



2024 Private Debt

Magellan
Private Debt
Newsletter

June

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Market Outlook

Blackstone plans to double European private credit fund

Private equity giant Blackstone plans to double its European Private Credit Fund within the next year after raising €1bn from the region's affluent investors, aiming to mirror the success of its \$54bn US flagship fund.

The move aligns with similar initiatives from Goldman Sachs, CVC, and Ares, reflecting a rising interest in private credit investments across Europe. Initially facing regulatory hurdles and cautious investors, Blackstone is now focused on expanding its market reach and adding more distributors.

Mike Carruthers, Senior Managing Director and European Head of Private Credit at Blackstone, said: "It took us 21 months to get to €1bn.

"I would like to challenge the team to get to €2bn in half that time, to double it in the next 10 to 11 months."

ECRED was launched in 2022. The fund has been launched in seven countries including the UK, France and Italy, through partnerships with distributors such as BNP Paribas and Julius Baer. Blackstone plans to expand into more markets and add new distributors soon.

Blackstone runs ECRED similarly to its US counterpart BCRED targeting 80-85% private credit assets and 15-20% liquid assets.

Source: CityWire Selector & Private Equity Wire

Amundi readies funds for alts democratization push

Amundi Asset Management (Amundi) is preparing two new funds of funds as it pushes forward with its ambition to democratise private assets.

The firm is aiming to launch two strategies later this year to take advantage of the changes to the European long-term investment fund (Eltif) regulation.

The first fund will invest 80% of its capital into private equity and the rest in private debt and infrastructure. This will be targeting private bank clients as it has a higher risk-return profile.

The second fund will be split equally between private equity, private debt and infrastructure and will target a broader client base as it will have a more balanced risk-return profile, he said. The funds will make a combination of primary and secondary fund investments as well as co-investments.

Amundi's fund-of-funds capabilities were boosted earlier this year, with the acquisition of Alpha Associates, the Zurich-based multi-manager solutions specialist. The deal, worth up to €350m, added around €8.5bn of assets to Amundi's private markets business, bringing its total private markets multi-manager assets to €20bn. Acquisitions have been an easy way for many traditional asset managers to gain a foothold in private markets. But whether Amundi will make more or not is yet to be decided.

Franklin Templeton launches EMEA Alts team

Source: CityWire

Franklin Templeton has created a new team to develop its alternative solutions in the wealth channel in the Europe, Middle East and Africa (EMEA) region.

London-based George Szemere, previously Head of Business Development for alternatives EMEA at the firm, has been appointed Head of Alternatives EMEA wealth management and will lead the new unit.

The team will focus on the distribution of Franklin Templeton's private market solutions to the EMEA wealth channel and strengthening its strategic partnerships. Meanwhile, Jake Williams has been appointed Head of International Alternatives Product Strategy. Williams, who has 15 years of experience in the area, will be responsible for the research and development of new alternative products outside of the US.

He joined Franklin Templeton from Barings in July 2023, having led its global product strategy team, and has held product roles at HSBC Asset Management, BlackRock and Lehman Brothers.

With the acquisitions of Benefit Street Partners, Clarion Partners, Lexington Partners and Alcentra in 2022, the firm has taken a deliberate and strategic approach to growing its global alternatives platform which today manages over \$255bn in alternative assets.

