FUND FINANCE Focus

2024 Data Insights

US Market Review

European Market Review

Welcome to the inaugural edition of Maples Group Fund Finance Focus: Data Insights.

Over the last 12 months, we have been gathering deal data from across our global team, with the aim of identifying trends and developments that are shaping the fund finance market. This publication is the product of our research, and we hope you find it insightful.

The Maples Group has a market leading fund finance practice, covering the US, Europe, the Middle East and Asia. This publication focuses on the US market and Europe, our most active markets over the last year. It relies exclusively on our internal data, which we have obtained from reviewing terms across hundreds of deals. While we consider that the number of deals on which we advise, and our geographic reach, gives us a unique position in the market, the statistics and other data in this publication are not necessarily reflective of the whole market. While every effort has been made to ensure the accuracy of our data set, readers should view this publication as an impression of market trends and not indicative of the terms available or actual market activity.

Underlying all the trends and analysis have been our consistently high activity levels, with our global team remaining busy throughout 2024. Client delivery is at the heart of what we do, and we are privileged to have been able to help so many of our fantastic clients with their fund finance needs over the past year. We hope this publication will be another helpful tool, and we're very much looking forward to a successful 2025 for our clients – which has already started strongly.

Tina Meigh
Global Head of Finance

"Overall, we are optimistic for 2025 and look forward to helping our clients achieve their financing goals in what we expect to be another busy year in the US Fund Finance Market."

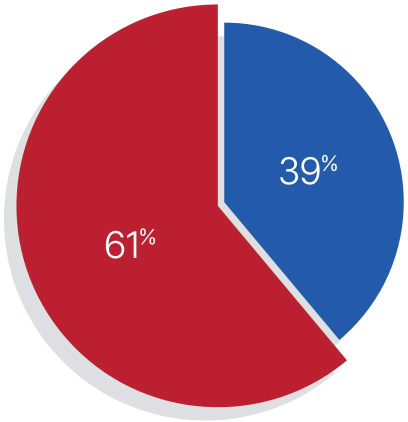
US Market


Matthew St-Amour


Robin Gibb

We experienced a consistent inflow of deals from the US market in 2024, with a notable uptick in deal flow in the second half of the year. Subscription lines continued to make up the bulk of our US market practice, comprising nearly 70 per cent. of all new fund finance deals that closed in 2024. Amendments and joinders outstripped new subscription line deals in terms of our deal volume, but the team was still able to close over 140 new subscription line facilities in 2024.

Breakdown of sub line deals in 2024 (US market)



New facilities

Amendments and joiners to existing facilities

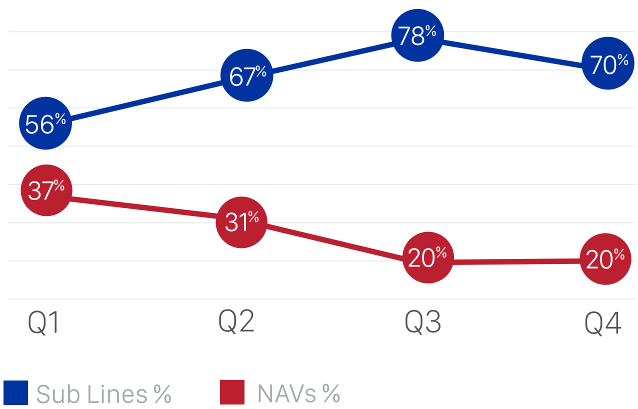
> Subscription lines continued to make up the bulk of our US market practice, comprising nearly 70 percent of all new fund finance deals that closed in 2024.

The US subscription line market continued to be a broad and deep market, dominated by traditional bank lenders. We worked with, or opposite, over 40 different banks in 2024, with a total USD amount (in committed, new US dollar-dominated subscription line deals) exceeding $18 billion.

NAVs also had a strong 2024, comprising approximately 25% of all new financings that we closed in 2024.

Interestingly, the volume of new NAV deals was proportionately higher during the first half of the year, with the third and fourth quarters showing a tapering off relative to new subscription line deals.

