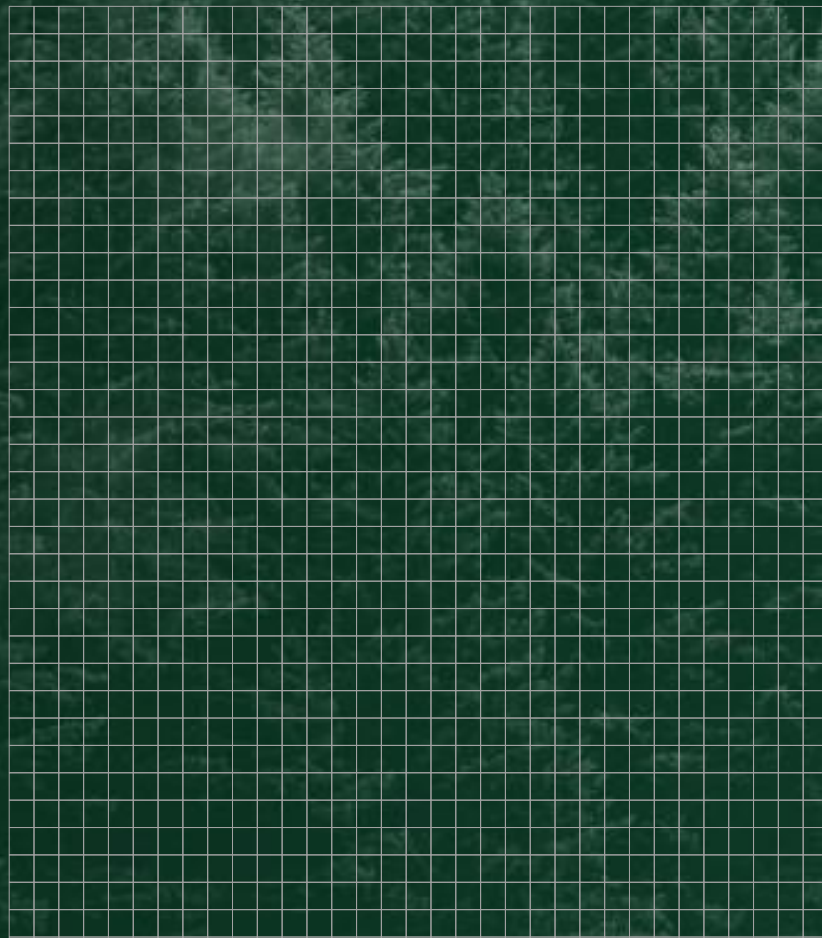


# Park Square Perspectives, Volume 5: Celebrating 20 Years of Park Square's People, Performance and Partnership

November 2024



# 20 Years of People, Performance and Partnership

## Park Square Perspectives

Back when we used to have to fill out landing cards, whenever I flew into the United States, I would write “banker” as my profession. After I started Park Square Capital back in 2004, that card gave me a fresh perspective. I no longer wrote “banker”. Instead, I wrote “investor”.

Changing that one word goes to the very heart of everything we do at Park Square. We are completely invested in alignment. That doesn't just mean alignment with our investors, it's also the alignment with the companies and the sponsors to create favourable structures. Ultimately, it's alignment so a deal works for all participants.

We only invest in companies where we are certain everyone is pulling in the same direction. We won't – and can't – be in the business of investing in companies where there may be any misalignment.

This ethos highlights one of three core principles we have built up over Park Square's 20 years in business: **partnership**. We're committed to doing the right thing for all parties. Without that our business wouldn't have enjoyed the success it has.

An example of this partnership is our joint venture with SMBC called European Loan Partners. Since launching in 2017, we have together executed more than 65 direct lending transactions across Europe. Showcasing its success, in July 2024 we announced the €3.4bn final close of Park Square's direct-lending programme, which the SMBC joint venture is a key element of. Combining both firms' origination platforms, we take sole and lead lender positions in high-quality, defensive, private equity-backed businesses across Europe. Our joint venture was one of the first of its kind in Europe. Its success hasn't gone unnoticed by the market, with many of our peers trying to emulate our success by creating similar ventures. The fact that Park Square and SMBC remain so committed to the programme many years after we began working together evidences the power of partnership and aligned goals.

When we're all working together towards the same goals, it's only natural that we're more likely to achieve them. This leads us to another key principle: **performance**.





# 20 Years of People, Performance and Partnership

## Park Square Perspectives

I've previously talked about the importance of "avoiding the zeroes" in private credit and how this makes the market segment fundamentally different to other asset classes. It's not like the equity market where you want to pick winners. In our world it's about avoiding the losers. A good deal in private credit makes 1.3x or 1.4x your money but in a bad one you make zero. So, a deal that goes south really hurts. We need to do everything we can to avoid them. That's why we're laser-focused on identifying and avoiding the losers, even if it sometimes means saying, 'No'.

What does that mean by saying "no"? Let's go back to my landing card moment. Park Square took me from being a banker to being an investor. I used to view opportunities from multiple angles. Say a deal might not be so attractive from a return point of view but would strengthen a relationship that could mean a pipeline of better business. A banker would weigh up those two views and make a decision. But since I started Park Square, the focus is on delivering returns to investors. That means feeling we can say no is just as important – maybe more – than finding the right opportunities.

Saying no means Park Square must have the people who can work together to create the partnerships that ultimately deliver performance. **People** is Park Square's other core value.

The best example is the culture we built over two decades. Park Square thrives on openness and honesty. We've worked hard to create an environment where it's OK to say "no", to disagree, and to feel comfortable talking about uncomfortable things. Only by having an alignment of interests do people feel able to say, "No, we shouldn't be doing this."

Our approach fosters an environment where we're not pressured to make deals for the sake of deploying capital. Instead, we embrace an investment mindset with real personal commitment – everyone on the senior team is meaningfully invested in our funds, to a degree not common across the private credit industry. Simply put, our success is tied to the performance of our funds. Park Square is, and always will be, focused on quality over quantity. We're not here to gather assets or generate management fees. Our due diligence is unmatched, and we only invest in high-quality, downside-protected businesses. We don't just want the companies we lend to succeed – we need them to.

*“ We're committed to doing the right thing for all parties. Without that our business wouldn't have enjoyed the success it has. ”*

Park Square has been in this business for twenty highly successful years, but the journey has not been without its challenges. Navigating complex markets, evolving client needs, and global economic shifts have required us to continually refine our approach. During that time, we could have grown faster. However, we chose a more disciplined path, remaining unwaveringly committed to the three core beliefs we know deliver outstanding results: *people, performance and partnership.*



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