

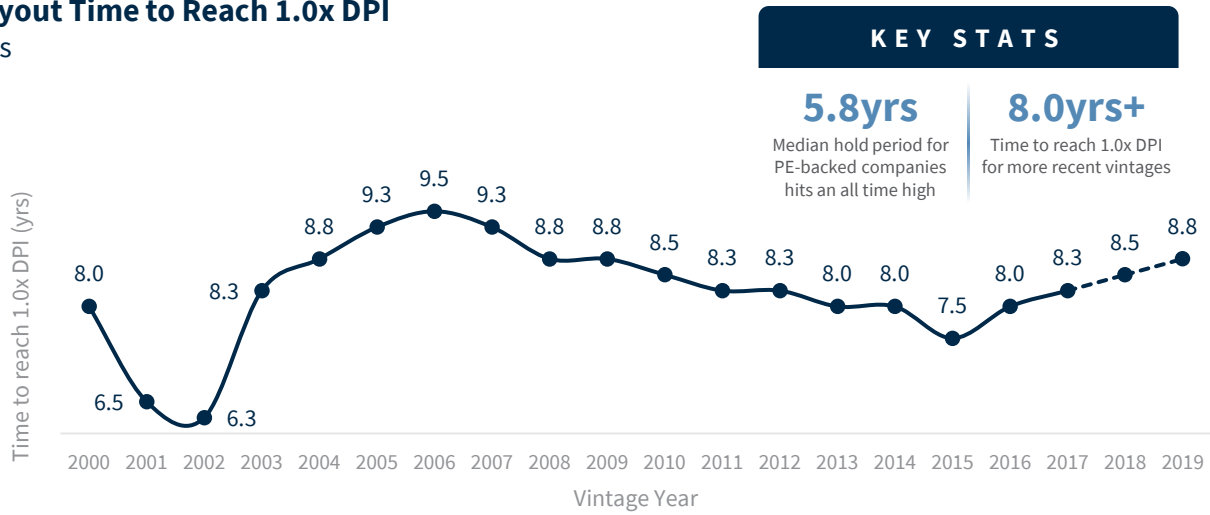
Private Capital Advisory Insights

Liquidity, Alignment, and Opportunity: How NAV Financing is Redrawing the GP-LP Map
 March 2026

NAV financing has moved from niche to mainstream in private markets. Once viewed as a short-term fix for funds under pressure, it is now one of the fastest-growing tools in the private equity liquidity toolkit. The shift is not just “more capital chasing the trade”; it is a response to longer holding periods, slower distributions, and sharper LP scrutiny.

