



PRIVATE CAPITAL | DECEMBER 31, 2024

Investment Grade Private Credit Review & Outlook

Introduction

MetLife Investment Management's Private Capital Group manages \$135.5 billion in assets as of December 31, 2024. With over 100 years of investing in the asset class, MIM offers exceptional access to investment grade deals with global scale, longstanding market relationships and approachable expertise.

Our standing in the markets for infrastructure debt, corporate private placements and private structured credit often enables us to fund an entire deal or become its cornerstone, which can lead to larger allocations for our clients. Informing our investment decisions is a team-based risk culture with a time-tested approach to managing risk, combined with proprietary research and layered independent oversight. More than 70 seasoned industry specialists collaborate to develop customized portfolio solutions that help meet our clients' needs.

Corporate Private Credit Market¹

Origination Sees Record Year on Larger Deals

- Market origination rose to \$125 billion in 2024, a \$15 billion increase over 2023 and the strongest year on record.
- Over 100 new issuers came to market as the trend to larger deals continued, with average transaction size of \$355 million across 264 transactions.
- North America led in volume with 73% of total issuance, followed by Europe at 21%, Australia at 4% and LatAm at 2%.
- Majority of issuance was in USD at 78%, followed by 8% in Euro, 5% in CAD, 5% in GBP and 4% in other currencies.
- Delayed fundings slowed for 2024 but still stood at 8%.

Spreads Tighten, Treasury Yields Widen

- Public spreads tightened 9 bps in Q4 and 19 bps full year, with an ending OAS at +80bps.
- The 10-year UST had another active quarter with yields widening 30 bps to end Q4 at 4.58%.
- Several factors that contributed to the 10-year's rise—policy uncertainty of the new Administration and persisting inflation worries—should dissipate over time.

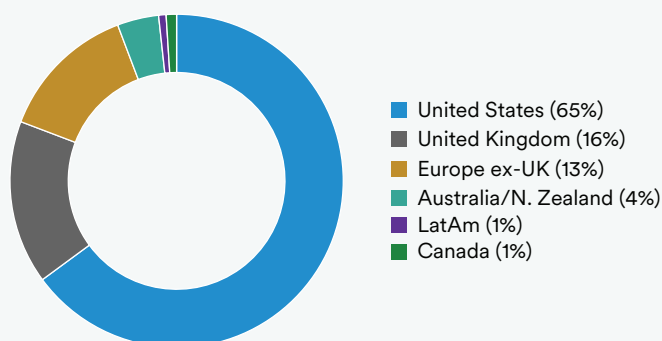
MIM Corporate Private Placement Activity

- MIM's 2024 origination totaled \$6.2 billion, a 40% increase over prior year volume.
- We saw an uptick in market activity as interest rates have come off recent highs.

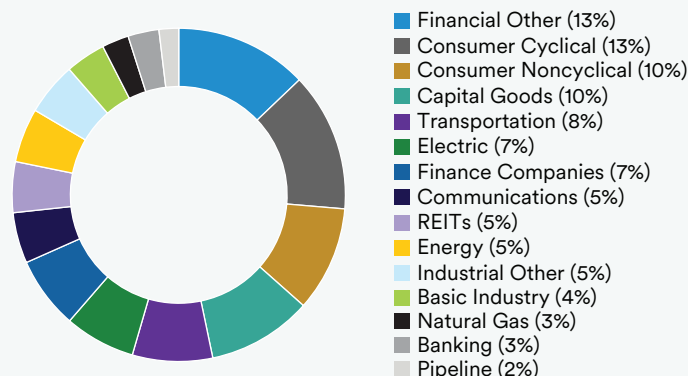
MIM's 2025 Outlook

- We expect private market momentum to continue into 2025 as we are seeing strong early deal flow across most sectors.
- Private credit has proven its speed and certainty of execution for issuers, and investors remain supportive as public spreads continue to tighten.
- From a long-term perspective, MIM strongly believes private market issuance offers well-structured transactions with attractive yields.

MIM 2024 Origination by Region*



MIM 2024 Origination by Sector*



Source: MIM, Private Placement Monitor

*Includes origination activity on behalf of the MetLife general account and unaffiliated investors.

Infrastructure Debt Market

Significant Global Activity, Positive Outlook for 2025

- 2024 saw significant activity globally in infrastructure debt.
- Megatrends such as decarbonization and digitalization continue to fuel new investment opportunities.
- We expect the need for infrastructure capital to keep growing, driven by a worldwide need to modernize infrastructure and projects supporting emerging technologies.
- Agented deal flow continues to be complemented by strong issuance of bilateral, directly-sourced transactions.
- Expectations for 2025 are positive, with a number of transactions in active dialogue and a strong pipeline of opportunities across core infrastructure sectors.

Origination Rises 30% in 2024, Well Diversified

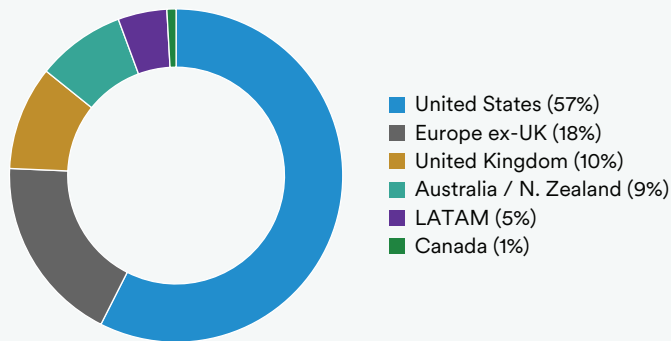
- Origination volume increased 30% year-over-year to \$5.5 billion in 2024.
- MIM origination was well diversified across all project types, led by renewables, transmission, LNG/oil and digital.

