

## North America-Focused Private Debt Fundraising Falls Sharply in 2016 YTD

**However, H2 fundraising may accelerate, with nine of the ten largest funds in market targeting the region**

Preqin's research finds that North America-focused private debt fundraising has suffered a significant decline in 2016, with Europe-focused funds closed through the year so far attracting more investor capital. Nineteen vehicles looking to invest in European markets have closed so far this year, securing \$16bn; if this momentum continues then the total is likely to approach the record \$31bn of fundraisings seen in 2015. By contrast, 32 North America-focused private debt funds have raised \$15.7bn in 2016 YTD, which means the year as a whole is set to represent a marked decline from the average \$53bn of investor capital raised in the past three years.

However, there are currently 164 North America-focused private debt funds on the road targeting a combined \$92bn, the majority (64%) of global aggregate target capital; just 77 Europe-focused vehicles are in market seeking \$37bn in investor commitments. Moreover, nine of the ten largest private debt funds on the road are focusing primarily on the North American market; seven of these funds have held preliminary closes, indicating that some of them may be nearing final closes by the end of the year.

### Other Key Private Debt Fundraising Facts:

- **Global Fundraising:** 2016 so far has seen a lull in private debt fundraising; so far this year just **50 funds have closed securing a combined \$30bn**, which means 2016 looks set to fall short of the \$94bn secured by 147 funds which closed in 2015.
- **Fund Sizes Fall:** The decrease in global fundraising may also be down to a drop in average fund sizes. **The average size of North America-focused funds closed in 2016 is 13% lower** compared to funds closed the previous year, at \$491mn, while Europe-focused vehicles have diminished by 14% to stand at \$842mn.
- **Distressed Debt:** Europe-focused distressed debt fundraising in 2016 YTD (\$6bn) has outpaced that of North America-focused vehicles (\$4.5bn) by the largest margin of any private debt strategy. However, **distressed debt vehicles on the road are predominantly looking towards North America**; funds focused on the region are targeting \$37bn of investor capital, compared to \$8bn for Europe-focused vehicles.
- **Fundraising Success:** Despite the limited capital raised, private debt fund managers are still managing to achieve successful fundraises; **vehicles closed in 2016 YTD raised 108% of their targets, on average, up from 102% in 2015**. However, funds are spending longer on the road with those closed in 2016 marketing themselves for an average of 19 months, compared to 16 months the previous year.

**To access further information and analysis, please see the report below:**

<https://www.preqin.com/docs/newsletters/pd/Preqin-Private-Debt-Spotlight-August-2016.pdf>

### Comment:

"North America has been the stronghold of private debt since its inception as an asset class, coming to particular prominence during the Global Financial Crisis in 2008. Since 2011, however, capital committed to Europe-focused private debt has hit a period of marked growth due to regulatory changes and shifts in commercial financing, which has opened the door for alternative lenders to invest heavily in the region.

The relatively low levels of capital committed to North America-focused funds in the first half of the year may not ultimately reflect the full 2016 fundraising environment; most of the industry's largest funds currently in market are focused on the region and several are nearing final closes, so we may see some acceleration in the rate of fundraising over the final five months of the year. At the same time, the abundance of capital flowing into European private credit funds this year is perhaps indicative of the prominence of volatile EU headlines, and consequently the UK's Brexit."

### Ryan Flanders – Head of Private Debt Products, Preqin

New York	London	Singapore	San Francisco	Hong Kong	Manila
+1 212 350 0100	+44 20 3207 0200	+65 6305 2200	+1 415 316 0580	+852 3958 2819	

[www.preqin.com](http://www.preqin.com) / [info@preqin.com](mailto:info@preqin.com)

**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

**About Preqin:**

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com)

For more information, please contact: Ryan Flanders +1 646 376 7069 or [rflanders@preqin.com](mailto:rflanders@preqin.com)

For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or [press@preqin.com](mailto:press@preqin.com)