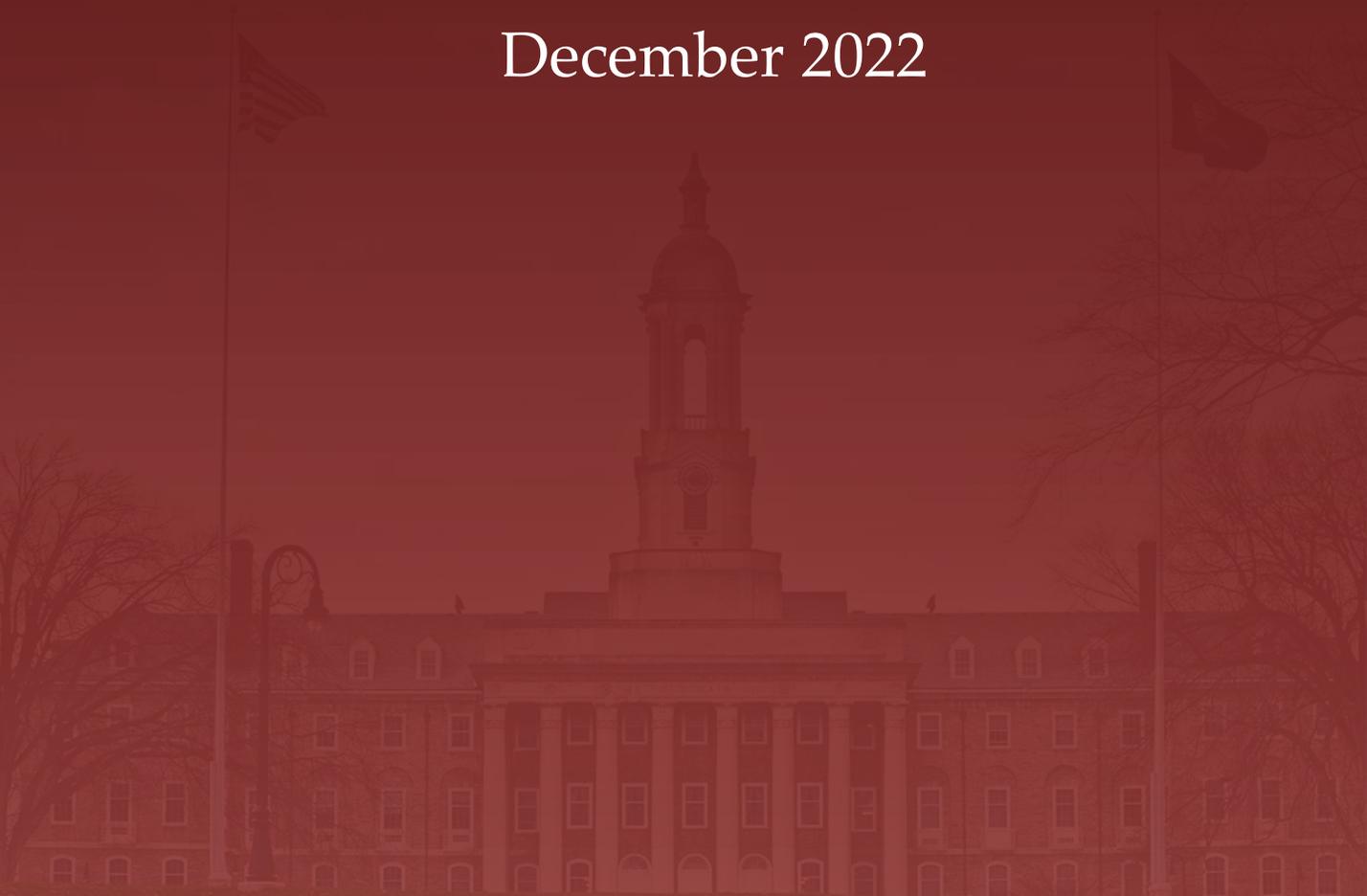


Leveraged Lion Capital Monthly Report

December 2022



LLC Updates

In the month of December, Leveraged Lion Capital Lead and Associate Analysts continued solo presentations. Solos serve as a culmination of associates' learning and development over the course of the Fall semester, allowing them to present material and field questions by themselves in front of the entire organization. First-semester associates presented high-yield debt pitches while returning associates and lead analysts presented either an LBO pitch or a Relative Valuation for two high-yield debt securities.

