



GoldenTree  
ASSET MANAGEMENT

EST. 2000



# GoldenTree Asset Management

*Presentation to SBCERA*



October 17, 2024



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## Firm Overview

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## Firm Overview



### People

- Founded in 2000 with current assets under management of nearly \$55 billion<sup>1</sup>
- Employee owned with 25 partners, of whom nearly 50% have been promoted internally
- 96 investment professionals with on average 15 years' experience
- Headquartered in New York with a global physical presence for nearly 20 years. Offices in West Palm Beach, Charlotte, Newport Beach, Dallas, London, Dublin, Munich, Dubai, Singapore, Tokyo and Sydney



### Process

- Conservative, value oriented, total return philosophy with disciplined capital base
- Proprietary research on over 1,000 issuers
- Rigorous relative value approach using proprietary technology
- Sophisticated, dynamic approach to risk management



### Track Record

- Generated \$33 billion of gross profit cumulatively since inception<sup>2</sup>
- Our flagship Master Fund has delivered net returns to investors that are top decile over the last 10 years and since inception<sup>3</sup>
- Launched 17 private equity style funds to capture specific dislocations or more concentrated opportunities, delivering net annualized returns of ~18% on average<sup>4</sup>
- Fixed income offerings have outperformed their benchmarks across market cycles by ~130bps net on average



### Infrastructure

- Significant investment in infrastructure comprising over 130 employees
- Ability to execute dedicated, customized SMAs and Fund of Ones
- Global Business Development Team providing valuable insight

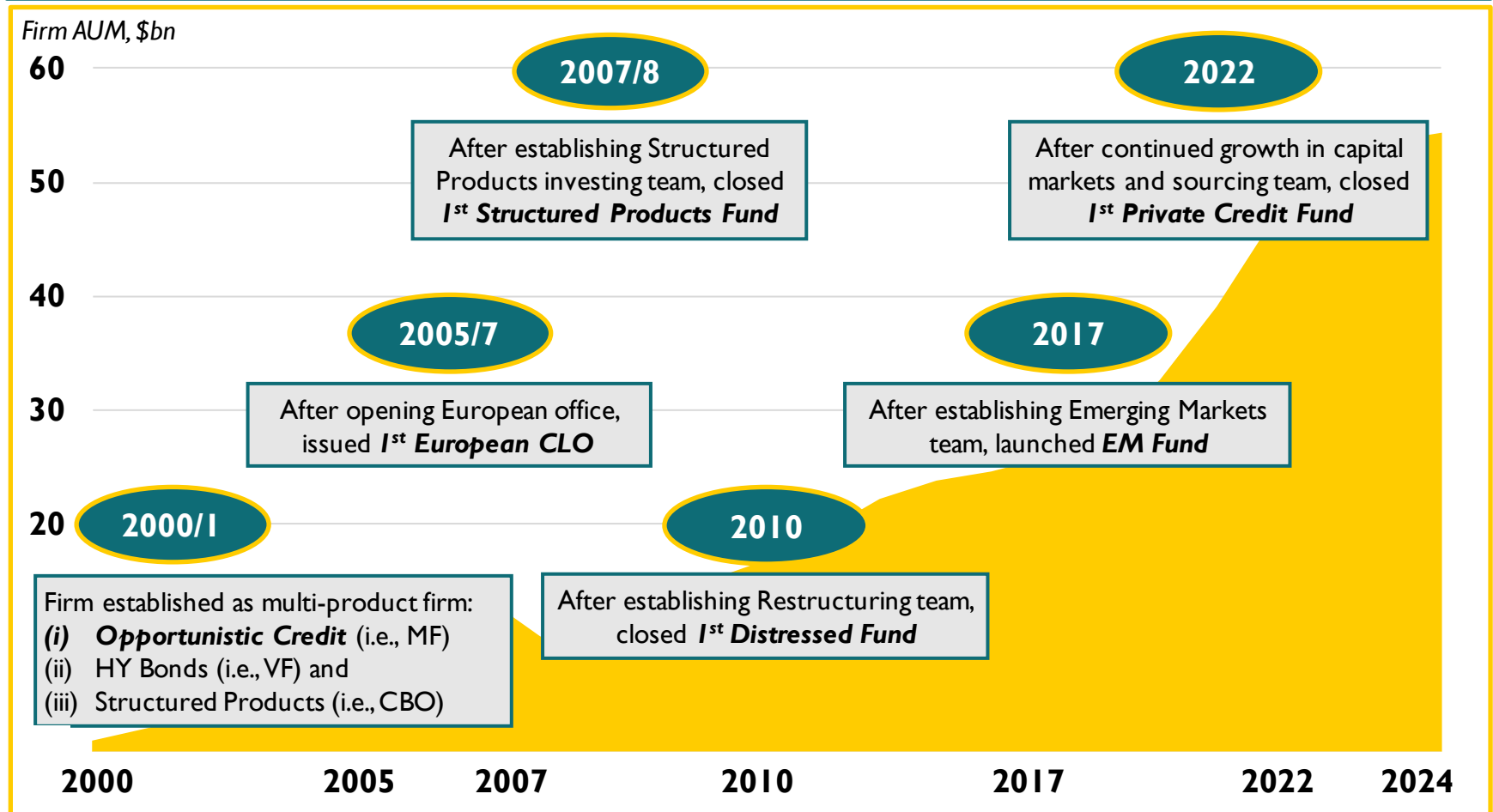
*1. Assets under management as of September 1, 2024. 2. Total gross P&L since inception through August 31, 2024 and includes all funds and strategies firm-wide which equates to a P&L net of fees of \$2.5bn. 3. As of June 30, 2024 based on a selected group of peers whose strategies are similar to GoldenTree Master Fund. 4. Average Net IRR across PE style funds as of June 30, 2024. **Past performance is not indicative of future returns.** Future performance results may be materially lower. Performance of investments in securities held in the above noted funds may be volatile and as a result an investment in such securities is speculative and involves a high degree of risk. Returns are impacted by economic conditions which may or may not persist into the future. Average fixed income outperformance based on the Multi-Sector, Value, and Emerging markets Fund outperformance to their respective benchmarks since each fund's inception.*



# Breadth of GoldenTree's Capabilities

GoldenTree has a track record spanning almost 25 years investing across credit sectors. Our steady and deliberate growth is driven by our consistent investment in our team and infrastructure as credit markets have expanded over the last two decades

## Summary of GoldenTree Growth





# Experience of Team

GoldenTree has highly experienced investment and management teams

Executive Committee			Investment Team	
	Industry Experience	Years at GoldenTree		Industry Experience <sup>1</sup>
Steven Tananbaum	37	24	Industry Specialists	14
Steven Shapiro	32	24	Restructuring & Turnaround	18
Kathy Sutherland	28	16	Structured Credit	13
Lee Kruter	24	17	Emerging Markets	17
Ted Lodge	41	16	Capital Markets & Origination	18
Christopher Hayward	32	5	Trading	16
Simon Granger	27	3	Risk Analytics	13
<b>Average</b>	<b>32</b>	<b>15</b>	<b>Average</b>	<b>15</b>

As of September 2024. 1. Certain investment professionals may be represented in multiple functions given responsibilities. Total average is calculated based on total experience across all investment team employees. There can be no assurance that any of the Executive Committee members identified herein will remain with GoldenTree or that past experience or performance of such individuals serves as an indicator of such individual's performance or success.



