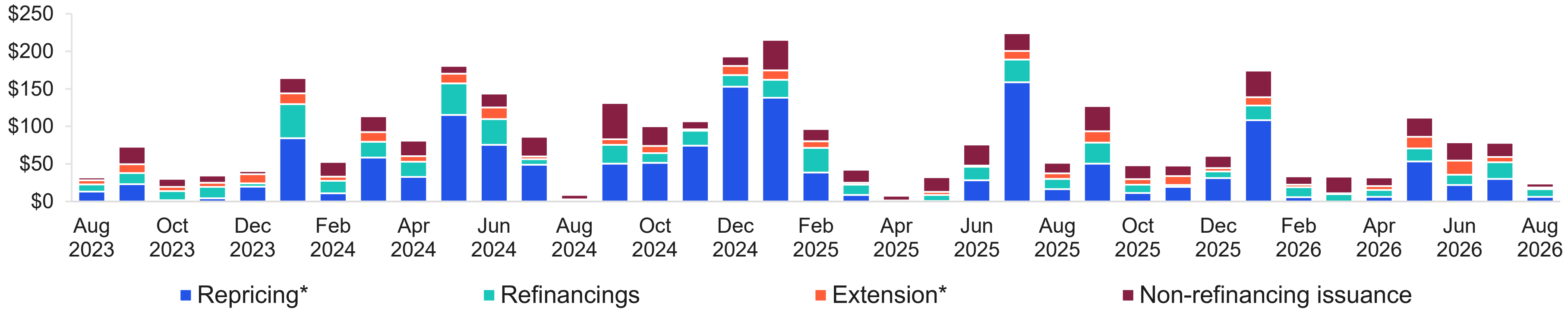
Finance Update

August BSL Volume on Summer Break

In a typically slow August, broadly syndicated loan (BSL) activity was less than a third of July's total, with refinancing-related activity (including refinancings, repricings and extensions) comprising 78% of all loan transactions

- Total M&A-driven BSL issuance was $2 billion for the month, down from $6.3 billion in July, per Pitchbook

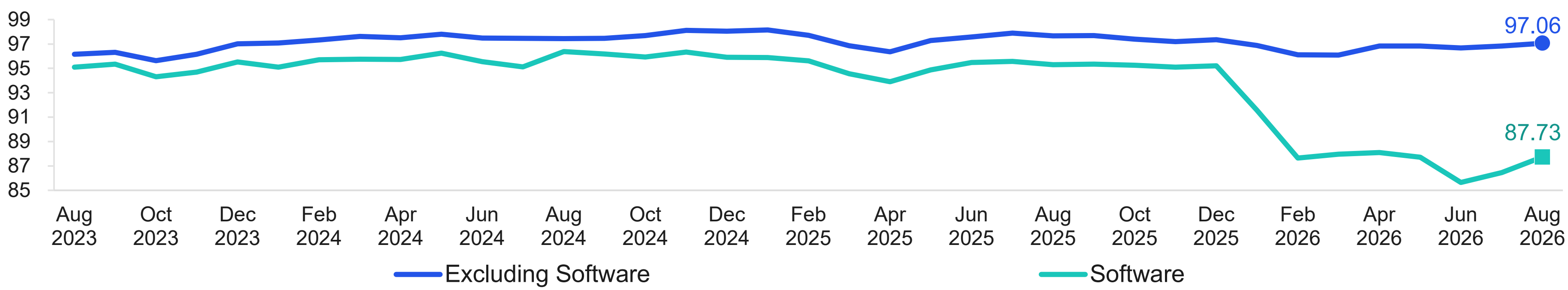
U.S. BROADLY SYNDICATED TERM LOAN B ACTIVITY ($B)



Still, as market sentiment improved in August, the Leveraged Loan Index's weighted average bid rose 41 bps, with the tech sector, concentrated in software, driving August's improving bid numbers

- Average bids on performing software loans rose 127 bps in August, to 87.73, with the sector continuing its post-sell off recovery, while average bids on non-software performing loans rose 22 bps, to 97.06
- Software bids are now 208 bps above their low at the end of June, though they remain well below the 95.20 level seen at the beginning of the year

WEIGHTED AVERAGE BID PRICE OF PERFORMING LOANS



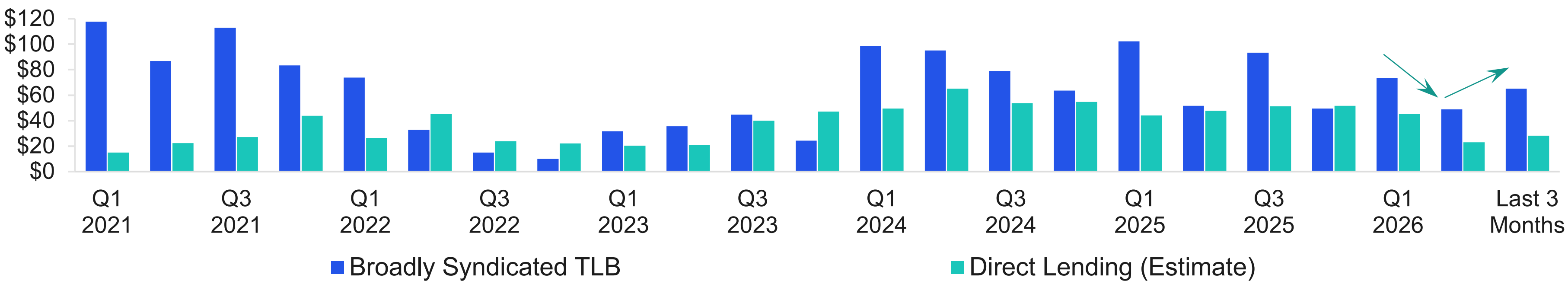
PitchBook, LCD report; bottom chart, Morningstar LSTA US Leveraged Loan Index, data through August 31, 2026
* Reflects repricings and extensions done via an amendment process only

