

Ducera Quarterly Update

1st Quarter 2025
April 2025

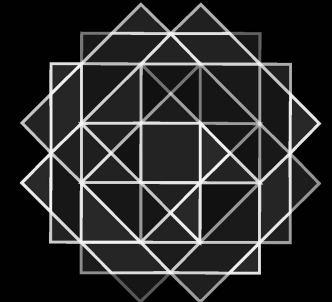
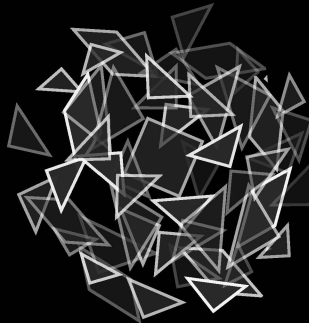
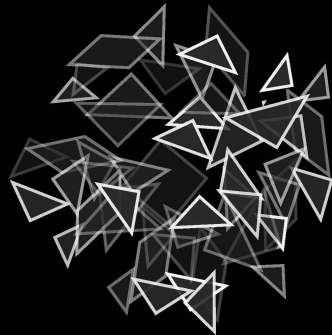
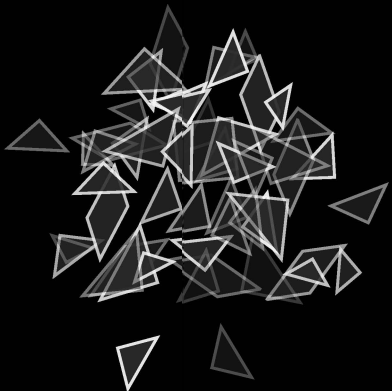
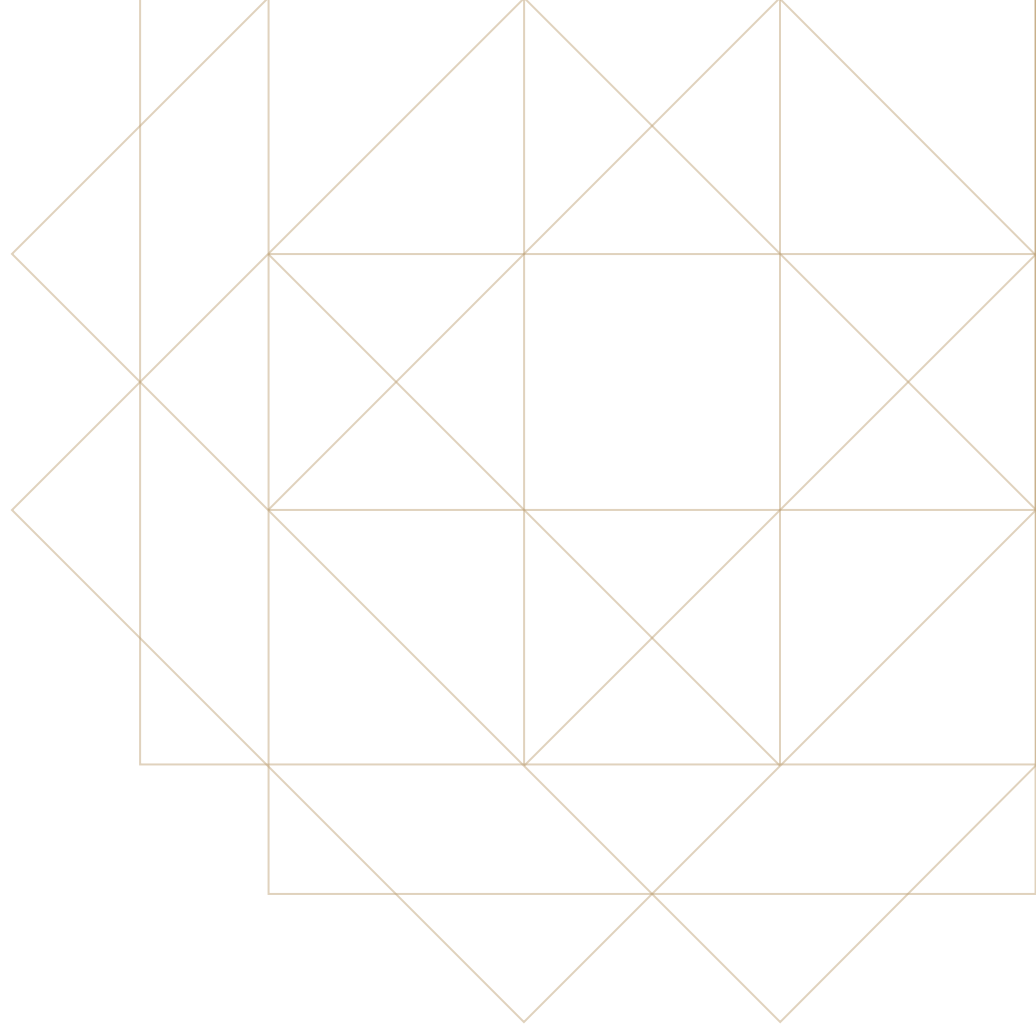


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I. Ducera Updates



Ducera Updates: Select Recent Transactions

Advisor to the Ad Hoc Group of Convertible Noteholders in connection with Spirit Airlines' ~\$8bn Chapter 11 restructuring

Restructuring

- Ducera advised the ad hoc group of convertible noteholders (“Converts AHG”) in connection with Spirit Airlines’ Chapter 11 reorganization
- Spirit entered bankruptcy in November 2024 with ~\$1.1 billion of secured loyalty notes (“Loyalty Notes”), ~\$525 million of convertible notes (“Converts”), and ~\$6.0 billion in aircraft financing obligations including secured debt and leases
- As part of the restructuring, Spirit equitized ~\$795 million of funded debt and received a \$350 million equity infusion from holders of the Loyalty Notes and Converts
 - The Loyalty Notes and Converts received an aggregate \$840 million in new exit notes, equity of Spirit subject to dilution from MIP, and rights to participate in the new equity financing
- Spirit emerged from Chapter 11 on March 12, 2025
- Ducera worked with the Converts AHG to reach a consensual deal with Spirit and the Loyalty Notes ad hoc group, navigating complex intercreditor and market dynamics

Advisor to Velan Inc. (“Velan”) in connection with the permanent divestiture of its asbestos-related liabilities

Contingent Liabilities

- Ducera advised Velan in connection with the divestiture of its asbestos-related legacy liabilities
- Velan simultaneously entered into agreements to (i) divest its asbestos-related liabilities with Global Risk Capital and (ii) sell 100% of the share capital and voting rights of its French subsidiaries to Framatome SAS
- Velan, the Canadian parent, permanently divested its asbestos liabilities by selling its existing U.S. subsidiary, Velan Valve Corp.
- The transaction was capitalized with \$143mm (subject to certain adjustments) from Velan and \$7mm from the buyer, Global Risk, a long-term liability management company specializing in the acquisition and management of legacy corporate liabilities
- Velan funded its \$143mm contribution by using available cash and a portion of the ~\$208mm (~€193 million) in proceeds from the sale of its French subsidiaries

Ducera Updates: Select Recent Transactions (cont'd)



Lead Investor in IBI-Ag's Series A First Close in connection with DGV-Corteva Strategic Collaboration

Growth Investing

- Ducera Growth Ventures ("DGV"), in connection with the DGV-Corteva (NYSE: CTVA) Strategic Collaboration, led the Series A First Close financing as Lead Investor in IBI-Ag, an antibody-based, bioinsecticide crop protection company located in Israel
 - IBI has developed single-domain antibodies that are 10 times smaller than any regular antibody – with each gram of active ingredient in IBI-Ag's products having 10 times more antibodies than traditional products (allowing IBI-Ag's products to be more cost effective)
 - IBI-Ag's technology allows the company to develop cost effective crop protection products used by farmers, allowing farmers to switch to effective biological solutions with lower ecological footprint
 - Products for a broad spectrum of pests – including both sucking and chewing insects – are currently under development; IBI-Ag's near-term focus is on high value crops (with plans to expand into row crops in the future)
 - IBI-Ag's bioinsecticides utilize a novel mode-of-action, addressing the rising pest resistance of traditional insecticide products
- The Series A first close had additional participation from the Trendlines Group, Iron Nation, and Agriline, in addition to the Israel Innovation Authority via a grant
- Capital raised via the financing will help scale IBI-Ag's operations and allow for it to pursue relevant regulatory processes
 - While the technology has been developed in Israel, the United States is IBI-Ag's first market, with expansion plans in Latin America and Europe

Advisor to iAnthus Capital Holdings, Inc. ("iAnthus") in Connection with the Strategic Sale of Select Arizona Assets



M&A

- Ducera advised iAnthus in connection with its ~\$36.5mm sale of three dispensaries and two cultivation/processing facilities in Arizona to Sonoran Roots
 - The consideration includes ~\$20mm of upfront cash payment and a \$16.5mm secured promissory note bearing 6% annual interest over a 66-month term
- The transaction enables iAnthus to streamline its footprint, reduce secured debt, and reallocate capital toward higher-growth markets including Florida, New Jersey, New York, Maryland, and Massachusetts
 - iAnthus retains one dispensary in Mesa, AZ, maintaining brand presence in the state while exiting non-core infrastructure
- Proceeds from the transaction are expected to support working capital and general corporate purposes, including debt repayment

Ducera Updates: Select Recent Transactions (cont'd)

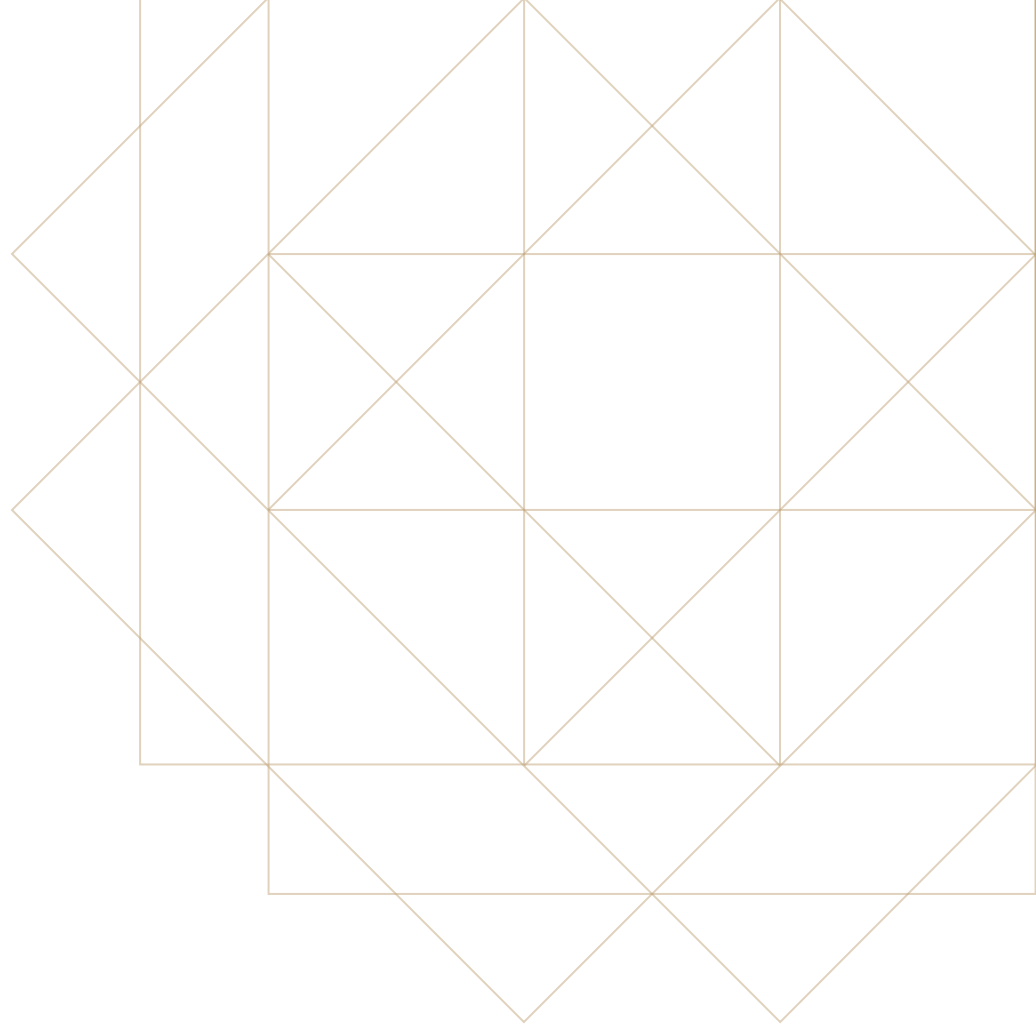
Advisor to the Ad Hoc Group of Creditors of The Cannabist Company in connection with its Out of Court Recapitalization



