

Asset Class	Private Credit
Manager	Park Square Capital, LLP
Inception Date	Unlevered - Jan 2019 Levered - April 2025
AUM	Unlevered - €262.0m Levered - €470.0m Total - €620.1m
Domicile	Luxembourg
Dealing Frequency	Monthly Subscriptions Monthly Redemptions
Fund Structure	Open-ended Luxembourg SICAV, RAIF, SCSP
Net Gearing Target	Levered - 1:1 Unlevered - 0

Author: Solomon Nevins, CFA

Solomon has been researching alternative investment funds for 17 years. His experience was gained at institutional asset managers, CCLA and AXA IM, where he was the real assets and private assets specialist. At CCLA he managed a £2bn alternatives allocation.

Park Square Capital Credit Partners Evergreen

Initiation Note | Q3 2025

Fund Overview

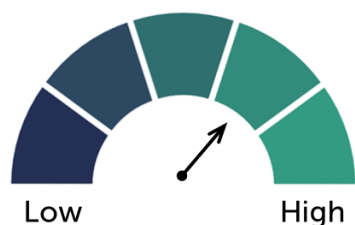
Park Square Capital Credit Partners Evergreen (CPEF) is an open-ended private credit fund lending to sponsor-backed private companies in Europe and the US. It targets the large-cap segment, focusing on companies operating in defensive sectors, with the objective of delivering a low-loss, stable return profile. The fund invests in both directly originated private loans and liquid loans, which are traded, thereby giving the fund a good liquidity profile. The fund is available in both levered and unlevered format and offers monthly dealing, with wider redemption gates than is standard across the evergreen private credit universe.

Our View

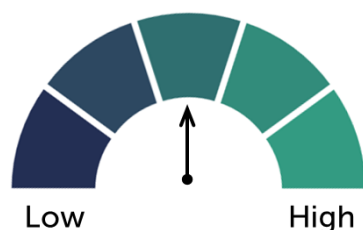
CPEF is one of the longest running semi-liquid private credit funds. It is a well-constructed private credit strategy that addresses many of the structural challenges associated with open-ended private market funds. It strikes the balance of being sufficiently liquid to meet its redemption terms whilst delivering the return uplift expected from private markets. Park Square Capital has established itself as a leading private credit manager in Europe, with an excellent track record that is underpinned by a robust credit selection process that has seen very low loan losses and an opportunistic approach to dealing sourcing through the market cycle. The fund's high yield and defensive approach makes it a useful core holding within a private markets allocation, particularly those seeking income.

Summary

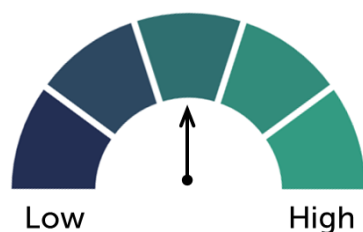
Return Potential



Liquidity



Volatility



The Manager

Park Square Capital (PSC) is an independent partnership and one of the largest European private credit managers. Their long-standing presence, extensive platform, and ability to offer a range of debt solutions make it a preferred partner for private equity sponsors. The firm maintains local deal teams in key markets, supporting its origination capabilities and responsiveness. While the firm has expanded its number of offices and staff steadily over time, its offering has remained focused on credit strategies. The investment team is large, stable, and predominantly promoted from within. The partners responsible for the strategy's 18-year track record remain in place, and the broader team has consistently delivered strong investment outcomes, indicating effective collaboration within a robust framework.

Process

The investment process is designed to generate attractive income while maintaining a defensive return profile. The strategy of making senior loans to high-quality businesses in resilient sectors with strong sponsor alignment supports its objective. PSC's origins as a mezzanine debt manager have instilled a strong emphasis on risk management, which is evident throughout its investment approach. Rigorous bottom-up due diligence sets a high bar for investment, resulting in a focused portfolio of well-understood borrowers. The fund's dynamic allocation across leveraged and directly originated loans allows it to respond to market conditions and exploit relative value opportunities. This process has been applied consistently with no style drift.

Operations

The fund's fee structure is reasonable and lower than the average level charged by its peer group. The dealing policy of allowing redemptions up to 10% of NAV per quarter and 20% of NAV per month for the levered and unlevered versions of the strategy, respectively. For the unlevered strategy, this is subject to the shareholder's individual redemptions being less than 25% of their held units. The redemption limits exceed the typical 5% per quarter that is offered by semi-liquid private credit funds. This policy is supported by the portfolio's underlying liquidity with a large allocation to loans that are actively traded.

A significant portion of the portfolio is priced using observable market quotes, which reduces NAV uncertainty during periods of market stress and enhances transparency for investors. The fund is available in Euro, Sterling, US Dollar and Japanese Yen currencies, in both accumulating and distributing share classes.

Performance

Since inception, the fund has delivered attractive returns, outperforming its stated investment objectives. The broader Park Square Capital platform has also demonstrated strong performance, with half of their funds achieving first-quartile results since its launch in 2004. Fundamental credit performance has been very good with just 4 defaults across the Credit Partners strategy since 2007 and an annualised loss rate of 0.07%. We expect the levered fund and unlevered fund to deliver net returns around 10% per annum and 7% per annum in base currency, respectively, which is similar to pure direct lending strategies.

A long-term allocation to private credit can improve portfolio returns and income.

Using the Fund in a Portfolio

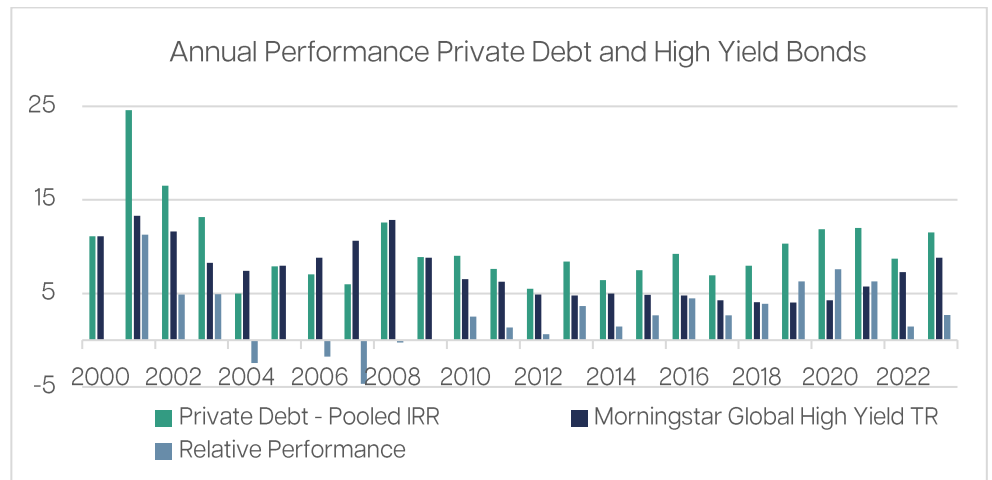
An allocation to private credit has historically enhanced portfolio returns and income when funded from traditional fixed income allocations. For investors seeking broad exposure to private credit but concerned about liquidity constraints or a downturn in the credit cycle, this fund offers a relatively liquid, defensive option whilst still delivering high income. The focus on senior secured debt to large borrowers combined with the dynamic framework opportunistically seeking value within the broad private credit sector makes the fund well-suited as a core holding in a private markets allocation. It would complement a U.S.-focused mid-market direct lending strategy, offering geographic and structure diversification.

Private credit has delivered consistent, long-term outperformance versus public credit.

Asset Class View: Direct Lending and Liquid Loans

Asset Class Returns

Over the past two decades, private credit funds have achieved an average internal rate of return (IRR) of 9.51%, outperforming similarly rated public credit investments, which returned 6.01%. This outperformance occurred in 17 of the 23 years between 2000 and 2023. While IRR and total return metrics are not directly comparable—particularly as IRRs can be flattered by the absence of cash drag—the magnitude and consistency of the performance differential underscore the historic and potential benefits of allocating to private credit as a substitute for public bonds.



Source: Pitchbook, Global Benchmarks Q4 2024).

The fund lends to large-cap private companies through a combination of directly originated private loans and liquid loans made alongside wider lending groups.

Asset Class Characteristics

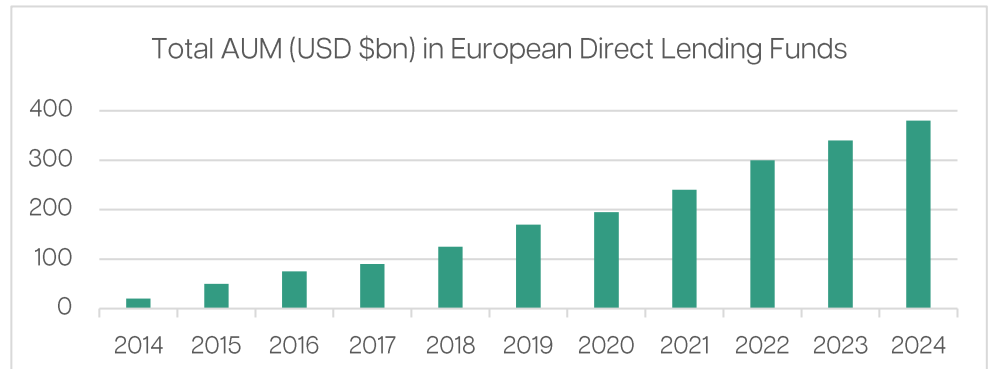
CPEF provides exposure to large-cap private companies across Europe. These are companies with an EBITDA exceeding £250m and have sub-investment grade credit quality. This exposure is achieved through a combination of directly originated private loans and liquid loans made alongside wider lending groups. While both instruments serve similar borrower profiles—often backed by private equity sponsors—they differ in structure, pricing, and liquidity, offering complementary characteristics within the fund’s portfolio. The table below shows their characteristics alongside high yield bonds.

