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2025
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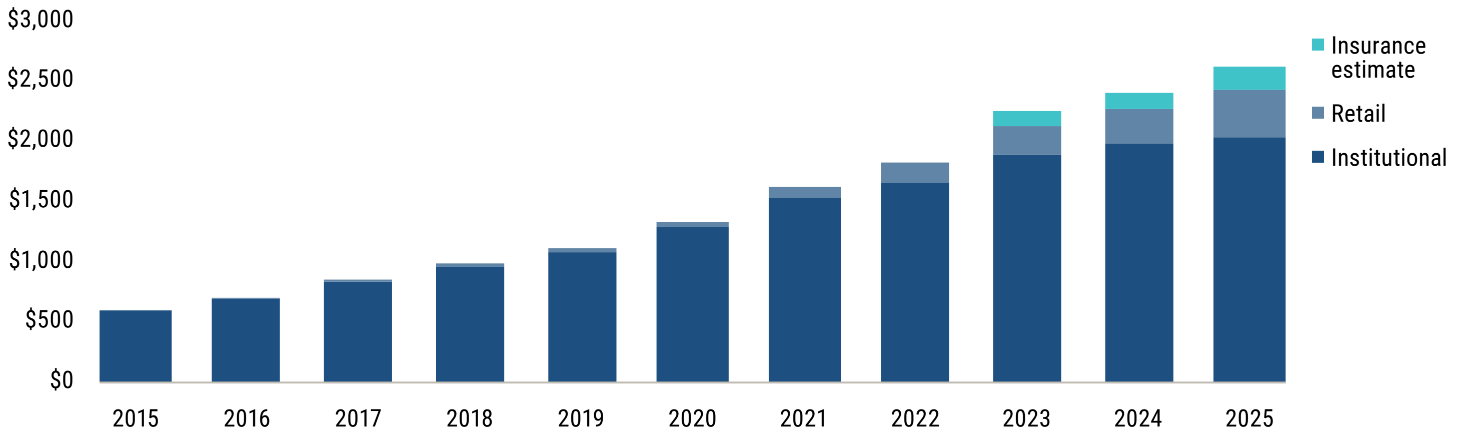
Published on March 23, 2026

Key takeaways

Private debt AUM ($B) by channel



Source: PitchBook • Geography: Global • As of June 30, 2025
Note: Retail and insurance figures are as of December 31, 2025.

Robust 2025 fundraising: Private debt fundraising remained resilient as investors continued to favor floating-rate exposure in a higher-for-longer environment and view the asset class as compelling on a risk-adjusted basis relative to public fixed income. Structural shifts in financing markets, including bank retrenchment and companies staying private longer, continue to expand the opportunity set, while sponsors broaden strategies into asset-backed finance and opportunistic credit. Although headline capital formation remains strong across institutional, wealth, and insurance channels, fund count has declined for a third consecutive year. Capital is consolidating among larger, experienced managers, with 93% of capital raised in 2025 flowing to sponsors raising their fourth fund or later, reinforcing scale as the defining advantage in the current cycle.

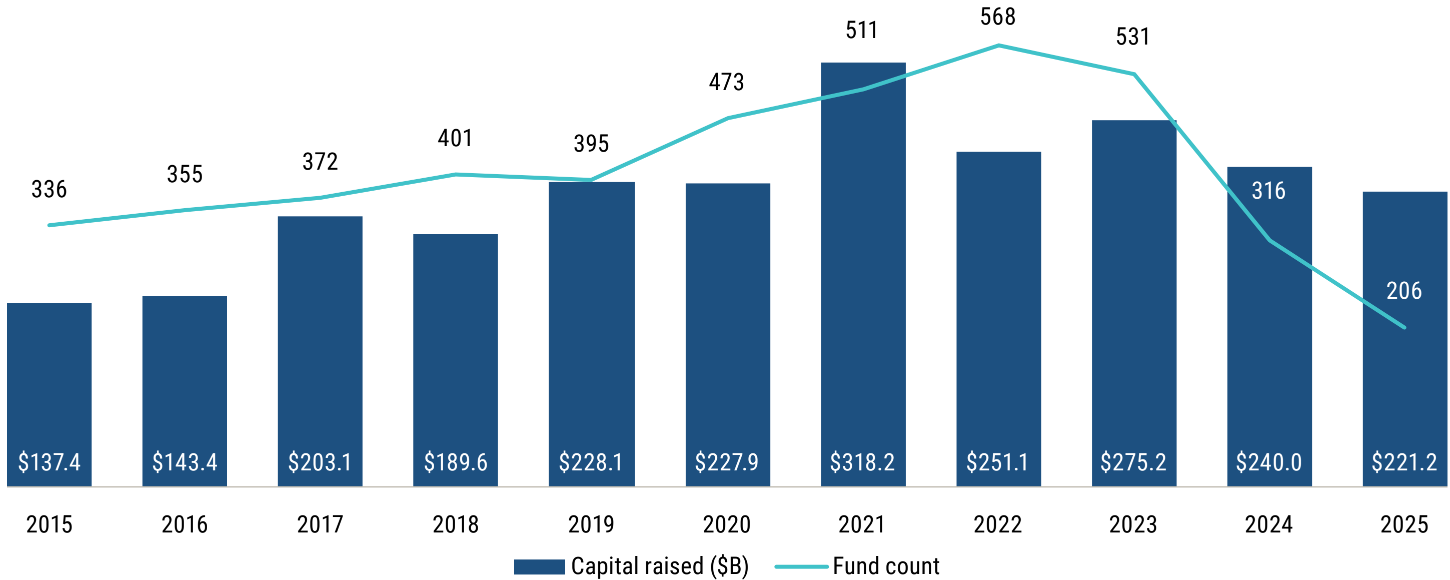
Returns slow: Private debt performance has moderated amid coordinated global rate cuts and historically tight credit spreads, compressing lender returns after several years of unusually favorable conditions. Through H1 2025, rolling one-year IRRs fell to 3.9%, marking the weakest reading since 2020 and well below longer-term averages. While excess spread over public fixed income remains the core value proposition, dispersion is increasing across strategies. Infrastructure debt continues to benefit from digital asset financing, while real estate debt has weakened and direct lending has stabilized at lower levels. With competition rising and underwriting discipline in focus, future performance is likely to depend more on manager selectivity than on macro tailwinds.

Retail risk-off: Perpetual private wealth vehicles, including nontraded BDCs, interval funds, and tender offer funds, sustained strong momentum through 2025, with private credit serving as the primary growth engine. Net AUM across private credit evergreen structures has expanded rapidly in recent years, driven largely by direct lending and the sharp rise in nontraded BDC assets. However, PE-backed, publicly traded BDCs have experienced pronounced share-price volatility and resets entering 2026, reflecting concerns around credit quality and software exposure amid AI-driven disruption. Elevated redemptions in nontraded BDCs and weaker sentiment are likely to temper growth in H1 2026 until investors can better size risks and refocus on underlying credit fundamentals, even as long-term wealth channel demand remains intact.

Healthy dry powder levels: Strong deal activity defined 2025, bolstered by record take-private volume in the second half of the year. Private debt underwriters participated actively in this resurgence, and deployment accelerated in step with the rebound in PE transactions. Looking ahead into 2026, we expect to see a healthier equilibrium between fundraising and issuance following a period when capital formation outpaced deal flow. Global private debt AUM reached $2 trillion by midyear 2025 and is materially higher when including perpetual vehicles, underscoring the asset class's scale. Anchored by direct lending, private debt remains a critical funding channel for global PE expansion.

Fundraising and dry powder

Private debt fundraising activity

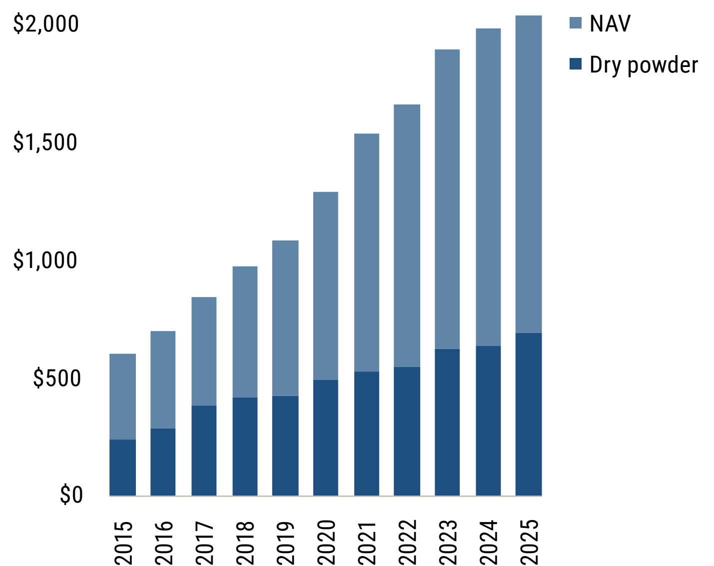


Source: PitchBook • Geography: Global • As of December 31, 2025

Private debt funds experienced robust inflows as investor appetite for floating-rate debt remained strong amid a "higher-for-longer" rate backdrop. Private debt remains compelling on a risk-adjusted basis relative to public fixed income, and although lower base rates may diminish some investor interest, ongoing structural shifts in the financing markets may fuel further expansion of the private debt market. Private debt has stepped into the gaps created by the withdrawal of traditional bank lenders, reinforcing its role as a critical financing source. Private lenders are increasingly competing with traditional banks for loans, as the removal of banks and their associated fees can yield higher returns. Demand for financing for middle-market companies and companies staying private for longer points to sustained demand for flexible capital solutions from the private debt market.

At $221.2 billion, private debt is the second leading fundraising strategy in private capital markets, behind only private equity. Capital flow into private debt strategies is also strong outside of institutional drawdown fundraising, dominating private market fundraising in the insurance and wealth channels. As noted in our Q4 2025 US Public PE and GP Deal Roundup, nearly half of the TTM credit fundraising among the Big Seven public US alternative asset managers was sourced from perpetual vehicles in the wealth and insurance segments.

Private debt institutional fund AUM ($B)



Source: PitchBook • Geography: Global • As of June 30, 2025

Institutional fundraising

2025 ended with 206 funds achieving final closes totaling $221.2 billion in capital raised. Although this is a 7.8% decline in capital raised YoY, we anticipate that 2025 will mark a year of

growth when including the late-reporting funds. As a reminder, our fundraising data counts solely equity capital and upon final closing only. We expect the year to hover around or above 2023 levels after adjustments for late-reporting data.

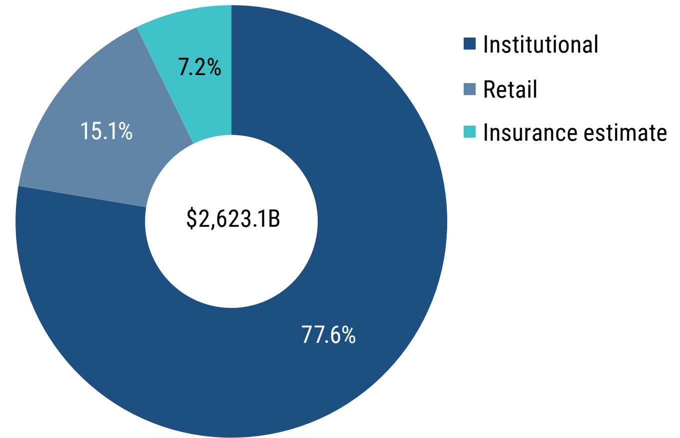
However, despite late reporting, the asset class will bear witness to its third consecutive year of declining fund count, a trend seen across several asset classes. The decrease in fund count is a noteworthy trend, with 2025 marking the third consecutive year of declines. With an adjustment in fund count from late-reporting funds, we expect the decreasing fund count trend to smooth into a less dramatic drop once the data fully settles.

