Sycamore Tree Opportunistic Credit Strategy

Confidential - For Discussion Purposes Only

April 2023

Preliminary Matters

This presentation provides general information regarding the business plan of Sycamore Tree Capital Partners, L.P. (“Sycamore”, “STCP, “we” or “our”) and the Sycamore Tree Opportunistic Credit Strategy (the “Strategy”) to be sponsored by Sycamore.

Forward Looking Statements; Targets and Estimates. The information in this presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as well as targeted returns and estimates. These forward-looking statements, targeted returns and estimates are based on our current expectations and assumptions regarding the strategies’ portfolio and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances. The strategies’ actual results may vary materially from those expressed or implied in its forward-looking statements.

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Executive Summary

Contact Information
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Title: Co-founder and President
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Email: jyang@sycamorelp.com

Presenter: Marc Gonyea
Title: Managing Director
Phone: 646-970-7657
Email: mgonyea@sycamorelp.com

Sycamore Tree is a Dallas based boutique investment firm specializing in alternative credit

- 90 years of founder experience across market cycles
- 14-person investment team with 20 years of average experience[1]
- Significant experience at identifying value in the sub-investment grade credit markets

Sycamore Tree Capital Partners presents the firm's Opportunistic Credit strategy. The Dallas based firm, founded in 2020, specializes in alternative credit. The firm has $1.6B in AUM[1], with ~$70M AUM[1] in this strategy, which seeks to generate attractive total and risk-adjusted returns by investing in [U.S. dollar denominated] tradeable corporate loans and bonds of U.S. companies, and debt and equity securities of CLO issuers. Targeting 8 to 12% annualized net returns[2], the strategy focuses on opportunities driven by relative value, event-driven catalysts, mispriced industry themes and technical imbalances. The strategy provides an opportunity to participate in an actively managed portfolio of high conviction credits offering attractive yield and upside potential.

We are a minority-owned firm certified with the Dallas/Fort Worth Minority Supplier Development Council.

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[1] as of March 31, 2023
[2] Please see important disclosures relating to forward looking statements and target returns on the Preliminary Matters page at the beginning of the presentation.

Over 90 Years of Founder Experience

Mark Okada Chief Executive Officer	Trey Parker Chief Investment Officer	Jack Yang President

37 years of experience as one of the leading investors and innovators in the bank loan and CLO market

Highland Capital Mgmt, 1993-2019
Co-founder
Chief Investment Officer

Protective Life Insurance, 1990-1993
Manager, Fixed Income

Hibernia National Bank, 1986-1990
VP, HLT Portfolio Analyst

25 years of investing and capital markets experience across credit, private equity and structured credit

Highland Capital Mgmt, 2007-2019
Co-Chief Investment Officer
Head of Credit
Head of Private Equity

Hunt Special Situations Group, 2004-2007
Senior Associate, Private Equity

BMO Merchant Banking, 2001-2004
Private Equity Analyst
Mezzanine Debt Analyst

First Union/Morgan Stanley, 1998-2000
Sales & Trading

39 years of experience in building leading credit businesses, product development, multi-channel fundraising, M&A

Alcentra Group, 2013-2019
Head of US & Global Head of Business Development

Onex Credit Partners, 2010-2012
Managing Partner

Highland Capital Mgmt, 2003-2009
Managing Partner/
Head of Business Development

Merrill Lynch & Co, 1994-2003
Global Head of Leveraged Finance

Chemical Securities, Inc, 1983-1994
Managing Director

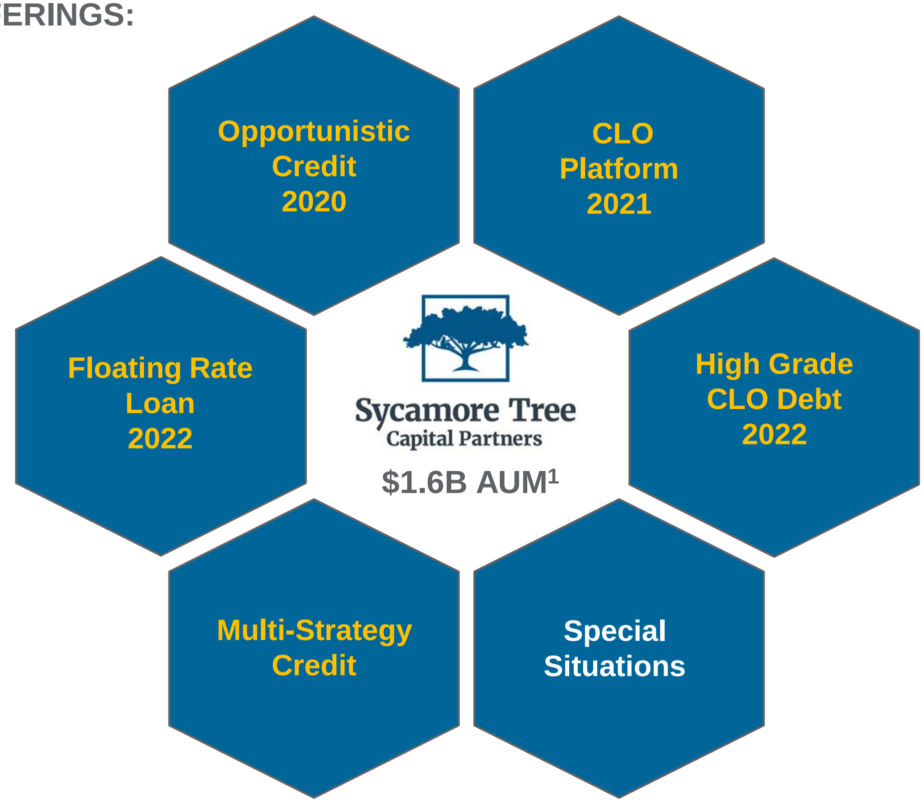
Sycamore Tree
Capital Partners

An Asset Management Boutique Specializing in Alternative Credit

Founded by principals with industry-leading experience, pedigree and relationships; demonstrated success across cycles delivering successful client solutions

