Private Debt Intelligence – 10/17/2022

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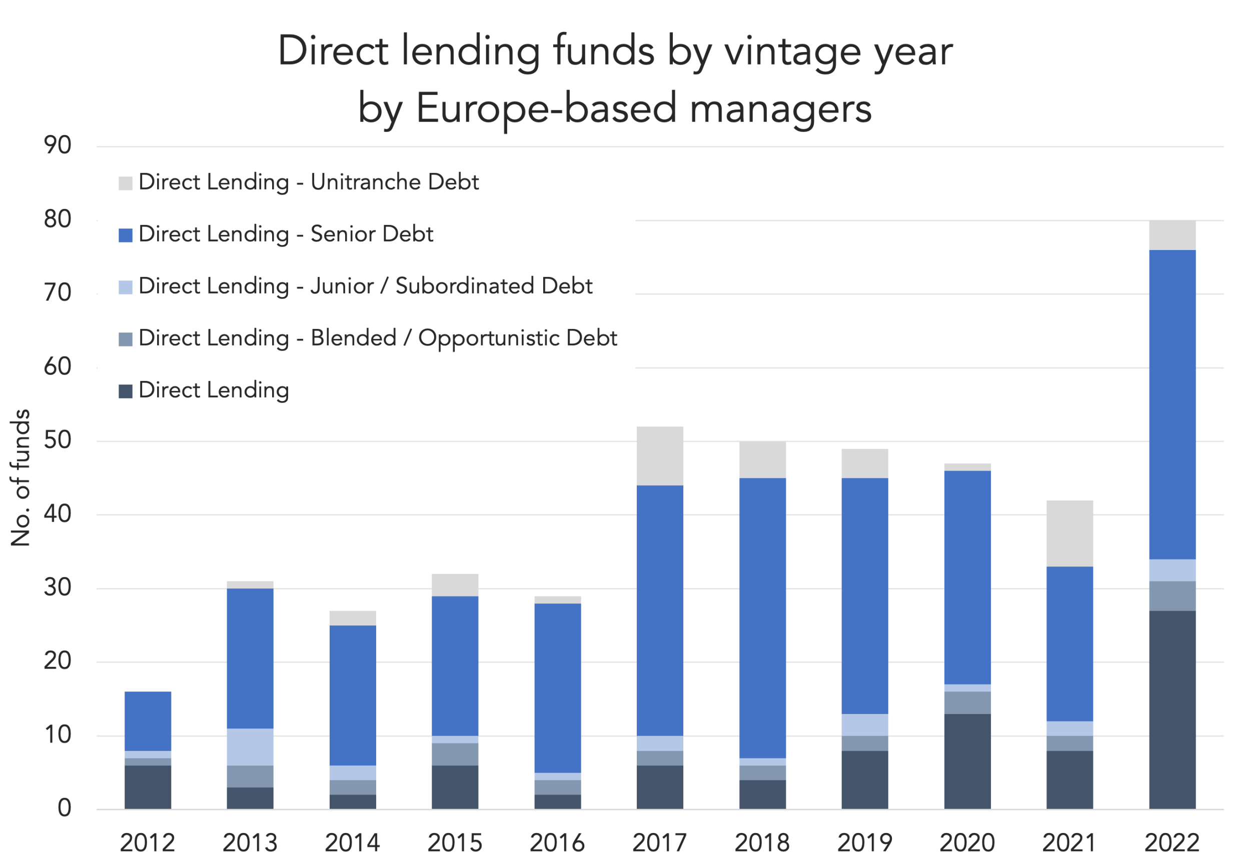
Direct lending funds in Europe enjoy post-pandemic boom

Chart



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The number of direct lending funds has hit a new record. Europe-based managers have launched 80 funds so far in 2022, almost double the full-year figure for 2021, when 42 funds were raised. Whilst fund managers have been successful across a range of direct lending strategies, the largest is funds focused on senior debt, which has a lower risk profile and has accounted for more than half the funds raised each year for the past decade. The proportion of funds targeting higher-risk, higher-return strategies – including junior/subordinated and unitranche debt – has declined in recent years, though this has been offset by a rise in generalized direct lending funds, which may indicate a preference of investors to allow fund managers flexibility in a fast-moving market.

(Past performance is no guarantee of future results.)

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