



WEBINAR

How are private debt markets  
responding to the COVID-19 slowdown?

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# How are private debt markets responding to the COVID-19 slowdown?



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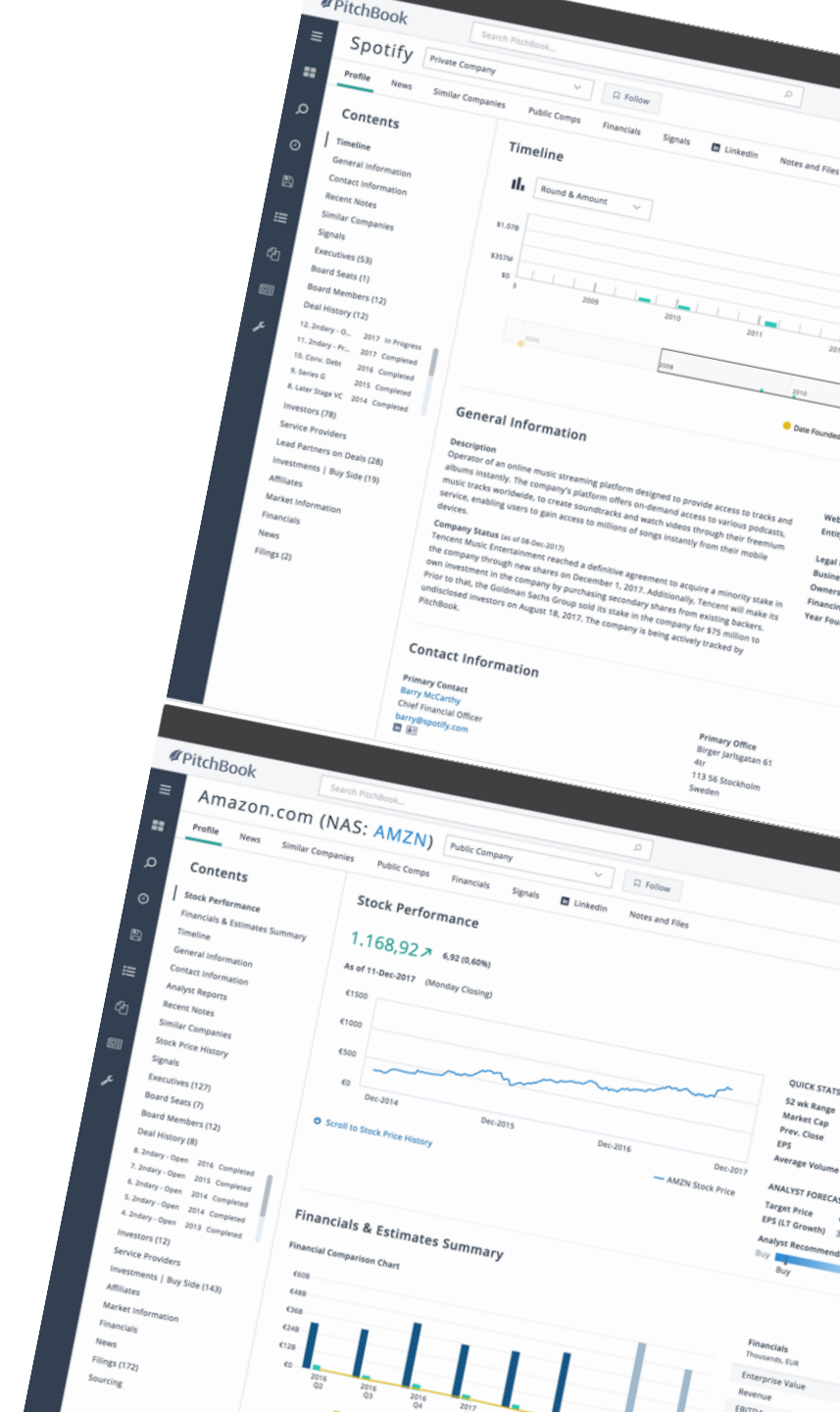


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# Key themes

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Venture debt has grown in-step with the broader venture industry, more than tripling in deal activity in the past decade.

