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FUND FINANCE FRIDAY

Player Profile – Guillaume Hartog

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This week we connect with Guillaume Hartog, who heads the Subscription Finance team within BNP Paribas, covering EMEA and the U.S. Prior to that, he was part of the bank's Leverage Finance team in London.

***Fund Finance Friday*: How did you end up in fund finance?**

Guillaume Hartog: I was a Director within the UK LevFin team when BNPP decided to enter this new market. I had been tasked with structuring a couple of deals first and writing a procedures manual. Six years later, the bank happened to have a book in excess of €10bn and we closed 50+ deals.

***FFF*: How has 2019 shaped up compared to 2018?**

GH: 2019 was a record year for the BNPP Fund Financing team: we closed 24 deals, vs. 11 in 2018. This has impacted our team as well, as we have been recruiting.

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

GH: The Abraaj liquidation process obviously, as final recovery from the banks involved will be scrutinised. Depending on the outcome, it might happen to be a "pre-Abraaj" and a "post-Abraaj" time. One is right to recall that Abraaj appears to be massive and rather unique.

And, perhaps in the long run, Basel IV could impact return on this product for banks. But no crystal ball.

The rest is normal evolution of a market which is getting more and more mature and standardized and is evolving alongside the overall economic cycle that leads financial sponsors to maximise fund-level financing and weaken some terms.

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

GH: Sam Hutchinson. Apart from Sam, there have been a lot of folks, including many of my colleagues and managers at BNP Paribas.

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

GH: A planned tête-à-tête lunch with Sam … and when she cancelled it!

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

GH: Very simple: to gather the right team and right people with good structuring backgrounds in order to deliver on this complex type of financing for demanding clients (often in a high time-pressure environment).

Beyond structuring skills, a good commercial sense and a clear strategy to navigate into what started as a niche market but turned out to become a large and very competitive market where we have to be selective. And, at the end, we shouldn't forget that we have to strike deals with clients we choose to serve.

A bit of fearlessness and a good command of English might not harm as well! I remember a day I was on the stage as a panellist in a fund financing forum in front of an audience comprised of all the main market players – all more experienced than me. It was a moment of terrible stress and a bad memory for me!

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

GH: On the top of my mind, keep educating bankers and newcomer banks generally. We usually play with big amounts and this is a cyclical business. Serious business goes hand in hand with a high degree of structuring and security.

Also, take care of the next FF generation: the market is developing and will last for long as a very powerful technology. We shall invest in the future! I value people and relationships more than numbers.

The good news is that these are two things that the Fund Finance Association already does well.

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

GH: Without a doubt, reading from A to Z a subscription facility credit agreement.

***FFF:* Tell us two truths and one lie about yourself.**

GH: Well, very simple when it comes to the truth: it is the team which is doing the job; I simply monitor P&L.

As for a lie: my answer to what I do outside the office. I prefer by far family time or to share a glass of good Burgundy with friends!!!

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

GH: The overall market size will continue to expand, perhaps at a slower pace, in line with the fund raising cycle. But the market will develop into a multi-faceted market, with higher usage and various kinds of utilisations of fund-level financing, in the like of ESG-linked facilities, NAV facilities, assets-level financing backed by funds, and ad hoc fund-level financing when needing a greater optionality.

If well designed, we are open to various types of utilisations and structures. So “create, don’t compete” appears to be a good motto to me.

Again, fund financing is a powerful and flexible technology to support the private capital investment industry; we are still at the beginning of something much larger, and definitely no longer a niche market.

Needless to say that, in my banker’s views, it shall all remain within reasonable parameters. But this is another story and I have little influence on this.