

Private Debt Investor

FUNDRAISING REPORT H1 2019

Private Debt Investor's interactive and downloadable review
of the H1 2019 fundraising environment

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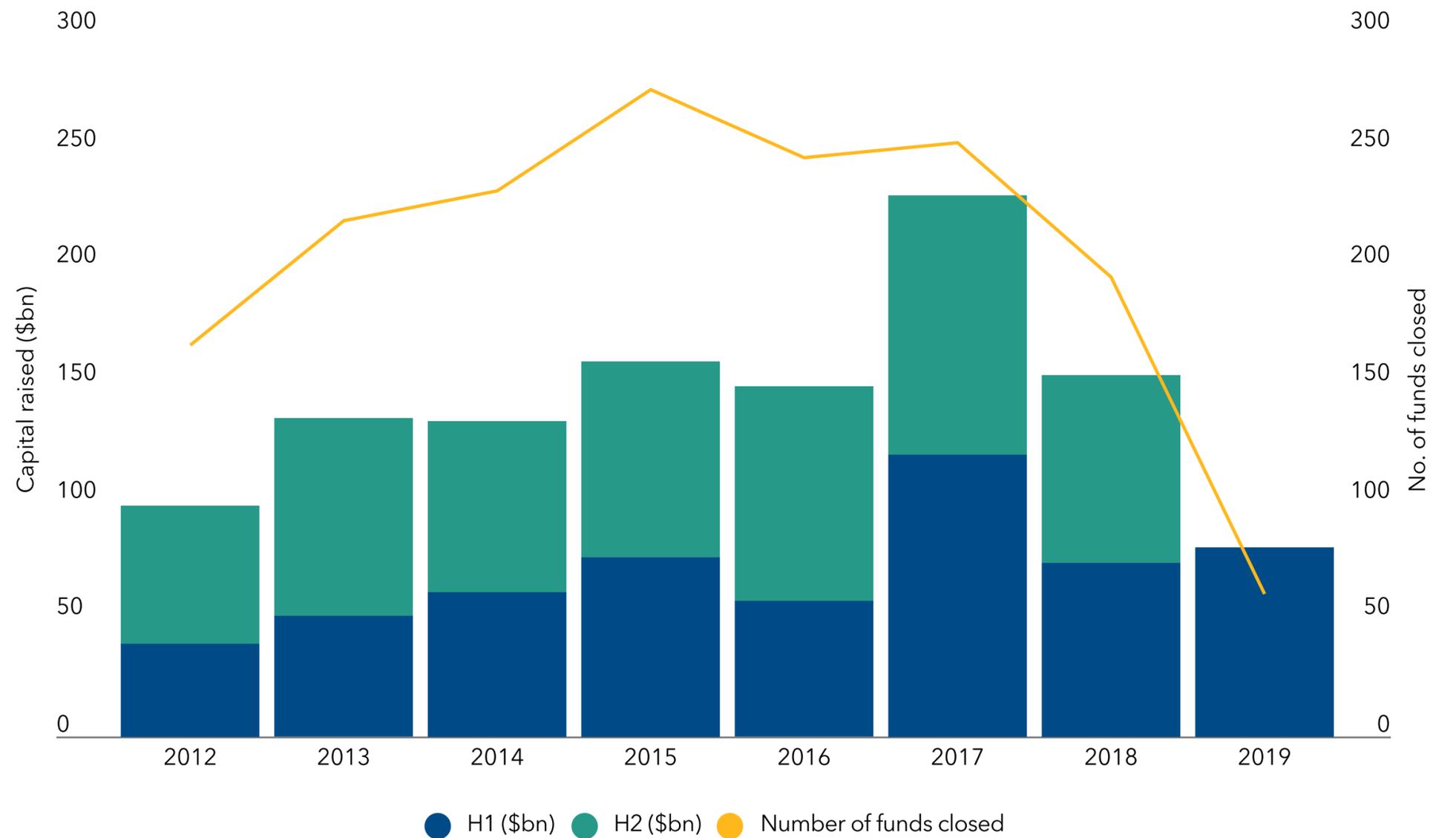
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Fundraising overview

Investor fears of private debt fundraising falling after the 2017 zenith are yet to see the light, as managers raked in more than \$80 billion of third-party capital in the first six months of 2019 – the second highest H1 fundraise since the crisis. In fact, the private debt space remains very stable; 2017 was indeed a blip.