Restructuring

- Ducera is serving as advisor to the Ad Hoc Group of creditors for The Cannabist Company, representing ~\$190mm of debt across three tranches
- The Cannabist Company is a public, vertically-integrated cannabis business with operations across a dozen U.S. states; over the last twelve months, the Company experienced a variety of headwinds, including general weakness in the cannabis sector and overbuild in the Colorado market, which contributed to cash burn
- After lengthy negotiations with the Company, spearheaded by Ducera alongside Feuerstein Kulick and Goodmans, the Ad Hoc Committee and Company reached an agreement to collapse the three tranches – consisting of \$59.5mm of 2025 Senior Secured Convertible Notes, \$185.0mm of 2026 Senior Secured First-Lien Notes and ~\$25.6mm of 2027 Senior Secured Convertible Notes – into one, ~\$270mm series of notes via an ongoing CBCA process
- Ad Hoc Committee members received several concessions, including (i) a \$3mm consent fee, (ii) 20% of pro forma equity (iii) improved collateral (iv) improved governance (including appointment of two independent directors that have unanimous approval rights on any sale over \$5mm), and (v) new maintenance covenants, including (a) \$15mm minimum liquidity covenant and (b) net leverage covenant (which steps down from ~5.6x in 1Q26, to ~3.4x by 4Q27)
- The transaction will extend the Company's nearest debt maturity from June 2025 to December 2028, while keeping cash interest relatively flat

II. Macro Trends



Macro Trends: Executive Summary

- Equity and Credit Markets (Pages 10-16):
 - **Equity Market Performance:** U.S. equities posted their weakest quarterly performance since mid-2022, with the S&P 500 declining ~4.6% and the NASDAQ down ~10.4%. The sharp reversal in mega-cap technology stocks, particularly the “Magnificent 7”⁽¹⁾ weighed heavily on cap-weighted indices. In contrast, international equities outperformed, led by Europe and emerging markets, while value-oriented and equal-weighted strategies demonstrated relative strength amid broad sector rotation and reduced earnings dispersion
 - **Credit Markets:** Fixed income markets delivered solid gains, with the U.S. Aggregate Bond Index up 2.55% for the quarter. Meanwhile, treasury yields declined as investors sought safety amid trade tensions. Leveraged Loan index modestly declined as floating-rate instruments continue to benefit from a high-rate environment, while high yield index increased driven by broader macro uncertainty
 - **Market Dynamics & Outlook:** Market sentiment deteriorated from increased geopolitical tensions that continues into early Q2 2025. Earnings expectations were revised materially lower, and GDP forecasts were adjusted downward. While elevated uncertainty may present tactical upside in the near term, the broader environment remains cautious given persistent headwinds to growth and earnings
- M&A and Investment Activity (Pages 17-23):
 - **M&A Deal Value and Volume:** While global M&A activity increased ~8% QoQ in deal value, deal volume saw a significant decline of ~23% over the same period from Q4 2024 to Q1 2025. In the U.S., deal value increased ~45% QoQ while deal volume decreased by ~8% QoQ. For LTM Q1 2025, global M&A activity increased ~17% YoY while deal volume reduced by ~4% when compared to prior LTM period
 - **Deal Activity Across Geographies:** Cross-border M&A activity grew ~41% YoY in Q1 2025 to \$263mm despite the percent of cross border M&A activity (by deal volume) involving the U.S. dropping 14 percentage points to 39% over the same period, marking the U.S.’s lowest first quarter share in cross border activity since Q1 2020 and reflecting increased activity by non-U.S. buyers and sellers
 - **Private Equity Deal Activity:** Financial sponsor acquisitions in LTM Q1 2025 surged by ~58% YoY in value when compared to the prior 12 months, while exits increased ~48% over the same period, indicating renewed private equity activity; however, a sustained industry-wide lag in capital distributions maintain headwinds for incremental fundraising efforts

Macro Trends: Executive Summary (cont'd)

- Capital Markets & Private Credit Update (Pages 24-34):

- **Private Credit Market Growth:** Private credit assets under management have surpassed \$1.8 trillion globally and are forecasted to reach \$4.5 trillion by 2030. It represents ~13% of the \$13.7 trillion alternative investment universe and has more than doubled since 2018. Additionally, private credit began to enter the Investment Grade Market, with the market reaching \$1 trillion with ~\$100-\$110 billion in annual issuances. Banks continue to participate in the growing demand through partnerships and raising external funds
- **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 source of capital for borrowers seeking tailored, expedited financing with higher certainty of execution
- **Fund Flows and Issuance Trends:** Leveraged loan fund inflows totaled ~\$2 billion at the end of Q1 but soon experienced record weekly outflow following April's tariffs announcement. Private equity fundraising remained subdued due to valuation pressures and limited exits, while private debt continued to gain traction as investors sought yield in a higher-rate environment. High-yield new issuance rebounded ~50% QoQ, with issuance skewed towards higher-quality credits

- Distressed Opportunity Indicators (Pages 35-38):

- **Rating Activities:** Moody's and S&P both recorded more upgrades than downgrades in Q1 2025. Among the sectors, Auto and Utilities faced significant headwinds. The auto sector continued to navigate EV transition challenges in addition to softened demand, while utilities struggled with regulatory pressures and high leverage profile
- **Distressed Debt Tracker:** Ducera's distressed debt company tracker identified the following sectors with most debt trading in stressed / distressed levels: telecom (~\$23bn of distressed debt), software / consulting (~\$16bn of distressed debt), and healthcare services (~\$15bn of distressed debt)
- **Tariffs' Impact:** Tariff-induced market volatility continues to drive dislocation and mispricing as execution risks of traditional refinancings and amend-and-extend transactions rise. Policy uncertainty is slowing down capital deployment and creating a "wait-and-watch" environment, especially surrounding China



i. Equity and Credit Markets

Cary Street Partners Q1 2025 Outlook: March 24, 2025

Over the course of the first quarter, domestic equities have struggled. The S&P 500 Index declined 3.48% in 2025 through this writing. The index peaked on February 19th and has declined about 8% from the peak, visiting correction territory. International equities have fared better, with the EAFE Index up 10.65% and the MSCI Emerging Market Index higher by 6.60%. Europe leads overseas developed markets, notably Germany, which is higher by 20.56%

Within U.S. markets, the previously Magnificent 7, poster children of concentrated performance in 2023 and 2024, are down over 13% YTD. Rotation away from these names has been evident, and cap-weighted indexes such as the S&P 500 remain challenged as a consequence. This trend likely continues given the diminishing gap in earnings growth between Mag 7 and the remaining 493 stocks in the S&P. Beneficiaries of the post-concentration peak trend are equal weight and value strategies. Equal weight S&P has declined by 0.79% on a company basis and gained 0.67% on a sector basis. The Russell 1000 Value Index is higher by 1.53% YTD



Tom Herrick

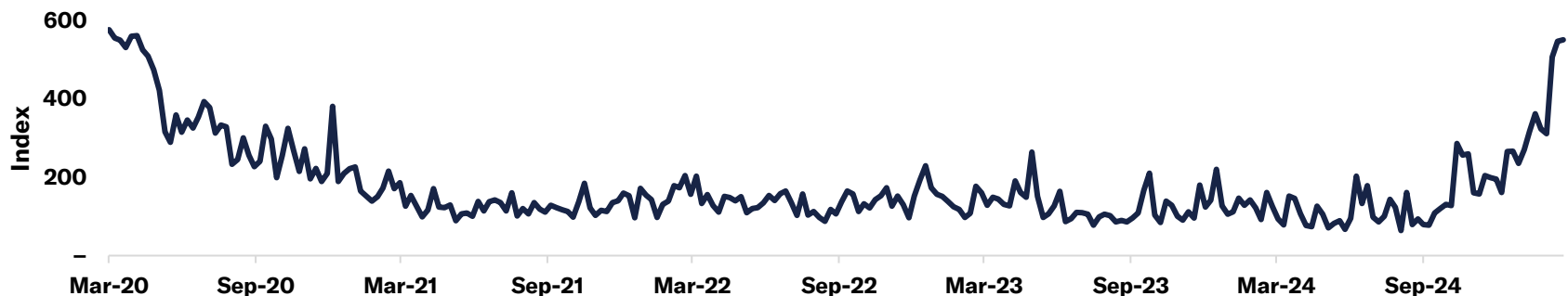
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Cary Street Partners is a leading RIA with ~\$10 billion AUM. Ducera has invested in and maintains a strategic partnership with Cary Street Partners since 2019

Economic Policy Uncertainty Index for United States



Cary Street Partners Q1 2025 Outlook: March 24, 2025 (cont'd)

Bonds have performed well in 2025, as the U.S. faces a slowing economy, with high odds that GDP will be below trend this quarter. The U.S. Aggregate Index is higher by 2.55%

Markets are challenged by two significant factors that also present opportunity. These challenges are **changes in earnings expectations among U.S. stocks** and **public policy uncertainty** surrounding the potential imposition of widespread tariffs by the U.S.

Stocks typically rise or fall on rising or falling earnings expectations. While S&P earnings for Q4 2024 were outstanding, rising about 17%, Q1 expectations have dropped fast. At the beginning of 2025, analysts forecast more than 11% growth in Q1 earnings. The latest update from FactSet, a well-established market data provider, now has those expectations down to a 7.1% increase. This creates a stricter backdrop for cap-weighted equity averages. On a relative basis, diminished expectations should benefit sectors outside of technology, especially those more defensive in nature, such as consumer staples. Widespread tariffs would further impact earnings with an estimated 1 to 2% drag corresponding to every 5% in widespread tariff increases

Economic public policy uncertainty is hardly a secret. The U.S. Economic Policy Uncertainty Index (EPU) is currently at an extreme, in the top 10% of readings since 1985. An index reading in the top decile has historically been a bullish setup for the next three months. Data from Renaissance Macro shows the S&P 500 Index has been higher 80% of the time, with an average gain of 8.8% ninety days out. Adding further conviction to that setup is the fact that credit spreads remain relatively low. Bear market declines (20% or more from peak to trough) are almost invariably accompanied by drastically widening spreads — clearly a data point to keep an eye on. While a rally from this level has high odds of occurrence, it could be a rally that remains within a longer-term downtrend

Summary Capital Markets Performance

Summary Capital Markets Performance						
Index / Metric	Level at	Returns				
	3/31/25	QoQ	2024 Annual	2023 Annual	2022 Annual	2021 Annual
<u>Equity Markets</u>						
S&P 500	5,612	(4.6%)	23.3%	24.2%	(19.4%)	26.9%
NASDAQ	17,299	(10.4%)	28.6%	43.4%	(33.1%)	21.4%
Russell 2000	2,012	(9.8%)	10.0%	15.1%	(21.6%)	13.7%
FTSE 100	8,583	5.0%	5.7%	3.8%	0.9%	14.3%
<u>Other</u>						
WTI (\$/bbl)	\$71	(0.3%)	0.1%	(10.7%)	6.7%	55.0%
Bitcoin	\$82,421	(12.1%)	123.5%	152.9%	(64.2%)	59.8%
Ethereum	\$1,820	(45.6%)	46.4%	90.8%	(67.5%)	399.1%
<u>Credit Markets</u>						
Bloomberg US HY Price Index	2,710	1.0%	8.2%	13.4%	(11.2%)	5.3%
CS Leveraged Loan Total Return	614	0.6%	9.1%	13.0%	(1.1%)	5.4%
Bloomberg US HY YTM	7.9%	24 bps	-16 bps	-119 bps	413 bps	-10 bps
CS Leveraged Loan YTM	8.6%	-21 bps	-35 bps	-115 bps	488 bps	30 bps
<u>Treasuries</u>						
2 Year Treasury Yield	3.88%	-36 bps	-1 bps	-18 bps	369 bps	61 bps
10 Year Treasury Yield	4.21%	-36 bps	69 bps	NM	236 bps	60 bps
30 Year Treasury Yield	4.57%	-21 bps	75 bps	7 bps	206 bps	26 bps

U.S. equities declined in Q1 2025, with the S&P 500 down ~4.6% and the NASDAQ falling ~10.4% – marking the worst quarterly performance since Q2 2022

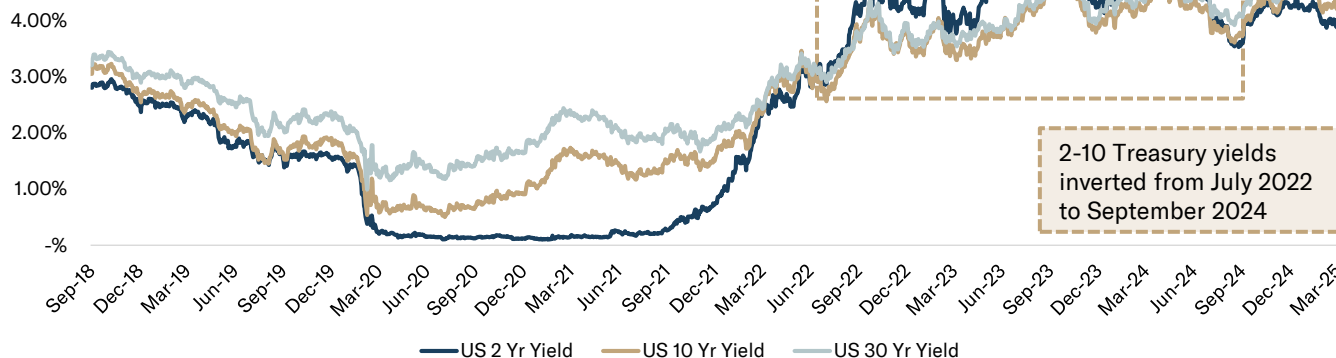
Amid growing tariff concerns under the new administration, market sentiment began to weaken, fueling fears of stagflation as inflation pressures linger despite weakening growth indicators

Treasury yields dropped as trade tensions and recession concerns spurred demand for safe havens, with markets pricing in potential Fed rate cuts amid rising economic uncertainty

