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Ducera Quarterly Update

4th Quarter 2024
February 2025

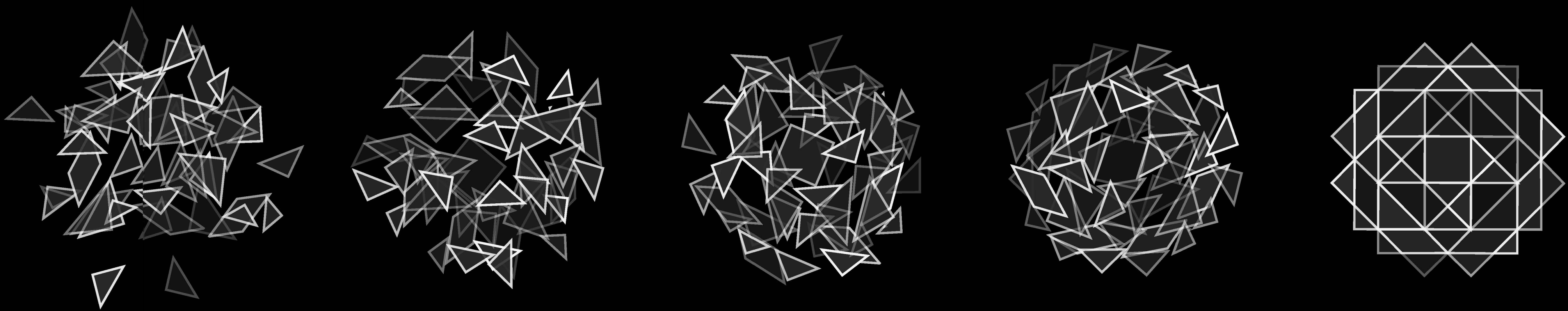

Table of Contents

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I. Ducera Updates

Ducera Updates: Select Recent Transactions

Advisor to the Ad Hoc Group of Unsecured Creditors of WOM in connection with its $1.6bn Chapter 11 restructuring

Restructuring

- Ducera Partners ("Ducera") advised the Ad Hoc Group of Unsecured Creditors ("AHG"), who emerged as the successful bidder of WOM, Chile's second-largest telecom operator. The plan values the company at US$1.6 billion enterprise value and features a net reduction in debt of approximately US$650 million
- Ducera Partners played a key role representing the AHG in the negotiation process with the debtors and the UCC, navigating complex dynamics including the assertion of intercompany claims
- After evaluating various recovery structures for Eligible Unsecured Noteholders and General Unsecured Claims ("GUCs"), Ducera worked with the AHG to reach an agreement with the debtors and UCC, where GUCs will receive their pro rata share of US$225 million of New Secured Notes, all the reorganized Company's common equity (subject to dilution from the New Money Rights Offering and MIP), and rights to subscribe to the New Money Rights Offering. Alternatively, GUCs can choose to receive their pro rata share of up to US$72.5 million in cash
- Additionally, Ducera strategically structured the plan to factor for volatile cure costs and admin claims, ongoing litigations, and negotiations with vendors, aiding the AHG to ultimately reach a Plan Support Agreement featuring up to US$500 million in New Money Rights Offering, fully backstopped by the AHG. Under the terms of the transaction, Noteholders can achieve a meaningful day-one recovery through participation in the New Money Rights Offering
- The transaction positions WOM for accelerated growth, leveraging its modern 5G network and unique business mix to ensure strong cash flow and ample liquidity for future expansions and rollout of 5G commitment. Ducera continues advising the AHG on operational activities and strategic initiatives to best position WOM for growth in years ahead

Advisor to Innventure in connection with its NASDAQ public listing and related preferred equity and debt financings

Financing

- Ducera led a broad financing process in parallel to Innventure LLC's ("Innventure") NASDAQ public listing process, inclusive of a spectrum of growth equity, debt, and hybrid capital providers
- In October 2024, Innventure executed a loan agreement with Western Technology Investment ("WTI") for a $50mm secured debt facility that includes three tranches to fund future growth initiatives – the first tranche ($20mm) was drawn in November 2024
- Additionally, in September 2024, Innventure issued ~$20mm of preferred equity to bolster its balance sheet in advance of its public listing (completed October 3, 2024)
- At the time of the above transactions, Innventure (a holding company) had three primary operating subsidiaries: (i) Accelsius (data center liquid cooling technology), (ii) AeroFlexx (flexible liquid packaging), and (iii) PureCycle (polypropylene recycling)
- Ducera continues to act as strategic advisor to Innventure for capital markets matters

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Ducera Updates: Select Recent Transactions (cont'd)

Advisor to Ameren Missouri in connection with its $476mm Securitized Utility Tariff Bonds issuance

Securitization

- Ameren Missouri closed a $476 million Securitized Utility Tariff Bonds issuance on December 10th, 2024. This marks Ducera's third transaction advising the Missouri Public Service Commission Staff (MPSC) this year, following the $305 million Empire District Electric District ("Liberty") securitization in January 2024 and the $331 million Evergy Missouri West ("Evergy") securitization in February 2024.
- The securitization was issued under a financing order to address energy transition costs related to the retirement of Ameren's Rush Island coal-fired plant. Despite competing supply from a $336 million SWEPCO transaction and economic fluctuations, the Ameren deal successfully priced below target levels, achieving approximately $90 million in net present value (NPV) savings.
- Ducera played a pivotal role by providing expert testimony and advising Ameren's Finance Team on the Financing Order, which established the bond collateral via customer billing. Ducera's testimony was accepted and adopted in the Financing Order. Ducera also advised on the transaction's structuring, marketing, and pricing, ensuring the lowest cost standard and expanding the investor base. Notably, over 25% of the final order book was comprised of investors identified by Ducera

Advisor to the Unsecured Creditors Committee of Enviva in connection with its voluntary Chapter 11 restructuring

Restructuring

- Ducera served as advisor to the unsecured creditor committee of Enviva, helping negotiate a global settlement equitizing more than $1bn of debt
- Additionally, Enviva secured an attractive exit loan facility and additional capital through a delayed draw term loan, ensuring strong liquidity to support its ongoing operations and future growth initiatives
- The secured funding will fully finance the completion of Enviva's 11th production plant in Alabama, which is expected to begin operations in May 2025, with capacity to produce ~1 million metric tons of wood pellets per year
- Ducera's leadership throughout negotiations helped increase recoveries for non-debt general unsecured creditors by over 200% compared to the original plan of reorganization

Advisor to a women's specialty retailer ("Rise") in connection with its synthetic trade financing facility

Financing

- Rise, an American women's clothing retail chain with almost 900 locations and over 5 million annual customers, faced a liquidity crisis due to headline pressures, heavy discounting, and weak consumer spending after the pandemic, leading to multiple quarters of operating losses.
- Ducera was initially hired to secure third-party bridge financing from private capital sources due to concerns over a potential liquidity shortfall following the holiday season. Existing 1L Lenders pressured Rise for an in-court resolution if additional funding was not secured quickly.
- Ducera identified key strategic trade providers as potential financing partners and pursued an alternative strategy. After 60 days of negotiations, Ducera successfully facilitated a cashless exchange of unsecured trade claims into a junior lien instrument provided by the vendors.
- By identifying an alternative synthetic trade financing facility, leveraging incentive alignment with vendors, and consolidating vendor asks into a single structure, Ducera's strategic approach resulted in a successful exchange transaction that was non-dilutive and provided attractive risk-adjusted returns to participating trade creditors

II. Macro Trends

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Macro Trends: Executive Summary

- Equity and Credit Markets (Pages 9-16):
  - **Equity Market Performance:** 2024 saw significant equity market gains, with the Nasdaq up 28.6% and the S&P 500 rising 23.3%, marking the best two-year performance since 1997-1998. Large-Cap technology stocks ("Magnificent 7") were the primary drivers, delivering over 60% returns and contributing to more than one-third of the S&P 500's performance
  - **Credit Market Trends:** The Federal Reserve implemented three rate cuts in 2024, totaling 100 basis points. Treasury yields showed mixed trends, with slight decreases in Q3 and increases in Q4 due to inflation concerns, economic growth expectations, and uncertainty in interest rate environment in 2025. Bonds remained stable, with the Bloomberg U.S. Aggregate Bond Index delivering a modest return of ~1.4% for the year
  - **Market Dynamics and Outlook:** Market concentration dominated by select Mega-Cap stocks is expected to soften in 2025, fostering a shift towards equal-weight strategies, Small-Cap equities, and value stocks. Meanwhile, GDP growth is projected to remain strong at ~3%, supported by resilient consumer spending and productivity gains. However, risks persist due to uncertain trade policies, as potential tariffs could hinder growth and provoke retaliatory actions

- M&A and Investment Activity (Pages 17-23):
  - **M&A Deal Value and Volume:** Global M&A activity in 2024 increased by ~14% YoY, with U.S. M&A growing ~17% YoY, while European M&A value expanded by ~22%. Deal volumes remained stable compared to 2023, although Q4 experienced a slight decline of ~7% QoQ
  - **Transaction Multiples and Market Expansion:** Median EBITDA multiples expanded ~6% YoY, signaling a reduced focus on profitability for the median company transacted, while revenue multiples remained stable, growing ~1% YoY
  - **Private Capital Deployment Growth:** Financial sponsor acquisitions surged by ~52% YoY in value, while exits increased ~32% YoY, indicating renewed private equity activity; however, a sustained industry-wide lag in capital distributions maintain headwinds for incremental fundraising efforts

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Macro Trends: Executive Summary (cont'd)

- Capital Markets & Private Credit Update (Pages 24-33):
  - **Private Credit Market Growth:** Private credit assets under management have surpassed $1.6 trillion globally and are forecasted to reach $3.5 trillion by 2028. It has become the dominant financing source for leveraged buyouts, accounting for ~85% of LBO deals in 2024, up from ~60% in 2019. Additionally, the investment grade private credit market has reached $1 trillion, with ~$100-$110 billion in annual issuances
  - **Private Credit vs. BSL:** Compared to broadly syndicated loans (BSLs), private credit terms continue to improve, driven by narrowing spreads, increased use of PIK interests, and overall enhanced flexibility — making private credit an appealing alternative for borrowers seeking tailored financing with fewer constraints
  - **Funds Flow and Issuance Trends:** Loan funds saw ~$8.3 billion in net inflows for the 52 weeks ending January 1, 2025, driven by $10.3 billion inflows into ETFs. CLO issuance reached a record $59 billion in Q4 2024, while high-yield issuance rose ~60% YoY, with Q4 volume of $46.2 billion marking the highest since 2021. Total capital raised in 2024 declined ~6% YoY, driven by the decline in Private Equity capital raised

- Distressed Opportunity Indicators (Pages 34-36):
  - **Rating Activities:** Moody's and S&P both recorded more upgrades than downgrades in 2024. Consumer discretionary was the most impacted sector in 2024, with 100+ companies filing for bankruptcy driven by elevated interest rates, high debt burdens and labor costs, and post-pandemic shifts in spending habits
  - **Distressed Debt Tracker:** Ducera's distressed debt company tracker identified the following sectors with most debt trading in stressed / distressed levels: telecom (~$33bn of distressed debt), software / consulting (~$20bn of distressed debt), and healthcare services (~$12bn of distressed debt)

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i. Equity and Credit Markets

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Cary Street Partners 2025 Outlook: December 13, 2024

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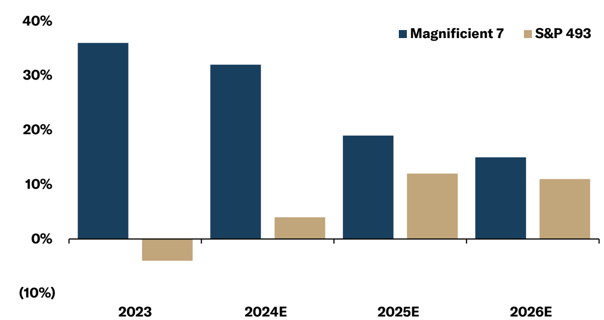
The below is prepared by Tom Herrick, Market Strategist of Cary Street Partners, a leading RIA with ~$10 billion AUM. Ducera invested in, and maintains a strategic partnership with, Cary Street Partners since 2019

First, a recap: 2024 has proven to be a strong year for equity returns. Through the first 11 months of the year the S&P 500 Index is higher by 28.07%. Looking at a slightly different period that coincides closely with our 2024 Market Outlook, over the last 12 months the Russell 1000 Index has gained 34.97%. The Russell 2000, representing small caps, is higher by 36.88%, validating our emphasis on inclusion of Small-Cap allocation in the 2024 Outlook. The first half of 2024's performance was dominated by large-cap technology stocks that carry a heavy weight in the S&P 500. The second half has witnessed improved breadth and rotation into other sectors and capitalizations. Short term, the biggest challenge to higher prices is overly bullish sentiment, a contrarian negative.

So much for victory laps, onto 2025. Looking forward to 2025 and beyond, there are two fundamental viewpoints at play that we feel are most important. The first, which we see being impactful in 2025, is the diminishing earnings expectations differential of the well-publicized Mag 7[(1)] companies that have accounted for so much S&P performance for the last two years. These names make up about one-third of the S&P 500. Consequently, they are crucial to that average's performance. While the expectation for earnings is that the Mag 7 will continue to exceed the remaining 493 companies, the difference will be smaller.