# **SBCERA & GoldenTree Relationship Overview**

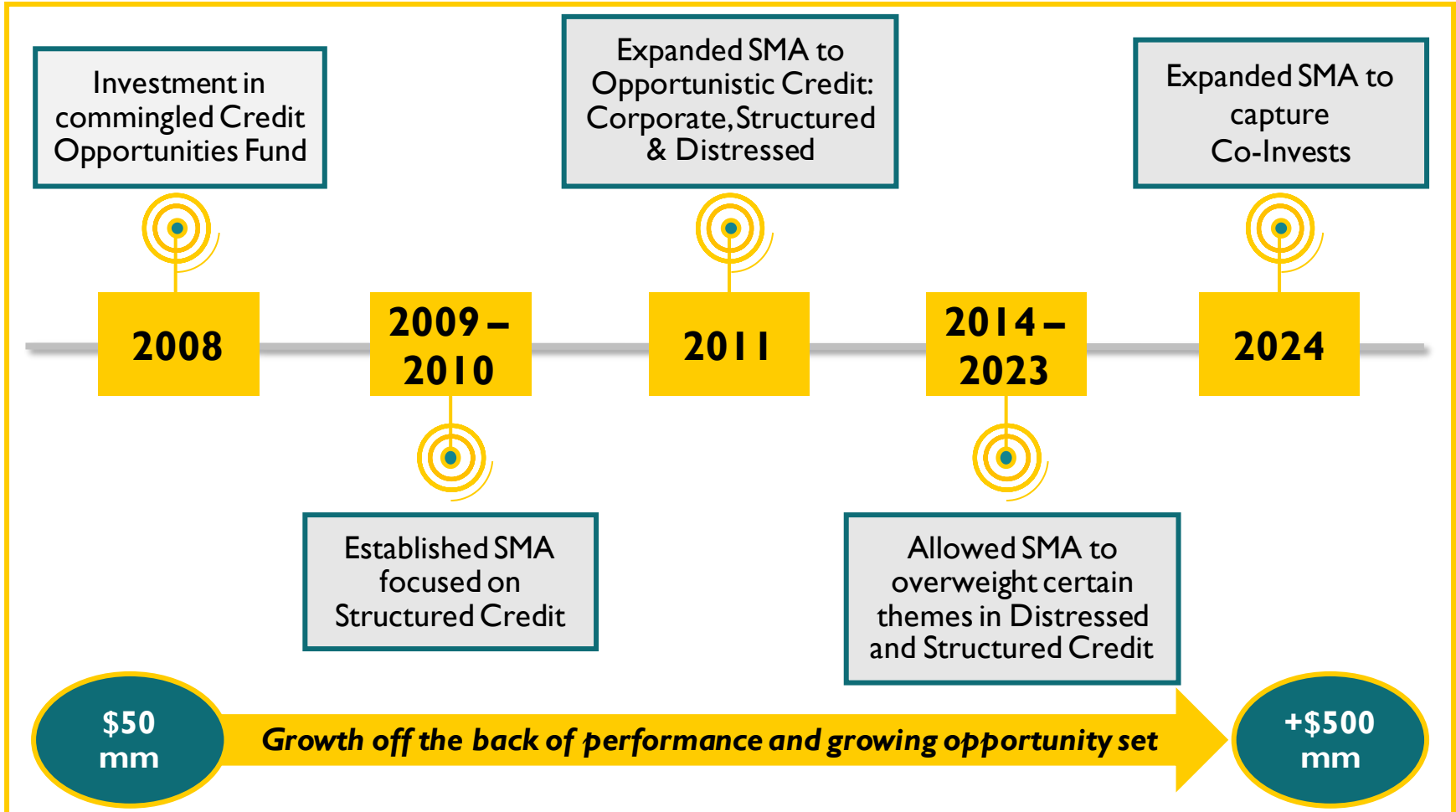
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# Long History of Customized Partnership

GoldenTree has worked closely with SBCERA to evolve the arrangement to capture the best risk-adjusted return and exposure profile for SBCERA



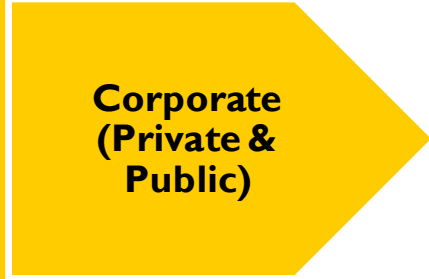
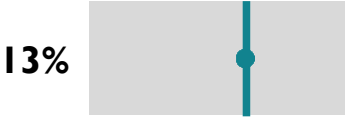
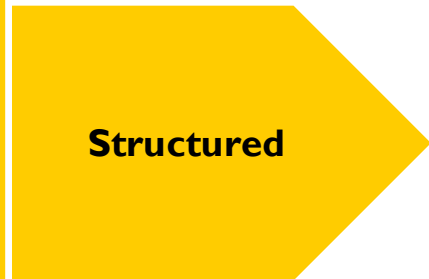

## Key Milestones





# Investment Strategy

GoldenTree has created value by dynamically capturing opportunities across credit markets, generating total net P&L of over \$650mm for SBCERA since inception

Strategy	Strategy Range	Notable Highlights
 <p><b>Distressed</b></p>	 <p>15% 49%</p>	<ul style="list-style-type: none"> <li>Over \$32bn in Distressed investments since the Firm's inception, delivering a median net IRR of +18%<sup>1</sup></li> <li><b>Only manager to deliver top quartile returns across every vintage over last 2 decades<sup>2</sup></b></li> </ul>
 <p><b>Corporate (Private &amp; Public)</b></p>	 <p>13% 53%</p>	<ul style="list-style-type: none"> <li>Dynamic allocation across private and public opportunities based on the best risk-adjusted returns</li> <li><b>Private Credit strategy has delivered top decile returns with a loss rate of 0%<sup>3</sup></b></li> </ul>
 <p><b>Structured</b></p>	 <p>7% 20%</p>	<ul style="list-style-type: none"> <li>Over \$37bn in Structured investments since the Firm's inception, with flexibility across asset class and geographies</li> <li><b>Opportunistic Structured investments have delivered an average net IRR of 16%<sup>4</sup></b></li> </ul>

Exposures as of June 30, 2024. 1. The performance quoted includes an extract of the distressed assets held in the GoldenTree Master Fund since July 2000. The Net IRR takes the gross return and applies fund level fees and expenses to derive a net return. 2. Source: Preqin's League Table for Distressed Managers with at least \$5bn fund raised. 3. Based on performance of Private Credit Fund I. 4. Returns reflect a commitment weighted average of inception to date IRRs across GoldenTree Loan Management I and II.



