

Private Debt Industry Assets Approach \$600bn

Total assets grow by 7% over H1 2016, with fund managers on course to distribute a record level of capital to investors across the year

The private debt industry has continued to grow in recent years, and as of the end of H1 2016 reached a record \$595bn in assets under management. Launched today, the **2017 Preqin Global Private Debt Report** finds that both the level of capital available to fund managers ('dry powder') and the total value of unrealized investments increased, driving AUM up by \$40bn from the end of 2015. Moreover, this increase comes despite the fact that private debt funds distributed record levels of capital to investors in 2015, and look set to return over \$100bn in 2016 for the first time ever. This level of capital returning to investors has spurred satisfaction in the asset class, and in turn may help private debt funds to record a landmark year in 2017.

See the sample pages of the 2017 Preqin Global Private Debt Report:

<https://www.preqin.com/docs/reports/2017-Preqin-Global-Private-Debt-Report-Sample-Pages.pdf>

Members of the press can email press@preqin.com to request a complimentary copy of the report.

Key Findings from the 2017 Preqin Global Private Debt Report:

- **Industry assets reached \$595bn as of the end of June 2016.** This comprises \$224bn in dry powder and \$371bn in the unrealized value of invested assets.
- The industry has seen a decade of successive annual increases in AUM, and consequently **the asset class has quadrupled in size since 2006.**
- **Distressed debt funds account for over a third (38%) of total industry assets**, with direct lending (26%) and mezzanine (23%) funds comprising the bulk of remaining AUM.
- This growth comes despite **record levels of capital being returned to investors.** Distributions totalled \$95bn in 2015, and a further \$58bn was returned in H1 2016.
- This has prompted a **high level of satisfaction among investors** in the asset class, with 68% holding a positive view of the asset class, and only 4% saying the reverse.
- As such, **2016 marked another year of robust fundraising, with 131 vehicles raising a combined \$93bn**, the third highest annual total of all time.

Ryan Flanders, Head of Private Debt Products:

"The private debt asset class continues to ride the crest of a wave which has brought substantial fundraising totals over the past two years, record distributions and overwhelming investor satisfaction. It is therefore of little surprise that the industry has seen yet further expansion with global assets under management on track for a tenth consecutive annual increase through 2016.

Both dry powder and unrealized value are at all-time highs, a promising sign for the continued prosperity of the industry. However, private debt managers will be aware that growing dry powder may lead to material yield compression. At the same time, banks continue to return to the marketplace in Europe and the easing of financial regulations under a Trump presidency may also endanger the growth of private credit in the US."

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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