



PRIVATE DEBT INVESTOR

FUNDRAISING REPORT Q1 2019

Private Debt Investor's interactive and downloadable review of the Q1 2019 fundraising environment

Andy Thomson

Private Equity International
andy.t@peimedia.com

Daniel Humphrey Rodriguez

Head of Fund Manager Research
daniel.r@peimedia.com

Andrew Woodman

Special Projects Editor
andrew.woodman@peimedia.com

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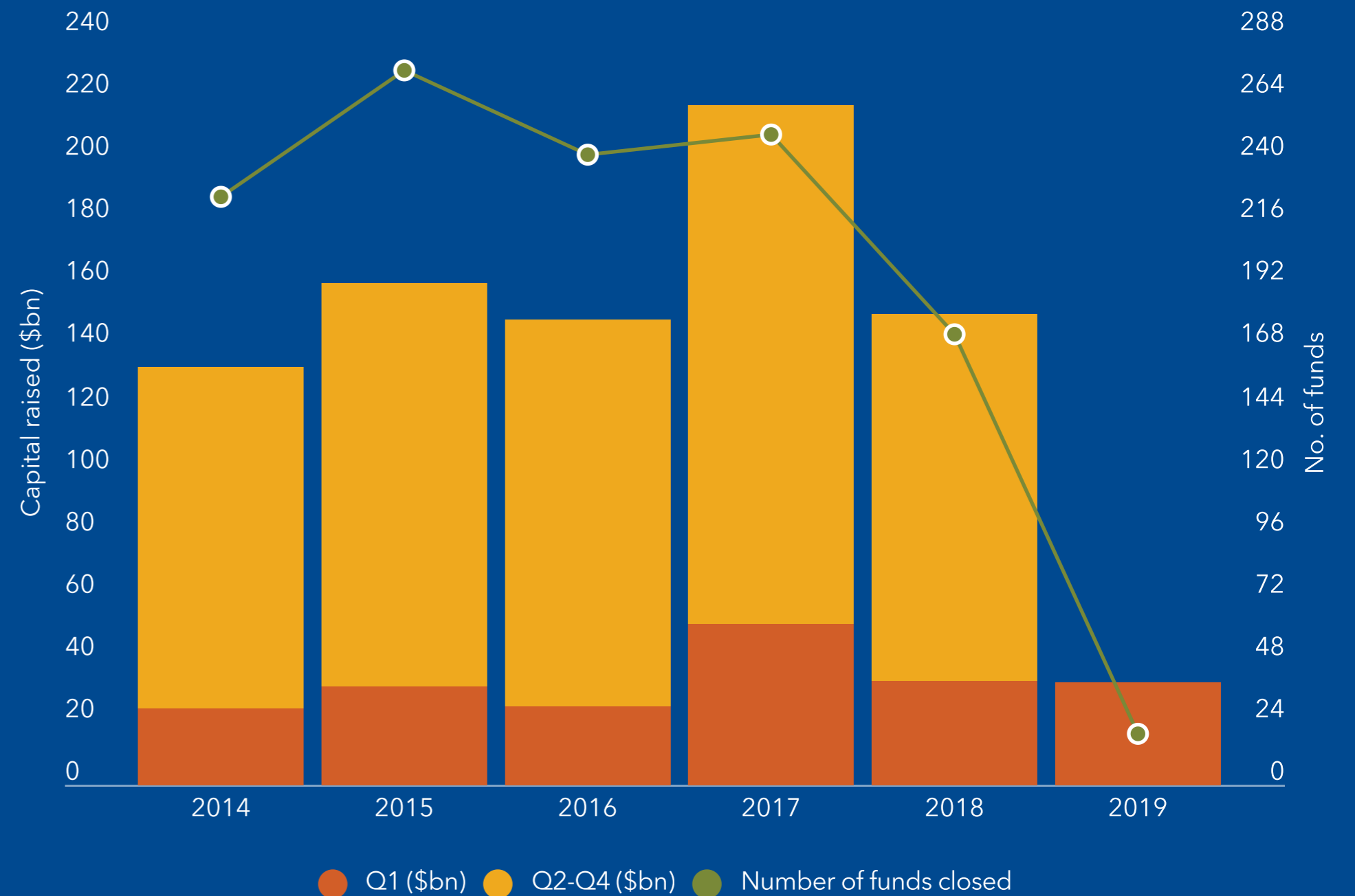


Fundraising overview

The first quarter of 2019 was a strong one in terms of fundraising. Nearly \$33 billion was raised across 20 funds that held a final close in the first three months of the year. There was a big drop in the number of funds closed. If we extrapolate the data and include the extra funds that we will find in coming weeks, we still expect there to be around 100 fund closes by year-end.

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Year-on-year fundraising



> Fundraising overview

Senior debt is still on the rise as subordinated continues to drop. This could be due to investors being more risk averse. The increase in fundraising for lower risk senior debt, coupled with the slight recovery in distressed - the highest point since Q1 2014, barring the Q1 2017 peak - shows that investors may be expecting a hard time ahead. The convergence of three strategies (subordinated, senior and distressed debt) is a trend that has been developing since Q1 2015, when distressed fundraising was at its lowest and fundraising for subordinated debt at its highest.

