

Portfolio Finance for Direct Lenders

NAV, Asset Sales and Capital Recycling

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Abstract

Direct-lending funds can hold performing assets and still face a capital-allocation constraint. Undrawn borrower commitments, follow-on needs, concentration, delayed repayments, investor distributions, fund expenses and the end of an investment period can compete for the same liquidity. Portfolio finance can address that constraint through borrowing against portfolio value, selling selected assets or recycling realised cash where the governing documents permit. Each route changes the fund's cash flows, leverage, asset mix, future income and risk.

This paper develops a decision framework for NAV facilities, asset sales and capital recycling in direct-lending portfolios. It begins with the liquidity objective and maps legal authority, fund structure, asset rights, remaining commitments, investor terms and cash controls. It then builds an eligibility-based borrowing base, tests valuation and concentration, compares sale and financing economics, and connects the chosen route to a controlled cash waterfall and portfolio limits.

Six figures show the portfolio-capital loop, route decision tree, borrowing-base bridge, liquidity timeline, downside transmission map and operating dashboard. Six tables provide an authority matrix, asset eligibility file, route comparison, hypothetical capital plan, stress matrix and 120-day implementation programme. Every amount, rate, probability, haircut, timing assumption and result in the worked example is a hypothetical management assumption created solely to demonstrate the method.

The paper draws on the Institutional Limited Partners Association's NAV-based facilities guidance; the Abu Dhabi Global Market Financial Services Regulatory Authority's private-credit-fund guidance; the Central Bank of the UAE credit-risk framework; the International Monetary Fund's analysis of private-credit leverage, valuations and liquidity; European Union rules for loan-originating alternative investment funds; IFRS 9 and IFRS 13; and current IPEV valuation guidance. Each source applies within its own scope.

The governing documents, regulatory perimeter, investor terms, asset-transfer rules, security, tax, accounting, valuation, data, sanctions, Shari'ah and fiduciary treatment require transaction-specific review. This paper provides general information for professional audiences and does not provide legal, regulatory, tax, accounting, valuation, credit or investment advice.

JEL Classification: G21, G23, G24, G32, G33

Keywords: private credit, direct lending, portfolio finance, NAV facility, asset sale, capital recycling, borrowing base, liquidity, valuation, fund leverage

1. Define the liquidity objective before selecting the instrument

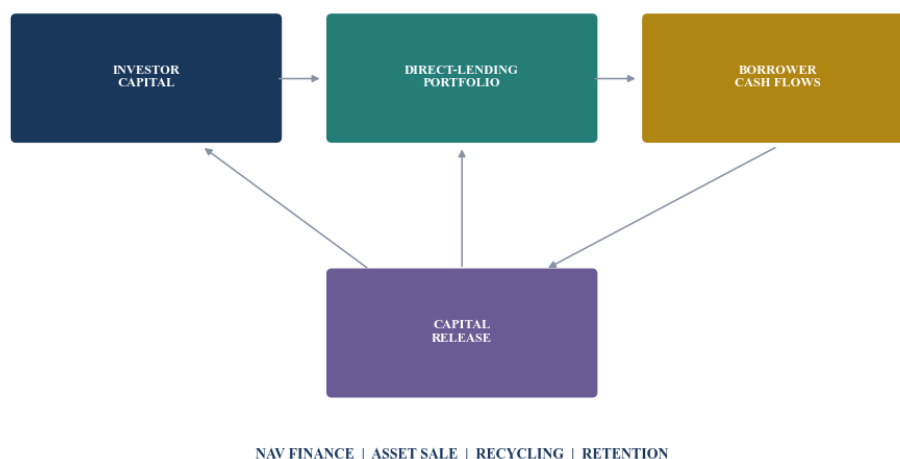
Portfolio finance should begin with the cash need, its date, its duration and the value expected from meeting it. A fund can need liquidity to honour committed borrower drawings, protect a viable asset, finance an add-on, meet expenses, reduce concentration, return capital, bridge an asset sale or refinance maturing fund obligations. Those objectives have different risk and governance profiles.

The objective should identify the beneficiaries of the action. Capital that protects a strong loan, preserves contractual rights or finances an accretive commitment has a different investment case from debt raised solely to accelerate a distribution. The governing body should record the objective, alternatives, expected cash flows, conflicts, approval route and conditions before lender engagement or asset marketing.

A financing label does not establish economic merit. A facility can create liquidity while reducing future portfolio cash through interest, fees, amortisation and cash sweeps. An asset sale can create immediate cash while transferring future coupon, fees, recovery rights and optionality. Recycling can extend investment capacity while changing the timing of distributions and the duration of investor exposure.

The decision unit is the fund's dated net cash under each feasible route, subject to legal authority, investor terms and portfolio resilience. The analysis should preserve a no-action case because retaining liquidity pressure can sometimes be preferable to crystallising a discount or adding leverage.

Figure 1. The direct-lending portfolio capital loop



Author framework. Each capital source changes future portfolio cash, risk and investor outcomes.

