


HUDSONPOINT | capital

# The \$3 Trillion Opportunity:

How Private Credit Is Creating  
Generational Wealth for  
High-Net-Worth Investors

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# What Is Private Credit?

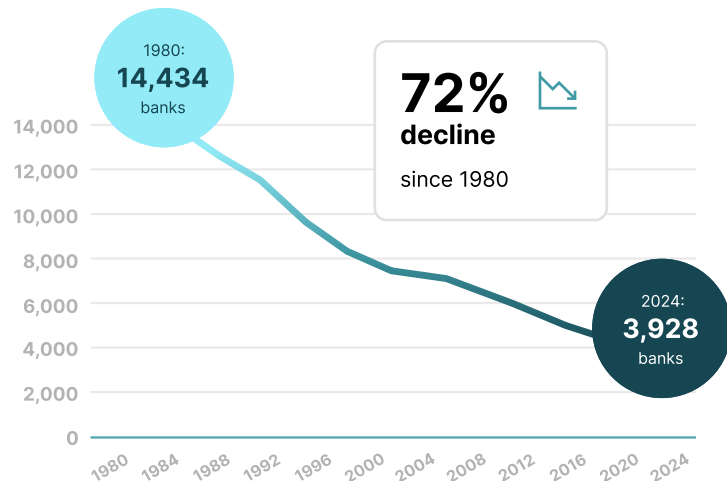
Private credit refers to loans that are directly originated and negotiated between a borrower and the lender, or a small group of lenders, rather than through traditional banks. These privately arranged financing structures are gaining popularity due to their flexibility and higher return potential.

Ever since the Global Financial Crisis, traditional banks have lowered their share of lending. Thanks to online banking, larger banks are also increasingly acquiring smaller regional banks or merging with competitors, consolidating the banking sector and shrinking the traditional lending pool. The number of commercial banks in the U.S. has slipped a staggering 72% since 1980.

Private lenders stepped in to fill the gap, becoming a reliable, long-term source of financing during volatility. Private and alternative lenders made up 86% of the leveraged loan market in 2023, up from just 28% in 1994. Unsurprisingly, historical data reveals that private credit reliably deliver positive returns during periods of equity market weakness or higher interest rates.

## As the banking industry consolidates...

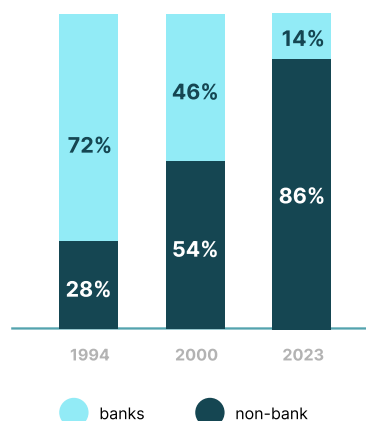
Total number of commercial banks, 1980-2024



