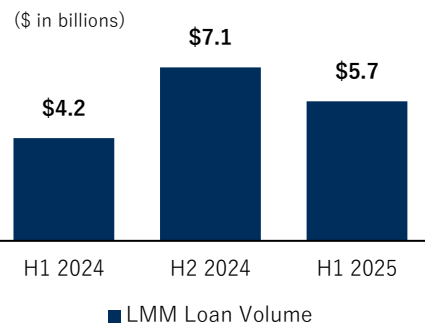


The Open Championship! At Royal Portrush, success isn't about overpowering the course – it's about understanding the terrain, adjusting to the wind, and executing with discipline. Lower Middle Market borrowers in today's private credit market must do the same: stay nimble, execute with clarity, and maintain operational excellence. Lenders are focused on quality and are willing to reward players who stand apart from the pack.

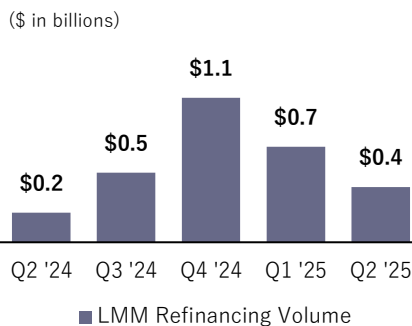
- **Headwinds Picked Up in H1 2025** – Macroeconomic concerns about tariff implementation and fiscal policy direction continue to hinder proper golf club selection
- **Damp Fairways Created Slippery Conditions** – Refinancing activity has slowed, with many borrowers opting to wait for a dry spell when the macro picture is more favorable and predictable
- **Opportunities for Birdies Remain** – With many lenders under-deployed, competition for quality deals is fervent, allowing some borrowers to notch a lower financing costs on their scorecard

Top Tier Players Navigating the Rough in the Lower Middle Market (EBITDA <\$20M)

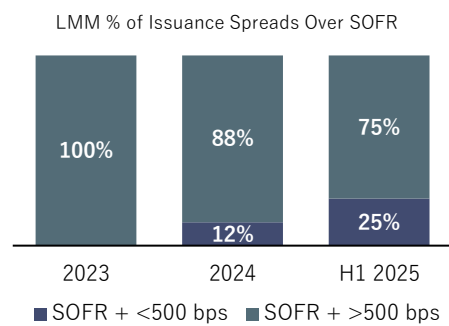
Loan Volumes Down 20% in H1 2025...



...Particularly for Refinancing Deals...



...but Spreads Compressed for Winners

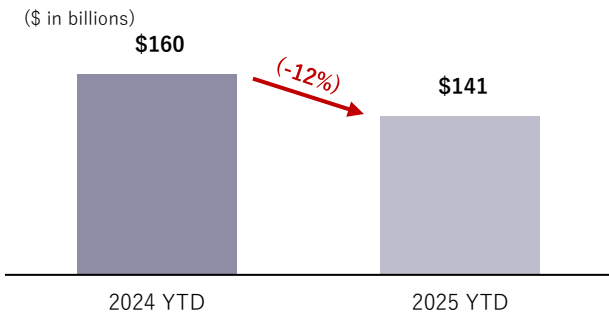


Source: PitchBook LCD, DLD KBRA

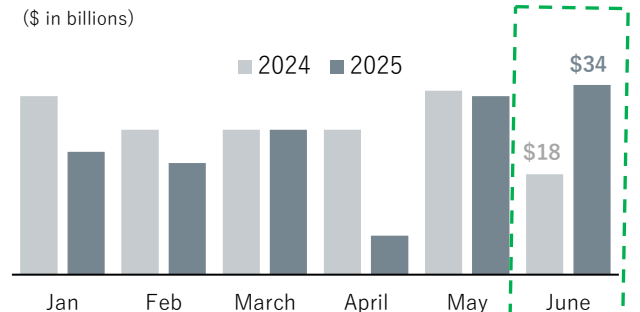
Key Insights from Our Colleagues at MUFG in the Upper Market

"Tariff escalation and policy uncertainty hit risk assets harder in 2025. While 1H 2025 activity declined 12% YoY, HY issuance rebounded sharply in May and June, which bodes well for issuance expectations in the second half."

USD HY Issuance



2024 vs. 2025 USD HY Issuance



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