Private Debt Intelligence – 10/22/2018

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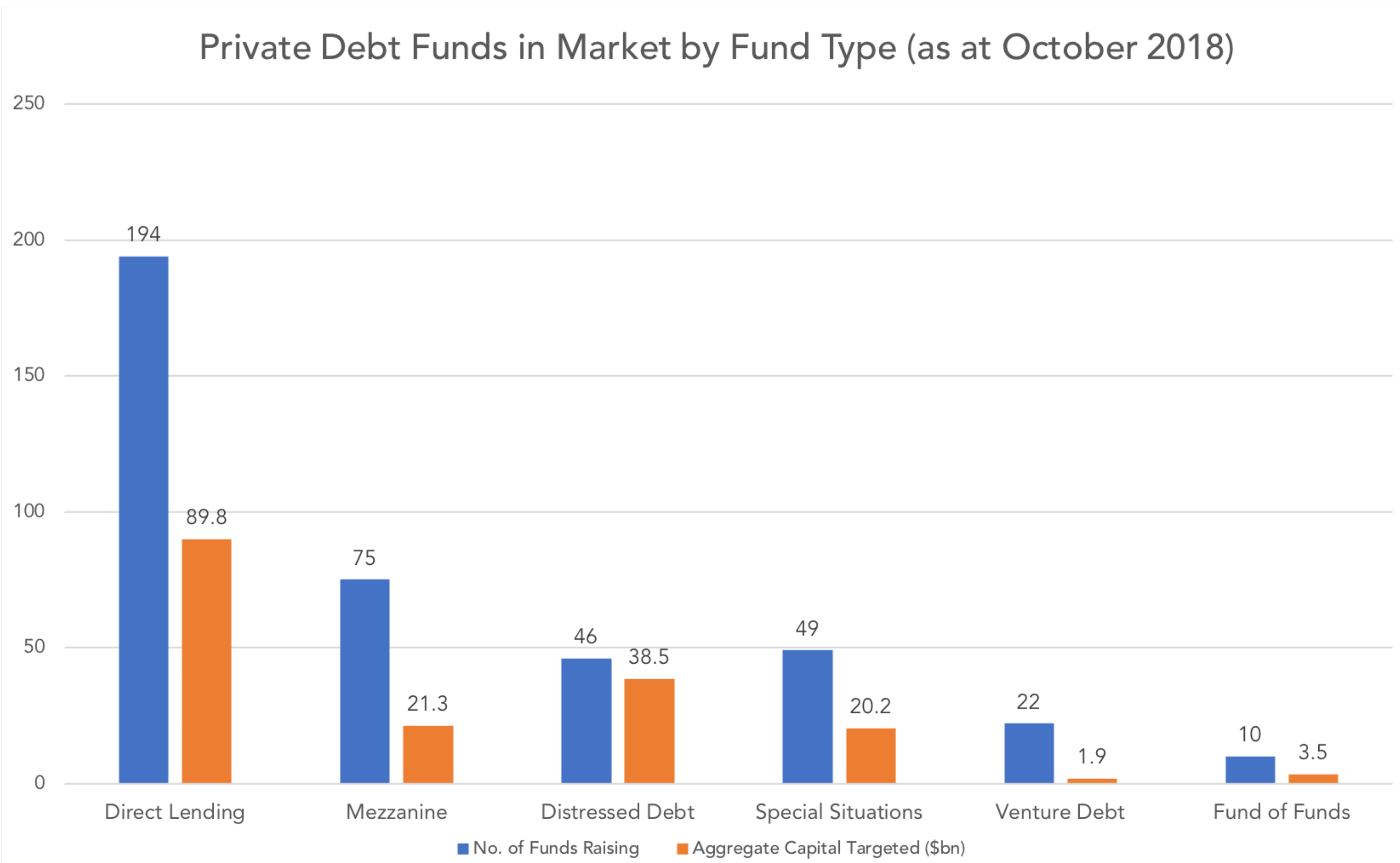
Looking at the Private Debt Funds in Market

Chart



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At the start of Q4 2018, there are 396 private debt funds in market seeking an aggregate $175bn in capital. This represents an increase of seven funds in market than at the start of Q3, but the funds currently in market are seeking $5.0bn less in aggregate capital.

By strategy, direct lending fund make up the bulk of private debt vehicles raising. As at October, there are 194 direct lending funds in market seeking $90bn – representing 49% percent of private debt funds in market, and 51% of total capital targeted. There are a further 75 mezzanine funds seeking a combined $21bn, and another 46 distressed debt funds seeking $39bn.

Geographically, the largest proportion of private debt funds in market are primarily targeting opportunities in North America: as at the beginning of Q4, there are 203 North America-focused vehicles looking to secure a combined $85bn. This is an increase from the beginning of Q3, when there were 169 North America-focused private debt funds seeking $84bn. There has also been a slight increase in Europe-focused private debt funds in market. At the start of Q3, there were 79 vehicles targeting Europe and seeking $40bn in capital; at the start of Q4, there are 102 of these funds with an aggregate target of $62bn.

The largest proportion (47%) of funds in market have been on the road for 13-24 months. A much smaller proportion (19%) of private debt funds take more than two years to reach a final close, while about a third (34%) take a year or less.

The two largest private debt funds in market are both following a distressed debt strategy and are each targeting $5.0bn. Fortress Credit Opportunities Fund V is focused on Europe-based investments, while GSO Energy Select Opportunities Fund II is targeting North America-based opportunities.

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