Source: BlackRock<sup>1</sup>

## ...non-bank lenders are stepping in.

Market share, leveraged loan market, 1994-2023

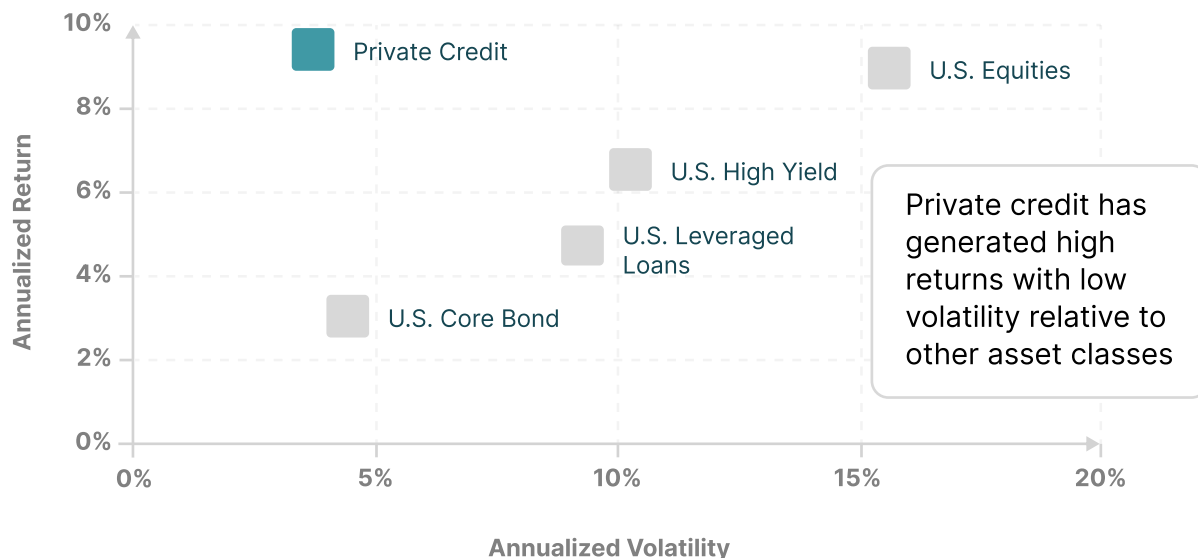


Today, private credit makes up 17% of the \$4.7 trillion global leveraged finance market and continues to grow, creating countless more opportunities for investors. Allocating to private credit may boost portfolio returns while reducing volatility.

1. BlackRock Private Credit Fund Q1 2025 Presentation

## Asset Class Risk / Reward Analysis

September 2004 – June 2024



Source: T. Rowe Price<sup>2</sup>

For high-net-worth investors (HNWIs), private credit offers an asset class that blends the steady income of debt with the agility of bespoke investment terms. The soon-to-be \$3 trillion private credit market, once dominated by pension funds and endowments, is also now available to qualified retail investors through platforms like HUDSONPOINT capital.

## The Growing \$3 Trillion Private Credit Market

Over the past two decades, a structural shift has occurred in how companies access capital. More successful businesses are choosing to remain private for longer (sometimes indefinitely) by bypassing the traditional IPO route.

Indeed, according to The Carlyle Group, the number of publicly listed companies in the U.S. has fallen from over 7,000 in 1996 to fewer than 4,000 in 2025<sup>3</sup>. At the same time, the number of private equity-backed companies has surged, surpassing 11,000 as of 2024. The global private credit funds market is estimated at around \$2 trillion today and is expected to surpass \$2.8 trillion by 2028<sup>4</sup>.

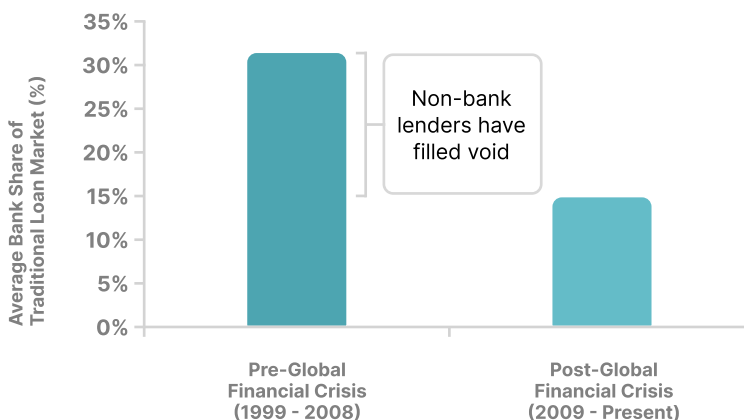
2. <https://www.troweprice.com/en/us/ocredit>

3. <https://www.carlyle.com/ctac>

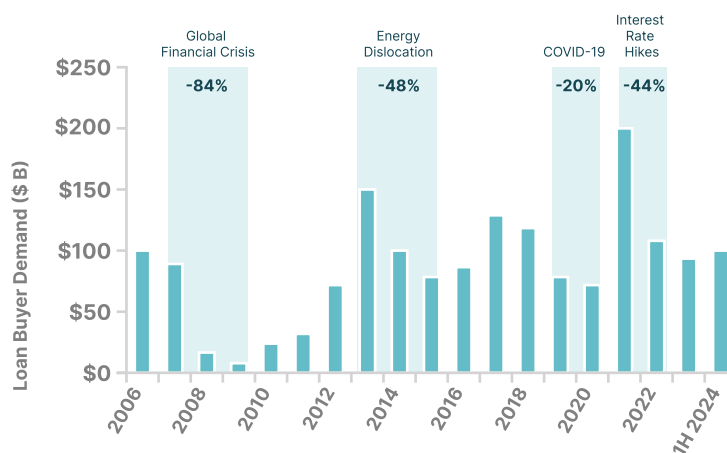
4. <https://www.vaneck.com/us/en/blogs/income-investing/why-everyone-is-talking-about-private-credit-in-2025/>

