

Ducera Quarterly Update

2nd Quarter 2024
July 2024

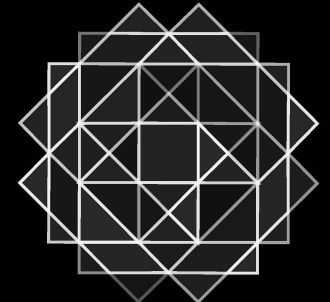
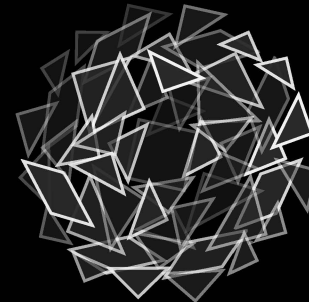
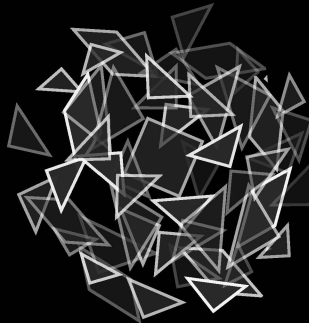
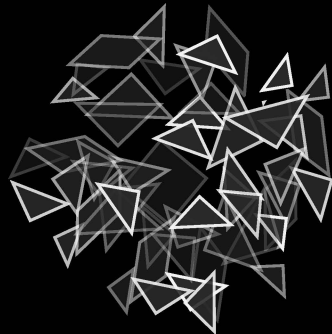
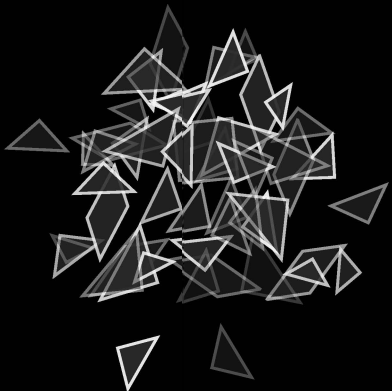


Table of Contents

I.	Macro Trends	
i.	Macro Trends: Equity and Credit Markets	6
ii.	Macro Trends: M&A and Investment Activity	15
iii.	Macro Trends: Fund Flows and New Issue Markets	19
iv.	Macro Trends: Distressed Opportunity Indicators	22
II.	Ducera Updates	25
III.	Ducera Partners Overview	27

Ducera Working Group List

Quarterly Update Leads

Josh Liebes-McClellan
(212) 671-9758
jliebes-mcclellan@ducerapartners.com

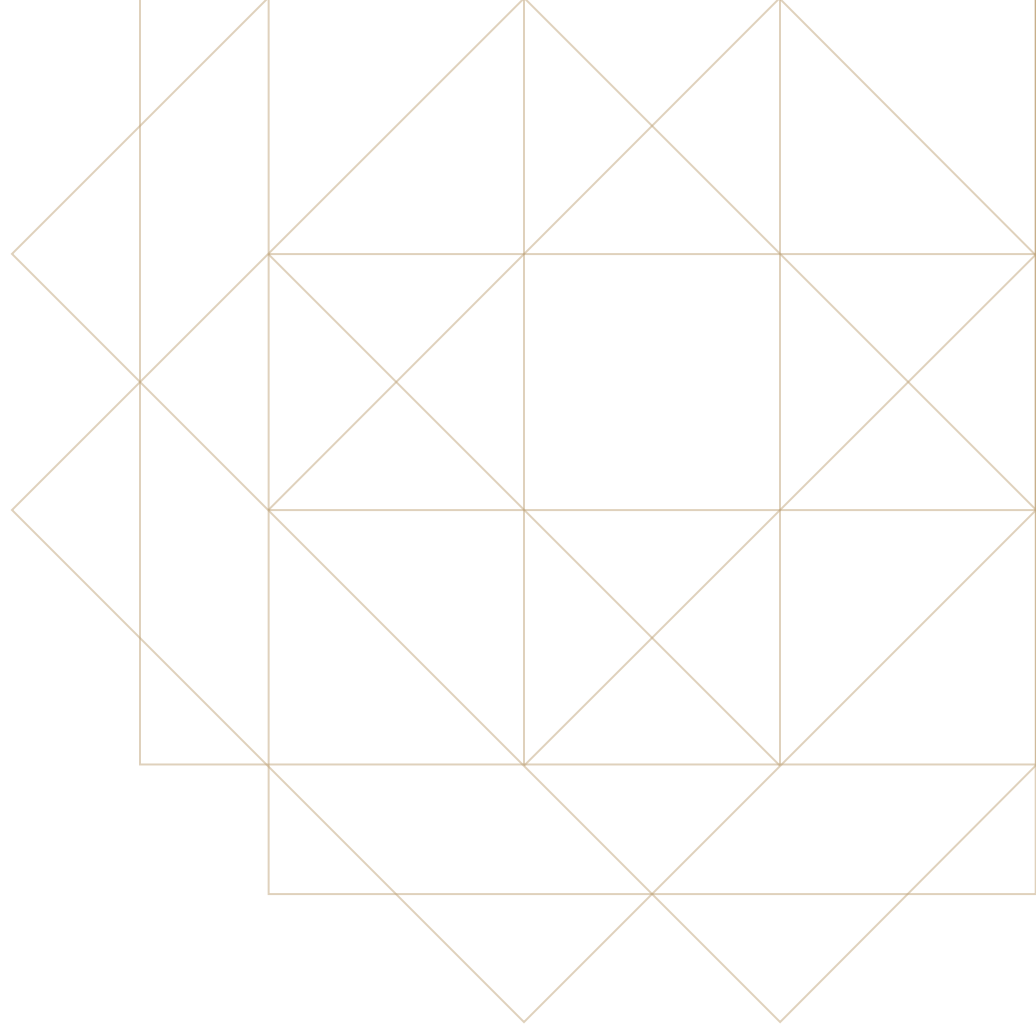
Nicole Lo
(212) 671-9761
nlo@ducerapartners.com

Ducera Partner and Managing Director List

Name	Title	Office	Email	Phone
Michael Kramer	Partner	New York	mkramer@ducerapartners.com	(212) 671-9750
Agnes Tang	Partner	New York	atang@ducerapartners.com	(212) 671-9738
Brad Robins	Partner	New York	brobins@ducerapartners.com	(212) 671-9709
Chris Grubb	Partner	San Francisco	cgrubb@ducerapartners.com	(415) 426-1705
Cody Kaldenberg	Partner	New York	ckaldenberg@ducerapartners.com	(212) 671-9780
Derron Slonecker	Partner	New York	dslonecker@ducerapartners.com	(212) 671-9777
Jay K. Sinha	Partner	New York	jsinha@ducerapartners.com	(212) 671-9708
Josh Scherer	Partner	New York	jscherer@ducerapartners.com	(212) 671-9771
Mark Davis	Partner	Los Angeles	mdavis@ducerapartners.com	(212) 671-9707
Michael Feinberg	Partner / GC	New York	mfeinberg@ducerapartners.com	(212) 671-9716
Mike Genereux	Partner	New York	mgenereux@ducerapartners.com	(212) 671-9710
Patrick Dowling	Partner / COO	New York	pdowling@ducerapartners.com	(212) 671-9734
Dave Zubricki	Managing Director	New York	dzubricki@ducerapartners.com	(212) 671-9717
Eli Silverman	Managing Director	Los Angeles	esilverman@ducerapartners.com	(646) 897-7857
Jason Koh	Managing Director	New York	jkoh@ducerapartners.com	(212) 671-9715
Sean Monaghan	Managing Director	New York	smonaghan@ducerapartners.com	(212) 671-9775
Emily Katz-Turner	Managing Director / Legal Analyst	New York	ekatz-turner@ducerapartners.com	(212) 671-9728

New York	Los Angeles	San Francisco
11 Times Square Floor 36 -New York, NY 10036	2121 Avenue of the Stars Suite 2980 -Los Angeles, CA 90067	44 Montgomery Street Suite 1480 San Francisco, CA 94104

I. Macro Trends



Macro Trends: Executive Summary

▪ **Equity and Credit Markets (Pages 6-14):**

- In 2Q24 equity markets continued to rally on rate cut expectations and Fed commentary supporting a “soft landing”, while credit markets reacted to inflation and do not appear to be pricing in as dovish expectations
 - For equity indexes, the S&P 500 was up ~4.2%, NASDAQ up ~9.2%, but Russell 2000 was down ~4.4% - the S&P 500 reached an all time high on June 18, 2024, driven by a narrow set of large-cap (primarily tech) growth companies while breadth continues to lag
 - Credit markets saw yields expand slightly with treasuries, but still show marginally positive returns for the quarter – leveraged loans YTM ended the quarter at ~9.4% (CS Leveraged Loan Total Return Index) and high yield YTM reached ~8.1% (Bloomberg US HY Price Index)
- In the treasury markets, the 10 year treasury yield rose ~26bps during 2Q24 to 4.46%, reacting to inflation prints in 2Q24 and related data that potentially indicates the Fed to hold rates flat or not cut rates as much as previously anticipated in the near-term
- Near-term economic forecasts continue to be revised upwards, consensus estimate for a recession in the next 12 months fell to 30% in 2Q24 (from 35% in 1Q24) – this is the lowest consensus recession expectation since 1Q22

▪ **M&A and Investment Activity (Pages 15-18):**

- M&A activity fell in 2Q24 to \$357bn after seeing a rebound in 1Q24, primarily driven by lower deal activity by strategic buyers, while sponsor activity fell slightly but continued to outpace 2023 levels (strategic activity down ~33% QoQ and sponsor activity down ~2.5% QoQ)
- IPO markets continued to remain muted despite equity market gains and private market activity improving (VC investment activity up ~13% QoQ)

▪ **Fund Flows and New Issue Markets (Pages 19-21):**

- In 2Q24, CLO issuance continued its rise, with \$53bn new CLO issuance raised in the quarter (the highest quarter since 4Q21 at \$57bn)
- Private capital market has seen significant growth particularly within private debt and private equity, with capital raised in the first two quarters of 2024 outpacing FY 2023 levels by ~43%
- Leveraged loan and high yield new issuances both continue to recover from trough levels in 2022, with leveraged loan issuance reaching a 3-year high of ~\$184bn in 2Q24 while HY issuances dropped slightly QoQ to ~\$76bn in 2Q24, but is still up materially from 2023 levels (2Q23 issuance of \$53bn)

▪ **Distressed Opportunity Indicators (Pages 22-24):**

- On rating agency trends, S&P recorded more upgrades than downgrades for the first time in 2 years (Moody’s continue to record such trend since last quarter), notable downgrades in the real estate and consumer/retail sector as well as idiosyncratic situations
- Ducera’s distressed debt company tracker⁽¹⁾ identified the following sectors with most debt trading in stressed / distressed levels: telecom (~\$59bn of distressed debt), software / consulting (~\$17bn of distressed debt), and media / publishing services (~\$15bn of distressed debt)



i. Macro Trends: Equity and Credit Markets

Macro Trends: Cary Street Partners Commentary June 25, 2024

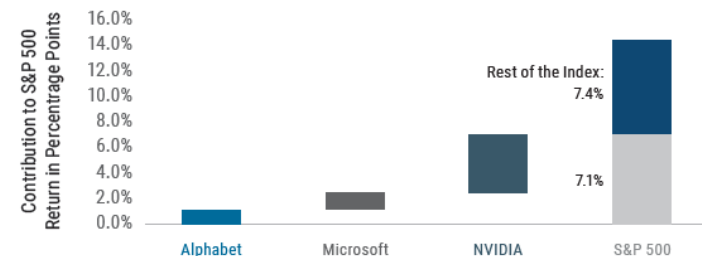
Equities gained ground in the second quarter, albeit in a very concentrated manner. As of this writing, the S&P 500 Index is ahead by 4.34% for Q2. Given the massive outperformance of the semiconductor group in May and June, virtually all the quarterly gains were found in the large-cap growth space. The Russell 1000 Growth Index is up by over 8% versus the Russell 1000 Value Index, which is down about 2%. Small and mid-caps were down across the board. The long-term uptrend for equities remains intact but needs a broader base. Bond results were improved during Q2 — the Bloomberg US Aggregate clawing back to breakeven year-to-date with a .72% gain for the quarter. Bond volatility continues to compress, with the MOVE Index of bond volatility in a nice downtrend since last October. Lower bond volatility is supportive of equities.

