

# ARBOUR LANE

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Arbour Lane Credit Opportunity Fund IV LP

Presented to:

Ventura County Employees' Retirement Association

Board Meeting – September 9, 2024

CONFIDENTIAL

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The description of investment strategies in this presentation is intended to be a summary and should not be considered an exhaustive and complete description of the potential investment strategies used by ALCM. Investment strategies may be added or subtracted from the Fund by ALCM in its sole and absolute discretion. In addition, any information contained in this presentation regarding portfolio construction should be considered solely as guidelines which may be modified by the Firm at any time without notice.

## Important Disclosures (Cont.)

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Past performance of any investments described herein are provided for illustrative purposes only and are not indicative of the Fund's future investment results. The information herein is provided solely to illustrate ALCM's investment experience and the processes and strategies used by the founders in the past with respect to other investment portfolios. There can be no assurance that the Fund will achieve comparable results or its targeted returns, be able to implement its investment strategy or be able to avoid losses. In addition, there can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, 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 unrealized investments may differ materially and adversely from the assumed unrealized returns indicated herein.

The information provided in this presentation has not been provided in a fiduciary capacity, and it is not intended to be, and should not be considered as, impartial investment advice. Accordingly, no part of any compensation received by the Firm is for the provision of investment advice to any investor to retain or dispose of an investment. The Firm has a financial interest in clients continuing to retain the Firm, directly or indirectly, to provide investment management services.

Gross returns do not reflect the actual returns to the investors, as they will be subject to reduction due to fees and expenses. There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, 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 unrealized investments may differ materially and adversely from the assumed unrealized returns indicated herein.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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# Executive Summary

FIRM	<ul style="list-style-type: none"> <li>Formed in 2016, Arbour Lane Capital Management, LP (“Arbour Lane” or “ALCM”) is a private investment firm focused primarily on opportunistic credit and special situations investments</li> <li>ALCM has approximately \$5.75 billion of RAUM<sup>1</sup></li> <li>ALCM leverages deep experience in stressed and distressed credit markets to source and invest in undervalued credit opportunities in the middle market</li> <li>The core senior investment team has worked together for more than 18 years and have well established processes, deep industry knowledge, and close working relationships with hundreds of management teams, private equity partners, fund managers, and advisors</li> </ul>
LEADERSHIP	<ul style="list-style-type: none"> <li>ALCM is led by Bob Franz, Ken Hoffman and Dan Galanter, and includes 22 additional professionals</li> <li>Prior to forming ALCM, Franz and Hoffman oversaw Credit Suisse’s North American Credit Business, the Global Distressed and Special Situations Business, and the US Leveraged Loan Group</li> <li>In addition to overseeing the structured credit business, they also managed the firm’s Principal Risk Book (Prop Book)</li> </ul>
STRATEGY	<ul style="list-style-type: none"> <li>Invest in private, off the run, mid-cap, stressed and distressed bank debt in the secondary market</li> <li>Focus on: <ul style="list-style-type: none"> <li>(a) out-of-favor investments at the top of the capital structure, primarily senior secured debt or other first lien securities;</li> <li>(b) bank loans and mid-size structures where there is less competition and ALCM has an advantage</li> </ul> </li> </ul>
FUND II	<ul style="list-style-type: none"> <li>Fund II - 2018 vintage with over \$1.2 billion of total commitments</li> <li>21.2% Estimated Gross IRR / 16.6% Estimated Net IRR<sup>2</sup></li> <li>2.15x Estimated Gross Multiple on Max Draw Capital / 1.88x Estimated Net Multiple on Max Draw Capital<sup>2</sup></li> <li>Approx. 78% of capital distributed back to investors through June 2024 (18 months into three-year harvest period)</li> <li>With recycling, Fund II has invested over \$3.7 billion of total equity as of 3/31/2024<sup>2</sup></li> </ul>
FUND III	<ul style="list-style-type: none"> <li>Fund III - 2021 vintage with approx. \$2 billion of total commitments</li> <li>17.8% Estimated Gross IRR / 13.0% Estimated Net IRR<sup>2</sup></li> <li>Approx. 81% of commitments called through August 2024 (Investment Period runs until June 2025)</li> <li>Average purchase price of the portfolio is 0.77 and is currently generating over \$270mm a year of interest income</li> <li>With recycling, Fund III has invested \$2.4 billion of total equity as of 3/31/2024<sup>3</sup></li> </ul>
FUND IV	<ul style="list-style-type: none"> <li>Fund IV - \$2 billion target</li> <li>First close anticipated for October 2024 – discounted fees for those in the first close</li> </ul>

1. The total Regulatory Assets Under Management (“RAUM”) for ALCM as of 12/31/2023 is calculated by aggregating the total assets under management by ALCM plus the unfunded commitments of each fund or account.

2. Unaudited estimates as of 6/30/2024 generated by ALCM which are subject to change. Past performance is no guarantee of future results. Please also refer to “Endnotes” #2-7.