SEC-registered investment adviser with 25 professionals headquartered in Dallas with an office in New York*

PRIMARY OFFERINGS:



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*Sycamore Tree Capital Partners, L.P. and its CLO management affiliate, Sycamore Tree CLO Advisors, L.P., are registered investment advisers with the SEC.
[1] as of March 28th, 2023

A Diverse, Inclusive and Responsible Business

Ownership/Leadership

Sycamore Tree Capital Partners

- Our firm is a partnership, majority owned and led by diverse individuals
- Minority Business Enterprise Certification March 2023

Culture/Workforce

- 52% of our total team is diverse, female, military veteran, and/or person with a disability*
- Actively creating a diverse culture via analytics

Culture Index™ "Making Executives Effective"

Investing

- 43% of investment team are diverse professionals*
- 2 of 5 Investment Committees ("IC") are 67% diverse, 1 IC is 33% diverse and 2 ICs are 20% diverse*
- Signatory to PRI as of April 2021

PRI Principles for Responsible Investment

Business Practices

aaaim

Gold Sponsor

Bronze Sponsor

- Developing firm business policies and practices with considerations for ESG

Employee Social & Community Involvement

U.S.-Japan Council
Education is Freedom
Mercy First – hope is unstoppable
TAAF The Asian American Foundation
girl scouts
Ronald McDonald House Charities
100 Women in Finance
Boys & Girls Clubs of America
Resonate Global Mission
NYA Neighborhood Youth Association
tuesday's children
JDRF Juvenile Diabetes Research Foundation International – dedicated to finding a cure

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*As of March 28, 2023

Opportunistic Credit Investment Team: 20 Years of Average Experience

INVESTMENT COMMITTEE

Mark Okada, CFA	Trey Parker	Jack Yang
(37)	(25)	(39)
Chief Executive Officer, Co-Founder	Chief Investment Officer, Co-Founder	President, Co-Founder

INVESTMENT TEAM

Trey Parker
(25)
Co-Portfolio Manager

Scott Farrell, CFA
(21)
Co-Portfolio Manager

Scott Farrell, CFA	Jon Poglitsch, CFA	John Zimmermann, CFA	Kyle Okita	Evan Knooihuizen	Brian Kerr, CFA	Joshua Davidson	Michael Weiser	Aveline Chan
(21)	(20)	(18)	(19)	(13)	(11)	(8)	(9)	(4)
Managing Director	Managing Director	Director	Vice President	Vice President	Vice President	Vice President	Associate	Trader
Structured Credit, Trading	Head of Credit, Aerospace & Defense	Retail, Technology	Building and Development, Business Equipment and Services	Chemicals, Industrials, Insurance	Consumer, Food, Financials, Media/Telecom	Healthcare, Publishing	Automotive, Energy, Leisure	Trading

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(#) reflects years of experience.

Market Outlook Drives Portfolio Construction

"Top-Down" Market Assessment / Outlook

Macroeconomic challenges call for managers to "play good defense"

- **Economic Risk**
  - Inflation sticky via structural labor shortage and rents
  - Fed tightening beginning to show cracks (e.g regional bank asset-liability mismatches and commercial real estate exposure)
- **Technical Risk**
  - Slower CLO issuance and retail fund outflows amid recession fears
  - M&A activity and overall loan issuance slowing
  - Ratings agency downgrades rising
- **Credit Risk**
  - Loan market default rate still relatively low by historical standards
  - Higher borrower costs (labor and materials, interest) and leverage
  - Credit documentation in recent years more aggressive/borrower-friendly

"Bottom-Up" Portfolio Construction

Actively managed portfolio of high conviction credits offering attractive yield and upside potential

- **Portfolio Allocation**
  - **Credit Rating:** Target average rating and/or weights based on internal ratings
  - **Duration:** Shorten/lengthen duration of the portfolio based on rate outlook
  - **Asset Class Mix**: Implement appropriate combination to achieve best risk-adjusted outcomes
  - **Leverage:** Selective use when technical and economic outlooks are positive
- **Asset Selection**
  - **Industry:** Focus on industries that are still going through a transition
  - **Fundamentals:** Focus on survivors with defensible business models plus liquidity or access to capital markets sufficient to withstand a crisis/recession
  - **Quality:** Avoid likely default candidates and be cautious within industries facing secular business model shifts
  - **Value:** Obtain attractive yield relative to industry and similarly-rated peers
- **Pro-active Portfolio/Risk Management**
  - Ongoing monitoring – industry/company fundamentals and technical conditions
  - Proactive ratings perspectives
  - Maintaining thesis/sell discipline
  - Checks and balances in the investment process

Risk Management

Risk Management Best Practices Integrated Throughout Our Investment Processes

DAILY

- **Investment team morning meeting covers:**
  - Market movements
  - Current price levels
  - New issue pipeline
  - Portfolio news headlines
  - Trading commentary
- **Realtime PM Dashboard reflects:**
  - Major movers
  - Ratings actions
  - Credit default / CCC watch list changes
  - Portfolio compliance

WEEKLY

- **Meetings between Head of Credit and investment team to review:**
  - Issuer updates
  - Industry relative value
  - Identification of new ideas
- **PM team meeting covers:**
  - Portfolio movers
  - New issuance
  - Ratings actions
  - Restructurings
  - Amendments
  - Portfolio positioning / rebalancing

MONTHLY

- **Sector rotation and risk management meetings chaired by CIO reviewing:**
  - Economic / fundamental risk factors
  - Technical risk factors
  - Credit market risk factors
  - Portfolio risk positioning
  - Sector rotation / industry weightings

SEMI-ANNUALLY

- **Monitoring meetings to conduct a complete reevaluation of issuers**
  - All credits are re-presented to Investment Committee with a focus on performance review and thesis reassessment

