



THE WATSON GROUP

SUB-STRATEGY OVERVIEW

Opportunistic Credit & Capital Solutions

EXECUTIVE SEARCH

Hybrid capital, structured equity and capital solutions — the most complex and highest-returning corner of private credit.

\$200bn+

Global opportunistic credit AUM (2025)

15–20%

Target net returns for hybrid capital strategies

3x

Growth in capital solutions mandates since 2022

Opportunistic Credit & Capital Solutions — Market Overview & Talent Implications

Where credit meets equity — providing flexible, bespoke capital to sponsors and corporates across the capital structure

\$200bn+ Global opportunistic credit AUM (2025)	15–20% Target net returns for hybrid capital	40%+ Of sponsors using capital solutions in 2025	3x Growth in mandates since 2022
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What Is Driving Capital Solutions — and Who Can Deliver It

Market Overview

- Opportunistic credit and capital solutions have emerged as the fastest-growing strategy by new fund launches, driven by rising sponsor demand for flexible, non-dilutive capital amid higher rates and constrained M&A exit markets.
- Hybrid capital — encompassing mezzanine, preferred equity, PIK instruments and structured equity — is increasingly used by sponsors to bridge valuation gaps, fund bolt-on acquisitions and extend asset hold periods.
- GP-led continuation vehicles and NAV lending are creating new adjacencies within the strategy, with capital solutions providers increasingly competing with traditional secondary buyers.
- The European market remains significantly underpenetrated relative to North America — fewer than 15 dedicated platforms operate at scale in Europe, versus 40+ in the US.

Talent Implications

- This strategy demands the broadest skillset in private credit — candidates must be comfortable across the capital structure, from senior secured debt to preferred equity and structured instruments.
- The most valued professionals combine deep credit underwriting with an equity mindset — able to assess upside scenarios, structure downside protections and negotiate complex intercreditor arrangements.
- Former restructuring and special situations professionals are the most natural fit, followed by leveraged finance bankers with mezz or hybrid capital experience.
- Origination is paramount: capital solutions is a relationship-driven strategy where proprietary deal flow — built over years with sponsors, management teams and advisers — is the primary differentiator.

Themes Reshaping the Capital Solutions Talent Landscape

What the rise of hybrid capital means for hiring — and why specialist search matters more than ever

M&A Dislocation & the Sponsor Relationship Premium

Prolonged exit market dislocation is forcing sponsors to seek creative capital solutions — preferred equity, NAV facilities and hybrid structures — to manage ageing portfolio assets. Capital solutions professionals with deep GP relationships and transaction experience are commanding the highest premiums in the market.

The Rise of Multi-Strategy Credit Platforms

Large platforms (Ares, Apollo, Oaktree, Tikehau) are building integrated opportunistic credit capabilities alongside their direct lending franchises. This is creating senior team-building opportunities at VP-to-MD level — and demand for professionals who can manage complexity across multiple instrument types simultaneously.

European White Space — First Mover Advantage

The European capital solutions market is in an early-innings expansion phase. Fewer than 15 platforms operate at scale, compared with 40+ in North America. Managers establishing dedicated European teams now will have a structural origination advantage as the strategy matures — and the talent to build those teams is scarce.

What This Means for Search and Retention

01 Demand for capital solutions professionals with genuine cross-structure experience has never been higher — and the candidate pool is exceptionally thin.

03 Candidates with cross-border European origination experience command a significant premium — the strategy is still largely relationship-driven by London-based teams.

02 Former restructuring professionals (Houlihan Lokey, Lazard, PJT, AlixPartners) represent the most natural and highest-quality talent pipeline for this strategy.

04 Retention risk is extremely elevated: platforms at scale are actively targeting talent from smaller managers and banks, often at significant carry uplifts.

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



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