Navigating Market Dislocations

22 Aug 2022

PRESENTATION
FOR TEXPERS

NAPIERPARK
A First Eagle Investments Company

NAPIERPARK
A First Eagle Investments Company

Introduction

This document does not constitute an offering and is meant only to provide a broad overview for discussion purposes. All information provided herein is subject to change. You must obtain and carefully read the related private placement memorandum or similar offering document (the "Offering Memorandum"), which will contain the information needed to evaluate the potential investment and provide important disclosures regarding risks, fees and expenses. All information provided herein is qualified in its entirety by the Offering Memorandum and/or subscription agreement.

Alternative investments can be speculative and are not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative practices
- Lack of liquidity in that there may be no secondary market for the Fund and none is expected to develop
- Volatility of returns
- Restrictions on transferring interests in the Fund
- Potential lack of diversification and resulting higher risk due to concentration within one of more sectors, industries, countries or regions
- Absence of information regarding valuations and pricing
- Complex tax structures and delays in tax reporting
- Less regulation and higher fees than mutual funds and
- Investment manager risk

Napier Park Global Capital (US) LP and/or Napier Park Global Capital Ltd, its affiliates and its employees (collectively referred to herein as "Napier Park") are not in the business of providing tax or legal advice to any taxpayer. These materials and any tax related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.

While some information used in this document has been obtained from various published and unpublished sources considered to be reliable, neither Napier Park nor any of their affiliates guarantee its accuracy or completeness. Napier Park does not accept any liability for any direct or consequential losses arising from its use. This information is confidential and may not be duplicated without the consent of Napier Park. A prospective investor receiving this presentation may use it only for the intended purpose.

All expressions of opinion are as of the date herein and subject to change without notice.

Napier Park Platform Overview

$19.5bn global alternative credit platform; strong track record; investment process, institutional quality infrastructure

Credit Opportunities **$5.1bn** in AUM	CLO Management **$12.9bn** in AUM	Real Assets **$1.5bn** in AUM
Opportunistic Alternative Credit and European Credit investment strategies	CLO Management platform in the US and Europe	Essential-use industrial, transportation and renewable energy equipment investments

Firm Management

- Leadership team averages 25 years investment experience and 14 years working together

Institutional Infrastructure

- 110+ employees globally

Portfolio Management

- Scenario based approach to risk management

Institutional Investor Base

- 90% of client base are pensions, sovereign wealth funds, endowments and insurers(1)

Data as of June 30, 2022. AUM includes Regatta Loan Management (RLM) assets. (1) Data excludes CLOs; (2) Tenor refers to the tenor of the capital at the time of investment and does not track the average weighted remaining life. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.**

What Are we Here To Talk About?

DISLOCATION

=

NAPIERPARK
A First Eagle Investments Company

What is a Dislocation?

Observed as:	Created by:	Marked by:	Impacting:
Precipitous Price Declines	**Market Stress or Exogenous Shock**	**Periods of Liquidity Disruption**	**Specific Sectors or Many Risk Assets**

