Private debt: emerging managers to watch 2024

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Introduction

After a decade of being considered a relatively niche corner of the finance industry, 2023 was the year that private credit truly went mainstream.

Despite a sluggish fundraising year for private equity, the private debt industry continued to attract capital from institutional and retail investors alike.

Preliminary figures put private debt fundraising above $200bn for the fourth year in a row, prompting industry big hitters like Blackstone's president, Jonathan Gray, to declare a "golden moment" for the asset class.

Apollo Global Management CEO Marc Rowan called private debt a "worldwide phenomenon", while JP Morgan chief Jamie Dimon griped that direct lenders were "dancing in the streets" as a long-term shift in the balance of power from banks to alternative asset managers gathered pace.

Little wonder, then, that 2023 was packed with new launches from credible players with significant institutional backing.

Banks themselves looked to wrest back some of their lost market share, with almost every major US bank announcing some kind of joint venture in private credit - from Wells Fargo's $5bn joint venture with Centerbridge, to Societe Generale's €10bn tie-up with Brookfield.

Of course, with so much competition, it is a very tough time to try and get a Fund I off the ground. Of the $200bn or so of private debt fundraising last year, over $100bn went to the 10 largest managers. As such, some industry pros who might otherwise set up new firms have chosen to join established, brand name asset managers to build a private debt platform instead.

Our list of new entrants to monitor for 2024 mostly comprises new firms, but also some players with track records in hedge funds or traditional asset management.

Here are the top 12 private credit firms to keep an eye on over the coming year.

1) 5C Investment Partners

Founders: Tom Connolly, Mike Koester

New York | Direct lending

Former Goldman Sachs partners Tom Connolly and Mike Koester set up 5C Investment Partners in September. The new firm, which takes its name from the "five Cs of credit" - capacity, capital, collateral, conditions and character - will focus on direct lending to US and European companies. With reported in October that the manager was setting up its inaugural fund, a BDC named 5C Lending Partners.

Connolly and Koester bring a wealth of experience to their new firm, having previously helped to set up Goldman's direct lending business, including raising a $10bn credit fund in the aftermath of the financial crisis.

2) CCS Partners

Founders: Robert Kinderman, Randy Takian

Greenwich | Asset-backed credit

Led by former Ellington high flyer Robert Kinderman and long serving Avenue Capital executive Randy Takian, CCS Partners has attracted significant institutional interest ahead of its launch.

With reported in January that the duo could launch with as much as $2bn for their debut drawdown vehicle focusing on investments in asset-backed credit, including mortgage-backed securities, and loans.

Prior to launching CCS, Kinderman spent over 25 years at Ellington, co-heading its investments in RMBS, CMBS, ABS, CLOs, performing and non-performing loans, and corporate credit strategies. Meanwhile, Takian had a lenghty career at Avenue, serving as the firm's president since its inception in 1995.

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