Credit Market Yields

U.S. Treasury YTM Over Time

	YTM as of:						
	3/31/19	3/31/20	3/31/21	3/31/22	3/31/23	3/31/24	3/31/25
US 2 Yr Yield	2.26%	0.25%	0.16%	2.33%	4.03%	4.62%	3.88%
US 10 Yr Yield	2.41%	0.67%	1.74%	2.34%	3.47%	4.20%	4.21%
US 30 Yr Yield	2.81%	1.32%	2.41%	2.45%	3.65%	4.34%	4.57%
Memo: 2 / 10 Yr Spread	0.15%	0.42%	1.58%	0.00%	(0.56%)	(0.42%)	0.32%

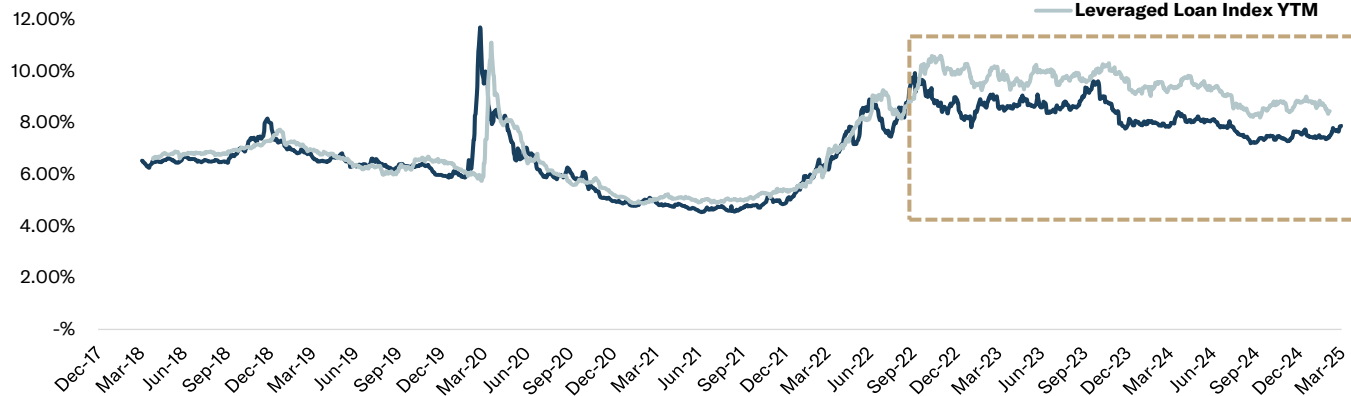


The 2-10 Treasury yield spread reverted back to positive after the longest inversion that lasted 793 days, suggesting a shift in market expectations as investors increasingly priced in further potential rate cuts in 2025

While a positive slope typically reflects more stable macroeconomic conditions, the transition from inversion has also historically occurred ahead of economic downturns, indicating that recession risks may persist despite yield normalization

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

	YTM at:						
	3/31/19	3/31/20	3/31/21	3/31/22	3/31/23	3/31/24	3/31/25
Leverage Loan Index	6.83%	9.06%	5.18%	6.86%	9.68%	9.36%	8.57%
High Yield Index	6.74%	9.51%	4.94%	6.19%	8.59%	7.83%	7.87%

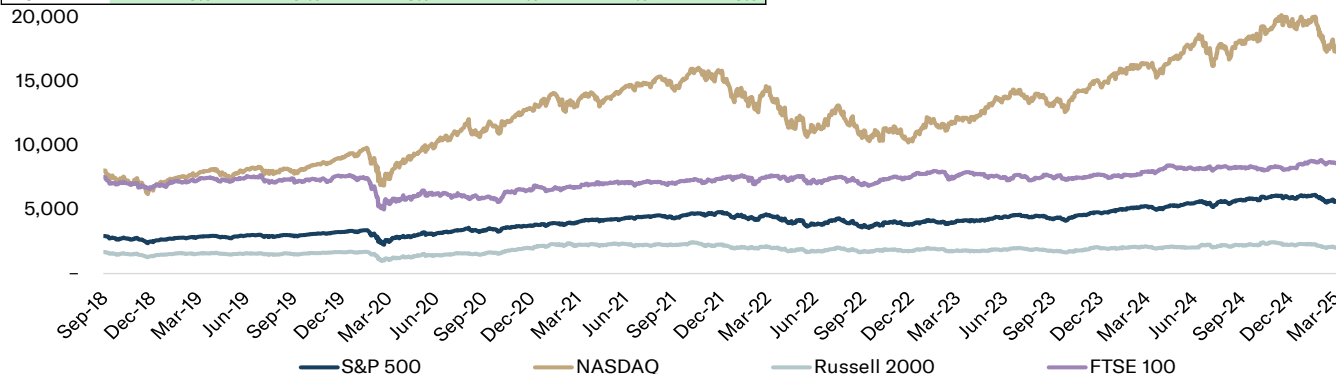


In Q1 2025, leveraged loan yields declined, supported by continued demand for floating-rate instruments that remain attractive to investors in a high-rate environment. In contrast, US High Yield Index increased amid rising macro uncertainty, leading to wider spreads and greater risk aversion in fixed-rate markets

Equity and Crypto Markets

Equity Markets Index Values Over Time

	Return to Date (as of 3/31/25) from:					
	3/31/19	3/31/20	3/31/21	3/31/22	3/31/23	3/31/24
S&P 500	98%	117%	41%	24%	37%	7%
NASDAQ	124%	125%	31%	22%	42%	6%
Russell 2000	31%	74%	(9%)	(3%)	12%	(5%)
FTSE	18%	51%	28%	14%	12%	8%

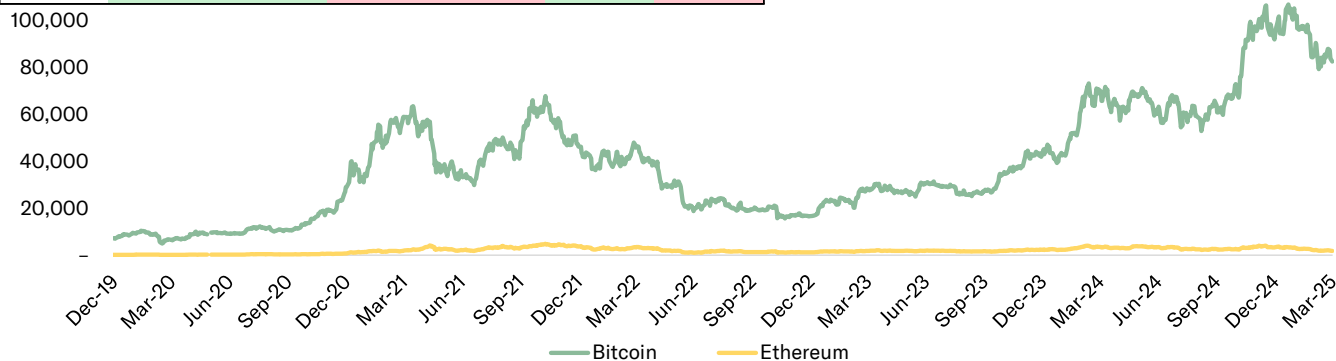


As of Q1 25, the S&P500 rose ~7% YoY but fell by ~5% QoQ, driven by heightened trade tensions and weakness in tech and consumer discretionary sectors

The NASDAQ rose ~6% YoY but declined ~10% QoQ, as rising geopolitical uncertainty triggered a broad selloff in growth and tech stocks, reversing much of the momentum built in late 2024

Bitcoin & Ethereum Price Over Time

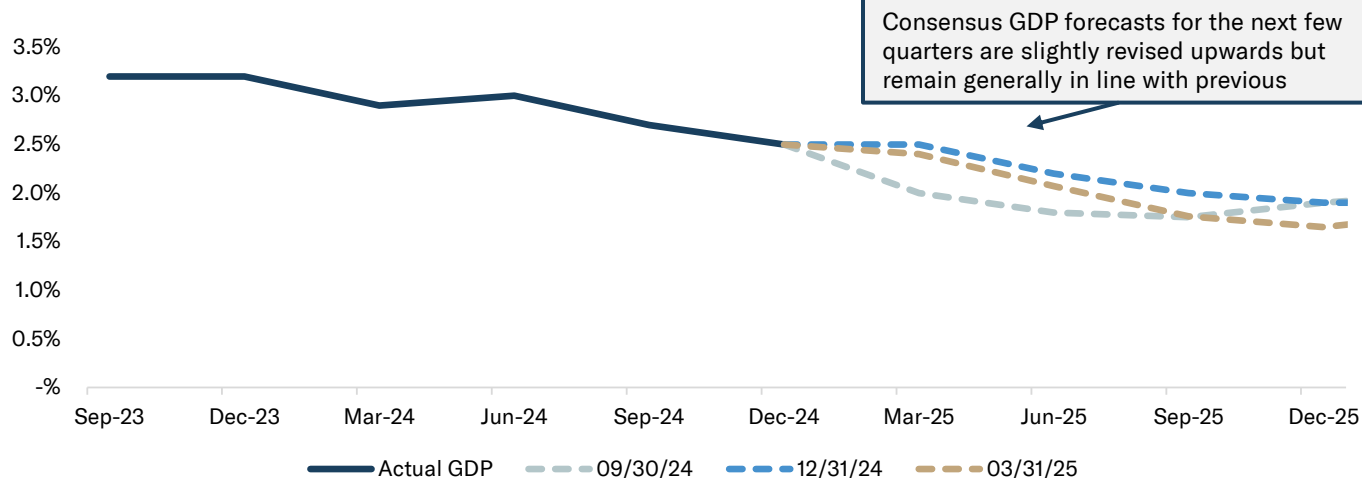
	Return to Date (as of 3/31/25) from:					
	3/31/19	3/31/20	3/31/21	3/31/22	3/31/23	3/31/24
Bitcoin	1924%	1172%	40%	80%	190%	17%
Ethereum	1195%	1250%	(6%)	(45%)	0%	(49%)



In Q1 2025, Crypto market faced significant downturns, with Bitcoin declining ~12% QoQ, marking its weakest first-quarter performance since 2015

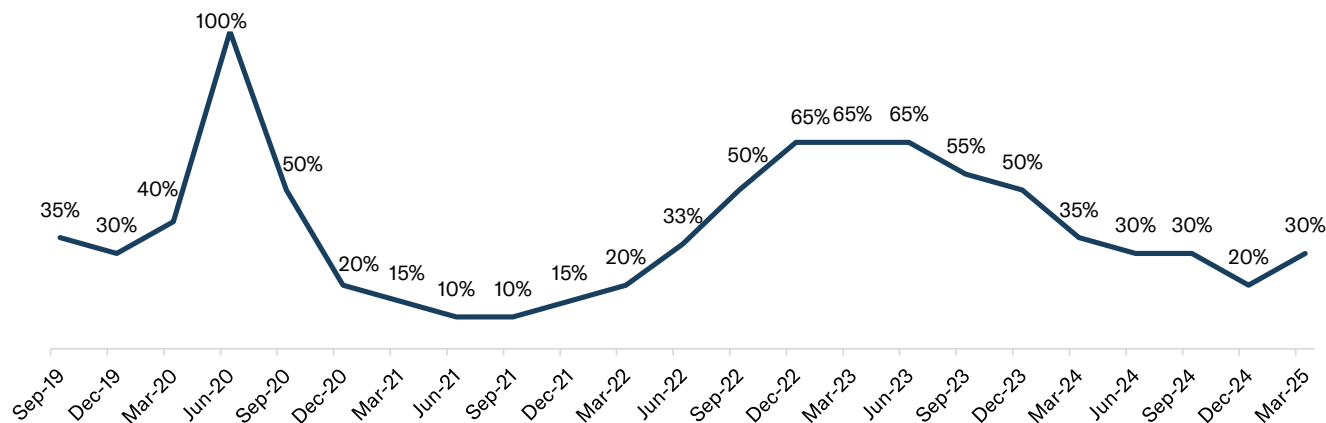
GDP and Economic Expectations

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



In Q1 2025, Consensus Estimate for US Real GDP forecast was revised slightly downwards, reflecting stagnant growth momentum and heightened uncertainty from tariffs and tightening financial conditions that weighed on business investment and consumer confidence

Consensus Probability of a Recession in Next 12 Months



Consensus estimates for a recession in the next 12 months rose to 30% in Q1 2025, an increase from Q4 2024's relative low of 20%, as rising concerns around near-term economic stability continues into early Q2 2025