Market breadth refers to how many stocks are participating in a given move. As the S&P 500 Index reached an all-time high on June 11, just 34% of stocks closed above their 20-day moving average. That is the worst participation rate for a new high since data collection began in 1990.

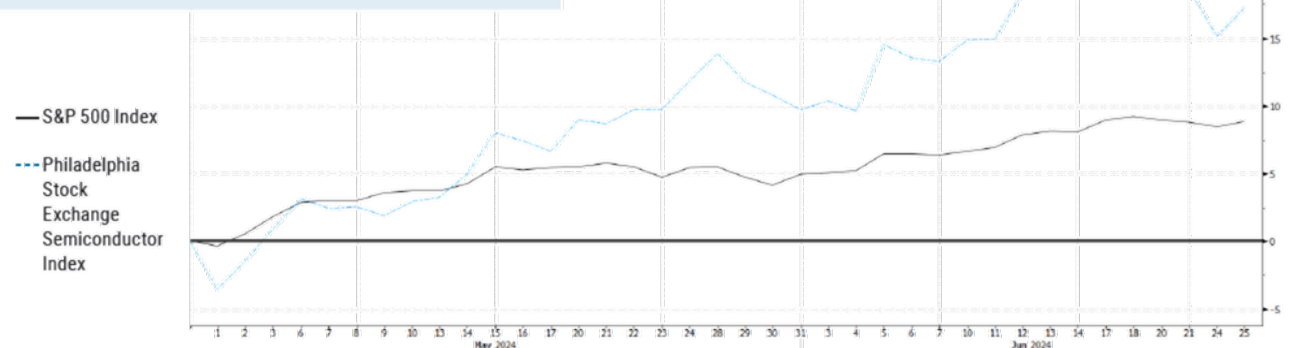
Virtually all the recent S&P gains can be attributed to momentum factor stocks, especially semiconductors. At the same time, various upside exhaustion signals are present for the NASDAQ 100, the index where momentum stocks are most evident. This is the clear and present challenge for equities.

Concentrated gains, but gains nonetheless ⁽¹⁾

Three Stocks Account for Nearly Half of 2024 S&P 500 Returns



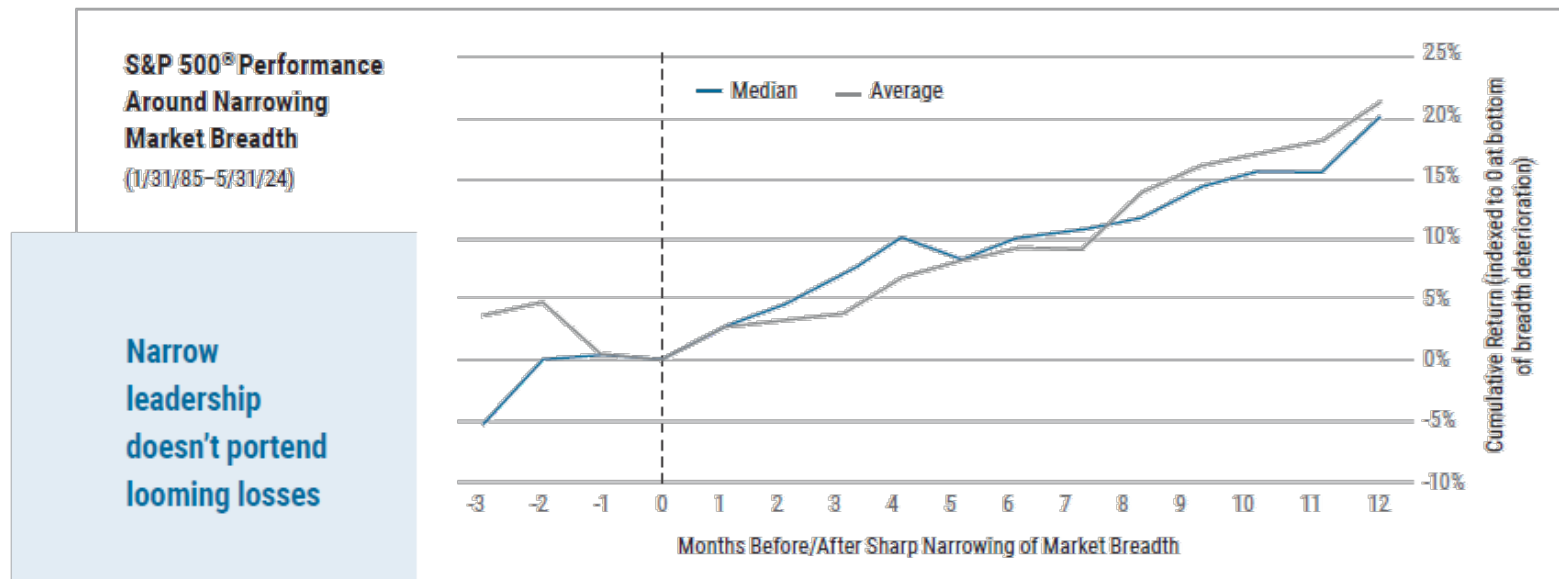
Semiconductors have been dominant ⁽¹⁾



Macro Trends: Cary Street Partners Commentary (Continued)

The momentum performance gap over the broad market is likely resolved either through a pullback or consolidation. The group significantly impacts major averages, given the heavy weight of these names. The history of spiked momentum factor outperformance sometimes results in a fast rollover that will take the major averages into a pullback as well. The other outcome, consolidation, looks more like treading water. The needle the market will attempt to thread is momentum, not cratering, while oversold breadth recovers somewhat.

Our highest conviction is that equities cannot move sustainably higher without improved breadth and participation. Potential catalysts for wider participation include improved inflation prints that turn into dovish Fed policy as well as earnings growth across a wider group of stocks. We see both having relatively high odds of outcome in the second half of 2024. Those two catalysts combined with a huge valuation gap point lower in capitalization (small and mid-caps) as a prime beneficiary. Given their recent lag, this same group is likely less vulnerable to any momentum factor-induced rollover.



- Tom Herrick

Cary Street Partners – Chief Market Strategist, Managing Director

M: 757-903-5021; E: tom.herrick@carystreetpartners.com

The above is prepared by Tom Herrick, Chief Market Strategist of Cary Street Partners, a leading RIA with ~\$9 billion AUM. Ducera invested in, and maintains a strategic partnership with, Cary Street Partners since 2019

Macro Trends: Summary Capital Markets Performance

Summary Capital Markets Performance

Index / Metric	Level at	Returns				
	7/1/24	QoQ	2023 Annual	2022 Annual	2021 Annual	2020 Annual
<u>Equity Markets</u>						
S&P 500	5,475	4.2%	24.2%	(19.4%)	26.9%	16.3%
NASDAQ	17,879	9.2%	43.4%	(33.1%)	21.4%	43.6%
Russell 2000	2,030	(4.4%)	15.1%	(21.6%)	13.7%	18.4%
FTSE 100	8,167	2.7%	3.8%	0.9%	14.3%	(14.3%)
<u>Other</u>						
WTI (\$/bbl)	\$83	16.4%	(10.7%)	6.7%	55.0%	(20.5%)
Bitcoin	\$63,236	50.8%	152.9%	(64.2%)	59.8%	305.1%
Ethereum	\$3,463	51.5%	90.8%	(67.5%)	399.1%	475.5%
<u>Credit Markets</u>						
Bloomberg US HY Price Index	2,541	2.4%	13.4%	(11.2%)	5.3%	7.1%
CS Leveraged Loan Total Return	585	4.5%	13.0%	(1.1%)	5.4%	2.8%
Bloomberg US HY YTM	8.1%	34 bps	-119 bps	NM	NM	NM
CS Leveraged Loan YTM	9.4%	25 bps	-115 bps	NM	NM	NM
<u>Treasuries</u>						
2 Year Treasury Yield	4.76%	14 bps	-24 bps	NM	NM	NM
10 Year Treasury Yield	4.46%	26 bps	36 bps	NM	NM	NM
30 Year Treasury Yield	4.62%	28 bps	44 bps	NM	NM	NM

On the back of investor sentiment of a soft landing and potential near-to-medium term rate cuts, equity markets continued to rise in 2Q24, with the S&P 500 and NASDAQ up 4.2% and 9.2% QoQ, albeit a lack of breadth

Despite investor sentiment of potential rate cuts, recent macro inflation and labor market prints have driven yields to marginally rise across the treasury curve (as well as HY/LL) in 2Q24

Macro Trends: Treasury Market Performance

US 2 / 10 / 30 Treasury Yield Over Time

	YTM as of:						
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	7/1/24
US 2 Yr Yield	2.49%	1.57%	0.12%	0.73%	4.43%	4.25%	4.76%
US 10 Yr Yield	2.68%	1.92%	0.91%	1.51%	3.87%	3.88%	4.46%
US 30 Yr Yield	3.01%	2.39%	1.64%	1.90%	3.96%	4.03%	4.62%
Memo: 2 / 10 Yr Spread	0.20%	0.35%	0.79%	0.78%	(0.55%)	(0.37%)	(0.29%)



