

BAI-Webinar „Ready for Takeoff – Aviation Finance in a Post-Pandemic World“

Speaker:

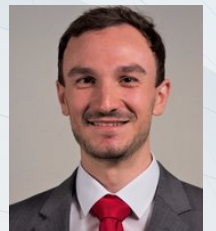
EnTrust Global: John Morabito: Senior Managing Director, Portfolio Manager

November 23, 2021

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- **BAI-Webinar:** „Auswirkungen des CRR 3-Entwurfs auf alternative Investments“
 - 08. Dezember 2021
 - 12:00 – 13:00
 - mit Jegor Tokarevich, SOF
- **Feedback Statement:** „Comments on CRR III regarding „Subordinated debt, equity and other capital instruments““

EnTrust Global



John Morabito, Senior Managing Director, Portfolio Manager

John Morabito is a Senior Managing Director at EnTrust Global and serves as the Portfolio Manager of the firm's Blue Sky Aviation strategy. Mr. Morabito joined the firm as a Managing Director in January 2018 with 17 years of prior experience in the industry. Before joining the firm, Mr. Morabito was Head of the Financial Institutions Group at CIT Group where he was responsible for the Commercial Aviation segment and managed a global team of 15 investment professionals. Mr. Morabito holds a BA in Finance from the University of North Carolina at Chapel Hill.

