PSERB Resolution 2025-57
Re: Park Square US Loan Partners 1, L.P.
August 21, 2025

RESOLVED, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and commits an amount not to exceed $100 million, to Park Square Capital U.S, Loan Partners I LP and/or related investment vehicles, and up to $75 million to a strategic co-investment vehicle investing alongside PSERS' existing Park Square strategy commitments, plus reasonable and normal investment expenses in accordance with the recommendation of Sean T. Sarraf, Portfolio Manager and Aksia, LLC.

The final terms and conditions of the investment are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

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Park Square Capital US Loan Partners I LP & Strategic Co-Investment Private Credit Recommendation

Sean Sarraf
Portfolio Manager

Parin Patel
Investment Professional

Today's Presentation

Park Square Capital US Loan Partners I LP ("PSC US DL" or the "Fund")

Main Presentation

1. Asset Class Considerations
   - *Recommendation is consistent with PSERS' Strategic Asset Allocation (SAA) and current year commitment planning.*
2. Recommendation Overview
   - *PSERS IO and Aksia recommend committing up to $100M to Park Square Capital US Loan Partners I LP and up to $75M to a strategic co-investment vehicle investing alongside PSERS' existing Park Square strategy commitments.*
3. Strategy & Expertise
   - *Experienced global credit platform offering complementary strategies serving as a one-stop credit solution for private equity sponsors.*
4. Investment Considerations
   - *Investment expected to face certain risks consistent with private credit investments, and IOP believe that Park Square has identified appropriate mitigants to those risks.*
5. Investment Highlights
   - *Consistent historical performance and complementary fit with PSERS' private credit portfolio.*

Appendix

- Investment Committee Disclosure
- Private Credit Dashboard

1. Asset Class Considerations

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and most recent pacing analysis

PSERS SAA and Pacing

1. PSERS SAA has established long-term targets of 7.0% to Private Credit.
2. The current Private Credit allocation is within.
3. PSERS and Aksia's latest pacing analysis suggests $800M – $1200M of commitments annually beginning in 2025 to maintain our target exposure to Private Credit.
4. This analysis is revisited frequently based on the actual performance of the Private Credit allocation and the broader PSERS portfolio.

SAA Allocation	
Private Credit Target	7.0%
Private Credit Actual	7.8% [1]
Pacing Budget for 2025	
Pacing Budget Range	$600M - $1B
Primary Investments	
2025 YTD Commitment	$465M
Today's Recommendations	$175M
Co-Investments	
2025 YTD Commitment	$75M
Total Primary and Co-Investments	**$540M**
Remaining Budget [2]	$260.0M
Est. Remaining Primary Fund Recommendations	$250M
Expected to be in Target Budget Range for 2025?	Yes
Est. Co-Investment Capacity	$263M [3]

1. Private Credit Actual taken from Verus 2025 1Q – Total Fund Report
2. Remaining to the mid-point of the pacing budget
3. Co-Investment Capacity as of 3/31/2025.

2. Recommendation Overview

PSERS IO and Aksia recommend committing up to $100M to Park Square Capital US Loan Partners I LP and up to $75M to a strategic co-investment vehicle investing alongside PSERS' existing Park Square strategy commitments (Capital Partners, European Loan Partners and potentially U.S. Loan Partners).

Firm Name	Park Square Capital LLP ("the Firm" or "PSC")
Investment Professionals / Employees	126 total employees / 44 investment professionals
Fund Name	Park Square Capital US Loan Partners I LP
Strategy Invested Capital [1]	~$17.1B (Firm) / NA (new fund series)
Target Return	12% - 14% Net IRR / 1.6x MOIC (base case + founder fee economics)
Target Fund Size / Hard Cap	$500M / $750M / USD
Recommended Commitment (up to)	$100M to the Fund + $75M to Strategic Co-Investment Vehicle
GP Commitment	1% of Fee-Paying Commitment
Fund Structure	Closed-End
PSERS Existing Relationship	Yes
Notable Investment Committee Disclosures [2]	No

1. As of March 2025
2. Detail in appendix (Slide 9)

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3. US Direct Lending Strategy & Expertise

Park Square is currently raising U.S. Loan Partners I, a dedicated strategy focused on senior secured direct lending to U.S. middle market companies, primarily in the $25 - $100 million EBITDA range. The Fund targets non-cyclical, cash-flowing businesses across defensive sectors such as healthcare, software, and business services and benefits from PSC's transatlantic platform and strong sponsor relationships.

