Kentucky Retirement Systems
Special-Called
Investment Committee Meeting
September 11, 2025, at 9:15 a.m. ET (8:15 a.m. CT)
Via Video Teleconference and Facebook Live

AGENDA

1.	Call to Order	Prewitt Lane
2.	Opening Legal Statement	Victoria Hale
3.	Roll Call	Sandy Hardin
4.	Public Comment	Sandy Hardin
5.	Approval of Minutes* - May 22, 2025	Prewitt Lane
6.	Private Equity Investment Recommendation*	KPPA Investment Staff
7.	Adjourn*	Prewitt Lane

** Committee Action May be Taken*

MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
INVESTMENT COMMITTEE MEETING
MAY 22, 2025, 11:30 A.M., E.T.
VIA LIVE VIDEO TELECONFERENCE

At the May 22, 2025, Regular Meeting of the Kentucky Retirement Systems' (KRS) Investment Committee, the following Committee members were present: Prewitt Lane, David Adkins, Ramsey Bova, and Pamela Thompson. Staff members present were Ryan Barrow, Rebecca Adkins, Erin Surratt, Victoria Hale, Carrie Bass, Anthony Chiu, Brian Caldwell, Joe Gilbert, Phillip Cook, Sandy Hardin, and Sherry Rankin. Others in attendance included KRS CEO John Chilton as well as David Lindberg and Chris Tessman with Wilshire Advisors, LLC.

1. Mr. Lane called the meeting to order.

2. Ms. Hale read the Opening Statement.

3. Ms. Rankin took Roll Call.

4. Ms. Rankin reported there were no ***Public Comments***.

5. Mr. Lane introduced agenda item ***Approval of Minutes – February 19, 2025, and April 29, 2025.*** A motion was made by Ms. Bova to approve the minutes of the February 19, 2025, and the April 29, 2025, meetings. Mr. Adkins seconded the motion. During discussion, a typographical error was noted, and it was agreed that the correction would be made. The motion passed unanimously.

6. Mr. Lane introduced agenda item ***Investment Review and Update*** *(Video 00:06:42 to 00:30:19).* Mr. Chiu provided a first-quarter market overview, noting minimal movement in U.S. stocks and interest rates and a temporary rise in gold that did not impact overall allocation. Private credit is projected to outperform private equity over the next decade, aligning with the team's investment strategy targeting returns between 5.25% and 6.5%.

The pension portfolio performance remained in line with or above benchmarks, though private equity lagged due to timing factors following two years of strong stock market returns. Real estate contributed positively, while public equity and fixed income met or exceeded benchmarks.

For internal portfolio management, the team has used proxy investments to maintain target allocations in private markets, ensuring the KRS plans stay on track while awaiting capital calls and new investment opportunities.

BNY introduced a new gross-basis breakdown of asset class performance, highlighting historical underinvestment in private equity for KRS pensions. This lower allocation resulted in somewhat reduced returns compared to other asset classes but offers insights into long-term investment impacts.

Mr. Joe Gilbert reviewed first-quarter market performance, highlighting how optimism surrounding 2024 election-driven tax and deregulation policies initially fueled market gains. However, tariff concerns in mid-to-late February triggered a market retracement and flight to quality, leading value stocks to outperform growth stocks for the first time in a while. High-beta stocks, including the "Mag 7," saw declines, while international markets performed well, benefiting from NATO-related defense spending, Germany's stimulus package, and China's late-2024 stimulus efforts.

The portfolio ended the March 31 quarter down 1.3%, though its tilt toward non-U.S. equities provided 30 basis points of downside protection. While six of seven stock selection strategies outperformed in the U.S., international markets had mixed results, with larger negative tail risks. Over the 12-month period, the portfolio was down 120 basis points, largely due to an underweight in U.S. equities. However, April and May saw a rebound, driven by tariff relief discussions. This improvement narrowed the one-year performance gap to 17 basis points behind the benchmark, with long-term results remaining positive net of fees. Overall, the portfolio remained resilient despite volatility, and Mr. Gilbert welcomed questions before transitioning to Mr. Brian Caldwell's credit update.

Mr. Brian Caldwell reviewed core fixed income performance, noting that the Federal Reserve held rates steady but downgraded growth projections while raising inflation expectations. Yields declined across maturities, with the 2-to-10-year yield curve holding steady at a 32-basis-point spread. Core fixed income returned 272 basis points for the quarter and 483 basis points fiscal year to date, slightly underperforming its benchmark for the quarter but outperforming for the fiscal year. Corporate bonds underperformed relative to Treasuries, with a notable decline in March, while intermediate and long credit spreads widened.

Liquidity performance showed that cash returned 108 basis points for the quarter and 365 basis points fiscal year to date. Market expectations for interest rate cuts in 2025 decreased from three to two, aligning with Federal Reserve guidance. Inflation expectations among consumers surged due to tariff uncertainty, though Chair Powell of the Federal Reserve suggested these effects would be temporary.

In specialty credit fixed income, the portfolio returned just over 2% for the quarter and over 7.5% fiscal year to date, outperforming the benchmark. Economic uncertainty and trade concerns widened public high-yield spreads, with lower-quality bonds underperforming. In a notable shift, fallen angels (investment-grade bonds downgraded to high yield) outpaced rising stars (upgraded bonds) for the first time in three years, with the highest fallen angel volume since Q2 2020.

Mr. Lane and Mr. Caldwell discussed fallen angels and credit rating downgrades, specifically noting that Moody’s recently downgraded our country's credit rating to AA+, following earlier downgrades by S&P (2011) and Fitch (2023). Despite the headlines, Mr. Lane emphasized that the country remains a premier global credit with no significant market impact, though the downgrade sparked discussions across business channels.

Mr. Chiu reported that core real estate funds have begun recovering after seven quarters of decline, with two funds calling capital for acquisitions and the third focusing on redeeming non-core assets. Alternative real estate sectors like self-storage, medical offices, and senior living are gaining traction. Though projected returns remain modest (5.5%–6.5%), real estate offers income stability and portfolio diversification.

In real return investments, the team has focused on securing contracted cash flows in midstream energy, farmland, and essential services. MLPs have led sector growth since their COVID-driven crash, and data centers and energy infrastructure remain key investment areas due to rising power demands.

Regarding private equity, fundraising and transactions remain slow, with few exits and wide bid-ask spreads. Many funds are closing below targets, and the team maintains light exposure due to higher interest rates making deal structuring more difficult.

The Plan Sponsor Peer Group Analysis showed that the KERS Pension Plan continues to deliver strong risk-adjusted returns, ranking in the top decile for risk-reward metrics. Over one- and three-year periods, the plan achieved top-quartile performance, though its five-year ranking was lower due to strong equity market performance during that timeframe. Historically, the plan tends to perform better when equities are weaker due to its lower risk profile and underfunding considerations.

In the Asset Allocation Compliance review, the team confirmed that most asset classes are now within allowable ranges, thanks to the effective use of proxy investments. This strategy has helped bring allocations closer to targets. Mr. Lane acknowledged that previous policy changes led to temporary non-compliance in certain asset categories but emphasized that the new phased approach ensures better transition management. Moving forward, the Board and Investment Committee will remain actively involved in adjusting asset mix policies.

Mr. Chiu highlighted that adjustments in private markets take time, but the proxy investment approach has been successful in maintaining exposure while gradually aligning with strategic goals. Overall, the team expressed confidence in the current trajectory and welcomed questions from committee members.

7. Mr. Lane introduced agenda item ***Quarterly Investment Budget Update.*** *(Video 00:30:19 to 00:36:06).* Mr. Chiu reviewed the Investment Budget Update and the Pension and Insurance Investment Fees and Expenses for the nine (9) month period ending March 31, 2025. He reported that year-to-date expenses are in line, with approximately 70% of the $9 million budget spent. Some variances exist, including Mercer's timing issue and a delayed private markets consultant RFP, which is now expected in the next fiscal year. Legal and auditing costs remain unpredictable due to litigation, though a reduction is planned for fiscal 2026.

   At the pension level, expenses are 23% higher than the prior year, while assets have grown 8%. Increases stem from administrative costs, private markets, and performance fee reversals, with core fixed income benefiting from internal portfolio management, leading to a 12% year-over-year fee reduction despite asset growth.

   The Investment Fees and Expenses breakdown highlighted that performance fees fluctuate based on market conditions. A discussion followed regarding legal contracts and budget overruns, specifically Intelligent Management Solutions, which was later clarified as expert witness fees for litigation. Mr. Lane reminded the committee regarding the budget, higher performance fees reflect strong returns, making them an acceptable expense.

8. Mr. Lane introduced agenda item ***Investment Compliance Review*** *(Video 00:36:06 to 00:39:44).* Ms. Bass provided a quarterly investment compliance update, confirming that all policies and guidelines were followed for the period ending March 31, 2025, with no exceptions to report. Asset allocations remained within their target ranges, and the quarterly proxy voting report, compliant with KRS 61.650(7)(d) and 61.645(19), has been posted to the website.

   She also revisited a previous discussion on the independence of the compliance officer position, clarifying that quarterly reports are based on neutral third-party data and undergo internal and external audits. She emphasized that the compliance officer has a direct reporting line to the committee, a process expected to be codified in future investment policy statement updates.

While a legislative effort to create a separate finance office for Compliance did not pass, KPPA continues to work toward ensuring compliance independence.

9. There being no further business, Mr. Lane ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the minutes of the Kentucky Retirement Systems' Investment Committee meeting held on May 22, 2025.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.

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Recording Secretary

I, as Chair of the Kentucky Retirement Systems Investment Committee, do certify that the Minutes of the meeting held on May 22, 2025, were approved by the Kentucky Retirement Systems Investment Committee on August 20, 2025.

