

# VWH Capital Management, LP

## VWH Fund IV

April 2025

STRICTLY CONFIDENTIAL. NOT FOR DISTRIBUTION. FOR INSTITUTIONAL INVESTORS ONLY. PLEASE READ THE IMPORTANT CONSIDERATIONS IN THE PRESENTATION.

## Section I. Introduction to VWH Capital

<b>Firm Overview</b>	<ul style="list-style-type: none"> <li>▪ <b>Background:</b> VWH Capital Management, LP (“VWH”) is a minority and women owned business (“MWOB”) founded in 2014 by Vivien Huang, previously a Managing Director at Goldman Sachs and then at JPMorgan</li> <li>▪ <b>Investments:</b> Focusing on asset-backed loans and other mortgage and credit related assets</li> <li>▪ <b>Scale:</b> ~\$3.7 billion AUM<sup>[1]</sup> across four draw-down style private credit funds, ~\$6.6 billion capital deployment</li> </ul>
<b>Market Opportunity</b>	<ul style="list-style-type: none"> <li>▪ <b>Housing market:</b> Resilient through interest rate cycles and benefits from a supply and demand dislocation</li> <li>▪ <b>Counter-cyclical investment asset:</b> Mortgage delinquencies rise with higher unemployment rates in a weak job market</li> <li>▪ <b>Potential extra supply:</b> HUD<sup>[3]</sup> is the largest U.S. residential NPL<sup>[2]</sup> holder and hasn’t sold any forward NPLs post 2016; It recently finalized its loan sale program<sup>[4]</sup> and expects to restart loan sales to private investors in 2H 2025</li> <li>▪ <b>Competition:</b> High entry barrier with declining number of players in the field</li> </ul>
<b>Investment Strategy</b>	<ul style="list-style-type: none"> <li>▪ <b>Core focus:</b> US residential NPLs backed by low-to-mid tier priced single family homes with equity cushion, with an aim to avoid foreclosures to improve both investment and borrower outcomes</li> <li>▪ <b>Opportunistic investments:</b> Strategic REO<sup>[5]</sup> repairs, tactical purchases of mortgage- and credit-related assets</li> </ul>
<b>Differentiating Factors</b>	<ul style="list-style-type: none"> <li>▪ <b>Major player:</b> The biggest buyer of residential NPLs sold by Fannie Mae and Freddie Mac (“GSEs”) since 2020<sup>[6]</sup></li> <li>▪ <b>Asset management:</b> In-house, loan level asset management to generate additional alpha with no extra asset management fee charges to LPs</li> <li>▪ <b>Multiple third-party servicers:</b> VWH utilizes multiple servicers to drive performance and mitigate risks</li> <li>▪ <b>Capital market proficiency:</b> Issued 12 securitization deals backed by \$4.2 billion NPLs to 20+ institutional investors</li> </ul>
<b>VWH Fund IV</b>	<ul style="list-style-type: none"> <li>▪ <b>Target fund size:</b> \$1.25 billion</li> <li>▪ <b>Target return<sup>[7]</sup>:</b> Net LP IRR: 15+%</li> </ul>

[1] The Firm’s AUM is calculated in the same manner as the regulatory AUM on Form ADV, which is the sum of total assets valued as of 12/31/2024 (without reducing the value by any indebtedness with the funds) and the committed but as-yet funded capital commitments of VWH managed funds.

[2] NPLs refer to non-performing loans.

[3] HUD refers to the U.S. Department of Housing and Urban Development.

[4] Source: <https://www.federalregister.gov/documents/2024/12/11/2024-28706/federal-housing-administration-pha-single-family-sale-program>.

[5] REO refers to real estate owned properties.

[6] Source: Fannie Mae, Freddie Mac. Measured by unpaid principal balance (UPB) and is calculated based on data for standard pool offerings from GSEs from 2020 to 03/31/2025.

[7] The targeted performance described herein is based on VWH's views regarding the Fund. Such targeted performance is hypothetical and is neither a guarantee nor a prediction or projection of future performance. There can be no assurance that the targeted performance information will be achieved or that the assumptions that were used in creating such targeted performance will materialize as anticipated.