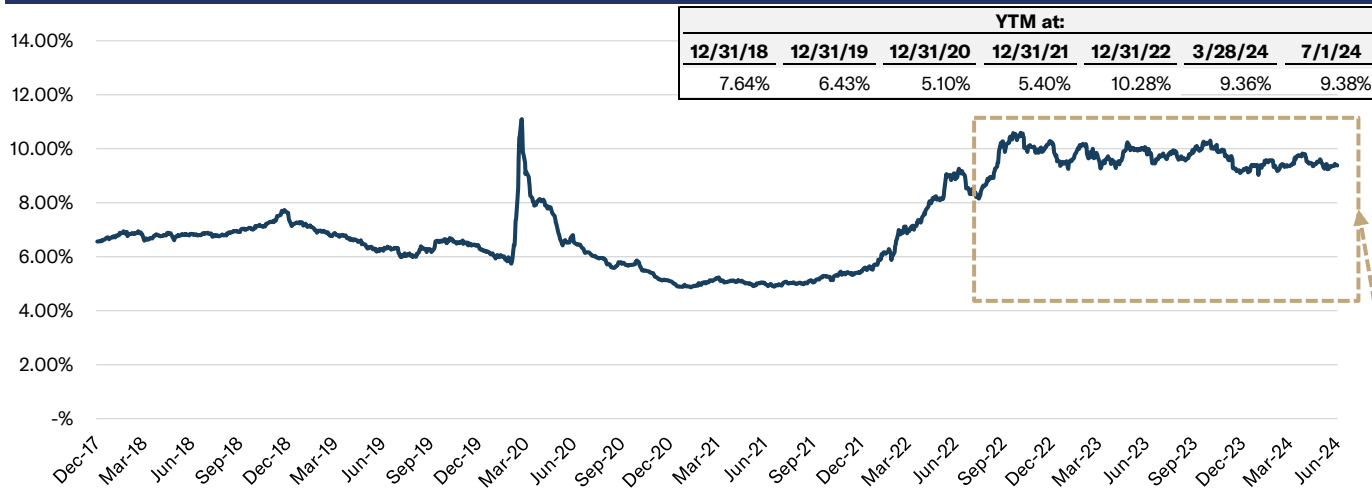
The 10-year treasury yield ended 2Q24 at 4.46%, higher than any year end level from 2018 to 2023

2-10 Treasury yield inversion, a leading recession indicator, fell ~8bps YTD in 2Q24, its lowest quarterly close since inverting in July 2022

The current inversion has become the longest on record on the back of declining recession expectations, beating out the previous record of 624 days set in 1978

Macro Trends: Credit Market Yields

Credit Suisse Leveraged Loan Index YTM Over Time



In 2Q24, leveraged loan YTM remained roughly flat QoQ, while HY YTM widened by ~30bps QoQ. Both HY/LL YTM have come down by ~90bps since its peak in 2022

Bloomberg US High Yield Index YTM Over Time



Post-Covid trend of sustained higher interest rates driven by persistently high inflation, although the recent reduction in inflation and Fed commentary on rate cuts are driving recent fall in YTM

Macro Trends: Equity Markets Performance

Equity Markets Index Values Over Time

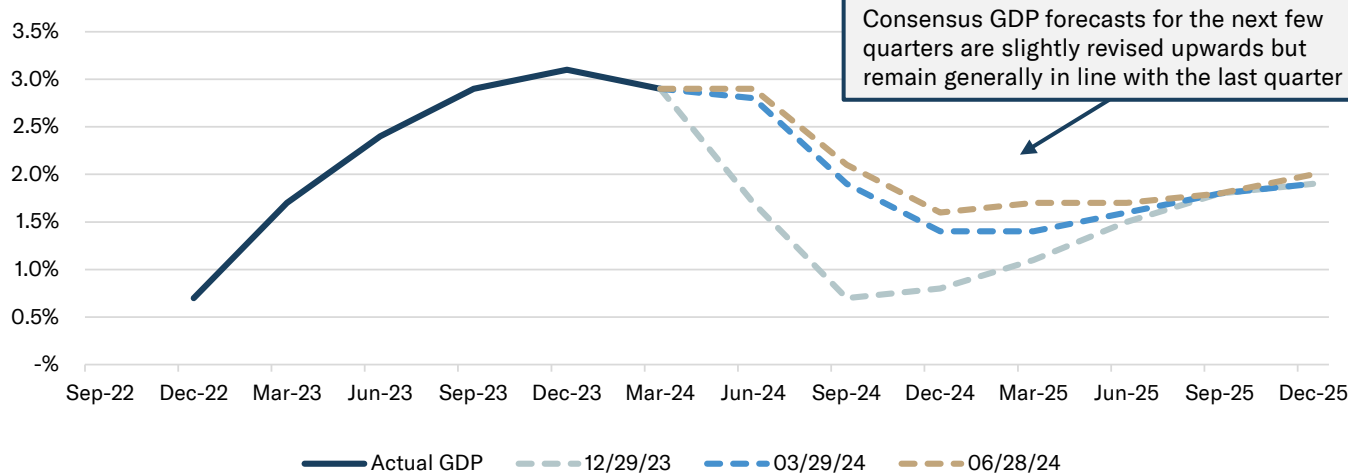


2Q24 saw continued strong performance across the S&P and NASDAQ, with the indices up by ~15% and ~19% YTD respectively

S&P 500 and NASDAQ strength has been almost exclusively driven by large cap growth (particularly in the technology sector), underlying lack of breadth due to weakness in performance of mid and small cap equities is consistent with credit market trends (mid and small cap equities are more tied to interest rates as debt service comprises a higher amount of earnings)

Macro Trends: GDP and Economic Expectations

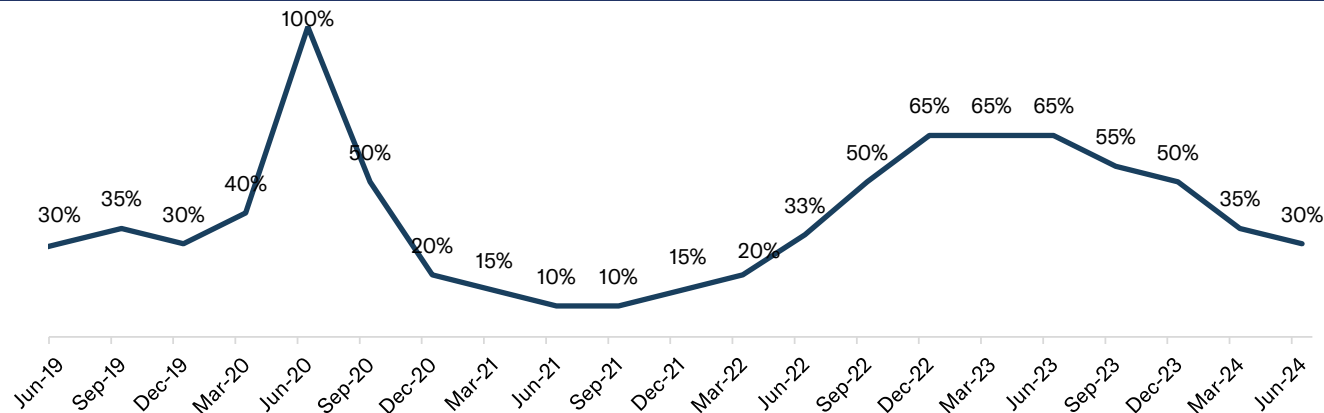
US Real GDP (YoY Change %) – Historical and Consensus Estimate Curves



Consensus estimates for recession probability continued to decline in 2Q24 as economic data comes in stronger and forward GDP consensus estimates are revised upwards

Consensus estimates for a recession ended 2Q24 at 30%, reflecting growing optimism about the economy

Consensus Probability of a Recession in Next 12 Months



Macro Trends: Cryptocurrency Markets Performance

	Return to Date (as of 7/1/24) from:				
	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Bitcoin	783%	118%	36%	281%	51%
Ethereum	2597%	369%	(6%)	189%	52%

Cryptocurrency prices continued their 2023 rebound in 2Q24, generally maintaining gains achieved in 1Q24

Bitcoin Price Over Time



Ethereum Price Over Time



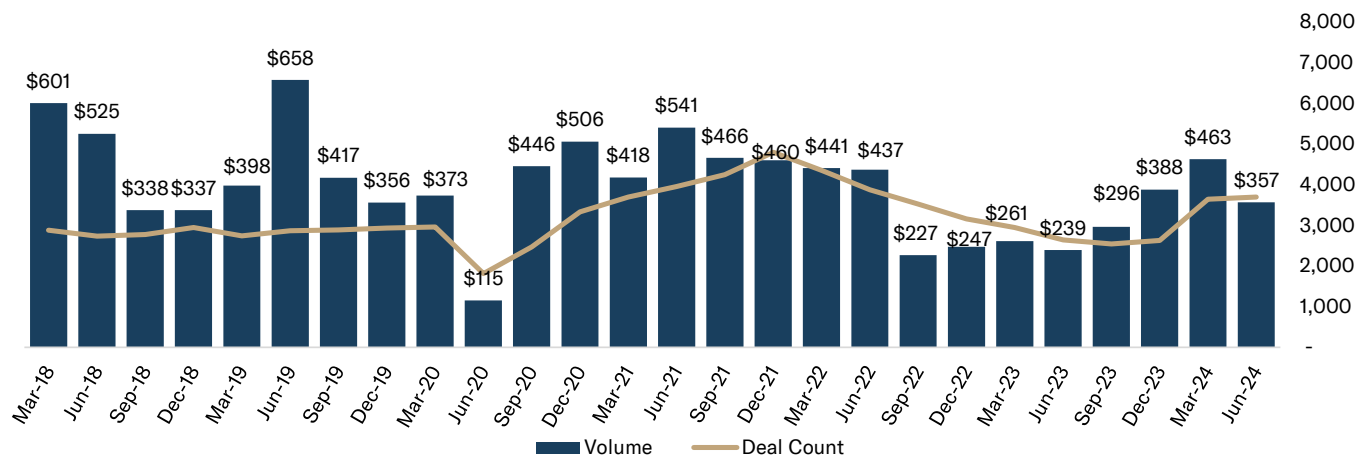


ii. Macro Trends: M&A and Investment Activity

Macro Trends: M&A Market Trends

(\$ billions)

