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Private Debt Intelligence – 2/12/2018

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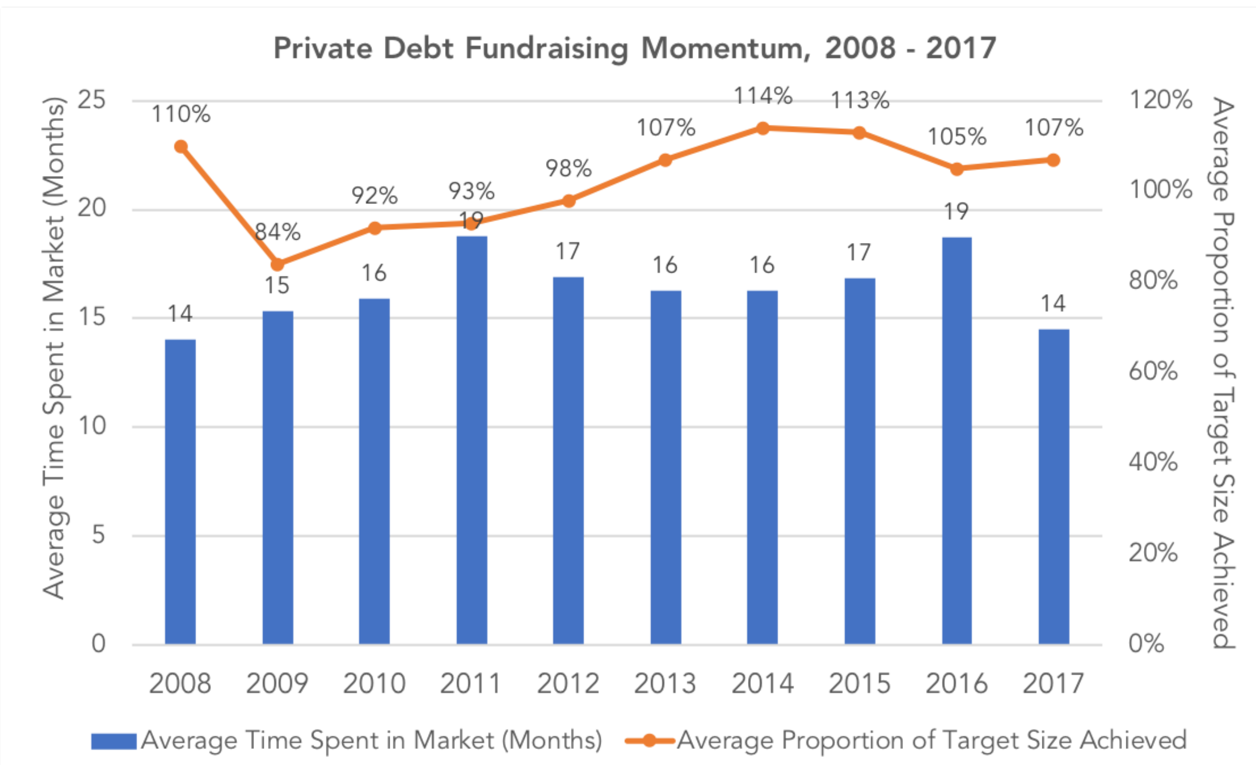
Private Debt Fundraising Momentum

Chart



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Private debt funds achieved final closures in 2017 faster than in any year since 2008, taking an average of 14 months to reach a final close. This is a sharp drop from 2016, when funds took an average of 19 months to reach a final close – the highest average of any year, except for 2011 when funds similarly took around 19 months to close.

This drop also comes after three years of consistent growth in average time spent in market.

In fact, the largest proportion (45%) of private debt funds took less than 12 months to reach a final close. Thirty-seven percent of vehicles closed in 12 to 23 months, while 18% did the same in 24 to 35 months. No fund closed in 2017 took over 35 months to do so.

As fundraising became quicker in 2017, so did fundraising success. On average, private debt funds surpassed their target by 7% in 2017, whereas in 2016 funds secured 105% of their target. 2014 saw the highest fundraising success, with funds surpassing their target with an average 14%. Unsurprisingly, funds closed in 2009 saw the least fundraising success with vehicles closed that year on average achieving 84% of their target.

The speed and fundraising success of private debt funds in 2017 are encouraging signs for fund managers, especially at a time in which the industry is experiencing an increase in market crowding. Additionally, although concerns of potential investor hesitation began to creep into conversation in 2017, private debt fundraising has seen a record year in terms of aggregate capital raised, as well experiencing both speed and success.

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