A private debt fundraising hangover

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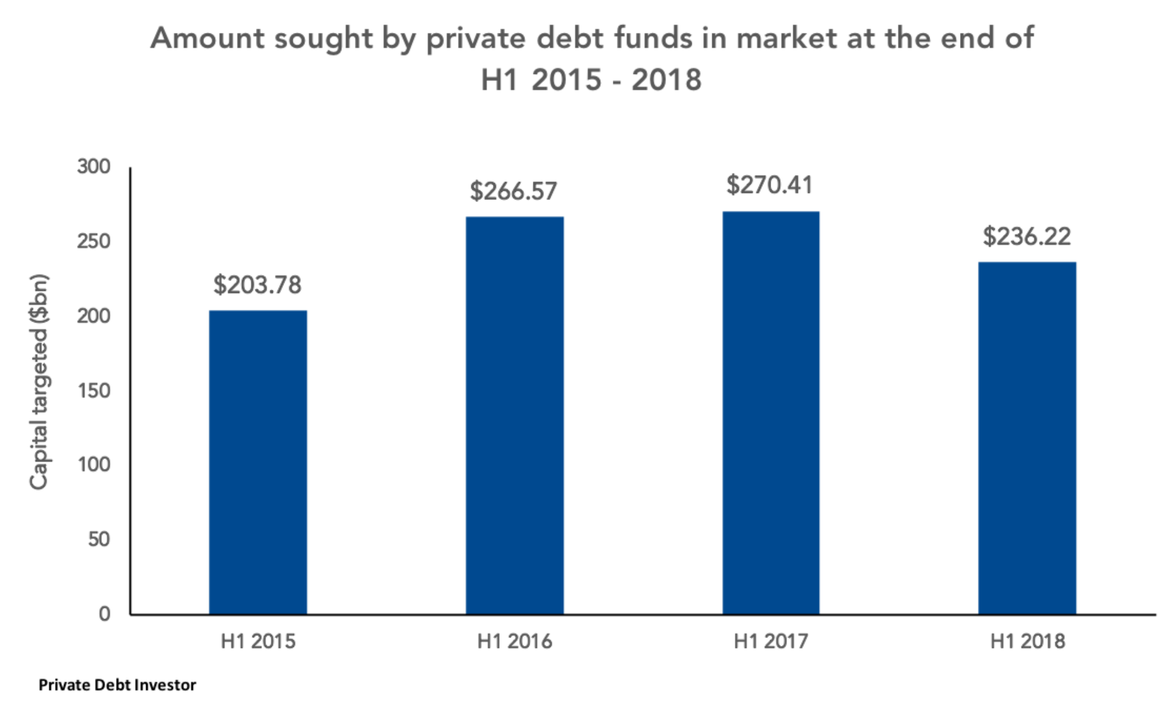

The steep decrease in H1 2018 may just be a function of the incredible amount of capital alternative lenders collected last year.

Private debt managers are seeking the least amount of capital six months into the year since 2015, a fact that could be reflective of the broader fundraising market and a hangover effect from last year's capital raising bonanza.

Credit funds in market were seeking $236.22 billion as of 30 June, *PDI* data show, which is down from the $270.41 billion debt vehicles were targeting at the same time last year and below the $266.57 billion sought midway through 2016.

It's not surprising that managers are seeking less money, given that private credit raised over $200 billion last year, a staggering sum that may be a significant boost to the dry powder piling up within the asset class. As one fund manager explained it: a vehicle's final closing is something to celebrate until you realise that the capital now has to be invested.

At 2015's halfway point, credit funds were seeking $203.78 billion, a number that has increased year-on-year by more than $60 billion, likely due to the influx of new market participants looking to cash in on the growth of the asset class. This year, it seems the market may have reached a point of equilibrium; after all, what soars into the stratosphere will eventually come back down to earth.

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