Private Debt Investor

PDI 50

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The largest fundraisers in focus

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PDI 50

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Insight

Inside the PDI 50

Data

Insight

Key themes **Three of the biggest developments in the 2019 ranking**

1

The leading pack is pulling further ahead

Although their order may have changed, this year's top 10 firms are very familiar, nine of them having also appeared in last year's top 10. The new entrant is Cerberus Capital Management, which was the next cab on the rank last time around, when it placed 11th. Cerberus was in the top 10 in 2014 and 2017, and in terms of capital raised was only $132 million below 10th place last time.

The firm that slipped out of the top 10 this year – and is now 11th – is Apollo Global Management. Apollo was eighth in 2018 but has raised $1.61 billion less than Cerberus over the five-plus years from 1 January 2014 to 1 June 2019.

Both firms have seen their five-year fundraising totals decrease between 2018 and 2019. For Cerberus it was only a modest decline, but for Apollo the difference is almost $6.5 billion.

Elsewhere, GPs are bunching up

BlackRock in 19th and Partners Group in 20th are separated by only $23 million raised over five years. Coincidentally, Oak Hill Advisors in 24th and Audax Group in 25th are separated by exactly the same amount.

Remarkably, there are even tighter differences elsewhere on the list. The Carlyle Group, in 27th, has raised $9.4 billion, while Hayfin Capital Management is only $20 million behind, on $9.38 billion.

However, there are even tighter differences than that. Pemberton Capital Advisors, in 44th, has raised $6.059 billion, only $6 million more than 45th placed Park Square Capital's $6.053 billion.

There is one more margin that is even smaller still. The two firms at the bottom of the *PDI 50* – 49th placed Permira Debt Managers and 50th placed SSG Capital Management – raised $5.481 billion and $5.478 billion respectively, a difference of only $3 million.

The gaps at the other end of the list are far greater. The difference between Ares Management Corporation at number one on the *PDI 50* and Blackstone in the slot below it is $3.1 billion. There are 20 firms – all those from 30th down – within $3.1 billion of the $5.5 billion raised by SSG Capital Management.

2

$3m

The slim difference in capital raised by the firms in 49th and 50th place

$10.9bn

Extra capital raised by the top 10 publicly traded BDCs, 2018-19

BDC business is booming

Alongside the *PDI 50* ranking, we also publish a list of the largest public and private business development companies in the market. BDCs are not counted in the *PDI 50* five-year fundraising totals.

In 2018, fundraising by the top 10 publicly traded BDCs amounted to around $40.2 billion. This year, the top 10 have added more than $10 billion to that – the total for 2019 stands at $51.1 billion.

Despite this impressive growth, the BDC ecosystem is relatively small and so movement among the top-ranked firms is generally quite limited. This year is all the more interesting, therefore, for the appearance of Owl Rock Capital Corporation at the number two spot on the list of largest publicly traded BDCs.

Owl Rock was fourth on the list of private BDCs two years ago and second last year. An IPO in July, three years after the firm was founded, was one of only a few listings to have taken place in the BDC space. Bain Capital Specialty Finance was the previous one, when it went public in 2018.

Owl Rock is not the only name to appear on the publicly traded top 10 for the first time. Hercules Capital has also broken into the list of the largest BDCs.

Other names on the list are more familiar. Ares Capital Corporation retains the top spot it has held for several years, while the likes of FS KKR Capital Corp, Prospect Capital Corporation, New Mountain Finance Corporation, Apollo Investment Corporation, Main Street Capital, PennantPark and Solar Capital are regulars on the top 10. The most dramatic movement among those regulars was New Mountain Finance moving up from eighth last year to fourth this year. ■

The big numbers

The key facts and figures revealed by this year's *PDI 50* ranking show growth continuing apace

$775.9bn

PDI 50 fundraising total, 2019

$708.6bn

PDI 50 fundraising total, 2018

48%

Proportion of capital raised by the top 10 firms in the *PDI 50*

6.2%

Proportion raised by the top fund manager (Ares Management Corporation)

16

PDI 50 managers based outside North America

72%

Share of capital raised by firms headquartered in North America

$5.1bn

Difference between assets of Ares Capital Corporation's publicly traded BDCs and those of the closest challenger, Owl Rock Capital Corporation

14

GPs based in New York, ahead of London (10) and Los Angeles (four)

Editor's letter

Tracking the biggest beasts in private debt

James Linacre
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The *PDI 50* is not a competition, but it does follow the changing fortunes of the runners and riders in a very competitive field. This year, that field is bigger than ever. The total capital raised over just over five years by the firms that feature in the latest *PDI 50* is up almost 10 percent on 2018's total.

As the ranking gets bigger with record levels of capital raised, it is also getting broader: we have never had a more diverse group of GPs doing the raising. There are more European and Asian firms making the cut and they are climbing higher than ever.

Yet for all the market's enhanced depth, it remains dominated by what has become a familiar group competing at the very top of the pile. These firms have led the industry's growth since we started publishing our annual ranking in 2013, establishing early dominance and building upon that year on year.

"These firms have led the industry's growth since we started publishing our annual ranking"

Many of them are also building on established real assets strategies. Several of the firms at the top of the *PDI 50* – and further down – have significant exposure to real assets. These strategies are likely to be adopted more widely as the need for downside protection becomes more urgent. With loans secured against physical assets, there will always be some value retained, regardless of how violently the credit cycle turns.

Downturn concerns are also affecting direct lending, where many of the smaller GPs are operating on particularly tight budgets and cracks have been starting to show. Competition with the banks is also heating up, with market share in Germany's leveraged buyout mid-market starting to swing back in favour of the banks, according to one recent survey.

So welcome to *PDI*'s seventh annual ranking of capital raised. It may not be a contest, but the competition is as fierce as ever.

James Linacre

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Mixing it up

There is change throughout the PDI 50, including at the top, writes James Linacre

The seventh edition of our private debt ranking is the biggest yet. It is also the most diverse, and although North American asset management groups are still the most represented, their dominance has lessened.

That is not because they themselves have slowed down or gone into decline but testament to the progress that others have been making. Based on a simple metric – capital raised over the last five years for discrete private debt strategies, as has been the case since we first compiled the *PDI 30* in 2013 – the ranking provides insight into the capital raising success of the top firms and how that has evolved.

The capital raised over five years by *PDI 50*'s class of 2018 was around $700 billion. That itself was a staggering amount, but a year later the five-year fundraising total for the latest list has grown to more than $775 billion. That is not the only staggering growth figure. This year, the capital raised by the top 30 is just north of $643 billion, almost double the $322 billion raised by the *PDI 30* in our first list seven years ago.

Other changing dynamics are similarly impressive. M&G Investments was the only European firm in the inaugural top 10. Although it remains a top 10 firm today, it is no longer the highest-ranking European firm; that honour goes to fifth-placed AXA Investment Managers – Real Assets, which is one of three European firms in the top 10.

There were also no Asian firms in 2013's top 30. This year, AMP Capital comes in at number 26, while the *PDI 50* also includes two Hong Kong-based managers.

New faces

There are half a dozen firms that were not part of the 2018 list. One of these is CVC Credit Partners, which has appeared once before, in 2017. The others are completely new: MetLife Investment Management, Bayside Capital (now Arcmont Asset Management), Pemberton Capital Advisors, Permira Debt Managers and SSG Capital Management – one of the two Hong Kong-headquartered firms.

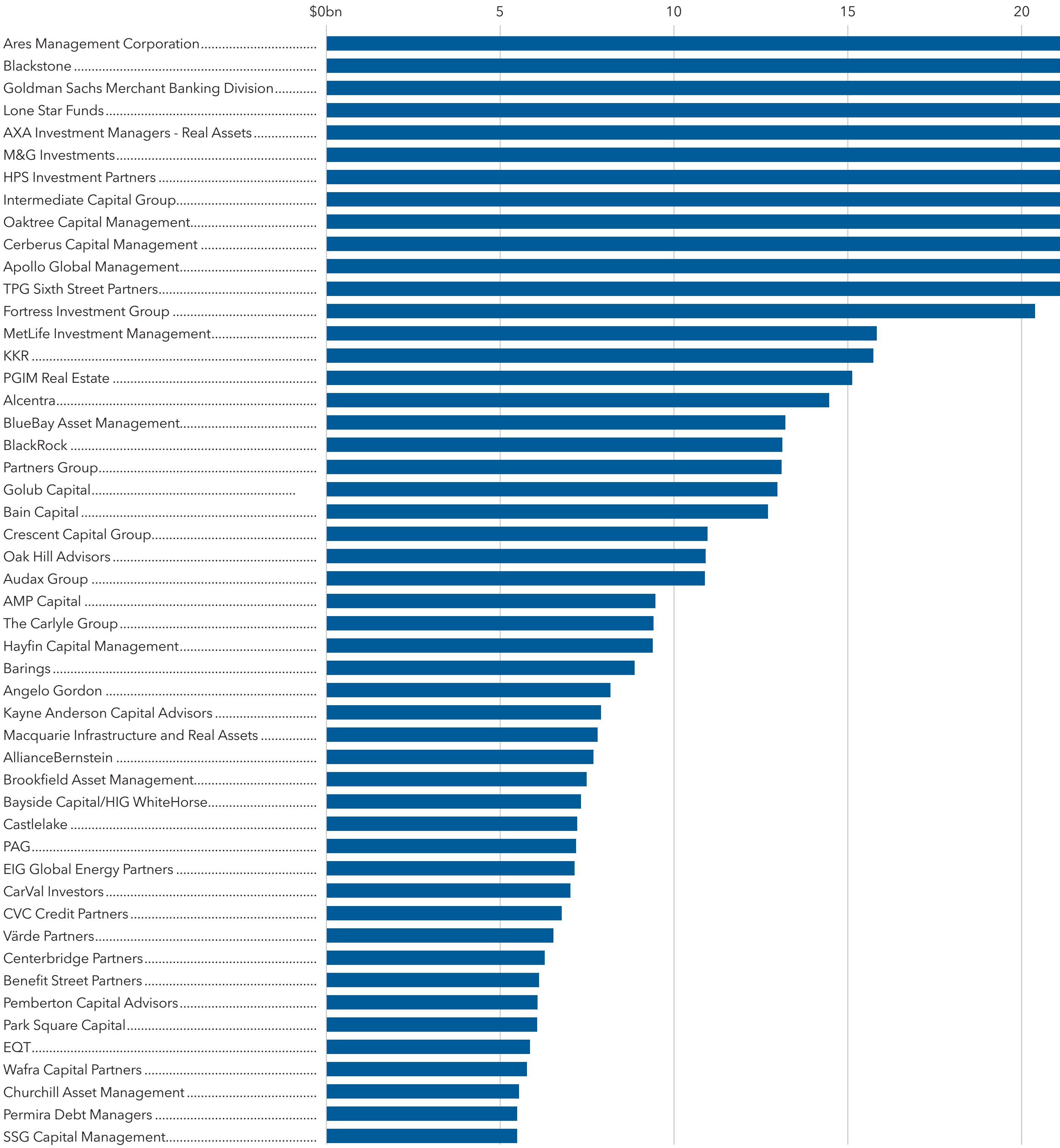
Some things do not change, and for all that a few European firms have muscled their way into the upper reaches, the top of the ranking remains stubbornly consistent. Five of the top 10 firms have been in the top 10 in every single version of the list. Lone Star Funds has never been outside the top four.

For that reason, the top-ranked firm of 2019 provides a welcome change. Ares Management Corporation has been in the top 10 before, but never previously first and only reached the top four for the first time last year. In 2015, it was as far down the list as 22nd.

