CARLYLE | GLOBAL WEALTH

Access the Power of Private Credit

LOADING

Private Credit

THE TERM "PRIVATE CREDIT" generally refers to loans and other debt instruments that are negotiated directly between a borrower and a non-bank lender. Private debt instruments are not traded on public exchanges but rather are typically held to maturity by the lender. Private lenders source these instruments directly and often negotiate terms that may provide substantial downside mitigation. Because private credit is less liquid and more complex than most public market alternatives, private lenders are usually able to demand a yield premium above public market debt.

MACRO CURRENTS FOR PRIVATE CREDIT

Demand for Private Loans
Private credit lenders are a compelling complement to traditional fixed income markets. Borrowers that value certainty of execution, speed, and flexible capital solutions continue to move to the private markets.

Falling Interest Rate Environment
Historically, in a falling interest rate environment private credit has offered higher yields than public credit due to the illiquidity premium.[1]

Market Uncertainty
During economic downturns, private credit can be a resilient asset class, as it may benefit from distressed situations where traditional lenders withdraw.

POTENTIAL PORTFOLIO BENEFITS[2]

Yield Enhancement
Private credit investments often offer higher yields compared to traditional fixed-income securities. These higher yields can potentially provide a significant income boost to a portfolio, helping investors generate more cash flow to meet their financial goals.

Diversification
Private credit can add potential diversification benefits to a portfolio. Unlike publicly traded assets, which are often correlated with broader market movements, private credit investments may have lower correlation to traditional asset classes. This can help reduce overall portfolio risk and enhance risk-adjusted returns.

Reduced Market Volatility
Private credit investments are typically illiquid, meaning they cannot easily be sold or exchanged for cash at fair market value. Additionally, private credit investments are typically not traded on public exchanges. This illiquidity can lead to reduced price volatility compared to publicly traded assets.

Access to Niche Markets
Private credit allows investors to access niche markets and sectors that are not easily accessible through public markets. This can provide exposure to compelling investment opportunities and potentially higher returns.

Inflation Hedge
Private credit investments, especially those tied to real assets or floating-rate strategies, can serve as a hedge against inflation. Inflation erodes the purchasing power of fixed-income investments, making certain private credit assets potentially more attractive in periods of high inflation.

1. Source: Carlyle Analysis: Blackrock, Cliffwater 2024 Asset Allocation Report, October 2024. There is no guarantee any trends will continue.
2. There is no assurance that any portfolio construction objectives can be achieved or that any such portfolio will be profitable. Diversification does not eliminate the risk of loss.

At-A-Glance: Private Credit vs. Traditional Bonds

Private Credit		*Traditional Bonds*
- More covenants for lenders - More flexibility for borrowers	**TERMS**	- Less covenants for lenders - Less flexibility for borrowers
Potentially higher	**YIELD**	Generally lower
Less liquid	**LIQUIDITY**	More liquid

For illustrative purposes only.

Power Grid: The Private Credit Universe

The private credit universe is vast, dynamic, and brimming with potential opportunities across a wide spectrum of sectors and strategies. Private credit spans everything from senior secured loans to more bespoke, opportunistic lending solutions, providing investors with a chance to participate in an array of financing scenarios globally and across sectors. Whether through direct lending, opportunistic credit, hybrid capital, real assets credit, or asset-backed finance, the private credit space offers a multitude of avenues for investors to capture potentially attractive risk-adjusted returns.

PRIVATE CREDIT	Direct Lending	Sponsor-Backed
		Asset-Backed
		Tech Recurring Revenue
	Opportunistic Credit	Non-Sponsor-Backed
		Private Credit Solutions
		Platform Buildups
		Market Dislocations
	Hybrid Capital	Credit-Oriented
		Structured Equity
		Stressed Opportunities
	Real Assets Credit	Infra Debt
		Energy Mezz Debt
		Aviation Finance
		CRE Debt
	Asset-Backed Finance	Corporate Asset Lending
		Real Asset Lending
		Intangible Asset Lending
		Consumer Asset Lending

How to Access Private Credit

There are several ways to access private credit, depending on an investor's goals, risk tolerance, and liquidity needs. Consider the following three common access points >>

OVERVIEW

– Closed-end investment companies that provide capital to small and mid-sized businesses as well as distressed companies, often through loans or equity investments.

