INVESTOR GUIDE: PRIVATE CREDIT

Could private credit support your income and growth goals?

Here are a few key considerations.

Private credit investments aim to generate higher income and return potential than traditional bonds. They do this by providing loans directly to companies or by investing in specialized credit opportunities that aren't available on public markets.

Adding private credit to your portfolio may:

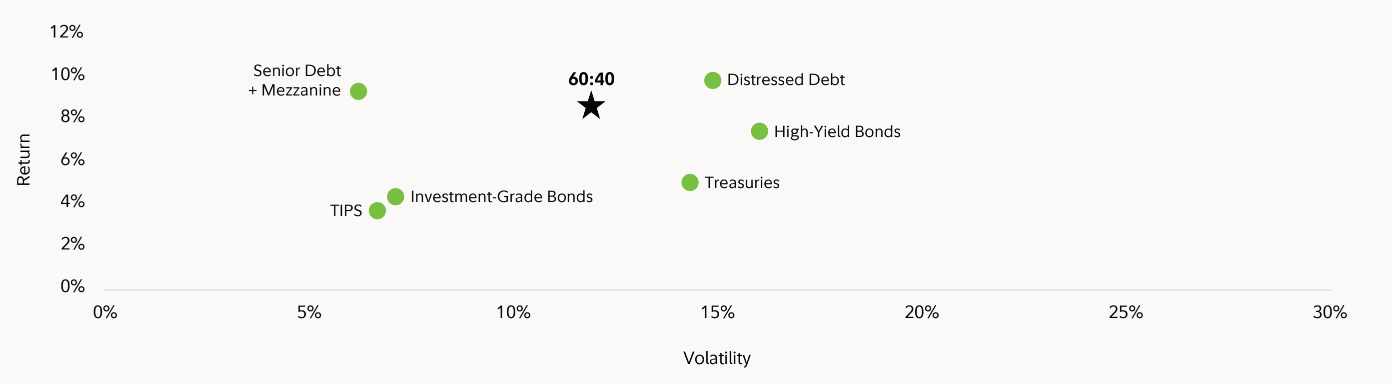
- Help boost income with attractive yields
- Offer a broader set of investment opportunities
- Provide downside protection through secured lending

Understanding the "efficient frontier" for private credit

This chart shows how different fixed-income strategies compare in terms of risk (volatility) and potential return.

- Private credit strategies like senior debt and mezzanine may offer better return potential with less volatility than traditional bond mixes in a 60/40 portfolio.

What's the catch? Liquidity. These investments may be less accessible in the short term, but for long-term investors willing to trade immediate access for potential upside, private credit may offer a compelling opportunity.



Past performance is no guarantee of future results. Returns reflect mean annual returns over the period. Volatility reflects standard deviation of the annual returns over the period.

The 60/40 portfolio represents 60% U.S. large cap equity; 15% each in Treasuries and TIPS; and 10% investment-grade bonds; 50/30/20 portfolio represents 50% U.S. large cap equity; 11% each in Treasuries and TIPS and 8% investment-grade bonds; 11% buyout, 5% direct senior+mezz lending and 4% private real estate.

Traditional asset categories: U.S. large cap equity—Russell 1000 Index; U.S. small cap equity—Russell 2000 Index; developed-market equity—MSCI EAFE Index; emerging-market equity—MSCI Emerging-Market Index; Treasuries—Bloomberg U.S. Long Treasury Index; Treasury inflation-protected securities—Bloomberg U.S. Treasury Inflation Linked Bond Index; investment-grade bonds—Bloomberg U.S. Credit Index; high-yield bonds—ICE BofA U.S. High Yield Index; REITs—FTSE NAREIT All Equity REIT Index. Alternative asset categories: liquid alternatives—HFRI Macro Total Index and HFRI EH Equity Market Neutral Index; managed futures: SG CTA Index (note, there may be managed futures strategies in both the HFR and SG indexes); private equity—equity-generalist, buyout, and venture capital reflect annual return data from MSCI Private Assets; private credit—direct senior+mezz lending and distressed debt reflect annual return data from MSCI Private Assets; real assets—private real estate represented by the NFI ODCE Index. MSCI Private Assets data used in this research reflects returns of U.S. private capital funds and funds of funds. Sources: Bloomberg Finance L.P., HFR Inc., www.HFR.com, © 2025 HFR, Inc. All rights reserved, Morningstar, MSCI Private Assets, NCREIF, Societe Generale, Fidelity Investments (FIWA), as of Dec. 31, 2024.

Common questions about private credit

How is private credit different from traditional bond investing?

Private credit isn't traded on public markets. Instead, it includes loans or credit strategies negotiated directly with borrowers. These investments may offer more income, but they also involve more complexity and can be harder to sell quickly.

How do I earn money from private credit?

Investors generally receive interest payments over time, and in some cases, they may also earn additional returns through equity kickers or repayment bonuses.

What is the difference between private credit and direct lending?

Direct lending, which involves customized non-bank loans to companies, is the most common type of private credit, a broader category that also includes senior debt, mezzanine, and other strategies.

Are there minimum investments for private credit?

Many private credit funds have higher minimums and are typically open only to accredited or institutional investors—but some newer products may offer lower entry points.

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