Perspectives on Direct Lending

Defining Private Credit

Private credit refers to loans, bonds or other types of credit instruments that are the obligations of private companies or are otherwise privately issued outside of a public market context. Private credit covers a range of potential investment strategies that span the capital structure and carry different risks. For the purposes of this paper, we will focus on direct lending – the provision of private debt capital to a corporate borrower, typically on a senior secured basis, without the use of an intermediary.

The Evolution of Direct Lending

It wasn't all that long ago that when a company needed a loan to finance operations, expansion or growth, it would turn to a bank. In 1994, banks accounted for 72% of the leveraged loan market[1]. Banks' share of the market had fallen to 13%[1] in 2021, driven by a combination of industry consolidation and post-2008 Financial Crisis regulatory change that made private, sub-investment grade loans economically unattractive holdings on bank balance sheets. Banks' remaining lending capital allocation has increasingly focused on larger companies with other revenue adjacencies.

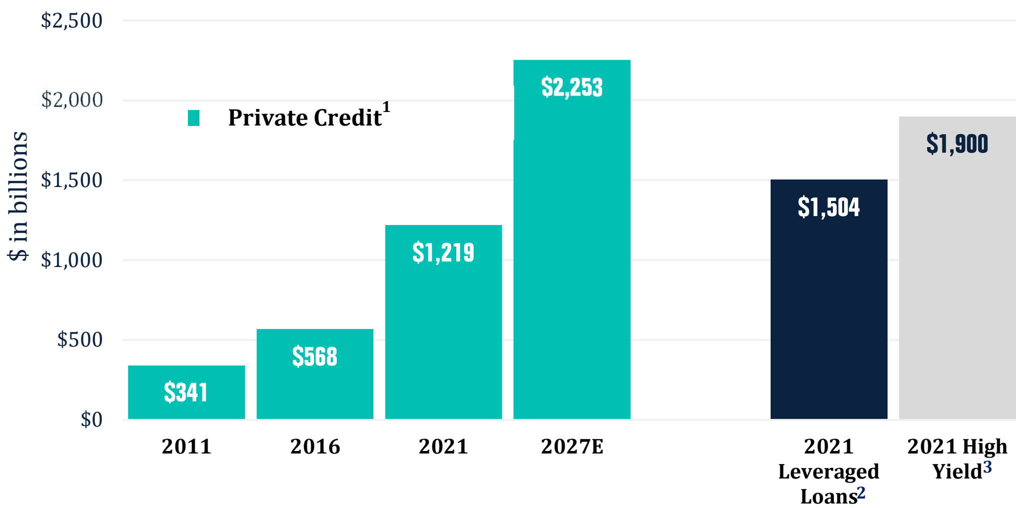
Mid-sized companies, generally those with up to $1 billion in revenue, have simultaneously faced declining access to the two primary sources for public credit—broadly syndicated loans and high yield bonds—as both markets have gravitated toward larger offering sizes and bigger companies. Meanwhile, demand for private debt financing among middle market companies has increased substantially, as companies stay private longer and the role of private equity investment firms continues to grow. Non-bank players such as private credit investment managers, insurers and finance companies have stepped into the void, seizing on the opportunity to lend directly to middle market companies.

As a result, direct lending has grown and matured significantly over the last two decades. Preqin, an alternative asset research firm, estimates that the private credit market exceeded $1.2 trillion dollars in 2021[2]. The market is fast approaching the size of the leveraged loan and high yield markets, as shown in the chart below. Direct lending

[1] Source: S&P Leveraged Commentary & Data (LCD), data as of December 31, 2021.
[2] Source: 2022 Preqin Global Private Debt Report, data as of December 31, 2021.

currently accounts for approximately 40%[3] of the total private credit market. Preqin expects the private credit market to continue to scale, reaching $2.2 trillion by 2027. We anticipate that direct lending will continue to grow with the broader private credit market.

Relative Private Credit Market Size



[1] Preqin Special Report: The Future of Alternatives in 2027. [2] Market size of the global USD leveraged loan market. Source: J.P. Morgan Credit Strategy Weekly Research, data as of December 31, 2021. [3] Market size of the global USD high yield market. Source: J.P. Morgan Credit Strategy Weekly Research, data as of December 31, 2021.

