

E X P E R T Q & A

Innovations in the private credit industry are increasingly appealing to new groups of investors and attracting younger women to the credit industry, says Laura Parrott, senior managing director and head of private fixed income at Nuveen



Leading the way

Q In your view, what are the most attractive areas of private debt to be investing in right now?

I lead our private fixed income platform, which is primarily focused on investment grade private credit. Right now, I would say that from both an investment activity and investor appetite perspective, tailwinds are strongest in some of the more structured areas of private credit, such as esoteric asset-based finance and structured investments secured against the lease payments on critical real estate.

Infrastructure is also a very interesting space. We are seeing a lot of opportunities centred around energy, in particular. In addition to our investment grade infrastructure strategy, we also have a sub-investment grade strategy

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focused on energy investment. That team is seeing a tremendous pipeline of opportunities, largely driven by the significant need to finance energy security and sustainable infrastructure projects.

Q What innovations are you seeing in the private fixed income space?

Private markets are always at the forefront of innovation, with new investment types, structures and products regularly emerging. As a result, what was new five years ago is now mainstream and may even have migrated into public markets.

A good example of this is oil and gas proved developed producing (PDP) projects. This was an area of investment that was very new to our team when we worked on our first investment in the space – which was, in fact, the first true institutional oil and gas PDP – in 2018. The market has since matured and progressed to the point where we are seeing oil and gas PDP deals with over \$1 billion of issuance taking place, including some in the public markets.

In addition to structural innovation, we are seeing product innovation designed to facilitate access to new groups of investors, and to the wealth channel in particular. Private fixed income has traditionally been an institutional market, but we are now starting to see a great deal of interest from a wider range of investors. Nuveen's product

team is focusing heavily on how best to expand the aperture to make it easier for different investor types to gain access.

Q What has that influx of new investor capital meant for competitive dynamics?

Investment grade private credit has been a cornerstone of insurance companies' strategic asset allocations for a long time. As more and more alternative asset managers have entered the insurance space by buying or partnering with insurance companies, we are seeing a wider range of investors participating in the asset class. That has obviously led to greater competition for deals.

While that additional competition could be seen as a bad thing, I believe that growing interest from a wider range of investors has also led to more issuance. As banks are increasingly disintermediated, there is a growing recognition of how much long-term, patient money is now present in the investment grade private credit space.

So, while we are certainly seeing an increase in the volume of capital flowing into the market, we are also seeing an increase in investment opportunities and a proliferation of innovative strategies. Overall, we are really excited about the growth we are seeing and believe it is healthy for the market and our clients.

Q How is macroeconomic volatility, and the threat of tariffs in particular, impacting the sector?

As you can imagine, we are receiving a lot of inbound enquiries regarding tariffs and, more recently, President Trump's One Big Beautiful Bill. In terms of their impact, the reality is that, as with any long-term, buy-and-hold portfolio, we are constantly assessing, reassessing and acting on whatever the prevailing macro pressures are at the time.

Last year, the emphasis was very much on uncertainty around the election and the resulting geopolitical risk. Sadly, that geopolitical risk continues to be a feature of many of the client conversations we have today.

With regard to tariffs, we believe our portfolio is very well situated. A buy-and-build portfolio does not mean buy-and-forget. We are constantly in dialogue with our portfolio credits, not only monitoring compliance with covenants, but also trying to understand the challenges and opportunities that they face.

In light of that analysis, the biggest area of concern that we see today involves supply chains. That is particularly true for our extensive investments in infrastructure. We are very focused on monitoring whether the proper assessments have been made regarding projects that are mid-construction, or even pre-construction, with respect to how likely they are to face supply chain disruptions that will potentially cause delays or increase costs as a result of tariffs. It is extremely important that those sensitivities are built into the investment case for any infrastructure transaction.

Having worked in credit for 20 years, however, I would say that there is always going to be something happening in the market that is out of your control. It is critical, therefore, to build relationships so that you can be proactive rather than reactive in times of uncertainty. You need to know what you are holding and how those credits might be affected by whatever is happening in the market at that particular time. That means you can get in front of the situation if a credit degradation does take place.

Q What evolution have you seen in terms of women being represented in senior leadership roles in the sector and what further work still needs to be done?

It is fair to say that finance, in general, is still often viewed as a male-dominated

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industry. Interestingly, though, I have found that there are a lot of senior women within insurance companies which, as I have explained, form the mainstay of our client base. There are a significant number of female CIOs and investment leaders in those companies and, as a result, I have found it inspiring to be on the buyside and have always felt very comfortable in my professional position.

Indeed, I have found that my career has become more fulfilling the more senior I have become and now, as leader of a team, it is rewarding that I am able to help influence how the business is built with the talent that we recruit. I'm also able to ensure that women are given the mentoring and tools they need to flourish in their careers, while ensuring that we have a diverse set of mindsets and backgrounds working on our teams, which hopefully creates an inclusive culture.

It is gratifying to see that a lot of young women today are interested in private credit, and I can understand why. It is a great market in which to learn. If you are a curious person, you will love private markets because you learn something new every day. ■