



Nuveen-Churchill: Private Credit Overview

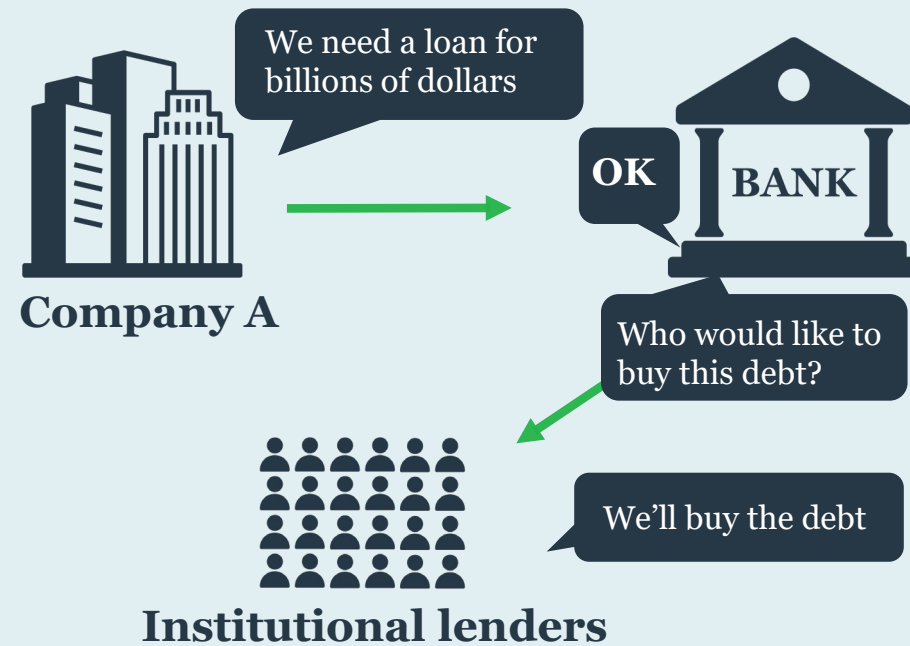
January 27, 2025

Public vs. Private Credit

Public Credit

Financing transactions arranged by a bank, sold to multiple lenders through a syndication process; easily traded

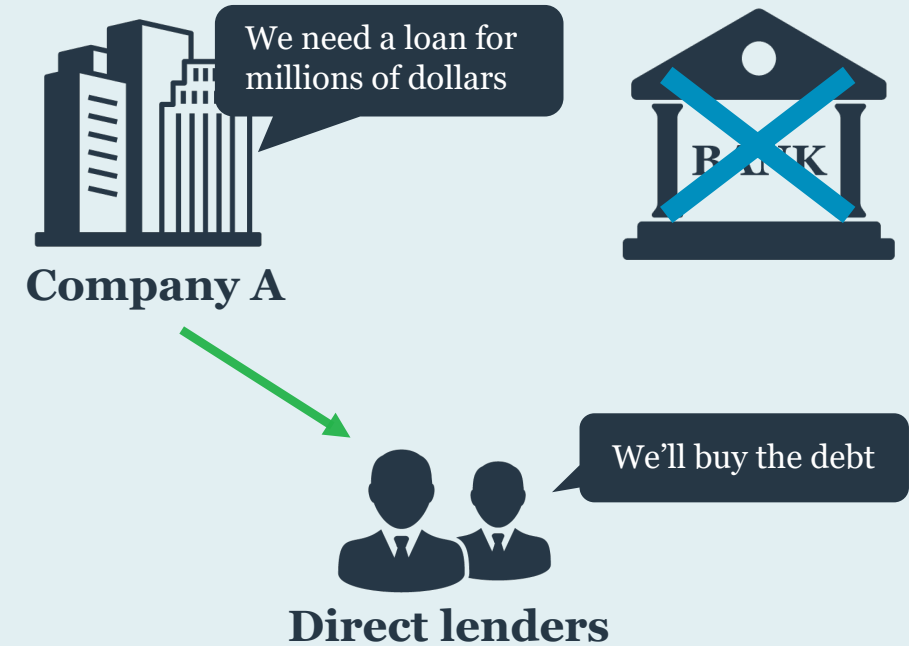
Example: \$3 billion loan to a large healthcare data analytics company owned by a private equity firm



