Antares Capital

2025 ASSET MANAGEMENT OUTLOOK

Perspectives On Private and Liquid Credit

Contents

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Executive Summary

KEY OBSERVATIONS

- **The U.S. economy has entered 2025 in solid shape** with a resilient labor market and strong consumer demand supporting growth. In contrast, other regions of the globe such as China and Europe are experiencing weakness.
- Inflation is down significantly but "core" inflation remains stuck modestly above the Fed's 2% target. New tariffs and immigration curbs could possibly add to inflationary pressures in 2025. **Floating rate loans offer a natural hedge to the risk of rising interest rates should inflation rekindle.**
- **Interest rates appear likely to trend down very slowly and stay "higher for longer,"** given strong labor markets and GDP growth, sticky inflation, rising long bond rates, and uncertainty about the "neutral" level for interest rates. High base rates should support favorable absolute loan returns by keeping yields elevated.
- **M&A activity looks poised to surge** following a low in 2023 and still depressed levels seen in 2024 – a view supported by our recent survey of sponsors and borrowers. Historically, activity has increased significantly in the year after a presidential election reflecting removal of uncertainty and renewed optimism and there are numerous other catalysts in place which we believe could drive LBO activity to near record levels in 2025-26.
- Favorable "risk on" economic conditions have led to credit spread tightening to near decade lows across the spectrum as well as significant public equity multiple expansion; however, **direct loans continue to provide significant yield premium and spreads should stabilize and could potentially widen in lenders favor if new issue M&A activity picks up sharply.**
- **Volatility appears likely to rise** in view of new administration policy uncertainties, elevated geopolitical risk, increasing high P/E multiple mega-cap stock market leadership concentration and optimistic earnings growth expectations. **Shorter duration loans – particularly direct loans – can serve as portfolio ballast against stock and fixed income market volatility. Also, credit coverage ratio metrics should benefit from future earnings growth, even if the level of growth proves disappointing to optimistic equity market expectations.**
- **Longer term secular growth prospects for direct lending and private credit more broadly remain quite promising.** The direct lending and private credit markets continue to innovate and evolve via new products, markets, and sources of capital and appear poised to double in size once again within the next 5 years.
- **Performance dispersion among lenders will likely remain elevated.** Lower base rates, favorable refinancing/repricing, and EBITDA growth should improve the credit profile of most borrowers; however, the lagged impact of "higher for longer" borrowing costs on stressed borrowers facing idiosyncratic challenges will likely persist, with some "Payment-in-Kind" (PIKing) credits likely to move to non-accrual.

BOTTOM LINE:

We believe prospects look favorable for direct lending and liquid credit to generate attractive risk-adjusted returns in 2025. On the return side, absolute yields should be supported by "higher for longer" base rates, direct loan yield premiums remain attractive and spreads should stabilize and could potentially widen some if M&A new issue activity rebounds. On the risk side, credit trends should be generally constructive given declining interest rates and continued EBITDA growth, although default and loss will vary among lenders. Rising volatility should underscore direct lending's appeal in providing portfolio return stability while offering investing opportunities in liquid credit markets.

Longer term, we believe direct lending and private credit, more broadly, continue to have attractive secular growth prospects with the potential to double in size the next 5 years.

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2024 Recap: “Risk On” Trifecta

INFLATION DEFLATES, FED PIVOTS AND TRUMP BUMPS

2024 was the year that core inflation broke below 3%. The Fed started lowering rates, and Trump was elected with the promise of tax and regulation cuts. Although interest rates stayed “higher for longer” than the market had expected at the start of 2024 (as we had forecasted), markets took it in stride. U.S. economic growth proved resilient, with real GDP growth running near a 3% pace in recent quarters (well above early 2024 Wall Street Journal survey consensus estimates of closer to 1%), which helped drive estimated earnings growth of near 9%[1]. As shown in Figure 1, this elixir of favorable trends drove strong asset returns across the board, with higher risk assets (e.g. equities) performing particularly well.

ECONOMIC NIRVANA DRIVES SPREADS LOWER; DIRECT LENDING YIELD PREMIUM REMAINS ATTRACTIVE

Resilient GDP growth, still low unemployment and fading risk of recession have led to spread compression across debt markets and multiple expansion in public equity markets. In loan markets, spread compression also reflected tepid new issue supply relative to demand, with M&A activity still lagging (albeit up from 2023’s nadir) relative to strong CLO and other loan fund inflows. These inflows drove a sharp rebound in the Broadly Syndicated Loan (BSL) market - a notable theme of 2024 – with U.S. institutional new-issue loan volume of $500B (excluding repricings) YTD-Dec. 16th, 2024[2], at its highest level since 2021 when volume reached $615B and more than double 2023’s output. However, half of this volume was tied to refinancings, with “new issue” LBO/M&A volume at only $133B. This figure was up from a low of $70.1B in 2023 but still depressed as the second lowest level since 2012. Direct lending saw increased repricing and more direct competition from the BSL market but continued to dominate lending into new LBO transactions[3].

Figure 1: 2024 Asset Class Performance[1]

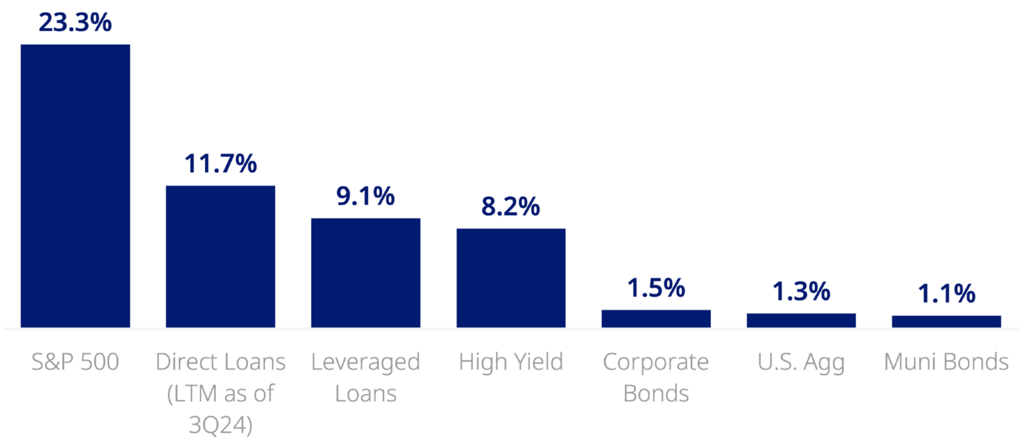

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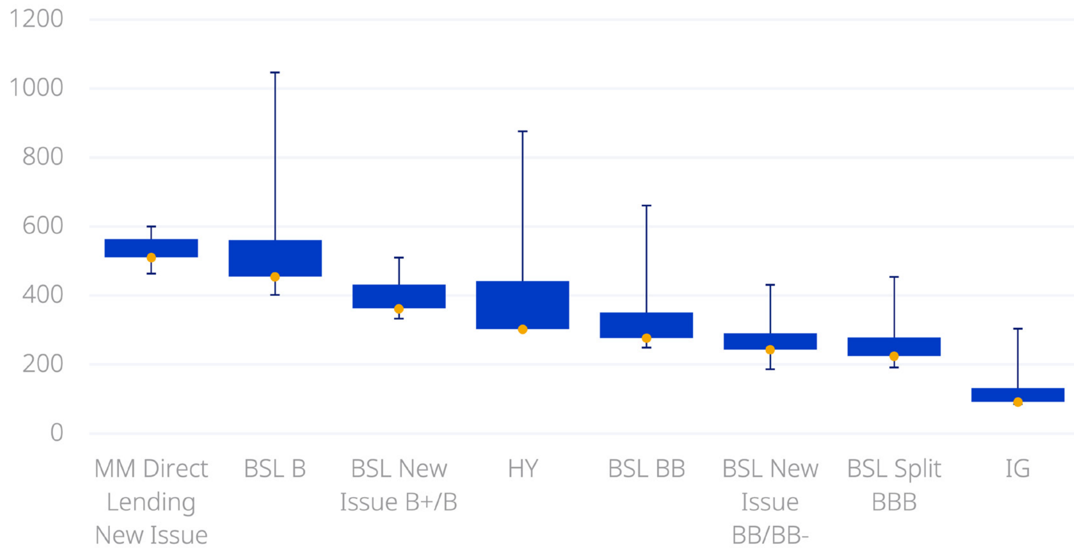
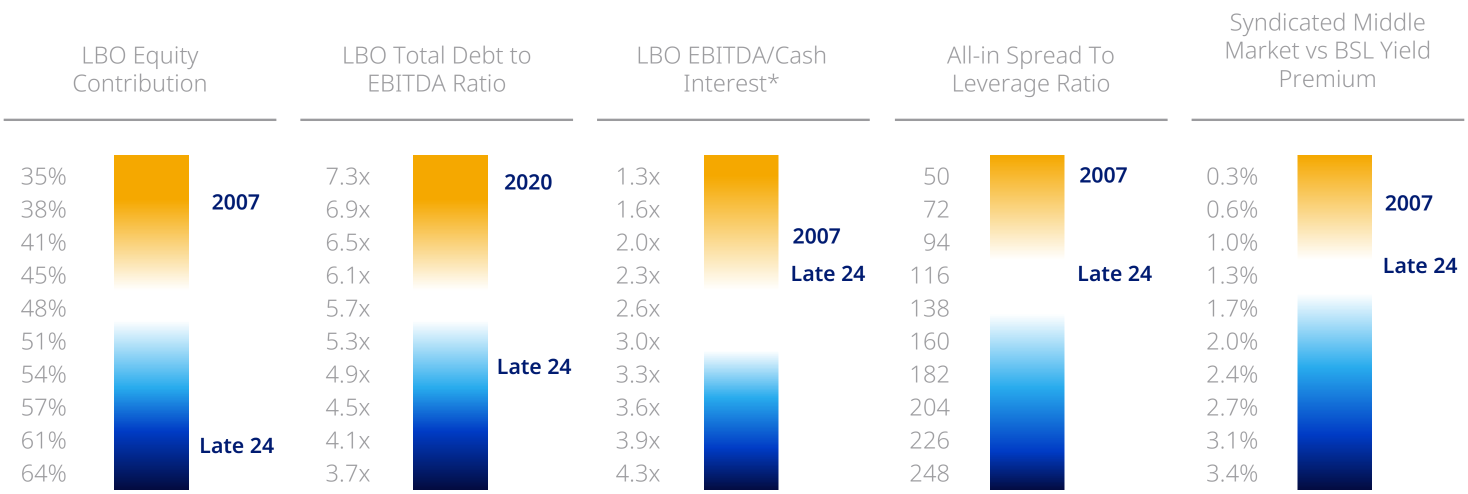
Figure 2: Spreads Compressed Across Credit Spectrum[2]



As we enter 2025, we believe the read on most key middle market loan metrics suggests the opportunity for prudently deploying new private debt capital remains favorable for well positioned lenders. All-in yields remain at the high end of their long-term range; total debt-to-EBITDA leverage remains below its long-term average and PE sponsor LBO equity contributions remain near multi-decade highs. On the negative side, spreads have compressed but direct 1st lien term loans continue to offer significant yield premium vs. large corporate broadly syndicated loans (i.e. at levels above the 10-year average albeit down modestly from peak 2023 levels and with 1st lien spread per unit of leverage also near their 10-year average.) Moreover, the prospects for some spread widening in 2025 look favorable assuming a continued recovery in M&A as we expect. For more on the outlook as we enter 2025, see our year-end proprietary sponsor and borrower survey results.

Figure 3: Middle Market Loan Thermometer - On the Run Credit Stat Ranges 2007 to 2024 [3]



*The data for LBO EBITDA to cash interest shown includes some higher rated, lower leveraged and lower yielding loans and is based on historical, unadjusted interest rates.

5 Themes

01 Steering by the Fed's R-Star: Interest Rates Trend Down but Stay "Higher for Longer"

02 Bubble, Bubble, Toil and Trouble? Likely Heightened Volatility, but "Fed Put" Keeps the Bears at Bay

03 Direct Lending Grows Up but Still Plenty of Room to Run: Frenemies, Convergence, and Democratization Brings New Challenges and Avenues for Growth

04 Exit Right - M&A Poised to Rise

05 Ch Ch Ch Changes: Disruptive Threats and Opportunities to Drive Performance Dispersion

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01

Steering by the Fed's R-Star: Interest Rates Trend Down but Stay "Higher for Longer"

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Steering by the Fed's R-Star: Interest Rates Trend Down but Stay "Higher for Longer"

KEY POINTS:

- Resilient labor markets and consumer demand should continue to support healthy U.S. economic growth in 2025 in contrast to much more sluggish growth or even possibly recession in some other parts of the world such as Europe.
- We continue to expect interest rates to trend downward but believe the Fed will slow walk future cuts given healthy economic growth, signs of inflation settling in above target and the potential for upward inflationary pressure from tariffs and immigration reforms.
- Fiscal constraints may limit President Trump's policy ambitions and interest rate sensitive sectors may face further stress from the burden of still elevated base interest rates, increasing downside risks to economic growth in the second half of 2025 and 2026.

BOTTOM LINE:

"Higher for longer" base interest rates should help maintain attractive absolute yield levels for direct lending and liquid loan markets more generally; however, default pressure may remain elevated for stressed borrowers and economic risks could mount as interest rate sensitive sectors like housing are further pressured.

The U.S. economy continues to demonstrate strength as we enter 2025, reinforcing our belief that the Fed will be successful in achieving a soft landing. While many market forecasters entered 2024 with a more ominous outlook for economic growth, the U.S. economy defied expectations of a material slowdown. We believe the economy was able to remain strong and diverge further from other developed economies due to a resilient labor market that continues to power robust consumer consumption. Personal consumption has become an increasingly larger contributor to GDP growth since the pandemic and a secularly tight labor market has kept unemployment well below the 30-year average.