EnTrust Global

**Ready for Takeoff – Aviation Finance in
a Post-Pandemic World**

23rd November 2021

John Morabito

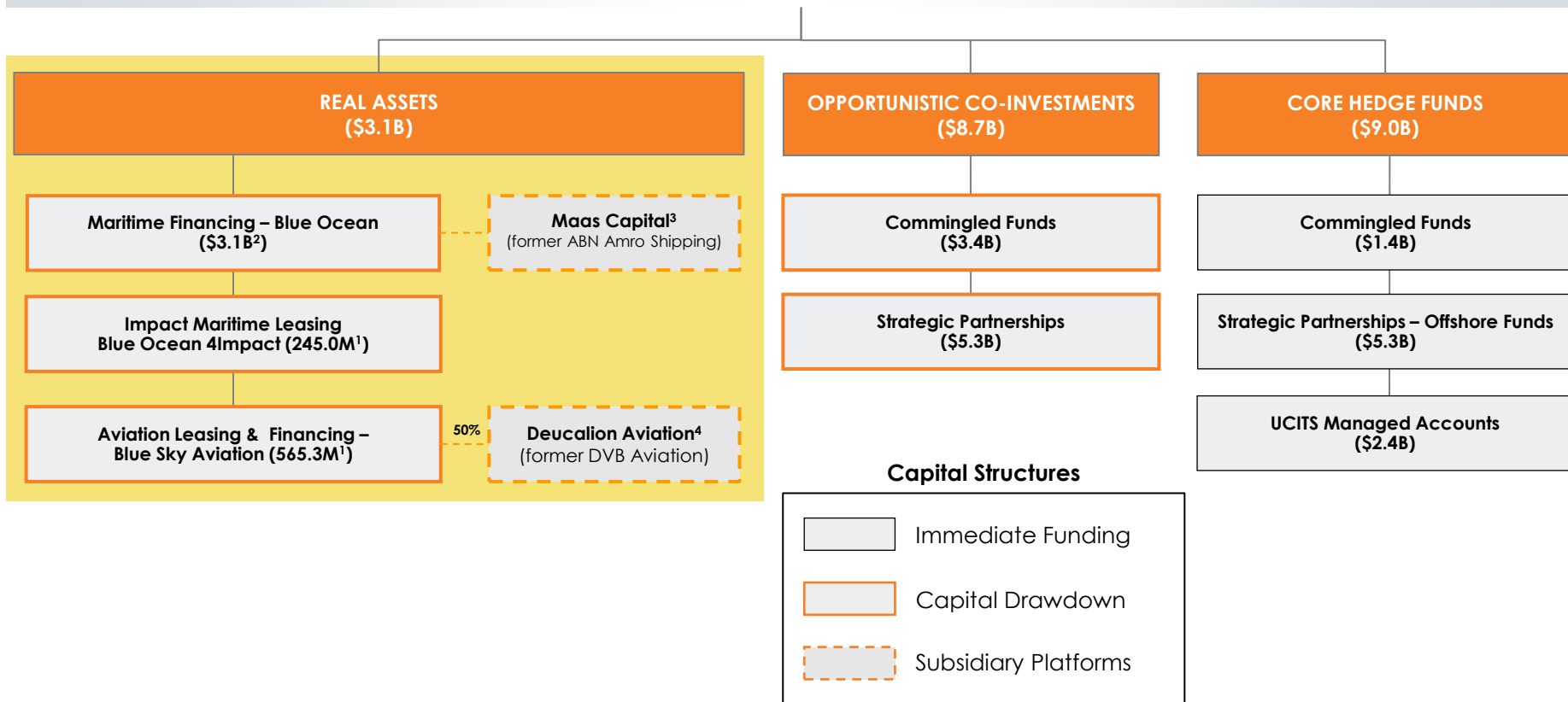
Portfolio Manager, Blue Sky Aviation

Introduction to EnTrust Global

EnTrust Global Total Assets

EnTrust Global

Commitments: \$19.7 Billion¹



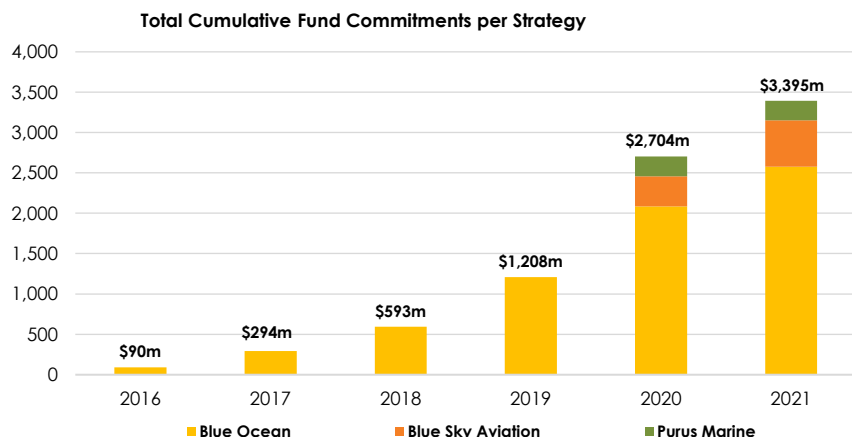
¹As of June 30, 2021; may be based on estimates and includes assets under advisement and \$760.3 million of mandates awarded but not yet funded. ²As of June 30, 2021; includes \$123.0 million of mandates awarded but not yet funded. ³Certain of the Firm's Strategic Partnerships invest in the Real Assets strategies. Assets associated with these investments are included in the total assets shown for both Strategic Partnerships and Real Assets, but only once for purposes of the Firm's Total Assets. Includes only commitments raised for strategy by EnTrust Global and does not include assets attributable to Maas Capital platform. ⁴The Maas Capital acquisition from ABN Amro Bank has been announced and is expected to be completed in Q3 2021. The acquisition of Deucalion Aviation Limited ("DAL") acquisition from DVB Bank was completed in June 2021. Blue Sky Aviation and SVP Global, a third-party fund manager, acquired Deucalion via a 50-50 joint venture.

Introduction to EnTrust Global

EnTrust Global Real Asset Platform – History & Growth

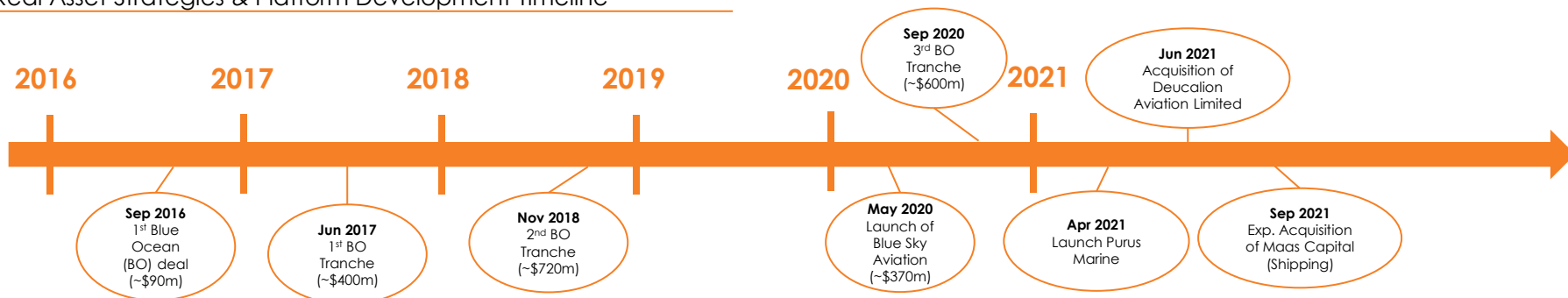
Growth of the EnTrust Global Real Asset Strategies