ONGOING

- **Regular credit updates to review data from earnings calls and updates, comparison to expectations, and recommended actions**
- **Ad-hoc Investment Committee meetings to address significant investment updates, out of the norm issuer requests, or other extraordinary courses of action**

Opportunistic Credit Strategy Overview

Objectives	▪ Attractive total return: 8-12% net annualized return expectations* ▪ Preservation of capital via seniority and asset coverage ▪ Significant yield/current income ▪ Diversification: modest volatility versus public equities and conventional fixed income
Strategy	▪ US borrowers, US Dollar denominated investments ▪ Floating-rate, tradable senior loans, corporate bonds, unaffiliated US CLO debt and equity ▪ No non-current pay investments (at purchase)
Structure	▪ Onshore/Offshore, Commingled open-end fund, SMA ▪ Monthly subscriptions ▪ 1-year initial hard lock; followed by quarterly redemptions s.t. 60 days notice ▪ Conservative use of vehicle leverage (avg. target of 1x, hard cap of 2x)

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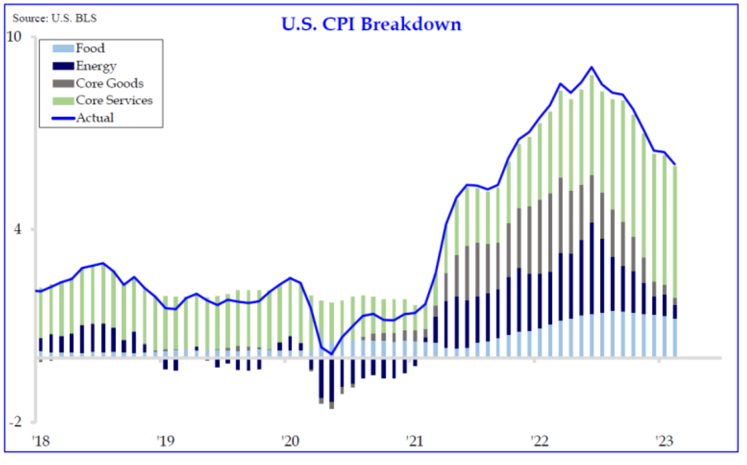
* Please see important disclosures relating to target returns and forward-looking statements on the Preliminary Matters slide at the beginning of this presentation.

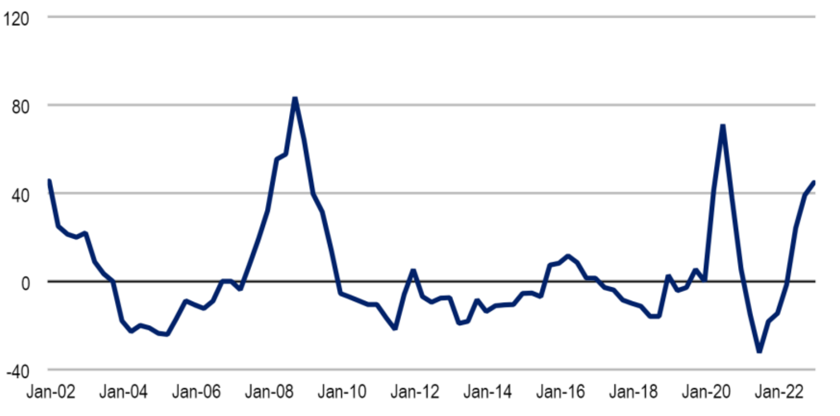
Economic Trends Contributing to Current Opportunity Set

- **Price inflation**
  - Key inflation components such as rents remain sticky
- **Wage inflation**
  - Tight labor market with solid employment, low weekly jobless claims, and elevated job openings
- **Supply/demand imbalances**
  - Ongoing sector-specific secular changes
- **Tighter monetary policy**
  - Nine rate hikes by the US Federal Reserve with more possible
- **Consumer behavior**
  - Rebalancing of consumer spending from goods to services post-COVID
- **Tighter financial conditions**
  - Regional bank failures causing stricter lending standards

US CPI[1]



Senior Loan Officer Survey – Net % for Tightening Standards[2]



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[1] Strategas Charts of the Week. March 18, 2023
[2] BofA Global Research, CLO Weekly, March 17, 2023

Focused on Unique, Undervalued Credit Opportunities

Strategy seeks to invest in high conviction loan, corporate bond and CLO opportunities that are misunderstood by market participants, less correlated and expected to deliver outsized returns relative to fundamental and market risks. Incorporates mispriced industry themes as they arise

Current Investment Themes	Asset Classes	Target Yield	Credit Quality	Target Holding Period	Description
Relative Value Opportunities	Corporate Loans and Bonds	10-15%+	Bs, CCCs	18-24 months	Opportunities that typically offer both attractive yield and price convexity relative to the market and relevant comps, based on our analysis of issuer fundamentals and technical conditions
Event Driven – Corporates	Corporate Loans and Bonds	10%+	Bs	3-6 months	Debt trading at a discount, which is expected to appreciate or be repaid at par pending an acquisition, refinancing, or other corporate event
Event Driven – CLOs Calls/Resets/ Repayments	CLO bonds	15%+	BBBs, BBs, Bs	12-18 months	Attractively yielding CLO bonds trading at deep discounts but are expected to pull-to-par or be repaid based on keen understanding of CLO structures, in light of market and underlying loan portfolio conditions
Second Liens	Corporate Loans	12-15%+	CCCs	6-30 months	Investments in discounted, second-priority loans issued by fundamentally sound companies that offer outsized yield and/or price upside

