PRIVATE DEBT SPOTLIGHT

EXCLUSIVE FIRST LOOK AT THE 2017 PREQIN GLOBAL PRIVATE DEBT REPORT

This month’s Private Debt Spotlight features a preview of the most comprehensive review of the private debt asset class ever undertaken, including:

- 2016 in Numbers
- Assets under Management
- 2016 Fundraising Market
- Distressed Debt Fundraising
- Evolution of the Investor Universe
- Investor Attitudes towards Fund Terms and Conditions

...and much more!

Email us at reports@preqin.com to ensure you’re notified of the launch
CONTENTS

CEO’s Foreword - Mark O’Hare 3

1: 2017 PREQIN GLOBAL PRIVATE DEBT REPORT
Keynote Address - Giles Travers & Scott Allen, SEI Investment Manager Services 4
Keynote Address - Inventory Financing: Innovation at the Heart of European Agribusinesses - Pierre-Henri Carles, Amundi 6

2: OVERVIEW OF THE PRIVATE DEBT INDUSTRY
Private Debt in Context 12
Private Debt: 2016 in Numbers 14
Private Debt: A Story of Sustained Growth
- Ryan Flanders, Prequin 16
A Regulatory Conundrum
- Jiri Król, Alternative Credit Council 17
Private Debt: An Asset-Backed Lender’s Perspective
- Jeff Haas & Chelsea Graves, Old Hill Partners 19
A Consultant’s View on Private Debt
- Tod Trabocco, Cambridge Associates 20

3: ASSETS UNDER MANAGEMENT AND DRY POWDER
Assets under Management and Dry Powder 24

4: FUNDRAISING
2016 Fundraising Market 28
Funds in Market 32
North American Fundraising 33
European Fundraising 34
Asian & Rest of World Fundraising 35
Direct Lending Fundraising 36
Distressed Debt Fundraising 37
Mezzanine Fundraising 38

5: FUND MANAGERS
Fund Manager Outlook 40
Fund Manager Views on Investor Appetite 43
First-Time Fund Managers 44
Largest Fund Managers 46

6: PERFORMANCE
Performance Overview 50

7: INVESTORS
Evolution of the Investor Universe 54
Investor Appetite for Private Debt in 2017 57
Sample Investors to Watch in 2017 59
How Investors Source and Select Funds 60
Largest Investors by Region 61
Largest Investors by Type 62

8: INVESTMENT CONSULTANTS
Investment Consultant Outlook for 2017 64

9: FUND TERMS AND CONDITIONS
Fund Terms and Conditions 68
Investor Attitudes towards Fund Terms and Conditions 69

10: SERVICE PROVIDERS
Service Provider Activity in 2016 72

DATA PACK FOR 2017 PREQIN GLOBAL PRIVATE DEBT REPORT

The data behind all of the charts featured in the Report is available to purchase in Excel format.

Ready-made charts are also included that can be used for presentations, marketing materials and company reports.

To purchase the data pack, please visit:
www.preqin.com/gpdr
PRIVATE DEBT: 2016 IN NUMBERS

SIZE OF THE INDUSTRY

- $595bn: Private debt assets under management as at June 2016.
- $224bn: Dry powder held by private debt funds as at June 2016.
- $93bn: Aggregate capital raised by the 131 private debt funds closed in 2016.

FUNDRAISING SUCCESS

- 107%: Average proportion of target size achieved by private debt funds closed in 2016.

CAPITAL CONCENTRATION

- $710mn: Average size of private debt funds closed in 2016.

KEY ISSUES

- 47%: Of aggregate capital raised in 2016 was secured by the 10 largest funds closed.
- 40%: Of investors consider valuations as one of the key issues facing the private debt asset class in 2017.
- 31%: Of fund managers believe it is more difficult to find attractive investment opportunities than 12 months ago.

PERFORMANCE EXPECTATIONS

- 93%: Of investors believe that their private debt portfolios have met or exceeded performance expectations over the past 12 months.
- $58bn: Total capital distributions in H1 2016.

INVESTOR SENTIMENT

- 68%: Of investors have a positive perception of private debt.
- 62%: Of investors plan to increase their allocation to private debt over the longer term.
ASSETS UNDER MANAGEMENT AND DRY POWDER

Assets under management (AUM) in the private debt industry, defined as the uncalled capital commitments (dry powder) plus the unrealized value of portfolio assets, have quadrupled since 2006, reaching $595bn as at the end of June 2016 (Fig. 3.1). This marks the tenth consecutive year of growth for the asset class, which notably did not see a contraction in 2008/2009, as many other asset classes did. Between December 2015 and June 2016, AUM grew 7.1%, likely due to a combination of factors, namely strong fundraising, increased deal activity and investment performance bolstering the unrealized value portion of assets.