WINDOW OF OPPORTUNITY FOR INVESTORS
TO GENERATE HIGH/ATTRACTIVE RETURNS

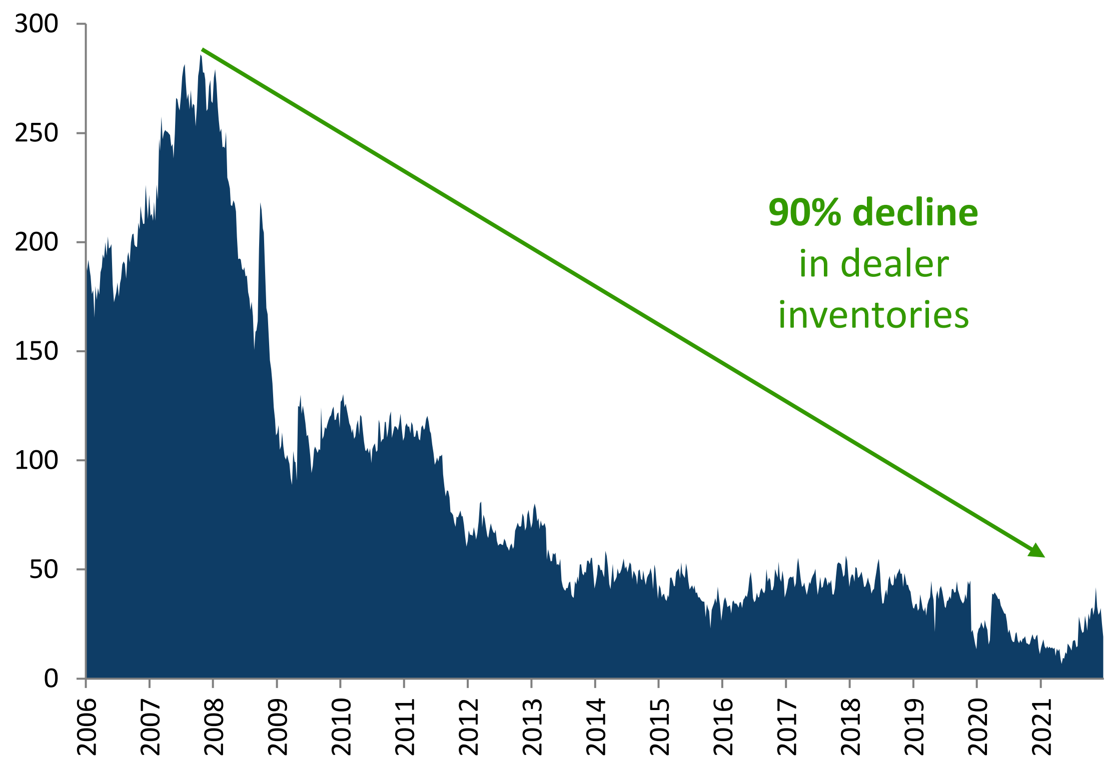
But It Requires Expertise & Discipline
to Capitalize Upon a Dislocation….

Why Have Dislocations Become The Norm In Credit Since the GFC?

Withdrawal of Bank Participation Creating Liquidity Driven Disruptions

Sharp Decline in Bond Holdings by Banks[1]

Primary Dealer Inventory ($bn)



Increased Regulation

Higher Capital Charges

Limits on Risk Taking

Removal of Liquidity Buffer

(1) Source: Federal Reserve Bank of New York. Data as of Dec 31, 2021; Charts and graphs are shared for illustrative purpose only. Investment decisions should not be based solely on the analysis above. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.**

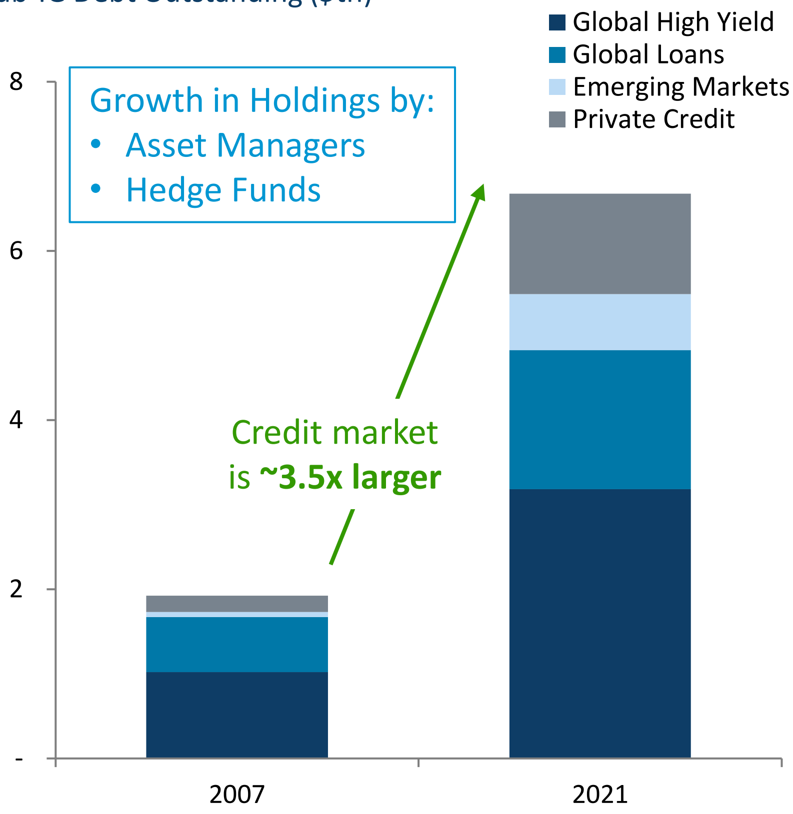
Secular Change in Credit Market Structure post-GFC Creating Inefficiencies