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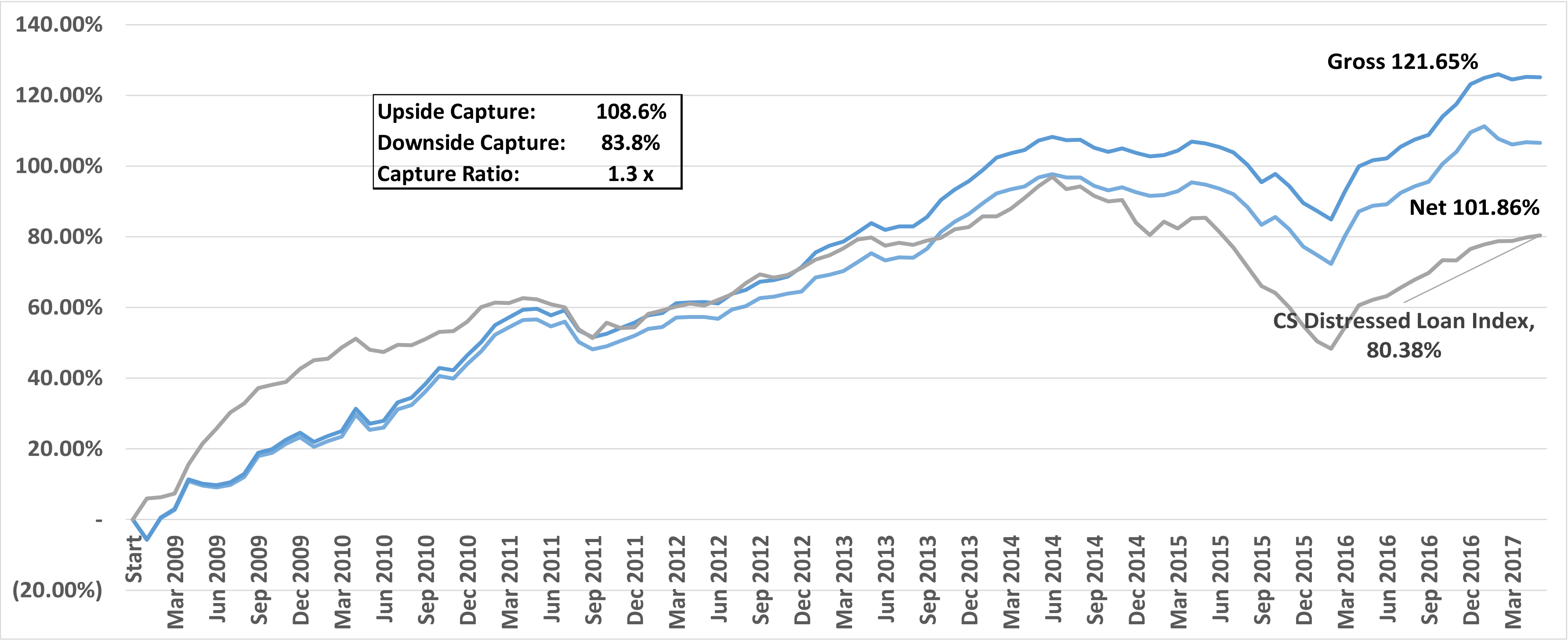
Prior Firm Special Situations Returns

Based on actively managed special situations SMA for a large, US public pension fund



ANNUALIZED PERFORMANCE

Period: January 2009 - May 2017

Focus: Stressed, distressed credit and special situations
(Includes Loans, high yield, special sits)

	1-Year	3-Year	5-Year	Inception	Sharpe	Sortino
Gross Return	25.89%	5.92%	14.39%	23.62%	1.54	16.21
Net Return	18.88%	2.83%	12.02%	20.51%	1.29	12.04
CS Distressed Loan Index	19.73%	(4.90%)	3.79%	13.15%	0.96	6.47

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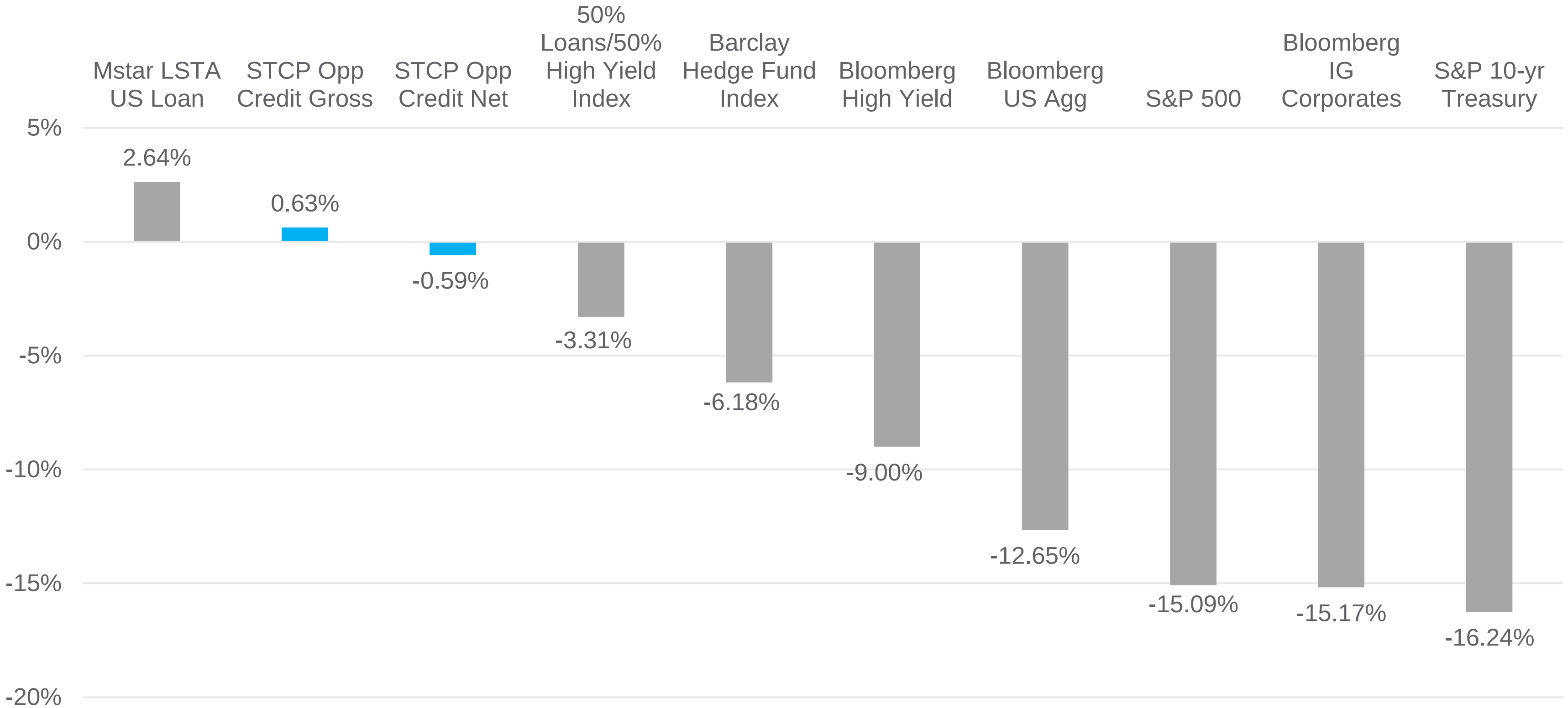
Past performance is not indicative of future results. See Performance Disclosure at the end of this presentation. Returns are reflective of the Special Situations SMA managed by Highland Capital Management, L.P. ("Highland"). Traded Credit sleeve makes up 69% of cumulative P&L from SMA track record. Please See General Disclosures on slide 19 for greater detail on the similarities and differences between Highland's Special Situations SMA and Sycamore Tree Opportunistic Credit Strategy