Direct Lending Volume Improves from Q2, Though Still Relatively Muted

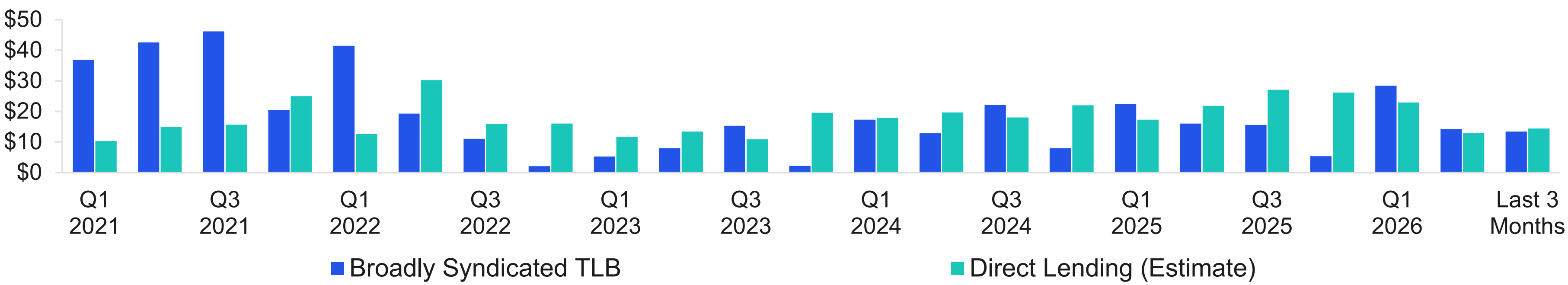
Amidst AI-driven concerns, BDC redemption requests, and geopolitical uncertainty, YTD direct lending volume is running 11% behind last year's pace, with sponsor-backed lending volume running 27% behind last year's pace

- Against this backdrop, private credit firms are seeking to deploy capital in other areas of the market, particularly the non-sponsored space, with two non-sponsored borrowers moving from the BSL to private credit market in August, per CreditSights
- Looking at both the direct lending and BSL markets, LBO-driven loan volume was almost even across markets for the last three months through August (see bottom chart), though the direct lending market continues to lead significantly by deal count
- Still, overall, sponsor-backed deal volume in the BSL market saw a much stronger recovery in the last three months than direct lending, with BSL sponsor-backed volume almost climbing to Q1 levels — while direct lending sponsor-backed volume remained well below Q1 levels (see top chart)

NEW-ISSUE SPONSOR-BACKED VOLUME FOR LOANS FINANCED IN BSL VS PRIVATE CREDIT MARKET (QUARTERLY) ($B)



NEW-ISSUE VOLUME FOR LBOS FINANCED IN BSL VS DIRECT LENDING MARKET (QUARTERLY) ($B)



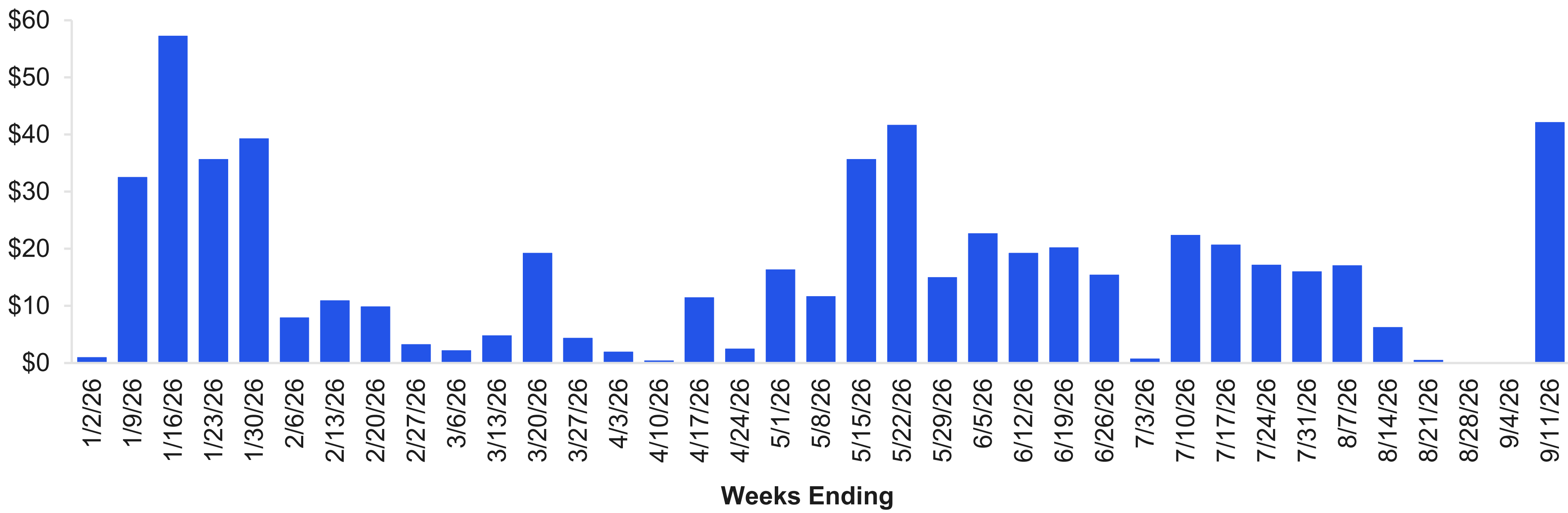
Source: Pitchbook LCD report, as of August 31, 2026

Strong Early September

September has brought a wave of supply to the syndicated market after the end of August lull, including a slew of LBO financings and repricings. Despite the multitude of macro factors still at play — tariff escalation, midterm elections, upward pressure on rates, heightened geopolitical tensions — the financing markets are open and constructive, with BSL and HY spreads remaining low

- The BSL market recorded $24.6 billion of new launches on Tuesday, September 8, including over $6 billion of LBO debt and more than $14 billion in repricings from borrowers in a wide variety of industries, per 9fin
  - Notably, the jump in issuance on September 8th follows a three-week stretch with only $2.8 billion of new launches, and marked the busiest post-Labor Day surge in issuance since Bloomberg began tracking the data in 2013
- With an additional almost $20 billion brought to market last week, the weekly launch total climbed to $42.3 billion — the largest total weekly volume since January
- Notably, last week's surge in volume included $10.8 billion in M&A-driven loans, the highest volume for such activity since the week ended March 20, per CreditSights
- HY issuance also accelerated despite volatility, lifting last week's issuance volume to a near-record $12 billion, per LFI

BROADLY SYNDICATED TERM LOAN B LAUNCHES (WEEKLY) ($B)



Source: CreditSights, September 11, 2026

Financing Market Outlook

Looking ahead, the Wall Street pipeline currently includes $92 billion of committed M&A financings, as well as an estimated $40–$80 billion of AI infrastructure financing — the largest forward pipeline since the GFC-era backlog, per JPM. Market participants expect September to continue to be busy with M&A deals coming to market, repricing activity and data center deals