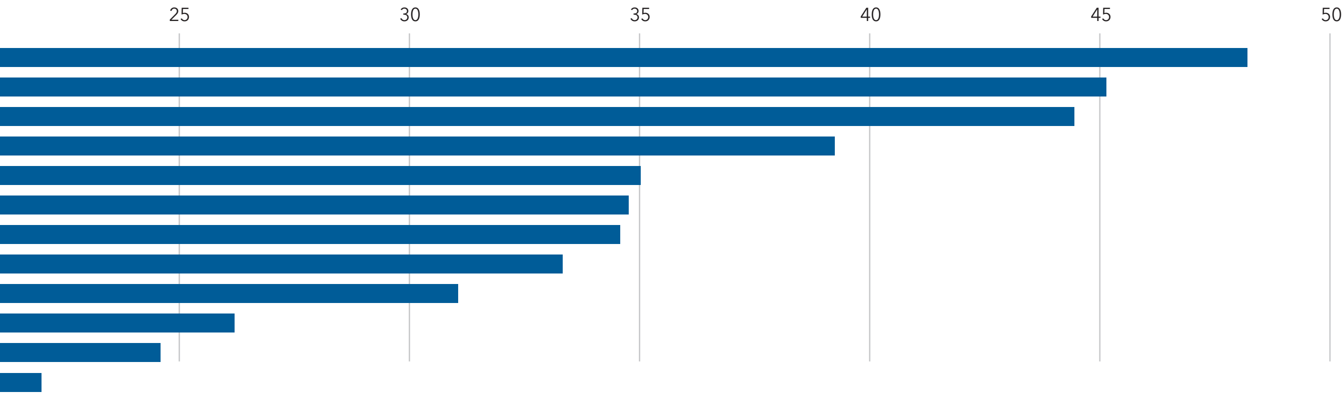
So, things do change, and even patterns that seem well established one year can look different the next. We are building a very clear picture of how the private debt market continues to grow and the 2019 *PDI 50* is the largest and most interesting list yet. Long may this progress continue. ■

2019 rank	2018 rank	Firm	Headquarters	Capital raised ($m)
1	4	Ares Management Corporation	Los Angeles	48,230
2	2	Blackstone	New York	45,164
3	1	Goldman Sachs Merchant Banking Division	New York	44,466
4	3	Lone Star Funds	Dallas	39,250
5	6	AXA Investment Managers – Real Assets	Paris	35,039
6	7	M&G Investments	London	34,772
7	5	HPS Investment Partners	New York	34,592
8	10	Intermediate Capital Group	London	33,333
9	9	Oaktree Capital Management	Los Angeles	31,070
10	11	Cerberus Capital Management	New York	26,202
11	8	Apollo Global Management	New York	24,592
12	13	TPG Sixth Street Partners	San Francisco	22,000
13	14	Fortress Investment Group	New York	20,386
14	–	MetLife Investment Management	Whippany, NJ	15,832
15	17	KKR	New York	15,728
16	12	PGIM Real Estate	Madison, WI	15,129
17	16	Alcentra	London	14,459
18	27	BlueBay Asset Management	London	13,202
19	37	BlackRock	New York	13,112
20	15	Partners Group	Baar-Zug	13,089
21	18	Golub Capital	Chicago	12,965
22	24	Bain Capital	Boston	12,694
23	22	Crescent Capital Group	Los Angeles	10,955
24	28	Oak Hill Advisors	New York	10,909
25	26	Audax Group	Boston	10,886
26	41	AMP Capital	Sydney	9,458
27	25	The Carlyle Group	Washington DC	9,400
28	20	Hayfin Capital Management	London	9,380
29	43	Barings	Charlotte, NC	8,860
30	30	Angelo Gordon	New York	8,159
31	31	Kayne Anderson Capital Advisors	Los Angeles	7,886
32	34	Macquarie Infrastructure and Real Assets	London	7,791
33	29	AllianceBernstein	New York	7,678
34	33	Brookfield Asset Management	Toronto	7,474
35	–	Bayside Capital/HIG WhiteHorse	Miami	7,312
36	21	Castlelake	Minneapolis	7,205
37	39	PAG	Hong Kong	7,169
38	19	EIG Global Energy Partners	Washington DC	7,132
39	23	CarVal Investors	Minneapolis	7,011
40	–	CVC Credit Partners	London	6,760
41	35	Värde Partners	Minneapolis	6,525
42	48	Centerbridge Partners	New York	6,272
43	32	Benefit Street Partners	Providence, RI	6,111
44	–	Pemberton Capital Advisors	London	6,059
45	42	Park Square Capital	London	6,053
46	36	EQT	Stockholm	5,846
47	38	Wafra Capital Partners	New York	5,760
48	45	Churchill Asset Management	New York	5,536
49	–	Permira Debt Managers	London	5,481
50	–	SSG Capital Management	Hong Kong	5,478

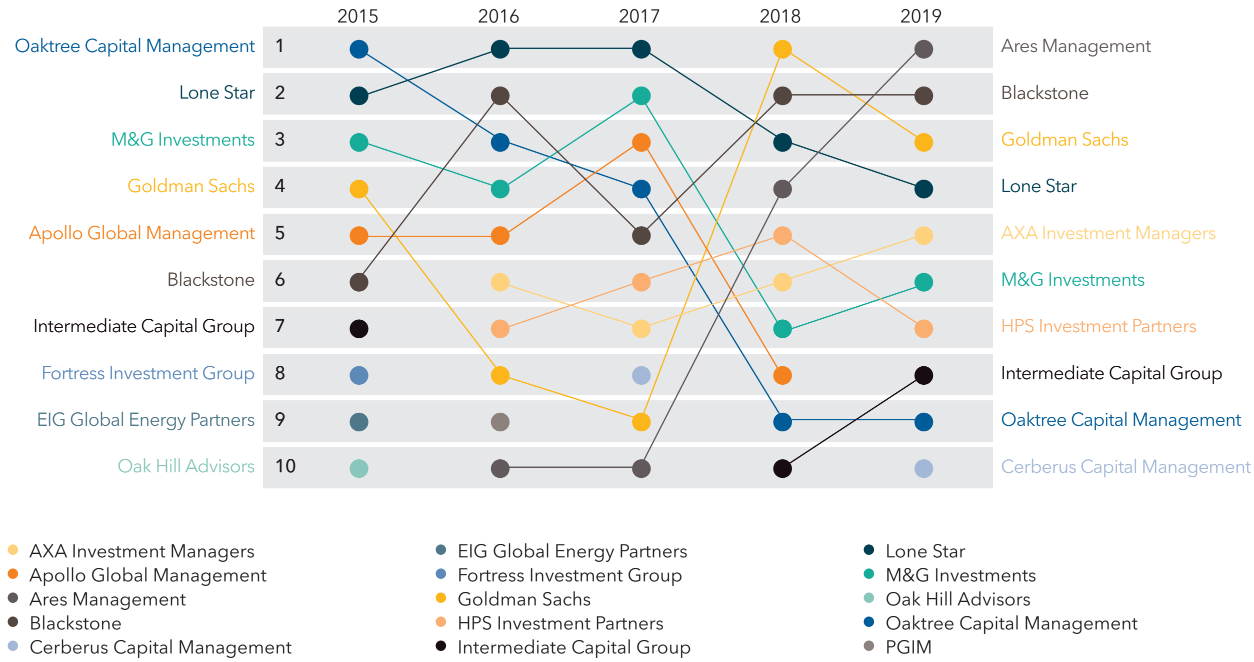
The PDI 50


$0bn
5
10
15
20
Ares Management Corporation
Blackstone
Goldman Sachs Merchant Banking Division
Lone Star Funds
AXA Investment Managers - Real Assets
M&G Investments
HPS Investment Partners
Intermediate Capital Group
Oaktree Capital Management
Cerberus Capital Management
Apollo Global Management
TPG Sixth Street Partners
Fortress Investment Group
MetLife Investment Management
KKR
PGIM Real Estate
Alcentra
BlueBay Asset Management
BlackRock
Partners Group
Golub Capital
Bain Capital
Crescent Capital Group
Oak Hill Advisors
Audax Group
AMP Capital
The Carlyle Group
Hayfin Capital Management
Barings
Angelo Gordon
Kayne Anderson Capital Advisors
Macquarie Infrastructure and Real Assets
AllianceBernstein
Brookfield Asset Management
Bayside Capital/HIG WhiteHorse
Castlelake
PAG
EIG Global Energy Partners
CarVal Investors
CVC Credit Partners
Värde Partners
Centerbridge Partners
Benefit Street Partners
Pemberton Capital Advisors
Park Square Capital
EQT
Wafra Capital Partners
Churchill Asset Management
Permira Debt Managers
SSG Capital Management

in numbers



How the top 10 has changed



Funds raised by regional headquarters

$562.5bn	**$191.3bn**	**$22.1bn**
North America	**Europe**	**Asia-Pacific**

The PDI 50

Having spent the previous three years in the top 10, Ares has risen to the top spot in the ranking, replacing last year's leader Goldman Sachs. The raised capital required for the number one spot this year was $48.2bn, up $5bn from the $43.2bn that was enough in 2018

1 Ares Management Corporation

AUM: $142bn

Head office: Los Angeles

Ares has been in the top 10 for each of the past three years, which is where it also was when the *PDI 50* – or the *PDI 30*, as it was at the time – was launched in 2013. However, this is the first time it has topped the list, with last year's fourth place its highest previous ranking.

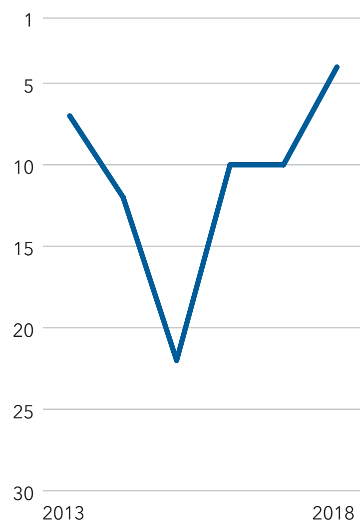
If BDCs were included – and they are not, though we do track them separately – Ares might well have taken the crown long before now. Including them this year would add almost $14 billion of assets to the company's total.

Ares' credit group had more than $106 billion of assets under management and 173 funds as of the end of Q3. Among the firm's most significant fundraises from the last five years was the €6.5 billion Ares Capital Europe IV, which closed in July 2018 and dwarfed its €2.6 billion predecessor. More recently it has reached first close at $1.02 billion on the Ares Special Opportunities Fund, which will have a distressed debt focus.

Capital raised
(1 January 2014 to 1 June 2019):

$48.2bn

Previous rankings:



Headquartered in: Asia-Pacific Europe North America

2 Blackstone
AUM: $554bn
Head office: New York

Blackstone, the world's largest alternative investment firm, has only missed out on the top five once – in 2015, when it came sixth. This is the third year – and the second consecutive year – in which it has been placed second.

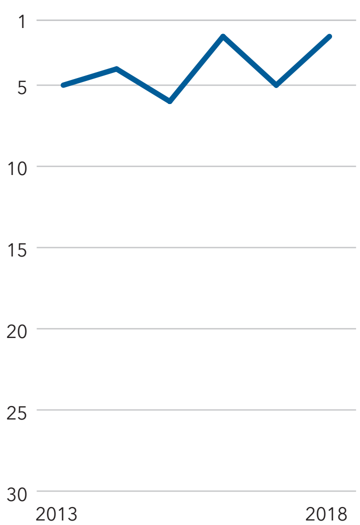
Most of Blackstone's private debt business is managed by GSO Capital Partners, its dedicated corporate credit arm, which handles a range of debt strategies, including mezzanine, direct lending, energy credit and distressed. GSO is led for now by Bennett Goodman, who co-founded the firm alongside Doug Ostrover and Tripp Smith. Ostrover and Smith both left in recent years and now it is Goodman's turn: he is set to step down from most of his duties at the end of the year to build a family office.

