



Striking a balance

A Q&A with Twin Brook Capital Partners



Therese Icuss
Director
Twin Brook Capital Partners

Therese Icuss joined Twin Brook in 2016 and is a director in the firm's middle market direct lending loan business. She leads one of Twin Brook's underwriting teams focused on the structuring, diligence, negotiation, execution and monitoring of investments across a broad range of industries.



Kim Trick
Director
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You've been working together for close to a decade. How would you say industry dynamics for women have changed over the years?

Kim Trick: Yes, we've been working together for over 10 years. I joined JP Morgan Chase in mid-market underwriting just two months before the impact of the recession became apparent in 2008—a time that really shaped my career. When I joined Chase, a lot of my peer group was female, and I didn't realize that was unusual. I worked on my first deal with Therese, who showed me the ropes. Through the recession, we learned a lot from each other. And now at Twin Brook, we're in a similar position in that there are a lot of women on the investment team. So, while there may have been an industry shift, in my experience women have been well represented at the firms where I've worked.

Why do you think both firms have had teams that are well balanced by gender?

Therese Icuss: I wouldn't say it's by design. I think I've been fortunate in that I've worked at firms that just want to find the best people to do the job, regardless of gender. I have observed a shift toward there being more females in senior roles, and I think that helps bring in younger female talent. At Twin Brook, four out of five of the team leaders are female, and there is now a deep bench of women coming through at associate and assistance vice president levels.

How can recruitment processes help with this?

TI: Firms have to strive to hire the best person for the role. It's to their benefit if they find the best candidate, and to do that they need to hire from a variety of backgrounds. What we look for is curiosity and the drive and grit to execute and succeed. We have a consistent approach to recruitment, and we know the kind of profile we want. We're fortunate in that we are attracting great people, including many new female hires—a third of our underwriting team is female.

What about mentoring? How important do you think that is?

TI: We don't have a formal mentoring programme—it's more about creating the right culture so that our team members can lean on one another and everyone can access support from their colleagues. While it is a fast-paced and demanding work environment, we all appreciate that people have a life outside the office that they need to invest in. We try to lead by example on that front, making our families a priority. It's important to create a culture where people care about and support one another so that they respect the demands placed on people outside these four walls—that applies to everyone.

Kim, you mentioned that your experience of the recession had shaped your career. In what way?

KT: It was a difficult time, but we went through the recession with our portfolio of junior capital loans and took pride in exiting successfully and generating returns. Similar to the approach here at Twin Brook, we looked at each investment as if it were our own capital.

The recession definitely shaped how we underwrite today—there is no substitute for experience, and that period showed what could go wrong. With the benefit of that knowledge, you not only know when and how to take action, but also the importance of having lasting relationships with sponsors and borrowers. It really needs to be a partnership.

TI: The recession affected anyone who went through it, and our approach pre-recession versus now is night and day. It has informed our underwriting and portfolio management strategy. The focus on portfolio management and active tracking we see now is born out of what we saw post-2008—you have to have the right infrastructure, resources and data to be on top of your accounts. That's critical to the relationships that Kim just mentioned.

How would you describe your underwriting philosophy? And is it different across different parts of the capital structure?

KT: Our overarching philosophy is that we are here to help borrowers and sponsors execute their strategy—we are partners assisting them in their goal. So, in each case, we have to get to a deep understanding of the business drivers, risks and opportunities, and what those mean for the capital structure.

Having this information makes the underwriting process—whether we're talking about senior debt, second lien, mezzanine or equity—very consistent. Given our experience of investing in different parts of the capital structure and through cycles, we can be good partners to sponsors. We understand what the pitfalls and benefits of certain structures are; we know what works in specific situations and what doesn't.

So how do you structure the underwriting team to achieve this?

KT: Our underwriting team is responsible for deals through their life cycle, so we dedicate significant resources to both underwriting and portfolio management. The idea is to provide a seamless approach for sponsors so that there is a consistency from new deal execution to portfolio management—the interaction between management teams, sponsors and our team continues throughout the life cycle of a deal.

TI: This is another aspect that has been born out of the experience of the recession. You can't just hand over an account to portfolio management once the deal's been done. There has to be a straight line for sponsors if you are going to help them achieve their strategic goals in an investment. You need to ensure that you have enough

resources to keep an eye out for potential issues, spot them early and take action where required.

You have a specific training programme for new underwriters. Why?

KT: Yes, we have a proprietary training programme. It's beneficial to new recruits who might not have a credit background in that it ensures our credit philosophy and approach are ingrained in every member of our team. There's no better experience than on the job experience, though. So we make sure that all underwriters have the opportunity to work across different structures and companies.

And finally, what's your view of where we are in the cycle, and how is that affecting your underwriting approach?

TI: We're not trying to time the market or be in or out of certain structures. As partners to sponsors and borrowers, we employ the same rigor to new deals and portfolio management at whatever point we find ourselves in the cycle. We're not going to change course or strategy—we stick with what we know has worked for many years.

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About Twin Brook Capital Partners

Twin Brook Capital Partners is a finance company focused on providing cash flow-based financing solutions for the middle market private equity community. The firm is managed by highly experienced, dedicated professionals who have successfully worked together throughout their careers at leading middle market lending institutions. Twin Brook's flexible product suite allows for tailored financing solutions for leveraged buyouts, recapitalizations, add-on acquisitions, growth capital and other situations.

Twin Brook focuses on loans to private equity-owned companies with EBITDA between \$3 million and \$50 million, with an emphasis on companies with \$25 million of EBITDA and below. Since inception in the fourth quarter of 2014, Twin Brook has acted as Lead/Co-Lead Arranger on 90% of deals funded (2015-2018), acquired \$6.5 billion of committed capital, and closed 220 transactions.

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