

FINANCIAL NEWS

Amundi-backed investment specialist strikes deal for US bond manager

IM Square – the Amundi-backed investment platform that takes stakes in fund managers – has struck its second deal, acquiring a holding in a US fixed-income specialist.



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The London-based investment vehicle announced on November 16 that it had taken a 45% stake in Chicago-based Dolan McEniry Capital Management, a \$5.8 billion manager that focuses on investment grade and high yield US corporate bonds.

IM Square – which was set up by the former chairman of Edmond De Rothschild Asset Management Philippe Couvrecelle and his colleague Jean Maunoury in June 2015 – made its first deal in January when it acquired a 20% stake in US equity specialist Polen Capital.

Today's deal means that it has now invested around €75 million in total. It intends to invest at least €250 million in up to 15 specialist asset managers over the coming three years, stating that it has a deal pipeline of 61 firms, representing \$600 billion in assets.

Chief executive officer Couvrecelle told FN that the conversation with Dolan McEniry, which was founded in 1987, began about a year ago, with the firm this year getting the nod to invest ahead of 10 other mainly US-based investors. The negotiations were completed on November 1.

He said: "We were looking for a complement asset manager to Polen. We wanted to provide solutions to investors in the world who are looking for yield."

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He said that since taking the stake in Polen, the investment house's assets have grown from \$7.5 billion to \$10.5 billion.

The investment specialist said in a statement that it would look to boost Dolan McEniry's distribution, marketing, liquidity and capital structure planning, as well as provide corporate advisory services.

In a joint statement Daniel Dolan and Roger McEniry, partners at Dolan McEniry, said IM Square's relationship with Amundi was "particularly compelling". They added: "This strategic alliance provides access to global investors and distributors that may have been previously inaccessible to us."

Couvrecelle added that IM Square is now looking at emerging market debt, total return and leveraged loan specialists and is also in discussions with a Canadian pension fund about it coming on board as a new shareholder, with an eye on taking a holding of between 20-40%.

It is also looking to take over French fund manager Montmartre AM, subject to approval by the French regulator AMF, with a view to launching French-domiciled funds which can be delegated to IM Square's partners.

IM Square is also targeting a stock market listing within the next five to 10 years.

Couvrecelle described Affiliated Managers Group, which manages \$700 billion and has stakes in around 40 long-only, hedge fund and wealth advisory businesses, as an example for IM Square.

He said: "There are the reference in the industry as a platform and if we can achieve being a competitor to AMG it would be a huge achievement."

Currently, Amundi, Europe's biggest asset manager, and private equity firm Eurazeo both hold stakes of 42.5% in IM Square, with the remaining 15% held by Dassault Group and La Maison, an investment group in which Dassault is the main shareholder.