MUFG Investor Services

carne

A MARKET MATURES

Navigating the Rise of Direct Lending

March 2025

Contents

Executive Summary

In less than two decades, private credit rose from the ashes of the Global Financial Crisis to become a fast-growing—many would say preferred—funding source for transactions that are transforming industries, as well as niche deals that are breathing new life into start-ups and middle-market companies. Industry researchers estimate that private credit assets under management topped $3 trillion globally in 2024.

> Direct lending funds, a key component of private credit, are increasingly dominating transactions in technology, infrastructure, real estate, and other sectors.

Direct lenders typically rely on closed-end funds to finance transactions. In April 2024, an International Monetary Fund report noted "closed-ended funds with a capital call structure and limited life cycle represent about 81 percent of the private credit market," and are the most common private credit investment vehicles.

In this paper, MUFG Investor Services and Carne Group examine the role of direct lending in the global alternatives marketplace, and how the ability to move quickly—with less disclosure requirements and regulation than when dealing with traditional banks—has made it a powerful, "go-to" financing option from the largest firms to the smaller players.

Asset managers with "dry powder" and new retail investors are pouring trillions of dollars into the alternatives markets, joining traditional institutional investors such as pension funds and insurance companies. To better manage this influx of capital, managers are developing deeper partnerships with trusted outsourcing partners. Together, they are reengineering operating models to improve efficiency, manage and drive asset growth, introduce new products and services, and promote future profitability.

In the recent Supermodel report[1] by Carne, a survey of 200 asset managers found that 51% with proprietary management companies plan to outsource more functions through a managed services model during the next two years, with 29% saying they might fully outsource responsibilities to support new products, and 19% considering fully outsourcing to a third-party management company.

New Record: Private Credit Global AUA Exceeds

$3 trillion

[1] Carne Supermodel Report https://www.carnegroup.com/wp-content/uploads/2024/11/Supermodel-report-The-great-evolution-in-asset-management-v3.pdf

Introduction

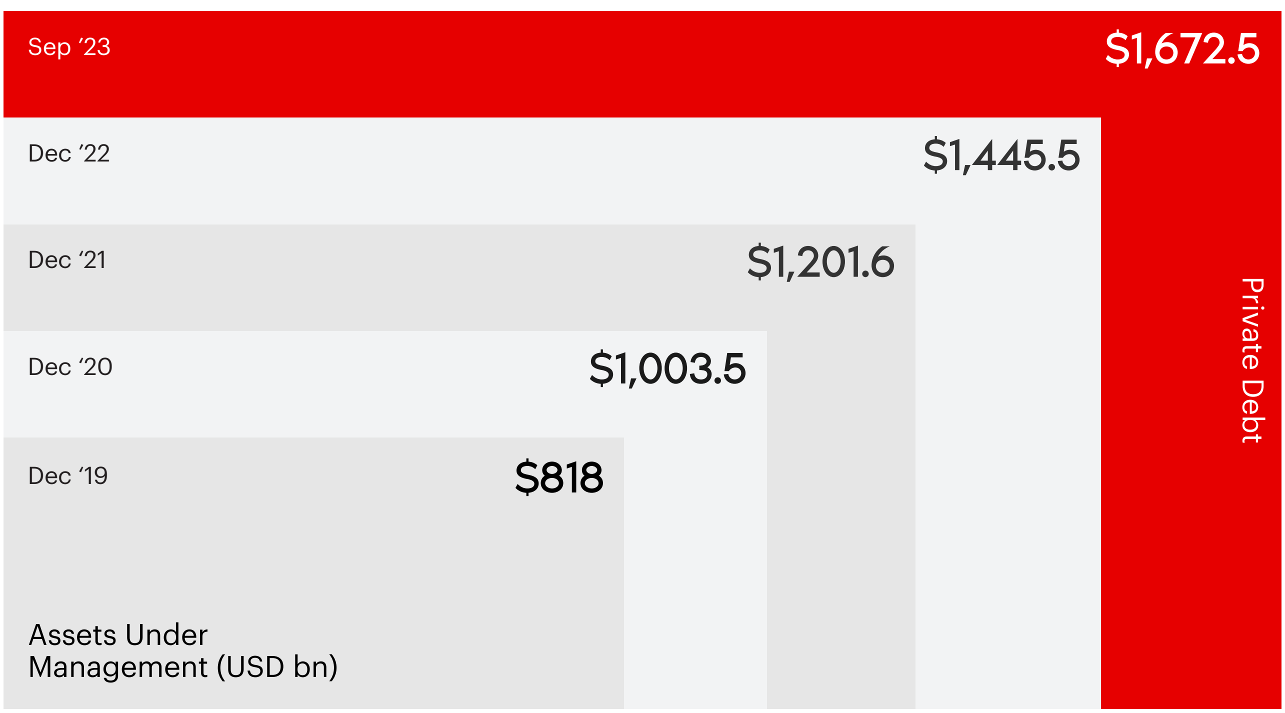
Private credit insiders, who are already spending much of their time watching the rapid growth of that asset class, can be forgiven if they were left a bit breathless by the end of 2024 and beginning of 2025.

It was a time filled with huge, transformative transactions as private credit asset managers continued to consolidate, create new direct lending funds, and spread their reach across a host of industries.