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Committee Chair

I have reviewed the Minutes of the Kentucky Retirement Systems Investment Committee Meeting on May 22, 2025, for form, content, and legality.

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Office of Legal Services

KPPA
Kentucky Public Pensions Authority

KRS Investment Committee
Private Equity Recommendation

September 11, 2025

Private Equity Today

Over the last several years, the KRS portfolios have maintained a structural underweight to the Private Equity asset class based on lack of compelling risk/return opportunities.

Actual vs Target Weights by Asset Class - August 29, 2025

KERS Pension

Category	Market Value	Actual	Target	IPS Min	IPS Max	Tgt Diff
Equity	**$1,928,606,353**	**37.0%**				
Public Equity	$1,716,329,594	32.9%	30.0%	20.0%	40.0%	2.9%
Private Equity	$212,276,758	4.1%	6.0%	3.0%	9.0%	-1.9%
Fixed Income	**$2,529,448,914**	**48.6%**				
Specialty Credit	$1,016,248,060	19.5%	20.0%	15.0%	25.0%	-0.5%
Core Fixed Income	$1,411,037,234	27.1%	27.0%	22.0%	35.0%	0.1%
Cash	$102,163,619	2.0%	2.0%	0.0%	5.0%	0.0%
Inflation Protected	**$751,579,679**	**14.4%**				
Real Return	$514,151,864	9.9%	10.0%	7.0%	13.0%	-0.1%
Real Estate	$237,427,815	4.6%	5.0%	3.0%	7.0%	-0.4%
TOTAL PORTFOLIO	**$5,209,634,946**	100.0%				

KERS Haz Pension

Category	Market Value	Actual	Target	IPS Min	IPS Max	Tgt Diff
Equity	**$579,263,983**	**49.6%**				
Public Equity	$513,422,619	44.0%	40.00%	25.0%	50.0%	4.0%
Private Equity	$65,841,364	5.6%	8.00%	4.0%	12.0%	-2.4%
Fixed Income	**$431,723,224**	**37.0%**				
Specialty Credit	$287,245,527	24.6%	25.00%	20.0%	30.0%	-0.4%
Core Fixed Income	$116,880,847	10.0%	10.00%	8.0%	15.0%	0.0%
Cash	$27,596,850	2.4%	2.00%	0.0%	5.0%	0.4%
Inflation Protected	**$156,129,506**	**13.4%**				
Real Return	$91,895,834	7.9%	8.00%	5.0%	11.0%	-0.1%
Real Estate	$64,233,672	5.5%	7.00%	4.0%	10.0%	-1.5%
TOTAL PORTFOLIO	**$1,167,116,713**	100.0%				[illegible]

Private Equity Target vs Actual Weights
2019 - Present

Year	Actual	Target	+ / -
2019	8%	7%	1%
2020	7%	7%	0%
2021	6%	7%	-1%
2022	5%	7%	-2%
2023	5%	7%	-2%
2024	4%	6%	-2%
Aug-25	4%	6%	-2%

Year	Actual	Target	+ / -
2019	8%	10%	-2%
2020	7%	10%	-3%
2021	7%	10%	-3%
2022	8%	10%	-2%
2023	7%	10%	-3%
2024	6%	8%	-2%
Aug-25	6%	8%	-2%

Private Equity Today

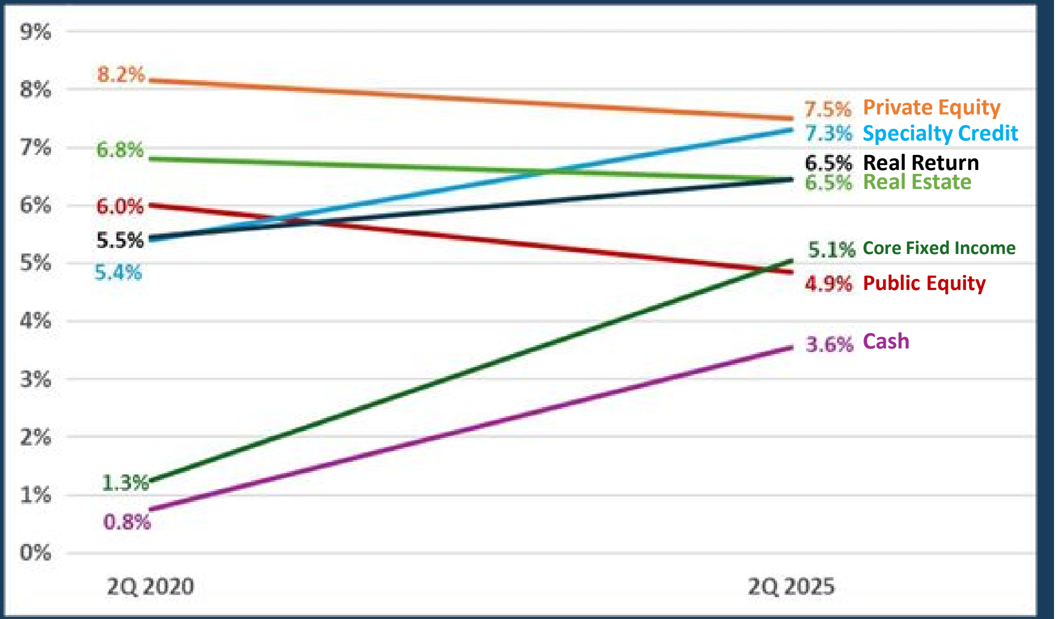
With interest rates rising from zero over the past three years, the risk/return opportunity for private equity has worsened with leverage more expensive and future cash flows discounted at higher rates.

Meanwhile, higher absolute interest rates have improved the risk/return dynamic for fixed income and specialty credit - even as spreads have tightened to record low levels.

Wilshire 10 Year Asset Class Assumptions
2Q 2020 vs 2Q 2025

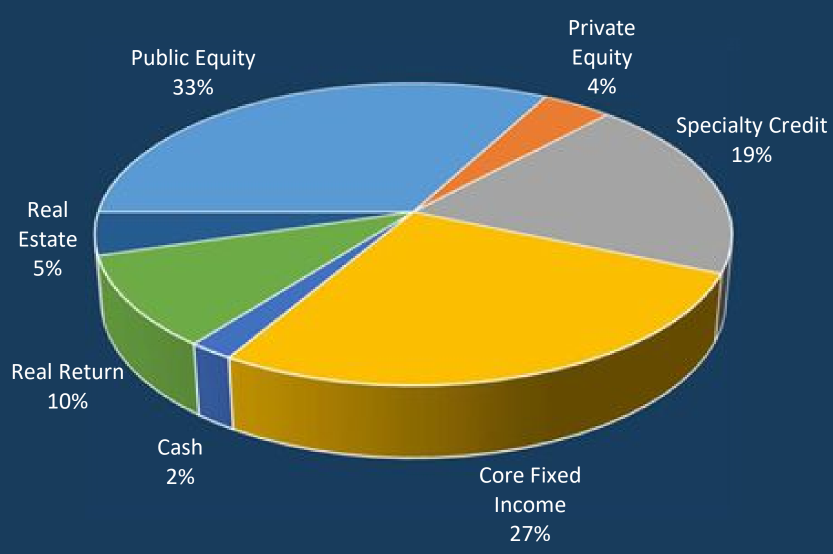
	6/30/2020		6/30/2025	
	Return	Risk	Return	Risk
Public Equity	6.0%	17.0%	4.9%	17.0%
Private Equity	8.2%	28.0%	7.5%	27.8%
Core Fixed Income	1.3%	5.2%	5.1%	4.8%
Specialty Credit	5.4%	7.3%	7.3%	9.1%
Cash	0.8%	1.3%	3.6%	0.8%
Real Estate	6.8%	14.0%	6.5%	14.0%
Real Return	5.5%	8.8%	6.5%	10.7%

