



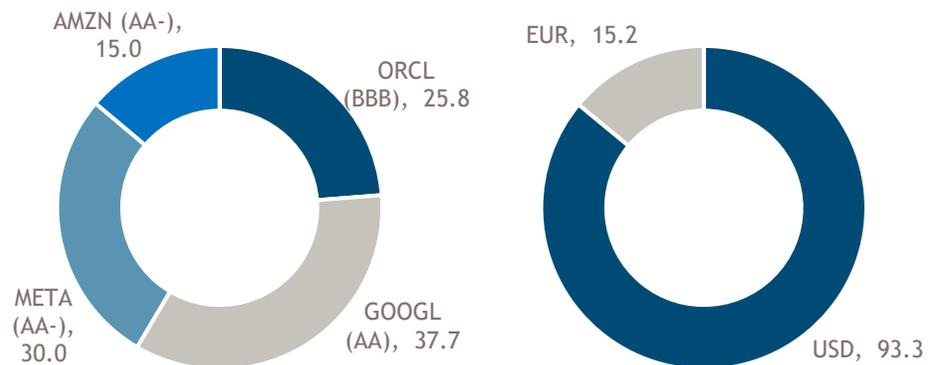
AI & Defence in Corporate Bond Markets

March 2026

Muxinich & Co

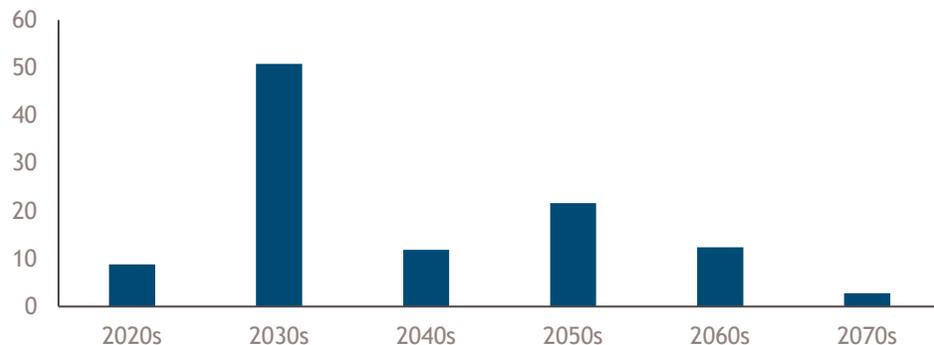
AI Hyperscalers are ramping up Capex

Hyperscalers 2025 Debt Issuance Summary: \$108bn¹

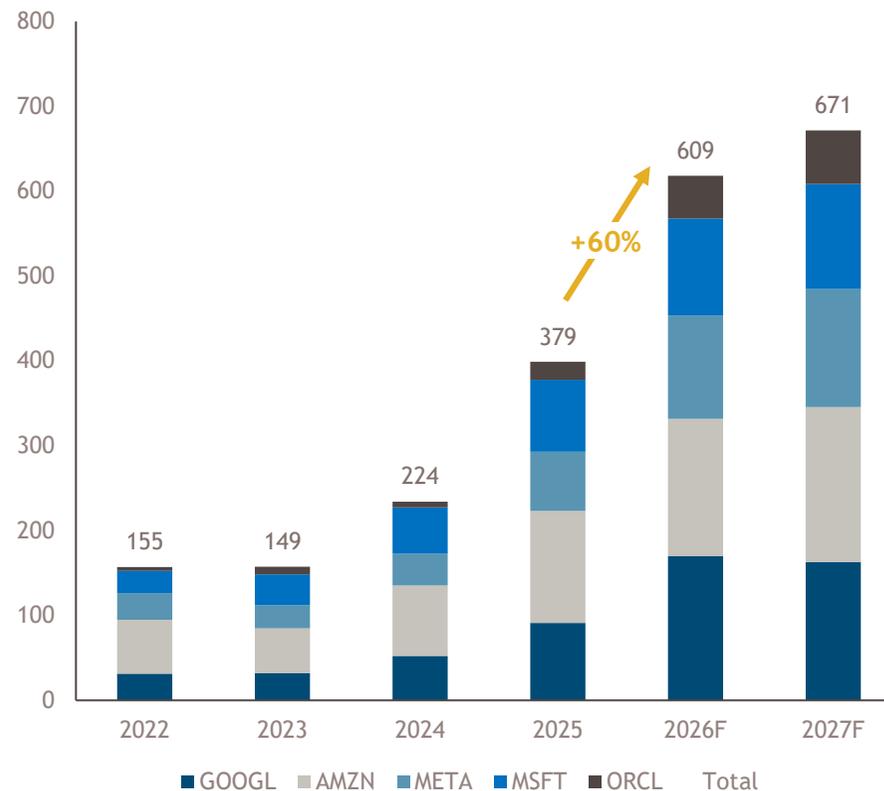


With an Average Maturity Date of 2043¹

2025 hyperscaler issuance by maturity decade