Key players in the global alternatives universe see this activity as a harbinger of the future for private credit, now a mature asset class, and for direct lending funds specifically. Industry stakeholders observe that private credit assets under management (AUM) were roughly 10 times larger at the end of 2023 than in 2009. Private debt assets doubled from $818 billion in 2019 to $1.6 trillion in September 2023.

Depending on methodology, current estimates of private credit AUM vary but it's clear that the numbers continue to rise. The Alternative Credit Council's Financing the Economy research estimated that by the end of 2024, private credit AUM exceeded $3 trillion globally. The report, with EY, was based on data from private credit managers and investors that manage more than $2 trillion in private credit assets, combined with additional datasets.[2]

Growth in Global Fund AUM Across Private Markets (2019-2023)



Source: Carne Supermodel Report

[2] Financing the Economy: https://www.ey.com/en_lu/future-of-private-credit

Preqin's forecast, which excludes funds in yuan renminbi as well as funds of funds to avoid double counting, is more conservative but as significant. Preqin estimated that total private debt AUM will grow "at a compound annual growth rate of 9.88% from the end of 2023 to 2029 to reach an all-time high of $2.64 trillion," with direct lending AUM showing the strongest growth with an increase to $1.33 trillion.[3]

Armed with trillions of dollars in fresh capital from retail investors, as well as uninvested "dry powder," asset managers are moving rapidly to use direct lending to finance multi-billion-dollar transactions for companies that once would have relied on public financing and syndications.

> During the past decade, particularly as equity markets stalled due to inflation and rising interest rates, fund managers and investors saw direct lending as a way to increase returns, generally from 5% to 9%, based on the spread from floating-rate, closed-ended loans.

Source: Preqin data

As private credit markets expand, and managers raise capital to fund similar huge transactions, it's clear that trusted service providers will play a more extensive role in advancing this paradigm, via reengineered operating models, new technology and data systems, and multi-jurisdiction reporting solutions.

A View of 2024 / 2025

In February, **J.P. Morgan** announced plans to significantly expand its private credit commitment by allocating $50 billion from its balance sheet, and nearly $15 billion from co-lenders, to extend the firm's direct lending capabilities and provide tailored private credit solutions.[4]

BlackRock announced plans to acquire HPS Investment Partners in December, an estimated $12 billion, all-stock deal to create an integrated private credit franchise.[5]

Apollo Global Management caught the market's attention with its $11 billion investment to acquire a 49% stake in Intel's chip manufacturing facility in Ireland, and by considering another "equity-like" investment of up to $5 billion in Intel.[6]

Ares Management reported that funds managed by its credit group closed about $12.3 billion in U.S. direct lending commitments in Q3, across 86 transactions in sectors including software, fitness, insurance, and logistics. Ares closed about $44.5 billion in direct lending commitments across 328 transactions for the 12 months ended September 30, 2024.[7]

[3] Preqin Global Report Private Debt 2025: https://www.preqin.com/insights/research/investor-outlooks/investor-outlook-h2-2024, Pg. 25
[4] JP Morgan Press Release: https://www.jpmorgan.com/about-us/corporate-news/2025/jpmorgan-increases-direct-lending-commitment-to-50-billion
[5] BlackRock press release: https://ir.blackrock.com/news-and-events/press-releases/press-releases-details/2024/BlackRock-to-Acquire-HPS-Investment-Partners-to-Deliver-Integrated-Solutions-Across-Public-and-Private-Markets/default.aspx
[6] Apollo press release: https://www.apollo.com/insights-news/pressreleases/2024/06/intel-and-apollo-agree-to-joint-venture-related-to-intel-s-fab-3; https://www.reuters.com/business/finance/apollo-offer-multibillion-dollar-investment-intel-bloomberg-news-reports-2024-09-22/
[7] Ares Management press release: https://ir.aresmgmt.com/news/ares-management-announces-third-quarter-2024-u-s-direct-lending-origination-activity/9847983a-bdb9-4826-9b8e-06f54e4924b5/

Seizing Opportunity

Private credit took hold after the Global Financial Crisis between 2007-2008, stemming in large part from post-crisis legislation and regulatory requirements. After the collapse of the securitization of sub-prime mortgages, financial services institutions and banks left holding risk-weighted assets faced stricter lending rules and were required to hold adequate capital to avoid becoming over-extended. In the aftermath of the crisis, risk-averse banks retained capital and withdrew from certain types of lending.

Direct lenders stepped into that void, first focusing on middle market companies too small to enter public markets, as well as high-risk companies or those with specialized needs. Direct lenders typically provided loans of $20-$650 million for US middle-market firms, with returns ranging from 10 to 15%, based on Preqin data.

In the years following the financial crisis, low interest rates, global economic uncertainty, and the COVID-19 pandemic drove growth in private markets as favorable pricing in the sector resulted in strong returns. The solid growth and performance of direct lending and private equity funds attracted retail investors who wanted exposure to investments that are not available through the public markets.

During the past decade, particularly as equity markets stalled due to inflation and rising interest rates, fund managers and investors saw direct lending as a way to increase returns, generally from 5% to 9%, based on the spread from floating-rate, closed-ended loans, based on Preqin data.

The International Monetary Fund's (IMF) Global Financial Stability Report issued in April 2024 noted that "as of June 2023, assets under the management (deployed and committed) of private credit managers located in the United States reached $1.6 trillion, growing at an average annual rate of 20 percent over the last five years."

> Direct lending has thrived in areas including fund financing after banks reduced activity or stepped away entirely, which allowed direct lending to fill that gap.

