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Question of the Week:

As secondaries deals get bigger, what do GPs/LPs need to know about financing in the market?

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"The deal sizes of secondaries transactions have indeed grown in recent years, and this has been alongside an increased number of new financing providers entering the market. Lenders now range from traditional banks to alternative credit providers and financing products can differ between each type of lender. GPs are finding it helpful to explore different types of financing solutions that are available from their traditional lenders as well as building new lender relationships and there is a significant focus on finding the right type of structure for a specific transaction and of course, more than ever, on the right terms."

Paul Tannenbaum, Fund Finance, London

“As secondaries deals get larger, GPs and LPs may consider expanding their financing options to include insurance companies. At a time when some banks have pulled back from financing secondaries, insurance companies have become a more important option for both club deals and syndicated deals. While insurance companies will typically require a credit rating on the facility, the underwriting process has improved over the years, and in many cases involves little time or effort from the GP or LP. Many insurance companies have long-standing relationships with credit rating agencies that facilitate the review and underwriting of the secondaries financing.”

Matthew Kerfoot, Fund Finance, New York

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