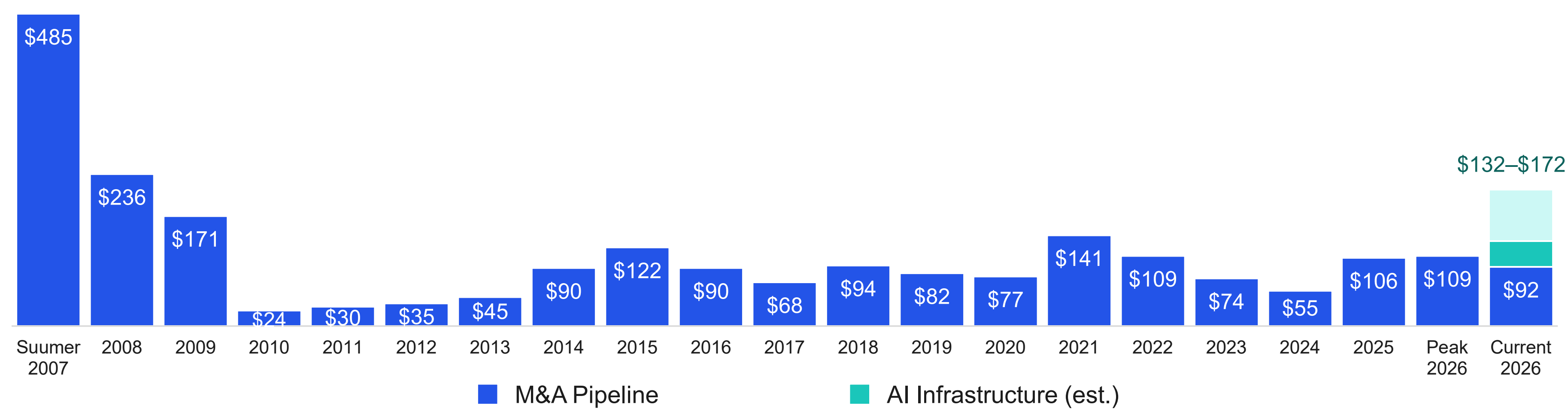
RATE TRAJECTORY

- For the first time since 2023, the Fed raised interest rates this week by 25 bps to a new target range of 3.75%–4%, with at least one more 25 bp rate hike expected this year
  - With inflation still exceeding the Fed's 2% target, the rate hike this week was consistent with market expectations
- The rate hike could put increased pressure on struggling or more vulnerable credits facing a 2027 or 2028 maturity wall

DATA CENTER FINANCINGS

- High yield data center financings began to hit the market last week, kicking off tens of billions of AI infrastructure-related leveraged debt expected to come to market throughout the fall
- Market participants are reportedly increasingly focused on financing terms, particularly in light of greater information regarding regulatory, political and geographic risks tied to the data center buildout
- While data center financings are largely expected in the high yield bond market, the BSL market is already also seeing data center-related financings, including **Volta Infrastructure Holdings**' $5 billion debt financing

WALL STREET FORWARD PIPELINE ($B) — THE LARGEST POST-CRISIS CALENDAR



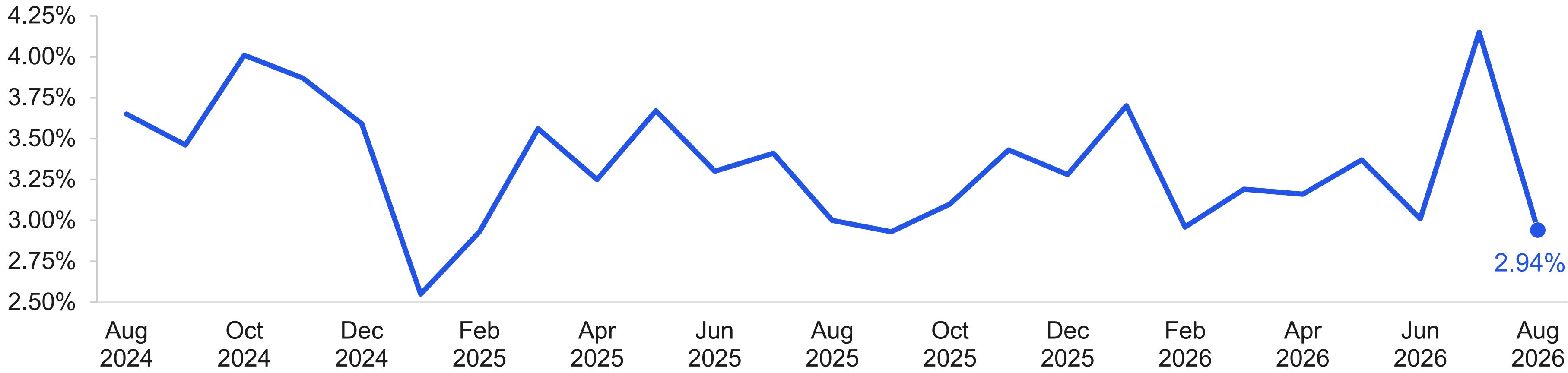
Source: J.P. Morgan report, September 8, 2026

High Yield Spreads Remain Tight, Though Yields Widen

HY spreads in August averaged 294 bps — the tightest level in a year, though widening in 3Y–7Y yields pushed the average new issue bond coupon from 7.13% in 4Q 2025 to 7.76% in the first two months of 3Q 2026, per 9fin

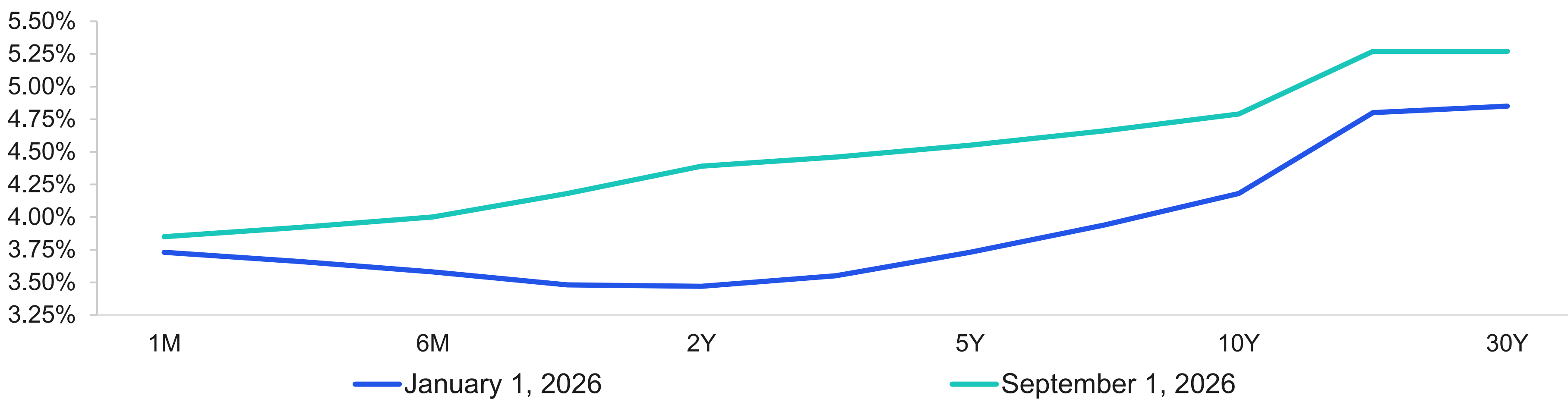
AVERAGE SPREAD FOR NEW ISSUE HIGH YIELD BONDS, MONTHLY

