

UPDATE

APAC Fund Finance Symposium 2025 – Top Takeaways

The Fund Finance Association hosted its 7th Annual Asia-Pacific Fund Finance Symposium on 6 November 2025, with Mourant once again proud to be a gold sponsor for the significant industry event

This year's theme, 'In the Pursuit of Growth', captured the optimism and momentum building across Asia-Pacific (APAC) as the region enters 2026 with renewed confidence.

Amid evolving regulations, longer fund cycles, and changing investor profiles, the panel discussions highlighted that adaptability, collaboration, and a forward-looking mindset will be key to unlocking the next chapter of APAC's growth story.

In this round up, we summarise the top takeaways from the 2025 Symposium as speakers reflected on the year that was - and what lies ahead.

Keynote Speeches

The keynote speakers highlighted that while global trade tensions are reshaping markets, they are also driving greater resilience, innovation, and structural realignment. China's advances in biotech, renewable energy, and high-tech industries, supported by its strong supply chains and long-term strategic investments, illustrate how disruption can fuel growth. With the US leading in breakthrough innovation and China in large-scale execution, meaningful progress will come from collaboration rather than division. At the same time, Hong Kong is regaining its momentum ('getting its mojo back'), with a revitalised IPO market signalling renewed confidence and a clearer sense of its global role. Ultimately, global progress will rely on pragmatic partnerships and the ability to balance competition with collaboration in an increasingly complex global order.

Prequin Market Update

Investor sentiment remains strongly behind private debt, prized for its adaptability and income stability, while infrastructure continues to gain significant momentum. Across APAC, investors are increasingly drawn to infrastructure linked to data, energy transition and logistics, viewing these sectors as strategic growth drivers and stabilizers amid global volatility.

In contrast, private equity faces liquidity headwinds as median buyout holding periods now exceed six years, limiting capital recycling and fundraising capacity. Secondary markets are expanding to meet liquidity needs, while Japan and Australia continue to attract rising capital inflows, reaffirming the region's growing importance in portfolio diversification.

Although smaller than the US and Europe, APAC's private credit markets are deepening rapidly. A rising appetite for liquid private credit structures and increasing retail participation are driving growth. With spreads gradually normalising, Asia's private credit and infrastructure segments are poised to command a larger share of global fundraising and offer long-term resilience with potentially higher returns in evolving private markets.

2025 in Review: Growth Drivers and Market Challenges

The APAC fund finance market showed measured recovery in 2025, though activity remains below the pre-COVID peaks. Regional performance diverged, with India, Japan and Australia standing out as bright spots. The establishment of India's GIFT City and the growth of onshore financing in Japan signal structural progress, while Australia continues to mature into a 'mini US market' with tighter spreads.

Pricing advantages support APAC's appeal to global sponsors; however, narrowing spreads and operational complexities, such as same-day USD funding, present challenges. Meanwhile, NAV financing has expanded rapidly across asset classes, including private equity, private credit, infrastructure and real estate as sponsors seek portfolio-level liquidity amid delayed exits. General partner (GP) financing demand is rising in tandem, fuelled by larger fund commitments, generational succession planning and longer fund durations. Singapore and Hong Kong remain key innovation centres supported by active regulators and targeted government initiatives.

Investor composition continues to evolve, with rising participation from high-net-worth individuals and family offices, though credit acceptance challenges remain in the context of capital call facilities. Sovereign wealth funds and Separately Managed Accounts (SMAs) are increasingly included in borrowing bases, prompting banks to refine risk management tools such as investor letters and NAV covenants. Meanwhile, competition in APAC fund finance is intensifying as bank and non-bank lenders pursue talent and market share. Innovation, agility, and relationship depth are becoming critical differentiators, with lenders enhancing offerings through hedging, hybrid structures, and asset-level lending solutions.

Consolidation among GPs, product innovation, and the growth of secondary and private credit funds are set to drive fund finance expansion in 2026. At the same time, synthetic loan transfers and Basel III-driven capital optimisation will drive balance sheet efficiency and scalable fund financing models across the region.

Scaling New Heights: NAV and Hybrid Financing

NAV financing has evolved from a short-term liquidity solution into a strategic instrument for managing capital structures, acquisitions, and portfolio-level optimisation. Initially used as a cash bridge during market dislocations, NAV facilities now serve broader purposes such as enabling Limited Partner (LP) distributions, funding bolt-on acquisitions, and enhancing fund flexibility throughout their lifecycle.

