

# Beyond Bonds – Einkommensstarke Strategie Corporate Direct Lending

**Nur für institutionelle Kunden**

Zürich, 16. April 2024

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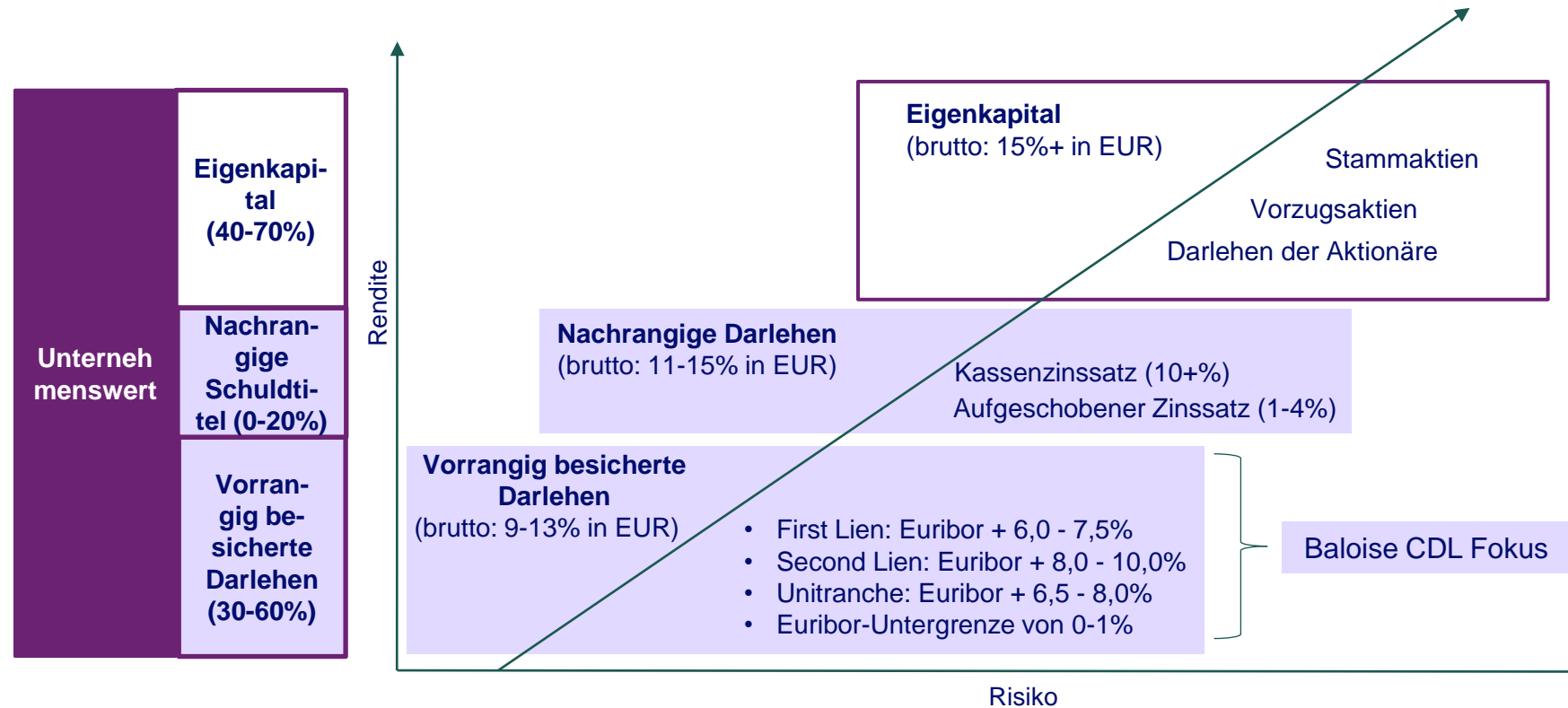
# **Beyond Bonds – Einkommensstarke Strategie; Corporate Direct Lending**

## **Inhalt**

- 1. Private Debt - Zielstrukturen und erwartete Renditen**
- 2. Die Bedeutung der Diversifizierung**
- 3. «Evergreen Exposure» - die effizienteste Nutzung von Kapital (Liquiditätsquellen)**
- 4. Gebührenstrukturen alternativer Fonds - warum eine Interessenshomogenität wichtig ist**
- 5. Managerselektion und Struktur**
- 6. Kurzpräsentation der Manager**
- 7. Permira – «Deep Dive»**

# Private Debt

## Kapitalquellen und Kapitalkosten auf den privaten Märkten<sup>1</sup>



- Die Baloise konzentriert sich auf den höchstrangigen Teil des Marktes für private Anleihen
- 1L- und Unitranche-Darlehen brachten in der Vergangenheit **Renditen von bis zu 12%<sup>1</sup> brutto**
- **Unitranche** ist ein Darlehen, das vorrangige und nachrangige in einem Instrument vereint

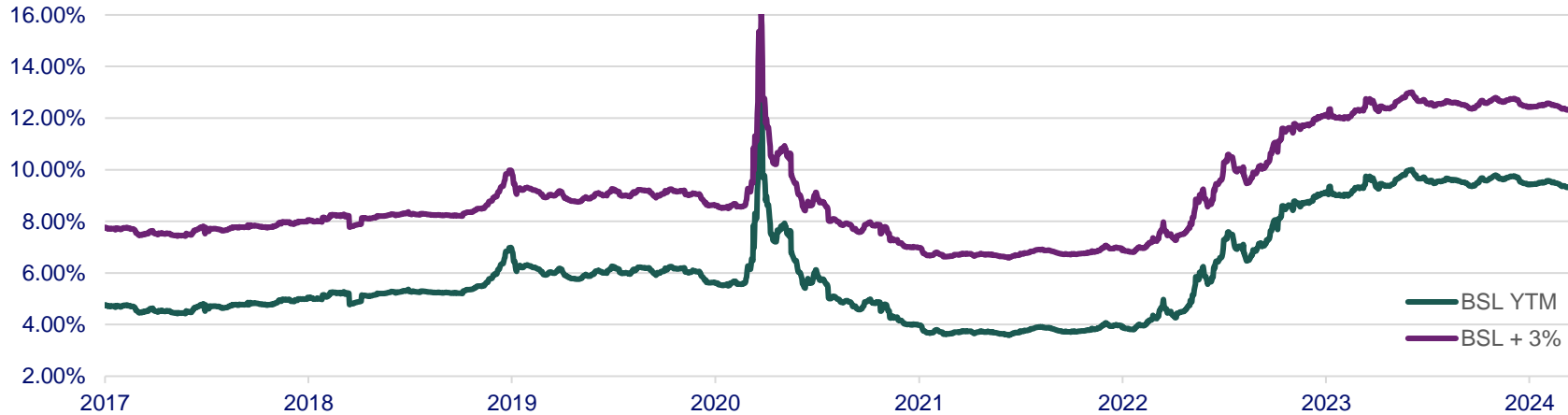
Quelle: Baloise Asset Management

<sup>1</sup> Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

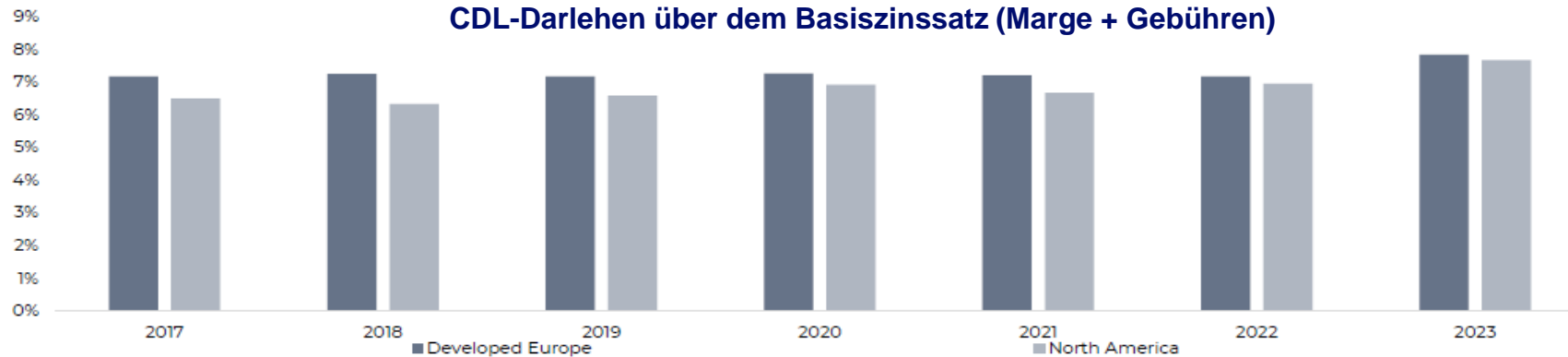
# Direktkredite an Unternehmen

## Spreads bleiben stabil

US Broadly Syndicated Loans (BSL) Rendite auf Verfall und BSL + 3%



CDL-Darlehen über dem Basiszinssatz (Marge + Gebühren)

