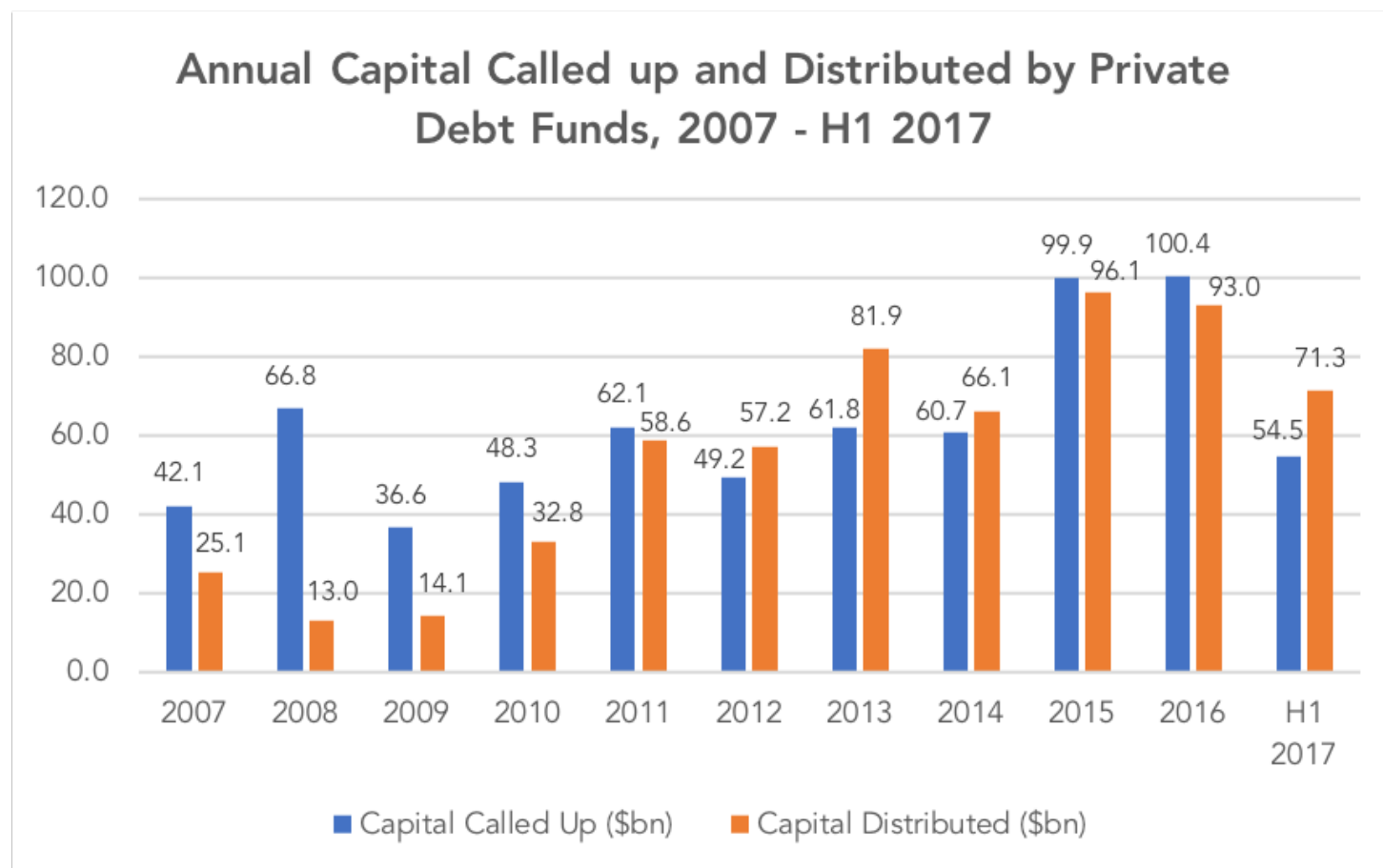


Private Debt Intelligence – 1/29/2018

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Private Debt Set to See Record Capital Distributions in 2017

Chart



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Private debt has seen strong performance in recent years, which has driven the elevated levels of capital distributed back to investors. In fact, private debt funds returned 18.4% in the year to June 2017, and 10.9% in the five years to that point. When looking at the three-year horizon to June 2017, performance dipped, but remained positive at 6.6%.

Despite a negative net flow of capital to investors in 2015 and 2016, private debt capital calls and distributions reached unprecedented levels. In 2015, \$100bn was called up by fund managers and \$96bn was distributed back to investors; in 2016, another \$100bn was called up and \$93bn was distributed back to investors. By contrast, 2013 generated \$62bn in capital calls and \$82bn in distributions, while 2014 saw lower levels with \$61bn in calls and \$66bn in distributions.

It looks as though 2017 will generate similarly high levels of capital calls as the previous two years, but is set to see record capital distributions. H1 2017 generated \$55bn in capital calls and \$71bn in distributions, surpassing the full year capital distributions of 2007 to 2014, excluding the year 2013 in which \$82bn was distributed back to investors. To put H1 2017 in context, in H1 2016, fund managers called up \$48bn in capital and distributed \$58bn in capital back to investors. Additionally, it looks as though 2017 could see a positive net flow of capital flow to investors for the first time since 2014.

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