

# Checking In, Looking Ahead

Outlook for the private credit spectrum

In a year of trade uncertainty, persistent rate concerns and investors broadening their search for risk-adjusted yield, what's the bigger picture for private credit? We discuss the outlook for investment grade (IG) and non-IG private credit, plus real estate debt, in the latest episode of our Checking In, Looking Ahead podcast series.

Hosted by Ashwin Gopwani, Managing Director and Head of Retirement Solutions, SLC Management brings together investment and business specialists from across the company:



**Ashwin Gopwani**

Managing Director and Head of Retirement Solutions, SLC Management



**Elaad Keren**

Senior Managing Director, Co-Head of Private Fixed Income, SLC Management



**Jason Breaux**

Managing Director, Head of Private Credit, Crescent Capital Group



**Abbe Borok**

Managing Director and Head of U.S. Debt, BGO

**Below are key takeaways from their conversation – you can listen to the full podcast episode on our website.**



### **A broadening spectrum in private credit**

- As the asset class further diversifies and evolves, so too has the range of institutional investors seeking the potential benefits private credit can provide.
- Insurers remain a dominant segment of investors in the IG private credit space. However, the asset class has drawn increased interest from other types of investors seeking incremental yield pickup without taking on disproportionate risk (source: Private Placement Monitor).
- Interest in seeking higher yields through non-IG private credit now ranges from liability-driven investors (e.g., insurers, corporate defined benefit plans) to return seekers (e.g., pension plans broadly, endowments, foundations), plus the wealth advisory segment.
- In an environment of macro uncertainty, real estate debt has become particularly attractive as it can provide senior-priority access to property fundamentals without full exposure to equities.



*"We're seeing strong and growing demand from a pretty wide range of investors – institutional investors, including pension funds, insurance companies, endowments and sovereign wealth funds are actively allocating to real estate debt."*



- Abbe Borok



*“Manager selection becomes an even more critical aspect of investment outcomes, since those credits that are in the ground for longer need to remain healthy. There will be winners and losers in this higher-for-longer environment, versus a more benign backdrop where everyone can be a winner.”*

- Jason Breaux



## Investing amid higher-for-longer rates

- The current uncertainty around monetary policy, and whether interest rates will remain around their current levels amid inflation pressures, has presented some challenges in returning invested capital to private credit investors.
- Manager selection has assumed greater importance in direct lending as it has become more favorable to keep loans outstanding for longer.
- In real estate debt, higher base rates have been largely beneficial for returns on newly originated loans.
- IG private credit as an asset class has shown resilience to higher base rates, both in terms of new issuance and credit performance.

## The outlook in uncertain times

- Real estate debt markets have experienced a resurgence in the past 6–12 months, with traditional lenders seemingly staying on the sidelines and opening up opportunities for alternative capital and private credit.
- The resilience observed in IG private credit could continue, supported by healthy issuance drivers.
- Non-IG private has also benefited from demand for non-bank lending, with institutional investors seeking the return, cash flow and diversification characteristics of the asset class.
- Direct lending has very limited exposure to tariff issues, and could hold up well as global trade uncertainty continues.



*“Although I don't have a crystal ball to say what's going to happen from a geopolitical and macroeconomic front, I would say the resilience of the market is going to continue. I think there's a tremendous amount of investment opportunity coming online. We're expecting it to be a busy second half of the year on top of a very busy first half of the year.”*

- Elaad Keren



Sources: Bloomberg, Private Placement Monitor, CoStar, RCA, Preqin, Kroll Bond Rating Agency, 2025. Content was recorded on July 30, 2025, and reflects views of the participants as of that date.

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