Percentage of new fund finance deals by quarter in 2024 (US market)

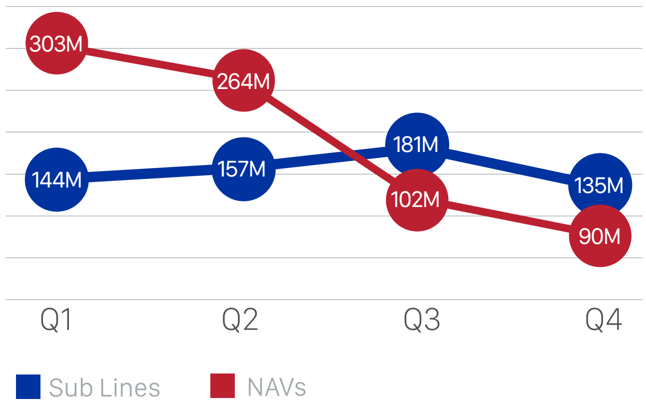


> The volume of new NAV deals was proportionately higher during the first half of the year.

Average deal size for NAVs also tapered-off in the second half of the year, whereas the average deal size for subscription lines remained broadly consistent throughout 2024, albeit peaking in the third quarter.

While our sample base for NAVs is inevitably smaller than subscription lines, this could suggest a modest pullback from NAV lending (or a refocus on subscription lines) in the second half of 2024.

Average facility size for new deals in 2024 (USD deals only)

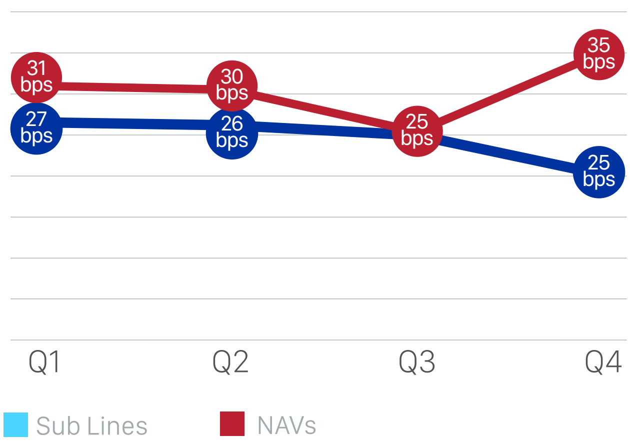


> Average deal size for NAVs tapered-off in the second half of the year, whereas the average deal size for subscription lines remained broadly consistent.

Average margins on new subscription lines and NAVs were at their highest in the first and second quarters, falling in the third and fourth quarters as US rate cuts were increasingly priced in.

Interestingly, NAV pricing saw a bigger relative reduction in the third quarter, with average margins coming much closer to subscription lines, before showing a substantial jump in the fourth quarter. If and how this ties into a potential slowdown of NAV lending towards the end of year remains to be seen. Inevitably our data will be impacted by sample size and outlier deals, but we'll be keeping a close eye on NAVs in 2025.

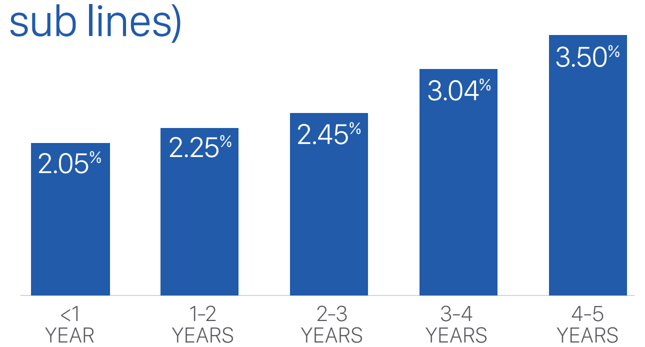
Average margins in 2024 (SOFR-linked loans)



> Average margins on new subscription lines and NAVs were at their highest in the first and second quarters, falling in the third and fourth quarters as US rate cuts were increasingly priced in.