FOR ILLUSTRATIVE PURPOSES ONLY

Spectacular Growth in Credit Markets with Continued Participation of "Tourist" Investors

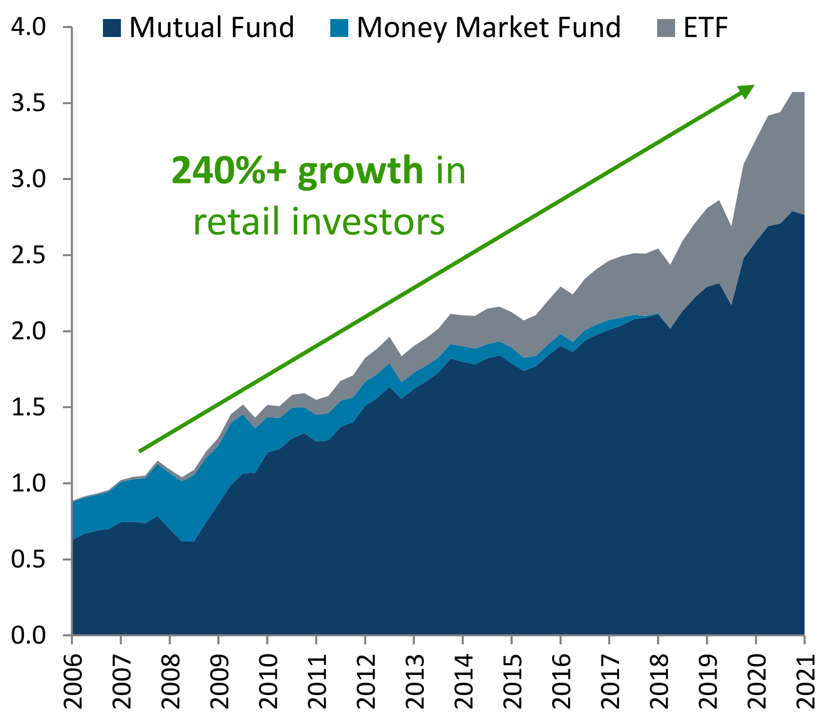
Massive Growth in Credit Markets[1]

Sub-IG Debt Outstanding ($tn)



Retail Involvement in Liquid Fund Structures[2]

US Corporate Bond Holdings ($tn)



(1) Sources: BlackRock Investment Institute, Dec 2021. Notes: Indexes used are Bloomberg Barclays Global High Yield Index, S&P/LSTA Leveraged Loan Index + S&P European All Loans Index, and JP Morgan CEMBI Index. Private credit data are from Preqin. Index data are as of Dec 2021, and the private credit data as of Jun 2021; (2) Source: Bank for International Settlements. Data as of Jun 30, 2021. Charts and graphs are shared for illustrative purpose only. Investment decisions should not be based solely on the analysis above. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.**

Why the Dislocation Opportunity Exists

FOR ILLUSTRATIVE PURPOSES ONLY

Secular Change in Credit Market Structure

- Restrictive Regulatory Environment for Banks
- Hunt for Yield Attracting Non-Traditional Investors

