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Oquendo hits target for second senior debt fund

Spain-based manager turns focus to deployment as fundraising activity pauses for breath

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Madrid-headquartered private debt manager [Oquendo Capital](#) has met its fundraising target for its second senior debt fund and anticipates holding a final close by the end of 2022.

The firm has raised around €265m against a target of €250-300m for [Oquendo Senior Debt II](#), founding partner Alfonso Erhardt told With Intelligence. It is anticipating a second close in the region of €300m in the coming months, with the likelihood that the fund will remain open to commitments and could reach its €350m hard cap by the end of the year.

The senior debt strategy has a conservative return target in the mid-single digits, [Erhardt said in August](#), adding that fundraising had benefited from the resilience of [Oquendo Senior Debt I](#). The debut senior debt vehicle does not contain any investments that have been impacted throughout the Covid-19 pandemic, he said at the time.

According to publicly available documents, Oquendo's senior debt strategy has attracted commitments from the [European Investment Fund](#), [Banco de Crédito Social Cooperativo](#) and Insurance group [Mutua Madrileña](#) across its two vintages.

Erhardt said that – given global uncertainties such as high inflation, the war in Ukraine and rising interest rates – Oquendo is in the enviable position of having closed its [fourth junior debt fund](#) and made significant inroads [into raising Oquendo Senior Debt II](#) by the start of the year.

He highlighted that the firm now has a 2-3-year runway for investments across both strategies and is in no rush to return to market with the fifth generation of its junior strategy. Oquendo Mezzanine Fund V may launch towards the beginning of 2023, though this is very much dependent on the broader market picture.

The manager held a €275m final close for Oquendo Mezzanine Fund IV in August against a target of €250m. The vehicle is now around one-third invested, Erhardt said, and targets low double-digit returns on investments in Spanish, French and Portuguese companies.

Oquendo opened a Paris office in January and appointed Cyril De Galea, formerly the founding partner of Indigo Capital's French arm, as partner and head of France. Erhardt said the firm is seeing numerous encouraging opportunities in the country.

He said there are a number of sectors that are insulated from current macroeconomic uncertainty, resulting in a relatively stable deal pipeline for generalist managers. Nevertheless, Erhardt added that the volume of opportunities and hence level of activity across the European market as a whole have been impacted in recent months.

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