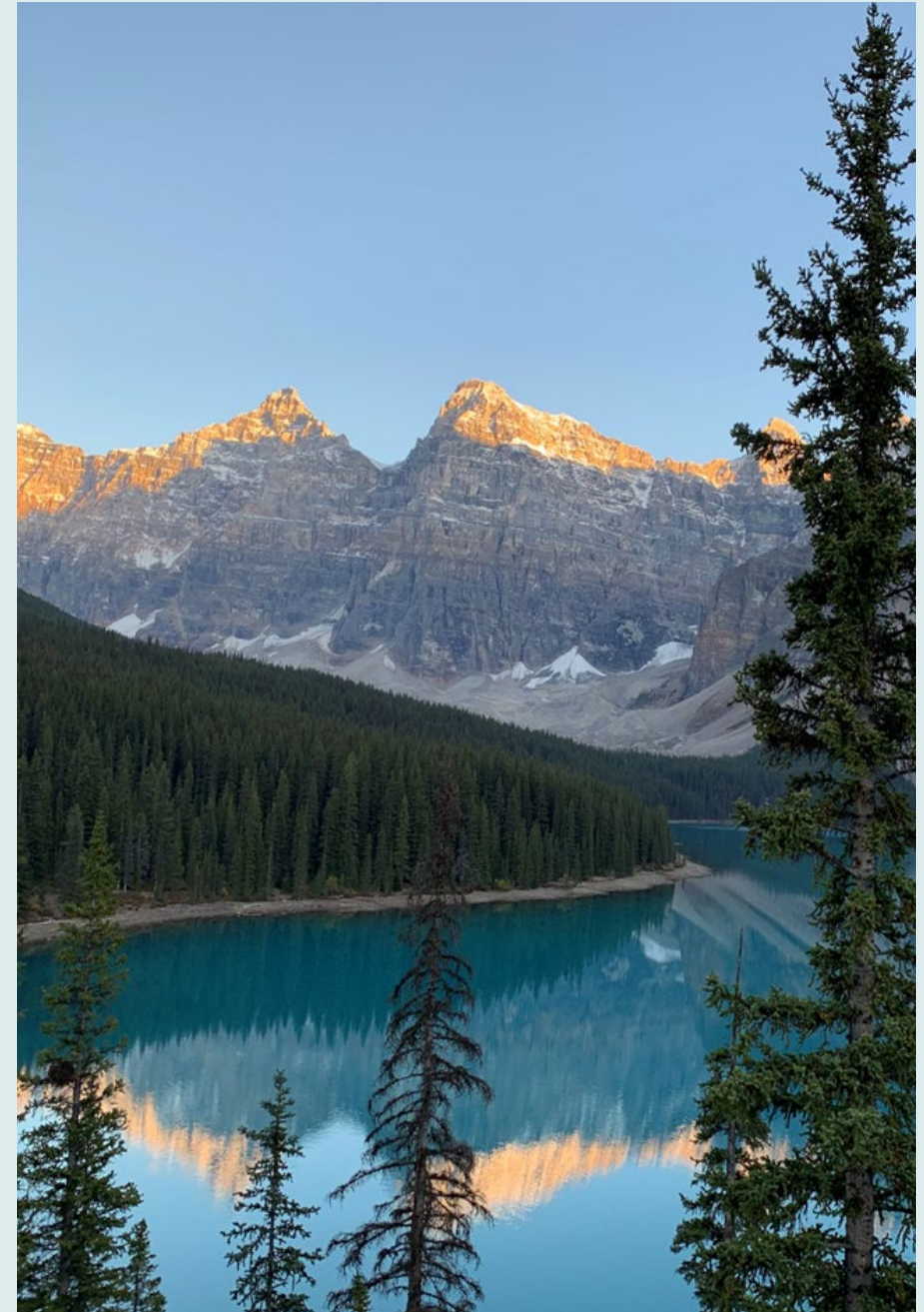
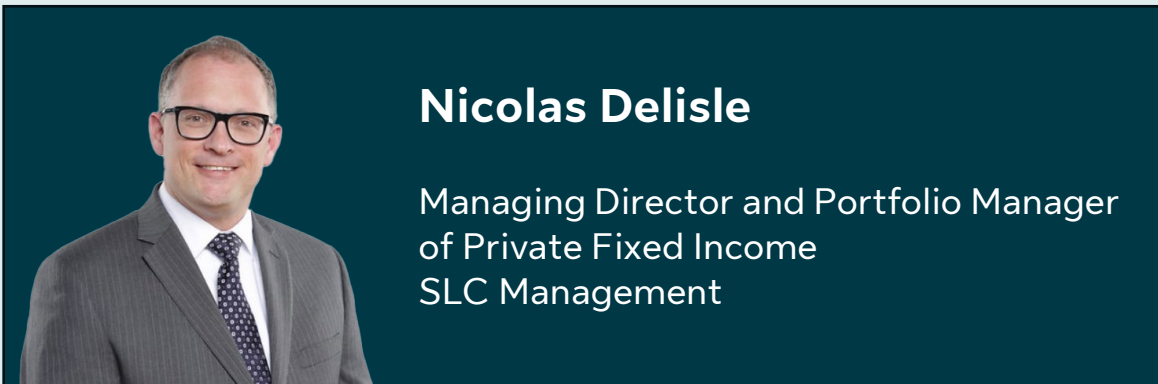


