Quarterly Asset Class Report
Private Credit

canterburyconsulting.com

June 30, 2024

Role in the Portfolio

Canterbury Consulting recommends and communicates asset-class strategy with the objective of constructing a diversified portfolio of private credit strategies designed to (in aggregate):

— Preserve capital and mitigate volatility

— Provide measured exposure to the diverse universe of the middle market economy

— Exhibit returns with lower correlation to equity markets

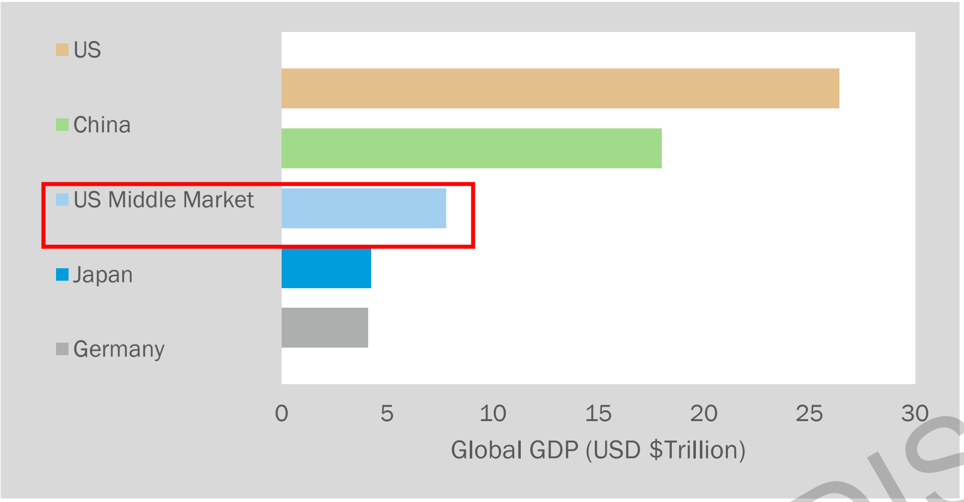
Role	Asset Categories	Risks
Growth	Public and Private Equity	Market Decline
Capital Preservation	**Fixed Income, Hedge Funds, Private Credit**	**Rising Interest Rates, Highly Correlated Markets**
Inflation Protection	Real Assets: Real Estate, Commodities	Deflation

— Canterbury private credit portfolios are set up with a goal to deliver consistent net-of-fees excess returns versus a 50/50 benchmark of the Morningstar Leveraged Loan Index and Bloomberg High Yield Corporate Credit Index.

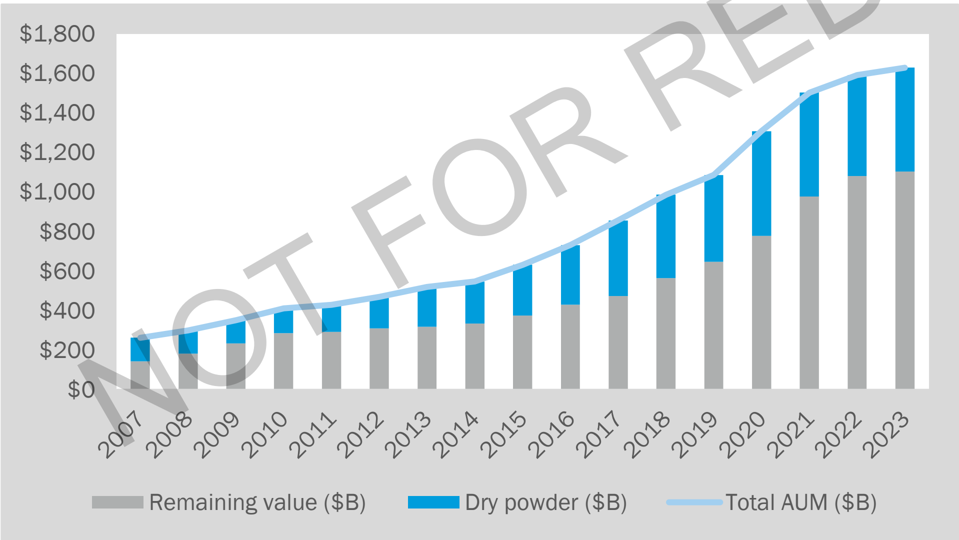
— Canterbury's current private credit portfolios consists of diversified private credit strategies across corporate lending and asset-based lending to borrowers in various GICS sectors.