Spreads remain tight despite rising yields



TREASURY YIELD CURVES IN 2026

Treasuries grow wider in the belly



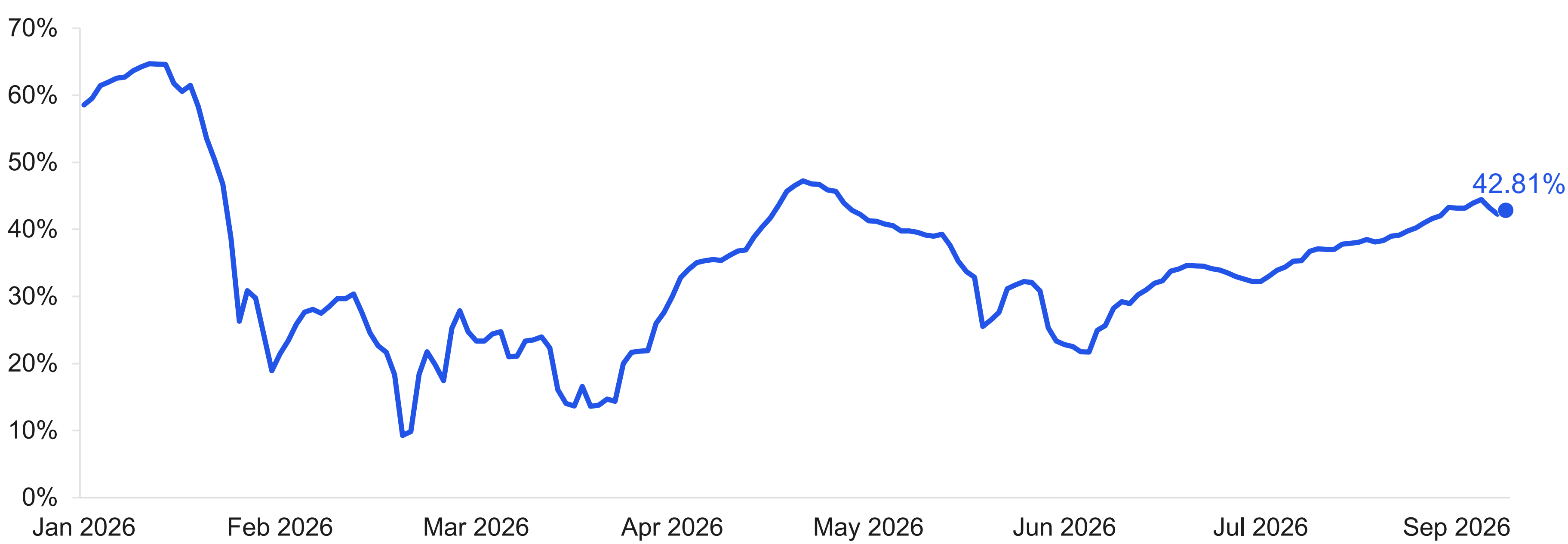
Source: 9fin report, September 4, 2026

Repricing Window (1/2)

In the BSL market, multiyear low spreads and a rising percentage of loans trading above par may drive an increasing number of repricings this month after a lull in August

- With the percentage of loans trading above par rising to 43% on September 11th (v. 33% at the end of July), sponsors and borrowers with loans trading at or near par are once again bringing repricings to market
- Lenders, for their part, are contending with a still relatively muted supply environment and looking to stay invested in certain “favorable” credits not directly impacted by AI, oil prices or rising inflation, even if that means accepting tighter spreads
- Double B spreads narrowed to S+205 in August (S+200/99.9) from S+231 (S+225/99.8) in July — 4 bps above January’s multiyear low of S+201 (S+199/99.9), per CreditSights
- Average Single B spreads narrowed only slightly to S+337 (S+322/99.6) from S+338 (S+325/99.6) in July, with B3/B- spreads averaging a seven-month low of S+344 (S+329/99.5), down from S+380 (S+357/99.3) in July, per CreditSights

% OF U.S. LEVERAGED LOAN INDEX BID ABOVE PAR — 2026



Source: Pitchbook, LCD, data through September 11, 2026

Repricing Window (2/2)

Still, spreads remain mixed by sector and credit quality, with stronger borrowers able to secure tighter pricing and more flexible terms, while more challenged extension or refinancing deals may require higher pricing, steeper discounts, tighter documentation and/or debt paydowns

LEV LOAN AVERAGE SPREADS BY SECTOR

SECTOR	CURRENT SPREADS	YTD CHANGE	LTM LOW	LTM HIGH	CURRENT LVL	LTM RANGE	
Automotive	440 bp	0 bp	413 bp	698 bp	10%	413bp	698bp
Cable/Satellite	510 bp	25 bp	432 bp	576 bp	54%	432bp	576bp
Chemicals	525 bp	-107 bp	491 bp	674 bp	19%	491bp	674bp
Consumer Prod.	439 bp	-104 bp	438 bp	584 bp	1%	438bp	584bp
Energy	287 bp	-65 bp	276 bp	370 bp	11%	276bp	370bp
Financial	354 bp	44 bp	294 bp	399 bp	57%	294bp	399bp
Food/Beverages	410 bp	18 bp	383 bp	434 bp	51%	383bp	434bp
Gaming/Leisure	347 bp	13 bp	321 bp	364 bp	60%	321bp	364bp
Healthcare	456 bp	-12 bp	453 bp	538 bp	4%	453bp	538bp
Housing	589 bp	126 bp	384 bp	606 bp	93%	384bp	606bp
Industrial	335 bp	-13 bp	335 bp	380 bp	0%	335bp	380bp
Media	473 bp	-113 bp	470 bp	681 bp	1%	470bp	681bp
Metals/Mining	298 bp	-10 bp	298 bp	320 bp	1%	298bp	320bp
Paper/Packaging	441 bp	-8 bp	407 bp	512 bp	33%	407bp	512bp
Retail	433 bp	-3 bp	416 bp	483 bp	26%	416bp	483bp
Services	494 bp	57 bp	418 bp	530 bp	68%	418bp	530bp
Technology	766 bp	230 bp	527 bp	871 bp	69%	527bp	871bp
Telecom	1057 bp	362 bp	582 bp	1061 bp	99%	582bp	1061bp
Transportation	304 bp	-6 bp	297 bp	344 bp	14%	297bp	344bp
Utility	267 bp	-7 bp	266 bp	297 bp	4%	266bp	297bp

