



2024

**PRIVATE CREDIT TRENDS**

# About the American Investment Council

**The AIC is an advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the US economy and retirement security of American workers.**

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# Executive Summary

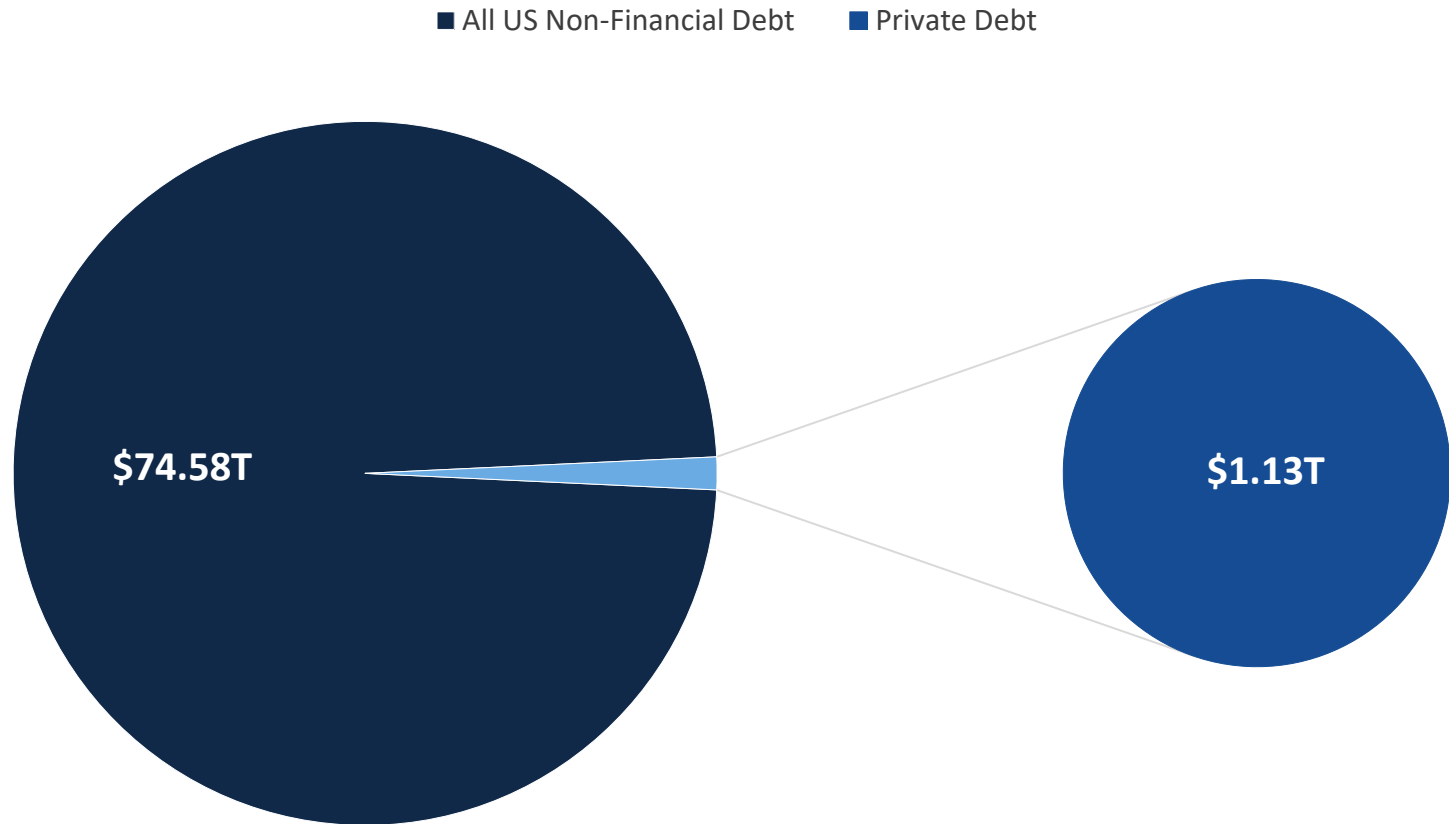
## *In the first quarter of 2024:*

- Private debt funds raised \$18 billion from investors with an average fund size of \$1.3 billion.
- Private debt funds issued at least 133 loans to companies in the United States.
- The median loan size for these financings was \$70 million.
- Direct lending continues to be the largest private debt strategy with \$241 billion in assets under management at the end of 2023.
- The largest deal of the first quarter was MB2 Dental, which received a \$2.34B term loan to fund future acquisitions.
- Consumer discretionary companies received the most capital from private debt funds.
- Private debt funds have posted strong returns over long- and short-term time horizons. In fact, the returns on these investments have far exceeded those of high yield bonds, leveraged loans, and other fixed income instruments.
- US CLO Activity was \$9.8 billion in April 2024, down from \$15.5 billion in March 2024.

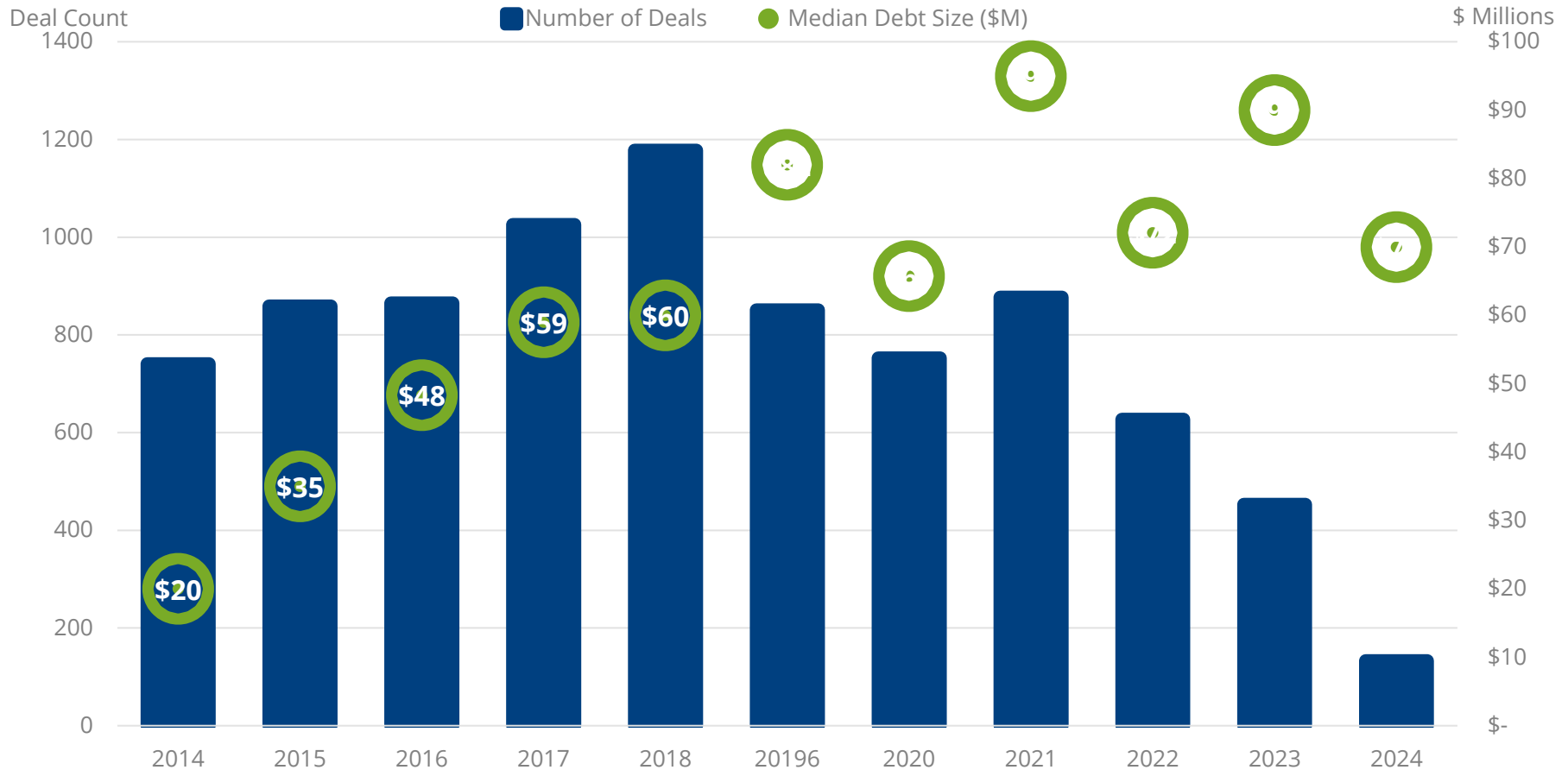
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# Private Credit makes up 1.5% of the Debt Market



