

Pension Bridge Private Credit

February 11-12, Carlsbad

Agenda

with.
Intelligence

Day One

12:00 **Networking Lunch & Registration**

1:00 **Welcome Remarks**

1:05 **Opening Keynote Talk**

1:25 **Private Credit: The End of the Honeymoon?**

The often touted “Golden Age” of private credit is showing cracks. With strong competition to refinance debt and to fund limited new deals, its outlook may no longer awe allocators. Compounded by a dramatic growth in public leveraged-loan markets, which firms are using to refinance punchy private debt, all is not rosy in the asset class. Is momentum behind allocation powerful enough to weather these storms? And how do allocators view the contrarian argument to private credit?

2:00 **Headline Presentation**

2:25 **Coffee & Refreshment Break**

2:55 **Middle Market Lending: Can You Still Beat the Crowd?**

After decades of build up in private credit, middle market lending has become a crowded space. The result? Lower yields are pushing dealmaking to the upper market, where the syndicated loan lenders like to play, or the lower market, where risk abounds. Why, then, wouldn't LPs turn their attention to high yield public markets and forego the illiquidity risks? Proponents argue that the middle market, representing two thirds of the economy, still has plenty of space to grow. To what degree is this true?

- With a lack of deal activity and an abundance of dry powder, how are LPs finding value in the middle market?
- To what degree is the middle market overly saturated?
- If the market is oversaturated, how can LPs identify managers with the requisite expertise?
- Should LPs pursue a specialist sectoral approach to investing in the middle market?

3:30 **Pension Bridge Debates: Sponsored vs Non-Sponsored Credit**

As competition in the direct lending market heats up, credit funds are eyeing up non-sponsored deals to distinguish themselves. Returns can be higher. Covenants tighter. Yet evidence points to higher default rates among non-sponsored firms. How should LPs approach the split between sponsored and non-sponsored lending? Should they actively build out a non-sponsored strategy? And which side does the audience represent?

4:05 **Is Now the Time to Start Taking Distressed Seriously?**

Distress. Opportunistic. Special situations. Whatever the term, long-awaited and long-predicted opportunities have failed to materialize, so relentless has America's economy been. The year 2025 offers hope for more risk-taking LPs. The reasons? Jittery public markets and enormous refinancing requirements of firms struggling in a high-rate environment.

- How would private credit fare in a recession?
- What are the due diligence idiosyncrasies in distressed manager selection?
- What novel liability management exercises are evolving for managers to exploit?
- How will upcoming maturity walls affect distressed opportunities?

4:40 The Empire Strikes Back: How Will Private Credit Respond to the Return of the Banks?

In 2023 non-bank lenders funded a seismic 86% of leveraged loans. Private credit funds have been taking market share from banks for well over a decade, carving out one of the most attractive-to-LP industries since the birth of private equity. They may have won the battle, but banks are determined not to lose the war.

- To what degree does private credit represent another step change in banking, like that of the 1973-74 inflation crisis that led to the rise of borrowing from the market via commercial paper and bonds?
- Should banks claw back share, how likely is it that the market has reached peak private credit?
- Is sustained bank disintermediation inevitable?
- How can regional banks revitalize the rates of interest on their assets and liabilities? And what are the implications on private credit players in the market?
- How will the “Basel Endgame” affect both banks and private credit players?
- To what extent will partnerships with banks displace the more adversarial reputation among private credit players?
- To what extent does the flood of capital flowing into private credit deem regulations such as Dodd Frank and Basel irrelevant?

5:15 Cocktail Reception

Cap off the first day of the conference with great conversation over food and drinks during our Tuesday night cocktail reception. Enjoy cutting-edge cuisine and drinks while catching up with colleagues, peers and friends.

Day Two

7:45

Registration & Breakfast for All Attendees

LP-Only Breakfast

Designed and closed exclusively for limited partners, the LP-Only Breakfast is a safe space for allocators to discuss the issues and challenges facing their business.

8:45 Welcome Remarks

8:50 Is Asset-Based Lending Really “The Next Big Thing”?

LPs are flocking to allocate to asset-based lending, developing specialist inhouse teams dedicated to more niche areas of private credit as they do so. Yet asset-based lending comes with higher interest. And higher interest can put the squeeze on borrowers, particularly in times of recession. Are LPs at risk of following the crowd in investing in asset-based lending at the wrong time of the cycle?

- How can LPs mitigate against the risk of the value of collateralized assets declining?
- To what degree would a recession affect default rates in asset-based lending?
- How can GPs manage the assets they accrue in times of default?
- In which areas of asset-based lending should LPs be most secure?
- Not all assets are the same: Assessing risk in each subsector

9:25 Headline Presentation

9:45 NAV Lending: The Jekyll and Hyde of Allocation

Few things are more conflicting for allocators than NAV lending. As the lender they get preferential treatment in being first in line for distributions. On the receiving end, they are displaced in distributions. Transparency and leverage levels also make the risk mitigation process more difficult.

- How should allocators view NAV lending from a whole-portfolio perspective?
- To what extent do GPs use NAV lending to leverage poorer performing firms to fuel growth for trophy assets?
- Is NAV lending the most recent fad for GPs to source capital for “liquidity solutions”?
- To what degree is the use of leverage at the portco level and the fund level merely “leverage on leverage”?
- Does NAV lending give managers the ability to aid failing companies which in reality should be left to fail?
- To what extent does NAV lending increase financial risk?

10:20 Coffee & Refreshment Break

10:50 Alpha in Private Credit is Fleeting. So What’s The Point of Manager Selection?

