



# 2024 Private Debt

Magellan  
Private Debt  
Newsletter

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## Market Outlook

### Private credit boom helps secondaries market heat up

The rapid growth in private credit is boosting another much smaller marketplace, known as secondaries, and while investors in private credit secondaries say it's still early days for the nascent market, they expect more growth ahead.

The private credit market has seen a boom over the past decade and assets under management now stand at nearly \$1.7 trillion, according to Preqin data as of June 2023. That's up from only \$435 billion at the end of 2013.

The exact size of the secondaries market — where investors in private credit funds sell their stakes early is unknown.

Bloomberg reported in January that Apollo Global Management was preparing to fundraise for its second private credit secondaries fund, targeting \$2 billion. Secondaries are already a big business in private equity, with transactions surpassing \$100 billion.

There are challenges to the space, including presenting secondaries as a non-competitive business line and getting a manager's approval to sell holdings. Some general partners haven't been keen on rivals buying stakes that would give them a view into portfolio inner workings.

Source: Pensions & Investments, CityWire

### Private credit propels asset growth of major PE firms

Private credit propelled the assets of six of the largest alternative asset managers to new heights in 2023 despite a challenging fundraising market.

The largest of the six, Blackstone, ended the year with more than \$1tn (£0.79tn) in assets, with the greatest inflows coming from its credit and insurance division, which attracted \$62bn, a third of the \$150bn total.

It was the group's third-best year of fundraising. It is now preparing to launch the fundraising for its fifth private credit opportunistic strategy and is targeting \$10bn.

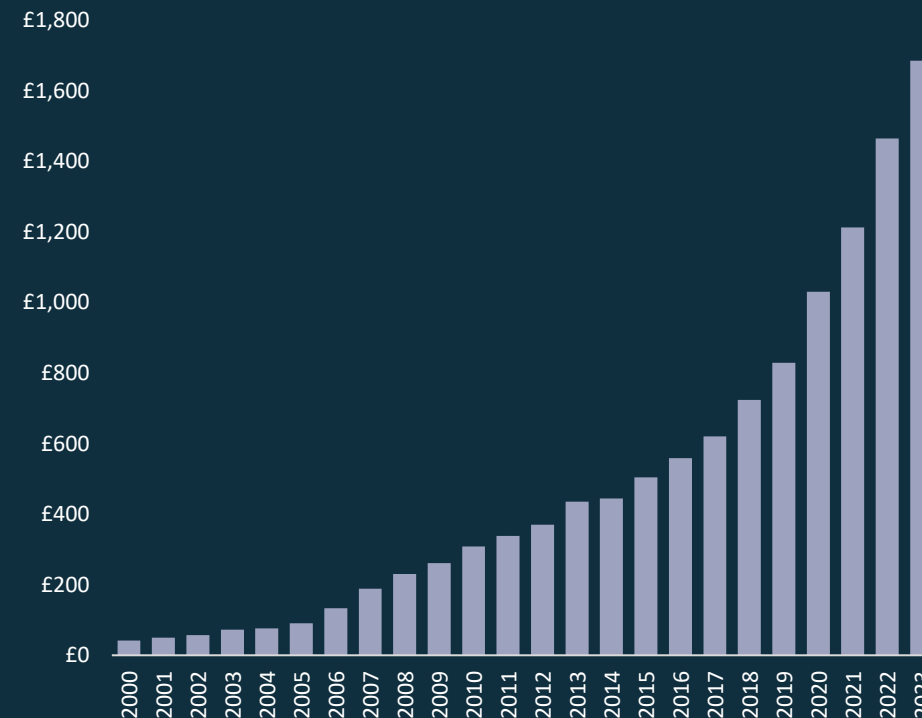
Blackstone is not the only group to focus on private credit, with Carlyle, Ares Management, KKR, Apollo and TPG highlighting the asset class as a significant driver of asset growth.

The billions of dollars raised by the six listed companies over the year came against a backdrop of challenging market conditions, slowing down fundraising for many groups.

Much of the money raised came from private wealth investors, with the largest four managing nearly \$450bn in assets.

