



GLOBAL

Private Debt Report



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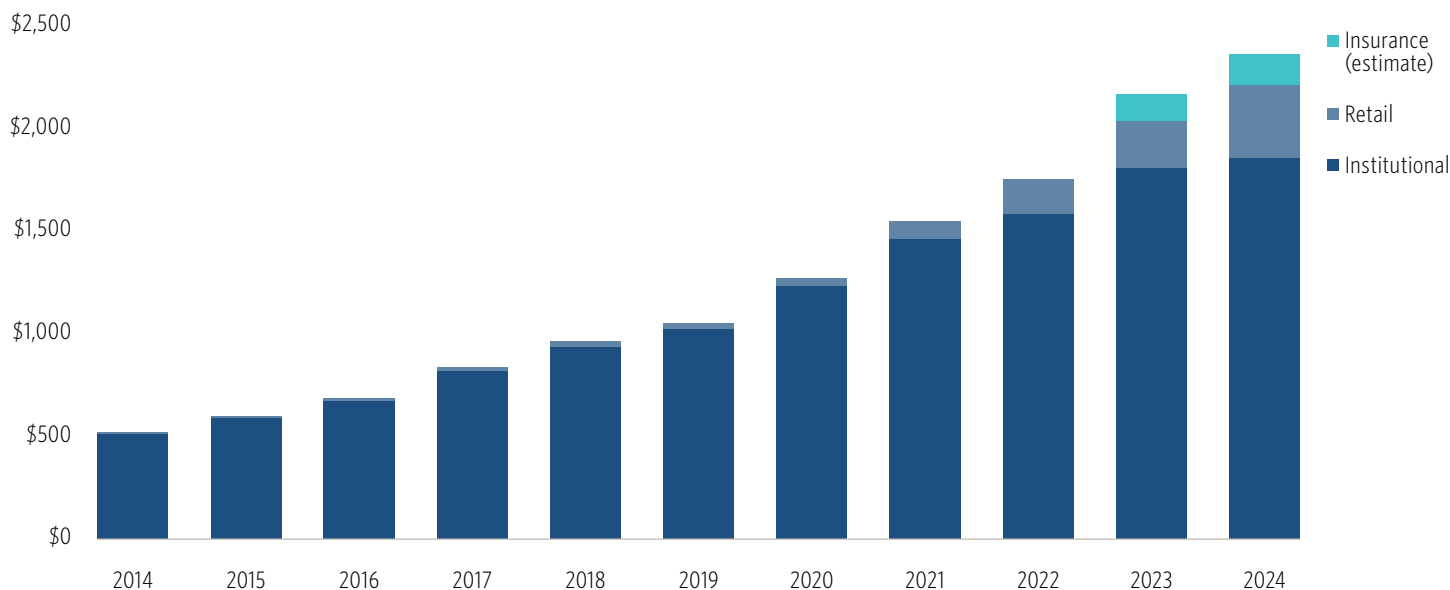
Report designed by **Josie Doan**

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Click [here](#) for PitchBook's report methodologies.

Key takeaways

Private debt AUM (\$B) by channel



Source: PitchBook • Geography: Global • As of December 31, 2024
Note: Retail and insurance figures are as of June 30, 2025.

Private credit's fundraising engine broadened and deepened across channels even as market conditions shifted. Perpetual vehicles for private wealth raised \$86.4 billion in H1—up more than 50% YoY—with an estimated 55% (\$47.5 billion) directed to private debt strategies spanning nontraded BDCs, interval, and tender offer funds. The wealth channel is accelerating: Several mega-alternatives managers now target approximately 25% or more of flows from retail. Blue Owl's TTM inflows through Q2 were \$36.1 billion, with \$16.3 billion, or 45.2%, sourced from private wealth, led by private credit. Policy tailwinds are expanding access, including the new pathway into 401(k) plans, while partnerships with large traditional managers, including Wellington, Vanguard, Capital Group, and Voya, are another avenue being explored to capture additional credit inflows from the private wealth channel.

Insurance remains a force multiplier. Among the top seven US public alt managers, TTM inflows to credit strategies approached \$150 billion in H1. Though the majority of insurers' investments trickles into liquid fixed income for regulatory reasons, a meaningful sleeve of capital is still committed to private debt strategies. Assuming a conservative 15% private debt allocation on the \$999 billion of insurance AUM at the big seven and \$149 billion of insurance-related TTM inflows implies an additional \$149.9 billion in AUM and \$22.4 billion in

fundraising incremental to institutional drawdown and retail evergreen tallies for the asset class.

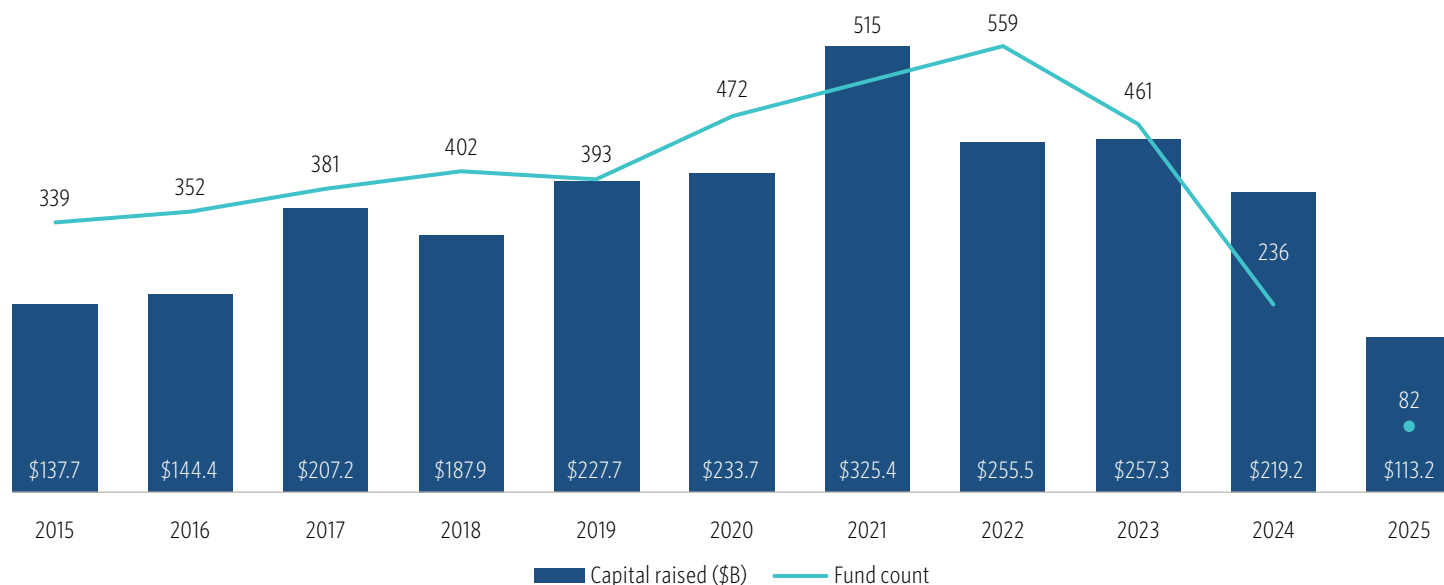
Deployment improved. Private debt dry powder fell 3.4% YoY to \$542.7 billion as of year-end 2024, or 29.3% of AUM, signaling capital being put to work after two years of supply outpacing demand. We expect further moderation in dry powder as PE dealmaking accelerates into year-end. Private credit managers remain well capitalized, with substantial dry powder ready to deploy. Lending markets appear well positioned to absorb a resurgence in activity into year-end, supported by the prospect of lower rates, easing recession risks, and greater clarity around trade policy.

Private debt returns continued their descent amid persistent rate-cutting cycles in major markets around the world.

Private debt posted a one-year return of 6.5% through the end of 2024, below the asset class's five- and 10-year horizon IRRs of 8.6% and 8.1%, respectively. Moreover, most private debt substrategies sit in the mid-single digits, with infrastructure debt proving to be the exception, posting a one-year return of 13.1%. Competitive dynamics tightened spreads—particularly on larger loans—as BSLs regained share and some borrowers refinanced out of direct loans. Nonetheless, BDC commentary turned more constructive on forward pipelines.

Fundraising and dry powder

Private debt fundraising activity



Source: PitchBook • Geography: Global • As of June 30, 2025

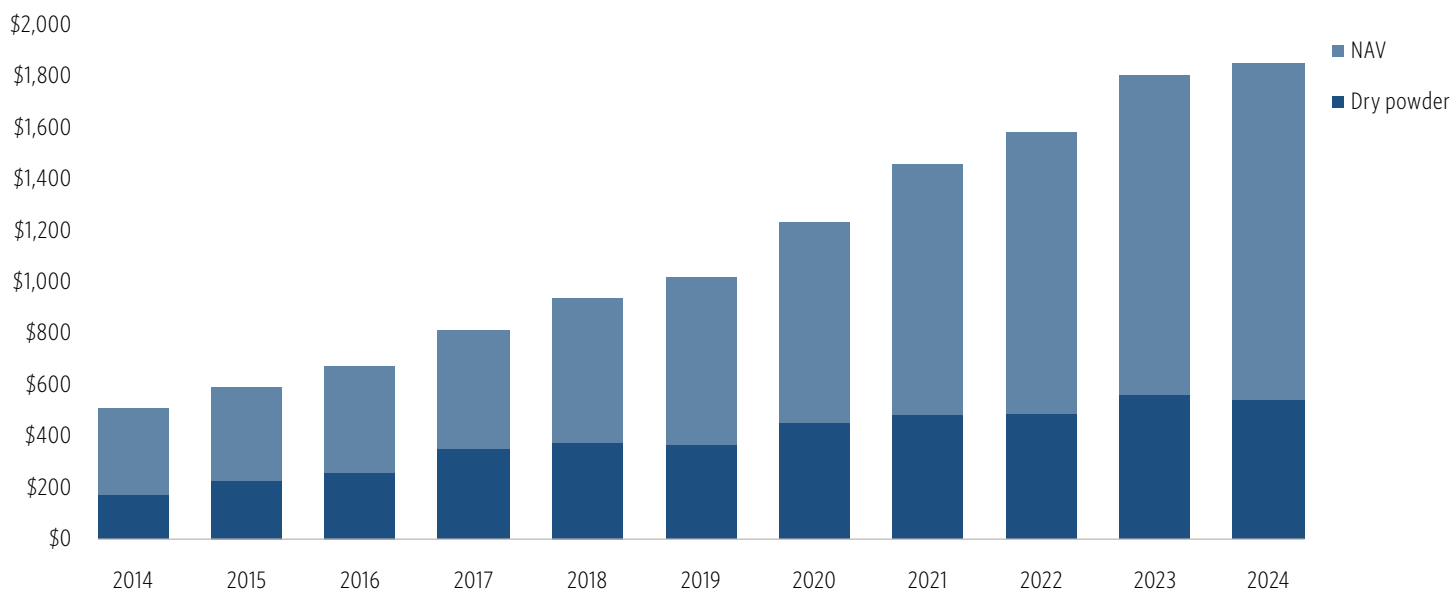
Global private debt fundraising activity is pacing to achieve another strong year, continuing the momentum seen in the last six years of \$200 billion or more in capital raised. As a reminder, our fundraising data counts solely equity capital and upon final closing only. Through the end of June 2025, the asset class saw 82 funds raised for an aggregate of \$113.2 billion. Private debt funds continue to draw interest from investors looking to diversify their portfolios and gain exposure to a relatively consistent return profile in alternative assets. Private debt funds remain compelling, offering higher yields driven by illiquidity and complexity premiums, alongside tighter covenant protections, portfolio diversification, and reduced mark-to-market volatility compared with broadly syndicated loans (BSLs) and high-yield bonds. Furthermore, robust demand for financing from companies staying private for longer, and the growing set of financing strategies such as asset-backed lending and infrastructure debt point to more opportunities in the private debt market. On an annualized basis, we expect the year to end slightly above the capital raised in 2024.

