Fewer managers collecting more of the capital

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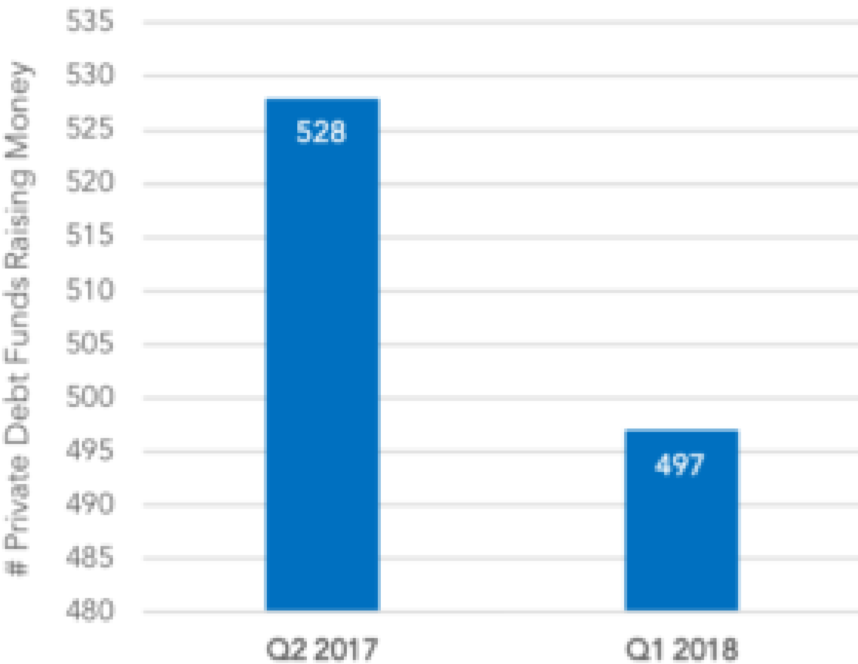

Private credit vehicles seeking capital fell from the record level reached in the first half of 2017.

The number of private debt funds raising money has fallen slightly from a record number at the middle of last year but it remains strong; as of 31 March, there were 497 funds in market compared to the 528 vehicles seeking capital as of 30 June, according to *PDI* data.

The change, while only 31 funds, is an almost 6 percent drop, and it may not be that surprising as we get later into the cycle. One of the biggest challenges may be gaining a foothold in the market for new firms, even if they are led by veterans of the alternative lending industry, the vaunted “barrier to entry” managers consistently mention.

What’s more, a source from a respected limited partner noted the daily unsolicited pitches about private debt funds has dropped recently, to only a couple a week. While multiple proposals a week still more than guarantees investors enough manager selection to sort through, the pickings seem to be getting slimmer.

The notion also holds when you undertake a year-on-year comparison for the first quarter’s fundraising totals. For the three months ending 31 March, managers raised $37.13 billion, a decrease of almost one-quarter from $48.73 billion during the same time last year. As this decline occurred, the average fund size markedly increased from $689.56 million in 2016 to $1.11 billion in 2017. It seems fewer managers are raising more money.