

Investors Remain Confident in Private Equity for 2019

Satisfaction is high despite concerns about valuations and a market correction

The *Preqin Investor Outlook: Alternative Assets H1 2019* finds that the prospects for private equity in 2019 are positive. Nine out of 10 investors are satisfied with the performance of the asset class, and 31% intend to invest more in private equity in 2019 than in 2018. This comes despite concerns that headwinds may put pressure on future returns: asset valuations have been rated as the biggest challenge in the next 12 months by over 70% of investors, and many think that pricing is higher compared to last year. Moreover, the majority of investors believe that assets are overvalued and see a correction approaching – including 39% that expect it to come in 2019. In consequence, almost a third of investors expect their private equity portfolios to perform worse in the coming year than in 2018, but the majority are still confident that the asset class can meet their targets.

For more information and analysis, see the full *Preqin Investor Outlook: Alternative Assets H1 2019* here: <https://docs.preqin.com/reports/Preqin-Investor-Outlook-Alternative-Assets-H1-2019.pdf>

Christopher Elvin, Head of Private Equity:

“This is a crucial time for the industry: a market correction seems increasingly anticipated and coupled with ongoing pricing challenges investors are proceeding with caution. However, private equity weathered the Global Financial Crisis well and in a low-return environment the asset class’s proven track record of delivering superior returns to investors over the longer term will maintain private equity’s appeal to investors looking to meet their return objectives.”

Key Private Equity Investor Outlook Facts:

- The majority (51%) of investors invest in private equity due to its high absolute returns. **Forty-seven percent of investors target returns of 14% or more** for the asset class, a proportion 34 percentage points higher than in any other asset class.
- Almost a third (**31%**) of investors will invest more in private equity in 2019 than they did in 2018, while only 12% will look to invest less.
- The largest proportion (**72%**) think asset valuations pose a challenge in the next 12 months. Six out of 10 investors think that pricing is higher now than it was 12 months ago.
- While 7% believe assets remain undervalued and a third think they are fairly valued, **60% think a pricing correction is due, 12% of which think it is imminent.**
- Similarly, 61% of investors believe we are at an equity market peak, and 39% expect a downturn in the next 12 months.
- Nine out of 10 investors are satisfied with the performance of their private equity portfolios in the past 12 months, although 30% expect them to perform worse in 2019.

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