This likely occurs from both ends, inevitably slowing earnings growth from the Mag 7 as they become larger and larger, and improved earnings growth from the remaining 493. The rock-solid economy also supports improved earnings in the larger group. The diminishing differential is at the heart of market rotation to other sectors and companies, which has been at work to some extent in the latter half of 2024. While a healthy development for the wider market, this diminishing differential does create a challenge for cap-weighted indexes, especially the S&P. Number one takeaway: the S&P has a much more difficult task in maintaining its vaunted outperformance in 2025 and beyond.

The gap between the annual earnings growth of the Magnificent 7 and the S&P 493 is expected to narrow

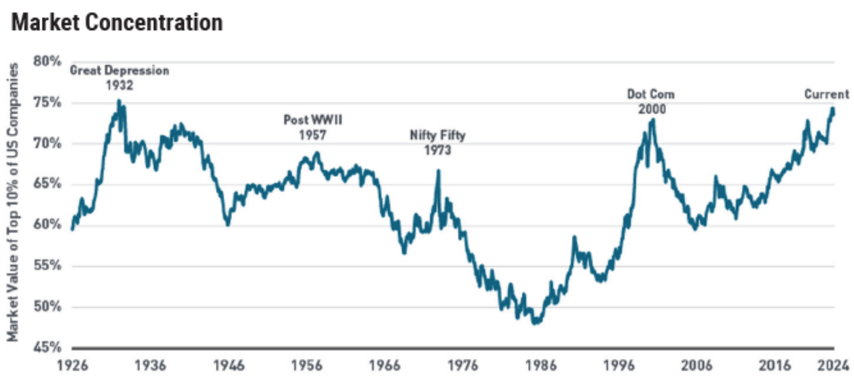


Sources for charts: FactSet, Wall Street Research
Notes: There is no guarantee any trends will continue
(1) The Magnificent 7 ("Mag 7") includes Apple, Microsoft, Google parent Alphabet, Amazon.com, Nvidia, Meta Platforms, and Tesla

Cary Street Partners 2025 Outlook (cont'd)

Our second viewpoint is closely related to the first. The stock market has become increasingly concentrated over a long period, beyond a decade and a half. As noted above, we see high odds of this concentration cycle concluding as the earnings expectations differential of mega caps diminishes versus the remainder of the market. If we continue to move beyond peak concentration, what happens next? Historically, performance favors three dynamics: equal-weight large cap strategies versus cap-weighted large caps, small caps versus large caps, and value stocks versus growth stocks.

A history of concentration peaks



Three position winners after concentration peak

	3 Years		5 Years		10 Years	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative
Equal Wgt - Cap Wgt.	14%	50%	12%	82%	8%	125%
Small - Large	10%	36%	9%	61%	8%	114%
Value - Growth	5%	18%	7%	44%	4%	46%

Concentration peaks in markets don't always align with the same point in the cycle. Some, like in 1973 and 2000, happened near market highs as investors flocked to popular stocks, while others, like in 1932 and 1957, occurred near market lows.

The adjacent table shows average annualized and cumulative outperformance after concentration peaks for these comparisons: US equal-weighted vs. cap weighted indexes, Small-Cap vs. Large-Cap stocks, and value vs. growth stocks.

Sources for charts: MFS, NYSE, American Stock Exchange, and NASDAQ sourced from Kenneth French database
Notes: There is no guarantee any trends will continue

Cary Street Partners 2025 Outlook (cont'd)

Yields have increased over the last quarter, which has taken some of the wind out of the bond market. Despite the recent surge, bonds have produced close to a 3% positive total return for the Bloomberg US Aggregate through the first 11 months of the year. Keep in mind, the Federal Reserve is lowering Fed funds. That overnight rate is the only rate it directly controls. There are many and varied inputs to pricing on longer-term yields, such as the benchmark 10-year Treasury. Fear accumulated in the bond market from early September until late November. This was in reaction to potential public policy initiatives from the new administration, chiefly related to proposed tariffs but also increased deficit spending projections. While generally constructive on bonds, we anticipate the need to be much more tactical in our thinking as policy gets priced into markets.

The current economic dynamic is very favorable. GDP growth remains around the 3% range, propelled by consumer spending and strong productivity growth. Consumer spending is well supported by real income growth across all cohorts, an outcome of the dis-inflation the US has experienced since the middle of 2022. Despite a little recent stickiness, inflation expectations remain well-anchored, given the modest growth in money supply over the last 18 months.

The largest economic uncertainty is future trade policy. If widespread and substantial tariffs were imposed on our trading partners, there would be a one-time hit to inflation. Where we differ from the street somewhat is that we see the potential growth impact as being the larger issue. The history of tariffs is that they lead to retaliatory tariffs, changing a win-win dynamic into a lose-lose dynamic. Output in this instance would drop in the US as well as trading partner countries. That said, this is a situation loaded with the words if and what. IF tariffs are widespread and steep, IF they were imposed all at once, IF the countries involved are our main trading partners, IF there is retaliation. What are the offsets? Lower corporate taxes? Currency devaluation by trading partners? The takeaway: public trade policy is a risk but completely unpredictable at this point.

 Notes: There is no guarantee any trends will continue

Summary Capital Markets Performance

Summary Capital Markets Performance							
	Level at	Returns					
Index / Metric	12/31/24	QoQ	2024 Annual	2023 Annual	2022 Annual	2021 Annual	2020 Annual
Equity Markets							
S&P 500	5,882	2.1%	23.3%	24.2%	(19.4%)	26.9%	16.3%
NASDAQ	19,311	6.2%	28.6%	43.4%	(33.1%)	21.4%	43.6%
Russell 2000	2,230	0.0%	10.0%	15.1%	(21.6%)	13.7%	18.4%
FTSE 100	8,173	(0.8%)	5.7%	3.8%	0.9%	14.3%	(14.3%)
Other							
WTI ($/bbl)	$72	5.2%	0.1%	(10.7%)	6.7%	55.0%	(20.5%)
Bitcoin	$93,714	46.9%	123.5%	152.9%	(64.2%)	59.8%	305.1%
Ethereum	$3,346	28.0%	46.4%	90.8%	(67.5%)	399.1%	475.5%
Credit Markets							
Bloomberg US HY Price Index	2,683	0.2%	8.2%	13.4%	(11.2%)	5.3%	7.1%
CS Leveraged Loan Total Return	610	2.3%	9.1%	13.0%	(1.1%)	5.4%	2.8%
Bloomberg US HY YTM	7.6%	41 bps	-16 bps	-119 bps	413 bps	-10 bps	-102 bps
CS Leveraged Loan YTM	8.8%	42 bps	-35 bps	-115 bps	488 bps	30 bps	-133 bps
Treasuries							
2 Year Treasury Yield	4.24%	60 bps	-1 bps	-18 bps	369 bps	61 bps	-145 bps
10 Year Treasury Yield	4.57%	79 bps	69 bps	NM	236 bps	60 bps	-100 bps
30 Year Treasury Yield	4.78%	66 bps	75 bps	7 bps	206 bps	26 bps	-74 bps

Equity markets continued to rise in 4Q24. For 2024, the Nasdaq rose 28.6%, and the S&P 23.3% – marketing the index's best two-year run since 1997-1998

Among the 11 major sectors of the S&P 500, communication services, technology, and consumer discretionary were 2024's biggest gainers

The 2, 10, and 30 – year treasury yields all showed slight increase QoQ on stronger economic expectation, worries of inflation, and uncertainty around interest rates in 2025

Sources: Bloomberg

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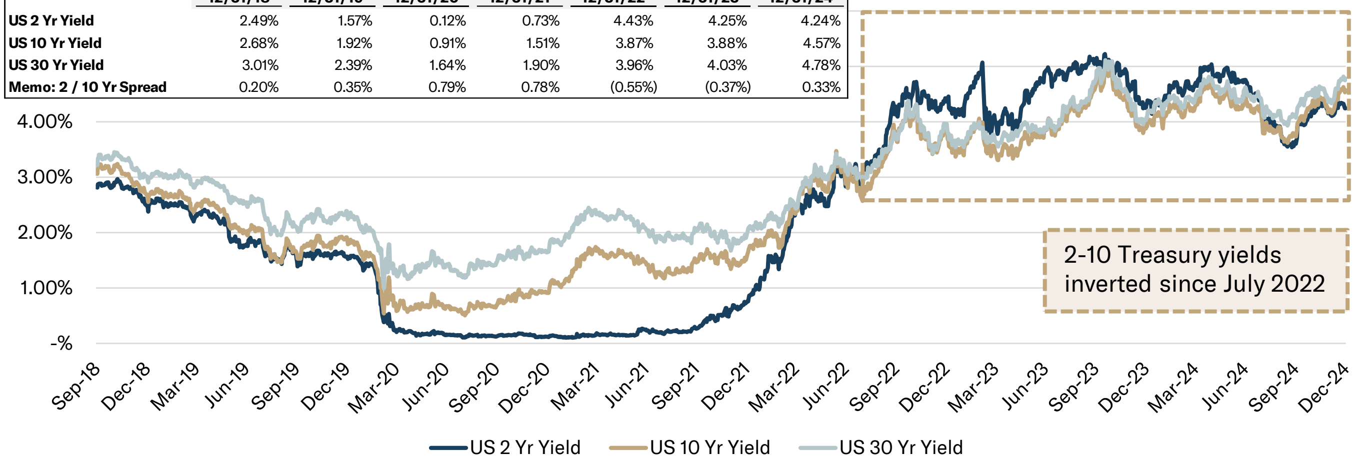
Credit Market Yields

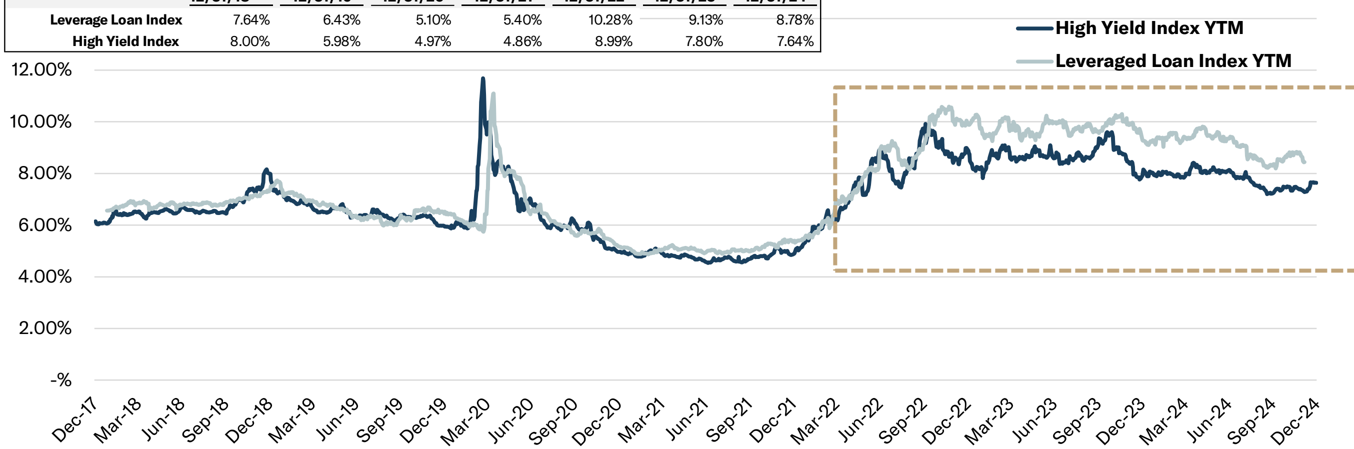
U.S. Treasury YTM Over Time

	YTM as of:						
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
US 2 Yr Yield	2.49%	1.57%	0.12%	0.73%	4.43%	4.25%	4.24%
US 10 Yr Yield	2.68%	1.92%	0.91%	1.51%	3.87%	3.88%	4.57%
US 30 Yr Yield	3.01%	2.39%	1.64%	1.90%	3.96%	4.03%	4.78%
Memo: 2 / 10 Yr Spread	0.20%	0.35%	0.79%	0.78%	(0.55%)	(0.37%)	0.33%



Bloomberg U.S. High Yield & Credit Suisse Leveraged Loan Index YTM Over Time

	YTM at:						
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
Leverage Loan Index	7.64%	6.43%	5.10%	5.40%	10.28%	9.13%	8.78%
High Yield Index	8.00%	5.98%	4.97%	4.86%	8.99%	7.80%	7.64%



The Fed made three consecutive interest cuts in 2024: 50bps in September, followed by 25 bps in November, and a final 25bps in December

US Treasury yields declined slightly in Q3 but rose in Q4, partially driven by robust economic growth exceeding expectations and a decrease in anticipated rate cuts in 2025

The Fed began pushing its benchmark higher in 2022 to soften economic demand and dampen inflation. Despite the full percentage rate cut since September, the benefit to credit remain subdue across some fixed-rate channels, in particular the high yield bond market as existing low-interest rate debt are refinanced

