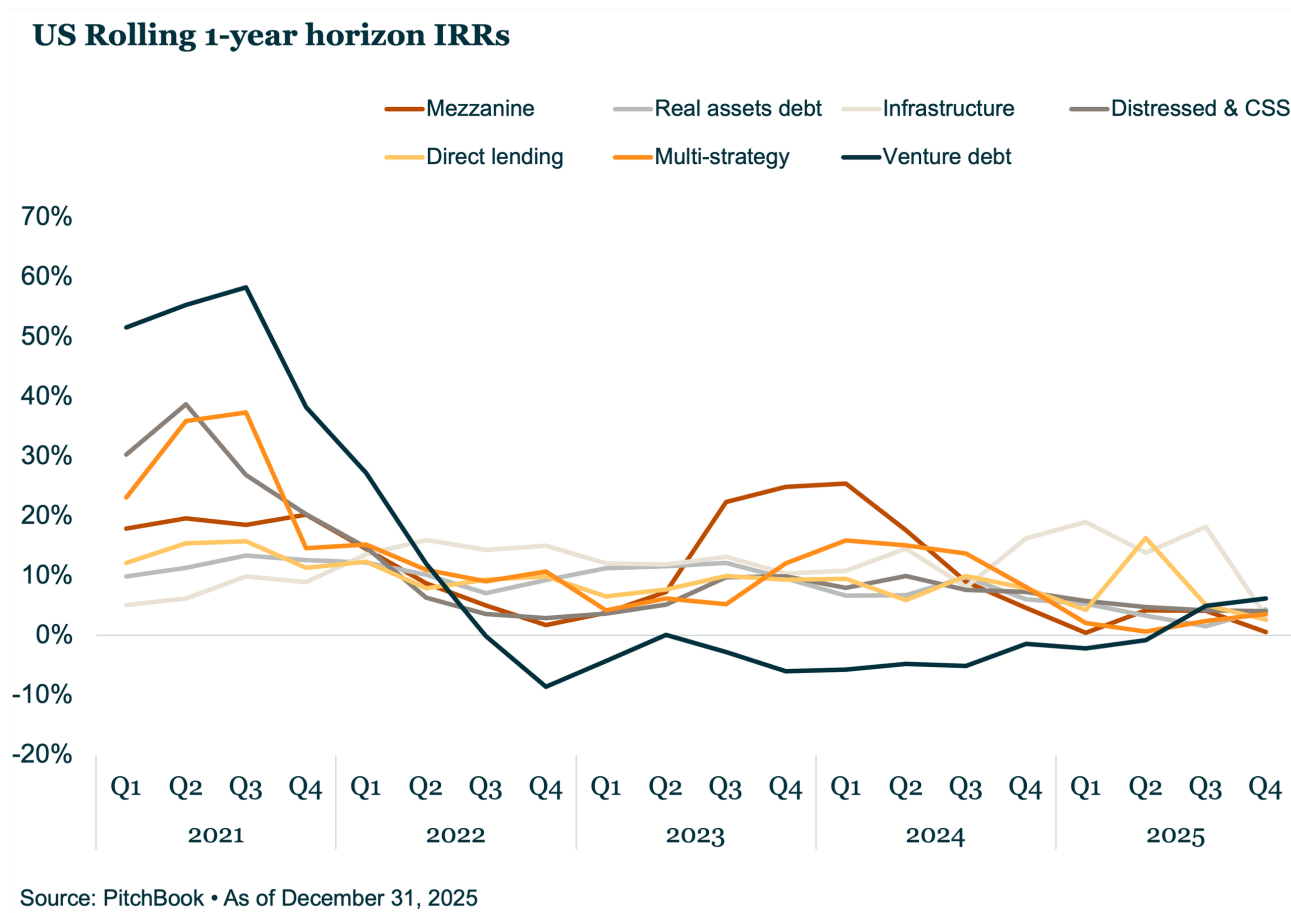


US private debt rolling one-year horizon IRR by type

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Overall, private debt returns for most asset classes in 2025 are showing a decline compared with 2024 levels. Interest rate cuts are part of this story, but the drivers vary by asset class, with the most common explanation being spread compression due to crowded debt strategies, such as direct lending. However, in distressed or stressed lending, this private credit liquidity helped to keep defaults low, starving investors of the assets for the strategy. Conversely, markdowns or credit losses could also be contributing to lower returns in some categories. In the US, generally returns were subdued compared with a year ago. They have fallen across the board, apart from venture debt, which, in 2025, saw a turnaround into positive territory (6.2%) from negative a year ago (-1.4%).