- MIM’s focus on infrastructure partner relationships resulted in bilateral and direct deals comprising 40% of origination.
- We leveraged our global footprint to originate 43% of 2024 investments outside the U.S.

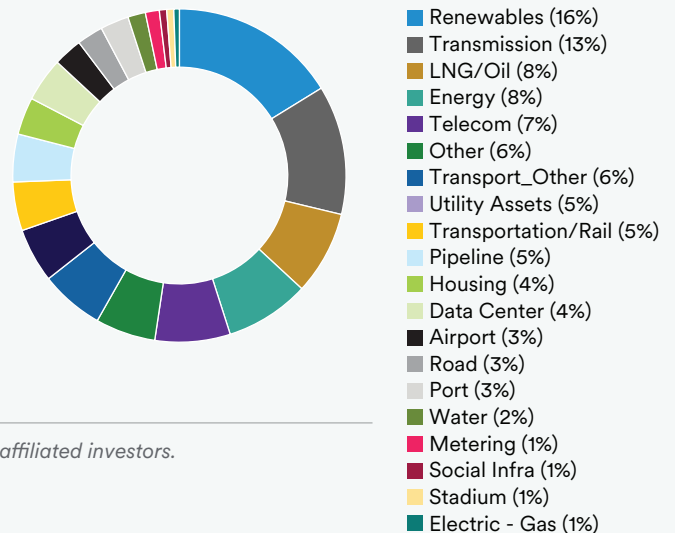
MIM’s 2025 Outlook

- We continue to see diversified global opportunities to invest in modernization and growing demand for essential services, from decarbonizing energy and transmission to enhancing critical social infrastructure.
- MIM will continue focusing on infrastructure sponsor relationships and will target bilateral and proprietary deals.
- An area of emphasis will be energy transition technologies including grid stabilization and renewable energy.
- We are cautious around the impact of the Inflation Reduction Act under the Trump Administration, but changes are likely to be phased in over time.
- MIM proactively monitors the investment landscape for new opportunities and thoroughly analyzes factors that may negatively impact certain sectors.

MIM 2024 Origination by Region*



MIM 2024 Origination by Sector*



*Includes origination activity on behalf of the MetLife general account and unaffiliated investors.

Private Structured Credit Market

2024: Lower Credit Spreads, Higher Supply

- Relatively strong supply-demand technicals and stable credit fundamentals resulted in securitized spreads significantly below the prior year-end.
- 2024 saw elevated supply across both public and private markets.

MIM's 2025 Outlook

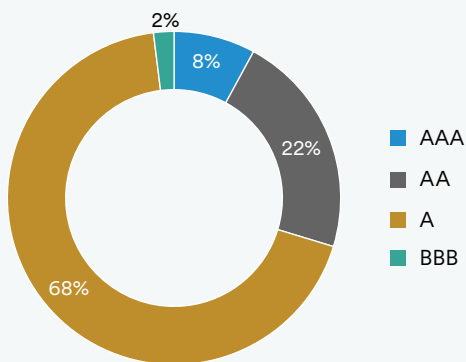
- We see another year of solid supply, with spreads mostly range-bound and limited potential for meaningful tightening.
- On the demand side, the investor base continues to expand due to compelling risk-adjusted spreads, especially in esoteric/high-yielding opportunities.
- MIM expects further growth and acceptance of private market solutions for structured credit sectors.
- We look for increased allocation from investors seeking higher yields and spread premiums relative to publics.

- 2025 expectations remain positive, as we actively discuss a variety of deals in our pipeline.
- MIM is focused on rigorous deal selection to isolate the most attractive opportunities offering balanced relative value with structural features to protect against potential credit underperformance.
- We emphasize bilateral and club deals which offer better negotiating power, pricing and allocation.

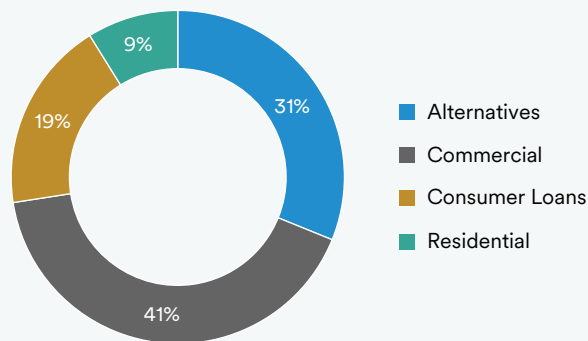
MIM Structured Credit Transaction Activity²

- MIM activity for 2024 increased 23% to \$2.8 billion over prior year production. Origination focused almost totally on bilateral and club deals with only 6% coming from the agent channel.

MIM 2024 Origination by Rating*



MIM 2024 Origination by Sector*



*Based on total commitment size. Includes origination activity on behalf of the MetLife general account and unaffiliated investors.

Endnotes

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² Based on total commitment size. Includes origination activity on behalf of the MetLife general account and unaffiliated investors.

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