
2022 Review and 2023 Outlook

AIP Convertible Private Debt Fund LP



Effective January 22, 2020, AIP Global Macro Fund LP name changed to AIP Convertible Private Debt Fund LP.

AIP Asset Management has entered into an agreement with Ninepoint Partners LP ("Ninepoint") pursuant to which Ninepoint will distribute the Class A and Class F Non-Voting Common Shares offered hereunder for AIP Convertible Private Debt Fund LP (the "Fund")

2022 Review and 2023 Market and Fund Outlook

- **AIP Convertible Private Debt Fund LP (the “Fund”) completed its 9th year with strong performance. Returns for 2022 was 6.4% for the Class A Units and 7.4% for the Class F Units.**

AIP Convertible Private Debt Fund LP

Historical Performance – Class A (%)



- **Top performing Fund over the past 9 years as recognized by numerous industry awards. Won 3 additional awards in Canada and won best Credit - Relative Value under \$500M in the USA at the HFM Awards in 2022.**



WINS



AIQ
2022
CANADIAN
HEDGE FUND
AWARDS

Global Macro/Managed Future/
Multi Strategy
Best 5Yr Return
Best 5Yr Sharpe Ratio
Best 3Yr Sharpe Ratio



AIQ
2021
CANADIAN
HEDGE FUND
AWARDS

Global Macro/Managed Future/
Multi Strategy
Best 5Yr Return
Best 3Yr Return
Best 5Yr Sharpe Ratio
Best 3Yr Sharpe Ratio



