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The Pulse of Private Equity – 6/3/2024

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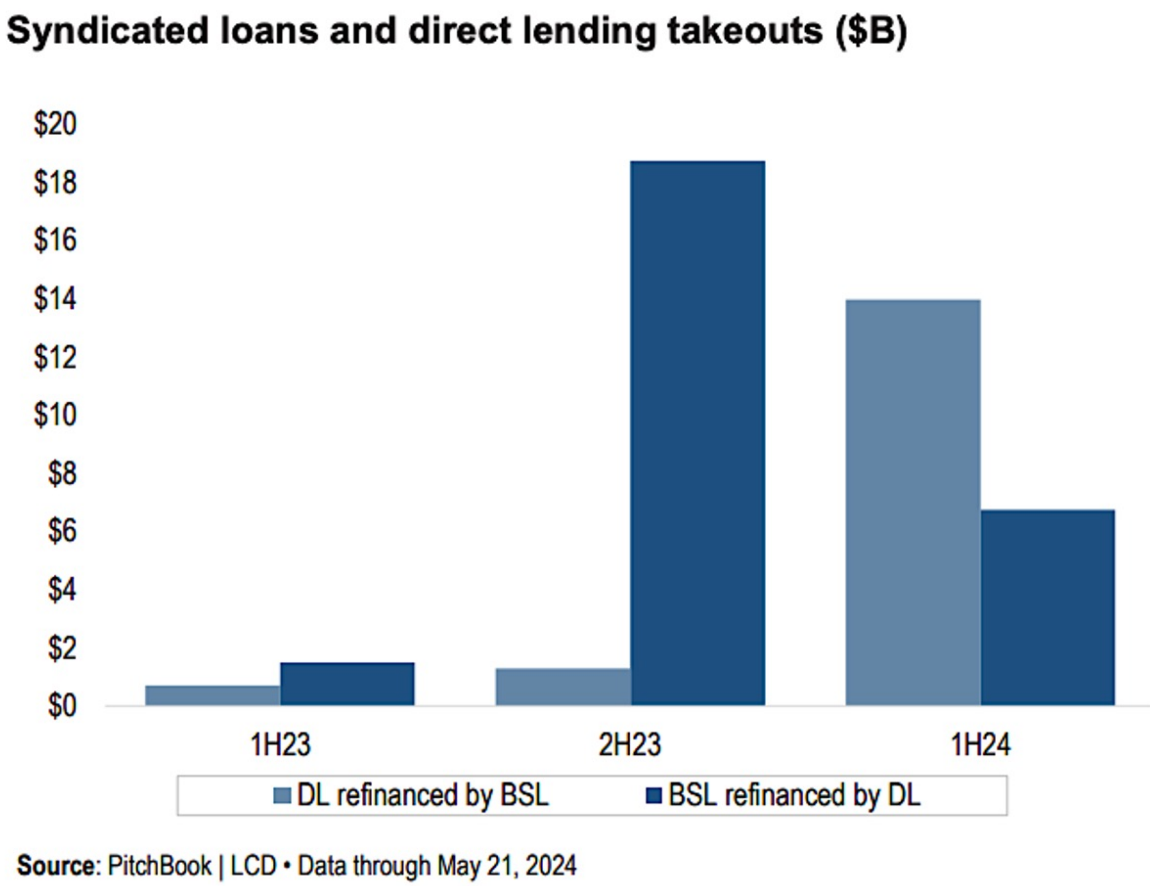

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Who doesn't like low-cost debt? For some borrowers, including many private equity-owned companies, the question is more complicated. Borrowers opting for the creative deal structures and ease of execution available in the private credit market over the syndicated loan market was a major trend for much of 2023. So far in 2024, however, the syndicated loan market has attracted borrower companies back to the fold, enticing them with the chance to slash borrowing costs via refinancings. Savings of as much as 300 bps are possible, particularly on high-cost unitranche loans and second-lien debt placed in recent years. Yet a group of borrowers is bucking the trend. LCD data show roughly a dozen broadly syndicated loan issuers have refinanced debt in the private credit market this year.

(Past performance is no guarantee of future results.)