

May 2023

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# 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")

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# Presentation Agenda

- About Ninepoint Partners
- Convertible Private Debt Market
- Firm Overview: AIP Asset Management
- AIP Convertible Private Debt Fund LP\*
  - Strategy & Loan Structure
  - Origination and Financing Process
  - Risk Management
  - Fund Terms
- Performance and Positioning
- Sample Investments
- Appendix
  - Disclaimer
  - Contact Information



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# Ninepoint Partners Firm Overview

# Ninepoint Partners

## Firm Overview

- Ninepoint Partners LP is a leading Canadian alternative investment firm with approximately \$8.4 billion<sup>1</sup> in assets under management and institutional contracts.
- Headquartered in Toronto, Ontario with approximately 85 employees.
- We target investment strategies that are uncorrelated from traditional asset classes, with the goal of lowering overall portfolio risk.
- As a team, we have a long track-record of managing alternative income, real asset and alternative core strategies.

**Ninepoint creates and manages alternative investment solutions that allow investors to realize the benefits of better diversification.**

1. Includes: Ninepoint Partners, AUM of \$6.2B as at December 31, 2022; Ninepoint Institutional, institutional contracts of \$2.2B as at December 31, 2022; all Canadian currency.



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## Convertible Private Debt Market

# Market Opportunity

The growth in passive investments, ETF's and other factors has resulted in large amounts of capital chasing a very small number of stocks. For example, \$1,000 invested in XIC (TSX ETF) means that about \$386 would be allocated to the top 10 stocks, \$236 to the top 5 and \$0.50 to the bottom 5 stocks.

## 1. Focus on publicly listed companies sub \$100 million market capitalization

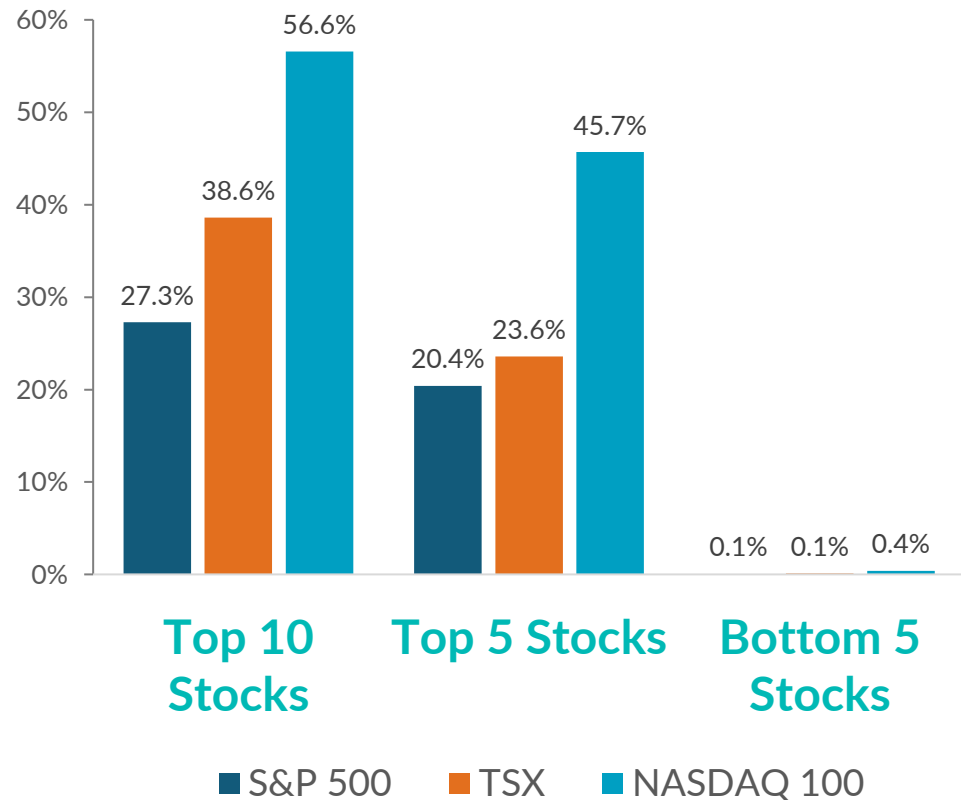
- AIP alpha generated by the following: helping with M&A, capital market expertise, increased liquidity since they are a larger company which may result in higher share prices.

## 2. Large Potential Market – over 12,000 publicly listed companies with market cap less than \$100 million

## 3. Private Debt (Senior Secured Convertible Debt) into public companies

- AIP strategy - downside protection with upside participation

### Major Equity Indices – Concentrated in a Few Stocks



This information is presented solely for illustrative purposes.

# Target Transaction Type

Target Transaction Parameters	
Industry	Agnostic
Location	North America, Europe and Australia
Loan Type	Debt with upside potential/conversion features
Target Facility Size	\$1 mm to \$20 mm
Target LTV	50%
Currency	CAD or USD
Collateral/Downside Protection	Yes
Security	Corporate Guarantees, strong balance sheet, ability to short sell stock, liquidate assets
Target Term	12 to 36 months with the ability to renew
Target Interest Rate	6% to 9%
Target IRR	12% to 15%
Target Return Attribution	50% for interest/other income and 50% from upside

## Thesis Overview:

- **Depressed valuations** - Market dislocation in small cap stocks and recent market correction has resulted in lower valuations.
- **Upside from M&A or market rebound** - Companies which had strong fundamentals prior to the market correction should rebound and resume trading at higher multiples or potentially get acquired.
- **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.
- **Paid to wait (6% distribution) with downside protection** - Outperforms traditional benchmarks like convertible and private debt in both bull and bear markets.

## Capital Protection:

- Target LTV <50% and Loan to EV <25%
- Target companies with strong management teams, and frictional valuation and/or operational issues that can be fixed;
- Target companies with multiple exits including repayment through cash flow, refinancing, short sale of the stock and liquidating assets.

# Senior Secured Convertible Private Debt Focus

	Bank Loans	Convertible Debentures	Investment Grade Bonds	Senior Secured Convertible Private Debt
<b>Security</b>	Yes – 1 <sup>st</sup> ranking	Mostly unsecured	Mostly unsecured	Yes – 1 <sup>st</sup> ranking
<b>Ranking</b>	Senior	Structurally subordinated	Senior	Senior
<b>Collateral</b>	Yes	Very limited	Limited	Yes
<b>Term</b>	5 - 9 Years	2 - 3 Years	30 years; perpetual	1 – 3 years
<b>Typical Loan Interest</b>	5%-7%	5% - 9%	4%-6%	8%-9%
<b>Conversion Feature</b>	None	Convertible to new equity	None	Convertible to new equity
<b>Typical Bankruptcy Treatment</b>	First rank on assets	Third Rank or worse	Second rank or worse	First rank on assets

Source: Credit Suisse *A Case for Leveraged Loans – Global Leveraged Finance Research*, Ninepoint Partners. For illustrative purposes only.



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# About AIP Asset Management

# Firm Overview:

## AIP Asset Management (“AIP”)

- Founded in 2013, AIP Asset Management has gained a reputation for its innovative approach to private debt investing and strives to protect the principal investment while gaining upside market exposure to small cap companies.
- A Toronto-based firm of professionals with over 100 years of combined direct lending, private equity and capital markets experience.
- Firm strategy is in private debt through conversion to public companies with robust market of below \$200m mkt cap mostly in North America.
- AIP is one of the top performing private debt investors in Canada and deep experience in bank loans and equity markets has resulted in strong performance since inception.

