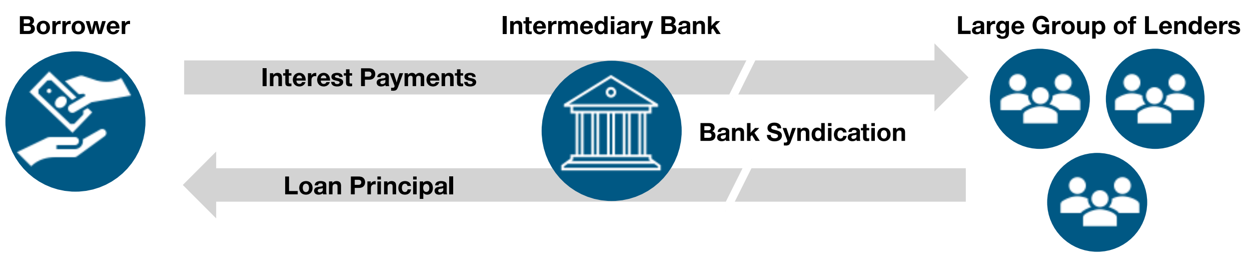
Gain an Understanding of Private Credit and Elevate Your Investment Strategy

Private credit (or private lending) is a rapidly growing alternative asset class. As borrowers continue to see a decline in more traditional lending options after the great financial crisis, nonbank lenders have stepped in. Investors, facing increased market volatility and greater uncertainty, have also found opportunity in private credit.

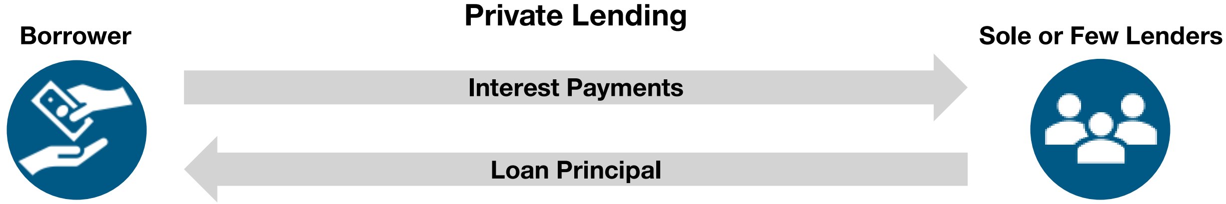
Structure
Private credit is a form of borrowing outside the banking system. In traditional or syndicated financings, an intermediary bank arranges and places the loan with a much larger group of lenders.

Traditional Lending



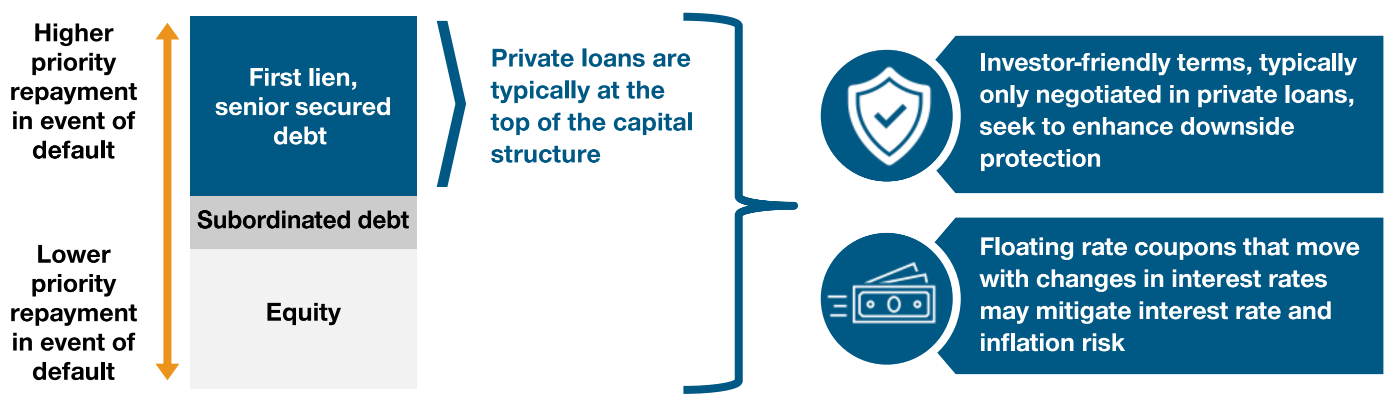
In contrast, private credit typically refers to loans directly originated and negotiated between corporate borrowers and small groups of lenders. The intermediary is not part of the process, which can result in greater flexibility in structure for the borrower and more protection for the investor. As with the traditional borrowing model, most private credit opportunities offer floating interest rates that change as rates change.

Private Lending



Features of private credit

Private loans typically sit at or near the top of a company's capital structure. This placement prioritizes their repayment.



However, since borrowers of nonbank loans may have credit ratings below investment grade, there can also be heightened risks for investors, such as liquidity risk and credit risk.

Accessing private credit opportunities

Investors can access private credit through open-end and closed-end fund structures but should consult with their financial professional to learn more.

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