Wilshire 10 Year Asset Class
Expected Return Assumptions
2Q 2020 vs 2Q 2025

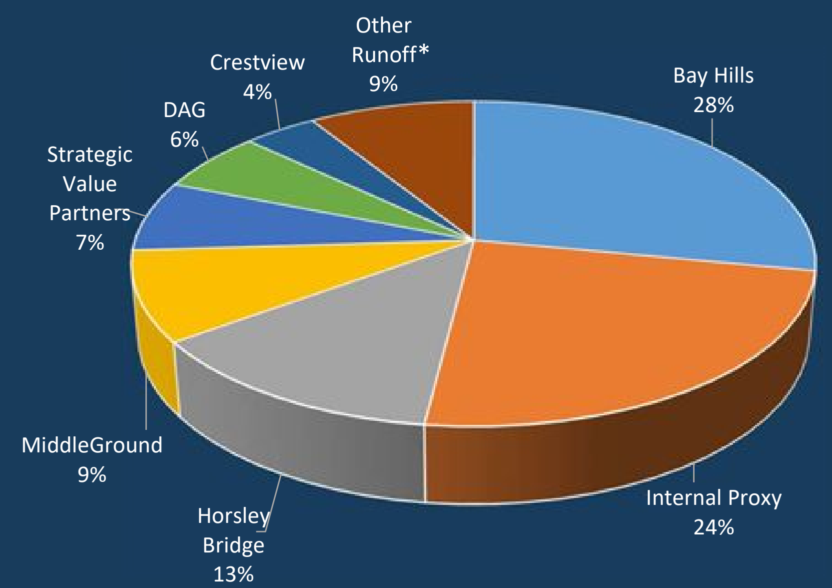


Private Equity Allocation Today – KERS Pension

Current Asset Allocation



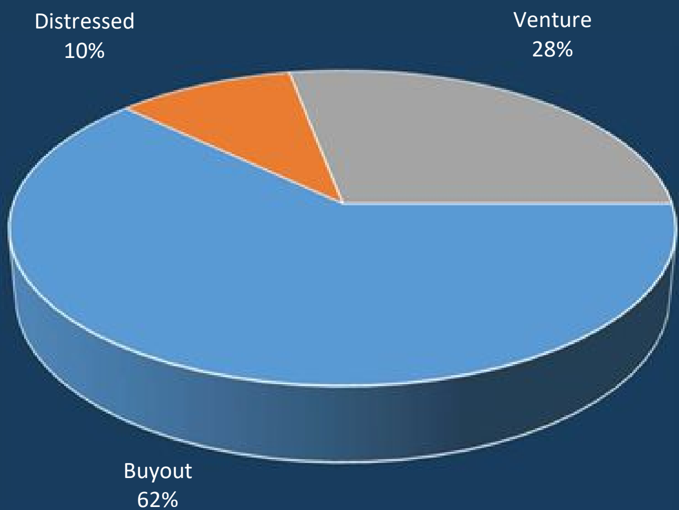
Current Private Equity Allocation



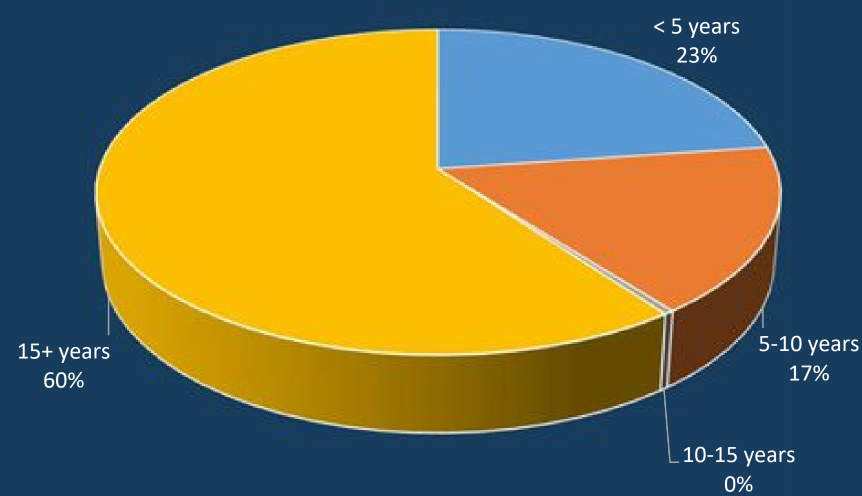
*Other Runoff = 16 funds, 0.4% of total KERS Pension portfolio

Private Equity Allocation Today – KERS Pension

Strategy Exposure

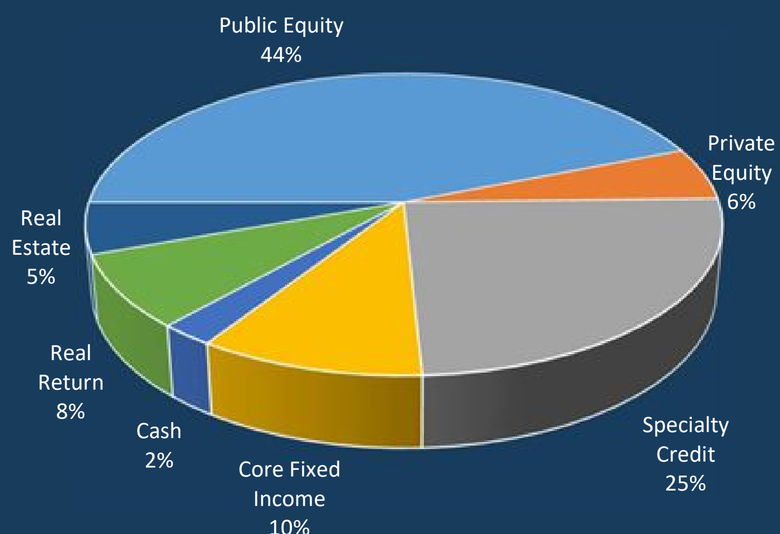


Underlying Fund Age

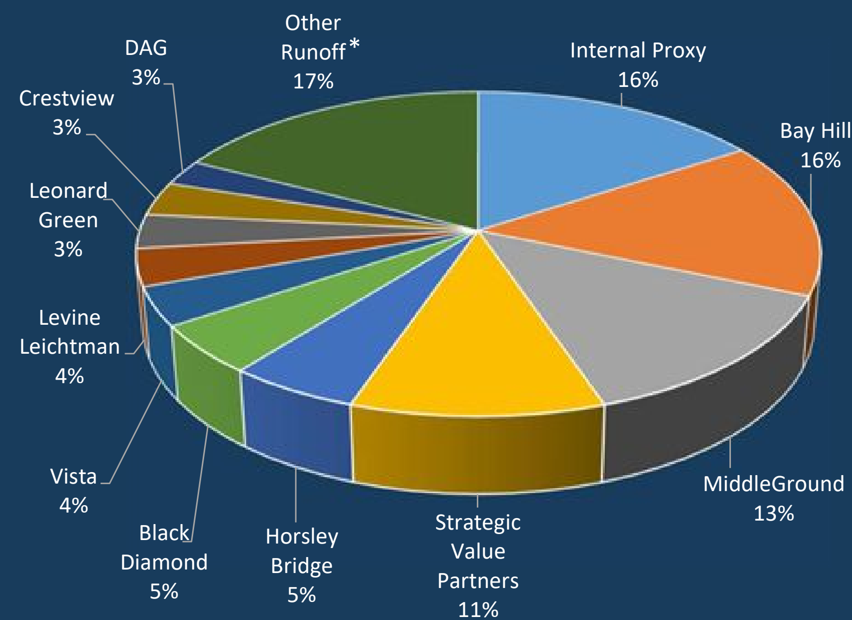


Private Equity Allocation Today – KERS Hazardous Pension

Current Asset Allocation



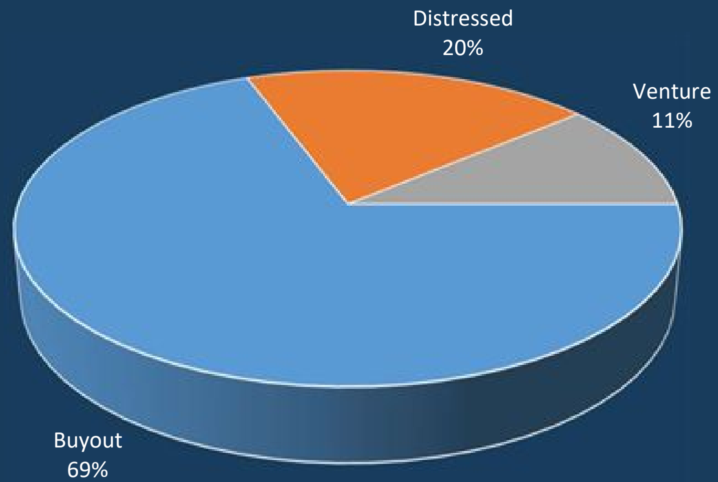
Current Private Equity Allocation



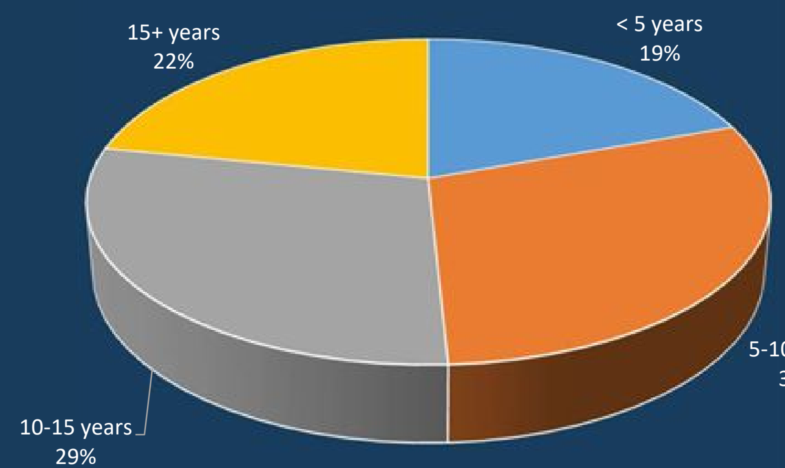
*Other Runoff = 28 funds, 1.0% of total KERS Haz Pension portfolio