Performance Winner
High-Yield Fund

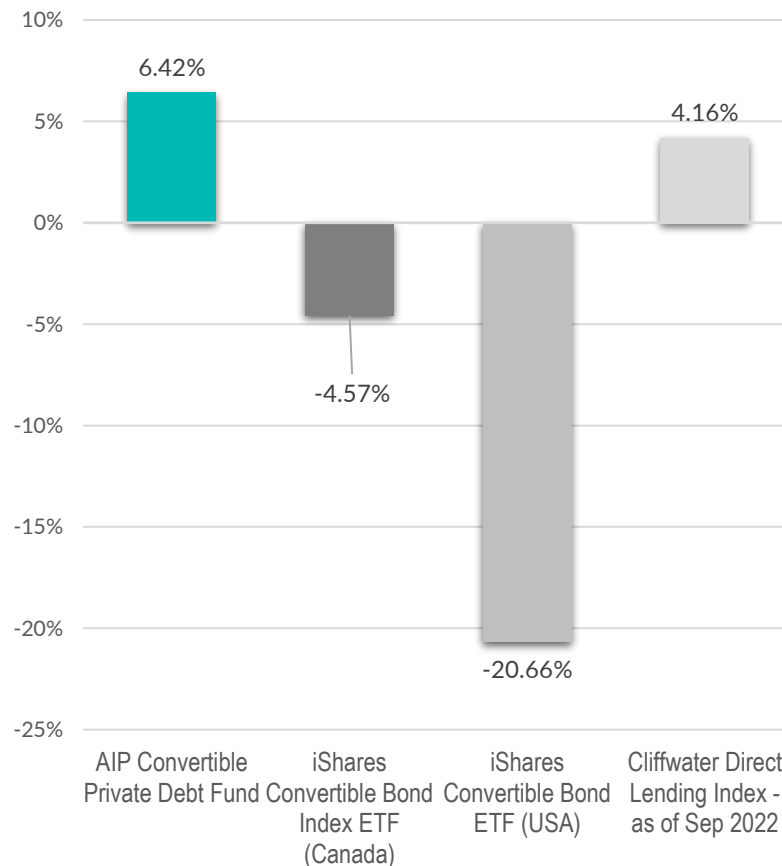


Award in Recognition
of Support for
UN's SDGs

AIP vs Traditional Benchmarks

	Dec. 2022 Return	YTD Return	3Yr CAGR	5Yr CAGR	7Yr CAGR	CAGR since AIP Inception
AIP Convertible Private Debt Fund	0.34%	6.42%	9.6%	14.78%	19.75%	29.41%
iShares Convertible Bond Index ETF (Canada)	0.44%	-4.57%	1.49%	2.43%	3.73%	3.24%
iShares Convertible Bond ETF (USA)	-2.61%	-20.66%	8.32%	9.04%	10.17%	N/A (2015 Inception)
Cliffwater Direct Lending Index	N/A	4.16%	8.07%	8.28%	8.39%	8.48%

AIP Outperforms Traditional Indexes - YTD Returns

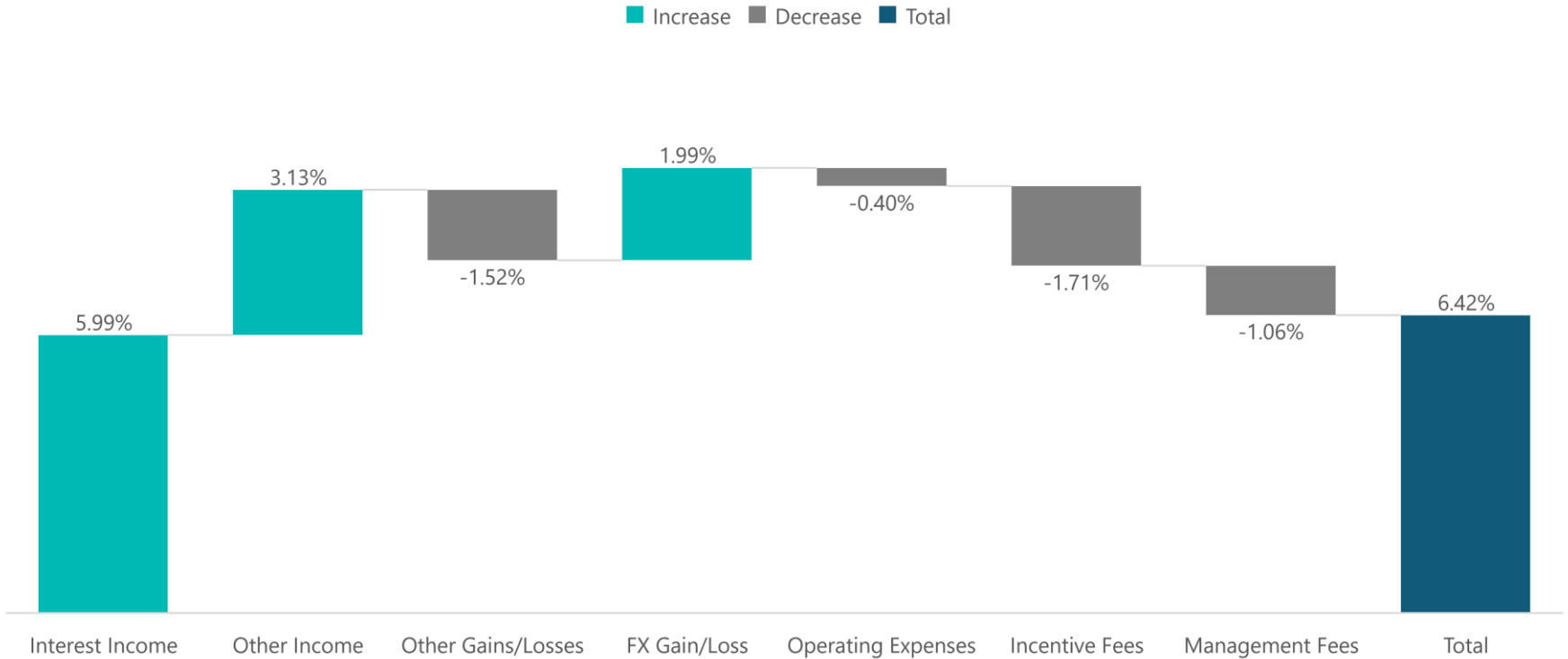


*Return Figures as of December 31, 2022. Cliffwater Direct Lending Index as of September 30, 2022; its latest update.

