Influences: Geoff Woolf

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By Jeremy Cross

As I write, Geoff Woolf, one of my former colleagues and partners who I have always regarded as a mentor, is severely ill with COVID-19. We have written a lot in many recent editions of *Fund Finance Friday* about the impact of this awful virus on our world, the economy and Fund Finance in all its aspects, but underlying all of that, of course, are the innumerable ripples being felt by so many people around the world at this time as their families, friends and colleagues are impacted.

The news of Geoff's illness has caused many moments of reflection, and among them – as I look back on my interactions with him over the years – is the significant and (to my embarrassment) often unacknowledged and even unintended influence that he has had on me and many others both in the Fund Finance space and elsewhere. It is here that I want to focus.

It is right to say (but others will say it better and with more force and more personal knowledge) that Geoff is a remarkable individual, with a superb legal career behind him and with a fund of wisdom, intelligence, generosity and humour that makes it both a privilege and a pleasure to know him. All of these qualities are admirable, noteworthy and influential in and of themselves, and they have all certainly influenced me, even if many times only aspirationally.

There are, however, two or three particular instances of his qualities and influence that I wanted to focus on here.

The first is that while Geoff's is not a name that will be widely known in the Fund Finance world (outside, of course, those who have worked with him directly over the years), his influence on it has been significant. The reason for this is simple: Geoff loves the law (more of that below), but his interests and passions lay elsewhere. However (veering to the autobiographical for a moment), what he did do when I arrived in what was then SJ Berwin in late 2003 was to very generously use his influence and reputation to introduce me and others to a team at The Royal Bank of Scotland (then known as the "FIG" team) who were, among their other activities, making bridging loans (and more) to funds. From that fairly simple beginning, I and others got to work with many of the team at The Royal Bank of Scotland and, through them, with many others on these types of bridging loans as the industry developed and expanded into what we would now refer to as Subscription Finance and to Fund Finance more widely. We, in turn, over the years brought in many others to work with us, so I am pretty sure that many (particularly but not only in Europe) will have come across firms like Mayer Brown, Reed Smith, Ashurst, Haynes and Boone, and Simmons & Simmons, as well as Cadwalader – most of whom are part of the landscape of the Fund Finance legal industry, and all of whom have partners and others who started at SJ Berwin and whose lender-side experience in Fund Finance started there and with what Geoff initiated.

The second is Geoff's love of the law. While not (perhaps surprisingly) a prerequisite for lawyers, loving or at least somewhat liking the law is a common characteristic of pretty much every successful lawyer (and certainly of every successful and happy lawyer). Geoff's standard interview question (to which I and I am sure many others were subjected) was ….“Do you love the law?” I was able to figure out that there was only one right answer at interview to that question, and even more fortunate to also figure out that this is the only way to be for any successful lawyer. Geoff in his career was a constant exemplar of that, and immensely valued by colleagues and clients for the way he demonstrated this.

Finally, and underlying all of the above, is that because of all the qualities already mentioned at the outset, Geoff not only made a very successful career as a lawyer but also became an important and much admired and respected colleague, supporter and friend to all of those he worked with. I am, and will always remain, immensely indebted to him for his support, friendship and example. I am sure many others who know Geoff will share those sentiments.

‘Fund Finance Friday: Industry Conversations’ — Podcast with State Street’s Melanie Herald (16 Minutes)

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Industry Conversations

Melanie Herald, Managing Director, Head of Alternative Lending at State Street, joins Cadwalader’s Mike Mascia in this week’s podcast edition of *Fund Finance Friday: Industry Conversations*. Melanie discusses her role at State Street and her team’s market focus in fund finance. She also discusses the impact of COVID-19 on her team’s business, as well as that of the bank’s clients, and forecasts how the market is likely to evolve as a result of the disruption.

Subscribe on **Apple Podcasts**, **Google Podcasts** or **Spotify** to never miss an episode.