Private Equity Allocation Today – KERS Hazardous Pension

Strategy Exposure

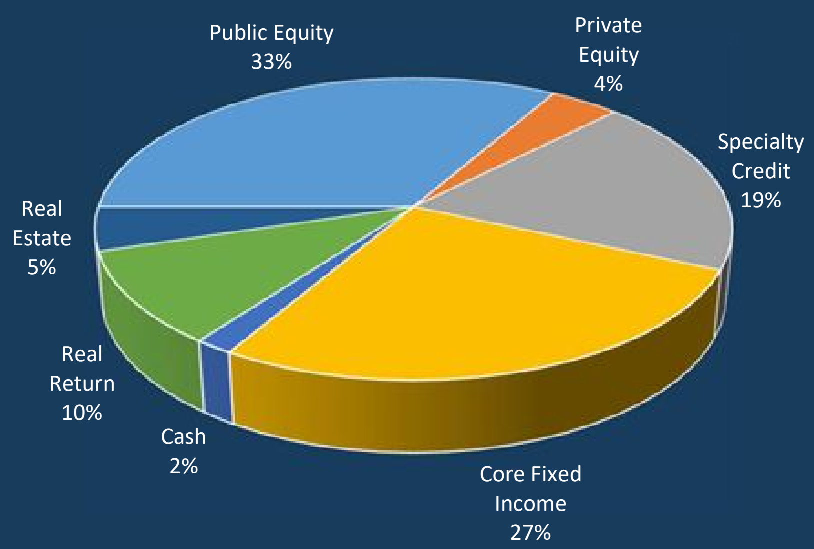


Underlying Fund Age

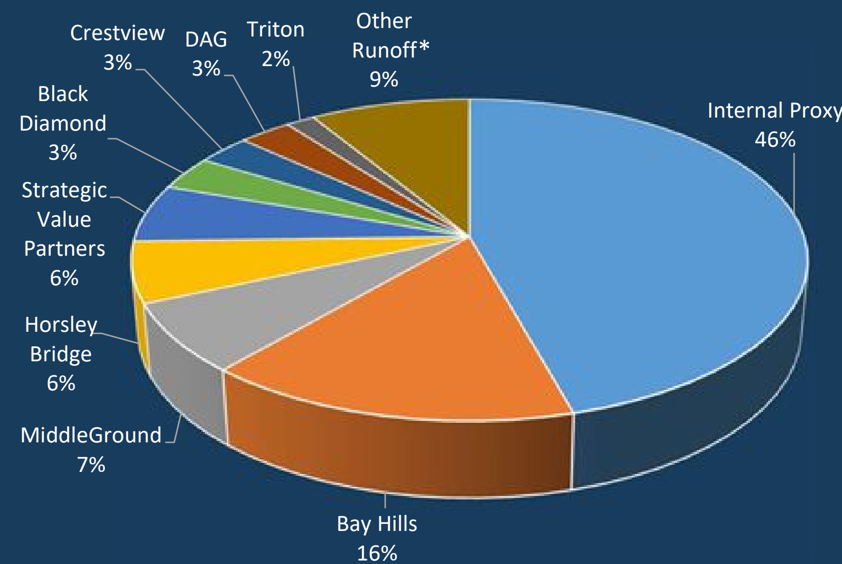


Private Equity Allocation Today – SPRS Pension

Current Asset Allocation



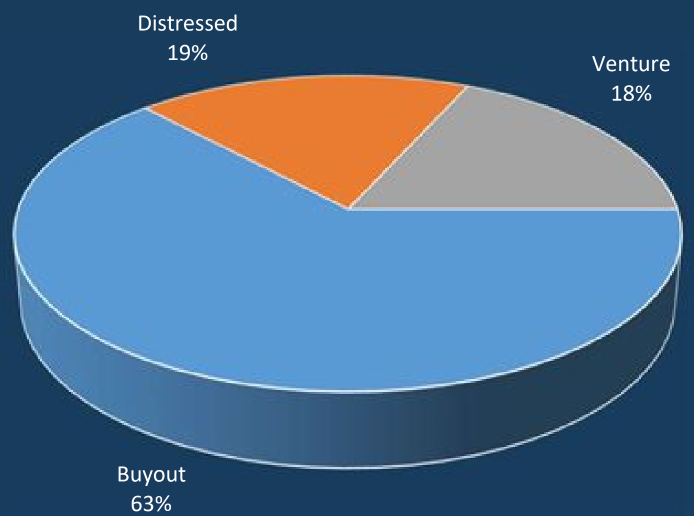
Current Private Equity Allocation



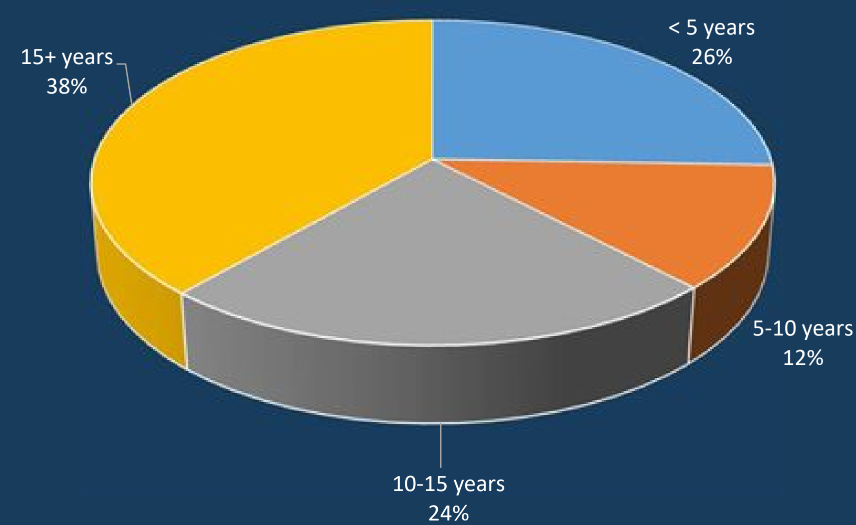
*Other Runoff = 26 funds, 0.4% of total SPRS Pension portfolio

Private Equity Allocation Today – SPRS Pension

Strategy Exposure



Underlying Fund Age



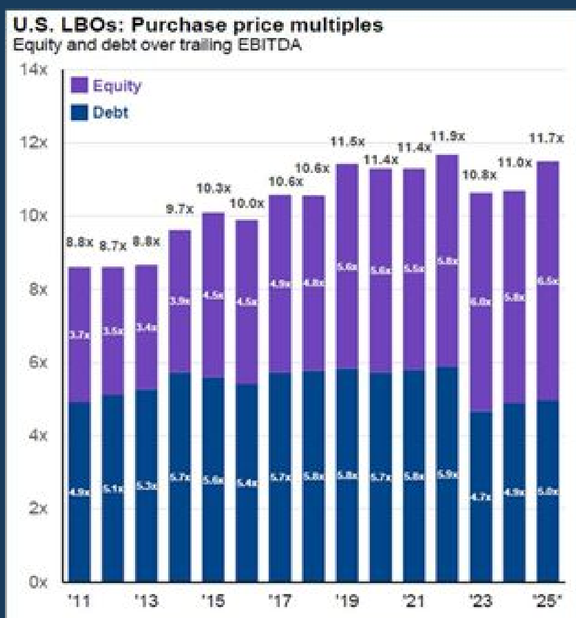
Private Markets Investment Process

- CIO, Investment Staff, and Consultant are responsible for overseeing Private Markets portfolio
    - Sourcing: Ongoing (not point-in-time) review of staff and consultant contacts, consultant databases, networking, reading, peer references, and inbound approaches.
    - Due Diligence: CIO and Investment Staff are responsible for evaluating managers' strategy, team, processes, and investments
        - Includes investor and other reference calls
        - Consultants / databases utilized as needed
    - At fund underwriting, each investment opportunity is evaluated against:
        - Comparable investment managers / strategies
        - Other available investments and their risk / return characteristics

Other Private Equity Strategies Considered

Buyouts:

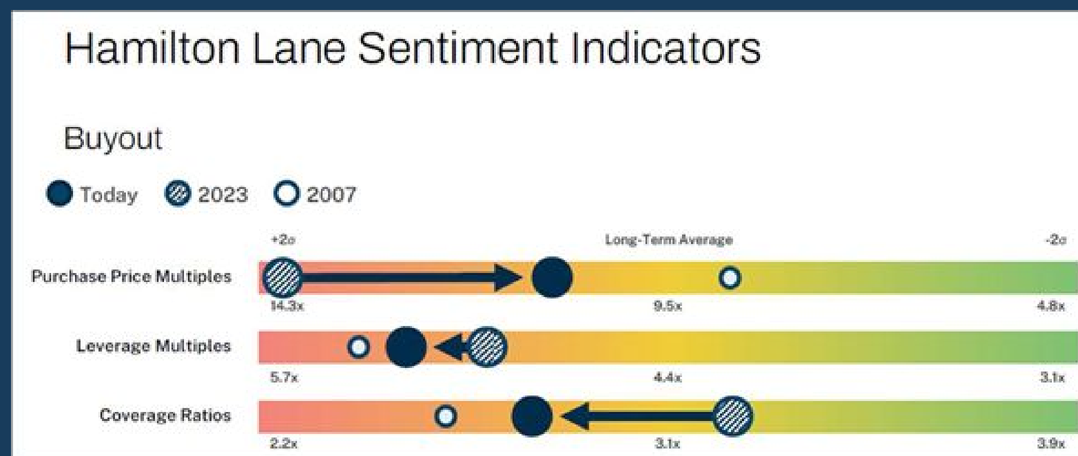
Utilize leverage to acquire cash flowing companies and improve / grow their operations over 3-7 years to exit at a higher multiple of larger earnings – all while also increasing equity value through debt repayment



Source: JP Morgan. *2025 data are as of 1Q '25

Issues:

- Higher interest rates make debt service more difficult and reduce the value of future cash flows
- Despite this, purchase multiples are still above long-term averages and near pre-COVID / peak levels. Leverage has also increased, while coverage ratios have deteriorated
- With valuations slow to reset, a persistent bid/ask spread has significantly slowed the exit market and hindered fundraising for most managers outside of the mega-firms

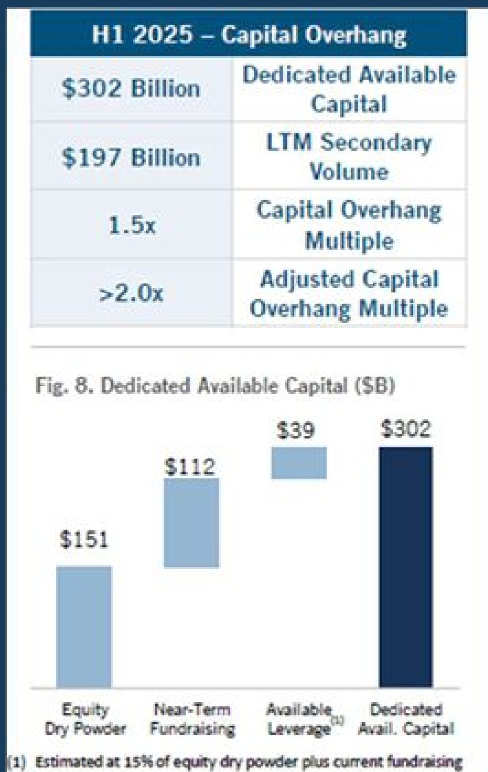


Source: Hamilton Lane

Other Private Equity Strategies Considered

Secondaries:

Buy illiquid assets at a discount from holders who need to sell. Deploy capital more quickly than in primary PE funds and at a discounted basis. Monetize discounts as underlying GPs sell companies.