3. Past performance is no guarantee of future results. Please also refer to “Endnotes” #1.

# ALCM Team

MULTI-CYCLE EXPERIENCE AND LONG HISTORY WORKING TOGETHER

CO-FOUNDERS / MANAGING PARTNERS / INVESTMENT COMMITTEE

BOB FRANZ Co-Founder / Managing Partner	KEN HOFFMAN Co-Founder / Managing Partner	DAN GALANTER Co-Founder / Managing Partner
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INVESTMENT TEAM					FINANCE	OPERATIONS	LEGAL / IR
TOM LYNCH Managing Director	ADAM SEARLES Managing Director	JED BRADLEY Managing Director	KEVIN VAN DAM Managing Director	WARD SAVAGE Managing Director / Sourcer	MATT PEREGOLISE Chief Financial Officer	NEAL CLEMENS Head of Operations	MARISA KODES Chief Compliance Officer / Legal Counsel
ETHAN COY Vice President	MIKE PETRICK Vice President	NICK SCOVER Vice President	KEVIN TOOR Vice President	JASON GOLD Associate	ANDREA RAMOS Controller	DAVID HO Director / Operations	RACHELLE UDEOGU IR Vice President
LUCAS HONOHAN Associate	JONATHAN SPINNELL Associate				PAULA PARK Assistant Controller	KRISTINE JONAS Operations Associate	
					KATHLEEN RYAN Senior Fund Accountant	ANNIE ZHANG Operations Associate	
						DIEGO MEDINA Operations Analyst	

# Consistent and Flexible Strategy

## COMPELLING OPPORTUNITIES ACROSS MARKET CYCLES

- \$30-60 million investments in secondary stressed performing and distressed credits in North America; High conviction positions can be \$60-100 million
- Target middle-market companies with enterprise values between \$500 million and \$2 billion and debt tranches less than \$1 billion
- Focus on out-of-favor investments at the top of the capital structure, primarily senior secured debt or other first lien securities
- Seek to build a portfolio comprised of an optimal combination of stressed performing bank debt and distressed debt / post-reorg equity
- Proven process driven realizations – Ability to create and drive liquidity with real catalysts as opposed to relying on market driven liquidity or event
  - By consistently generating these significant realizations during the investment period, along with predictable interest income, the Fund is able to recycle / reinvest capital to drive multiples higher

## ALL-CYCLE STRATEGY

### STRESSED PERFORMING CREDIT

- Secondary debt typically trading between 65c-90c
- Some operating issues at the company impacting price but ultimately well covered and expected to be repaid in full through refinancing or restructuring
- DIP financings, take-back debt and exchange notes trading near par but with large coupons – storied companies but newly cleansed balance sheets with limited leverage
- Hung new issue syndicated bank term loans and revolvers
- Select directly originated sponsor / rescue loans targeting non traditional channels



### DISTRESSED DEBT / POST-REORG EQUITY

- Distressed secured debt at the top of the capital stack with downside protection and optionality
- Reorganized equity resulting from bankruptcies or restructurings typically behind limited or no debt
- Orphaned, post re-organization liquidation claims

# ALCM Advantage

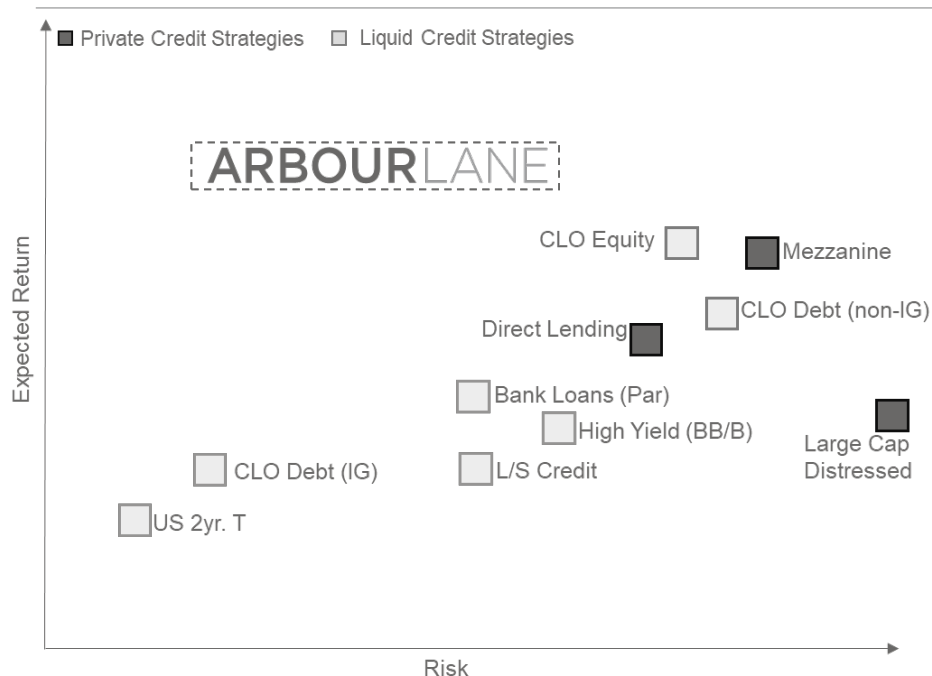
A MARKET LEADING POSITION IN THE MID-CAP STRESSED AND DISTRESSED MARKET

FOCUS	Consistent focus on mid-cap secondary loan segment while most other firms are focused on direct lending, large cap HY dislocation and IG / Fallen Angels
EXPERIENCE	Senior team has worked together through multiple cycles investing in the mid-cap stressed and distressed credit markets
KNOWLEDGE	Library of information on 500+ names curated over 20+ years allows for decisive execution
RELATIONSHIPS	Broad and diverse network of relationships developed over 20+ years of activity in the mid-cap loan market
SPEED	Ability to quickly price risk, combined with ALCM's experience and relationships, often results in "first look" off-the-run opportunities
PRIORITY	Focus exclusively on senior / 1st lien positions in the capital structure

