Private Debt Intelligence – 8/6/2018

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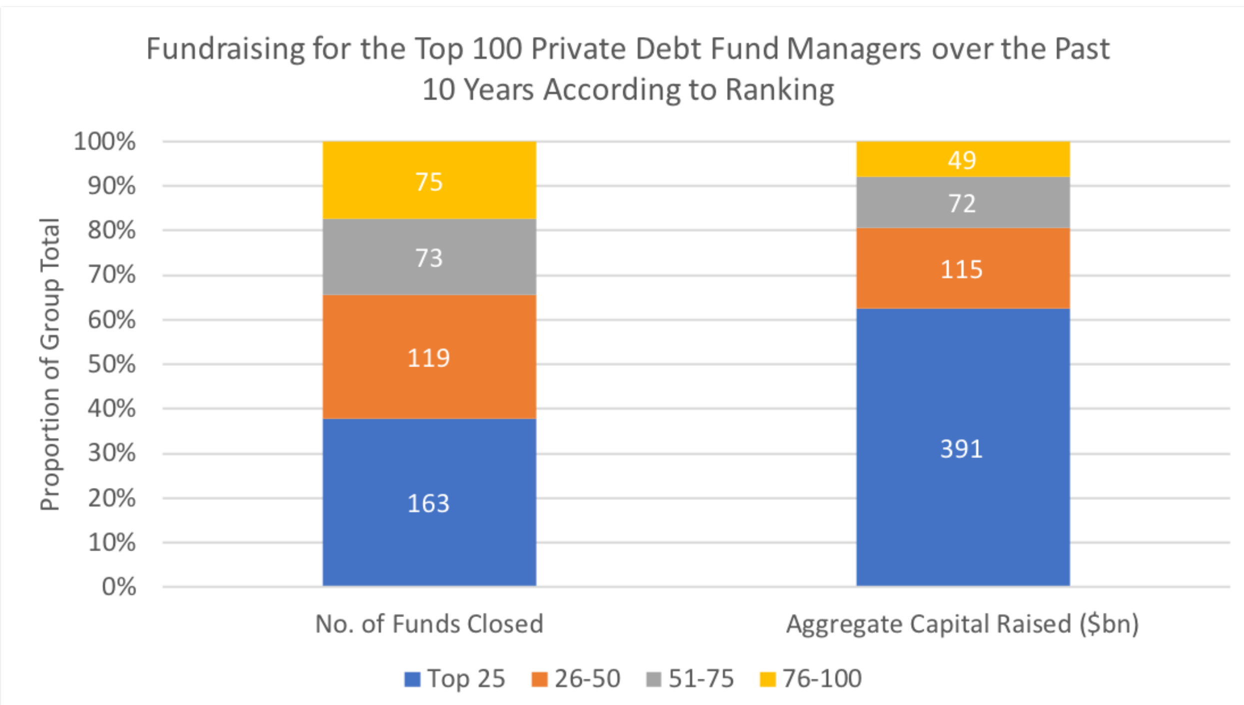
Largest Private Debt Fund Managers Dominate Industry

Chart



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The private debt industry has grown exponentially over the past decade, holding more than $650bn in assets as of the end of 2017. However, as with other private capital asset classes, the industry is seeing an increasing amount of capital being concentrated among a small number of the largest fund managers. The 100 largest fund managers, when measured by total capital raised for private debt funds in the past 10 years, now dominate the industry.

Capital concentration was prevalent in 2017: 17% fewer funds reached a final close than in 2016, while securing a record $107bn. The overall average fund size increased to $869mn, a sharp increase of $171mn from the previous year, but even so the 10 largest funds closed in 2017 secured over a third of all the capital raised in the year.

Overall, the top 100 fund managers have collectively secured $626bn over the past 10 years, closing 430 funds in that time. This represents 31% of funds closed over the past decade, but 78% of the total capital raised. The top 25 largest alone have secured $391bn in that time, almost half of all fundraising across the asset class. They also control the bulk of unspent capital available to fund managers: the top 100 firms held $186bn in dry powder as of the end of June, almost three-quarters of the $256bn held across the industry.

Perhaps unsurprisingly, the highest concentration of this group of the largest fund managers is in the US, which is home to 68 of them. The UK is second, as 12 of the 100 largest managers are located there. This is higher than the number of top 100 managers based anywhere in Asia (5) – an indication of how relatively recent the development of the industry is in the region. Asia-based fund managers are likely to take several years to break into the top 100 largest fund managers in any great numbers.

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