Scarcity and Oversupply: Fundraising Data Reveals Imbalances in Private Markets

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Private markets are constantly evolving, and new investment opportunities continuously arise. Who would have conceived ten years ago that AI would fuel demand for computation power at an exponentially increasing rate and, consequently, data center financing and investments in related power needs would require such vast infrastructure investments? Keeping a finger on the pulse of new trends matters for asset allocators and manager selection professionals. Being an early mover into nascent private markets segments could lead to attractive returns. Keeping abreast of current market conditions is also sensible risk management. By nature, private investments cannot be reversed easily, and commitments into the space will typically have long-term implications. Allocating money to private markets means making a long-term commitment and facing uncertain outcomes, given the wide dispersion of performance between asset classes, asset managers and the respective funds they manage, see for instance Kelly et al. (2025).

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Investors thus benefit from tools that upfront identify segments of private markets where there is an undersupply of capital, and help avoid overheated and bubble-prone areas. Fundraising data is one of the tools that investors can use to get insight into supply and demand (imbalances). When combined with related data points – such as information on dry powder, holding periods and distributions – a more comprehensive picture of the balance between supply and demand can be formed.

In this article we discuss the way fundraising data is collected from various public and private sources and what challenges arise with collecting and combining this data. We present use cases for asset allocators and for manager selection professionals to demonstrate the practical relevance for investment decision making. The use cases draw on data from the private debt part of private markets where we currently see several interesting trends. Notwithstanding the focus on private debt, fundraising data is widely available for all types of private markets. By presenting the use cases, we show how fundraising data can be a practical tool to gain insight into current market conditions and as such support asset allocation decisions.

FUNDRAISING DATA: WHAT IT IS AND WHERE IT COMES FROM

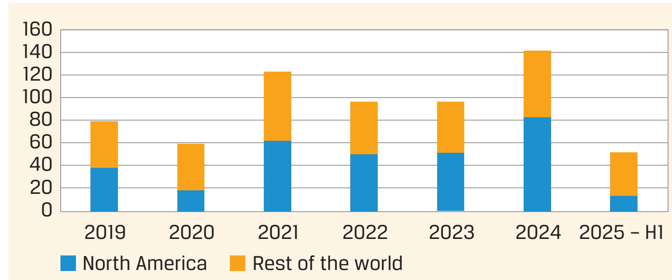
Private markets are – by nature – not or infrequently traded. Often, limited data on individual transactions will be publicly available, such as the enterprise value of the firm that is purchased by a private equity firm or the sale price of a real estate asset. Data on the auction process and the balance between supply and demand for that particular transaction is usually not available.

However, a large swath of private assets are held via investment funds. Instead of looking at individual transactions, one can look at fundraising activity for these funds to gain insight into supply and demand, as ultimately the money raised will be deployed and returned to investors.

Fundraising data provides information on the level of assets that fund managers are raising in various types of fund vehicles over time from a range of different investors, from private wealth firms to large institutions. It also offers intelligence on the funds that are in the market, providing market participants with information on fund capital commitment targets, how much capital they end up raising and how long it takes them to raise this capital. It provides numbers on the amount of assets raised, or attempting to be raised, based on asset class, strategy, region, and at a manager and fund level. This information is not easily available, given the lack of transparency in private markets. For this reason various tools, techniques, and relationships are required, alongside expert market knowledge, to ensure a full picture of activity is provided. Various data providers such as Pitchbook, Preqin and With Intelligence analyze a broad range of public data sources and gather their own proprietary data.

- Public data comes from global regulatory filings, press announcements and articles, where AI and automation can be used to ensure all relevant activities are covered. In some regions, the law requires certain investor types to disclose their holdings. That data is utilized to enhance coverage, such as through the Freedom of Information Act requests in the US.
- Outside of public sources, various data providers have developed other means of gathering proprietary data, for instance by having managers self-report their data directly to databases. Datasets typically cover over 95% of assets that have been raised globally, across all major investing regions, with most having a minimum fund size, for example $100m.