 Sources: Bloomberg

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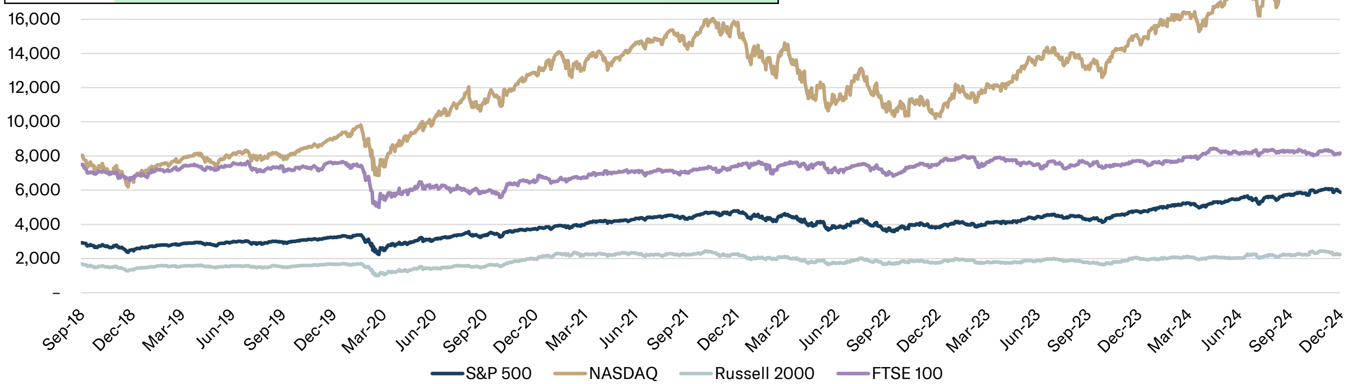
Equity and Crypto Markets

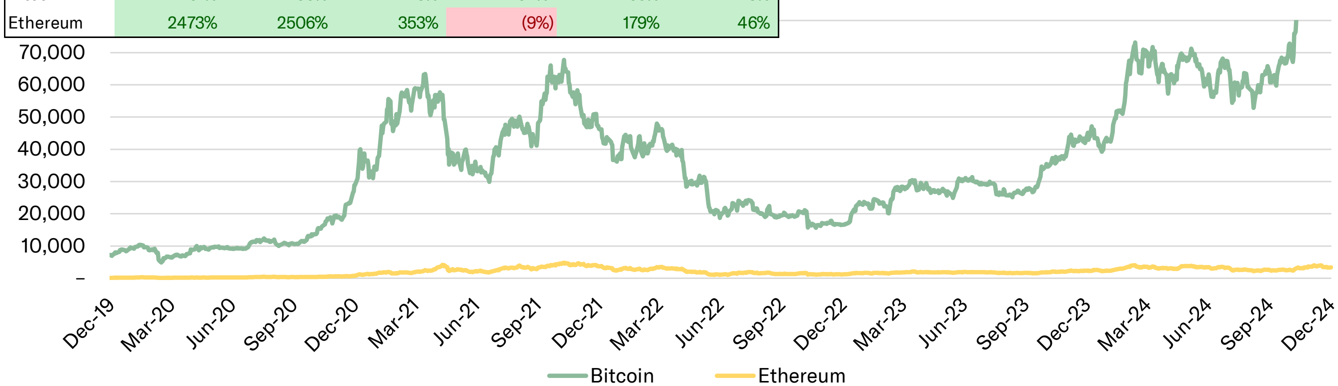
Equity Markets Index Values Over Time

	Return to Date (as of 12/31/24) from:					
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
S&P 500	135%	82%	57%	23%	53%	23%
NASDAQ	191%	115%	50%	23%	85%	29%
Russell 2000	65%	34%	13%	(1%)	27%	10%
FTSE	21%	8%	27%	11%	10%	6%



Bitcoin & Ethereum Price Over Time

	Return to Date (as of 12/31/24) from:					
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Bitcoin	2451%	1209%	223%	102%	465%	123%
Ethereum	2473%	2506%	353%	(9%)	179%	46%



In 2024, the S&P 500 experienced back-to-back 20%+ annual returns, the first time since the 2-year stretch from 1997-1998

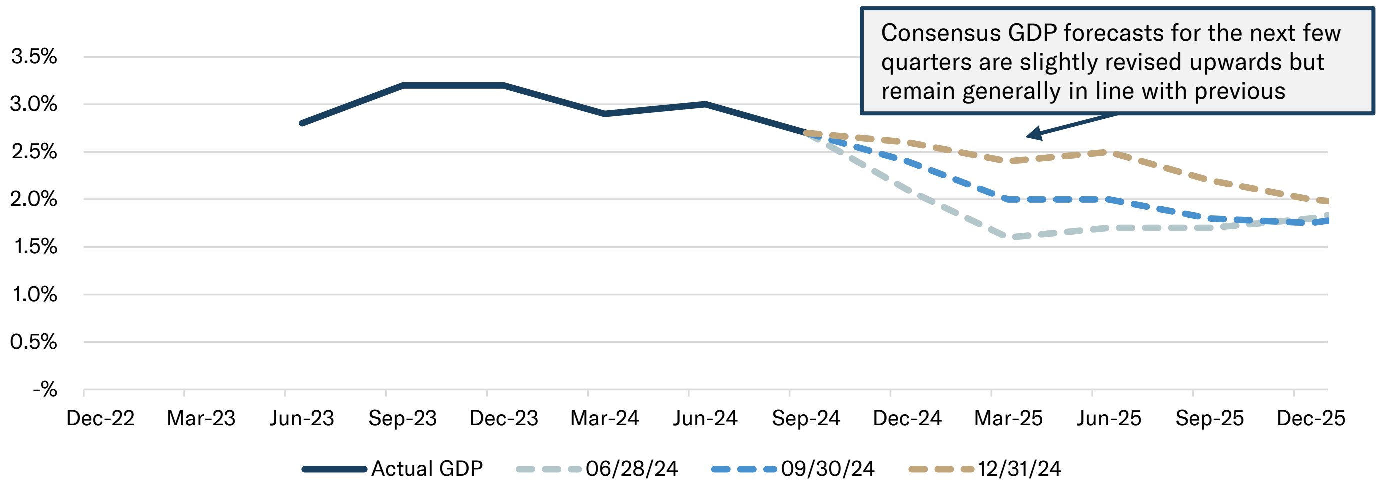
There was significant gap between the returns of Large-Cap and Small-Cap stock. The Magnificent 7 collectively returned over 60% in 2024, accounting for more than 33% of the S&P 500. Smaller companies delivered solid returns of ~10% despite underperforming on a relative basis

Crypto continued its momentum in 2024, with Bitcoin soaring >100% YoY

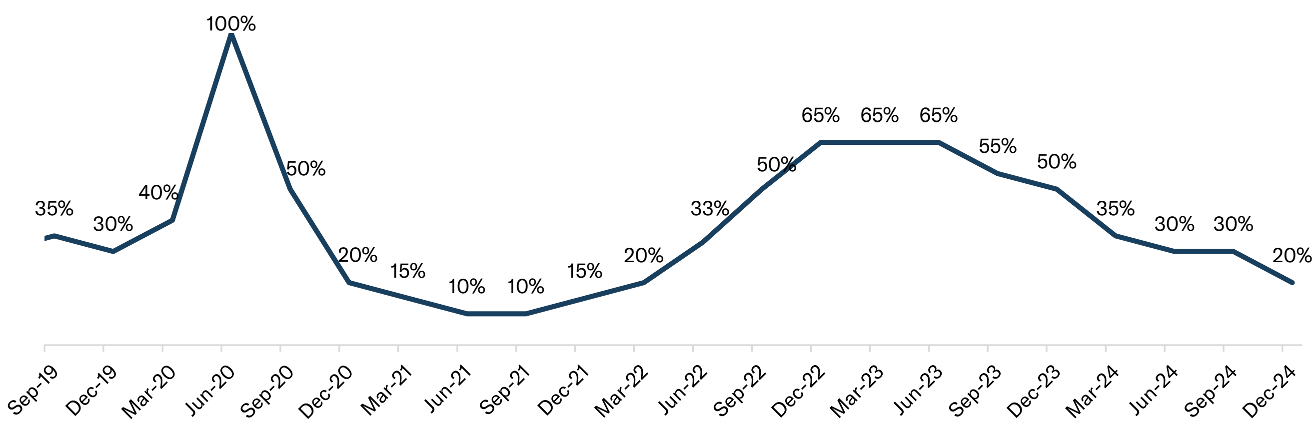
 Sources: Bloomberg

GDP and Economic Expectations

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



Consensus Probability of a Recession in Next 12 Months



For the third consecutive quarter, near-term forward GDP consensus estimates continue to be revised upwards as economic data exhibits strong performance

Consensus estimates for recession probability continued to decline in 4Q24, reaching its lowest level since 1Q22. This corresponds to equity markets' strong performance, as major indices sustained their upward trajectory, fueled by robust corporate earnings and growing investor optimism

 Sources: Bloomberg

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ii. M&A and Investment Activity

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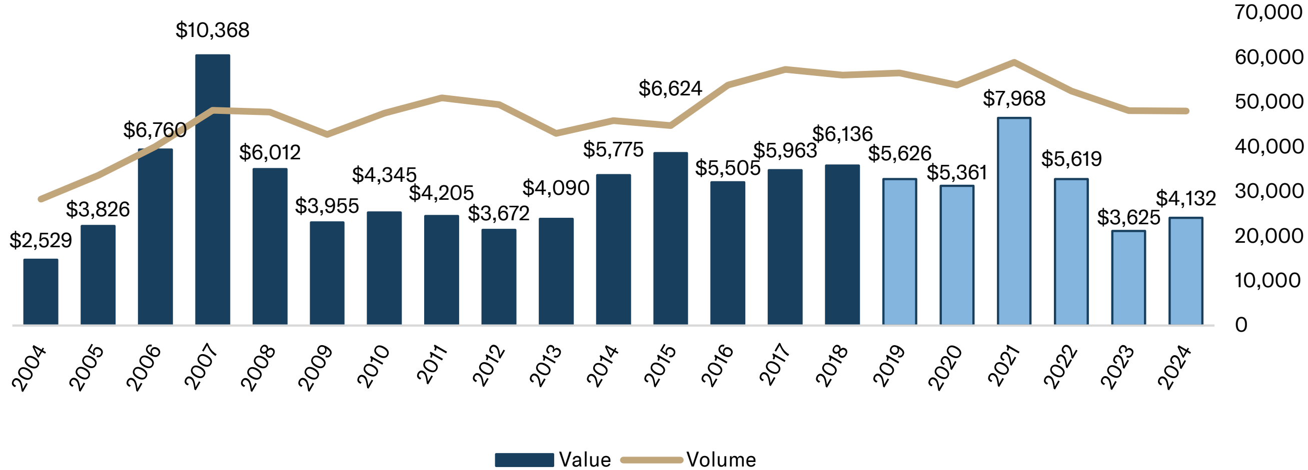
Global M&A Market Activity

Annual Global Announced M&A Value & Volume

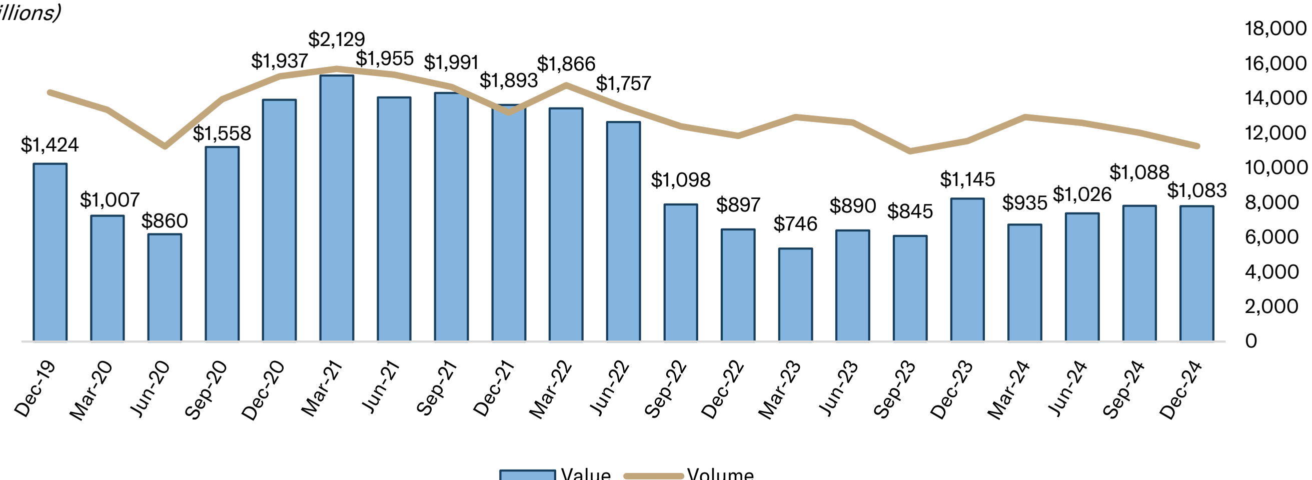
($ in billions)



2024 deal value showed signs of inflection, demonstrating potential for continued expansion as a result general economic optimism, and bullish expectations on the domestic regulatory environment

