Private Credit Research

June 2023

Market Overview

How is Direct Lending faring in the new world?

IN A NUTSHELL

— The macro-economic conditions for private debt are slowly improving due to lower inflation, less banking turmoil, and economic growth
— Direct Lending is in demand as it combines attractive returns, low volatility, sustainable growth, and defensive sectors
— Positive outlook despite various challenges such as the denominator effect as Direct Lending demonstrated robustness and enduring attractiveness

Introduction

In this paper, Direct Lending and its current market conditions are going to be discussed. Firstly, an overview of the macro-economic back-drop is going to be presented, followed by a briefing on the current Direct Lending market and its dynamics. This section is going to be divided into the competitive landscape, pricing, and sectors. Lastly, the paper is going to look ahead what lenders and borrowers can expect in the coming months and how Direct Lending might fare in the immediate future.

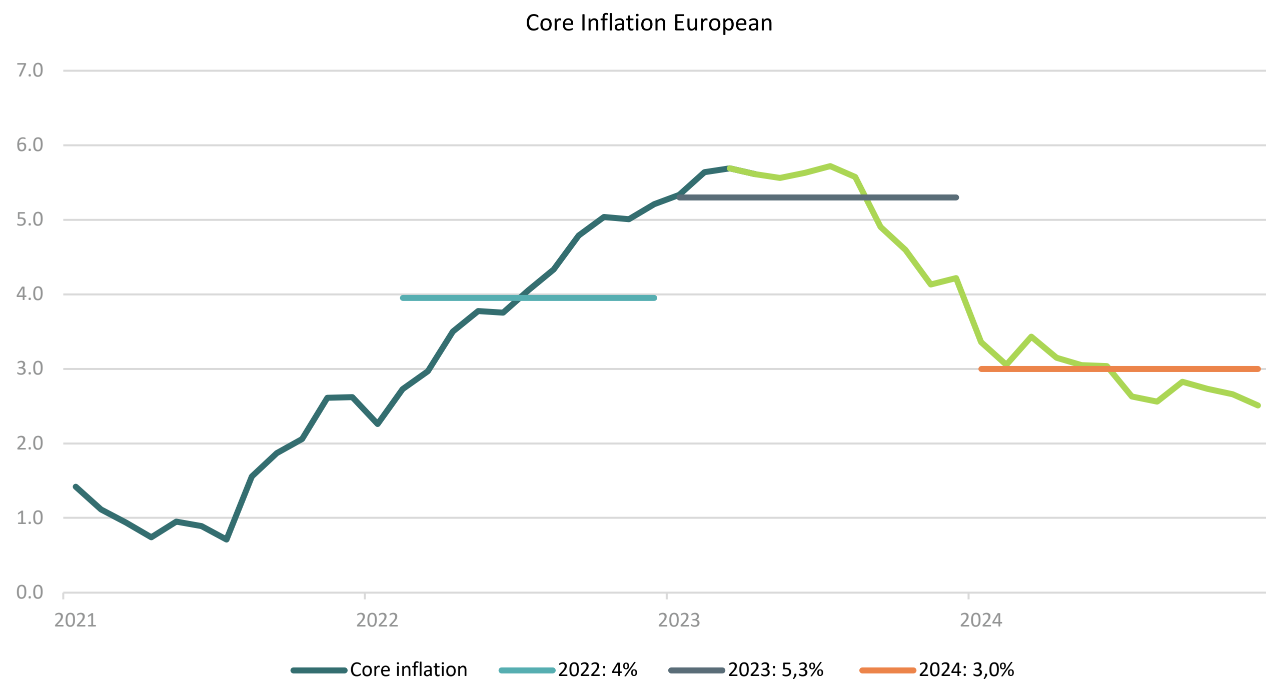
Similarly, to the global stock market, private debt had a great decade of attractive returns and high asset class growth. Between 2012 and 2022 it went from strength to strength and shifted from the periphery of portfolio management to a regular building block in portfolios across the globe. Global growth of more than 200% in the past ten years is testament to the attractiveness and durability of private debt.[1] In the volatile year of 2022, when other asset classes faced strong headwinds the private debt market proved to be resilient and stable. Largely, this was due to private debt's floating-rate nature and its higher focus on non-cyclical sectors, which are more impervious to macro-economic changes. However, as mentioned, most markets cannot make that claim and traditional off-the-shelf 40/60 distribution portfolios suffered in the last eighteen months. One additional consequence, these traditional 40/60 split portfolios must deal with, besides their performance, is the so-called "denominator effect".[2] This effect emerged as a pain point and is prominently featured in discussions surrounding alternative investments incl. Direct Lending. As private markets tend to reflect a drop in valuations with a substantial time lag compared to traded asset classes, a lot of portfolios became lobsided with more exposure than anticipated in private markets. Further, private debt experienced a smaller drop in valuations because of the link to floating interest rates. Thus, some allocations for private debt are now artificially high and investors can be reluctant to increase the share of private debt in their portfolio. Nevertheless, while private market experts expect a slower growth rate due to the denominator effect, they also believe that this demonstrates private debt's stability. Therefore, it should not divert attention away from the unabated interest in and need for private debt and the continuous growth of Direct Lending undeterred by inflation, improving yields from liquid products, and macro=economic instability.[3]

[1] Pitchbook, *What the Future Holds for Private Capital*, January 2023
[2] Preqin, *The Future of Alternatives in 2027*, Fall/Winter 2022
[3] Stepstone, *Relative Attractiveness of Direct Lending: Term and Credit Risk*, February 2023

1 / Macro-Economic Environment

Cautiously optimistic for the future

One can argue that the economies so far had been too unfazed about inflation as unemployment in the OECD countries remained at high levels and core inflation (excluding energy, food, alcohol and tobacco) reached new heights in Europe in February.[4] The complete fallout of the March banking crisis is still to be seen, but it may yet help to bring inflation down to more manageable levels in the Eurozone.