\$32.6bn

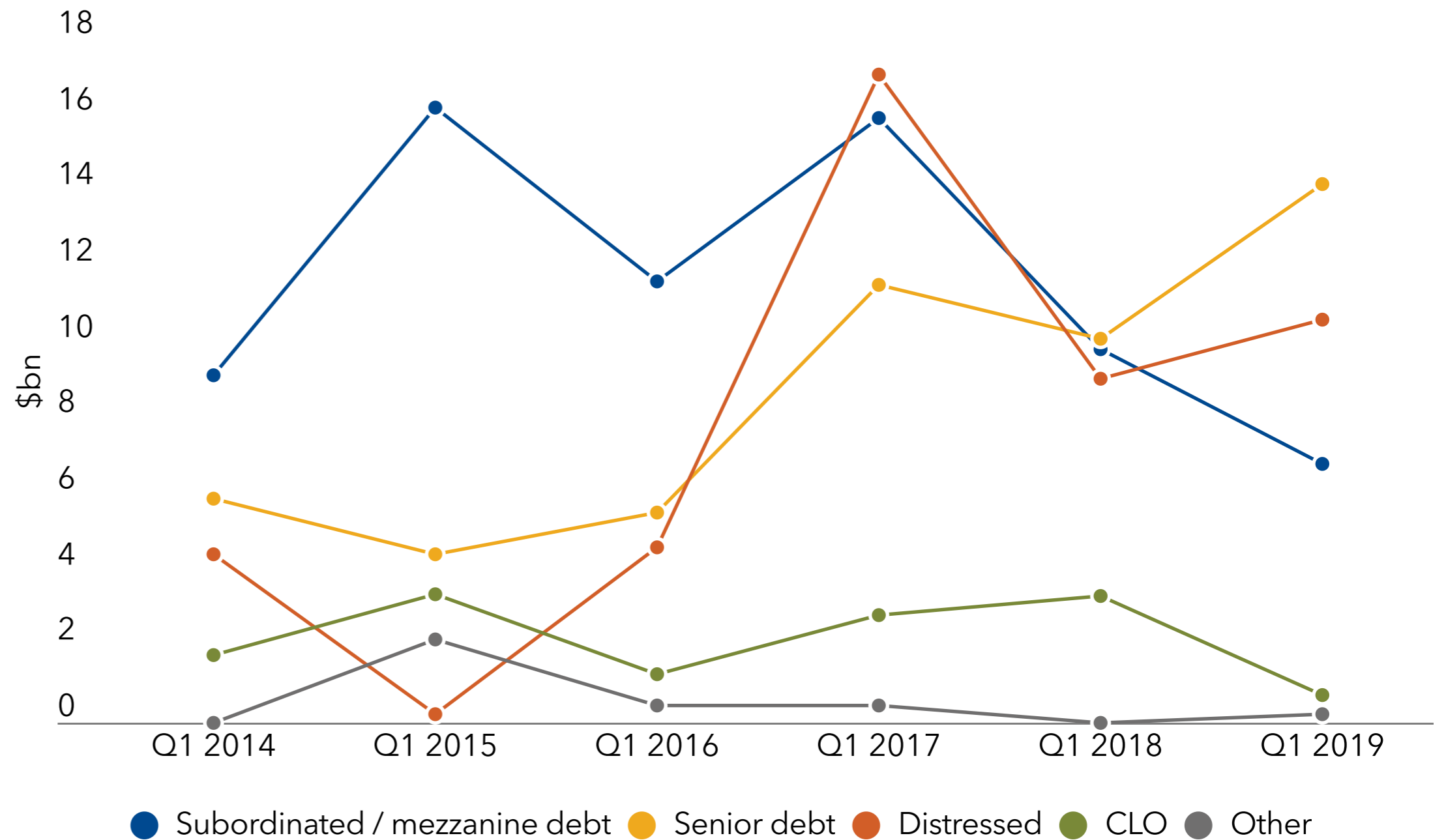
Capital raised by private equity funds in Q1 2019