Feature	Liquid Loans	Direct Lending	High Yield Bonds
Average Rating	B	Not rated but sub-investment grade	BB-
Typical Loan Size	\$250m-\$1bn+	\$25m-\$250m	\$300m-\$1bn+
Seniority	Senior secured	Senior secured	Subordinated (usually unsecured)
Structure	Floating-rate term loans	Floating-rate term loans	Fixed-rate debt securities
Pricing	Less expensive	Most expensive	Least expensive
Maturity	5-7 years	5-7 years	7-10 years
Amortisation	Usually none	Usually none	Usually none
Issuer Type	Corporates (often PE-backed)	Mid-market companies (often PE-backed)	Large sized corporates
Lenders	Syndicate of banks or club of institutional lenders	Private credit funds	Large group of institutional investors (funds, insurers)
Execution Speed	60 days	30-75 days. Faster with a single lender	60-90 days
Privacy	Information remains private	Information remains private	Information is public
Documentation	Loan agreement (more restrictive)	Highly customized loan agreements	Indenture (less restrictive)
Credit Agreements	Mostly covenant-lite.	Varies with borrower size. More covenants in lower mid-market	Incurrence-based (lighter)
Liquidity	Active intra-day. Cash Settlement T+30	Not traded (held to maturity)	Active intra-day. Cash settlement T+2
Valuation Update Frequency	Daily quotes available for most loans	Monthly as reported by the managers	Daily quotes available for most bonds
Prepayment Penalty	1-2 years non-call period (NCP). Prepayment penalties for 1-2 years post NCP	1-2 years NCP. Prepayment penalties for 1-2 years post NCP	3-5 years NCP. Prepayment penalty for 1-2 years post NCP.
Average Spread (5-year median)	450 bps	575 bps	365 bps

Source: Amundi, Pinebridge, 31/07/2025

Reduced bank lending driven by tighter capital requirements has created the opportunity for non-bank lenders to fill the gap.

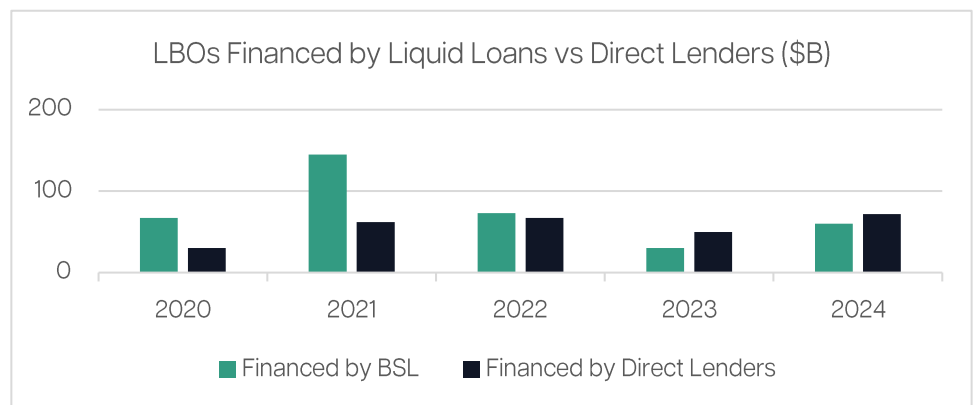
The senior direct lending sector has grown significantly since the global financial crisis, driven by a shift in loan origination from traditional banks to non-bank lenders. Between 2010 and 2024, European banks' share of leveraged loan issuance declined from 60% to 14%. This trend reflects the impact of Basel III regulations, which imposed higher capital requirements on banks, making leveraged loans less attractive to hold on balance sheets. In contrast, non-bank lenders offer greater speed and flexibility, making them increasingly preferred by borrowers.



Source: Preqin Ltd, Historical Fundraising as of Q1 2025

Within the growing trend of non-bank lending, the credit cycle impacts the volumes in direct lending and liquid loans.

Within non-bank lending activity, the balance between direct lending and liquid loans, of which Broadly Syndicated Loans (BSL) form a portion, fluctuates with market conditions. The factors driving lending volumes include investor sentiment and the formation of Collateralised Loan Obligations (CLOs), a key source of capital for the loan market. Whilst the trend has been towards more direct lending, the recovery in BSL volumes in 2024 illustrates the benefit of being able to flexibly allocate across both structures, enabling access to a broader range of deal flow and the ability to capitalise on pricing dislocations.

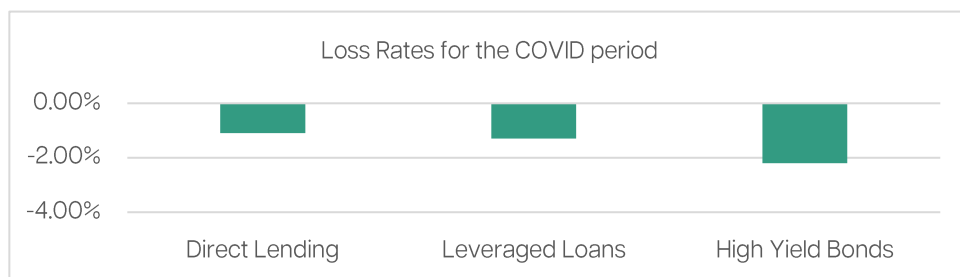


Source: Pitchbook, LCD, 30/12/2024

Private credit has demonstrated lower loan losses through periods of stress when compared with similarly rated high-yield bonds

Defaults and Losses

The current economic environment remains uncertain, shaped by ongoing geopolitical tensions and evolving trade restrictions, the full impact of which is difficult to quantify. While these factors have not yet resulted in elevated default rates, questions persist regarding the performance of direct lending during prolonged periods of market stress, given its relatively short track record as an asset class. Nonetheless, direct lending has thus far demonstrated resilience through several challenging market conditions, including the COVID-19 pandemic and the subsequent period of elevated inflation and rising interest rates. Historically, both liquid loans and direct lending have exhibited lower loss rates compared to high yield bonds, reinforcing their appeal as defensive credit strategies. The lower default rates and higher recovery rates are attributed to small lender groups being better placed to act decisively and create tailored solutions when borrowers face financial distress.

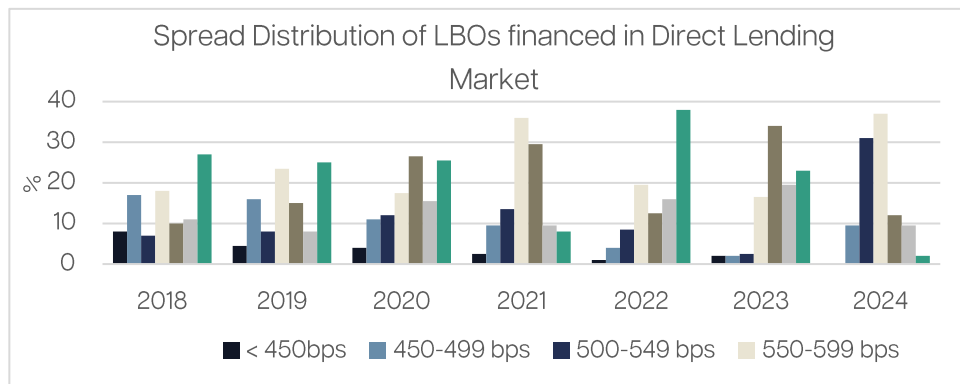


Source: Morgan Stanley, Moody's. Data for the period Q1'20 to Q3'23. Default and Recovery rates are sourced from Moody's

Competition amongst lenders has led to tighter spreads and less restrictive terms for borrowers.

Market Dynamics and Lending Environment

Strong lender appetite in both the liquid loan and direct lending markets is providing larger companies with a wider array of financing options and greater flexibility in structuring their capital. This has contributed to spread compression and increasingly borrower-friendly loan terms, including a growing prevalence of covenant-lite structures—loans with minimal or no financial covenants.



Source: Pitchbook, LCD, 30/04/2025

Historically, lenders to large companies have achieved similar total returns as lenders to smaller companies.

Park Square Capital is a specialist manager with a focus on private credit.

The evergreen fund follows PSC's Credit Partners strategy that they have managed in closed-end form since 2007.

Large-Cap Private Lending

The fund targets lending opportunities within the large-cap segment, specifically companies with annual EBITDA exceeding £250 million. This strategic focus is based on the belief that larger, more established businesses offer greater resilience across market cycles, while delivering comparable returns to smaller, riskier borrowers.

