

# FUND FINANCE FRIDAY

## 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. Preqin 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.