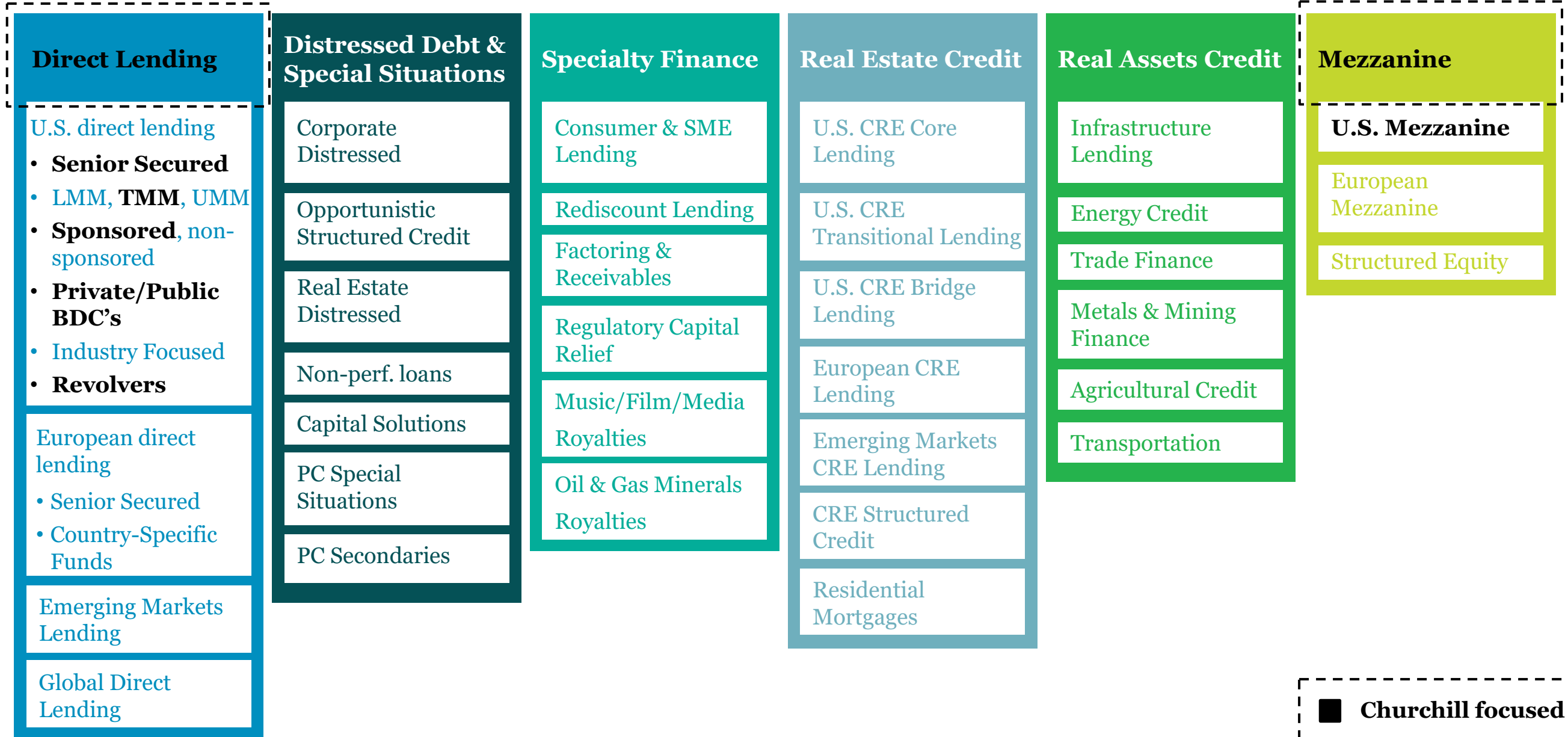
Private Credit

Privately negotiated financing transactions between a borrower and lender(s) where banks are not involved; not publicly traded

Example: \$300 million loan to a small, steadily growing, profitable software business owned by a private equity firm



