
Private Credit

3

Key Takeaways

4

What Is Private Credit?

6

Evolution of Private Credit

8

The Case for Private Credit

10

Fiera Private Credit Platform

14

ESG from a
Creditor's Perspective

15

Appendix

The Fiera Private Credit strategies aim to deliver both stability and enhanced yield, while their low correlation to traditional asset classes provides diversification benefits and a reduction in portfolio risk.

Key Takeways

- **What Is Private Credit?**

The Private Credit asset class involves direct lending to borrowers that don't have access to larger markets such as banks or the public bond market.
- **The Case for Private Credit**

Given the higher risk assumed by non-bank lenders and the illiquidity premium, investors are privy to more attractive interest rates than traditional bonds.
- **An All-Encompassing Private Credit Platform**

Our diversified suite of private credit strategies spans globally across real estate, corporate, and infrastructure financing.
- **Proven Risk-Adjusted Performance**

Our private credit platform has demonstrated a solid track record of risk-adjusted performance, with some strategies having a ten-year track record with over 10 years of track record.
- **Focus on ESG and Responsible Investing**

We are committed to ensuring that environmental, social, and governance (ESG) considerations are integrated into the private credit investment processes.

Key Stats at a Glance

5.5B¹
in assets under management²

9
private credit strategies

16B¹
deployed

8000+
private credit transactions

What is Private Credit?

Private Credit is an asset class that consists of privately negotiated loans and debt financing originated by non-bank lenders. There are three key characteristics that distinguish the private credit landscape from its public counterparts.



Private Origination

- 1** **Loan terms are directly negotiated between the lender(s) and the borrower.**

This feature often underpins the superior risk-adjusted returns that can be generated by investors. Borrowers seeking customized and individually tailored loan packages are incented to work with private market lenders that can deliver this flexibility. The high level of customization requires an experienced team equipped to conduct rigorous credit analysis. As a result, private lenders extract yield premiums and origination fees from borrowers as compensation.

No Secondary Market

- 2** **The lack of standardization of loans and a centralized clearing mechanism necessitates that private loans are generally held to maturity by their originators.**

While there is no market-based liquidity, the typically high coupons and amortizing nature of private credit funds creates natural liquidity to investors in the form of high and consistent periodic cash payments. However, the fixed hold period and lack of early-exit options gives rise to an observable illiquidity premium. In addition, the lack of secondary market eliminates mark-to-market volatility. While investment managers will provide periodic assessments of loan value and impairments, the value is not directly impacted by sentiment from public markets.

Active Management of Loans

- 3** **Given private loans are generally held until maturity, appropriate structuring and ongoing monitoring of credit quality is critical to ensure that cash flows identified for debt service are sufficient to meet the interest rate requirements over the loan's full term to maturity.**

Private loans can be structured as bilateral or syndicated agreements. Even in syndicated deals, a small group of controlling lenders will drive decision making. Lenders will be directly involved in any renegotiation of terms or restructuring concessions should a loan encounter impairment or default. As such, evaluating private lending teams for their restructuring and workout experience is an important component of investor due diligence.

Loan Overview

Loan Category	Description	Loan Type	Asset-Backed	Gross Expected Return
Real Estate Loans	Direct lending to real estate developers and property owners for construction or redevelopment of real estate assets	Fixed and floating	Yes	10% to 12%
Corporate Loans	Direct lending to mid-market companies, generally secured against cash flows and earnings	Fixed and floating	No	8% to 14%
Infrastructure Loans	Direct lending for infrastructure development and investment in existing assets	Fixed and floating	Yes	8% to 10%