OPPORTUNITIES FOR CANADIAN INVESTORS

Navigating the evolving landscape of fund finance

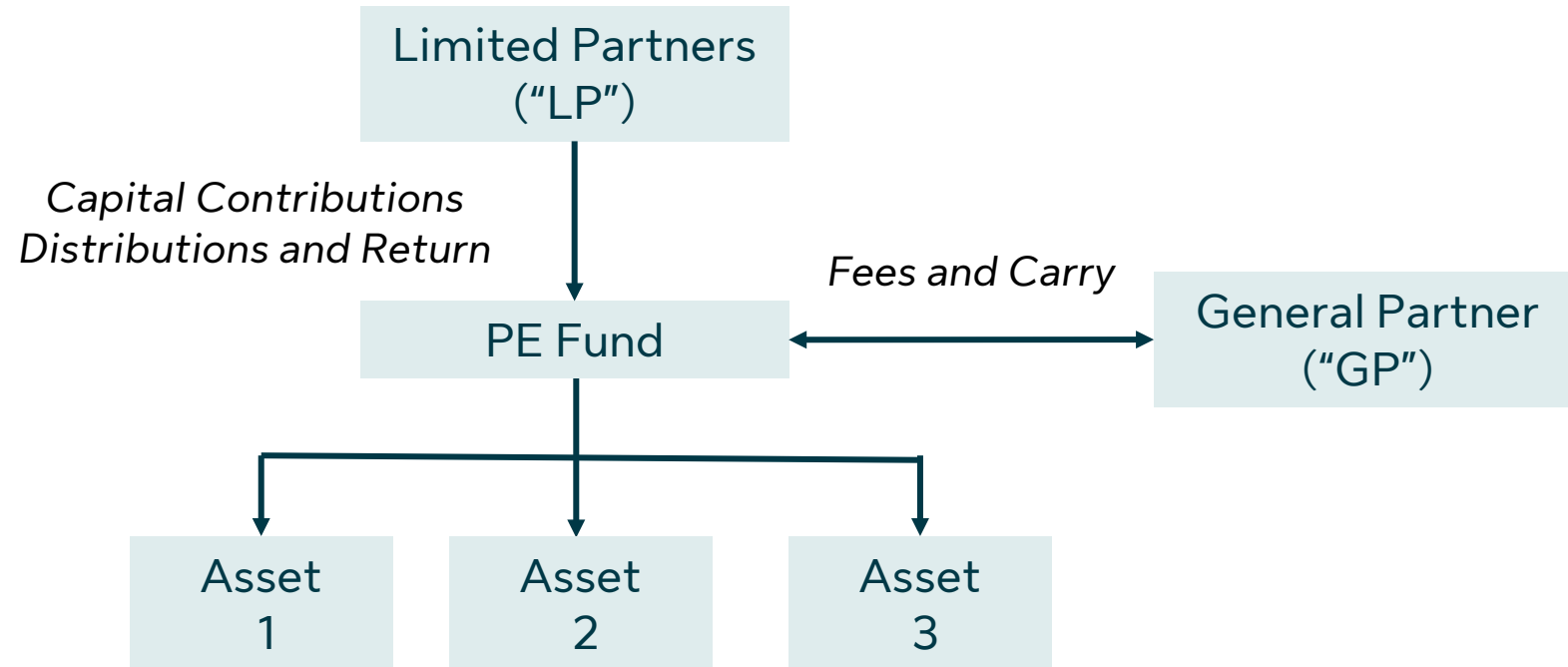


Over the last 10 years, we have seen a...

- Complete change to the Private Equity dynamics
- Coming of age of the Fund Finance asset class
- New asset classes for inclusion into an asset allocation decision