Private credit is highly diverse

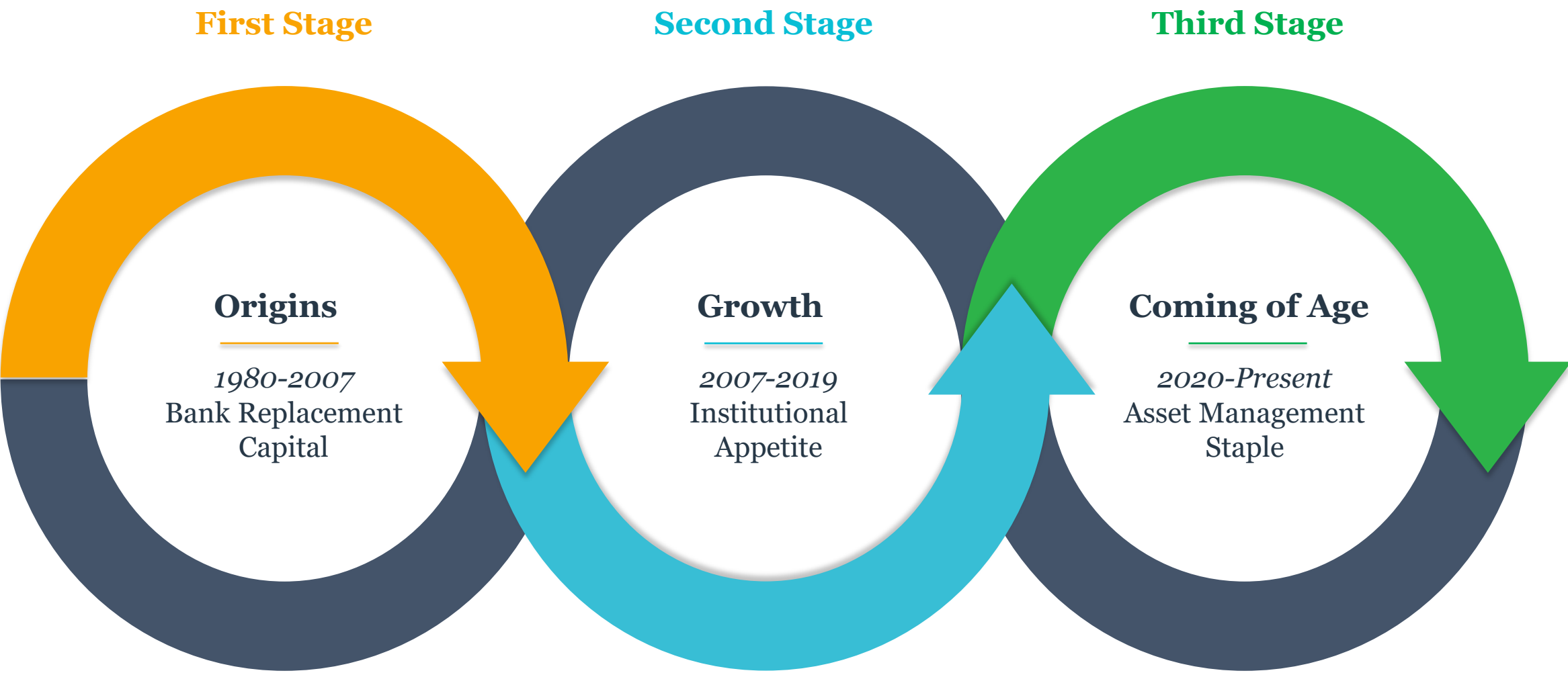


Source: Aksia and Churchill

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Evolution of *Private Credit*

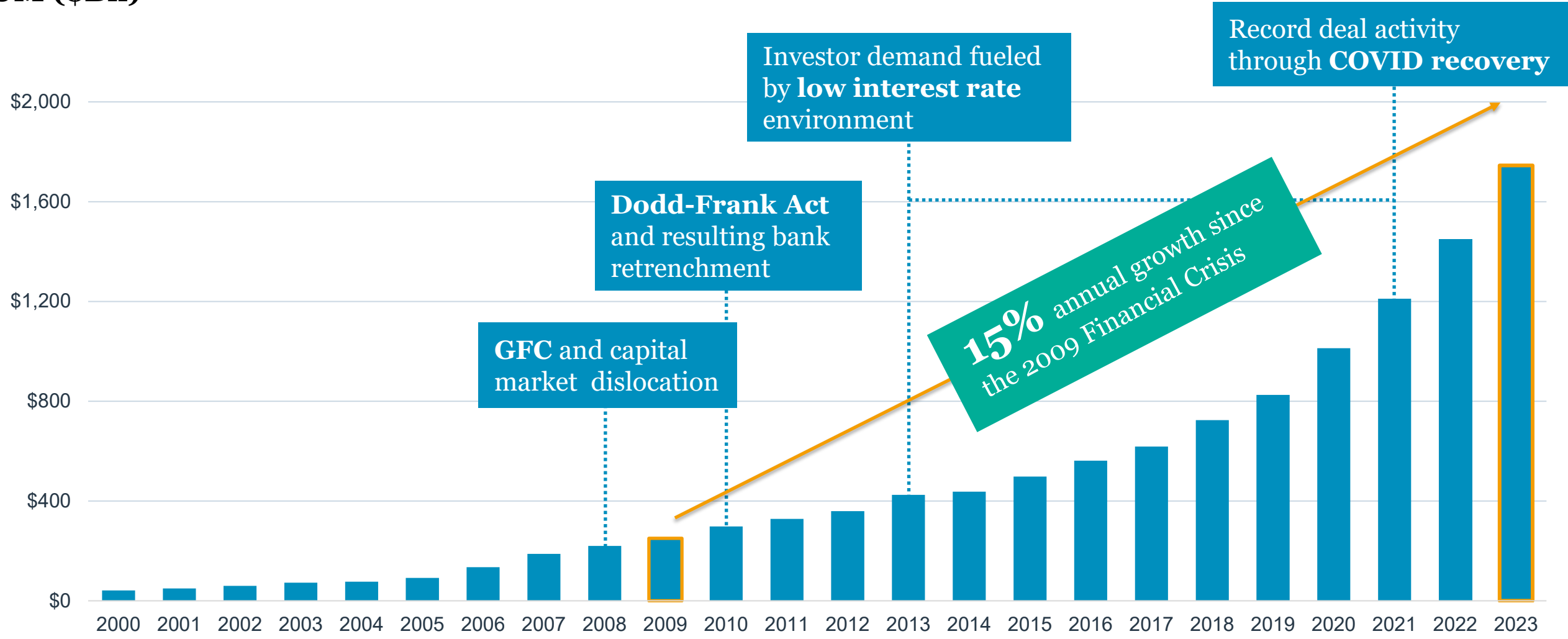
A long-established asset class



Private credit has demonstrated significant and steady growth

Global private credit has reached \$1.7 trillion, growing 15% annually since 2009

AUM (\$Bn)