1. **Market Opportunity:** The opportunity is supported by structural retrenchment of traditional lenders, growing demand for private credit, and high volumes of sponsor-backed transactions. PSC is well-positioned to capitalize on this demand with its established U.S. team, deep sponsor network, and proprietary sourcing partnership with Nomura.

2. **Strategy:** PSC applies a selective, risk-first underwriting approach, emphasizing capital preservation and credit discipline. The Firm avoids cyclical sectors, while maintaining high standards for underlying loan documents. This approach has resulted in an annualized loss ratio of 8bps in senior lending over a 20+ year track record.

3. **Portfolio Fit:** A commitment to PSC is aligned with goals to expand core middle market private credit exposure through a manager with a focus on capital preservation. The strategy provides meaningful co-investment capacity and is inherently downside-protected through significant equity cushion and strong lender protections.

4. Investment Considerations

The risks for PSC are consistent with Private Credit direct lending strategies

Risk	Detail	Mitigating Factors
First Time Fund & Deployment Pace	While PSC has an established U.S. credit platform dating back to 2014, this is its first dedicated fund focused solely on U.S. middle market direct lending. As such, typical first-time fund risks apply, including scaling team resources and origination capacity in a competitive environment.	***Established US Track Record***: *$8.5b deployed across 65 U.S. borrowers since 2014, with a 1bps annualized loss rate demonstrating underwriting discipline and operational readiness.* ***Proprietary Sourcing via Nomura***: *Strategic ROFR and co-underwriting partnership expands PSC access to sponsor-led, off-market transactions across a wide EBITDA spectrum, without compromising credit standards.*
Overall Exposure to Park Square	PSERS' total exposure to PSC stands at ~$992M as of 3/31/2025, making it the second-largest manager relationship in the private credit portfolio.	***High Conviction Partner***: *PSC has consistently delivered strong risk adjusted returns with minimal losses.* ***Complementary Strategies***: *Exposure spans three strategies targeting different market segments and geographies, with varying structural and macroeconomic return drivers. The Fund adds incremental diversification and targets a distinct opportunity set, complementing existing exposure.*
Competitive Landscape	U.S. middle market direct lending has grown increasingly competitive, especially in the $25-100M EBITDA range, contributing to spread compression, looser terms, and tighter deployment windows.	***Selective, Risk-First Underwriting***: *Focus on non-cyclical, cash-flowing borrowers and lender-friendly structures has resulted in exceptionally low loss rates and disciplined execution in all market environments, historically.* ***Smaller Fund Size***: *with a $500-750M target, PSC can remain highly selective, targeting 30-40 loans vs peers that typically raise much larger funds targeting a larger number of loans*

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5. Investment Highlights

PSC specialized expertise matches today's market opportunity

Highlight	Detail
Experienced Team Focused on Capital Preservation	PSC has a long-tenured investment team with a philosophy centered on capital preservation. Since inception, the Firm has invested over $28B across 230+ companies, overseen by senior professionals averaging 14 years of tenure. The US platform, launched in 2014, and has deployed $8.5B across 65+ borrowers, with zero realized losses in U.S. middle market lending and a global senior debt loss rate of just 8bps. This track record reflects a high degree of underwriting rigor and deployment discipline within non-cyclical sectors.
Nomura Strategic Partnership	PSC intends to enter into an exclusive strategic alliance with Nomura's U.S. investment banking division, which includes a Right-of-First-Refusal (ROFR) on all unitranche deals sourced by Nomura's U.S. investment banking division. This enhances PSC access to proprietary deal flow while maintaining investment discipline and underwriting standards. Nomura intends to invest in the Fund and can choose to allocate balance sheet capital to enable scaling into larger deals, allowing the Fund to opportunistically invest in the upper middle market as relative value dictates.
PSERS' Historically Strong Performance	PSC has delivered consistently strong historical performance across PSERS' junior, senior, and middle-market credit commitments. As of December 31. 2024, PSERS' investments with the firm has generated a 9.8% net IRR, a 3.6% direct alpha, and $115.30 million in excess value relative to Morningstar LSTA Leveraged Loan Index (no spread)