Total Cumulative Fund Commitments per Strategy¹



History of the EnTrust Global Real Asset Platform⁸

Real Asset Strategies & Platform Development Timeline



Depth of the EnTrust Global Real Asset Platform

Real Asset Platform Size¹

	Gross Invested Assets ²	Resources (FTE) ³	Main Location
EnTrust Global Real Asset Platform	\$2.0B	18 Dedicated (FTE)	New York, US
Deucalion Aviation Limited (formerly DVB Bank Aviation) ^{4,5}	\$5.0B	46 Dedicated (FTE)	London, UK
Maas Capital (formerly ABN AMRO Shipping) ^{5,6}	\$1.8B	6 Dedicated (TFE)	Amsterdam, NL
Global Real Asset Platform	\$8.8B	70 Dedicated⁷	Global

¹As of June 2021. ²Current gross asset value in dollars. Anticipated asset level metrics pending completion of expected transactions. Transactions set forth herein are pending, but have not yet been consummated. Completion of transactions is subject to definitive documentation and/or closing conditions Subject to change. Blue Ocean and Blue Sky Aviation figures as of June 30, 2021. Purus Marine includes August and September. ³As of June 30, 2021. For illustrative purposes and subject to change. ⁴The acquisition of Deucalion Aviation Limited acquisition from DVB Bank was completed in June 2021. Blue Sky Aviation and SVPGlobal, a third party fund manager, acquired Deucalion via a 50-50 joint venture. Asset size reflects total size of platform, including assets owned through JVs between Deucalion and third-party investors or partners, and assets serviced (but not owned) by Deucalion. ⁵Deucalion Aviation Limited and Maas Capital were acquired by EnTrust Global's Aviation and Maritime strategies, respectively, to further expand their investment and risk management capabilities. ⁶The Maas Capital acquisition from ABN Amro Bank is expected to be completed in Q3 2021. Asset size reflects total size of platform, including assets owned through JVs between Maas Capital and third-party investors or partners. ⁷Deucalion Aviation and Maas Capital employees are employees or contractors of their respective organizations and not employees of EnTrust Global. ⁸Additional committed capital raised through separated managed accounts.

Aviation Industry: Common Misconceptions

“Aviation is going away post-pandemic?”

We believe the Aviation Industry is here to stay, given its **systematic importance globally**:

1. A major contributor to global economic prosperity

The Covid-19 pandemic has had a enormous impact on the aviation industry, affecting passenger traffic, air cargo demand, airport workforce and incoming revenues.

While a large number of its actors are clearly hurting today, the industry itself is very unlikely to disappear as a whole. Since its beginnings in the early 20th century, **the industry has fully grown and matured to become an essential and systematically important global industry that has historically shown impressive resilience.**

Today the industry represents:

- **\$1 trillion of market value** based upon underlying real asset values
- **\$3.5 trillion global contribution (4.1%)** to Gross Domestic Product (GDP)
- **35% of the worldwide trade value** despite a volume of only 0.5%

2. A truly global industry with deep regional roots

Region	Jobs Supported	% Region Total Jobs	GDP Supported	% Region Total GDP
Africa	7.7m	1.9%	\$63 bn	3.7%
Asia-Pacific	46.7m	2.2%	\$944 bn	2.6%
Europe	13.5m	5.1%	\$991 bn	5.6%
Latin America & the Caribbean	7.6m	2.5%	\$187 bn	3.2%
Middle East	3.3m	2.2%	\$213 bn	6.0%
North America	8.8m	4.7%	\$1,100 bn	4.9%

Sources: World Bank, and Air Transport Action Group (ATAG), '2020 United Nation report on International Migration. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect.. For illustrative purposes only and subject to change.

3. Significant Essential Social Connections Provider

Another key component of the systematically important global role of the aviation industry relates to its essential contribution in maintaining lifelines and providing essential social connections globally.

- Providing **vital connections to populations and communities in remote** and otherwise difficultly accessible parts of the world
- **Crucial role in large scale emergency situations** (natural disasters, global pandemic, war, etc.)
- Ensure **essential social connections** by reuniting international families

4. An unrivalled keystone of modern global connectivity



Destination: Mumbai to Delhi (1,150 km)

Flight: approx. 2 hours (average cost of \$35) – one of the busiest air routes in the world (with 8.2 million passengers in 2019)

Train: 16 hours train (average cost of \$30)

Road (Bus): between 25 and 30 hours (average cost of \$25)



Destination: Hong Kong to Taipei (802km)

Flight: less than 2 hours (Average cost of \$300) – one of the busiest air routes in the world (with 8.0 million passengers in 2019)