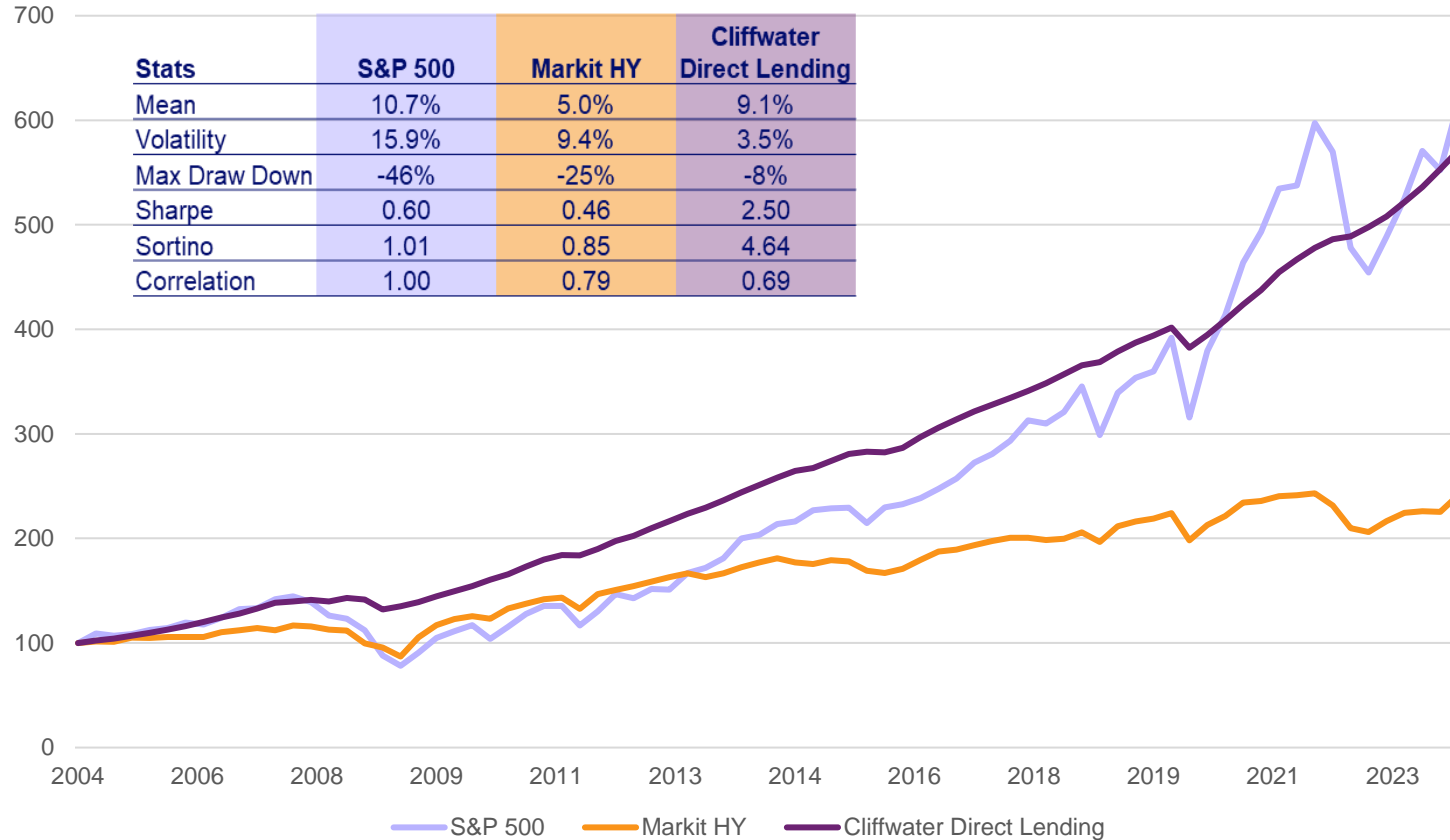


Quelle: Morningstar LSTA US Leveraged Loan 100 Index; Aksia Direct Lending Outlook 2024  
<sup>1</sup> Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

- US-BSL-Darlehen stellen den liquidesten Teil des Marktes für private Anleihen dar
- CDL-Darlehen bringen in der Regel bis zu 4% höhere Renditen als BSL<sup>1</sup>
- Während die Gesamtrendite schwankt, sind die Spreads im Laufe der Jahre stabil geblieben

# Private Anleihen

## Historische Renditen



Quelle: S&P 500 und Barclays Aggregate - Yahoo Finance; Cliffwater Direct Lending - [www.cliffwaterdirectlendingindex.com](http://www.cliffwaterdirectlendingindex.com)  
 Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

Die direkte Kreditvergabe hat im Laufe der Jahre bewiesen, dass sie stabile und attraktive Renditen bietet, insbesondere im Vergleich zu Aktien und Anleihen.

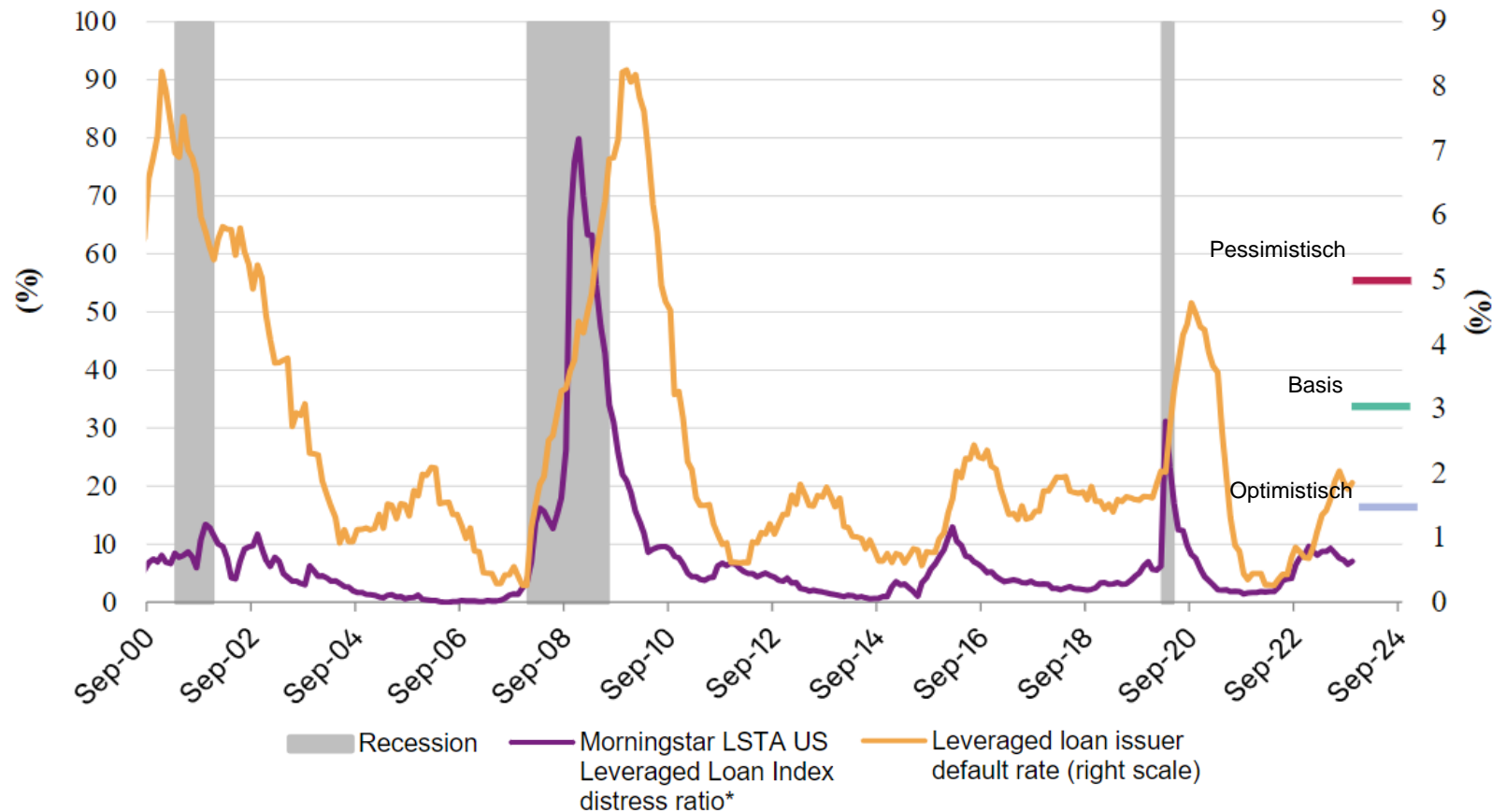
Die Gründe dafür sind:

- **Illiquiditätsprämie** und längere Haltefristen, die es den Kreditgebern ermöglichen, eine höhere Wertschöpfung zu erzielen.
- Die **Emissionsgebühr des Darlehens** ("OID") wird den Anlegern gutgeschrieben.
- **Zusätzlicher Kreditschutz** durch Covenants
- Interessenshomogenität mit dem Eigenkapitalsponsor > 40% Eigenkapitalpolster

# Die Bedeutung der Diversifizierung

## Ausfallraten

### Ausfallraten bei US-Leveraged Loans (SSL)



- Private Debt ist eine risikobehaftete Anlageklasse; Ausfallraten werden voraussichtlich steigen
- Durchschnittliche langfristige **Ausfallquote von rund 3 %** (wird voraussichtlich Ende 2024 erreicht sein)
- Typische Recovery bei fremdfinanzierten Darlehen: **50-70%**.
- Typische Recovery bei Direktkrediten: **60-80%**!
- Diversifizierung und Risikominderung sind der Schlüssel!