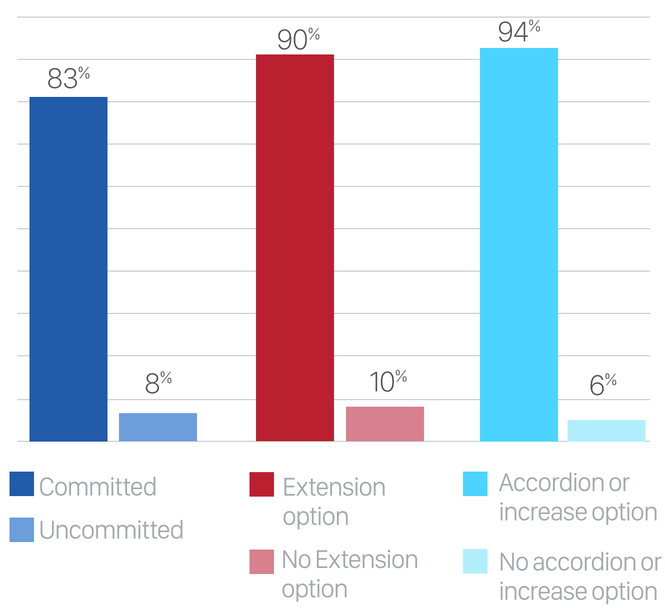
Looking at subscription line pricing in more detail, we can see that pricing was lowest at the less than 1 year tenor, with an approximately 20 bps increase in pricing for 1-2 year tenors and a further increase of approximately 20 bps for 2-3 year tenors. Pricing then increased considerably for longer tenors, with these facilities generally having hybrid features which would also likely impact commercial terms and pricing.

Average margin against tenor in 2024 (Committed, SOFR-linked sub lines)



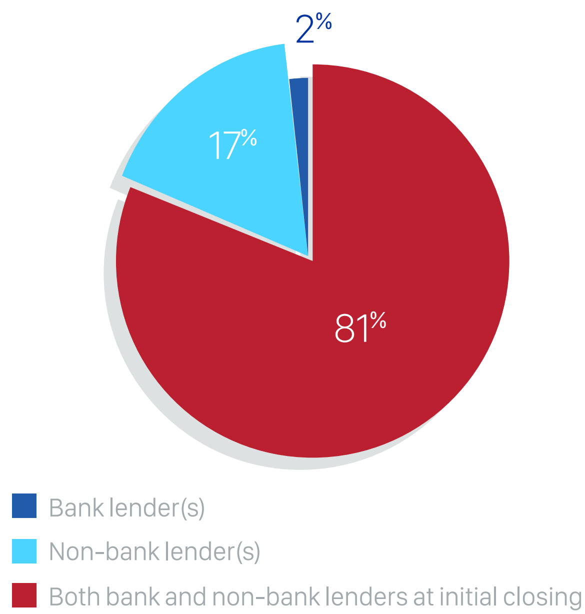
Aside from pricing, subscription lines remained largely consistent in their terms throughout 2024. The vast majority (around 88%) were committed deals and the most popular tenor was 1-2 years (around 64% of all committed deals). Extension options and accordion or increase options were pervasive.

Deal terms across new sub lines in 2024 (US market)



Non-bank lenders featured in approximately 20% of all new NAV deals that we recorded in 2024. Non-bank lenders ended the year on a high, with the proportion of new non-bank lender NAV deals much higher in the fourth quarter than the yearly average, at around 35%. We will be watching closely whether this trend continues in 2025. If non-bank lenders can help to fill any gaps left by traditional bank lenders then that is likely to be good news for the market generally.

