

NAV Loans: Borrowing Against a Private Portfolio

A practical guide to NAV lending for family offices, fund managers, limited partners and holding companies: how the loans work, what they cost and what happens when values fall.

Most material on NAV loans is aimed at large private equity sponsors, or at the institutions that invest in the loans. This guide is written for the borrower, and for the mid-market in particular. It covers what a NAV loan is, what it does to your cash flows when values fall, its total borrowing cost, what a lender needs to see, and who you are actually dealing with.

Executive summary

A NAV loan lets the owner of a mature private portfolio raise capital against the whole book rather than selling part of it. It is a useful tool, but the wrong one in some situations.

The loan is secured on the net asset value of a diversified set of private investments, not on a single company and not on undrawn investor commitments. The borrower keeps the holdings, and the loan is repaid from the distributions and sale proceeds those holdings produce. Advance rates are low, usually 10% to 30% of eligible value, which is what makes the structure workable for lender and borrower alike.

The product was built inside large buyout funds. Over the past three years it has spread to smaller funds, to family office holding companies and to investors in funds, a shift that advisers such as Rede Partners and Bernstein have both documented. Nodem's own facilities run from US\$10m to US\$100m and above, the part of the market where the large NAV lenders and the banks tend not to operate.

Two things distinguish this guide from most of what is written on the subject. First, it shows what the loan does to you when valuations fall, rather than only what it does for you when they rise. Second, it gives the whole cost, including the cost of leaving early. The sources are listed on page 8; where a figure comes from AllianceBernstein, Oaktree, ILPA or a law firm's published work, it is marked as such, and where a number is Nodem's own indication it says so.

US\$44bn

NAV finance deal flow in 2023 (I7Capital data, cited by Oaktree). Separately, Bernstein puts the market at US\$150bn in 2025 (FFP NAV Lending Index) and AB forecasts close to US\$350bn by 2030 (May 2026).

5% to 30%

Loan-to-value at closing across the market (Oaktree, 2024; Bernstein, June 2026). Nodem typically lends at 10% to 30% of eligible value.

7 to 14 working days

Nodem's target to indicative terms from a complete information pack: seven for fund interest portfolios, about fourteen where direct stakes need look-through work.

WHO BORROWS, AND WHEN THEY SHOULD NOT

FAMILY OFFICES AND HOLDCOS

Capital for a new investment, a tax bill or a development commitment, raised against the book rather than by selling the best asset in it. Bernstein's June 2026 article gives an illustrative family office with US\$440m of NAV using a US\$50m loan, at 11.4% LTV, for an operating company acquisition and five new fund commitments.

FUND MANAGERS

Follow-on capital, an add-on acquisition, or bridging between exits. ILPA's July 2024 guidance recommends disclosure of the rationale and key terms to all LPs, LPAC consent where the LPA does not expressly permit the facility, and LPAC approval before a facility funds a distribution. What consent is legally required depends on the LPA.

LIMITED PARTNERS

Borrowing against a book of fund interests to meet calls or free up cash, keeping the upside that a secondary sale at a discount would give away, at the cost of interest and a sweep on distributions.

WHEN NOT TO BORROW

A NAV loan suits a temporary gap with a credible repayment source. It is the wrong tool where the cash need is permanent, distributions are unreliable, existing leverage is already high, or repayment depends on refinancing. Borrowing to fund a family distribution creates a liability; it does not create a return.

Nodem does not lend against a single asset or a single-asset holding company and does not provide subscription lines. We lend in the US and Canada from US\$10m, and in the UK, Europe and other jurisdictions from US\$25m.

