

CADWALDER

In Our SMA Era

October 17, 2025



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SMA's are hot in 2025. One of the busiest aspects of our practice this year across many of our lender clients has been subscription facilities for separately managed accounts ("SMA's"). While these deals have been an important part of our practice for a long time, they have a popularity and velocity that we have not seen before, and we are on pace to close the most SMA facilities we have ever closed in a single year in 2025.

By way of background, an SMA is a fund with a single investor. SMA's are generally established as an investment vehicle for a single investor that invests in a specific fund or manager and are tailored to suit the particular needs of such investor. Most SMA's are established by large institutional investors – like a state pension – or large sovereigns. Many of the SMA's we see are established with top-flight, household name sponsors.

SMA's are very appealing to investors who have the desire (and in many cases, need) and wherewithal to invest a substantial amount of capital in a customized way. Oftentimes an SMA will provide an investor with greater control over the investments the fund makes. Given the current geopolitical and regulatory climate, having a degree of control over the types of investments a fund makes is critical to meeting the objectives of many institutional investors and ensuring they stay within the bounds of their investment policies.

SMA's are also incredibly attractive to funds given the current fundraising environment. It is much easier to assemble and close a fund with a single large investor than to aggregate a group of investors to raise a new fund. This is important since fundraising continued its decline in the first half of this year, which continues the trend of a slowing fundraising environment. For example, according to PEI, in 2024, fund count dropped 22% year over year and the total amount raised was down 21%.

While we are still seeing SMA's that invest alongside a main fund, we have seen a trend over the past year where SMA's are established with more perpetual features. This trend is favorable to sponsors and investors alike as it provides meaningful and predictable capital inflows to sponsors (which proves very useful in a tough fundraising environment), while also maintaining flexibility in capital allocation for the investor.

We do think that one should look at that number in the context of some other very large and favorable numbers pertaining to the fund finance market. The addressable market for fund finance now exceeds \$15 trillion (which does not include more than \$350 billion of evergreen and semi-liquid vehicles like BDCs and interval funds). And, even at this reduced volume, nearly 4,000 funds closed in 2024. Moreover, given the size of the addressable market, we believe that the fund finance market can continue to grow at a fast rate and remain conservatively leveraged. Ultimately, despite a slowdown in fundraising, we in team CWT continue to believe that the long-term growth outlook for fund finance is fully intact. We are seeing that in SMA's and in overall deal origination with our new matters up 24% year over year and 30% above what we saw in 2023, and the year still has a quarter to go.

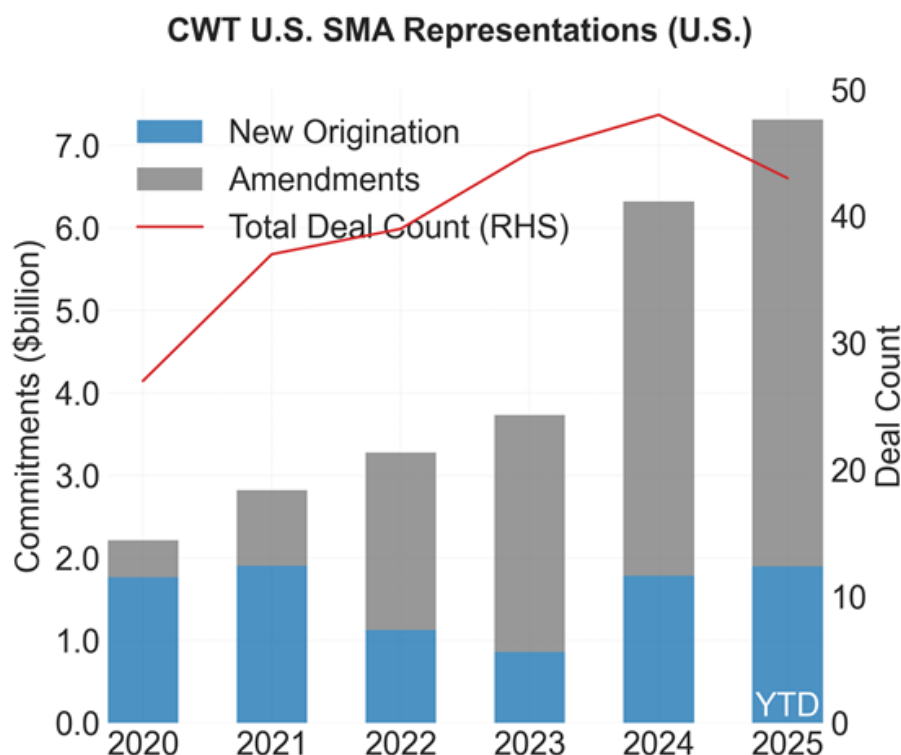
While SMA's are hot right now, they are definitely not new, and well-seasoned fund finance bankers are very comfortable with the method for approaching them. There was a time when lenders were more cautious about lending to an SMA. That mindset has now evolved and sophisticated lenders are ready and willing to lend to SMA's and will do so with some additional diligence and care and with certain safeguards in place.

