

Dechert

Alternative Credit Council

Financing the Economy – the future of private credit

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www.lendingforgrowth.org

Respondent demographics by private credit AUM (\$bn)



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- Long term drivers of growth will meet near-term headwinds
- Growth will require compromise between LPs and GPs
- Transparency is the key to sustainability

How do private credit managers see their investment in private credit markets changing over the next three years?



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Which factors will have a significant impact on the future growth of private credit firms?



What are private credit managers' expectations around recovery rates on defaulted loans during the next three years?

23% Less than historical averages 42% More than historical averages 35% Broadly the same as historical averages

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How do private credit managers plan to develop their origination channels for potential credit opportunities over the next three years?



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What are the biggest operational challenges facing private credit managers?



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Where do you expect allocations to private credit to come from over the next three years?

88% 80% 67% **50%** 43% 42% 22% Pension funds Sovereign wealth **Family offices** High-net-worth **Employees and staff** Insurers Private banks funds individuals

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How do private credit managers incorporate Responsible Investment (RI)/ESG into their investments?



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What are the biggest challenges to the adoption of RI/ESG factors into a private credit strategy?



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