

## Fund Finance: 2026 Market Pulse

*The fund finance market in 2026 is defined less by product innovation than by structural questions within existing products.*

### 1. Convergence of Fund Finance and Asset-Based Finance (ABF)



As fund finance and asset-based finance converge, the most notable structural development is the rise of bankruptcy-remote-‘lite’ vehicles that deliver targeted credit enhancement (and the resulting competitive pricing) without the full complexity of traditional bankruptcy-remote (BR) frameworks. As these structures proliferate, the key question for lenders and borrowers alike is whether BR-lite protections will prove sufficient under stress.

### 2. Insurance Capital Reshapes the Landscape



Insurance capital has moved from emerging participant to structural force. As this capital source has become more established, insurance balance sheets have brought distinct structural requirements that are reshaping how facilities are designed. For borrowers, the practical challenge is structuring facilities that accommodate insurance capital’s requirements without sacrificing the operational flexibility traditional bank revolvers provide.

### 3. Subscription Lines: Efficiency vs. Flexibility



Subscription line borrowers face an increasingly strategic choice: implement umbrella structures across multiple funds for long-term efficiency, or maintain flexibility by keeping lenders competing on each new vintage. We are seeing more interest in umbrella structures, partially driven by a desire for efficiency. As rates decline and re-pricings become more common, however, the cost-benefit analysis may continue to shift.

### 4. Relationships and Competition Define Success



The 2023 regional bank disruptions have reshaped the market with renewed competition, as trusted relationships have driven increased market participation. Unlike the large-cap broadly syndicated loan (BSL) market (but similar to the private credit markets), fund finance thrives on personal connections, and people want to work with people they trust. The introduction of more non-bank lenders into the market means borrowers may need to negotiate differently on information rights, consent thresholds and transfer restrictions than they did in the past with traditional bank counterparties.

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