Private debt fundraising keeps pace

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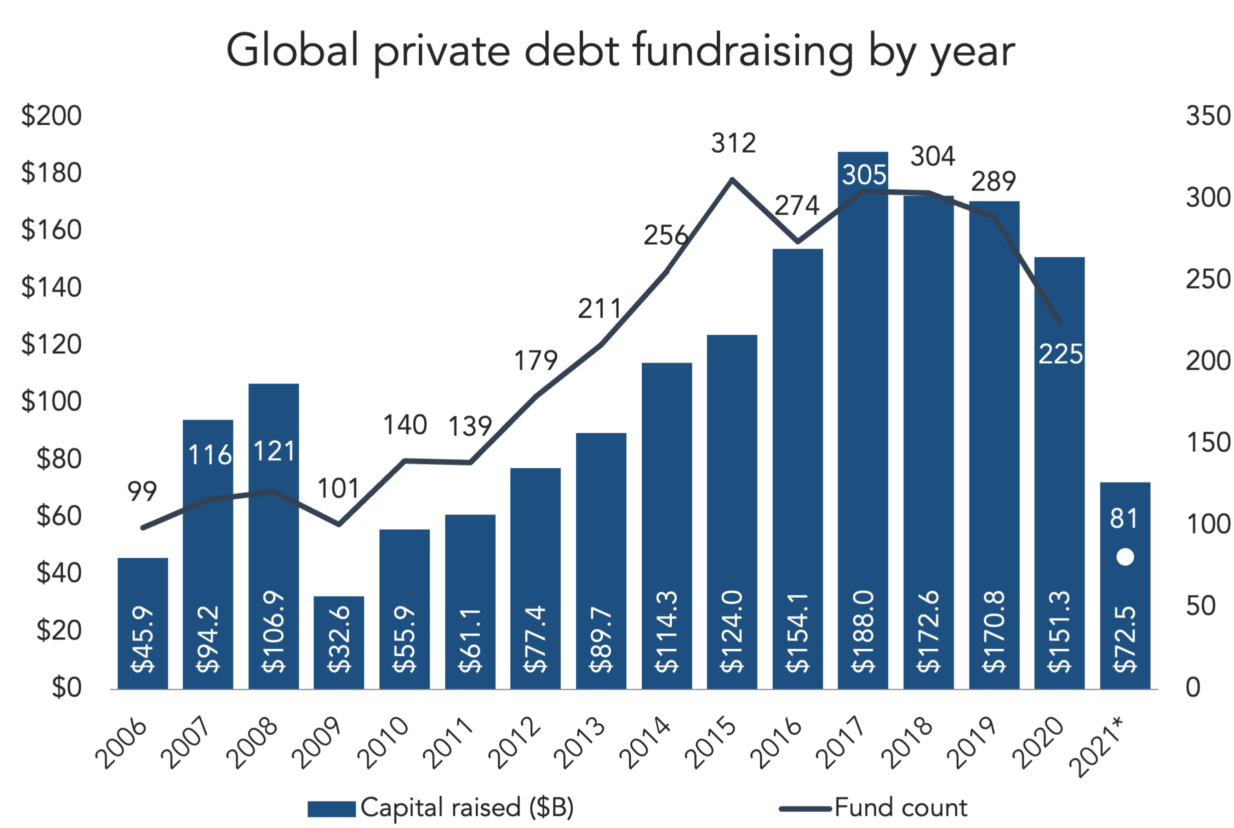

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Globally, private debt fundraising had a strong start to the year. According to PitchBook's just-released Global Private Debt Report, 81 new funds have closed so far this year, worth a combined $72.5 billion. Direct lending continues to be the standout strategy, contributing $33.5 billion to the total. Direct lenders had a so-so 2020 compared to prior years, but the first half of 2021 is running at a faster clip. The 28 new direct lending funds that closed by July 1 are already three-quarters of the amount raised last year. We're also seeing growth in the strategy in Europe, which is seeing rapidly maturing PE and VC markets within its own ecosystem. The largest private debt fund raised so far this year is Eurocentric—Ares Capital Europe V closed on €11 billion, or a little over $13 billion.

If you recall pre-Covid sentiment, there was widespread concern about an overheating private debt market. The "b" word was being tossed around pretty loosely in 2019, and many were worried that private lenders wouldn't be able to pass their first big credit event. The opposite happened under Covid, thanks to discipline and intimate access to sponsors and portfolio company information. With a surprisingly strong performance from lenders, battling one of the most bewildering environments seen in years, LP enthusiasm has only grown for the asset class.

(Past performance is no guarantee of future results.)