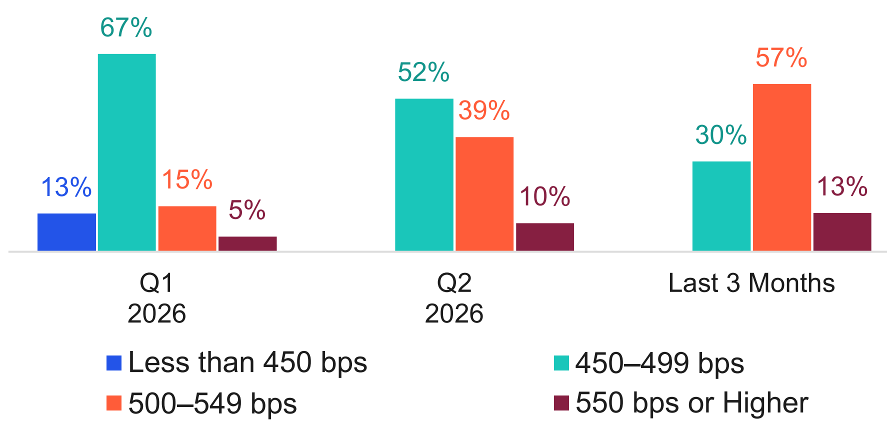
Source: J.P. Morgan report, September 11, 2026. Sectors where spreads are closest to their tightest levels are shown in green, and those where spreads are closest to their widest levels are shown in red

Private Credit Spreads Pushing Upwards

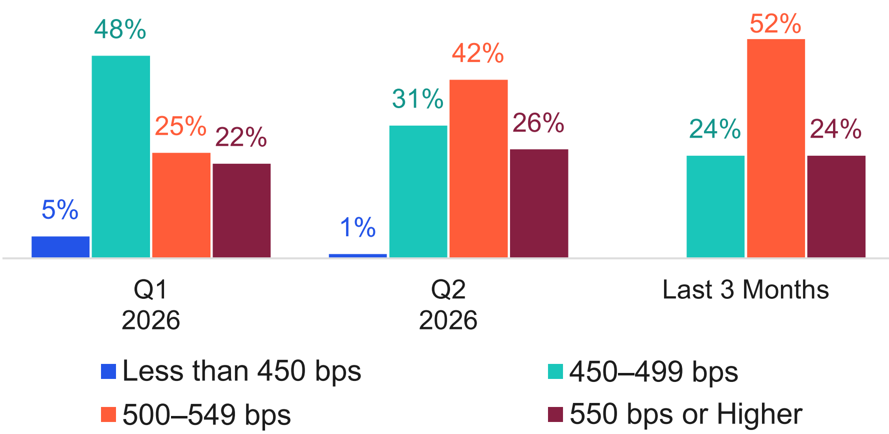
As private credit funds continue to sit on record dry powder, the market is open and deals are getting done at wider spreads than earlier this year

- New-issue private credit LBO spreads averaged S+502 over the last three months through August, up 27 bps from Q1's S+475, while the average spread for all PE-backed deals rose 16 bps, to S+519, per Pitchbook
  - Notably, the 500–549 bps range accounted for 52% of all PE-backed direct lending deals and 57% of LBOs in the last three months through August, v. 25% and 15% respectively in Q1, when 450–499 bps spreads dominated
- Still, while more new deals are bid in the S+500–550 range, spreads still sit well below the S+675–700 range seen in 2022–23
- The spread gap between LBOs financed in the BSL v. direct lending markets widened to 162 bps in the last three months through August, up 39 bps from the Q1 gap, per Pitchbook
- Overall, average private credit leverage has remained steady at 4.50x (senior 4.40x) per JPM

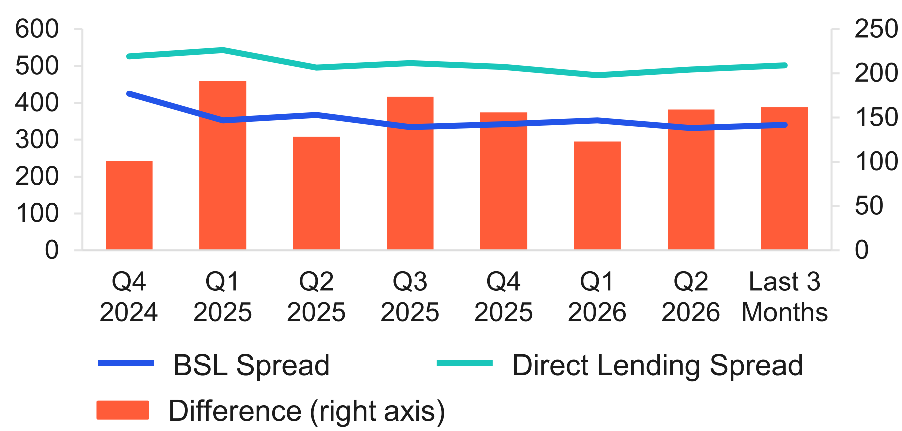
DIRECT LENDING SPREAD DISTRIBUTION — LBOS*



DIRECT LENDING SPREAD DISTRIBUTION – ALL PE-BACKED BORROWER FINANCINGS (INCLUDING LBOS)*^



SPREAD (BPS) OVER BASE RATE OF LBOS FINANCED IN BSL (ALL BORROWERS) VS DIRECT LENDING MARKET*



Source: Pitchbook, LCD report, as of August 31, 2026

^ Includes all financings for PE-backed borrowers, including LBOs (i.e. refinancings, add-on acquisitions, dividend recaps, general corporate purposes, LBOs)

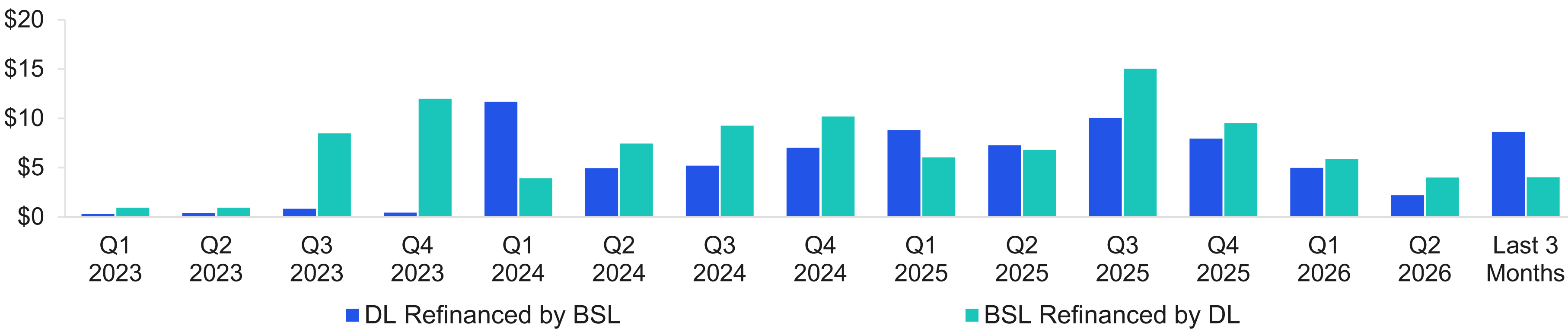
* Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. From 2026 onward, direct lending spread data includes privately sourced values alongside those from LCD News, BDC filings, and other public sources. BSL data reflects loans issued to all leveraged borrowers