In terms of fund count, it appears we are in for the third consecutive year of decline. Fundraising activity is currently on pace to fall 30% short of the levels in 2024 and hit the lowest number of funds closed in over a decade. The number

of funds closed peaked in 2022 with 559 funds and has more than halved to 236 funds closed just two years later as two trends play out simultaneously: Fund sizes are getting larger, and capital is flowing to more experienced managers. The median debt fund size has grown significantly in the last two years, climbing from \$208.6 million in 2022 to \$310 million by the end of 2024. The median fund size for H1 2025 was pushed further up to \$375 million, as 80% of those funds were closed at sizes larger than their predecessor funds.

At the same time, capital is being consolidated into a handful of funds—namely, those raised by experienced managers. Experienced managers—managers that have raised more than three funds—can still benefit from the current industry trend of LPs consolidating the number of manager relationships. Managers with longer track records and existing relationships with LPs can often more easily raise larger funds, especially if LPs are crowding into a smaller group of experienced GPs. Experienced managers have steadily gained favor relative to emerging managers, accounting for greater shares of both capital and the number of funds raised over the past five years. In H1 2025, experienced managers raised 94.5% of capital and 78% of the number of closed funds. In comparison, experienced managers took up 78.6% of capital raised and 54% of closed funds in 2015.

Private debt institutional fund AUM (\$B)



Source: PitchBook • Geography: Global • As of December 31, 2024

Institutional fundraising

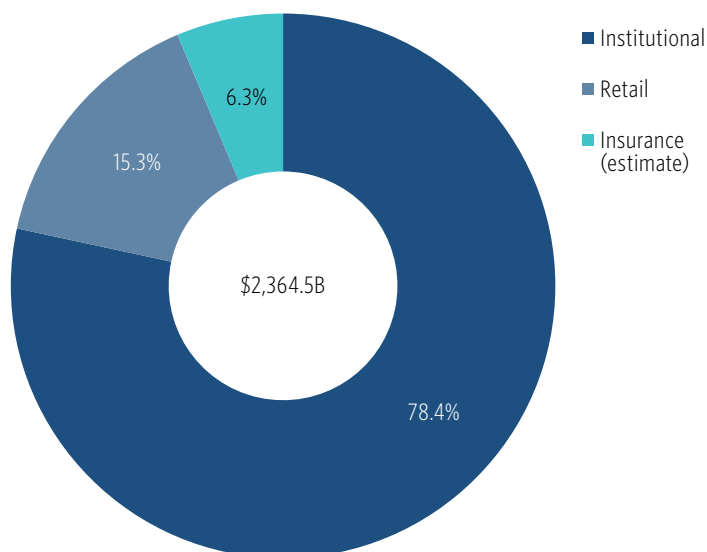
Institutional funds closed on \$113.2 billion in total committed capital in the first half of 2025, which was a faster pace than in H1 2024 when closings totaled \$89.9 billion. Fundraising was buoyed by final closes soon after the start of the new year, with the largest fund closing in January with \$17.7 billion raised. The top three largest funds this year so far achieved final closes in Q1: Ares Capital Europe VI, which raised \$17.7 billion; Oaktree Opportunities Fund XII, which raised \$16 billion; and Blackstone Real Estate Debt Strategies V, which raised \$8 billion. The five largest funds each represented different private debt substrategies, demonstrating the diversification of capital flow in H1 2025.

On a trailing 12-month (TTM) basis, private debt is the second-leading fundraising strategy in private capital markets, behind only PE. Private debt is one of just three strategies that have seen TTM YoY growth in capital raised. Capital flow into private debt strategies is also strong outside of institutional drawdown fundraising, dominating private market fundraising in the insurance and wealth channels. As noted in our [Q2 2025 US Public PE and GP Deal Roundup](#), credit strategies accounted for 58.8% of all TTM fundraising among the big seven public US alternative asset managers, and roughly half of that total was sourced from perpetual vehicles in the wealth and insurance segments.

Megafunds accounted for 42.5% of capital raised in H1 2025 despite accounting for just 5% of the number of funds closed. Capital continued to concentrate among the largest managers, with just one of the top 20 funds being raised by an emerging firm. That said, many funds are staying open longer in order to hit their fundraising targets. Time to close funds continued to stretch, with the average time to close a debt fund reaching 23.2 months in H1 2025 from a previous five-year average of 19.1 months.

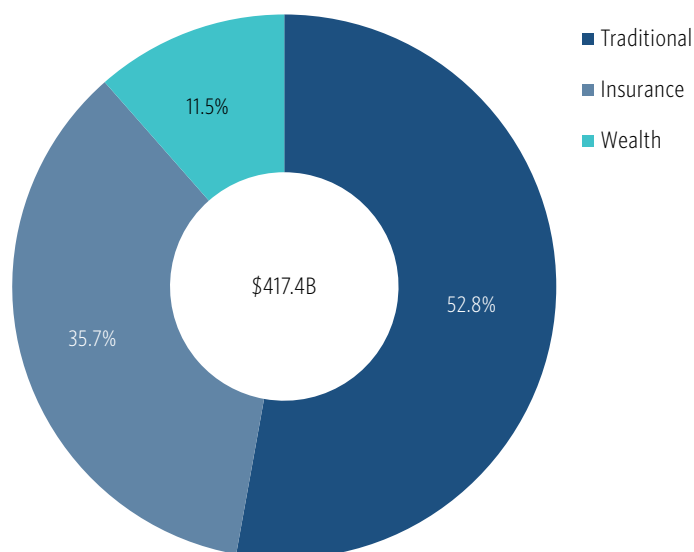
Capital flow into European private debt funds has been stronger, with \$37 billion raised in H1 2025 compared with \$24.7 billion in H1 2024. YTD, Europe accounts for 32.7% of debt capital raised, which is more than 7% higher than the previous five-year average and nearly 10% higher than Europe's share in 2024. As with the broader private debt fundraising market, fund count has not increased proportionally. Successful fundraising by European funds demonstrates investor demand for diversification to balance out the higher allocation to North American funds. North America has accounted for over 60% of all private debt capital raised since 2019. European funds are drawing in investors that seek a less saturated but expanding market, especially in the face of macroeconomic and geopolitical uncertainty in the US.

Share of private debt AUM by channel



Source: PitchBook • Geography: Global • As of December 31, 2024
Note: Retail and insurance figures are as of June 30, 2025.

Share of TTM private capital raised by top seven public US alternative asset managers by channel in Q2 2025



Source: PitchBook • Geography: Global • As of June 30, 2025

Private wealth/perpetual capital fundraising

Perpetual vehicles for the private wealth investor, also known as semi-liquid or evergreen funds, raised \$86.4 billion in the first half of 2025, a YoY increase of more than 50% from the \$57.4 billion raised through June 2024.¹ We estimate that 55% of that fundraising has flowed to private debt strategies ranging from nontraded business development companies (BDCs) to interval funds with broader mandates to tender offer funds with more opportunistic

or specialty credit approaches. This puts the category in line to have raised approximately \$47.5 billion in the first half of 2025 for various private debt strategies. Several mega-alternative managers targeted 25% of all fundraising to come from the wealth channel, with a few, including Blue Owl, well surpassing that mark. Blue Owl's TTM inflows through Q2 saw that \$16.3 billion of its \$36.1 billion in total inflows, or 45.2%, came from the private wealth channel, with significant contributions coming from its private debt products.

Wealth platforms by public alternative asset managers

Firm	Wealth platform	Wealth AUM (\$B)	Total AUM (\$B)	% of total AUM	Wealth TTM inflows (\$B)	Total TTM Inflows (\$B)	% of total TTM Inflows	Launch year
BX	Blackstone Private Wealth Solutions	\$280.0	\$1,211.2	23.1%	\$34.0	\$211.8	16.1%	2010
KKR	KKR Global Wealth Solutions	\$120.0	\$685.8	17.5%	\$13.0	\$109.1	11.9%	2021
OWL	Blue Owl Private Wealth	\$122.9	\$284.1	43.2%	\$16.3	\$36.1	45.1%	2021
CG	Carlyle Private Wealth	\$50.0	\$465.0	10.8%	N/A	\$50.6	N/A	2023
ARES	Ares Wealth Management Solutions	\$50.0	\$572.4	8.7%	\$12.7	\$95.6	13.3%	2021
APO	Apollo Academy	N/A	\$840.0	N/A	\$15.0	\$182.6	8.2%	2022

Source: Company reports • Geography: Global • As of June 30, 2025

1: "Led by BDCs, Annual Alts Equity Raise Up 50% Through June 2025," AltsWire, Mari Nicholson, July 23, 2025.

Fundraising for retail-oriented vehicles such as nontraded BDCs, interval funds, and tender offer funds continues to increase as more vehicles come to market. Since 2019, PitchBook has tracked over 250 private market funds launched across these three vehicle types, targeting the private wealth channel. Moreover, nontraded BDCs continued to command significant capital and remained the “top-selling” category among alternative investments in H1 2025, once again eclipsing nontraded REITs as the real estate fundraising market continues navigating a more challenging environment. While private credit does not account for 100% of AUM in these products, they are a standout. Nonlisted BDC AUM is unsurprisingly the exception, consisting of only private credit capital, while interval and tender offer funds span multiple asset classes. Moreover, of the more than 250 funds, 75.9% of the launches were in private-credit-related strategies, showcasing the demand for these products. Additionally, assets in semi-liquid funds open to nonqualified purchasers, or those with less than \$5 million in investable assets, grew to \$344 billion by the end of 2024, up from \$215 billion just two years earlier at the end of 2022.²

Most recently, in May, the Securities and Exchange Commission (SEC) updated guidance allowing semi-liquid funds with more than 15% of assets allocated to private assets to be available to nonaccredited investors, or those with less than \$1 million in investable assets. Semi-liquid private credit funds have performed well, with returns outshining both semi-liquid equity funds and leveraged loans. Gross yields are similar to higher-yielding bank-loan funds, according to the report, though much of that yield is mostly the product of fund-level leverage rather than lending money at higher rates.³ For additional analysis of performance on evergreen funds, including debt-related vehicles, read our recent analyst note [The Return of Evergreen Funds](#).

