

July 2021

# HPS Specialty Loan Fund V

Rhode Island Employees Retirement System

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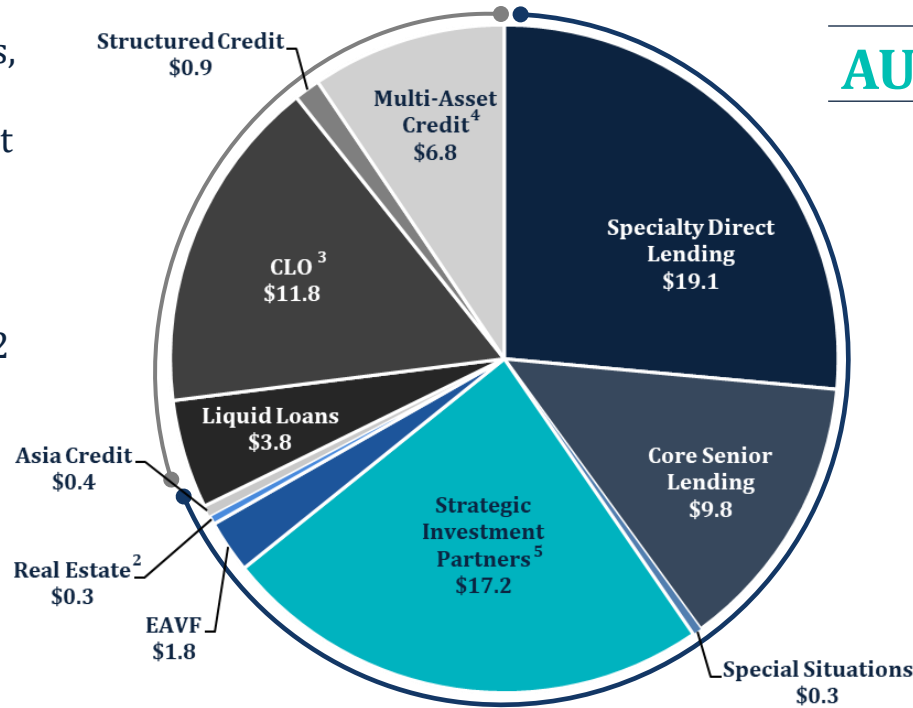
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# HPS At A Glance

HPS Investment Partners, LLC (“HPS”) is a leading global private investment firm with approximately \$72 billion of capital under management.

Founded in 2007 with 12 offices globally.



## AUM COMPOSITION<sup>1</sup>

**\$49BN**  
Private Credit

**\$23BN**  
Public Credit

**\$72bn**

Total AUM

**~90%**

Institutional Investor Base

**400+**

Staff worldwide

**159**

Investment Professionals worldwide

Source: HPS. AUM as of June 1, 2021. Employees as of May 31, 2021. Totals may not tie due to rounding. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** <sup>1</sup> AUM of private credit funds, related managed accounts and certain other closed-ended public credit funds represent capital commitments during such funds’ investment periods and, post such funds’ investment period, the cost of investment or NAV (including fund-level leverage but in all cases capped at capital commitments). AUM of public credit open-ended funds and related managed accounts other than CLOs represent the latest available net asset value. AUM of CLOs and warehouses represent the par value of collateral assets and cash in the portfolio. <sup>2</sup> Includes investments made by RECS I and RECS II (family of funds formed under a joint venture with Related), but excludes real estate investments made through other HPS funds. <sup>3</sup> Excludes CLO investments made through other HPS funds. <sup>4</sup> Includes Strata CLO business. <sup>5</sup> Formerly known as Mezzanine Partners.

# HPS Specialty Direct Lending Team

Over 80 investment professionals supporting the Direct Lending strategy<sup>2</sup>