### AIP Convertible Private Debt Fund LP

HISTORICAL PERFORMANCE – CLASS A\* (As of March 31, 2023)

0.44%	1.69%	5.33%	9.38%	13.94%	15.42%	28.75%
1 Month	YTD	1 Year	3 Year	5 Year	7 Year	Since Inception

\* Inception Date: November 1, 2013. The indicated rates of return are the historical annual compounded total returns including changes in share value and reinvestment of all dividends. Please refer to the Disclaimer for additional information.



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

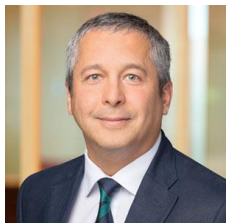


Award in Recognition  
of Support for  
UN's SDGs

# Principal Biographies



**Jay Bala, CFA** is the CEO and Senior Portfolio Manager of AIP Asset Management. Jay previously worked as an Associate Portfolio Manager with Kingsmont Investment Management and Third Eye Capital as an Investment Analyst. Jay holds a Bachelor of Commerce from the University of Toronto and is a CFA charter holder. In 2014, Jay was a nominee for the Ernst & Young Entrepreneur of the Year Award.



**Alex Kanayev, MBA, CPA, ICD.D** is a co-founder & Chairman of AIP Asset Management and a Member of the Advisory Board. He sits on the board of several companies and is Managing Partner at AIP Private Capital. Previously, he worked as Senior Vice President at Third Eye Capital and was Portfolio Manager at BMO Financial Group. Alex received his MBA from Schulich School of Business at York University and is a CPA charter holder and has an ICD.D designation from the Institute of Corporate Directors. In 2014, Alex was a nominee for the Ernst & Young Entrepreneur of the Year Award.



**Karl Lohwater, JD, LLM (Taxation)** is the CCO of AIP Asset Management. Previously, Karl was General Counsel of two of the world's largest actuarial and human resources consulting firms, Towers Perrin (now Willis Towers Watson) and Buck Consultants (now Buck Global). He was also the President, CCO, and Financial and Operations Principal of broker-dealer subsidiaries of Mellon Financial Corporation (now Bank of New York Mellon). Karl received his J.D. from Columbia University Law School and LLM (Taxation) from New York University Law School



**Karim Mecklai, BA** is the Vice President of business development and CFO at AIP Asset Management. Previously, Karim worked at Portfolio Strategies Securities Inc. (PSSI), B2B Bank, Beacon Wealth Management, Dundee Wealth and Assante Wealth Management. During his time at Assante, Karim was registered as a Regional Vice President (RVP) for Central Canada region. Karim holds a Bachelor of Arts in Economics from the University of British Columbia.

# Quality Infrastructure

## INVESTMENT COMMITTEE

**Alex Kanayev, CPA, MBA, ICD.D**

**Jay Bala, CFA®**

### Investment Team

Loan Originations/  
Investments/M&A

**Chris Blake**  
CFA®  
Vice President

Internal  
Review

**Alexander Kanaev**  
CIM®  
Vice President

### Finance & Operations

Legal &  
Compliance

**Karl Lohwater, JD**  
Chief Compliance  
Officer

Finance

**Karim Mecklai**  
Vice President

Operations

**Raphael Song**  
Analyst

**BLG LLP**  
Legal Counsel

**Laurentian Bank Securities**  
Custodian

**KPMG LLP**  
Auditor

**RBC Trust**  
Trust

**SS&C**  
Administrator

**Top 10 Accounting Firm**  
3rd party Valuation

## Service Providers – Developing Checks and Balances

	Currently in place
Fund Accounting	SS&C Technologies Holdings, Inc. – \$18 Billion Mkt Cap company
Valuation of illiquid investments (Loans)	Third Party Valuation done quarterly by a top 10 Accounting Firm
Operational Due Diligence (ODD)	Deloitte - Full report and action plan for improvement
Auditor	KPMG LLP
Loan Monitoring	AIP Asset Management – Robust proprietary process

### Continued institutionalization of AIP Convertible Private Debt Fund LP (the “Fund”)

- Currently have **19 loans to 13 unique issuers** with all loans in good standing (as at March 31, 2023).
- Significant improvements to portfolio diversification over the last 12 months –more loans across many industries.
- Improvements in risk control and downside protection implemented in early 2019 worked well as the Fund was able to avoid negative returns in 2022. The **Fund was up 4.3% in 1H 2022 while the S&P500 and NASDAQ both declined about -20.6% and -29.5% respectively.**
- **BDO's** quarterly valuation of illiquid loans in the portfolio continue to be in line with AIP estimates.
- **Deloitte** completed its operational due diligence (ODD) audit of the fund. Ranked low or medium risk in all categories. None in high risk or very high risk. Working with Ninepoint on our process of continuous improvement.



# 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 (the “Administrator”) has retained Ninepoint Partners LP (“Ninepoint”), to provide exempt market dealer, distribution and marketing services on an exclusive basis with respect to the offering of the Class A Shares and the Class F Shares for AIP Convertible Private Debt Fund LP (the “Fund”).

# AIP Convertible Private Debt Fund LP

Provide access to senior secured convertible asset based loans to public North American small cap companies with a focus on generating superior risk-adjusted returns and capital protection

## Overview:

- Top down industry analysis used to identify favorable sectors based on present macro themes
- Senior secured convertible loans with the ability to convert to publicly traded common shares at a discount
- Generate synergies and value by assisting borrowers on growth and acquisition plans

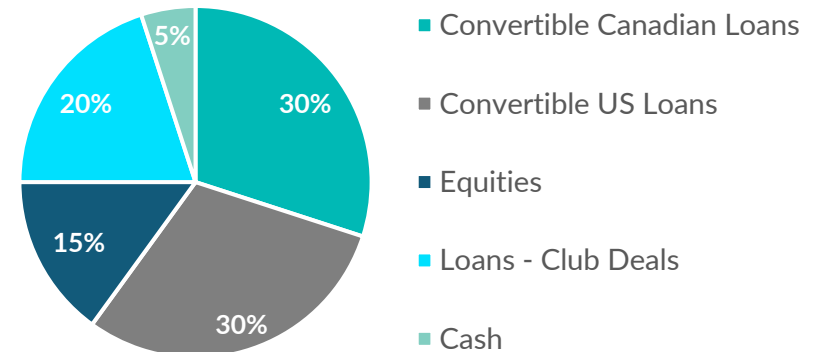
## Capital Protection:

- Fully supported by sufficient collateral and senior liens on critical assets of the borrower with a preference for self liquidating collateral
- Disciplined underwriting and monitoring process to ensure capital protection
- Additional loan security including corporate/personal guarantees, confession of judgement and blocked accounts.

## Equity Upside & Downside Protection:

- Convertible loans allow for investors to
  - Participate on upside to growing industries in rising markets
  - Protect their principal and receive interest on loans in falling markets
- Bonus equity, warrants and revenue participation

## Sample Portfolio Snapshot



## Typical Loan Characteristics\*

Average LTV**	~50%
Average Term	12 – 36 months with ability to renew
Structure	Equity convertible with bonus shares/warrants or royalties
Amortizing Term Loan	Bullet, fixed payment or excess cash flow sweep
Typical Loan Size	\$1mm - \$10mm

\*For illustrative purposes only.