# Estimated Median Debt Size was \$70 million Across 133 Deals in Q1 of 2024



# 10 Largest Private Credit Transactions

Rank	Company name	Date	Deal Size (\$B)	Primary Industry	Debt Provider(s)
1	MB2 Dental	Feb 2024	\$2.34	Healthcare	KKR
2	Aptean, Inc.	Jan 2024	\$2.11	Software	Golub Capital
3	Equinox, Inc	Mar 2024	\$1.80	Travel & Leisure	Ares Management, Sixth Street, J.P. Morgan, Goldman Sachs, Morgan Stanley, L Catterton, HPS Investment
4	Oral Surgery Partners	Jan 2024	\$0.40	Healthcare Specialist	Neuberger Berman, Aquarian Holdings
5	Artivion	Jan 2024	\$0.35	Medical Devices	Ares Management
6	Nassau Financial Group	Feb 2024	\$0.25	Insurance	RBC Capital Markets
7	Xeris Pharmaceuticals	Mar 2024	\$0.20	Pharmaceuticals	Hayfin Capital Management
8	LendingTree	Mar 2024	\$0.13	Financial Services	Apollo Global Management
9	Altus Power	Jan 2024	\$0.10	Financial Services	CPP Investment Board, Goldman Sachs Asset Management
10	DecisionsRx	Jan 2024	\$0.10	Healthcare IT	Carlyle Group

# Private Debt Performance – Benchmarks

<b>Private Debt Benchmark Returns (Horizon IRR)</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Cobalt Private Debt Benchmark	19.3%	20.2%	13.3%	11.4%
Pitchbook Private Debt Index	8.2%	9.7%	7.8%	8.0%
Pitchbook Direct Lending Index	7.1%	6.6%	5.9%	6.3%
Pitchbook Mezzanine & Bridge Index	22.8%	13.4%	10.1%	10.9%
Pitchbook Real Assets Debt	6.3%	7.4%	7.8%	7.6%
Pitchbook Distressed & CSS Debt	4.7%	11.4%	8.2%	7.9%
Preqin Private Debt Index	8.7%	12.3%	7.5%	N/A
Preqin Direct Lending Index	11.2%	10.5%	7.5%	N/A
Preqin Distressed Debt Index	8.6%	12.8%	6.1%	N/A
Preqin Mezzanine Debt	6.3%	8.2%	6.7%	N/A

<b>Public Market Returns</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
HY Bond Index	10.3%	-1.8%	1.7%	4.2%
Bloomberg Global Aggregate	0.64%	-4.9%	-1.8%	1.1%
LSTA Leveraged Loan Index	4.9%	-0.9%	-0.3%	-0.12%

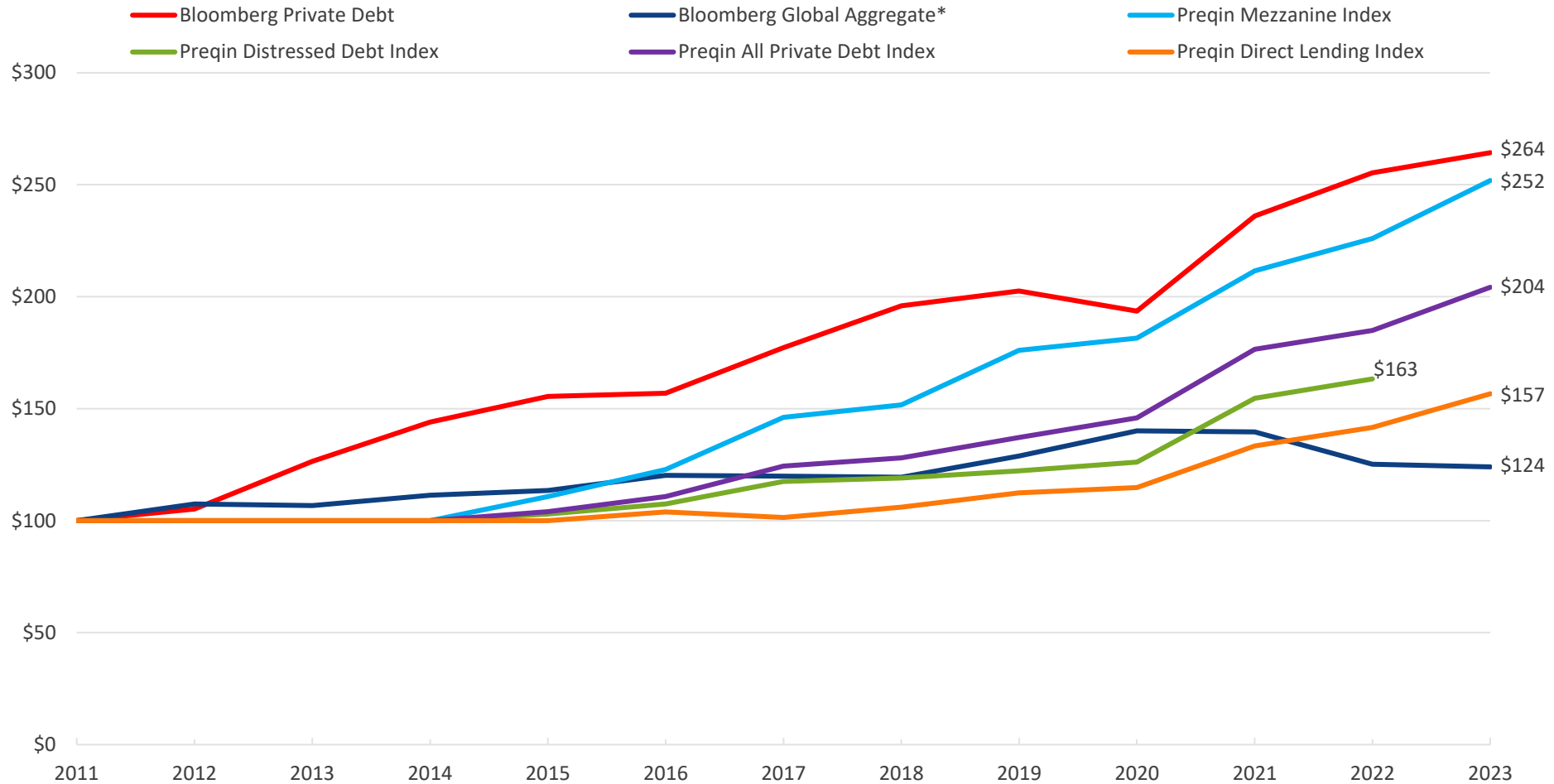
  

<b>Analysis</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Median Private Debt Benchmark Return <sup>1</sup>	8.7%	12.3%	7.8%	9.7%

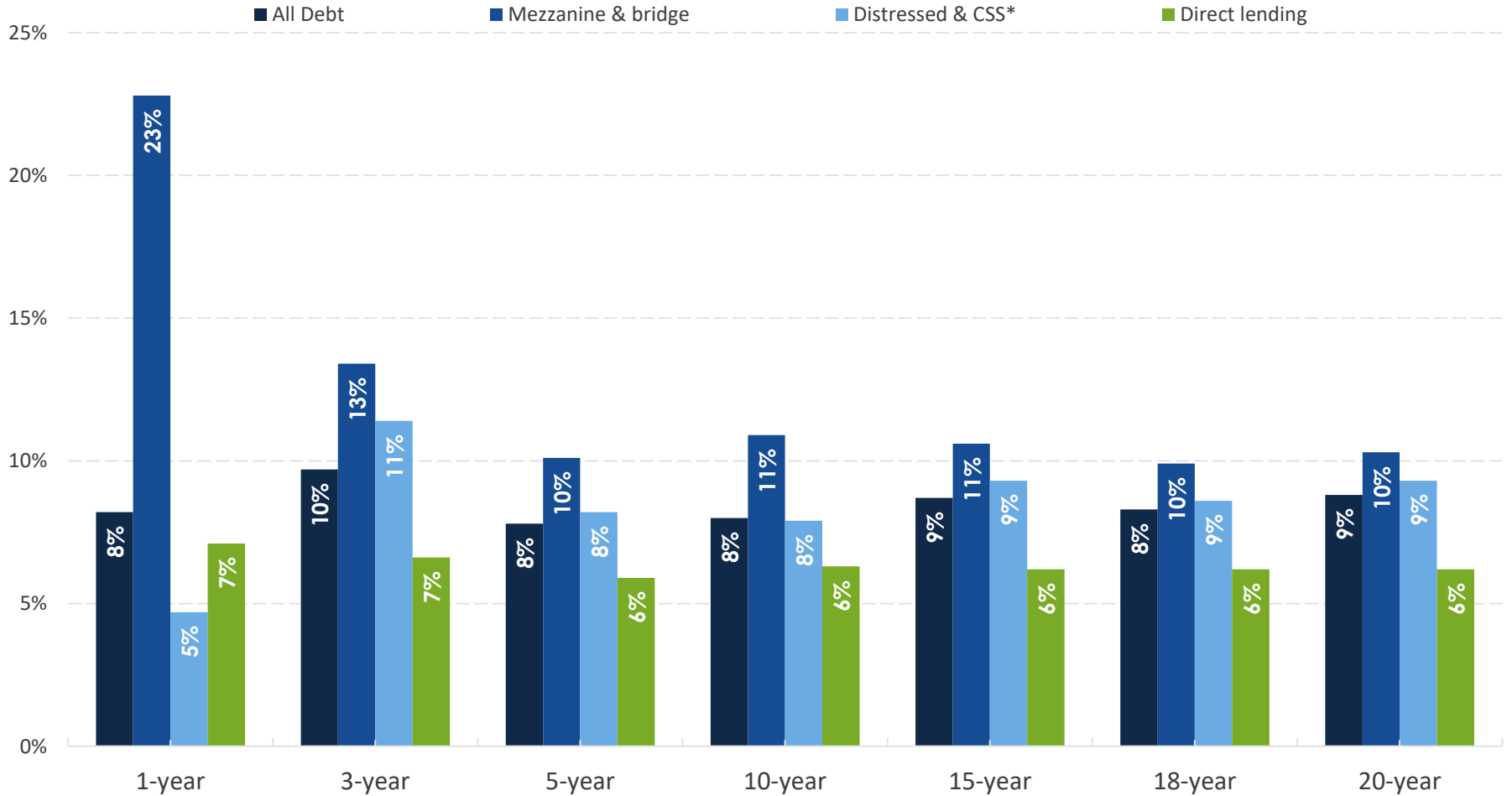
Performance figures are from September 2023



