Beyond Bonds – Value adding strategies in Direct Lending

Only for institutional clients

Basel, 17 April 2024

Marketing Disclaimer

For professional investors only, strictly private and confidential, intended solely for the designated recipient.

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Assumptions regarding the target return may be based on the investment team's experiences with previously launched (predecessor) funds, market participants, and other industry actors. The actual returns of an investment in the portfolio over a specific time horizon may significantly deviate from the target return assumptions.

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Beyond Bonds - Value adding strategies in direct lending
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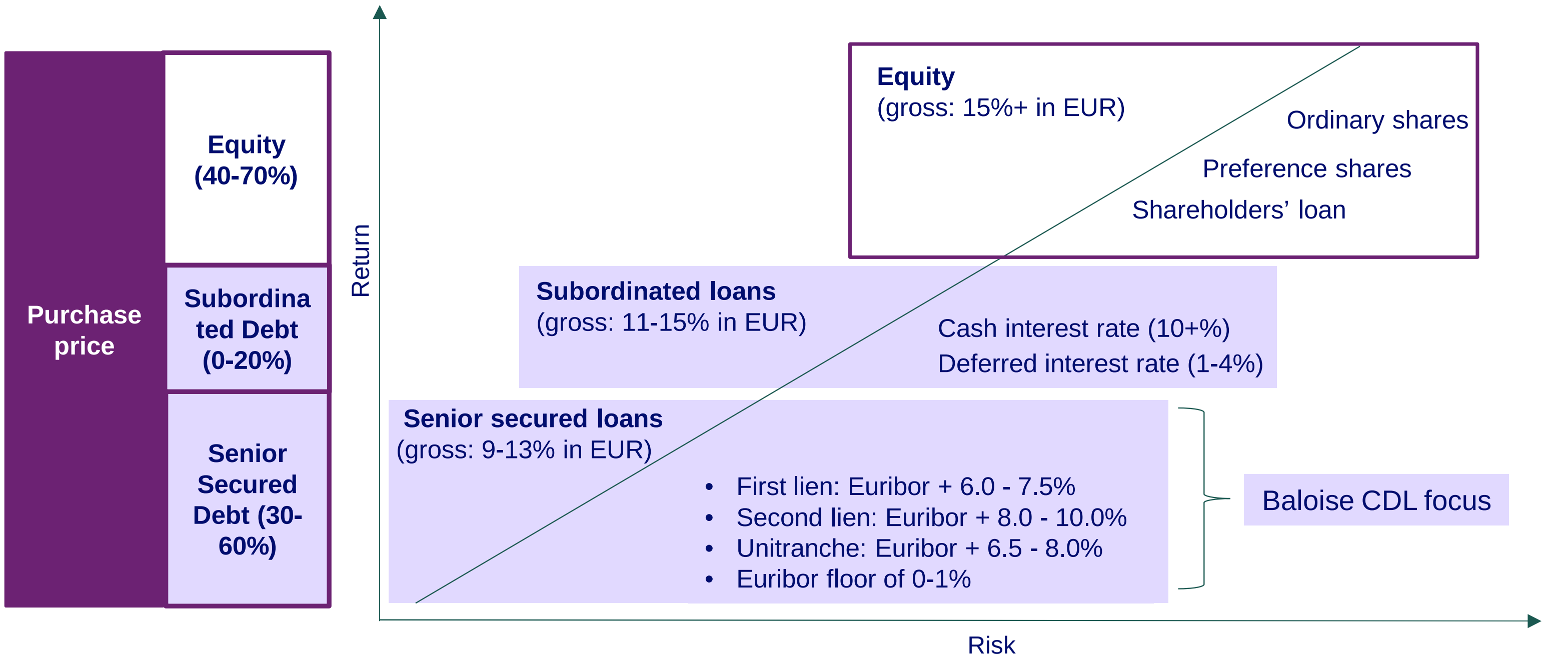
Private Debt
Sources and cost of capital in private markets



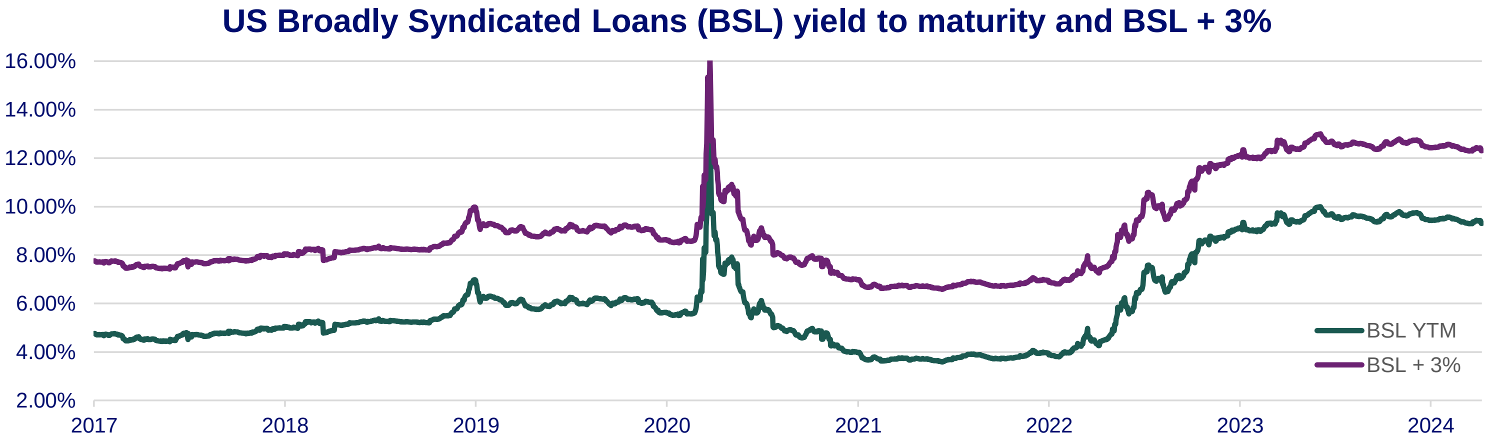
- Baloise focuses on the most senior part of private debt market
- 1L and unitranche loans historically produced produced **yields up to 12% gross**[1]
- **Unitranche** is a loan that combines senior and subordinated into one instrument

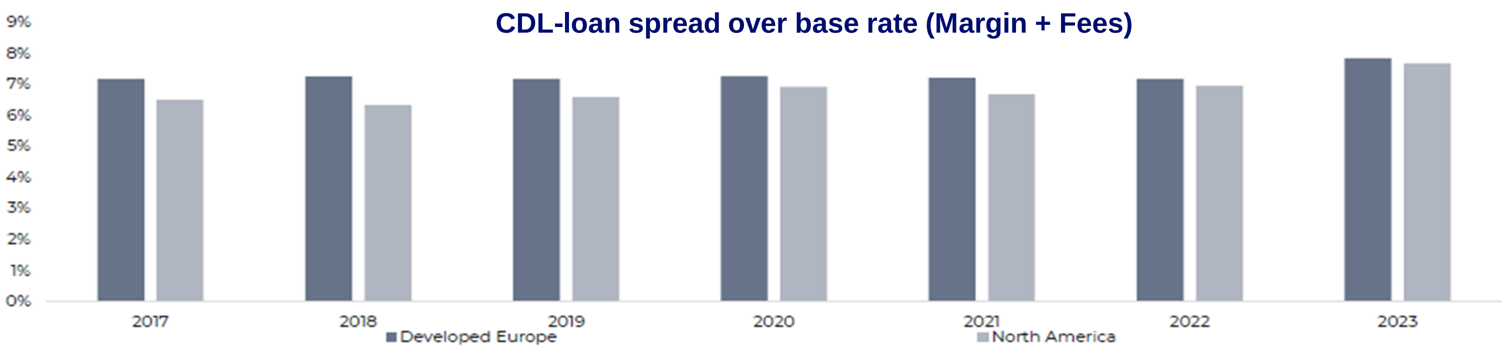
Source: Baloise Asset Management

[1] Historical price evolutions and returns are no indications of future results.