Year-on-year fundraising activity



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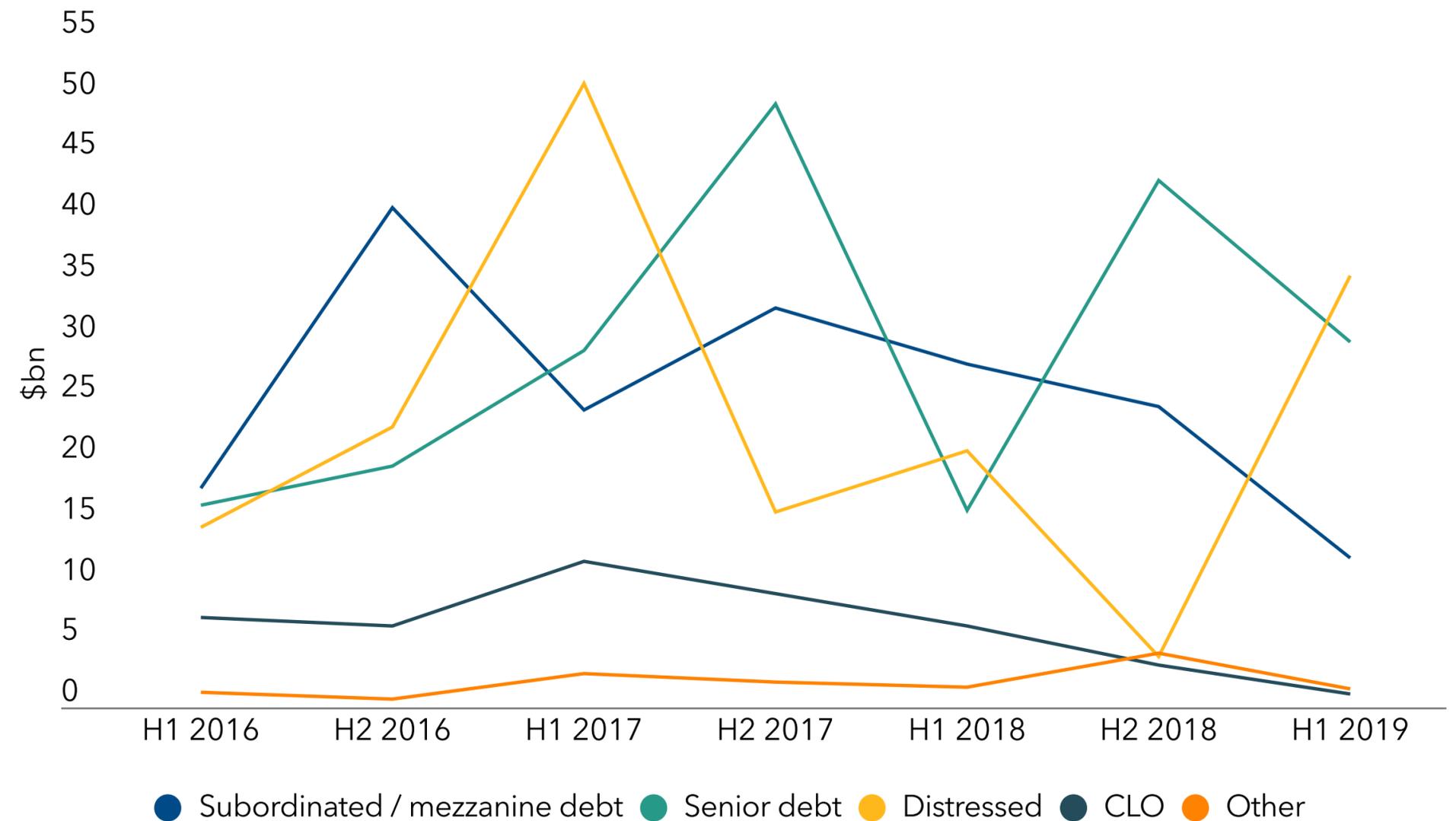
Distressed makes a comeback...

