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Meet the 20 private-credit power players shaping the $1.2 trillion asset class as it faces uncharted waters

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- **The expansion of private credit underscores the growing influence of the market's dealmakers.**
- **Sixth Street, Golub Capital, Ares, Blackstone, and other firms are major private-debt players.**
- **Insider has pinpointed influential private-credit executives and top dealmakers to watch.**

SUSAN KASSER/NEUBERGER BERMAN, NICHOLAS HUNT/GETTY, JOHN ZITO/APOLLO GLOBAL MANAGEMENT, MARK JENKINS/CARLYLE GROUP, NBCUNIVERSAL/GETTY, TYLER LE/INSIDER

The private-credit market's expansion has underscored the growing influence of top dealmakers at firms like Ares, Apollo, and HPS Investment Partners.

The private-credit industry has ballooned to $1.2 trillion as big investors have sought out returns in what was, until recently, a near-zero interest-rate world.

Private-credit markets, overall, have fared better than their public counterparts this year. While 10-year bonds and leveraged loans had dropped by 4.6% and 10.6% respectively as of the second-quarter, private credit logged returns of 2.3%, according to Swiss bank UBS.

But it's a market that investors say is entering a turbulent period. Last week UBS Global Wealth Management recommended that investors "be more selective" with private-credit investments as interest rates rise, economists forecast a recession, and defaults are likely to increase and spur investor losses.

Deutsche Bank strategists also recently warned on the state of private markets, noting to clients in a report last month that the upcoming "year-end valuation process may well become a trigger point for some sort of reset – given the lags to public markets and the sector concentration risk."

More investors than ever have piled into these strategies through fund managers including Sixth Street, Ares, Blackstone, and HPS Investment Partners. They have turned into major lenders since banks pulled back on riskier lending in the wake of post-financial-crisis crackdowns. Private debt made up 2% of the aggregate capital that leveraged companies borrowed in 2012, a percentage that's now at more than 20%, according to Bank of America analysts.

That growth has cast a spotlight on the growing influence of top executives, chief investment officers, and dealmakers in the private-debt space. Some of these top officials run investment vehicles known as business-development companies, which often invest in private companies' debt and have grown common across the credit-investing eco-

CHURCHILL ASSET MANAGEMENT

Kencel founded Churchill Financial Group, his firm's first incarnation, in 2006.

system. Retail investors can buy into them, a perk for private-equity firms increasingly trying to market themselves to individuals.

Insider has pinpointed influential private-credit executives and top dealmakers to watch. Their firms are listed in alphabetical order, and selections for this list were based on Insider's reporting and a review of large private-debt fundraises and firms' activity, according to data provided by Preqin and PitchBook.

Churchill Asset Management: Ken Kencel

In October, Kencel's Churchill Asset Management said that it raised some $12 billion in committed capital from outside investors for its latest program focused on making senior loans.

Kencel said in an interview with Bloomberg later that week that as investors head into a potential recession with rocky markets, "the more conservative managers are going to be the ones in favor, and I certainly think that's the case with our capital raise."

"Our investors are looking for us to focus on defensive industries – companies that are reasonably leveraged with traditional covenants and better structures, and certainly that's where we've focused historically," he said.

Churchill is a private-capital business of Nuveen, the asset-management arm of the financial-services firm TIAA. The 140-person firm manages some $41 billion of committed capital and is known for its specialty in private debt.

In 2006, Kencel founded and ran what was then called Churchill Financial Group. In 2011 the private-equity firm Carlyle bought Churchill from its previous private-equity owner. Kencel and other executives ended up leaving the Churchill team at Carlyle, Reuters reported at the time, and in 2015 TIAA announced that Kencel's Churchill would become part of its asset-management business.

Apollo: John Zito

Investors have long known Apollo as a private-equity giant carrying out big buyouts of companies like Yahoo, Tenneco, and Michaels.

But with a $373 billion yield business, Apollo is one of the world's largest credit managers. The business is now the largest segment of the $523 billion firm by assets under management, and Zito, a partner and deputy chief investment officer of credit who joined the firm a decade ago, oversees it.

Zito is running the business at a particularly active time. Last month, representatives said the firm raised $2.4 billion in commitments for a commingled multi-asset opportunistic-credit fund, and earlier this year Apollo launched an Asia Pacific credit strategy.

