

## Investors Plan to Increase Their Commitments to Private Equity in the Year Ahead

### Despite a growing concern over valuations, investors remain confident in the asset class

The *Preqin Investor Update: Alternative Assets H2 2019* finds that the outlook for private equity for the coming year remains positive, making it one of the strongest asset classes. The vast majority of private equity investors surveyed feel that the performance of the asset class has met or exceeded their expectations in the past year, and 78% believe it will perform as well or better in the next 12 months. Four out of five investors think asset valuations present a key challenge in the year ahead, up from 72% at the beginning of the year. Despite this, a notable 40% of investors are planning to commit more capital to the asset class in the next 12 months than they did in the previous 12 months. The largest proportion (68%) will target small to mid-market buyout funds, while growth and secondaries funds are increasingly gaining attraction. Similarly, the largest proportion of investors will target the US among developed markets, while China is the preferred region among emerging markets.

**For more information and analysis, see the full *Preqin Investor Update: Alternative Assets H2 2019* here: <https://docs.preqin.com/reports/Preqin-Investor-Update-Alternative-Assets-H2-2019.pdf>**

#### Christopher Beales, Private Equity Analyst:

“Private equity tops the table for investor satisfaction across alternative assets. Investors feel that private equity has performed well, and we can see that from the high distributions of recent years – private equity funds have consistently produced good returns across all timeframes. With fears of a market downturn, investors are planning to commit more capital in the year ahead to help offer good returns in difficult times, so we can expect to see capital keep flowing in over the next year. But with the rise of interest in growth and secondaries funds, that capital may go to a more diverse range of opportunities than ever before.”

#### Key Private Equity Investor Outlook Facts:

- Based on our latest survey, **93% of respondents feel that the performance of the asset class has met or exceeded their expectations** over the past 12 months – the highest of any asset class.
- Future expectations are high - **78% of private equity investors expect the industry to perform as well or better in the next year** compared to the previous 12 months.
- **Asset valuations remain the main challenge in the year ahead according to 79% of investors**, up from 72% of investors that said so at the start of 2019.
- Despite this concern, **40% of investors are planning to commit more capital to the asset class in the year ahead** than they did in the past 12 months.
- The largest proportion (**68%**) of private equity investors will target **small to mid-market buyout funds**. Growth and secondaries funds are also being targeted by 47% and 34% investors respectively, up from 21% and 14% at the start of H2 2018
- Regionally, the **US is being targeted by 88% of investors** and **China would be the preferred region among emerging markets for 48% of investors**.
- **Thirty-five percent of private equity investors have an ESG program already in place** for their investments.

*\*All figures are based on the results of a survey of 177 institutional investors conducted in July 2019.*

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