

CREDIT FUNDRAISING AT A GLANCE

First Half 2022

H1 Trends

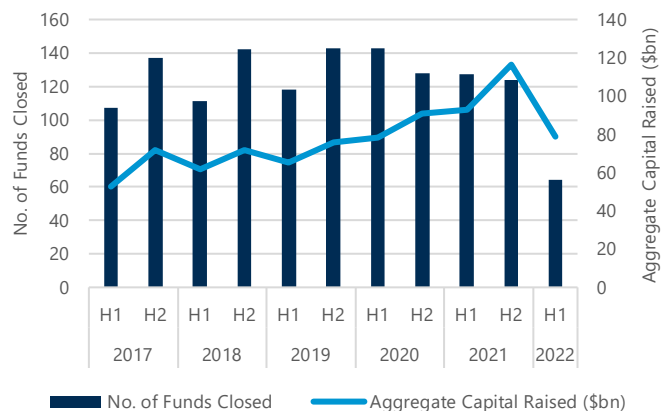
Decline in Fundraising.

- ▶ Credit funds raised \$78.8bn globally in H1, down 32% from the record-breaking high of \$116.3bn raised in H2 2021.
- ▶ Fewer funds (64) reached a final close globally in H1 than in any other six-month period in the past five years. While fewer funds closed, the average fund size rose to a record \$1.23bn.

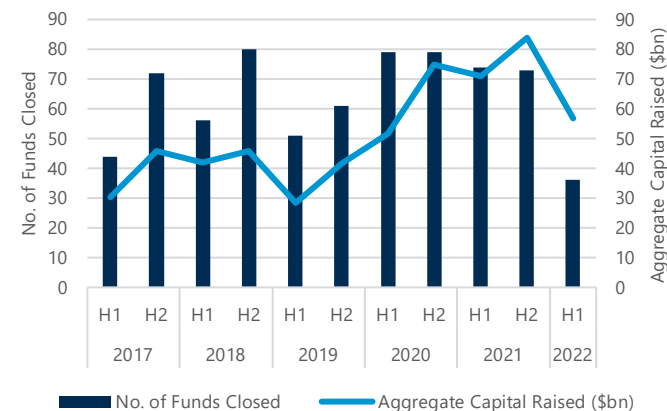
▶ **Direct Lending Funds.** Despite the challenging H1 fundraising environment, investor interest in direct lending funds remains strong. Among the credit funds that closed globally during H1 2022, direct lending funds represented 65% of aggregate capital raised, compared to 63% in H1 2021. Direct lending funds represented 59% of the number of funds closed globally during H1 2022, compared to 49% in H1 2021. Over the next 12 months, 56% of investors intend to target direct lending strategies, compared with 48% targeting mezzanine debt and 43% targeting distressed debt.¹ In addition, as interest rates rise and economic conditions become more challenging, direct lending funds provide a compelling option for borrowers and investors, alike.

¹Preqin Quarterly Update: Private Debt Q2 2022.

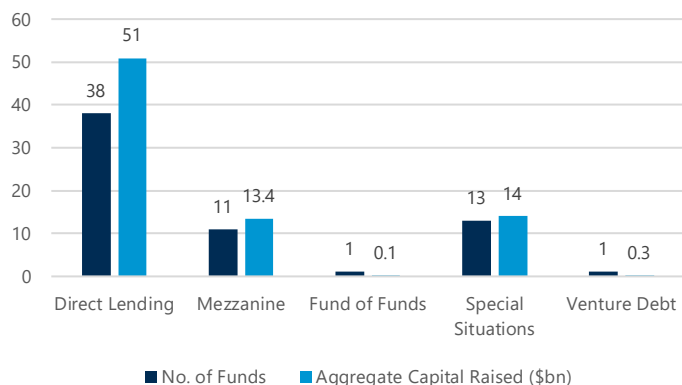
Global Biannual Credit Fundraising: H1 2017 – H1 2022



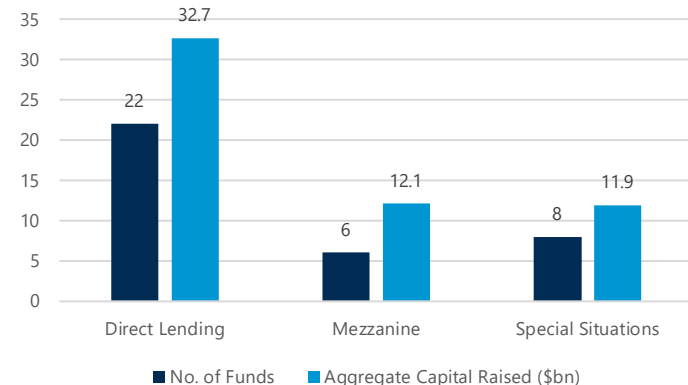
US-Based Biannual Credit Fundraising: H1 2017 – H1 2022



Global Credit Fundraising by Fund Type: H1 2022



US-Based Credit Fundraising by Fund Type: H1 2022



All charts were compiled by Preqin and the data contained therein have not been reviewed for accuracy by Paul, Weiss.