Non-flight alternatives: min. 12 hours (average cost \$230) – implies combination and transfer between train and ferry



Destination: Stockholm to Oslo (386km)

Flight: less than an hour (average cost of \$160) – second busiest airline routes in Europe (with 2.3 million passengers in 2019)

Train: 6 hours (with average cost of \$120)

Road (Bus): 8 hours (with average cost of \$100)



Destination: Sao Paulo to Rio de Janeiro (340km)

Flight: approx. 1 hour (with average cost of \$40) – one of the busiest air routes in the world (with close to **5.6 million passengers** in 2019)

Train: approx. 2.5 hours (with average cost of \$30)

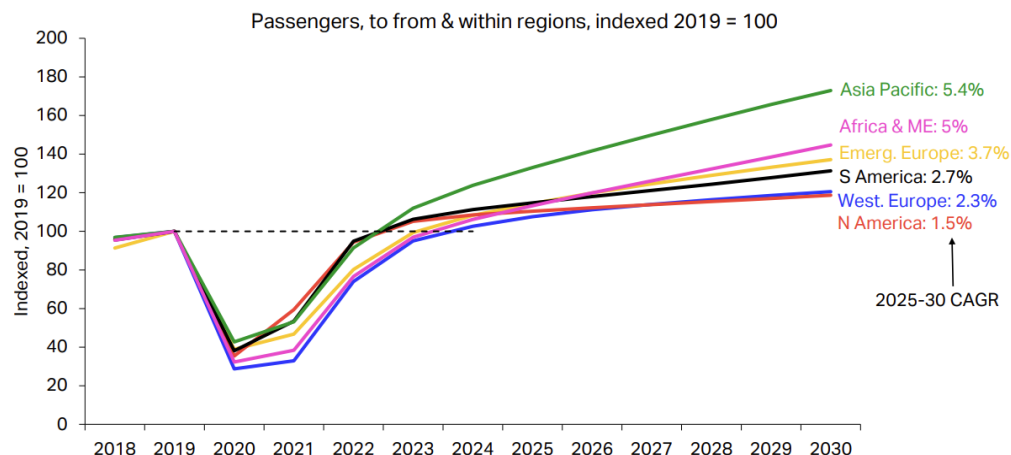
Road (Bus): Between 5 and 7 hours (with average cost of \$12)

Aviation Industry: Common Misconceptions

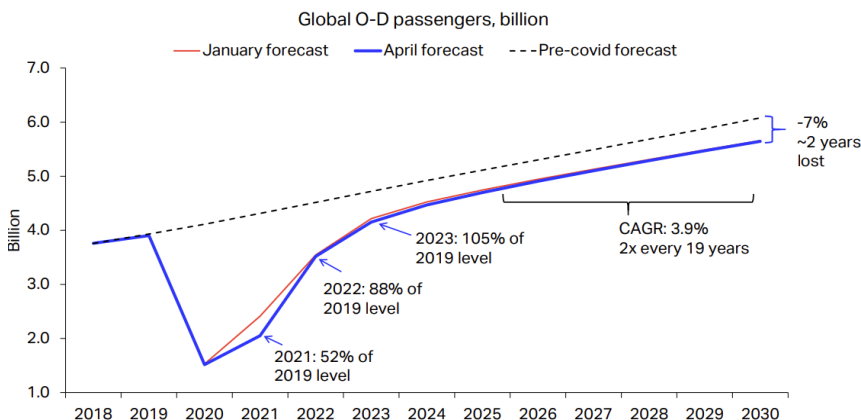
“A slow pace for recovery ahead?”

- With an uneven global vaccine roll out and the disparities in pressure on local health systems, **significant discrepancies are expected in the rates of regional recoveries**. Large internal markets (US, China, parts of Asia-Pacific) are already recovering much quicker than other regions more heavily reliant on international travel (Europe, Middle East).
- As border travel barriers are progressively lifted, **global air travel demand is expected to strongly rebound** in the next 12 to 24 months despite a longer-term growth loss anticipated to be approximately 7% of the pre-covid forecast (2019) for 2030
- Strong evidence of pent-up demand** for leisure air travel allows for some measured optimism for a near-term sharp rebound in air travel demand, which industry survivors should be ideally positioned to capitalise upon.