This view is consistent with our findings through modelling the expected returns, which are shown in this report's Return Forecast section, and a Cliffwater study¹ comparing upper and lower middle-market lending. Cliffwater found that while higher credit losses in lower middle-market loans (-0.17% per annum) were more than offset by their higher yield premium (+0.69%), the ability of upper middle-market lenders to finance themselves more cheaply and the lower fee burden associated with these deals results in broadly similar net returns across both segments. This suggests that focusing on higher-quality, larger borrowers does not compromise return potential, even in benign market conditions.

The Manager

Firm

Park Square Capital (PSC) is an independent, UK-headquartered fund manager specialising in corporate debt investments. Originally established as a junior debt manager, PSC has maintained a focused product offering across three core strategies: Capital Partners (junior debt), Credit Partners (senior debt), and Loan Partner (middle-market direct lending).

Their strategies are long lived and can be measured across multiple market cycles with the junior capital strategy running since 2004, senior capital since 2007 and middle-market direct lending since 2017. The senior credit strategy, which the open-ended fund follows has deployed \$13bn of capital since its inception, making it a core franchise for the firm.

Founded in 2004 with a \$1 billion seed investment from five institutional investors—including Canadian pension funds and Partners Group—PSC has grown into one of Europe's leading private credit managers. The firm was founded by Robin Doumar, who previously led Goldman Sachs' European mezzanine lending business during the 2000s.

¹ 'Settling the Upper v. Lower Middle Market Lending Debate', Cliffwater, Dec 2024

PSC is one of the largest private credit managers based in Europe.

In January 2022, Bonaccord Capital Partners, a GP stakes investor, made a passive, non-voting minority investment in Park Square Capital, acquiring a 20% stake. As part of the arrangement, Bonaccord receives a proportionate share of carried interest.

PSC manages \$17.1 billion in assets and has deployed \$29 billion since inception. In terms of capital raised, PSC ranks among the top five most successful European private credit managers over the past decade.

Private Debt Funds Raised by European General Partners

Firm Name	Country	Private Debt Funds Raised (last 10 years) (\$m)
ICG	UK	61,322.75
Arcmont Asset Management	UK	30,261.29
Hayfin Capital Management	UK	23,161.47
Pemberton Asset Management	UK	20,261.51
Park Square Capital	UK	14,231.57
Alcentra	UK	13,851.22
17Capital	UK	13,480.45
Tikehau Capital	France	11,321.79
Permira	UK	10,418.39
CVC	Luxembourg	10,168.24

Source: Preqin, 31/07/2025

There is good fundraising momentum at PSC, which alongside strong performance is key for attracting talent.

Park Square Capital's closed-end funds have continued to experience strong growth across successive fundraising cycles. Recently, PSC successfully closed the fifth vintage of its junior debt strategy, raising \$2.4 billion in fund commitments and approximately \$4 billion in total investable capital including co-investments. This positions it among the largest junior debt funds in Europe.

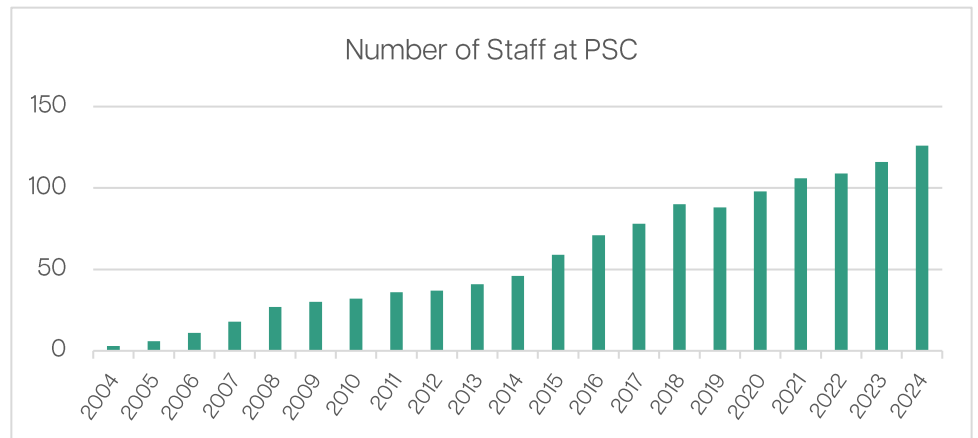
PSC's fundraising momentum, supported by consistent performance, continues to build the firm's reputation and its ability to attract and retain high-calibre talent.

Team

Park Square Capital (PSC) employs 139 professionals across 10 global locations. Of the total staff, 48 are dedicated investment professionals. The majority are based in its London headquarters, but there are also investment

PSC has steadily grown its staff whilst maintaining its focus on private credit.

personnel across its offices in New York, Frankfurt, Paris, Stockholm, and Dallas, ensuring a local presence in their key lending markets.



Source: PSC, Dec 2024

The team that has been very stable with the key personnel that delivered the track record for the Credit Partners strategy still in-place.

The Credit Partners strategy is led by Partners Matthias Alt and Tucker Bryan, who are fully dedicated to the strategy. They have been with PSC for 17 and 10 years, respectively. They are supported by dedicated team principals and vice presidents, in addition to a flexible pool of associates and analysts who are allocated to deals based on workload. Matthias Alt has led the largest number of deals within the credit partners strategy. Of the ten Deal Team leads that originated the most deals on the strategy since its inception in 2007, eight remain with the firm. The average Gross IRR delivered by members of the deal team has been 9.4% since the strategy's inception. The standard deviation across the team members average Gross IRRs is just 1.1%. The consistency of success suggests the presence of an effective team-based approach and process that is resilient to personnel changes. Founder, Robin Doumar, who brings 37 years of investment experience, continues to play an active leadership role as Chair of both the Executive Committee and the Investment Committee.

Credit Partners Deal Leads

Deal Team Member	# of Credit Partners deals	% of Credit Partners deals	Still at PSC?	Years at PSC
Matthias Alt	265	24%	Yes	17
Ruediger Blank	126	11%	Yes	18
Martino Ghezzi	90	8%	Yes	17
Axel Wehtje	86	8%	Yes	8
Jacob Ucar	82	7%	No	
Osvaldo Pereira	63	6%	Yes	16
Miguel Toney	54	5%	No	
Tucker Bryan	53	5%	Yes	10
Tancrede Terlinden	45	4%	Yes	11

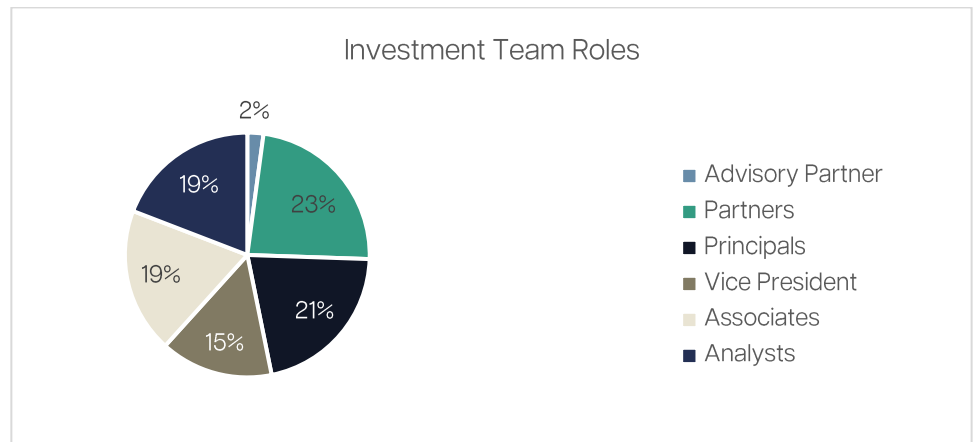
The partnership structure and clear career path has set the conditions for low staff turnover.

PSC places a strong emphasis on internal talent development. The firm recruits analysts and associates primarily through its structured two-year graduate program, designed to instill the firm's investment philosophy and promote long-term retention. Career progression is clearly defined: analysts typically advance to associate roles after two years, with high performers progressing to vice president within four to five years, and potentially to principal after an additional two to three years. This model has proven effective, with the average tenure of the senior investment team reaching 14 years—demonstrating continuity within the team across market cycles.

Over the past five years, turnover has been minimal, with only four senior investment professionals departing. The firm's partnership structure, combined with a meaningful carried interest program, serves as a strong retention mechanism. Approximately 80% of carried interest is allocated to the investment team, with around 85% of that amount directed to senior investment professionals. These awards vest over a five-year period, reinforcing long-term alignment.

The team is well-balanced with substantial resource to implement the different elements of the investment process.

There is a balanced distribution of roles within the investment team, which is essential for covering the variety of tasks required and ensuring there is the possibility for growth within the team. There is a clear expectation of how the team is expected to spend its time and how roles evolve with seniority. Analysts and associates are primarily focused on screening opportunities, conducting due diligence and portfolio monitoring. Partners, Principals and Vice Presidents also engage in these activities but have a greater emphasis on sourcing, negotiating and structuring deals.



Source: PSC, 31/12/2024

PSC is a defensive credit manager with a background in mezzanine lending.

The Process

Investment Strategy

Park Square Capital (PSC) positions itself as a conservative credit manager with a strong emphasis on capital preservation. This philosophy is rooted in its origins as a junior debt investor, where the cost of underwriting errors can be particularly high.