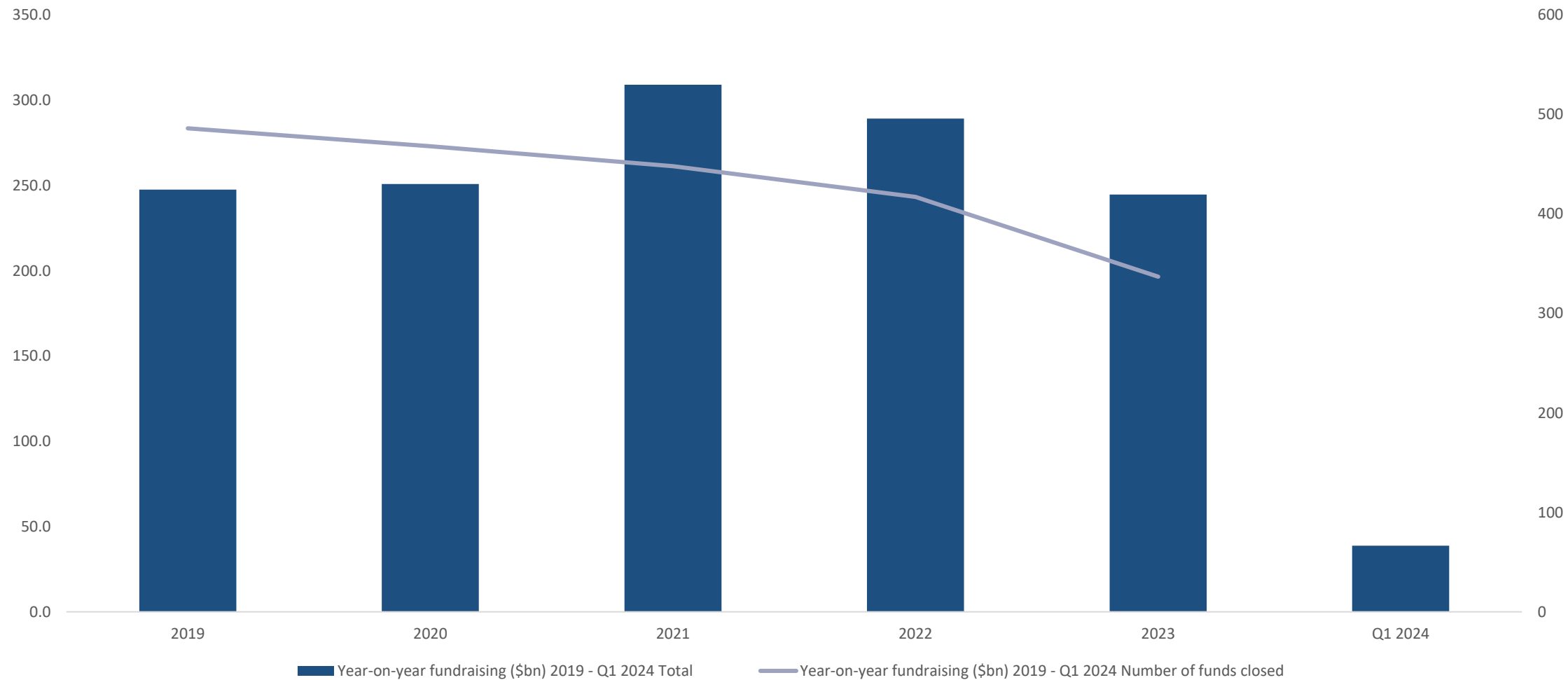
Over a third of LGPS funds to increase private credit allocations in 2025

Source: Pensions Age

More than a third (36 per cent) of Local Government Pension Scheme (LGPS) funds are planning to increase their allocations to private credit in 2025, according to an industry poll. Attendees at the Pensions and Lifetime Savings Association's (PLSA) Local Authority Conference were asked whether they were planning to increase their allocations in 2025, with 18 per cent stating they had no plans to allocate more of their portfolio to private credit. Nearly half (45 per cent) of the respondents said they were uncertain as to whether they would be increasing their allocations to the asset class.