2. Establish authority, perimeter and decision ownership

The fund documents should be read as a connected system. The limited partnership agreement, constitution, private placement memorandum, subscription agreements, side letters, investment-management agreement, committee mandates, valuation policy, borrowing policy and asset documents can each affect portfolio finance.

Authority should be tested at the fund, parallel fund, feeder, alternative vehicle, holding company and asset-owning entity. A special-purpose borrower below the fund can still create fund-level economic leverage and cross-portfolio exposure. ILPA states that NAV-based facilities constitute fund-level leverage and recommends clear treatment in borrowing limits and investor reporting.[1]

The analysis should identify who can borrow, guarantee, grant security, transfer assets, amend asset documents, redirect collections, approve conflicts and make distributions. It should also identify negative covenants, lender consents, concentration rules, recycling limits, investment-period restrictions and asset-transfer conditions.

Decision ownership should remain explicit. Investment, risk, valuation, finance, legal, compliance, operations and investor-relations teams each hold part of the evidence. The investment committee decides portfolio merit within delegated authority. A conflict committee or LP advisory committee may have a separate role. Fund counsel, regulatory counsel, tax advisers, auditors, administrators, valuers and financing counsel provide defined professional inputs.

Table 1. Portfolio-finance authority matrix

Question	Evidence	Decision owner	Release gate
Fund may borrow	LPA, constitution, offering document	governing body and counsel	authority, purpose, amount and tenor confirmed
Entity may grant security	constitutional and transaction documents	entity board and counsel	valid benefit and approvals documented
Assets may be transferred	facility, security and intercreditor documents	investment and legal	consent, notice and transfer steps identified
Collections may be controlled	account, agency and servicing documents	finance, operations and counsel	account path and priority tested
Capital may be recycled	LPA, investment-period and realisation terms	governing body	permitted amount, period and use recorded
Distribution may be debt-funded	LPA, policy and investor guidance	governing body and conflict forum	rationale, alternatives and conflicts approved
Valuation may support borrowing	valuation policy and facility definition	valuation committee	current methodology and adjustments accepted
Portfolio limits remain satisfied	policy, regulation and facility covenants	risk function	base and stress compliance demonstrated
Investor engagement is complete	LPA, side letters and disclosure plan	investor relations and counsel	required consent, notice and disclosure completed
Transaction can close	conditions precedent and funds-flow memorandum	authorised signatories	evidence, funding and cash control complete

Required approvals depend on the actual fund, entity, jurisdiction, documents and proposed route.

3. Map the portfolio cash obligation before sizing liquidity

The fund's available cash is not the bank balance. Cash can be reserved for undrawn commitments, delayed-draw term loans, revolvers, borrower protection, expenses, hedging, tax, fees, debt service, distributions and minimum liquidity. The capital plan should identify each obligation by amount, currency, expected date, legal priority and confidence.

Borrower facilities deserve particular attention. The IMF notes that correlated drawings on revolvers or other credit lines can create substantial funding needs for private-credit funds.[4] A portfolio financing that uses current cash without reserving for future borrower draws can transform an asset-quality problem into a fund-liquidity problem.

The plan should distinguish committed from discretionary uses. A legally binding borrower commitment differs from a potential follow-on investment. A known debt maturity differs from an optional distribution. The committee can then rank uses according to contractual obligation, preservation of value, risk-adjusted return, investor impact and reversibility.

Currency and timing matter. A dollar facility does not automatically fund a dirham, sterling or euro need without settlement, hedging and basis considerations. Asset cash can arrive later than the portfolio-finance payment date. Cash-flow analysis should use contractual dates, expected dates and downside dates.

4. Compare four routes through one decision tree

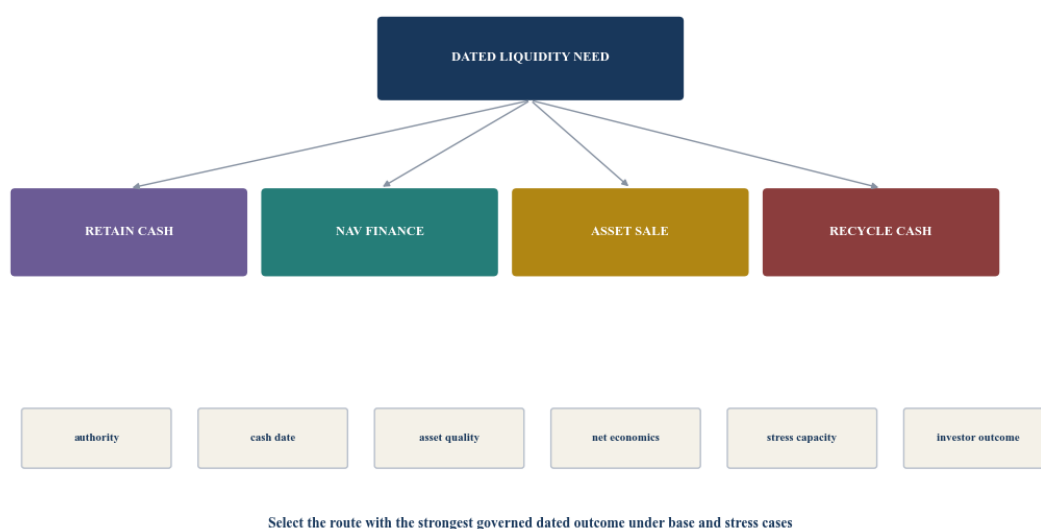
The first route is retention. The fund preserves cash, delays a discretionary use, reduces new origination or allows assets to amortise. Retention can avoid financing cost and sale discount, although it can forgo attractive deployment or a planned distribution.

