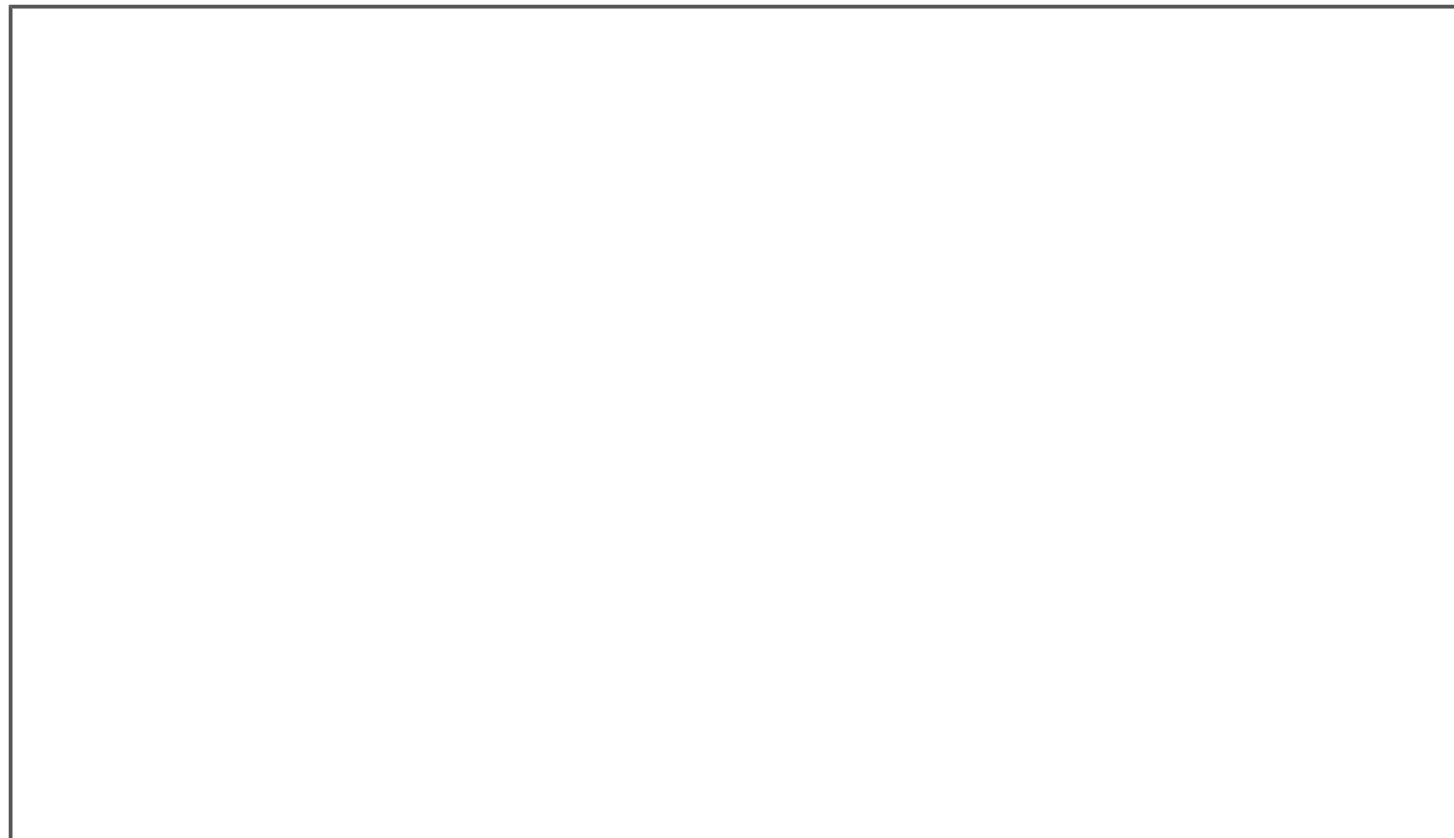


Post-COVID Private Credit: Leverage & Pricing

THE LEAD | September 24, 2020



A private credit practitioner would have found no better place to spend the week than at the SuperReturn North America Virtual conference. As chair of Day One, and on three lender panels your correspondent had a front row seat listening to GPs and LPs describe how they were dealing with the effects of COVID-19 on portfolios, new deal flow, and fundraising.

The astonishing thing was how consistent reactions were across multiple strategies. Everyone saw initial deal flow come to a stand-still in March and April. They witnessed borrowers quickly inject liquidity and cut operating costs. And they were surprised when valuations and performance relative to covenants wasn't as bad as they thought they would be.

Once portfolios stabilized, direct lenders were more receptive to new transactions. Pricing, at first, was well above 2019 levels; leverage more in line with 2011 than 2020...

?? Read Sept 14 2020 newsletter: [here](#)

?? Chart of the Week: [here](#) (by Refinitiv LPC)