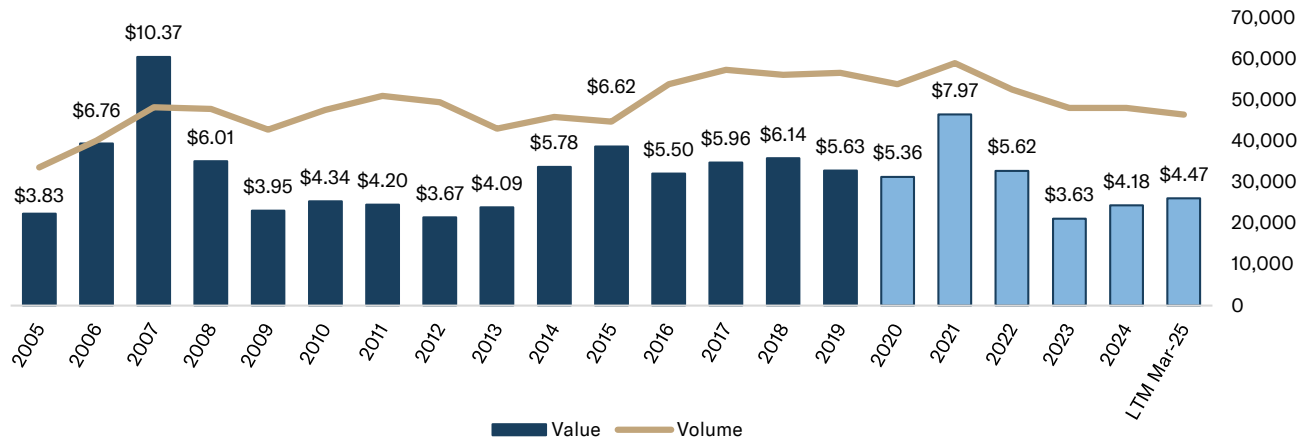


ii. M&A and Investment Activity

Global M&A Market Activity

Annual M&A Value & Volume

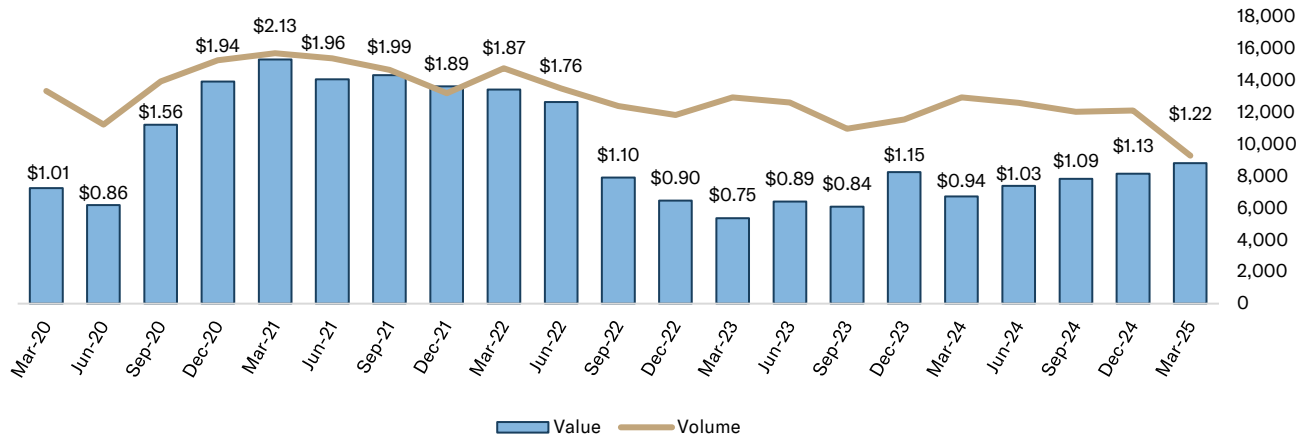
(\$ in trillions)



Q1 2025 deal value showed early signs of inflection, demonstrating potential for continued expansion as a result of early Q1 2025 general economic optimism, and bullish expectations on the domestic regulatory environment

Quarterly M&A Value & Volume

(\$ in trillions)



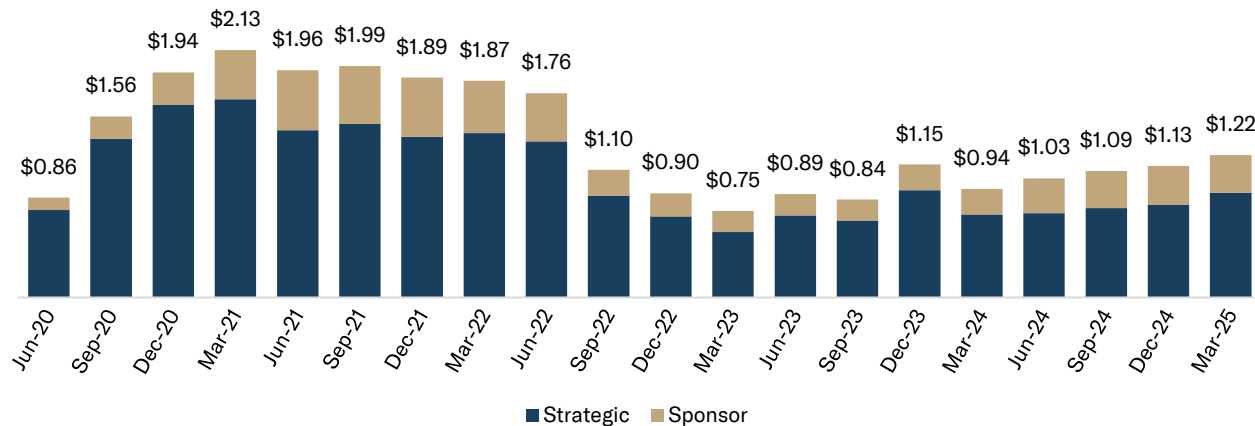
However, this momentum stalled at the end of the quarter and into Q2 as the tariff-related market volatility took center stage

Average disclosed deal size increased 41% QoQ from \$94mm in Q4 2024 to \$132mm in Q1 2025

Global M&A Market Trends: Strategic & Sponsor

Quarterly M&A Activity by Acquirer Type

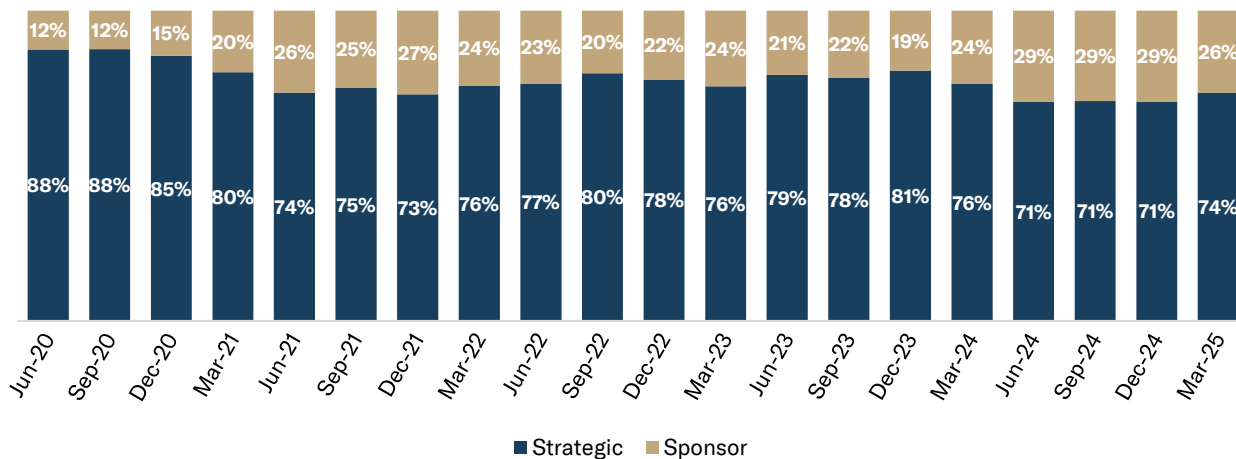
(\$ in trillions)



While sponsor activity by value increased 58% YoY, activity remains depressed relative to 2021 and 2022 levels

M&A activity splits between sponsors and strategics ticked down slightly QoQ in favor of strategics with 26% of activity attributed to sponsors and 74% of activity attributed to strategics

Quarterly M&A % Value by Acquirer Type

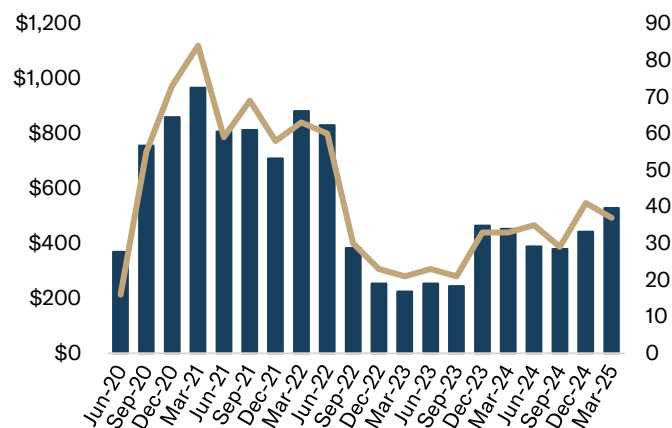


Global M&A Market Trends: Transaction Size

Value Volume

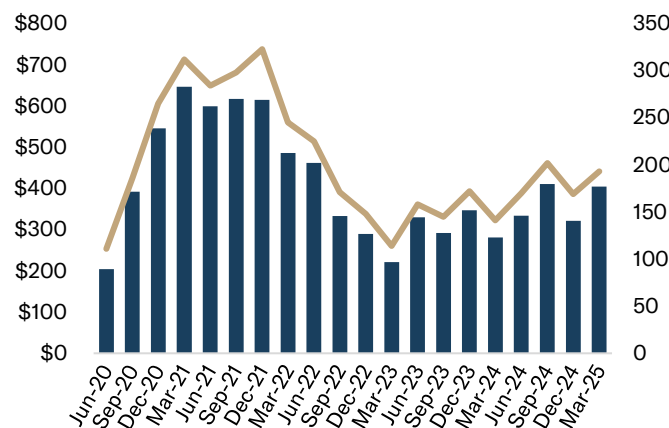
Mega-Cap

(\$ in billions)



Large-Cap

(\$ in billions)

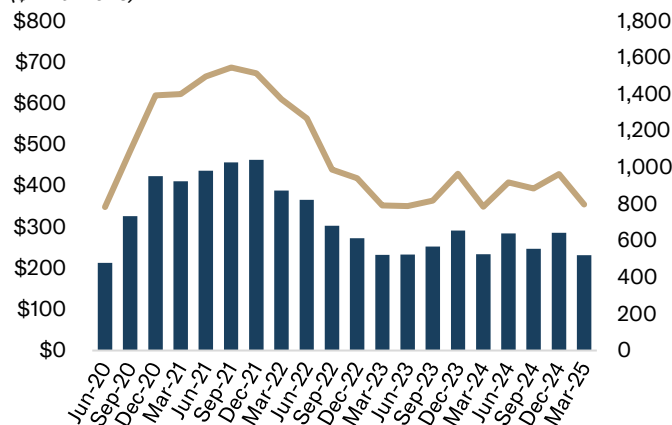


Mega-Cap deal values rose significantly in Q1 2025, increasing 20% QoQ while Large-Cap grew 26% over the same period

Upper & Lower Middle-Markets contracted significantly in Q1 2025 with QoQ reductions in deal value of 19% and 23%, respectively

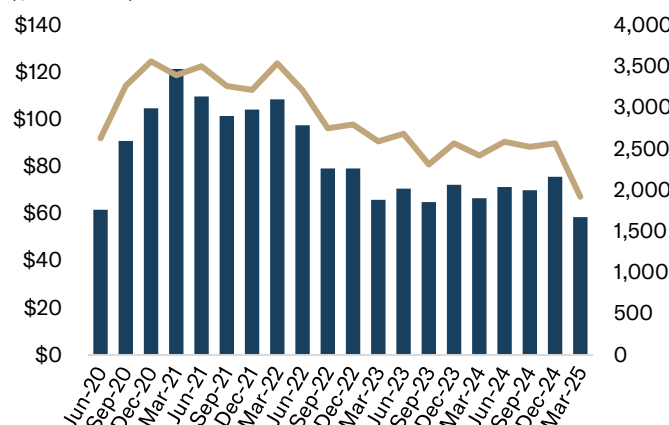
Upper-Middle Market

(\$ in billions)



Lower-Middle Market

(\$ in billions)



20 Source: Mergermarket

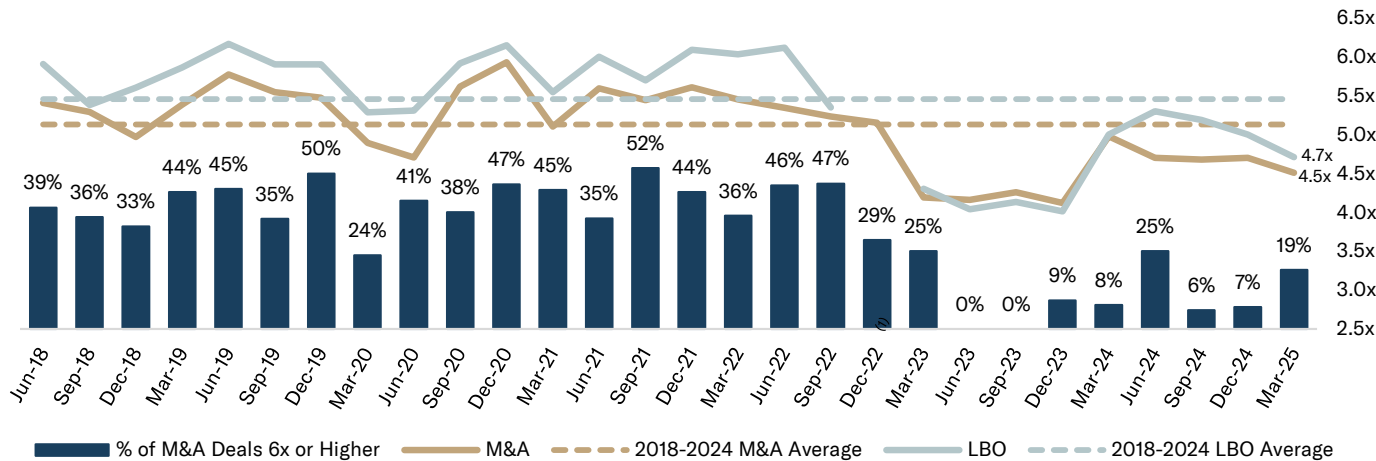
Notes: Mega-cap > \$5bn+, Large-cap \$1bn-\$4.999bn, Upper-middle-market \$100mm - \$999.9mm, Lower-middle-market \$5mm - \$99.99mm

