ANNUAL NEW YORK CONFERENCE

2024 OUTLOOK

Private Credit's Meteoric Rise

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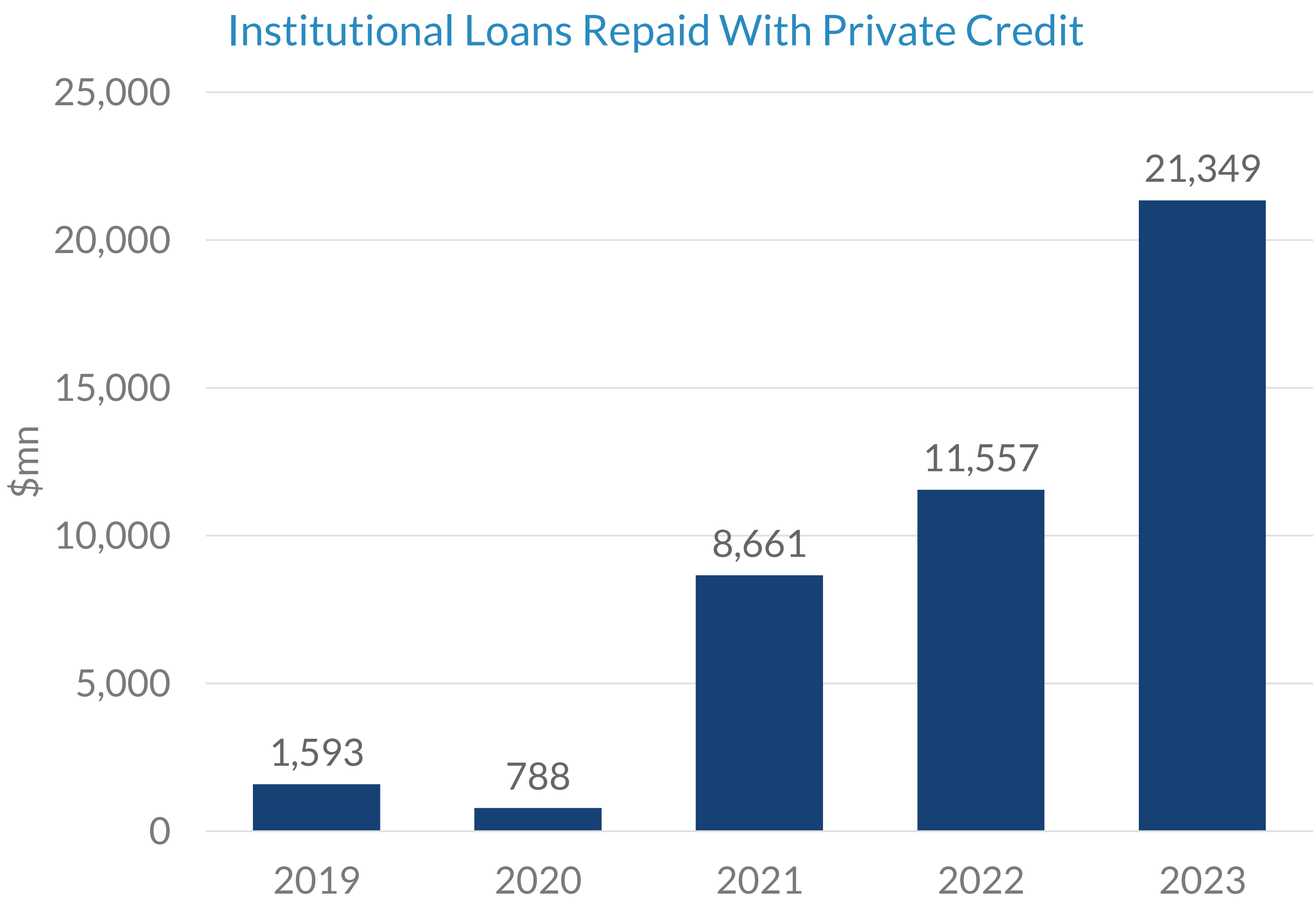
Private Credit Siphoned Off a Record Amount of Institutional Capital



