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PUBLISHED: 21 July, 2025

SPORTS/ENTERTAINMENT

Inside Bain Capital and Warner Music Group's \$1.2bn music catalog JV

Legendary 'is definitely in the ears of the beholder. We look for artists that have a true fan base,' Bain Capital's Angelo Rufino told PE Hub.

Bain Capital's early July announcement that it was teaming up with global music entertainment giant Warner Music Group on a \$1.2 billion joint venture to acquire "legendary" music catalogs sparked considerable chatter. At a time when dealmaking has been in a slump, the partnership signals an investor appetite for a sector that became popular during the pandemic and has gained momentum ever since. And the fact that music royalties are governed by intellectual property and not subject to tariff uncertainties only sweetens the allure.

The joint venture was the brainchild of deal lead Angelo Rufino, a partner at Bain Capital's special situations team, which he joined in 2024. Previously, Rufino worked at Brookfield Asset Management, where he was a managing partner. There he helped run portfolio company Primary Wave, a New York City-based music publishing and talent management firm, whose acquisitions include catalogs from iconic artists such as John Lennon, Bob Marley, Prince and Kurt Cobain.

Rufino believed so strongly in this sector he was determined to incorporate it into the special situations investment strategy, but with the team taking an active and not passive role. (According to Rufino, Bain itself already holds an investment in an India-based music and film content platform, Ivy Entertainment, a JV with Tiger Media & B4U, focused on acquiring



Angelo Rufino, Bain Capital

and producing Indian movie and music IP).

"We don't intend to acquire music royalties and enjoy the cashflow," explained Rufino. "We want to be active to grow these assets and enhance the catalogs of these artists."

Exploring the idea of a partnership, Rufino set his sights on Warner Music Group. Though Bain had the financial wherewithal, WMG had the professional cachet – the extensive relationships with artists and extensive staff – that made it an enticing partner. Last fall, he reached out to WMG to propose a joint venture.

"It helped I knew some of these folks and I helped to scale a business in Primary Wave," said Rufino. "Right away, they had interest in a partnership. It quickly became

a bilateral dialogue where we discussed the type of assets we would like to acquire, what other mediums in addition to digital streaming platforms we wanted to leverage and how we wanted to use the data inherent in the Warner platform."

Talks went on for six months before a deal was reached, with the JV closing in early July.

According to the terms of the partnership, Bain and WMG will together source and acquire the catalogs, while WMG will manage all aspects of marketing, distribution and administration.

Though Rufino acknowledged that the term "legendary" – the key criterion for music catalog acquisition – is subjective, he did concede they're eyeing "seasoned music."

"It's definitely in the ears of the beholder," said Rufino. "We look for artists that have a true fan base where there is a long duration following and a meaningfulness to that fan base."

The partnership plans to leverage AI to enhance the music catalogs of iconic artists.

"We've seen strong IP rights enforcement when it comes to the inability to use AI to steal copyrighted material and produce new works out of it," said Rufino responding to criticism often leveled at AI. "There's going to be a lot to do. We haven't come close to scratching the surface."

And whether AI is used or not, one way

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to grow these performing assets, especially if they're decades old, may be to repurpose them.

To underscore his point, Rufino cited Cirque du Soleil's The Beatles Love, a theatrical production that ran at the Las Vegas-based Mirage hotel for 18 years until it closed a year ago, as a prime example of repurposing a music catalog. The highly acclaimed show re-imagined the music of The Beatles with Cirque du

Soleil's acrobatic performance.

Future goals for the JV may include acquiring other music royalty platforms. Looking through his crystal ball, Rufino predicted the burgeoning market will soon be ripe for consolidation.

"Like any maturing industry, consolidation is a function of larger platforms bringing more resources and capital to bear," said Rufino. "After five years of growth, we are reaching an

inflection point in the market where early players are beginning to exit, sub-scale players are looking for a platform to support growth and the music majors are entering the market. We wanted to have a partnership to be a meaningful player in acquiring not only catalogs but also platforms as this consolidation accelerates."

To read about private equity trends in the music royalties sector, check out the recent PE Hub feature on this topic.