

## Investors Stay Committed to Private Equity

### Eighty-six percent of private equity investors plan to maintain or increase their investments

According to Preqin's latest survey of institutional investors, over half (57%) allocate to private equity – the second-highest proportion of any alternative asset class after real estate. With the vast majority (90%) of these investors finding that private equity performance has met or exceeded expectations over the past 12 months, it's no surprise that 86% plan to maintain or increase their investments in the asset class in the coming year. Investors continue to identify small to mid-market buyout funds as presenting the best opportunities, with investors also seeking out venture capital opportunities in the upcoming year. Over half (55%) of investors cite North America as the region with the most favourable investment opportunities in the next 12 months, and a notable 23% plan to target Asia.

**For more information and analysis, see the full [September Private Equity Spotlight](http://docs.preqin.com/newsletters/pe/Preqin-Private-Equity-Spotlight-September-2018.pdf) here:**  
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#### Key Private Equity Investor Facts:

- **Over half (57%) of institutional investors allocate to private equity**, citing high absolute returns, high risk-adjusted returns and diversification as main reasons for investing in the asset class.
- **Investors are seeking an average of 11.6% from their private equity investments**, a decrease from June 2015 when investors were seeking 14.1%.
- The majority (90%) of investors found that private equity performance over the past 12 months met or exceeded expectations, including almost **a fifth (19%) which found that performance had exceeded expectations**.
- Looking ahead, **29% of investors plan to invest more capital in the next 12 months** than they did in the past 12 months, while 14% plan to invest less.
- **Eighty-six percent of investors plan to maintain or increase their investments in private equity** in the coming year, and 77% of those investors intend to commit to a private equity fund in the second half of this year.
- **The largest proportion of respondents (44%) identify small to mid-market buyout funds as presenting the best opportunities** in the next 12 months, while a quarter are targeting venture capital funds.
- Over half (55%) of investors cite North America as presenting the most favourable investment opportunities, followed by Europe (35%). **A notable 23% plan to target Asia and 16% are looking to emerging markets.**

#### Christopher Elvin, Head of Private Equity:

“Competition for assets and asset pricing remain the twin concerns of private equity investors, and we can see that they are having a downward pressure on returns expectations. The average targeted returns for investors from their private equity portfolios has fallen three percentage points in three years, an indicator of the yield compression the industry faces. However, appetite for the industry remains strong as investors look to target the diversification and absolute return advantages that private equity offers.”

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*Preqin's data and analysis is frequently presented at industry conferences, and is used in the global financial press and academic journals & white papers. We are always happy to support journalists by providing reports, custom data and one-on-one interviews.*

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