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## 42% of Private Equity Investors Have Exposure to Private Debt

**This proportion is set to increase as more investors consider committing to private debt in the future**

18% of the private equity investors that Preqin recently spoke to, that do not currently invest in private debt, will consider gaining exposure to private debt in the near future, demonstrating the growing appetite for these funds.

The retrenchment of banks from the leveraged loan space and limited activity in the European CLO market has resulted in many companies turning to alternative sources for private debt. Both institutional investors and alternatives managers have identified this as an opportunity.

### Other Key Facts:

- 83% of private equity investors interviewed currently investing in private debt gain that exposure through their private equity allocation. 9% of private equity investors currently investing in private debt have a separate allocation to private debt in their investment portfolio.
- 47% of private equity investors currently investing in private debt gain exposure through mezzanine funds.
- A further 26% of these investors invest in private debt through distressed debt funds.
- Recently closed private equity senior debt funds include BlueBay Asset Management Private Debt Fund, managed by BlueBay Asset Management, which closed on €800mn in May 2013, and Maranon Senior Credit Fund II, managed by Maranon Capital, which closed on \$200mn in April 2013.
- A number of private equity senior debt funds have launched in 2013 so far, including 1903 Debt Fund II, managed by GB Merchant Partners and targeting \$400mn and Vista Equity Debt Fund I, managed by Vista Equity Partners and targeting \$600mn; both of these vehicles are targeting investment opportunities in the US.

**For more information and analysis, please see the factsheet that follows.**

### Comment:

“Debt investors are honing in on leveraged loan investment opportunities for the relatively high yields they are offering in a low interest rate environment, and the fact that they add an additional layer of diversification to their existing alternatives portfolio. Investor appetite for debt has prompted many alternatives managers to launch new debt offerings and subsequently, we expect to see greater variation in the way private equity deals will be financed compared to before the crisis, with private debt funds playing a greater role and more investors gaining exposure to this strategy in the future.”

### Ignatius Fogarty – Head of Private Equity Products, Preqin

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#### About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com).

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**Note to Editors:**

- The analysis in this press release is based on Preqin's interviews with 60 private equity investors in May 2013.
- Preqin is spelled without the letter 'U' after the 'Q'.

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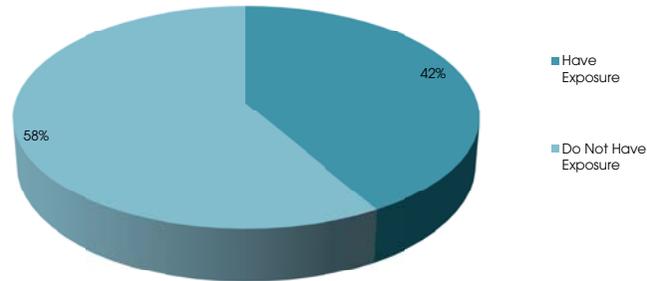
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# Investor Appetite for Private Debt

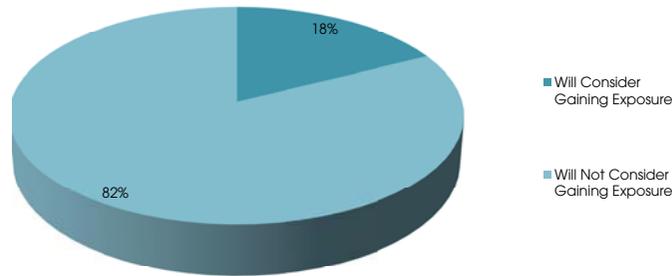
May 2013

Fig. 1: Proportion of Private Equity Investors with Exposure to Private Debt



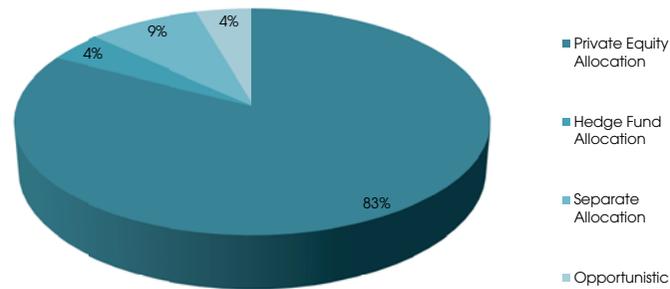
Source: Preqin Investor Interviews, May 2013

Fig. 2: Proportion of Private Equity Investors Without Exposure to Private Debt that Will Consider Gaining Exposure in the Future



Source: Preqin Investor Interviews, May 2013

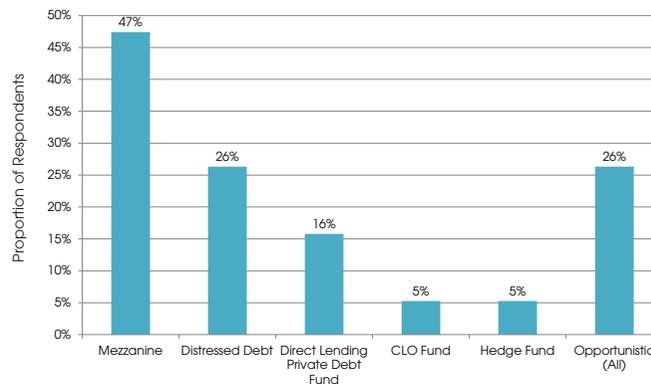
Fig. 3: Private Equity Investors' Sources of Capital for their Private Debt Allocations



Source: Preqin Investor Interviews, May 2013

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- 47% of private equity investors currently investing in private debt gain exposure through mezzanine funds.

Fig. 4: Private Equity Investors' Fund Type Preferences when Investing in Private Debt



Source: Preqin Investor Interviews, May 2013

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