Figure 4: Consumer Consumption Drives U.S. Economic Growth
Constribution to U.S. Real GDP (%)[4]

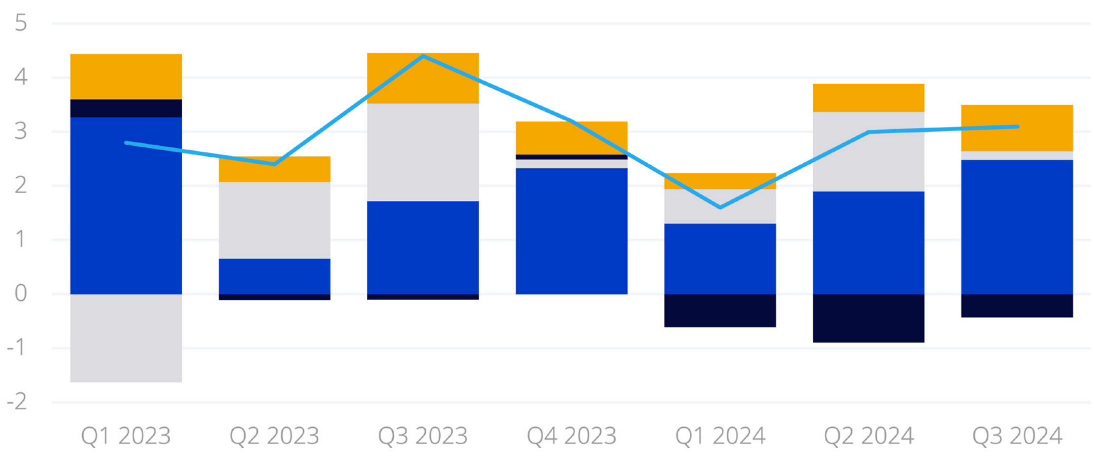

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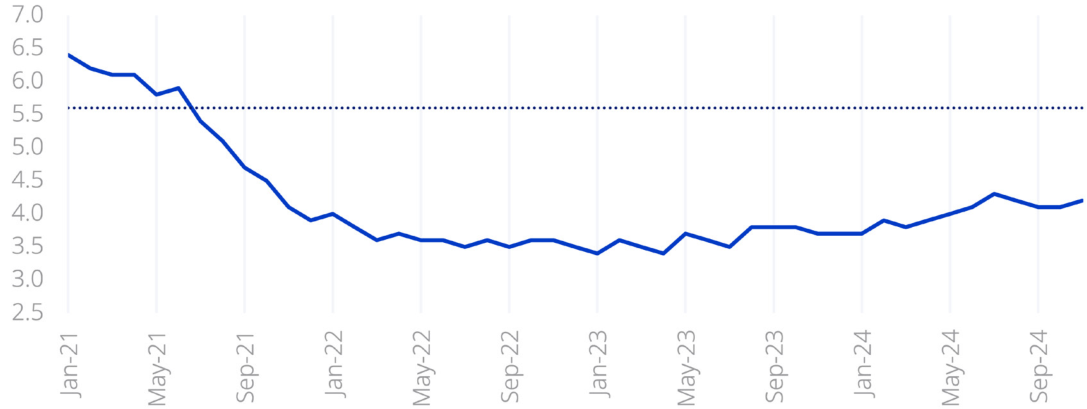
Figure 5: Labor Market Remains In Solid Shape (%)[5]

– Unemployment Rate

··· 30 Year Average Unemployment Rate



Part of the reason consumption has remained strong and unemployment low is that consumers and corporations have become more desensitized to interest rates. Both corporate and household balance sheets are in solid shape despite a higher interest rate burden. In fact, for some consumers with high savings such as retirees, higher interest rates are a welcome source of additional income. Historically, the lag with which tighter monetary policy would cause economic growth to weaken was around 12 to 18 months, but with net interest payments for corporations and debt service levels for U.S. households (in aggregate) at manageable levels, companies and individuals have yet to feel a significant burden from higher interest rates.

Figure 6: Nonfinancial Corporate Business; Net Interest and Miscellaneous Payments, Transactions ($B)[6]

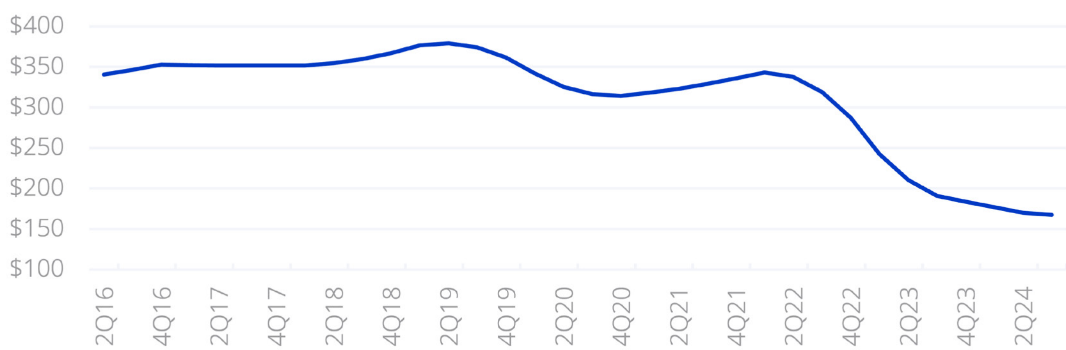


Figure 7: Household Debt Service Payments as a Percent of Disposable Personal Income[7]

Mortgage costs, which are one of the largest expenses for individuals, have barely moved higher for the majority of consumers since the Fed started raising rates. If you were applying for a mortgage today, the rate would likely be above 6.5%, but the vast majority of households have fixed-rate mortgages at much lower rates and are therefore largely immune from the impact of higher interest rates. Like individuals, many corporations have also locked in low fixed rate debt and corporate earnings have remained strong as rates have risen, reducing the overall debt interest burden. These factors have translated into robust corporate and consumer consumption that has allowed for the U.S. economy to defy expectations for a slowdown in growth.

Figure 8: Most Consumers Have Locked In Low Mortgage Rates[8]

- Effective Rate of Interest on Mortgage Debt (%)
- 30-Year Fixed Rate Mortgage Average (%)

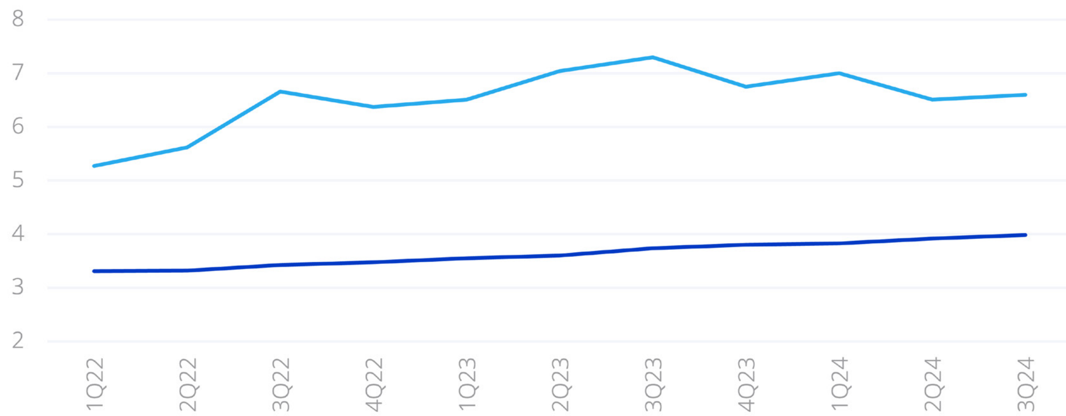
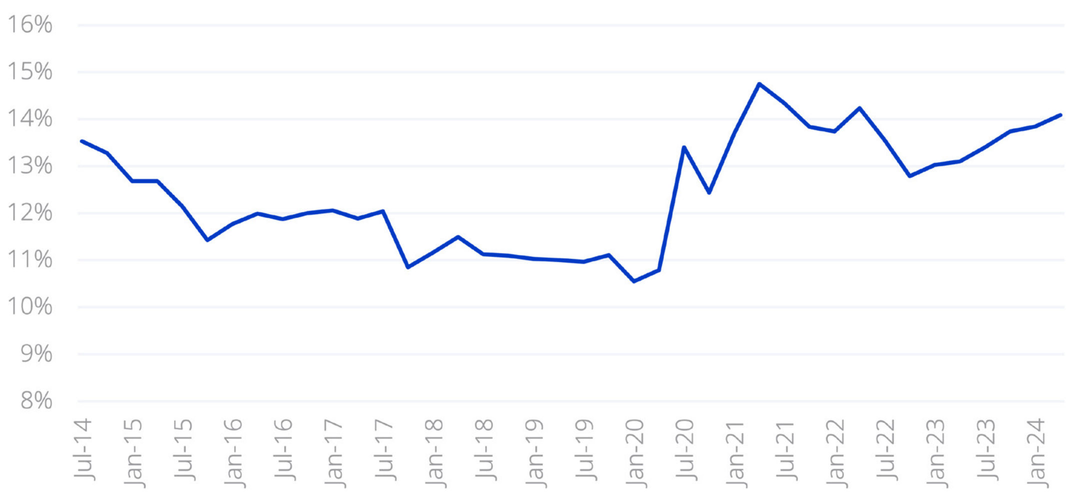


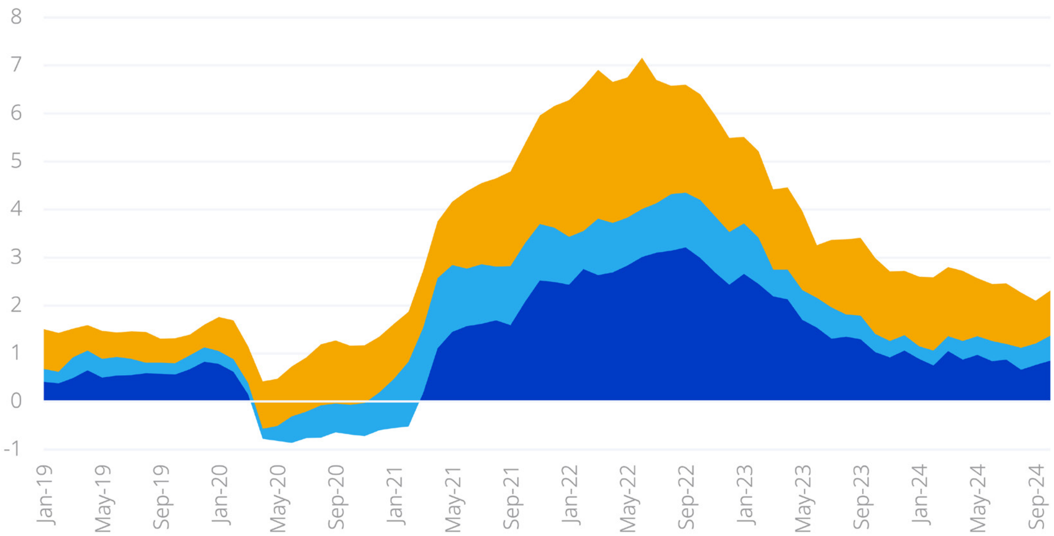
Figure 9: Corporate Profits Before Tax as % of GDP[9]
(without IVA and CCAdj)



The downside to strong labor markets, and healthy household and corporate balance sheets is that inflation continues to be sticky, posing a challenge for the Fed in overcoming the proverbial 'last mile' in achieving its 2% inflation objective. Demand-driven inflation has moderated since the Fed started raising interest rates but supply-driven inflation has remained somewhat more persistent. Both core CPI and the NY Federal Reserve model[4] paint a picture of inflation stabilizing well above the Fed's 2% target and potentially reaccelerating. As a result, victory for the Fed in its fight against inflation will likely remain elusive in 2025.

Figure 10: Headline PCE Inflation (%)[10]

- Supply-driven Inflation (headline, y/y)
- Ambiguous (headline, y/y)
- Demand-Driven Inflation (headline, y/y)



To us, this suggests that, as with the hiking cycle that began in March 2022, the current policy loosening cycle will be front loaded, with rates likely to remain elevated in 2025. The forward SOFR curve has repriced higher to reflect this reality, and is now forecasting a terminal floor for interest rates at 3.8% in 2026, 90bps higher compared to September 2024. Furthermore, President Trump's policies focused on lower immigration and higher tariffs, if implemented, could put further upward pressure on inflation resulting in the Fed having to potentially alter its policy loosening path. While we believe some of the more extreme proposals articulated in the campaign are not likely to come to fruition, current signals point to inflation stabilizing at uncomfortable levels for the Fed, so added upward inflationary pressure could again result in a repricing higher of interest rate expectations. It's also worth noting that financial conditions continue to be looser than when the Fed started raising interest rates, supporting a slower and more deliberate approach to reducing rates.

Figure 11: Inflation Remains Persistant

Core CPI and NY Fed Model Suggest Inflation May Drift Higher (%)[11]

- Core CPI (Annualized)
- NY Fed Multivariate Core Trend (MCT)
- Fed Target

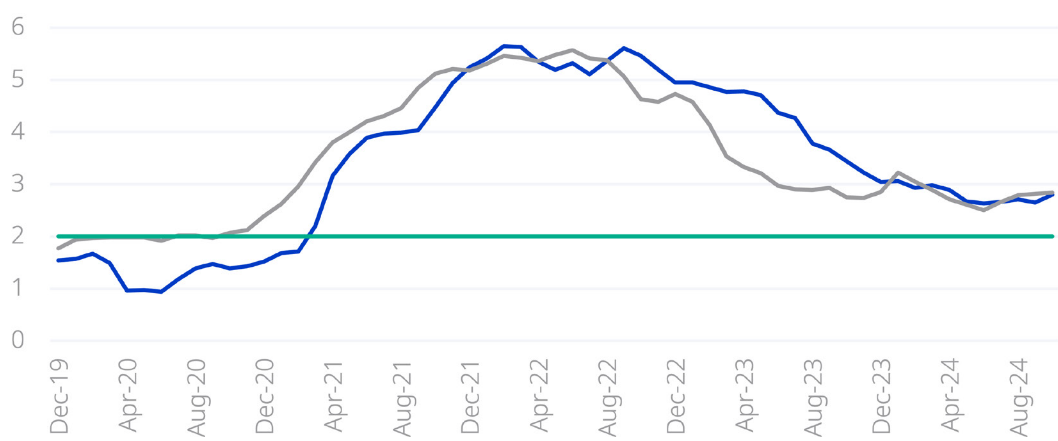
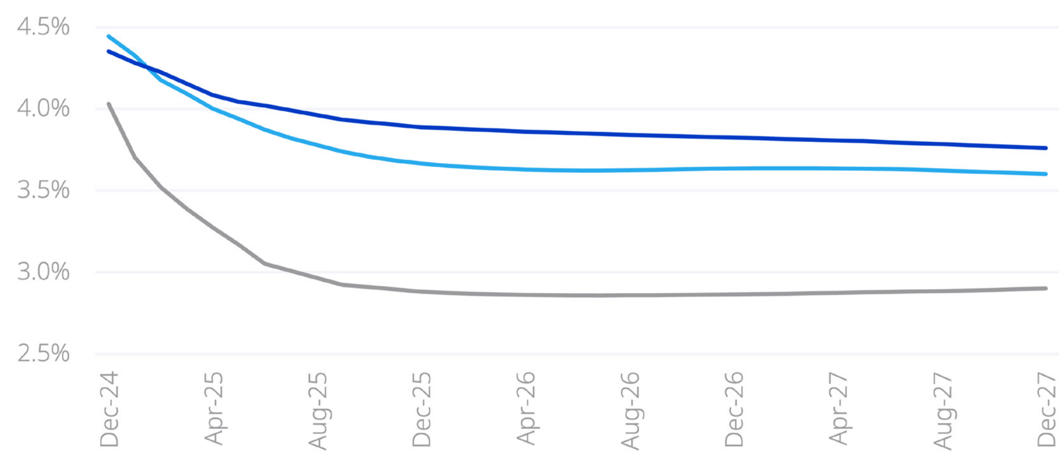


Figure 12: Rates Expectations Continue to Reprice Higher
3-month SOFR Forward Curve[12]



- 3-month Term SOFR as of 9/20/2024
- 3-month Term SOFR as of 11/1/2024
- 3-month Term SOFR as of 12/18/2024

While we believe U.S. economic growth will remain solid in 2025, allowing the Fed to keep interest rates elevated, we are keeping an eye out for any adverse economic impact resulting from higher rates. For example, the housing sector remains under pressure, which should not be a surprise given rate sensitivity, with new home construction now down 14% from its previous peak. (For those wondering how this compares to the GFC, it roughly translates to early 2007. Despite this, construction employment has remained strong, likely driven by the tight labor market causing employers to keep workers for fear of not being able to rehire. However, should conditions further deteriorate, construction unemployment could increase and possibly spill over into other sectors of the economy. Studies have shown that housing is generally correlated to the business cycle and that residential investment is the only GDP component that consistently shrinks in the run up to a recession, so further deterioration could pose downside risks to the economy.[5]