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Valuation gains in the venture industry pose challenges for companies raising new rounds in the current climate.

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Private debt managers sit on unprecedented levels of dry powder, due mostly to the emergence of direct lending.

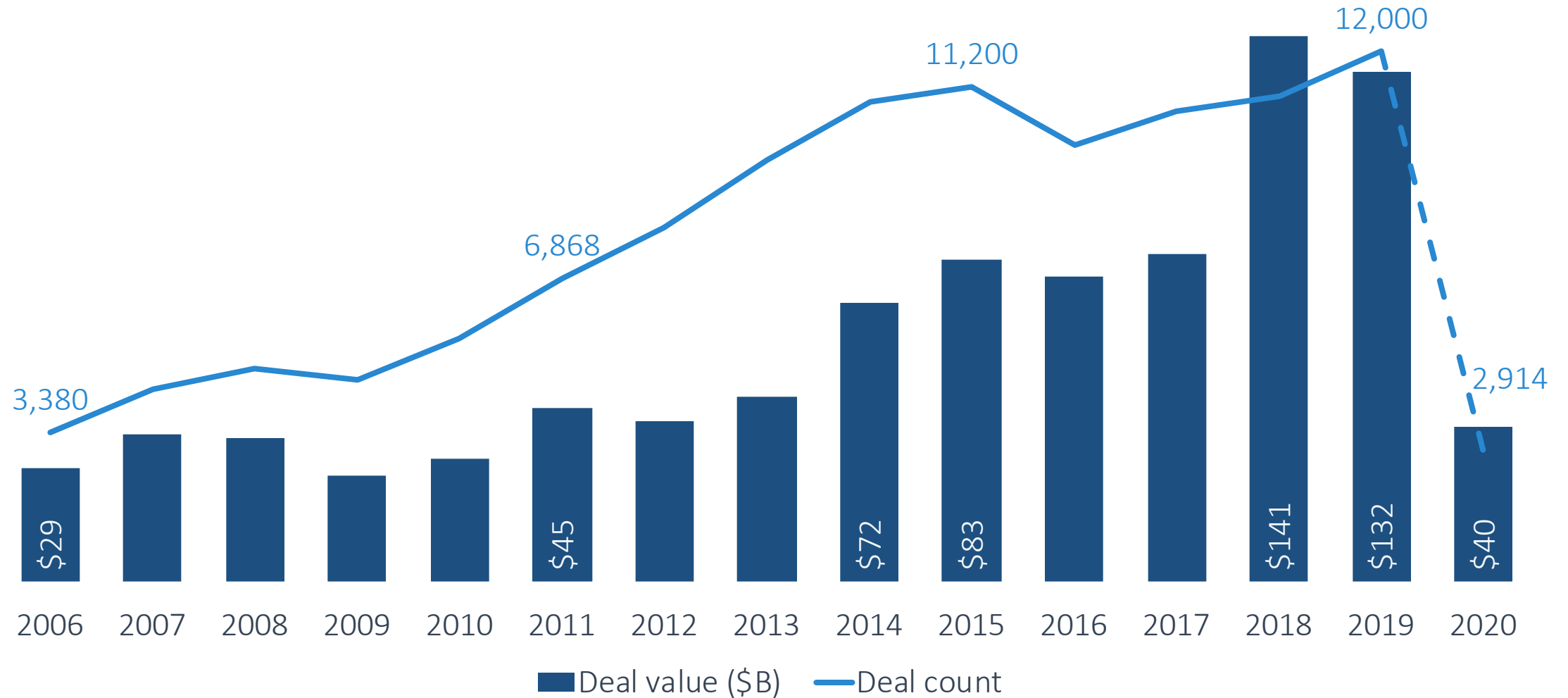
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Opportunistic strategies are already being deployed to capitalize on market dislocations seen in recent months.

