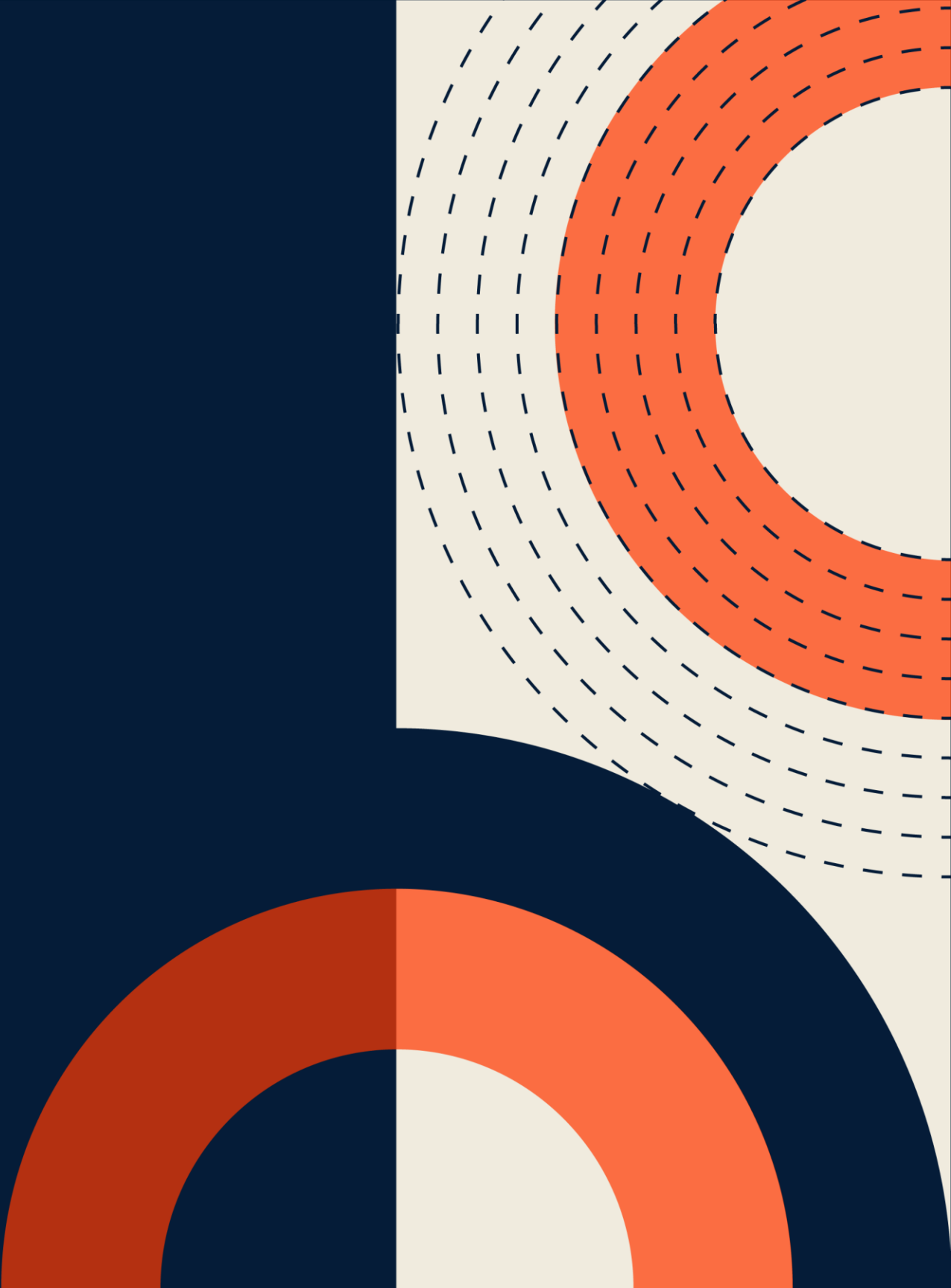




# Private Credit Monitor

October 2025





# Key Takeaways

- **Direct lending deal volume stabilizes** – Greater visibility into trade policy and rate trajectories is helping restore new issue volumes to a more typical pace. Direct lending activity saw a modest uptick as the fourth quarter got underway. LCD tracked \$63 billion across 211 deals in the three months to Oct. 31, an improvement over 3Q25 levels (\$60 billion / 201 deals). Although the year-to-date pace trails 2024 by about 15% in terms of both volume and count, market sentiment is improving—with BDCs reporting a noticeable acceleration in the volume of transactions under review in comments on 3Q25 earnings calls.
- **M&A outlook** – Earnings calls from BDCs reporting third-quarter results indicate that M&A activity continues to strengthen, adding to improved market sentiment that began late in the second quarter. More stable financial markets and renewed sponsor confidence have supported higher transaction volumes, while corporate management teams are increasingly refocusing on long-term strategic growth initiatives. For instance, Ares reported a record \$3 billion backlog as of October 23, 2025, with approximately half of third-quarter originations tied to M&A-related deals and about 60% coming from new borrowers, signaling less reliance on deal activity originating from existing portfolio companies that is common when M&A activity is low. While some management teams remain cautious and do not foresee a broad-based M&A recovery in the near term, overall momentum is improving. With interest rates easing and confidence building, 2026 is shaping up to be a potentially active period for M&A and financing activity.
- **Repayments** – Lenders report that repayment activity remains strong, supported by a more active market environment. LCD data shows that roughly 30% of new issue deals to PE-backed borrowers done in the last three months supported either a refinancing or a recapitalization, slightly higher than the 25% share for January through September period. With spreads compressing across both liquid and private credit markets so far this year, borrowers are seizing the opportunity to lower their cost of debt. For example, Sixth Street BDC reported that 75% of repayments were driven by refinancings at lower spreads in the private credit or broadly syndicated loan markets.
- **Give-and-take** – LCD recorded \$5.8 billion in direct lending loans refinanced into the broadly syndicated market during the three months ended October 31, down from \$10.2 billion in the prior quarter, which was elevated by the large **Finastra** transaction. Year to date, approximately \$29 billion has shifted from direct lenders to the syndicated market—roughly offset by a similar volume moving in the opposite direction. In October, for instance, **Ping Identity** issued a \$1.8 billion term loan B to refinance private debt and fund a dividend; at the end of June, the company was held by at least a dozen BDCs. The existing private loan due October 2029 priced at S+475 with a 0.75% floor, while the new TLB priced tighter at S+275 with no floor. Conversely, **Shutterfly** raised \$2 billion in private credit financing to refinance portions of its public debt, underscoring the ongoing two-way flow between the private and syndicated loan markets.
- **Credit spreads remain compressed but steady** – Direct lending spreads have remained relatively stable in recent months, although pricing dispersion has narrowed, with most unitranche loans clustering in the SOFR +450–500 bps range. Looking at direct lending deals financing buyouts, 45% of deals tracked by LCD fell in that range, down from just 18% in 2024 and less than 5% in 2023 and 2022.



# Direct Lending Volume & Counts



Direct lending activity shows a modest uptick as the fourth quarter begins.

Direct lending deal count and estimated volume (quarterly) (\$B)

