



2024 Private Credit

Magellan
Private Credit
Newsletter

September

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Market News

Banks reclaim \$30bn of debt deals from private credit

Banks are capitalizing on lower interest rates to claw back corporate debt deals from private credit funds, staging a major comeback after losing market share in recent years.

Almost \$30 billion of private debt has been refinanced through broadly syndicated loans across more than 70 deals so far this year, according to Bank of America Corp. research, as more borrowers look to slash interest costs.

Banks and private credit lenders have been in tense competition to provide financing for what's been a thin pipeline of mergers and acquisitions. Expectations for interest rate cuts have helped the broadly syndicated loan market come roaring back as borrowers seek to cut interest expense.

In recent weeks, K2 Insurance Services, Circor International Inc. and Alegeus Technologies, have all bid farewell to their private credit lenders for broadly syndicated debt to cut costs. Circor's new leveraged loan could cut the company's interest rate margin by about 2.25 percentage points, Bloomberg reported.

Private credit managers are still staying busy. And to be sure, some deals are going in the opposite direction, getting financed out of broadly syndicated loans and into the hands of private debt funds.

Source: Wealth Management & Private Equity Wire

BlackRock revamps private credit business

BlackRock, the world's largest asset manager, is restructuring its private credit division in a bid to close the gap with rivals in the rapidly expanding market, with the establishment of a new division Global Direct Lending led by Stephen Caron. Caron, currently leads the European middle-market private debt division.

As part of the overhaul, 20-year veteran Jim Keenan, BlackRock's Global Head of Private Debt, will be leaving the company next year, along with Raj Vig, Co-Head of US Private Capital.

Despite overseeing a colossal \$10.6tn in assets, BlackRock has lagged behind smaller competitors such as Apollo Global Management Inc and Ares Management Corp, which have established themselves as leaders in the booming private credit sector.

Currently, BlackRock manages approximately \$35bn in direct lending assets, a fraction of the \$10.6tn it oversees. Its total private debt assets amount to \$86bn. In contrast, Apollo manages over \$500bn in credit, and Ares has more than \$320bn in credit assets as of mid-2023.

The company aims to double its annual revenue from private assets to around \$2bn by 2028.

Apollo & BNP Paribas announce \$5bn collaboration

Source: Apollo Global Management

Apollo ATLAS SP Partners (ATLAS), the warehouse finance and securitized products business majority owned by Apollo funds, and BNP Paribas, the European Union's leading global bank, has announced a strategic financing and capital markets collaboration between Apollo, ATLAS and BNP Paribas.

Under the terms of the collaboration, BNP Paribas will make a significant day-1 financing commitment of \$5 billion which is expected to increase over time. The commitment supports investment-grade, asset-backed credit originated by Apollo and ATLAS, alongside a capital markets collaboration to support securitizations sourced by Apollo and ATLAS issuer clients.

Apollo Co-President Jim Zelter said, "We believe this strategic collaboration, which includes one of the largest-ever bilateral financings for directly-originated credit assets, is a testament to the strength of ATLAS' unique origination capabilities and differentiated model. Working hand-in-hand with BNP Paribas, this transaction shows how Apollo and ATLAS continue to expand relationships with leading global financial institutions and builds on Apollo's existing collaboration with BNP Paribas to provide inventory finance solutions through the Eliant platform."

In 2022, Apollo, alongside its subsidiary Athene, and BNP Paribas announced a strategic relationship with the launch of Eliant Inventory Solutions LP, a platform providing flexible financing solutions for working capital and supply chain needs.