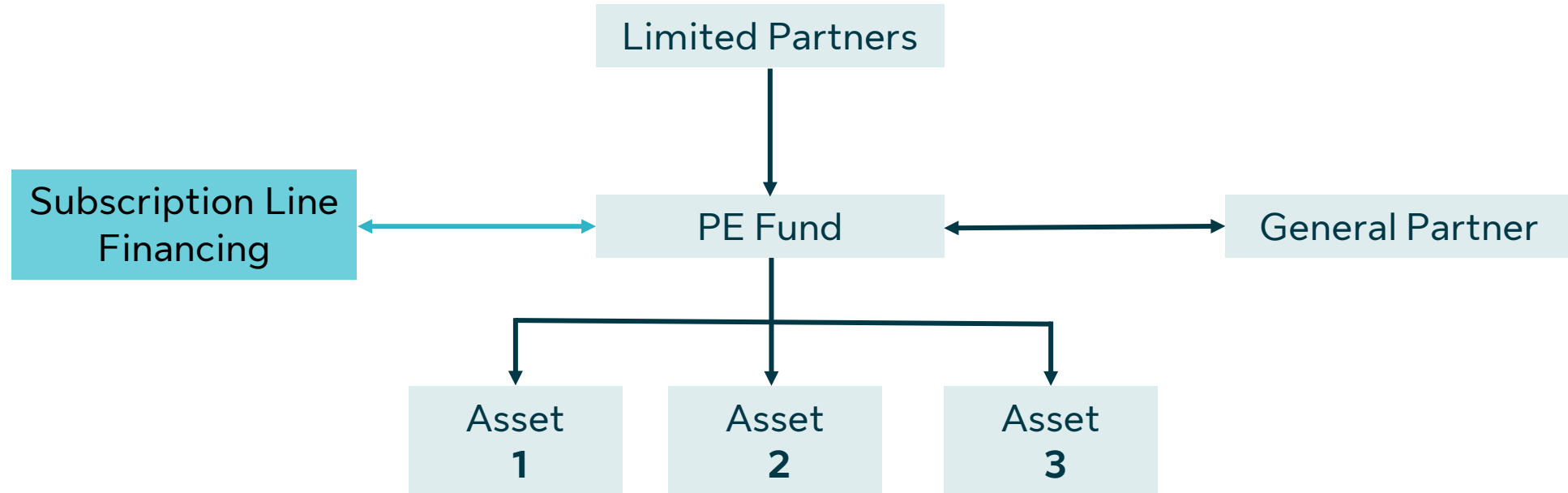


The original environment of the Private Equity Fund

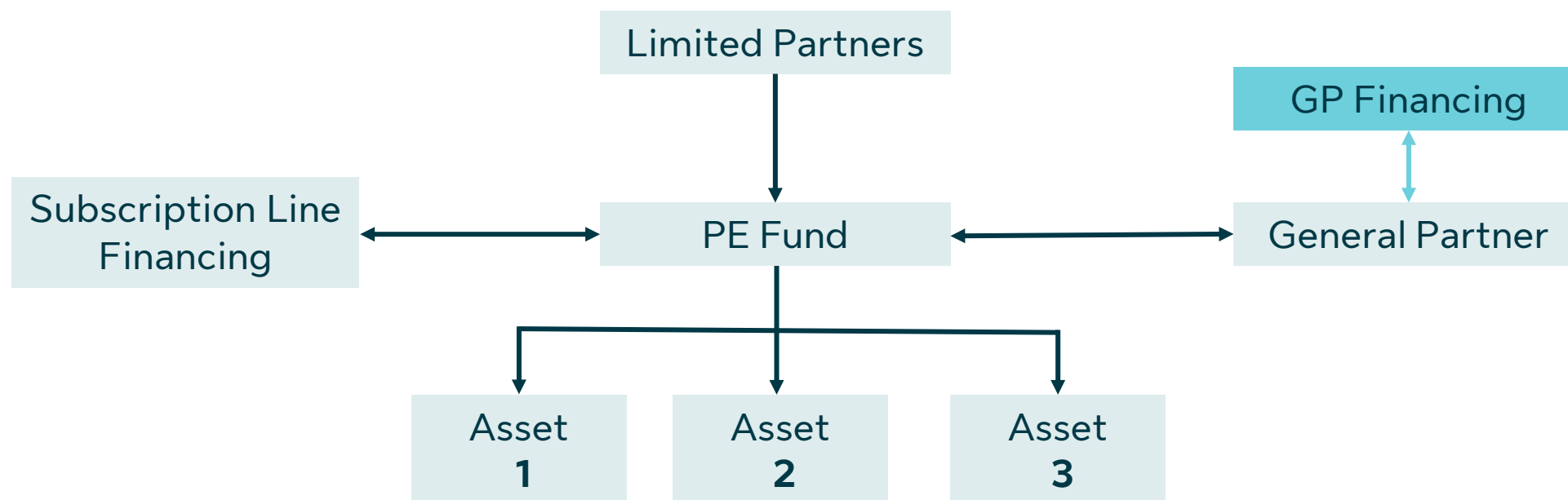


Then, innovation came into place, impacting General Partners, Banks and Lenders, and Limited Partners.

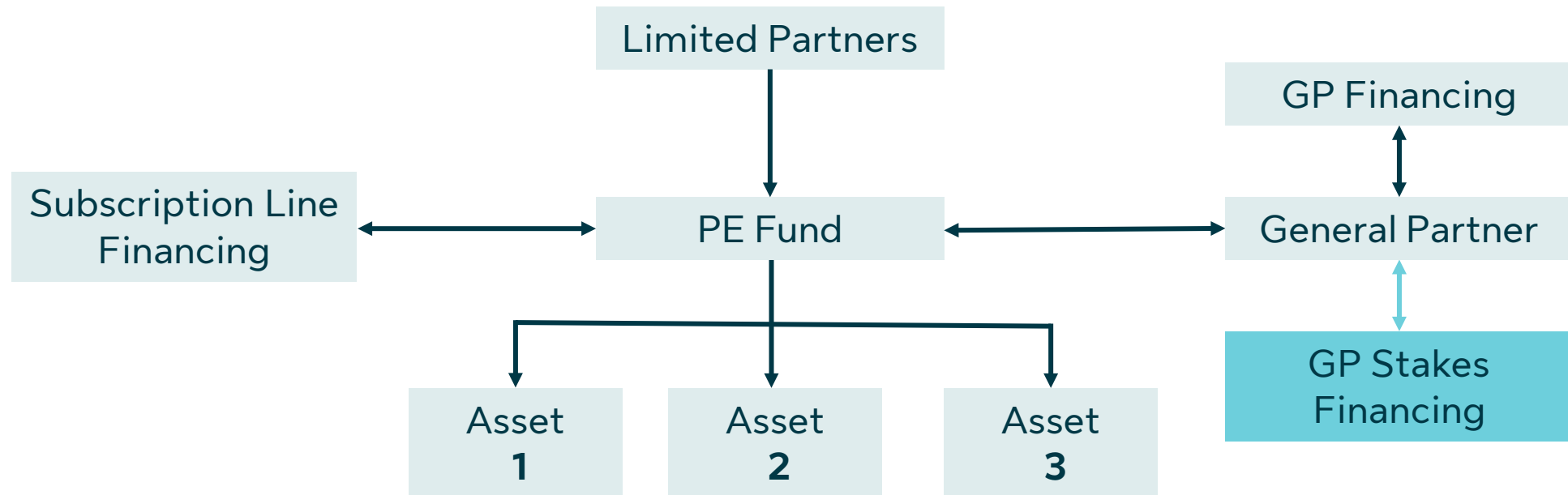
1 **Subscription Financing** evolved from a short-term liquidity tool, allowing for the orderly use of LP capital, to a quasi-permanent source of capital allowing for yield enhancement.