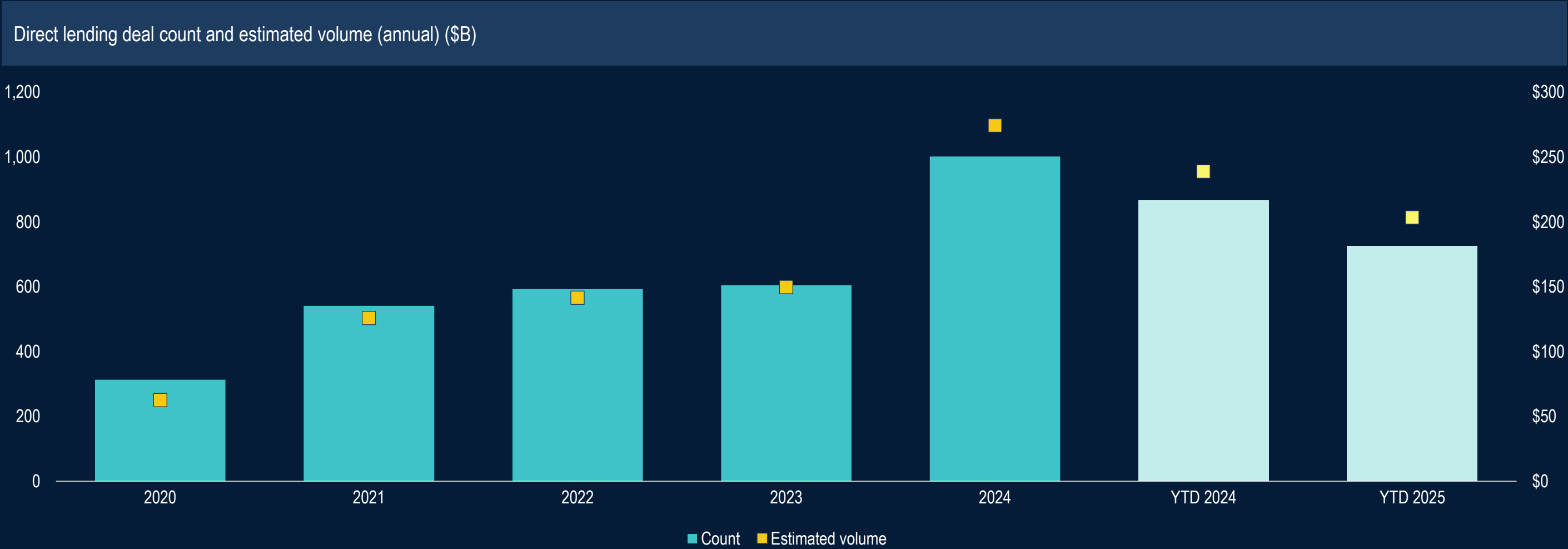


Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



2025 issuance is running 15% behind the 2024 pace



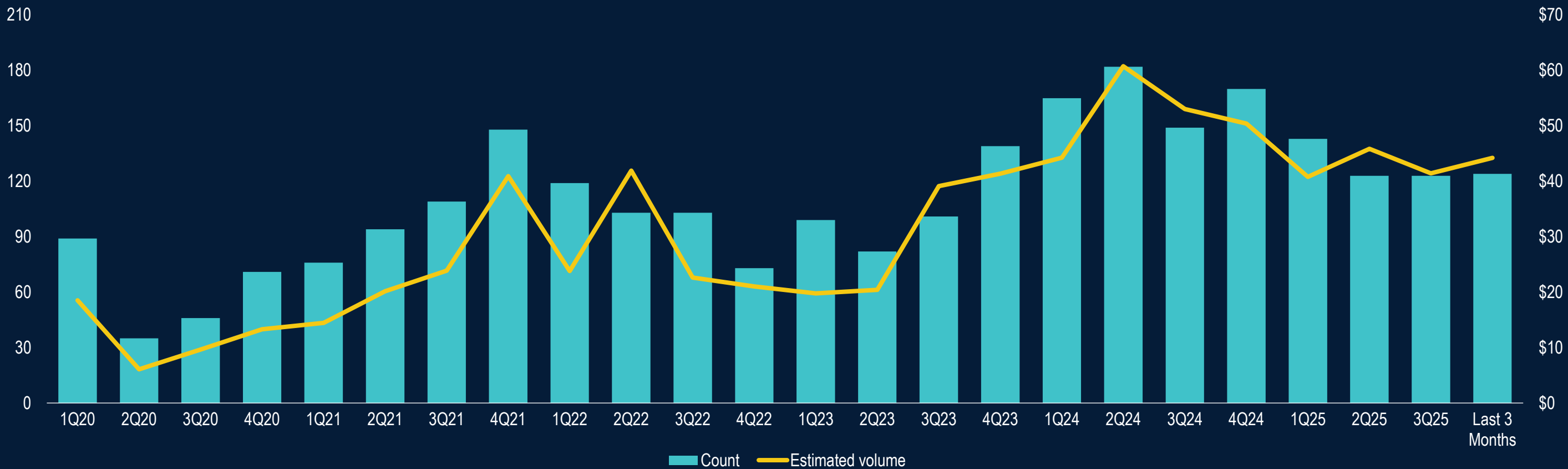
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



PE-backed direct lending deal count held steady as volume inched up

Direct lending deal count and estimated volume, sponsor-backed borrowers (quarterly) (\$B)



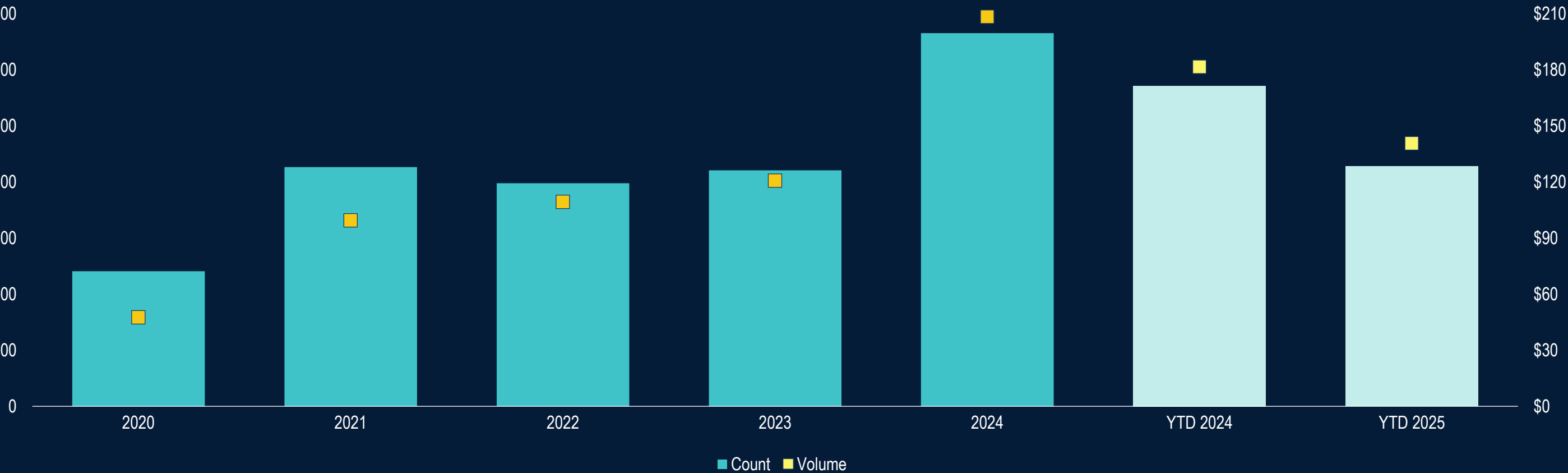
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



Deal count trails 2024 by 25% thanks to slower 2Q and 3Q

Direct lending deal count and estimated volume, sponsor-backed borrowers (annual) (\$B)



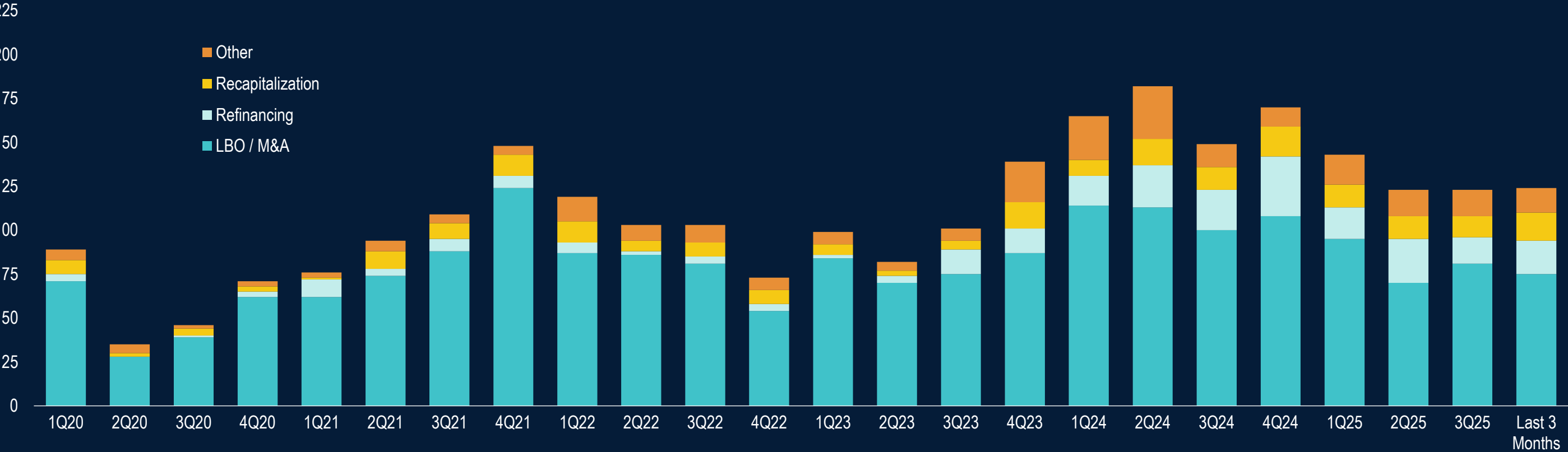
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