## Investments

- **Investments<sup>[1]</sup>**: Primarily focused on NPLs and will opportunistically invest in securitized products:
  - The firm has acquired \$5.8 billion<sup>[2]</sup> of NPLs, backed by 30,000+ residential properties across the U.S.
- **Counterparties**:
  - Money center banks and broker dealers
  - Government entities (GSEs and HUD)
  - Insurance companies, money managers and other market participants

## Securitization

- **Issuance**: Issued 12 securitization deals (shelf name: VCAT) backed by \$4.2 billion NPLs
  - In 2019, VWH issued its first securitization deal backed by \$185.7 million of NPLs
  - Since then, VWH has issued eleven more securitization deals backed by \$4.0 billion NPLs
- **Bond investors**
  - 20+ institutional investors have subscribed to VCAT deals
  - Investors include asset managers, money managers, and hedge funds

[1] The investments refer to investments across all three funds from inception to 03/31/2025

[2] Measured by unpaid principal balance ("UPB") of each traded loan pool at the trade confirm date, which may vary at the time of settlement.

# Residential NPLs – Focus on Low LTV Loans

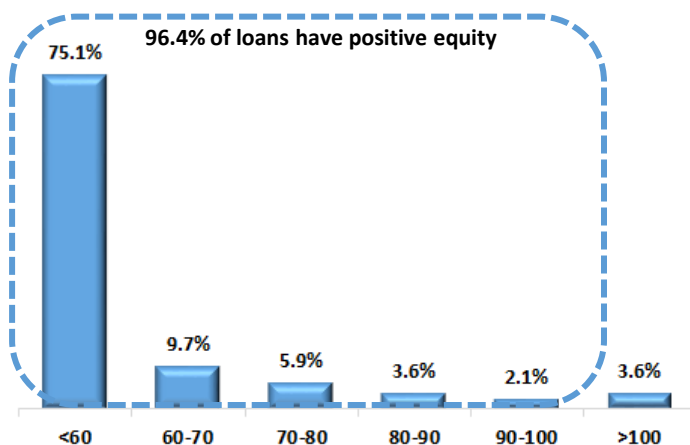
## Low LTV NPLs with Equity Cushion

- VWH focuses on low Loan-to-Value (LTV) loans with a significant amount of equity cushion provides both downside protection<sup>[1]</sup> as well as full payoff upside:
  - VWH portfolio LTV<sup>[2]</sup>: 55.8% (UPB wtd.)

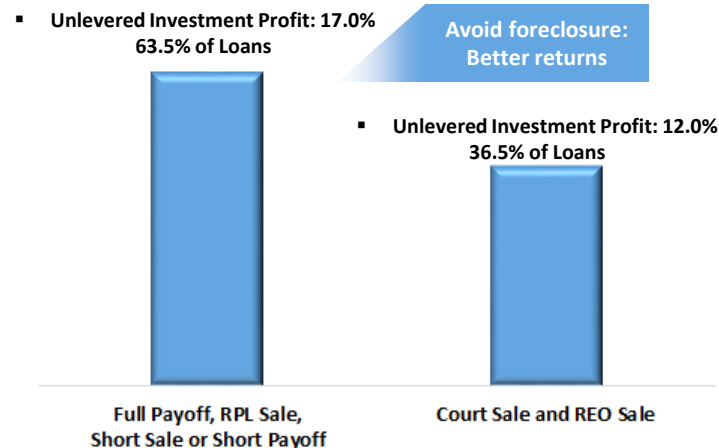
## Borrower Outcome

- At the time of VWH purchase, loans were in delinquency for an average of approximately 25 months
  - Had these loans remained on the agency books, most of them were very likely to go to foreclosure*<sup>[3]</sup>
- Majority (63.5%) of VWH loan liquidations have avoided foreclosure with better economic returns to the funds

VWH Portfolio LTV Distribution<sup>[2]</sup>



VWH Portfolio Liquidation Experience<sup>[4,5,6]</sup>



[1] The risk factors discussed on this page is not comprehensive. Please refer to Important Considerations on pages 11 and 12 for more information.

[2] The statistics are computed based on the existing loan portfolio of VWH Funds I, II and III that are outstanding as of 03/31/2025.

[3] Per "Selling HUD's Nonperforming Loans, a Win-Win for Borrowers, Investors and HUD" by Laurie Goodman and Dan Magder of Urban Institute: "... in the absence of the loan sale program, the loans in these pools were very likely to go to foreclosure because all their other options had been exhausted"; Per "Enterprise Non-Performing Loan Sales Report" of June 2021 by FHFA: "...Compared to a benchmark of similarly delinquent Enterprise NPLs that were not sold, foreclosures avoided for sold NPLs were higher than the benchmark".