## Investment Committee<sup>1</sup>

**Scott Kapnick**  
Chief Executive Officer

**Scot French**  
Managing Director

**Michael Patterson**  
Managing Director

**Purnima Puri**  
Managing Director

**Faith Rosenfeld**  
Chief Administrative Officer

**Michael Patterson**  
Global Head of Direct Lending

### North America

### Europe<sup>2</sup>

### Sponsor Coverage Team<sup>2</sup>

### Distressed<sup>2</sup>

### Restructuring/Portfolio Management<sup>2</sup>

#### New York

#### Chicago

**Oliver Feix**  
Head of European Private Credit

**Mark Albert**  
Managing Director

**Anders Fisher**  
Managing Director

**Jeffrey Fitts**  
Managing Director

**Vikas Keswani**  
Head of North American Specialty Lending

**Michael Fenstermacher**  
Managing Director

**Peter Atkinson**  
Managing Director

**Michael Girondo**  
Managing Director

**Rick Morris**  
Managing Director

**Marcus Colwell**  
Managing Director

**Jake Blair<sup>3</sup>**  
Managing Director

**John Vitols**  
Executive Director

**Aurelio Cusaro**  
Managing Director

**Robert Kostow**  
Managing Director

**Daniel Bardes**  
Executive Director

**Hyana Kim**  
Managing Director

**Colbert Cannon**  
Managing Director

**Kelly Andrew**  
Vice President

**Carlotta de Franceschi**  
Managing Director

**Grishma Parekh**  
Managing Director

**Kyle Mapes**  
Executive Director

**John Madden**  
Managing Director

**Aman Malik**  
Managing Director

**James Poulos**  
Vice President

**Chris Stainton**  
Managing Director

**Ed Tam**  
Managing Director

**Jay Steen**  
Executive Director

**Will Mesdag**  
Consultant

**Grishma Parekh<sup>3,4</sup>**  
Managing Director

#### Los Angeles

**David Stempler**  
Managing Director

**Real Estate<sup>2</sup>**

**Thomas Allen**  
Vice President

**Rick Morris**  
Managing Director

**Jeffrey Fishman**  
Executive Director

**Mathew Carvajal<sup>3</sup>**  
Managing Director

**Roisin Conran**  
Executive Director

**Patrick Crosetto**  
Managing Director

**Power & Renewables<sup>2</sup>**

**Brett Pertuz**  
Managing Director

**Jaivir Sidhu**  
Executive Director

**David Pogoda<sup>3</sup>**  
Managing Director

**Rachel Zagajewski**  
Executive Director

**Long Nguyen**  
Managing Director

**Don Dimitrievich**  
Managing Director

**Daniel Wallitt**  
Managing Director

**Daniel Wang**  
Executive Director

#### San Francisco

**Andrea Barbaro**  
Vice President

**Travis Skelton**  
Managing Director

**Lena Doan**  
Managing Director

**Piero Russo<sup>5</sup>**  
Executive Director

**Melinda Weir**  
Executive Director

**Robert Kostow<sup>4</sup>**  
Managing Director

**Karsten Hampel**  
Vice President

**Joseph Tansey**  
Managing Director

**Michael Dorenfeld**  
Managing Director

**Strategic Financing<sup>2</sup>**

**Daniel Zevnik**  
Executive Director

**Vali Shokrgozar**  
Managing Director

**Federico Maffioletti**  
Vice President

**Rachel Wong**  
Vice President

**Jeffrey Hostettler**  
Managing Director

**Aimee Means**  
Managing Director

**Jeremy Ascherman**  
Vice President

**Alexey Pazukha**  
Executive Director

### Australia<sup>2</sup>

**Co-Investment<sup>2</sup>**

**Eliot Javanmardi**  
Managing Director

**Business Strategy**

**Sean Gilrain**  
Vice President

#### Greenwich

**Gary Stead**  
Head of Australian Private Credit

**Chris Gunther**  
Managing Director

**Piero Russo<sup>5</sup>**  
Executive Director

**Jennifer Bales**  
Managing Director

**Vincent Lu**  
Vice President

**Michael Girondo<sup>4</sup>**  
Managing Director

**Raymond Lam**  
Managing Director

**Amanda Goll**  
Vice President

**Ryan O'Connor**  
Vice President

**Stephanie Wong**  
Executive Director

**Jeff Pickering**  
Managing Director

**Taylor Williams**  
Vice President

**Robert Ranocchia**  
Managing Director

+1 Analyst; +9 Associates

+7 Associates

+7 Associates

Employees as of June 30, 2021. <sup>1</sup> HPS Investment Committees, where applicable, are typically comprised of the Governing Partners and may contain other portfolio managers or senior professionals associated with a given strategy. <sup>2</sup> Includes/denotes shared resources across private credit. <sup>3</sup> Denotes shared investment professionals across Strategic Investment Partners and Direct Lending. <sup>4</sup> Denotes Direct Lending investment professional with responsibilities including sponsor coverage. <sup>5</sup> Denotes shared investment professional across Power & Renewables and Restructuring/Portfolio Management. There can be no assurance that the professionals currently employed by HPS will continue to be employed by HPS or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

*We recognize that the ESG landscape is rapidly evolving, and we aim to be a leader in identifying and capturing the many opportunities this presents. To support this mission, we work with industry groups and our peers to drive the adoption of best practices across our Firm and the broader industry.*



- HPS is a signatory of the United Nations-supported Principles for Responsible Investment (“PRI”). The PRI is an international global network of asset managers, owners and service providers working together to put responsible investment into practice.
- The principles, which are voluntary, aim to provide a framework for integrating environmental, social and corporate governance (“ESG”) considerations into investment decision-making and ownership practices.