# Refinancings and recapitalizations remained an active part of the market

Count of PE-backed direct lending deals by use of proceeds



Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News





# LBO count fell to the lowest level in two years

Direct lending deal count and estimated volume of deals financing buyouts (quarterly) (\$B)



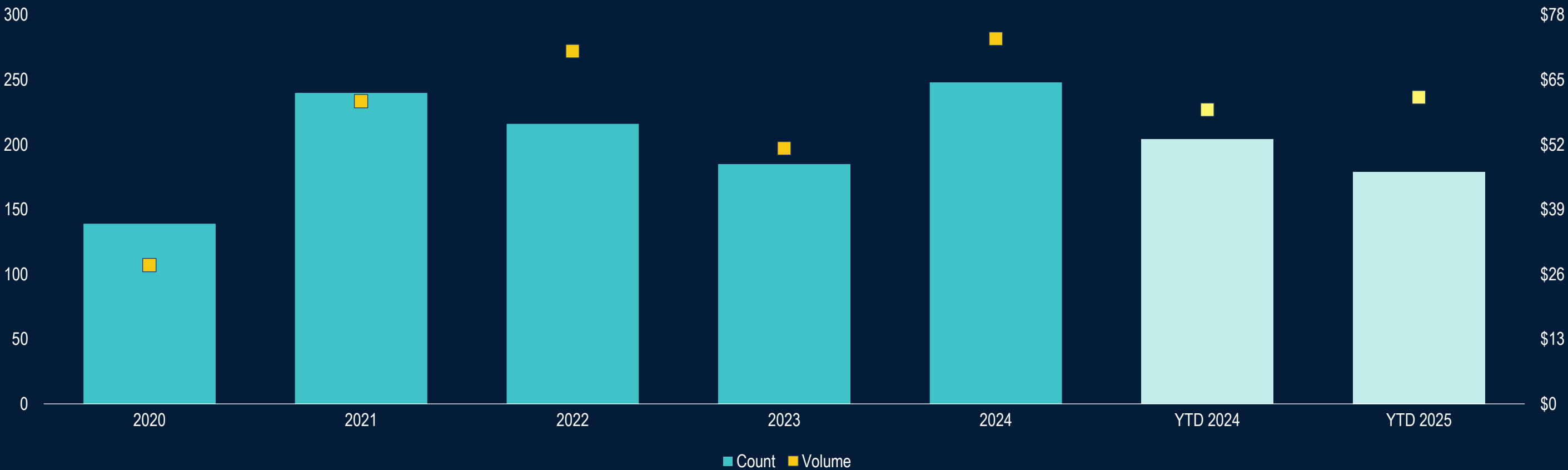
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



# 2025 LBO volume slightly ahead of last year but deal count lags

Direct lending count and estimated volume of deals financing LBOs (annual) (\$B)



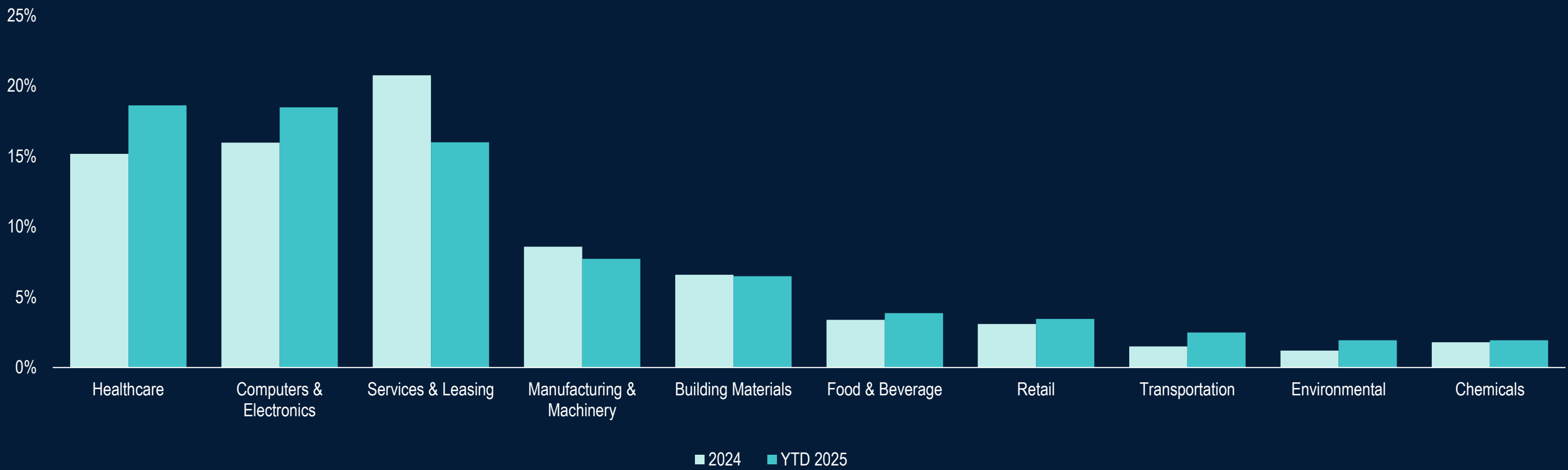
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



Healthcare and Technology sectors expanded their share of deal activity, while Services saw a pullback vs 2024