Quelle: Leveraged Commentary & Data

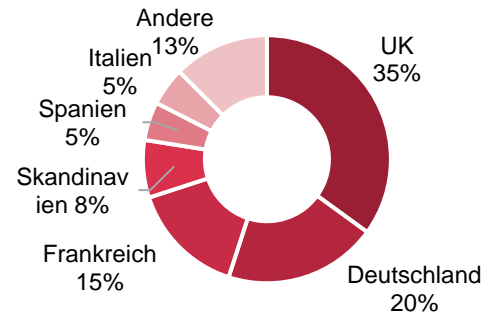
# Die Bedeutung der Diversifizierung

## Zielportfolio des Baloise CDL Fund

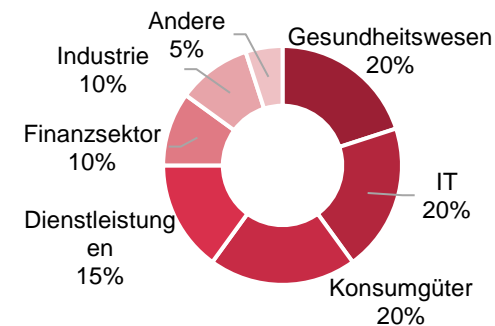
### Zielportfolio

- Diversifiziertes Portfolio** hinsichtlich Regionen und Industriesektoren
- Fokus auf Senior**, Leverage begrenzt auf durchschnittlich 5,5x EBITDA
- Sponsorengesicherte Transaktionen**, mindestens 70% mit Covenants
- Währungsabsicherung** in EUR
- Schneller Portfolio-Aufbau mit Evergreen-Struktur**
- Halbjährliche Zinsausschüttungen** von ~3.0-3.5% (jährlich netto 6-7%)
- Vierteljährliche Liquidität** (Zeichnungen und Rücknahmen<sup>1</sup>) in einer strukturell illiquiden Anlageklasse

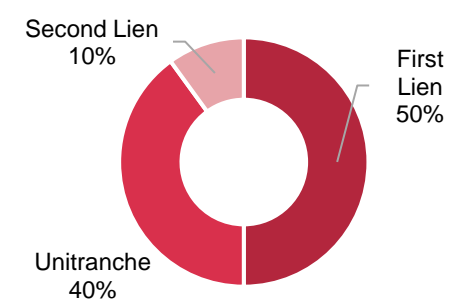
### Regionen



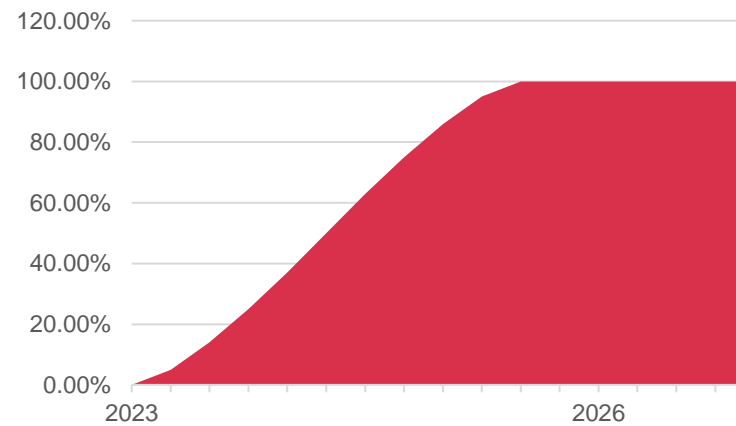
### Industriesektoren



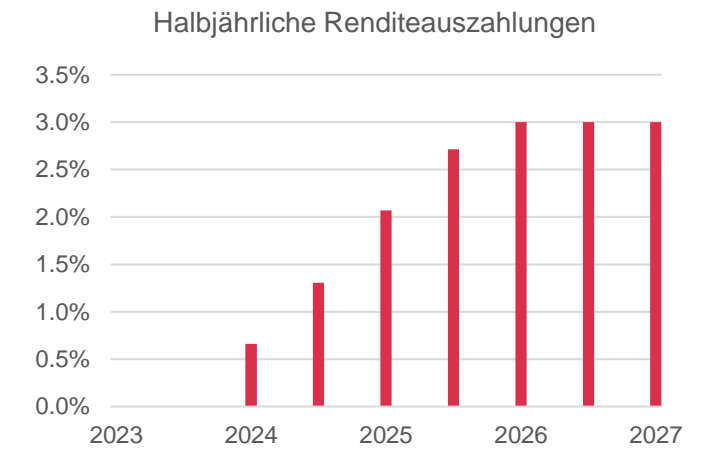
### Kapitalstruktur



### NAV Development



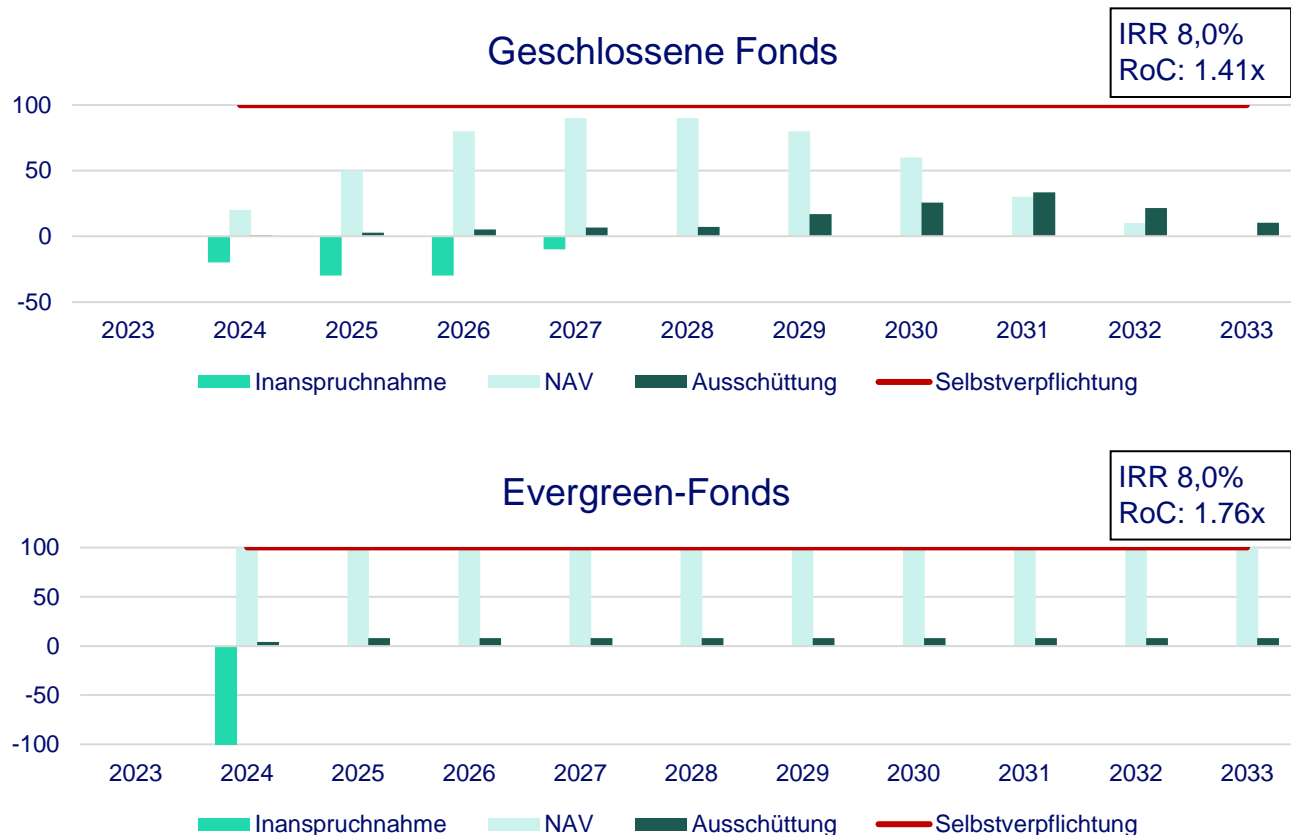
### Interest Distribution



<sup>1</sup> Vorbehaltlich zusätzlicher Bedingungen



# «Evergreen» Struktur und Kapitaleffizienz



- Geschlossene Fonds geben in der Regel den IRR als wichtigste Performance-Kennzahl an
- Aber: "IRR kann man nicht essen" (Howard Marks)
- **Effizienter Kapitaleinsatz** schafft ein **höheres Renditemultiple**
- Evergreen-Allokation bringt bis zu **85% höhere Kapitalrendite** (76% gegenüber 41%)<sup>1</sup>
- Evergreen-Allokation kann auf Kundenwunsch in einen **selbst-liquidierenden** geschlossenen Fonds umgewandelt werden

Quelle: Baloise Asset Management; nur zu Illustrationszwecken

Es wird davon ausgegangen, dass beide Fonds in Darlehen investieren, die eine Rendite von 8% erwirtschaften und dass die Darlehen zu Anschaffungskosten gehalten werden (d. h. keine Mark-to-Market-Volatilität).

<sup>1</sup> Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

# Gebührenstruktur

## Interessenshomogenität

Typische Fondsstruktur	Geschlossene Fonds <sup>1</sup>	CDL-Fonds der Baloise
Management Fee	0.75 - 1.25%	0.85 - 1.20% <sup>2</sup>
Hurdle Rate <sup>3</sup>	5%	EURIBOR + 4%
Performance Fee	10%	10% (HWM) <sup>4</sup>
Laufzeit	7y +1+1	Evergreen 1 Jahr Sperrfrist <sup>5</sup>

- Die Performance Fee belohnt eine Überperformance gegenüber der Benchmark
- Nicht ausbezahlte Performance Fee wird zurückbehalten und kann negativ werden - dies dient als «High Water Mark», was zu einer starken **Interessenshomogenität** führt

<sup>1</sup> Quelle: Baloise Asset Management

<sup>2</sup> Total Management Fee, vorbehaltlich eines Rabatts basierend auf der Höhe der Kapitalzusage;