Intensifying competition has led to lower pricing and greater borrower flexibility in loan-to-value thresholds and asset inclusion, compelling lenders to innovate to remain competitive. As the market matures globally, LPs are showing increased comfort with NAV financing, viewing it as a permanent and essential component of fund finance strategy. In APAC, however, the NAV market remains comparatively conservative and less liquid, with smaller and simpler deal structures reflecting cautious investor sentiment and limited syndication activity. Despite this, innovation is accelerating as regional players experiment with hybrid and asset-backed facilities, incorporating equity-like features and enhanced alignment mechanisms to balance risk, transparency, and return.

Valuation complexity continues to define the NAV financing landscape, with accurate measurement of underlying portfolio value central to credit and risk assessment. Lenders increasingly focus on cash flow analysis, portfolio stress testing, and third-party valuations to mitigate opacity risks. Asian lenders favour a conservative approach, with tighter concentration limits and heightened transparency requirements. The rapid rise of hybrid, NAV and alternative debt financing structures across private credit and infrastructure demonstrates how dynamic APAC markets are responding to investment demand.

These developments signal the region's strategic evolution toward more institutionalised, scalable finance solutions. As education, regulatory clarity, and rating agency cooperation improve, APAC's NAV market is expected to expand in sophistication and scale, moving closer in structure and liquidity to its US and European counterparts while maintaining its relationship-driven foundation.

Empowering GPs and LPs with Financing Solutions

APAC's GP and LP financing markets are expanding rapidly as regional fund managers seek liquidity and capital management solutions. GPs increasingly use financing to service higher capital commitments, co-investment obligations and succession planning. Larger and longer-duration funds intensify demand for

flexible balance sheet support to meet operational and strategic needs. Similarly, LPs want to maximise portfolio liquidity amid extended hold periods and delayed exits.

Regional nuances and structural conservatism remain features in APAC's GP and LP finance markets. Banks are the dominant players, offering relationship-driven lending and competitive pricing, while insurers and alternative lenders gradually expand their remit, particularly in NAV and hybrid facilities. Across APAC, challenges persist as regards consistency of documentation, credit assessment frameworks, and regulatory approach. Nonetheless, rising participation from sovereign wealth funds, family offices, and private banks is broadening the investor base and deepening market liquidity. As borrower sophistication grows and lenders innovate around cash-flow-based and asset-backed structures, GP and LP financing in APAC is poised to become an integral component of the regional ecosystem for fund finance, supporting the next phase of private market expansion.

Unlocking Growth: Country-Focused Opportunities Across Asia-Pacific

The fund finance landscape across APAC is expanding rapidly, with Japan, India, Australia, and Southeast Asia each charting distinct growth trajectories. Japan is experiencing a resurgence, underpinned by record M&A activity, corporate governance reforms, and domestic banks leveraging global experience to meet rising fundraising demand. Australia continues its 'slow and steady' path, supported by public sector investment in housing, renewable energy, and infrastructure, alongside commercial opportunities in the living, energy storage, and industrial warehousing sectors. India stands out as a booming market, where robust GDP growth, deepening capital markets, and proposed lending regulation reforms are attracting both domestic and international sponsors. In Southeast Asia, investment is flowing into data centres, industrial parks, and mixed-use assets, reflecting a shift toward asset-focused strategies that align with regional development priorities.

Across APAC, investors increasingly view sector- or country-specific strategies as effective tools to generate superior returns and manage geopolitical uncertainty. Smaller and mid-market players are differentiating through localised expertise and focused mandates, while large funds balance concentration risk through dual strategies combining pan-regional and country-specific allocations. Non-bank lenders are reshaping the region's financing ecosystem, catalysing the rise of onshore fund domiciles such as Singapore's Variable Capital Companies (VCCs), Hong Kong's Open-Ended Fund Companies (OFCs), and India's GIFT City structures. The Cayman Islands remains the preferred fund domicile for cross-border investors in APAC, offering flexibility and familiarity within evolving regulatory frameworks.

Bridging Capital Markets and Fund Finance

The convergence of capital markets and fund finance is creating new opportunities to de-risk investments and attract top-tier capital. In Europe, the significant expansion of private credit (driven in part by regulatory capital constraints on banks) has led non-bank lenders to deploy more capital into fund finance structures through term loan tranches, loan tenor extensions, and securitisation. While these trends have yet to fully take hold in APAC, similar investment products are emerging across the region, drawing on the experience of participants in more mature European and U.S. fund finance markets.