Different Approaches to Direct Lending

The majority of direct lending investment funds focus almost exclusively on sourcing transactions from private equity firms, despite the fact that private equity sponsored transactions represent less than 50% of the total leveraged loan market. A much smaller number of firms have built the staff, analytical capabilities, industry expertise and relationship network to cast a wider net and source, diligence, analyze, and structure non-sponsor-backed loans. A non-sponsor tilt is a more resource intensive approach, but it generally reduces the level of competitive intensity, allowing lenders to potentially negotiate improved economics and structure stricter financial covenants and stronger loan documentation. In addition, the direct dialogue with management teams can result in a better understanding of the underlying borrower and enhanced ability to actively manage investments throughout their life.

Some firms pursue a hybrid approach—focusing primarily on the non-sponsor channel while maintaining exposure to sponsor transactions. This strategy can enable a lender to take advantage of the greatest number of opportunities. And, in times of public market dislocation (when certainty of capital and speed of execution with a single counterparty is often sought after and highly valued), a lender who sources and invests across the spectrum can flex in and out of both sponsor and non-sponsor deals to optimize for the best risk-adjusted return potential for its investors.

[3] Source: 2022 Preqin Global Private Debt Report, data as of March 31, 2021. Direct lending market size was $452 billion.

The Borrower Value Proposition

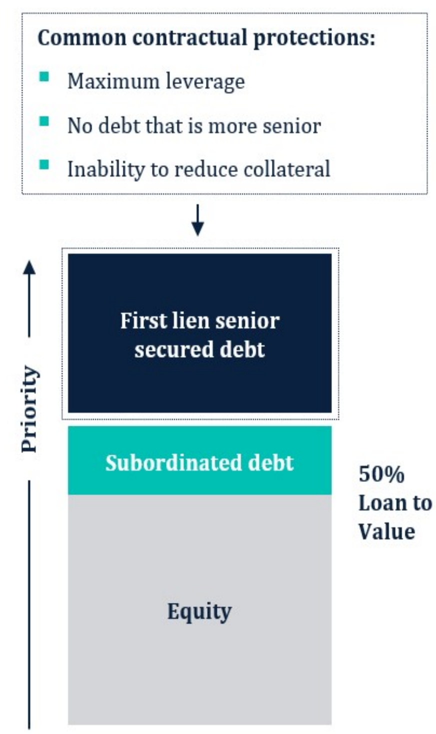
Direct lending's attractiveness to potential borrowers is a key factor driving its growth. Both corporate borrowers and private equity sponsors have demonstrated a willingness to pay the generally higher costs of private credit relative to the public market alternatives in order to take advantage of what they perceive as several attractive relative characteristics, including:

- Greater execution certainty and less variation in terms throughout market environments
- Ability to customize the lending solution
- Flexibility to draw capital down over time and align capital with growth needs
- Enhanced confidentiality, faster execution and more limited management time commitment
- A partnership-oriented lending relationship with access to expertise, insights and commercial network

The Investor Value Proposition

Direct lending strategies offer several potentially attractive features to prospective investors, including:

- **Premium yield and returns**. Direct lending has historically offered higher yields than other income-oriented investments such as traditional fixed income alternatives and high dividend-paying stocks. These higher yields have not historically been offset by higher realized losses. Direct Lending has generated yields 1.8% and 2.1% higher than high yield and broadly syndicated loans, respectively, on average over the last 10 years. In addition, Direct Lending has achieved total annualized returns that are 3.6% higher than high yield and 4.0% higher than broadly syndicated loans over the same period[4].
- **Seniority and security of loans**. Direct lending predominantly focuses on senior, secured loans. Investments are generally secured by the borrower's cash flows, physical and financial assets and tend to be very senior in the capital structure—ahead of equity and any subordinated debt. Loan amounts are typically only 30% to 60% of total asset value, creating a substantial cushion against any potential impairment.
- **Strong contractual protections**. Direct loans also typically carry a robust set of contractual protections for the lender, called covenants. In addition to the contractual obligation to pay regular interest and repay loan principal on a set schedule, covenants often limit the total amount of debt a borrower