Quarterly Global Announced M&A Value & Volume

($ in billions)



 Source: Mergermarket

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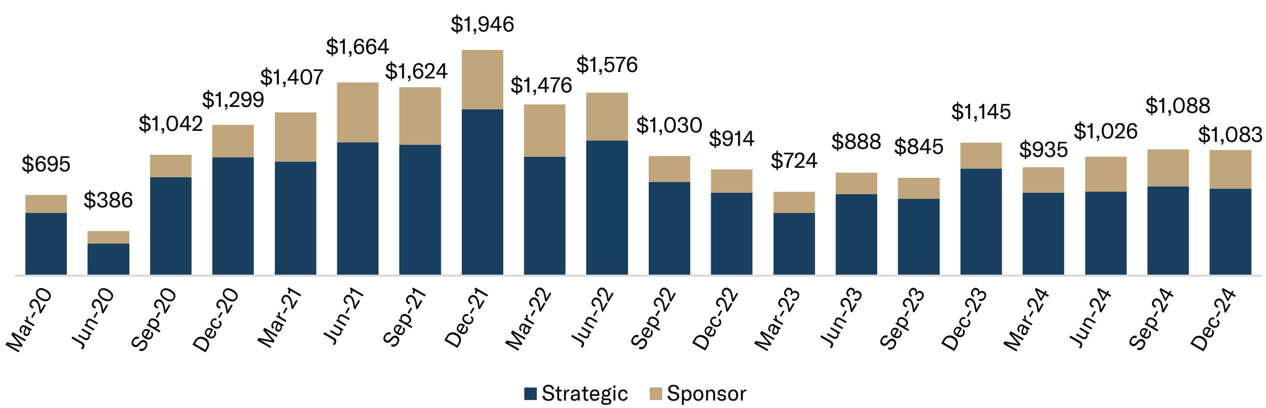
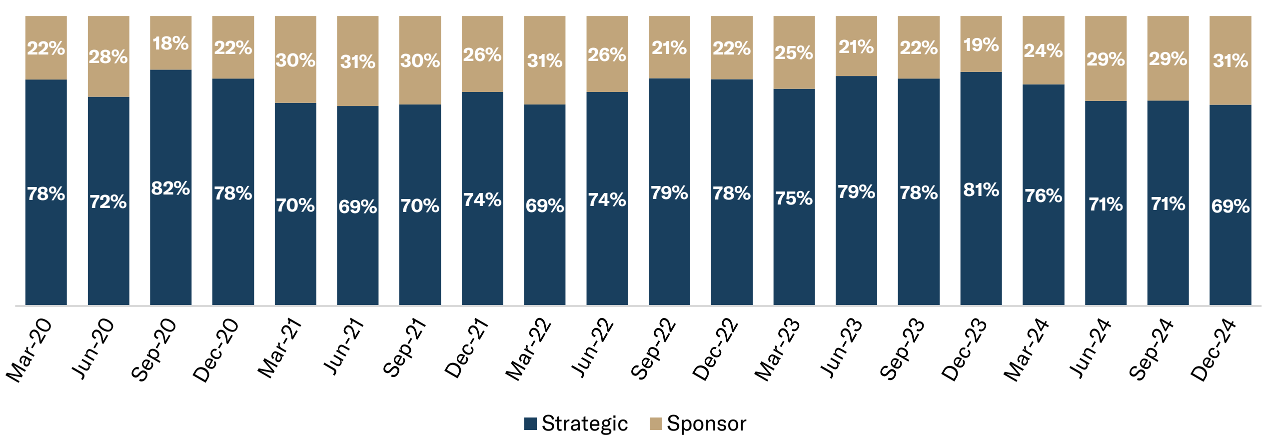
Global M&A Market Trends: Strategic & Sponsor

Global Announced M&A Activity by Acquirer

($ in billions)



Global Announced M&A % Value by Acquirer



Deal value by financial sponsors continues to increase with sponsor acquisition activity by value increasing 4.6% QoQ

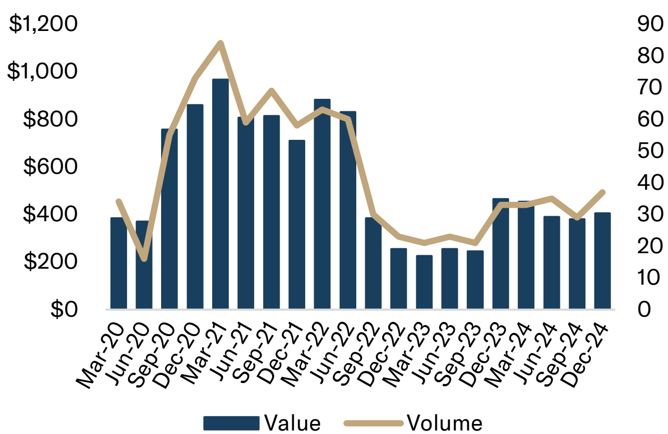
M&A activity splits between sponsors and strategics ticked up slightly QoQ in favor of sponsors with 31% of activity attributed to sponsors and 69% of activity attributed to strategics

 Source: Mergermarket

Global M&A Market Trends: Transaction Size

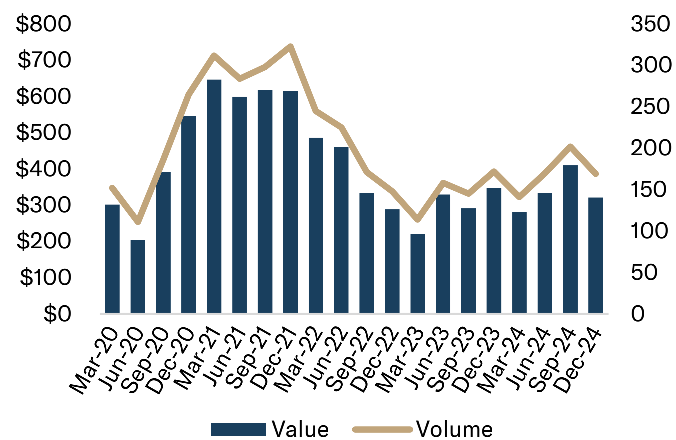
Mega-Cap

($ in billions)



Large-Cap

($ in billions)

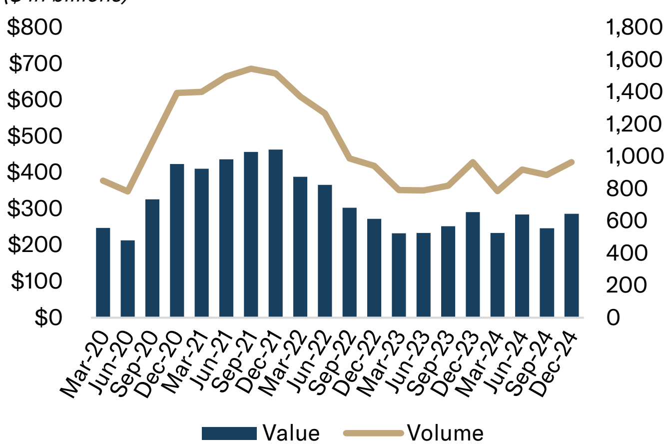


Mega-Cap Market deal values increased significantly in 2024, increasing 36.8% YoY while the Large-Cap Market grew 13.2% over the same period

Upper & Lower Middle-Markets remained relatively stable for the year

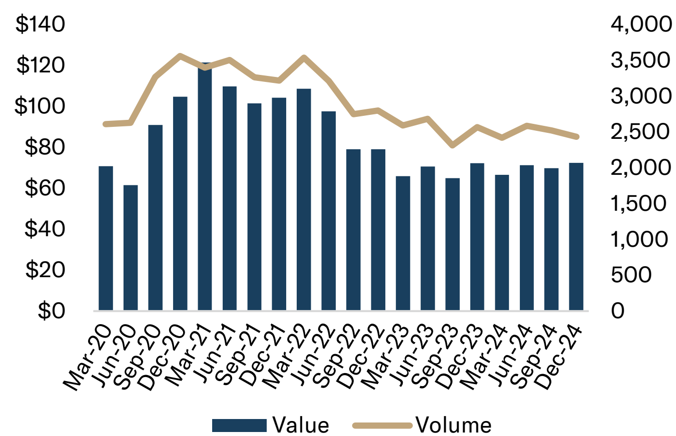
Upper-Middle Market

($ in billions)



Lower-Middle Market

($ in billions)



Source: Mergermarket
Notes: Mega-cap > $5bn+, Large-cap $1bn-$4.999bn, Upper-middle-market $100mm - $999.9mm, Lower-middle-market $5mm - $99.99mm

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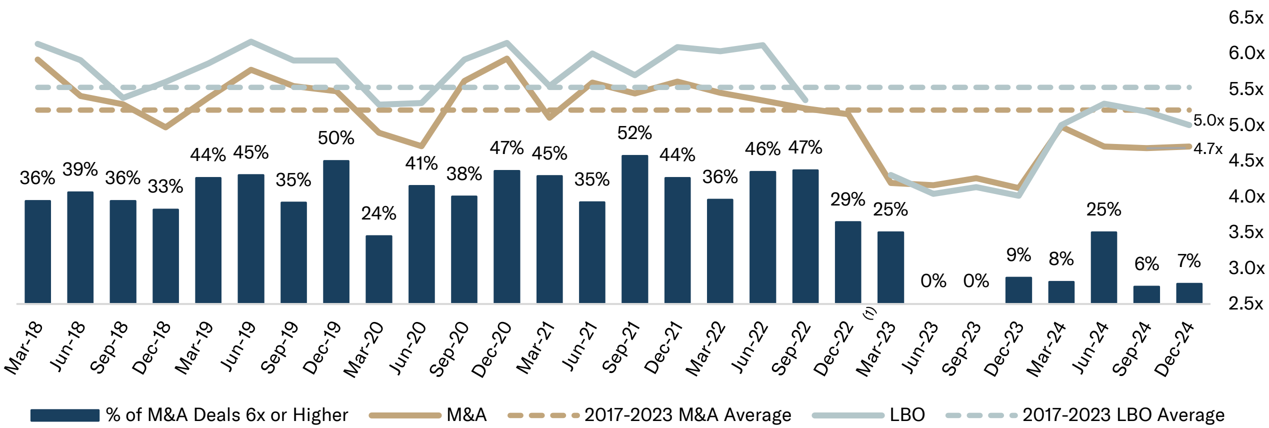
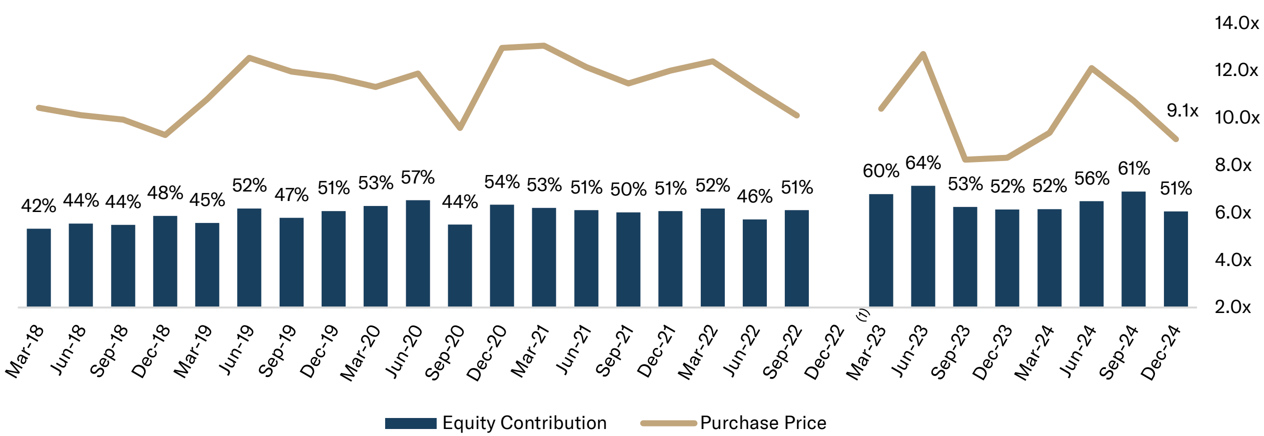
Global M&A Market Trends: Leverage Levels

Average Adjusted Total Leverage for Syndicated M&A & LBO Driven Loan Deals



Average Syndicated LBO Purchase Price and Equity Contribution



The average pro forma adjusted debt multiple of M&A deals backed by syndicated leveraged loans held at 4.7x during Q4 2024, in line with Q2 & Q3 2024's average of 4.7x

For LBOs, the average multiple was 5.0x during Q4 2024, reducing from Q3 2024's average of 5.2x

The share of broadly syndicated loan transactions leveraged at 6.0x or higher held at 7% in Q4 2024, significantly lower than a 15-month high of 25% in Q2 2024

