



STREET VIEW

An Alternative for Alternatives

Credit Surveillance - Yes, this can be outsourced!

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The Institutional Alternative Investor Challenge – Understand Assets and keep costs under control

Alternative Assets are a fast-growing investment class for nearly every institutional investor in the world. This includes Infrastructure and Renewable Debt, Private Corporate Debt, Aircraft (or Ship) Finance, and many others. This development will accelerate due to the high demand for alternative financing away from the banking space (with banks possibly providing additional leverage) and the need for institutional money to achieve the required yields to match the liability side of their balance sheets, i.e., pension and insurance liabilities.



Most of these investors, having entered the markets, are investing via funds or fund of funds, keeping them a mile away from the risk managed by the fund managers which, in turn, need their fee layers to manage the asset risk on behalf of their investors. In addition, the investors can hardly influence the investment decisions of funds, especially in fund of funds structures.

The surveillance and risk management of debt in asset classes as in, for example, Project Finance/Infrastructure/Energy transactions require significant experience, especially when projects are in the development phase or certain issues arise during the operating phase. This causes many Institutional Investors to shy away from investing in Alternative Assets directly and instead they utilise (and compensate) external fund managers.

The Wind-Down Portfolio Challenge – Turn fixed costs into variable

Banks and other regulated entities managing portfolios in wind-down mode often need to rethink their business setup on various fronts:

- Technology - “Can I switch this off?”
- Risk Management - “How much staff do I need to commit to this business?”
- Regulatory Requirements - “Am I allowed to out-source key functions?”

The Efficiency Challenge – can I focus on growing my business and reduce commitment of limited resources to credit surveillance of existing exposures?

Many Investors and Banks prefer to focus on origination activities due to their excellent market standing and expertise, rather than expanding their risk surveillance and risk management departments as their portfolios grow. They prefer to dedicate their energies to analysing the full bandwidth of Alternative Assets which they plan to underwrite. Hence, they welcome a solution, where a qualified third party brings in the expertise at a reasonable costs base to support the important task of credit surveillance.

Master all challenges with Mount Street!

We have the team! Our credit analysis team of 49 professionals has, on average, 15+ years of experience across the Alternative Asset spectrum to support you with all relevant surveillance processes, be they Infrastructure/Renewables, private Debt (incl. SME), CRE, Aircraft Finance, Ship Finance, Rolling Stock Finance and more.

We have the track record: We currently manage a portfolio of EUR 80bn of assets and provide clients with dedicated credit surveillance and monitoring services including reviews, dealing with waivers, and frequently, supporting clients in distressed situations as well.

Yes, we can do this for regulated entities! We are a German BaFin regulated financial servicer and have passported our licence into all relevant European countries; in addition, we have a licence from the FCA and the SEC. Paired with the right processes, this means your regulator will accept Mount Street Portfolio Advisers as a qualified outsourcing provider.

Technology makes a difference: Our loan administration system seamlessly takes overall debt exposures and provides interfaces into your reporting systems.

Mount Street – Please drop us a line or give us a call to discuss how we can help you with your credit surveillance requirements.