– BDCs are required to distribute income to shareholders, typically in the form of dividends. While they offer access to private company growth opportunities, BDCs involve unique risks that may differ from traditional investments. These risks include, but are not limited to, illiquid holdings, sensitivity to interest rates, portfolio company credit and investment risk, and leverage risk.

LIQUIDITY

– **Liquid (typically daily for public BDCs)**

– BDCs are exchange-listed, allowing for a fair amount of liquidity as shares will trade daily

TYPICAL INVESTOR PROFILE

Generally less restrictive net-worth requirements

– Accredited investors

– Since BDCs often involve private investments and may have certain regulatory requirements, accredited investors (those meeting specific income or net worth criteria) are a common demographic.

OVERVIEW

– A type of investment vehicle that is designed to have a perpetual life with no predetermined end date (eg, interval fund).

– These funds generate returns from interest income or asset growth, with automatic reinvestment unless investors choose otherwise.

– While evergreen funds offer access to private credit markets, they typically involve risks like limited liquidity, and credit exposure, as well as interest rate and leverage risk.

– Notably, evergreen structures often focus on long-term investment strategies and continuously accept new capital.

– This structure can provide flexibility to both investors and fund managers, allowing for ongoing capital deployment while still maintaining a long-term focus.

LIQUIDITY

– **Semi-Liquid (periodic)**

– Investors can typically redeem their shares and generate liquidity during quarterly or monthly redemption periods.

TYPICAL INVESTOR PROFILE

Generally less restrictive net-worth requirements

– Accredited investors

– These funds may attract accredited investors, including high-net-worth individuals and institutions, due to their potential for higher returns and the complexity of the investments.

OVERVIEW

– Investment vehicles that commit capital to private investments, such as private equity or credit, by calling funds from investors over time as opportunities arise.

– These funds generate returns through income and capital appreciation, with profits distributed to investors as the fund matures.

– While drawdown funds provide access to private market opportunities, they require long-term commitments and present liquidity risks not typically found in more conventional investments, in addition to typical credit investment risks.

LIQUIDITY

– **Illiquid (~5-10 year time horizon)**

– Once capital is committed, investors cannot easily withdraw or access their money until the fund reaches specific milestones or exits its investments. These funds typically have a long investment horizon, often lasting 7 to 10 years or more, with the majority of liquidity occurring during the harvest phase when the fund begins selling or exiting investments.

– Throughout the investment period, investors may receive distributions (such as dividends or interest), but they have limited to no ability to redeem their capital at will. This lack of liquidity can be a key risk for investors, as they are locked into the investment for the duration of the fund, making it unsuitable for those who might need quick access to their capital.

TYPICAL INVESTOR PROFILE

Generally higher net-worth requirements

– Qualified investors

– Institutional investors

Is Due Diligence More Important in Private Markets?

Unlike public markets, where transparency is generally higher, private investments require thorough research into the borrower's financial health, market conditions, and deal structure to help mitigate risk. This research is called due diligence, and it is crucial when investing in private markets. Given the importance of due diligence, accessing private markets through an experienced investment firm is essential to managing risk.

Charge Forward with Carlyle

At Carlyle, we seek to provide creative solutions and scale to borrowers we believe to be quality and well-performing, resulting in differentiated opportunities for investors to capture value across the credit spectrum. Once we invest in a company, we put our full resources behind it, leveraging Carlyle's Global Credit platform, as well as the resources of the Carlyle network to accelerate business objectives.

$194BN

in assets under management[3]

200+

Global Investment Professionals[4]

~1,000

Borrower Relationships

To learn more about private credit and other private market opportunities, visit our Carlyle ConnectED. Here, you'll find resources, case studies, and expert insights to help you advance on your investment journey.

Reach out to our financial representative for more information on private credit investing at Carlyle.

3. As of 9/30/2024. Carlyle Global Credit AUM includes $79.3 billion of insurance related assets.
4. As of September 30, 2024.

