Preqin Private Debt Intelligence – 7/11/2016

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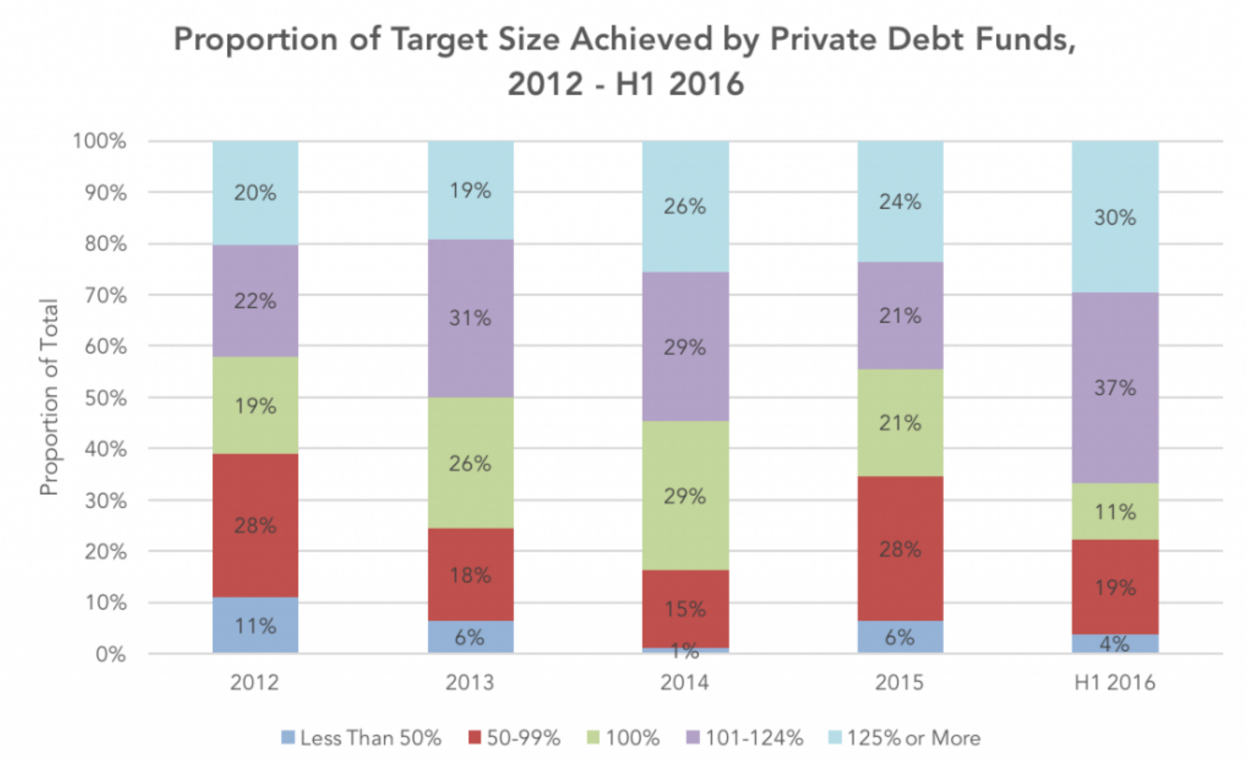
Private Debt Industry Achieves Greater Fundraising Success in H1 2016

Although private debt fundraising in Q2 2016 has not matched the record levels seen in recent quarters, H1 2016 as a whole has seen a record proportion of funds exceed their initial target size. The period has also seen a diminishing number of funds fail to reach their stated target by the time of final close, as fund managers enjoy continued investor interest.



Through the first of half of 2016 almost a third (30%) of private debt vehicles to close raised 125% or more of their fundraising target, more than in any of the past four years. At the same time, 37% of funds closed achieved 101-124% of their initial target size, another high. As a consequence, more than two-thirds (67%) of private debt funds closed in H1 2016 exceeded their target size to some degree, while a further 11% raised 100% of their stated target. This marks an increase of 22 percentage points from vehicles that exceeded their targets in 2015, and represents a substantial increase from the previous high of 55% in 2014.

The successful fundraising process managed by the majority of funds closing in 2016 is mirrored in the small proportion of funds that failed to reach their targeted capital commitments. Just 22% of funds did not achieve their size objective through H1, compared to over a third (35%) in 2015, and 39% in 2012.

The fundraising success enjoyed by private debt fund managers in the opening half of 2016 is testament to the sustained investor appetite for the asset class. However, it must be noted that overall fundraising levels remain down on the previous few years, with far fewer funds reaching a final close. While experienced managers are able to quickly raise large amounts of investor capital, inexperienced managers face a more challenging landscape, and must be prepared for a long and difficult fundraising process.

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