Global Buyout Time to Reach 1.0x DPI

USD Billions

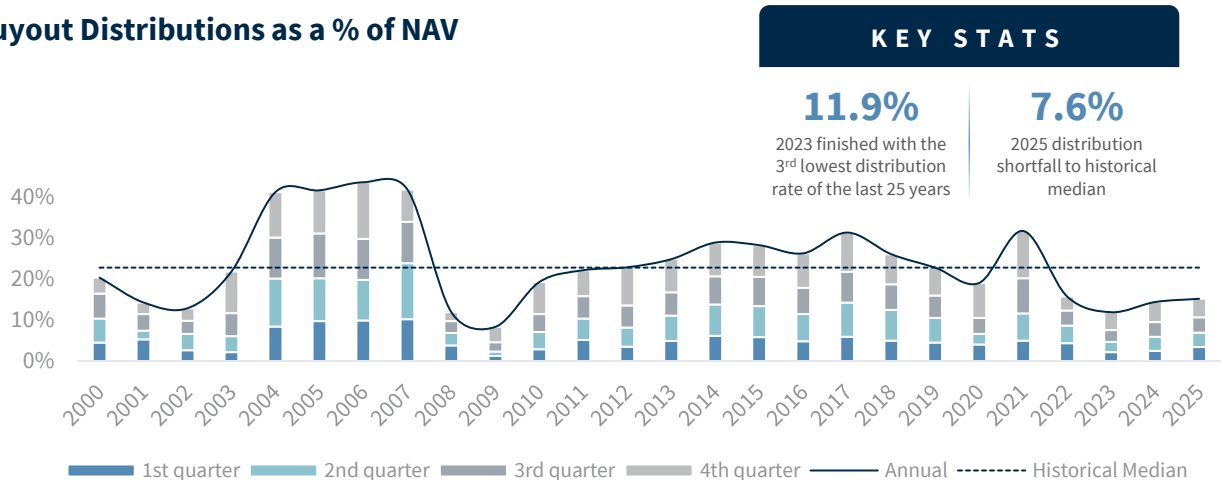


Source: Hamilton Lane Cobalt, Global Buyout, in USD as of 30 September 2025. www.PrivateEquityInfo.com

But as this market expands, an important question has emerged: Is NAV financing strengthening GP-LP alignment or creating new risks as the GP is no longer managing only between portfolio companies and LPs? There is now a lender with its own risk controls, information rights, and (often) a specific view on monetization. In practice, NAV financing is becoming a governance event as much as a financing event.

Why now? Because liquidity has remained a top-of-mind performance metric. In a recent LP survey, DPI was tied with MOIC as the second-most important metric shaping allocation decisions^[1], with market data backing up LP concerns.

Global Buyout Distributions as a % of NAV

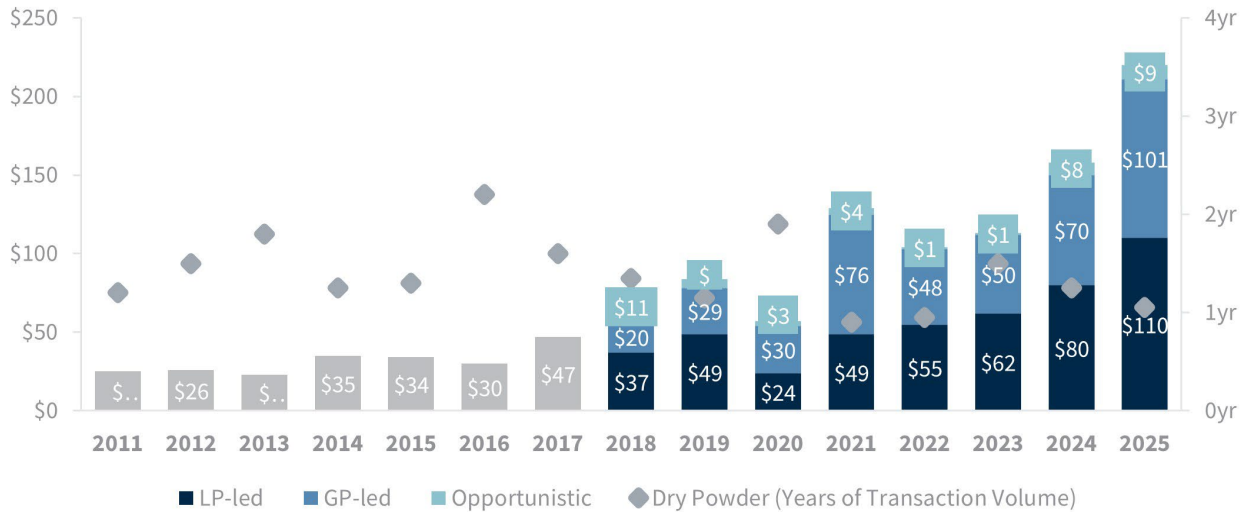


Source: Hamilton Lane Cobalt, Global Buyout, in USD as of 31 December 2025. Historical Median based on the 25yr period between 2000-2024.

In parallel, the liquidity toolbox has scaled fast. Global secondary market volume reached a record \$202bn in 2025 (up 39% from 2024), with GP-led volume at \$101bn. NAV financing is increasingly the adjacent tool: it can bridge time to exit, fund follow-ons, and (potentially more controversially) accelerate distributions when exits are delayed.

Secondaries Transaction Volumes and Dry Power Levels

USD Billions



Source: RJ PCA market intelligence as of January 2026.

