ISQ fundraise targets wealth channel amid private credit exodus

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A surge in investor withdrawals from private credit funds is accelerating a rotation into infrastructure, and I Squared Capital is positioning its new evergreen vehicle to capture it.

The Miami-based infrastructure manager launched ISQ OpenInfra, an open-ended fund targeting high-net-worth investors, late last year as data shows capital flowing out of private credit at an accelerating pace. Fundraising for business development companies - private credit vehicles popular with retail investors - totaled approximately $11.9 billion through May 2026, down 55% year-over-year, while infrastructure fundraising rose 61% over the same period, according to Robert A. Stanger & Co.

"Advisors are treating private infrastructure as an additive allocation, not necessarily just as a substitute for private credit," Irina Zilbergleyt, managing director and global head of distribution and product strategy for OpenInfra at I Squared Capital, told Green Street News Infrastructure. "Infrastructure is establishing itself as a distinct allocation in its own right, not a stand-in for private credit."

The rotation has been sharpened by turbulence across some of the industry's largest credit platforms.

In the first quarter of 2026, redemption requests surged industry-wide, with Apollo Debt Solutions receiving requests equal to 11.2% of outstanding shares and Ares Management also moving to limit investor withdrawals, according to US Securities and Exchange Commission filings and Investment Executive, a financial trade publication.

Blackstone's flagship BCRED fund received requests equal to 7.9% of shares in Q1 — above its standard 5% cap — and honored all of them by raising its limit and deploying employee capital, according to a Bloomberg report, before capping withdrawals at 5% in Q2 when requests climbed to 10%.

Blue Owl Capital Ltd. faced among the most acute pressure, moving to limit redemptions after investors requested to withdraw 21.9% of shares from its $36 billion Blue Owl Credit Income Corp. and 40.7% from its smaller Blue Owl Technology Income Corp. in a single quarter, according to Bloomberg. Notably, Blue Owl's GP Strategic Capital unit holds a minority stake in I Squared Capital, acquired in 2023, according to Blue Owl's own disclosures.

Investor concerns about concentration risk at large multi-strategy platforms have created an opening for specialists, Zilbergleyt said.

"75% of advisors prefer specialized managers to access their infrastructure exposure, given the sector-specific expertise the asset class demands," she said, citing the firm's OpenInfra Index survey of 250 financial advisors active in alternative investments.

The survey also found a shift in advisors' views of the asset class. Thirty-five percent now see infrastructure primarily as a growth driver rather than an income or diversification tool, Zilbergleyt said — a meaningful repositioning for an asset class long sold on yield and stability.

ISQ OpenInfra is structured as an evergreen vehicle with monthly subscriptions and quarterly redemptions targeting 5% of fund assets per quarter. Assets are sourced from I Squared's broader deal pipeline through a revolving warehouse mechanism, with all investments originated within the past eight months, according to the firm.

I Squared declined to disclose the fund's capitalization target or current fundraising status. The vehicle enters a crowded but growing market.

Infrastructure fundraising reached nearly $300 billion in 2025, a record for the asset class, according to CBRE Investment Management, with open-ended and evergreen structures accounting for an increasing share of new product launches as managers compete for wealth channel capital.

I Squared's institutional flagship, ISQ Global Infrastructure Fund IV, separately raised approximately $10 billion in its first nine months toward a $15 billion target, according to Bloomberg.

"In short, infrastructure is establishing itself as a distinct allocation in its own right," Zilbergleyt said.

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