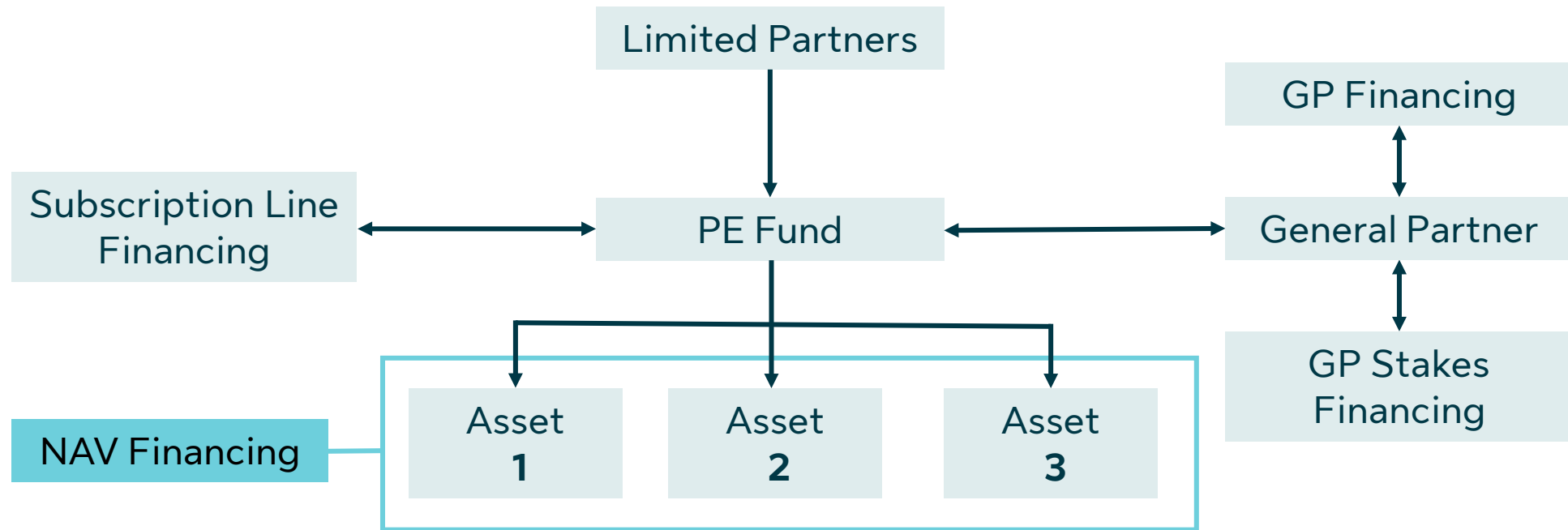
2 GP growth was faster than they could raise capital for themselves. They needed financing for the GP commitment amounts and put up their fees and carry, and their GP interests, as collateral.



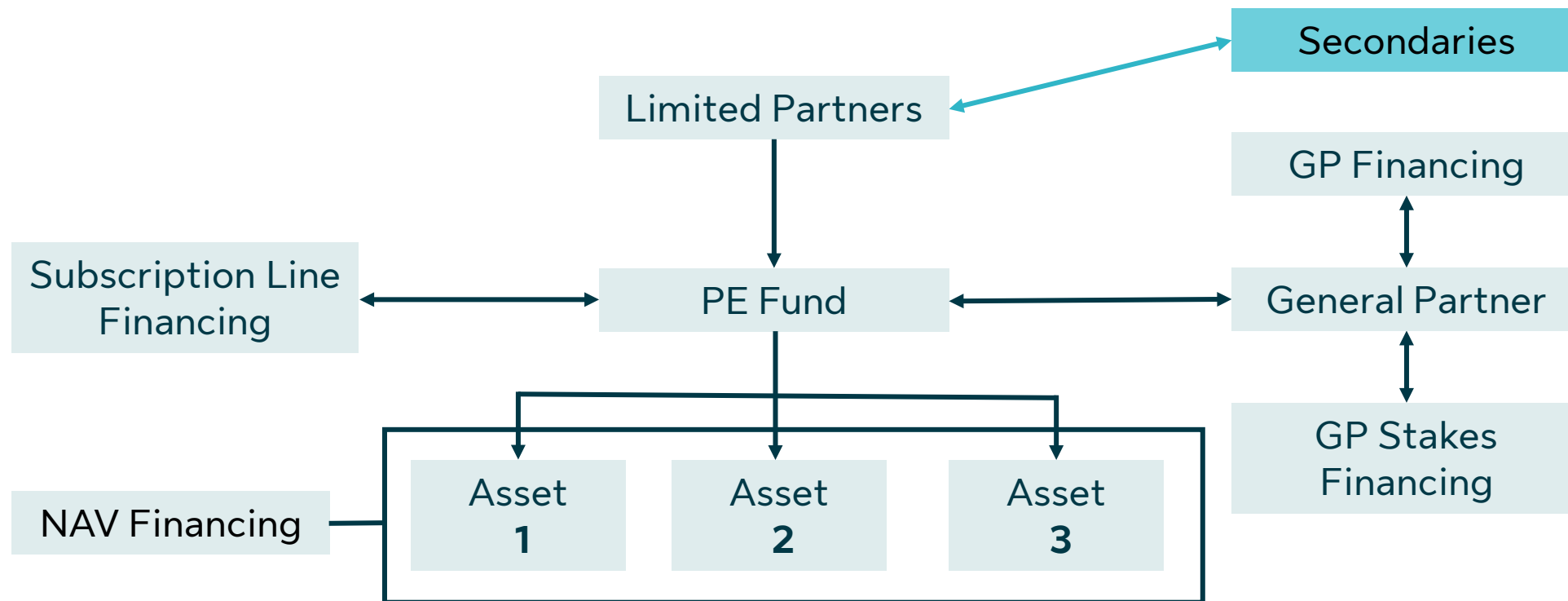
3 GPs realized that the value of their fund had **increased meaningfully**, and minority stakes of their positions could be sold rather than financed.



