



**D E E R P A T H**  
CAPITAL MANAGEMENT, LP

# State of Rhode Island

August 2022

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# I. Deerpath Capital Firm Overview

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# FIRM OVERVIEW



## ORGANIZATION

### **Founded in 2007 – 15 years with same strategy**

- Original Founders continue to lead the firm today
- Approximately 70 professionals spread across regional offices
- Demonstrated expertise in sourcing, selecting and managing loan investments

## STRATEGY

### **Leading non-bank lender in U.S. lower middle market with safety-first investment approach**

- Income generation strategy with consistent & strong current yield through cash pay loans
- “Safety-first” investment style prioritizing preservation of capital over yield
- Focus on loan sizes just below segment where competition among lenders is intense
- First-lien loans of \$25-\$75 million in companies with enterprise value of \$50-\$150 million

## ORIGINATION PLATFORM

### **Robust origination platform is a key competitive advantage**

- Regional teams in 5 major markets: NYC, Chicago, Boston, LA and Fort Lauderdale
- Active coverage of 350+ PE sponsors in lower middle market
- 15 years of calling on same segment of PE sponsor market
- 2,100+ deals sourced annually, allowing for stringent quality standards in deal selection

## TRACK RECORD

### **Over 714 investments representing \$6.7 billion of invested capital since inception**

- Excellent track record of avoiding credit losses while generating strong returns
- Targeted Net IRRs: 5%-8% for unlevered funds and 10%-15% for levered funds



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## II. Strategy and Differentiation

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## DEERPATH'S PHILOSOPHY

**Deerpath is differentiated from other direct lenders by its culture of prioritizing safety above all else**

- We live in an uncertain world
- No team and no amount of due diligence can eliminate all the uncertainty
- Address uncertainty by keeping risk levels low
- Emphasize natural strengths of senior loans: safety, predictability and income
- Do not seek to be an excess return fund
- Our investors have PE and VC funds to provide their excess return allocations
- Seek to provide the safety, with cash income at a moderate return level

### **FOCUS ON SAFETY IS EVIDENT IN EACH OF THE LOANS THAT WE UNDERWRITE**

- Good quality businesses, not special situations or "story credit"
- First lien senior debt only
- Low leverage
- Quarterly financial covenants
- PE sponsor backed borrowers
- Active management

# DIRECT LENDING FUNDS NOT ALL THE SAME



## Differentiating to Fund Investors

### “Fixed Income” Players

- Differentiate based on low credit losses
- Not willing to compromise on risk metrics to pursue higher yields
- Seek to deliver higher yields than traded loan market by capturing illiquidity premium versus by bearing greater risk of loss
- Fit into an institutional investor's fixed income allocation, but illiquid

### “Hedge Fund” Lenders

- Differentiate funds based on high yields
- Willing to stretch on risk metrics to increase yield
- Often market assets as returning nearly as much as private equity but with more predictability
- Fit into an institutional investor's private equity or alternatives allocation

## Differentiating to Borrowers

### Deerpath Approach

**Willingness to Bear Risk** →

We choose not to differentiate this way

**Pricing** →

We price competitively to win the higher quality loans

**Service** →

We differentiate through PE Sponsor relationships, industry reputation, deal skills

**Different lenders direct their activities based on different prime objectives, which takes them to different loans**

- Deerpath: Safety is top objective. Seek loans that have a very low risk of loss
- Alternative Lender #2: Seek loans that provide yield of 12% on portfolio
- Alternative Lender #3: Seek loans that allow me to deploy \$3 billion of capital this year