## ALCM INVESTMENT PROFILE

CAP STACKS	\$250MM-\$750MM
SOURCING	CLOs, Banks, BDCs, Advisors
INFLUENCE / MGMT. EXPOSURE	Meaningful
INTERCREDITOR ISSUES	Limited
SECURITY / PRIORITY	Senior / 1 <sup>st</sup> Lien
LIQUIDITY	Limited
RESTRUCTURING PROCESS	Expedited
FLOATING RATE	Yes
CREATES	2.5-4.5x
RECOVERIES	Debt + Equity
INCREMENTAL CAPITAL	DIPs / Roll-ups
EXITS	Refi / PE / Strategics

## ALCM MARKET POSITION





# Arbour Lane Credit Opportunity Fund II

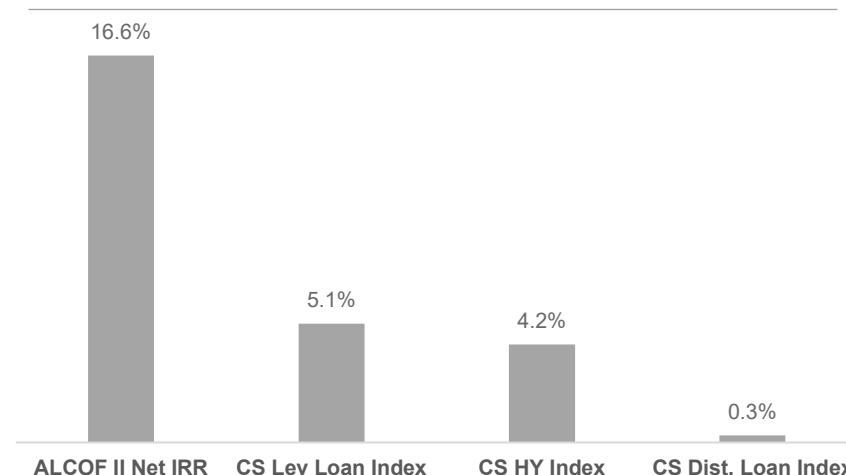
## PERFORMANCE SUMMARY<sup>1</sup>

	IRR	Multiple on Commitments	Multiple on Max Drawn Capital
Gross	21.2%	2.05x	2.15x
Net	16.6%	1.81x	1.88x

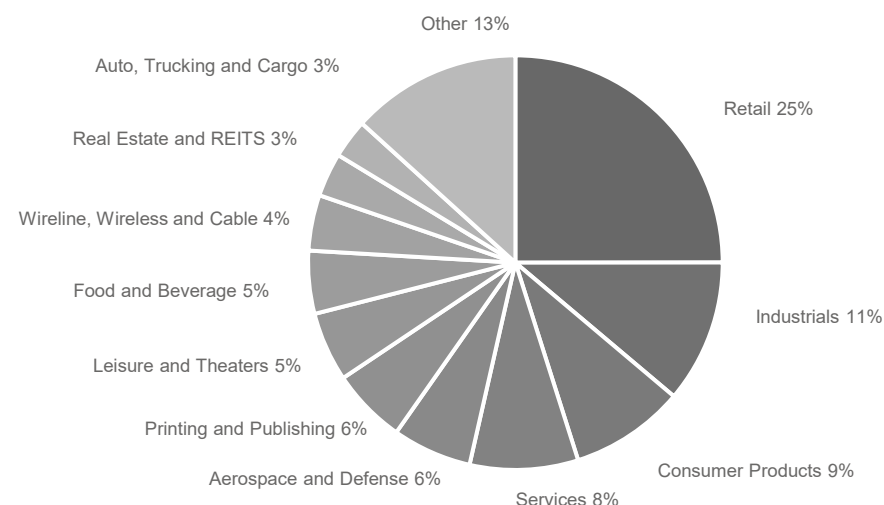
## TOP 10 UNREALIZED / PARTIALLY REALIZED POSITIONS<sup>3,4</sup>

Investment (\$ in millions)	Invested Equity
Men's Apparel Company	\$117.97
Specialized Grocer	\$111.42
Glass Recycler	\$96.42
Rural Communications Provider	\$84.50
Inflight Connectivity and Content Provider	\$80.76
Auto Filter Manufacturer	\$72.36
Restaurant and Game Operator	\$71.50
Call Center Provider II	\$69.94
Restaurant Operator	\$64.41
Credit Repair Company	\$61.32

## BENCHMARKING<sup>1,2</sup>



## SECTOR DIVERSIFICATION<sup>3</sup>



1. Unaudited estimates as of 6/30/2024 generated by ALCM which are subject to change. Past performance is no guarantee of future results. Please also refer to "Endnotes" #2-7.

2. Performance for indices inception date is 7/26/2018 through 6/30/2024 for benchmarks to the Credit Suisse Leveraged Loan Index, the Credit Suisse High Yield Index, and the Credit Suisse Distressed Loan Index.

