All roads lead to North America

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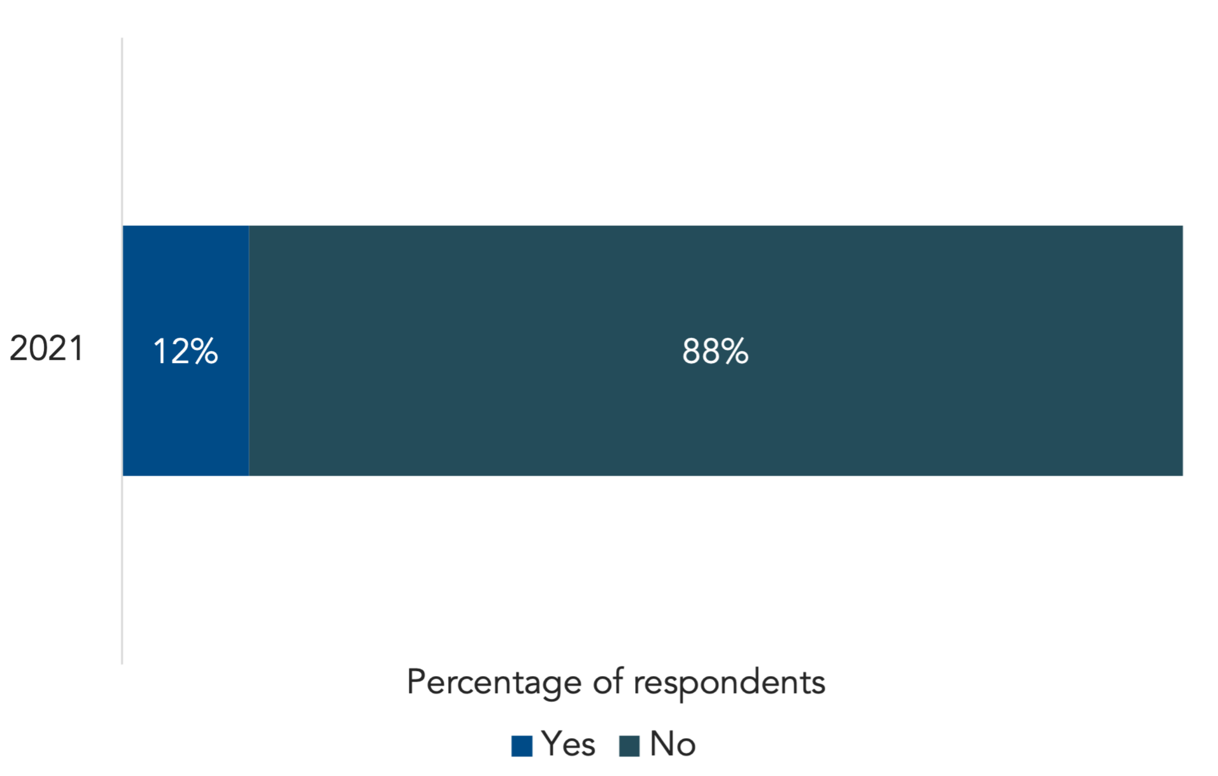

Private debt has a bias not just to fund managers based in the region but also to those investing in the funds.

What was clear from our PDI 50 ranking towards the end of last year was that North America-based fund managers dominate the private debt asset class. Out of almost $880 billion raised by the 50 most successful fundraisers over the last five years, no less than $603 billion was accounted for by North America-headquartered funds.

What is arguably less recognised, but equally as true, is that North American LPs also dominate the asset class. In the March 2021 issue of *Private Debt Investor*, we will be publishing our Global Investor 30 ranking of the most prolific investors in the asset class.

This ranking showed that, of the ten most active investors based on known private debt fund commitments made in 2020, nine of them had their regional headquarters in North America. Florida Retirement System Trust Fund was top of the list with ten commitments, with the European Investment Fund the only non-North American LP to buck the trend in equal second place with Connecticut Retirement Plans and Trust Funds (seven commitments each).

The 15 largest commitments made to 2020-vintage private debt funds totalled nearly $8 billion in allocated capital. The two largest 2020-vintage private debt commitments were made by California Public Employees'

Retirement System ($2 billion to Goldman Sachs' West Street Strategic Solutions Fund I and $1 billion to Oak Hill Advisors' OHA Black Bear Fund).

But while North America dominates the scene, it's also clear that investors' allocations to private debt around the world continue to increase. Since 2017, the average allocation to the asset class has risen from 4.58 percent to 6.32 percent as of year-end 2020.

Surveys conducted by PDI have consistently shown a large majority of investors keen to maintain or increase their private debt exposure – even as global fundraising took a hit from the pandemic in 2020. In our Perspectives study, we found that no fewer than 88 percent of LPs planned on committing capital to private debt over the next year (see chart above).