Source: CreditSights
1) No LBO driven loans syndicated in Q4 2022

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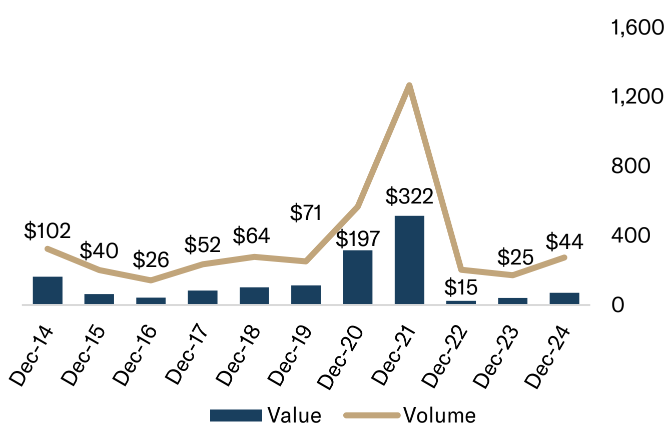
U.S. M&A: Exits, Take Privates, and Carve-Outs

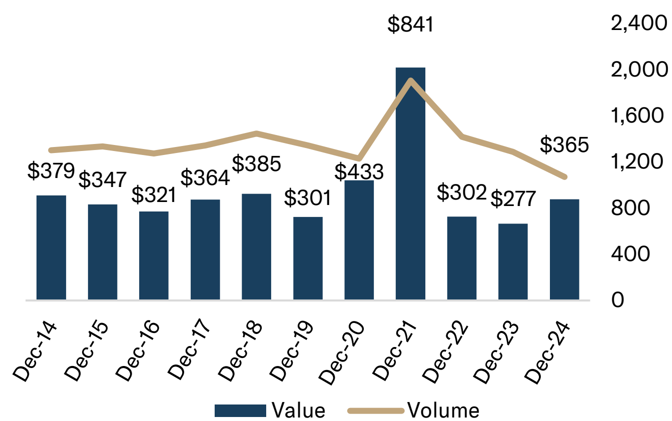
US IPO Value and Volume

($ in billions)

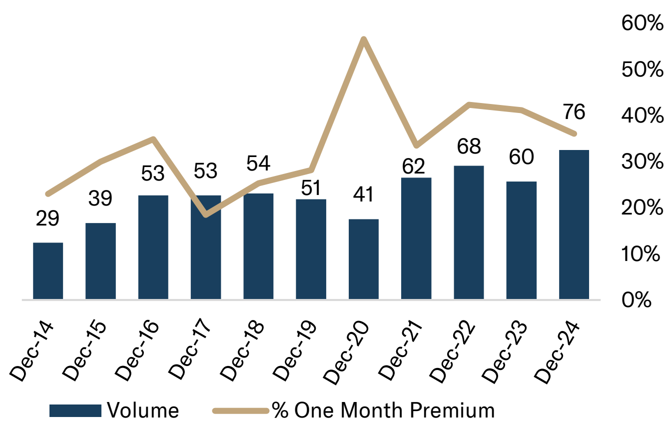


US Financial Sponsor Exits

($ in billions)

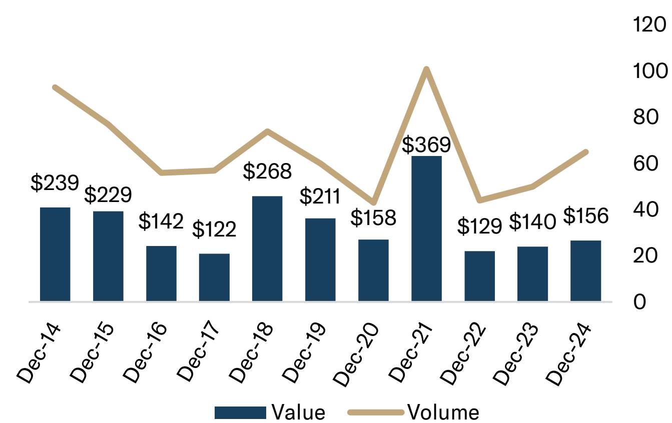


US Take Private M&A[1]



US Large-Cap Divestitures[2]

($ in billions)



Despite the continued upward trend of public offerings, the domestic IPO backlog continues into 2024, with aggregate domestic IPO value and volume significantly below 2021 highs

US sponsors increasingly began exiting their large investments, with 2024 representing an increase in exit activity by deal value, despite posting the lowest 12-month sponsor exit activity by deal volume in the last 10 years

Sources: FactSet, PitchBook
1) $100mm minimum transaction value
2) Public company parent and $1bn minimum transaction value

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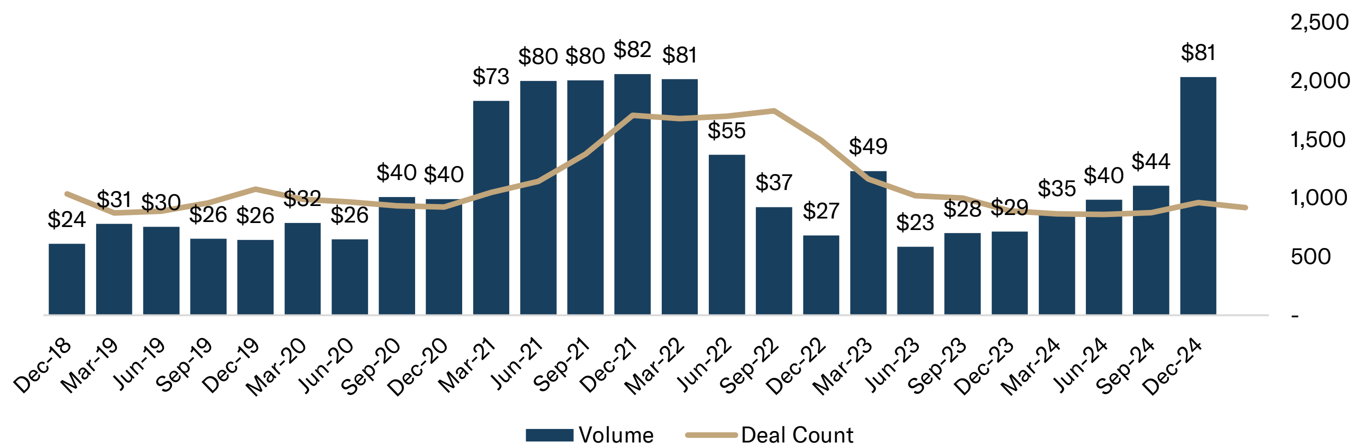
U.S. Venture Capital Trends

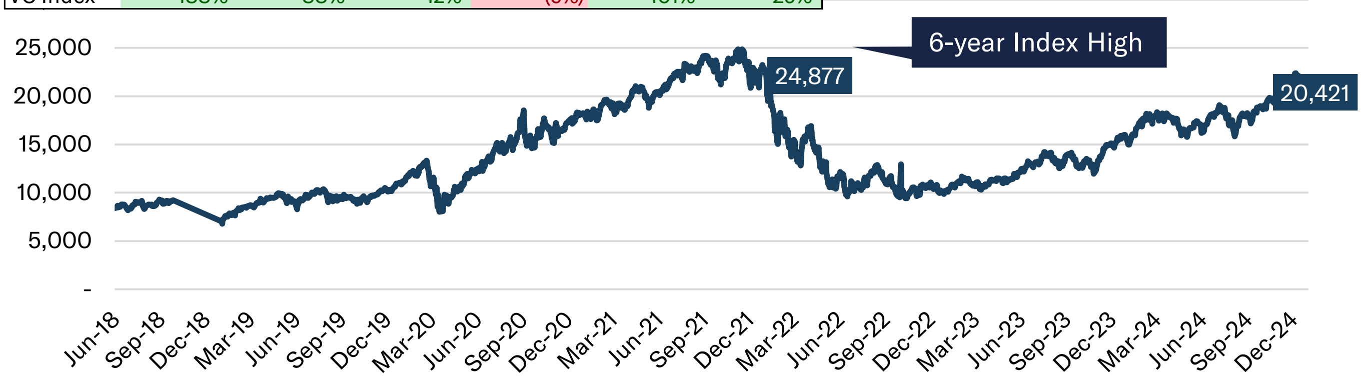
Quarterly US Total Venture Capital Deal Value and Deal Count

($ in billions)



Refinitiv US Venture Capital Index

	Return to Date (as of 12/31/24) from:					
	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
VC Index	188%	88%	12%	(9%)	101%	29%



While the deal count remained relatively stable quarter-over-quarter, venture capital (VC) deal volume saw a substantial increase in Q4, nearly doubling from the previous quarter and reaching levels comparable to the historical highs observed during the peak of the COVID era

The spike is largely driven by enthusiasm and high valuation in the AI/tech industry. Notable deals in Q4 include Databricks ($10bn), OpenAI ($6.6bn), Waymo ($5.6bn), and xAI ($5bn)

 Sources: Bloomberg, Refinitiv

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iii.Capital Markets & Private Credit Update

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Executive Summary

- **As an asset class, private credit assets under management now exceed $1.6 trillion globally, with forecasters calling for total AUM to reach $3.5 trillion by 2028**
- **Recently, private credit has been used in the market to refinance broadly syndicated loans and has become the preferred option for many leveraged borrowers**
- **Relative to a public markets execution, private credit offers:**
  - Greater deal customization, generally higher leverage, more use of PIK interest and delayed-draw term loan structures
  - Higher certainty of closing and mitigation of execution risk related to market cyclicality
  - Accelerated closing times because audits and/or ratings may not be required
  - Limited public disclosures
  - Efficient engagement with one or a small group of lenders who generally do not trade debt and have long term view on credit and overall borrower relationship
  - Other benefits as described herein
- **Private credit's many benefits have typically come with a cost (yields historically 50-200 bps wider than BSL) but this spread has narrowed significantly due to the growth and competitive nature of the market**
  - Recently, there have been several examples of private credit pricing inside of broadly syndicated options in order to get a deal done

The private credit and direct lending market has grown substantially in size in recent years into a $1.6 trillion asset class that provides considerable opportunities for borrowers to access capital on advantageous terms and considerations

Ducera has the industry relationships and expertise to help borrowers find the right private credit source

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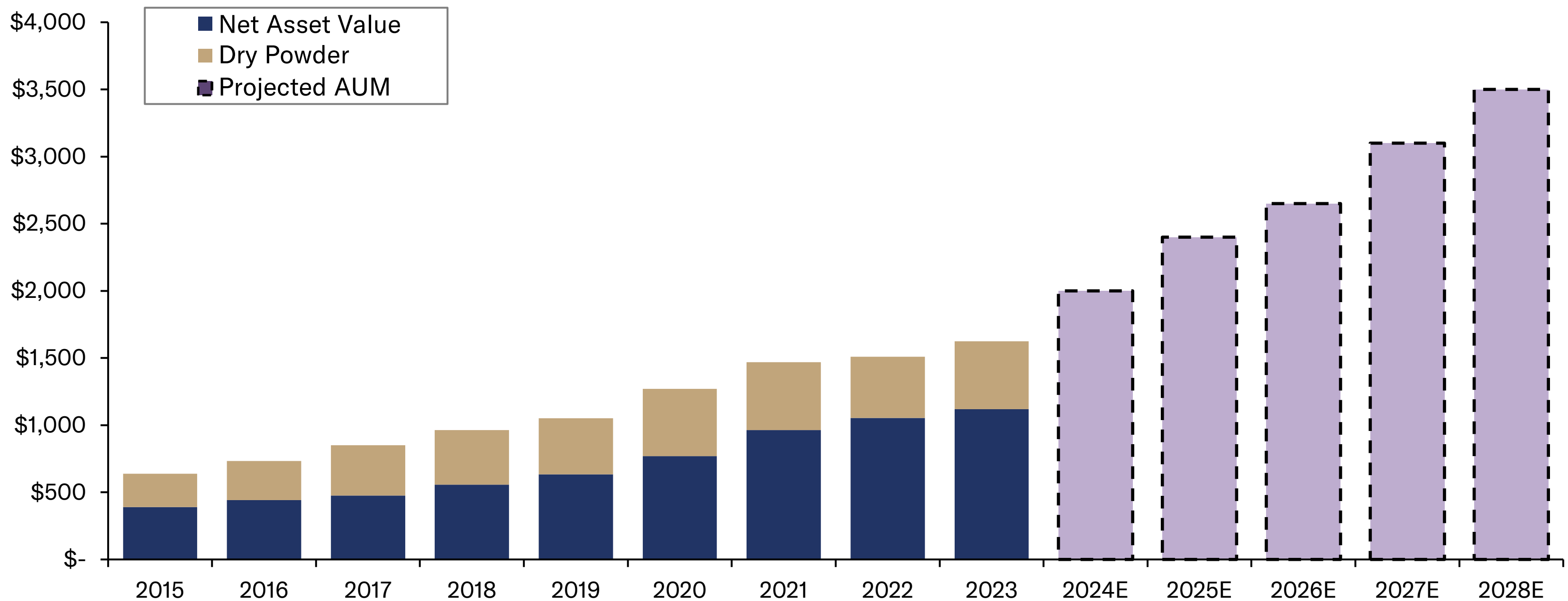
Private Credit Market Continues to Grow

Private Credit Global AUM *($ in billions)*



Private Credit Market Overview:

- Private credit global AUM[1] has surpassed $1.7 trillion and is expected to reach $3.5 trillion by year-end 2028
- Private credit market represents 13% of the $13.7 trillion alternative investment universe and has more than doubled in size since 2018 and nearly tripled in size since 2015