The wealth channel is now expanding for these managers. This is partly due to the recent executive order signed by

US President Donald Trump, which allows PE, private credit, and other alternative asset classes access to the 401(k) defined-contribution channel. Elsewhere, most of these managers are partnering with traditional asset managers to gain access to other retail investors. These traditional asset managers oversee trillions of dollars and represent significant opportunities for these alternative managers. Blackstone has partnered with Wellington and Vanguard to create a multiasset interval fund that will integrate public and private markets, with the Wellington vehicle awaiting approval from the SEC. KKR is in a similar position regarding its two products with Capital Group, one focused on equity and one focused on credit, which are also awaiting SEC approval.

In July, Blue Owl announced a strategic partnership with Voya Financial, a provider of retirement, investment, and insurance solutions, to offer private assets in defined-contribution plans, including 401(k)s. Blue Owl described the partnership as part of its effort to offer more initiatives in the retirement space, noting the significant opportunity to create access to private markets by leveraging the firm’s presence in the private wealth space.⁴ The partnership will initially focus on collective investment trusts that provide access to private market strategies offered by both Blue Owl and Voya Financial, but the two firms plan to explore multiple ways to collaborate on private investment solutions through other channels.⁵

Other managers are also pursuing partnerships to add new capabilities and scale to their endeavors. Apollo struck up a partnership with State Street, through which it started to offer private credit and alternatives products to wealth clients in Q1. Some sponsors are turning to M&A to tap the opportunities presented by private credit, including the retail channel. Acquisitions such as BlackRock’s 2024 purchase of HPS Investment Partners and TPG’s 2023 acquisition of Angelo Gordon were partly meant to add product offerings for evergreen-seeking LPs, including income-producing strategies in private debt.

2: “Courting the Wealth Channel, Venture Capital Struggles as Other Private Funds Soar,” Morningstar, Alexander Davis, July 15, 2025.

3: “The State of Semiliquid Funds 2025,” Morningstar, n.d., accessed September 7, 2025.

4: “Blue Owl Capital and Voya Financial Enter Strategic Partnership to Bring Private Markets Investments to Defined Contribution Retirement Plans,” Blue Owl, July 14, 2025.

5: Ibid.

Insurance platforms by public alternative asset managers

Firm	Insurance platform	Insurance AUM (\$B)	Total AUM (\$B)	% of total AUM	Insurance TTM inflows (\$B)	Total TTM Inflows (\$B)	% of total TTM Inflows	Date acquired	Share acquired
APO	Athene, Athora	\$426.0	\$840.0	50.7%	\$81.0	\$182.6	44.4%	January 3, 2022	100.0%
BX	Four core minority investments	\$250.0	\$1,211.2	20.6%	\$30.0	\$211.8	14.2%	N/A	N/A
KKR	Global Atlantic	\$201.0	\$685.8	29.3%	\$30.0	\$109.1	27.5%	February 1, 2021	100.0%
CG	Fortitude	\$76.0	\$465.0	16.3%	N/A	\$50.6	N/A	March 31, 2022	71.5%
OWL	Kuvare Asset Management	\$23.0	\$284.1	8.1%	N/A	\$36.1	N/A	April 3, 2024	100.0%
ARES	Aspida	\$23.0	\$572.4	4.0%	\$8.0	\$95.6	8.4%	July 9, 2019	100.0%

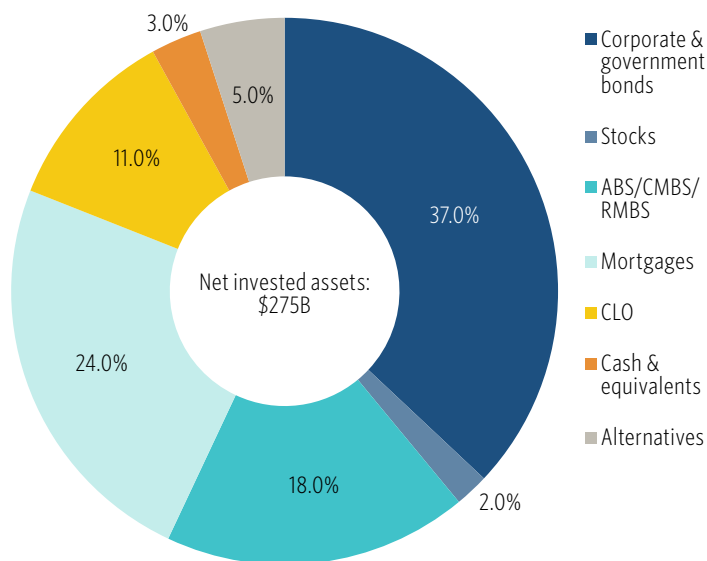
Source: Company reports • Geography: Global • As of June 30, 2025

Insurance channel

Insurance has increasingly become a vital source of inflows for many private credit managers as they continue scaling their credit strategies and permanent capital bases. Pairing insurance managers and alternative asset managers, private credit, specifically, is mutually beneficial: The longer duration required for private market strategies aligns with the long-term outlook of insurance managers and their investment thesis. The insurance sector invests primarily in fixed income, which has complemented several firms as they build out or buy heavily in their private credit franchises to capture insurance inflows and further scale AUM. At the same time, insurers can gain higher yields, with stable and tailored cash flows and lower market volatility than their public fixed-income peers. Moreover, insurers can gain exposure to the various debt substrategies, some of which are qualitatively different from what is available in public bonds, adding a sense of diversification.

Within the insurance segment, where capital is often managed in separately managed accounts (SMAs) or rate feeder funds for regulatory control purposes, flows to private debt have been substantial and are continuously growing. In the top seven public US alternative asset managers where insurance inflows are disclosed, inflows to credit strategies reached nearly \$150 billion for the TTM period ended Q2 2025. However, this overstates the contribution to private debt. The vast majority is invested in liquid strategies such as government and corporate bonds to stay in compliance with the National Association of Insurance Commissioners and other regulatory entities that provide guidelines on what insurers can safely invest in.

Athene invested assets by strategy in H1 2025



Source: Company reports • Geography: Global • As of June 30, 2025

For example, Apollo's wholly owned US insurer, Athene, is one of the largest and longest-running tie-ups between an insurer and a PE manager, dating back to its formation and initial funding by Apollo in 2009. Athene's allocation to private debt and other alternative investments is consistent at 5% versus 6.3% for the industry. However, including real estate debt that has yet to be packaged into mortgage securities, Athene's exposure to private debt with illiquid or semi-liquid characteristics is closer to 27% versus 15.3% for the industry. While not a perfect proxy for all seven of the alternative managers, if we conservatively assume a 15% allocation to private debt for the \$999 billion in reported insurance AUM and

the \$149 billion in related TTM credit fund flows, that implies another \$149.9 billion in AUM and \$22.4 billion in fundraising that are incremental to our private debt totals for traditional institutional drawdown funds and perpetual capital retail funds.

Other firms prefer the balance-sheet-light approach of managing assets on behalf of insurers rather than outright owning an insurance company. Blackstone is the prime example for this strategy, managing nearly \$280 billion on behalf of insurers, while peers like TPG, which is only just getting back into the insurance space via its credit strategy—Angelo Gordon—are contemplating running a similar play to Blackstone, opting for strategic partnerships with insurers. Moreover, Blackstone recently partnered with L&G to provide investment-grade private credit solutions for the pension risk transfer and annuities businesses. Through the partnership, Blackstone will also develop public-private credit products for the UK wealth and retirement markets, targeting up to \$20 billion in the next five years.

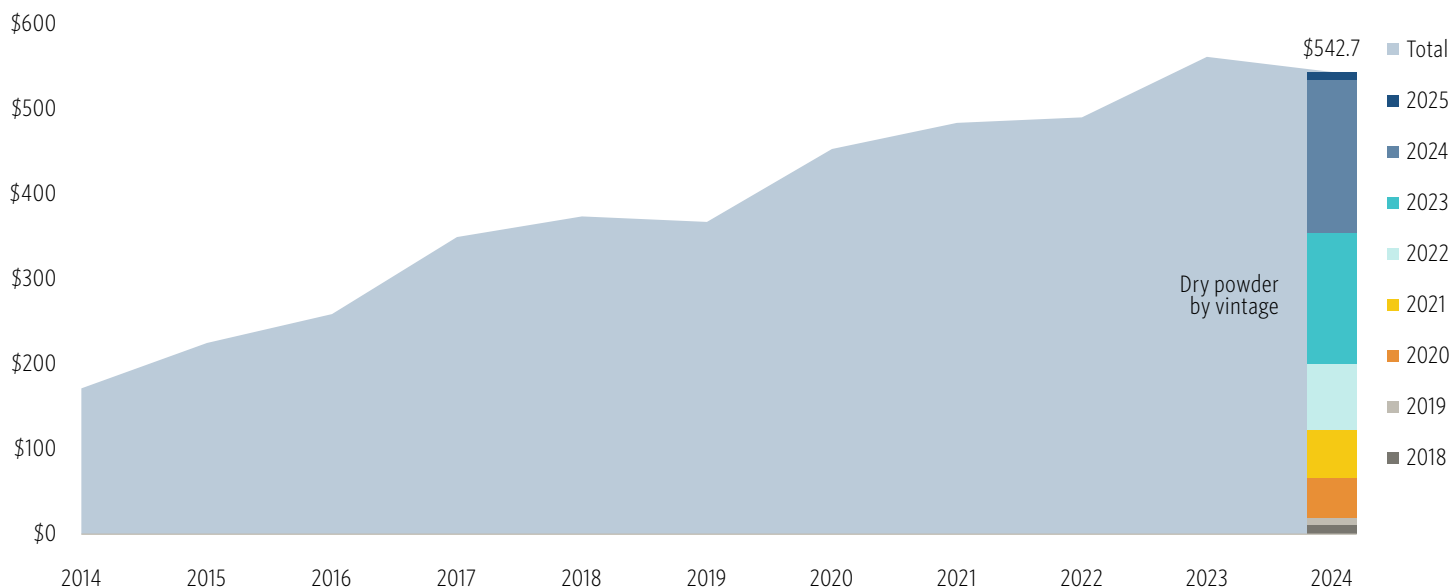
Dry powder

As PE deal activity, among other uses of debt proceeds, has picked back up, so, too, has private credit issuance to provide financing for said deals. As a result, private debt dry powder declined 3.4% YoY to \$542.7 billion. Dry powder figures are through the end of 2024 due to late reporting from GPs and

LPs. While this figure is still the second-highest dry powder figure for the asset class, it is a good sign that the massive amounts of capital raised in the space over the last three to four years are being put to work. This recent change came after two years during which supply was higher than demand as fundraising was robust, while deal activity/deployment slowed, which left dry powder elevated. Dry powder's share of AUM now sits at 29.3%—slightly below each of the last two years. Moreover, due to the increasing demand for private credit and the now seemingly stabilizing fundraising backdrop, the asset class's dry powder collection could continue declining in the quarters ahead, especially as PE dealmaking (a large demand driver for private credit capital) continues to accelerate.

