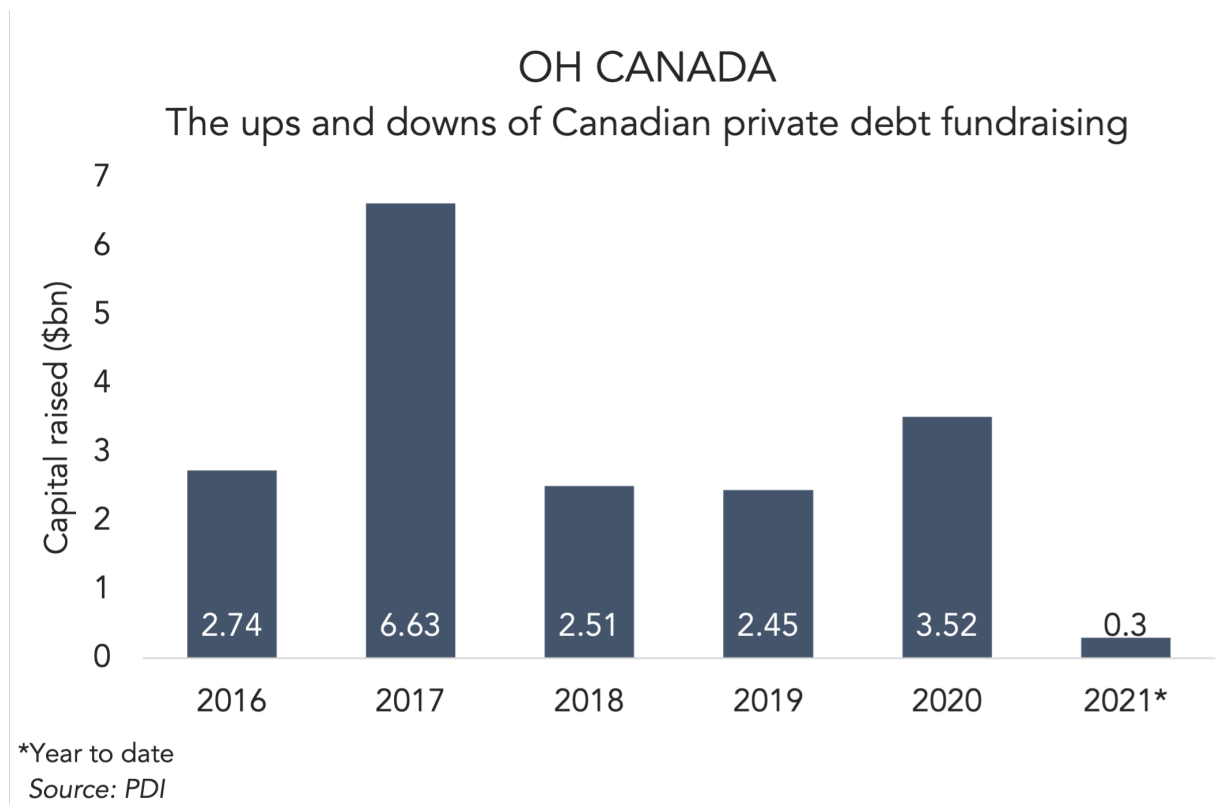


Canada calling

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The Canadian market is relatively small but trends point to significant future growth.

For a long time, a handful of domestic banks have dominated the private debt market in Canada. But that is slowly starting to change. Fund managers, both local and foreign, want a bigger piece of the pie and are beefing up their presence in the country.

As private debt continues to surge worldwide, the market in Canada is still relatively small. Last year, Canadian private debt managers raised \$3.52 billion, a mere fraction of the \$122.3 billion raised by their US counterparts, according to *Private Debt Investor* data. Nevertheless, the figures have been growing in recent years.

“Private debt has become an asset class on its own,” says Elaad Keren, senior managing director and head of mid-market private debt at SLC Management, the asset manager of life insurance giant Sun Life Financial. “People want to diversify their funding services and private debt is a good way to do that.”

He notes that private investors’ portfolios are more customisable now, and points to greater acceptance of private debt in Canada than in the past.

“There’s a lot more interest in the space, especially the Canadian space,” Keren says. His firm manages more than \$31 billion in private credit assets, according to its *2020 Sustainable Investing Report*, and deploys debt

globally from its base in Canada.

Although banks have dominated the lending market, many have been pulling back from it lately, which benefits the private firms. In an article for *AIMA Journal*, entitled 'Private credit through the pandemic and beyond' Belle Kaura, the chair of Alternative Investment Management Association Canada and chief compliance officer of alternative capital firm Third Eye Capital, writes of how "re-trenchment of banks is a global theme. Banks are getting more conservative. This creates a void that private lenders can fill as businesses adapt and rebuild in the aftermath of covid".

Kaura also notes the emergence of secondary market opportunities as banks cut supply and offload non-performing credit: "This is a pivotal inflection point for Canada," she notes.

(Past performance is no guarantee of future results.)