Fundraising's tale of two halves

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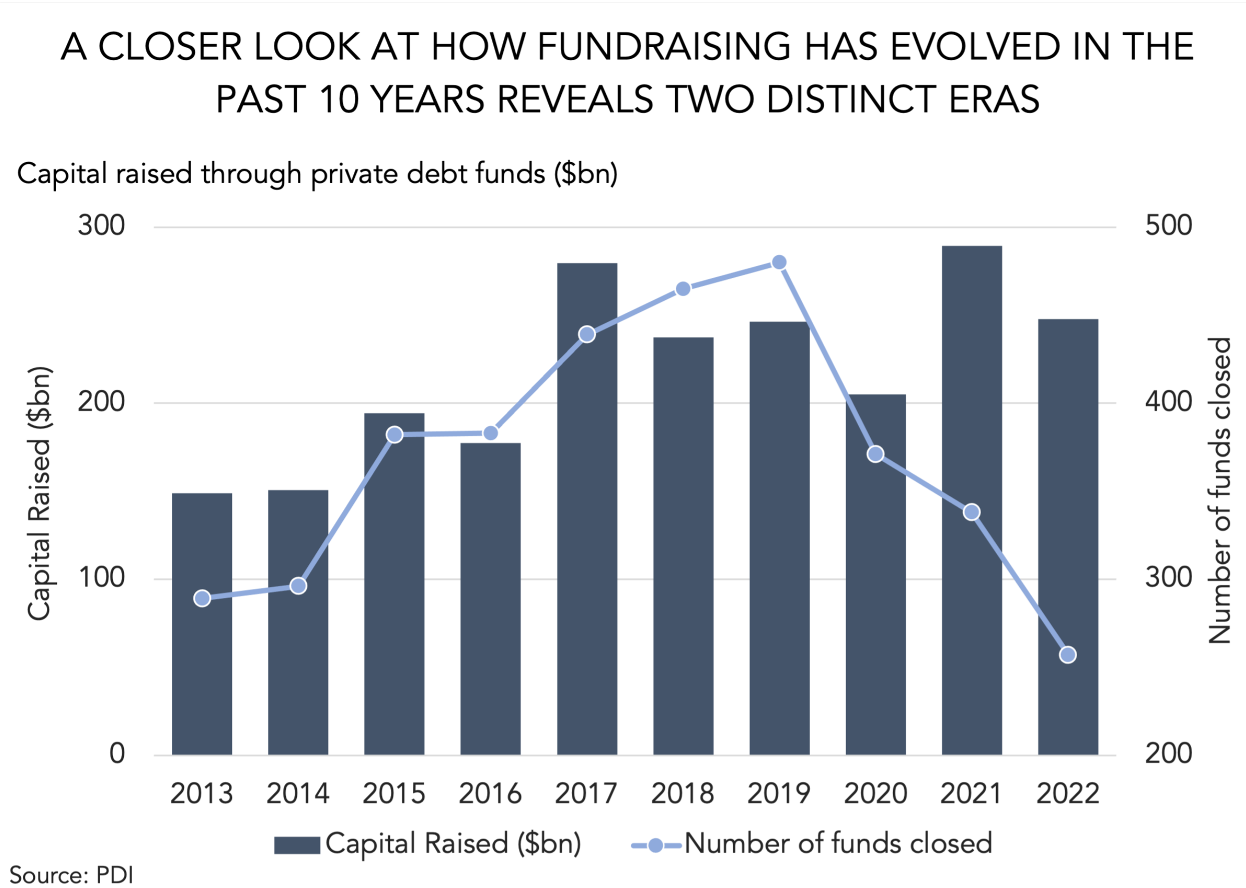

Looking back over the last decade reveals a phase of uninterrupted capital growth, followed by a less predictable period.

Since *Private Debt Investor* launched a decade ago, we have closely tracked fundraising for the asset class across its evolving array of strategies. We have witnessed the meteoric rise of an asset class that was considered a small, niche proposition in the 2000s into a major offering that has attracted many of the biggest private markets firms and institutional investors in the world.

The past decade of private debt fundraising shows an industry reaching maturity. Fundraising has proven to be resilient through several years of difficult macroeconomic conditions, the number of active managers in the asset class appears to have settled, and big brand names have become established. The future also looks bright. With other sources of financing, such as banks, continuing to suffer from volatile market cycles, the business world will continue to look to alternative lenders for stability.

Back in 2012, closed-ended private debt funds secured just $101.6 billion of capital from LPs. This rapidly increased to reach $279.5 billion in 2017, often seen as a landmark year for the asset class. This was driven primarily by a large proliferation of new fund managers, and the number of funds closed increased every year between 2013, when 289 vehicles closed, to 480 fund closes by 2019.

But the second half of the decade has been different. The amount of capital raised has become choppier, dipping to $205.1 billion in 2020 as the covid-19 pandemic disrupted the fundraising process for many managers, and reaching a new peak the following year with €289.4 billion raised. The number of fund closes also began to decline sharply after 2019. Just 257 funds closed in 2022, down by almost 50 percent from its peak.

The 10 largest fundraisers of the past 10 years have raised more than $600 billion between them. Three funds raised breached the $10 billion mark, with the other top fund closes each raising more than €5 billion. Among the top names in private debt many were already familiar names in the private equity world, but there are also firms that have carved a name for themselves focusing on the debt space.

(Past performance is no guarantee of future results.)