

PRIVATE CREDIT; PUBLIC INTEREST

How private credit is reshaping wealth portfolios

Huw van Steenis, Ben Phillips, Laura Watkin

October 2025

A business of Marsh McLennan

KEY DEBATES

1

What's unlocking demand now?

2

Rethinking portfolios?

3

How far might this scale?

4

Implications?

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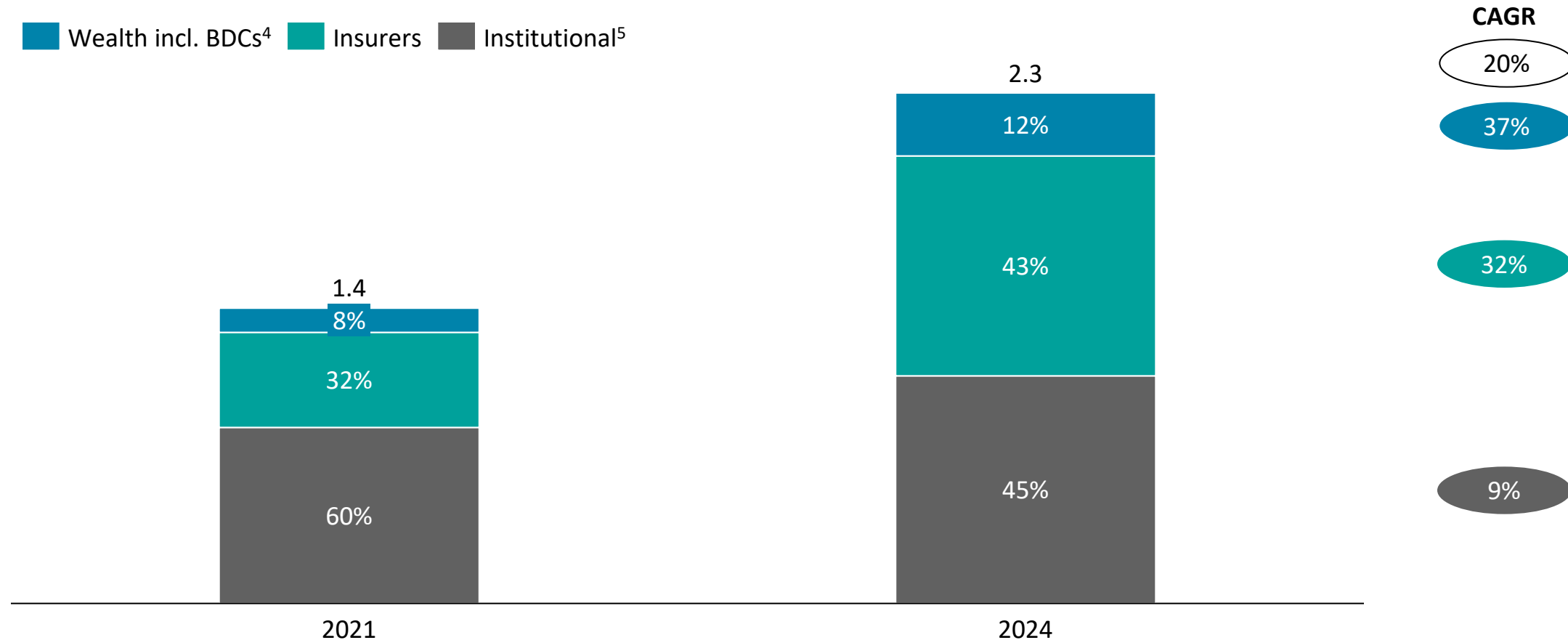
How far might this scale?

4

Implications?

IN PRIVATE CREDIT, ASSETS FROM WEALTHY CLIENTS ARE GROWING FOUR TIMES FASTER THAN FROM CLASSIC INSTITUTIONAL CHANNELS

Estimated AUM in credit¹ for largest seven private markets firms² by client segment³
USD TN



1. Includes liquid and private credit strategies; 2. Largest seven North American firms listed in both 2021 and 2024: Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR; 3. Client segments as defined by each individual firm. Note there are differences in perimeter definitions across firms, although efforts made to normalise where possible; 4. Based on company disclosures on AUM from Wealth / Retail channels where possible, however for estimates made using BDC reporting, some institutional capital may be included. Efforts have been made to exclude institutional capital from BDC figures where possible; 5. Includes AUM from all other sources | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures, filings and earnings calls © Oliver Wyman

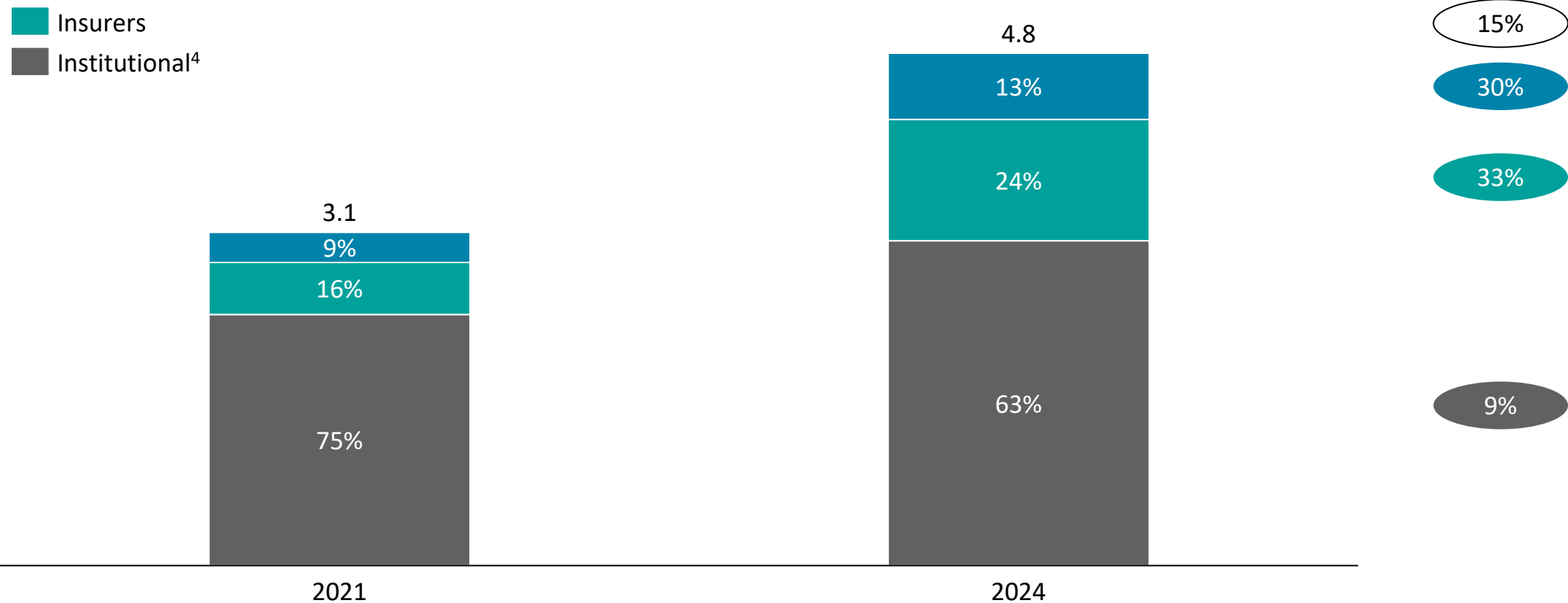
WHILST PRIVATE CREDIT FOR WEALTH IS GROWING FASTEST, WEALTH IS A GROWING SHARE OF ALL PRIVATE MARKETS

Estimated AUM for largest seven private markets firms¹, by client segment²

USD TN

- Wealth incl. BDCs³
- Insurers
- Institutional⁴

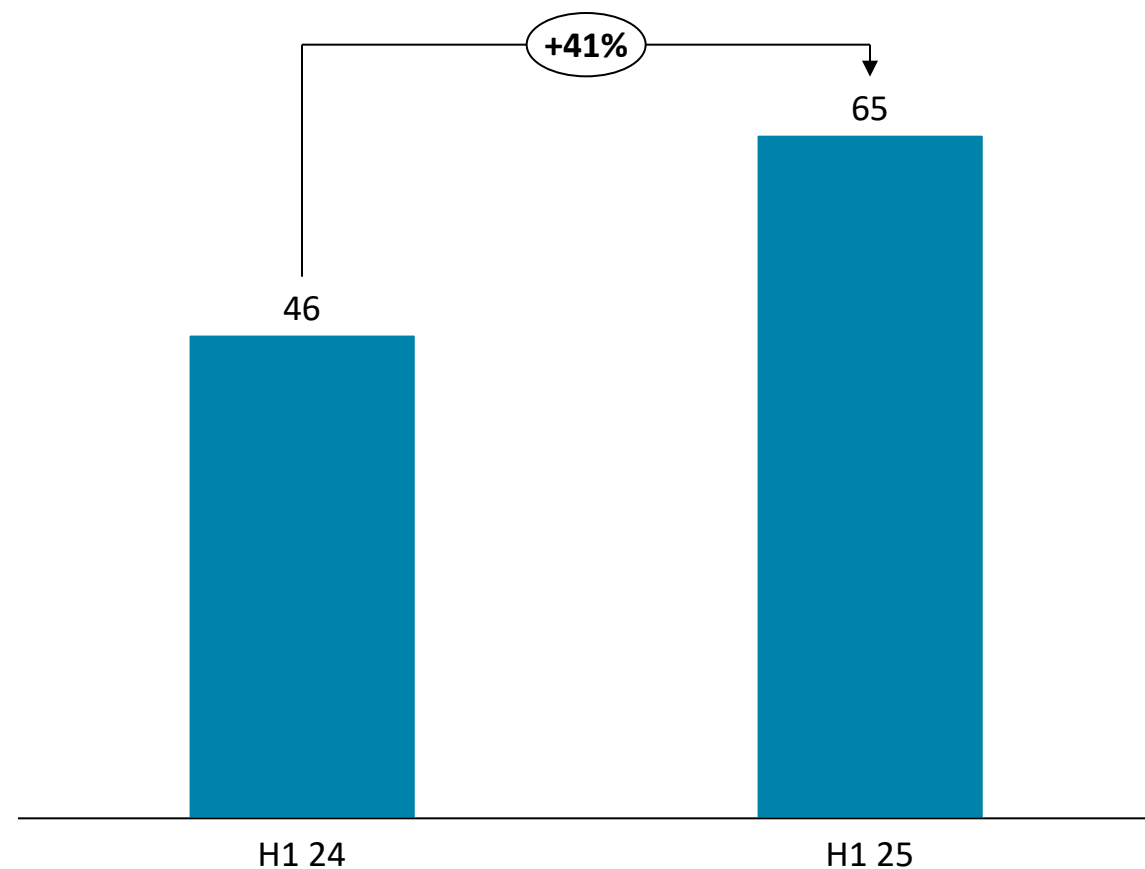
CAGR



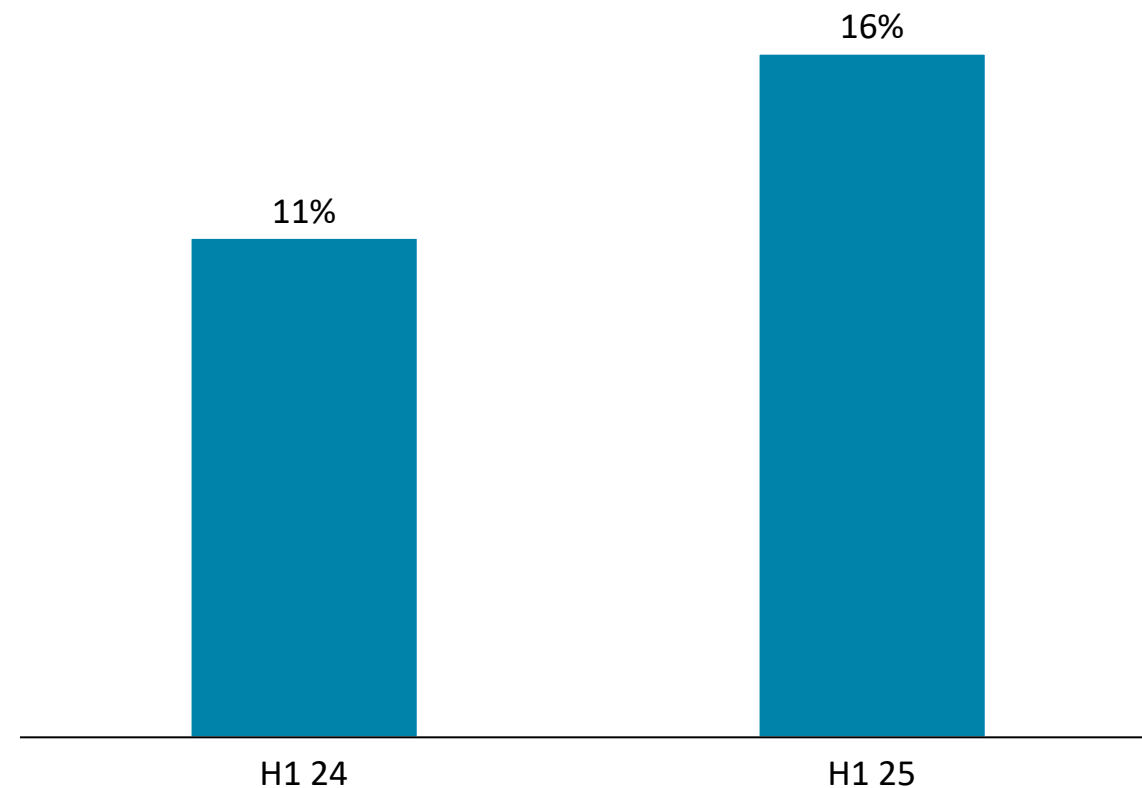
1. Largest seven North American firms listed in both 2021 and 2024: Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR; 2. Client segments as defined by each individual firm. Note there are some differences in perimeter definitions across firms, although efforts made to normalise wherever possible when information is available; 3. Based on company disclosures on AUM from Wealth / Retail channels where possible, however for estimates made using BDC reporting, some institutional capital may be included. Efforts have been made to exclude institutional capital from BDC figures where possible; 4. Includes AUM from all other sources | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures, filings and earnings calls

