

CADWALDER

A Special Message for a Special Day

May 12, 2023



By **Danyeale Chung**
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Happy Mother's Day to the amazing moms in the fund finance community!

On behalf of all the moms here on the Cadwalader fund finance team, sending kudos to all of you. We are so proud to work alongside you, to represent you, to work across from you, and to collaborate with you. Each of you is an amazing example of someone who does the daily juggle of balancing a demanding career with motherhood. While we may be across the table from some of you on deals from time to time, we always stand shoulder to shoulder with you as fellow working moms and are grateful for this wonderful community.

Player Profile: M&T Bank's Michael Sinclair

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M&T BANK'S MICHAEL SINCLAIR



This week Charlotte partner Trent Lindsay and associate Morgan Dennis connect with Michael Sinclair, Executive Vice President & Head of Fund Banking at M&T Bank. Based in Boston, Michael has over 25 years of banking experience and manages Fund Banking at M&T. Previously, Michael was with East West Bank for seven years, where he co-founded the Private Equity team. Prior to that he served in banking and investing roles with SVB, Raymond James, TSG Equity, and BankBoston. Michael has an MBA from the Tuck School of Business at Dartmouth and an A.B. in Biology from Bowdoin College. He is also a CFA Charterholder.

FFF: Michael, could you tell us a bit about your background and your route into fund finance?

MS: My career in banking has mostly centered around private equity. Prior to entering fund finance, I worked in sponsor finance, M&A advisory and private equity investing. I started my banking career at BankBoston in the Analyst training program, about two weeks after graduating from Bowdoin College. I also worked for TSG Equity Partners and Raymond James, and attended business school at Tuck, before starting in fund finance at SVB in 2009. I joined East West a few years later to build their fund finance practice and to open their Boston office. People's invited me to launch the precursor to our current M&T business in 2018, prior to the merger. While challenging, I've found that building business at banks has been a gratifying experience.

FFF: You led the Fund Banking business of People's United Bank prior to its merger with M&T Bank and now hold the same position at M&T. How has your role and the bank's fund finance offering changed as a result of the merger?

MS: My role is the same, but the platform at M&T is much broader. We have enhanced capabilities at M&T in leveraged finance, real estate, and wealth management, which allows our team to build deep relationships with our clients. In terms of balance sheet, our assets are over \$200 billion, which has enabled our team to increase our credit hold positions. Our team members are based primarily in Boston and New York, which are markets where the bank has a large presence. Our clients are located across the U.S., which means we travel often.

FFF: M&T Bank has been very active in subscription finance in the last year. What types of transactions is M&T focused on? What are your plans for the future?

MS: We are heavily focused on subscription lines at the moment. Our legacy portfolio includes a combination of bilateral facilities, agented facilities, and participations. As we scale this business, we are expanding client relationships beyond fund-level financing. This generally means leading deals or serving as the primary bank. M&T has a robust Debt Capital Markets business that positions us well to lead multi-bank facilities. Both management company lines and NAV are likely on the horizon. We want to develop guidelines and dedicate internal resources before establishing those portfolios. We anticipate having more bandwidth to focus on product expansion in the second half of the year.

FFF: How do you look at transactions differently than other lenders?

MS: We have thorough credit and risk management processes. We want to build this business in a thoughtful way and at a moderate pace, which means not every opportunity is a fit. We strive to deliver quick feedback, and provide superior execution on the opportunities we pursue. We frequently use structural mitigants to arrive at a solution, and we customize each facility based on the unique needs and risk profile of each fund.

FFF: How do you see the fund finance market changing over the next year?

MS: My main prediction is facility sizes will decrease relative to LP commitment levels, especially for larger funds. It wasn't that long ago that credit facilities were 10-20% of fund size. We've crept up to 30-40%, and I expect that trend to normalize. I think the syndication market will come back, but with different economics, and potentially new sources of funding. Credit funds may need to rethink leverage levels and the related capital cost. The push for deposits will be ongoing, but banks with a diverse and granular deposit base should remain active in this market.

FFF: What advice do you have for young people getting started in fund finance, whether as lenders or in private equity?

MS: This is a great business and a close community. Despite the recent market dislocation, fund finance offers a variety of attractive career opportunities. You should seek organizations with stability and strong leadership, and teams that are experienced and also willing to provide mentorship. Don't be afraid to assert yourself where appropriate by asking informed questions and offering your unique point of view. Think about getting involved with new initiatives at your bank or firm, which will likely lead to recognition.

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

MS: I have three teenage boys who participate in many sports. I dedicate the weekends to activities with them as much as possible. I'm coaching youth lacrosse this spring, and getting back into running. We're traveling to lacrosse tournaments in June and July, and then planning a family vacation in August which will involve time on the water and fishing. I hate to mention snow just as we are coming out of cold weather, but I also enjoy skiing.

The European FFA Conference Season Approaches

May 12, 2023

We are now only a few weeks out from the inaugural Fund Finance Association **2023 Global Leadership Summit**, which will bring together sponsors, borrowers and their advisers for what promises to be an interesting and productive three days.

