

Private Credit in a Post-Rate World (Third of a Series)

THE LEAD | April 3, 2025

As we've noted, the banks and private credit managers occupy different places in the corporate finance ecosystem. That's not to say, of course, that large corporate financings don't represent real investment opportunities for the right buyers. Or that the expansion and evolution of private capital won't lead to interesting and constructive solutions for a wide range of market challenges. But it's important to understand the elements that differentiate the two. And more broadly, what makes an alternative allocation in the 60/40 model so rewarding to investors.

Let's take a step back and see where private credit is in its decades-long journey. Since 2007 the asset class has grown to \$1.7 trillion. Whether in recessions or growth spurts, zero or record-high rates, pandemics, supply-chain crises, open or closed public credit markets, expanding or compressing spreads, and hot or cold M&A, nothing has stopped its fundraising and investing. The steady, up-and-to-the-right growth of private credit is a testament to its durability through all sorts of economic and market conditions...

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