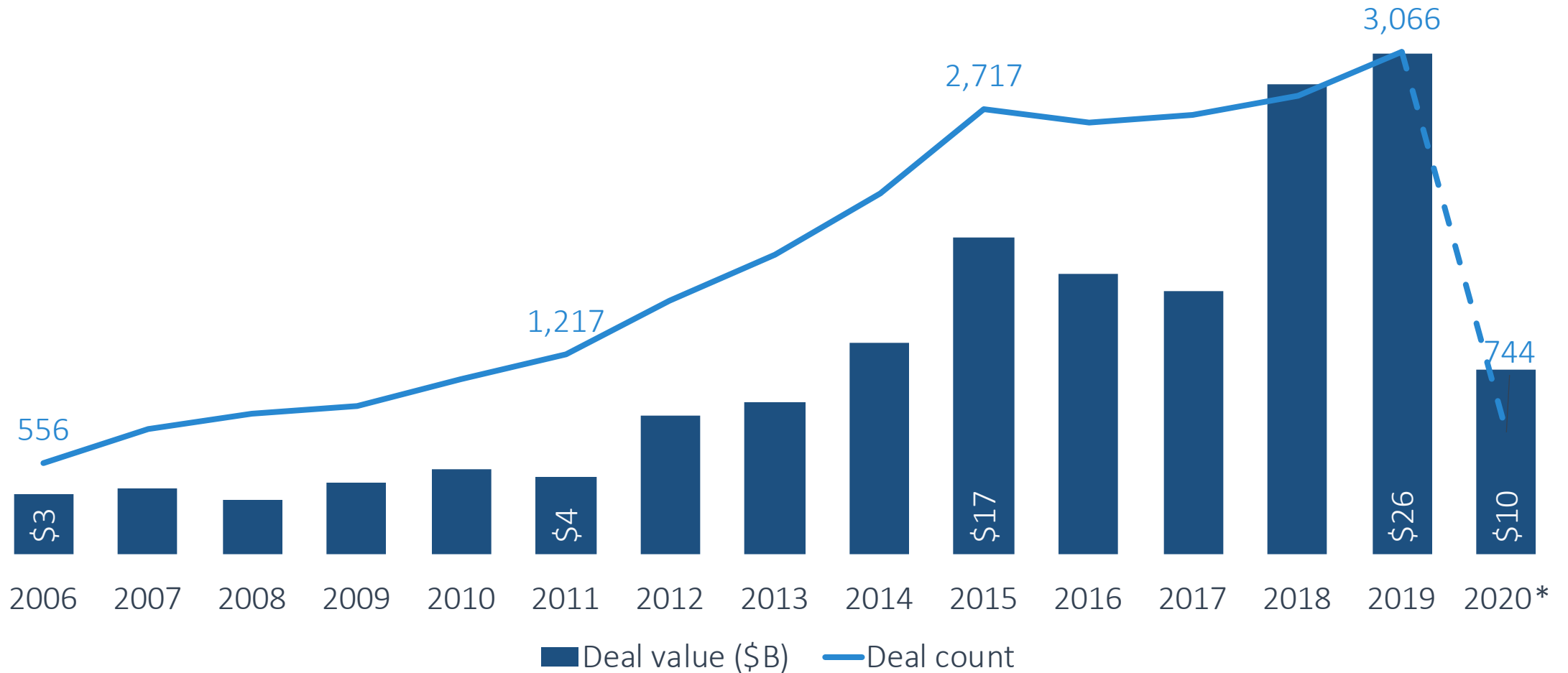
What are the main drivers of the recent growth in venture debt?