New-issue direct lending top 10 sectors – share by deal count



Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

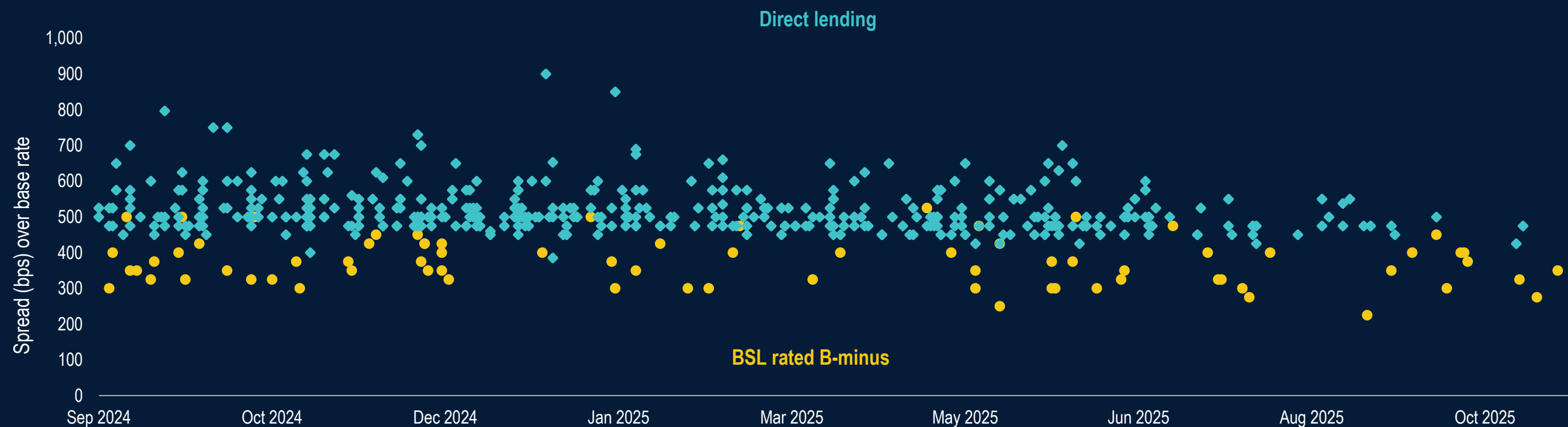


# Spreads



## M&A activity remains light; spreads tighten amid competition for paper

New-issue spread of acquisition-related deals, PE-backed borrowers



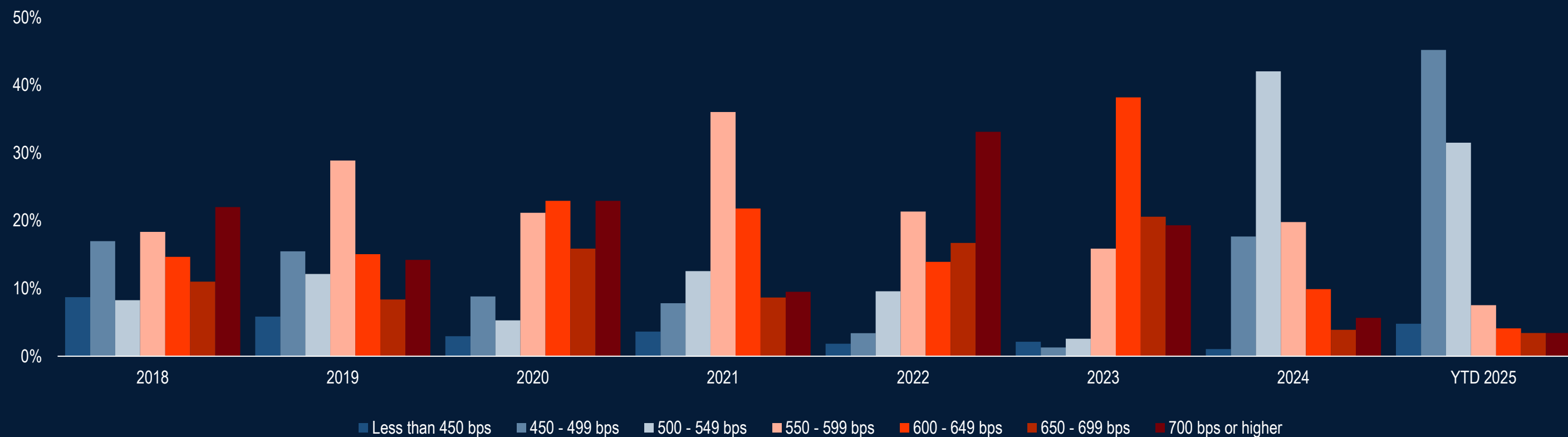
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Direct lending data is based on transactions covered by LCD News, BDC filings and other public sources



## Spreads compress amid competition for quality deals, with half the market below 500 bps so far in 2025

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



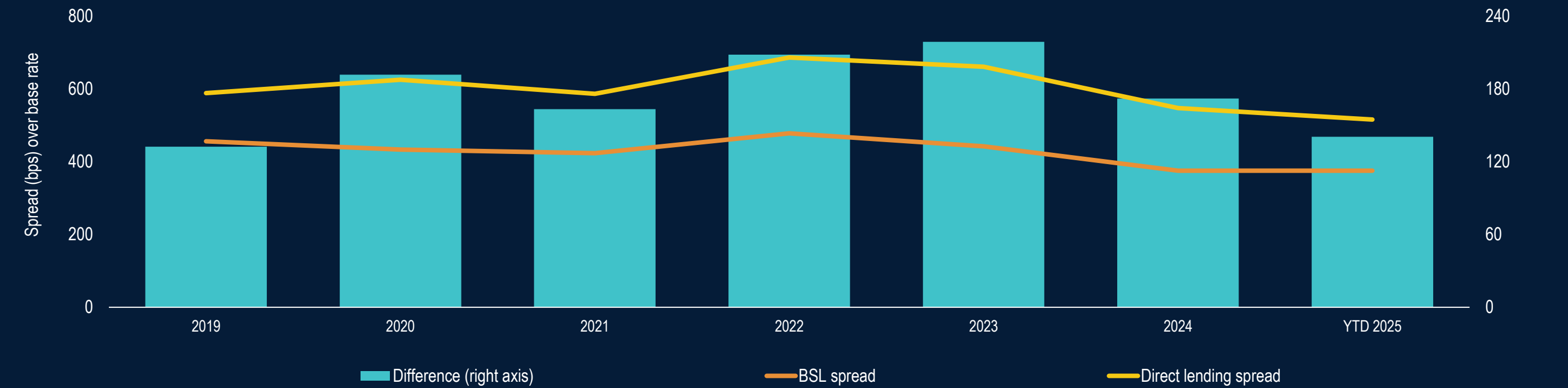
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Data reflects senior secured loans and unitranche facilities.



The difference in BSL and direct lending spreads has compressed amid competition for larger deals

Spread of LBOs financed in BSL (B-minus borrowers) vs direct lending market



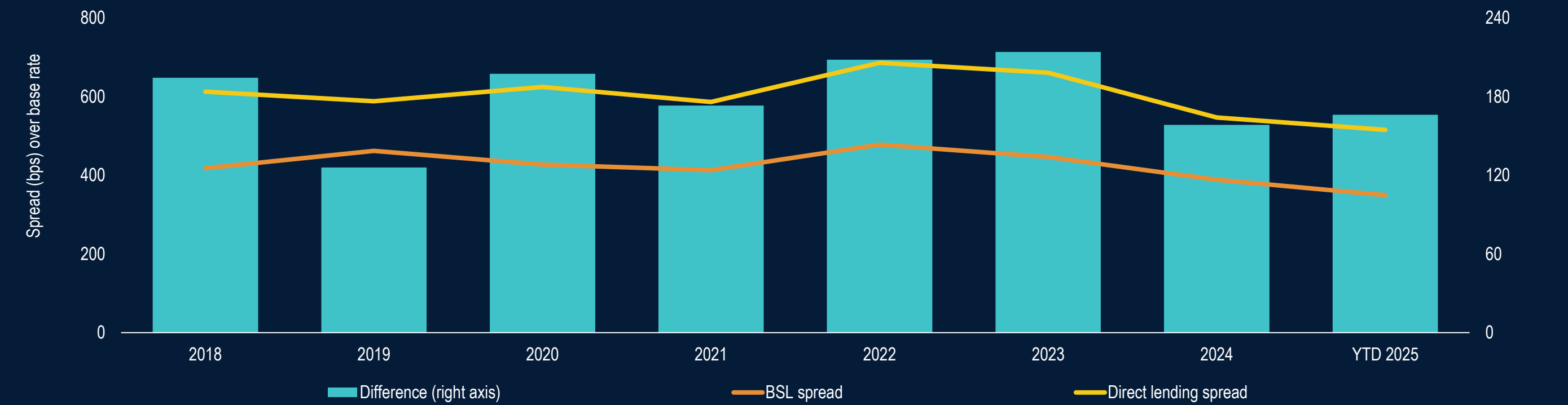
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. BSL data reflects loans issued to borrowers rated B-minus.



# LBO cost of debt contracts across both private and liquid credit markets

Spread of LBOs financed in BSL (all borrowers) vs direct lending market



Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. BSL data reflects loans issued to all leveraged borrowers. Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025



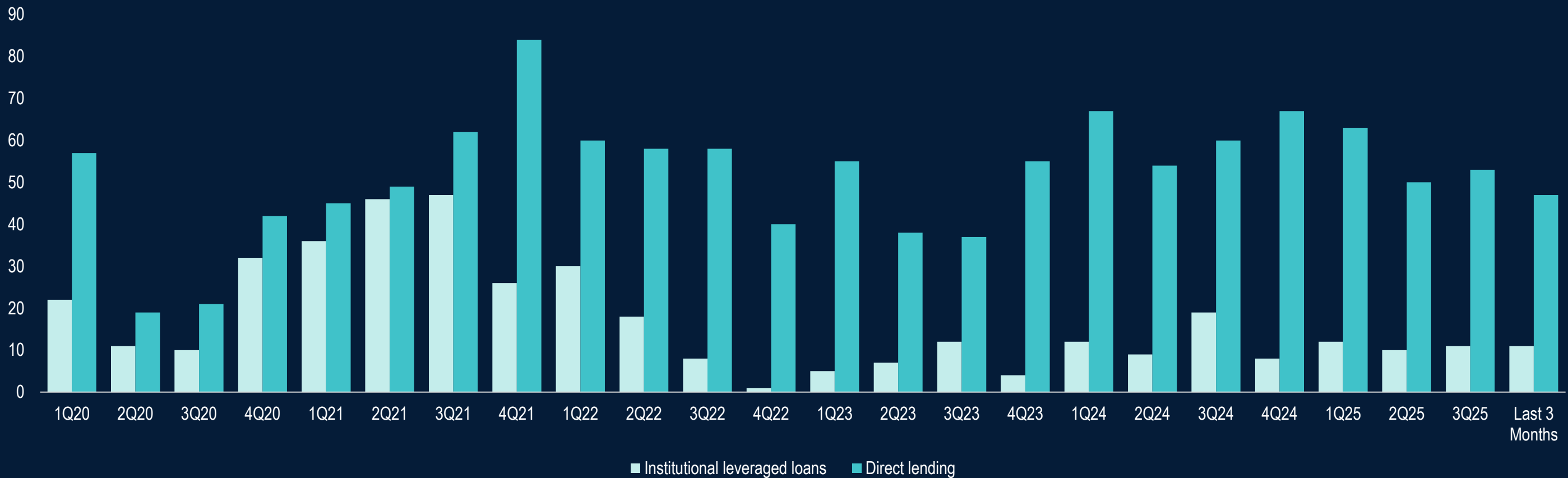


# Broadly Syndicated vs. Direct Lending Market



While BSL-financed LBO counts have been stable, direct lending has experienced a slowdown