Hyperscalers Capex Forecasted to Jump Again in 2026²



Source: (1) Bloomberg data as of February 23rd, 2026. (2) JP Morgan 'US Fixed Income Overview: The sound of silence' published February 6th, 2026.

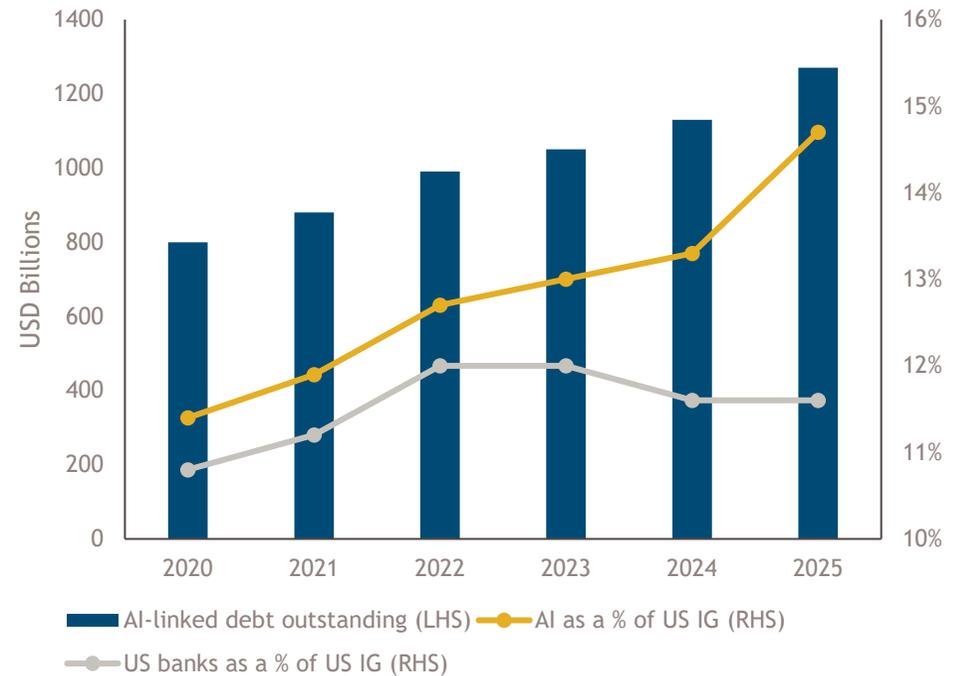
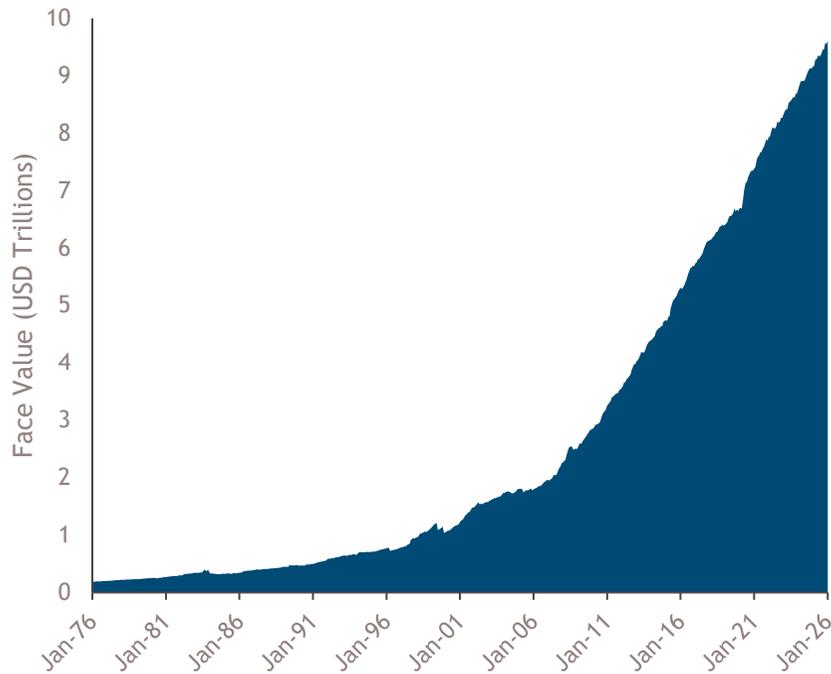
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Tech gaining ground as US IG market expands