What a NAV loan is

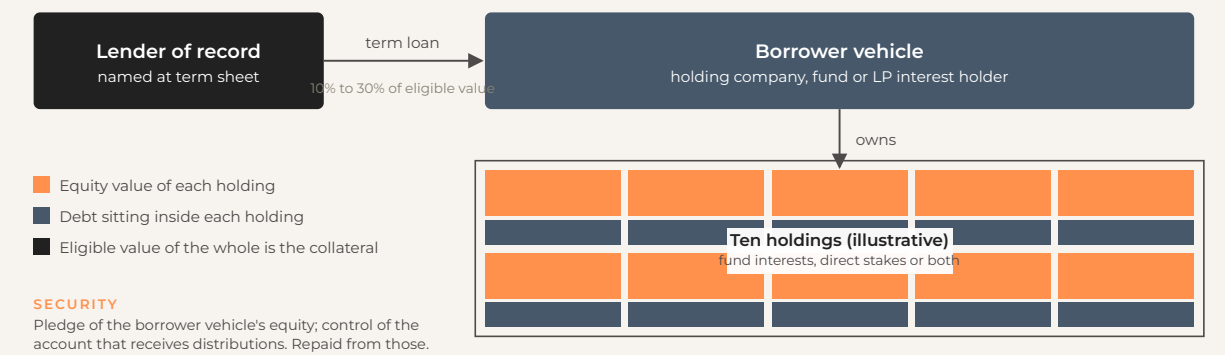
A term loan to a fund, a holding company or an investor in funds, secured on the value of the private investments that vehicle owns. The lender looks through to the holdings, applies its own haircuts, and lends a fraction of what remains. Three numbers matter, and they are not the same number.

Reported NAV	What your statements say the holdings are worth, after any other borrower-level debt and before this facility. The starting point only.
Eligible value	Reported NAV after the lender excludes assets it will not lend against and applies haircuts and concentration limits. The denominator in the LTV tests.
Covenant LTV	Facility outstanding, including any capitalised interest, divided by eligible value. Tested quarterly or on a valuation event. The facility itself is not deducted from the denominator. These are the definitions used in this guide's illustrations; the facility agreement's definitions govern.

WHAT IT IS NOT

Not a subscription line, which is secured on undrawn commitments and which banks provide cheaply. Not a single-asset loan: one company or one building, however good, is not a NAV loan. And not GP financing against fees and carry, which Nodem covers in a separate paper.

HOW THE LOAN SITS ON THE PORTFOLIO



From reported NAV to a facility	US\$m	Note
Reported holdings	300.0	14 fund interests (210) and three direct stakes (90), at the latest statements; no other borrower-level debt
Less: assets excluded	(20.0)	A US\$20m direct stake already pledged to another lender
Less: valuation haircuts	(38.5)	10% of 210 on fund interests plus 25% of the remaining 70 in direct stakes with unaudited valuations
Less: concentration adjustment	0.0	Largest remaining holding is 12% of eligible value, inside the agreed limit
Eligible collateral value	241.5	The denominator in every LTV test
Advance rate	20%	Set at closing; this one is in the middle of Nodem's range
Available facility	48.3	The borrower in the example on page 6 draws 45.0

IF ONE HOLDING DOMINATES

Family office books are often barbell shaped: a diversified fund portfolio next to one or two legacy stakes that make up 30% or 40% of the total. That does not disqualify the portfolio. The concentrated asset is excluded from the borrowing base, or carried at a deeper haircut, and the rest of the book supports the facility. The ten holdings in the diagram are an illustration, not a rule.

What happens when values fall

This is the page most lender material leaves out. The question a family office CIO asks first is not whether the lender survives a markdown. It is whether the family will have to find cash, give up distributions or sell assets in a weak market, and at what point. The table on the right answers that for an illustrative US\$60m loan on US\$300m of eligible value, using the covenant levels in the documents Nodem typically proposes. Levels, cure periods and remedies are negotiated case by case and the facility agreement governs; other defaults may carry different remedies.

Depending on the agreed documents, an LTV breach may raise the sweep, restrict releases or require repayment. In Nodem's standard terms the order is a higher cash sweep and a block on releases first, then a cure right, with enforcement over the security last. Standstills and a borrower-run sale process ahead of any lender-directed sale are now commonly negotiated in both English-law and US facilities, as Ropes & Gray and Debevoise describe; they are negotiated protections, not rights that exist by default.