Evolution of Private Credit

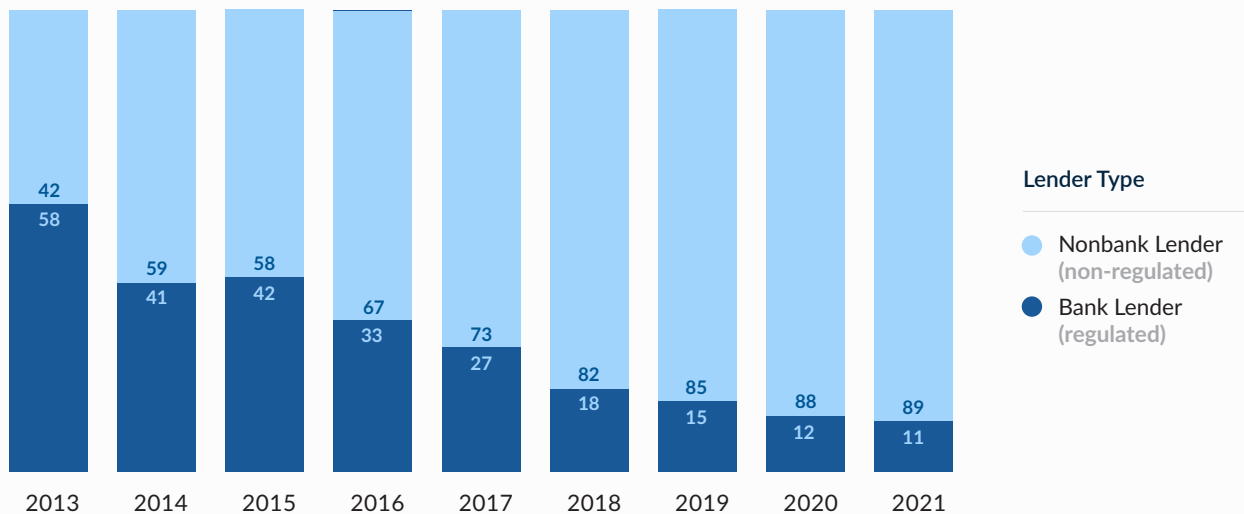
Private Lending has been bridging the gap between banks' shrinking balance sheets and steady demand from middle market corporations and investors. The confluence of supply and demand has catapulted private credit investing to the fore.



Shrinking Supply Of Bank Loans

Traditionally, the activity of originating private loans sat with the banks. In the wake of the Global Financial Crisis, tighter banking regulations and higher capital charges significantly hindered the banks' ability to profitably provide financing to a significant portion of borrowers. The result was a significant void in the market which non-bank lenders stepped in to fill.

Sponsored Middle-Market Deals by Lender Type (%)



Source: Refinitiv (deals submitted by private database)

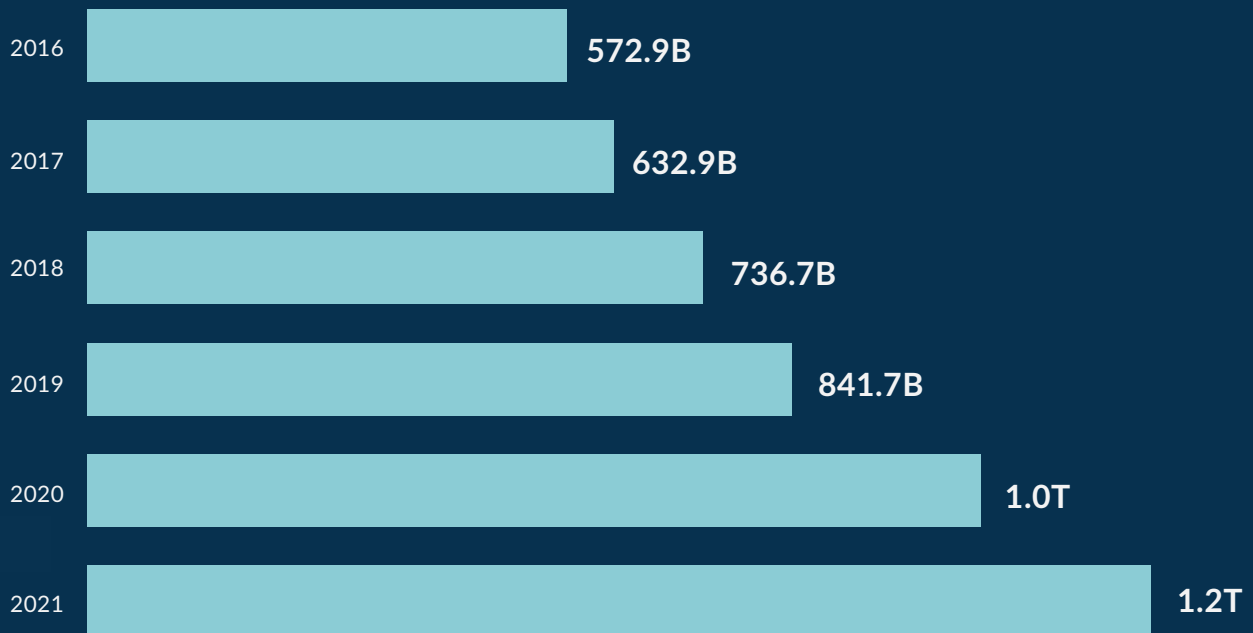
Search for Yield Drives Demand for Private Credit

