

Fund Finance Friday



Fund Finance Observations for June

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FFA Board Member

The fund finance markets continued their healthy clip into June, with activity levels remaining elevated. Below are our observations since my last update.

Transaction Volume and Pipeline. Transaction volume remains double digits ahead of 2020 year-to-date, with a strong push to get a number of matters closed by the end of Q2. While the majority of that timing drive is emanating from the funds, we are seeing banks push to book assets by the end of the quarter as well. We do not see any material headwinds for the market in the short term as both forward indicators and anecdotal feedback suggest demand will remain robust for the foreseeable future.

LIBOR Transition. Incorporating LIBOR transition language in multi-currency transactions, particularly in amendments, is a complicated task and takes longer to accomplish than most business people's initial expectations. We are all trying hard to get the technicals into the documents properly. Deal lawyers need to better forecast the scope of the project when these amendments are requested. There are also multiple variations of LIBOR fallback and some non-SOFR based alternative rates that are floating in the market. While this is adding optionality, it is also adding more complexity on syndicated transactions as the parties look to find a common approach.

ESG. One of our early 2021 suggestions for banks was to get their ESG facility game plan together. That suggestion has proved on point. We are fielding a lot of calls with questions on KPIs and structuring options. Wes Misson and Katie McShane are doing a host of presentations and updates in the coming weeks to try and keep the market informed. YTD we have worked on 7 ESG-linked facilities and expect this to grow. This is a rapidly expanding market and we hope to share some insightful trends later in the year.

FFA Updates. The Fund Finance Association has been very active the last month. The Miami conference (in person!!!) is now scheduled — February 16-18, 2022. Jeff Johnston did a sensational job working with the Fontainebleau hotel over the last year under very difficult COVID-driven circumstances. The negotiations around our 2021 cancellation, postponement and rescheduling were very difficult for both sides, and Jeff did a terrific job steering a great outcome for the FFA. Sponsorship and ticket price information will be distributed in early fall, but please be sure to reserve budget for a full 2022 slate of FFA events! The FFA also received over 60 applications for the European and Asia-Pacific Executive Committees, and the Board was thrilled with the level of enthusiasm for the roles. Way more submissions were received than we expected, so please bear with us over the summer as the team works through the process. Our hope is to communicate further on the Committees by the end of July.

All the Best. Earlier this month, Jeremy Cross moved on from Cadwalader. Jeremy has been a great friend and colleague to many of us, and we wish him nothing but the best in his new role. Jeremy, thanks for your contributions to our clients and Firm.

Kristin Rylko. Kiel Bowen called me Monday to share the tragic news that Kristin Rylko passed away. I was heartbroken to hear this. Kristin was a terrific colleague to me when I was at Mayer Brown, a wonderful person and an immensely talented fund finance lawyer. She was a longtime supporter of our industry and contributor to the FFA. She will be dearly missed by many. Mayer Brown is collecting notes that people would like to share or to pass on from others, and will send them to Kristin's family. If you would like to share a memory of Kristin or send a message to her

family, please send it in before June 25th to the following email address: KristinRylko_Memorial@mayerbrown.com. If you would like to make a donation in Kristin's honor, you can donate to Pancreatic Cancer Action Network here: www.pancan.org (you should indicate that the donation is an honoree or memorial gift and then record Kristin's name as the honoree) or to the Hooved Animal Humane Society here: www.hahs.org (Kristin was an accomplished equestrian and found great joy through horses).

Mom. As many of you know, my mom passed away at the end of May. She was an incredible mom to my brother and me and a terrific wife to my dad. We will miss her terribly. My family and I are incredibly grateful for the support and positive wishes we have received from so many. Thank you.