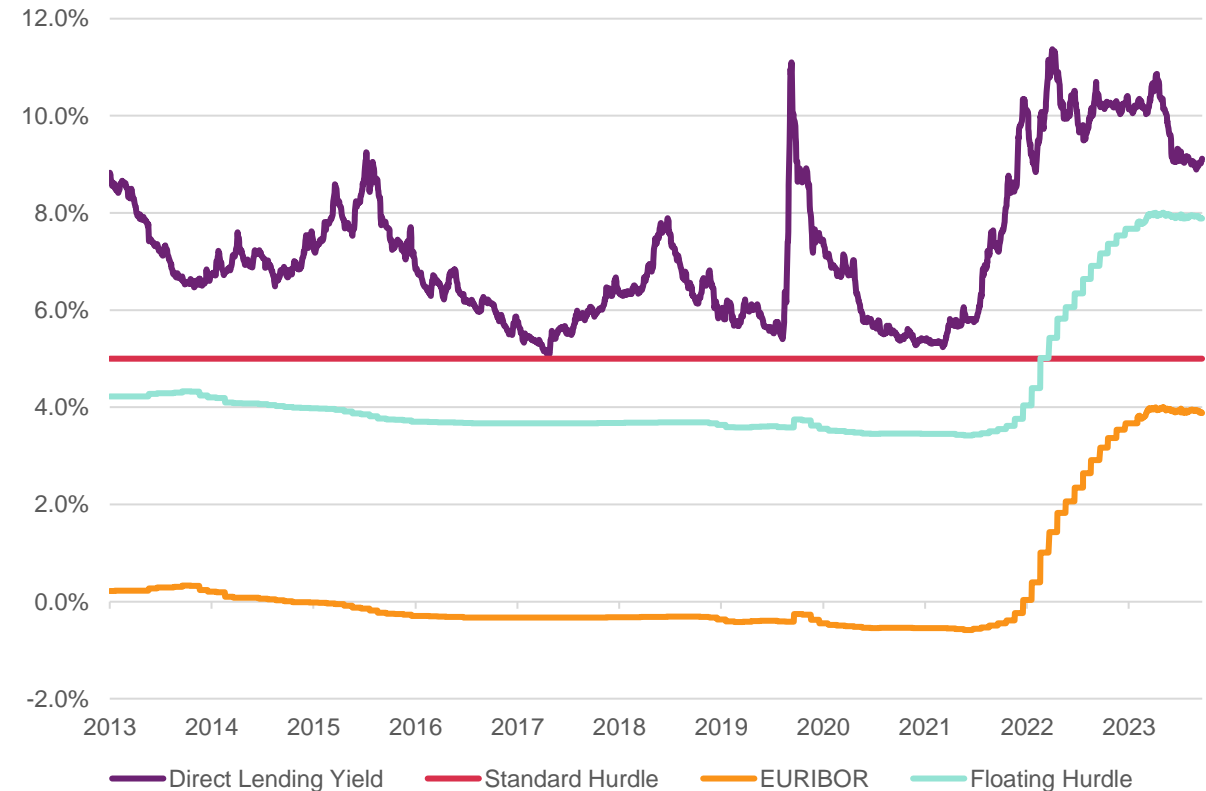
<sup>3</sup> Basierend auf European Waterfall (Performance auf Fondsebene) und abzüglich aller Kosten;

<sup>4</sup> «High Water Mark»;

<sup>5</sup> Keine Rücknahme während der Aufbauphase möglich (erste 3 Jahre)

<sup>6</sup> Der indicative Direct Lending Yield wird berechnet als EUR High Yield-Anleihe-Ertrag + 3,0% (historischer Zinsvorteil); Quelle: ICE BofA Euro High Yield Index Effective Yield  
Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

Indicative: CDL yield vs. EURIBOR and Hurdle<sup>6</sup>



# Baloise Corporate Direct Lending Fund

## Zugang zu Top Private Debt Manager



Mit Baloise als Ankerinvestor profitieren die Drittinvestoren von:

- Skaleneffekten und einem **attraktiven Pricing**
- **Verringerung der operativen Risiken** durch die Auswahl zwei verschiedener Manager plus zusätzliche Kontrolle durch Baloise
- **Innovative Struktur** ermöglicht Liquidität einer illiquiden Anlageklasse

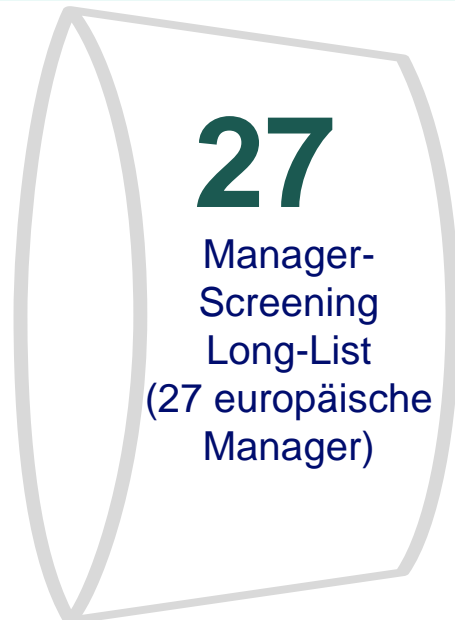


# Auswahlverfahren der Manager

- Start mit 45 Managern
- Nach ersten Treffen und Überprüfungen noch 27
- Durchführung und Überprüfung von Wirtschafts- und Investitionsanalysen durch das IC

- 9 Manager durchlaufen die umfangreiche Due Diligence (inkl. Legal, Risikomanagement, Ref.calls und ESG)
- 5 ausgewählte Manager

- Zusätzliche Verhandlungs-ebene hinsichtlich Strukturierung, Umsetzung und kommerzieller Bedingungen
- 2 Manager mit den stärksten Risikokontrollen und der besten Erfolgsbilanz ausgewählt



Investitions-  
ausschuss



Investitions-  
ausschuss



## Überwachung

Vierteljährliche Überprüfung des Portfolios

Mindestens jährliche Überprüfung des Managers durch den Investitionsausschuss

# Kurzpräsentation: Hayfin



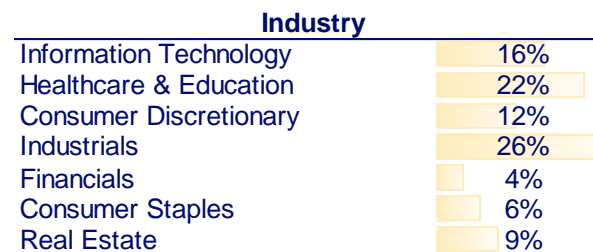
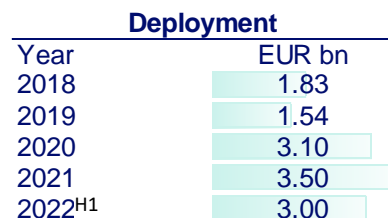
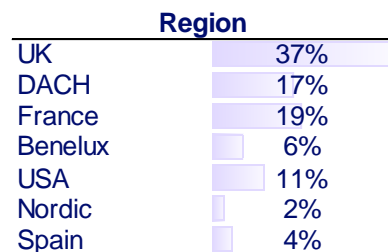
## Übersicht

Hauptsitz	London
CEO	Tim Flynn
Jahr der Gründung	2009
Mitarbeiter	200
AuM	31 Mrd. €
Schwerpunkt Vermögen	<ul style="list-style-type: none"> <li>• Direkte Kreditvergabe</li> <li>• Besondere Opp.</li> <li>• Taktischer Kredit</li> <li>• HY &amp; BSL</li> </ul>

## Beschreibung des Managers

- Spezialisierte Kreditlösungen für europäische mittelständische Unternehmen und private Kreditsituationen
- Begründer: Tim Flynn, ehemaliger Co-Leiter European Leveraged Finance Goldman Sachs
- Ursprüngliches Startkapital von 3 Pensionsfonds
- Global Player mit 12 Niederlassungen auf der ganzen Welt.

## Direktkreditvergabe Erfolgsbilanz



**Investment stats**

Gross return (ann.)	6.9%
Loss rate (ann.)	-0.2%
Leverage at entry (avg)	4.70x
Median EBITDA EURm	41.9
EBITDA margin	26.1%
Equity cushion	50.0%
Sponsor / Sole+lead	95% / 27%

## Performance des Fonds<sup>1</sup>

Fonds	Weinlese	Größe EUR mn.	IRR	TVPI
DL BS	2009	593	k.A.	k.A.
DL I	2013	2'027	6.2%	1.17x
DL II	2016	2'642	5.5%	1.21x
DL III	2019	2'677	8.1%	1.15x
DL IV	2021	1'517	k.A.	k.A.

## Manager-Merkmale

- Spezialisierter Kreditmanager mit starkem Risikofokus und erfahrenem Restrukturierungsteam
- Branchenunabhängiger Ansatz mit sehr niedrigen Verlustraten
- Starke Erfolgsbilanz mit 5-8% Nettorendite in einem Nullzinsumfeld<sup>1</sup>

Quelle: Hayfin, Datenzeitraum: Dez. 2009 - Jun. 2023

<sup>1</sup>Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

# Kurzpräsentation: Permira



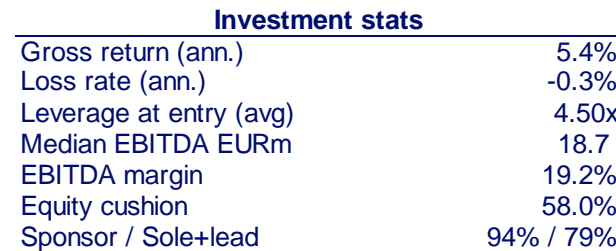
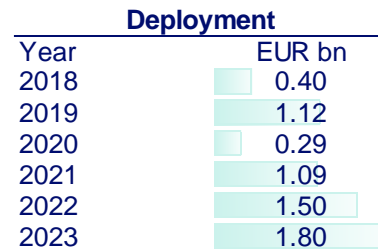
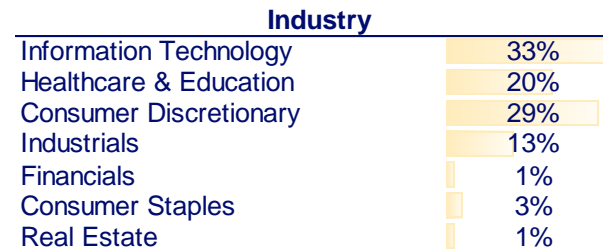
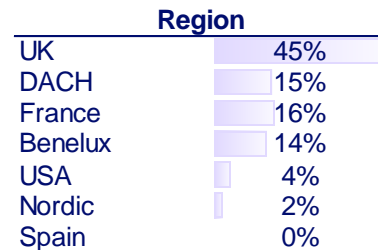
## Übersicht

