

CADWALDER

## Private Funds CFO Offers Discussion of General Subscription Facility Points

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*Private Funds CFO* this week offered the perspective of both private equity fund leaders and long-time senior fund finance banker Mike Robin of Citibank on the subscription facility market. The extensive piece, titled "The Great Sub Line Debate," sounded off on the duration of subscription facility borrowings, transparency in reporting the impact of credit facilities on investor returns, the sustainability of the subscription facility market, and the pros and cons of uncommitted credit facilities. As the article points out, the current trend is for borrowings to remain outstanding for slightly longer periods of time, which raises the age-old question of UBTI for tax-exempt investors. Also covered is a pattern of side letter requests for performance reporting with and without the availability of a line of credit. The administrative burden of maintaining such reporting has led general partners to be hesitant to accommodate such requests. The article also provides insight into the size of funds that are able to obtain access to a subscription facility and the terms under which differing funds may obtain the credit. Lastly, a brief summary of the advantages and disadvantages of uncommitted subscription facilities is discussed.

The *Private Funds CFO* article is available by subscription [here](#).

## FFA Asia-Pacific Fund Finance Symposium Opens Registration

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The Fund Finance Association opened registration this week for its 3rd annual Asia-Pacific Fund Finance Symposium on September 25 at the Four Seasons Hotel in Hong Kong. Headlined by keynote remarks from Goodwin Gaw, the Chairman of Gaw Capital Partners, the agenda was also released and is available [here](#). To register, click [here](#).

## **First Republic Bank Article on Fund Finance**

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Scott Aleali of First Republic Bank published a thought leadership piece on LinkedIn earlier this week titled "Beyond Subscription Lines: Financing Options For Investment Funds." The article is available [here](#).

## Player Profile: Adam Heaysman

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Player Profile



### **FFF: How did you end up in fund finance?**

I started my career as a PE gatekeeper and Fund of Funds manager where, after 9 years, I ended up running the operations and finance teams. I completed my MBA in 2010 and was accepted on a grad scheme at Lloyds which, unfortunately, got cancelled just before I joined, so I found myself on Lloyds' Funds Team instead, which is where my Fund Finance career started. I'm not sure if that makes me a poacher-turned-gamekeeper or if it's the other way around.

### **FFF: How has the first half of 2019 shaped up compared to 2018?**

It took several challenging years to set up the Funds Finance team at Raiffeisen Bank, but 2018 really was a stellar year for the team, as we completed 10 deals including our first GP Facility. 2019 is looking like an even better year. So far we've done six deals, including our first Hybrid and Asset Backed Facilities, and our pipeline is looking very strong for the rest of the year. We now have an established platform, and we will continue to build on our relationships with managers, partner banks and intermediaries to drive deal flow as we become more widely known in the market.

### **FFF: Are there any emerging issues that might prove relevant for the fund finance markets?**

There is an insatiable demand for all forms of fund-level facilities and a proliferation of new lenders. It's important that lenders remain disciplined and facilities are properly structured. Investors are also becoming more polarised in the acceptability and use of fund facilities.

### **FFF: Who has had the most influence on your career?**

Other than Cadwalader partner Sam Hutchinson, I would say that Brian Kilpatrick at Lloyds has had the most influence on my career. I learnt the importance of doing the right deal (for both the client and the lender) and not just doing any deal at any cost.

### **FFF: What was your career high...and career low?**

Career low: the first year at Raiffeisen when the hurdles we faced setting up the team and infrastructure seemed insurmountable at times. Career high: 2018 and seeing all of the hard work we put in over the years to build the Funds Finance platform at Raiffeisen start to bear fruit.

### **FFF: What do you think it takes to be successful in the fund finance industry?**

You need honesty, integrity and to know when to walk away from a deal.

### **FFF: If you could give the Fund Finance Association one piece of advice, what would it be?**

Get more Sponsors and Investors involved. Add more social events during the year.

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

I have two beautiful daughters who keep me very busy. I also fly and like to mountain bike (It's a tough thing to do when you live in Hertfordshire, which is not known for its hills let alone mountains).

**FFF: Tell us two truths and one lie about yourself?**

1) I am a pilot 2) I own a Labrador and 3) I have served in both the British and Australian armies.

**FFF: Any fund finance predictions for the rest of the year?**

Demand for sub lines and GP facilities for lower and mid-market funds will remain strong. We're also seeing an increasing demand for asset-backed and hybrid facilities. We see sponsors becoming increasingly sophisticated in their use of fund-level facilities and some lenders struggling to adapt to these changing demands.

## **17Capital Announces Senior Hire**

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17Capital this week announced the hiring of Anthony McKay as Finance Director based in London. Anthony was previously Head of Funds Finance at CVC Credit Partners. The press release is available [here](#).

## Fund Finance Hiring

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Fund Finance Hiring

Silicon Valley Bank is looking for an Associate for its Global Fund Banking Team in its Chicago office. The Associate will be responsible for completing the underwriting and documentation for the team's credit portfolio. For more information, reach out to Tom Hoge at [thoge@svb.com](mailto:thoge@svb.com)

Morgan Stanley is seeking to hire a high-potential Lending Transactor (LT) to help grow its Tailored Lending team serving ultra-high-net-worth clients. The LT will be located in the New York area and will support and collaborate with the various Senior Lending Transactors (SLTs) throughout the U.S. For more information, reach out to Corey Kozak at [Corey.Kozak@morganstanley.com](mailto:Corey.Kozak@morganstanley.com).

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).

