

CREDIT FUNDRAISING AT A GLANCE

First Half 2023

H1 Trends

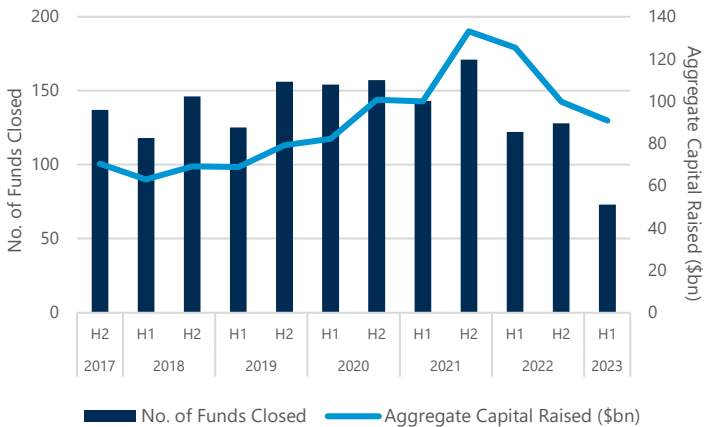
► **Fundraising Decline.**

- Credit funds raised \$90.8bn globally in H1, down 8% from \$99.7bn raised in H2 2022 and representing the weakest half year for fundraising since H1 2020.
- 73 funds reached a final closing globally in H1, down 43% from 128 funds closed in H2 2022 and marking the lowest number of funds closed in any half year over the last five years.
- The 10 largest funds that held final closes in H1 2023 amassed \$50.3bn among them, representing 55% of aggregate capital raised in H1.¹

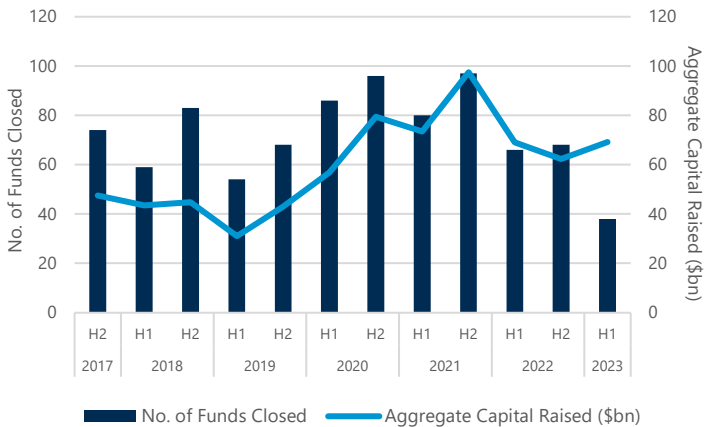
- **Direct Lending Funds; Mezzanine Funds.** Despite the sluggish H1 fundraising environment, investor interest in direct lending funds remained appealing, while even higher-risk strategies such as mezzanine funds made a comeback. Direct lending funds represented 51% of funds closed globally and 35% of aggregate capital raised by credit funds in H1, compared to 50% and 52%, respectively, in H2 2022. Mezzanine funds represented 19% of funds closed globally and 43% of aggregate capital raised by credit funds in H1, compared to 16% and 17%, respectively, in H2 2022.

¹ Private Debt Investor.

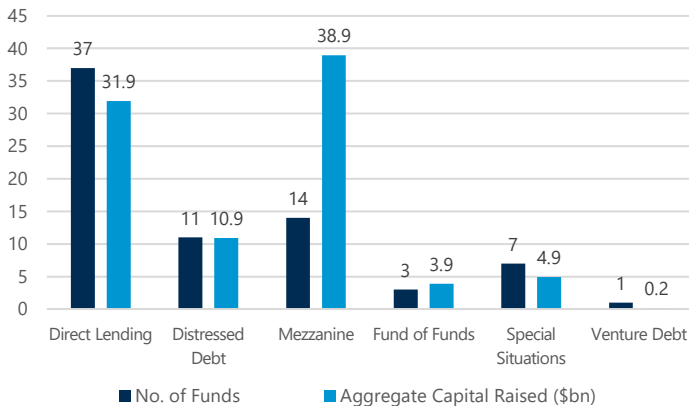
Global Biannual Credit Fundraising: H2 2017 - H1 2023