Figure 1
Annual fundraising for direct lending, in $bn. Rest of the world is mainly Europe but also including global funds that can invest in North America



Source: With Intelligence

The raw data suffers from several ambiguities that make it unsuitable to be fully processed by machines as private market strategies do not neatly fall into clear cut categories. Expert knowledge on asset class breakdowns by strategy, sector and other investment factors is therefore required, alongside a robust and clear investment taxonomy, given the lack of information that often accompanies the filings and the absence of standard industry definitions for investment strategies. And oftentimes, funds employ a mix of strategies, so expert judgment should be used for labelling. Historical context on the asset managers and relationships at manager and fund level are helpful inputs to ensure that data is tagged with the correct investment attributes and feeds through to aggregated datasets correctly.

FUNDRAISING FLOWS EXPOSE MARKET IMBALANCES

A layer of expert human oversight is also required to provide quality control and check that the correct information is passed through to the database. For example, a range of complex fund structures may be used by asset managers that need to be understood and unpicked before confirming and inputting the data. Another way the human factor plays a role is with the care that must be taken to ensure leverage is removed from the fundraising calculations and to avoid double-counting in various scenarios.

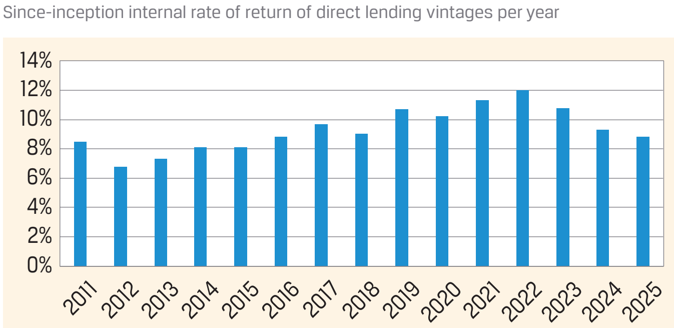
By its nature, data collected on assets raised by funds is backward-looking and the increase in time taken for funds to close in recent times has sharpened this factor. It is typical to analyze datasets on a quarterly basis and it can take anywhere from less than six months to more than two years to close a fund. According to With Intelligence data, 31% of PE funds closed in H1 2025 closed within six months of launching, while 32% took one to two years and 17% even more than two years. Therefore, it is useful to add a forward-looking lens to contextualize these flows and provide additional insights to allocators looking to understand where money may be moving in the future. These datasets can include intelligence collected from interviews and questionnaires completed by allocators where they express their likely future intentions to invest across different areas. The data sets can contain data points such as the asset classes, strategies, sub-strategies, sectors, themes and fund structures that investors say they are interested in allocating to over the next 12-18 months, alongside manager preferences, such as whether they invest in emerging managers or not.

As an example of fundraising data, we present direct lending, which is a core part of private credit. The loans typically finance buyout transactions by private equity firms. Over the last one and a half decades, the supply of buyout loans has shifted away from banks to asset managers, in part due to regulation that incentivizes banks to be conservative in their exposure to these type of loans. The growth in direct lending over this period can be directly linked to increases in private equity transaction volumes. Figure 1 shows direct lending fundraising in recent years. The recent trend of strong fundraising outside of North America (which traditionally is the largest direct lending market globally) is clearly noticeable and discussed in depth below.