The second route is NAV or asset-backed portfolio finance. It releases liquidity against portfolio value and controlled cash. The fund retains exposure to asset upside and income while accepting facility cost, covenants, cash sweeps, concentration tests, valuation controls, maturity and enforcement rights.

The third route is an asset sale. The fund transfers an entire position or participation for cash. The sale can provide price evidence, remove risk, reduce concentration and eliminate future funding. It can also crystallise a discount, transfer future income and require borrower, agent, security-trustee, regulatory or other consents.

The fourth route is recycling. Realised principal, sale proceeds or other permitted capital is redeployed rather than distributed. Recycling avoids an external creditor while changing the timing of investor cash and the portfolio's duration. It remains subject to the fund's investment period, recycling provisions, concentration limits and disclosure obligations.

Figure 2. Route decision tree for portfolio capital



Author framework. The route follows authority, timing, asset quality, economics and resilience.

5. Build an asset-level eligibility file

A headline NAV does not determine reliable borrowing capacity. Each asset should enter an eligibility file with obligor, instrument, seniority, currency, maturity, commitment, outstanding amount, cash yield, payment status, covenant position, rating or internal grade, valuation, concentration, transfer rights, security, jurisdiction and data completeness.

Eligibility should be rule-based and reproducible. A lender can exclude assets with payment default, unresolved data gaps, excessive concentration, insufficient seasoning, prohibited jurisdiction, uncertain transferability, inadequate documentation or maturity beyond the permitted tail. Partial eligibility can be applied through advance rates and reserves where the facility permits.

ADGM's FSRA guidance requires private-credit fund managers within its scope to maintain a stated risk appetite, defined credit assessment and pricing methods, diversification, risk management and stress testing.[2] Those disciplines support a credible portfolio-finance data set even when a particular transaction sits outside that framework.

The file should distinguish funded exposure from total commitment. An undrawn amount can reduce liquidity and affect leverage even when it does not contribute current carrying value. It should also identify related obligors, sponsors, sectors, countries and collateral so concentration cannot be obscured by legal-entity fragmentation.

Table 2. Asset eligibility and funding file

Field	Evidence	Funding relevance	Control question
Asset identity	executed facility and ledger	prevents duplication	does the record map to one enforceable asset?
Funded and undrawn	administrator and borrower records	current value and future liquidity	is total commitment reconciled?
Payment and covenant status	agent notices and monitoring	eligibility and haircut	are arrears, waivers and breaches current?
Credit grade	approved rating record	advance rate and trigger	was the grade refreshed for current evidence?
Value	valuation workpaper	borrowing-base input	what date, method and assumptions apply?
Concentration	obligor, group, sector, country and currency tags	excess deduction	are related exposures aggregated?
Transferability	asset and intercreditor documents	sale and security path	which consent, notice or restriction applies?
Security and priority	security file and legal review	recovery and lender rights	is perfection current and enforceability analysed?
Cash-flow profile	contractual schedule and forecast	debt service and maturity	when can controlled cash be received?
Data quality	exception log and ownership	eligibility and reserve	can the lender reproduce the record?

Eligibility and adjustments are transaction-specific and require documentary and data evidence.

6. Govern valuation as a financing input

Portfolio finance can amplify valuation error because debt capacity, covenant headroom and cash sweeps can depend on reported value. Private-credit assets are illiquid and can lack frequent market transactions. The IMF identifies stale and potentially subjective valuations as a vulnerability and notes that leverage providers can mark assets down during stress.[4]

The valuation policy should define unit of account, methodology, calibration, market-participant assumptions, credit spread, probability of default, loss severity, prepayment, extension, restructuring, currency and observable-event treatment. IFRS 13 defines fair value for financial-reporting purposes as an exit-price measure under its scope.[8] IFRS 9 governs classification, measurement and expected credit losses within its scope.[9] Facility definitions can differ from accounting values.

Borrowing-base value should therefore be a contractual measure derived from the eligible asset set. It can start with an approved value and apply concentration deductions, credit haircuts, data reserves, FX adjustments, future-funding reserves and advance rates. The calculation should avoid treating an accounting carrying amount, face value and executable sale price as interchangeable.

Valuation independence and challenge matter. The committee should know who prepared the value, who reviewed it, which model and inputs changed, which assets relied on broker indications or management estimates, and what subsequent events occurred. A lender valuation right should be modelled as a real source of uncertainty.