Count of LBO deals financed in BSL vs direct lending market (quarterly)



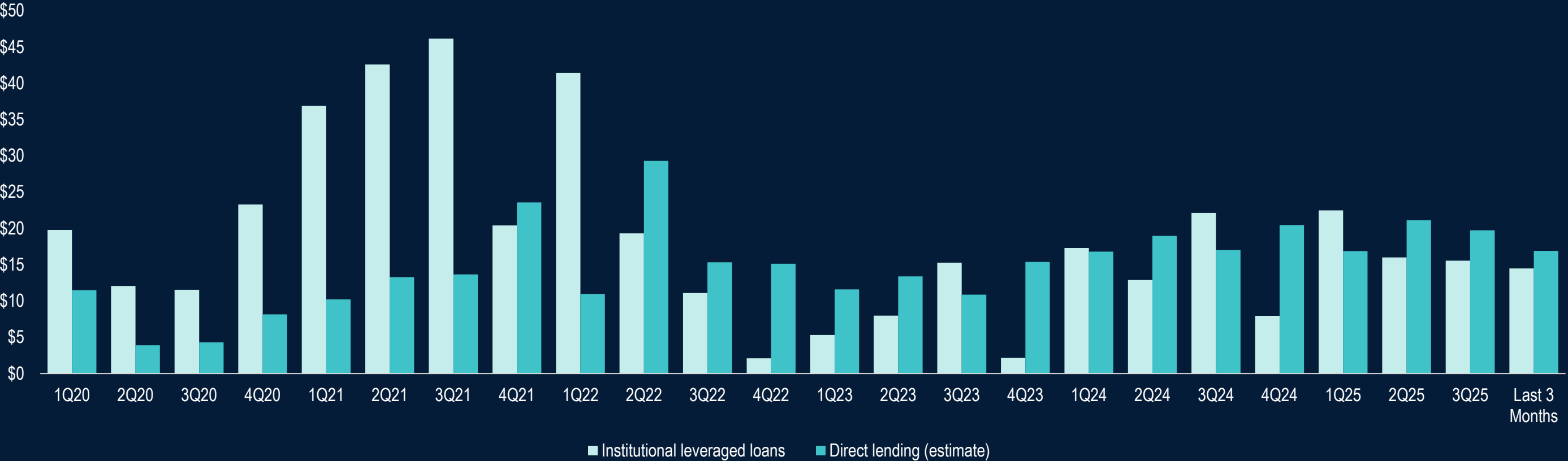
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



# As BSL and direct lending volumes converge

New-issue volume for LBOs financed in BSL vs direct lending market (quarterly) (\$B)

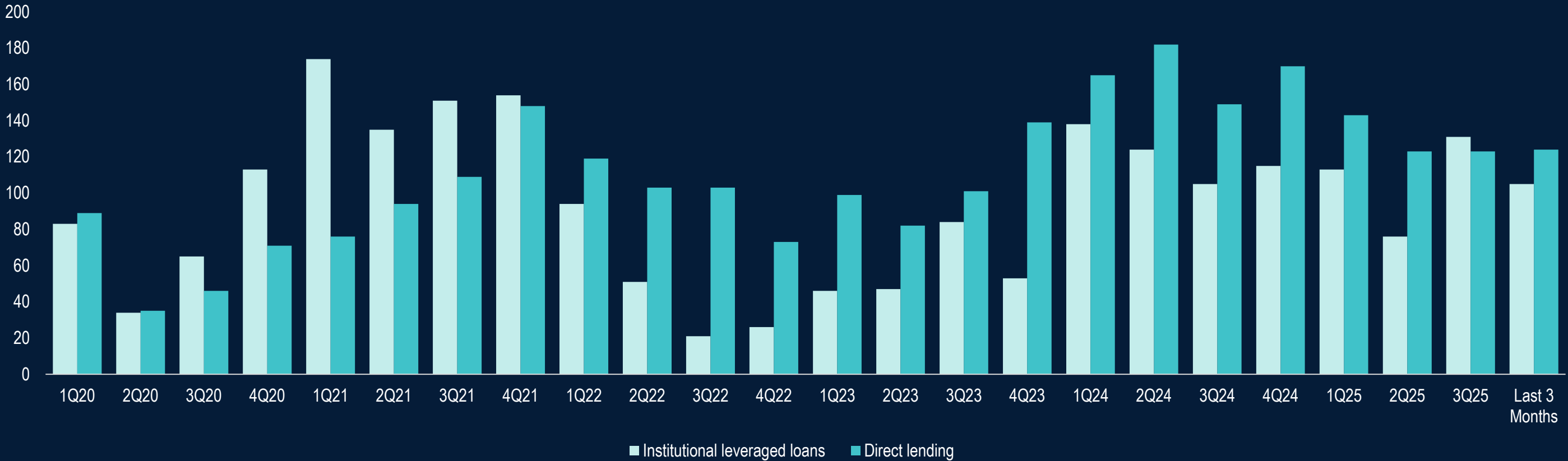


Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025



Weakness in the secondary syndicated loan market during October curtailed opportunistic activity

Count of sponsor-backed deals financed in BSL vs direct lending market (quarterly)



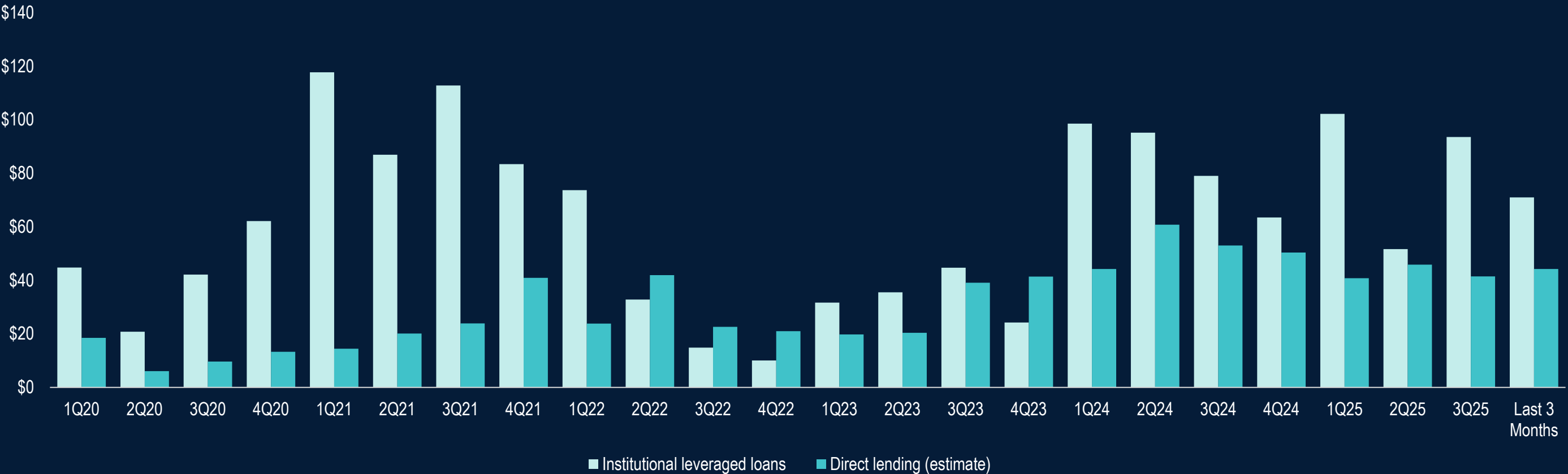
Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Deal count is based on transactions covered by LCD News