Blackstone's five-year fundraising figure for 2019 is $3 billion greater than its 2018 total and more than $13 billion higher than the tally for 2017. The figure when the firm first joined the ranking was $20 billion lower than it is now.

Capital raised
(1 January 2014 to 1 June 2019):

$45.2bn

Previous rankings:



3 Goldman Sachs Merchant Banking Division
AUM: $1.6trn
Head office: New York

Goldman Sachs has never been outside the *PDI 50* top 10. It was ranked number one last year with $43.2 billion raised over five years.

Although its five-year fundraising figure is higher this year, it has slipped to third place – the same as it achieved in the first ranking back in 2013 and its joint-highest ranking in any year other than 2018.

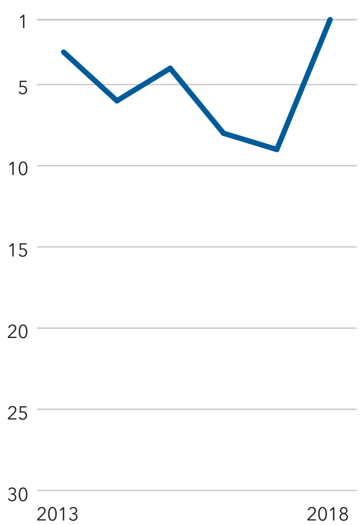
Among its funds raised in the last five years are a pair from 2017 – Broad Street Loan Partners III and GS Mezzanine Partners VII – which between them raised $19.7 billion.

Goldman is another firm that would benefit from the inclusion of BDC fundraising, having garnered more than $880 million this year for Private Middle Market Credit II. It has a further pair of $1 billion-plus BDCs.

Capital raised
(1 January 2014 to 1 June 2019):

$44.7bn

Previous rankings:



4 Lone Star Funds
AUM: $42.6bn
Head office: Dallas

Another former number one on the list – in 2014, 2016 and 2017 – Lone Star added $1.6 billion to its five-year fundraising total, though it has not rescaled the peak of 2016, when its trailing fundraising figure hit $42.5 billion.

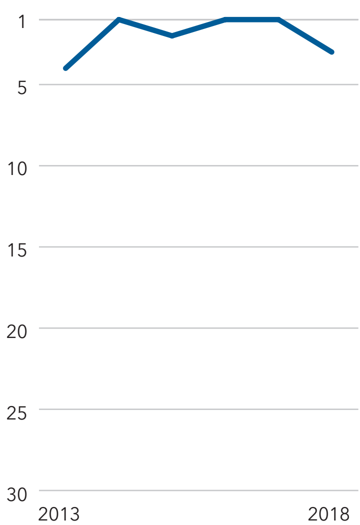
The firm's progress this year is partly down to holding a final close in Q1 on its flagship Lone Star Fund XI. The vehicle targeted $6 billion and eventually closed on $8.2 billion. Like its immediate predecessor – Lone Star Fund X, which closed oversubscribed at $5.5 billion in Q4 2016 – it targets distressed debt in the corporate and real estate sectors. Institutional investors in the fund include Chicago Policemen's Annuity & Benefits Fund, Teachers' Retirement System of Louisiana, Teacher Retirement System of Texas and Los Angeles Fire & Police Pension System.

The Dallas-based fund manager also closed on its sixth opportunistic commercial real estate fund with a total of $4.7 billion of equity. The target for Lone Star Real Estate Fund VI had been $3 billion.

Capital raised
(1 January 2014 to 1 June 2019):

$39.3bn

Previous rankings:



Headquartered in: Asia-Pacific Europe North America

5 AXA Investment Managers – Real Assets

AUM: €87bn
Head office: **Paris**

AXA has been stealthily climbing the *PDI 50*, moving from seventh place in 2017 to sixth in 2018 and fifth this year. Its ascent in 2019 comes despite its five-year fundraising figure actually dropping by $200 million.

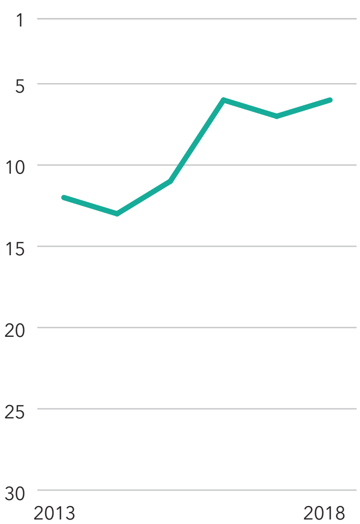
The Paris-based manager is the highest-ranking firm to be headquartered outside the US. It flew the flag for Europe last year as well, although M&G placed higher in 2017.

The firm is responsible for most of its French insurance giant parent's private debt business. This includes a large real estate debt presence comprising both insurance account money and capital raised via funds and separate accounts. The firm completed its acquisition of NorthStar Realty Europe, a European-focused commercial real estate company, at the end of Q3.

Capital raised (1 January 2014 to 1 June 2019):

$35bn

Previous rankings:



6 M&G Investments

AUM: £285.8bn
Head office: **London**

M&G spent 2014 through to 2017 in the top five and is inching back, climbing from seventh place in 2018 to sixth this year, though its five-year capital raised total is only up $100 million compared with last year. It did reach $36.5 billion in 2017.

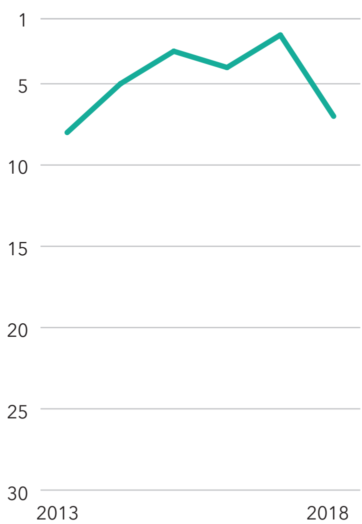
The firm is the highest ranking from the UK and is the only European firm to have been in the top 10 every year. It handles investment across direct lending, leveraged finance and infrastructure debt, with a large alternative credit business.

M&G is the global asset management arm of Prudential and manages assets for its parent company and for global clients. This year it launched a new fund – M&G Real Estate Debt Finance VI – with a focus on European real estate and received a £50 million ($65 million; €58 million) commitment from Norfolk County Council Pension Fund.

Capital raised (1 January 2014 to 1 June 2019):

$34.8bn

Previous rankings:



7 HPS Investment Partners

AUM: $55bn
Head office: **New York**

HPS entered the top 10 in 2016 and made the top five last year. This year it closed the $5 billion HPS Mezzanine Partners 2019, which invests across Europe and North America. The target size had been $8 billion, which may explain the firm slipping a couple of places down the rankings.

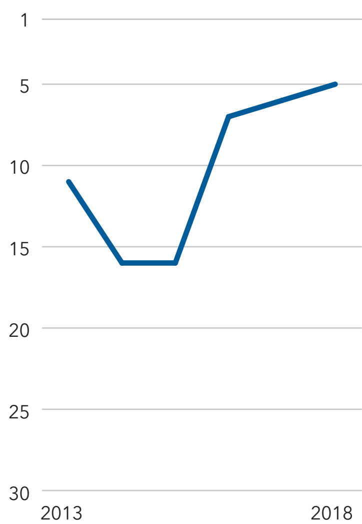
It held a final close on $220 million for HPS Mezzanine Private Investors 2019 and has launched HPS Mezzanine Private Investors 2019 II, which is sized at $167 million. It has completed a first close on HPS Special Situations Opportunity Fund, where it is targeting $600 million. The fund, which closed on $150 million of partner money and one LP commitment, aims to take advantage of dislocations in illiquid credit markets through privately arranged secondary mid-market loan sales.

HPS oversees $47 billion: $30 billion in private credit funds and the remainder in public vehicles. Its private credit strategies are direct lending, mezzanine debt, real estate, European asset-based lending, and energy and power.

Capital raised (1 January 2014 to 1 June 2019):

$34.6bn

Previous rankings:



Headquartered in: Asia-Pacific | Europe | North America

8 Intermediate Capital Group
AUM: €41.1bn
Head office: **London**

After scraping into the top 10 last year, ICG added almost $5 billion to its five-year fundraising figure to shoot up to eighth place, achieving its second-highest ranking in the process. This followed the $8.4 billion it added last year, jumping from $20 billion in 2017.

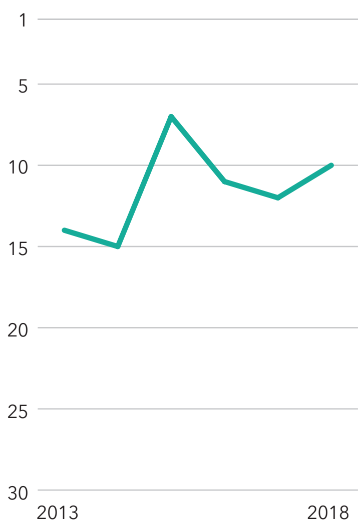
Among its recent fund closes were two significant ones from last year: the $1.35 billion ICG North American Private Debt Fund II and ICG Europe Fund VII. This year it has launched the €166 million ICG Europe Mid-Market Fund and closed a number of separate accounts, including the $200 million ICG/Indiana Public Retirement System – Revolving Credit Facilities Separate Account, the $100 million ICG/Indiana Public Retirement System – Sale and Leaseback Separate Account, and the $100 million ICG/Indiana Public Retirement System – Senior Debt Separate Account.

ICG's performance marks the first time that three European firms have ranked in the top eight.

Capital raised
(1 January 2014 to 1 June 2019):

$33.3bn

Previous rankings:



9 Oaktree Capital Management
AUM: $120.4bn
Head office: **Los Angeles**

Oaktree is outside the top five for only the second time, maintaining the rank it held in 2018 despite adding $1.9 billion to its five-year fundraising figure. The firm topped the *PDI 50* as recently as 2015 and has been in the top three on four occasions.

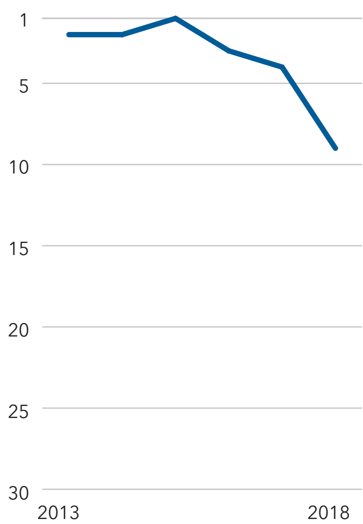
The firm held a final close at $1.3 billion for its Highstar Capital Fund III Continuation Fund, which has a subordinated and mezzanine debt strategy for North American infrastructure. Oaktree Special Situations Fund II has also grown to $1.33 billion and continues to work towards a target of $1.75 billion. The fund is currently investing, with a distressed debt strategy.

Brookfield Asset Management's acquisition of the company, announced this year, underlines the value of a strong private credit franchise. The purchase will see it acquire 62 percent of Oaktree, potentially climbing to 100 percent by 2029.

Capital raised
(1 January 2014 to 1 June 2019):

$31.1bn

Previous rankings:



10 Cerberus Capital Management
AUM: $42bn
Head office: **New York**

Back in the top 10 despite a slight reduction in its five-year fundraising figure – which stood at $28.39 billion in 2018 – Cerberus has shown the widest range in *PDI 50* placements of all those in this year's top 10.