Hauptsitz	London
CEO	D. Hirschman / A. Stefanescu
Jahr der Gründung	1985
Mitarbeiter	70
AuM	14,4 Mrd. €
Schwerpunkt Vermögen	<ul style="list-style-type: none"> <li>Privates Beteiligungskapital</li> <li>Direkte Kreditvergabe.</li> <li>Strategischer Kredit</li> <li>CLO</li> </ul>

## Beschreibung des Managers

- Urspr. versch. Unternehmen unter der Marke Schroder Ventures, später umbenannt in Permira.
- 2007 Gründung Permira Credit als eigenständige Einheit.
- Grösstenteils im Besitz der Partner und bis zu 10 % von Petershill (alternativer Arm von Goldman Sachs).
- Die Partnerschaft ist hilfreich für das Wachstum des privaten Kreditgeschäfts

## Direktkreditvergabe Erfolgsbilanz



## Performance des Fonds<sup>1</sup>

Fonds	Weinlese	Größe EUR mn.	IRR	TVPI
PCS2	2014	411	6.0%	1.30x
PCS3	2016	1'187	6.1%	1.23x
PCS4	2019	2'572	6.8%	1.13x
PCS5	2022	2'800	k.A.	k.A.

## Manager-Merkmale

- Langjährige Erfahrung auf den privaten Märkten
- Konzentration auf nicht-zyklische und Cash-generative Sektoren
- Kontinuierliche Erfolgsbilanz über 6% netto im Nullzinsumfeld<sup>1</sup>
- Perfekte Ergänzung zu Hayfin, da es sich bei beiden um alleinige/mehrheitliche Darlehensgeber mit unterschiedlichen Schwerpunkten handelt

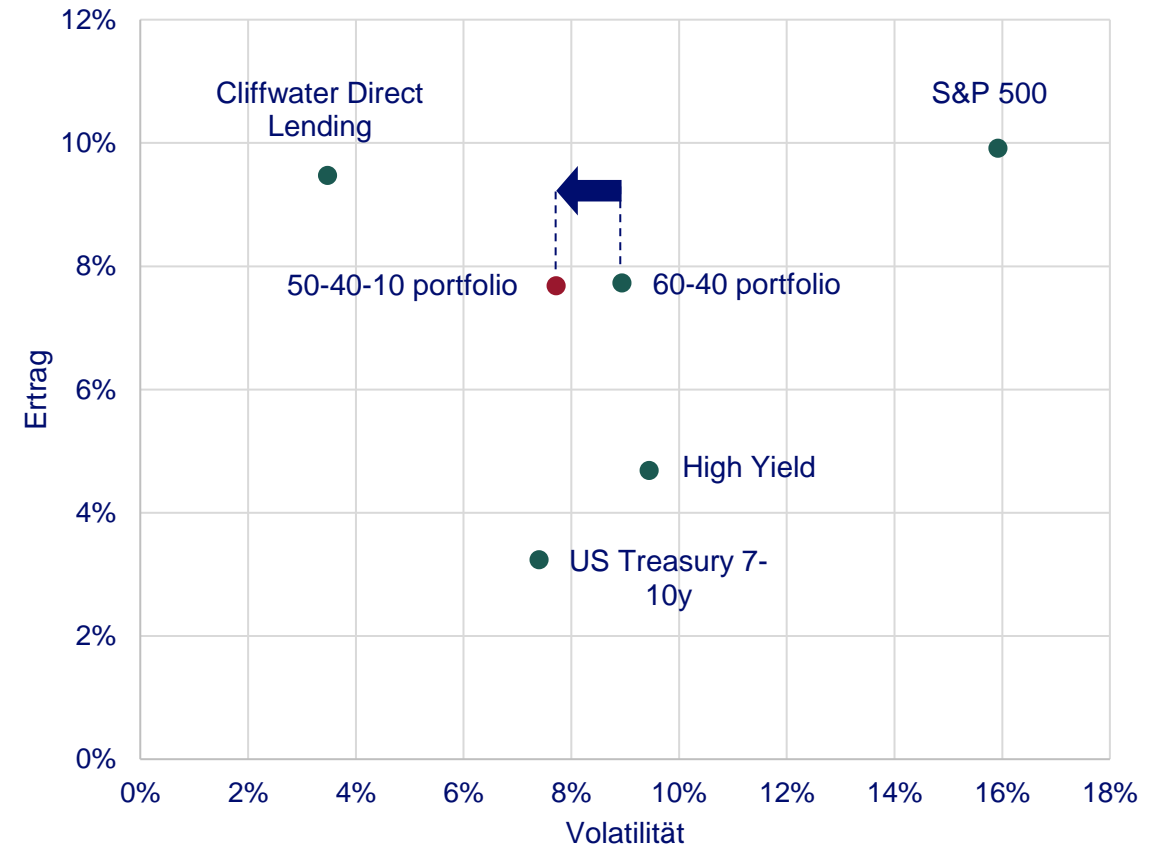
Quelle: Permira, Datenzeitraum: Dez. 2014 - Sep. 2023

<sup>1</sup>Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

# Beyond Bonds

## Schlussfolgerungen

- Direkte Unternehmensdarlehen bieten mit Aktien vergleichbare **attraktive Renditen**, die jedoch ein **geringeres Risiko aufweisen**
- Die Hinzufügung von CDL verbessert die **Diversifizierung des Portfolios und die Sharpe Ratio**
- **Risikomanagement** ist von entscheidender Bedeutung, da Fremdkapitalinvestoren kein Upside haben
- Evergreen-Allokation bringt höchste **Kapitalrenditen**
- Die **Gebühren** sollten die Rendite der Anleger nicht beeinträchtigen, sondern eher Anreize für die Manager schaffen



Quelle: Bloomberg, März 2024; Cliffwater Direct Lending Index per Dezember 2023.  
Historische Wertentwicklungen und Renditen sind kein zuverlässiger Indikator für zukünftige Ergebnisse.

# Chancen und Risiken von Corporate Direct Lending

Unseres Erachtens überwiegen die Chancen die Risiken deutlich



## Chancen basierend auf unseren Erwartungen

- Prognostizierbare Cashflows mit vergleichsweise geringem Gegenparteirisiko
- Geringe Ausfallquote und hohe Recovery Rate
- Geringe Korrelation zum Aktien- und Anleihenmarkt
- Ausschluss von umwelt- und sozialschädlichen Tätigkeiten reduziert nachhaltige Risiken und eröffnet weitere Investitionsmöglichkeiten.
- Attraktives Gebührenmodell und starkes «Alignment» mit Managern



## Risiken

- Grundsätzlich: Ungewissheit bzgl. der Nachfrage
- Strukturell illiquide Investments
- Vergleichsweise geringe Nachhaltigkeitsrisiken können negativen Einfluss auf Rendite haben
- Hohe Abschläge auf dem fairen Wert bei einer allenfalls notwendigen Liquidation auf dem Sekundärmarkt
- Zins-, Kredit- und Inflationsrisiken

Wichtiger Hinweis: Die hier aufgeführten Risikofaktoren sind nicht abschliessend und nicht gewichtet. Bitte beachten Sie vor einem Investment unbedingt die weiteren Risikofaktoren im Private Placement Memorandum.



# Anhang

# Term sheet

General	
<b>Name</b>	Baloise Private Assets SCS SICAV-RAIF – Sub-Fund VIII Baloise Corporate Direct Lending Feeder Fund
<b>Portfolio Consultant Administrator Depository AIFM</b>	Baloise Asset Management AG U.S. Bank Global Fund Services Elavon Financial Services DAC BKN Capital
<b>Target size</b>	EUR 500m
<b>Fund currency</b>	EUR
<b>Target returns</b>	7-9% net
<b>Structure</b>	Luxembourg Reserved Alternative Investment Fund (RAIF) in the form of a “Société en commandite simple” (SCS)
<b>Investment Manager</b>	Two to three experienced Corporate Loan Managers
<b>Valuation method</b>	Amortized cost
<b>Valuation frequency</b>	Quarterly
<b>Accounting method</b>	Luxembourg GAAP
<b>Derivatives</b>	Only for hedging currency risk
<b>Income Distribution</b>	Semi-annual (March and September)

Maturity, Notices and Closings	
<b>Format and Maturity</b>	Evergreen 50 Years <sup>1</sup> with possibility to extend
<b>Closings / Dealing Dates</b>	First dealing date: Q2 2024 Subsequent closings on a quarterly basis in March, June, September and December. Subscriptions received until prior month end.
<b>Investment period</b>	3 years for anchor investors, fully paid-in after that (subject to size limitations).
<b>Subscriptions</b>	The clients will be able to subscribe to the fund on a quarterly basis. The subscription amount will be called into the fund as it builds up.
<b>Redemptions</b>	After the initial lock-up of 1 year (3 years within investment period) investors can apply to the General Partner to redeem their units subject to additional conditions. Investors can choose whether their redemption should be matched or go into run-off (see below).
<b>Matching</b>	Redeeming investors will have an option to be matched with subscribing investors. Such an option if ticked will be applicable until the end of financial year at which point the remaining amount will be put to run-off
<b>Run-off</b>	At the end of financial year all outstanding redemptions will be put into a run-off share class. This share class will contain pro-rata exposure of all portfolio positions at the time of creation. Any distributions resulting from such portfolio (whether interest or capital) will be returned directly to investors. *Note: investors in the run-off share classes might be called capital to support restructuring of underperforming loans in the run-off portfolio