The multi-decade decline in interest rates left investors unable to meet income requirements. Investors began seeking new opportunities to generate cash yields such as through real estate, infrastructure and private equity investments. With significant assets under management flowing to private equity categories, the demand for debt to create leverage in these deals grew commensurately.

Furthermore, the proliferation of new fund structures has democratized access to private market opportunities. The array of structures now available to cater to distinct investor needs has further fueled demand as the benefits of private credit become more widely appreciated.

Private credit managers have amassed almost \$1.2 trillion from investors.

■ Global Private Credit Assets Under Management



Source: Preqin/Bloomberg
All figures are in USD and as of December 31, except for 2021 which is as of September 30

The Case for Private Credit

Investors need to reassess the role that traditional fixed income plays in a well-balanced portfolio in an environment of elevated inflation and rising interest rates.

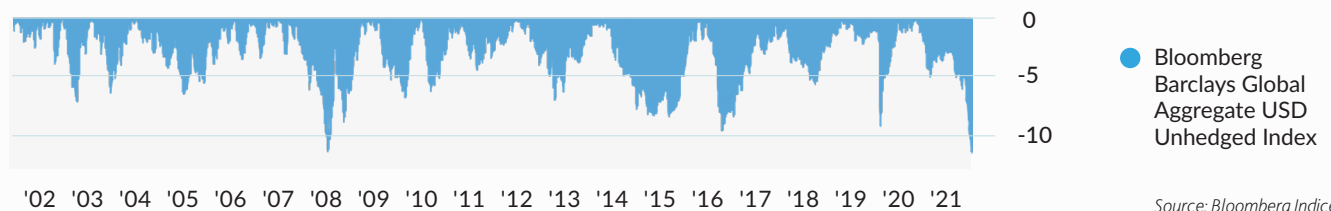


A Challenging Environment for Traditional Fixed Income

Fixed income investors have benefitted from solid returns over the last several decades, with interest rates falling to rock bottom levels. In turn, investors have been rewarded with a combination of positive returns and capital preservation over that time horizon. It may prove difficult to replicate solid results going forward – while offering little in the way of income generation, the low starting point for interest rates has condemned government bonds to future losses. As a result, questions have surfaced about the inherent safety of the so-called conservative asset class. At the same time, both cyclical and structural drivers are set to keep inflation elevated. As a result, policymakers are forging ahead with their plans to normalize monetary policy in response to the strongest inflation in decades that’s shown little sign of letting-up.

With inflation running strong and central banks poised to withdraw support at an expedited pace, the path of least resistance for interest rates should be higher. Consequently, traditional fixed income strategies are unlikely to play the same role of providing both stability and income in the portfolio setting, with far too little coupon income to offset any capital losses as interest rates rise.