- HPS is a Core Supporter of the Standards Board for Alternative Investments (“SBAI”) and a member of SBAI’s Alternative Credit Working Group.
- HPS actively engages through the SBAI’s Alternative Credit and Responsible Investment Working Groups to help develop responsible investment guidelines that take account of the specific considerations of credit investments.
- Through active engagement with SBAI, HPS is able to work with allocators, peers and other industry experts to refine its own policy and help drive broader adoption of Responsible Investment Standards across Alternative Credit.

## HPS’s ESG Forum

- HPS’s ESG Forum is tasked with establishing a unified firm-wide ESG vision, driving engagement across investments and monitoring adherence to the Firm’s ESG Integration Framework.
- In order to assess and evolve the Firm’s Framework, the Forum convenes quarterly to review all new and legacy investments that are determined to be “Red” and select “Amber” transactions as determined by the Forum Chair.
- The Forum is comprised of investment and infrastructure professionals from across the Firm and will seek to mitigate any potential conflict concerns and ensure a diversity of perspectives.

# Social Responsibility

*We know firsthand that a diversity of outlooks makes us a better Firm and better investors and we are steadfast in our belief that diversity makes our communities stronger as well. HPS is proud to partner with several organizations that support this vision.*



- HPS Investment Partners, in collaboration with The Kapnick Foundation, has formed a \$10mm, multi-year, partnership with Howard University to establish the HPS Center for Financial Excellence (the “Center”) at the Howard University School of Business. In conjunction with this gift, HPS and The Kapnick Foundation have also endowed a series of Undergraduate and JD/MBA scholarships.
- The goal of the Center, and HPS’s commitment more broadly, is to develop and prepare highly capable students to pursue finance careers and enhance diversity across the finance industry.



- HPS is a founding signatory to the Institutional Limited Partners Association’s (“ILPA”) *Diversity in Action* Initiative.
- The initiative brings together LPs and GPs who share a commitment to advancing diversity, equity and inclusion, both within their organization and the industry more broadly. The *Diversity in Action* framework includes a broad range of actions spanning talent management, investment management and industry engagement.



- HPS Investment Partners joined a group of esteemed investors and investment firms in founding the Equity Alliance.
- The Equity Alliance invests in diverse emerging venture capital fund managers, with a focus on managers of color and women. Through this endeavor, it is the Equity Alliance’s goal to democratize access to capital and expand opportunities to partner with investors and entrepreneurs who would otherwise remain outside of the Founders’ collective field of vision.

## Additional Organizations We Support



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# **HPS Specialty Direct Lending Overview**

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# HPS's Approach to Specialty Direct Lending

*Opportunistic Direct Lending Focused on Lending at the Top of the Capital Structure*

**HPS**

## What is "Specialty" Direct Lending?

Opportunistic global direct lending strategy focused on lending at the top of the capital structure to upper-middle market borrowers, with the ability to navigate market niches that we believe offer attractive risk-adjusted returns

### HPS's Specialty Direct Lending Strategy:

#### Non-Sponsor & Sponsor

- Cast a wider net to find the most compelling risk adjusted returns
- Majority of direct lenders focus solely on sponsor-lending by mandate, while ~55-65% of new issuance is non-sponsor financing<sup>6</sup>

#### Scaled Capital

- Provide speed of execution and certainty of scaled capital (ability to commit ~\$500mm-1bn+)
- Focused on upper-middle market companies that demonstrate market-leading positions (avg EBITDA of ~\$110mm<sup>1</sup>)

#### Ability to Navigate Complexity

- Taking advantage of market dislocations
- Seek to assess special situations without sacrificing credit quality
- Opportunity to capture disproportionate double-digit returns, as we believe there are fewer willing lenders with requisite expertise

#### Global Mandate

- Seek attractive risk-adjusted return opportunities across creditor-friendly jurisdictions
- Focused on North America, Europe, and Australia / New Zealand

