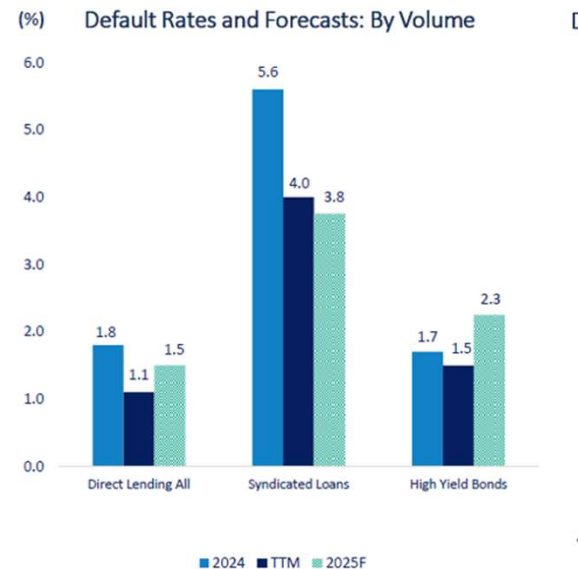
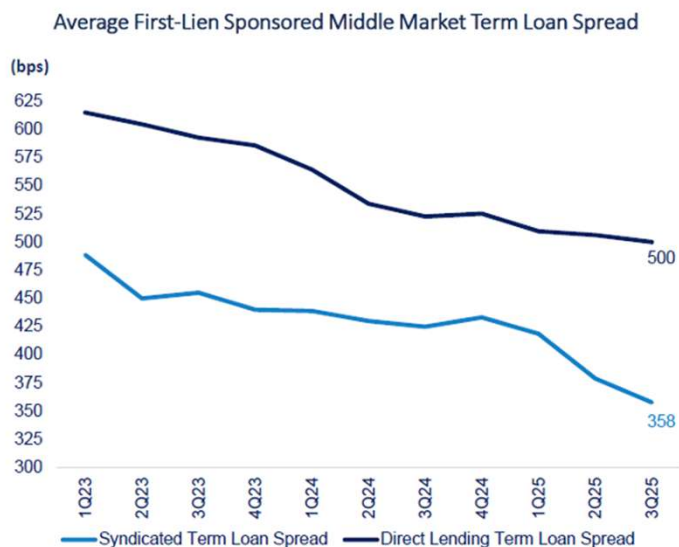


# Private Credit Market Update



Source: LSEG LPC – 3Q 25, KBRA DLD Direct Lending Default Research (Trailing 12-month period through December 14, 2025) Monroe Capital

- Direct lending middle-market spreads tightened by just 6 bps in Q3 2025, compared with a 21 bps tightening in the syndicated middle market. As a result, the 142 bps premium of direct lending over syndicated loans now sits at its widest level since Q4 2023 (the latest available data). JANA expects spreads to widen in certain sectors—particularly software—within the private credit market, reflecting AI-driven disruption similar to that seen in liquid markets. However, we expect any such movement to materialise with a lag of one to two quarters.
- Year-to-date direct lending defaults total \$2.4B across 39 defaults, down from \$3.1B across 45 defaults a year ago, with all but four defaults backed by private equity sponsors. As seen below, direct lending continues to outperform public credit, with a 1.1% trailing twelve-month default rate compared to 4.0% for syndicated loans and 1.5% for high-yield bonds.

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