

CADWALDER

## The Numbers Are In

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Last week we reviewed our 2019 U.S. fund finance activity in the lead-up to the Miami conference. Immediately apparent is the tremendous growth we experienced in 2019. We counted 73 participating lenders financing deals to 156 sponsors, both numbers up by roughly 70% year-over-year.

Much of the growth came from smaller transactions and a more diverse list of sponsors. The average subscription deal size measured \$198.6 million, down from \$381.6 the prior year. Smaller deals meant an increase in the share of bilateral deals, and the trend towards simpler structures was evidenced by relatively fewer hedge facilities and cascading pledges.

The net result of these trends is that the dollar volume originated during the year declined. We saw total dollar commitments for our representations moderate by 7% to \$54.32 billion. This decline may be an indicator of the intensifying competitive environment – lenders had to work harder for each dollar originated. Deal pricing also trended modestly lower.

The first few weeks of 2020 have certainly continued the momentum we felt in 2019. Our business indicators point to a robust transaction pipeline. We continue to see significant room for further growth in fund lending broadly based on further growth in private markets and the overall value proposition of fund finance to the bank balance sheet.

## **FFA Miami Conference in Full Swing**

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News from Miami is trickling in. We have heard of an engaging conversation with Hillary Rodham Clinton, an interesting and controversial presentation by Stephanie Kelton on Modern Monetary Theory and a fun and high-energy session with Magic Johnson. Full coverage and photos coming next week.

## Quite the Pipeline

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While it's not exactly big data, we track a few indicators to gauge our forward deal pipeline. All signs point to a high-volume first quarter. Here are a few supporting numbers:

- Our time spent on prospective U.S. matters in January more than doubled the 2019 pace to reach an all-time high. February continues apace.
- A week-and-a-half into February, we're a stone's throw away from exceeding the 2019 average monthly LPA review count.
- January LPA reviews, by the way, were nearly 70% above the recent monthly average.
- New U.S. matters opened in January exceeded the 2019 monthly average by more than 30%. This builds on the acceleration we saw in Q4, and we're seeing the trend maintained in February.

We're operating in an environment where lenders are on the lookout for asset growth, the yield curve favors capital allocation to the short-end of the curve and fundraising trends support growth in lending. Admittedly, these are largely near-term drivers. We also see durable long-term drivers at work as private markets continue to expand. The most significant of these may be the developments towards increasing Main Street participation in the market. In line with this, we continue to position our practice for sustained growth.

## Recommended Reading

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- *It's How We Play The Game*, by Ed Stack, the Chairman and CEO of Dick's Sporting Goods, is a fascinating story of the company's humble beginnings as a single bait and tackle shop in Binghamton, New York to the ubiquitous presence it is today. The company's history is packed with unexpected turns, including Stack's challenging relationship with his mercurial father (the original founder), disagreements with venture capital investors about closing physical locations during the dot.com era, a shelved IPO, and a near insolvency driven by rapid expansion. Stack also spends a lot of time discussing the impact mass school shootings had on him personally and his team's decision to remove guns from their stores. An easy and worthwhile read. The book is available on Amazon [here](#).

## DBS Bank's Laura Hope Recognized by The United Way of New York City

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Laura Hope, DBS Bank's Head of Financial Institutions Group for the Americas, has been recognized by The United Way of New York City's Women's Leadership Council for her outstanding professional leadership and philanthropic work. *The Power of Women to Make a Difference* honor "recognizes outstanding women leaders whose professional accomplishments are matched by their commitment to philanthropy and giving back to their community."

Laura, who has led the FIG business in the Americas for nearly 5 years, is active in several industry organizations, including Women in Fund Finance, and her contributions to the New York Community include work with the Ford Foundation, The Kennedy Center, Girls Scouts of America, Maysles Documentary Center, and HiArts, to name just a few.

Congratulations, Laura!