

To every market, turn, turn, turn... Just as the seasons shift, so does the capital landscape. A snapshot of the large-cap asset manager ecosystem shows a rapidly diversifying color scheme of investment allocations. Deployments into private credit continue to outpace traditional private equity, demonstrating a structural shift in how asset managers see the broader opportunity set in the U.S. private markets.

- **Autumn Winds Push Allocations Toward Private Credit** – With interest rates higher for longer, and amid a slowdown in M&A activity, large-cap asset managers have dramatically shifted toward credit strategies.
- **Abundance of Dry Powder** – As we approach Q4, the private market is flush with capital and eager to get deals done ahead of the New Year. This is good news for borrowers – both in terms of cost and quantum of financing.

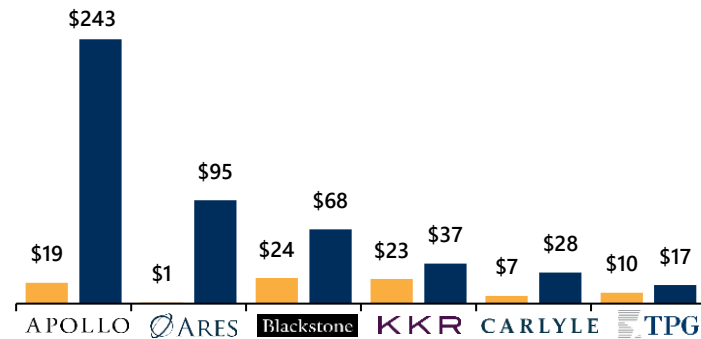


As Seasons Change, So Do Private Markets

TTM Credit Deployment Significantly Outpacing Equity

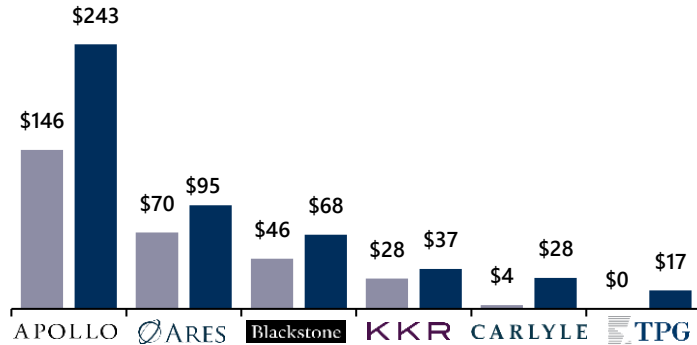
(\$ in billions)

■ Private Equity Deployment ■ Private Credit Deployment



Broad-Based Y/Y Increase in Private Credit Volumes

■ 2024 Private Credit Deployment ■ 2025 Private Credit Deployment



Source: PitchBook LCD



Key Insights from Our Colleagues at MUFG: Tension in the Yield Curve

"In less than 12 months, the UST yield curve has made a volatile transition from inversion to dis-inversion and rapid steepening. Elevated uncertainty at the front and long end of the curve has been driven by competing policy objectives across the geopolitical, monetary, fiscal, trade, and regulatory arenas."

- Labor Market weakness
- Decelerating growth
- Geopolitical Risk



Lower
short-end
yields

US
Rates



Higher
long-end
yields

- Inflation
- Debt & Deficits
- Policy concerns

MUFG Capital Markets Strategy

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