Ratings, long established in capital markets, are increasingly relevant in fund finance structures. They can validate credit assessments, attract institutional capital, and improve risk-weighting, while also supporting securitisation. As Basel III continues to influence global regulatory standards, APAC markets are expected to follow developments in Europe and the US, particularly as banks seek optimised balance-sheet management. The expansion of private credit and institutional capital is creating greater choice for investment funds, and (as seen in Western markets) it is anticipated that banks and non-bank lenders in APAC will find complementary roles, with banks focusing on subscription lines and senior tranches, and non-banks on NAV and mezzanine facilities.

However, greater access to flexible funding may create tension for anchor investors to the extent it is used to free capital for fees or distributions rather than reinvestment. To unlock these opportunities sustainably, APAC markets must continue strengthening their legal and regulatory infrastructure, ensuring transparency around collateral, valuation, and covenant compliance, supported by robust data-governance protocols.

Navigating Risk and Regulation for Sustained Growth

The implementation of Basel IV is reshaping the fund finance landscape by fundamentally altering how banks calculate risk-weighted assets. The shift from an internal ratings-based approach to a standardised

framework significantly raises capital requirements for unrated exposures, particularly subscription lines, where risk weights will increase from 20–40 per cent to 100 per cent. This change reduces banks' ability to assess the creditworthiness of underlying investors and forces a reassessment of pricing, structuring, and capital allocation strategies. To offset higher capital charges, banks are exploring various capital management tools such as securitisation, credit insurance, and loan syndication – though availability and cost differ widely by jurisdiction and institution.

In this emerging capital environment, lenders are intensifying due diligence on LP identities and capital commitment enforceability, supported by exhaustive legal reviews of fund documentation, subscription agreements, and side letters. Transparency is become paramount, with banks favouring trusted managers and direct LP validations to ensure facility integrity and enforceability.

Enhanced scrutiny around data privacy and sponsor risk management is transforming market practices. GPs demand greater control over data shared during syndication or sale of facilities, prompting the inclusion of detailed confidentiality and cybersecurity clauses in finance documents. Banks, in turn, have strengthened internal systems to monitor sponsor exposures across multiple product lines, ranging from subscription and NAV facilities to GP financing and M&A lending, with unified oversight by relationship managers. This integrated view ensures compliance with regulatory concentration limits and mitigates the risk of double financing. Despite regulatory headwinds, APAC's fund finance market continues to attract new participants such as insurers, rating agencies, and private credit funds. As product diversification deepens and liquidity broadens, disciplined due diligence and transparent risk governance remain essential for sustaining growth in an increasingly complex and interconnected regional ecosystem.

Aligning Strategies for Growth: GP and LP views

Geopolitical uncertainty has refocused investment priorities on nationally strategic assets such as AI, data infrastructure, clean energy, and logistics. At the same time, expanded participation of institutional investors and sovereign wealth funds in APAC fund finance markets, signals a shift towards policy-aligned capital deployment. This shift reflects reduced US investor activity in Asian funds and creates a larger role for regional LPs, including Japanese institutions and emerging participants from Africa and Latin America seeking yield diversification.

As international politics reshapes cross-border capital flows, APAC fund managers are adopting pan-Asian strategies and deepening their operational presence in key markets like Japan and India to foster long-term LP confidence. Transparency and prudence in fund financing tools remain paramount: while such facilities enhance portfolio liquidity and liquidity alignment, excessive leverage poses reputational and regulatory risks. GPs are therefore favouring conservative structures, improved disclosure, and alignment with LP expectations as regards investment strategy and reporting.

Ratings and insurance capital are shaping the evolution of Asia's fund finance market. Credit ratings are now considered an important component in structuring, stress testing, transparency, and ensuring consistency of cross-border risk assessment. Rated products help attract institutional investors and enable banks to manage capital risk weight exposures. The rise of insurance capital (as a funding source and as a provider of credit protection) is a major force for market growth in APAC fund finance markets that are well-suited to insurers' risk/return profiles.

A widening investor base with more locally anchored funds and increased competition from non-bank lenders means that APAC's fund finance ecosystem is expected to expand in scope and sophistication. Nevertheless, liquidity risks, operational complexity, and heightened regulatory scrutiny will remain central considerations for sustainable market growth.

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