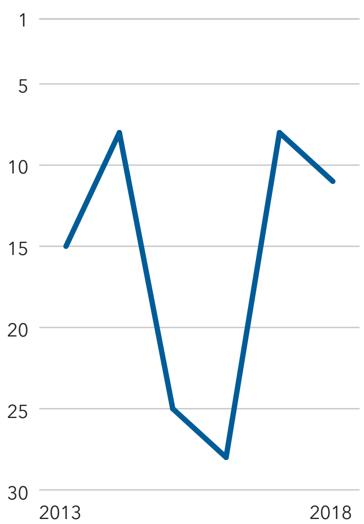
The New York-based investor has been busy this year, launching a pair of real estate funds – Cerberus Global Residential Loan Strategy Institutional Fund and Cerberus Real Estate Debt Fund – as well as a couple of senior debt funds – Cerberus Levered Loan Opportunities Fund IV and Cerberus Unlevered Loan Opportunities Fund IV. It also raised $5.1 billion for its global non-performing loan strategy earlier in the year, though the total was spread across a commingled fund and separately managed accounts, which are not included in the *PDI 50* figures. The target for the fund had been $3.5 billion.

Cerberus has become the largest investor in European NPLs, having invested more than $15 billion since 2013.

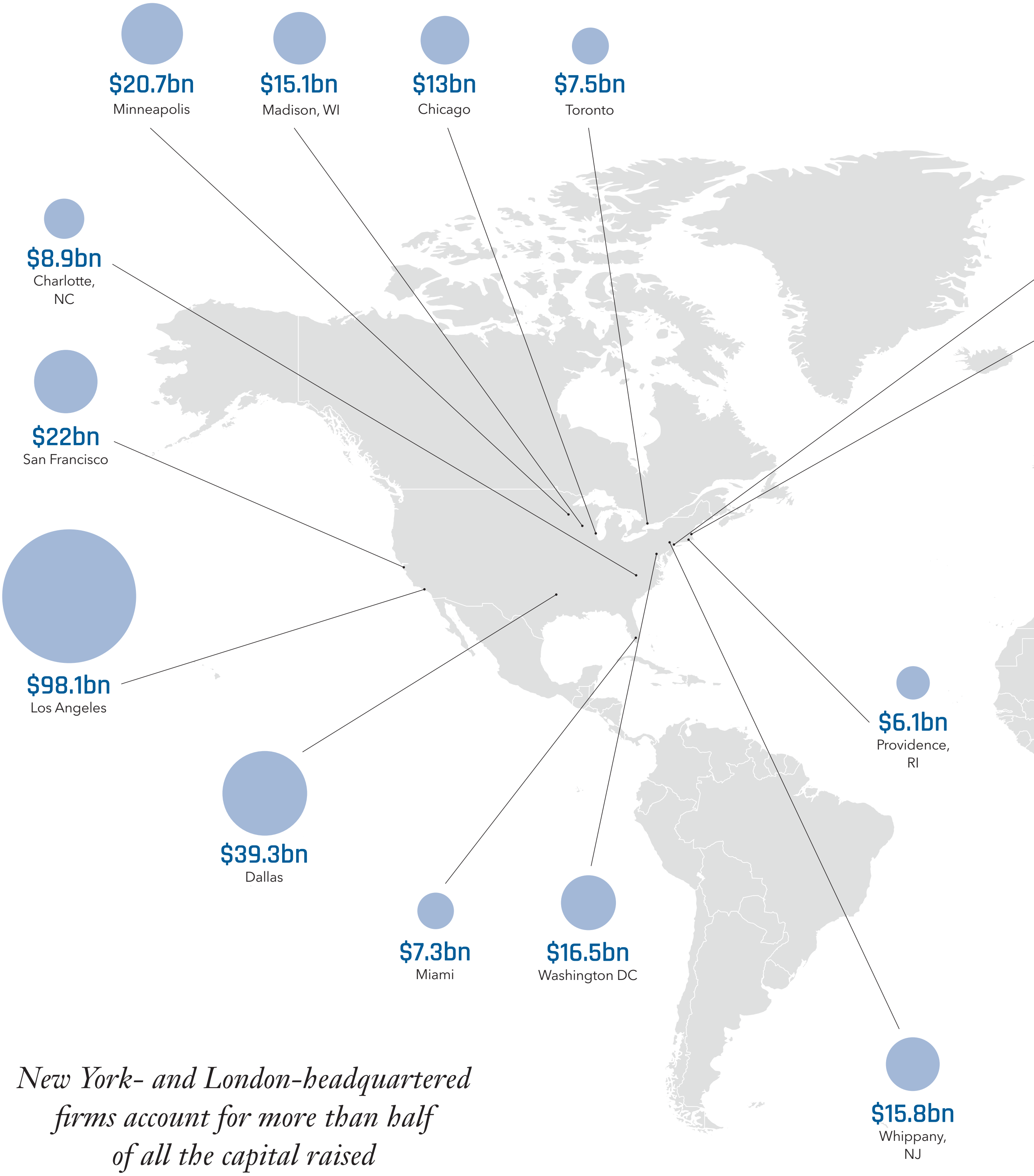
Capital raised
(1 January 2014 to 1 June 2019):

$26.2bn

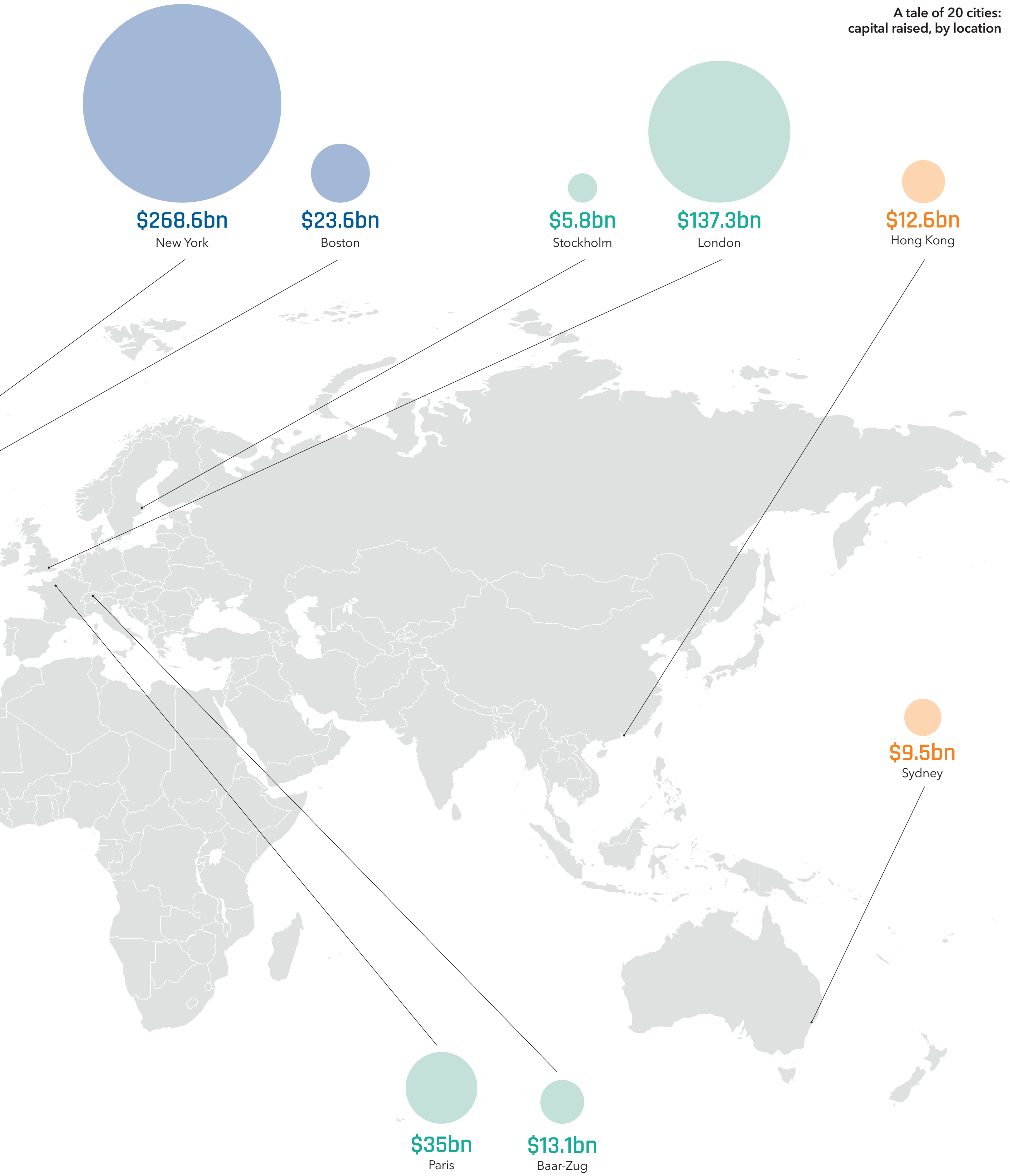
Previous rankings:



Where the capital is raised



New York- and London-headquartered firms account for more than half of all the capital raised


A tale of 20 cities:
capital raised, by location
$268.6bn
New York
$23.6bn
Boston
$5.8bn
Stockholm
$137.3bn
London
$12.6bn
Hong Kong
$9.5bn
Sydney
$35bn
Paris
$13.1bn
Baar-Zug

Headquartered in: Asia-Pacific Europe North America

11 Apollo Global Management
AUM: $303bn
Head office: New York

Apollo took top spot in the first *PDI 30* – as it was then known – in 2013 and had never finished outside the top five until last year. In 2013, $33 billion was enough to top the inaugural list, though it would only be enough for ninth place now.

Capital raised (1 January 2014 to 1 June 2019):

$24.6bn

Change since 2018:

▼ 3

12 TPG Sixth Street Partners
AUM: $32bn
Head office: San Francisco

Established for a decade now, TPG missed out on the top 30 in 2015 but has been climbing the rankings every year since. The firm has added $6 billion to its total amount of capital raised over the previous five years, compared with the same total in 2018.

Capital raised (1 January 2014 to 1 June 2019):

$22bn

Change since 2018:

▲ 1

13 Fortress Investment Group
AUM: $39.2bn
Head office: New York

Fortress was part of our original top 10 in 2013 and has been there or thereabouts ever since. The distressed investor, which targets undervalued assets and illiquid credit investments, has invested more than $100 billion since 2002 across the credit spectrum.

Capital raised (1 January 2014 to 1 June 2019):

$20.4bn

Change since 2018:

▲ 1

14 MetLife Investment Management
AUM: $586.3bn
Head office: Whippany, NJ

MetLife had not appeared in the *PDI 50* or any of its previous incarnations before arriving with a splash this year and only just missing out on a place in the top 10. The firm has more than $100 billion of private capital assets and the backing of its parent, one of the world's largest insurers.

Capital raised (1 January 2014 to 1 June 2019):

$15.8bn

Change since 2018:

★ New entry

15 KKR
AUM: $206bn
Head office: New York

Ranked 25th in the first *PDI 30* with $4.6 billion raised, KKR has ramped up its activity – and its *PDI 50* ranking. Before coming in at 18th last year, the firm was 15th in each of the two previous years. The company's trailing five-year total of capital raised had stood around $13 billion for the past three years.

Capital raised (1 January 2014 to 1 June 2019):

$15.7bn

Change since 2018:

▲ 2

16 PGIM
AUM: $69.2bn
Head office: Madison, WI

Prudential Financial's investment management business leapt into the top 10 in 2016 as the European and US real estate debt funds ceased to be branded separately and were combined as PGIM Real Estate, before coming in at 13th in 2017 and 12th in 2018.