Figure 13: Loose Financial Conditions Will Allow the Fed to Keep Rates Elevated
Chicago Fed National Conditions Index[13]

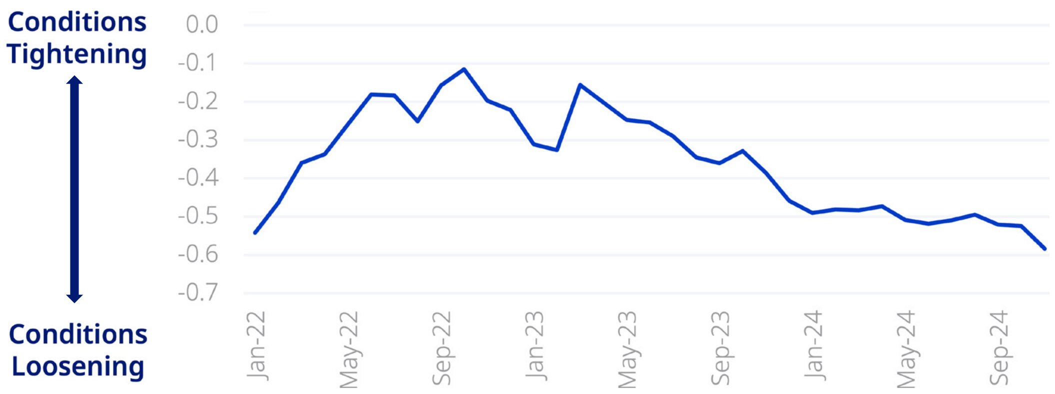


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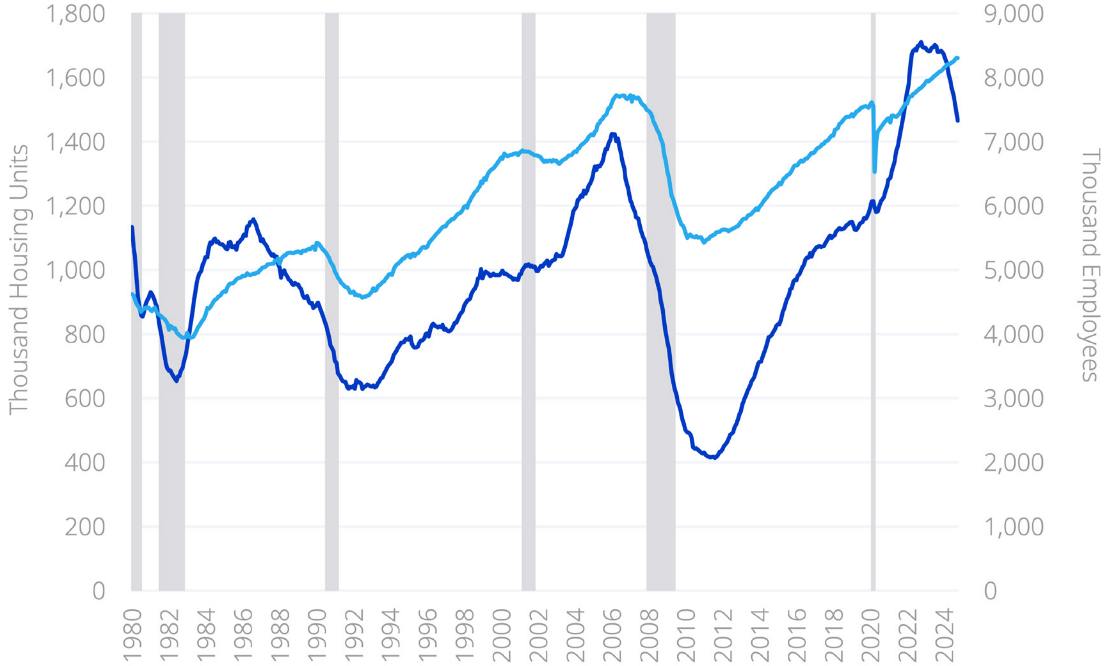
Figure 14: U.S. Housing Construction Slowdown Could Impact Labor Market[14]

Recessions

New Privately Owned Housing Units

Construction Employees

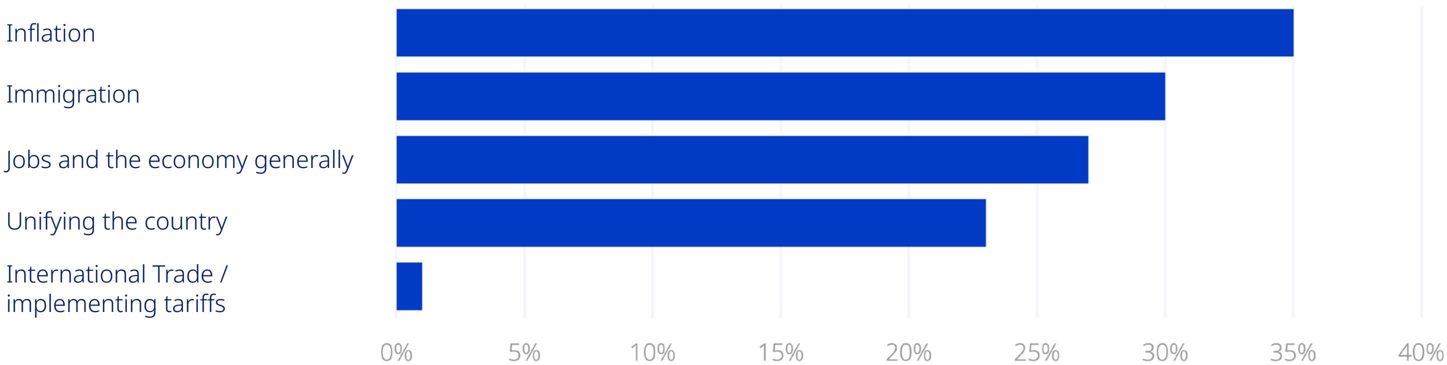


Further complicating the longer-term growth outlook is that President Trump will be confronted with fiscal constraints in implementing parts of his policy agenda, like tax cuts. The bond market is unlikely to tolerate both higher inflation and deficits. Since the election, the 30-year treasury bond yield has risen about 100 basis points despite the 100 basis points in cuts in the Fed Funds rate, possibly signifying concern over the potential inflationary and negative fiscal impact of President Trump's policies. So unlike in President Trump's first term, his ability to implement pro-cyclical fiscal policies will likely be limited. Additionally, voters noted that addressing inflation should be the priority for President Trump during his first 100 days.[6] To us, this suggests inflation is still a headwind for consumers and that President Trump, unlike when first elected and voters were looking for reflation, may not be as pro-growth as investors expect.

Figure 15: Mounting Deficits to Create a Headwind to Fiscal Policy

Total Public Debt as % of GDP[15]

Figure 15: What Issues Voters Want President Trump to Focus on in First 100 Days[16]

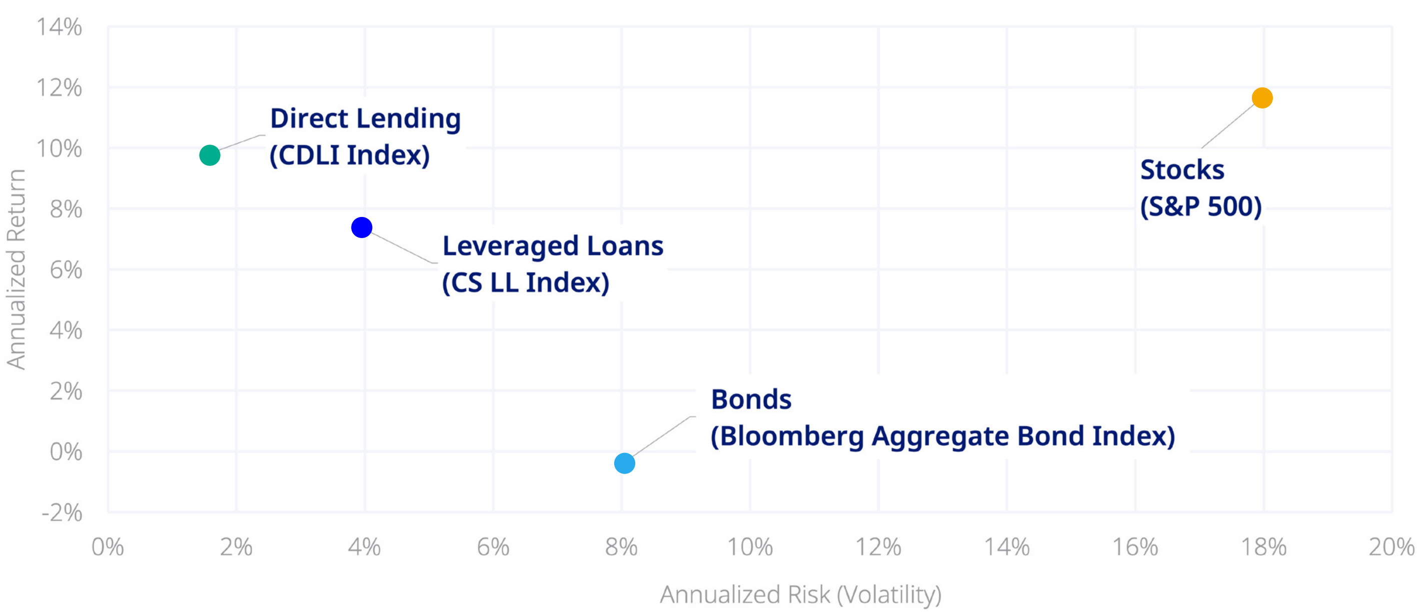


Overall, we remain constructive on the outlook for economic growth in 2025 as households and corporations enter the year in solid shape and with central banks continuing to provide monetary stimulus around the globe. However, downside risks may increase and recession probabilities could move higher over the course of 2025 as the inevitable long and variable lag from higher rates further pressures certain economic sectors, sticky inflation forces the Fed to keep rates elevated and fiscal constraints limit President Trump's pro-growth policies.

On balance, we believe the outlook bodes well for continued private and liquid credit performance, with "higher for longer" base interest rates supporting high single digit to low double digit "all in" yields and attractive risk-adjusted returns.

Figure 14: Private Credit Has Delivered Strong Risk-Adjusted Returns Since the Fed Started Raising Rates

(March 22 - September 24)[17]



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02

Bubble, Bubble, Toil and Trouble? Likely Heightened Volatility, but "Fed Put" Keeps the Bears at Bay

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Bubble, Bubble, Toil and Trouble? Likely Heightened Volatility, but "Fed Put" Keeps the Bears at Bay

KEY POINTS:

- Investor optimism has propelled markets higher, pushing spreads and valuations to extremes across financial markets.
- Volatility is likely to increase as a data dependent Fed contends with sticky inflation, new administration policy uncertainties, macroeconomic headwinds, rising long bond yields and stretched valuations.
- Floating rate loans appear well positioned against a backdrop of higher volatility and slowing but still positive growth. Slower than expected earnings growth could disappoint public equity markets but still be constructive for credit by constraining defaults/losses and allowing interest coverage ratios to improve.
- Shorter duration assets like floating rate loans can act as portfolio ballast when traditional "60:40" portfolio construction fails (as witnessed in 2022) due to elevated correlation between stocks and bonds.

BOTTOM LINE:

Private and Liquid Credit's defensive characteristics (e.g. seniority and security) and inflation hedge via floating rates should help to mitigate risks to investors' portfolios. Liquid credit markets appear to be currently pricing in optimal market conditions but volatility may offer attractive entry points.

Financial markets posted another year of strong performance as continued earnings growth, solid economic data and interest rate cuts by the Fed powered performance for equities and credit. While 2024 rewarded those willing to chase beta and ride the AI wave, we believe 2025 may prove to be a more challenging investment environment.

Across equity and credit markets, valuations are near their extremes. Enthusiasm over AI has driven the forward multiple for the S&P 500 to ~22x[7] with the top 7 stocks contributing to the majority of performance while high yield spreads are the tightest since early 2007. Investors are entering the year with a high degree of optimism that stocks will continue higher (see Figure 18) leaving markets vulnerable to downward repricing should earnings not meet lofty expectations. Ultimately the Fed will likely provide a "put" to cushion any downside but given their renewed focus on inflation, as Chair Powell articulated in his December press conference following the FOMC meeting, the strike remains deep out of the money so to speak.

Figure 18: Survey of Consumer Expectations: Mean probability that U.S. stock prices will be higher one year from now (%)[18]

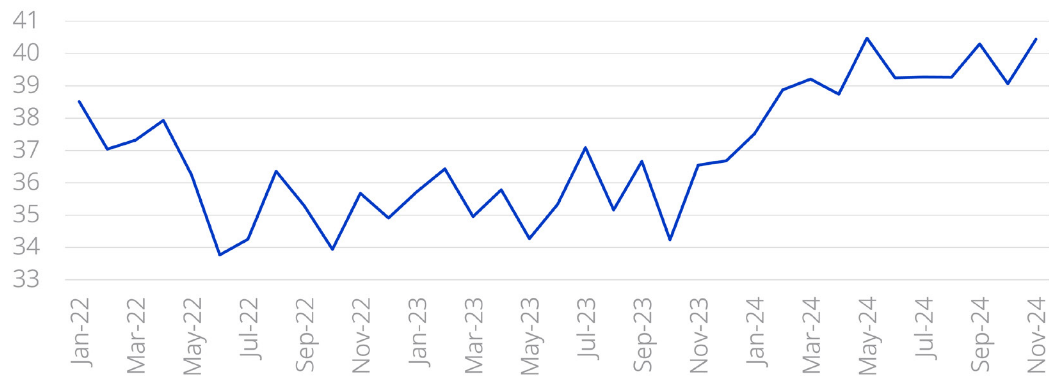


Figure 19: S&P 500 Annual Earnings Growth Estimates Look Aggressive[19]

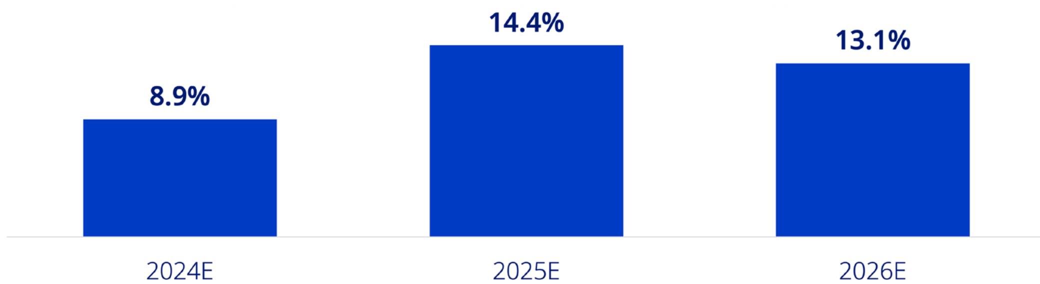


Figure 20: Top 7 Stocks Responsible for Majority of S&P 500 Performance[20]

