



INVESTOR REPORT FULL YEAR 2022

Private Debt Investor's interactive and downloadable review
of the private debt investor environment

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2022's largest allocators

US-based public pensions were among the largest allocators to private debt during 2022 among our sample, though their publicly available data made it much easier to find commitment data for these institutions, making up 13 of the top 15 LPs in the asset class.

With the ability of private debt to deliver long-term, stable returns at a premium to public market fixed income, this does not come as a surprise. Pension funds need reliable income streams to match to their long-term liabilities.

Australia-based superannuation fund Hostplus also made the top 15, as did the UK's Border to Coast Pensions Partnership.

Largest allocators to private debt in 2022, by sum of known commitments made to 2022-vintage funds

Institution	Sum of commitments (\$m)
New York State Common Retirement Fund	1,650
Teachers' Retirement System of the State of Illinois	1,150
Texas County and District Retirement System	1,000
Connecticut Retirement Plans and Trust Funds	750
Maine Public Employees Retirement System	630
Texas Municipal Retirement System	615
New Mexico State Investment Council	600
South Carolina Retirement System	600
State of Michigan Retirement Systems	600
Hostplus	500
Oregon State Treasury	500
Border to Coast Pensions Partnership	454
Virginia Retirement System	450
Florida Retirement System Trust Fund	400
State of Wisconsin Investment Board	400



Largest investments

When it comes to individual investments, US-based public pension funds again dominate the top 20 commitments among those where commitment data is publicly available. The largest overall allocator, New York State Common Retirement Fund, made the biggest single investment, backing Apollo Excelsior with \$700 million.

Hostplus was in second place, with its entire private debt commitment for the year going to Apollo Asia Pacific Credit Strategy.

Top 20 known commitments made by investors to 2022-vintage private debt funds

Institution	Commitment amount (\$m)	Fund	Manager
New York State Common Retirement Fund	700	Apollo Excelsior	Apollo Global Management
Hostplus	500	Apollo Asia Pacific Credit Strategy	Apollo Global Management
State of Michigan Retirement Systems	500	Sixth Street Lending Partners	Sixth Street
Virginia Retirement System	450	Magnetar Diversified Credit Fund	Magnetar Capital
New York State Common Retirement Fund	350	Blackstone Green Private Credit Fund III	Blackstone
Border to Coast Pensions Partnership	310	Brookfield Infrastructure Debt Fund III	Brookfield Asset Management
New York State Common Retirement Fund	300	OHA Strategic Credit Fund III	Oak Hill Advisors
New York State Common Retirement Fund	300	CVI Clean Energy Fund II	CarVal Investors
South Carolina Retirement System	250	Barings CMS Fund	Barings
Texas County and District Retirement System	250	Silver Point Specialty Credit Fund III	Silver Point Capital
Texas Municipal Retirement System	250	Pemberton Strategic Credit Opportunities Fund III	Pemberton Asset Management
CPP Investments	239	Kotak Infrastructure Investment Fund	Kotak Investment Advisors
Minnesota State Board of Investment	200	Oaktree Special Situations Fund III	Oaktree Capital Management
Texas County and District Retirement System	200	Cerberus Real Estate Debt Fund II	Cerberus Capital Management
Florida Retirement System Trust Fund	150	Glendon Opportunities Fund III	Glendon Capital Management
Florida Retirement System Trust Fund	150	Miravast ILS Credit Opportunities II	Miravast Asset Management
International Finance Corporation	150	Patria Infrastructure Debt Fund	Patria Investments
Maryland State Retirement and Pension System	150	Ares Sports, Media & Entertainment Finance Fund	Ares Management
Massachusetts Pension Reserves Investment Management Board	150	KKR Opportunistic Real Estate Credit Fund II	KKR
New Mexico Educational Retirement Board	150	OrbiMed Royalty & Credit Opportunities IV	OrbiMed Advisors



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Number of funds

Despite much talk of LPs reducing their manager relationships, the most active LPs made annual commitments to a multitude of different funds, with two managers making eight commitments each.

