

## FUND FINANCE FRIDAY

### **Asset Manager Earnings Should Provide a Timely Fundraising Check-In**

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Earnings season for alternative asset managers is underway and should provide a window into the private market outlook for the second half. Earnings, of course, shine the spotlight on the large diversified platforms, a group that generally proves more resilient to challenging market conditions.

The first data point came in yesterday when Blackstone reported Q2 fundraising, deployment, and realization totals that defied the broader industry slowdown. AUM posted a meaningful gain. The capital raising numbers underscored an industry trend in which the largest asset managers are able to attract a greater share of capital. Coming into July, nine funds were in the market with fundraising targets \$20 billion or more.

For fund finance lenders, the fundraising, deployment and realization numbers are the most significant inputs in forecasting long-term borrowing demand, and the publicly traded private asset managers are likely to continue outperforming the broad market on these metrics, although some moderation is possible. Stock jockeys have turned their attention to investment performance numbers, which are showing signs of a challenging environment. If sustained, weak performance could potentially slow capital allocations to private strategies in the long term, but this risk needs to be assessed relative to public market performance. Also, in evaluating the quarter's investment performance numbers, compared with their equity market counterparts, fund finance lenders will be much more in tune with how much significance to attach to a single quarter out of the approximate 40 quarters that make up a typical closed-end fund life.