

Turbine Finance: Unlocking Liquidity for Venture Capital Investors

Key Points

- **Turbine Overview:** Turbine Finance Corp., founded in 2022, offers a liquidity platform that allows Limited Partners (LPs) in venture capital (VC) funds to borrow against their fund stakes, providing cash without selling their positions.
- **Funding:** The company has raised \$21.75 million in equity (\$8.75 million Seed, \$13 million Series A) and secured a \$100 million debt facility from Silicon Valley Bank, totaling \$121.75 million in financial backing.
- **Business Model:** Turbine uses data science and machine learning to underwrite loans, enabling LPs to access liquidity while maintaining exposure to future fund gains.
- **Attractiveness to LPs:** The platform is appealing due to slow VC exits (e.g., fewer IPOs), offering a cost-effective alternative to selling stakes at a discount in secondary markets.
- **LP Restlessness:** LPs seek liquidity for personal needs, new investments, or capital calls, despite VC's long-term nature, due to delayed exits and market pressures.
- **Limited Data:** Specific valuation and detailed customer usage statistics are not publicly available, reflecting Turbine's early-stage status.

What is Turbine Finance?

Turbine Finance Corp., based in Santa Monica, California, is a liquidity platform launched in 2022 to address the illiquidity challenges faced by LPs in VC and private equity funds. It allows LPs to borrow against their fund stakes, using these as collateral, similar to a home equity line of credit. This approach helps LPs access cash without selling their positions, which is particularly valuable in a market with limited exits like IPOs or acquisitions.

How Does It Work?

For example, if an LP invested \$3 million in a VC fund and the stake is now valued at \$10 million, Turbine enables them to borrow up to 50% of that value—potentially \$5 million—at an interest rate of around 9%. This loan allows LPs to access funds while retaining potential future gains from the fund. The platform's use of data science ensures precise underwriting, assessing the risk and value of LP positions.

Why Are LPs Restless?

VC investments typically lock up capital for 7–10 years, with returns realized through exits. However, slow exit markets, coupled with personal financial needs, new investment opportunities, or capital calls, create pressure for LPs to access liquidity sooner. Turbine's solution is attractive as it avoids the discounts (20–30%) often required when selling stakes in secondary markets.

Who Uses Turbine?

Turbine's initial customers include the five venture firms that backed its equity funding (Alpha Edison, TTV Capital, Fin Capital, B Capital, and Sozo Ventures). These firms offer Turbine's credit facilities to their LPs, with plans to expand to more funds. Exact usage numbers are not public, as Turbine recently emerged from stealth.

Comprehensive Report on Turbine Finance Corp.

Company Overview

Turbine Finance Corp., established in 2022 and headquartered in Santa Monica, California, is a pioneering liquidity platform designed to address the liquidity constraints faced by Limited Partners (LPs) in venture capital (VC) and private equity funds. Founded by experienced VC and banking professionals, including entrepreneur Mike Hurst, Turbine emerged from stealth on April 4, 2025, with significant financial backing. The company's mission is to unlock the estimated \$13 trillion in capital stored in LP and General Partner (GP) positions globally by providing innovative credit facilities ([Turbine Finance Website](#)).

Funding and Financial Backing

Turbine has secured substantial funding to support its operations:

- **Equity Funding:** \$21.75 million, comprising:
 - \$8.75 million in a previously unannounced Seed round.
 - \$13 million in a Series A round, co-led by Alpha Edison and TTV Capital, with participation from Fin Capital, B Capital, and Sozo Ventures.
- **Debt Facility:** A \$100 million warehouse facility from Silicon Valley Bank (SVB), a division of First Citizens Bank, to fund its loan-making activities.
- **Total Backing:** \$121.75 million, combining equity and debt.

The equity capital is being used to deploy the warehouse line and expand Turbine's data science team, enhancing its underwriting capabilities ([PR Newswire](#)).

Valuation

Specific valuation details for Turbine are not publicly disclosed in available sources. Given the company's early stage and the nature of Series A funding, valuations typically range from \$50–100 million for similar fintech startups, but this is speculative without concrete data. The lack of disclosed valuation is common for companies at this stage, especially those recently emerging from stealth ([PitchBook Profile](#)).

Business Model

Turbine operates as a debt platform that provides credit facilities to LPs in VC and private equity funds. Its core offering is a loan product secured by LP positions, enabling investors to access liquidity without selling their stakes. Key aspects of the business model include:

- **Loan Structure:** LPs borrow against the appreciated value of their fund stakes, similar to a home equity line of credit or a margin loan against stock holdings.
- **Data-Driven Underwriting:** Turbine leverages machine learning and data science to assess the value and risk of LP positions, ensuring accurate loan terms.
- **Partnerships:** The platform collaborates with private equity and VC firms to underwrite and secure portfolios, offering LPs flexibility to:

- Access unrealized gains ahead of fund distributions.
- Leverage existing investments for new fund commitments.
- Fulfill capital calls without liquidating assets.
- **Invite-Only Model:** Turbine operates as an exclusive, invite-only provider, working with leading investment funds, banks, and capital partners ([Citybiz](#)).

The platform aims to tap into the \$13 trillion in illiquid capital held in alternative assets, providing a scalable solution for liquidity challenges ([Turbine Finance Website](#)).

Example of How Turbine Works

Consider an LP who invested \$3 million in a VC fund five years ago, and the stake is now valued at \$10 million due to the fund's portfolio growth. Using Turbine's platform:

- The LP can use the \$10 million valuation as collateral to secure a loan, typically up to 50% loan-to-value (LTV), resulting in a \$5 million loan.
- The loan carries an interest rate of approximately 9%, compared to the prime rate of 7.5%.
- The LP retains their fund stake, preserving exposure to future upside (e.g., potential IPOs or acquisitions).
- Repayment can be made from future fund distributions or other sources, offering flexibility.