NOTICE TO RECIPIENTS

This document should not be relied upon as investment advice or be considered as an offer to sell or solicitation to buy any security. This document (together with any additional materials provide in connection herewith) has been prepared by TCG Capital Markets L.L.C for informational purposes only. It is not intended to be (and may not be relied on in any manner as) legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy any securities of any investment product or any investment advisory service, including any limited partnership or comparable limited liability equity interests in any fund, managed account or other similar investment vehicle or product sponsored by AlpInvest or Carlyle (each, a "Fund"). Any such offer or solicitation may only be made pursuant to such Fund's final confidential private placement memorandum and/or the related subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. The information contained in this document (together with any additional materials provide in connection herewith) is superseded by, and is qualified in its entirety by, such offering materials. This document (together with any additional materials provide in connection therewith) may contain proprietary, trade-secret, confidential and commercially sensitive information. U.S. federal securities laws (and many other non-U.S. securities laws and regulations) prohibit you and your organization from trading in any public security or making investment decisions about any public security on the basis of information included in these materials. References to any portfolio investment are intended to illustrate the application of AlpInvest's or Carlyle's investment process only and should not be used as the basis for making any decision about purchasing, holding or selling any securities. Nothing herein should be interpreted or used in any manner as investment advice. The information provided about these portfolio investments is intended to be illustrative and it is not intended to be used as an indication of the current or future performance of AlpInvest's or Carlyle's portfolio investments.

An investment in a Fund entails a high degree of risk, including the risk of loss. A Fund will be actively managed by Carlyle. There is no assurance that a Fund's investment objective will be achieved or that investors will receive a return on their capital. Investors must read and understand all the risks described in a Fund's final confidential private placement memorandum and/or the related subscription documents before making a commitment. The recipient also must consult its own legal, accounting and tax advisors as to the legal, business, tax and related matters concerning the information contained in this document to make an independent determination regarding the consequences of a potential investment in a Fund, including U.S. federal, state, local and non-U.S. tax consequences. Unless otherwise explicitly stated, the investments underlying any Fund or other investment program, or any specific investment thereof, do not take into account the EU criteria for environmentally sustainable economic activities.

Past performance is not indicative of future results or a guarantee of future returns. The performance of any portfolio investments discussed in this document is not necessarily indicative of the performance of any other of Carlyle's portfolio investments or any future performance, and you should not assume that investments in the future will be profitable or will equal the performance of past portfolio investments. Investors should consider the content of this document in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments discussed herein. Please see important additional information regarding the performance metrics presented herein at the end of the presentation.

Do not rely on any opinions, predictions, projections or forward-looking statements contained herein. Certain information contained in this document constitutes "forward-looking statements" that are inherently unreliable and actual events or results may differ materially from those reflected or contemplated herein. None of Carlyle or any of its representatives makes any assurance as to the accuracy of those predictions or forward-looking statements. Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. The views and opinions expressed herein (including Carlyle's position in the private equity industry and advantages of its business operations) are those of Carlyle as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.

External sources. Certain information contained herein has been obtained from third-party sources. Although Carlyle believes the information from such sources to be reliable, Carlyle makes no representation as to its accuracy or completeness.

This document is not intended for general distribution and it may not be copied, quoted or referenced without TCG Capital Markets' prior written consent.

TCG Capital Markets is part of The Carlyle Group ("Carlyle") and comprises its Private Wealth business segment. An information barrier has been erected between Carlyle and the rest of Carlyle that restricts certain information from being shared, including information regarding Carlyle portfolio investments. All investment programs managed by Carlyle are intended to operate in accordance with the information barrier protocols and supplemental compliance procedures specific to Carlyle's Private Wealth business segment. The information herein relates solely to Carlyle and not to Carlyle more generally, except as otherwise noted.

Carlyle may process the personal data of a recipient or its representatives. More information about how Carlyle processes personal data can be found at carlyle.com/privacy-policy.

Prospective investors will be given the opportunity to ask questions and are encouraged to contact Carlyle to discuss the procedures and methodologies used to calculate the investment returns, as well as any terms and conditions of any Fund offering.