## Global Private Credit AUM (\$Billions)

Source: Preqin



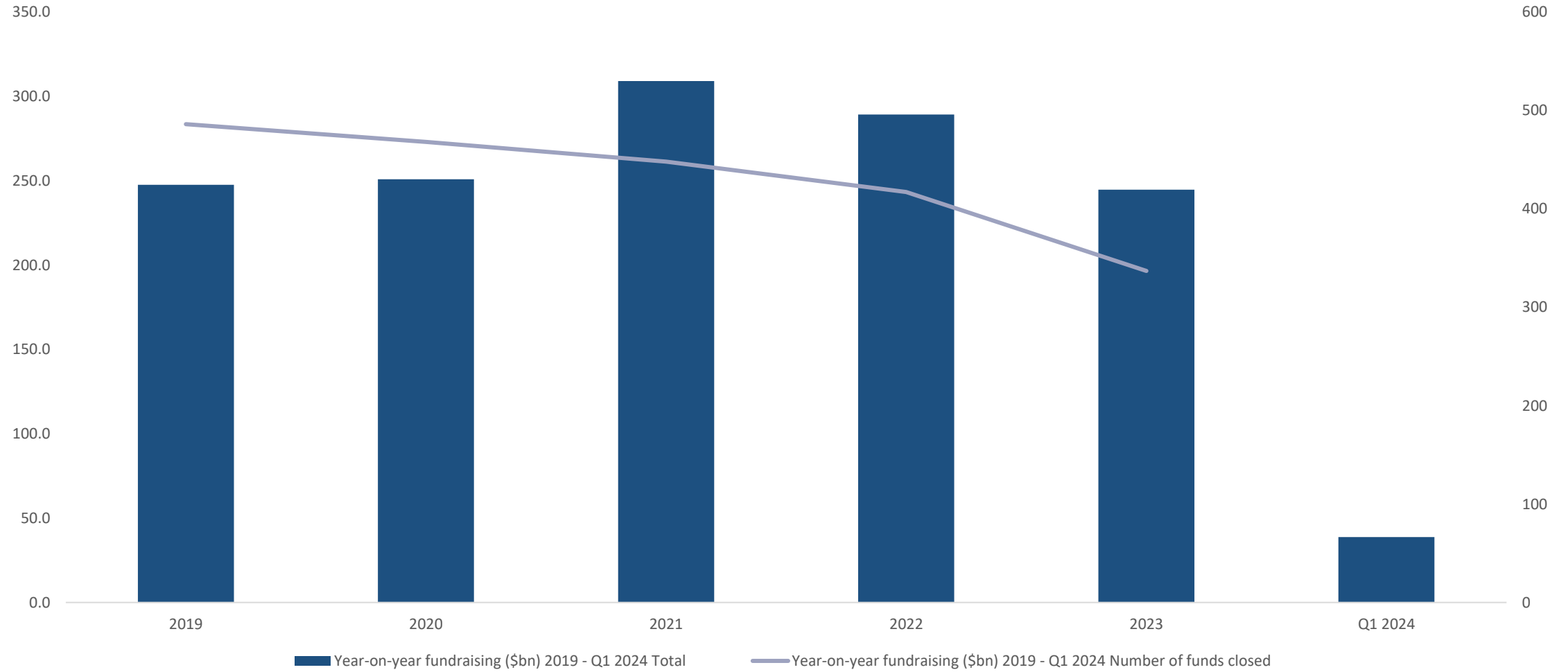
### Hong Kong government considers regulation more favourable towards alternatives

Source: Preqin

Hong Kong's government is considering changes to its tax regulation in order to attract alternative investments including private credit, hybrid securities, real estate and infrastructure, according to a report by Bloomberg. In its 2024 budget plan, the Hong Kong government proposed enhancements to the preferential tax regimes for funds, single family offices and carried interest, which includes reviewing the scope of tax concessions, increasing the types of qualifying transactions and enhancing flexibility in handling incidental transactions.