Most active LPs, by number of known commitments made to 2022-vintage private debt fund

Institution	Number of commitments
Teachers' Retirement System of the State of Illinois	8
Texas County and District Retirement System	8
Maine Public Employees Retirement System	7
Alaska Permanent Fund	5
Sacramento County Employees' Retirement System (SCERS)	5
South Carolina Retirement System	5
State of Wisconsin Investment Board	5
Teachers' Retirement System of Louisiana	5
Texas Municipal Retirement System	5
Connecticut Retirement Plans and Trust Funds	4
International Finance Corporation	4
New Mexico State Investment Council	4
New York State Common Retirement Fund	4
Florida Retirement System Trust Fund	3
Oregon State Treasury	3

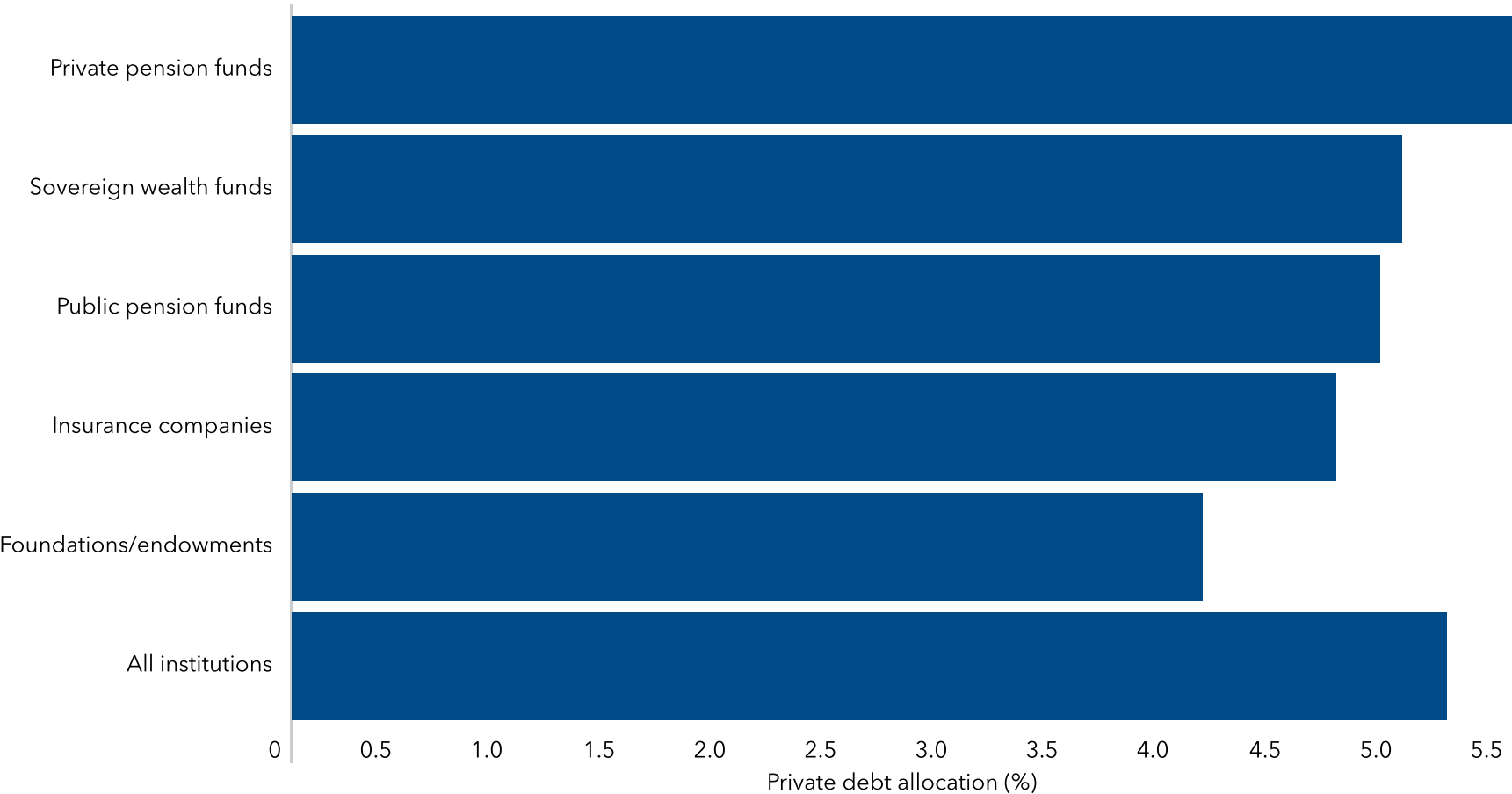
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Private debt exposure

Sovereign wealth funds had the highest average exposure to private debt, with 5 percent allocated, just ahead of public pension funds at 4.9 percent.