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Global M&A Market Trends: Leverage Levels

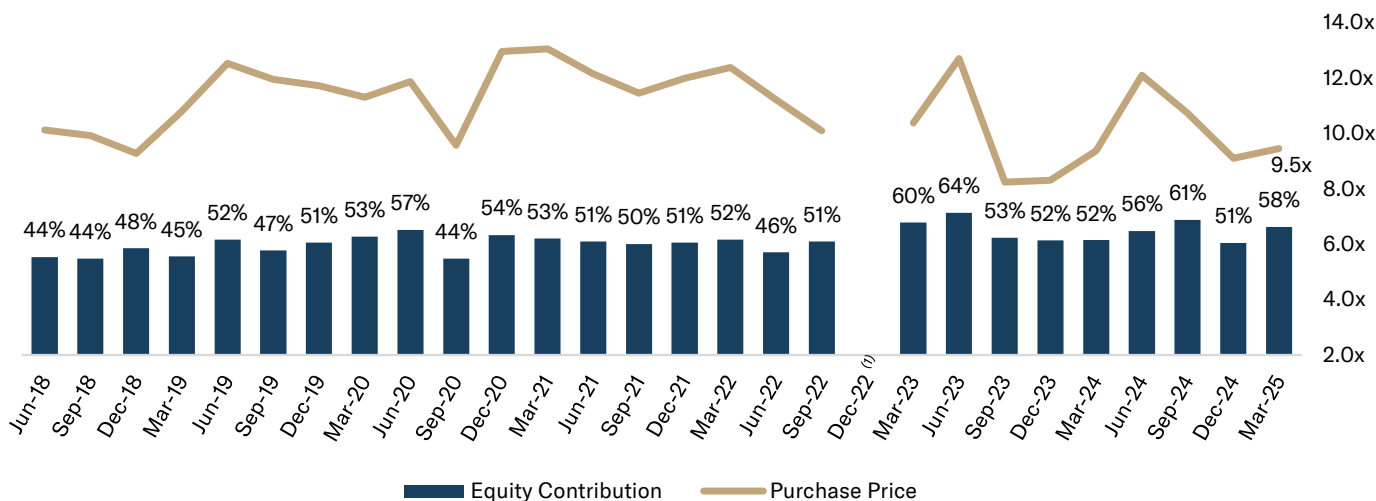
Average Adjusted Total Leverage for Syndicated M&A & LBO Driven Loan Deals



The average pro forma adjusted debt multiple of M&A deals backed by syndicated leveraged loans reduced to 4.5x during Q1 2025, below 2024's average of 4.8x

For LBOs, the average multiple was 4.7x during Q1 2025, down from Q4 2024's average of 5.0x

Average Syndicated LBO Purchase Price Multiple and Equity Contribution

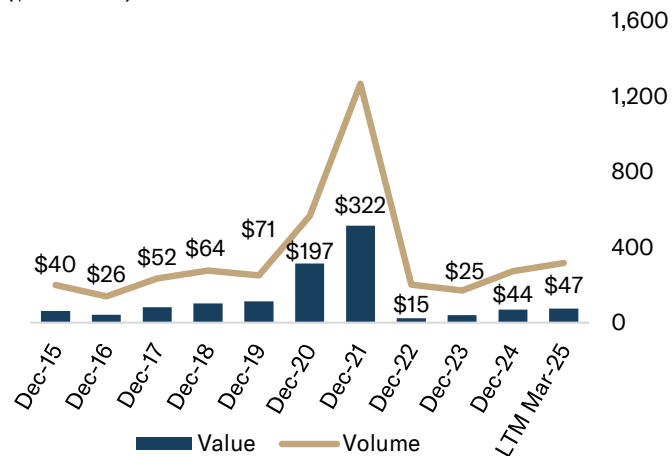


The share of broadly syndicated loan transactions leveraged at 6.0x or higher rose to 19% in Q1 2025, significantly higher than the 7% share of syndicated transactions in Q4 2024

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

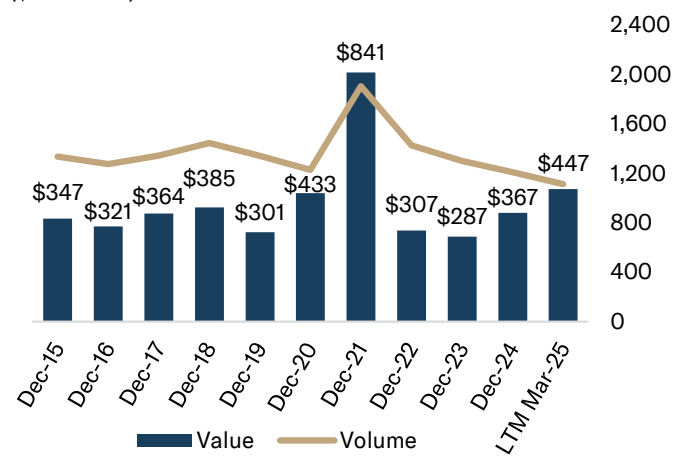
US IPO Value and Volume

(\$ in billions)



US Financial Sponsor Exits

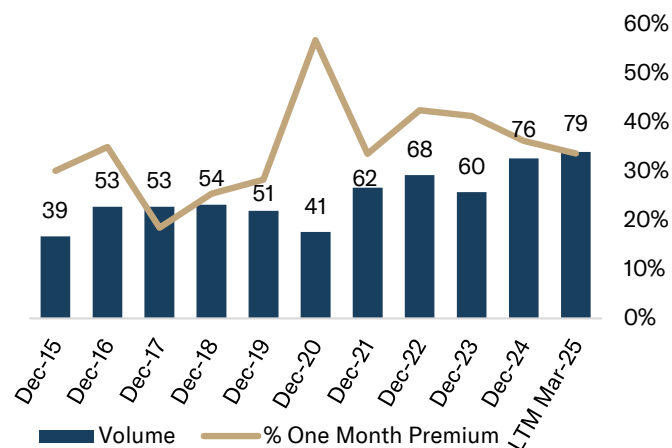
(\$ in billions)



Despite the continued upward trend of public offerings, the domestic IPO backlog continues into Q1 2025, with aggregate domestic IPO value and volume significantly below 2021 highs

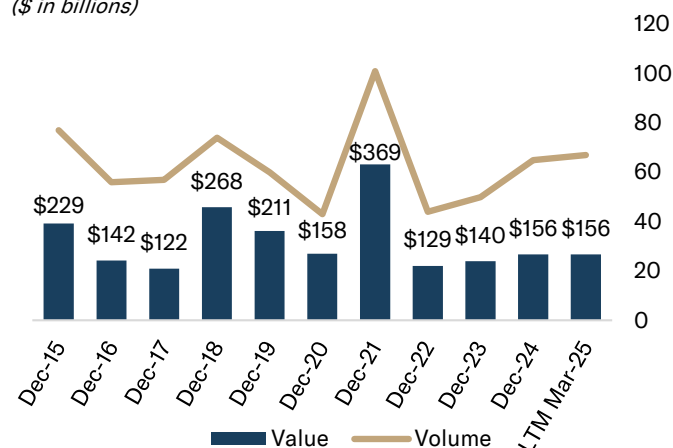
US sponsors exit activity from their largest investments continued to ramp, with LTM Q1 2025 representing a marked increase in such activity by deal value, despite posting the lowest 12-month sponsor exit activity by deal volume in the last 10 years

US Take Private M&A⁽¹⁾



US Large-Cap Divestitures⁽²⁾

(\$ in billions)



22 Sources: FactSet, PitchBook

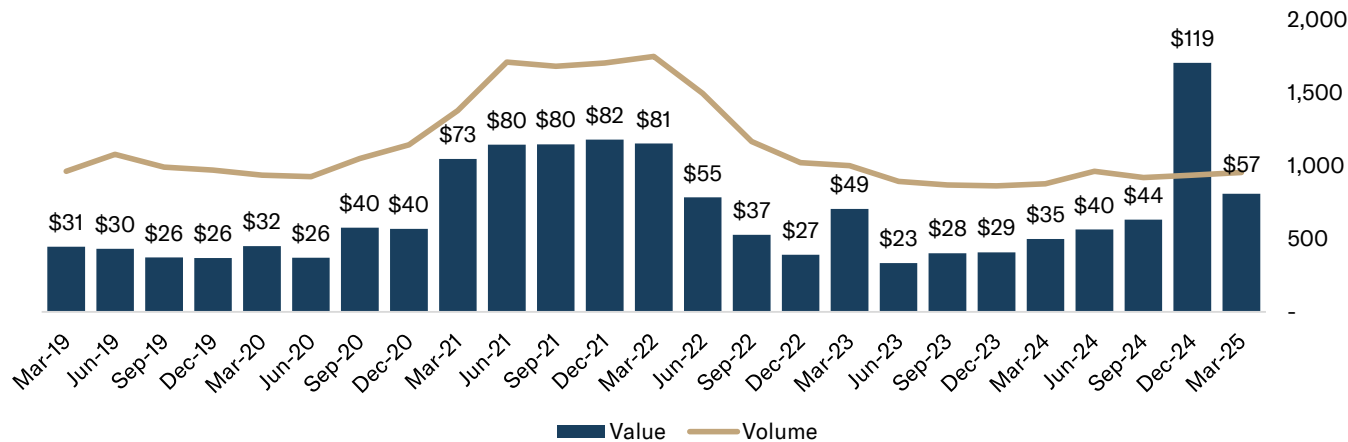
1) \$100mm minimum transaction value

2) Public company parent and \$1bn minimum transaction value

U.S. Venture Capital Trends

Quarterly US Total Venture Capital Deal Value and Deal Count

(\$ in billions)



VC deal volume posted ~63% increase YoY but declined from Q4 2024's record high, which was driven by notable deal volume in the tech sector relating to AI

Q1 2025 VC momentum continues to be dominated by AI, including OpenAI's \$40 billion Funding Round at a \$300 billion post-money valuation led by SoftBank

Refinitiv US Venture Capital Index

VC Index	Return to Date (as of 3/31/25) from:					
	3/31/19	3/31/20	3/31/21	3/31/22	3/31/23	3/31/24
VC Index	102%	94%	(3%)	15%	63%	4%



While macro figures are masked by few concentrated large AI VC rounds, more technical and non enterprise software AI sectors continue to experience a subdued VC market



iii. Capital Markets & Private Credit Update

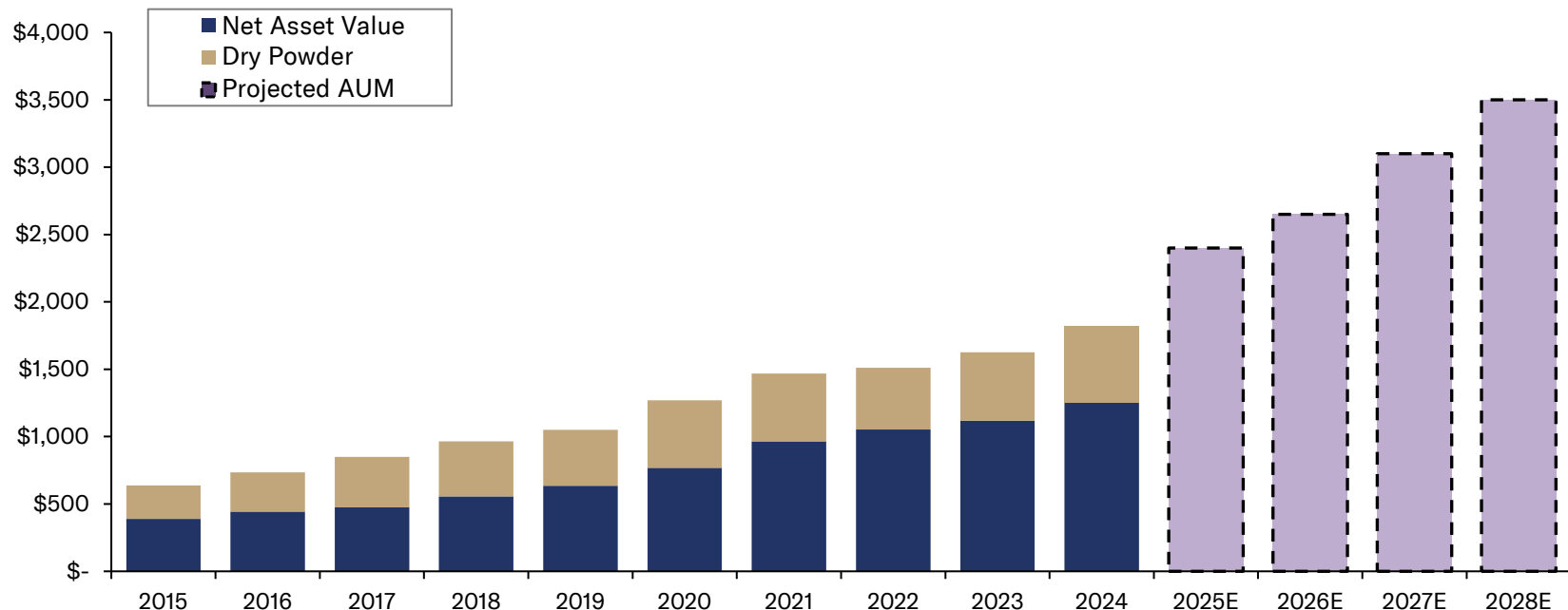
Executive Summary

- **As an asset class, private credit assets under management now exceed \$1.8 trillion globally, with the market projecting total AUM reaching \$4.5 trillion by 2030**
- **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 cyclicalities
 - 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 \$1.8 trillion asset class that provides considerable opportunities for borrowers to access capital on advantageous terms and considerations