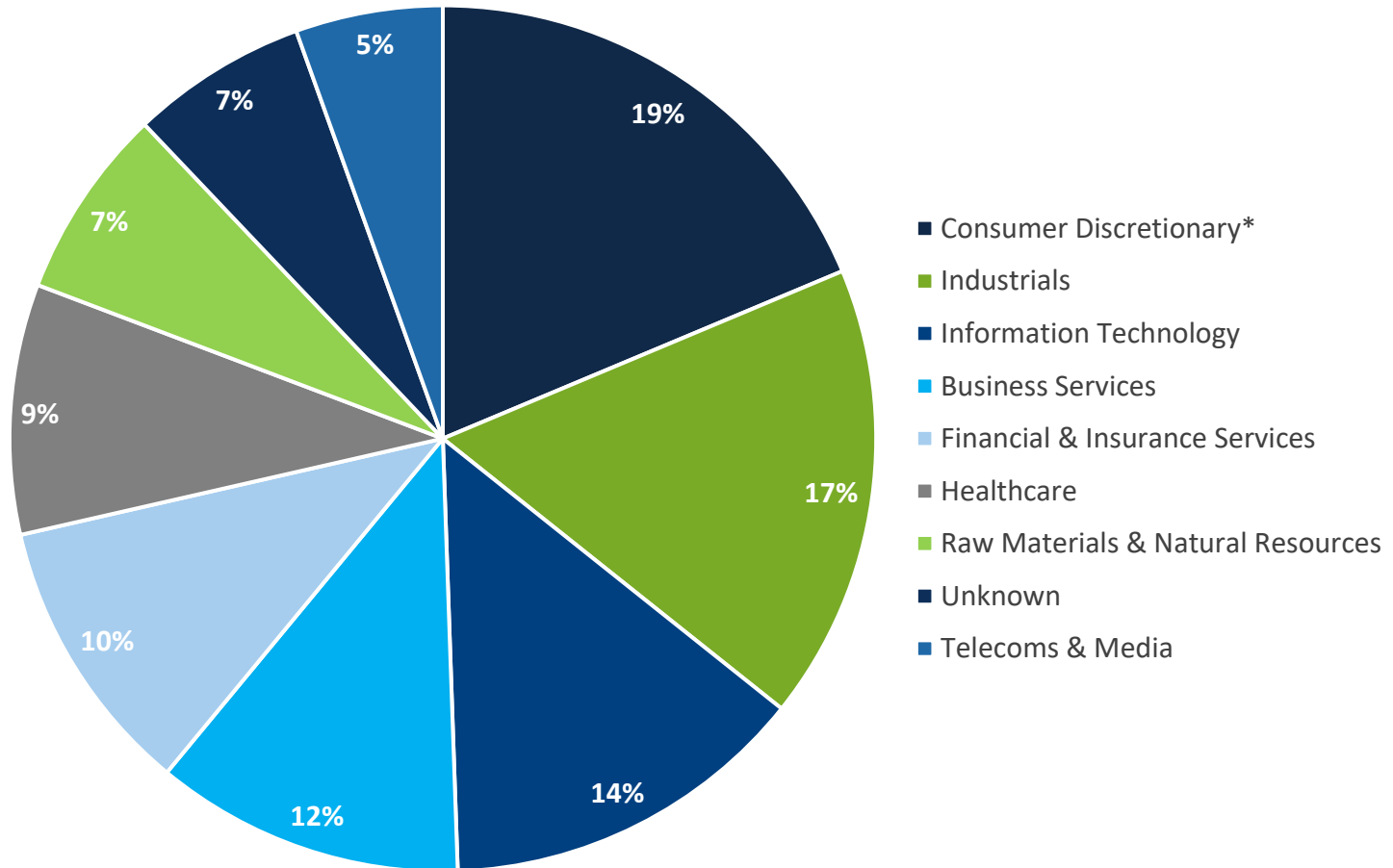
# \$100 Dollars Invested in Private Debt markets



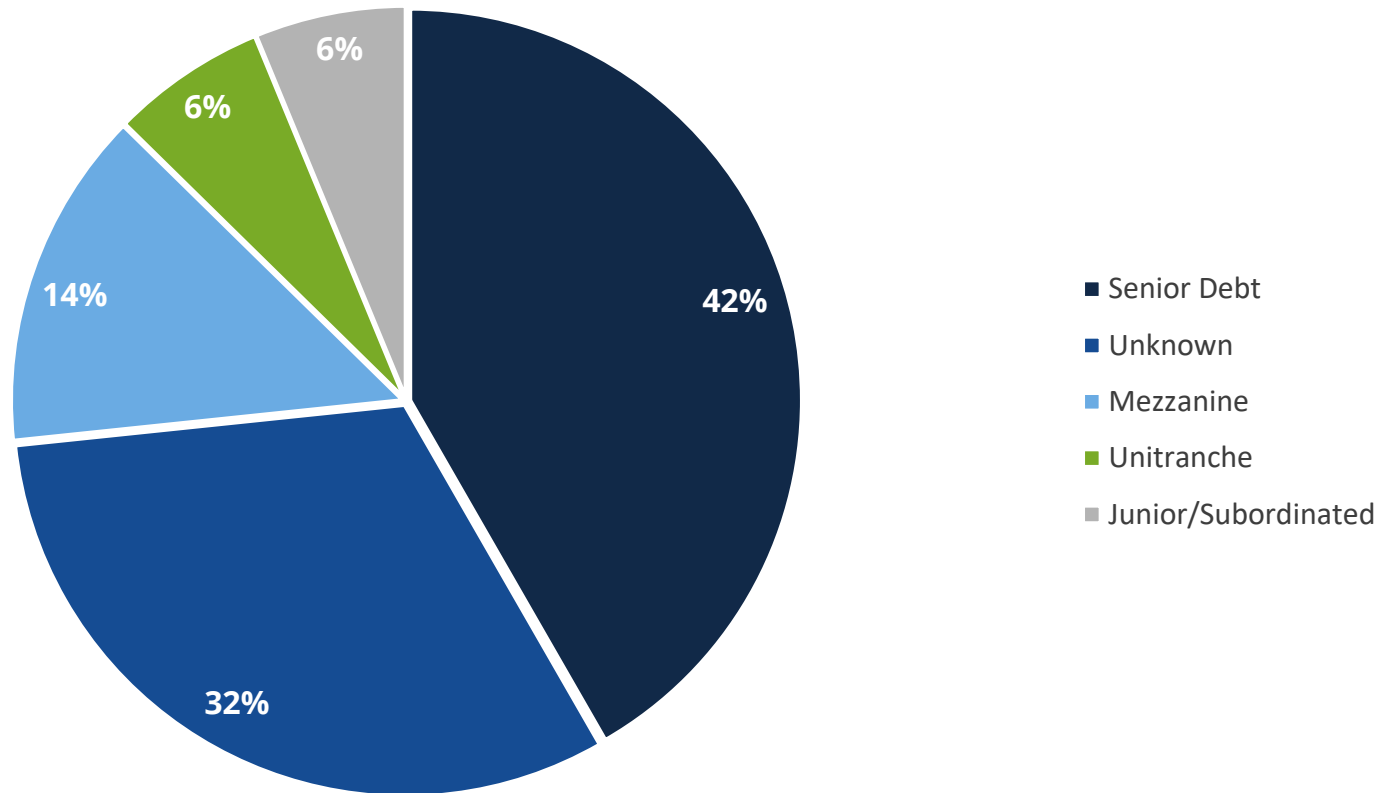
# Mezzanine Outperformed All Other Private Debt Strategies Over the Long Term