FUND FINANCE FRIDAY | INDUSTRY CONVERSATIONS

Market Trends, with State Street’s Melanie Herald

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WFF Hosts Global State of the Market

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Earlier this week, Women in Fund Finance (WFF) hosted a "Global State of the Market" virtual presentation where members from across the U.S., Europe and Asia provided updates on what they are seeing in the market during the COVID-19 pandemic with respect to fundraising, sponsor behavior and investor insight. Members also discussed the challenges women are facing around balancing careers and family life (including home schooling and plans for summer).

Notable takeaways from the presentation and discussion include the following:

- Sponsors in the U.S. and Europe are focusing on flexibility in fundraising, which includes, among other things, the adoption of rolling investor closings, the expansion into special-situation investments like credit solutions, and leveraging funds of one/SMAs.
- The utilization of subscription credit facilities in the past 70 days is up but so is the number of capital calls, so there is a net/net effect, if not a net decrease, on general utilization across the board. WFF members expect this trend to stay the same throughout summer and into fall.
- There is an overall increase in requests to extend and upsize existing facilities as well as an increase in pricing and requests for higher advance rates. When increased advance rates aren't available, sponsors are looking at NAV and hybrid facilities as an alternative.
- A lot was learned from the Great Recession, and many of those lessons are being applied in today's market. The biggest lessons from 2008 are bank liquidity and the need to diversify investment portfolios.
- Investor performance has remained strong and investors are quite excited about investment opportunities right now.
- Women in our market should look at the current environment as the time to "level the playing field" and be focused on output versus face time in the office or other subjective factors. Working from home allows women to be recognized for our performance and merit.

The Drawdown Article on Recent Upswing in LPA Amendments

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According to *The Drawdown*, there has been a recent rise in LPA amendments primarily focused on changing investment strategies, extending investment periods and allowing for access of more liquidity. This article features two Cadwalader partners, Samantha Hutchinson and Michael Newell. To read the full article, click **here**.

Jeff Maier Joins TresVista Podcast

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Jeff Maier, Senior Managing Director – Private Equity Finance at First Republic Bank, recently joined TresVista for a podcast on the fund finance market, including subscription facilities, management fee facilities and other fund finance products. He discusses both transaction structures and their evolution over time. The podcast is accessible **here**.

New Impact-Focused Subscription Credit Facility

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Standard Chartered just closed on one of the first-ever impact-focused subscription finance facilities with one of the world's largest private markets investment managers. The aim of the new-age facility is corporate social responsibility and to promote investments in sustainable projects. Investments funded by the facility must align with the United Nations Sustainable Development Goals, such as combating climate change and advancing financial inclusion. Standard Chartered, acting as sole Sustainability Coordinator for the facility, put together a stringent list of criteria each funded project must meet and is also requiring ongoing reporting and monitoring of each investment to ensure the goals of the facility are upheld. Enlisting the help of Cadwalader's Fund Finance Group to structure the deal, the facility is set to have a term of at least one year and is organized as an umbrella sustainable secured capital call facility.

The Standard Chartered press release on the facility is available **here**.

Recommended Reading

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- Private equity funds in the middle-market space are increasingly using earn-out provisions to bridge the bid-ask divide, according to a recent report in ***Forbes***. Earn-out provisions allow acquirers to address uncertainty around an acquisition target's future cash flow by structuring part of the acquisition price to be contingent on the future performance of a business metric such as revenue or EBITDA.

- Funds are using recycling provisions in the LPA to help shore up capital at portfolio companies, reports the *Wall Street Journal* in a May 20 story, "**Buyout Firms Seek Capital Recycling as Coronavirus Bites**" (*WSJ* subscription required). The article quotes from Ropes & Gray attorneys who report that, in some instances, funds are pursuing changes to their recycling provisions to facilitate additional investments in portfolio companies as a more efficient option than navigating the conflicts landscape of establishing and investing through a follow-on fund.