\$1.63bn

Average fund size in Q1

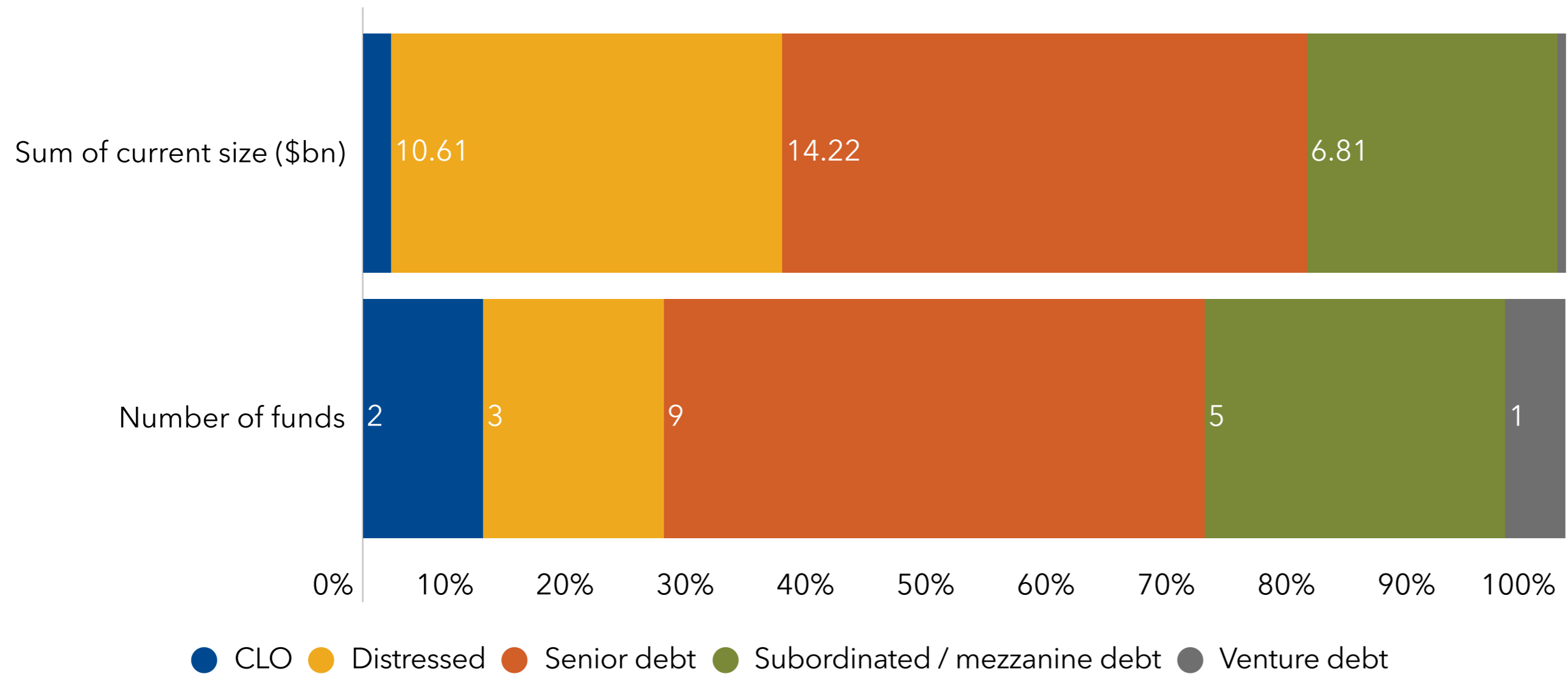
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Year-on-year fundraising by strategy

