



THE State of the Credit Markets

SRS ACQUIOM NEWSLETTER / NOVEMBER 19, 2025

Key trends and proprietary insights across loan agency

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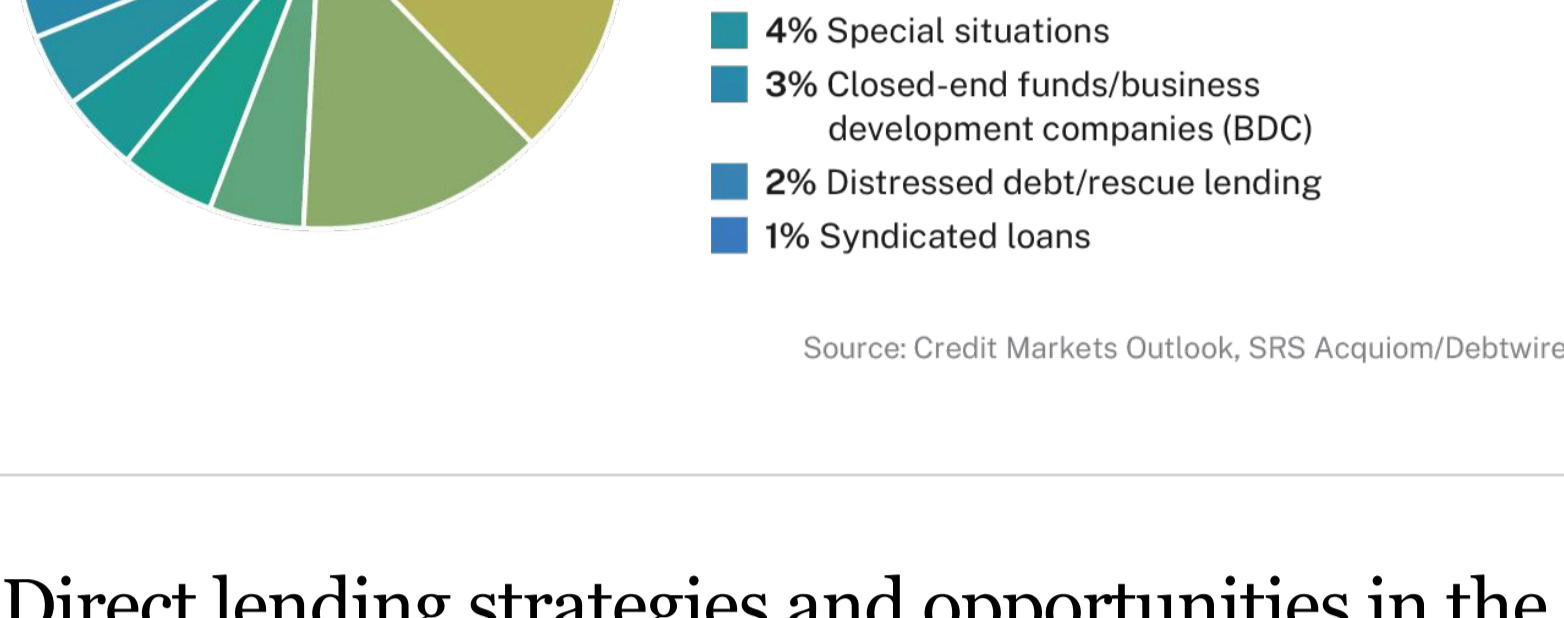
Private Credit and Syndicated Loan Trends

It's never been more critical to keep on top of the evolving credit markets. This newsletter dives into the state of private credit, broadly syndicated loans, and trends in liability management transactions.

- **Private credit's dominance:** Our [Credit Markets Outlook](#) report, in partnership with Debtwire, demonstrates similarities and differences in how Europe and the U.S. perceive private credit.
- **BSLs vs private credit:** [Some direct lenders are loosening covenants](#) to win deals and compete with the broadly syndicated loan market, which offers lower pricing, liquidity, and clear repayment terms.
- **LMT trends:** The increasing number of LMTs is shifting dynamics between lenders and borrowers. Top considerations when navigating these transactions are covered with expert insights in [The ABCs of LMTs](#).

