The OG of Private Credit (First of a Series)

THE LEAD | March 23, 2026

"Private credit is, by its nature, still an illiquid asset class." No amount of wishing will make it otherwise. As a superb report by Hightower Advisors details, understanding that truth is key for retail investors to sort through today's market noise.[1]

For while private credit is being held for questioning under suspicion of…well, everything, hundreds of sophisticated institutional clients are enjoying its enormous benefits. Far from redeeming their interests, the vast majority are maintaining or increasing their exposure. What do they know that others fail to grasp?

One observer remarked that managers of privates have lost control of the narrative. If the narrative is founded on the convergence of liquidity for public and private credit, that was unsustainable. The answer is not better spin, but more clarity on the distinctions.

Not that there aren't legitimate causes for worry. Like a dark Gift of the Month Club, markets have received one headline shock after another, eroding investor confidence and compounding uncertainty. The challenge for the industry is cutting through the noise and clearly explaining how experienced private credit managers are successfully managing through these risks.

Geopolitical risk, wars piling onto wars with no end in sight, carry knock-on effects including volatile energy prices, inflation, and broad market uncertainty. The promise and threat of artificial intelligence – the new tariff, in some respects – is unsettling public markets about short and long-term labor demand. It also raises questions about which sectors and borrowers are most exposed to technological disruption.

AI concerns have also sharpened focus on credit quality: as the largest direct lenders have taken down mega positions in software borrowers, what impact will that have on portfolios, particularly those built around higher-risk strategies? Concentration fears have in part propelled the retail-driven bank run on BDCs. Who's holding what, and what impact does that have on private markets specifically, and capital markets more broadly?

Finally, the liquidity question. What happens when investors who were led to believe private credit was "semi-liquid" discover there is no such thing?

In this series, we will examine how we came to this inflection point in the evolution of private credit. How financing terms for vastly different sized borrowers affect investment terms offered for private credit products. How deal sourcing and portfolio management at each end of that range impact investment track records. How in uncertain times illiquidity is a virtue, not a vice.

And why the traditional middle market, the OG of private credit, offers the most resilient investment options to achieve stabile and consistent returns through any business cycle.