MACKENZIE Investments | Northleaf

Mackenzie Northleaf Private Credit Interval Fund

Quarterly Report – Q1 2025

Performance and Portfolio Contents

- Mackenzie Northleaf Private Credit Interval Fund (MNPCIF) returned 0.6% in the quarter ended March 31, 2025, net of Series F fees.
- The private credit portfolio and associated currency hedging contributed approximately +0.4% to MNPCIF's total return. See pages two to four for more detailed commentary on this strategy.
- The liquid portfolio, comprised of investment grade credit, high yield bonds, floating rate loans, and cash, contributed approximately +0.4% to MNPCIF's total return.
- 12m distribution yield for Series F was 9.3% as of March 31, 2025. The Fund is currently generating an average yield to maturity of 10.5% on a gross basis.

Fund Performance (Series F)

31-March-25	YTD	3M	6M	1Yr	2yr	3yr	Since inception**
Mackenzie Northleaf Private Credit Interval Fund Sr F	0.6	0.6	2.6	7.0	8.5	6.6	5.2
Benchmark*	0.3	0.3	1.9	6.2	8.8	6.0	5.3

*Benchmark: 75% S&P/LSTA Leveraged Loan (Hgd to CAD) + 25% ICE BofA Global High Yield (Hgd to CAD).
**Inception Date: January 31, 2022. Source: Mackenzie Investments

Key Statistics

Mackenzie Northleaf Private Credit Interval Fund Strategy Allocations	Total Exposure (%, incl. leverage)	Exposure Alloc. (%)	Avg. Credit Rating	Floating Rate Credit (%)	Effect Dur. (yrs)	Gross Yield p.a. (%)
Northleaf Senior Private Credit – Levered	121.7	77.3	B+	100.0	0.0	12.7
Mackenzie Floating Rate Income ETF	9.3	5.9	B+	88.5	0.3	9.2
Mackenzie Global High Yield Fixed Income ETF	8.9	5.7	BB	3.8	3.2	6.8
Mackenzie US Investment Grade Corporate Bond Index ETF	6.3	4.0	A	0.0	6.1	5.1
Mackenzie Canadian All Corporate Bond Index ETF	3.8	2.4	A-	0.0	5.7	3.9
Mackenzie US High Yield Bond Index ETF	3.6	2.3	B+	0.0	0.1	7.5
Cash & Other	3.6	2.3	-	-	-	2.8
Total Portfolio	**157.3**	**100.0**	**BB-**	**82.8**	**0.6**	**10.5**

Key statistics data as of March 31, 2025.

The Mackenzie Northleaf Private Credit Interval Fund provides investors with:

- The ability to invest in an established portfolio of senior secured, global private credit with a focus on middle market transactions
- The opportunity to benefit from investments that have historically offered attractive yields, floating rate structures and strong downside protection
- A variable quarterly distribution: Projected long-term net yield of 6-9%

Key Terms

Fund Structure	Trust
Fund Status	Prospectus Based, Open Ended
Series F Inception Date	January 31, 2022
AUM	$42.0 Million
Currency	CAD
Min. Initial Investment	$5,000
Min Subs. Investment	$500
Purchase Frequency	Monthly
Redemption Frequency	Quarterly
Redemption Notice	14 days prior to valuation date
Redemption Gate	Up to 5% of fund NAV may be repurchased each quarter
Soft Lock	Not Applicable
Distributions	Quarterly variable
Admin Fee	0.15% (A&F)
Management Fee	A: 2.25% F: 1.25%
Performance Fee	MNPCIF does not charge a performance fee. The underlying fund Northleaf Senior Private Credit – Levered charges a 10% performance fee with a hurdle rate of 5%
Registered Plans	Eligible
Fund Codes	A: MFC9453 F: MFC9454

Private Loan Market Update

Investor optimism at the start of 2025 has pivoted to a cautious stance, with trade policy tension and ensuing macroeconomic uncertainty driving market volatility. Short term concern surrounding tariff policy is tempering market activity, while inflationary and economic growth implications will continue to weigh on investor sentiment. First order tariff impacts may be swift, but second and third order impacts on consumer spending, inflation, business planning and other factors may take time to unfold. Against this backdrop, it's important to note that private credit has historically performed well through periods of market volatility given its defensive characteristics.

While tariff policy remains fluid, the market generally believes that the risk of higher inflation and slower economic growth has increased. The path of monetary policy is also more uncertain and will largely depend on how tariffs work their way through the economy. The current market expectations are for US base rates to remain elevated at 3.5% on average over the next 3 years[1]. As a floating rate asset class, private credit should continue to deliver attractive absolute and relative returns.