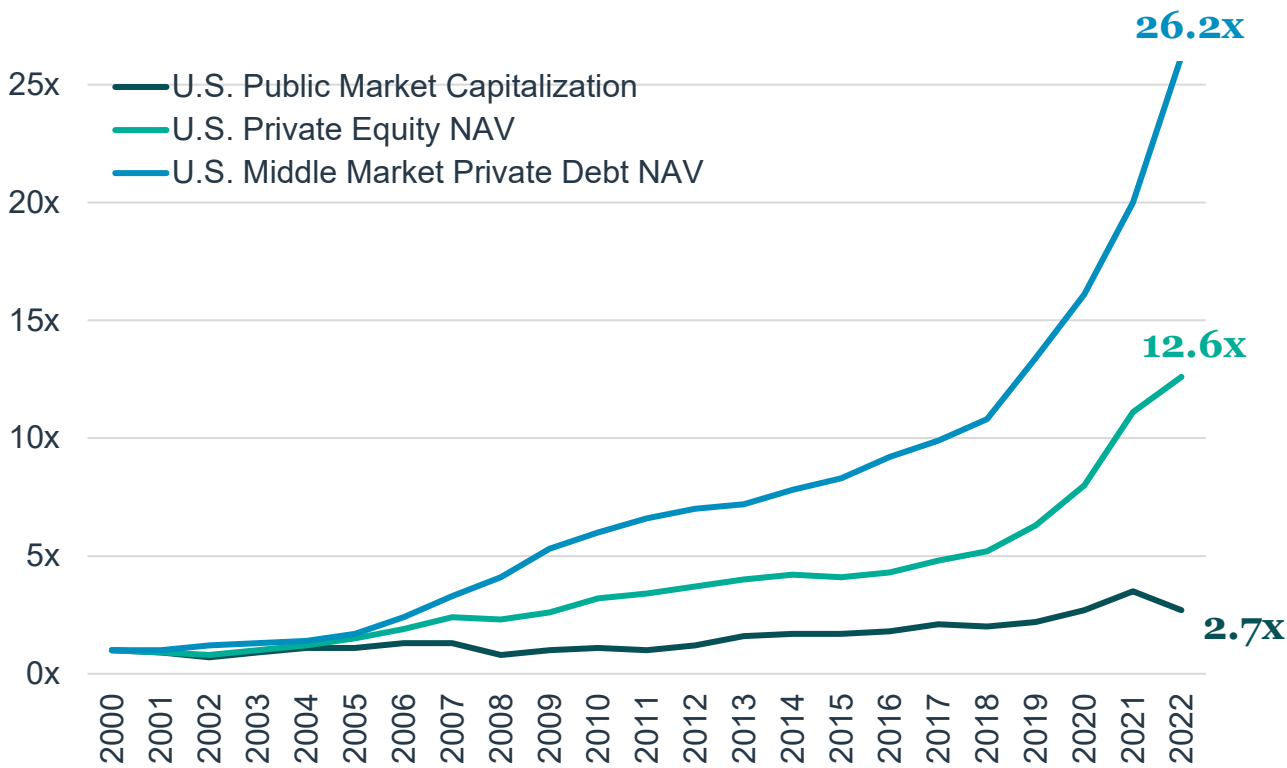


Source: Preqin; As of December 31 2023.
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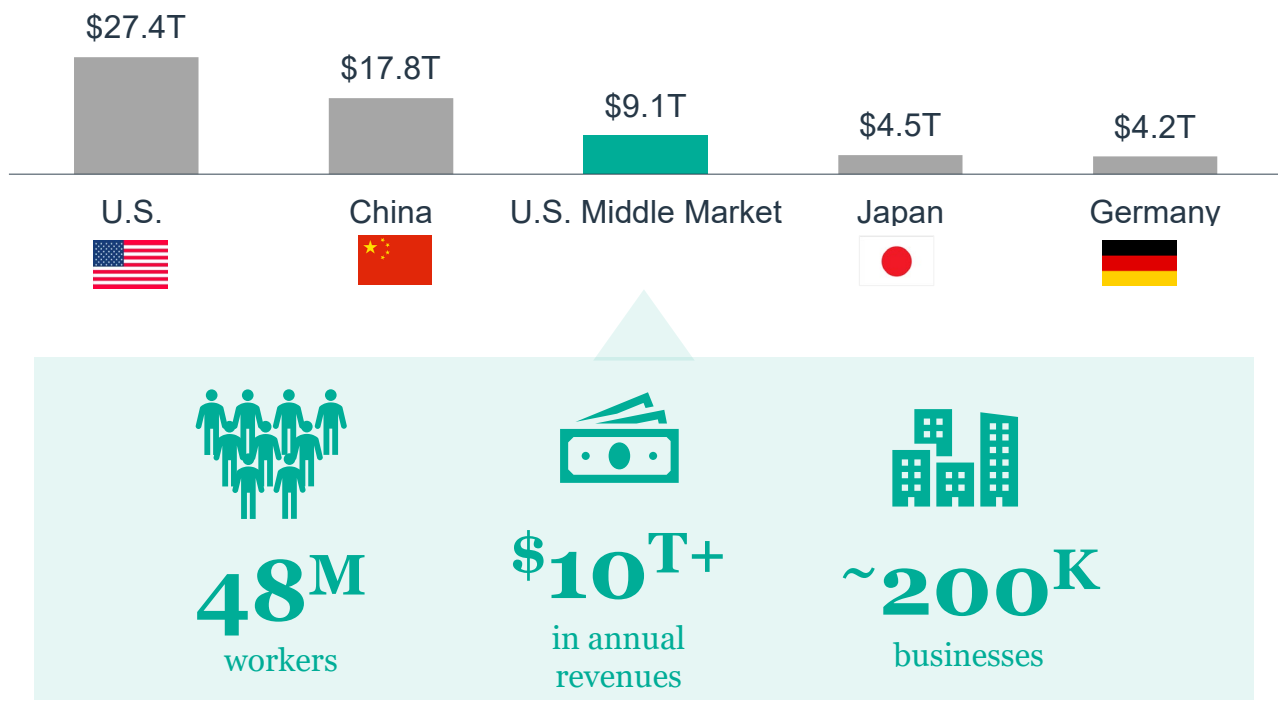
Sizable, resilient and growing market

The demand for private capital solutions in the U.S. middle market meaningfully outpaces supply, resulting in a compelling opportunity for private capital investment