On December 9th, LLC hosted the Cowen Investment Banking recruiting team in class to teach the organization more about the firm and to give updates on their recruiting timeline. Portfolio Managers were also able to schedule coffee chats with members of the Cowen team to gain further insight.

The Spring 2023 Associate class completed the newly created New Associate Training Program. Incoming Associate Analysts learned how to navigate the Wall Street networking process, build a 3 statement financial model, and utilize software such as Bloomberg and FactSet.

Special Thank You to our Outgoing Exec!

2023 Executive Board

President	Chase Adler
Vice President	Tishe Olaleye
CIO	Emily Hu
Secretary	Rohith Bodduluri
Treasurer	Charles Qu

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Thank You to Our Sponsors:



S&P Global



Alumni Spotlight: Ethan Laster '22

1. When were you a member of LLC and what positions did you hold?

I was a member from Spring 2019 to Fall 2021 and Associate of Materials, Lead of IT, Director of PAG, Director of Distressed Credit, and Chief Investment Officer.

2. How did LLC help prepare you for your career?

The three biggest ways that LLC helped prepare me for my career were through surrounding me with a group of people that were better than me, creating an environment that encouraged discipline / consistency, and teaching me the technicals that helped me stand out in getting a job. You become the average of the people that you spend time around, so with LLC constantly surrounding me with people that I could learn so much from in every way I was able to grow into a much better person than I ever would have been without them. Waking up for a 9am every M/W/F definitely sucks when you just want to sleep in after the late night before, but having that rigid consistency (along with all of the other work that goes into LLC), you figure out over time how to get yourself to do things that you don't want to do but know that you should. With technicals, if you really try to learn what you're doing beyond putting words on a slide and numbers in a model, you create such a solid foundation for all of the things you'd need to know on the job and so much more.

3. What advice would you give to the new members of LLC?

Care and be humble. You get out of LLC what you put in, so if you show up to class with the mindset that you're here to push yourself and get the most out of this amazing organization, you'll go ten times further than you would have if you had just gone through the motions. Humility is also a huge point I think not only helps you get further in life and in your career; realizing that everything has so much to offer you that you didn't know already is crucial as a new associate.

4. What advice would you give to current LLC members for their internships this summer?

Always have something to take notes on wherever you are and give your full attention. Taking notes when someone is talking not only helps you remember exactly what you need to do, but also gives a positive impression to whoever is in the room when you're taking notes. Small details can sometimes mean much more than you'd think, so devoting your full attention to whatever it is that you're working on – listening in on a call, working in Excel, even arranging logos – is something that you should always be doing.

Ethan is an RX Analyst at Houlihan Lokey. He graduated from Penn State in 2022 with a bachelor's degree in Mathematics. During his time at Penn State, Ethan served as Associate of Materials, Lead of IT, Director of PAG, Director of Distressed Credit, and Chief Investment Officer. He interned at Houlihan Lokey during the summer of 2021, where he returned full-time beginning July 2022.