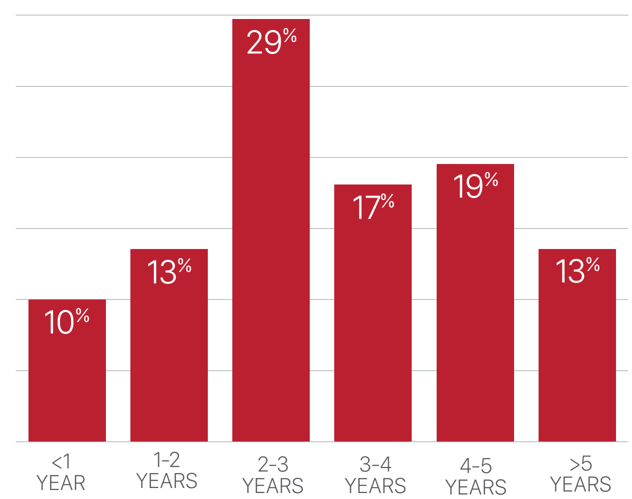
New NAV deal lenders in 2024 (US market)



> Non-bank lenders featured in approximately 20% of all new NAV deals that we recorded in 2024.

The most popular tenor for subscription lines was 1-2 years, representing approximately 64% of all new committed subscription lines in 2024. In contrast, the NAV market showed a bias towards longer-term deals. The most popular NAV tenor was 2-3 years, which featured in approximately 29% of all new NAV deals, but 3-4 and 4-5 year tenors also proved popular, featuring in approximately 17% and 19% of all new NAV deals, respectively.

Tenor of new NAV deals in 2024 (US market)

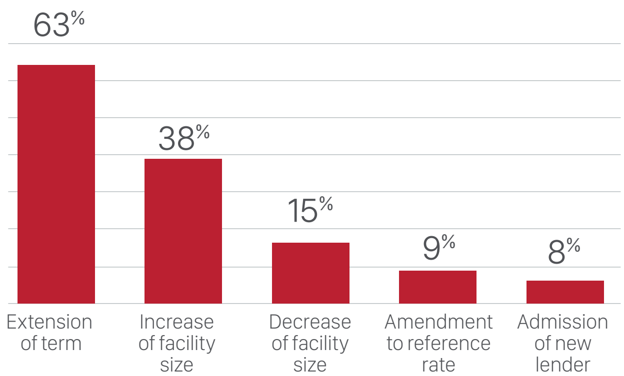


Hybrid deals, i.e. those that combine sub line and NAV facilities, did not feature in a meaningful way in 2024. These represented under 8% of all new subscription line deals, with a slight uptick (in absolute deal volume) in the fourth quarter. (Highlight point – 8% of all new subscription line deals were hybrids).

> The most popular NAV tenor was 2-3 years, which featured in approximately 29% of all new NAV deals.

Amendments kept the team very busy in 2024, particularly in the subscription line market. The primary reason for amendment was extension of tenor, with approximately 63% of all subscription line amendments featuring an extension in 2024. An increase to facility size was the second most common reason, featuring in approximately 39% of amendments.

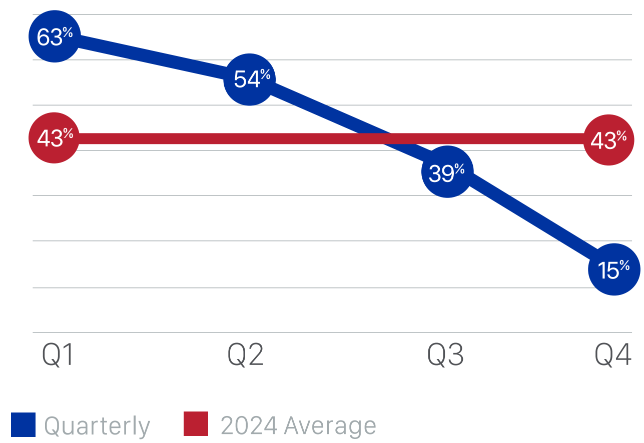
Reason(s) for sub line amendments in 2024 (US market)



> The primary reason for amendment was extension of tenor, with approximately 63% of all subscription line amendments featuring an extension in 2024.