WHO SETS THE VALUATION

For fund interests, the general partners' quarterly statements. For direct stakes, your own valuation policy with the haircuts agreed at closing. In Nodem's standard terms the lender may challenge a direct holding's value on defined grounds (a material event, a stale valuation, a change of method) and a limited number of times a year, and a dispute goes to an independent valuer chosen from a panel agreed at closing. While it runs, releases may pause and the LTV test is not enforced; once it is determined, the cure period starts. A valuation dispute does not suspend other defaults. Grounds, frequency, cost and any suspension of remedies are all set in the facility documents; Debevoise notes that who pays for an appraisal often turns on whether a default is already live.

ILLUSTRATIVE STRESS CASE: US\$60M LOAN, TRIGGER ABOVE 30% LTV, HARD LIMIT ABOVE 40%

Portfolio move	Eligible value	LTV	What the facility does
At closing	300.0	20.0%	Standard sweep: 50% of net distributions repay principal, the rest is released to you
Values fall 20%	240.0	25.0%	Nothing changes. Reporting continues; 5 percentage points of headroom to the trigger
Values fall 35%	195.0	30.8%	Above the 30% trigger. Sweep steps up to 100% and releases stop. A cure period (30 to 90 days in Nodem's standard documents) to bring LTV back to 30% or below: prepay US\$1.5m, or add US\$5m of eligible collateral. Not an event of default
Values fall 51%	147.0	40.8%	Above the 40% hard limit. If not cured inside the period: event of default. Under Nodem's standard documents the lender can then block releases and require a sale process that you run under agreed rules, and enforce the security only if that process fails. Other defaults carry their own remedies
No distributions for three years	300.0	20.0% to 27.3%	Interest is paid from other cash or, where the documents allow it, capitalised. At 10.5% capitalised quarterly, US\$60m becomes US\$81.9m after three years. Repayment then needs a sale or a refinancing; an extension is only certain if an option is written into the facility

THE DISTRIBUTION WATERFALL, IN CONTRACTUAL ORDER

A US\$22m distribution arrives	US\$m
1. Taxes and agreed reserves, retained by you	2.0
2. Interest due for the quarter (US\$60m at 10.5%)	1.6
3. Principal sweep at 50% of what remains	9.2
4. Released to you, provided no trigger is live	9.2

THE SWEEP IS RARELY 100%

Distributions fund calls, tax and family spending, so a sweep that takes everything defeats the purpose of keeping the portfolio. A typical structure sweeps 50% to 75% of net distributions while LTV is inside the trigger, and 100% only once it is breached. Tax distributions and agreed reserves come out first. Order and percentages are typical of Nodem facilities and are set in the facility agreement; nothing here is a term until it is in that agreement.

What a lender needs to see, and what it costs

Two features make a NAV loan possible: an advance rate low enough that a markdown reaches the lender late, and collateral that can be realised one piece at a time. Covenants then act on cash before they act on assets. Understand those and the documentation holds few surprises.

What the covenants restrict is specific: new borrowing below the borrower vehicle, distributions out of the structure while a trigger is live, and sales of collateral without the proceeds passing through the controlled account. Following specified breaches they can require asset sales or repayment.

Repayment depends on the timing and the net cash proceeds of realisations, not on diversification by itself, which is why the stress case on page 4 matters more than any statistic about how rarely fund portfolios lose money.

