

Private Equity Fund Managers See Investor Appetite Increase

Fund managers report rising investor interest for private equity, but feel more competition for attracting capital

Preqin's latest survey* of over 150 private equity fund managers finds that the majority have seen investor interest for the asset class increase in the 12 months to June 2017. Fund managers report that investors in the developed markets of North America, Europe and Asia are more likely to have increased their appetite over the past year. Similarly, the largest proportions of firms have seen growing interest from family offices and sovereign wealth funds. However, this widespread growth in investor interest is being matched by the growing number of funds seeking capital, and fund managers are therefore seeing more competition for fundraising. Four out of five report that competition has increased over the past 12 months, while just 1% have seen it lessen.

For more information and analysis, see the full *Preqin H2 2017 Private Equity Fund Manager Outlook* here: <https://www.preqin.com/docs/reports/Preqin-Special-Report-Private-Equity-Fund-Manager-Outlook-H2-2017.pdf>

Key Private Equity Fund Manager Outlook Facts:

- **Fifty-nine percent of surveyed firms reported an increase in investor appetite over the past 12 months**, while 13% saw a significant increase. Only 12% of fund managers reported seeing a decrease in appetite.
- Fund managers have **seen the largest increases among investors in the established markets of Asia, North America and Europe**. Respectively, 50%, 45% and 38% of fund managers have seen increased appetite here.
- The greatest increase in investor interest seems to be from family offices, with 58% of respondents noticing an increase in appetite from these investors in the past 12 months. Conversely, **26% of fund managers have seen reduced interest from banks**, possible due to the incoming Basel III regulations.
- However, fund managers report that competition for investor capital is also increasing. **Eighty percent feel there is more competition for fundraising compared to 12 months ago**, while just 1% feel that competition has decreased.
- This may be due to the record number of funds in market: **1,998 private equity vehicles are seeking a total of \$676bn in investment** at the start of Q3 2017.
- As a result, **32% of fund managers expect fundraising to be a key challenge facing the industry in the year ahead**.

Christopher Elvin, Head of Private Equity Products:

"Investor appetite for private equity has been very high in recent quarters, with the industry returning record levels of capital and offering robust returns on investment. Fund managers report that interest in private equity is continuing to rise, and almost all investor types are seeing a net increase in appetite for the asset class.

However, at the same time the number of funds coming to market is growing to new record highs, and fund managers are seeing increased competition in attracting capital from investors. The ease with which some of the largest and most successful firms are able to raise new vehicles does not seem to be true across the market, and small or emerging fund managers may still find fundraising to be a long and difficult process."

**Results based on a survey of 153 private equity fund managers conducted in June 2017.*

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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