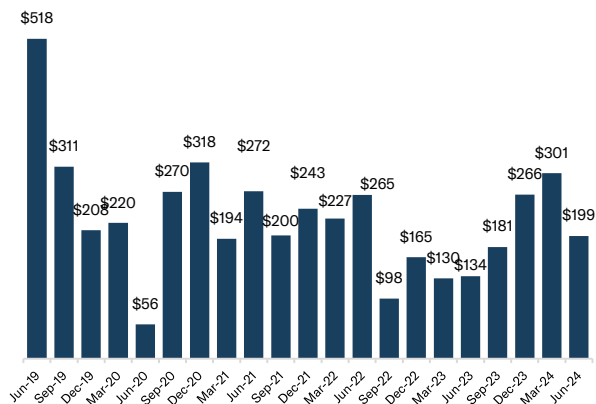
Quarterly US Total M&A Deal Volume



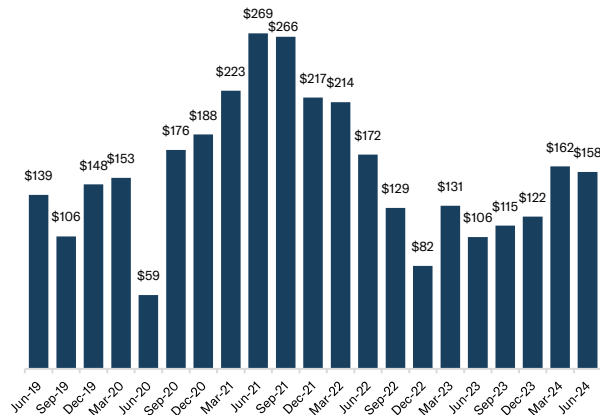
2Q24 saw M&A deal activity rebound fall QoQ but increase YoY (up ~49%) as historically high debt borrowing costs are offset by opening of credit markets and improving economic outlook

The decrease in M&A activity in 2Q24 is primarily driven by lower strategic deal volume, which fell ~33% QoQ, while sponsor-backed activity remained roughly flat

Quarterly US M&A Deal Value: Strategic



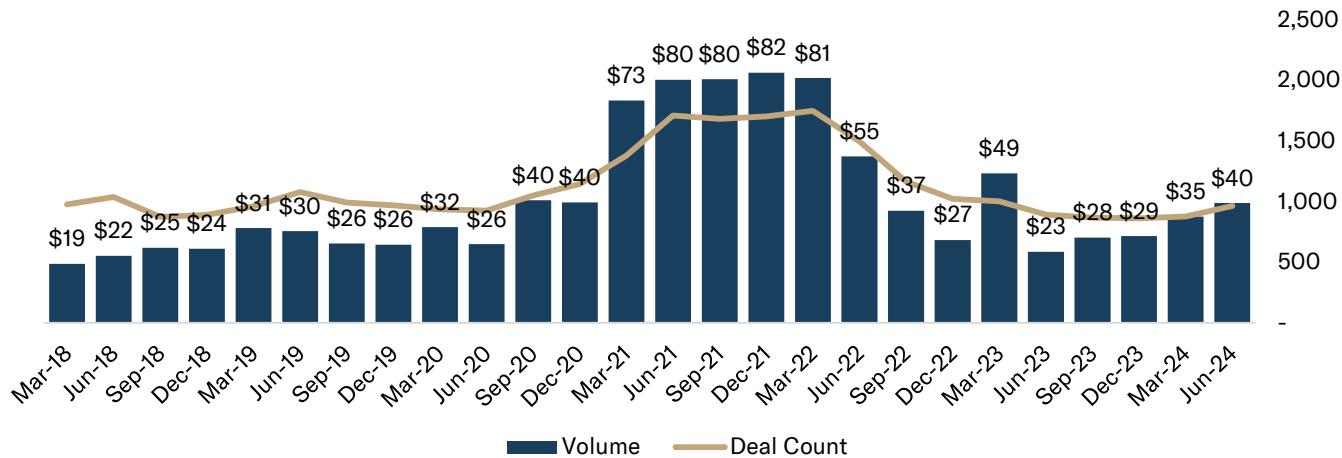
Quarterly US M&A Deal Value: Sponsor



Macro Trends: Venture Capital Market Trends

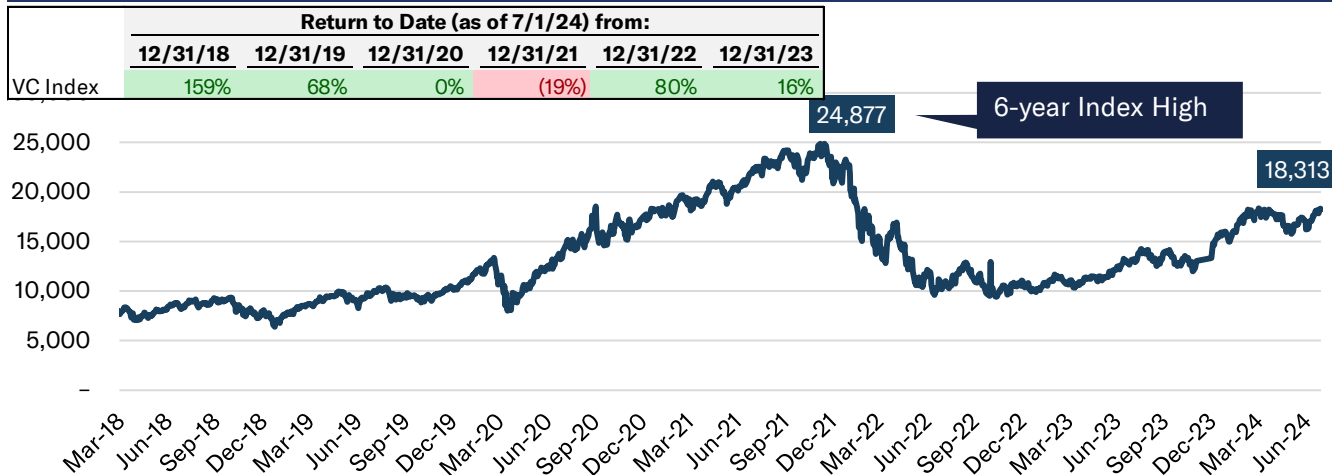
(\$ billions)

Quarterly US Total Venture Capital Deal Value and Deal Count



VC investment deal volume continues its sequential rise, increasing ~12.8% QoQ, gradually improving from trough 2Q23 levels after record years in 2020-1H22

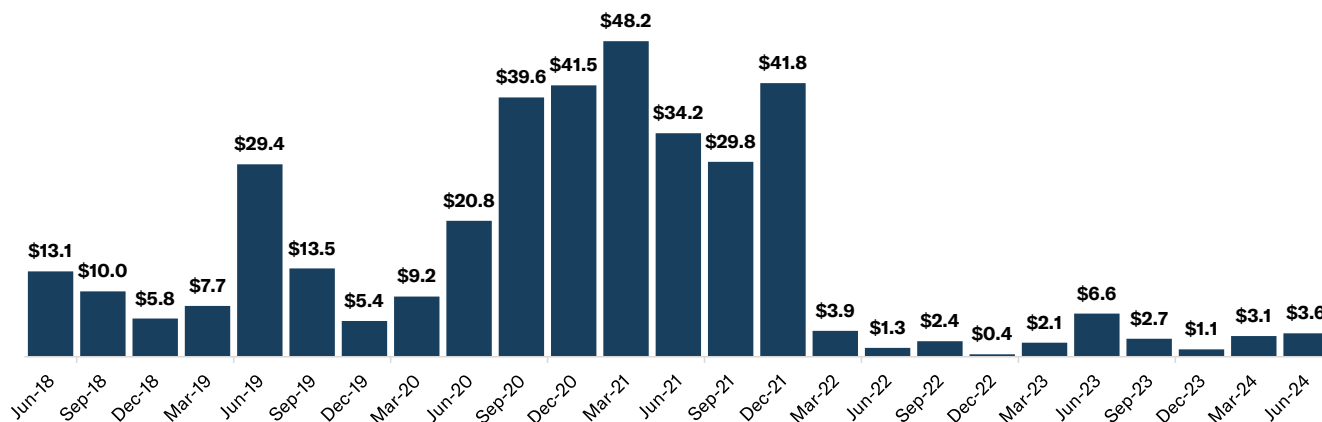
Refinitiv US Venture Capital Index



Macro Trends: IPO Volume

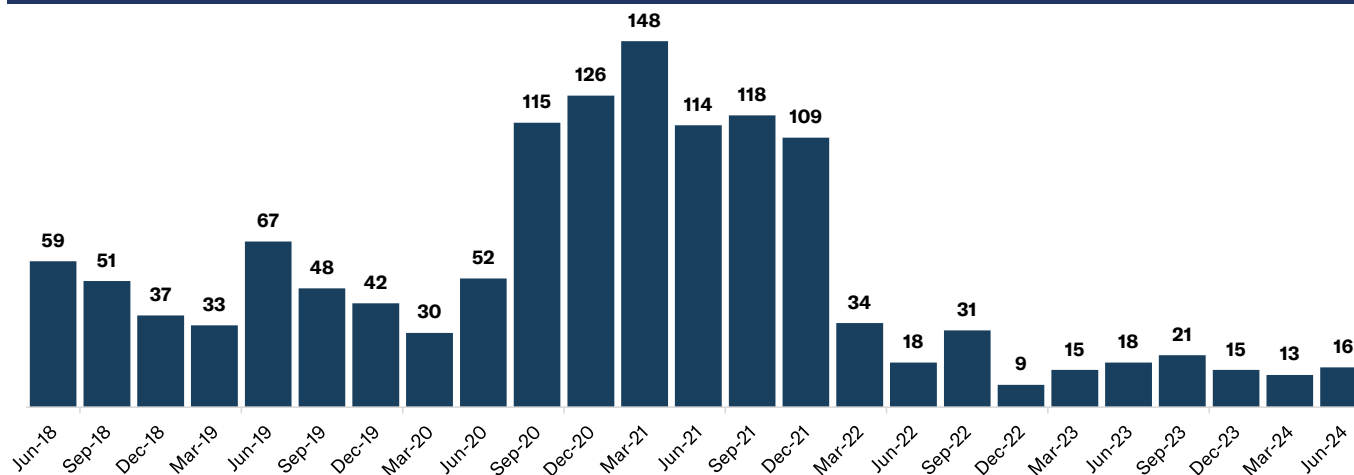
(\$ billions)

Quarterly US IPO Volume (\$)



Despite equity market rally, IPO issuance remains de minimis relative to historical levels and record years in 2020-2021

Quarterly US IPO Volume (#)