Capital raised (1 January 2014 to 1 June 2019):

$15.1bn

Change since 2018:

▼ 4

Headquartered in: Asia-Pacific | Europe | North America

17 Alcentra
AUM: $40bn
Head office: London

The sub-investment grade specialist first appeared in the *PDI 50* in 2017, when it was ranked 25th with $9.9 billion raised. It was up to 16th last year with $12.5 billion and, although it has raised even more this year, slips one place to 17th.

Capital raised (1 January 2014 to 1 June 2019):

$14.5bn

Change since 2018:

▼ 1

18 BlueBay Asset Management
AUM: $60bn
Head office: London

Royal Bank of Canada subsidiary BlueBay – now called Arcmont Asset Management – added $4.4 billion to its capital raised, which was enough to propel the fixed-income specialist into the top 20. The company had never made the top 30 before and is on a strong upward trajectory.

Capital raised (1 January 2014 to 1 June 2019):

$13.2bn

Change since 2018:

▲ 9

19 BlackRock
AUM: $6.8trn
Head office: New York

The global investment giant first made the *PDI 30* in 2016. From 2018 to 2019 it doubled the amount of capital raised over a five-year period, which is why it has shot up from 37th to sneak into the top 20.

Capital raised (1 January 2014 to 1 June 2019):

$13.1bn

Change since 2018:

▲ 18

20 Partners Group
AUM: $91bn
Head office: Baar-Zug

Partners Group first made the ranking in 2015. It would have been 31st in 2016 – and so missed out on the *PDI 30* – but returned in 2017 with a ranking in the mid-20s, which it maintained last year. The Swiss-headquartered firm has invested more than $100 billion in private debt, equity, real estate and infrastructure.

Capital raised (1 January 2014 to 1 June 2019):

$13.1bn

Change since 2018:

▼ 5

21 Golub Capital
AUM: $30bn
Head office: Chicago

Golub has increased its capital raised by more than $1 billion, but drops two places. The US-focused credit asset manager was part of the first-ever *PDI 30*, when raising $3.9 billion was enough to rank 27th. It was a top 10 firm a year later.

Capital raised (1 January 2014 to 1 June 2019):

$13bn

Change since 2018:

▼ 3

22 Bain Capital
AUM: $105bn
Head office: Boston

Bain was also on the first *PDI 30* list, ranking 13th with $9 billion raised. The Boston-based firm, co-founded by one-time Republican US presidential nominee Mitt Romney, increased capital raised by $3.5 billion compared with last year, and has risen two places in the ranking as a result.

Capital raised (1 January 2014 to 1 June 2019):

$12.7bn

Change since 2018:

▲ 2

The real assets difference

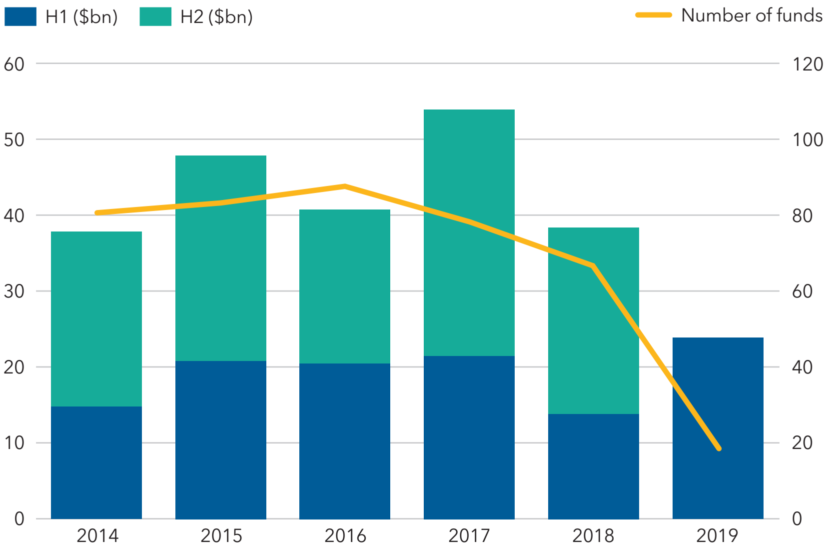
Real assets are a large but often hidden part of the private debt world, writes John Bakie

Real assets make a significant contribution to the funds managed by many of the biggest names in the *PDI 50*. One such example is a regular on the list, AXA Investment Managers – Real Assets. As its name suggests, the private debt investor focuses on lending to real estate and infrastructure projects.

Although real estate and infrastructure debt make up the bulk of this sub-asset class, the definition can be extended to other forms of debt investment in which physical assets are used as security. Aviation and shipping, railcar leasing, asset-based lending and commodity finance could all be considered investments in real assets.

Many other firms in the *PDI 50* have significant investments in real assets. Blackstone, which sits in second place, this year began raising its fourth-generation fund for its real estate debt strategy, having closed the previous vehicle on $4.5 billion in 2015. Fourth-placed Lone Star launched its sixth real estate debt fund in 2018 and raised $4.7 billion, well above its $3 billion target, thus indicating the strong demand among institutional investors for real assets debt.

Real estate and infrastructure debt fundraising



Source: PDI

Look on the downside

A big factor in real assets' popularity is downside protection. Although stable returns and creditor protection are often seen as selling points for private debt more generally, the traditional corporate direct lending space still has the potential for lenders to suffer complete writedowns of their debt if things go badly. A businesses services company, for example, may have little in the way of physical assets and, in the event of a total failure, there may be little value to be extracted by the lender from the business.

But real assets debt has the benefit of loans secured against physical things that will always retain some value, be they buildings, ships, land or energy-production facilities. Although returns may not be as high as in corporate direct lending, real assets debt still aims to yield more than public markets debt and thus offers an attractive risk-return profile.

Some areas of real assets debt may even be able to provide outsized returns in tough economic times, such as infrastructure debt, which can benefit from government economic stimulus measures during recessions.

> *"Real assets debt has the benefit of loans secured against physical things that will always retain some value"*

This stability is reflected in fundraising data. Real assets debt fundraising hit a record high in 2017 at the same time as the broader private debt sector, but it has not had the same long-term growth as corporate direct lending. It is nevertheless an asset class that has been around longer than direct lending and was already well established when the broader private debt boom took off in the middle of the decade.

The countercyclical nature of real assets debt could see fundraising increase further in the coming years as the global economy begins to slow down and, potentially, slips into recession. During the first half of 2019 there was a greater level of fundraising than in any equivalent period since at least 2014. As investors looked for safer assets that yielded more than the negative returns available on government bonds, $24 billion was raised across real estate and infrastructure debt. ■

Headquartered in: Asia-Pacific | Europe | North America

23 Crescent Capital Group
AUM: $25bn
Head office: Los Angeles

Crescent Capital Group was 18th in the 2013 ranking – when, at $6.6 billion, its five-year capital raised total was almost $4.5 billion below what it now stands at. It was ranked 17th in 2017 and 2018, which speaks to the firm's staying power. The West Coast manager focuses on below investment-grade debt.

Capital raised (1 January 2014 to 1 June 2019):

$11bn

Change since 2018:

▼ 1

24 Oak Hill Advisors
AUM: $32bn
Head office: New York

Oak Hill Advisors manages performing and distressed credit assets across North America, Europe and other locations. The firm made *PDI*'s top 10 in both 2014 and 2015 and was ranked 14th as recently as 2017, when the figure for the capital it had raised over five years stood at $16.1 billion.

Capital raised (1 January 2014 to 1 June 2019):

$10.9bn

Change since 2018:

▲ 4

25 Audax Group
AUM: $16bn
Head office: Boston

Audax Group has a 20-year track record and makes our list for the fifth time. It has raised more than $26 billion over private debt and private equity and specialises in building value in the mid-market.

Capital raised (1 January 2014 to 1 June 2019):

$10.9bn

Change since 2018:

▲ 1

26 AMP Capital
AUM: A$200bn
Head office: Sydney

AMP, the highest-ranking Asia-Pacific-based firm in the *PDI 50*, climbed 13 places between 2017 and 2018 and has climbed another 15 places since. Backed by one of Australia's largest pension providers, the firm has almost doubled its total for capital raised compared with 2018.

Capital raised (1 January 2014 to 1 June 2019):

$9.5bn

Change since 2018:

▲ 15

27 The Carlyle Group
AUM: $222.7bn
Head office: Washington DC

Over the last three years, Carlyle has ranked 26th, 25th and 27th, so it cannot be accused of inconsistency. The firm first made the ranking in 2015 – when it was 23rd – and invests across structured credit and CLOs, private debt and direct lending, and mezzanine and distressed investing.

Capital raised (1 January 2014 to 1 June 2019):

$9.4bn

Change since 2018:

▼ 2

28 Hayfin Capital Management
AUM: €8.7bn
Head office: London

Hayfin has made every ranking since 2014. The firm was founded 10 years ago and invests in assets across direct lending, special opportunities, high-yield credit and structured credit. Its total for capital raised is around the same as it was in 2017, which at the time was good enough for a ranking 10 places higher than today's.

Capital raised (1 January 2014 to 1 June 2019):

$9.4bn

Change since 2018:

▼ 8

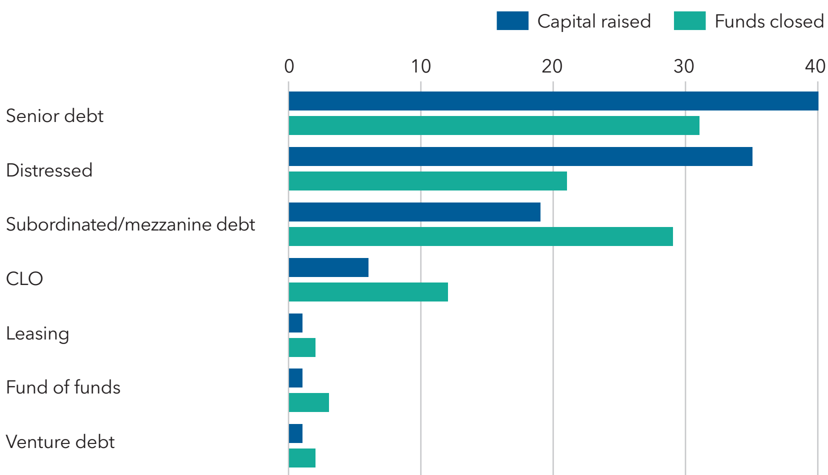
Direct lending is still popular, but there are challenges

The sector has been at the heart of private debt's emergence as an asset class to be reckoned with. Investors remain committed, but there may be risks, reports Andy Thomson

Fears have been voiced that direct lending may be becoming overly competitive, with new players forcing their way in and putting pressure on incumbents. But if investors are worried about this, it is not coming through in the data.

The latest *PDI* fundraising figures, measured at the end of the third quarter, show senior debt – which is primarily associated with direct lending strategies – accounting for 40 percent of the private debt capital raised globally so far this year and 31 percent of funds closed. BlueBay's Direct Lending Fund III closed on more than $6.5 billion during the period and Alcentra's European Direct Lending Fund III on more than $6 billion.

Fundraising strategy breakdown, Q1-Q3 (%)



Source: PDI

Can it stand up to a downturn?

If a much-predicted downturn does eventually hit the asset class, one of the things that will become apparent is that building a direct lending business from the ground up is expensive.

Many of the smaller GPs, in particular, are operating on shoestring budgets that are becoming even smaller as LPs put more pressure on fees.

