

Private Credit Quarterly Review and Outlook

Introduction

Private credit markets continued to demonstrate exceptional resilience and strong investor demand through the third quarter of 2025. Transaction volumes across asset-based finance, corporate private placements and infrastructure debt remained at or near record levels. Despite lingering macroeconomic and geopolitical uncertainty, robust fundamentals and healthy credit performance supported sustained issuance momentum and attractive investment opportunities for disciplined investors.

Corporate Private Placements

Market Activity

- More than \$120 billion of transactions were recorded, year to date, up more than 33% versus the prior-year period.
- The market experienced quarterly volumes that would have taken a full year to achieve a decade ago, underscoring extraordinary growth and investor appetite.
- Public spreads tightened by 9 basis points (bps) during the quarter, with the 10-year U.S. Treasury yield ending at 4.16%, down 22 bps from the start of the quarter.

MIM Year-to-Date Investment Activity

- MIM closed 109 transactions totaling \$4.6 billion at an average spread of +169 bps.
- Transactions had a weighted average life of 10.8 years, 5.99% coupon and average rating of MA3.

- Roughly 40% of activity was sourced through proprietary transactions.

Market Outlook

- Strong issuance volumes and robust demand are expected to persist through year end, supported by a favorable interest-rate environment.
- Investors continue to seek long-duration assets to match liabilities and lock in yields, fueling oversubscription for longer-dated transactions.
- MIM's diversified sourcing model continues to enhance flexibility and pricing power across market cycles.

Asset-Based Finance

Market Activity

- The Asset-Based Finance (ABF) market sustained strong momentum through Q3 2025, driven by steady fundamentals, investor demand and limited supply.
- Credit spreads tightened by 10–30 bps on average from mid-year levels, as risk sentiment improved.
- Although diversification and income potential remain appealing, geopolitical and policy uncertainty continue to warrant measured caution.

MIM Year-to-Date Investment Activity

- MIM closed 21 transactions totaling \$3.6 billion at an average spread of +263 bps.
- Transactions had a weighted average life of 5.8 years, 6.82% coupon and average rating of MA1.
- MIM remained disciplined in passing on deals with inadequate collateral quality or unfavorable credit terms.
- Activity was anchored in bilateral and club transactions offering improved pricing and allocation flexibility versus agented channels.

Market Outlook

- Issuance is expected to remain strong through the remainder of 2025 with spreads broadly stable.
- The One Big Beautiful Bill Act is poised to affect select ABF sectors (such as solar, auto, student loan and consumer ABS), prompting a disciplined investment approach.
- MIM continues to leverage small club and bilateral origination channels to secure favorable allocations and attractive pricing.
- ABF spreads are likely to stay range-bound or tighten modestly into year end, supported by solid fundamentals and potential monetary easing.

Infrastructure Debt Market Overview

Market Activity

- Overall infrastructure debt activity declined ~13%, year over year, reflecting softer refinancing volumes, while project-finance-specific activity rose 14%, quarter over quarter.
- Commercial loan volumes increased 14% from Q2, offsetting lower bond issuance (-19%, year over year).
- Despite a slower headline trend, Q3 showed positive momentum in primary financings (up 26%, year over year), with strong interest in digital and renewable infrastructure.

Market Outlook

- Increased deal flow through year end is supported by lower interest rates, strong capital demand from digital and renewable sectors, and rising M&A activity.
- MIM expects demand for long-dated assets to remain strong, with pricing remaining competitive.
- Institutional investors continue to maintain discipline on credit terms, supporting healthy market function through cycles.

MIM Year-to-Date Investment Activity

- MIM closed 62 transactions totaling \$3.3 billion at an average spread of +200 bps.
- Transactions had a weighted average life of 11.6 years, 6.31% coupon and average rating of MBaa1.
- More than half of MIM's investments were outside the U.S., reflecting continued global diversification.
- Activity was well balanced across transportation, digital (data centers and towers) and utilities (water and transmission) sectors.

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