As of Q4 2024, private debt AUM reached \$1.9 trillion globally and is expected to surpass \$2.5 trillion when inclusive of perpetual capital vehicles in the wealth and insurance channels.⁶ Within institutional drawdown funds, direct lending is private debt's largest substrategy at \$687.2 billion in AUM. The direct lending market experienced substantial growth from \$84.4 billion of AUM in 2014, representing a CAGR of 23.3%. In comparison, global PE AUM experienced a CAGR of 11.5% during the same span. With global PE AUM reaching \$5.9 trillion at the end of 2024, private debt is expected to expand further to meet PE sponsors' capital needs, having secured its role as a dependable funding channel, especially during periods of turmoil.

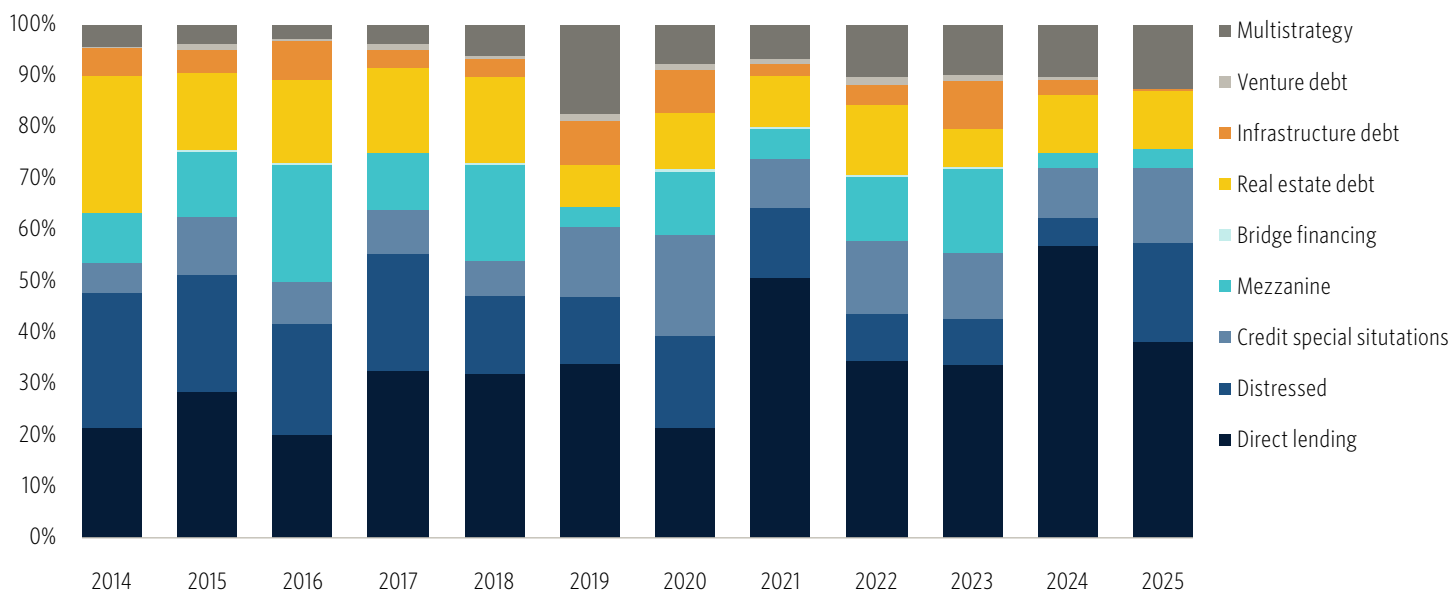
Private debt dry powder (\$B)



Source: PitchBook • Geography: Global • As of December 31, 2024

6: Perpetual capital calculation is as of June 2025.

Share of private debt capital raised by strategy



Source: PitchBook • Geography: Global • As of June 30, 2025

Fundraising by strategy

Direct lending maintained its top position amongst the private debt substrategies, accounting for 38.3% of the private debt capital raised YTD. As of H1 2025, direct lending fell more in line with the previous five-year average share of private debt fundraising of 38.6%. If fundraising in direct lending funds paces similarly for the rest of the year, fundraising activity in 2024 will have been an outlier, accounting for a whopping 57% of total private debt fundraising. The outsized demand for direct lending was driven by the rising financing needs of non-investment-grade borrowers as banks pulled back in recent years. Direct lenders have found success in filling this gap, supplying higher-yielding loans to both middle-market and larger PE-backed companies. Direct lending fundraising appears to be back to its normalized share of private debt as investors seek further diversification in other substrategies.

The majority of H1 2025 direct lending fundraising went to Europe, mostly due to one outsized fund in London. In January, Ares closed on a whopping \$17.7 billion for its Ares Capital Europe VI fund, surpassing its target and representing around a 53% step-up from its predecessor fund.⁷ The fund provides flexible financing solutions for European companies in defensive sectors and had already deployed capital across

50 investments as of the fund's final close. The fund is one of the largest vehicles of its kind, as investors saw significant opportunity in Europe and in Ares' platform itself. Crescent Capital Group also exceeded its initial fundraising target for its European Specialty Lending Fund III, holding a final close of \$3.3 billion in April. European funds accounted for 65.5% of direct lending capital fundraising YTD, overtaking North America for the first time since 2014.

In only six months, fundraising for distressed debt already nearly doubled 2024's total raised for the strategy. All the more impressive was that only five distressed funds have held final closes. YTD, the distressed strategy has seen these five funds close on a combined \$21.6 billion, setting 2025 up to be the best year for distressed fundraising since the \$44.6 billion raised in 2021. Headlining the list of distressed funds is Oaktree's Opportunities Fund XII, which closed at \$16 billion in total capital commitments, including co-investments and affiliated vehicles, in February. The timing of Oaktree's fund close could not have been more appropriate amid the market uncertainty and concern about slowed growth and loan delinquencies. And while the market has slowly started to get more clarity, should the uncertainty persist, more distressed managers may seek to raise funds to capitalize on the market uncertainty and the increased delinquencies that tend to arise in more tumultuous environments.

⁷: "Ares Management Raises €30 Billion for European Direct Lending Strategy," Business Wire, January 14, 2025.

Largest private debt institutional funds closed in H1 2025

Fund	Investor	Fund size (\$M)	Close date (2025)	Fund type	Fund step-up	Location
Ares Capital Europe VI	Ares Management	\$17,745.6	January 14	Direct lending	1.5x	London, UK
Oaktree Opportunities XII	Brookfield Oaktree Holdings	\$16,000.0	February 11	Distressed debt	1.0x	Los Angeles, US
Blackstone Real Estate Debt Strategies V	Blackstone	\$8,000.0	March 3	Real estate debt	1.0x	New York, US
Atlas Capital Resources V	Atlas Holdings	\$6,325.0	May 5	Debt	2.0x	Greenwich, US
Apollo Accord+ II	Apollo Asset Management	\$4,800.0	May 14	Credit special situations	2.0x	New York, US
Thoma Bravo Credit III	Thoma Bravo	\$3,600.0	January 21	Direct lending	1.1x	Chicago, US
Crestline Direct Lending IV	Crestline Investors	\$3,500.0	May 14	Direct lending	3.5x	Fort Worth, US
FP Credit Partners III	Francisco Partners	\$3,300.0	January 23	Credit special situations	1.5x	San Francisco, US
Crescent European Specialty Lending III	Crescent Capital Group	\$3,265.8	April 10	Direct lending	1.7x	London, UK
Capital Four Private Debt V - Senior	Capital Four	\$3,240.7	March 31	Direct lending	7.3x	Copenhagen, DE

Source: PitchBook • Geography: Global • As of June 30, 2025
Note: Fund size represents total committed capital.

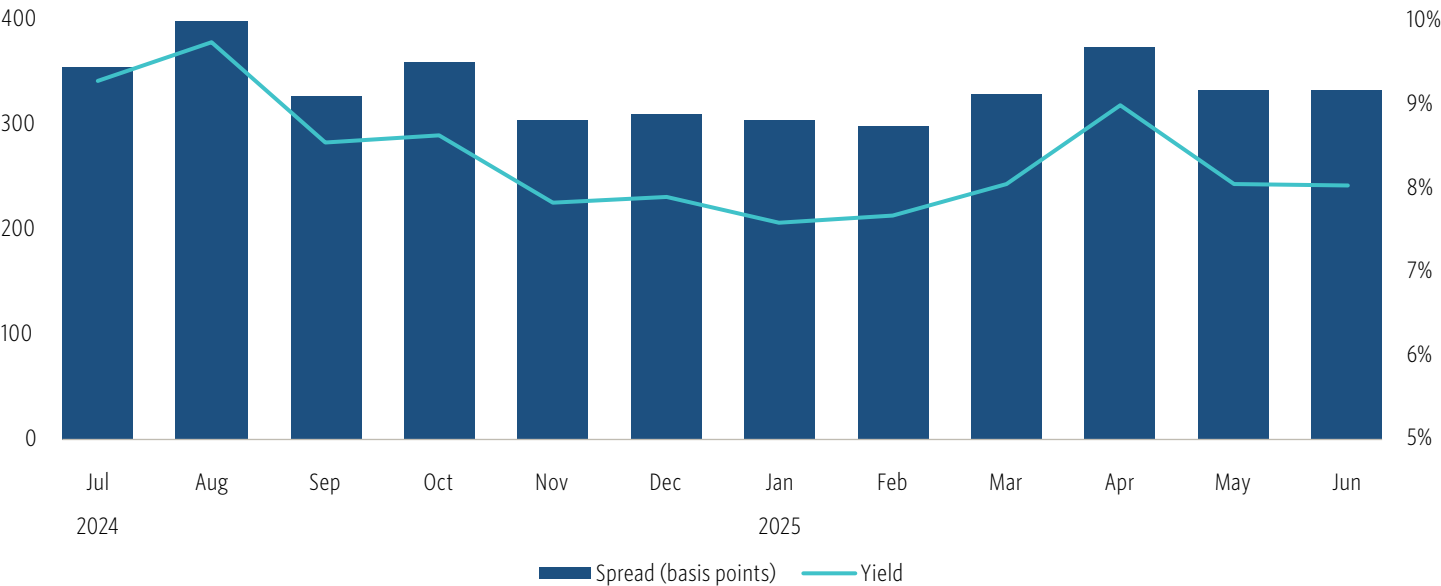
Largest nontraded BDCs and private debt interval funds offered in H1 2025