AUM BY VINTAGE YEAR
As seen in Fig. 3.2, viewing industry AUM by vintage year of the underlying funds relays a somewhat different picture. More than half of total dry powder is held in funds of vintages 2015-2016, with that figure growing to 74% when including vintage year 2014.

Alternatively, 61% of unrealized value is held in funds from vintage years 2006-2012. This represents an estimated $222bn still at large for funds potentially as much as a decade old.

AUM BY FUND TYPE
The average lifespan of private debt funds differs by strategy employed. Fig. 3.3 shows the proportion of total unrealized value held across the five main private debt fund types by vintage year. Direct lending funds have a far smaller proportion (12%) of capital tied up in vintage 2006-2010 funds than the other strategies, which each hold between 35% and 45%. Direct lending funds have 88% of unrealized value held in 2011-2016 vintage funds, owing to the nature of the strategy, which typically sees capital distributions earlier relative to traditional alternative strategies.
### Venture Capital Deals
Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across recapitalizations. Our coverage does not include private debt and mezzanine deals.

### Buyout Deals
Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.

### Preqin Global Data Coverage
As of 1 March 2017

<table>
<thead>
<tr>
<th>Alternatives Coverage</th>
<th>Firms</th>
<th>Funds</th>
<th>Funds Open to Investment</th>
<th>Investors Monitored</th>
<th>Funds with Performance</th>
<th>Deals &amp; Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investor Coverage</strong></td>
<td>26,164</td>
<td>47,697</td>
<td>18,821</td>
<td>14,142</td>
<td>24,659</td>
<td>265,964</td>
</tr>
<tr>
<td>Private Equity*</td>
<td>6,437</td>
<td>5,588</td>
<td>2,969</td>
<td>2,539</td>
<td>2,525</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>5,132</td>
<td>6,261</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>5,132</td>
<td>6,261</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>2,969</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Debt</td>
<td>2,539</td>
<td>2,211</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resources</td>
<td>2,525</td>
<td>1,671</td>
<td>1,671</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund Coverage</strong></td>
<td>16,415</td>
<td>23,754</td>
<td>6,261</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
</tr>
<tr>
<td>Private Equity Funds</td>
<td>16,415</td>
<td>6,261</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>23,754</td>
<td>1,119</td>
<td>2,211</td>
<td>1,671</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Firm Coverage</strong></td>
<td>10,722</td>
<td>8,831</td>
<td>3,775</td>
<td>506</td>
<td>1,431</td>
<td>899</td>
</tr>
<tr>
<td>Private Equity Firms</td>
<td>10,722</td>
<td>3,775</td>
<td>506</td>
<td>1,431</td>
<td>899</td>
<td></td>
</tr>
<tr>
<td>Hedge Fund Firms</td>
<td>8,831</td>
<td>506</td>
<td>1,431</td>
<td>899</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance Coverage</strong></td>
<td>5,737</td>
<td>15,800</td>
<td>1,639</td>
<td>223</td>
<td>788</td>
<td>472</td>
</tr>
<tr>
<td>Private Equity Funds</td>
<td>15,800</td>
<td>1,639</td>
<td>223</td>
<td>788</td>
<td>472</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>15,800</td>
<td>1,639</td>
<td>223</td>
<td>788</td>
<td>472</td>
<td></td>
</tr>
<tr>
<td><strong>Fundraising Coverage</strong></td>
<td>1,884</td>
<td>15,806</td>
<td>1,072</td>
<td>279</td>
<td>284</td>
<td>251</td>
</tr>
<tr>
<td>Private Equity Funds</td>
<td>1,884</td>
<td>1,072</td>
<td>279</td>
<td>284</td>
<td>251</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>15,806</td>
<td>1,072</td>
<td>279</td>
<td>284</td>
<td>251</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deals &amp; Exits Coverage</th>
<th>Buyout</th>
<th>Venture Capital</th>
<th>Real Estate</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyout Deals** and Exits</td>
<td>78,323</td>
<td>128,941</td>
<td>32,552</td>
<td>26,148</td>
</tr>
<tr>
<td>Venture Capital Deals*** and Exits</td>
<td>128,941</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Deals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Deals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Alternatives Investment Consultants Coverage
- **546** Consultants Tracked

### Funds Terms Coverage: Analysis Based on Data for Around
- **15,530** Funds

### Best Contacts: Carefully Selected from our Database of over
- **386,261** Contacts

### The PREQIN Difference
- Over 250 research, support and development staff
- Global presence - New York, London, Singapore, San Francisco, Hong Kong and Manila
- Depth and quality of data from direct contact methods
- Unlimited data downloads
- The most trusted name in alternative assets

---

*Private equity includes buyout, growth, venture capital, turnaround, private equity fund of funds, private equity secondaries, direct secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.