Recent Notable Deals:

- BlackRock announced in December 2024 the acquisition of HPS Investment Partners for ~$12 billion in an all-stock deal. BlackRock plans to create a $220 billion private credit unit of which $148 billion brings to the table
- In December 2024 CommScope raised $3.15 billion of first lien term loans due 2029 from funds managed by Apollo and Monarch as part of comprehensive refinancing. The new term loans bear interest at SOFR + 4.5% - 5.5%, subject to leverage-based pricing step-downs. Management expects this transaction, along with the sale of their OWN/DAS business to substantially reduce leverage

Sources: PitchBook, BlackRock projections as of (09/19/24), Reuters, Reorg, Press Releases

Notes:

(1) Direct Lending, including distressed, opportunistic, mezzanine and venture debt; excluding real estate

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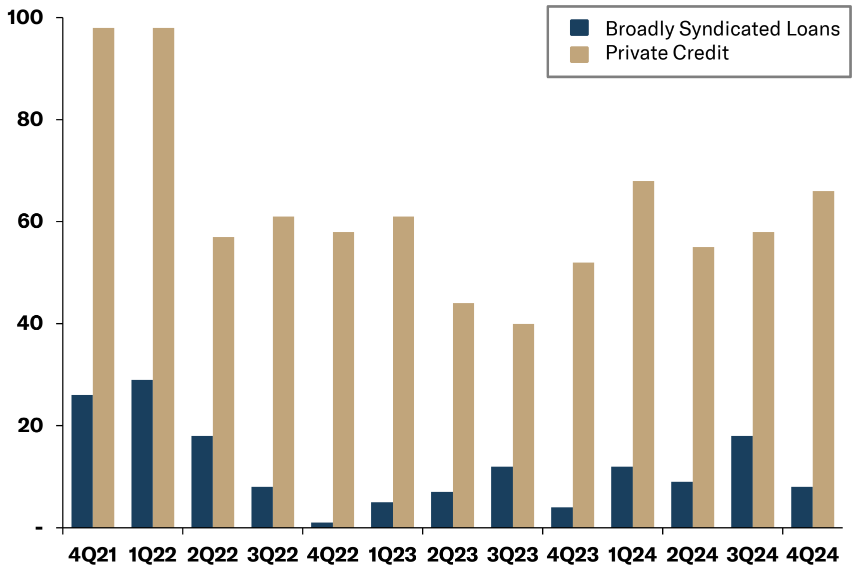
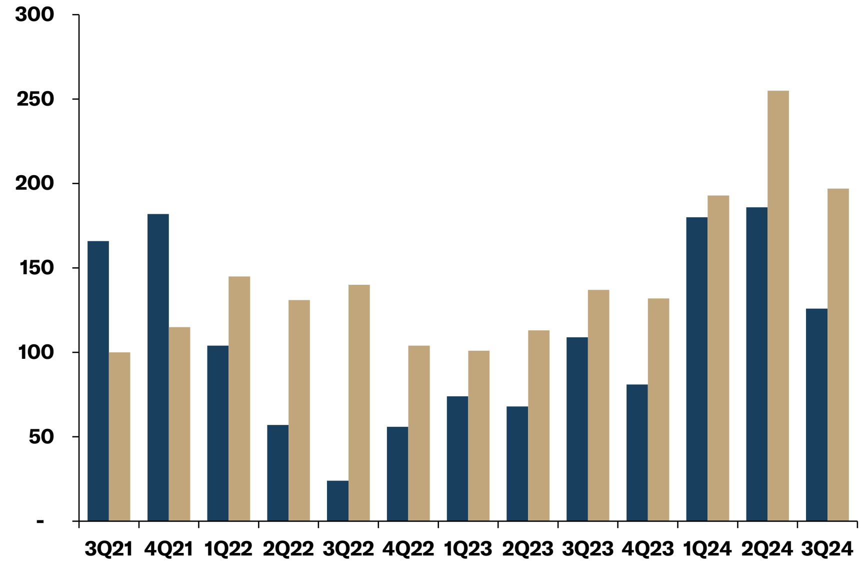
PC Dominates LBOs, Growing Market Share in Non-LBO Deals

Count of LBOs Financed by BSL vs. Private Credit



Count of Non-LBOs Financed by BSL vs. Private Credit



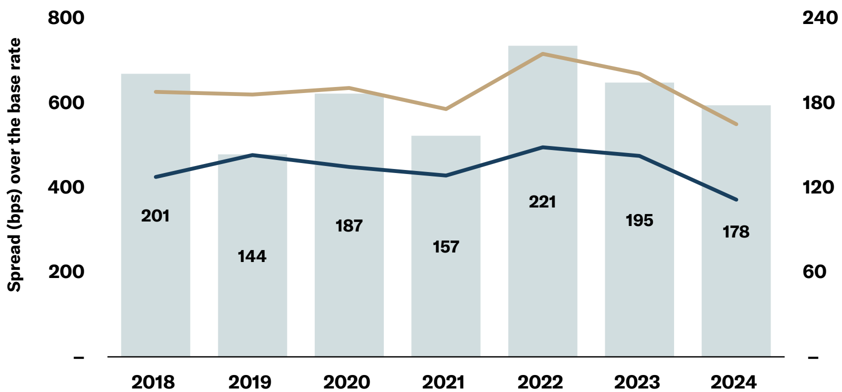
Market Commentary

- Private credit has dominated LBO financings since mid-2021, accounting for the majority of financing deals compared to broadly syndicated loans
- In addition, private credit has played an important role in non-LBO financings, accounting for more deals than broadly syndicated loans since the start of 2022
- Research suggests that ~85% of LBOs are now funded via private credit rather than BSL (up from ~60% in 2019)(1)
- "It will not surprise me this year to see your first \$15 or \$20 billion deal in the private markets" – Marc Rowan(2)

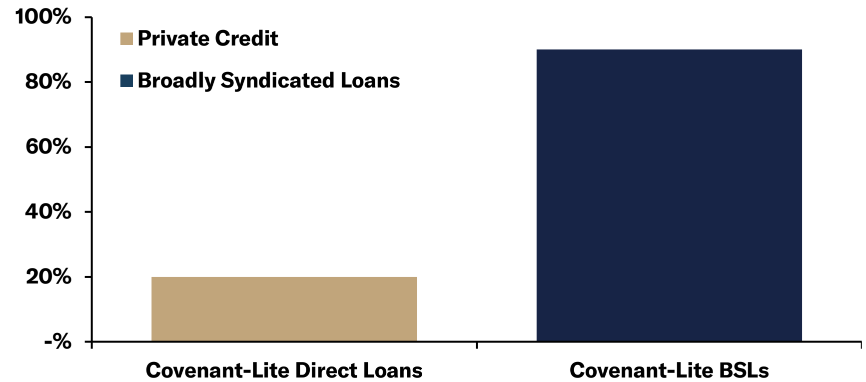
Sources: PitchBook LCD (Data through December 31, 2024), Akin Gump Strauss Hauer & Feld LLP, Bloomberg News
Notes:
(1) Per Akin Gump Strauss Hauer & Feld LLP (Trends in Special Situations & Private Credit, 2024)
(2) Per Bloomberg News December 11, 2024

PC Terms Are Improving vs. BSL

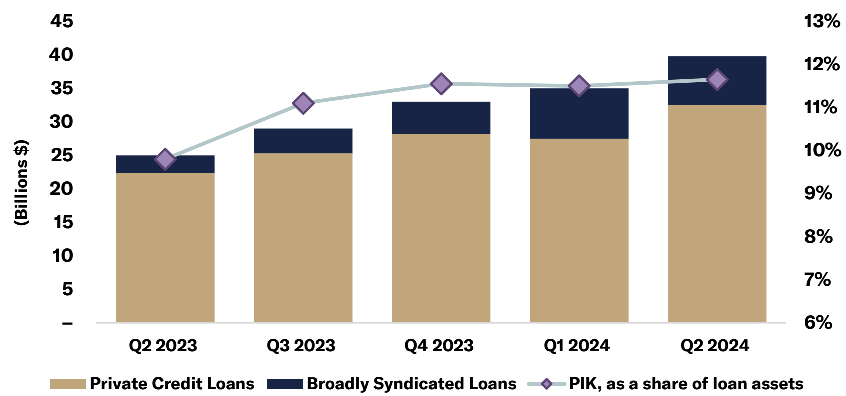
Spreads vs. BSL Coming Down



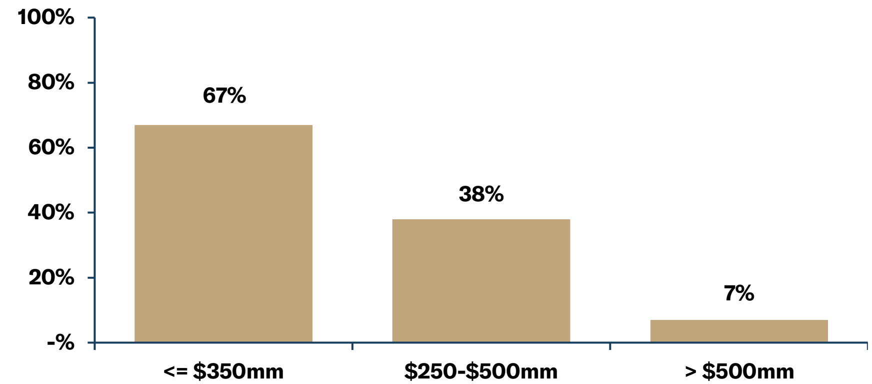
PC More Protective Documents for Now…



PC Dominates PIK Deals, Increasing



PC Loans with Always-On Maintenance Covenants



Market Commentary:

- "The line used to be $100 million [of EBITDA] or below, there'd be a covenant. Then it was $75 million or below. Then it got to $50 million or below. The line's held pretty firmly for a number of years now, but it's sort of an unofficial line. You'll find the occasional lender being aggressive and offering [cov-lite] below that," - Bain Capital's Michael Ewald[(1)]

Sources: PitchBook LCD (Data through December 31, 2024), Moody's Investors Service, S&P Global Ratings Private Market Analytics

Notes:

(1) Per PitchBook LCD Q4 2024 US Credit Markets Quarterly Wrap

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Private Credit has Begun to Enter Investment Grade Market

- The investment grade private credit market has grown significantly in the past two decades, reaching a $1 trillion market with close to $100-$110 billion of annual issuances[(1)]
- The rapid expansion is partly due to greater absolute and risk-adjusted returns over equivalent public bonds given historically higher yields and lower actual credit losses as a result of additional covenant protections, allowing investment grade private credit to exist outside of the efficiency frontier as an asset class
- Asset managers and alternative investment firms have also secured lower-cost funding vehicles, such as insurance companies, which enables them to compete in this market
- **Key Characteristics of Investment Grade Private Credit[(1)]:**
  - Average deal size is ~$300 million
  - Multiple lender parties with an average of 12 participants per deal
  - Yields ~40-50 bps above public bonds while offering additional covenant protections
  - Generally rated below investment grade public bonds
- **Recent Investment Grade Deals:**
  - In Q2 2024, Apollo acquired a 49% equity interest ($11 billion) in a joint venture related to Intel's Fab 34 high-volume manufacturing facility[(2)]
  - Similarly, in 2021 Apollo acquired a 49.9% equity interest ($3 billion) in a joint venture in connection with AB InBev's U.S. metal container plants[(2)]

Market Commentary:

- "The vast majority of our AUM growth was fixed-income replacement. Think of that as private investment grade. The difference in private credit is how private credit is normally talked about, which normally means levered loans and below investment grade. We are the investment grade version. This quarter our yield AUM was some $440bn, and while that sounds quite large and is the largest of the private credit businesses, this is against a backdrop of a $40tn market." – Marc Rowan

Sources: Clearwater Analytics, Voya, Bank of America, Reuters
Notes:
(1) Per publication by Voya Investment Management
(2) Per Reuters press releases