BSL Takeouts of Direct Loans (1/2)

BSL takeouts of direct loans continues to be a financing market theme, as borrowers (particularly higher rated borrowers) take advantage of strong technical conditions in the BSL market (high demand/relatively low supply) to obtain lower spreads and, in some cases, more flexible covenant terms

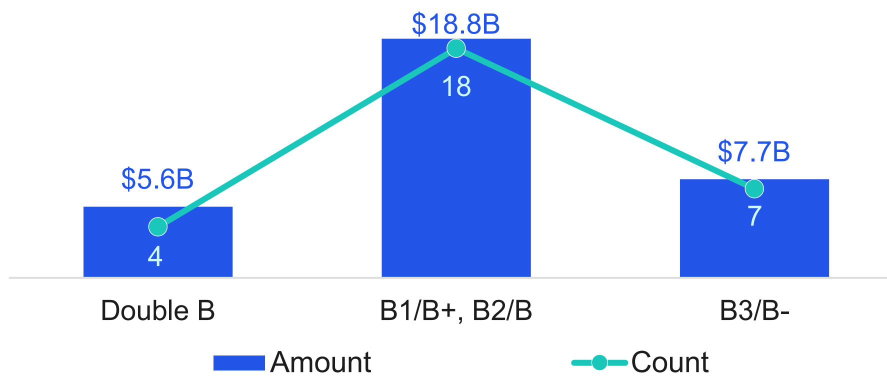
- The volume of BSL takeouts of direct lending financings jumped significantly higher in the last 3 months through August, rising to $8.61 billion, v. $4.03 billion in the other direction
- This is the first time BSL takeout volume has surpassed direct lending takeout volume since 2Q25 as the BSL market has recovered from post-Liberation Day volatility and the private credit spread premium has grown this year

SYNDICATED LOANS AND DIRECT LENDING TAKEOUTS ($B)*



- Borrowers taking out direct loans in the BSL market this year skew towards B flat borrowers
- While borrowers pursuing BSL takeouts showed minimal deleveraging from the time the direct loan was issued (5.4x to 5.1x on average), pro forma EBITDA for these borrowers grew significantly — from $250 million when the direct loan was issued to $340 million, on average, at the time of the BSL takeout, per LFI

YTD 2026 BSL TAKEOUT OF DIRECT LENDING BY RATING ($B)

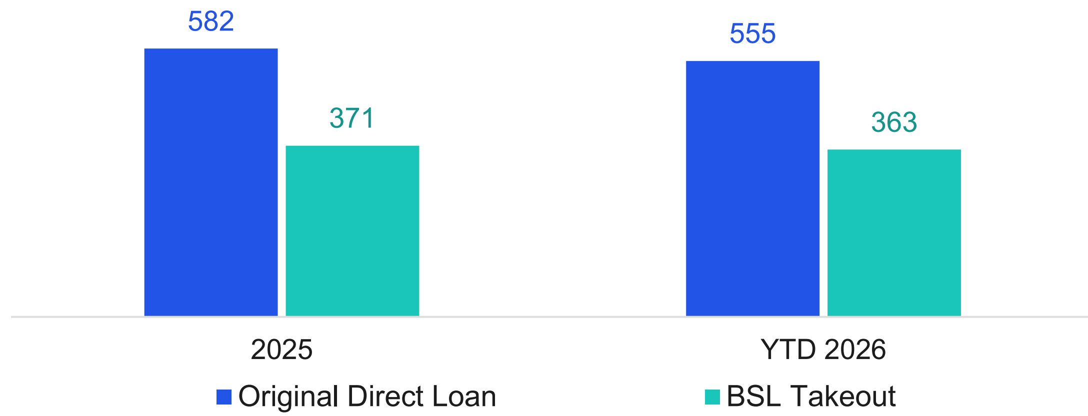


Source: Top chart: Pitchbook, LCD report, as of August 31, 2026. Bottom chart: LevFin Insights report, September 8, 2026
* Includes privately sourced values alongside those from LCD News, BDC filings, and other public sources

BSL Takeouts of Direct Loans (2/2)

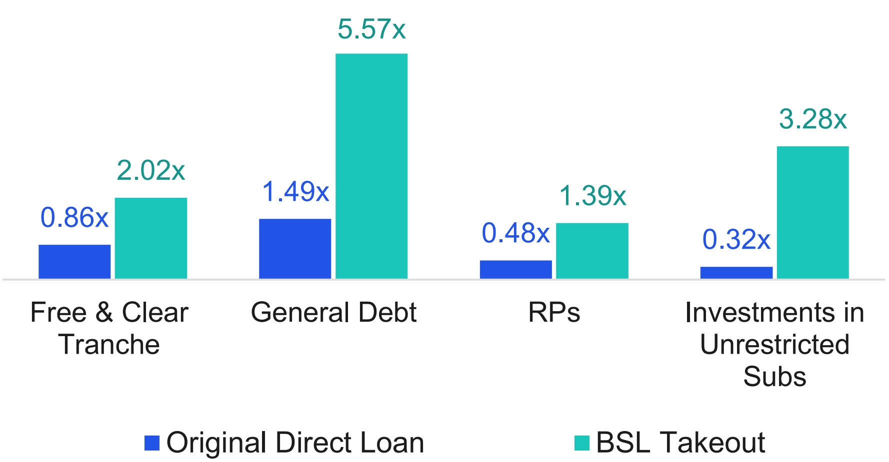
Borrowers taking out direct loans in the BSL market have averaged a spread cut of 193 bps YTD, v. an average 210 bps for the same activity last year