The Liquidity Arms Race

NAV loans and continuation vehicles were once viewed as competing solutions, but they are increasingly used together to solve different problems. Continuation vehicles are equity solutions: they reset ownership, bring in new capital, and offer “true” liquidity for LPs who elect to sell. NAV facilities are debt solutions: they monetize a portion of embedded value without crystallizing an exit. In a tight exit window, NAV financing can buy time; in a strong window, it may not be needed.

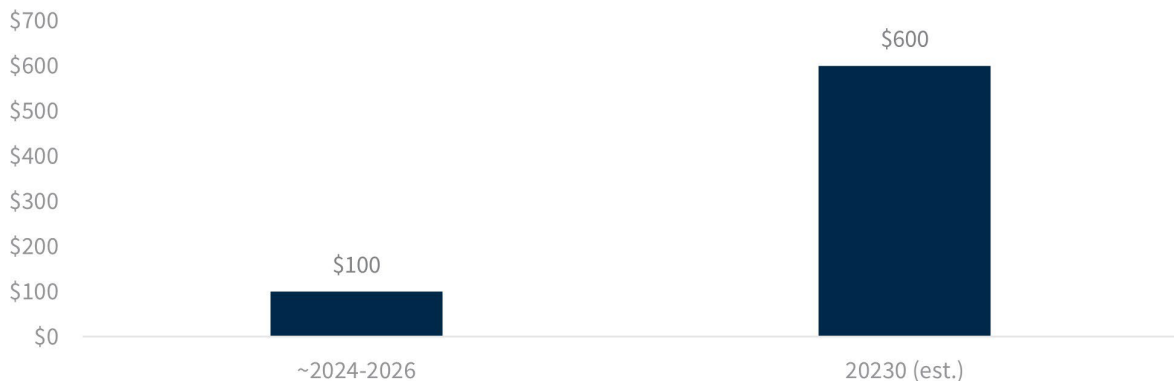
As a result, some GPs are layering NAV facilities with continuation structures to manage liquidity across fund lifecycles. Others are adopting hybrid models that combine subscription and NAV financing into a single umbrella facility.

The result is what could be called a liquidity arms race. Firms are competing to find the most efficient, cost-effective, and flexible ways to manage capital. Lenders are racing to innovate structures that balance flexibility with security.

The market’s own growth expectations underscore how permanent this tool may become, with estimates projecting that NAV-based facilities market could grow from approximately \$100bn today to \$600bn by 2030^[2].

NAV-Based Facilities Market Size vs. 2030 Projection

USD Billions



Source: ILPA, NAV-Based Facilities: Guidance for Limited Partners and General Partners - Part I (2024), citing Fund Finance Association estimates.

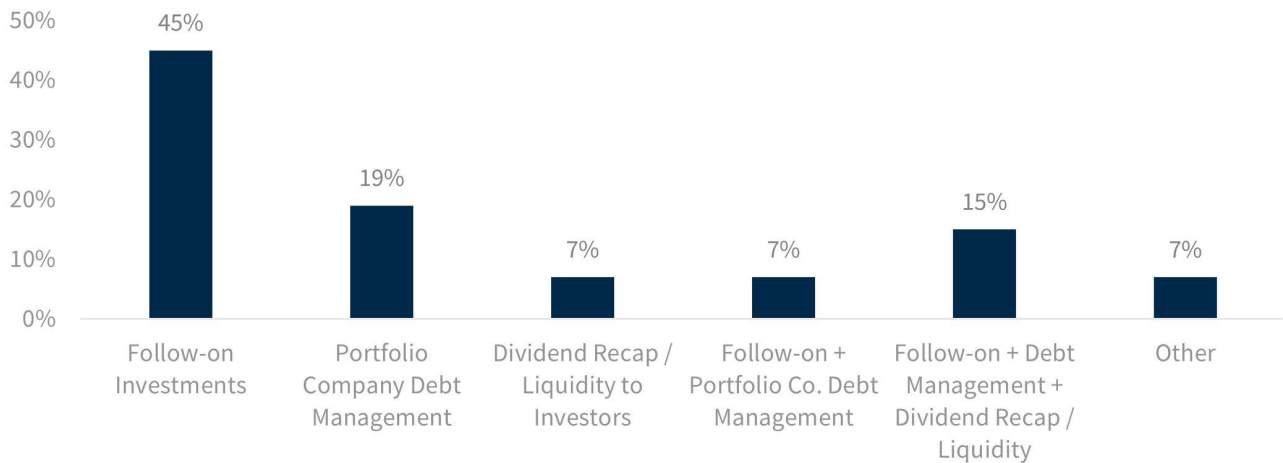
Where the money goes, and why it matters

