

Beyond the Headlines: Why Private Credit Remains One of Today's Most Compelling Investment Strategies

Is private credit facing a reckoning, or is the market simply separating disciplined lenders from weaker players? Jeffrey Sweeney shares his perspective on why today's reset may be creating some of the most compelling opportunities in alternative lending.



By **Jeffrey Sweeney**, Founder and Chairman, **US Capital Global**

Recent warnings from Jamie Dimon, chairman and CEO of JPMorgan Chase, regarding potential losses in private credit have understandably captured the attention of investors across the market. His concerns about weakening underwriting standards and the eventual return of a credit cycle have prompted a familiar question: is private credit entering a more difficult phase after more than a decade of extraordinary growth?

It is an important question, but one that deserves a measured answer.

In my view, what we are witnessing is not a fundamental weakening of private credit as an asset class, but rather a healthy separation between disciplined managers and weaker participants that entered the market during the easy-money years. Every mature sector eventually reaches a point where markets begin to distinguish between strong underwriting and aggressive momentum-driven lending. Private credit is now entering precisely that phase, and for experienced lenders and investors, this should be seen less as a warning sign and more as a return to fundamentals.

The Enduring Strength of Private Credit

The rise of private credit has been driven by a structural need in the market. As traditional banks have stepped back from many forms of middle-market, asset-backed, and specialized lending, private capital providers have stepped in to fill a critical gap. This has enabled companies—from founder-led businesses and real estate sponsors to infrastructure and industrial enterprises—to access flexible financing solutions that conventional institutions are often no longer able to provide.

That flexibility remains one of the asset class's greatest strengths.

Unlike standardized bank lending, disciplined private credit allows capital to be structured around the actual economics of the transaction. This means tailoring leverage, covenants, collateral packages, and repayment terms to the real needs and risk profile of the borrower. In many cases, this ability to structure bespoke financing is precisely what allows strong companies to continue growing, expanding, and creating value.

For this reason, it is important not to confuse pressure in certain parts of the market with a broader challenge to the asset class itself.

Distinguishing Structural Stress from Asset Quality

Some newer entrants to private credit expanded rapidly during a prolonged period of low interest rates and abundant liquidity. In some cases, that expansion was accompanied by looser covenants, more optimistic forward assumptions, and increasingly aggressive leverage structures. As market conditions tighten, these models are understandably coming under pressure. However, this is not the same as saying that private credit itself is weakening.

A number of the concerns currently being discussed across the market relate not to the underlying quality of the borrower, but to the way certain funds and vehicles themselves have been financed. Leveraged credit funds, warehouse lines, and liquidity-sensitive products may face covenant triggers, mark-to-market pressure, or redemption constraints even where the underlying asset remains fundamentally sound.

That distinction matters enormously. A strong asset-backed credit can still be repriced if the fund holding it is under liquidity pressure. In other words, some of what the market is currently interpreting as loss may, in fact, be technical selling pressure rather than true deterioration in asset quality.

Why Discipline Creates Opportunity

At **US Capital Global**, our approach to private credit and alternative investments has always been rooted in rigorous diligence, disciplined structuring, and a strong focus on underlying asset quality. We do not view private credit as a simple yield product. Rather, we see it as a structuring business in which risk must be clearly understood, carefully mitigated, and appropriately priced. That means focusing on durable collateral, resilient cash flows, and transactions where downside protection is built into the structure from the outset.

In our view, this is precisely why disciplined alternative lending remains so compelling in the current environment.

Periods of market uncertainty often create some of the most attractive opportunities for patient capital. When weaker participants are forced to step back, well-capitalized lenders and investors are often able to access quality assets at highly attractive yields. History has shown time and again that periods of dislocation can produce exceptional risk-adjusted returns for those who remain selective and disciplined.

A Reset, Not a Reckoning

This is one of the enduring strengths of private credit.

Rather than being exposed solely to market sentiment, well-structured alternative investments can be built around specific assets, industries, and transaction dynamics. Whether in real estate credit, acquisition finance, infrastructure lending, or other asset-backed solutions, private credit continues to offer investors access to yield, diversification, and downside protection that can be difficult to replicate in public markets.

Far from diminishing the case for private credit, the current market is reinforcing the importance of experienced managers who have always prioritized underwriting discipline over volume.



The coming 12 to 24 months are likely to widen the gap between firms that underwrote for resilience and those that underwrote for momentum. For sophisticated investors, this is not a reason to retreat from the asset class, but rather an opportunity to focus more carefully on manager quality, structural protections, and asset backing.

Private credit remains highly desirable because it continues to serve a vital role in global capital markets. Businesses still require flexible growth capital, sponsors still need acquisition and development financing, and investors continue to seek yield and diversification beyond traditional public markets.

What we are seeing today is not a reckoning. It is a reset.

And for firms that have built their platforms on discipline, structure, and prudent risk management, resets are often where the most compelling opportunities begin.

Jeffrey Sweeney is a lifelong entrepreneur and successful fund manager with decades of experience in corporate finance and asset management. He is Founder and Chairman of US Capital Global (www.uscapital.com), a full-service global private financial group headquartered in San Francisco with primary offices in Los Angeles, Philadelphia, New York, Miami, London, Milan, Zurich, Dubai, and Singapore.