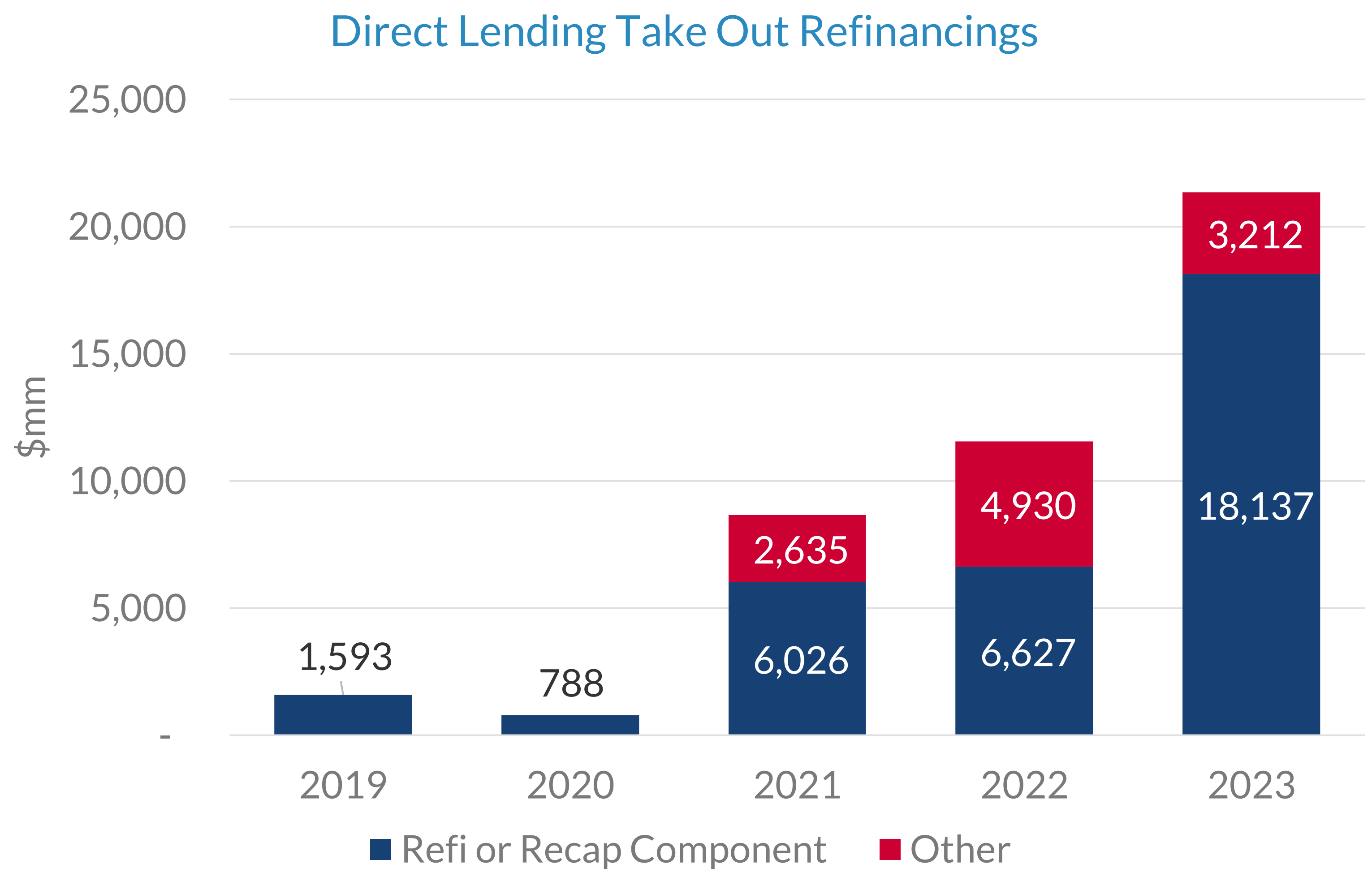
Massive financings such as Finastra and Hyland boosted the volume of Direct Lending Take Outs.

There will also be a larger number of issuers exiting the syndicated market this year (currently 24) than last year (23).

Deal volume included repayments of Petroleum Geo-Services ($75 million) to Finastra ($4.45 billion) indicating the trend is not confined to a single market segment.