The Evergreen Fund follows PSC's Credit Partners strategy, which is designed to deliver stable capital values and attractive income through investments in floating-rate, senior secured loans to large-cap companies, primarily across Europe and backed by private equity sponsors.

The key characteristics of a PSC loan is a high-quality borrower, in a defensive sector backed by an experienced sponsor that has strong alignment with them.

Launched in 2007, the Credit Partners strategy is now in its fifth vintage. It was initially developed in response to sponsor demand for larger transactions that did not require junior debt and wanting PSC to lead a club structure with a small group of lenders. This structure allows PSC to negotiate terms, lead pricing discussions, and benefit from original issue discounts (OID). As the direct lending market evolved post-2014, PSC expanded the strategy to include middle-market direct lending, enabling the firm to offer tailored financing solutions that meet the diverse needs of borrowers.

The strategy's emphasis on loss avoidance is reflected in its borrower selection process, which prioritises:

- **High-Quality Borrowers:** Companies with EBITDA exceeding £250 million, diversified customer bases, predictable cash flows, high customer retention rates, and strong management teams.

- **Defensive Sectors:** Industries with long-term structural growth drivers and pricing power. The fund avoids cyclical sectors such as automotive, chemicals, and retail.
- **Aligned Sponsors:** Sponsor-backed deals offer better terms, ongoing support, and financial strength. With an average borrower EBITDA of £300 million and an EV/EBITDA multiple of 14x, the typical enterprise value is £5 billion. PSC lends at 6x EBITDA, leaving an 8x equity cushion—approximately \$3 billion—at risk for sponsors, providing substantial downside protection.

The strategy is well-suited to an evergreen structure due to its focus on larger, more liquid businesses. Approximately two-thirds of the portfolio has daily dealer quotes, which supports redemption terms and provides flexibility in portfolio management. This liquidity profile stands in contrast to traditional direct lending funds, which often rely on loan maturities for capital recycling.

The fund maintains its quality focus whilst looking for opportunities to enhance returns through secondary market trading.

To enhance returns, the fund is actively managed to opportunistically allocate across different loan structures and participate in secondary market trading. PSC's trading desks in London and New York support this dynamic approach, enabling the fund to respond to market dislocations and capitalise on pricing inefficiencies. The fund may allocate up to 25% to junior debt, which is used to support the return objective during periods of tight senior loan spreads.

Loan Origination

In private credit, having a large scale, active lending platform becomes a self-reinforcing advantage - top-tier lenders are consistently shown the most attractive opportunities. Over the past two decades, PSC has built a reputation as a trusted lending partner to leading private equity sponsors by being consistently active in the market and are able to offer a broad range of financing solutions. Its exclusive focus on credit strategies eliminates the potential conflicts of interest that can arise in firms managing both equity and debt, further strengthening its appeal to sponsors.

PSC has established long-term relationships with the leading private equity sponsors resulting in strong access to deal flow.

PSC has deep sponsor relationships: of the 70 sponsors PSC has partnered with, more than 40 have engaged in repeat transactions. Notably, 50% of the loans made through the Credit Partners strategy have involved just 10 blue-chip sponsors with consistently strong-performing buyout funds.

Credit Partners Strategy Borrowing Sponsors

Sponsor	# of transactions	% of total transactions	# of 1st quartile PE Buyout funds
EQT	156	12.3%	4
KKR	89	7.0%	5
Hellman & Friedman	83	6.5%	8
CVC	69	5.4%	8
Hg Capital	69	5.4%	10
Astorg Partners	39	3.1%	2
Partners Group	39	3.1%	11
BC Partners	38	3.0%	4
Cinven	38	3.0%	1
Blackstone	35	2.8%	16

Source: PSC, Preqin, 31/07/2025. '# of 1st quartile PE Buyout funds' represents the number of buyout funds managed by the sponsor that have achieved first quartile IRR performance within their respective peer groups.

The focused product range and small number of borrowers makes it possible for the Investment Committee to offer robust challenge and support through the origination process.

PSC's origination capabilities are supported by a dedicated team of 27 professionals focused on sourcing and evaluating new opportunities. Their physical presence in key markets ensures proximity to borrowers and sponsors, facilitating relationship-driven deal flow. New opportunities are reviewed at the Investment Committee's (IC) weekly Business Selection meeting, which covers market conditions, staffing, and transaction pipeline. Approximately 70% of opportunities are screened out at this stage, with the remainder advanced for further review.

Deals that pass the initial screen are summarized in a short-form "screener" outlining key borrower, sponsor, and financial details. The IC then determines whether to proceed with full due diligence and assigned a deal team, which are typically led by a principal and supported by generalist analysts and associates, who are assigned based on their relevant expertise and workload. These teams engage directly with company management, sponsors, and advisors to structure the transaction, negotiate terms, and assess pricing, downside protection, governance, and alignment mechanisms.

The due diligence findings are compiled into an investment memo for final review by the IC, which makes decision by consensus. The IC is chaired by PSC founder Robin Doumar and includes all investment partners and the firm's COO and has an average investment experience of 20 years. The IC is not a ceremonial body but provides meaningful challenge and guidance

during each stage of a potential transaction. This is achievable based on PSC's well-defined investment strategy and the number of existing borrowers across all funds being approximately 110.

There is a high bar for portfolio inclusion with only 30% of opportunities advancing to the screener stage, and roughly half being rejected –resulting in an overall approval rate of just 15%. This disciplined approach reflects the firm's commitment to loss avoidance through robust underwriting.

The fund is comprised of 50-60 investments that are primarily in the Software & IT, Healthcare & Life Sciences and Business Services sectors.

Portfolio Construction

CPEF targets 50-60 investments with an average position size of 2%. This is a reasonable balance between diversification and maintaining a high bar on quality - critical to maintaining the fund's low-loss objective. Position sizes reflect a combination of conviction, liquidity and overall portfolio balance.

The fund does not follow a top-down allocation model but seeks diversification across business models and sectors. Its core exposures are concentrated in sectors where PSC has deep expertise and strong sponsor relationships: Software & IT, Healthcare & Life Sciences and Business Services (across industries).

Loans are originated through a range of channels. The presence of traded loans gives flexibility for portfolio management, deploying capital and sourcing liquidity.

The fund is expected to allocate capital evenly across three categories of transactions, with actual allocations shifting based on current market opportunity:

- Primary direct lending
- Primary liquid loans (club deals or transactions with a complexity/currency premium)
- Secondary market trading of liquid loans

A common challenge for open-ended private market funds is managing position sizes amid inflows and outflows when existing privately held positions cannot be readily bought or sold. The result can be a long tail of legacy positions for funds that have grown over time. CPEF overcomes this through its allocation to traded liquid loans, which enables portfolio rebalancing of existing positions.

The fund has a 10% maximum limit on single investments; 25% maximum limit on subordinated debt investments; and a 35% limit on non-European investments.

Risk Management

There is strong emphasis on quickly identifying problems and monitoring them in an efficient way using AI tools.

Investment Monitoring

Deal teams retain responsibility for monitoring the loans they originate. Given the fund's focused borrower universe and large investment team, this is manageable—analysts typically oversee 5–7 companies, allowing for deep familiarity and proactive oversight. Borrowers report monthly, and analysts are expected to circulate a “flash report” to all PSC employees within 24 hours, summarizing key financial metrics and commentary. This high level of transparency fosters a culture of accountability and diligence. PSC leverages Credit-Vision, an AI-enabled portfolio monitoring tool, to streamline data capture and reporting, allowing investment professionals to focus on analysis, conclusions and recommendations.

Companies are placed on their watchlist when there is material deterioration in the outlook relative to the initial underwriting case. This can be changes in industry dynamics, competitive positioning, emerging ESG risks, or financial performance. Watchlist borrowers are subject to heightened scrutiny, including weekly IC updates.

The risk team ensures consistency and transparency of monitoring across the firm.

Independent Portfolio Risk Oversight

In parallel to the analysts' monitoring, PSC's Portfolio Risk team—comprising the CFO and senior finance personnel—conducts independent reviews of portfolio company reporting and borrowers on their watchlist on a weekly basis. Monthly updates are provided to the Investment Committee, and a formal quarterly portfolio review is led by the CFO, with each deal team presenting detailed performance updates.

The Portfolio Risk team maintains a Quantitative Portfolio Risk Score (QPR) framework to ensure consistent risk assessment across the portfolio. This is purely based on the borrower's reported EBITDA of the last twelve months relative to budgeted EBITDA. Weekly meetings are held to identify emerging risks and conduct stress testing, providing a firm-wide perspective that complements the deal teams' borrower-specific focus.

ESG risk management is integrated into the loan origination and monitoring processes.

Environmental, Social, and Governance (ESG) Monitoring

As a debt provider, PSC's ability to influence borrower behaviour is limited. Therefore, its ESG approach is focused on identifying risks at the pre-investment stage and ongoing monitoring.

Oversight of ESG policy is led by PSC's ESG Committee and supported by a dedicated ESG team. ESG analysis is integrated into the investment process, with deal teams responsible for assessing ESG risks given their deep borrower knowledge. These risks are documented in investment memos and reviewed by the Investment Committee, with material concerns flagged in a dedicated "Investment Concerns" section.