Fund	Net assets (\$B)	Fund type	Strategy	Location
Blackstone Private Credit	\$44,318.7	Nontraded BDC	Direct lending	New York, US
Cliffwater Corporate Lending	\$30,400.0	Interval fund	Direct lending	Marina del Rey, US
Blue Owl Credit Income Corp	\$17,495.0	Nontraded BDC	Direct lending	New York, US
Apollo Debt Solutions BDC	\$13,140.9	Nontraded BDC	Direct lending	New York, US
HPS Corporate Lending	\$10,700.0	Nontraded BDC	Direct lending	New York, US
Ares Strategic Income	\$8,423.7	Nontraded BDC	Direct lending	Los Angeles, US
Blue Owl Technology Finance Corp.	\$7,985.4	Nontraded BDC	Direct lending	New York, US
Cliffwater Enhanced Lending	\$6,300.0	Interval fund	Direct lending	Marina del Rey, US
Cion Ares Diversified Credit	\$4,579.2	Interval fund	Multistrategy	New York, US
Carlyle Tactical Private Credit	\$4,427.9	Interval fund	Multistrategy	New York, US

Source: PitchBook • Geography: Global • As of June 30, 2025

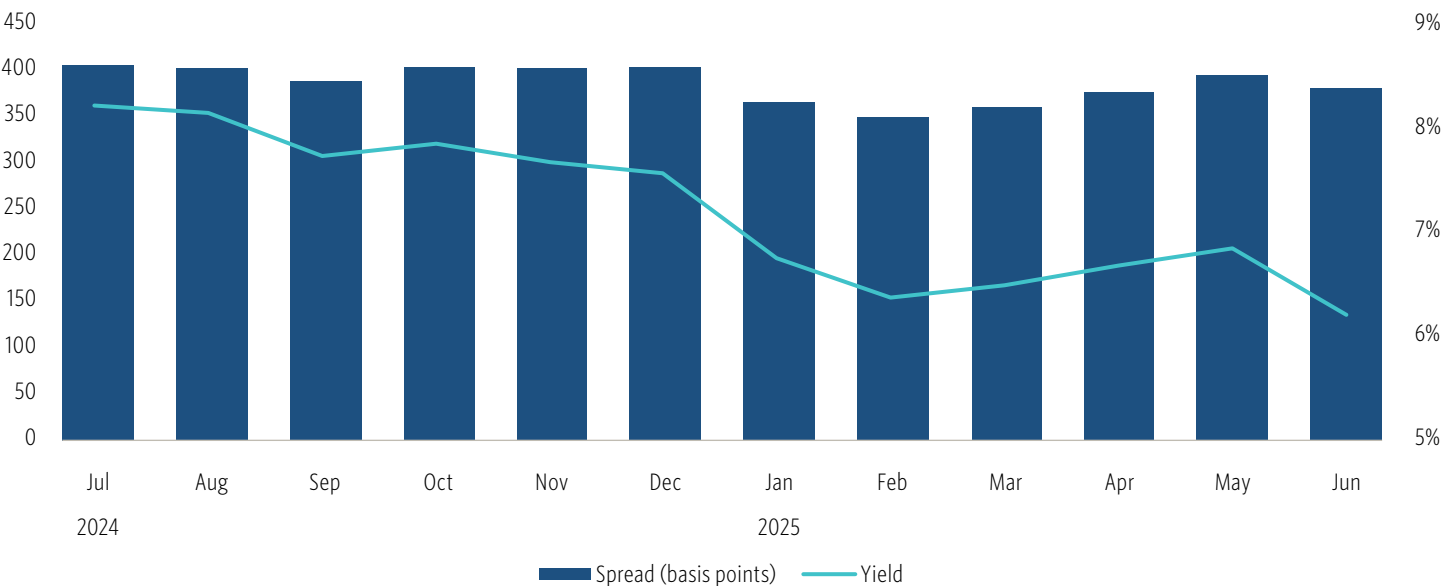
US and European market stats

Spread and yield to maturity on new-issue US leveraged loans



Source: PitchBook | LCD • As of June 30, 2025
Note: Trailing 30-day average

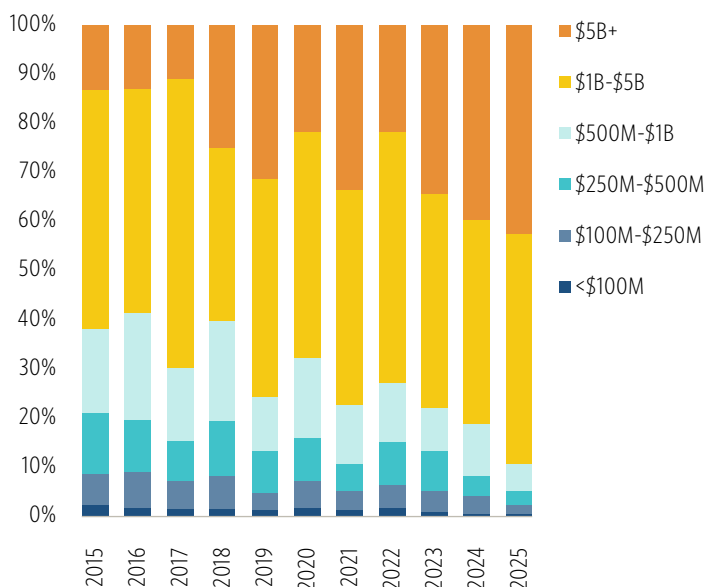
Spread and yield to maturity on new-issue European leveraged loans



Source: PitchBook | LCD • As of June 30, 2025
Note: Trailing 90-day average

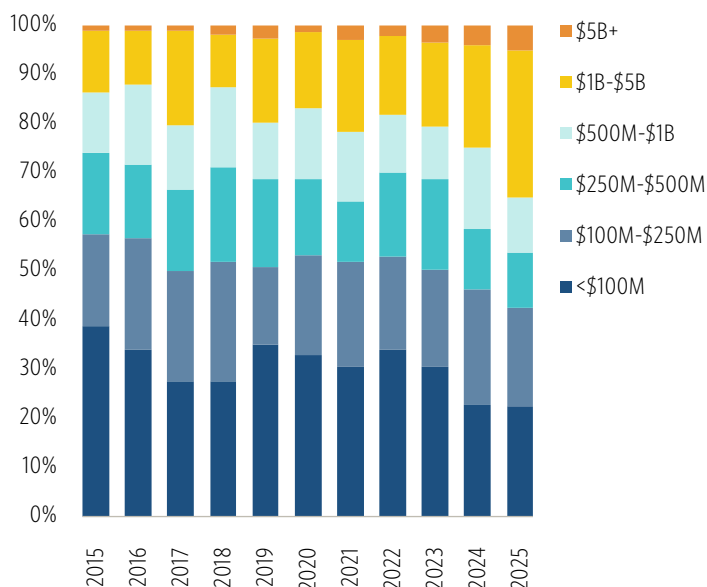
Private debt fund stats

Share of private debt capital raised by size bucket



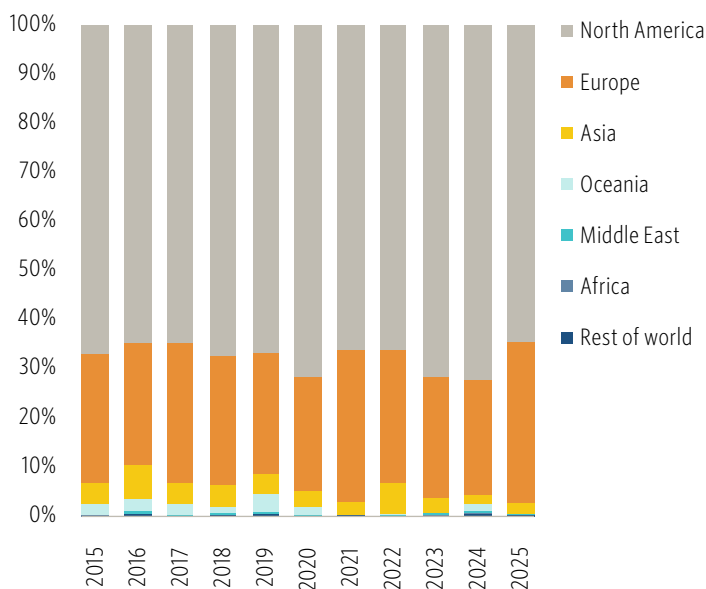
Source: PitchBook • Geography: Global • As of June 30, 2025

Share of private debt fund count by size bucket



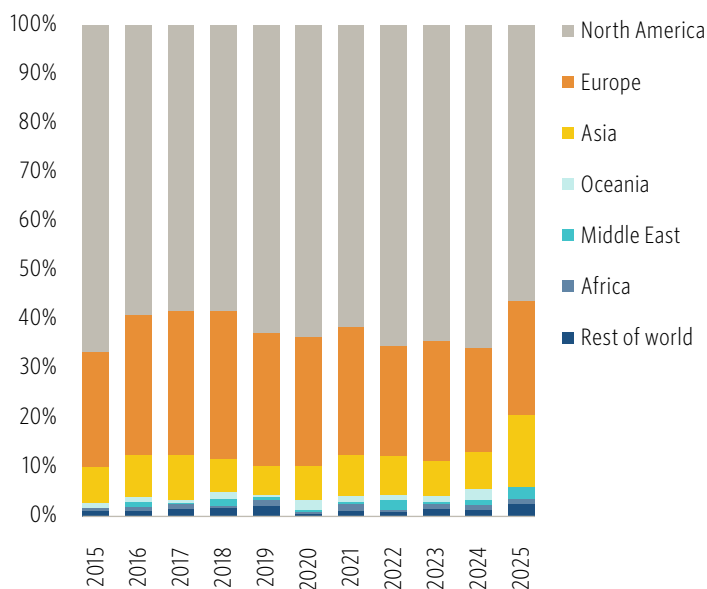
Source: PitchBook • Geography: Global • As of June 30, 2025

Share of private debt capital raised by region



Source: PitchBook • Geography: Global • As of June 30, 2025

Share of private debt fund count by region



Source: PitchBook • Geography: Global • As of June 30, 2025

SPOTLIGHT

July 2025 US Private Credit Monitor

Quarterly direct lending deal activity



Source: PitchBook | LCD • Geography: US • As of July 31, 2025

Note: This spotlight is abridged from our [July 2025 US Private Credit Monitor](#). Please see the full report for additional trends and analysis on the broadly syndicated loan market in the US.

PE-backed direct lending volume slows, lagging 2024 pace:

Direct lending activity tied to private equity continues to trail 2024's pace due to a slower second quarter. As of July 31, deal count was down 26% year-over-year, with total volume falling 20%. While the first half of the year saw a handful of large buyouts that propped up overall volume, July was notably quieter on the megadeal front. One of the more significant transactions to close in July was the \$1.85 billion debt package supporting the take-private acquisition of Triumph Group. The borrower, familiar to the leveraged finance market, had previously tapped the high-yield bond market before turning to private debt solutions for this deal.