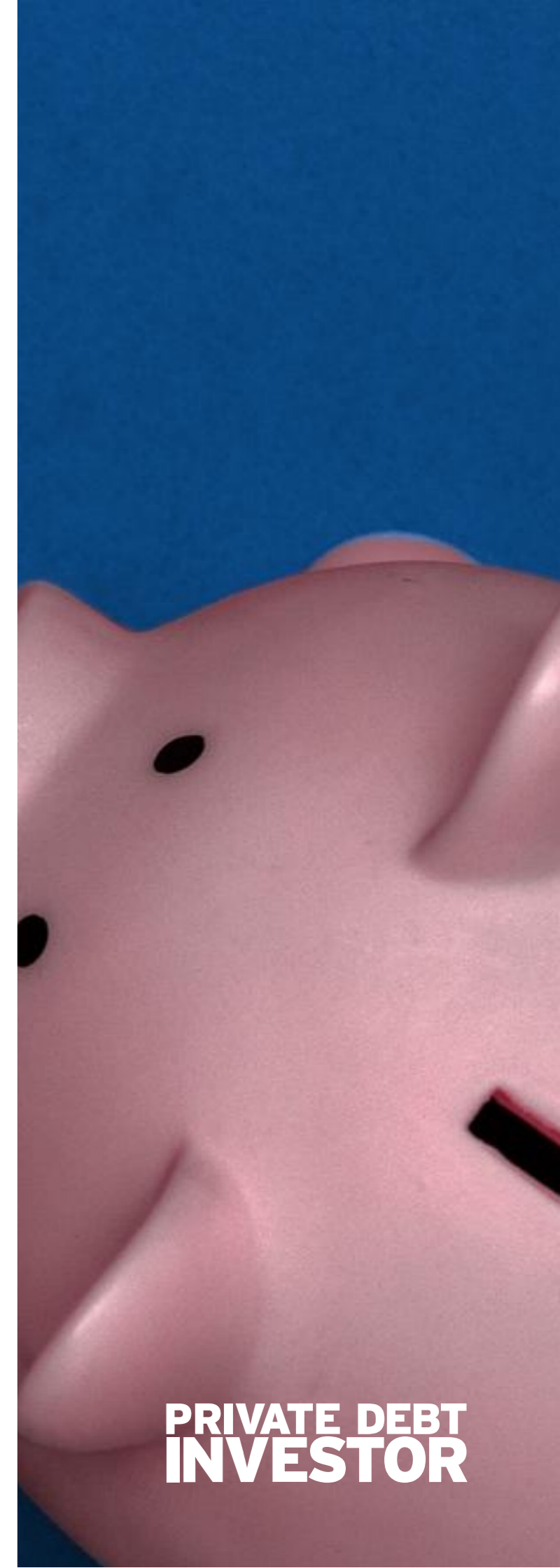


> Fundraising overview

Q1 2019 fundraising strategy breakdown



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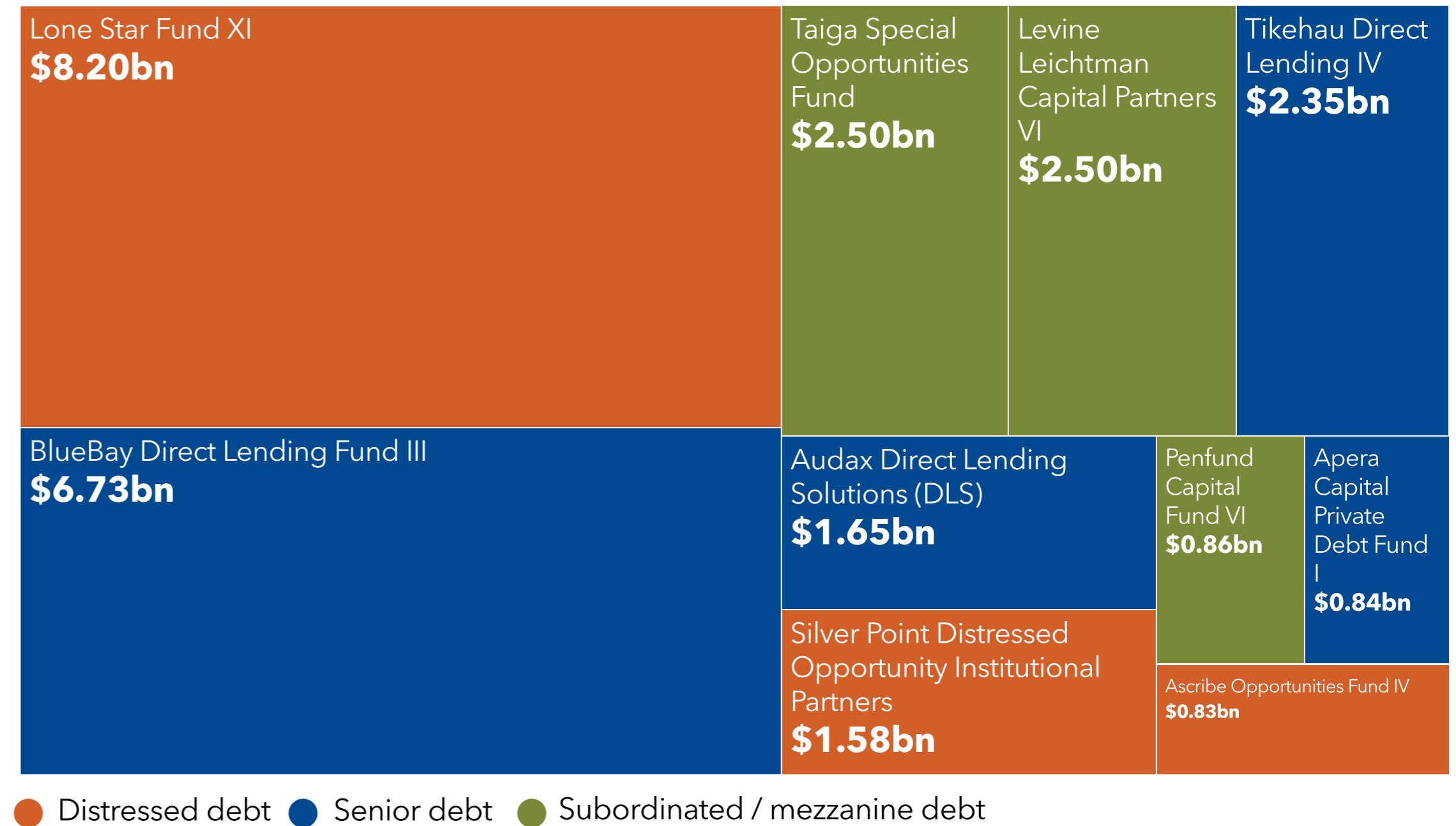




Fundraising overview

Underscoring the convergence trend, the 10 largest funds to close in Q1 2019 were evenly split in terms of fundraising between the three key private debt strategies. Investors are diversifying, which means there is a good mix of different strategies and opportunities. Notably, three of the four largest senior funds to close – managed by Bluebay, Tikehau and Apera – have a sole focus on Europe.

