

CADWALDER

## October Fund Finance Update

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By Michael Mascia  
FFA Board Member

Despite all the October uncertainty around a stimulus package, the elections and a vaccine, Fund Finance continued its steady consistency into the 4<sup>th</sup> Quarter. Below are our recent transaction observations as well as our updates on the market more broadly.

Steady As It Goes. While this week felt a little cramped with the bank holiday in the U.S. on Monday, the market has remained quite steady the past several weeks. Several large, syndicated transactions closed, including one with over 15 lenders. We also continue to see growth in SMA deals trending back towards historical levels, including some recent syndicated SMA closings. Deal activity remains robust, although the post-Labor Day bump has not yet exceeded the March and April accrual rate. It is quite possible that could change in November: Borrower demand continues at an elevated clip, and we saw a record number of deals across our platform go under mandate in September. That pace has not fallen off in the first half of October and appears well on the way to affirming the recent predictions for an outsized 4<sup>th</sup> Quarter. It does seem, however, like supply is keeping up with demand. Many borrowers are shopping competing term sheets, and we have seen some pricing recently that suggests the march north has tempered.

Earnings Season. We follow bank earnings – from the appropriate social distance – to stay in sync with our clients. A good number of banks released this week, and, in many cases, reported above estimates. I-banking and trading businesses outperformed materially. Lending, on the other hand, was more muted, with net interest margins nearing record levels to the low side. On earnings calls, management teams are, not surprisingly, reporting both challenges finding yield in treasuries and the bond market as well as weak demand in multiple primary sectors. For example, loan demand is reportedly weak for middle market borrowers as well as for corporates that have access to the bond market, thus weighing on origination volumes. Acknowledging our bias, we continue to think this bodes well for fund finance supply. Subscription lending particularly provides banks an opportunity for highly efficient deployment and loan growth with healthy risk-adjusted returns at a time other business lines face more formidable headwinds. Thus, our near-term outlook remains quite positive. Chris van Heerden on our team is following bank earnings, Q3 fundraising, and the macro closely right now and will take a deeper dive later in the quarter.

The FFA. The Fund Finance Association has been quite active over the last month, with a ton of events and initiatives in the works. To view the master calendar, click [here](#). Some highlights:

- *Virtual Week.* The FFA's Virtual Week conference, scheduled for November 16<sup>th</sup> through 20<sup>th</sup>, is coming together extremely well, thanks to the hard work of the EU and Asia planning teams. The full Agenda and speakers should be announced soon, and we hope to have Nick Mitra on an upcoming *FFF: Industry Conversations* to give an update on the keynote speakers and event content. To register, click [here](#).
- *Mentorship Program.* Thanks to the leadership of Tina Meigh at Maples Group, the FFA's Mentorship Program has formally launched. The program is designed to help develop current and future leaders in the Fund Finance space through a supportive network of senior fund finance professionals committed to helping mentor the next generation. The program has initially launched in the U.S., and the team is working hard with the European NextGen committee to roll out in Europe in early 2021. The FFA encourages prospective mentors and mentees to get involved and to support this collaborative initiative. For more information, click [here](#).
- *FFA Diversity Initiative.* The FFA Diversity Initiative is hosting a virtual Happy Hour next Tuesday at 5 p.m. (New York time). The event is designed to gather feedback on steps, projects and events the group can undertake to move the ball in the right direction. To register, click [here](#).

Charles Inkeles. Congratulations to Charles Inkeles who this week announced he recently joined Industrial and Commercial Bank of China as its new Head of U.S. Fund Finance. Charles is one of the nicest people in our industry, and I was thrilled for him to see his new role. We hope to have him on *FFF: Industry Conversations* soon to give us the details.

Finance Forum. Cadwalader's 5<sup>th</sup> annual Finance Forum will be held virtually this year on November 12<sup>th</sup>. Here is a short update that Stu Goldstein and I recorded this week giving color on the event game plan and logistics. To register,

click [here](#).

Congrats Brad and Leigh! Congratulations to Signature Bank's Brad Boland, who got married in Santa Rosa, California last weekend! Wish we could have all been there to celebrate with you!



Have a great weekend.

## 'Fund Finance Friday: Industry Conversations' — Catching Up with SMBC's Sammy Asoli (7 Minutes)

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In this week's *Fund Finance Friday: Industry Conversations*, Sammy Asoli, the newly minted Global Head of Subscription Secured Finance at SMBC, joins Mike Mascia and discusses his new role, virtual leadership, what they are seeing in the market, predictions for 2021 and taking garden leave during a global pandemic.

If you cannot access the video below, please [click here](#) to watch.



## **Mourant Thought Leadership on Cayman Notices**

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Mourant this week published an article on the requirement under Cayman Islands law to give notice to the Limited Partners to perfect security in uncalled capital. The article discusses the legal requirements for the notice, market practice, and comparisons with Guernsey and Jersey. The article is available [here](#).

## Upcoming FFA Next Gen Virtual Event: 'New Normal' in NY Real Estate

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The FFA Next Gen New York team is pleased to announce an upcoming panel on the “New Normal” in New York Real Estate on Tuesday, October 20 at 10:30 a.m. EST. This panel will bring together seasoned finance and commercial real estate veterans to share their experiences and insights into the state of play for New York’s commercial real estate market during the COVID-19 pandemic. Hosted by Clifford Chance, the panel will be moderated by Leah Edelboim, Counsel at Clifford Chance, and will feature Jeanne Roig-Irwin, Partner at Clifford Chance; Ronald Dickerman, President and Founder of Madison International Realty, LLC; and Dave Toledano, Managing Director of Mizuho. Please [email](#) Clifford Chance to register for this event.

## Brickfield Releases Compensation Study

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[Brickfield Recruitment](#), the only talent acquisition company specialising in the fund finance sector, has made its *Fund Finance Bankers Compensation Report*, originally published in 2019, available for [free download in PDF format from its website](#).

The report covers compensation ranges for MDs (non-group heads), directors, VPs, associates and analysts by identifying the base salaries and bonuses of the lowest and highest paid individuals in the market. It also highlights team sizes and the market's appetite for hiring, and allows fund finance bankers and banks to benchmark their compensation levels among their peers.

Readers who find the report useful and are interested in discussing its contents or matters surrounding compensation levels within the industry can contact Rory Smith at Brickfield Recruitment by [email](#) or by telephone on +44 7800 963 594.

## Fund Finance Hiring

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Fund Finance Hiring

ANZ is looking for an experienced (7+ years) fund finance specialist to join the Research & Analysis team within the Financial Institutions Group, based in London. R&A supports deal structuring and credit process. For more information, please contact [Natalya Lyzanets](#).