The facilities themselves are not much different than a subline for a typical commingled fund. The distinction is that because the borrowing base and collateral package are each based on a single investor, certain terms in the financing

documents will be tailored to mitigate the risk posed by a single investor. In particular, the deliverables in the financing will typically include an investor letter that will create privity between the investor and the lender. We do note that in the last several years the strongest sponsors are fending off that requirement or having the investor deliver a less fulsome investor letter. It is also the case that given a single investor forms the borrowing base in an SMA, certain items that would be exclusion events – like failure to timely fund a capital call or a bankruptcy filing by the investor – are sometimes an event of default instead. In terms of best practices when structuring an SMA, [here are top considerations](#) to keep in mind. We have also written about [best and most protective practices](#) for lenders in these facilities.

Notwithstanding the fact that fund finance facilities for SMAs require a careful underwrite by the bank and meticulous diligence by the bankers and lawyers involved, these facilities have never been more popular. As many of you know, our group – the largest lender-side fund finance practice in the market – keeps statistics on each deal we close. Given our coverage of a broad swath of the market, we think that our statistics are representative of the market at large. Here is what we are seeing:

- SMA origination is on track for a record year. Our YTD new SMA subscription facility commitments total \$1.9bn, which is in line with the full-year 2021 total, with still roughly a quarter to go. We note that current in-flight SMA facilities have commitments totaling in the hundreds of millions.
- These facilities have increased in size over time. New SMA facilities average \$119 million in revolving commitments in 2025, which is up from around \$100 million in 2020–2023.
- Advance rates are bi-modal with well-funded state pension funds commonly receiving a 90% advance rate while advance rates on other entities range from 50-75%. Lower advance rate facilities most often also price at a higher margin.
- The return of low advance rate facilities (or underwriting of a broader set of investors) is a 2025 theme as only higher-quality investor deals qualified for financing in 2023-2024.
- Margins have been tightening, consistent with the broader subscription market. In the first-half of 2025, we saw high advance rate SMA facilities price around 30-40 bps inside low advance rate facilities.



Let the Countdown Begin! Ninth Annual Cadwalader Finance Forum: October 29

October 17, 2025



Our Ninth Annual Cadwalader Finance Forum is nearly here! This premier event on Wednesday, October 29 brings together industry leaders and experts for a day of networking and insightful discussions on the latest market trends and opportunities across various sectors, including commercial real estate, fund finance, leveraged finance, middle market lending, private credit, securitization and structured finance.

Mike Freno, Chairman and CEO of Barings LLC, will serve as our keynote speaker. Mike's experience canvasses two decades on the buy-side, focusing on both equity and debt investments. Mike will share his insights with Cadwalader Fund Finance Co-Chair Tim Hicks.

We've been sharing updates with attendees on moderators, speakers and more. You can check out the agenda and other event details by visiting our [Finance Forum website](#).

For any inquiries about this event, please contact [Alexsandra Rem](#).