These GPs can only dream of hiring the specialist workout and restructuring professionals that those same LPs are increasingly highlighting as a desired component of fund managers' teams.

The call for workout and restructuring expertise is linked to the fear that a downturn may be just around the corner – a fear that has been intensified recently by signs that some direct lending portfolios are experiencing signs of stress for the first time. Under this sort of pressure, will resource-constrained direct lenders find themselves exposed as the tide goes out?

Banks fight back

In an October roundtable, Vanessa Brathwaite, a portfolio manager of senior loan funds at Paris-based manager Tikehau Capital, said she was seeing banking competition intensify, particularly in Spanish and Italian club deals: "The retrenchment of banks from the market is what gave birth to direct lending and now we see them [the banks] popping up again."

A recent survey by Refinitiv provided the data to back up this pervading sense that the banks are once again flexing their muscles and beginning to encroach on the territory that debt funds have seized. Although the survey shows alternative lenders increasing their appetite for lending at 6.5x or higher, banking appetite at this level saw a much sharper increase – the number of banks prepared to lend at between 6.5x and 7x leapt from 7.7 percent to 21.4 percent over the preceding 12 months.

Moreover, a survey from investment bank GCA Altium has found that banks in Germany's LBO mid-market are beginning to reverse the remarkable advance of debt funds in that country since 2012. In the third quarter, the banks increased their market share from 44 percent to 54 percent. This was only one quarter, of course, but there is arguably a kind of symbolic significance in them having won back more than half the market.

Might the banks be preparing to take on the upstart direct lenders in an arm-wrestling contest? And if they are, who will win?

Headquartered in: Asia-Pacific · Europe · North America

29 Barings

AUM: $325bn
Head office: Charlotte

Babson Capital Management, one of the firms merged by MassMutual to create Barings in 2016, was 28th on the inaugural *PDI 30* list and 21st in 2014. The firm has more than doubled its amount of capital raised compared with last year, climbing 14 places to return to the top 30.

Capital raised (1 January 2014 to 1 June 2019):

$8.9bn

Change since 2018:

14

30 Angelo Gordon

AUM: $33bn
Head office: New York

The alternative investment manager spans the corporate credit, structured credit and lending spectrum, with expertise in distressed debt, leveraged loans and mid-market direct lending. The firm has ranked 30th for the last two years.

Capital raised (1 January 2014 to 1 June 2019):

$8.2bn

Change since 2018:

31 Kayne Anderson Capital Advisors

AUM: $30bn
Head office: Los Angeles

Kayne Anderson comes in one place behind Angelo Gordon for the second year running, though it did add almost $1 billion to its total capital raised. As well as its mid-market credit strategy, the firm invests significantly in energy infrastructure.

Capital raised (1 January 2014 to 1 June 2019):

$7.9bn

Change since 2018:

32 Macquarie Infrastructure and Real Assets

AUM: $129bn
Head office: London

The infrastructure specialist has connected long-term institutional capital with opportunities to deploy real asset debt since 2012. It first made the *PDI 50* in 2017 and has more than $7 billion in invested assets.

Capital raised (1 January 2014 to 1 June 2019):

$7.8bn

Change since 2018:

2

33 AllianceBernstein

AUM: $581bn
Head office: New York

AllianceBernstein was lurking just outside the top 50 in 2016, before making the breakthrough a year later to debut on the *PDI 50*. It broke into the top 30 in 2018 but has slipped back slightly as its capital raised over the trailing five-year period has decreased by around $200 million.

Capital raised (1 January 2014 to 1 June 2019):

$7.7bn

Change since 2018:

4

34 Brookfield Asset Management

AUM: $500bn
Head office: Toronto

The highest-ranking firm from Canada this year agreed to acquire a 62 percent stake in Oaktree Capital Management. Oaktree was ranked second in the first *PDI 30* and ninth this year and last. Brookfield itself did not make the first list but was 33rd in 2018.

Capital raised (1 January 2014 to 1 June 2019):

$7.5bn

Change since 2018:

1

Q&A

Smart GPs can fundraise successfully despite the increased competition, says Tavneet Bakshi, partner at FIRSTavenue

Q How do you view overall conditions for private debt fundraising at the moment?

A Like most of the illiquid asset classes, private debt fundraising has been a tale of two cities.

The larger, established platforms have taken a lot of the oxygen out of the room, leaving a plethora of mid- to smaller-sized managers fighting harder and longer to get airtime with allocators. Besides a strong track record and cohesive team history, timing, intelligent benchmarking, positioning and differentiation, deployment visibility and fee discounts are just some of the tools necessary to fuel the fundraising process.

This being said, overall dollars to the asset class continue to rise and we regularly uncover new programmes for private debt at the LP and consultant level. We see a real expansion across the spectrum of private debt opportunities complemented by LPs with maturing portfolios looking for more risk/return diversification. It's a tougher process, with more GP competition for every allocation.

With this in mind, any fundraising process needs to be well planned, tactical and well informed.

Q Which strategies are proving popular and why?

A Special situations and opportunistic credit remain in vogue and rightly so. There is a significant financing opportunity in the mid-market that falls outside the vanilla direct lending remit.

We see flavours of this in partnerships with banks, where the approach is one of risk sharing or risk transfer, as well as bank disintermediation.

Asset-backed strategies are getting increasing attention, and this stretches beyond corporate lending with asset backing. We are spending more and more time with LPs discussing infrastructure debt, real estate debt, aviation financing and royalties. The obvious driver here is a search for yielding strategies that have more tangible downside protection in the face of deteriorating economic conditions.

Private credit secondaries are also an area that deserves greater attention, and we are seeing more and more attractive opportunities that have arisen from LP portfolio management activity rather than GP restructurings. For investors in private debt, this gives immediate access to diversified, yielding portfolios with strong cashflow visibility.

Lastly, I would mention environmental, social and governance issues and impact investment. These are often glossed over when it comes to debt because of the perceived inability to influence ESG outcomes as a lender.

However, we anticipate increased focus on active ESG in debt that goes beyond ESG by avoidance.

Q And which strategies are investors more cautious about?

A Highly levered structures and, in the same vein, strategies that need to have multiples of leverage applied to reach appropriate return hurdles. Understandably, there is increased discomfort with the use of leverage and caution around the type of leverage applied. As always, there is another side to this perspective. Is it better to use appropriately structured leverage on senior financing for established and profitable companies versus being subordinated in the capital structure on an unlevered basis? It depends.

Q Are there new investors showing an appetite for private debt?

A We're quite excited about the LatAm region, particularly the pensions and insurers that are increasingly looking at private debt strategies following regulatory and structural reforms. There are still meaningful AUM hurdles to overcome in this market, but we see this evolving and the depth of potential capital is significant.

Q What should GPs do to expand and diversify their LP bases?

A First, be flexible to satisfy the ever increasing and varied requirements from your investor base, particularly terms of structures. Consider insurance solutions such as risk ratings and insurance-tailored reporting. Flexibility is the key to attracting a diverse investor type.

Second, go global! Once you have established a loyal following in your core market, move beyond your established borders. This approach can be applied to investor types. The private debt market is an ever-expanding universe with an ever-increasing level of investor proficiency and sophistication. ■

Headquartered in: Asia-Pacific | Europe | North America

35 Bayside Capital/ HIG Whitehorse
AUM: $4.8bn
Head office: Miami

Bayside more than tripled its figure for capital raised, jumping 53 places to land in the *PDI 50*. The mid-market specialist invests across primary and secondary debt capital markets with an emphasis on long-term returns. It is an affiliate of HIG Capital.

Capital raised (1 January 2014 to 1 June 2019):

$7.3bn

Change since 2018:

▲ 53

36 Castlelake
AUM: $13.5bn
Head office: Minneapolis

With a focus on investments in alternative assets, sub-performing loans, speciality finance and special situations, Castlelake specialises in aircraft ownership and servicing. It had consistently made the top 30 since first appearing on the list in 2016.

Capital raised (1 January 2014 to 1 June 2019):

$7.2bn

Change since 2018:

▼ 15

37 PAG
AUM: $29.5bn
Head office: Hong Kong

One of only three Asia-Pacific firms to appear in the *PDI 50*, PAG has been a fixture of the mid-30s rankings for several years. It is one of Asia's largest independent alternative investment management groups and has raised around $1.5 billion net in additional capital since 2018.

Capital raised (1 January 2014 to 1 June 2019):

$7.2bn

Change since 2018:

▲ 2

38 EIG Global Energy Partners
AUM: $23bn
Head office: Washington DC

The energy specialist has committed more than $32 billion in 355 companies and invests across the capital structure, from common equity to senior debt. It made the top 10 in 2015 and appeared in the first *PDI 30* in 2013, ranking 22nd.

Capital raised (1 January 2014 to 1 June 2019):

$7.1bn

Change since 2018:

▼ 19

39 CarVal Investors
AUM: $10bn
Head office: Minneapolis

The distressed and credit-intensive asset specialist made the top 10 in the first *PDI 30*, with $10.9 billion raised. Its figure for capital raised has decreased a little since last year, when its five-year tally of $9.7 billion put it less than $2 billion off a place in the top 20.

Capital raised (1 January 2014 to 1 June 2019):

$7bn

Change since 2018:

▼ 16

40 CVC Credit Partners
AUM: $23.9bn
Head office: London

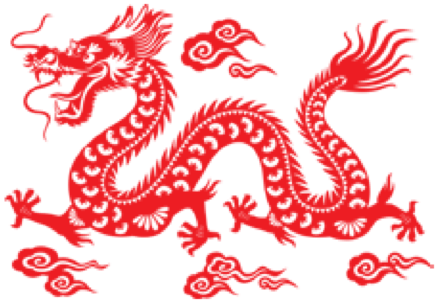
The sub-investment grade corporate credit specialist was 34th in 2017 but dropped out of the *PDI 50* last year. Now it is back with $6.8 billion raised since January 2014. The firm targets opportunities in both Europe and North America.

Capital raised (1 January 2014 to 1 June 2019):

$6.8bn

Change since 2018:

▲ 21



Asian managers rising

The region's fund managers are gaining ground and have reached a new high point in this year's PDI 50, writes James Linacre

There are three firms with Asia-Pacific headquarters in this year's *PDI 50*. AMP Capital has moved up from 41st in last year's ranking to 26th – the highest-ever placing by a manager based in the region.

The two others – PAG and SSG Capital Management – are ranked 37th and 50th, respectively. Like AMP, PAG made the list last year, and has moved up two places from 39th. SSG had not made the *PDI 50* before and was around $400 million shy of the cut-off point for the list in 2018.

AMP's rise is particularly noteworthy. The firm raised $9.5 billion between 1 January 2014 and 1 June 2019, an increase of $4.3 billion on its five-year total last year.

AMP had not appeared in the *PDI 50* before last year's ranking. Its trailing figure for capital raised stood at $3.4 billion in 2017, which was only $200 million short of the amount required for 50th place. The firm's ascent was boosted by 2016's $2.5 billion AMP Capital Infrastructure Debt Fund III.

Success with the successor

In Q4 2019 the firm raised its successor fund – its largest-ever closed-ended vehicle – after reaching a final close on Infrastructure Debt Fund IV on its hard-cap of $4 billion. That surpassed its target of $3.5 billion and should keep the firm in the *PDI 50* over the coming years. While raising the fund, AMP secured an additional $1 billion in co-investment rights and $1.2 billion from investors in separately managed accounts, so the total deployable capital is $6.2 billion.

> *"AMP's rise is particularly noteworthy. The firm raised $9.5 billion between 1 January 2014 and 1 June 2019, an increase of $4.3 billion on its five-year total last year"*

Hong Kong-headquartered PAG was higher than AMP in last year's rankings and has improved again this year, though not at the same pace as Sydney-based AMP. PAG raised $7.2 billion from 2014 until June 2019, an increase of almost $1.5 billion compared with its 2018 total.

