December 2020

First Eagle Alternative Credit

Who We Are

First Eagle Alternative Credit, LLC (FEAC) is the alternative capital platform of First Eagle Investment Management, formed by the 2020 combination of First Eagle's private credit business and alternative credit investment manager THL Credit Advisors LLC. Headquartered in New York, and with offices in Chicago, Dallas, Los Angeles and Boston, we pride ourselves on having a national presence with a strong regional focus and have over 55 dedicated investment professionals. As of September 30, 2020, FEAC had approximately $21 billion in assets under management.[1]

What We Invest In

FEAC invests in below investment grade credit assets, including direct lending, middle-market loans, syndicated loans, and high yield bonds. Leveraging the deep expertise of our investment professionals in an effort to identify attractive opportunities, we typically seek to invest in senior-secured positions within corporate borrower capital structures.

- **Direct Lending.** Direct lending is characterized by flexible and creative financing solutions unique to each opportunity. These loans are generally illiquid, unrated and funded by one lender. FEAC directly originates first-lien, senior-secured loans to middle-market companies in the US.
- **Middle-Market Loans.** Middle-market loans are typically smaller facilities extended to companies that lack access to traditional capital markets due to their size. The loans normally are funded by a small group of unaffiliated lenders. FEAC sources middle-market loans through our deep relationships across the market and our proprietary deal pipeline.
- **Syndicated Loans.** Underwritten and syndicated by large commercial and investment banks, syndicated loans are typically issued by companies to finance acquisitions, recapitalizations and debt refinancings. FEAC invests in syndicated loans in the new-issue and secondary markets.
- **High Yield Bonds.** High yield bonds are publicly listed non-investment grade securities issued by companies for a wide variety of corporate activities. With lower credit ratings than investment grade issues, high yield bonds typically pay higher interest rates and offer the potential for higher risk-adjusted returns.

Why Our Clients Invest with Us

- **FEAC Platform and Proprietary Deal Flow**
  - FEAC benefits from its scale, infrastructure and demonstrated expertise.
  - We source a broad range of investment opportunities through our proprietary deal pipeline and through relationships in the public, private, new issue and secondary credit markets.
  - We seek out a variety of credit instruments with varying yield and risk profiles in order to achieve investment objectives.
- **Current Income and Relative Value Focus**
  - Our portfolio managers and analysts seek to identify opportunities and market dislocations that potentially lead to outperformance relative to traditional fixed income investments.
  - Catalysts that may lead to opportunities and market dislocations include corporate transactional events (e.g., leveraged buyouts, mergers, and acquisitions), improving issuer fundamentals, and market inefficiencies.

1. Reflects the aggregate assets under management (together, "AUM") of First Eagle Alternative Credit of September 30, 2020.

- A Time-Tested Investment Approach
  – We seek to achieve attractive risk-adjusted returns through multiple market cycles.
  – Our investment process is based on fundamental credit and economic analysis, risk classification, ESG analysis and relative value assessments across the alternative credit landscape.
  – FEAC's senior portfolio management team has worked together for more than 20 years and is supported by highly experienced credit, portfolio management and risk management professionals, along with a seasoned group of analysts.
- Proprietary Credit Analysis
  – FEAC's portfolio management team conducts independent credit analyses to understand the credit risk and identify investments we believe are undervalued or offer potentially attractive yields relative to the determined credit risk.
- Proactive Monitoring
  – We closely monitor the investments across our platform and take a proactive approach to identifying and managing industry-, sector- or company-specific risks.

An investment in a FEAC strategy involves a number of significant risks. Below is a summary of some of the principal risks of investing in a FEAC strategy. Before you invest, you should be aware of various risks, including those described below. For a more complete discussion of the risks of investing in a FEAC strategy, please see the applicable offering document.

Direct Lending and Middle Market "Club" Loan Risk: Generally, little public information exists about these companies, and the Fund is required to rely on the ability of the FEAC's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If FEAC is unable to uncover all material information about these companies, it may not be able to make a fully informed investment decision, and the Fund may lose money on is investments. Private and middle market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that the Fund holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing any guarantees it may have obtained in connection with its investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, middle market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the Fund's portfolio company and, in turn, on the Fund. Middle market companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Bank Loan Risk: These investments potentially expose the Fund to the credit risk of the underlying borrower, and in certain cases, of the financial institution. The Fund's ability to receive payments in connection with the loan depends primarily on the financial condition of the borrower. Even investments in secured loans present risk, as there is no assurance that the collateral securing the loan will be sufficient to satisfy the loan obligation. The market for bank loans may be illiquid and the Fund may have difficulty selling them. In addition, bank loans often have contractual restrictions on resale, which can delay the sale and adversely impact the sale price.

Below Investment Grade Rating Risk: Most of the credit instruments in which the Fund invests, including its investments in syndicated bank loans, middle market "club" loans (senior secured loans in middle market companies funded by an arranged group of lenders that generally does not involve syndication), direct lending (consisting of first lien loans, including unitranche loans), asset-based loans, and high-yield bonds, will be rated below investment grade by rating agencies or would be rated below investment grade if they were rated. Below investment grade investments are often referred to as "high-yield" or "junk" securities. While generally providing greater income and opportunity for gain, below investment grade securities or comparable unrated securities may be subject to greater risks than securities or instruments that have higher credit ratings, including a higher risk of default. Because unrated securities may not have an active trading market or may be difficult to value, the Fund might have difficulty selling them promptly at an acceptable price.

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First Eagle Investment Management is the brand name for First Eagle Investment Management, LLC and its subsidiary investment advisers. First Eagle Alternative Credit is the brand name for those subsidiary investment advisers engaged in the alternative credit business.

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