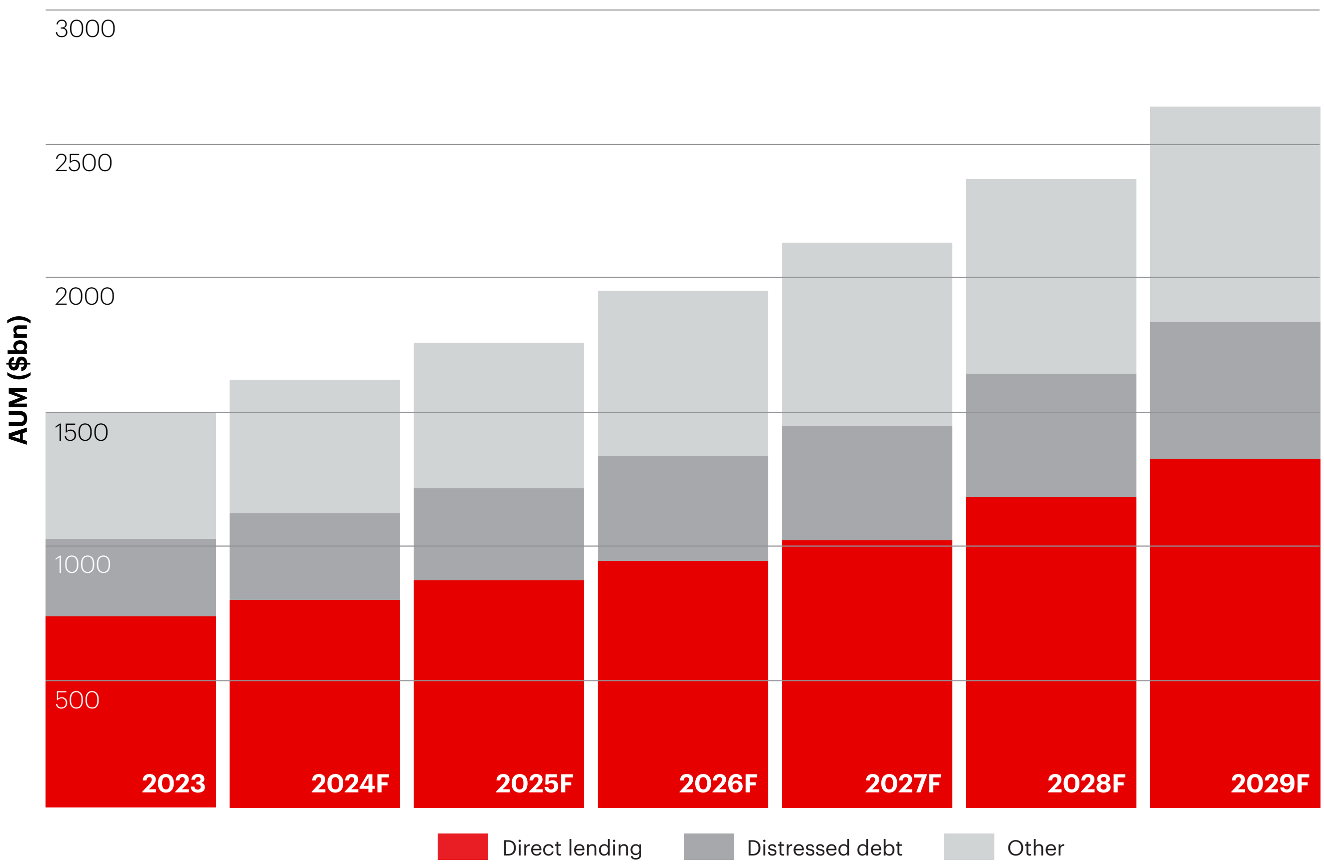
Examining US and Europe private credit markets, the report explained that "private credit now accounts for 7 percent of the credit to nonfinancial corporations in North America, comparable with the shares of broadly syndicated loans and high-yield corporate bonds. In Europe, private credit also increased rapidly at an average rate of 17 percent per year over the same period, although it has a smaller footprint of 1.6 percent of corporate credit."

Closed-ended funds with a capital call structure and limited life cycle represent about 81 percent of the private credit market, while an additional 5 percent consists of specialized collateralized loan obligations (CLOs) investing in middle-market private credit, the IMF report noted.[8]

[8] IMF Report: https://www.imf.org/en/Publications/GFSR/Issues/2024/04/16/global-financial-stability-report-april-2024, pg. 56

Direct lending to show strongest growth

Global private debt AUM* by strategy



Source: Preqin Global Report Private Debt 2025

The resilient structure of closed-ended funds is attractive because it enables funds to call and keep capital, allowing them to remain secure during periods of volatility or economic uncertainty.

