Queuing for seconds

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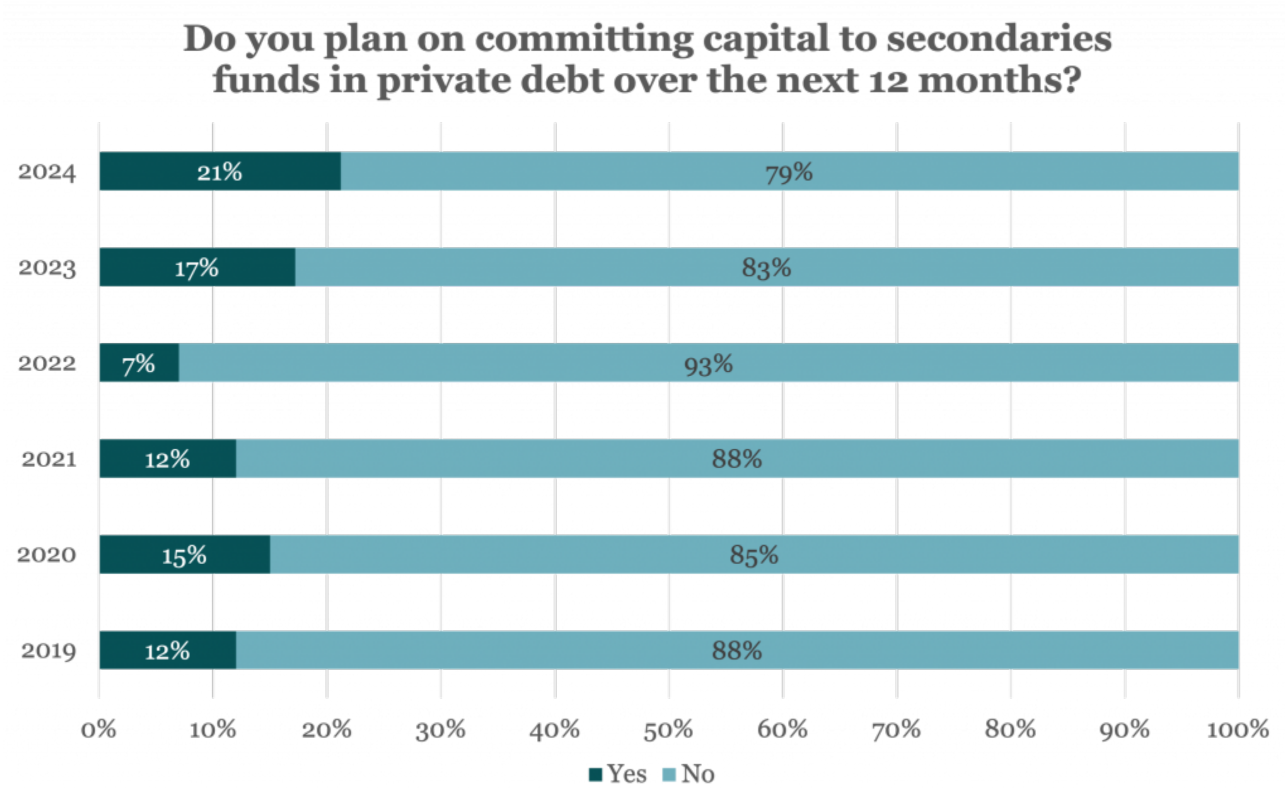

Investor appetite for credit secondaries has tripled since 2022, according to our latest Perspectives study.

Investors are more switched on than ever to the opportunities available in private credit secondaries, according to *Private Debt Investor's LP Perspectives 2024 Study*. In all, 21 percent of LPs now plan to commit capital to secondaries funds in private debt over the next 12 months, the highest proportion ever seen in our survey and up from 7 percent as recently as 2022.

Credit secondaries also offer LPs a different entry point into the asset class, with portfolios already fully ramped up, allowing for quicker deployment than other routes into private debt.

When asked whether they plan to buy or sell in the private debt secondaries market in the coming year, some 22 percent of LPs will be buying, 8 percent plan to sell and 2 percent expect to both buy and sell. In 2022, 10 percent of LPs said they would sell back in and 6 percent were buying, representing a sizeable uptick.

Anticipating the trend for secondaries, Ares Management paid more than $1 billion in 2021 to acquire Landmark Partners, which at the time managed $18.7 billion of secondaries in private equity, infrastructure and real estate. Ares launched its credit secondaries business last year, quickly followed by a $1 billion credit secondaries joint venture anchored by sovereign wealth fund Mubadala.

This is just one example with the likes of Apollo Global Management, Coller Capital, Pantheon and Tikehau Capital all having made major moves into the space.

One in three investors now say that they invest in GP-led secondaries funds, which are yet to emerge as a significant feature of the credit market. Some observers believe 2024 might be the year when GP-leds take off in private debt.