More growth in the private vs. public markets¹



The U.S. middle market is the 3rd largest global economy by GDP²

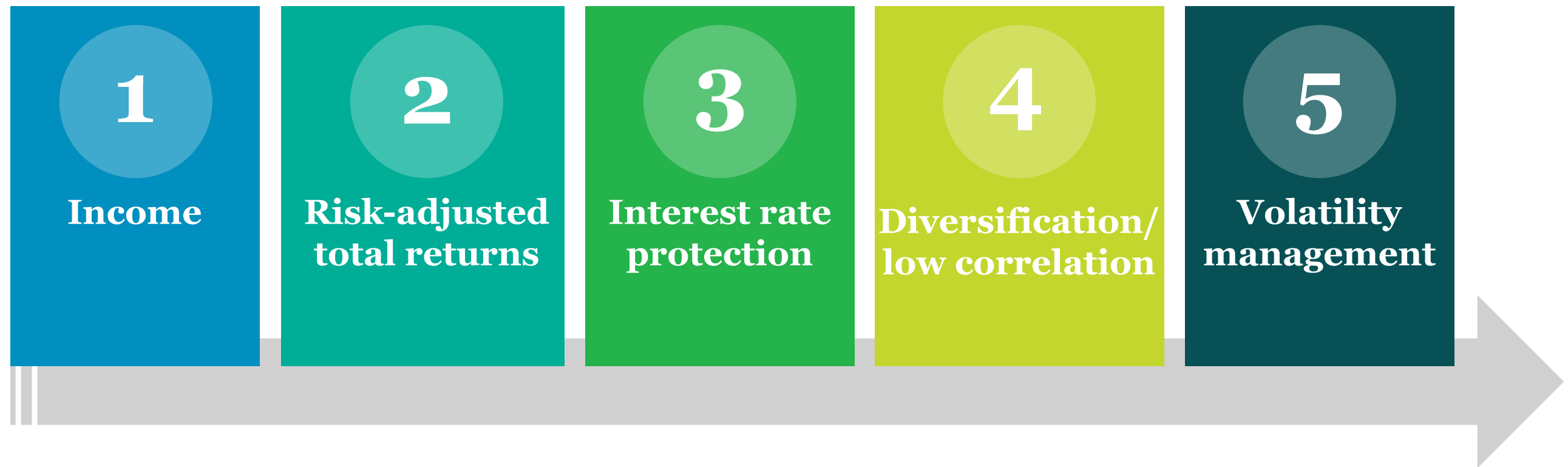


¹ Sibilis Research, Preqin, December 31 2023. Notes: Net asset value ("NAV") = AUM less dry powder. Total market capitalization of U.S. listed companies. There are significant differences between public and private equities, which include but are not limited to the following: public equities can provide liquidity and greater access to company information and private equities have a longer time horizon, are considered illiquid and private equity NAV is typically based on estimated valuations of portfolio holdings that may not reflect actual market value. ² Source: World Bank Open Data Database as of 31 Dec 2023; Middle Market assumption based on the definition by National Center for the Middle Market as of 30 June 2024. Opinions and views expressed reflect the current opinions and views of Churchill as of the date of this material only. Nothing contained herein is intended as a prediction of how any financial markets will perform in the future and nothing contained herein should be relied upon as a promise or representation as to past or future performance of a fund or any other entity, transaction, or investment.

How *private credit* helps institutions achieve their investment objectives

Private capital can play an important role in portfolio construction as it helps diversify sources of yield and increase overall *income* and *return* potential

5 reasons to select a private capital strategy



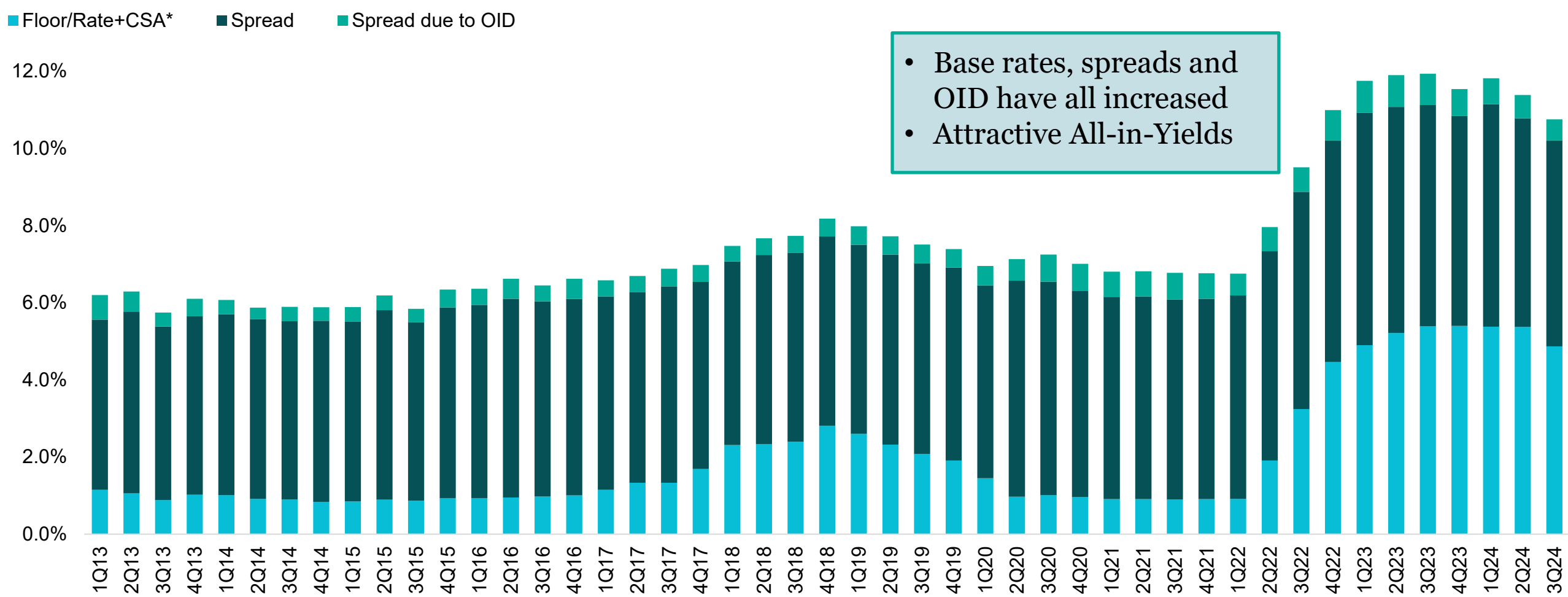
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Middle market all-in-yields