7. Calculate an eligibility-based borrowing base

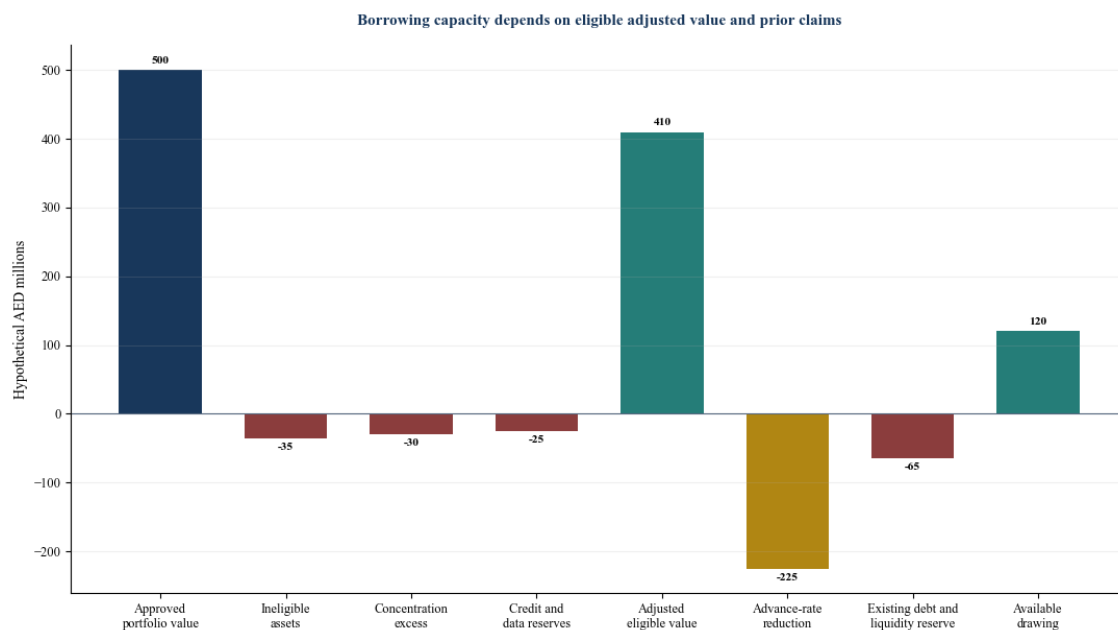
The borrowing-base bridge begins with gross approved value. It removes ineligible assets and excess concentration, adjusts for credit migration and data limitations, reserves for future funding and costs, and applies asset-level or portfolio advance rates. Existing secured obligations and minimum liquidity are then deducted to identify available drawings.

Advance rate should follow loss and liquidity behaviour. A senior secured, diversified, current-pay asset with complete documents and near-term cash can support a different rate from a concentrated, amended, payment-in-kind or junior exposure. A portfolio average can conceal a vulnerable tail.

Concentration limits should be applied after grouping related risk. A single sponsor can connect multiple legal borrowers. A sector shock can affect nominally separate assets. Country, currency, maturity and financing-source concentrations can also interact.

The facility should contain a cure sequence that the fund can execute. Potential cures include cash paydown, adding eligible assets, selling an asset, redirecting distributions, reducing commitments or obtaining new equity. A theoretical cure that depends on unavailable investor capital or an illiquid sale is weak protection.

Figure 3. Hypothetical portfolio borrowing-base bridge



All values are hypothetical management assumptions in AED millions and demonstrate the calculation method only.

8. Design the cash waterfall around the stated purpose

Portfolio cash control can include collection accounts, distribution accounts, blocked accounts, payment waterfalls, reserve accounts, cash sweeps and lender consent rights. The structure should match the assets, entities and governing documents.

The waterfall should allocate operating and preservation amounts, taxes where applicable, fund expenses, borrower commitments, facility interest and fees, mandatory amortisation, covenant cure, permitted reinvestment and investor distributions. Each layer needs a definition, calculation agent, payment date, evidence source and dispute process.

The use of proceeds should remain traceable. The CBUAE credit-risk standards require licensed financial institutions within their scope to monitor the use of facility proceeds and repayment sources.[5] A direct-lending fund can apply the same control principle to its own portfolio financing by reconciling every draw to the approved use.

Cash leakage should be tested across parallel funds, feeders, co-investments, holding entities, servicers, agent accounts and currencies. A portfolio lender can have strong contractual rights at one entity and weak access to cash generated elsewhere.

