Private Debt Intelligence – 11/13/2017

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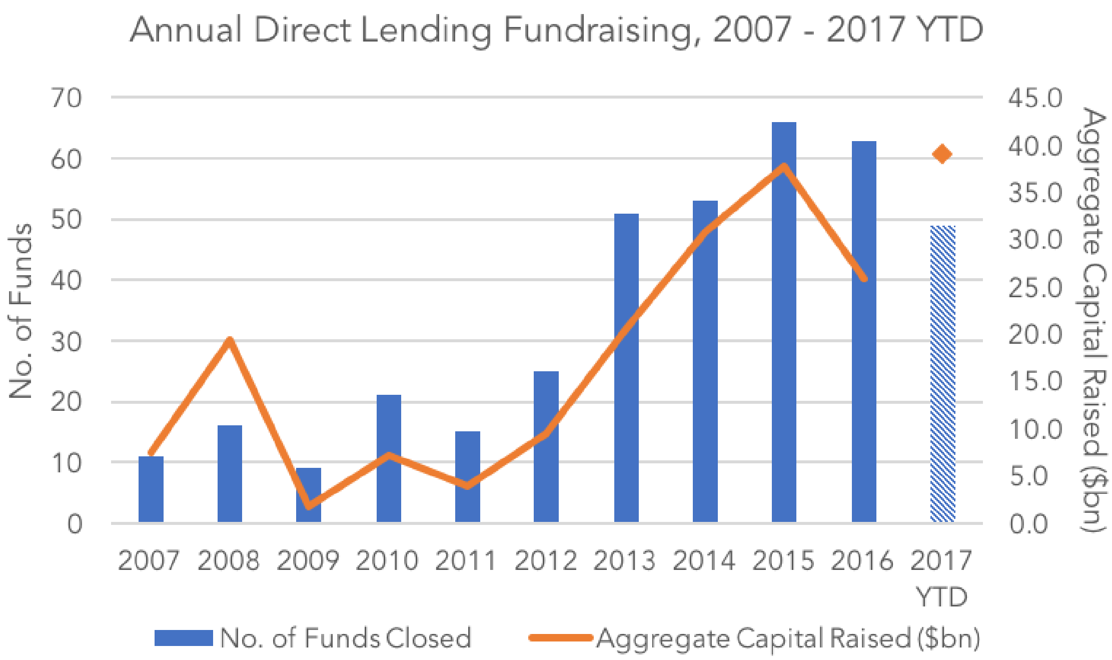
Direct Lending Sees Record Fundraising

Chart



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Private debt fund managers have experienced increased fundraising success, and the direct lending industry has especially benefitted from high levels of fundraising activity in recent years. Direct lending has already seen record fundraising levels in 2017, and aggregate capital raised in the year has already surpassed the capital raised in all of 2016. In fact, in 2017 YTD, 49 funds have held a final close, securing an aggregate $39.0bn in capital. While the number of funds closed is still lower than that of 2016 when 63 funds closed, 2017 has already exceeded the previous record $37.8bn raised in the whole of 2015. Additionally, average fund size has steadily climbed since 2011, except when it dipped slightly in 2015 and then again in 2016. Thus far in 2017, average fund size is around $795mn.

Dry powder is also at a record high. As at March 2017, direct lending dry powder stands at $69.7bn – a significant increase from December 2016 when it was $59.2bn. This follows the trend we've seen with private debt, which also has seen increasing amounts of dry powder over recent years. Industry-wide private debt dry powder stands at $232.2bn as at March 2017.

Direct lending fundraising looks set to continue seeing success and the largest proportion of private debt funds in market are direct lending vehicles. Of the 325 private debt funds in market as at November 2017, 154 are direct lending vehicles which have an aggregate target of $64.8bn. By comparison, there are 43 distressed debt funds in market and 61 mezzanine vehicles, targeting an aggregate $35.8bn and $23.9bn, respectively.

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