Last week, Apollo said it had structured a bond for the music publisher Concord, an offering it said was the largest music-asset-backed bond deal ever at $1.8 billion.

"Access to capital has shrunk, and we've been a large participant in any sort of new financing that's come to market" recently as the Federal Reserve has raised interest rates, Zito said in an interview with Bloomberg in October. He pointed to recent deals Apollo has been involved in with Citrix and Royal Caribbean.

The performance of Apollo's structured credit and corporate credit declined by 6% and 3.8% this year through September 30, respectively, while its direct-origination investments rose by 10.6%.

In October, the firm made a bet on another smaller firm's private-credit-investing prowess when it announced that its funds acquired a 5% equity interest in Diameter Capital Partners, an alternative-money manager specializing in credit.

Ares: Michael Arougheti, Kipp deVeer

Arougheti, the CEO of Ares, cofounded the firm just 25 years ago, but it's grown into a $341 billion behemoth that's now synonymous with private-credit investing. About 60%, or $204.5 billion, of its assets under management are in credit as of September 30, and it reported some $88 billion of dry powder.

DeVeer runs the Ares Credit Group, one of the largest credit businesses in the world. He joined Ares in 2004 from RBC Capital Partners.

DeVeer's group has been active in the market, with funds closing some $5.7 billion in US direct-lending commitments across 45 transactions in the third quarter, according to Ares.

Arougheti sits on key decision-making bodies including the investment committees for the credit group's US direct-lending and sports, media, and entertainment business. He and DeVeer, also a member of the US direct-lending investment committee, regularly represent the firm at industry events and in the press.

DeVeer said during an industry conference in October that he expects an increase of credit-market defaults into next year and that in an attempt to tamp down inflation the US will create an environment of slow growth "and, or, a modest recession."

"With higher rates to do that, we're going to see depression in valuations. That's the stock market, real estate, private companies, and everything else. And like most credit cycles, you'll see defaults go up," DeVeer said. "I think most of us can handle that, right?"

On a call in October to discuss the firm's earnings, an analyst suggested investors may be in a "golden age for private credit" and told management they were at the forefront.

Still, the analyst asked Arougheti, with growing competition and fund managers vying for allocation across big investors like pension funds and endowments, how is Ares strategizing?

Arougheti said the firm is navigating a landscape where companies are staying private for longer periods and investors are reevaluating the value of liquidity in the public market, with more capital flowing into private markets.

"The leveraged-loan market is largely unavailable. The high-yield market is largely unavailable," he said, according to a transcript from Sentieo. "So from a competitive-positioning standpoint, having the amount of dry powder that we have across the platform, I think we feel great about the competitive positioning."

Blackstone: Dwight Scott, Brad Marshall

Scott, the global head of Blackstone Credit, runs one of the world's largest credit managers, with $234 billion in assets under management as of September 30.

Earlier this year, Blackstone formed a sustainable-resources platform within Blackstone Credit that focuses on investing in and lending to companies involved in renewable energy and the energy transition. The group and M&T Bank provided a $525 million credit facility to the marine terminals-and-logistics company Enstructure, Blackstone said in October.

Marshall runs Blackstone's private-credit business for North America and is the CEO of both the Blackstone Private Credit Fund, known in the industry as BCRED, and the Blackstone Secured Lending Fund. Both Scott and Marshall joined Blackstone through the 2008 acquisition of GSO Capital Partners, now named Blackstone Credit.

Blackstone, known as the largest real-estate and private-equity investor that oversees a total of $951 billion in assets, is increasingly known for its private-credit business that caters to big institutional investors and, more recently, to individuals seeking exposure to private markets.

In recent weeks the $50 billion BCRED has drawn scrutiny from investors and analysts over redemptions from the fund. Blackstone said in a filing on December 5 that the fund is seeing positive net flows for the fourth quarter and for 2022 so far, but the fund faced redemptions of 5% of outstanding shares.

"BCRED is well positioned with 100% floating rate and 94% senior secured loans and zero payment defaults," a spokesperson said, adding that the firm plans to honor all repurchase requests this quarter.

Blue Owl: Marc Lipschultz

Lipschultz, a cofounder and co-president of Blue Owl, is the face of the firm. He is also a cofounder and the president of the private-credit firm Owl Rock. This summer, the Owl Rock business led the financing for the software investor Thoma Bravo's big $10.7 billion buyout of Anaplan.