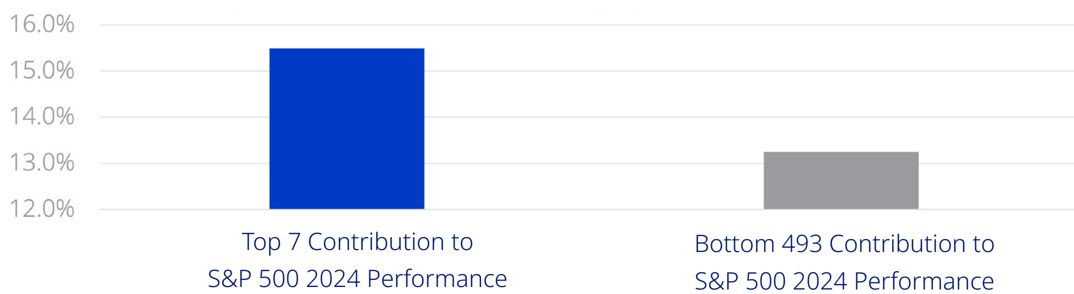
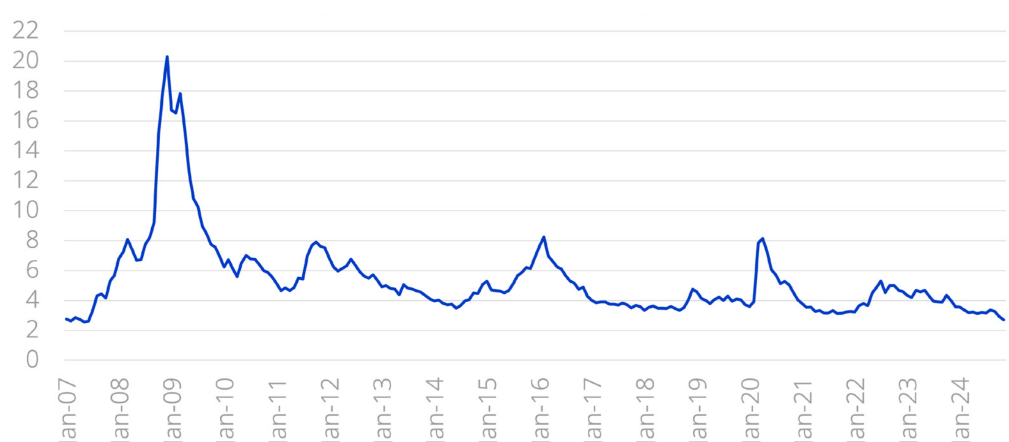


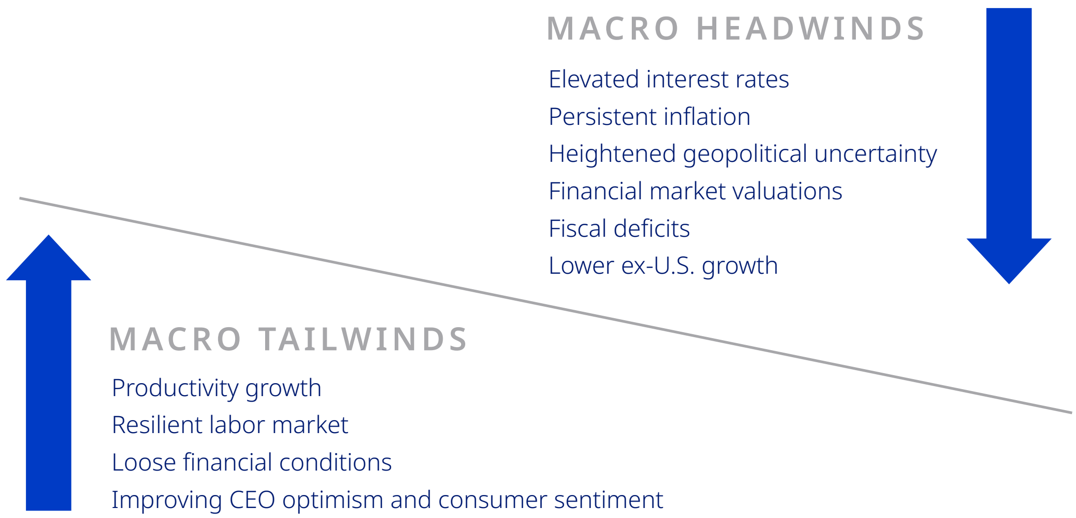
Figure 21: High Yields Spreads Tightest Since 2007

ICE BofA US High Yield Index Option-Adjusted Spread (%)[21]



So, while we are generally constructive on the economic growth outlook for the U.S., the macro backdrop is becoming increasingly cloudy with mounting headwinds for risk assets. Although secular growth in productivity serves as a powerful tailwind for both continued economic expansion and further earnings growth, the scale in favor of risk assets is becoming much more balanced than it was a year ago.

Figure 22: Macro Headwinds and Tailwinds[22]



Typically, volatility increases as the Fed starts to reduce interest rates. Despite volatility remaining muted across markets after the first interest rate cut in September 2024, we believe that the market will be susceptible to bouts of volatility as inflation and other economic data forces markets to recalibrate interest rate expectations. Further exacerbating portfolio construction challenges for investors is the continued elevated correlation between equities and bonds. This is likely to persist in 2025 as the correlation tends to remain elevated in higher inflationary regimes. We believe investors will benefit from having shorter duration assets decorrelated to traditional fixed income markets since bonds may fail to dampen overall portfolio volatility (as "60:40" portfolios witnessed in 2022).

In liquid markets, while volatility opens the potential for mark-to-market losses in the short term, it also provides opportunities to allocate at more attractive levels. For leveraged loans, investing in wide-spread environments has historically generated higher than average returns. Nonetheless, investors have recently been and are still allocating to leveraged loans as high base rates offer high current income with yields near multi-year highs despite loan spreads being currently tight compared to historical levels.

Figure 23: Median S&P 500 Volatility Before and After First Rate Cut in Prior Easing Cycles[23]

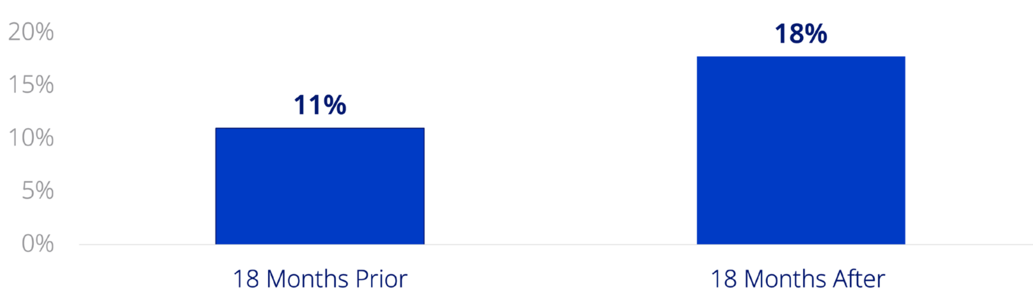


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Figure 24: Persistant Inflation To Support Higher Stock / Bond Correlation
Rolling 24M Correlation Between S&P 500 and Bloomberg Bond Agg Indexes [24]

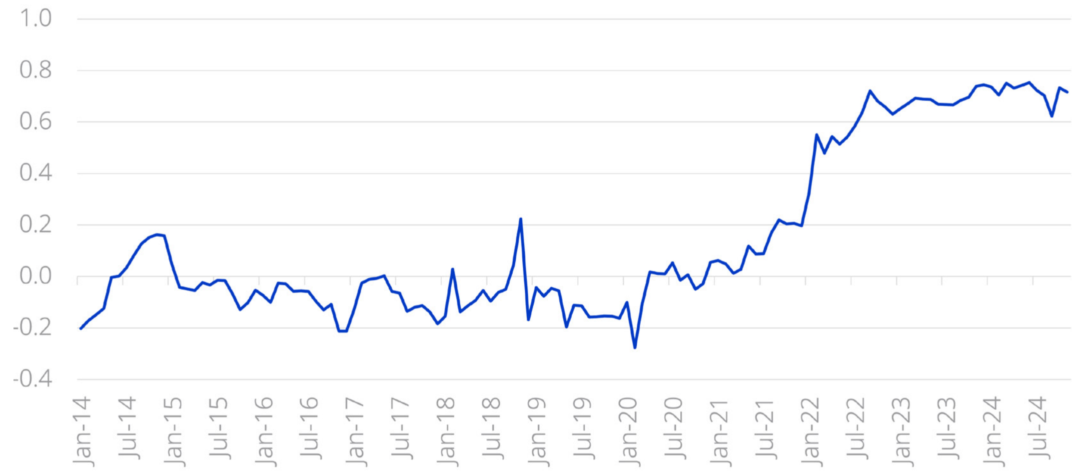
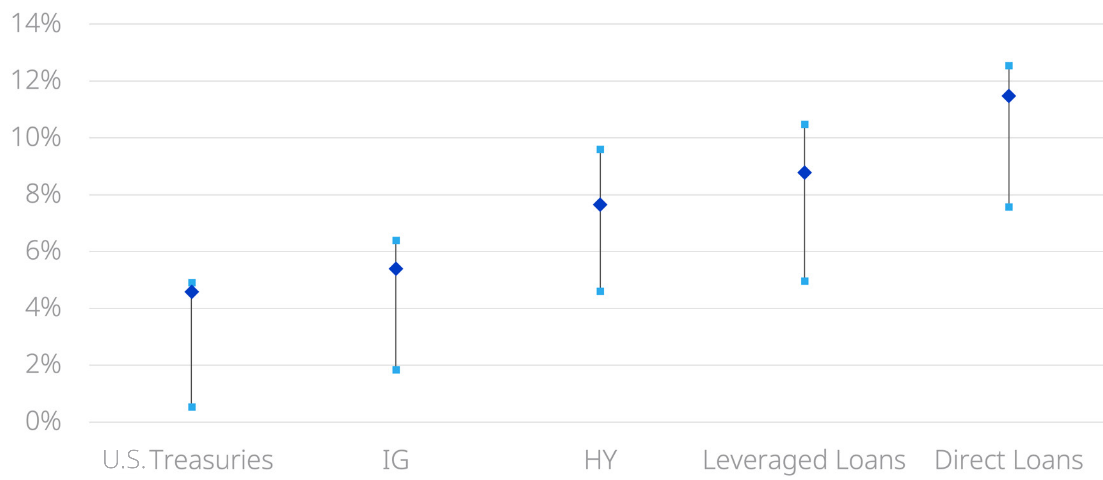


Figure 25: Relative Value for Direct Loans Remains Attractive
Yield to Maturity, Last 10 Years [25]

10 Year Range
Current



With equity valuations at elevated levels and tight public market credit spreads making it challenging to find attractive yields at reasonable valuations, investors should take note that both senior bank loans and senior direct loans screen attractive from a relative value perspective (see Figure 25). Even modest earnings and GDP growth is constructive for credit market performance, so the current economic environment should provide a tailwind for performance.

For private credit, the current environment offers investors an attractive entry point. Investors can benefit from the 'all-weather' protections offered by senior direct loans like covenants and low loan-to-values which provide a downside cushion. Furthermore, income-oriented investors are likely to be attracted to steady income with low historical realized losses and a sustained yield premium over the leveraged loan market.

As we enter 2025, the fundamentals for private credit are strong. Although there are some idiosyncratic pockets of stress in select sub-industries (e.g. physician's management practices) there are no signs of broad stress. Defaults remain low and non-accruals as of 3Q24 are only up 9bps since mid-2022 while middle market direct lending yields have risen by ~250bps over the same period[8]. Additionally, interest coverage ratios have stabilized and are poised to improve as base rates gradually decline.

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Figure 26: BDC Exposure Weighted Toward Less Cyclical Sectors [26]

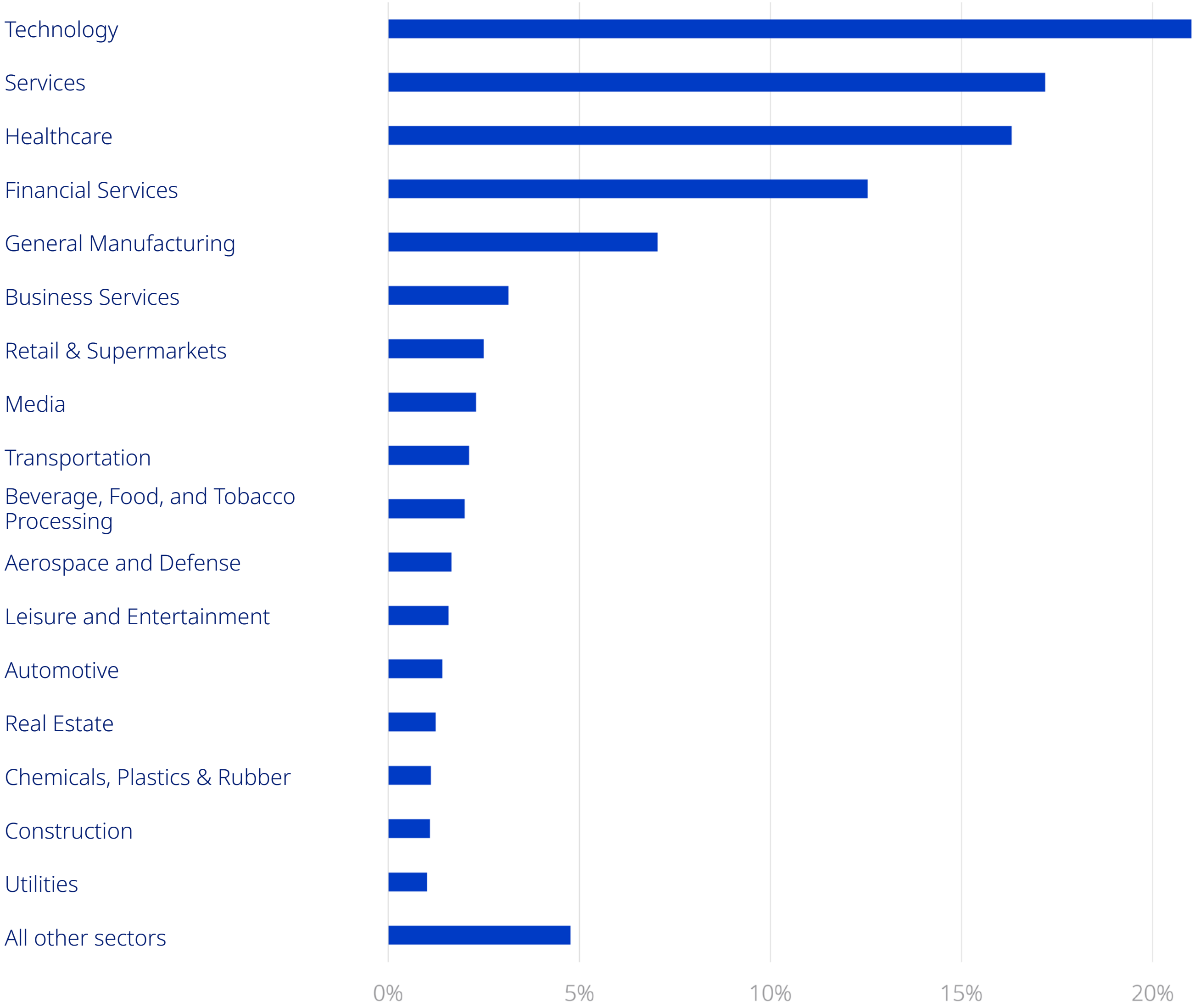

Figure 27: Low Loan-to-Values Provide Downside Protection[27]

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Figure 28: Private Credit Portfolios Remain Healthy

CDLI Non-Accruals at CV (%)[28]

