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Lead Left Interview – Bob Jesenik

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This week we speak with Bob Jesenik, CEO, Aequitas Capital. Aequitas provide access to private credit and equity capital along with industry-specific operational expertise in healthcare, education and financial services. The company is headquartered in OR with offices in NY, CA, FLA.

The Lead Left: *Bob, tell our readers about your firm.*

Bob Jesenik: Thanks, Randy. I co-founded Aequitas back in 1993 and we were probably ahead of our time then, as we were very focused on private credit and really helping middle market companies raise debt and equity capital. Specifically we were looking in areas that were not well served by in traditional banking solutions. Early on our roots were working in the commercial finance space, for example working with institutional investors like insurance companies to provide private credit to our clients. Fast forward, we made it through the dot com cycle and 2008 doing the same thing.

TLL: *No small feat.*

BJ: And since 2008 we've seen that the world seems to be much more focused on yield and safety and we feel that private credit is an optimal solution for the needs in the marketplace. Today, we're primarily on the origination side investing private credit and private equity into three sectors: healthcare, education, and financial services. We leverage this expertise to offer innovative solutions, and are expanding our offerings all the time.

TLL: *Talk more about how you do that?*

BJ: We've seen some trends in the market since 08 and one is the desire for alternatives in general and secondarily supporting advisors to equip and educate themselves to include appropriate alternative investments in their client's portfolios. We are also building out a best-in-class alternative asset management platform that will be made available to our clients who are RIAs [Registered Investment Advisors] and wealth managers.

TLL: *I noticed on your website [link] you have something called Aequitas Capital Partners.*

BJ: Yes, that is part of the wealth management platform that we are building out. That's the business we've created as a membership network for RIAs to provide training and education around alternative investments, as well as access to unique alternative products and growth capital.

TLL: *What's the breakout between your advisory revenues and investment income?*

BJ: The majority is origination from investment management business as our wealth management platform was just recently launched. We have just under $1 billion in AUM.

TLL: *How much equity vs. debt investments?*

BJ: It's probably 75% credit and 25% equity. On the credit side, we have a specialty finance focus as well as private credit itself. Specialty finance to us means working in small business lending and consumer lending, or helping large corporations finance their customers.

TLL: *How about a couple examples?*

BJ: In healthcare we are providing credit to patients in hospitals. We also have a portfolio company that has a motorcycle leasing business. We are able to be a unique partner providing both specialty finance and equity to these firms. On the private credit side we support corporate lending, real estate, to provide bridge financing, mezzanine, and senior secured lending. Our focus is on unique and more structured offerings.

TLL: *Where does your capital come from?*

BJ: We distribute through our RIA channel. Also institutional clients who allocate their capital with us. We are an investment manager.

TLL: *Obviously, yield is important, but what else is going on in investors' heads?*

BJ: We're seeing a real demand for safe yield and thoughtfulness around liquidity terms. Given where the stock market is, their focus is on uncorrelated assets in their portfolio. So its less about yield, more about liquidity terms right now.

TLL: *What assets are considered uncorrelated?*

BJ: For example, advisors have allocated into private REITs to get yield and those come with six to seven year lock ups but are now getting the same yield from us with one to two year locks which is a significant improvement on the liquidity front. We have vehicles with different options tailored to our clients' needs.

To be continued the week of November 24

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