Capital is increasingly being consolidated among fewer funds, often to the advantage of larger funds and managers. For example, 83.5% of capital raised for the asset class came from funds of $1 billion or more in size—a record—while accounting for only 31.7% of the fund count. This is also exemplified by the lackluster fundraising from first-time managers, which raised 18 funds totaling $3.7 billion. First-time fund count hit its lowest point on record while capital raised dipped over 50% below its previous five-year average. Capital formation efforts from emerging managers—those raising funds one through three—have also struggled to reach the finish line. In fact, 93% of all debt capital raised in 2025 came from experienced managers, defined as those raising funds four or later, marking a record percentage raised by experienced managers.

The push into more experienced managers goes hand in hand with the push into larger funds, as shown by the median debt fund size rising 45.5% YoY. Considering that a large swath of late-reporting funds will be smaller in size, this median will likely come down. Still, the trend toward larger funds is clear on a crowded playing field within the asset class, which is filling up with larger players. 80% of funds closed in 2025 were larger than their predecessor funds, with an average step-up of 38.2%. Just eight megafunds, sized $5 billion or larger, accounted for 36.3% of capital raised in 2025. That said, many funds are staying open longer in order to hit their fundraising targets. The average time to close a fund continued to stretch, reaching 23.5 months in 2025 from a previous five-year average of 19.2 months.

Fundraising was buoyed by final closes soon after the start of the new year, with the largest fund, Ares Capital Europe VI, closing in January 2025 with $17.7 billion raised, followed by Oaktree Opportunities Fund XII closing in February 2025 with $16 billion. The five largest funds each represented different private debt substrategies, demonstrating the diversification of capital flow in

Share of private debt AUM by channel



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H1 2025. As for the rest of the list, it was mostly dominated by US-based direct lending funds closed in Q4, highlighting the continued demand for the risk-adjusted returns the strategy can provide.

Capital flow into European private debt funds was stronger, with $79.4 billion raised in 2025 compared with $55.9 billion in 2024. Europe accounted for 35.9% of debt capital raised, which is 9.9% above the previous five-year average and more than 10% above the region's share in 2024. Increased fundraising by European funds was in part driven by increased demand from US LPs seeking risk diversification in response to the US tariffs announced on "Liberation Day." These LPs aimed to reduce their exposure to the volatility stemming from US policy as well as exposure to a weakening US dollar and the related currency risk. At the same time, the two largest funds from the region drove outsized fundraising. Without the $29.9 billion raised by Ares and CVC's direct lending funds, Europe would account for 25.9% of the remaining debt capital raised, which is in line with Europe's share in recent years. North America maintained the majority share of total private debt fundraising, accounting for 60.5% of the capital raised and 59.7% of the fund count. Asia was the only region to see growth in both metrics, and Asia's share of total private debt fundraising increased to 3.2% of capital and 14.1% of fund count, crossing double digits in its share of fund count for the first time.

Private wealth and perpetual capital fundraising

Perpetual private wealth vehicles—commonly referred to as semi-liquid or evergreen funds—experienced strong momentum in 2025 across the three primary credit-oriented

Wealth platforms by public alternative asset managers

Firm	Wealth platform	Wealth AUM ($B)	Total AUM ($B)	Share of total AUM	Wealth TTM inflows ($B)	Total TTM Inflows ($B)	Share of total TTM inflows	Launch year
BX	Blackstone Private Wealth Solutions	$300.0	$1,274.9	23.5%	$43.0	$239.4	18.0%	2010
KKR	KKR Global Wealth Solutions	$120.0	$743.9	16.1%	$16.0	$129.4	12.4%	2021
OWL	Blue Owl Private Wealth	$131.6	$307.4	42.8%	$17.3	$42.0	41.2%	2021
CG	Carlyle Private Wealth	$50.0	$477.0	10.5%	N/A	$53.7	N/A	2023
ARES	Ares Wealth Management Solutions	$66.0	$622.5	10.6%	$16.0	$113.2	14.1%	2021
APO	Apollo Wealth Solutions	N/A	$938.4	N/A	$18.0	$231.7	7.8%	2022

Source: Company reports • Geography: Global • As of December 31, 2025

structures: nontraded business development companies (BDCs), interval funds, and tender offer funds. While private credit does not represent 100% of assets under management (AUM) across all of these vehicles, it remains a key driver of growth. Nontraded BDCs are the notable exception, as their AUM is predominantly allocated to private credit, whereas interval and tender offer funds typically maintain multi-asset mandates spanning several strategies.

This structural expansion has translated directly into asset growth. Private credit evergreen fund net AUM increased from approximately $167 billion in 2022 to nearly $400 billion by year-end 2025, according to the latest available data. While growth has been broad-based, expansion has varied significantly by strategy. Direct lending remains the primary engine, with net assets more than tripling over the period, underscoring sustained investor demand for private credit's yield profile. Notably, the overwhelming majority of this direct lending growth has been driven by the sharp rise in nontraded BDC assets.

Although 2025 delivered solid activity and similar momentum was expected in 2026, market dynamics shifted early in 2026 amid heightened uncertainty—most notably concerns around AI-driven disruption in the software sector. Many leading private credit managers in the retail channel maintain meaningful exposure to software credits, prompting elevated redemption activity across certain wealth vehicles as investor caution increased. These pressures are likely to weigh on private credit wealth flows in the near term, as negative perceptions of the asset class and growing scrutiny of credit quality may dampen investor appetite until broader sentiment improves. Large managers, including Blue Owl and Blackstone, have taken creative steps to address elevated redemption requests across their BDC platforms, including selling portfolio loans near par and, in some cases, deploying firm capital to meet heightened liquidity demands. The share prices of these managers have tumbled in recent weeks, along with the share prices of their peers. Additionally, some publicly traded BDCs are now trading at discounts to NAV, reflecting investor concerns about both credit quality and liquidity.

For the past few years, investors in direct lending funds have enjoyed exceptional returns, powered by strong income opportunities and supportive market conditions. Now, those dynamics are beginning to normalize, and rate-cut expectations will be a headwind for the yields these funds earn on floating-rate debt. Investors should prepare for a period of cooler returns ahead. Going forward, sustained capital inflows will depend largely on managers' ability to deliver excess spread relative to comparable opportunities in public fixed income markets.

Despite this weaker outlook for performance, the wave of inflows continued unabated in 2025. Unlisted BDCs, which have been the most popular fund vehicle for individual investors accessing private markets since 2024, took in another $10 billion of net new money in Q3 2025 alone.

Alternative credit strategies have also gained momentum, doubling in size over the same period and accounting for an increasing share of new fund launches as managers expand beyond traditional direct lending. These vehicles typically hold diversified portfolios across public and private markets, targeting opportunities in structured credit, specialty finance, and opportunistic lending. Among all private wealth strategies—including equity-oriented approaches such as PE, infrastructure, and real estate—alternative credit led in new product formation through the first three quarters of the year, with 36 new fund launches.

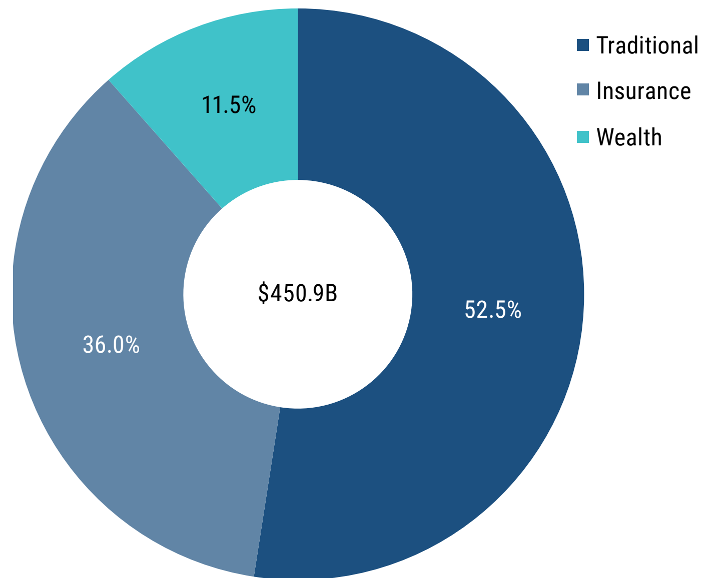
Even amid near-term volatility, managers continue to invest heavily in distribution. The Big Seven have stepped up partnerships with traditional asset managers and wealth platforms to expand distribution and increase the reach of their wealth-focused products. This push has accelerated in the wake of a 2025 executive order signed by US President Donald Trump that opened the door for private market assets to be included in defined contribution plans such as 401(k)s. While this initiative is still in its early stages, these firms are aggressively positioning themselves to capture a share of the roughly $12 trillion defined contribution opportunity that is now accessible.

Underlying these efforts is sustained demand from the wealth channel. Family offices, private banks, registered investment advisors (RIAs), and multifamily offices are allocating to private credit at an increasing pace as they pursue higher yields and greater diversification beyond traditional fixed income. For high-net-worth clients, the asset class offers compelling advantages: enhanced income potential, limited correlation to public markets, and the flexibility to tailor exposures to specific risk tolerances and time horizons. Several mega-alternative managers have set targets for the wealth channel to account for roughly 25% of total fundraising, with private credit serving as the primary engine of growth. However, recent market turbulence within the asset class—particularly among BDCs, a key driver of inflows—could temper wealth channel inflows in the near term. The seven US-based publicly listed GPs we track generated more than $50 billion in credit inflows from the wealth channel in 2025 alone. As demand remains strong, both inflows and product offerings continue to expand, reflecting managers' efforts to deliver a broader suite of solutions to this growing investor base.

Insurance channel

Insurance capital has become an increasingly important funding source for private credit managers as they scale both their credit platforms and permanent capital bases. The partnership between insurers and alternative asset managers is particularly well suited to private credit: The long-duration nature of many private market investments aligns closely with insurers' long-term liabilities and investment horizons. Given that insurers allocate predominantly to fixed income, private credit has emerged as a natural extension, prompting many managers to build or acquire dedicated credit franchises to better capture insurance mandates and expand AUM. In turn,

Share of private capital raised by top seven public US alternative asset managers by channel in 2025



Source: PitchBook • Geography: Global • As of December 31, 2025

insurers benefit from enhanced yields, stable and customized cash flows, and typically lower mark-to-market volatility relative to public fixed income. They also gain access to specialized debt substrategies that differ meaningfully from traditional public bonds, providing incremental diversification within their broader portfolios.

Within the insurance channel—where capital is typically deployed through separately managed accounts (SMAs) or rate feeder funds to maintain regulatory oversight—allocations to private debt have been significant and continue to grow. Among the seven largest publicly listed US alternative asset managers that disclose insurance fundraising, credit inflows totaled nearly $100 billion for the trailing 12-month period ended Q4 2025. Notably, this figure excludes several firms that historically generate tens of billions in annual insurance flows but did not report full-year data.

However, the headline number overstates the portion allocated specifically to private debt. A substantial share of insurance capital remains directed toward liquid credit strategies, including government and investment-grade corporate bonds, to comply with guidelines established by the National Association of Insurance Commissioners (NAIC) and other regulatory bodies governing insurer investment portfolios.