No sovereign funds appear in our top allocators, which can operate in a more private way than public pension funds, meaning many do not disclose their commitments to individual funds.

Average private debt exposure by institution type (%)



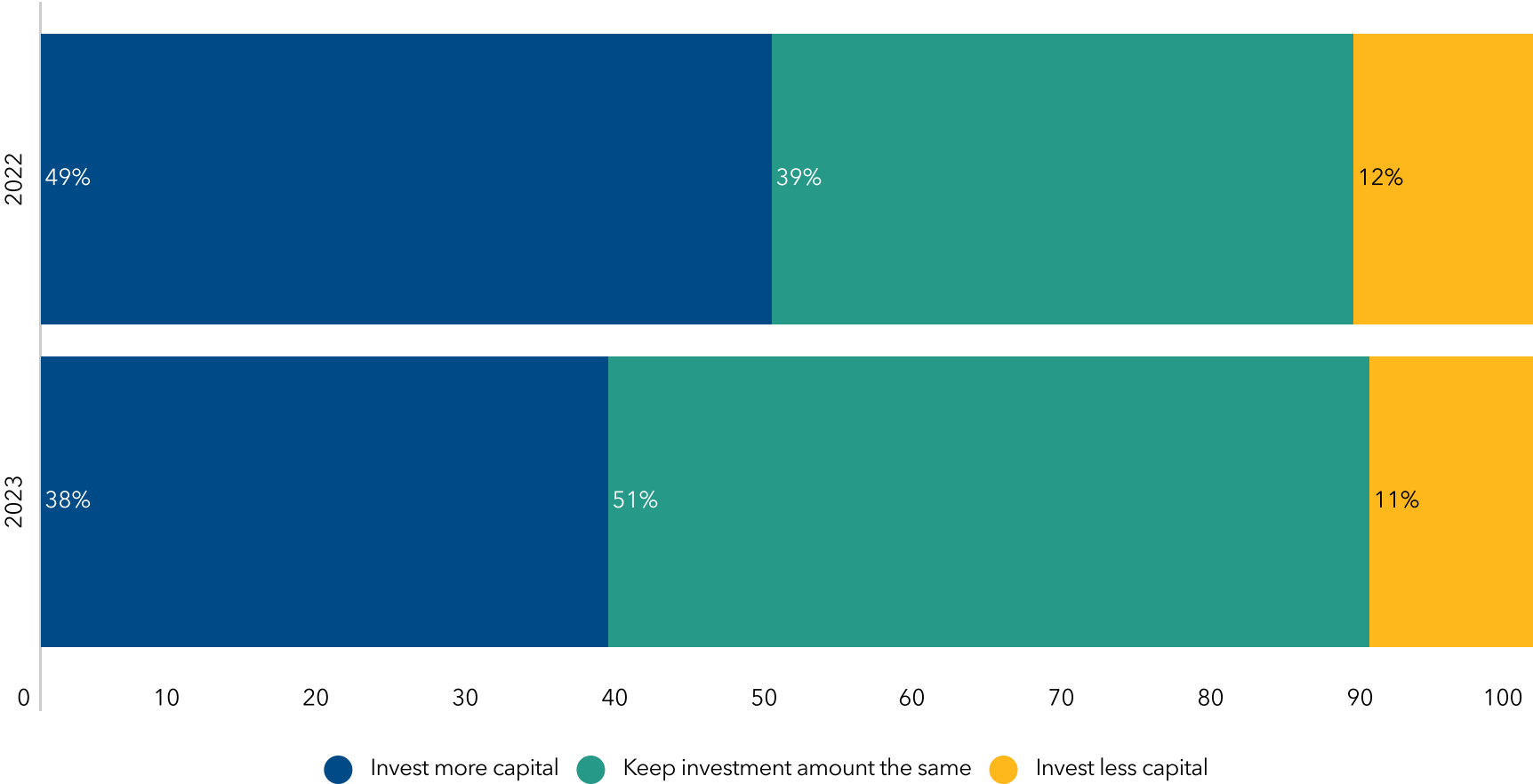
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Investment outlook

When asking LPs whether they will increase or decrease their investments in the asset class over the coming year, the proportion saying they wish to invest more has significantly dropped, from 49 percent to 38 percent. However, the number looking to invest less also fell slightly, from 12 percent to 11 percent.

It may be that some LPs are reaching their target allocations to the asset class and do not need to invest more, which is why most are now looking to keep their exposure at the same level.