Meaningfully higher all-in yields with increasingly lender friendly terms

Avg. first-lien MM TL yield % (3-year term)



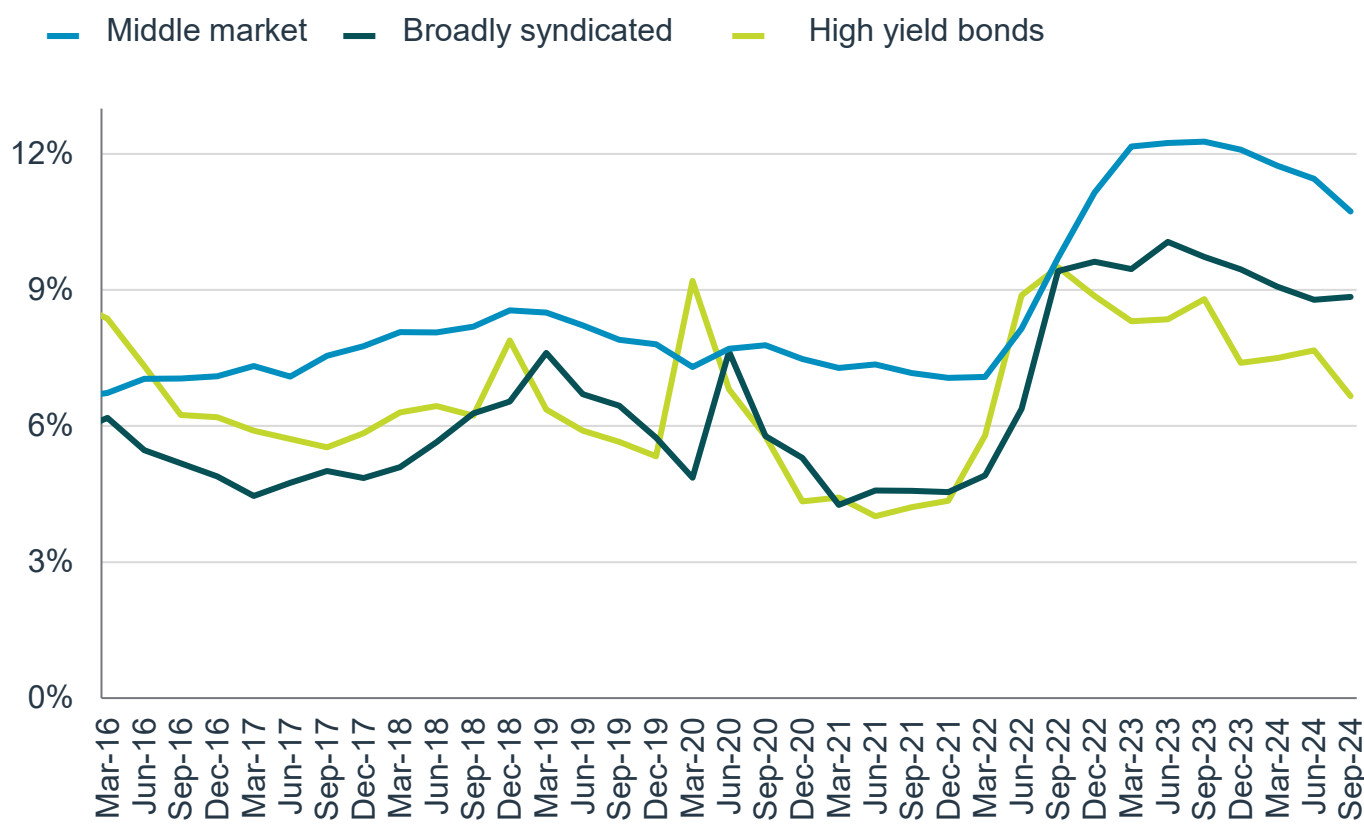
Source: LSEG LPC; Based on private data submissions, which include both syndicated and direct execution deals excludes unitranche and second-lien term loans. Beginning 1Q22, data includes LIBOR and SOFR based deals *Libor loans = 3-month Libor rate. Term SOFR loans = 1-month TSOFR+CSA if available
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Attractive income and risk-adjusted returns

Highly selective, diversified private credit portfolios with low losses can provide durable income & attractive-risk adjusted returns