### At a Glance:

**270+**  
originated investments<sup>2</sup>

**\$34bn+**  
total invested capital across funds and SMAs<sup>3</sup>

**10+% Target**  
unlevered gross return<sup>4</sup>

**~60% Non-Sponsor**  
not beholden to traditional sponsor lending<sup>2</sup>

**Dedicated Workouts Team**  
with over 28 years<sup>5</sup> of average experience

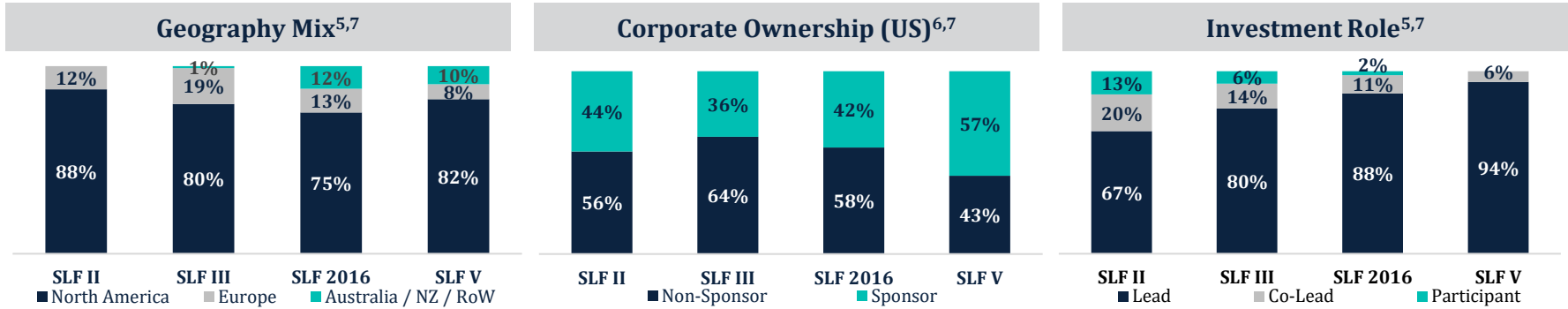
**Over a Decade of Investing**  
Specialty Direct Lending strategy began in 2010

<sup>1</sup> Weighted average EBITDA based on total face value committed as of 3/31/2021 for investments across SLF 2016 and SLF V. <sup>2</sup> Across Senior Loan Fund II ("SLF II"), Specialty Loan Fund III ("SLF III"), Specialty Loan Fund 2016 ("SLF 2016") and Specialty Loan Fund V ("SLF V") since inception through 3/31/21. Non-Sponsor breakdown is for US investment activity only. <sup>3</sup> Across SLF II, SLF III, SLF 2016, SLF V and related separately managed accounts/funds-of-one since inception through 3/31/21. <sup>4</sup> Gross asset level unlevered target return is gross of management fees, incentive fees, and other fees/expenses allocable to an investment in the strategy. The target return is for illustrative purposes only and is subject to significant limitations and is subject to the risks set forth herein and set forth more fully in the applicable offering documents. It should not be regarded as an indication that HPS considers the target return to be a reliable prediction of future events and the target returns should not be relied upon as such. <sup>5</sup> Represents both the Restructuring and Value Enhancement Teams. <sup>6</sup> S&P LCD as of March 31, 2021.



# SLF Portfolio Snapshots

Portfolio Statistics (at Close) <sup>1</sup>	SLF II	SLF III	SLF 2016	SLF V <sup>*</sup>
Investment Period / Status:	2010 – 2012 (2 yrs) / Fully Realized	2012 – 2016 (4 yrs) / Harvesting	2016 – 2020 (4 yrs) / Harvesting	2020 – Present / Investing
LP Capital (\$mm):	\$1,131	\$2,833	\$4,538	\$5,749 <sup>8</sup>
# of Investments Per Annum (Total):	26.5 per annum (53 total)	26.5 per annum (106 total)	21.5 per annum (86 total)	37 investments to-date
Average Investment Size <sup>10</sup> :	\$39 MM	\$105 MM	\$249 MM	\$312 MM
EBITDA:	\$67 MM	\$63 MM	\$119 MM	\$88 MM
LTV (through HPS tranche):	33.6%	47.5%	47.3%	38.3%
Spread*:	L+765 bps	L+794 bps	L+697 bps	L+717 bps
Upfront Fee / OID:	2.6%	2.6%	2.2%	2.5%
Avg Call Protection:	NC1.8, 102, 101, 100	NC1.5, 102, 101, 100	NC1.4, 102, 101, 100	NC1.3, 103, 101, 101
Seniority (1 <sup>st</sup> Lien / 2 <sup>nd</sup> Lien):	99% / 1%	84% / 16%	99% / 1%	100% / 0%
Unlevered Fund Returns:	11% gross / 7% net <sup>2</sup>	8% gross / 6% net <sup>3</sup>	10% gross / 7% net <sup>4</sup>	NA <sup>9</sup>
Levered Fund Returns:	14% gross / 11% net <sup>2</sup>	9% gross / 6% net <sup>3</sup>	15% gross / 9% net <sup>4</sup>	NA <sup>9</sup>