LESSONS FOR ASSET ALLOCATORS FROM THE DIRECT LENDING BOOM AND THE DISTRESSED DEBT DEPLOYMENT DROUGHT

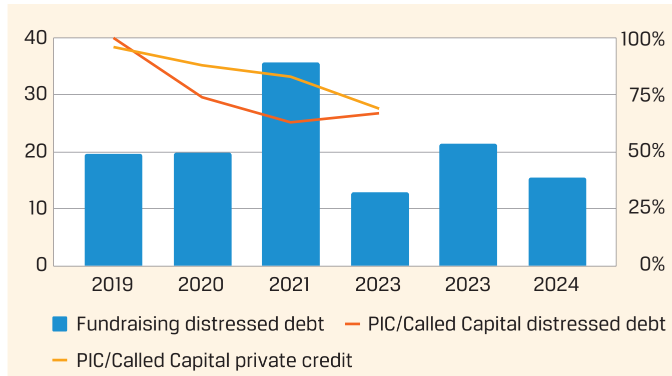
The intention of strategic asset allocation is to select asset classes and target weights. Investors typically have an investment horizon of multiple years, or even decades, when assessing the impact of various candidate asset mixes. This does not mean allocators are agnostic to the current market environment. Prevailing market conditions can come into play when selecting asset classes and could be an input for an investment case for a specific asset class. Setting return expectations is commonly done by using an estimate of near-term returns and extrapolating these over a few years to

Figure 2
Since-inception internal rate of return of direct lending vintages per year



Source: With Intelligence

Figure 3
Fundraising for distressed debt globally in $bn. The Paid In Capital / Called Capital ratio is a measure of deployment, showing how much committed capital is called (and subsequently invested) per vintage year, up until H1 2025. The ratio for distressed debt is compared to the ratio for private credit as a whole



Source: With Intelligence

the assumed long-term expected return. It is therefore helpful to have indicators on whether near-term returns are expected to be above or below what can be expected from a through-the-cycle, long term average.

To exemplify the way fundraising data can be used to indicate current market environment, we first turn to direct lending that witnessed a boom after the Corona crisis. Taking a look at the inflow of new money, the fundraising data – Figure 1– shows that 2020 was a low point in fundraising activity with $60bn raised that year. To assess whether that created a bottleneck or not, we should look at expectations for private equity investment activity. The rationale for that is that private equity transactions significantly utilize debt: on average debt financing is a little over 40% of the transaction value of a firm, as shown by Liu and Xiong (2024). Private equity sponsors ultimately decide on size and timing for the debt they attract for their portfolio companies, so it is natural to see private equity buyout and refinancing activity as leading the deal flow for the debt that supports that activity. Also, direct lending is increasingly seen as the preferred debt solution by private equity sponsors, instead of the more traditional solution of syndicated bank loans. Referencing Slok et. al. (2025), since 2020 direct lending has financed over 50% of buyout transactions, with that share increasing to over 80% since H2 2022. Market participants cite the speed and certainty of execution as a major driver for private equity sponsors to choose direct lending over a (usually cheaper) broadly syndicated loan.

The drought in direct lending fundraising coincided with healthy levels of capital available to private equity. In contrast to direct lending, fundraising for private equity stayed steady in 2020, compared to previous years. Moreover, dry powder was abundantly available. In terms of dry powder as a multiple of historical annual deployment, 2020 was a year with a record high, see Edlich et al. (2025).

Having identified a possible mismatch between the available capital for private equity and direct lending, we assess how deployment of private equity fared right after the Corona crisis. We will look at this through the lens of value drivers for private equity investments, which are an improvement in operational results (i.e., increase EBITDA), applying leverage with various types of debt financing and achieving a higher enterprise-value-to-EBITDA multiple upon sale. The last part of 2020 and 2021 brought tailwinds for these value drivers: the economic downturn was not as bad as feared and rates dropped, which not only decreased the cost of debt but also supported multiples. As a result, private equity deployment had its best year since 2012 by a wide margin. US data from Slok et al. (2025) shows that 2021 deployment was over double that of the average of the last ten years, at about $800bn. That is a large number compared to the meagre $60bn raised for direct lending that year. Combining the new capital raised with private credit dry powder, estimated at $200bn at the start of 2022, we see strong indications of undersupply of debt to support the buyouts, given that direct lending often invests along private equity in a near 1-to-1 ratio.

