



Portfolio Funding





What is portfolio funding?

This is when Harbour finances a group of claims – this can be a group from the same client, a group of the same type of claim from different clients, or a group of unconnected claims run by the same law firm on a contingency fee basis. This flexible solution is available for portfolios of every size comprising any mix of large and small claims.

Portfolio funding offered by Harbour

Harbour will consider funding the following portfolio types:

- **Corporate portfolios** – where a business seeks financing for a group of claims
- **Law firm portfolios** – where a law firm has a proportion of cases being run on contingency fees and seeks financing for those cases to ease working capital management
- **Closed portfolios** – a defined, pre-existing group of claims for which financing is sought
- **Open portfolios** – an unspecified group of claims that meet pre-agreed parameters are added to a portfolio on an ongoing basis, up to an agreed threshold

For each of these portfolios we can consider:

- Part or full monetisation of your portfolio
- The provision of a facility to finance existing and future claims
- Funding for your law firm's work in progress and disbursements



Portfolio funding offered by Harbour

	Closed portfolios		Open portfolios	
	Corporate	Law firm	Corporate	Law firm
Who uses this?	A corporate with an existing portfolio of claims looking to take advantage of the benefits of litigation funding.	A firm with a group of claims with contingent revenues which it wants to monetise. A firm with a client looking for funding for several cases.	A corporate with a portfolio of claims that continues to grow and is looking to take advantage of the benefits of litigation funding on an ongoing basis.	A firm seeking capital to pursue disputes on a contingency basis.
Pricing	<ul style="list-style-type: none"> Harbour will fund the portfolio based on a share of the proceeds recovered Pricing is usually more favorable than for single claims to reflect the benefit of cross-collateralisation, where proceeds from winning claims offset losses from unsuccessful claims 		<ul style="list-style-type: none"> Harbour finances claims that meet a set of criteria over a defined period, receiving a return based on a share of the proceeds recovered Cases which do not meet the criteria may still be included in the portfolio, subject to additional due diligence and the ability to offset losses against successes Each case will require due diligence which will vary depending on size, profile, and track record 	
Example	A large global manufacturer has a portfolio of 50 arbitration claims, where it is seeking funding as it follows the CEO's direction to use creative means to reduce costs in 2020/21.	A boutique disputes law firm has a portfolio of 30 cases that are run on a contingency fee basis. Its revenues are forecast to be lower for the next 18 months, so it would prefer to sell some of their contingent entitlement.	The CFO of a leading supermarket chain wants to reduce legal department spend whilst still pursuing claims. She wants a strategic alliance with a litigation funder to reduce both cost and risk, and to have Harbour validate the quality of the claims they may wish to bring.	A leading international law firm has a growing claimant practice. To remain competitive they increasingly have to act on contingency. The partners at the firm are unwilling to fund these contingent revenues collectively so are considering entering a portfolio arrangement with a litigation funder.



Is a portfolio right for you?

The following information will help us to quickly assess your portfolio:

- Would you like funding for a group of existing claims, or would you prefer a facility which runs over a longer period, and which will include cases yet to be identified?
- Are the claims for which you are considering funding similar in nature which might make them more suitable for a portfolio (e.g., same type of dispute and jurisdiction)?
- How many claims might you want to include in your portfolio? What size are they and what are the likely costs of running each claim?
- If you are a law firm seeking portfolio funding, to what extent do you want to share the financial risks and rewards of your cases?

What sets us apart?

Harbour is one of the largest and most experienced funders in the world, having supported cases in 14 jurisdictions and 6 arbitral forums since 2007. Our experience of reviewing over 4,000 claims means we can quickly tell you whether a portfolio funding solution could be appropriate. We can also help you consider the best way of structuring the portfolio funding in terms of which claims could be included in a portfolio, how we can streamline the approval process, and a pricing structure that balances your risk appetite and working capital needs.

If you are interested to learn more about working with us, or what a portfolio or facility might look like for you, please contact info@harbourlf.com.



Appendix: portfolio funding examples

Boutique law firm seeking funding to expand

Situation	A rapidly growing law firm, looking to expand its business by developing expertise in a new area of litigation, needed capital to sustain its growth.
Key considerations for the client	The Managing Partner of this firm wanted to diversify its practice by advising clients in the sports sector and running litigation on a contingency fee basis. The partners wanted capital to fund this growth but did not want a recourse loan against the firm, or to work with lenders who were unfamiliar with lending against contingent revenue on cases. They wanted a funding solution which enabled the firm to retain a reasonable share of the proceeds.
Key considerations for Harbour	<ul style="list-style-type: none">• Track record and credibility of the firm• The claims being pursued would be too small to fund individually (quantum c. £250,000), but the high volume of claims meant they could be grouped as a portfolio• The nature and value of the contingency fee agreements with the clients
Proposal	<ul style="list-style-type: none">• Harbour funded 70% of the firm's work in progress, and 100% of the disbursements on the cases, taking a proportion of the law firm's share of successful cases• The firm was thereby assured of receiving most of its fee income, regardless of the case outcomes• With returns from winning cases offsetting the unsuccessful ones, we were able to offer lower pricing than for single case funding
Why Harbour was approached	Harbour had worked with the firm for several years. When the firm indicated it wanted to implement growth plans, we worked with the Managing Partner, CFO, and sponsors across the disputes department to provide a funding solution which gave them access to capital for expanding their business, whilst also bringing in an innovative product to market to their clients. Their clients have been impressed by how the law firm has shown it is thinking of and providing solutions to their budget challenges.



Leading global business seeking strategic advice

Situation	A leading FTSE 100 business was looking for both strategic advice on how to use litigation funding and pre-agreed provisional terms for prospective matters.
Key considerations for the client	<p>Although the company could self-fund its litigation and arbitration, it wanted to partner with a litigation funder to benefit from the experience and expertise of the Harbour team and to reduce its costs. The company launched an RFP (Request for Proposal) process with a few funders. Through the process the company wanted to ensure:</p> <ul style="list-style-type: none">• Competitive pricing, even if it entered an exclusive relationship• No reputation risk and respect of confidentiality – they wanted a funder with a first-class reputation• The funder had relevant experience and sufficient capital
Key considerations for Harbour	<ul style="list-style-type: none">• Client's desire for a concrete proposal vs the level of individual case scrutiny our underwriting required• Our ability to play a part in the choice of law firm, case strategy, budget, and enforcement approach• The extent to which cross-collateralisation across the portfolio that would be achievable
Proposal	<ul style="list-style-type: none">• Fund up to £50m in fees over a three-year period, receiving 30% of proceeds from cases, after return of costs• Certain types of disputes were pre-approved for funding, subject to a higher level of confirmatory review, with larger disputes needing to go through our normal underwriting procedure
Why Harbour was approached	The company wanted a funder which was experienced and respected in the market. Its external legal advisers were quick to advise that Harbour should be approached because of the experience and credibility of the team. Harbour also possessed a strategic understanding of the issues involved and was well placed to advise on the company's financing needs.



+44 20 3829 9320

8 Waterloo Place, London, SW1Y 4BE

harbourlitigationfunding.com