



LCM launches SOLO strategy with initial commitments of €500m – exclusive

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By **Andy Thomson** - 2 days ago **fundraising**

London-based **LCM Partners** has officially launched its Strategic Origination and Lending Opportunities (SOLO) strategy, which takes the firm into direct lending, with €500 million of initial commitments, according to market sources.

The strategy has gathered commitments from a small group of institutional investors including the **Teachers' Retirement System of the State of Illinois**. It is thought that the strategy is targeting total commitments of €1.2 billion and a final close around the middle of this year. **Park Hill** is acting as advisor to the fundraising.

A niche investor, which specialises in investing in areas such as leasing, consumer debt, asset-backed finance and auto loans, LCM has historically acquired performing and non-performing loan portfolios. SOLO targets these same assets but as part of a new strategy it partners with originators while giving it control over the underwriting and origination.

LCM declined to comment on the terms of any fundraising activity. However, PDI understands that the strategy will target investments with an unleveraged internal rate of return (IRR) ranging from 7-12 percent and will distribute net income from those investments during the investment term.

LCM's niche private debt strategies - including its Credit Opportunities (COPS) funds - offer investors exposure that is differentiated to that of more typical mid-market sponsored loan private debt vehicles. The firm's focus on smaller ticket retail and SME loans allows distribution of credit risk across a broad portfolio of underlying borrowers and so seeks to avoid the current market concern in relation to corporate debt credit quality and erosion of covenants in particular.

Paul Burdell, the CEO of LCM Partners, told *PDI* that LCM was looking at "lots of investment opportunities", including in conjunction with **Brookfield**, following the two firms' announcement of a strategic partnership in March last year, which saw Brookfield purchase a 25 percent stake in LCM.