Leveraged Loan & HY Bond News

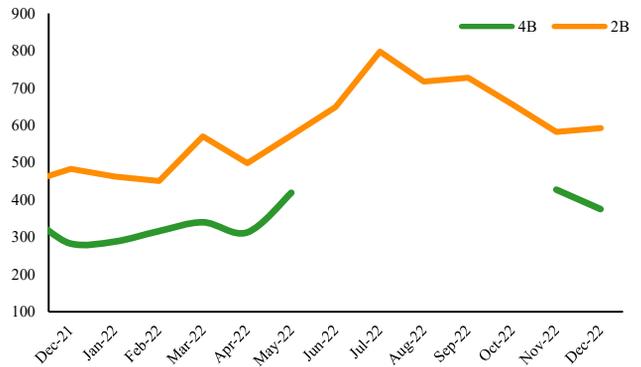
Leveraged loans gained 0.36% during the month of December, but still short of High Yield's return of 1.17%. This month saw gross issuance ease to \$18.40 bn, a 21.70% decrease from November's \$23.50 bn, mainly driven by refinancings and extensions, but increasing recession fears remained dominant. Net new issuance diverged from gross issuance, taking a surprising turn to \$5.84 bn, a 46.00% increase. Both gross and net issuance remain muted in comparison to the same period last year. CLO issuance dropped this month due to a seasonal slowdown, with 11 deals totaling to just \$4.66 bn. Loan mutual fund outflows deepened to \$3.60 bn, a 63.63% increase from \$2.20 bn in November. Markets remained slow as the year closed, but repayments and amortization were on the rise, reaching \$4.90 bn and \$3.50 bn, respectively.

High-yield returns recovered to positive territory at 1.17% but still ended the year at a disappointing total of (11.22%), an appropriate representation for the struggles that the secondary market faced in the past year with rising rates and inflation. Total return for 4Q22 came out to 3.98%, the only quarterly gain for the past year. High-yield volume for the year plunged to \$105.00 bn, a record 77.00% decline from the previous year and a result of 8 full weeks without a single issuance.

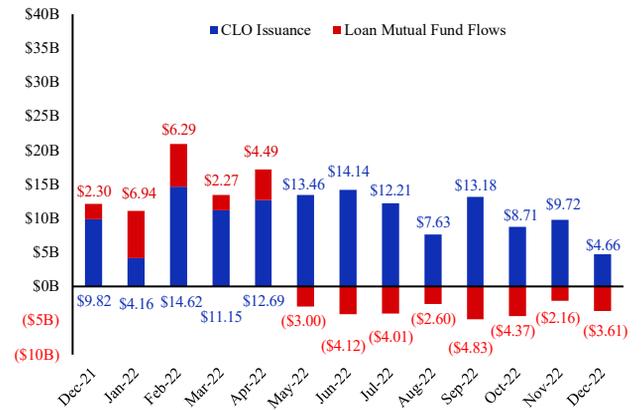
CIO Commentary

For the month of December 2022, Leveraged Lion Capital's leveraged loan portfolio returned (0.09%) nominally, an underperformance to the LSTA 100 Index of 0.60%. Additionally, Leveraged Lion Capital's high yield bond portfolio returned (1.29%) nominally, an underperformance to the HY Index of 0.30%. Our loan holdings outperformed our bond holdings this month after additional rate hikes and increasing recession fears.

