

# Fund Finance Friday



## Player Profile: Scott Aleali

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Player Profile



### FFF: Scott, how did you end up in fund finance?

This was back in 2011 when I was living in the suburbs of Southern California where I grew up. Looking for a personal and professional change of pace, I asked my employer at the time about opportunities in New York City. Coincidentally, they had a plan to launch a fund finance practice in NYC and offered me a position on the team – an opportunity that I remain extremely thankful for.

### FFF: Fund finance has become a competitive market. How does your team differentiate itself in a crowded market?

In any market, the most successful service providers are providing the best experience possible for their clients, and that experience is always evolving as your market evolves. Our team's mindset of being an experience provider instead of a service provider is what I believe sets us apart.

Are we continuously improving our platform and processes to give our clients time back in their day and make it easier for them to do business with us? When our clients are in a pinch and circumstances get challenging, can they count on us to roll up our sleeves, find a solution and come through in the clutch? Are we creating the most impactful events that deliver value to our clients professionally and bring joy to their lives personally?

You need a committed team around you and institutional support behind you to execute successfully on this mindset. Without a doubt we have the best of both.

### FFF: What trends are you seeing in the first half of 2019 compared to 2018?

We're seeing an increase in requests for credit facilities to separately managed accounts. I expect this trend will continue as investors seem to value the customization of their own investment vehicles and having their own unique set of partnership terms. Fund structure charts and partnership documents are also getting more complex, making it cost more and take longer to close a credit facility. One must question if all this added complexity is really necessary.

**FFF: Long-time bankers are always conscious that bad loans are made in good times. Anything of concern in fund finance credit or the market?**

Funds advancing on a credit facility as a large percentage of fund size and for a long period of time before calling capital from investors. This obviously works well at the beginning of a fund's life to manage the J-curve and should continue to work well for the right Fund profile. It will be an uncomfortable situation for the GP, LPs, and the lender if a fund has to issue a large first capital call into a portfolio of underperforming assets.

On a more macro level, it's the rise in AUM of private credit and direct lending strategies. You'd think at some point during a downturn in the market that these portfolio companies will struggle to carry their debt.

**FFF: How do you anticipate lenders will respond over time to growing scale at the top sponsors?**

It's not a secret that our clients are raising capital faster and funds are getting larger. One approach we've taken to continue supporting our clients' growth is building out our syndications infrastructure and forming relationships with the right lenders to partner with.

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

There have been too many to name just one or two, so I'll answer this question in two groups – before and after moving to NYC.

To progress in any career you need to find the right opportunity that fits your strengths and the right people need to give you a shot. When I started my banking career in 2007, I didn't have the most impressive resume and I knew I wasn't the smartest person in the room. I was fortunate to have been supported by incredible people that invested their time, energy, and patience in my development. The list is longer but to Ben Fargo, Jeff Strawn, Robert Anderson, Derek Hoyt, Kevin Wallace, Jim Hori and Adam Tweedy: thank you.

I barely knew anyone in NYC when I moved here in 2011. I teamed up out of the gate with Jeff Maier, who I remain business partners with today and hopefully will throughout my career in fund finance. Jeff introduced me to a lot of people and was a huge help toward building my professional network in NYC. I also consider myself lucky to now have amazing friends that were made through client relationships. There are a few industry friends that taught me about this market and what the private equity community really cares about. Thank you for your continued support and mentorship.

**FFF: What advice do you have for the young fund finance banker just getting underway in the sector?**

Don't underestimate the value of mentorship. Surround yourself with people of high integrity, principles and values that you consider successful and that genuinely care about your success. Instead of focusing on what they're doing now that makes them successful, learn about what they had to do to get there. Your foundation and reputation are everything.

**FFF: While you're dispensing advice, any suggestions for the Fund Finance Association?**

There's a wealth of knowledge across the attendees of the Annual Global Symposium. Carving out a portion of the agenda for smaller breakout sessions would be a fantastic way for attendees to learn more from one another and build closer relationships while they're there. Excellent call moving the event to Miami, by the way.

**FFF: If you could choose one profession to be in outside of fund finance, what would that be?**

I'm a bit of an obsessive Miami Dolphins fan and part of the DolfansNyc fan club that meets every week during the season for the games. The team is executing on a rebuild that's going to result in sustained success and winning the 2021 Super Bowl (yes, you heard it here first). It would be such a cool experience to work for the General Manager of the Miami Dolphins and contribute to what they're building down in South Florida.

**FFF: Tell us one fun fact about yourself?**

I'm the commissioner of a fantasy football league that's been going strong for 23 consecutive years. Our league's most important rule is all managers have to be physically present for draft weekend. That last weekend every August has become one of my favorite weekends of the year.

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

There's been a lot of personnel change across lenders, with some new entrants coming into the market. The game of musical chairs is over and we're done seeing more senior people or fund finance teams leave to go from one place to another.