
Briarcliffe Bellwether

An icon consisting of a square frame containing a vertical list of six horizontal lines, each preceded by a small square checkbox. A pen nib is positioned at the top left of the frame, pointing towards the first checkbox.

Our Proprietary Institutional Investor Survey

WINTER 2022

In September, we hosted our inaugural Briarcliffe Investor Summit, bringing 50 institutional investors together to meet directly with eight investment managers with differentiated private credit fund offerings. The forum provided investors an opportunity to speak directly with managers of strategies ranging from specialty finance, opportunistic credit, and asset-backed lending, to venture debt, including sector specialized funds with focuses on technology, media and telecommunications, healthcare, and food and beverage.

During the opening panel discussion, CEO Jess Larsen asked investors about their plans for private credit in 2023. Answers were submitted anonymously in real time which produced the results outlined in this report.



Overall, the responses underscore what we’ve seen this past year: it’s a great time to be in private credit given its innate risk/return attributes and strategy diversity. Investors indicated a strong appetite for increasing allocation, as well as onboarding new manager relationships.

QUESTION #1

How will you allocate to private credit in 2022 and 2023?



53% Increase

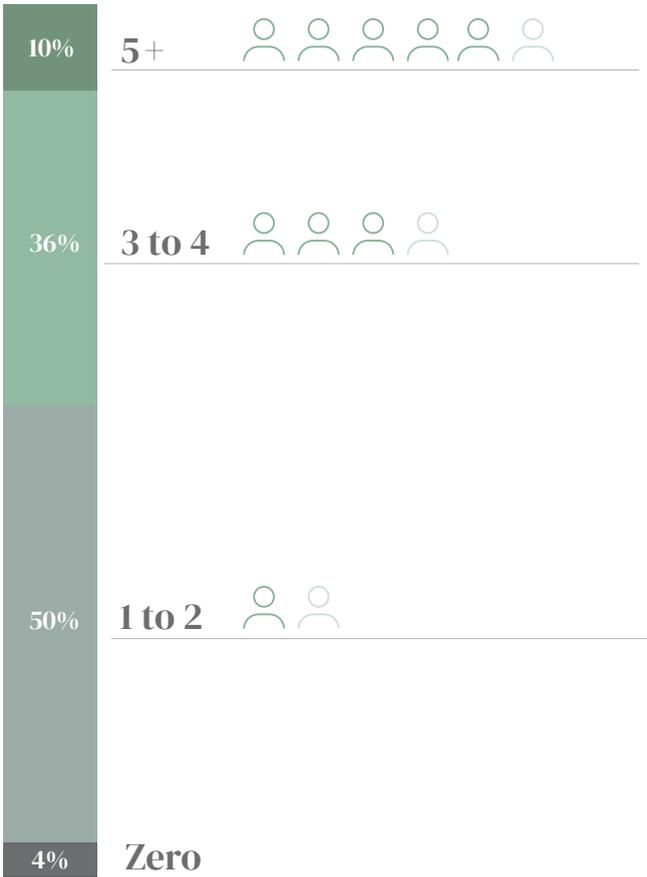
27% Keep the Same

20% Do Not Know

0% Decrease

QUESTION #2

How many new GP relationships do you expect to add in 2023?



10% 5+ [6 icons]

36% 3 to 4 [4 icons]

50% 1 to 2 [2 icons]

4% Zero

The private credit market is broad and provides opportunities for investors during all market cycles regardless of objectives and risk appetite. To illustrate the breadth and depth of the universe, Briarcliffe’s proprietary mapping divides strategies into Four Pillars which represent 26 sub-strategies.

Briarcliffe’s Four Pillars of Private Credit

1. Corporate Credit

Direct Lending	Opportunistic
Distressed	Secondaries
Mezzanine	Special Situations
NPL	Venture Debt

2. Specialty Finance

ABL	NAV Lending
Consumer Lending	Reg Cap Relief
Insurance Linked	Royalties
Litigation Finance	Trade Finance

3. Structured Credit

ABS	CRE
CLO	RMBS

4. Real Assets Credit

Agricultural	Metals & Mining
Energy	Real Estate
Infrastructure	Transportation

Through one lens, when market conditions are unpredictable, risk averse LPs can invest at the top of the capital structure via senior lending or in strategies tied to underlying collateral via asset-based lending. Those who wish to lean into the volatility can invest in special situations and opportunistic strategies.

By focusing exclusively on private credit, Briarcliffe knows the universe. Since inception last year, we have met with more than 400 credit managers. To meet investor demand, we select just 2% of those, representing the most compelling and differentiated strategies and teams. One such criterion is proven performance within times of market volatility. As sector specialists intimately know their respective sectors with a deeper understanding of worst-case scenarios, investors benefit from their ability to navigate and perform through market cycles which was reflected from respondents.

We believe rising interest rates and the rapid repricing of equities will drive continued investor interest in the downside protection of credit. With the imminent marking down of private equity portfolios following a decade of strong performance, these returns will struggle to meet investors’ lofty expectations. Our respondents indicated that for the coming market environment, their expectations for private credit returns exceed other assets.