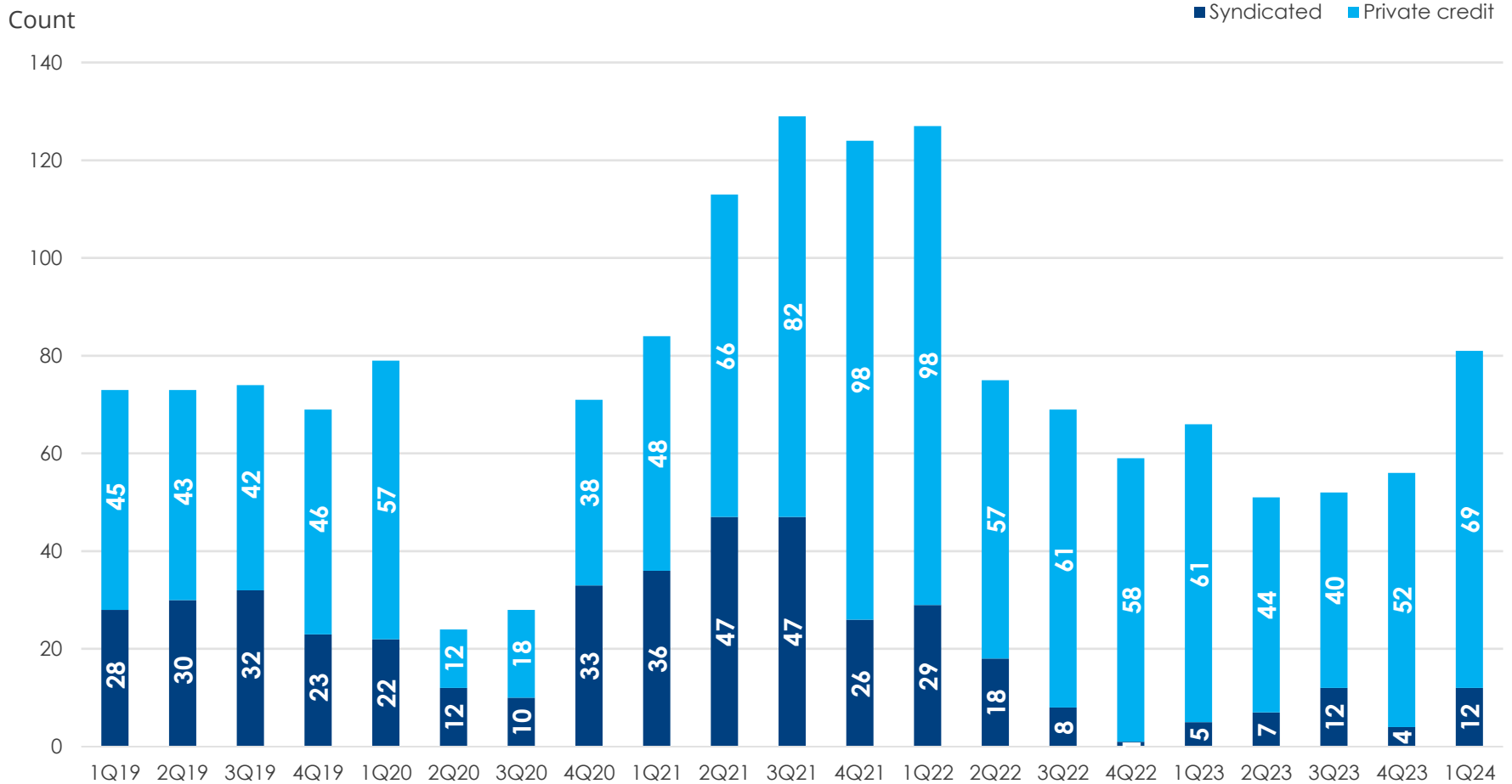
# Private Debt Deals by Sector in 2024 Q1



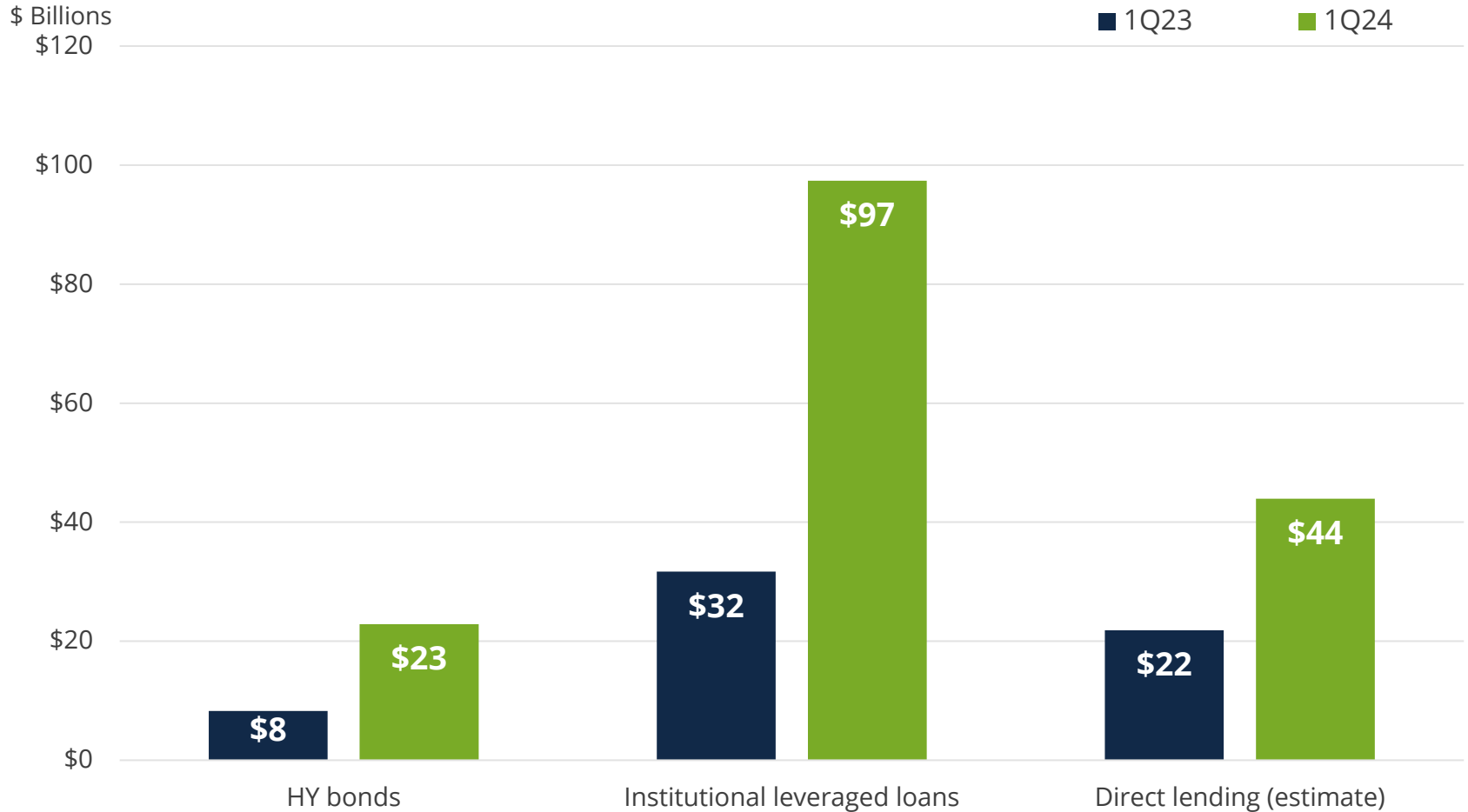
# Senior Debt Made Up 42% of Private Debt Deals Over the Last 10 Years



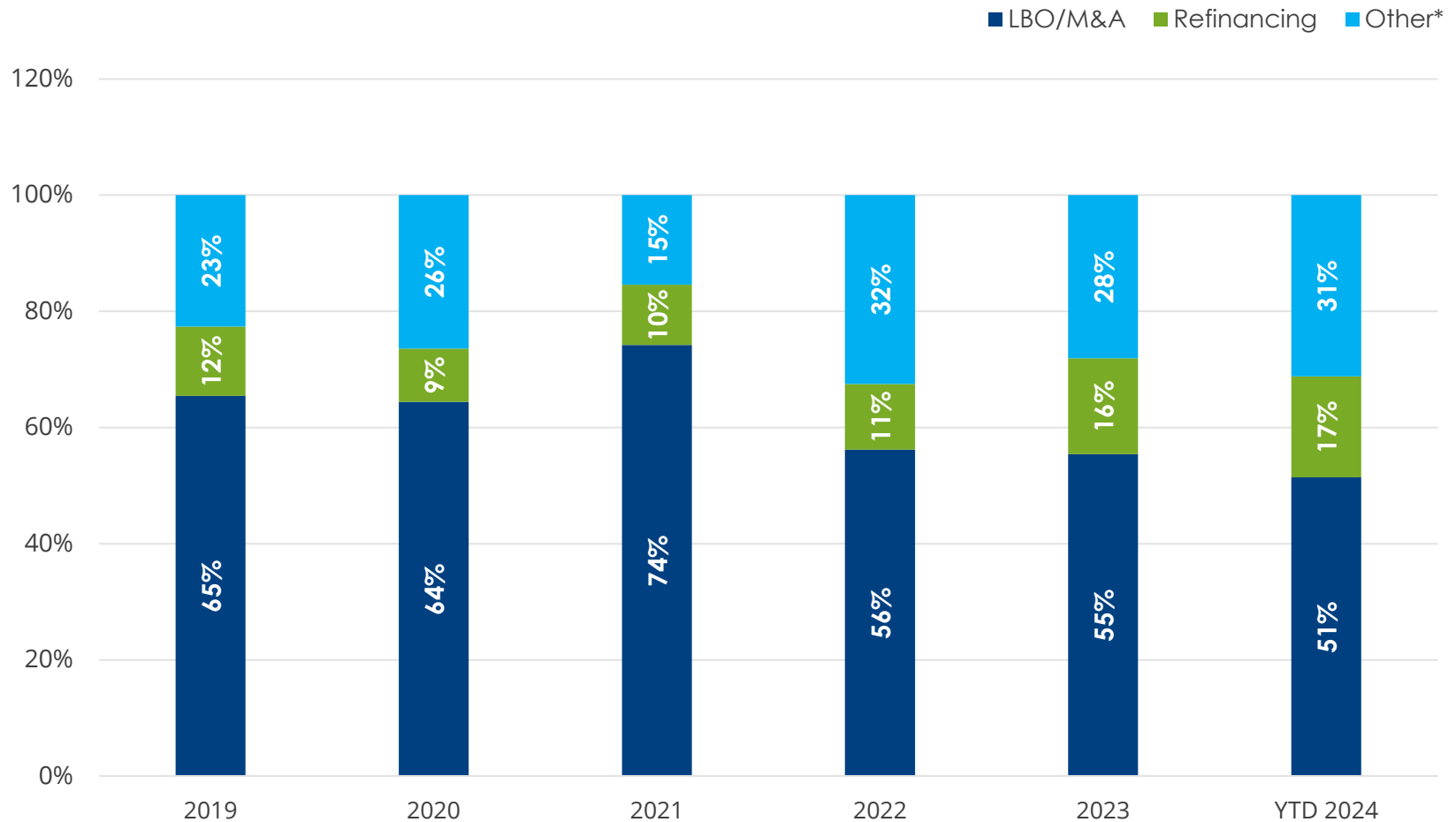
# Number of Buyouts Financed by Private Credit Increased 33% from Q3 to Q4 2023