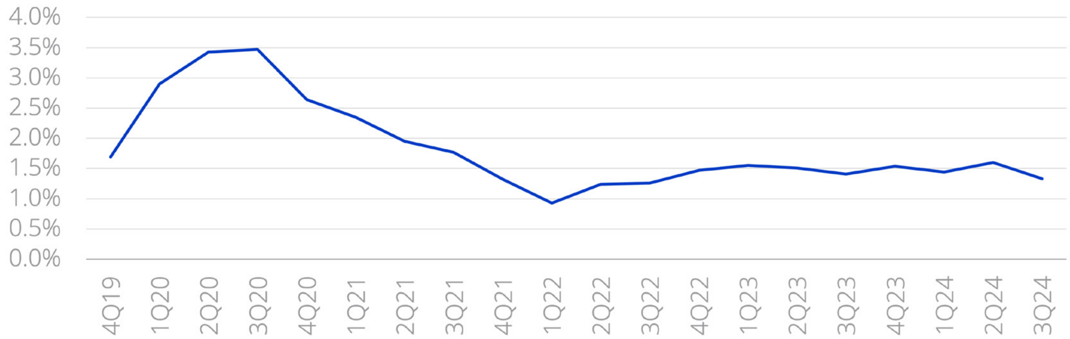
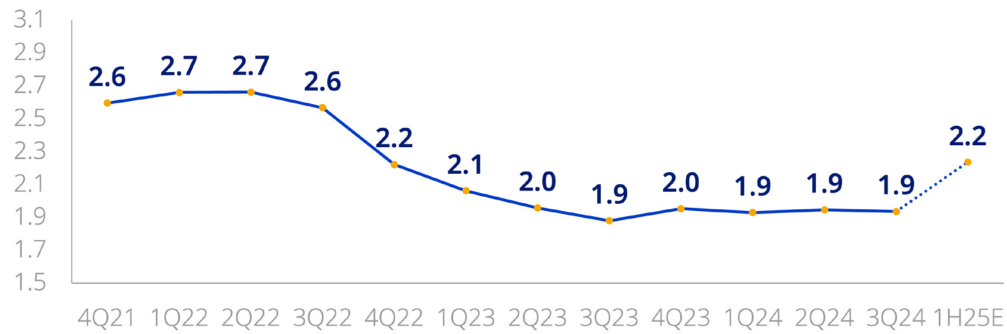


Figure 29: BDC Interest Coverage Ratios Expected to Improve

Interest Coverage Ratios for Publicly Traded BDCs (TTM EBIT / TTM Interest Expense)[29]

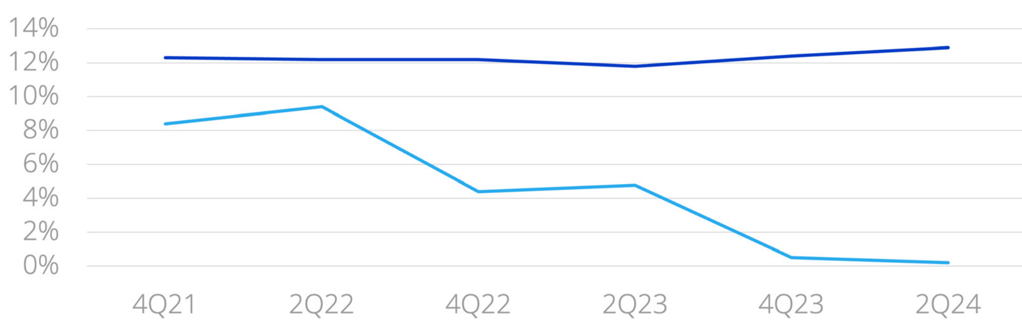


We believe that private credit borrowers, particularly in the U.S. middle market, are generally poised to benefit from new administration policies aimed at deregulation and tax cuts as well and targeted investment in manufacturing, energy and infrastructure. Although expected to slow in 2025 to 8.8%, middle market revenue growth has significantly outpaced the S&P 500, averaging 12.3% over the last two years.[9]

On the negative side, Trump's policies on tariffs and immigration could create inflationary headwinds to margins, depending on specifics yet to be determined. However, middle market companies are likely to be somewhat more insulated from some of the adverse impact of prolonged dollar strength that might result from U.S economic exceptionalism since around 80% of revenues are derived domestically vs. ~50% for S&P 500 companies. Should President Trump implement tariffs targeting Europe, causing a drag to European growth, it's likely middle market companies fare better than large cap companies, as only ~4% of revenues for U.S. middle market companies comes from Europe.

Figure 30: Middle Market Revenue Growth Has Outpaced S&P 500[30]

— Middle Market
— S&P 500



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On balance, we believe private credit's "all weather" defensive attributes, floating rates and yield premium look particularly appealing within the current context of stretched public equity market valuations, tight spreads, aggressive earnings growth assumptions, re-inflation risk and likely higher volatility. Direct loans, as measured by the benchmark Cliffwater Direct Lending Index (CDLI), have historically outperformed other major asset classes during recent periods of equity market dislocations (see Figure 31) and have a low historical correlation to other fixed income asset classes (see Figure 32). In fact, the CDLI, has had positive returns in every one of the last 19 years dating back to 2005 with the exception of 2008, which had a -6.5% loss[10]. Similarly, the leveraged loan market, in its 33-year history, has only seen three negative years of returns. Even if our "most likely" soft-landing expectations don't materialize, we believe investors' portfolios will likely benefit from exposure to the credit markets.

Figure 31: Asset Class Performance During Market Dislocations[31]

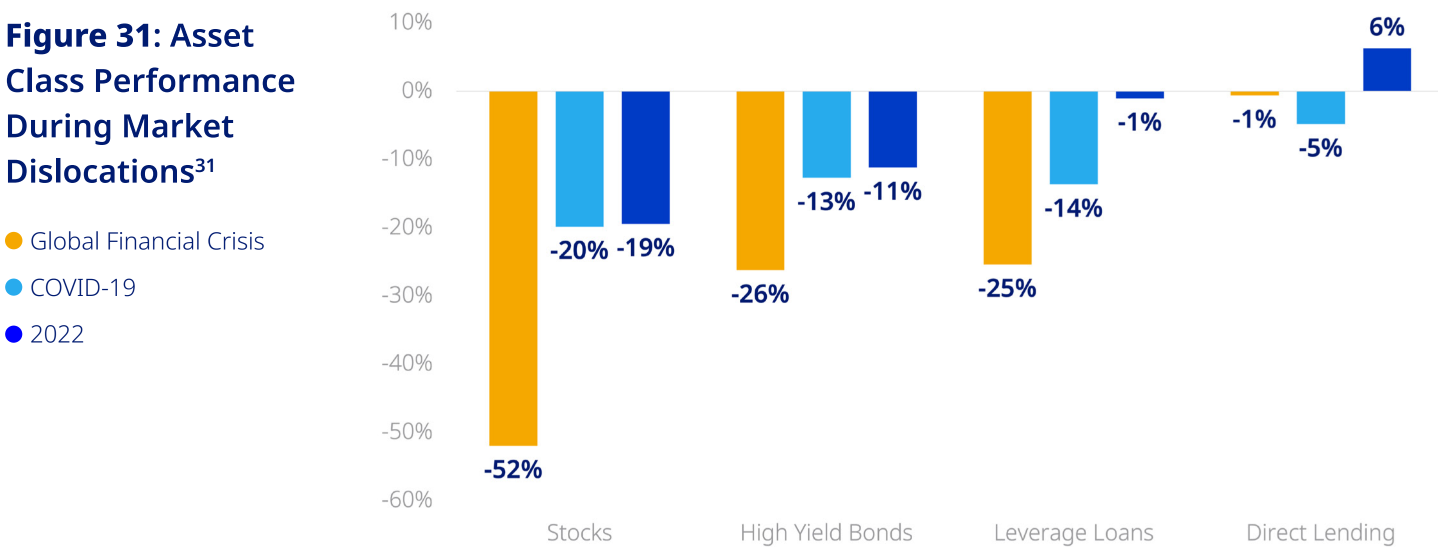

Figure 32: Direct Lending Correlation With Traditional Fixed Income[32]
Jan 2008 - Dec 2023

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03

Direct Lending Grows Up – But Still Plenty of Room To Run

Frenemies, Convergence, and Democratization Brings New Challenges and Avenues for Growth

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Direct Lending Grows Up – But Still Plenty of Room To Run

Frenemies, Convergence, and Democratization Brings New Challenges and Avenues for Growth

KEY POINTS:

- Although direct lending markets have matured, PE dry powder remains high and PE ownership penetration of U.S. middle market companies relatively low, suggesting plenty of room for future growth.
- The BSL market regained some lost share from direct lending in early 2024 primarily via refinancings, but the two markets appear more balanced heading into 2025. Direct lending continues to dominate financing of LBO transactions, with potential for further secular growth via increased penetration in the large corporate market over time.
- While there has been some convergence between direct lending and the BSL market in the large corporate size range, direct lending continues to command a pricing premium and tighter terms, with the lower and "core" middle market segments remaining relatively insulated.
- Banks and direct lenders have formed a flurry of partnerships of late; however, success for many will likely prove challenging.
- Perpetual BDC AUM has been growing sharply and is increasingly "democratizing" access to direct lending for high-net-worth investors, but penetration in wealth markets remains low. Investor liquidity demands require BSL exposure and may help drive future growth in private credit secondary markets.
- Insurance company interest in direct lending continues to grow, driven by the asset classes resilience, capital efficiency and significant yield pickup.

BOTTOM LINE:

The direct lending and private credit markets more broadly continue to innovate and evolve via new products, markets, and sources of capital and appear poised to double in size once again within the next 5 years.

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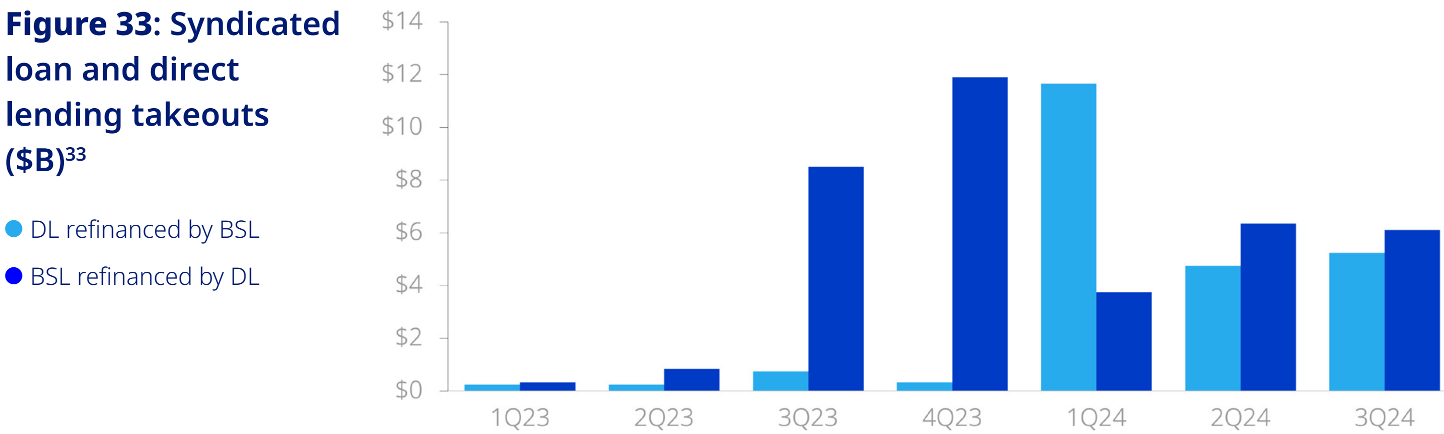
DIRECT LENDING GROWS UP – SOME CONVERGENCE, BUT YIELD PREMIUM REMAINS ATTRACTIVE

Much has been written about direct lending's double-digit annual growth rate in recent years, with estimates varying on the size of the market. KBRA Direct Lending Deals estimates the U.S. direct lending market size to be about $1.4T[13] which puts it today roughly on par with the High Yield and BSL markets.

As the direct lending market has grown "up market" to service larger borrowers above the "core" middle market, it has come into more direct competition with the broadly syndicated market. This trend began in earnest in 2021 with the advent of "jumbo" unitranche (>$1B) loans and expanded in 2022-23 due to risk appetite constraints in the syndicated market. In early 2024, as recession risks waned, the BSL market bounced back, regaining some share via a wave of refinancing of some direct loans into the syndicated market. As 2024 progressed, the market has become more balanced between syndicated and direct lending execution (see Figure 33), with direct lending continuing to dominate in LBOs (see Figure 44). We expect the two markets to continue to co-exist in healthy competition and believe that it is important for best-in-class lenders to be able to offer their borrowers best in class execution, be it syndicated or direct.

Figure 33: Syndicated loan and direct lending takeouts ($B)[33]



Competition between the broadly syndicated market and the upper end of the direct lending market has brought some convergence in pricing and terms, but direct lending's favorable attributes and differentiation generally remains intact, particularly in the "core" middle market. On the pricing front, "all-in" single B new issue spreads in the BSL market have dropped 375 bps since their peak in 3Q22 of S+694 bps to S+319 at the end of 4Q24, with a 133 bps of this drop having come over the course of 2024[14]. In comparison, "all in" spreads in direct lending have dropped about 150-200 bps from their peak in 1H23 of near S+650-700 to about S+500-525 as of 4Q24, with about 70 bps of the drop coming in 2024[15]. Most of the spread pressure in direct lending has been seen in the upper middle market (e.g. companies with $>100M of EBITDA) which moved from a modest spread premium vs. "core" middle markets ($25-$100M EBITDA) in 1H23 to a modest discount more recently reflecting its more direct competition with the BSL market. Terms have also loosened more for direct loans in the upper middle market and large corporate market where leverage tends to be higher and covenant lite deals more prevalent; however, owing to tighter terms and more relationship driven club dynamics, the direct markets have yet to see significant "Liability Management Exercises" or LMEs that have become more prevalent in the broadly syndicated market. In the core middle market, terms generally remain tighter, with covenants on most loans in contrast to the BSL market.

On balance, although the direct lending yield premium for 1st lien term loans vs large corporate 1st lien broadly syndicated loans has narrowed some in recent quarters, it remains attractive at near 2.4% as of 4Q24 which is above its 1.8% average of the past decade[16].

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FRIENDS AND FRENEMIES - PRIVATE CREDIT'S EVOLUTION CONTINUES

Although banks have been ceding share to direct lenders in the middle market for decades due to regulatory shifts and other considerations, they have nevertheless participated in direct lending's growth by providing capital to direct lending funds and BDCs. However, more recent loss in market share by banks in the large corporate broadly syndicated market in 2022-23 has proven to be a wake-up call and has led to a recent flurry of partnership arrangements between banks and some direct lenders. The primary intention of these partnerships is to: 1) benefit the direct lender by expanding its market / product access and origination opportunity set via the bank's established front-end and 2) benefit the bank by allowing it to keep its customers by offering a direct lending products without having to commit its own balance sheet capital. The majority of these arrangements cover corporate direct lending, but some cover asset-based finance and other products. The form of these partnerships ranges from a simple finder's fee arrangement to more full blown stand-alone joint ventures with shared equity ownership and credit decisioning. For banks, these partnerships allow them to essentially extend their "originate to distribute" model. For direct lenders, depending on the arrangement, it allows them to scale not only in originations but also potentially via access to the bank's other syndication, CLO servicing, and wealth distribution capabilities. While the logic of these partnerships may sound good on paper and help with fund marketing, we believe many of these partnerships will likely face challenges including culture clashes, speed constraints in credit decisioning, and conflicts around branding and who "owns" the customer. Also, our understanding is that many if not most of these arrangements are not exclusive.