Structural Liquidity Mismatches Create Forced Sellers

- Ease of Access to Leverage
- Daily Liquidity Fund Participation

A Recessionary Environment is Not Required
For Dislocations to Occur

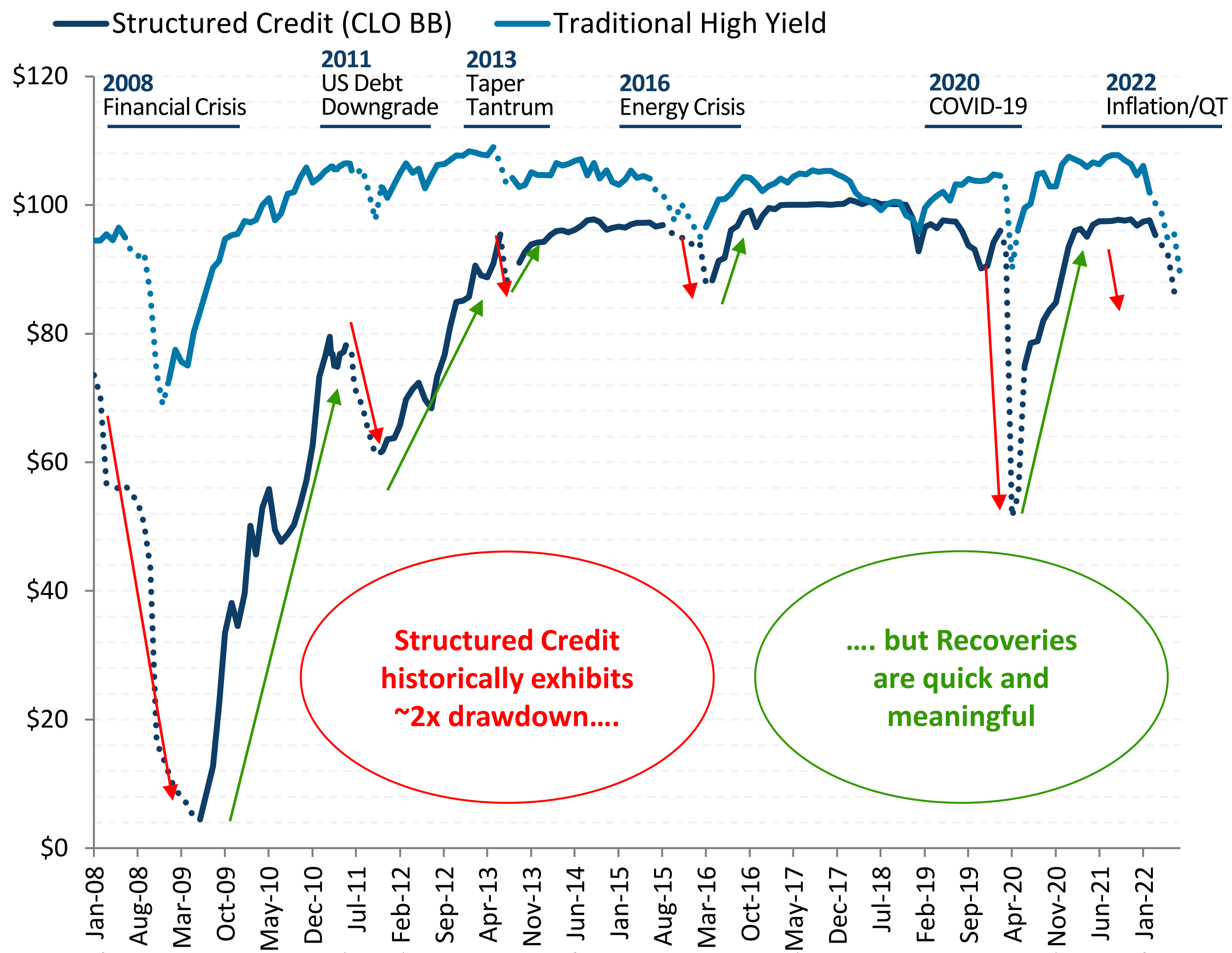
The current views of the Investment Manager described above are not intended to constitute investment advice. Any views expressed herein are those of the Investment Manager based on available information and are subject to change without notice. Investment decisions should not be based solely on the analysis above.

