Dry powder presents a deployment challenge

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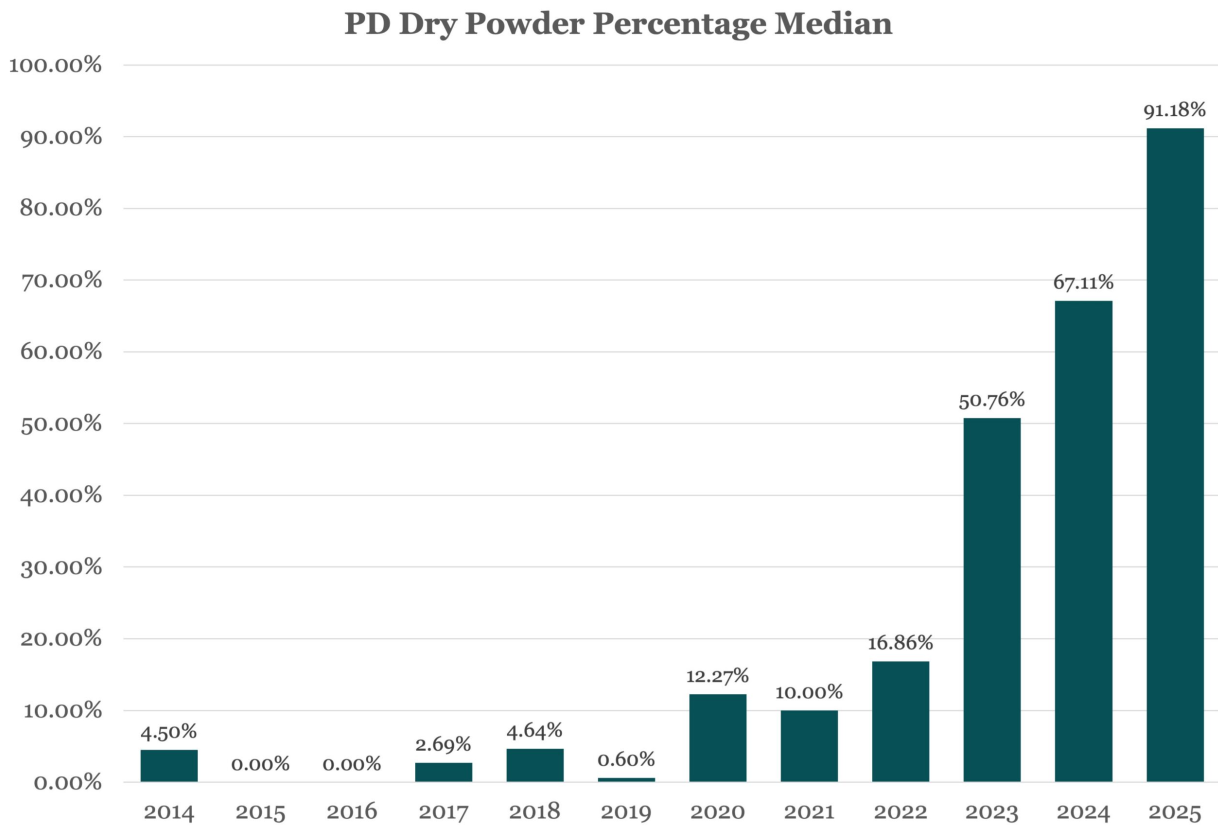

Hopes of a significant M&A upturn will need to be realised to address a growing capital supply and demand imbalance in private credit.

While other alternative asset classes have had their fundraising struggles, those raising capital for private credit have almost never had it better. Our full-year fundraising figures for 2025 showed private credit fundraising globally reaching its second-highest ever total at almost $357 billion, not far behind the 2021 record of just over $375 billion.

With last year's total just edging past the $355 billion tally recorded in 2024, it's clear that the overall trend is one of private credit fund managers taking full advantage of strong investor appetite for the asset class (52 percent of investors told our *Investor Report* they plan to invest more in private credit this year).

But is this necessarily healthy? In an environment in which the M&A market has been muted for several years, our chart indicates that a mountain of dry powder (capital raised but uninvested) has been building up – a trend that has rapidly accelerated since 2023.

Looking back to 2019, and the years that preceded it, there was a near-perfect balance between the supply of capital and demand for it from borrowers. That may not be the case now.

There are those who believe that the M&A market is picking up. But predictions of a significant upturn have been around for quite some time now and it’s early days to be confident of a resurgence.

In the meantime, that pile of unutilized capital (upon which, let’s remember, fees may be charged) keeps on getting bigger.

This and many other aspects of alternative assets fund performance – including specifically private credit – may be found here.