



Ares Management

GLOBAL FUND MANAGER OF THE YEAR

"We're not the only global manager, but we're one of only a few with really deep direct-lending capabilities in the US and Europe," says Kipp deVeer, director and CEO of Ares Capital Corporation and partner and head of Ares Credit Group. "We got into direct lending early in both regions and we've remained very committed."



DeVeer: market feels a bit stretched

In the year to September 2017, Ares had raised almost \$7 billion in new equity and debt commitments across its US direct lending vehicles. It also - within the first few days of the new year - completed a ground-breaking strategic move when Ares Capital Corporation acquired American Capital, further increasing the size of the what is already the largest BDC in the US.

In Europe, where the firm has been operating for 10 years, it saw its direct lending team pass the \$10 billion mark in assets under management. The firm also showed its funding power by structuring a €310 million financing package for Dutch gaming company JVH.

Overall, the Ares credit platform had approximately \$70.5 billion in assets under management at the end of September with \$40.7 billion of direct lending AUM - \$29 billion in the US and \$11.7 billion in Europe. Its private direct lending funds in the US have more than tripled their AUM over a five-year period to around \$9 billion as of the same date.

Looking ahead, deVeer says: "It continues to feel a bit stretched and we have been preaching conservatism. There's some sloppy underwriting around, so we have been increasingly focused on transactions where we are the incumbent, utilising our well-established relationships with sponsors and borrowers as a source of repeat business."

LENDER OF THE YEAR, AMERICAS

Ares Management achieved several landmark events in 2017. The biggest event was its BDC, Ares Capital Corporation, closing its \$3.62 billion acquisition of American Capital. Ares also reached a \$3.4 billion final close for its debut junior capital fund.

"We've been focused on being conservative and investing additional capital in our current best companies," says Kipp deVeer, CEO of Ares Capital and head of Ares Management Credit Group. "The benefits of being an incumbent lender is you are somewhat insulated from the market."

The 300-plus portfolio companies already held by Ares' BDC can be an advantage when generating dealflow. More than 40 percent of the firm's completed transactions in 2017 came from current investments, says deVeer.

The firm's junior debt fund, Ares Private Credit Solutions, will let the firm increase its hold-size, Michael Smith, co-head of Ares' credit group, told PDI in December. The average ticket size for the fund will be between \$150 million and \$250 million.

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