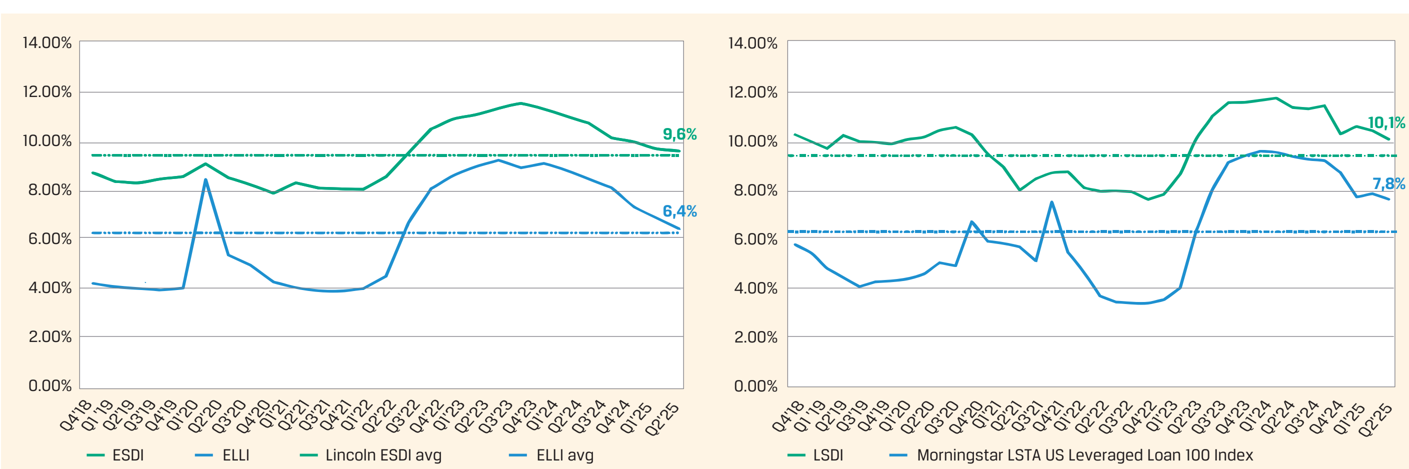
DATA SIGNALS SHIFTS IN PRIVATE CAPITAL APPETITE

These developments resulted in an acute bottleneck which translated into an estimated increase in the spread and annualized upfront fees of 100bps to 150bps. Also, the scarcity of debt financing created an environment that was conducive for borrowers to negotiate better protection through the documentation that is directly agreed upon with the borrower. Direct lending is floating rate, so as an added kicker to the already healthy spreads and fees, investors in direct lending benefited from the rising rates after 2021. All-in-all, the 2019 to 2023 vintages that were deploying capital in that environment enjoyed the highest returns since 2010 (Figure 2).

To demonstrate the opposite case, we turn to distressed debt investing during the same period. Investing in distressed debt means lending to firms that are going through a rough patch. In practice, it can be done by snapping up loans or bonds of a distressed firm at a significant discount, or lending to a firm in distress and looking to negotiate advantageous terms. In certain cases, the private credit manager will take control of the asset. Economic downturns typically generate the opportunity set for distressed debt. However, committed capital must be met with attractive investment opportunities to ensure good performance is delivered. Fundraising data will show to what extent one is in line with the market or contrarian. During the Covid pandemic, sizeable allocations to distressed debt were made (see Figure 3). However, when the recession was not that deep and long as expected, and abundant support for firms came in the form of direct government subsidies or lower rates, the distressed debt market ended up in a situation where too much idle capital was sitting on the sidelines. When looking at the Paid In Capital to Called Capital ratio to date (Figure 3), it is clear that the 2021 vintage of distressed debt struggled to deploy the available amount of money raised. In comparison, direct lending did not suffer from the same issue and could deploy capital quickly.

