



If Private Credit Was a Mocktail



If private credit was a cocktail, or a mocktail, for that matter, it would be served with equal parts promise and peril. It would be shaken, rather than stirred, and garnished with a twist of complexity. As investment professionals, we've all seen markets seduced by the allure of double-digit yields and uncorrelated returns, only to wake up disappointed when liquidity vanishes and valuations wobble. Before we take another sip from this popular punch bowl, it's worth asking: are we truly quenching our thirst for risk-adjusted returns, or are we simply chasing the latest Wall Street fad with FOMO-fueled abandon?






Private credit has expanded rapidly over the past decade as investors pursued higher yields in a prolonged low-interest rate environment. Vintage funds with limited deployment windows saw abundant cash flows, which intensified the imperative to invest capital. This pressure encouraged the acceptance of elevated leverage and increasingly complex financing structures, funneling money into narrow hot sectors.

After interest rates in OECD countries climbed in 2022 and 2023, financing costs rose, cash flows came under pressure and refinancing windows narrowed. This exposed vulnerabilities tied to excessive leverage, concentrated sector exposure and governance shortcomings. These dynamics have contributed to a series of highly visible but largely idiosyncratic corporate defaults, revealing fundamental weaknesses embedded during years of abundant liquidity.

Key Private Credit Ingredients

In this evolving environment, the **TD Greystone Global Private Credit Fund** launched on December 9, 2025.¹ It is purpose-built to prioritize disciplined underwriting, diversified portfolio construction and structural resilience, aiming to generate consistent income across credit cycles.

Figure 1: TD Greystone Private Credit Fund Characteristics

 Diversification	 Underwriting	 Origination	 Non-Cyclical	 Open-Ended
Broad sector and geographic exposure to limit concentration risk and enhance portfolio resilience	Disciplined credit selection emphasizing conservative structures, and rigorous risk oversight	Proprietary deal flow enabling selectivity and attractive risk-adjusted opportunities	Focus on defensive sectors with durable cash flows, low leverage, and high downside protection	Flexible structure supporting disciplined deployment and strong governance

1 Diversification Across Sectors and Geographies

Two recent bankruptcies which captured headlines were those of First Brands Group², a global auto parts manufacturer, and Tricolor Auto Holdings³, a used car dealership chain and subprime auto lender. In cases such as Tricolor and First Brands, portfolios were heavily tied to supply chain financing – including subprime consumer finance, cyclical manufacturing, and M&A roll-ups supported by layered debt structures. As borrowing costs increased and cash flows weakened, these concentrated exposures experienced rapid deterioration.

The TD Greystone Global Private Credit Fund is intentionally structured to avoid such concentration by allocating across multiple sectors, including direct lending, infrastructure debt, real estate debt and specialty finance. Each segment offers distinct cash flow drivers, collateral protection and economic sensitivities, aiming to create a portfolio with reduced correlation across cycles. Geographic diversification could potentially further enhance resilience by limiting reliance on any single macroeconomic environment, which helps to support more stable income generation during both expansionary and stressed market periods.

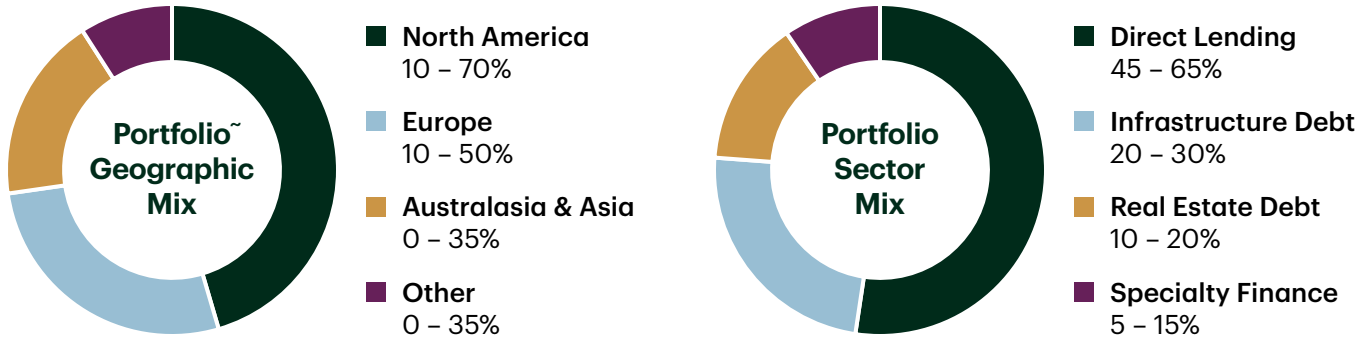
Diversification

¹Regulatory restrictions limit publishing performance returns for funds or portfolios with a history of less than one year.

