Alternative Credit Investor

ISSUE 104 | APRIL 2025

Exclusive: Churchill and Arcmont chief executives reveal global strategy

KEN Kencel and Anthony Fobel met in 2019 at an industry conference. What was meant to be a half an hour catch-up turned into two hours spent chatting. Something had just clicked. And a deal was signed in 2022.

"When we began actively looking for a European partner, we quickly concluded that building that business from scratch was going to be very challenging, given the significant barriers to entry," Kencel recalled.

"So, we decided with Nuveen we needed to find a partner that looked a lot like us. After significant research and conversations, several people in the industry mentioned we should speak with Arcmont, given our similar investment approach and culture."

It has been two years since Nuveen completed the $1bn (£0.77bn) acquisition of Arcmont Asset Management, founded by Fobel, and through its combination with Churchill Asset Management, led by Kencel, it is already getting its money's worth.

In 2024, Nuveen Private Capital, the entity under which Churchill and Arcmont work

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together, has had a record year. Churchill closed or committed over $13bn across approximately 400 transactions while Arcmont committed to almost €6bn (£5bn) worth of deals. Nuveen Private Capital now manages nearly $80bn in assets.

Both chief executives are keen to continue doing what they have been, which is focusing on the "core mid-market" but are at the same time planning how they can leverage each other's capabilities to further expand their businesses and create a truly global player.

First up is a NAV lending strategy the firms will be launching.

"The NAV financing business is going to be the first business that we formally launch which is both an Arcmont and Churchill business," said Fobel. "We see that as very much a global product. And of course, what we're able to leverage is not just Arcmont's private equity relationships in Europe but obviously Churchill's outstanding relationships as an investor in over 300 private equity funds in the US. So that's an incredibly powerful combination as an origination tool."

Kencel added that while Churchill has a large cashflow lending business, it has not yet expanded into asset-based lending,

Anthony Fobel (left) and Ken Kencel (right)

which he highlighted as an interesting area.

Churchill also currently focuses on primarily funding new deals, but Arcmont has capital solutions capabilities in Europe, which could be brought to the US, he noted.

Kencel believes what Arcmont can take from Churchill on the other hand is the group's private equity capability, which sees it invest in hundreds of funds and co-invest alongside general partners, which also helps with sourcing direct lending opportunities.

"The way that we've brought Churchill and Arcmont together is meant to leverage our businesses and synergies, while not impacting what we each do best – disciplined investing and portfolio management in our respective geographic markets," Kencel said.

Although Fobel and Kencel are co-chief executives of Nuveen Private Capital, they very much focus on Arcmont and Churchill, respectively, day-to-day. But they've found several synergies through the combination.

"One of the big synergies we have with Churchill is our ability to cross-sell our investors," Fobel explained. "The second great synergy is our ability to cross-refer deals to each other. The third important synergy is our ability to take some of our European strategies to the US and vice versa. For example, we've got a very strong and successful capital solutions business, which we are looking to expand into the US. Similarly, Churchill has a very strong secondaries business, which we are potentially going to bring to Europe. You can see holistically, the combination of Arcmont and Churchill under Nuveen Private Capital is extremely powerful and offers a unique combination of strategies to investors."

While Kencel and Fobel think about ways the two firms can partner, is there any appetite to team up with a bank, something much of the industry seems to be doing?

Kencel says not right now.

"Our view is that successful partnerships really need to be grounded in a win-win, meaning it has to work for both sides," he said. "We found that certain banks didn't want to actually deploy capital long-term, but were looking to get the benefit of a private credit manager's relationships and distribution model. They were looking at private credit managers as a place to bring the capital – a place to hold the loans they didn't necessarily want to hold.

"Our conversations with banks all came down to the same thing. If it benefits our investors and we can find a partnership relationship that makes sense, then we would be open to it. So far, that has not happened." ■