Read on for the trends that are shaping 2026.

Which of the following types of private credit strategy do you currently have the largest exposure to?



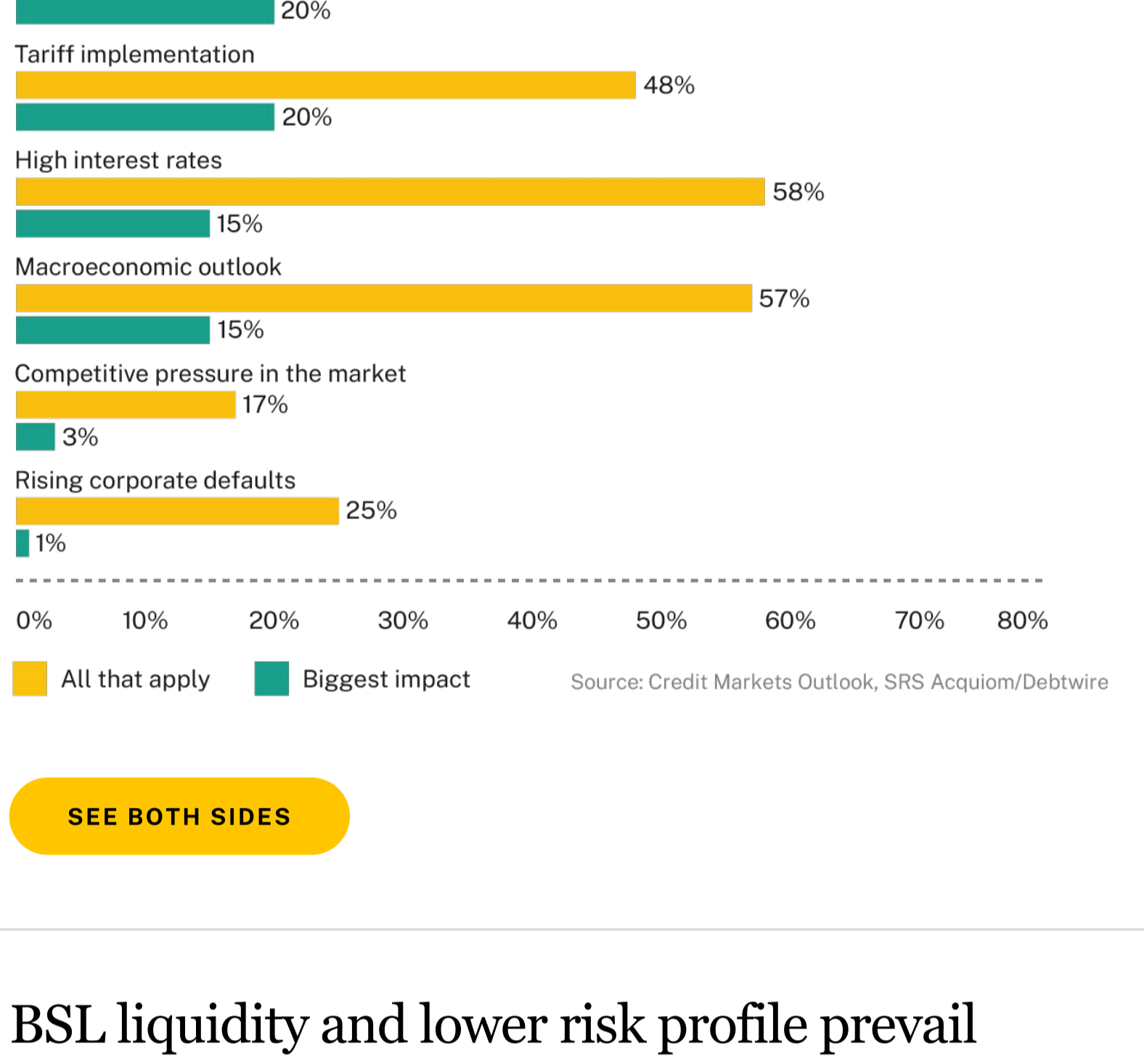
Source: Credit Markets Outlook, SRS Acquiom/Debtwire

