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NEW EATON PARTNERS SURVEY FINDS INSTITUTIONAL INVESTORS STICKING WITH PRIVATE MARKET ALLOCATIONS DESPITE COVID-19 DISLOCATION

ROWAYTON, Conn., April 13, 2020 – A new survey from Eaton Partners, one of the largest capital placement agents and fund advisory firms, and a wholly owned subsidiary of Stifel Financial Corp. (NYSE: SF), finds an overwhelming majority of institutional investors (64%) are making no changes at this time to their private market allocations despite dislocations caused by the coronavirus crisis. Some (15%) are even increasing allocations, while 21% are reducing allocations.

According to the survey of limited partners (LPs), only a third (33%) of respondents say their greatest focus is on immediate, shorter-term investments and most (84%) aren't shying away from any specific geographic areas, regardless of COVID-19 penetration.

"While we do see LPs committing to GPs already in the process of underwriting, we also expect there will likely be a decrease in overall fundraising activity over the coming months," noted Jeff Eaton, Partner at Eaton Partners. "Private capital fundraising activity typically has lagged the public markets by two quarters as denominator effect impacts and updated fund valuations take hold."

The latest "Eaton Partners LP Pulse Survey" questioned more than 100 leading LPs, over the past several days, about how COVID-19 could influence their investment strategies in the private capital market. Other key findings include:

- 43% of investors believe that COVID-19 will disrupt business activity for at least 3-6 months, 22% believe the disruption will last 6-9 months, and only 10% believe disruption will last more than one year.
- More than two-thirds of investors (67%) are anticipating a U-shaped recession/recovery scenario.
- There's an increase in confidence in the government's ability to appropriately manage the economic impact of COVID-19, with 80% of respondents now saying they are at least somewhat confident, compared to 61% from the mid-March survey.
- Private equity continues to be the most appealing alternative asset class right now (39%), however, this dropped from 52% from the mid-March survey. Private credit trailed at 30% and real assets at 19%.
- Nearly six in 10 (59%) investors are concerned that many PE-backed companies may not be eligible for federal COVID assistance loans.
- Infrastructure leads the pack (33%) as the alternative asset class that respondents believe offers the strongest uncorrelated returns to the public equity markets, followed by life settlements (22%) and litigation finance (19%).
- An overwhelming majority (73%) say the coronavirus pandemic has not had a significant impact on their ability to conduct business, thanks to work-from-home and videoconference capabilities.

Click here to view the full survey results.

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"As our survey indicates, there will also be pockets of relative strength," added Peter Martenson, Partner at Eaton Partners. "Investors are determining what's on their priority list for new, interesting ideas and moving the best ones to the forefront. We expect successful fundraising will require GPs to be more focused, articulate, and transparent than ever."

The online survey of 107 top institutional investors was conducted from April 2, 2020 through April 7, 2020.

About Eaton Partners
Eaton Partners, a Stifel Company, is one of the world's largest capital placement agents and fund advisory firms, having raised more than $100 billion across more than 140 highly differentiated alternative investment funds and offerings. Founded in 1983, Eaton advises and raises institutional capital for investment managers across alternative strategies – private equity, private credit, real assets, real estate, and hedge funds/public market – in both the primary and secondary markets. Eaton Partners maintains offices and operates throughout North America, Europe and Asia.

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