ASSET CLASS FOCUS
JULY 2026

PPMAMERICA

US Investment Grade Private Credit

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KEY TAKEAWAY

> Capital expenditures around data centers drove a surge in issuance for the quarter, challenging hyperscaler-related market technicals as supply threatens to overwhelm demand

Activity in the US investment grade private credit (IGPC) market picked up pace in Q2 2026. Second quarter issuance of $69B increased 124% compared to Q2 2025.[1] Similar to other capital markets and economic data, capital expenditures around data centers is contributing to growth. The sector accounted for 46% of issuance, led by the $28B Big Sky deal – a joint venture by Broadcom, Anthropic and Apollo. Overall, we were encouraged by growth across Corporates, Project Finance/ Infrastructure and Asset-Backed Finance (ABF). However, Credit Tenant Lease (CTL) issuance remains slow as real estate development was muted.

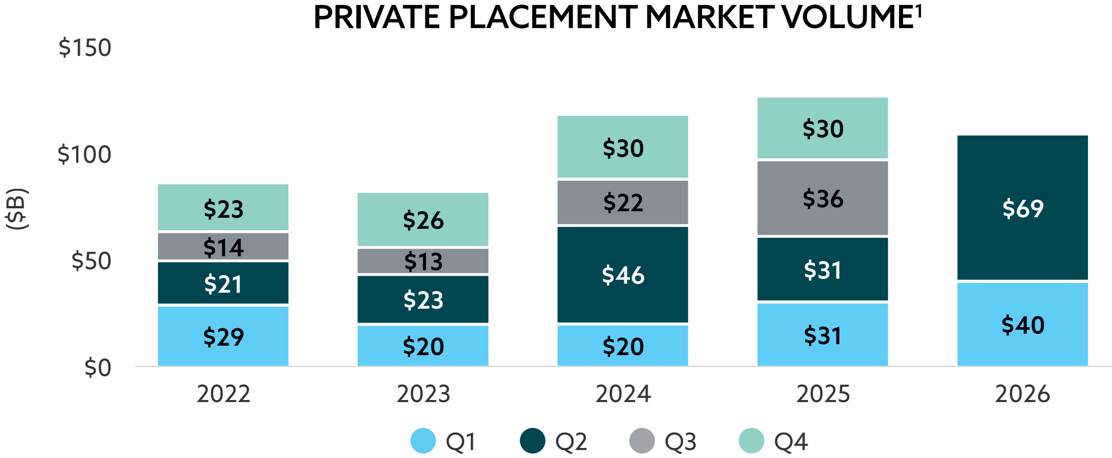
In the first quarter of this year, we observed hyperscalers and their business partners searching far and wide across all markets for available capital to fund AI-related investments and acquisitions. As a result, we believed the technicals would be challenged as supply was expected to overwhelm demand. Second quarter capital markets activity was consistent with our original statement, and we believe this dynamic may continue into next quarter.

Unsurprisingly, PPM's IGPC team was active during the quarter, investing over $2.5B across 108 securities. Year-to-date purchases have been from new and existing issuers across the esoteric ABF, traditional private, CTL and project finance spaces. We anticipate continued momentum in purchase volume into the second half of the year.

ABF continues to exhibit defensive credit characteristics with strong collateral performance, from our observations. Still, increases in institutional sponsorship and allocations to this asset class lead us to a cautious base case. As issuance in ABF grows, we are guarded in our approach to underwriting new esoteric collateral types and new issuers in the market.

Credit underwriting and discipline continue to be key to generating alpha over the long term, in our experience. We believe independent credit research benchmarked against both public and private asset classes can support investors in seeking superior investment results over the long term.

PRIVATE PLACEMENT MARKET VOLUME[1]



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