# New Issue Loan Volume for PE Backed Borrowers



# Private Credit Deal Share by Use of Proceeds for Buyouts/M&A Decreased to 51% in 2024

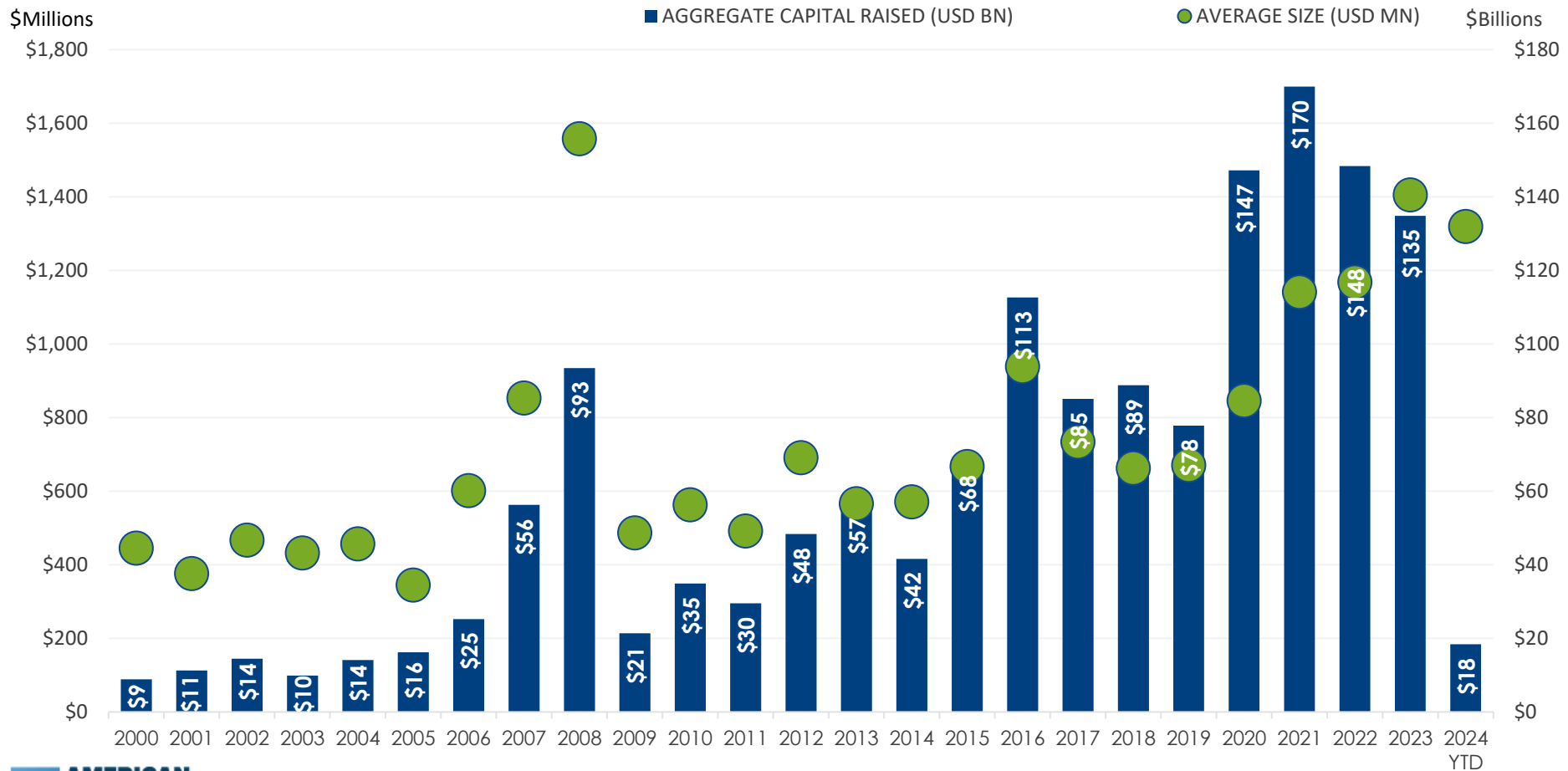


# Direct Lending Deals Refinancing Broadly Syndicated Term Loans

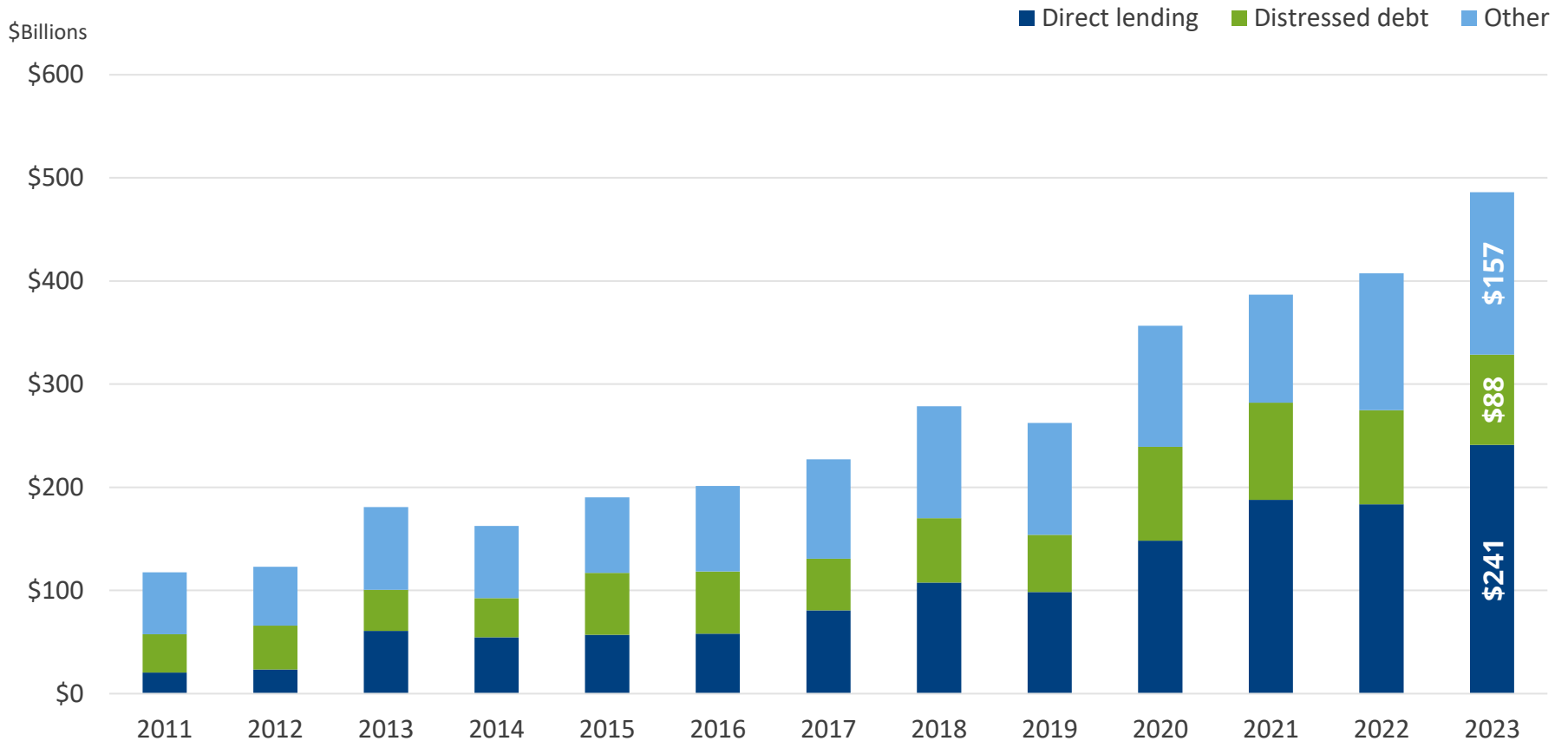
Rank	Company name	Date	Debt amount (\$M)	Current sponsor	Last BSL deal date	Lender(s)
1	Aptean	Dec 2023	\$2,100	TA Associates, Insight Partners, Charlesbank Capital Partners	Feb 2023	Golub Capital
2	Equinox Fitness	Mar 2024	\$1,800	Not Sponsored	Jun 2020	Sixth Street, Silver Lake, Ares Management, HPS Investment Partners, L Catterton
3	Monotype Imaging	Mar 2024	\$1,450	HGGC, Audax Private Equity, Thrivent	Nov 2021	Blue Owl, Antares, and Oaktree
4	Consolidated Precision Products	Dec 2023	\$1,400	Warburg Pincus, Berkshire Partners	Jul 2019	HPS Investment Partners, Oaktree Capital Management, KKR & Co., Ares Management
5	BeyondTrust Software	Dec 2023	\$1000+	Francisco Partners	Sep 2018	Blackstone
6	Electro Rent	Dec 2023	\$815	Platinum Equity	Dec 2022	Oaktree Capital
7	Premise Health	Mar 2024	\$722	OMERS Capital	May 2022	Ares, Blue Owl, Golub Capital, Antares
8	ABC Financial Services	Mar 2024	\$600	Thoma Bravo	May 2019	Antares Capital, PSP, GSAM, Cliffwater*
9	Synamedia	Dec 2023	\$460	Permira	Oct 2018	Adams Street Private Credit, NorthWall Capital, PNC Banks, and others
10	Young Innovations	Dec 2023	N/A	TJC	Jun 2018	Churchill Asset Management



