BLUEROCK™

Higher Credit Quality in Broadly Syndicated Loans vs Traditional Private Credit a Key Differentiator

BLUEROCK CHART OF THE MONTH

Traditional private credit loans (loans to smaller sized companies) have substantially higher exposure to low rated, CCC (highly speculative) loans than pools of more liquid, broadly syndicated loans (BSLs). This may have tremendous implications for the potential defaults and losses for fixed-income investors. BSL pools may experience lower defaults and thus perform better over time. This may be because BSLs typically finance larger, more established companies vs. traditional private credit loans to smaller "middle market" companies. As illustrated in the chart, recent history suggests periods of economic weakness further increase the difference (or spread) of troubled loan exposure between BSL and traditional private credit, as shown during the market turmoil of 2020. As economic uncertainty weighs on the markets, BSLs appear to be better positioned than traditional private credit or "middle market" loans.

CCC RATED BOND EXPOSURE BETWEEN BSLS AND TRADITIONAL PRIVATE CREDIT



Source: original chart courtesy of BofA Global Research, CLO Weekly, Private Credit Update: Headwinds and Tailwinds

Note: respective CCC rated exposure is from collateralized loan obligations

This information is educational in nature and does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering or investment. Bluerock is not adopting, making a recommendation for or endorsing any investment strategy or particular security. All opinions are subject to change without notice, and you should always obtain current information and perform due diligence before participating in any investment. All investing is subject to risk, including the possible loss of principal. The information contained herein is sourced from third parties and Bluerock makes no assurances with respect to its accuracy, completeness or timeliness. **Past Performance is not necessarily indicative of future results.**

© 2025 Bluerock