NAPIERPARK
A First Eagle Investments Company

Structured and Securitized Credit Markets are Prone to Dislocation

FOR ILLUSTRATIVE PURPOSES ONLY

Historical Dislocations



Frequency

Dislocations have occurred **6 times in the last 13 years**

Elevated Volatility

Opportunity for qualified managers to access high returns

Double Digit Returns

2x Drawdowns creating high return opportunities

Recovery Speed

Markets tend to self-correct **within 2yrs** on average

Source: Citi for the Structured Credit prices (CLO BB), Bloomberg Barclays for the Traditional High Yield (Bloomberg Barclays High Yield BB). Data as of June 30, 2022. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.**

What are the Key Characteristics of the Investments?
How does it Compare to Other High Return Generating Opportunities?

		OTHER STRATEGY TYPE E.G. DISTRESSED	(STRUCTURED) CREDIT INVESTING
Nature	**Tradeable/CUSIP/ISIN**	✓ / ✗	✓
Underwriting	**Performing**	✗	✓
	Contractual Cash Flows	✓ / ✗	✓
	Known Outcome	✗	✓
	Structurally Analysable	✓ / ✗	✓
Timeframes	**Short Timeframe For Realisation**	✗	✓

The current views of the Investment Manager described above are not intended to constitute investment advice. Any views expressed herein are those of the Investment Manager based on available information and are subject to change without notice. Investment decisions should not be based solely on the analysis above.

What Skills Do you Need to Invest in a Dislocation?

1.
EXPERTISE IN DISLOCATION PRONE AREAS

2.
A DISCIPLINED INVESTMENT PROCESS

3.
THE ABILITY TO SOURCE ASSETS

4.
ACTIVE MANAGEMENT CAPABILITIES

Why Are Investors Increasingly Seeking To Deploy Capital Into Dislocations?

Investors Typically Allocate into a Dislocation Strategy for 1 of 2 Reasons:

1. MAXIMIZE ABSOLUTE RETURNS

- Potential to generate high returns
- Returns typically obtainable over a shorter expected timeframe than a long-lock strategy

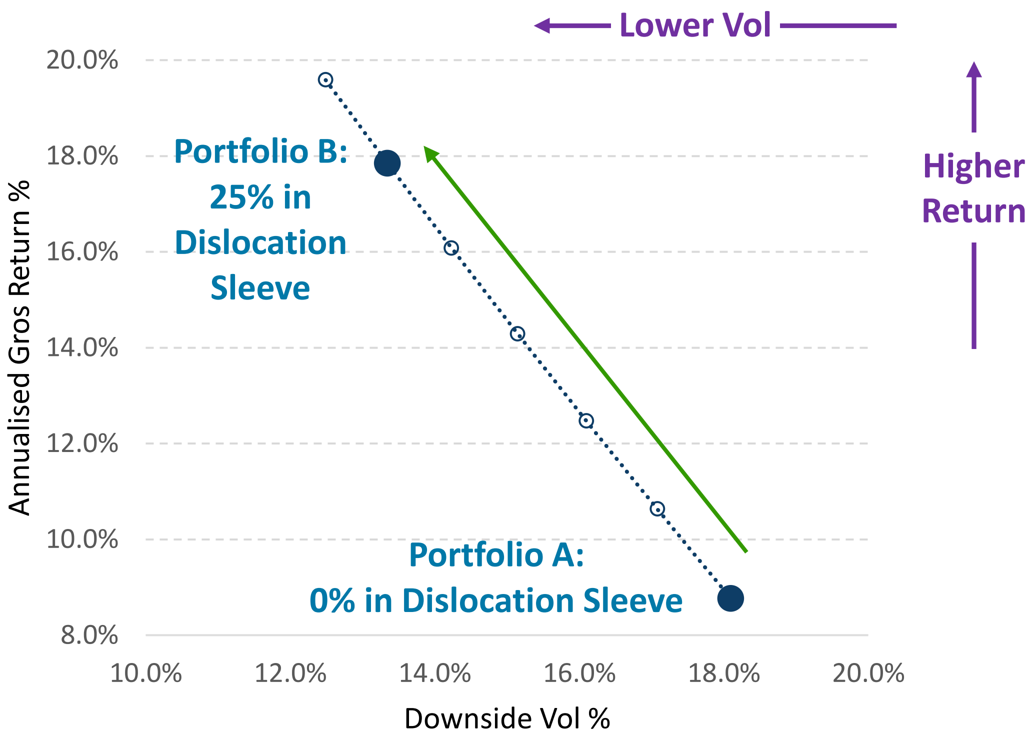
2. ACT AS "INSURANCE" FOR EXISTING HOLDINGS