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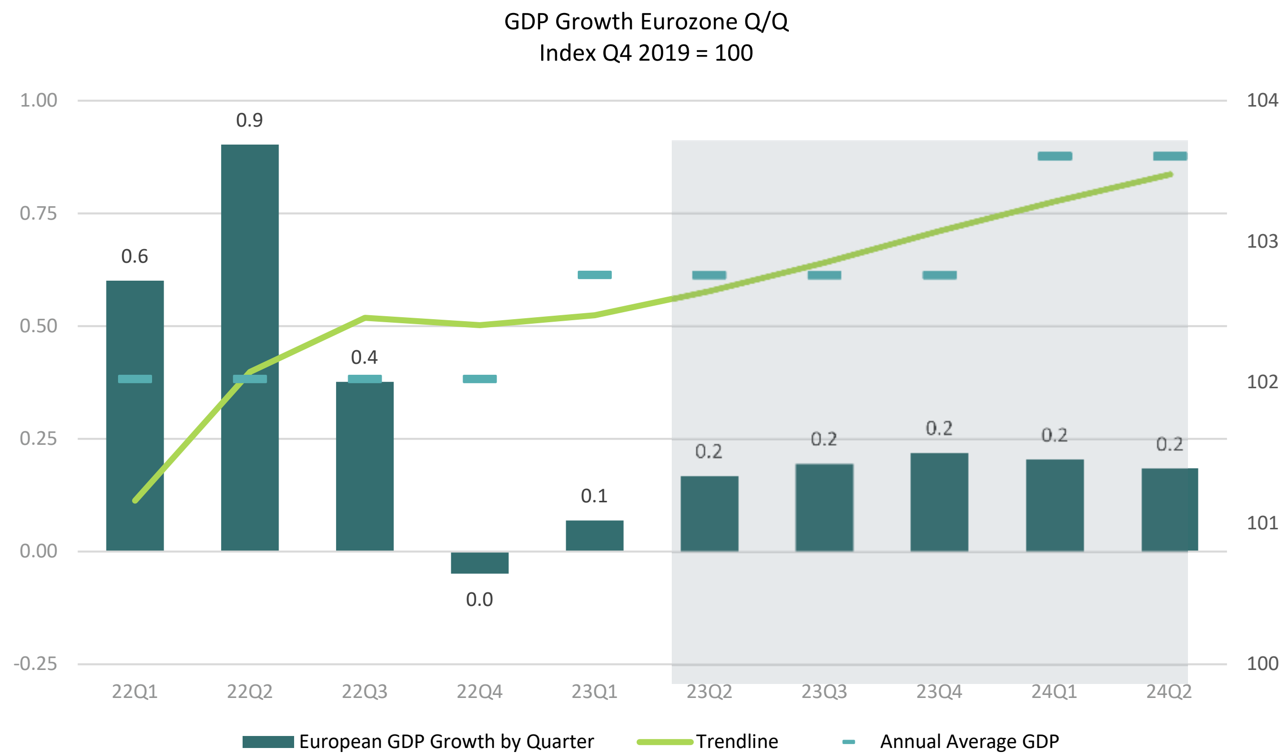
Besides inflation, Europe has been grappling with political unrest in France as protestors make sure that Macron is aware how they feel about his pension reform, which is set to increase the pension age from 62 to 64. Usually, news about a strike in France may not raise any eyebrows, but its neighbor Germany has been dealing with nationwide strikes as well as workers are demanding compensation for the rising costs of living connected to inflation.[6,7] Seemingly, Europe is coming to terms with a new environment on a political level as well. On the supranational frontier Finland was welcomed into NATO whereas its neighbor Sweden still has to be admitted to the alliance since Hungary and Turkey remain skeptic of their application.[8] Lastly, after opening up again China has attempted to broker a deal between Ukraine and Russia. However, the visit of Xi Jinping to Moscow leaves questions about China's impartiality on this matter.[9]

[4] The Economist, *A stubbornly strong economy complicates the fight against inflation*, March 2023
[5] DWS Investment GmbH, *CIO View*, May 2023
[6] CNN, *France wracked by more pension protests amid rising violence on the streets*, March 2023
[7] Reuters, *German workers' strike over pay is matter of survival, union boss tells Bild*, March 2023
[8] Reuters, *Finland to join NATO on Tuesday, Sweden still waiting*, April 2023
[9] BBC, *Putin: China plan could end war, but Ukraine and West not ready for peace*, March 2023

GDP growth in the Eurozone was 0% in Q4 2022 which means that a recession is still on the cards for the union. However, the region was arguably not as bad hit by energy and supply chain constraints as previously expected.[10] Lower growth and possibly a mild recession are still possible, but the economic outlook is more positive than at the end of 2022.



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In the briefing below the current state of Direct Lending and its competing asset classes are discussed as well as an outlook for the coming months against this new macro-economic backdrop.

[10] Reuters, *Euro zone economic growth trimmed to zero q/q at end of 2022*, March 2023
[11] DWS Investment GmbH, *CIO View*, May 2023

2 / Competitive Landscape

Direct Lending's market share continues growing

2.1 Overview

The competitive landscape in the European lending space is still following the long-term trend of banks reducing their exposure or leaving the market. As a result, Direct Lending has been allowed to steadily grow its market share. This trend, which started after the Global Financial Crisis (GFC) can still be felt today. In the aftermath of the GFC, banks were regulated more strictly to prevent another bank lending crisis. On top of the additional regulation in form of, for instance, Basel III, the recent European Central Bank (ECB) directive put more pressure on banks to reduce exposure in leveraged loans. In general, the ECB has adopted the stance that bank loans should not be levered more than six times total debt to EBITDA on a regular basis. Thereby, the ECB is further weakening the position of banks.[12] Especially, as the ECB's definition of total leverage includes also undrawn committed and permitted debt baskets. By applying this definition, banks have significant exposure to more than six times leveraged loans.[13] Therefore, the market's tilt towards alternative lenders is increasing at the moment and in the long-term one can expect a lending market that features traditional and alternative lenders to differing degrees depending on deal sizes and the macro-economic market environment.

