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Fundraising hits a new low

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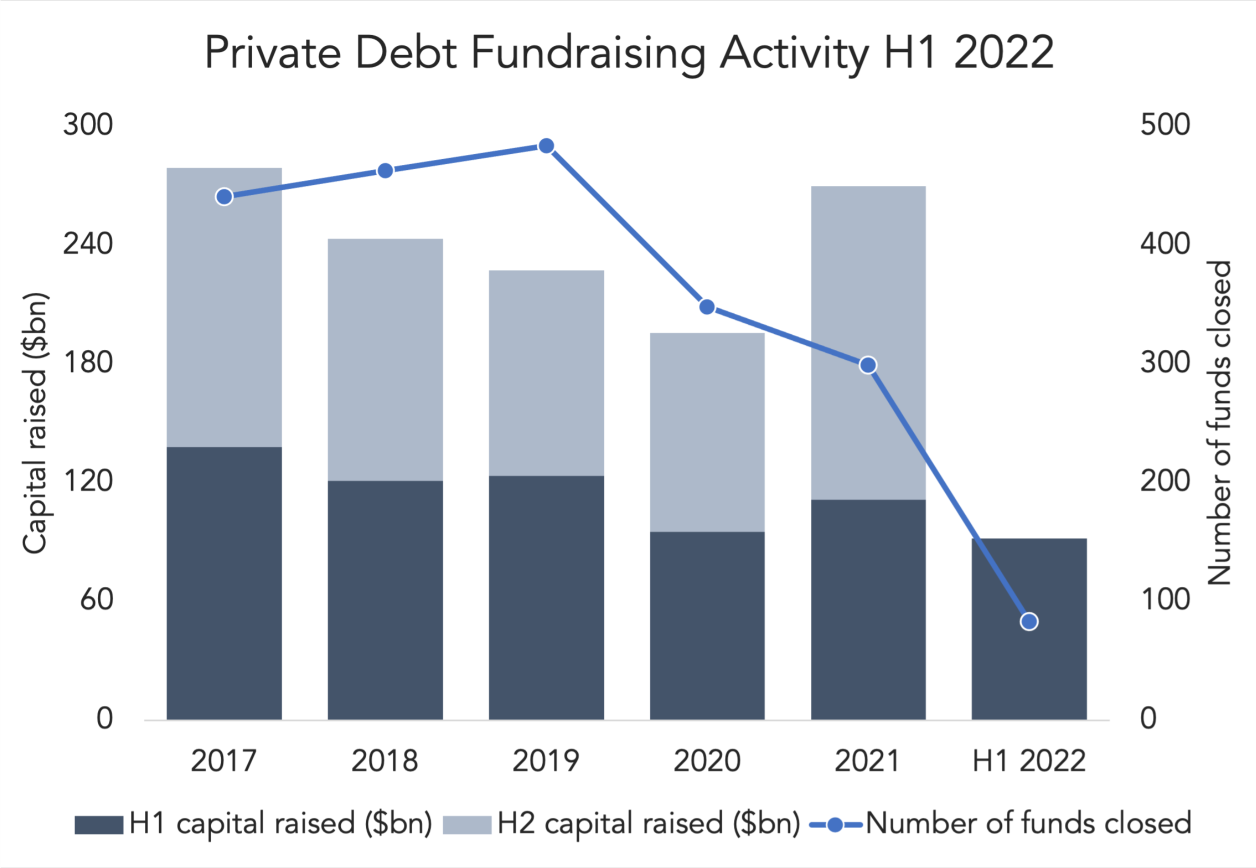

Raising capital in the first half of this year was even tougher than at the height of the pandemic, but fund sizes are at all-time highs.

First-half fundraising among private debt funds in 2022 is the lowest it has been in our sample at $91.9 billion, even slightly lower than the first half of 2020 when the covid-19 pandemic first rocked world markets, according to *Private Debt Investor* data.

However, in 2021 the bulk of fundraising activity took place in the second half of the year. If a similar trend takes place this year then fundraising figures could catch up by year end.

The number of funds raised increased somewhat in Q2 versus Q1 but remains low, reflecting the long-term trend of a smaller number of large players dominating the market.

While senior debt vehicles were dominant in 2021, making up almost half of all funds raised, subordinated debt has seen a revival this year, and in the first half senior and junior debt had a roughly equal share of the market.

Distressed debt fundraising remains relatively low at 17 percent. However, it is thought the opportunity for distressed debt has largely passed in the current cycle and the large amount of funds raised in 2019 means many LPs will be fully allocated to this strategy for now.

Average fund size hit $1.5 billion in the first quarter of 2022 when a small number of very large funds achieved final close. This has begun to come down in the second quarter. The H1 2022 average remains historically high, however, at $1.1 billion.

With no signs that the current trend is going to let up, and numerous very large funds currently in market, it seems 2022 will set new records for average fund size.

(Past performance is no guarantee of future results.)