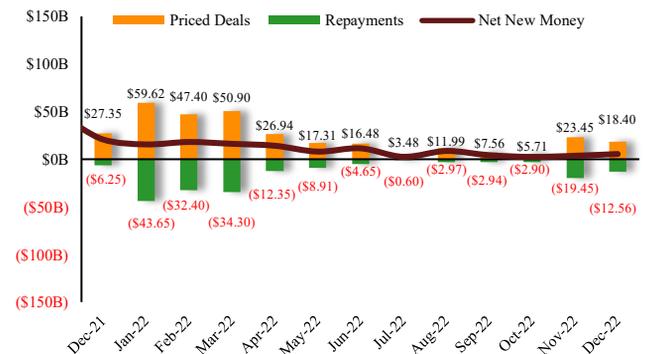
Regular Way Deal Pricing



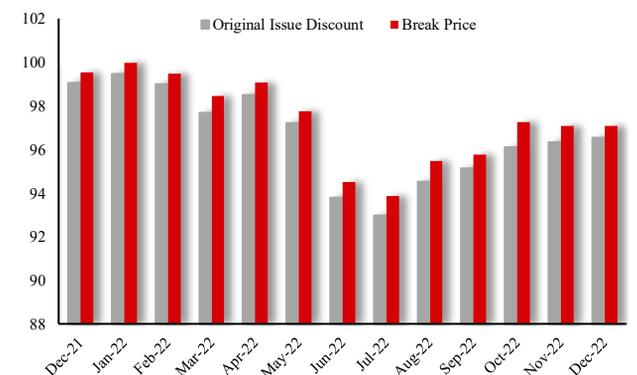
CLO/Mutual Fund Flows



Net New Money



Break vs. Issue Price



New-Issue Market Trends

No deals flexed higher for the second month in a row, another discouraging sign for issuers. While certain borrowers received some flexibility, many deals launched on extremely conservative terms. Well-rated deals received heavy demand, with double-B rated loans printing tighter on average in December than the previous month at a spread of S+375. For single-B rated loans, all-in spreads widened from November, sitting at S+593 and reflecting the variety in deals.

Credit/Documentation Trends

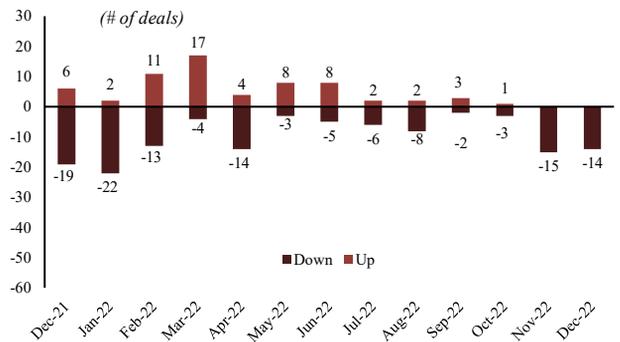
Limited issuance and the market's bias toward opportunistic deals from public borrowers meant that December did not see much covenant flex activity. The average Documentation Score for all loans tightened slightly to 3.56, its most protective level since 3Q20. Loans with asset-sale step-downs increased to 43.00% from 20.00% in the previous quarter, and the percentage of loans clearing with MFN sunsets dipped to 44.00% from 75.00%. Deals with uncapped EBITDA adjustments spiked to 33.00% from only 8.00% in the third quarter to provide additional flexibility for borrowers.

Default Statistics

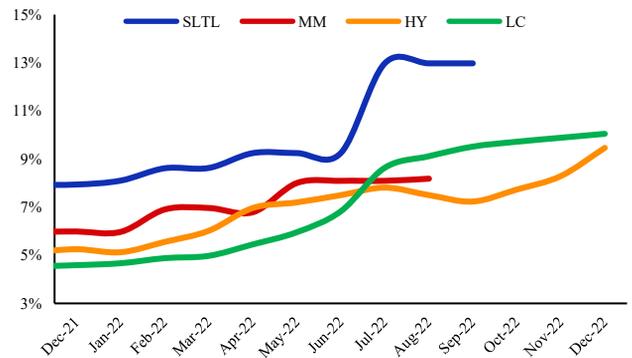
The TTM default rate ended the year at 1.60%, a 1.00% increase from the previous year's 0.60%. The percentage of market bid below 90 closed at 19.00% in December, a slight movement from November's 18.00% but a significant jump from 4.00% a year earlier. CS Index loans rated triple-C remained at a 16-month high of 5.78%, as 10 issuers were added the Fitch's Top Market Concern loans at the end of the year.