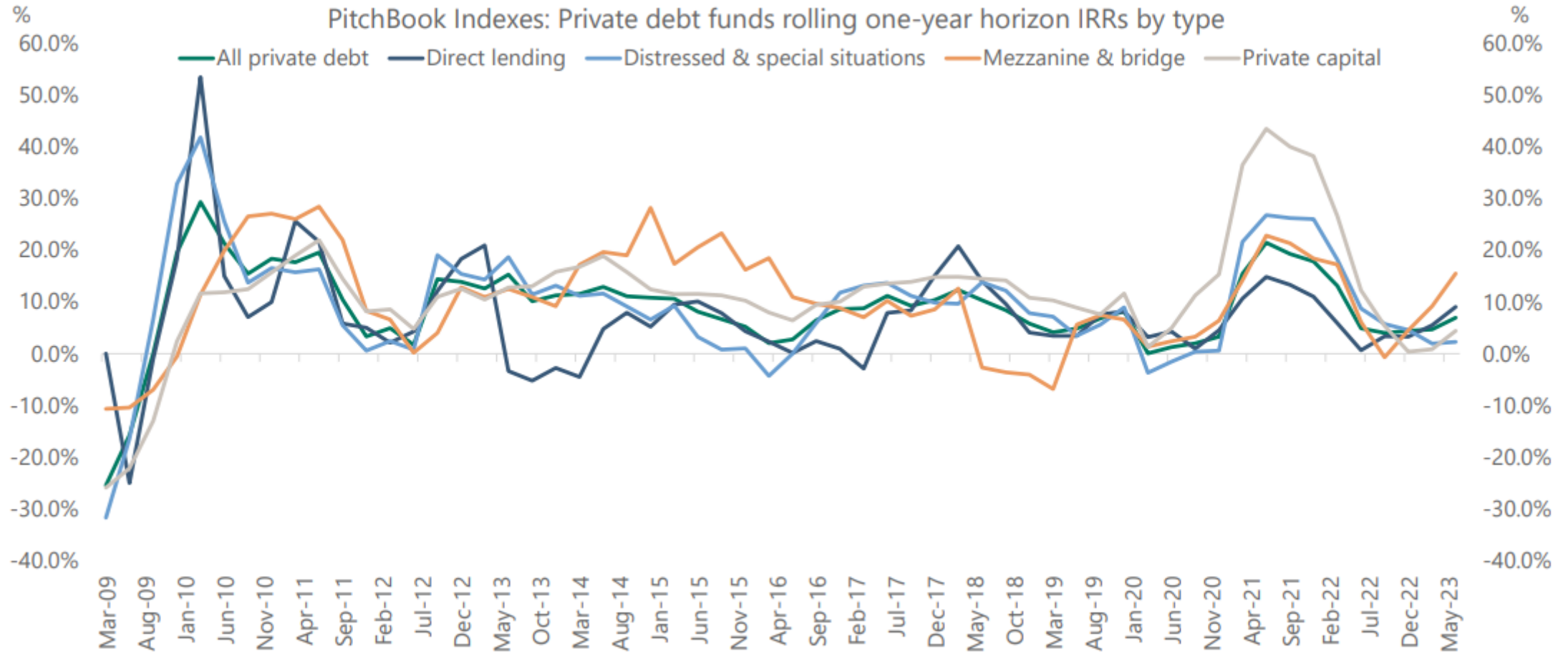
## Fundraising

### Year-on-year fundraising



## Fund Returns

Private debt returns by strategy



## Senior Hiring

### **Dan Leiter | Head of International BXCI | Morgan Stanley to Blackstone**

Blackstone, the world's largest alternative asset manager and a leading credit investor with nearly \$420bn in assets across corporate and real estate credit, has appointed Dan Leiter as Head of International for Blackstone Credit & Insurance (BXCI).

Leiter, who will report to Gilles Dellaert, Global Head of BXCI, will lead the activity and expansion of BXCI in the EMEA and APAC regions. Additionally, Michael Carruthers has been appointed as European Head of Private Credit and will report to Leiter.

BXCI's investments include direct lending, opportunistic, CLOs, high yield, infrastructure and asset-based credit. BXCI also provides investment management services for insurers.

Prior to joining Blackstone, Leiter was Global Head of Securitised Products Trading for Morgan Stanley's fixed income division, and Head of European Sales and Trading for its securitised products group from 2015 to 2021.

Carruthers was previously Co-Chief Investment Officer for BXCI's European and APAC private credit businesses, having been with the firm since 2006 across its Toronto and London offices.

Source: Blackstone & Citywire

### **Marcus Herbig | Head of Direct Lending | DWS – Departs**

Marcus Herbig, Head of Direct Lending at DWS, has left the company. Herbig had been employed by Deutsche Bank's asset management subsidiary since 2001. He started as a manager for collateralised debt obligations and later took over responsibility for this area.

