

Public and private markets: new balances and liquidity challenges

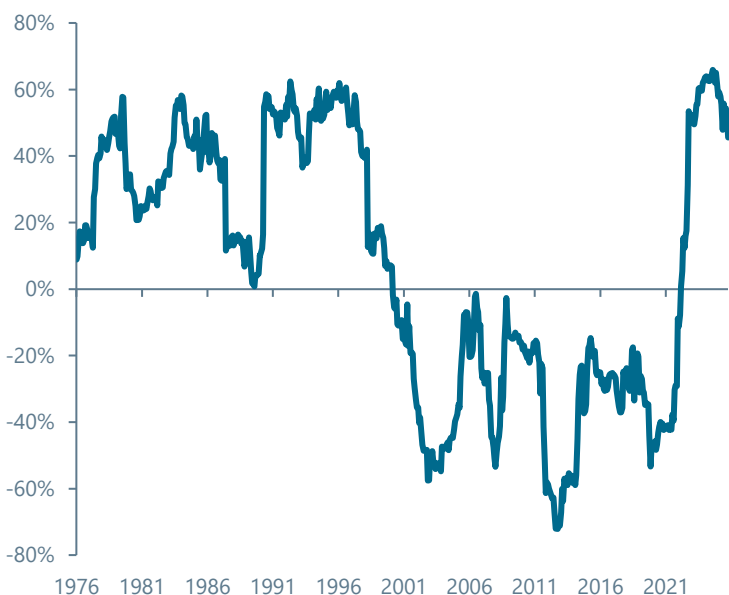
Public assets: rising correlation and growing concentration in the technology sector

The rise in interest rates between 2022 and 2024 across most developed countries marked the beginning of a new cycle for listed public markets, characterized by **higher correlation across assets**.

For nearly two decades, particularly in the low-interest-rate environment following the financial crisis, this correlation remained negative. Conversely, periods of elevated inflation or widening fiscal deficits tend to be followed by positive correlations. In the current environment, geopolitical tensions are generating supply-side shocks that are keeping inflation structurally above 2%, reinforcing the positive correlation between equities and bonds.

3-Year rolling correlation

Bloomberg US Treasury Total Return Unhedged USD Index vs. S&P 500 USD Index



Source: SCOR Investment Partners, Bloomberg, data as of 28.02.2026

At the same time, **both equities and bond markets are becoming increasingly concentrated**.

The S&P 500 provides a striking illustration: the technology sector represents more than 30% of the index's market capitalization and accounts for a significant share of profits. Capital expenditures in the sector are also accelerating rapidly, becoming a key driver of economic growth. This dynamic has translated into a surge in bond issuance by large technology companies, further concentrating the credit markets.

This trend could intensify in the coming months, as new players such as OpenAI and Anthropic consider accessing the public markets.

In an environment shaped by exogenous risks that are difficult to anticipate, asset allocation must adapt to these structural shifts by strengthening diversification.

It must also prioritize a balance between capital gain potential and cash generation in order to preserve portfolio flexibility.

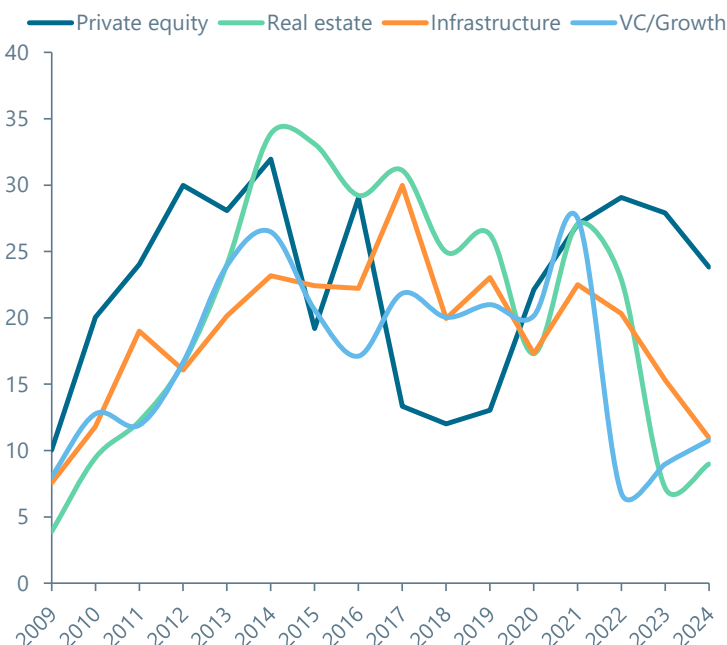
Private assets: a return to fundamentals

Since 2010, private asset markets have experienced strong growth, driven by investors' search for yield in a low-interest rate environment. This phase was characterized by low-cost leverage, elevated internal rates of return (IRR), and regular distributions.

