



Breakwater

Small Business Loans for Manufacturers Unlock the Value of Existing Assets to Secure Working Capital

While many smaller manufacturing companies are either struggling to stay afloat or finding it difficult to capitalize on upcoming commercial growth opportunities, others are turning to alternative lenders to secure the financing they need.

LOS ANGELES, April 2010 – While most manufacturing companies can expect growth opportunities this year, getting traditional financing remains difficult as banks are still reluctant to finance smaller businesses. More manufacturing companies are now turning to alternative lenders for working capital, and according to Bank of America Business Capital, 49% of manufacturing firms expect to use asset-based lines of credit in 2010, up from 42% last year.

“When times are difficult, unlocking the inherent value of your assets, especially intangible assets, is attractive,” said Jeffrey Sweeney, partner at [Breakwater Investment Management, LLC](#) and CEO of leading alternative small-business lender [US Capital Partners, Inc.](#) “Today, alternative lending is affordable, offers flexible loan structures, and can provide the borrowing power that cash-flow lending alone may no longer be able to supply.”

“Banks remain as reluctant as ever to finance smaller businesses, as they continue trying to limit their risk amid the economic turmoil,” explained [Saif Mansour](#), Managing Partner of Breakwater. “According to the FDIC, the volume of bank loans dropped in 2009 by \$587.3 billion, or 7.5%, from 2008—the biggest full-year decline since World War II. Given this constriction in lending, it is becoming increasingly difficult for smaller manufacturing businesses to get the financing they need to capitalize on upcoming commercial growth opportunities.”

To assist smaller growth businesses, Saif Mansour and Jeff Sweeney established the [Breakwater Structured Growth Opportunities Fund](#), a \$100 million open-ended private investment partnership organized in August 2008. The Fund targets highly promising growth-oriented companies orphaned by the capital markets that have limited alternatives to fuel their operational growth plans.

“What many smaller businesses don’t realize is the extent to which they can leverage their business assets to secure funding,” Sweeney said. “Alternative financing options can help businesses unlock the value of their assets to get the backing they need when the commercial banks say ‘No.’”



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About Breakwater Investment Management

Breakwater Investment Management (www.breakwaterfund.com) is a private investment firm that specializes in direct investments in small to lower middle market growth businesses ranging in annual sales of \$5 million to \$100 million. The firm serves as general partner of [Breakwater Structured Growth Opportunities Fund, LP](#), a \$100 million open-ended private investment partnership organized in August 2008 under Delaware law. The Fund's investment objective is to generate both current income and capital appreciation through secured debt investments accompanied with equity participation rights, primarily in growth-oriented companies across a variety of industries.

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