- Protect and complement Money-in-the-ground investments
- Significant benefit to smoothing investment returns
- Dampen overall portfolio volatility

Opportunity Can Be Accessed Via a Contingent Capital / Drawdown Vehicle

The current views of the Investment Manager described above are not intended to constitute investment advice. Any views expressed herein are those of the Investment Manager based on available information and are subject to change without notice. Investment decisions should not be based solely on the analysis above.

Hypothetical Risk/Return Benefits of Allocating to a Dislocation Strategy[1]



25% Allocation to Dislocation Sleeve leads to:

1. **~2x Return**
2. **Reduces Volatility by 1/3**

(1) Source: JP Morgan. Analysis presented for Illustrative purposes only. Returns are shown of the JP Morgan CLOIE BB index from the period between March 25, 2019 through to January 25, 2021 to illustrate the return of a money-in-the-ground portfolio during the recent period of dislocation in March 2020. A Dislocation Strategy allocation assumes that capital is invested in the same index upon the onset of the dislocation, or at a time following the dislocation as specified in the charts above (i.e. after a 4 or 8 week delay). When capital is waiting to be deployed from the Dislocation Strategy allocation, it is assumed to be in cash. Annualized returns reflect the performance during this time period. The hypothetical performance is shown for illustrative purposes only and Napier Park does not represent that the modelled yield will be similar to actual performance. Hypothetical performances have many inherent limitations only some of which are described as follows: (i) it is designed with the benefit of hindsight, based on historical data, and does not reflect the impact that certain economic and market factors might have on the decision making process. No hypothetical performance can completely account for the impact of financial risk in actual performance. Therefore, it will invariably show positive rates of return. (ii) It does not reflect actual client asset trading and cannot accurately account for the ability to withstand losses. (iii) The Information is based, in part, on hypothetical assumptions made for modeling purposes that may not be realized in the actual management of indices or accounts. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Assumption changes may have a material impact on the model returns presented. Investors should not assume that they will have an investment experience similar to the hypothetical performance shown. There are frequently material differences between hypothetical performance results and actual results subsequently achieved by any investment strategy. No representation is made that any account will or is likely to achieve profits or losses similar to those shown. Past hypothetical results are neither indicators nor guarantees of future returns. In fact, there are frequently sharp differences between hypothetical performance results and the actual results achieved. As a sophisticated investor, you accept and agree to use such information only for the purposes of discussing with Napier Park your preliminary interest in investing in the strategy described.
PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.

NAPIERPARK
A First Eagle Investments Company

Conclusions – Why a Dislocation Strategy Makes Sense for Allocators

Solving for Allocator Goals

INSURANCE AGAINST CREDIT PORTFOLIOS	PRESERVE CAPITAL
ABILITY TO GENERATE ATTRACTIVE RETURNS	MAXIMIZE RETURN
TAKE ADVANTAGE OF LIQUIDITY DRIVEN DISRUPTIONS	BE OPPORTUNISTIC
INVESTORS SHOULD ALLOCATE TODAY FOR FUTURE DISLOCATIONS	BE PREPARED!