H1 Trends

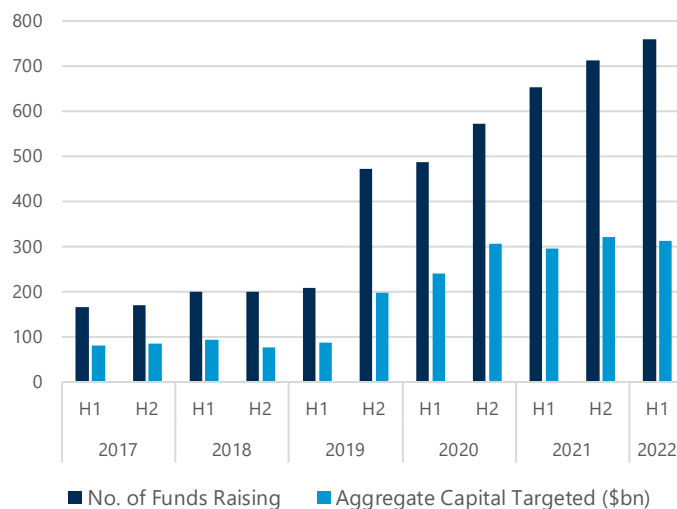
► **Funds in Market.**

- A record number of credit funds (758) were fundraising globally in H1, a 6% increase from H2 2021, resulting in the most funds in the market at any time over the last five years. Aggregate capital targeted in H1 was \$311bn, down 3% from H2 2021.
- In Q2 2022, there were 87 credit funds in the market targeting more than \$1bn in commitments, accounting for 68% of aggregate capital targeted by all credit funds in the quarter.¹
- North America remains the largest fundraising market globally for credit funds, with 21 funds raising \$38.3bn of capital in Q2 2022.¹

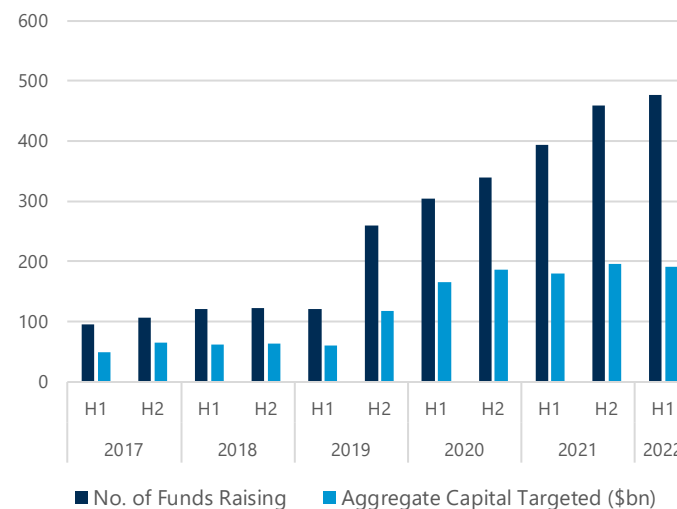
- **AUM.** Global credit fund AUM reached an all-time high of \$1.234tn at the end of 2021. This means that the credit market, as measured in AUM, has more than doubled over the last five years, from \$591.5bn at the end H1 2017. Direct lending funds made up 43% of credit fund AUM at the end of 2021, while distressed debt funds and special situations funds accounted for 22% and 18% of AUM, respectively.¹
- **Dry Powder.** Similarly, global credit fund dry powder reached an all-time high of \$396.5bn at the end of 2021. Direct lending funds made up 48% of credit fund dry powder at the end of 2021, while distressed debt funds and special situations funds accounted for 24% and 14% of dry powder, respectively.¹

¹Preqin Quarterly Update: Private Debt Q2 2022.

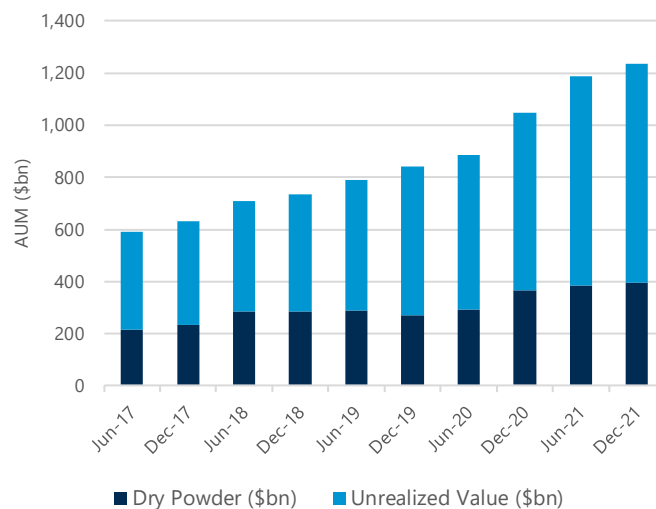
Global Biannual Credit Funds in Market: H1 2017 – H1 2022



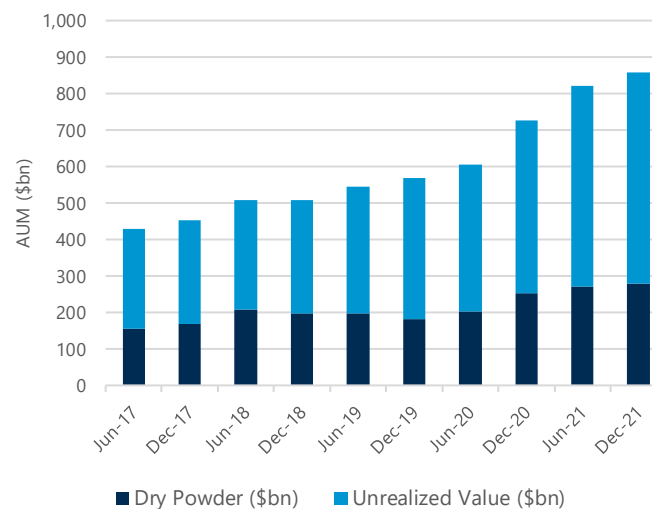
US-Based Biannual Credit Funds in Market: H1 2017 – H1 2022



Global Biannual Credit AUM: H1 2017 – H2 2021



US-Based Biannual Credit AUM: H1 2017 – H2 2021



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