Insurance platforms by public alternative asset managers

Firm	Insurance platform	Insurance AUM ($B)	Total AUM ($B)	Share of total AUM	Insurance TTM inflows ($B)	Total TTM inflows ($B)	Share of total TTM inflows	Date acquired	Share acquired
APO	Athene, Athora, third-party capital	$584.0	$938.4	62.2%	$83.0	$231.7	35.8%	January 3, 2022	100.0%
BX	Four core minority investments	$271.0	$1,274.9	21.3%	$35.0	$239.4	14.6%	N/A	N/A
KKR	Global Atlantic	$219.0	$743.9	29.4%	N/A	$129.4	N/A	February 1, 2021	100.0%
CG	Fortitude	$80.0	$477.0	16.8%	N/A	$53.7	N/A	March 31, 2022	71.5%
OWL	Kuvare Asset Management	$25.0	$307.4	8.1%	N/A	$42.0	N/A	April 3, 2024	100.0%
ARES	Aspida, third-party capital	$86.0	$622.5	13.8%	$8.9	$113.2	7.9%	July 9, 2019	100.0%

Source: Company reports • Geography: Global • As of December 31, 2025

The typical or average allocation to alternatives by insurers is a little over 6%. However, when narrowing in on the insurance-related businesses associated with the Big Seven, including real estate debt that has yet to be packaged into mortgages, that figure is closer to 20%. We can conservatively assume a 15% allocation to private debt for the nearly $1.3 trillion in reported insurance AUM and the nearly $100 billion in related TTM credit fund flows. This implies another $189.8 billion in AUM and $15 billion in fundraising that are incremental to our reported private debt totals across institutional drawdown and retail perpetual vehicles.

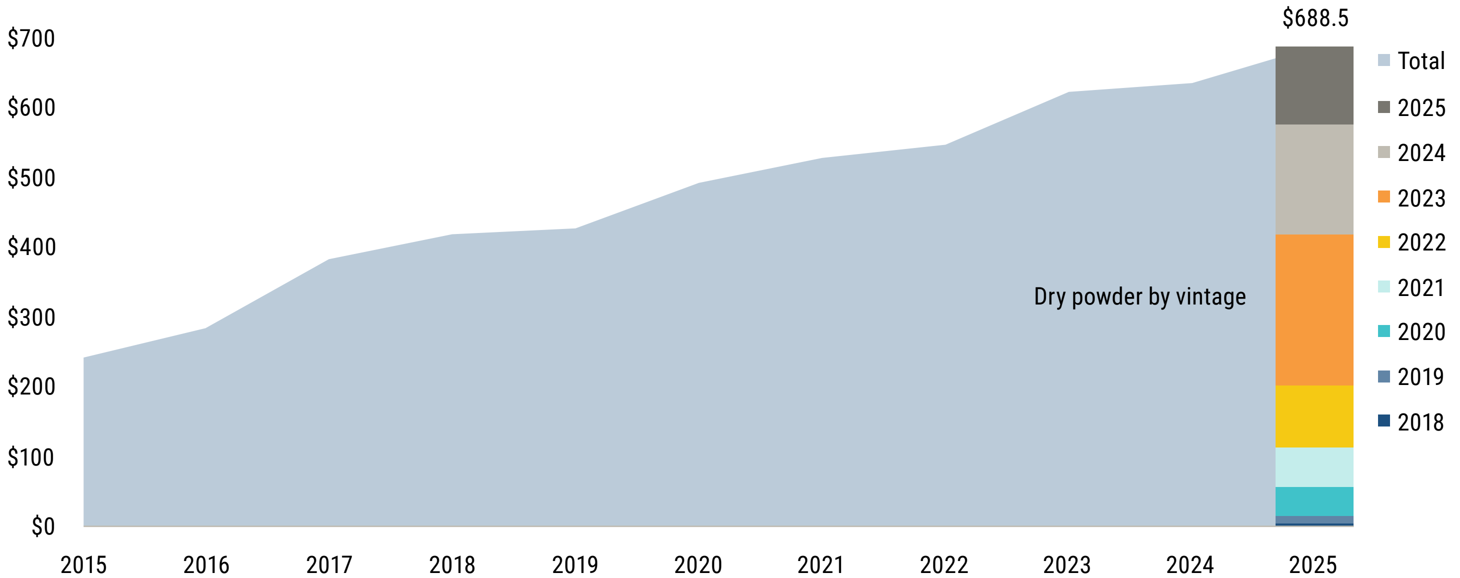
These estimates should be interpreted as conservative. By definition, insurance allocations to private credit are not fully disclosed, and our calculations reflect only the largest GPs that report insurance-related assets. They exclude other sizable managers with meaningful insurance operations as well as insurers allocating directly to private credit strategies, suggesting that overall exposure to the asset class is likely understated.

Beyond current allocation levels, insurers' long-duration liabilities and extended investment horizons suggest that recent market volatility is likely to have a more muted impact on insurance allocations than on the more sentiment-driven wealth channel. If anything, flows may continue to build as managers expand their capabilities—particularly in asset-based finance (ABF) and broader alternative credit strategies. These strategies provide incremental spread over traditional investment-grade bonds, downside protection through collateralization, and predictable cash flows that support long-dated liabilities. Beyond enhancing portfolio yields, these allocations diversify credit exposure and, in many cases, benefit from favorable regulatory capital treatment.

Dry powder

Private credit issuance has risen in step with accelerating PE deal activity and other debt-driven transactions. However, private debt dry powder remains elevated and has increased 8.5% from year-end 2024 levels. Dry powder figures are through June 30, 2025, reflecting reporting lags from GPs and LPs, and are likely to trend modestly lower in the second half of the year amid sustained demand for debt capital. Although dry powder remains elevated relative to historical levels, we also expect figures to decline modestly in 2026 as dealmaking continues to accelerate, coinciding with a more challenging fundraising environment. This shift follows a two-year period in which fundraising outpaced deployment, as strong capital formation coincided with slower deal activity, leaving dry powder at historically high levels.

Private debt dry powder ($B)



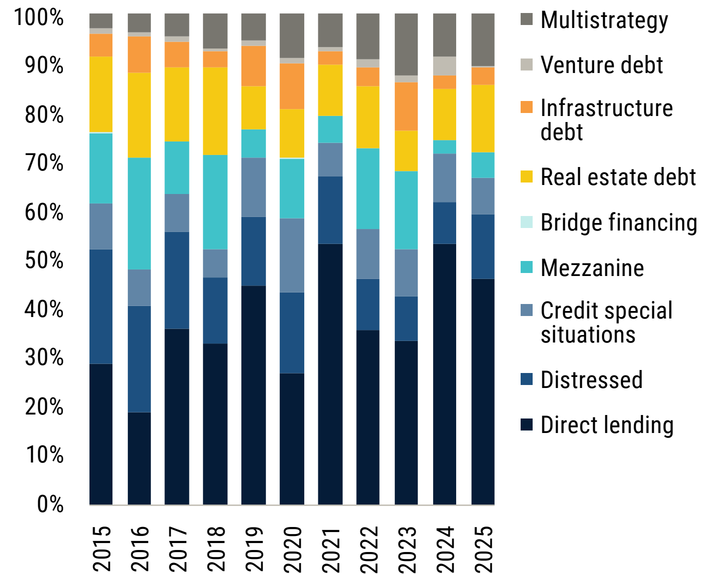
Source: PitchBook • Geography: Global • As of June 30, 2025

As of Q2 2025, private debt AUM reached $2 trillion globally and surpassed $2.6 trillion when inclusive of perpetual capital vehicles in the wealth and insurance channels. Within institutional drawdown funds, direct lending is private debt's largest substrategy at $751.1 billion in AUM. The direct lending market experienced substantial growth from $89 billion of AUM in 2014, representing a CAGR of 22.5%. In comparison, global PE AUM experienced a CAGR of 13.6% during the same span.

Fundraising by strategy

By fund type, direct lending continues to command the lion's share of capital raised, with 55 funds raising a combined $101.7 billion, or 46% of all private debt capital. On an absolute basis, however, both the amount of capital raised and the number of funds closed decreased YoY, suggesting that direct lending has not been insulated from the dip in overall private debt fundraising. Still, the strategy remains above its previous five-year average share of both fund count and raised capital, demonstrating continued interest in direct lending to gain attractive yields relative to public market debt and the growing need for private credit financing. As discussed earlier in the report, direct lenders have found success in filling the gap left by traditional banks, supplying higher-yielding loans to both middle-market and larger PE-backed companies. Eased interest rates, the return of bank competition, and uncertainty about software credit deterioration are likely to moderate the rapid growth in direct lending seen in recent years, but inflows to the space will likely remain robust.

Share of private debt capital raised by strategy



Source: PitchBook • Geography: Global • As of December 31, 2025

The four largest fund closes in the fourth quarter were in the direct lending strategy, led by CVC Capital Partners' fourth European direct lending fund, which closed at $12.2 billion in October. The two largest funds of the year went to Europe,

Largest private debt institutional funds closed in 2025

Fund	Investor	Fund size ($B)	Close date	Fund type	Fund step-up	Location
Ares Capital Europe VI	Ares Management	$17.7	January 14	Direct lending	1.4x	London, UK
Oaktree Opportunities XII	Oaktree Capital Management	$16.0	February 11	Distressed debt	1.0x	Los Angeles, US
CVC Credit Partners European Direct Lending IV	CVC Capital Partners	$12.2	October 2	Direct lending	1.7x	Saint Helier, UK
Blackstone Real Estate Debt Strategies V	Blackstone	$8.0	March 7	Real estate debt	1.0x	New York, US
Dawson Portfolio Finance 6	Dawson Partners	$7.7	October 9	Direct lending	1.5x	Toronto, Canada
NB Private Debt V	Neuberger Berman	$7.3	November 11	Direct lending	1.7x	New York, US
H.I.G. WhiteHorse Middle Market Lending	H.I.G. Capital	$5.9	August 12	Direct lending	1.1x	Miami, US
17Capital Strategic Lending 6	17Capital	$5.5	July 17	Debt	1.9x	London, UK
Apollo Accord+ II	Apollo Global Management	$4.8	May 1	Credit special situations	2.0x	New York, US
Diameter Dislocation Master III	Diameter Capital Partners	$4.5	November 13	Distressed debt	2.0x	New York, US

Source: PitchBook • Geography: Global • As of December 31, 2025

Largest nontraded BDCs and private debt interval funds offered in H2 2025

Fund	Net assets ($B)	Fund type	Strategy	Location
Blackstone Private Credit Fund	$46.7	Nontraded BDC	Direct lending	New York, US
Cliffwater Corporate Lending Fund	$31.5	Interval fund	Direct lending	Marina del Rey, US
Blue Owl Credit Income Corp	$19.3	Nontraded BDC	Direct lending	New York, US
Apollo Debt Solutions BDC	$14.3	Nontraded BDC	Direct lending	New York, US
HPS Corporate Lending Fund	$11.7	Nontraded BDC	Direct lending	New York, US
Ares Strategic Income Fund	$10.2	Nontraded BDC	Direct lending	Los Angeles, US
Goldman Sachs Private Credit Corp	$8.0	Nontraded BDC	Direct lending	New York, US
Cliffwater Enhanced Lending Fund	$6.9	Interval fund	Direct lending	Marina del Rey, US
Cion Ares Diversified Credit Fund	$5.1	Interval fund	Multistrategy	New York, US
Carlyle Tactical Private Credit Fund	$4.6	Interval fund	Multistrategy	New York, US

Source: PitchBook • Geography: Global • As of December 31, 2025

which accounted for 48.7% of capital raised in direct lending in 2025. Ares closed the year's largest fund in January, raising a whopping $17.7 billion for its Ares Capital Europe VI fund, surpassing its target and representing around a 35.1% step-up from its predecessor fund. European funds overtook North American funds in the share of direct lending capital raised in 2025 by just 100 basis points, significantly narrowing the 43.8% gap seen in 2024 in favor of North American funds.