# PRIORITIZING SAFETY AS TOP OBJECTIVE



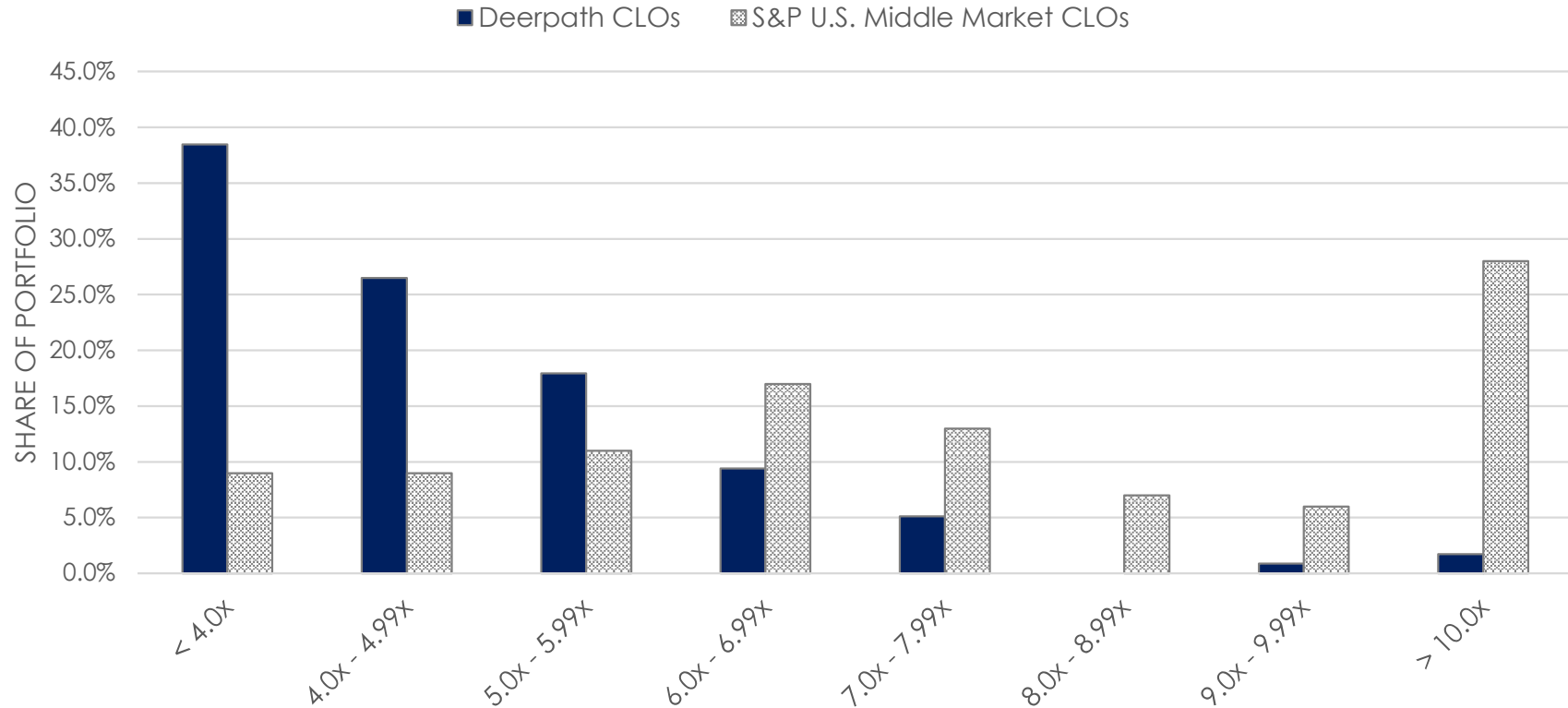
Factor	Deerpath's Approach Lower Middle Market	Alternative Approach Core Middle Market
<b>Market Segment</b>		
Enterprise Value	\$50 – \$150 MM	\$100 – \$500 MM
Loan Size	\$25 – \$75 MM	\$50 – \$250 MM
Borrower Operating History	15+ Years	15+ Years
Typical Debt/EBITDA	3.5x-4.0x	5.5x-6.0x
Typical Loan Yield	10%	6%-8%
<b>Firm Culture</b>	Quality Over Portfolio Growth	Portfolio Growth Over Quality
<b>Investment Philosophy</b>	Safety over Yield	Stretch on Credit Risk in Pursuit of Yield
<b>Position in Capital Structure</b>	95%+ First Lien Senior Debt	Second Lien, Mezz, Last-Out, HY Exposure
<b>Covenants</b>	Quarterly Financial Covenants	"Cov-Lite"
<b>Borrower Ownership</b>	PE Sponsor Backed	Non-Sponsored
<b>Active Management</b>	Board Observer Seat	No Board Rights, Limited Borrower Contact
<b>Risk Tolerance</b>	Clean, Healthy Credits	Special Situations/"Story" Credits
<b>Sourcing Approach</b>	Direct Origination	Participation in Loans Originated by Others



# DEERPATH'S CREDIT METRICS COMPARE FAVORABLY TO LARGER MIDDLE MARKET LENDERS



## Stratification of Portfolio by Debt / EBITDA Ratio



- **65%** of loans in Deerpath's CLOs have leverage < 5.0x and 39% have leverage < 4.0x
- S&P US MM CLO Index has only 18% of loans with leverage < 5.0x and 9% with leverage < 4.0x

Source: S&P Global Ratings. Credit Estimates Within Middle Market CLOs: Third Quarter 2019. Deerpath CLO data represents all Deerpath CLOs taken together as a single portfolio. The use of indices is for illustrative purposes only. Please refer to the additional important disclaimers at the end of this presentation.

# WHAT WE DO, AND WHY



WHAT	WHY	DIFFERENTIATION
<b>Direct calling on 350+ PE Sponsors</b>	Generates large volume of lending opportunities (2,100 per year), enabling us to be highly selective on the loans we choose	<ul style="list-style-type: none"> <li>▪ We see opportunities that other lenders do not</li> <li>▪ <b>Other lenders often are calling on a different set of PE sponsors focused on larger deals</b></li> </ul>
<b>Focus on Lower Middle Market Segment</b>	<ul style="list-style-type: none"> <li>▪ Companies large enough to be good quality businesses but small enough to avoid heavy competition</li> <li>▪ Can find both good quality businesses and conservative loan structures</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managers who prioritize growing AUM as their top objective avoid the lower MM because they prefer larger loan sizes</li> <li>▪ <b>Deerpath prioritizes safety over growing AUM</b></li> </ul>
<b>Select investments using Deerpath's safety-first criteria</b>	<ul style="list-style-type: none"> <li>▪ Safety is our top objective</li> <li>▪ We seek to differentiate by providing a superior record of avoiding credit losses</li> <li>▪ We believe a Senior Loan fund should make safety the top priority</li> </ul>	<ul style="list-style-type: none"> <li>▪ Other managers sacrifice safety to seek (i) growth in volume (AUM) or (ii) excess yields</li> <li>▪ <b>Prioritizing safety is the foundation of our firm and deeply ingrained in our culture</b></li> <li>▪ Our Investment Committee is comprised of experienced investors with discipline and self-restraint to hold safety standards high</li> </ul>
<b>Actively manage the loans</b>	<ul style="list-style-type: none"> <li>▪ Powerful tool to avoid credit losses</li> <li>▪ Quarterly financial covenant tests and other features give us ability to force modification of loan terms if borrower significantly off plan</li> <li>▪ We can demand an increase in our yield or an equity contribution from the owners if quarterly financial covenants are breached</li> </ul>	<ul style="list-style-type: none"> <li>▪ We are highly effective in requiring credit support from PE sponsors when needed</li> <li>▪ <b>We structure our loans with the right features to give us the ability to pressure the owners to provide credit support</b></li> <li>▪ We know when and how to utilize our rights effectively</li> </ul>

