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Private debt rolling one-year horizon IRR by type

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Of the major substrategies, mezzanine funds led for five consecutive quarters until Q2 2024, when the strategy fell to third. Mezzanine trailed multistrategy (general debt) and direct lending, which posted one-year returns of 18.1% and 12.9%, respectively. The mezzanine return of 9.5% was well below its Q3 2023 peak of 33.4%. The TTM return for infrastructure & real estate debt declined from 8.7% to 6.8%, tied with distressed & special situations but lagging all other debt strategies. Distressed investors continue to face the same headwinds of lower headline default rates and a shrinking investable universe.

(Past performance is no guarantee of future results.)