Data and charts used in the December CIO Commentary (pages 3 & 4) were directly retrieved from the LevFin Insights December Monthly Report, the Loan Syndications and Trading Association (LSTA) "December Secondary Market Monthly," Covenant Review, Fitch Ratings, and Thomson Reuters Lipper for educational purposes only. Data and charts for the Monthly Charts and Portfolio Analytics Report (located on page 7) were directly retrieved from Bloomberg, the LSTA, and S&P Global for educational purposes only. Leveraged Lion Capital is not associated with any of the aforementioned organizations and does not take credit for data and charts used in this report. No copyright infringement intended.

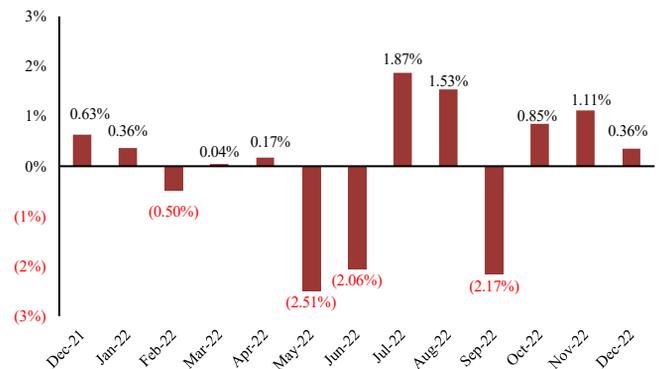
Flex Activity



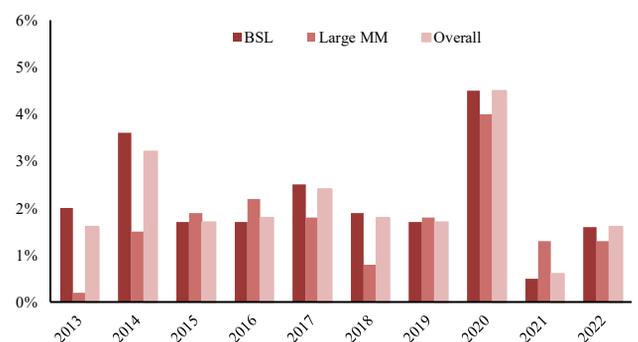
New-Issue Yield to Maturity



Monthly Returns



Default Rates



Sector Summaries

Consumer & Retail*Lead Analyst: Max Aurilio*

Consumer and Retail returned (2.26%) nominally this month. The Sector's best performing holding this month was Energizer Holdings, trading up (0.97%) nominally. Energizer beat on 4Q22 earnings and revenue estimates. The Sector's worst performing holding this month was G-III Apparel Group, returning (3.27%) nominally. G-III released poor 3Q22 earnings with an EPS miss of (26.67%) as well as negative guidance for 2023. The sector will continue monitoring unemployment data as the December 2022 unemployment rate came in at 3.50%, the lowest rate since before the pandemic.

Energy & Utilities*Lead Analyst: Ivan Sosa*

Energy returned (1.12%) nominally this month. The Sector's best performing holding this month was Weatherford International's 2028 Senior Unsecured notes, returning 0.97% nominally, as the company has shown a strong ability to utilize their hedging against constantly fluctuating oil prices. The Sector's worst performing holding this month was Genesis Energy's 2027 Senior Unsecured notes, returning (2.37%) nominally. Genesis Energy continues to increase dividends thus driving away interest from some debt investors. The Sector will continue to monitor the volatile price of crude oil and the geopolitical decisions made by governments, such as the refilling of the U.S. petroleum reserve.

Healthcare*Lead Analyst: Luke Zoll*

Healthcare loans returned 0.15% nominally this month and bonds returned 0.78% nominally. The Sector's best performing holding this month was HealthEquity's 2029 senior secured note trading up 0.78% nominally. HealthEquity is expecting health savings accounts to be about 8.00 mm by January 31, up 11.10% YoY. The Sector's worst performing holding this month was RadNet's 2028 1L Term Loan B, returning 0.15% nominally. RadNet is making headway in its mammography segment, getting cleared for a new breast tissue density AI software. The sector will be monitoring higher costs and labor tensions across the sector amid a poor outlook for the sector released by Fitch.