PSC has developed an in-house ESG screening tool that incorporates SASB and MSCI materiality maps to standardize ESG assessments. This is supplemented by RepRisk data, which tracks historical ESG incidents and provides an additional rating layer. ESG ratings and material updates are reviewed quarterly as part of the formal portfolio review process.

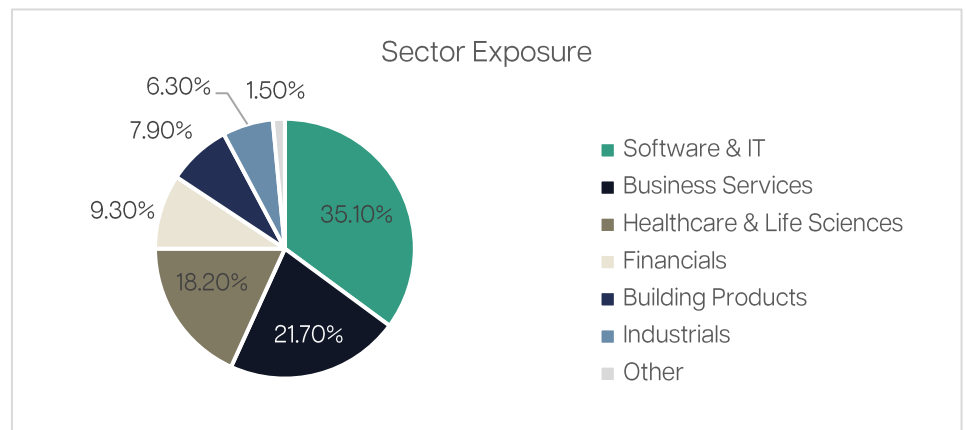
PSC is a signatory to the UN-supported Principles for Responsible Investment (PRI) and, since 2021, to the Taskforce on Climate-related Financial Disclosures (TCFD), reflecting its commitment to responsible investing and alignment with the goals of the Paris Agreement.

The Portfolio

The portfolio currently has 60 positions, a skew to the UK, and its largest sector allocation to Software & IT.

Current Positioning

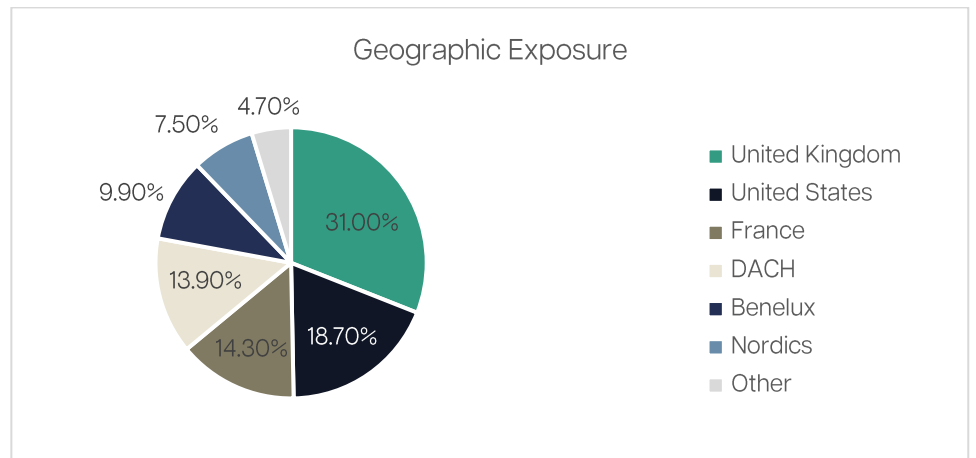
The fund is currently invested across 60 positions, diversified by geography, sector, and deal type. The sector allocation is consistent with its long-term preference for IT, healthcare and business services companies within a range of industries.



Source: PSC, 31/05/2025

The largest geographic exposure is to the United Kingdom, reflecting its status as the most established and active private credit market in Europe. The UK's lender-friendly legal environment, characterized by transparent and straightforward court processes, further supports this strategic focus.

The portfolio is performing well just one loan on their watchlist. There is low average gearing and high interest coverage in the loan portfolio.



Source: PSC, 31/05/2025

Portfolio performance remains strong, with only one loan currently on the watchlist and no restructurings underway. The average equity cushion stands at 62.9%, and the forecasted Interest Coverage Ratio (ICR) over the next 12 months is 2.8x. Exposure to junior and fixed-rate debt is minimal.

There is high overlap between the loans held in the evergreen fund and closed-end versions of the strategy, pointing to an even allocation policy.

The weighted average EV/EBITDA multiple of the portfolio companies is 16.3x, representing a premium to the broader market average of 12.5x. This valuation reflects a quality bias, with a tilt toward software, business services, and healthcare sectors.

The fund has been investing alongside PSC's broader Credit Partners platform with 92% of all CPEF's loans also held in one of their closed-end funds. This gives confidence that the allocation policy is being applied fairly and the fund provides broad exposure to their overall loan book. During 2024, the annual turnover rate for the Credit Partners Enhanced Fund (CPEF) was 36.6%.

Portfolio Fundamental Metrics

Portfolio Metrics	
Weighted Averaged (W.A.) mark price	98.7%
W.A. EBITDA (€m)	319.9
W.A Enterprise Value (€m)	5,216.9
W.A. EV/EBITDA	16.3x
W.A. Equity Cushion	62.9%
W.A. Debt/EBITDA	5.4x
Floating/Fixed Split	95.3%/4.7%
Senior/Junior Split	94.0%/6.0%

Source: PSC, April 2025

The strategy's allocation has evolved with the market trends and tactical opportunities.

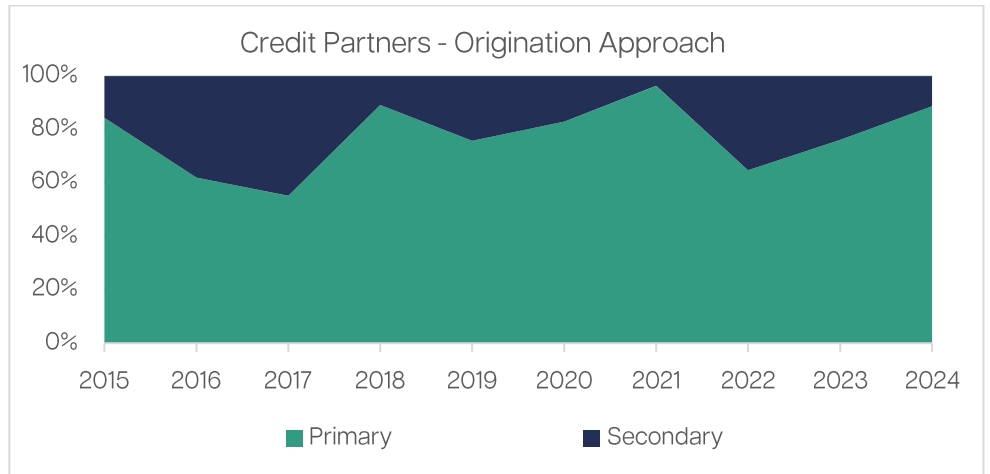
The strategy's secondary market trading has been more pronounced during periods of market stress, an approach that has enhanced performance.

Historic Positioning

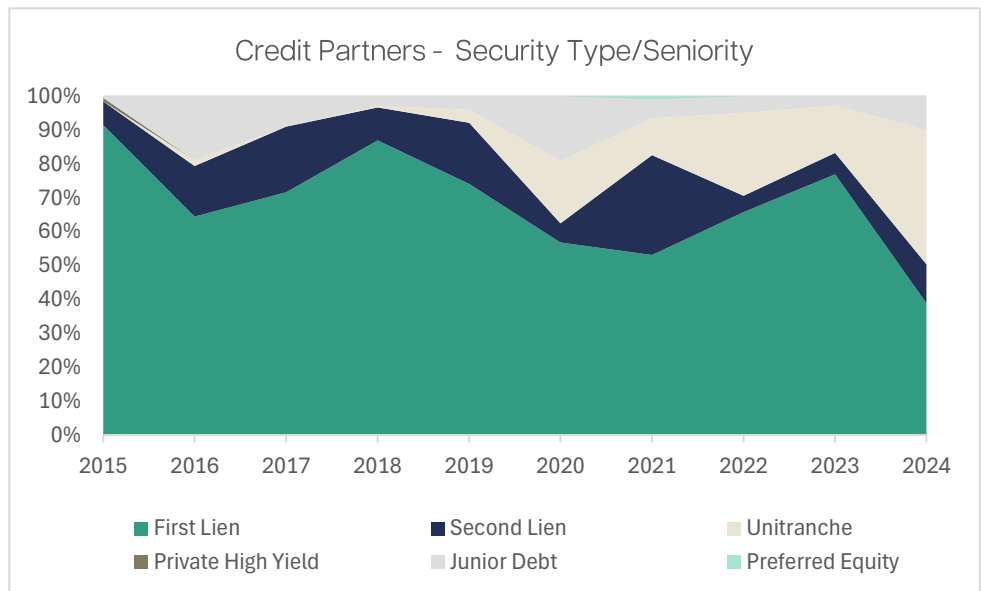
Credit Partners employs an actively managed investment strategy, dynamically allocating across a range of deal types through primary issuance and secondary trading. It has predominantly invested in senior secured, first lien loans, however PSC's role as a lender has shifted in response to opportunities in the secondary market and evolving trends in primary issuance, particularly the rise of unitranche loans, that combine both senior and junior debt into a single facility. PSC's long-established relationships with borrowers and sponsors makes them well placed to participate in these club deals. Given the significant senior debt component within unitranche structures, the overall risk profile of the strategy remains broadly consistent with its historical average.