As of 03/31/2021 unless otherwise stated. Fund returns as of 04/30/2021. \* SLF V portfolio statistics as of 05/31/2021. Note SLF II was realized on 12/31/2013. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** There can be no assurance that the Senior Loan Fund II (“SLF II”), Specialty Loan Fund III (“SLF III”), Specialty Loan Fund 2016 (“SLF 2016”) and HPS Specialty Loan Fund V (“SLF V”) and collectively the “SLF Funds”) return objectives will be realized or that the SLF Funds will not experience losses. Please note that the SLF III funds above exclude Specialty Loan Institutional Fund III, L.P., which, while part of the SLF III family of funds, was specifically negotiated with a large institutional investor to include contractual terms and a fee structure that departs materially from the other SLF III family of funds. <sup>1</sup> Full portfolio including exited investments. Represents weighted average at time of close. <sup>2</sup> Unlevered returns represent Senior Loan Fund II, L.P. Levered returns represent Irish Senior Loan Fund II PLC. Senior Loan Fund II-L, L.P. generated a 13% gross and 9% net IRR since inception. Gross IRR and net IRR are based on the capital contributions by and distributions to a full fee-paying investor as rebalanced and rounded to the nearest whole number. <sup>3</sup> Unlevered returns represent Specialty Loan Fund III, L.P. Levered returns represent Irish Specialty Loan Fund III PLC. Specialty Loan Fund III-L, L.P. has an 8% gross and 5% net IRR since inception. Gross IRR and net IRR are based on the actual timing of capital contributions by and distributions to a full fee-paying first-close investor and rounded to the nearest whole number. <sup>4</sup> Unlevered returns represent Specialty Loan Fund 2016, L.P. Levered returns represent Specialty Loan Institutional Fund 2016-L, L.P. Specialty Loan Fund 2016-L, L.P. has a 15% gross and 9% net IRR since inception. Gross IRR and net IRR are based on the actual timing of capital contributions by and distributions to a full fee-paying first-close investor and rounded to the nearest whole number. <sup>5</sup> Geographical mix calculated based on domicile. <sup>6</sup> Based on total face value committed to U.S. investments. <sup>7</sup> Full portfolio including exited investments. Note: There can be no assurance that the investments made to date by prior SLF Funds are indicative of comparable future investments of the Specialty Direct Lending Strategy (the “SLF Strategy”). While the SLF Strategy may seek out similar investments, there is no assurance that the SLF Strategy will successfully make any such investments. HPS retains full discretion to target different investments. \*Inclusive of PIK if applicable. <sup>8</sup> As of June 4, 2021. The Fund is currently fundraising. <sup>9</sup> SLF V was activated in April 2020, and as such fund level IRR is currently not meaningful. Further details on the prior SLF funds referenced herein are available upon request. <sup>10</sup> Average based on total face value committed across direct lending platform.

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# **HPS Specialty Loan Fund V**

