

Bermuda Shorts

By Editorial Staff Sun, Nov 3, 2024

Private credit sector growing fast: Financial Times; Venerable launches its own line-up of variable annuity insurance trusts.



Private credit sector growing fast: *Financial Times*

A headline in the *Financial Times* from October 7 read, “Why private credit’s gung-ho growth needs proper monitoring.” Citing projections by Morgan Stanley, JPMorgan and the International Monetary Fund (IMF), an FT reporter wrote: “Whether you take the IMF’s view that this is a \$2tn-a-year industry, or JPMorgan’s that it tops \$3tn, experts seem to agree on one thing: the growth pattern of recent years is only going to accelerate.”

“After expanding by 50% over the past four years..., the [private credit] sector is set to balloon by 90% over the next four. Private capital giant Apollo said last week that it aimed to double its assets under management to \$1.5tn by 2029, powered by an annual \$275bn of private credit.”

The collaboration between banks and private equity companies on lending to companies was demonstrated by the recent announcement that “Apollo and Citigroup would collaborate on \$25bn of lending. Earlier deals involved Oaktree and Lloyds; Brookfield and Société Générale; AGL and Barclays; Centerbridge and Wells Fargo; the list goes on.”

The article added, “The recent push by big asset managers, including BlackRock, State Street and Invesco, into the private capital space, making easy-access private credit exchange traded funds available to retail investors, adds another layer of systemic concern.”

Addressing the possibility of greater financial instability, FT wrote, “the positive view is that the shift of loans away from banks is exactly what regulators sought with their post-2008 rules to make banks safer.” But “ever since regulators began chasing risk out of the banking system a decade and a half ago, they have acknowledged a need to monitor where it is going, without properly doing so.”

Venerable launches its own line-up of variable annuity insurance trusts

Venerable Investment Advisers, LLC, an investment adviser and wholly-owned subsidiary of

Venerable Holdings, Inc., has launched “an initial line-up of mutual funds comprised of approximately \$9.9 billion in assets under management,” according to a release.

The mutual funds in the launch, and subsequent funds, serve as investment options for insurance company separate accounts and bring the management of the mutual funds underlying Venerable Insurance and Annuity Company’s variable annuity business in-house.

Venerable Advisers engaged investment advisory subsidiaries of Russell Investments and Franklin Resources, Inc. (“Franklin Templeton”) to provide sub-advisory services with respect to Venerable Variable Insurance Trust (“VVIT”).

Venerable is a privately held company with business operations based in West Chester, Pennsylvania; Des Moines, Iowa; and New York, NY. Venerable owns and manages legacy variable annuity business acquired from other entities.

Venerable was created by an investor group led by affiliates of Apollo Global Management, Inc., Crestview Partners, Reverence Capital Partners, and Athene Holdings, Ltd. Venerable Investment Advisers, LLC, was established in 2023 and manages the mutual funds underlying Venerable Insurance and Annuity Company’s variable annuity business.

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