



# Mid-Market Infrastructure Debt

## A Defensive Allocation for a Changing Market Environment



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At a time of accelerating infrastructure demand and constrained traditional financing sources, infrastructure debt is emerging as a compelling allocation for institutional investors. The asset class offers a differentiated investment proposition, combining resilient income with historically lower volatility and correlation to other asset classes. These characteristics are supported by contractual or regulated revenues, essential service provision and durable asset economics.



## Why Infrastructure Debt and Why Now?

### Structural Demand

Global infrastructure demand continues to expand, driven by long-term secular trends such as the energy transition, digitalization, urbanization and population growth. The scale of required investment is significant, with the G20's Global Infrastructure Outlook estimating a potential US\$15-trillion spending gap by 2040.<sup>1</sup> As many infrastructure projects fall outside traditional bank or insurance company underwriting model, private capital has become a significant source of infrastructure financing, with an estimated 53% of infrastructure debt funding provided by non-bank lenders in H1 2025.<sup>2</sup>

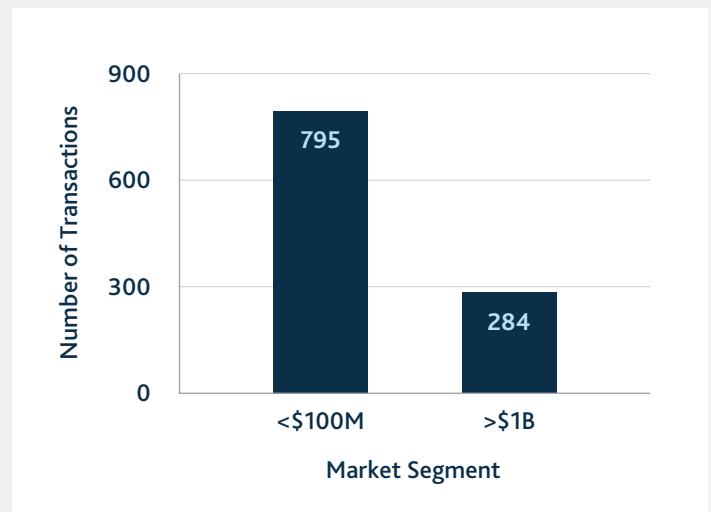
Across North America and globally, some of the emerging areas of infrastructure investment include renewable natural gas, "behind-the-meter" energy solutions, battery energy storage systems and digital infrastructure. These sectors are driven by the growing demand for clean and sustainable solutions, while also offering the potential for higher returns for different risk profiles relative to traditional infrastructure projects.

### The Emergent Middle Market

A significant portion of the infrastructure debt investment universe consists of mid-market assets (i.e., loans below US\$100 million in value), which are often overlooked by mega-fund investment platforms due to deployment constraints. The resulting disparity is considerable: in 2025, more than 795 transactions under US\$100 million were reported, compared to only 284 deals at or above US\$1 billion.<sup>3</sup> This creates an opportunity to identify and invest in appealing opportunities that are often overlooked and under-researched, despite their attractive risk/return characteristics.

Figure 1

### Deal Volume by Transaction Size in 2025



Source: Infralogic. "Global Infrastructure Debt Deal Activity." Data from January 1 to December 31, 2025.

For specialist lenders focused on the mid-market, this creates a compelling opportunity to originate proprietary transactions that combine:

- > Strong underlying credit fundamentals
- > Enhanced structuring flexibility
- > Incremental return from size and illiquidity premiums

In this context, size matters in return generation, as mid-market transactions tend to exhibit comparable credit characteristics to larger assets, with less competition per unit of capital deployed.

## Infrastructure Debt as an Asset Class

Infrastructure debt investments refer to loans or bonds used to finance the development, construction and/or operation of essential infrastructure assets across a wide range of economic and social sectors. Well-underwritten infrastructure debt typically exhibits several defining characteristics that distinguish it from other forms of private credit.



### Duration Matching

Infrastructure debt investments can be structured across varying maturities according to investor preferences, including short-dated tenors that are more transitory and long-dated tenors spanning multiple decades that align with the extended economic lives and cash flow profiles of the underlying assets.



