

Case study

Helping a CEO to fund an acquisition

Our client, a global business entrepreneur with liquidity needs, was able to fund a complex acquisition that increased his global business significantly.

The situation

Our client, the founder and CEO of two global businesses headquartered in the US and Australia, confided in us that he intended to participate in an auction to acquire a significant, European-based company in his industry. This client has been a valued relationship of ours for many years. In addition to helping him manage his liquid assets, we often serve as a sounding board on other important decisions he is contemplating.

Over the years, we have helped him borrow funds at extremely attractive rates, implemented commodity hedging strategies, covered call writing programs to generate cash on concentrated stock holdings, and developed and executed hedging strategies on concentrated equity positions.

Once we were notified that our client was partnering with a private equity firm for the auction, we strategized with him on the most optimal approaches to fund his share of the bid.

The strategy

By the time our client learned that he had won the auction, we were prepared to present various funding strategies. Our client and his family were actively utilizing their securities-backed credit line for several real estate transactions. Though our client planned to pay down the balance, we determined that using this credit line was not an optimal strategy for funding his share of this acquisition bid.

Our client holds two concentrated stock positions with us, and we presented him with strategies to use these in order to raise cash.

Working with UBS's structured solutions team, we offered two monetization and hedging strategies. We advised the client on his options and collectively determined a prepaid variable forward contract was most appropriate for his needs.

Our team collaborated with multiple parties in different countries over three days to meet the funding deadline set by the auction. This included oversight of transactions from the UBS Strategic Equity Solutions team executing the prepaid variable contract and our F/X desk executing euro-denominated forward wires. We were able to give him rapid access to \$11 million without resorting to selling highly appreciated stock and incurring capital gains taxes.

The result

Our client appreciated the thoughtful advice, creative solutions and attention to detail on our part that helped him to successfully acquire this European company. This acquisition not only has the potential to increase our client's net worth but may help increase the reach and growth potential of his existing business. We were very happy we were able to provide our client advice that helped him put in place a funding strategy that enabled him to accelerate closing this complex acquisition.

How to get in touch?

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