

Antares Taps Katzenstein, Sees More Hires in Leveraged Loan Team

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By Carmen Arroyo

(Bloomberg) -- Investment advisory firm Antares Capital has hired Seth Katzenstein to boost its broadly syndicated loan business and expects to start packaging those loans into bonds known as collateralized loan obligations. Katzenstein joined Antares as managing director and head of broadly syndicated loans on Jan. 3, after over nine years at alternative asset manager Intermediate Capital Group, where he was head of US loans and high-yield debt. He will report to Vivek Mathew, Antares' head of asset management, and will be based in New York, according to a statement seen by Bloomberg. The firm expects to recruit three to four additional staffers to the broadly syndicated loan team, added Katzenstein in a subsequent interview. Although Antares routinely sells CLOs backed by loans to smaller companies, the firm hasn't issued deals backed by loans to larger corporations before. In his new role, Katzenstein will expand Antares' reach in the \$1.4 trillion leveraged loan market, trading the debt and bundling it together into securities of varying levels of risk and returns, known as CLOs. The firm plans to issue two such deals this year, according to Katzenstein. "By moving into BSL CLOs, Antares will be able to leverage its asset management relationships and offer new exposure to its long-standing investors," Katzenstein said in an interview, referring to balance sheet loan CLOs. "The firm is already a leader in the middle-market sector, so this is a logical expansion."

Challenging Market

The CLO market is facing a number of headwinds this year as the economy heads into a downgrade cycle and buying credit-good loans to build CLO portfolios becomes more expensive. Returns on the riskiest portions of the bonds have also been meager in the past six months, making it harder for fund managers to sell those tranches and issue the securities. "The arbitrage for CLOs is challenged, but you can still put together a well-built portfolio of diversified loans and make the arbitrage work," said Katzenstein. Antares expects to retain the equity tranche — the riskiest portions of the CLOs — in its first transactions. This is not the first time Katzenstein has helped build a high-yield credit platform. At ICG, where he worked until August of 2022, he established the firm's US liquid credit platform and managed over \$6 billion across 20 funds, according to the statement. Prior to ICG, he worked at Black Diamond Capital Management LLC as a managing director focused on credit trading and CLO origination. He had previously spent 13 years at GSC Group when the company was putting together its CLO platform. "Seth has extensive experience in managing tradeable credit strategies and building credit platforms," said Timothy Lyne, chief executive officer of Antares Capital, in the statement. "He will undoubtedly be an integral addition to our team as we grow our broadly syndicated loan business to meet the evolving demand of our investors and better serve our clients." In the new role, Katzenstein will also become a member of the Antares' broadly syndicated loan investment committee.

The private credit shop had over \$55 billion of capital under management in June 2022 and has a total of \$10 billion of assets in middle-market CLOs.

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