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Appendix

Investment Committee Disclosure

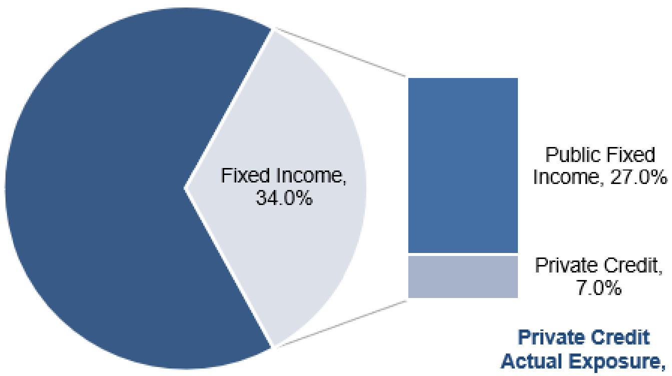
Disclosure	Response
Relationship with Aksia	As of March 31, 2025, seven (7) current Aksia advisory and investment management clients have made total aggregate subscriptions and commitments of $1.02 billion across investments managed by Park Square Capital LLP, including four (4) current advisory accounts ($967.9 million) and three (3) current investment management accounts ($50.7 million). As of June 23, 2025, there are no other Aksia clients considering a commitment to Park Square US Loan Partners Fund I.
Introduction Source	Existing Relationship
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on June 23, 2025, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No reportable political contributions
PA Presence	No
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure	NA
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	Yes, Park Square reimbursed PSERS for LPAC-related travel expenses for funds whose investment contracts were entered into prior to July 2021.
Certification of Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the fund.

1. Please note that this information, which is available to PSERS upon request, is subject to change pending further review and decision making between Aksia and its clients

Private Credit Portfolio *(Q4 2024)*

Allocation

Target Allocation to Private Credit In Long-Term Strategic Asset Allocation

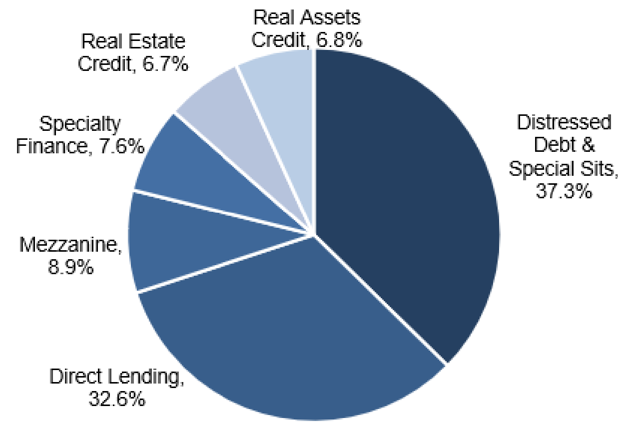


Private Credit Actual Exposure, 7.8% as of Mar '25

Source: Verus 2025 Q1 – Total Fund Report (Q4 2024 Private Markets data given 1Q Lag).

Diversification

Sector Diversification



Source: Aksia as of December 31, 2024

Activity

Recent Fund Commitments ($M)

2024	
ICG Mid-Market II	€150m
ACORE Opportunistic Credit II	$175m
Sixth Street SLE III	$165m
2025 (As of Jun-25)	
I Squared Global Infrastructure Credit Fund II	$150m
ICG Europe IX	€150m

Performance

Portfolio Performance

	Time-Weighted Return					10-Yr PME Analysis	
	1-Yr	3-Yr	5-Yr	10-Yr	15Y	KS-PME[1]	Direct Alpha[2]
Direct Lending	11.5%	9.0%	9.0%	9.3%	8.2%	1.1x	1.4%
Mezzanine	3.7%	5.0%	10.9%	10.4%	10.8%	1.1x	3.6%
Distressed & Special Situations	6.1%	5.6%	7.3%	7.2%	7.0%	1.0x	0.4%
Specialty Finance	7.1%	4.4%	18.3%	13.3%	11.1%	1.0x	4.3%
Real Estate Credit	9.6%	7.8%	1.8%	2.9%	2.3%	0.9x	-4.3%
Real Assets Credit	11.5%	16.5%	13.9%	3.3%	5.2%	0.9x	-3.6%
Total Portfolio	8.7%	7.8%	8.6%	7.6%	8.5%	1.0x	0.4%
Benchmark	11.1%	9.1%	8.0%	7.0%	7.7%		

Color-coding: outperformance or underperformance vs. benchmark.

[1]KS PME and Direct Alpha are calculated compared to Private Credit's policy benchmark.

[2] Benchmark: Morningstar LSTA US Leveraged Loan Index + 200 bps

Source: MSCI/Burgiss and Aksia of as December 31, 2024

Benchmark: Morningstar/LSTA Leveraged Loan Index +200bps