Europe’s renaissance amid the fundraising slump

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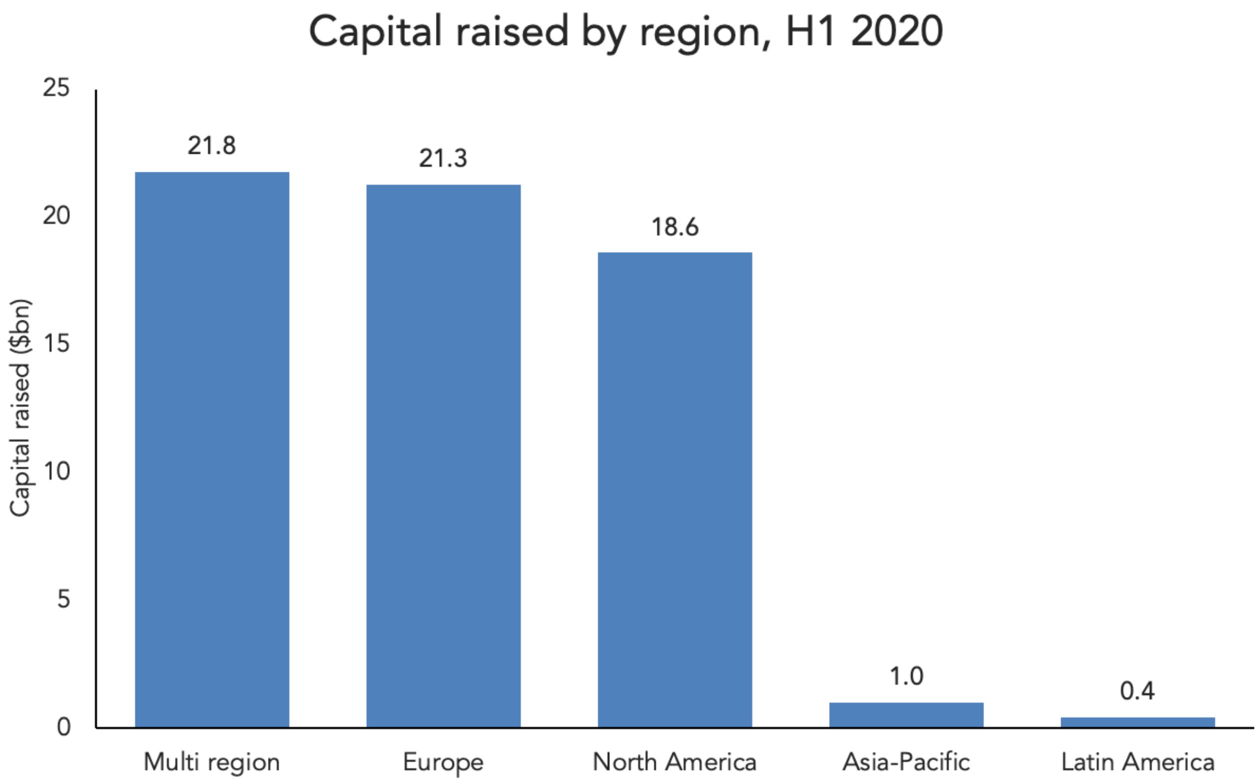

Our final H1 2020 figures show the region grabbing investor attention – at least on a relative basis.

It has not been the brightest of starts to a fundraising year, with just $63.1 billion raised by private debt funds globally in the first half of 2020 according to the latest *Private Debt Investor* figures (adjusted up from the $60.1 billion recorded in the preliminary figures referred to last week). At this stage, it seems very unlikely that last year’s total of $184.6 billion is within reach.

Indeed, however you cut them, the numbers point to a significant reduction in the appetite of investors for private debt. In terms of number of fund closings, only 81 have been recorded so far this year compared with 222 in the whole of last year and 323 in the record-breaking fundraising year of 2017.

Private debt professionals in Europe, however, will note that appetite has not entirely diminished in their part of the world. Having always played second fiddle to the more mature US market, Europe-focused funds accounted for $21.3 billion of capital raised in H1, edging past the $18.6 billion accounted for by North America-focused funds (see chart above).

The European total was buoyed by the largest and third-largest funds closed during the period – GSO's $4.6 billion European Senior Debt Fund II and Ardian's $3.4 billion Private Debt IV fund respectively. Also ranking highly was Macquarie's UK Infrastructure Debt Fund (Inflation Linked) at $3.1 billion.

However, we should always be wary of drawing too many conclusions from a relatively short time period. What we also know from our data is that funds targeting North America and currently in the market are seeking to raise $113.1 billion, while those in market and targeting Europe are seeking $65.5 billion – not much more than half the North American figure. It may well be, therefore, that Europe's turn in the spotlight proves to be a brief one.