Investing was heavy in the distressed space in 2017 with the looming threat of an economic downturn. But that downturn never occurred and interest in the distressed markets subsequently suffered. Following 18 months of little activity, distressed fundraising rose again in H1 2019. With \$35.5 billion gathered from investors by funds holding a final close, it was the most raised for any single strategy during the period.

The fundamentals now look worse than two years ago and the number of defaults rising, reigniting investors' desire for distressed portfolios. With more tangible signs of trouble ahead, it will be interesting to see how the market fares.

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Year-on-year fundraising by strategy

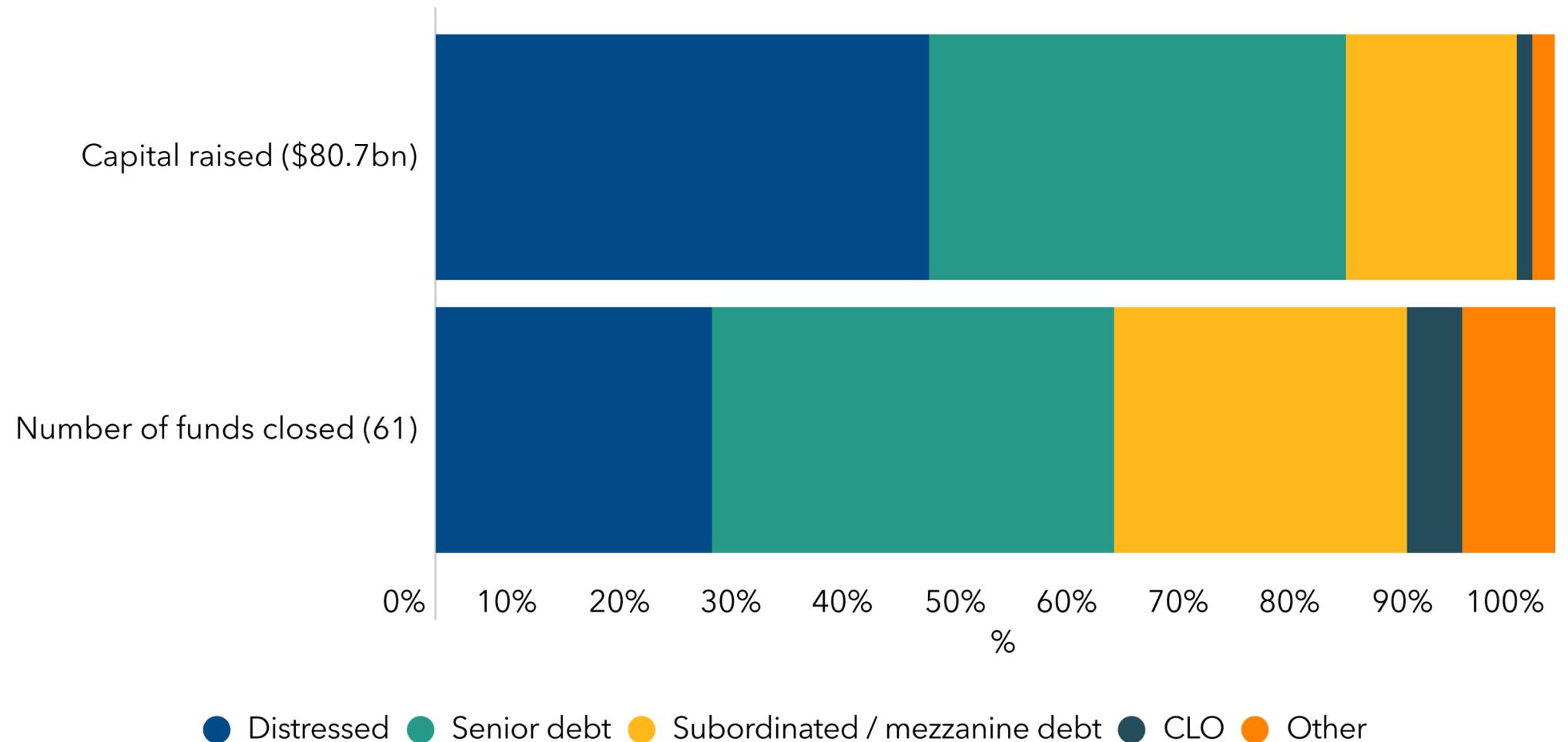


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...with a series of mega-fund closes