While most private debt strategies recorded year-over-year declines in both fund count and capital raised, mezzanine was one of the few exceptions. The strategy saw 27 funds achieve final closes totaling $11.3 billion, representing YoY increases of 28.6% and 84.9%, respectively. The increases in capital raised reflect a broader trend across the asset class: Capital is consolidating, with larger funds capturing an increasing share of overall fundraising. The two largest vehicles were raised by London-based managers: Park Square Capital's Fund V, which closed on $2.8 billion in August, and MML Capital Partners' Fund VIII, which closed on $1.2 billion the prior month. Both funds saw sizable step-ups of 35% and 49.3%, respectively. Looking ahead, as base rates continue to decline, mezzanine's higher coupons, in addition to equity kickers, can make the strategy more compelling, all while senior strategies become less compelling. This dynamic can help sustain the robust flows seen. Moreover, in a more uncertain environment, sponsors could seek flexible capital at higher rates, which would benefit mezzanine funds.

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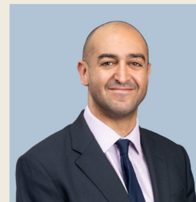
A WORD FROM ARROW GLOBAL

Europe’s credit reset: Finding value through local insight

As rate shocks expose fragile structures, disciplined underwriting and proximity to assets are defining where durable returns will come from.



Adam Baghdadi
Managing Director, Lending Solutions

Adam Baghdadi is a managing director on Arrow Global’s central investment team, focused on lending and credit strategies. He brings over 13 years of experience from roles at Sixth Street, HBK, and Morgan Stanley. Arrow Global, founded in 2005, is a European alternative asset manager with €125 billion in AUM and 25 servicing platforms, integrating private credit and real estate capabilities.

When I look at the European private credit landscape today, I see a market still absorbing the aftershocks of one of the most dramatic rate cycles in recent history. The period since 2022 has reshaped capital structures, altered pricing dynamics, and exposed weaknesses in areas that had relied on cheap leverage for too long. But it has also created an unusually deep and diverse set of opportunities for disciplined credit investors with local knowledge, long-term capital, and operational reach.

Across Europe, the headline story is one of adjustment rather than collapse. The pace and scale of rate increases between 2022 and 2024 forced many borrowers and lenders to rethink their assumptions about what constitutes sustainable leverage. Even though rates have now stabilized in most markets, the effects of that repricing continue to reverberate through capital structures. In countries where developers or large real estate owners relied heavily on both asset- and corporate-level debt, the shift has been painful. Germany stands out as an example. There, imprudent structures fell like dominoes, leaving behind years of clean-up work as borrowers and creditors restructured.

The picture looks different elsewhere. In the UK, equity funding for development has become scarce. That has created a space for credit providers like us to structure whole-loan positions that combine senior-style protections with some of the return potential traditionally associated with equity. These are carefully structured instruments, with moderate loan/value ratios and clear covenants, designed to capture equity-like returns while keeping downside protection. This kind of solution shows how private credit can fill gaps left by public or traditional financing markets, especially in uncertain macro conditions.

If there is a unifying theme across our European activity, it is that local knowledge matters more than ever. The idea that Europe is a single, uniform credit market is simply not true. Each jurisdiction has its own legal framework, enforcement process, and insolvency regime. The time and cost involved in realizing collateral can vary dramatically between, say, the UK, Italy, and Germany. Having on-the-ground platforms that understand those details in practice, not just in theory, is indispensable. That is why Arrow Global owns servicing businesses in every market where we invest. They provide the data, enforcement expertise, and underwriting insight that enable us to price risk accurately and execute with confidence. Scale is valuable, but in European credit, local presence is what turns scale into performance.

This local depth also helps us compete in what we call the mid-market, where deal granularity is highest. More than 80% of European credit positions are small, local exposures. To access the broadest opportunity set, investors need to operate in this space. It is less crowded because large global firms tend to avoid sub-$100 million positions, and many smaller funds lack the infrastructure to originate and service them. The result is a less competitive environment and, therefore, better entry pricing. At the same time, building a portfolio composed of many smaller, diverse positions improves the balance of risk and return. Capital comes back more quickly from a large, diversified collateral pool, and that liquidity profile supports stronger, more consistent fund performance.

When it comes to generating returns, the quality of collateral is everything. You can buy cheaply and structure cleverly, but if the underlying asset is poor or illiquid, the result will be disappointing. We focus on assets that are both resilient and supported by structural undersupply. The living sector is the clearest example. It remains Europe's most stable and undersupplied real estate category, underpinned by persistent demand and limited new supply. Alongside it, we have invested selectively in hospitality, particularly in southern Europe, where post-pandemic recovery has driven strong cash flows and asset appreciation. In both cases, collateral quality, location, and liquidity drive outcomes far more than financial engineering ever could.

Selectivity underpins everything we do. Many distressed or opportunistic credit transactions include unsecured components, where recovery prospects are inherently limited. We rarely participate in those. Our preference is for secured, asset-backed exposure where we can evaluate collateral quality directly. Because we have servicing platforms on the ground, we can perform this screening locally, assessing not only legal enforceability but also practical factors such as location, topology, and liquidity. This work filters out weaker situations early, leaving a small, high-conviction pipeline. Roughly 1% of the assets we service each year are ultimately deployed into our credit strategies. That discipline is what allows us to build a truly selective portfolio.

We have generated value for investors through three main routes. The first is buying at a discount. Many banks and funds are motivated sellers, whether because they are approaching the end of a fund life or seeking to improve balance-sheet ratios. Local credibility often determines who wins these transactions. This year we acquired residual positions in the Irish market at a 70% discount, not because we bid the highest price, but because our track record and servicing presence made us a trusted counterparty capable of executing efficiently.

The second is capital structure mispricing. In the past two years, we have provided a significant volume of rescue finance, mainly in the living sector, with loans priced in the high teens. These are cases where the existing debt no longer reflects the underlying asset value or risk, and where traditional refinancing options have disappeared. The cost of that capital is high, but so are the protections. These are secured, covenant-rich structures that compensate for complexity and timing risk. For borrowers, the choice is often between accepting an expensive but stabilizing capital solution or facing default. For investors, it is a way to earn equity-like returns with debt-style protections.

The third source of value is operational improvement. Our footprint across servicing and asset management platforms allows us to enhance and transform real estate directly. This capability means we do not simply trade paper; we influence outcomes on the ground. Strong underwriting ensures that every business plan is credible, and local execution expertise delivers the value creation that underpins our realized returns.

Investor conversations naturally focus on the macro backdrop. The combination of persistent inflation pockets, geopolitical uncertainty, and uneven growth across regions makes allocators cautious. That is understandable. Our approach is to model downside scenarios rigorously. We run sensitivity and stress tests at both the deal and fund levels, using severe assumptions drawn from historical downturns. Because we usually buy assets at a discount, we can model aggressive scenarios and still achieve attractive returns. Even under stress cases comparable to the global financial crisis, our models show high-single-digit returns. In base cases, they are in the high teens. Historical performance across our credit strategies has been around 18%, which we view as a reflection of that disciplined approach to risk calibration.

To maintain consistency, every deal is scored using a proprietary composite risk framework that evaluates asset quality, borrower strength, capital structure, jurisdiction, and the servicing platform. This allows us to group exposures by risk and ensure pricing reflects the underlying profile. We share this analysis transparently with our investors, showing where each deal sits in the portfolio and how it has performed. The aim is to remain honest about the trade-off between risk and return and demonstrate that discipline systematically rather than rhetorically.

The European credit landscape is far from homogeneous. It is fragmented, complex, and, for that reason, full of opportunity. Success depends not on scale alone but on the ability to navigate local markets, price risk precisely, and act decisively when others hesitate. The next phase of this cycle will continue to reward investors who combine patience with proximity, selectivity with structure, and local insight with institutional discipline. For Arrow, that combination is where the most durable value will continue to be found.

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Our Edge is Local.

Disciplined private credit investing, backed by on-the-ground platforms across Europe.

European private credit is not a single market. Legal frameworks, enforcement processes, and borrower dynamics vary widely across jurisdictions, and that complexity creates opportunity.

Arrow Global combines proprietary servicing infrastructure with local underwriting expertise to originate and manage secured credit positions in markets where scale alone is not enough. Our strategies focus on resilient collateral, selective structuring, and asset-level execution, with a proven track record of delivering consistent, risk-adjusted returns.

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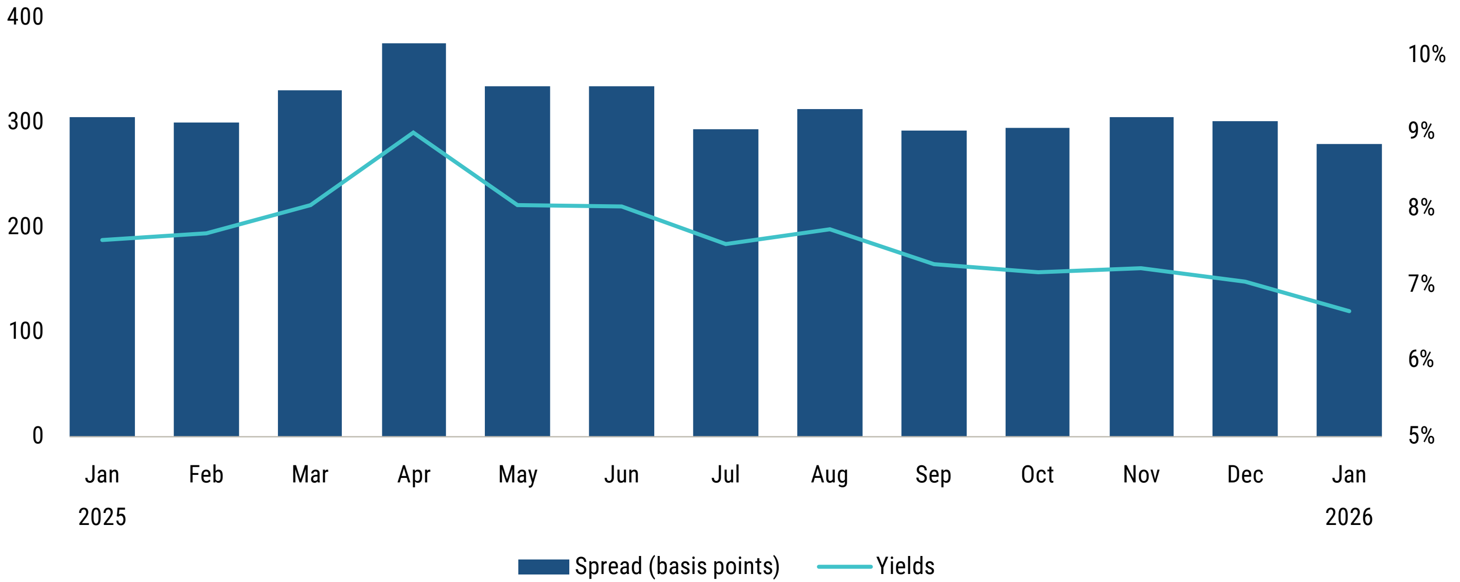
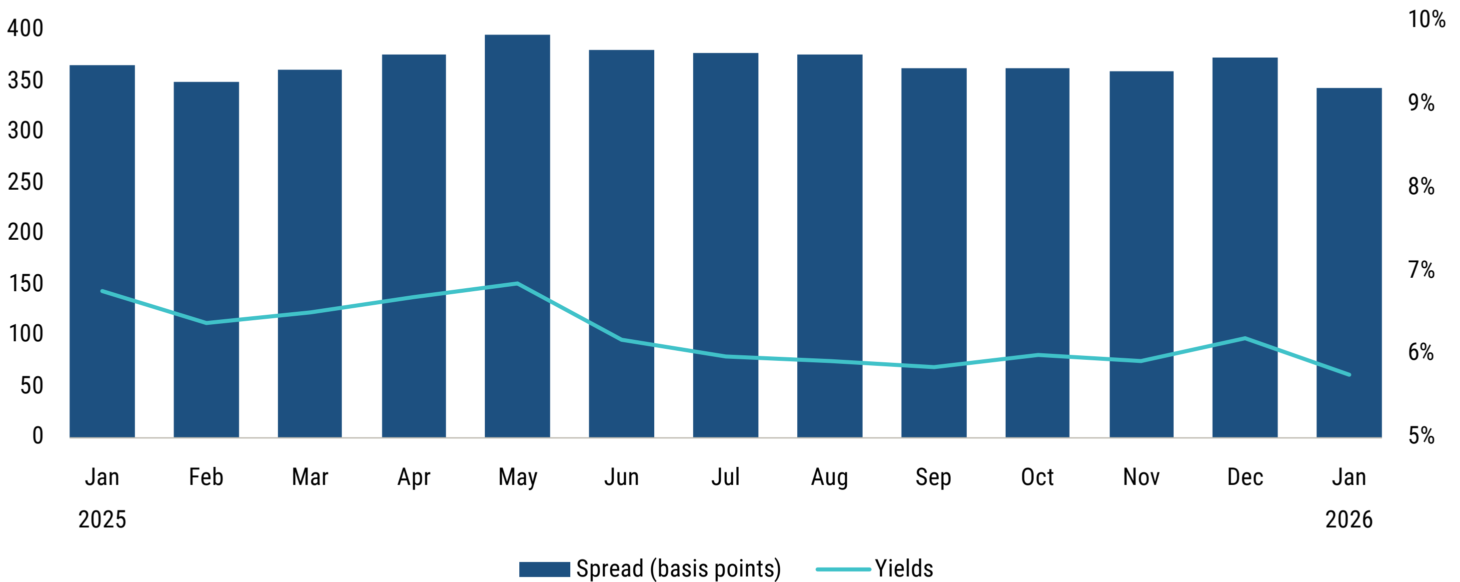
US and European market stats