## 2018 and 2019 reached record investment levels in US VC industry



## US Venture Debt Activity

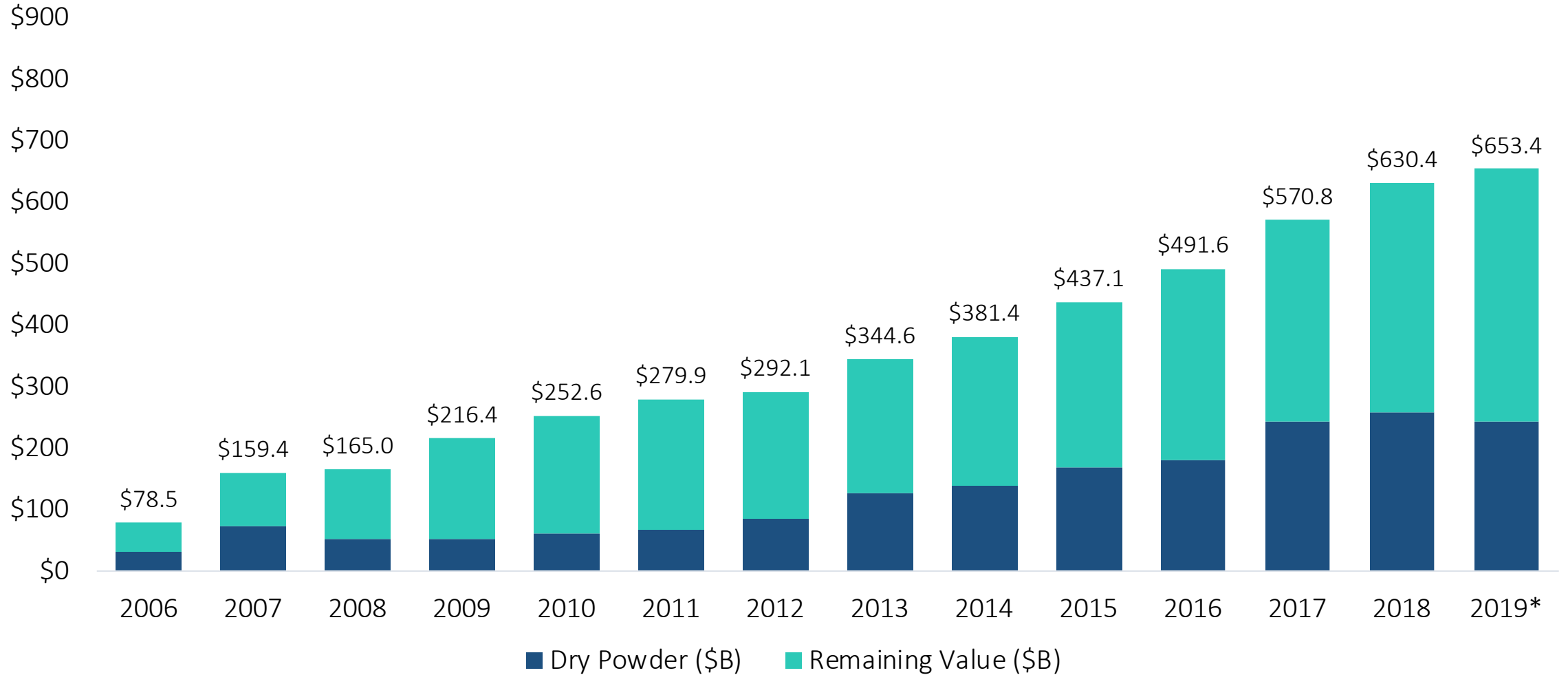
More than \$10 billion in debt already deployed into VC-backed companies in mid-April



How about other strategies such as distressed and direct lending?