Only one quarter of the funds closed in H1 2019 were distressed in nature, but these collected almost half (44 percent) of the total private debt fundraising for the period. This is testament to the large sizes of distressed debt funds, which have pushed average fund sizes to the highest point since before the crisis: \$1.3 billion on average compared with the second largest average size of \$911 million in 2017.

Fundraising strategy breakdown



Distressed dominates top fundraisers

More than half the capital raised by the 10 largest private debt funds to close in the first six months of 2019 was distressed. Big players dominate the list, such as Lone Star Funds, which closed both its residential and commercial real estate debt vehicles; Cerberus with its NPL fund; and Blackstone/GSO Capital.

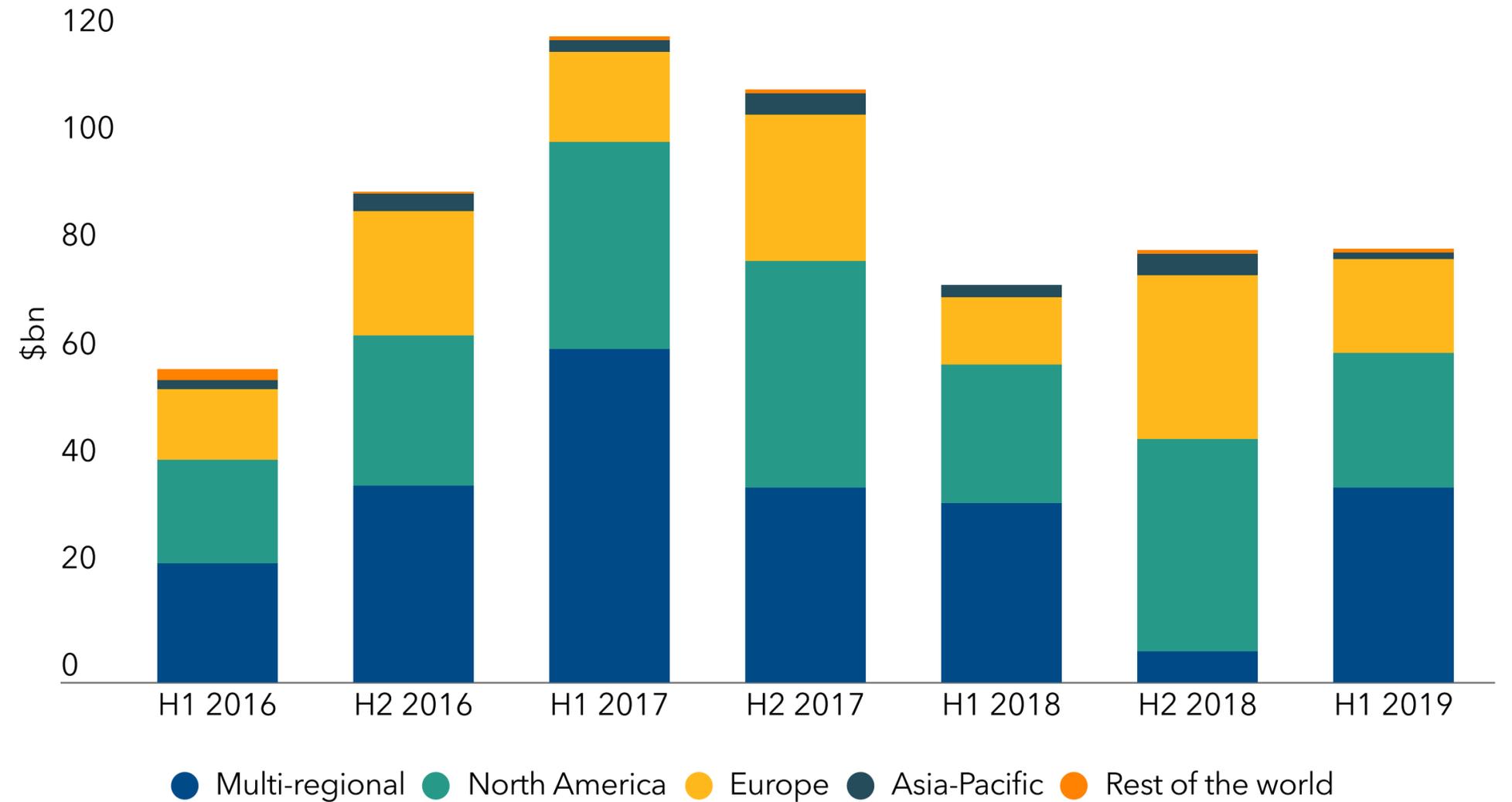
Largest funds raised in H1 2019

Lone Star Fund XI \$8.2bn	Lone Star Real Estate Fund VI \$4.7bn	Cerberus Global NPL Fund \$4.1bn	American Industrial Partners Capital Fund VII \$3bn
	GSO Energy Select Opportunities Fund II \$4.5bn		
BlueBay Direct Lending Fund III \$6.8bn		AG Direct Lending Fund III \$2.8bn	Levine Leichtman Capital Partners VI \$2.5bn
	Broad Street Senior Credit Partners II \$4.4bn	Taiga Special Opportunities Fund \$2.5bn	

Geography

A large amount of the capital raised in H1 2019 was regionally agnostic in nature. This may be due to large distressed funds that dominated the private debt space in the period being more open to opportunities across the globe. But the sharp increase in multi-regional fundraising as compared with H2 2018 is heavily skewed by the fact the amount raised in that period was abnormally low.

