

Investment Grade Private Credit

31 March 2022

| PERFORMANCE (%) | QTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|---|-------|--------|--------|--------|---------|-----------------|
| PPM America – IG Private Credit (Gross) | -5.75 | -2.32 | 3.07 | 3.32 | 3.74 | 5.15 |
| PPM America – IG Private Credit (Net) | -5.81 | -2.56 | 2.82 | 3.07 | 3.48 | 4.88 |
| Bloomberg US Aggregate Bond Index | -5.93 | -4.15 | 1.69 | 2.14 | 2.24 | 3.65 |
| Excess Return vs. Benchmark (Gross) | +0.18 | +1.84 | +1.38 | +1.18 | +1.50 | +1.50 |

Returns greater than one year are annualized. Inception: 01 January 2006. Performance is preliminary and reported in US dollars. Additional information is available upon request. **Past performance is no guarantee of future results.** The Investment Grade Private Credit Strategy is a "carve-out" of a larger multi-asset class institutional insurance mandate, and the returns presented are those of the investment grade private assets held in that account with no attribution or allocation of cash. Information and performance is representative of a specific account. There is no universally accepted index for private placement strategies, but investors track total returns versus public benchmarks of their own choosing.

STRATEGY FACTS

| | |
|---|--|
| Inception Date | 01 January 2006 |
| Total Assets (\$M) | 6,986.3 |
| Number of Issues | 407 |
| Effective Duration (years) | 6.20 |
| Target Spread Premium to Public Corporates (bps) ¹ | 50-150 |
| Lead Portfolio Manager | Luke Stifflear, CFA, Sr. Managing Director |

(1) Public Company/Corporates refers to an individual publicly traded company or compilation of companies selected for illustrative purposes only. PPM believes the selection of these companies is consistent with its private placements research process and analysis.

PRIVATE PLACEMENTS ADVANTAGE

| | |
|--|-------|
| Private Debt Capabilities Established | 1991 |
| Firm AUM (\$B) ² | 79.20 |
| Private Asset Classes AUM (\$B) | 21.40 |
| Average Investment Experience (years) ³ | 14 |
| Average PPM Tenure (years) ³ | 12 |

(2) As of 31 December 2021. AUM includes committed but unfunded capital for PPM's private equity and commercial real estate businesses. (3) Investment Experience and Tenure are for the Fixed Income Research team.

STRATEGY DESCRIPTION

This strategy focuses on capital preservation and total return by benefitting from private debt diversification vs. public bonds, covenants and collateral structures that limit downside, and yield enhancement vs. comparable public bonds. The strategy:

- Leverages our fundamental credit principles to select companies with business models we believe are attractive
- Flexible deal sizes ranging from \$15 to 200 million throughout the US, Europe, Australia, New Zealand, and Canada
- Typically, does not lend to issuers rated below BBB- (or its equivalent)

INVESTMENT PHILOSOPHY

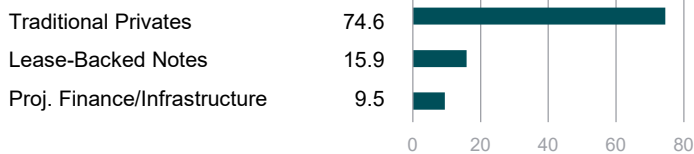
Our investment approach combines bottom-up research with top-down sector selection to consistently seek favorable, risk-adjusted results. We believe that the volatility of market prices exceeds that of fundamental asset values. This dislocation creates opportunities for investors with the skilled personnel, infrastructure and insight necessary to identify relative value generated by market inefficiencies.

INVESTMENT PROCESS

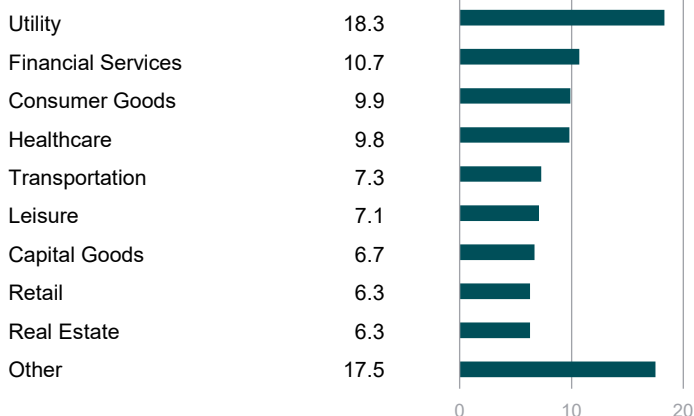
| |
|--|
| Deal Sourcing |
| Rigorous pre-deal due diligence, structuring and industry experience. Long-tenured, consistent leadership with firm relationships dating back to 1991. Cross-disciplinary idea generation. |
| Investment Analysis |
| Bottom-up research complemented by top-down sector selection. Quantitative and qualitative results in Internal Rating and Relative Value Recommendation. Covenant and structure analysis to determine strength of terms. |
| Approval Process |
| Deal due diligence prepared by private placement analyst. Credit analyst presents full underwriting memorandum for approval to Credit Committee. Portfolio management team makes all final investment decisions. |
| Ongoing Monitoring |
| Analysts continue to cover credits and adjust recommendations. Focus on the risk-return relationship. Rigorous monitoring with oversight from risk management and quantitative research leads to buy/sell decisions. |
| Communications |
| Daily morning briefing, Monthly strategy committee meeting, and Semi-annual sector reviews. Daily communication with credit and trading teams. Regular interaction with sponsor and management. |