Industrials*Lead Analyst: Nihar Kalikota*

The Industrials Sector returned 1.06% nominally this month. The Sector's best performing holding this month was Danaos Corporation's Senior Unsecured Notes, trading up 1.30% nominally. The market reacted positively when the Company announced that it repurchased \$37.23 mm of its Senior Unsecured Notes. The Sector's worst performing holding this month was Tutor Perini's Senior Unsecured Notes, returning 0.65% nominally. The market reacted positively due to the Q3 2022 earnings in which positive cash flow of \$76.20 mm was reported. The Sector will be following the United Kingdom Manufacturing Production Numbers in the upcoming month.

Sector Summaries

Information Technology*Lead Analyst: Peyton Brezski*

Information Technology loans returned (0.36%) nominally this month and bonds returned 0.53%. The Sector's best performing holding this month was Consensus Cloud Solutions' 2028 Senior Unsecured Bond, trading up 0.53% nominally. The bond benefitted from the slowing pace of rate hikes and November's Q3 earnings which saw Consensus reporting their most profitable quarter thus far in 2022 due to greater demand from corporate customers. The Sector's worst performing holding this month was AppLovin's 2025 TL B, returning (0.63%) nominally. The market is still digesting the Q3 earnings that saw revenue decline 2.00% YoY driven by a 24.00% decline in revenue from leading apps. The sector will be monitoring the ISM Manufacturing PMI in early January, as well as any announcements regarding Macom's Q1 earnings which are expected to come in late January.

Materials*Lead Analyst: Nick Skiadas*

Materials returned (0.37%) nominally this month. The sector's best performing holding this month was U.S. Steel Senior Unsecured Notes, returning 0.94% nominally. The market reacted positively to the Company's announcement of a new collective bargaining agreement with United Steelworkers. The sector's worst performing holding this month was Kaiser Aluminum Senior Unsecured Notes, returning (1.42%) nominally. The Company announced an increase to its quarterly dividend payment and noted complications in their supply chain in their year end sustainability report. The sector will monitor upcoming earnings releases in January for U.S. Steel and Kaiser Aluminum.

Media & Communications*Lead Analyst: David Harris*

The Media and Communications sector bonds returned (3.51%) nominally this month. The Sector's best performing holding this month was Tegna Inc.'s Secured Bond, trading up 0.40% nominally. The company is set to be acquired by Standard General in 2023, boosting expectations. The Sector's worst performing holding this month was LogMeIn Inc.'s Secured Bond, returning (7.51%) nominally. The company is owned by a PE firm and has traded down significantly over the last year. The sector will be utilizing the recent CPI data to determine the subsectors that should be focused on for pitch purposes.

REGAL-FIG*Lead Analyst: Daniel Alpert*

REGAL-FIG loans returned 0.29% nominally this month and bonds returned (1.14%) nominally. The Sector's best performing holding this month was Virtu Financial's Term Loan B, trading up 0.38% nominally. Virtu has continued to be a steady performer within the REGAL-FIG sector and the sector will monitor its recently announced earnings report date on January 26th. The Sector's worst performing holding this month was Hilton unsecured notes, returning (1.52%) nominally. Hilton was just recently downgraded from a "buy" rating to a "hold" rating by Jefferies Financial Group. The sector will continue to monitor the poor economic data that has continued to come out of the real estate market. However, the sector has started to see a few positive trends, such as the median prices of houses decreasing and the consumer monthly confidence index has increasing for the first time in six months.