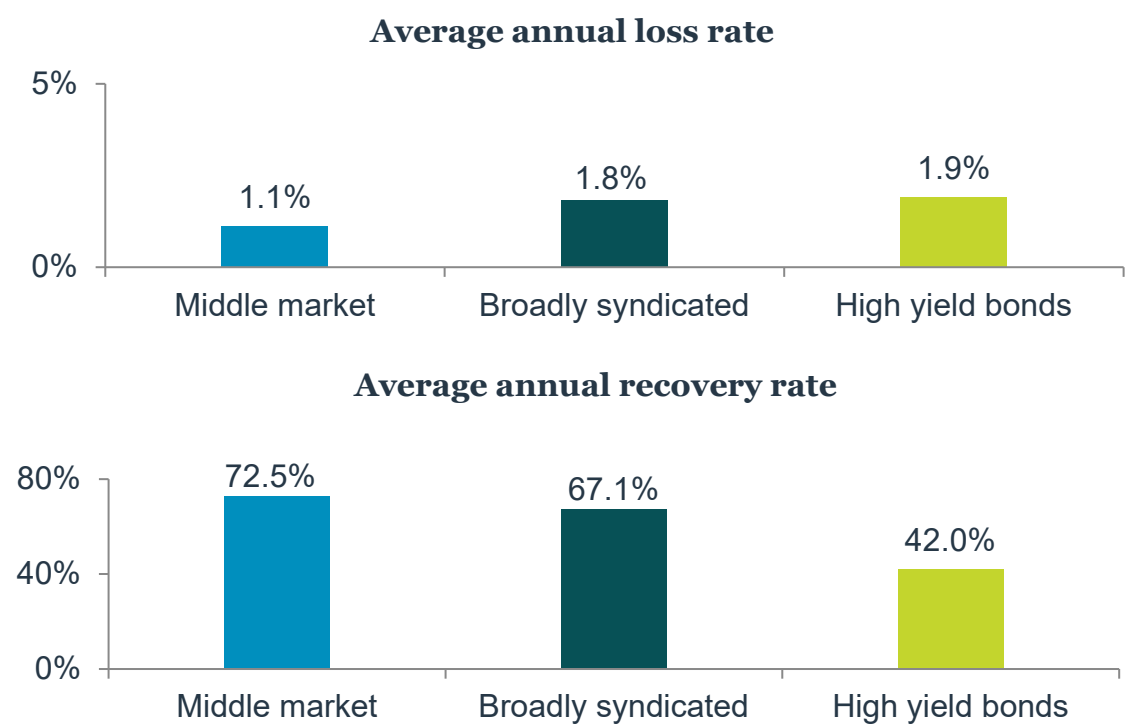
Attractive yield premiums

Average loan yields¹



Higher recovery and lower loss rates

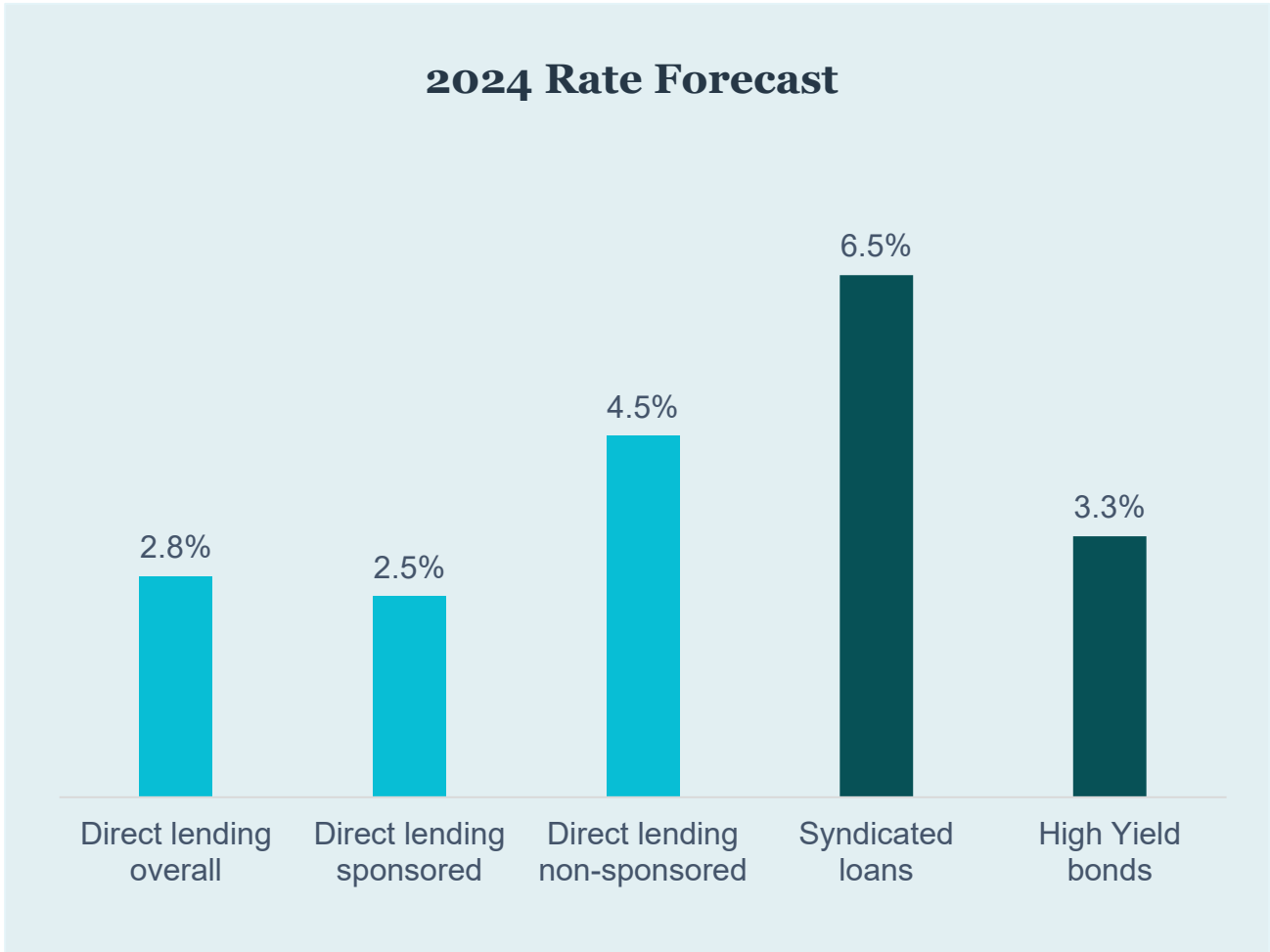
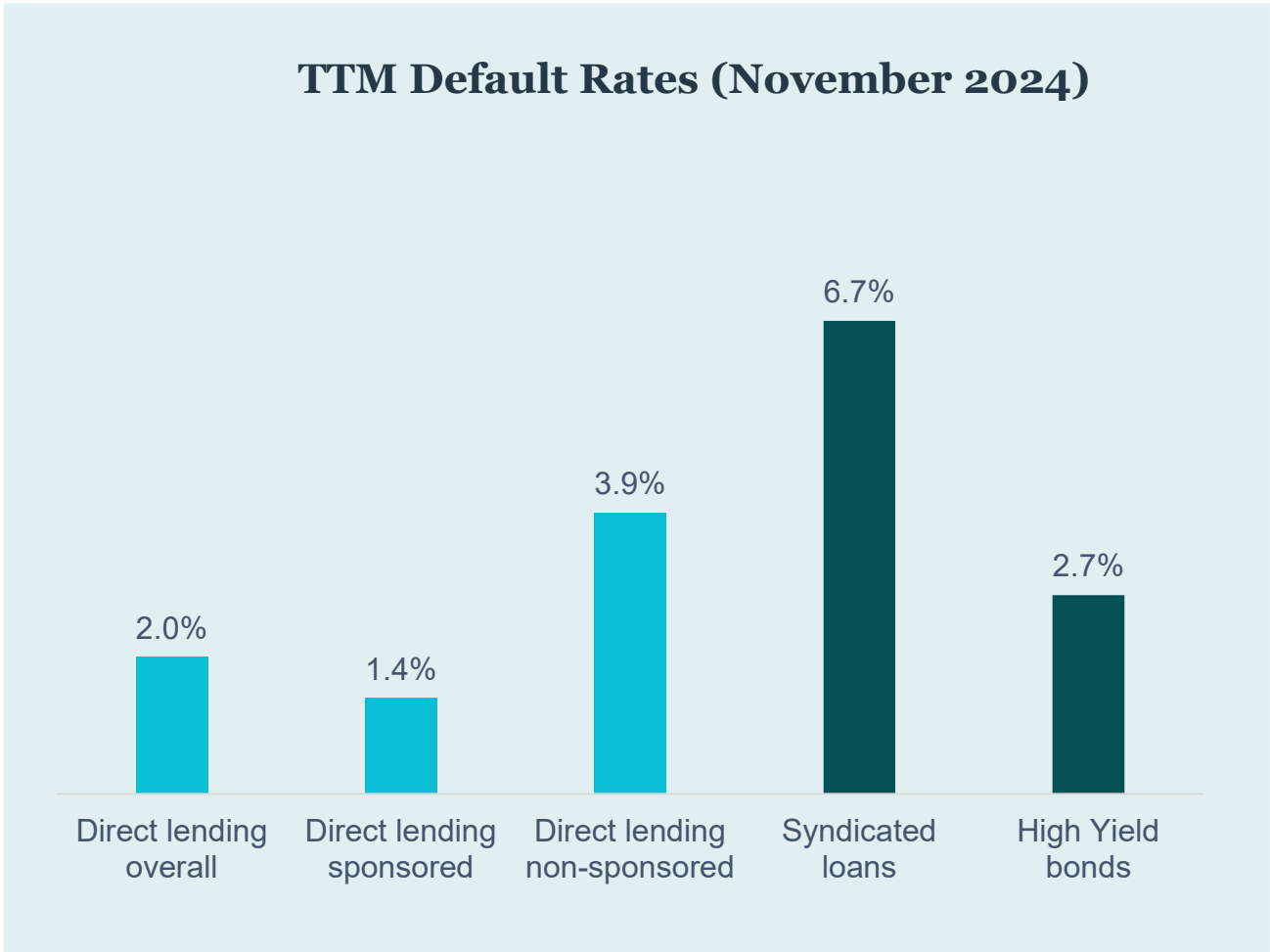
Middle market & broadly syndicated loan performance, 2000-3Q 2023²



As of 30 Sep 2024. 1. "Middle Market" refers to Direct Lending MM first-lien term loans (source: LSEG LPC); "High yield" refers to the ICE BofA US High Yield Index; "Broadly syndicated" refers to large corp. (syndicated) term loans (source: LSEG LPC). 2. Source: S&P CreditPro and Pitchbook LCD, 2000 through 3Q 2023. Middle Market loans include total facility sizes of less than \$500 million and Broadly Syndicated loans denote total facility sizes of greater than or equal to \$500 million, High Yield loans represent all U.S. speculative-grade bonds.

Higher interest, higher defaults? *Companies show resilience*

Private credit defaults remain low despite ~2 years of rising rates, future interest rate cuts should serve as a further tailwind for portfolio performance



Source: KBRA DLD Direct Lending Default Research. As of November 21, 2024
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