[4] Data as of June 30, 2022 (latest available for all constituents). Direct Lending is represented by Cliffwater Direct Lending Senior Index (CDLI-S). Leveraged Loans is represented by Credit Suisse Leveraged Loan Index. High Yield is represented by Credit Suisse High Yield Index. Based on the ten year comparative annualized total returns of Cliffwater Direct Lending Senior Index, Credit Suisse Leveraged Loan Index, Credit Suisse High Yield Index. Based on Yield-to-3 Year of Cliffwater Direct Lending Senior Index and Credit Suisse Leveraged Loan Index and Yield-to-Worst for Credit Suisse High Yield Index.

can have outstanding and prevent the borrower from incurring additional debt that is more senior to the direct loans or reducing the collateral securing the direct loans. These types of protections can help to create downside protection while also functioning as early indicators of weakening borrower performance.

- **Floating rate structure**. Floating rate loans—where the cash coupon of the loan is reset as interest rates change—typically account for 90% + of most direct lending portfolios. These loans are often structured with reference interest rate floors that provide additional yield protection in very low interest rate environments. We believe that the floating rate nature of direct lending, combined with its relatively short average duration, should better insulate investors against potential future increases in interest rates or sustained inflation, when compared to other fixed income investments and equity.

Direct Lending's Potential Fit in Investor Portfolios

In addition to the characteristics outlined above, direct lending has historically exhibited strong consistency of returns and low levels of correlation with other traditional investments. As a result, an allocation to direct lending may be worthy of consideration for investors who are:

- Focused on income and current yield
- Interested in portfolio diversification
- Concerned about the impact of rising interest rates or inflation

In this context, direct lending may be considered as part of a diversified fixed income allocation in place of, or as a compliment to, high yield bonds / other non-investment grade fixed income assets or dividend-oriented equities.

Risks and Other Considerations

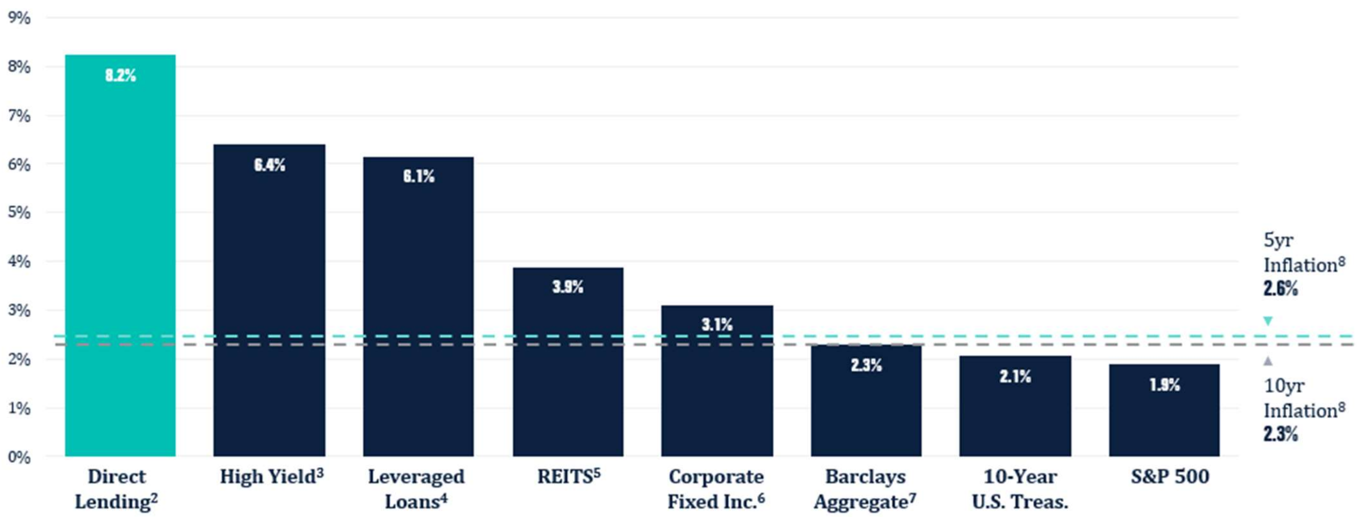
Investments in private credit strategies carry many potential risks. The investments of a direct lending fund have credit risk to the underlying borrowers, substantially all of which are sub-investment grade or not rated. These investments may be subject to mark down or loss of capital. In addition, most private credit funds have the ability to employ leverage that could ultimately result in the magnification of any potential investment losses. The underlying investments of direct lending strategies are illiquid. Depending on the type of direct lending fund and its terms, an investment in the fund may have limited or no liquidity; therefore, investors may not have the ability to liquidate their investment when desired or at all. As a result, direct lending is not a suitable investment for investors who cannot absorb losses or who require regular or immediate liquidity. Investments in direct lending funds are typically subject to fees and expenses, which lower the fund's investment returns to shareholders, and are also subject to potential conflicts of interest.

