Private Debt Intelligence – 7/6/2020

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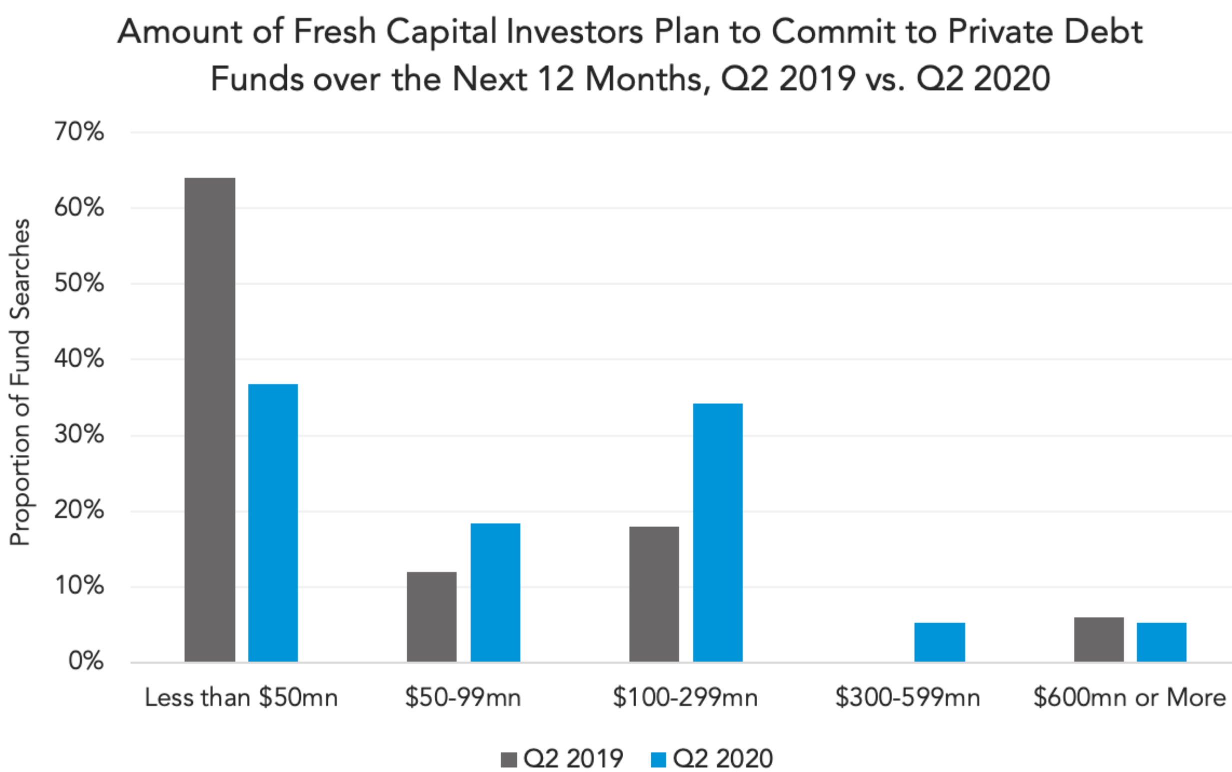
Private Debt Investors are Planning Commitments to Fewer But Larger Funds

Chart



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Diversification and uncorrelated returns are the main reasons why investors allocate to private debt, and they are continuing to plan commitments in this period of uncertainty. Based on Preqin's fund search data, it seems though, that private debt investors are adapting their strategy as the economic impact of the pandemic continues. The proportion of investors planning to allocate to more than one private debt fund over the next 12 months is down three percentage points compared with Q2 2019, to 33%. However, they are preparing larger commitments to private debt in the coming year. The proportion of investors committing at least $50mn over the next 12 months has increased from 36% in Q2 2019 to 63% in Q2 2020 and the proportion of investors planning to commit $300mn or more has increased from 6% to 10% in the period. This suggests investors are looking toward trusted and established managers.

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