From 2010 he was Head of Investment Analytics, responsible for fixed income in the Europe, Middle East and Africa (EMEA) region. Since 2018 he had been Head of Direct Lending at the firm.

It is still unclear what will happen next for Herbig professionally. In his latest role, he was involved with, among other things, the first closing of the DWS European Direct Lending fund.

The alternative credit area is one of the company's target areas of growth, according to CEO Stefan Hoops.

In November last year, the company appointed Dan Robinson as Head of Alternative Credit for the EMEA region. In his new role, Robinson will be responsible for the asset manager's private debt business and the company's direct lending strategy, a company statement said at the time.

## Other senior hiring

- ✂ **Jonathan Fox** | Chief Credit Officer | First Republic Bank to Arixa Capital
- ✂ **Jesse Hom** | CIO: Real Estate Credit | GIC to Blue Owl
- ✂ **Michael Carruthers** | Head of European Private Credit | Blackstone – Appointed
- ✂ **James Pearce** | Head of European Direct Lending | M&G to Jefferies Credit Partners
- ✂ **Jason Kezelman** | Head of US Private Debt Sales | TPG Angelo Gordon to Schroders
- ✂ **CJ Morrell** | Head of Japan | Fiera Capital – Appointed
- ✂ **Vlado Spasov** | Head of Capital Solutions | Trimontium Capital to DWS Group
- ✂ **Rehan Virani** | Head of Alternative Credit Solutions | Muzinich & Co
- ✂ **Putri Pascualy** | Managing Director: CPM | TPG Angelo Gordon to Man Group
- ✂ **Masahiko Fukasawa** | Head of Portfolio Solutions: Japan | AlixPartners to Carlyle
- ✂ **Loren Sageiser** | Private Debt Product Specialist | Nuveen to Schroders

## Fundraising

### LGIM launches European Alts platform with credit fund

Legal & General Investment Management has set up an alternative investment fund platform in Europe as it pushes ahead with international expansion plans. The UK-based asset manager has launched the Short-Term Alternative Finance fund as the first strategy on the reserved alternative investment fund (RAIF) platform, which allows LGIM to bring alternative funds to qualified European and Asian investors.

Some asset managers prefer the RAIF fund structure as it offers more flexibility with investments, can be set up quickly and can be distributed across the EU, as it does not need to get authorisation from local regulators.

LGIM is planning to launch a series of funds for the new RAIF platform over the course of the year, including in thematic areas such as transition credit, real estate, emerging markets and impact opportunities. The Luxembourg-based Short-Term Alternative Finance fund is an open-ended strategy that will invest in a portfolio of private credit assets with less than a year duration that include capital call facilities, supply-chain finance, trade receivables and asset-backed financing.

This is the second iteration of the strategy LGIM launched in 2021 in the UK. The first Short-Term Alternative Finance fund has deployed more than £2bn since it was set up and currently manages over £1bn in assets.

Source: Citywire

### Eurazeo launches private markets fund for European wealth managers

Eurazeo has leaned on Moonfare technology to make one of its private market's funds available to wealth managers across Europe.

The Eurazeo Private Value Europe 3 fund, which invests 60% in private debt and 40% in private equity, is the result of the asset manager's partnership with the alternatives platform to strengthen its fundraising in Europe.

The two firms have been working on a feeder fund and platform structure for the past 10 months that will support Eurazeo's first international fundraise for the strategy.

Eurazeo, a Paris-headquartered private markets specialist, has been working on broadening access for investors in the French market, mainly through the country's adviser network.

More than 120,000 individual investors with a combined €4.3bn in assets under management are currently investing in dedicated funds run by the asset manager.

Moonfare is a €2.8bn alternatives platform based in Berlin that offers eligible individual investors and family offices access to more than 110 private market funds run by firms like KKR, Carlyle and EQT in segments such as private equity buyouts, venture, growth and real asset categories like infrastructure.