# Compressing overall BSL volume in the last three months

New-issue sponsor-backed volume for loans financed in BSL vs private credit market (quarterly) (\$B)



Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

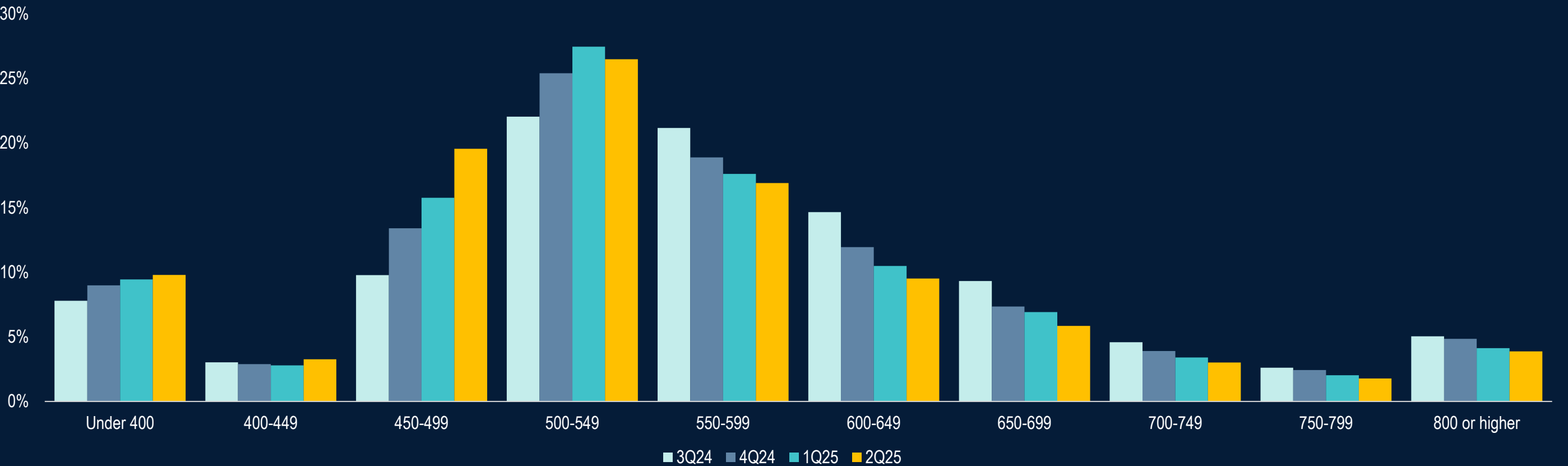


# Business Development Companies (BDCs)



# BDC portfolios signal further spread compression

BDC holdings spread distribution ranges (bps) by share of portfolio, based on count

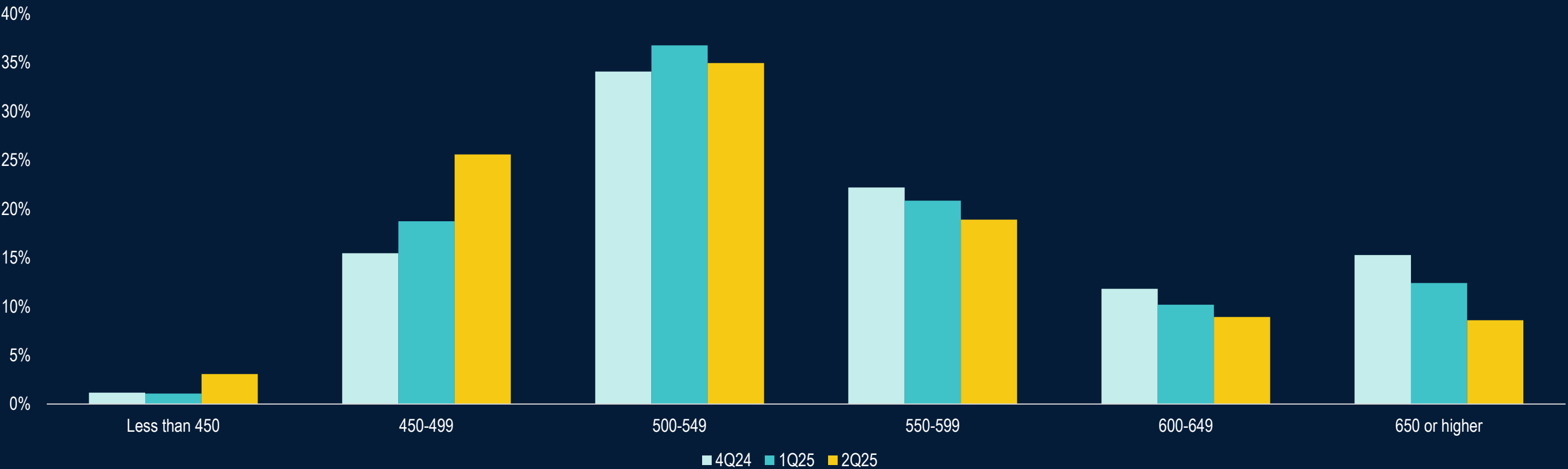


Source: PitchBook | LCD • Geography: US • \*As of June 30, 2025



Nearly 30% of unitranche facilities held by BDCs had spreads under S+500 as of June 30, 2025, up from 17% at the end of 2024

Spread range (bps) for unitranche loans held by BDCs, based on count



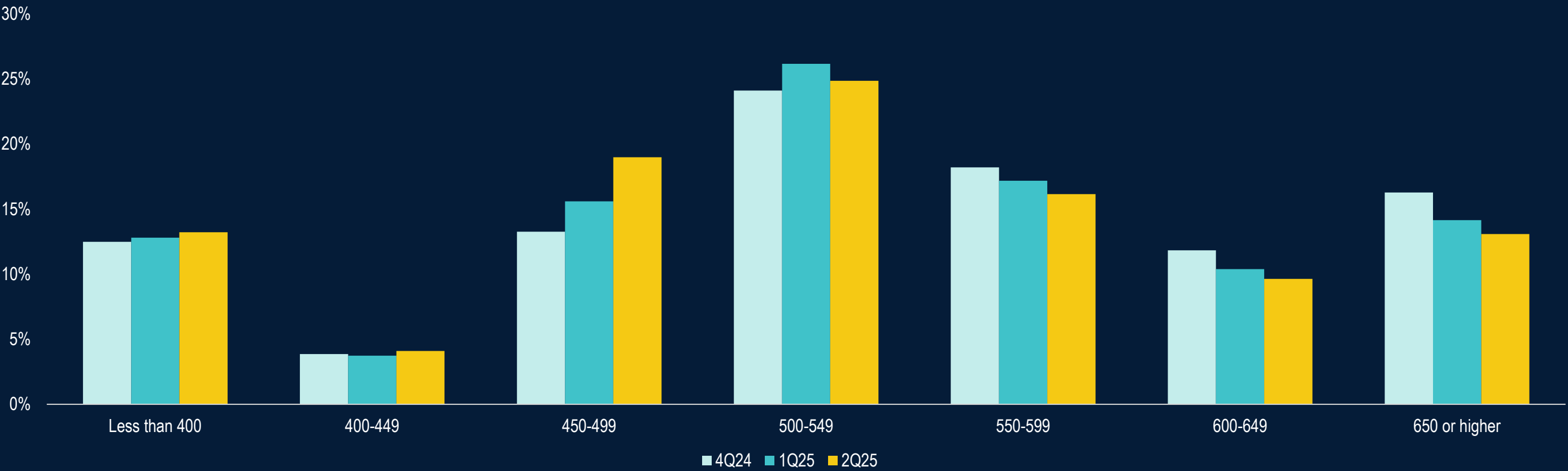
Source: PitchBook | LCD • Geography: US • \*As of June 30, 2025





While first-lien spreads were evenly balanced between sub-500 bps and 600+ bps at the end of 2024, by June 2025, tighter-priced loans had become far more prevalent within BDC holdings