Private Credit Market Continues to Grow

Private Credit Global AUM (\$ in billions)



Private Credit Market Overview:

- Private credit global AUM⁽¹⁾ has surpassed \$1.8 trillion and is expected to reach \$4.5 trillion by year-end 2030
- 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:

- 1Q25 saw three notable private credit financings all surpassing \$4bn:
 - Catalent closed a \$4.2bn term loan to support its buyout by Novo Holdings; Ares and Blue Owl co-led the financing
 - Clario obtained a Blackstone led \$4bn loan refinancing its existing BSL debt. The loan bears interest at S + 475 with a step-down to S + 450
 - PCI Pharma refinanced its ~\$1.95bn TLB via a \$4bn Blue Owl-agented unitranche facility

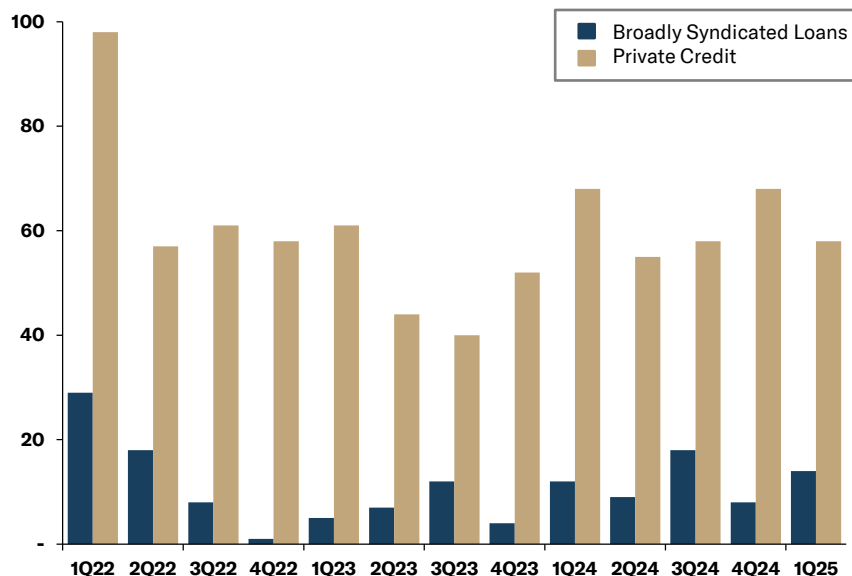
Sources: PitchBook LCD (Data through March 31, 2025), BlackRock projections, Reuters, Reorg, Press Releases

Notes:

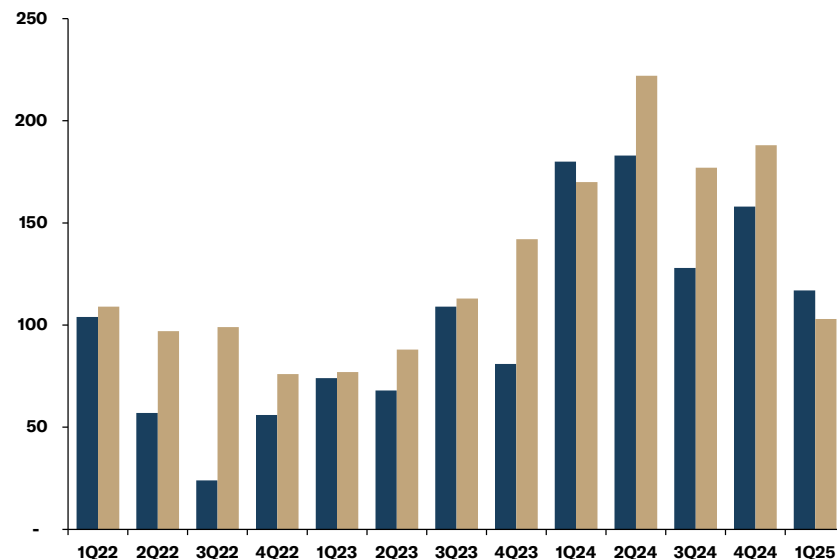
26 (1) Direct Lending, including distressed, opportunistic, mezzanine and venture debt; excluding real estate

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 March 31, 2025), Akin Gump Strauss Hauer & Feld LLP, Bloomberg News

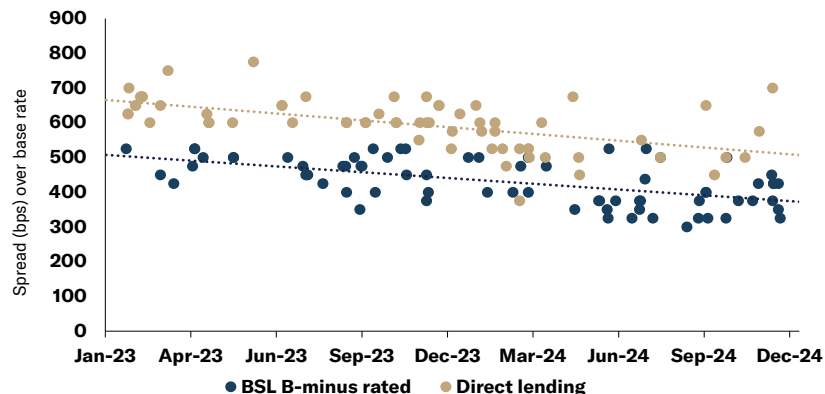
Notes:

27 (1) Per Akin Gump Strauss Hauer & Feld LLP (Trends in Special Situations & Private Credit, 2024)

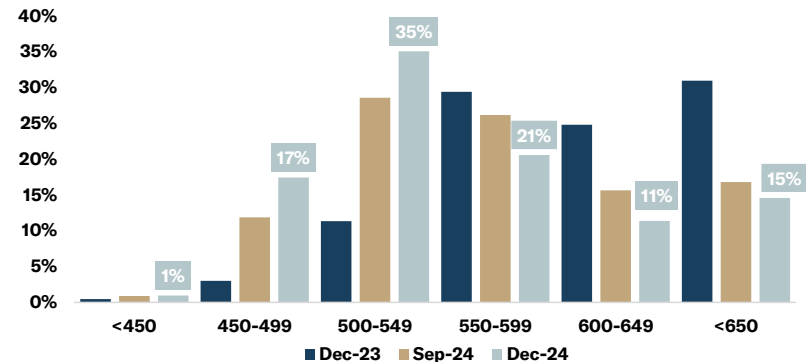
(2) Per Bloomberg News December 11, 2024

PC Terms Are Improving vs. BSL

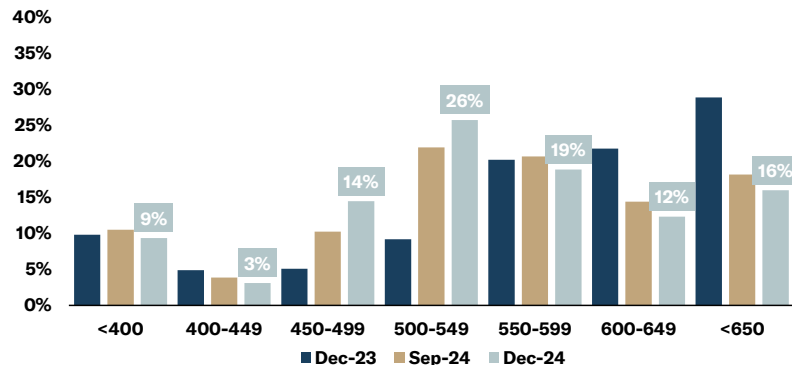
Spreads vs. BSL Coming Down



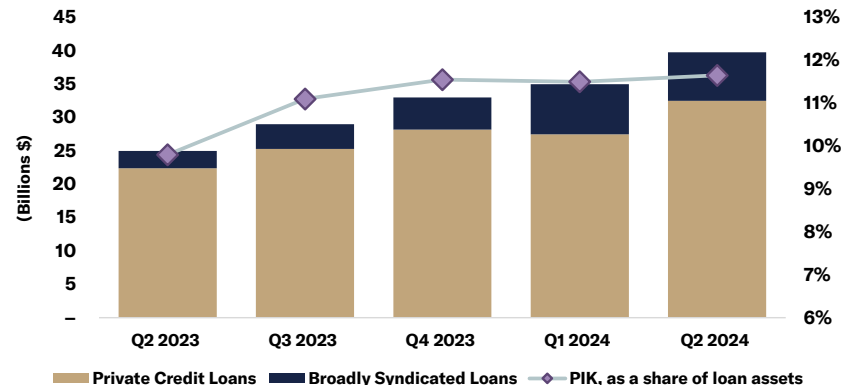
Spreads of Unitranche Loans held by BDCs



Spreads of Secured 1L held by BDCs



PC Dominates PIK Deals, Increasing



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 [covenant] below that,” - Bain Capital’s Michael Ewald⁽¹⁾

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 Feb-25, Apollo and State Street launched a first-of-its-kind private credit ETF, trading under the ticker PRIV on the NYSE Arca
 - The ETF initially opened with \$50mm in assets under management
 - While ETFs are limited to 15% illiquid holdings, PRIV is stated to hold 10% – 35% in private credit assets through a liquidity facility agreement with Apollo
 - 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⁾

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, Bloomberg News, CreditSights

Notes:



























(1) Per publication by Voya Investment Management

(2) Per Reuters press releases

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Ducera

Banks Expand Into Private Credit Market

Lender(s)	Commentary
 	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
  	<ul style="list-style-type: none"> 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
 	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
	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 and Mubadala formed a \$1bn partnership to co-invest in private credit opportunities in APAC, focusing primarily in India
 	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
	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 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
 	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
  	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 and Brookfield are targeting €10bn of commitments in its new private investment grade debt fund to originate and distribute high-quality credit investments
 	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
 	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
 	In January 2025, BMO and Canal Road Group announced a \$1bn strategic partnership. The partnership will combine BMO's origination expertise with CRG's network of borrowers, lenders, and sponsors

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)

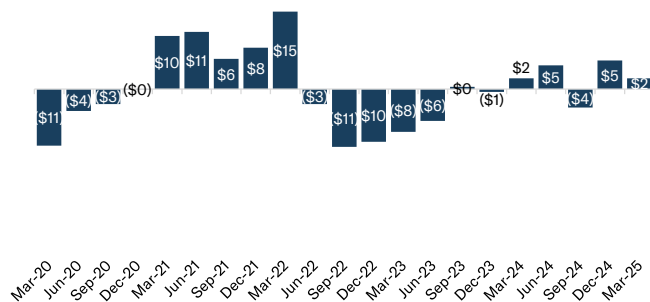
Current Private vs. Public Credit Characteristics

	Private Credit	Public Credit
Deal Size	<ul style="list-style-type: none"> \$20mm to \$3-4bn, with increasing examples of multi-billion-dollar tranches 	<ul style="list-style-type: none"> \$200mm to \$5bn+
Pricing	<ul style="list-style-type: none"> Senior Secured / Unitranche: S + 400 – 600 bps Subordinated / 2L: S + 700 bps and above, often includes additional 100-200 bps of PIK interest 	<ul style="list-style-type: none"> Usually 50-200 bps inside Private Credit
Rate Risk / Duration	<ul style="list-style-type: none"> Floating rate / low 	<ul style="list-style-type: none"> <u>Loans</u>: Floating rate / low <u>Bonds</u>: Fixed / low
Leverage	<ul style="list-style-type: none"> Mid to high single digits 	<ul style="list-style-type: none"> Generally 1-2x inside Private Credit
Covenants	<ul style="list-style-type: none"> Typically maintenance-based with increasing examples of cov-lite; much more scrutiny on add-backs 	<ul style="list-style-type: none"> Typically covenant-lite and generally looser documents
Execution Timing	<ul style="list-style-type: none"> 1-3 months (can be accelerated) 	<ul style="list-style-type: none"> 3-6 months
Information	<ul style="list-style-type: none"> Typically requires audited financials but rarely credit ratings 	<ul style="list-style-type: none"> Typically requires audited financials and credit ratings
Workout Process	<ul style="list-style-type: none"> More company control and fewer conflicts; unitranche eliminates potential for conflicting lender groups 	<ul style="list-style-type: none"> Less control and more complex due to number of lenders; conflicting incentives between groups
Secondary Market Liquidity	<ul style="list-style-type: none"> Less; hold to maturity 	<ul style="list-style-type: none"> Tradeable but subject to white/blacklist and except in extreme market circumstances
Flexibility	<ul style="list-style-type: none"> Greater flexibility on industries (e.g. recurring revenue loans) and structure (e.g. delayed draw term loans) 	<ul style="list-style-type: none"> Traditional reticence to certain industries, structures, etc.