Hyperscalers are forecasted to issue an average of \$300bn/year over the next 5 years, 80% of which in USD.¹
 For context, US IG corporates total issuance averaged \$1.4tn over the last 5 years.²

The US IG market has increased dramatically this century³

15% of US IG debt is tied to issuers involved in AI Capex, larger than the biggest actual sector (US Banks)⁴

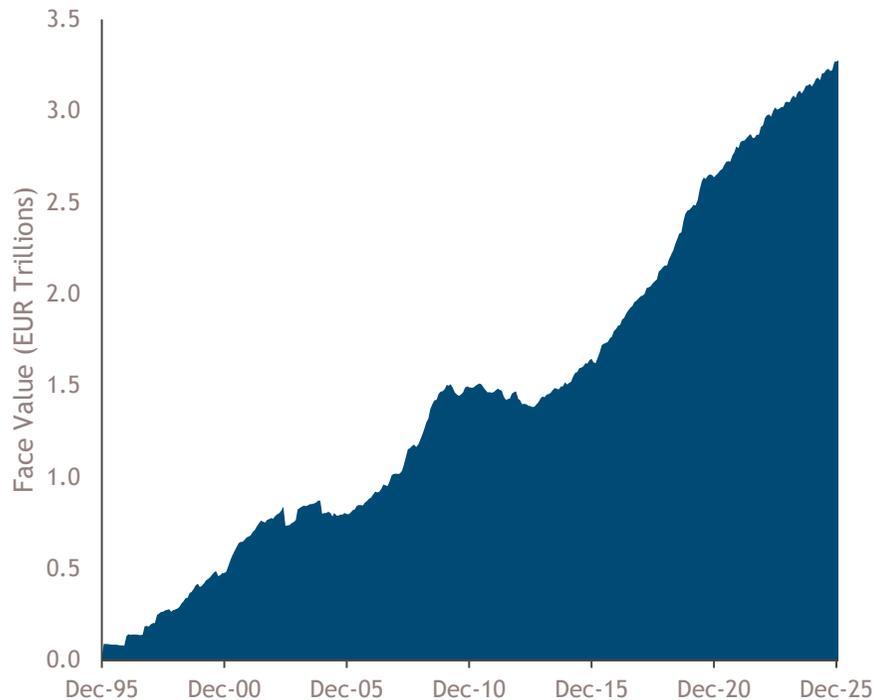


Source: (1) JP Morgan Daily Credit Strategy published November 10th, 2025. (2) JP Morgan US High Grade Corporate Bond Issuance Review published February 5th, 2026. (3) ICE Index Platform data as of January 31st, 2026. ICE BofA US Corporate Index (COA0). Index selected by Muzinich as best available proxy for the asset class. (4) JP Morgan report ‘A 40-Year Perspective on the Evolution of Credit Markets’ published February 17th, 2026.

