Fifth Oak Distressed and Special Situations Fund Investor Presentation

January 2023

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Executive Summary

Fund Style
Distressed Credit and Special Situations

Manager
Fifth Oak Capital Management, founded in June 2019 by C.J. Brown, a former SMD/Partner with Blackstone & PJT Partners who advised debtors and creditors in distressed situations

Strategy
The Fund will focus on purchasing discounted public debt securities with a goal of profiting upon successful operational or balance sheet restructurings. The Fund will seek to take an active role in the restructuring process through negotiation with the company or other creditors.

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- Fifth Oak Capital Management (the "Manager" or "Fifth Oak") was formed in June of 2019 launching its initial fund on November 1, 2019
- Beginning on March 1, 2023 the Manager is launching Fifth Oak Distressed Credit and Special Situations Fund (the "Fund")
  - C.J. Brown serves as Fifth Oak's CEO and CIO
  - Dan Danizik serves as Partner and Head of Investor Relations and Business Development at Fifth Oak
- Seeded with investors from Fifth Oak's initial fund, the Manager is seeking new capital to take advantage of the coming wave of distressed situations in 2023
  - Higher short-term rates are driving an onerous level of interest expense upon both the consumer and businesses serving to dampen demand and harm profitability simultaneously causing companies to experience more covenant and payment defaults, ratings downgrades and difficulties with refinancing
  - ETFs and Mutual Funds with fixed parameters for types of debt they can hold will become forced sellers of debt securities as more companies face credit downgrades, experience covenant or payment defaults or file for chapter 11 bankruptcy protection
  - Given the lengthy benign credit environment over the last several years, there are fewer natural buyers to step in as forced sellers sell their debt at lower and lower prices
  - Investors who understand the restructuring process, valuation, debt capacity and evaluation of business plans will be rewarded
- The Manager believes the upcoming credit cycle represents a once in a generation opportunity for investors in distressed credit

Management Background

C.J. Brown
CEO and CIO

Prior to forming Fifth Oak, C.J. was a Senior Managing Director at Blackstone and a Partner of its spin-off, PJT Partners, where he served for 13 years as an investment banker focusing on restructuring and capital raising transactions for large multi-national corporations

Prior to Blackstone, C.J. worked as an investment banker at Bear, Stearns & Co. Inc. from 2003 to 2005 where he worked on capital raising and M&A transactions

C.J. received a Masters of Business Administration with distinction from New York University Leonard N. Stern School of Business in 2003 and a B.A. in accounting from Moravian College in 1996

- C.J. has extensive experience in restructuring situations where he designed, negotiated and implemented corporate restructurings both in and out of bankruptcy court
- Performed business planning for companies which included providing insights into liquidity, debt capacity and valuation used in the design of Plans of Reorganization
- Raised capital for distressed companies despite limited covenant flexibility to take on additional debt in existing debt documents
- Conducted all facets of M&A sale processes including coordinating due diligence, negotiating terms and drafting purchase agreements
- Negotiated covenant amendments that involved providing unsecured creditors collateral in exchange for covenant relief

Management Background (Cont.)

Dan Danizik
COO and Head of Investor Relations

Dan is an entrepreneur with 23 year of experience in establishing, nurturing and leading mid-size companies in the Credit, Finance and Title Industries

Previously, Dan served as Executive VP of Lending for REMI Capital where he led a team of 85 Advisors generating up to $250 million of monthly loan volume.

Dan's background is highly complementary of the distressed credit business as his client base at Square One Credit Management showed him the importance of understanding the markets' credit cycles and their impact on the consumer.

Dan has an astute marketing skillset that has helped him successfully find new avenues to grow his client base and build an investor network.

- Dan founded his first business Credit Maintenance and Consulting in the height of the great recession of 2008. CMC was developed to give a specific business edge and advantage to financial professionals servicing their distressed credit clients in several states.
- Dan centered his business on exceptional service, speed and a proprietary process that enabled him to take this model outside of his network of NJ. Square One Credit Management has 8,000 affiliate partnerships under management across 42 states and is widely recognized for their intricate and complex process that delivers a wide range of services under credit management to be delivered to all clients.
- In a highly competitive and saturated real estate market, Dan continued to see a need for service in other transactions that take place across the home ownership process, particularly title insurance. In 2015 Dan joined his first title company as a partner. Utilizing the same values and principles he implemented with Square One Credit Management enable him to take Monument Title to new levels of business in NJ.
- Seeing the necessity for a different approach with servicing Wall St, banks, lenders, credit unions, realtors and high producing attorneys, Dan started a master company Leo Fortis Title in 2018. With this came a multi-state venture moving the business from just NJ, to NY, PA. In this expansion, we also obtained ability to broker deals in several other key performance states. Further business is accumulated through service which is something we do not compromise at out brands and a philosophy Dan has brought to Fifth Oak Capital.
- Financial accomplishments: Before joining Monument in 2015, title revenue was roughly $80 million. 2021 numbers were roughly $1.69 Billion in closed business volume or roughly $4300% growth in seven short years.
- Clients included Keller Williams, HomeBridge, Citizens Bank, Annie Mac, Bond Street.

Fifth Oak Distressed and Special Situations Fund

Fifth Oak Distressed and Special Situations Fund will launch on March 1, 2023

- The Fund will invest (either long or short) in the securities of distressed entities including:
    - Corporate Bonds including Secured Bonds, Senior Notes, Subordinated Notes, Convertible Debt
    - Government Bonds on an opportunistic basis if conditions warrant
    - Equity and Options
- It will target areas of the capital structure most likely to be influential in any potential restructuring
- The Fund will utilize position limits that provide diversification and reduce risk; no single name will make up more than 10% of the portfolio

Market rationale

- Distressed debt investing can provide the potential for high returns, with the added benefit of a hedge against inflation as returns are driven by performance of the specific asset rather than the overall level of, or changes in, interest rates
- The prolonged period of low interest rates has led to increased borrowing by companies, creating a larger pool of potential distressed debt opportunities
- With higher interest rates, companies with high debt levels are more vulnerable to defaults, providing even more opportunities for distressed debt investors
- The Fund, managed by an experienced restructuring professional, is well-positioned to capitalize on these opportunities. With established relationships and connections in the industry, we have access to a wide range of investment opportunities

Timing is Everything

- We believe now is an opportune time to invest in distressed credit
  - Short term interest rates have been near zero since Dec 2008 driving an over-reliance on debt by companies
  - Investors during this time have increasingly lowered lending standards in a “chase for yield”
  - The Fed’s recent rate increases have driven up corporate borrowing costs which will increase credit downgrades, covenant breaches and defaults
  - Fewer distressed funds in the market mean fewer natural buyers of defaulted debt leading to better prices for remaining players