Private Debt Intelligence – 3/12/2018

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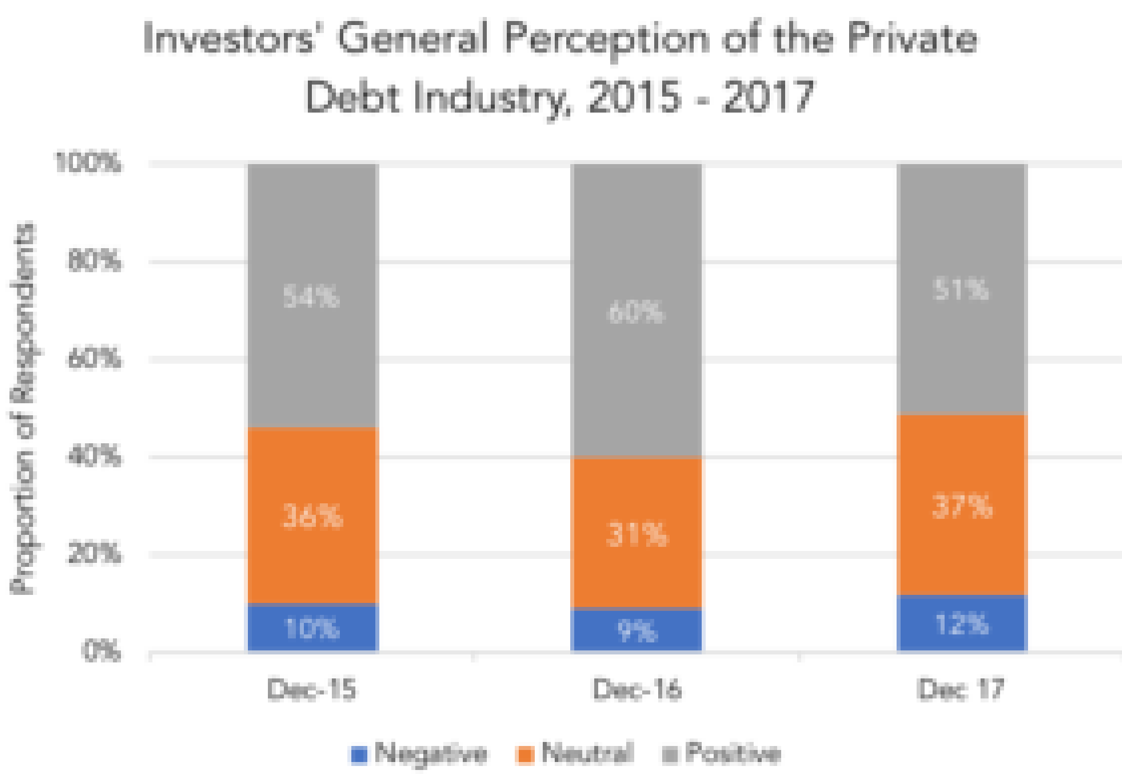
Investors Remain Satisfied with Private Debt

Chart



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In December 2017, Preqin surveyed a sample of the private debt investor community to gauge their perception of the asset class, the extent to which they felt that their private debt investments have lived up to expectations over the past year, as well as their intentions for their private debt allocations in the upcoming year. As in recent years, institutional investors have demonstrated positive sentiment towards the industry.

According to the survey conducted in December 2017, over half (51%) of respondents have a positive perception of the private debt industry, while just 12% hold a negative view. Although the proportion of those who feel positive greatly outweighs the proportion who hold a negative view, this nonetheless represents a slight decrease from the 60% of investors who held a positive view of the industry in December 2016.

However, it looks as though investor confidence in private debt remains high. As private debt managers have generally been able to match or surpass the expectations of investors, high levels of investor satisfactions are being reported. Ninety percent of investors reported that their private debt investments have lived up to expectations over the past 12 months, including a quarter of investors that feel as though their investments had exceeded expectations.

Looking forward, 48% of investors plan to commit the same amount of capital to private debt in 2018 as in 2017, while 42% plan to commit more capital. Just 10% of investors plan to commit less capital in the upcoming year compared to 12 months ago – a 3-year low in the proportion of investor respondents, according to past Preqin surveys. According to the December 2016 survey, 57% of investors had planned to commit more capital, while 32% had planned to commit the same amount of capital.

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