AVERAGE SPREAD OF PRE- & POST-BSL TAKEOUT

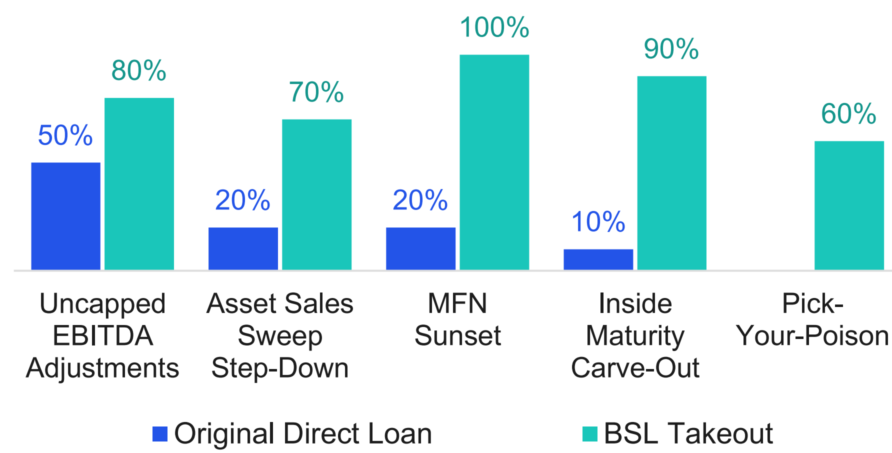


Borrowers pursuing BSL takeouts of direct loans this year obtained more flexible terms, including larger basket capacity, with Covenant Review's average Documentation Score for these loans YTD moving to 4.3 post-takeout from 3.1 pre takeout on Covenant Review's scale of 1 (most restrictive) to 5 (most flexible)

AVERAGE BASKET CAPACITY AS A MULTIPLE OF PRO FORMA EBITDA, PRE & POST BSL TAKEOUT, YTD 2026



FREQUENCY OF HIGHLY NEGOTIATED TERMS, PRE- & POST-BSL TAKEOUT, YTD 2026



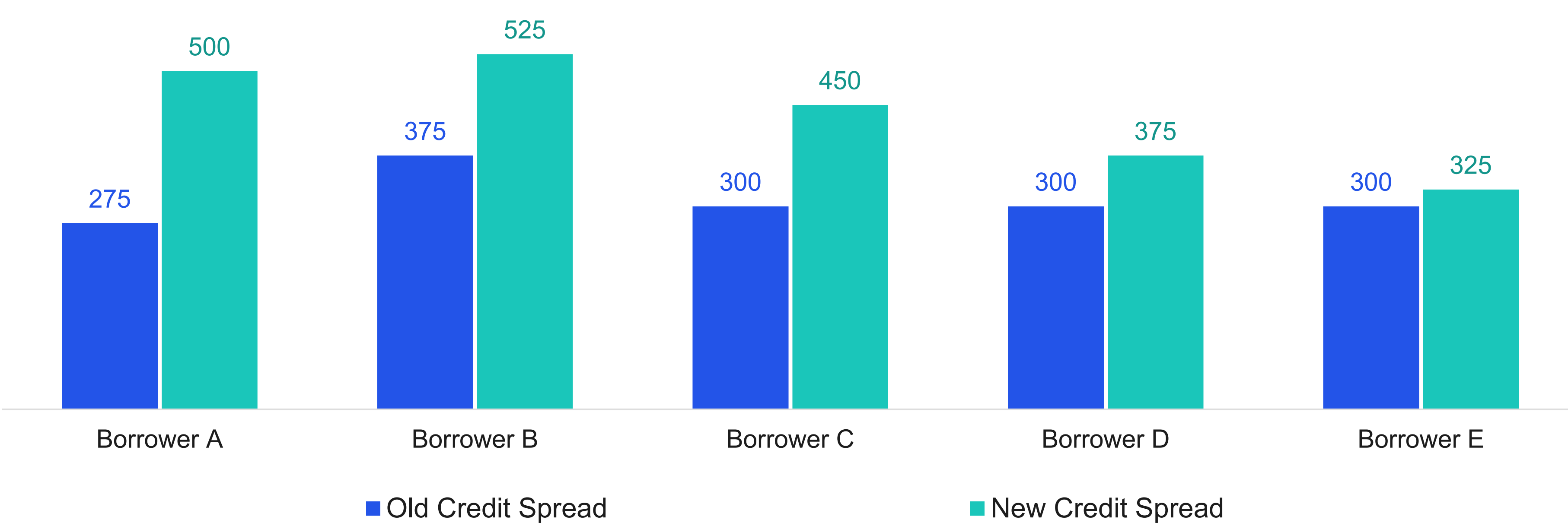
Source: Covenant Review report, September 8, 2026

Recent Software Amend & Extend (A&E) Transactions

As borrowers in out-of-favor sectors more impacted by macro headwinds — including software, chemicals, telecom and others — face impending maturity walls, several of these companies have successfully pursued amend-and-extend transactions this year, often by increasing margins and offering tighter covenants

- Maturity extensions/refinancings for software sector and other borrowers more impacted by macro volatility often carry lender favorable features, including higher pricing, greater call protection, tighter covenants and sometimes a partial debt paydown or new preferred or common equity from the sponsor, which reduces overall leverage
  - Still, terms vary significantly and often depend on the individual credit, even within the same industry
- Some companies pursuing A&Es and refis have turned to the HY bond market in addition to the BSL market, especially as pandemic era CLO funds holding the debt near maturity, creating less capacity to extend
- Given the $40 billion of leveraged software debt set to mature in 2028 (per Moody's), A&E transactions could continue to pick up as a means for companies to address maturity walls

OLD V. NEW CREDIT SPREADS — SELECT RECENT SOFTWARE DEBT EXTENSIONS



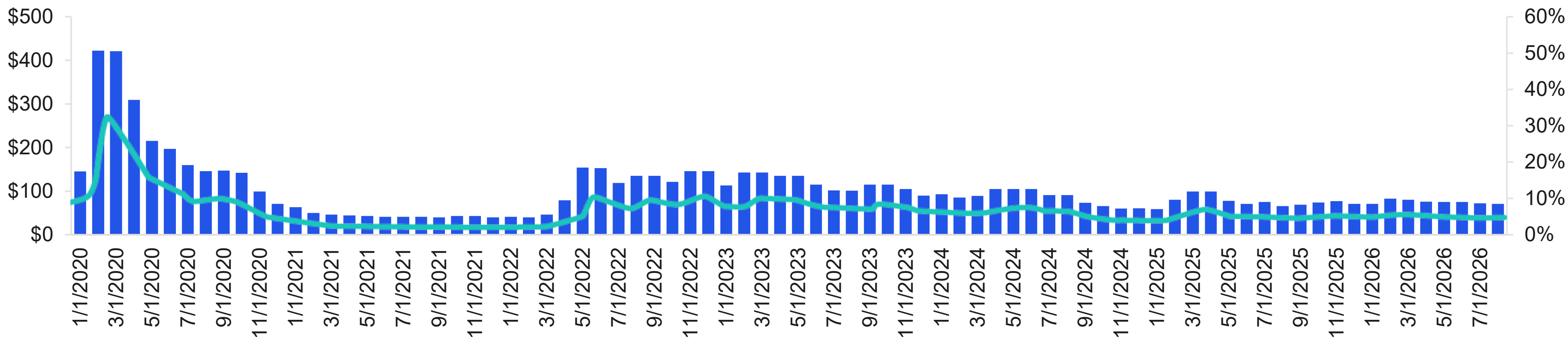
Source: Pitchbook, LCD report, August 31, 2026
Note: Spread over secured overnight financing rate (basis point)

