

Westbrooke's UK private debt fund achieves R400m record raise from SA investors

Westbrooke Alternative Asset Management has announced the successful closing of the most recent capital raise for its UK-secured private debt fund, Westbrooke Yield Plus, which raised GBP15m (approximately R400m) during the last quarter.



Source: Supplied. Dino Zuccollo, head of product development and distribution at Westbrooke Alternative Asset Management.

The fund continues to attract substantial interest from South African high-net-worth individuals and wealth managers who are increasingly seeking to generate an enhanced cash yield - currently in excess of 9% in GBP - in a challenging and volatile macroeconomic environment.

Institutional demand is also growing on the back of these attractive returns. The raise is an important milestone for Westbrooke Yield Plus, which has now reached assets under management in excess of GBP100m. This is notable as the large portion of the fund's investor base comprises South African connected capital.

The fund also celebrated its five-year anniversary this year, with a track record of consistent performance.

Westbrooke Yield Plus provides loans to lower and middle-market UK companies and real-estate sponsors, which is a significantly underserved UK market segment. The fund is focused on the UK and Western Europe and does not invest in property developments.

The appeal is multi-faceted, says Dino Zuccollo, head of product development and distribution at Westbrooke Alternative Asset Management.

“Driving this strong investor demand is the fund's ability to generate a cash yield in excess of that offered by the traditional fixed-income-, bond- and cash investments. There is less volatility, as private debt funds aren't subject to the same pricing adjustments as listed markets, as well as improved portfolio diversification and reduced correlation to the public markets.

“In the case of Westbrooke Yield Plus, investors benefit from stable, hard-currency returns which are linked to interest rates, thereby providing an inflation hedge as well as tax efficiency on account of investment structuring,” he explains.

Globally, private debt has gained significant traction and today is one of the world's fastest growing alternative asset classes. The asset class is useful in an era defined by:

- Falling equities driven by a rising interest-rate cycle for the first time in decades.
- Volatile bond yields which are also subject to mark to market losses when holding fixed-rate loans.
- Although the environment is riskier, holding cash is complicated as high inflation leads to negative real returns.

Key to Westbrooke's consistent performance is a skilled, UK investment team operating in the UK market for more than seven years. This period has been challenging, with the combined impacts of Brexit, the pandemic and the rising interest-rate environment.

Zuccollo adds, “Although the market is tough, it provides opportunities if one is prepared to be nimble and deal with the added complexity. We currently see the traditional providers of capital such as the large banks retreating from the market in favour of existing portfolio management. This provides a larger transaction pipeline and allows us to be selective on deals.

“Our investment risk philosophy is centred on capital preservation so we actively seek transactions with a level of asymmetry between the risk we take and the returns we generate. Key when assessing new transactions, is the identification of quality, income-producing assets and businesses with a focus on cash-flow generation.”

Westbrooke has just opened its next private debt capital raise ending 30 September 2023 and this is offered to South African investors in terms of a CIPC registered prospectus. Due to the current demand, this raise will be strictly limited to between GBP15 and 20m.

For more, visit: <https://www.bizcommunity.com>