# WHAT WE DO, AND WHY (CONT.)



WHAT	WHY	DIFFERENTIATION
<p><b>Structure our loans with a PE sponsor in place to play the role of shock absorber</b></p>	<ul style="list-style-type: none"> <li>PE Sponsor as owner has both financial strength and economic incentive to support borrower when needed</li> <li>We can move much of the risk around business performance off our shoulders and onto the PE Sponsor</li> </ul>	<p><b>Deerpath has been more effective than many other lenders at requiring credit support from our PE Sponsors</b></p> <p>We increase the likelihood that a PE Sponsor will provide additional equity to a troubled company by:</p> <ul style="list-style-type: none"> <li>Selecting businesses that will still have solid prospects even after an unexpected shock (e.g., COVID-19)</li> <li>Structuring our loans with more cushion in the capital structure than many other lenders</li> </ul> <p>Borrower's equity value after taking into account the shock determines economic incentive for Sponsor to provide additional equity</p>
<p><b>Package up our loans into two main products:</b></p> <ul style="list-style-type: none"> <li><b>Unlevered funds</b></li> <li><b>Levered funds</b></li> </ul>	<ul style="list-style-type: none"> <li>We believe our Unlevered funds are a superior replacement for traded senior loans and high yield bonds</li> <li>We believe our Levered funds are a superior replacement for mezzanine funds</li> </ul>	<p>For our Levered funds, we are careful to use both a responsible amount of leverage and the right type of leverage</p> <p>Emphasize types of leverage that represent long-term, sturdy financing that cannot be taken away in a market downturn.</p> <ul style="list-style-type: none"> <li>CLO notes: 12-year term</li> <li>SBIC notes: 10-year term</li> </ul> <p><b>While dozens of US direct lending fund managers utilize the CLO market for portfolio financing, Deerpath is only such player focused on the Lower Middle Market</b></p> <p>Our direct competition for our size loan typically is a smaller fund that cannot access the CLO market because it lacks the robust origination volume to meet the portfolio diversity requirements of the CLO market</p>

# INVESTMENT PROCESS



## DESCRIPTION

- |             | Sourcing  | Deal Screening   | Investment Committee   | Deal Execution   | Ongoing Monitoring   |
|-------------|---|--|--|--|--|
| DESCRIPTION | <ul style="list-style-type: none"> <li>Proprietary sourcing network through key relationships with private equity firms, investment banks and existing portfolio companies</li> <li>Competitive advantage through “on the ground” regional presence</li> <li>Sourcing activity carefully tracked and monitored</li> </ul> | <ul style="list-style-type: none"> <li>Deal pipeline discussed twice/week</li> <li>Initial due diligence and deal screening</li> <li>Screening memorandum created for Investment Committee review</li> </ul> | <ul style="list-style-type: none"> <li>Meets twice a week with ability to call ad hoc meetings, as needed</li> <li>Provides direction on deals to pursue and pricing / terms</li> <li>Consent from Partners required to approve an investment</li> </ul> | <ul style="list-style-type: none"> <li>Primary due diligence conducted including accounting review, legal review and business review with on-site management meetings</li> <li>Typically 30-45 days</li> <li>Execute on 5% or less of deals sourced</li> </ul> | <ul style="list-style-type: none"> <li>Monthly financial statements</li> <li>Quarterly compliance certificates for financial ratio tests</li> <li>Quarterly board meetings</li> <li>Quarterly valuations on each position approved by IC</li> <li>Dedicated reporting and finance team</li> <li>Investment Team stays with credit</li> </ul> |

## RESPONSIBLE PARTY

- |                   | Sourcing  | Deal Screening  | Investment Committee  | Deal Execution  | Ongoing Monitoring   |
|-------------------|---|---|---|---|--|
| RESPONSIBLE PARTY | <ul style="list-style-type: none"> <li>Investment Team</li> </ul> | <ul style="list-style-type: none"> <li>Investment Team</li> </ul> | <ul style="list-style-type: none"> <li>Investment Committee</li> <li>Investment Team</li> </ul> | <ul style="list-style-type: none"> <li>Investment Team</li> <li>Finance and Operations</li> <li>Third Party Advisors</li> </ul> | <ul style="list-style-type: none"> <li>Investment Team</li> <li>PR&amp;A Team</li> <li>Restructuring/ Investment Committee, if needed</li> </ul> |

The origination platform described above may change over time and is intended only as a general illustration of the process Deerpath follows. There is no guarantee Deerpath will continue to realize the same or similar results as those described above. Please refer to the additional important disclaimers at the end of this presentation.

