Private Credit Performance & Portfolio Intelligence

Increased Transparency. Earlier Identification. Protect and Preserve Value.

Private credit has evolved from an alternative asset class to a mainstream investment choice for investors around the world. Private credit portfolios have grown in scale and complexity, increasing the need for proactive oversight. Many credit monitoring processes continue to rely on periodic borrower reporting and stale historical financial results, leaving investors with less time to identify deterioration, validate assumptions and take action.

Effective portfolio oversight begins long before the deal closes. The assumptions, risks and performance drivers identified during underwriting should continue to inform how a borrower is monitored, which developments warrant closer attention and when more direct engagement with management may be required. Connecting diligence insights with ongoing monitoring gives lenders a more substantive and forward-looking view of portfolio performance.

FTI Consulting supports private credit investors from inception through exit. Borrower performance monitoring, collateral and fraud risk analysis, independent valuation and downside analytics help our clients identify emerging risks earlier and make timely, more informed decisions.

The Credit Monitoring Imperative

- Portfolio growth and structural complexity require more active oversight
- Financial reporting alone rarely explains emerging credit deterioration
- Independent validation strengthens conviction, supports valuation integrity and builds the kind of LP confidence that translates into the next fund
- Earlier intervention preserves strategic optionality and protects value

Early Warning Signs in Credit Investments

- EBITDA growth that does not translate into cash generation
- Borrowing base, collateral or working capital inconsistencies
- Hidden leverage, side financing or related-party transactions
- Sector, sponsor, co-lender or customer concentrations
- Divergence between credit performance, liquidity and valuation signals

How We Deliver Across the Private Credit Investment Lifecycle

Private credit investors require support at different points in the investment lifecycle, from underwriting and portfolio monitoring through value creation, special situations and exit. Our integrated team helps investors anticipate risk, respond to change and maximize value at every stage.

1. **Diligence and Underwriting Intelligence:** We provide tailored pre-deal support to help credit investors assess borrower risk, validate business plans and evaluate debt capacity.
2. **Portfolio Monitoring, Valuation and Analytics:** We help fund managers and credit platforms strengthen valuation, manage risk and meet transparency and compliance expectations.
3. **Special Situations and Restructuring:** We support credit investors through complex, distressed and special situations, helping stabilize performance, protect value and drive recovery.
4. **Performance Improvement and Value Creation:** We help credit investors protect and grow value through targeted transformation and performance improvement.

Monitoring Intelligence in Action

Integrated Diligence & Monitoring

- Borrower, loan and asset-level diligence to assess financial performance, collateral, documentation and key underwriting assumptions
- Ongoing monitoring of borrower performance and liquidity trends
- Portfolio and borrower-level performance visibility
- Financial performance trend analysis and roll-forward reporting
- Covenant tracking and early warning indicators that support proactive intervention
- Collateral verification, borrowing base testing and targeted fraud risk procedures covering dual-pledged collateral, hidden leverage and undisclosed related parties

Portfolio Valuation, Liquidity & Analytics

- Independent portfolio valuation and market-implied pricing, calibrated to observable signals and asset performance
- Portfolio concentration, liquidity and downside analysis
- Stress testing to evaluate refinancing and redemption scenarios
- Committee-ready analyses supported by transparent methodologies and defensible documentation
- Credit risk, LTV and recovery analytics benchmarked to comparable market risk, feeding valuation-informed thresholds back into ongoing monitoring

Client Impact

- Earlier identification of emerging downside risk
- Greater confidence in investment and portfolio decisions
- More defensible valuations and investment committee support
- Better prioritization of borrower interventions
- Stronger value protection across refinancing, restructuring and exit scenarios

When This Matters Most

- Portfolio growth has outpaced monitoring capabilities
- Borrower reporting quality is inconsistent
- LPs, boards or valuation committees need stronger support
- Liquidity, refinancing or redemption pressure is rising
- Borrowers are exhibiting signs of emerging credit stress

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