# SBCERA SMA Performance

GoldenTree aims to consistently deliver returns that are top quartile if not top decile

## SBCERA SMA Performance

	Since Inception (Dec 2011)							
	2024 YTD	2023	2 Year	5 Year	Annualized Since Inception	Relative Performance	Sharpe Ratio	Sortino Ratio
<b>SBCERA SMA (Net)</b>	<b>10.74</b>	<b>13.72</b>	<b>14.55</b>	<b>11.83</b>	<b>10.41</b>		<b>1.4x</b>	<b>2.1x</b>
<b>HFRI Relative Value Fixed Income Corporate Index<sup>1</sup></b>	6.80	10.16	8.03	5.45	5.69	+471 bps	0.8x	1.0x
<b>HFRI Event Driven Distressed &amp; Restructuring Index<sup>1</sup></b>	7.09	5.57	5.08	5.16	5.60	+480 bps	0.6x	0.8x
<b>S&amp;P / LSTA Leveraged Loan Index</b>	6.54	13.32	11.31	5.74	5.15	+526 bps	0.8x	1.0x
<b>ICE BofAML US High Yield Index</b>	8.03	13.46	12.89	4.55	6.10	+431 bps	0.7x	1.0x

Preliminary as of September 30, 2024 unless otherwise noted. Represents SBCERA's combined SMA across Master, Distressed II, Distressed III, Distressed IV and Structured Products VII strategies. Results reported herein are preliminary and unaudited, and are subject to change. Final results will differ from the above noted preliminary number.

<sup>1</sup> HFRI Indices are asset-weighted and as of August 31, 2024.

**Past performance is not indicative of future returns.** Future performance results may be materially lower. Performance of investments in securities held in the above noted funds may be volatile and as a result an investment in such securities is speculative and involves a high degree of risk. The net return includes all components of net income, including investment management fees, incentive fees and special allocations. Not an offer to sell or a solicitation of any offer to buy shares or interests in a fund. Further data is available upon request. Neither benchmarks by itself, is an exact representation of SBCERA's portfolio. SBCERA utilizes a multi-strategy style that invests in a variety of securities and products.



# Market Outlook

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## **Notes**

*Certain pages contain current market views, opinions, and/or expectations of GoldenTree based on its historic experience and proprietary research, as well as data from third-party sources, as identified herein. This information may not take into account all relevant considerations, may contain elements of subjectivity, or may be based on assumptions that turn out to be incorrect. Such information is subject to change and should not be relied on when making an investment decision.*



# Something Had to Give – And It Did

The market began 2024 expecting for there to be: 1) six rate cuts 2) GDP growth of over 1% and 3) unemployment at 4%. Expectations have since decreased to less than two rate cuts, which we believe is a more reasonable scenario

Factor for Rate Cut

## Key Economic Factors During Easing Cycles

Period	Total Reduction in Fed Funds Rate	Peak Unemployment Rate	At First Rate Cut	
			Real GDP YoY (Four Quarter Avg.)	Fed Funds Rate minus Inflation Expectations
1991-1994	5.00%	7%	0.2%	4.6%
1995-1997	0.50%	6%	2.9%	4.3%
1998-1999	0.75%	5%	4.5%	4.6%
2001-2004	5.50%	6%	1.7%	4.6%
2007-2008	5.00%	6%	2.0%	2.7%
2019	0.75%	4%	2.3%	0.9%
2020	1.50%	15%	-1.1%	1.1%
<b>Median</b>	<b>1.50%</b>	<b>6%</b>	<b>2.0%</b>	<b>4.3%</b>
<b>Fed Forecast (2024-2026)</b>	<b>2.30%</b>	<b>4%</b>	<b>1.9%</b>	<b>3.2%</b>
<b>Current</b>	<b>-</b>	<b>4%</b>	<b>1.9%</b>	<b>3.4%</b>

Source: (FRED) St. Louis Fed Economic Data, BLS Data and Goldman Sachs. Fed Forecast is Federal Reserve Summary of Economic Projections as of June 12, 2024. Real GDP (YoY)% represents the four-quarter average of Real GDP (YoY)% for the quarter during the period when the Fed first cut the target funds rate, the prior quarter, and the following two quarters. Peak unemployment rate represents peak +/- one year from the first rate cut at each respective period. Real Fed Funds Rate represents Nominal Fed Funds minus year-ahead inflation expectations. For year-ahead inflation expectations, one-year inflation swaps are used since 2006 and Michigan inflation expectations rescaled to the level and standard deviation of break-evens are used prior to 2005. Factor for Rate Cut: Fed Funds Rate Minus Inflation Expectations at 3% or greater, GDP at less than 1% or Unemployment at 6% or greater. Current indicators are Bloomberg Consensus Forecast Expectations as of July 26, 2024.



# Valuations Across Credit Asset Classes

Top quartile, which illustrates the most attractive valuations, is reflected when the percentile is below 25%. Bottom quartile is 75% or higher

## Valuations Across Credit Asset Classes: Historical Percentiles

	US			EUR		EM		US	
	HY	Loans	IG	HY	Loans	IG	HY	CLO A	RMBS
<b>Spreads</b>	90%	57%	87%	79%	57%	91%	27%	89%	45%
<b>Yields</b>	67%	17%	50%	64%	23%	47%	21%	24%	24%
<b>Prices</b>	43%	61%	14%	48%	52%	11%	19%	96%	56%