Spread and yield to maturity on new-issue US leveraged loans



Source: PitchBook | LCD • Geography: US • As of December 31, 2025
Note: Trailing 30-day average

Spread and yield to maturity on new-issue European leveraged loans



Source: PitchBook | LCD • Geography: Europe • As of December 31, 2025
Note: Trailing 90-day average

PitchBook

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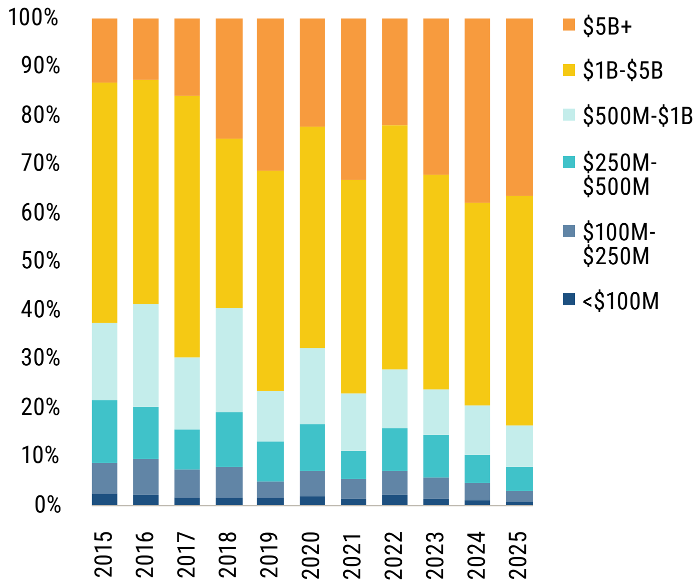
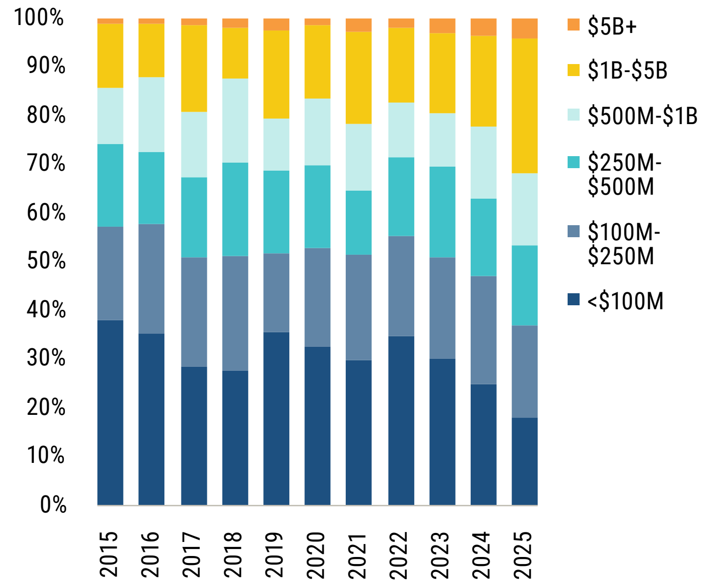
Private debt fund stats

Share of private debt capital raised by size bucket



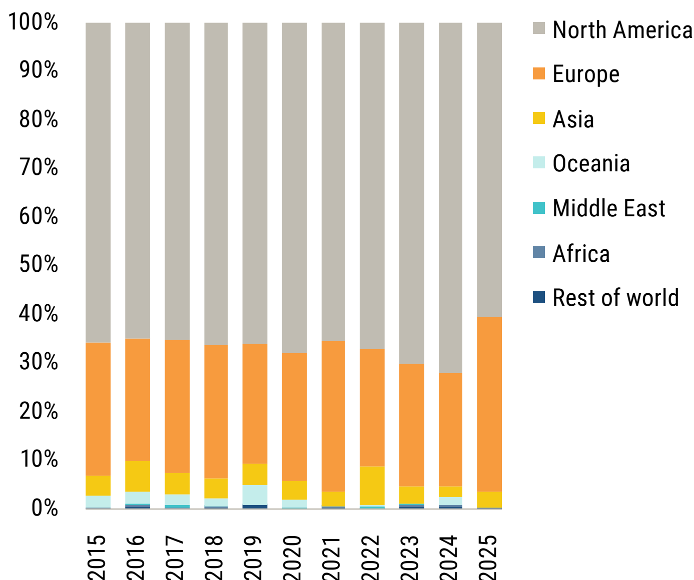
Source: PitchBook • Geography: Global • As of December 31, 2025

Share of private debt fund count by size bucket



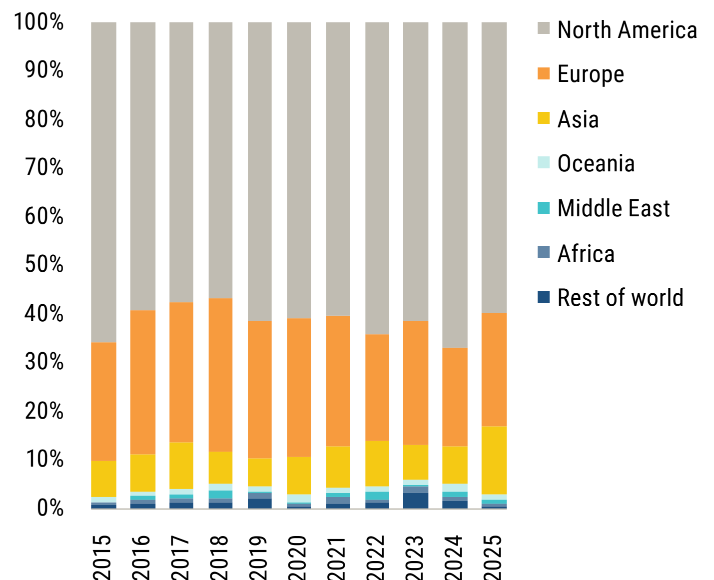
Source: PitchBook • Geography: Global • As of December 31, 2025

Share of private debt capital raised by region



Source: PitchBook • Geography: Global • As of December 31, 2025

Share of private debt fund count by region



Source: PitchBook • Geography: Global • As of December 31, 2025

A WORD FROM AIC

Private credit: A maturing asset class

Private credit has matured into an important part of global capital markets, providing borrowers with flexible capital solutions that often sit outside traditional bank lending channels. Its growth has meaningful implications for borrowers, investors, and the economy. For companies, private credit expands access to capital. For investors, it offers differentiated income characteristics and portfolio diversification relative to traditional fixed income. And for the economy, private credit increases sources of capital, particularly capital that can be deployed countercyclically.

Jamal Hagler
Senior Vice President of Research
Jamal Hagler serves as Senior Vice President of Research at the American Investment Council (AIC), producing reports on investment trends, fund performance, sector-specific investment, and returns to pension funds. The AIC is an advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the US economy and retirement security of American workers.

According to a recent EY analysis, more than 4,000 private credit deals active in 2024 supported over 3,700 US companies and represented approximately $625 billion in financing.[1] Those companies employed roughly 3.8 million workers. The analysis estimates that private credit supported approximately 2.5 million jobs across the US economy in 2024, generating $217 billion in wages and benefits and contributing $370 billion to GDP. This analysis primarily focused on middle-market lending to companies that have more limited access to credit.

As assets under management have expanded, the market itself has matured. What was once concentrated in middle-market sponsor-backed direct lending has evolved into an asset class that includes asset-backed finance, infrastructure credit, specialty finance, and investment-grade private placements. The evolution of the asset class has been supported by deeper underwriting capabilities, improved data collection, enhanced reporting standards, and more robust risk management practices. Allocations from pension funds, insurance companies, sovereign wealth funds, and other long-duration investors now reflect private credit's transition from a niche financing strategy to a strategic allocation.

Private credit also differs structurally from the broadly syndicated loan market. Transactions are typically originated through direct negotiations between lenders and borrowers rather than distributed widely. As a result, documentation often includes maintenance covenants and tailored structural protections. Senior-secured financing and floating-rate loans remain common features, particularly in middle-market lending.

Because lenders generally hold loans to maturity, underwriting incentives are closely aligned with long-term credit performance. Direct engagement with borrowers can provide earlier visibility into operating performance and greater flexibility in structuring amendments or restructurings when needed.

None of this suggests the absence of risk. Competitive dynamics and capital inflows require continued discipline, and credit cycles will test underwriting standards. However, today's private credit market is more diversified, more institutionalized, and more integrated into long-term portfolios than at any point in its history.

Defined benefit plans and insurance balance sheets have long incorporated private credit for income and diversification. As defined contribution plans such as 401(k)s represent a large

1: "Economic Contribution of Private Credit to the US Economy in 2024," EY, June 2025.

share of retirement assets, policymakers have been exploring the inclusion of alternative assets in these retirement plans, recognizing the benefits that can be achieved in appropriate structures. Any expansion of access must be paired with prudent liquidity management, transparency, and fiduciary oversight.

Private credit today is not simply a response to regulatory constraints on bank lending. It is an established and evolving segment of capital markets, shaped by institutional standards, long-term capital, and disciplined underwriting practices.