Corporate Direct Lending

Spreads remain stable



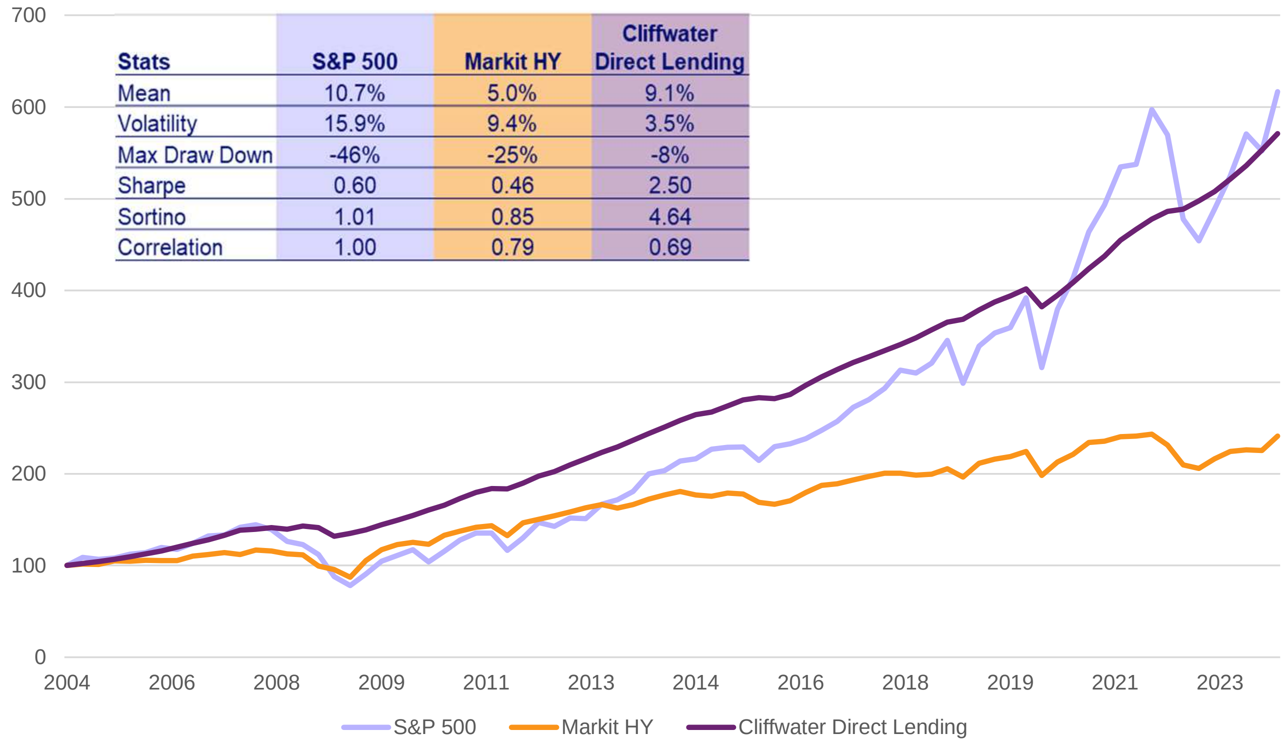


- US BSL loans represent the most liquid part of the private debt market
- CDL loans typically produce up to 3% higher yields[1] than BSL
- While the total yield is volatile, the spreads have remained stable over the years

Source: Morningstar LSTA US Leveraged Loan 100 Index; Aksia Direct Lending Outlook 2024

[1] Historical price evolutions and returns are no indications of future results

Private Debt
Historical returns



Stats	S&P 500	Markit HY	Cliffwater Direct Lending
Mean	10.7%	5.0%	9.1%
Volatility	15.9%	9.4%	3.5%
Max Draw Down	-46%	-25%	-8%
Sharpe	0.60	0.46	2.50
Sortino	1.01	0.85	4.64
Correlation	1.00	0.79	0.69

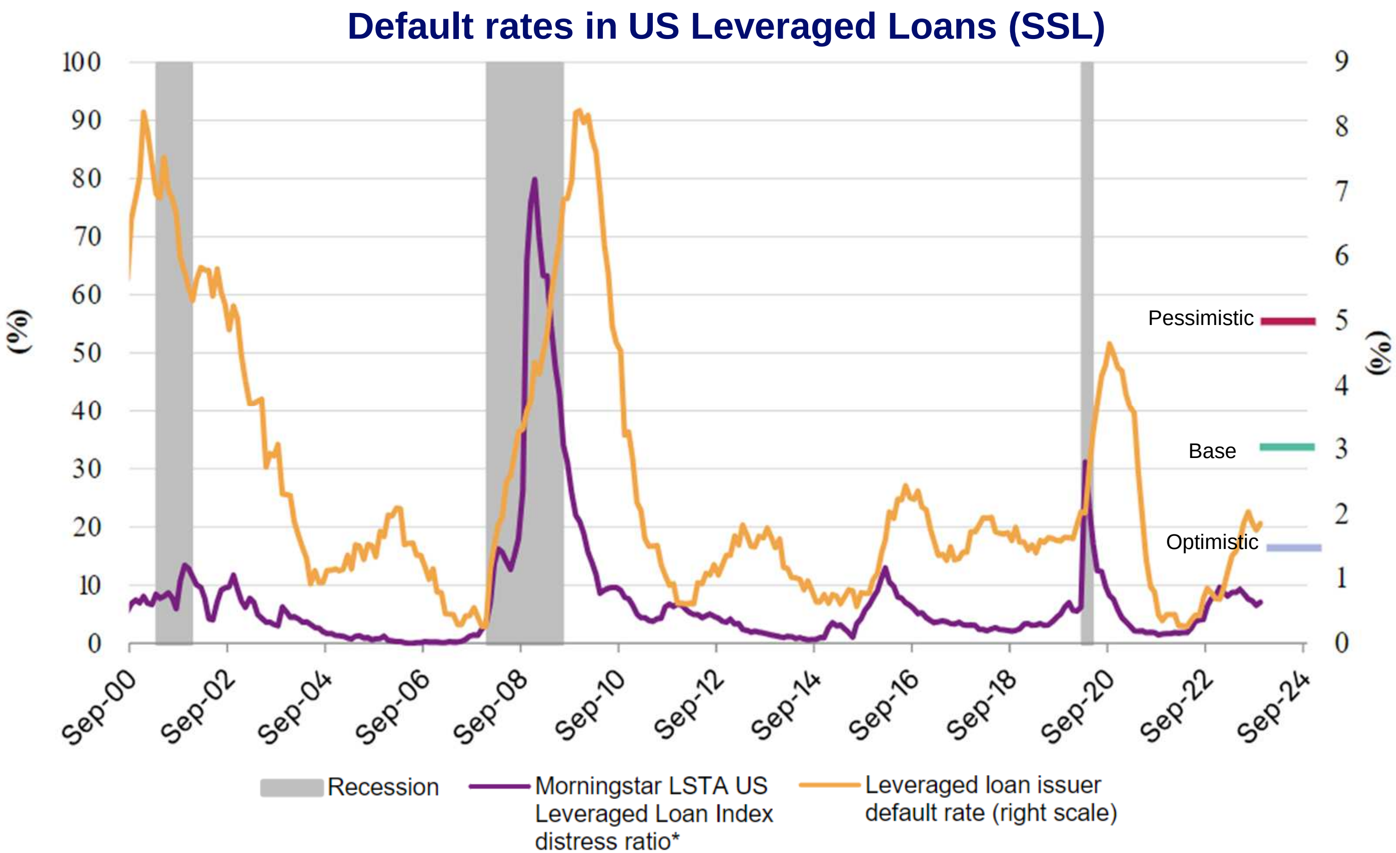
Direct lending has proven over the years to provide stable and attractive returns, especially when compared to equities and bonds.