## Opportunities for Non-Bank Lenders to Capture Market Share

Bank share of traditional U.S. lending market dropped -51% after the Global Financial Crisis



## Traditional Lending Markets Have Pulled Back in Periods of Volatility



This trend towards longer periods of privatization stems from heightened regulatory scrutiny for public firms, an abundance of “dry powder” on the sidelines in private equity and credit markets, and the sheer flexibility that private capital offers to growing businesses.

To understand the seismic shift in private credit, consider Meta’s \$26 billion private credit initiative launched in June 2025. Meta tapped a consortium of non-bank lenders, including Apollo, KKR, Carlyle, Brookfield, and Pimco, to fund its national AI data center expansion<sup>5</sup>.

Rather than rely on traditional bank loans, Meta strategically chose the private credit market for its greater flexibility and speed. It’s a stark reminder that many of today’s most successful growth stories are unfolding in private markets, making private credit a critical gateway to capturing value previously found on public exchanges.

5. <https://www.ft.com/content/aff1a2d2-d58e-44de-a114-9f0ce9d15a15>

# Why Private Credit is an Attractive Investment

For investors seeking both resilience and return, private credit offers a compelling balance. While traditional fixed-income assets continue to lag in yield, private credit has quietly emerged as a top-performing alternative, delivering reliable returns with relatively low volatility. Savvy investors may choose private credit investments over public market alternatives for:



Process speed and sophistication



Flexible, bespoke capital structures



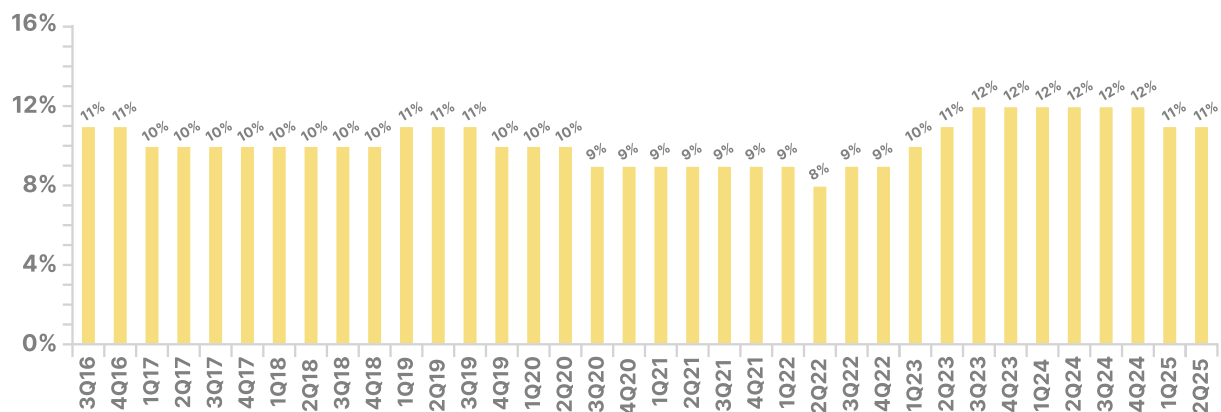
Certainty of investment terms



Confidentiality and discretion

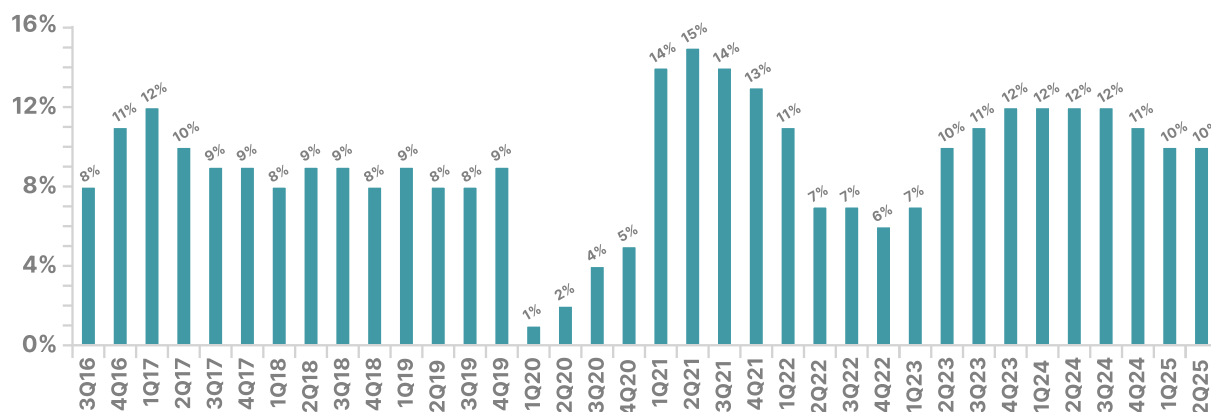
On average, private credit investments yield between 6% to 10% annually, often outperforming publicly traded bonds and other traditional debt instruments<sup>6</sup>. These returns are generated through direct lending and other privately negotiated credit strategies that benefit from less competition, greater pricing power, and bespoke deal terms.

## Rolling Last Twelve Months Income Returns Since CDLI's Launch



6. <https://am.gs.com/en-us/institutions/insights/article/2024/understanding-private-credit/>

## Rolling Last Twelve Months Total Returns Since CDLI's Launch



**Direct lending has provided an 8% total return or higher ~75% of the time**

Private credit's income stream is another key draw. Investors benefit from predictable interest payments, many of which are floating rate, offering an effective hedge against inflation and rising interest rates. This inflation-sensitive structure ensures that private credit returns can adjust to market conditions in real-time, which helps preserve purchasing power in today's volatile economic landscape.

Because private credit returns are typically uncorrelated with the stock market, they can also serve as a stabilizing force within a broader portfolio. Especially during times of equity market stress, private credit has consistently demonstrated its ability to offer a steady income stream without the dramatic drawdowns seen in public markets.

Altogether, private credit represents an attractive option for HNWIs who are focused on yield in all market conditions, hedged diversification, and smart capital preservation—all without sacrificing upside.

# How Private Credit Helps Preserve And Grow Generational Wealth

Preserving wealth is as much an art as it is a science. For high-net-worth families seeking to safeguard and grow their capital across generations, private credit offers a unique combination of steady income, controlled risk, and long-term alignment.

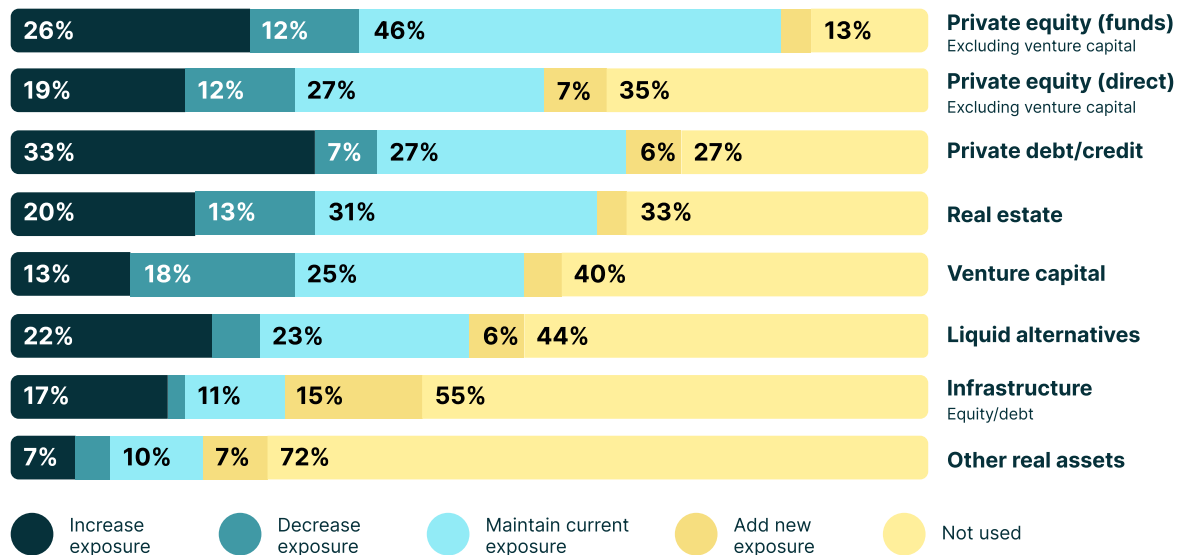
Unlike equities, which can be subject to sharp market swings, or cash, which is vulnerable to inflation, private credit provides predictable, contractual cash flows. Because private credit portfolios are often designed with a focus on risk-adjusted returns, they also tend to generate consistent yield while minimizing exposure to public market volatility.