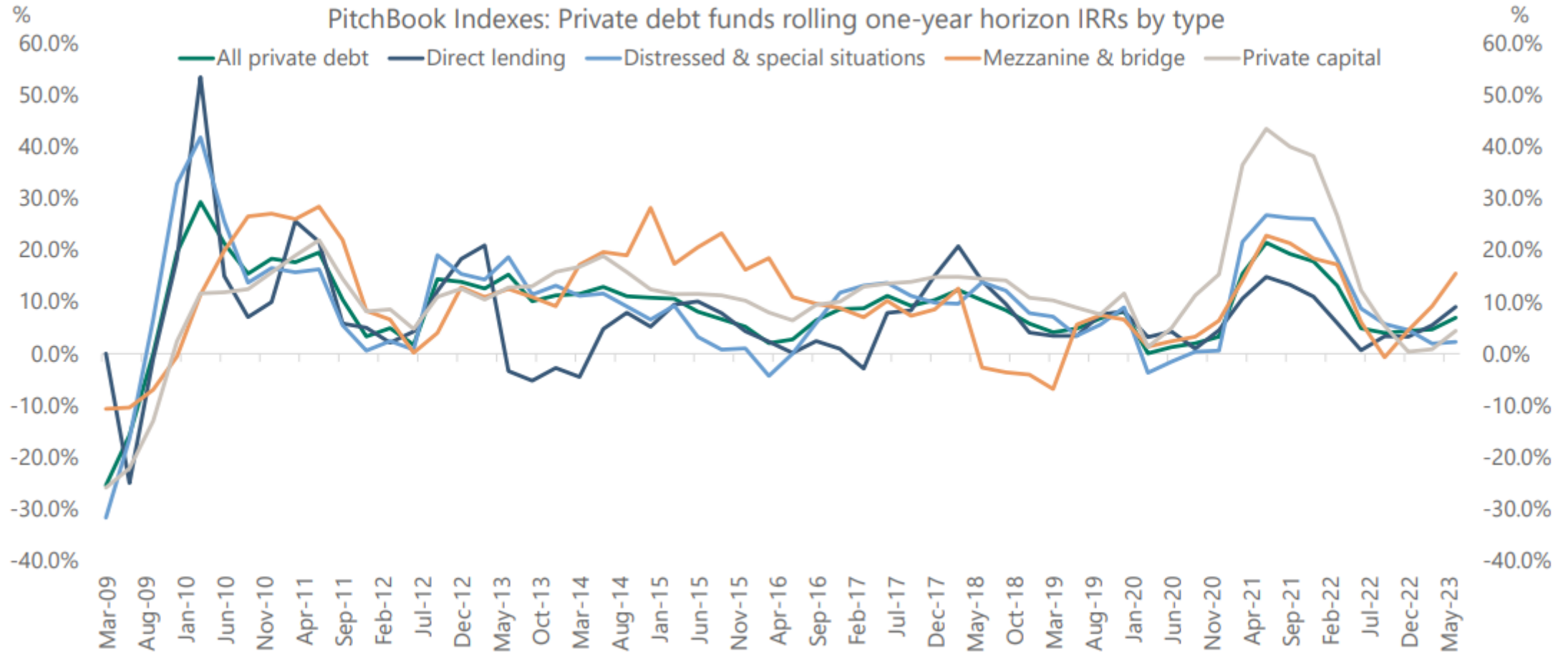
Fundraising

Year-on-year fundraising



Fund Returns

Private debt returns by strategy



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Senior Hiring

William Huffman | CEO | Nuveen Asset Management

Text Nuveen, the \$1.2tn investment arm of TIAA, has named William Huffman as Chief Executive Officer, with Jose Minaya stepping away after four-and-a-half years in the role.

Huffman steps up from his current position as Head of Equities and Fixed Income, giving him oversight of the global investment management operations.

Minaya was assigned the role at the start of 2020, having previously been President and Chief Investment Officer. He leaves after seven-and-a-half years within Nuveen, having spent the previous 12 with parent company TIAA.

In his new capacity, Huffman, who has 30 years of asset management experience, will chair the Nuveen executive leadership team and serve as a member of TIAA's executive committee.

Having joined Nuveen in 2008, Huffman has worked across public and private market investments during his tenure. Commenting on his new job, Huffman said he hoped to build on existing developments in fixed income and alternatives, while also expanding the firm's international footprint.

Christopher Wright | President | Crescent Capital Group

Managing Director and Head of Private Credit Christopher Wright has been named President of Crescent Capital Group. This promotion recognizes his significant industry and firm experience over the past 23 years, his deep industry expertise, and his shared vision for Crescent's continued growth.

In his role, he will provide key strategic and operational direction in partnership with Crescent Managing Partners Mark Attanasio and Jean-Marc Chapus as well as represent Crescent in external opportunities and with SLC Management, the alternatives asset management business of Sun Life Financial Inc, which acquired a stake in Crescent in 2021. Wright will continue in his roles on Investment Committees as well as a member of Crescent's Operating and Executive Committees.

