

What Matters Most Right Now?

Four Urgent Topics Alta Advisors Are Seeing

Businesses are facing a dynamic landscape evolving at an accelerated pace affected by geopolitical shifts, inflationary costs, and supply chain upheaval. Climate concerns are also factored into planning and growth strategies.

We're on top of what matters now to advise our clients and the global equipment finance industry we serve. Please click [here](#) to read our quarterly newsletter online, download, and share with colleagues. Let us know what matters most to you at this time.

1. Ukraine and Due Diligence

Due Diligence needs attention since the Russian invasion of Ukraine. In his article published this month in Equipment Finance Advisor, Paul Bent reports on the direct impact the war in Ukraine may have on our industry. "No doubt you have been conducting OFAC checks as part of your routine transaction due diligence but are you aware of the very recent and ever shifting changes to the multiple lists that are maintained by U.S. Office of Foreign Assets Control (OFAC), and of the impact of doing business with the parties identified on those lists?" he asks.

Read full [article](#).

2. Growth and New Funding Study

Despite current challenges the industry remains optimistic and poised for growth through mergers and acquisitions as well as strategic funding plans. Jim Jackson provides a list of [recent deals](#) and points to robust M&A activity forecasted for 2022 as published by the Monitor.

Funding remains frothy. One of the interesting findings of a study on funding just completed by The Alta Group for the Equipment Leasing and Finance Foundation is that the pandemic's impact was not comparable to the Great Recession for multiple reasons, and it says funding capabilities remain strong. What has changed is that bank lines, private and public asset-based securitizations (ABS) are becoming available to firms earlier in their lifecycles than even in the recent past. Among the primary reasons for this:

- The equipment finance market has proven its resiliency through financial cycles, allowing it to be viewed as strong risk-reward play.



Patricia Voorhees and Gary LoMonaco presented the highlights of the funding study during the luncheon at the ELFA Funding Conference in Chicago. The Alta Group also sponsored the captive and vendor roundtable where this photo was taken.

- Extended low-rate environment has attracted investors seeking yield to equipment ABS.
- More private ABS underwriters are joining the market and gaining comfort with smaller firms.
- Industry M&A activity has increased the availability of experienced management teams, many of them starting or joining newer companies.

Download the full study from the [Foundation](#) website. The authors are: Valerie L. Gerard, Gary W. LoMonaco, Patricia M. Voorhees and David S. Wiener for the Equipment Leasing and Finance Foundation.

3. Environment Social Governance Imperatives

ESG is another topic that is gathering headwinds. There is increasing attention not just by regulatory agencies, but also from corporate boards demanding data to enable monitoring of environmental, social and governance progress. The Alta Group's Patricia Voorhees was a guest in a podcast on this subject and recently contributed to a foundation study and wrote about this topic. These are valuable resources to help plan an ESG approach.

[Episode 10 The ESG Imperative](#), foundation podcast featuring Alta's Patricia Voorhees and Razi Amin of Aspen Capital

Go deeper with the full study—

[The ESG Imperative: Understanding the Opportunities for the Equipment Leasing and Finance Industry](#), study by Patricia M. Voorhees, Diane Croessmann and Gary W. LoMonaco for the Equipment Leasing and Finance Foundation

[Roadmap to an ESG Strategy: Five Key Steps for Success in 2022](#), article by Voorhees, Croessmann and LoMonaco in Winter 2022 Journal of Equipment Lease Financing

4. Asset Management + Chain Reactions

Asset management and supply chain obstacles have also been top-of-mind for equipment finance executives. The [What's Hot/What's Not](#) report published by the Equipment Leasing & Finance Association revealed demands in various equipment categories noting construction, trucks/trailers, medical, machine tools and hi-tech/computers as the leading sectors for the year ahead. The report is based on Carl Chrappa's annual research for the association.

The supply chain [story](#) is global, so he sat down with Alta's Ian Robertson from Europe and Juan Dodds from Latin America early in the year to discuss the anticipated impacts on various regional financing markets. Published by the Monitor, it pointed to secondary market considerations as well as the impact of inflation on all verticals. The article advises being alert to what appears to be an increasing number of end-of-term disputes. The advisors also discussed how new technology has become an asset manager's critical ally.

Also, see, "[Managed Assets in an Inflated Marketplace](#)," written by Chrappa and published by the Monitor in late 2021 for additional insight.

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