Of those subscription line amendments in 2024 that featured an extension, approximately 42% also featured a margin uplift, with this peaking in the first quarter at approximately 63% of all subscription line amendments. By the fourth quarter, this had tapered off to approximately 15% of all subscription line amendments, in line with the corresponding decreases in margin and US rate cuts. We also started to see margin decreases on subscription line amendments in the fourth quarter, with just over 27% of all subscription line amendments in that period featured a decrease.

Percentage of sub line extensions of tenor with margin uplift in 2024 (US market)



> The fourth quarter started to see margin decreases on subscription line amendments, with just over 27% of all subscription line amendments in that period featured a decrease.

The year concluded with a very busy fourth quarter in the US market. As noted, the Q4 uptick in activity was concentrated in the subscription line space, and we saw a large number of deals being papered within a short timeframe.

We expect a more gradual start to 2025, but we anticipate this soon giving way to increased activity across the board as deal-making builds momentum. Overall, we are optimistic for 2025 and we look forward to helping our clients achieve their financing goals in what we expect to be another busy year in the US fund finance market.

European Market Review


Julia Cornett

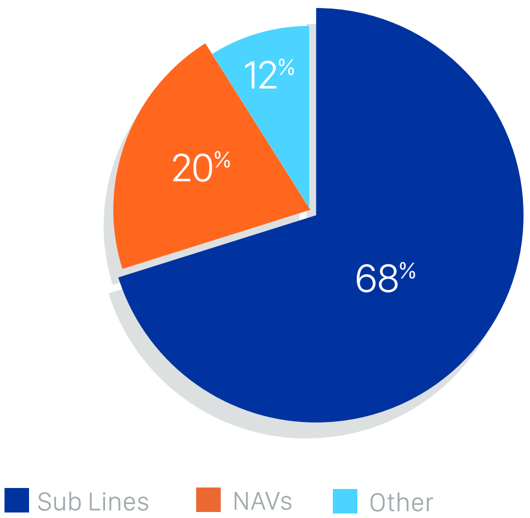

Sarah Francis


Arnaud Arrecgros


Vanessa Lawlor

As with the US market, a significant majority of deal flow in the European market continues to be subscription lines. In 2024, subscription lines represented approximately 68% of all our European deals involving Luxembourg, Cayman Islands and/or Irish vehicles. NAVs made up approximately 20% of our European deals, resulting in an overall breakdown between subscription lines and NAVs that is very similar to what we saw in the US market.

Breakdown of new sub line deals in 2024 (European market)



Pricing trends in the European market showed a degree of variability based on the type of facility and the underlying reference rates. The average margin for new SOFR-linked subscription lines was approximately 2.69% in 2024, with significant variation in the cheapest to most expensive deals (1.52% and approximately 4%, respectively).

By comparison, new EURIBOR-linked subscription line facilities had an average margin of approximately 2.26%, albeit with a much narrower range of pricing, with the lowest at 2.10% and highest at 2.25%. Non-USD/Euro/Sterling margins averaged at 2.17%, ranging from 2.0% to 2.5%, therefore showing a slightly wider spread.

As we saw in the US market, NAVs were consistently more expensive than subscription lines. New SOFR-linked NAVs had an average margin of approximately 3.29%, with wide spreads (from 2.15% to 5%). EURIBOR-linked deals had a higher average margin of 4.00%. Non-USD/Euro/Sterling margins had an average margin of 2.28% in 2024, ranging from 1.60% to 3.50%.

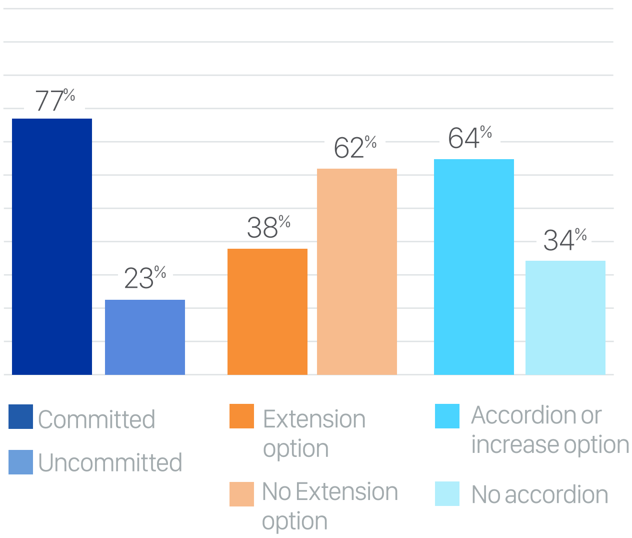
> Subscription lines represented approximately 68% of all our European deals involving Luxembourg, Cayman Islands and/or Irish vehicles.

