Best Subordinated Debt Investor
MV Credit

MV Credit has long been one of the biggest success stories in private debt investing, a track record that has led the firm to be frequently recognised by *GlobalCapital* in this award category.

Last year, in one of the most challenging since MV Credit was founded, the firm's strength and skill in investment was again recognised by the market, winning the top spot in *GlobalCapital*'s poll for the best subordinated debt investor.

Indeed, even its peers paid the firm a compliment as, amid the pandemic and its crushing effects on many global industries, rivals realised the benefits of moving into MV's favoured sectors.

"Everyone is now discovering the healthcare and software sectors — these are fantastic industries to invest in — but we've been focusing on healthcare for over 20 years and software for the last 10 and they represent a very large portion of our portfolios now," says Frédéric Nadal, CEO and one of the three founders of MV Credit. "In some of our funds more than three-quarters is just software and healthcare."

These industries form the backbone of MV Credit's funds because they fit the firm's ethos. "We're not high risk-takers, we're a safe pair of hands," says Nadal. "We're probably one of the most seasoned management teams in Europe. We all experienced the 2001 internet bubble, the 2009 great financial crisis and now the pandemic. In these times of uncertainty we bring stability — because that is the way we've invested over the last 20 years."

During the crisis of 2020, it meant that the firm's funds were relatively sheltered from the storm that was raging in other parts of the market. "Our portfolios are heavily tilted towards these industries which have very low capex requirements, so we have had very few difficult situations to deal with," notes Nadal.

Even though MV Credit continues to stand out for its investment approach, Nadal is full of praise for how the wider private equity industry approached the crisis.

"What has been really notable this time compared to 2009 is that private equity sponsors and private debt people immediately focused on liquidity. Within a matter of days, everyone had plans to address the possible shutdown of the whole economy.

Frédéric Nadal, CEO at MV Credit

Because everyone remembers that experience in 2009, the readiness of the private equity industry as a whole was a real positive."

Now, with the economic outlook looking up, the industry — including MV Credit — is facing a new challenge. In a business that depends to larger extent than most on in-person interaction, whether that is meeting corporate executive teams, financial sponsors or potential fund investors, the travel lockdown is restricting new opportunities, says Nadal. "We were expecting the world to slowly get back to normal but it hasn't. Although we can do more of the same it's been really difficult to do new things when we cannot move around and meet with people and have physical contact. We're human, after all."

That doesn't mean MV Credit has been standing still. "We're also making a true effort to transform in response to what is the most important development right now," says Nadal. He is talking about the firm's environmental, social and governance credentials. Twenty years ago it was one of the first investment firms to implement an exclusion list of activities in which it wouldn't invest, such as alcohol, tobacco and arms, and since then it has continued to put senior focus on the issue. It now plans to have all of its investments rated from an ESG perspective.

Nadal sees the fund management industry as a crucial part of the solution to ESG issues.

"How do we give companies a direct incentive to be better at ESG?" he asks. "The incentive is financial: by lowering the cost of borrowing with covenants that depend on meeting ESG criteria. I'm certain that we can have an influence on those things and we want to accelerate the emergence of ESG-linked products." GC