**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.

***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deal figures provided by Preqin are based on announced venture capital rounds where the capital is committed to a company.”
2016 FUNDRAISING MARKET

An aggregate $93bn was raised across 131 private debt funds closed in 2016, marking the second consecutive year, and third overall, in which fundraising totals have surpassed $90bn (Fig. 4.1). This figure is likely to increase as more data becomes available, and the fundraising total for 2016 is expected to meet or exceed the level seen in 2015 ($97bn).

The 10 largest funds closed in 2016 accounted for 47% of overall fundraising, compared with 25% in 2014.

CAPITAL CONCENTRATION
The trend towards a greater concentration of capital among fewer funds continued in 2016: 16% fewer funds closed than in 2015, resulting in the average fund size increasing to $710mn. Investors have committed larger amounts of capital annually, but placed this with roughly the same number of or fewer fund managers. The 10 largest funds closed in 2016 accounted for 47% of overall fundraising, compared with 25% in 2014.

FUNDRAISING SUCCESS AND TIME ON THE ROAD
Many of the funds that did reach a final close in 2016 were successful relative to their original fundraising targets: 74% of funds closed in 2016 took longer to reach a final close than in years past: the average time spent in market was 21 months, the highest figure over the period 2007-2016, surpassing the average of 19 months spent on the road by funds closed in 2012 (Fig. 4.2).

Among private debt strategies, mezzanine funds reached a final close the quickest in 2016, averaging 19 months in market. Mezzanine funds, on average, also had the most fundraising success, closing at 120% of target. Direct lending funds spent an average of 20 months in market to reach 106% of their initial target, while distressed debt funds took 21 months to close, raising just 89% of their initial target.

FUND TYPES
Distressed debt commitments to funds closed in 2016 grew by 14% from the previous year to reach $32bn across 18 funds (Fig. 4.4). This is the strategy’s largest annual fundraising total since 2008 ($45bn) and represents the greatest proportion (34%) of capital committed to private debt funds in 2016 (Fig. 4.5).
DISTRESSED DEBT FUNDRAISING

Distressed debt funds closed in 2016 raised an aggregate $32bn, the most of any private debt strategy, and the highest annual total for the strategy since 2008 (Fig. 4.21). This 14% year-on-year increase in capital commitments was achieved by just 18 funds, five fewer than in 2015. As a result, the average distressed debt fund size increased by 46% over the same time period from $1.2bn to $1.8bn, twice the average size of mezzanine funds.

Annual North America-focused distressed debt fundraising increased by $6.6bn from 2015 to 2016, while Europe-focused fundraising remained steady at $7.0bn; commitments to funds targeting opportunities in Asia & Rest of World decreased significantly from $3.0bn to $300mn (Fig. 4.22).

North America-focused funds accounted for 77% of the capital secured by distressed debt funds closed in 2016, securing $24bn across 13 vehicles, while the $7.0bn secured by Europe-focused vehicles was raised by four funds, one fewer than the previous year.

OUTLOOK

Overall, there are 39 distressed debt funds in market (as at the end of February 2017) targeting an aggregate $30bn, compared to 31 funds targeting $44bn at the same time in 2016. The average target size of distressed funds raising capital, at $758mn, is just over half of what it was 12 months ago ($1.4bn). However, the three largest private debt funds currently in market are all distressed debt focused, targeting $3.5bn each, and together account for 36% of aggregate capital targeted by the strategy. Additionally, fund managers may face challenges in securing capital in 2017 as investors view distressed debt less favourably than both direct lending and mezzanine.