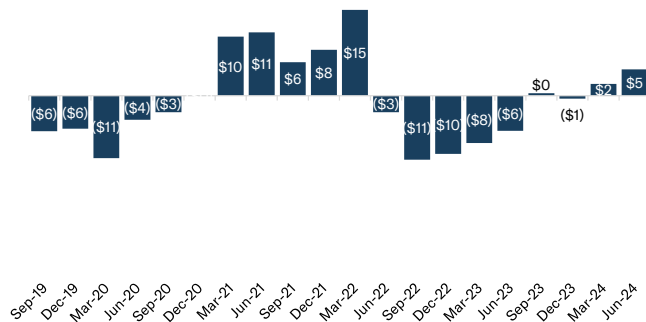


iii. Macro Trends: Fund Flows and New Issue Markets

Macro Trends: Capital Markets Fund Flows

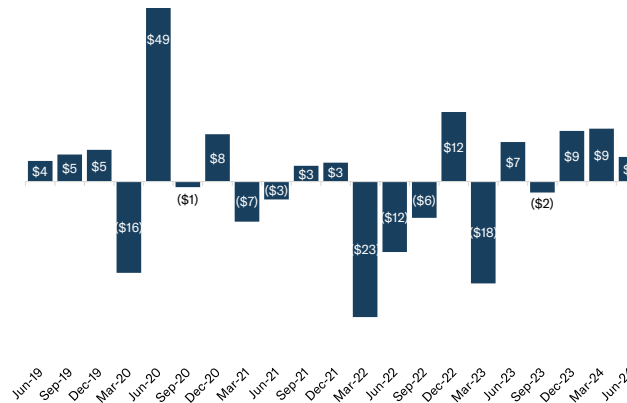
Quarterly US Leveraged Loan Fund Flows

(\$ in billions)



Quarterly US High Yield Fund Flows

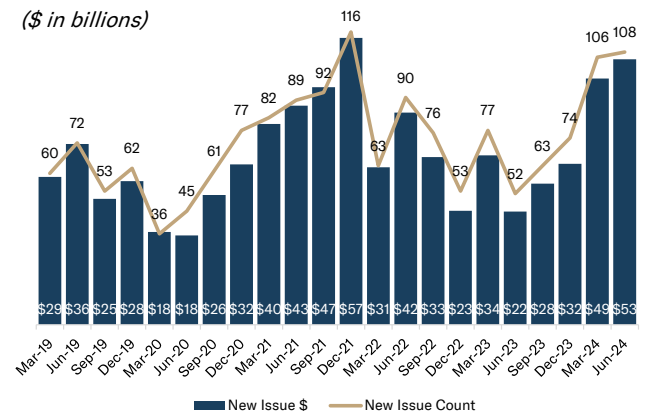
(\$ in billions)



Leveraged loan and HY fund flows were positive in 2Q24. HY fund flows saw \$4bn of inflows in 2Q24, slowing down considerably from 1Q24 levels

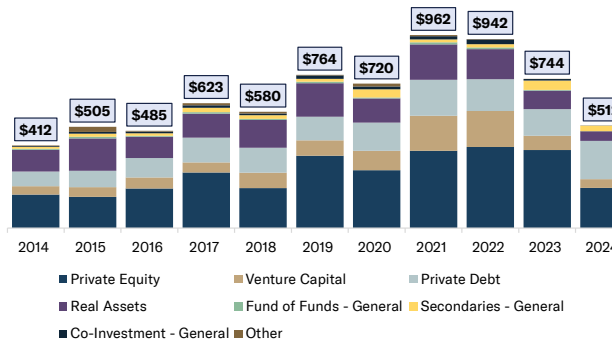
Quarterly US CLO Issuance

(\$ in billions)



Annual US Private Capital Raised

(\$ in billions)



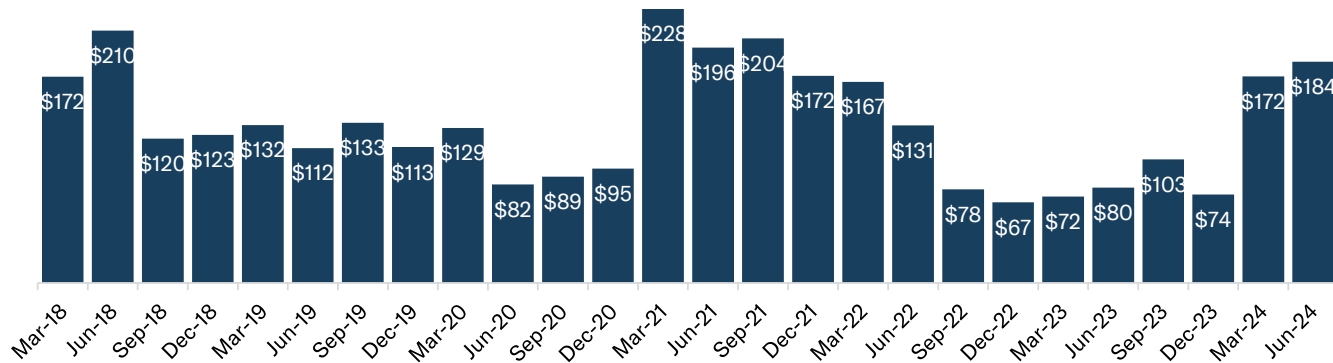
CLO issuance continued to increase in 2Q24 following a significant rebound beginning in 2Q23, approaching the 5-year high set in December 2021

Private capital raised is on track to pass 2023 levels, with YTD capital raised already at 72% that of FY23 and growth primarily driven by private debt and private equity

Macro Trends: Credit Market New Issuances

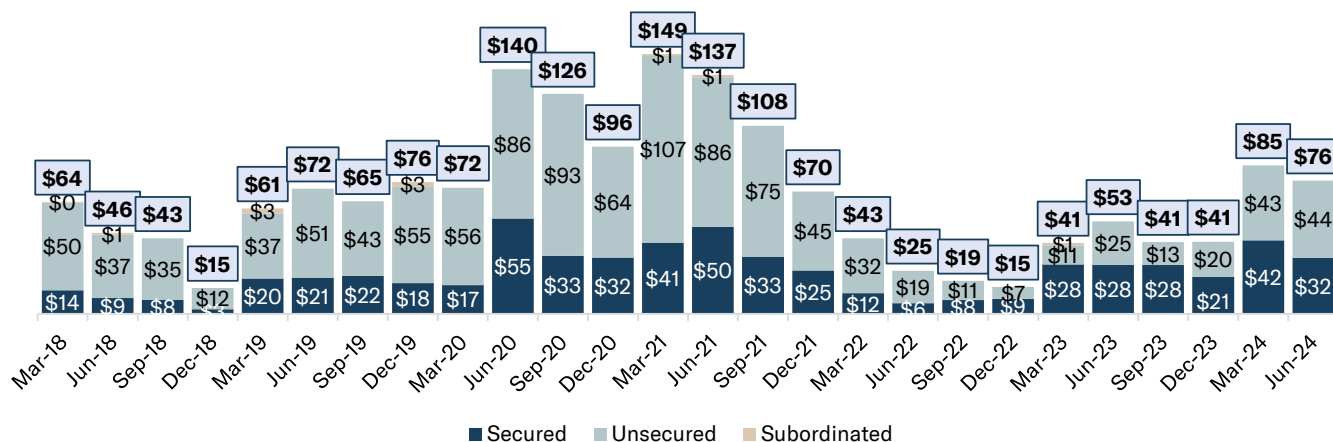
(\$ in billions)

Quarterly US Leveraged Loan New Issuances



New issuance markets continued to rebound in 2Q24, particularly in the leveraged loan market as borrowers look to take on variable rate debt that can benefit from interest rate declines

Quarterly US High Yield New Issuances



LL issuance in the first two quarters is more than double the full year 2023 level amid a wave of repricing within the market. New issuance in HY market in 2Q24 is greater than any quarter within the past two years as well, with growth primarily driven by issuances of unsecured debt



iv. Macro Trends: Distressed Opportunity Indicators

Macro Trends: Credit Rating Agency Activity

Summary Credit Rating Agency Activity

Quarter Ending	Moody's			S&P Global Ratings		
	Upgrade Count	Downgrade Count	Upgrade / Downgrade Ratio	Upgrade Count	Downgrade Count	Upgrade / Downgrade Ratio
Jun 2024	98	89	1.1x	158	112	1.4x
Mar 2024	113	104	1.1x	107	141	0.8x
Dec 2023	67	146	0.5x	94	126	0.7x
Sep 2023	87	96	0.9x	117	149	0.8x
Jun 2023	82	127	0.6x	110	160	0.7x
Mar 2023	85	120	0.7x	100	170	0.6x
Dec 2022	62	138	0.4x	77	157	0.5x
Sep 2022	114	87	1.3x	97	116	0.8x
Year Ending						
Dec 2023	321	489	0.7x	421	605	0.7x
Dec 2022	427	355	1.2x	458	414	1.1x
Dec 2021	650	188	3.5x	642	328	2.0x
Dec 2020	313	865	0.4x	332	1,311	0.3x

Current Quarter Notable Downgrades

 **The Container Store®**



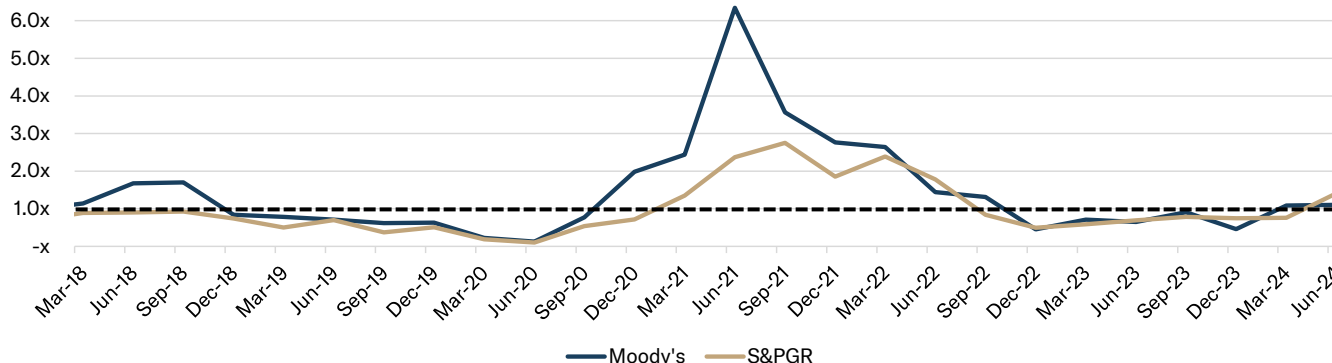
OFFICE PROPERTIES
INCOME TRUST

ALKEGEN

In 2Q24 Moody's and S&P both continued to announce more upgrades than downgrades, significantly recovering from the activity between 4Q22-4Q23

Downgrades driven by the real estate sector, idiosyncratic downgrades (i.e. Alkegen, etc.), as well as the consumer and retail industry facing curtailed demand and ongoing margin pressures

Quarterly US Upgrades to Downgrades Ratio



Macro Trends: Distressed Sector Trading Summary

- The below details a sector summary of Ducera's distressed debt company tracker – the table below reflects a summary by sector of all identified bonds & loans with trading prices < 85c, yielding > 15%, and with ≥ \$100mm outstanding

(\$ in US millions)

