



Five *in* Five

Antares Capital's Chief Investment Officer Tyler Lindblad shares five things to consider around private credit in these uncertain times.



1 Private Credit's Biggest Challenge

Antares believes private credit is well positioned in a rising rate environment given its floating rate structure, with first lien yields currently at double digit levels and with leverage down and terms tighter. However, risks have been rising, too, as borrowers face increasing pressure of higher interest cost burdens in the face of a slowing economy. So far, middle market companies in the Antares portfolio have managed through inflation and supply chain issues by passing through price increases. That continued performance will depend upon how deep a recession might be and how well a portfolio is constructed.

2 Navigating Uncertainty

Our experienced credit advisory team is focused solely on workouts and restructuring to maximize recoveries. This approach has served us very well through downcycles over the past 25+ years.

We continuously review our borrowers' financials and budgets—including assessment of unadjusted EBITDA and unadjusted potential cash burn—to get an early indication of where liquidity issues could be arising. Proactively we seek to get in front of sponsors to start discussions early. Of course, being highly selective, diligent, and experienced in underwriting; non-cyclically biased; first lien focused; and having a highly diversified portfolio with very low borrower concentrations also helps mitigate losses to begin with during rough patches. While there will undoubtedly be some manageable credit headwinds ahead, we believe with uncertainty comes opportunity.



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Tyler Lindblad, Chief Investment Officer

3 Most Attractive Sectors

From our vantage point, non-elective healthcare platforms, mission-critical software and technologies, as well as recurring revenue within insurance and business services are attractive sectors.

4 Antares' Lending Approach

Given the economic and geo-political environment, we're taking a cautious approach to capital deployment. In the past year or so, much of our activity has been in support of existing borrowers. We know them well and we have confidence in their ability to execute their growth plans.

5 The Deal on Terms

The pendulum has swung, and lenders are in a position of strength around terms and conditions. We anticipate that this will continue in a challenged market. Pricing has widened, fees have increased, and leverage multiples have reduced. Lenders are pushing back on aggressive EBITDA adjustments, receiving call protection, being able to keep MFN (most favored nation) conditions, and are able to push back on cov lite for certain companies.

ABOUT *Tyler Lindblad*

Tyler is a senior managing director and Chief Investment Officer for Antares Capital. Previously, he was senior credit executive – Lending for GE Capital's commercial lending business in North America with responsibilities that included leading the underwriting, account management, portfolio management and risk management processes. Before assuming this role, he was the Chief Risk Officer of specialized finance that included responsibility for Healthcare Financial Services and Franchised Finance, and Chief Credit Officer of Telecommunications, Media and Technology. Prior to joining GE Capital, he was a director and one of the founders of Antares Capital Corporation. Prior to that, he spent seven years with Heller Financial, Inc.

Tyler graduated cum laude from Dartmouth College with a bachelor's degree in economics and earned an MBA from Northwestern University Kellogg Graduate School of Management.

ABOUT *Antares Capital*

With more than \$60 billion of capital under management and administration as of December 31, 2022*, Antares is a private debt credit manager and a leading provider of financing and investment solutions for middle-market private equity-backed borrowers and investors. Since its founding in 1996, Antares has built one of the industry's largest and longest-tenured portfolios of middle market companies and has been recognized by industry organizations as a leading provider of middle market private debt. Through its advisory business, Antares offers investors exposure to direct lending and broadly syndicated loan investments through funds, separately managed accounts, and collateralized loan obligations. Antares is committed to championing middle market growth throughout market cycles. Doing so allows its people, partners and communities to achieve their full potential.

The company maintains offices in Atlanta, Chicago, Los Angeles, New York and Toronto. Visit Antares at www.antares.com or follow the company on LinkedIn at <http://www.linkedin.com/company/antares-capital-lp>. Antares Capital is a subsidiary of Antares Holdings LP, (collectively, "Antares").

*Amount is an estimate and subject to change upon finalization.