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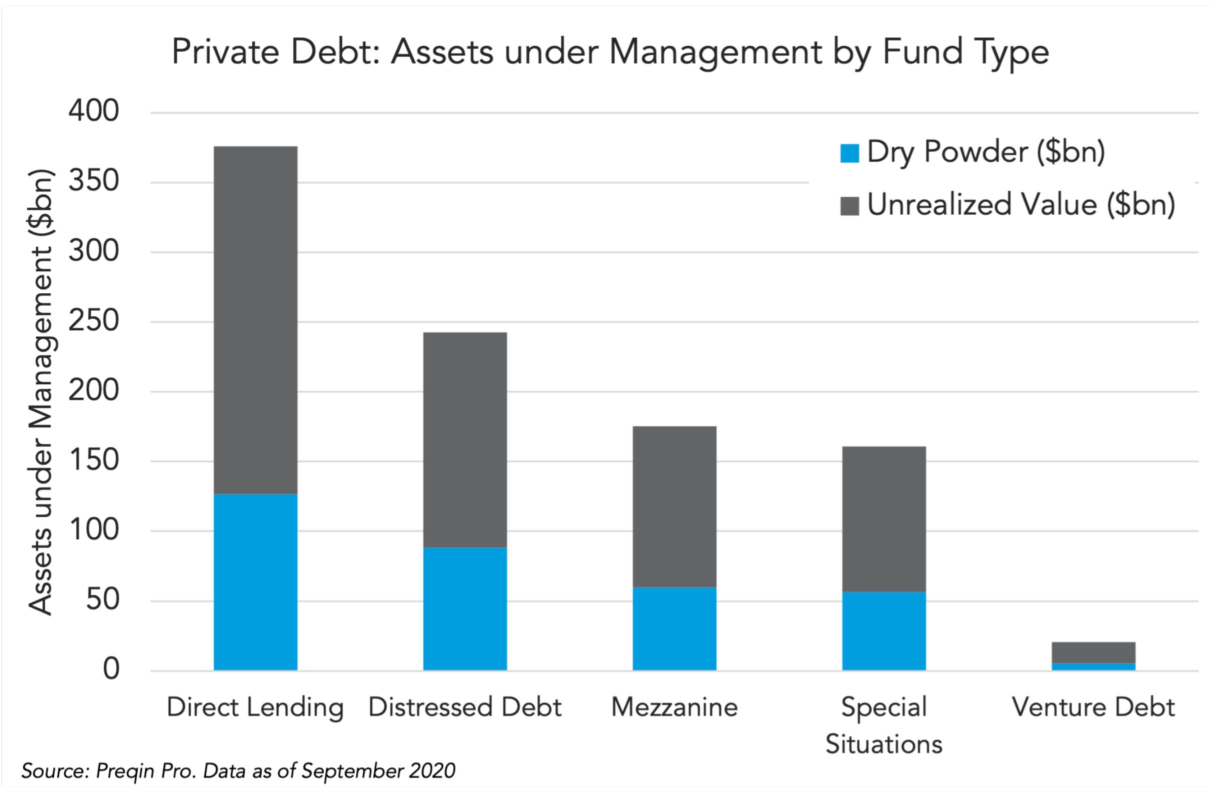
Private Debt Intelligence – 4/26/2021

THE LEAD | April 28, 2021

Record levels of dry powder pressure PD returns

Chart



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A rise in inflation and ongoing asset purchases from central banks will make it harder for private debt funds to deploy dry powder in the future, raising the prospects of increased competition and lower returns.

With AUM of $376bn as of September 2020, direct lending remains the largest private debt strategy with over $100bn of dry powder, 34% of its total AUM. Distressed debt and mezzanine hold $88bn (36% of AUM) and $60bn (34%) in dry powder, respectively. In comparison, venture debt's $5bn worth of dry powder comprises only 25% of its AUM.

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