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Fund Finance Friday

WFF Hosts Global State of the Market

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Earlier this week, Women in Fund Finance (WFF) hosted a "Global State of the Market" virtual presentation where members from across the U.S., Europe and Asia provided updates on what they are seeing in the market during the COVID-19 pandemic with respect to fundraising, sponsor behavior and investor insight. Members also discussed the challenges women are facing around balancing careers and family life (including home schooling and plans for summer).

Notable takeaways from the presentation and discussion include the following:

- Sponsors in the U.S. and Europe are focusing on flexibility in fundraising, which includes, among other things, the adoption of rolling investor closings, the expansion into special-situation investments like credit solutions, and leveraging funds of one/SMAs.
- The utilization of subscription credit facilities in the past 70 days is up but so is the number of capital calls, so there is a net/net effect, if not a net decrease, on general utilization across the board. WFF members expect this trend to stay the same throughout summer and into fall.
- There is an overall increase in requests to extend and upsize existing facilities as well as an increase in pricing and requests for higher advance rates. When increased advance rates aren’t available, sponsors are looking at NAV and hybrid facilities as an alternative.
- A lot was learned from the Great Recession, and many of those lessons are being applied in today’s market. The biggest lessons from 2008 are bank liquidity and the need to diversify investment portfolios.
- Investor performance has remained strong and investors are quite excited about investment opportunities right now.
- Women in our market should look at the current environment as the time to “level the playing field” and be focused on output versus face time in the office or other subjective factors. Working from home allows women to be recognized for our performance and merit.