Portfolio Analysis

CURRENT HOLDINGS (as of 12/30/2022)

Company Name	Sector	Maturity	LIBOR Spread	Yield at Int. Pmt.	Buy-In Amount	Opening Price ¹	Closing Price	Facility Rating ²	Dec Return (%)
G-III	Consumer	8/15/2025	7.88%	8.76%	\$6,631.82	\$97.37	\$93.51	Ba3/BB-	-3.27%
Energizer	Consumer	3/31/2029	4.38%	5.52%	\$6,000.00	\$86.09	\$84.86	B1/B+	-0.97%
Antero Midstream	Energy	3/01/2027	5.75%	6.28%	\$1,337.10	\$96.85	\$94.38	NR/NR	-2.04%
Genesis Energy	Energy	1/15/2027	8.00%	8.91%	\$1,302.29	\$97.34	\$94.33	B1/B	-2.37%
NGL Energy Partners	Energy	2/01/2026	7.50%	8.03%	\$716.26	\$91.05	\$89.13	B3/CCC+	-1.45%
Weatherford International	Energy	9/15/2028	6.50%	6.47%	\$1,383.51	\$97.58	\$97.99	NR/B	0.97%
HealthEquity	Healthcare	10/01/2029	4.50%	5.19%	\$3,706.91	\$87.87	\$88.17	B1/BB-	0.78%
RadNet	Healthcare	4/23/2028	L + 325	3.30%	\$3,710.00	\$97.69	\$97.56	WR/B	0.15%
Tutor Perini	Industrials	5/01/2025	6.88%	8.17%	\$4,865.77	\$87.67	\$87.65	B2/B+	0.65%
Danaos Corp	Industrials	3/01/2028	8.50%	8.68%	\$7,000.00	\$95.46	\$96.01	B1/BB	1.30%
AppLovin	IT	8/15/2025	L + 325	3.28%	\$5,000.00	\$97.44	\$96.56	Ba2/B+	-0.63%
Consensus Cloud Solutions	IT	10/15/2028	6.50%	11.58%	\$5,040.33	\$92.13	\$91.73	B2/B+	0.53%
Digi International	IT	12/22/2028	L + 500	8.14%	\$5,153.90	\$99.56	\$98.94	B2/B+	0.05%
Mercer International	Materials	2/01/2029	5.13%	12.27%	\$4,910.00	\$86.01	\$84.24	Ba2/B+	-1.07%
First Quantum Minerals	Materials	4/01/2025	7.50%	14.93%	\$4,910.00	\$99.19	\$97.76	WR/B+ *	-0.22%
U.S. Steel	Materials	3/01/2029	6.88%	7.18%	\$5,000.00	\$97.22	\$97.55	Ba3/BB-	0.94%
Kaiser Aluminum	Materials	3/01/2028	4.63%	4.71%	\$5,000.00	\$88.95	\$87.35	Ba3/BB	-1.42%
LogMeIn	M&C	9/01/2027	5.50%	10.21%	\$8,000.00	\$59.10	\$54.20	B3/B	-7.51%
MicroStrategy	M&C	6/15/2028	6.13%	6.86%	\$2,000.00	\$78.39	\$72.92	B3/CCC+	-6.45%
Tegna	M&C	9/15/2029	5.00%	5.25%	\$6,000.00	\$94.60	\$94.57	Ba3 /BB *	0.40%
Townsquare Media	M&C	2/02/2026	6.88%	7.24%	\$6,000.00	\$93.30	\$89.81	B2/B	-3.17%
Virtu Financial	REGAL-FIG	1/13/2029	L + 300	2.99%	\$2,148.86	\$97.50	\$97.63	NR/BB+	0.38%
Walker & Dunlop	REGAL-FIG	12/16/2028	L + 225	2.09%	\$1,453.94	\$99.81	\$99.81	Ba1/BB	0.17%
Hilton	REGAL-FIG	5/01/2029	3.75%	4.38%	\$3,287.04	\$88.63	\$86.97	NR/BB+	-1.52%
LGI Homes	REGAL-FIG	7/15/2029	4.00%	4.76%	\$1,334.46	\$76.97	\$76.53	Ba2/BB-	-0.17%