Some markets such as the Benelux, where banks have reduced their presence or some have completely pulled out of the market, are now more and more serviced by alternative lenders.[14] On the other hand, recently before the banking crisis there had been signs that banks had not completely retreated from the market. In the future traditional and alternative lenders are going to co-exist next to one another instead of one completely dominating the other.[15] Although the regulatory landscape is favoring alternative lenders at the moment a complete dominance of the European lending market is not to be expected in the near future as some deals are more suitable for banks and some for Direct Lenders. One example where the pendulum has swung towards Direct Lenders, is the mid-market. In this market one discernable trend is that larger players with huge volumes of dry powder have been moving away from EBITDA ranges of EUR 5-25 million to the upper end of the mid-market and beyond. They have been focused on EBITDA ranges from EUR 50 to300 million and have been underwriting increasingly larger tickets.[16] Consequently, in that market are now more opportunities for the other Direct Lenders to service the financing demand of the traditional mid-market. Historically, the traditional mid-market segment has yielded better returns during economic downturns, which is one of the arguments in favor of mid to small market lending.[17,18]

2.2 European Leveraged Loans

In the first months of 2023, the leveraged loan market picked up where it left off in 2022 as the market has experienced significant outflows for several weeks straight.[19] From an new issuance perspective, the market was practically closed in 2022 and slowly re-opened in the first weeks of 2023 with issuances from some reputable names such as Ineos and Altice[20, 21] Seemingly, others followed their example and took the opportunity to raise additional debt for acquisitions undertaken in 2022. While issuances have slightly picked up, concern over the higher financing terms remains.[22] In addition, the uncertainty in the market for new issuance remains a risk, especially when volatility comes in the equity markets following unexpected events like the fall of SVB. One example is Albea, which after the banking crisis unfolded had

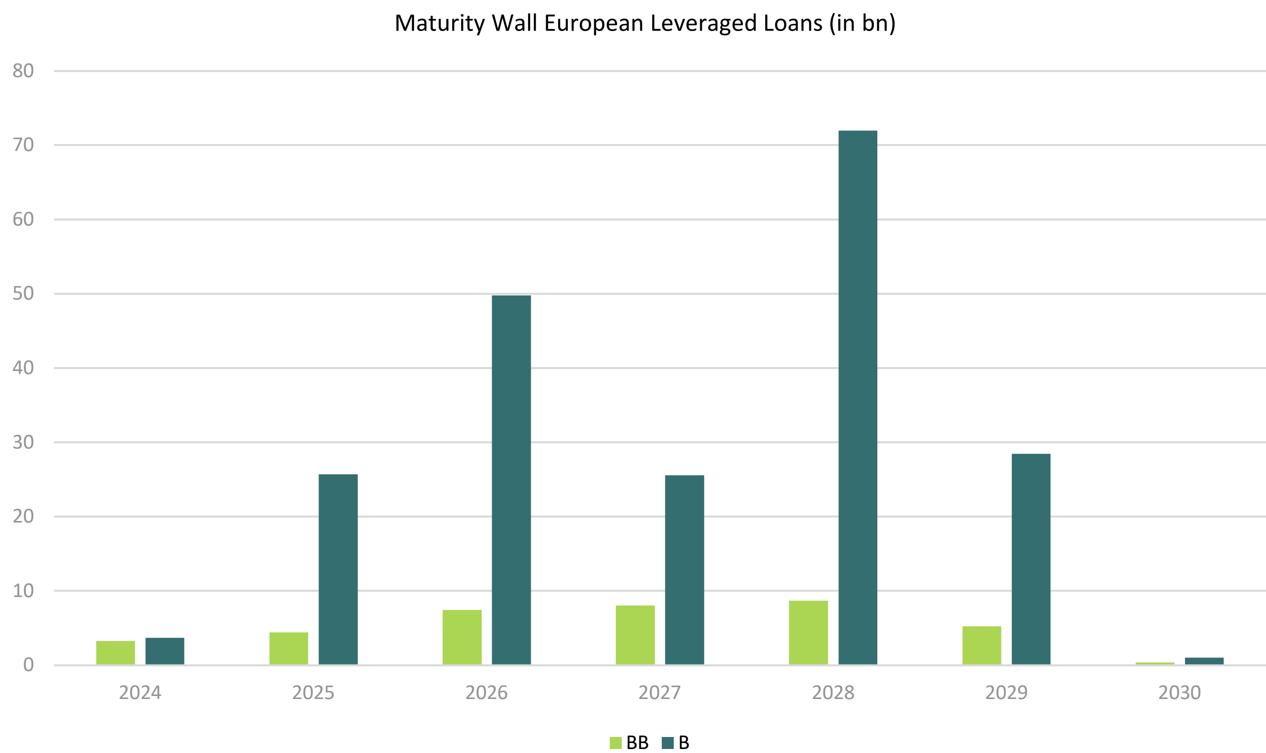
[12] Deloitte, *Deloitte Private Debt Deal Tracker Spring 2023*, April 2023
[13] Financial Times, *ECB warns eurozone lenders over leveraged loan risk*, February 2022
[14] PDI, *Regional Debt Guide: Benelux speeds up*, May 2023
[15] Pitchbook, 2023 European Private Credit Outlook: Direct lenders retain optimism, January 2023
[16] LCD, *Ares Capital lends to larger companies in Q4; loans to Avalara, Zendesk emerge*, February 2023
[17] Pitchbook, *2023 European Leveraged Loan Outlook: Tough road to recovery*, December 2022
[18] DWS International, *internal research*, May 2023
[19] Pitchbook, *Leveraged loan funds see largest withdraw of 2023 as investors take pause*, March 2023
[20] LCD*, Ineos sets call for €2B cross-border debt for refinancing*, February 2023
[21] LCD, *Altice France completes extension of existing USD TLBs into $4.26B TLB-14; terms*, January 2023
[22] Pitchbook, *Credit quality declines for European leveraged loans amid ratings shift*, January 2023

to price wider than its original guidance and its refinancing priced at E+500bps margin and an OID of 94 compared to 300bps margin in its previous financing.[23] Arguably, the uncertainty results in a more careful approach for underwriting from borrowers and banks. Therefore, most of new issuances are connected to transactions, which did not require underwriting such as smaller add-on issuances and refinancing of maturing tranches, as well as historic long positions of banks that are finally being placed.[24]