9. Align asset cash, facility maturity and investor liquidity

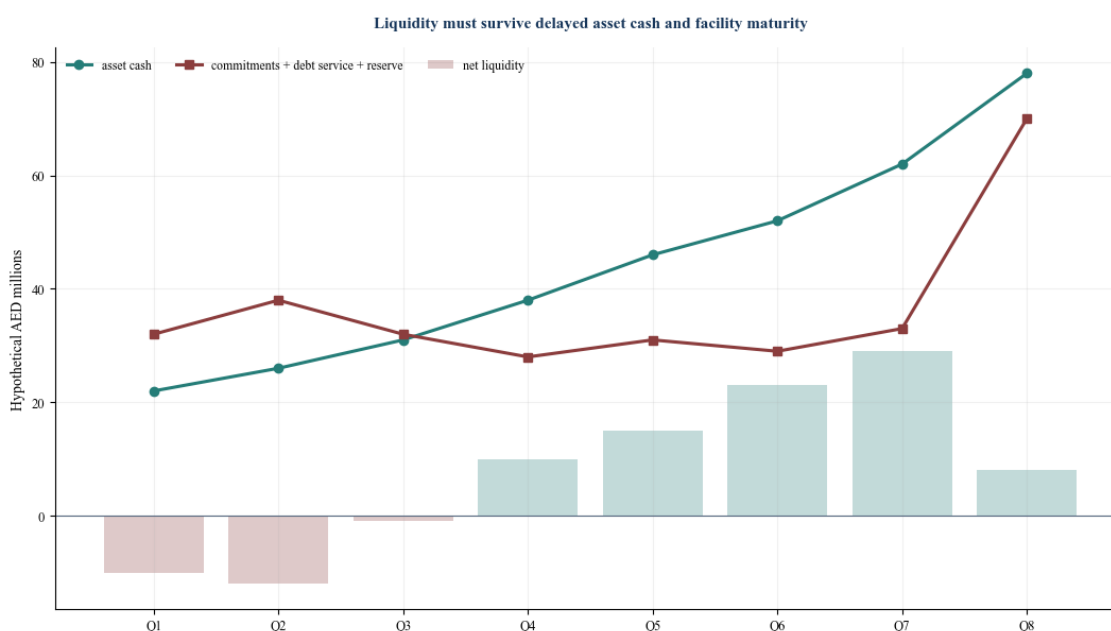
A portfolio facility has a maturity profile even when its collateral is long-dated. Asset extensions, payment-in-kind elections, restructurings, delayed exits and borrower drawdowns can move cash beyond the facility's expected repayment date.

The liquidity model should map asset interest, principal, fees, prepayments, sale proceeds and recoveries against borrower commitments, expenses, hedge flows, debt service, amortisation, facility maturity and investor obligations. It should contain base, delay and downside cases.

Refinancing should not be the sole repayment plan. The IMF notes that private-credit fund leverage can carry rollover risk and loan-to-value triggers.[4] A robust maturity plan identifies controlled amortisation, scheduled asset sales, expected asset repayments and a contingency case with no refinancing.

Closed-end funds generally reduce redemption mismatch through long-term investor capital. Semiliquid structures introduce additional liquidity obligations. The EU's amended AIFMD framework sets leverage limits and liquidity requirements for loan-originating AIFs within its scope, distinguishing open-ended and closed-ended structures.[6] The applicable rules depend on the vehicle and jurisdiction.

Figure 4. Hypothetical portfolio liquidity timeline



All timing and amounts are hypothetical management assumptions in AED millions.

10. Treat asset sales as portfolio construction

An asset sale is a portfolio decision rather than a residual source of cash. The fund should identify the asset's expected hold return, current bid, transaction cost, remaining funding, concentration contribution, downside risk, strategic relevance and effect on the residual portfolio.

Sale candidates can include low-conviction assets, concentrated positions, assets with high future funding, positions with strong market bids, short residual maturities or exposures that release a binding facility constraint. Selling the strongest liquid asset can raise cash quickly while weakening the quality of the remaining borrowing base.

Transfer mechanics should be mapped early. A sale can require borrower or agent consent, minimum hold, lender-of-record requirements, confidentiality arrangements, data-room permissions, sanctions screening, regulatory analysis, security-trustee mechanics, participation terms or tax review. Economic exposure and legal title can transfer at different times.

The sale price should be compared with the full retained case. The retained case includes coupon, fees, prepayment, extension, default, recovery, future funding and cost of capital. The sale case includes cash date, price, costs, released reserves, concentration relief and redeployment return. Both should use consistent dates and assumptions.

11. Govern capital recycling as a defined mandate

Recycling can preserve investment capacity after asset repayments or sales. It is economically different from borrowing because it does not introduce an external fixed claim. It still changes investor cash timing and can extend exposure.

The fund should define eligible recycling proceeds, the permitted period, aggregate cap, qualifying uses, portfolio limits and distribution treatment. Principal proceeds, income, fees and callable distributions can have different treatment. Side letters can add investor-specific obligations.

Recycled capital should pass the same underwriting and portfolio tests as original capital. The availability of proceeds should not lower credit standards. The committee should compare the new asset's expected return and downside with distributing cash, repaying debt or reserving liquidity.

Investor reporting should show gross realisations, amounts recycled, amounts distributed, portfolio-finance debt, interest and fees, and the effect on remaining commitments and duration. This enables investors to distinguish operational capital efficiency from delayed liquidity.

12. Compare route economics on a common basis

Each route should be evaluated through dated cash flows to the fund and its investors. Relevant metrics can include net present value, expected multiple, return on retained equity, liquidity coverage, concentration, downside loss, covenant headroom and time to distributable cash.

IRR and DPI require careful interpretation when debt funds a distribution. ILPA observes that NAV-financed early distributions can materially affect reported IRR and DPI and recommends transparency, governance and synthetic measures that isolate the facility's effect.^[1] A direct-lending fund should report the actual outcome and a consistent view excluding

financing-generated timing effects where appropriate.