2025 Charlotte Fund Finance Week

October 17, 2025



Cadwalader is pleased to announce that we are fast approaching some engaging events taking place during Charlotte Fund Finance Week, October 28–30 in Charlotte, NC, in collaboration with the Fund Finance Association. This year's program promises to be a premier gathering for the fund finance community, bringing together education, insightful discussions, deal perspectives, and valuable networking, all in the heart of Charlotte!

FFA University 2.0: Charlotte

This program is designed for mid-level bankers and lawyers transacting under U.S. law and will cover advanced topics in the fund finance space.

Date: Tuesday, October 28

Time: 9:00 AM–7:00 PM ET

Cost: \$795

Location: The Revelry North End

Learn more [here](#).

Women in Fund Finance & NextGen Networking Reception

Come join peers from across the fund finance community for an evening designed to spark conversation and build connection in a fun, welcoming atmosphere.

Date: Tuesday, October 28

Time: 5:30–7:00 PM ET

Location: The Revelry North End

Learn more [here](#).

Cadwalader Finance Forum

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Date: Wednesday, October 29

Learn more [here](#).

FFA Cares: Putter & Paddle Classic

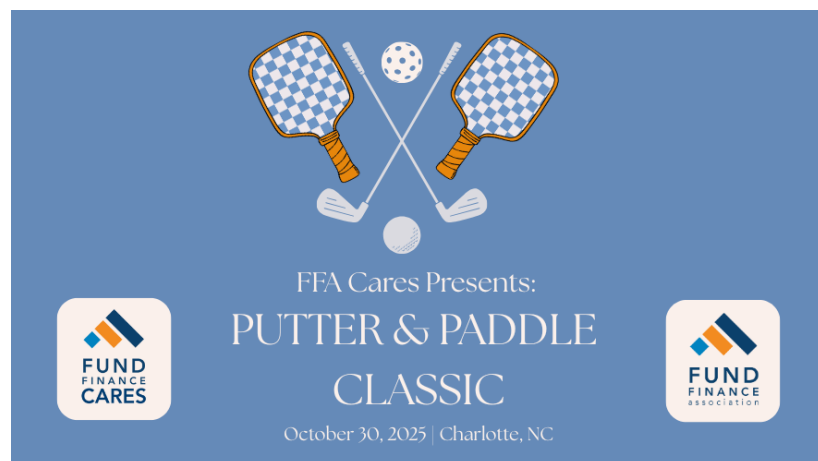
Swing, serve, and support the Alzheimer's Association & We Rock Charlotte! We're bringing together the fund finance community for a day of friendly competition, networking, and giving back.

Date: Thursday, October 30

Learn more [here](#).

Two Weeks Left: FFA Putter & Paddle Classic

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Fund Finance Cares and the Fund Finance Association are excited to announce the inaugural Putter & Paddle Classic will take place on Thursday, October 30 in Charlotte, North Carolina! This unique event brings together two great games, golf and pickleball, for a day of fun, friendly competition, and community.

Whether you're swinging a club or grabbing a paddle, you'll be part of an unforgettable experience, all while supporting two great causes. Proceeds raised will benefit the Alzheimer's Association and We Rock Charlotte!

Golf Tournament

- Location: Country Club of the Carolinas at Firethorne
 - 1108 Firethorne Club Dr, Marvin, NC 28173
- Time:
 - Breakfast for Golfers
 - 8:00 - 9:30 AM EDT
 - Golf Tournament
 - 9:30 - 2:00 PM EDT
- Cost: \$3,000 per foursome

Pickleball Tournament

- Location: Pickleball Charlotte
 - 11611 Ardrey Kell Road, Charlotte, NC 28277
- Time: 10:30 AM - 2:00 PM EDT
 - Warm up and beginner lessons to start, followed by a tournament
 - Food and beverage will be available
- Cost: \$300 for single players, \$600 per twosome

Reception & Awards Ceremony

After a day of swings and serves, join us to connect, unwind and celebrate with fellow participants.

- Location: Country Club of the Carolinas at Firethorne
 - 108 Firethorne Club Dr, Marvin, NC 28173
- Time: 2:30 - 5:00 PM EDT

Learn more and register [here](#). Spots are limited, secure yours soon!