One sentiment in the market is that default rates in the leveraged loans market are going to stay artificially low for the foreseeable future. As an explanation some market participants argue, that the overwhelmingly cov-lite structures from the past years are, for now, allowing firms to survive.[25] Moreover, the weak covenants agreed in the past are one of the reasons why many market observers predict a longer default period rather than one spike in defaults.[26] This can be observed with some credits like IGM Resins and Keter, which have been downgraded to CCC without a formal default, while for example Flint's financing had to be restructured.[27, 28] Another blow is that due to the low activity in 2022 and uncertainty for underwriting remains also in 2023, Direct Lending ate into the market share of transactions, which were traditionally serviced by syndicated leveraged loans. One of the advantages of working with Direct Lending is that it allows for easier managing stakeholders, by working with just one or a small number of lenders.[29] Further, the traditional advantage leveraged loans held in form of pricing and liquidity was partially eroded in 2022. Market players experienced lower liquidity in small tranches during the Covid outbreak when they wanted to trade out. As a result, an illiquidity premium was often required in recent years for new transactions below EUR 500m, which made the leveraged loan instrument less attractive with higher execution risk compared with Direct Lending.[30]

Due to this leveraged loan market dislocation and tough market conditions in fixed income, Direct Lending swept in and took advantage.[31] In a post-covid era the low default rates in private market are an additional advantage Direct Lending holds over leveraged loans. Some questions over the quality of loans in the European leveraged loans index (ELLI) index are being raised as their quality is declining, leaving them more vulnerable to defaults. With regards to the looming recession just like in Direct Lending, defensive sectors are tipped off as a safe haven by a survey from Pitchbook.[32] However, under closer inspection many of the underlying loans in the ELLI are not from defensive sectors.[33] Instead, many are from cyclical sectors and one can extrapolate from the data that some companies could have trouble meeting their loan obligations in case of an economic downturn. Lastly, more than 50% of the outstanding amount maturing before 2025 is owed by issuers that are active in the aforementioned cyclical sectors. Hence, they are left with the daunting question whether to refinance now or hope that conditions are going to be better in a few months' time.[34] Obviously, they would be putting themselves in peril of even worse conditions as supply and demand is allowing Direct Lenders to negotiate better terms.[35]

[23] Pitchbook, *Albea Beauty revises price talk on €566M term loan refinancing, extension*, March 2023
[24] DWS International, *internal research*, May 2023
[25] LCD, *Leveraged Finance Survey, Europe: Outlook remains bearish*, December 2022
[26] Pitchbook, *2023 European Leveraged Loan Outlook: Tough road to recovery*, December 2022
[27] Pitchbook, *Keter downgraded to CCC on loan refinancing risk*, March 2023
[28] Pitchbook, *Flint downgraded to SD at S&P on restructuring agreement*, March 2023
[29] LCD, *Eager for deals, private credit providers look to high-yield bond market*, May 2022
[30] DWS Investment GmbH, *internal research*, May 2023
[31] PDI, *Mid Market Lending - the continued growth of direct lending*, April 2023
[32] LCD, *Leveraged Finance Survey, Europe: Outlook remains bearish*, December 2022
[33] LCD, *ELLI index constituent data*, May 2023
[34] LCD, *Maturity wall looms large for Europe's riskiest leveraged loans*, April 2023
[35] PDI, *Mid Market Lending - the continued growth of direct lending*, April 2023



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After last year's poor performance, leveraged loans are forecasted to default more and at the same time enjoy more issuances this year according to Fitch. Although an increase in issuances is likely to continue, borrowers are going to struggle with the higher interest rate environment and reducing leverage at the same time.[37]

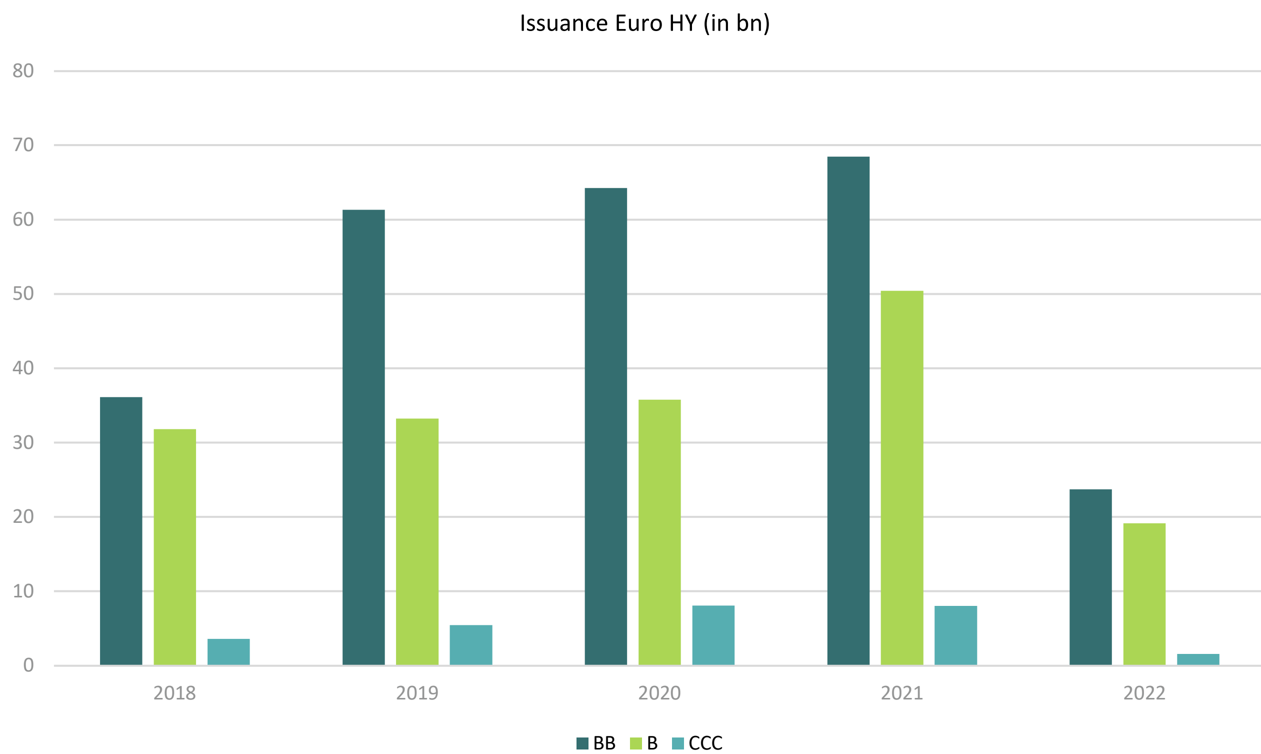
[36] LCD, *ELLI maturity breakdown* (in bn), April 2023

