# The long and winding road

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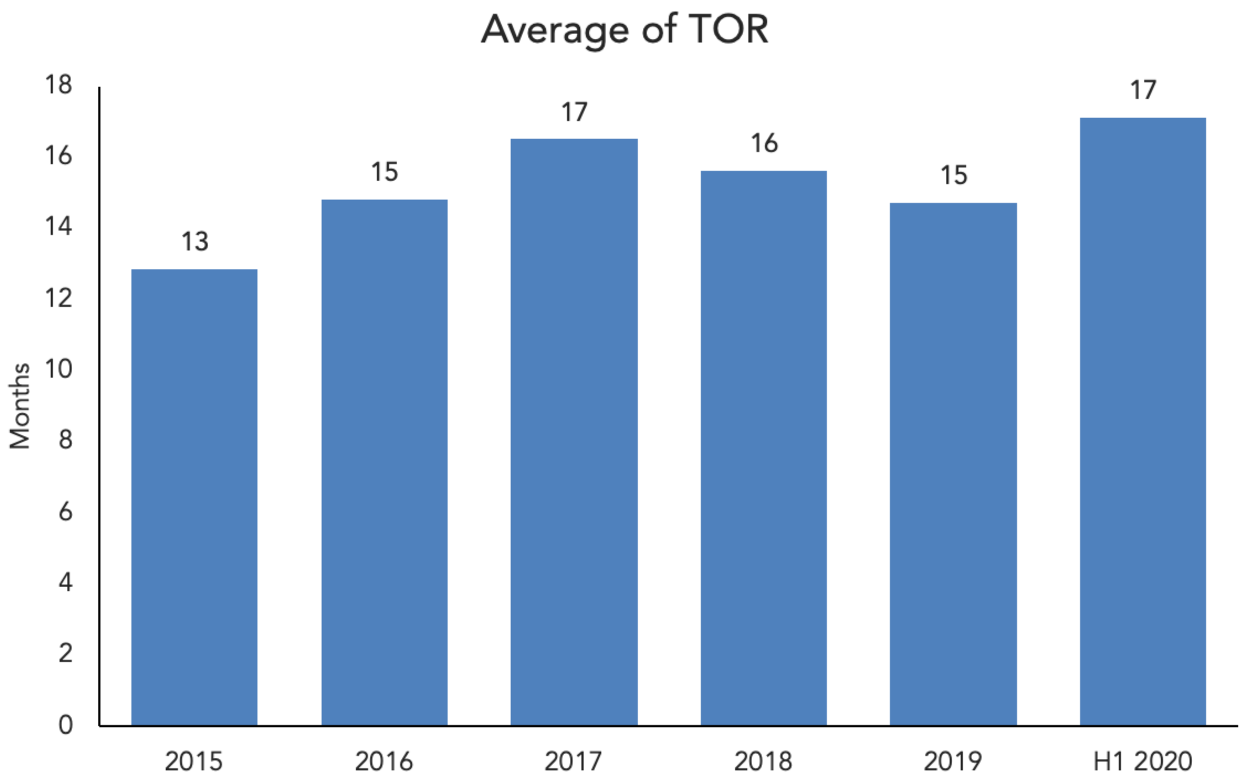


*Fund managers have found it difficult persuading investors to part with commitments during the pandemic, but demand is still strong.*

It's not only economies upon which the covid-19 pandemic is having a slowing effect. As our chart above shows, it's also the speed with which investors are making commitments to private debt funds. The amount of time managers are having to spend on the road before achieving closes was on the rise in the first half of this year.

There are a couple of important caveats in that the chart covers only a relatively limited timespan and the amount of time on the road is only showing a small increase. However, it may be worth noting that dislocation funds accounted for a material portion of H1 2020 fundraising and, in response to a time-sensitive opportunity, they demand that investors make their commitments quickly. Take these funds out of the equation and the average fundraising time would surely increase even further.

Anecdotal evidence would certainly suggest that prising open the wallets of LPs has become a more challenging task. We have spoken to various GP sources who have admitted that a fundraising that may have raced to – let's say – $1 billion by the end of last year, has only inched up to around $1.2 billion now. Interim closes appear to be becoming increasingly incremental and final close targets are getting pushed out further with more vagueness around their target sizes.

It’s unsurprising that covid-19 has made investors more cautious. Whenever a crisis comes along, it’s only natural to take stock for a while before deciding how best to proceed. Added to which, there are the well-documented practical issues – not least remote due diligence. In the same way that fewer houses were being bought when physical viewings were not possible, investors have found it hard to write checks without seeing the whites of fund managers’ eyes.

That said, numerous surveys have confirmed what readers of the *Lead Left* will instinctively know – private debt remains a highly favourable asset class in the eyes of investors. With positives vibes coming from various covid-19 vaccine trials, hopefully it may not be too much longer before the pent-up demand gets released.