The other important changes in the portfolio over time has been their opportunistic secondary market trading during periods of market stress in 2019, 2020, and 2022. PSC's loans acquired in the secondary market have historically outperformed those originated in the primary market, underscoring the value of this approach (further details in the 'Performance' section). Secondary market trading is limited to loans where an existing position is already held, but an important edge for the strategy is their ability for direct engagement with management teams prior to trading—an advantage not available in public markets due to insider trading restrictions.

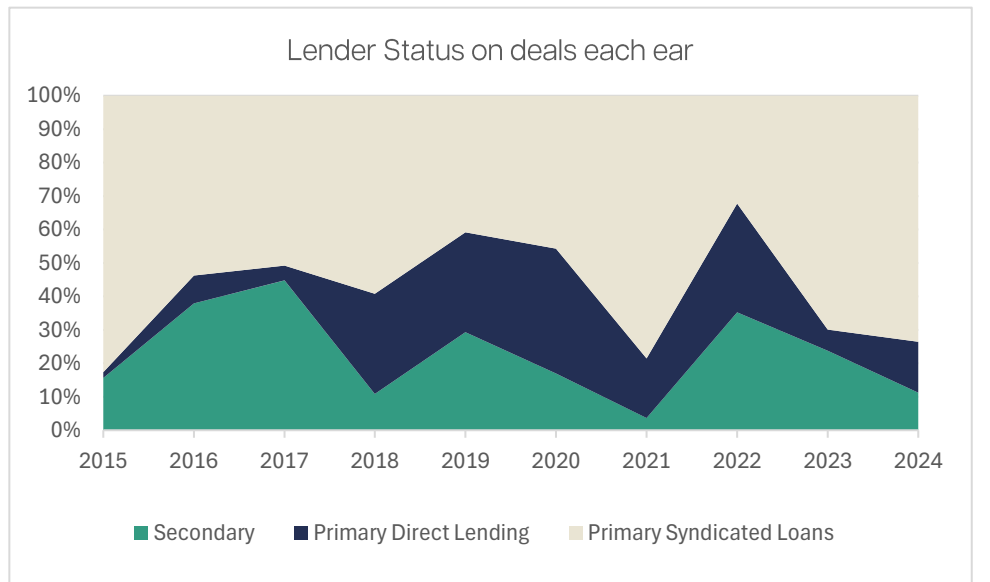
The strategy has been consistent in its focus on borrower profile, sectors, and leverage levels with no meaningful sign of style-drift.



Source: PSC, 31/03/2025

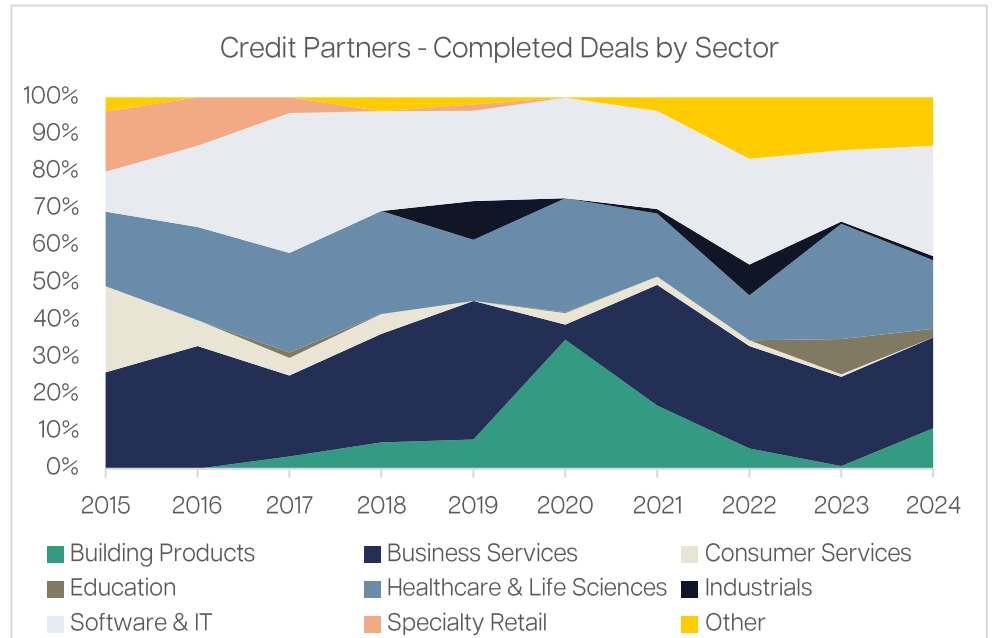


Source: PSC, 31/03/2025

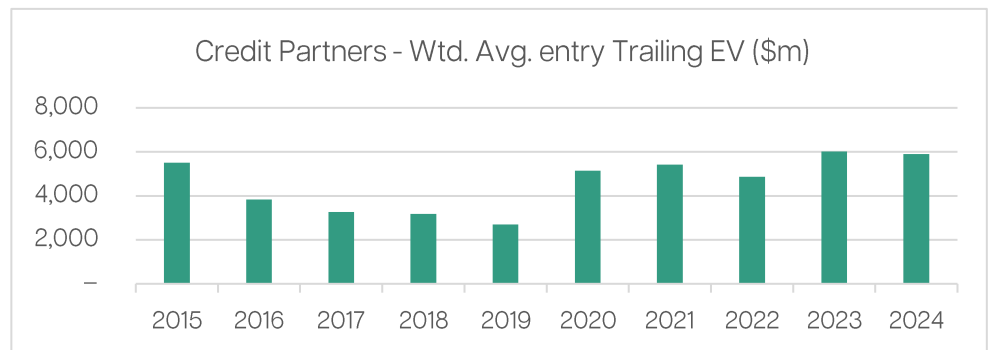


Source: PSC, 31/03/2025.

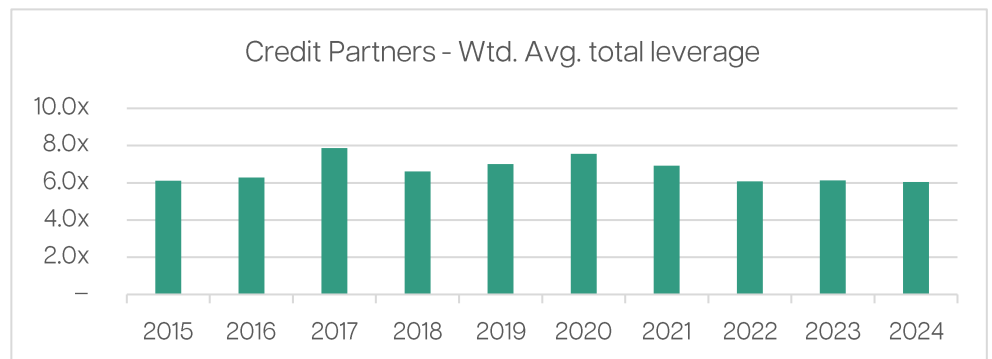
Whilst the origination approach and structuring have varied over the time, the core strategy has very consistent. Sector focus, leverage levels, and borrower size have remained stable over the past decade. Sector exposure has been concentrated in industrials, healthcare, and IT, which together accounted for 76.9% of average annual deal volume over the last ten years.



Source: PSC, 31/03/2025



Source: PSC, 31/03/2025



Source: PSC, 31/03/2025

The levered version of the strategy targets a leverage ratio of 1:1. At their current cost of debt, leveraging the portfolio is strongly accretive to returns.

The fund has outperformed European leveraged loan and high yield bond indices, and had lower volatility.

Leverage

The leveraged version of the fund currently utilizes a five-year borrowing facility. The facility is priced at Euribor +165 bps and the portfolio's loan book has an average spread of +479 bps², so the wide margin between the two is highly accretive to the fund's returns. The facility is expected to be deployed on a 1:1 basis.

Leverage can be problematic in open-ended private markets funds given the potential for asset valuation changes and fund flows to alter the loan-to-value ratio, combined with the difficulty of buying and selling assets to re-balance the portfolio. CPEF overcomes this issue by using a debt facility that is not mark-to-market and by having a portfolio allocation to traded bonds that enables re-balancing.

Performance

Return Target

The levered and unlevered versions of the strategy have return targets of EURIBOR+400 bps and EURIBOR+650bps, respectively.

Historic Performance

The unlevered version of CPEF, which has the longer track record, has delivered annualised performance of 6.35% since its inception in 2019³. This performance exceeds that of both the European leveraged loan market index and high-yield bond index, and has been delivered with lower volatility—resulting in superior risk-adjusted returns. The fund's allocation to traded loans brings greater sensitivity to market shocks than pure direct lending funds where valuations are typically slower to adjust to changes in market conditions. However, this can still be considered a low volatility strategy in most market conditions.