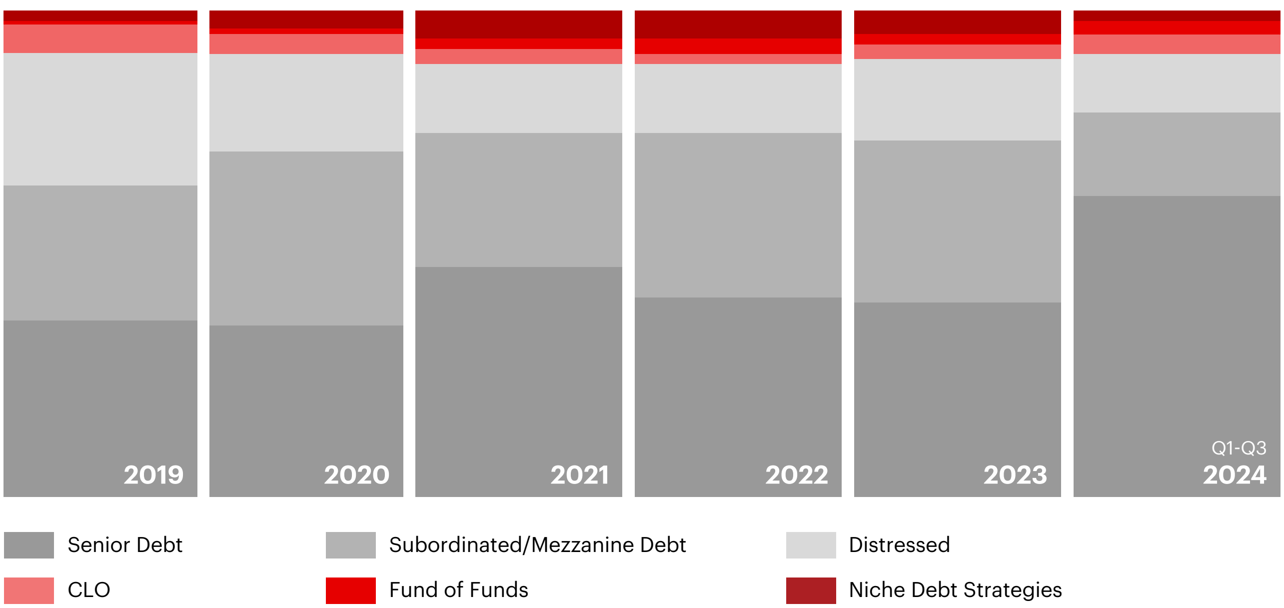
Institutional investors, including pension funds, insurance companies, sovereign wealth funds, and family offices have been the largest investors for direct lending or private credit funds.

Seizing Opportunity

Typically, the funds issue floating-rate loans to ensure that, regardless of the interest rate environment, investors earn a reasonable margin over base rate, often 400 basis points or more, which generally are higher than in public markets. Investors receive an illiquidity premium—an attractive, additional yield for giving up access to capital for a specific period—that has helped fuel growth.

Direct lending funds also have greater control of lending documentation, which can result in tighter covenants and security packages than in the broadly syndicated loan market. In fact, direct lending funds remained resilient after the US Federal Reserve began raising interest rates in 2022.

Year-on-Year Private Debt Fundraising by Strategy



Source: Private Debt Investor

Larger Funds Finance Transformative Transactions

The Intel-Apollo transaction, as well as Blackstone, Magnetar, and Coatue's participation[9] in the $7.5 billion debt financing facility in May for CoreWeave, an artificial intelligence hyperscaler, and other direct lending deals, are examples of what private credit experts see as an evolving "virtuous cycle." Investors pour capital into direct lending funds, which are growing dramatically, and those asset managers become lenders of choice to finance transformative transactions throughout many industries.

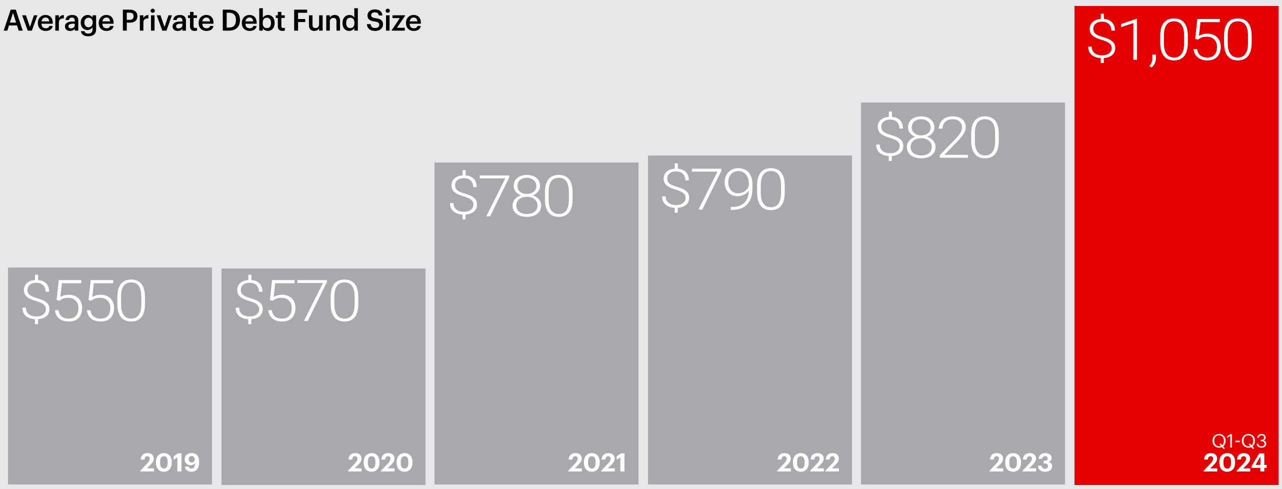
One of the most attractive features about tapping the direct lending space, particularly for large transactions, is that the speed of execution is typically much faster than in public markets. Firms attempting to raise capital from the public often must disclose a wide range of financial information to numerous counterparties and conduct road shows with lenders. Large loans are then syndicated among a pool of lenders to spread financial commitments and mitigate default risk.

