MM Fundraising hits US$35B YTD, on track to match 2016 levels

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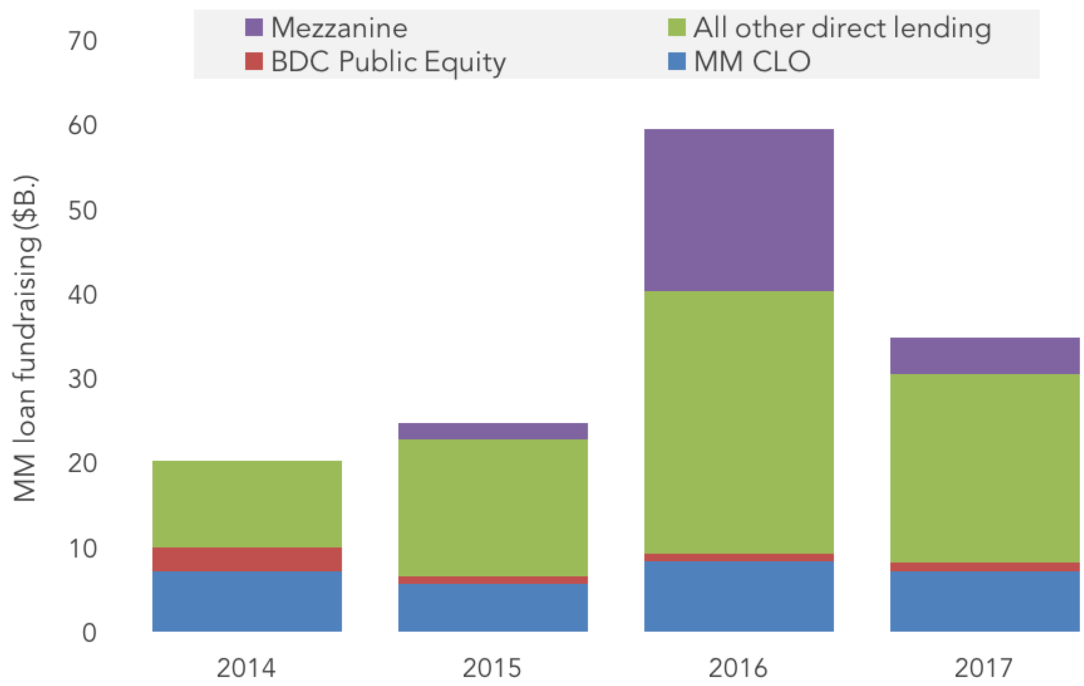

Fundraising for middle market lending continues strong in 2017. Year to date LPC has tracked almost US$35 billion in inflows on the back of US$60B just last year. Direct lending funds continue to make up the biggest piece of the pie raking in 64% of the inflows while MM CLOs account for 20% and BDC public equity at less than 5%. Mezz dollars remain strong at close to $4.5B, or 13%, after a robust $19B in 2016. Most recently for this quarter, Ares announced in its quarterly investor presentation that it raised $957M for U.S. direct lending and another $457M for junior capital private direct lending. In addition to Ares, NXT Capital is out with its fifth senior loan fund with a target of US$1.0 billion. Golub is still on fire already raising $1.9B for Golub Capital Partners 11, which is impressive considering the fund had a target of $1.0B and the firm had just closed Golub 10 earlier this year at almost US$1.8B. New to the scene, PE -giant Thoma Bravo announced in August its intention to break into direct lending with its Thoma Bravo Credit Fund I with a target of US$750 million. Futhermore, new platforms continue to pop up. The folks that managed Credit Suisse BDC's ParkView portfolio are starting up a new platform at Capital Dynamics, a global asset manager with over $28 billion in AUM. Pension funds continue to allocate money to loans, making it a regular part of their investment portfolio. Now if only dealflow would pick up commensuarely to match all the dollars coming in to the market. Middle market sponsored volume so far in 3Q17 has been underwhelming – price tightening and leverage loosening continues to be a complaint amid middle market investors.

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