AND FLOWS CONTINUE APACE IN 2025 – WEALTH IS MAKING UP A GREATER SHARE OF PRIVATE MARKETS FUNDRAISING

H1 wealth² inflows for largest seven private markets firms¹
USD BN



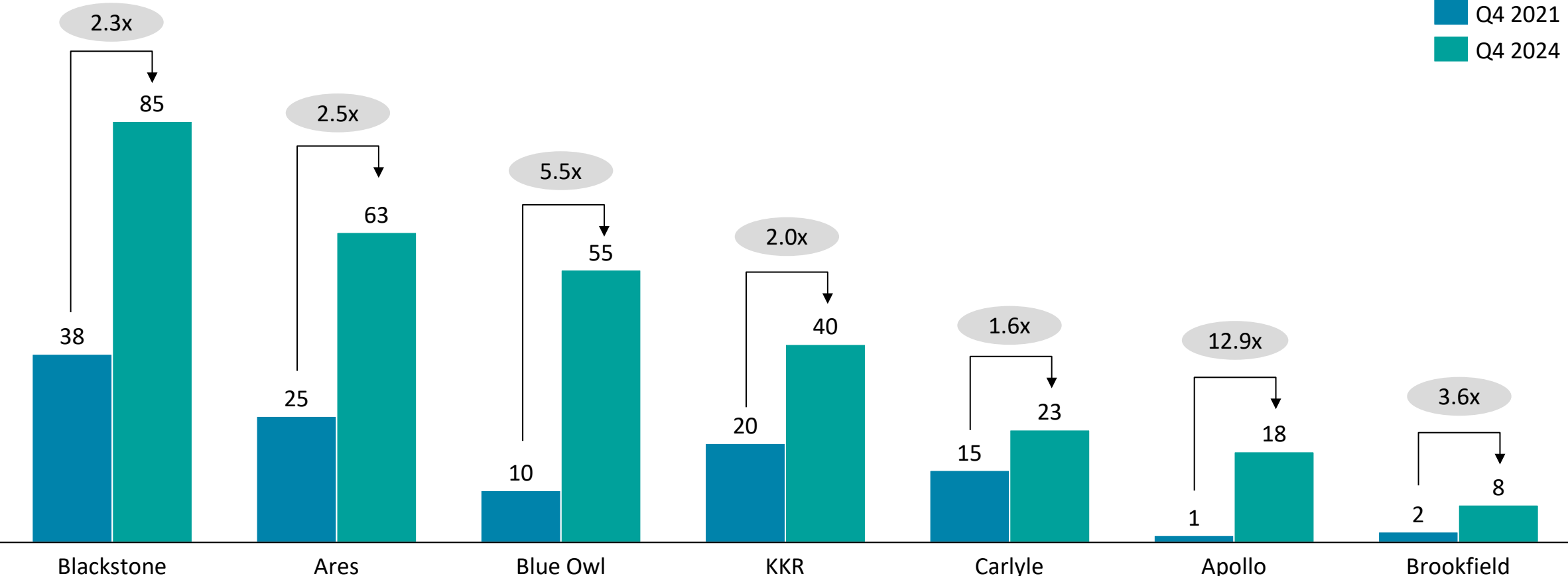
Wealth² inflows as a share of total fundraising for largest seven private markets firms¹, %



1. Largest seven North American firms listed in both 2021 and 2024: Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR; 2. Client segments as defined by each individual firm. Note that there may be some differences in perimeter definitions across firms, although efforts have been made to normalise wherever possible when information is available | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures, filings and earnings calls – updated for Q2 25

LEADING PRIVATE MARKET FIRMS HAVE ALL SEEN GROWTH IN WEALTH AUM IN CREDIT OVER THE LAST THREE YEARS

Estimated wealth¹ AUM in credit² for largest seven listed private markets firms³
 Q4 2021 and Q4 2024, USD BN



1. Wealth AUM (including BDCs) as defined by each individual firm. Note that there may be some differences in perimeter definitions for Wealth across firms, although efforts have been made to normalise wherever possible when information is available. BDC AUM may include some institutional AUM invested in BDCs, efforts have been made to exclude institutional capital wherever possible; 2. Includes liquid and private credit strategies; 3. Largest seven North American firms listed in both 2021 and 2024: Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures, filings and earnings calls

WHEN FUNDRAISING FROM CLASSIC INSTITUTIONAL INVESTORS - SAVE INSURANCE - IS SLOWING, WHAT'S DRIVING WEALTH LIFT OFF?

1

Fund
innovation

*Evergreen funds (e.g.
interval funds, BDCs)*

2

Credit market
evolution

*Private IG, Asset-
Backed lending*

3

Technology
platforms

*Simpler
documentation, fund
marketplaces*

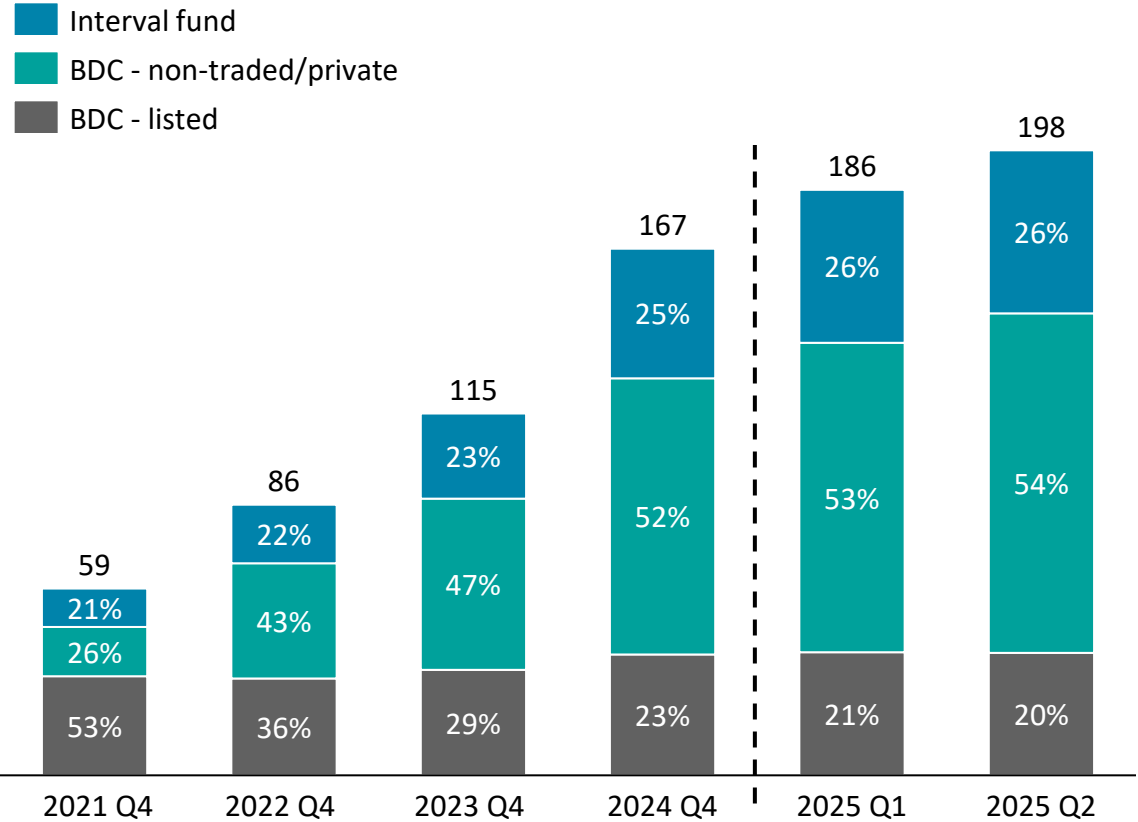
4

Rethinking
portfolios

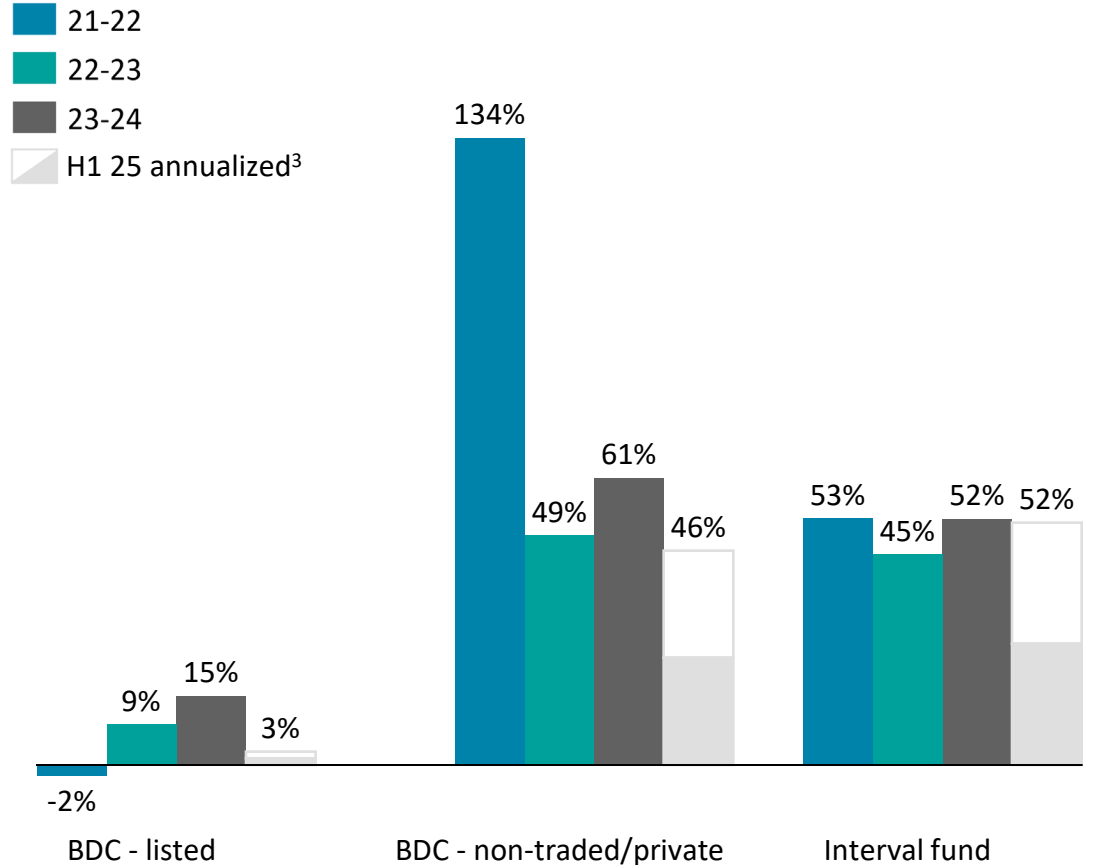
*Barbelling and
diversification*

FUND INNOVATION - US: EVERGREEN FUNDS WITH PRIVATE CREDIT HAVE ACCELERATED IN POPULARITY SINCE 2021

NAV of evergreen wealth private credit funds¹ from selected private markets firms (representing ~2/3 of assets)², split by vehicle type, USD BN



Growth in NAV of evergreen wealth private credit funds¹ from selected private markets firms², %



1. Universe consists of funds with a primary mandate in private credit but also includes diversified credit vehicles which have smaller private sleeves (20-30%). Limited to perpetual-life funds filing N-CSR / 10-K annual reporting. Limited partnerships and European funds (e.g. Luxembourg-domiciled SICAVs, RAIFs, ELTIFs, UCI Part II funds) are excluded; 2. Includes evergreen retail private credit funds offered by Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR, Cliffwater, BlackRock / HPS, Hamilton Lane, PIMCO – total comprises ~60% of total NAV in all BDCs and ~70% of total NAV in all credit interval funds; 3. Annualized growth rate from Q424 – Q2'25 data. | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures and SEC filings.