Largest fund closes, Q1 2019



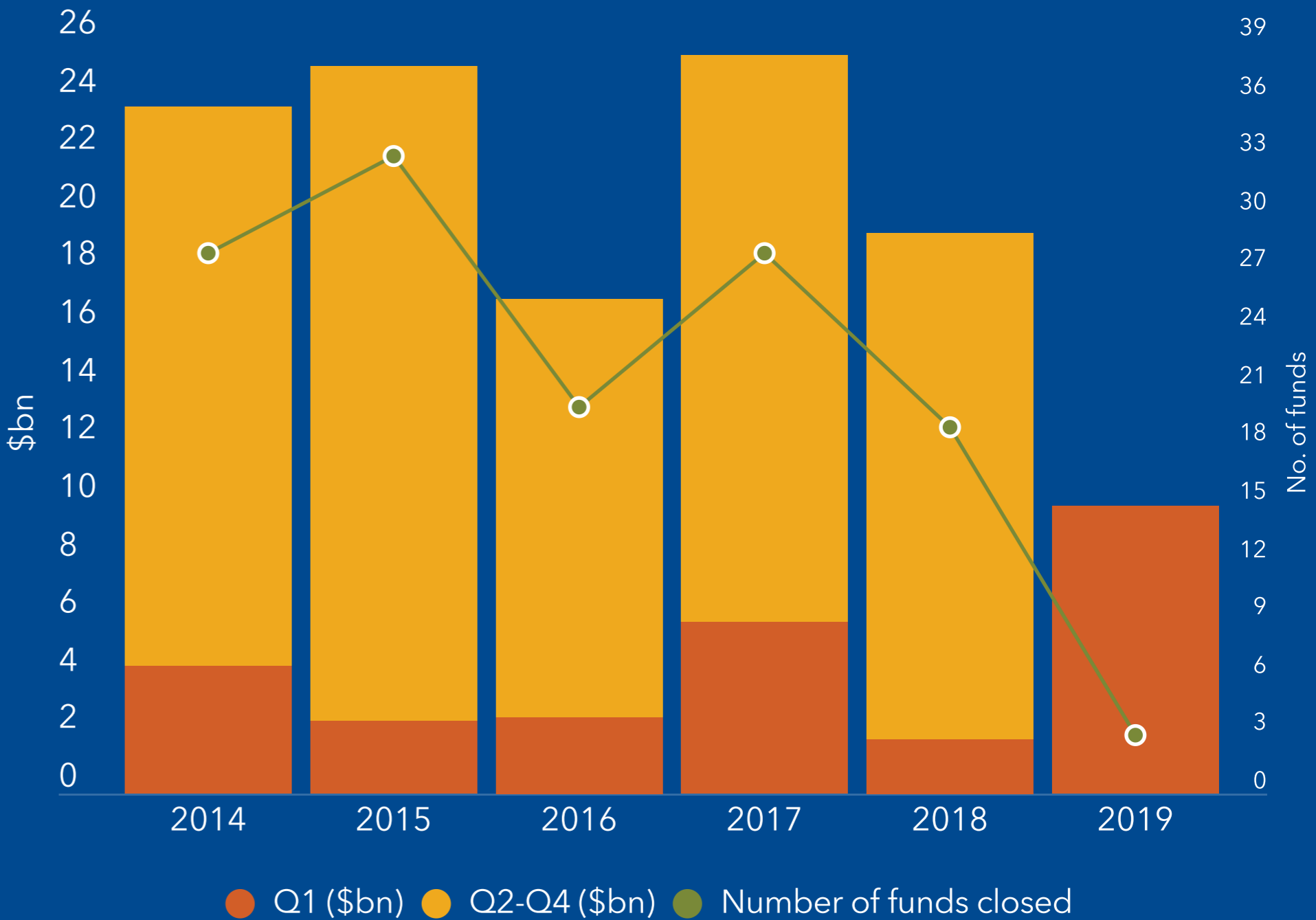
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Strategy review: European senior debt

With just three months of the year gone, almost \$10 billion of Europe-focused senior debt capital has been raised by funds holding a final close - this is more than half of last year's haul. But this was done across only three funds.