### Stable and Predictable Cash Flows

A defining characteristic of infrastructure debt is the visibility and durability of its cash flows. Revenues are typically supported by long-term contracts, regulated tariffs or quasi-monopolistic market positions, and many revenue streams include an inflation-linked component.

These features, combined with essential service provision and relatively inelastic demand, support stable income generation across economic cycles and inflationary environments.



### Downside Mitigation

Infrastructure debt is typically senior secured within the capital structure, backed by tangible, long-life assets and structured with amortization and covenant protections. In downside scenarios, these features enhance recovery prospects and support capital preservation. Historical data supports this defensive profile. According to Moody's, BB-rated infrastructure debt has demonstrated lower five-year default rates (4.6%) compared to non-financial corporates (7.9%), along with meaningfully lower loss rates.<sup>4</sup>



### Diversification

Private infrastructure has low correlations with most public assets, including listed infrastructure, and even other private assets.<sup>5</sup> Relative to corporate credit, infrastructure debt offers differentiation through asset backing, contractual cash flows and lower correlation to broader markets. Compared to infrastructure equity, debt provides a more defensive risk profile, benefiting from seniority in the capital structure and reduced exposure to valuation and terminal value assumptions.



## Why Manager Selection Matters

For investors seeking exposure to the potential benefits of infrastructure debt, particularly in the mid-market segment, selecting the right manager is crucial. Private infrastructure debt deals are typically arranged bilaterally or within a small club of lenders and rely on longstanding relationships with sponsors, advisors and arrangers. As a result, access to opportunities is not uniform across market participants.

Platforms with established sourcing networks, deep sector expertise and direct origination capabilities are better positioned to access differentiated transactions and maintain underwriting discipline. Within this context, Fiera Capital's Infrastructure Private Debt platform seeks to benefit from a longstanding presence in the market, with over 20 years of experience originating, structuring, underwriting and managing infrastructure debt investments across North America, primarily in the middle market. We believe the platform's ability to directly source and structure transactions, combined with a disciplined credit approach, supports selective deployment across a broad opportunity set.

## Conclusion

Infrastructure debt represents a compelling allocation for investors seeking resilient income and downside protection in a changing market environment. Structural demand for infrastructure has created a durable opportunity set, and the middle market offers particularly attractive risk-adjusted opportunities due to its relative inefficiency and lower levels of competition.

Importantly, capturing the potential benefits of mid-market infrastructure debt investments is not solely a function of asset allocation, but of manager capability. In this market segment, access to proprietary transaction flow, structuring expertise and a consistent focus on downside protection are critical to achieving attractive risk-adjusted returns. In our view, platforms that combine origination reach with deep sector expertise, such as Fiera's Infrastructure Private Debt strategy, are well positioned to access differentiated opportunities while managing risk across cycles.

## Endnotes

- 1 Global Infrastructure Hub (GI Hub), 2024. Infrastructure Monitor 2024. <https://outlook.gihub.org/>.
- 2 Markets Group. "Infrastructure Debt: A Compelling Private Credit Portfolio Addition." November 5, 2025. <https://www.marketsgroup.org/strategic-insights/infrastructure-debt-a-compelling-private-credit-portfolio-addition>.
- 3 Infralogic. "Global Infrastructure Debt Deal Activity." Data from January 1 to December 31, 2025.
- 4 Moody's, "Infrastructure default & recovery rates, 1983-2024." September 3, 2025.
- 5 Private infrastructure – MSCI Global Private Infrastructure Index; Listed infrastructure – DJ Brookfield Global Infrastructure Composite Index; Private Debt – Cliffwater Direct Lending Index; Private Equity – Cambridge Associates Buyout Index; Commodities – Bloomberg Commodity Index; Hedge Funds – Barclays Market Neutral Index; Public Equity – MSCI ACWI Index; Global Bonds – Barclays Global Aggregate Index; Canadian Bonds – FTSE Universe Bond Index; Canada CPI – Canadian CPI Return.

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