# RECENT INVESTMENTS (LAST TWELVE MONTHS ENDED 3/31/22)



## LTM 3/31/22 Investment Summary

<b>Total Deerpath Originations</b>	\$2.7B
<b>Number of Unique Portfolio Company Investments</b>	91

## Median Portfolio Company Metrics

<b>Enterprise Value</b>	\$128.8MM
<b>LTM Revenue</b>	\$65.2MM
<b>LTM EBITDA</b>	\$12.0MM
<b>LTV %</b>	39%
<b>Net Senior Debt / EBITDA</b>	3.79x
<b>Operating History</b>	23 Years

# STRONG AND COMPETITIVE DEAL ORIGINATION PLATFORM



## ACCESS TO DEAL FLOW

- **22 professionals** focused on originating and executing new deals
- **Regional origination coverage** allows team members to be close to sponsor locations
- Heavy **emphasis on face-to-face meetings** with PE sponsors to establish and maintain relationships
- **15 years conducting direct calling** efforts on private equity sponsors in the lower middle market
- Sponsor relationships typically give Deerpath **early looks and last looks at potential financings**
- **Existing portfolio is a significant generator of new add-on lending opportunities**, where Deerpath typically has first look at potential acquisitions and growth opportunities
- Large volume of deal flow allows Deerpath to be very selective (**3% or less book-to-look ratio for platform deals**)

## CLEAR AND CONSISTENT RESULTS

**14,700+**

Lending Opportunities  
since Inception

**110+**

PE Sponsors Deerpath has  
executed transactions with

**2,100+**

Deals Sourced in  
2021

**\$2.7b**

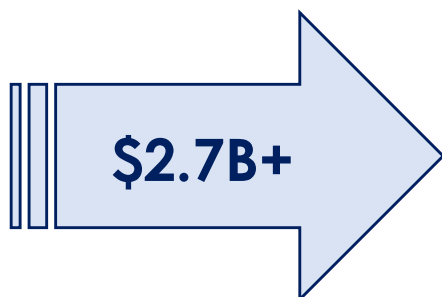
Gross Origination  
Volume in  
2021

# STRONG ORIGINATION VOLUME

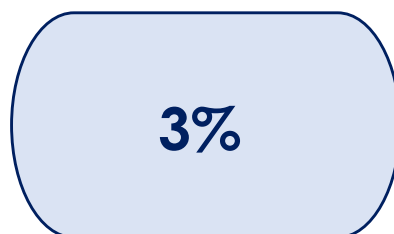


Large volume of deal flow allows us to continue to be very selective

**LTM Q1 2022**  
**Origination Volume**



**Book-to-Look Ratio**  
**on Platform Deals**



**Three Drivers**  
**of Strong Deal Flow**

**Size, geographic reach and relationships of our Sponsor coverage organization**

**Longevity in this market:**

Calling on the same segment of PE Sponsors with the same product for ~15 years

**Large existing portfolio of active borrowers generates “add-on” investments, where we increase our investment size in an existing loan**

<b>Deal Funnel Stage</b>	<b>LTM Q1 2022 Total</b>	<b>LTM Q1 2022 Platforms</b>	<b>LTM Q1 2022 Add-ons</b>
Deals Sourced	<b>2,055</b>	<b>1,764</b>	<b>291</b>
Term Sheets Issued	<b>443</b>	<b>198</b>	<b>245</b>
% of Deals Sourced	<b>22%</b>	<b>11%</b>	<b>84%</b>
Deals Closed	<b>253</b>	<b>53</b>	<b>200</b>
% of Deals Sourced	<b>12%</b>	<b>3%</b>	<b>69%</b>

# BORROWER MONITORING



**Once a new investment is approved by the Investment Committee, each borrower is monitored closely, allowing us to move swiftly if there is a problem**

- Teams work in concert throughout life of loan (no passage of responsibility from one team to another)

## **Portfolio Reporting & Administration Team**

- Collection of borrower reporting:
  - Monthly & quarterly financials, quarterly covenant compliance certificates, annual audited financials
  - Preparation of quarterly Comprehensive Monitoring Report: financial performance and historical trends, credit ratios, quarterly internal valuations, monthly rating
- Preparation of quarterly internal valuations:
  - Each position valued using a range of valuation methodologies

## **Valuations and Internal Ratings**

- Valuation Committee approves updated FMV mark for each position every quarter
- Each position valued annually by an independent valuation firm
  - Final FMV marks must be consistent with valuation firm's recommended range



# ACTIVE MANAGEMENT OF TROUBLED LOANS



**Strict borrower monitoring allows us assess problems quickly and take immediate action to protect our principal. Once a credit problem arises, situation is immediately elevated to the Investment Committee**

## Watch List

Once performance deteriorates and covenant breach is anticipated, borrower added to **Watchlist**

- Internal rating is downgraded
- Head of Restructuring is added to the coverage team for the company
- In depth discussion at monthly watchlist review call, attended by Head of Restructuring, Head of the PR&A team and Investment Committee
- The Investment Committee determines what action steps to take on each problem situation
- The Head of Restructuring has the responsibility of implementing the action steps

## Workout Methodology

We typically control the voting rights for our loans, so decision on exercising our rights to protect the loan can be made quickly without having to coordinate other lenders

- Our approach is designed to empower Deerpath to re-cut the terms of the loan (reduce loan size, increase yield) as needed to protect the value of our loan.
- Active management allows us to force frequent mid-course corrections in order to keep the credit safe
- Typical correction - pressure Sponsor to infuse more equity, fortifying financial strength of the borrower



### III. Track Record

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# STRONG TRACK RECORD ACROSS FULL CREDIT CYCLE

(AS OF MARCH 31, 2022)



