

PRIVATE CREDIT CONNECTIONS

From The Insider's View

Lori Pomerantz of Partners Group shares her thoughts on how the broadly syndicated loan and direct lending markets can co-exist, with broader market conditions driving the prevalence of one over the other at certain times.

What is Partners Group's private credit strategy?

Our direct lending strategy focuses on leading middle-market companies that are well-positioned to benefit from thematic growth trends. We look for companies that have strong growth records, resilient business models and a clear product-market fit. Although we don't focus on particular sectors, we often find attractive opportunities across the industrials, business services and technology spaces. A recent example is when we acted as the lead lender to support Norvestor's acquisition of a majority stake in glueckkanja, a leading cloud-managed service provider in the Microsoft ecosystem, which is headquartered in Germany. Our private credit business, including both our direct lending and liquid loans units, has a total of USD\$31 billion in assets under management.

How do you allocate capital across U.S., European and Asian markets?

We have a global private credit platform with teams on the ground across offices in the U.S.,



Lori Pomerantz

Company & Title: Partners Group, Managing Director since 2023 (with 21 years of industry experience).

Education: BBA with a dual concentration in finance and accounting from the Ross School of Business at the University of Michigan

Current City: New York City

Fun Fact: I performed as a dancer on the stages of the Disney World theme parks and in the Magic Kingdom Night Parade

Europe and Asia-Pacific. This local presence means we are highly attuned to the different investment opportunities and jurisdictional considerations in each region. All potential opportunities, including direct lending, NAV lending, credit secondaries opportunities and broadly syndicated loan opportunities, move through our various investment committees before a decision is made. The firm draws capital from a pool that consists of traditional closed-end funds, open-ended evergreen funds and mandates, which provide clients with tailored access to the asset class. Ultimately, we allocate capital according to where we see the most attractive opportunities on a relative value basis.

How does Partners Group set itself apart from other firms in the market?

Our integrated platform is what sets us apart in the market. Within our private credit business, we have a direct lending unit, which has been active since the early 2000s, and a liquid loans unit, which was established in 2017. The ability to invest in both direct lending and liquid loans positions Partners Group as a significant force in private credit, particularly as these markets increasingly overlap. Another area where we are differentiated is our deep private equity sponsor relationships, built over two decades and across multiple touchpoints at the firm, where we have a reputation as a go-to financing solutions provider.

How do clients access private credit, and how is this evolving?

Historically, investors have accessed private credit through committing capital to traditional closed-end funds, which have a typical lifespan of up to 10 years. More recently, other structures, such as open-ended “evergreen” funds, have become more popular. These evergreen funds provide immediate exposure via fully paid-in shares, offer limited liquidity features and involve a lower administrative burden. In many cases, institutional investors are finding evergreen funds a more efficient way to invest and manage exposure in private credit. Although the market has only recently started shifting towards evergreen funds, Partners Group has been offering these structures to investors for decades. This experience means we have already built the deep portfolio-management capabilities that are required to run these vehicles, whilst new entrants to the market are only just starting to develop this infrastructure.

Looking to the end of 2024, what are your thoughts on activity in the U.S. private credit market?

The direct lending market’s growth can be attributed to both the mounting desire for private financing from companies and sponsors as well as the increase in the number of direct lenders operating in the market. The broader market volatility in 2022 led to a pullback in the availability of public financing, and this, combined with the structural advantages of private

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– Lori Pomerantz

financing, have pushed the direct lending market to the heights it’s at today. In 2023, we saw several broadly syndicated loan issuers seek new financing in the private market, leading to an uptick in “mega unitranche” direct lending transactions, particularly in the U.S. Conversely, in H1 2024, syndicated market activity picked up, and we’ve seen an increase in the number of previously direct lending borrowers refinancing into the public market. Going forward, we think that the broadly syndicated loan and direct lending markets will both continue to exist, with broader market conditions driving the prevalence of one over the other at certain times. Partners Group’s integrated credit business across the loan-liquidity spectrum is positioned well for this trend.

About Partners Group

Partners Group is one of the largest firms in the global private markets industry, with around 1,800 professionals and approximately USD 150 billion in assets under management. The firm has investment programs and custom mandates spanning private equity, private credit, infrastructure, real estate, and royalties. With its heritage in Switzerland and its primary presence in the Americas in Colorado, Partners Group is built differently from the rest of the industry. The firm leverages its differentiated culture and its operationally oriented approach to identify attractive investment themes and to build businesses and assets into market leaders. For more information, please visit www.partnersgroup.com or follow us on [LinkedIn](https://www.linkedin.com/company/partnersgroup).

Haynes Boone

Haynes Boone’s Private Credit Finance Group is a leader in the representation of lenders and borrowers, including private debt funds, independent commercial finance companies, specialty finance companies, business development companies (BDCs), insurance companies, hedge funds, family offices, private equity groups and other investors in connection with direct lending transactions across all industries.

Our team is comprised of lawyers based in key financial centers throughout the U.S. and abroad, including Charlotte, Dallas, Houston, London and New York.

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