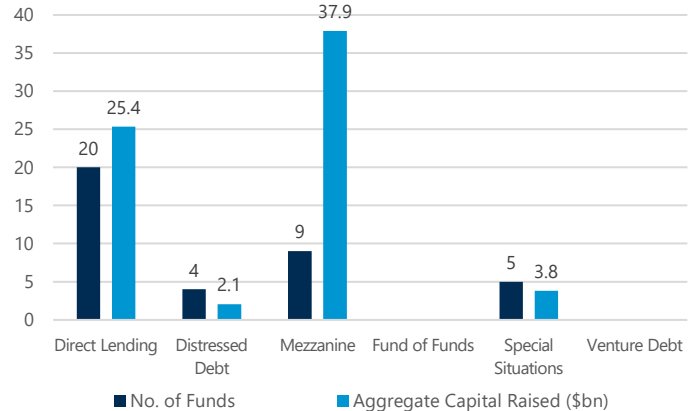
US-Based Biannual Credit Fundraising: H2 2017 - H1 2023



Global Credit Fundraising by Fund Type: H1 2023



US-Based Credit Fundraising by Fund Type: H1 2023



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 (1,030) were fundraising globally in H1, a 12% increase from H2 2022. Aggregate capital targeted in H1 also reached a record high of \$412bn, up 22% from H2 2022.
- Average fund size in H1 was just over \$1bn, reflecting a trend of gradually increasing fund sizes being raised among fewer GPs. Nine of the 10 largest funds currently in the global market are seeking at least \$6bn each.¹

- AUM.** Global credit fund AUM reached an all-time high of \$1.478tn as of H2 2022. This means that the credit market, as measured in AUM, has more than doubled over the last five years, from \$633.5bn at the end of H1 2017.

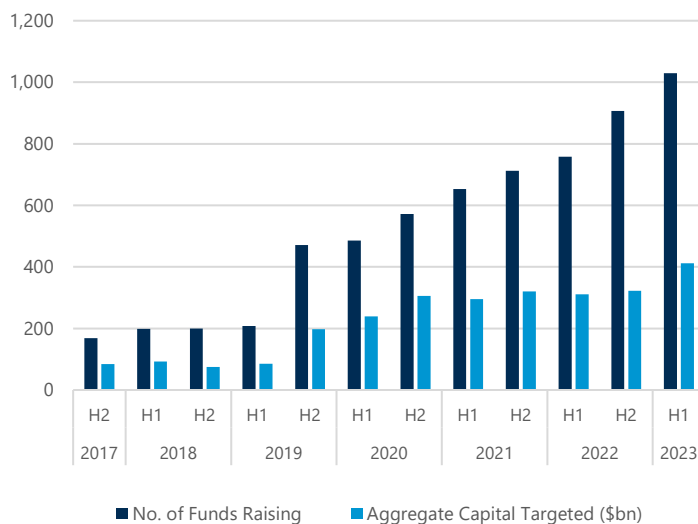
Dry Powder.

- Global credit fund dry powder also reached an all-time high of \$438bn as of H2 2022, an 8% increase from the prior half end. As many credit funds have the ability to recycle capital as well as profits, the aggregate dry powder figure is likely higher.
- Early estimates from Preqin indicate that dry powder rose to \$438bn as of H1 2023, indicating a slight increase of 6%.² The growth in dry powder is consistent with capital being deployed at a similar pace to which it is raised.