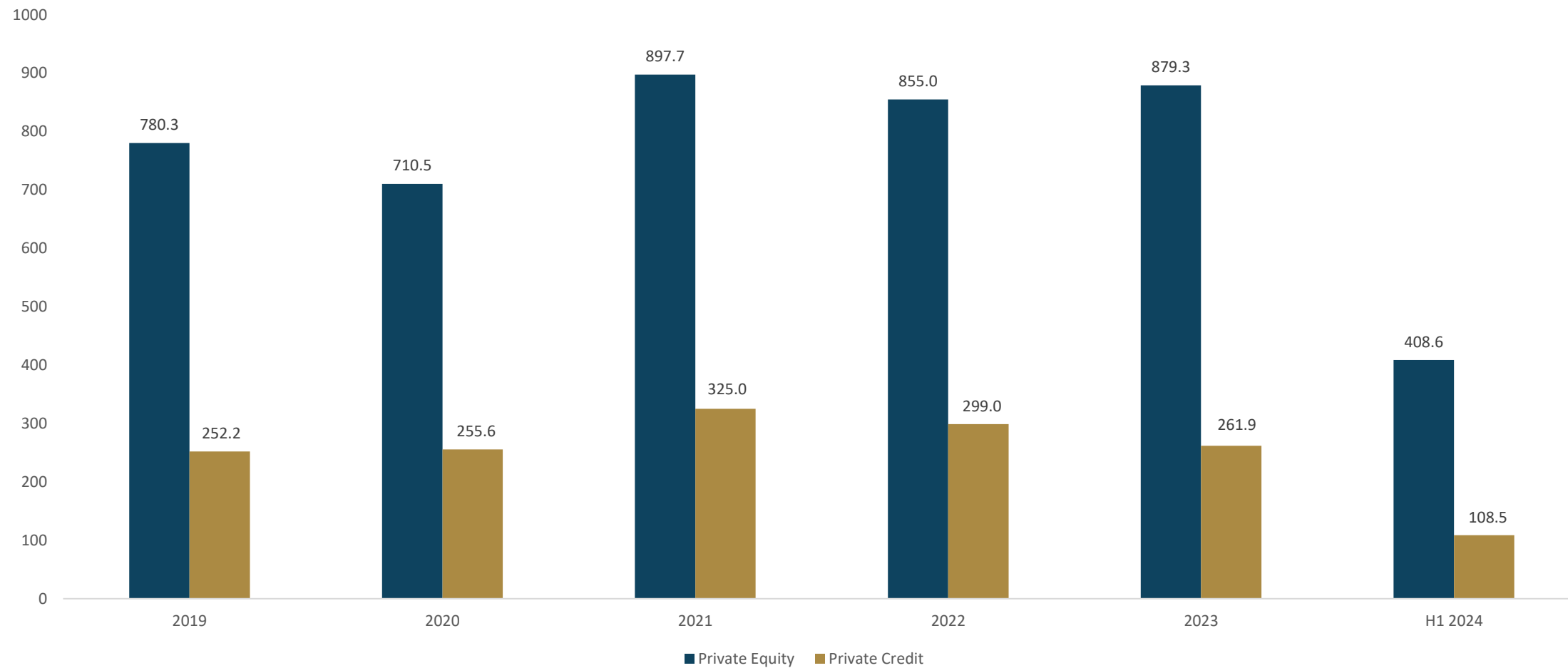
Private credit funds eclipsed PE and real asset returns in Q2

Source: Funds Europe

Private credit, which has been among the strongest-performing asset classes since the start of 2021, continued to outperform private equity during the second quarter of 2024 according to data from MSCI. Senior-debt, mezzanine-debt and distressed-debt funds each returned between 2.1% and 2.5% during the quarter, the data found. Real-asset funds continued to show mixed performance. While natural-resource funds posted a positive return of 2.4% and infrastructure funds returned 2.1%, real-estate funds registered their ninth consecutive quarterly decline amid continued challenges relating to interest rates and office use.

Global Fundraising

Private Credit v Private Equity Fundraising (\$bn)



Source: PEI & PDI

Investments Hiring

Aneek Mamik | Senior Managing Director: Asset Based Finance | Värde Partners to Blackstone

Blackstone has hired seasoned credit professional Aneek Mamik from Värde Partners as a Senior Managing Director, as part of its strategy to expand beyond corporate debt investments into asset-based finance.

