



THE WATSON GROUP

SUB-STRATEGY OVERVIEW

Asset Backed Finance

EXECUTIVE SEARCH

The fastest-growing sub-strategy in private credit — market dynamics, deal flow and talent implications for 2025–26.

\$5.2tn

Total addressable ABF market globally

\$37bn

Raised in ABF strategies in 2025 alone

58%

Of LPs prioritising ABL/ABF in 2025

Asset Backed Finance — Market Overview & Talent Implications

The fastest-growing sub-strategy in private credit — now larger than direct lending by AUM and accelerating

\$5.2tn

Total addressable ABF market globally

\$37bn

Raised in private ABF strategies in 2025

34%

Of new PC funds in development are specialty finance

58%

Of LPs prioritising ABL/ABF strategies in 2025

What Is Driving ABF — and Who Can Deliver It

Market Overview

- ABF has overtaken direct lending as the largest private credit sub-strategy by AUM globally, with the \$5.2tn addressable market growing rapidly as Basel IV forces banks to divest loan portfolios at scale.
- European ABF benefits from stricter lending standards, lower default rates vs. US equivalents and full-recourse borrower structures — a structurally superior market.
- Partnership models dominating: bank–manager JVs proliferating (Northwestern Mutual–Sixth Street \$13bn; MetLife expansion). Forward flow agreements accelerating across Europe.
- European ABF is ~20% of global total — significantly underpenetrated vs. North America, leaving clear white space for new entrants.

Talent Implications

- ABF demands a fundamentally different skillset from corporate direct lending — structurers with experience underwriting contractual cashflows across large asset pools are rare and highly valued.
- The talent pool is thin: experienced ABF professionals are concentrated at a small number of specialist platforms globally.
- ABS/CLO structuring experience from investment banks (Deutsche, Barclays, BNP, Citi) is highly transferable and increasingly sought by buy-side platforms.
- This is the most under-resourced talent market in European private credit — the greatest hiring opportunity for well-capitalised platforms moving quickly.

Themes Reshaping the ABF Talent Landscape

What these structural market shifts mean for hiring — and why specialist search matters more than ever

Basel IV & the Bank Talent Pipeline

European Basel IV implementation is accelerating bank retrenchment from balance sheet-intensive lending. Loan portfolio disposals are creating structured finance mandates at scale — and pushing experienced ABS, CLO and structured credit professionals toward buy-side platforms at an unprecedented rate.

Platform Scale & the Partnership Model

Bank–manager JVs and forward flow agreements are becoming the dominant origination model in ABF. Platforms need professionals who can manage institutional relationships and structure complex multi-tranche facilities — a rare hybrid of origination, structuring and relationship management.

Asset Class Diversification Driving Demand

Managers are expanding beyond consumer and mortgage ABS into infrastructure debt, trade receivables, equipment finance and digital asset-backed structures. Multi-asset ABF experience commands a growing premium as LPs demand diversified exposure within single manager relationships.

What This Means for Search and Retention

01 Demand for ABF structurers with genuine asset-class depth has never been higher — and the supply pipeline lags by 3–5 years.

03 Bank-to-buyside transitions are accelerating from structured credit desks at Deutsche, Barclays, BNP and Citi.

02 Professionals who have worked across multiple asset types (consumer, mortgage, infrastructure) command a meaningful premium over single-sector specialists.

04 Retention risk is elevated: well-capitalised platforms building ABF capabilities are actively targeting talent from banks and specialist managers.

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We would welcome the opportunity to discuss this in further detail.



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