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# HPS Specialty Loan Fund V



## HPS Specialty Loan Fund V – Total Portfolio

### Fund Level Statistics – HPS Specialty Loan Fund V

**Inception:** 2020

**Total Fund Size (equity commitment):<sup>1</sup>** \$5,749mm

### HPS Specialty Loan Fund V Total Portfolio as of May 31, 2021 | USD\$ in millions

**Total Face Value Committed:** \$4,236mm

**Total # of Investments:** 37

**Current Face Value Committed:** \$3,408mm

**# of existing investments / # exit:** 32 / 5

### Weighted Average Statistics

**Spread\*:** L + 717 bps

**US LIBOR Floor:** 1.1%

**Upfront Fees / OID:** 2.5%

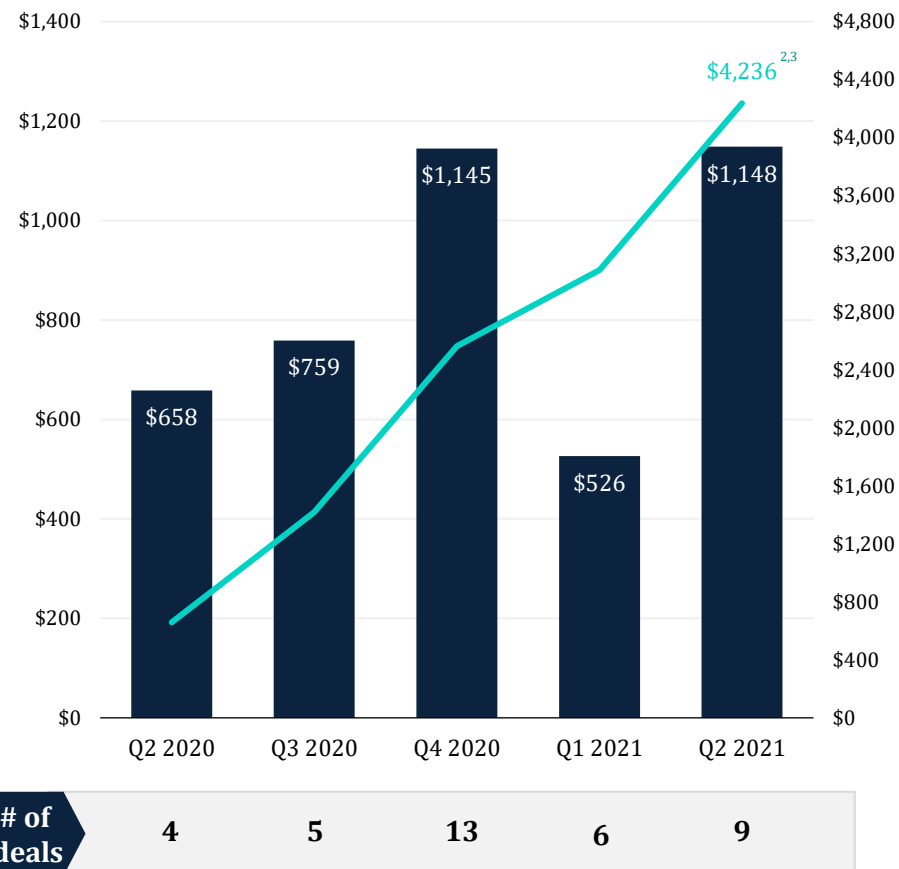
**Call Protection:** NC1.3, 103, 101, 101

**EBITDA:** \$87.9mm

**LTV (through HPS tranche):** 38.3%

## HPS Specialty Loan Fund V – Investment Pace

as of May 31, 2021 | \$mm, committed capital



As of 05/31/2021 unless otherwise stated. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** There can be no assurance that HPS Specialty Loan Fund V (“SLF V” or the “Fund”) return objectives will be realized or that the Fund will not experience losses. This information is for illustrative purposes only and should not be interpreted as recommendations to buy or sell any securities. There can be no assurance that the investments made to date by SLF V are indicative of comparable future investments of the SLF Strategy (the “Strategy”). While the Strategy may seek out similar investments, there is no assurance that the Strategy will successfully make any such investments or that the Strategy’s investments will share any of these characteristics. HPS retains full discretion to target different investments. <sup>1</sup> As of June 4, 2021, SLF V is currently fundraising and targeting \$5.5 bn in commitments; there can be no assurance the target AUM will be achieved. <sup>2</sup> Excludes any secondary markets trades via Project Dislocate representing ~\$124mm of total face value committed. <sup>3</sup> Please note that values associated with warrants and equity are excluded from the committed capital figures if applicable. \*Inclusive of PIK if applicable.

# 2020 Case Study: Project Fuselage

Public Company seeking \$1 billion commitment with speed/certainty of execution

## Background

In August 2020, HPS committed to a \$1.0 billion First Lien Senior Secured Term Loan to fund short-term liquidity needs ahead of a pending asset sale

## Investment Details at Close

Security	1st Lien Term Loan (secured against inventory)
HPS Loan-to-Value	25% against collateral
Interest Rate <sup>1</sup>	L+900-1050 bps
LIBOR Floor	1.00%
OID / Upfront Fee	97.0
Call Protection	NC 6 mo   106 6-12mo   101
Maturity	3 Years (springing maturity feature)
Covenant	Borrowing Base (LTV)
Status	Exited

## Transaction Dynamic and HPS Value-Add

- **Management sought speed/certainty and scaled financing to help bridge a \$1bn liquidity need for a deal with complex structuring considerations**
  - Capital-intensive aerospace OEM with acute post-COVID liquidity need
  - Liquidity facility to bridge to a pending transformative 2021 asset sale
  - Complex cross-border structuring considerations – financing secured against significant unencumbered collateral, while navigating existing bond indentures agreements
- **Highly competitive financing process. HPS was mandated on the financing given our ability to diligence a non-sponsor transaction with speed and scaled capital, moving from NDA signing to a fully-diligenced \$1bn commitment on a short timeline**
  - HPS at the request of the Company ultimately invested \$600 million<sup>2</sup>

