

Private Debt Investors Set to Commit More Capital in 2017

Majority of investors plan to invest more in the year ahead, raising fundraising prospects

Private debt investors remain highly satisfied in the performance of the asset class, and the majority are planning to commit more capital in 2017 than in the previous year. Preqin investor surveys in December 2016 found that over a quarter of private debt investors felt their portfolios had exceeded expectations in 2016, while only 7% were dissatisfied. As a result, investors plan to commit more to the asset class in the coming 12 months, and over the longer term, almost two-thirds intend to increase their private debt allocations.

For more results from Preqin's private debt investor survey, see the full February Private Debt Spotlight [here](#).

Key Facts from the Private Debt Investor Survey:

- **Twenty-seven percent of investors felt their private debt investments had exceeded performance expectations** over the past 12 months, up from 18% a year before.
- At the same time, **the proportion that said they underperformed halved** from 14% in H1 2016 to 7% in H1 2017.
- As a result, **57% of investors said they intend to commit more to private debt in 2017 compared to 2016**; just 11% said they planned to invest less capital than in the previous year.
- Over the longer term, **62% of investors plan to increase their private debt allocation**, while 30% intend to maintain their current rate.
- This bodes well for fundraising in 2017. **Through 2016, 130 private debt funds secured an aggregate \$92bn** in investor commitments. This was a slight decline from the \$97bn raised in 2015, but is greater than in any other year since 2008.

Ryan Flanders, Head of Private Debt Products:

"Investment in private debt funds has become increasingly widespread among the institutional investor community over the past few years, with strong performance exceeding the expectations of many. This in turn has seen a large proportion of investors seek to commit more to the asset class, both over the next 12 months and in the longer term. We may see this have a beneficial effect on fundraising in the year ahead, continuing the trend of robust fundraising activity that has characterized the past two years.

However, less than half of institutional investors currently allocate to the private debt asset class. In order to ensure the continued growth of the industry, fund managers will have to appeal to new investors. Furthermore, investors already active in the market are becoming increasingly demanding of fund managers, who will have to continue to differentiate product offerings and tailor investor terms in order to compete within the asset class."

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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