Middle market fundraising firing on all cylinders in 2017

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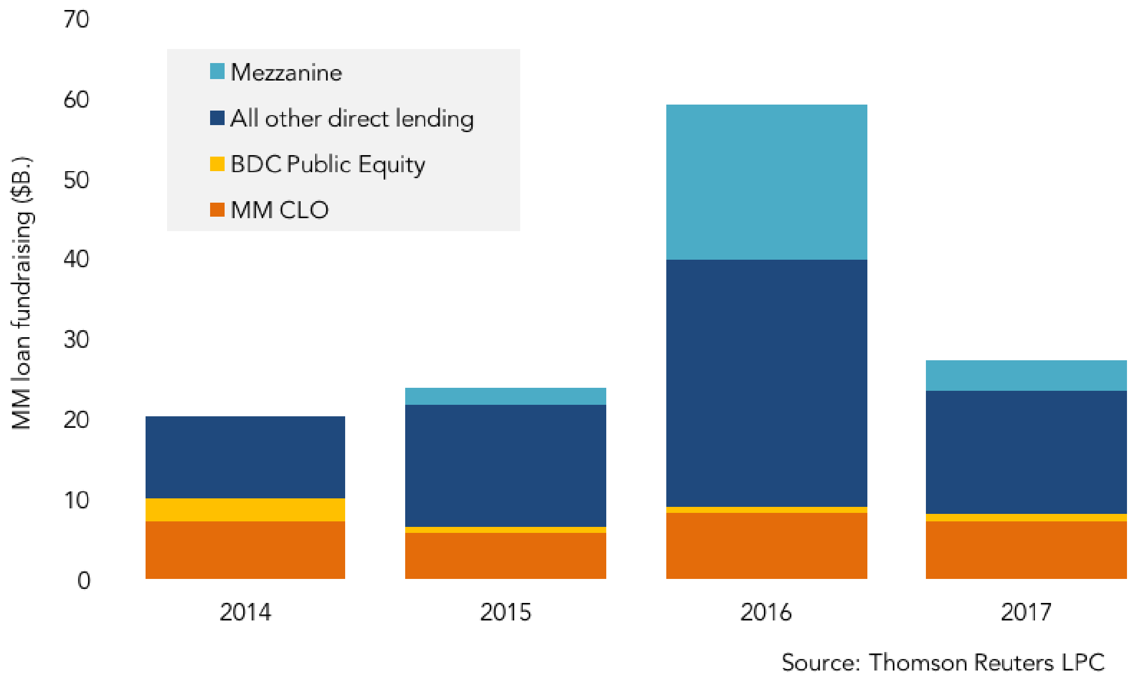

Money continues to pour into the middle market in a myriad of ways. For starters, 2017 is going to be the strongest year for middle market CLO formation since the credit crisis. Year to date $7.3 billion in middle market CLOs have priced, not too far behind the $8.4 billion raised in all of 2016. In fact, two of the largest CLOs issued this year were for middle market managers including Antares Capital ($2.1 billion) issued in April and most recently MidCap Financial's second CLO of the year issued in late May at $1.2 billion. The middle market has also seen a return of BDC equity fundraising. After two weak years of issuance in 2015 and 2016, the equity markets have opened back up for BDCs trading near or above book value. YTD we have seen 12 follow-on offerings and 1 IPO for $886M in capital, not too far behind the $916M tracked in all of 2016 according to Wells Fargo. And not yet included in the figures, Golub Capital BDC announced it will issue 1.8 million shares. This week Carlyle priced its IPO under the ticker CGBD at $18.5 per share. This marks the first IPO of a BDC since Goldman Sachs BDC in March 2015. The buck does not stop there, the market continues to see money flow into direct lending platforms. Most recently, Onex Credit Lending Partners already raised $289 million with a $500M target for its newest fund while THL Credit closed its third direct lending fund at $511 million. And both Twin Brook and Crescent were able to win over the Texas Retirement System with capital commitments of $450M and $225M, respectively. In total, LPC has tracked middle market loan fundraising has surpassed $27 billion YTD and is on track to mirror 2016's impressive figure of $59 billion.

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