The Worst Drawdown on Record for Global Fixed Income (%)



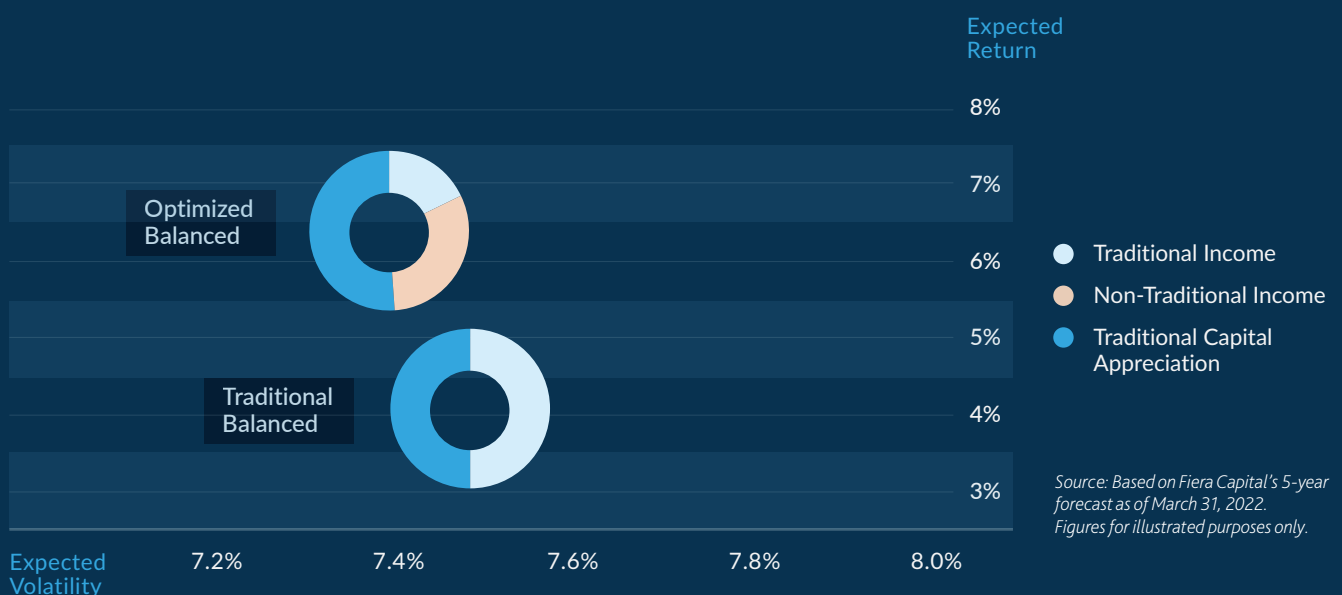
The Solution

This macroeconomic outlook requires an expanded set of investment opportunities, and the natural evolution for those seeking both stability and higher yield is a pivot towards private credit. The construction of a well-balanced portfolio will need to consider higher allocations to private credit in order to compensate for sub-par returns in the traditional fixed income space.

Private credit offers distinct advantages and appeal in a low return and potentially more volatile macro environment:

- Can generate a higher, more sustainable income stream than traditional income strategies. Low correlation to traditional asset classes provides diversification benefits and a reduction in overall risk.
- Provides a structural source of incremental yield given the illiquidity and complexity premia achieved in private markets.
- Less susceptible to significant price swings or outflows if there is broader market volatility.
- While the next few years promise to be volatile as interest rates rise, private credit is a viable option for those looking for security and yield. Much of the sector utilizes floating-rate structures, insulating returns from changes to interest rates.

The inclusion of private credit can significantly improve a portfolio's risk-adjusted performance



Fiera Private Credit Platform

The Fiera Private Credit platform offers investment expertise across real estate, corporate and infrastructure financing that spans across Canada, the United States, Europe and Asia.