Source: LevFin Insights

A Majority of Institutional Loans Taken Out Were Refinanced in 2023



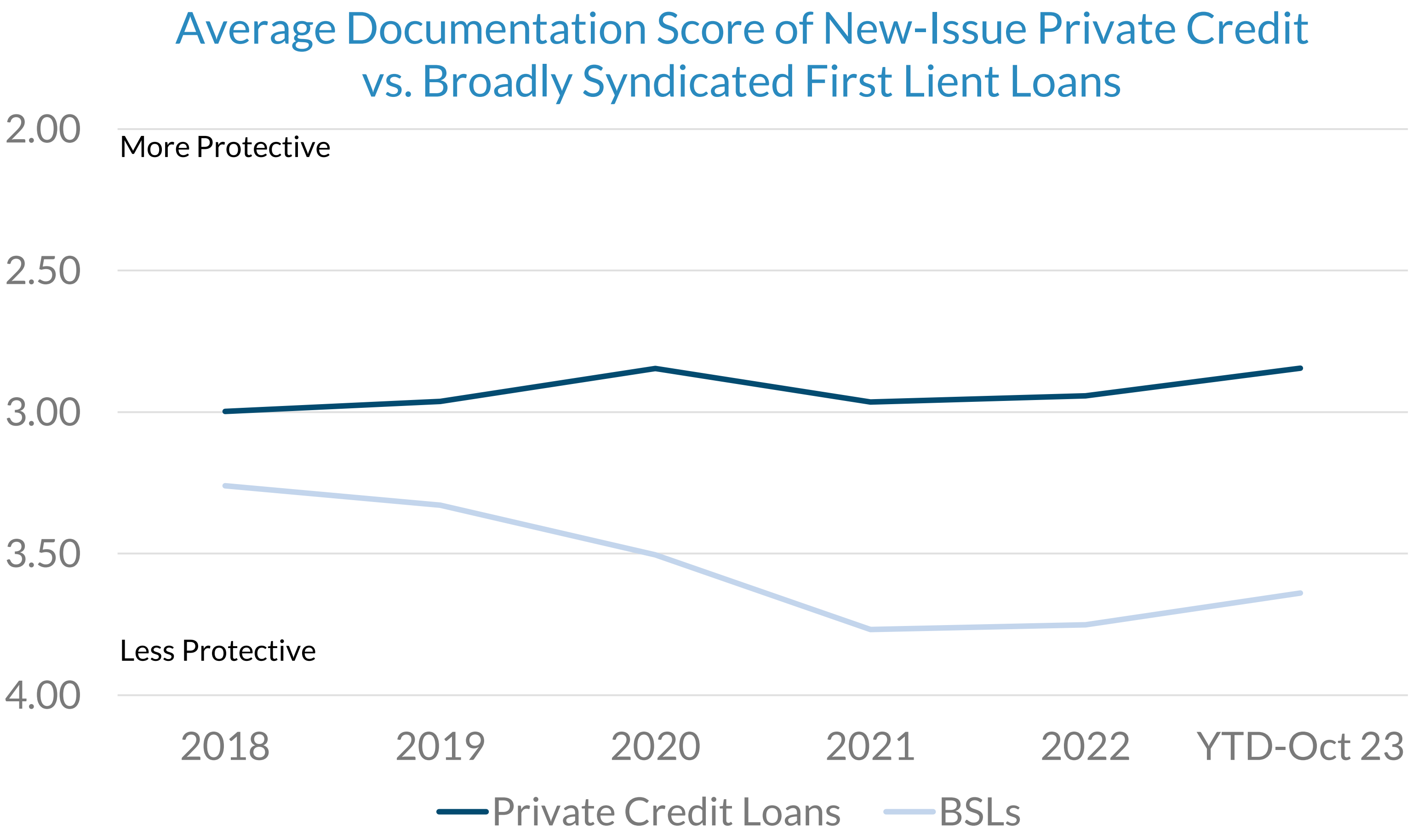
85% of the deals by volume in 2023 have a refinancing or recapitalization component.

Many repaid 2024 maturities, signaling private credit provides a convenient option for companies the syndicated market may be wary of.

2025 maturities are now coming into focus, e.g. PetVet Care Centers, Enverus and Navex Global.