This is driven by:

- **Illiquidity premium** and longer holding periods, which allow lenders to achieve higher value creation.
- The **issuance fee of the loan** ("OID") is credited to the investors.
- **Additional credit protection** through covenants
- Alignment of interests with the equity sponsor >40% equity cushion

Source: S&P 500 and Barclays Aggregate – Yahoo Finance; Cliffwater Direct Lending - www.cliffwaterdirectlendingindex.com
Historical price evolutions and returns are no indications of future results

Importance of Diversification
Default rates



- Private debt is a risky asset class; default rates expected to rise
- Average long-term **default rate around 3%** (expected to be reached by end of 2024)
- Leveraged loans typical recovery: **50-70%**
- Direct lending typical recovery: **60-80%**
- Diversification & risk mitigation is key!

Source: Leveraged Comentary & Data

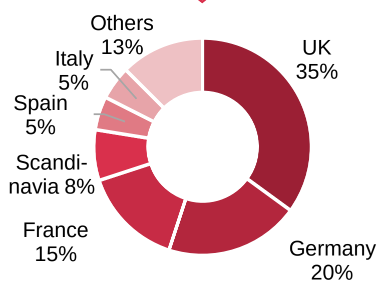
Importance of Diversification

Baloise CDL target portfolio

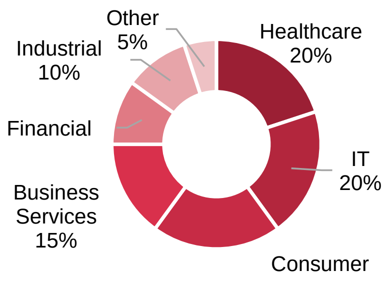
Target Portfolio

1. **Highly diversified** across countries and industries; **max 2%** per issuer
2. **Senior focused allocation,** leverage limited at average of 5.5x EBITDA
3. **Sponsor backed transactions,** min 70% with covenants
4. **Fully hedged** into EUR (or CHF)
5. **Evergreen structure** with a fast portfolio build up
6. **Semi-annual interest distributions** of ~3.0-3.5% (Annualized net 6-7%)
7. **Quarterly liquidity** (subscriptions and redemptions[1]) in a structurally illiquid asset class