The alternative—using direct lending or private credit—is straightforward: Generally, a company's management team approaches a fund or private equity sponsor, provides financial information that is analyzed and, ultimately, a fund or asset manager decides whether to agree to the transaction.

> The resilient structure of closed-ended funds is attractive because it enables funds to call and keep capital, allowing funds to remain secure during periods of volatility or economic uncertainty.

As the size of direct lending funds increases, one fund may choose to carry the entire transaction—significantly reducing the number of counterparties involved and eliminating the need for syndication. Because closed-ended funds already have capital commitments and the standard draw-down period is 10 days, transactions can be completed rapidly.

Average Private Debt Fund Size



Source: Private Debt Investor

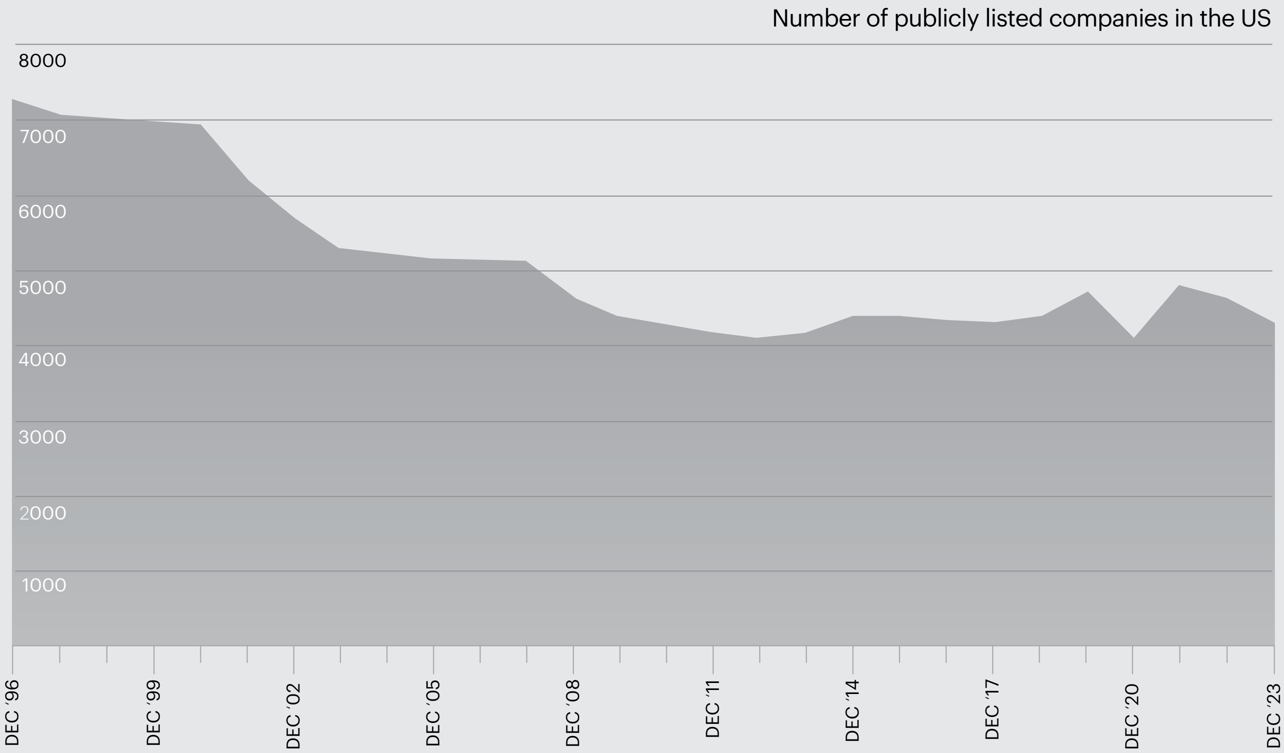
[9] Blackstone press release: https://www.blackstone.com/news/press/coreweave-secures-7-5-billion-debt-financing-facility-led-by-blackstone-and-magnetar/

Larger Funds Finance Transformative Transactions

For similar reasons, private credit has become the “go-to” funding source for middle-market companies that are choosing to remain private rather than enter public markets. The number of publicly traded companies in the US dropped from 7,300 in 1996 to about 4,300 in 2024. During the last two decades, the number of private companies in the US supported by private equity companies grew from 1,900 to 11,200, according to JPMorgan Chase data.[10]

Companies owned by families or private equity firms are using private markets to remain private and finance growth. To the extent that debt is efficient and the pricing is better, then owners, management teams, and investors (e.g., pension funds, insurance companies, endowments, sovereign wealth funds) will realize the benefit of that value, rather than sharing it with a broader pool of public shareholders.

US: Significant Decline in the Number of Publicly Listed Companies



Source: Apollo

[10] JPMorgan Chase 2023 annual report: https://www.jpmorganchase.com/ir/annual-report/2023/ar-ceo-letters#section-1, pg. 36

Smaller Funds Find Niches

While it may seem that giant firms are overwhelming the direct lending marketplace, some firms are making their presence felt by staking out their own niche industries. For example, many smaller firms are intensely focused on the Silicon Valley region and other technology corridors with a wide range of strategies to fund innovative companies with cutting-edge ideas.