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TMT fundraising

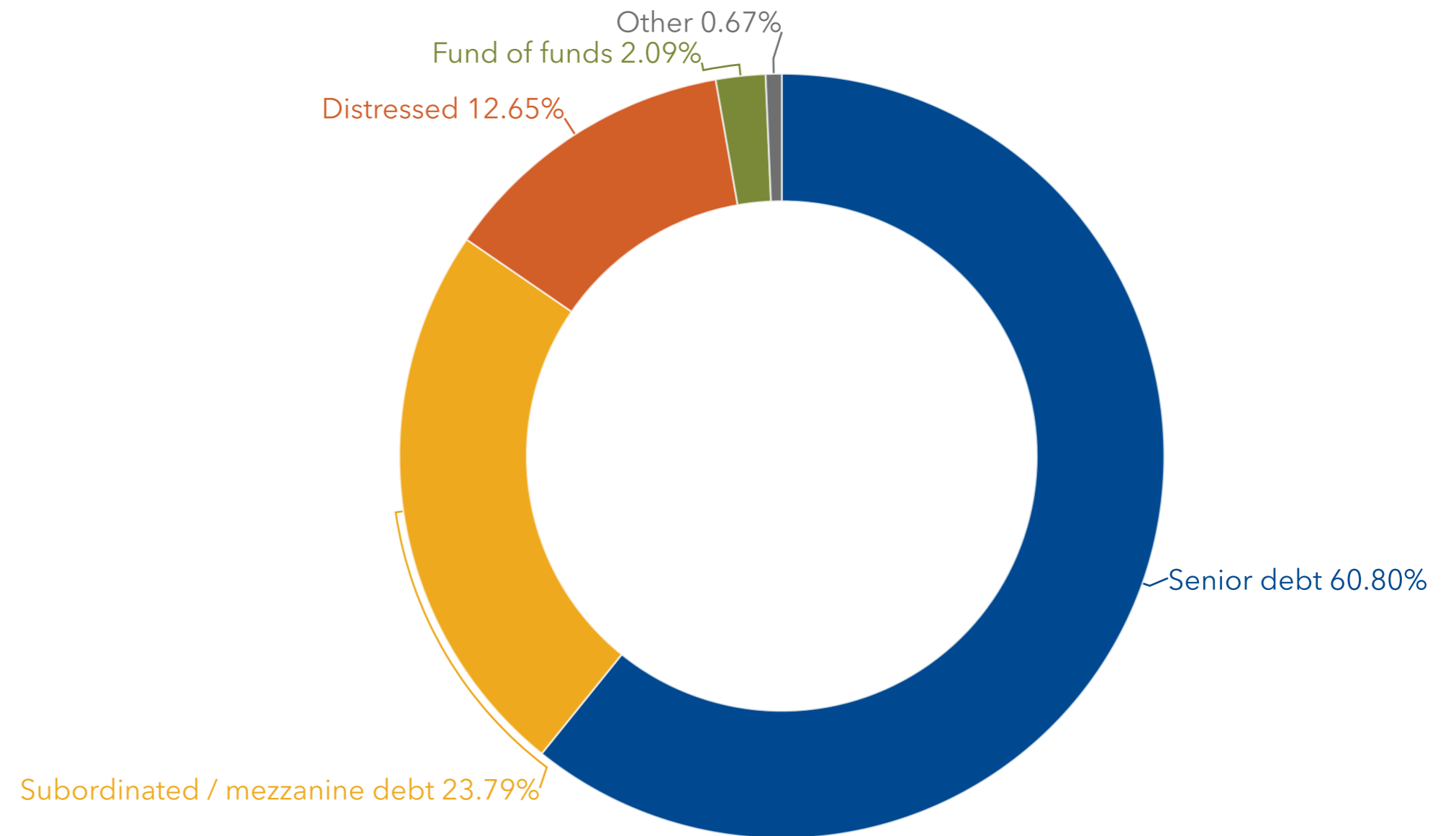


> Strategy review: European senior debt

Far from seeing a market saturated with senior debt capital, the European private debt space is gearing toward a very low-risk environment, with 61 percent of the \$54.95 billion targeted by Europe-focused funds in market seeking senior investment. Household names such as Pemberton Capital Advisors, Permira Debt Managers and AXA Investment Managers – Real Assets are all in market raising senior debt funds.

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Amount targeted per strategy Q1 2019



Geography

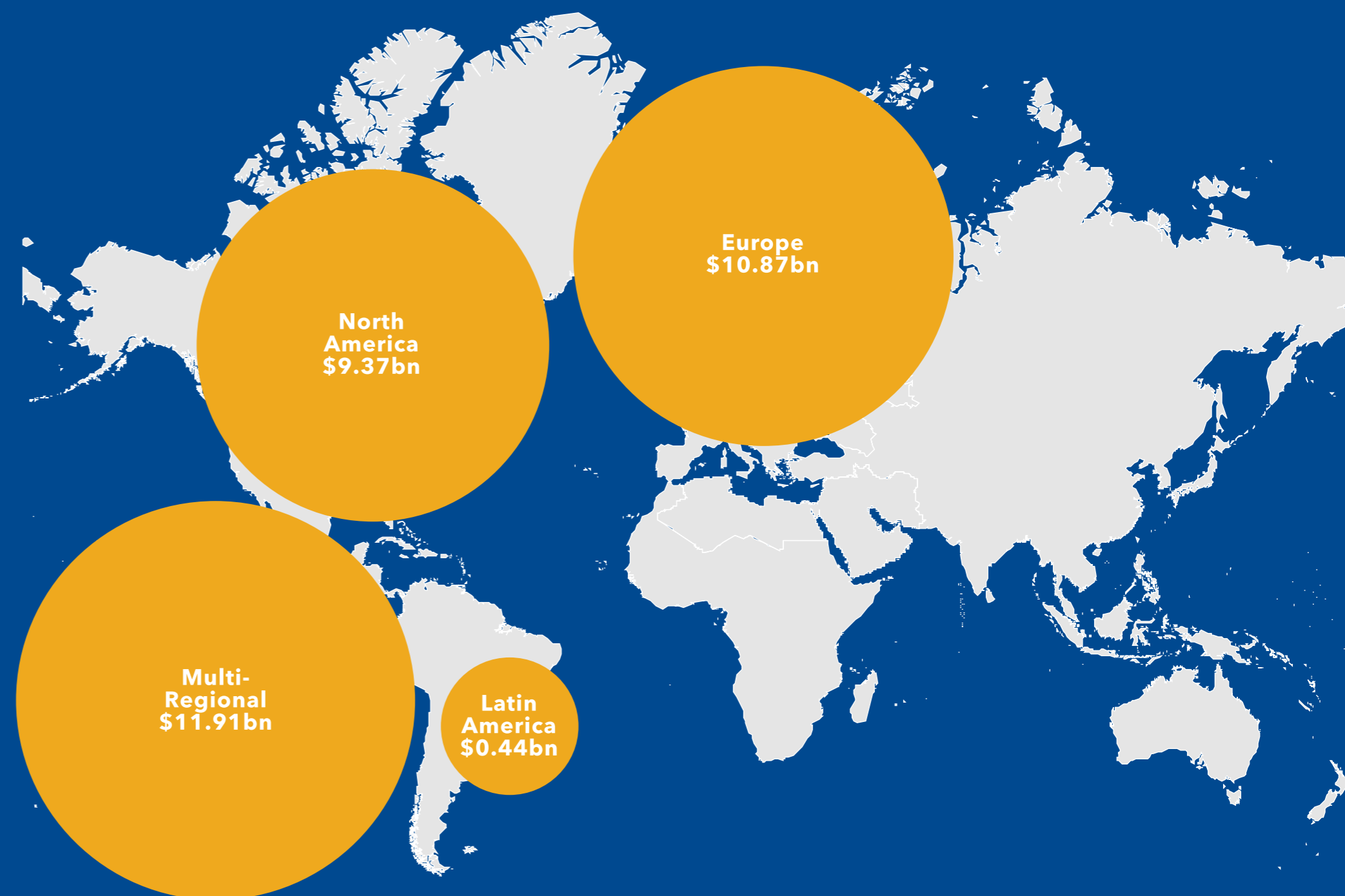
Fundraising with a sole focus on Europe surpassed North American fundraising. Though this only reflects activity in the first three months of the year, it is still somewhat surprising. Of the \$10.87 billion of Europe-focused capital raised, \$9.92 billion (91 percent) is senior debt.