In the opening talk of 2024’s event, it was argued that there is no alpha in private credit. Most managers boasts of similar credentials: an exemplary approach to underwriting, unique origination capabilities and a capital base that matches their opportunity set. How are LPs to proceed?

- How has a less benign economic climate changed the way LPs select their managers?
- Go big or go home: Are LPs more secure in mega funds with ability to scale?
- Should they go big instead of going home, might LPs miss out on more niche or emerging opportunities?
- How can LPs assess which niche or emerging opportunities are a safe bet, in lieu of track record?
- Many new and exciting funds with more “interesting” opportunities are spinouts. Can LPs trust the person over the previous firm’s investment infrastructure?
- What approaches can LPs take with changes at the top of their favourite funds?

11:25 Headline Presentation

11:45 Will Private Credit Secondaries Ever Truly Take Off?

Liquidity, of course, is driving the growth in private credit secondaries. Diversification helps too. Yet the craze needs to be scrutinized. Some market participants argue that, due to shorter durations, the market will never be as large in proportion as in private equity. And, should liquidity issues eventually be eased, what role would secondaries play in portfolio construction?

- Undercapitalized or inherently limited? What is the answer?
- How can LPs ensure that their allocations to GP-led secondaries are with managers which understand the idiosyncratic differences between credit and equity?
- How much leverage is too much leverage when continuation vehicles are looking to boost returns?

12:20 Lunch

1:20 Allocator Fireside Chat with Eunice McHugh

Keynote

Eunice McHugh, Director, Private Credit, San Francisco Employees' Retirement System

1:40 Breakout Sessions

Real Estate Credit: Taking the Plunge

The year 2025 will see an avalanche of real estate loan maturations in the US and around the world. Breakneck rate increases have made it harder for borrowers to refinance, causing distress in sectors vulnerable to structural changes like commercial real estate. Is this new risk profile at odds with LP objectives? And how should they change the way the way the asset class serves the portfolio?

- How can LPs take a longer-term look on economies that will shape their real estate debt strategies?
- How can LPs develop a special situations strategy with regard to commercial real estate?
- Has logistics peaked?
- Cutting hype from reality: Is the growth in investment in data centres born out of fact or folly?

Infrastructure Credit: Illiquidity Premium or Illiquidity Problem?

That there is significant demand for infrastructure debt allocations, driven by digitalization and decarbonization, is irrefutable. Strong yields due to high rates play well with such sectoral changes. Patient allocators can seize illiquidity premiums for long duration assets, too. Yet therein lies the rub. In a world where liquidity is scarce, should allocators lock in in infrastructure debt? How can LPs take a longer-term look on economies that will shape their real estate debt strategies?

- What explains the disconnect between the positive rhetoric of managers and the lacklustre fundraising environment in the current market?
 - How does infrastructure credit contrast to volatility in equity?
 - Where in the credit stack should LPs be looking to deploy?
 - Given the extreme rhetoric, should investors be concerned that a regime change will see the dismantling of the IRA?
 - To what extent is the sluggish outlook for infrastructure M&A depressing deal flow?
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2:20 Breakout Sessions

How to Avoid Going All In with Co-Investments

Allocators across North America are ramping up their co-investment capabilities with GPs. Deals allow them to understand different sectors more deeply, to get to know potential long-term partners and, with no-fee-no-carry, to minimise costs. Yet GPs are asking their LP partners to cough up for more equity in wake of higher-for-longer rates, raising risk for the latter. How should allocators proceed in such a time?

Royalties: Tapping Esoteric Growth

Investment in royalties, from pharma to music, are on the rise. LPs can tap a stable and fairly low-risk and diversifying investment. Yet, especially as in the case of pharma, drugs can fail in the approval case, and music is faddish. How can LPs identify the best GPs with significant track record in understanding the idiosyncrasies of such a niche area of private credit?

3:00 Breakout Sessions

Is Now Really the Time to be Rushing into Private Credit CLOs?

CLOs enable middle market buyout funds to finance their balance sheet, fuelling potential for deals. Yet the risks are well known: Higher credit risk, born out of lending to non-IG borrower equivalents. How should LPs approach this emerging asset class, especially given a recession in the US looks increasingly likely?

Energy Transition: The Golden Goose?

That the energy transition will require tens of trillions of dollars to fully execute is well known. The sheer size of the capital required presents opportunities for LPs to tap the megatrend. But nascent technologies such as hydrogen, those related to grid transition, offshore wind and more are in the early stages of development, thus increasing risk. How can LPs allocate to the megatrend while ensuring their risk-adjusted returns are met?

3:35 Coffee & Refreshment Break

4:05 Far from the Madding Crowd: Lower Middle Market

Covenant-heavy. Higher coupon rates. Less crowded space. What's not to love about the lower middle market? The reality is that small-cap businesses do carry more risk than their mid- to large-cap counterparts. Yet managers are increasingly seeing the space as the new sweet spot of private credit. But are they right?

- Where in the capital stack should LPs be comfortable in investing in, in the lower middle market?
- To what degree are GPs specialized enough to understand the nuances of the lower middle market, and how can LPs determine this?
- How could the supply and demand characteristics of the lower middle market be defined in the current environment?

4:40 Private Credit in 2030: A Strategic View

Throughout Pension Bridge Private Credit 2025 LPs and GPs alike will have argued for and against issues ranging from NAV Lending, asset-based financing and director lending across the credit spectrum. That private credit is a mainstay of most allocator portfolios is undeniable. Yet how will the allocation strategies of some of the largest allocators in North America in relation to the asset class change by 2030? To what extent as a proportion of the portfolio will it grow? Which other assets will lose out to private credit's growth? And what are the key risks affecting momentum that LPs must be aware of?

5:15 Cocktail Reception