Where applicable, this document has been distributed by TCG Capital Markets L.L.C., a broker-dealer affiliated with Carlyle which is registered with the SEC and is member of the Financial Industry Regulatory Authority. Related financial products and services are only available to investors deemed to be "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and "accredited investors" as defined in Regulation D of the 1933 Securities Act, as amended. When TCG Capital Markets L.L.C. presents a fund, strategy or other product to a prospective investor, TCG Capital Markets L.L.C. does not evaluate any information necessary to determine whether an investment in the fund, strategy or other product is in the best interests of, or is suitable for, the investor. You should exercise your own judgment and/or consult with a professional advisor to determine whether it is advisable for you to invest in any Carlyle strategy or product. TCG Capital Markets L.L.C. will not make any recommendation regarding, and will not monitor, any investment made by any investor in any Carlyle fund, strategy or other product. For financial advice relating to an investment in any Carlyle fund, strategy or product, contact a professional advisor.

RISK DISCLOSURES

Prospective investors should be aware that an investment in a Fund involves a high degree of risk, and it is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a Fund and for which a Fund does not represent a complete investment program. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Prospective investors are urged to consult with their own financial, tax, and legal advisors about the implications of investing in a Fund. The following is a summary of only certain considerations and is qualified in its entirety by a Fund's offering materials, which may contain additional information about associated risks pertaining to an investment in a Fund.

Speculative Investment. Carlyle cannot provide any assurance that it will be able to choose, make or realize any particular investment, asset, or portfolio on behalf of a Fund. There can be no assurance that investments made by a Fund will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of transactions described herein. The activity of identifying, completing and realizing upon attractive investments is highly competitive and involves a high degree of uncertainty. A Fund must compete for investments with other private market investors having similar investment objectives. The portfolio companies in which a Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks.

Highly Illiquid and Difficult to Value. A Fund is intended for long-term investment by investors that can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. There is no organized secondary market for investors' interests in a Fund nor is there an organized market for which to sell a Fund's underlying investments, and none is expected to develop. Withdrawal and transfer of interests in a Fund are subject to various restrictions, and similar restrictions will apply in respect of the Fund's underlying investments. Further, the valuation of a Fund's investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold.

Investors in a Fund will bear multiple layers of fees and expenses. In general, a Fund's investors will bear the fees, expenses and carried interest of the Fund and will indirectly bear any fees, expenses and carried interest (if any) of the Fund's investments. Such amounts are expected to be material. This will result in greater expense to a Fund's investors than if such fees, expenses and carried interest were not charged by both a Fund and its underlying investments.

Investors Must Fulfill Capital Drawdown Obligations. Capital calls will be issued by a Fund from time to time. To satisfy such capital calls, investors may need to maintain a substantial portion of their capital commitment to the Fund in assets that can be readily converted to cash. An investor's obligation to satisfy capital calls will be unconditional and at its sole expense. Failure to satisfy a capital call to a Fund can result in adverse consequences in the discretion of the Fund's general partner, including complete forfeiture of the investor's interest in a Fund. If a limited partner of a Fund defaults on or is excused from its obligation to contribute capital to the Fund, other limited partners thereof may be required to make additional contributions to the Fund to replace such shortfall.

No Registration. Funds discussed herein typically are not and are not expected to be registered with the SEC as an investment company pursuant to the Investment Company Act of 1940 (the "1940 Act"), in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the 1940 Act will not be applicable to a Fund. In addition, no such Fund has been or is expected to be registered with any regulatory or governmental authority as a regulated or registered fund in any European Economic Area member states. Furthermore, no such Fund is expected to be required to register under the Mutual Funds Law (as amended) of the Cayman Islands.

Complex Tax and Regulatory Risks. A Fund and a Fund's investments may involve a complicated tax structures and there may be delays in distributing important tax information to investors. In addition, legal, tax and regulatory changes (including changing enforcement priorities, changing interpretations of legal and regulatory precedents or varying applications of laws and regulations to particular facts and circumstances) could occur during the term of a Fund that may adversely affect any of such Fund or its investors.