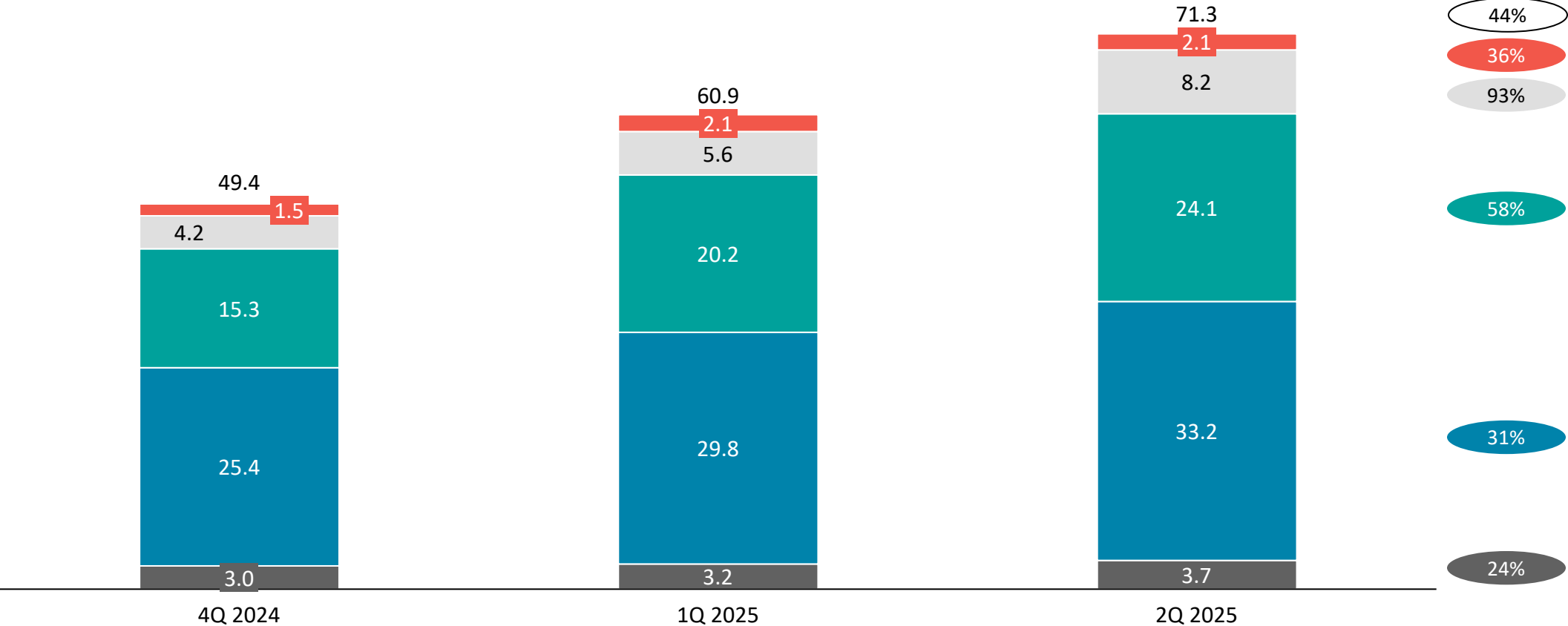
FUND INNOVATION - EUROPE: ACCORDING TO NOVANTIGO, PRIVATE CREDIT IN NON-ELTIF EVERGREEN FUNDS GREW 24% IN THE FIRST QUARTER OF 2025

AUM in non-ELTIF European evergreen funds by asset class

EUR BN

Multi-asset Private equity Private debt Infrastructure Real estate

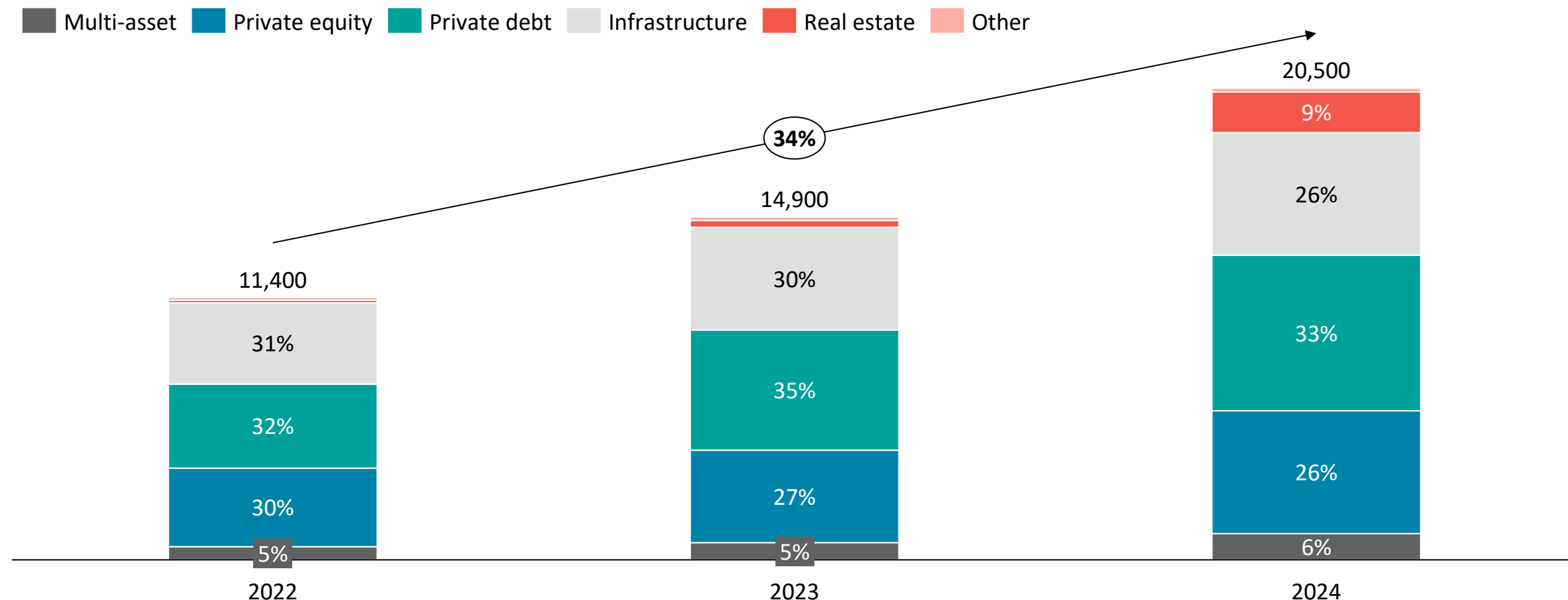
% growth in 1H 2025



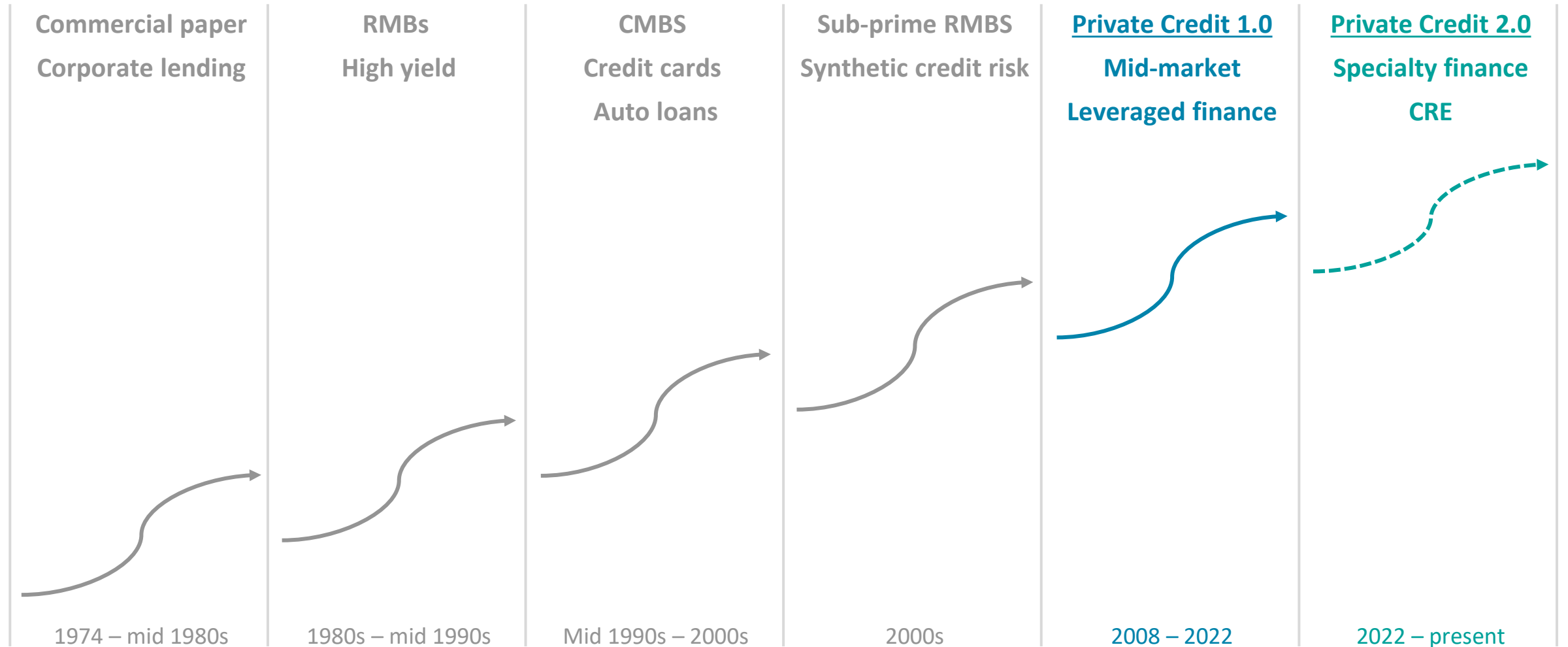
Source: Novantigo | Note: Includes only UCI Part II funds and open-ended RAIFs. Funds with the ELTIF label are not counted here

FUND INNOVATION - EUROPE: PRIVATE CREDIT IN EUROPEAN ELTIF FUND STRUCTURES HAS ALSO GROWN RAPIDLY – AT A CAGR OF 36% PER YEAR 2022-2024

ELTIF volume by asset class
EUR MM, 2022-2024

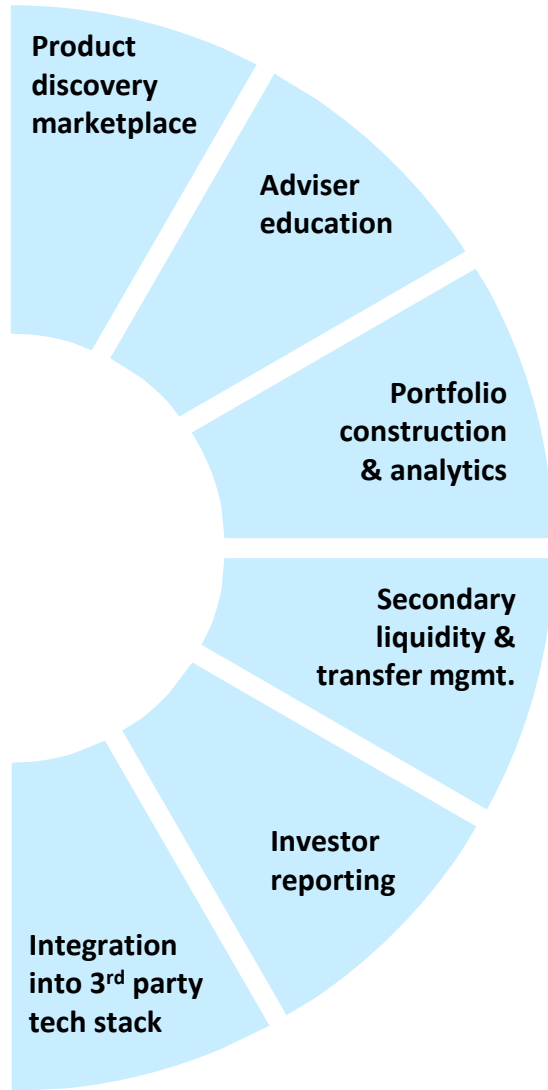


CREDIT MARKET EVOLUTION: FUND INNOVATION COMES WHILST WAVE OF PRIVATE CREDIT IG ASSET-BACKED LENDING OPENS UP

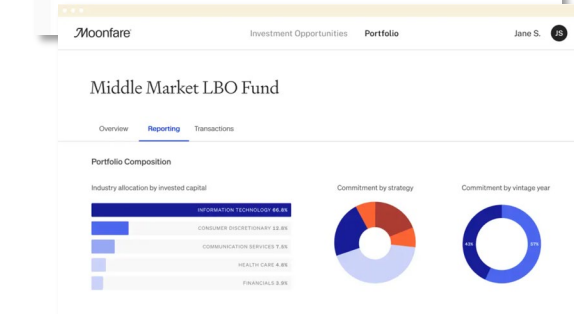
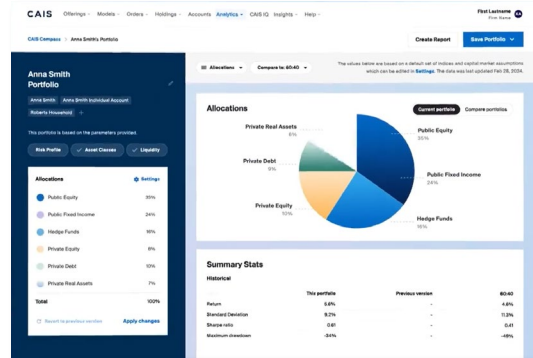


Source: Private Credit's Next Act, April 2024 by Huw van Steenis and colleagues, Oliver Wyman

TECHNOLOGY PLATFORMS: PLATFORMS ARE EMERGING TO SIMPLIFY INDIVIDUAL INVESTOR ACCESS TO PRIVATE MARKETS



Examples of technology platforms



Possible future developments

Data and analytics providers

- Tailored benchmarks, indices, analytics and ratings
- Broadening ratings coverage for unrated borrowers
- Developing predictive analytics for liquidity management

Technology and workflow providers

- Standardising fund purchases, e.g. CUSIP-like protocols, blockchain-facilitated contracts and tokens
- Simplifying solutions for compliance and documentation management
- Developing solutions for managers to monitor investments and standardise reporting



If you think about private wealth investing... the path of travel is really moving towards creating portfolios. And by and large, private investments have been left out of that because it's clunky today, but I believe that's where it's going



Joan Solotar, Global Head of Wealth, Blackstone

Interviewed by Brandon Sedloff, December 2024

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Wealthy investors are starting to adopt a barbell strategy— combining low-cost bond ETFs at one end with higher-yielding, less liquid private credit at the other. This has a very long way to run