## Extensive Track Record Since 2008

**714** investments

**\$6.7 billion** of invested capital

**11.3%** unlevered total return

**0.09%** realized loan loss rate per annum

## Track Record of Avoiding Credit Losses

**714 Investments**

**288 Individual Companies**

**2.2% Defaults**

**1.3%**

**Equity Control**

**Total Portfolio  
Realized Gain  
(Loss) Annualized  
Since Inception**

**+0.01%**

# DEERPATH TRACK RECORD (US 2.0X LEVERED FUNDS)

(AS OF MARCH 31, 2022)



	Fund 1	Fund 2	Fund 4B (US)	Fund 5B (US)	Fund 6B (US)
	Deerpath Capital I, LP	Deerpath Capital II, LP	Deerpath Capital Advantage IV (US), LP	Deerpath Capital Advantage V (US), LP	Deerpath Capital Advantage VI (US), LP
<b>Vintage Year</b>	2008	2011	2016	2019	2021
<b>Leverage Target (D/E)</b>	2.0x	2.0x	2.0x	2.0x	2.0x
<b>Fully Invested Status</b>	Liquidated	Liquidated	Fully Invested	Fully Invested	Ramp up
<b>Net IRR, Since Inception</b>	12.53%	11.17%	9.51%	11.59%	19.70%
<b>12 Months Ending 3/31/22</b>	-	-	13.23%	11.55%	N/M
<b>Net TVPI</b>	1.96x	1.88x	1.31x	1.17x	1.05x

*Note: Past performance is not an indication of future results and an investment may lose value. All return calculations are unaudited.*



## IV. Team Overview

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# DEERPATH TEAM OVERVIEW



## Deerpath is led by the Firm's Management Committee:

- Gary Wendt
- James Kirby
- John Fitzgibbons
- Tas Hasan

## Under this leadership, the Firm has three key functional areas:

Investment Team
<ul style="list-style-type: none"><li>▪ Origination</li><li>▪ Underwriting</li><li>▪ Investment Approval</li><li>▪ Portfolio Management</li></ul>

Finance & Operations
<ul style="list-style-type: none"><li>▪ Accounting</li><li>▪ Portfolio Reporting &amp; Analysis</li><li>▪ Treasury &amp; Compliance</li></ul>

Investor Relations
<ul style="list-style-type: none"><li>▪ Communication with existing investors and new investors</li></ul>

# STRONG AND EXPERIENCED ORGANIZATION (~70 PEOPLE)



## Management Committee

Gary C. Wendt <i>Chairman &amp; Inv. Committee Member</i>	James H. Kirby <i>President &amp; Inv. Committee Member</i>	John B. Fitzgibbons <i>Inv. Committee Member</i>	Tas Hasan <i>COO &amp; Inv. Committee Member</i>
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## Origination, Underwriting & Monitoring

Reed Van Gorden <i>Managing Director, Chicago</i>	Natalie Garcia <i>Managing Director, Ft. Lauderdale</i>	Orin Port <i>Managing Director, Ft. Lauderdale</i>
Allen Ameri <i>Managing Director, Los Angeles</i>	Marcus Badger <i>Managing Director, Ft. Lauderdale</i>	Michael Contreras <i>Managing Director, Boston</i>
Tomasz Milewski <i>Managing Director, Portfolio Reporting</i>	Mauricio Reyes <i>Managing Director, Ft. Lauderdale</i>	Aaron Markos <i>Director, Chicago</i>
Anuj Aggarwal <i>Director, Chicago</i>	Patrick Kane <i>Associate Director, Chicago</i>	Konstantin Katsman <i>Associate Director, Los Angeles</i>
Robert Callaghan <i>Vice President, Ft. Lauderdale</i>	Alex Morrison <i>Vice President, Chicago</i>	Matthew Brown <i>Senior Associate, Chicago</i>
Lawrence Reverman <i>Vice President, Chicago</i>	Zachary Hanson <i>Associate, Chicago</i>	John Hennig <i>Associate, Chicago</i>
Christopher Lynch <i>Associate, Chicago</i>	Andrew Prendergast <i>Associate, Chicago</i>	Joshua Romanek <i>Associate, Chicago</i>
Kelsey Tyrrell <i>Associate, Chicago</i>	Mark Gonzalez <i>Analyst, Chicago</i>	Randolph Leslie <i>Associate, Chicago</i>
Samuel Williams <i>Analyst, Chicago</i>	Jeffrey Zazove <i>Analyst, Chicago</i>	Alex Teresky <i>Analyst, Chicago</i>

## Investor Relations

Antonella Napolitano <i>Managing Director</i>
Ben Daly <i>Director</i>
Robert Van Eyck <i>Director</i>
Tania Kutner <i>Associate Director</i>
Michael Baran <i>Vice President</i>
Brad Couture <i>Vice President</i>
Casey McKague <i>Vice President</i>
Charles Geraghty <i>Associate</i>
Katherina Carriere <i>Associate</i>
Blair Feldman <i>Analyst</i>

