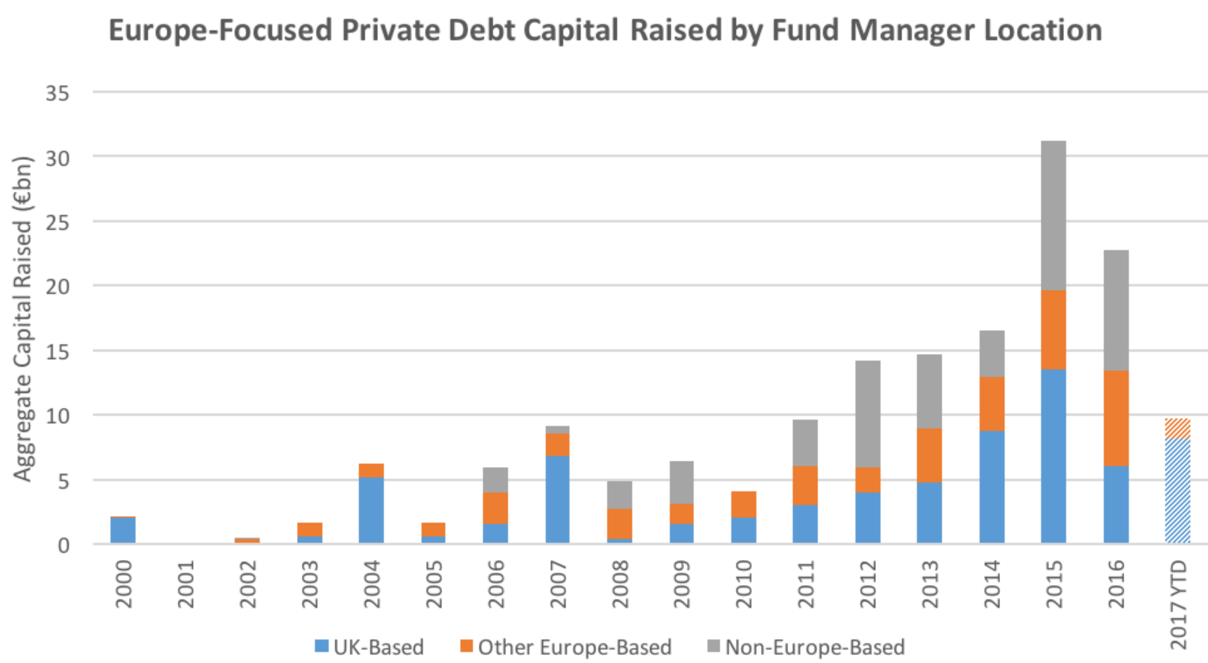
Private Debt Intelligence – 5/29/2017

THE LEAD | May 31, 2017

The UK vs Europe: Private Debt Fundraising

Chart



Download Data

[wpdm_package id='12708?]

Europe-focused fundraising has typically been driven by vehicles based in the UK: since the start of 2010, UK-based funds have raised a cumulative €50bn in investor commitments, compared to the €30bn secured by funds based in the rest of Europe. When Europe-focused fundraising recorded its highest-ever annual fundraising totals in 2015, UK-based funds secured over €13bn, more than twice the €6bn raised by funds based in the rest of Europe. In both cases, 2015 marked a record fundraising year.

In part, this reflects the differing nature of the private debt industry across Europe. Firms based in other West European or Scandinavian countries more typically raise funds which are smaller in size, limited in scope, and focus primarily on domestic investment. UK-based funds, while comprising an element of this market, also sees firms raising much larger generic pan-European vehicles, looking to opportunistically invest across the region.

This pattern mimics fundraising from external firms, primarily managers based in the US which raise Europe-focused vehicles. Fundraising activity tends to be larger but more variable year-on-year: UK-based funds raised €13bn in 2015, €6bn in 2016, and €8bn in the first 5 months of 2017. It contrasts with fundraising in the rest of Europe, which has seen smaller but more consistent fundraising totals.

This balance of activity has been prevalent since the Global Financial Crisis, but may be changed with Britain's exit from the European Union. Many UK-based firms will have investor bases across Europe, and if the free movement of capital to the UK from these investors is not agreed then some managers will face significant barriers to fundraising. In that event, we may see firms relocating, and the balance of fundraising shift accordingly.

Contact: William Clarke
william.clarke@preqin.com