ILLUSTRATIVE INTEREST AND SPECIFIED FACILITY COSTS: US\$50M, THREE YEARS

Item	Basis	US\$m	Status
Benchmark	SOFR assumed flat at 4.0%; floor of 2.0% in the documents		TYPICAL
Cash interest, benchmark plus margin	Margin of 650 bps, so 10.5% a year in cash, paid quarterly; the margin alone is 9.75 of the total	15.75	NODEM INDICATION
Arrangement fee	1.5% of the facility at closing (range 1.0% to 2.0%)	0.75	NODEM INDICATION
Lender's legal costs	Borne by the borrower; third-party counsel, capped in the term sheet	0.25	THIRD PARTY
Your own counsel and tax advice	Not included below; budget separately		THIRD PARTY
Undrawn fee	0.5% to 1.0% on delayed-draw commitments only		ABSENT ON A SINGLE DRAW
Extension fee	25 to 50 bps if a one-year option is written in and used		NEGOTIATED
Total included financing costs	Simple annualised cost of about 11.2% on US\$50m, before borrower counsel, tax advice and release costs; not an effective annual rate	16.75	
Repay after 12 months	Principal plus six months' interest to complete an 18-month minimum-interest period, assuming interest to month 12 is paid and fees do not count toward the minimum	52.6	NEGOTIATED
Repay after 36 months	Principal, plus any accrued unpaid interest (1.3 for a final quarter), fees and security release costs	50.0	TYPICAL
If interest is capitalised	Principal and capitalised interest at maturity, compounding quarterly at the same 10.5% with no extra PIK margin: 50.0 to 55.5 to 61.5 to 68.2; on a flat US\$250m eligible value, LTV rises from 20% to 27%	68.2	NEGOTIATED

WHERE PRICING SITS, BY DATE

Lender targets, 2025	Rede's Q2 2025 lender survey: weighted-average target margins of 520 bps for secured NAV financing and 660 bps for recourse-light, over the base rate and before fees
Investment grade	350 to 650 bps over SOFR for investment-grade NAV loans (AllianceBernstein, 2026 edition; the August 2024 paper showed about 300 bps for banks and 400 to 650 bps for non-bank lenders)
Nodem, October 2026	450 to 550 bps for the largest and most diversified books; 550 to 900 bps for most facilities; PIK adds up to 100 bps. Nodem's own indications, not market data
Why wider than the top of the market: tickets of US\$10m to US\$100m carry the same diligence cost as larger ones, collateral is more varied and usually unrated, and the borrower normally needs certainty inside a few weeks.	

Two worked examples, downside included

The holding company on page 3 draws US\$45m against US\$241.5m of eligible value (18.6% LTV) to fund an equity commitment to a real estate development. The alternative was selling fund interests in the secondary market at a 10% to 15% discount and crystallising a gain. Interest is 10.5% a year, with a 50% sweep on net distributions after interest. For simplicity each year's distribution and sweep fall at year end, interest is charged on the year's opening balance, and distributions are shown after portfolio-level deductions but before facility interest.

Family office holding company, US\$m	Base case	Distributions halve
Facility drawn, year 0	45.0	45.0
Net distributions received each year	40.0	20.0
Year 1: interest paid / principal swept	4.7 / 17.6	4.7 / 7.6
Outstanding at end of year 1	27.4	37.4
Year 2: interest paid / principal swept	2.9 / 18.6	3.9 / 8.0
Outstanding at end of year 2	8.8	29.3
Year 3: interest paid / principal swept	0.9 / 8.8	3.1 / 8.5
Outstanding at maturity	Repaid in full	20.9
What then	Security released	Refinance, use the extension option if one was agreed, or sell a holding. This is the risk being taken

THE SAME US\$45M NEED, FOUR WAYS

Raising US\$45m	NAV loan	Secondary sale of fund interests	Loan on the public portfolio	Borrowing at one holding
Cost	10.5% a year cash interest, plus agreed fees and expenses (page 5)	Discount to NAV of 5% to 20% depending on the book, plus tax crystallised	Cheapest, often 150 to 300 bps over benchmark, if the public book is large enough	Asset-level rates, often cheaper; encumbers one holding, and equity-linked terms can also dilute ownership
Assets exposed	The pledged holding company and its book	None after sale; upside given away	The public securities, with margin calls	That holding only
Repayment source	Distributions and realisations	Not applicable	Sale of securities or cash	That holding's cash flow or sale
Under stress	Sweep rises, releases stop, cure period, then enforcement	Already done; no further exposure	Forced sales within days	Default sits at the holding and can reach the parent through guarantees
Consents	GP or shareholder consent to pledge, per document	GP consent to transfer; buyer diligence	Usually none	Existing lenders and co-owners

Costs are indicative ranges as at October 2026 and depend on the book. A NAV loan exposes a wider set of assets than a secondary sale, in exchange for keeping them. Debt-funded distributions are a liability, not a realised return.

