



## Financing the Economy 2018

### Manager Demographics and Macro Investment Themes

**In conjunction with the global law firm Dechert, we are conducting research to inform the fourth edition of *Financing the Economy*, the ACC's flagship research publication on the state of the private credit industry. Your answers will help the ACC spread awareness of how private credit benefits the real economy, and shape the regulatory debate.**

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**\* 1. Please provide your name and contact details**

Name

Email

**\* 2. Where does your firm have its headquarters/primary asset management centre?**

- ☐ US
- ☐ North America (ex. US)
- ☐ UK
- ☐ Europe (ex. UK)
- ☐ Middle East/Africa
- ☐ Asia Pacific
- ☐ South America

\* 3. Where does your firm currently make private credit investments? (Select all that apply)

- ☐ US
- ☐ North America (ex. US)
- ☐ UK
- ☐ Europe (ex. UK)
- ☐ Middle East/Africa
- ☐ Asia Pacific
- ☐ South America

\* 4. What is the estimated deployed capital (i.e. excluding dry powder) allocated to private credit (broadly defined as investments in loans, private bank debt, private debt securities and similar instruments, but excluding publicly traded bonds or more liquid fixed income strategies) across all vehicles/accounts?

- ☐ No allocations currently to private credit
- ☐ \$1m - \$99m
- ☐ \$100m - \$249m
- ☐ \$250m - \$499m
- ☐ \$500m - \$999m
- ☐ \$1bn - \$2.49bn
- ☐ \$2.5bn - 4.99bn
- ☐ \$5bn - \$9.99bn
- ☐ \$10bn - \$20bn
- ☐ Greater than \$20bn



## Financing the Economy 2018

### Manager Demographics and Macro Investment Themes, continued

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\* 5. How much undrawn capital (or dry powder) do you have to allocate to private credit investments (as defined above) across all vehicles/accounts?

- ☐ None
- ☐ \$1m - \$99m
- ☐ \$100m - \$249m
- ☐ \$250m - \$499m
- ☐ \$500m - \$999m
- ☐ \$1bn - \$2.49bn
- ☐ \$2.5bn - 4.99bn
- ☐ \$5bn - \$9.99bn
- ☐ \$10bn - \$15bn
- ☐ Greater than \$15bn

\* 6. Approximately what proportion of your fund(s) in aggregate are allocated to the following private credit markets?

	0%	1%-5%	6%-10%	11%-25%	26%-50%	51%-99%	100%
Large corporates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME/Mid-market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distressed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real Estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Structured products (e.g. CLOs, CDOs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trade finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Receivables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset-backed lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 7. How do you see your investment in these private credit markets changing over the next three years?

	Same level of investment	More investment	Less investment
Large Corporates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME/Mid-market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distressed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Structured products (e.g. CLOs, CDOs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trade finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Receivables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset-backed lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 8. Approximately what proportion of your fund(s) in aggregate are allocated to the following capital structures? (Select all that apply)

	0%	1%-5%	6%-10%	11%-25%	26%-50%	51%+
Senior secured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Senior unsecured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mezzanine/junior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unitranche	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convertible instruments (debt to equity)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hybrid equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Derivatives (e.g. credit swaps)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Holding company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PIK loan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 9. How long has your firm been managing private credit investments?

- ☐ Less than 2 years
- ☐ 2-3 years
- ☐ 4-6 years
- ☐ 7-10 years
- ☐ Greater than 10 years



## Financing the Economy 2018

### Investor Base

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\* 10. Approximately what proportion of your current investors are based in the following regions?

	0%	1%-5%	6%-10%	11%-20%	21%-30%	31%-50%	51%-70%	71%-100%
US	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
North America (ex. US)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
UK	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Europe (ex. UK)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Middle East/Africa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asia Pacific	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
South America	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 11. Please indicate how much each investor type contributes to the assets you have already raised for private credit strategies:

	0%	1%-5%	6%-10%	11%-20%	21%-30%	31%-50%	51%-70%	71%-100%
Pension funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insurers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sovereign wealth funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High-net-worth individuals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Family offices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees and staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 12. What is the most common ticket size of allocations to private credit made by your investors?