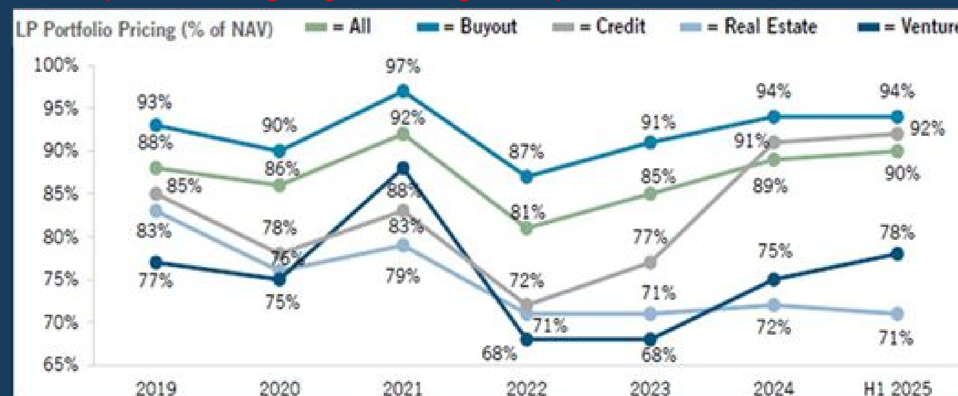


H1 2025 – Capital Overhang	
$302 Billion	Dedicated Available Capital
$197 Billion	LTM Secondary Volume
1.5x	Capital Overhang Multiple
>2.0x	Adjusted Capital Overhang Multiple

Source: Jefferies

Issues:

- Significant dry powder that is likely to drive down prospective returns
  - Capital dedicated and available for secondary investments grew to a record $302 billion in 1H 2025. That represents ~1.5 years worth of deals at current volumes - which also reached a record level of $103 billion in 1H 2025
  - Larger amounts of capital competing for deals are and will shrink discounts, which are currently in the mid-single digits on average for Buyouts



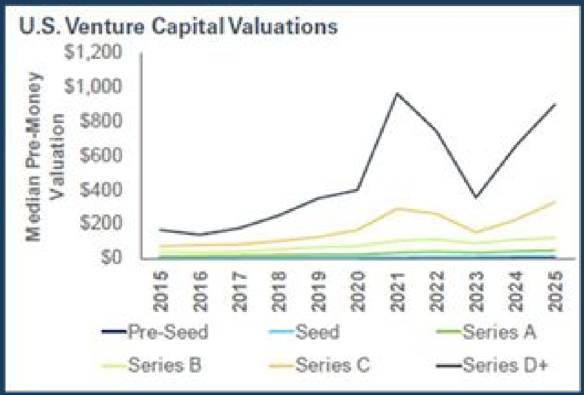
- Increasingly the domain of mega funds where CERS would not be meaningful capital. Recently closed funds include:
  - Ardian Secondaries Fund IX: $30 billion (Jan 2025 final close)
  - Lexington Capital Partners X : $23 billion (Jan 2024 final close)
  - Harbourvest Dover Street XI: $19 billion (Aug 2024 final close)

- Minority investments in minority investments
  - Secondaries managers generally do not control portfolio companies and must rely on underlying GPs to grow and exit them
- Two layers of fees

Other Private Equity Strategies Considered

Venture Capital

Provide funding and expertise to early and mid-stage companies with potential for high growth and outsized returns



Source: NEPC, Pitchbook

Issues:

- Permanent capital loss is inherent and expected – with hopes that it will be more than overcome by a few companies per fund that achieve outsize growth
- Valuations have returned to 2021 peak levels and even beyond
- Limited investment capacity due to earlier stage companies requiring less capital
- Difficult to get meaningful deployment given smaller fund sizes and speed / relationships needed to compete with other investors for allocations
- Minority investments – venture and growth managers generally do not control portfolio companies, and thus have only partial say on key decisions like financing and exit

KENTUCKY PUBLIC PENSIONS AUTHORITY

INVESTMENTS

To:	KRS Investment Committee
From:	Anthony Chiu, Deputy CIO
Date:	September 11, 2025
Subject:	Investment Recommendation – Strategic Value Special Situations Fund VI

KPPA Investment Staff is proposing an investment with Strategic Value Partners ("SVP" or the "Firm") in Strategic Value Situations Fund VI ("Fund VI" or the "Fund"), a $6.5 billion distressed debt fund that will invest in North America and Europe. The Strategic Value Partners (SVP) team has produced attractive, consistent returns over its first five drawdown funds which date back to 2008. SVP has an operationally intensive investment process that focuses on 30-40 companies that they can influence over a multi-year holding period. Discounted fees and an opportunity set that has grown substantially (thanks to the higher interest rate environment that has pressured levered companies and their sponsors) are also favorable.

KRS is a current investor in SVP's Fund IV (2018 vintage), Fund V (2021), and SH-130 toll road continuation vehicle (2024). For Fund IV, a commitment of up to $75 million for KPPA was approved by the Investment Committee in February 2018, but KPPA's allocation was cut back to $65 million because of investor demand that exceeded the fund's $2.85 billion hard cap.

($ millions)

Fund	KPPA Committed Capital	KRS Committed Capital	KRS 6/30/25 NAV	% KRS Portfolio
SVSS IV	$65	$14	$13	0.13%
SVSS V	$100	$28	$34	0.35%
SH-130 (Toll Road CV)	$95	$34	$32	0.32%
Total	**$260**	**$76**	**$78**	**0.80%**
Proposed Commitment:				
SVSS VI		$75		0.77%

Business / People:
SVP was formed in 2001 by Victor Khosla in Greenwich, CT and makes distressed and restructuring investments through its flagship Special Situations (~$14 billion of assets) and Capital Solutions (~$6 billion) funds. The firm has 218 employees, 102 of which are investment professionals. This is sizable growth from 128 employees / 49 investment professionals in 2021 (Fund V) and 103 employees / 39 investment professionals in 2018 (Fund IV).

Some of this team growth is commensurate with the firm's profit and asset growth, and it also mitigates some of the senior team turnover that has occurred regularly during our 8 years of investing with SVP. Currently, Khosla still owns 100% of the firm but has increasingly allocated more carried interest in each fund to key members of the Investment, Operating, and Sourcing teams. Additionally, SVP is currently working to address Firm valuation and succession and has signaled that a transaction is likely to occur in the near future.

Investment Process and Portfolio:
SVP typically invests in the corporate senior debt of 30-40 companies, often buying directly from banks who are stressed sellers. In the early years of each fund, 65-70% of investments are initially senior debt, but the proportion of equity in each portfolio grows as reorganizations occur and SVP gains a significant equity stake in (and sometimes control of) the companies it chooses. As of 1Q 2025, equity comprised 80% of Fund IV and 62% of Fund V.

The firm focuses on certain key industries, many of which are industrial or old economy businesses like packaging or building products. They have also developed expertise on power and infrastructure, with toll roads, waste management, and power plant investments having produced several of the firm's most profitable deals to date. In 2020, SVP re-entered real estate and aviation as well when those sectors became dislocated during the pandemic.

Three of SVP's most profitable deals ever (all > $250 million gross profit) were initiated in 2020 and did fit the above profile as hypothesized when Staff underwrote Fund V four years ago. Using their sourcing and restructuring experience, SVP was able to secure control of building products company OmniMax; aviation services company Swissport; and shopping center real estate trust Washington Prime. All three companies were distressed, and SVP was able to build its stake in the companies cheaply through debt that eventually became equity through bankruptcy and restructuring.

However, along with many distressed peers, SVP has taken some sizable losses from investments in the energy and shipping sectors over the past 7-8 years. Fortunately, to date these have been far outweighed by winners like the companies mentioned above.

Performance:

Fund	Vintage	Size ($ MM)	Net IRR	Net Multiple
SVSS I	2008	$346	15%	1.9x
SVSS II	2010	$918	12%	1.8x
SVSS III	2013	$1,560	13%	2.2x
SVSS IV	2017	$2,850	14%	1.9x
SVSS V	2021	$5,090	16%	1.4x

Source: SVP as of 6/30/25

Conclusion: Staff is recommending an investment of $75 million (depending on allocation) in Strategic Value Special Situations Fund VI to be shared among all KRS and SPRS plans pending successful legal negotiations. When fully funded, this would represent an additional ~0.75% of plan assets (depending on fluctuations in market value). It is anticipated this investment would be funded by existing cash or the unwinding of proxy positions based on the specific needs of each plan.

Investment and Terms Summary

Type of Investment:	Private Equity – Distressed Debt
Structure:	GP / LP
Term:	8 years, with 2 one-year extensions at GP discretion
Management Fee:	Years 1-4: 0.875% on committed capital until 50% of capital is drawn, then 1.75% on committed capital. Years 5+: 1.75% on the lesser of committed capital or cost basis of remaining investments
Profit Sharing:	20% of profits above an 8% compounded annual return, with a whole-fund waterfall
Purpose:	Capture the value created by SVP's restructuring activities as well as an illiquidity premium.
Risks:	Key Person, Credit, Equity, Leverage, International, Liquidity
Exp. Net Return:	12% - 15%

*No placement agents have been involved or will be compensated as a result of this recommendation.