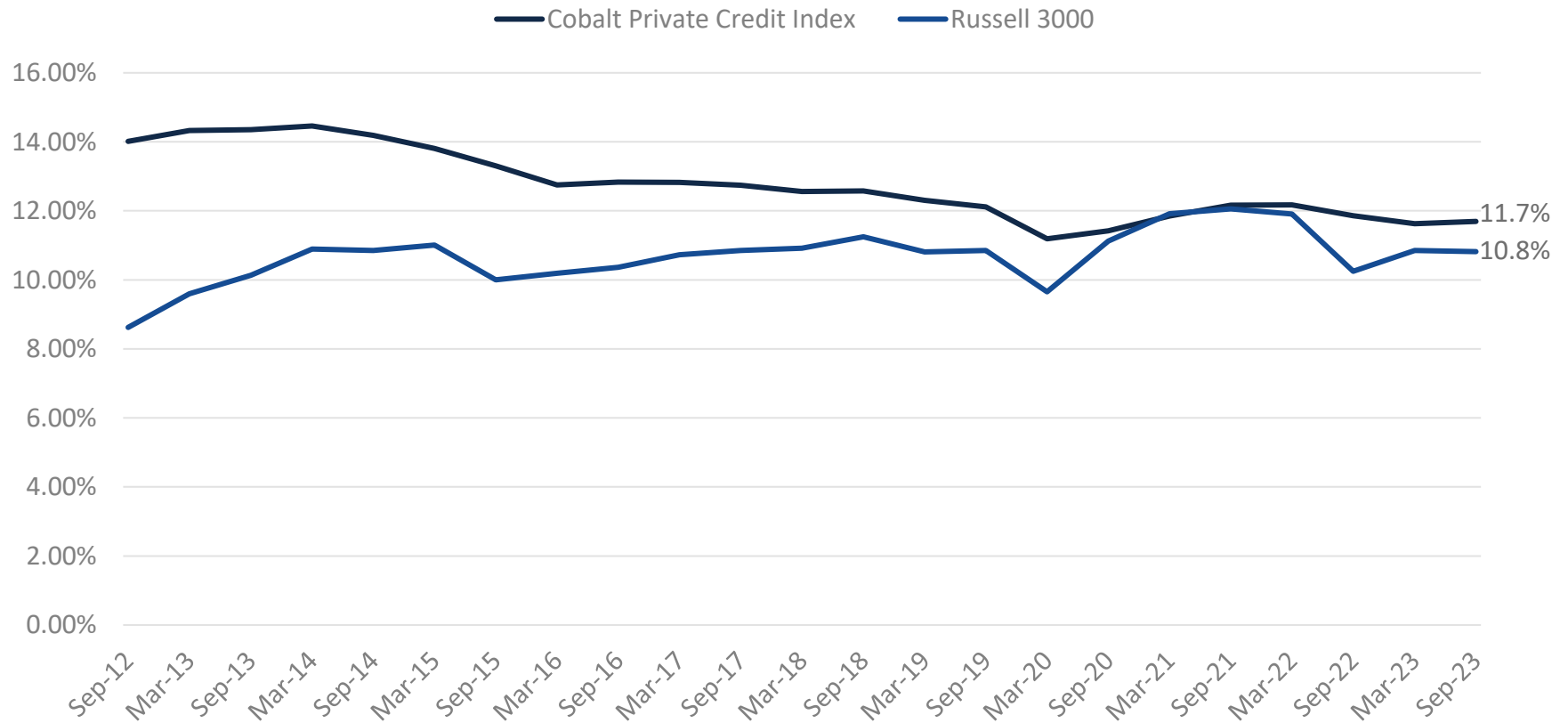
# Private Debt Historical Fundraising was \$18 Billion and the Average Fund Size was \$1.3 Billion YTD 2024



# Global Direct Lending AUM Remained the fastest growing private debt strategy at \$241 billion



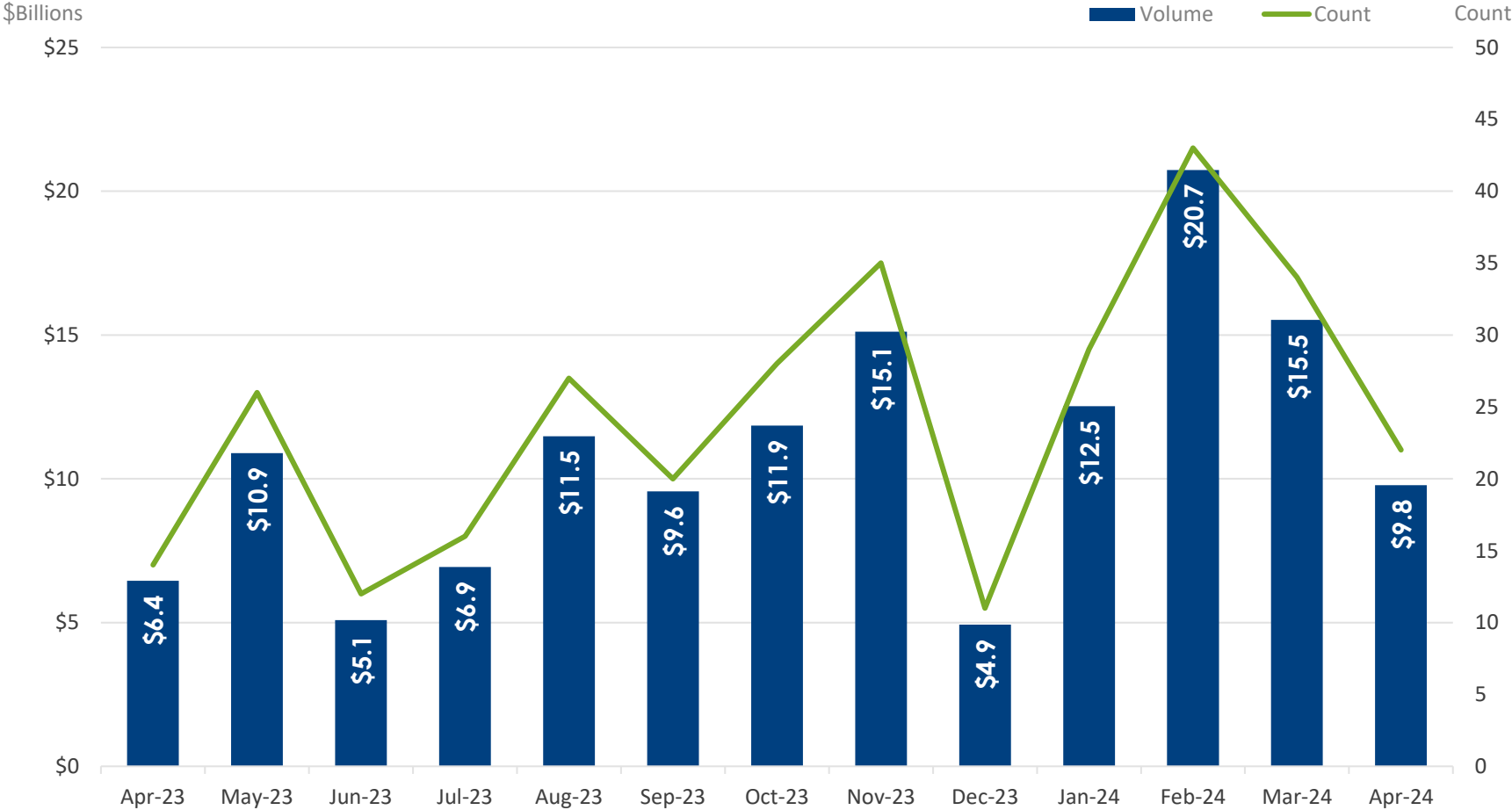
# Cobalt Private Credit Index Since Inception IRR vs. Russell 3000