Spread range (bps) for senior secured first-lien term loans held by BDCs

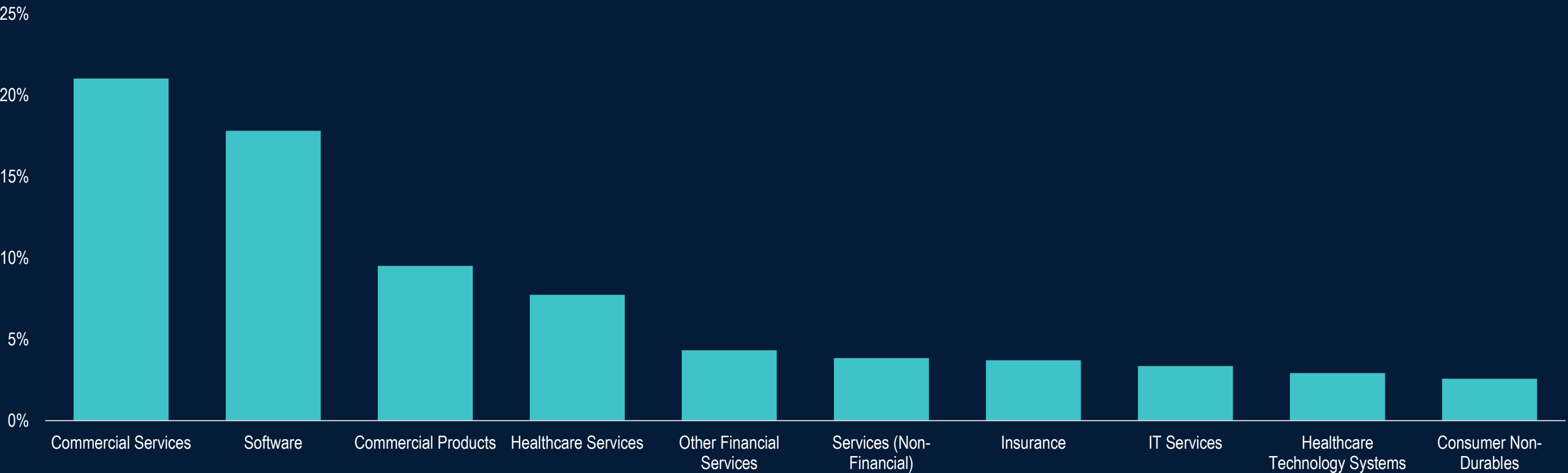


Source: PitchBook | LCD • Geography: US • \*As of June 30, 2025



# Commercial Services and Software lead among BDC holdings by sector

Count of BDC holdings by sector (%)



Source: PitchBook | LCD • Geography: US • \*As of June 30, 2025

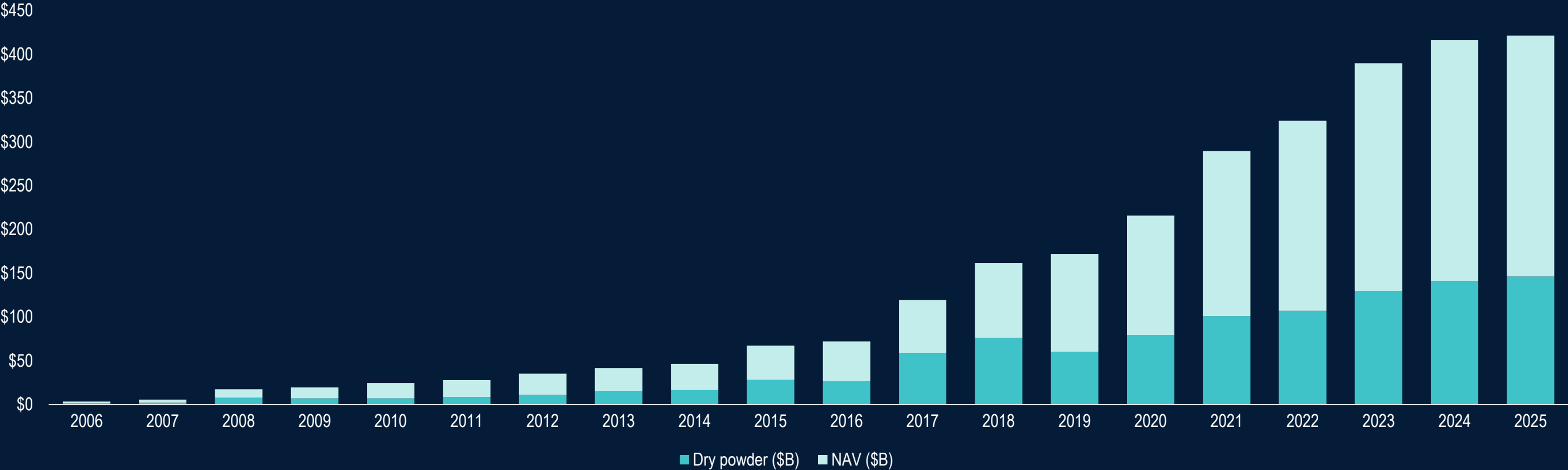


# Direct Lending AUM, Private Debt Capital Raised, & CLO Issuance



Direct lending AUM rises steadily

US direct lending AUM (\$B)

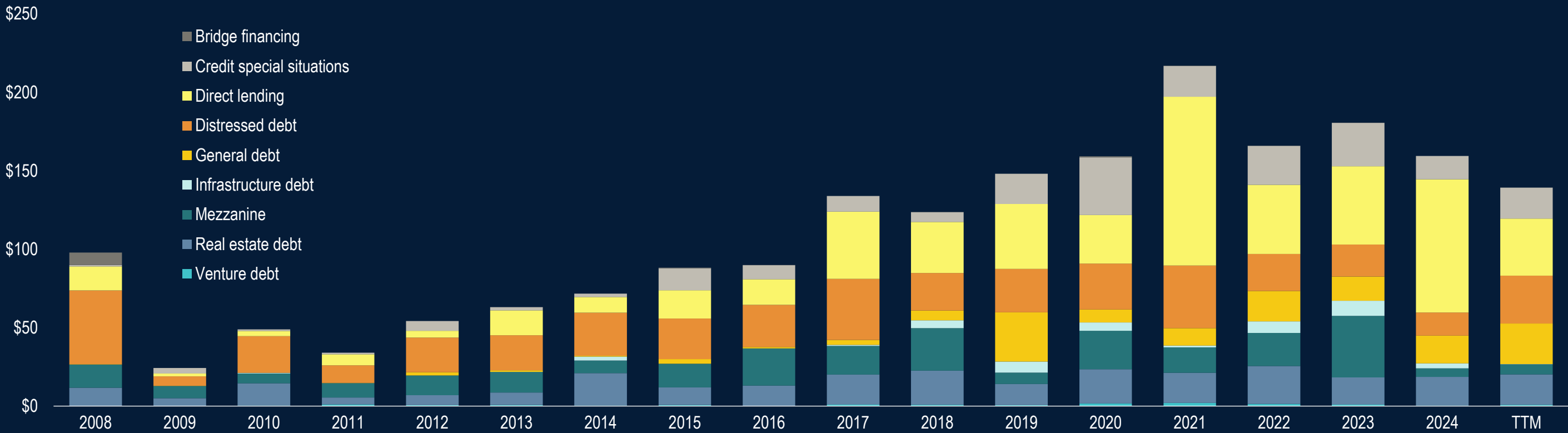


Source: PitchBook • Geography: US • \*As of Mar. 31, 2025



Private debt fundraising is slightly off last year's pace

US private debt capital raised by type (\$B)