The American Investment Council has produced research and economic analysis to educate policymakers' understanding of private credit's structure, performance, and economic role. The organization will continue working to ensure that legislative and regulatory discussions are well informed on the importance of the asset class.

PRIVATE CREDIT STRENGTHENS SMALL BUSINESSES

The American Investment Council is the premier trade association for private credit in Washington – representing over 2/3 of the industry.

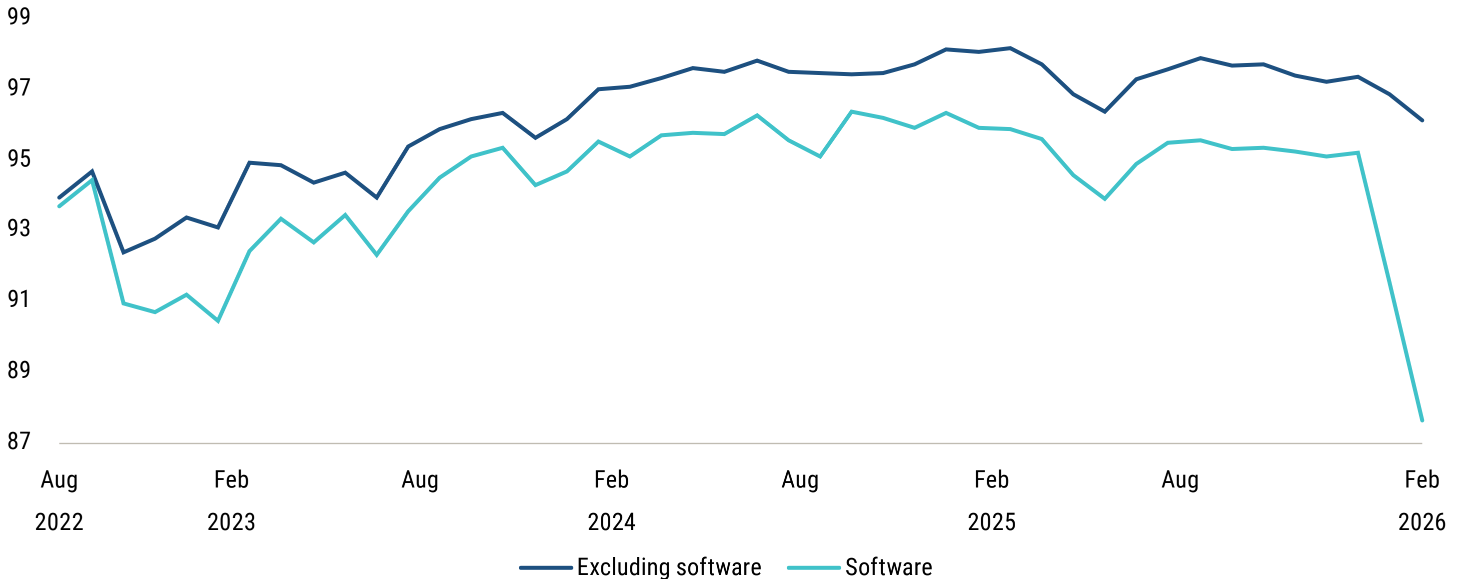
Our private credit firms support small businesses, jobs, and investors across America. Check out our website to learn more about how private credit is fueling companies across our nation, and how the American Investment Council is ensuring that more Washington decision-makers understand this essential part of our economy.

Scan code to learn more.

SPOTLIGHT

Software Slump Drags Leveraged Loans to Decade-Worst Start

Weighted average bid price of performing loans



Source: PitchBook | LCD and Morningstar • Geography: US • As of February 28, 2026

Note: This spotlight is abridged from our [February Wrap: Software Slump Drags Leveraged Loans to Decade-Worst Start](). Please see the full report for additional analysis on the software sector's impact on the leveraged loan market. For further coverage of the space, access our recent webinar: [Software at a Crossroads]().

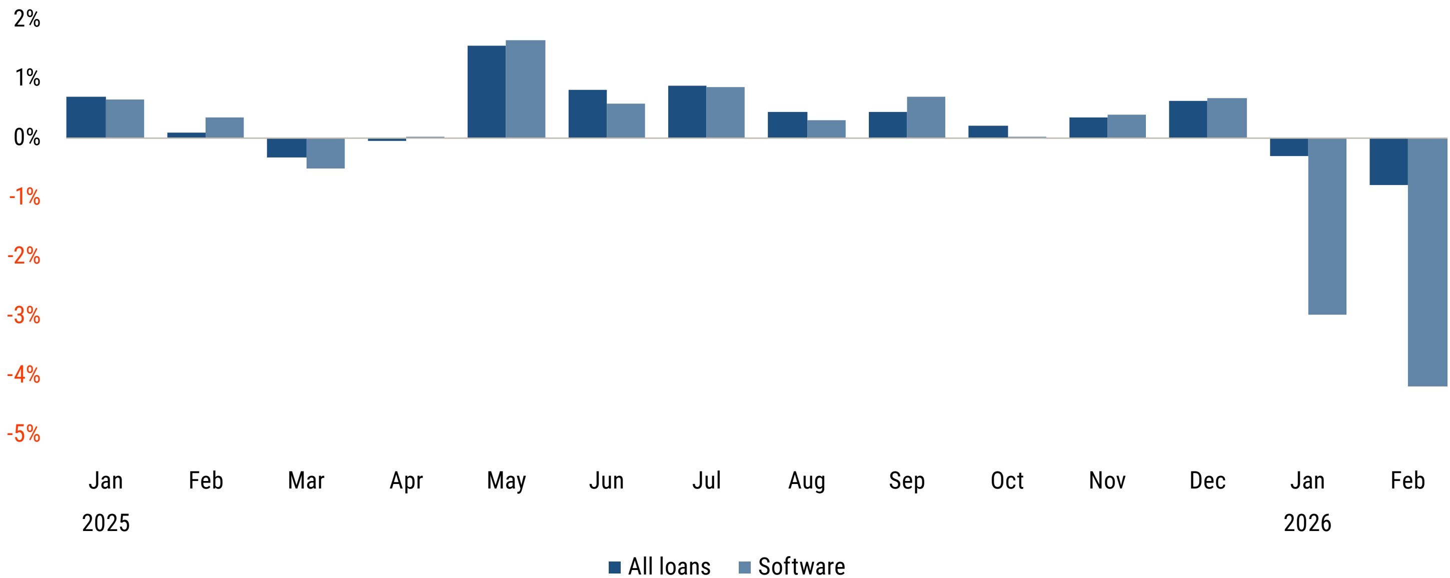
US leveraged loans turned sharply lower in February as risk aversion intensified and software-sector weakness deepened. The asset class returned -0.78%, its worst monthly performance in more than three years, bringing YTD returns to -1.08%, the weakest start to a year in a decade. AI disruption fears and a broader risk-off tone drove widening dispersion in performance across credit quality and sectors, while new-issue market conditions deteriorated meaningfully.

The US leveraged loan market entered the final week of an already volatile February under renewed pressure, as a sharp equity sell-off—driven by fresh concerns around trade policy and the specter of artificial intelligence disrupting the software segment—further dampened risk sentiment. The Morningstar LSTA US Leveraged Loan Index lost 49 basis points combined on February 23 and February 24, the biggest two-day retreat since April 7, amid Liberation Day volatility. As a result, loans posted a 0.78% loss for February overall, the worst performance since September 2022, following a 0.31% loss in January.

Software plunges; the rest slip less drastically

When excluding software, which accounts for 13% of the outstanding loans tracked by the index, the picture was less severe for the loan market. In February, the weighted average bid for performing loans outside the sector declined by 75 basis points, to 96.12, while software loans fell 392 basis points, to 87.64. Since year-end 2025, performing software loans have dropped 756 basis points, compared with a more modest 124-basis-point pullback for the remainder of the index.

US leveraged loan returns



Source: PitchBook | LCD and Morningstar • Geography: US • As of February 28, 2026

From a historical perspective, the 124-basis-point decline in non-software loans over the past two months, while notable, is not without recent precedent. That cohort fell by 137 basis points over March and April of 2025. During the Federal Reserve's (the Fed's) last rate-hiking cycle, average bids declined 190 basis points over September and October 2022.

In contrast, the roughly 7.5-point contraction in performing software loan prices over the past two months represents the second-steepest two-month decline since LCD began tracking the sub-index in January 2020. For comparison, the largest two-month drop was 1,214 basis points through March 2020.

With AI increasingly viewed as a potential disruptor to software business models, secondary prices for software loans posted their steepest decline in years—the current average bid, 87.64, is the lowest month-end level since March 2020. Outside of 2026, the last time the average bid on performing software loans fell by more than 300 basis points month over month was September 2022, following a series of Fed rate hikes earlier that year.

Software borrowers skew toward the lower end of the credit spectrum: 47% carry a B-minus rating, more than double the share in the broader index. Despite widespread refinancing and repricing activity over the past two years—and some easing in base rates—interest burdens remain elevated. If earnings weaken under AI-related pressure, the risk of downgrades will rise, further weighing on investor demand for software loans.

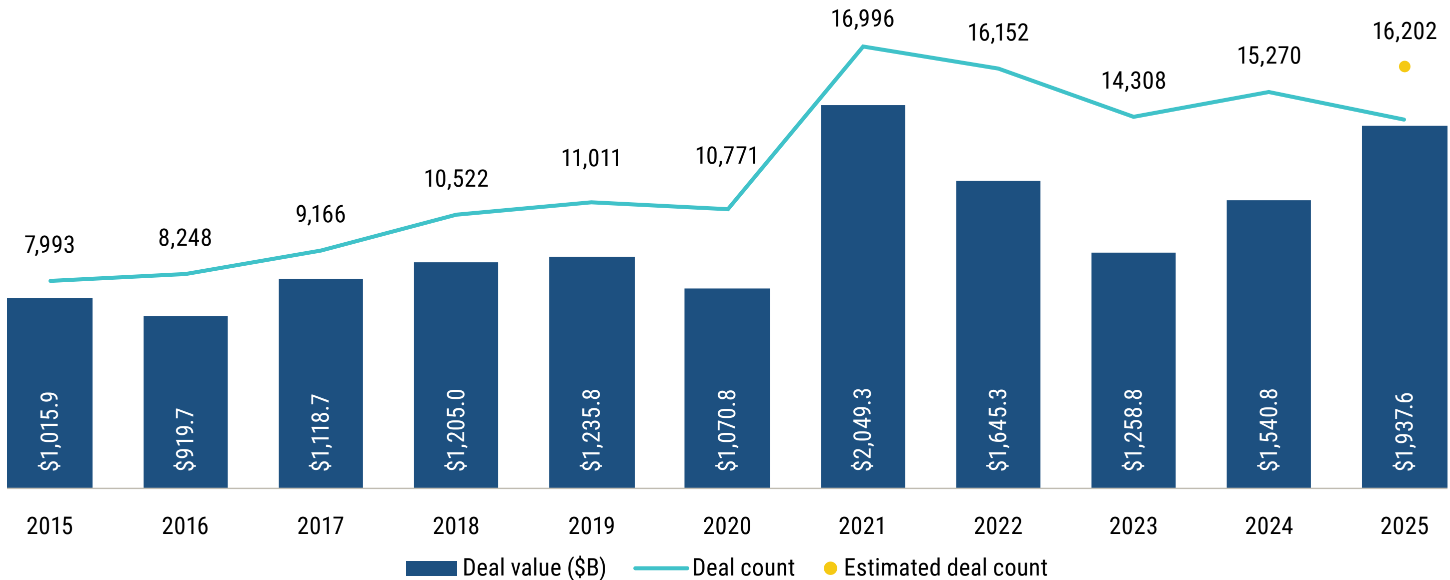
The software sub-index returns were -4.17% in February, compounding January's 2.97% drop and pushing the year-to-date loss to 7.02%. That marks the steepest two-month contraction since February and March 2020, when the cohort fell 11.34%.

