Paris-Based Alternative Credit Manager Gears Up for Second Specialty Debt Fund Backing European Next-Gen Fintechs and Leasetechs

After the success of the Lending Smart Fund 1 (launched 2022), the Parisian asset manager *Smart Lenders Asset Management*, specializing in specialty finance and digital lending is now preparing the next iteration of its strategy, TLSF2. Targeting up to €200 million, TLSF2 will support next-generation European FinTech and LeaseTech platforms—spanning e-bikes, BNPL, education finance, revenue-based finance—through tailored, secured amortizing debt financing.

Eneida Beshaj · 17.04.2025

Smart Lenders Asset Management is a specialist asset manager in the private debt sector, leveraging deep expertise in specialty finance and marketplace lending to deliver innovative lending strategies rarely found in mainstream private markets offering. “With TLSF2, as with TLSF1, the focus remains on early-stage growth companies – not start-ups, but businesses with real growth potential. The portfolio will consist of ten to fifteen highly selective transactions. By keeping the fund size intentionally tight and focusing on less visible opportunities with strong fundamentals, we ensure disciplined capital deployment and retain sharper control over performance, execution, and risk—without diluting returns. The first closing round is planned for June this year,” explains founder and CEO Erich Bonnet in an interview with **Fundview**.

According to Bonnet, deal flow in Europe has significantly increased: “We receive one to two new inquiries per week, the majority of which we don't pursue – often because the business models don't convince us or the economics simply aren't compelling enough." We have a deep-rooted understanding of the modern Fintech ecosystem and our experience with TLSF1 is instrumental in helping us target the most attractive opportunities with greater focus and conviction " Bonnet specifically looks for companies in less competitive markets with higher potential and realistic profitability prospects. Smart Lenders is also preparing the launch of an Article 9 ESG-focused fund – expected by the end of 2025. "In this context, we aim to invest in sectors such as e-mobility (e-bikes, e-scooters, electric cars) and energy-efficient building renovation. Again, we're focusing on debt financing, not equity investments," says Bonnet.

A key aspect of the company is its organizational robustness – a crucial trust factor for institutional investors. "Our goal is to make this asset class – whether US consumer loans or European fintech lending – accessible to a broader range of investors, with attractive returns, a transparent organisation and a risk framework they are fully familiar with and trust." Bonnet emphasizes. Some allocators perceive such investments as "exotic." " But we're committed to guiding our investors through this journey in an ever-evolving market landscape, showing that these strategies—when thoughtfully structured—are stable, profitable, and truly diversifying" Bonnet continues.

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The first fund, *Moonstone Lending* (ISIN: LU1437625723), was launched in July 2016 and remains active. It is an open-ended fund investing in consumer and SME loans in the U.S. The fund boasts an eight-year track record without negative annual returns, offers monthly liquidity, extremely low volatility, and short duration. "Thanks to its compelling risk-return profile compared to traditional fixed-income investments – like government bonds, IG or HY – it serves as an effective stabilizer and diversifier in multi-asset and fixed-income portfolios," Bonnet notes. Since its inception, the strategy has financed over 2.5 billion euros in loans.

"The special aspect of this asset class is not its complexity, but the access. In the past, investors could only access consumer credit via securitizations – with all the well-known issues of recent decades," Bonnet explains. Today, the digitization of investment decisions and increasing disintermediation in the banking sector open new avenues. Especially in the U.S., this development is more advanced than in Europe. "We've developed our own technologies to access these digital markets, manage portfolios, and support credit decisions – initially based on statistical models, and now increasingly AI-driven," says Bonnet.

After initially focusing on consumer loans, Smart Lenders began investing in small businesses in 2017 and entered the European marketplace lending space in 2019. The conditions in Europe are different, Bonnet notes: “Banks still dominate lending, making it harder for new fintechs – especially since interest rates began rising in 2022. That’s why we consciously decided not to invest through marketplace platforms in Europe – with the exception of Ireland, a small market with attractive yields and very low default rates.”

specialty lending engagements in promising niche sectors that are structurally different from mainstream private debt,” Bonnet explains. “We provide capital to fintech and leasetech companies, with commitments tied up for at least two to five years – unlike our more opportunistic approach in the U.S.” These European partners are usually in earlier stages and need firm capital commitments.

However, there are challenges in the space, such as rising interest rates, which increase refinancing needs for partners and pressure their profitability. “Even though we, as lenders, might benefit from higher rates, the sustainable development of our partners is important to us – their economic stability secures our investments,” says Bonnet. Another issue is the difficulty fintechs face in raising equity capital. Bonnet explains: “Even though we don’t invest in equity ourselves, it’s often required that our partners contribute equity to work with us. Not everyone can do that, which can block certain deals.”

There are few competitors in Europe, as Smart Lenders operates in a market segment that’s often too small for banks and large asset managers (between five and 30 million euros per transaction). “This niche is our strength: we provide access to an asset class that institutional investors rarely get to enter – real diversification within the private debt segment,” emphasizes Bonnet. Typically, Smart Lenders structures its investments via special purpose vehicles (SPVs), into which it transfers dedicated assets – such as consumer loans, e-bikes, or electronics. “Our capital is senior and secured – either by receivables, physical assets, or the operator’s creditworthiness,” Bonnet states.

A recent example includes a Berlin-based e-bike provider active in Berlin, Hamburg, and Paris, as well as a fintech platform for short-term business financing in France and Germany. “While we are a French company, our investment focus is European – with particularly strong presence in Germany,” Bonnet says.

First Steps in the U.S.

The idea behind Smart Lenders was born from a personal encounter: In 2012, Bonnet met Renaud Laplanche, founder of the U.S. platform *Lending Club*.

At the time, the company was a pioneer in peer-to-peer lending, aiming to offer consumers access to credit through a fully digital platform. Eventually, the model opened up to institutional investors and evolved into a full-fledged loan marketplace. “Impressed by the technological depth and quality of these loan portfolios, we founded Smart Lenders at the end of 2014 – initially based in the UK, and later moved to France after Brexit, to continue benefiting from a European fund management and distribution passport,” Bonnet explains. The company’s first activities were in the U.S.

Smart Lenders is not Bonnet’s first venture: back in 1998, he founded *ADI Alternative Investments*, an alternative asset management company specializing in arbitrage strategies. At its peak, ADI was one of the largest independent alternative asset managers in Paris, with more than 400 institutional clients and up to 6.5 billion euros in assets under management.