Before making the decision to invest in a direct lending strategy, investors should consult their financial, tax and accounting advisors and read the fund's prospectus carefully for a full list of risks associated with an investment in the fund, as well as a description of any fees and expenses.

Conclusion

A niche, alternative investment just a decade ago, private credit has emerged as a $1 trillion asset class poised for further potential growth. Direct lending strategies have historically provided investors with attractive risk-adjusted returns, predominantly driven by high cash yield. Direct lending has offered a substantial yield premium relative to fixed income and high-dividend equity alternatives on average over the last 10 years—always appealing, but especially so in an environment where traditional yield-generating investments have delivered historically low returns, if not negative returns in real terms after accounting for inflation.

Comparative Yields Across Assets (10-Year Average)[1]



PAST PERFORMACE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. [1]As of June 30, 2022 (latest available for all constituents). All data other than Cliffwater Direct Lending Senior Index is sourced from Bloomberg. Yield is defined as dividend yield for equity, yield to 3-year for loans, yield to worst for bonds, and yield to 3-year for Direct Lending. [2]Cliffwater Direct Lending Senior Index. [3]Credit Suisse High Yield Index. [4]Credit Suisse Leveraged Loan Index. [5]MSCI US REIT Index. [6] Bank of America Merrill Lynch US Corporate Fixed Income Index. [7] Barclays Aggregate US bond Index. [8]Expected 5- and 10-year inflation from TIPS break evens. It is not possible to invest in an index.

We believe that direct lending's consistent high-single digit returns[5], low relative volatility and correlation with traditional investments, and potential for relative resiliency in the face of rising interest rates and / or sustained inflation make it an investment strategy worthy of consideration as part of an income-focused investor's diversified investment portfolio.

[5] Source: Cliffwater, data as of December 31, 2021. Based on Cliffwater Direct Lending Senior Index returns from 2012 through 2021.

Important Disclosures

Summary of Risk Factors

HPS Corporate Lending Fund ("HLEND") is a non-exchange traded business development company ("BDC") that invests at least 80% of its total assets (net assets plus borrowings for investment purposes) in private credit investments (bonds and other credit instruments that are issued in private offerings or issued by private companies). This investment involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should read the prospectus carefully for a description of the risks associated with an investment in HLEND. These risks include, but are not limited to, the following:

- We have limited operating history and there is no assurance that we will achieve our investment objectives.
- This is a "blind pool" offering and thus you will not have the opportunity to evaluate our investments before we make them.
- You should not expect to be able to sell your shares regardless of how we perform.
- You should consider that you may not have access to the money you invest for an extended period of time.
- We do not intend to list our shares on any securities exchange, and we do not expect a secondary market in our shares to develop prior to any listing.
- Because you may be unable to sell your shares, you will be unable to reduce your exposure in any market downturn.
- We intend to implement a share repurchase program, but only a limited number of shares will be eligible for repurchase and repurchases will be subject to available liquidity and other significant restrictions.
- An investment in our Common Shares is not suitable for you if you need access to the money you invest. See "Suitability Standards" and "Share Repurchase Program" in the prospectus.
- We cannot guarantee that we will make distributions, and if we do, we may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and we have no limits on the amounts we may pay from such sources. A return of capital (1) is a return of the original amount invested, (2) does not constitute earnings or profits and (3) will have the effect of reducing the basis such that when a shareholder sells its shares the sale may be subject to taxes even if the shares are sold for less than the original purchase price.
- Distributions may also be funded in significant part, directly or indirectly, from temporary fee waivers or expense reimbursements borne by HPS or its affiliates, that may be subject to reimbursement to HPS or its affiliates. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled.
- We expect to use leverage, which will magnify the potential for loss on amounts invested in us.
- We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act and we cannot be certain if the reduced disclosure requirement applicable to emerging growth companies will make our Common Shares less attractive to investors.
- We intend to invest primarily in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.
- We do not own the HPS name, but we are permitted to use it as part of our corporate name pursuant to the investment advisory agreement between HLEND and HPS Investment Partners, LLC (together with its affiliates, "HPS"). Use of the name by other parties or the termination of the use of the HPS name under the investment advisory agreement may harm our business