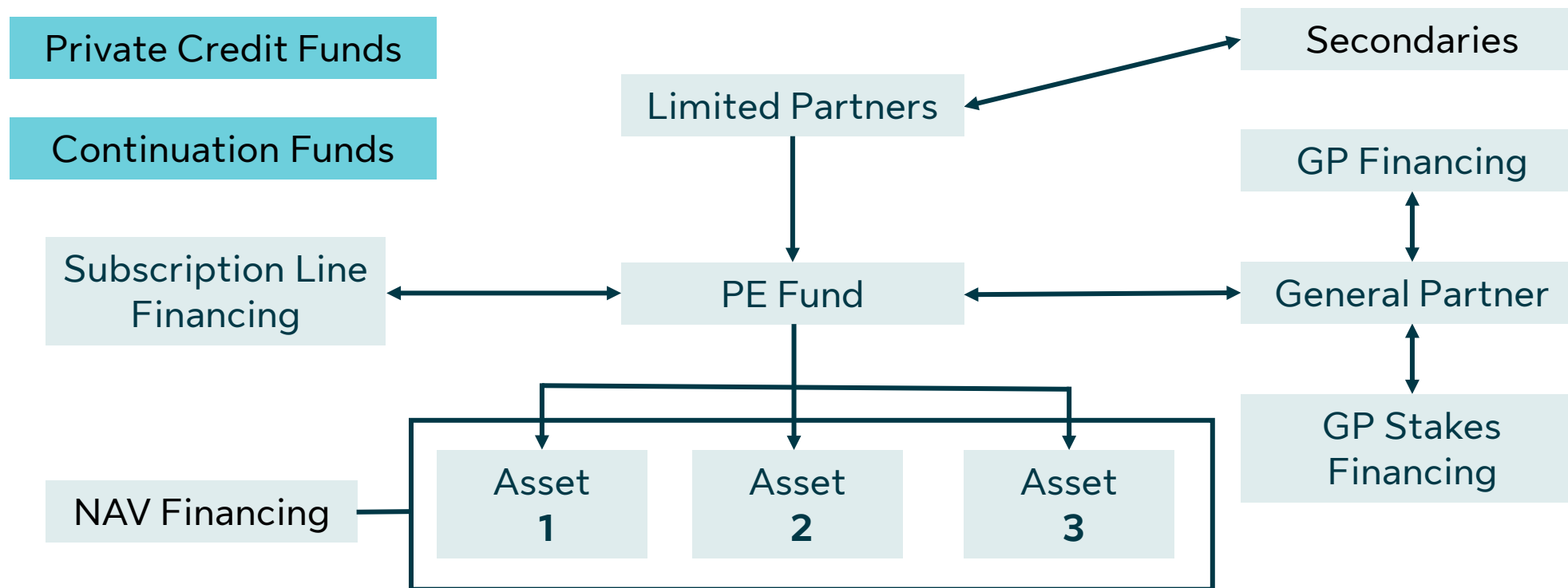
4 GPs realized that the value of the portfolio companies could be levered and used for **liquidity (fees) and acquisitions** without needing to call capital from their Limited Partners.



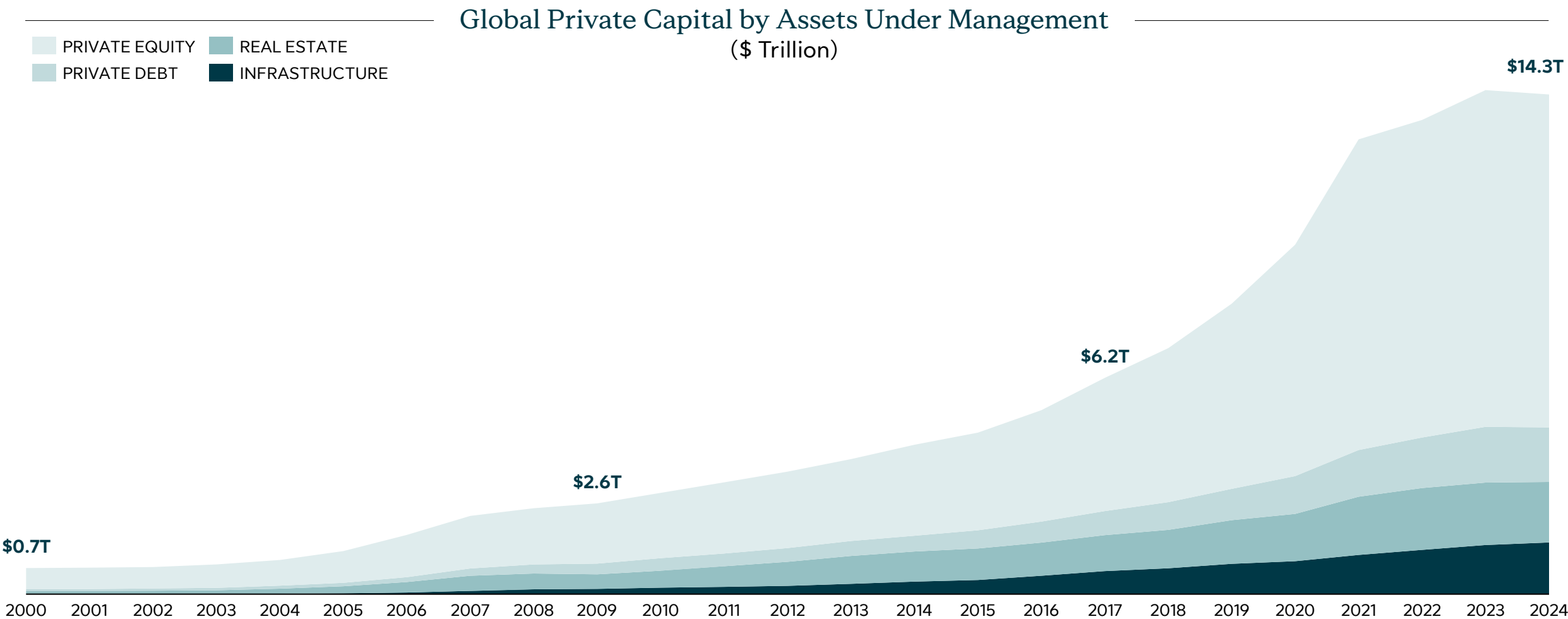
5 LPs started to sell their commitments into funds to either generate liquidity or rebalance their portfolios through **Secondaries**.



6 An extension of the new basic model of Private Equity now includes the **Private Credit** and **Continuation Fund** environments. They have been capital solutions providers to the Private Equity funds but have their own capital requirements.