Average subscription line deal size was approximately US$150 million, and therefore broadly in line with the US market. As with the US market, the most popular tenor was 1-2 years, albeit much lower at around 36% of all committed deals (compared to around 88% in the US market). The European market had 17% of deals with less than a year maturity, and 13% of deals with 2-3 year tenor.

> Average subscription line in line with the US market.

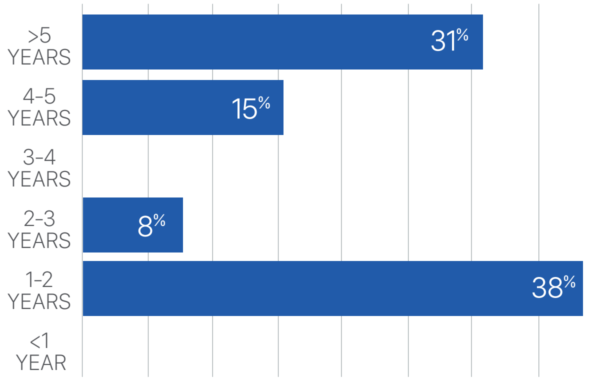
Beyond economics, deal terms for subscription lines showed more variance in the European market than the US. While the majority of deals were committed, the mix of those with extension options and accordion or increase options was much more split when compared to the US market.

Deal terms across new sub lines in 2024 (European market)



Examining NAVs, the tenor of new committed facilities was predominantly 1-2 years, featuring in approximately 39% of all new NAV deals, with 2-3 years featuring in approximately 8% and 4-5 years in approximately 16%. This indicates that shorter average tenors were on offer when compared to the US market.

Tenor of new NAV deals in 2024 (European market)



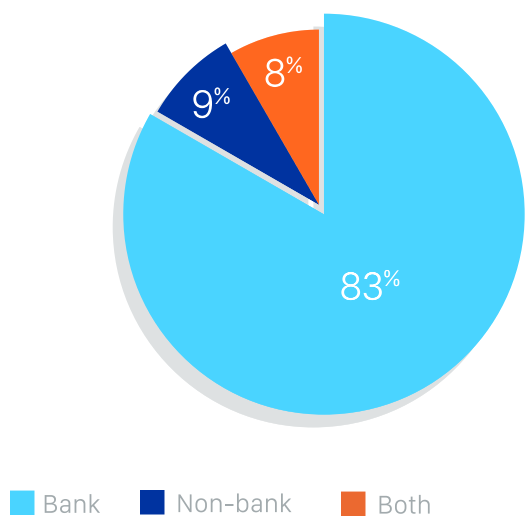
Moreover, while extension options were available in 46% of new NAV deals, this does not compare favourably to the US market, where approximately 85% of new NAV deals recorded had an extension option.

Extension options were available in approximately 46% of new NAV deals, which would have provided some extra flexibility, but this does not compare favourably to the US market in which approximately 85% of new NAV deals that we recorded had an extension option.

