Another strong year for private debt

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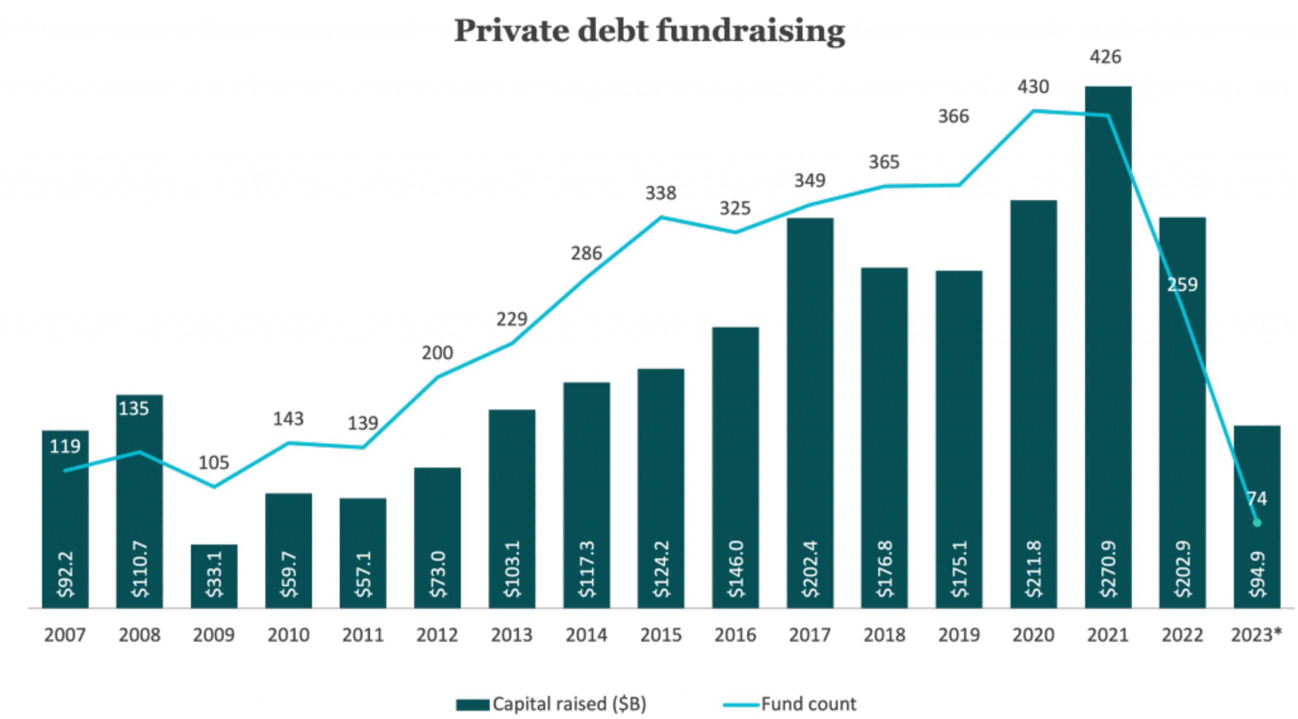

Download PitchBook's Report here.

Private debt fundraising is off to a strong start, according to PitchBook's just-released H1 2023 Global Private Debt Report. At halftime, almost $95 billion has been raised across 74 funds. That pace is ahead of last year's, which makes us confident that fundraising will eclipse $200 billion by the end of the year. If it does, it will be the fourth consecutive year over that threshold. The report also notes that private debt has supplanted venture capital as the second biggest private market strategy in terms of fundraising totals. It's partner in crime, private equity, is the only bigger strategy.

A notable "down" trend in the data is the amount of money going to new lenders. Just $1.7 billion was raised by first-time funds through June, and there were only ten such fund closings. Between 2014 and 2021, there were at least 50 first-time funds raised each year, with typical fundraising totals between $8 -$10 billion. The past two years have halted that trend, as LPs have gravitated toward experienced managers in a big way. 92% of 2021 fundraising went to experienced managers, while 87% is going to them so far this year. Private debt is turning into a powerhouse strategy as investment banks retreat from LBO financing, and LPs clearly prefer bigger, experienced GPs to lead the way.

(Past performance is no guarantee of future results.)