Certainly, large firms dominate fundraising and have the resources for transformative deals, but the smaller and mid-sized firms can still compete by specializing in industries including technology, health care, and infrastructure. Those direct lenders have a distinct advantage: Speed. With less internal bureaucracy, they target up-and-coming firms and provide capital and expert teams with deep knowledge of unique challenges across those industries.

Whether funded by large firms or small, all those efforts lead back to the "virtuous cycle." If fewer companies enter the public markets, continuing that shift in the traditional model, then it is likely that capital will continue to flow into private credit and direct lending.

New Capital, New Challenges

The influx of new capital in private credit is coming, in part, from retail investors who may bring as much as $1.3 trillion into the global private markets.[11]

> Add that to another $3.9 trillion in asset managers' uninvested capital or "dry powder"—as well as the shift from the traditional 60/40 capital allocation mix to a model where up to 20% of assets are designated for alternatives—and **a scenario emerges of significant global opportunities and dramatic challenges for private markets.**

Innovative funds are already providing investors with new opportunities in the alternatives market. For example, investors received increased access to a broad range of private market assets through improvements to the European Long-Term Investment Fund (ELTIF) framework and the introduction of United Kingdom Long-Term Asset Funds (LTAFs). In Carne's Atlas 2024[12] report, 88% of wealth managers surveyed anticipated increasing investments in private markets in the United Kingdom and Europe in the next three years because of LTAF/ELTIF opportunities—with 28% of the respondents expecting a dramatic increase. In the next three years, 79% of defined contribution respondents said they would increase investments using LTAF or ELTIF structures, with 31% indicating the increase would be dramatic.

For asset managers, the cost of those opportunities means reengineering their operating models. While sophisticated institutional investors continue to supply capital to private credit and direct lending funds, they are being joined by the retail investors who may invest directly or be represented by registered investment advisors that aggregate funds. These investors are coming to the market with greater transparency, cost, and disclosure expectations.

Typically, closed-ended funds raise money from a handful of institutional investors—subscribing with tens or hundreds of millions of dollars. The emergence of retail investors means that fund managers may end up working with hundreds or thousands of new investors with varying amounts of capital, making it difficult to manage capital calls and drawdowns.

While insurance companies or pension funds have been comfortable trading access to their capital in exchange for illiquidity premiums, retail investors likely will want some liquidity with their investments. Fund managers are addressing possible approaches to provide that liquidity.

[11] McKinsey, February 2022, "US Wealth Management: A Growth Agenda for the Coming Decade: https://www.mckinsey.com/industries/financial-services/our-insights/us-wealth-management-a-growth-agenda-for-the-coming-decade
[12] Carne Atlas 2024 report: http://www.carnegroup.com/wp-content/uploads/2024/07/Atlas-2024-report.pdf

Rather than investing all capital in illiquid investments, they are considering placing money in some liquid assets for redemptions while they deploy larger amounts of capital into less liquid investments.

The question becomes, how long should they keep that liquidity on hand? Unlike public markets, where positions can be tracked and priced in real time, private investment funds may be valued once a month or a quarter. In those instances, depending on market conditions, owners of a private credit position needing liquidity could be forced to sell at a substantial discount. Usually, funds are locking in investors for a time period, and then offering limited liquidity that may be capped at 5-10% per year.

> Education will be key, particularly regarding liquidity, to successfully integrate retail investors into private markets. Part of that effort will include producing more timely and frequent reporting than fund managers currently provide.

While alternative investments should only be a small portion of their portfolios, it is critical to ensure retail investors fully understand the distinctions and suitability of private markets.

Valuation of assets when no public price is available is another important topic for asset managers with limited liquidity funds because the value at which investors enter the fund will have a real impact on their return. For example, a valuation model may crystalize a position effectively, but if a loan becomes impaired over time, investors may have paid the wrong price—too high or too low—based on the model.

Calling Trusted Service Partners

The number of investors and the volume of capital also will drive the need to increase automation, update infrastructure, and adopt new technology. In the past, asset managers with a few large institutional investors could rely on Excel spreadsheets, straightforward workflow, and periodic reporting.

With the number of investors increasing, asset managers must decide whether to pay for new systems, processes, and staff to manage that growth, or outsource back-, middle-, and front-office functions. Managers are tapping trusted service partners, such as MUFG Investor Services and Carne, to reengineer entire operating models or handle discrete special projects. For smaller, specialist firms, trusted partners deliver strong teams and battle-tested platforms to provide economies of scale and help level the playing field when competing against larger managers. Partners also can provide access to new market aggregators, such as iCapital and CAIS.

By expanding those relationships going forward, trusted partners will help large and small managers improve efficiency, drive asset growth, introduce new products, reduce costs, and maintain profitability.

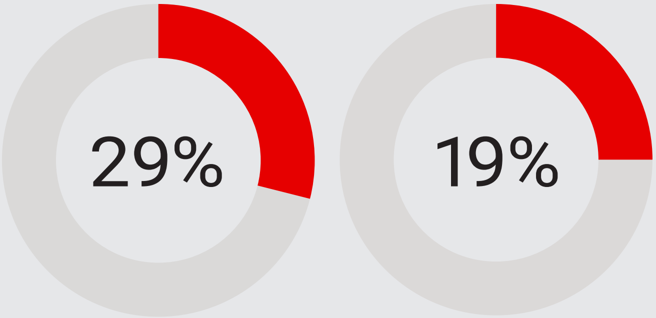
Based on Carne's Supermodel report, asset managers plan to increase outsourcing to reduce margin pressure, streamline fraying operating models, and adopt innovative technology to manage volumes of new data.