# PERMIRA CREDIT SOLUTIONS

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April 2024

# PERMIRA IS AN INTEGRATED PRIVATE MARKETS BUSINESS

Strong synergies create a powerful platform in private markets



**GLOBAL PLATFORM - 15 OFFICES; 6 IN EUROPE**

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**FOUR SYNERGISTIC CREDIT STRATEGIES**

Direct Lending | Structured Credit | CLO | Strategic Opps

**~€80bn**

Combined  
Committed Capital

**~400**

Combined  
Team Size

**15**

Offices  
Globally

**~600**

Companies  
Backed

**Local  
origination**

Six European investing  
offices established over  
35+ years

**Due diligence  
advantage**

Insight into key industry  
trends & evolving  
business models

**Value creation  
capability**

Active operational  
involvement where  
required

**Capital to support  
growth**

Significant balance sheet  
capital and Partner  
commitments

# THE TEAM TODAY: 80+ PROFESSIONALS ACROSS A GROWING PLATFORM

## PERMIRA CREDIT EXECUTIVE COMMITTEE<sup>1</sup>

<b>DAVID HIRSCHMANN</b> Co-Head Head of Private Credit Experience: 26 years	<b>ARIADNA STEFANESCU</b> Co-Head Head of Liquid Credit Experience: 20 years	<b>IAN JACKSON</b> Head of Strategic Opportunities Experience: 27 years	<b>SALVATORE RUOCCO</b> Chief Operating Officer Experience: 23 years	<b>JOHN COYLE</b> Partner, Permira Experience: 36 years	<b>ROBERTO BIONDI</b> Partner, Head of Financing Group, Permira Experience: 25 years
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## IC MEMBERS FROM PERMIRA PE

## CORE DIRECT LENDING TEAM (25)

<b>JENS BAUER</b> Managing Director Co-Head of Direct Lending Investment Team	<b>CLAIRE HARWOOD</b> Managing Director Co-Head of Direct Lending Investment Team	<b>JANINE HARION</b> Managing Director Head of Portfolio Monitoring	<b>SAM GROSS</b> Managing Director Head of Restructuring		
<b>DAN HATCHER</b> Managing Director	<b>PIERIG MÉLOT</b> Managing Director	<b>MIKAEL FRANSSON</b> Investment Director	<b>NENKA BERBEROVA</b> Investment Director	<b>ALEXANDER BELL</b> Associate Director	<b>KLARA KAN</b> Associate Director
<b>ANNIE GRUBE</b> Investment Director	<b>JOSHUA WATTS</b> Investment Director	<b>NADIR HEMNANI</b> Associate Director	<b>ISABELLE MITCHELL</b> Associate Director (ESG)	<b>KINGA KITOWSKA</b> Investment Professional	<b>TIM ZHANG</b> Investment Professional
<b>ROMAIN MARCUZZI</b> Associate Director	<b>FLORIAN PYTTEL</b> Associate Director	<b>TARIN ATTANAYAKE</b> Investment Professional	<b>NEW HIRE</b> Investment Professional (ESG)	<b>ÍÑIGO ÁLVAREZ TORNOS</b> Data Analyst	<b>MARTYN WEBB</b> Data Analyst
<b>JAMES FENNER</b> Investment Professional	<b>SARAH KEFI</b> Investment Professional	<b>NICOLAS PULLMAN</b> Investment Professional	<i>Focused on portfolio monitoring, restructurings and ESG</i>		
<b>ROBBIE ZHAO</b> Investment Professional	<b>NEW HIRE</b> Investment Professional	<b>NEW HIRE</b> Investment Professional			

## WIDER PERMIRA CREDIT PLATFORM

12	CLO management investment professionals
4	Structured credit investment professionals
4 <sup>2</sup>	Strategic opportunities investment professionals
36	Operations team professionals

Supported by Permira PE team of ~200 investment professionals

Denotes PCS funds' Investment Committee member

Notes: Permira Credit at April 2024. Interaction between the investment teams for each of Permira Credit's strategies is managed within the parameters of Permira Credit's compliance policies and applicable confidentiality and regulatory requirements. 1. James Greenwood stepped down from his position as the CEO of Permira Credit in September 2023 and retired from the firm at the end of the year. In his place, David Hirschmann (Head of Private Credit) and Ariadna Stefanescu (Head of Liquid Credit) were appointed interim Co-CEOs of Permira Credit in September 2023, before being made permanent Co-Heads of the business in December 2023. 2. Jonny Tovey is an existing member of the Permira Credit direct lending team who joined the PSO team on secondment in September 2023. There is no guarantee that the new hires noted above will be made.

# THROUGH-THE-CYCLE TRACK RECORD UNDERPINNED BY LOW DEFAULT RATE

## PCS Senior fund performance as at 31 December 2023

	PCS1 secured investments only (2008)	PCS2 (2014)	PCS3 (2016)	PCS4 (2019)	PCS5 (2022)
TOTAL STRATEGY COMMITTED CAPITAL	€0.25bn	€0.8bn	€1.7bn	€3.4bn	€3.3bn
SENIOR FUND COMMITTED CAPITAL	€0.25bn	€0.4bn	€1.2bn	€2.6bn	€2.9bn
CAPITAL DEPLOYED	€0.7bn	€0.7bn	€1.4bn	€3.5bn	€1.8bn
NET MULTIPLE	1.16x	1.36x	1.25x	1.19x	1.11x
NET IRR	7.2%	6.5%	5.9%	7.1%	13.5%
DEFAULT RATE	0.7%	0.9%	0.9%	0.2%	-
DPI	1.16x	1.15x	1.09x	0.30x	0.09x

**€4.5bn**

Total raised for the PCS5 strategy<sup>1</sup>

**8.6%**

Aggregate Senior fund Gross IRR since inception

**7.0%**

Aggregate Senior fund Net IRR since inception

**0.4%**

Aggregate Senior fund default rate since inception vs. market default rate of 2.8%

**Disciplined and risk-focused approach to investing has driven strong returns**

Notes: Past performance is not a guide to future results. Committed capital across all funds is stated as at April 2024; inclusive of GP commitments, where relevant. Total fund committed capital includes amounts committed to both Master and Senior funds, excluding leverage; Senior fund committed capital shows Senior fund capital only (across EUR and GBP funds/sleeves). PCS1 was an investment vehicle established by Permira IV, a private equity fund; see Appendix for further details on the operation of this vehicle. PCS1 performance shown on this slide is for senior secured investments only. Capital deployed shown as at January 2024. The aggregate Senior fund gross and net IRRs since inception are stated as at 31 December 2023. Excludes performance of separate managed accounts. See Appendix for detailed performance methodology, including calculation of net IRRs for each of the PCS funds. DPI data is shown at 23 March 2024. 1. Total raised for the PCS5 strategy includes segregated managed accounts that were raised during the fundraising period for PCS5 and will invest alongside the PCS5 fund. Default rates for the PCS funds are calculated as the average of the ratios of the net invested cost (taking into account cash receipts) of LTM defaulted assets to the total invested cost of the relevant portfolio, through the life of the relevant portfolios. Comparative European Leveraged Loan Index ("ELLI") default rates are calculated as the average of the European lagging 12-Month Loan Default Rates over the same periods, as published by S&P. PCS1 Senior fund data comprises senior secured investments only. Please see the disclaimer at the end of this presentation for further information on the basis of preparation.

# PCS5 SENIOR: BUILDING A DIVERSE AND RESILIENT PORTFOLIO

20

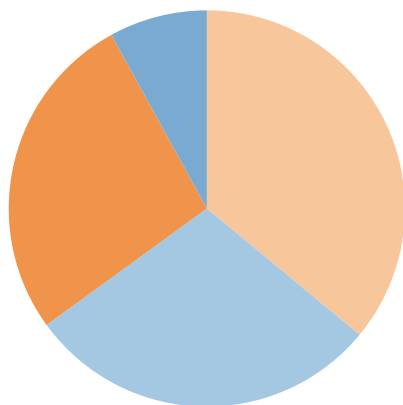
Current portfolio companies

58%<sup>1</sup>

Invested & committed

## By sector

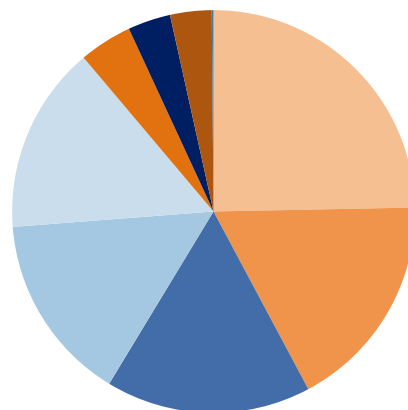
Invested capital (at entry)



- Services | 36%
- Healthcare | 29%
- TMT | 27%
- Travel & Leisure | 8%

## By geography

Invested capital by revenue exposure (at entry)



- UK | 25%
- North America | 16%
- DACH | 18%
- Rest of World | 15%
- Benelux | 15%
- Other Europe | 4%
- Nordics | 3%
- France | 3%
- Italy | <1%

## Key Portfolio Metrics

75%	Sole lender or lead arranger <sup>3</sup>
100%	Sponsor-backed
89%	Repeat sponsor deals <sup>4</sup>
4.8x	Avg. net leverage (at entry)
€45m	Median EBITDA (at entry)
68%	Equity cushion (at entry)
15%	LTM sales growth
16%	LTM EBITDA growth

Notes: Permira Credit at April 2024. Shown for PCS5 Senior fund only. 1. Invested percentage calculated based on investable capital. Number of portfolio companies and invested percentage are pro forma for Project Giant and Project Jazz, both of which are in execution (and subject to change). 3. At entry, weighted based on cost of investment at 31 December 2023. 4. Repeat sponsor deals by count shows where the PCS funds have provided capital to more than one investment backed by the same PE sponsor (excludes Autoscout24). Portfolio diversification and key portfolio metrics shown for PCS5 Senior investments, calculated based on cost of investment for investments made on or before 31 December 2023 and commitment at entry for deals completed after that date. Revenue and EBITDA growth shown for latest available reporting used in the Q4 2023 valuation vs same period in prior year; weighted by cost of investment at 31 December 2023. Past performance is not a guide to future results.