The rise in fund finance lending has been driven by various factors including the rapid growth in private capital, which has laid the foundation for significant opportunities in fund finance solutions.



Current fundraising is still very strong for larger issuers, supporting a strong opportunity set

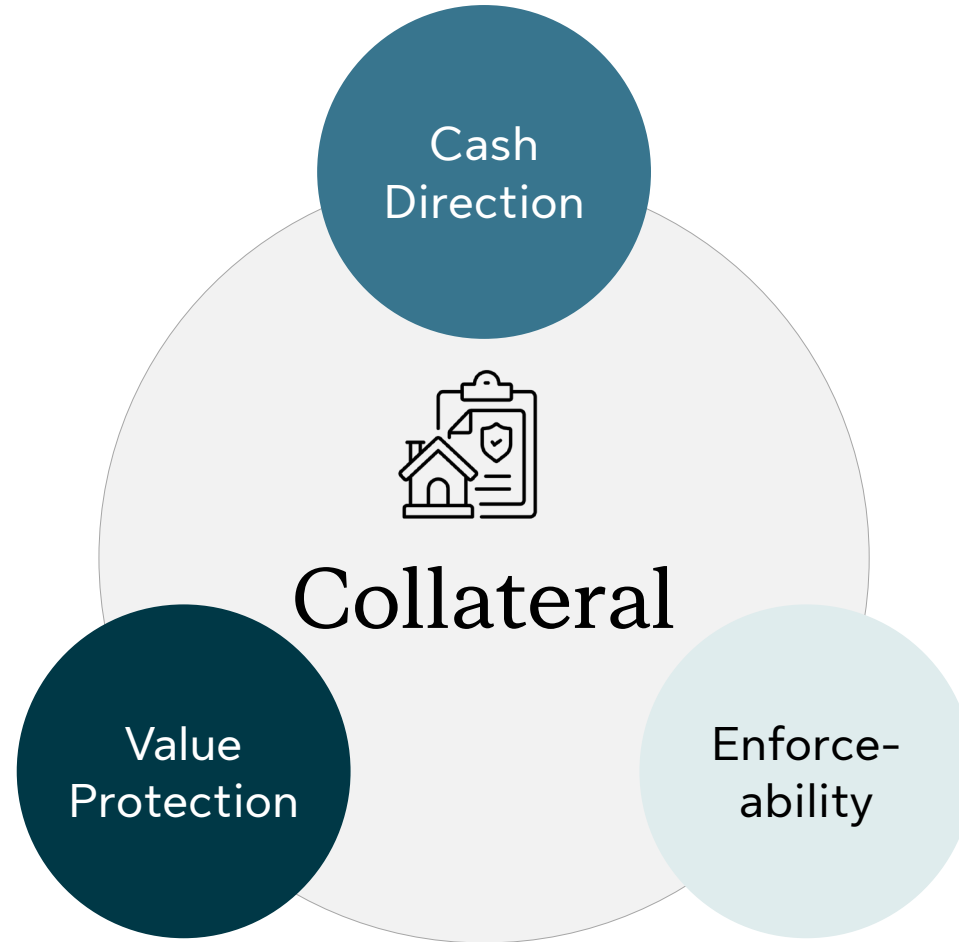
The top 10 current funds in market have a combined target size of **\$168.5 billion**.

Largest funds in market as of January 1st, 2025

Fund name	Target size (\$bn)	Fund strategy
Ardian Secondary Fund IX (ASF IX)	25.0	Secondaries
Blackstone Capital Partners IX	20.0	Buyout
KKR North American Fund XIV	20.0	Buyout
Thoma Bravo Fund XVI	20.0	Buyout
Brookfield Global Transition Fund II	17.0	Buyout
Clearlake Capital Partners VIII	15.0	Buyout
Veritas Capital Fund IX	13.5	Buyout
Blue Owl GP Stakes VI (incl. co-invest)	13.0	Buyout
Insight Partners XIII	12.5	Growth equity
Baring Asia Private Equity Fund IX	12.5	Buyout

Source: PEI International

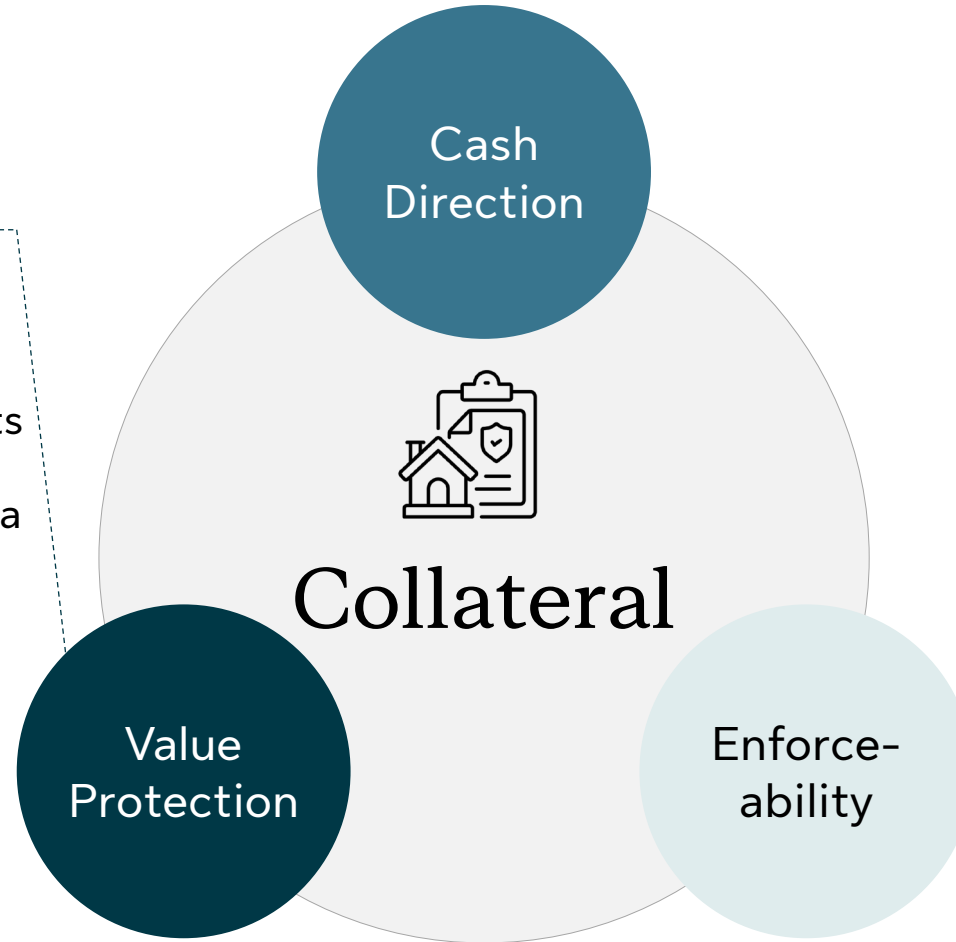
Conservative deal terms and structures across Fund Finance strategies along with the complexity premium of these transactions make them attractive investments.