This uncorrelated, risk-adjusted reliability translates into consistent income that can be used to fund family trusts, philanthropic vehicles, or intergenerational transfers—all without liquidating core holdings.

It's no surprise, then, that family offices and long-term investors are looking to add more private credit to their portfolios. In fact, 42% of family offices globally now allocate a portion of their portfolios to alternatives, and 32% of single-family offices plan to increase their private credit stakes in 2025. The projections for 2026 are slightly higher at 33%, with more family offices expecting private credit acquisitions than any other asset type<sup>7</sup>.

## Family office expectations for portfolio changes in 2025 through 2026

Increasing, decreasing or maintaining current exposures



Source: BlackRock

By blending downside protection with steady growth, private credit becomes more than an asset class. It is now considered a key tool for building and preserving family wealth to sustain multigenerational legacies.

7. <https://www.blackrock.com/institutions/en-zz/insights/global-family-office-survey>

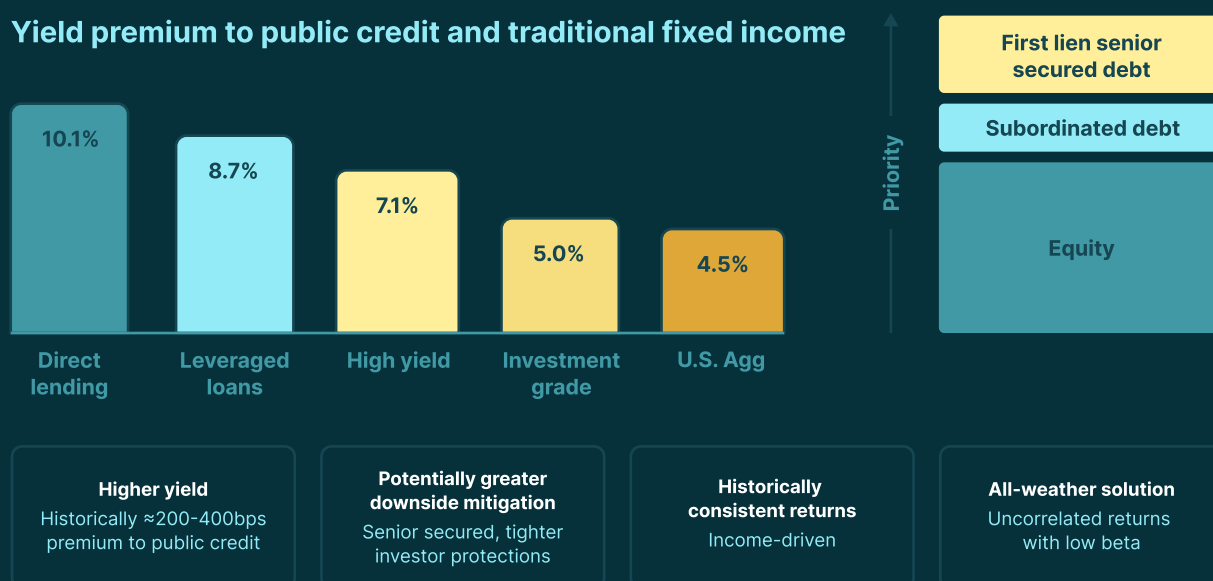
# Discerning Between Different Private Credit Opportunities

Not all private credit investments are created equal. For high-net-worth investors, understanding the nuances of each credit strategy is essential to building a well-rounded portfolio that aligns with both return objectives and risk tolerance.

## Direct Lending

This strategy serves as the foundation or cornerstone of many private credit portfolios. Direct lending involves providing customized private loans to middle-market businesses that traditional banks often underserve. These loans are tailored to a company's capital structure and are typically secured, offering attractive yields due to their bespoke nature and limited competition.

