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Management fee rates vary by private debt strategy

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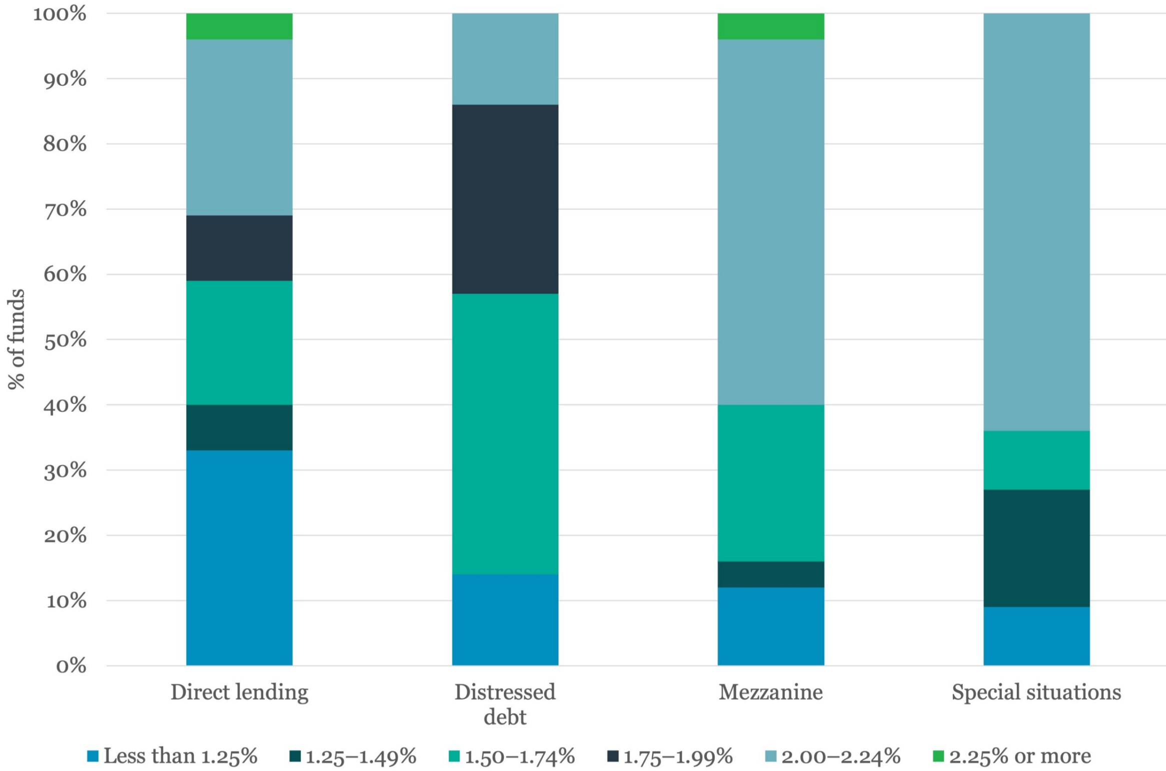

Read more in Preqin's [‘Strategy in Focus: Challenges to Income Generation’]

Interest rate cuts across major economies have slowed the growth of private debt, with GPs combatting fundraising headwinds by making concessions on fees and terms to secure capital. A third of direct lending funds closed in 2023 and 2024 had management fees of less than 1.25%, though 27% of funds charge more than 2%, an unusually shaped distribution. Meanwhile, the majority of special situations funds (64%) have management fees above 2.00. This may be due to the the cost and complexity of setting up different vehicles and executing investments.

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