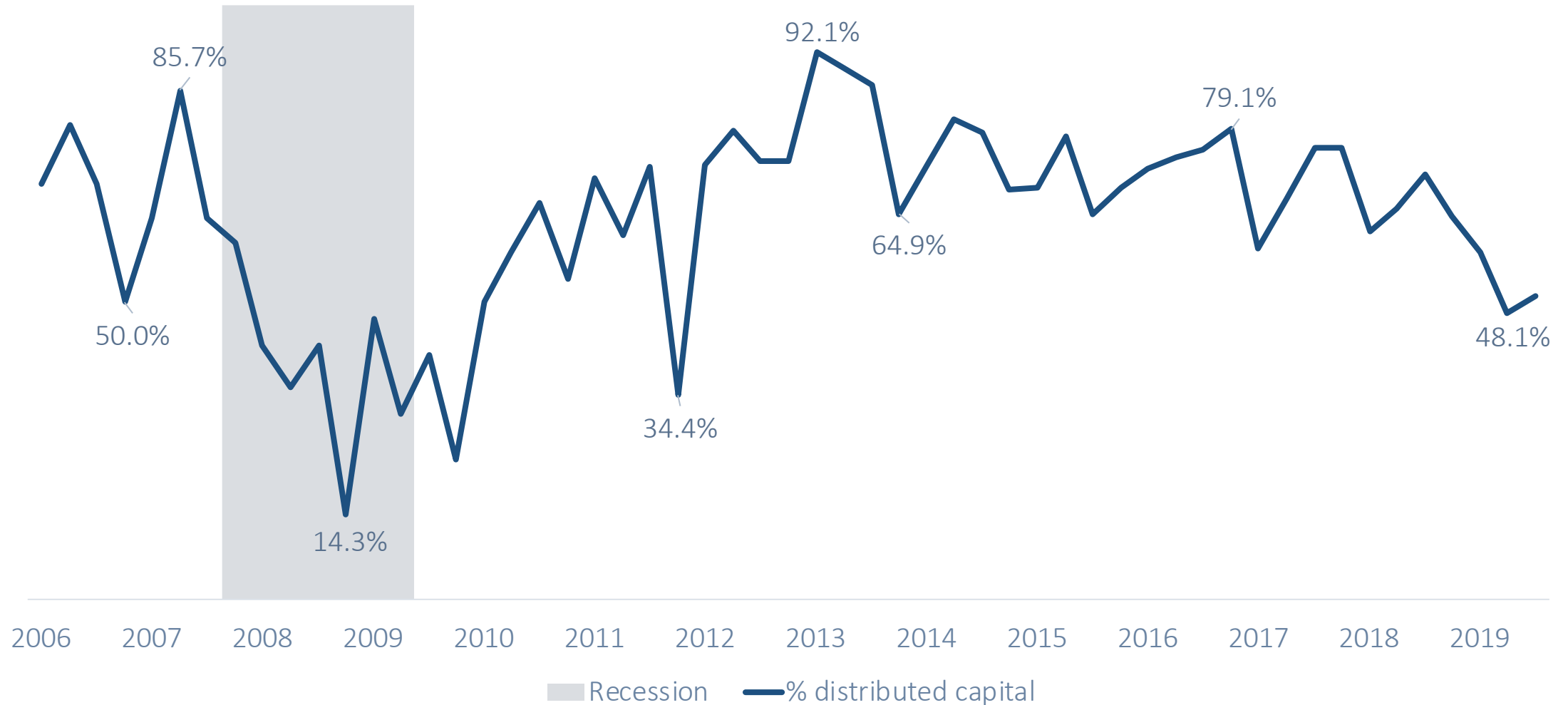


## Private Debt AUM has tripled since GFC, owing largely to direct lending



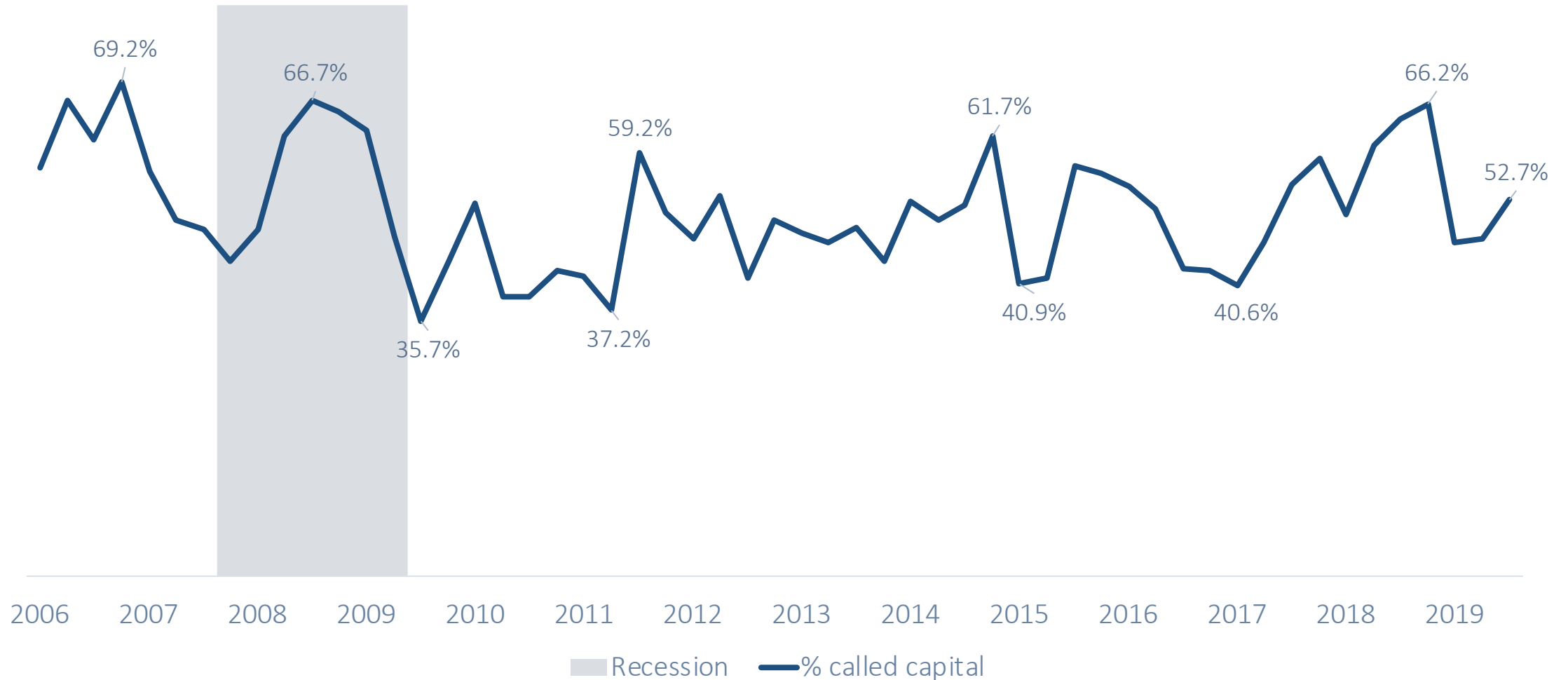
% of US distressed debt funds making distribution (4-8 years old)

## Distributions from distressed funds expected to slow markedly during economic turmoil



% of US distressed debt funds calling capital (0-5 years old)

## Capital calls strong across market cycles, but will grow steadily through 2020



# Opportunistic debt funds in the wake of COVID-19

| Fund Manager     | Target Fund Size (USD)                     | Fund Name                                      | Location          |
|------------------|--|--|-------------------|
| KKR              | \$2.8 billion (plus \$1.1 billion in SMAs) | KKR Dislocation Opportunities Fund             | New York, NY      |
| Oaktree          | \$15 billion                               | Oaktree Opportunities Fund XI                  | Los Angeles, CA   |
| Pimco            | \$3 billion                                | Pimco Distressed Credit Opportunities Fund III | Newport Beach, CA |
| GSO (Blackstone) | \$7 billion                                | GSO Credit Opportunities Fund IV               | New York, NY      |



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