[4] The statistics are measured by loan count. The loan population excludes loans that are repurchased by sellers, charged off, or sold as NPLs to third parties.

[5] Performance is as of 03/31/2025. The Unlevered Investment Profit % is computed as (Cash Received – Purchase Price) / Purchase Price. The Cash Received is the liquidation proceeds net of servicing fees and advances, but does not account for management fees, organizational expenses and other fund related expenses. Please refer to Section VIII: Calculation Methodology for details on metric calculations.

[6] Estimated Net LP Unlevered Investment Profit: Full Payoff, RPL Sale, Short Sale or Short Payoff (15.4%); Court Sale and REO Sale (10.9%) / Estimated Net LP Unlevered Investment Profit without LOC: Full Payoff, RPL Sale, Short Sale or Short Payoff (13.5%); Court Sale and REO Sale (9.5%). Please refer to Calculation Methodology on pages 13 and 14 for details on metric calculations.

# Differentiating Factors – Summary

<b>Scaled and Trusted NPL Player</b>	<ul style="list-style-type: none"> <li>▪ VWH is largest buyer of GSE NPL auctions since 2020<sup>[1]</sup></li> <li>▪ VWH has built a reputation as a reliable and trusted counterparty for NPL transactions, having successfully traded with the GSEs, money center banks, broker dealers and other market participants</li> <li>▪ VWH is unique as a MWOB NPL buyer</li> </ul>
<b>In-House Asset Management</b>	<ul style="list-style-type: none"> <li>▪ An experienced in-house asset management team with an average of 12 years of industry experience                             <ul style="list-style-type: none"> <li>➢ Loan level decisions are made by VWH instead of being delegated to third parties</li> <li>➢ Full engagement of asset management team from pre-bidding diligence to asset disposition</li> </ul> </li> <li>▪ Strategic REO repairs generate extra return to assets</li> <li>▪ Proactive and strategic outreaches create better borrower outcomes and higher investment returns</li> <li>▪ Advantageous and purposeful headquarter location in Dallas, a mecca for mortgage servicers and asset management talents, for the growth of the platform</li> </ul>
<b>Transparent and Aligned Cost Model</b>	<ul style="list-style-type: none"> <li>▪ As compared to our peers, VWH does not charge a separate asset management<sup>[2]</sup> fee as a Fund expense and instead this cost is borne by the management company</li> <li>▪ Though it results in lower revenue for the GP, we believe this is the optimal structure for investors as it is both more transparent and ultimately results in lower total cost and higher net returns</li> </ul>
<b>Multiple Third-Party Servicers</b>	<ul style="list-style-type: none"> <li>▪ Encourage champion/challengers for better performance and lower fees, in alignment with LP interest</li> <li>▪ Provide diversification and mitigate regulatory risks</li> </ul>
<b>Established Securitization Issuer</b>	<ul style="list-style-type: none"> <li>▪ VWH has issued 12 NPL securitization deals backed by \$4.2 billion NPLs</li> <li>▪ VWH's securitization shelf demonstrates strong performance compared to peers</li> </ul>

[1] As of 03/31/2025. Source: Fannie Mae, Freddie Mac.

[2] VWH does utilize third party specialized mortgage servicers. NPLs require a high touch asset management approach in order to achieve desirable outcomes. All VWH asset management personnel are in-house employees with full engagement from pre-bidding to asset disposition.

# VCERA's Fund Exposure and Performance Information<sup>[1]</sup>



## Fund Information<sup>[2]</sup>

Fund	Final Close	Total Commitment (\$mm)	Acquired Portfolio (\$mm)	Fund Stage	Called Capital	Distributed Capital	DPI
Fund III	Oct. 2022	\$1,246	\$3,468	Investing	80%	64%	0.80x

## Fund Performance<sup>[3]</sup>

Fund	Gross IRR	Net LP IRR <sup>[4]</sup>	Gross MOIC	Net LP MOIC <sup>[5]</sup>
Fund III	24.8%	17.2%	1.41x	1.26x

[1] Please refer to Calculation Methodology on pages 13 and 14 for details on metric calculations.

[2] The fund information is as of 03/31/2025. For whole loan purchases, the metrics is measured by the unpaid principal balance ("UPB") at the time of trade confirmation, which may vary at the time of settlement. For security purchases, notional balance at the trade confirm date is used, except that for Interest-Only (IO) bonds, the purchase prices are used.

