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Emerging markets are on the rise for private debt

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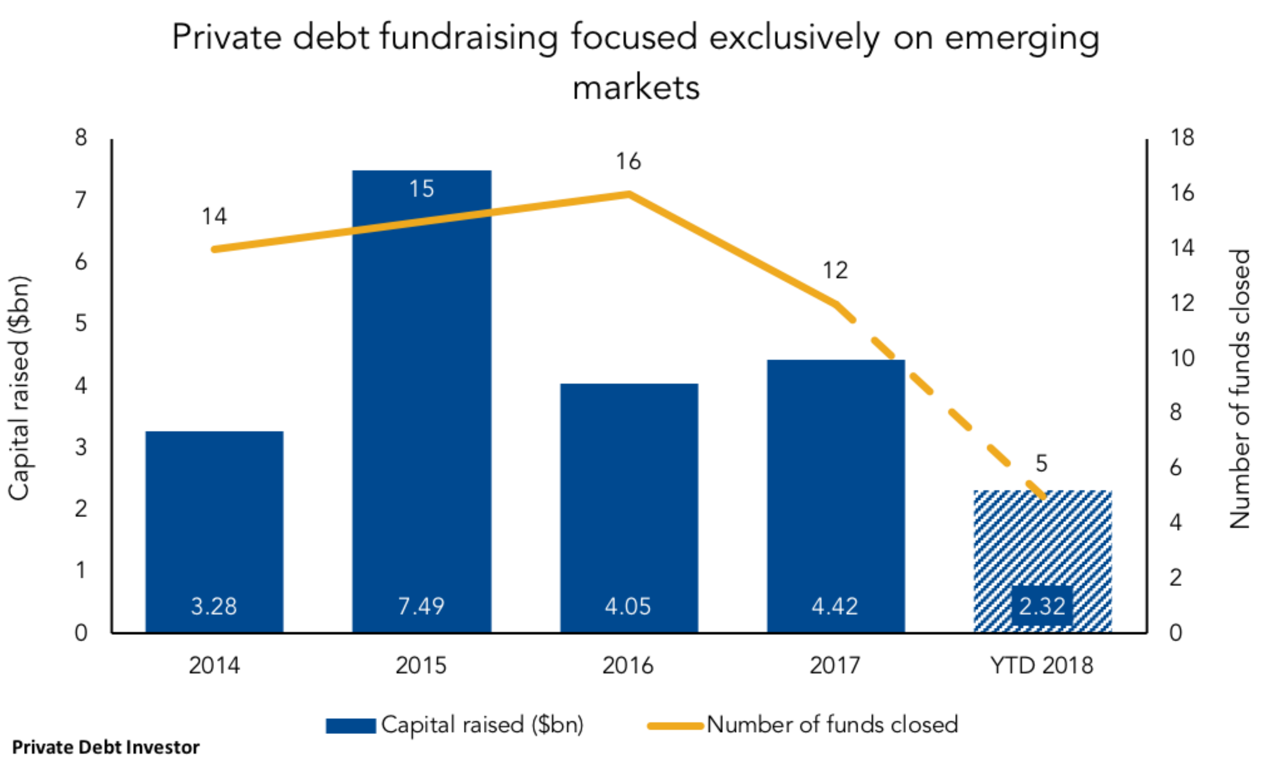

Much of the activity has been in India, one market source told PDI, *where distressed debt has been attractive as a result of new bankruptcy rules.*

Private debt targeting emerging markets has been trending upward in recent years, and 2018's total may be poised to surpass last year's final tally of $4.42 billion, according to *PDI* data. Firms raised $2.32 billion through the first six months of 2018, so if capital continues to accumulate at that pace, it would mark the second straight annual increase.

In 2015, managers in the space topped at least the preceding four years when they locked down $7.49 billion, though one large fund arguably skewed the data set: China Communication Construction Company raised $2.38 billion for its CCCC-NSSF Infrastructure Fund focused on Chinese infrastructure debt investments. Two other vehicles – PAG's $1.4 billion PAG Asia Special Situations Fund II and IFC Asset Management Company's $1.2 billion China-Mexico Fund – also helped boost 2015's total.

The numbers for 2015 aside, emerging market debt fundraising has been trending upward. Last year, several managers made initial or additional forays into the Asia-Pacific region. India has been a hotbed of activity over the last 18 months, one market source said.

This is partially because the Indian government issued new bankruptcy statutes, which has given distressed investors an opening, the source added. KKR is one such firm that has taken advantage of the opportunity set, launching a joint venture with Tranzmute Capital to restructure stressed companies.