However, the rise in interest rates has led altered this landscape. Across private asset classes, including infrastructure equity, distribution rates have declined.

Private capital markets distributions

As % of NAV



Source: Hamilton Lane Private Markets Report 2025

This shift is partly explained by the increase in deal sizes and valuation levels, which complicates exits and lengthens investment cycles.

Against this backdrop, secondary markets have expanded significantly since 2020, particularly in private equity. This development illustrates the adaptation of a less dynamic market to investors' growing liquidity needs. Similar dynamics are now beginning to emerge in infrastructure equity and corporate private debt.

As a result, the ability to generate income has become a key criterion in asset allocation decisions.

Corporate private debt: the end of the liquidity illusion and declining yields

Corporate private debt has been under increasing scrutiny since the end of last year.

In September 2025, defaults emerged in certain asset-based financing strategies, a segment of private debt that relies on financing backed by real assets or collateralized receivables. These events triggered a wave of redemptions in the fourth quarter of 2025 within semi-liquid debt funds targeting retail investors.

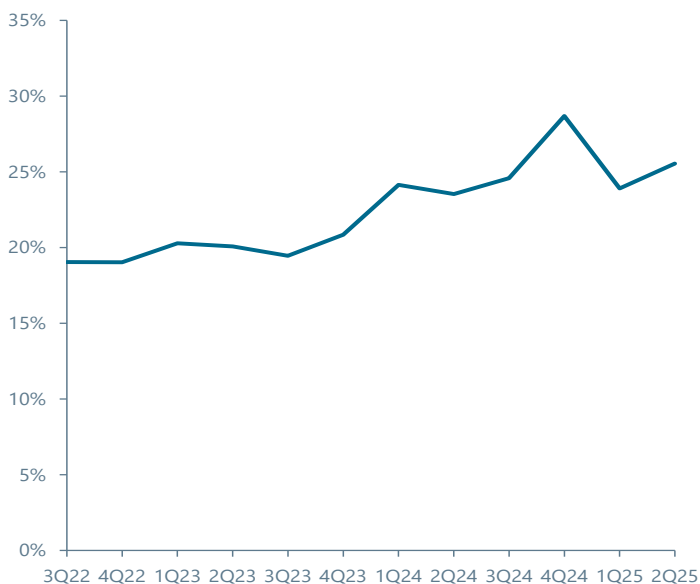
In early 2026, market pressure intensified as the software sector came under renewed stress following Anthropic’s announcement of new agentic automation capabilities that could render much of the sector obsolete. These negative outlooks triggered a new wave of redemptions in semi-liquid debt funds, leading some vehicles to suspend or even close their exit windows.

These episodes call into question the success of semi-liquid vehicles, such as evergreen funds with exit windows, and highlight the risk that the promise of liquidity may vanish during periods of market stress.

Beyond these specific events, there has been an increase in the share of PIK (Payment In Kind) loans within private debt funds, which could signal rising tension. Indeed, PIK loans are debt instruments that allow borrowers to capitalize interest until it is repaid.

Share of PIK loans in private debt

For the 10 largest U.S. BDCs



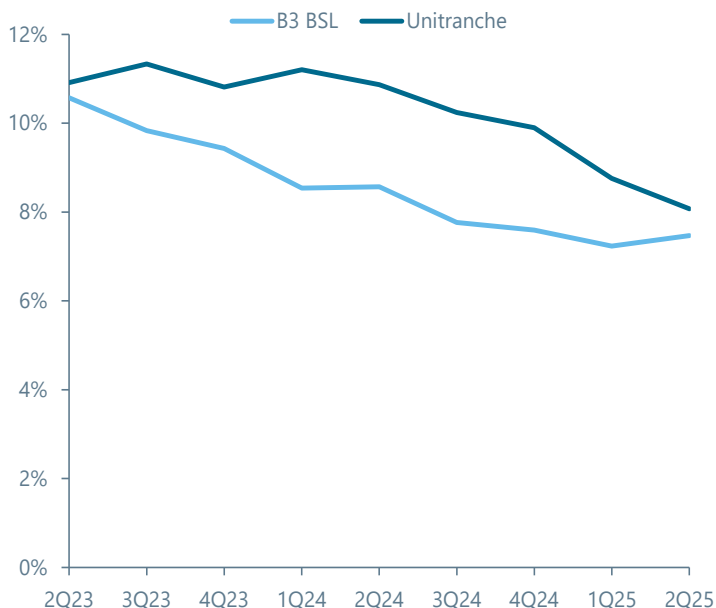
Source: Guggenheim Investments, PitchBook Data Inc. data as of 30.09.2025

Finally, yields on direct lending (unitranche loans) have declined sharply in recent years, converging in 2025 towards levels close to those of liquid Broadly Syndicated Loans (BSLs).

