Houlihan Lokey

Private Performing Credit Index—Q3 2026

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank recognized for delivering independent strategic and financial advice to corporations, financial sponsors, and governments. Houlihan Lokey regularly values instruments in many of the least visible asset classes, particularly private credit. The Houlihan Lokey Private Performing Credit Index (PPCI) is derived from our extensive dataset of private credit valuations.

The PPCI provides a window into the universe of private performing credit loans, of which the data is generally inaccessible, and enables comparisons to investment portfolios or other indices to inform discussions of market dynamics between ourselves and our clients. The PPCI is computed using weighted average yields (based on aggregate principal balance) of a subset of private loans valued by us. The yields represent the implied internal rates of return (IRRs) based on our fair value estimates of each underlying loan. We also calculate other data, including spread and percentage of par, and have numerous other studies and observations available in our Insights section on HL.com.



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98.64%

Average Price of Loans in the PPCI as of Q3 2026



10.74%

Average Yield of Loans in the PPCI as of Q3 2026



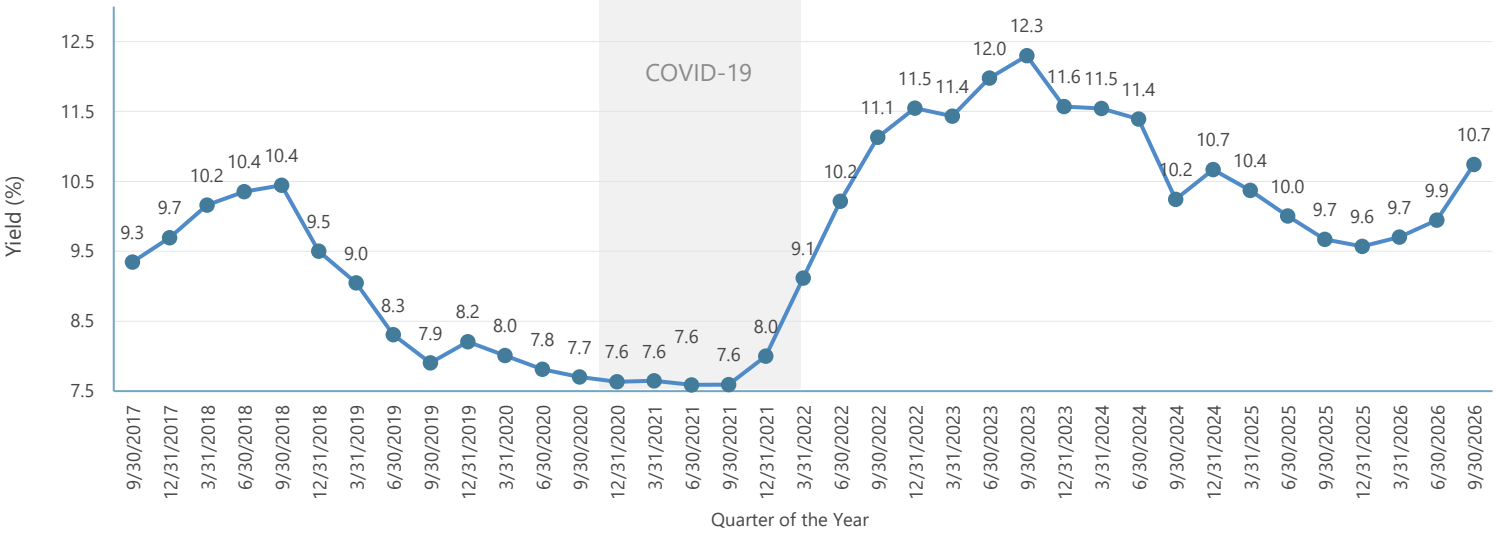
5.87%

Average Spread of Loans in the PPCI as of Q3 2026



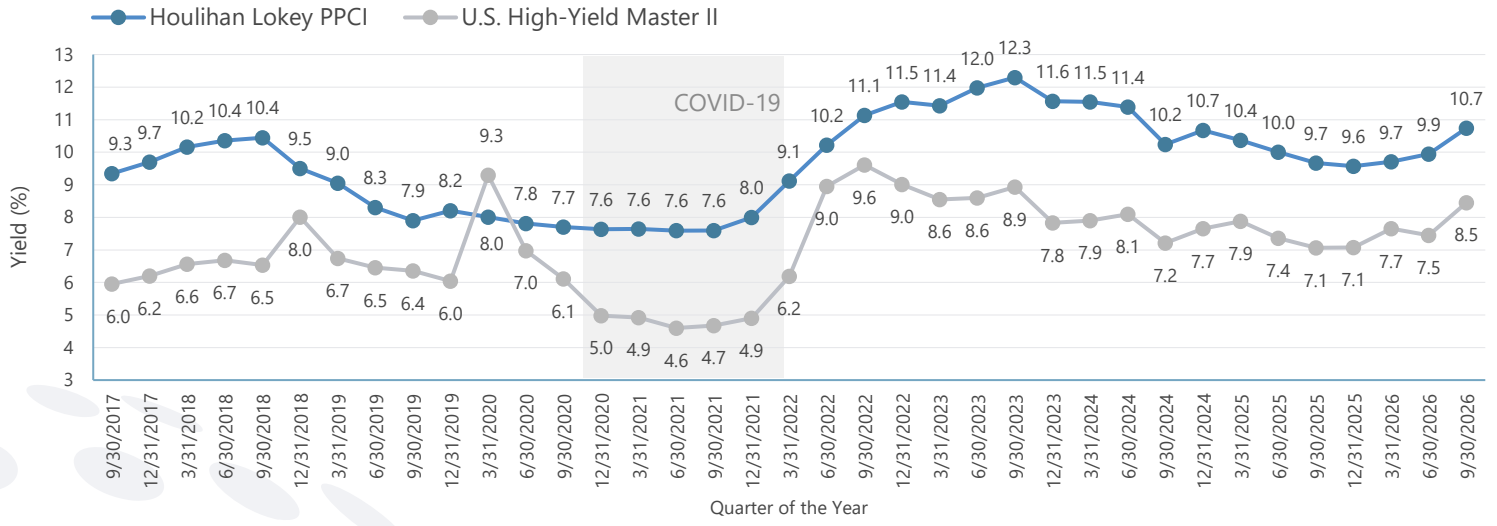
Results

PPCI



Many investment factors drive both borrowers and lenders to the private credit markets. One publicly available index is informative in these discussions of private vs. public credit and bonds vs. loans. The chart below illustrates those differences.

Unique View of Private Credit vs. ICE BAML Compilation of High-Yield Bonds



Change From the Previous Quarter

