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A direct way forward

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LP	Portfolio value ($m)
University of California Board Regents (JV with Goldman Sachs BDC)	92.1
UC Regents (JV with Owl Rock Capital Corporation)	408.7
State of Wisconsin Investment Board	512.98
Alaska Permanent Fund Corporation	1,000
New York State Teachers' Retirement System (real estate debt)	3,236

Sources: SEC filings, pension fund documents

More limited partners are going straight to businesses to invest and it brings benefits to managers and borrowers.

The Alaska Permanent Fund Corporation has joined a growing number of limited partners doing direct credit investing, as the sovereign wealth fund announced it was creating a $1 billion portfolio for the effort and a $500 million co-investment vehicle.

The development represents a maturation of the asset class. LPs acting as general partners isn't new; many of Canada's largest pension plans play both roles, but in the US, the effort is not as developed.

The growth of LPs bypassing private credit managers has benefits for both general partners and the ultimate loan borrowers. For the former, there's more potential partners for joint ventures, and for the former, there are more potential lenders.

The University of California's Board of Regents ventured into direct private credit investing in 2014 when it formed a $200 million partnership with Goldman Sachs BDC, with GSBD and UC each investing $100 million. UC created a similar partnership with Owl Rock Capital Corporation last year. The portfolios for the JVs stood at $92.1 million and $408.7 million fair value, respectively, as of 31 March.

More LPs going straight to potential borrowers means more financing sources for businesses. The State of Wisconsin Investment Board lends to businesses based in the state and invests in both senior and junior debt. In fact, SWIB's webpage detailing its loan product looks like something found on a GP's site. The pension fund's portfolio has a market value of $512.98 million.

It's not just corporate credit either. The New York State Teachers' Retirement System is a large real estate lender. Moreover, the Albany-based pension fund isn't writing small checks – PGIM Real Estate and NYSTRS each invested $550 million to bankroll a portfolio of 146 industrial properties. It’s direct mortgage