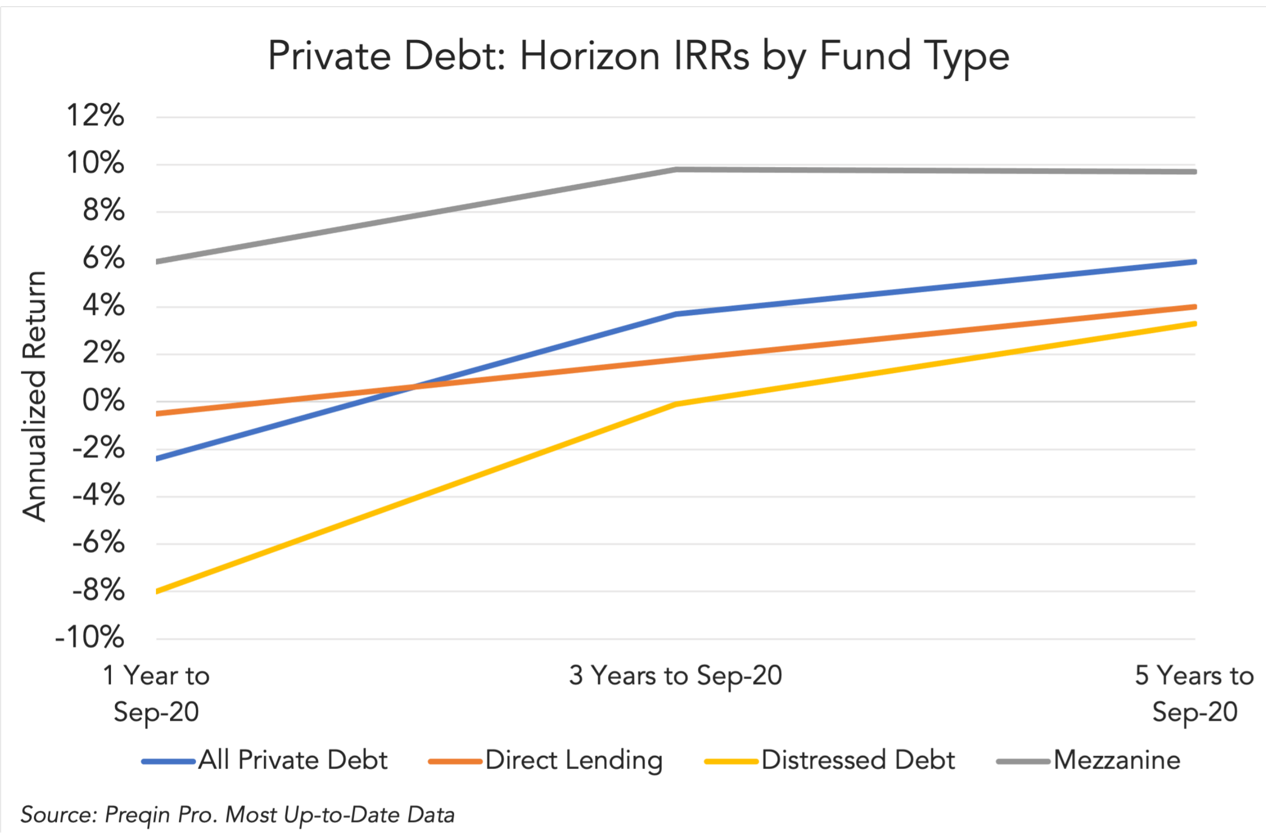
Private Debt Intelligence – 5/31/2021

THE LEAD | June 3, 2021

Short term returns from private debt turn negative

Chart



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Pandemic support from governments and financial banks helped public equity markets to recover faster and more significantly than expected at the beginning of 2020. This dampened demand for private capital, with returns from private debt facing serious downward pressure over the past year. Distressed debt's funds' one-year returns to September 2020 dropped to -8%. Direct lending fared better, but still delivered negative returns of -0.5% for the year. Mezzanine came to rest at 6%, boosted by the strong equity market performance. Over five years, all private debt has returned an average 5.9% horizon IRR.

(Past performance is no guarantee of future results.)

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