

New generation CLO managers eye M&A market for expansion

A new generation of CLO managers which made their debuts after the crisis are looking to take on the superpowers of the CLO business this year.

Some observers expect a wave of M&A activity as independent CLO managers seek financing solutions to help them put skin in the game and comply with upcoming risk retention rules.

New York-based Benefit Street Partners could be among those making big acquisitions. Currently, the ranking of the largest CLO managers is dominated by firms linked to private equity businesses (see page 11). Benefit Street, the credit arm of Providence Equity, has a similar background. Set up in 2009, it launched its debut CLO in 2012 and has since added four to that tally.

The firm's president, Richard Byrne, says that Benefit Street is exploring all avenues in its bid to expand its CLO platform. "The largest CLO managers in the business have largely got to where they are now through acquisitions," he says. "That is one potential path we are consider-



Byrne: 'exploring all options'

ing to take our CLO platform to the next level."

Another fresh-faced manager hoping to break into the upper echelons of CLO management is Triumph Capital Advisors. The asset manager is part of the Triumph group, which includes a savings bank and insurance company.

"We have the infrastructure, resources and capital to be a major player in the CLO market," says Dallas-based chief investment officer Gibran Mahmud. "We believe risk retention rules will result in a number of managers exiting the business and we see this as an opportunity to grow our platform through acquisitions."

Since the regulators released guidance on US risk retention rules in October, there have already been two examples of CLO managers partnering with larger brands. Denali Capital, for instance, earned sponsorship from Crestline Investors for its CLO issuance programme soon after the guidance went public. In another example, Silvermine Capital Management was bought by hedge fund giant Man Group in December.

MANAGER RANKING

Top 50 CLO managers by principal liabilities (debt + equity) as of 31 December 2014

Rank	Previous	Change	Manager	Total (\$bn)	deals	US CLOs (\$bn)	deals	Euro CLOs (\$bn)	deals
1	1	→	GSO Capital Partners	20.39	44	10.34	20	8.29	24
2	2	→	Carlyle Group	18.53	46	12.50	32	4.98	14
3	3	→	Credit Suisse Asset Mgt	15.88	30	13.99	25	1.56	5
4	4	→	Apollo Global Mgt	15.14	24	13.77	21	1.13	3
5	5	→	Ares Mgt	14.63	32	11.65	25	2.46	7
6	6	→	CIFC Asset Mgt	12.81	32	12.81	32	0.00	0
7	7	→	Alcentra	12.28	30	4.67	13	6.29	17
8	8	→	Highland Capital Mgt	12.08	25	12.08	25	0.00	0
9	9	→	KKR Financial Advisors	11.94	23	6.74	10	4.29	13
10	10	→	Babson Capital Mgt	10.51	26	6.89	17	2.99	9
11	11	→	Prudential IM (Pramerica)	10.26	24	7.10	15	2.60	9
12	13	↑	CVC Credit Partners	9.78	24	7.68	20	1.74	4
13	12	↓	3i Debt Mgt	9.78	25	4.02	10	4.76	15
14	15	↑	Voya Alternative Asset Mgt	8.08	19	8.08	19	0.00	0
15	20	↑	Octagon Credit Investors	7.83	15	7.83	15	0.00	0
16	14	↓	MLX Asset Mgt	7.65	14	7.65	14	0.00	0
17	17	→	Fortress Investment Group	7.21	9	7.21	9	0.00	0
18	16	↓	Oak Hill Advisors	7.17	14	6.23	12	0.78	2
19	19	→	Invesco	6.77	18	6.01	15	0.62	3
20	21	↑	Columbia Mgt	6.69	13	6.69	13	0.00	0
21	22	↑	Symphony Asset Mgt	6.62	12	6.62	12	0.00	0
22	18	↓	Halcyon Loan Mgt	6.30	17	4.32	11	1.63	6
23	23	→	Intermediate Capital Group	5.81	16	1.20	3	3.81	13
24	25	↑	Golub Capital	5.77	15	5.77	15	0.00	0
25	24	↓	BlueMountain Capital Mgt	5.73	13	5.73	13	0.00	0
26	26	→	Sankaty Advisors	5.63	12	4.84	10	0.65	2
27	29	↑	Och-Ziff Loan Mgt	5.40	9	5.40	9	0.00	0
28	27	↓	PineBridge Investments	5.28	14	4.10	11	0.97	3
29	31	↑	GoldenTree Asset Mgt	5.21	9	4.68	8	0.44	1
30	28	↓	LCM Asset Mgt	5.13	11	5.13	11	0.00	0
31	30	↓	Neuberger Berman	4.70	16	4.17	14	0.44	2
32	32	→	Guggenheim Partners	4.69	9	4.64	8	0.05	1
33	37	↑	Oaktree Capital Mgt	4.53	8	4.08	7	0.38	1
34	34	→	Black Diamond Capital Mgt	3.92	11	3.49	8	0.36	3
35	33	↓	Silvermine Capital Mgt	3.85	9	3.85	9	0.00	0
36	40	↑	Onex Credit Partners	3.80	7	3.80	7	0.00	0
37	39	↑	Canyon Capital Advisors	3.77	7	3.77	7	0.00	0
38	41	↑	Sound Point Capital Mgt	3.70	7	3.70	7	0.00	0
39	43	↑	BlackRock	3.53	9	3.53	9	0.00	0
40	38	↓	KVK Credit Strategies	3.47	7	3.47	7	0.00	0
41	42	↑	Angelo Gordon	3.41	8	3.41	8	0.00	0
42	35	↓	KCAP Financial	3.36	11	3.36	11	0.00	0
43	45	↑	Napier Park Global Capital	3.27	8	3.27	8	0.00	0
44	46	↑	American Money Mgt	3.06	7	3.06	7	0.00	0
45	36	↓	Crescent Capital Group	2.97	9	2.97	9	0.00	0
46	52	↑	Jefferies Finance	2.95	7	2.95	7	0.00	0
47	53	↑	Seix Advisors	2.71	7	2.71	7	0.00	0
48	57	↑	Anchorage Capital	2.69	5	2.69	5	0.00	0
49	44	↓	THL Credit Advisors	2.69	5	2.69	5	0.00	0
50	47	↓	New York Life Inv Mgt	2.64	7	2.64	7	0.00	0