Source: LevFin Insights

Private Credit Offers More Lender Protection…

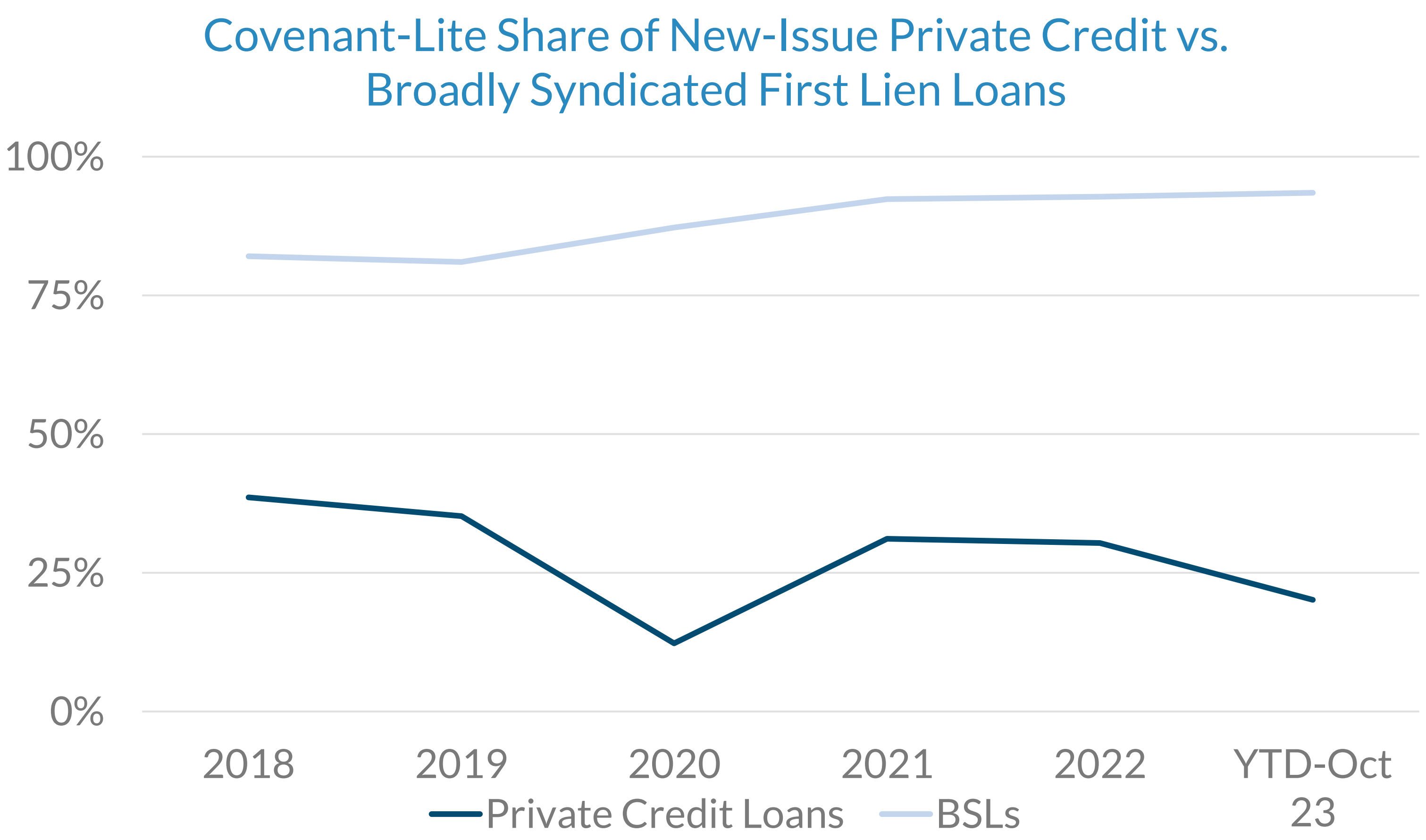


Source: Covenant Review, a Fitch Solutions Service

Broadly syndicated loans' lender protections have decreased since 2018, while private credit loans' lender protections have increased, per Covenant Review documentation scores.

Anecdotally, 2023 proved to be a very lender friendly year, with terms and documentation stronger than prior years and have remained so as pricing decreases.