*Huw van Steenis, Oliver Wyman
Financial Times op-ed, September 2024*



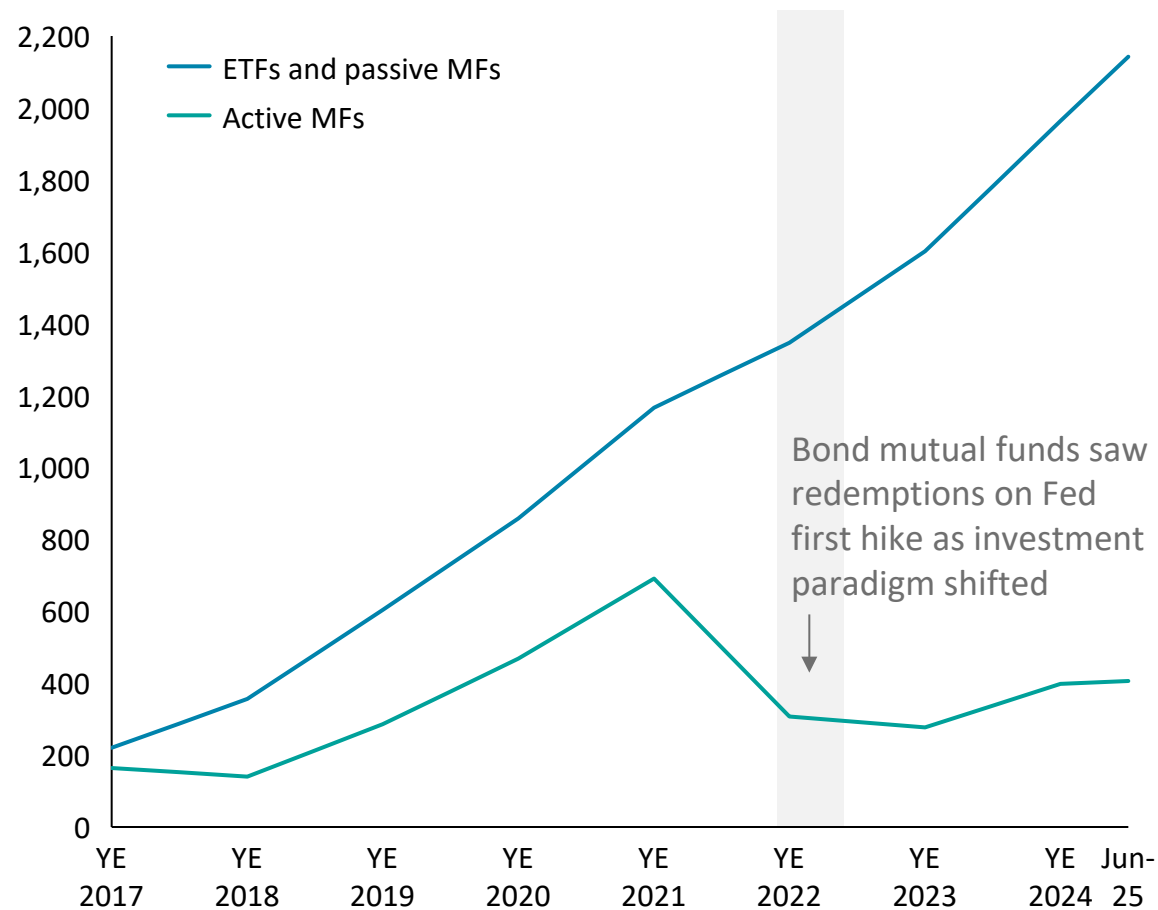
The barbell approach — combining ETFs and private credit — is resonating with wealth clients. It's a smart evolution in fixed income thinking



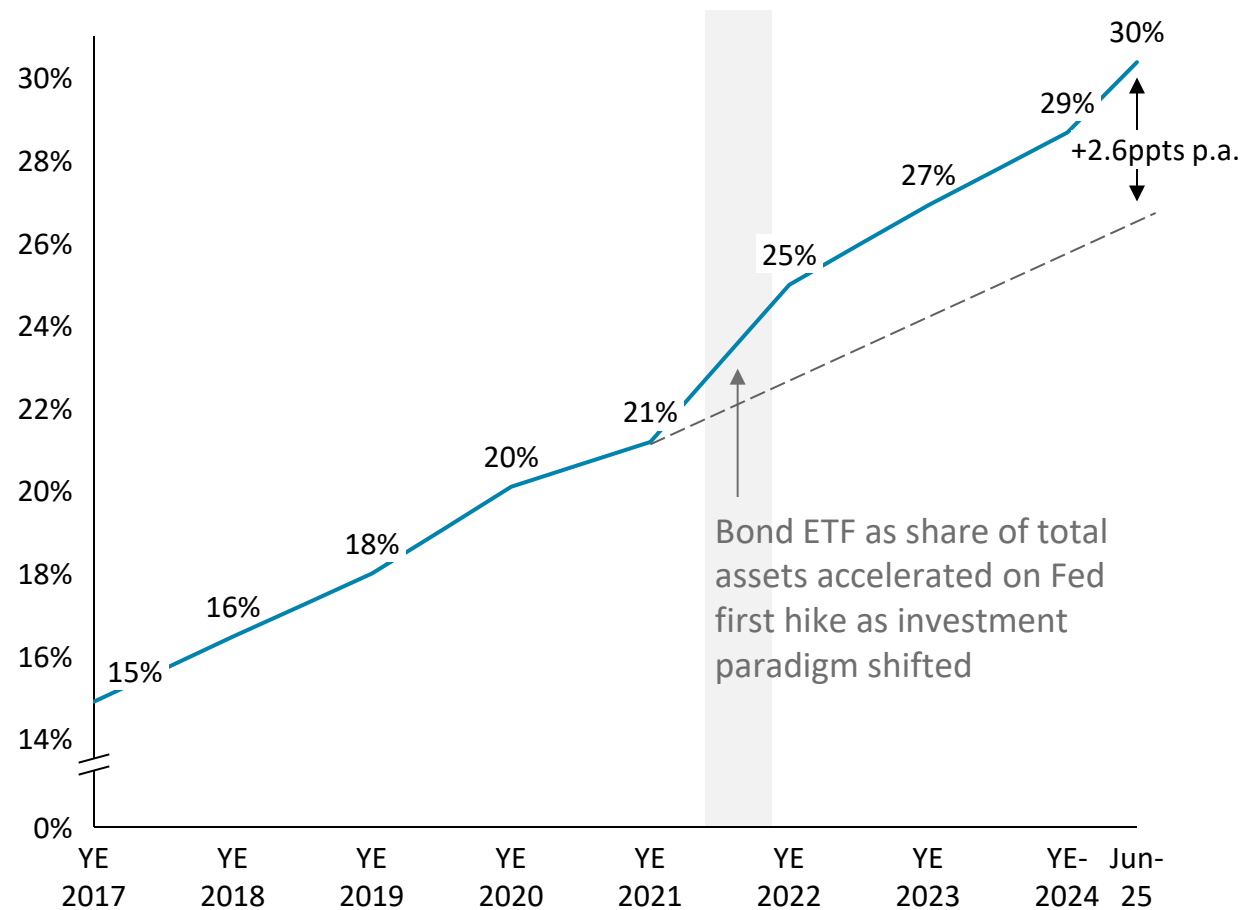
*Marc Lipschultz, co-CEO, Blue Owl
Barron's Roundtable, 2024*

AT ONE END OF THE BARBELL: FIXED INCOME ETFS AND PASSIVE MUTUAL FUNDS ACCELERATED FROM THE FIRST FED RATE RISE IN 2021

Cumulative fixed income flows into US ETFs and mutual funds
2017 – 2024, USD BN



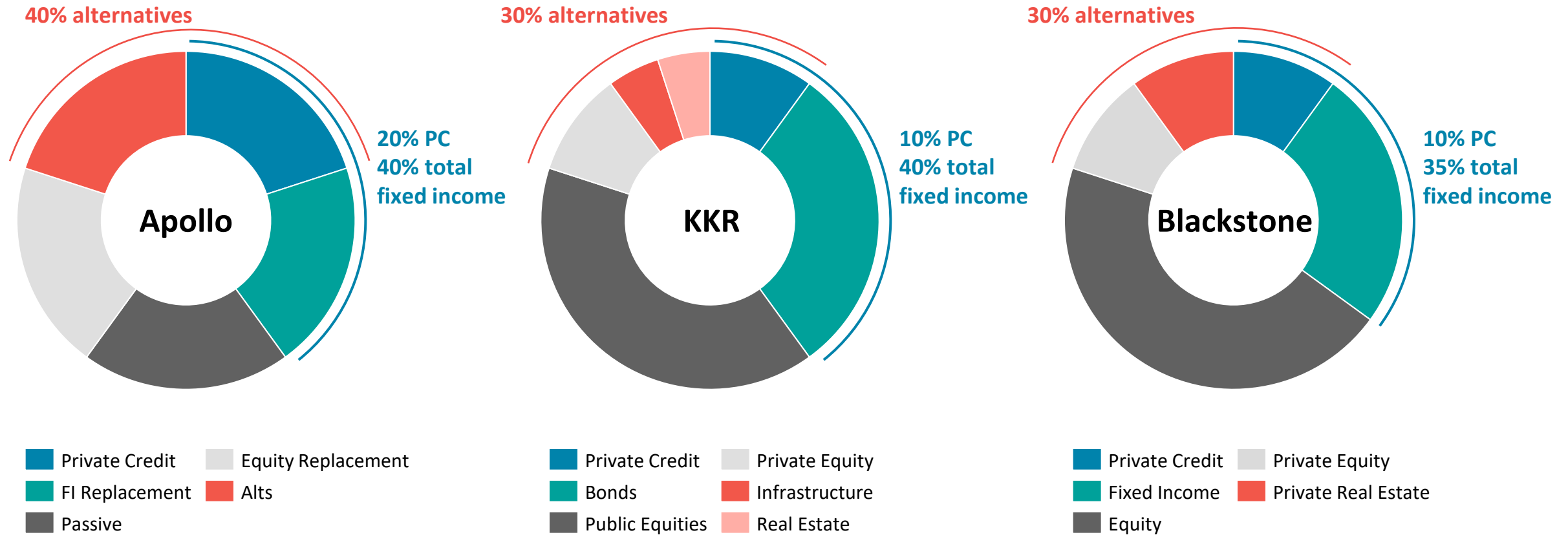
Assets in US bond ETFs as a share of total assets in US FI ETFs and MFs
2017 – 2024, %



Source: "The Barbell Tolls for Fixed Income Investing", September 2024, Oliver Wyman. Data from Morningstar | Note: Excludes fund of funds and feeders
© Oliver Wyman

AT THE OTHER END OF THE BARBELL (1/2): PROTOTYPE PORTFOLIOS DEVELOPED BY PRIVATE MARKETS FIRMS INCLUDE PRIVATE CREDIT AS PART OF AN OVERALL CREDIT ALLOCATION

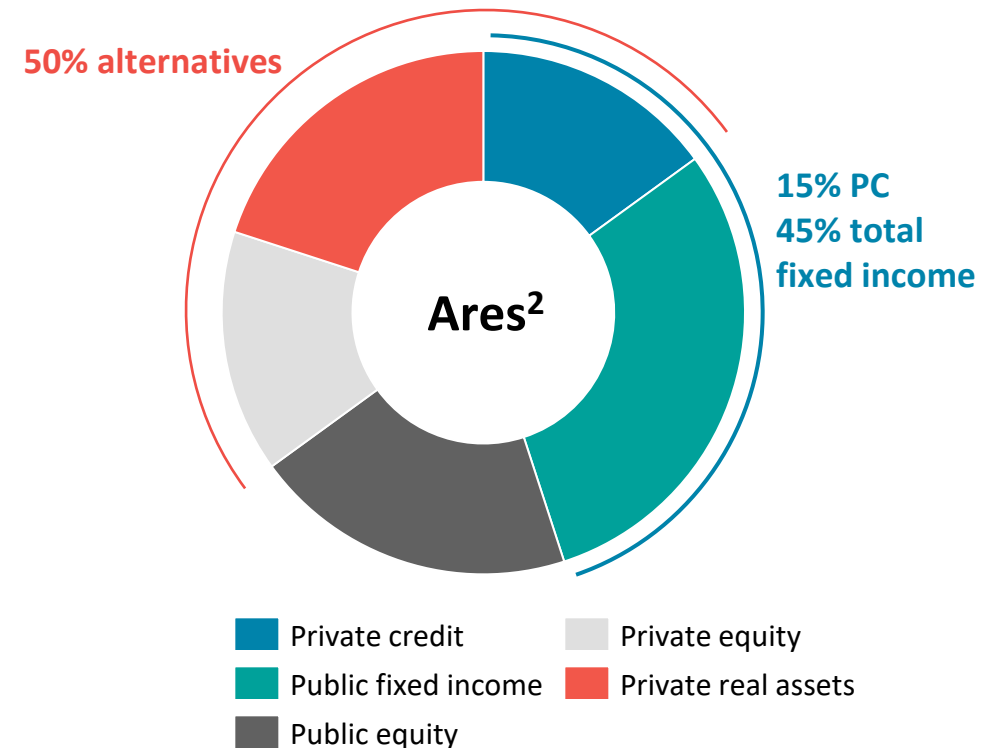
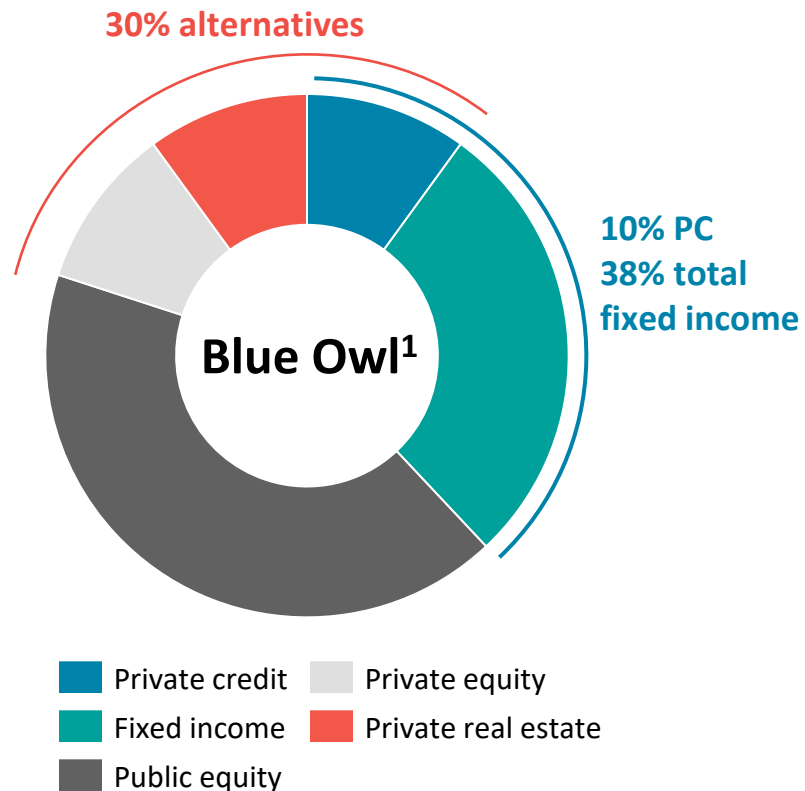
Prototype portfolios including private markets allocations



