

Fund Finance Friday



Player Profile: M&T Bank's Michael Sinclair

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SINCLAIR**



This week Charlotte partner Trent Lindsay and associate Morgan Dennis connect with Michael Sinclair, Executive Vice President & Head of Fund Banking at M&T Bank. Based in Boston, Michael has over 25 years of banking experience and manages Fund Banking at M&T. Previously, Michael was with East West Bank for seven years, where he co-founded the Private Equity team. Prior to that he served in banking and investing roles with SVB, Raymond James, TSG Equity, and BankBoston. Michael has an MBA from the Tuck School of Business at Dartmouth and an A.B. in Biology from Bowdoin College. He is also a CFA Charterholder.

FFF: Michael, could you tell us a bit about your background and your route into fund finance?

MS: My career in banking has mostly centered around private equity. Prior to entering fund finance, I worked in sponsor finance, M&A advisory and private equity investing. I started my banking career at BankBoston in the Analyst training program, about two weeks after graduating from Bowdoin College. I also worked for TSG Equity Partners and Raymond James, and attended business school at Tuck, before starting in fund finance at SVB in 2009. I joined East West a few years later to build their fund finance practice and to open their Boston office. People's invited me to launch the precursor to our current M&T business in 2018, prior to the merger. While challenging, I've found that building business at banks has been a gratifying experience.

FFF: You led the Fund Banking business of People's United Bank prior to its merger with M&T Bank and now hold the same position at M&T. How has your role and the bank's fund finance offering changed as a result of the merger?

MS: My role is the same, but the platform at M&T is much broader. We have enhanced capabilities at M&T in leveraged finance, real estate, and wealth management, which allows our team to build deep relationships with our clients. In terms of balance sheet, our assets are over \$200 billion, which has enabled our team to increase our credit hold positions. Our team members are based primarily in Boston and New York, which are markets where the bank has a large presence. Our clients are located across the U.S., which means we travel often.

FFF: M&T Bank has been very active in subscription finance in the last year. What types of transactions is M&T focused on? What are your plans for the future?

MS: We are heavily focused on subscription lines at the moment. Our legacy portfolio includes a combination of bilateral facilities, agented facilities, and participations. As we scale this business, we are expanding client relationships beyond fund-level financing. This generally means leading deals or serving as the primary bank. M&T has a robust Debt Capital Markets business that positions us well to lead multi-bank facilities. Both management company lines and

NAV are likely on the horizon. We want to develop guidelines and dedicate internal resources before establishing those portfolios. We anticipate having more bandwidth to focus on product expansion in the second half of the year.

FFF: How do you look at transactions differently than other lenders?

MS: We have thorough credit and risk management processes. We want to build this business in a thoughtful way and at a moderate pace, which means not every opportunity is a fit. We strive to deliver quick feedback, and provide superior execution on the opportunities we pursue. We frequently use structural mitigants to arrive at a solution, and we customize each facility based on the unique needs and risk profile of each fund.

FFF: How do you see the fund finance market changing over the next year?

MS: My main prediction is facility sizes will decrease relative to LP commitment levels, especially for larger funds. It wasn't that long ago that credit facilities were 10-20% of fund size. We've crept up to 30-40%, and I expect that trend to normalize. I think the syndication market will come back, but with different economics, and potentially new sources of funding. Credit funds may need to rethink leverage levels and the related capital cost. The push for deposits will be ongoing, but banks with a diverse and granular deposit base should remain active in this market.

FFF: What advice do you have for young people getting started in fund finance, whether as lenders or in private equity?

MS: This is a great business and a close community. Despite the recent market dislocation, fund finance offers a variety of attractive career opportunities. You should seek organizations with stability and strong leadership, and teams that are experienced and also willing to provide mentorship. Don't be afraid to assert yourself where appropriate by asking informed questions and offering your unique point of view. Think about getting involved with new initiatives at your bank or firm, which will likely lead to recognition.

FFF: What do you like to do outside of the office?

MS: I have three teenage boys who participate in many sports. I dedicate the weekends to activities with them as much as possible. I'm coaching youth lacrosse this spring, and getting back into running. We're traveling to lacrosse tournaments in June and July, and then planning a family vacation in August which will involve time on the water and fishing. I hate to mention snow just as we are coming out of cold weather, but I also enjoy skiing.