AI disruption anxiety spreads

The Morningstar LSTA US Leveraged Loan Index tracks 63 industries based on the GICS III industry classification system, with over half representing less than 1% each of market share. Among industries with an Index weighting above 1%, software was hardest hit in February, with technology broadly underperforming. However, AI disruption concerns spilled beyond the tech sector. Professional services, which accounts for roughly 4% of the index, lost 2.88%, its weakest return since the onset of the COVID-19 pandemic in early 2020. In fact, it was the third-worst-performing industry last month, behind both software and building products, which lost 3.91%.

LBO dealmaking and take-private update

LBO deal activity



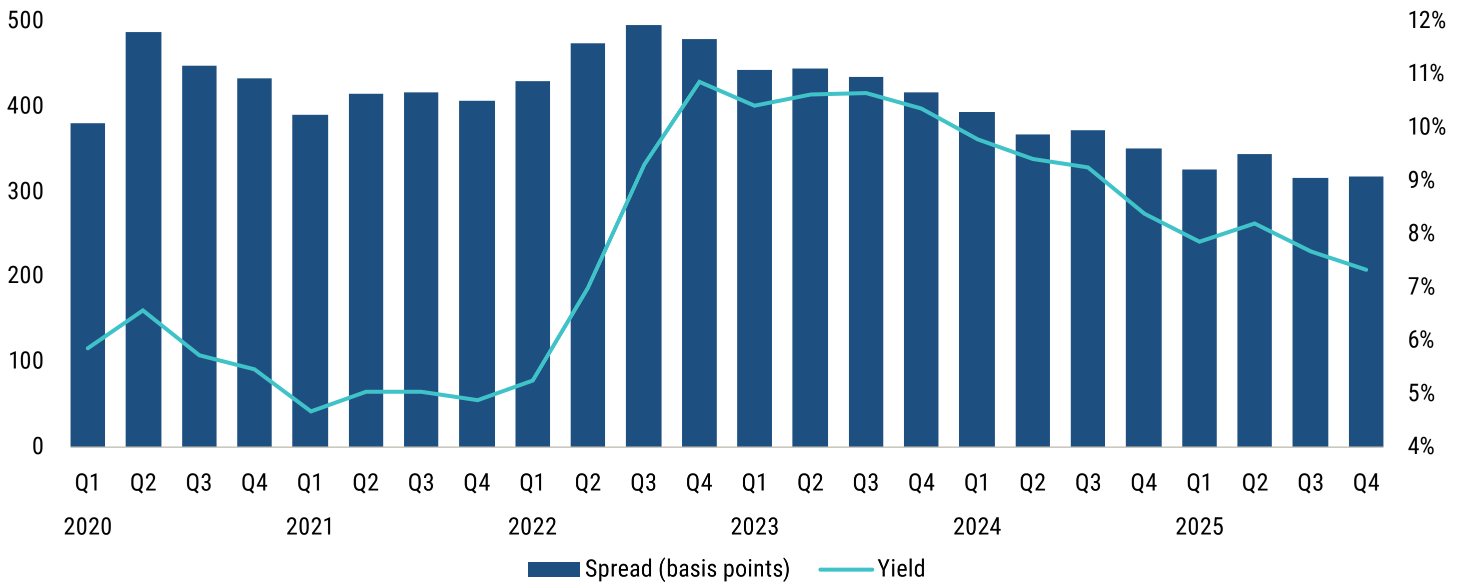
Source: PitchBook • Geography: Global • As of December 31, 2025

Global take-private activity provides a clear lens into financial conditions and sponsor conviction within an otherwise opaque private markets landscape. In H2 2025, activity surged to $178.6 billion, up 135.1% from H1 2025 and up 176.8% from H2 2024. The acceleration was concentrated in Q3, which accounted for $126.2 billion, more than double Q4's total. Several megadeals bolstered Q3, including the buyout of Electronic Arts—a leading video game company—for $55 billion by a consortium of investors including Silver Lake, Affinity Partners and Saudi Arabia's Public Investment Fund. Another key deal was the $28.2 billion buyout of Air Lease—an aircraft leasing company focused on airframes with leading fuel efficiency including the Airbus A220, Airbus A321neo, and Boeing 787 Dreamliner—with participation from Sumitomo, SMBC Aviation Capital, Apollo Global Management, and Brookfield Asset Management.

The inflection followed the sharp public equity reset in Q2 2025, catalyzed by Liberation Day on April 2. The structural policy shift created valuation dislocations that sponsors viewed as cyclical rather than structural. As macroeconomic conditions stabilized, PE firms stepped in with a longer-term underwriting lens, focused on durable value creation and the anticipated tailwinds of probusiness policies from the current administration. The forward curve began pricing material rate cuts, while inflation expectations moved back into a normalized range. By Q4 2025, public markets were again making new highs. Sponsors moderated the pace of buying, yet second-half activity still represented the strongest six-month stretch on record, exceeding 2021 levels and skewing heavily toward megadeals. This reflects a willingness to deploy capital at scale with reduced concern about aggressive antitrust enforcement.

The broader PE backdrop reinforces the opportunity set for private credit. In H2 2025, aggregate global PE deal value reached $1.2 trillion, including estimates for late-reporting and undisclosed transactions, pacing for a 17.3% increase over H1 2025 and a 25.5% YoY increase. Megadeals drove much of the expansion, though deal count also rose to 10,508 announced or closed transactions, up 4.2% over H1 2025 and up 5.2% YoY. Scale deployment and steady volume growth together signal sustained sponsor appetite despite episodic volatility.

New-issue spread and yield to maturity of loans backing LBOs by quarter



Source: PitchBook | LCD • Geography: US • As of December 31, 2025

This environment sits at the center of the evolving balance between private credit providers and the traditional broadly syndicated loan (BSL) market. Historically, private credit focused on the middle market and steered clear of multibillion-dollar financings. That changed in 2022, when rapid Fed tightening and heightened market volatility forced banks to retrench following underwriting losses. Private credit stepped into the vacuum and has since expanded its reach into larger-cap transactions—often with sizable, sponsor-backed deals that would previously have defaulted to the syndicated market. A recent example is the $4.8 billion covenant-lite unitranche backing Thoma Bravo's acquisition of WWEX Group and its portfolio company Auctane, underscoring private lenders' capacity to deliver scale and flexibility.

Entering 2026, a surplus of capital remains in private debt, but underwriting scrutiny has increased—particularly for software deals—and could broaden further as US recession odds have spiked in recent weeks. As we went to press on March 19, a weak jobs report and elevated energy prices pushed prediction markets to price in a 34% probability of a US recession in 2026, up from 21% on March 1.[2]

If 2024 was a halo year and 2025 sustained healthy deployment, 2026 is shaping up to be defined by selectivity and disciplined capital allocation. Even so, private credit has historically been more constructive and more willing to underwrite risk than the BSL market during periods of dislocation. Periods of tightening often create openings for private lenders to take share—particularly when speed, certainty of execution, and structural flexibility outweigh marginal pricing advantages in the syndicated market.

The principal area of concern is software, where some market participants and technologists argue that the marginal cost of code could compress dramatically. Many private credit portfolios have significant exposure to this sector—LCD estimates that software companies account for 18% of investment holdings in BDCs by count and 20% by fair value. If public market weakness stabilizes, this concentration is likely manageable, particularly where exposure remains below 20% and yields are commensurate with risk. The greater threat is contagion through disorderly repricing, which could weigh on deployment and temper PE dealmaking. Even so, private credit structures differ fundamentally from banks in ways that limit systemic fragility. Leverage is lower and capital is not structured around maturity transformation. With diversified portfolios and disciplined underwriting, many vehicles should be positioned to earn through cyclical stress without generating a down year.

2: "US Recession by End of 2026?" Polymarket, n.d., accessed March 11, 2026.

Notable public-to-private LBOs announced in 2025

Company	Announced date	Loan type	Enterprise value ($M)	Loan value ($M)
Sealed Air	November 17	Bank	$10,300.0	$7,900.0
Denny's	November 4	Private debt	$620.0	$335.0
Jamf	October 29	Bank	$2,500.0	$1,450.0
Hologic	October 21	Bank	$18,300.0	$12,250.0
Heidrick & Struggles International	October 6	Bank	$1,300.0	$700.0
Electronic Arts	September 29	Bank	$55,000.0	$20,000.0
Integral Ad Science	September 24	Bank	$2,667.7	$1,150.0
Premier	September 22	Bank	$2,616.0	$1,675.0
Air Lease	September 2	Bank	$19,500.0	$12,100.0
Dayforce	August 21	Bank	$12,415.0	$6,000.0
Soho House	August 18	Private debt	$2,700.0	$915.0
MeridianLink	August 11	Private debt	$2,000.0	$1,400.0
Spectris	August 5	Bank	$6,450.1	$2,427.8
ZimVie	July 21	Private debt	$762.9	$114.9
Olo	July 13	Private debt	$1,744.4	$650.0
Spectris	June 23	Hybrid	$5,900.0	$3,246.0
Landsea Homes	May 12	Bank	$1,200.0	$300.0
PHX Minerals	May 8	Private debt	$187.0	$100.0
AvidXchange Holdings	May 6	Private debt	$2,200.0	$500.0
Skechers USA	May 5	Bank	$9,400.0	$6,500.0
SolarWinds	April 16	Hybrid	$4,400.0	$2,950.0
Dun & Bradstreet	March 24	Private debt	$7,700.0	$5,500.0
OptiNose	March 19	Private debt	$330.0	$275.0
Walgreens Boots Alliance	March 7	Hybrid	$39,750.0	$18,200.0
Innergex Renewable Energy	February 24	Bank	$7,310.0	$877.5
Altus Power	February 6	Private debt	$2,200.0	$300.0
Insignia Financial	February 5	Private debt	$1,930.0	$1,200.0
Triumph Group	February 3	Private debt	$3,000.0	$1,850.0

Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Looking to 2026, sponsors are likely to sift through the software reset for platforms capable of harnessing AI to lower costs and raise productivity, particularly in regulated verticals such as financial services, healthcare, and education, where regulatory factors protect incumbents. At the same time, companies exposed to the industrial build-out of AI infrastructure, including machinery, electrical infrastructure, and construction, are natural candidates for underwriting at scale. Even with public markets at new highs, probusiness policy expectations and identifiable operating leverage opportunities should continue to support selective, scaled capital deployment across private markets.