The Firm

SVP

Global opportunistic credit firm with full spectrum of capabilities including distressed debt, debt-to-equity restructurings, structured capital, real assets (infrastructure, real estate, power generation, aviation), and special situations PE

Market Leader in Opportunistic Credit

- Founded in 2001
- $22 billion in AUM as of April 2025
  - SVSS VI: ~$2.8bn raised
- 102 investment professionals, 218-person team
- Offices in Greenwich (CT), New York, London, Tokyo and UAE

Broad and Deep Investing Skills

- Roots in value, distressed debt and restructurings; developed broader skillset organically over 20+ years
- Special situations private equity "jewel in crown"
  - Track record of successful business transformation
  - Currently have operating control or significant influence over 19 businesses with over 90,000 employees

Corporate and Real Assets

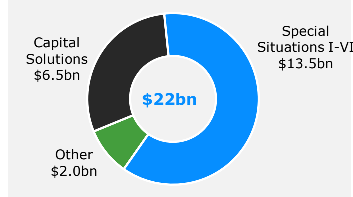
- Started in corporates over 20 years ago
- Built out skills in Real Assets including Infrastructure, Real Estate, Power Generation, Aviation in a disciplined way over time
  - Today, own platform companies in Real Estate/Retail (WPG), Aviation (Deucalion) and Power and Renewables (GenOn)

Global Firm

- Focused on North America and Western Europe
- Europe – a real differentiator vs the competition
  - Established London office in 2004. Today about half of the investment team, typically 35-50% of the portfolio
  - Ranked Best Distressed Loan Investor by GlobalCapital (formerly Euroweek) 7 of last 11 years[d,*]

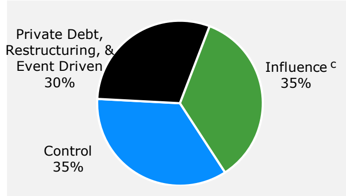
Firm AUM[a]

As of April 30, 2025



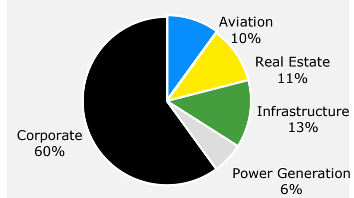
Strategy Breakout[b]

SVP Funds Purchases – Last 10 Years



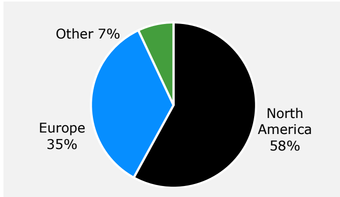
Sector Breakout[b]

SVP Funds Purchases – Last 10 Years



Geographic Breakout[b]

SVP Funds Purchases – Last 10 Years



We cover much of the higher risk-return parts of credit. We are flexible, pivot, lean-in to sectors and geographies – as opportunities come and go. It has made us "all-weather" rather than "boom-and-bust" credit investor

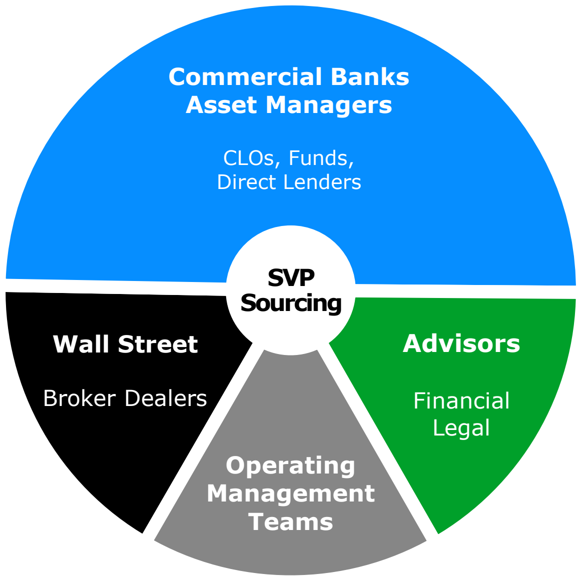
* Award presented to Strategic Value Partners, LLC in 2014-2019, and 2021. GlobalCapital published its most recent award for Best Distressed Investor (2024) as of March 7, 2025. Awards granted in each applicable year are granted with respect to the prior calendar year. See endnote d for more details.

SVP "Special Sauce" – Direct Sourcing

Direct sourcing has been a consistent and growing source of competitive strength. The impact of direct sourcing is felt dramatically in our day-to-day business. If we want to invest in some deal, we just go after it instead of the social complexity of working with Wall Street desks

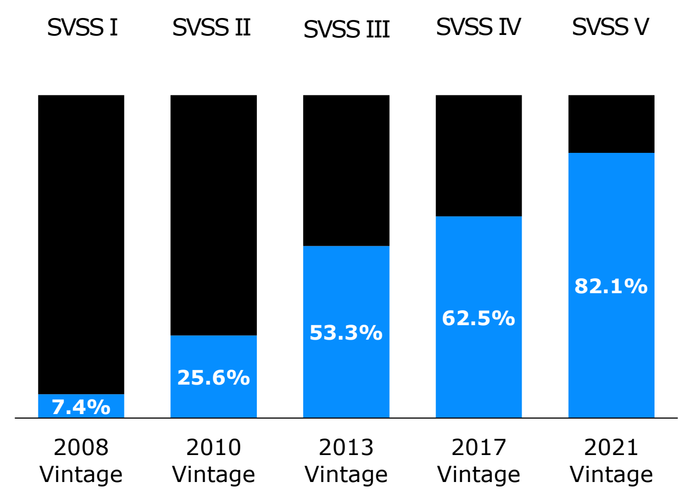
Multi-Faceted Approach

"Everyone at SVP is a sourcer"



- Continuous and coordinated coverage
- Detailed understanding of marketplace
- Build positions piece by piece, for example, on average:
  - SS III: 22 transactions per top-20 investment
  - SS IV: 28 transactions per top-20 investment

Direct Sourcing as % of Total Purchases[a]



SVP – Competitive Positioning

SVP

We believe we are particularly well-positioned to win in this cycle. 2025 is not a liquid credit opportunity, more around private deals where you need sourcing skills to unearth deals – and asset management or operating skills to improve the assets. Today, competition has also thinned out in this complex restructuring and control space – many of our peers much more focused on direct lending[a]

DEMAND

COMPETITION[a]

5-10 (>$5 Billion AUM)

in complex restructuring & control

~75-100 Liquid, Event Driven
(>$1bn AUM)

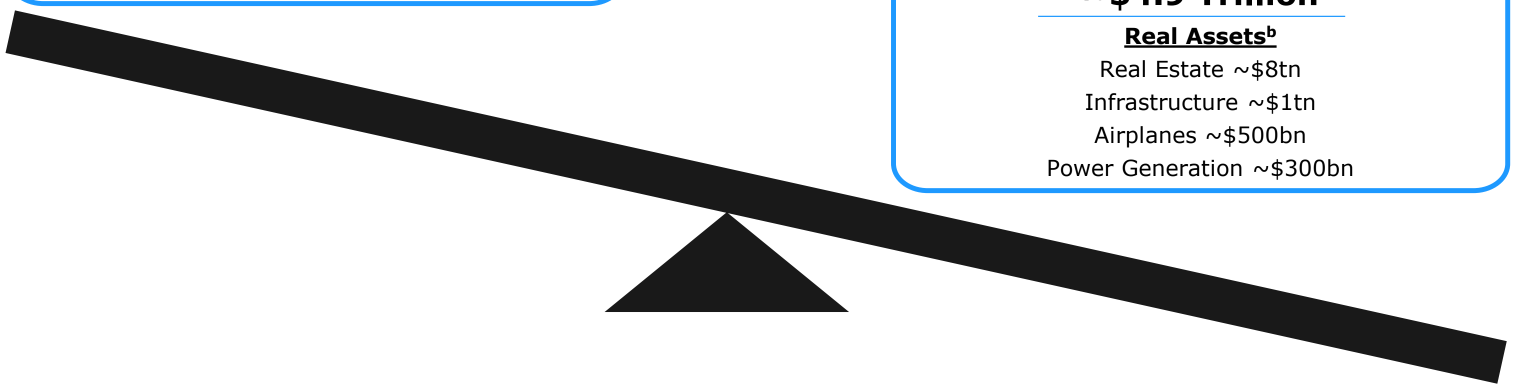
SUPPLY

HIGH YIELD, LEVERAGED LOANS

~$4.9 Trillion

Real Assets[b]

Real Estate ~$8tn
Infrastructure ~$1tn
Airplanes ~$500bn
Power Generation ~$300bn



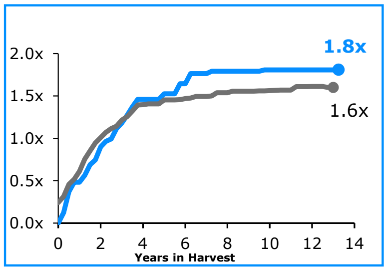
We have done well, without needing a credit cycle, with our closed-end Funds over last 16 years. If you get a cycle (which we expect) – plus given our increasingly strong competitive position – we believe we can do even better over next few years

SVP Portfolio: Distributions

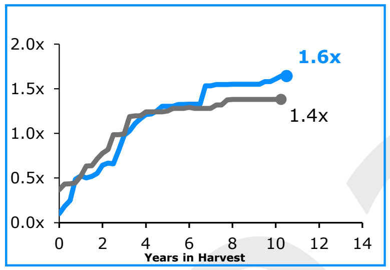
SVP

Distributions have been ahead of most of our peers when you get 3-4 years into the harvest period. 2024 was a standout year in returning capital to LPs

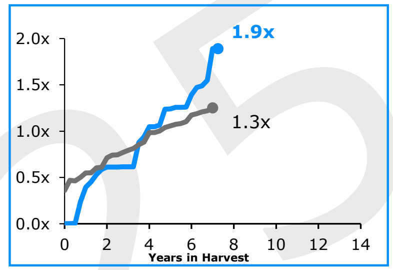
SVSS I (2008)



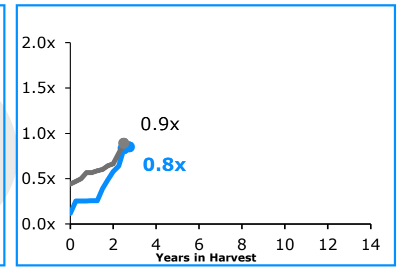
SVSS II (2010)



SVSS III (2013)



SVSS IV (2017)



SVP SVSS DVPI*
Cambridge Distressed Securities Benchmark Median DVPI

				2024		
				Jan – Sep 2024	Oct - Dec 2024	2024
	Vintage	Committed Capital	DVPI*	Distributions	Distributions	Total
SVSS I	2008	$346mm	1.81x	-	-	**-**
SVSS II	2010	$918mm	1.64x	$48mm	$28mm	**$77mm / 0.09x**
SVSS III	2013	$1.3bn	1.89x	$189mm	$402mm	**$591mm / 0.50x**
SVSS IV	2017	$2.5bn	0.85x	$544mm	$443mm	**$987mm / 0.44x**

*Net DVPI as measured at the end of each quarter. SVP data is as of March 31, 2025. Cambridge benchmark data only available through December 31, 2024, due to the reporting time frame of private investments fund managers. Past performance is not necessarily indicative of future results.