3. Final performance as of 3/31/2024.

4. Excludes investments with a total unrealized value of less than \$5 million. Please also refer to "Endnote" #5.

# Arbour Lane Credit Opportunity Fund III

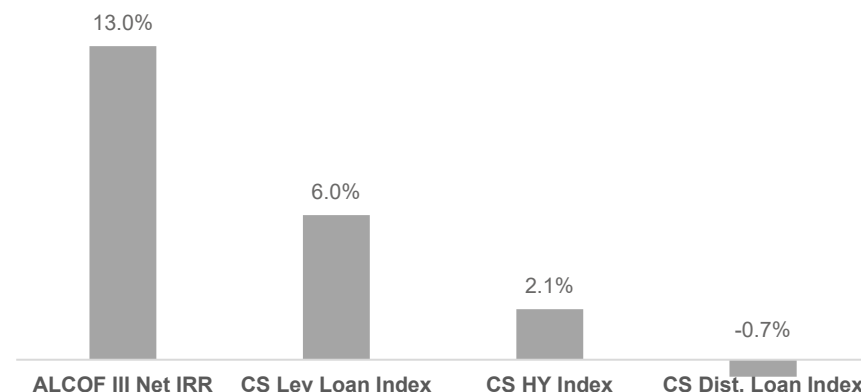
## PERFORMANCE SUMMARY<sup>1</sup>

	IRR	Multiple on Commitments	Multiple on Max Drawn Capital
Gross	17.8%	1.21x	1.27x
Net	13.0%	1.15x	1.20x

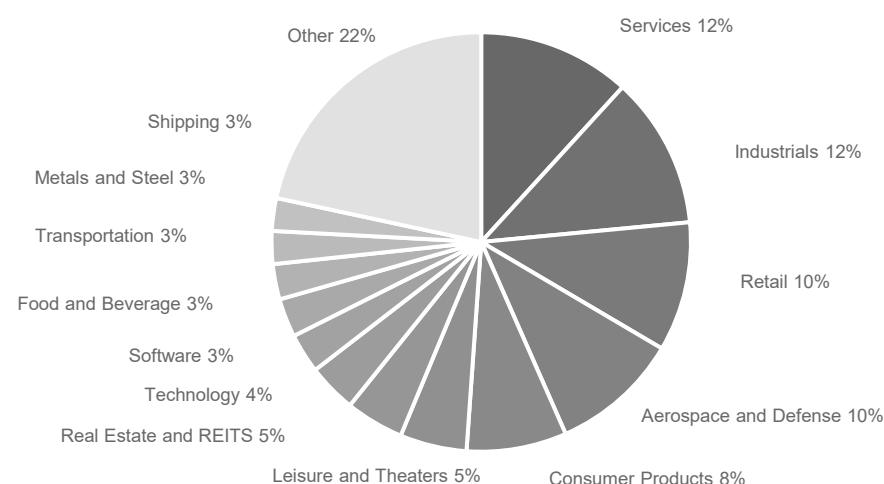
## TOP 10 UNREALIZED / PARTIALLY REALIZED POSITIONS<sup>3,4</sup>

Investment (\$ in millions)	Invested Equity
Glass Recycler	\$62.48
Aerospace & Defense Vehicle Manufacturer	\$62.34
Aviation Training Solutions Company	\$58.89
Sports Marketing Provider	\$55.98
Lighting Manufacturer	\$50.24
Commercial Real Estate	\$49.50
Plastic Products Manufacturer	\$48.72
Skincare Products Retailer	\$48.40
Specialty Paper Manufacturer	\$45.79
3D Aerial Imagery Provider	\$42.12

## BENCHMARKING<sup>1,2</sup>



## SECTOR DIVERSIFICATION<sup>3</sup>



1. Unaudited estimates as of 6/30/2024 generated by ALCM which are subject to change. Past performance is no guarantee of future results. Please also refer to "Endnotes" #2-7.

2. Performance for indices inception date is 6/23/2021 through 6/30/2024 for benchmarks to the Credit Suisse Leveraged Loan Index, the Credit Suisse High Yield Index, and the Credit Suisse Distressed Loan Index.

3. Final performance as of 3/31/2024.

4. Excludes investments with a total unrealized value of less than \$5 million. Please also refer to "Endnote" #5.

# Current Market Environment

- The broader markets and economy continue to perform well but problems exist below the surface of the market.
- Inflation is cooling as the economy is slowing, while unemployment is ticking up and consumer spending is slowing.
- Rate cuts: The expectation is two cuts in 2024 and approx. four additional cuts in 2025.
  - Elevated rates will remain a challenge for all but the strongest borrowers – SOFR going down to 4% will not resolve the issues.
  - Inflation: Trump or Harris could lead to an impact on inflation (tariffs, taxes, labor, etc.)
- Slightly lower rates and a slowing economy will be a challenge compared to recent economic period for most issuers, particularly mid cap issuers.
- Possible to see a market where the Nasdaq / tech continues to perform, and the lower quality credit market slows.
- The Leveraged Finance ecosystem is the most directly impacted, where challenges exist across the spectrum from private equity to commercial banks, CLO's and direct lenders.
  - The stressed / distressed investing environment is very different than it was 5-10 years ago.
  - The playbook to take advantage of the opportunity has changed and if done correctly is now the most efficient way to buy and own companies.

CLOs	Direct Lenders
<ul style="list-style-type: none"> <li>– Approx 25% of CLOs are failing the S&amp;P CCC test, per JPM</li> <li>– Approx 30-40% of vehicles are in weak single B, per BAML</li> <li>– Recovery Rates remain low ~ 30-40c</li> </ul>	<ul style="list-style-type: none"> <li>– Approx 10% operating under covenant waiver</li> <li>– Approx 34% of market sub 1x interest coverage</li> <li>– Approx 17% of direct deals are PIK on some portion of loan</li> </ul>

