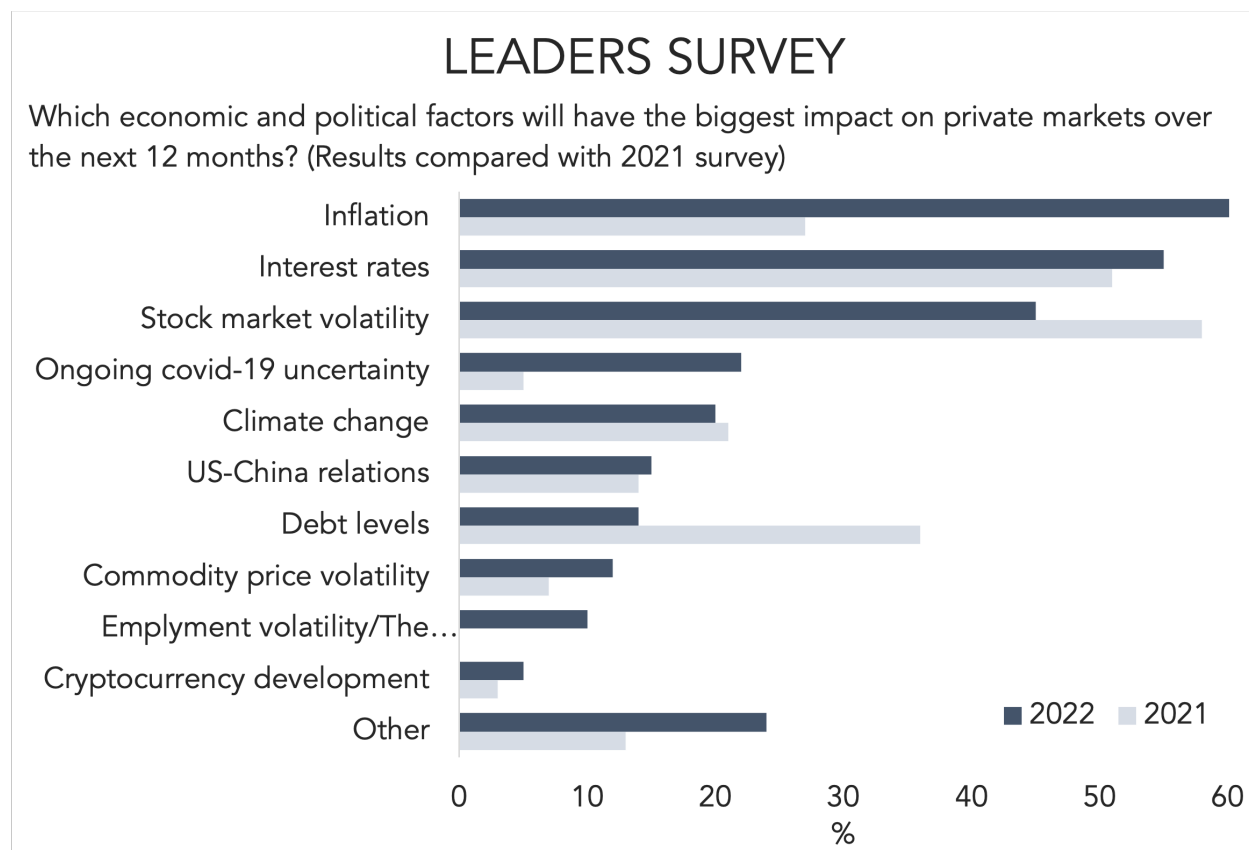


On the minds of limited partners

PEI Private Credit | June 29, 2022



Our upcoming Fund Leaders' Survey provides a glimpse into what investors are thinking about the key issues of the day.

So what are limited partners really thinking? Multiple answers to that question may be found in the upcoming July/August issue of *Private Debt Investor*, where we devote a section of the magazine to coverage of our *Fund Leaders' Survey 2022*. Here's a sneak preview of a few of our findings:

Inflation fears: Almost two-thirds of survey respondents identified inflation as the economic or political factor that will have the biggest impact on private markets over the next 12 months, compared with just 27 percent a year ago. The associated rise in interest rates was the next most commonly cited concern, followed by stock market volatility. Quantitative tightening is a distant memory for the majority of private markets participants, and CFOs are digging out their old tool kits.

Pricing power: Talent management is still seen as the most powerful operational lever at a portfolio company level. Retaining staff has become an absolute priority in the face of an incredibly tight labour market. Meanwhile, inflation means pricing strategies have also become increasingly important, as firms dig deep into data to ensure they know how much of their rising costs they can pass onto customers and where breaking points

lie.

ESG divide: The overwhelming majority of respondents continue to believe that a stronger ESG vision and culture will create value in their business – there are no signs that economic challenges will see ESG ambitions falter. However, clear distinctions remain around the globe. While 58 percent of European private funds leaders and 56 percent of Asian private fund leaders exhibit strong belief in the business benefits of ESG, this plunges to 22 percent for North America.

(Past performance is no guarantee of future results.)