Yield premium to public credit and traditional fixed income



## Liquid Credit

Liquid credit refers to investing in publicly traded debt instruments, often purchased at a discount. This approach allows investors to maintain exposure to credit markets with greater liquidity and price transparency. However, these types of private credit investments are generally more volatile and sensitive to market conditions compared to traditional private loans.

### **Opportunistic Credit**

Opportunistic credit strategies target debt tied to real estate or companies undergoing temporary challenges. These investments may include distressed loans or special situations like recapitalizations. Backed by tangible assets, they offer steady income and the potential for capital appreciation, but require active oversight and expert underwriting.

### **Hybrid Capital**

Blending the characteristics of both debt and equity, hybrid capital is utilized in specific scenarios, such as corporate restructurings or turnarounds. It involves taking on higher risk in exchange for the potential to earn an enhanced return. When successful, these investments can yield outsized gains as companies stabilize and regain profitability.

### **Infrastructure Credit**

This strategy focuses on lending to long-term infrastructure projects, such as transportation, utilities, and energy systems. Because these types of assets are considered essential and often government-backed, they tend to offer highly stable, inflation-resistant returns over extended periods.

Each of these popular private credit strategies can play a distinct role in a diversified private credit portfolio. At HUDSONPOINT capital, we help HNWI investors evaluate different alternative investment opportunities and tailor allocations to meet their unique financial goals.

## **The Role Of Private Credit in Modern Portfolio Construction**

In today's unpredictable financial landscape, the traditional 60/40 portfolio (60% equities, 40% bonds) no longer delivers the "set your clock to it" consistency or low risk profile that was once promised to millions of American ETF investors. Rising interest rates have eroded bond values, while equity markets are more correlated than ever with unpredictable macroeconomic shocks.

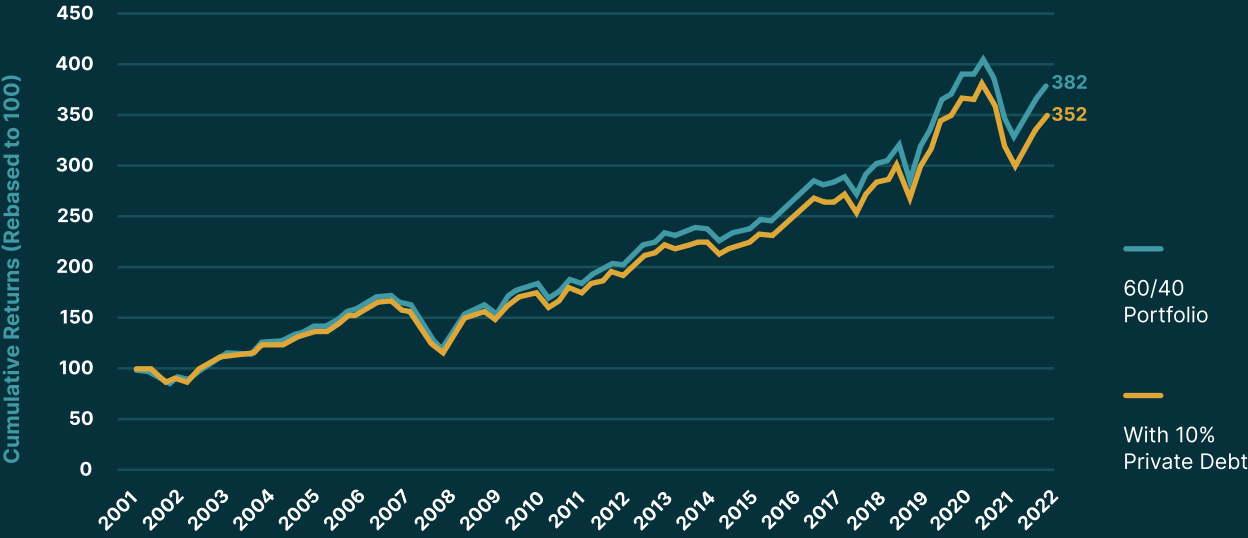
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As a result, more investors are turning to **alternative assets** to help stabilize and enhance their portfolios. Private credit can often be a compelling and attractive ‘middle ground’ investment that offers a blend of income generation, capital preservation, and **diversification** — all critical to effective modern portfolio construction.

