Direct Lending….After COVID-19

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As we wrap up our COVID series, we turn our attention to the path ahead, as unclear as that is. Or as one economist put it succinctly: "Anyone who thinks we're going to keep moving up in a straight line is living in La-La Land."

The good news is markets have fully absorbed the shock of America stuck at home, and its impact on commercial activity.

The wide discount in secondary loan prices has shrunk. Credit investors are left with higher values, though fewer bargains. But what are the revenue and earnings assumptions behind those new values?

Credit managers now have a ring-side seat to deteriorating borrower performance combined with the issuer-friendly terms of past buyout financings. Expect those terms to change…

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