# PCS4 SENIOR: FULLY INVESTED, WITH ROBUST PERFORMANCE

46

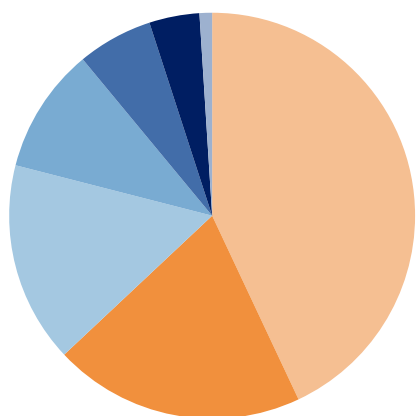
Total investments

31

Current investments

## By sector

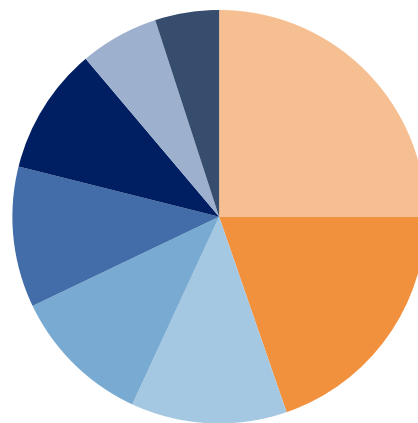
Invested capital (at entry)



■ TMT | 43%  
■ Services | 16%  
■ Education | 6%  
■ Consumer | 1%  
■ Healthcare | 20%  
■ Travel & Leisure | 10%  
■ Industrials | 4%

## By geography

Invested capital by revenue exposure (at entry)



■ UK | 25%  
■ Benelux | 12%  
■ North America | 11%  
■ Rest of World | 6%  
■ DACH | 20%  
■ France | 11%  
■ Nordics | 10%  
■ Other Europe | 5%



## Key Portfolio Metrics

94%	Sole lender or lead arranger <sup>1</sup>
100%	Sponsor-backed
52%	Repeat sponsor deals
5.2x	Avg. net leverage (at entry)
€22m	Median EBITDA (at entry)
56%	Equity cushion (at entry)
10%	LTM sales growth <sup>2</sup>
4%	LTM EBITDA growth <sup>2</sup>

Notes: Permira Credit as at April 2024. Shown for PCS4 Senior fund only. Past performance is not a guide to future results. See the Appendix for detailed performance methodology, including calculation of Q4 2023 performance data. Sector diversification and key portfolio metrics shown for all PCS4 Senior fund investments (realised and unrealised), based on cost of investment at 31 December 2023. Invested capital by geographic revenue exposure (at entry) calculated for all unrealised PCS4 Senior fund investments, weighted by cost of investment at 31 December 2023. 1. At entry, and weighted based on cost of investment as at 31 December 2023. 2. Revenue and EBITDA growth shown for latest available reporting used in the Q4 2023 valuation vs same period in prior year; weighted by cost of investment at 31 December 2023.



## BALOISE SMA: €30M COMMITTED ACROSS THREE DEALS, INCLUDING ONE DEAL IN EXECUTION

INVESTMENT	INVESTMENT DATE	PRICING	3M EURIBOR <sup>1</sup>	LOCATION OF HQ	SECTOR	SPONSOR	BALOISE HOLD	ENTRY NET LEVERAGE
 Rayner	January 2024	E+520bps; 2.25% arrangement fees	3.9%	UK	Healthcare	CVC	€10m	4.0x
 WGSN	January 2024	E+600bps; 2.50% arrangement fees	3.9%	UK	Services	Apax Partners	€10m	5.4x
<b>Project Giant<sup>5</sup></b> (in execution)	Expected April 2024	E+650bps; 2.50% arrangement fees	3.9%	Sweden	Services	Confidential	€10m	6.4x

Pro forma for Project Giant the Baloise SMA is 10% invested and committed

Notes: Permira Credit at March 2024; shown for all Baloise SMA investments. There can be no guarantee that any of the opportunities noted as in execution will ultimately convert into fund investments. Investment information on this slide is subject to change and to closing conditions. 1. 3-month EURIBOR represents the rate at the beginning of the month in which the investment was funded (or expected to fund in the case of Project Giant).

# RAYNER

## Designer and manufacturer of Intraocular Lenses (IOLs) and cataract surgery consumables



Healthcare



UK



**Established sponsor** with significant experience in healthcare sector<sup>1</sup> and large equity investment in the business (90% equity cushion at close)



**Strong market tailwinds**; 6% CAGR in IOL market between 2017-2019<sup>2</sup>



**Proven track record of innovation**; 11 new products launched over last five years



**Significant barriers to entry**: brand recognition and loyalty from surgeons; required investment in technology; complex regulatory requirements

~30%

Historic EBITDA margins

17%+

Sales CAGR between 2017-2019

**INVESTMENT DATE** December 2021

**BALOISE COMMITMENT** €10m

**ROLE** Primary Sole

**COVENANTS** Net leverage

**ENTRY NET LEVERAGE<sup>3</sup>** 4.0x

# WGSN

## Provider of trend and forecasting services

# WGSN



Services



UK



Market leader by revenue and highest net promoter score vs peers<sup>1</sup>



Geographically diversified revenue, covering all major fashion hubs



Established customer base, including larger blue-chip players



Strong financial profile; 7.4% revenue CAGR from 2007-2022

~90%

Cash conversion

~93%

Net customer retention

INVESTMENT DATE

January 2024

BALOISE COMMITMENT

€10m

SPONSOR

Apax Partners

ROLE

Primary Club

ENTRY NET LEVERAGE

5.4x

# PIPELINE IS STRONG, REFLECTING INCREASE IN DEAL FLOW

Four deals in execution; two further deals progressing through the IC process

INVESTMENT	EXPECTED INVESTMENT DATE	LOCATION OF HQ	SECTOR	SPONSOR	ESTIMATED COMMITMENT <sup>1</sup>	LEVERAGE
<b>CURRENTLY IN EXECUTION</b>						
PROJECT BAROLO	Q2 2024	UK	Services	Confidential	€130m	5.4x
PROJECT GIANT	Q2 2024	Sweden	Services	Confidential	€260m	6.4x
PROJECT JAZZ	Q2 2024	UK	TMT	Confidential	€230m	4.5x
PROJECT BALANCE	Q2 2024	Netherlands	Healthcare	Confidential	€115m	5.0x
<b>PROGRESSING THROUGH THE IC PROCESS</b>						
INVESTMENT A	Q2 2024	Norway	Services	Confidential	€100m	5.3x
INVESTMENT B	Q2 2024	UK	TMT	Confidential	€175m	6.0x

Notes: Permira Credit as at April 2024. 1. Refers to total expected PCS funds' commitment including amounts that may be syndicated to co-investors.

# FORMALISED AND WELL-RESOURCED APPROACH TO PORTFOLIO MONITORING

Focus on proactive monitoring, engagement and early intervention



**JANINE HARION**

Managing Director

**Portfolio Monitoring Group**

Joined: May 2011



**KLARA KAN**

Associate Director

**Portfolio Monitoring Group**

Joined: January 2019



**TIM ZHANG**

Investment Professional

**Portfolio Monitoring Group**

Joined: June 2023



**MARTYN WEBB**

Director

**Data Analytics**

Joined: October 2021



**IÑIGO ÁLVAREZ TORNOS**

Associate

**Data Analytics**

Joined: January 2023



**SAM GROSS**

Managing Director

**Restructuring**

Joined: June 2020



**NENKA BERBEROVA**

Investment Director

**Legal Specialist**

Joined: September 2021

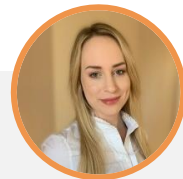


**ALEX BELL**

Associate Director

**Restructuring**

Joined: October 2021



**KINGA KITOWSKA**

Investment Professional

**Restructuring**

Joined: November 2022

## Monitoring



- Robust monthly monitoring and assessment of portfolio companies
- Challenge and support investment teams in their interactions

## Assessment



- Evaluate macro and micro impact on the portfolio
- Facilitate dialogue with portfolio companies and sponsors, enabling PCS funds to take early protective action, where necessary

## Fund oversight



- Negotiate PCS funds' leverage facility alongside the Finance team
- Track PCS fund liquidity reserves and potential liquidity requirements

## Restructuring



- Highly experienced senior team; leveraging Permira PE platform, as necessary

# WORKOUT CASE STUDY: DELSEY

## Global travel luggage brand



Consumer



France

INVESTMENT DATE	October 2015
UNREALISED ASSET VALUE	€93m
FUNDS	PCS2 Master & Senior
ORIGINAL SPONSOR	Partners Group, Argan Capital
ROLE	Primary Club
COVENANTS	Net leverage, Interest cover
ENTRY NET LEVERAGE	5.6x
CURRENT GROSS MULTIPLE	1.83x

### INVESTMENT THESIS

- World's third largest luggage group
- Strong brand & distinctive product range
- Diversified revenues; strong multi-channel offering
- Flexible business model
- **At entry: Revenue €190m; EBITDA €19m**



### Q3 2017

### PCS FUNDS' WATCH LIST

### Q2 2023

- **Added due to underperformance in Asia & supply chain issues**
- 2018: restructuring, PCS2 becomes minority owner
- 2019: new management & revised business plan
- 2020/2021: exposure to travel and leisure industry during Covid-19
- 2021: operational restructuring to reduce costs; new CEO hired
- 2021: post Covid-19 recovery, strong upturn in performance
- **LTM Dec 2021: Revenue €193m (vs €182m FY2019); EBITDA €17m (vs €5m FY2019)**
- **Removed due to sustained positive performance**



### RECENT UPDATE

- **FY2023: Revenue €233m (+21% vs FY2022); EBITDA €34m (+104% vs FY2022)**
- **Q4 2023: Gross Multiple 1.83x**



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## METHODOLOGY FOR PREPARATION OF PERFORMANCE INFORMATION

The methodology for calculating the performance information of the PCS funds in this presentation is set out below, along with certain defined terms.