## Finance & Operations

Anish Bahl <i>Chief Financial Officer</i>	Derek Dubois <i>Managing Director, Treasurer</i>	Alex Bourdony <i>Director, Accounting</i>
Mike Davis <i>Director, Finance</i>	Brian Forde <i>Director, Operations</i>	Sabrina Venegas <i>Director, Human Resources</i>
Stephen Johns <i>Associate Director, Treasury</i>	Joshua Wydra <i>Associate Director, Treasury</i>	Carlos Figueroa <i>Vice President, Loan Administration</i>
Hisham Hamdy <i>Assistant Controller</i>	Rebekah Perez <i>Senior Associate, Loan Administration</i>	Jason Ma <i>Senior Associate, Treasury</i>
David Mesa <i>Associate, Treasury</i>	Scot Thompson <i>Senior Associate, Treasury</i>	Vanessa Markou <i>Senior Associate, Loan Administration</i>
Alyssa Brookner <i>Fund Accountant</i>	Jack O'Connor <i>Fund Accountant</i>	Andrew Halverstadt <i>Fund Accountant</i>
Erin Nester <i>Fund Accountant</i>	John Peer <i>Staff Accountant</i>	Joseph Bartucca <i>Fund Accountant</i>
Mark Lyon <i>Marketing Manager</i>	Kara Kitchen <i>Recruiting Manager</i>	Marcia Cabrera <i>Operations Manager</i>
Gena Eskow <i>Operations Manager</i>	Amanda Conley <i>Operations Assistant</i>	





**Regionally based teams enhance Deerpath's origination strength**

# INVESTMENT COMMITTEE



Deerpath has evaluated over 14,700 investment opportunities over the last 15 years and selected over 714 investments representing more than \$6.7 billion of invested capital with an excellent record of avoiding credit losses while generating strong risk-adjusted returns.

The Investment Committee consists of 5 members:

	Name	Title	Location	Years of Experience at Deerpath	Years of Industry Experience	Prior Experience
	Gary Wendt	Founder & Chairman	Ft. Lauderdale	15	47	Former Chairman of GE Capital, where he built and ran an industry-leading middle market lending business for over 22 years
	James Kirby	Founder & President	New York	15	33	Former Partner in private equity investing at Madison Dearborn Partners and Portfolio Manager in credit investing at Soros Fund Management and Dune Capital
	John Fitzgibbons	Founder	New York	15	29	Owner-operator of more than 15 middle market businesses that he led as CEO since 1993
	Tas Hasan	Partner & Chief Operating Officer	New York	15	21	Previously worked in credit investing at Soros Fund Management/Dune Capital and GSC Partners
	Rotating Managing Director	The fifth seat on our Investment Committee is a rotating seat held by one of our investment team Managing Directors				



# DEERPATH INVESTMENT TEAM



Investment Committee			Origination Team			Underwriting Team		
Name	Title	Years of Industry Experience	Name	Title	Years of Industry Experience	Name	Title	Years of Industry Experience
Gary Wendt	Founder & Chairman	47	Reed Van Gorden	Head of Origination	21	Natalie Garcia	Head of Underwriting	18
James Kirby	Founder & President	33	Orin Port	Head of Sponsor Coverage	34	Mauricio Reyes	Head of Restructuring	23
John Fitzgibbons	Founder	29	Marcus Badger	Managing Director	21	Konstantin Katsman	Associate Director	11
Tas Hasan	Partner & COO	21	Allen Ameri	Managing Director	19	Patrick Kane	Associate Director	11
Rotating Managing Director	The fifth seat on our Investment Committee is a rotating seat held by one of our investment team Managing Directors		Michael Contreras	Managing Director	13	Alex Morrison	Vice President	7
			Aaron Markos	Director	25	Lawrence Reverman	Vice President	6
			Anuj Aggarwal	Associate Director	11	Supported by 5 Associates		
			Robert Callaghan	Vice President	7	<b>Extensive experience underwriting, structuring and executing complex transactions. Private equity style primary due diligence review, including the use of external advisors.</b>		

**The Deerpath team has evaluated over 14,700 investment opportunities since inception and selected over 714 investments with an excellent record of avoiding credit losses while generating strong risk-adjusted returns.**

**Origination effort based on direct calling on 350+ PE sponsors with coverage organized by geographic market. Originate over 2,100 opportunities annually, allowing us to be highly selective.**