A Compelling Risk-Reward Proposition

- ▶ Private Credit strategies offer more favourable risk-adjusted returns than traditional investment grade and high yield bonds. The enhanced yield generation potential in private credit is particularly attractive in the low interest rate environment.
- ▶ While traditional fixed income asset classes are vulnerable as interest rates rise, many of our private credit strategies invest in floating rate loans, which may act as a hedge to changes in monetary policy and interest rates.
- ▶ Additionally, the higher fixed rate coupons achieved in private market lending provide a significant cushion in a rising rate environment.



Diversified Lending	Diversified Credit Solutions
<p>Description: A one-stop, global diversified credit portfolio of Fiera Private Credit strategies</p> <p>Geography: Global</p> <p>Loan Terms: 1-2 years</p> <p>Loan Type: Primarily senior secured across real estate, corporate, and infrastructure loans</p>	

Asia Direct Lending	Real Estate Loans
<p>Description: Short-term bridge and construction financing</p> <p>Geography: Australia; New Zealand; Korea</p> <p>Loan Terms: 1-3 years</p> <p>Loan Type: 1st and 2nd lien</p>	

Real Estate Financing	Real Estate Loans
<p>Description: Short-term financing to real estate developers and property owners</p> <p>Geography: Canada</p> <p>Loan Terms: 1-2 years</p> <p>Loan Type: 1st and 2nd lien</p>	

Business Financing	Corporate Loans
<p>Description: Short-term lower middle market corporate financing</p> <p>Geography: Canada</p> <p>Loan Terms: 1-2 years</p> <p>Loan Type: 1st and 2nd lien</p>	

Enhanced Private Debt	Corporate Loans
<p>Description: Medium-term lower middle market corporate financing</p> <p>Geography: Canada</p> <p>Loan Terms: 2-5 years</p> <p>Loan Type: 1st and 2nd Lien</p>	

Corporate Mid-Market Private Debt	Corporate Loans
<p>Description: Long-term lower middle market corporate financing</p> <p>Geography: Canada</p> <p>Loan Terms: 5-10 years</p> <p>Loan Type: 1st Lien</p>	

Private Credit Opportunities

Corporate Loans

Description: Financing to middle-market companies

Geography: U.S.; Western Europe

Loan Terms: 2-5 years

Loan Type: 1st and 2nd lien; mezzanine

Infrastructure High Yield Private Debt

Infrastructure Loans

Description: Specialized direct lending; focusing on high-yield middle market infrastructure

Geography: North America

Loan Terms: 3-5 years

Loan Type: Senior secured, holdco, mezzanine

Infrastructure Private Debt

Infrastructure Loans

Description: Specialized direct lending; focusing on senior secured middle market infrastructure