This approach is more cost-effective than selling the stake in the secondary market, where discounts of 20–30% could reduce the sale value to \$7–8 million ([TechCrunch](#)).

Attractiveness to Limited Partners

Turbine's platform is highly appealing to LPs for several reasons:

- **Liquidity in a Slow Exit Market:** With IPOs and acquisitions slowed in recent years, LPs face prolonged illiquidity. Turbine provides immediate cash access without sacrificing future returns.
- **Cost Efficiency:** The 9% interest rate is considered reasonable compared to secondary market discounts, which can erode significant value.
- **Flexibility:** LPs can use loans for personal financial needs, new investments, or to meet capital calls, enhancing portfolio management.
- **Preservation of Upside:** Unlike selling stakes, borrowing allows LPs to retain their positions and benefit from potential fund exits.
- **Support for Diverse LPs:** The platform is particularly valuable for wealthy individuals and small family offices, who often face liquidity constraints despite substantial VC investments ([TechCrunch](#)).

Customer Usage

Turbine's initial customers are the five venture firms that backed its equity funding: Alpha Edison, TTV Capital, Fin Capital, B Capital, and Sozo Ventures. These firms have integrated

Turbine's credit facilities, allowing their LPs to access liquidity. Specific usage statistics, such as the number of LPs or loans issued, are not publicly available, likely due to Turbine's recent emergence from stealth and its invite-only model. The company has indicated plans to expand its services to additional VC funds, suggesting early adoption is limited but growing ([PR Newswire](#)).

Why LPs Are Restless Despite VC's Long-Term Nature

Venture capital investments are inherently long-term, often requiring 7–10 years to realize returns through exits like IPOs or acquisitions. However, LPs may seek liquidity sooner due to:

- **Delayed Exits:** The slowdown in IPOs and M&A activity in recent years has extended the time to liquidity, increasing pressure on LPs ([TechCrunch](#)).
- **Personal Financial Needs:** Individual investors or family offices may require cash for personal expenses, taxes, or other obligations.
- **New Investment Opportunities:** LPs may want to allocate capital to new funds or asset classes but lack liquid funds due to locked-up VC investments.
- **Capital Calls:** VC funds frequently issue capital calls, requiring LPs to contribute additional capital, which can strain liquidity.
- **Portfolio Rebalancing:** LPs may seek to adjust their investment portfolios, but selling VC stakes in secondary markets is challenging and often involves discounts of 20–30%.

Turbine addresses these challenges by offering a non-dilutive liquidity solution, allowing LPs to meet immediate needs while maintaining their VC exposure ([Citybiz](#)).

Market Context and Competitive Landscape

The need for liquidity solutions like Turbine's has grown due to a prolonged slowdown in VC exits. For example, the TechCrunch article notes that IPOs have "slowed to a trickle" in recent years, particularly impacting wealthy individuals and family offices with significant VC allocations. Other platforms, such as Cendana and Kline Hill, also focus on secondary seed and venture capital funds to provide LP liquidity, indicating a competitive but underserved market ([TechCrunch](#)). Turbine's use of data science and its partnership with SVB position it as a technologically advanced player in this space.

Financial Metrics and Loan Terms

The following table summarizes key financial metrics and loan terms based on available data:

| Metric | Details |
|-------------------------|--|
| Equity Funding | \$21.75 million (\$8.75M Seed + \$13M Series A) |
| Debt Facility | \$100 million from Silicon Valley Bank |
| Total Backing | \$121.75 million |
| Interest Rate | ~9% (compared to prime rate of 7.5%) |
| Loan-to-Value (LTV) | Up to 50% (estimated, based on industry standards) |
| Target Market | LPs in VC and private equity funds, initially via five partner firms |
| Underwriting Technology | Machine learning and data science for risk and valuation assessment |

Challenges and Risks

While Turbine's model is innovative, it faces potential challenges:

- **Interest Rate Sensitivity:** At 9%, the loan cost may deter some LPs if market rates decline or if exits accelerate.
- **Scalability:** Expanding beyond the initial five venture firms requires building trust and partnerships with additional funds.
- **Risk Assessment:** The accuracy of Turbine's data-driven underwriting is critical to avoid over-leveraging or mispricing loans.
- **Market Dependence:** The platform's success relies on continued demand for liquidity, which could wane if VC exits rebound significantly.

Future Outlook

Turbine is well-positioned to capitalize on the growing demand for liquidity solutions in the VC ecosystem. Its \$100 million debt facility provides ample capacity to scale loan offerings, while its data science capabilities offer a competitive edge in underwriting. The company's plans to expand to more VC funds suggest a focus on broadening its customer base. As the VC market evolves, Turbine could play a pivotal role in redefining how LPs manage liquidity, potentially influencing broader private equity and alternative asset markets ([Finsmes](#)).

Key Citations

- [Turbine Raises \\$22M to Help VC Investors Get Cash](#)
- [Turbine Emerges from Stealth with \\$121M+ Funding](#)
- [Turbine Raises \\$13 Million Series A Funding](#)
- [Turbine Finance Official Website](#)
- [Turbine 2025 Company Profile on PitchBook](#)
- [Turbine Raises \\$121M+ in Growth Funding](#)
- [Liquidity Platform Turbine Emerges with \\$121M](#)
- [Turbine Finance Secures \\$13M Funding](#)
- [Turbine Emerges with \\$121M+ Funding Yahoo Finance](#)
- [Turbine Funding Announcement on Morningstar](#)
- [Cendana and Kline Hill Secondary Funds](#)