## Investment Thesis

- **Market leader with 30% share in quasi-duopoly market** – business at a cash flow inflection point having completed major capex program; good strategic interest in platform
- **Only secured debt in capital structure at an attractive detachment point** – dollar-one exposure on ~\$4 billion of unencumbered inventory; LTV of ~25% on collateral value
- **Strong structural protections** - distinctively structured borrowing base with tiered advance rates against aircraft collateral; senior claim on key operating assets including a priming guarantee from MRO services business

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** This investment represents a small portion of the overall Specialty Direct Lending Strategy (the "SLF Strategy") and is not representative of the overall SLF Strategy. There can be no assurance that the SLF Strategy's other investments will share any of the characteristics above. While the SLF Strategy will seek out investments that may contain similar characteristics described above, and other investments pursuant to the portfolio guidelines and restrictions, there can be no assurance that any such opportunities will be available or that the SLF Strategy's investments will share any of these characteristics. Case studies are based on or about the date of investment. <sup>1</sup> L+900; or L+1050 of which 400 bps may be PIK. <sup>2</sup> Following the signed \$1bn commitment letter, despite HPS winning on terms and structure, the Company had requested for HPS to bring in two other lenders who had spent a significant amount of diligence effort. Thus, at the request of the Company, HPS retained control of the tranche and invested \$600mm with the remaining \$400mm split between the remaining two lenders. Please note that the \$600mm represents total invested capital across HPS's Specialty Direct Lending, Mezzanine, and Public Credit strategies. Please note that the SLF platform invested ~\$421mm of the \$600mm.

# HPS Specialty Loan Fund V – Summary of Terms

<b>Legal Structure:</b>	<ul style="list-style-type: none"> <li>HPS Specialty Loan Fund V-L, L.P., a Cayman Islands exempted limited partnership</li> </ul>
<b>Target Fund Commitments:</b>	<ul style="list-style-type: none"> <li>\$5.5 billion of aggregate capital commitments<sup>1</sup></li> </ul>
<b>Commitment Period:</b>	<ul style="list-style-type: none"> <li>Three years from the final closing date; extendable for one year by the general partner with the approval of the LP advisory committee</li> </ul>
<b>Term:</b>	<ul style="list-style-type: none"> <li>Four years following the termination of the commitment period; extendable by two one-year periods by the general partner and thereafter with the approval of the LP advisory committee</li> </ul>
<b>Clawback:</b>	<ul style="list-style-type: none"> <li>Yes, upon final liquidation</li> </ul>
<b>Re-Investment:</b>	<ul style="list-style-type: none"> <li>Principal repaid during the commitment period may be reinvested</li> </ul>
<b>Distributions:</b>	<ul style="list-style-type: none"> <li>The fund intends to distribute net income quarterly; however, the amount and timing of distributions will be at the discretion of the manager</li> </ul>
<b>Investment Restrictions:<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Max 10% in a single issuer (which limit will be 20% for investments expected to be held less than 12 months)</li> <li>Max 10% in debt that is not secured</li> <li>Max 35% in secondary loans and secondary debt securities</li> <li>Max 35% in non-US entities</li> </ul>
<b>Management Fee for Rhode Island:</b>	<ul style="list-style-type: none"> <li>Rhode Island would benefit from a 25bps management fee discount resulting in a fee of 1.25% per annum on invested levered capital during commitment period and 1.25% per annum of invested capital thereafter</li> </ul>
<b>Incentive Fee:</b>	<ul style="list-style-type: none"> <li>15% subject to a 7% preferred return</li> </ul>

Please refer to the fund's Offering Memorandum for a full description of the fund's Summary of Principal Terms. <sup>1</sup>This is a target and may not be achieved. <sup>2</sup>Restrictions are based on aggregate capital commitments for unlevered funds and aggregate capital commitments plus the maximum permitted leverage for levered funds.

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This material does not constitute an offering of any security, product, service or fund, including the Fund, for which an offer can be made only by the Fund’s Confidential Offering Memorandum (the “Confidential Memorandum”). The terms and risk factors of the Fund are set out in its Confidential Memorandum which is available to qualified prospective investors upon request. The contents hereof are qualified in their entirety by the Confidential Memorandum and subscription agreements of the Fund.

The purchase of interests in the Fund is suitable only for sophisticated investors for which an investment in the Fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in the Fund’s investment program. Generally, the Fund would include investors who are “Accredited Investors” under the Securities Act of 1933, “Qualified Purchasers” under the Investment Company Act of 1940, and “Qualified Eligible Persons” under Regulation 4.7 of the Commodity Exchange Act.