- ☐ \$0-10m
- ☐ \$10-25m
- ☐ \$25-50m
- ☐ \$50-100m
- ☐ \$100-200m
- ☐ \$200m+

\* 13. What percentage of your investors are first-time allocators to private credit?

- ☐ 0-10%
- ☐ 11-20%
- ☐ 21-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%
- ☐ Unable to say



## Financing the Economy 2018

### Use of Leverage

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\* 14. Which of the following types of financing/leverage does your firm use with respect to your private credit strategies? (Select all that apply)

- ☐ Short term cash flow management facilities (less than 90 days)
- ☐ Cash flow management facilities (more than 90 days)
- ☐ Subscription line finance
- ☐ Borrowing against portfolio assets
- ☐ Repos
- ☐ Other (please specify)
- ☐ Not applicable



\* 15. How much financial leverage (borrowing against portfolio assets) does your most levered private credit fund employ (debt: equity)?

- ☐ None
- ☐ 0 – 0.49
- ☐ 0.5 – 0.99
- ☐ 1 – 1.49
- ☐ 1.5 – 1.99
- ☐ 2 – 4.99
- ☐ 5 – 9.99
- ☐ 10 or greater
- ☐ Prefer not to disclose

\* 16. What is the typical term of the subscription line financing used in relation to your private credit investments?

- ☐ 3 months or less
- ☐ 3-6 months
- ☐ 6-12 months
- ☐ More than 12 months
- ☐ Not applicable

\* 17. What is the typical term of the financing used when borrowing against portfolio assets in relation to your private credit investments?

- ☐ 0-1 year
- ☐ 1-2 years
- ☐ 2-4 years
- ☐ Generally matched to the term of the underlying assets or loans
- ☐ Not applicable



## Financing the Economy 2018

### Deal Size and Sourcing

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\* 18. What is the typical target loan size that you make within your private credit strategy?

- ☐ Less than \$1m
- ☐ \$1m - \$4.99m
- ☐ \$5m - \$9.99m
- ☐ \$10m - \$24.99m
- ☐ \$25m - \$99.99m
- ☐ \$100m - \$249.99m
- ☐ \$250m - \$499.99m
- ☐ \$500m or greater

\* 19. What is the average EBITDA\* (in USD millions) of your firm's borrowers?

*\*EBITDA based on either GAAP or IFRS accounting standards and excluding any addbacks*

- ☐ Negative EBITDA (e.g. potential distressed loan)
- ☐ Less than \$5m
- ☐ \$5m - \$9.9m
- ☐ \$10m - \$24.9m
- ☐ \$25m - \$49.9m
- ☐ \$50m - \$74.9m
- ☐ \$75m - \$99.9m
- ☐ Greater than \$100m

\* 20. What is the most common ratio of debt-to-EBITDA\* of the borrowers (at the time the loan was provided) for your direct lending to corporates?

*\*EBITDA based on either GAAP or IFRS accounting standards and excluding any addbacks*

- ☐ Negative
- ☐ Less than 2
- ☐ Between 2 - 4 times
- ☐ Between 4 - 6 times
- ☐ 6 - 8 times
- ☐ Greater than 8 times
- ☐ Not applicable - do not provide direct lending to corporates

\* 21. What is the most common channel of sourcing potential credit opportunities?

- ☐ Direct relationship with a borrower
- ☐ Consultants
- ☐ Banks/credit institution
- ☐ Private equity firms
- ☐ Peer-to-peer platforms
- ☐ Other industry relationships
- ☐ In-house advisory
- ☐ Other (please specify)



## Financing the Economy 2018

### Deal Size and Sourcing, continued

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\* 22. How has your coupon for a potential loan changed over the past year?

- ☐ Higher
- ☐ Lower
- ☐ No noticeable change

\* 23. How have your arrangement fees changed over the past year?

- ☐ Higher
- ☐ Lower
- ☐ No noticeable change

\* 24. How has financial covenant protection changed over the past year?