[3] The performance metrics are as of 12/31/2024. The performance (including calculation of carried interest, if any) is determined on the basis of a hypothetical liquidation of the applicable fund based on reported values as of such date. There can be no assurance that investments with an unrealized value will be realized at the valuations assumed, as actual realized returns will depend on many other factors, including, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized returns on partially realized and unrealized investments may differ materially from the returns indicated herein.

[4] Net LP IRR without LOC of Fund III (14.6%). Please refer to Calculation Methodology on pages 13 and 14 for details on metric calculations.

[5] Net LP MOIC without LOC of Fund III (1.11x). Please refer to Calculation Methodology on pages 13 and 14 for details on metric calculations.

# Key Terms for VWH Fund IV



<b>Fund Name</b>	<ul style="list-style-type: none"> <li>VWH Partners IV (“VWH Fund IV”)</li> </ul>
<b>Target Fund Size</b>	<ul style="list-style-type: none"> <li>\$1,250,000,000</li> </ul>
<b>Minimum Commitment</b>	<ul style="list-style-type: none"> <li>\$5 million (The General Partner has the discretion to accept lesser amounts)</li> </ul>
<b>Closing Period</b>	<ul style="list-style-type: none"> <li>The initial closing was held on February 18, 2025 with a total commitment of \$315,800,000</li> <li>Final close expected within 15 months of the initial close (GP option to extend an additional 3 months)</li> </ul>
<b>Fund Term</b>	<ul style="list-style-type: none"> <li>Investment period: 3 years from the final closing date</li> <li>Harvest period: 3 years from the conclusion of the investment period</li> <li>Extension: The General Partner has the discretion to extend the fund term for up to 2 successive 1-year periods</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>Management Fees: <ul style="list-style-type: none"> <li>➤ Annual Management Fee Rate: 1.75%</li> <li>➤ Management Fee calculations: <ul style="list-style-type: none"> <li>✓ Investment period: Management Fee Rate on committed capital per annum</li> <li>✓ Post investment period: Management Fee Rate on the Net Asset Value (NAV) per annum</li> </ul> </li> <li>➤ Unlike peers, <u>NO</u> separate asset management fee charges to LPs, which may range from 25-100bps on gross assets under management, equivalent to 1-4%<sup>[1]</sup> of extra management fees on commitment</li> </ul> </li> <li>Performance Fees: <ul style="list-style-type: none"> <li>➤ Preferred return hurdle: 8%</li> <li>➤ Catch-up: 100%</li> <li>➤ Performance fees: 20%</li> </ul> </li> </ul>
<b>Service Providers</b>	<ul style="list-style-type: none"> <li>Auditor: PricewaterhouseCoopers LLP</li> <li>Fund Administrator: SS&amp;C Technologies, Inc.</li> </ul>

[1] Assuming a financing ratio of 75%.

Section II. Appendix

## Vivien Huang – Founder and CIO

- VWH Capital is founded by Vivien Huang, former managing director at Goldman Sachs and JPMorgan
- Prior to founding VWH, Vivien was the Head of Structured Mortgage Products at JPMorgan Chief Investment Office, where she managed a bank portfolio consisting of a broad range of securitized products from agency mortgage-backed securities, non-agency RMBS, CMBS and mortgage whole loans. Separately, she ran a proprietary trading book composed of RMBS, CMBS and agency MBS
- From 2007 to 2011, Vivien was the Head of Mortgage Client Strategy at Goldman Sachs, where she built, directed and managed the mortgage client strategy team and helped Goldman's trading desks and clients to formulate portfolio strategies to profitably navigate through the financial crisis. Vivien was promoted to Managing Director in 2008 and served in the firm's MD promotion committee in 2010
- From 1999 to 2007, Vivien was a research analyst, worked at Freddie Mac (1999-2003), Credit Suisse (2003-2005) and Lehman Brothers (2005-2007). She was ranked All-America #1 in ABS Prepayments by *Institutional Investor* magazine in 2006
- Vivien received a Ph.D. in Economics and an M.S. in Computer Science from Syracuse University

J.P.Morgan

Goldman  
Sachs

LEHMAN BROTHERS

CREDIT SUISSE 

FreddieMac

The information presented in this presentation (this "Presentation") is highly confidential and is being delivered to a limited number of financially sophisticated prospective investors, and is intended solely for their internal use, for the purpose of providing information about an investment in the limited partner interests (the "Interests") of VWH Partners IV, LP and VWH Offshore Fund IV, LP (together with its master fund, VWH Master Fund IV, LP, the "Fund", "VWH Partners IV" or "VWH Fund IV").