The interests have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws or the laws of any foreign jurisdiction. The interests will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Fund will not be registered as an investment company under the Investment Company Act of 1940.

The interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable statutes. In addition, such interests may not be sold, transferred, assigned or hypothecated, in whole or in part, except as provided in the Fund’s organizational documents. Accordingly, investors should be aware that they will be required to bear the financial risks of an investment in the interests for an indefinite period of time. There is no secondary market for an investor’s interests in the Fund and none is expected to develop. There is no obligation on the part of any person to register the interests under any statutes.

The performance results of certain economic indices and certain information concerning economic trends contained herein are based on or derived from information provided by independent third party sources. The Fund believes that such information is accurate and that the sources from which it has been obtained are reliable. The Fund cannot guarantee the accuracy of such information, however, and has not independently verified the assumptions on which such information is based.

Certain information contained in this material constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

In the U.K., this is an unregulated investment scheme and as such it may only be promoted to limited categories of persons pursuant to the exemption contained in Section 238 of the Financial Services and Markets Act 2000 (the “Act”). Information contained herein may only be promoted to persons that are sufficiently experienced and sophisticated to understand the risks involved and who satisfy certain other criteria, as specified by regulations made under the Act and Financial Conduct Authority (“FCA”) rules. If you are in any doubt as to whether or not you fall within one of the categories of permitted persons, you should not solely rely on any information herein and should contact HPS.

Swiss representative: Mont-Fort Funds AG, 63 chemin Plan-Pra, 1936 Verbier, Switzerland (the “Representative”) Swiss paying agent: Banque Cantonale de Genève, 17, quai de l’Ile, 1204 Geneva, Switzerland The place of performance and jurisdiction for the limited partner interests in the fund offered or distributed in or from Switzerland is the registered office of the Representative.

**Past performance is not necessarily indicative of future results.** Performance is estimated and unaudited. While this summary highlights important data, it does not purport to capture all dimensions of risk. The methodology used to aggregate and analyze data may be adjusted periodically. The results of previous analyses may differ as a result of those adjustments. The Fund is an actively managed portfolio and regional, sector and strategy allocations are subject to ongoing revision. HPS has made assumptions that it deems reasonable and used the best information available in producing calculations above.

Please note the following Risks: Investors are strongly urged to carefully review the sections in the Confidential Memorandum titled “Risk Factors” and “Conflicts of Interest.” Among the risks involved in an investment in the Fund are as follows:

**General/Loss of capital.** An investment in the Fund involves a high degree of risk. There can be no assurance that the Fund’s return objectives will be realized and investors in the Fund could lose up to the full amount of their invested capital. The Fund’s fees and expenses may offset the Fund’s trading profits. **Limited liquidity.** An investment in the Fund provides limited liquidity since withdrawal rights are limited and interests are not freely transferable or redeemable. There is no secondary market for the interests in the Fund and none is expected to develop. **Dependence on manager.** The fund manager has total trading authority over the Fund. The use of a single advisor could result in lack of diversification and consequently, higher risk. Decisions made by the fund manager may cause the Fund to incur losses or

to miss profit opportunities on which it would otherwise have capitalized. **Volatility.** Investment techniques used may include the use of leverage and derivative instruments such as futures, options and short sales, which amplify the possibilities for both profits and losses and may add volatility to the Fund’s performance. **Potential conflicts of interest.** The payment of a performance based fee to the fund manager may create an incentive for the fund manager to cause the Fund to make riskier or more speculative investments than it would in the absence of such incentive. **Valuation.** Because of overall size or concentration in particular markets of positions held by the Fund or other reasons, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at by the Fund. **Non-U.S. securities.** The Fund will invest in foreign securities, which may include exposure to currency fluctuation, reduced access to reliable information, less stringent accounting standards, illiquidity of securities and markets, higher commissions and fees and local economic or political instability. **Absence of regulatory oversight.** The Fund will not register as an investment company under the U.S. Investment Company Act of 1940 or similar laws or regulations. Accordingly, the provisions of such laws and regulations will not be applicable.

The foregoing risk factors do not purport to be a complete explanation of the risks involved in an investment in the Fund. Investors should read the entire Confidential Memorandum before making investment determinations with respect to the Fund.

**NOT FOR RETAIL DISTRIBUTION: This communication has been prepared exclusively for institutional/wholesale/professional clients and qualified investors only as defined by local laws and regulations.**