Sector	Amt. Out (\$m)	Current YTM (%)	Debt Securities ⁽¹⁾					Net Change ⁽²⁾			
			Trading Price (Weighted Avg.)								QTD Δ
			Current (6/28)	Prior Day (6/27)	Prior Wk. (6/21)	Prior Mo. (5/30)	Quarter End (03/31)	1 Day Δ	1 Wk. Δ	1 Mo. Δ	
Telecommunications	\$58,837	24.9	59.6	59.5	60.0	60.4	64.4	0.1	(0.4)	(0.8)	(4.8)
Software and Consulting	16,595	40.2	46.7	46.5	49.1	50.3	51.0	0.1	(2.5)	(3.6)	(4.4)
Media and Publishing Services	14,530	56.8	60.3	60.4	60.7	60.7	68.6	(0.1)	(0.4)	(0.4)	(8.4)
Healthcare Services	11,843	96.1	56.8	56.7	56.8	57.8	63.9	0.1	(0.1)	(1.1)	(7.1)
Business Services	9,182	35.3	65.4	65.5	66.3	67.0	69.6	(0.1)	(0.9)	(1.6)	(4.2)
Hardware	7,016	41.0	67.7	67.8	67.8	68.4	67.1	(0.2)	(0.1)	(0.8)	0.6
Biopharmaceuticals	5,417	22.8	56.6	56.8	56.5	58.5	48.3	(0.1)	0.2	(1.8)	8.4
Industrial Services	5,207	54.8	63.7	62.9	62.0	62.6	62.7	0.8	1.7	1.1	1.0
Manufactured Products	4,589	38.6	56.6	57.0	57.9	56.2	64.5	(0.4)	(1.2)	0.4	(7.9)
Food and Tobacco Production	4,407	40.9	57.9	58.0	58.5	58.1	62.7	(0.1)	(0.6)	(0.2)	(4.8)
Industrial Manufacturing	4,038	41.5	56.2	56.2	56.6	57.4	64.9	(0.0)	(0.4)	(1.1)	(8.7)
Utilities	4,031	47.1	56.2	56.7	55.8	54.3	58.1	(0.5)	0.4	1.9	(1.8)
Food and Staples Retail	3,893	88.1	48.7	48.7	47.6	51.3	62.5	0.0	1.1	(2.6)	(13.8)
Investment Services	3,810	33.1	62.6	62.3	64.8	70.3	65.3	0.2	(2.3)	(7.8)	(2.8)
Hospitality Services	3,688	74.4	49.9	50.2	51.2	52.1	48.0	(0.3)	(1.3)	(2.2)	1.9
Miscellaneous Retail	3,197	20.0	70.4	70.8	72.1	52.5	58.2	(0.3)	(1.6)	17.9	12.3
Upstream Energy	2,942	46.6	52.0	53.1	53.1	53.0	48.9	(1.0)	(1.0)	(1.0)	3.1
Real Estate	2,575	32.6	64.0	64.4	65.2	66.2	68.6	(0.3)	(1.2)	(2.1)	(4.5)
Consumer Vehicles and Parts	2,404	27.9	56.0	56.0	54.1	56.0	55.0	(0.1)	1.9	(0.1)	1.0
Consumer Retail	2,240	28.7	54.4	54.3	55.4	57.2	60.9	0.1	(1.0)	(2.8)	(6.5)
Mining and Mineral Products	2,065	48.3	70.3	70.2	72.2	73.9	72.8	0.2	(1.9)	(3.6)	(2.5)
Process Industries	1,775	41.8	70.3	70.3	70.6	68.8	66.6	-	(0.3)	1.5	3.7
Consumer Non-Durables	1,107	65.6	43.9	43.8	44.3	55.8	56.5	0.1	(0.3)	(11.9)	(12.6)
Chemical, Plastic and Rubber Materials	1,082	24.3	62.2	62.1	62.3	63.5	59.9	0.1	(0.1)	(1.3)	2.2
Specialty Finance and Services	1,032	78.2	31.0	31.2	30.8	30.1	33.9	(0.2)	0.2	0.8	(2.9)
Household Services	1,000	22.9	62.0	62.1	61.8	59.0	63.0	(0.1)	0.3	3.0	(1.0)
Consumer Goods	822	18.0	70.9	70.8	70.7	72.1	81.9	0.1	0.2	(1.2)	(11.0)
Electronic Components and Manufacturing	750	15.4	59.0	59.2	59.8	59.3	58.4	(0.3)	(0.8)	(0.3)	0.6
Healthcare Equipment	720	71.0	38.4	38.4	38.6	39.8	41.3	0.0	(0.2)	(1.4)	(2.9)
Corporate or Other Unallocated Revenue	610	28.0	59.0	59.0	59.0	59.0	59.0	-	(0.0)	(0.1)	(0.1)
Household Products	595	19.3	75.3	75.4	75.1	71.5	81.0	(0.2)	0.1	3.7	(5.8)
Insurance	550	24.8	59.3	59.3	59.6	61.3	62.8	-	(0.2)	(2.0)	(3.5)
Financially Operative Institutions	319	53.8	69.3	69.3	69.3	69.3	69.3	-	-	-	-
Consumer Durables	147	23.7	77.0	76.0	79.3	79.3	79.0	1.0	(2.3)	(2.3)	(2.0)
Total	\$183,014	41.0	58.4	58.4	58.9	59.3	62.2	(0.0)	(0.6)	(0.9)	(3.9)

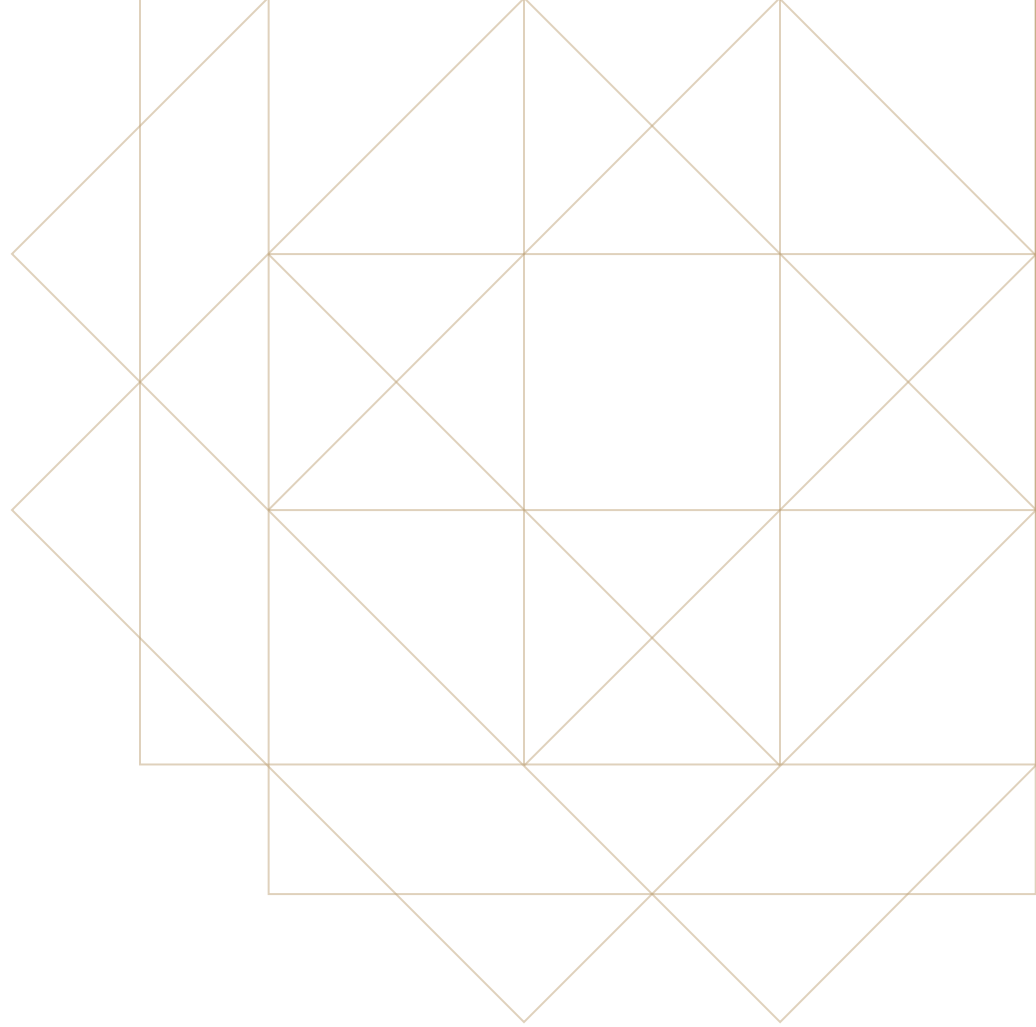
24 Sources: S&P Global Market Intelligence, FactSet

(1) Based on securities identified from screen, as opposed to total capital structure

(2) Color shaded from lowest to highest

Ducera

II. Ducera Updates



Ducera Updates: Select Recent Transactions

Advisor to Casa Systems, Inc. (“Casa”) in Connection with its Chapter 11 Filing and Sale of Assets



Restructuring

- Ducera was engaged by Casa in November 2023 to provide strategic advice pertaining to the company’s declining liquidity and anticipated covenant breach in late Q4 2023
 - Ducera assisted in preparation of a business plan and initiated conversations with its existing 1L lenders, ultimately securing a limited waiver
 - Ducera facilitated dual-track conversations with Casa’s anchor customer for its Cloud business, Verizon Communications, to maintain support through the Company’s restructuring discussions
- In February 2024, Ducera initiated outreach to likely buyers in an accelerated sale process to maximize value given the circumstances
 - Ultimately, Casa successfully signed two binding stalking horse agreements, including one for the company’s Cable business with Vecima Technology, Inc. (“Vecima”) for \$20mm, and another for the Cloud business with Lumine Group US HoldCo (“Lumine”) for \$15mm
- In April 2024, Casa filed for chapter 11 and Ducera commenced a 363-process including broad outreach to 150+ financial and strategic parties
 - Unusually, Casa was not able to secure DIP financing, which led the Ducera team to structure a unique staggered in-court sale process to provide adequate case funding through the use of cash collateral
 - Casa’s Cloud assets, which were sold pursuant to an accelerated sale process, received a competing bid to Lumine’s stalking horse bid. Ducera conducted an auction which ultimately resulted in more than doubling Lumine’s original bid of \$15mm to ~\$31mm
 - Casa’s Cable assets, which were sold via 363 process, received two competing bids to Vecima’s stalking horse bid, ultimately resulting in a three-party auction and sale to CommScope Technologies (“CommScope”) for ~\$45mm, more than doubling Vecima’s original bid of \$20mm

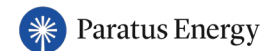
Advisor to Paratus Energy Services (“Paratus”) in Connection with Its Senior Secured Bond Offering



Financings

- On June 5, 2024, Paratus announced a successful private placement of \$500mm of senior secured bonds priced at 9.5%
 - The transaction represented one of the largest bond issuances in the Nordic bond market in recent years
- The transaction proceeds were used to partially refinance Paratus’ \$715mm outstanding 2026 senior secured notes, extending the maturity of the majority of the company’s debt to 2029, providing the company flexibility to pursue shareholder distributions and growth opportunities
- Ducera acted as financial advisor to Paratus since 2022 and advised the company in connection with the bond offering

Advisor to Paratus Energy Services (“Paratus”) in Connection with Its Public Listing on the Oslo Stock Exchange



Strategic Advisory

- On June 28, 2024, Paratus shares began trading on the EuroNext Growth Exchange following a \$75mm private placement
 - The company’s private placement was more than 10x oversubscribed at \$4.90 / share, implying a post-money equity valuation of \$830mm
- The transaction proceeds will be used for general corporate purposes and to increase balance sheet flexibility
- Ducera acted as financial advisor to Paratus since 2022 and advised the company in connection with the listing



III. Ducera Partners Overview

Ducera Partners Overview

As **business owners ourselves**, our clients know that we advise from a place of **insight** and **action**. **Nothing is theoretical**—we know because we've been there.