Capital Markets Fund Flows

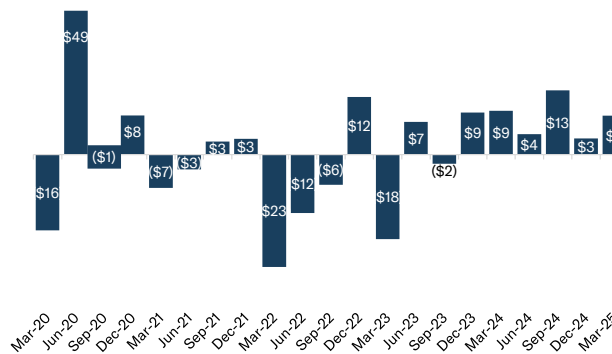
Quarterly US Leveraged Loan Fund Flows

(\$ in billions)



Quarterly US High Yield Fund Flows

(\$ in billions)

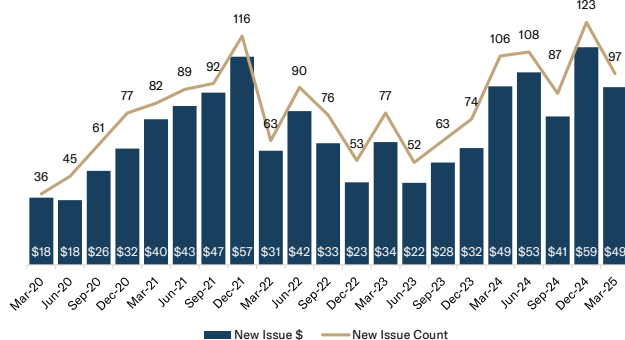


As of Q1 2025, total YTD Leveraged Loan funds inflow moderated to ~\$2bn. Of that, ~26% has flowed into ETFs, while Mutual funds accounted for other ~76% of the inflow

Private Equity fundraising remained muted in Q1 2025, with just 81 U.S. PE funds closing by February, as LPs stayed cautious amid valuation concerns and limited exit opportunities

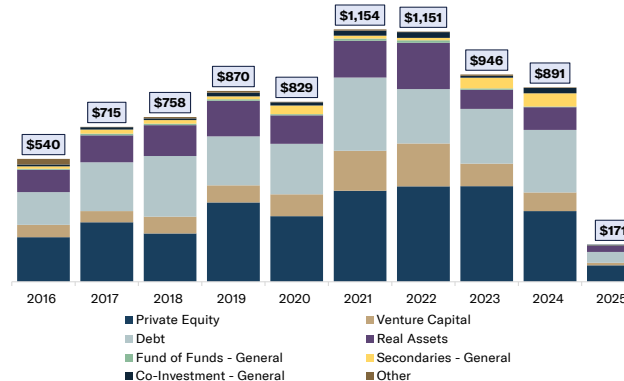
Quarterly US CLO Issuance

(\$ in billions)



Annual US Capital Raised

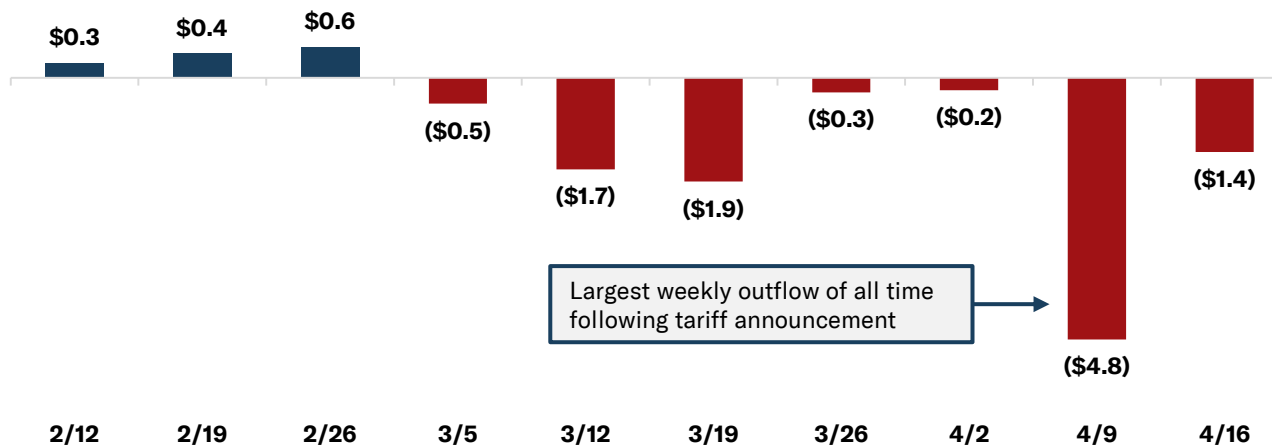
(\$ in billions)



Private Debt continues to attract investor interest amid rising demand for flexible, non-dilutive capital solutions in a higher-rate, uncertain macro environment

Fund Flows Following Tariffs Announcement

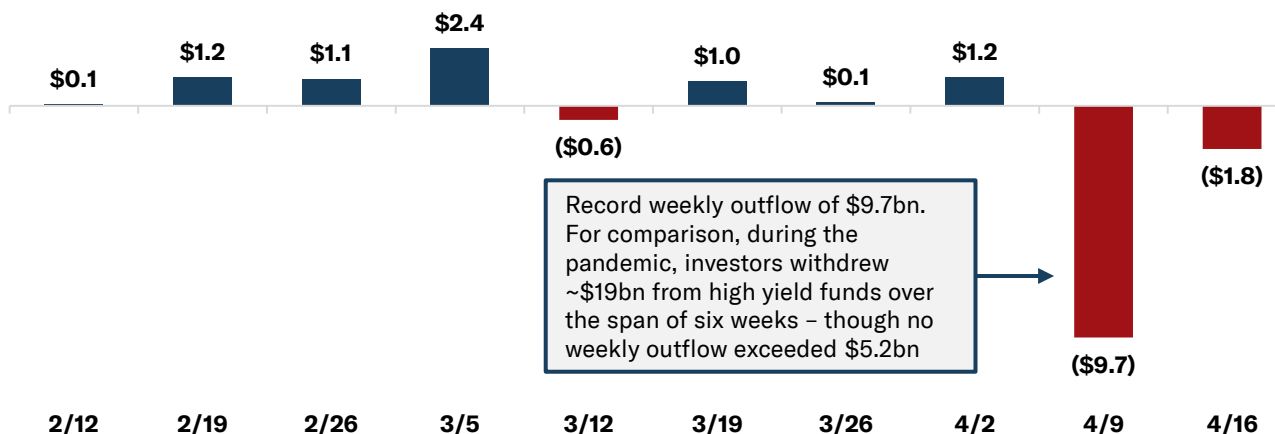
US Weekly Leveraged Loan Fund Flows



For the week of April 9th, US leveraged loan funds reported the largest weekly outflow of all time at \$4.8bn. Of the \$4.5bn YTD outflow, ~\$3bn has flown out of ETFs, while ~\$1.5bn exited mutual funds

In the High Yield market, investors pulled out a record \$9.7bn from US retail funds from April 3-9, erasing previous inflows for the year and leaving net flows at negative \$300mm YTD

US Weekly High Yield Fund Flows

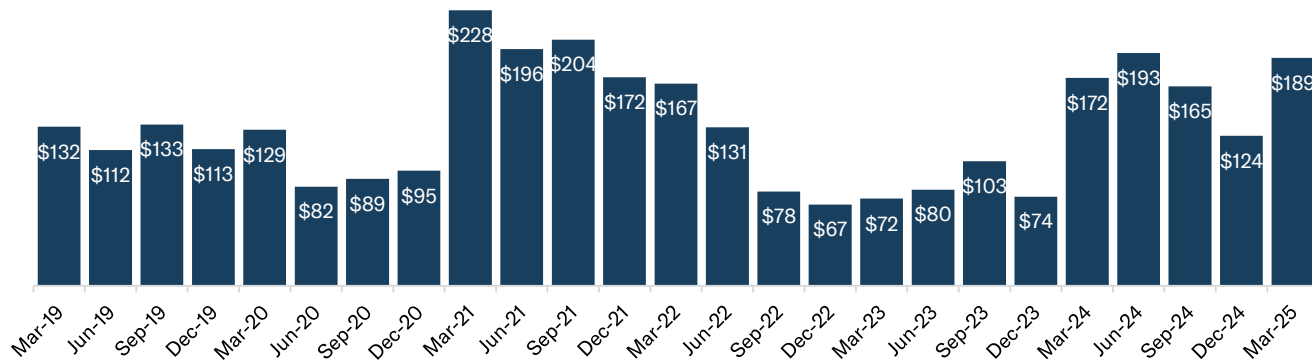


Morningstar's high-yield bond index reverted from gains of ~1.4% for the year on April 2 to losses of ~1.7% three days later

Credit Market New Issuances

Quarterly US Leveraged Loan New Issuances

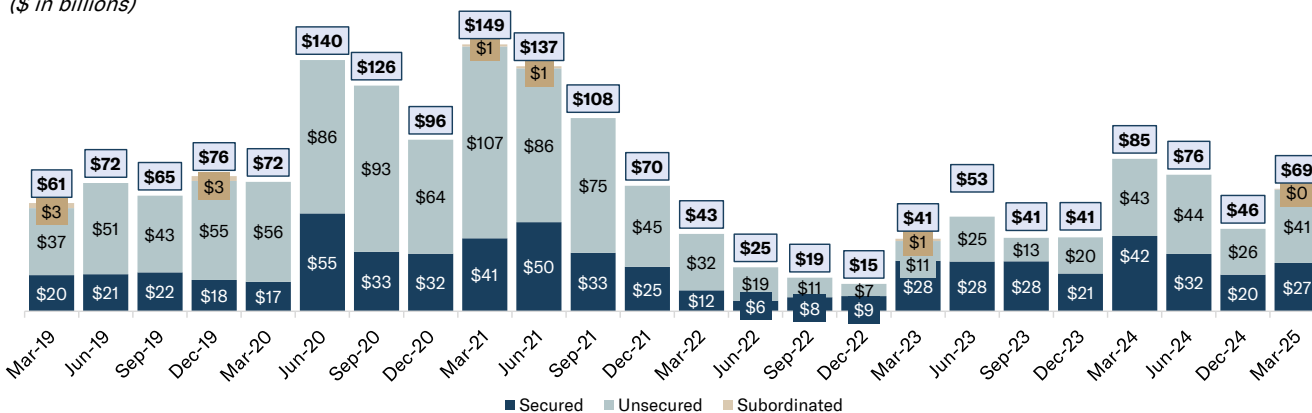
(\$ in billions)



The U.S. leveraged loan market started strong in early 2025 but weakened through the quarter as tariff concerns, market volatility, and uncertainty around borrower fundamentals dampened investor demand, with March marking the first month with negative returns since October 2023

Quarterly US High Yield New Issuances

(\$ in billions)



In Q1 2025, High Yield New Issuances rebounded ~50% QoQ with high-yield supply dominated by higher-quality credits. 58% were rated BB—the highest Q1 share since the Global Financial Crisis—and just 2% were rated CCC



iv. 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
Mar 2025	120	83	1.4x	103	100	1.0x
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
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

NISSAN
MOTOR CORPORATION

PETSMART

VOLKSWAGEN GROUP



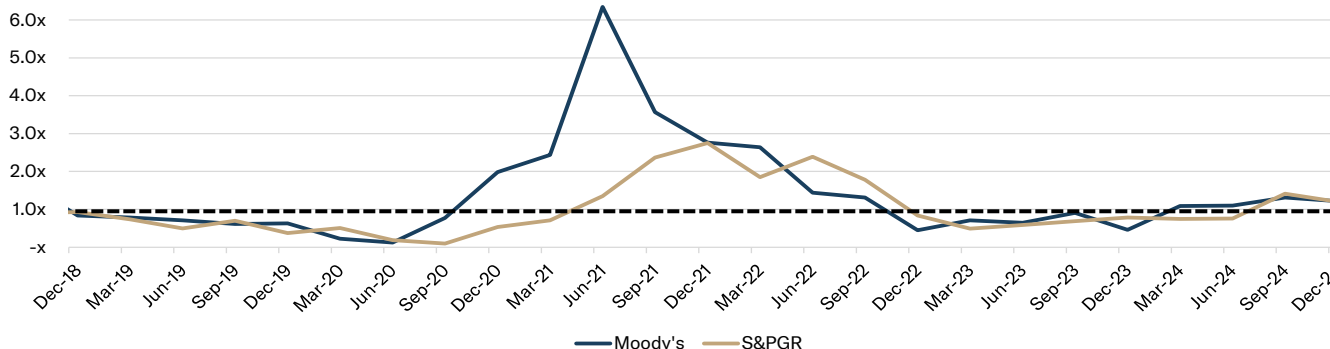
Walgreens
Boots
Alliance



**Telefónica
del Perú**



Quarterly US Upgrades to Downgrades Ratio



In Q1 2025, both Moody's and S&P reported more upgrades than downgrades

Autos and utilities were among sectors that faced the most downgrades, as the auto industry grappled with EV transition challenges and soft demand, while utilities struggled with regulatory pressures and high leverage