Unlike stocks, which can be subject to sharp market swings, or traditional bonds, which may offer lower yields in today’s inflationary environment, private credit typically provides higher risk-adjusted returns. This is especially true with direct lending or opportunistic credit strategies, where deal structures are customized to balance borrower needs with investor protections.

Moreover, private credit has a relatively low correlation to public equities and fixed income. That means when public markets falter, private credit may continue to deliver consistent returns, helping cushion downside risk and improve overall portfolio stability.

For HNWIs in particular, private credit is fast becoming a cornerstone of next-generation portfolio strategies. Indeed, according to McKinsey and Preqin, allocating 10% of a portfolio to private credit could enhance annual risk-adjusted returns by up to 8.52% compared to the traditional 60/40 portfolio<sup>8</sup>.



8. <https://www.caigroup.com/articles/evaluating-portfolio-implications-of-private-debt-sizing-and-sourcing/>

# Understanding Private Credit Investment Risks

While private credit presents a compelling opportunity for income and diversification, it is not without risks. As with any alternative investment, investors should be mindful of potential drawbacks before committing capital. Careful due diligence, manager selection, and strategy alignment are critical to success.

Unlike publicly traded stocks or bonds, private credit investments are typically illiquid. Most commitments are locked up for several years, and there is often no secondary market for early exits. This **illiquidity** means that investors must be comfortable keeping their capital invested for an extended period.

Private credit borrowers—particularly those in direct lending or distressed situations—often carry higher **credit risk** than those in public markets. While many private loans are secured by assets or backed by covenants, the risk of borrower default is real. According to Fitch Ratings,

U.S. private credit **default rates** climbed to 5.7% in February 2025. Earlier in 2024, default rates were as high as 7% in specific private-credit portfolios<sup>9</sup>.

Private credit performance can be sensitive to broader economic conditions. During downturns or periods of tightening credit, default rates tend to rise, particularly in riskier segments of the market. Even well-structured loans can be impacted by macro-level disruptions.

Many private credit vehicles are also complex, with layered deal terms, complex covenants, and multiple tranches. Understanding the nuances of each deal structure—and how those elements interact—is critical to accurately assessing risk and expected return.

Perhaps more than in any other asset class, the skill and discipline of private credit fund managers matter. From sourcing and structuring deals to managing workouts, experienced managers are often the key to achieving stable returns and avoiding capital impairment.

The bottom line is that private credit can be a powerful tool—if approached with a clear understanding of its risks. At **HUDSONPOINT capital**, we help investors navigate this degree of complexity with careful fund selection and ongoing oversight.

9. <https://www.fitchratings.com/research/corporate-finance/us-private-credit-default-rate-rises-to-5-7-in-february-2025-20-03-2025/>

# Institutional-Grade Private Credit Access For HNWI's

Historically, private credit was the domain of old-money financial institutions, with access restricted by steep minimums and limited availability. Most funds required starting commitments between \$1 million and \$10 million, effectively shutting out most individual investors.

At HUDSONPOINT capital, our pooled investment model means that qualified HNWI's can access institutional-grade private credit fund opportunities with a minimum investment of just \$100,000. This approach grants our retail investors diversified exposure across credit strategies, backed by expert oversight and careful manager selection.

Today, private credit is no longer out of reach. Each private credit fund opportunity on our platform is carefully curated to optimize performance, credit quality, and alignment with your financial goals. The benefits are clear:



Enhanced returns over traditional bonds



Reduced correlation to public markets



Predictable income and principal protection



Inflation-resilient yield structures

Interested in how it might fit into your portfolio? Contact us to schedule a complimentary consultation and explore how private credit can help you grow and protect your wealth on your terms.




# Is Private Credit Right For You?

Too many investors are underperforming the markets and mistakenly believe that high returns are solely for institutional investors, banks, and the ultra-wealthy.

But this doesn't have to be the case. Individual investors can unlock better-than-expected returns by learning about and leveraging alternative investments that best suit their needs.

If you've been saving up for years and are getting closer to retirement, but aren't seeing the kinds of returns you believe you deserve, maybe it's time for a different approach.

**Let's Identify Your Goals Together**

 **888-544-5244**

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