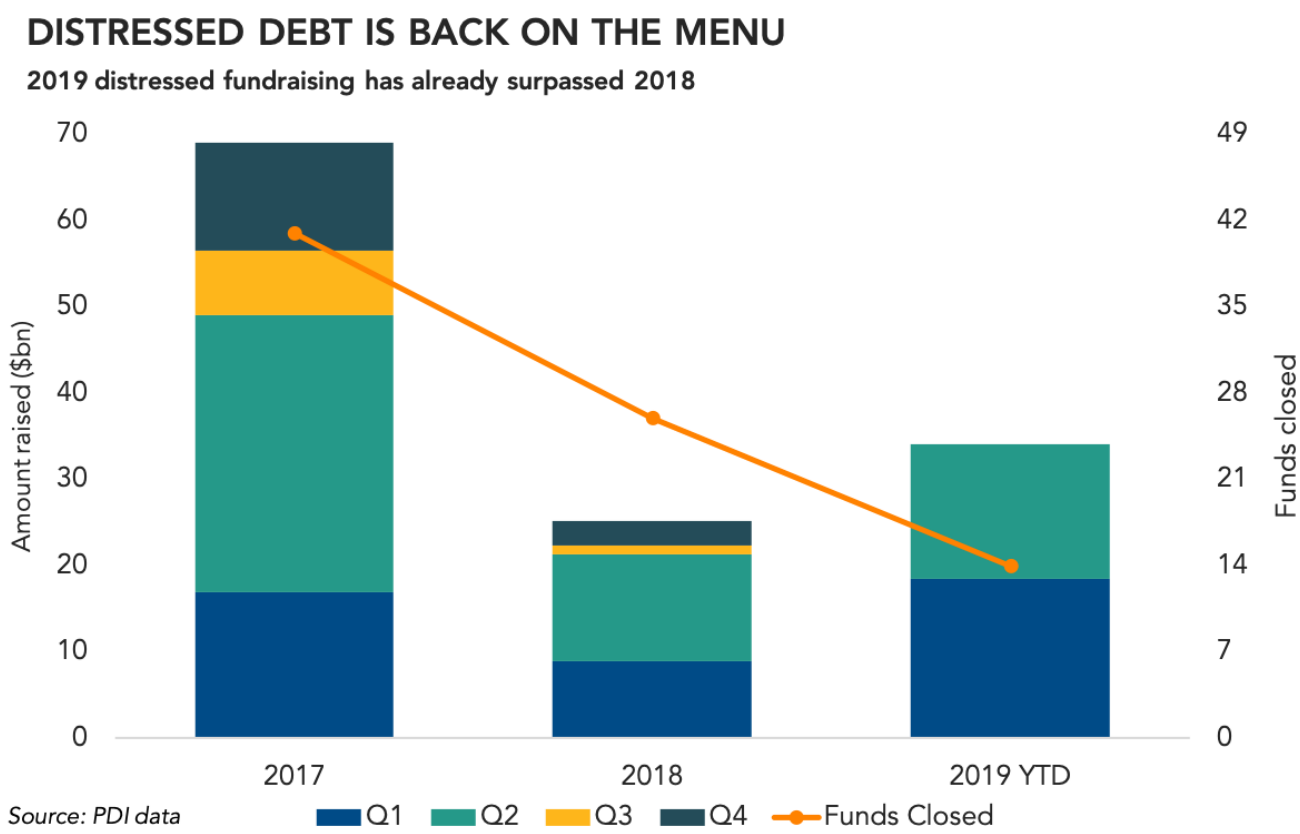
THE LEAD
https://theleadleft.com/pdi-picks-6-24-2019/

Distressed debt grows despite mixed feelings from investors

Private Debt Investor | June 26, 2019



Distressed debt fundraising dropped off in 2018, but numbers from the first half of 2019 indicate that investor appetite is turning around.

In interviews for PDI's upcoming cover story that takes a deep dive into distressed debt, many investors said they weren't interested in the strategy, citing reasons like risk or high valuations. However, the mood surrounding the strategy looks to be changing, as fundraising so far in the first half of 2019 has surpassed that for all of 2018.

Distressed debt managers closed on more than $18.5 billion during the first quarter of this year, and while official second quarter data will start to pour through next week, preliminary results indicating a $15.5 billion haul for the quarter continue to point in a positive direction for the strategy for the rest of the year.

The total raised in 2018 was more than $25 billion, a sharp decline from 2017, which saw more than $68.8 billion raked in.

In the last week alone, approximately $5 billion was raised for the strategy, including final closes from CVC Credit Partners ($1.42 billion), Cheyne Capital Management (€1 billion), HIG Bayside Capital ($1.5 billion) and a first close on more than $1 billion for Ares Management's latest distressed product.

As more distressed funds continue to launch and collect capital commitments, it appears that investors don't want to miss out on the strategy's opportunities, even if the market for distressed investors isn't ideal right now.