### METHODOLOGY FOR PREPARATION OF PERFORMANCE INFORMATION FOR PCS2, PCS3, PCS4 and PCS5

#### Aggregations of performance data

The IRR and multiple data presented in respect of PCS2, PCS3, PCS4 and PCS5 represents the blended returns of investors who invested directly into the main fund partnerships, investors who invested through feeder partnerships, and investors who invested into different currency partnerships within the same fund strategy, as follows:

The data presented for PCS2 Master, PCS2 Senior, PCS3 Master, PCS4 Master and PCS5 Master represents in each case the average, weighted by commitments translated to euros at the exchange rate prevailing at the relevant close date of those commitments, of the returns of direct investors and the returns of feeder investors, as at 31 December 2023, unless otherwise indicated.

The data presented for PCS3 Senior, PCS4 Senior and PCS5 Senior represents an average, weighted by commitments translated to euros at the exchange rate prevailing at the relevant close date of those commitments, of the returns of those investors who invested into the PCS3, PCS4 and PCS5 euro denominated senior fund sleeve and the returns of those investors who invested into the PCS3, PCS4 and PCS5 sterling denominated senior fund sleeve, as at 31 December 2023, unless otherwise indicated.

#### Currency

PCS2, PCS3, PCS4 and PCS5 proactively manage their foreign exchange exposure by entering into hedging contracts for all non-functional currency denominated principal investments. The impact of these arrangements is reflected in the performance data in this document, where appropriate.

#### Default rate

Default rates for the PCS funds (including PCS1) are calculated as the average of the ratios of the net invested cost of LTM defaulted assets to the total invested cost of the relevant portfolios, through the life of the relevant funds. Comparative European Leveraged Loan Index ("ELLI") default rates are calculated as the average of the European lagging 12-Month Loan Default Rates over the same period, as published by S&P.

#### DPI

Distributed to paid in (DPI) is calculated as total amounts distributed to investors divided by the total capital called from investors.

#### Gross Internal Rate of Return ("Gross IRR")

Gross IRRs are calculated on: a) the historic cash flows to/from investors (i.e. capital contributions and distributions); b) the residual net asset value of the fund at the valuation date, with unrealised investments valued in accordance with IPEV guidelines and treated as distributed at those valuations, and net of carried interest; and c) with any management fees (or priority profit shares), carried interest and operating expenses, paid or accrued since inception, added back to the residual net asset value.

#### Gross Multiple

Gross multiples for the PCS funds are calculated as the aggregate of the total amounts distributed to investors, the residual net asset value of the fund at the valuation date (with unrealised investments valued in accordance with the Valuation Methodology section below, and net of carried interest) and any management fees (or priority profit shares), carried interest and operating expenses, paid or accrued since inception; divided by the total capital called from investors.

#### Net Internal Rate of Return ("Net IRR")

Net IRRs are calculated on: a) the historic cash flows to/from investors (i.e. capital contributions and distributions); and b) the residual net asset value of the fund at the valuation date (with unrealised investments valued in accordance with the Valuation Methodology section below and treated as distributed at those valuations, and net of carried interest).

#### TVPI or Net Multiple

Total value to paid in (TVPI) is calculated as the aggregate of the total amounts distributed to investors and the residual net asset value of the fund at the valuation date (with unrealised investments valued in accordance with the Valuation Methodology section below, and net of carried interest); divided by the total capital called from investors.

## B.2. METHODOLOGY FOR PREPARATION OF PERFORMANCE INFORMATION FOR PCS1

### Gross Multiple and Gross IRR

Gross IRRs are calculated on investment cash flows, converted into Euros at the prevailing exchange rate on the day on which the cash flow occurred and recorded at the mid-point of the month in which it occurred.

Gross multiples are calculated as investment proceeds / investment cost.

The PCS1 gross IRR and multiple reflect the cash flows of the entire PCS1 investment portfolio. The PCS1 unlevered gross IRR for senior secured investments reflects the cash flows of the investments made by PCS1 that are of the type that the General Partner expects to make in the Senior Fund strategy.

PCS1 was established as a corporate vehicle with a €250m commitment from the Permira private equity fund, Permira IV, and supplemented by a €350m bank borrowing facility (the "Lloyds Facility"). PCS1 had a different structure and operated in a different way to PCS2 and PCS3 (the "Successor Funds"). With respect to PCS1, the commitment from Permira IV was called at the outset rather than over an investment period and the bank borrowing facility was not used with a consistent debt to equity ratio. The Successor Funds call down commitments from investors over the investment period with the bank borrowing facility being utilised with a broadly consistent debt to equity ratio. PCS4 is expected to operate in a similar manner to the Successor Funds. In order to facilitate the comparison of PCS1 to the Successor Funds, whilst the underlying cash flows have not been amended, the calculation of the returns of PCS1 have been adjusted in order to broadly simulate the structure and operations of the Successor Funds. The main adjustments are as follows:



Gross IRR calculations have been adjusted by applying a constant debt to equity ratio from inception of 140% (equal to the €350m Lloyds Facility divided by the €250m Permira IV investment) on monthly (unlevered) portfolio gross cash flows;

Monthly gross cash flows to and from PCS1 and the underlying portfolio have been broken down into separate debt and equity components, from which levered equity returns are calculated. The cost of the debt facility applied is Euribor + 150bps from inception until 31 December 2021 and Euribor + 300bps thereafter. This reflects an amendment to the terms of the Lloyds Facility;

Capital drawdowns/repayments between PCS1 and Permira IV have been included on the basis of the expectation that capital is received from PCS1's investors as of the investment date, and is distributed to PCS1's investors on realisation of individual investments. All distributions are assumed to be fully recyclable and callable from investors for subsequent investments; and

Instruments have been categorised as follows: senior secured debt includes senior loans and notes; subordinated debt includes second lien, subordinated high yield bonds, mezzanine loans and PIK loans.

Further information on these adjustments is available on request.

#### **TVPI (or Net Multiple) and Net IRR**

Due to the structure and operations of PCS1 as described above, its stand-alone net performance does not exist (it does not have its own management fee and carried interest). As with the gross returns as set out above, the actual returns of PCS1 have been adjusted in order to seek to broadly simulate the structure and operations of a typical fund. The main adjustments are as follows:

The PCS1 net IRR is calculated on (a) investment cash flows, converted into Euros at the prevailing exchange rate on the day on which the cash flow occurred and recorded at the mid-point of the month in which it occurred; (b) all cash flows related to assumed expenses (establishment costs, management fees, carried interest and transaction costs) recorded at the mid-point of the month in which they are assumed to have occurred.

Management fees are assumed to be 1.5% on capital received from investors, charged from the date of investment, reducing to 1.0% on capital invested after the end of the investment period. Carried interest is calculated at a rate of 15% of gains in excess of a hurdle rate of 7%.

The PCS1 net multiple is calculated as (investment proceeds – assumed expenses – carried interest) / investment cost.

### **B.3. VALUATION METHODOLOGY**

All performance information shown in this document is as at 31 December 2023, unless otherwise stated. The unrealised valuation of each investment is calculated as its valuation plus any accrued cash interest receivable at the valuation date. Valuations of non-functional currency investments are converted to functional currencies at period end exchange rates. The overall valuations of PCS2 and PCS3, taking all investments in aggregate, are the responsibility of the general partners of PCS2 and PCS3, and are reviewed by Kroll Advisory Ltd, an external valuation expert. The overall valuations for PCS4 and PCS5, taking all investments in aggregate, are the responsibility of the AIFM of each fund. The general partner / AIFM (as appropriate) receives advice from Permira Credit Limited. The valuations are also reviewed by Kroll Advisory Ltd. The process for determining valuations is in accordance with International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and is summarised below:

#### **Valuation methodology for debt investments**

- 1) All debt investments are valued on a mark-to-market basis, based on the mid prices obtained for the date of valuation.
- 2) Mid prices are taken from a number of sources, including Markit, Broker quotes and Bloomberg.
- 3) The above sources are reviewed to ascertain whether the "quote" represents a price that is executable and reflects that trades have been taking place at or around that level. Where an investment is considered illiquid, or where the price is considered unreliable, or where a price cannot be obtained, then Permira Credit values the asset by reference to a yield analysis, the current and expected performance of the borrower, and the likely recoverability of the loan.

#### **Valuation methodology for equity investments**

- 1) Investments listed on a recognised active stock exchange are valued at their quoted market bid price, less an appropriate discount only where there is some legal restriction preventing realisation at the date of valuation.
- 2) Other equity investments are valued at the price of a recent transaction, or on the basis of discounted cash flows, or earnings capitalised at an appropriate multiple and subject to an appropriate discount. The net attributable enterprise value is then apportioned appropriately across each financial instrument taking account of amounts accruing on each respective instrument and less any appropriate impairment provisions.

#### **Currency conversion for purposes of valuations tables**

For the purposes of the valuations tables, the valuation of non-Euro instruments have been translated to Euros at a rate equal to the weighted average of the FX rate on the dates that the related principal investments were made, as described in the basis of preparation of the track record.