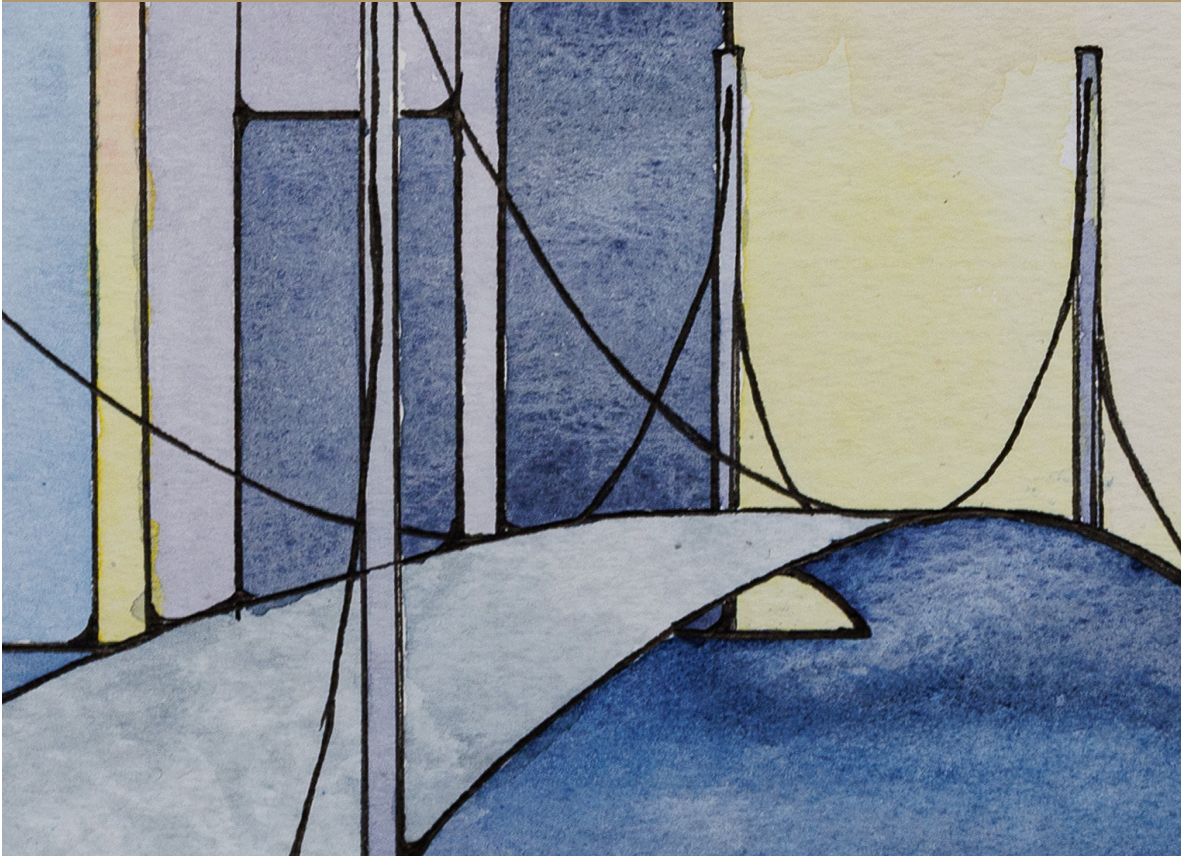


Fund finance advisors: building bridges for fund managers



IN today's tough financial market, where fund managers are constantly seeking new and innovative financing solutions in an environment of reduced liquidity, the role of fund finance advisors has become increasingly important. Advisors provide specialist advice, support, and, perhaps more importantly, multiple access routes to capital for fund managers who are looking to establish, refinance, or renegotiate fund finance facilities. The expertise that advisors bring and the relationships that they have with multiple lenders can help fund managers unlock even more value from financing deals that are heavily tailored to clients' specific needs.

In this feature, the first of a series from Brickfield covering the fund finance

advisory market, we speak to the leading lights in the space about their work with clients and various ways in which they can open up a whole new world of options and capabilities to fund managers that may not have been otherwise accessible.

Flexible service options for a range of client needs

Fund finance advisors have been increasing in number as well as service options, giving fund managers a good variety of choice over how much of the job they want to be done externally. While some offer a wider range and depth of services than others, all the advisors we spoke to stressed flexibility as a cornerstone of their business model.

Avardi Partners, one of the first dedicated

advisory firms to appear on the market, led by **Sarah Lobbardi** since 2018. The company offers a range of services to fund managers. Avari assists clients in sourcing the best offer available, advising on the optimal structure, and then executing to the highest standards. “We guide clients through all different lifecycles by exploring the right financing solution to suit their specific financing needs,” Lobbardi explains.