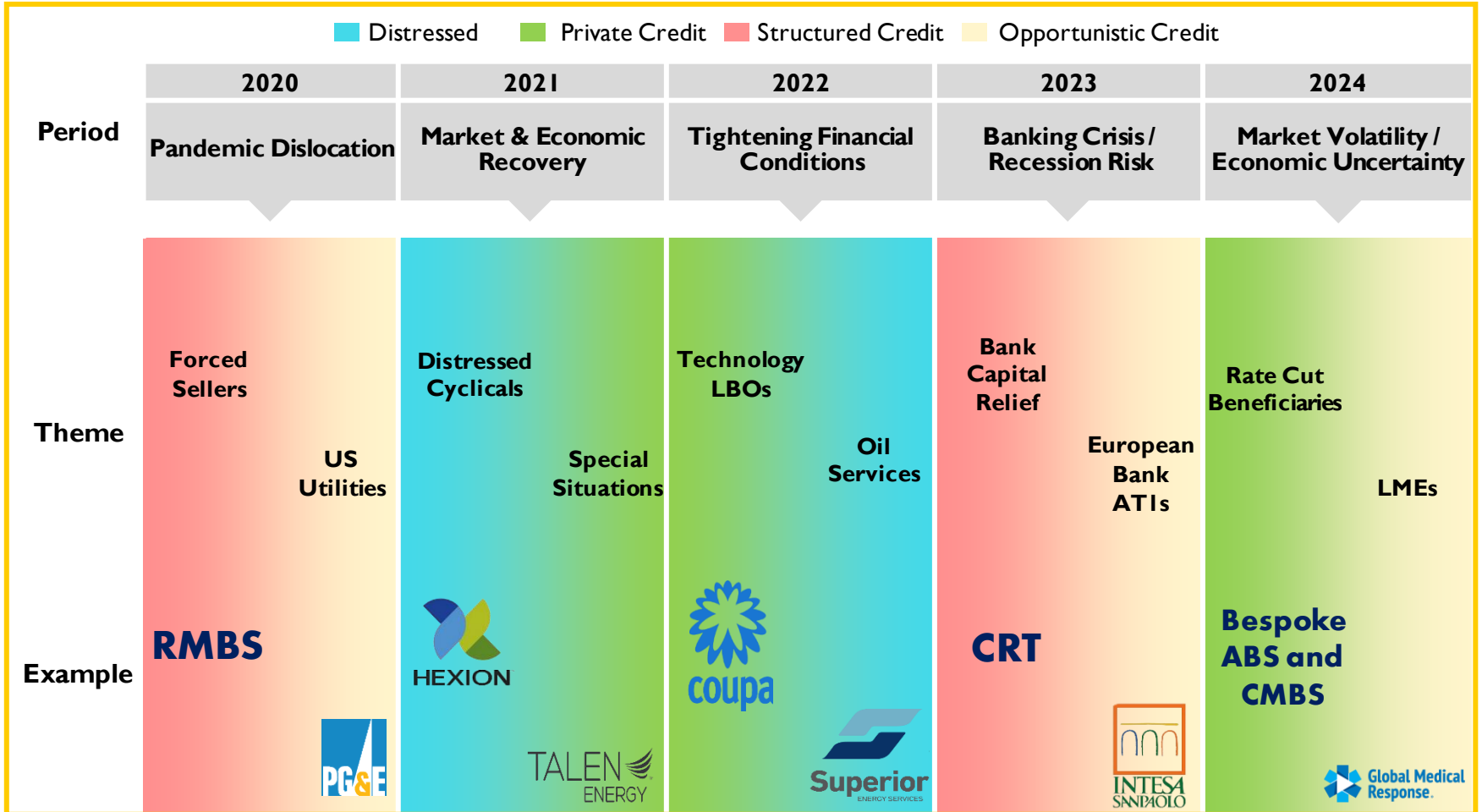
As of September 27, 2024. 0th percentile represents most attractive valuation since inception and 100th percentile represents least attractive valuation since inception. Source: Bloomberg, Datastream, JPAM. US High Yield based on daily spreads and yields of ICE BofA US High Yield Index; US High Grade based on daily spreads and yields of ICE BofA US Corporate Index; and US Loans based on monthly spreads of S&P LSTA Index 3 year discounted spread and monthly yields of S&P LSTA Index. US CLO A based on daily spreads and yields of JPM CLOIE A Index. European Loans based on monthly spreads of S&P ELLI Index 3 year discounted spread and monthly yields of S&P ELLI Index. Europe High Yield based on daily spreads and yields of ICE BofA European High Yield Index. EM based on daily spreads and yields of JPM EMBI Global Diversified Index. Rankings based on percentile of all data points up until the date indicated. US HY and HG data begins in 1996, US Loans in 1999, Euro HY in 1997, Euro Loans in 2003, EM IG and HY Debt in 2002 and US CLO A in 2011.



# Broad Playbook Creates Opportunities

Capitalizing on various themes across market cycles to capture the most attractive risk-return

## Capturing Themes Across Cycles








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# Capitalizing on Current Market Dynamics

GoldenTree is well-positioned to capture near-term themes across asset class

## Broad and Compelling Opportunity Set

	Distressed	Private Credit	Structured Credit	Opportunistic Credit
Theme	Strong operating profiles with right sized balance sheets	Proprietary opportunistic financings	Banks seeking capital relief or new origination capacity	Liability management transactions  Disrupted sectors
Example		 	Credit Risk Transfer  Bespoke ABS	  