Investment Grade Private Credit

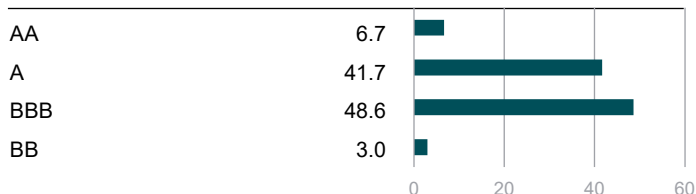
ASSET TYPE POSITIONING (%)



SECTOR POSITIONING (%)



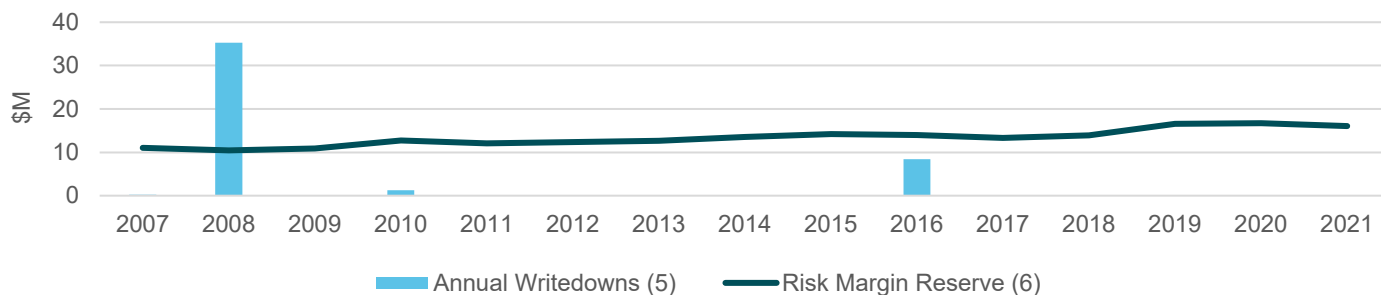
RATINGS POSITIONING (%)⁴



(4) Ratings shown are internal credit ratings.

HISTORICAL CREDIT WRITEDOWNS

- Since 1997, historical writedowns have totaled \$119.4M vs. risk margin reserve of \$307.6M (38.8%)
- Since 1997, total make whole premiums totaled \$311.39M or 2.61x credit losses



(5) Writedowns include subsequent recoveries. (6) Risk Margin Reserve (RMR) Methodology - Fixed income investments should be evaluated on a risk-adjusted basis. RMR methodology provides for the comparison of credits of varying risk level, net of expected defaults. RMR calculations are based on Moody's default data set beginning in 1983 for each specific rating category. Cumulative default rates are utilized over both 10-year (to match the life of most bonds, and to allow for migration) and 3-year (to capture more recent cohorts, and thus more recent default experience) periods. Recovery rates are based on periods beginning in 1983 and average approximately 40%. Moody's uses the price of a bond 30 days after default to determine recovery value. PPM believes that their restructuring area can provide significant value and seeks to achieve an ultimate recovery in excess of this 30-day price.

HISTORICAL PERFORMANCE (%)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------|------|-------|-------|------|------|------|------|-------|------|
| PPM America – IG Private Credit (Gross) | -0.30 | 8.79 | 11.53 | -0.18 | 4.85 | 5.18 | 1.22 | 7.26 | 0.01 | 7.35 |
| PPM America – IG Private Credit (Net) | -0.55 | 8.52 | 11.25 | -0.43 | 4.59 | 4.91 | 0.97 | 6.99 | -0.24 | 7.08 |
| Bloomberg US Aggregate Bond Index | -1.54 | 7.51 | 8.72 | 0.01 | 3.54 | 2.65 | 0.55 | 5.97 | -2.02 | 4.22 |

For portfolios and/or indices that can invest in local foreign securities, aggregate measures of risk do not fully represent the sensitivity of the portfolio and/or benchmark to foreign investments which are not perfectly correlated. The positioning shown above is specific to that of a representative account of this strategy. This positioning is provided solely for informational purposes and could vary substantially from that of a separately managed account or other mandate.