2022 Performance Drivers – Class A Units

Income Attribution YTD 2022

■ Increase ■ Decrease ■ Total



¹ Other Gains/Losses inclusive of unrealized and realized gains/losses

² Operating Expenses inclusive of withholding tax

2022 Review and 2023 Market and Fund Outlook

Activity During 2022

Unique Loans	15
Unique Borrowers	10

In 2022, the portfolio added 6 new loans to 6 new issuers and 2 exits. Reduced cash weighting in the portfolio from 41% to about 20%.

- Issuers 7 and 14: full repayment of a \$5 mm loan facility and exited a \$3 mm loan facility by exercising a parent guarantee.
- Issuer 9: received Term Sheet for \$12 mm which includes a \$5 mm partial pay down of the loan. Management is currently in the process of completing due diligence.
- Issuers 11 and 13: signed LOI's and are evaluating potential acquisitions. The completion of these M&A transactions are expected to have positive impact on both collateral and equity upside.
- Added 1 loan with existing Issuer #15 totaling \$1.1 mm which has a LTV of 29%
- Issuer 17: was acquired by a larger competitor. M&A transaction expected to close in June 2023 and the loan needs to be acquired at a premium (101% of the aggregate principal amount)
- Issuer 18: recently sold a non-producing mine for about \$230 mm and will focus their effort on the producing mine. The sale significantly reduces the risk of the loan and could generate upside depending on how management uses the cash proceeds.

6 new investments have been focused on the higher end of small cap with Secured Debt/EBITDA of 1.6x to 4.7x.

Review of AIP – 2022 Funding Summary

New transactions in the AIP Convertible Private Debt Fund LP

New Transaction Summary				
Borrower	Issuer #17	Issuer #19	Issuer #20	Issuer #18
Funding Date	February 2022	June 2022	June 2022	June 2022
Market Cap	\$647 Million	\$363 Million	\$4 Billion	\$404 Million
Total Loan Outstanding (June 2022, approx.)	\$2,600,000	\$715,000	\$610,000	\$602,000
Yield	9.5%	9.6%	9.5%	10%
Loan Type	Senior Secured	Senior Secured	Senior Secured	Senior Secured
Term	February 3, 2026	April 9, 2026	December 15, 2026	Feb 15, 2026
Security	GSA, Subsidiary Guarantees;	GSA, charge over all owned or leased real property, a charge over all mining assets;	Liens on collateral including A/R, cash on hand, PP&E, and biological assets, with Guarantees from non-exempt subsidiaries;	GSA, Subsidiary Guarantees;
LTV	69%	28%	36%	43%
Secured Debt/EBITDA	3.4x	2.3x	1.6x	2.6x

Review of AIP – 2022 Funding Summary (Continued)

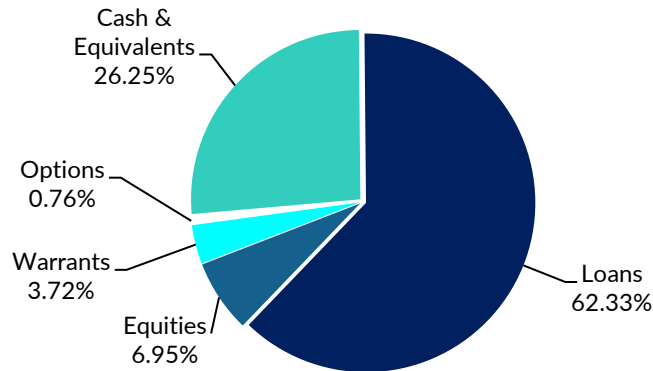
New transactions in the AIP Convertible Private Debt Fund LP