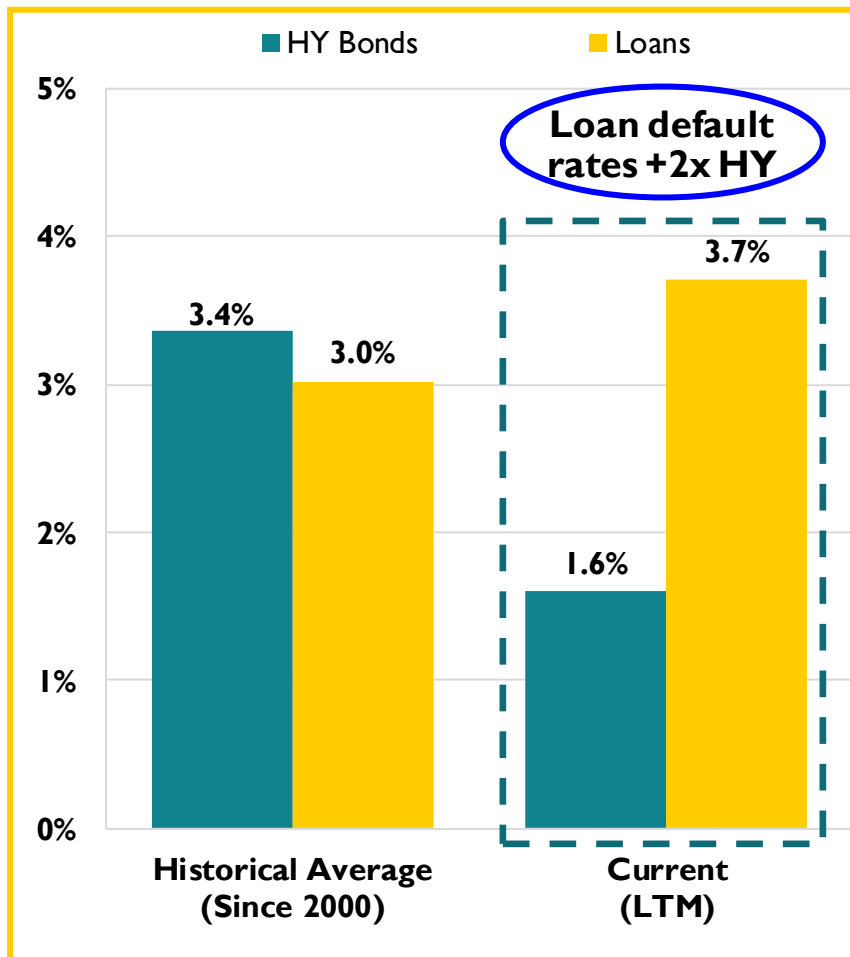
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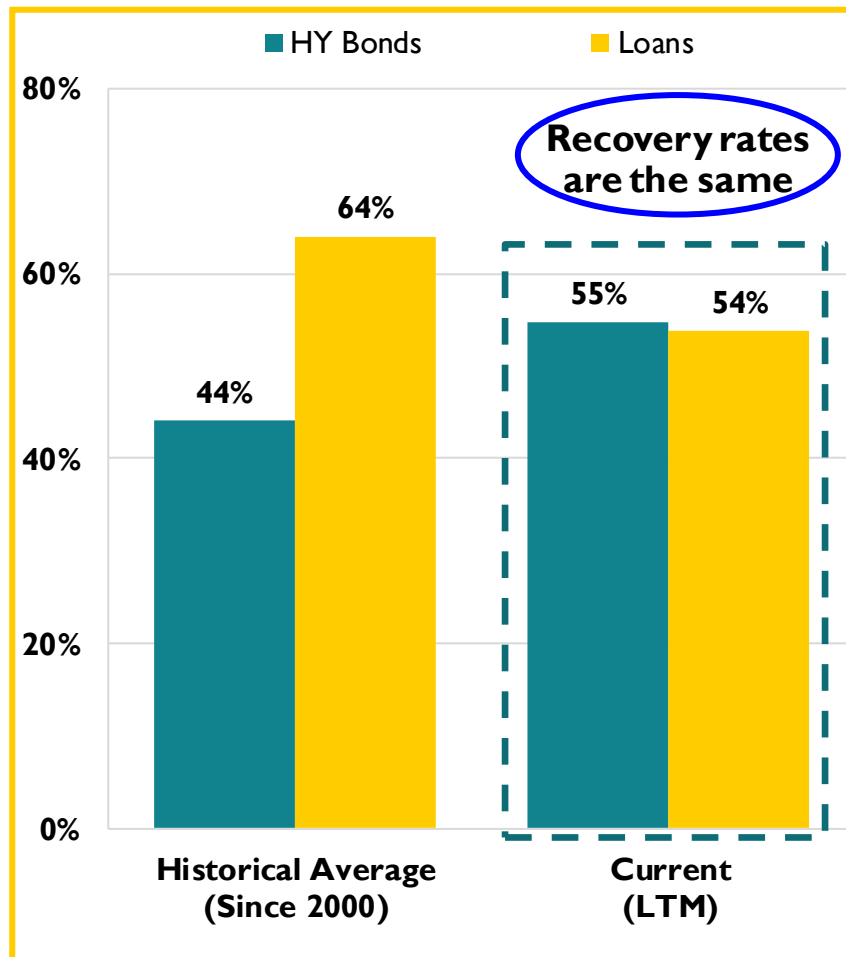
# Loans vs. HY Bonds: Double the Default Rate with Similar Recoveries

While historically HY bonds and loans have experienced similar default rates, when including liability management transactions recent loan default rates exceed HY bond default rates by nearly 200bps

## Default Rates Including Distressed Exchanges



## Recovery Rates<sup>1</sup>



As of September 30, 2024. Source: JP Morgan Default Monitor. 1. Recovery rates from 2000 – 2007 exclude distressed exchanges and recovery rates since 2008 include distressed exchanges.





