

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

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The proponents and beneficiaries of private capital have long recognized its virtue of being less correlated with headline risk than fixed income and public equities. But one of Covid's most enduring financial legacies was the higher interest rate regime imposed by the Fed in 2022.

While it appears their long-sought soft landing was achieved, more costly financings of leveraged buyouts and M&A resulted in a \$3 trillion backlog of unrealized value held in businesses to be sold globally. That iceberg would have been slow to melt if the Fed continued its pause on rate cuts. The question is, will that dynamic change amid looming tariff threats?...

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