

Brunel Launches Private Debt Portfolio with Aksia

Brunel Pension Partnership Limited (Brunel) is delighted to announce the launch of the Brunel Private Debt Portfolio for Cycle 2 (2020-2022): a dedicated, bespoke portfolio of funds targeting corporate direct lending strategies in Europe and North America. Brunel's clients have committed £945 million to the pooled fund.

To deliver a high-quality, resilient offering worthy of our clients, Brunel has partnered with Aksia, a specialist research and advisory firm. Working together, Brunel and Aksia intend to push the boundaries of Responsible Investment in direct lending.

The objective is to build a portfolio of private, corporate loans, diversified by sector and region. Private loans offer an attractive yield relative to the broadly syndicated market, with greater downside protection and a more hands-on approach from lenders.

Brunel will make 6-8 primary fund commitments to specialist direct lenders. The Cycle 2 vehicle has already made one primary commitment to a Europe-focused fund, ICG Senior Debt Partners IV and the second commitment, to a US-focused manager, is expected to follow close on its heels.

"The attractions of this asset class for our clients are clear, but the challenges of implementation in this climate are clear, too," said Richard Fanshawe, Head of Private Markets at Brunel. "We need a partner, not just a manager and, in Aksia, we have both."

Partnership approach

We want to select managers who share our values as a responsible investor and put our clients' capital to work with that mindset. Brunel will allocate to managers with complementary lending strategies such that the overall portfolio of more than 200 loans is diversified by sector, region, and borrower type. Loans are expected to be predominantly senior.

The economic impact of Covid has exposed cracks and weaknesses in lending practices across the industry. This is useful information when assessing who to partner with. By being able to differentiate between those managers who allowed risk to creep into their portfolios and those who maintained standards, we can have greater conviction when making commitments.

"Aksia is delighted to be working with Brunel Pension Partnership, an acknowledged thought leader in responsible investment, to customise a direct lending portfolio for its LGPS clients," said Valérie Bénard, Head of Aksia Europe.