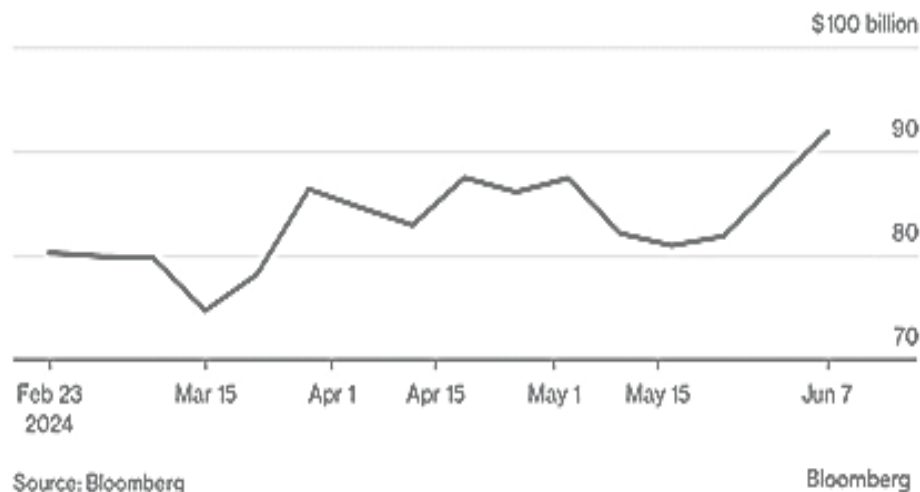
- No time to stretch on risk.
  - ALCM is letting the market come to us and using our playbook to take advantage of recent capitulation.
  - We are “skeptically constructive”. Deploying meaningful amounts into higher quality bank positions / asset back loans.

# Current Market – Distressed Landscape

- Sourcing opportunity continues to remain very robust particularly for those who can price illiquid secondary risk:
  - Banks are selling broadly across regional banks, money center banks, foreign and investment banks.
  - CLOs: Due to called vehicles and the desire for clean re-sets, the CLO community is selling weaker rated risk.
  - Direct Lenders are selling one-off assets and several portfolios have come to market for sale.
  - Loan mutual funds typically see outflows as rates are cut. HY accounts with loan exposure also typically look to reduce.
  - Interval funds, non-traded BDCs have grown tremendously and have yet to be tested.

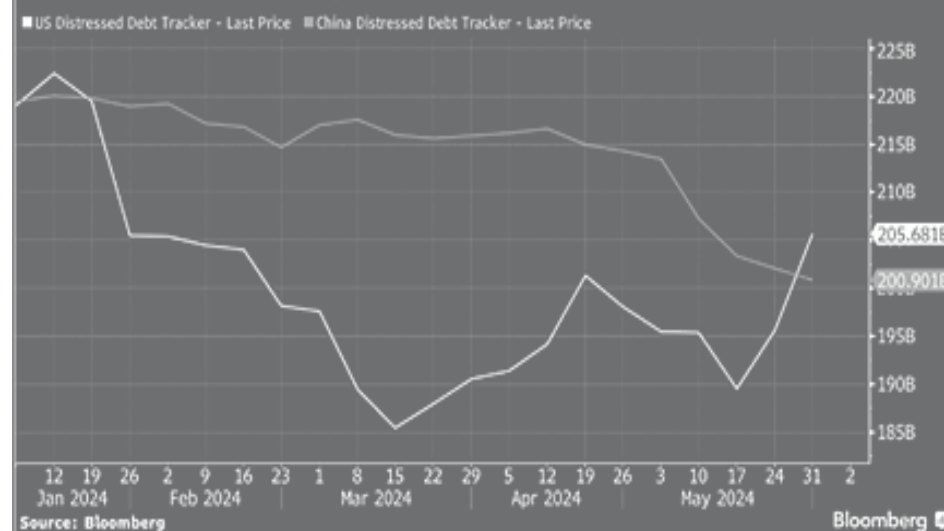
## Loan Distress Is on the Rise

Total amount of loans in distress



## US Corporate Distress Grows, China Drops

US Corporate Distress Grows, China Drops



Source: Bloomberg

# Sourcing

## RELATIONSHIPS DEVELOPED OVER 20+ YEARS DRIVES SOURCING

- Intimate understanding of process, regulations and motivations of Commercial Banks, CLOs, BDCs, Insurance Companies & Capital Market Desks (i.e. SNC rating, CLO WARF Rating, RWA Charges, etc.)
- Constant mining for opportunities through hundreds of issuers, sponsors and other relationships developed over two decades
- Intensive focus on early indicators including daily movers across asset class, industry newsletters, sector watch-lists, etc.
- Established methodology for both tracking opportunities and executing on them in the most efficient and discreet manner
- Proprietary in-house database of information on private issuers