Regional focus of capital

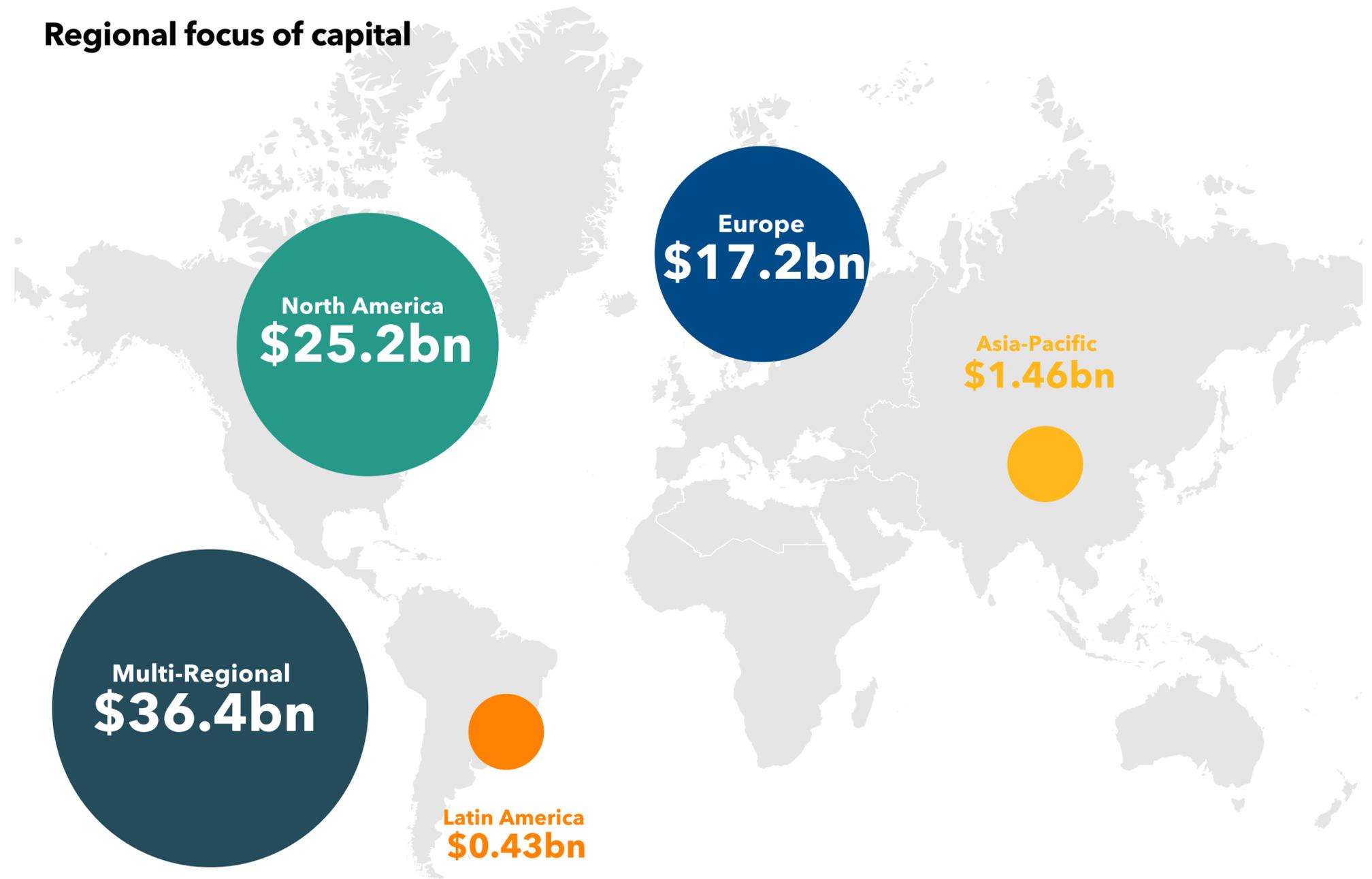


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Geography

As the amount of multi-regional capital raised from investors rose as compared with the previous six-month period, the amount raised for region-specific vehicles fell across the board. In fact, capital raised with a sole focus on Asia-Pacific was at its lowest point (\$1.5 billion) since H1 2016 – this after a stellar H2 2017 (\$4 billion raised with a sole focus on the region).