²Source (accessed on April 1, 2026): <https://restructuring.ra.kroll.com/firstbrands/>

³Source (accessed on April 1, 2026): <https://www.reuters.com/legal/litigation/auto-dealer-tricolor-files-bankruptcy-moves-liquidate-2025-09-10/>

Figure 2: Target Diversification for TD Greystone Global Private Credit Fund



2 Disciplined Underwriting, Transparency and Valuation Rigor

Recent instances of corporate credit stress have underscored the consequences of weakened underwriting standards, limited borrower transparency, and insufficient oversight of leverage and asset quality. Credit losses endured by lenders such as Zions Bancorp and Western Alliance Bancorporation highlighted how questionable risk management practices and concentrated exposures can quickly erode capital when liquidity tightens.

The underwriting process at TD Asset Management Inc. is anchored in conservative capital structures, detailed borrower cash-flow sustainability analysis, and robust collateral coverage. To further enhance transparency, the TD Greystone Global Private Credit Fund employs an independent third-party valuator to assess portfolio holdings against prevailing market conditions. This discipline ensures that risks can be identified early and capital can be preserved, which is critical in periods of market stress.

3 Selective Capital Deployment Through a Strong Origination Ecosystem

Periods of volatility often reveal two types of lenders: those that are forced to deploy capital so they can meet return targets and those able to remain highly selective. Limited origination channels can push managers into increasingly complex or riskier transactions to maintain yield.

The TD Greystone Global Private Credit Fund benefits from the extensive deal origination ecosystem of TD Bank Group. This ecosystem includes TD Securities, sponsor relationships and specialty finance networks. This broad deal flow could generate a wide opportunity set, allowing the investment team to stay selective, maintain strict underwriting thresholds and deploy capital only where risk-adjusted returns are most attractive.


Valuation

4 Defensive Position and Limited Exposure to Cyclical Business Models

Another recurring theme amid the recent credit turmoil has been outsized exposure to cyclical industries and capital-intensive acquisition strategies dependent on continued economic growth and favourable financing conditions. For example, portfolios at a well-known U.S.-based specialty finance company were heavily concentrated in cyclical markets and roll-up business models tied to peak-cycle valuations. This resulted in meaningful markdowns as economic momentum slowed and refinancing conditions tightened.

The TD Greystone Global Private Credit Fund emphasizes defensive positioning through asset-backed lending, businesses with recurring and predictable revenue profiles, infrastructure-linked cash flows supported by long-term contracts, and conservatively leveraged real estate credit. The strategy also prohibits the use of fund-level leverage, avoiding the additional structural risks that debt can introduce during periods of market stress. This approach prioritizes income durability and downside resilience, aiming to limit volatility while maintaining strong risk-adjusted returns across economic cycles.

Figure 3: Target Asset Mix for the TD Greystone Global Private Credit Fund



Target Mix	Direct Lending	Real Estate Debt	Infrastructure Debt	Specialty Finance
% of Portfolio	20% – 70%	10% – 45%	20% – 50%	0% – 30%
Average Maturity	3 to 5 yrs	3 to 10 yrs	3 to 10 yrs	2 to 5 yrs
Average Borrower EBITDA	US\$50 to 100M	US\$50 to 100M	N/A	N/A