The debate around NAV financing often centers on whether it is being used for value creation or for optics. The most LP-sensitive use case remains distributions funded by leverage, because it can pull cash forward while pushing repayment (and interest cost) to future realizations.

Importantly, market data suggests most NAV usage is still tied to portfolio support rather than “synthetic DPI.” An estimated 80% of NAV-based facilities have been used to support portfolio companies and 20% to make distributions[3].

Within primary buyout-style NAV facilities, follow-ons are the dominant stated use of proceeds, followed by portfolio company debt management, with distribution use a small share on a standalone basis but more meaningful when bundled with other purposes.

NAV Facility Use of Proceeds



Source: Proskauer, Insights on the NAV Lending Market - Full Year 2025.

What to watch for in 2026

A notable shift is underway. Some institutional investors are no longer just fund investors; they are also NAV lenders. Pension plans, insurers, and sovereign wealth funds are deploying capital into NAV lending platforms or direct transactions. The appeal is straightforward: stable, collateralised exposure with attractive yields and shorter duration than traditional private equity investments.

This development is reshaping power dynamics in the market. LPs are becoming both equity participants and creditors, effectively lending against the same portfolios in which they invest. For GPs, this opens new capital sources. For LPs, it offers a way to generate yield while staying close to the assets they know.

ILPA's guidance is accelerating a shift toward “expected disclosure” around rationale, structure, leverage limits, and the impact on performance metrics. GPs should get ready for more LP requests of NAV-adjusted performance views (e.g., DPI and IRR shown both gross and net of fund-level leverage effects).

The old private equity model revolved around binary liquidity moments. Today, liquidity is continuous, engineered, and actively managed. NAV financing is one expression of that shift, allowing managers to reshape timing without reshaping ownership. But with that flexibility comes responsibility and every acceleration of DPI today echoes in tomorrow's risk profile.

In a market defined by longer holds and uneven exits, fund-level leverage is becoming a strategic choice rather than a defensive one. The differentiator will not be access to NAV capital, it will be judgment. When to use it, how much to use, and how clearly the trade-offs are communicated.

RAYMOND JAMES

FOR INSTITUTIONAL USE ONLY

© 2026 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.
Raymond James Financial International Limited is authorised and regulated by the Financial Conduct Authority (FRN 188244).
800 Carillon Parkway, St. Petersburg, FL 33716 | (727) 567-1000

(1) Alexandra Heal, "Funds for wealthy investors snap up expensive private equity stakes", Financial Times (London, 11th May 2025)
<https://www.ft.com/content/8179cfd9-e31a-4484-8442-23a61815d5eb>.

Information obtained from third-party sources is considered reliable, but we do not guarantee that the information herein is accurate or complete. This report was prepared within Raymond James' Investment Banking Department and is for information purposes only. This report is not a product of Raymond James' Research Department; recipients of this report should not interpret the information herein as sufficient grounds for an investment decision or any other decision. The report shall not constitute an offer to sell or the solicitation of an offer to buy any of the securities mentioned herein; past performance does not guarantee future results. Investing involves risk, including possible loss of principal.

This was prepared by Raymond James Private Capital Advisory and is for information purposes only. No reliance may be placed for any purposes whatsoever on the contents of this presentation. No representation or warranty, express or implied, is given and no responsibility or liability is or will be accepted by or on behalf of Raymond James Private Capital Advisory or any of its affiliates, employees, agents or any other person as to the accuracy, completeness or correctness of the information contained in this presentation, and any such liability is expressly disclaimed.

This email and its contents are confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person in whole or in part without the prior written consent of Raymond James Private Capital Advisory.