Opportunistic Credit Strategy Performance

- **Positioning in higher coupon, floating rate, senior secured assets has enabled outperformance**

Inception-to-Date Cumulative Performance – January 2022 to February 2023



Net performance reflects management and performance fees as well as expenses paid by the Strategy's investors during the periods shown. The Strategy's management fee schedule is 1.00% per annum for an investor NAV less than $25 million, 0.75% per annum for an investor NAV equal to or greater than $25 million and less than $75 million, and 0.50% for an investor NAV $75 million or greater. The Strategy's performance fee is 15% subject to a 6% hurdle and a high water mark provision. Net performance returns include reduced management and performance fees negotiated with Strategy investors in side letter agreements.

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As of Feb. 28, 2023. Sources: S&P, Pitchbook LCD, Barclays. 50% Loans/50% High Yield Index is 50% Morningstar LSTA US Leveraged Loan Index and 50% Bloomberg US Corporate High Yield Index. The chart above illustrates the performance achieved under the current open-end structure and strategy, which was implemented on December 31, 2021. From December 15, 2020 to December 31, 2021, the Sycamore Tree Opportunistic Credit Strategy was structured as a closed-end, drawdown vehicle pursuing a dislocation strategy. **Past performance is not indicative of future results.**

Opportunistic Credit Strategy: Portfolio & Performance

Portfolio Positioning[1]

Objective:

Generate attractive total returns via a combination of income and capital appreciation by investing in idiosyncratic, sub-investment grade credit opportunities

Portfolio Guidelines:

- Investment types: tradable loans, corporate bonds, third-party CLO debt and equity
- 10% maximum in CLO equity
- No non-current pay investments (at purchase)
- Up to 2x leverage allowed

Current Portfolio:

- 52 investments
- 11.8% current yield / 23.5% yield to expectations
- $86.7 wtd avg price
- 89% floating rate instruments
- Weighted Avg Expected Life: 1.8 yrs
- 36% loans, 37% CLO mezz debt, 10% corp. bonds, 0% CLO equity, 9% CLO AAA debt, 8% cash
- 93.3% rated B- or higher, 6.7% CCC
- No leverage employed

Performance Summary[2]

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	Strategy (Net)	2.16%	0.80%											2.98%
	50% US Lev Loan/50% US HY Index	3.24%	-0.36%											2.87%
2022	Strategy (Net)	0.53%	(0.27%)	0.45%	0.06%	(3.78%)	(1.12%)	0.56%	1.40%	(4.25%)	0.23%	2.36%	0.53%	(3.46%)
	50% US Lev Loan/50% US HY Index	(1.18%)	(0.77%)	(0.55%)	(1.67%)	(1.15%)	(4.45%)	4.02%	(0.39%)	(3.12%)	1.80%	1.68%	(0.10%)	(6.01%)

Past performance is not indicative of future results. 50% Leveraged Loan /50% High Yield blended index is composed of 50% Morningstar LSTA US Leveraged Loan Index and 50% Bloomberg US Corporate High Yield Index. "Net performance" reflects management and performance fees paid by the strategy's investors during the periods shown. The strategy's management fee schedule is 1.00% per annum for an investor NAV less than or equal to $25 million, 0.75% per annum for an investor NAV greater than $25 million and less than $75 million, and 0.50% for an investor NAV $75 million or greater. The strategy's performance fee is 15% subject to a 6% hurdle and high water mark provision. Net performance returns include reduced management and performance fees negotiated with strategy investors in side letter agreements. The above chart reflects the performance achieved by the strategy while operating under an open-end structure, effective Dec. 31, 2021. Between Dec. 15, 2020 and Dec. 31, 2021, the strategy operated as a closed-end, drawdown vehicle. Please see the Disclosures at the end of this report for more information.

