



Dianna Carr-Coletta Transcript, iCapital Connect 2026

Julie Cooling: Hi, I am Julie Cooling, Founder and CEO of RIA Channel. I'm here today with Dianna Carr-Coletta, the Managing Director and Partner, Alternatives Direct Lending at PGIM. Dianna, thanks so much for being with me today.

Dianna Carr-Coletta: It's great to be here. Thank you.

Julie Cooling: So, it's an exciting time. We're here at the iCapital Connect Conference. There are a lot of conversations around private markets. You're kind of sitting right in the middle of that. It's really nice to sit down with a portfolio manager, a woman, I have to say. We don't see a lot of women in the industry, especially on the private markets side. So, it's kind of cool. And you've been there a long time doing this for over 20 years.

Dianna Carr-Coletta: Yep. 26.

Julie Cooling: 26 years. So, you've seen a lot. And you came from the public side?

Dianna Carr-Coletta: I came from the commercial banking side.

Julie Cooling: Commercial banking side, but you've been in private markets and direct lending for a long time.

Dianna Carr-Coletta: Yes.

Julie Cooling: So, tell us what opportunities and excitement you have around direct lending.

Dianna Carr-Coletta: Yeah, you hear a lot about private credit, right? And it's a very big asset class and for where we focus, where I'm focused on, I think the opportunity is in the corporate side in direct lending. Okay. And specifically, in what we call the core middle market. What do I mean by the core middle market? Companies \$25 million to \$75 million of EBITDA is where we're focused. I'd like to further break that down into two segments. One being the sponsored segment, which is basically the private equity owned kind of companies, right? That's where this has all really exploded into the asset class that it has been today.

The second is the non-sponsored. These are the privately held businesses that are in the middle market and less than 10% of those are actually owned by private equity sponsors. So, to be successful in that market, you have to take an approach like a commercial bank. You've got to be relationship focused. And in order to do that, you have to have boots on the ground, and you have to have a network of individuals that are spending time in those markets, developing those relationships with those companies. And it's through that you'll get the opportunities to really find these unique deal flow that you can find for your investors.

Julie Cooling: And there are a lot of private companies that are choosing to take on credit instead of equity for a lot of good reasons. And especially right now, especially if you're a durable income producing private company, right? What does that decision look like for a private company and how does a relationship begin with a firm like PGIM?

Dianna Carr-Coletta: So, I think what those companies are used to, right, they're very used to their banker, right, coming in and just being a financial partner. And what they're looking for is someone to be that financial partner, but to actually bring a different type of capital, right? And so, in your traditional capital structure of these companies, you have a revolver and a term loan from a bank that needs to be amortized over a certain period of time. What we can do is we can come in and complement what those banks are bringing to the table.

And bring a term loan that doesn't amortize quite as quickly. And what that allows it to do, the company to do is to invest in their strategic goals so they don't have all of their money going to debt service.

They can reinvest in the company. But in order to do that, they want to feel comfortable with who's going to be on the other side of the table, who is that financial partner? And again, that's where relationships and that network comes into play to be successful.

Julie Cooling: Absolutely. Are there certain sectors that you're excited about right now where you're investing?

Dianna Carr-Coletta: So, we are generalists. And so, we go everywhere. I would say right now we're probably cautious on consumer discretionary.

Julie Cooling: Sure.

Dianna Carr-Coletta: You know, for all the reasons that you hear, I mean, needless to say, we were on shaky ground with the economy to begin with. The conflict that we're seeing, coupled with the energy prices rising. Coupled with the k-shaped economy that you're hearing everything about. As that continues to deepen, and the K gets wider and wider apart, I think you have to be very focused on that consumer discretionary, and you're going to see some struggles in that part of your portfolio.

And I do think you have to look through, and this is where credit fundamentals come back by the underwriting comes back to, right. You've got to look through to every company as to how energy prices would impact them. Europe went through this several years ago with the start of the Ukraine war on energy prices impacting, just flowing through the economy there. We're going to see a similar thing flowing through our economy here.

Julie Cooling: Right. So underwriting is critical. And then in terms of allocating this replaces what in a portfolio? When you talk to large advisors that are allocating to private credit and specifically this area of private credit, because not all private credit is the same. What kind of allocation are you talking about?

Dianna Carr-Coletta: So when we're out talking to people, what we're saying is, and what we're hearing, cause I'm on the portfolio management side, so what I'm hearing from others and advisors that are out there is that, you know, this should be, you know, 10% of your kind of portfolio, when you're allocating on kind of the fixed income side, if you're thinking about it on the debt side and when I think of it, investors need to think of this for what it is. Right. So, it's income producing, but it is meant to be buy and hold, right? It is senior secured credit. It is top of the cap stack, and there is risk involved, and that's why you're getting returns that you're getting here.

But you have to understand that we who are doing the underwriting, we're buy and hold. We don't sell out of these positions. And if we do, we're typically selling out of them at a discount if we need to. That's not our goal. And so, we're a hold-to-maturity type of investment strategy, and people buying into this asset class should think about it the same way. Like don't worry about the momentum selling or the momentum redemption, focus on the asset class as a whole and the strength of that asset class. And focus on the managers that you have selected to manage this asset for you. That's key.

Julie Cooling: Manager selection is key for sure. Great Insights. Thank you so much for spending time with me today.

Dianna Carr-Coletta: Thank you very much, Julie.

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