Wright joined Crescent in 2001 and now serves as its President. He is the Head of Private Markets as well as a member of Crescent's Operating Committee and Executive Committee. Prior to joining Crescent, Wright completed the Financial Management Program with the General Electric Company and upon completion, worked in various finance roles within GE Industrial Systems.

Other hiring activity

- ✘ **Nik Singhal** | Head of Direct Lending | BlackRock to Orix USA
- ✘ **Roger Kempink** | Partner: Client & Product Solutions | Park Square to Apollo
- ✘ **Camille de Lamotte** | Co-Head of Origination: France & Spain | GS to BlackRock
- ✘ **Pascal Mischler** | Global Head of Wealth & Head of Switzerland | Kieger to Pemberton
- ✘ **Boris Maeder** | Head of International Private Wealth Sales | UBS to Collier Capital
- ✘ **Jeremy Burton** | Head of Origination | Needham Point Capital to Blue Light Credit
- ✘ **Tristine Lim** | Head of Credit & Underwriting | Needham Point Capital to Blue Light Credit
- ✘ **Andrea Balkan** | Managing Partner: Real Estate | Brookfield – Departed
- ✘ **Staffan Kampe** | MD: Client & Product Solutions: Nordics | BlueBay to Apollo
- ✘ **Roman Egger** | Head of Private Wealth Sales: DACH | GSAM to Collier Capital
- ✘ **Antonia O'Connor** | MD: Credit Product Specialist | Magnetar to Blue Owl Capital
- ✘ **Andrew Cocks** | Director: Global Wealth Solutions | KKR – Departed
- ✘ **Leo Houtekamer** | Distribution Consultant: Benelux | ICG to Blue Owl Capital

Fundraising

HPS raises over \$21bn for Specialty Loan Fund VI

HPS Investment Partners, LLC (HPS), a leading global credit investment firm with approximately \$114 billion of assets under management, today announced the final close of Specialty Loan Fund VI, with \$21.1 billion in investable capital. This includes \$14.3 billion in equity commitments from a range of large, sophisticated global institutions including new and repeat HPS investors as well as available borrowings.

Of the equity commitments, approximately \$10.4 billion were raised in the commingled fund, exceeding its original target of \$7.5 billion, and the remainder was raised in funds-of-one, separately managed accounts, and co-investment vehicles.

Specialty Direct Lending, one of the two HPS flagship senior direct lending strategies, employs an opportunistic investment approach that leans on its structuring expertise to source and execute investment opportunities that can command a premium due to perceived business or transactional complexity. Together with its Core Senior Lending Platform, HPS's other senior direct lending strategy focused on senior lending to stable and established middle market and large-scale companies, HPS's senior direct lending platform has invested approximately \$100 billion in over 639 investments since 2010.

Source: PR Newswire & Alternative Credit Investor

Arcmont gets green light to launch private credit LTIF

Arcmont Asset Management has received the green light from the regulator to launch a Long-Term Asset Fund (LTAF) focused on private credit.

The CG Arcmont Private Credit Europe LTAF will be available to professional investors and offer access to direct lending investments to European upper mid-market businesses. The open-ended strategy is the first LTAF to focus on private debt. Carne Global Fund Managers will be the fund's authorised corporate director.

"We are delighted to be the first dedicated European private debt manager to receive approval to launch an LTAF," said Anthony Fobel, chief executive at Arcmont.

"This new structure, authorised by the UK's Financial Conduct Authority, presents a solution for UK Defined Contribution pension scheme investors, who were previously restricted in their ability to access direct lending strategies."

Arcmont is an affiliate of Nuveen and earlier this year closed its latest direct lending fund with €10bn (£8.5bn) in capital.

