

Q3 2025 Asset-Based Finance Outlook

Transcript

[Music]

Oliver Nisenson, Head of Asset-Based Finance: In ABF, we are experiencing a convergence of two opposing forces. On one hand, we are seeing a continuation of inflows and growth in demand for asset-based credit. Liability-driven investors are experiencing high volume in retirement products, which is driving demand for yield premium in fixed income. Additionally, these same investors are actively diversifying away from corporate credit and rotating into asset-based credit. Meanwhile, ongoing uncertainty from tariffs and geopolitical tensions across the globe is creating increased risks around inflation and other macroeconomic factors. This level of uncertainty is particularly relevant to ABF, given the potential impacts to consumers and businesses across the U.S. economy. So, in this environment, we are selectively investing in asset profiles that we believe can adequately perform through this cycle. At PGIM, our scale and capacity allow us to be disciplined in our underwriting and to pivot to or from sectors as conditions evolve. That said, as we look ahead to the coming quarter, we are selectively focused on assets in prime consumer, commercial, and residential subsectors. On the commercial side, we are actively originating financing for critical-use assets in transportation and digital infrastructure, as well as equipment financing for small- and medium-sized businesses. Within consumer, we see opportunities in providing capital to prime homeowners for home improvement and efficiency needs.

[Music]

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Source(s) of data (unless otherwise noted): PGIM Fixed Income, as **July 2025**.

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