Banks Expand Into Private Credit Market

Lender(s)	Commentary
Barclays, AGL	▪ Barclays and AGL Credit Management are reportedly finalizing a private credit strategic partnership with a similar structure to a BDC and ~$1bn of commitments at inception
BMO, Partners Group, OHA Oak Hill Advisors	▪ BMO launched a fund with Partners Group in 2023 that spans private equity (30-50%), private credit (10-20%), private real estate and infrastructure (20-50%), and liquidity (10-20%) in a single vehicle ▪ BMO also began a direct lending partnership with Oak Hill Advisors in 2021, which includes $1bn+ to invest in jointly originated senior secured private credit assets
citibank, LuminArx	▪ LuminArx and Citi are launching Cinergy with ~$2bn of commitments. It will invest in multiple asset classes, including asset-backed credit and corporate debt across the capital structure
Deutsche Bank	▪ In addition to DB's existing balance sheet-driven private credit business, DB is launching DB Investment Partners, an independent private credit investment manager. It will be diversified across strategies and asset classes, such as corporates, real estate, and asset-based finance
Goldman Sachs, Mubadala	▪ Goldman Sachs and Mubadala formed a $1bn partnership to co-invest in private credit opportunities in APAC, focusing primarily in India
ING, RiverRock	▪ RiverRock partners with ING to source and co-invest in senior secured loans for investors with annual revenue of €500mm, EBITDA of €100mm, and average credit rating of BB-. The partnership closed its first fund in 2019 with ~€500mm and targets €1bn for its second fund
J.P.Morgan	▪ J.P. Morgan is reportedly in talks with investors to secure $2.5-3bn of third-party commitments to grow its existing private credit platform with $10bn+ balance sheet cash invested
Morgan Stanley	▪ Morgan Stanley aims to double its private credit portfolio to $50bn in the medium term, following the Jan 2024 IPO of Morgan Stanley Direct Lending Fund, which invest in higher risk products issued by middle market companies
Natixis	▪ Natixis CIB launched a direct lending strategy based on its balance sheet, investing $20-25mm in companies with $40mm+ EBITDA that are likely LBO candidates / to become syndicated debt issuers
Rabobank, Colesco Capital Collective	▪ Colesco is an ESG-focused private credit fund backed by Rabobank, specializing in sustainable investments through senior secured debt (including unitranche) and subordinated debt for sponsor and privately owned businesses with EBITDA of €10-100mm
SMBC Sumitomo Mitsui Banking Corporation, Park Square	▪ The joint venture between SMBC and Park Square mainly offers RCF, unitranche and senior secured loans to sponsor-owned companies with EBITDA of €10-75mm in defensive industries. It raised €2bn for its first fund in 2017 and is in process of raising its second direct lending fund
Societe Generale, Brookfield	▪ Societe Generale and Brookfield are targeting €10bn of commitments in its new private investment grade debt fund to originate and distribute high-quality credit investments
Wells Fargo, Centerbridge	▪ Overland Advisors was formed by Wells Fargo and Centerbridge to manage a new BDC, which focuses on senior secured loans to non-sponsor middle market companies, as well as traditional sponsor-backed direct lending. Overland targets $5bn in capital, with ~$2bn already committed
citi, Apollo	▪ Citigroup and Apollo have entered an exclusive partnership targeting $25bn worth of deals in the next five years. The current arrangement covers North American non-investment grade lending, with the option to broaden scope and size of the partnership

Banks have participated in the growing demand for private credit, including via balance sheet lending, joint ventures with established investors, and raising external funds

"The fastest growing area on the balance sheet for banks are loans to alternative capital providers" – Michael Arougheti (CEO, Ares Management)

 Sources: Press Releases, News Articles

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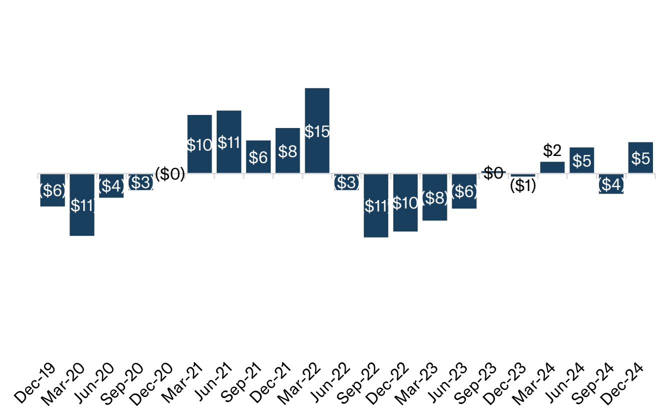
Current Private vs. Public Credit Characteristics

	Private Credit	Public Credit
Deal Size	▪ $20mm to $3-4bn, with increasing examples of multi-billion-dollar tranches	▪ $200mm to $5bn+
Pricing	▪ Senior Secured / Unitranche: S + 450 – 550 bps ▪ Subordinated / 2L: S + 750 bps and above	▪ Usually 50-200 bps inside Private Credit
Rate Risk / Duration	▪ Floating rate / low	▪ <u>Loans</u>: Floating rate / low ▪ <u>Bonds</u>: Fixed / low
Leverage	▪ Mid to high single digits	▪ Generally 1-2x inside Private Credit
Covenants	▪ Typically maintenance-based with increasing examples of cov-lite; much more scrutiny on add-backs	▪ Typically covenant-lite and generally looser documents
Execution Timing	▪ 1-3 months (can be accelerated)	▪ 3-6 months
Information	▪ Typically requires audited financials but rarely credit ratings	▪ Typically requires audited financials and credit ratings
Workout Process	▪ More company control and fewer conflicts; unitranche eliminates potential for conflicting lender groups	▪ Less control and more complex due to number of lenders; conflicting incentives between groups
Secondary Market Liquidity	▪ Less; hold to maturity	▪ Tradeable but subject to white/blacklist and except in extreme market circumstances
Flexibility	▪ Greater flexibility on industries (e.g. recurring revenue loans) and structure (e.g. delayed draw term loans)	▪ Traditional reticence to certain industries, structures, etc.

Capital Markets Fund Flows

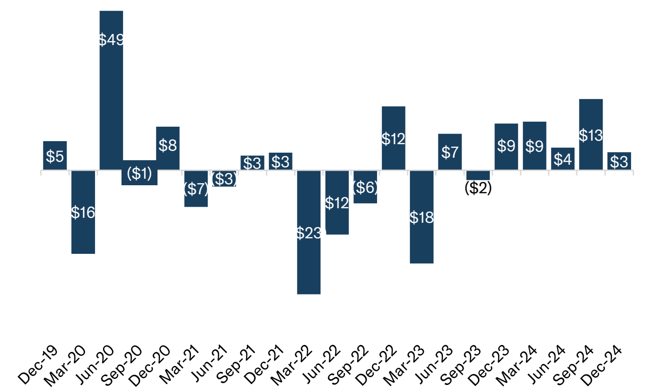
Quarterly US Leveraged Loan Fund Flows

($ in billions)



Quarterly US High Yield Fund Flows

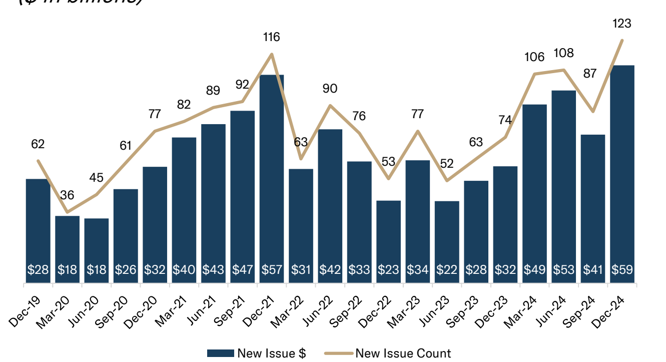
($ in billions)



For the 52 weeks ended Jan 1, 2025, net inflows from loan funds were ~$8.3bn, comprising of $10.3bn inflows into ETFs and offset by ~$2bn outflows from mutual funds. High yield flow reached a positive ~$30bn in 2024, the first positive year since 2020

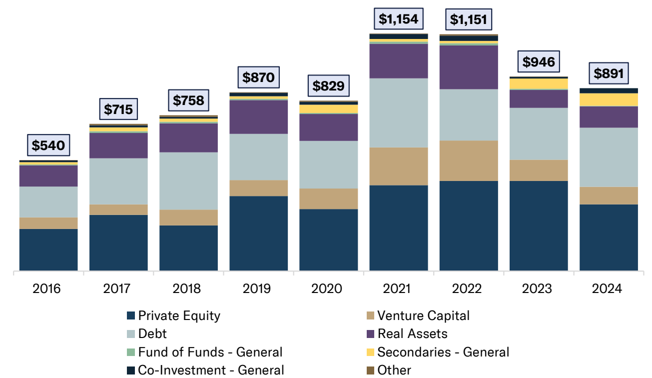
Quarterly US CLO Issuance

($ in billions)



Annual US Capital Raised

($ in billions)



CLO issuance reached a record high in 4Q totaling ~$59bn, the highest in recent history since LCD began tracking in 2011.

Total 2024 capital raised declined ~6% YoY, driven by the decline in Private Equity capital raised of ~26% YoY

 Sources: Bloomberg, LCD Comps, Pitchbook

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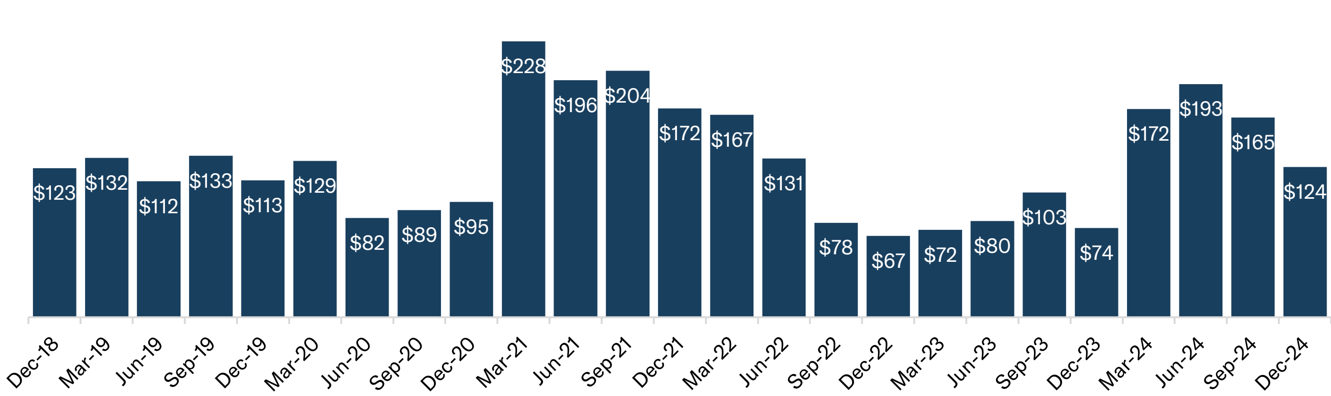
Credit Market New Issuances

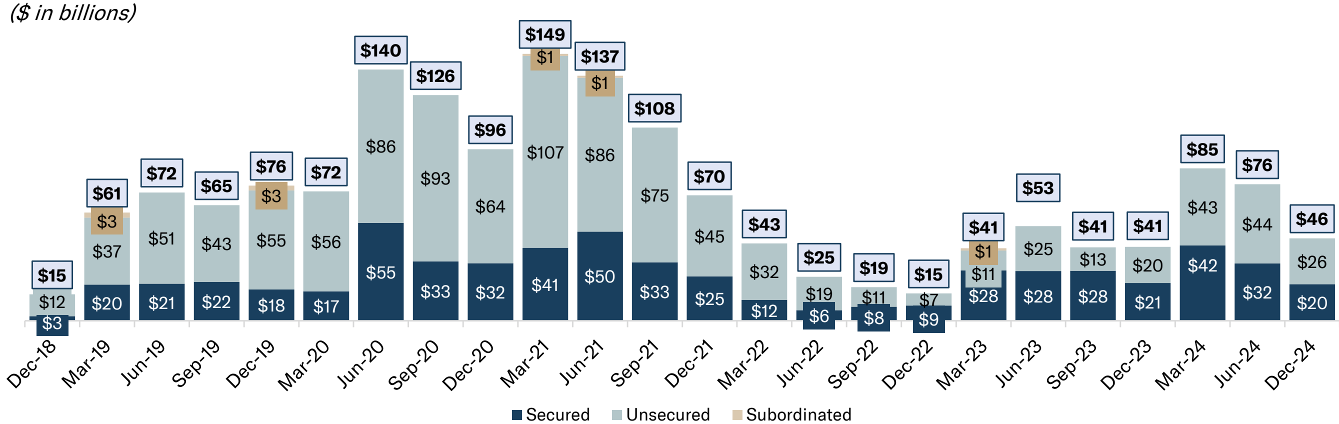
Quarterly US Leveraged Loan New Issuances

($ in billions)



Quarterly US High Yield New Issuances

($ in billions)



New issuance markets experienced a subsequent QoQ decline in 4Q as interest rate remains elevated. However, YoY issuance improved drastically in the leveraged loan market, nearly doubling from 2023 levels

U.S. high yield new issuances also saw ~60% increase from 2023, aided by steady prices and tightening spreads. Q4 volume of $46.2bn marked the highest new issuance volume for the last quarter of the year since 2021

 Sources: LCD Comps

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iv. Distressed Opportunity Indicators

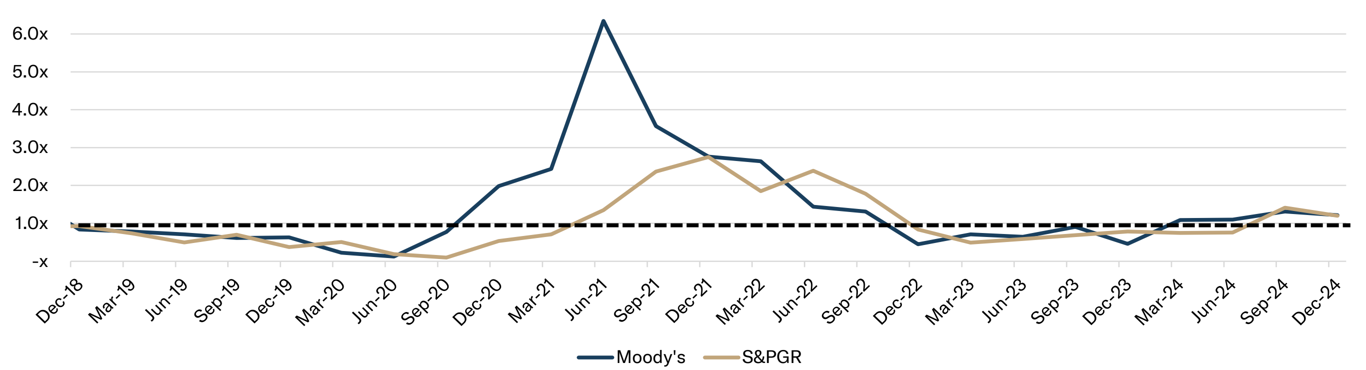
Macro Trends: Credit Rating Agency Activity