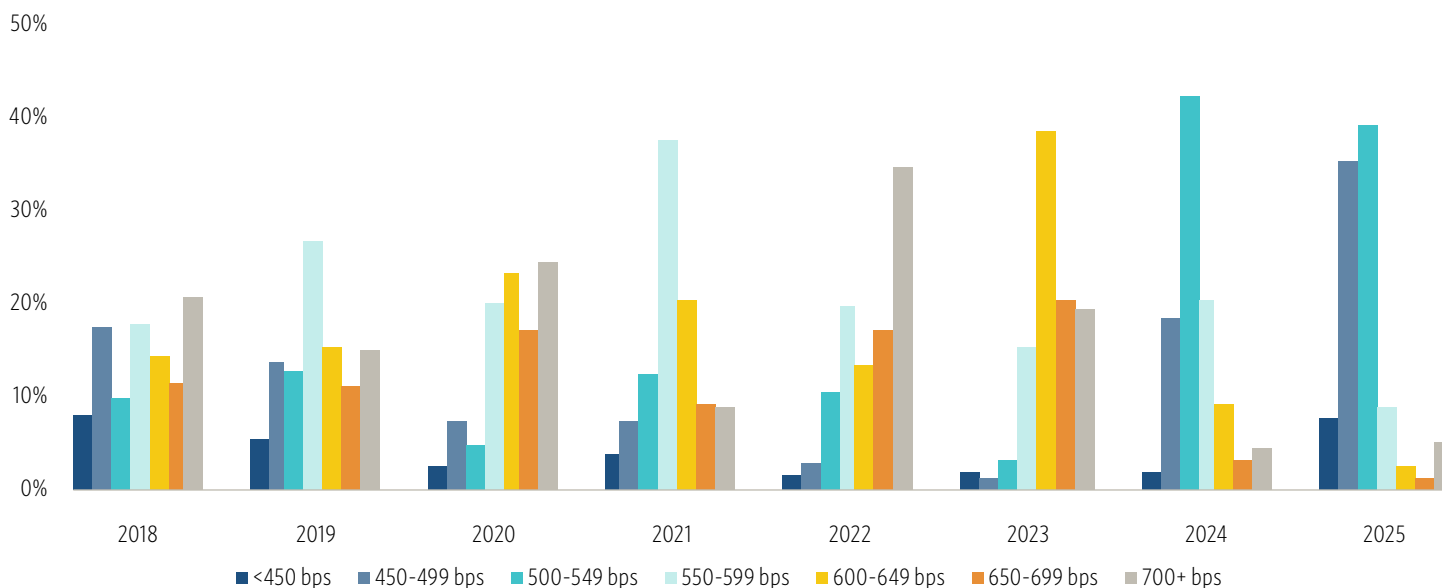
BDC watch: With Q2 2025 earnings rolling in, private credit executives have adopted increasingly optimistic language to describe deal pipelines and incoming inquiries, suggesting stronger deal volumes going forward. FS KKR Capital's Dan Pietrzak said his firm has reviewed more deals in the past quarter than in the prior eight quarters,⁸ and Blackstone Secured Lending Fund's Brad Marshall said he thinks August will probably be the firm's busiest month for transactions since 2021.⁹

Spread compression: A recurring theme across BDC earnings calls has been continued spread tightening, driven by intensifying competition from traditional bank lenders for larger deals. This dynamic has pressured private credit providers to reduce pricing in order to remain competitive. Churchill Asset Management CEO Ken Kencel noted that

8: "FS KKR Capital Corp. Q2 2025 Earnings Highlights," PitchBook, Sami Vukelj and Zack Miller, August 7, 2025.

9: "Blackstone Secured Lending Q2 2025 Earnings Conference Call," PitchBook, August 6, 2025.

New-issue spread distribution of LBOs financed in direct lending market



Source: PitchBook | LCD • Geography: US • As of July 31, 2025

spreads have stabilized in the 450-to-475-basis-point range but could compress by another 25 basis points in the near term.¹⁰ Supporting this trend, LCD data shows that 43% of LBO financings by direct lenders this year have priced below SOFR+500—more than double the share in 2024.

Mixed nonaccruals: While BDCs have broadly stated that their exposure to tariff-impacted companies is low, there was disruption enough to contribute to slight upticks in nonaccruals in the quarter. There were also examples of stress at portfolio companies that was directly related to tariffs.

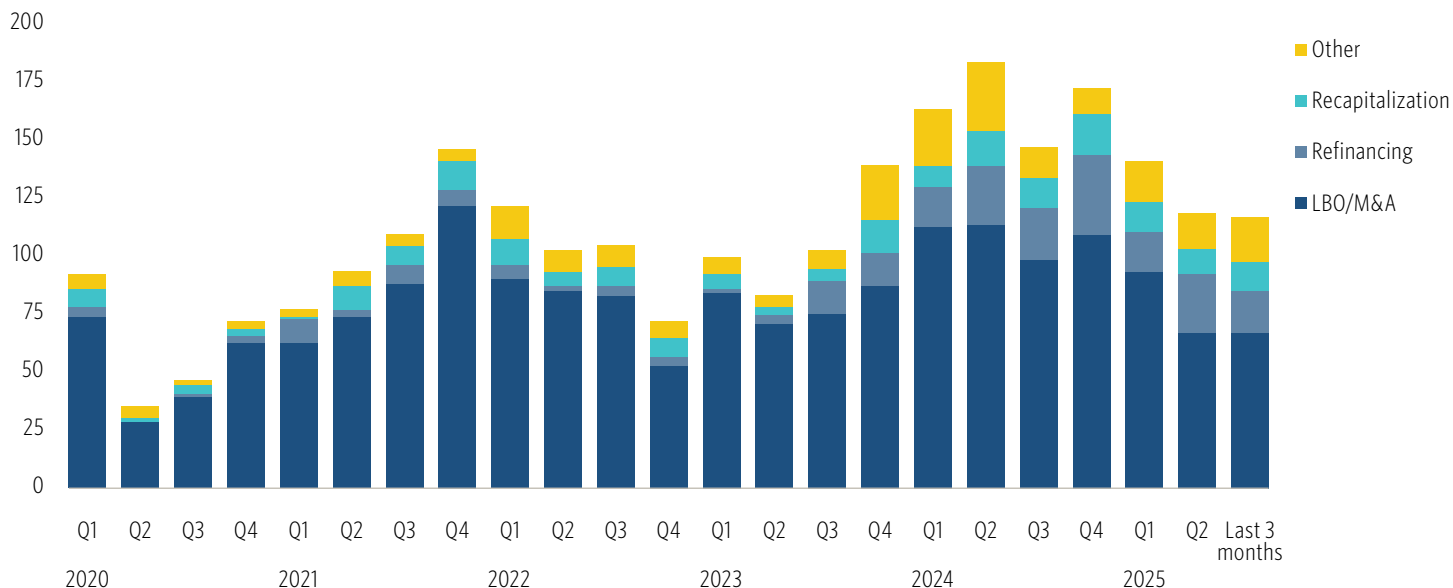
Battle for large deals: Private credit and the broadly syndicated loan market remain in active competition for deal flow, with the BSL market gaining the upper hand in recent months. Borrowers have been drawn to historically tight spreads and favorable technical conditions in the syndicated space. Between May and July, 11 issuers refinanced direct loans into broadly syndicated facilities, removing

approximately \$14 billion from private credit portfolios—the largest quarterly total on record. This surpasses the previous peak of \$11.7 billion set in Q1 2024. A significant share of this volume stemmed from four large deals: Finastra, KnowBe4, Alera, and Trucordia. That said, deal flow between the two markets is not entirely one-directional. At least six borrowers have moved in the opposite direction this year, refinancing roughly \$5 billion of existing syndicated debt into direct lending solutions—marking the lowest quarterly total since Q1 2024.

Sponsors turn to recaps as exits stall: The share of PE-backed deals tied to refinancing and recapitalizations stood at 26% in the last three months, down from 31% in the second quarter, but above 2024 average levels. LCD tracked at least 12 recapitalizations between May and July, on par with the overall pace in the first half of 2025. This activity underscores sponsors' continued pursuit of alternative avenues for capital returns, as traditional exit strategies remain challenged by limited liquidity and persistent valuation uncertainty.

¹⁰: "Blackstone Secured Lending Q2 2025 Earnings Conference Call," PitchBook, August 6, 2025.

PE-backed direct lending deal count by use of proceeds



Source: PitchBook | LCD • Geography: US • As of July 31, 2025

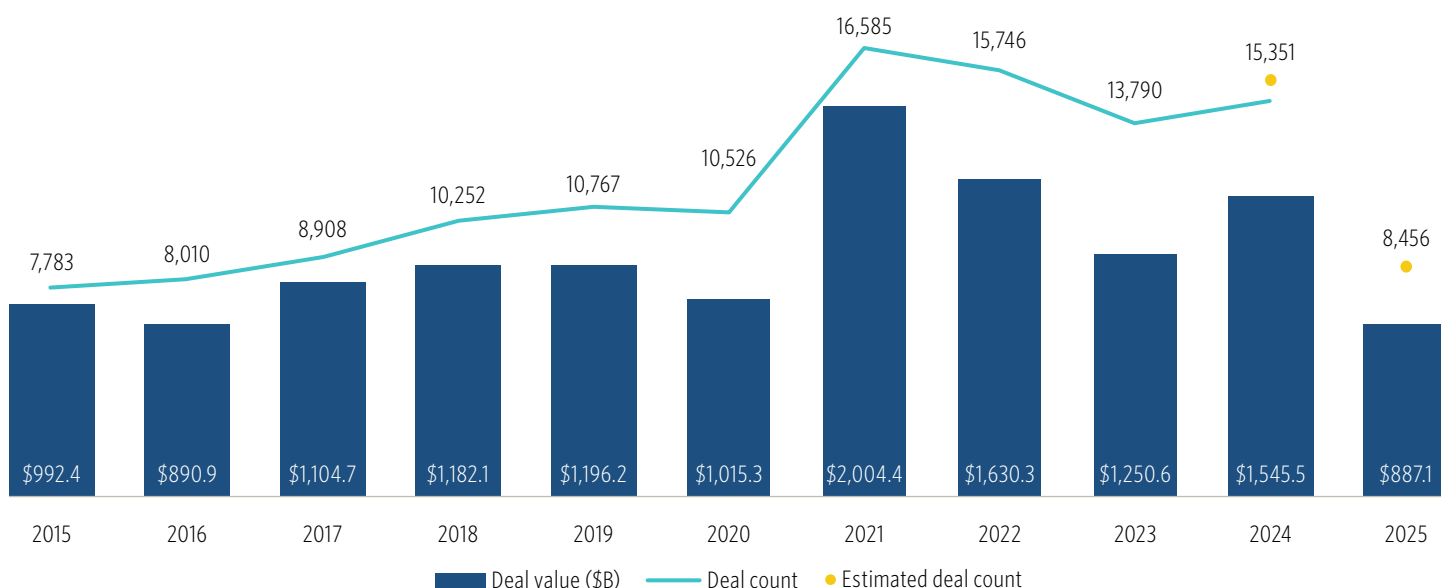
Quarterly count of LBO deals financed in BSL versus direct lending market



Source: PitchBook | LCD • Geography: US • As of July 31, 2025

LBO dealmaking and take-private update

LBO deal activity



Source: PitchBook • Geography: Global • As of June 30, 2025

Global take-private activity in H1 2025 totaled \$80.7 billion, a 25% increase from H2 2024 but still 8% below H1 2024. The slowdown in H2 2024 reflected election-related uncertainty as PE investors paused to gauge political direction. By contrast, 2025 opened with strength: Q1 delivered \$50.9 billion in take-private activity, the second-highest quarterly total since Q2 2022. Momentum, however, faded in Q2 as trade policy frictions weighed on sentiment, pulling activity down to \$29.8 billion. Even so, the stage is set for renewed growth into year-end, supported by the prospect of lower base rates and diminishing recession risks.