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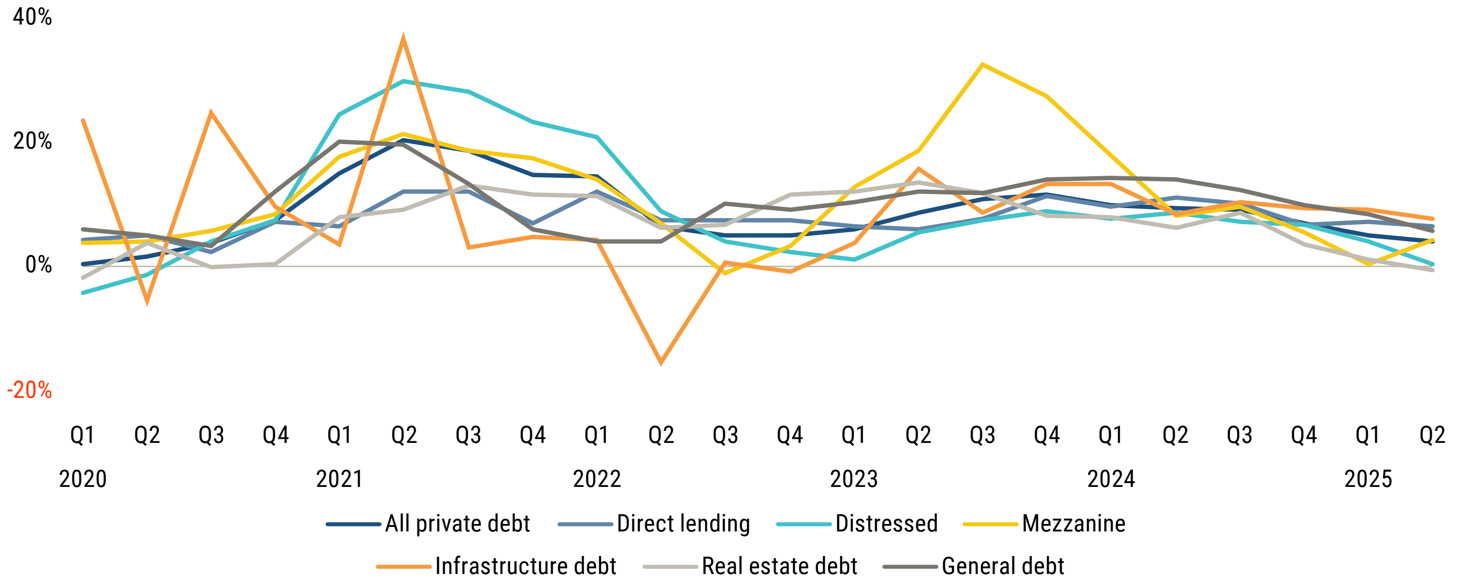
Private debt fund performance

Private debt rolling one-year horizon IRR by type

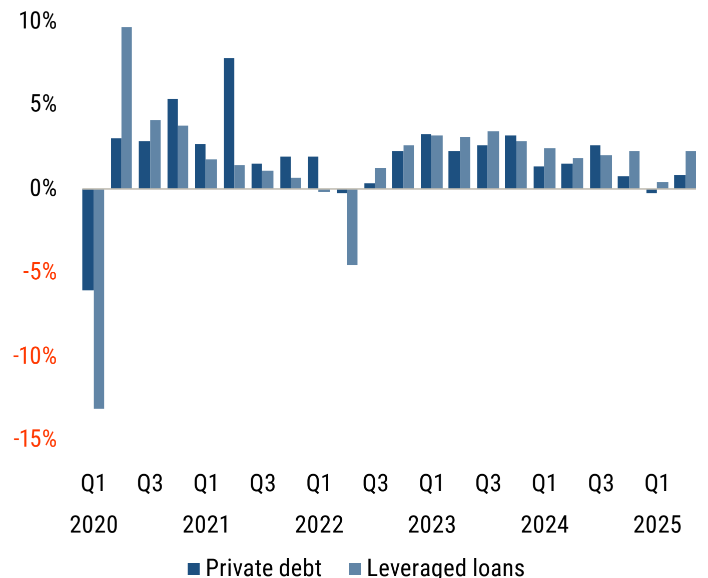


Source: PitchBook • Geography: Global • As of June 30, 2025

Private debt fund performance has continued to drift lower amid coordinated global rate-cut cycles and the tightest credit spreads observed since the global financial crisis. While these conditions have been favorable for borrowers, lenders and their funds have faced increasing pressure on returns. As with AUM and dry powder figures, performance data is subject to a roughly six-month reporting lag from GPs and LPs.

Through the first half of 2025, private debt funds generated a rolling one-year IRR of 3.9%, well below the asset class's five- and 10-year IRRs of 9.2% and 7.8%, respectively. The latest one-year figure marks the weakest performance since the subdued returns recorded in 2020 during the COVID-19 pandemic. Although declining headline returns present a near-term challenge, the core value proposition of private debt remains its ability to deliver excess spread relative to publicly traded fixed income products.

Private debt fund versus leveraged loan returns by quarter



Source: PitchBook | LCD • Geography: Global • As of June 30, 2025

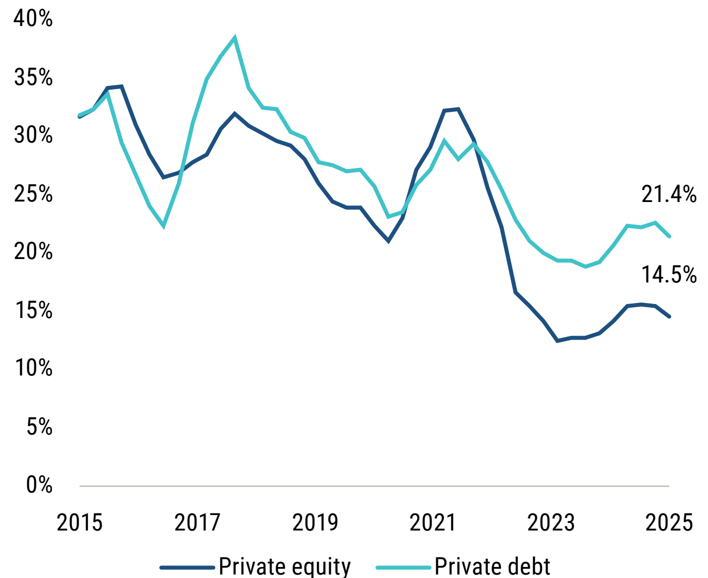
As highlighted in our Q4 2025 Private Capital Return Barometers—a factor-based framework designed to estimate returns in near real time to help bridge the reporting lag in fund performance—the model generates a single composite score and produces "nowcasts," or implied quarterly return estimates. The Private Debt Barometer edged lower but remains near neutral with a score of 48, producing a nowcast of 2.5%. This shows the asset class falling further below the already delicate return of 3.9% mentioned above. The score reflects slipping business and consumer confidence alongside weaker credit conditions, partially offset by a more supportive Treasury curve and steadier underwriting signals.

By strategy, infrastructure debt continues to outperform, generating a one-year return of 7.5%. Much of this strength reflects sustained capital deployment into digital infrastructure, particularly datacenters, where robust demand has supported attractive financing opportunities. Direct lending produced a 6.3% one-year return, appearing to stabilize in the mid-to-high single digits in recent quarters. While solid, these results remain well below the equity-like returns achieved during the peak of the higher-rate environment. In contrast, real estate debt performance has deteriorated, posting a -0.7% one-year return—the strategy's first negative reading since 2020.

Looking ahead, returns across private debt strategies are likely to fluctuate, but the broader backdrop suggests a more subdued environment. Lower base rates and compressed spreads—even if modestly widened—are unlikely to replicate the unusually strong conditions for lenders of recent years. However, the recent concern facing the asset class extends beyond retail liquidity dynamics to the underlying health of portfolio companies. While anecdotal loan/value ratios, EBITDA, and revenue growth metrics remain generally healthy, valuations in certain sectors could prove optimistic. Should credit fundamentals weaken, particularly in more pressured areas such as software, losses and defaults could rise, weighing on returns and pulling performance further below long-term historical averages.

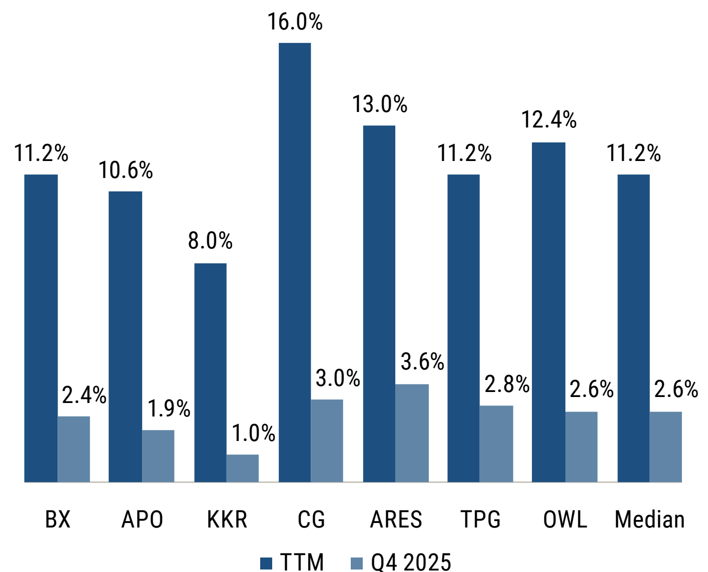
The competitive landscape has also intensified in recent years as new entrants moved to capitalize on private credit's perceived "golden era." Increased competition for deal flow has compressed spreads and, in some cases, raised concerns about underwriting discipline. In this environment, managers' ability to remain selective and deploy capital into high-quality companies will be critical. Going forward, performance is likely to be driven more by manager alpha than by the broad tailwinds that supported returns during the sharpest rate-hiking cycle in four decades, when floating-rate structures materially boosted income across the asset class.

Private debt versus PE fund distribution rates



Source: PitchBook • Geography: Global • As of September 30, 2025

Private debt gross returns reported by manager



Source: Company reports • Geography: Global • As of December 31, 2025

Fund type definitions

Direct lending: Generally senior loans made to middle-market companies without the use of an intermediary but may include revolving credit lines and second-lien loans. Unitranche facilities, which combine different debt instruments under a single umbrella, are also becoming more common.

Real estate debt: The most common real estate debt strategy is direct lending for real estate acquisitions but may also include the buying and selling of securitized real estate loans in the secondary market. Risk profiles vary based on the nature of the underlying assets.

Infrastructure debt: Debt used for infrastructure development (for example, greenfield) and investment in existing assets (for example, brownfield), generally with longer terms (30-plus years) due to the extended useful life of the assets.

Mezzanine: Subordinated debt, generally with features similar to preferred equity, such as warrants. Often used in LBO transactions.

Special situations: Opportunistic debt or structured equity investments—such as convertible debt, convertible preferred, and debt with warrants—made with the intent of gaining control of a company, generally one in some type of financial distress. Special situations can involve direct origination with these hybrid structures or trading in the secondary market where a manager believes price dislocation is present.

Distressed debt: This debt type differs from special situations in that it generally involves the purchase of securities or loans in the secondary market, rather than new origination of debt or structured equity. Distressed strategies likely involve identification of the "fulcrum" security, or the most subordinated part of the capital stack to be paid back in a bankruptcy or other restructuring, which can trade at steep discounts to net asset value.

Venture debt: Debt financing extended to companies with venture capital backing. For entrepreneurs, venture debt serves as a way to extend the runway to exit without further diluting ownership.

Bridge financing: Private debt funds that provide short-term loans, also called swing loans, made in anticipation of intermediate-term or long-term financing.

Multistrategy: General-purpose credit funds with broad mandates to invest across the debt capital structure, substrategies, and verticals to capture the entire opportunity set in private credit. These funds will often invest in public debt as well as private debt on a dynamic and opportunistic basis.

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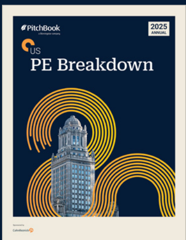

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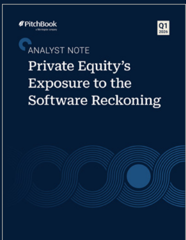

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