Private Debt Intelligence – 10/17/2016

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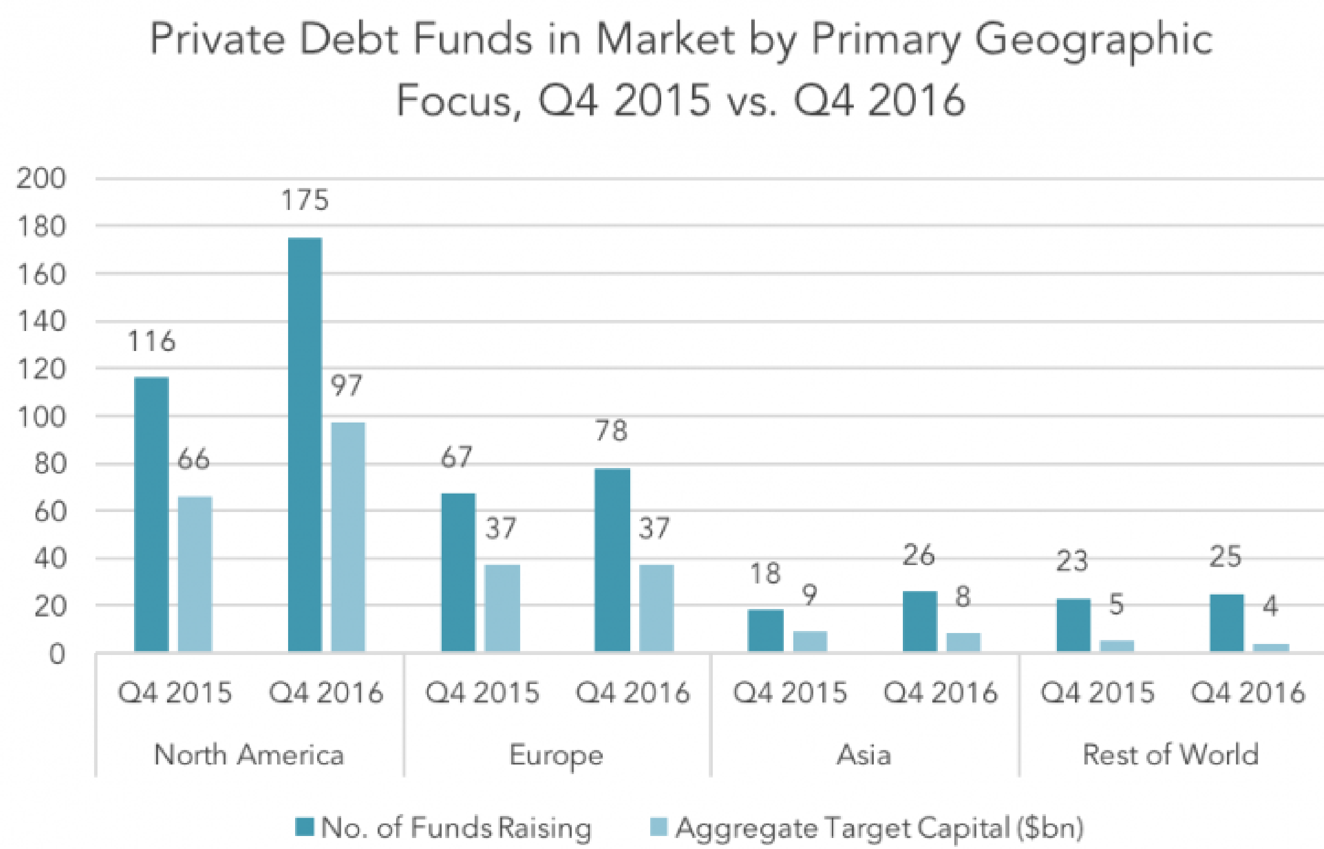
Private Debt: Funds in Market

Preqin's quarterly update on the private debt industry finds that as of the beginning of Q4 2016, there are 304 funds in market targeting an aggregate $147bn globally. With few funds closing through the year to date, the marketplace has grown considerably since mid-year; there are 50 more vehicles on the road seeking an extra $6bn of investor commitments compared to the start of Q3.

Direct lending, once again, represents the largest proportion of private debt funds on the road, both by number (38%) and aggregate capital targeted (39%). Distressed debt exhibits the largest disparity between the number of funds in market and the proportion of target capital, accounting for just 15% of the number of private debt vehicles but 28% of all target capital.



Compared with a year ago, there has been a substantial increase in both the number of funds in market and aggregate target capital accounted for by vehicles focused on North America. There are currently 175 funds seeking $97bn of investor capital, up from 116 funds targeting $66bn at the start of Q4 2015. For Europefocused private debt funds, the aggregate target capital has remained constant at $37bn, however there are 11 more funds in market than 12 months ago.

The Asia- and Rest of World-focused private debt markets have both seen the number of funds on the road increase from 18 to 26 and 23 to 25 respectively, however these funds are targeting less investor capital than 12 months ago. Asia-focused vehicles are now seeking $8bn worth of commitments, down from $9bn, and Rest of World-focused funds are targeting $4bn of capital, compared to $5bn a year ago.

While fundraising may have seen a slowdown in 2016 to date, the sheer number of vehicles on the road is indicative of the strong support and commitment in the industry. Given the maintained enthusiasm from institutional investors, it appears possible that fundraising will accelerate moving into 2017, as managers begin to make final closes and launch successor funds.

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