[37] Fitch Ratings, *European Leveraged Loan Issuance Outlook Improves, Defaults set to Rise*, January 2023

2.3 European High Yield Bonds

High Yield bonds (HYB) have performed reasonably well so far this year especially considering the recent turmoil in financial markets and the banking sector in particular. One sign of improving conditions for HYB is the uptick in issuance activity and a rebound after quarters of subdued activity.[38] The recent events outlined in the macro-economic part of this outlook and the injection of instability into the financial system, paved the way for uncertainty to return in dramatic fashion. This holds especially true in markets such as European HY, which is typically closer correlated with equity markets and is usually a fixed rate instrument. However, the share of floating HYBs is increasing and with 25% at an all-time high for Q1 2023.[39] Hence, a reduction in the duration risk is evidently deemed attractive in the market. With respect to 2023, there was hope in the market that supply was going to pick up even if just marginally. Although, a relatively low number redemptions are expected compared to 2024, which should see an increase of activity.[40] It's debatable, but so far this prediction looks like it has been validated. While the uptick in activity is certainly welcome, a careful approach is advisable as the quality of loans maturing in the next 12 months is deemed low.[41] The recent developments bode ill for these 'weaker' credits as a more selective approach is expected to take hold of the market and of financial tightening.[42] As a result, of the market volatility more creditors are hesitant to follow through on their refinancing plans. Hence, building up a maturity wall, which is greater than initially anticipated.[43] One can argue, the market is expected to take longer to recover and test the waters this year in preparation for more activity in 2024. Default forecasts from BofA were set to rise up to 4% in Euro HY in 2023.[44] Barclays offers a different view as it expects, in a more recent forecast, the rate to be lower with 3% as of March 2023.[45] These forecasts are illustrating that defaults are expected to rise, but to differing degrees. Deutsche Bank highlights that cyclical sectors should be avoided, which are potentially more prevalent in HYB than in leveraged loans or Direct Lending. However, they do note that there are still some attractive opportunities available in cyclical sectors but advise to tread lightly.[46] On that note, many of the constituents of the ICE BofA High Yield index BB-B Euro (HE40) are cyclical and from sectors that are more exposed to macro-economic changes. Thus, it can be expected given the general cautious position on cyclical sectors that the HY bonds index is at risk in the coming months.[47] Furthermore, in the current more volatile markets, banks are expected to remain careful about underwriting new issuances limiting the ability of borrowers to invest (e.g. in M&A) and other instruments with less volatility, like Direct Lending, may become more attractive for them.[48]

[38] JP Morgan, *European High Yield 1Q23 Review*, April 2023
[39] JP Morgan, *European High Yield 1Q23 Review*, April 2023
[40] Deutsche Bank, *European Credit Outlook*, November 2022
[41] Barclays, *High Yield and Leveraged Loans Tempering default expectations*, March 2023
[42] Morgan Stanley, *Leveraged Credit – Refinancing Risks Rising*, March 2023
[43] Morgan Stanley, *Leveraged Credit – Refinancing Risks Rising*, March 2023
[44] Bank of America, *Credit Convictions 2023*, November 2022
[45] Barclays, *High Yield and Leveraged Loans Tempering default expectations*, March 2023
[46] Deutsche Bank, *European Credit Outlook*, November 2022
[47] Bloomberg, *ICE BofA BB-B High Yield Index*, February 2023
[48] LCD, *Unfazed by volatility, Europe's private credit lenders uncork 'Golden Era' vintage*, April 2023



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[49] Fitch Ratings, *High Yield*, January 2023