Before founding Owl Rock, which now has some $66 billion of assets under management, Lipschultz worked at KKR for more than two decades.

"Today we are seeing the best risk-reward opportunities we have ever seen in direct lending," Lipschultz told Insider in a recent interview. He added: "We have firms that, pre-pandemic, never used to use direct lenders – who use us for almost everything now."

The private-credit heavyweight Blue Owl went public last year through a transaction that made even some of the more complex private-equity industry deals look straightforward.

The investment-management firms Owl Rock Capital Group and Dyal Capital Partners merged with Altimar Acquisition, a special-purpose acquisition company set up by the blank-check company Altimar Sponsor, to form the alternative-asset manager Blue Owl. Altimar is an affiliate of HPS Investment Partners, another big private-credit player.

Blue Owl has expanded since it made its debut as a public company. A Goldman Sachs research analyst introduced Blue Owl during a conference it held last week as one of the fastest-growing companies in his coverage of asset managers.

The 520-person firm, based in New York, now has $132 billion of assets under management as of September. In late 2021 Blue Owl acquired another business, the Chicago-based Oak Street, which specializes in real-estate investments.

Carlyle: Mark Jenkins

Jenkins, Carlyle's global-credit business head, has been busy. Carlyle plans to raise at least $8.5 billion for a new private-credit fund, according to a Bloomberg report last month that cited people with knowledge of the matter.

If it's successful, it would place the fund, which Bloomberg's report said is called Carlyle Credit Opportunities Fund III, among the largest funds of its kind raised in the past year. The report said Carlyle has held early discussions with investors ahead of a formal fundraising launch next year. A Carlyle spokesperson declined to comment to Insider.

Like other private-investment firms, Carlyle has brought environmental, social, and governance considerations into its credit business. In August, Jenkins and his team announced a decarbonization-linked financing program that incentivizes Carlyle's borrowers to achieve climate-related targets.

"I've been on the road talking with our investors," Jenkins told analysts on a call last month to discuss third-quarter earnings. "There is a sense of opportunity when we talk to our investors about what's going on in the credit markets in particular, as they've seen a repricing of risk, and we're taking advantage of that."

Jenkins joined the firm in 2016 from the Canada Pension Plan Investment Board, where he formed the pension plan's multi-strategy credit-investment platform. Of Carlyle's $369 billion of assets under management, some $141 billion is in credit as of September 30.

Clearlake Capital Group: José E. Feliciano, Behdad Eghbali

Feliciano and Eghbali run Clearlake Capital Group, which was thrust into the mainstream by a major deal it struck this year.

The firm, along with Todd Boehly, the CEO of Eldridge Industries, led a group of investors to purchase Chelsea Football Club.

The Santa Monica, California-based firm has some $70 billion of assets under management and focuses on the technology, industrials, and consumer sectors. Before founding Clearlake in 2006, Feliciano and Eghbali worked for Tennenbaum Capital Partners and TPG, respectively.

In September, Clearlake said it raised about $2.5 billion of commitments for an oversubscribed new fund, Clearlake Opportunities Partners III. The fund will focus on non-control special-situations investments and drew limited partners including public- and corporate-pension funds and family offices, according to Clearlake.

In 2020 Clearlake acquired the credit-focused investment firm WhiteStar Asset Management, which is now the firm's collateralized loan obligation, structured products, and broadly syndicated credit-investing arm.

In an interview with Bloomberg in October, Feliciano said about 75% of the firm's assets under management is in private equity and about 25% is in private-credit investments. Clearlake is among the very few minority-run private-equity firms based in the US.

Goldman Sachs Asset Management: Kevin Sterling, James Reynolds

Reynolds and Sterling are global co-heads of private credit within Goldman Sachs Asset Management. Reynolds and Sterling both joined Goldman as analysts about two decades ago.

Goldman Sachs is gearing up to close a mezzanine-debt fund with some $15 billion, according to a Bloomberg report in September that cited people with knowledge of the matter. That's a massive sum that would make the fund, GS Mezzanine Partners VIII, the largest private-debt fund raised this year, according to data Preqin provided to Insider.

Reynolds said in a Goldman-hosted podcast this summer that direct lenders like his business have stepped in to loan out money to companies as banks have pulled back since the financial crisis of 2007 to 2009.