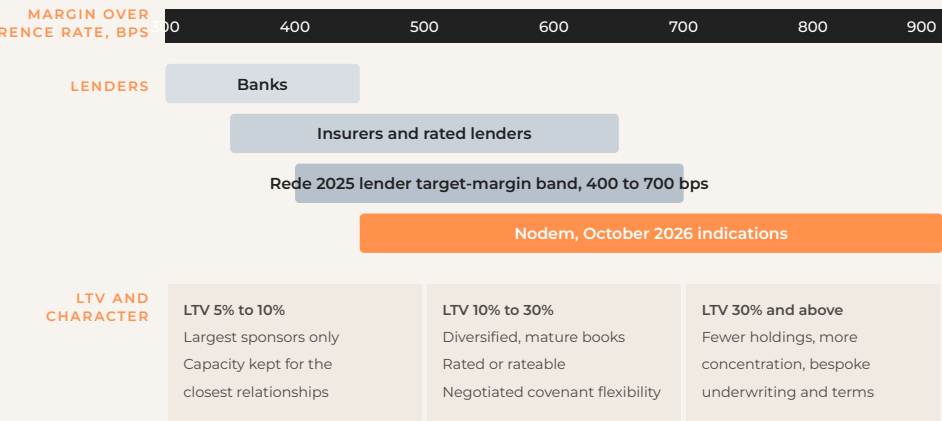
The second example is AllianceBernstein's: a six-year-old buyout fund (US\$525m committed, US\$500m called, NAV US\$675m, eight companies) borrows US\$50m for three years so that a portfolio company with US\$75m of equity can buy a competitor for US\$50m. We have made it auditable: SOFR held at 4%, margin 6%, so US\$5m of cash interest a year, no amortisation, fees excluded. The US\$25m of uncalled commitments would not have covered the purchase; whether the sponsor had other options is not known.

Buyout fund, portfolio company add-on	Exit equity	Debt and interest	Net to the fund
Base case, as published by AB: sale in year 9	250.0	65.0	185.0
Same exit with SOFR at 6% throughout	250.0	68.0	182.0
Downside: the combined company sells for 60	60.0	65.0	(5.0): proceeds repay the 50 principal and leave 10 against 15 of interest already paid, a cumulative deficit borne by the rest of the fund
Delayed exit: no sale by maturity		50.0 outstanding	Extend by agreement, refinance, or sell

Family office example is illustrative and not a Nodem transaction. Fund example adapted from AllianceBernstein, *Funding Flexibility*, Display 3, with the financing assumptions stated above; US\$185m is cumulative proceeds after financing cost, not cash received at exit. The 18.6% LTV is on eligible value; on reported NAV of US\$300m it is 15%.

Who lends, and who decides

NAV lenders sort themselves by appetite. Banks take the least risk at the lowest margin and keep capacity for their largest clients. Insurers and other rated lenders occupy the investment-grade middle. Specialist funds take more LTV, more concentration and more bespoke structures, and charge for it. Nodem works across the middle and specialist range, at the ticket sizes the larger lenders decline.



FIVE QUESTIONS TO PUT TO ANY LENDER, INCLUDING US

- 1

Is there a team and a pool of capital set aside for NAV loans, or is this an opportunistic trade inside a wider mandate?
- 2

Who is the lender of record, and who votes on a waiver if my portfolio marks down?
- 3

Have you closed facilities of this size and against this kind of collateral? How many, and how long did they take?
- 4

What is the time from a complete information pack to terms, and from terms to funding? Is that a record or a target?
- 5

Walk me through an LTV breach: what is swept, what is blocked, how long I have to cure, and what happens if I cannot.

About Nodem

Nodem Capital provides NAV loans to family offices, fund managers, limited partners and investment holding companies, from US\$10m to US\$100m and above. Nodem Limited, which trades as Nodem Capital, is a London-based asset manager authorised and regulated by the Financial Conduct Authority. It is backed by the Lepercq Group as shareholder, and lends through its own vehicles and alongside institutional funding partners who are named at term sheet.