## V. ESG

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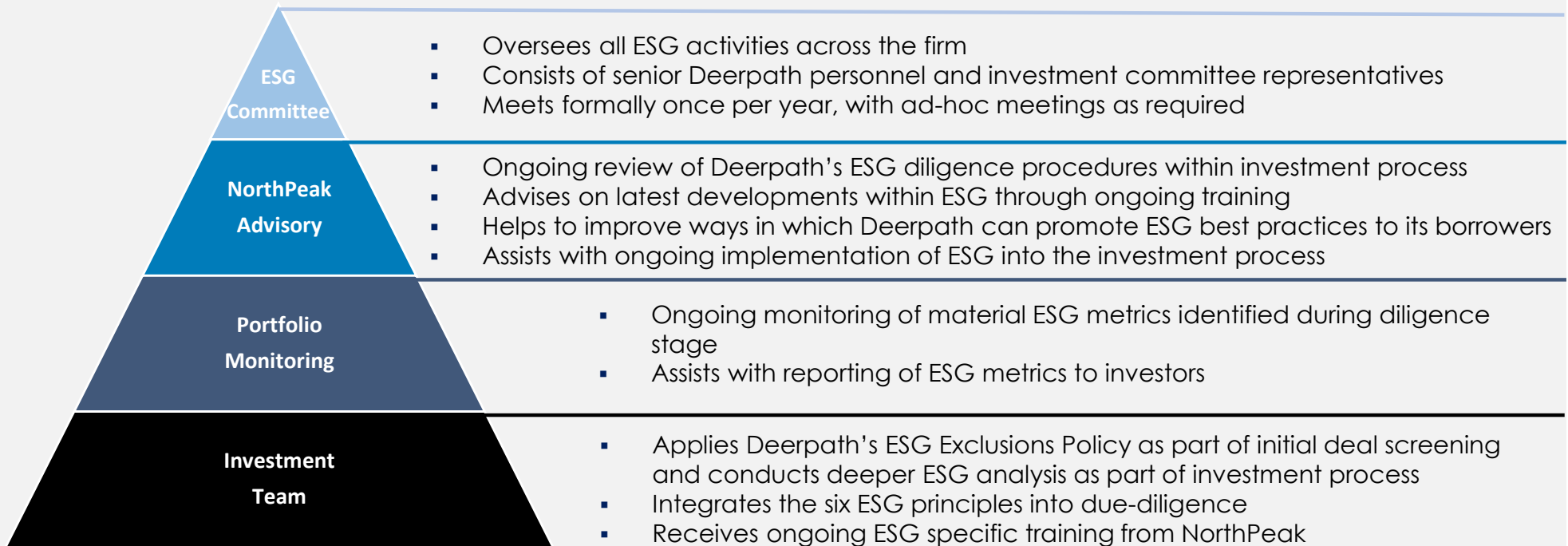
# RESPONSIBLE INVESTING



## Responsible investing is core to our 'safety-first' strategy with ESG diligence being a crucial part of our credit analysis

- ESG is integrated into Deerpath's entire investment decision process, portfolio construction and ongoing portfolio monitoring:
  - We consider ESG in addition to our conventional credit due diligence, in order to identify risks that may not be explored effectively through traditional financial analysis alone
  - This approach enhances our traditional analysis, incorporating financially material ESG factors and potential impact on returns
- Retained NorthPeak Advisory, a London-based specialist ESG advisory firm to support with our responsible investing practices
- We look to use our influence as a leading direct lending manager in the U.S. to drive positive change at our portfolio companies

## ESG is integral to our risk management process and ESG governance is formally overseen by the ESG Committee





## VI. Case Studies

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## Investment Snapshot

### Loan Terms (\$ in Thousands)

Initial Investment Date	01/11/2021
Maturity Date	01/01/2026
Term Loan Amount	\$ 31,000
Interest Rate	6.75%
	(L+575 bps; 1.00% Floor)
Upfront Fees	2.00%
Use of Proceeds	Recapitalization

### Investment FMV (All Deerpath Managed Entities)

\$ in Thousands	At Investment	31/03/2022
Term Loan Amount	\$ 31,000	\$ 48,316
Current FMV	31,000	47,855
Revolver Amount	\$ -	\$ -
Current FMV	-	-

## Company Overview & Business Description

### Company Overview

Location	USA
Operations Established	1996
Company Ownership	Private Equity Sponsor (69%) Management (31%)

### Business Description

Provider of industrial refrigeration, mechanical and HVAC services in New England.

## Recent Events

Deerpath closed on the initial investment in November 2021. Strong performance is driven by post-covid revenue increases, increased operating leverage and margin improvement. Deerpath provided \$17.4mm of incremental financing in Q1 22 for an add-on acquisition of a target company for \$27.4mm or 7.2x Adj. EBITDA of \$3.8mm. 12/31/21 are reported on a PF basis to include the add-on.

## Initial Transaction Overview

Deerpath funds provided a new senior credit facility to an HVAC company ("the Company") to complete an add-on acquisition and refinance existing debt. Deerpath provided a \$5.0mm Revolver (unfunded at close) and a \$31.0mm Term Loan.

Sources	\$ in Thousands	Uses	\$ in Thousands
Revolver (\$5.0mm)	\$ -	Cash to Seller	\$ 5,372
Term Loan	31,000	Refinance of Existing Debt	24,095
Balance Sheet Cash	219	Fees & Expenses	1,752
<b>Total Cash Sources</b>	<b>\$ 31,219</b>	<b>Total Cash Uses</b>	<b>\$ 31,219</b>
New Seller Rollover	1,500	New Seller Rollover	1,500
Existing Seller Rollover	8,200	Existing Seller Rollover	8,200
Earmout	1,500	Earmout	1,500
Existing Cash Equity	22,000	Existing Cash Equity	22,000
<b>Total Sources</b>	<b>\$ 64,420</b>	<b>Total Uses</b>	<b>\$ 64,420</b>
<b>EV/EBITDA</b>	<b>7.58x</b>	<b>LTM EBITDA (8/31/21)</b>	<b>\$ 8,273</b>

## Investment Merits

- 1) Leading market position in highly fragmented New England market;
- 2) Necessary service offering;
- 3) Diverse customer base and strong revenue retention;
- 4) Opening leverage of 3.75x with reasonable LTV of 49% in an active M&A industry;
- 5) High free cash flow generation with minimal capex requirements;
- 6) Experienced management team with meaningful ownership stake;
- 7) Well capitalized strong sponsor; and
- 8) Differentiated service offering