The current views of the Investment Manager described above are not intended to constitute investment advice. Any views expressed herein are those of the Investment Manager based on available information and are subject to change without notice. Investment decisions should not be based solely on the analysis above.

THANK YOU FOR YOUR PARTICIPATION

PLEASE FEEL FREE TO CONTACT US FOR FURTHER INFORMATION

www.napierparkglobal.com

Contact Email:
ir@napierparkglobal.com

Product Specialist (Speaker)

Amit Sanghani, CFA
+44 (20) 7866-4802
amit.sanghani@napierparkglobal.com

Relationship Manager

Morgan O'Laughlin
+1 (831) 245-6093
morgan.olaughlin@napierparkglobal.com

Disclaimer

Disclaimer: Please refer to the following links for more information, http://www.napierparkglobal.com/cgi-bin/legal/disclaimer.pl and http://www.napierparkglobal.com/cgi-bin/legal/terms.pl. For more detailed information on the product(s) discussed herein, please refer to the applicable offering memorandum(s) which can be accessed within Napier Park's communication platform by clicking on the "Investor Login" link in the top right corner of the Napier Park website: http://www.napierparkglobal.com

Individual funds will have specific risks related to their investment programs that will vary from fund to fund. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. ACTUAL RESULTS MAY VARY.** While some information used in this document has been obtained from various published and unpublished sources considered to be reliable, Napier Park does not guarantee its accuracy or completeness. Napier Park does not accept any liability for any direct or consequential losses arising from its use. This information is confidential and may not be duplicated without the consent of Napier Park. Any recipient of this presentation may use it only for the intended purpose. All expressions of opinion are as of the date herein, are subject to change without notice, and are not intended to be a guarantee of future events.

Important Additional Information: This document is for informational purposes only. This document does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any fund or any other investment or investment vehicle. The information contained herein is substantially based on estimated information, which may be inaccurate or incomplete. As a result, the information herein is subject to material change. All of the information herein is unaudited and does not reflect adjustments that might result when closing the books for the period that includes the date of this estimate. All information contained in this document is provided as of the date of the document and is subject to change without notice. Historical estimates are not indicative of future results or for the full fiscal year. In addition, no limitation on the current or future use of the net assets of the funds or any other investment or investment vehicle is created or implied by the information in this estimate. The information in this document may be based, at the sole and absolute discretion of Napier Park, upon the subjective views of Napier Park or upon third party sources subjectively selected by Napier Park. While Napier Park may believe that such third party sources are reliable, no assurances can be made in this regard. Therefore, this information is supplied on an "AS IS" basis, and NO WARRANTY IS MADE AS TO ITS ACCURACY, COMPLETENESS, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Returns and valuations of unrealized investments are inherently uncertain and should not be relied upon as a basis for transfer or related investment decisions. Neither this document nor any part of this document may be modified, manipulated, reproduced, or distributed without the prior written authorization of the investment managers. Any modification, manipulation, reproduction, or distribution of any of the contents of this document may constitute a violation of securities laws and/or other laws. The investment managers, any affiliate of the foregoing, and any personnel, principals, or agents of any of the foregoing shall not be liable for any errors (to the fullest extent permitted by law in the absence of willful misconduct) in the production or contents of this estimate. This document is intended to provide information to professional investors and certain sophisticated investors who are familiar with and capable of evaluating the merits and risks associated with investments of the kind described. The products and services to which this document relates are only available to such persons and any other persons should not act on it or rely on it. Nothing in the disclaimer excludes any liability, which Napier Park ("Napier Park") is not permitted to exclude by applicable law. This document contains proprietary information and is confidential to its recipient and, subject to applicable law requiring its disclosure by the recipient, may not be reproduced or redistributed by any recipient to any person other than the recipient's professional advisors.