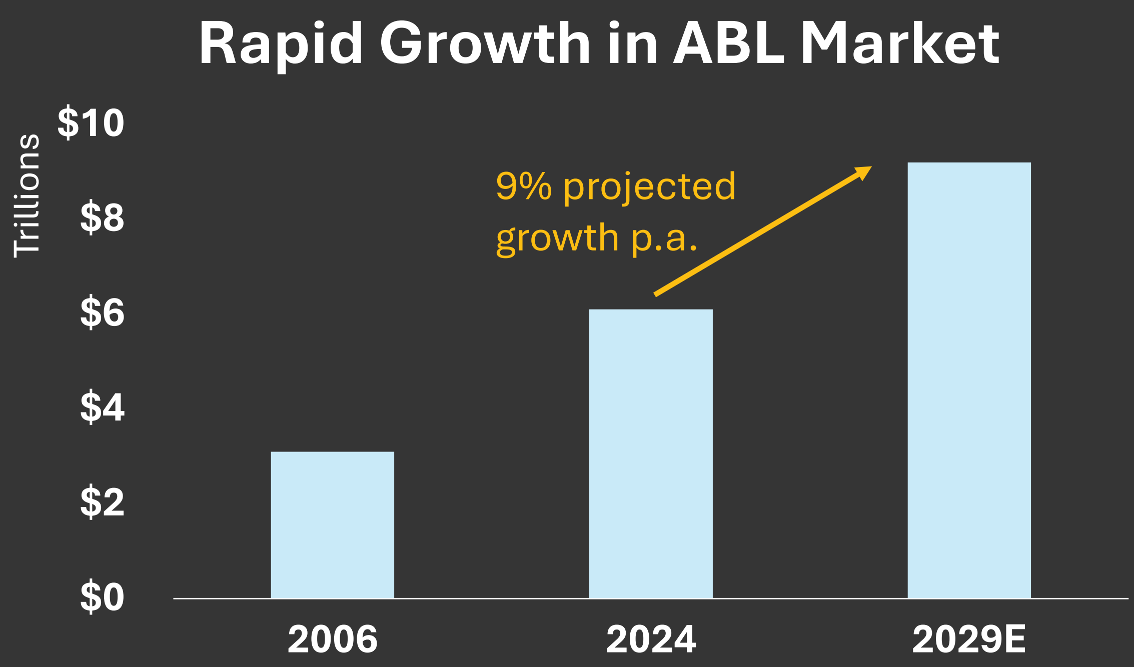
Why Are Investors Increasing Allocations to Asset-Based Credit?

SCIO CAPITAL

Greg Branch
Partner / CIO

ABL is on the rise

Private asset-based lending (ABL) has surged in recent years, driven by investor demand for attractive yields and diversified risk.



Source: Integer Advisors, KKR

SCIO CAPITAL

What backs ABL?

Unlike corporate credit, ABL is secured by broad range of large, diversified pools of collateral.

- Mortgages
- Consumer loans
- Real Estate
- Equipment
- Machinery
- Student Loans
- Leasing
- Receivables
- Inventory
- Infrastructure

SCIO CAPITAL

Why it matters

ABL doesn't rely on a borrower's profitability, but rather the strength of the underlying collateral.

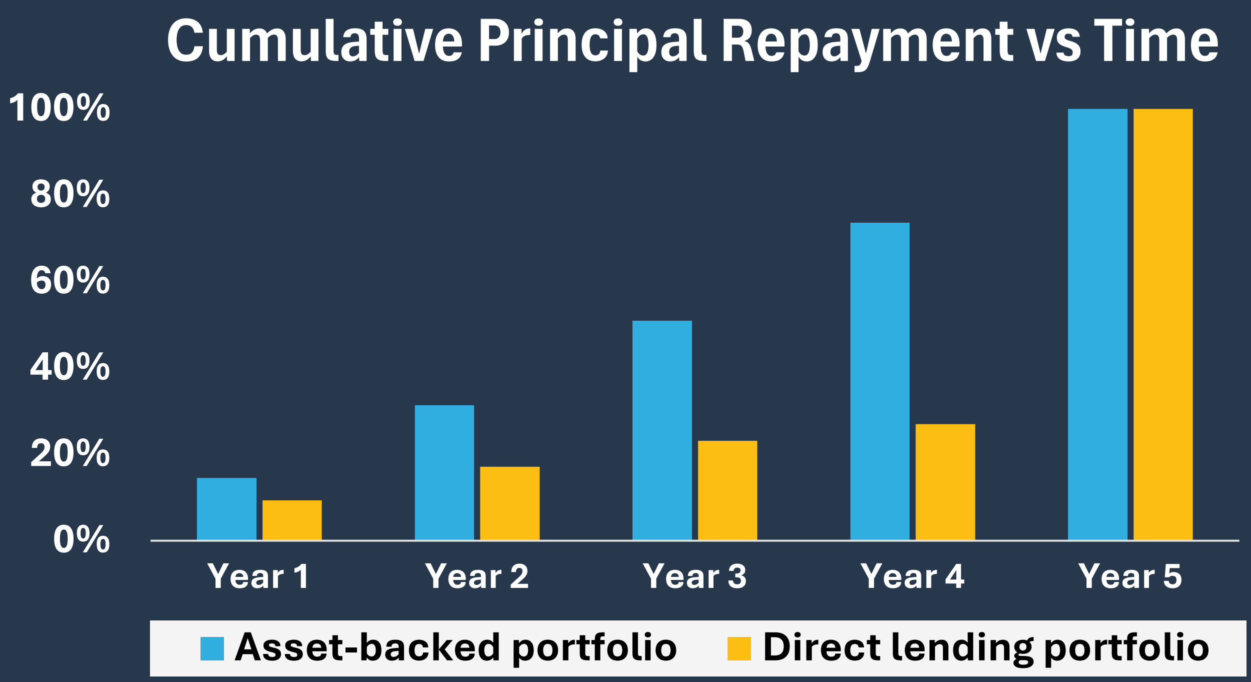
The promise of future profits is good. But we believe security is better.

SCIO CAPITAL

Faster repayment

Asset-based loans amortize over time, providing regular cash flow and risk reduction.

Most corporate loans? A lump-sum repayment risk at maturity.



Assumes no prepay on asset-backed portfolio, 10% CPR on direct lending

SCIO CAPITAL

Strong risk-adjusted returns

ABL offers compelling returns with built-in downside protection – especially in volatile markets.

	Private Asset-Based Loans	Private Corporate Credit	Public Corporate Credit
Granular / diverse pools	✓	✗	✗
Higher Yield	✓	✓	✗
Strength of covenants	✓	✗	✗
Self-liquidating structure	✓	✗	✗
Bankruptcy- remote structure	✓	✗	✗
Liquid / tradable	✗	✗	✓
Rated	✗	✗	✓

SCIO CAPITAL

Our focus

SCIO specialises in hard-to-access private European lower mid-market asset-based loans.

Founded in 2009, we deliver institutional execution to an overlooked market segment.

SCIO CAPITAL

Smarter credit.

To receive insights into asset-based credit and our award-winning strategy, drop a comment below 👇 or visit us: https://www.scio-capital.com/

SCIO CAPITAL