- Benchmark: 50% Morningstar/LSTA US Leveraged Loan Index / 50% Bloomberg US Corp. High Yield Index
- Performed well through broader market volatility, down just (0.6%) Jan. 1, 2022 - February 28, 2023
- Outperformed 50% loan/50% high yield benchmark by +2.7% net since inception
- Preserved capital better than most commonly-held asset classes during 2022, down (3.5% net)
  - "60/40" portfolio losing (16.1%)
    - US Aggregate Bonds down (13.0%)
    - S&P 500 down (18.1%)
  - US High Yield losing (11.2%)
- Targeted 3-year return of 12-15%, without leverage*

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Past performance is not indicative of future results. [1]Portfolio data as of March 20, 2023. Number of investments, current yield, yield to expectations and wtd avg price exclude cash and investments in CLO – AAA, which are cash alternatives. Represent 83% of the portfolio. [2]Index data sourced from Pitchbook LCD and Bloomberg as of Feb 28, 2023. *Please see important disclosures relating to forward looking statements and target returns on the Preliminary Matters page at the beginning of the presentation.

Summary

- Sycamore Tree has a **deeply experienced team** with **broad capabilities within credit.** Averaging 20 years of experience and having participated in multiple credit cycles, its investment team is skilled in **preserving capital** and **identifying value**.

- The Firm has established itself as an **institutional quality** asset manager with robust investment process, infrastructure, operations and compliance and is a **certified Minority Business Enterprise.**

- **Private credit markets are less efficient** than public markets, creating opportunities for active managers to generate alpha and **attractive risk-adjusted returns** via a combination of **income** and **capital appreciation**.

- Sycamore Tree's Opportunistic Credit Strategy captures **undervalued opportunities** across liquid, tradeable credit with key focuses on **downside protection and attractive contractual, floating rate income.**

Performance Disclosure

Due Diligence Response Materials. The portion of this presentation that contains performance data on historical Special Situations (the "Performance Data") is being provided on a confidential and limited basis to you upon your request for additional information regarding Sycamore Tree Opportunistic Credit Strategy (the "Strategy") to be managed by Sycamore Tree Capital Partners, L.P. ("Sycamore") or its affiliates. They are being provided for illustrative purposes only in response to your request.

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Informational Purposes Only. The Performance Data is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. The Performance Data is not intended to be comprehensive or to provide specific investment advice or services. The distribution to you of the Performance Data is made for informational purposes only and does not constitute an offer to sell or an invitation, recommendation or solicitation of an offer to buy any limited partner interests in a vehicle or Sycamore in any jurisdiction and may not be distributed in any jurisdiction except in accordance with legal requirements applicable in such jurisdiction. Any such offer or solicitation will be made only pursuant to a confidential Private Placement Memorandum of the applicable strategy and/or Sycamore (the "Memorandum"), the agreement of limited partnership of such strategy and/or Sycamore (the "Strategy Agreement"), and the subscription agreement related thereto (the "Subscription Agreement"), copies of which will be made available upon request and should be reviewed before purchasing a limited partner interest in any Strategy and/or Sycamore. The Performance Data is qualified in its entirety by reference to the Memorandum, the Strategy Agreement, and the Subscription Agreement. The Performance Data does not constitute and should not be construed as legal, business, or tax advice, and each recipient should consult its own attorney, business advisor, and tax advisor as to legal, business, and tax advice.

General Disclosure. The performance information shown for the Special Situations Strategy herein represents the actual performance of the Special Situations SMA managed by Highland. The traded credit sleeve of the Special Situations SMA managed by Highland makes up approximately 69% of the total fund return attribution. The Special Situations SMA and the traded credit sleeve of the Special Situations SMA are roughly comparable to the strategy and investment process regarding the Sycamore Tree Opportunistic Credit Strategy that is the subject of this presentation, though the traded credit sleeve is more similar to the strategy of the Sycamore Tree Credit Opportunistic Credit Strategy. Different economic and market conditions could have materially impacted the performance of the Special Situations Strategy and those economic and market conditions do not necessarily exist today

Performance Disclosures Continued

or will not necessarily exist in the future. Those interested in investing in the Strategy should understand that while the Strategy and Special Situations Strategy are roughly similar there could be material differences between the investment activities of the SMA and the Strategy, that an investment in the Strategy may not, in many important respects, be comparable to the performance of the Special Situations Strategy or the SMA, and such differences should be considered when reviewing the performance information shown for the Special Situations Strategy. The performance information shown for the Special Situations Strategy is not representative of the performance of the Strategy; it is intended to illustrate the past performance of the investment team with respect to investments of the type that may be included in the portfolio of the Strategy.

To illustrate the Special Situations Strategy performance in the context of a stand-alone strategy, such as the Strategy, pro forma performance information is presented net of management fee and incentive allocation and applicable expenses. All performance figures presented herein are approximate, based on unaudited data and have not been examined by any independent third party. Individual investor results may vary depending on, among other factors, the date of the investment, fees paid and new issue eligibility. Past performance is no guarantee of future results.

Material Changes to Strategy Presentation. Between December 15, 2020 and December 31, 2021, the Sycamore Tree Opportunistic Credit Fund operated as a closed-end, drawdown vehicle. The Fund was originally named the Sycamore Tree Credit Dislocation Fund and was formed to take advantage of the dislocation in the credit markets by investing in loans, corporate bonds and CLO mezzanine debt without the use of leverage. It targeted a 10-15% net IRR, and investors could not withdraw capital from the Fund. Furthermore, the standard management fee was 0.80% per annum and performance fee was 20% with catch-up subject to an 8% preferred return.

Following the material amendment of the Fund to an open-end structure on December 31, 2021, the Fund's investment program is focused on loans, corporate bonds, CLO mezzanine debt and CLO equity that the General Partner believes present attractive value across the market cycle using a combination of the following investment strategies: general relative value, event-driven catalysts, mispriced industry themes and technical opportunities, as well as selective and methodical use of portfolio leverage. The Fund now targets an 8-12% net annualized return and investors are permitted to withdraw capital subject to their applicable lock-up periods, notice periods and redemption frequency terms. Therefore, monthly valuations are shown for performance and any performance shown for a period longer than one month is a time-weighted return. Net performance reflects the deduction of management fees using a dollar-weighted average management fee rate, inclusive of negotiated rates agreed to within side letters. The standard management fee is 1.00% per annum for an investor NAV less than $25 million, 0.75% per annum for an investor NAV equal to or greater than $25 million and less than $75 million, and 0.50% for an investor NAV $75 million or greater. The standard performance fee is 15% subject to a 6% hurdle and high water mark provision.