Take-private activity offers a window into financial market conditions, providing transparency into what is often an opaque segment of private transactions. A key area of interest remains the evolving balance between private credit providers and the traditional BSL market. Historically, private credit remained concentrated in the middle market, avoiding multibillion-dollar financings. That shifted in 2022, when rapid Federal Reserve (Fed) tightening and market volatility forced banks to retrench following steep underwriting losses. In the

aftermath, private credit stepped into the vacuum, extending its reach into larger-cap transactions.

The broader PE landscape is also important to track to understand the opportunity set for private credit lenders. In H1 2025, aggregate US PE deal value reached \$506.7 billion, including estimates for late-reporting and undisclosed transactions—pacing for a 28.7% YoY increase. Much of this growth came from megadeals. Deal flow also climbed on a volume basis, with 4,429 announced or closed transactions in the US, up 8.2% YoY. After a soft patch in April and May, activity rebounded in June as visibility improved on US-China trade dialogue, highlighting both resilience and volatility.

M&A activity overall remains firm. Even with a QoQ dip in Q2, volumes stayed above 2024's levels, illustrating the confidence of sponsors to deploy capital at scale. The macro backdrop is becoming more supportive: US recession odds have fallen below 10% in prediction markets, while weakening labor data has increased the likelihood of rate cuts. Futures markets now expect two cuts in 2025, with the first likely

New-issue spread and yield to maturity of loans backing LBOs by quarter



Source: PitchBook | LCD • Geography: Global • As of June 30, 2025
 Note: There were not enough observations in Q4 2022 to provide a meaningful average.

in mid-September. Some strategists even see scope for a larger 50-basis-point move should economic conditions deteriorate further.

Private credit managers remain well capitalized, with substantial dry powder ready to deploy. Lending markets appear well positioned to absorb a resurgence in activity into year-end, supported by the prospect of lower rates, easing recession risks, and greater clarity around trade policy. While public markets set new highs, notable dislocations remain beneath the surface. Several sectors continue to trade at discounts to historical averages, presenting selective opportunities for investors with the flexibility to act.

Consumer is one such area. With reduced antitrust risk and scope for larger transactions, the sector looks primed for PE value-creation strategies ranging from roll-ups to operational improvements. Multiples are compressed: B2C enterprise value (EV)/EBITDA sits at 8.2x on a last 12-month (LTM) basis, well below the 10-year average of 9.6x, while EV/sales registers 1.1x versus the long-term 1.3x. This suggests the potential for attractive entry points even as US consumer loan delinquencies climb to decade highs.

Software, another cornerstone of PE activity, presents a more nuanced case. Investor concerns around AI disruption have pressured valuations, particularly among traditional enterprise players. Yet the sector's moats—compliance,

security, integration, and entrenched workflows—remain formidable. As past comparisons between commercial software and free open-source software show, such as Microsoft Office versus LibreOffice or Adobe Illustrator versus Inkscape, open-source or low-cost substitutes rarely displace trusted, integrated solutions in enterprise IT environments. With base rates set to fall, software-as-a-service (SaaS) valuations could rerate higher, offering attractive upside to investors that can appropriately price AI-related risks.

The financing landscape has also shifted notably. During Q2, prediction markets briefly placed US recession odds near 50%, and the BSL market endured a 15-business-day freeze—the longest since the pandemic. This vacuum gave private credit another opportunity to extend its reach. While BSL lenders dominated LBO underwriting in Q1, volatility in Q2 tilted the balance back to private credit, as sponsors prioritized certainty, speed, and flexibility. BSL lenders maintained their advantage in refinancings, where borrowers sought to lock in lower costs.

Notable H1 transactions underscore the scale and versatility of private credit in large-cap deals. Clearlake Capital's \$7.7 billion take-private of Dun & Bradstreet was supported by a \$5.5 billion financing package led by Ares Credit Funds, exemplifying private lenders' capacity to anchor megabuyouts. Triumph Group's \$3 billion LBO by Warburg

Notable public-to-private LBOs announced in H1 2025

Company	Announced date (2025)	Loan type	Enterprise value (\$M)	Loan value (\$M)
Spectris	June 23	Hybrid	\$5,900.0	\$3,246.0
Landsea Homes	May 12	Bank	\$1,200.0	\$300.0
PHX Minerals	May 8	Private debt	\$187.0	\$100.0
AvidXchange Holdings	May 6	Private debt	\$2,200.0	\$500.0
Skechers USA	May 5	Bank	\$9,400.0	\$6,500.0
SolarWinds	April 16	Hybrid	\$4,400.0	\$2,950.0
Dun & Bradstreet	March 24	Private debt	\$7,700.0	\$5,500.0
OptiNose	March 19	Private debt	\$330.0	\$275.0
Walgreens Boots Alliance	March 7	Hybrid	\$39,750.0	\$18,200.0
Innergex Renewable Energy	February 24	Bank	\$7,310.0	\$877.5
Altus Power	February 6	Private debt	\$2,200.0	\$300.0
Insignia Financial	February 5	Private debt	\$1,930.0	\$1,200.0
Triumph Group	February 3	Private debt	\$3,000.0	\$1,850.0

Source: PitchBook • Geography: Global • As of June 30, 2025
Note: Only deals with disclosed loan types are included.

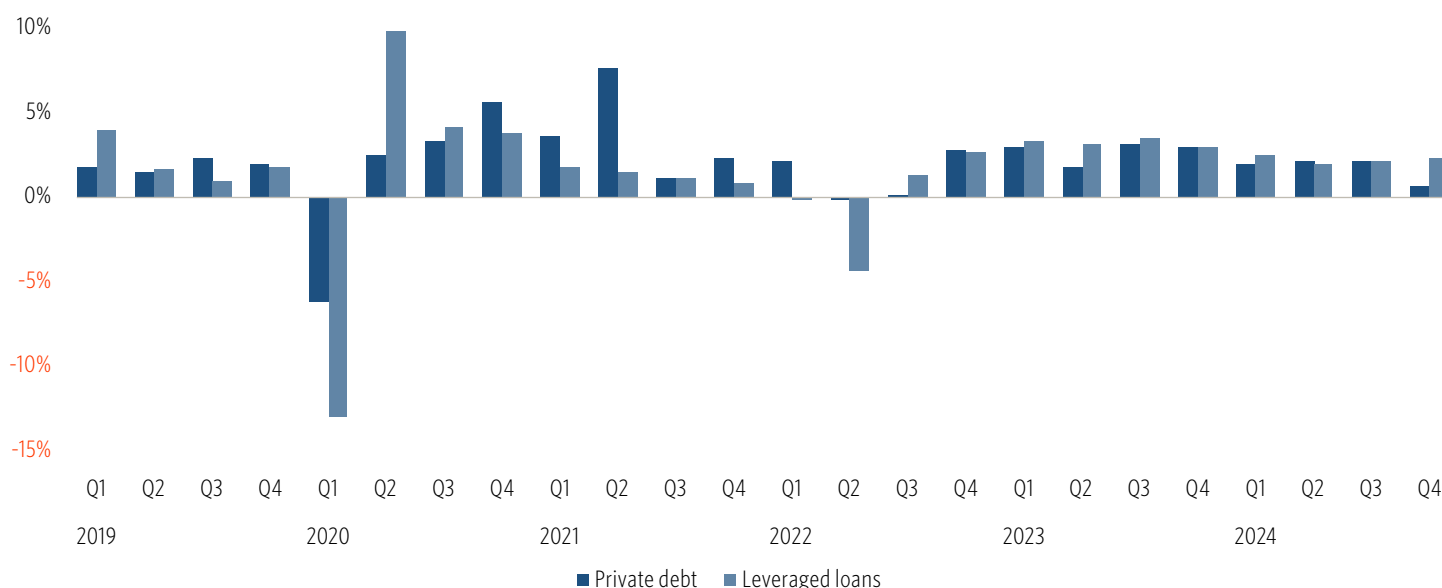
Pincus and Berkshire Partners was similarly underpinned by \$1.85 billion of private credit, including a \$1.48 billion term loan, \$125 million delayed-draw term loan, and \$250 million revolver, with participation from Apollo, Ares, HPS, and Adams Street.

Hybrid structures also played a central role. In March, Sycamore Partners agreed to acquire Walgreens Boots Alliance for a total enterprise value of \$39.8 billion in one of the largest take-privates of the year. The \$18 billion financing

package combined syndicated and private credit facilities, with two dedicated private tranches: a \$2.5 billion six-year term loan involving HPS Investment Partners, Goldman Sachs Asset Management, and J.P. Morgan; and a \$2.5 billion first-in, last-out tranche syndicated across Sixth Street, Ares Capital Management, Oaktree Capital Management, Pathlight Capital, and Callodine Group affiliates. These blended structures highlight how banks and private lenders are increasingly collaborating on the market's most complex transactions.