SSG Capital Management, like PAG, is based in Hong Kong. Its five-year fundraising total stands at $5.5 billion, a full $1.5 billion more than was required to break into the *PDI 50* in 2018.

Other Asian firms are raising significant capital and are also worth keeping an eye on. Singapore's Orchard Global Asset Management completed a final close on Taiga Special Opportunities Fund in January. The $2.5 billion vehicle moves the firm up into the chasing pack to just below the *PDI 50*.

Melbourne-based Westbourne Capital, which ranked 39th in 2017's *PDI 50*, is targeting $3 billion for its Westbourne Infrastructure Debt Opportunities Fund II. The vehicle was launched in 2016 and has completed a first close at $1.5 billion. Reaching its target would bring the firm up the rankings and even closer to re-entering the top 50 after two years out of the list. ■

Headquartered in: Asia-Pacific Europe North America

41 Värde Partners
AUM: $14bn
Head office: Minneapolis

With its Scandinavian moniker – Värde means value in Swedish – the Minnesota-based firm continues to specialise in distressed credit. Investments span corporate and sovereign credit, restructurings, real estate, mortgages, private equity and direct lending. Värde first made the *PDI 30* in 2014, the ranking's second year.

Capital raised (1 January 2014 to 1 June 2019):

$6.5bn

Change since 2018:

▼ 6

42 Centerbridge Partners
AUM: $35bn
Head office: New York

Adding $2.1 billion to its capital raised has boosted Centerbridge's ranking by six places. The firm focuses on leveraged buyouts and distressed securities and invests according to both loan-to-own and non-control strategies. It joined the *PDI 50* last year, when its capital raised grew from $2.5 billion to $4.2 billion.

Capital raised (1 January 2014 to 1 June 2019):

$6.3bn

Change since 2018:

▲ 6

43 Benefit Street Partners
AUM: $26bn
Head office: Providence, RI

Franklin Templeton acquired the firm last year, which is when it made its debut on the *PDI 50* at 32nd place. Benefit Street Partners manages funds across private/opportunistic debt, liquid loans, high yield, special situations, long-short liquid credit and commercial real estate debt.

Capital raised (1 January 2014 to 1 June 2019):

$6.1bn

Change since 2018:

▼ 11

44 Pemberton Capital Advisors
AUM: €4.2bn
Head office: London

Backed by one of Europe's largest insurers, the diversified asset manager has climbed into the *PDI 50* on the back of strong capital raising over the past year. The pan-European investor targets opportunities in 19 countries. It has offices in seven European countries and will soon open an eighth, in Paris.

Capital raised (1 January 2014 to 1 June 2019):

$6.1bn

Change since 2018:

▲ 18

45 Park Square Capital
AUM: $10bn
Head office: London

Park Square provides senior debt, subordinated debt and mid-market direct loans to companies in Europe and the US and has invested more than $13 billion since its inception in 2004. Although it is down three places in the rankings, it has increased its amount of capital raised by around $1.2 billion.

Capital raised (1 January 2014 to 1 June 2019):

$6.1bn

Change since 2018:

▼ 3

46 EQT
AUM: €41bn
Head office: Stockholm

Part of Scandinavia's largest private equity group, EQT's credit business was launched in 2008 and accounts for around 8 percent of the firm's total AUM. The credit unit comprises special situations, direct lending and senior debt. The firm joined the *PDI 50* last year.

Capital raised (1 January 2014 to 1 June 2019):

$5.8bn

Change since 2018:

▼ 10

How the PDI 50 continues to grow

A comparison of the rankings through the years shows firms are raising more capital than ever as the market becomes broader and deeper, writes James Linacre

Of all the trends revealed by this year's list of capital raised over the past five years by the top 50 managers, one of the most striking is how substantially the total amassed continues to grow. Another heartening trend is that the top 10 are now accounting for less than half of all capital raised – a shift with sizable symbolic significance and part of a longer-term movement.

In 2018, the total capital raised was $708.6 billion, continuing the remarkable growth over the previous decade. This year, it is $775.9 billion – an increase of $67.3 billion, or 9.5 percent, on last year – as LPs continue to boost their private debt exposure. The top 10 is also accounting for proportionally less of the *PDI 50* than it has in previous years. However, the list does remain top-heavy.

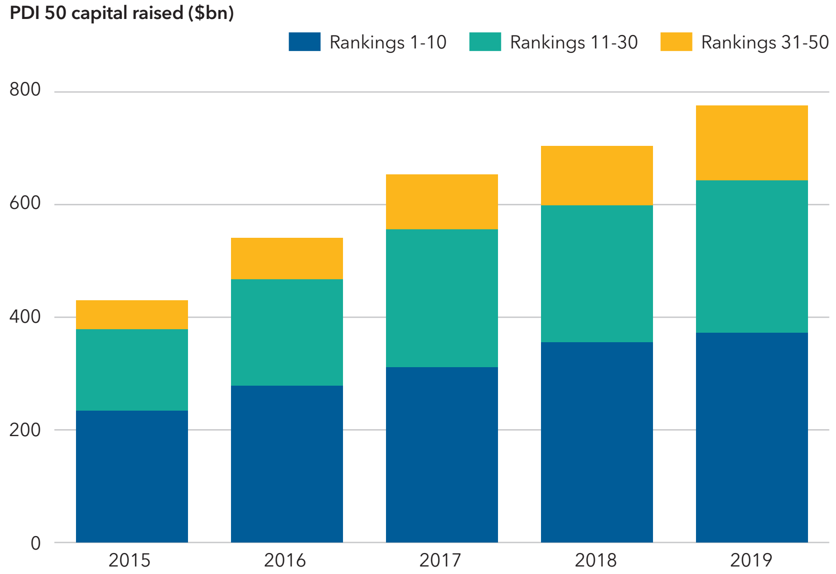
Back in 2015, the top 10 accounted for 54.5 percent of the capital raised by the top 50 firms – although the official *PDI 30* list did not include those firms that would have ranked 31st or lower – and last year it accounted for 50.5 percent.

This year the top 10 accounts for 48 percent of the capital raised by the entire top 50 – still a sizeable amount, but a shrinking one as the firms ranked 11-50 step up. As the leading pack dip below the symbolically important 50 percent mark, the greater depth of the market comes into sharper relief.

The total raised by this year's top 10 is $372.1 billion. By comparison, the top 10 from the first *PDI 30* list in 2013 had raised $203.3 billion. The top-ranked firm from that year was Apollo with $33 million, which in 2019 would only be good enough for ninth place.

The increasing depth of the market has been key to its continued, explosive growth.

PDI 50 capital raised ($bn)



Source: PDI

> *"The top 10 accounts for 48 percent of the capital raised by the entire top 50 – still a sizeable amount, but a shrinking one"*

The firms ranked 31st to 50th in 2015 – which were outside the published *PDI 30* list – only raised $51 billion between them. This year the figure has risen to $132.5 billion, which represents an increase of around $20 billion for each year since 2015.

Looking below the list once more, a further $170.8 billion has been raised by the 50 firms beneath 2019's *PDI 50*, $88.4 billion of which came from the firms that would rank 51st to 70th.

The firm that rounded out the first ever *PDI 30* was Pacific Coast Capital Partners, which had raised $3.3 billion over the previous five years. Raising that much capital now would leave a firm not just outside the *PDI 50* ranking, but only just squeaking into the top 75 – at number 74.

The private debt market is bigger than ever. The *PDI 50* is too. ■

Headquartered in: Asia-Pacific | Europe | North America

47 Wafra Capital Partners

AUM: $5bn

Head office: New York

Previously the structured finance and business product and development divisions of Wafra Investment Advisory Group, Wafra Credit Partners spun out in 2012 as a separate operating entity. The firm is *sharia*-compliant and first joined the *PDI 50* last year.

Capital raised (1 January 2014 to 1 June 2019):

$5.8bn

Change since 2018:

▼ 9

48 Churchill Asset Management

AUM: $6.8bn

Head office: New York

The Nuveen subsidiary has increased its capital raised by around $1 billion and still slipped three places in the *PDI 50* rankings. The firm focuses on providing senior and unitranche debt financing to mid-market companies, largely those owned by private equity investment firms.

Capital raised (1 January 2014 to 1 June 2019):

$5.5bn

Change since 2018:

▼ 3

49 Permira Debt Managers

AUM: €7.9bn

Head office: London

The London-headquartered firm provides credit to medium-sized European businesses. It is a new entrant to the *PDI 50*, having missed the cut last year by around just $500 million. Since it was founded in 2007, it has provided almost €8 billion to more than 150 businesses in 12 European countries.

Capital raised (1 January 2014 to 1 June 2019):

$5.5bn

Change since 2018:

▲ 10

50 SSG Capital Management

AUM: $4bn

Head office: Hong Kong

The final entry, and the third from Asia-Pacific, is an asset management firm founded 10 years ago that looks to generate superior returns in special situations.

Capital raised (1 January 2014 to 1 June 2019):

$5.5bn

Change since 2018:

▲ 6

The BDC breakdown

PUBLICLY TRADED BDCs

Ares remains in front, but others are gaining ground

BDC	Assets as at June 2019 ($m)
Ares Capital Corporation	13,846
Owl Rock Capital Corporation/Owl Rock Capital Corporation II	8,703
FS KKR Capital Corp	7,744
Prospect Capital Corporation	5,585
New Mountain Finance Corporation	2,791
Apollo Investment Corporation	2,700
Main Street Capital Corporation	2,630
PennantPark Floating Rate Capital/PennantPark Investment Corporation	2,408
Solar Capital/Solar Senior Capital	2,385
Hercules Capital	2,312

NON-TRADED BDCs

Bain's BDC doubled in size, but has a way to go to match FS

Non-traded BDC	Assets as at June 2019 ($m)
FS Investment Corporation II/FS Investment Corporation III/FS Investment Corporation IV	8,561
FS Energy & Power Fund	3,881
Business Development Corp of America	2,731
Bain Capital Specialty Finance	2,590
CĪON Investment Corporation	1,877
TCW Direct Lending	1,143
HMS Income Fund	1,106
Sierra Income Corp	987
Crescent Capital BDC	637
Carey Credit Income Fund	395