Endnotes & Sources

SVP

Introduction

a. As of December 31, 2024, Cambridge Associates LLC. For the Distressed Securities Benchmark, Fund I is in the second quartile for the 2008 vintage based on net IRR and net multiple, Fund II is in the second quartile for the 2010 vintage based on net IRR and the top quartile based on net multiple, Fund III is in the top quartile for the 2013 vintage based on net IRR and net multiple, Fund IV is in the top quartile for the 2017 vintage based on net IRR and net multiple, and Fund V is in the top quartile for the 2021 vintage based on net IRR and net multiple. Cambridge Associates LLC Distressed Securities Benchmark is only available through December 31, 2024, due to the reporting time frame of private investments fund managers.

b. The gross and net Fund Level IRR information presented herein for Funds III, IV and V includes the impact of fund-level credit facilities that may be drawn upon to fund portions of certain investments in advance of calling committed capital, which has the effect of augmenting internal rates of return relative to the return that would otherwise have been presented had drawdowns from partners been initially used to acquire the investment. Because IRRs are time-weighted calculations, investments that have been held for a shorter duration of time will be more significantly impacted by near-term cash flows. In other words, the use of fund-level credit facilities increases IRR by decreasing the time an investor's money is drawn by the fund. The Net IRR and Multiples presented herein for all Special Situation Funds are calculated on the basis of the average fees charged to the relevant funds, including those charged to investors and affiliates of SVP that pay no or reduced management fees and carried interest. Accordingly, the performance presented herein does not reflect the performance that any individual investor actually achieved. Moreover, the management fee basis for SVSS VI in the post-commitment period is different from the management fee basis for the prior funds, which may result in SVSS VI investors paying higher overall fees, depending on a variety of factors. Accordingly, the net returns for the prior funds may be lower were they subject to the same fee structure as SVSS VI.

c. High yield maturity wall is calculated as the sum of US High Yield, European High Yield, US Leveraged Loans, European Leveraged Loans as provided by BAML research as of December 31st and the SVP estimate of the US and European direct lending markets debt outstanding that is maturing from 2025 to 2028. Estimates are inherently uncertain and subject to change. Actual results may vary.

The Firm

a. Includes SVRF. SVP has informed investors that it will begin returning capital and initiating a soft wind down of SVRF effective March 31, 2024. Please see "General Disclosure Notes" at the end of this presentation for information on calculations and determinations included herein.

b. Determinations of investment classification, sector and strategy involve the judgment of management. Exposure based on total invested capital across SVP funds from April 1, 2015 through March 31, 2025.

c. In determining whether SVP has played a leadership role, is active in, or has influence on an investment, management considers, among other things, whether SVP has (or is entitled to) a position on any board of directors, board of managers, advisory board, creditors' committee (whether official or otherwise), and whether SVP's funds and accounts are among the top three creditors.

d. See https://www.globalcapital.com. Please contact Investor Relations at investorrelations@svpglobal.com for a copy of the published rankings for 2014 through 2019 and 2021. While not expressly tied to the receipt of, or any voting with respect to, the Best Distressed Loan Investor award, Global Capital requires all award winners who wish to participate in award ceremonies to purchase a table from Global Capital at the Global Capital awards dinner. SVP made such purchase in each year in which it won an award.

The Team

a. Please see the "General Disclosure Notes" at the end of this presentation for information on Advisory Council members, Operational Management members and Portfolio Chairs. Compensation for these persons is borne directly or indirectly by SVP managed funds and accounts.

SVP "Special Sauce" – Direct Sourcing

a. Sourced directly from sellers includes all transactions in which SVP believes that the interests were purchased directly from the selling institution or sourced directly from the selling institution, but transacted through a third party. Percentage is based on the USD($) value of purchases sourced directly out of the total dollar amount of purchases. All purchases in currencies other than USD are converted based on the average FX rate on the trade date.

Endnotes & Sources

SVP

SVP "Special Sauce" – Operating Resources

a. All companies included, other than Swissport, are control companies where SVP Funds own greater than 50% of the equity. Latest Available EBITDA refers to latest available figures, to the extent publicly available.
   - WPG: Figures are based on Net Operating Income (NOI), not EBITDA, and excludes development properties, acquisitions and third-party managed properties. Actual latest available NOI as of March 2025 was $312mm. Initial Investment Date is October 2020 and latest NOI presented is Pro Forma as of 2025 and includes NOI of each asset sold since October 2020 based on either i) LTM actual results as of the date of sale (if no budget NOI was available), or ii) actual results through the date of sale plus budget NOI pro rated for the remaining portion of the year in which such asset was sold.
   - Swissport: Initial Investment Date is April 2020 and Latest Available EBITDA is as of December 2024.
   - GenOn Energy: Given divestments, EBITDA is Pro Forma and at entry includes Ormand only. Initial Investment Date is April 2017 and Latest Available EBITDA is March 2025.
   - Klöckner Pentaplast: Initial Investment Date is February 2008 and Latest Available EBITDA is as of September 2024.
   - SH 130: Initial Investment Date is March 2016 and Latest Available EBITDA is as of March 2025.
   - Pfleiderer: Given the sale of Pfleiderer East in March 2024, initial EBITDA is Pro Forma and is shown for West and Silekol alone. Initial Investment Date is November 2010 and Latest Available EBITDA is LTM as of December 2024 for West, Silekol and Group Expenses.
   - Associated Materials: Initial Investment Date is January 2022, using December 2021 Pro Forma EBITDA for entry (Pro Forma for SLB); Latest Available EBITDA is as of March 2025.
   - IPC Corp: Initial Investment Date is January 2021 and Latest Available EBITDA is as of March 2025.
   - OmniMax: Given divestments, EBITDA is Pro Forma and at Entry excludes Outdoor Living. Initial Investment Date is March 2020. Latest Available EBITDA is LTM is as of March 2025.
   - Vita Group: Initial Investment Date is December 2016 and Latest Available EBITDA is LTM as of March 2025.
   - Deucalion Aviation: Initial Investment Date is March 2021 and EBITDA at Entry is adjusted for one-time formation costs. Latest Available EBITDA is as of March 2025 and adjusted for one-time reorganization costs.
   - Purefield Ingredients: Initial Investment Date is February 2019 and Latest Available EBITDA is as of March 2025.
   - Wheel Pros: Initial Investment Date is December 2022. Latest available data is NM due to the short holding period since SVP gained control.
   - Revelyst: Initial Investment Date is January 2025, and EBITDA at entry is as of December 2024. Latest available data is NM due to the short holding period since SVP gained control.
   - Hornblower: Initial Investment Date was in August 2020, however using December 2019 EBITDA Pro Forma as to exclude AQV and Journey Beyond for entry; Latest Available EBITDA is Pro Forma as of March 2025 to exclude AQV and Journey Beyond.
   - Oxea: Initial Investment Date is March 2024. Latest available data is NM due to the short holding period since SVP gained control.
   - Nordic Paper: Initial Investment Date is December 2024. Latest available data is NM due to the short holding period since SVP gained control.
   - APCOA: Initial Investment Date is October 2023, and EBITDA at entry is as of December 2023; Latest Available EBITDA is LTM as of December 2024 adjusted to include contracts that have been signed or terminated, cost savings, run-rate Urban Hubs / EV charging impact and M&A, according to the APCOA bond documentation.
   - Blanchardstown: Initial Investment Date is November 2024. Figures are based on Net Operating Income (NOI), not EBITDA. Latest available data is NM due to the short holding period since SVP gained control.

Fund Performance

a. The Net IRR and Multiples presented herein for all Special Situation Funds are calculated on the basis of the average fees charged to the relevant funds, including those charged to investors and affiliates of SVP that pay no or reduced management fees and carried interest. Accordingly, the performance presented herein does not reflect the performance that any individual investor actually achieved. Moreover, the management fee basis for SVSS VI in the post-commitment period is different from the management fee basis for the prior funds, which may result in SVSS VI investors paying higher overall fees, depending on a variety of factors. Accordingly, the net returns for the prior funds may be lower were they subject to the same fee structure as SVSS VI.

b. As of December 31, 2024, Cambridge Associates LLC. For the Distressed Securities Benchmark, Fund I is in the second quartile for the 2008 vintage based on net IRR and net multiple, Fund II is in the second quartile for the 2010 vintage based on net IRR and the top quartile based on net multiple, Fund III is in the top quartile for the 2013 vintage based on net IRR and net multiple, Fund IV is in the top quartile for the 2017 vintage based on net IRR and net multiple, and Fund V is in the top quartile for the 2021 vintage based on net IRR and net multiple. Cambridge Associates LLC Distressed Securities Benchmark is only available through December 31, 2024, due to the reporting time frame of private investments fund managers.

c. The gross and net Fund Level IRR information presented herein for Funds III, IV and V includes the impact of fund-level credit facilities that may be drawn upon to fund portions of certain investments in advance of calling committed capital, which has the effect of augmenting internal rates of return relative to the return that would otherwise have been presented had drawdowns from partners been initially used to acquire the investment. Because IRRs are time-weighted calculations, investments that have been held for a shorter duration of time will be more significantly impacted by near-term cash flows. In other words, the use of fund-level credit facilities increases IRR by decreasing the time an investor's money is drawn by the fund.