# Higher Rates Have Created a Hidden Asset

The hidden asset is liabilities trading at a significant discount

## Uptiering



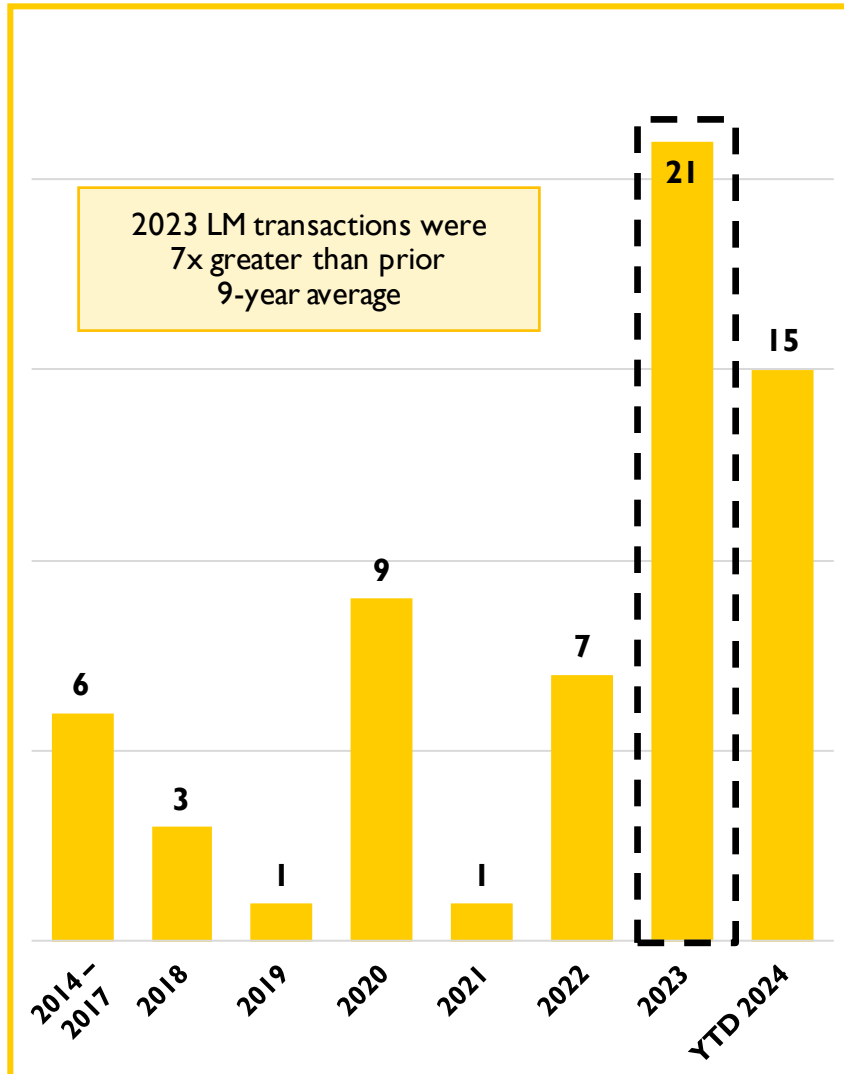
## Drop Downs



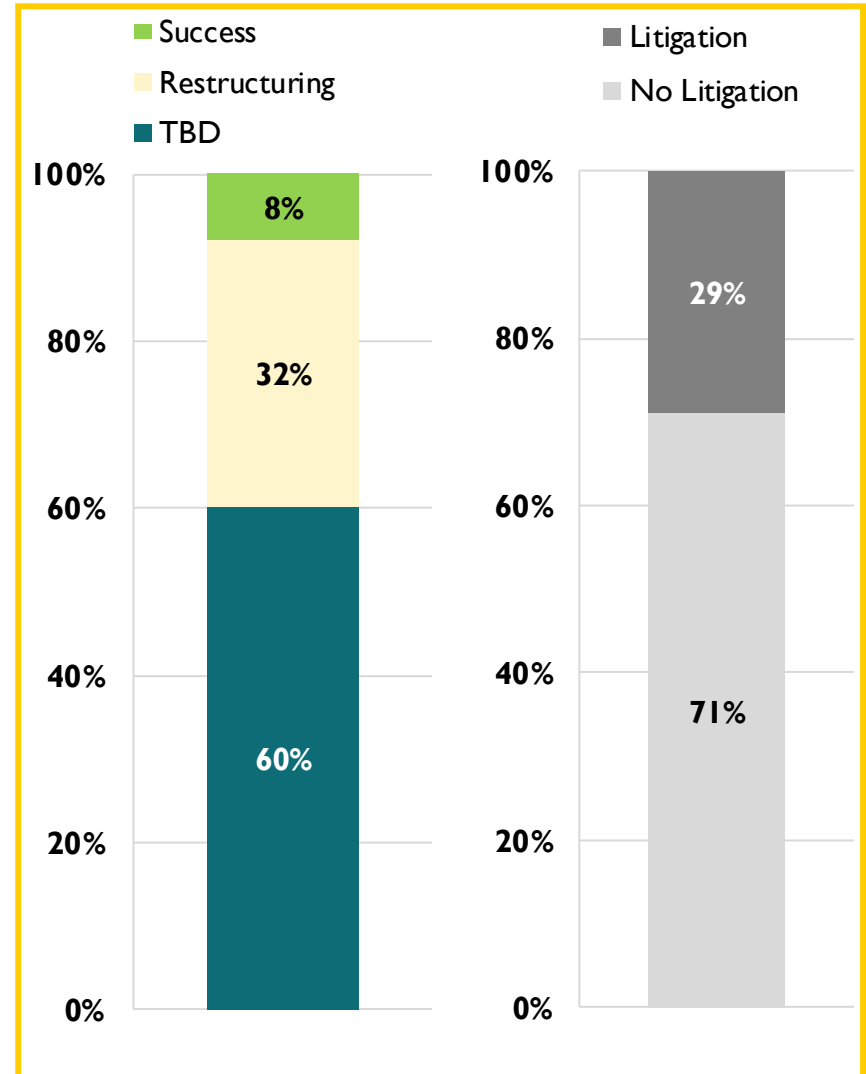


# Liability Management: Often Just a Band-Aid

## Transactions by Year



## Transaction Outcomes



Amend and extend solution alongside significant sponsor equity created attractive investment opportunity

## Substantial Equity Value

**\$1.5 bn of Sponsor Equity Value**

**~\$900mm EBITDA and ~\$5bn+ Revenue**

**2025 Maturity**

## Improved Credit Profile

	Before (\$bn)	After (\$bn)
1 <sup>st</sup> Lien Debt	4.8	4.5
2 <sup>nd</sup> Lien Debt	0.6	-
<b>Total Net Debt</b>	<b>5.4</b>	<b>4.5</b>
Preferred Equity (Converted from 2 <sup>nd</sup> Lien)	-	0.6
<b>Preferred Equity (Contributed from Sponsor)</b>	<b>-</b>	<b>0.3</b>

## A Win-Win Solution

### Sponsor

- **Three Year Maturity Extension**
- **\$100mm Annual Cash Interest Savings**

### Creditors



**\$300mm of sponsor equity contributed**



**125bps coupon increase and 1pt OID**



**Ratings Upgrade and Tighter Covenants**

# Private Credit Themes

Capitalizing on multiple themes to source and execute attractive opportunities

## Overview of Recent Private Credit Investments<sup>1</sup>

**3.7x**  
Avg Asset Coverage

**12%**  
Avg Yield

**~\$375 million**  
Avg EBITDA

## Providing a Broad Range of Solutions

Use of Proceeds	Theme	Sample Transactions
<b>General Corporate Purposes</b>	<ul style="list-style-type: none"> <li>Creating enhanced liquidity and balance sheet flexibility</li> </ul>	 
<b>Dividend Recap</b>	<ul style="list-style-type: none"> <li>Facilitating return of capital to investors</li> </ul>	 
<b>Refinancing</b>	<ul style="list-style-type: none"> <li>Providing refinancing solutions for companies achieving operational milestones</li> </ul>	 
<b>Acquisition</b>	<ul style="list-style-type: none"> <li>Value-enhancing strategic acquisitions</li> </ul>	 
<b>LBO</b>	<ul style="list-style-type: none"> <li>Companies with accelerating EBITDA</li> </ul>	
<b>Restructuring &amp; Turnaround Funding</b>	<ul style="list-style-type: none"> <li>Proprietary opportunities in GoldenTree-led turnarounds</li> </ul>	