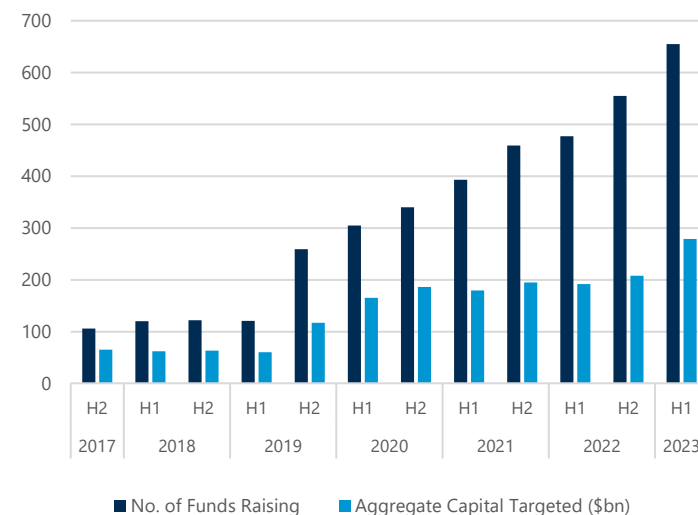
¹ Private Debt Investor.

² Preqin Quarterly Update: Private Debt Q2 2023.

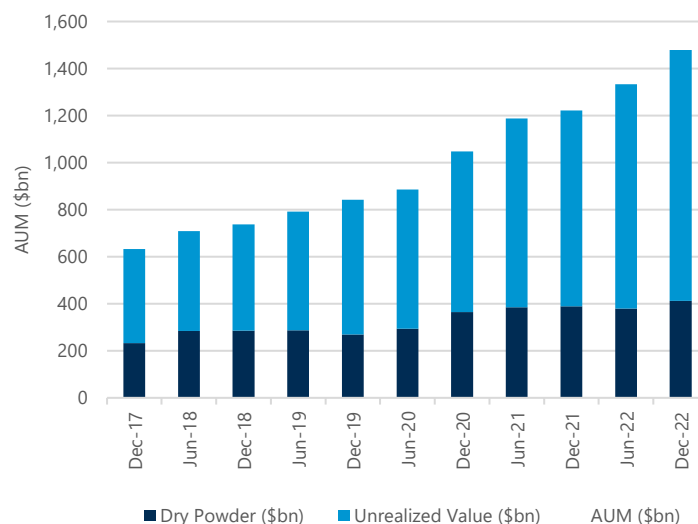
Global Biannual Credit Funds in Market: H2 2017 - H1 2023



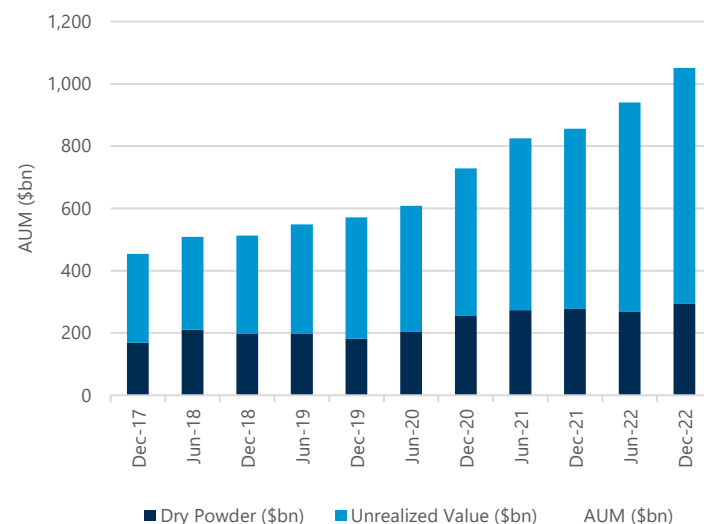
US-Based Biannual Credit Funds in Market: H2 2017 - H1 2023



Global Biannual Credit AUM: H2 2017 - H2 2022



US-Based Biannual Credit AUM: H2 2017 - H2 2022



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