Private Debt Intelligence – 9/16/2019

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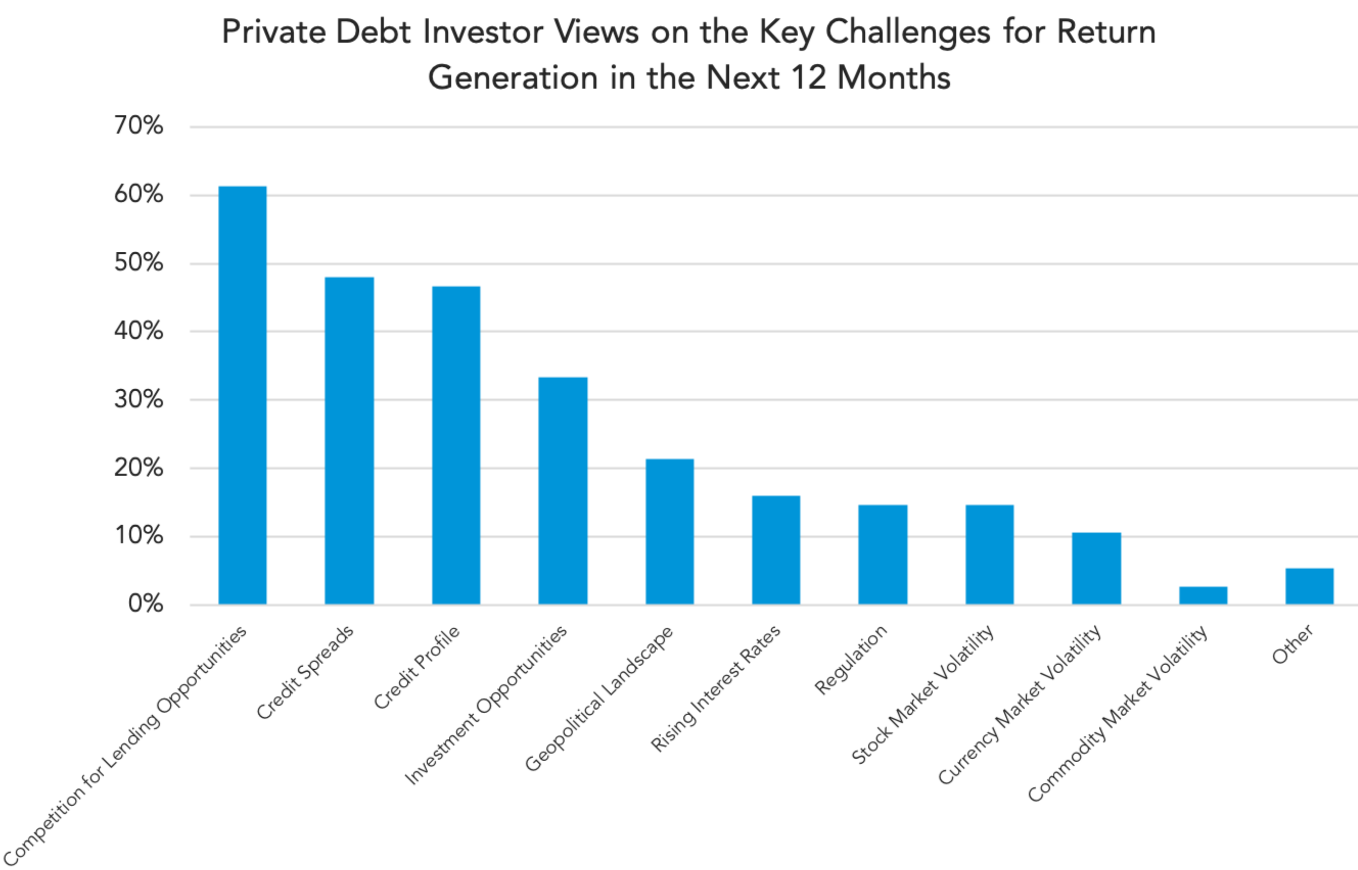
Private Debt Investors Challenges in the Next 12 Months

Chart



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Preqin’s latest survey finds that private debt investors remain committed to the asset class, and their overall perception of the industry is positive. Performance has satisfied most investors across the asset class – 88% of them said their investment portfolios had met or exceeded their expectations over the past 12 months, and 83% are optimistic about the future performance. In this regard, a significant 88% of investors are looking to commit more, or the same amount of, capital to funds over the next 12 months, the largest proportion in the past three years.

But as private debt continues expanding and growing into an established and standalone asset class, concerns among investors change. At the beginning of the year, rising interest rates, asset valuations and competition for assets were the three main challenges investors were targeting for return generation. Six months later, the primary concern for investors is competition for lending opportunities, targeted by 61% of investors surveyed, up from 34% at the beginning of the year. Credit spreads and credit profiles would become the following concerns, cited by 48% and 47% of surveyed investors respectively.

Among investors in alternative assets, more surveyed investors than ever believe we are now at the peak of the equity market cycle – 74% of respondents told Preqin. Despite this, 64% of them are not altering their investment strategy as a result of the current equity market cycle. Private debt is an asset classes that have held up well against global market uncertainty, hence there is no compelling reason to re-adjust their portfolios.

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