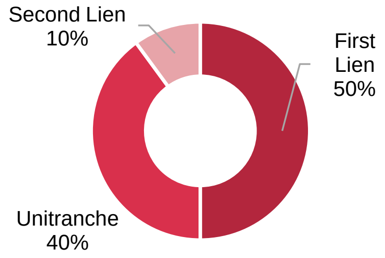
Country Exposure



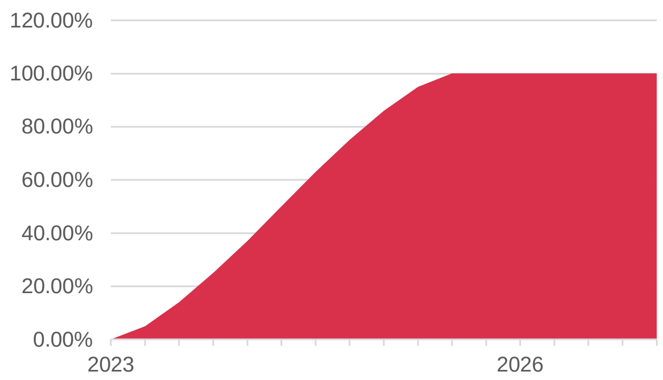
Industry Exposure



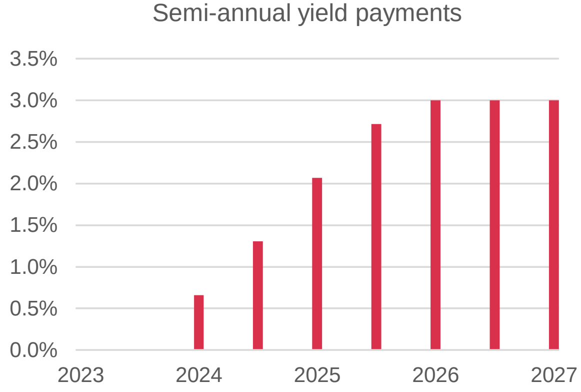
Capital Structure



NAV Development

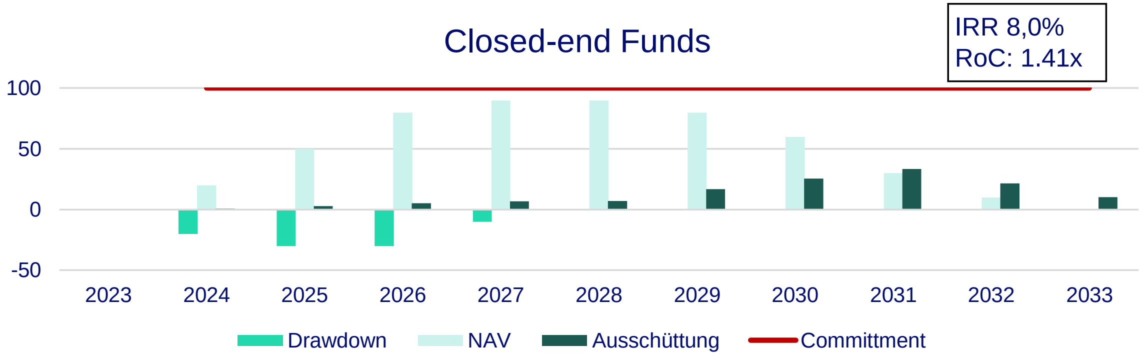


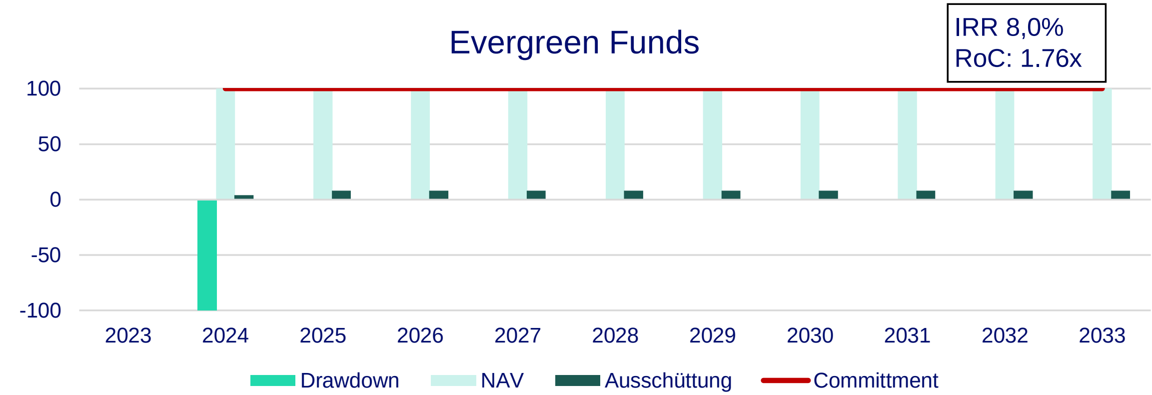
Interest Distribution



[1] Subject to additional conditions

Evergreen structure
And capital efficiency





- Closed-end funds typically quote the IRR as the main performance metric
- However «**You can't eat IRR**» (Howard Marks)
- **Efficient use of capital** creates a **higher return multiple**
- Evergreen allocation produces up to **85% higher return on capital** (76% vs 41%)[1]
- Evergreen allocation can be turned to a **self-liquidating** closed-end fund at clients request

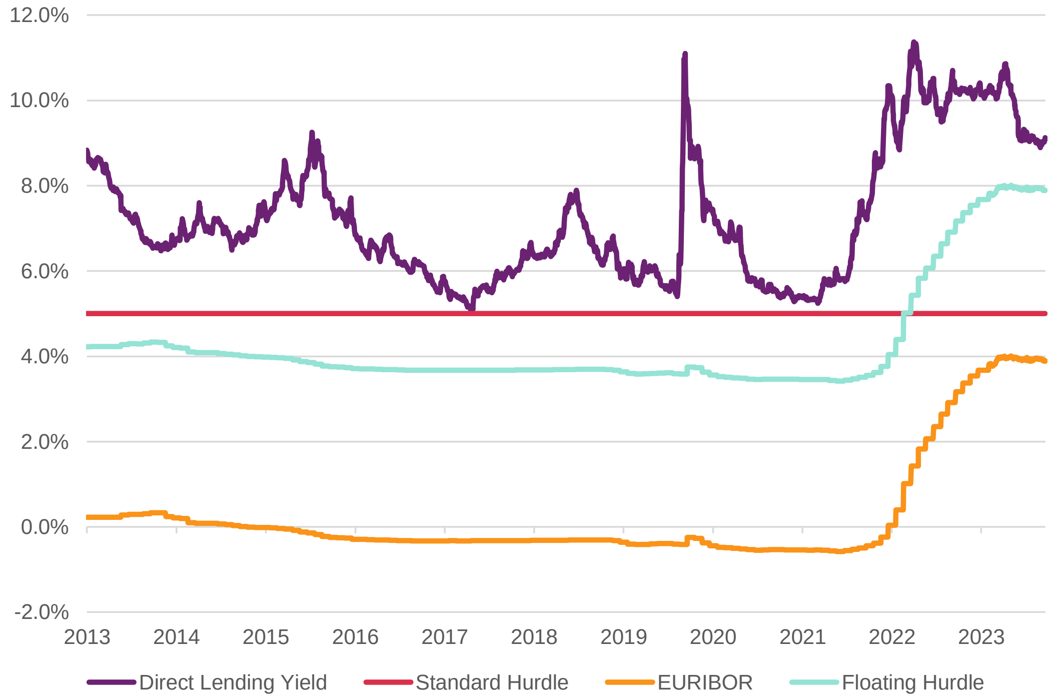
Source: Baloise Asset Management; for illustrative purposes only
It is assumed that both funds invest into loans providing 8.0% return and that the loans are held at cost (i.e. no mark-to-market volatility).
[1] Historical price evolutions and returns are no indications of future results

Fee terms
Alignment of interest

Typical fund terms	Closed-end Funds[1]	Baloise CDL Fund
Management fee	0.75 – 1.25%	0.85 – 1.20%[2]
Performance hurdle[3]	5%	EURIBOR + 4%
Perf. Fee	10%	10% (HWM)[4]
Term	7y +1+1	Evergreen 1y lock-up[5]

- Performance fees serve as compensation for beating the benchmark
- Unrealized performance fees are reserved and can go negative – this serves as a High-Water-Mark, resulting in strong **alignment of interest**

Indicative: CDL yield vs. EURIBOR and Hurdle[6]



[1] Source: Baloise Asset Management
[2] Inclusive of Baloise and underlying manager fees, subject to size discount;
[3] Based on European Waterfall (fund level performance) and net of all costs;
[4] High Water Mark;
[5] No redemption possible during initial build up (first 3 years)
[6] The indicative Direct Lending Yield is calculated as ICE BofA EUR High Yield Bond Index + 3.0% (historical interest rate advantage).

Baloise Corporate Direct Lending Fund

Access to top-tier managers

Launching Apr 2024

Launched Sep 2023

Third party investors

Baloise

Baloise Corporate Direct Lending Fund

HAYFIN

PERMIRA

Complementarity of managers is core of the Baloise strategy

With Baloise as an anchor investor, investors profit from:

- Scale effects and **attractive pricing**
- **Reduction of operational risks** through choice of different managers plus additional risk control by Baloise
- **Innovative structure** allows for liquidity in an illiquid asset class

Manager Selection Process

- Starting from 45 managers
- After initial meetings and reviews: shortlist of 27
- Economic & investment analysis conducted and reviewed within the IC

- 9 managers undergo the extensive due diligence (incl. Legal, risk management, ref.calls and ESG)
- 5 managers selected

- Additional level of negotiations regarding structuring, implementation and economic terms
- 2 managers with strongest risk controls and track record selected

27

Manager Screening Long-List (27 European Managers)

Investment Committee

9

Short-List (9 Manager) Extensive Due Diligence

Investment Committee

2

Managers selected

Monitoring

Quarterly Portfolio Review

At least annual manager review through investment committee

HAYFIN PERMIRA

Manager Summary: Hayfin

HAYFIN

Manager overview

Headquarters	London
Year Founded	2009
CEO	Tim Flynn
Employees	200
AuM	€31 bn
Asset focus	• Direct Lending • Tactical Solutions • Special Opportunities • HY & BSL

Manager description

- Specialized lending solutions to European middle-market companies and private credit situations
- Founder: Tim Flynn, ex co-head European Leveraged Finance Goldman Sachs
- Original seed capital from 3 pension funds
- Global player with 13 offices around the world.

Direct lending Track Record

Region

UK	37%
DACH	17%
France	19%
Benelux	6%
USA	11%
Nordic	2%
Spain	4%

Industry

Information Technology	16%
Healthcare & Education	22%
Consumer Discretionary	12%
Industrials	26%
Financials	4%
Consumer Staples	6%
Real Estate	9%

Deployment

Year	EUR bn
2018	1.83
2019	1.54
2020	3.10
2021	3.50
2022 H1	3.00

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%

Fund Performance

Fund	Vintage	Size EUR mn.	IRR	TVPI
DL BS	2009	593	n/a	n/a
DL I	2013	2'027	6.1%	1.17x
DL II	2016	2'642	4.8%	1.20x
DL III	2019	2'677	7.8%	1.25x
DL IV	2021	2'637	9.2%	1.09x

Manager Characteristics

- Specialized credit manager with a strong risk focus and experienced restructuring team
- Industry agnostic approach with very low loss rates
- Strong track record with 5-8% net returns in a zero-rate environment

Source: Hayfin, data period: Dec. 2009 – Jun. 2023. Fund Performance for Euro sleeve as of Dec. 2023.