## Other fundraising activity

- ✎ **Pemberton Asset Management** | Closes Strategic Credit Fund III at €2.3bn
- ✎ **ICG** | Targets €2bn for pan-European property Credit vehicle
- ✎ **Adams Street Partners** | Raises \$1bn for first middle market CLO
- ✎ **Eiffel Investment Group** | Raises €500m for Eiffel Energy Transition III
- ✎ **Tor Investment Management** | Raises \$310m for third Asia Private Credit Fund
- ✎ **Brookfield Asset Management** | Launches first Opportunistic Credit Vehicle
- ✎ **Manulife Investment Management** | Launches APAC Evergreen Private Credit Fund
- ✎ **Pengana Capital Group** | Launches Evergreen Private Credit Fund

## M&amp;A

**Blue Owl Capital Expands into Real Estate Finance with acquisition of Prima**

Blue Owl Capital (Blue Owl), a leading alternative asset manager, announced the creation of Blue Owl's Real Estate Finance strategy with the acquisition of Prima Capital Advisors (Prima) for the aggregate consideration of \$170 million.

Prima manages approximately \$10 billion in assets on behalf of institutional investors and select high net worth individuals. The acquisition is expected to close in the second or third quarter of 2024, subject to customary closing conditions.

Blue Owl also announced that Jesse Hom, previously Global Head of Real Estate Credit at GIC, will join Blue Owl to lead the newly created Real Estate Finance strategy and serve as Chief Investment Officer for Blue Owl's Real Estate platform, reporting directly to Marc Zahr, Co-President of Blue Owl and Head of Real Estate. In addition to launching Blue Owl's Real Estate Finance strategy, Hom will work to grow the existing triple net lease business and identify strategic opportunities to build out and scale the Real Estate platform.

Blue Owl Co-CEOs Doug Ostrover and Marc Lipschultz said: "This acquisition of Prima represents a further expansion of Blue Owl's suite of capital solutions, adding a differentiated and high-quality real estate lending capability and further diversifying our real estate platform."

Source: Blue Owl & Tikehau

**Tikehau announces tie-up with Asia Pacific real estate private credit platform**

Parisian alts firm Tikehau Capital has announced a new partnership with Asia Pacific real estate private credit platform Flow Capital.

Under the tie-up, which will see Tikehau open a Hong Kong office, the alts house and Flow Capital will explore co-investment opportunities through their investment platforms. They will also look to drive growth through synergies.

The partnership aims to unlock investment opportunities using Tikehau's institutional relationships and track record, coupled with Flow's local networks among institutional partners and family offices in Greater China.

Flow Capital was founded in 2019 and has overseen transactions worth \$700m.

The last year has been a busy period for Tikehau, in which it has launched a European real estate credit platform with Altarea and several funds, including growth buyout, cybersecurity private equity and European sovereignty listed equity strategies.

The firm was also in advanced discussions recently with Nikko AM concerning expansion plans in Asia.

Tikehau Capital was responsible for €44.4bn of assets under management at 31 March 2024.

**Sienna IM expands private credit business to Italy**

Source: Sienna IM

Sienna Investment Managers (Sienna IM) enters the Italian market and strengthens its private debt business by joining forces with Milan-based Ver Capital SGR (Ver Capital), a leading Italian financial player. This acquisition is another significant step in the roll-out of Sienna IM's development strategy as a pan-European, multi-expertise asset management firm, with a footprint now covering 8 countries.

By combining their expertise, industry knowledge and resources, Sienna IM and Ver Capital will manage approximately 3 billion € in private debt (out of €34,1 billion of total AuM as of December 2023) and speed up their development by delivering comprehensive investment solutions to a greater number of investors based historically in France and in Italy, with the intent to grow their reach to a broader international client base. The companies will adopt corporate cross-governance to ensure integrated collaboration between France and Italy.

Ver Capital has established a solid reputation within the Italian market. Post-acquisition, Ver Capital will add highly recognized European high-yield, leverage loans, and local private debt expertise to Sienna IM's existing offering, while Sienna IM's team will capitalize on its expertise and track-record in both asset-backed financing in real assets (real estate, infrastructure and public sector) and direct lending (mid-market small business).

**Kennedy Lewis announces strategic investment from GSAM**

Source: Businesswire


Kennedy Lewis Investment Management (Kennedy Lewis), a leading opportunistic credit manager, today announced that Petershill at Goldman Sachs Asset Management (Petershill) has made a passive, minority investment in the firm.

Kennedy Lewis is an alternative credit manager founded in 2017 by David K. Chene and Darren L. Richman with over \$14 billion under management across private funds, a business development company, and collateralized loan obligations. The firm seeks to deliver attractive risk adjusted returns for clients by investing across the credit markets through its opportunistic credit, homebuilder finance, core lending and broadly syndicated loan strategies.



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