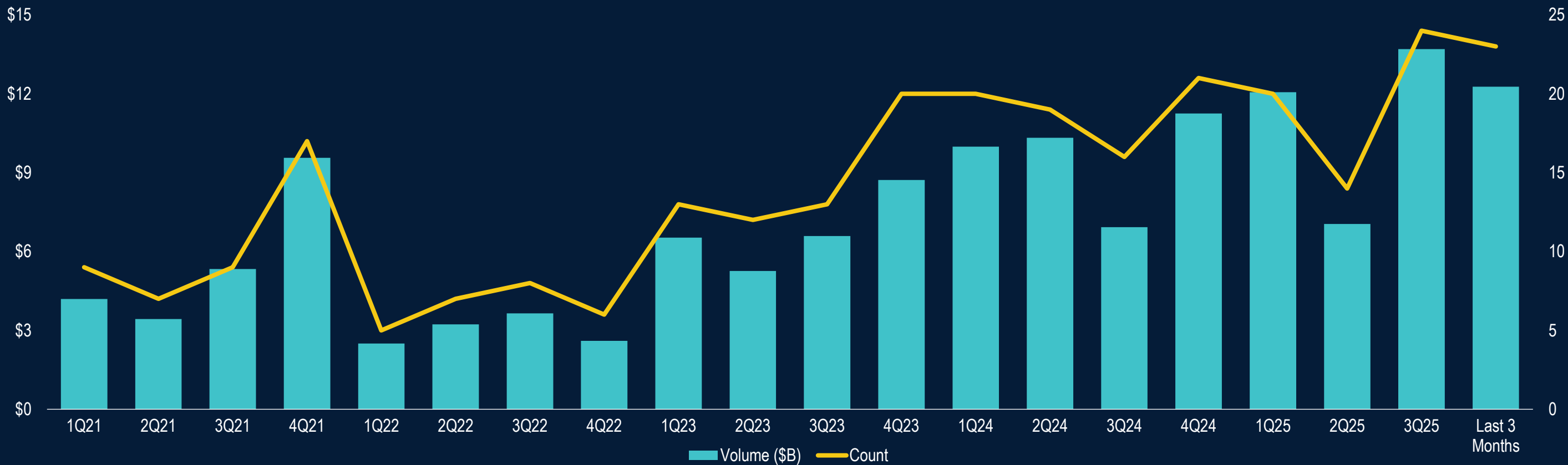


Source: PitchBook • Geography: US • \*As of Sep. 30, 2025



Issuance of middle market and private credit CLOs remains robust

US middle market/private credit CLO issuance (\$B)



Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

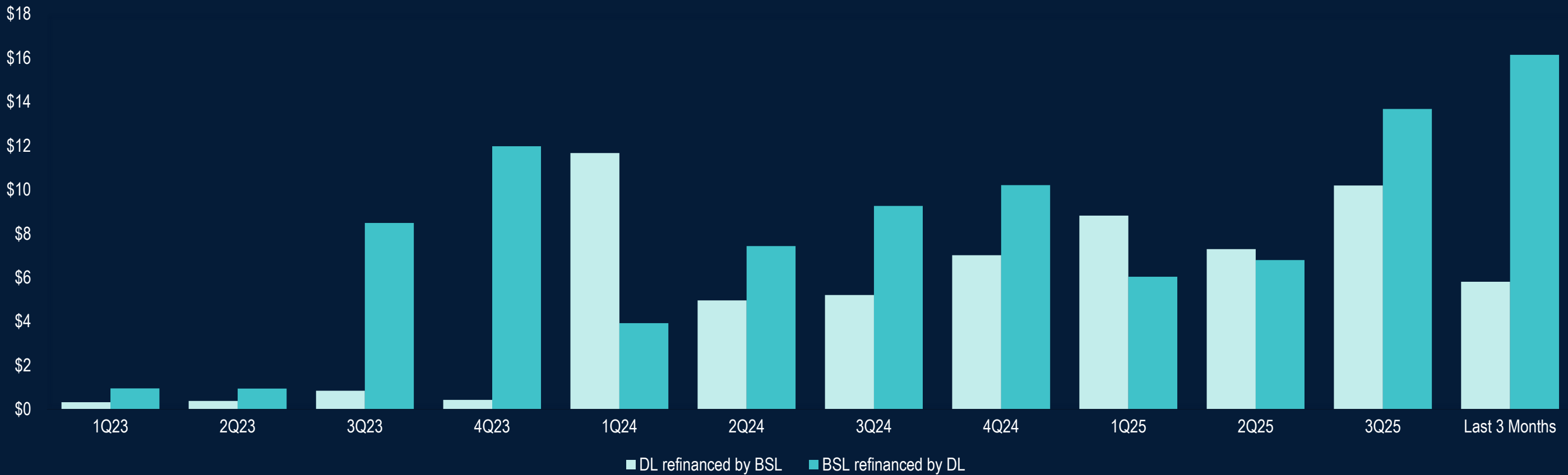


# BSL & Direct Lending Takeouts



**In a competitive tug-of-war for deals, direct lenders captured roughly \$29B from the BSL market this year—offset by an equivalent flow in the opposite direction**

Syndicated loans and direct lending takeouts (\$B)



Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Historical data is subject to revisions as LCD collects additional information.





## Borrowers refinancing their direct lending deals in the broadly syndicated markets find attractive pricing...

Last ten syndicated term loans that refinance debt provided by direct lenders

Company	PE sponsor	Borrower rating	Date	Debt being refinanced
Ping Identify	Thoma Bravo	B/B2	Oct 2025	Unitranche facility
VoltaGrid	Not Sponsored	B+/B1	Oct 2025	private debt
Orion Advisor Solutions	Genstar Capital/TA Associates	B-/B3	Oct 2025	partially repay an existing privately placed \$250 million second-lien term loan due September 2028
Metropolis Technologies	Not Sponsored	B-/B3	Oct 2025	Unitranche facility
EP Wealth Advisors	Ares Management/Berkshire Partners	B-/B2	Sep 2025	Private debt
Diesel Direct (Liquid Tech)	Wind Point Partners	B-/B2	Sep 2025	approx \$1B in privately-placed debt
Accelya Holding World	Vista Equity Partners	B-/B3	Sep 2025	a \$530 million unitranche facility due December 2026
Arcadia Consumer Healthcare	Bansk Group	B/B2	Sep 2025	Private credit loans due September 2027
team.blue	HG Capital	B/B3	Sep 2025	refinance a privately placed €200 million second-lien that
Mediaocean	CVC Capital Partners	B-/B2	Sep 2025	a privately placed \$125 million second-lien term loan due December 2029

Source: Pitchbook | LCD • Geography: US • \*As of Oct. 31, 2025

Table is based on LCD News reporting.



...while those leaving the BSL space find flexibility, certainty of execution and other benefits, competitive pricing

Most recent direct lending deals refinancing broadly syndicated term loans

Company name	Date	Debt amount (\$M)	Current sponsor	Last BSL deal date	Lender(s)
Shutterfly	Oct 2025	2,000	Apollo	Jul 2023	General Atlantic
Signant Health (Bracket Intermediate Holding Corp)	Oct 2025	1,000	Genstar Capital	Dec 2024	Blackstone Credit & Insurance
Cordis Corp	Oct 2025	N/A	Hellman & Friedman	Dec 2024	Golub
Fanatics Holdings Inc	Oct 2025	700	N/A	May 2023	BofA, Truist
Duff & Phelps LLC	Sep 2025	N/A	Stonepoint Capital	N/A	N/A
Dun & Bradstreet Corp	Sep 2025	5,500	Clearlake Capital Group	Nov 2024	Ares, Morgan Stanley and other lenders
Syndigo LLC	Sep 2025	900	Summit Partners, Battery Ventures	Nov 2020	BlackRock, Adams Street, 26North, Wells Fargo, Churchill, Jefferies, Guggenheim, and Santander
Vantage Specialties Inc	Sep 2025	900	H.I.G. Capital	Mar 2023	Apollo, Silver Point, Oak Hill
Leaf Home	Sep 2025	2,000	Gridiron	Feb 2022	Apollo, Ares Management
Flexera Software	Aug 2025	3,000	Thoma Bravo	Dec 2024	KKR plus over 20 lenders in club

Source: PitchBook | LCD • Geography: US • \*As of Oct. 31, 2025

Table is based on LCD News reporting.



# Methodology



# Methodology

## Data composition:

- Unless otherwise noted, data reflects new-issue direct lending transactions as tracked by PitchBook LCD. Except for BDC analysis, charts reflect new transactions in the US direct lending market, including both private-equity-backed borrowers and non-backed borrowers, as covered by LCD News.
- We define direct lending as directly originated loans to corporate borrowers that are not broadly syndicated. These borrowers are typically unrated and tend to be small to mid-sized companies. However, in recent years, larger borrowers have also issued this type of financing. This type of financing is typically provided by a non-bank lender, or a small “club,” or group, of lenders. These loans are generally not tradeable as broadly syndicated loans are. Lenders usually provide the financing with the intention of holding the debt to maturity.
- BDC analysis is based on quarterly filings of over 100 BDC portfolios as tracked by PitchBook LCD.
- Given the opaque nature of the direct lending market, deal size is not available for every transaction. To calculate overall volume, LCD estimates deal size where it is not available using historical averages within our dataset.

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