



Chesswood  
Capital Management

POWERED BY

WAYPOINT  
INVESTMENT PARTNERS

# WHAT IS PRIVATE CREDIT?



# What is Private Credit Lending?

## What is Private Credit?

- Private Credit can be broadly defined as a lease or loan that is originated through non-public channels such as exchanges or recurring syndication programs
  - There are many different areas of private lending with varying levels of risk/reward
  - Following the development of regulated asset-backed fixed income securities and the fallout from the financial crisis, institutional investors have taken the place of traditional financial institutions as capital providers
- This type of lending can come in many forms, such as direct lending to businesses, factoring, LBO financing, mezzanine debt or asset-backed lending

## Advantages of Private Credit Lending

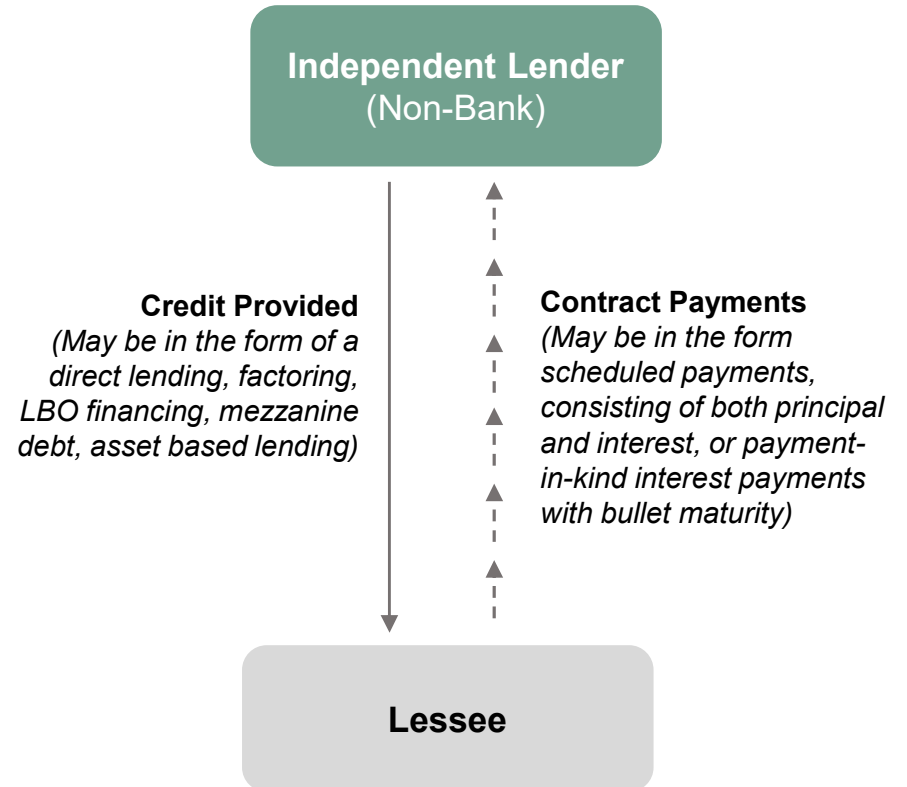
Excess spread above public debt alternatives with credit enhancement

Niche lenders that understand the underlying collateral

Confidentiality of lending terms

Tailored product offering

## Example

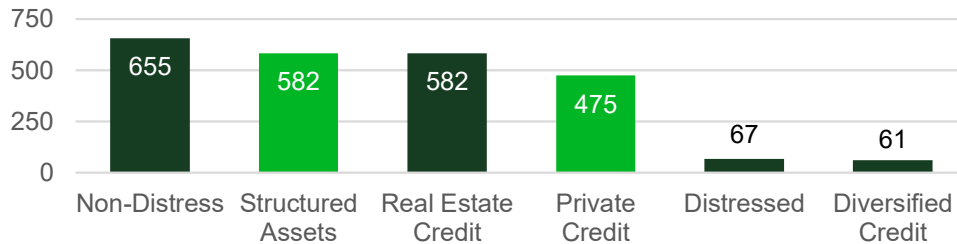


# Growth of Private Credit

## PRIVATE CREDIT GROWTH

- Private credit industry today is estimated at total assets of ~US\$1.2T, representing nearly 25% growth for two decades<sup>(1)</sup>

