

Insights

March 2023 Private Debt Market Update

Market Jitters Continue, but Private Credit Investors Seek Opportunity

The market has taken a step back this past week in light of considerable uncertainty in the banking sector. However, private credit investors will be quick to point out that they remain insulated from the volatility in the banking world given their funding sources (institutional investors, pension funds, high-net-worth individuals, sovereign wealth funds, etc.) are typically very diverse and long-dated. Most private credit funds are typically locked up for 6-10 years, eliminating the risk of volatility-driven “runs” we’ve seen in the banking universe.

While we’d all be naïve to think the recent bank stress and failures won’t have both short-term and long-term ripple effects, deals continued to get completed this week (such as the \$450 million transaction Silver Point provided to Momentive for their LBO) and lenders continued to put out term sheets for new transactions.

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