The three largest private debt funds in market are all targeting distressed debt opportunities:

**Apollo European Principal Finance Fund III**
- **Firm:** Apollo Global Management
- **Primary Geographic Focus:** Europe
- **Target Size:** $3.5bn

**Centerbridge Special Credit Partners III-Flex**
- **Firm:** Centerbridge Capital Partners
- **Primary Geographic Focus:** US
- **Target Size:** $3.5bn

**Cerberus Institutional Partners VI**
- **Firm:** Cerberus Capital Management
- **Primary Geographic Focus:** US
- **Target Size:** $3.5bn

**Fig. 4.21: Annual Distressed Debt Fundraising, 2007 - 2016**
**Fig. 4.22: Annual Distressed Debt Fundraising by Primary Geographic Focus, 2007 - 2016**
The 2017 PREQIN Global Alternatives Reports are the most detailed and comprehensive reviews of the alternative assets industry available, offering exclusive insight into the latest developments in the private equity, hedge fund, real estate, infrastructure, private debt and natural resources asset classes.

- **Access in-depth analysis and comprehensive statistics**, helping you to understand the latest trends in fundraising, performance, investors, deals, fund managers, secondaries, fund terms, placement agents, consultants, law firms and much more.
- **View historical data** alongside the most important industry developments. Read contributions from some of the industry’s leading figures.
- **Improve your presentations, marketing materials and company reports**.
- **Discover the most important players** in every area of the industry.
- **Answer key questions**. Who is investing? How much has been raised? Where are the centres of activity? Where is the capital going? What are the biggest deals? What is the outlook for the industry?

I would like to purchase:

### PRINT

<table>
<thead>
<tr>
<th>Name</th>
<th>First Copy</th>
<th>Each Additional Copy</th>
<th>Quantity</th>
<th>Data Pack*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity &amp; Venture Capital</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Private Debt</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>All Six Titles (25% Saving!)</td>
<td>$785/£560/€675</td>
<td>$395/£280/€340</td>
<td></td>
<td>$1,350/€965/£1,160</td>
</tr>
</tbody>
</table>

**Shipping Costs**: €40/£25 for single publication. €20/£15 for additional copies. (Shipping costs will not exceed a maximum of $60/£45/€50 per order when all shipped to same address. If shipped to multiple addresses then full postage rates apply for additional copies.)

**If you would like to order more than 10 copies of one title, please contact us for a special rate**

### DIGITAL

<table>
<thead>
<tr>
<th>Name</th>
<th>Single-User Licence</th>
<th>Each Additional Copy</th>
<th>Quantity</th>
<th>Enterprise Licence**</th>
<th>Data Pack*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity &amp; Venture Capital</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Private Debt</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>$175/€125/£150</td>
<td>$90/€65/£75</td>
<td></td>
<td>$1,000/£715/€860</td>
<td>$300/£215/€260</td>
</tr>
<tr>
<td>All Six Titles (25% Saving!)</td>
<td>$785/£560/€675</td>
<td>$395/£280/€340</td>
<td></td>
<td>$4,500/€3,215/£3,860</td>
<td>$1,350/€965/£1,160</td>
</tr>
</tbody>
</table>

*Data packs feature all the chart and league table data in an Excel file. Must be purchased alongside the associated report.

**Enterprise Licence allows for team-wide digital access.

**Please note all prices quoted throughout are exclusive of sales taxes.

### PAYMENT DETAILS:

- [ ] Cheque enclosed (cheque payable to ‘PREQIN’)
- [ ] Charge my: [ ] Visa
- [ ] Mastercard
- [ ] Amex

- [ ] Please invoice me

- [ ] Card Number: ______________________
- [ ] Card Expiry Date: ______________________
- [ ] Security Code: ______________________
- [ ] Cardholder Name: ______________________

### SHIPPING DETAILS:

- [ ] Telephone: ______________________
- [ ] Firm: ______________________
- [ ] Email: ______________________
- [ ] Job Title: ______________________
- [ ] Address: ______________________

**American Express, four-digit code printed on the front of the card. Visa and Mastercard, last three digits printed on the signature strip.**

### COMPLETED ORDER FORMS

**NEW YORK**
One Grand Central Place
60 E 42nd Street
Suite 630
New York
NY 10165
Tel: +1 212 350 0100
Fax: +1 440 445 9595

**LONDON**
3rd Floor
Winners’ Place
68 Upper Thames Street
London
EC4V 3BJ
Tel: +44 (0)20 3200 0200
Fax: +44 (0)870 330 589

**SINGAPORE**
One Finlayson Green
#11-02
Singapore
049246
Tel: +65 6305 2200
Fax: +65 6491 5365

**SAN FRANCISCO**
One Embarcadero Center
Suite 2850
San Francisco
CA 94111
Tel: +1 415 316 0580
Fax: +1 440 445 9595

**HONG KONG**
Level 9, Central Building
1-3 Pedder Street
Central, Hong Kong
Tel: +852 3958 2819
Fax: +852 3975 2800

**MANILA**
Pascoe Drive
Sta. Nino
Paranaque City
Metro Manila 1700
Philippines
EVOLUTION OF THE INVESTOR UNIVERSE

The private credit space has continued to evolve in the past decade as institutional investors are increasingly taking advantage of the fund opportunities that have arisen globally since 2007. Preqin’s Private Debt Online contains detailed information on more than 2,400 institutional investors that are either actively investing in private debt opportunities or looking to make their maiden commitment. This marks an increase of more than 500 individual investors over 2016, showing heightened interest in the asset class.