Private debt investment outlook, 2022 vs 2023



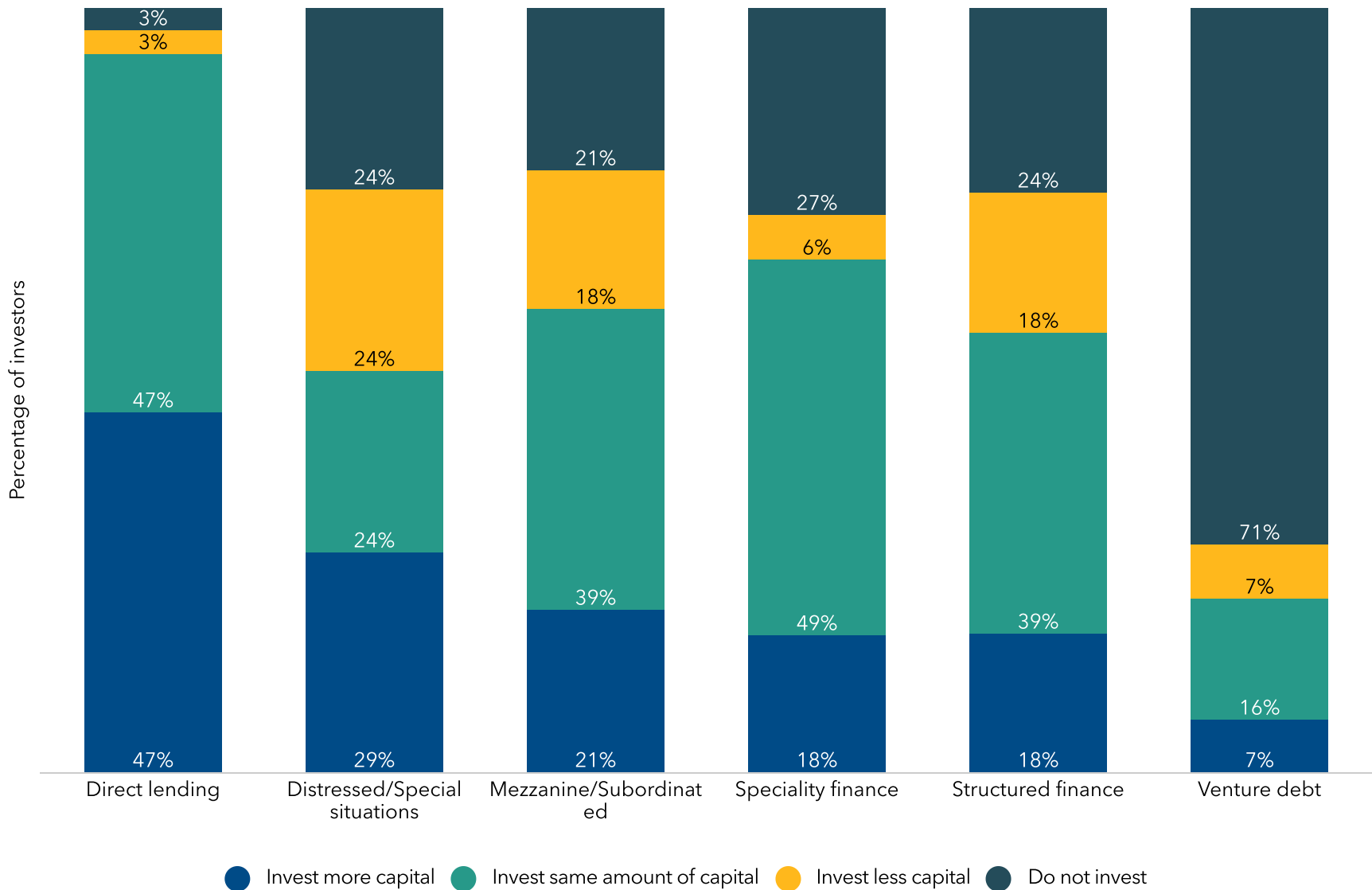
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Investment strategies

LPs are predominantly interested in investing in direct lending and almost half are looking to commit more to that strategy. Distressed and special situations is much more polarising, with 29 percent looking to grow their exposure, while 24 percent want to reduce it.

Speciality finance is proving popular in 2023 as well, with 18 percent of LPs looking to grow their allocation to the strategy while just 6 percent wish to reduce it.

LPs' private debt investment strategy appetite for 2023



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