HOW A TRANSACTION COMES TOGETHER

1

Conversation

Under NDA, to understand the need, the timing and the book.

2

Portfolio view

With your permission we review holdings, pipeline and cash flows and size the facility.

3

Term sheet

Within seven working days of a complete pack for fund interest books; about fourteen working days where direct stakes need look-through work.

4

Close

Diligence and documents in parallel. Four to eight weeks is our target; consents and counsel decide the actual date.

CONTACT

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BEFORE CLOSING, WE WILL ASK FOR

- An ownership and entity chart, and the governing documents of the borrower vehicle and of each holding.
- Current statements for fund interests; your valuation policy and latest accounts for direct stakes.
- Existing debt anywhere in the structure, uncalled commitments, and a three-year cash flow forecast.
- Any transfer or pledge restrictions in the fund or shareholder documents, so consents can be sought early.

AFTER CLOSING

- Quarterly: the fund statements you already receive, a compliance certificate and an LTV calculation.
- Annually: accounts for the borrower vehicle and a financial summary for each direct stake. We do not require monthly line-by-line financials from operating companies.
- On an event: notice of a write-down, a disposal, a change of valuation method or new borrowing below the vehicle.

SOURCES

AllianceBernstein, *AB Dimensions: Funding Flexibility. Exploring the Private Equity NAV Lending Opportunity for Asset Owners* (August 2024; the 2026 edition held by Nodem, with data to 31 March 2026, is the one cited; it draws on PitchBook and Preqin). AllianceBernstein, *NAV Loans: Flexibility for Private Equity When Holding Periods Extend* (20 May 2026). ILPA, *NAV-Based Facilities: Guidance for Limited Partners and General Partners* (25 July 2024). Debevoise & Plimpton, *NAV Loans for Buyout Funds*, Private Equity Report (November 2023). Ana Biloglav and Paola Bahari, *NAV facilities in 2026: structuring, governance and market practice considerations for sponsors*, Journal of International Banking and Financial Law (April 2026), republished by Ropes & Gray. Mayer Brown, *Benefits and Considerations of Family Office NAV Credit Facilities* (June 2023). Rede Partners, *NAV Financing Market Report 2025* (June 2025). Bernstein, *How Family Offices Can Access Liquidity Without Selling Private Assets* (June 2026), citing the FFP NAV Lending Index. Oaktree Capital and 17Capital, *NAV Finance 101* (2024). Private Equity Law Report, *Negotiating Loan-to-Value Ratios in NAV Facilities* (2022). Nodem transaction experience, 2024 to 2026.

STRUCTURING AND TAX: CLEAR THESE BEFORE TERMS ARE FINAL

Holding type	Usual borrower and security	Likely consent
Fund interests	A holding vehicle borrows; its owners grant security over their ownership interests in it, and the holder of the distribution rights grants security over the account	GP consent to encumbrance under the LPA
Direct minority stakes	Same vehicle; security over the shares where permitted, otherwise account security only	Shareholder agreement: pre-emption and transfer clauses
Real estate vehicles	Security over the ownership interests in the holdco above any mortgaged property, granted by its owners	Existing mortgage lender; intercreditor terms

- Confirm existing lender restrictions, governing law, how security is perfected and where it would be enforced, and whether recourse extends beyond the agreed collateral. Nodem facilities are recourse to the borrower vehicle, with the pledged interests and accounts as the security; family guarantees are the exception and are stated if sought.
- We take security over holding companies in the usual jurisdictions, including the Channel Islands, Cayman and Luxembourg. Interest deductibility, withholding and gross-up, and any duty on restructuring or enforcement are for your counsel and tax advisers to clear. We do not promise a tax result.

WHO SEES YOUR INFORMATION

Nodem's team, the funding partner's credit team under NDA, counsel, and a valuer if one is appointed. General partners are approached only for consents, at your direction. Disclosure to a permitted prospective transferee is subject to agreed confidentiality obligations; any other onward disclosure needs your consent, except where law or regulation requires it.