Note: Portfolio shown for KKR is the "Private Wealth Style Alternatives Enhanced Portfolio"
 Source: Apollo, KKR and Blackstone company websites, Oliver Wyman analysis

AT THE OTHER END OF THE BARBELL (2/2): PROTOTYPE PORTFOLIOS DEVELOPED BY PRIVATE MARKETS FIRMS INCLUDE PRIVATE CREDIT AS PART OF AN OVERALL CREDIT ALLOCATION

Prototype portfolios including private markets allocations



1. Portfolio shown for Blue Owl is the “Diversified alternatives” portfolio – other portfolios keep a 30% alternative allocation and adjust private credit component of this from 20% (‘Capital Appreciation’ portfolio) to 50% (‘Enhanced income’ portfolio); 2. Ares portfolio is the ‘New Moderate Model Portfolio’

Source: Ares and Blue Owl company websites, Oliver Wyman analysis

“

I think 18 months from now, investors broadly will not actually talk about public credit and private credit; they are going to talk about credit

”

Marc Rowan, CEO, Apollo Global

Interview on Bloomberg TV, October 2024

THERE IS AN EXPLOSION OF INNOVATION IN HYBRID FUNDS AND PARTNERSHIPS SEEKING TO CAPITALIZE ON THE MAINSTREAMING OF PRIVATE CREDIT

KKR and Capital International



to create the first public-private private credit and private equity funds

Blackrock and Partners Group



to create first blended US private markets fund

Apollo and State Street Global Investors



to create first hybrid ETF fund and suite of saving funds

Blackstone, Wellington and Vanguard



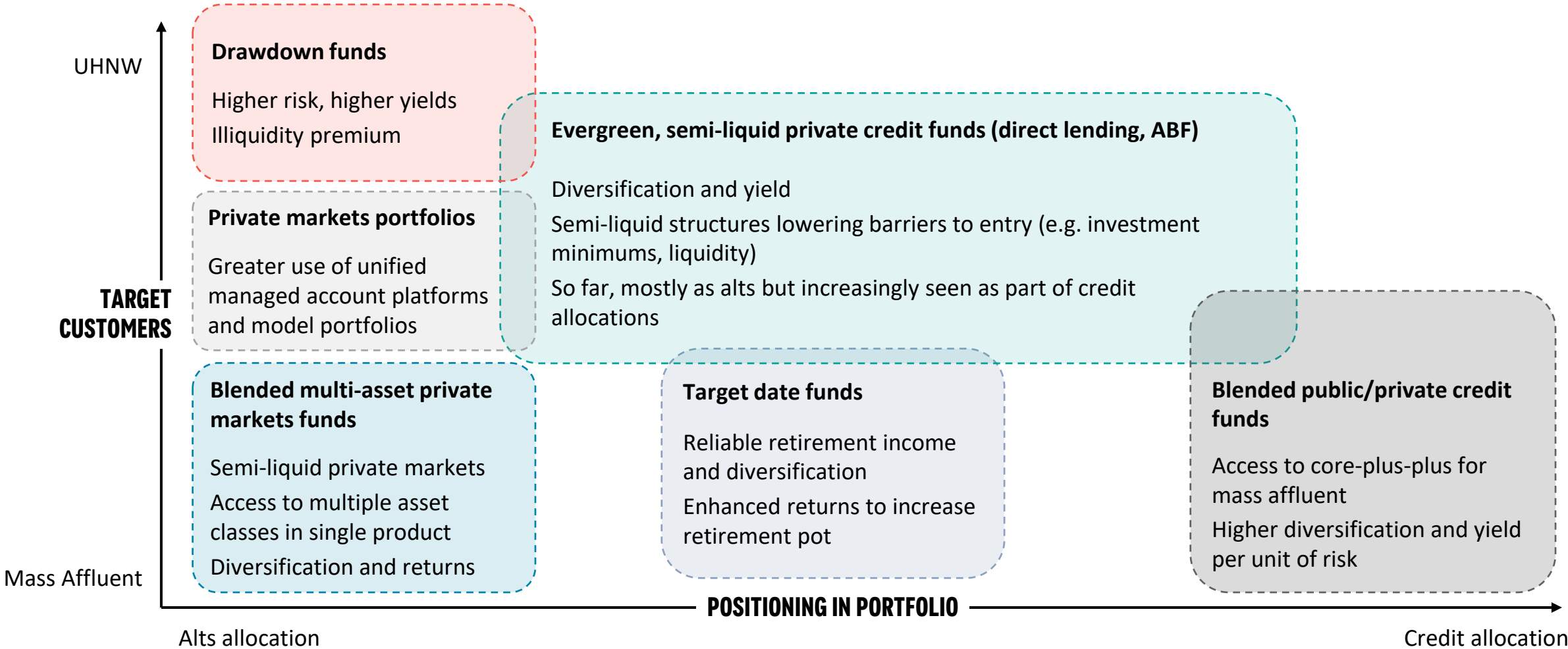
to create public/private multi-asset fund

Blue Owl and Voya



to create public/private target date funds

FIRMS ARE DEVELOPING A RANGE OF PRIVATE CREDIT SOLUTIONS TO SOLVE SPECIFIC PROBLEMS FOR CLIENTS



Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Based on public company and fund disclosures.
 © Oliver Wyman



We talk about a global wealth opportunity but that's really multiple markets — that's family office, that's ultra-high net worth, that's high net worth, that's mass market. All of these things are different and need to be served in different ways with different products

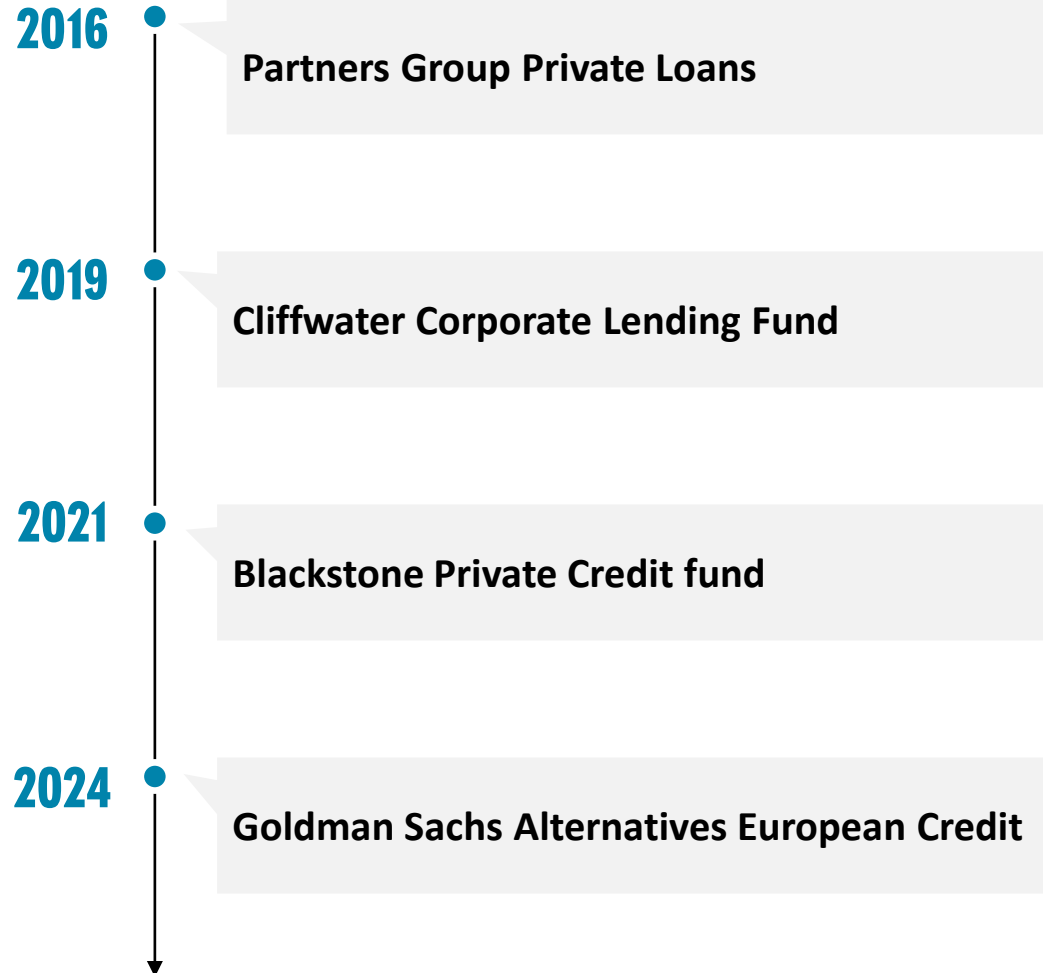


Scott Kleinman, co-President Apollo Global

Investor Day, October 2024

IN-DEPTH: INNOVATION IN FUNDS BRINGING PRIVATE CREDIT TO THE MAINSTREAM (1/2)

Launch date



Why is this fund interesting?

One of the oldest and largest Luxembourg-domiciled private credit evergreen funds – recently reached €2 billion in assets

Largest credit interval fund today with about ~\$30 billion in NAV, and a multi-originator structure with 20+ lenders

Largest retail private credit fund with NAV >\$40 billion; also has the highest credit rating for a non-traded BDC: Moody's (Baa2 / stable), S&P (BBB- / positive)

One of the largest European evergreen private credit funds

IN-DEPTH: INNOVATION IN FUNDS BRINGING PRIVATE CREDIT TO THE MAINSTREAM (2/2)

Launch date

2025
FEB

Lord Abbett (with Apollo): Flexible Income Fund

Why is this fund interesting?

Dual-manager model for a blended credit interval fund – Lord Abbett manages public sleeve and Apollo manages 35-65% private sleeve

State Street (with Apollo): IG Public and Private Credit ETF

First private / public credit ETF with a novel liquidity arrangement with Apollo, which is contractually obliged to provide daily bids on Apollo-originated holdings

APR

Capital Group KKR Core Plus+ and Multi-Sector+ Credit

60/40 public/private blended funds offering higher liquidity (10% of outstanding shares quarterly) and lower investment minimums (\$1,000) than comparable interval funds

Launch TBD;
announced in May

Wellington (with Vanguard and Blackstone): WVB All Markets Fund

Three-way alliance with Wellington as adviser and Vanguard / Blackstone providing public / private exposure targeting 40-60% public equities, 15-30% public fixed income and 25-40% private (credit, equity, real estate, infra.)

Launch TBD;
announced in June

BlackRock / Great Gray Private Markets TDF

401(k) target date solution where BlackRock provides a glidepath expected to allocate 5-20% private assets

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What's unlocking demand now?

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“

There's a tremendous need for yield, and that's not going away. Individuals want access to the same high-quality private markets that institutions have had for decades

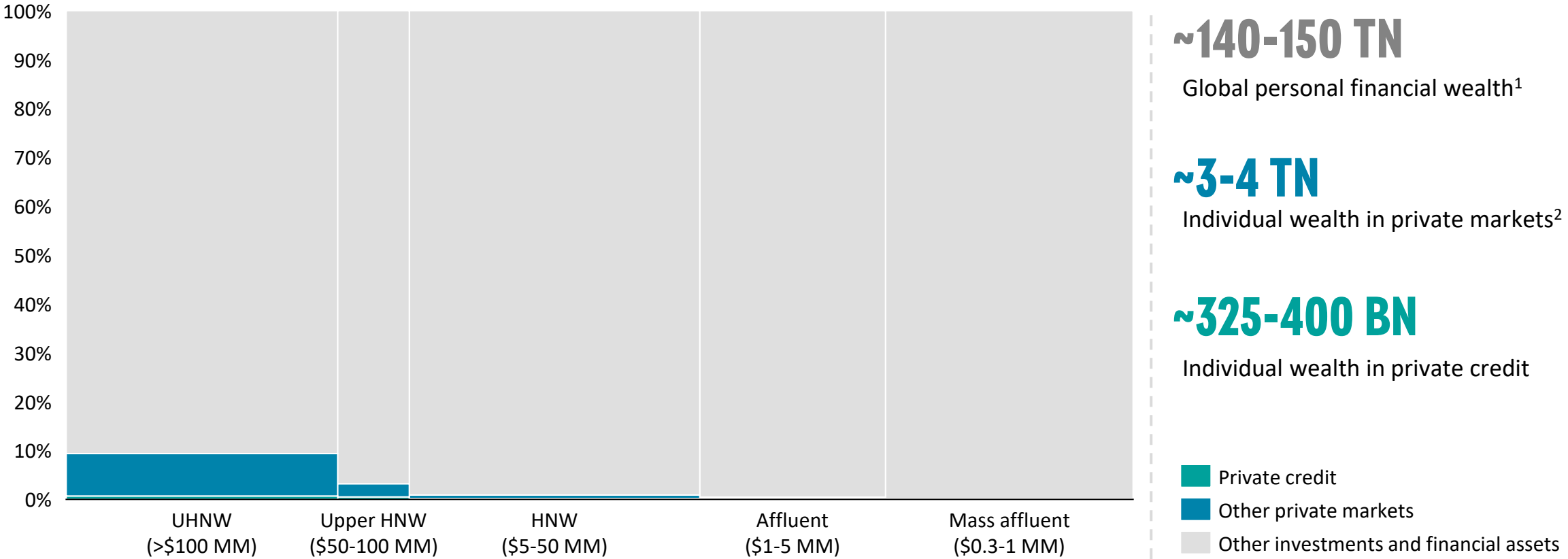
”

Jon Gray, President & COO, Blackstone

Investor call 2025

TODAY, THE VAST MAJORITY OF PRIVATE MARKETS ASSETS HELD BY INDIVIDUALS ARE IN THE HANDS OF THE ULTRA WEALTHY

Estimated global personal investable financial wealth¹ allocated to private markets²
 USD TN, 2024



1. Wealth defined as investable personal financial assets including investable assets (deposits, equities, mutual funds and alternatives), excluding assets held in insurance policies, pensions and direct real estate or other real assets. Excludes wealth held by mass affluent segments (USD <0.3 MM); 2. Private markets defined as Infrastructure, Private Debt, Private Equity and Real Estate investments. Excludes Hedge Funds and Natural Resource investments and direct investments in Real Estate, Private Equity and Infrastructure | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on Oliver Wyman Global Wealth Pools.