New Transaction Summary				
Borrower	Issuer #21	Issuer #22	Issuer #23	
Funding Date	December 2022	December 2022	January 2023	
Market Cap	\$1.1 Billion	\$1.2 Billion	\$1.0 Billion	
Total Loan Outstanding (Jan 2023, approx.)	\$485,000	\$134,756	\$528,645	
Yield	7.5%	6.9%	8.0%	
Loan Type	Convertible Debt	Convertible Debt	Senior Secured	
Term	October 31, 2026	Feb 1, 2024	October 15, 2027	
Security	Corporate Guarantees, strong balance sheet and ability to short sell stock;	Corporate Guarantees, strong balance sheet and ability to short sell stock;	GSA, Subsidiary Guarantees;	
LTV	68%	45%	38%	
Secured Debt/EBITDA	2.0x	4.7x	2.7x	

Review of AIP Asset Management – Portfolio Composition

Portfolio holdings of the AIP Convertible Private Debt Fund LP (as of December 31, 2022)

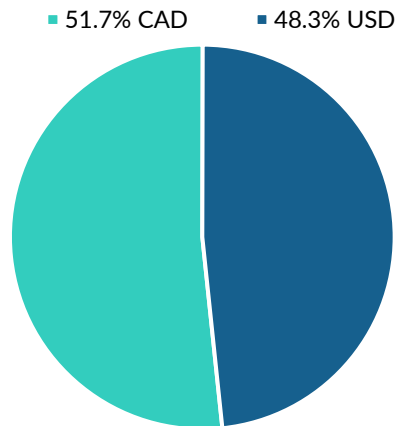
Asset Breakdown



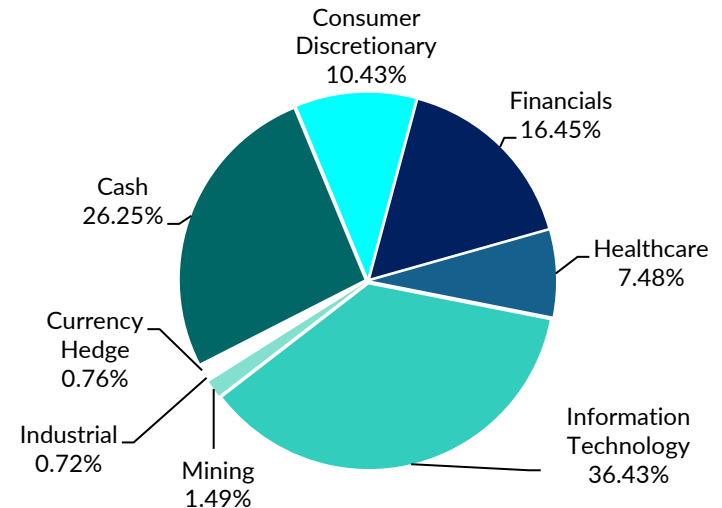
Outlook for 2023:

- Will maintain 15% to 20% in cash or liquid investments while the market continues to be volatile.
- Plan to invest cash opportunistically and increase loans to 20 to 25 positions in the next few quarters to increase diversification and reduce risk.

Currency Breakdown (includes Cash)