- ☐ More financial covenant protection
- ☐ Less financial covenant protection
- ☐ No noticeable change in financial covenant protection

\* 25. What is the typical headroom provided for borrowers against their financial covenants?

- ☐ Less than 20%
- ☐ 20%
- ☐ 25%
- ☐ 30%
- ☐ 35%
- ☐ More than 35%

\* 26. What percentage of financing provided by your firm typically involves a financial sponsor (i.e. a private equity firm or a bank)?

- ☐ 0-10%
- ☐ 11-20%
- ☐ 21-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%



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### Fund Terms and Structures

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\* 27. In which of the following jurisdictions are your private credit funds domiciled? (Select all that apply)

- ☐ Bermuda
- ☐ British Virgin Islands
- ☐ Cayman Islands
- ☐ Guernsey
- ☐ Ireland
- ☐ Jersey
- ☐ Luxembourg
- ☐ Malta
- ☐ UK
- ☐ Other (please specify)

\* 28. At what level are you able to offer managed account structures for single investors?

- ☐ Less than \$50m
- ☐ \$50m - \$75m
- ☐ \$75m - \$100m
- ☐ \$100m - \$250m
- ☐ \$250m - \$500m
- ☐ Greater than \$500m
- ☐ Do not offer managed account structures

\* 29. Is your flagship or main fund...

- ☐ Open end with no maturity and permitting unlimited recycling of capital until an investor notifies otherwise (i.e. an evergreen type structure)
- ☐ Open end with lock-ups to permit a portfolio to be built during the investment period
- ☐ Open end with redemption rights that are aligned to the tenor of underlying investments
- ☐ Closed-ended with no maturity
- ☐ Closed end with fixed maturity (subject to extension)
- ☐ Other (please specify)

\* 30. What is your preferred target term for underlying private credit investments?

- ☐ Less than 1 year
- ☐ 1-2 years
- ☐ 3-4 years
- ☐ 5-6 years
- ☐ 7-10 years
- ☐ More than 10 years
- ☐ Varies according to opportunity



## Financing the Economy 2018

### Fees

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\* 31. Which fees do you derive as a business from your private credit investments? (Select all that apply)

- ☐ Management fees
- ☐ Arrangement fees
- ☐ Agency fees
- ☐ Commitment fees
- ☐ Consultancy fees
- ☐ Performance fees
- ☐ Redemption fees
- ☐ Syndication fees
- ☐ Other (please specify)



\* 32. During the investment period, are your management fees typically based on...

- ☐ Drawn down capital (or committed/deployed capital)
- ☐ Total capital (including capital that is not drawn down yet)
- ☐ Other (please specify)

\* 33. From the percentage ranges below, please provide us with the closest estimate as to what your management fees\* are:

*\*(For firms that have multiple funds, please use reference the management fee of your flagship or main fund.)*

- ☐ 0%
- ☐ 0.01%-0.49%
- ☐ 0.5%-0.99%
- ☐ 1%-1.49%
- ☐ 1.5%-1.99%
- ☐ >2%

\* 34. From the ranges below, please provide us with the closest estimate as to what performance fees/carried interest are being charged by your main or flagship fund:

- ☐ 0%
- ☐ 0.01%-9.99%
- ☐ 10%-14.99%
- ☐ 15%-19.99%
- ☐ >20%
- ☐ N/A



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### Fees, continued

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\* 35. Does your flagship or main fund include... (Select all that apply)

- ☐ A full hurdle
- ☐ A no-catch-up hurdle
- ☐ A preferred return
- ☐ A high watermark NAV-based performance calculation
- ☐ A carried interest clawback
- ☐ A no fault divorce provision triggering immediate crystallisation of carried interest/performance fees
- ☐ A full or partial transaction fee offset against management fees
- ☐ Other (please specify)

\* 36. Over the past 24 months, have your management fees...

- ☐ Been lowered
- ☐ Been increased
- ☐ Stayed the same
- ☐ N/A

\* 37. What is your policy on fee discounts?

- ☐ None offered
- ☐ Early bird only
- ☐ Only over a certain size
- ☐ Other (please specify)