North America’s dominance shows in 15 largest global investors

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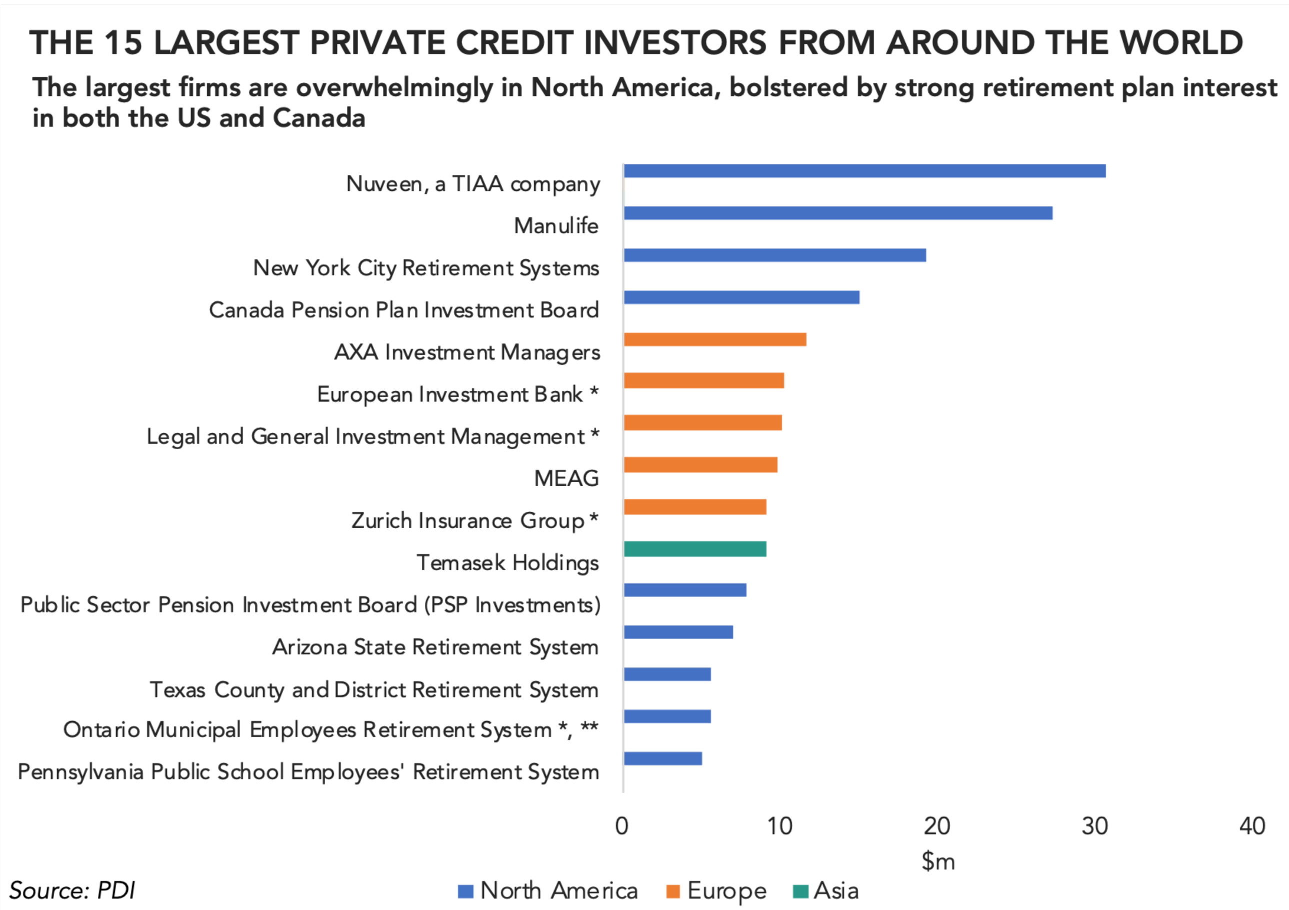

The biggest backers of the asset class generally reside in the world’s largest and most sophisticated alternative credit market.

The top half of our inaugural *Global Investor 30* rankings shows a worldwide embrace of the asset class, though there is a bias towards North America.

The results come as no surprise to anyone that has been following the asset class from afar, but the makeup of firms from North America is striking.

The top 15 heavy hitters are all public pension funds, save the first- and second-ranked Nuveen and Manulife. The Canadian retirement plans have been trailblazers in not just private credit, but alternative assets in general by embracing both traditional LP-GP commingled funds and direct investing.

Private credit's support from US public pension plans is not surprising. Those retirement plans – with seven of them also placing between 16-30 in the rankings – have been notoriously underfunded compared to pension funds elsewhere around the globe. The asset class's sales pitch is almost exactly what many of these LPs are looking for: a fixed-income alternative that provides a relatively attractive risk-adjusted return.

Of course, this isn't to say that the LPs aren't taking on risk: the borrowers are generally smaller companies that can be less diversified in their product lines or customer bases and are generally below investment grade.

LPs have continually stressed to us that manager selection is important, and with skilful underwriting and an ever-vigilant approach to downside protection, LPs should be in good hands, which could pave the way for the asset class to continue its robust support from institutional investors.