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Asia-Pacific: Down but not out

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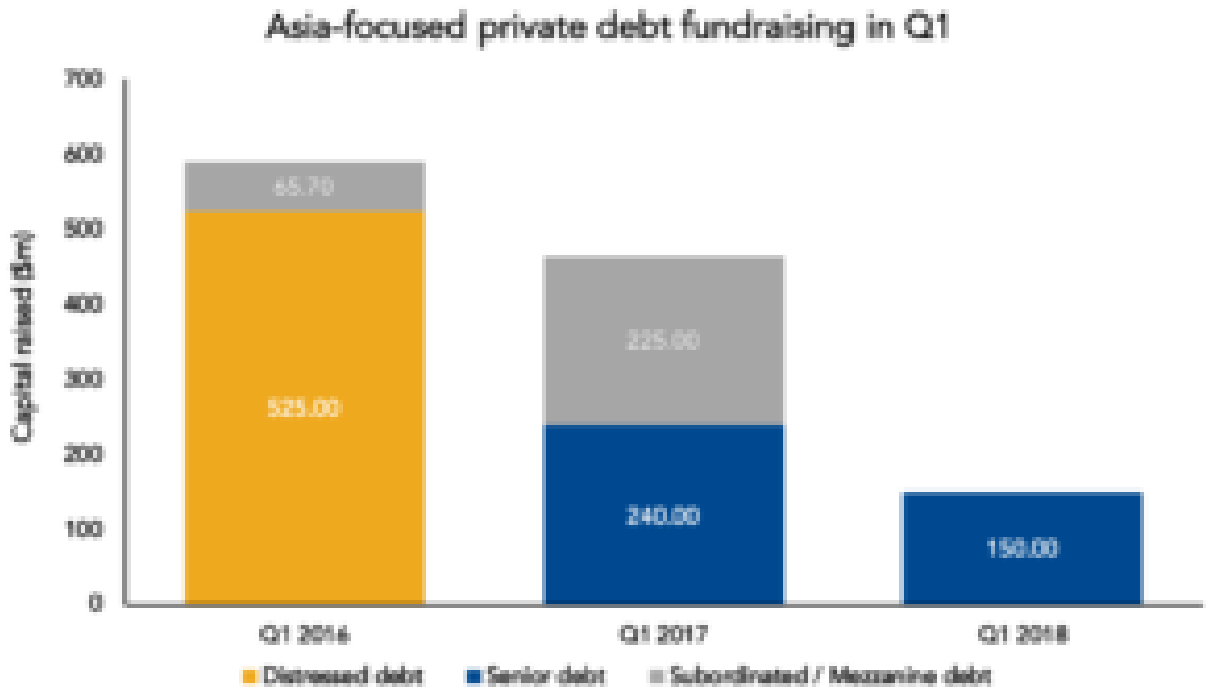

The weak first quarter of fundraising is not necessarily a harbinger of things to come.

Fundraising for Asia-Pacific funds in the first quarter was slow – as it has been historically – but the region may be poised to increase its fundraising total, according to *PDI* data.

Across 2016, 2017 and this year to date, only six funds being raised focused on the geographical area, but as of 31 March, a larger proportion of the funds in market, 8.4 percent, were targeting Asia-Pacific than at the same time in both 2016 and 2017, when the number was 7 percent.

As the chart above shows, the total closed in the first quarter (for Asia-Pacific) has decreased over the past three years. This is despite the fact that funds targeting the region raised more in 2017 than 2016, and more is being sought for the region this year as a proportion of the total sought overall.

The only Asia-Pacific-focused fund which closed in the first quarter was Clearwater Capital Partners' co-investment fund, which is geared toward senior debt.

While only one sample, it was much more likely that the vehicle wrapping up fundraising would be a senior debt or mezzanine vehicle, as these account for the largest number of funds in market. There are at least 21 mezzanine debt funds and 20 senior loan vehicles seeking capital.

The $525 million distressed debt separate account which closed in the first quarter of 2016 was a harbinger of the year's fundraising total for that strategy. The amount raised for distressed debt that year in Asia-Pacific consisted of 3.16 percent of the distressed debt capital raised globally versus the 2.17 percent for the region among all private credit strategies.

Conversely, in 2017, no distressed debt vehicles closed in the first quarter and distressed debt targeting the Asia-Pacific area underrepresented the amount of capital raised for the region across the broader private credit asset class.