Manager Summary: Permira

PERMIRA

Manager overview

Headquarters	London
Year Founded	D. Hirschman / A. Stefanescu
CEO	1985
Employees	70
AuM	€14.4 bn
Asset focus	• Private Equity • Direct Lending. • Strategic Credit • CLO

Manager description

- Founded as a number businesses under the Schroder Ventures brand, later re-named to Permira.
- Permira Credit was established in 2007 and since then is managed as a standalone entity.
- Mostly owned by the partners and up to 10% is owned by Petershill – alternative arm of Goldman Sachs.
- The partnership is helpful for growing the private credit business

Direct lending Track Record

Region

UK	45%
DACH	15%
France	16%
Benelux	14%
USA	4%
Nordic	2%
Spain	0%

Industry

Information Technology	33%
Healthcare & Education	20%
Consumer Discretionary	29%
Industrials	13%
Financials	1%
Consumer Staples	3%
Real Estate	1%

Deployment

Year	EUR bn
2018	0.40
2019	1.12
2020	0.29
2021	1.09
2022	1.50
2023	1.80

Investment stats

Gross return (ann.)	5.4%
Loss rate (ann.)	-0.3%
Leverage at entry (avg)	4.50x
Median EBITDA EURm	18.7
EBITDA margin	19.2%
Equity cushion	58.0%
Sponsor / Sole+lead	94% / 79%

Fund Performance

Fund	Vintage	Size 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	n/a	n/a

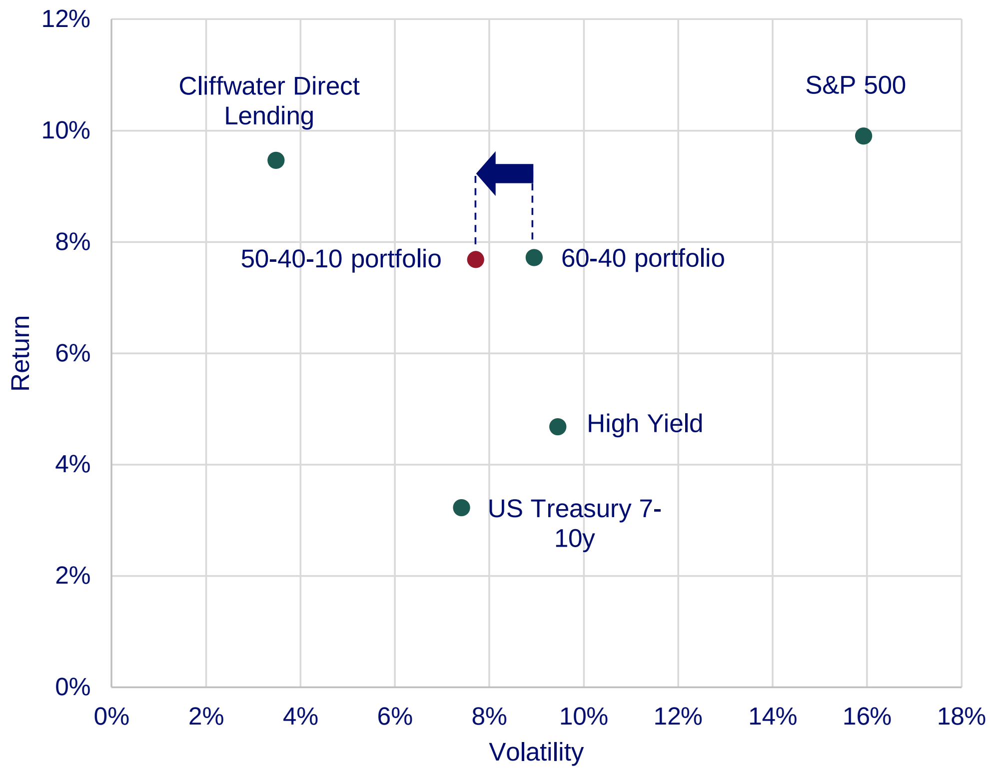
Manager Characteristics

- Manager with long history in private markets
- Focus on non-cyclical and cash generative sectors
- Consistent track record above 6.0% net in the zero-rate environment
- Perfect complement to Hayfin as both are sole/majority lenders with different focus

Source: Permira, data period: Dec. 2014 – Sep. 2023

Beyond Bonds
Conclusions

- Corporate direct lending produces **attractive returns** comparable to public equities but with **lower risk**
- Addition of CDL improves the **portfolio diversification and Sharpe ratio**
- **Risk management** is crucial as debt investors have no upside
- **Evergreen** allocation produces highest **return on capital**
- **Fees** should not hinder investor returns, but also should incentivize the managers



Source: Bloomberg, March 2024; Cliffwater Direct Lending Index per Dezember 2023.

Opportunities and risks of Corporate Direct Lending

In our opinion, the opportunities outweigh the risks

Opportunities based on our expectations

- Predictable cash flows with low counterparty risk
- Low default rate and high recovery rate
- Low correlation to equity and bond markets
- The exclusion of environmentally and socially harmful activities mitigates sustainability risks and unlocks further investment opportunities
- Attractive fee structure and strong alignment with the Managers

Risks

- Basically: Uncertainty regarding demand
- Illiquid investments with partly very long maturities
- Comparatively low sustainability risks can have a negative impact
- If liquidation on secondary market necessary: High discounts on fair value conceivable
- Interest rate, credit and inflation risks

Important note: The risk factors listed here are not exhaustive and not weighted. Please be sure to refer to the other risk factors in the Private Placement Memorandum before investing.

Appendix

Term sheet

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

Maturity, Notices and Closings	
Format and Maturity	Evergreen 50 Years[1] with possibility to extend
Closings / Dealing Dates	First dealing date: Q2 2024 Subsequent closings on a quarterly basis in March, June, September and December. Subscriptions received until prior month end.
Investment period	3 years for anchor investors, fully paid-in after that (subject to size limitations).
Subscriptions	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.
Redemptions	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).
Matching	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
Run-off	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

[1] Statutory limit for maturity which can be extended at the super-majority approval of the Limited Partners

HAYFIN

HAYFIN DIRECT LENDING OVERVIEW

HAYFIN CAPITAL MANAGEMENT

April 2024

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HAYFIN AT A GLANCE

Founded	Platform Scale	Trusted Partner	Deep Expertise
2009 *London HQ with 12 additional offices globally*	**€31 billion** *Assets Under Management*	**200+** *Global Clients* ***40%+*** *Investing across multiple products*	**200+ Employees** *Across Business Lines*

94 Investment Professionals
Including a dedicated Legal Execution & Workouts Team

30+ Partner Solutions Team
Providing robust local client coverage & servicing capabilities

Global footprint with on the ground personnel in 11 countries, providing local, in time-zone solutions for our Partners