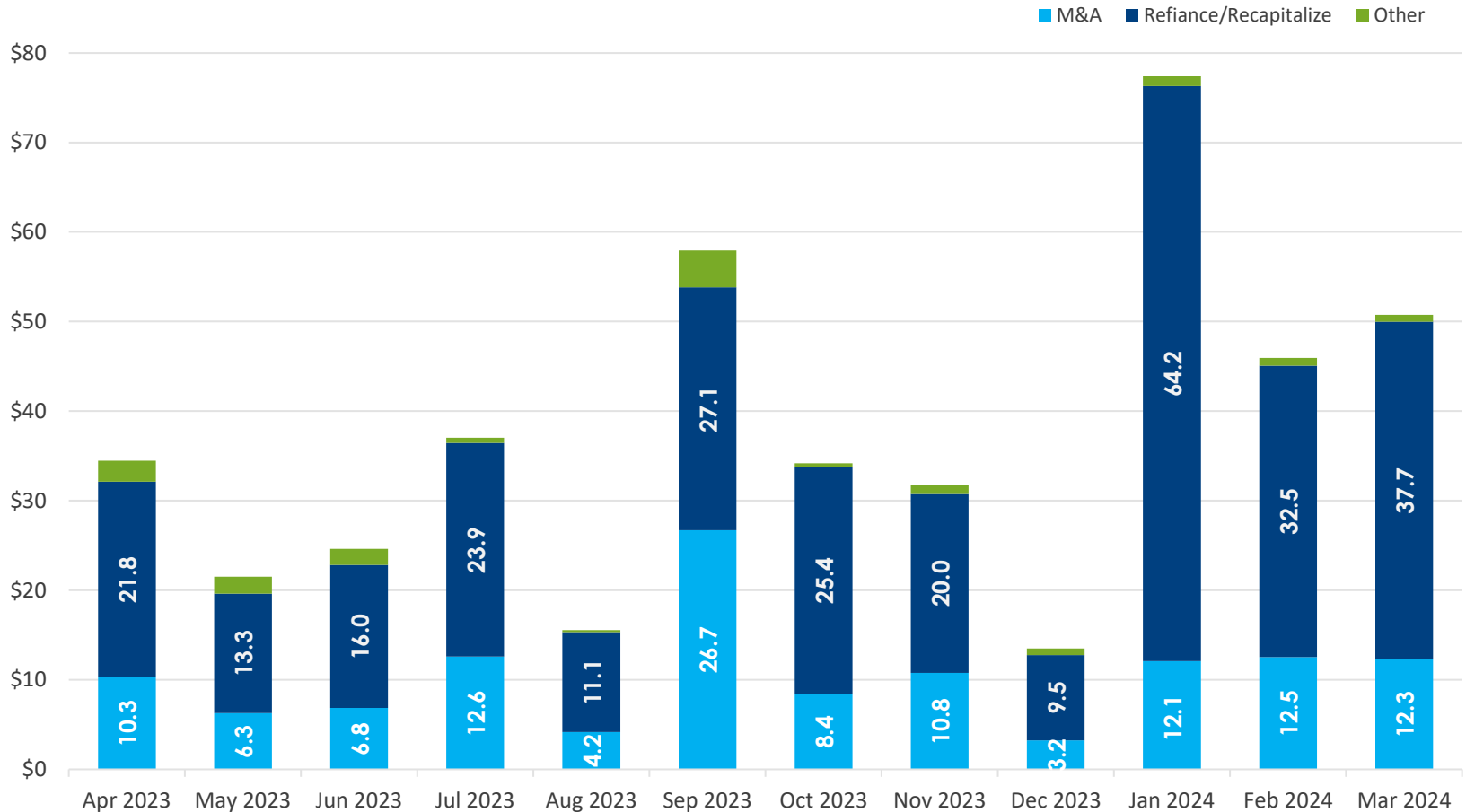
# Collateralized Loan Obligations

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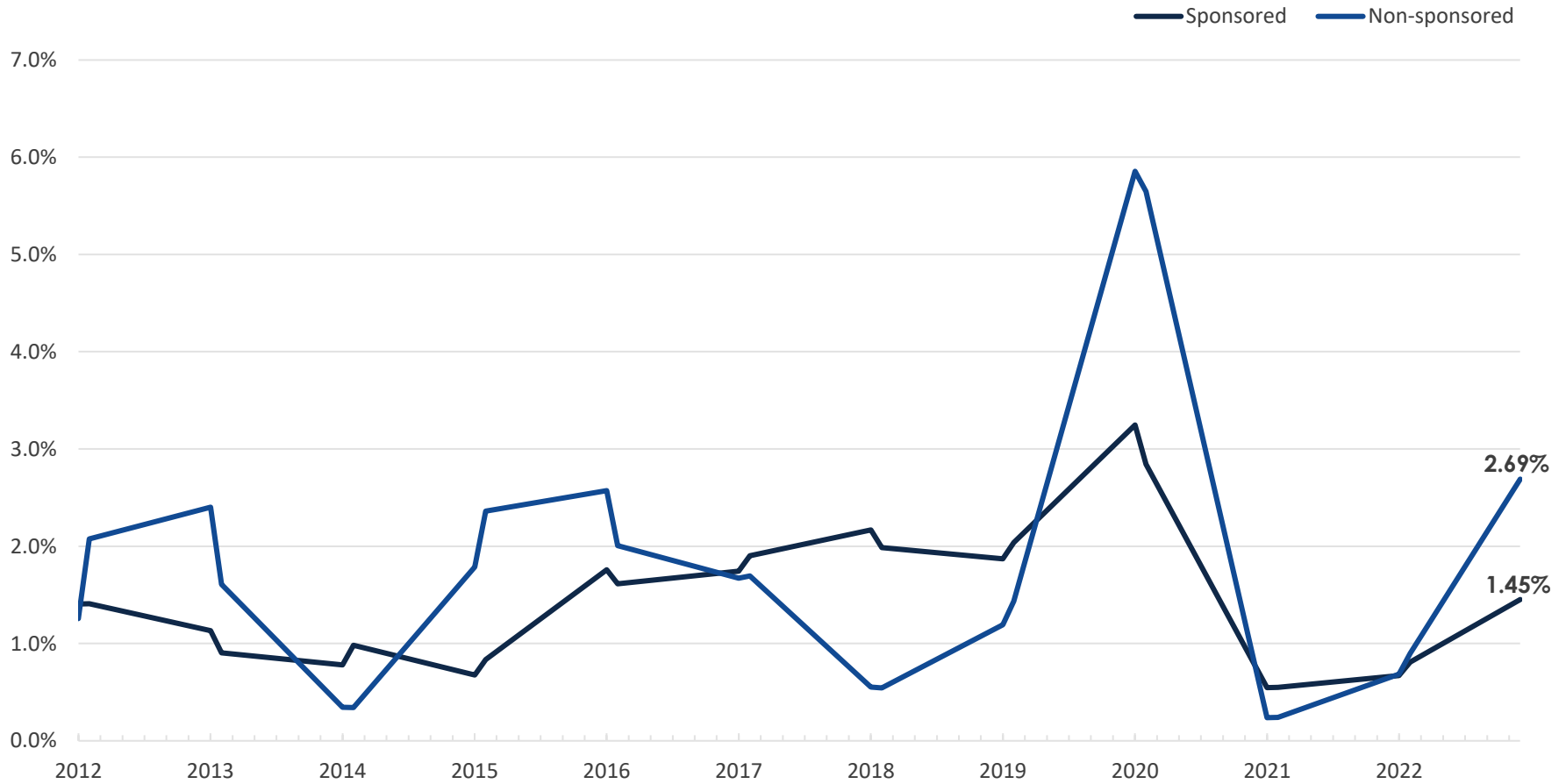
# US CLO Activity was \$9.8 billion in Apr 2024