TO UNLOCK GROWTH, FIRMS WILL NEED TO SOLVE FIVE SETS OF PROBLEMS - AND CONTINUE TO PERFORM

Product innovation

- Well structured evergreen funds offering simpler access and no J-curve
- New funds combining public and private credit
- Integration as components into model portfolios, SMAs, UMAs, target date solutions
- Rethinking portfolios e.g. credit plus-plus

Accessing clients cost effectively

- Wirehouses, wealth managers, RIAs offering private credit products further down wealth spectrum
- Partnerships between private and public asset managers
- Integration into managed accounts

Manage asset-liability matching

- Strategies which are appropriate for new fund envelopes
- Calibration and stress test asset-liability matching
- Diverse origination channels and business mix to flex with likely pro-cyclical retail allocations and maintain underwriting discipline

Infrastructure buildout

- Evolving pricing conventions and independent valuations
- Industry benchmarks and third-party credit ratings to support product comparison
- Analytics to support liquidity management
- Technology platforms

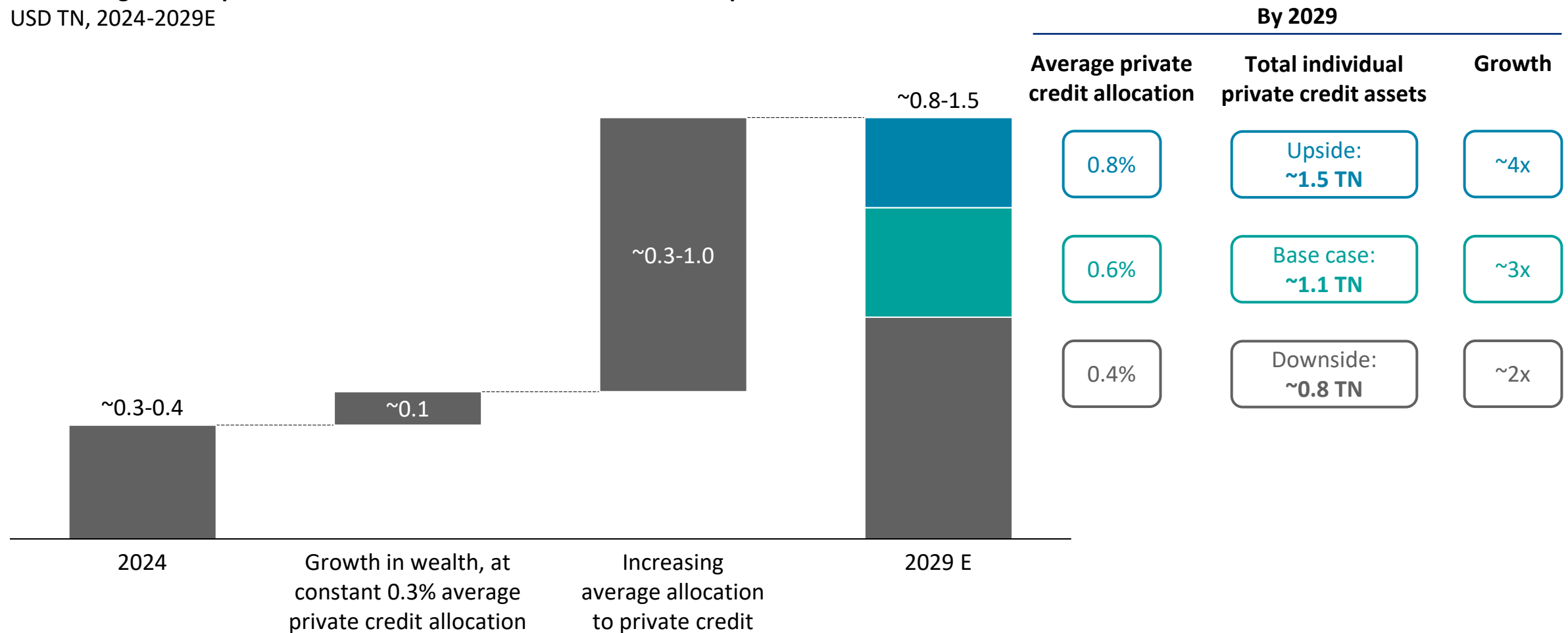
Around the corner

- Engage on regulatory shift to unlock 401(k) and DC pension market via litigation shield
- Tokenization of assets to enable fractional ownership

Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman.

WEALTH ASSETS IN PRIVATE CREDIT COULD DOUBLE TO QUADRUPLE BY 2029, FROM OUR DISCUSSIONS WITH ADVISERS AND FIRMS – TRANSLATING TO 0.4-0.8% ALLOCATION

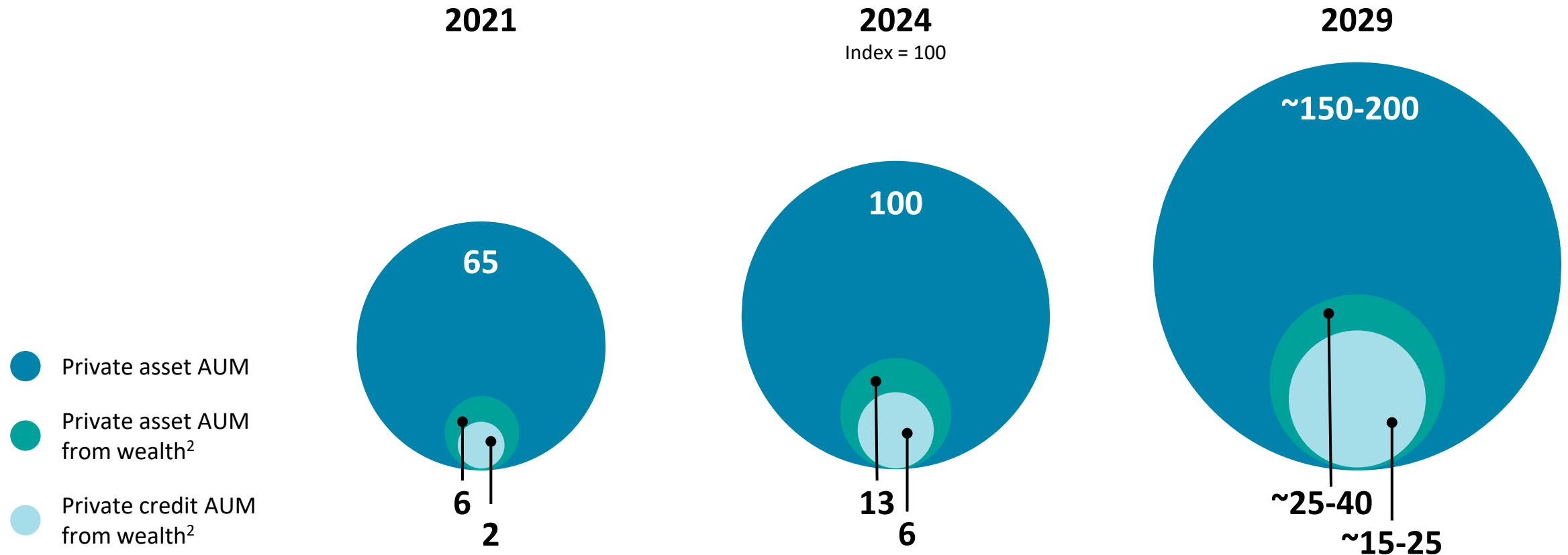
Estimated growth in personal investable financial wealth¹ allocated to private credit
USD TN, 2024-2029E



1. Wealth defined as investable personal financial assets including investable assets (deposits, equities, mutual funds and alternatives), excluding assets held in insurance policies, pensions and direct real estate or other real assets. Excludes wealth held by mass affluent segments (USD <0.3 MM) | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimated based on 2023 Oliver Wyman Global Wealth Pools

LEADING PRIVATE MARKETS FIRMS AND DISTRIBUTORS EXPECT WEALTH AUM IN PRIVATE CREDIT TO INCREASE 2.5-4-FOLD, RESHAPING THE PRIVATE MARKET FUNDING MIX

AUM growth in leading private markets firms¹
 2021-2029E, indexed to 100 for private asset AUM in 2024



1. AUM mix for private markets firms estimated for 2029 from a range of sources. Includes analyst consensus, public disclosures and public guidance from largest listed private markets firms (Apollo, Ares, Blackstone, Blue Owl, Brookfield, Carlyle, KKR), and includes color from our interviews with a range of firms, distributors and advisers; 2. Wealth segment as defined by each individual firm. Note that there may be some differences in perimeter definitions across firms, although efforts have been made to normalize wherever possible based on available information | Source: "Private Credit is Reshaping Wealth Portfolios", July 2025, Oliver Wyman. Estimates based on public company disclosures, filings, earnings calls and interviews with market participants.

HOW MIGHT PRIVATE ASSETS GET INTEGRATED INTO 401(K) PLANS?

Target date funds look to be a promising vehicle for delivery...

68% of new 401(k) flows into target date funds

40% of 401(k) assets in target date funds

1% of investors in TDFs switch per year

Source: Vanguard "How America Saves" report 2025

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For more on the key questions to watch, see recent Bloomberg Odd Lots newsletter

Newsletter
Odd Lots

Huw Van Steenis on the Next Big Thing in Private Credit



US President Donald Trump prepares to sign an executive order in the Oval Office of the White House in Washington, DC, US, on Monday, May 5, 2025. *Photographer: Jim Lo Scalzo/EPA*



By [Joe Weisenthal](#) and [Tracy Alloway](#).
August 7, 2025 at 1:59 PM GMT+1



Retail flows can be significant, but they come with responsibility. This is about matching permanent capital with permanent opportunity — not just raising assets



Marc Lipschultz, co-CEO, Blue Owl

Investor call 2025

TRADITIONAL MANAGERS ARE STARTING TO ENTER PARTNERSHIPS TO BRING PRIVATE MARKET ASSETS TO THE 401(K) MARKET, FOCUSING ON TARGET DATE FUNDS

Share of target Date assets

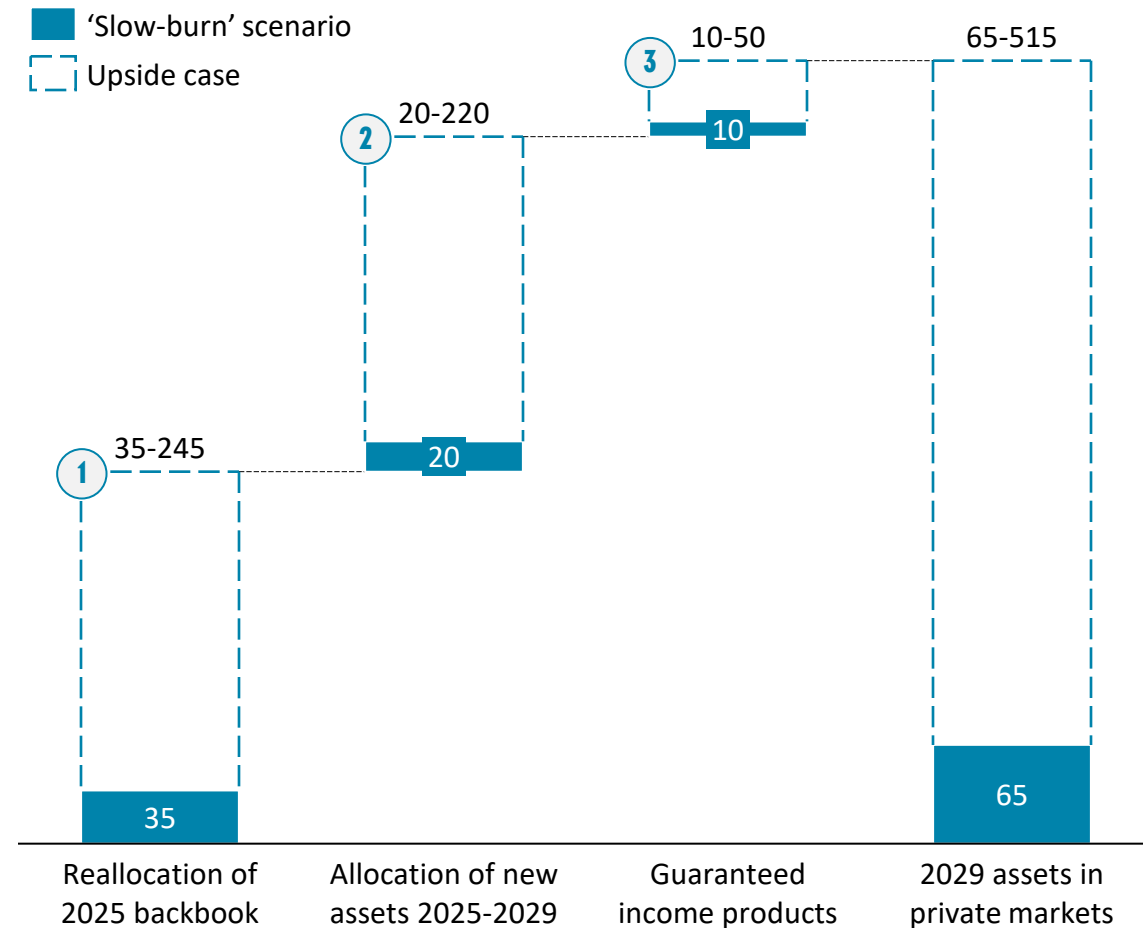
Vanguard	37%	<ul style="list-style-type: none"> • No current partnerships for private markets products aimed specifically at 401(k) market • Partnerships with Wellington, Blackstone and HarbourVest to offer private credit and equity funds
Fidelity Investments	14%	<ul style="list-style-type: none"> • Partnerships with multiple technology providers to deliver portfolios that include private markets • Partners include Envestnet, iCapital, CAIS, Goldman Sachs Asset Management
T. Rowe Price	11%	<ul style="list-style-type: none"> • Collaboration with Goldman Sachs on a range of investment products for retirement savers and wealthy investors • Goldman Sachs will also invest in up to 3.5% of T. Rowe Price's stock
BlackRock	10%	<ul style="list-style-type: none"> • BlackRock selected to provide a target date retirement solutions for Great Gray that includes both public and private assets • BlackRock's index equity, index fixed income and PE offerings selected to underpin the solution
Capital Group	8%	<ul style="list-style-type: none"> • Existing partnership with KKR to deliver private markets funds to retail investors