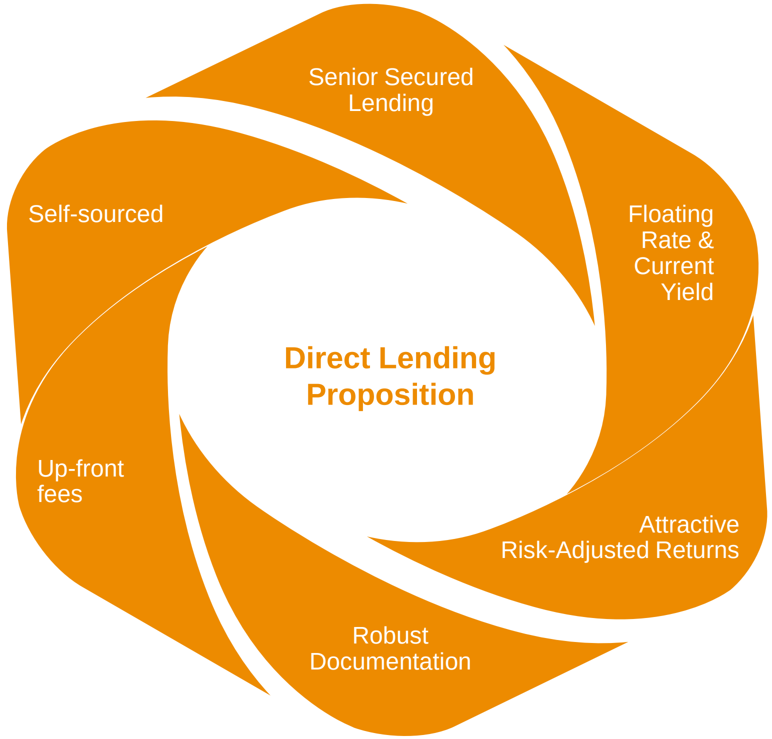
● ***Non-investment offices: Dubai, Munich, Luxembourg, San Diego, Singapore, Stockholm, Tokyo.***

Firm statistics as of 31 December 2023. There can be no guarantee that investment strategies will perform as expected, even with the application of tested, high-quality processes. No strategy, formula or approach can guarantee gains or avoid losses.

DIRECT LENDING: DISCIPLINED STRATEGY EMPHASISES CAPITAL PRESERVATION AND STRONG CURRENT INCOME

Seek to deliver 7.5%+ net IRR[1] through senior secured investments in middle and upper-middle market companies

- Focus on European corporate middle and upper-middle market financings (targeted median EV of €400-750m and EBITDA of €40-€75m)
- Senior secured, floating-rate instruments backed by robust cash flow and/or asset coverage
- Cash yield - margin plus base rate - currently over 9% with up-front fees to further enhance returns
- Self-originated, primary investments and opportunistic purchases of illiquid debt instruments
- Conservative investment strategy (40-55% LTV and 4.0x-5.5x leverage), <1bp annualised realised loss since inception
- Focus on well-structured and rigorous documentation driven by highly experienced in-house legal resource
- Thoughtful implementation of ESG framework into the firm's culture and investment processes – seeks to uncover hidden reputational and credit-specific risks



Target returns reflect Hayfin's objectives in selecting and making investments and are based on both current market conditions and historical returns. Target returns should be viewed as hypothetical and are not a guarantee of future performance and there can be no assurance that such returns will be realized. Fund fees reduce returns to investors. There can be no guarantee that investment strategies will perform as expected, even with the application of tested, high-quality processes. No strategy, formula or approach can guarantee gains or avoid losses. See 'Notes to Investment Performance' for more information on targeted returns and the impact of fees on returns to investors.

[1]Historically, target returns for the strategy have been 6-7.5% net for the unlevered sleeve and 10-12% net for the levered sleeve. Return and cash yield expectations reflective of market environment as at 31 December 2023.

CAPITALIZE ON DIFFERENTIATED, KEY INVESTMENT THEMES

Primary / Direct Opportunities			Bank Replacement / Indirect Sourcing / Secondary Trades
New Relationships	Existing Relationships	Industry Specialisation and Non-Sponsored	Opportunistic Deal Flow
Transactions with new borrowers, sourced via Hayfin's strong relationships with sponsors	Transactions with existing borrowers driven by local sourcing model	Less competitive "off-the-run" transactions, driven by deep industry specialisation and local networks	Capitalise on market weakness in stalled bank syndications and secondary trades

Names and logos are representative only and do not guarantee that investors will be placed in a portfolio that includes these securities or issuers and there is no guarantee that an investment in these or other issuers will be profitable. See "Notes to Investment Performance" for more information on case studies/examples.

MARKET UPDATE: 2023 VS 2024 THEMES & OPPORTUNITIES

2023

Bank Replacement Opportunities

Private Credit increasingly used by borrowers to finance assets more traditionally financed in the syndicated market

Situations Where Existing Lenders Tapped Out

Add-ons within the portfolios of other lenders where they are out of dry powder at attractive terms

Add-ons to Existing Borrowers

Significant source of deal flow during a slow M&A environment, investing with borrowers we know well

2024

Off-Market Bilateral M&A

As auctioned processes become more competitive, we are prioritising off-the run situations where we have a competitive edge

Refinancings

Increased refinancing activity compared to 2022/2023 will both generate deployment opportunities and drive repayments – but critical to position early with borrowers/sponsors given competitive market

Add-ons to Existing Borrowers

Existing portfolio continues to be a significant source of deal flow, typically at more attractive terms than the broader market as processes are less competitive and usually bilateral

CASE STUDIES

HAYFIN CAPITAL MANAGEMENT

April 2024

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GGW GROUP

Deal Characteristics	
Security Type	Senior Secured Loan (ACF)
Hayfin Firmwide Position	€150m
Total Deal Size	€166m new money, €477m existing (23% HF)
Classification	Primary
Margin	E+625bps
OID	1.5% upfront, 1.5% deferred
Contractual Maturity	November 2027
Expected IRR	16.4% (YT1)

Company Profile	
Date of Investment	October 2023
Country	Germany
Hayfin Industry	Insurance
Sponsor	Hg Capital
PF Revenue	€327m
PF EBITDA	€90m
LTV	45%
Net Leverage	5.9x

Company Description	GGW Group is a leading commercial property & casualty ("P&C") insurance broker group in DACH (85% of sales) – ultimately serving SMEs. The Group was formed in Feb-20 with the aim to consolidate the German B2B insurance market (45 partners were acquired to date). Sales by insurance type: 88% P&C, 10% life & health, 2% other.
Opportunity	Hg Capital had been invested since Feb-20 via two funds: Mercury 2 ('17 vintage) and Mercury 3 ('20), with no cash equity taken out. The sponsor was looking for additional facilities to fund near-term M&A (2023 pipeline) of which the majority had to be provided by a new lender due to existing lenders having no more capacity to increase their exposure, providing an opportunity for Hayfin to participate. Further, Hg aimed at a (partial) exit in Q4'23 / Q1'24. At that point in time, Hg was planning to run a wide lender education but with the ability for the incumbent lenders to provide a "soft" staple for the new financing. Hence, we viewed this as a good opportunity to get into a credit where there is also a chance to participate in a new deal in the short term.
Investment Thesis	High level of recurring (~91%) and non-discretionary revenues with low churn (~95% retention rate). Non-cyclical, fundamentally growing end market. Leading player (#3 in Germany and #1 PE-owned) in a still fragmented market (~23% in Germany are not owned by a larger group). Strong valuation support with historical EVs in the low-to-mid teens. Visibility on refinancing with the ability to participate in a new deal in Q4'23 / Q1'24.

Data as at Deal Commitment Date. Expected IRR as of December 31st, 2023.