## Financial Summary

\$ in Thousands	Income Statement		Balance Sheet & Credit Metrics	
	Net Sales	EBITDA	Cash & Debt Balances 12/31/21	
LTM Ended 12/31/21	\$ 128,695	\$ 12,742	Cash & Equivalents	2,694
LTM Ended 6/30/21	69,006	7,801	Total Debt	49,532
LTM Ended 12/31/20	63,137	8,052	Senior Debt	48,991
			Net Senior Debt	\$ 46,297
Credit Metrics	At Investment	LTM 12/31/21	Enterprise Value	
Net Senior Debt/EBITDA	3.75x	3.63x	Equity Value	\$ 49,730
EBITDA/Interest Expense	3.95x	3.85x	Net Debt	46,838
OCF/Senior Interest Expense	3.54x	3.68x	Enterprise Value	\$ 96,568
LTV thru Net Senior Debt	49%	48%	EV/EBITDA	7.58x

# AUTO REPAIR COMPANY



## Investment Snapshot

### Loan Terms (\$ in Thousands)

Initial Investment Date	02/08/2021
Maturity Date	02/08/2026
Term Loan Amount	\$ 32,000
Interest Rate	6.50%
	(L+550 bps; 1.00% Floor)
Upfront Fees	2.00%
Use of Proceeds	Private Equity Buyout

### Investment FMV (All Deerpath Managed Entities)

\$ in Thousands	At Investment	31/03/2022
Term Loan Amount	\$ 32,000	\$ 31,920
Current FMV	32,000	31,920
Revolver Amount	\$ -	\$ -
Current FMV	-	-
DDTL	\$ -	\$ -
Current FMV	-	-
Membership Interest	\$ 500	\$ 500
Current FMV	500	500

## Company Overview & Business Description

### Company Overview

Location	Denver, CO
Operations Established	1993
Company Ownership	Sponsor (81%)
	Sellers (13%)
	Management (5%)
	Deerpath Capital Management (1%)

### Business Description

The Company operates 22 auto service and repair shops across the U.S. under four brands.

### Recent Events

Since closing, the Company has executed eight (8) de novo leases and acquired one (1) existing tire store to convert to an auto repair shop, expanding its footprint in Colorado, Arizona, Tennessee, and Georgia. Legacy operations continue to perform well with reported organic growth and increased operating leverage.

## Initial Transaction Overview

Deerpath provided a \$50mm credit facility to support the buy out of an auto repair company ("the Company") by the Sponsor. The credit facility consisted of a \$3mm Revolver (unfunded at close), \$15mm DDTL, and \$32mm Term Loan. Deerpath also invested \$500k of equity in the Company.

### Sources \$ in Thousands

Revolver (\$3mm)	\$ -
DDTL (\$15mm)	-
Term Loan	32,000
Sponsor Equity	32,950
<b>Total Cash Sources</b>	<b>\$ 64,950</b>
Contingent Consideration	\$ 750
Management Rollover	7,050
<b>Total Sources</b>	<b>\$ 72,750</b>

**EV/EBITDA (5/31/21) 10.34x**

### Uses \$ in Thousands

Cash to Sellers	\$ 60,950
Cash to Balance Sheet	\$ 1,000
Fees and Expenses	3,000
<b>Total Cash Uses</b>	<b>\$ 64,950</b>
Contingent Consideration	\$ 750
Management Rollover	7,050
<b>Total Uses</b>	<b>\$ 72,750</b>

**LTM EBITDA (5/31/21) \$ 6,936**

## Investment Merits

- 1) Established platform of scale with broad geographic reach;
- 2) Strong historic same-store revenue and 4-wall EBITDA performance;
- 3) Seasoned management team;
- 4) Well-capitalized Sponsor with direct industry knowledge.

## Financial Summary

Income Statement				Balance Sheet & Credit Metrics	
\$ in Thousands		Net Sales	EBITDA	Cash & Debt Balances 12/31/21	
<b>LTM Ended</b>	<b>12/31/21</b>	\$ 38,903	\$ 8,644	Cash & Equivalents	\$ 3,585
<b>LTM Ended</b>	<b>12/31/20</b>	29,258	4,512	Total Debt	32,000
<b>LTM Ended</b>	<b>12/31/19</b>	28,178	3,789	Senior Debt	32,000
				<b>Net Senior Debt</b>	<b>\$ 28,415</b>

### Credit Metrics At Investment LTM 12/31/21

Net Senior Debt/EBITDA	4.61x	3.29x
EBITDA/Interest Expense	3.33x	4.16x
OCF/Senior Interest Expense	3.24x	3.72x
LTV thru Net Senior Debt	44%	32%

### Enterprise Value

Equity Value	\$ 61,007
Net Debt	28,415
<b>Enterprise Value</b>	<b>\$ 89,422</b>
<b>EV/EBITDA</b>	<b>10.34x</b>



## VII. Fund Terms

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# SUMMARY OF TERMS



## FUND 6B (US)

### Deerpath Capital Advantage VI (US), LP

<b>Target Net IRR</b>	10% –15%
<b>Jurisdiction</b>	Delaware
<b>Target Fund Size</b>	\$1.5B Across Fund VI Vehicles
<b>GP Commitment</b>	Approximately 1% Across Fund VI Vehicles
<b>Target Leverage</b>	2.0x debt/equity
<b>Term</b>	8 years
<b>Drawdown Period</b>	3 years
<b>Reinvestment Period</b>	5 years
<b>Quarterly Cash Distributions</b>	Yes
<b>Management Fee</b>	1.0% of portfolio investments
<b>Performance Fee and Hurdle Rate</b>	15%, subject to 7% preferred return; 100% GP catch up





## Disclaimers

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