1. Combined mutual fund and CIT assets | Source: Morningstar, company websites and publications

HOW FAST MIGHT PRIVATE ASSETS IN 401(K)S SCALE? WE ESTIMATE THAT 401(K)S COULD ALLOCATE UP TO ~\$0.5 TRILLION BY 2029 – ALTHOUGH A ‘SLOW BURN’ MORE LIKELY

Estimated allocations from DC assets into private markets by 2029

USD BN



Key assumptions

- 3-10% of back-book assets moved to portfolios including private markets
 - Private market allocation between 10-20% (incl. credit, equity, infrastructure, real estate)
- 5-30% of asset growth allocated to funds including private markets
 - Private market fund allocation between 10-20%
 - Approx. 7% asset growth per year, accounting for both net flows and asset appreciation
- 2-5% of back-book non-TDF assets moved to portfolios containing a guaranteed income sleeve
 - Guaranteed income sleeve comprises 5-10% of portfolio, and majority allocated to private markets

Source: Oliver Wyman assumptions and analysis

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LEADING PRIVATE MARKETS FIRMS NOW HAVE 150-300 PERSON SALES-FORCES IN THE WEALTH CHANNEL

Apollo

~150 wealth professionals

Blackstone

~300 wealth professionals

Blue Owl

~140 wealth professionals

Ares

165 wealth professionals

Brookfield

150 wealth professionals

Partners Group

~150 wealth professionals

CVC

~60 wealth professionals¹

Note: Wealth as defined by each individual firm. 1. Target allocation by YE 2025 | Source: Earnings calls, company websites and other public company disclosures. Specifically, Apollo – pg. 21, August 2025 Investor Presentation; Blackstone – pg. 10, Q1 2025 Investor Call; Blue Owl – pg. 127, February 2025 Investor Presentation; Ares – pg. 9, Research Analyst Teach-In September 2025; Brookfield – pg. 14, August 2025 Brookfield Asset Management Investor Presentation; Partners Group – pg. 123, Capital Markets Day 2025; CVC – pg. 7, 2024 Full-Year Results Presentation.

WHAT IS THE OUTLOOK FOR INDIVIDUAL INVESTOR APPETITE FOR PRIVATE CREDIT? BULL AND BEAR POINTS FROM OUR CONVERSATIONS

Some positive signals...

- Sea change in allocations to credit after 15 years of zero or negative rates
- Rapid wealth adoption via evergreen wrappers
- Significant interest in wealth – multiple partnerships between private and traditional managers launched to combine origination and distribution capabilities
- Blended public/private funds show positive initial uptake – possibility for private credit to be increasingly viewed as extension of credit landscape

But possible headwinds...

- Credit cycle sensitivity and spread compression from competition for high-quality deals
- Limited revenue growth despite large asset growth, as retail investor expectations compress fees
- Funds may struggle to solve asset-liability matching with procyclical flows
- Heightened regulatory scrutiny around product innovations, fair pricing / valuation controls, liquidity terms and investor outcomes

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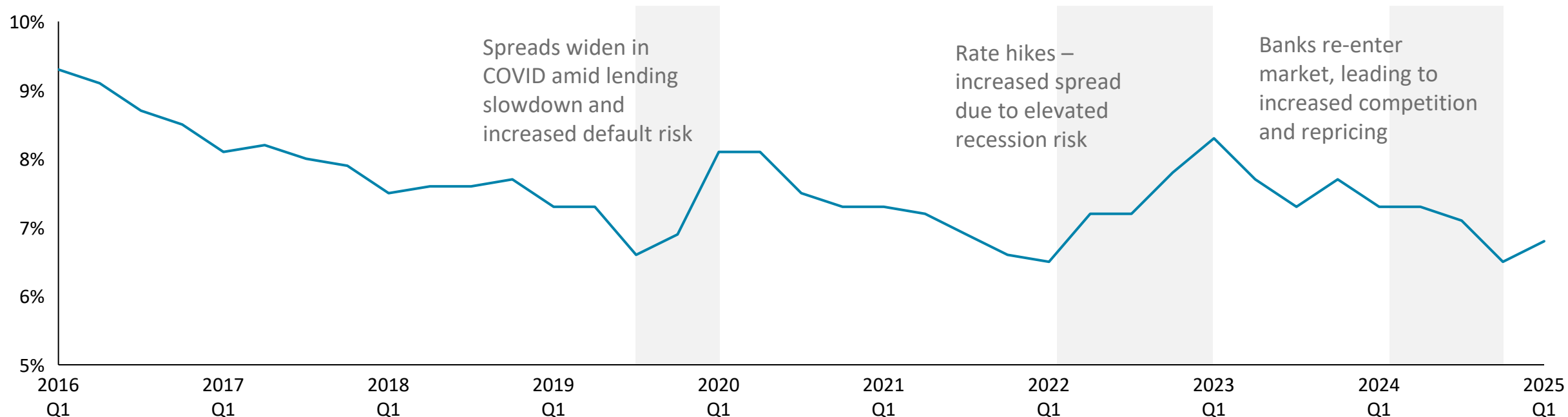
QUESTIONS FIRMS ARE WRESTLING WITH – FROM OUR CONVERSATIONS

- What will happen to **credit spreads** as more capital flows into the system?
- How to manage the possible **surges in inflows and outflows** vs. an illiquid asset class?
- Implications of **reputational risk on the sector from poor decisions by some lenders?**
- How much **fee pressure** will there be from pushing into wealth products (and marketing costs)?
- Will **excess spread compensate for high fees** in products aimed at retail / affluent market?
- Cyclical concerns of tightness of **credit spreads** vs all-in-return
- How to **deliver the scale and experience** clients demand across hundreds of thousands of accounts?
- Numerous **questions from regulators about valuations** and role in the system

SPREADS HAVE TIGHTENED IN PAST 10 YEARS, BUT SENSITIVE TO BANK PARTICIPATION – HIGH VOLUMES OF NEW CAPITAL FROM INSURERS & WEALTH MAY HAVE FURTHER IMPACTS

Lincoln senior debt index spread (US direct lending market - first-lien, second-lien and unitranche loans)

2016-Q1 2025, % spread

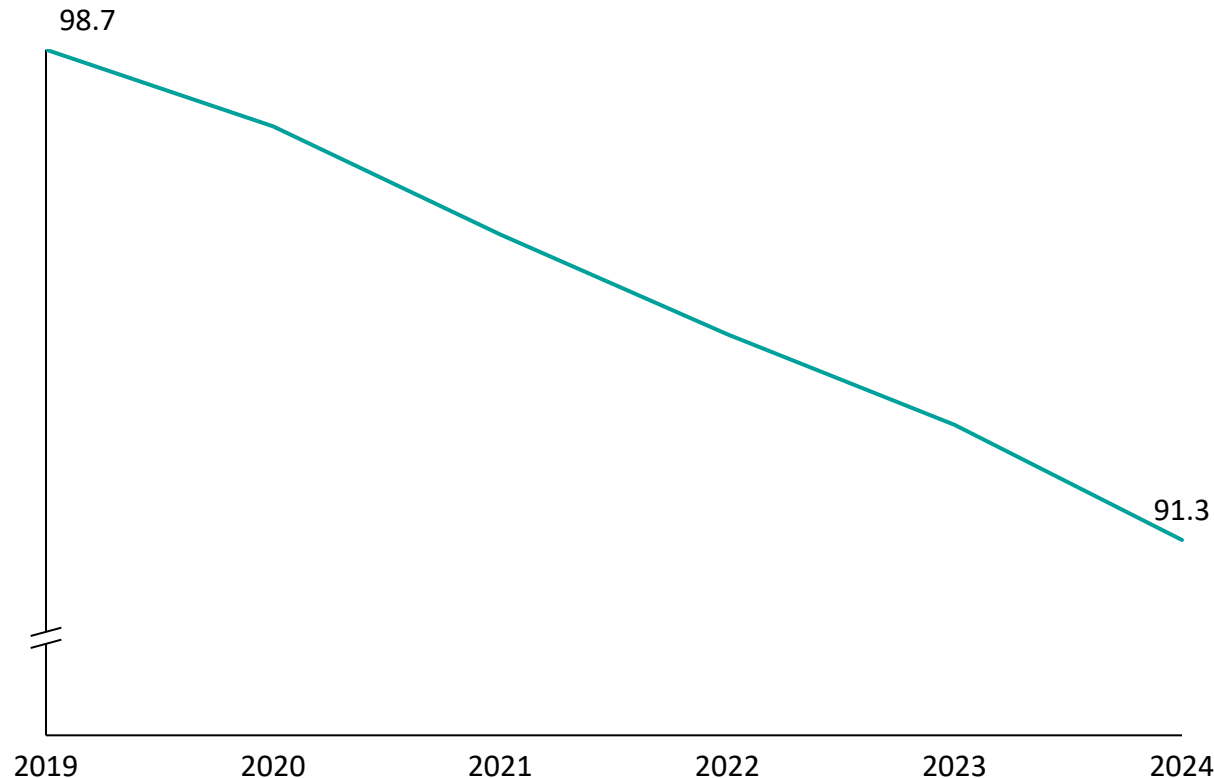


Source: Lincoln International US Senior Debt Index. IMPORTANT DISCLOSURE: The Lincoln Senior Debt Index (“LSDI”) is an informational indicator only, and does not constitute investment advice or an offer to sell or a solicitation to buy any security. It is not possible to directly invest in the Lincoln Senior Debt Index. Some of the statements above contain opinions based upon certain assumptions regarding the data used to create the Lincoln Senior Debt Index, and these opinions and assumptions may prove incorrect. Actual results could vary materially from those implied or expressed in such statements for any reason. The Lincoln Senior Debt Index has been created on the basis of information provided by third-party sources that are believed to be reliable, but Lincoln International has not conducted an independent verification of such information. Lincoln International makes no warranty or representation as to the accuracy or completeness of such third-party information. The LSDI should not be construed as an offer to sell or buy, or a solicitation to sell or buy, any products linked to the performance of the LSDI. The use of the LSDI in any manner, including for benchmarking purposes, is not endorsed or recommended by Lincoln International and Lincoln International is not responsible for any use made of the LSDI. Lincoln International does not guarantee the accuracy and/or completeness of the LSDI and Lincoln International shall not have any liability for any errors or omissions therein. None of Lincoln International, any of its affiliates or subsidiaries, nor any of its directors, officers, employees, representatives, delegates or agents shall have any responsibility to any person (whether as a result of negligence or otherwise) for any determination made or anything done (or omitted to be determined or done) in respect of the LSDI and any use to which any person may put the LSDI. Lincoln International has no obligation to update the LSDI and has no obligation to investors with respect to any product based on the performance of the LSDI. Any investment in such a product will not acquire an interest in the LSDI. Lincoln International is not an investment adviser and will not provide any financial advice relating to a product linked to the performance of the LSDI. Investors should read any such product offering documentation and consult with their own legal, financial and tax advisors before investing in any such product. © 2025 Lincoln Partners Advisors LLC. All rights reserved. LINCOLN SENIOR DEBT INDEX and LINCOLN INTERNATIONAL are service marks owned by Lincoln Partners Advisors LLC and its affiliated entities. Any use of these service marks and these materials, including the reproduction, modification, distribution or republication of these materials, without the prior written consent of Lincoln International, is strictly prohibited.

PRIVATE CREDIT FEES ALREADY FACING MODEST PRESSURE IN INSTITUTIONAL CHANNEL – ENTERING WEALTH MARKET COULD INCREASE COSTS AND MARGIN COMPRESSION

Private credit fees for institutional investors have slightly declined over the last decade...