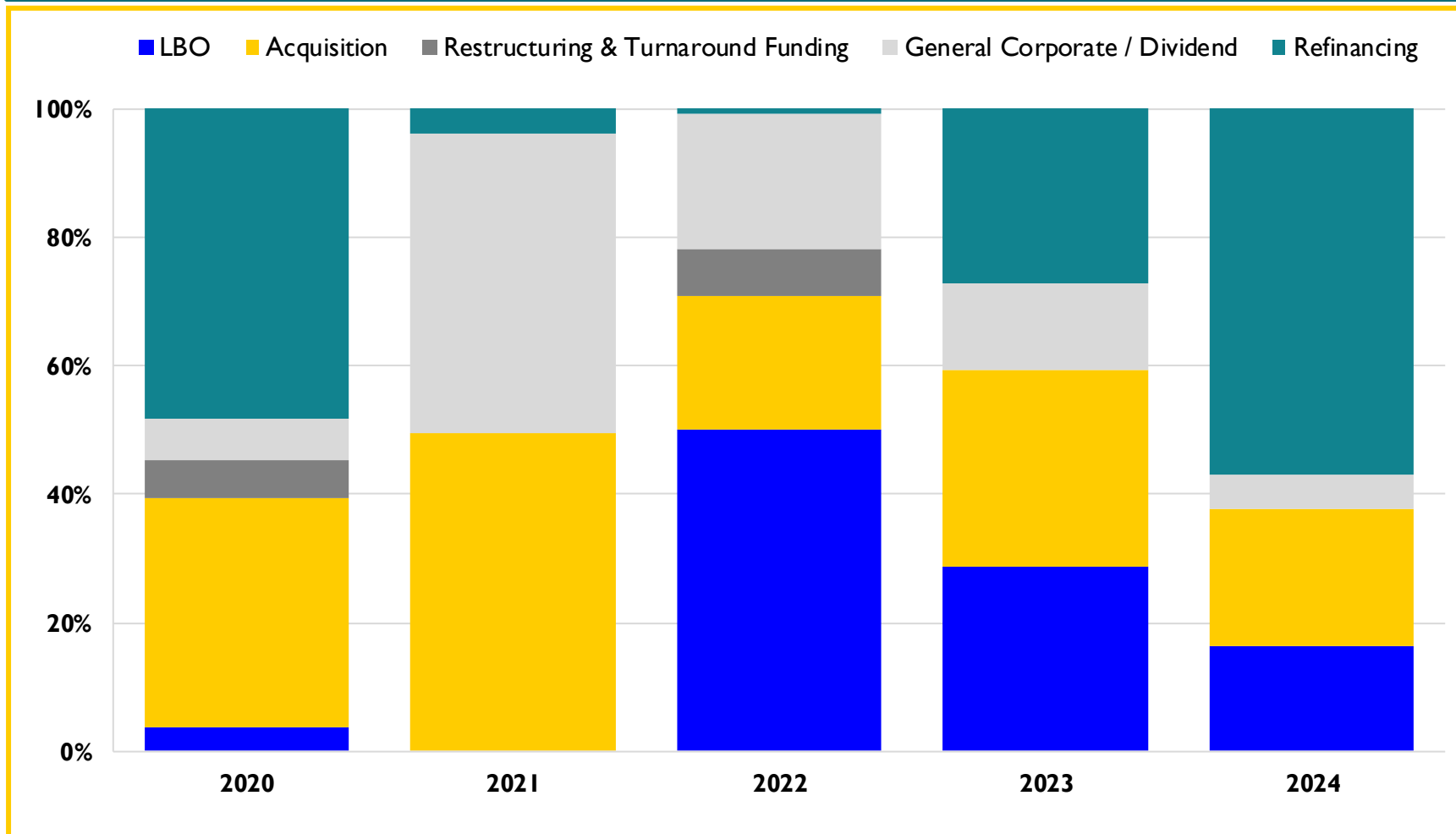
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# Capitalizing on Shifting Opportunity Set

GoldenTree's ability to structure a broad range of solutions enables it to selectively target investments with compelling return profiles as the opportunity set shifts

## Use of Proceeds for GoldenTree Private Credit Investments



As of June 30, 2024. Represents GoldenTree Private Credit Investment use of proceeds. Based on invested capital by calendar year in which the investment was originated.

**Alvotech is a global biotech company that specializes in the development and manufacturing of high-quality biosimilar medicines**

Investment	Investment Details
<b>1<sup>st</sup> Lien Term Loan<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ Alvotech develops and manufactures biosimilar medicines, which offer cost-effective treatment options, for autoimmune and inflammatory diseases</li> <li>▪ The company has obtained approval in major markets for its first two products and has a diverse pipeline of nine additional biosimilars</li> <li>▪ Alvotech benefits from long-term agreements with established pharmaceutical market participants, driving milestone payments which create steady cash flow</li> <li>▪ GoldenTree’s significant pharma experience, engagement with management, and ability to underwrite the business quickly and in size created a proprietary opportunity</li> <li>▪ The 1<sup>st</sup> lien transaction presents a compelling risk-return profile:               <ul style="list-style-type: none"> <li>— High margin of safety with 5x asset coverage provides for an LTV of 20%</li> <li>— Attractive OID, coupon and call protection creates a total return profile of 15%+</li> <li>— Secured strong covenants including minimum liquidity requirements, minimal RP/incremental 1<sup>st</sup> lien debt limits, and protection against affiliate transactions</li> </ul> </li> <li>▪ Over the coming years, we expect the company to generate strong EBITDA growth and attractive FCF, enabling it to secure cheaper financing in the public market</li> </ul>
<b>Price</b> <b>\$96</b>	
<b>Yield</b> <b>12%</b>	
<b>Coupon</b> <b>S+650</b>	
<b>Asset Coverage</b> <b>5.0x</b>	
<b>Call Protection</b> <b>\$103</b>	
<b>Term</b> <b>5 years</b>	

*1. Represents metrics at close. Call protection refers to 1<sup>st</sup> year call protection price after a one-year non-call period. The above information is based on GoldenTree’s internal assumptions and analysis based in part on the current market environment. Accordingly, there can be no guarantee as to the results or accuracy of the information noted above. Assumptions and projections are necessarily speculative in nature, and it can be expected that some or all of the underlying assumptions will not materialize or will vary significantly from actual results, and such variations may be material. This is not a promise of future performance. No assurance can be given that similar opportunities will arise or that the performance of this investment will be typical or representative of any or all future investments associated with GoldenTree.*

**Alvotech's complex earnings profile allowed GoldenTree to structure an attractive solution for the company, which benefits from high barriers to entry and broad in-house capabilities**

## Key Drivers for Private Transaction

Factor	GoldenTree Advantage vs. Traditional Lenders
<b>Unrated</b>	Unlike CLOs which cannot participate in unrated transactions, GoldenTree neither requires a public rating nor relies on one to evaluate an investment's margin of safety
<b>Complex Earnings Profile</b>	While Alvotech's negative trailing 12-month EBITDA did not fit the leveraged lending guidelines of banks, GoldenTree had the resources and expertise to model the company's forward earnings profile
<b>Mutual Partnership</b>	GoldenTree's engagement with management combined with its proprietary analysis enabled us to structure the most optimal solution for the company's unique situation

## Overview of Biosimilars

- Biosimilars, whose high complexity limits competition, are medicines that are nearly identical to existing biologics already approved by the FDA
- Biosimilars are approved upon the basis of demonstrating no clinically meaningful differences in terms of quality, efficacy, and safety compared with a reference biologic

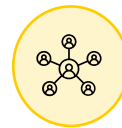
## Alvotech's Integrated Approach



Purpose-built and in-house R&D platform with rigorous quality-focus



Single-use technology within state-of-the-art manufacturing facility



Broad network of strategic partnerships to provide global reach and leverage local expertise