Other fundraising activity

- ✎ Goldman Sachs AM | Raises \$13.1bn for Large-cap senior Direct Lending Fund
- ✎ Kartesia | Raises €1.8bn for Senior Debt Opportunities Strategy II
- ✎ Guggenheim Investments | Raises \$1.2bn for Private Credit fund backed by Apollo S3
- ✎ Atalaya Capital Management | Interim close of \$1bn Special Opportunities Fund IX
- ✎ King Street Capital Management | Reached \$1bn for Opportunistic Credit Strategy
- ✎ Pemberton Asset Management & ADIA | Raise \$1bn for NAV Lending strategy
- ✎ Sona Asset Management | Raises \$800m for Capital Solutions Fund II
- ✎ MidOcean Partners | Raises \$765m for Tactical Credit Strategy III
- ✎ Principal Asset Management | Launches Principal Private Credit Fund I
- ✎ NorthWall Capital | Raises €640m for European Opportunities Fund II
- ✎ Vivriti Asset Management | Launches \$240m Indian Private Credit Fund
- ✎ StepStone Private Wealth | Launches StepStone Private Credit Income Fund

M&A

Nikko AM and Tikehau strike Asia-focused strategic partnership

Nikko Asset Management has struck a strategic partnership in Asia with alternatives specialist Tikehau Capital to help push private asset investing in the region.

There are three key aspects to the arrangement, which was first discussed in December last year and has been formalised now.

This would involve a distribution agreement between the asset manager and Tikehau Capital, which would have exclusivity in the Japanese market and a non-exclusive arrangement for other parts of Asia.

In addition, the companies intend to create a base in Singapore by the end of the year, subject to regulatory approval. This will serve as a hub from which the companies can develop Asia-focused private asset strategies and is likely to kick off with a fund focused on decarbonisation in the region.

As part of the deal, Nikko AM intends to take an equity stake in Tikehau Capital, which is listed on the Euronext Paris stock exchange. Nikko AM is one of the largest Asia-based asset managers, with around \$240bn in assets under management. Tikehau Capital runs \$48bn, mainly focused on mid-market private debt, sustainability and impact investing.

Source: CityWire Selector

Lazard pursues private credit acquisition for asset management arm

Lazard is looking to acquire a private credit firm to boost its presence in the fast-growing space.

The asset manager's Chief Executive Peter Orszag said in a Bloomberg Television interview that the firm is evaluating options within private markets, with a particular interest in private credit, infrastructure and real estate.

Orszag said that Lazard will be very cautious on pricing and also on culture with any potential acquisition, "because you can get something at the right price and, if there's not a good cultural fit, it still doesn't work".

Orszag is aiming to double the investment bank's revenues by 2023, across both the advisory and asset management divisions.

JPMorgan has also been on the acquisition hunt for a private credit firm. It held talks with to buy Chicago-based Monroe Capital earlier this year, but the two firms ultimately decided not to pursue a deal.

Banks are tapping into the private credit sector in myriad ways, including subscription lines to private credit funds and partnerships with the industry's fund managers.

Blue Light Capital form new credit platform

Source: Commercial Observer

Mike Tepedino's new CRE lending firm Blue Light Capital has secured the services of three veteran investment professionals to bolster its commercial real estate credit arm.

Tepedino announced June 20 that Jeremy Burton and Tristine Lim, formerly of Needham Point Capital, have joined Blue Light Credit — the debt investment arm of Blue Light Capital that aims to purchase distressed credit notes and make middle market bridge loans for core plus properties.

Burton will serve as partner and Head of Originations, while Lim will work as Head of Credit and Underwriting at the new firm. The two professionals have a combined 36 years of collective experience originating and acquiring commercial real estate loans.

Tepedino founded Blue Light Capital in 2023, after a long career at JLL Capital Markets. He saw a CRE landscape littered with dislocated equity markets, distressed credit markets, and banks pulling back on all fronts from CRE lending. He viewed Blue Light Capital – and now Blue Light Credit – as a vehicle that can provide both bridge loans for core assets and acquire distressed loan sale notes in the \$15 million and \$75 million for core properties and traditional assets in top 30 markets.

Nomura looks for acquisition to bolster private credit arm


Source: CityWire Selector

Nomura Capital Management (NCM) is on the lookout for acquisitions to bolster its private credit business, according to Chief Executive Robert Stark.

Stark joined Nomura in 2022 to build out its investment management business in the Americas, with a focus on private markets. NCM was created earlier this year through the combination of Nomura Private Capital (NPC) and the 30+ year-old public credit business of Nomura Corporate Research and Asset Management, with Stark appointed as the combined business's chief executive. The firm has hired more than 25 people into investment, distribution and operations roles.

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