	Commercial Banks / Workout Groups	Capital Markets Desks/Bankers	Trading Desks	Sponsors	Restructuring Advisors Lawyers Accountants	Private Bankers	Mgmt Teams / Boards for Hire	Introducing Brokers / Interim Admin Agents	CLOs / Finance Companies	Middle Mkt Lenders / BDCs	Hedge Funds, Pensions, Insurance
TYPE OF INVESTMENT	Revolvers, Bilateral Loans And-Non Institutional Term Loans	Hung Deals, Challenging Syndications, Bridge Loans	Secondary Loans, Bonds, Equities	New Money, Rescue Financings, Growth Capital	DIPs, Exchanges, Post Re-Org Debt And Equity	Opportunistic Capital, Family Business Loans	New Money or Rescue Financings	Trade Claims, One-Off Financings, Special Situations	Orphan Loans, Liquidating Claims	Distressed / Non - Accrual Situations, Capital Partners	Secondary Loans, Rescue Financings, Partner Transactions
ALCM ADVANTAGE	175+ Relationships With Workout Officers At 110 Regional Banks and 15+ Money Center Banks	Relationships With 100+ Capital Mkt Bankers At 35 Different Banks	Covered By 42 Different Trading Desks Including 20 Heads Of Desks	55 Middle Market Sponsor Relationships Built Over Two Decades	270 Relationships Including Sr. Partners Across 75 Different Institutions	Dozens Of Key Contacts Within The Private Banking Community	60+ Relationships With Industry Experts/Board Members For Hire	Key Relationships With Interim Agents And Introducing Independent Brokers	Established Relationships With 45 Of The Largest CLO Managers	Longstanding Relationships With 130+ Middle Mkt Lenders	Relationships With Nearly 1,100 PMs and Analysts
RELATIONSHIP EXAMPLES <sup>1</sup>	PNC Bank, Natixis, Soc Gen, BNP, BOTM	CS, DB, Citi, Jefferies, RBC, Goldman, Macquarie	BAML, Citi, JPM, CS, Goldman, Seaport, Cowen	Clarion, Kelso, Swarth, Colony, HIG	Ducera, PJT, Houlihan, Capstone, AK, Ropes, Sidley	CS Private Bank, Wells, UBS	Winchester, AMF, XRM, Mmodal, Gene Davis, Mike Miller, Tim Bernlohr	Wilmington Trust, Cortand, BNY, Rick Rosenbloom, David Helms	CIFC, Carlyle, CSAM, CVC, Octagon, MJX	Golub, Abelco, Bain, Blackrock Kelso, Fifth Street	Anchorage, Cerberus, Black Diamond, Solus, SVP, Monarch

1. Citing these examples is not a recommendation or endorsement of ALCM or the Fund by the named institutions or individuals.

2. Figures above are estimates and subject to change.

# Risk Management

## RISK MANAGEMENT IS A PRIMARY FOCUS

- Throughout our entire investment process. We utilize qualitative and quantitative tools to understand portfolio risk and opportunities
- We believe that our approach allows us to efficiently centralize and share information across all of our teams

### INVESTMENT

CREDIT ANALYSIS	Due diligence on each company focuses on the risk related to the investment from cash flow, seniority of payments, covenants, etc.
LEGAL ANALYSIS	Detailed review of all relevant credit and operating documentation where appropriate
INVESTMENT COMMITTEE	Debates issues presented by analysts related to credit worthiness and risk/reward characteristics. This process is highly iterative. We typically discuss investments 4-6x before taking action
PORTFOLIO MANAGERS	Evaluate each security individually, comparing risk/reward characteristics against individual clients' guidelines. Credit, liquidity, event and compliance risks are factored into each investment decision
CHIEF INVESTMENT OFFICER	Ultimate responsibility for all portfolios, overseeing all risk and performance characteristics

### OPERATIONAL & COMPLIANCE

TRADE SETTLEMENT	Confirms trades with executing brokers, books trades in back office system, effectuates legal transfer of assets, and reviews funding calculations for deal closings
CUSTODIAN RECONCILIATION	Reconciles cash and securities positions with custodians. Works with custodians, brokers, and agent banks to resolve any breaks
OPERATIONS	Responsibilities include: account setup, portfolio monitoring, security setup and pricing, broker monitoring, trade support and settlement, corporate actions, reconciliations, performance reporting
LEGAL / COMPLIANCE	Legal and compliance support for Investment Management and Operations Teams

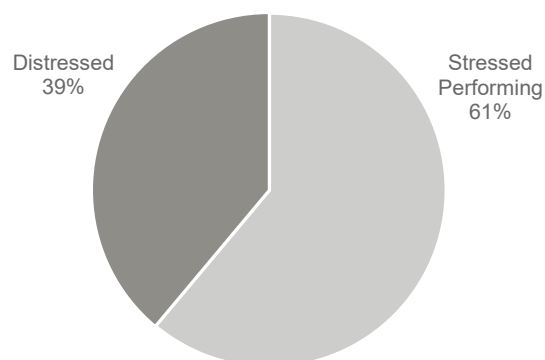
# Pipeline

## SUMMARY<sup>1</sup>

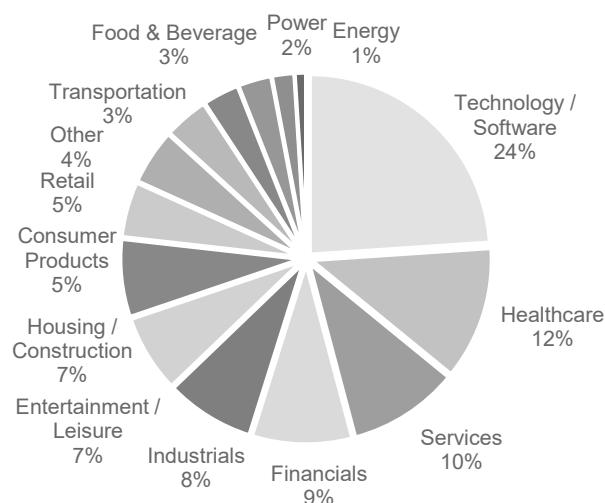
No. of Names	607
Notional Value	\$446.1bn
Average Price (% of Par)	86.6%
Average Interest Rate	10.0%
Average Years to Maturity	3.42

- Macro weakness and aggressive structures underlying EBITDA adjustments are driving opportunity
- Large pipeline of opportunities diversified by sector and sourcing channel
- Extensive network of relationships position ALCM as a First Call for off-the-run opportunities
- Average \$200mm of new opportunities reviewed per week
- ALCM has also mapped out all the problem loans held within Public BDCs and Commercial Banks
  - The BDC problem loans and lower rated drawn revolvers represent an additional \$250b of opportunity
- Line of sight deployment of \$100mm+ net per month