Summary Credit Rating Agency Activity

	Moody's			S&P Global Ratings		
	Upgrade Count	Downgrade Count	Upgrade / Downgrade Ratio	Upgrade Count	Downgrade Count	Upgrade / Downgrade Ratio
Quarter Ending						
Dec 2024	118	97	1.2x	101	123	0.8x
Sep 2024	97	74	1.3x	109	91	1.2x
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
Year Ending						
Dec 2024	426	364	1.2x	475	467	1.0x
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

Quarterly US Upgrades to Downgrades Ratio



In 2024, both Moody's and S&P reported more upgrades than downgrades, a reversal from previous year

Downgrades in Q4 continue to be driven by the consumer sector. Consumer discretionary was the most distressed sector in 2024, with 100+ companies filing for bankruptcy

Amongst these consumer companies, common causes of distress include rising interest rates, heightened labor costs, and a shift in consumer spending habit post-Covid

 Sources: S&P, Moody's, Industry Research, Bloomberg

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Macro Trends: Distressed Sector Trading Summary

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

($ in US millions)

	Debt Securities[1]							Net Change			# of Issuances		# of Situations[2]		
				Trading Price (Weighted Avg.)									[A]	[B]	[A-B]=[C]
Sector	Amt. Out ($m)	Current YTM (%)	Current STM (%)	Current (12/31)	Prior Day (12/30)	Prior Wk. (12/23)	Prior Mo. (12/2)	1 Day Δ	1 Wk. Δ	1 Mo. Δ	Total Issuances	Net Δ vs. Prior Week	Total Identified	Ducera Covered	Open Situations
Telecommunications	$32,539	26.9	22.9	64.1	63.7	64.3	65.4	0.3	(0.2)	(1.4)	28	–	15	10	5
Software and Consulting	20,272	42.4	45.3	49.0	49.0	48.9	50.0	(0.0)	0.1	(1.0)	31	–	21	12	9
Healthcare Services	11,627	38.8	31.5	66.7	66.8	61.2	61.9	(0.0)	5.5	4.8	22	1	18	13	5
Investment Services	8,027	32.0	27.7	55.2	55.2	55.2	56.2	(0.0)	(0.0)	(1.1)	11	–	5	2	3
Media and Publishing Services	7,233	25.5	20.9	58.3	58.2	51.3	53.0	0.1	7.0	5.3	14	1	10	8	2
Consumer Retail	5,753	23.9	19.6	70.2	70.1	70.5	66.2	0.1	(0.3)	4.0	8	–	5	4	1
Industrial Manufacturing	5,127	236.8	165.8	47.7	47.4	47.5	49.5	0.2	0.2	(1.8)	13	–	10	10	–
Manufactured Products	4,874	26.6	22.0	66.6	66.4	66.4	65.0	0.2	0.2	1.5	10	–	9	7	2
Upstream Energy	4,543	53.7	65.8	59.4	59.0	59.5	62.9	0.4	(0.1)	(3.5)	10	1	9	2	7
Food and Tobacco Production	4,431	126.5	104.3	58.9	59.1	59.2	60.7	(0.2)	(0.3)	(1.8)	11	1	7	6	1
Biopharmaceuticals	4,098	19.7	15.4	63.4	63.4	63.4	64.8	(0.0)	(0.0)	(1.5)	8	–	1	1	–
Business Services	3,995	50.6	43.6	59.6	59.6	59.7	57.6	0.1	(0.1)	2.1	7	1	5	3	2
Hospitality Services	3,705	44.7	36.0	57.3	57.5	57.5	57.9	(0.2)	(0.1)	(0.5)	11	–	10	6	4
Utilities	3,647	48.5	44.3	57.6	57.2	58.0	59.8	0.4	(0.4)	(2.2)	8	1	4	3	1
Industrial Services	3,625	38.2	33.3	53.0	46.9	46.7	48.2	6.0	6.3	4.8	12	–	8	7	1
Food and Staples Retail	3,514	69.3	60.6	58.4	57.3	57.6	56.8	1.1	0.8	1.6	8	–	6	6	–
Consumer Goods	2,847	21.8	16.6	72.2	72.2	72.1	71.7	(0.0)	0.1	0.5	5	–	4	4	–
Electronic Components and Manufacturing	2,500	23.4	19.0	42.4	42.6	43.0	45.0	(0.2)	(0.6)	(2.6)	2	–	1	1	–
Miscellaneous Retail	2,406	21.9	17.1	73.5	72.0	72.0	74.2	1.6	1.6	(0.6)	5	–	4	3	1
Chemical, Plastic and Rubber Materials	2,352	31.4	16.7	75.7	75.7	60.0	58.2	0.0	15.7	17.5	3	1	3	1	2
Financially Operative Institutions	1,959	46.3	40.8	59.8	59.7	59.7	52.5	0.0	0.1	7.3	5	–	3	–	3
Corporate or Other Unallocated Revenue	1,779	23.9	19.2	62.6	62.6	62.6	62.8	–	–	(0.1)	1	–	1	–	1
Healthcare Equipment	1,009	82.3	76.2	33.9	33.9	33.9	30.0	–	–	3.9	1	–	1	1	–
Process Industries	750	27.4	22.3	62.9	63.1	63.0	65.2	(0.2)	(0.1)	(2.3)	1	–	1	1	–
Hardware	733	207.3	183.8	21.5	22.3	22.3	13.6	(0.8)	(0.8)	8.0	2	–	2	–	2
Membership Organizations	595	67.4	61.8	39.5	39.5	39.3	39.0	–	0.3	0.5	1	–	1	1	–
Consumer Non-Durables	550	100.0	209.0	16.2	23.0	20.4	22.8	(6.8)	(4.2)	(6.5)	1	–	1	–	1
Consumer Durables	452	18.0	14.6	82.0	82.0	82.0	81.5	–	–	0.6	2	–	2	2	–
Specialty Finance and Services	395	17.0	12.4	78.3	78.3	77.9	80.7	–	0.4	(2.4)	2	–	1	1	–
Real Estate	255	21.1	16.6	61.3	61.1	61.1	61.2	0.2	0.2	0.1	2	–	1	1	–
Insurance	217	15.5	11.3	77.4	78.3	78.5	67.3	(0.9)	(1.1)	10.1	1	–	1	1	–
Consumer Vehicles and Parts	181	38.6	34.2	42.7	44.8	44.0	53.8	(2.1)	(1.3)	(11.1)	1	–	1	–	1
Mining and Mineral Products	115	23.8	19.0	68.3	68.3	68.3	68.3	–	–	–	1	–	1		
Total	**$146,108**	**45.8**	**39.7**	**59.4**	**59.1**	**58.3**	**58.8**	**0.3**	**1.2**	**0.6**	**248**	**7**	**172**	**117**	**54**

Sources: S&P Global Market Intelligence, FactSet

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

(2) Reflects total unique situations identified as part of screen

Ducera

III. Ducera Partners Overview

Ducera

Ducera Partners Overview

Full-service investment banking and strategic advisory firm

Advisory Verticals

Mergers & Acquisitions and Strategic Advisory

Capital Structure Advisory

Private Capital and Capital Markets Advisory

Key Facts

Founded in ***2015***

13 Partners and ***60+*** total Investment Bankers

100% Partners-owned

$850bn+ deal volume to date

30+ year advisory track record

100% focused on driving exceptional outcomes for our clients

Landmark Transactions

Bayer / Monsanto	Pluralsight	AmSurg	PG&E
M&A	**Company Rx**	**Creditor Rx**	**Financing**

For every client we commit to being:

Experienced
Reliable
Focused
Practical
Detailed
Tenacious
The Fiery Ones
Bold
Seasoned
Attentive
Creative
Collaborative
Entrepreneurial
Industrious
Trusted

Ducera

Ducera Partners Advisory Verticals

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.

M&A and Strategic Advisory

Ducera advises clients on their most strategic transformative transactions.
Our professionals, with roots in complex corporate finance, offer independent advice to companies and stakeholders in a broad range of situations.

Restructuring

Ducera provides clients with leading-edge capital structure and restructuring advice.
We have pioneered a number of the most innovative transactions in various industries in transition. Both in and out of court, our team's highly collaborative approach is unparalleled.

Ducera

We are the ones top decision-makers seek out

Liability Management

Ducera advises clients on liability management ("LM") transactions related to companies' capital structures and other off balance sheet liabilities.
We develop creative transaction structures that proactively address stressed balance sheets, the need for growth capital, and maximize value.

Private Capital and Capital Markets Advisory

Ducera advises companies and other issuers as they navigate the complexities of the capital markets.
Clients rely on our depth of experience to fully assess all available options. We tap into our vast network to help clients efficiently achieve their objectives. Years of experience and global connectivity make us a preferred choice for clients' capital solutions.

Ducera Partners – M&A and Strategic Advisory

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.

M&A and Strategic Advisory

Ducera

Sell-Side Advisory

- *Broad sector experience*
- *Founder / Family-Controlled, Institutional and Public Company Advisory*
- *Carve-outs, structured and staged sale transactions*
- *Successfully positioning storied companies / navigating complex dynamics*

Buy-Side Advisory

- *Broad sector experience*
- *Public and private targets*
- *Creative solutions to navigate complexity and structure transactions*
- *Partnering with Private Capital Advisory colleagues on acquisition funding strategies*

Strategic Advisory

- *Ongoing evaluation of business plan / strategic positioning ahead of future transactions*
- *Review of business / assets portfolios and opportunities for non-core holdings*
- *Unconflicted evaluation of sale vs IPO alternatives*
- *Cross-border and complex situations advisory*

Other M&A Advisory Roles

- *Fairness opinions*
- *Special committee assignments*
- *Stakeholder, minority shareholder, management team advisory*
- *Navigating pre- and post-reorganization M&A dynamics*
- *Takeover defense and shareholder advisory*

Ducera Partners – Capital Structure Advisory

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.

Restructuring Advisory

- *Debtor & Creditor side advisory in both consensual and contested situations*
- *363 Sales, pre-packaged, pre-arranged, and traditional chapter 11 restructurings*
- *Out-of-court recapitalizations and reorganizations*
- *Successfully facilitating novel solutions that maximize value for our clients*

Liability Management

- *Developing creative transactions and bespoke new money solutions that address stressed balance sheet situations*
- *Protecting clients through position enhancing and consensual LM transactions*
- *Delivering expertise that maximize game theory principles and negotiating leverage for our clients in variety of transactions, including consent solicitations, exchange offers, amend & extends, drop-downs, tender offers, and open market repurchases*

Contingent Liability & Risk Management

- *Advising on transactions related to capital structure and off-balance sheet liabilities, including litigation liability*
- *Analysis of contingent liabilities or other risk elements of a transaction*
- *Pension and OPEB liability advisory*

Ducera

Ducera Partners – Private Capital and Capital Markets Advisory

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.

Debt and Equity Capital Raises

- *Expert advisory on private debt markets and direct lending*
- *Navigating public debt markets and loan syndication*
- *Supporting equity raises at multiple stages of the business cycle*
- *Delivering expertise that supports clients meet their tailored capital needs*

Acquisition Financing & Secured Products

- *Delivering capital solutions for sponsor-backed acquisitions and platform advisory*
- *Advising strategics on acquisition and organic growth financing to meet growth ambitions*
- *Preferred equity, warrants, convertible debt, and other structured products*

Securitization Financing

- *Structuring securitization frameworks to obtain optimal credit ratings*
- *Guiding states, state agencies, and commission staff through novel environments that lack traditional checks and balances to achieve statutory objectives*
- *Ensuring ratepayer protection and savings maximization*

Pre-IPO and IPO advisory

- *Company preparedness and planning*
- *Underwriter selection and negotiation*
- *Pricing and execution support*

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.

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Ducera

Cary Street Partners Strategic Partnership

CARY STREET PARTNERS

- Founded in 2002 and headquartered in Richmond, VA, Cary Street Partners is a leading independent wealth manager that offers a comprehensive suite of services to its clients. As of YE2024, Cary Street Partners has reached $10bn AUM
- Ducera has invested in and maintains a strategic partnership with Cary Street Partners since 2019

Service Offerings
Independent Research
Economic Insights
Hybrid RIA
70+ Financial Advisors
18 Offices across the southern & mid-Atlantic regions
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
✓	Diversified Model-Based Asset Management

 Sources: Cary Street Investor Presentation, Company Website

Cary Street Partners Footnotes

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