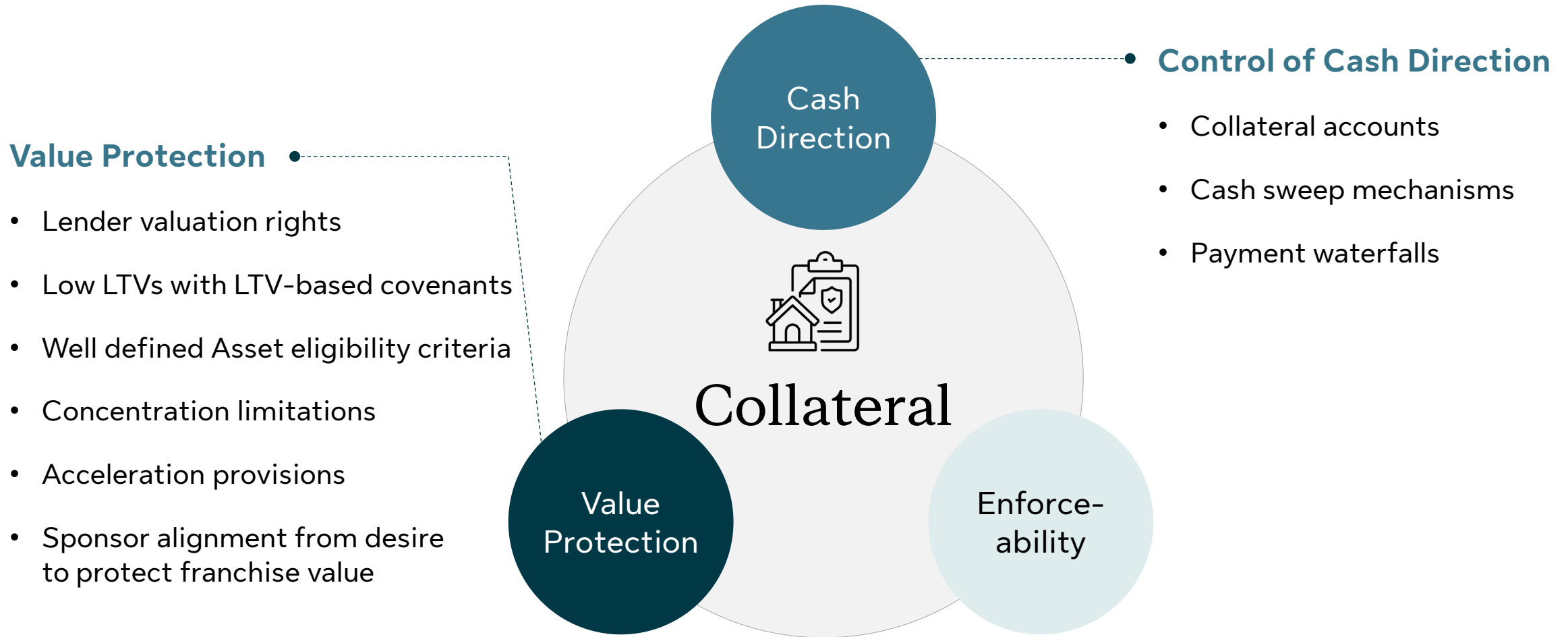
Conservative deal terms and structures across Fund Finance strategies along with the complexity premium of these transactions make them attractive investments.