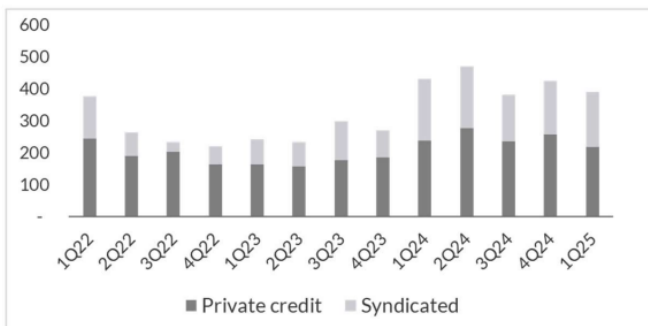
Against a backdrop of uncertainty, we are seeing a few trends play out in today's private credit market:

- The brief rebound in new M&A activity and related financings in early Q1-25 was cut short. We expect to see a pullback in M&A financings until market volatility subsides, though volatility typically creates opportunities for private credit lenders to gain market share.
- Private credit spreads largely stabilized in Q1-25 following several quarters of compression, though market participants are now navigating a period of price discovery in an evolving risk environment. We expect to see credit spreads adjust higher, at least in the short-term, to reflect elevated risk with overall yields remaining attractive. '
- Mid-market private credit borrowers are relatively well insulated from direct tariff impacts and the focus on defensive industries with stable cash flows has historically driven resilient borrower performance.

M&A and related financings were off to a strong start in early 2025 but have since pulled back as investors pause to digest uncertainty. We observed a busy start to the year for new issue activity (with Q1-25 LBO-related broadly syndicated loan volumes up ~44% YoY[2]), followed by a slow-down in market activity towards the end of the quarter and a complete pause in early April. Investor sentiment transitioned from "risk-on" to a "wait-and-see" as trepidation began to build on tariff expectations and subsequent policy announcements. We are seeing early evidence of 'flight to quality' toward less disrupted industries and higher-quality borrowers.

Uncertainty also creates opportunities. During periods of market turbulence, banks and liquid credit markets tend to retrench, paving the way for private credit solutions to price loans at attractive levels with strong collateral protections. In prior periods of volatility, private credit has gained market share given its flexibility and greater execution certainty. Over the medium-term, markets still anticipate a tailwind for M&A volumes, driven by record levels of private equity dry powder and a continued push from private equity LPs for liquidity.

Strong Deal Volumes in Q1-25[3]
Count of US Financing Transactions



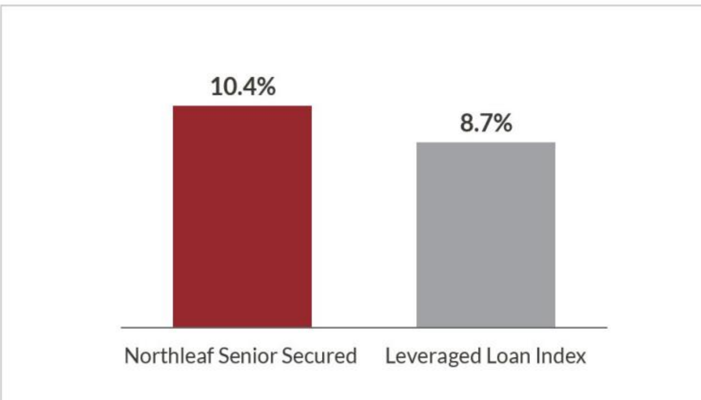
1. Based on the average forward 3M SOFR curve from March 31, 2025 to March 31, 2028.
2. Source: PitchBook / LCD. Data for the US Leveraged Loan Index through March 31, 2025.
3. Source: Pitchbook/LCD. Data through March 31, 2025. Count is based on transactions covered by LCD News. There can be no assurance that any of the trends highlighted above will continue in the future. Excludes repricing and extension amendments; includes LBOs, refinancings and follow-ons.

Market participants are navigating a period of price discovery in an evolving risk environment; yields remain attractive driven by upward pressure on spreads and elevated base rates. The stabilizing trajectory of private credit spreads in early 2025 will likely evolve to an upward repricing of risk, at least in the short term. Liquid debt markets exhibited prompt responses following the tariff announcements with spreads in the secondary market widening 25 to 75 bps across high yield and leveraged loans. Private credit spreads have typically been slower to adjust, though we have observed spreads on certain new mid-market loans widen by ~50 bps in early April. Following the theme of 'flight to quality,' we also anticipate bifurcation in pricing between tariff impacted and non-impacted borrowers and sectors.