Mamik, the former head of financial services at Värde, will join Blackstone in November as a senior managing director in New York, to focus on asset-based finance investments and head the financial services division within Blackstone Credit and Insurance (BXCI), a unit formed last year.

Mamik will be joining BXCI as a Senior Managing Director in the asset-based credit group, which is led by Rob Horn, Blackstone's Global Head of Infrastructure and Asset-Based Credit, who currently manages c. \$75bn in assets having committed more than \$20bn so far this year.

Blackstone is making a concerted effort to grow its presence in the investment-grade credit market, which encompasses debt backed by consumer loans, data centre financing, and projects supporting the energy transition.

Hazem Ben-Gacem | Co-CEO | Investcorp – steps down

Investcorp, the largest private equity firm based in the Gulf region, is undergoing a significant leadership reorganisation that will see one of its long-standing Co-Chief Executives, Hazem Ben-Gacem, step down from his role.

Ben-Gacem, who has been with Investcorp since 1994 and served as Co-CEO since 2018, will leave the firm on 1 November, but will continue as Vice-Chairman of Investcorp Capital, the firm's listed alternatives unit. The firm has not disclosed whether Ben-Gacem's departure will activate any key person clauses in its funds, citing confidentiality.

Executive Chairman Mohammed Alardhi will now assume the responsibilities previously managed by both Ben-Gacem and fellow-Co-CEO Rishi Kapoor, who will transition to the roles of Vice-Chairman and Chief Investment Officer.

Ben-Gacem, originally from Tunisia, began his career with Credit Suisse First Boston's mergers and acquisitions team in New York before joining Investcorp's London private equity group in 1994. He was appointed Co-CEO in 2018, succeeding Mohammed Al-Shroogi. During his tenure, assets under management grew from \$22bn to over \$52bn.

