

Private Credit Quarterly Review and Outlook

Introduction

Despite a more complex macroeconomic and geopolitical backdrop, market activity has remained robust, supported by strong issuance, sustained investor demand for long-duration assets and selective opportunities across sectors. MIM continued to deploy capital in line with its disciplined credit approach, emphasizing structural protections, relative value and long-term fundamentals amid evolving risks and opportunities.

Corporate Private Placements

Market Activity

- Issuance is off to a strong start.
- Cross-border issuance continues to increase, underscoring the global nature of the USPP market, with international participation.
- Issuers have shown a preference for shorter dated issuance as they avoid locking in higher rates, while investors continue to seek longer duration assets to match liabilities.

MIM Q1 2026 Investment Activity

- MIM closed 40 transactions totaling \$1.9 billion at an average spread of +147 bps.
- Transactions had a weighted average life of 10.2 years, 5.55% yield and average rating of MA3.
- Over 40% of MIM's activity was sourced through proprietary transactions.

Asset-Based Finance

Market Activity

- The asset-based finance (ABF) market has been resilient despite a more turbulent macro backdrop.
- ABF sectors showed notable resilience this quarter, with spreads holding steady despite geopolitical uncertainty, a softening labor market and elevated oil prices, underscoring ABF's defensive profile relative to broader credit markets.
- While near-term risks suggest modest spread widening amid weaker technicals and cautious sentiment, robust new issuance and stable valuations offer attractive entry points and compelling long-term relative value opportunities.

MIM Q1 2026 Investment Activity

- MIM invested \$1.8 billion in total at an average spread of +224 bps.
- Transactions had a weighted average life of 5.4 years, 6.09% yield and average rating of MA1.
- We employ a rigorous strategy that emphasizes liquidity, structural risk mitigation and manager quality. Additionally, we consistently monitor spreads,

Market Outlook

- The market outlook is broadly positive. However, risks remain from macroeconomic pressures, adverse geopolitical developments, policy shifts and sector-specific credit concerns.
- Private credit headline risk has increased, driven by isolated situations rather than systemic weakness, underscoring the importance of disciplined credit selection.
- While heightened borrower and investor activity continues to underpin the market, we are exercising temporary caution in select sectors, reinforcing our selective and disciplined approach to risk.

issuance levels and consumer performance to ensure optimal outcomes.

- The ABF portfolio's underlying collateral has maintained strong performance, demonstrating robust credit fundamentals and showcasing the advantages of structural protections built into these investments.

Market Outlook

- ABF offers diversification from areas of direct lending facing rising redemptions, AI concerns in software portfolios and volatility in public business development companies (BDCs), which impact liquidity, valuations and systemic risk.
- Consumer credit performance in securitizations is varied but showing improvement: Unsecured consumer asset-backed securities (ABS) is solid, while auto ABS is weaker, enabling targeted investment in stronger segments.
- Tax refund season supports consumer credit, with total refunds up 9.4% and average refunds up 10.6%. Increased liquidity should help U.S. households manage debt and benefit near-term consumer ABS performance.

Infrastructure Debt

Market Activity

- Q1 2026 volumes stayed flat compared to Q1 2025 via fewer deals driven by refinancings and large-scale energy/digital projects.
- Deal count declined ~20% signaling larger project financings.
- Power and renewables remained the single largest sector by value globally with a focus on contracted renewable cash flows and grid-related investments.
- Liquefied natural gas (LNG) provided a stable source of deal flow with investor interest driven by contracted cash flows and energy security concerns.
- Digital assets (data-related infrastructure and telecoms) were among the most notable growth areas, particularly data centers, fiber and towers. MIM is working to create longer-dated, insurance capital-friendly data center financings.
- North America remains the largest region by volume, but Europe continues to show depth across transport, telecom and regulated assets.

MIM Q1 2026 Investment Activity

- MIM closed 23 transactions totaling \$1.7 billion at an average spread of +197 bps.
- Transactions had a weighted average life of 9.2 years, 6.09% yield and average rating of MBaa2.
- MIM continues to leverage our international footprint with more than 50% of our investments outside the U.S.

- Activity was well diversified globally and by sector including renewables, digital (data centers & towers) and utilities.
- Infrastructure debt remains compelling, delivering attractive premiums over public bonds.

Market Outlook

- A wave of structural refinancings is expected in 2026 plus continued demand from the digital and renewables sectors.
- Structural refinancing is expected to be heavy in 2026, given typical 7-10 tenors and project finance issuances in excess of ~\$300bn between 2016 and 2020.
- AI development will drive hyperscaler capex spend, and data center and digital infrastructure investment throughout 2026.
- Power continues to be the main constraint in data center development, driving additional opportunities in all areas of energy — generation (conventional & renewable), transmission & distribution and fuel supply (LNG, batteries, fuel cells).
- M&A expected to increase through the second half of 2026 as lack of distributions on paid-in (DPI) capital pressure pushes sponsors toward asset sale realizations.
- Significant investor appetite in the market for quality, long-dated maturities will make pricing competitive and require investor discipline on structures.

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