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Fast and Furious (Second of Two Parts)

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As we discussed in our Best Practices in Private Credit series, portfolio construction is everything. With little way out short of refinancings or company sales, how these loans perform will reflect directly on investor returns, not how they trade. This puts the onus on portfolio managers to select not just the highest-quality issuers, but the most stable industries.

For diversified private capital platforms offering junior capital and equity investments as well as senior debt, this provides an opportunity to differentiate opportunities without casting one or another aside. And while certain sectors provide better upside, middle market private equity firms tend to operate in niche markets. Healthy returns can be realized via consolidation of regional players in slower growth arenas. Also from technological scale and improvements…

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