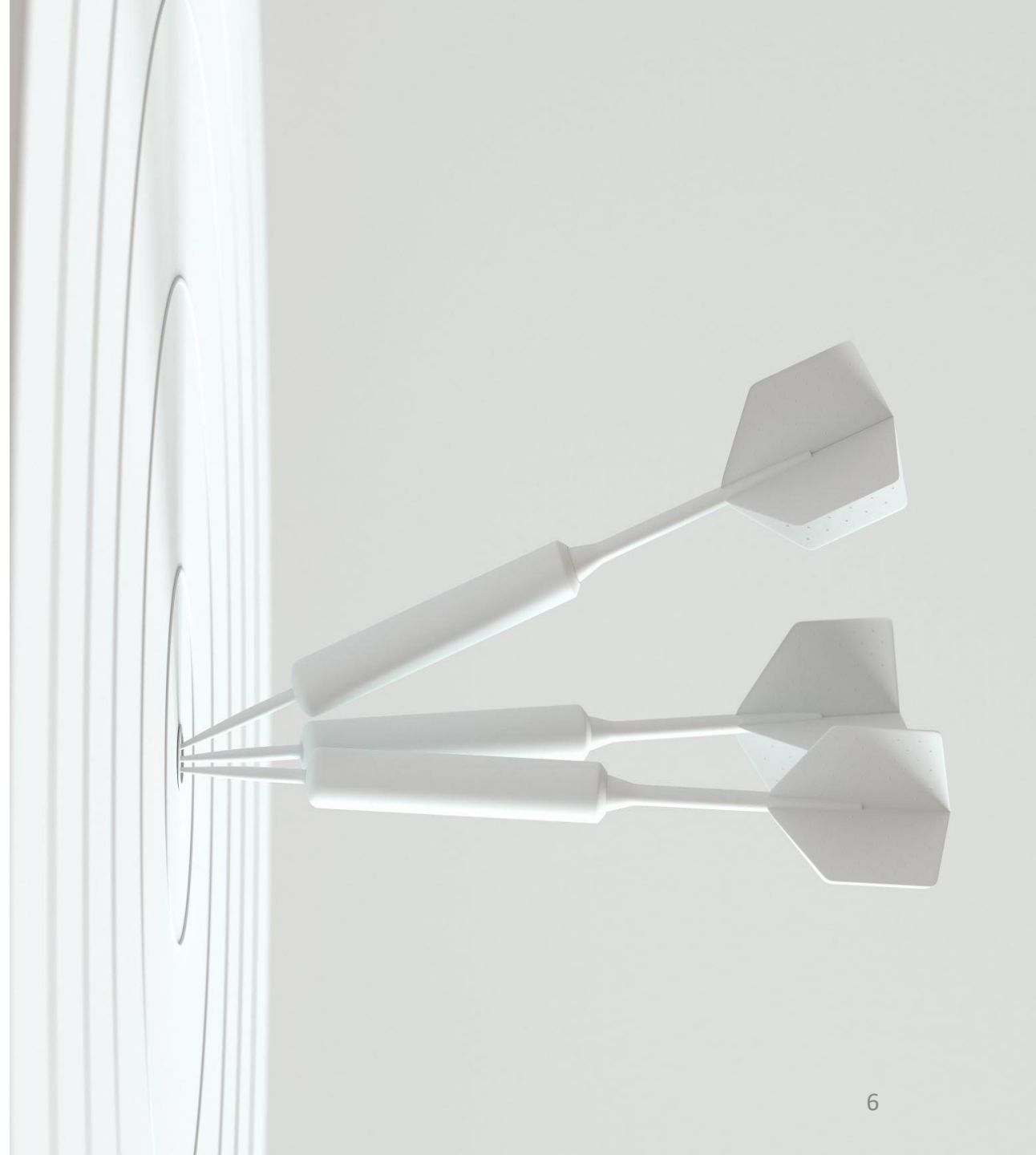
Other hiring activity

- ✘ **James Keenan** | Global Head of Private Credit | BlackRock – Departs
- ✘ **Stephan Caron** | Global Head of Private Credit | BlackRock – Appointed
- ✘ **Christopher Edson** | Global Head of Originations | Apollo Global Management – Appointed
- ✘ **Adam Gross** | Partner: Head of Capital Markets | ICG to FalconPoint Partners
- ✘ **Dan Worrell** | Co-CIO: Private Credit | BlackRock – Appointed
- ✘ **Phil Tseng** | Head of US Direct Lending | BlackRock – Appointed
- ✘ **Orla Walsh** | Managing Director: Global Private Finance | StepStone Group to Barings
- ✘ **Rajneesh Vig** | Co-Head of US Direct Lending | BlackRock - Departs
- ✘ **Pauline Ammeux** | Partner: Private Credit | PAI Partners to Three Hills
- ✘ **Rikhil Wadhwa** | Managing Director: Private Credit | Investec to TrueNorth
- ✘ **Batih Van Leer** | Co-Head of Strategic Transactions | Ares to Nuveen
- ✘ **Stefano Rubini** | Co-Head of Strategic Transactions | Ares to Nuveen
- ✘ **Aaron Kirsch** | Vice President: Direct Lending Originations | First Eagle – Appointed
- ✘ **Scott Newman** | Senior Associate: Private Credit | ICG to Blackstone