Fund Finance Tidbits – On the Move

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Here is who's on the move in the fund finance industry:



Catharina von Finckenhagen joins Campbells in its Corporate Department, where she will take a leading role in the firm's fund finance practice. Catharina brings extensive international experience, having worked in major financial hubs including London, Hong Kong, Bahrain, Singapore, the Cayman Islands and Luxembourg. Her practice focuses on complex financing transactions, with particular strength in fund finance. She regularly advises on subscription and capital call facilities, general partner and employee co-investment loans, NAV and hybrid facilities, and customized credit solutions for private equity and private credit funds. Learn more [here](#).

Fund Finance Hiring

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Fund Finance Hiring

Here is who's hiring in fund finance:

State Street is looking for a Subscription Finance Surveillance Senior Associate. Located in Boston, MA, the Senior Associate will sit in the Fund Finance department on the Alternatives Lending team. The ideal candidate will have an ability to work effectively with internal stakeholders to assist in the surveillance of subscription facilities. Surveillance and monitoring of the portfolio will be a core responsibility. The Alternatives team provides subscription finance products to some of the world's leading Private Equity Sponsors and Fund of Hedge Fund Managers. Learn more [here](#).

Coller Capital is looking for a Fund Financial Analyst. The Analyst will sit within the Fund Financing and FX Strategy Team, which has responsibility for structuring, executing and monitoring credit facilities, and developing strategic approaches to currency and interest rate risk management. Learn more [here](#).

Santander is looking for a Structured Finance VP Team Lead in New York. The candidate will be responsible for managing the underwriting and portfolio management of a defined portfolio of Fund Finance transactions across NAVs, subscription, ABLs and other related facilities. The position will work closely with the product teams to present and defend business opportunities to risk. The candidate will lead credit underwriting with risk and ensure all required portfolio management tasks are completed. Please contact erika.wershoven@santander.us with your resume and subject line *FF team lead*.

Partners Group is seeking a Structured Product Lawyer to join their Structuring Solutions team out of the New York or London office to contribute to the global set of structured product offerings, including new structured product opportunities, Collateralized Fund Obligations, Collateralized Loan Obligations, Rated Feeders and other similar structures. This individual will also work very closely with the Private Credit team. Partners Group's Structuring Solutions team is responsible for developing highly innovative investment structures for institutional and private investors globally. Learn more [here](#).

SMBC is seeking an Originations Analyst and an Originations Associate within the Fund Finance Solutions team based in New York. The roles will report to senior front office members of the Fund Finance team and responsibilities will include assisting in deal origination and pitching, debt arranging, deal monitoring and supporting the bank's syndication department. These roles will specifically contribute to the preparation of credit applications, reviewing quarterly loan reports, conducting regular credit reviews of loans in the portfolio and assisting marketing staff in preparing client materials. Learn more about the Associate role [here](#). Learn more about the Analyst role [here](#).

U.S. Bank's Subscription Finance team is seeking highly motivated, experienced professionals to join our Portfolio Management and Underwriting team, supporting various investment fund strategies. These roles offer a unique opportunity to work directly with top-tier private equity clients and contribute to the growth of a high-performing, client-centric business.

Our opportunities include:

Subscription Finance Portfolio Management Analyst - [Read the position profile here](#).

Subscription Finance Portfolio Manager – [Read the position profile here](#).

Juniper Square is seeking Account Executives in New York, Boston, Chicago, and Miami to join the private equity sales team. This team is primarily focused on selling fund administration solutions to PE investment managers. Juniper Square is already one of the fastest-growing administrators in real estate and venture capital, and private equity is the company's next area of focus. Learn more [here](#).

Cadwalader, Wickersham & Taft LLP is seeking associates with three to six years of relevant experience for its Fund Finance practice in New York, Charlotte or London. Qualified candidates will have experience in syndicated lending, commercial lending, leverage finance, fund formation, CLOs, asset-based lending, NAV financings or acquisition financings. Candidates must possess excellent academic credentials and solid legal experience. Selected candidates will get extensive interaction with preeminent bank, asset manager and lending clients. If interested, please reach out to Margaret Cart at Margaret.Cart@cwt.com.