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any reference to the contrary is a criminal offense.

This sales material must be read in conjunction with the HLEND prospectus in order to fully understand all the implications and risks of an investment in HLEND. This sales material is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only under HLEND's registration statement filed with the Securities Exchange Commission and only by means of the prospectus, which must be made available to you prior to making a purchase of shares. Investors are advised to carefully consider the investment objectives, risks and charges and expenses of HLEND before investing. A copy of the prospectus containing this and other information about HLEND and can be obtained from the SEC's website at http://www.sec.gov and at www.HLEND.com. You are advised to obtain a copy of the prospectus and to carefully review the information contained or incorporated by reference therein before making any investment decision, including the "Risk Factors" section therein, which contains a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. At this time, the information in the prospectus (or Statement of Additional Information) is not complete and may be changed.

Limited Operating History. The Fund is a non-diversified, closed-end management investment company that has elected to be regulated as a BDC with limited operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the results achieved by similar strategies managed by HPS or its affiliates will be achieved for the Fund. Past performance should not be relied upon as an indication of future results. Moreover, the Fund is subject to all of the business risks and uncertainties associated with any new business, including the risk that it will not achieve its investment objective and that the value of an investor's investment could decline substantially or that the investor will suffer a complete loss of its investment in the Fund.

The Adviser and the members of the Investment Team have no prior experience managing a BDC, and the investment philosophy and techniques used by the Adviser to manage a BDC may differ from the investment philosophy and techniques previously employed by the Adviser, its affiliates, and the members of the Investment Team in identifying and managing past investments. In addition, the 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to the other types of investment vehicles. For example, under the 1940 Act, BDCs are required to invest at least 70% of their total assets primarily in securities of qualifying U.S. private companies or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the time of investment. The Adviser's and the members of the Investment Team's limited experience in managing a portfolio of assets under such constraints may hinder their respective ability to take advantage of attractive investment opportunities and, as a result, achieve the Fund's investment objective.

Numerical data is approximate and as of September 30, 2022 unless otherwise noted. The words “we,” “us” and “our” refer to HLEND, unless the context requires otherwise.

Forward Looking Statement Disclosure

Certain information contained in this document constitutes “forward looking statements,” which can be identified by the use of forward looking terminology such as “may,” “will,” “expect,” “ intend,” “anticipate,” “estimate,” “believe,” “continue” or other similar words, or the negatives thereof. These may include our financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. HLEND believes these factors include but are not limited to those described under the section entitled “Risk Factors” in its prospectus and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the “SEC”) which will be accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in HLEND’s prospectus and other filings.

Except as otherwise required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Additional Important Disclosures

This material was not created by any third-party registered broker dealers or investment advisers who are distributing shares of HLEND (each a “Dealer”). The Dealers are not affiliated with HLEND and have not prepared the material or the information herein.

Investments mentioned may not be suitable for all investors. Any product discussed herein may be purchased only after an investor has carefully reviewed the prospectus and executed the subscription documents.

Alternative investments often are speculative, typically have higher fees than traditional investments, often include a high degree of risk and are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase volatility and risk of loss.

Opinions expressed herein reflect the current opinions of HPS as of the date appearing in the materials only and are based on HPS’s opinions of the current market environment, which is subject to change.

