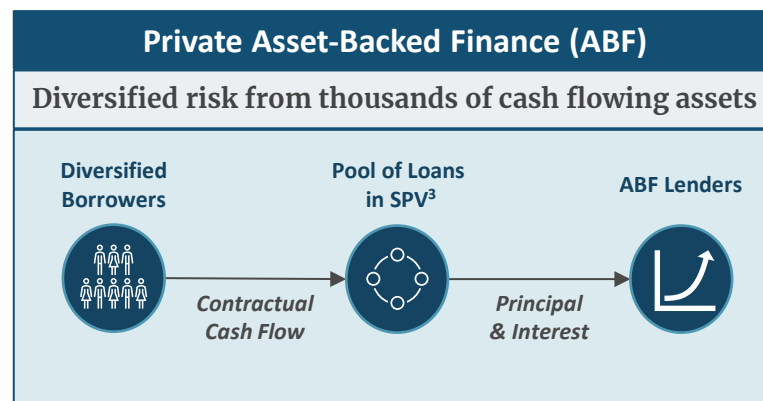
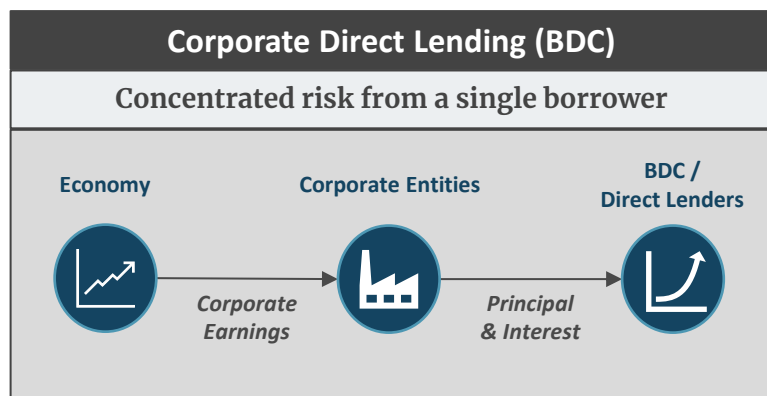


Corporate Direct Lending vs. Private Asset-Backed Finance (ABF)

Private ABF Investments Differ from BDC¹ Corporate Direct Lending Exposure in Several Important Aspects



Reliant on corporate earnings and projected cash flows	◀ BORROWER CREDIT RISK ▶	Reliant on value and quality of collateral pool
Underlying investments are single borrowers	◀ DIVERSIFICATION ▶	Underlying investments typically consist of a large pool of borrowers
Limited amortization with bullet repayment, relying on a company sale or access to the refinancing market	◀ PRINCIPAL REPAYMENT RISK ▶	Contractual cash flows with defined waterfalls and underlying self-amortization
Typically covenant-lite	◀ STRUCTURAL PROVISIONS ▶	Covenant-heavy structures with strict asset eligibility
Loan term is typically longer (typically 5–7 years)	◀ LOAN TERM ▶	Shorter loan term (typically 2–4 years) reduces exposure period
Higher correlation to major public and private equity and credit asset classes ²	◀ MARKET CORRELATION ▶	Lower correlation to major public and private equity and credit asset classes ²

For illustrative purposes only. ¹Business Development Company (BDC). For definitions of terms used herein, please refer to the Appendix.

Appendix

²Correlations are calculated with monthly returns between April 1, 2015 and March 31, 2025 based on available data. The average correlation is listed in the parenthesis: ABF (0.40), public equity (0.62), levered loans (0.48), high yield (0.66), private debt (0.64) and equity (0.62). Each asset class is modeled as follows: ABF (Bloomberg US Aggregate ABS TR Index), Public Equity (S&P 500 Total Return Index), US Leveraged Loan (Morningstar LSTA US Leveraged Loan Index), Private Debt (Preqin Private Debt Index), Private Equity (Preqin Private Equity Index). **Past performance is no guarantee of future results.**

³**Special Purpose Vehicle (SPV)** - A legally separate entity created to hold assets and issue financing, isolating those assets from the broader risks of the originator.

Asset backed credit may include loans, notes, receivables, and other credit instruments secured by financial, physical, or intellectual assets. These instruments are subject to credit and default risk, and they often lack centralized trading, which can limit transparency and make them difficult to value or sell. Realized sale prices may fall below recorded values, especially in stressed market conditions. Third-party originators may vary in their ability to assess creditworthiness, detect fraud, and pursue recoveries. **Private Credit** refers to direct lending or debt financing outside of traditional banking, typically involving non-publicly traded companies, and comes with increased risk including limited liquidity, reliance on the borrower's financial health, and less regulatory oversight compared to traditional bank lending.

The following definitions are provided for informational purposes only and are intended to assist in understanding the terms used in this material.

Asset Eligibility Criteria - Rules that define which assets may be included in a collateral pool. **Amortization** - The repayment of loan principal over time through scheduled payments. **Business Development Company (BDC)** - A publicly registered investment company that provides financing to middle-market companies, typically through direct corporate lending, and is regulated under the Investment Company Act of 1940. **Bullet Repayment** - A loan structure in which the principal is repaid in a single payment at maturity. **Borrower Credit Risk** - The risk that a borrower fails to meet its contractual obligations, including interest or principal payments. **Corporate Direct Lending** - A form of private credit where lenders provide loans directly to operating companies. **Collateral Pool** - A group of assets pledged to secure a loan or financing structure. **Contractual Cash Flows** - Cash flows that are defined by legal agreements and payment schedules. **Covenant** - A contractual provision in a loan agreement that requires the borrower to meet specific financial or operational conditions. **Principal Repayment Risk** - The risk that the invested principal may not be repaid as expected or on schedule. **Self-Amortizing** - A structure in which underlying assets generate cash flows that reduce outstanding principal over time. **Waterfall** - A predefined payment hierarchy that determines how cash flows are distributed among different stakeholders in a financing structure.

Comparison features are for informational purposes only and should not be used or construed as financial advice, an offer to sell, a solicitation of an offer to buy, or a recommendation to buy, sell or hold any security, investment strategy or market sector.

Diversification neither assures a profit nor eliminates the risk of experiencing investment losses. Any risk management process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors.

No investment strategy can ensure a profit or eliminate the risk of loss.

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