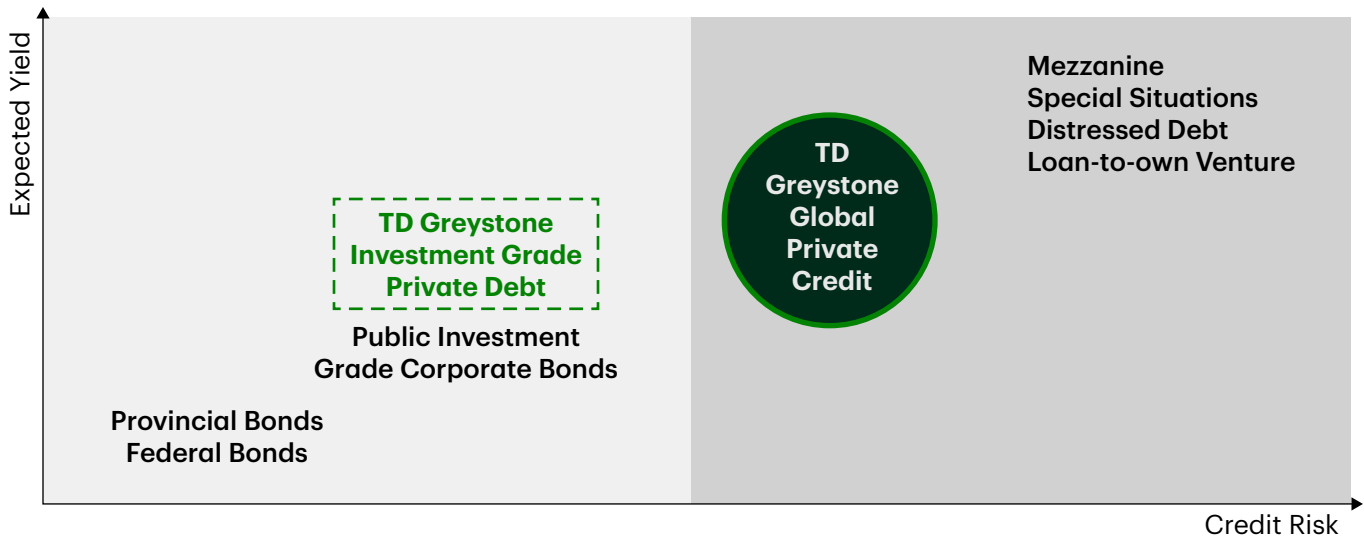
5 Open-Ended Structure Supports Flexibility and Governance

Fund structure and governance play a critical role in risk management – particularly during periods of market stress. Closed-ended vehicles often face deployment timelines and exit pressures that can encourage aggressive investing at market peaks or forced realizations during downturns. Recent governance concerns highlighted by significant redemption requests at an alternative investment asset manager underscored how structural constraints and investor misalignment can lead to value-destructive outcomes, especially when liquidity conditions tighten.

The TD Greystone Global Private Credit Fund’s open-ended structure supports disciplined capital deployment across market cycles, reducing pressure to chase yield or compromise underwriting standards. Ongoing liquidity management, frequent independent valuations, and transparent governance mechanisms further reinforce alignment between investors and long-term portfolio construction. This creates the flexibility to act on opportunities while protecting capital during periods of stress.

Keeping the Fizz: Positioned for the Next Credit Cycle

Figure 4: TD Greystone Private Credit Fund – Summary



Portfolio Construction

Target Yield	8% – 10%
Ranking	Primarily senior with some subordinated debt
Risk	Target B+
Interest Rate Exposure	Fixed and floating. Duration to be managed within stated target range.
Duration	0 – 1 year



Valuation and Liquidity

Valuation Agent	Third-Party
Frequency	Monthly
Capital Calls	Pro rata
Redemptions	Quarterly, based on pro rata of NAV
Distributions	Optional
Commitment Period	24 months



Structure

Structure	Open-ended
Base Currency	USD
Hedging	Interest rates only
Leverage	None
Fees & Expenses	Founders' fee: as low as 35 bps

While recent headlines have focused on stress within segments of private credit, the underlying drivers have largely been idiosyncratic – rooted in excessive leverage, sector concentration, weak or rushed underwriting, and governance shortcomings, rather than systemic deterioration.

The **TD Greystone Global Private Credit Fund** aims to avoid these vulnerabilities. Through diversified portfolio construction, a rigorous underwriting process, deep origination capabilities, defensive sector positioning and structural flexibility, the fund aims to navigate both opportunity and uncertainty across credit cycles while delivering consistent risk-adjusted income. ■



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TD Greystone Global Private Credit Fund is comprised of TD Greystone Global Private Credit Fund (Global Master) SCSp (the "Master Fund"), TD Greystone Global Private Credit Fund (Canada Feeder) L.P., TD Greystone Private Credit Fund (US Feeder) L.P., TD Greystone Global Private Credit Fund (Luxembourg Feeder I) SCSp and TD Greystone Global Private Credit Fund (Luxembourg Feeder II) SCSp.

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