3 / Investment Strategy

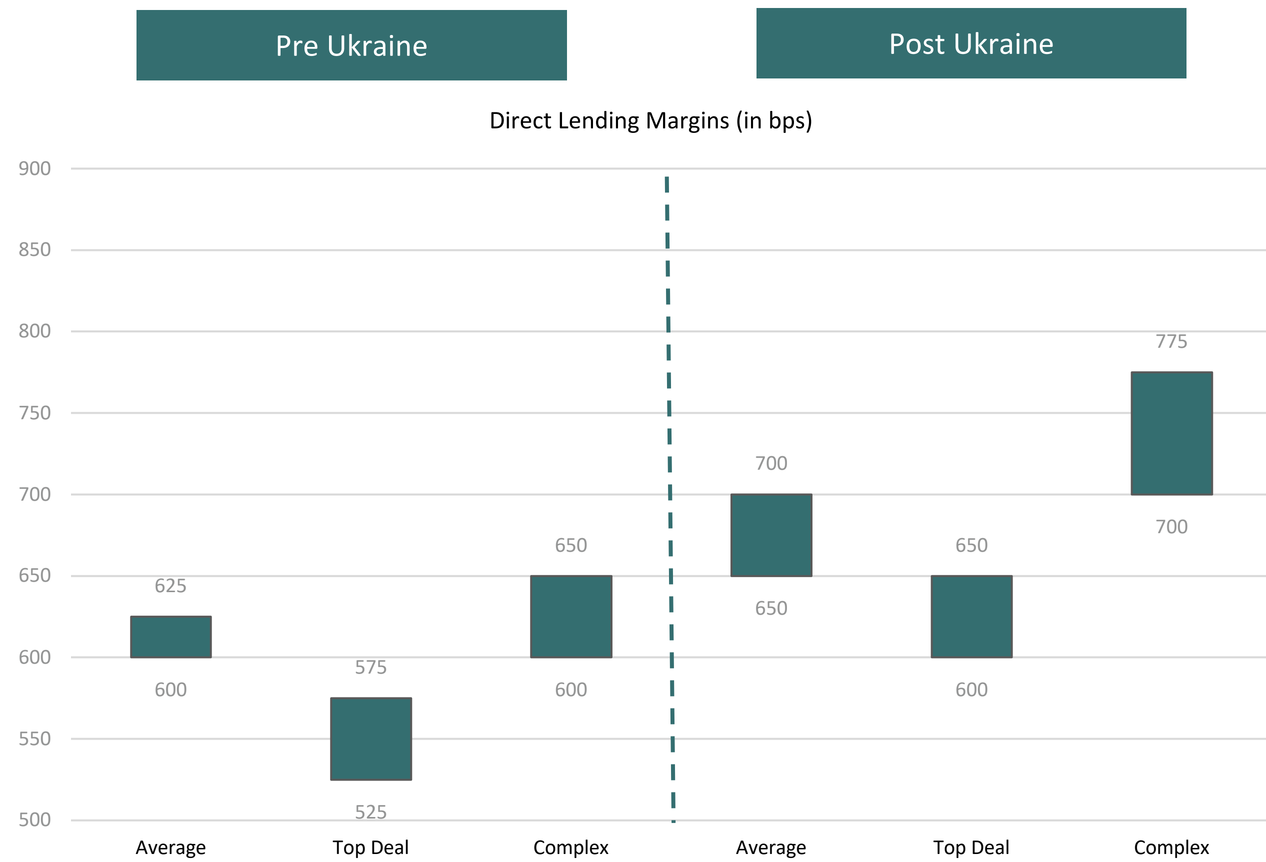
Direct Lending in the new era

Pricing

Over the course of the last eighteen months, yields have soared in the Direct Lending space. The Russian invasion of Ukraine, inflation, supply chain disruptions and a world economy still reeling from the impact of the Covid pandemic led to increased uncertainty across all sectors and increased pricing.[50] Yields have picked up considerably since the outbreak of the Ukraine war as well as base rate increased. Margins slightly decreased in the first quarter of 2023 as leveraged loan/high yield markets came back at lower yields than Direct Lending, but Direct Lending margins are still as much as 100 bps above the five-year average for similar levered deals.[51, 52] Moreover, less activity and more reluctance to finance deals in the private debt market have not only pushed margins to new levels, but also led to stricter selection of businesses with some cyclical elements, tighter leverage considerations and a more cautious stance on covenant protection. Borrowers have to get used the new lending environment. The changing parameters have not deterred sponsors, but rather underlined their appetite for private debt as the number of deals backed by sponsors has not decreased even though costs have risen. In part, this is also due to scarcity of other options as banks for quite some time have been working through their backlog of syndicated transactions and are seemingly more selective on new loans on their books.[53] Hence, sponsors have fewer options from which to choose. Some market participants even observed that banks are still offloading hung syndicates underwritten in 2022 into the private debt market at attractive prices.[54]

Importantly, the illiquidity premium remained intact as spreads widened and players in the market adopted a more wary approach.[55] Regarding the illiquidity premium, borrowers factor into the price the issuing fees paid to banks and higher issuing costs (documentation, road show etc.) they are avoiding via private markets.[56] Moreover, the added benefit of working with only one or a few lenders over dealing with a bank club makes the management and the documentation of the debt process far easier.[57] From the investor perspective, one can argue that the illiquidity premium can be observed in different forms. Some of the are less overall volatility, more defensive sectors, tighter documentation, and/or more actual yield.[58] Borrowers and investors alike have different preferences, and the attractive feature of an illiquidity premium can differ on an individual basis.

[50] Bloomberg, *Private Credit Managers Are Seeking Safer Debt as Downturn Looms*, November 2022
[51] Debtwire, *Nervous direct lenders raise pricing and tighten leverage amid pessimistic market outlook*, September 2022
[52] DWS Investment GmbH, *internal research*, March 2023
[53] LCD, *Middle Market Weekly*, October 2022
[54] LCD, *Unfazed by volatility, Europe's private credit lenders uncork 'Golden Era' vintage*, April 2023
[55] Apollo, *Private Credit's Primetime: The Large Corporate Direct Lending Opportunity*, December 2022
[56] S&P Global, *Private Debt: A Lesser-Known Corner Of Finance Finds The Spotlight*, October 2021
[57] Apollo, *Private Credit's Primetime: The Large Corporate Direct Lending Opportunity*, December 2022
[58] Alternative Credit Counsel, *Financing the Economy 2022*, July 2022