Average realised private debt fees, in bps
(net of rebates, excl. performance fees, negotiated fees)



Source: Broadridge: Global Demand Model
© Oliver Wyman

New wealth clients likely to add to marketing costs and may put pressure on fees

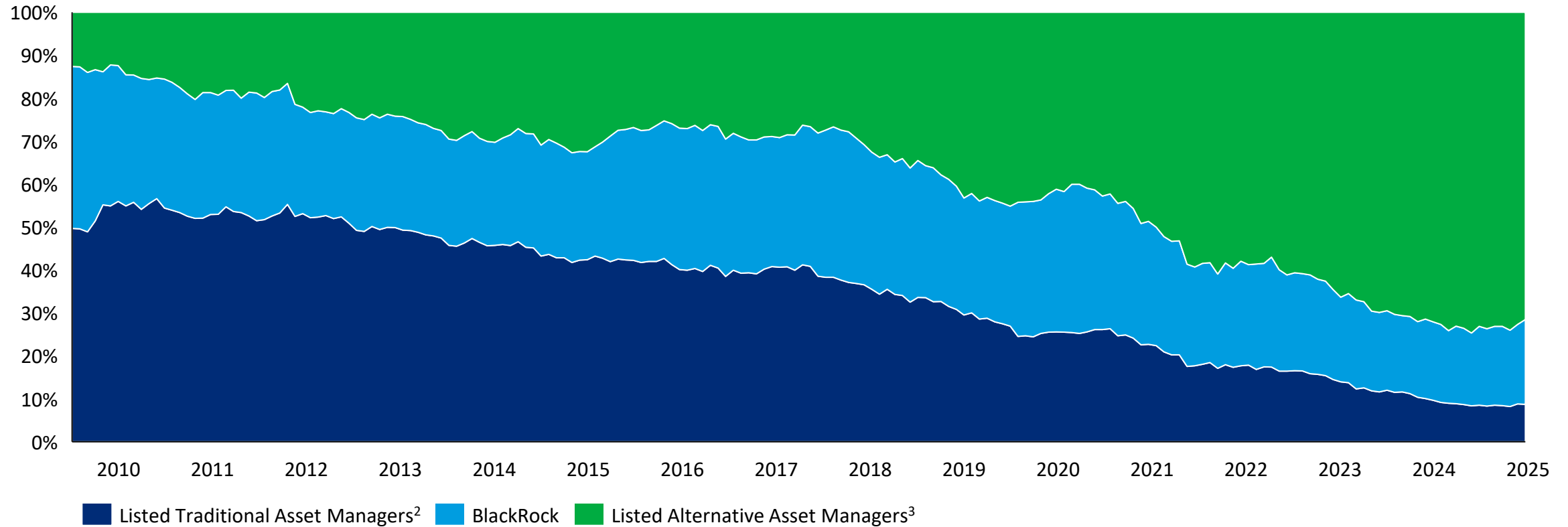
- | Pricing competition for flows, particularly in segments with less manager differentiation
- | Affluent investors more fee-sensitive than UHNWs, particularly retirement segment
- | Pressure to maintain fee-adjusted outperformance vs. public markets with possible tightening spreads

Potential margin erosion as private markets firms enter wealth market

- | Build and scaling origination platforms to flexibly meet wealth flows
- | Significant capability builds for technology, investor reporting, marketing
- | Sharing fees in a longer value chain – including advisers, distributors, partnerships

ALTERNATIVES FIRMS NOW REPRESENT ~70% OF MARKET CAP OF LISTED INVESTMENT FIRMS

Share of market capitalisation of listed US independent investment managers¹
%, Jan 2010 – September 2025



1. Share among selected peer set; 2. Listed Traditional Asset Managers includes T. Rowe Price Group, Janus Henderson, Invesco, Affiliated Managers Group, Franklin Resources, Federated Hermes, Cohen & Steers, Artisan Partners Asset Management, SEI Investments Company; 3. Listed Alternative Asset Managers includes Brookfield Asset Management, Bridge Investment Group, TPG, Apollo Global Management, Ares Management Corporation, Blackstone, KKR & Co., Blue Owl Capital, The Carlyle Group, Hamilton Lane. Not, Bridge Investment Group not included in September 2025, due to completion of acquisition by Apollo | Source: LSEG Datastream (data to 30th September 2025)

MORE REGULATORY SCRUTINY COMING ON TRANSPARENCY, INTERCONNECTEDNESS – BUT IS PRIVATE CREDIT SYSTEMIC? WE DON'T THINK SO

Leverage



First, **leverage** or the ratio of a firm's assets to its equity capital. It can amplify shocks and create vulnerabilities in the financial system. **Banks are typically leveraged 10 to 12 times, whereas much of the institutional private-credit market is unleveraged.** Business development companies operate with roughly 1.5 times leverage: insurers, six to eight times. **When credit shifts away from banks, systemic risk typically falls.**



Source: Huw van Steenis in The Economist, June 2025.

Resilience



Second, **resilience.** The sharpest rise in interest rates in nearly half a century felled Silicon Valley Bank and other lenders, prompting a de facto blanket guarantee of all American deposits. **While banks retrenched, private credit provided 85% of financing for buy-outs in the following year.** This real-life stress test suggests that **a more diversified financial system can also be a more robust one.**



Duration



Third, **duration.** Financing the trillions needed for digital and energy infrastructure demands long-term capital. As the “boundary” of what banks can provide got moved, investors needed to pick up the slack. **Insurers, with long-term liabilities, are well suited to the task. They now account for 43% of private credit assets managed by leading firms.** This can reduce systemic risk, and, in some ways, this represents a return to an older, less bank-centric, financing model.



ANY QUESTIONS?

We would like to particularly thank our colleagues for their contributions in this work: Parth Agarwal, Katie Sessa, Marilyn Malone, Rob Hunter, Dylan Walsh, Julian Gorski, Joshua Zwick, Kamil Kaczmariski, and João Miguel Rodrigues

FURTHER READING



[Private Credit's Next Act](#)

Opinion **Markets Insight**

The barbell tolls for fixed income investing

A trend long associated with equity investing is now playing out in the bond markets

HUW VAN STEENIS [Added](#)

[The barbell tolls for fixed income investing](#)

Opinion **Markets Insight**

The big new role for private credit

Profound funding shift might contribute to huge investment needed for data centres, energy and reshoring of industry

HUW VAN STEENIS [Added](#)

[The big new role for private credit](#)

Morgan Stanley | RESEARCH **OliverWyman** BLUEPAPER

Global Banks & Asset Managers

Extending Credit: The Evolving Role of Wholesale Banks in Credit Markets

A generational shift is underway in global credit markets; this will squeeze the traditional sources of value in the business, but at the same time expand the universe of opportunities for banks that can adapt their model to the new landscape.

[Extending Credit: The evolving role of wholesale banks in credit markets](#)

Morgan Stanley | RESEARCH **OliverWyman** BLUEPAPER

Asset & Wealth Management

Longevity Unlocked: Retiring in the Age of Aging

Increasing life expectancy brings both opportunities and challenges for wealth, asset managers, and insurers. Seizing this opportunity through a 'retirement ecosystem mindset' could unlock \$400 billion in revenue by 2028. Separately, we revisit the industry's GenAI progress in the past year.

[Longevity Unlocked: Retiring in the age of aging](#)

APPENDIX

BACKUP: U.S. PRIVATE CREDIT FUND STRUCTURES

	Exchange-traded funds	Listed BDCs	Interval funds	Non-traded BDCs	Private BDCs	Private partnerships (LP / LLC)
Term	Perpetual	Perpetual	Perpetual	Perpetual / Finite	Perpetual / Finite	Perpetual / Finite
Mandated portfolio requirements	<15% illiquid assets; diversification rules	>70% of assets in US companies which are privately held or small/mid-cap	Sufficient liquidity to meet repurchase schedules	>70% of assets in US companies which are privately held or small/mid-cap	>70% of assets in US companies which are privately held or small/mid-cap	None
Purchase method	Intraday on exchange	Intraday on exchange	Daily (most funds) or monthly subscriptions	Monthly subscriptions	Private placement and drawdown model; periodic private offerings observed in newer evergreen vehicles	Private placement and drawdown model; periodic subscriptions observed in newer evergreen vehicles
Liquidity	Intraday on exchange	Intraday on exchange (price may deviate from NAV)	Quarterly repurchases between 5-25% of shares	Quarterly repurchases capped at 5% of shares, set at board discretion	Liquidity restricted to ad-hoc tender offers – newer perpetual-life models may expect quarterly offers capped at 5% of shares	None until wind-up; evergreen vehicles offer quarterly / semi-annual tenders
Typical NAV cadence	NAV daily; indicative value real-time	NAV quarterly	NAV daily / weekly	NAV quarterly	NAV quarterly	NAV quarterly
Maximum leverage¹	33%	67% ²	33%	67% ²	67% ²	No mandated cap
Typical investor requirements	None	None	None - may be distributor-specific	Gross income and net worth each > \$70k or net worth > \$250k ³	Accredited status ⁴ – qualified purchaser ⁵ share classes may exist	Qualified purchaser ⁵ status – Accredited investors ⁴ may invest through feeder funds
Typical min. investment	None	None	\$1k – 25k	\$2.5k – 25k	Variable – often >\$25k	Variable – often >\$250k
Example fund	SPDR SSGA Public and Private Credit ETF (PRIV)	Ares Capital Corporation (ARCC)	Cliffwater Corporate Lending Fund (CCLFX)	Blackstone Private Credit Fund (BCRED)	Blue Owl Technology Finance Corp (OTF)	Carlyle Direct Lending Fund (Levered), L.P.

1. Borrowings as a % of total assets, unless otherwise stated, rounded to nearest integer; 2. 67% maximum leverage is limit for BDCs eligible under terms of Small Business Credit Availability Act, otherwise limit is 50%; 3. State-specific investor rules may also exist; 4. Accredited investors meet one of following requirements: i) net worth >\$1m (excl. Primary residence), ii) income >\$200k or joint income >\$300k iii) Hold a Series 7, 62 or 65 license; 5. Qualified purchasers refer to individuals with >\$5m investments for themselves or >\$25m for themselves and other QPs; | Source: Oliver Wyman analysis

BACKUP: EUROPEAN PRIVATE CREDIT FUND STRUCTURES

	LTAf	ELTIF 2.0	Part II UCI (Lux)	SIF	RAIF (Lux) / QIAIF (Ireland)	Limited Partnership
Term	Perpetual	Perpetual / Finite	Perpetual / Finite	Perpetual / Finite	Perpetual / Finite	Finite (most common) / Perpetual
Mandated portfolio requirements	>50% investment in illiquid / long-term assets	>55% NAV in eligible long-term assets ¹ – stricter diversification and concentration limits apply for retail ELTIFs	<20% NAV in securities from a single issuer	<30% assets in from a single issuer	<30% assets in securities of the same kind from a single issuer (Lux); <25% single issuer exposure - (Ireland)	None – future cap to apply if LP qualifies as AIF ³
Purchase method	Periodic subscriptions, often monthly	Periodic subscriptions (open-ended) or drawdown model (closed-ended)	Periodic subscriptions or drawdown model	Periodic subscriptions or drawdown model	Periodic subscriptions or drawdown model	Periodic subscriptions or drawdown model (closed-ended)
Liquidity	At most monthly redemptions with 90-day notice	At most quarterly redemptions in principle (open-ended); None (closed-ended)	Periodic redemptions (open-ended); None (closed-ended)	Periodic redemptions (open-ended); None (closed-ended)	Periodic redemptions (open-ended); None (closed-ended) – redemption price not required to be on NAV	None until wind-up; periodic redemptions seen in newer semi-liquid LPs
Typical NAV cadence	At least monthly	At least annually - monthly/quarterly in practice for open-ended funds according to dealing frequency	At least monthly	At least annually - monthly/quarterly in practice for open-ended funds according to dealing frequency	At least annually - monthly/quarterly in practice for open-ended funds according to dealing frequency	At least annually - monthly/quarterly in practice for open-ended funds according to dealing frequency
Maximum leverage²	<30% NAV	<50% NAV (retail); <100% NAV (professional)	<25% NAV in principle	None – future cap to apply ³	<200% NAV (Ireland) – future cap to apply ³	None – future cap to apply if LP qualifies as AIF ³
Typical investor requirements	Professional + ‘restricted mass-market’ as defined by UK promotion rules	None – retail investors subject to MiFID II suitability tests	None - may be distributor-specific	Well-informed investors ⁴	Well-informed investors ⁴ (Lux) or Qualifying investors ⁵ (Ireland)	No restriction – typically UHNW / professional investors
Typical min. investment	£10-25k	€10-50k	€25k	€100k ⁶	€100k ⁶	€100k-1m+
Example fund	BlackRock Diversified Private Markets LTAf	Carlyle European Tactical Private Credit ELTIF	Goldman Sachs European Credit SICAV	Partners Group Private Credit SICAV-SIF	KKR-Income Trust SCA SICAV-RAIF	Apollo European Private Credit ILP

1. As defined in Article 10 of ELTIF regulation, consolidated in ELTIF 2.0 – private credit-relevant buckets include debt instruments issued by non-financial EU companies which are unlisted or with market-cap <€1.5bn; 2. Borrowings as a % of total assets, unless otherwise stated, rounded to nearest integer; 3. AIFMD II – Directive (EU) 2024/927 in force (transposition due by 2026), introducing caps for loan-originating AIFs: max leverage of 175% of NAV for open-ended AIFs or 300% of NAV for closed-ended AIFs, concentration limit of 20% of capital in loans to a single financial undertaking, UCITS or AIF; 4. ‘Well-informed’ investor (Lux.) defined as an institutional/MiFID-professional or any person investing > €100k or certified competent; 5. ‘Qualifying investor’ (Ireland) defined as any subscriber investing > €100k who is a MiFID professional, formally appraised or self-certified knowledgeable; 6. For non-professional investors | Source: Oliver Wyman analysis

BACKUP: EVERGREEN FUNDS ARE MAKING IT EASIER FOR THE WEALTHY TO ACCESS PRIVATE CREDIT

Traditional funds

Finite-life

Limited liquidity

Finite fundraising window

Capital calls when deployment opportunities arise

Restricted to HNW investors / family offices

Evergreen funds

Perpetual-life

Periodic redemptions, typically quarterly

Continuous public offering

Immediate deployment of new subscriptions

Retail accessible, with low minimums

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