

Markets

BlueBay Is Raising \$300 Million to Grow Emerging-Market Private Credit Bets

- Firm's \$170 million debut fund netted 22% annual returns
- Direct lending in developing countries grows as banks retreat

by [Vinicius Andrade](#) and [Zijia Song](#)
July 30, 2024

RBC BlueBay Asset Management is doubling down on its push into emerging-market private lending.

The London-based company has started fundraising for an additional \$300 million for direct lending in the developing world, according to a person with knowledge of the matter.

It follows a \$170 million debut in the emerging-market private lending business more than three years ago that has netted annualized returns of 22% in US dollar terms, said the person, who asked not to be identified discussing private details.

BlueBay declined to comment.

Firms including Gramercy Funds Management have been lending to private companies in developing countries such as Turkey and Mexico as banks retreat from risk. RBC BlueBay has shown interest in buying emerging-market debt from Credit Suisse Group AG as UBS Group AG looks to sell chunks of the bank's balance sheet following the emergency takeover.

The US and Europe dominate the private credit business, with the developing world making



A pedestrian browses in a bazaar in the Beyoglu district in Istanbul, Turkey, on Thursday, Aug. 27, 2020. Photographer: Nicole Tung/Bloomberg

up a small but growing piece of the \$1.7 trillion industry. Increasingly, though, private firms and sovereign wealth funds are building portfolios to invest in what they see as a growing demand for private lending in untapped markets.

Globally, the industry is struggling with fundraising as private-credit allocations at some institutional investors are already high. The recent slump has led some firms to target new pockets including in Latin

America.

In a paper published in April, RBC BlueBay money managers argued that select emerging-market deals can offer higher yield and better credit metrics than developed markets in some cases. RBC BlueBay Asset Management is part of RBC Global Asset Management, which had over \$468 billion under management through June 30.

– With assistance from Maria Elena Vizcaino