

Fundraising in Tough Times

Stockholm (HedgeNordic) – Whereas the coronavirus pandemic has impacted private debt fundraising, Danish sub-investment grade credit manager **Capital Four** has successfully attracted capital for the first close and launch of its latest private debt fund, **Private Debt III - Senior Lending**. Capital Four has completed the first closing with commitments of more than €500 million, more than half of the fund's target size of €1 billion.

According to a press release by Capital Four, commitments came from both new and existing institutional investors primarily from Europe. Mads Skaaning, Head of Fixed Income at PKA, views the strategy as a supplement to the Danish pension fund's existing exposures. "For us, it is natural to have an allocation to the strong Nordic economy and credit culture," says Skaaning. "Capital Four can, due to their local presence, specialized credit-focus and heritage, provide us with Direct Lending exposure to a growing Nordic market, which until now have been less expressed in our Private Debt allocation," he adds.

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Capital Four's Senior Lending fund will provide first-lien senior secured bilateral loans with maintenance covenants to performing middle-market companies from the Nordic, DACH and Benelux regions. According to the press release, "the high level of interest from institutional clients underlines the relevance of the strategy that can give low-risk exposure and also diversify clients' direct lending portfolios by giving senior loan exposure to the Nordic region."

PitchBook's latest Global Private Debt report indicates that the coronavirus pandemic impacted private debt fundraising in the first half of 2020. According to the report, 56 vehicles raised \$47.8 billion in the first half of the year, down from \$88.6 billion collected in the same period of last year. In terms of capital raised, global direct lending is suffering its slowest year since 2015, with fundraising reaching \$18.2 billion across 17 vehicles. In the first half of last year, 29 funds raised \$52.6 billion.

Distressed debt and special situations funds, meanwhile, accounted for about 30 percent of capital raised in the first half of 2020, up from 19.7 percent for the entirety of 2019, according to PitchBook. "These opportunistic vehicles will likely be much larger than their predecessors, reflecting both the growth in private market assets as well as the magnitude of opportunity created by recent market shocks," Dylan Cox, a PitchBook analyst, said in the report.