Deloitte has been active in fund finance advisory since 2018. “The team assists managers across a range of sectors to put in place tailored financing solutions, helping to originate liquidity, drive competitive tension and negotiate the best terms, structure and pricing,” says **Deloitte’s** Head of Fund Finance **Jamie Mehmood**. They work alongside the borrower’s legal counsel, ensuring a seamless interaction on both the commercial and legal aspects of the deal, he adds.

CSC (formerly Intertrust) have been active for the last four years and work with private market clients in Europe and the US. “We typically conduct three workstreams: (a) define the financing requirement and source liquidity, (b) run a competitive process with a proportionate number of lenders and (c) execution

where we perform a project management role and negotiate on key commercial terms to ensure a smooth closing of the transactions,” CSC’s Head of Fund Finance Advisory **James Rock-Perring** explains.

Saving time and money for fund managers

Hedgewood Capital Partners, an independent, US-based fund finance advisory firm, aims to reduce the time, expense, and effort that borrowers expend when sourcing, implementing, and managing fund finance solutions. **Khizer Ahmed**, the firm’s Founder and Managing Member, offers a full range of service to clients, including refining the scope of their fund finance requirements, finding suitable partners from their network of lenders, running competitive processes to source the best terms, and driving the negotiation process on their behalf. “We have one of the largest networks of traditional and alternative lenders of any fund finance advisory firm, and at any given point in time we most likely have conversations with multiple members of this network on different financing mandates,” Ahmed says.

Validus Risk Management, which provides market risk and capital markets solutions to

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institutional investors and fund managers with a focus on alternative, private and illiquid assets, takes a modular approach to their engagements and tailors its services to each client's specific needs. The company's Head of Fund Finance Advisory **Gianluca Lorenzon** explains: "We always sit down with the client first to discuss the areas we can add most value. Some clients have experienced resources in-house and might only need a helping hand or ad hoc advice and insights. Others may want the full outsourced solution."

Legal know-how

Fund finance advisors also play a role in facilitating the legal aspects of a financing transaction. Leading fund finance law specialists **Cadwalader, Wickersham & Taft** (CWT) has a European GP Solutions team led by **Michael Hubbard**, who says that his business unit partners with the firm's legal practice on every deal, allowing for seamless interaction on negotiating both the commercial and legal aspects of a financing transaction. "CWT is in a unique position to be able to offer advice to GPs on every aspect of raising finance, from ensuring constitutional documents permit

the proposed financing, to structuring and sourcing liquidity, through to execution and ongoing maintenance," he explains.

Combining talent and technology

Fund Finance Partners (FFP), which was established in 2019 and focuses on leveraging the talents of its people as well as the latest digital technologies, provides preferred placement agent service, fund administration, and insurance provider lists to their clients, as well as a range of services. These include crafting tailored term sheets specific to the product and trade, preparing loan document abstracts, and negotiating deals to closing. "We often craft tailored term sheets specific for the product and particular trade," says **Zac Barnett**, FFP's co-founder. "We have various quantitative and qualitative comparison tools and models to aid in the decision."

Bespoke pricing

Fund finance advisors take into account factors such as the complexity of the product and the level of involvement required when setting prices. Gianluca Lorenzon from Validus Risk Management notes that pricing can vary significantly between different mandates and clients, and Khizer Ahmed from Hedgewood Capital Partners says that pricing is bespoke to each transaction and depends on the product, the complexity of the structure, and the level of liquidity required.

James Rock-Perring at CSC says their team works across all private market asset classes in Europe and the US, from smaller managers with six-figure AUM, to some of the larger managers globally who may have capacity constraints within their capital markets teams.

Open for business

Fund finance advisors work with a wide range of fund managers across different asset classes. Jamie Mehmood at Deloitte explains that they work with fund managers of all sizes and sectors, including private equity, credit, infrastructure, and real estate. Sarah Lobbardi at Avardi Partners says her team also works



By accessing advisors' services, expertise and market contacts, fund managers can streamline financing operations and focus on what they do best – managing funds.

with fund managers globally and across all asset classes. Khizer Ahmed at Hedgewood Capital Partners also emphasises flexibility in working with clients of all sizes and tailoring their services to meet their unique needs.

Securing better solutions

Fund finance advisors provide invaluable support to fund managers in navigating the complexities of fund finance. Their expertise and guidance helps fund managers secure the best financing solutions, structure them appropriately, and ensure that the legal aspects are properly addressed. By accessing advisors' services, expertise and market contacts, fund managers can streamline financing operations and focus on what they do best – managing funds.

- *This is the first part in a series of features from Brickfield covering the fund finance advisory sector. Look out for part two, coming soon, which will focus on advisors' relationships with banks and their handling of specific facility types including NAV. We will also be publishing features on some of the major players in the space, with detailed insights into their services, team members and working practices with their fund manager clients.*



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