> While the logic of these partnerships may sound good on paper and help with fund marketing, we believe many of these partnerships will likely face challenges including culture clashes, speed constraints in credit decisioning, and conflicts around branding and who "owns" the customer.

In addition to banks, more traditional asset managers have also taken notice of the growth in private credit and are forming partnerships and making acquisitions with the aim of better servicing their investors, with Blackrock's recently announced ~$12B acquisition of HPS Investment Partners being a notable example. Insurance company investment in private credit and direct lending has also continued to flourish, driven by the asset classes' resilient performance, inflation protection and insurers drive to capture significant yield premium of 200+ bps vs. similarly rated corporate bonds. Barclays estimates that life insurers now own about $175B in private credit assets of which about $90B are loans and $25B middle market CLOs[17].

PERPETUAL NON-TRADED BDC GROWTH SURGE DRIVES DIRECT LENDING DEMOCRATIZATION

Another key development in direct lending's growth and evolution has been the advent of the innovative non-traded perpetual BDC structure (sometimes referred to as "evergreen" BDCs or BDC 3.0) that has been primarily aimed at the "mass affluent" retail market but has also garnered interest from some institutional investors. These perpetual non-traded BDC's do not seek a public listing or liquidity event but instead are "perpetual" open-ended funds that allow for multi class share structures, offer lower base management and incentive fees than publicly traded BDCs, and typically offer investors up to 5% liquidity quarterly (though, unlike interval funds, repurchases are discretionary and not legally required).

Interestingly, the perpetual BDC structure is driving convergence of sorts with the BSL market. For example, most perpetual non-traded BDC's need to maintain ~10-20% of liquid BSL exposure in their portfolios to provide investors with quarterly liquidity (Note: Investors' desire for liquidity may also drive the development of the credit secondaries market which is still relatively nascent). Perpetual non-traded BDC's may also be better enabled to participate in upper middle market "club syndications" due to their lower fee structures (vs. publicly traded BDCs) that enable them to compete while still hitting investor return requirements.

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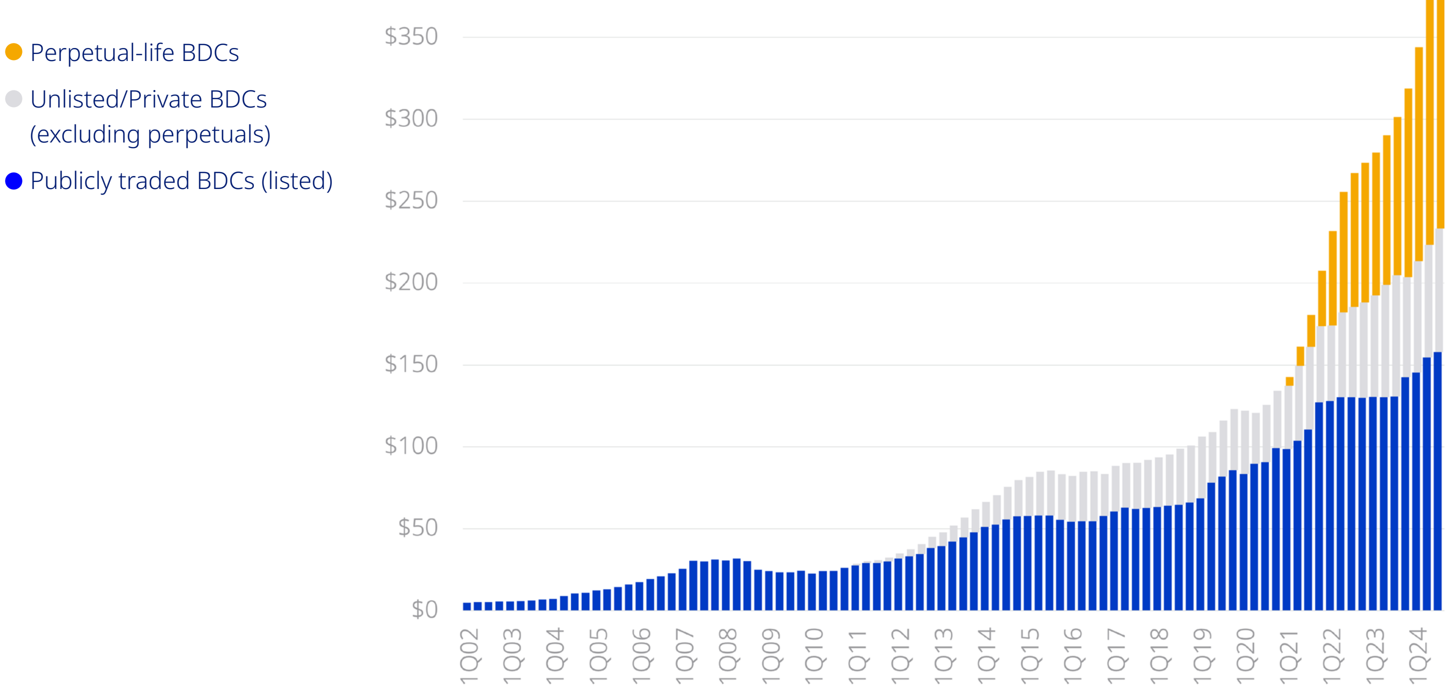
As can be seen in Figure 34, perpetual BDCs have taken off since 2021 now with over 35 BDCs in this category accounting for $174B of AUM[18]. Perpetuals now account for 43% of total BDC AUM and roughly 13% of total U.S. direct lending AUM (based on DLD's $1.4T U.S. direct lending market size estimate[13]). Nevertheless, despite this growth, direct lending allocation within the ~$90T+ wealth channel remains quite low[19].

Figure 34: Total Assets - Public vs. Private BDCs[34]



STILL PLENTY OF ROOM FOR GROWTH

High demand for credit assets in 2024 as evidenced by high new CLO issuance and loan fund inflows in combination with falling spreads naturally raises the question of whether there is too much capital chasing too few opportunities. From a cyclical perspective, competition for direct lending deals has been heated in 2024 in the face of subdued PE M&A activity and a resurgent BSL market. However, looking from a more secular perspective, we believe capital flowing into direct lending does not look excessive. In support of this view, we would submit the following:

- Spread compression has not been exclusive to direct lenders and has been occurring across all segments of the credit markets (e.g. investment grade, high yield, leveraged loans etc.…) reflecting favorable macroeconomic trends. Also, historically, it is common for spreads to compress following a rise in base interest rates.

- Direct lending's yield premium over large corporate broadly syndicated loans remains above its 10-year average of 1.8%[16], which doesn't suggest endemic oversupply.

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- The ratio of direct lending fundraising to PE buyout fundraising has risen some in 2024 reflecting perpetual non-traded BDC inflows and slow PE fundraising (due largely to weak M&A exit activity that allows for the recycling of capital); however, direct lending supply of funds does not look excessive relative to future PE buyout related demand. For example, using Preqin data as of 12/31/24, we estimate North American focused PE buyout and related potential annualized demand for debt capital (in some form) to be just over $1 trillion, consisting of a 17% recycling rate on existing PE investments of about $2 trillion plus about $0.7 trillion of dry powder. This assumes each dollar of PE investment is matched by a dollar of debt (which is a conservative 50/50 debt to equity capital assumption). In comparison, we estimate potential direct lending annualized supply to be about $375B granted a 33% recycling rate on almost $700B of deployed capital (including BDCs) and $145B of dry powder. This ratio of potential direct lending loan supply of $375B to PE buyout and related potential loan demand of $1T looks quite reasonable and is up only modestly versus the previous few years (with the rise being consistent with direct lending's faster growth and increasing share vs. leveraged loan and high yield financing options).[20]

- Despite rapid growth, U.S. direct lending AUM of about $1.4T based on DLD estimates is only about 10% of U.S. nonfinancial corporate business debt securities and loans of $13.9T as of 3Q24[21]. Preqin forecasts North American Direct Lending Fund AUM will grow at a 12% CAGR from 2023 to 2029[22].

> **Preqin forecasts North American Direct Lending Fund AUM will grow at a 12% CAGR from 2023 to 2029[22].**

- Deployed private equity capital remains a small share of the overall public and private equity markets globally, with estimated share at only 5.2% as of 2023[23.] In the U.S., PE ownership share of the total count of U.S. companies in the middle market remains low, with favorable prospects for growth. There are 11,567 U.S. PE owned companies by Pitchbook's count as of 9/30/24[24]. In comparison, the estimated inventory of U.S. companies with revenue of $10 million to $1 billion in sales is in excess of 300,000[25]. Although PE penetration is significantly higher among larger companies within this cohort, there is still plenty of room for increased penetration and in particular, add-on activity via acquisition of smaller companies (a benefit to incumbent lenders). In addition, there is reason to believe that the pace of growth of this cohort may have accelerated from the 2.7% CAGR in company count seen from 2012-2017 based on U.S. census data[26] (Note 2022 census data won't be released until mid-2025). Per the U.S. Chamber of Commerce, entrepreneurship is booming in the United States with the number of new business applications filed doubling in 2020 compared to recent years with 2023 seeing a record breaking 5.5 million new business applications[27]. We expect these "seeds" should provide for healthy future growth in the crop of investable middle market LBO's and add-ons of the future. In addition, U.S. middle market companies should benefit from focus within the United States on re-shoring supply chains and the encouragement of domestic investment.

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04

Exit Right - M&A Poised to Rise

Exit Right - M&A Poised to Rise

KEY POINTS:

- Sponsored LBO volumes typically boom in post-election years. While expectations for the seasonally slow first quarter are muted, LBO volumes could post their second best year on record in 2025 if a post-election bump materializes.
- Sponsor and borrower optimism, a pro-business Trump administration and converging bid / ask spreads on valuations are a few of the many catalysts supporting a significant acceleration in M&A activity.
- Lenders with scale should remain well positioned, even if a recovery in LBO activity proves less robust than expected, given their large portfolios as a source incumbent deal activity.

BOTTOM LINE:

Sponsors and borrowers are entering 2025 with a high degree of optimism around the economic and business environment (see Antares YE 2024 survey results here). While predicting a modest recovery in activity in our 2024 Outlook, we now believe we are on the cusp of a more significant acceleration in M&A volumes which should benefit credit markets in general.

The electoral victory by President Trump and Republican control of Congress will likely lead to a more favorable M&A environment in 2025. Historically, M&A has tended to increase significantly in the year after a U.S. Presidential election, so assuming LBO volumes increase in line with the median post-election jump since 2012, LBO volumes could post their second-best year on record in 2025.

Figure 35: M&A Historically Booms The Year After A U.S. Presidential Election[35]

Median Annual Change in U.S. LBO Transaction Volume Since 2012

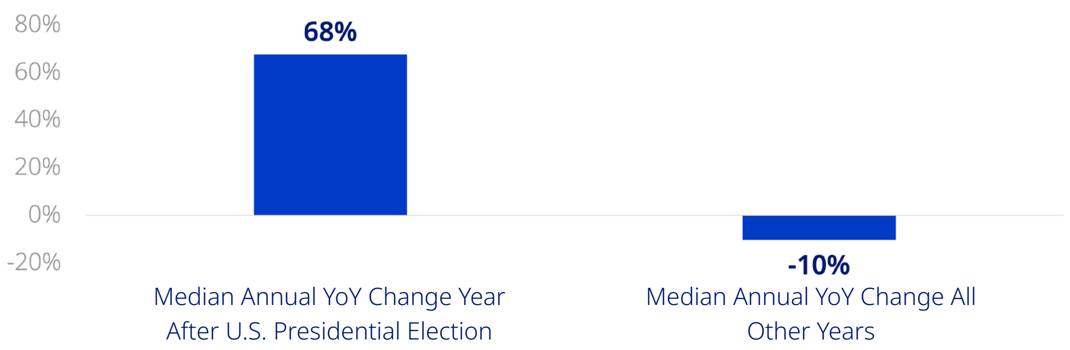

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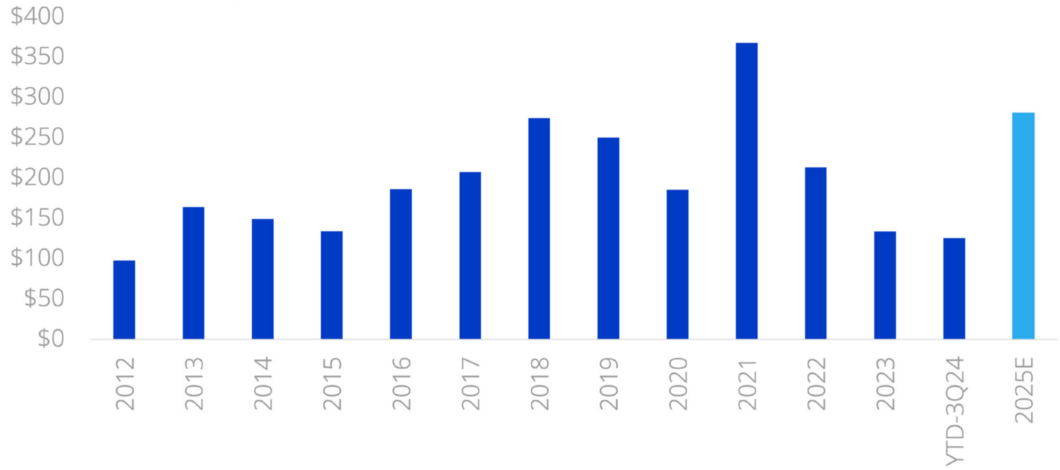
Figure 36: LBO Volumes Could Post Second Best Year on Record in 2025[36]
Projection based on a 68% Median YoY Rise in LBO Volume in Post Election Years Since 2012



PE M&A related new issue loan volume has been slowly recovering since bottoming at near decade lows in 2023. There has been a steady increase in deal announcements in the second and third quarters of 2024, investment banking advisory revenue has been increasing, and bank executives are reporting growing deal backlogs, pointing to a continuation of a gradual increase in activity in 2025. However, we believe a more substantial acceleration could be in store for 2025 as green shoots emerge for some of the leading indicators of deal volume. So what could drive such a large jump in activity? The catalysts are numerous:

DEREGULATION AND CEO OPTIMISM

CEOs enter 2025 with increasing optimism for a deregulation driven M&A boom[28]. Following President Trump's electoral victory in 2016, there was a notable jump in middle market CEO confidence, and we anticipate a similar dynamic to unfold in 2025. Increased confidence is also evident in Antares YE survey of borrowers and sponsors. Despite the potential for slower economic growth, corporate profits are expected to remain robust which will provide incentives for CEOs to pursue acquisitions for growth.