Stockholders, financial professionals and prospective investors should not rely solely upon the information presented when making an investment decision and should review the most recent prospectus, as supplemented, available at www.sec.gov or www.HLEND.com.

Certain information contained in the materials discusses general market activity, industry or sector trends, or other broad based economic, market or political conditions and should not be construed as research or investment advice.

Further, opinions expressed herein may differ from the opinions expressed by a Dealer and/or other businesses affiliates of a Dealer. This is not a “research report” as defined by FINRA Rule 2241 and was not prepared by the research departments of a Dealer or its affiliates.

Past performance is not a guarantee of future results. Actual results may vary. Diversification of an investor’s portfolio does not assure a profit or protect against loss in a declining market.

Alternative investments may involve complex tax structures, tax inefficient investing and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Prospective investors in HLEND should carefully read HLEND's prospectus for more information. HLEND does not provide any tax or legal advice and none of the data provided herein should be construed as investment, tax, accounting or legal advice.

Prospective investors should consult their own tax, legal and accounting advisors with respect to the tax consequences to them of investing in HLEND in light of their particular circumstances.

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Certain countries have been susceptible to epidemics or pandemics, most recently COVID 19. The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity globally (including in the countries in which HLEND invests), and thereby could adversely affect the performance of HLEND’s investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, present material uncertainty and risk with respect to HLEND and the performance of its investments or operations.

The contents of this communication: (i) do not constitute an offer of securities or a solicitation of an offer to buy securities, (ii) offers can be made only by the respective offering documents which are available upon request, (iii) do not and cannot replace the offering documents and is qualified in its entirety by the offering documents, and (iv) may not be relied upon in making an investment decision related to any investment offering by the issuer of the securities, or any affiliate, or partner thereof ("Issuer"). All potential investors must read the offering documents and no person may invest without acknowledging receipt and complete review of the offering documents. With respect to any “targeted” goals outlined herein, these do not constitute a promise of performance, nor is there any assurance that the investment objectives of any program will be attained. All investments carry the risk of loss of some or all of the principal invested. These “targeted” factors are based upon reasonable assumptions more fully outlined in the offering documents for the respective investment opportunity. Consult the offering documents for investment conditions, risk factors, minimum requirements, fees and expenses and other pertinent information with respect to any investment. Past performance is no guarantee of future results. All information is subject to change. You should always consult a tax and/or finance professional prior to investing. Issuer does not warrant the accuracy or completeness of the information contained herein. Thank you for your cooperation.

Securities offered through HPS Securities, LLC Member: **FINRA/SIPC**. HPS Securities, LLC is an affiliate of HPS Investment Partners, LLC and HPS Advisors, LLC.

Index Definitions

The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

The Bank of America Merrill Lynch US Corporate Fixed Income Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market with at least one year remaining term to final maturity.

The Bloomberg Barclays US Aggregate Bond Index represents securities that are SEC registered, taxable, and dollar denominated. The index covers the U S investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass through securities, and asset backed securities.

The Credit Suisse High Yield Index is designed to mirror the investable universe of the USD denominated high yield debt traded in the US credit market.

The Credit Suisse Leveraged Loan Index tracks the performance of senior floating rate bank loans and is designed to mirror the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated "5B" or lower, meaning that the highest rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

The Cliffwater Direct Lending Senior Index seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset weighted performance of the underlying loans held by business development companies that have an investment style that Cliffwater has determined focuses on senior secured loans, including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

The MSCI US REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). The index is based on the MSCI USA Investable Market Index (IMI), its parent index, which captures the large, mid and small cap segments of the USA market. With 138 constituents, it represents about 99% of the US REIT universe and securities are classified under the Equity REITs Industry (under the Real Estate Sector) according to the Global Industry Classification Standard (GICS®), have core real estate exposure (i.e., only selected Specialized REITs are eligible) and carry REIT tax status.

The S&P 500 Index is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States.

Index Comparison. The volatility and risk profile of the indices presented in this document is likely to be materially different from that of HLEND. In addition, the indices employ different investment guidelines and criteria than HLEND and do not employ leverage. As a result, the holdings in HLEND and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses, and it may not be possible to invest in the indices. A summary of the investment guidelines for the indices presented is available upon request.