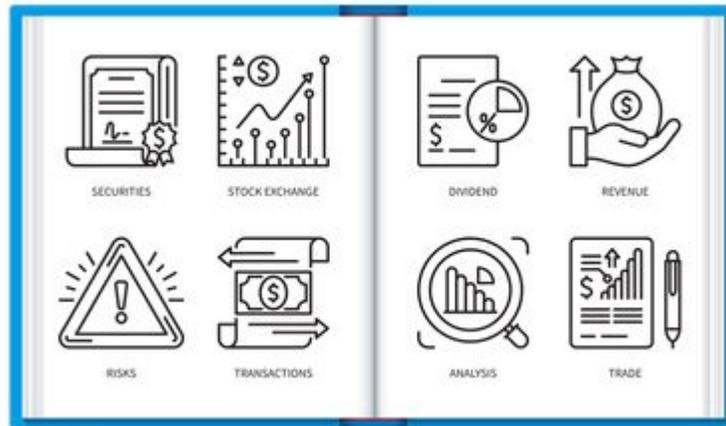


insights

TYPES NOT MAPPED YET November 11, 2023 | TTR not mapped yet | Katharine Battaia Clark

Market insights: Developments in private credit sector



Interesting read on hot topics in the private credit sector, including possible regulatory oversight concerns and potential stress on insurance and pension funds due to tensions in the secondary market. There is always risk in investing (whether large industry or individual), but this article details nuanced points particular to the private creditor sector around liquidity concerns that should be especially interesting to those who follow investment strategies of insurance companies and pension plans and, more generally, to those gauging potential impact of a higher interest rate environment.

This brings to mind some of my prior work with insurance companies that had invested in real estate pre-'08 (e.g., office buildings), only to find after the 2008 crash some of those investments distressed to the point of bankruptcy, with options limited for selling either the notes or the real estate. Those close to the insurance and pension sector should consider the possibility of coming distress and learn what strategies or tools might be necessary to mitigate risks.

The private credit market, which has boomed as investment banks retreated from the business of lending money to risky companies, is yet to be fully tested in a crisis.

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