LOCATION OF ACTIVE INVESTORS
While 83% of private debt investors are located in either North America or Europe, this represents a decrease of five percentage points from the previous year, indicating that investors in Asia & Rest of World are increasing their exposure to the asset class (Fig. 7.1).

Three of the 10 largest global investors (by current allocation to private debt) are among the 17% of investors based in Asia & Rest of World: South Korea’s KB Insurance allocates nearly a quarter (24%) of its $23bn in AUM to the asset class, and Ivory Coast-based African Development Bank allocates 15% of $35bn.

MAKE-UP OF ACTIVE INVESTORS
Institutional investors continue to outnumber private wealth investors in private debt: 85% of investors are institutions, while 15% manage private wealth. Public and private sector pension funds represent the largest proportions of investors in the asset class, 14% and 16% respectively, followed by foundations (13%).

While foundations account for the third largest proportion of active private debt investors by type, they contribute the third smallest amount of aggregate capital. Comparatively, pension funds tend to account for larger proportions of invested capital as a result of typically larger AUM; public and private sector pension funds contribute the largest proportions of aggregate capital at 32% and 24% respectively (Fig. 7.3).

AVERAGE ALLOCATIONS
The average current and target allocations of a private debt investor currently stand at 4.7% and 9.2% respectively. However, there is significant variation among investor types, typically associated with the amount of AUM and years of experience in the asset class. Total capital commitments to private debt will likely continue to grow, as average target allocations exceed average current allocations for all investor types.

Family offices continue to have both the highest current allocation (10.7%) and the highest target allocation (20.7%) as a proportion of AUM (Fig. 7.4). This can be attributed to fewer restrictions, increased flexibility and their appetite for higher returns compared to other asset classes. Specifically, two New York-based single-family offices are looking to make new
INVESTOR ATTITUDES TOWARDS FUND TERMS AND CONDITIONS

MANAGEMENT FEES
Preqin interviewed a selection of institutional investors in December 2016 regarding their attitudes towards fund terms and conditions. When asked about the structure of management fees paid to their private debt managers, the majority (55%) of investors expect to pay fees only on the capital that has been put to work by a manager, but almost half (43%) would expect the fee structure to vary based on the strategy of the fund (Fig. 9.3).

Investors’ opinions on the fees charged by their direct lending investments fall along similar lines, with 64% of investors expecting to pay management fees on invested capital for direct lending funds, compared to just 3% that expect to be charged based on committed capital (Fig. 9.4). Direct lending funds generally carry no equity component, which is one of many reasons they may be less costly for a manager to maintain. In this case, investors can expect to pay less in management fees, despite seeing returns that, on a risk-adjusted basis, can be quite attractive to them.

ALIGNMENT OF INTERESTS
Overall, 63% of private debt investors believe that their interests are aligned with those of their fund managers, while 37% believe that interests are not aligned. Management fees were cited by the largest proportions of investors as an area of fund terms that can be improved (68%), and where changes have been seen in the past 12 months (54%, Fig. 9.5). Fee structure can be the basis for a fruitful manager-investor relationship, and in some cases, investors appreciate the potential trade-off between higher fees and improved portfolio performance, and are therefore satisfied with compensating managers for incremental portfolio gains. Other key areas with potential for improved alignment as cited by investors include how performance fees are charged (55%), the manager commitment to a fund (43%), greater transparency at fund level (43%) and the amount of performance fees (43%).