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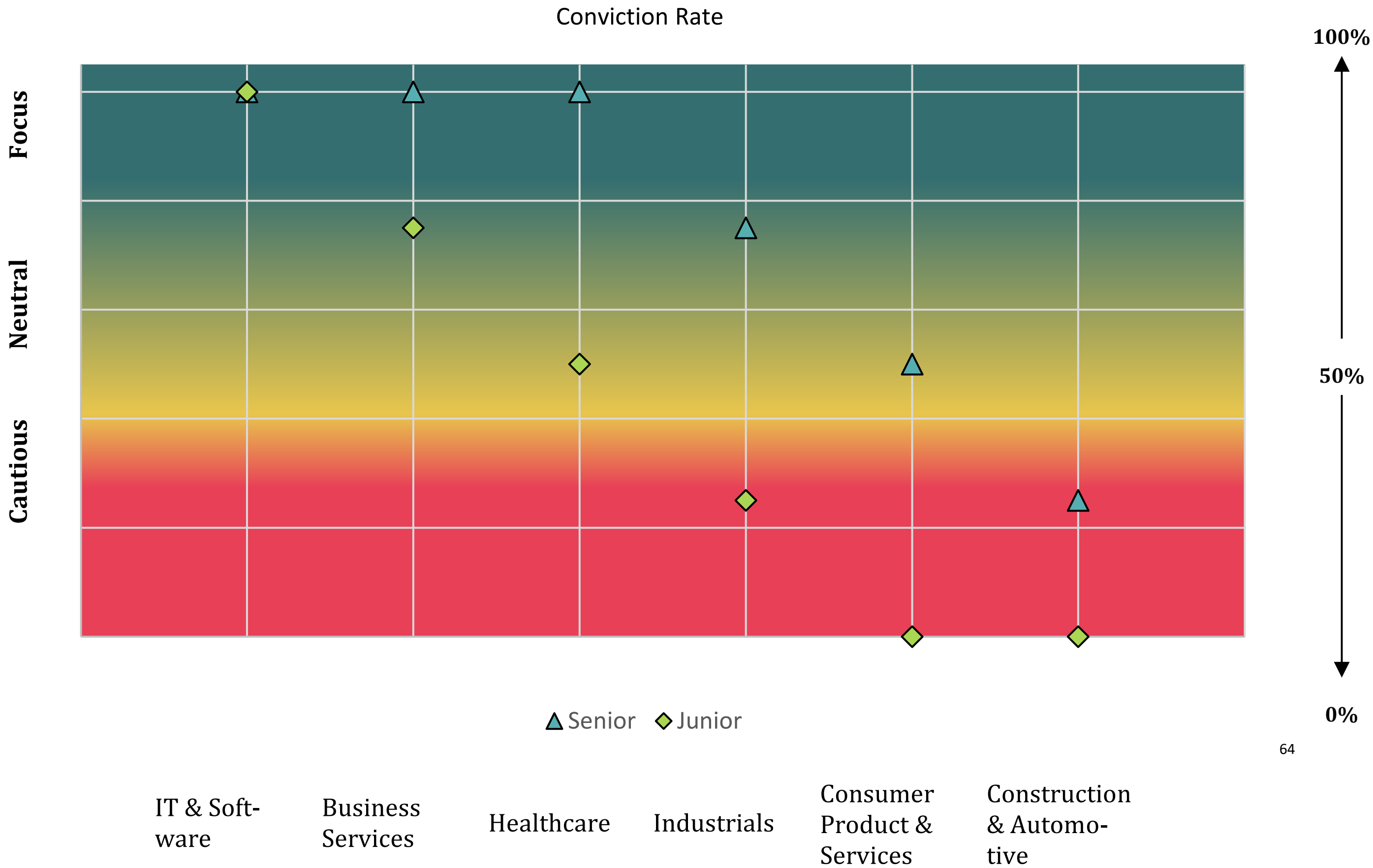
Sectors

As a result of the previously described market developments, sector selection has become more prominent in the Direct Lending space. Lenders have adopted a more restrictive approach to deals and focus on the most stable sectors. Some industries are deemed safer than others and in particular their potential cyclical nature is assessed and rated with more stringency. Lenders are conscious of the market conditions for companies with strained supply chains, high energy costs and high debt to EBITDA ratios.[60] Instead, lenders prefer companies in sectors with stable cash flows, high margins, and the ability to pass on higher costs to their customers such as healthcare or IT services.[61] In contrast retail, leisure, and customer goods rank at the bottom in a survey regarding lending targets. Their exposure to higher prices and cyclical nature makes them vulnerable to financial stress.[62] Furthermore, their business models often operate on thin margins and cannot absorb rising costs as easily as quickly as other industries might. Thus, a clear picture emerges with some sectors winning who had better conditions to start with and some sectors losing in the current market conditions.

With this in mind, one can make the case for individual companies within the more cyclical sectors that have good margins, strong defensive business models, and stable and predictable cash flows. Transactions in cyclical sectors can also often offer superior terms (lower leverage, more restrictive documentation, better pricing etc.) than the most coveted sectors. The companies that are currently struggling have possibly been experiencing problems in the past decade already, but those problems were easier to address with record low interest rates and an abundance of available capital. Default rates in the private market are difficult to gauge, but they tend to be lower than in the public

[59] DWS Investment GmbH, *internal research in bps*, February 2022
[60] LCD, *Middle Market Weekly*, October 2022
[61] Alternative Credit Counsel, *Financing the Economy 2022*, July 2022
[62] Alternative Credit Counsel, *Financing the Economy 2022*, July 2022

markets. References for publicly traded equivalents such as leveraged loans or high yield, which are tracked in indexes and their default rates, are deemed higher than Direct Lending loans.[63]



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[63] S&P Global, *Private Debt: A Lesser-Known Corner Of Finance Finds The Spotlight*, October 2021
[64] DWS Investment GmbH, *internal research*, May 2022