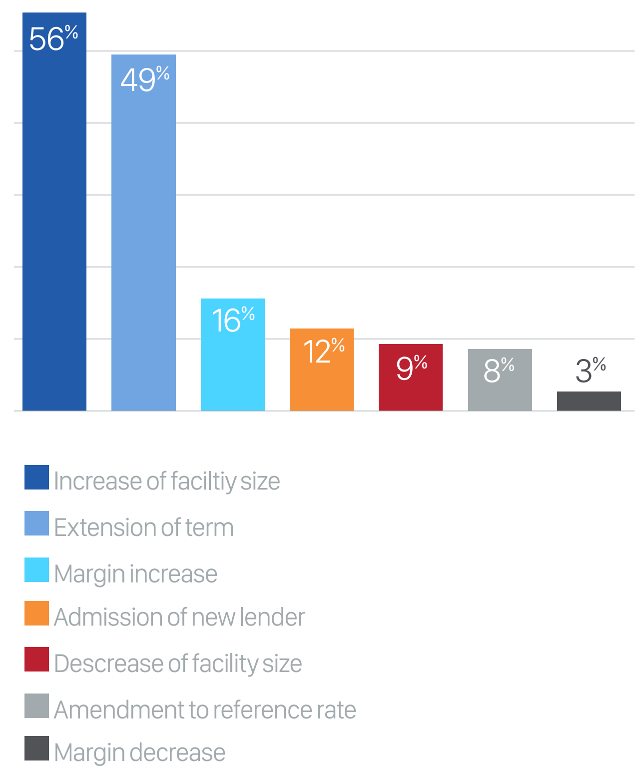
> Shorter average tenors were on offer when compared to the US market.

Similar to the US, traditional banks continue to dominate the NAV space in the European market, with non-bank lenders featured in approximately 17% of deals we recorded in the European market.

New NAV deal lenders in 2024 (European market)



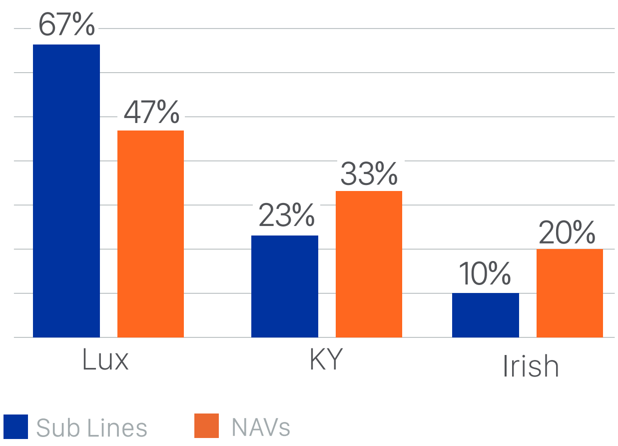
Reason(s) for sub line amendments in 2024 (European market)



> Non-bank lenders featured in approximately 17% of deals we recorded in the European market.

In our European deals, increase of facility size (approximately 56%) beat extension of tenor (approximately 49%) as the most popular reason for a subscription line amendment in 2024. Interestingly, approximately 13% of all facility upsizes and approximately 27% of all extensions also featured a margin uplift, which is significantly lower than the US market, perhaps reflecting the already higher interest rate environment in Europe.

Sub lines vs. NAVs by entity jurisdiction (European market)



In terms of jurisdictions, Luxembourg remained the go-to for subscription lines in the European market, and was used in approximately 67% of all new deals that our European offices worked on, with Cayman Islands vehicles present in approximately 23% and Irish vehicles in approximately 9%. The story is similar but less weighted towards Luxembourg in NAVs, where Luxembourg was used in 47% of all NAVs, with Cayman Islands in 34% and Ireland in 20%. Given Luxembourg's predominance as a European fund formation jurisdiction, it is perhaps logical that the rate of subscription lines (typically entered into in conjunction with fund launch) is higher compared to NAVs, reflecting the current trend of European private equity funds launching their newest funds there. The Cayman Islands and Ireland continue to be popular jurisdictions for both funds and their downstream vehicles, which is reflected in our NAV figures.

> Luxembourg remained the go-to for subscription lines in the European market.

Overall, the European fund finance market showed robust activity in 2024. While subscription lines remained the dominant facility in the market, NAVs also play a crucial role, particularly for larger funds. As we look forward to 2025 and beyond, we expect to see a growing share of non-bank lenders coming into the NAV space, and we anticipate that managers will benefit from the innovation and increased capacity this will bring. We expect the market to continue to grow and mature, and we anticipate further innovation as fund finance products evolve and participants seek out liquidity solutions.

