

Twinkle Zhou 21 hours ago

## Higher yields and diversification key to private debt's popularity

Regional investors look set to seek more investments in the asset class, especially from North America and Asia, say senior executives at asset owners and fund houses.



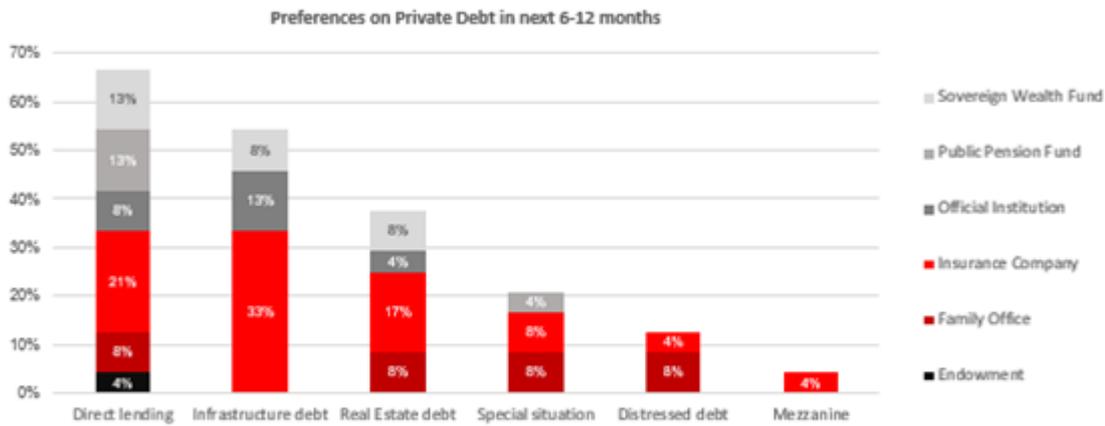
Private debt assets from North America and Asia (ex-Japan) look set to draw increasing amounts of interest from regional and global investors, as they seek more diversification and yield, predict senior executives at asset owners and fund houses.

Investment managers told *AsianInvestor's* Asian Investment Summit on Thursday (June 3) they believe the growing trend in private debt is here to stay, because they promise better returns and help boost diversification in investors' portfolios.

Last month, Audax Private Debt, a leading debt financing investment manager, closed its Audax Mezzanine Fund V with \$1.85 billion in capital commitments, which was significantly

oversubscribed and exceeded its fundraising target, receiving new institutional investors in the US, Europe, Asia Pacific, and the Middle East.

Asset Owner Insights (AOI) predicts that the majority of private debt investment will towards direct lending, infrastructure debt and real estate debt in the next six to 12 months.



Bev Durston, Edgehaven

The fact that private debt investments are increasing is a sign that investors are back on track after the pandemic,” said Bev Durston, managing director of Edgehaven, an alternatives adviser in the UK.

“Compared with Asia, we see more opportunities in US structured credit,” she added.

That said, Durston said she is particularly interested by the flow of assets into China, adding that she is curious about whether it will produce enough yield to make it a long-term trend.

**YIELD-DRIVEN**

Structure and price is contributing to the interest in private debt, according to Kulbhushan Kalia, head of private debt, lead investment strategy and alternatives for Asia at Allianz Investment Management.

“Since Covid has started, investors including many banks are putting more attention into private market and are trying to capture the assets which are better-priced and better-structured,” he said.



Mark E Kishler, Northwestern Mutual Capital

Distressed assets and mezzanine are the least popular investments at the moment, according to speakers at the conference. Kalia believes investors are still prudent about such assets because they do not think the economy has picked up yet.



Kulbhushan Kalia,  
Allianz IM

Mark E Kishler, managing director of private debt & equity and private equity funds for Northwestern Mutual Capital, noted that while some mezzanine assets in its portfolio performed “extremely well” during the pandemic, he believes junior private debt is one the most attractive parts of private debt in certain markets since such assets could provide higher yields.

**The *Asian Investment Summit* is happening from May 31 to June 4, featuring**

**asset owners as they discuss their investment strategies for 2021 and beyond. [Click here to register.](#)**

If you want to learn more about AOI and how it operates, you can **request a demonstration**. Alternatively, please contact Tom Griffin, commercial director of *AsianInvestor*, at **[Tom.Griffin@haymarket.asia](mailto:Tom.Griffin@haymarket.asia) / (+852) 2122 5262**.

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