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4.1× More MM LBO Volume Went to Direct Lending

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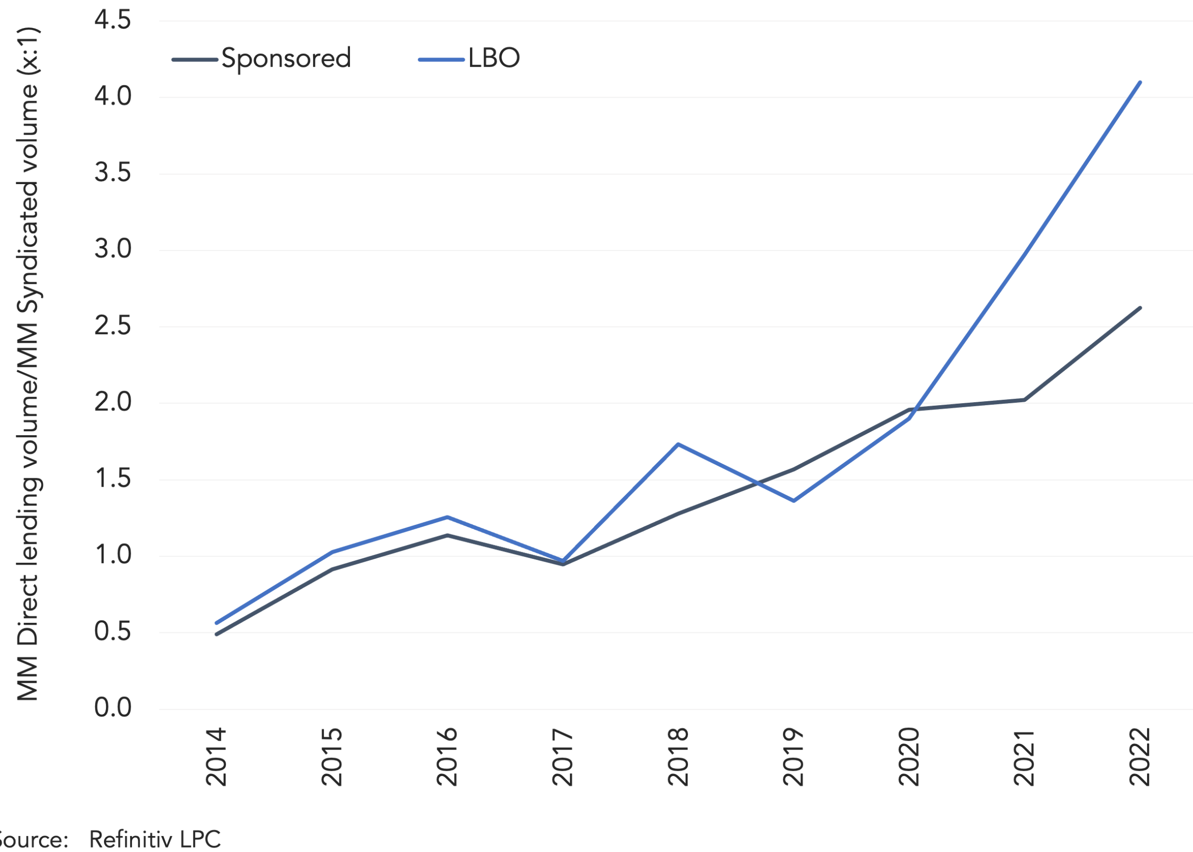

With very challenging conditions in the syndicated loan market, more and more sponsors turned to the direct lending market for funds in 2022. Even in the fourth quarter, when direct lending contracted, the ratio of direct to syndicated middle market sponsored loan volume soared to a high of 3.9 times, as the syndicated market retrenched even more. For the year, volume done via direct lending executions exceeded syndicated lending by 2.6 times. When looking at just LBO financings, the dominance of direct lenders was even more compelling. The volume of LBOs financed in the direct lending market was a whopping 8.2 times higher than the volume of middle market syndicated LBOs in 4Q22, and 4.1 times higher for the year. At US$55bn, 2022 overall middle market LBO issuance was down 28% from 2021. However, the decline was a lot more tempered in the direct lending space. Up until the end of 3Q22, direct lending LBO loan issuance was on pace to beat 2021's total, however, in 4Q22, issuance in this segment declined 21% quarter-over-quarter to US$11bn, far below 4Q21's record US$25.3bn.

(Past performance is no guarantee of future results.)