\*\*Loan to enterprise value

†After the first twelve months

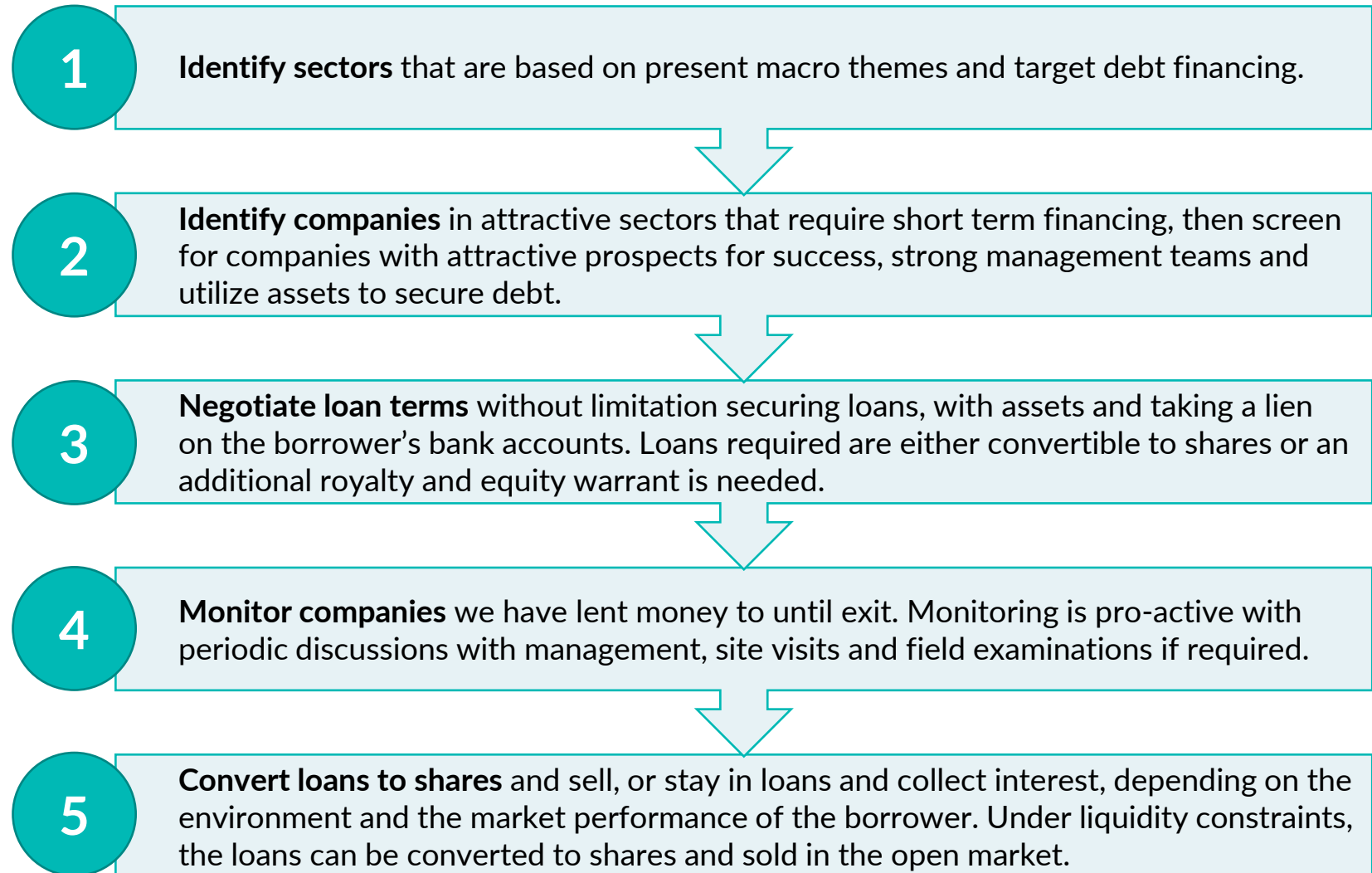
# Review of AIP – Funding Summary Continued

New transactions in March 2023 and exits

New Transaction Summary				Exit
Borrower	Issuer #24	Issuer #25		Issuer #19
Funding Date	March 2023	March 2023		June 2022
Market Cap	US\$652 Million	US\$727 Million		C\$388 Million
Total Loan Outstanding (approx.)	C\$472,580	C\$404, 306		C\$715,000
Yield	8.3%	8.3%		9.9%
Loan Type	Senior Secured	Senior Secured		Senior Secured
Term	April 30, 2028	Oct 15, 2027		April 9, 2026
Security	Corporate Guarantees, strong balance sheet and ability to short sell stock;	Corporate Guarantees, strong balance sheet and ability to short sell stock;		GSA, charge over all owned or leased real property, a charge over all mining assets;
LTV	39%	60%		28%
Secured Debt/2023E EBITDA	1.8x	3.3x		2.9x



# Our Process



# Loan Origination and Financing Process

Description	Credit Committee					Credit Committee	
	Number of Weeks					Ongoing	Week Range
	1	2	3	4	5		
<b>1 Term sheets</b>							
Origination and Preliminary Due Diligence							from 1 to 5 weeks
Negotiation of Terms							from 1 to 3 weeks
<b>2 Due Diligence and Closing</b>							
Collateral and Business Due Diligence							from 3 to 4 weeks
Preparation of Credit Rating and Investment Memo							1 week
Legal Docs and Closing							from 1 to 2 weeks
<b>3 Monitoring</b>							
Collateral Tracking							Ongoing
Financial Reporting							Ongoing
Covenant Testing							Ongoing
Audits and Appraisals							Ongoing
Risk Rating and Borrowing Base Update							Ongoing
<b>Total Closing Process Length*</b>							from 5 to 13 weeks