Financing cost includes margin, reference rate, upfront fee, commitment fee, legal and advisory cost, valuation cost, hedging, cash drag, mandatory amortisation and opportunity cost from restricted distributions. Sale cost includes bid discount, transaction cost, consent, lost future income and retained obligations.

The no-action case includes the cost of holding cash or foregoing deployment, plus the risk of a future liquidity shortfall. The decision should be based on the route that best serves the approved objective within the fund's risk and authority, rather than the route with the highest headline proceeds.

Table 3. Portfolio capital-release route comparison

Route	Immediate liquidity	Future exposure	Primary benefit	Primary constraint
Retain cash	existing cash only	assets retained	no new debt or sale discount	reduced deployment or distribution
NAV facility	committed or drawn debt	assets retained plus facility claim	flexible liquidity and retained upside	cost, covenants, cash sweep and maturity
Whole-loan sale	sale proceeds	asset transferred subject to retained terms	realised cash and risk transfer	bid discount, consent and lost income
Participation sale	funded participation proceeds	legal title may remain	targeted liquidity with relationship continuity	counterparty, agency and structural risk
Capital recycling	realised permitted cash	new asset exposure	redployment without external debt	investor terms, duration and opportunity cost
Hybrid plan	phased debt, sales and recycling	managed residual exposure	diversified liquidity sources	execution and governance complexity

Outcomes depend on asset quality, documents, facility terms, market bids and fund objectives.

13. Stress the portfolio as a connected system

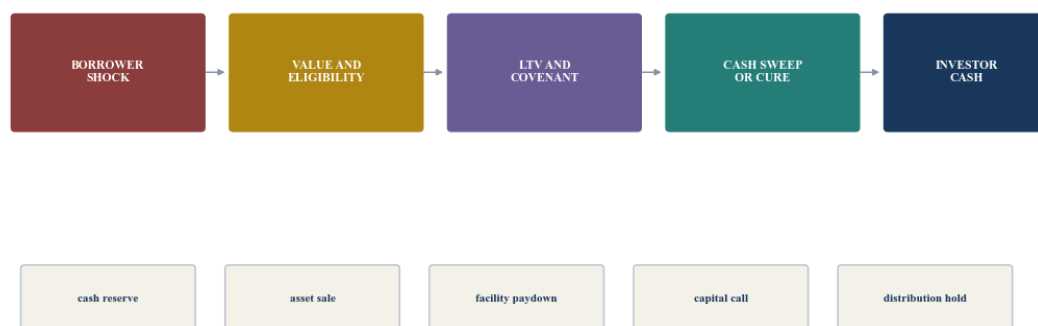
Stress analysis should combine credit, valuation, liquidity, funding and investor effects. A downgrade can reduce asset value, make an asset ineligible, increase concentration, trigger a cash sweep and reduce expected asset cash at the same time.

The IMF describes multiple leverage layers across borrowers, funds, special-purpose vehicles and investors.[4] Portfolio analysis should therefore include borrower leverage, fund leverage, derivatives, investor financing and refinancing dependence where the information is available.

Core stresses include spread widening, rating migration, payment-in-kind conversion, borrower draws, lower recovery, delayed repayments, asset-sale discount, FX movement, lender valuation adjustment, facility non-renewal and investor liquidity demand. Combined scenarios matter more than isolated shocks.

Management actions should be executable and time-bound. A planned sale requires a market, transferable asset and realistic settlement period. A capital call requires remaining commitments and valid authority. A distribution suspension requires governance and investor communication. Each action should have an owner and evidence.

Figure 5. Downside transmission through a financed portfolio



A credible cure has authority, liquidity, evidence, timing and an accountable owner

Author framework. One asset shock can affect value, eligibility, cash, covenants and investor outcomes.

Table 4. Portfolio-finance stress matrix

Stress	Immediate effect	Secondary effect	Required management evidence
Credit migration	asset haircut or ineligibility	concentration and LTV pressure	current rating, covenant and valuation record
Correlated borrower draws	cash utilisation	lower liquidity and higher facility use	commitment schedule and draw assumptions
Repayment delay	lower asset cash	maturity and refinancing pressure	revised borrower cash forecast
Sale-price discount	reduced proceeds	larger retained exposure or debt	executable bids and transaction cost
Facility value adjustment	borrowing-base reduction	cash sweep or cure	calculation, dispute right and cure assets
Rate or currency movement	higher debt service or mismatch	weaker coverage and investor cash	hedge, basis and liquidity analysis
Facility non-renewal	maturity wall	forced sale or capital requirement	funded repayment and contingency plan
Semiliquid investor demand	redemption obligation	asset-liability mismatch	gates, notice, cash and fair-treatment controls

Magnitudes and management actions require current portfolio and facility evidence.

14. Protect governance, transparency and alignment

Portfolio finance can create conflicts between current and future investors, different fund vehicles, the manager, portfolio assets and financing providers. Debt-funded distributions can improve near-term cash metrics while adding cost and risk to the residual portfolio. Cross-collateralisation can use stronger assets to support weaker assets.

