INTERVIEW

INDUSTRY INSIGHTS

Managing to the right measures: an interview with EverBank's Mike Mascia





Wes Misson, Global Managing Partner – Finance at **Hogan Lovells Cadwalader**, exchanges thoughts with **Mike Mascia** of **EverBank** on an increasingly innovative fund finance marketplace

Track record holds a special place for fund finance professionals. When *Inside Fund Finance* presented us with the opportunity to discuss market direction and strategy, we decided to turn to someone with a bit of a track record.

As in fund management, track record isn't just a matter of making correct calls. As fixed income market legend Harley Bassman frequently advises, "For most investments, sizing is more important than entry level." Reading the market correctly is one thing, but positioning appropriately is what drives results.

Mike Mascia is Head of Asset-Backed Finance at EverBank, N.A. Mike's contributions to the fund finance industry are too numerous to list here. Mike's track record includes leaning into growth in the fund finance market with conviction that's hard to appreciate today for a recognized institutional asset class. This meant investments in organizations, people, and processes to support a larger market than existed at the time. As the market matured, Mike recognized the relevance for broadening of lending products beyond subscription collateral well before the recent expansion in NAV volume. What's next? Here's our sit-down with Mike on the current status of the market and where things may be heading.

Lending against private fund capital commitments has grown into a multi-hundred-billion-dollar business. From where you sit, how would you describe the competitive dynamics today – are we in a rational market, or does the balance tip towards capacity chasing quality sponsors?

While there are more lenders putting more capital to work, that's to be expected given the industry growth. The market feels reasonably balanced, and the place to look to measure this is deal pricing. While lenders always whine as spreads compress, we have seen periods in the past where facility margins have leveled out tighter than today.

Understanding and acceptance of NAV facilities as a liquidity tool has advanced significantly over the past three years. How have you dealt with scaling a NAV lending program given these are bespoke financing arrangements against unique assets? →

We accepted early on that you can't scale a NAV business in the same way that you can grow a subscription business to flagship funds. The time it takes for proper transaction analysis and underwriting is fundamentally different. You just cannot scale transaction volume and outstandings at the same rate, at least with comparable efficiency ratios. The question becomes what you measure. In the NAV business, what you can scale is net income.

If you had to paint a picture of this business three to five years out – rate environment aside – what are the structural tailwinds that keep you bullish?

Growth in private capital is likely to continue to meaningfully outpace GDP. Despite the noise with redemptions this year, the continued expansion of the retail channel will pull more capital into alternatives, in turn fueling fund finance. Fund finance is return-accretive, and there is room for growth via further penetration as well.

Some observers argue we're approaching an inflection point as the private capital industry matures and sponsor borrowing needs become more sophisticated. Where do you see the next wave of product innovation coming from, and which borrower segments are underserved right now?

We're still spending time trying to come up with a great base framework for levering diversified private credit funds outside of direct lending. These funds have wide-ranging mandates, and assets often include pools of consumer loans, real estate debt, securitization tranches and many others. Some assets are senior and some are subordinated; some are levered. Part of the proposed collateral is blind pool.

> "Despite the noise with redemptions this year, the continued expansion of the retail channel will pull more capital into alternatives, in turn fueling fund finance"

Solving for a workable borrowing base with data-backed detachment points and manageable concentration limits is difficult. This space is going to grow extensively, and coming up with repeatable structure here is a real opportunity.

We're seeing more fund-level credit assets finding their way into broader capital markets – syndication, securitization, risk-sharing structures. How is that changing the way your team thinks about origination, balance sheet capacity, and the investor base for these assets?

There is an organizational structure impact: We want to give clients a single point of contact that delivers the whole bank. Then we need the execution verticals to have sufficient flexibility and coordination that they can tag-team capabilities for transactions that have mixed business components. From a staffing perspective, add-on vertical experience is what creates value, meaning fluency in, for example, securitization, CLO, and leveraged finance.

