WSJ PRO PRIVATE EQUITY

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Angeles Investment Advisors Sets Up Unit to Drive Private-Markets Push

The multiasset manager named Derrick Cruz to lead the unit and is wrapping up two funds to invest in private markets

By Laura Kreutzer

Multiasset manager Angeles Investment Advisors has launched a new privatemarkets investment unit to capitalize on growing demand for alternative assets.

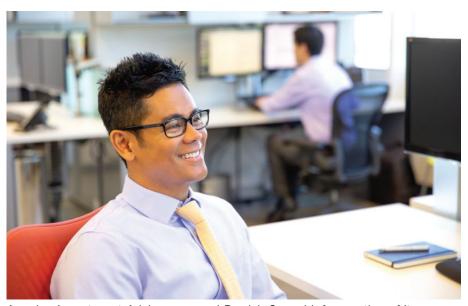
"This is an important evolution of the firm, and it's a recognition of the importance of these investments," said Howard Perlow, co-founder and chief executive of the Santa Monica, Calif.-based firm, which manages some \$6 billion in assets and advises on investing roughly another \$30 billion. The asset manager serves as an outsourced chief investment officer for endowments, foundations and other investors.

Angeles named Derrick Cruz as chief executive of the newly formed Angeles Private Investment Co., which focuses on investments across asset classes that include private equity, real assets and private credit. Mr. Cruz joined Angeles in 2017 after holding various positions at private investment firms that include KKR & Co., General Atlantic and Victory Park Capital Management.

He oversees a team of 10 people that work with the new private investment unit, according to the firm.

Angeles has been making private-markets investments since at least 2007 and began raising private-markets funds in 2016. However, the firm only recently decided to create the dedicated investment unit as institutional-investor appetite for alternative assets has grown, requiring more resources and a more structured approach to the business, Mr. Perlow said.

The firm said it expects to wrap up its fifth private-markets fund-of-funds this



Angeles Investment Advisors named Derrick Cruz chief executive of its new private-markets unit.

PHOTO: ANGELES INVESTMENT ADVISORS

summer with more than \$200 million and has already raised close to that amount. In addition, Angeles has raised a little over \$97 million for its first fund focused exclusively on making direct co-investments.

The fund-of-funds strategy emphasizes midmarket private-equity funds that hold less than \$1 billion or that focus on companies with roughly \$10 million to \$50 million in annual revenue, according to Mr. Cruz. In co-investments, Angeles typically looks to write equity checks of around \$5 million to \$15 million, usually investing alongside fund managers it backs, he added.

Angeles has made around 20 co-invest-

ment deals over the past several years, including transactions it backed before forming the direct-equity fund, he said.

"There's less competition in the middle market," Mr. Cruz said. "There are a lot more companies and you are able to source proprietary opportunities based on relationships the [fund general partners] have with founders and CEOs. Generally, that leads to lower purchase multiples."

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