Despite the potential for slower growth, market participants generally believe that the direction of US policy on tariffs, immigration and other areas points to higher expected inflation, which should support elevated interest rates over the medium and long-term. With elevated base rates and credit spreads stabilizing or even widening, private credit yields should provide strong absolute and relative yields for investors.

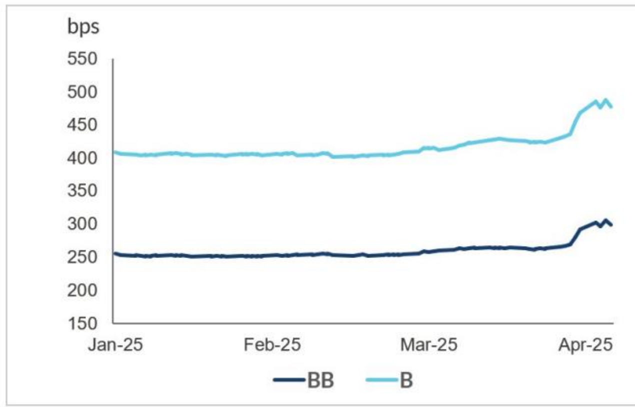
Attractive Absolute and Relative Yields for Private Credit[1]

Gross Asset Yield (As of March 31, 2025)



Increase in Spreads in the Secondary Market[2]

Leveraged Loan Index Spread to Maturity (As of April 10, 2025)



Mid-market borrowers are relatively well insulated from tariff impacts and have remained resilient in prior periods of market volatility. We expect mid-market private credit portfolios to be relatively well-insulated from tariff impacts given that these borrowers are typically regional or national centric with more limited exposure to cross border trade in goods. Midmarket PE-backed companies also have minimal exposure to the most heavily impacted sectors (e.g. autos, heavy manufacturing and retail) with a high proportion of service-based businesses that have minimal exposure to first-order tariff risks (e.g. healthcare services, B2B service providers, software and financial services). From a second-order impact perspective, essential businesses with entrenched market share, pricing power and conservative capital structures should remain resilient even in the face of an economic slowdown.

Across the market, defaults trended largely in line with the prior quarter though they remain below historical averages. The trailing 12-month default rate of the US Leveraged Loan Index ended March 31, 2025 at 1.2%, as compared to 1.5% in Q4-24.

Private credit remains resilient and has provided investors with attractive risk-adjusted returns and contractual cash yield. In particular, mid-market private credit has historically delivered lower loss rates relative to leveraged loans and high yield debt due to conservative structures and strong lender protections.

1. Private Credit Source: Northleaf senior secured portfolio (unlevered) as of Q1-25, considers the 3-month SOFR base rate as of March 31, 2025. Past performance is not indicative of future returns. The yield herein is for illustrative and informational purposes only and has been presented based on current data made from Northleaf, which is subject to change and which may prove to be incorrect for certain assets. The actual performance of senior secured loans could differ. There can be no guarantee of future performance. Leveraged Loan Index Source: PitchBook / LCD. Data through March 31, 2025.
2. Source: PitchBook / LCD; Morningstar LSTA US Leveraged Loan Index. Daily Spread to Maturity on BB and B rated loans. Data through April 10, 2025.

NSPC-L Portfolio Activity and Performance

The NSPC-L portfolio performed well during the first quarter of 2025. NSPC-L is managing three non-accrual loans that comprise 3.9% of funded capital (or 2.6% of fair value) as of Q1-25.

Northleaf's private credit team remains highly selective and is exceptionally rigorous in applying its investment criteria, risk management and assessment of relative value. The team is focused on supporting existing borrowers that have demonstrated stable performance and remains focused on investing in new businesses with recurring revenue frameworks and/or businesses that have demonstrated resilient demand for their products and services.

Portfolio Activity:

During Q1-25, the private credit team sourced and reviewed ~200 opportunities and completed investments in three new borrowers on behalf of the Fund:

- **HALO Branded Solutions (2025):** Provider of promotional and employee recognition products. NSPC-L committed $41.4 million to the first lien facility to refinance the company's existing debt. This transaction followed a successful realization of NSPC-L's first lien investment in HALO Branded Solutions. Northleaf has been invested in HALO Branded Solutions since 2018.
- **KEV Group:** Provider of fund management software solutions for K-12 schools. NSPC-L committed $33.2 million to the first lien facility to support the sponsor's acquisition of the company.
- **Waystone:** Provider of institutional governance, administration, risk and compliance services. NSPC-L committed $35.0 million to the unitranche facility to refinance the company's existing debt.

