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Sub line pricing flattens

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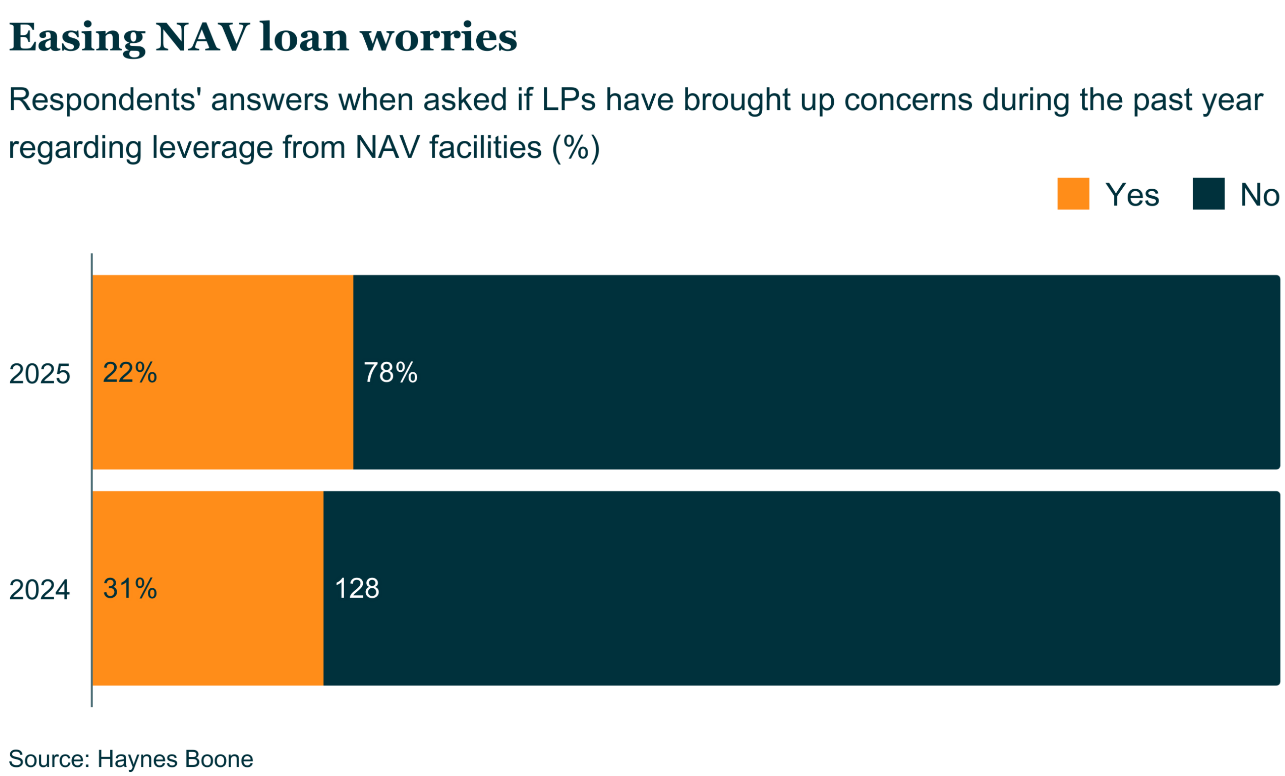

A report on the topic also finds that investors are less concerned by leverage in NAV loans.

Pricing for subscription lines kicked off 2026 by hardly budging. The lack of volatility was noted by law firm Haynes Boone in its recent *Fund Finance Annual Report* for 2026. The law firm surveyed more than 100 respondents spanning lenders, borrowers and service providers.

The report found that the average change in spreads went up by only 0.5 percent during a partial period in Q1, compared with the full Q4 in 2025. It was the smallest quarter-on-quarter percentage change for the historical record depicted in the report, which dates back to Q1 2023.

Average pricing climbed during the bulk of 2023, followed by a string of consecutive quarterly declines through the end of 2025. These figures are derived from average changes in spreads above SOFR and are quoted in basis points.

Most market stakeholders surveyed for the report noted that they don't expect big pricing swings over the next six months. Fifty-two percent said they think there will just be a "moderate decrease", which is defined as a drop of 5 percent to 15 percent, while 40 percent answered "no material change", which means a difference in either direction that is within 5 percent. The report touched on the latter answer, noting that just 31 percent said the same the year before.

Respondents also noted that LPs haven’t been expressing concerns about NAV loans’ leverage as frequently as they used to. In 2025, just 22 percent of respondents said that investors brought it up, down from 31 percent in 2024 (see chart).

This decline is notable given the controversy that the instruments once generated among private equity LPs, particularly regarding a potential use case where the GP could borrow to generate early distributions. Industry stakeholders subsequently released findings indicating that this particular use case has only come up in a minority of instances, with varying proportions.