Real estate and financials saw selective upgrades, supported by stable fundamentals, improved balance sheets, and sector-specific tailwinds, particularly in healthcare-related REITs

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

Distressed Sector Trading Summary

(\$ in US millions)

(\$ in US millions)

	Debt Securities(1)								Net Change				# of Issuances
				Trading Price (Weighted Avg.)									
Sector	Amt. Out (\$m)	Current YTM (%)	Current STM (%)	Current (3/31)	Prior Day (3/28)	Prior Wk. (3/24)	Prior Mo. (3/3)	YTD (1/2)	1 Day Δ	1 Wk. Δ	1 Mo. Δ	YTD Δ	Total Issuances
Telecommunications	\$22,725	30.1	26.5	60.5	60.7	61.3	62.9	61.9	(0.1)	(0.8)	(2.4)	(1.4)	24
Software and Consulting	16,014	64.3	45.1	42.4	42.3	42.6	44.4	44.7	0.1	(0.2)	(1.9)	(2.3)	25
Healthcare Services	14,687	89.7	85.8	60.6	60.7	61.6	63.8	58.9	(0.1)	(1.0)	(3.2)	1.7	29
Investment Services	12,237	29.4	25.8	61.1	61.4	62.0	65.4	65.8	(0.3)	(0.9)	(4.2)	(4.7)	15
Manufactured Products	10,355	26.9	23.0	67.0	67.6	69.2	74.2	78.5	(0.6)	(2.2)	(7.2)	(11.5)	18
Media and Publishing Services	8,369	28.2	24.3	61.5	62.3	63.3	65.9	70.4	(0.8)	(1.8)	(4.4)	(8.8)	15
Consumer Retail	7,561	28.9	24.6	65.4	65.4	66.5	70.2	72.1	0.1	(1.0)	(4.8)	(6.7)	11
Miscellaneous Retail	5,691	29.4	25.2	68.8	69.4	69.7	79.3	81.7	(0.6)	(0.9)	(10.6)	(13.0)	10
Industrial Manufacturing	4,762	32.2	28.3	59.3	60.2	60.5	61.8	65.2	(0.9)	(1.2)	(2.5)	(5.9)	12
Business Services	4,375	27.5	26.2	52.1	53.5	52.0	56.9	57.0	(1.4)	0.1	(4.8)	(4.9)	6
Biopharmaceuticals	4,051	25.8	22.0	61.3	61.3	64.2	65.4	56.4	0.0	(2.9)	(4.1)	4.9	8
Chemical, Plastic and Rubber Materials	3,714	60.1	56.1	52.4	52.7	57.7	62.9	66.4	(0.3)	(5.2)	(10.5)	(14.0)	6
Hospitality Services	3,552	35.8	32.0	58.1	58.9	59.3	62.2	63.5	(0.8)	(1.2)	(4.1)	(5.4)	10
Industrial Services	3,516	37.8	34.4	48.2	48.4	48.8	50.5	51.1	(0.3)	(0.6)	(2.3)	(2.9)	12
Downstream and Midstream Energy	3,478	17.6	13.7	83.0	86.1	92.0	96.1	102.6	(3.1)	(9.0)	(13.1)	(19.6)	3
Food and Tobacco Production	3,333	524.1	519.8	54.8	54.8	55.1	54.9	56.5	(0.1)	(0.3)	(0.1)	(1.7)	8
Hardware	3,301	24.0	19.9	68.4	68.4	73.3	69.7	79.0	(0.0)	(4.9)	(1.3)	(10.6)	7
Electronic Components and Manufacturing	3,075	45.8	41.9	30.5	33.6	43.8	48.9	51.7	(3.1)	(13.2)	(18.4)	(21.1)	3
Upstream Energy	2,988	61.7	89.9	46.6	48.3	48.1	49.4	47.5	(1.7)	(1.5)	(2.8)	(0.8)	8
Utilities	2,767	33.7	27.3	60.7	58.5	58.4	58.0	59.7	2.3	2.4	2.8	1.0	5
Food and Staples Retail	2,516	90.0	83.6	38.6	38.5	38.4	44.7	49.1	0.1	0.2	(6.1)	(10.5)	7
Financially Operative Institutions	2,514	47.1	43.1	64.5	65.3	65.6	65.9	65.9	(0.8)	(1.1)	(1.4)	(1.4)	6
Consumer Goods	2,432	26.5	22.6	60.7	61.0	63.4	66.6	70.2	(0.3)	(2.7)	(5.9)	(9.5)	3
Mining and Mineral Products	2,075	17.0	13.2	77.6	78.6	79.5	85.8	90.5	(1.0)	(2.0)	(8.2)	(13.0)	5
Corporate or Other Unallocated Revenue	1,779	33.8	30.2	47.1	45.8	48.0	61.6	62.6	1.4	(0.9)	(14.5)	(15.5)	1
Healthcare Equipment	1,009	41.3	37.5	63.0	63.0	59.0	49.0	33.9	-	4.0	14.0	29.1	1
Process Industries	750	36.8	33.2	51.4	51.9	51.5	58.3	62.9	(0.5)	(0.1)	(6.9)	(11.5)	1
Consumer Non-Durables	550	100.0	231.3	19.9	21.1	22.0	12.2	16.1	(1.2)	(2.1)	7.7	3.8	1
Consumer Durables	452	21.2	17.5	78.7	78.7	80.7	82.0	82.0	-	(2.0)	(3.3)	(3.4)	2
Real Estate	236	25.2	21.7	58.8	59.6	60.0	62.6	62.1	(0.7)	(1.1)	(3.8)	(3.3)	2
Consumer Vehicles and Parts	181	34.6	31.2	47.7	48.0	48.7	45.5	43.8	(0.3)	(1.1)	2.2	3.9	1
Insurance	100	782.1	100.0	40.0	40.0	40.0	40.0	100.1	-	-	-	(60.1)	1
Total	\$155,144	52.8	48.0	58.3	58.7	59.8	62.6	63.4	(0.4)	(1.6)	(4.3)	(5.1)	266

Sources: S&P Global Market Intelligence, FactSet

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

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

Recent 'Tariffs' Impact on Distressed Opportunities

▪ **Tariff-Induced Market Volatility Drives Dislocation and Mispricing**

- As spreads widen in high yield and leveraged loan markets, repricing risk and potential forced-selling create technical dislocation
- Distressed investors may be able to exploit these market complexities and inefficiencies as institutional fund managers are forced to unload positions

▪ **Default Risks Rise with Increased Execution Risk of Liability Management Exercises**

- Given tariffs' potential inflationary impact, there is increasing uncertainty surrounding rate cuts – resulting in execution risk of refinancings and amend-and-extend transactions
- Default risk is rising, especially for companies that previously relied on more lenient credit markets and liability management exercises (“LMEs”)
- LMEs comprised ~71% of defaults last year by count, but recent market sentiment shifts may lead to more conventional restructurings – resulting in more opportunities for distressed or opportunistic trades

▪ **Sector Rotation Creates Winners and Losers**

- Cyclical industries and consumer-facing companies are facing heightened risk due to their exposure to tariffs, China, and overall weakened demand
- Conversely, more tariff-insulated industries such as healthcare services and insurance are attracting more investor interest

▪ **Policy Uncertainty Slows Down Capital Deployment**

- Delayed reciprocal tariffs and exemptions offer short-term relief, but the broader macro policy remains unclear—particularly regarding China
- Investors may be hesitant to deploy large amounts of capital until visible signs of stabilization arise, creating a “wait-and-watch” environment

On April 9th, Trump announced a 90-day pause for all countries that had not retaliated against the recent US tariffs. For China, one of the largest buyers of U.S. goods, the tariffs were raised to 145%

China responded with a 125% tariff on U.S imports but stated that this would be the last time it matched the U.S.'s tariffs, as any further increase would result in no further economic significance. China may take other retaliatory actions such as restricting the import of Hollywood films

Though tones may have begun to soften in recent days, the trade war continues to develop



III. Ducera Partners Overview

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



M&A



Company Rx

AMSURG

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

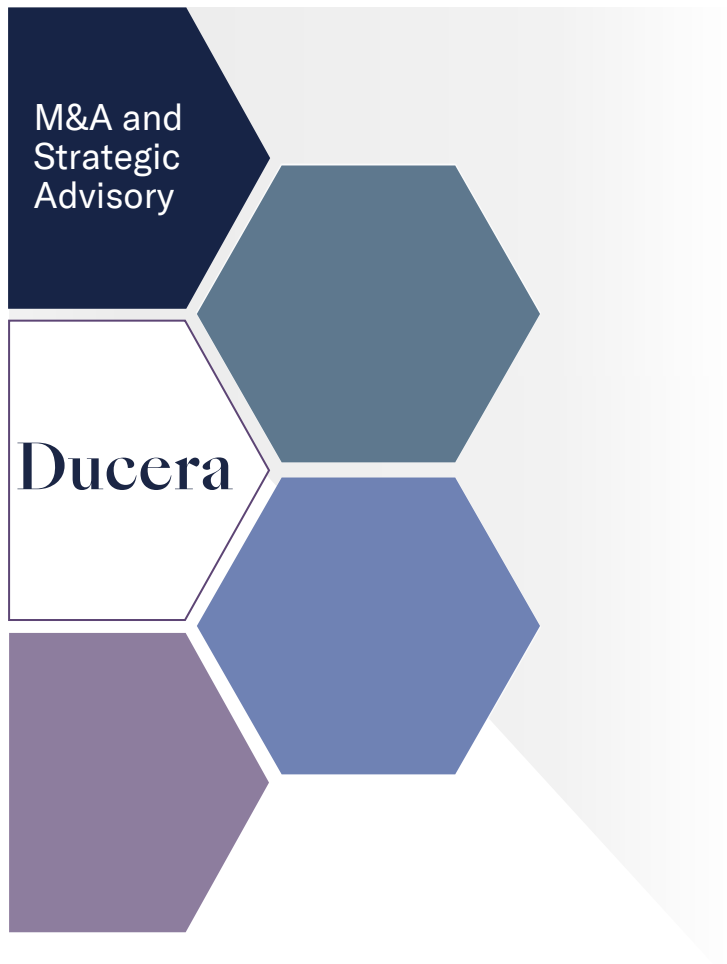
Ducera Partners Advisory Verticals

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.



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.



Sell-Side Advisory

- Broad **sector experience**
- Founder / family-owned, privately held 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
- Private Capital Advisory expertise for creative acquisition financing

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

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

Risk Advisory

- Assessment and evaluation of historical, current, and potential contingent liabilities, including litigation, environmental, IP, and other off-balance sheet risks
- Development and **execution of actionable strategies** to proactively mitigate exposures to these risks and liabilities to maximize shareholder value

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 **maximizes both game theory principles and leverage for our clients** across a variety of transactions, including consent solicitations, exchange offers, amend & extends, drop-downs, tender offers, and open market repurchases*
- *Pension and OPEB liability advisory*

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 strategies 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

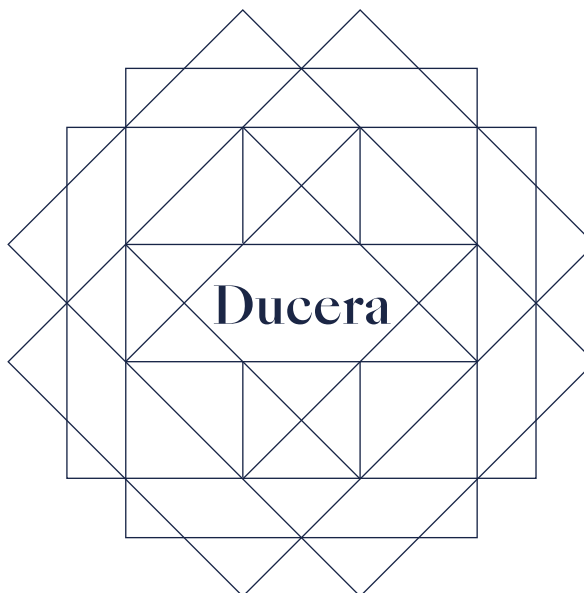
We always put our **clients' interests first**; our success is directly aligned with the success of our clients.

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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Cary Street Partners Strategic Partnership

- 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
19 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

Cary Street Partners Footnotes

All market performance figures are sourced from Morningstar.

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Cary Street Partners Footnotes (cont'd)

U.S. Economic Policy Uncertainty Index (EPU) measures policy-related economic uncertainty using newspaper articles, tax code expirations, and disagreement among economic forecasters

Comparative Index Descriptions: Historical performance results for investment indices have been provided for general comparison purposes only and generally do not reflect the deduction of transactions or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings do or will correspond directly to any comparative indices. An investor cannot invest directly in the indices shown, and accurate mirroring of the indices is not possible.

The Standard & Poor's (S&P) 500 Index is an index of 500 stocks seen as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe, made up of companies selected by economists. The S&P 500 is a market value weighted index and one of the common benchmarks for the U.S. stock market.

The MSCI EAFE Index is a stock market index that measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included. EAFE is an acronym that stands for Europe, Australasia, and the Far East.

The MSCI Emerging Markets is a global stock market index that tracks the performance of large and mid-cap companies across 24 emerging markets. It is maintained by MSCI, formerly Morgan Stanley Capital International, and is used as a common benchmark for global emerging market stock funds.

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 carometer 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.

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