Geography: North America

Loan Terms: 7-10 years

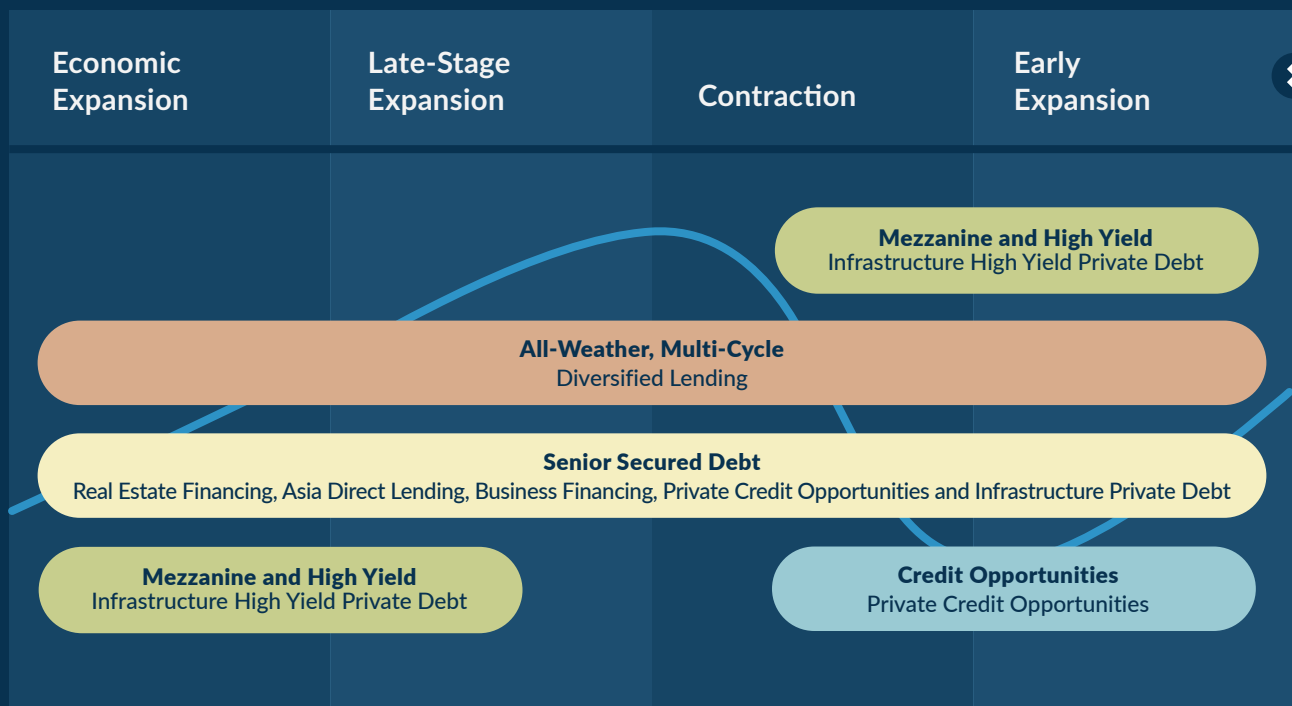
Loan Type: Senior secured – max 30% mezzanine

The above strategies are managed and offered by various subsidiary firms of Fiera Capital Corporation.

An All-Encompassing Approach to Private Credit

With the flexibility to invest across the capital structure, collateral type, loan structure, and geography, our expansive investment platform creates the opportunity for investors to capitalize throughout all stages of the economic cycle.

Private Credit Strategies Across the Economic Cycle



ESG from a Creditor's Perspective

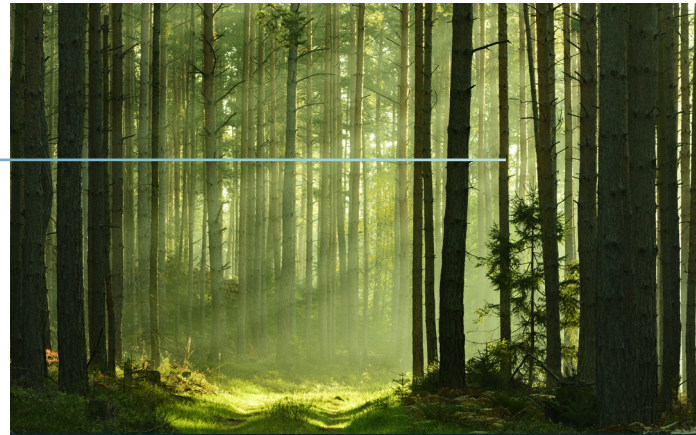
At Fiera Capital, we are committed to ensuring that environmental, social and governance (ESG) considerations are fully integrated into our investment processes from sourcing, due diligence and risk assessment, decision making and post-investment portfolio management.

We believe that businesses that effectively manage ESG factors have superior long-term prospects, and are more likely to create sustainable long-term value, than those that do not.