In addition, NSPC-L completed six follow-on investments. NSPC-L also successfully realized its investments in Duetti, Gentiva (f.k.a Kindred at Home), HALO Branded Solutions, Omni Bridgeway, Ryan and TMF Group.

Northleaf actively monitors environmental, social and governance (ESG) considerations across the NSPC-L portfolio. There were no notable ESG updates for the portfolio during the quarter and, as of March 31, 2025, all of NSPC-L's borrowers were classified as "low risk" based on their RepRisk Index score.

Northleaf Senior Private Credit – Levered – Key Statistics

Sector Allocations[1]	
Commercial & Professional Services	16%
Health Care Equipment & Services	15%
Software & Services	13%
Financial Services	9%
Capital Goods	8%
Asset-Based Specialty Finance	8%
Consumer Services	7%
Other[2]	24%

Investment Type[1]	
First Lien Loans	74%
Unitranche Loans	26%

Portfolio Characteristics[1]	
Number of Holdings	82
Weighted Average Maturity	3.7 years
Leverage Adjusted Portfolio Yield	12.7%
Est. Average Credit Quality	BB/B
Leverage (Debt:Equity)	0.80

Geography[1]	
North America	72%
Europe	26%
Australia	2%

The borrower information in this report is confidential in nature and should be treated as such and some or all of the confidential information may be price sensitive information.

Please note that our credit agreements with borrowers are subject to various confidentiality restrictions. In the table below, project names have been used in those situations where we are restricted from providing information to investors without executing an NDA.

Top 10 Holdings

Borrower	Sector	Weight[1]
Project Certify *Provider of testing, inspection, certification and compliance services*	Commerical & Professional Services	2.8%
PurposeBuilt Brands (f.k.a. Weiman Products) *Provider of premium based specialty cleaning products*	Household & Personal Products	2.6%
Apex Service Partners (2023) *Platform of HVAC, electrical and plumbing service providers*	Consumer Services	2.5%
Project Mobilize (2024) *Provider of telecom and business cloud software services*	Telecommunication Services	2.4%
Valet Living (f.k.a. Valet Waste) (2020) *Provider of amenity services to multi-family housing properties*	Commerical & Professional Services	2.3%
Zellis (2024-Q3) *Provider of HR, payroll, managed services, benefits, and recognition*	Software & Services	2.3%
Calibre Scientific *Provider of life science tools to the lab research, diagnostics, and biopharmaceutical industries*	Health Care Equipment & Services	2.1%
Independent Vetcare Group (2023) *Provider of veterinary services*	Health Care Equipment & Services	2.1%
Vital Records Control *Provider of full-service information storage solutions*	Commercial & Professional Services	2.1%
AFC Industries *Distributor of fasteners and essential C-parts to original equipment manufacturers*	Consumer Discretionary Distribution & Retail	2.1%

1. All data as of March 31, 2025
2. Includes Consumer Discretionary Distribution & Retail (5%), Transportation (5%), Household & Personal Products (3%), Automobiles & Components (2%), Insurance (2%), Telecommunication Services (2%), Utilities (2%), Media & Entertainment (1%), Pharmaceuticals, Biotechnology & Life Sciences (1%), Technology Hardware & Equipment (1%).

Expertise

Portfolio Manager, Mackenzie Northleaf Private Credit Interval Fund

Dan Cooper, CFA

Dan Cooper, Senior Vice President, Portfolio Manager, Head of Credit. Dan is responsible for active management of $10 billion of higher yielding portfolios, overseeing portfolio managers, the Head of Investment Research and six analysts.

First joining Mackenzie in 1997, Dan joined the fixed income team in 2006 as a high yield credit analyst and has held progressively more senior positions and responsibilities.

He received his bachelor's degree in commerce from York University.

Managing Director & Head of Private Credit, Northleaf Capital Partners

David Ross

David Ross is the Head of Northleaf's private credit program and leads a team of more than 40 private credit professionals across offices in Canada, the US and Europe. David oversees the origination, evaluation and monitoring of Northleaf's private credit investments globally. In addition, David is a member of the Investment Committees for Northleaf's private credit and private equity programs.

Prior to joining Northleaf, David was at Bain Capital Credit, a leading global credit specialist, as a Managing Director, Global Head of Sourcing and a member of Bain Capital's Opportunistic Credit and Private Credit team. Previously, David served as the Co-Head of Bain Capital Credit's London office from 2009 to 2013. David began his career with Credit Suisse First Boston in Investment Banking before joining Bain Capital Credit in 2003.

David received a B.A. from Harvard College.