By comparison, yields across infrastructure debt segments have remained relatively stable, with returns in the BB segment, for example, still ranging between 7% and 8%.

New issue yields

Private credit vs. B3 Broadly Syndicated Loans in the secondary market



Source: J.P. Morgan, KBRA DLD. All yields to 3-year call.

In an uncertain macroeconomic environment, corporate private debt faces heightened challenges today. Prioritizing simple solutions and diversifying exposures across other asset classes therefore appears to be a sound approach.

Infrastructure: an effective diversification driver when properly optimized

In the current environment, infrastructure strategies appear to be a relevant alternative for enhancing portfolio diversification.

When focused on essential infrastructure assets, these strategies are not correlated with economic cycles and are largely immune to inflationary shocks.

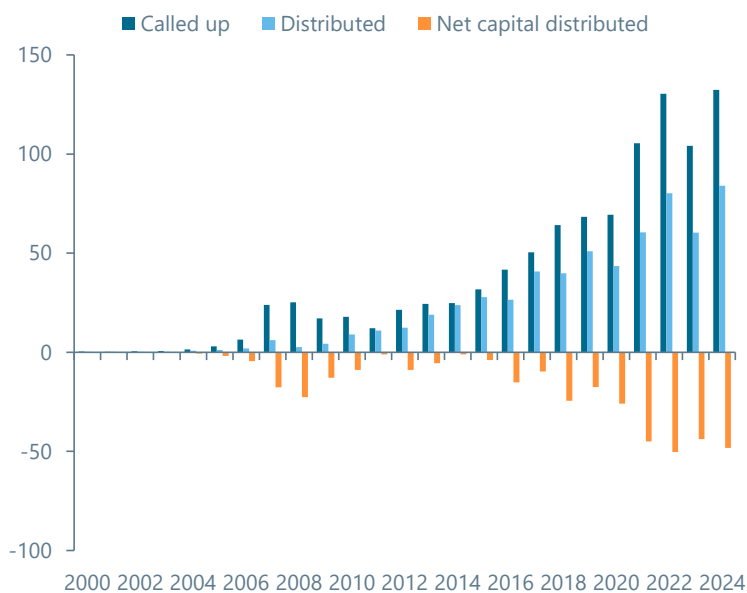
For diversification to be fully effective, however, close attention must be paid to both the income distribution cycle and the concentration of underlying portfolios.

As in private equity, distribution rates of infrastructure equity funds have declined in recent years, effectively extending the J-curve that characterizes dividend distribution in this asset class.

The DPI (Distributed to Paid-in Capital) ratios of infrastructure equity funds are currently lower than in previous vintages, despite capital calls remaining elevated.

Annual capital called and distributed

Infrastructure equity funds (North America and Europe)



Source: Preqin

This trend is driven by higher financing costs following the rise in interest rates, which have translated into lower IRRs, now below 10% for core infrastructure equity. The significant increase in fund size, and consequently in the scale of underlying projects, has also reduced their operational flexibility.

Infrastructure debt: a solution to revenue distribution challenges

Infrastructure debt offers recurring returns through optimal structuring that aligns debt repayment profiles with the cash flows generated by underlying projects. The called capital thus generates immediate income, while principal amortization occurs at a faster pace.

Conversely, infrastructure equity funds tend to deliver distributions later in the investment lifecycle, following a pronounced J-curve, with amortization periods that often span about ten years.

Infrastructure debt: supporting major energy and digital transformations

Looking ahead to 2026, infrastructure debt benefits from a set of structural drivers that reinforce its long-term investment case.

Financing needs remain substantial, underpinned by secular trends: the decarbonization of energy systems, accelerated growth in renewables (including battery storage), the rapid expansion of data centers, modernization of power grids, increasing digitalization of end-use applications, and the

development of urban mobility.

These dynamics are sustaining a steady pipeline of both new projects and refinancing of existing projects.

Toward a more diversified, liquid, and flexible asset allocation

The examination of recent trends across public and private markets underscores the need to refocus on solid fundamentals: rigorous investment discipline, diversification of performance drivers, and the ability to generate recurring revenue to preserve portfolio flexibility.

Within private markets, infrastructure strategies can play a meaningful role in diversification.

More specifically, certain segments of infrastructure debt currently stand out for their ability to deliver consistent returns comparable to those of unitranche corporate debt, without the volatility, supported by real assets that generate predictable cash flows.

In this context, financing small or medium-sized projects represents a clear competitive advantage and an effective lever for income generation.

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