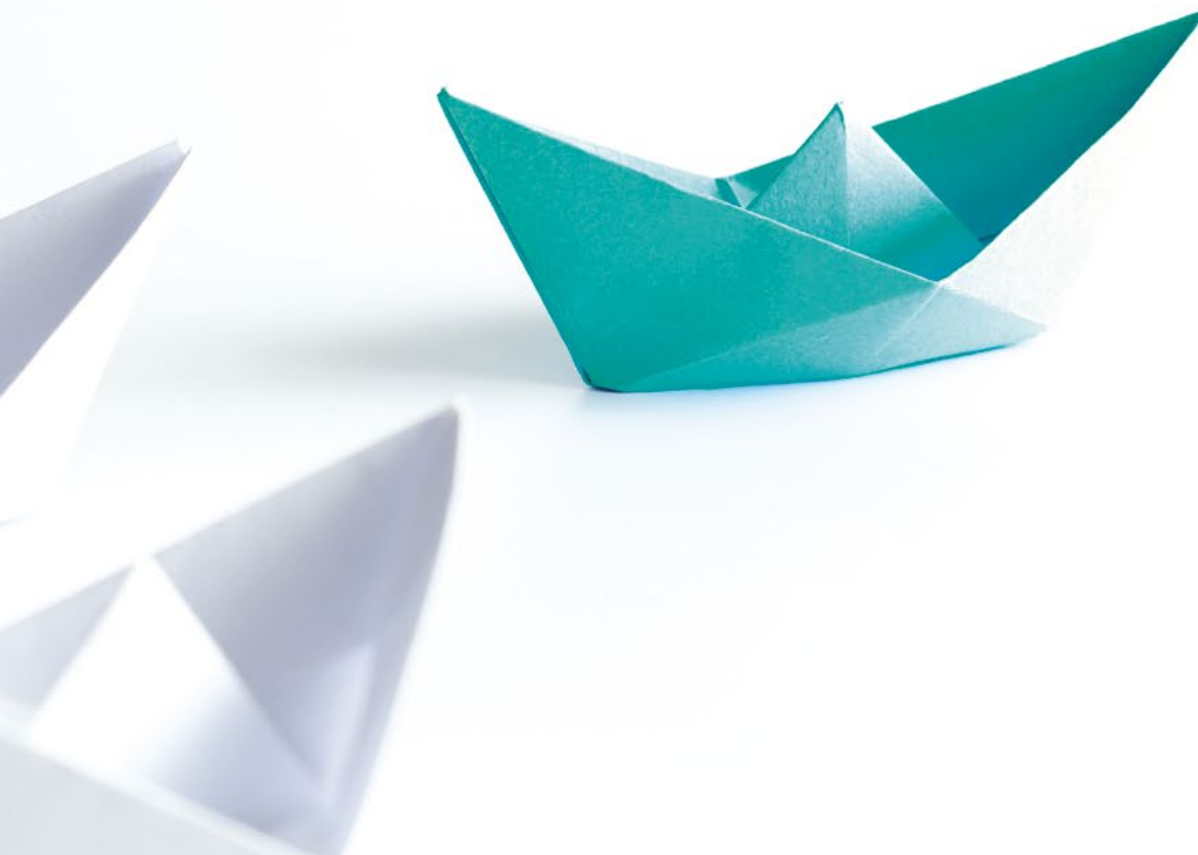


WWL

Thought Leaders Global Elite 2020



Interviews with the pinnacle of the profession

Stephanie R Breslow



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Biography

Stephanie R Breslow is a Schulte Roth & Zabel partner who serves as co-head of the investment management group, and as a member of the firm's executive committee. She is renowned for her practice in investment management, focusing on private equity and hedge funds investing in multiple strategies, including activism, credit, equities, litigation finance and crypto and blockchain assets. She earned her JD from Columbia University School of Law, where she was a Harlan Fiske Stone scholar, and her BA, cum laude, from Harvard University.

What has been your most interesting case to date, and why?

The most interesting projects I worked on were probably in the wake of the 2008 financial crisis, when we had to help many fund managers deal with extreme illiquidity and volatile markets. Fund terms were tested, and it was crucial to understand business realities

and fiduciary duties toward investors. More recently, work in the crypto and blockchain space has been fascinating because the technology is so new, and the regulatory landscape is uncharted territory.

Has the private funds market changed its approach to cryptocurrency and blockchain technology, and, if so, why?

The SEC and other regulators have provided increasing clarity as to when they will consider tokens to be securities, and the market has responded. Custody and auditing procedures have also matured, which is a good thing, because a number of fund managers in this space are now managing sufficient assets to require registration as investment advisers.

You have indicated that investors are trying to find investment strategies that are not correlated with traditional stock markets. What strategies are market players employing other than blockchain and cryptocurrency?

Some of the other uncorrelated asset classes we have been working with

include litigation finance, which is purely uncorrelated, and semi-uncorrelated strategies such as activism and distressed credit investing. Our firm also has an increasing presence in specialty asset securitisations.

How has the low interest rate environment affected the credit space?

Unsurprisingly, it has resulted in lower yields. On the other hand, since interest rates on savings are also low, the yields on credit funds can seem attractive by comparison.

What effect did the former US and EU risk retention regulations have on the private funds market, and how has the relaxation of US risk retention regulations impacted practice?

We have created several vehicles to act as CLO management companies in order to comply with risk retention regulations. These vehicles are generally attached to fund sponsors, who also syndicate CLO debt and equity, and may run funds that can invest in CLO debt and equity. US risk retention rules required the management vehicles to have substantial staffing; the

relaxation of those rules has allowed some fund sponsors who do not intend to comply with the EU risk retention rules to create private risk retention vehicles that are not management companies, and do not require such staffing.

What trends are you seeing in the hedge fund space at the moment?

The extended bull market has put pressure on long-short equity managers, and the low interest rate environment, coupled with easy access to financing, has been challenging for credit fund managers. As a result, there have been net outflows, but the better managers remain attractive destinations for investors seeking portfolio diversification.

In what ways does Schulte Roth & Zabel distinguish itself from the competition?

We are a specialty firm focused on financial services in general, with a heavy emphasis on private investment funds in particular. As a result, all areas of practice, from fund formation to M&A to finance to litigation, are familiar with and focused on the unique issues of this industry.

You have enjoyed a very distinguished career so far. What would you like to achieve that you have not yet accomplished?

I would like to see more diversity in the profession, and I hope to be part of facilitating that change.

WWL says: *Stephanie Breslow is “a standout name” in the private funds space, known for her expertise in investment management and private equity fund formation.*