No capital was raised with a sole focus on Asia in the first three months of the year. This raises questions over whether the region has fallen out of favour among risk-averse investors. We will continue to monitor the market as the year progresses.

Sao Paulo-based Hemisferio Sul Investimentos closed the only emerging markets fund of the quarter, raising \$440 million with a key focus on Brazil.

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Regional focus of capital raised in Q1 2019

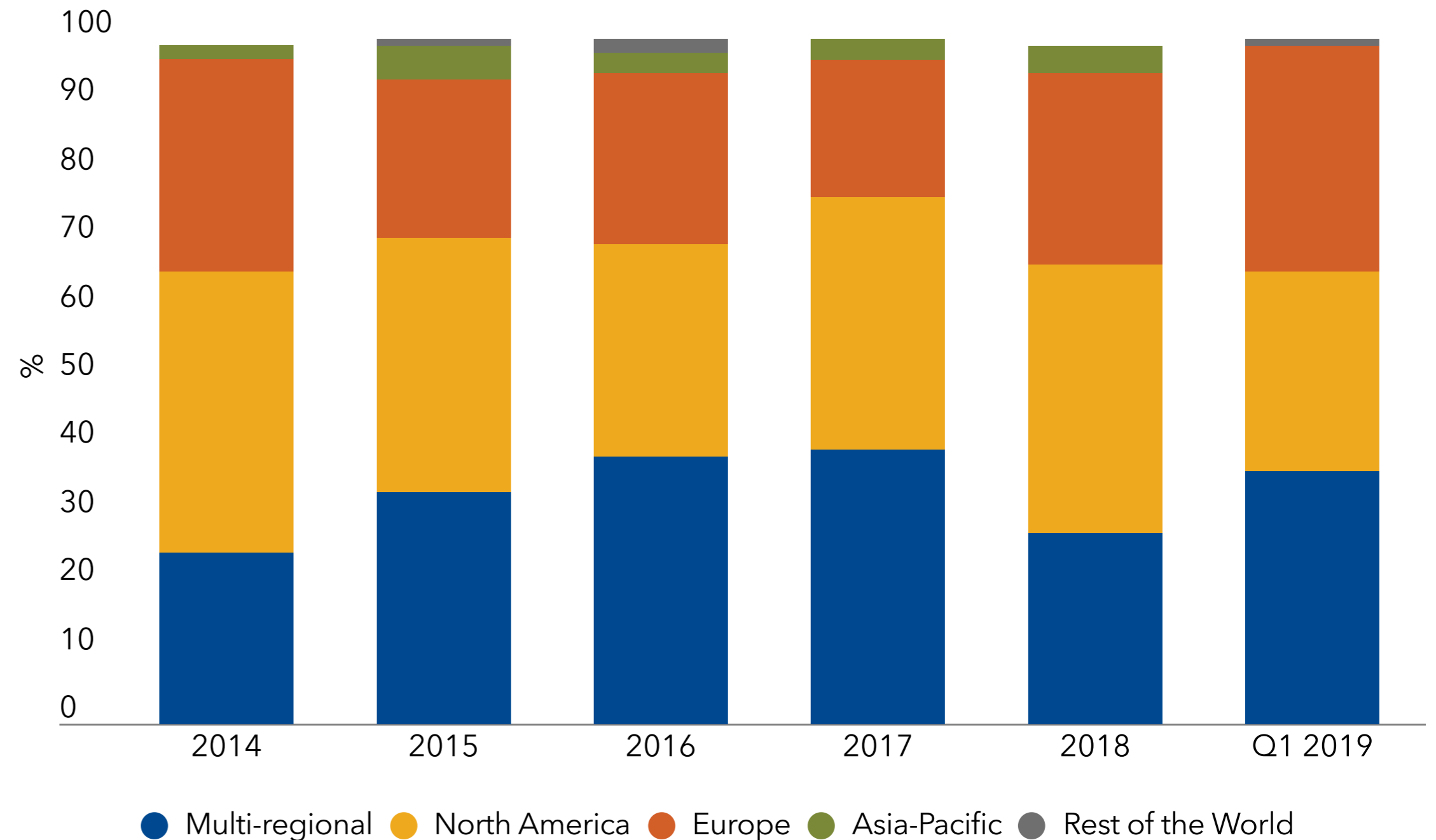


> Geography

Although we are comparing fundraising across regions for Q1, as opposed to the annual total, the expected growth of European debt has continued.

