty has flowed through to public markets, contributing to volatility and a sharp reset in SaaS valuations, with median ARR multiples declining from **6.6x to 3.8x**¹ over the past year.
- **Impact:** Sponsors are facing a more challenging underwriting and exit environment as AI-driven disruption and weaker public comps converge. Diligence complexity has increased—particularly for businesses exposed to automation risk or weaker product differentiation—while compressed valuation benchmarks are extending hold periods, widening bid-ask spreads, and increasing reliance on alternative liquidity options.

Oil and Commodity Shocks

- Geopolitical tensions have increased volatility across oil and commodity markets. The price of Brent Crude rose by ~46% over a 10-day period,² highlighting how quickly cost assumptions can change.
- **Impact:** Creates uncertainty in commodity-sensitive sectors such as industrials, transportation, and consumer, where increased costs impact the company's ability to maintain margins. Second order effects on consumer demand remain uncertain.

Credit Repricing

- Widening credit spreads, publicized losses and concerns over portfolio concentrations have led to elevated redemption activity in private credit vehicles, which in turn exacerbates market and valuation pressure.
- **Impact:** Higher financing costs and tighter lender appetite can influence capital allocation decisions, increasing the equity capital sponsors must deploy for acquisitions and reserve to support existing investments.

NAV Loans Can Help Sponsors Bridge Periods of Uncertainty

Non-dilutive fund finance tools serve an important role in providing growth and support capital during periods of capital markets uncertainty, helping sponsors to take advantage of market dislocation and address concerns in their portfolios

Extended Hold Periods	Delayed exits due to market volatility (e.g., paused IPOs, "wait and see" approach from financial and strategic buyers) may create an opportunity for accretive add-on opportunities, particularly in the middle market; NAV loans can help fund platform growth while sponsors wait for more favorable exit conditions.
Investing in AI	Rapid advances in AI are prompting many portfolio companies to accelerate investment in technology and R&D to preserve competitiveness and enhance long-term value. NAV loans can provide both growth and support capital as companies incorporate AI into business models to benefit from technological change.
Credit Repricing	Higher financing costs and tighter lending conditions may require support capital, including to address interest burden or rebalance capital structures. NAV loans can provide a flexible source of liquidity at an attractive price relative to equity.

1 [The SaaS Capital Index](#)
2 [Short-Term Energy Outlook](#)

NAV Loans 101: NAV Loans vs. Alternative Sources of Capital

NAV loans should be evaluated relative to alternative sources of capital across cost, flexibility, and structural considerations. The comparison is particularly relevant in this environment as firms balance near-term liquidity needs with longer-term value creation and portfolio support objectives.

NAV Loans Compared with Other Financing Options³

Capital Source	IG NAV Loan	Junior Capital	Equity
Pricing	7%–10%	~14–17%	20%+
Structure	Loan to subsidiary of the fund or a specific holding company with fund guarantee	Second lien or preferred equity at company-level or HoldCo debt	Additional equity from existing investor or co-investors
Dilutive	Non-dilutive	Potentially dilutive	Dilutive
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
Execution Efficiency	Tailored with a well-established execution playbook; typically closes within 30 days with a simplified diligence process	Detailed asset-level due diligence; typically takes 60+ days with deal-by-deal structuring; timing varies by company and lender	For co-investments, multi-step, advisor-led process requiring custom materials and investor approval; Typically 2–4 months; complex deals can take up to 6 months
Flexibility	Fund-level capital able to be deployed across multiple portfolio companies	Company-specific financing, tied to a single asset	Company-level funding, fully dilutive
Considerations	Ease of Closing	✓	✓
	Bridge Liquidity Need	✓	✓
	Lowest Cost of Capital	✓	
	No Change to Control/ Board Seats	✓	✓
	Recourse to Fund Assets	✓	

✓ Always ✓ Sometimes

³ These views reflect the opinions of AllianceBernstein (AB) at the time of publication and are subject to change without notice. They are provided for informational purposes only and may not reflect the views of all AB investment teams. Other market participants may have differing opinions and interpretations.

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 + 325 bps–600 bps
Pricing of IG Loan

IG/Specialty NAV:
5+/2+ Portcos
GP Finance: \$1B+ AUM

Platform Highlights

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

Why AB-PCI Fund & Manager Finance?

- Full suite of capital solutions across risk, size, and structure
- Seasoned team: 30+ years in fund finance, 60+ successful deals
- Committed insurance capital drives low-cost, scalable solutions
- Relationship-first, recourse-light approach—built to partner with strong stewards of capital
- Deep underwriting and valuation expertise enables efficient execution

Recent Deal Highlights

\$300 million NAV Loan to Buyout Fund
Q1 2026

- Facility used to finance the purchase of an add-on acquisition
- Prudently preserved uncalled capital for future investments or managing uncertainty
- AB-PCI was able to execute efficiently given our structuring expertise and deep knowledge of the underlying portfolio companies and industries

with.
Intelligence

Women’s Private Credit Summit
Chicago | June 15–17, 2026



AB CFO/COO Event
New York | September 29, 2026

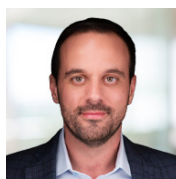
Meet the Team



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