

High investor demand for alternative credit strategies

## Private debt fund from Golding Capital Partners receives capital commitments of €331 million at first closing

Munich, 4 April 2017 – Golding Capital Partners (GCP) has received commitments of €331 million for its private debt investment programme *Golding Private Debt 2016*. After just five months of fundraising this means 55 per cent of the €600 million target volume has already been secured at first closing.

"With interest rates at their current low levels, alternative investments are indispensable for institutional investors. High-yield investments in the private debt segment are increasingly an alternative to institutional investors' traditional fixed income allocation", says Jeremy Golding, founder and Managing Partner of GCP. The investment strategy of *Golding Private Debt 2016* is focused on corporate acquisitions and funding for fast growing mid-market businesses in Europe and the USA. This consists principally of senior loans, but also of subordinated debt such as mezzanine, as well as unitranche debt (a combination of senior and subordinated financing components). GCP also invests in funds with opportunistic credit strategies in order to stabilise the fund during phases of market uncertainty. The aim is to build a broadly diversified portfolio of around 300 loans. With these strategies investors benefit from different yield components, which may also include equity-like elements in addition to attractive current interest payments.

The predecessor fund *Golding Private Debt 2014 SICAV* also saw strong demand from institutional investors, closing heavily oversubscribed at €413 million in late 2015. A total of 23 institutional investors subscribed to GCP's current investment programme at its first closing, including insurance companies, pension funds, banks and savings banks. 90 per cent of commitments came from existing investors. "We are delighted by the strong interest. In addition to our broad-based strategy, many investors were convinced by our long experience and strong track record", added Hubertus Theile-Ochel, Managing Partner at GCP.

### Mid-market funding with private debt

The investment focus of GCP Private Debt is on the mid-market segment. Faced with tighter regulation and higher capital requirements, banks only have limited capacities for providing loans to fast-growing companies. Privately organised lenders are stepping in to fill the gap left by restrictions on bank lending to medium-sized businesses. According to a study by TU Darmstadt, for example, some two thirds of German *Mittelstand* companies are expecting more onerous funding terms. Private debt funds focus precisely on these companies' needs and provide know-how and advice at the same time. "This individual approach makes private lenders more attractive", says Jeremy Golding. "Companies are willing to pay a higher rate of interest for more flexibility and services."

## **Golding Capital Partners gives investors access to attractive investment opportunities**

As one of the experienced providers of private debt investments, GCP is popular with institutional investors looking for returns in the current low-interest rate environment. Since investors have few opportunities to influence the management of the fund over the typical fund life of eight to ten years, manager selection is absolutely crucial. Potential risks have to be identified and avoided in advance. "As well as choosing the right funds, a key success factor for us is to build a broadly diversified portfolio across various private debt strategies, regions and vintage years, in order to minimise market volatility", adds Jeremy Golding.

With a track record going back more than 15 years, GCP can demonstrate above-average experience and expertise as an active private debt investor. Its assets under management in this asset class amount to more than €2.5 billion. GCP has committed to a total of 80 primary and secondary investments from Europe and North America to date. In order to offer tax and regulatory-compliant access to private financing for a majority of different investor groups, GCP has decided to set up the current investment programme as a master-feeder structure (SCS as the main fund and FCP-FIAR as feeder funds).

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Golding Capital Partners GmbH is one of the leading independent asset managers for private equity, private debt and infrastructure in Europe. With a team of 75 professionals at its offices in Munich, Luxembourg and New York, Golding Capital Partners helps institutional investors to develop their investment strategy and manages over €6 billion in assets. Its 140 institutional investors include insurance companies, pension funds, foundations and banks, especially savings banks and cooperative banks.

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