

PRIVATE MARKETS | 05 JUN, 2026

Barings CEO: We need to be substantially larger in five years to compete

'We hope to be acquisitive over time,' says Mike Freno, Barings' chairman and CEO.

BY SELIN BUCAK

Barings is close to half a trillion dollars in assets under management, but chairman and CEO Mike Freno (pictured) says it will need to grow 'substantially' larger within five years to remain competitive.

As of 31 March, Barings had \$481bn in AUM across credit, real assets, capital solutions and emerging markets, with Freno describing the business as being 'at scale today'.

But he added: 'In five years, we're going to need to be substantially larger, I think, in the asset classes that we have to be considered to be of scale, to be able to compete.'

The comments offer a window into how a mid-sized alternatives manager is thinking about the future in an industry that is rapidly consolidating. Just in 2025, there were 164 M&A deals for private markets managers, up 40% year-on-year, according to data released earlier this year by Campbell Lutyens.

Barings, majority-owned by US insurer MassMutual and, as of last week, with Japanese insurer MS&AD as a new minority shareholder, has so far grown through targeted acquisitions. Last year, it bought Artemis Real Estate Partners. Freno said



infrastructure equity remains the one capability gap he still wants to fill.

'If you've seen where we've made acquisitions, they tend to be adjacencies or tangential to strategies we already run,' he said. 'I'm very pleased with where our capabilities sit. We hope to be acquisitive over time. The one area we continue to look at is infrastructure equity to complete our real assets platform.'

The scale question is pressing across the alternatives industry. Institutions are

consolidating the number of managers they are investing with, and the ability to deploy capital at pace in private markets increasingly favours the largest platforms.

'You're seeing more and more clients want to use fewer managers,' Freno said. 'Certainly, on the institutional side, they get scale, they get synergies out of it.'

Wealth push...but a cautious one

Roughly half of Barings' AUM still comes from the MassMutual general account,

with the other half from third-party clients, although the revenue split skews differently though, due to the asset class mix.

The model is a competitive advantage rather than a dependency, according to Freno, who added: 'We are 100% aligned with our investors because we own almost every single asset on the balance sheet that our investors own. Because MassMutual is a buyer of every one of our strategies.'

The majority of the third-party clients are institutions but Barings, like many others in alternatives, has been pushing further into the wealth channel.

It partnered with Invesco last year bringing together its private credit expertise and the latter's distribution network across US wealth markets. They launched their first joint product in October and are now developing multi-strategy credit offerings.

In the meantime, the group runs both a listed and a non-traded business development company, with the latter joining funds that have capped redemptions at 5% last quarter after seeing elevated withdrawal requests.

Freno noted that institutions are continuing to allocate to private credit despite elevated redemptions from funds in the US. Barings itself just closed a \$19bn direct lending fund, and Freno said the credit quality of the portfolio is not deteriorating.

In his view, the near-term pressure will be on companies that aren't doing well will be due to annual recurring revenue (ARR) loans. These are financings that are typically tailored to high growth businesses in areas like software that have predictable revenue but limited profits.

'In those loans, you're lending against a revenue stream that's not necessarily translating into earnings or cash flow. That's a different type of lending. That's not something we do,' he said.

He also believes product structures will evolve to 'find an equilibrium' between investors who are longer term in their thinking and those who are shorter.

But over the long-term he thinks the wealth channel will continue to grow allocations, even if the structures change.

'The long-term trend is going to be consistent. We'll still get to a more broadly acceptable use of these in individuals' portfolios. It will be probably at a slower adoption rate because of this, but I still think we'll get to a similar spot in the long run,' he said.

He added that he has no hard targets as to how much of Barings' AUM he wants to come from the wealth channel and noted that they've always been 'thoughtful and measured in how we go into that space'.