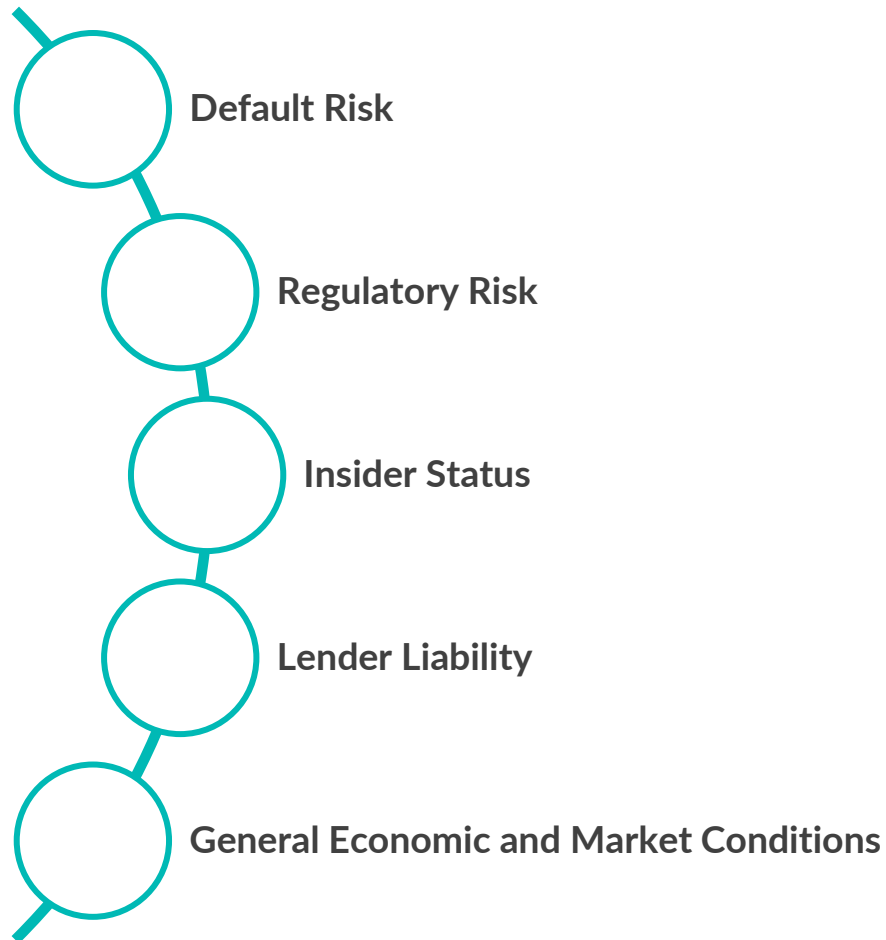
Portfolio Manager  
Approval

\*Some stages may be performed concurrently which expedites the process when needed

Strictly private and confidential. For accredited investors only.

# Associated Risks

Please refer to Offering Memorandum for additional risks associated with the Fund



# Risk Management

Disciplined Underwriting	<ul style="list-style-type: none"><li>• Management and key stakeholder meetings</li><li>• Multiple site visits and field audits</li><li>• Asset appraisals by industry experts</li><li>• Market and competitive analysis</li><li>• Stress testing and liquidation analysis</li><li>• Background checks</li></ul>
High Structural Protection	<ul style="list-style-type: none"><li>• Senior priority lien on critical assets with full control of invested debt</li><li>• Overcollateralization throughout loan term</li><li>• Dominion over borrower cash and key bank accounts</li></ul>
Rigorous Monitoring	<ul style="list-style-type: none"><li>• Monthly borrowing base and collateral monitoring</li><li>• Monthly reporting package and risk rating refresh</li><li>• Periodic site visits and field exams</li><li>• Periodic refresh of asset appraisals by industry experts</li></ul>

# AIP Convertible Private Debt Fund LP

Please refer to Offering Memorandum for full terms and conditions of the Offering.

Management Fees	Class A: 2.00% Class F: 1.00%
Performance Fees <sup>1</sup>	20% of return over the High Water Mark
Redemptions <sup>2</sup>	Monthly (180 days notice). <b>Effective Aug 31, 2022 moved to Quarterly (180 days notice) with a quarterly cap on redemptions of 5 percent of the Fund's net assets. Please see the Fund's Offering Memorandum for a full description of all subscription terms.</b>
Subscription	Open
Distributions	Yes (Monthly)
Minimum Investment	\$25,000
Minimum Hold	12 months (5% penalty for early redemption in year 1)
Legal Counsel	Borden Ladner Gervais LLP (BLG)
Auditor	KPMG
Administrator	SS&C
Custodian	Laurentian Bank

1. A performance fee will be paid quarterly on the last business day of each calendar quarter (each a "Performance Valuation Date"). The performance fee will be equal to 20% of the increase in the net asset value of each Unit (the "Net Asset Value per Unit") from the previous High Water Mark for such Unit. The "High Water Mark" for a Unit issued more than 12 months before the Performance Valuation Date is the highest Net Asset Value per Unit on each of the four previous Performance Valuation Dates. The "High Water Mark" for a Unit issued less than 12 months before the Performance Valuation Date is the highest of the Net Asset Value per Unit on the date of issuance of the Unit and on each subsequent Performance Valuation Date, if any, prior to the Performance Valuation Date on which the Performance Amount is to be paid.

2. If during any three-month period, the Manager has received from one or more Unitholders an acceptable Redemption Notice to redeem in aggregate 10% or more of the outstanding Units, the Manager may, in its discretion, choose to redeem such Units in equal Unit amounts over a period of up to 12 months



# Performance & Positioning

# AIP Convertible Private Debt Fund LP\*\*

## Fund Performance - net of fees (%)\*

As of March 31, 2023

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	0.68	0.57	0.44										1.69
2022	1.99	0.29	0.45	0.02	0.37	1.07	0.41	0.45	0.41	0.25	0.2	0.34	6.42
2021	0.52	3.05	1.03	0.10	1.83	-0.36	0.29	0.39	0.32	0.33	0.24	0.63	8.66
2020	0.76	0.55	0.97	0.96	1.49	0.27	0.72	2.32	1.33	1.10	0.53	2.05	13.85
2019	1.07	0.92	1.96	1.15	3.42	0.63	0.62	1.10	0.05	1.96	1.07	2.89	18.15
2018	5.41	-0.46	0.52	1.49	4.28	7.19	4.57	10.70	-0.34	-2.40	1.56	-6.41	28.07
2017	3.26	-0.41	0.53	0.64	1.36	-0.18	-2.88	-0.09	1.99	8.53	9.36	-1.99	21.20
2016	31.65	-0.88	0.87	3.59	-2.28	1.52	2.51	2.35	-0.12	1.01	3.35	-1.15	46.28
2015	4.72	2.28	5.03	-1.52	0.77	2.30	2.52	3.61	4.19	3.59	0.84	34.09	77.04
2014	6.58	6.92	4.90	0.75	2.81	0.48	0.40	6.54	2.70	10.58	2.44	5.15	62.81

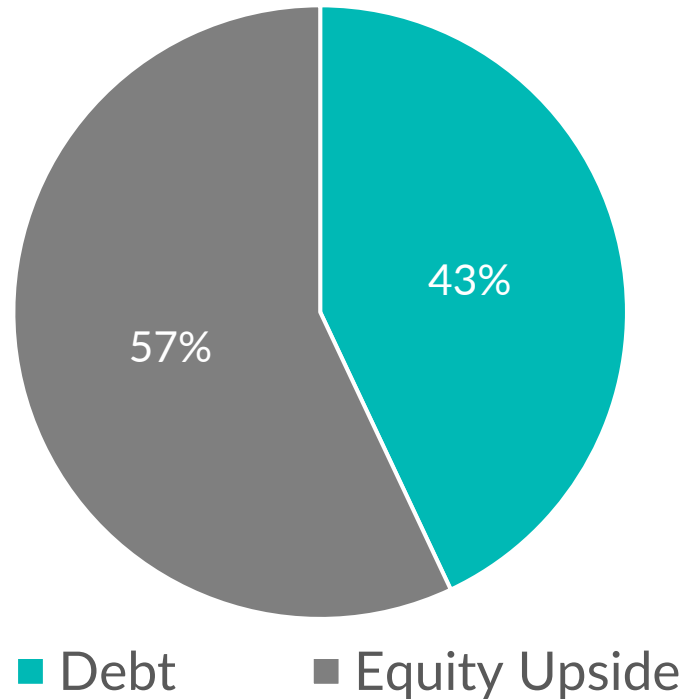
\*Class A

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# Fund Return Attribution for Convertible Transactions

## Cumulative Fund Return Attribution



Average based on returns from 2014 to 2022  
As of December 31, 2022



# Correlation analysis: AIP Fund vs Major Index

(Low correlations imply diversification benefits)

## AIP correlation to US stocks and bonds, Japanese stocks and bonds, and CDLI Index (in Local Currencies)

Securities (Denominated in their Local Currencies)	AIP Convertible Private Debt Fund LP	S&P 500 Index	Nikkei 225 Index	iShares US Treasury Bond ETF	Nomura Bond Performance Index	Cliffwater Direct Lending Index (US Middle Market Corporate Loans)
<b>AIP Convertible Private Debt Fund LP</b>	1.00	-0.037	-0.095	0.113	0.201	-0.160

\*Correlation of monthly returns from December 31, 2013 to Dec 31, 2022. Cliffwater Direct Lending Index data limited to Sep 30, 2022.  
All securities denominated in their local currencies.

