

insights

TYPES NOT MAPPED YET July 30, 2024 | TTR not mapped yet | Nathan O. Viehl

Nathan Viehl Shares Insights into NAV loans

Thompson Coburn partner [Nathan Viehl](#) wrote a new article in *Middle Market Growth*, offering insights into how net asset value (NAV) loans benefit sponsors, plus important considerations for portfolio company managers.

"NAV loans have become an increasingly popular financing tool for private equity funds whereby a mature private equity fund borrows at the fund level (or higher) based on the net equity value of an existing, diversified portfolio," he wrote. "Understandably, most commentary has focused on NAV loans as financial tools at the fund level because NAV loans are secured by the overall value of the portfolio and the additional leverage does not touch the portfolio company balance sheet."

Nathan covered some benefits of NAV loans for portfolio companies, but also discussed potential conflicts of interest and systemic risks. "One of the primary benefits of NAV loans is that they allow private equity firms to extend their investment horizon beyond the typical fund life cycle, which eliminates or extends one of the most common friction points between a private equity fund and its portfolio company management team."

[Click here](#) to read the full article.

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