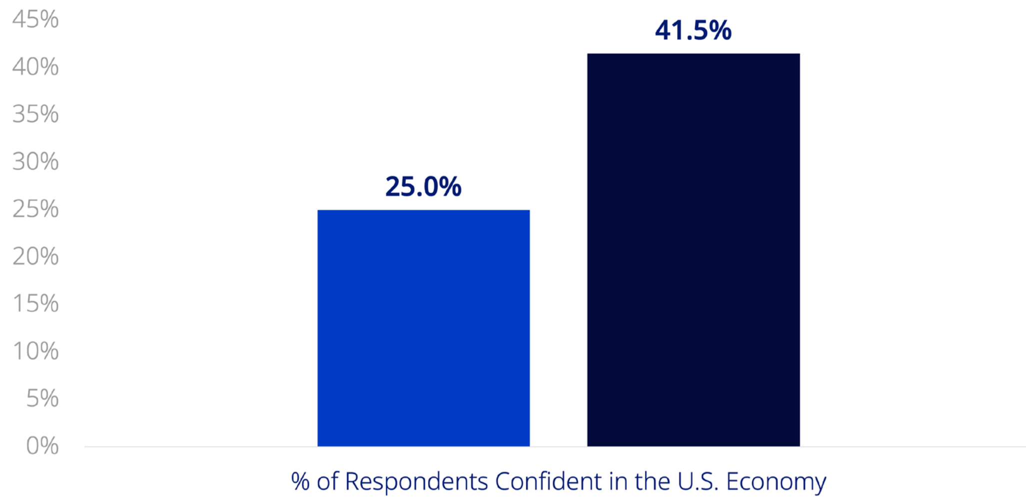
> Despite the potential for slower economic growth, corporate profits are expected to remain robust

Furthermore, with the new administration comes a change in regulatory agency leadership and a sweeping deregulatory agenda across multiple industries including financial services, technology and energy, could prove to be a further catalyst for M&A. The Federal Trade Commission (FTC) under President Biden was highly critical of many acquisitions and regulatory approval of deals was less predictable, keeping participants on the sidelines. President Trump is expected to appoint regulators with a more relaxed oversight perspective.

Figure 37: CEO Confidence Increased After President Trump's First Electoral Victory

National Center for Middle Market Indicator[37]

- Average One Year Prior to President Trump's First Term
- Average First Year of President Trump's First Term



IMPROVING FINANCING CONDITIONS

As interest rates move gradually lower, financing conditions for buyouts will continue to improve, in part by reducing the cost of financing debt-dependent leveraged buyouts. Historically, purchase price multiples and deal financing leverage rise during rate cutting cycles while typically falling amid rising rate cycles. Higher rates drove up borrowing costs, reducing returns and lowering the size of deals. Lower rates will flip this dynamic, serving to reduce the overall cost of the transaction, free up cash flow for reinvestment or growth initiatives, increase deal leverage and improve valuation multiples.

Figure 38: Antares Capital Credit Market Outlook Survey

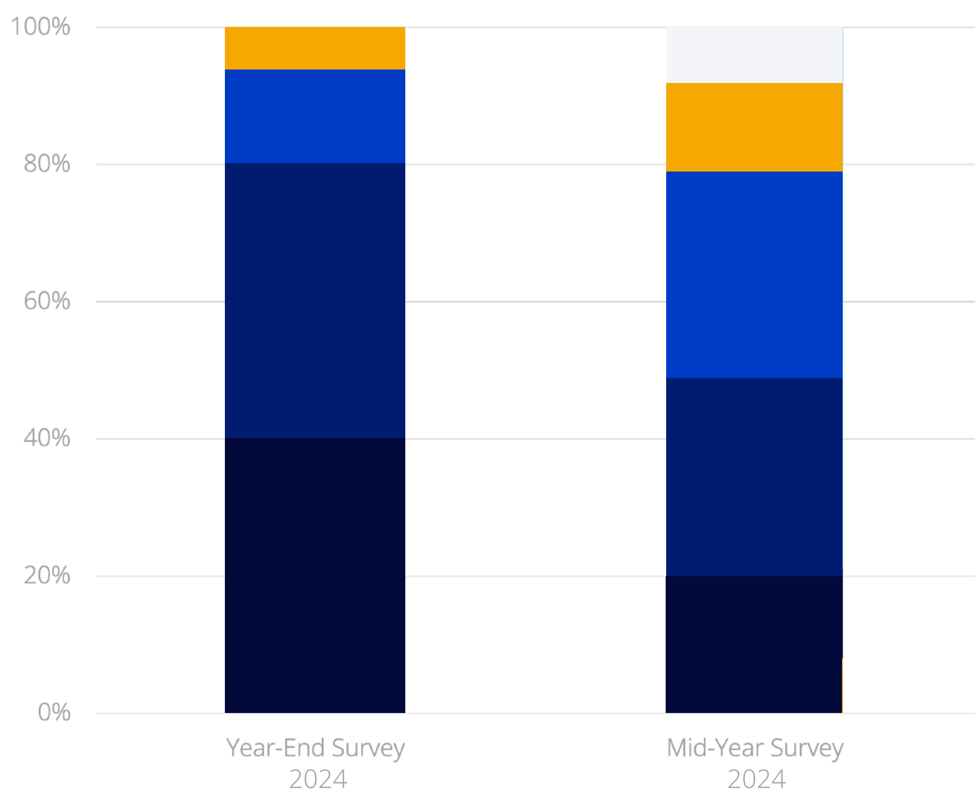
Versus prior year, you anticipate your investment ($ volume) deployed for new platforms (i.e. LBOs) to:

Year-End Survey

- 0% Decline Sharply
- 6% Decline Modestly
- 14% Be Flat
- 40% Rise Moderately
- 40% Rise Sharply

Mid-Year Survey

- 8% Decline Sharply
- 13% Decline Modestly
- 30% Be Flat
- 27% Rise Moderately
- 22% Rise Sharply



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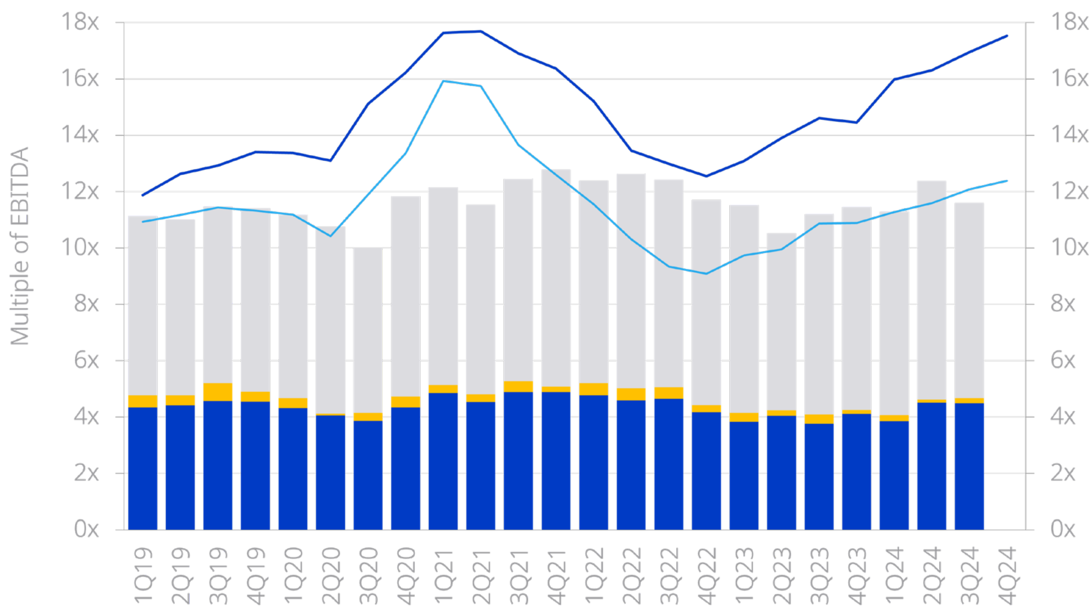
CONVERGING BID/ASK SPREAD

Lower interest rates and higher stock valuations will help bridge the gap between buyers' bids and sellers' expectations. One of the reasons for slower activity has been the disconnect between the valuation sellers of companies were expecting and what buyers were willing to pay. As the cost of debt financing gets cheaper and multiples in the public market expand (see Figure 36), buyers will become increasingly likely to meet sellers' prices. The removal of uncertainly tied to the both the U.S. Presidential election and Federal Reserve policy will also be positive for bid-ask spreads to compress. While top quality assets continue to command a premium, should a wave of quality assets come to market in 1H25, sponsors are likely to try and beat the rush and meet buyers offer.

Figure 39: MM LBO Purchase Price Multiples Looking More Attactive Relative to Public Market Multiples[39]

- MM LBO Equity Multiple
- MM LBO Junior Debt to EBITDA
- MM LBO 1st Lien Debt to EBITDA
- S&P 500 TEV/EBITDA
- S&P 600 TEV/EBITDA



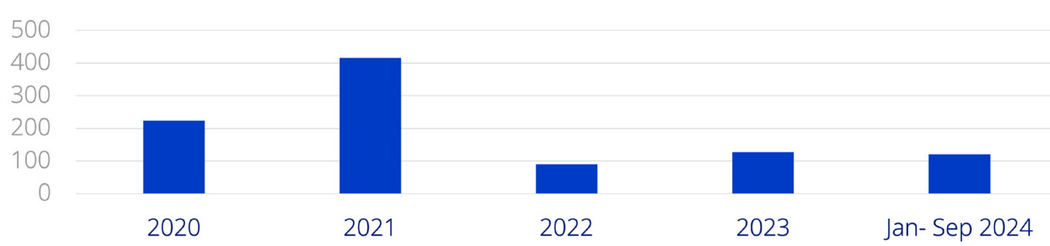
ROBUST IPO PIPELINE

Sponsors with large assets in their portfolios are heavily dependent on the IPO market to monetize their investments. While recovering some over the last two years, the number of IPOs is still well below 2020 / 2021 levels.

A more active and healthy IPO market will provide sponsors with a path to start monetizing portfolio investments. Sponsors have delayed exits over the past two years in anticipation of a more robust IPO market. As the IPO backlog continues to build following two years of constrained activity and assuming a more broad-based equity market rally, volumes should normalize in 2025 and provide sponsors with an additional path to portfolio company exits.

Figure 40: IPO Market Conditions Improving[40]

# of IPOs



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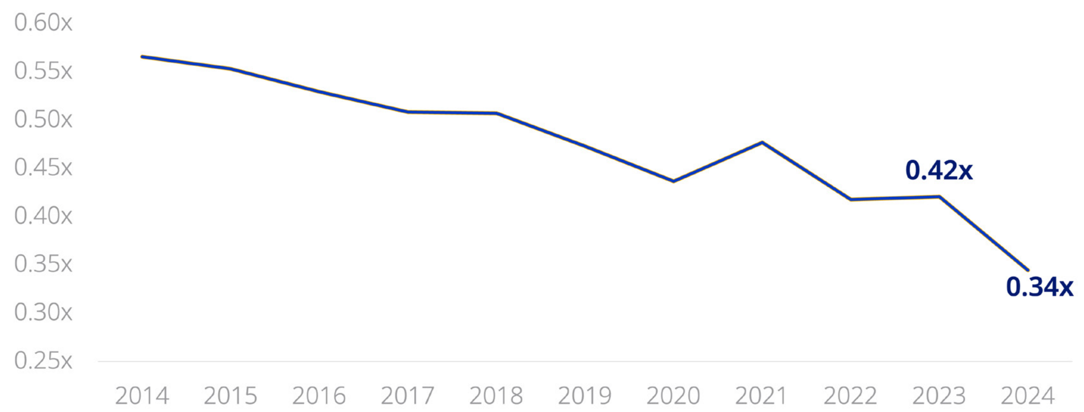
NEED FOR PORTFOLIO EXITS

Sponsors desperately need to return capital LPs. PE exits have remained muted for the last three years as usual exit channels such as the IPO market remained sluggish. According to Pitchbook, the investment to exit ratio is at its lowest level on record[29]. In the absence of a more robust exit environment, sponsors have been tapping into a range of alternative options to unlock liquidity such as minority stake sales, continuation funds and NAV loans. However, if sponsors want to "prime the pump" for a 2026 fundraise, they will need to increase exit activity materially.

Figure 41: Sponsors in Need of an Exit[41]

U.S. PE investment/exit ratio



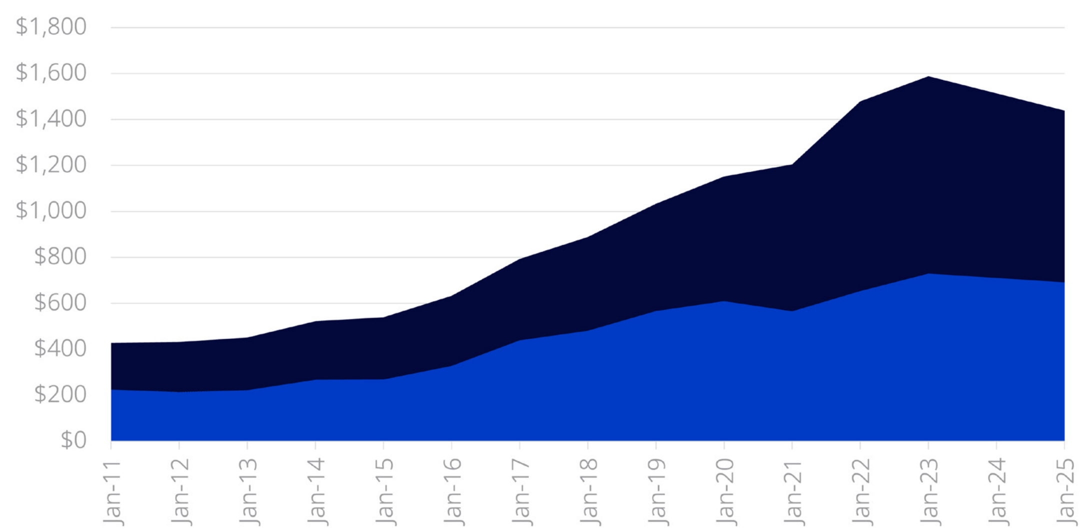
MOUNTING DRY POWDER

Sponsors are eager to deploy their mounting pile of dry powder that has accumulated after two years of low deployment and robust fundraising in the aftermath of the pandemic. Although down modestly from 2023 levels, dry powder levels remain elevated. Sponsors have a limited time window to deploy capital and or else they have to return the capital to their investors, risking their reputation and diminishing returns. Pressure will continue to build in 2025 to deploy dry powder and we believe the lower financing costs and improving valuations alongside stable economic growth will provide a favorable backdrop for significant deployment.

Figure 42: Mounting PE Dry Powder[42]

North American Focused ($B)

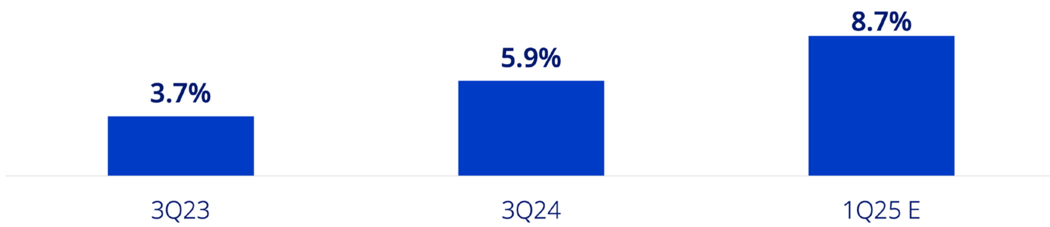
● Total
● Buyout + Balanced



AI PLATFORM BUILDOUT

As GenAI continues to demonstrate a return on investment, there will likely be a surge in investments by sponsors focused across sectors such as healthcare, financial services and software looking to capitalize on broadening AI adoption. In our view, AI is still in its infancy and penetration across end markets remains low. Larger sponsors have been incorporating AI into due diligence processes and are likely to become more aggressive in AI and AI derivative investments given the broadening of AI adoption by U.S. businesses.

