

Seward & Kissel Presents:

# MEET THE FUND BANKER SERIES

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*The regional banking crisis last year, which disproportionately impacted the fund finance industry, and the exit of other lenders from the fund finance market has resulted in a liquidity crunch in the fund finance space. Now that the dust has settled from the banking crisis, market participants have been asking: What bank and non-bank lenders will emerge to fill this shortage of supply? To answer this question, Seward & Kissel's Fund Finance Group has created this "Meet the Fund Banker" series.*

*The goal of this series is to highlight those lenders who are leaning in to the fund finance space and actively looking to serve as financing partners. In order to facilitate connections between funds and potential lenders and provide clarity around the "new normal" of fund finance, this series will introduce the primary people standing behind the new market leaders and provide color on what those lenders look for in potential clients. Each installment of the series will feature a Q&A with the individual banker who is heading up the lender's fund finance business.*

*We hope that this series is a helpful resource for all participants in the fund finance industry. Readers should feel free to reach out to the bankers who are being featured for more information or to Jeff Berman, Steven Starr and Rob Wood at Seward & Kissel for any assistance with their fund financing needs.*

*Best,*

*Jeff, Steve and Rob*



*Jeff Berman*



*Steven Starr*



*Robert Wood*

*If you have any questions, please contact Jeff Berman ([berman@sewkis.com](mailto:berman@sewkis.com), 212-574-1232), Steven Starr ([starr@sewkis.com](mailto:starr@sewkis.com), 212-574-1405) or Robert Wood ([wood@sewkis.com](mailto:wood@sewkis.com), 212-574-1244).*

**SEWARD & KISSEL LLP**



## NICHOLAS ZANGARI

DIRECTOR, CAPITAL CALL ORIGINATION GROUP,  
SOCIETE GENERALE

### What is your position/role at your bank?

I am a Director in the Capital Call Origination group at Societe Generale (SG). I primarily focus on the origination, structuring and syndication of capital call facilities in which SG acts as the agent.

### How did you get involved with fund banking?

My first introduction to the fund finance industry was through the relationship management side during my time working with the client coverage team at Natixis. Many of the clients I helped cover were private equity funds for whom we provided capital call financing, so I was very familiar with the product. I was always interested in transitioning to the business side of the bank, so when an opportunity arose to join the subscription line team at Natixis, I jumped at the opportunity. Having prior experience with this product allowed me to smoothly transition to the deal side and grow into the role I have today.

### What appeals to you most about this industry?

For me, the most appealing aspect of fund finance is its continued growth and evolution. We have seen this market grow considerably over the years as GPs have continued to raise capital at a record-breaking pace. Not only has the market grown, but it has evolved from plain vanilla working capital subscription facilities to more complex structures including large umbrella facilities, hybrids and NAV lines.

### What developments do you expect to see in the fund finance market over the coming year?

For 2023 was a challenging year for both GPs and lenders. Fundraising was noticeably slower throughout the year due to a shortage of private equity exit opportunities that could free up liquidity for investors. I suspect this trend will continue into 2024, leading to a greater need for end-of-fund-life liquidity solutions such as continuation vehicles, secondaries transactions and NAV facilities. Lenders that are able to offer solutions in this environment will be able to differentiate themselves from other lenders. On the lender side, banks will continue to face capital constraints that will force them to be more selective when deploying capital. While not a new development, if fundraising does recover and the need for sublines increases, I suspect we will see more non-bank lenders enter the space.

**What is the biggest challenge facing the fund finance market right now? Are there any solutions that will help address that change?**

One of the primary challenges facing the fund finance industry is the impact of capital constraints on the traditional bank lenders in this space. Increased regulatory capital requirements have forced lenders to be more strategic when using their balance sheet and led them to focus on a select few clients that can offer opportunities for ancillary business to the exclusion of newer market entrants and less well known sponsors. While some lenders may be better positioned than others to take on additional market share, I believe many banks will put a greater emphasis on innovative solutions to free up capital such as getting facilities rated, capital relief trades, securitizations, and syndication to non-bank lenders such as insurance companies.

**Where do you see your bank positioned in the fund finance market? What does your bank offer that sets it apart from other banks?**

Societe Generale has been actively providing capital call financing to its clients in the US since 2004. While we were historically a participant lender in this space, we have, consistent with the bank's origination and distribution strategy, greatly expanded our capabilities over time and shifted our focus to originating and acting as agent on large syndicated deals. We believe that our bank's attractive risk profile and ability to offer more bespoke and innovative structuring solutions sets us apart from other lenders. Our strong syndication network and capabilities also differentiate us from others in this space, as does the connectivity we have to other fund financing products SG offers for funds throughout their life cycle.

**What potential clients is your bank most interested in?**

Much like other banks in the market, we target clients that present opportunities for the bank across multiple business lines. The ability to cross sell is a key factor when assessing our target market and, while we have a list of key clients that we support, we are always looking to onboard new relationships where there could be multiple touch points across the bank.

**What is your bank's strategy to grow its market share of the fund finance market?**

While we expect to continue to grow our fund finance business, our primary focus is on supporting key relationships of the bank while opportunistically targeting new clients using subscription facilities as the point of entry. We have continued to raise our profile with our key clients by providing strong execution, innovative financing structures and robust syndication capabilities. Additionally, recent shifts in the lender landscape have provided us with a number of opportunities to lead transactions for existing and prospective clients, which has allowed us to raise our profile in the fund finance market.

**What is your favorite thing to do when you're not working on fund finance?**

My favorite way to spend my free time is with friends and family at the beach. While our summers in the northeast are not as long as I would like, I spend as much time as possible at the shore in New Jersey relaxing on the beach with good food, good drinks and good company.