Value Protection •

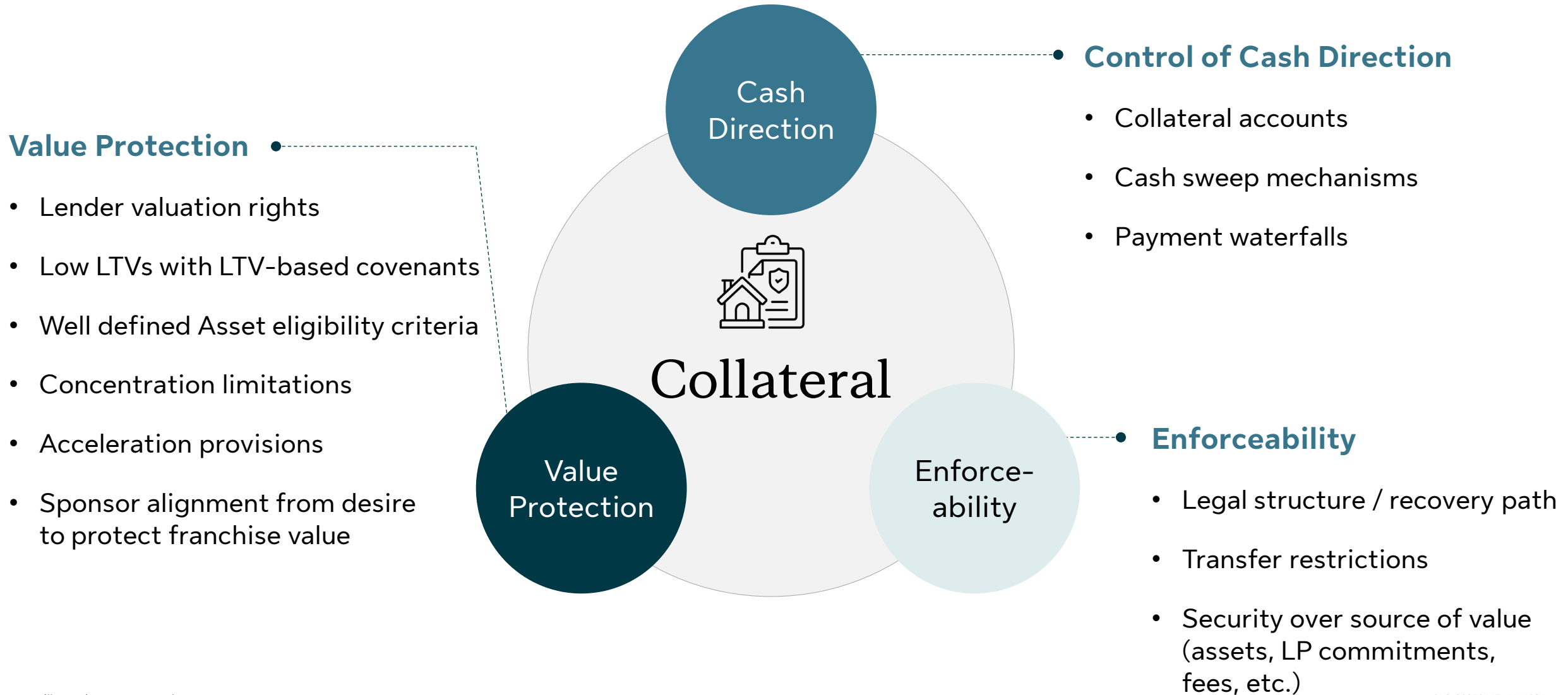
- Lender valuation rights
- Low LTVs with LTV-based covenants
- Well defined Asset eligibility criteria
- Concentration limitations
- Acceleration provisions
- Sponsor alignment from desire to protect franchise value



Conservative deal terms and structures across Fund Finance strategies along with the complexity premium of these transactions make them attractive investments.

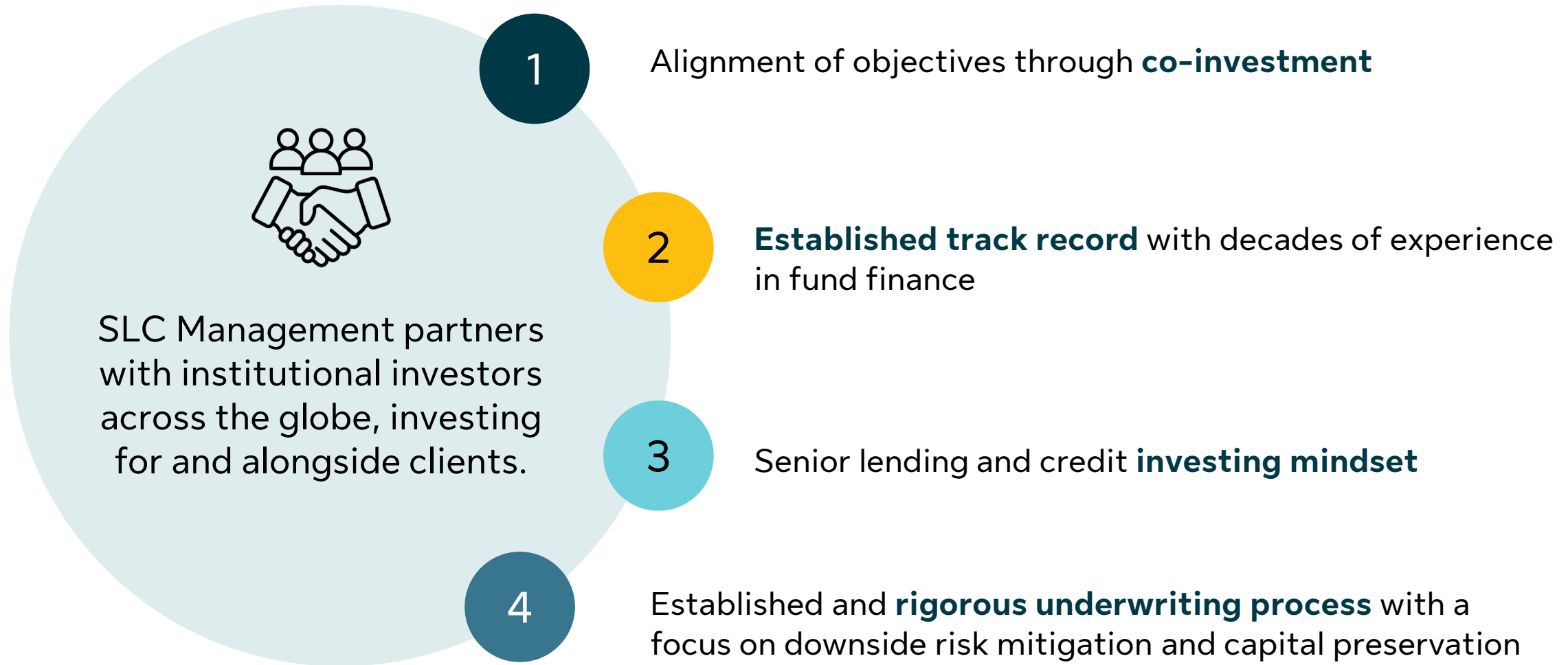


Conservative deal terms and structures across Fund Finance strategies along with the complexity premium of these transactions make them attractive investments.



For illustrative purposes only.

What to look for in a fund finance partner



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