More than half of the firms (51%) with proprietary management companies plan to outsource additional functions through a managed services model during the next two years, including regulatory reporting (41%), sustainable investment support functions (39%), and distribution (37%), the report said.

In addition, 29% of the surveyed firms indicated they might fully outsource management company responsibilities specifically to support new

Carne Supermodel Report 2024

Surveyed survey 200 asset management executives during Q3 2024 about growth priorities and operational transformation, including outsourcing.



May fully outsource management company responsibilities to support new products

May fully outsource proprietary management company responsibilities to third party

products, and 19% are considering fully outsourcing proprietary management company responsibilities to a third-party management company.

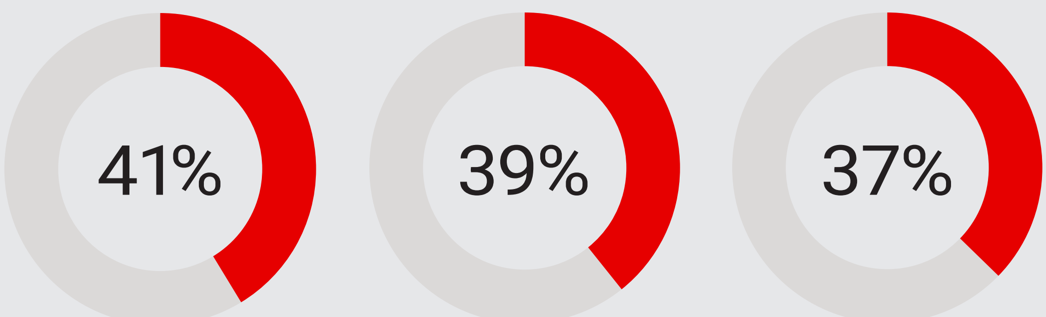
Relationships between asset managers and outsourcing partners with a global presence will provide many competitive advantages. Outsourcing functions enable managers to redirect resources to improve fund performance and growth initiatives, and upgrade client service. Introducing new products across jurisdictions will likely be faster and more cost-effective with partners who are already familiar with local regulations and compliance rules.

For example, trusted partners will provide trained teams in locations around the world, and use established platforms and workflow processes to model, review, and verify credit agreements and loan documents. The partners will also administer and service loans across the life cycle to process the inward and outward flows of capital (according to loan documentation), monitor interest payments, ensure that information is distributed correctly, manage volumes of new data, and introduce innovative platforms to deliver validated reports that comply with new regulations.

The breadth of outsourced solutions range from fund and loan administration to fund financing, transfer agent, banking and payments, financing, and business consulting services. Asset managers tap these solutions, and many more, to improve functions that include aggregating investments from private banks, creating dynamic subscription forms, automating Know Your Customer/ Anti-Money Laundering processes for investor onboarding, improving documentation processes, as well as delivering fund valuations and investor statements efficiently. They also offer local resident directors, and other governance services, as well as supporting marketing and distribution functions.

All these tools enable managers to bring new, scalable products to market quickly and efficiently, which is critical in the competitive market.

51%+ plan to outsource more functions in next 2 years



Regulatory reporting

Sustainable investment support

Distribution

Increased Regulatory Scrutiny

At the same time, asset managers and trusted partners are developing and implementing corporate and regulatory solutions to accommodate new disclosure and transparency requirements across jurisdictions.

> Globally, regulators are very much aware of the growth of the multi-trillion-dollar private market asset class that is playing such a dominant role in financing large transactions. They are demanding more clarity, greater reporting precision, and a better understanding of upside and downside ramifications by adopting new rules and governing frameworks.

European regulators already implemented Alternative Investment Fund Managers Directive (AIFMD) Annex 4 reporting, which requires managers to provide information in more than 300 data fields. Amendments to the European Union's AIFMD II focus on revisions to investor disclosure, liquidity management, marketing requirements, regulatory disclosure, among other areas, and must be enacted by EU member states laws by April 2026.

With heightened, data-driven expectations, regulators are requiring fund managers to provide information about liquidity management tools, valuation, and other aspects of their funds. In addition to reviewing quarterly data, regulators are conducting inspections to obtain additional information on specific themes, and they are requesting data in real-time during inspections rather than waitingweeks for information to be delivered.

Effectively managing data is the key to meeting those expectations. Rather than spend resources building their own systems, asset managers are increasingly using common data platforms built by outsourcing partners that standardize reporting fields to collect and process data, and translate that information into standard syntax.

These systems create golden sources of data held in secure data lakes to help harmonize investor reporting, eliminate inconsistencies, and meet a wide range of multi-jurisdictional disclosure and reporting requirements with clear audit trails.

For example, asset managers are already using partner-developed platforms to meet reporting deadlines for Form PF rules, as well as AIFMD Annex 4 filings. One asset manager marketing in 11 European jurisdictions—each with varied disclosure and reporting requirements—is using a platform to extract and verify data, format each report, and submit those AIFMD Annex 4 filings simultaneously, resulting in significant time and cost savings.

As direct lending transactions grow even larger, with more investors and complex fund structures, asset managers know that managing volumes of data and multi-jurisdictional reporting will become even more challenging, especially in global markets. When reengineering their operating models, managers are working closely with trusted partners who have already implemented innovative reporting tools to ensure that data is precise and verified, and that reports are produced accurately and comply with all reporting criteria.

Legislation on the Horizon?

