

# Fund Finance Friday



## December Closing Crunch

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A couple of short updates as we head into the week that every deal in the market has targeted for closing.

**Market Dynamics.** Entering December's final full week, deal flow is again quite heavy and rivalling the elevated clip we saw last March and April. Cadwalader opened more new money fund finance matters in November than any month prior, and December to-date is keeping pace. None of rising infection numbers, low fund formation statistics, the prospect of higher tax rates or Brexit negotiation challenges have shown any drag implications on deal flow. Next week will be hard on the market: lots of deals are pushing to close by the 18th, and people are going awfully hard to get them into the end zone for their clients. Hang in there.

Some additional bespoke trends we are seeing:

- As to LIBOR transition mechanics, nearly all the major U.S. banks have moved to some form of the hardwired approach, although the announcement that 1 and 3-month USD LIBOR will continue to be published until June 2023 has eased the immediate pressure somewhat to incorporate hardwired mechanics into deals where the sole currency is USD.
- ESG-linked facilities are moving beyond talk and gaining real momentum. We now have a couple of deals in process and more in the term sheet stage.
- We are going to end up setting a record for SMA facilities this year. Pretty amazing since these all but disappeared for two quarters given the credit concerns around pensions during the early innings of the pandemic.
- We continue to see increasing activity in the NAV and secondaries markets, although we have noticed a clear letup in time urgency for a range of transactions. The lack of clarity in the U.S. political landscape was driving some expedited timelines that have settled a bit now that the election results have become more clear.

**FFA Updates.** The FFA this week announced the launch of a European mentoring program set to commence in February. If you are interested in being a mentor or mentee, reach out to the FFA at [mentoring@fundfinanceassociation.com](mailto:mentoring@fundfinanceassociation.com). The Rising Star awards received 125 nominations! The selection committee has been hard at work with the not-so-enviable task of selecting the winners. Winners to be announced before the holidays.

**Go Trent.** I was so happy for Trent Lindsay getting promoted to Partner at Cadwalader this week. Trent has put our clients first in everything he does and has been the epitome of "rise and grind." Extremely well-deserved.

**Congrats to Bill McNerney.** Bill McNerney, my Co-Head of the Finance Group at Cadwalader and a long-time real estate finance lawyer in New York, has announced his retirement effective on December 31. I'm probably a little too old to have a formal mentor, but Bill has certainly played that role for me during my time at Cadwalader. He has had quite the career. He was in the thick of it right at the very beginning of CMBS and was the draftsman of many of the provisions found in form CMBS loan documents still used now, some 30 years later. His combination of fierce advocacy and commercial pragmatism has generated client loyalty spanning multiple decades. He always had his people's back. I well remember watching him pound the table at a Firm compensation meeting: "We are going to pay these high-performing young people, they are our future, and there's no way we aren't going to do right by them." I

remember immediately thinking, "This is the boss I've wanted my entire life." He's been a great leader at the Firm and member of our management committee, a huge proponent of our women lawyers, and a moral compass for many. Austerity and fiscal discipline are part of his fiber; he always made sure we paid attention to the spend. And, man, he will give it to you head-on, with volume, when you are wrong. Bill, you have been a great friend and mentor, and I've learned a ton from you. Will miss you day to day and wish you the best in your next chapter. Congrats!



Happy Hanukkah!

Hope everyone has a great weekend. Call on me if we can do anything to be helpful.