## AIP correlation to Japanese stocks and bonds, Canadian stocks and bonds, and CDLI Index (in CAD)

Securities (Denominated in CAD)	AIP Convertible Private Debt Fund LP	Nikkei 225 Index	S&P/TSX Composite Index	Nomura Bond Performance Index	iShares Core Canadian Universe Bond Index ETF	Cliffwater Direct Lending Index (US Middle Market Corporate Loans)
<b>AIP Convertible Private Debt Fund LP</b>	1.00	0.012	-0.069	0.188	0.111	-0.044

\*Correlation of monthly returns from December 31, 2013 to Dec 31, 2022. Cliffwater Direct Lending Index data limited to Sep 30, 2022.  
All securities denominated in Canadian Dollar.

Source: Bloomberg Terminal

This information is presented solely for illustrative purposes.

# Impact of allocating funds to Private Debt on risk and returns

## 9 Year Return Analysis for the Period Ending Dec 31, 2022

Allocation	5% AIP	15% AIP	25% AIP	Traditional Portfolio
Total Return	138.19	220.23	302.28	97.16
Standard Deviation (Annualized)	9.44	8.64	9.67	11.28
Downside Risk (Annualized)	6.91	5.19	4.33	8.42
VaR (Ex-Post)	-.079	-0.6	-0.45	-0.94
Sharpe Ratio	1.02	1.53	1.68	0.67
Maximum Drawdown	-19.33	-13.22	-9.36	-23.96
Beta	0.81	0.57	0.42	1.00
Semi-variance (Annualized)	10.00	7.26	5.77	12.21
Sortino Ratio Vs. Risk Free	0.96	1.83	2.82	0.62

**Portfolio Inception Date:** December 31, 2013 | **Analysis Period:** Dec 31, 2013 to Dec 31, 2022

**Traditional Portfolio Composition:** S&P 500 Index (30%), S&P/TSX Composite Index (30%), iShares Core Canadian Universe Bond Index ETF (40%)

**Portfolio Weighting:** Drifting Weight - therefore actual weightings of portfolio holdings during analysis period will differ

**Portfolio Currency:** CAD

Traditional portfolio is defined as 60% Equity and 40% Bonds. The S&P 500 and TSX Composite indices were used for equity allocations and the Core Canadian Universe Bond Index ETF was used for the bond allocation. It was assumed that all private debt allocations have been made to AIP's hedge fund. Allocations to AIP's hedge fund were made by decreasing equity and bond allocations pro rata. Calculations use 9 years of data for the period ending Dec 31, 2022.

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## Sample Investments

# Sample Transaction – Loan 1

Industry	Technology
Location	British Columbia
Loan Type	Operating line with conversion features
Currency	CAD
Issue Date	June 2016
Term	24 months, subject to semi-annual reviews
Security	Accounts Receivable, PP&E, IP, Blocked Accounts
Seniority	1st
Finance Covenants	EBITDA, Revenue, Market Cap
Realized Return*	73%
Unrealized Return*	0%

## Borrower Overview:

- Develops IoT, AI applications to collect, store, monitor and analyze data for water, electrical utilities, oil and gas, and mining companies.

## Capital Protection:

- Corporate guarantee, Pledge of Management Shares, Personal guarantees from insiders

## Transaction Description

- Senior Secured Line of Credit up to \$2mm
- Coupon 10% per annum, closing fees, Discounted Notes convertible to equity at \$0.15, Royalty 3.5% of gross revenue, 2mm bonus shares, conversion option at \$0.45

## Rationale:

- Proven and committed management team and board of directors
- Significant upside potential if management is able to execute expansion to U.S. with government contracts
- Limited downside risk to principal: senior secured lender with multiple exit plans

\*As of January 20, 2021

This information is presented solely for illustrative purposes.

# Sample Transaction – Loan 2

Industry	Consumer Discretionary
Location	Canada
Loan Type	Tranched Senior Secured Convertible Facility
Currency	CAD
Issue Date	November 2019
Term	18 months, subject to semi-annual reviews, extendible
Security	GSA, Guarantee from publicly traded parent company
Seniority	1st
Finance Covenants	Monthly Revenue and Cash Flow
Realized Return*	35%
Unrealized Return*	None; Loan Repaid May 2021

## Borrower Overview:

- Energy drink approved in Canada. It is currently a wholly owned subsidiary of a publicly traded Bio Tech company and intends to sell its assets in 2021. Their products are currently sold in 1,650 stores

## Capital Protection:

- GSA and unconditional guarantee from publicly traded parent company

## Transaction Description

- Senior Secured Facility for up to \$3mm
- Coupon 15%, closing fees, convertible to equity

## Rationale:

- Proven and committed management team
- Significant upside potential due to opportunity to increase gross margins by onshoring manufacturing and to increase sales through new CEO's network
- Limited downside risk to principal: senior secured lender with multiple exit plans

\*As of May 31, 2021

# Sample Transaction – Loan 3

Industry	Mining
Location	Australia
Loan Type	Tranched Senior Secured Convertible Facility
Currency	CAD
Issue Date	September 2018
Term	24 months, subject to semi-annual reviews, extendible
Security	PP&E, IP, Corporate Guarantee, GSA, Notarial Bond
Seniority	1st
Finance Covenants	EBITDA, Revenue, Market Cap
Realized Return*	44%
Unrealized Return*	None; Loan Repaid December 2020

## Borrower Overview:

- Emerging lithium development company focused on building a large scale mining operation in close proximity to existing deposits.

