 51 Monroe St, Suite 1902, Rockville, MD 20850

**Memorandum**

Date: January 23, 2024

To: Mr. Joe Rinaldi, President & CIO

From: Ms. Alexandra Doncheva, Research Associate

**Re:** **Summary of Private Credit Academy Webinar for CIOs**

This Summary of Private Credit Academy for CIOs is a mile high summary of the Federal Reserve and Market Outlook, Private Credit Opportunities with Investment Considerations.

**Federal Reserve and Market Environment**

* Amidst a potential moderation in inflationary pressures, the persistence of elevated price changes relative to the Federal Reserve's target continues to instigate heightened volatility in interest rates.
* The prevailing market conditions witness less favorable liquidity in secondary markets, contributing significantly to an escalation in overall market volatility.
* The evolution of forward volatility is influenced by a complex interplay of factors, including inflation trends, the imposition of tighter monetary conditions, and the emergence of exogenous geopolitical risks.
* Ongoing monitoring of these dynamic elements is imperative for gaining a nuanced understanding and adeptly navigating the landscape of market volatility.

**Private Credit Opportunities**

* Within the current credit market environment, strategic focus on large-cap direct lending unveils compelling opportunities. Traditional avenues for credit capital, notably banks, have witnessed diminished accessibility, rendering private credit solutions advantageous.
* Private credit instruments, characterized by attributes such as customization, expeditious execution, and more favorable credit agreements, offer investors a distinctive avenue for enhancing portfolio resilience and returns.

**Investment Considerations**

* The adoption of an investment strategy anchored in larger companies underscores a prudent approach for securing superior risk protection and sustained performance across varying economic scenarios.
* The meticulous construction of a credit portfolio mandates a comprehensive evaluation of the contemporary interest rate landscape, prevailing volatility levels, and the strategic incorporation of opportunities within the private credit domain.

**Additional Notes**

* Remaining thoroughly informed about key indicators and drivers of volatility serves as the foundation for making judicious and well-informed investment decisions.
* A judicious approach involves a rigorous assessment of the nuanced risk and return characteristics inherent in private credit strategies before committing investment capital.
* Notably, large-cap direct lending emerges as a discerning option for investors seeking exposure to the private credit spectrum, underlining its suitability within a diversified investment portfolio.