Source: PDI

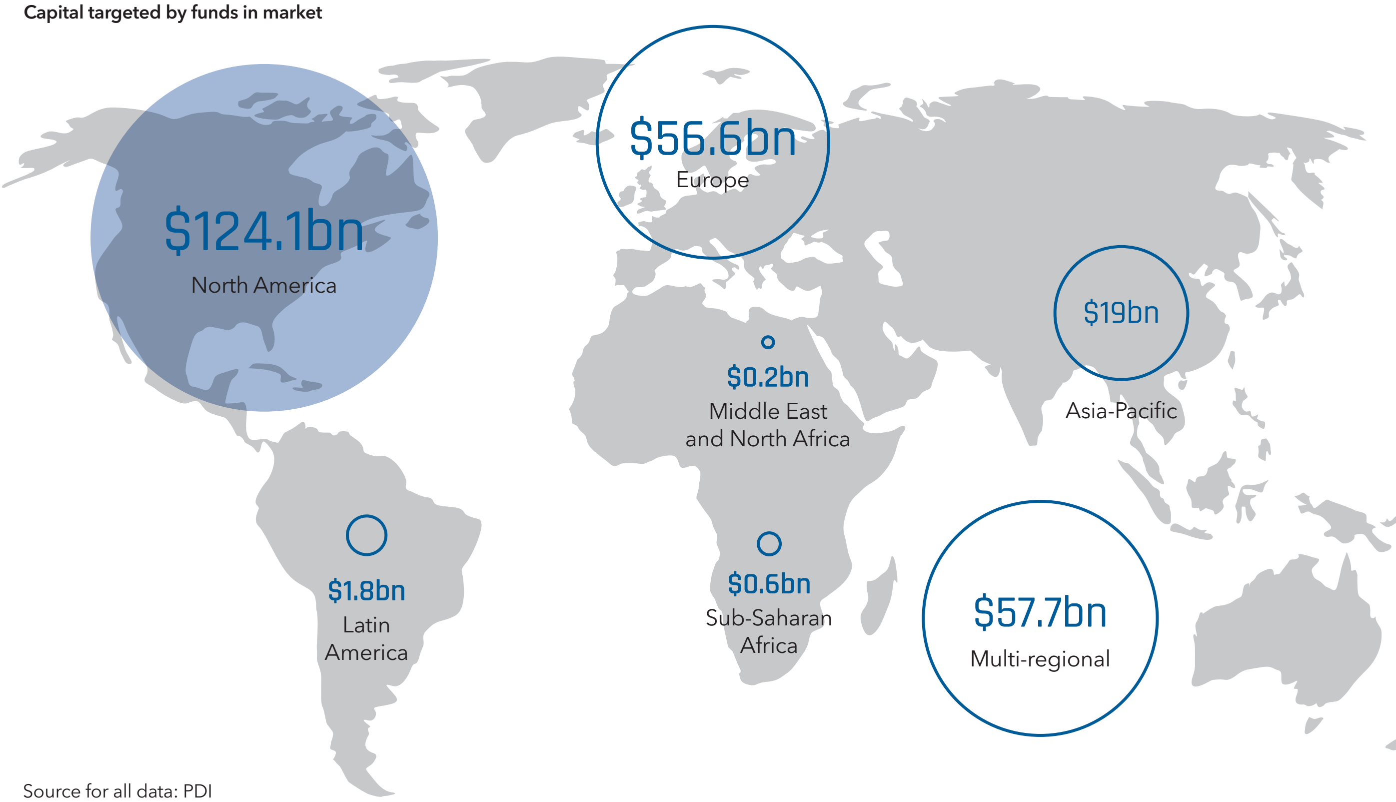
Funds in market

There were 828 funds in market as of 12 November, PDI data show, including 3G Capital's $10bn-target 3G Special Situations Fund V

Ten largest funds in market

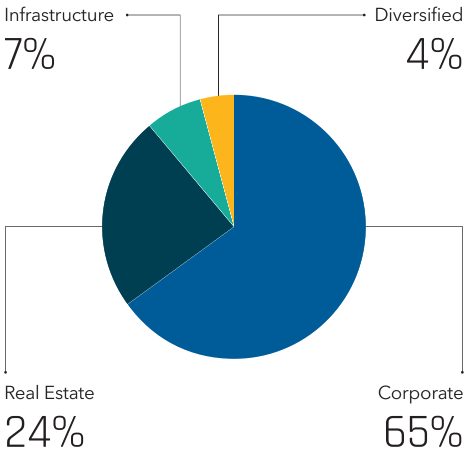
Fund	Manager	Head office	Target size ($bn)	Year opened	Strategy	Regional focus
3G Special Situations Fund V	3G Capital	US	10.0	2016	Distressed debt	North America
EIG Energy Fund XVII	EIG Global Energy Partners	US	5.0	2017	Subordinated/ mezzanine debt	Multi-regional
Owl Rock Capital Partners Fund I	Owl Rock Capital Partners	US	3.5	2017	Subordinated/ mezzanine debt	North America
Generali Real Estate Debt Investment Fund	Generali Real Estate	Italy	3.3	2019	Senior debt	Europe
Bain Capital Distressed & Special Situations 2019	Bain Capital	US	3.0	2019	Distressed debt	North America
Energy Investment Opportunities Fund	Goldman Sachs Asset Management	US	3.0	2015	Distressed debt	North America
Steadfast Alcentra Global Credit Fund	Steadfast Companies	US	3.0	2016	Subordinated/ mezzanine debt	Multi-regional
TSSP Opportunities Partners IV	TPG Sixth Street Partners	US	3.0	2018	Distressed debt	Multi-regional
Westbourne Infrastructure Debt Opportunities Fund II	Westbourne Capital	Australia	3.0	2016	Subordinated/ mezzanine debt	Multi-regional
Permira Credit Solutions IV	Permira Debt Managers	UK	2.8	2018	Senior debt	Europe

Capital targeted by funds in market

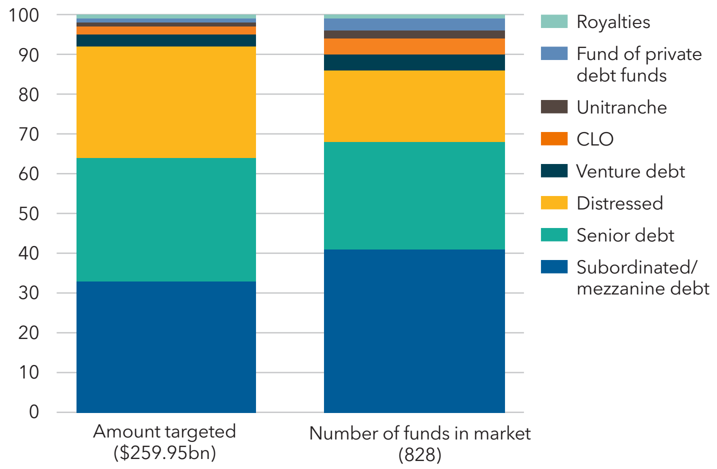


Source for all data: PDI

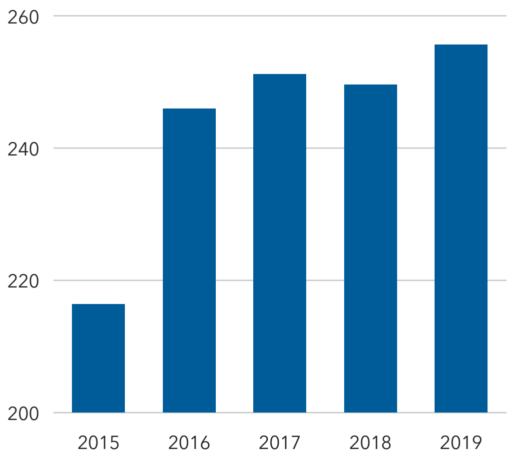
Sector focus of funds in market



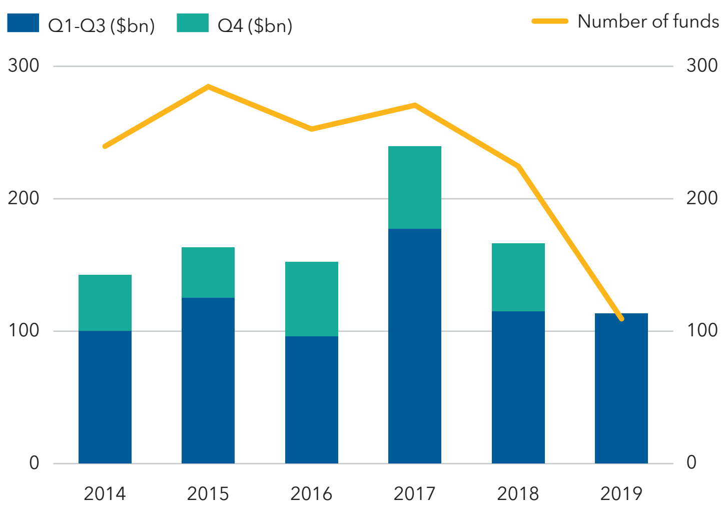
Strategic focus of funds in market (%)



Capital sought by funds in market as at 1 October of each year



Capital raised and funds closed since 2014



Largest fund closes, Q1-Q3 2019

Fund	Manager	Size	Head office	Strategy	Region
Lone Star Fund XI	Lone Star Funds	$8.2bn	US	Distressed debt	Multi-regional
BlueBay Direct Lending Fund III	BlueBay Asset Management	€6.0bn	UK	Senior debt	Europe
Alcentra European Direct Lending Fund III	Alcentra	€5.5bn	UK	Senior debt	Europe
Lone Star Real Estate Fund VI	Lone Star Funds	$4.7bn	US	Distressed debt	Multi-regional
GSO Energy Select Opportunities Fund II	Blackstone	$4.5bn	US	Distressed debt	Multi-regional
Broad Street Senior Credit Partners II	Goldman Sachs Merchant Banking Division	$4.4bn	US	Senior debt	Multi-regional
Cerberus Global NPL Fund	Cerberus Capital Management	$4.1bn	US	Distressed debt	Multi-regional
Pemberton European Mid-Market Debt Fund II	Pemberton Capital Advisors	€3.2bn	UK	Senior debt	Europe
Apollo Hybrid Value Fund	Apollo Global Management	$3.3bn	US	Senior debt	North America
American Industrial Partners Capital Fund VII	American Industrial Partners	$3.0bn	US	Distressed debt	North America

How we compile the PDI 50

Our ranking methodology explained

What counts?

Structures
- Limited partnerships
- Co-investment funds
- Separate accounts
- Capital raised by private debt managers that happen to be publicly traded
- Seed capital and GP commitments

Strategies
- Senior debt funds
- Subordinated debt funds
- Mezzanine funds
- Distressed debt funds
- Leasing funds
- Venture debt funds
- Royalty financing funds

What does not count?

- Expected capital commitments
- Public funds
- Contributions from sponsoring entities
- Capital raised for funds of private debt funds or secondaries vehicles
- Equity funds (private equity, real estate, infrastructure)
- High yield bond funds
- Traditional fixed-income vehicles
- Collateralised loan obligation funds
- Hedge funds
- Capital raised on a deal-by-deal basis
- Leverage

The 2019 *PDI* 50 is based on the amount of private debt investment capital raised by firms between 1 January 2014 and 1 June 2019. Where two firms have raised the same amount of capital over this period, the higher ranking goes to the firm with the largest active pool of capital raised since 2014 (the biggest single fund). If there is still a tie after taking into account the size of the largest funds, greater weight is given to the firm that has raised the most capital over the previous 12 months.

The highest priority is given to information we receive from or confirm directly with private debt managers themselves. When firms confirm details, we seek to 'trust but verify'. Some details simply cannot be verified by us, and in these instances we defer to the honour system.

In order to encourage co-operation from private debt firms that might make the *PDI* 50, we do not disclose which ones have aided us on background and which have not. If we have not had confirmation of details from the firm itself, we seek to corroborate information using its website, press releases, limited partner disclosures and similar sources.

Defining private debt

For the purposes of the *PDI* 50, the definition of private debt is capital committed by investors to a dedicated programme of investing in the debt of private companies, or the debt financing of leveraged buyouts, infrastructure projects and real estate. This encompasses all elements of the capital structure except equity, and includes senior, unitranche and mezzanine investments. Asset-backed lending, distressed debt or credit-oriented special situations funds are also included.

Quantifying capital raised

For the purposes of the *PDI* 50, capital raised means capital definitively committed to a private debt direct investment programme. In the case of a fundraising, it means the fund has had a final or official interim close on or after 1 January 2014.

The full amount of a fund if it has a close after this date may be counted. The full amount of an interim close (a real one, not a 'soft-circle') that has occurred recently, even if no official announcement has been made, may also be counted, as may capital raised through co-investment vehicles. BDCs are not included.

However, a separate ranking of BDCs by total asset value has been included in this supplement. ■