EUROFEU

Deal Characteristics	
Security Type	Senior Secured Loan
Hayfin Firmwide Position	c.€120m
Total Deal Size (Hayfin %)	€252m (48%)
Classification	Primary
Margin	E+550 bps
OID	2.5%
Contractual Maturity	2031
Expected IRR	9.1%

Company Profile	
Date of Investment	April 2024
Country	France
Hayfin Industry	Business Services
Sponsor	IK Investment Partners
EBITDA	€35m
LTV	42%
Net Leverage	5.0x

Company Description

- Eurofeu is a leading French fire safety player (#5 in France overall and #3 in Extinguishers) operating in the manufacturing, sale, installation, and maintenance of fire safety equipment. PF FY23 sales: €252m; Adj. EBITDA: €35m (14% margin); maintenance capex: €4.4m (~2% of sales)

Opportunity

- Primary opportunity to back IK Investment Partners' acquisition of Eurofeu (French fire safety player) from Capza (shareholder since 2020)
  - Sale process highly competitive with large lineup of sponsors for both debt and equity
- EV consideration in the c.€470m context / [13-14]x EBITDA. €182m of Unitranche or 5.0x Opening Leverage @E+550bps / 97.5 (YT3 of 9.1%); < 50% LTV / E-C of 5.5x / FCF yield 6.4% + €70m ACF; PiK toggle with min. 3.5% cash interest, and 0.25% PiK premium

Investment Thesis

- Leading French fire safety player (#3 in Extinguishers) operating in the manufacturing, sale, installation, and maintenance of fire safety equipment
- Operates in the growing and resilient fire safety protection market, delivering a critical service which represent a low cost for clients
- Revenue largely composed of maintenance revenue (44%) and re-occurring revenue (c.20%+) driven by the maintenance + replacement of extinguishers (every 10 years in France driven by regulation and an annual maintenance) *i.e.* stable business with 2/3 recurring/re-occurring revenue
- Fragmented and diversified customer base composed of >36k large accounts within Eurofeu Solutions (61% of revenue) and >120k small accounts within Eurofeu Sécurité Incendie (25% of revenue). Remainder of the business being sale to distributors (14% of revenue)
- Unique positioning : only large player with a clear focus on fire safety market, strong commercial culture and production capacity. Clear competitive advantage vs. 2 largest players Chubb / Desautel and smaller players leading to organic market share gains under Capza ownership, expected to continue going forward (+12% p.a. top line organic growth between 2023 and 2028) outperforming market growth (+4% p.a.)
- Attractive financial profile (10% CAGR organic growth since 2021, stable gross margin over the period, slight increase in EBITDA margin resulting from operating leverage (organic growth + M&A), decent FCF generation (FY23E FCF yield of 4.0%) and relatively clean EBITDA

ESG

- Overall medium risk (Overall ESG Score: 2) with main due diligence focus being the manufacturing process, employee churn and emissions
- Key mitigants:
  - Eurofeu has recently developed new products compliant with current French regulation - the most stringent across Europe - and has no history of employee litigation
  - Current emissions are mainly derived from product transportation and manufacturing and are currently within expectations for a business of these characteristics. As the business grows, the sponsor intends to focus closely on emission efficiency as part of the manufacturing process.

LEGAL EXECUTION & WORKOUTS

HAYFIN CAPITAL MANAGEMENT

April 2024

For Professional / Qualified / Institutional Clients only. Strictly not for redistribution.

IN HOUSE LEGAL EXPERTISE: STRUCTURING & WORKOUT CAPABILITIES ENHANCE DOWNSIDE PROTECTION

- 14 lawyers, including 5 dedicated professionals within the Legal Execution & Workouts team
- Investments sized to have a "seat at the table"
- Ability to leverage Special Opportunities workout capabilities

Deal Structuring

Robust structures with clear path to enforcement.

Over 300 transactions executed

Documentation

Tight terms and covenants to protect against credit erosion.

Expertise in over 20 jurisdictions

Waivers and Amendments

Ability to adapt and manage evolving investments.

Proactive approach to capitalise on borrower underperformance

Restructuring

Expertise to take action to protect value when necessary

Managed 7 defaults since inception[1] <1bp annualised realised loss

Early, decisive action taken to manage underperforming businesses and credit events

Past performance is no guarantee of future results. No strategy, formula or approach can guarantee gains or avoid losses.

1 – Investments that, within their holding period, were subject to scenarios of distress that resulted in Hayfin undertaking major actions to protect value, such as collateral enforcement or corporate restructuring.

LEGAL AND WORKOUTS TEAM OVERVIEW

Stephen Bourne

MD, Legal Execution | 24 years exp.

Mr. Bourne joined Hayfin in 2010 and is a Managing Director responsible for legal execution of Hayfin's investments. Prior to joining Hayfin, Mr. Bourne was an Executive Director in Nomura's leveraged and acquisition finance division, within which he managed transaction executions. Before joining Nomura, Mr. Bourne spent four years at Lehman Brothers in the leveraged and acquisition finance division, which followed two years as a banking and finance lawyer at Allen & Overy and four years as a corporate lawyer at Gadens Lawyers (Australia). Mr. Bourne graduated from the Australian National University with an LLB/BA.

Erica Hughes

Senior Manager, Deal Execution | 17 years exp.

Previous Experience

- *Hogan Lovells*

Nicola O'Regan

Senior Manager, Deal Execution | 13 years exp.

Previous Experience

- *Linklaters LLP*

Vikas Mehta

Senior Manager, Deal Execution | 12 years exp.

Previous Experience

- *Debevoise & Plimpton*

Alex Pickett

Manager, Deal Execution | 11 years exp.

Previous Experience

- *Mills & Reeve*
- *Macfarlanes*

Restructurings are extremely labour and time intensive and ***require specialist expertise***

In-house team of 5

with 15 years average experience

Complements large investment team

based in key geographies

Over 80 restructurings

across Europe and the USA

HOW TO PROTECT VALUE IN DOWNSIDE SCENARIOS

Proactive approach to restructuring, with a systematic and rigorous portfolio monitoring review process to identify and address material underperformance in any investment.

