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CAPITAL PARTNERS

Private Credit

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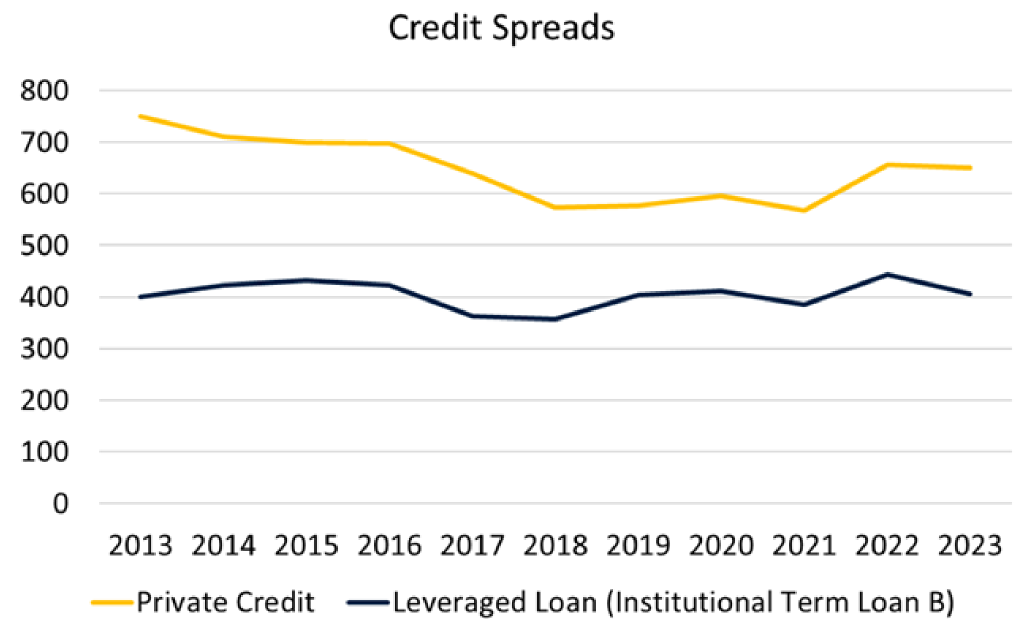
Private Credit Market

Value in USD Trillion				
Asset Class	**2003**	**2015**	**2023**	**Growth since 2015 p.a.**
World Equities	27.1	50.9	92.5	8.40%
World Fixed Income	22.3	51.9	72.9	4.50%
Total Public Markets	**49.4**	**102.7**	**165.3**	**6.10%**
Private Equity	0.7	2.4	8.7	17.30%
Private Credit	0.1	0.5	1.7	16.10%
Comm. Real Estate	6.3	8.8	13.2	4.80%
Hedge Funds	0.8	2.9	4.3	4.70%
Total Private Markets	**7.9**	**14.6**	**27.7**	**8.20%**



Source: Pitchbook, Federal Reserve

Inside Australia's $200b unregulated private credit boom

ASIC announces new taskforce to review private credit

Private Credit Due Diligence

- Unlike public markets, manager performance tends not to mean revert, i.e. top quartile stay top quartile
- Scale is important given higher cost of successful origination and execution
- In most cases not paid (via returns) to take risk of smaller managers or concentrated portfolios
- In addition to a traditional public market assessment process, the following are key to assess:

Portfolio	Process	Fund Structure & Terms
• Asset type & security level • Size, scale & diversification • Relative value vs public markets • Use of leverage • Related party SPVs	• Risk management systems • Origination capability • Governance structures • Valuation framework • Track record in asset class	• Redemption terms • Investor concentration • Sell spread • Fees • Origination fee pass through

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