Private Debt Intelligence – 3/5/2018

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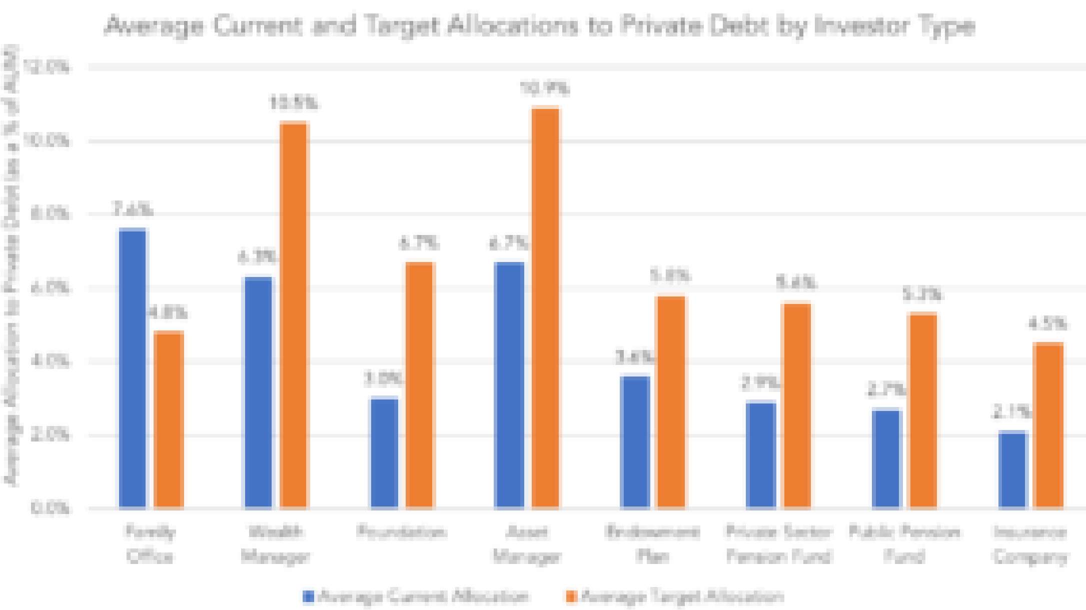
Investors in Private Debt

Chart



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Private debt has maintained steady interest from investors due to its strong performance and high levels of capital distributed back to investors. There are currently over 3,100 institutional investors actively investing in private debt or considering entering the asset class. This represents an increase of 700 investors in the course of 2017 and 1,200 since the start of 2016.

Despite the growth in the number of investors active in the private debt universe, the make-up of investors has remained largely unchanged over time. Private sector pension funds make up the largest proportion of investors (16%), while public pension funds and foundations make up the second largest proportions of investors, each accounting for 13% of investors in the private debt space. Endowment plans and insurance companies each account for 9%, whereas asset managers and fund of funds managers each represent 6% of investors.

The average current and target allocations of investors in private debt vary considerably by investor type. Family offices are the top current allocators to the asset class, with an average current allocation of 7.6% of total assets. However, with the exception of insurance companies which have an average target allocation of 4.5%, family offices have the lowest target allocation of just 4.8%. Asset managers record the highest average target allocations (10.9% of total assets), and the second highest average current allocation (6.7% of total assets). Wealth managers record the second highest average target allocations of 10.5%.

Apart from family offices, all investor types in private debt have an average target allocation that surpasses their average current allocation. Higher percentages of target allocations could indicate potential for further growth in the levels of capital committed in the private debt sector in the near future.

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