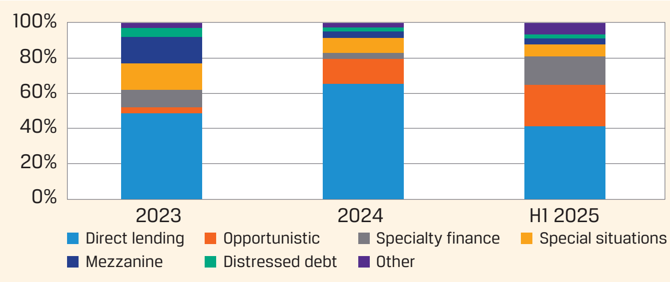
To make the right call between investing in direct lending or in distressed in 2020 and 2021, investors needed to take a view on how the economy would develop and how various factors such as central bank policy influence the investment case for private debt and distressed debt. Fundraising data could have supported the decision-making, as in both cases it can be said that there was a large imbalance in supply and demand, which could serve as an effective indicator.

Figure 4
Left panel: yield on European direct lending private credit as proxied by the Lincoln International ESDI index, compared with the European leveraged loan index Morningstar ELLI.
Right panel: US direct lending index LSDI vs leveraged loan index LSTA US 100



Source: Morningstar, Lincoln International

Figure 5
Split of fundraising by category, in $



Source: With Intelligence

USING FUNDRAISING DATA TO INFORM DIRECT LENDING ALLOCATIONS IN THE CURRENT ENVIRONMENT

As can be seen from Figure 1, recent fundraising activity in direct lending was slanted towards Europe. Nearly $50bn was raised for European private credit funds in H1 2025, which is equal to the annual numbers in 2023 and 2024. European funds were responsible for 37% of assets raised in funds that closed during H1 2025, with only 28% focused on North America. In contrast, 47% of funds closed in 2024 were focused on North America and only 24% were European-focused.

This shift to Europe signals a concern about crowding in the US upper middle market direct lending space given the amount of capital previously raised and the lack of deployment opportunities. We see that differences in relative value could also contribute to this trend. The yield differential between US direct lending and (relatively liquid) broadly syndicated loans has been compressing to about 2.3%, and upfront fees range between none to about 1%. In Europe, the difference in yields has actually been widening to 3.2% and upfront fees are between 1% and 2% at time of writing (see Figure 4).

Figure 6
SRT fundraising data of largest SRT funds raised, 2023 to time of writing in December 2025

Date	Manager	Fund	Size ($bn)
jun-24	Chorus Capital Management	Chorus Capital Credit Fund V	2,50
jul-24	Axa IM Alts	Partner Capital Solutions Fund 9	2,50
mei-25	DE Shaw	DE Shaw Diopter Fund II	1,30
25-dec	Orchard Global Asset Management	Orchard EleganTree Opportunities Fund III	1,30
mrt-25	PAG	PAG BRS Fund III	1,25
nov-25	Manulife|CQS	Manulife CQS Regulatory Capital Relief III	1,10
mei-23	ArrowMark Partners	ArrowMark Global Opportunity Fund IV	1,10
okt-25	Newmarket Capital	International Infrastructure Finance Company IV	1,00

Source: With Intelligence

Gaining a complete view of whether European direct lending is more attractive than the US, requires going beyond fundraising figures and the previously noted relative-value indicators. Consider the challenging exit environment in the US. The rise of interest rates that started in 2022 put pressure on the ability of private equity firms to exit. Not only do their portfolio companies need to allocate more operational cash flow to servicing debt (as the debt is usually floating rate), exit multiples are under pressure, too. Consequently, private equity firms struggle to sell firms at desired valuations, and the transactions that do occur are often "trophy assets": large private-equity-owned firms with significant growth potential that still command a high exit valuation. Because of the maturity and size of the US private equity market, this type of transactions is more prevalent there. These transactions can negotiate attractive debt financing packages from the perspective of the private equity sponsor, but lenders may doubt the relative value.

Another structural difference that may motivate a preference for European private credit is that the European markets are typically supporting buyouts of smaller firms than in the US, so that less private credit firms are needed to do a transaction. That can put lenders in a good position to negotiate tighter documentation. We should also factor in the increasing European lending opportunities linked to inward investment, triggered by the US Administration's global tariff reforms.

The data supports the notion that investors favor European direct lending and that this trend is likely to continue for some time: With Intelligences estimates that many of the largest private credit funds that will close in the next nine months are European-focused.

