

A Summary of Private Credit Strategies

	Capital Preservation Strategies			Return Maximising Strategies		Opportunistic and Niche Strategies	
	Direct Lending	Syndicated Lending	Real Estate Lending	Capital Appreciation	Distressed Credit	Credit Opportunities	Speciality Finance
Also Known As	Bilateral Lending Senior debt focus predominantly	LBO Debt Senior debt focus predominantly	Property (or CRE) Lending	Subordinated Capital, Mezzanine, Structured Equity, Venture Debt	Distressed Debt, Special Situations, Convertibles	Special Situations, Bridging Loans, Convertibles	Esoteric Assets, Asset Backed Finance, Infrastructure Debt
Strategy Description	Capital preservation through direct structuring and management of loans on a one-to-one basis between lender and borrower	Capital preservation through intermediary originated loans, many lenders and one borrower, focused on portfolio diversification	Providing loans to property developers or investors, typically to an SPV secured against the projected or current value of the building and land	Both pure subordinated debt, and non-dilutive private equity substitute capital in the form of preferred or structured equity	Purchase of distressed or stressed loans below par value, or providing primary loans to distressed companies	Providing loans to solve idiosyncratic issues, sometimes where equity cannot be raised, or where a repayment event such as an IPO is anticipated	Structure or purchase of cash flow streams generated by specific physical or financial assets, without the benefit of or reliance upon an operating business
Return Drivers	Cash margin and fees	Cash margin and fees	Capitalised margin (development), and cash margin (investment)	Fees, capitalised margin, equity, cash Margin	Recovery in loan prices, fees, equity, margins	Cash margin, fees, equity upside	Cash flow recovery or enhancement
Targeted Net Return	5 - 7%	4 - 6%	4 - 12%	12%+	15%+	12%+	4 – 10%
Loan Duration	3-5 years	3-5 years	1-3 years	1-5 years	2-3 years	1-4 years	2-4 years
Influence on Terms and Pricing	Full control	Very limited – set by arranging banks	Moderate – influenced by brokers and advisers	Strategy dependent, typical strong	Full control (via entry price)	Moderate – influenced by brokers and advisers	Moderate – influenced by brokers and advisers
Portfolio Construction	High conviction and concentrated	Requires high diversification	Requires high diversification	High conviction and concentrated	High conviction and concentrated	High conviction and concentrated	Requires high diversification