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Distressed debt fundraising figures no longer distressing

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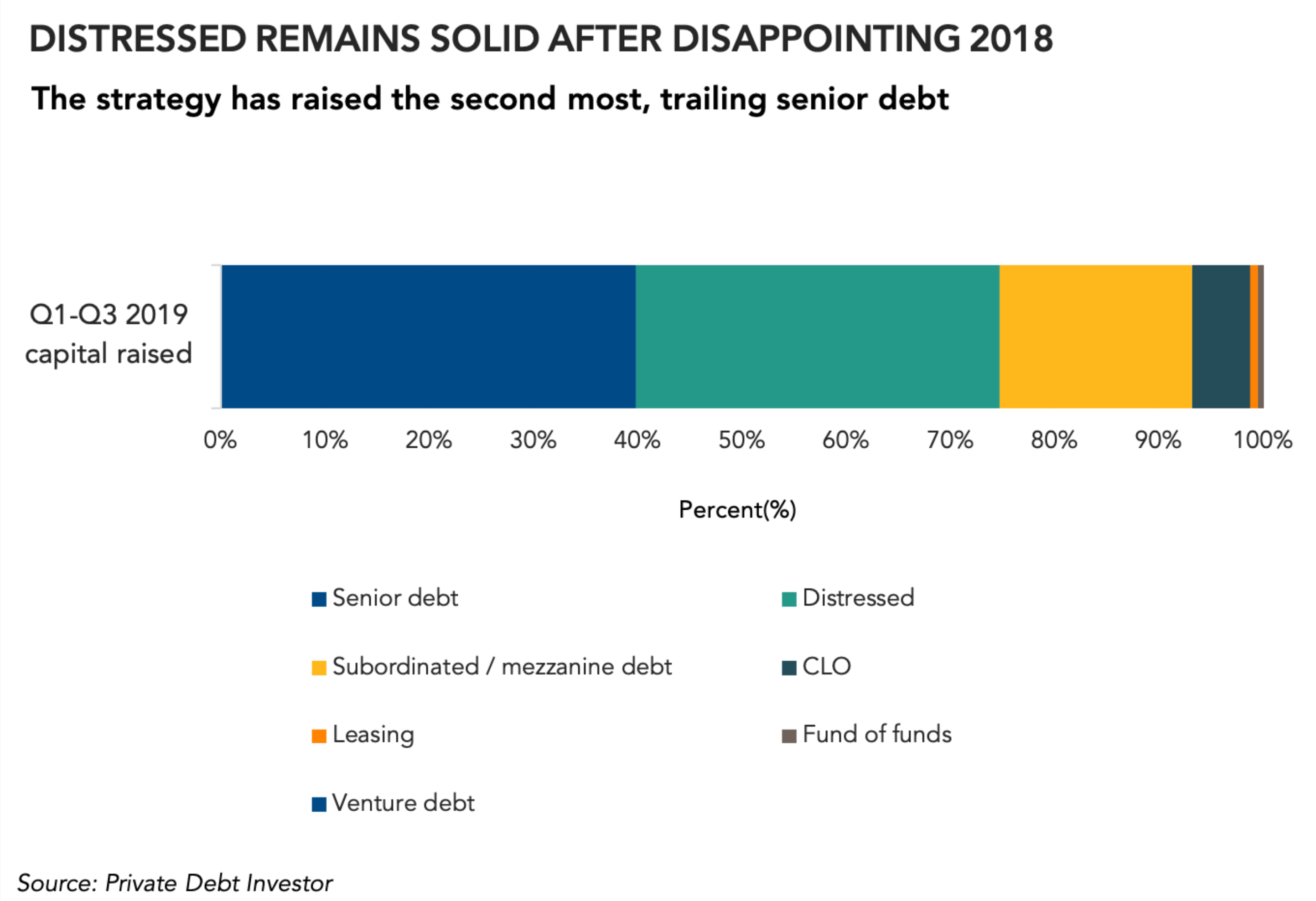

Despite subpar returns from many such funds, the strategy continues to attract LP dollars.

Distressed debt has continued its strong fundraising, with a total of $39.44 billion, or 35 percent, of the $112.69 billion that private credit funds have raised through the first three quarters of the year, according to PDI data.

The strategy is continuing its strong fundraising numbers after a disappointing 16.35 percent of all capital raised last year, some $25.26 billion of $154.44 billion. And this is despite lacklustre returns across even some of the industry's biggest names and at a time of relative famine for these managers.

Distressed debt will probably post strong numbers for the rest of the year too.

JP Morgan Asset Management announced a $1.06 billion special situations global fund close earlier this week, and Bain Capital is seeking $3 billion for its Bain Distressed and Special Situations 2019 fund. In addition, Fortress Investment Group is seeking money for its next flagship Credit Opportunities Fund, which is likely to be a large raise if the almost $5 billion size of Fund IV is any guide.

There is a good chance that distressed will have a comeback in 2019; now if only there'd be dealflow to match the fundraising numbers.