There's an interesting convergence happening between direct lending, private credit, and subscription-line/NAV-style lending. How do you see the relationship between your fund finance franchise and your broader leveraged finance and capital markets platforms evolving?

We probably partner with private credit more than we compete. Private credit lenders become more of a competitor when a borrower's use case considers a higher-attachment-point, higher-cost-of-funds proposition. Sometimes higher attachment isn't appropriate for our balance sheet, and the private credit solution is the right one for the borrower. Not far removed from this, insurance captives can be a conundrum: we partner with them, we syndicate to them, and then we get taken out by them.

As to bank balance sheets, cooperation between a bank and a private credit platform has to solve a problem for the bank. Right now, most banks probably feel a little asset-light, mitigating the priority of an outside capital solution. Banks that are RWA constrained of course continue to explore capital

WES MISSON



Wes Misson is Global Managing Partner – Finance at Hogan Lovells Cadwalader. A leading figure in the fund finance market and former Co-Managing Partner at Cadwalader, he advises financial institutions as lenders and lead agents on subscription credit, hybrid and NAV structures, as well as back-leverage and other complex fund-level financings across all major fund types.

Contact Wes at:
wesley.misson@hlc.com
+1 704 348 5355

MIKE MASCIA



Mike Mascia is Executive Vice President and Head of Asset-Backed Finance at EverBank, where he sits on the Management Committee and the Assets and Liabilities Committee. His division delivers subscription, NAV, hybrid, and GP facilities and other financings across the private capital sector, and Mike leads the bank's syndication and distribution desk.

Contact Mike at:
michael.mascia@everbank.com
+1 704 995 1065

relief solutions as well. But as the market transitions from subscription to "other" collateral, loan tenors are getting longer, and containing portfolio duration could create interesting opportunities.

For a business that has traditionally been relationship-driven and judgment-heavy, how do you balance the potential for future AI and automation against the need for seasoned credit judgment – and what does that mean for how fund finance lending teams may be structured going forward?

A long-time industry relationship at a competitor bank recently booked a flight from the UK to Charlotte. She took the trip to tell me in-person that they were refinancing us out of a loan. It was a hell of a classy thing to do. Relationships are extremely important in this business and probably matter more now than before. We are still the ultimate annuity business. The certainty of execution that comes from a trusted relationship is irreplaceable.

On AI, I think it's just beginning to scratch the surface in fund finance. Meaningful ROI isn't here yet, but it's obviously an area that young professionals must completely lean into.

This has become an incredibly attractive space for young professionals. When you're evaluating talent – whether from banking, law, or the sponsor side – what qualities or experiences do you find actually translate into long-term success in this business?

The skills needed today are far broader than they used to be. In the past, on a subscription desk, hard work, reps and responsiveness completely carried the day. Today, curiosity and a willingness to tackle new areas to expand your breadth is increasingly important. It's not just an abstract point.



From a leadership perspective, it may be time to rediscover rotation programs, cross-vertical personnel transfers, real and formal training investments, etc. Young professionals need the varied context and the mental flexibility to meet their fund finance clients in the complexity where they are going to find them. ●

About Hogan Lovells Cadwalader

A fund finance market that demands increased sophistication and cross-vertical fluency from your deal team equally applies to legal counsel. Hogan Lovells Cadwalader provides dedicated fund finance coverage in 10 countries, having advised 108 lenders in originating 2,200 transactions for more than USD 600 billion in the past 18 months. Our experience demonstrates that the need to apply multi-disciplinary skills in the fund finance has already arrived. To that point, we:

- **Advised Barings Portfolio Finance and the other senior investors in its rated note feeder financing of StepStone Group's USD 3.1 billion structured solutions vehicle in 2026;**
- **Represented Barings (as investor) and Citibank (as agent) in the then-largest-ever structured funding facility in the secondary market to invest in both private equity and private credit secondaries;**
- **Advised a global financial institution on a forward flow agreement providing for the sale of interests in subscription credit facilities to Värde Partners' fund finance platform**

hlc.com

HOGAN LOVELLS CADWALADER