Incorporating assessment of ESG management in the due diligence on prospective borrowers assists in evaluating the credit worthiness of the business and can materially reduce our risk. Evaluating ESG performance is an important consideration in determining whether an investment is viable and attractive.

Fiera Capital's private credit investment professionals integrate the consideration and thoughtful management of material ESG factors throughout the investment cycle, including at sourcing, due-diligence, final investment decision, and ongoing portfolio management of our debt investments.

We apply our judgment and expertise in assessing risks and opportunities related to material ESG factors. In order to support this effort, we may revert to PRI's principles and other industry frameworks to help achieve the voluntary performance standards. We base the assessment of ourselves and borrowers during the evaluation and ongoing management of our investments. The approaches are also tailored according to each strategy.



Private Credit ESG Framework

Pre-Investment

- Formal exclusions/screening lists
- Due diligence checklists, ESG materiality
- Investment memos, decisions, tracking
- ESG Analysis (material ESG risks and mitigants, impacts on cash flow and credit quality)
- Identification of sustainability outcomes

Post-Investment

- ESG Performance, incident and controversies monitoring
- Integration in risk management and evaluation

Climate and Sustainability

- Identification of climate risks and opportunities
- Use of climate data metrics and scenario analysis
- Identification of targeted sustainability outcomes

Stewardship

- Collaborative industry engagement

Investor Relations and Reporting

- ESG in fund agreements
- ESG in annual and quarterly reporting

Appendix

Our People

50+

Private Credit investment professionals

130

Professionals providing operational support

Solutions

Diversified Credit Solutions



Jean-Guy Desjardins

C.M., LSc Com, CFA

40+ years experience



Candice Bangsund

CFA

18+ years experience



Majlinda Kamberi

CAIA

15+ years experience

Infrastructure

Infrastructure Private Credit



Jean Gamache

MBA

25+ years experience



Paul Colatrella

MBA

30+ years experience



Katherine McElroy

18+ years experience



Andrew Shannon

MBA, CFA

16+ years experience