Investor Relations

Private Credit Investor Relations hiring

- ✘ **Alan Isenberg** has been appointed as Global Head of Marketing and Client Relations at Intermediate Capital Group. Isenberg who succeeds Andreas Mondovits was most recently Global Head of Client Partnership Group at Angelo Gordon, now known as TPG Angelo Gordon.
- ✘ **Tjalling Halbertsma** has been appointed as a Managing Director and Head of EMEA Investor Relations for HarbourVest Partners, a private markets investment firm. He has 30 years of leadership experience in Europe, most recently serving as Head of Private Markets Distribution in Europe for Morgan Stanley.
- ✘ **Christian D'Amico** has been appointed as Head of German Speaking Europe at Pantheon. He joins from Hamilton Lane and will be responsible for overseeing client servicing and business development across the firm's portfolio of solutions in private credit, equity, infrastructure and real estate.
- ✘ **Ricard Janson** has been appointed as a Senior Vice President within the EMEA Capital Formation Group, focused on the Nordics and Netherlands at Canyon Partners. Janson brings more than 15 years of experience having previously held roles at CAPZA and RBC BlueBay Asset Management.
- ✘ **Ralph Horra** has been appointed as Partner and Head of DACH Business Development for Nuveen Private Capital. Horra joins from Pemberton Asset Management and will be responsible for building and strengthening the firm's coverage and private credit solutions across Germany, Austria and Switzerland.



Fundraising

ICG raises €15.2bn for record European direct-lending fund

Intermediate Capital Group Plc (ICG), the €101bn London-headquartered private equity firm, has secured €15.2bn (\$16.8bn) for its latest European direct-lending fund, making it the largest fund of its kind in the region.

Fundraising for the new fund, which is led by ICG's Senior Debt Partners strategy Co-Heads Peter Lockhead and Mathieu Vigier, is the firm's fifth vintage in the direct-lending space and surpasses the firm's previous fund-raising round of €81.1bn, reflecting growing investor preference for established private lenders.

The new fund focuses on providing loans to private-equity-backed companies across Europe. So far, about 40% of the fund's capital has been deployed, supporting firms including European classified ads company Adevinata ASA and Italian textiles manufacturer Gruppo Florence.

ICG's latest fund follows similar major fundraising efforts in the direct-lending sector. Earlier this year, Arcmont Asset Management Ltd raised €10bn for its latest fund, while Ares Management Corp is aiming to close Ares Capital Europe VI with around €15bn in investor commitments by the end of the year.

Source:

Coller Capital's new private credit secondaries fund targets wealthy investors

Coller Capital, a UK-based specialist in private credit secondaries, has introduced an open-ended fund targeting individual investors. The move is part of a broader trend of private asset firms diversifying their investor base beyond large institutions.

The fund, known as CollerCredit, will offer private credit secondary investments to qualified high-net-worth investors outside the US. It is structured as a Luxembourg-domiciled SICAV, equivalent to an open-ended investment fund in the US.

The vehicle offers a monthly subscription for access to private credit secondaries with quarterly redemptions capped at 5% of the fund's assets, according to a person familiar with the strategy. CollerCredit is launching with \$250 million of seeded capital from global investors.

The fund marks the latest in a string of efforts by the secondaries specialist to make its offerings accessible to individual investors.

The attempts to reach individual investors come amid a growing tendency among private asset managers to pursue new sources of capital as institutional investors tighten their purse strings.

Other fundraising activity

- ✘ **Monarch Alternative Capital** | Raises \$4.7bn for Opportunistic Credit Fund
- ✘ **Silver Point Capital** | Closes new opportunistic credit fund at \$4.6bn
- ✘ **Pemberton Asset Management** | Targets \$4bn for latest Opportunistic Credit Fund
- ✘ **Park Square Capital** | Secures €3.4bn for new private credit fund
- ✘ **ICG** | Raises \$1.9bn for North American Private Debt Fund
- ✘ **Sound Point Capital** | Closes third direct lending fund at \$1.2bn
- ✘ **RoundShield** | Closes European Asset-Backed Private Credit Opportunities fund at \$1bn
- ✘ **HSBC Asset Management** | Seeks \$1bn for maiden NAV Financing Partnership fund
- ✘ **Eiffel Investment Group** | Closes Impact Debt Fund at €777m
- ✘ **Allianz Global Investors** | Raises €560m for Impact Credit Strategy
- ✘ **Ninety One** | Raise €150m for European Private Credit Fund
- ✘ **Sagard Credit Partners** | Raises \$50m for new Evergreen Private Credit Fund
- ✘ **HSBC Asset Management** | Launches European Senior Direct Lending Strategy

Strategic Initiatives

Citi and Apollo agree \$25bn private credit tie-up

Citigroup Inc and Apollo Global Management Inc have announced a strategic partnership to target \$25 billion in private credit transactions over the next five years, marking a significant expansion into the rapidly growing sector.