For much of the fund's life, returns were moderated by a prolonged low-interest rate environment. However, following the rise in base rates in 2022, the unlevered fund has generated an average annual return of 10.33%⁴.

² Source PSC, 31/03/2025.

³ Source: PSC, 31/05/2025. CPEF Net USD share class. Performance period: Jan 2019 - May 2025.

⁴ Source: PSC, 31/05/2025. CPEF Net USD share class. Performance period: Jan 2023 - May 2025.

The fund has posted positive monthly returns in 89.33% of periods, reflecting a stable and attractive return profile. The largest monthly drawdown occurred in March 2020, with a decline of 13.33%, driven by the wider market dislocation during the COVID-19 crisis.

The fund delivered outperformance versus European Loans and European HY, with lower volatility and a greater portion of positive monthly returns.

Returns (Since Inception)

Return Analysis:	CPEF (unlevered)	European Leveraged Loans	European HY
Annualised Return (S.I.)	6.3%	5.1%	4.4%
Largest Month Gain	6.0%	8.3%	6.2%
Largest Month Loss	-13.3%	-14.9%	-13.6%
% Positive Months	89.3%	85.3%	74.7%
% Negative Months	10.7%	14.7%	25.3%
Total Return (1 Year)	8.5%	7.6%	7.8%
Total Return (3 Years)	22.9%	21.5%	14.7%
Total Return (5 Year)	50.6%	53.3%	37.3%

Source: PSC, Bloomberg (31/01/2019 -31/03/2025)

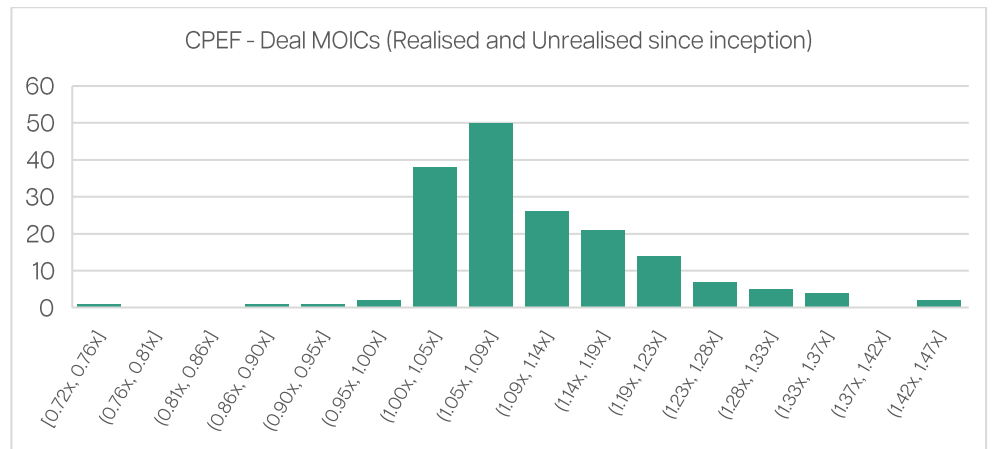
Portfolio Risk Metrics (Since Inception)

Return Analysis:	CPEF (unlevered)	European Leveraged Loans	European HY
Alpha	-	2.29	3.29
Annualised Volatility	6.7%	8.0%	8.5%
Sharpe	0.81	0.52	0.41
Beta	-	0.79	0.69
Correlation	-	0.95	0.89

Source: PSC, Bloomberg (31/01/2019 -31/03/2025)

The underlying loans have an attractive distribution showing consistency of positive outcomes.

The MOIC of individual deals within CPEF have attractive distribution profile with most having achieved positive returns and very few losses suffered across the book.



Source: PSC, 31/12/2024

PSC’s closed end funds have performed well against their respective peer groups.

Measuring CPEF against its peer group of semi-liquid European direct lending funds is challenging. This is primarily due to the limited number of funds in the sector with sufficiently long track records. Additionally, most direct lending funds operate with approximately 50% loan-to-value (LTV), effectively doubling the asset base from which returns are generated—making performance comparisons inherently unequal. The levered version of CPEF was only launched in 2024 so it doesn’t have a long enough track record to form robust conclusions.

PSC’s closed-end Credit Partners funds can be more appropriately benchmarked against their private credit peers. Half of these funds have delivered first-quartile performance, underscoring that the allocation to traded loans and PSC’s conservative approach have not hindered returns. The broader PSC platform has also demonstrated strong performance across its strategies as well.

PSC Closed-end Funds

Fund	Vintage	IRR (Quartile Ranking)
Park Square Capital European Loan Partners I	2017	1st
Park Square Capital European Loan Partners II	2024	1st
Park Square Capital Partners I	2004	3rd
Park Square Capital Partners II	2009	2nd
Park Square Capital Partners III	2014	2nd
Park Square Capital Partners IV	2019	1st
Park Square Capital Credit Partners I	2007	3rd
Park Square Capital Credit Partners II	2013	3rd
Park Square Capital Credit Partners III	2016	1st
Park Square Capital Credit Partners IV	2021	1st

Source: Preqin, 31/07/2025

The underlying loans have delivered average IRRs of 7.8% since inception. Within this, primary investments have achieved an IRR of 7.5%, while secondary investments have generated an IRR of 8.5%. This outperformance in secondary transactions highlights the value added through PSC's active trading and portfolio management capabilities.

The strategy has seen very low loan losses since its inception pointing to the quality of the investment process.

Credit performance has been robust. CPEF has experienced no defaults since inception. Across the wider Credit Partners strategy—launched in 2007—only four defaults have occurred. Recovery outcomes have been strong, with an average final multiple on invested capital (MOIC) of 1.03x across defaulted loans. Importantly, PSC's average loss rate across all Credit Partners funds and separately managed accounts (SMAs) stands at just 0.07%. This figure reflects actual realized losses and is not influenced by pre-emptive loan sales ahead of expected defaults. Such performance, sustained across multiple market cycles, reinforces PSC's positioning as a defensive and disciplined credit manager.

Return Forecast

We forecast annualised returns of 10.0% and 7.2% in base currency for the levered and unlevered versions of the strategy. The levered version's forecast returns are in line with open-ended, middle-market, direct lending funds. Whilst the direct lending strategies having higher starting yields, their returns are diluted by higher fees, higher borrowing costs, and a necessary larger allocation to liquid assets. The higher liquidity and higher quality

underlying borrowers make CPEF fund relatively attractive on a risk-adjusted basis.

Return Forecast

Description	Code	Equation	CPEF - Levered	CPEF - Unlevered	Direct Lending Strategy
Income Yield	A	input	8.5%	8.5%	9.5%
Loan Hold Period (years)	B	input	3.4	3.4	3.4
Arrangement Fees	C	input	2.0%	2.0%	2.0%
Arrangement Fees Contribution	D	$(1/B)*C$	0.6%	0.6%	0.6%
Prepayment Fees	E	input	1.0%	1.0%	1.0%
Prepayment Fees Contribution	F	$(1/B)*E$	0.3%	0.3%	0.3%
Default Rate	G	input	0.5%	0.5%	0.5%
Default Recovery Rates	H	input	73.0%	73.0%	73.0%
Loan Losses Contribution	I	$G*(1-H)$	-0.1%	-0.1%	-0.1%
Leverage	J	input	100.0%	0.0%	100.0%
Cost of debt	K	input	6.0%	6.0%	7.0%
Private Credit - Levered Returns	L	$(1+J)*(A+D+I)-(J*K)$	12.5%	9.3%	13.5%
Liquid Assets Allocation	M	input	5.0%	5.0%	10.0%
Liquid Assets Return Forecast	N	input	5.0%	5.0%	5.0%
Portfolio Levered Gross Returns	O	$(1-M)*L+(M*N)$	12.1%	9.0%	12.6%
Management Fee	P	input	-1.0%	-1.0%	-1.3%
Performance Fee Hurdle	Q	input			5.0%
Performance Fee	R	input	10.0%	10.0%	12.5%
Fee impact	S	$P+(O-P)*R$	-2.1%	-1.8%	-2.7%
Portfolio Levered Net Returns (annualized)	T	$O+S$	10.0%	7.3%	10.0%

Source: TFR, 31/07/2025

Operations

Fund Terms

The fund can be accessed through a levered and unlevered version. There is some variation across the fund terms, notably the redemptions terms and fees, and are shown below.

Fund Terms

Name	Park Square Capital Credit Investments SCSp, SICAV-RAIF - Credit Partners Evergreen	Park Square Capital Credit Investments SCSp, SICAV-RAIF - Credit Partners Evergreen (B)
Leverage	None	Generally 1:1
Net Target Returns	E/S + 400 bps	E/S + 650bps
Management Fee	0.65%. Reduced to 0.50% for fund holdings \geq €25m	1.00%. Reduced to 0.85% for fund holdings \geq €25m
Performance Fee	10% of the appreciation in the NAV subject to a High-Water Mark	10% of the appreciation in the NAV subject to a High-Water Mark
Subscriptions	Monthly, 10 days' notice	Monthly, 10 days' notice
Redemptions	Monthly, 90 days' notice	Monthly, 30 days' notice
Redemption Gates	Sub-Fund Level: 20% NAV per month Investor Level: 25% Investor NAV per month.	Sub-Fund Level: 4% NAV per month and 10% NAV per calendar quarter Investor Level: None
Early Redemption Costs	3% fee on redemptions within 12-months of subscription, 2% fee on redemptions within 12-24 months of subscription, 1% fee on redemptions within 24-36 months of subscription	2% fee on redemptions within 12 months of subscription
Redemption Settlement	10 business days after the dealing day	60 calendar days following the dealing day

CPEF' fees are lower than its peer group.

