

Fund Finance Friday



Player Profile: Gavin Rees

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FFF: How did you end up in fund finance?

I joined WestLB in New York in 2005 as part of the Financial Institutions group which had been recently taken on by Dee Dee Sklar (you may have heard of her...), who was looking for more imaginative uses of the Bank's capital than lending to other banks. We began to participate in some fund finance deals led by some of the leaders in the market and rather got a taste for it (as did WestLB), so began to originate deals ourselves.

FFF: How has the first half of 2019 shaped up compared to 2018?

2018 was a great year, but 2019 has really turned the dial to 11 (see below). I put this down to SVB's growing profile in the UK and Western Europe and the strong foundation created by the Bank's 30+ year history of working with funds in the U.S. These factors have outweighed Brexit's impact on UK-focused fund raising. We're also working on a greater variety of transactions, not just capital call lines, but GP and manco facilities, NAV lines for VC and buy-out funds, etc. This range of product is a real differentiator for SVB.

FFF: Are there any emerging issues that might prove relevant for the fund finance markets?

At some point there will be a correction in the market, and funds' valuations and investors' liquidity will take a short to medium term hit. It will be interesting to see how lenders, in particular those relatively new to the sector, react. One of the reasons SVB (and my alma mater, WestLB) succeeded during the 2008 GFC was that it remained committed to the funds sector, actively working with GPs to de-risk situations, to borrowers' and lenders' mutual benefit, rather than heading straight for the hills. The same level-headedness will be required the next time around also.

FFF: Who has had the most influence on your career?

Within the context of funds finance, it's got to be Dee Dee (c'mon, you must know her). Her ambition, tenacity and the way she looks after her team and her clients is really impressive. I remember an episode fairly early in the development of the WestLB practice when we were pitching hard to a very substantial real estate fund manager, up against a much more established, incumbent lender. The GP called us to let us know they were willing to admit WestLB into the deal as a co-lead with the larger bank. I was over the moon, but Dee Dee was less impressed. She put the phone on mute and went silent for a time. After 30 seconds or so (which seemed a lot longer), she got back on the line and told the GP "thanks, but we want it all." The GP was gob-smacked at the tenacity of this upstart (WestLB, not Dee Dee) and the call ended. He called back within 10 minutes and said they would go with WestLB as sole lead. I thought that was pretty cool.

FFF: What was your career high . . . and career low?

My career high was becoming the Head of SVB's London Funds Finance team in 2016. The Funds Banking team in London (and across the U.S. and in Asia), and the overall culture of the Bank, is so refreshing. And I think our clients pick up on that positive, can-do vibe from us.

Inevitably over the 15 or so years I've worked in this space there have been setbacks, but I'd be more comfortable speaking about them discreetly over a Guinness...

FFF: What do you think it takes to be successful in the fund finance industry?

At the risk of sounding hackneyed, it would be integrity and consistency. I really like the funds banking sector because the majority of GPs, lenders, lawyers, administrators and other service providers are in it for the long haul, and reputation and reliability matters. Doing the right thing is important as an individual and as an organisation, including supporting GPs through many, many fund cycles. I like working for SVB because that is the collective ethos.

FFF: If you could give the Fund Finance Association one piece of advice, what would it be?

Before offering my piece of advice, I'd like to tip my hat to the people who have built the FFA from its modest beginnings only a few years ago to the impressive organisation it is today. In particular because most/all of those involved do it in addition to their day jobs. My tuppence-worth would be to prioritise innovative content and thought-provoking speakers ahead of panels comprising sponsors of the organisation. For me there are diminishing returns to panels made up of lawyers and bankers, too often with analogous views. I think the Women in Funds Finance Association has done a great job of hosting events with stimulating topics and guests, and not always related to fund finance.

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

It's family (including our new pup, Jet – see below), football (my son and I are Charlton Athletic season ticket holders) as well as skydiving/pet rescue/ultra-marathons.

FFF: Tell us two truths and one lie about yourself?

I refer you to my previous response.

FFF: Any fund finance predictions for the rest of the year?

I'm now genuinely concerned about a No-Deal Brexit and the impact that will have on all sectors, including fund raising and by extension funds finance. Also, I'm setting up an advisory business to advise GPs on which debt advisor to use for their fund financing needs.