"Things are accelerating, actually, to the point where you can say that private credit has become a very large asset class today. And to some extent it's become a lender of first choice as opposed to a lender of last resort," he said. "That's been one of the most meaningful changes that, certainly, I've witnessed in the last 15 years."

Goldman manages its alternative-investments strategies like private equity and private credit out of Goldman Sachs Asset Management, or GSAM, which reported $1.76 trillion of assets under supervision as of September 30.

It has some $100 billion of private-credit assets under management, a spokesperson said. Stephanie Rader, another partner within GSAM who is key to the private-credit operation, oversees global capital raising, strategic partnerships, and product strategy for private credit and hedge-fund strategies.

Golub Capital: Lawrence Golub

Golub Capital, a major direct lender with offices in New York, Chicago, San Francisco, and London focused on middle-market companies, managed some $55 billion of capital under management – that's invested capital, including leverage – as of October 1. Golub is the CEO and his brother, David, is president.

Golub Capital called 2021 the best year on record for the firm, closing some $36 billion of commitments for the full year and participating in nearly 400 transactions. Its default rate was about 0.16% for 2021, according to the company. Golub now has some 725 employees.

David said on a call to discuss results with analysts last month that a slowing economy and rising interest rates will together challenge borrowers in the coming months. But he feels confident in the company's position and its focus on catering to healthy companies, he said.

"We don't play in highly cyclical or volatile areas like energy or crypto or real estate or aviation," he said. "And so far, the data shows our strategy is working."

Last week Golub Capital said South Korea's sovereign-wealth fund, the Korea Investment Corporation, had acquired a passive, non-voting minority stake in Golub Capital's management companies. Lawrence founded Golub Capital in 1994.

HPS Investments: Scott Kapnick

In 2007 Scott Kapnick founded credit-investing firm HPS Investment Partners, which now has $95 billion of assets under management. The firm was initially part of a JPMorgan Asset Management unit, Highbridge Capital Management, and in 2016 HPS principals bought the firm from JPMorgan.

"The larger and larger deals is what we've positioned the firm to do," Kapnick, who is the CEO and a governing partner of HPS, said in October during a conversation with Goldman Sachs.

Indeed, HPS Investment Partners was among the direct lenders on a $2.6 billion loan that the software investor Thoma Bravo used to help finance its big $8 billion buyout of Coupa Software, Bloomberg reported on Monday, citing people with knowledge of the matter.

And earlier this year HPS Investment Partners loaned about 500 million euros, or about $505 million at the time, to the private-equity firm CVC Capital Partners to help fund its investment in the French professional soccer league.

Of HPS's overall assets under management, $72 billion is in private credit and $23 billion is in public credit. The firm has about 540 employees. Earlier in his career, Kapnick was a top executive at Goldman, where he spent two decades and achieved the position of partner in 1994.

KKR: Matthieu Boulanger, Daniel Pietrzak

Pietrzak and Boulanger, who are based in New York and London, respectively, co-lead KKR's private credit business.

Pietrzak is also the chief investment officer and co-president of FS KKR Capital Corp., the firm's large publicly traded business-development company. He joined the firm in 2016 from Deutsche Bank. Boulanger joined KKR in 2017 from HPS Investment Partners.

"The coming quarters will be an interesting challenge for the private debt space. But I think you're going to see who was able to source and underwrite deals in a high-quality manner," Pietrzak said in a recent interview with Insider.

This spring KKR said it raised $1.1 billion for its first private-credit fund out of Asia. In the third quarter, KKR said deployment across its credit and liquid-strategies segment was most active within private credit and direct lending.

Credit is a significant focus for the $496 billion asset-management company known historically as a buyout firm. KKR runs about $186 billion in its overall credit business as of September 30, according to its website. It runs $73 billion in private credit.

Joseph Bae, the co-CEO of KKR, said last week during a conference that Goldman Sachs held in New York that chief investment officers across other firms expressed demand for private-credit strategies in a recent investor survey KKR conducted.

"The key takeaway from the survey in terms of asset allocation is really this insight around rates – where the number one shift, I would say, that the CIOs have articulated is more exposure to private credit and to liquid credit," Bae said, pointing to widening credit spreads and rising interest rates that dynamic investment chiefs are taking into consideration.

KKR is a large shareholder in Axel Springer, which owns Insider.