MANAGER SELECTION: INSIGHTS FROM FUNDRAISING DATA IN NICHE ASSET CLASSES

Fundraising data at the most granular level contains information on fundraising activity by individual asset managers and the various funds and vintages that they market. We here adopt the viewpoint that the manager selection professional is not only responsible for the selection of which managers to work with and what funds or mandates to invest with, but also has a mandate to allocate to various segments within an asset class such as private debt. For them, fundraising data could be helpful to spot trends early on, for instance when there is a significant shift in fundraising activity. Figure 5 shows a recent change within global private debt fundraising. Opportunistic, specialty finance and special situations funds were responsible for 47% of assets raised in H1, 2025, compared to 26% last year.

As a use case, we look at significant risk transfer ("SRT"), which sits in the specialty finance category (Figure 5) that attracted 17% of inflows into private credit in H1 2025. Investors effectively insure credit risk in an SRT on a loan portfolio that does not necessarily have to be sold to the end investor. Typical issuers of SRTs are banks that use the instrument to free up regulatory capital. Historically, European banks have accounted for 85% of all global issuance. Due to changes in banking regulation in the

US in 2023, the market is now facing a rapid increase in demand from the US and the share of US deals has doubled, from 15% historically to 30% in 2024. The market opportunities created in 2023 were quickly followed by launches of sizeable, dedicated SRT private credit funds and we saw the launch of the two largest SRT funds ever in 2024 (see Figure 6 for details).

Manager selection professionals can utilize the fundraising data to indicate a mismatch in supply and demand for the SRT market and attempt to capitalize on this by moving early. Currently, spreads are in the 10% area for SRT transactions with a rating profile comparable to BBB/BB, which is a sizeable pick-up compared to listed corporate bonds with a similar rating, which are in the 1% to 2.5% range at time of writing. This further reinforces the view that there is an imbalance in supply and demand. By building the investment case for SRT and allocating a part of the private credit budget to SRTs, manager selection professionals could diversify the private credit portfolio whilst potentially increasing average returns.

TRACKING CAPITAL FLOWS TO SPOT EMERGING OPPORTUNITIES

The data shows funds that were recently launched are small enough so that a ticket size of several tens of millions brings weight to the table. This puts investors in a good position to negotiate attractive fee arrangements. Being an important investor, or even anchor investor, in budding strategies like SRTs helps to establish a partnership with the asset manager and enjoy intangible benefits such as direct access to key personnel and management of the firm, as well as support with data and information.

With direct lending, in contrast, there may be less negotiating power. At this moment, there is a strong trend towards allocating to the largest asset managers. Of the $51bn raised in direct lending in H1 2025, $27bn was raised by just two funds managed by some of the largest firms in this space. Last year, six funds were responsible for 62% of direct lending assets raised, $89bn out of $142bn. Even with a ticket size of €100m one can expect to have little negotiating power with the largest managers – that raise funds to the tune of several tens of billions of euros – but more negotiating room may be found with smaller managers in niche asset classes.

CONCLUSION

Fundraising data can help support decision-making for asset allocation and manager selection in private markets. It is a powerful tool when used in tandem with other sorts of information that investors already use to make allocation decisions, such as their economic outlook, or view on valuations.

Examples from private credit illustrate how fundraising data can be used to inform investment choices. We barely scratched the surface of use cases, however. Consider the rise of private wealth investments in private equity and private credit, that goes hand in hand with the increase in fundraising for the evergreen, semi-liquid structures that retail investors prefer. The fundraising, deployment and distributions of these funds has the potential to dramatically change the liquidity landscape of private assets. Another trend to consider is the drought of exits of private equity-backed firms, that spawned a large array of liquidity solutions that are now accessible as individual strategies and are becoming increasingly relevant to warrant separate allocations to. Fundraising data points to the areas of growth in this space. These developments highlight the continuing benefit of incorporating fundraising data in investment decision-making.

Literature

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