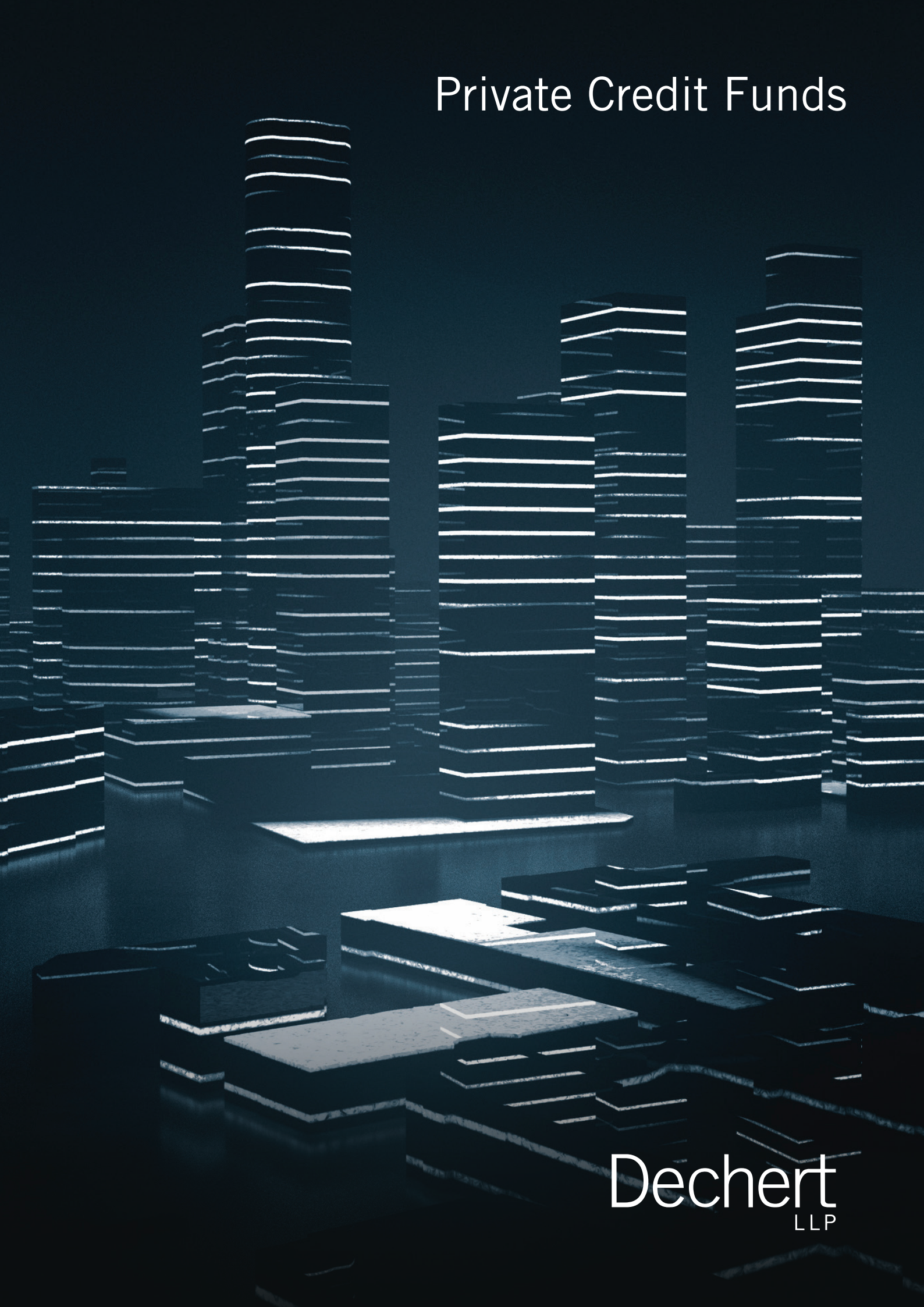


Private Credit Funds



Dechert
LLP

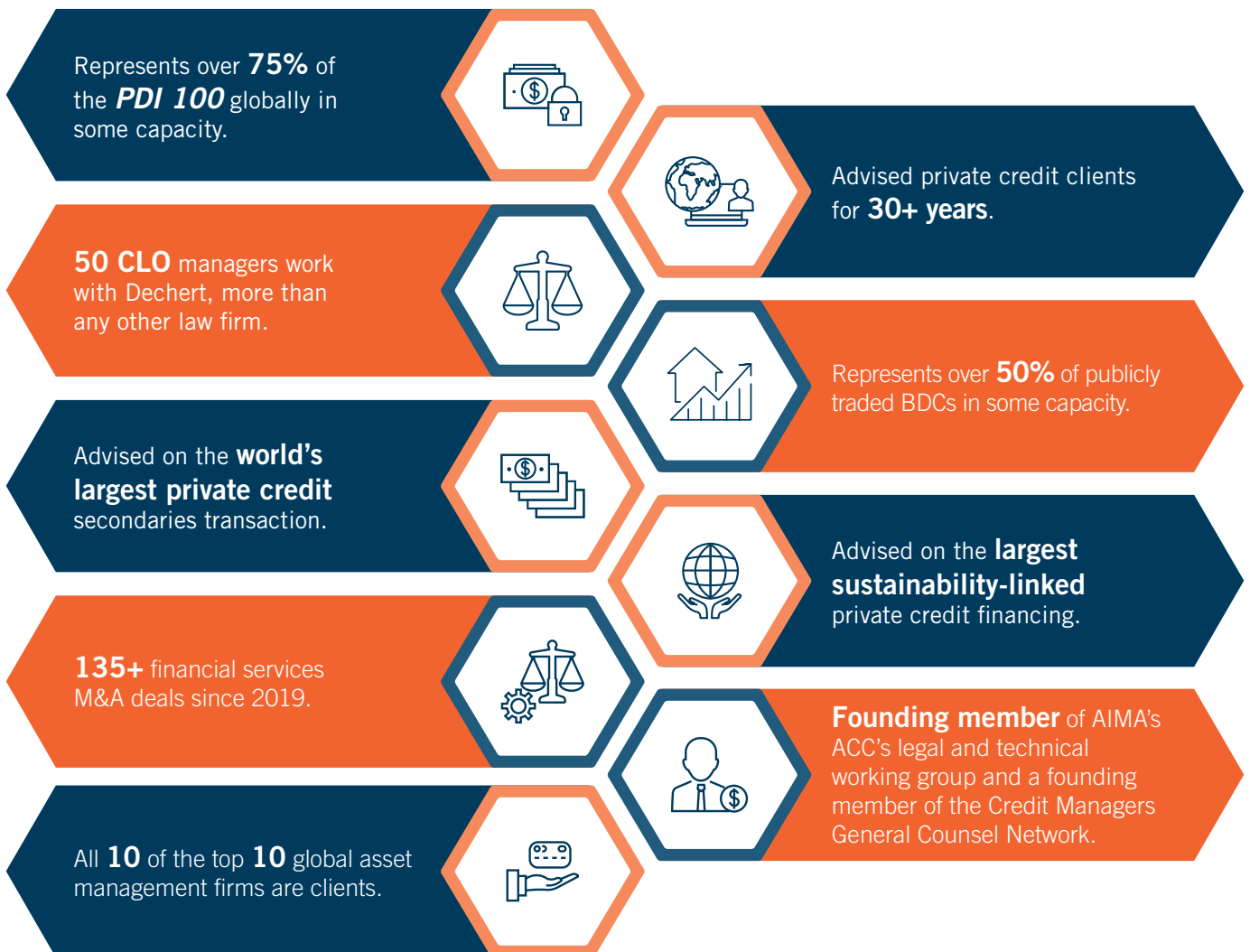
Introduction

Private credit has emerged as one of the key alternative asset classes, having reached over U.S.\$1.5 trillion in assets under management globally, with strong further growth forecast.

Dechert's fund formation clients benefit from our global knowledge and detailed insights of the private credit market and where it is heading, including the current state of fund terms, market trends and structural innovations. We are a leading player in the private credit funds industry across all relevant jurisdictions and we engage with key stakeholders, including trade bodies and other industry groups, to defend regulatory challenges and shape the future of the industry.

We have been privileged to have played a leading role in the development of the private credit industry and our global private credit funds platform remains unique in many respects.

Dechert's Expertise at a Glance



Serving the Private Credit Fund **Life Cycle**

Drawing on expertise across a range of disciplines and geographies, our private credit clients benefit from holistic support on all aspects of fund formation and deal structuring, with a responsive and efficient service.

Fund Formation

Dechert has experience in dealing with both illiquid and more liquid credit strategies, housed in closed-ended, evergreen and open-ended structures. This breadth of experience and knowledge of varied fund mechanics sets our lawyers apart in terms of being able to adapt and innovate. The team is also well versed in additional structuring features, such as multi-currency offerings and the addition of investment leverage (and associated issues, such as the potential impact of the EU securitization regulation).



Leading Private Credit Managers Rely on Dechert

We represent over 75% of the *PDI 100* globally in some capacity.

We can share representative client engagements upon request.