Both versions of the fund have lower management and performance fees than the broader semi-liquid private credit peer group, where the average management and performance fees are 1.25% and 12.5%, respectively. Given the capped upside in private credit, fees are a particularly important driver of the relative performance between funds. 100% of the fees that CPEF earns from its borrowers are offset against the management fee, which is not always the case in private credit funds.

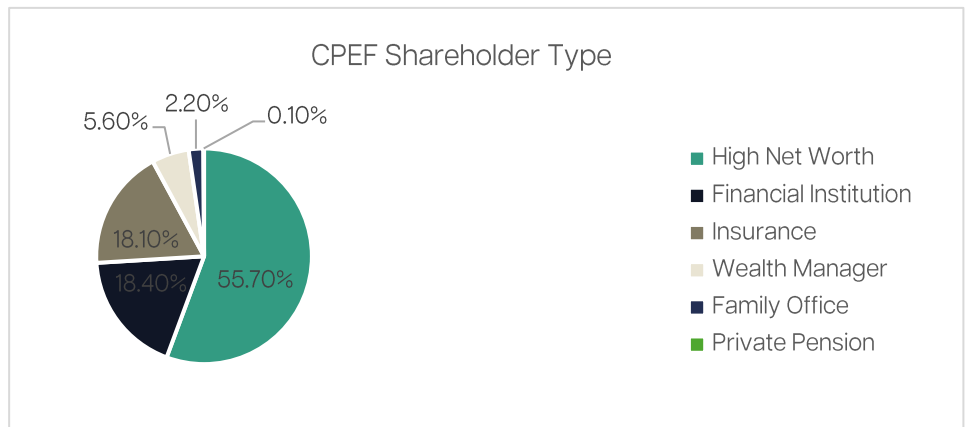
Based on our forecast gross total return of 12.1% (base currency), we expect the levered fund's annual expenses to be approximately 2.1%.

AUM and the shareholder base

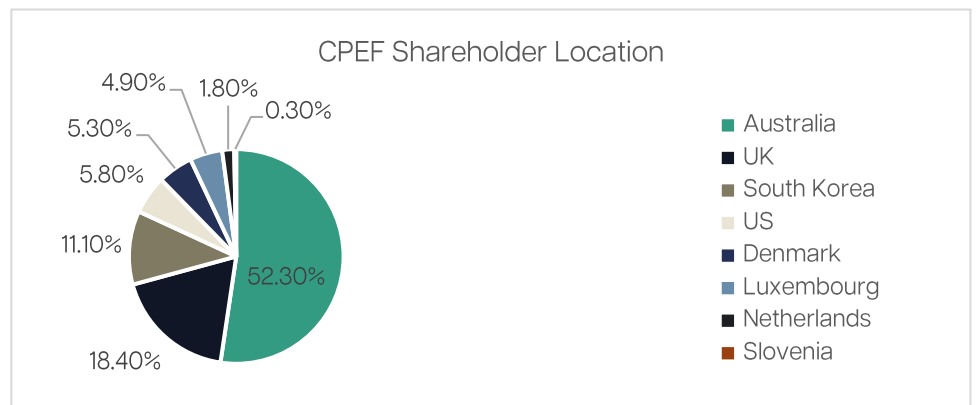
PSC currently manages \$700.8m in its evergreen fund, across the levered and unlevered versions. They are managing \$3.4bn in the wider Credit Partners strategy. The fund was initially seeded by senior management of PSC, reflecting strong internal conviction in the strategy.

The fund's shareholder base is well diversified by type and location, making it less sensitive to coordinated redemption requests.

The investor base spans pension funds, endowments, foundations, insurance companies, and financial institutions across the United States, Europe, and Asia. This global and institutional composition provides additional reassurance to prospective investors, as the strategy has been subject to rigorous due diligence by sophisticated allocators and their investment consultants. The top-10 shareholders own 90.10%⁵ of the fund.



Source: PSC, 31/05/2025



Source: PSC, 31/05/2025

The liquidity of the underlying portfolio combined with the income and access to short term debt facilities gives confidence in the redemption policy being realistic.

Liquidity

The evergreen funds' terms allow for 10% and 20% redemptions per quarter for the levered and unlevered versions, respectively. This is substantially higher than the 5% per quarter offered by most semi-liquid, private credit strategies, and reflects the fund's allocation to traded loans that provide a high degree of liquidity. 78% of the portfolio assets can be liquidated within one month and it can fully be liquidated within 90 days, under both a normal and stressed market scenario. This liquidity profile supports not only the fund's ability to meet redemption requests efficiently but also enables timely capital deployment and portfolio rebalancing in response to market opportunities or risks.

The underlying portfolio benefits from natural liquidity, with an average loan holding period of 3.4 years across the Credit Partners strategy⁶. This implies that approximately one-third of the portfolio is repaid in cash annually. In addition, the loan book generates high cash interest payments, further enhancing liquidity. To manage short-term liquidity needs, the fund has access to overdraft facilities, providing flexibility to bridge gaps.

Overall, there is a high level of confidence in the fund's ability to meet its redemption terms, supported by the liquid nature of its assets. There have not been any instances where the fund has been unable to satisfy redemption requests.

Asset Type	Days to Liquidation (Normal)	Days to Liquidation (Stressed)	% of MV	Monthly Liquidity (Normal)	Monthly Liquidity (Stressed)
Liquid First Lien Loans & Bonds	5	5	59%	59%	59%
Liquid Second Lien Loans	10	10	3%	3%	3%
Illiquid First Lien Loans	20	20	1%	1%	1%
Illiquid Second Lien Loans	30	30	6%	6%	6%
Unitranche/PIK Loans	90	90	31%	9%	9%
Total			100%	78%	78%

Source: PSC, 28/02/2025

⁶ Source: PSC 31/03/2025

The majority of the fund's NAV is driven by trading prices, reducing uncertainty about the valuation in periods of market stress.

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Valuation

The fund's valuation process follows the fair value hierarchy framework, segmenting assets into three levels based on the observability and reliability of inputs:

- **Level 1:** Assets that are highly liquid and valued using quoted market prices in active markets.
- **Level 2:** Assets that are less liquid but can be reasonably valued using observable market data or comparable instruments.
- **Level 3:** Illiquid assets with no directly observable market prices. These are valued using model-based approaches, including earnings multiples, recent transaction benchmarks, discounted cash flow (DCF) models, industry-specific metrics, or sum-of-the-parts methodologies.

Valuations for illiquid assets are initially proposed by the deal teams and reviewed by the finance team and CFO before being submitted to the valuation committee on a quarterly basis. In interim months, Level 3 valuations are updated to reflect changes in market comparables and borrower-specific developments. An independent valuation agent, Kroll, conducts an annual review of the valuation methodologies and processes.

Current Portfolio Breakdown by Fair Value Hierarchy:⁷:

- Level 1: 61.2%
- Level 2: 5.8%
- Level 3: 33.0%

The high proportion of Level 1 assets—valued using directly observable market prices—enhances confidence in the accuracy and transparency of the fund's NAV. This reduces the opportunity for shareholders to trade ahead of a market shock being reflected in valuations, which is a risk in open-ended private market funds.

FX Hedging

The fund's reference currency is Euro. There are US dollar, Sterling, Australian Dollar and Japanese Yen denominated share classes available.

⁷ Source: PSC, 28/02/2025

The minimum initial investment is 100,000 EUR or its equivalent in the respective share class currency.

The fund fully hedges currency risk from the underlying portfolio through a rolling program of FX forwards and swaps. To manage potential liquidity strain from FX appreciation, where the fund may be required to make cash payments on hedging instruments, the fund ensures it has access to at least 8% of the portfolio's value in near-cash assets or undrawn credit facilities.

Our View

CPEF is one of the longest running semi-liquid private credit funds. It is a well-constructed private credit strategy that addresses many of the structural challenges associated with open-ended private market funds. It strikes the balance of being sufficiently liquid to meet its redemption terms whilst delivering the return uplift expected from private markets. Park Square Capital has established itself as a leading private credit manager in Europe, with an excellent track record that is underpinned by a robust credit selection process that has seen very low loan losses and an opportunistic approach to dealing sourcing through the market cycle. The fund's high yield, defensive strategy and broad sector approach makes it a useful core holding.

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The Fund Review

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Our first-hand experience means we understand the key information that investors need to be confident making a fund investment. We present our insights, substantiated by robust analysis, to support investors as they further their own due diligence.

The Fund Review, 160 Robinson Road, #14-04 Singapore Business Federation Center, 068914, Singapore.

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