Real Estate

Real Estate Private Credit



Jean Gamache
MBA

25+ years experience



Pierre Pelletier

27+ years experience



Rob Petty

36+ years experience



Amit Gupta
MBA

30+ years experience



Joshua Bartlow
MBA

17+ years experience

Corporate

Corporate Private Credit



Jean Gamache
MBA

25+ years experience



Theresa Shutt
CFA, MBA, MA

25+ years experience



**Antoine Bisson
McLernon**
MBA, CFA

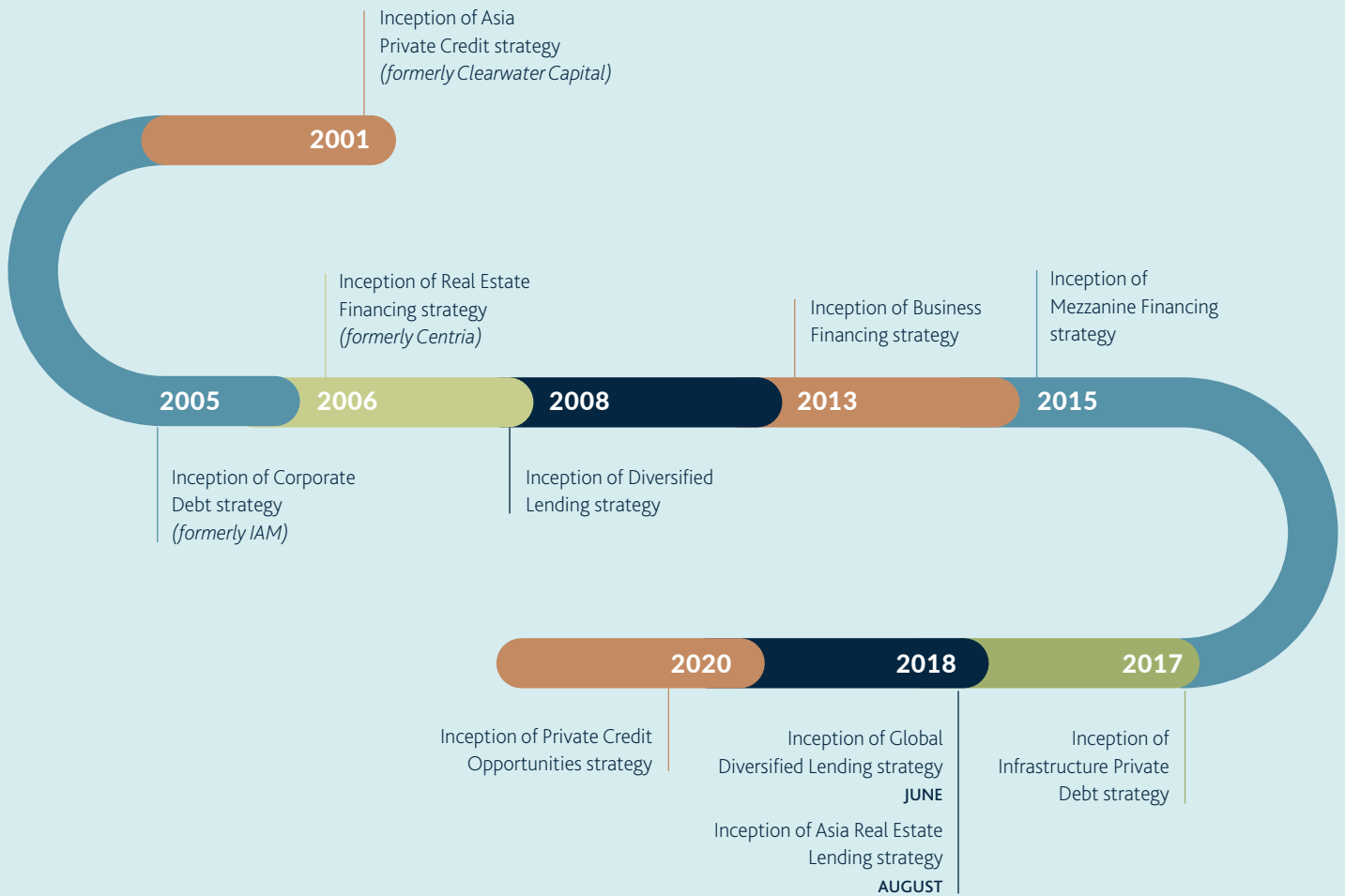
18+ years experience



Mathieu Desforges
LL.B, MBA

24+ years experience

Fiera's Private Credit Historical Timeline



Firm Overview

Fiera Capital is an established asset management firm with a growing global presence and an efficient allocator of capital harnessing the latest in the investment science to create innovative investment solutions and to foster sustainable prosperity for all our stakeholders.

Private Markets are a strategic focus for the firm on a global and regional level.

Specialized investment teams operate independently while benefiting from scale advantages in risk management, research, shared expertise and a common service platform.



We are a firm built for capital allocation excellence, serving the ever-evolving needs of institutional, financial intermediaries, and private wealth clients: the need for the most sophisticated, diversified solutions in public and private markets, and the need to innovate in the face of changing global market conditions.

Our outstanding investment performance has fueled close to two decades of tremendous growth with a track record of significant alpha generation, growing capabilities, strategic acquisitions and geographic expansion. We owe this sustained performance to our exceptional investment teams, and pride ourselves on providing a unique entrepreneurial environment for the finest minds to fully express their intellectual capital to the benefit of our clients and stakeholders.

Key Facts

840+

employees worldwide

Publicly-traded independent Canadian investment management firm

235+

investment professionals

Depth of expertise in public and private markets investment strategies

174.5B

Canadian dollars in AUM*

Headquartered in Montreal with offices across Canada, the United States, Europe and Asia

*As of March 31, 2022

fiera.com

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