Private Debt Intelligence – 9/18/2023

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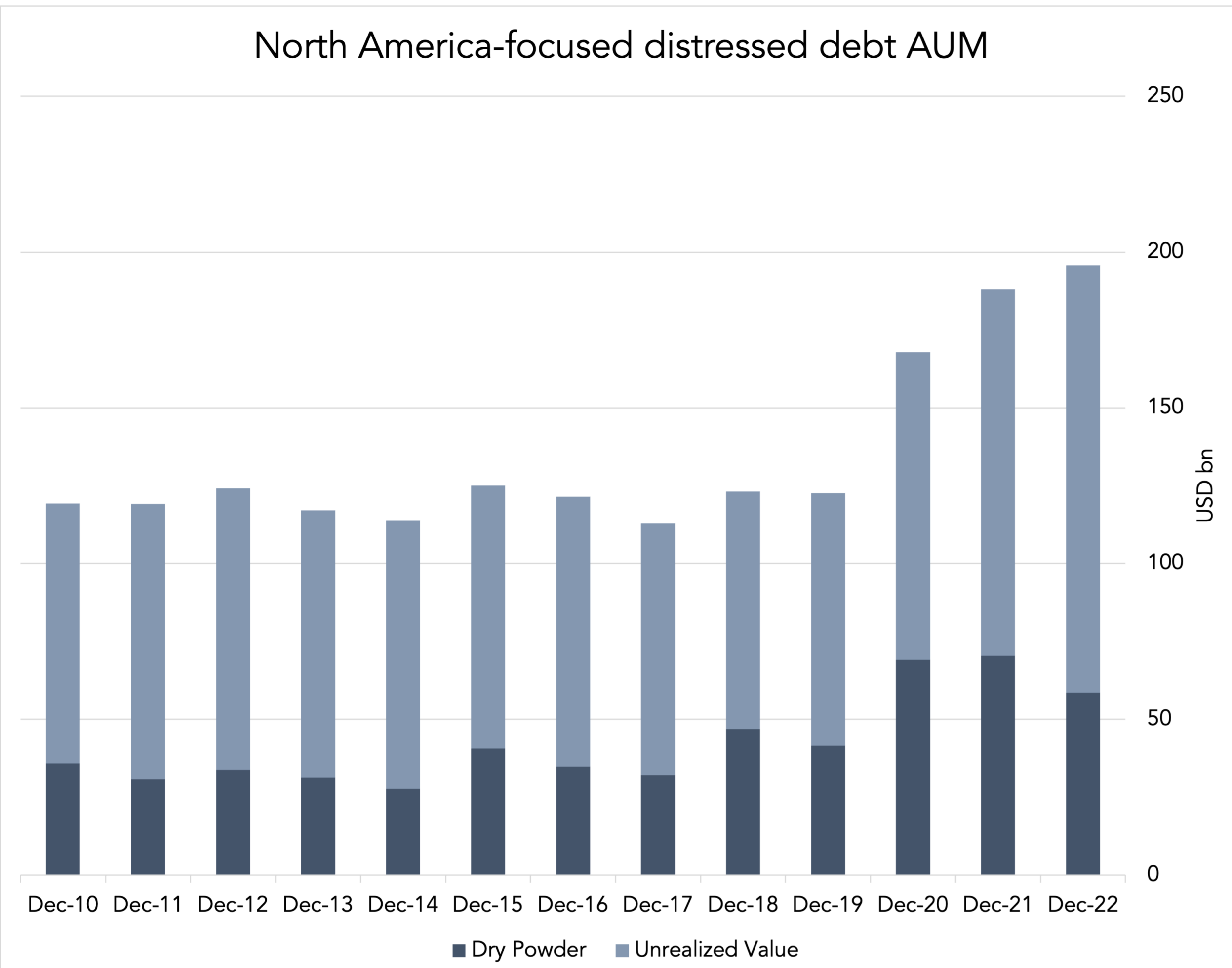
Distressed debt dry powder falls as GPs put capital to work

Chart



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Distressed debt assets under management with a North America-focus reached an all-time high at the end of 2022, and continued high interest rates and the tougher economic environment may trigger increased activity in the segment. Between 2020 and 2022, distressed debt AUM increased by 60%, reaching $195.7bn in December 2022…The proportion of dry powder to AUM surged to a high of 41% in December 2020, compared to an average of 30% over the preceding 10 years. While an anticipated tsunami of distress from COVID-19 did not materialize, the fact that the dry powder to AUM ratio has fallen back to 30% shows that distressed debt managers have not struggled to deploy capital.

(Past performance is no guarantee of future results.)

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