From June 30, 2026, to September 30, 2026, the PPCI increased by 79 bps, from 9.95% to 10.74%. With each PPCI release, our Private Credit team reviews the data (which consists of 30,000+ qualifying quarterly asset valuations performed since September 30, 2017), market conditions, and changes in the composition of the portfolio to explain the difference from the previous quarter. Our analyses focus on the significant drivers of differences to aid our clients when comparing their own observations of the market yields; however, the change in composition may affect the index in a specific way that is not consistent with general experience. Additionally, the changes below reflect the absolute changes in each metric quarter over quarter and are not meant to be cumulative changes that bridge PPCI yield values from one quarter to the next.

01



BENCHMARK RATES

The yield is the discount rate that makes the present value of future cash flows equal to the loan value. The SOFR swap rate for the relevant average maturity increased by approximately 88 bps from June 30, 2026, to September 30, 2026.

A significant portion of loans in the index were transitioned from LIBOR to SOFR during the quarter ending September 30, 2023. As a result, we have shifted our benchmark rate from LIBOR to SOFR for the purposes of this comparison.

02



COUPON

The coupon represents the contractual interest margin above the applicable base rate for floating rate loans and represents the contractual interest rate for fixed-rate loans. The weighted average coupon increased by 4 bps from June 30, 2026, to September 30, 2026.

03



PRICE

The weighted average price for loans in the PPCI decreased from 98.79% on June 30, 2026, to 98.64% of par on September 30, 2026.

04



SPREAD

Spread is added to the base rate to form the discount rate. The weighted average spread for loans in the PPCI increased from 573 bps on June 30, 2026, to 587 bps on September 30, 2026, representing an increase of 14 bps.

