Lead Left Interview – Ken Wormser and David Powar (Part 2)

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This week we continue our conversation with Ken Wormser and David Powar, managing partners at GreensLedge. Founded in 2008, GreensLedge is an independent investment banking firm focused on the global structured credit and alternative investment marketplace. With offices in New York, London, Tokyo and Seoul, the firm provides advisory and related transactional services to issuers, investors and other institutional market participants worldwide. ***Second of two parts – View part one*****.**

The Lead Left: *We've been talking about CLOs, but that's not your only area of expertise.*

David Powar: CLOs are only a piece of what we do. We've done three middle market CLOs for Golub, and we're doing one for you all at Churchill. But there's a non-capital markets element of our business. We arrange bespoke financings, whether it's with a club of banks or bilaterals. We can finance a portfolio of direct loans or less-liquid loans, whether in the US or Europe.

TLL: *Could you give us another example of the way you work from a relationship perspective?*

Ken Wormser: When Churchill put its stake in the ground at TIAA you had a relationship with another bank. They provided you with some financing. We have helped other managers find financing partners to match their needs the best. We're in that market every day. We've arranged over thirty facilities with various financial institutions, funding portfolios of loans. Not necessarily as a warehouse with a CLO takeout. It can be a term facility to a BDC or other direct lending businesses as well.

DP: We can serve both as an advisor and finding lenders. The solution may not always be obvious. We can add a pair of arms and legs to get the most effective leverage facility in place. We work with large firms like HPS, Alliance Bernstein, as well as smaller shops like Comvest and Deerpath.

A firm's style of lending is particularly important. There's an enormous amount of capital going into leveraged finance. But software lending, for example, can be hard to get your head around. Same with healthcare lending. We've been involved with other financings of BDCs. The first institutional placement of a $250 million a term loan for a BDC. Or a $150 million unsecured facility for another BDC.

KW: We try to be strategic in matching specialty needs with debt capital. We structure the deal, find a partner, and then help in the documentation and closing of the facility (s).

TLL: *I notice your practice also involves M&A work.*

KW: We've been involved in over fifteen different transactions with asset managers in the credit space. Recently you may have seen the announcement of Hayfin's acquisition of Kingsland Capital Management. We represented Hayfin in that transaction, who came to us with interest in expanding more into the U.S.

DP: Or when we advised Investcorp on their acquisition of 3i that added $12 billion in AUM to their platform Chemistry is critical; it's all about the people.

TLL: *What do you think the themes for the future are in structured finance?*

KW: I would point to several catalysts. Risk retention certainly is one. This has become a more capital intensive business than in the past People are seeing what's happening in the industry and asking the question. I'm good at private equity, but how do I grow? Do I buy or build? Should I diversify by growing geographically? You can't just send a couple people over and open shop in new geography. There are many questions to answer What's your special sauce? What's the capital requirement? What's the value added that the platform brings? Perhaps adding strategies such as commercial adding a credit business (issuing CLOs), real estate or equipment finance will increase the value of the GP.

TLL: *Is there an advantage to a pure-play asset manager versus a diversified finance company model?*

KW: It depends on how you want to execute your strategy. Each has a different cost of capital. How do you plan to develop the synergies? Is it one team, one dream or more of a grouping of platforms under one roof.

TLL: *You recently agreed to sell 20% of the firm to Sumitomo Mitsui Trust. Tell us about that.*

KW: It's a strategic partnership we're very excited about. It opens up the Japanese market more to us, getting us more established there. It creates introductions and allows us to leverage off their customer base of large pension plans; big customers to link in with that system. We plan on growing our business together which is a very cool thing. It's not a cash-out, but an investment for the future.

TLL: *Lastly, tell us what the biggest surprise of the year has been for each of you.*

KW: And to always be prepared so we don't have any surprises in 2018!

DP: It's not a surprise, but the biggest thrill has been the pride we share in what we've accomplished at the firm.

Contact:
Ken Wormser
kwormser@greensledge.com

David Powar
dpowar@greensledge.com