We cover all private credit strategies, including:

- Liquid credit
- Commitment and drawdown structures
- Closed-ended vehicles (such as BDCs in the U.S. and listed funds in Europe)
- Hybrid structures
- Private-equity-style credit strategies (such as direct lending, mezzanine, distressed and credit opportunities funds)
- Bank risk
- NAV financing
- Retailisation
- Opportunistic strategies
- Fintech and Digital Assets
- Sustainable credit

Dechert was the first and remains the leading law firm with a funds practice in all five principal European fund jurisdictions of the UK, Ireland, Luxembourg, Germany and France. Our private equity fund lawyers also practice across the U.S., the Middle East and Asia. We offer “jurisdiction neutral” advice, focused only on our clients’ best interests.

Global Tax

Our tax experts, embedded into our funds group, provide timely tax advice in the UK, Luxembourg, France, Germany, the U.S., the Middle East and Asia on a domestic and cross-border basis.

Regulatory Advice

Today's regulatory climate calls for greater sophistication than ever when it comes to anticipating the impact of regulatory developments on fund formation and capital deployment. Our private credit fund clients benefit from expert support and proactive solutions to real problems, from AIFMD II to the post-Brexit regulatory framework, LIBOR, CSDR, SFDR, MICA, ELTIF reform and EMIR, exemplified by the development of our online resource sites, including those on ESG, Cryptocurrency and Blockchain, the Financial Regulation Reform, MiFID II and more.

A hallmark of Dechert's practice is our transatlantic strength. The firm offers full U.S. capability from London, with several of our key London-based financial services experts being U.S.-qualified, which places us in a commanding position to assist U.S.-based clients on entering and accessing the European market (and vice versa).

We recognize the importance of maintaining strong relationships with the key regulators and work closely with them on a day-to-day basis. Clients expect us to provide strategic advice and guidance on how to interact with regulators and, where possible, anticipate regulatory changes coming down the track. Several Dechert alumni are now on the SEC and FCA staff (and vice versa), among others, and the team maintains close relationships with the significant trade associations and other groups that represent funds, fund managers and directors.



ESG

We advise private credit fund clients globally on the integration of ESG matters, including the creation of ESG-focused private credit products.

With our expertise, our clients can anticipate and respond to ESG developments in a comprehensive and cost-effective way through actionable advice that takes into account legal, regulatory, enforcement, market, business and other ESG trends and developments globally. Our multi-disciplinary ESG team includes representatives from all major practice areas in Europe, the U.S. and Asia.

Customized Investor Solutions

Often, a significant proportion - perhaps even the majority - of capital raised for a strategy will not be committed to the fund structure itself, but to sidecar vehicles, co-investment opportunities, separate managed accounts or other vehicles. This allows managers to deepen their relationships with investors, and investors to optimize their allocation to bespoke investment terms. This could involve a co-investment program or perhaps a managed account that straddles multiple strategies or fund vintages and avoids the need for the investor to revert to its own investment committee each time. We help sponsors develop programs that are efficient in terms of time, cost and administration.

Fund Finance

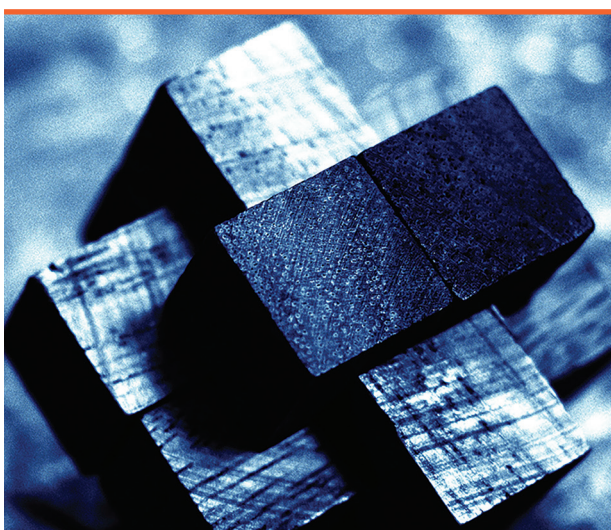
Dechert's fund finance practice represents alternative lenders, asset managers and investment funds, including in private credit, on a wide array of fund-related financings and loan transactions, including subscription facilities, NAV facilities, hybrid facilities and asset-backed loans. The team is involved in all aspects of fund finance, including providing input on debt and leverage issues at the time of fund formation and downstream structuring and transactions, acting for lenders and borrowers operating across all layers of the capital stack.

