

Investor Panel¹

By [Isabella Shaw](#) and [Monika Sanford](#)

This panel focused on investment trends and how investors are approaching new investment opportunities. The panelists discussed the following questions:

Are investors interested in investing in private credit?

The short answer is, “yes”. The private credit space has seen impressive growth and is attractive to many investors as both a diversification tool and an income source. Particularly taking into account the interest rate increases over the last year, investors have seen steady returns accompanied by a relatively low risk profile. While some investors are more hesitant and are still weighing the benefits of investing in private credit, for the most part investors appear to be very interested in the private credit market at this moment and expect it will remain strong for the foreseeable future.

Are investors comfortable with funds using NAV facilities?

As more limited partnership agreements incorporate provisions authorizing the fund to enter into a NAV facility, investors are asking questions about how these NAV facilities will be used and doing their own analysis to assess the impact of their use. Many investors are still in the education phase for this product.

Are investors interested in investing in seed capital for RICs and BDCs?

Investors are a little more cautious about these types of investments. Most are interested and see the potential, however there is a recognition that money tied up in these investments is illiquid, and capital may become stuck in the private market for a longer period of time than is ideal for some investors. A common structure for BDCs and RICs is that a small number of institutional investors will provide the seed money for the investment, and the remainder will be raised from high net worth investors. It is very important to the institutional investors that their goals and priorities align with the goals and priorities of other investors on the project, particularly with respect to timing. However, despite strong reservations from some investors, investors and funds generally feel confident that creative solutions exist for liquidity concerns and that wealth management, particularly BDCs, will be a major point of interest for many institutional investors this year.

¹ The panelists were Derek Fricke, Managing Director at Churchill Asset Management; Amanda Gray, Director of Capital Markets at Invesco Real Estate; Verena Kempe, Head of Investment Management at KENFO; Ken Miranda, Chief Investment Officer at Cornell University; and Petya Nikolova, Deputy Chief Investment Officer and Head of Infrastructure Investments for the New York City Comptroller’s Office. The panel was moderated by Dee Dee Sklar, Global Co-Chair of Women in Fund Finance.

What tools do investors have at their disposal to be able to take advantage of investment opportunities?

The consensus seems to be that investors are not borrowing against their portfolios. Instead, investors are focusing on diversification, constant review of portfolios, determining the right time to buy versus the right time to sell, and monitoring cash flow. Some investors in the industry were constrained over the last few years because they did not have sufficient capital to allocate to private equity. Investors that saw success focused on diversifying their vintage years – ensuring that capital becomes available in waves – and maintaining constant liquidity so they could commit capital when the right opportunities arose.

Do investors feel optimistic about the future?

Several of the panelists noted that they feel quite optimistic that these next few years will produce excellent vintages thanks to the active secondaries market, repricing of investments, and the favorable terms available to investors given the difficulty that funds have had raising capital.