Fig. 9.3: Private Debt Investors’ Expectations of How Management Fees Should Be Charged

Fig. 9.4: Direct Lending Investors’ Expectations of How Management Fees Should Be Charged

Fig. 9.5: Areas in Which Investors Have Seen a Change in Prevailing Terms and Conditions in the Last 12 Months and Where They Can Be Improved

Source: Preqin Investor Interviews, December 2016
Source new investors for funds
Identify new investment opportunities
Conduct competitor and market analysis
Track firms with capital available to invest
Develop new business

Register for demo access to find out how Preqin's Private Debt Online can help your business:

www.preqin.com/privatedebt
# CONFERENCES

## MARCH 2017

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Preqin Speaker</th>
<th>Discount Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th Annual Global Fund Finance Symposium</td>
<td>14 March 2017</td>
<td>New York, NY</td>
<td>Fund Finance Association</td>
<td>Chris Elvin</td>
<td>-</td>
</tr>
<tr>
<td>North American Pensions Summit</td>
<td>20 - 21 March 2017</td>
<td>Chicago, IL</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jersey Finance Annual Funds Conference 2017</td>
<td>21 March 2017</td>
<td>London</td>
<td>Jersey Finance Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Global Sovereign Wealth Forum</td>
<td>29 - 30 March 2017</td>
<td>London</td>
<td>IRN</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

## APRIL 2017

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Preqin Speaker</th>
<th>Discount Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Wealth Management Summit APAC 2017</td>
<td>10 - 12 April 2017</td>
<td>Macau</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pension Bridge Annual Conference</td>
<td>18 - 19 April 2017</td>
<td>San Francisco, CA</td>
<td>Pension Bridge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact Investing Forum 2017</td>
<td>23 - 25 April 2017</td>
<td>Boca Raton, FL</td>
<td>Opal Financial Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Latin Private Wealth Management Summit</td>
<td>27 - 28 April 2017</td>
<td>Panama City</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

## MAY 2017

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Preqin Speaker</th>
<th>Discount Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Pensions and Investments Summit 2017</td>
<td>15 - 17 May 2017</td>
<td>Montreux</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LPGP Connect Private Debt New York</td>
<td>16 May 2017</td>
<td>New York, NY</td>
<td>LPGP Connect</td>
<td>Ryan Flanders</td>
<td>-</td>
</tr>
<tr>
<td>ASK 2017 Private Debt &amp; Equity Summit</td>
<td>17 May 2017</td>
<td>Seoul</td>
<td>The Korea Economic Daily</td>
<td>Ryan Flanders</td>
<td>-</td>
</tr>
</tbody>
</table>

## JUNE 2017

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Preqin Speaker</th>
<th>Discount Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Wealth Management Summit 2017</td>
<td>4 - 6 June 2017</td>
<td>Orlando, FL</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Elite Summit 2017</td>
<td>7 - 9 June 2017</td>
<td>Montreux</td>
<td>marcus evans Summits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Institutional and Alternative Lending Conference New York 2017</td>
<td>27 - 28 June 2017</td>
<td>New York, NY</td>
<td>Euromoney Seminars</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
**4th ANNUAL INVESTORS’ CONFERENCE ON EUROPEAN CLOs AND LEVERAGED LOANS**

**DATE:** 5 April 2017  
**LOCATION:** London Hilton on Park Lane - London, UK  
**ORGANIZER:** IMN

IMN’s Investors’ Conference on European CLOs and Leveraged Loans brings together leading CLO managers, regulators, and investors to discuss key developments and opportunities in the industry. The programme features coverage on outlook for issuance in 2017, structural/legal considerations, relative value from research analyst and investor perspectives, ratings methodology, and more.

---

**LPGP CONNECT PRIVATE DEBT NEW YORK**

**DATE:** 16 May 2017  
**INFORMATION:** [www.lgpconnect.com](http://www.lgpconnect.com)  
**LOCATION:** New York  
**ORGANIZER:** LPGP Connect

The LPGP Connect 3rd Annual Private Debt New York conference brings together over 200+ LPs & GPs within the global private debt community to analyse the latest trends in the market, discover new investment opportunities and build meaningful business relationships for long term growth.

---

**ACCESS FREE CONFERENCE SLIDE DECKS AND PRESENTATIONS**

Prequin attends and speaks at many different alternative assets conferences throughout the year, covering topics from infrastructure fundraising trends to alternative UCITS.

All of the conference presentations given by Prequin speakers, which feature charts and league tables from Prequin’s online products, can be viewed and downloaded from Prequin’s Research Center Premium, for free.

For more information, and to register for Prequin’s Research Center Premium, please visit:

[www.preqin.com/rcp](http://www.preqin.com/rcp)
Bringing together leading European CLO managers, regulators, and CLO investors, the programme will feature extensive coverage on outlook for issuance in 2017, structural and legal considerations, relative value from a research analyst and investor perspective, ratings methodology for CLOs, and more.