05

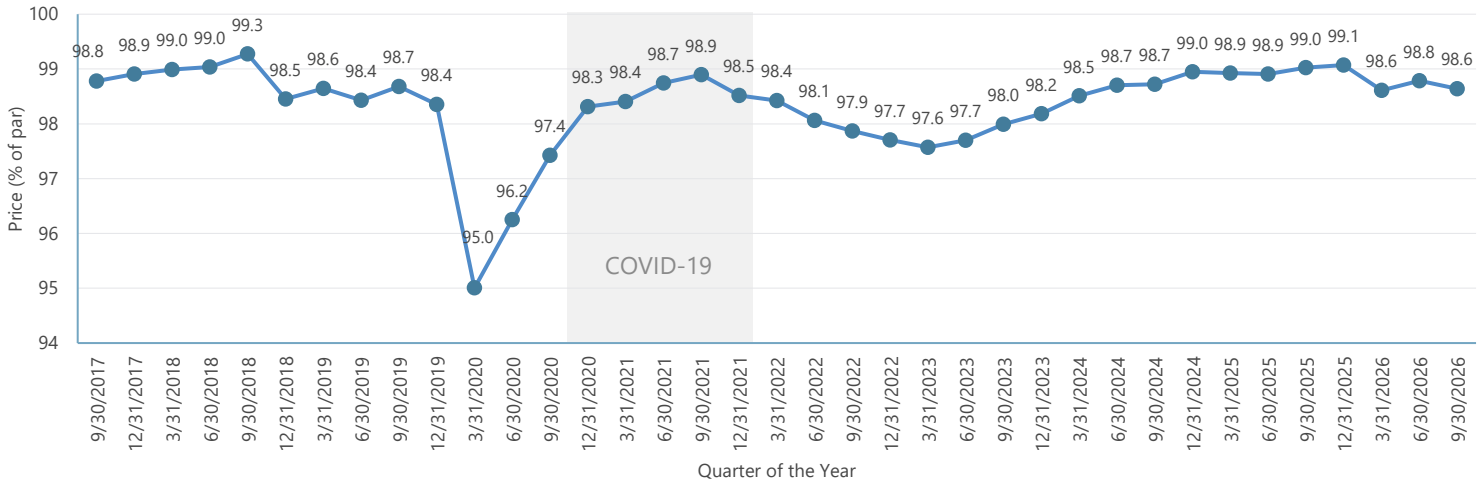


COMPOSITION

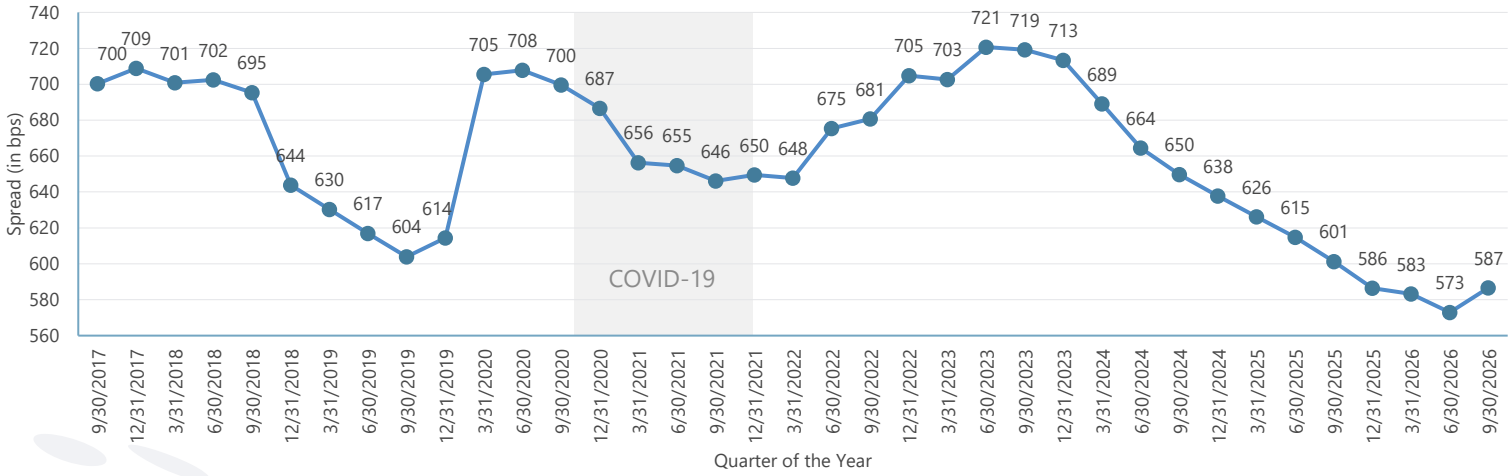
Although a significant portion of the PPCI is composed of loans valued in prior periods, some change occurs. The change in index components contributed to an increase of 64 bps in the PPCI IRR from June 30, 2026, to September 30, 2026.

Change From the Previous Quarter (cont.)

Price Component of PPCI (% of par)



Spread Component of PPCI (in bps)



Further Information or Analysis

To receive further information or discuss Houlihan Lokey's PPCI, please contact our Portfolio Valuation and Fund Advisory Services team:



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