Asset Growth by Strategy Over Five Years (US\$B)<sup>(2)</sup>



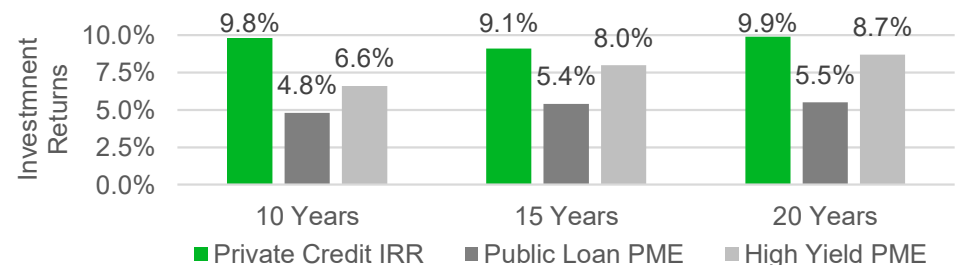
- The growth of private credit funds have also seen significant growth over the past 5 years, increasing 56% since 2017 to 3,967 private credit funds<sup>(2)</sup>
  - In Q1 2022, private investing funds raised more than \$45 billion<sup>(3)</sup>

## UNDERSERVED IN THE CANADIAN MARKET

- Despite the rapid growth of private credit internationally, the private credit market in Canada remains underserved, with a limited number of opportunities accessible to retail investors
- As such, retail and institutional investors alike partner with experienced originators to gain access to this market due to:
  - High barriers to entry (cost of origination and servicing)
  - Experience with specific asset classes and credit tiers
  - Ongoing requirements for cash management due to loan amortization schedules

## DRIVERS OF DEMAND FOR PRIVATE CREDIT

- Traditional banks have a narrow credit box** and will only lend to those that satisfy it
  - Private credit enables independent lenders to underwrite credit to niche assets or businesses in select markets that are not well understood, or priced, by traditional banks
- The number of publicly traded companies has declined** in the past 25 years, increasing private borrowing options for a progressively larger pool of companies
- Smaller companies have less flexibility in securing capital**, as they cannot access public capital markets
  - With regional banks in regions like the United States under financial duress and shrinking their lending base, the situation for smaller/mid-market firms accessing private credit becomes ever more compelling
- The sustained enhanced return**, compared to public market equivalents, has further contributed to the growth of private credit lenders and private credit funds
  - In the past 2 decades, private credit returns have outperformed public loan and high yield market equivalents<sup>(4)</sup>



**Fund Overview**

- **Objective:** to generate attractive risk-adjusted returns with minimum volatility by investing in Canadian leases and loans secured by hard assets
- **Key Features:** Diversified small-ticket, short duration amortizing leases and loans, current income, matched liquidity
- **Manager:** The fund is managed by Waypoint Investment Partners Inc., a subsidiary of CCM
  - Credit is evaluated and sourced by Chesswood, leveraging decades of operating experience
- **Fund Admin:** SS&C Fund Administration Company
- **Fund Auditor:** KPMG
- **Legal:** Borden Ladner Gervais LLP (BLG)

**Fund Terms**

<b>Inception Date</b>	January 2023
<b>Min. Initial Investment</b>	\$250,000
<b>Target Return (Net)</b>	8% – 10% <sup>(1)</sup>
<b>Distribution Frequency</b>	Quarterly
<b>Liquidity Provision</b>	1 year Lock-Up + Quarterly Unit Repurchase Plan up to 5% of NAV per Month
<b>Management Fee</b>	1.5%

*\*Mutual Fund structure coming soon with monthly liquidity and low minimum investment<sup>(2)</sup>*

**SOLID  
TARGET  
RETURNS +  
STABLE CASH  
FLOWS**

**DIVERSIFIED**

**DOWNSIDE  
PROTECTION**

**LOW  
CORRELATION  
TO PUBLIC  
MARKETS**

**NATURAL  
LIQUIDITY**

**NICHE CREDIT  
EXPOSURE**

## Contact Info

For more information about the  
**Chesswood Canadian Asset Backed Credit Fund (CHW100)**  
please contact us:

[information@waypointinvestmentpartners.com](mailto:information@waypointinvestmentpartners.com)

416-960-7690

## Disclaimer

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