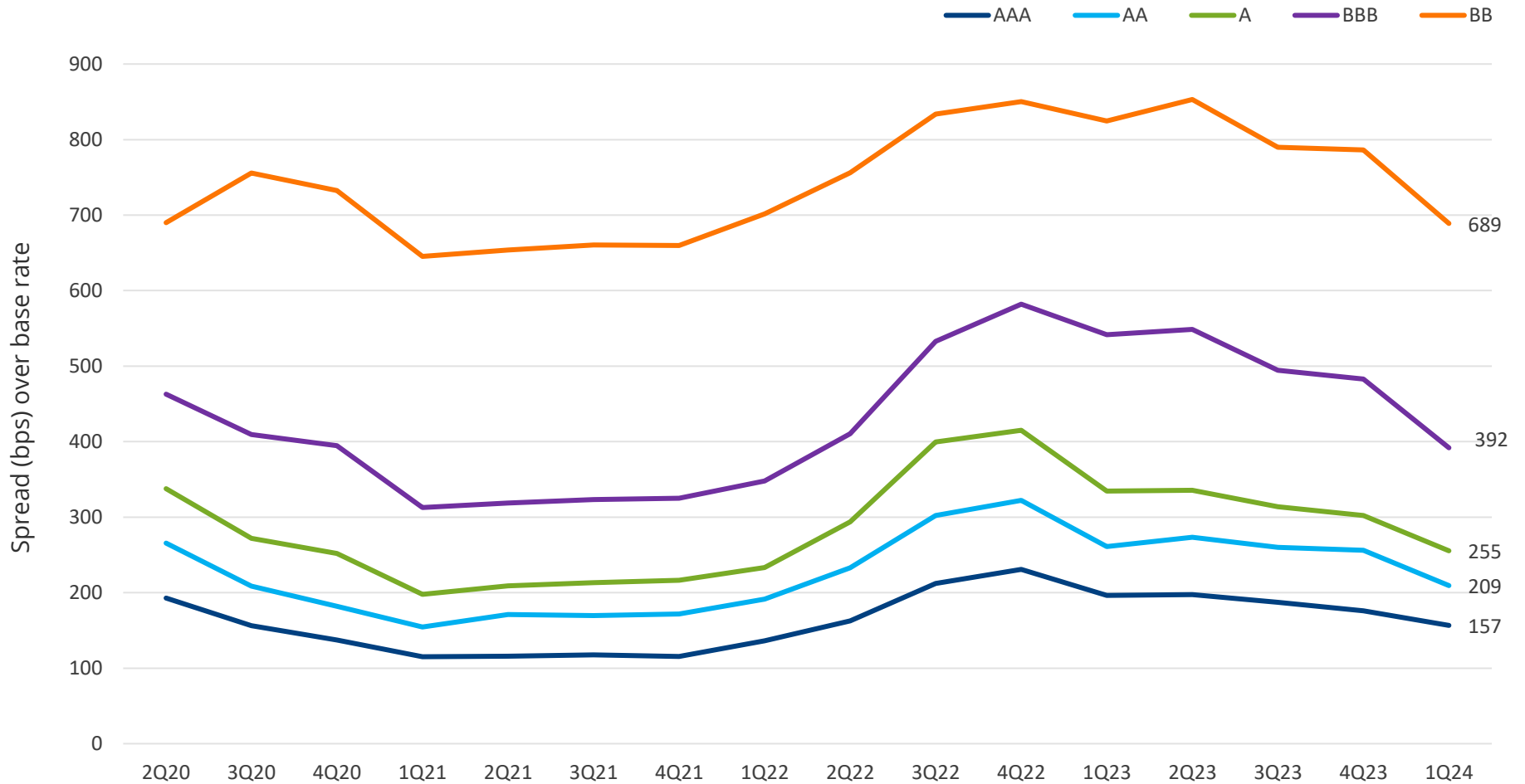
# Loan Refinancing Continued to Make Up the Majority of New Issue Loan Volume in March



# Non-Sponsored Broadly Syndicated Loan Default Rates are Higher Than Sponsored



# Average US CLO Coupon Across the Stack

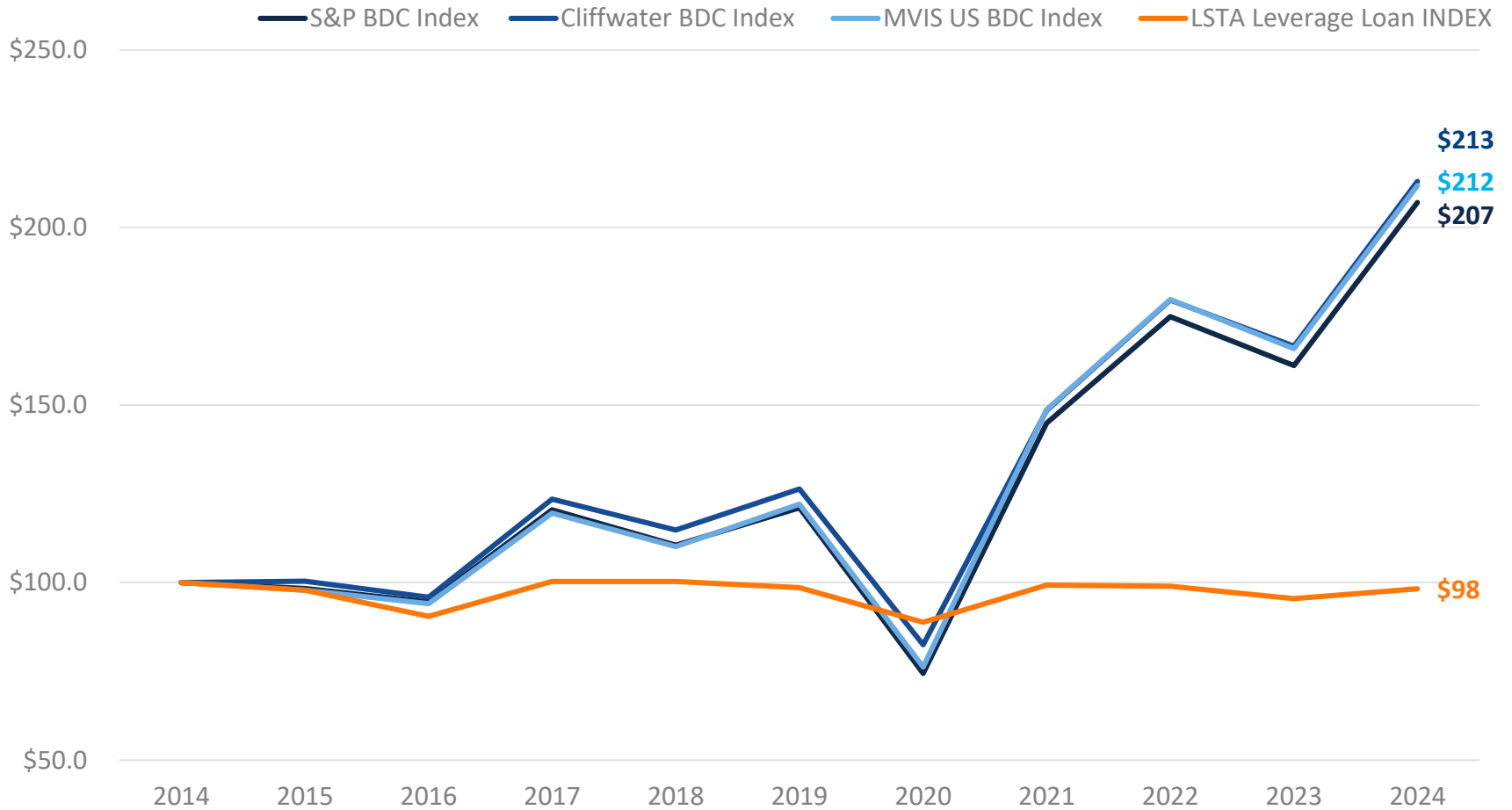




# Business Development Companies

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# \$100 Invested in Different BDC Indexes



# Glossary

**Private Credit:** closed-end vehicles that invest in debt instruments, in which a manager or general partner manages the investments and investors are the limited partners (“LP”) in the fund.

**Senior Debt:** debt that has first claims to repayment where the lender is granted first lien claim on the company’s assets in the event of a bankruptcy.

**Unitranche:** a hybrid loan structure that combines senior and subordinated debt into one loan. The loan often has a blended interest rate and consistent repayment schedule.

**Direct Lending:** closed-end funds with limited partner investors that lend without a bank intermediary.

**Mezzanine:** a combination of debt and equity financing, covering the area between senior debt and common equity.

**Distressed & Special Situations:** These funds lend to companies that are faced with a sudden change in either financing or governance. These funds provide critical capital at a time when companies need access to funds.

**Business Development Company (BDC):** a type of direct lending fund that is a registered investment company under the Investment Company Act of 1940.

**Leveraged Buyouts (LBO):** an acquisition of a company where the acquiring company uses large quantities of outside capital, often debt, to meet the cost of the acquisition.

**High Yield Bonds:** bonds that are rated below investment grade bonds and pay higher interest rates as a result.

**Institutional Leveraged Loans:** a type of credit that banks and institutions extend to businesses or individuals that have higher leverage than businesses that are investment grade.

**Collateralized Loan Obligations (CLO):** a portfolio of leveraged loans that are securitized and managed as a fund. Each CLO is structured as a series of tranches that are interest paying bonds, along with a small portion of equity.

The logo for the American Investment Council, featuring three horizontal bars of varying lengths to the left of the text. The text is stacked in three lines: "AMERICAN", "INVESTMENT", and "COUNCIL".

**AMERICAN  
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