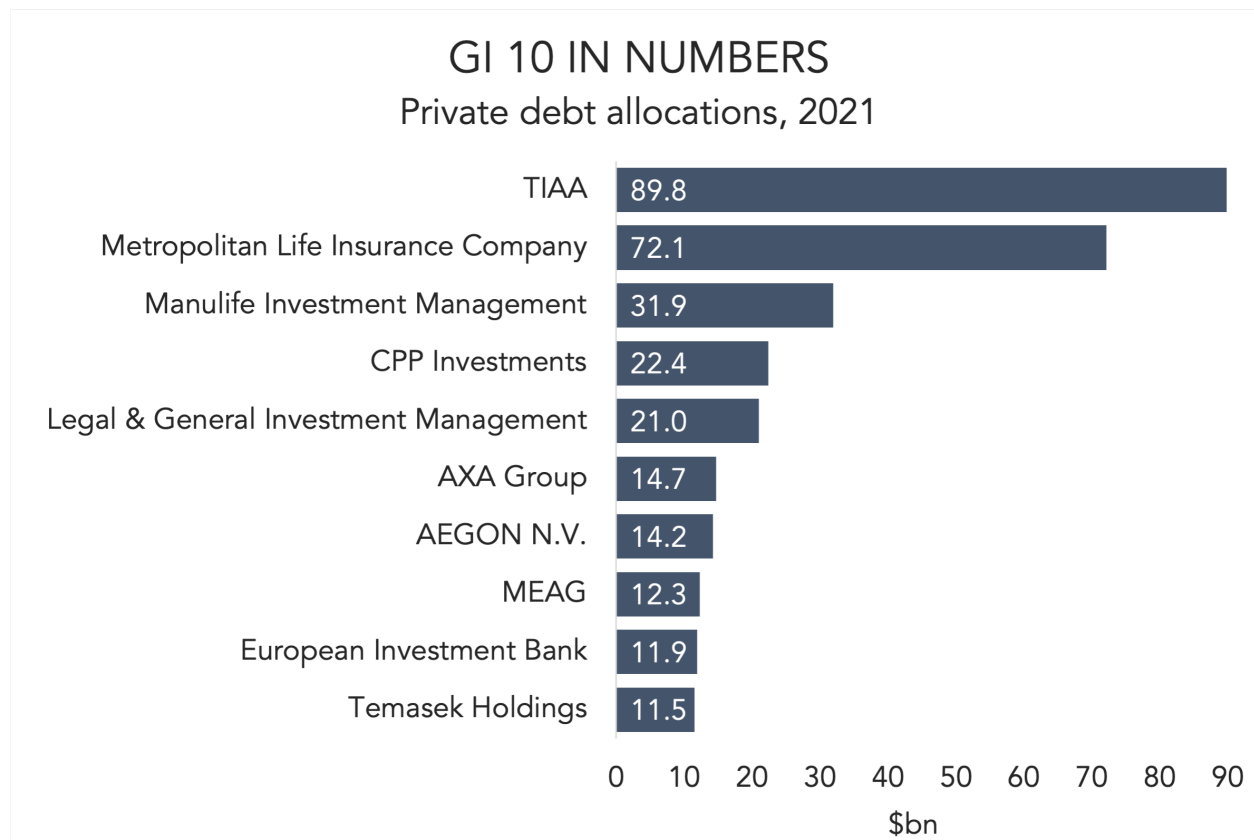


Five observations from the Global Investor 30

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There are no signs yet of the pandemic having had any negative effect on investor enthusiasm for private debt. We look at five takeaways from our latest ranking of private debt's top LPs.

1. Appetite through the roof

Our latest ranking of private debt's 30 largest investors shows no sign of any let-up in appetite for the asset class. The latest ranking takes us up to the end of last year – including the earliest waves of the global pandemic – and it shows the total private debt allocations of our top 30 reaching \$452.6 billion. This is a remarkable figure, surpassing the top 30 total recorded a year prior (\$303.3 billion) by around 50 percent.

2. The emergence of two giants

Just two organisations, both based in the US, account for a combined total of almost \$162 billion in allocations – equal to almost 36 percent of the top 30 total. At number one in the rankings is TIAA, the New York-based financial services organisation; at number two is Metropolitan Life Insurance Company, the insurance firm also based in New York.

3. North American capital dominates

Investors around the world are increasingly persuaded by the benefits of the asset class, but North America is still very much the home of private debt allocations. Between them, the two largest markets for LP allocations – the US and Canada – account for \$312.4 billion in our latest ranking, equal to around 69 percent of the total.

4. Finer margins when it comes to target markets

As well as allocating the most capital to the asset class, North America is also the biggest target for investing that capital. More than 70 percent of investors have an appetite to invest in the region. However, in this context at least, North America is not the only game in town. Almost 60 percent of investors said they wanted exposure to Europe, while for Asia Pacific the figure was more than 30 percent.

5. Subordinated debt is strategy of choice

There has been much talk about how investors have become more conservative amid more challenging market circumstances. However, this is not borne out by our research which shows subordinated and mezzanine debt – associated with higher risk and return – is the favoured strategy for more than 70 percent of investors. Senior debt, at the more ‘plain vanilla’ end of the spectrum, is the choice of less than 30 percent.

(Past performance is no guarantee of future results.)