

Fund Finance Friday



A Number of Green Shoots in the Collier Capital LP Survey

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Collier Capital's recently released **Global Private Capital Barometer** included a few notable takeaways for fund finance lenders that suggested the fundraising market could be broadening and capital circulation improving. Here are a few specifics:

- LPs reported a growing interest in single-strategy specialists. Notably, 51% of North American survey respondents anticipated their portfolios to tilt towards specialists in coming years.
- Along the same lines, 86% of LP expected to make a first-time commitment to a new sponsor relationship over the next one to two years. Interest in new relationships was highest for private equity and private credit strategies. Allocations to single-strategy specialists, if put into action, and new sponsor relationships could signal a broadening of the fundraising sponsor landscape if put into action.
- LPs generally expect an improvement in distributions: 86% of respondents anticipated a year-over-year improvement in distributions in 2024.
- 31% of LPs expected to increase overall alternative asset allocations in the next 12 months, and 59% expected to maintain targets.
- Private credit allocations look to be moving higher: 45% of LPs in the survey expected to up target allocations to private credit in the next 12 months. Real estate fund and hedge fund allocations were most likely to be reduced.
- Continuation funds were ranked highest in terms of likely liquidity tools over the next 12-18 months.

The Collier Capital survey is a biannual endeavor and the recent edition reflected the views of 110 LPs from around the world. The survey also included a few interesting reflections of LP views toward NAV financing.