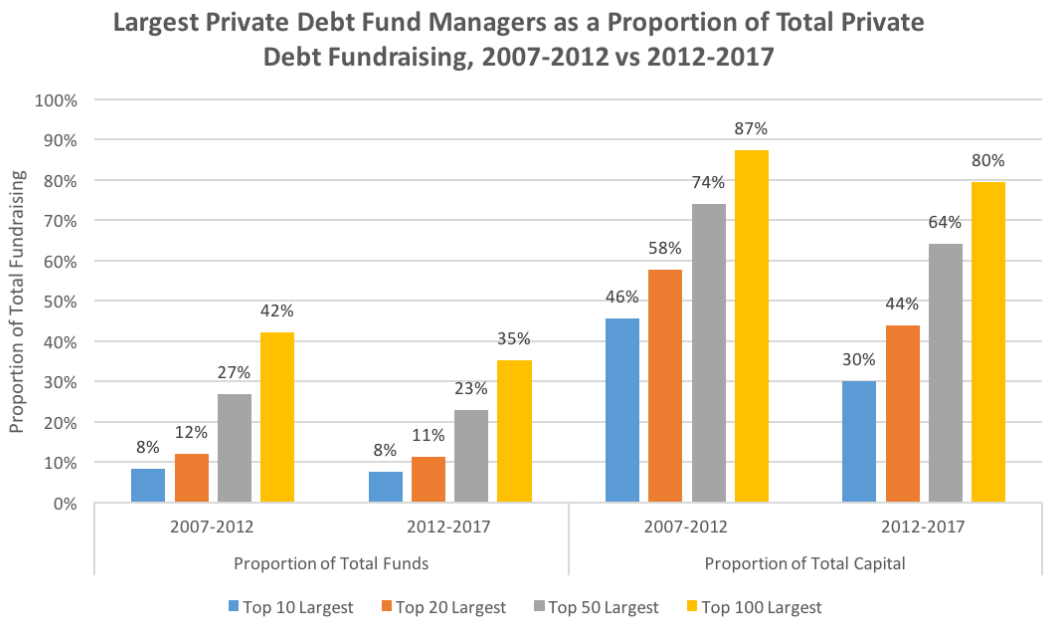
Private Debt Intelligence – 6/12/2017

THE LEAD | June 12, 2017

Private Debt Fundraising Pool Widens

Chart



Download Data

[wpdm_package id=’12906?]

The closed-end private debt fundraising market is broadening, as more fund managers continue to form and bring funds to market. Consequently, the largest private debt firms are accounting for a smaller proportion of total fundraising activity, a trend at odds with that seen in other alternative asset classes.

Preqin here examines to what extent the largest private debt firms have driven fundraising in the periods June 2007-June 2012, compared with June 2012-June 2017. For each period, Preqin has ranked firms by the total level of capital they raised for private debt funds closed in the period, and compared that to overall fundraising in the same bracket.

From 2007 to 2012, 323 different private debt firms raised a total of 470 funds, and secured $277bn in investor commitments. In this period, the top 10 largest fund managers closed a total of 39 funds, securing an aggregate $127bn. This shows the dominance of this small group of firms in these years: despite accounting for just 8% of the number of vehicles closed, they represent almost half (46%) of the total capital raised.

By contrast, in the following five years total private debt fundraising has increased. The number of fund managers which closed a vehicle between June 2012 and June 2017 rose to 453, and cumulatively 719 private debt vehicles secured $411bn in investor commitments. The top 10 firms in this period raised a total of $124bn, slightly less than in the preceding five years, and represent 30% of overall fundraising. While still a significant proportion, this is distinctly less than in 2007-2012.

This trend shows how the private debt universe has expanded over the past decade, and stands in contrast to other asset classes. In more established industries such as private equity and real estate, the largest fund managers represent an increasing proportion of total fundraising. As private debt continues to expand, we may see the influence of the largest firms on overall fundraising decrease further.

Contact: William Clarke
william.clarke@preqin.com