Private Debt Intelligence – 6/6/2022

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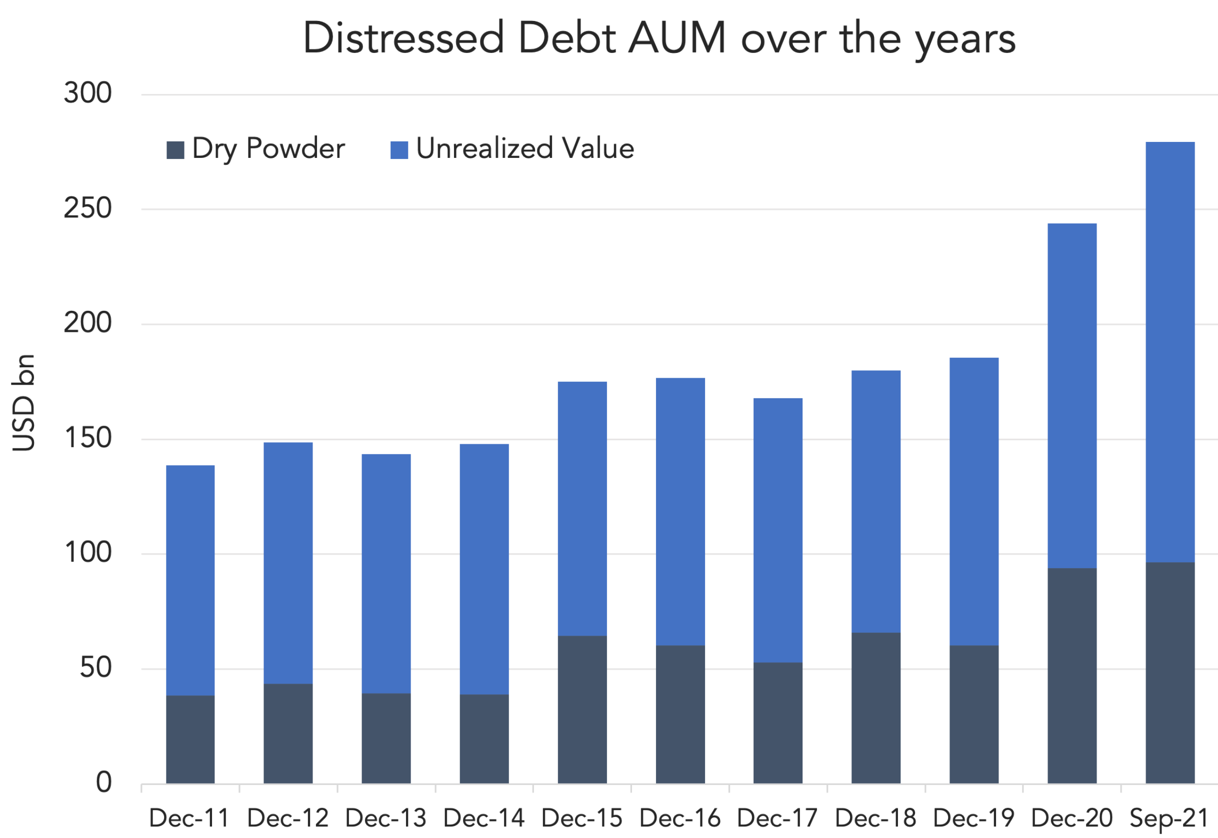
Distressed debt funds witness dry powder build-up post Covid-19 recession

Chart



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Dry powder for distressed debt globally has been growing over the past decade. In September 2021, dry powder made up 35% of the total distressed debt AUM – higher than its historical 10-year average of 32%. This build-up is likely due to the record capital raised by distressed funds in 2020 ($46bn) and 2021 ($44bn) in anticipation of increased opportunities arising from the economic fallout of COVID-19. The ratio of dry powder to AUM peaked at 39% at the end of 2020, indicating that fund managers are managing to put their capital to work.

(Past performance is no guarantee of future results.)

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