Regional focus of capital

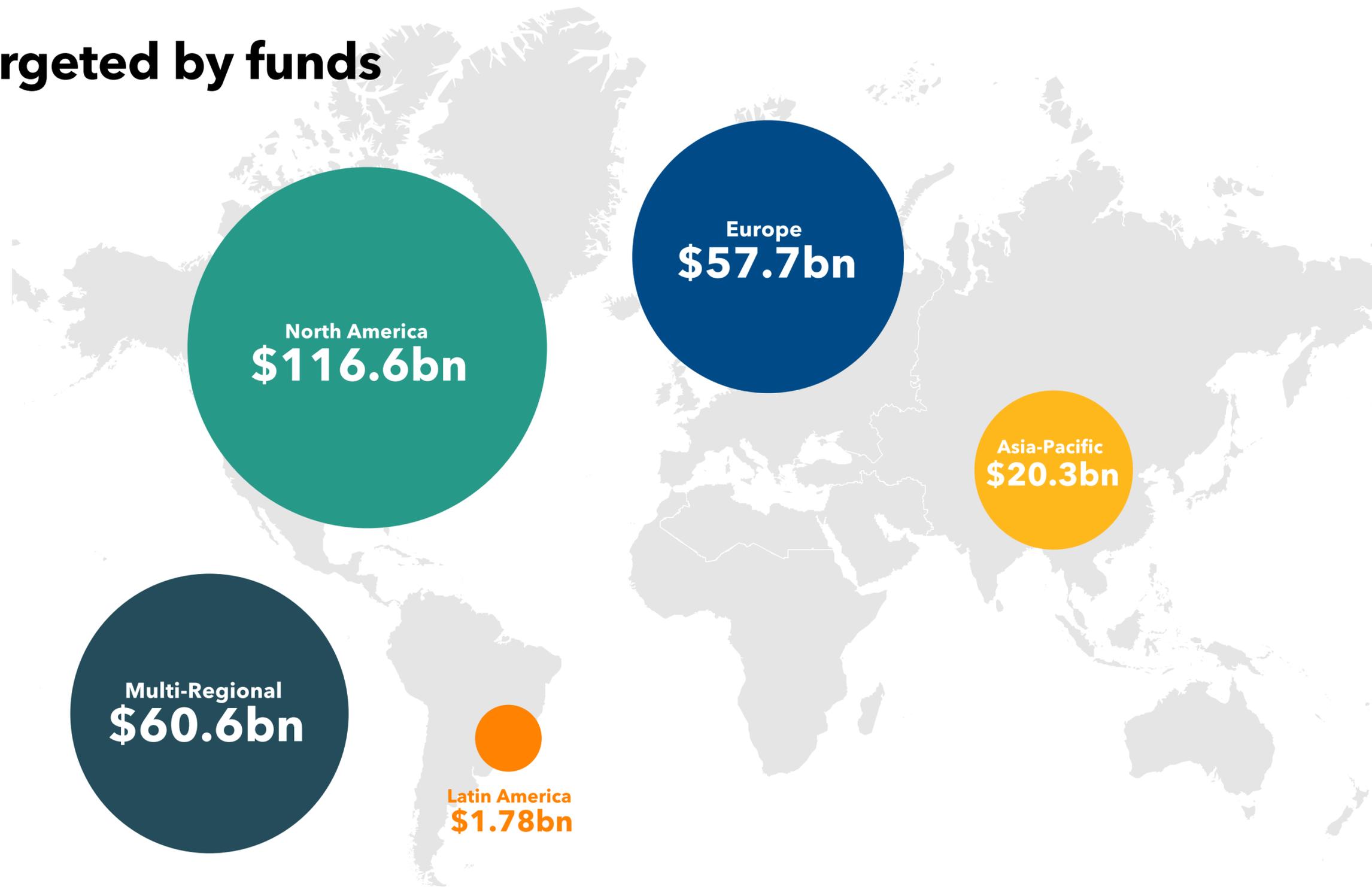


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Largest funds in market, 1 July 2019

Fund name	Fund manager	Target size (\$bn)	New region
3G Special Situations Fund V	3G Capital	10.0	North America
HPS Mezzanine Partners 2019	HPS Investment Partners	8.0	Multi-regional
EIG Energy Fund XVII	EIG Global Energy Partners	5.0	Multi-regional
AMP Capital Infrastructure Debt Fund IV	AMP Capital	3.5	Multi-regional
Apollo European Principal Finance Fund III	Apollo Global Management	3.5	Europe
Apollo Hybrid Value Fund	Apollo Global Management	3.0	North America
Bain Capital Distressed & Special Situations 2019	Bain Capital	3.0	North America
Energy Investment Opportunities Fund	Goldman Sachs Asset Management	3.0	North America
Steadfast Alcentra Global Credit Fund	Steadfast Companies	3.0	Multi-regional
TSSP Opportunities Partners IV	TPG Sixth Street Partners	3.0	Multi-regional

Amount targeted by funds in market



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How can we help you?

How can PEI's Research and Analytics team help you?

Sample client case study

This quarter, we helped a capital advisory firm looking to increase its client base by providing a list of funds in the early stages of fundraising. Alongside this, we also included a list of investors interested in the placement agent's markets of focus.

Please get in touch with us if you would like to see a sample of this data.

PEI's Research and Analytics team is made up of researchers and analysts in London, New York and Hong Kong, working on a 24/5 cycle to perform bespoke research requests for you. We track the investment appetite and contact details of LPs and GPs within our fundraising data platform to help bring together fund investors and managers with matching interests.

Platinum subscribers should email daniel.r@peimedia.com for more information on the research services available.

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Other questions to which we also provided solutions:

"I would like a list of all LPs in New York that would be interested in committing to Europe-focused funds"

"What fund management firms are the most active in the African investment space?"

"Could you please send me a list of all North American buyout funds that have launched in the past year?"