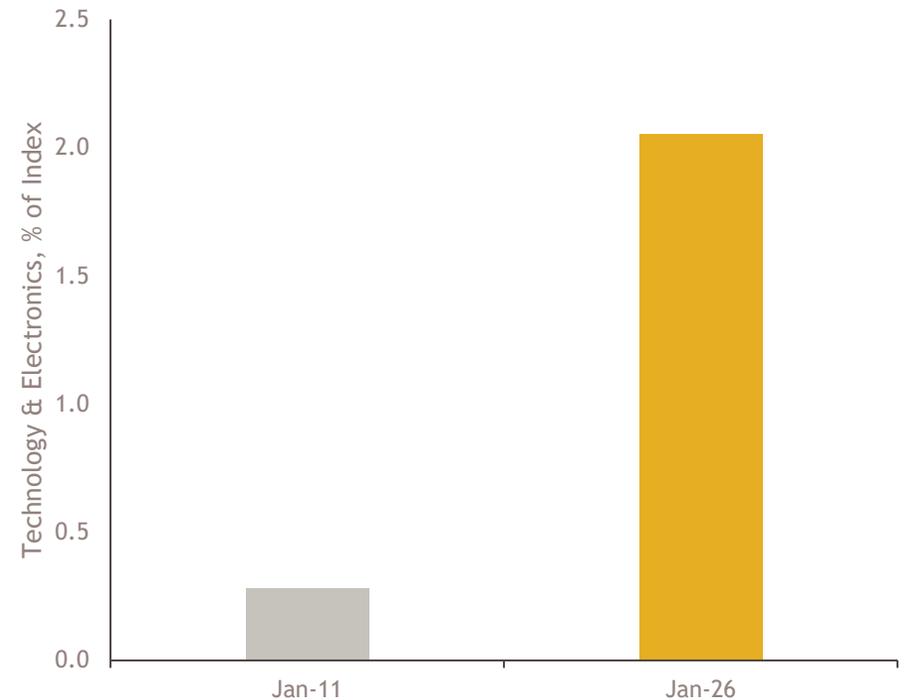
A similar story in Europe

Tech is a smaller proportion of the EUR IG market than in the US, but has seen meaningful growth

EUR IG market growth



Tech has grown significantly but is still a small part of the universe



Source: ICE Index Platform data as of January 31st, 2026. ICE BofA Euro Corporate Index (ER00). Index selected by Muzinich as best available proxy for the asset class. Muzinich views and opinions for illustrative purposes only, not to be construed as investment advice.

Overview

Defence currently constitutes a very small % of the European IG corporate bond market¹

European Defence Bonds are directed at financing defence/security projects across Europe

The initiative launched in mid-2025 to entice investors back into defence, who had previously shied away from the sector due to ESG concerns

Objectives

- Support financing of European defence and strategic autonomy
- Improve issuer access to long-term private capital
- Enhance transparency and investor confidence

Has there been a change?

- Government funding is still the primary source of funding for defence companies
- Contracts are often long-term but even recently we have seen companies seeking government funding rather than issuing debt
 - 2025: BAE, Patria & partners, KNDS
 - 2026: Leonardo, ICEYE, Stark/Helsing, Rolls Royce

~€2bn European Defence Bond Issuance²

Issuer	Issue Size
Group BPCE	€750m
Bpifrance	€1,000m
Exail Technologies	€300m

Source: (1) ICE Index Platform data as of January 31st, 2026. ICE BofA Euro Corporate Index (ER00). Index selected by Muzinich as best available proxy for the asset class. (2) Clifford Chance European Defence Bonds client briefing published January 16th, 2026.



How will issuance from AI hyperscalers affect corporate bond markets in the US and Europe?



Could this lead to a bubble?



What is the indirect effect of AI on other sectors and other asset classes?



Will defence become a bigger investment opportunity in Europe?



How should the market price short-term AI Capex vs long-term AI disruption?