SECTOR ANALYSIS

Sector Analysis	Loans	LSTA 100 ³	Relative	Bonds	LLC HY ³	Relative
Consumer & Retail	0.00%	0.23%	-0.23%	-2.26%	-0.45%	-1.82%
Energy	0.00%	0.25%	-0.25%	-1.12%	-0.47%	-0.65%
Healthcare	0.15%	-0.60%	0.75%	0.78%	1.14%	-0.37%
Industrials	0.00%	-0.02%	0.02%	1.06%	0.05%	1.01%
IT	-0.36%	0.39%	-0.75%	0.53%	-0.74%	1.27%
Materials	0.00%	-0.41%	0.41%	-0.37%	0.78%	-1.15%
Media & Communications	0.00%	0.88%	-0.88%	-3.51%	-1.69%	-1.82%
REGAL-FIG	0.29%	0.42%	-0.13%	-1.14%	-0.80%	-0.33%
Total	-0.09%	0.52%	-0.60%	-1.29%	-0.99%	-0.30%

PORTFOLIO OVERVIEW

LLC Portfolio (beginning 1/1/2018)

Beginning Portfolio Value	\$124,854.79
Current Portfolio Value	\$79,840.32
Cash Balance	\$57,354.00

LLC Portfolio (YTD)

Beginning Portfolio Value	\$146,327.49
Current Portfolio Value	\$79,840.32
Cash Balance	\$57,354.00

RELATIVE PERFORMANCE

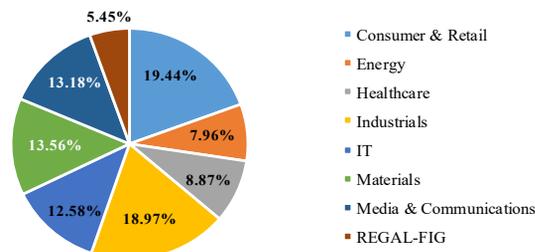
December 2022 Performance

Leveraged Lion Capital	-0.09%
LSTA 100 Index	0.52%
LLC vs. LSTA 100	-0.60%
LLC HY	-0.99%
LLC vs. LLC HY	-0.30%

YTD Performance

Leveraged Lion Capital	-6.24%
LSTA 100 Index	-0.76%
LLC vs. LSTA 100	-5.48%
LLC HY	-16.35%
LLC vs. LLC HY	10.11%

PORTFOLIO BREAKDOWN



DECEMBER BEST PERFORMER



DECEMBER WORST PERFORMER



NOTES

¹ Opening prices for instruments added to the portfolio during the month are the price at market close on the day that the position was initiated, not necessarily the start of the month. ² Most recent available ratings. ³ Estimates for LSTA 100 and "LLC High Yield" index individual sector performance. For the most accurate measure of Leveraged Lion Capital's relative performance, please refer to Total figures.

Spring 2023 Organizational Overview

Leveraged Lion Capital is the nation's first student-run syndicated paper loan and high yield bond portfolio. Founded in Spring 2017 at the Pennsylvania State University, the organization aims to educate undergraduate students about the world of fixed income through the utilization of various resources and unique relationships with financial organizations and institutions, including Bank of America, the LSTA, and S&P Global Market Intelligence. Managing an approximately \$125 million paper portfolio, students seek to learn the fundamentals of credit analysis via a hands-on approach by researching, analyzing, and pitching U.S. leveraged loans and high yield bonds to the rest of the organization. The portfolio is divided into eight sectors that are derived from the S&P/LSTA 100 Index, consisting of Consumer & Retail, Energy, Healthcare, Industrials, Information Technology, Materials, Media & Communications, and REGAL-FIG (Real Estate, Gaming & Leisure, Financial Institutions Group).

Name	Position	Year	Gmail	PSU Email	Phone
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Chase Adler	President	2024	adlerc51@gmail.com	cra5317@psu.edu	610-462-7114
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