Asset managers are also acutely aware that new, retail investors are represented by their own legislators—who will demand close regulatory scrutiny and even direct regulation of the asset class—to ensure that new investors are protected.

While direct lending experts acknowledge the need for greater transparency, they argue that private credit transactions are offering additional options for the markets and see less volatility and potential systemic risk based on fund structures. They say that, unlike banks where panic can lead to intense volatility, private credit agreements are based on capital investment for a finite period in a closed-ended structure. Investors cannot remove capital during times of stress, reducing the possibility of forced sales, and that stability builds systemic resilience.

A longer-term challenge is likely to come from the banking industry and its claims that there is an unfair playing field: Banks are restricted by significant capital requirements, while direct lending funds are free to raise capital from a growing group of investors (e.g., insurance companies, pension funds), and are not as constrained when deploying that capital.

Asset managers, however, point out that direct lending has thrived in areas, including fund financing, after banks reduced activity or stepped away entirely, which allowed direct lending to fill that gap.

> One of the most attractive features about tapping the private credit space, particularly for large transactions, is the speed of execution typically is much faster than in public markets.

Looking to the Future

> Asset managers plan to increase outsourcing to reduce margin pressure, streamline fraying operating models, and adopt innovative technology to manage volumes of new data.

The future growth of private credit will be based on a host of factors, ranging from immediate market shifts to an expansive view of potential markets and transactions.

The US Federal Reserve's decision to lower interest rates in September 2024 has spurred activity in the asset class, as interest rates normalize. Most current loans are floating-rate instruments, based on percentage points above the Fed rate so the floating-rate spread will remain, but absolute returns will go down.

While the sector has been resilient, with no spike in defaults despite the rates, there have been fewer private equity transactions or initial public offerings as markets tightened in the last two years. As a result, borrowers that did not refinance instead implemented the concept of "extend and amend" with providers—adjusting agreements with slightly different conditions to enable borrowers to cycle out of some positions.

Now, borrowers will welcome lower rates as an impetus to refinance existing facilities or assist funds that want to exit those investments and repay capital to investors.

Asset managers are also closely monitoring opportunities to use direct lending to finance government infrastructure, climate, and energy initiatives around the world. Private, asset-backed financing is a growing trend because those transactions include collateral that lenders can target if borrowers have difficulty repaying loans.

Opportunities are also arising in Significant Risk Transfer (SRT) transactions, as banks optimize their capital efficiency and share risk with private credit funds that want more exposure. As the amount of capital being invested in private credit increases, so does the universe of investable assets.

Diversification will be critical to ensuring market stability, particularly as the size of billion-dollar transactions grow. Private credit advocates note that by limiting overall portfolio exposure to a small percentage of a large deal, even if a large transaction becomes troubled, investors will benefit from a fund's other investments.

Conclusion

As asset managers monitor the flow of transactions to chart a roadmap for the future, they'll continue to search for higher yields and pay close attention to the impact of artificial intelligence and new technology.

At the same time, new managers entering the private credit markets are offering flexible, direct-lending strategies to finance disruptive sectors, including technology, SaaS, and environmental firms, which have been neglected by conservative banks. Direct lending firms are willing to invest in new regions and countries, and often are better placed to navigate laws, borrower protection, and tax schemes.

Perhaps the growth of private credit is best explained by the fact that when direct lending transactions are successful, investors benefit because the company borrows money efficiently and that should result in higher profits for shareholders.

Stronger returns for pension funds and insurance companies should flow down to individuals who will receive higher retirement payouts or potentially lower insurance premiums. Systemic risk is reduced as lending is primarily carried out by closed-ended funds with significantly lower leverage than banks.

Put simply, there are multiple winners.

Special thanks to Treabhor Mac Eochaidh, Global Head of Private Debt, MUFG Investor Services, and Des Fullam, Chief Regulatory & Client Solutions Officer, Carne Group, who provided extensive insight and guidance for this white paper.

MUFG Investor Services
MUFG Investor Services is a global leader in asset servicing and a trusted partner in operational transformation. We collaborate with the world's largest public and private funds to deliver comprehensive support across of the investment lifecycle. With over $1 trillion in client assets under administration, we're recognized for our innovative solutions, client-centric approach, and unwavering focus on alternative investments. Operating from 17 locations worldwide, we help clients mitigate risk, enhance efficiency, and ensure seamless execution across pre- and post-trade operations. Our extensive suite of services includes asset servicing, fund administration, banking, payments, fund financing, foreign exchange overlay, custody, business consulting, and more. We serve nearly 500 clients, spanning the global investment management ecosystem, including investment managers, institutional investors, pensions and endowments, sovereign wealth funds and investment consultants. As part of Mitsubishi UFJ Financial Group (MUFG), one of the world's largest financial groups with approximately $3 trillion in assets, MUFG Investor Services provides clients with the strength, stability, and global reach of the broader organization. To learn more, please visit us at www.mufg-investorservices.com.

Carne
Carne was founded in 2004. In a complex, fragmented industry, we saw ways to help make life simpler for our clients. Through one cleanly executed idea after another – based on listening, on seeing others' point of view, on collaboration and deep thought – we've grown from five people to over 600. We've shown nearly two decades of thought leadership, from helping pioneer third-party management to technology to the importance of strong independent governance. Simpler, always simpler, to create a more ordered, unified world for our clients.

MUFG
Investor Services

To learn more, please visit us at **mufg-investorservices.com**