

CADWALDER

## Closing Remarks

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The 9<sup>th</sup> Annual Global Fund Finance Symposium wound up Tuesday afternoon. Here are our key takeaways from the event:

- The market remains bullish that fund finance growth rates can continue for the foreseeable future. Prequin reports that dry powder has reached more than \$2 trillion for the first time ever.
- Borrowers are developing increasingly sophisticated and tailored currency and rates hedging programs and are looking to efficiently collateralize such programs within the context of their loan facilities.
- Regional banks that have historically participated in the market on a bilateral basis are increasingly looking for syndication partners. New entrants on the whole are increasing.
- LPAs have shown vast improvement on facility and lender-friendly language. However, overcall limitations still need work. Lots of ambiguity exists in the market, and adequate carve-out/cushions need to be plentiful.
- Management company loans are being offered by more financing providers to enhance the overall portfolio of services they can offer to large borrowers in a competitive market.
- Umbrella facilities are becoming more prevalent and also more complex.
- Hybrid facilities continue to be a topic of much conversation, but deal flow lags.
- Cascading pledges have been introduced in Luxembourg. The lawyers are comfortable, yet this remains a structural alternative that is generally seen in less than 25% of deals.
- Luxembourg has become the go-to destination for funds in Europe. The jurisdiction has very lender-friendly laws, and efforts for new directives may be underway to streamline certain items.
- Cayman Islands lawyers are very comfortable around the ability to enforce the funding of capital commitments in Cayman Islands courts. One advantage to the Cayman process is no automatic stay during a fund bankruptcy. Cayman counsel would like to use the Cayman investor notice as a tool to send as much information as possible about a facility to an LP.
- There are real lender lessons to be learned from the Abraaj matter, but the impact on the market to date has been relatively muted. A number of provisions will warrant more focus.
- ILPA has had little impact on facility structuring. ILPA and SEC/regulator attention has had a materially positive impact on improving GPs' reporting to investors on subscription lines. Disclosures are as robust as ever.
- Prequin reports that LPs are starting to focus on diversity initiatives and may request information from Funds regarding their practices. The number of senior women in private equity and fund finance is increasing but more needs to be done.
- A good number of banks are looking to hire, and many bankers are considering other opportunities. Law firms serving both lender and fund clients in this space are also looking to hire.
- Brickfield Recruiting is getting traction. Rory Smith was quite popular at the symposium.
- High-priority issues for General Partners include relief on sanctions provisions, increasing advance rates, streamlined AIV joinder processes and monitoring of exclusion events.
- Getting more General Partners to participate in the Symposium is top of mind for many market participants.
- Anyone that had a panel following Anthony Scaramucci's fireside chat had a tough act to follow.

## FFA Releases Prequin Slides from Symposium

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Sola Akinola, Director of Research at Prequin, presented a Private Capital Market Update at the Symposium. The FFA made the slides available [here](#). To read Cadwalader's summary of the presentation, click [here](#).

## FFA Symposium Survey Results

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Prior to the Symposium, the Fund Finance Association emailed a survey to the relationship manager for each Symposium sponsor and to the General Partner personnel that had registered for the event. Nick Mitra, Managing Director at Natixis and FFA board member, presented the survey results at one of the plenary sessions. Highlights include the following:

- 100% of the General Partners expect to use a subscription facility for their next fund.
- 60% of the General Partners believe their competitors use their subscription line more heavily than they do.
- 70% of the General Partners reported higher advance rates as the change they'd most like to see.
- 70% of the General Partners reported that they are not seeing an impact on their business from the ILPA Guidelines.
- 52% of Lenders reported that their portfolios grew greater than 30% last year, and another 43.5% reported their portfolios grew between 10% and 29%.
- Nearly 80% of Lenders predict 2019 portfolio growth will exceed 10%.
- 75% of Lenders plan on hiring additional staff in 2019.
- 79% of Lenders report only offering secured subscription facilities (i.e., no unsecured option).
- 75% of Lenders reported that the ILPA Guidelines are not having an effect on their business.
- 80% of law firms forecast adding fund finance lawyers to their staff in 2019.

## On the Move—Fund Finance Tidbits

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### On the Move

Mike Breaux has joined Stifel as Director of Fund Banking where he will continue to focus on banking services and subscription/capital financing for fund managers of all types. He previously served as Senior Vice President at Square 1 Bank, a division of Pacific Western Bank, where he spent seven years focused on fund finance.

## Debevoise Update on Symposium

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Debevoise & Plimpton published a 10-point summary of the Symposium. A copy of the article is available [here](#).

## Pink Book Sellout

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Global Legal Group's booth at the Symposium ran out of *Fund Finance 2019* on the first day. If you would like an electronic copy, click [here](#) (use promo code GLIFF 2019). If you would like to receive a hard copy, email us at [fund-finance-friday@cwt.com](mailto:fund-finance-friday@cwt.com).



## Photos from the Symposium

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Below are some photos from the Symposium.









## Fund Finance Hiring

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### Fund Finance Hiring

- Silicon Valley Bank's Private Equity Services group, led by Regional Manager Wibke Pendse, is seeking a Vice President in its Santa Monica and Silicon Valley offices. The role will focus on managing and maintaining a broad range of banking and lending relationships with venture capital and private equity firm clients. More information about the position in [Santa Monica](#) and [Silicon Valley](#) is available on LinkedIn.
- If you have an opportunity you would like posted on *Fund Finance Friday*, email us at [fund-finance-friday@cwt.com](mailto:fund-finance-friday@cwt.com).