When downside scenarios occur…

Material Underperformance

Re-underwriting Credit and Workouts Team Analysis

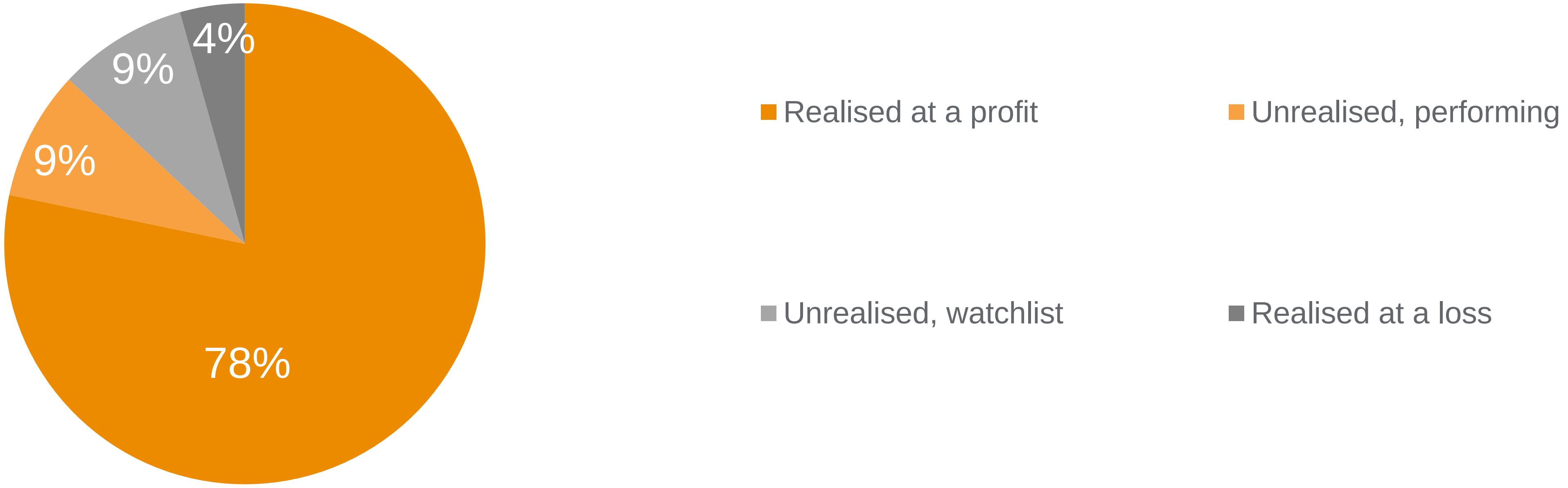
Special Measures Committee Process

Decide on Approach and Implement

- Covenant Reset
- Debt Repricing
- Equity Injection
- Refinancing / Sale
- Extension
- Tighter Controls
- Structural Enhancements
- Take Control of Business

DEVELOPMENT OF HAYFIN DIRECT LENDING WATCHLIST INVESTMENTS BETWEEN 2019 - 2022

- **Focusing on the 2019-2022 period, we saw a total of 23 names enter our watchlist**
- **The vast majority of these names have already been realized at a profit (78%) or are again performing well (9%), and only one investment exited at a loss**
- **Since inception in 2009, Hayfin Direct Lending has only seen one realized loss on a default, implying an annualized realized loss rate of <1bp**



Exposure based on number of investments.
Data as of December 31st, 2023.

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APPENDIX

HAYFIN CAPITAL MANAGEMENT

April 2024

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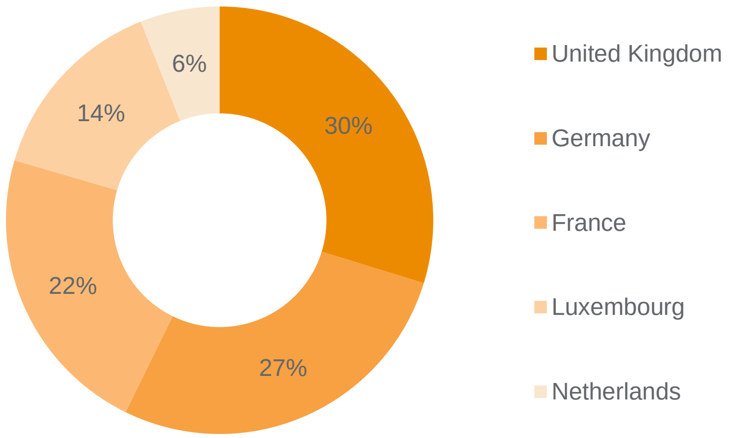
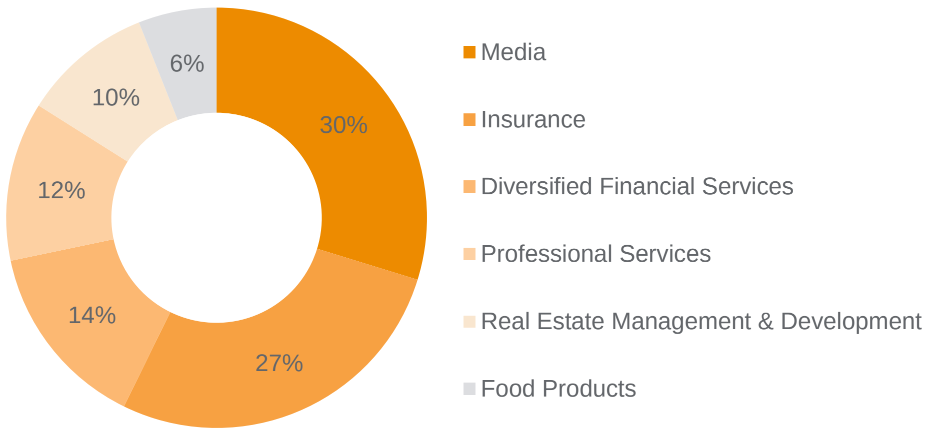
EXISTING HAYFIN-BALOISE DIRECT LENDING PORTFOLIO

Geographic Exposure*



Industry Exposure*



Existing Portfolio

	€ million	Country	Industry	Security Type	Classification	Committed Date	Gross Capital Invested	Gross Expected IRR
1	**CloserStill**	United Kingdom	Media	Senior	Primary	Sep-23	9.9	13.8%
2	**Eurofeu**	France	Professional Services	Senior	Primary	Feb-24	4.1	9.1%
3	**Evoriel**	France	Real Estate Management & Development	Senior	Primary	Feb-24	3.4	8.9%
4	**GGW Group**	Germany	Insurance	Senior	Primary	Oct-23	6.1	16.4%
5	**GGW Group II**	Germany	Insurance	Senior	Primary	Dec-23	3.2	9.2%
6	**Goodlife**	Netherlands	Food Products	Senior	Primary	Mar-24	2.0	9.5%
7	**Zedra**	Luxembourg	Diversified Financial Services	Senior	Primary	Dec-23	4.8	10.3%
7	**Total Unrealised**						**33.6**	

**As a % of Gross Capital Invested.*
Preliminary Portfolio Data as of March 31st, 2024.
Gross expected IRR based on cash flows of the underlying investments converted to Euro at the 31 March 2024 FX rate.

HAYFIN

baloise

PIPELINE

Investment	Investment 1	Investment 2	Investment 3	Investment 4	Investment 5	Investment 6	Investment 7
Commitment (€ million)	*€ 82*	*€ 145*	*€ 340*	*€ 150*	*€ 325*	*€ 258*	*€ 305*
Baloise Commitment (€ million)	*€ 3*	*€ 5*	*€ 12*	*€ 2*	*€ 10*	*€ 8*	*€ 9*
Currency	*EUR*	*EUR*	*EUR*	*GBP*	*EUR*	*CHF*	*USD*
Country	*France*	*France*	*France*	*UK*	*Belgium*	*Switzerland*	*UK*
Industry	*Industrials*	*Financial Services*	*Business Services*	*Healthcare*	*Business Services*	*Consumer Staples*	*Maritime*
EBITDA (€ million)	*€ 46*	*€ 25*	*€ 82*	*€ 138*	*€ 50*	*€ 58*	*€ 90*
Leverage	*4.6x*	*5.8x*	*3.8x*	*4.6x*	*4.5x*	*4.6x*	*3.9x*
LTV	*58%*	*39%*	*52%*	*31%*	*40%*	*51%*	*46%*
Margin (bps)	*650*	*625*	*625*	*600*	*575*	*550*	*575*
OID/fees	*1.75%*	*2.50%*	*2.50%*	*2.00%*	*2.50%*	*2.25%*	*2.50%*
Expected Signing Date	*Q2 24*	*Q2 24*	*Q2 24*	*Q2 24*	*Q2 24*	*Q2 24*	*Q2 24*

Pipeline as of April 15th, 2024 and excludes companies headquartered in the US.
The terms above are preliminary and based on Hayfin's current expectations, and as such, are subject to change.