Transactions

Our global team of finance lawyers has extensive experience representing private credit funds on both the manager and lender side. We regularly advise clients in capital raising and deployment strategies across all capital layers, including:

- General corporate asset-backed facilities
 - Senior credit facilities
 - Asset-backed revolvers
 - Unitranche facilities
 - Subordinated/mezzanine debt
- Loan-to-SPV structures
- NAV facilities
- Secured and unsecured private placements
- Structured equity
- Subscription or capital call facilities
- Term loan B facilities
- Total return swaps
- Recapitalizations
- Repurchase agreements
- Workouts/restructurings

Given our expertise in private credit, we are experienced in issues associated with the syndication and allocation of investments and the potential conflicts associated with the operation of multiple funds and accounts.



Secondary Transactions

Secondary market activity continues to develop at a fast pace. We have worked on some of the most notable transactions in the secondary market, across private credit and private equity, in the U.S., Europe and Asia, including continuation funds, stapled secondaries and other GP-led liquidity solutions, as well as a variety of limited partner portfolio disposals on the secondary market. We can adapt terms and structures to provide solutions for both outperforming and underperforming assets.

Restructuring and Distressed

Combining specialists across a range of practice areas, our integrated approach helps clients navigate highly complex economic, business, legal and regulatory issues at every stage of the private credit life cycle and across the capital stack. We work with clients to develop and implement restructuring solutions to ensure investors are protected and returns are maximized and are involved at every stage of forming, negotiating and effecting a restructuring. We advise some of the leading distressed and other credit investors on in and out-of-court financial and operational restructurings and workouts.

House Matters

We support private credit fund clients with their business set-up, navigating key issues that arise, including choice of legal structure, regulatory requirements, setting up service provider agreements, carried interest and other performance-based compensation schemes and employee co-investment arrangements, and related tax considerations. We work with established managers of all sizes as well as first time funds.

Marketing Advice

Clients benefit from “real time” advice on all aspects of fund marketing globally, including:

- Europe – AIFMD, PRIIPS, MICA, EMIR
- UK – FCA guidance and other relevant regulations
- U.S. – federal and state level requirements (e.g., SEC, CFTC, BlueSky, lobbying rules)

Outside of these jurisdictions, we regularly advise or assist clients in relation to marketing in the Middle East, Asia, Canada and Australia.

Our teams review and advise on marketing materials, investor decks and regulatory disclosures in fund documentation. Depending on the domicile of the fund and the investment manager, we can assist with the relevant regulatory filings, registrations and/or notifications.

World Compass

Dechert’s World Compass, a user-focused online platform, provides fund managers with legal, regulatory and practical guidance on cross-border activities, such as marketing, management and other regulatory updates.

Subscribers receive 24/7 access to concise and easy-to-use guidance on key areas, including marketing and distribution of funds. The useful resources available encompass:

- Fly-in guides
- Disclaimer tools
- Shareholder reporting requirements
- Wrap accounts
- Commercial lending

Commended by the *Financial Times* in its 2017 “European Innovative Lawyers” Report, World Compass untangles the regulatory landscape in over 100 jurisdictions.



International Recognition

HFM EUROPEAN SERVICES AWARDS (2023)

Best Law Firm - Alternative Credit

ASIAN BUSINESS LEGAL'S SOUTHEAST ASIA LAW AWARDS (2023)

Shortlisted for Investment Funds Firm of the Year

CREDITFLUX CLO CENSUS (2022)

Voted by clients as the law firm that provides the best service to CLO managers

GLOBAL RESTRUCTURING REVIEW (2022)

Ranked as one of the world's top legal advisers for cross-border restructuring in the GRR 30 listing

PREQIN'S GLOBAL PRIVATE DEBT REPORT (2016-TO DATE)

Leading law firm in private debt fund formation

GLOBALCAPITAL U.S. SECURITIZATION AWARDS (2016-2022)

CLO Law Firm of the Year

THE LEGAL 500

2024: Ranked among the top law firms for Investment Funds, Acquisition Finance and Debt Capital Markets in the UK

2023: Ranked among the top law firms for Investment Funds in Germany, Hong Kong, Ireland, Luxembourg, Singapore, the United Arab Emirates and the United States and for Banking & Finance in Latin America and Luxembourg and Commercial Lending, Capital Markets: Debt and High Yield in the United States

CHAMBERS & PARTNERS

2024: Listed in the spotlight table for the new Private Equity: Credit Funds category and ranked among the top law firms for Investment Funds in the UK

2023: Ranked among the top law firms for Investment Funds in Asia-Pacific, China, Ireland, Luxembourg, the Middle East and the United States and for Banking & Finance and Capital Markets: Securitisation: CLOs in the United States

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