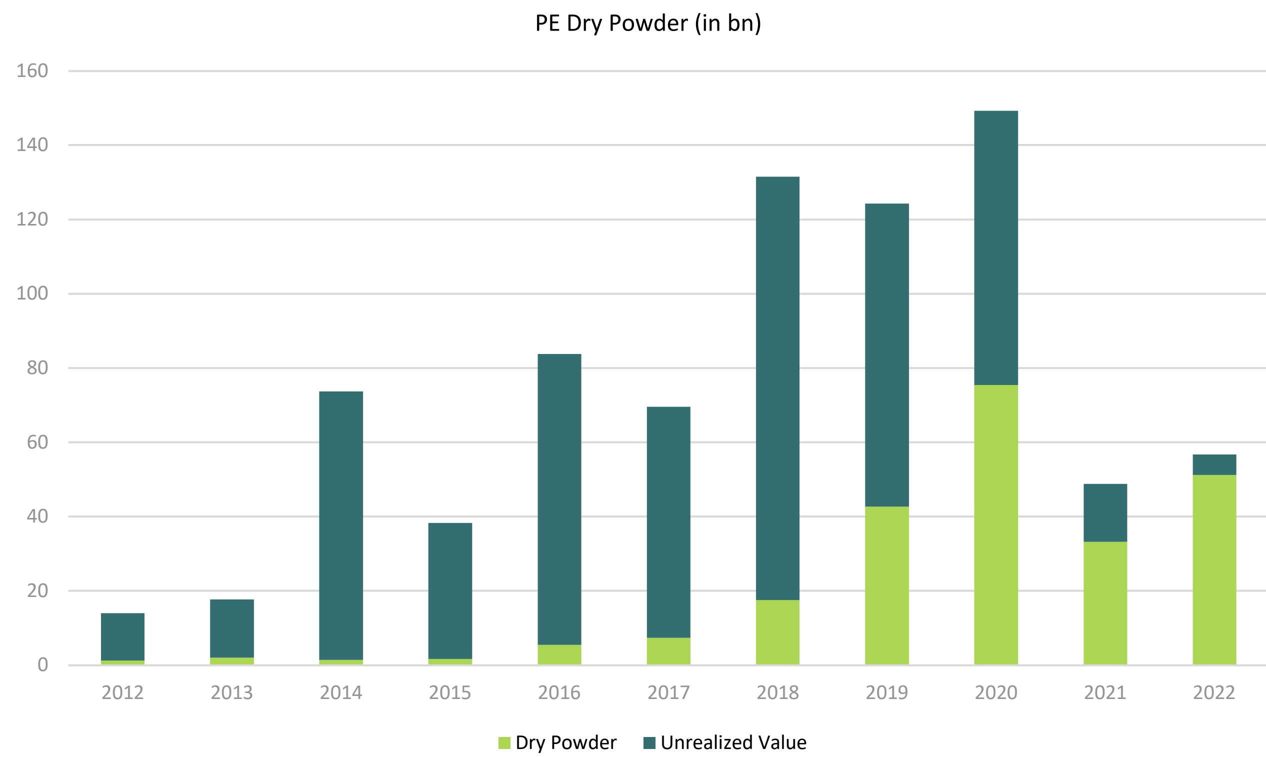
4 / Outlook

Stability in uncertain times

Direct Lending has demonstrated its resilience in the past twelve months. Even when faced with the 'denominator effect', there are several reasons to be optimistic about Direct Lending in the coming twelve to twenty-four months. Mid-market companies have successfully navigated through the covid pandemic and the now improving macro-economic outlook will support this segment in the near future.[65] Direct Lending and private debt as a whole have shown to be stable, safe, and attractive despite a challenging macro-economic environment in recent months. One could even argue that Direct Lending's superior sector diversification, protective documentation with bespoke covenants, and robustness makes a compelling case that the asset class is better equipped to weather a possible recession. Now, that conditions are improving it seems less likely that its features are fully put to the test. However, it does allow for a bit of peace of mind.

When we look at the deal flow in Direct Lending, it is noticeable that private equity funds are in no rush to deploy capital despite record amounts of dry powder. Since valuations have already dropped and will continue to decrease, exiting existing deals has become more difficult and their holding periods have increased. Instead of selling or deploying more capital, they are adopting a more cautious approach.[66] One possible explanation is that the firms that are being held have to demonstrate how they perform in a more stable environment given the numerous challenges in a period post covid with the threats of inflation and energy prices only slowly becoming less potent. Arguably, a track record in more stable market conditions can positively impact the selling prices and could be another reason for the cautious approach by PEs. In addition, one can make the case that economic optimism paired with a resilient track record are powerful ingredients when it comes to deciding on a valuation of an enterprise. Private Equity is among others a driving force for Direct Lending. Noticeably, there was a steep decline of Private Equity fund launches last year, which could lead to the assumption that fewer deals are in need of financing.[67] However, Private Equity funds still have a record amount of dry power available. Which could be the match to rekindle Direct Lending prospects in case the number of PE fund launches remains low. Arguably, the vast sums of dry powder can be seen as an insurance against a longer period of fewer private equity fund launches.[68] Furthermore, the need for refinancing is present especially with a looming maturity wall in 2025.[69]

[65] Pitchbook, *2023 European Private Credit Outlook: Direct lenders retain optimism*, January 2023
[66] Pitchbook, *Private equity forecast: Europe's investors brace for 2023*, January 2023
[67] S&P Global, *Steep drop in private equity fund launches in 2022*, January 2023
[68] S&P Global, *Global private equity dry powder approaches $2 trillion*, December 2022
[69] Pitchbook, *2023 European Private Credit Outlook: Direct lenders retain optimism*, January 2023



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Direct Lending's rise and its display of strength in 2022 should serve as a source of optimism in the coming months as inflation and recession fears are slowly moving to the background although they have not vanished completely. Lenders who were financed in the past eighteen months will face very different interest rates when they have to seek financing again soon.[71] One ripple effect could be that loans previously held by banks are going to be refinanced by Direct Lenders, in particular if the borrowers want to increase their liquidity or have investments/acquisitions planned. Moreover, the events of the past twelve months have led to a shift in the bargaining power towards lenders. The vast majority of borrowers will have to accept tighter covenants and increased pricing as parts of their new financing plans.[72] As a cautionary measure and due to the focus on larger transactions, club deals have resurfaced as several Direct Lenders have been syndicating instead of taking advantage of one of the main strengths of Direct Lending as a single lender. This reduced risk appetite can be seen as an indicator for a slower pace and more caution in 2023 as even though recession fears have subsided, they are not gone yet.[73] The feeling of turning a corner is seemingly only slowly spreading in the market.

While one can easily bring forth arguments that the slow pace of stabilizing, the denominator effect and the in uncertainty shrouded geopolitical circumstances bode ill for the Direct Lending market, this market paper has presented the case for more optimism for Direct Lending. The optimism is based on an improved macro-economic outlook, the strong defensive characteristics of Direct Lending, and the continued appetite for alternative credit. Additionally, an enduring illiquidity premium with less volatile valuations as well as substantial dry powder waiting to be deployed in the foreseeable future are completing the picture of an asset class which is going from strength to strength.

[70] Preqin, *Private Equity AUM in bn*, February 2023
[71] DWS Investment GmbH, *internal research*, February 2023
[72] Pitchbook, *2023 European Private Credit Outlook: Direct lenders retain optimism*, January 2023
[73] Pitchbook, *2023 European Private Credit Outlook: Direct lenders retain optimism*, January 2023

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