This document may not be reproduced or distributed to any other persons (other than professional advisers), in whole or in part, nor may its contents be disclosed without the prior written consent of VWH Capital Management, LP ("VWH"). Each recipient will keep confidential all information contained herein not already in the public domain. This document must be returned to VWH upon request.

This document does not constitute, and may not be relied on in any manner as, an offer to sell or the solicitation of an offer to buy an interest in any private investment fund managed by VWH. Any such solicitation or offer, if made, will only be made by delivery of a final Confidential Private Placement Memorandum to qualified investors on a confidential basis at their request and only in those jurisdictions permitted by law.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. The interests have not been recommended, approved or disapproved by any U.S. federal or state or any non-U.S. securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this memorandum. Any representation to the contrary is a criminal offense. Prospective investors are urged to request any additional information they may consider necessary or desirable in making an informed investment decision regarding the Fund.

Third party information used in this document has been obtained from various published and unpublished sources considered to be reliable. However, VWH and its affiliates cannot guarantee its accuracy or completeness and thus do not accept liability for any direct or consequential losses arising from its use. Except where otherwise indicated, the information contained in this document has been compiled as of March 31, 2025 and VWH does not have any obligation to update this document. Under no circumstances should the delivery of this document create any implication that the information contained herein is correct as of any time prior or subsequent to such date. This document will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing or changes occurring after such date.

Past performance is not indicative of future results, and nothing in this summary should be interpreted to state or imply otherwise. The contents of this Presentation should not be considered as legal, tax, investment or other advice.

Targeted returns included in this document are inherently speculative, are based on assumptions utilized by VWH and may differ materially from actual results.

Statements contained herein that are not historical facts are based on current expectations, estimates, opinions and beliefs, and may constitute “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “target,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance may differ materially from those reflected or contemplated by such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future performance of any fund or investment sponsored by VWH.

An investment in any fund described herein involves a high degree of risk. Such risks include, but are not limited to, the risk of loss of principal, lack of diversification, limited liquidity, limited transferability, use of leverage, volatility and market disruptions. Third party information used in this document has been obtained from various published and unpublished sources considered to be reliable. However, VWH and its affiliates cannot guarantee its accuracy or completeness and thus do not accept liability for any direct or consequential losses arising from its use.

There are many risk factors that could affect the realization of investments, many but not all of which are set forth in the Fund’s Private Placement Memorandum. Nothing contained in this Presentation may be relied upon as a guarantee, promise or forecast or a representation as to the future.

Prospective investors should not construe the contents of this Presentation as legal, tax, regulatory, investment or other advice. Each prospective investor should make its own inquiries and consult its advisers as to the Fund and this offering as to legal, tax, regulatory, financial and other relevant matters concerning an investment in the Interests and the suitability of the investment for such investor. In considering the prior performance information contained herein, prospective investors should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Fund will achieve comparable results.

This Presentation does not constitute an offer or solicitation in any state or other jurisdiction to any person or entity to which it is unlawful to make such offer or solicitation in such state or jurisdiction. The terms of the offering and the Interests described herein may be modified at any time, if the descriptions or terms in this memorandum are inconsistent with or contrary to the Partnership Agreement (which is available to prospective investors upon request), the Partnership Agreement shall control. The information presented in this presentation should not be relied upon by potential investors for the purposes of making an investment decision because it is incomplete and may be subject to change.