Direct lending strategies and opportunities in the U.S. and Europe

The private credit markets now comprise a significant part of the lending landscape in both the U.S. and Europe, according to [our latest Credit Markets Outlook study](#), which surveyed 150 respondents across the U.S. and Europe. Each market sees opportunity for growth in different aspects of the asset class.

- **CLOs vs direct lending:** Direct lending is the dominant private credit strategy in Europe, although middle-market collateralized loan obligations are starting to emerge. Will CLOs become as prevalent in Europe as they are in the U.S.?
- **New M&A and emerging markets:** The U.S. identifies new M&A as the best opportunity in the loan market over the next 12–24 months. Europe instead views emerging markets as its greatest opportunity set.
- **Yield expectation:** In the U.S. and Europe yield expectation is now one of the biggest factors impacting the private credit markets, as interest rates decrease and spreads remain tight.

What do you think will have the biggest impact on the private credit market in the next 12 months? Select all that apply and biggest impact.



Source: Credit Markets Outlook, SRS Acquiom/Debtwire

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BSL liquidity and lower risk profile prevail

Digging deeper into our private credit markets data, we find that flexibility to trade in and out of loan positions gives the broadly syndicated market an edge over the buy-and-hold tradition of direct lenders. Still, [private credit has advantages of its own](#).

- **Portfolio management:** During periods of market volatility, portfolio management is top of mind for investors. A liquid secondary market enables lenders to easily balance risk with BSLs.
- **Covenants loosen:** Private credit's increasingly common "covenant-lite" documentation is being used as a bargaining chip to compete with the BSL market, where spreads are generally 200bps less than direct lending loans.
- **Value drivers:** Diversification and speed of decision-making are the attributes valued most in the private credit market, both in Europe and the U.S. Nonetheless, Europe shows a [stronger reliance on direct lending and focus on emerging markets](#).

“The most value comes from the speed of decision-making. Unlike the syndicated market, the decisions are taken by one entity, limiting the time taken to complete all the loan procedures.”

Managing Director
U.S. HEDGE FUND

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How can independent agents help as LMT trends higher?

[Liability management transactions have become a common tool](#) for companies and lenders to navigate complex credit conditions. Third-party agents can help by keeping both parties on track and adhering to terms set forth in a credit agreement.

- **Longer exit periods play a part:** As private equity firms hold assets longer than originally planned, the delay is weighing on some lenders' health.
- **Data demonstrates reality:** During the pandemic default wave of 2020, more than a quarter of issuers conducting LMTs returned with a conventional debtor or a bankruptcy filing within the next three years, according to Pitchbook.
- **Third-party should be first choice:** Third-party agents remain neutral and must act appropriately without favoring any specific contractual party. They can also facilitate "drop-down" transactions, moving assets to raise new capital.

“Understanding the complexities of credit documentation is a skill, and experienced third-party agents may provide tremendous value when navigating an LMT.”

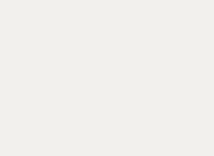
Renee Kuhl
MANAGING DIRECTOR, LOAN AGENCY

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Go Further

- **Private credit constantly evolves:** Private credit offers creativity, flexibility and certainty of close, and is constantly meeting borrowers' needs, as highlighted in [Insights from the Rise of Private Credit](#).
- **Blockers protect lenders' rights in LMTs:** Various blockers in credit agreements may protect lenders from getting primed, as outlined in [LMTs are Poised to Proliferate](#).

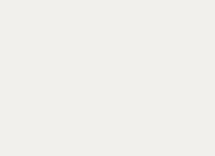
TRANSACTIONS OF NOTE



Credit Facility
Administrative & Collateral Agent



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