The returns shown below reflect the pre-amendment performance of the Fund's initial, fee-paying investors, who participated in the Fund's first close on December 15, 2020 and exclude second close investors and non-fee-paying employees. The inception date of performance is Jan. 14, 2021. Given the closed-end structure, the performance shown for this period is represented by money-weighted internal rates of return and multiples on invested capital per industry standards.

Fund Performance Summary as of Dec 31, 2021			
Gross Multiple	**Net Multiple**	**Gross IRR**	**Net IRR**
1.02x	1.00x	2.74%	-0.49%

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Performance Disclosures Continued

Performance. Multiple on invested capital (“MOIC”) is found by dividing the total value (realized and unrealized) of an investment by the total amount invested. Internal Rate of Return (“IRR”) represents an annual rate of return on investments, calculated on the basis of actual investment inflows and outflows. Gross MOICs and IRRs do not reflect management fees, performance fees, and Strategy expenses, which in the aggregate are substantial and will reduce returns. Net MOICs and IRRs include the impact of management fees, performance fees (if applicable) and Strategy expenses. Current yield is an investment's annual coupon rate divided by the current price of the security. All performance figures presented herein are approximate, based on unaudited data and have not been examined by any independent third party. Individual investor results may vary depending on, among other factors, the date of the investment, fees paid and new issue eligibility. Past performance is no guarantee of future results.

IRR Calculation for Case Studies. IRR is a measure of the discounted cash flows (inflows and outflows) related to an investment. Specifically, IRR is the discount rate at which the net present value of all cash flows and any remaining investment value is equal to zero. IRR calculations are unaudited. IRR is calculated based on the dates that equity was invested (as described in the following sentence) by Sycamore Tree Opportunistic Credit Strategy with respect to any investment, and distributions were made to Sycamore Tree Opportunistic Credit Strategy with respect to such investment (regardless of when distributed to the limited partners). The terminal value of currently held investments is presumed to be unrealized value of the remaining portion of such investments as of the date of calculation and includes any accrued interest. IRR does not reflect the effect of Strategy expenses or taxes borne, or to be borne, by investors at the Sycamore Tree Opportunistic Credit Strategy level and would be lower if it did.

Use of Index Performance. Returns of indices are presented herein to give you a perspective of the historical performance of the securities markets to which they relate. Indices are unmanaged and do not reflect the impact of advisory fees. An investor is unable to invest directly in an index. Indices could have characteristics that differ materially from the Strategy. The Strategy may invest in securities and other financial instruments which are different from those that comprise the indices shown, and will hold considerably fewer securities than comprise the indices.

Bloomberg US Aggregate Bond Index: a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency)

Bloomberg Barclays US Investment Grade Corporate Index: Tracks publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

Bloomberg US Corp. High Yield Index: measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+/BB+ or below.

Credit Suisse Distressed Loan Index: designed to mirror the investable universe of the U.S. dollar-denominated distressed leveraged loan market

S&P 500: a gauge of large-cap U.S. equities It is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

Morningstar LSTA US Leveraged Loan Index: a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

S&P U.S. Treasury Bond 10-year Index: a one-security index comprising the most recently issued 10-year U.S. Treasury note or bond.

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Highland Disclosure Regarding Performance Data

What follows is the disclosure and risk factors that Highland set forth in its materials that contained the Performance Data.

Securities may be offered through NexPoint Securities, Inc., member FINRA/SIPC and an affiliate of Highland Capital Management, L.P.

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Past performance does not guarantee future results. Performance during time period shown is limited and does not reflect the performance in different economic and market cycles. There can be no assurance that similar performance will be experienced. Net of Fees performance results reflect the deduction of all expenses actually paid by included accounts, including management fees. An explanation of the fees charged is contained in Part II of Highland's Form ADV. Actual fees and expenses (and returns) will vary depending on a variety of factors. Performance returns are calculated by geometrically linking month-end returns. Performance does include reinvestment of interest or other income and is not adjusted for the effects of taxation.

Gross of fee's performance does not reflect the deduction of advisory fees or other expenses that impact returns shown. Since fees are deducted regularly, the compounding effect will be to increase the impact of the fee deduction on gross account performance by a greater percentage than that of the annual fee charged. For example, if an account is charged a 1% management fee per year and has gross performance of 12% during that same period, the compounding effect of the quarterly fee assessments will result in an actual return of approximately 10.9%.

Gross IRR represents a compound annual rate of return on investments, calculated on the basis of actual investment inflows and outflows and outflows with respect to invested capital.

Model/target returns described herein have been prepared by the projected management team of Highland on the basis of estimates and assumptions about the performance of the Strategy. Actual results may differ materially from these estimates. Model/target returns are inherently subject to significant economic, market and other factors that may adversely affect the performance of the Strategy including certain risk factors as discussed in the offering documents of the Strategy. Model/target returns should not be relied upon as facts as there is no assurance that these results will be achieved.

Annualized performance returns are calculated by geometrically linking month-end returns. Cumulative returns are calculated as the aggregate amount that the Strategy has gained or lost over time. Performance includes reinvestment of interest or other income and is not adjusted for the effects of taxation.

The information in this presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance in connection with discussions of future operating or financial performance. These forward-looking statements are based on our current expectations and assumptions regarding the Strategy's portfolio and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances. The Strategy's actual results may vary materially from those expressed or implied in its forward-looking statements.

