

Fund Finance Friday



FFA University 2.0

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This week the FFA held the inaugural FFA University 2.0 at Cadwalader's offices in New York. The intensive full-day program was geared towards mid-level and more senior bankers and lawyers in the fund finance space. This interesting and educational event included a roster of seasoned presenters who are some of the foremost experts and deal makers in the fund finance space.

The slate of panels kicked off with "Advanced Issues in Subscription Facilities," which was led by Terence Hatton, a managing director at MUFG, and Yomi Akinyemi, a director at Wells Fargo. They discussed topics ranging from Negotiation Hotspots – which include current pressure points like tenor – to items such as holds to rated note feeders.

Next up was "NAV Loan Structures and Issues" with Daniel Toblib, Vice President at Macquarie Bank Limited - Representative Office, and Cadwalader partner Brian Foster. We talk a lot here about how NAV is hot. Daniel and Brian's detailed presentation gave the crowd the nuts and bolts on NAV, with topics ranging from transaction structures to what it means to be fully secured vs. having security "lite." They went deep on the key substantive issues in these deals from valuation to due diligence to cure plans. We all left the presentation a bit smarter on NAV.

"Key Factors and Trends in Fund Finance Credit Ratings" was next, led by KBRA's Prमित Sheth, senior managing director and John Hogan, managing director. They explained how credit ratings support the expansion of private capital markets and gave us insight into the components of a ratings determination.

Next up we saw two presentations that looked at the borrower and then the lender side of fund finance. "The Private Equity Business Model" was the topic of the presentation by Gregg Myers, CFO, Global Infrastructure Partners, and Matthew Chase, a partner at Latham & Watkins. The "Credit Provider Spectrum" with Zac Barnett, Managing Director, Fund Finance Partners and Michael Timms, Investment Director, 17Capital, discussed the range of product types and lenders as well as key differences among various credit providers.

Few would dispute that the most timely presentation was that of FFA Chair Jeff Johnston who discussed regulatory capital and near term implications for fund finance. Jeff thoughtfully broke down this complicated and nuanced topic. He explained the background of the relevant regulations and how they work in practice to explain his view of the changes we are seeing in banks' appetite for fund finance. While the event was not recorded, Jeff posted an article summarizing the discussion on his LinkedIn profile.

The last substantive topic of the day was "Secondary Fund Lending & Collateralized Fund Obligations" with Ron Franklin, Proskauer partner, Kevin Alexander, partner at Credit Group, Ares Management and Gopal Narsimhamurthy, Managing Director, KBRA. This presentation touched on some of the innovative products, deals, and structures in the markets and how they came to be. Their discussion of the evolution of NAV financing technology and how secondaries deals work helped to give the audience a sense of a number of deals beyond subscription.

The day concluded with a market update with Nick Mitra, managing director at SG Americas Securities, LLC and Jocelyn Hirsch, partner at Kirkland & Ellis. Closing remarks from Mike Mascia inspired us all to be better leaders and to cultivate the next generation of leaders.

As was evident from the day, there is always more to learn, and the fund finance market continues to be ripe for innovation and talented bankers and lawyers. We are grateful to the FFA for such a stellar program.





