Fundfire

MetLife Investment Arm to Acquire Private Credit Manager

By Bridget Hickey
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MetLife Investment Management, the $571.2 billion institutional asset management arm of MetLife, has inked a deal to acquire Raven Capital Management, a private credit firm with $2.1 billion under management.

Raven Capital invests across the private credit spectrum, with a specialization in primary origination, underwriting, execution and management of middle market direct asset-based investments, according to Raven's website and a release Tuesday from the MetLife unit, which is also called MIM.

The firm, which is based in New York and Santa Monica, California, was founded in 2008 by former Merrill Lynch Managing Director Josh Green and oversees a range of specialty assets such as music and media.

"We expect the acquisition of Raven Capital to significantly advance MIM's ability to grow its higher yielding private credit offerings as well as its overall origination in the asset classes and sectors in which Raven invests," said Nancy Mueller Handal, MIM's global head of private fixed income and alternatives, by email.

"While MIM already has robust capabilities across the private capital spectrum, we believe this acquisition will enhance MIM's ability to originate and offer differentiated private capital investments to institutional investors."

MetLife declined to disclose the terms of the deal, which is expected to close in the first quarter. The credit manager will remain a unit and sit within MIM's Private Capital business, reporting into Mueller Handal.

"The Raven team will continue its operations similarly to before the acquisition, though we believe there will be opportunities to collaborate across MIM's private credit teams and originate a broader set of investment opportunities," she said.

Green will continue to lead Raven's team, though the team will be MIM employees and sit within MIM's Private Capital business, Mueller Handal added. Every Raven principal and employee will join MIM except for principal James Masciello, who will "continue investing in and originating opportunities in film," she said.

The deal is just the latest example of a years-long trend of traditional managers adding alts capabilities through acquisitions.

Despite economic uncertainty, U.S. dealmaking by asset and wealth management firms exceeded 300 transactions in 2022, a number on par with 2021's tally, according to a PwC report. Deal volume was most significant in the first half of the year and began to cool in the second half, particularly in the fourth quarter.

In an interview with FundFire last December, Roland Kastoun, asset and wealth management consulting solutions leader for PwC, told FundFire that his clients ask how they can scale up their private markets offerings in "every conversation."

The sagging value of public assets has provided some traditional managers with a sense of "vindication" about the value that a thriving private markets franchise can offer, he added.
Last year's "difficult" economic environment means prices may be more "accessible" in today's market, said Richard Bruyère, a managing partner and co-founder of Indefi.

After a successful decade, the rising rate environment may prompt independent managers to be more amenable to a deal with a traditional manager, according to Bruyère.

"There's a realization that maybe the immediate future will be less profitable and less favorable for these independent managers, and maybe they're better off under the umbrella of a bigger group," he said.

Bruyère sees more consolidation for small and mid-size managers on the horizon for this year and continued appetite for infrastructure capabilities and potentially private credit.

Last year saw some notable deals in the private credit space, including Nuveen's agreement to buy $21 billion European private debt manager Arcmont Asset Management. The deal, which the firm announced in October, is expected to close in the first half of this year.

With the economic downturn, the "jury's still out" on how private credit will fare this year, Bruyère said.

Once the "dust settles," there might be "active consolidation" by some firms struggling to raise capital. These firms may choose to join a larger umbrella organization, while successful independent firms may themselves consolidate, he said.

The market is "becoming a little bit more challenging potentially, but there are some strategies in private credit that work very well in that environment [such as] special situations, flexible strategies, not to mention distressed debt," he added.