Private Debt Investor

INVESTOR REPORT FULLYEAR 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

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 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 Credit Credit Quantities Fund III Kotak Infrastructure Investment Fund Kotak Investment Kotak Infrastru	Institution	Commitment amount (\$m)	Fund	Manager
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Management Board Fund II Fund II OrbiMed Royalty & Credit OrbiMed Advisors	Maryland State Retirement and Pension System	150		Ares Management
		150		KKR
	New Mexico Educational Retirement Board	150		OrbiMed Advisors





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



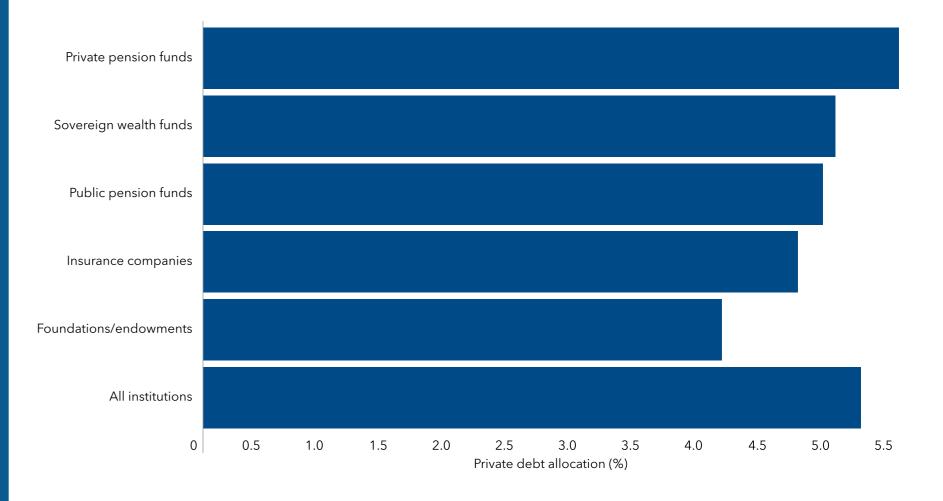


Private debt exposure

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 (%)





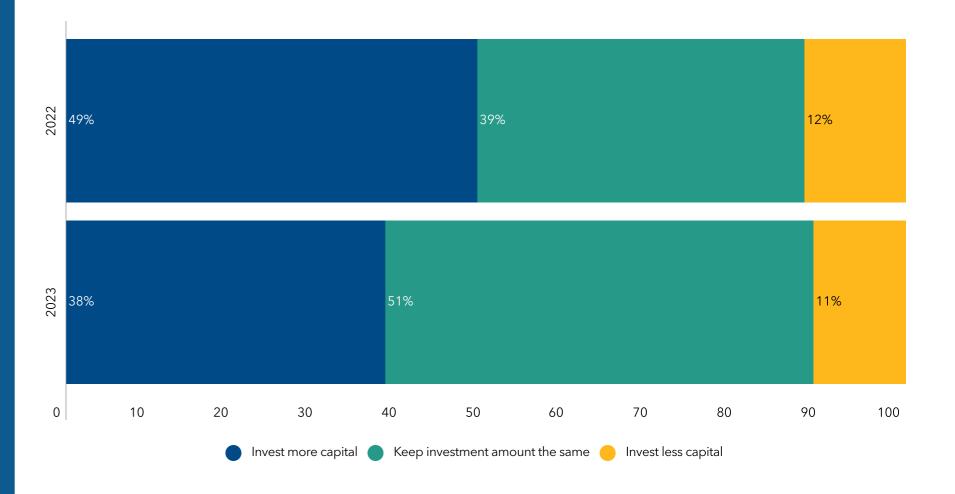


Investment outlook

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





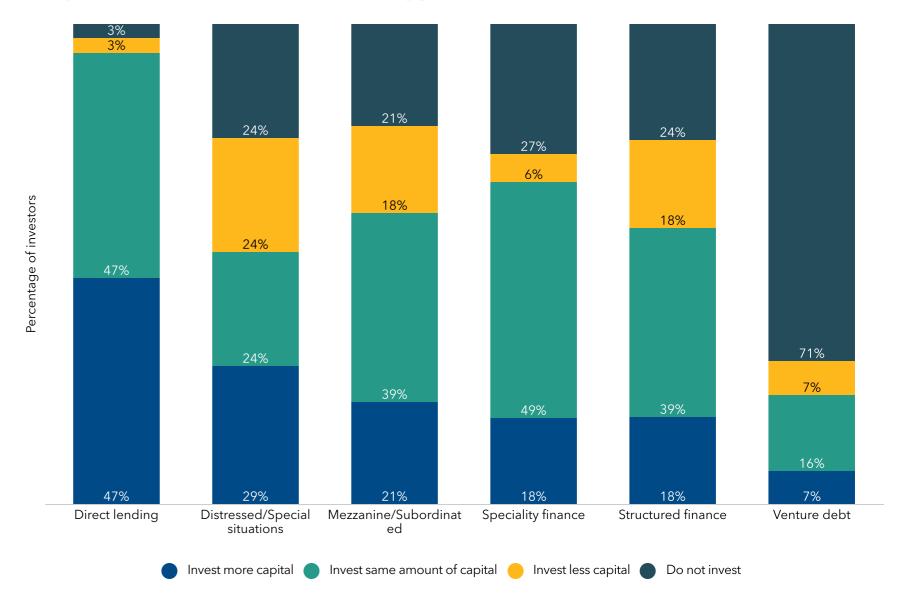


Investment strategies

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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