Neuberger Berman: Susan Kasser, David Lyon

Neuberger Berman is far from the largest private-debt investor, but this fall it raised one of the largest private-debt funds of 2022, according to data from Preqin.

The privately held asset manager said in September that it raised $8.1 billion for NB Private Debt Fund IV, which includes leverage, from about 110 institutions.

Kasser and Lyon, the co-heads of the private credit business, led this effort. Kasser joined Neuberger Berman from Carlyle and Lyon joined from Ellis Lake Capital, a credit hedge fund.

"While we remain cautious about the general economic backdrop in 2023, we believe there are still compelling opportunities in direct lending for disciplined managers with a quality bias," Lyon told Insider. "In our capital-solutions business, we believe there are potential attractive returns available in scaled, quality issuers, as access to traditional capital markets remains challenged."

The firm's private-debt business focuses on performing, senior-secured loans to companies that typically have $20 million to $100 million of cash flow and are owned by private-equity firms based in North America.

Neuberger Berman manages $13.1 billion of private debt, while the firm manages $56 billion across its private-credit platform which includes assets like collateralized-loan obligations.

Oaktree: Armen Panossian

Oaktree, the $163 billion private-investment firm that the widely followed investor Howard Marks cofounded, is finding opportunities in a volatile market.

"We are seeing some cracks in the economy," Panossian, Oaktree's head of performing credit, said in an interview with Bloomberg last month. He said that's leading to opportunities for investors: "There are some bargains to be had. It is a credit-picker's market."

Panossian is the CEO and chief investment officer of Oaktree Specialty Lending, the firm's business-development company. He joined Oaktree in 2007 from the now-shuttered hedge fund Pequot Capital Management, where he worked on its distressed-debt strategy.

In February, Oaktree said it raised its third global real-estate-debt fund, the largest of its kind for the firm, with total capital commitments of some $3 billion. A few months prior, Oaktree said it raised its largest fund ever, with total commitments of $15.9 billion from investors.

"We continue to target larger, more mature businesses that operate in non-cyclical, defensive or structurally growing industries that tend to be diversified companies with lower amounts of leverage," Panossian told analysts last month on a call to discuss Oaktree Specialty Lending's earnings, adding that its borrowers were "navigating the current inflationary environment very well."

Oaktree was founded in 1995 with a focus on distressed-debt investing and has expanded to other asset classes. Today the firm invests across credit, private equity, real assets, and publicly listed stocks, though the lion's share of its assets under management remain in credit – 71% as of September.

Sixth Street: Joshua Easterly

In 2009, 10 partners, including Sixth Street co-president Easterly and Sixth Street CEO Alan Waxman, founded the firm as what was then the global credit-investing platform of private-equity firm TPG. Sixth Street spun out of TPG as an independent company in 2020.

Easterly is now the CEO of Sixth Street Specialty Lending, the firm's publicly traded business-development company, which it formed in 2011 as an early player in the direct-lending business-development-company market. He also runs Sixth Street Lending Partners, the firm's private business-development company.

Easterly has had a busy year. His team at Sixth Street led a group of large direct lenders on a $2.6 billion loan that the software investor Thoma Bravo used to help finance its big $8 billion buyout of Coupa Software, Bloomberg reported on Monday, citing people with knowledge of the matter.

The San Francisco-headquartered firm has some $60 billion of assets under management across classes including credit, growth equity, and infrastructure.

This October the investment firm known across Wall Street for its credit-investing prowess co-led a private loan that Blackstone used to help finance its majority stake in Emerson Electric's climate-technology unit. The month before, Sixth Street led the financing for CommerceHub's acquisition of ChannelAdvisor.

When asked about the market environment, Easterly told analysts on a conference call to discuss Sixth Street Specialty Lending's earnings in November that some investors are writing smaller checks – not the $500 million to $2 billion checks investors were once writing, he said as an example – and demand for credit is generally expected to decline in a slowing economy.

"While rising rates will be beneficial to the sector in the near term, long-term outperformance is ultimately driven by the ability to avoid credit costs through the cycle," Easterly said. "We believe we will continue to achieve this by following our same playbook that resulted in cumulative net-realized gains since inception. As one of our favorite bands once put it, 'Nothing else matters.' I'm sure Metallica will appreciate the callout on our earnings call today."