“Newcomers” to private debt

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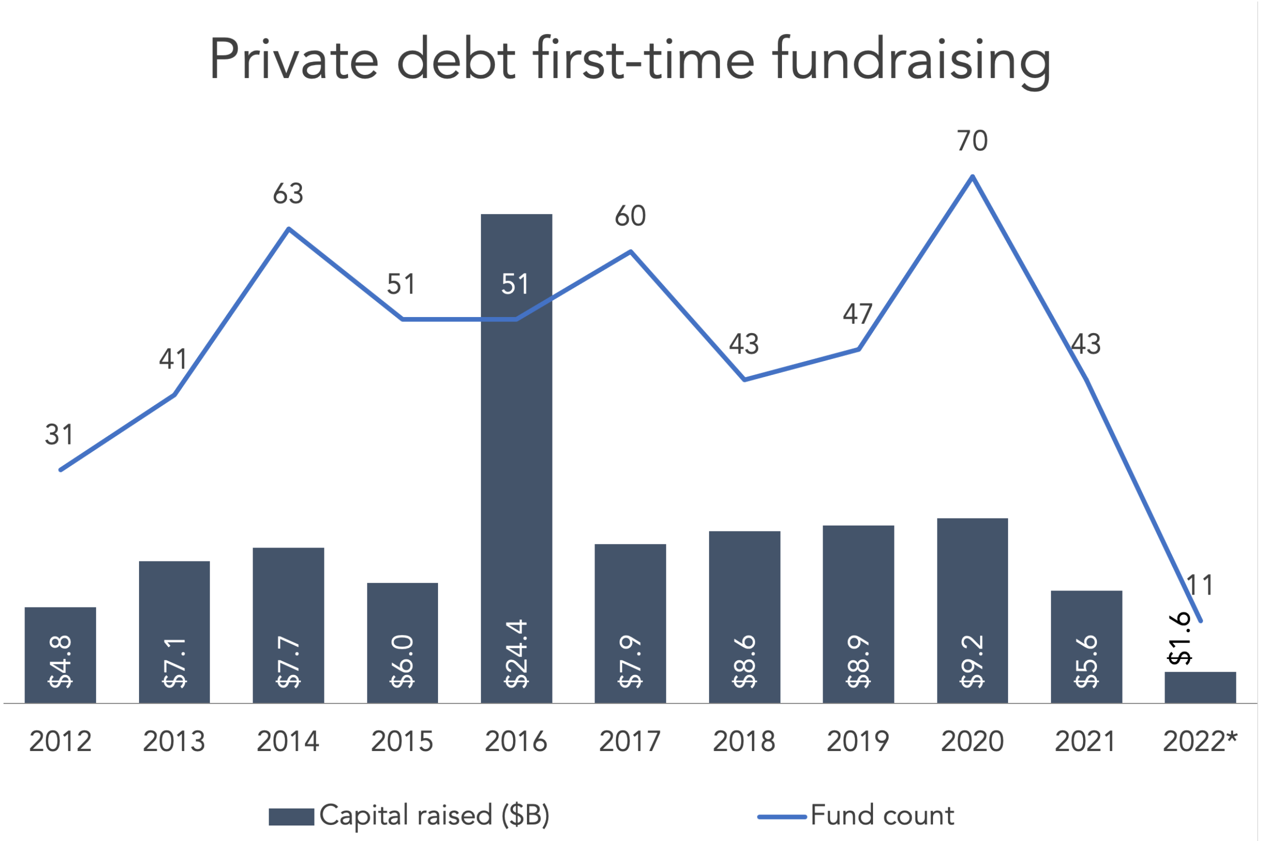

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The private debt market is attracting a lot of new players. New, but not “new” new: If Apollo raises a debut fund in a new strategy, should that fund count as a “first-time fund”? They might be considered newcomers to private debt, for example, but LPs know who they are. They’re not first-time managers in the true sense of the word.

It’s an interesting distinction, because for all the talk about new players migrating to the private debt market, the number of true first-time funds cratered last year. According to PitchBook’s Global Private Debt Report, only 11 first-time private debt funds closed in 2022, down from 70 in 2020. Those 70 debut funds raised a combined $9.2 billion. For context, Goldman Sachs closed its first opportunistic credit fund, West Street Strategic Solutions Fund I, with $13.8 billion the same year.

Private debt is gaining influence at a pretty rapid pace. It’s striking to see first-time fundraising at such a low level, considering how much transformation is going on in the lending market. Perhaps 2022 was a blip, or perhaps LPs are flocking to big, familiar names that are taking advantage of the trend. Either way, it looks like 2022 was a difficult fundraising environment for actual newcomers.

(Past performance is no guarantee of future results.)