The partnership, which also includes Mubadala Investment Co and Apollo's insurance unit, Athene, will initially focus on non-investment grade lending in North America. Both firms may expand the arrangement beyond the initial \$25bn and explore opportunities in other regions, with the venture expected to originate \$5bn in debt transactions in its first year, according to Apollo Co-President Jim Zelter.

As part of the arrangement, Citigroup will leverage its investment banking expertise to identify debt deals among its clients, earning fees for originating the transactions, while Apollo, along with its partners, will provide the funding, adding a new dimension to Citigroup's existing debt capital markets strategy, which traditionally focuses on public market loans and bond issuances.

Citigroup's initiative mirrors similar moves by rivals into the \$1.7tn private credit industry, although each firm has taken its own approach.

Source: Private Equity Wire

Brookfield AM acquires 51% interest in Castlelake

Brookfield Asset Management, an alternative asset manager with approximately \$1tn of AUM across infrastructure, private equity, real estate, and credit has acquired a 51% stake in fee-related earnings at alternative investment manager Castlelake.

Castlelake specialises in asset-based private credit including aviation and specialty finance. As part of the \$1.5bn strategic deal, Brookfield Wealth Solutions has committed to invest into Castlelake's investment strategies and private funds.

Castlelake was founded in 2005 and is one of the longest-tenured investment firms in the market that specialises in asset-based investments. Over 19 years the firm has executed \$39bn of capital deployment across more than 1,300 transactions globally. The firm manages approximately \$24bn of assets on behalf of more than 200 diverse institutional investors.

Castlelake will continue to operate its business independently, retaining its current governance and leadership structure, including O'Neill as Executive Chair and Carruthers as Chief Executive Officer and Chief Investment Officer. It will also retain majority ownership of its performance-related earnings.

Natixis IM sells private credit boutique to US firm

Source: CityWire

US investment firm Clearlake Capital is to acquire MV Credit from Natixis Investment Managers. MV Credit is an independently managed European private credit specialist with \$5.1bn in assets under management. It was founded in 2000 and is headquartered in London.

The firm invests in senior and subordinated debt across Europe, targeting non-cyclical, defensive industries and regions. Upon closing the deal, Clearlake's credit business will have over \$28bn AUM, and a firmwide AUM of over \$90bn.

'With this acquisition, Clearlake's credit business will attain significant scale,' said Behdad Eghbali, Co-Founder and managing partner at Clearlake.

'We have been very deliberate in how we've built our credit business, and the addition of MV Credit, with highly complementary direct lending capabilities, provides us with new opportunities for strategic growth.'

Following the acquisition, Clearlake's team will consist of 230 professionals in offices in Santa Monica, Dallas, Dublin, London, Singapore, Abu Dhabi, Paris and Luxembourg.

AXA IM Alts acquires Capza to expand into Private Equity


Source: Funds Europe

Alternative investment manager AXA IM Alts has acquired CAPZA, a prominent European private debt and private equity firm.

This deal, expected to close by Q4 2024, increases AXA IM Alts' ownership of CAPZA from majority shareholder to full ownership by 2026. Founded in 2004, Capza specialises in providing tailored financing solutions to small and mid-cap companies. With more than €9.0 billion in AuM, Capza's expertise in mid-market direct lending complements AXA IM Alts' existing private debt offering while also marking its entry into the growing private equity leveraged buyout (LBO) market.

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Sources

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