# Multiple Themes Across Structured Credit

<b>Bank Capital Relief</b>	<ul style="list-style-type: none"><li>Regulatory constraints are driving banks to engage in risk transfer transactions to optimize their balance sheets</li><li>GoldenTree well positioned to continue to source proprietary transactions and create bespoke solutions that generate strong risk adjusted returns</li></ul>	<b>ABS</b>
<b>Liquid Market Opportunities</b>	<ul style="list-style-type: none"><li>Capital market volatility can drive dislocations in the liquid structured credit market, creating opportunities to source opportunities at deep discounts</li><li>GoldenTree has demonstrated a track record of capitalizing on market volatility such as the LDI crisis in 2H 2022 and the pandemic in March 2020</li></ul>	<b>CRT RMBS / CLOs</b>
<b>Event Driven</b>	<ul style="list-style-type: none"><li>Identified idiosyncratic, event-driven situations in opportunities that we believe create strong risk adjusted returns</li><li>Examples includes issues that we expect to get upgraded, refinanced at a call premium or other near-term catalyst to drive total return</li></ul>	<b>CLOs</b>
<b>CMBS</b>	<ul style="list-style-type: none"><li>We expect dislocations in CMBS to accelerate given the macroeconomic environment</li><li>We have identified opportunities across various structures such as SASB</li></ul>	<b>SASB</b>
<b>New Issue ABS</b>	<ul style="list-style-type: none"><li>Volatility and more limited market liquidity has created opportunities in new issue ABS</li><li>Opportunities are broad based across collateral type such as corporate, residential and higher-quality consumer assets</li></ul>	<b>ABS</b>

*There is no guarantee that GoldenTree will be able to identify or acquire investments that reflects the characteristics described above. GoldenTree is not limited with respect to the types of investment strategies it may employ or the markets or instruments in which it may invest, subject to the terms set forth in the offering documents of the Fund.*





# Opportunities in SRT/CRT Transactions

Bank capital is under increased pressure. Credit Risk Transfer (CRT) transactions provide an attractive solution to optimize RWA, increase capital ratios, and enhance bank returns, driving an addressable market of ~ \$1.5T of assets for securitization

## Pressures on Bank Capital

### Higher Interest Rates

- Higher rates have driven losses in bank securities holdings and require higher credit reserves for interest-sensitive asset types
- Banks with over \$10 billion of assets have estimated MTM losses of ~19% of their Tier 1 capital at current rates

### Regulatory Changes

- Basel III Endgame (B3E) and other proposed regulatory reform will increase capital requirements
- Even with a softening of current B3E proposal, US Regional banks have a ~150-200 bps Tier 1 capital shortfall
- This implies banks will need to build capital and optimize RWAs by ~20%

## US Regional Bank CET 1 Ratios<sup>1</sup>

	4Q 2023	2Q 2024
<b>Reported CET 1 Ratio</b>	10.7%	11.2%
<b>CET 1 Ratio Adjusted for AOCI</b>	8.5%	9.1%
<b>Decline in CET 1 Ratios</b>	<b>~220 bps</b>	<b>~210 bps</b>

<sup>1</sup> Source: Goldman Sachs Investment Research as of August 13, 2024. Reflects average CET 1 ratios for CFG, CMA, FCNCA, FITB, FHN, HBAN, KEY, MTB, RF, TFC, ZION, BKU, FHB, and SNV. MTM losses represent losses estimated from available for sale (AFS) securities as a % of CET 1 ratios.



# Barclays Credit Risk Transfer Transaction

Sourced and structured exclusive transaction providing capital solution for Barclays and differentiated investment for GoldenTree investors

## Attractive Risk-Return vs. CLOs & RMBS

	BBB US CLO Debt	BBB RMBS	Barclays Credit Risk Transfer
<b>Yield</b>	8%	6%	15%
<b>Breakeven Default</b>	15%	5%	6%
<b>Multiple of Peak Default</b>	2x	3x	3x
<b>Target Return</b>	9%	10%	20%

## Mortgage Pool Characteristics

<b>Size</b>	€4.1 billion
<b>Type</b>	1 <sup>st</sup> lien, fully amortizing
<b>Average LTV</b>	45%
<b>Average Seasoning</b>	14 years
<b>Historical Delinquencies</b>	1%



# Appendix

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## **Kathy Sutherland**

*Partner & Chief Executive Officer*

Kathy Sutherland is a Partner and the Chief Executive Officer of GoldenTree Asset Management. In addition, Ms. Sutherland is a member of GoldenTree's Executive Committee. Ms. Sutherland oversees the firm's global strategy, product and business development, and long-term planning. Prior to joining GoldenTree, Ms. Sutherland was a Managing Director at J.P. Morgan where she was responsible for Fund and Structured Credit Distribution across the Americas, Europe, the Middle East, and Asia from 2005 to 2008. During that period, J.P. Morgan became recognized as a leading Fund and Structured Credit franchise, advising many of the most important asset managers and investors globally. In her 12 years at J.P. Morgan, Ms. Sutherland held several management positions across Portfolio Management, Structured Credit and High Yield including Senior US CLO Structurer, Co-Head of European Secondary Loan Trading, Head of High Yield Credit Derivatives Marketing, and Global Head of Structured Syndicate. Ms. Sutherland graduated from the University of Virginia with a B.A. in Chemistry and specialization in Biochemistry. She currently serves on the Board of Directors of the Susan G. Komen Foundation.



## **Lee Kruter**

*Partner & Head of Performing Credit*

Lee Kruter is a Partner and Head of Performing Credit at GoldenTree Asset Management. Mr. Kruter is the Lead Portfolio Manager for the Multi-Sector strategy, GoldenTree Loan Management and the firm's Corporate Credit and fixed income oriented Structured Credit strategies. Mr. Kruter is a member of GoldenTree Asset Management's Executive Committee and GoldenTree's Private Credit Committee. Mr. Kruter's leadership has been instrumental in the performance and growth of the firm's fixed income offerings. Prior to joining GoldenTree, Mr. Kruter was a Vice President at Credit Suisse and spent seven years in the Leveraged Finance Research group, where he was responsible for the healthcare and services sectors. During his time at Credit Suisse, Mr. Kruter also covered various other sectors including metals & mining and wireless & wireline telecommunications. Mr. Kruter holds a B.S. in Finance and Management Information Systems from New York University's Leonard N. Stern School of Business. Mr. Kruter is also a CFA charterholder.

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- Loss of all or a substantial portion of an investment due to leveraging, short-selling and investing in speculative securities.
- Lack of liquidity in that there is generally no secondary market for an investor's interests in a non-registered private fund.
- Volatility of returns.
- Restrictions on transferring an investor's interest in the fund.
- Absence of information regarding pricing and valuations.
- Delays in tax reporting.
- Less regulation and higher fees than mutual funds.

Net IRR uses the present sum of cash contributed, the sum of distributions, and the current value of unrealized investments and applies a discount. This amount is net of any carry/performance fees earned by the GP.

Accordingly, before making an investment in a private fund, potential investors should carefully read the applicable Private Offering Memorandum and subscription application and consult their professional advisor as an investment in a private fund is speculative, not appropriate for all clients, and is intended for experienced and sophisticated investors who are willing to bear the high risks of such an investment.

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