Fundraising puts the pandemic in the rear mirror

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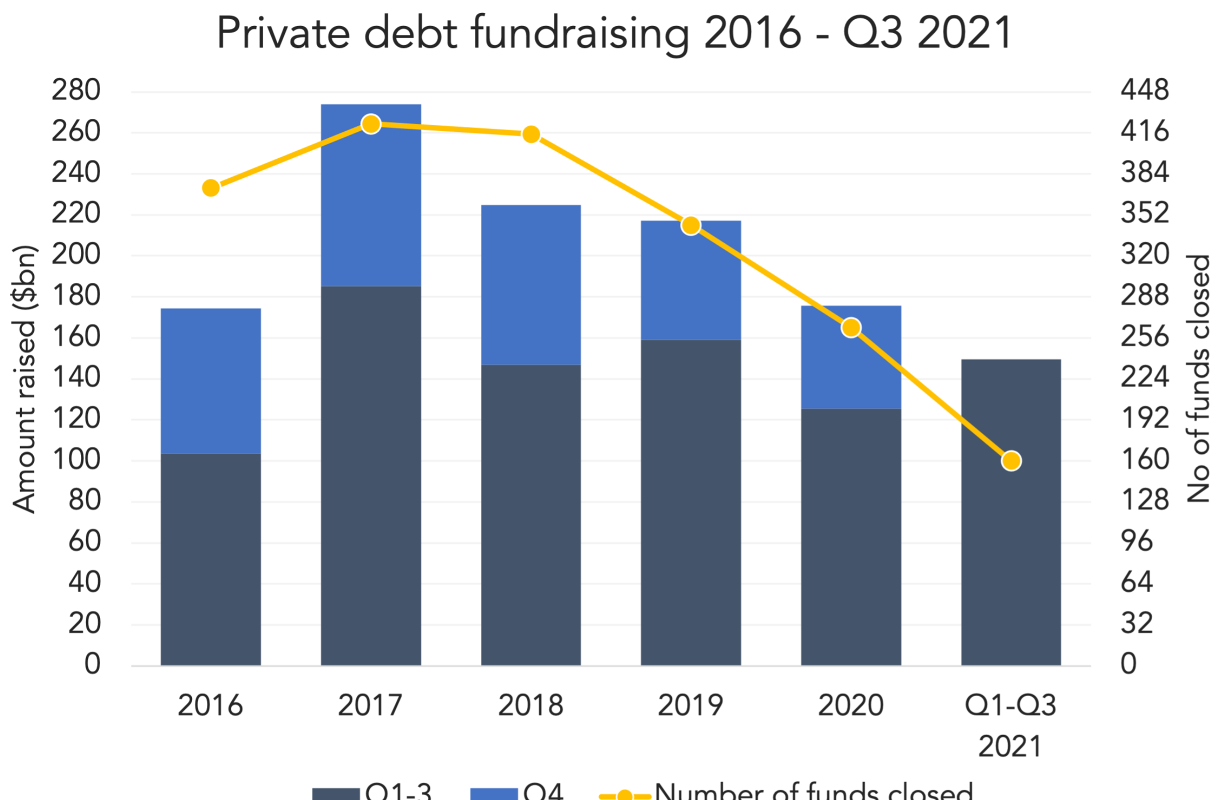

Source: PDI

The year as a whole looks set to move comfortably past the total raised in 2020.

Private debt fundraising had a tough time of it last year, fighting its way through the challenges of covid-19 and the enforced remote due diligence that it brought in its wake, to an eventual total of $176.5 billion. This was a respectable haul of capital under the circumstances, but short of the $217.1 billion collected in 2019.

This year, fundraising appears to be back on track. According to our latest figures at *Private Debt Investor*, the first nine months of this year saw $149.6 billion of capital raised, compared with $125.6 billion at the same stage of last year. Only around $27 billion needs to be raised in the fourth quarter for 2021 to be a more prolific fundraising year than 2020 – in all likelihood, a lot more than that will be gathered.

Although it hasn't necessarily been reflected in the fundraising totals in recent years, the appetite of limited partners for private debt has only grown larger. This was certainly the message from our recently published *Global Investor 30*, a ranking of the largest investors in the asset class. It found that, between December 2019 and December 2020, the private debt allocations of the top 30 LPs rose by around 50 percent from just over $303 billion to almost $453 billion.

Top of the tree in the Global Investor 30 was TIAA. While a huge supporter of the asset class, TIAA's managing director and head of fixed income/general account organisation, Emilia Wiener, had some words of caution to offer:

"My experience tells me investors can get out the other side of credit cycles with manageable outcomes as long as you make the right decisions going in and you stay vigilant to developing trends. We're heading into a difficult situation now with supply chain challenges. The pandemic was a top-line problem which has now evolved into a supply chain problem leading to cost issues for borrowers.

"People need to stay vigilant in the face of these changes and retain the flexibility to pivot to invest elsewhere when certain areas get overheated."

(Past performance is no guarantee of future results.)