The Private Credit Opportunity

Size of Global Economies (GDP)[1]



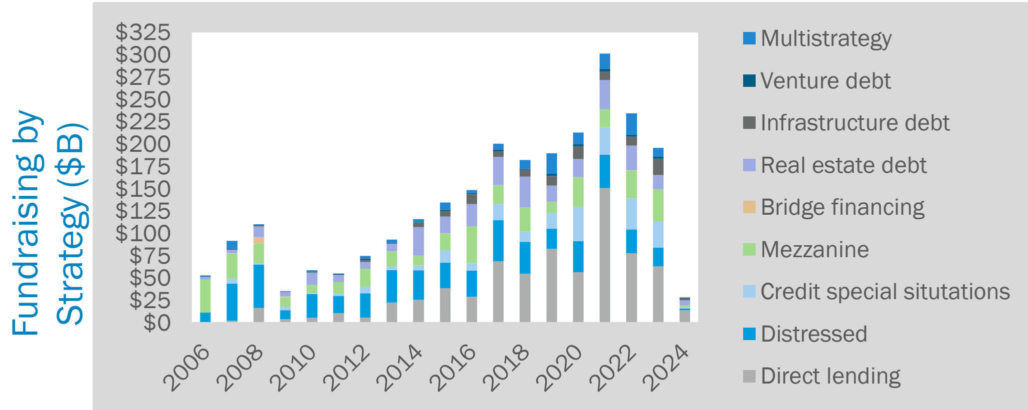
Size of Market ($B)[2]

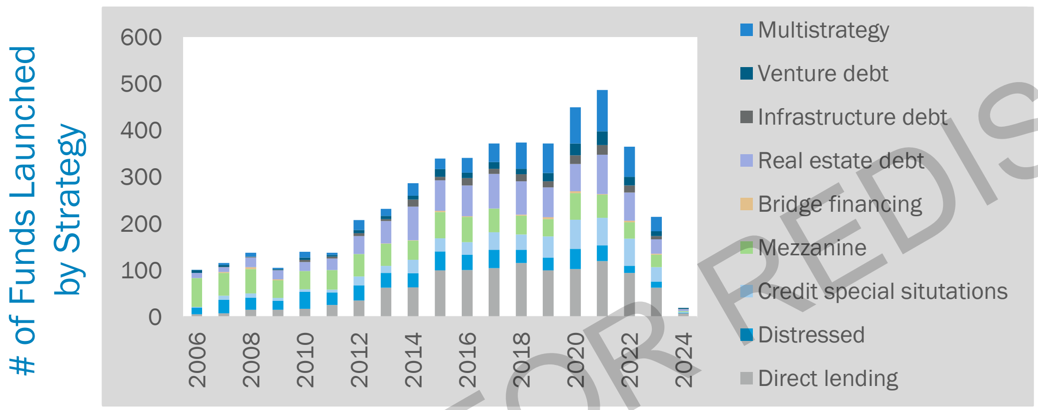


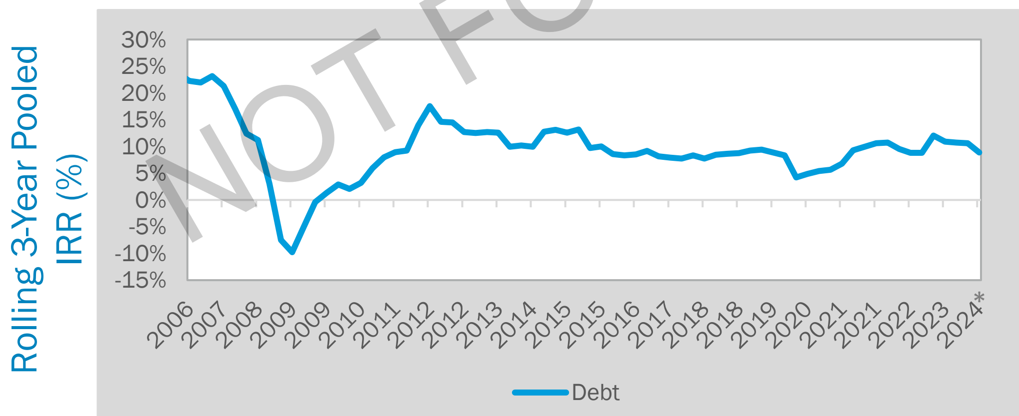
- From a GDP perspective, the U.S. middle market segment is the third largest economy in the world.
- 200,000 businesses categorized in the middle market equate to a combined one-third of private sector GDP.
- The private credit asset class has grown considerably since the Global Financial Crisis to $1.6 trillion as of end of 2023 from $300 billion in 2008.
- Over the last four years, dry powder in private credit has ranged between $500 billion and $550 billion, compared to approximately $200 billion a decade earlier.
- The asset class has continued to grow as banks have reduced their footprint, leaving non-bank lenders to fill the void.

Source: 1) National Center for the Middle Market, Bloomberg, and World Bank Data as of 12/31/2022. 2) Pitchbook Data as of 12/31/2023.

Private Credit Activity







- Direct lending led overall private debt fundraising activity in the first quarter of 2024.
- Funds raising over $1 billion attracted most of the capital compared to smaller funds.
- Real estate lending fundraising was the slowest in over a decade in 2023 but attracted the second-most capital in the first quarter of 2024.
- The private debt rolling 3-year IRR ranged between 10-13% throughout 2023 but dipped to 9% at the beginning of 2024.

Source: Pitchbook
*Private Debt includes the aggregation of general debt, venture debt, infrastructure debt, real estate debt, bridge financing, mezzanine debt, credit special situations, and distressed debt as defined by Pitchbook. AUM and fund count data is as of 3/31/2024. *Rolling 3-Year IRR data as of 3/31/2024.*