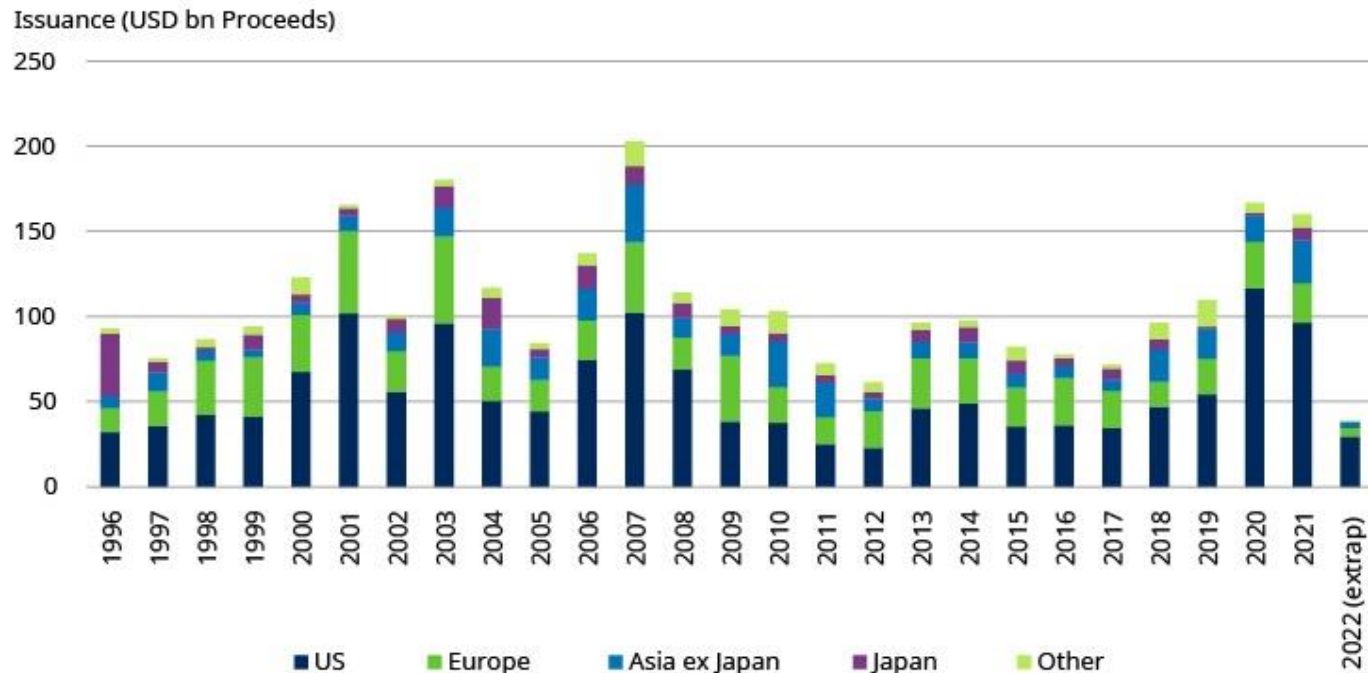


Sector Breakdown



Convertible Debt Market – Yearly Convertible Issuance

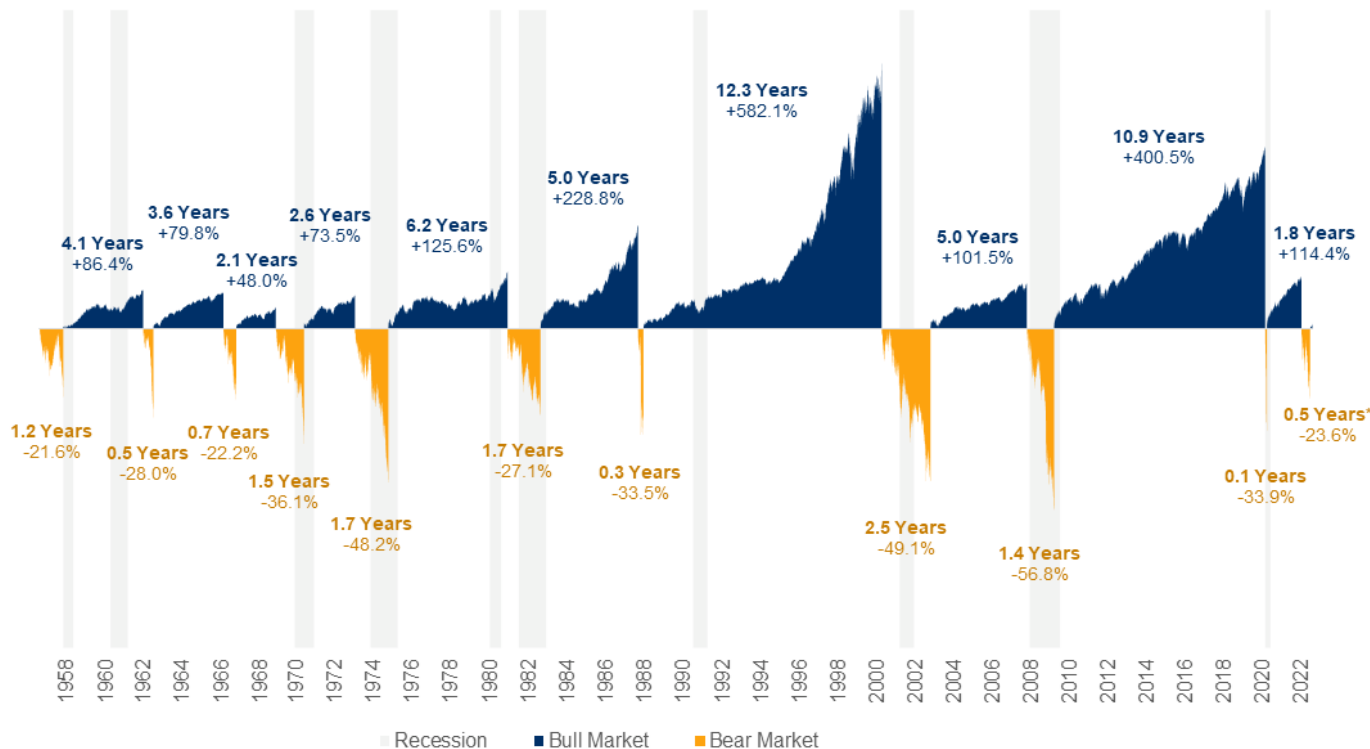
- Financing via Convertible Debt issuances in 2022 was at its lowest levels in 25 years due to record low borrowing costs.
- **We expect a sharp rebound in convertible debt financings 2023.** High yield debt has become too expensive for high growth companies and significant declines in equity prices makes it difficult to do an equity raise.
- **Smaller, more opportunistic Funds with large cash reserves such as AIP stand to benefit**



Source: UBS Convertibles Marketing/Thomson Reuters. 606595

AIP Performance in Bear and Bull Markets

- 10 distinct bear markets in the last 70 years. On average, a bear market happens every 7 years. Bear markets generally last less than 2 years and Bull markets last about 5 years.
- AIP Fund historically generated 6.4% in 2022 (bear market) mainly from interest/other income and averaged more than 15% per year in 2014 to 2021 (bull market) given its ability to participate in equity upside.
- We believe we are closer to the end of the bear market and could see a meaningful rebound in Q3/Q4 2023 making this an opportune time to consider allocations to the fund.



Reflects S&P 500 Index.

Source: Bloomberg, AIP, Industry sources. Bull market starts from lowest close reached after market has fallen 20% or more. Bear market starts from when the index closes at least 20% down from its previous high.

Market and Fund Outlook

In 1H2023, we expect the market narrative to change from rate hikes and inflation to recession and credit events/risks. As such, we expect the markets will continue to remain volatile.

Why increase your allocation to Convertible Bonds now vs other asset classes?

- Designed for times of market uncertainty.
- Paid to wait (6% distribution) with downside protection. Outperforms traditional benchmarks like convertible and private debt in both bull and bear markets.
- Low correlation to other asset classes.
- Deal pipeline is robust – higher quality deals with better risk/return metrics
- Longevity, track record and credit experience are key ingredients for a successful private debt allocation, especially today. AIP Fund provides all three.

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Thank you!

Contact Information

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