...Enabled by More Covenants

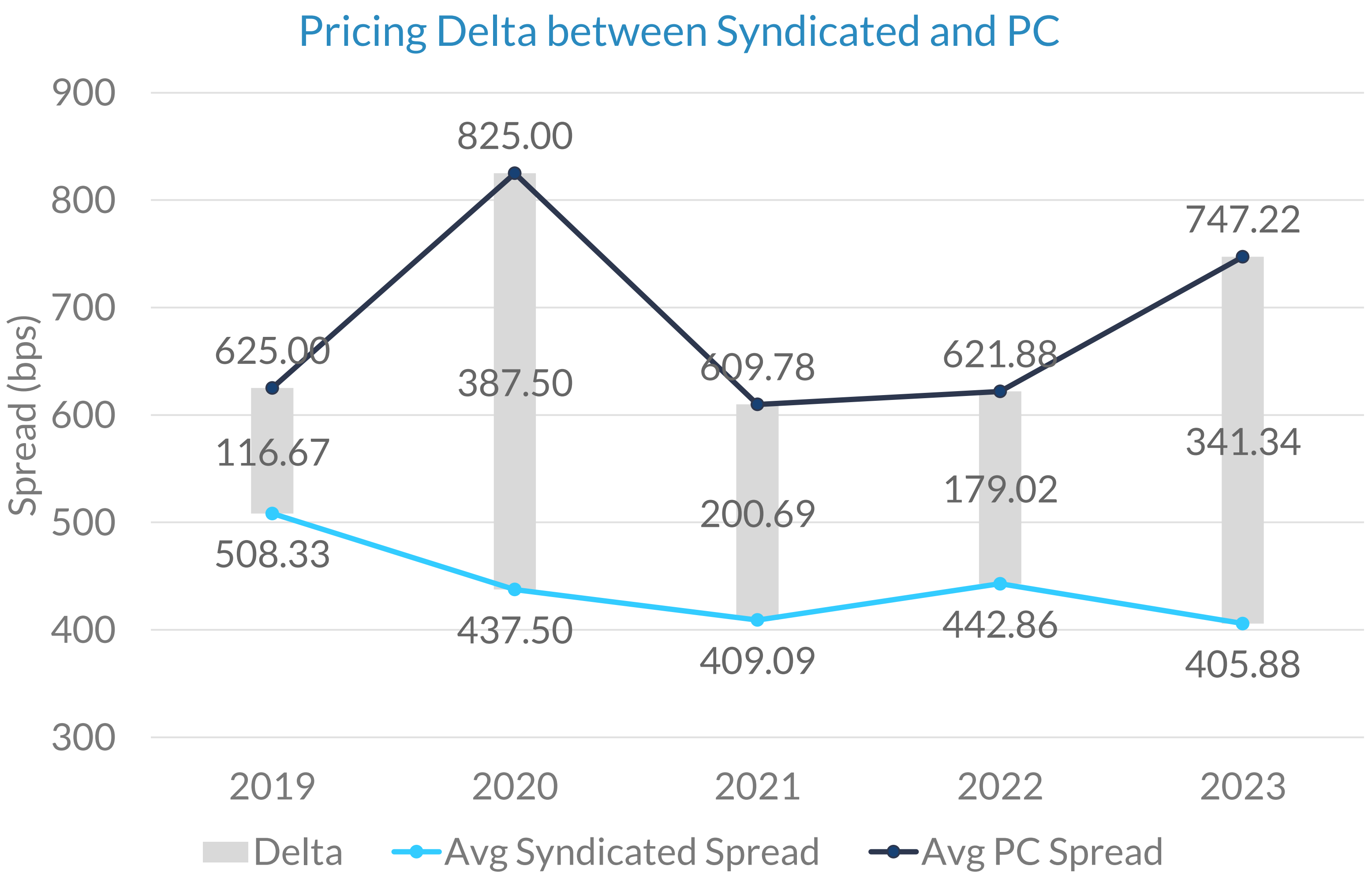


Source: Covenant Review, a Fitch Solutions Service

The share of covenant-lite broadly syndicated loans has trended up since 2018, while the share of covenant-lite private credit loans has trended downward.

Larger deals, more than $1 billion, have a larger share of covenant-lite loans (42%) than the asset class's average (20%).

The Capital Comes at a Premium



Since 2019, private credit capital has cost on average 231 bps more than the syndicated capital.

The perceived benefits of private credit – certainty of execution and pricing, lack of syndication risk – come at a premium.

According to sources, current market deltas are often 150 bps to 200 bps with another 2 points for OID.

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