Endnotes & Sources

SVP

SVP Capital Deployment

a. Classifications are based on the judgment of management.
b. Invested capital for Celsa reflects only investments made by SVP funds and accounts from April 2021 to March 2025, and excludes (i) earlier investments which were subject to separate underwriting and (ii) investment made by SVP Funds and accounts that were classified as structured capital pursuant to SVP's allocation policy.

SVP 2024 View

a. US yield curve. Source: Bloomberg.
b. High yield maturity wall is calculated as the sum of US High Yield, European High Yield, US Leveraged Loans, European Leveraged Loans as provided by BAML research as of December 31st and the SVP estimate of the US and European direct lending markets debt outstanding that is maturing from 2025 to 2028.
c. Source: S&P Global Market Intelligence's CreditPro; S&P Global Ratings Credit Research & Insights as of January 2025. U.S. default rate including distressed exchanges is 5.1% as of January 2025.

SVP 2025 Outlook

a. US 2025 Consensus Forecasts, Bloomberg, May 16, 2025.
b. Eurozone 2025 Consensus Forecasts, Bloomberg, May 16, 2025.
c. For U.S.: S&P 500 Index (SPX Index), Bloomberg, May 16, 2025. For Europe: STOXX Europe 600 Price Index EUR (SXXP Index) , Bloomberg, May 16, 2025. The year to date figure represents the total return over that period. The negative range represents the total return for the year to date low and the positive range represents the total return for the year to date high.
d. ICE BofA US High Yield Index, Bank of America Merrill Lynch, as of May 16, 2025. Range represents the highest and lowest spread level over the year to date period.

SVP Approach

a. Determinations of investment classification, sector and strategy involve the judgement of management and are as of May 18, 2025. All purchases tagged as Control or Structured Capital are made with respect to investments that SVP expects to be made in such strategies. All prospective purchases in which SVP funds hold existing investments and where we expect to purchase more (but not take control), are marked to Influence. All remaining purchases are marked as Private Debt, Restructuring, and Event-Driven. Select deals reflect transactions that SVP has determined, in its judgement, to be under active consideration or where the Manager is in discussion with counterparties, in each case as of May 18, 2025. Any such determinations are subjective and may be materially over or under inclusive

SVP – Competitive Positioning

a. Competitors were selected by SVP based on, among other things, experience in the distressed and direct lending marketplace. These selection criteria are inherently subjective, incomplete, and another reasonable person may have selected a different group of competitors. Further, our determination is based entirely on general knowledge and based on publicly available information), without any independent research or analysis.
b. Real Estate figure sourced from: Federal Reserve Z.1, BAML Research, ICE BofA IG Index (C0A0), ICE BofA HY Index (H0A0), Barclays, Bayes Business School, IREBIS, IEIF, PwC Strategy&, Banque de France, PGIM Real Estate, Barclays Research Estimates, ICE BofA EUR IG Index (EN00), ICE BofA Sterling IG Index (URNF), ICE BofA EUR HY Index (HE00), ICE BofA Sterling HY Index (HL00), SVP estimate based on percentages from Goldman Sachs Research on the US CRE Maturity Wall. As of March 2024. Infrastructure, Airplanes, and Power Generation based on SVP estimates. Based on debt outstanding.

SVSS Funds – Highlights

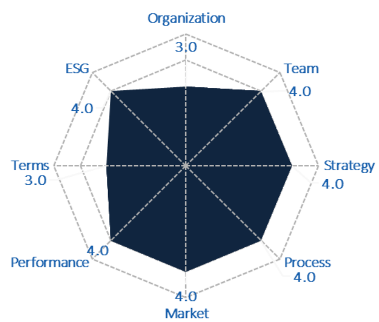
a. Mid sized defined as deals with EV below $2.67 billion face value and consequently EV below $2.0 billion at market prices.
b. In determining whether SVP has played a leadership role, is active in, or has influence on an investment, management considers, among other things, whether SVP has (or is entitled to) a position on any board of directors, board of managers, advisory board, creditors' committee (whether official or otherwise), and whether SVP's funds and accounts are among the top three creditors.
c. As of March 31, 2025 based on Invested Capital for each of the SVSS funds. For SVSS I, the top 10 industries are Real Estate, Packaging, Housing, Media/Telecommunications, Gaming/Leisure, Consumer Discretionary, Chemicals, Liquidations, Power and Infrastructure. For SVSS II, the top 10 industries are Packaging, Infrastructure, Shipping, Liquidations, Real Estate, Consumer Discretionary Manufacturing, Power, Housing and Air Transportation. For SVSS III, the top 10 industries are Infrastructure, Liquidations, Packaging, Energy, Shipping, Building Products, Power, Industrials, Real Estate and Media/Telecommunications. For SVSS IV, the top 10 industries are Real Estate, Transport - Airlines, Power, Energy, Building Products, Airport Services, Industrial, Infrastructure, Liquidations and Consumer Discretionary. For SVSS V the top 10 industries are Transport - Airlines, Real Estate, Consumer Discretionary, Transport – Automotive, Packaging, Infrastructure, Industrial, Building Products, Healthcare and Chemicals.
d. North America includes moveable assets, such as airplanes, which may or may not be leased to airlines headquartered in North American, or otherwise operating out of North America.
a. Source: Company information.

Wilshire

Strategic Value Special Situations Fund VI

Final Diligence

Currency / Target Size (B) / Hard Cap (B)	USD / 6.5 / No Cap
First Close (M)	2,500
First Close Date	Q4 2024
Final Close Date	Q1 2026
Vintage Year	2024
Geographic Focus	Global
Strategy	Distressed Debt
Industry	Generalist
Investment Size (M)	$100 - $400
Number of Investments	20 – 30
Investment Period	4 Years
Fund Term	7 Years
GP Commitment	At least $130 million
Target Return	20% Gross IRR
Management Fee – Investment Period	0.875% on committed until 50% called; 1.75% on invested thereafter
Management Fee – Post-Investment Period	1.75% on invested capital
Carry / Hurdle	20% / 8%



Key: 5 = Top Decile; 4 = Top Quartile; 3 = Average; 2 = Bottom Half; 1 = Bottom Decile; 0 = No Information

Past performance is not indicative of future results.

Firm Overview

Founded in 2001 by Victor Khosla, Strategic Value Partners ("SVP" or the "Firm") is a global private investment firm focused on distressed credit and special situations through restructurings, event-driven deals, and deep-value opportunities. As of March 31, 2025, SVP managed over $21 billion in assets, with a diversified platform across Special Situations Funds, Capital Solutions, and separately managed accounts (SMAs). The Firm operates from its headquarters in Greenwich, CT, with established offices in New York, London, and Tokyo. SVP employs 211 individuals, including 103 investment professionals skilled in sourcing, underwriting, restructuring, and operational management.

Investment Strategy

Strategic Value Special Situations Fund VI ("SVSS VI" or "Fund VI") will continue to execute the investment strategy of its predecessor funds by targeting distressed, stressed, and deep-value debt investments in middle-market companies, generally with enterprise values of less than $2 billion. Fund VI seeks to invest in companies with solid underlying business fundamentals that face financial stress or distress, often due to overleveraged capital structures.

Fund VI will primarily enter investments through senior debt or other high-priority segments of the capital structure, enabling SVP to secure influential positions and actively participate in restructurings. This approach allows SVP to build significant stakes over time, often leading creditor committees and collaborating directly with company Boards. Fund VI will primarily focus on investments in North America and Europe, where SVP has a well-established presence, although it will also consider global opportunities as they arise. Targeting approximately 20-30 core investments, Fund VI will maintain a relatively diversified portfolio across sectors and geographies.

Track Record

Since launching its Strategic Value Special Situations strategy in 2008, SVP has raised approximately $10.2 billion in commitments across five prior Strategic Value Special Situations Funds. Fund V, launched in 2021, continues to be actively invested and has demonstrated solid early results.

Fund	Vintage	Size ($M)	Net ROI	Net IRR
SVSS V	2021	5,090	1.4x	17%
SVSS IV	2017	2,500	1.8x	14%
SVSS III	2013	1,310	2.2x	13%
SVSS II	2010	918	1.9x	12%
SVSS I	2008	346	1.9x	15%

Source: Strategic Value Partners as of December 31, 2024.

Investment Merits

- Deep investment team with relevant experience
- Material value creation angle via operating partner engagement with dedicated resources
- Long track record with relatively consistent returns across multiple market environments
- Favorable market environment

Investment Concerns

- Key-person risk related to Mr. Khosla
- Recent senior team departures
- Increase in fund size, coupled with low historical DPI figures
- Economics distributed to non-stakeholders remains relatively low

Key Investment Personnel

Name	Title	Experience
Victor Khosla	CIO	MooreSVP, Cerberus, Merrill Lynch, Citibank
David Geenberg	Managing Director	Goldman Sachs
Bouk van Geleven	Managing Director	J.P. Morgan Cazenove
HJ Woltery	Managing Director	Deutsche Bank