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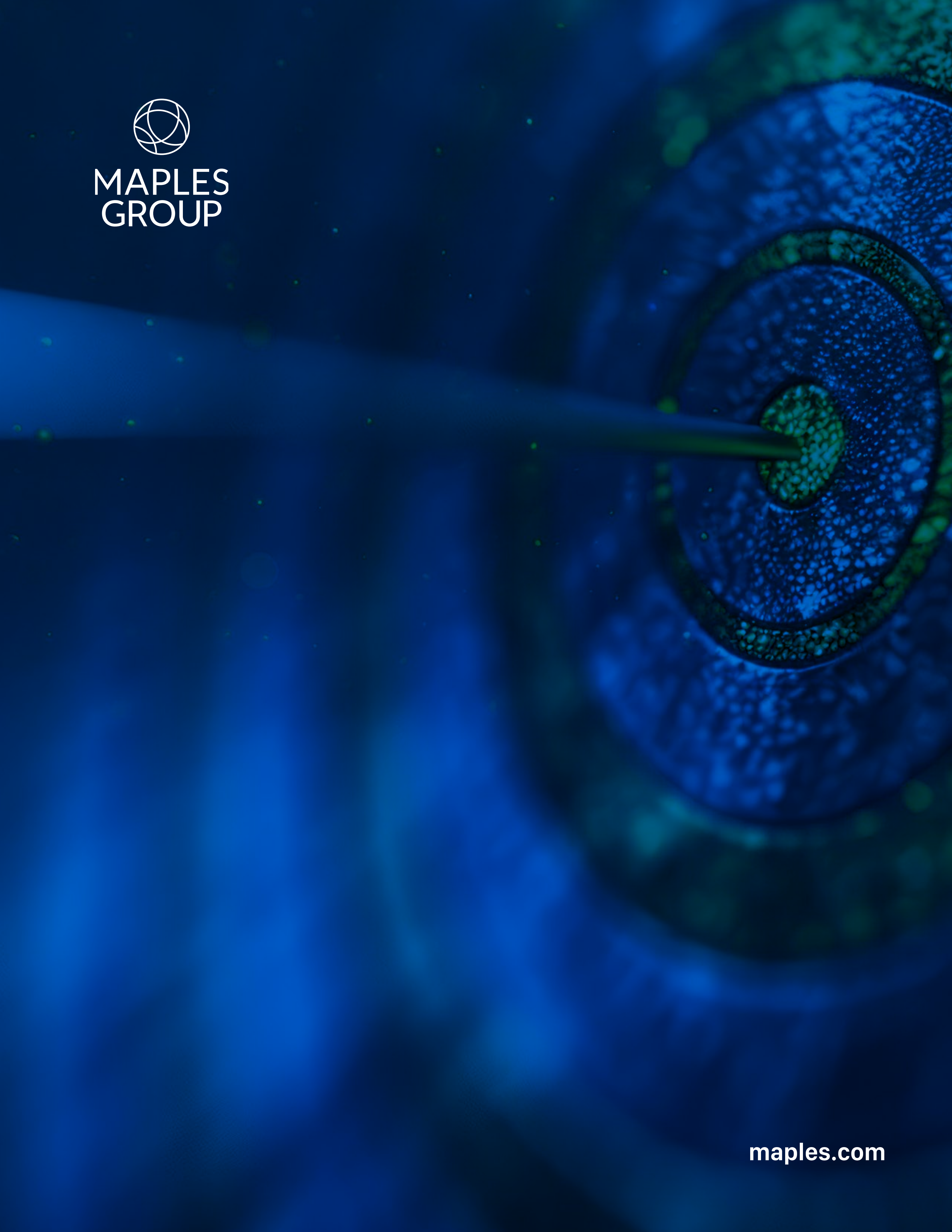

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