ILPA recommends LP advisory committee consent where the LPA is silent and for NAV facilities used to fund distributions, along with disclosure of rationale, terms and conflicts.[1] Those

recommendations relate to the stated scope of the ILPA guidance. The actual consent and disclosure obligation depends on the fund documents and law.

The committee paper should present the no-action case, all feasible alternatives, related-party interests, valuation method, fees, manager economics, allocation across vehicles, investor effects and downside. The decision record should explain why the selected route serves the fund's approved objective.

Disclosure should include facility amount, drawn amount, use of proceeds, collateral, maturity, cost, covenants, cash sweeps, LTV, asset sales, interest and fee impact, distributions generated by financing, recallability, conflicts and material breaches. Sensitive transaction detail can be handled through the applicable confidentiality framework.

15. Apply the relevant regulatory and professional perimeter

ADGM's private-credit-fund framework applies to qualifying funds and managers within its jurisdiction and imposes specific restrictions, diversification, systems, risk and stress-testing requirements.[2] Other Gulf and international vehicles can follow different regimes.

The EU's Directive 2024/927 amends AIFMD and includes rules for loan-originating AIFs within its scope. It defines leverage limits of 175 percent for open-ended and 300 percent for closed-ended loan-originating AIFs using the specified commitment-method ratio, with stated exclusions and conditions.[6] Those percentages should not be applied to a vehicle outside the Directive's scope.

The CBUAE credit-risk framework applies to licensed financial institutions within its scope. Its principles on portfolio aggregation, use-of-proceeds monitoring, collateral value and risk management provide authoritative UAE context for lenders.[5]

Accounting classification, derecognition, expected credit loss and fair value require instrument-specific analysis under the applicable reporting standards.[8][9] A participation can transfer economics without achieving accounting derecognition. A sale can include continuing involvement. Tax, withholding, VAT, transfer pricing and permanent-establishment effects require relevant advice.

16. Demonstrate a hypothetical capital plan

Consider a hypothetical closed-end direct-lending fund with AED 500 million of approved portfolio value, AED 35 million of ineligible assets, AED 30 million of concentration excess and AED 25 million of credit and data reserves. Adjusted eligible value is AED 410 million.

A hypothetical blended advance-rate framework reduces this by AED 225 million. Existing debt and minimum liquidity reserve consume AED 65 million. The resulting hypothetical available drawing is AED 120 million.

The fund has a hypothetical AED 90 million six-month liquidity need: AED 45 million of committed borrower drawings, AED 20 million of asset-protection capital, AED 10 million of expenses and hedging, and AED 15 million of minimum liquidity. It compares retention, a NAV draw, selected asset sales and permitted recycling.

The committee adopts a hypothetical hybrid plan: retain AED 15 million, draw AED 35 million, sell AED 25 million of two lower-conviction positions and recycle AED 15 million of scheduled principal. The NAV draw amortises from controlled asset cash and has a stated stop if adjusted eligible value falls below the assumed threshold. Every number and result is a hypothetical management assumption.

Table 5. Hypothetical six-month portfolio capital plan

Component	Amount	Timing	Control
Committed borrower drawings	45	months 1 to 4	executed commitments and draw conditions
Asset-protection capital	20	months 2 to 5	milestone and revised underwriting
Expenses and hedging	10	monthly	approved budget and settlement schedule
Minimum liquidity	15	continuous	unencumbered controlled cash
Total liquidity need	90	six months	consolidated cash plan
Retained cash	15	day one	segregated liquidity reserve
NAV-facility draw	35	month 1	eligible borrowing base and use of proceeds
Selected asset sales	25	months 1 to 3	price, transfer and settlement gates
Permitted recycling	15	months 2 to 4	realised principal and document authority
Total sources	90	six months	reconciled funds flow

All values are hypothetical management assumptions in AED millions and demonstrate the method only.

17. Operate through a single portfolio-finance dashboard

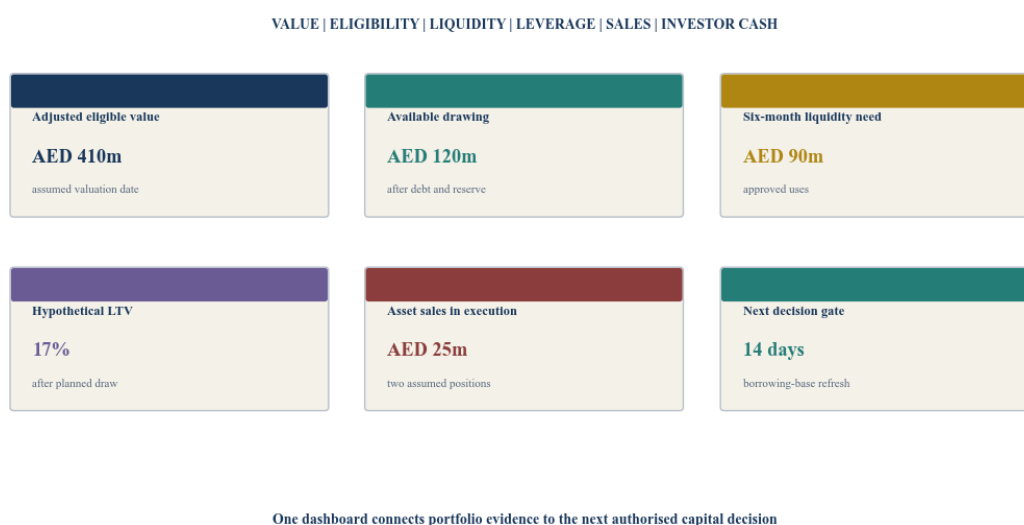
The dashboard should connect liquidity, asset quality, value, eligibility, concentration, debt, covenant headroom, cash, asset-sale execution and investor outcomes. It should reconcile to the administrator, valuation records, bank accounts and facility agent.