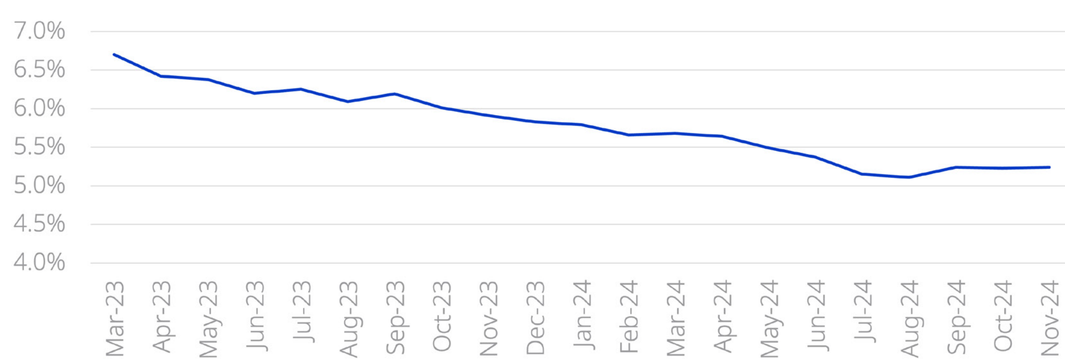
Figure 43: AI Adoption to Broaden[43]
% of U.S. firms using/ planning to use AI



While we expect the syndicated market to remain active, we believe direct lenders will continue to finance the majority of LBOs (see Figure 44) as only the largest companies can access the syndicated market. Furthermore, sponsors will continue to be attracted to the certainty of execution that direct lending can provide, as the syndicated market will be prone to periods of closure as market volatility returns. Looking forward, an increase in M&A activity should support a stabilization of spreads (already in evidence of late as seen in Figure 45), with the potential for some spread widening if M&A booms.

Figure 44: Count of LBOs Financed in BSL vs Private Credit Markets[44]

Figure 45: Spreads Have Stabilized and Likely to Move Higher[45]
1st Lien Direct Lending Straight Spreads



05

Ch Ch Ch Changes...Turn and Face the Strange

Disruptive threats and opportunities ahead

Ch Ch Ch Changes...Turn and Face the Strange

Disruptive threats and opportunities ahead

KEY POINTS:

- Uncertainty related to disruption across key outcome drivers such as government policy changes and geopolitical and technological developments is likely to be a pervasive theme in 2025 and beyond.
- AI implementation and nearshoring represent new frontiers for PE value creation, but it may also prove to be disruptive to some borrowers and existing business models.
- We believe AI is a very real force that is likely to accelerate already bullish productivity trends over the longer term; however, risks appear elevated for a stock market correction due to high concentration and aggressive expectations for tech/AI related stocks.
- Most credit rating agencies forecast declining leveraged loan default rates in 2025, but stress is likely to remain high for some borrowers given "higher for longer" interest rates and pockets of continued idiosyncratic business challenges and disruption. In direct lending, some PIKing credits are likely to move to non-accrual.

BOTTOM LINE:

Performance dispersion among lenders is likely to remain elevated. Weakness in the credit markets (both private and liquid) are likely to be more idiosyncratic rather than secular.

As we enter 2025, the pace of change across AI/technology and social/geopolitical dimensions continues to accelerate, with a complex and dynamic interplay among the forces making forecasting all the more challenging.

On the technology front, the dawn of Artificial Intelligence (AI) continued to capture the imagination of investors in 2024 with the promise of an impact potentially greater than that of the industrial revolution. AI chip maker Nvidia surged to become the largest stock in the world in November 2024 with a $3.5T market cap (dethroning Apple, at least temporarily). However, the very promise of AI has also manifested itself in aggressive growth expectations among an ever more concentrated set of stocks, leaving the stock market potentially vulnerable to a swoon that could ripple through to the broader economy. Geopolitical threats also remain a worry. In October 2024, China deployed 125 military aircraft in a large-scale military drill aimed at Taiwan where almost all of Nvidia's GPUs are manufactured with President Xi reasserting that "no one can stop the reunification" with Taiwan.

On the social/geopolitical front, 2024 was a year of continue polarization, war and the rejection of the status quo, with incumbency losses or outright turnovers seen across most democratic governments. Happily, in the U.S., the elections passed without strife and brought a surge in optimism related to cuts in regulation and tax relief. However, new tariff and immigration policies could pose challenges for input costs for some borrowers and their supply, depending on specifics which are yet to be determined. Likewise, Department of Government Efficiency (DOGE) spending cuts – if enacted – could have a negative impact across various industries including defense contractors, education, healthcare, and other sectors dependent on government services.

While challenging, we believe an environment of rapid change and disruption can offer compelling investment opportunities for savvy entrepreneurs and PE firms. However, idiosyncratic performance dispersion among investments will likely increase in such an environment with some companies liable to find their margins pressured or even find their business models rendered obsolete. Unlike in PE where a home run can offset losses, creditors generally do not participate in any upside. Consequently, we believe solid underwriting and diversification will be evermore critical to lender performance in the period ahead.

In fact, increased performance dispersion is already evident. Although outright defaults in direct lending remain low on an absolute and relative basis (as KBRA DLD measures them – see Figure 43), there is still evidence of stress captured in their "default radar" of borrowers - over 60% of which are PIKing and many of which are in "non-accrual" status. As can be seen in Figure 48, there is significant dispersion among BDCs in terms of their reported non-accruals and percentage of PIK investment income.

Looking forward, declining base interest rates and continued EBITDA growth on average are expected to result in declining leveraged loan default rates. JP Morgan is forecasting the leveraged loan TTM default rate including distressed exchanges to decline from 4.49% as of December 2024 to 2.75% by the end of 2025 largely due to a robust economy, modest near-term maturity schedule and a smaller distressed universe. The majority of leveraged loan default activity has been driven by distressed exchanges as evidenced by the divergence between the two default rates (including distressed exchanges vs. not including distressed exchanges), which is a record difference of 297 bps as of December 2024 (4.49% vs.1.52%).

Figure 46: U.S. Leveraged Loan Default Rate[46]

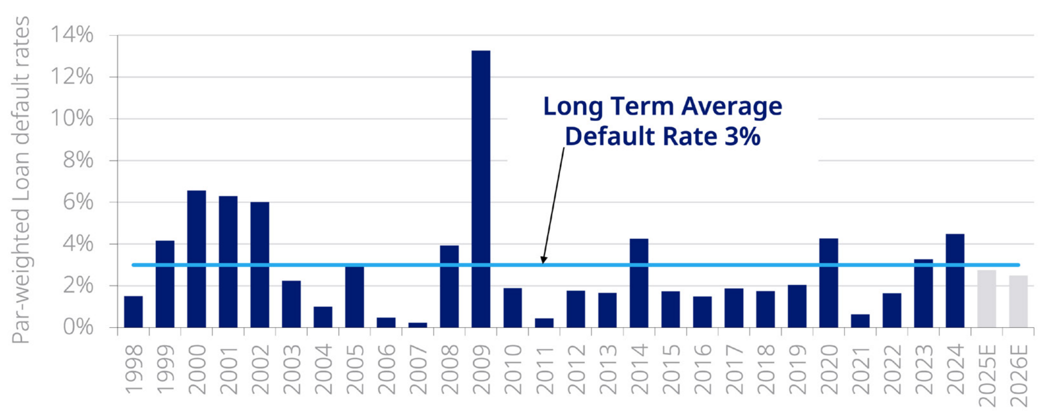
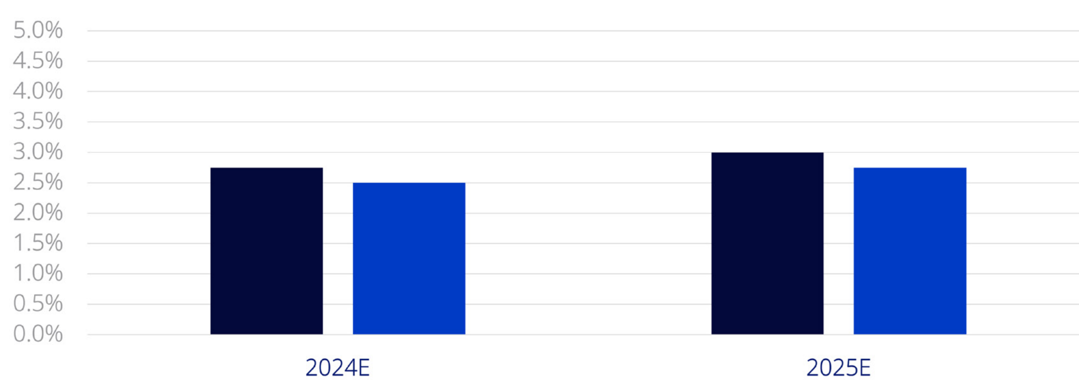


Figure 47: KBRA Direct Lending Index Default Rate[47]

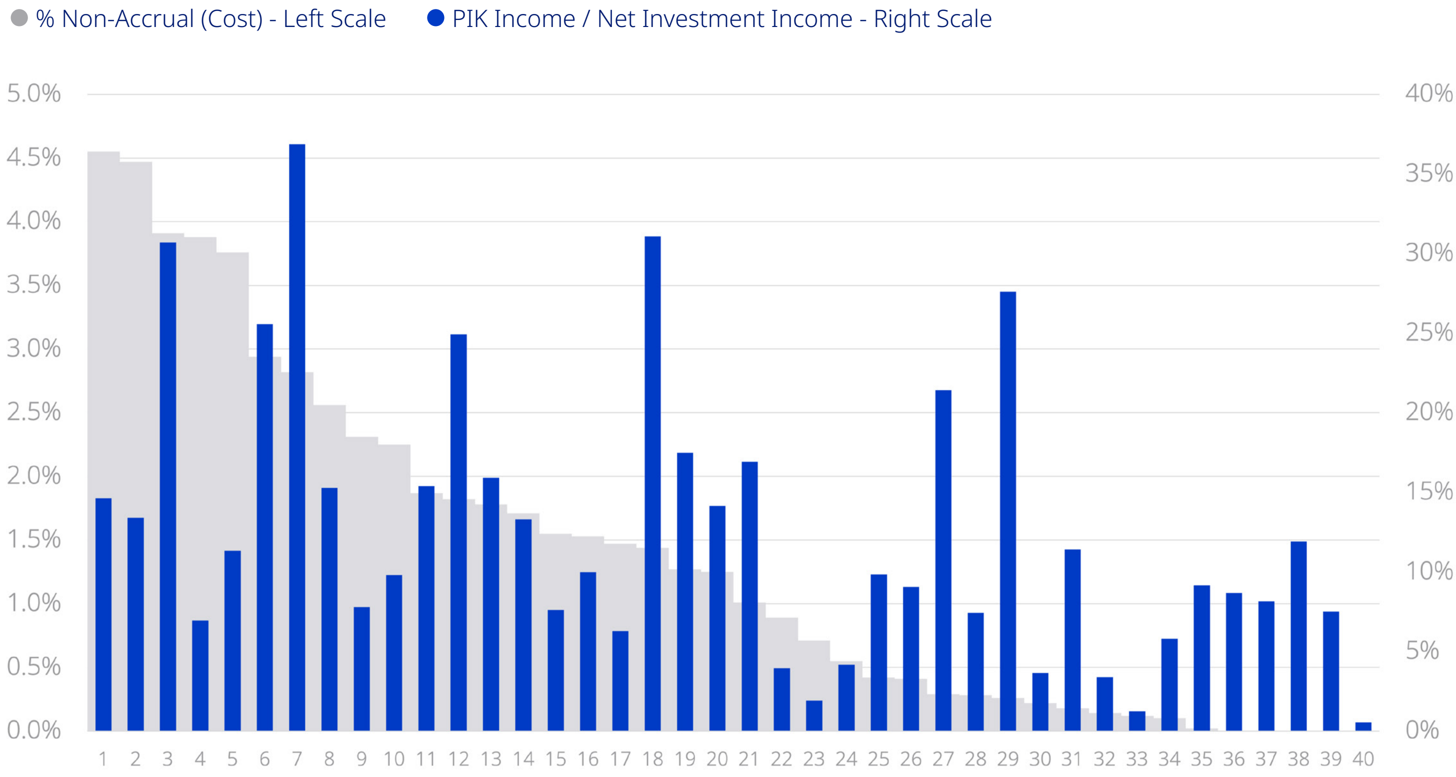
- All
- Sponsored



Note: Unless otherwise stated, statements above reflect Antares' beliefs. Past performance is not a reliable indicator of future performance and future results may differ materially. Cross-referenced footnotes included in this outlook commentary are published as endnotes in the back of this whitepaper.

Figure 48: Performance Dispersion Widening Among Direct Lenders[48]

BDCs % Non Accrual @ Cost vs. PIK % of Net Investment Income (NII) For BCDs with >$1B of Net Assets



Footnotes/Sources

Figures:

1. Bloomberg; Cliffwater Direct Lending Index
2. As of September 30, 2024. Sources: Bloomberg, ICE BofA, Pitchbook LCD, LPC, S&P, UBS, JP Morgan. IG: ICE BofA US Corporate Index; HY: ICE BofA US High Yield Index; BSL New Issue BB/BB-: Pitchbook LCD; BSL New Issue B+/B: Pitchbook LCD; MM Direct Lending New Issue: LPC Direct Lending Module; BSL Split BBB: S&P UBS Leveraged Loan Index (Split BBB); BSL BB: S&P UBS Leveraged Loan Index (BB); BSL B: S&P UBS Leveraged Loan Index (B); CLO BBB: JP Morgan CLOIE Index (BBB); CLO BB: JP Morgan CLOIE Index (BB)
3. Meant to be approximately representative only. Note that most private deal stats are not available prior to 2013, so some data series have been spliced with syndicated sponsored middle market data historically prior to 2013 to include perspective pre and post Global Financial Crisis. Sources: LBO Equity Contribution is from LSEG LPC – syndicated middle market 2007- 2012; Private + Institutional 2013-2024; LBO Total Debt to EBITDA from LSEG LPC – institutional middle market LBOs (with average quarterly EBITDA range of $40-60M); LBO EBITDA/Cash Interest from Pitchbook LCD - both middle market and large LBOs; All-in Spread to Leverage Ratio from LSEG LPC – MM 1st lien direct lending excluding unitranche back to 2015, and Institutional MM LBOs back to 2007; Middle Market Yield Premium vs BSL from LSEG LPC
4. Source: U.S. Bureau of Economic Analysis as of 12/19/24
5. Source: Federal Reserve Bank of St. Louis
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17. Sources: CDLI Index, Credit Suisse Leveraged Loan Index, Bloomberg Aggregate Bond Index and S&P500 through 3Q24
18. Source: Survey of Consumer Expectations, © 2013-24 Federal Reserve Bank of New York (FRBNY). The SCE data are available without charge at www.newyorkfed.org and may be used subject to license terms posted there. FRBNY disclaims any responsibility or legal liability for this analysis and interpretation of Survey of Consumer Expectations data.
19. Source: Capital IQ as of 1/7/25
20. Source: Bloomberg as of December 18, 2024
21. Source: Federal Reserve Bank of St. Louis
22. Antares Capital
23. Source: Bloomberg
24. Source: Bloomberg
25. Sources: Cliffwater Direct Lending Index; ICE BofA High Yield Index; Credit Suisse Leveraged Loan Index; ICE BofA 10-year U.S. Treasuries Index; ICE BofA U.S. Corporate Index
26. Source: LSEG LPC BDC Collateral as of 3Q24
27. Source: LSEG LPC 3Q24 US Sponsored Middle Market Private Deal Analysis – Oct 2024
28. Source: Cliffwater Direct Lending Index
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Text:

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