As Europe has grown, North American fundraising - as a percentage of total fundraising - has dipped significantly in the first three months when compared to last year's total.

Regional focus of capital



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Funds in market

Largest funds in market as of 1 Apr 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
TPG Sixth Street Adjacent Opportunities Partners	TPG Sixth Street Partners	5.5	North America
EIG Energy Fund XVII	EIG Global Energy Partners	5.0	Multi-regional
GSO Energy Select Opportunities Fund II	Blackstone	5.0	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
Energy Investment Opportunities Fund	Goldman Sachs Asset Management	3.0	North America
Steadfast Alcentra Global Credit Fund	Steadfast Companies	3.0	Multi-regional
Westbourne Infrastructure Debt Opportunities Fund II	Australia	3.0	Multi-regional

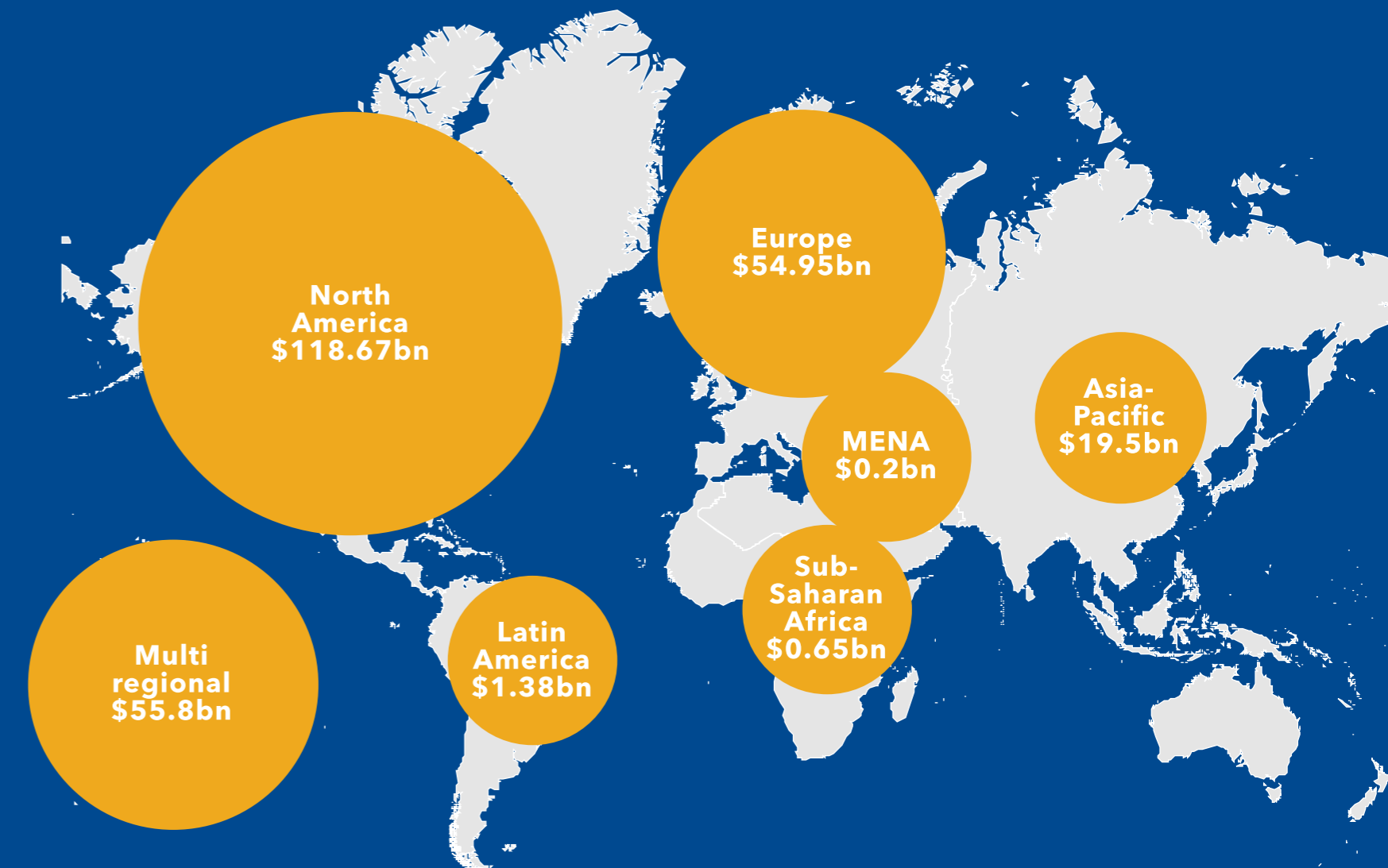
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\$251bn

Sought for funds in market

691

Total number of 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.

For more information on becoming a Platinum level subscriber please contact:

Avinash Mair in London
on +44 (0) 207 566 5428
or avinash.m@peimedia.com

Sigi Fung in Hong Kong
on +852 2153 3140
or sigi.f@peimedia.com

Andre Anderson in New York
on +1 646 545 6296
or andre.a@peimedia.com

Other questions to which we also provided solutions:

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

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

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

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