## Capital Protection:

- Corporate Guarantee, GSA, locked shares, Notarial Bond, blocked accounts confession of judgement

## Transaction Description

- Senior secured convertible facility up to \$10mm
- Coupon 12% with a 20% discount to face value, Closing fees, convertible to equity

## Rationale:

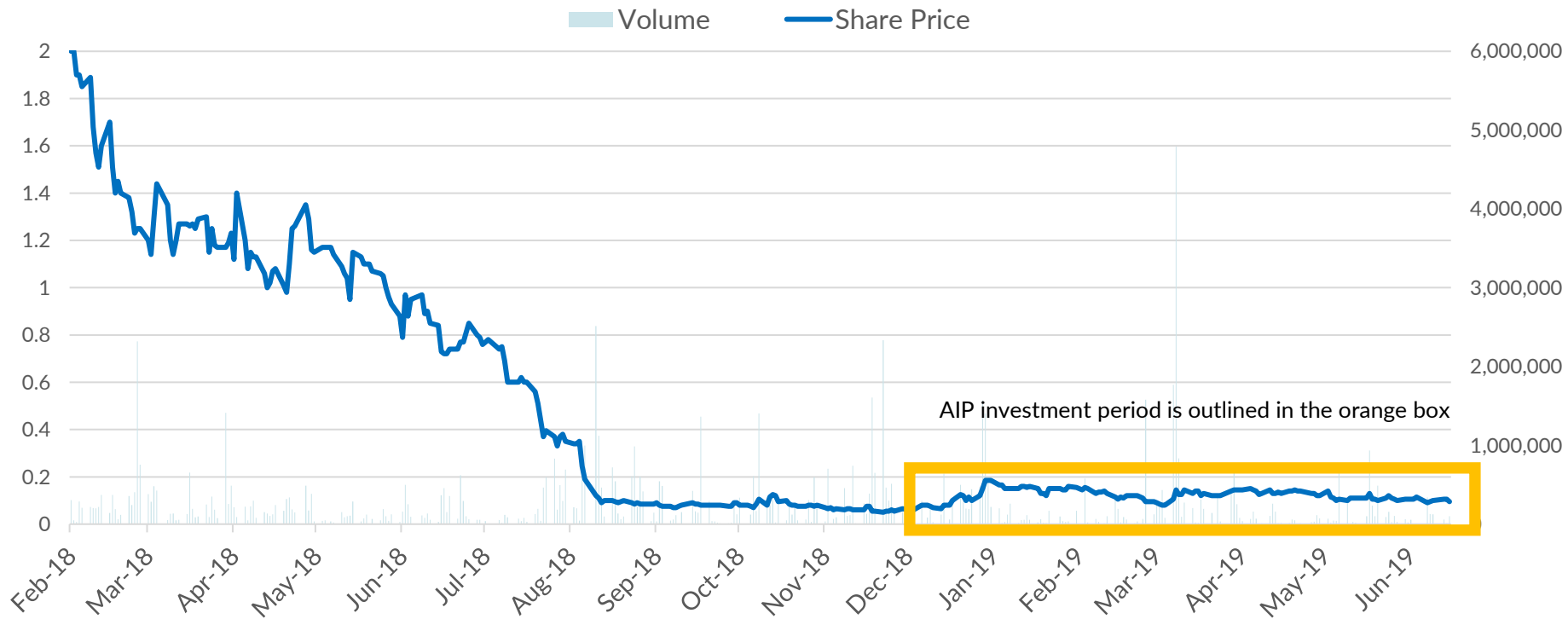
- Proven and committed management team and board of directors
- Significant upside potential due to M&A prospects and potential additional offtake agreements
- Industry has high growth potential with multiple tailwinds
- Projects are located in a mining friendly jurisdiction, and are suitable for advanced processing methods
- Limited downside risk to principal: senior secured lender with multiple exit plans

\*As of January 20, 2021

This information is presented solely for illustrative purposes.

# Sample Transaction – Loan 3

## DLI Share Price from RTO to M&A Completion



Source: Bloomberg

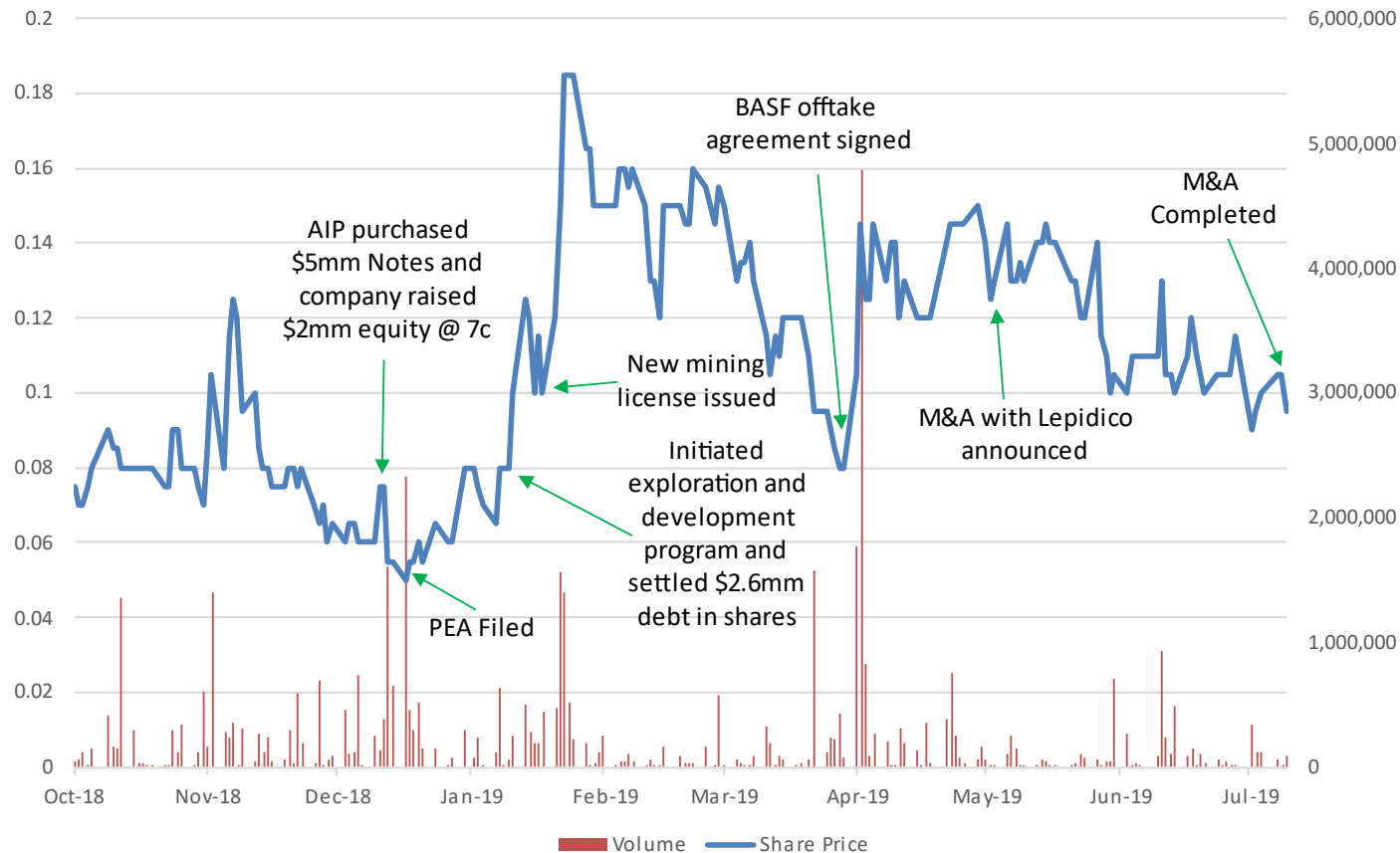
This information is presented solely for illustrative purposes.

# Sample Transaction – Loan 3

## DLI Share Price Performance during the AIP Investment Period

- Despite lithium prices declining by 15% during this period, AIP was able to stabilize the company and arrange M&A.
- 44% realized return and AIP generated significant alpha







### DLI Share Price and Volume- TS to M&A Completion



Source: Bloomberg, Company Reports, News Releases, SEDAR  
This information is presented solely for illustrative purposes.



