2022 Outlook: Portfolio Construction

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At recent private credit conferences we've been asked how managers think about portfolio construction. Kind of depends on your experience over the past twenty-two months.

As one private equity partner told us, "we had a base case and a down-side case, but we didn't have a no-revenue case." Consumer-facing sectors had a rough time early on, particularly small retailers. B2B managed better, and in some cases, thrived.

Today the Omicron variant threatens to reverse growth scenarios and capital markets globally. Too early to tell whether this strain will be worse than Delta, or like Mu, disappear without a ripple…

?? Read Nov 29 2021 newsletter: here

?? Chart of the Week: here *(by S&P Leveraged Commentary & Data (S&P/LSTA U.S. Leveraged Loan Index))*

(Any "forward-looking" information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition Past performance is no guarantee of future results. Investing involves risk; principal loss is possible.)