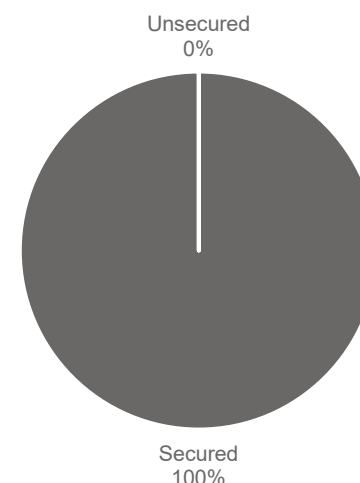
## CATEGORY<sup>1</sup>



## SECTORS<sup>1</sup>



## SECURITY<sup>1</sup>



1. As of 7/12/2024 the stressed/distressed determination is at an asset not issuer level and based on the Firm's discretion, not on one specific quantitative measure (i.e., cost, current mark, etc.). The Firm's determination is subject to change, percentages are based on market value and all equity positions are included in the distressed category.

# Summary of Principal Fund IV Terms

FUND STRUCTURE	Delaware master limited partnership, with two Delaware limited partnership feeders and a Cayman Islands exempted limited partnership feeder
FUND TARGET	\$2 billion
GP COMMITMENT	No less than 1% of the aggregate limited partner commitments
MINIMUM COMMITMENT	\$20 million – lesser amounts may be accepted at GP's discretion
INVESTMENT PERIOD	3 years from final closing deadline
RECYCLING PROVISION	Yes, including proceeds from realized investments
TERM	6 years from final closing deadline, subject to two 1-year extensions
MANAGEMENT FEE	During the Investment Period, the sum of 1.00% of commitments and 0.75% of aggregate contributions less distributions constituting a return of capital, and thereafter, 1.75% of aggregate contributions less distributions constituting a return of capital
PREFERRED RETURN	8% per annum cumulative compound return
CARRIED INTEREST	20% to the Fund IV General Partner (European-style waterfall)
GP CLAWBACK	Yes
FEE OFFSETS	100%
LP CO-INVESTMENT	Allowed under the partnership agreements of Fund IV.

Note: The terms presented herein do not purport to be and are not complete and are subject to and qualified by, in their entirety, the provisions of the definitive governing documents of the Fund. ALCM reserves the right to modify the terms of the offering and the Interests, and the Interests are offered subject to the ability of the GP to reject any commitment in whole or in part.



# ARBOURLANE

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## Appendix: Team Bios and Endnotes

CONFIDENTIAL

## Co-Founders / Managing Partners

### BOB FRANZ

Co-Founder / Managing Partner

Mr. Franz is the co-founder and managing principal at Arbour Lane Capital Management, LP, an SEC registered investment advisor specializing in opportunistic credit and special situations investments. Mr. Franz has been involved in analyzing and investing in debt and equity securities since 1997. Mr. Franz joined Credit Suisse in 2002 as the Co-Head of Loan Trading and was subsequently promoted to Head of the Syndicated Loan Group and the Global Head of Distressed. In 2011 Mr. Franz assumed the additional roles of Head of North American Trading which included oversight of the High Yield, Investment Grade, Structured Credit and Macro Hedge business. While there, he actively traded the firm's multi-billion opportunistic principal credit book and oversaw \$25 billion of gross risk across Global Credit Products. Mr. Franz built and ran one of the top ranked Global Distressed businesses in North America. Mr. Franz was ranked the number one distressed trader for four years running in Institutional Investor, 2007-2011. Mr. Franz was a member of the Fixed Income Management Committee, the Global Credit Product Executive Committee and the Capital Commitments Committee.

Prior to Credit Suisse, Mr. Franz was the Head of Par Loan Trading at Morgan Stanley (1997-2002). Mr. Franz began his career at PricewaterhouseCoopers (1995-1997). Mr. Franz holds a Bachelors in Finance and Accounting from Fordham University, graduating Cum Laude.



### KEN HOFFMAN

Co-Founder / Managing Partner

Mr. Hoffman is the co-founder and managing principal at Arbour Lane Capital Management, LP, an SEC registered investment advisor specializing in opportunistic credit and special situations investments. Mr. Hoffman has been involved in analyzing and investing in debt and equity securities since 1998. Mr. Hoffman joined Credit Suisse/Donaldson Lufkin and Jenrette in 2000 as a Vice President in the Sponsor Coverage Group within Investment Banking. In 2002 Mr. Hoffman moved from Investment Banking to become a senior distressed research analyst on the trading floor where he sat directly next to Mr. Franz working closely with him managing the largest risk positions and building the distressed business. In 2005 Mr. Hoffman was elevated to Head of North American Distressed, Special Situations, Structured Credit, and Customer Finance. Mr. Hoffman actively co-managed with Mr. Franz a multi-billion opportunistic Principal Risk Book and jointly oversaw the \$25 billion of gross risk across the Global Credit Group. Mr. Hoffman managed a team of desk analysts and originators responsible for sourcing, analyzing, structuring and managing principal investment positions across a broad array of companies and industries. Mr. Hoffman was a member of the Fixed Income Management Committee, the Global Credit Executive Committee and the Capital Commitments Committee.

Prior to Credit Suisse, Mr. Hoffman was an Associate in the Sponsor Coverage Group of Citigroup (1998-2000). He was perennially ranked in the top 10% of his banking class. Mr. Hoffman began his career at Ernst & Young as a management consultant (1993-1996). Mr. Hoffman holds a Bachelors in Industrial Engineering from Stanford University and an M.B.A. from The Wharton School of the University of Pennsylvania.

