



**Ivelin Dimitrov**

*Born:* Sofia, Bulgaria

*Lives:* Upper East Side, Manhattan

*Education:* University of  
Maine, Boston College

*Hidden talent:* former hockey player

Ivelin Dimitrov is the chief investment officer of Fifth Street Asset Management, a growing credit-focused asset manager with over \$6 billion in assets under management.

He is responsible for credit underwriting of the firm's investment portfolios, has oversight of risk analysis and leads the firm's tactical allocation decisions. He joined in 2005.

Fifth Street was set up in 1998 by Leonard Tannenbaum, a former Merrill Lynch equities analyst. It manages two business development companies, a hedge fund, low levered senior loan funds and a middle market CLO business.



**FIFTH STREET**

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## You need to see enough deals

**W**hat is the best investment in credit? There are great opportunities in US middle market loans provided you see enough deals and can select those that fit your investment criteria.

We particularly like health care, which we define broadly to include pharmaceutical companies, medical device producers, facilities and services. We look for companies that can save the system money and deliver value, as well as those that are robust enough to survive the complex reimbursement environment.

**What is the worst investment?**

We are avoiding deep second lien and aggressive mezzanine loans now that any company above a certain size can get second liens done – often at as much as seven turns of leverage. Mezzanine was historically a core product for us, but with the amount of leverage currently going into deals we don't think there is enough margin of safety.

**Why is your company called Fifth Street?**

"Fifth Street" is the game-changing card in Texas Hold 'Em poker. Our founder, Len Tannenbaum, is an avid poker player. He often plays with David Einhorn [founder of Greenlight Capital] who is also a long-term investor in our firm.

**What was your first job in credit?**

It was at Fifth Street. I joined Len Tannenbaum and Bernie Berman in 2005.

**What was your best ever investment?**

Some of the best deals we ever did were those around 2009 when we had dry powder to put to work while others were reluctant to provide financing. Our business is about building relationships with sponsors, and we believe that relationships formed when times were tough will benefit us in the long term.

One example is IZI Medical, a medical products company sponsored by Riverside Partners. At the time, others were concerned that it was in a narrow niche and too dependent on a single customer. Partly by speaking to that customer, we were able to get comfortable with the business and provide a one-stop financing solution. Doing the extra leg-work paid off: we made a very nice return.

**What was your worst investment?**

Our worst was a second lien transaction to a trailer leasing company, Premier Trailer, in 2007. Its business held up well through the crisis and we believed – correctly – that it would be fine in the long term. But in 2008, the company reported weaker numbers and some of the banks that owned the loans senior to us decided to sell. A distressed fund bought some of the senior loans and was able to persuade a bankruptcy court that our second lien tranche was worthless. Today, we could prevent this from happening by buying the senior loans ourselves.

**Where are the best opportunities?**

We are looking to build diversity across our product offerings. CLO management is one active area for us with the close of our debut \$309.5 million product in February 2015. We have also set up aircraft leasing and venture lending businesses.

**What makes you bang the table?**

I get frustrated when Fifth Street is lumped together with mid market lenders that have 12 guys and a single investment mandate. Making loans is easy, but to avoid problems you need enough sourcing capability to be able to pick and choose deals. We have built a platform with around 100 employees, including around 45 investment professionals and eight originators who source deals.