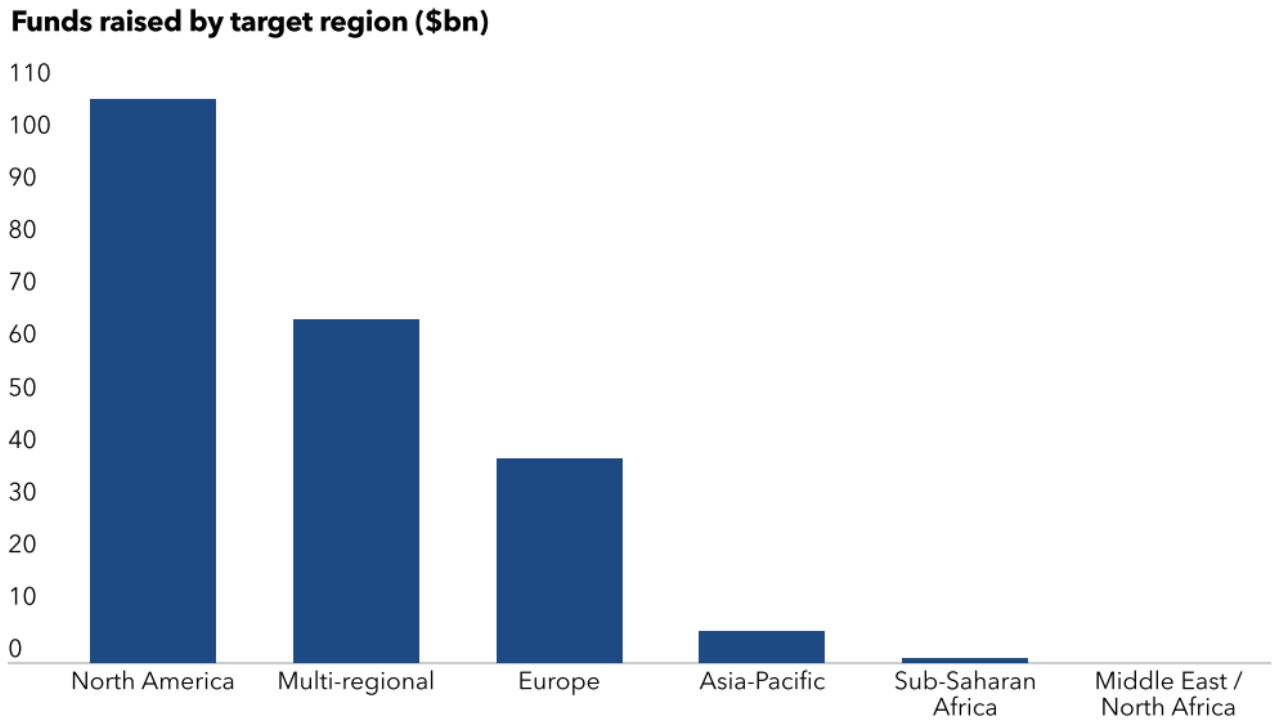
Signs of hope in Asia-Pacific

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As the Middle East grows in significance as a source of capital and travel resumes post-covid, Asia-based GPs are hoping they can find backing for the region's big investment themes.

It's an arresting statistic: by 2050, more than half of the world's GDP is expected to be accounted for by Asia-Pacific. Moreover, in a recently published research paper, ADM Capital managing director Sabita Prakash argued that increasing urbanisation, ageing populations and pressure to decarbonise are among themes characteristic of the region – all of which should in theory create a huge investment opportunity for debt providers.

Much of this would once have fallen into the laps of the banks, which still account for 61 percent of corporate lending in Asia-Pacific: the kind of dominance that has long since dissipated in the US and is on the wane in Europe too. But, as elsewhere in the world, banks are increasingly gravitating to the highest-quality credit names only, avoiding complicated lending as regulatory scrutiny increases. Private credit should theoretically stand to take advantage.

But fundraising for all GPs in Asia-Pacific has been tough. When your focus is on impact and sustainability, things have become harder rather than easier for many thanks to political battles in the US and greenwashing-wary LPs less inclined to take managers' virtuous claims at face value.

This is triggering interesting dynamics. One is the increasing influence of capital from the Middle East. Some of this manifests itself in the form of direct investing, such as Abu Dhabi-based sovereign wealth fund Mubadala's launch last month of a $1 billion separately managed account to co-invest with Goldman Sachs in APAC private credit opportunities.

On top of this, fundraising sources tell us that APAC is now benefitting from a revival in travel and in-person relationship building. Both were on hold in the covid years and only now are those lost and broken ties being mended and the fundraising ecosystem repaired. The future can be looked to with a little more optimism.