### DAN GALANTER

Co-Founder / Managing Partner

Mr. Galanter is the co-founder and managing principal at Arbour Lane Capital Management, LP, an SEC registered investment advisor founded in 2016 specializing in opportunistic credit and special situations investments. Mr. Galanter has been involved in analyzing and investing in debt and equity securities as well as building and managing investment firms since 1996. Prior to co-founding Arbour Lane in 2016, Mr. Galanter was a Senior Managing Director at Avenue Capital Group, where he co-headed the Avenue Asia Strategy. In that role, he determined strategic direction, managed the investment team, leveraged strategic sourcing relationships and advised on all investment opportunities as a member of the Investment Committee. In addition, he headed up business development for the strategy. Mr. Galanter was also a member of Avenue's Management Committee.

Prior to joining Avenue in 2014, Mr. Galanter was a Managing Director at PAG, a \$30 billion investment firm with Private Equity, Absolute Return and Real Estate strategies. In that role, Mr. Galanter was focused on strategy, business development, and management. Mr. Galanter received a B.S. in Finance from The Wharton School of the University of Pennsylvania and a M.B.A. from Columbia Business School.

# Investor Relations

**RACHELLE UDEOGU**

Investor Relations Vice President

Prior to joining Arbour Lane, Ms. Udeogu started her career at Centerbridge Partners, L.P. where she worked for 6 years in Investor Services. During that time she supported the firm's investor reporting, operational due diligence, and fund raising efforts as an associate focusing on the private equity and real estate funds. Ms. Udeogu received a B.A. in Politics from New York University and a M.B.A. from Georgetown University's McDonough School of Business.



# Endnotes

Past performance of any investments described herein are provided for illustrative purposes only and are not indicative of the Fund's future investment results. The information herein is provided solely to illustrate ALCM's investment experience and the processes and strategies used by the founders in the past with respect to other investment portfolios. There can be no assurance that the Fund will achieve comparable results or its targeted returns, be able to implement its investment strategy or be able to avoid losses. In addition, there can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, 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.

1. Amounts for Invested Equity are generally determined based on the funding requirements of the investments. For investments settled on or before March 31, 2024, such amounts reflect the cost of such investment less any delayed compensation (net of cost of carry) and paydowns or other receipts between trade and settle date and less any asset-level financing received. For investments that remain unsettled as of March 31, 2024, such amounts reflect the cost of such investments less any accrued delayed compensation (net of cost of carry) and paydowns or other receipts before such date. Realized Value generally represents amounts received on investments from sales (including receivables for unsettled sales), paydowns, interest and any other cash inflows on the investments, less any asset-level financing repaid.
2. The 21.2% gross IRR and 16.6% net IRR are unaudited estimates as of June 30, 2024 generated by ALCM which are subject to change, and based on the timing of calls from and distributions to investors and a liquidation at the estimated June 30, 2024 net asset value of Fund II. The 17.8% gross IRR and 13.0% net IRR are unaudited estimates as of June 30, 2024 generated by ALCM which are subject to change, and based on the timing of calls from and distributions to investors and a liquidation at the estimated June 30, 2024 net asset value of Fund III. Such net returns do not reflect the deduction of blocker taxes, if any. Such gross performance figures do not reflect the deduction of expenses, management fees and carried interest, loan losses or enforcement costs on unrealized investments or taxes to be borne by investors in the fund, all of which in the aggregate are expected to be substantial and to reduce the net returns to investors. The IRRs do not exclude the general partner or other investors that pay reduced or no management fees or carried interest, and, therefore, the management fee and carried interest rates used in calculating such return metrics is a blended rate of full fee and reduced (or no) fee investors; the corresponding return metrics of an investor that does not benefit from a fee discount would be lower. Actual returns to individual investors may differ materially due to, among other things, the timing of an investor's commitment, the particular entity in which they are invested and related investment structures utilized to address tax concerns, and fee discounts, if any, to which a particular investor is eligible. Current valuation and performance numbers are unaudited and are subject to change. There can be no assurance that any such investment can be liquidated at the current time or at current valuations.
3. Fund II Total capital commitments of \$1,224.5 million. Fund III Total capital commitments of \$1,988.2 million.
4. Maximum drawn capital of \$1,121.7 million reflects the peak amount of net capital called from investors since Fund II's inception. Maximum drawn capital of \$1,423.6 million reflects the peak amount of net capital called from investors since Fund III's inception.
5. Excludes investments with a total unrealized value of less than \$5 million.
6. Multiple on Commitments represents the ratio of (a) the total value of investments less the invested equity plus the total capital commitments from investors to (b) the total capital commitments from investors, expressed as a multiple (assuming in the case of unrealized investments that such investments were sold at the relevant date at their then unrealized value). Gross Multiple on Commitments is calculated before giving effect to management fees, carried interest, and other expenses, the application of which would reduce performance and the rate of return. Net Multiple on Commitments is calculated after giving effect to management fees, carried interest, and other fund expenses.
7. Multiple on Maximum Drawn Capital represents the ratio of (a) the total value of investments less the invested equity plus the maximum net capital called from investors to (b) the maximum net capital called from investors, expressed as a multiple (assuming in the case of unrealized investments that such investments were sold at the relevant date at their then unrealized value). Gross Multiple on Commitments is calculated before giving effect to management fees, carried interest, and other expenses, the application of which would reduce performance and the rate of return. Net Multiple on Commitments is calculated after giving effect to management fees, carried interest, and other fund expenses.

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