Kicking off on Monday 5 June at the UK's The Belfry Hotel & Resort, the agenda strikes a balance between content and, acknowledging the value of having so many industry names in the same place at the same time, networking and development.

On the content side of the equation, there are a number of panels and break-out discussions taking place on the Tuesday, but perhaps what I am looking forward to most given the current economic climate is the Fireside Chat with Lord Mervyn King on Wednesday morning.

Equally important given the changes to the fund finance landscape over the last six months will be the informal discussions among attendees, which will no doubt give rise to some fascinating and wide-ranging debate.

For those not able to attend the Summit, the **7th Annual European Fund Finance Symposium** is taking place a couple of weeks later, beginning on 19 June. This year, reflecting its ever-growing size (there were over 1700 industry professionals represented at the 2022 conference) the Symposium is moving to the Queen Elizabeth II Centre in Westminster. The agenda features a packed day running two tracks of sessions covering a wide array of topics – no doubt many of which you have been discussing and that will continue to be topical over the coming period.

Oh, and I've also heard that there may be golf at the Global Leadership Summit at some point? For those of you like me that don't play golf (and never will!) there are plenty of other networking activities planned. See you there in a few weeks!

Pitchbook Looks at NAV Financing

May 12, 2023

Pitchbook took a look this week at the growth of NAV financing in an article titled "GPs quench thirst with NAV financing as liquidity dries up."

The article noted that "[n]et asset value financing allows fund managers to borrow against the fund's investments. In less frequent cases, it takes the form of preferred equity, which isn't secured on collateral and carries higher yields to compensate for the additional risks that lenders bear."

Pitchbook pointed to 17Capital data that showed that deal volume involving NAV financing rose by 50% in the 12-month period ending in September 2022, also noting that "the average size of NAV facilities provided in the same period grew by 40%."

You can read the article [here](#).

Making a Difference: Joining in the Celebration of Food Bank For New York City

May 12, 2023



By **Leah Edelboim**
Partner | Fund Finance



Representing Cadwalader (from left): Mitch Sekler, Jackie Stromfeld, Lary Stromfeld, Leah Edelboim, Phara Guberman and managing partner Pat Quinn.

It was a tremendous honor to represent our Fund Finance team and join my Cadwalader colleagues earlier this week at the inaugural Gotham Ball on behalf of Food Bank For New York City.

The event marked 40 years of service by Food Bank For New York City – a landmark achievement that is particularly meaningful to our Firm. Food Bank traces its history back to 1983 when the late Jack Fritts, our former Firm chairman, helped to incorporate Food Bank on a pro bono basis. Jack served on Food Bank's board for many years. In 2018, Food Bank dedicated its Bronx warehouse in his honor, naming the facility "The Jack Fritts Food Distribution Center."

Joining me at the Gotham Ball were our firm's Managing Partner, Pat Quinn, and fellow partners Phara Guberman and Casey Servais and the firm's Executive Director, Mitch Sekler.

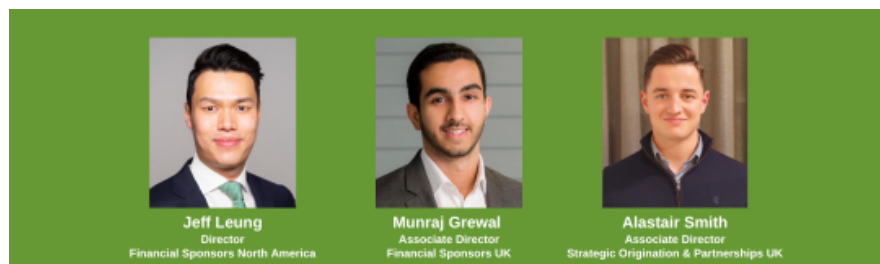
But the real standout firm representative was our Financial Services partner Lary Stromfeld, who has been featured in *Fund Finance Friday* on many occasions for his market-leading LIBOR guidance. Lary, who served on the Host Committee for the event, has continued in this remarkable tradition of support, serving in various roles over the years – including his current role as the Board's Executive Vice Chairman – and, most notably, founding the Justice Served campaign in 2015 which annually brings together more than 20 New York law firms and law departments in a six-week effort that has, to date, funded more than 5 million meals for food-insecure New Yorkers.

As Food Bank reminded us at the event, 1 out of 5 New Yorkers experiences food insecurity ... which means that 4 out of 5 New Yorkers are in a position to help their neighbors in some big or small way. This serves as a great reminder for me about all we can do -- within the Fund Finance industry and as individuals -- to give back to the community and to those who need our help.

On the Move – Fund Finance Tidbits

May 12, 2023

On the Move



Lloyds Bank's Financial Sponsors team, led by Global Head Jill Wilson, has announced recent promotions, including:

- Jeff Leung promoted to Director, Financial Sponsors North America
- Munraj Grewal promoted to Associate Director, Financial Sponsors UK
- Alastair Smith promoted to Associate Director, Strategic Origination & Partnerships UK