Our Story

100% *Partner-Owned*

100% *Conflict Free*

30 *Years of Legacy*

\$800 billion+
Deal Volume

Evolution

Ducera Partners was founded in June 2015, but our leadership team has been working together for **nearly three decades**.

Led by Michael Kramer, an industry veteran and well-known pioneer in the restructuring and investment banking business, we are proud of our evolution, which includes a strong growth trajectory as our team and client relationships have grown.

Legacy

After decades of working closely together, Ducera Partners is the culmination of all that we have achieved to date.

Ducera is our legacy. As professionals, we are united by strong beliefs and aligned in our **client-centric philosophy**. We are **forward-thinking, driven, and fearless**. Above all, we pledge to be great partners to each other, clients, and fellow professionals.

Ducera Partners Principles

For nearly three decades, our leadership team has been advising on many of the most relevant corporate finance transactions in the industry. We are known for developing and maintaining close relationships with decision makers because of the results we provide and the business principles our senior leadership follows.

Client-Centric

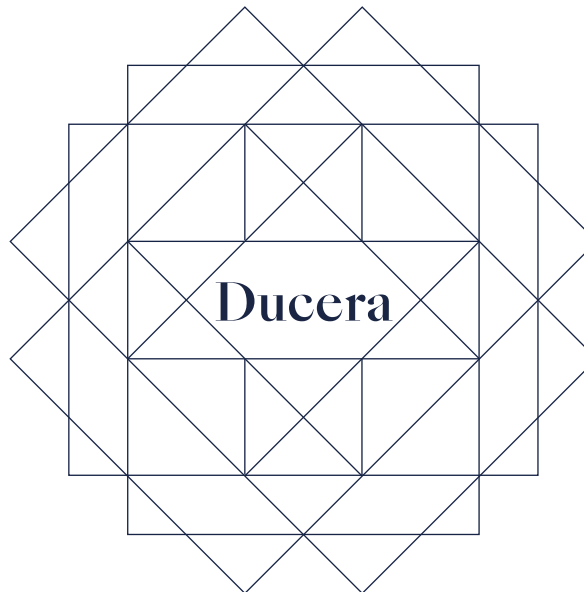
We always put our **clients' interest first**; our success is directly aligned with the success of our clients.

Authentic

As business owners ourselves, our clients know that we advise from a place of **insight** and **action**. Nothing is theoretical – we know because we have been there.

Bold

We bring **strength** and **experience** in the face of difficult and transformational events. When times are the toughest, we are fully prepared so our clients can move ahead with confidence



Trusted

The relationships that we have with our clients are integral to our work; **advice** and **trust** go hand in hand.

Agile

We consider all variables, playing out multiple scenarios simultaneously, to design the best **solution** for our clients. We don't accept the status quo or the easier path.

Simplification

We do the heavy lifting so our clients don't have to worry; we **simplify** the complex.

Cary Street Strategic Partnership

- Cary Street Partners is a leading independent wealth manager that offers a comprehensive suite of services to its clients
- Ducera invested in, and entered a strategic partnership with, Cary Street in 2019

Offering Advisors

- Independence
- Ownership Opportunity
- Open Architecture
- Entrepreneurial Environment
- Multi-Custodian Platform
- Industry-Leading Technology
- Transition Support
- Marketing Resources
- A Partnership Culture

Headquarters: Richmond, Virginia

Founded in 2002

Independent research and
economic insights

Hybrid RIA

70+ Financial Advisors

<https://carystreetpartners.com/>

Joseph R. Schmuckler, CEO
Thomas O. Herrick, Chief Market
Strategist

Comprehensive Wealth Management

- Financial Planning
- Investment Management
- Research & Portfolio Advisory Services
- Data Aggregation
- Estate & Life Insurance Strategies
- Performance Reporting
- Corporate Benefits & Retirement Planning Services

Diversified Model-Based Asset Management Offering

18 Offices across the southern & mid-Atlantic regions

Sources: Cary Street Investor Presentation, Company Website

1) Across all subsidiaries

Quannix Strategic Partnership

- Ducera's proprietary Quannix algorithm screens and compiles various proprietary online indicators to understand companies' current growth performance
- Ducera entered a strategic partnership with Quannix owner Growth Science in 2017

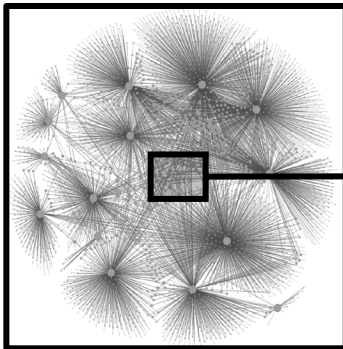
Quannix Overview

Quannix has digitized traditional Disruption Theory into a continuous learning model and has shown the ability to be very accurate across most industries and at all stages of a company's life cycle.

- Quannix is a highly sophisticated computing system that relies on decades of experience and tens of millions of dollars of investment
- Quannix adheres to classic disruption and competitive threat regression analyses, by applying artificial intelligence and data science, to substantially increase the odds of identifying those companies with the highest probability of succeeding
- In addition to predicting a company's survival rates, Quannix also simultaneously increased the odds of avoiding companies that are most likely to fail
- Quannix mines and combines proprietary internet indicators to estimate the valuations of private companies
- The data used does not include traditional financial, revenue, or last-round valuations because such metrics are often unavailable or unreliable in private markets
- Through ongoing training on random samples from more than 1,000 publicly held companies, Quannix uses ensemble modeling to estimate the valuations of private businesses using the most accurate models that succeed in predicting public valuations
- The ensemble methods use > 1,000 diverse learning algorithms (rather than a single model) to obtain better predictive performance than could be obtained from any of the constituent learning algorithms alone

Quannix Strategic Partnership: Sample Quannix Output

**WHAT SOLUTIONS
COMPRISE THE
“MARKET”?**



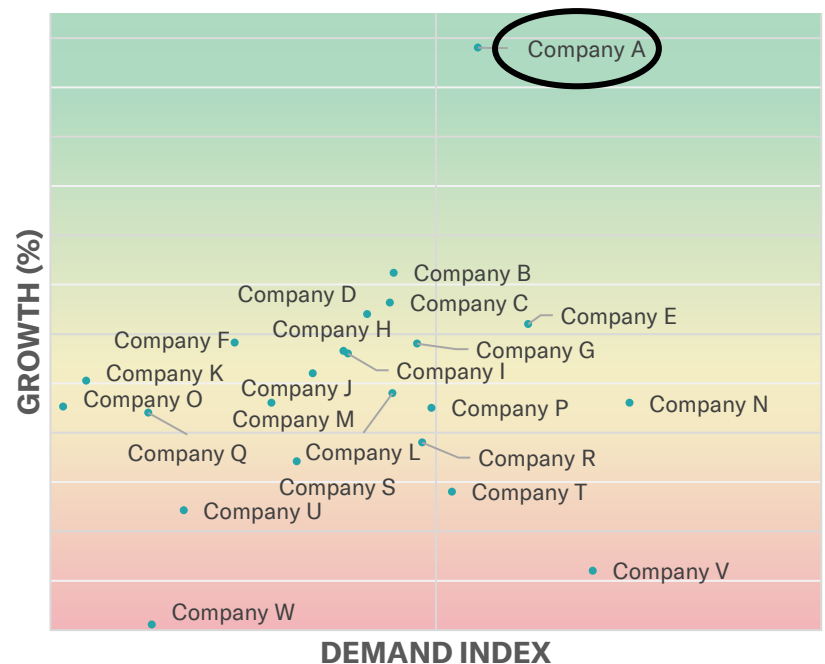
**WHO IS OPERATING
WITHIN THE
MARKET**

DEMAND INDEX

AGGREGATE SIGNALS OF
MARKET DEMAND THAT
ARE USED TO ESTIMATE
A TARGET'S VALUATION

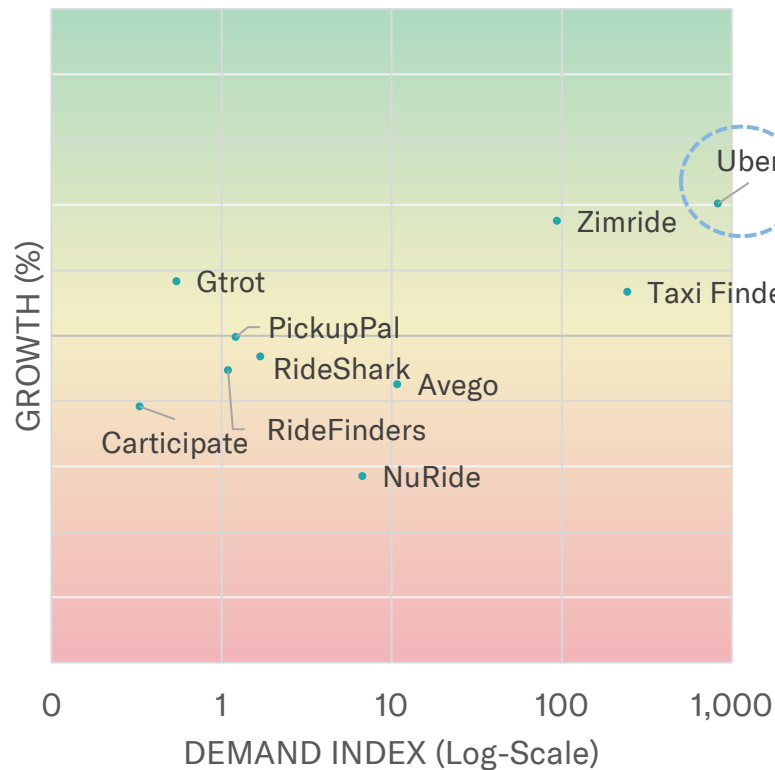
GROWTH (%)