Core measures include gross and adjusted portfolio value, eligible value, funded debt, undrawn facility, LTV, advance-rate headroom, ineligible assets, concentration excess, borrower commitments, twelve-month asset cash, facility debt service, maturity, asset-sale pipeline, realised sale price, amounts recycled and financing-generated distributions.

Each metric should have a definition, owner, source, date and exception threshold. Manual overlays should remain visible. Values, credit grades, eligibility and concentration should not change silently between committee meetings.

The dashboard should distinguish factual balances from management forecasts. Hypothetical or probability-weighted scenarios should remain labelled in committee materials. Actual cash, costs, sale proceeds and debt service should feed back into the planning model.

Figure 6. Hypothetical portfolio-finance control dashboard



Every displayed value is a hypothetical management assumption created solely to demonstrate the dashboard design.

18. Implement the operating model in 120 days

Days one to twenty establish the objective, authority, entities, approvals, conflicts, asset perimeter and cash obligations. The team preserves documents and identifies every decision owner.

Days twenty-one to forty build the asset eligibility file, valuation bridge, concentration map, commitment schedule, cash controls and base liquidity forecast. Legal and finance teams validate transfer and account mechanics.

Days forty-one to sixty develop borrowing-base rules, facility scenarios, asset-sale candidates, recycling controls and route economics. Independent reviewers reproduce the calculations.

Days sixty-one to eighty run combined stresses, negotiate key terms, test lender valuation and cure mechanics, and prepare investor engagement. The committee chooses a route only after base and downside cases are complete.

Days eighty-one to one hundred prepare conditions precedent, account control, asset-sale execution, funds flow, reporting and contingency actions. Operations conducts a dry run of calculations and payments.

Days one hundred and one to one hundred and twenty close the approved transaction, reconcile cash, activate the dashboard, set review dates and complete investor reporting. The governing body records any deviations from the approved case.

Table 6. One-hundred-and-twenty-day portfolio-finance programme

Days	Workstream	Controlled deliverable	Gate
1 to 10	objective and governance	dated liquidity need and decision owners	governing body confirms purpose
11 to 20	authority and perimeter	entity, approval, conflict and document map	counsel confirms review perimeter
21 to 30	asset file	reconciled commitments, values and risk data	investment and finance validate population
31 to 40	liquidity and controls	cash obligations, accounts and timing	treasurer confirms base forecast
41 to 50	borrowing base	eligibility, concentration, reserves and advance rates	calculation independently reproduced
51 to 60	alternatives	retention, facility, sale and recycling cases	common dated economics accepted
61 to 70	stress	combined credit, value, draw and maturity cases	executable cures identified
71 to 80	terms and approvals	key terms, conflicts and investor engagement	required approvals complete
81 to 90	execution design	conditions, transfers, accounts and funds flow	operational dry run passes
91 to 100	reporting	dashboard, definitions and exception process	administrator and lender data reconcile
101 to 110	closing	executed documents and controlled cash	conditions precedent satisfied
111 to 120	adoption	first report, review calendar and lessons	governing body accepts controlled use

Timing depends on documents, portfolio data, lender process, asset transfers, investor approvals and regulation.

19. Limitations and conclusion

The ILPA guidance cited in this paper states that its detailed NAV-facility scope addresses private-equity buyout funds and does not cover every private-credit structure.[1] Its transparency, governance and alignment principles require contextual application.

The ADGM, CBUAE and EU materials apply within their stated regulatory scopes.[2][5][6] A fund should not apply a rule from one jurisdiction or vehicle type to another without appropriate analysis. IFRS and valuation guidance have their own scope, definitions and professional requirements.[7][8][9]

Every value, facility term, borrowing-base input, sale price, cash flow, probability, haircut, rate, cost, date and result in the worked example is a hypothetical management assumption. No client portfolio, lender proposal, investor consent, market bid or realised outcome is claimed.

Portfolio finance creates value when it solves a defined liquidity constraint within authority, preserves portfolio resilience and improves the fund's dated net outcome after cost and risk. The discipline is to treat NAV finance, asset sales, recycling and retention as comparable capital-allocation routes.

The resulting decision connects fund authority, asset evidence, valuation, concentration, cash obligations, financing terms, transfer mechanics, investor governance and downside capacity. Capital can then move through a controlled system rather than a headline NAV number.

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