Private debt fund performance

Private debt fund versus leveraged loan returns by quarter



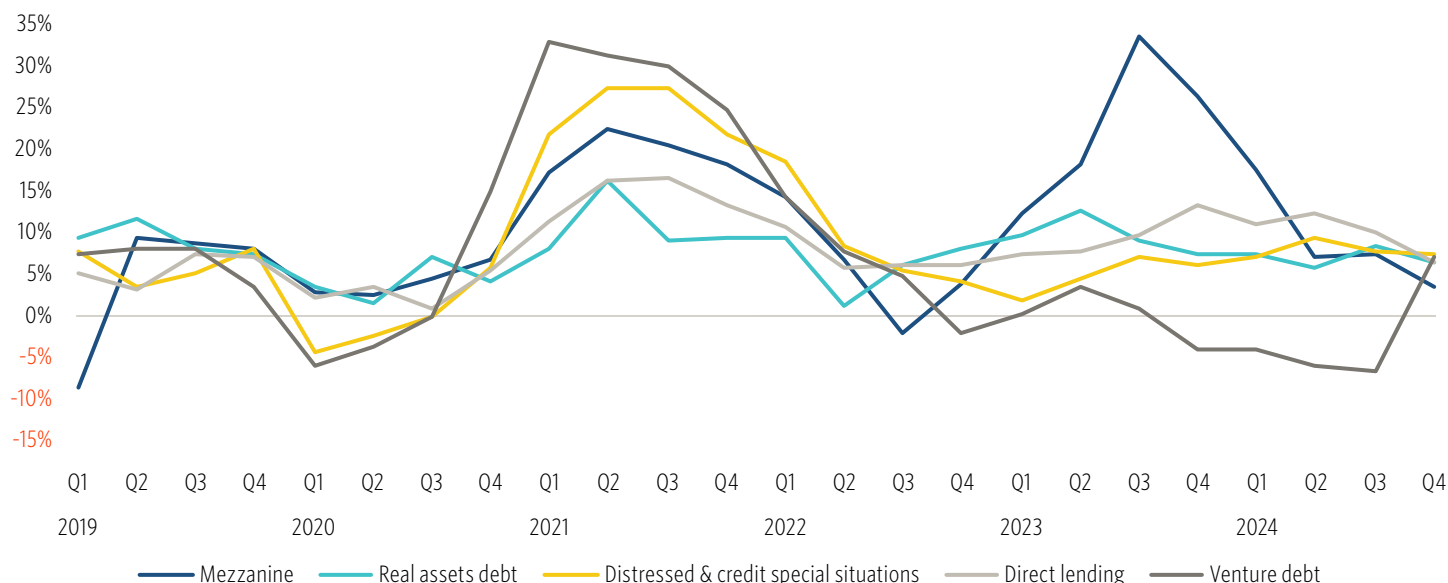
Source: PitchBook | LCD • Geography: Global • As of December 31, 2024

Private debt returns continued their descent amid persistent rate-cutting cycles in major markets around the world, posting a one-year return of 6.5% through the end of 2024, below the asset class's five- and 10-year horizon IRRs of 8.6% and 8.1%, respectively. Moreover, most private debt substrategies sit in the mid-single digits, with infrastructure debt proving to be the exception, posting a one-year return of 13.1%. The increased returns in infrastructure debt can be largely attributed to the significant increase in capital flowing into the digital infrastructure space—specifically datacenters—that has left financing for these projects in high demand.

Of the other major substrategies, direct lending had seen rolling one-year returns in the double digits for the four quarters leading up to Q4 2024, when the substrategy saw

its returns nearly halved to 6.5%. The mezzanine strategy faced a similar situation, where the strategy led returns for the asset class for five consecutive quarters until Q2 2024, when the strategy fell to third. In Q4 2024, rolling one-year returns for mezzanine funds fell to just 3.3%, well below their peak of 33.6% in Q3 2023, driven by lower rates across the globe as well as increased BSL market activity, which resulted in sponsors opting for other debt sources. Finally, an emerging trend in the asset class has been the resurgence of venture debt returns. After four consecutive quarters of negative rolling one-year returns, the substrategy pivoted from a one-year return of -6.5% in Q3 2024 to 7% in Q4, with the strategy establishing itself as an important and growing theme in VC amid the need for extending runways in a more uncertain environment.

Private debt rolling one-year horizon IRR by type



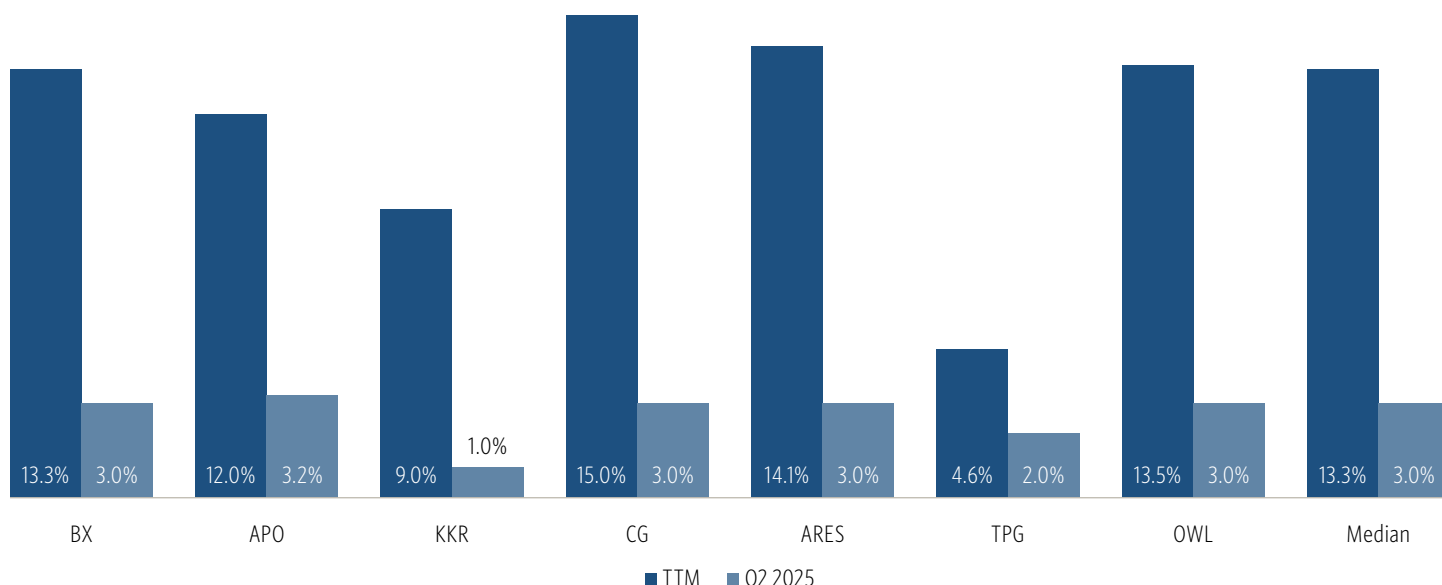
Source: PitchBook • Geography: Global • As of December 31, 2024

Shifting to more recent activity, the second quarter of 2025 was marked by uncertainty following President Trump’s “Liberation Day.” As a result, the shortage of M&A and LBO activity relative to the funds raised for those purposes has continued the intense competition among private credit lenders for quality deals. Increased competition in recent quarters has led to lower spreads, particularly for larger loans, resulting in lower returns for private debt funds. Additionally, savings on spreads may lead borrowers to forgo private lenders for the BSL market—another factor potentially limiting fund returns in the current environment. According to LCD data, two dozen companies refinanced direct loans into broadly syndicated facilities in the year through August, removing approximately \$24 billion from private credit portfolios, up from \$19 billion at this point last year. These combined factors could put additional pressure on private

debt returns, where just a few quarters ago, these funds led all private market strategies.

Private lenders are facing a new set of challenges. Amid elevated interest rates in certain regions, the potential impact of tariffs, including their impact on credit quality and potential defaults, will shape how these lenders approach loan underwriting for the remainder of 2025, likely causing them to do so in a cautious manner that will not negatively influence future returns. Credit spreads widened at the outset of Q2 2025 amid heightened risk aversion linked to rising global economic uncertainty, though the move proved short-lived. Indeed, a recurring theme across Q2 2025 BDC earnings calls has been continued spread tightening, driven by intensifying competition from traditional bank lenders for larger deals and lackluster buyout deal flow. This dynamic has pressured

Private debt gross returns reported by manager



Source: Company reports • Geography: Global • As of June 30, 2025
Note: All returns are before the deduction of fees.

private credit providers to reduce pricing in order to remain competitive. Supporting this trend, LCD data shows that 33.5% of BDCs portfolio holdings as of Q2 have priced below SOFR+500, up from 17% one year ago. At the same time, the share of investments in the SOFR+600 or higher bucket shrank to 24% from 44% last June.

Looking into the back half of 2025, [LCD's US Leveraged Finance Survey](#) found that many industry participants are somewhat optimistic about their expectations of what is to come. With the street consensus timeline for the next Fed rate cut pushed out from July to September, floating-rate leveraged loans as an asset class remain attractive for investors looking to clip higher-coupon payments. As such, respondents expect leveraged loans to outperform the fixed-rate high-yield bond asset class in the next six months, with 57% calling for floating-rate loans to outperform. Moreover, given the uncertainty around a shifting geopolitical landscape, most believe that spreads will moderately widen in the next six months, which would bode well for returns.

Direct lending versus buyout fund distribution rates



Source: PitchBook • Geography: Global • As of December 31, 2024

Fund type definitions

Direct lending: Generally senior loans made to middle-market companies without the use of an intermediary but may include revolving credit lines and second-lien loans. Unitranche facilities, which combine different debt instruments under a single umbrella, are also becoming more common.

Real estate debt: The most common real estate debt strategy is direct lending for real estate acquisitions but may also include the buying and selling of securitized real estate loans in the secondary market. Risk profiles vary based on the nature of the underlying assets.

Infrastructure debt: Debt used for infrastructure development (for example, greenfield) and investment in existing assets (for example, brownfield), generally with longer terms (30-plus years) due to the extended useful life of the assets.

Mezzanine: Subordinated debt, generally with features similar to preferred equity, such as warrants. Often used in LBO transactions.

Special situations: Opportunistic debt or structured equity investments—such as convertible debt, convertible preferred, and debt with warrants—made with the intent of gaining control of a company, generally one in some type of financial distress. Special situations can involve direct origination with these hybrid structures or trading in the secondary market where manager believes price dislocation is present.

Distressed debt: This debt type differs from special situations in that it generally involves the purchase of securities or loans in the secondary market, rather than new origination of debt or structured equity. Distressed strategies likely involve identification of the “fulcrum” security, or the most subordinated part of the capital stack to be paid back in a bankruptcy or other restructuring, which can trade at steep discounts to net asset value.

Venture debt: Debt financing extended to companies with venture capital backing. For entrepreneurs, venture debt serves as a way to extend the runway to exit without further diluting ownership.

Bridge financing: Private debt funds that provide short-term loans, also called swing loans, made in anticipation of intermediate-term or long-term financing.

Multistrategy: General-purpose credit funds with broad mandates to invest across the debt capital structure, substrategies, and verticals to capture the entire opportunity set in private credit. These funds will often invest in public debt as well as private debt on a dynamic and opportunistic basis.

Additional research

Private markets



Q2 2025 Global Private Market Fundraising Report

Download the report [here](#)



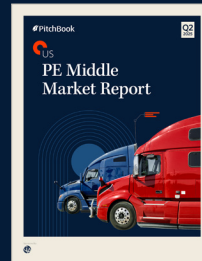
Q4 2024 Global Fund Performance Report (with preliminary Q1 2025 data)

Download the report [here](#)



Q2 2025 US Public PE and GP Deal Roundup

Download the report [here](#)



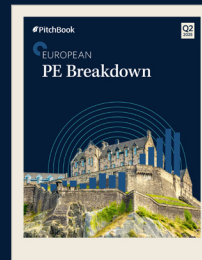
Q2 2025 US PE Middle Market Report

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Q2 2025 US PE Breakdown

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Q2 2025 European PE Breakdown

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