Leveraged Finance Distressed Universe — HY & LL (1/2)

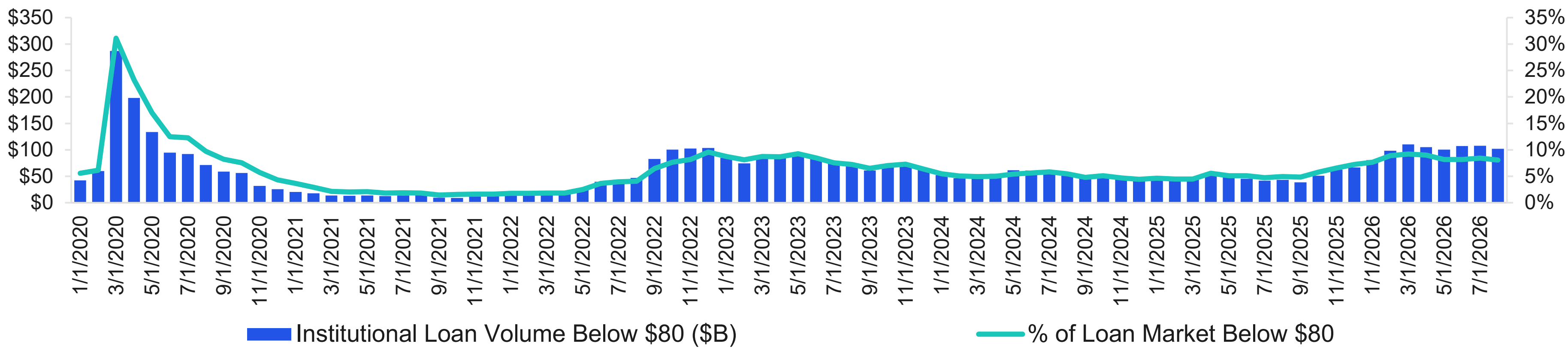
$204 billion of leveraged loans and HY bonds (or 7% of the leveraged finance universe) is trading at distressed levels (defined as spreads >1000 for HY bonds and secondary market price <80 for leveraged loans). For leveraged loans, the $102 billion of distressed debt represents 8% of overall TLB volume, down from 9% earlier this year — the highest percentage since August 2020 when the market was recovering from Covid shocks

- Technology ($68billion/34%), Cable/Satellite ($23 billion/11%), Services ($20 billion/10%) and Healthcare ($19 billion/9%) comprise the largest volume of distressed paper by sector, per JPM

HY DISTRESSED UNIVERSE OVER TIME



LEV LOAN DISTRESSED UNIVERSE OVER TIME



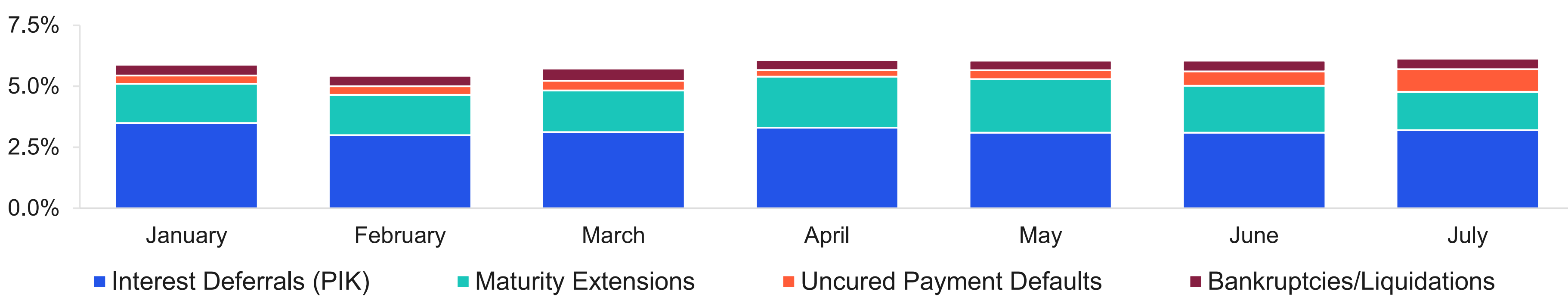
Source: Top chart: J.P. Morgan report. Bottom chart: Pitchbook, LCD, Morningstar LSTA Leveraged Loan Index, outstanding amounts excluding defaults, September 11, 2026

Leveraged Finance Distressed Universe — Private Credit (2/2)

The private credit market is showing some increasing signs of stress, concentrated largely in lower middle market borrowers

Default Rates	▸ Fitch Ratings recorded a U.S. Private Credit Default Rate (PCDR) of 6.1% for the trailing twelve months (TTM) ending July 2026, up modestly from 6.0% in June 2026, though the slight increase in the PCDR was largely driven by a decline in Fitch's private debt universe ▸ Default rates measured by Fitch include interest payment deferrals/PIK interest amendments (50% of default events), maturity extensions under stress (38%), uncured payment defaults (8%) and bankruptcies, liquidation, debt-for-equity swaps, or out-of-court restructurings through which sponsors ceded control to the lenders (5%) — Notably, while the share of loans carrying a PIK option reached a new high in 2Q 2026, actual usage of PIK remains modest, with 11.8% of loans on a size-weighted basis opting to pay PIK interest, representing only 6.3% of total interest, per Houlihan ▸ Defaults continue to be weighted towards smaller borrowers, with 54% of defaulters in the TTM period generating EBITDA of $25 million or less, per Fitch ▸ Healthcare providers had the highest number of defaults (17) in the July TTM period by sector, per Fitch
Loan Valuations	▸ 7% of all private credit loans are now priced below 90% of par, more than double the historical average, per Houlihan ▸ Notably, for sub-$20 million EBITDA borrowers, 12% of loans were valued below 90% of par in 2Q 2026 — up from 1% in 2023, per Houlihan ▸ Likewise, for borrowers between $20–$100 million of EBITDA, 6% of loans were valued below 90%, the highest percentage in the past three years, per Houlihan — In contrast, just 3% of loans to $100M+ EBITDA borrowers were priced below 90%

FITCH PRIVATE CREDIT DEFAULT RATE BY TYPE



Source: Fitch ratings, September 10, 2026