## Exit of Issuer #19: Copper Mountain Mining Corporation

Copper Mountain Mining Credit Metrics		AIP Investment Memo Summary	
Total Loan/AIP Advance	C\$294mm/0.7mm		Completion of Due Diligence
Pre-Closing Credit Score	7.1		Investment Committee Review and Approval
Total Collateral at Closing	C\$961mm		Loan Monitoring Agent Review and Recommendation
LTV	28%		High Internal Credit Score at Funding
Secured Debt/ 2023E EBITDA	2.9x		Excellent Liquidity for Private Debt
Market Cap	C\$388mm		Accretive to Portfolio Returns Immediately
Entry Price	\$95		
Exit Price	\$101		

### Investment Thesis

- Copper Mountain provided the Fund with greater sector diversification and the opportunity to earn an above average total return usually associated with higher risk loans.
- Last October, the Company announced the sale of its wholly-owned Eva Copper Project in Australia to Harmony Gold Mining Company Limited (NYSE: HMY) for up to US\$230 Million (US\$170M cash on closing). On November 28, 2022, CMMC received Bondholder approval for the sale of its Australian assets subject to proceeds from the sale to be used to partially repurchase US\$87 million of the US\$250 million senior secured bonds outstanding (=35% of total).
- **Undervalued small cap copper mining company with a very strong off-take partner with low credit risk in a stable jurisdiction.**

# Loan Update Credit Summary: Copper Mountain Mining Corporation (Issuer #19)

Update April 2023

On April 13, 2023 Hudbay Minerals Inc. (HBM:TSX) announced that it entered into a definitive agreement to acquire Copper Mountain Mining Corporation (CMMC:TSX) in an all share US\$439M transaction. The combination will create the third largest producer in Canada based on 2023 estimated copper production.

**As a reminder, the Fund established a position in the US\$250 million 8% Senior Secured Notes in June 2022 which at the time had a yield to maturity of 9.6% and was purchased at about 95 (discount to par).** Closing of the proposed transaction is expected in Q3 2023 and is subject to regulatory approvals of the Supreme Court of British Columbia, the approval of at least two-thirds of CMMC shareholders, receipt of the required regulatory approvals, simple majority of HBM shareholders and other customary conditions of closing.

The proposed transaction confirms our investment thesis on CMMC in that this relatively undervalued small cap company would eventually be an attractive takeover candidate given its: 1) operations are located in politically stable jurisdictions, 2) solid near- and medium-term growth prospects driven by global copper demand and further expansion of the flagship Copper Mountain mine, and 3) strong profitability.

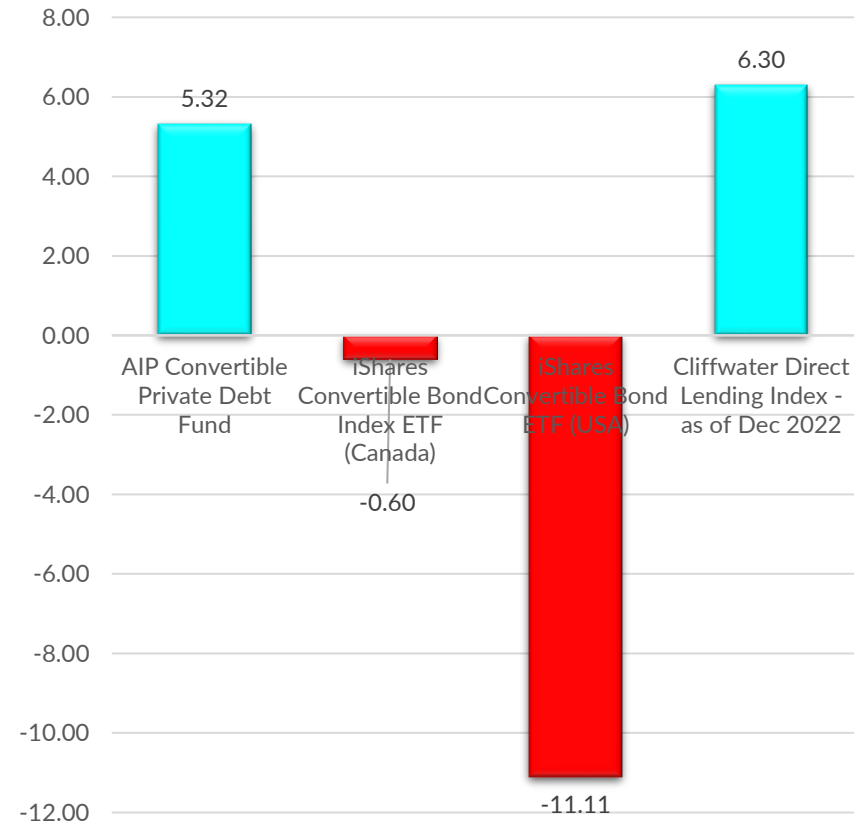
**Investment Implications:** Upon the occurrence of a change of control, Bondholders' have the right to require CMMC to make an offer to each holder of Notes to purchase such holder's Notes at a purchase price in cash of at least 101% of the aggregate principal amount of the Notes repurchased. The bond's price has since traded up to those levels and consequently we took the opportunity to sell the vast majority of our position thereby providing the Fund with a definitive exit.

**Holding period Return of 18.9% (about a 10-month holding period). Return attribution: 37% from interest income and 63% upside.**

## AIP vs Traditional Benchmarks

	March 2023 Return	1Yr CAGR ending Mar.	3Yr CAGR	5Yr CAGR	7Yr CAGR	CAGR since AIP Inception
<b>AIP Convertible Private Debt Fund</b>	<b>0.44%</b>	<b>5.32%</b>	<b>9.38%</b>	<b>13.94%</b>	<b>15.41%</b>	<b>28.74%</b>
iShares Convertible Bond Index ETF (Canada)	1.13%	-0.60%	8.69%	2.91%	3.67%	3.52%
iShares Convertible Bond ETF (USA)	-0.31%	-11.11%	15.30%	9.53%	11.43%	N/A (2015 Inception)
Cliffwater Direct Lending Index	N/A	6.30%	8.13%	8.28%	8.75%	8.48%

### AIP Outperforms Traditional Indexes – 1 Yr CAGR Return

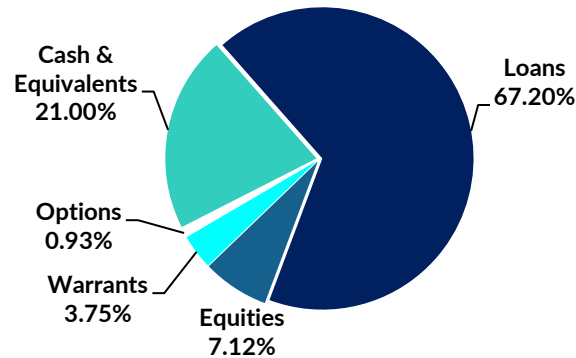


\*Return Figures as of March 31, 2023. Cliffwater Direct Lending Index as of December 31, 2022; its latest update.