PROPRIETARY MEASURE OF
CHANGE IN CUSTOMER
TRACTION IN THE TARGET
MARKET, CORRELATED
WITH CUSTOMER
ADOPTION, AND
VALUATION



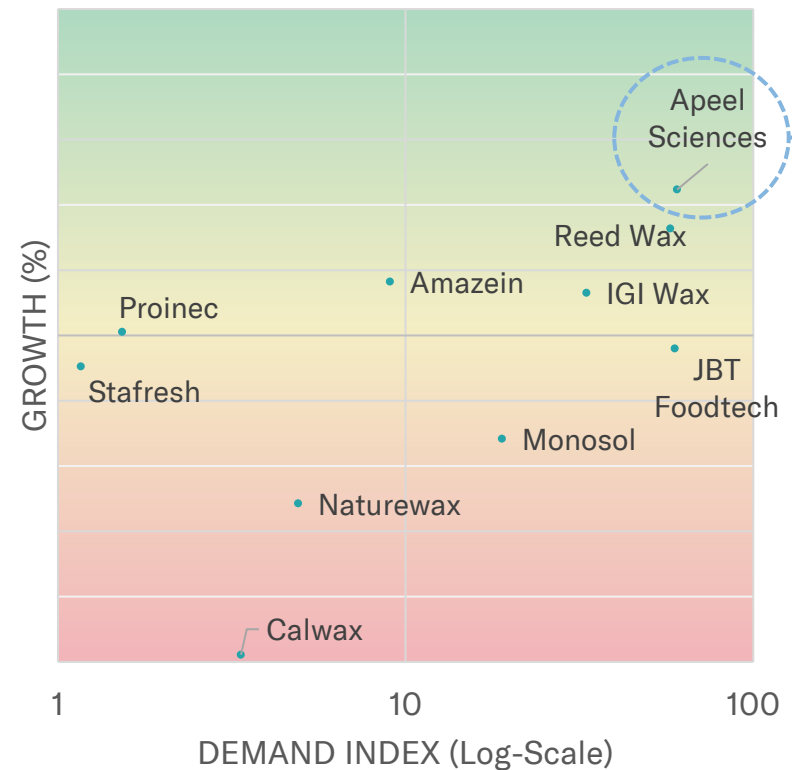
Quannix Strategic Partnership: Historical Quannix Case Study

Ridesharing (As of 2011⁽¹⁾)



- Identified as the market leader in 2011 when it had only raised \$1.5m in a seed round
- Valued at \$112 billion by 2021
- Consumer smartphone app

Fruit & Vegetable Coatings (As of June 2015⁽¹⁾)

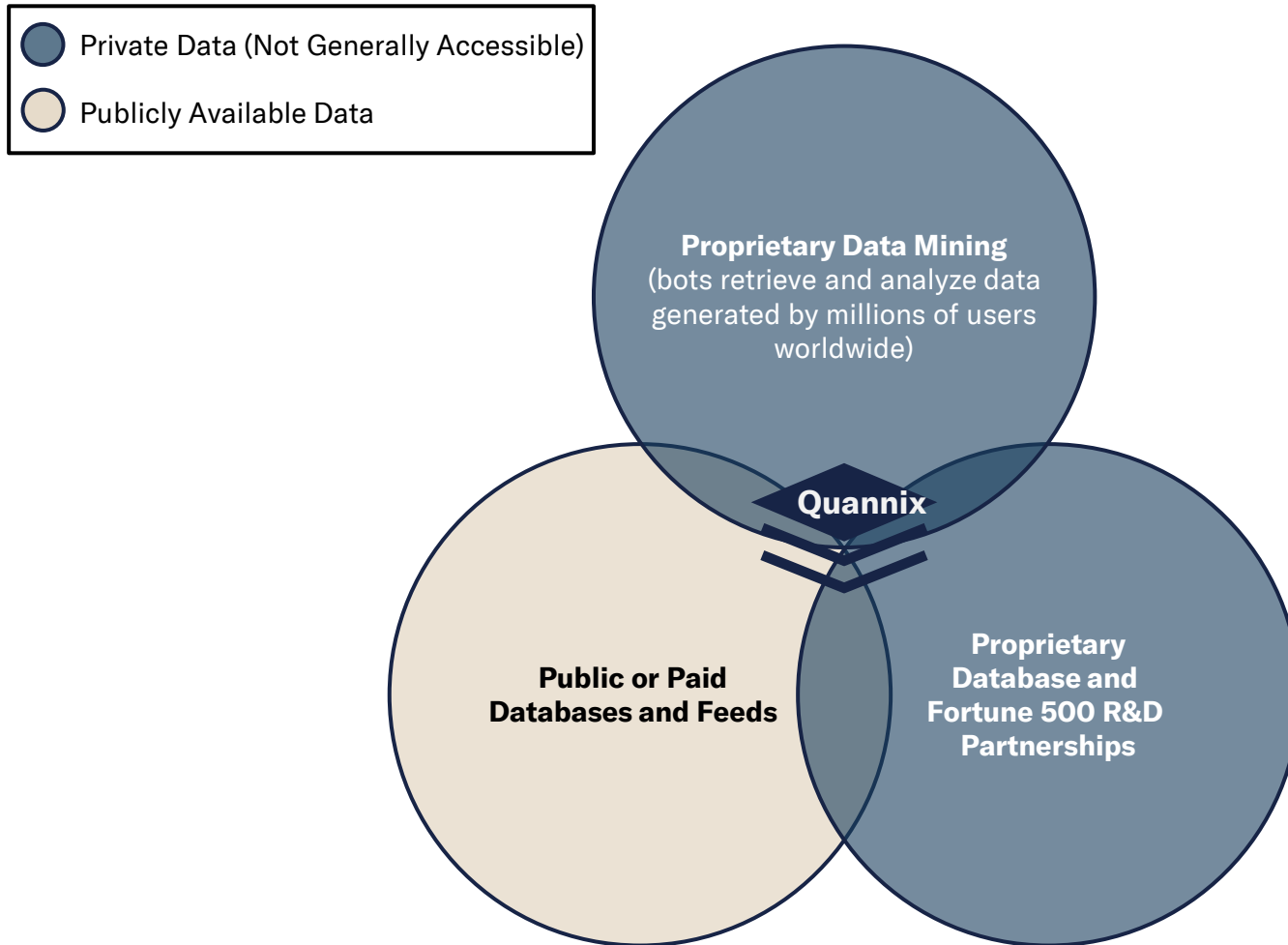


- Identified in 2015 when valued at \$5.08m in a seed round
- Valued at \$2.4 billion by 2021
- B2B material science / agritech

Notes:

(1) Actual Quannix output from specified date

Quannix Strategic Partnership: Quannix Data Source Examples



Cary Street Footnotes

All market performance figures are sourced from Bloomberg.

The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe and is constructed to provide a comprehensive barometer for the large-cap growth segment. The index is reconstituted annually to ensure that the represented companies continue to reflect growth characteristics.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the US equity universe and is constructed to provide a comprehensive barometer for the large-cap value segment. The index is reconstituted annually to ensure that the represented companies continue to reflect value characteristics.

The Bloomberg Barclays US Aggregate Bond Index (US Agg Bond) is a market capitalization weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most US traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, mortgage-backed bonds, corporate bonds, and a small number of foreign bonds traded in the US.

The MOVE Index, or Merrill Lynch Option Volatility Index is a gauge of interest rate volatility in the US Treasury Market. It is calculated from options prices, which reflect the collective expectations of market participants about future volatility. The Index measures the implied volatility of US Treasury options across various maturities.

Cary Street Partners is the trade name used by Cary Street Partners LLC, Member FINRA/SIPC; Cary Street Partners Investment Advisory LLC and Cary Street Partners Asset Management LLC, registered investment advisers. Registration does not imply a certain level of skill or training.

Any opinions expressed here are those of the authors, and such statements or opinions do not necessarily represent the opinions of Cary Street Partners. These are statements of judgment as of a certain date and are subject to future change without notice. Future predictions are subject to certain risks and uncertainties, which could cause actual results to differ from those currently anticipated or projected.

These materials are furnished for informational and illustrative purposes only, to provide investors with an update on financial market conditions. The description of certain aspects of the market herein is a condensed summary only. Materials have been compiled from sources believed to be reliable; however, Cary Street Partners does not guarantee the accuracy or completeness of the information presented. Such information is not intended to be complete or to constitute all the information necessary to evaluate adequately the consequences of investing in any securities, financial instruments, or strategies described herein.

Cary Street Partners and its affiliates are broker-dealers and registered investment advisers and do not provide tax or legal advice; no one should act upon any tax or legal information contained herein without consulting a tax professional or an attorney.

We undertake no duty or obligation to publicly update or revise the information contained in these materials. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of securities, or information about the market, as indicative of future results.

Nothing contained herein should be considered a solicitation to purchase or sell any specific securities or investment related services. There is no assurance that any securities discussed herein have been included in an account's portfolio, will remain in an account's portfolio at the time you receive this report, or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, could represent only a small percentage of the portfolio's holdings. It should not be assumed that any of the securities transactions or holdings discussed were, or will prove to be, profitable, or that the investment recommendations or decisions made in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of every holding's contribution to performance during the period, and the methodology of the contribution to return, is available by contacting Cary Street Partners Marketing.

Disclaimer

These materials are furnished for informational purposes only. The market data and selected company information contained in these materials are not intended to be complete or to constitute all the information necessary to evaluate adequately the merits of investing in any securities, financial instruments, or strategies described herein. Nothing in these materials constitutes a recommendation to buy, sell, or hold any security or to undertake any investment strategy. Prior to making any investment decision, you should carefully analyze the benefits and risks of the investment opportunity and consider whether it is suitable for your investment objectives and circumstances.

The information herein has been prepared by Cary Street Partners LLC ("Cary Street") and/or Ducera Partners LLC ("Ducera"). The information contained herein is based on publicly available sources and neither Cary Street nor Ducera guarantees the accuracy or completeness of the information presented. Neither Cary Street nor Ducera has assumed any responsibility for independently verifying such information and neither firm makes any representation or warranty, express or implied, regarding, the accuracy or completeness of any information contained herein. These materials and the information contained herein are intended for selected institutional investors only, and should not be shared with third parties without the prior written consent of Ducera or Cary Street.

These materials may contain references to potential future events and operating results that are subject to certain risks and uncertainties, which could cause actual results to differ from those currently anticipated.

Neither Ducera nor Cary Street undertakes any duty or obligation to publicly update or revise the information contained in these materials. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of securities, or information about the market, as indicative of future results.

Ducera, Cary Street, and its affiliates may be engaged in a broad range of transactions, including the provision of advisory services to companies or stakeholders of companies referenced in these materials, and neither Ducera, Cary Street, nor any of its affiliates has any obligation to disclose such interests and transactions.