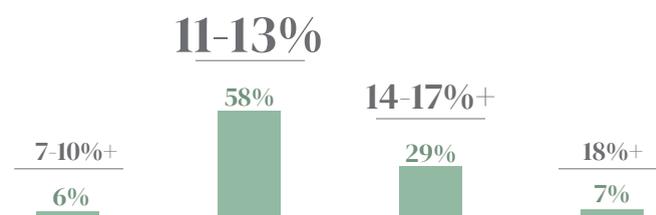
QUESTION #3

What strategies are capturing your attention? (select all that apply)



QUESTION #4

What are your private credit return expectations?



As the asset class continues to prove its value, investors are pursuing all avenues to gain exposure efficiently and expeditiously including co-investments and secondaries. Evergreen structures are attracting more investor attention as they help reduce time and resources required to re-underwrite strategies periodically and can offer portfolio flexibility through liquidity. The efficiency of evergreen structures can give investors more time to review new private credit strategies and manager relationships, as was indicated earlier.

QUESTION #5

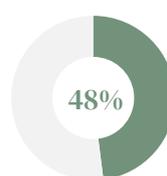
What do you / your firm see increasing demand for?

(select all that apply)

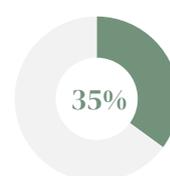
Co-Investments



Evergreen Structures



Secondaries

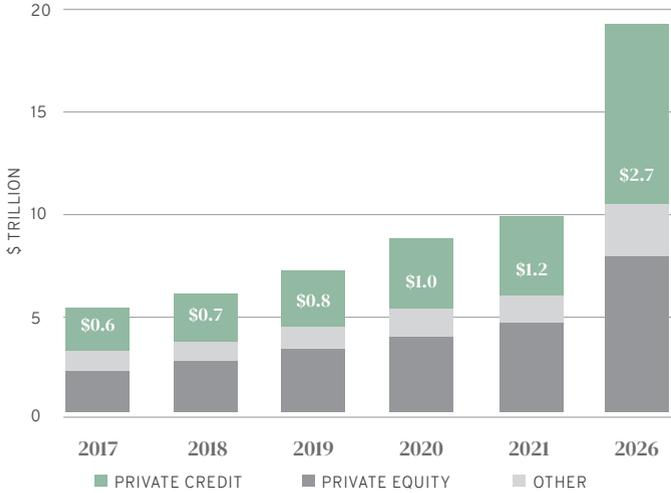




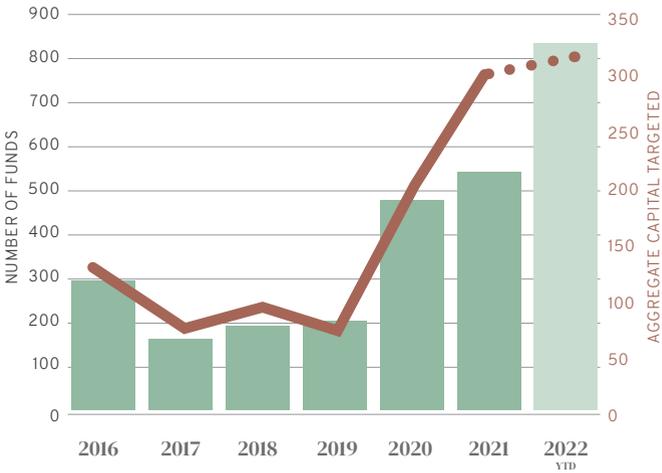
Notwithstanding current headwinds, private credit remains in a secular bull market as the global financing infrastructure evolves. The industry has grown substantially over the past decade and continues to do so, with annual growth estimates exceeding 20%. Assets under management, expected to double to \$2.7 trillion by 2027¹, has attracted new managers and sub-strategies to meet financing needs of corporations and individuals, in good times and bad. Adding to this momentum, the \$178 trillion private wealth universe is in its early days investing in private credit. When combined, the result will be a \$5 trillion industry in the coming years – the current size of private equity.

It is a great time to be in private credit. ■

AUM Growth²



GP Fund & Capital Growth³



Exclusively private credit

Briarcliffe Credit Partners is an exclusively dedicated private credit placement agency. Led by a team with deep expertise and passion for this growing asset class, our differentiated and methodical approach has a demonstrated track record of raising sophisticated institutional investor capital for leading private credit strategies globally.

Specialized focus

Our proven mid-teens returning strategies encompass investments of these types:



Fund II or Higher



Fund Size
\$500m – \$2bn



Top Quartile Performance



Net IRR: >10%

Uniquely selective

We act very selectively to present positive offerings for investors. Of the 200+ GPs we meet with per year, we select just 2% to 3% of mandates to represent.



Our Team

Firm



Jess Larsen
Founder & CEO



Ryan Tirre
Head of Marketing & Communications



Laura Morales
Head of HR & Office Infrastructure

Fundraising



Kyle John
Managing Director



Collis Klarberg
Managing Director



Jonathan Moll
Managing Director



Jennie Park
Managing Director

GP Advisory



Kyle Abel
COO & Co-Head of GP Advisory



Roger Li
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