<b>Acquired Portfolio</b>	<ul style="list-style-type: none"> <li>For whole loans, it is measured by the unpaid principal balance (“UPB”) of each traded loan pool at the trade confirm date, which may vary at the time of settlement. For securities, it is measured by the notional balance of securities at the trade confirm date, except that for Interest-Only (IO) bonds, purchase prices are used.</li> </ul>
<b>Called Capital</b>	<ul style="list-style-type: none"> <li>The cumulative amount called from the partners as % of the total capital commitment.</li> </ul>
<b>Distributed Capital</b>	<ul style="list-style-type: none"> <li>Distributed Capital is the cumulative distribution to the partners as % of the total capital commitment.</li> </ul>
<b>DPI</b>	<ul style="list-style-type: none"> <li>The DPI is calculated by dividing cumulative distributions to the partners by cumulative capital called from the partners.</li> </ul>
<b>Gross IRR</b>	<ul style="list-style-type: none"> <li>The Gross IRR is calculated for a Fund as a whole, including limited partners and the General Partner. For this calculation, all inception to date fund expenses (including management fees, carried interest, and all other fund level expenses) are added back to the ending capital account balance.</li> </ul>
<b>Net LP IRR</b>	<ul style="list-style-type: none"> <li>The Net LP IRR is calculated for the limited partners as a whole, excluding data for the General Partner and is net of the carried interest, the management fees and all other fund expenses. An individual limited partner’s Net LP IRR may vary from the results shown, based on different management fee and carried interest arrangements. For all Estimated Net LP IRR metrics presented in this report, the Estimated Net LP IRR is derived by multiplying the Investment IRR by the weighted average ratio of (Net LP IRR / Gross IRR) across VWH Funds I, II and III, where the weight is the total commitment of each fund.</li> </ul>
<b>Net LP IRR without LOC</b>	<ul style="list-style-type: none"> <li>The Net LP IRR without LOC (Line of Credit) is calculated for limited partners as a whole, excluding data for the General Partner and is net of the carried interest, the management fees and all other fund expenses. For this calculation, borrowings and paydowns on the Fund LOC are treated as the equivalent capital activities (borrowing as capital contribution, and paydown as capital distribution) on the day the LOC activity occurred. All interest and commitment fees incurred on the Fund LOC are excluded from the calculation. An individual limited partner’s Net LP IRR without LOC may vary from the results shown in the report based on different management fee and carried interest arrangements. For all Estimated Net LP IRR without LOC metrics presented in this report, the Estimated Net LP IRR without LOC is derived by multiplying the Investment IRR by the weighted average ratio of (Net LP IRR without LOC / Gross IRR) across VWH Funds I, II and III, where the weight is the total commitment of each fund.</li> </ul>

<b>Gross MOIC</b>	<ul style="list-style-type: none"> <li>▪ The Gross MOIC is calculated for the fund as a whole, including limited partners and the General Partner. For this calculation, all inception to date fund expenses (including management fees, carried interest, and all other fund expenses) are added back to the numerator to compute the Gross MOIC as <math>(\text{Fund NAV} + \text{Distributions to LPs and GP} + \text{Inception to Date Fund Expenses}) / \text{Capital Called from LPs and GP}</math>, assuming the outstanding assets are liquidated at the fair value as of the performance reporting date.</li> </ul>
<b>Net LP MOIC</b>	<ul style="list-style-type: none"> <li>▪ The Net LP MOIC is calculated as <math>(\text{LP NAV} + \text{Distributions to LPs}) / \text{Capital Called from LPs}</math>, assuming the outstanding assets are liquidated at the fair value as of the performance reporting date. An individual limited partner's Net LP MOIC may vary from the results shown above, based on different management fee and carried interest arrangements. For all Estimated Net LP MOIC metrics presented in this report, the Estimated Net LP MOIC is derived by multiplying the Investment MOIC by the weighted average ratio of <math>(\text{Net LP MOIC} / \text{Gross MOIC})</math> across VWH Funds I, II and III, where the weight is the total commitment of each fund.</li> </ul>
<b>Net LP MOIC without LOC</b>	<ul style="list-style-type: none"> <li>▪ The Net LP MOIC without LOC (Line of Credit) is calculated for limited partners as a whole, excluding data for the General Partner and is net of the carried interest, the management fees and all other fund expenses. For this calculation, borrowings and paydowns on the Fund LOC are treated as the equivalent capital activities (borrowing as capital contribution, and paydown as capital distribution) on the day the LOC activity occurred. All interest and commitment fees incurred on the Fund LOC are added back to the ending capital account balance. An individual limited partner's Net LP MOIC without LOC may vary from the results shown in the report based on different management fee and carried interest arrangements. For all Estimated Net LP MOIC without LOC metrics presented in this report, the Estimated Net LP MOIC without LOC is derived by multiplying the Investment MOIC by the weighted average ratio of <math>(\text{Net LP MOIC without LOC} / \text{Gross MOIC})</math> across VWH Funds I, II and III, where the weight is the total commitment of each fund.</li> </ul>