# Review of AIP Asset Management – Portfolio Composition

Portfolio holdings of the AIP Convertible Private Debt Fund LP (as of Mar 31, 2023)

## Asset Breakdown



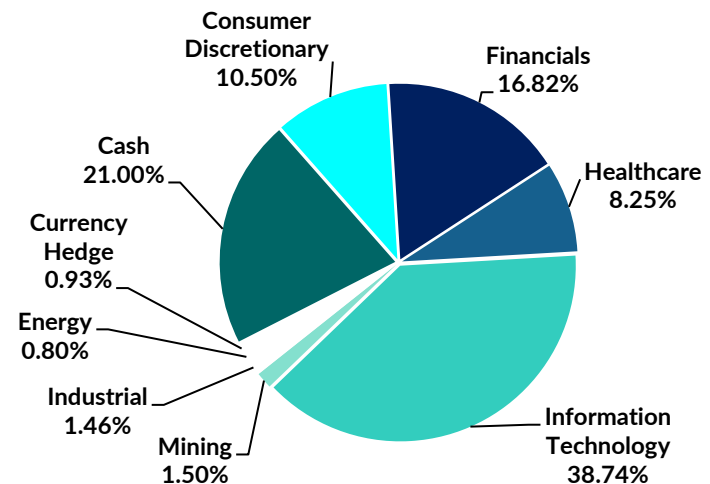
## Outlook for H1/2023:

- Will maintain 10% to 15% in cash or liquid investments while the market continues to be volatile.
- Continue to invest cash opportunistically and increase loans to 25 to 30 positions in the next 2 quarters to increase diversification and reduce risk.

## Currency Breakdown (includes Cash)

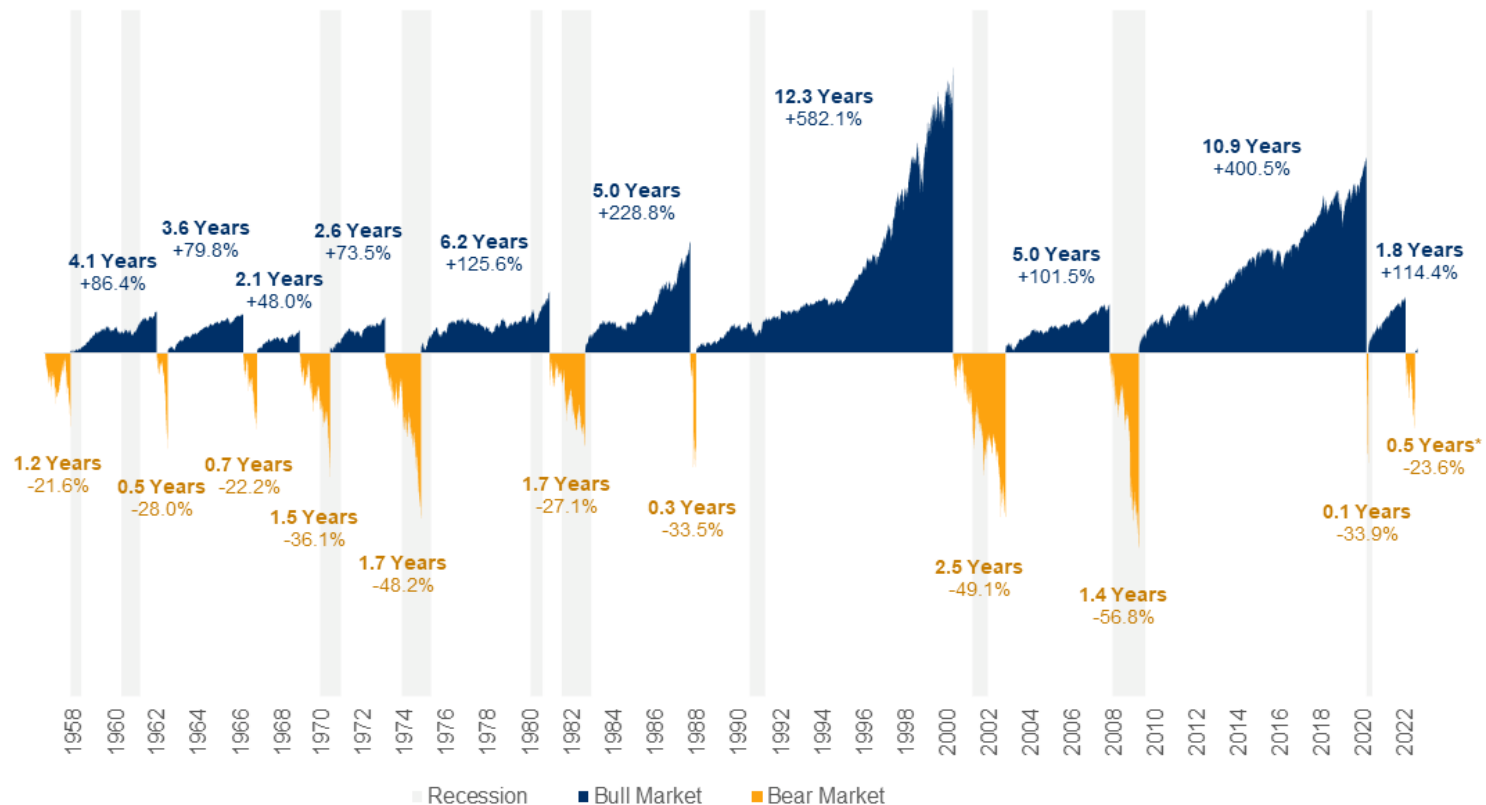


## Sector Breakdown



## 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.

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## 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, 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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# Appendix

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# Recent Awards and Recognition

## Canada and North America Awards

- Alt Credit US Performance Awards (2021), AIP Convertible Private Debt Fund LP wins Best High Yield Fund
- Canadian Hedge Fund Awards (2021), AIP Convertible Private Debt Fund LP took home one 1st place award, two 2nd place awards and one third place award in the Global Macro/Managed Futures/Multi-Strategy category
- Canadian Hedge Fund Awards (2020), AIP Convertible Private Debt Fund LP took home three 1st place awards and two 2nd place awards in the Global Macro/Managed Futures/Multi-Strategy category
- Canadian Hedge Fund Awards (2019), AIP Convertible Private Debt Fund LP (formerly AIP Macro Fund LP), took home all three awards (1, 3- & 5-year Return) in the Private Debt category



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# Disclaimer

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The AIP Convertible Private Debt Fund LP is generally exposed to the following risks. See the offering memorandum of the Fund for a description of these risks: marketability and transferability of units; investment and trading risks in general; hedge risks; Reliance on Advisor; No Assurance of Return; Tax Liability; Performance Amount; Possible Loss of Limited Liability; Funding Deficiencies; Income; Possible Effect of General Partner Distributions; Not a Public Mutual Fund; Potential Conflicts of Interest; Use of Borrowed Funds; Possible Effect of Redemptions; Charges to the Partnership; Lack of Independent Experts Representing Limited Partners; No Involvement of Unaffiliated Selling Agent; Custody Risk; Broker or Dealer Insolvency; Trading Errors; Changes in Investment Strategy; Valuation of the Partnership’s Investments; Potential Indemnification Obligations; Litigation; Possible Negative Impact of Regulation of Hedge Funds.

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# Disclaimer

## Forward-Looking Statements

This presentation contains forward-looking statements which reflect the current expectations of management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this document. These factors should be considered carefully and undue reliance should not be placed on these forward-looking statements. Although the forward-looking statements contained in this document are based upon what management currently believes to be reasonable assumptions, there is no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this presentation and AIP Asset Management Inc. does not assume any obligation to update or revise.

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