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Private Debt Intelligence – 4/24/2017

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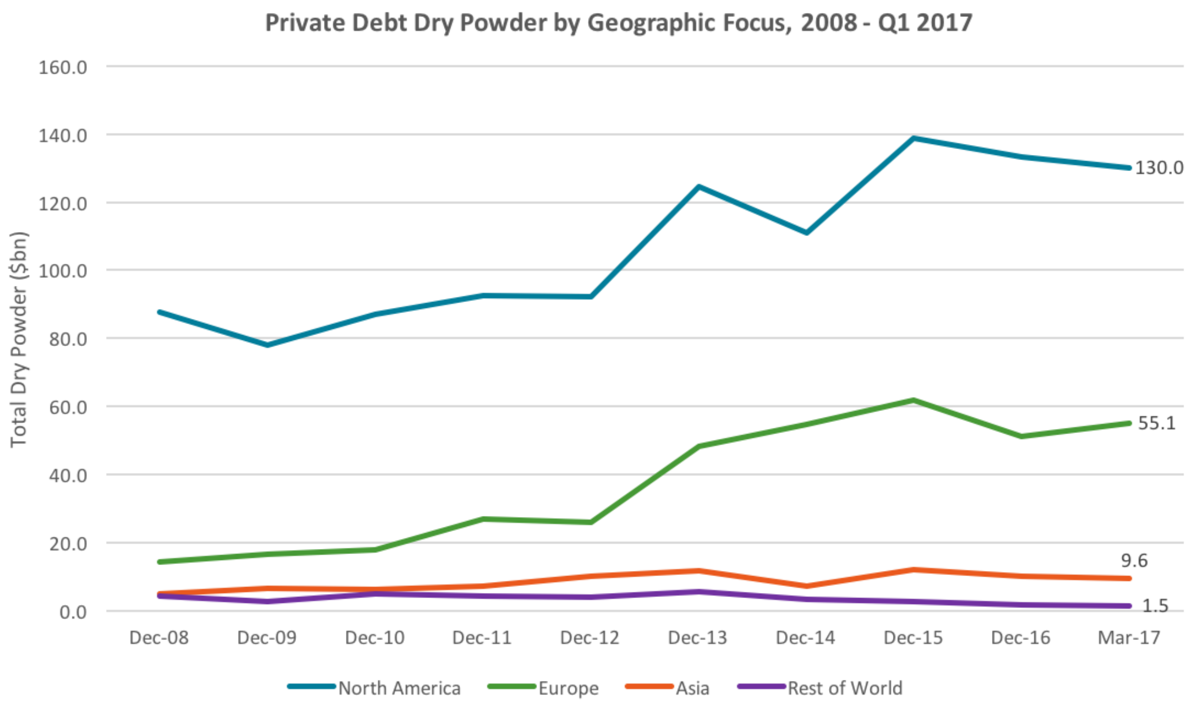
Private Debt Dry Powder by Geographic Focus



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While fundraising has been strong in recent years, private debt managers are managing to deploy capital at a similar rate to securing commitments from investors. As such, the level of dry powder has remained relatively constant in recent years, but has risen notably since the end of 2012.

As at March 2017, private debt manages globally hold more than $196bn in dry powder, up $200mn from December 2016, although this marks a decline from the record high of $215bn seen at the end of 2015. The growth of the industry as a whole is evident from the surge in dry powder over the past few years; capital available to private debt firms has risen 49% since the end of 2012 when dry powder stood at $132bn.

North America-focused funds have $130bn in available capital; this figure is down over $3bn from December 2016, but still accounts for two-thirds of the total dry powder available to the asset class. Vehicles focused on Europe have added more than $4bn in aggregate dry powder over the same time period, with $55bn currently available for investment. Dry powder levels for Asia- and Rest of World-focused funds declined slightly over Q1 2017, and currently stand at $9.6bn and $1.5bn respectively.

The fundraising pipeline remains robust for the private debt industry with 284 vehicles on the road seeking an aggregate $112bn of investor commitments at the start of Q2 2017. As such, fund managers will hope to sustain the plentiful levels of capital available to invest, and dry powder could increase if they are not able to match or increase their current rate of deployment.

North America and Europe remain the most targeted regions in the industry, from both a fund manager and institutional investor perspective, but it will be interesting to see if the uptick in interest in the Asian markets translates into greater fundraising and increased dry powder.

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