Hedge funds are speculative and involve a high degree of risk, and the performance of these funds can be volatile. An investor could lose all or a substantial amount of his or her investment. The fund manager has total trading authority over the fund and may use a single strategy which could mean lack of diversification and, consequentially, higher risk. There is no secondary market for the investor's interest in the fund and none is expected to develop. In addition, there may be restrictions on transferring interests in the funds.

S&P Leverage Loan Index is a market value-weighted index designed to measure the performance of the U.S leveraged loan market. The S&P Global Leveraged Loan 100 Index consists of the 100 largest loans in the S&P Global Leveraged Loan Index. Total return is the product of two components: interest income return and market value return.

Highland Disclosure Regarding Performance Data

What follows is the disclosure and risk factors that Highland set forth in its materials that contained the Performance Data.

Index returns assume reinvestment of all dividends and distributions, if any. Indices are unmanaged, have no fees or costs and are not available for investment. The performance of the indices may be materially different from the individual performance attained by a specific investor. In addition, the investors' holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices.

The performance of the indices may be materially different from the individual performance attained by a specific investor. In addition, the investors' holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices. Index returns assume reinvestment of dividends and other income. Indices are unmanaged and have no fees or costs. An investment cannot be made directly in an index.

Senior secured loans have significant credit risks and material losses may occur. As with other debt obligations, claims and collateral may be difficult to enforce in the event of a default. No assurance can be made that full or significant recovery of principal and/or interest will be received or that any collateral recovered will be marketable or sufficient.

Debt obligations and other securities of distressed companies will by their nature relate to companies in unstable financial condition and entail substantial inherent risks. Many of these companies likely will have significantly leveraged capital structures, making them highly sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Distressed investing involves significant expenses of legal counsel, experts, consultants and other third parties.

The S&P Global Leveraged Loan 100 Index consists of the 100 largest loans in the S&P Global Leveraged Loan Index. The S&P Global Leveraged Loan 100 Index is a subindex of the S&P Global Leveraged Loan Index. The S&P Global Leveraged Loan Index is a fixed-weighted, rules-based index designed to reflect global senior loan facilities in the leveraged loan market. It consists of a 75% weighting of the S&P Leveraged Loan Index (LLI) and a 25% weighting of the S&P European Leveraged Loan Index (ELLI). Total return is the product of two components: interest income return and market value return.

Index returns assume reinvestment of all dividends and distributions, if any. Indices are unmanaged, have no fees or costs and are not available for investment. The performance of the indices may be materially different from the individual performance attained by a specific investor. In addition, the investors' holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices.

We have prepared this document solely for illustrative purposes only. You should not rely upon it or use it to form the definitive basis for any decision, contract, commitment or action whatsoever. The investment opportunity is in the structuring phase, and the actual structure of the investment opportunity and the characteristics of the offered interests may differ from those presented herein. We make no warranties or representations of any kind with respect to the attached information. In no event shall Highland CLO Funding, Ltd. ("HCF"), Highland Capital Management, L.P. or any of its affiliates (collectively, "Highland") be liable for any use or reliance of such information or for any inaccuracies or errors in such information. Any investment decision made by you must be based solely upon the information contained in the final offering documents of HCF ("Final Offering Documents").

To the extent information is provided about U.S. and EU risk retention rules, such information is not intended to be, and should not be construed, as a legal opinion. In addition, the views set forth herein are not intended to represent a view as to how any U.S. or European agency or any governmental official would view the matters addressed herein. Investors should note that one or more agencies or governmental officials could express views regarding such matters that differ from the views set forth here, which views could be informed by varying regulatory considerations as well as differing legal analyses. In addition, the EU risk retention rules apply to affected investors, and such affected investors take different approaches in their interpretations of the requirements of the EU risk retention so there can be no guarantee that any particular investor will agree with the analysis set forth herein.

The information in this presentation is based upon forecasts and reflects prevailing conditions and Highland's views as of this date, all of which are subject to change. Highland undertakes no responsibility to notify you of any changes to the attached information. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us or which was otherwise reviewed by us.

Highland Disclosure Regarding Performance Data

What follows is the disclosure and risk factors that Highland set forth in its materials that contained the Performance Data.

Targeted internal rate of return and returns are presented solely for the purpose of providing insight into potential objectives, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of the investment's performance. The target internal rate of return presented is not a prediction, projection or guarantee of future performance. The targeted internal rate of return is based upon estimates and assumptions that a potential investment will yield a return equal or greater than the target. There can be no assurance that the targets will be realized or that the prospective investment will be successful in meeting these anticipated return parameters. The target of potential return from a potential investment is not a guarantee as to the quality of the investment or a representation as to the adequacy of the methodology used for estimating those returns. Accordingly, any target return should not be used as a primary basis for an investor's decision to invest in ALF.

Multiple of capital ("MoC") is found by dividing the cumulative net proceeds (i.e. interest income, fees and sale proceeds) produced by an investment on its invested capital at the individual investment level. Gross multiples of capital do not reflect management fees, performances fees, taxes, or fund expenses, which in the aggregate are substantial and will reduce returns. Aggregate net performance data will be provided to investors upon request and in any event prior to their investment in the Strategy.

The companies in which Highland's funds will invest (directly or indirectly) will be subject to the risks associated with the businesses in which they are engaged, including market conditions, changes in regulatory requirements, interest rate fluctuations, general economic downturns and other factors. The funds will be subject to all of the risks associated with the purchase and sale of securities generally, including, among others, economic, political, interest rate and other risks (including fraud and terrorism), any of which could result in an adverse change in the performance of the financial markets as a whole or a fund in particular.

Neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever. Any decision to invest in ALF must be based solely on the information contained in the Final Offering Documents. This document does not constitute and should not be considered as any form of financial opinion or recommendation by Highland. The information contained herein is not intended to be, and does not constitute, advice from Highland. Highland is not your advisor (municipal, financial or any other kind of advisor) and not acting in a fiduciary capacity.

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