

Private Credit Quarterly Review and Outlook

Introduction

Investment grade private credit markets had robust issuance in Q4 2025, supported by healthy investor demand and a constructive rate environment. Activity remained elevated across corporate private placements, asset-based finance and infrastructure debt as the market now includes a wider range of industries and structures, moving beyond its historical focus on unsecured corporate debt to repeat borrowers. As macro and policy risks evolve, private credit enters 2026 well positioned with a deep pipeline and sustained investor demand.

Corporate Private Placements

Market Activity

- 2025 is expected to surpass \$200 billion in private placement origination, continuing the market's trend of strong, record-level issuance.
- Volatility in public markets has consistently been followed by rapid recoveries, signaling a borrower shift toward private credit for funding diversification.
- Over 40% of 2025 issuance came from new private placement issuers, especially in fund finance, services, energy and technology sectors.

MIM 2025 Investment Activity

- MIM closed 155 transactions totaling \$6.8 billion at an average spread of +166 bps.
- Transactions had a weighted average life of 9.9 years, 5.82% coupon and average rating of MA3.
- Over 40% of MIM's activity was sourced through proprietary channels.

Asset-Based Finance

Market Activity

- The ABF market ended the year with strong momentum, supported by broad issuance across asset sectors and tightening spreads driven by solid investor demand.
- Spreads have fully reversed earlier-year widening and are now at the tight end of multi-year ranges, while still offering relative value compared to corporate credit.
- Investor confidence remains strong due to stable macroeconomic data, corporate earnings growth and resilient consumer spending.

MIM 2025 Investment Activity

- MIM closed 29 transactions totaling \$4.5 billion at an average spread of +259 bps.
- Transactions had a weighted average life of 5.4 years, 6.69% coupon and average rating of MA1.
- MIM remained disciplined in passing on transactions with inadequate collateral quality or unfavorable credit terms.

Market Outlook

- Strong issuance, healthy investor demand and a favorable rate environment continue to drive elevated borrower and investor activity.
- Private markets offered a spread pickup over public debt in 2025 despite tight market levels; this excess relative value is expected to continue in 2026, given historical market discipline.
- While the overall outlook is constructive, macro, policy, and sector-specific risks persist. MIM's multi-channel sourcing model continues to demonstrate benefits with directly originated deals offering diversification, stronger credit protections and favorable allocations.

- We believe our focus on small-club and bilateral origination will enable us to secure stronger credit terms, better allocations and attractive relative value.

Market Outlook

- ABF issuance is expected to remain active across sectors if market conditions stay stable, with investors largely dismissing recent macro and idiosyncratic concerns.
- Market participants' interpretation of recent negative events remains uncertain, creating potential sensitivity to broader market weakness.
- MIM is reviewing a diverse pipeline across consumer credit, C-PACE, fund finance and energy, while maintaining discipline amid some signs of late-cycle behavior such as weaker terms and higher leverage.

Infrastructure Debt

Market Activity

- Private infrastructure debt continued to offer a broad set of opportunities in 2025, and we expect that momentum to continue in 2026.
- Data center financings dominated headlines with record-setting multi-billion-dollar transactions, creating strain on banks' balance sheets and prompting our efforts to develop longer-dated, insurance-friendly financing structures.
- Revived conventional power deals caused by rising demand for power, fueled by data centers and AI growth, reindustrialization and onshoring.
- Grid-stability and transmission needs drove new regulated financing opportunities in late 2025, with more expected in 2026.

MIM 2025 Investment Activity

- MIM closed 93 transactions totaling \$5.7 billion at an average spread of +187 bps.
- Transactions had a weighted average life of 11.3 years, 6.07% coupon and average rating of MBaa1.
- Activity was well diversified globally and by sector including renewables, transportation (ports), digital (data centers & towers) and utilities (water & transmission).
- While public bond spreads continue to grind tighter, infrastructure debt has retained its relative value with attractive premiums over public bonds.

Market Outlook

- Strong issuance is expected to continue in 2026.
- Demand for long-dated maturities should remain robust, supporting competitive pricing.
- AI-driven compute needs will fuel hyperscaler capex and digital infrastructure investment, creating broader power-related opportunities across sectors.
- As infrastructure needs evolve, disciplined underwriting and thoughtful structuring will remain central to how we deploy capital.

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