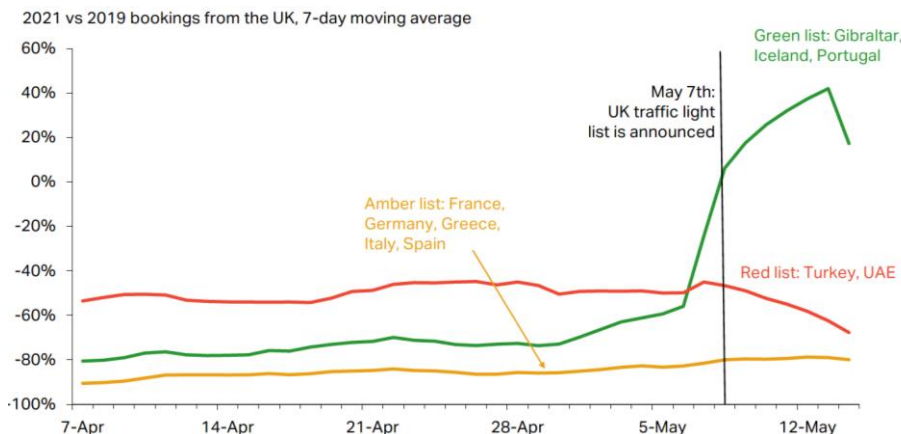
1. Significant disparities in regional recovery paths & paces expected¹



2. Strong rebound expected despite long-term traffic growth loss¹



3. Strong evidence of pent-up demand for leisure air travel²

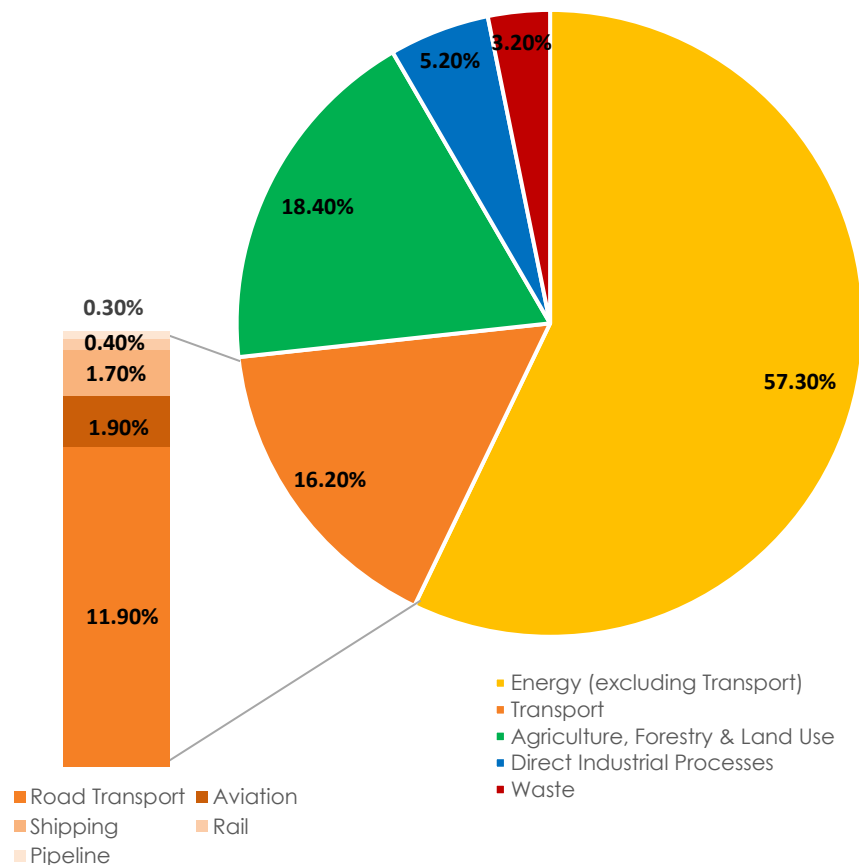


Sources: ¹IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021, ²IATA Economics using data from Direct Data Solutions (DDS). Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect. Projections herein are illustrative purposes only and subject to change materially.

Aviation Industry: Common Misconceptions

“Aviation is the leading CO₂ emission contributor within Transportation?”

Global Greenhouse Gas Emissions by Sector (2016)



Sources: Climate Watch, the World Resources Institute (2020) – data shown for the year 2016 (when global greenhouse gas emissions were 49.4 billion tonnes CO₂ eq.), Airbus. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect.

Aviation Energy Efficiency Progress



- The **global aviation industry is responsible for less than 2% of global greenhouse gas emissions** (less than 12.7% of the transport-related contribution). Its common reputation of being one of the largest contributors to global emissions is vastly overstated – there is no such thing as “vastly unsubstantiated”
- Other global sectors such as **Agriculture & Forestry (18.4%)** or **Real Estate (17.5%)** are much larger contributors to global greenhouse gas emissions.
- While the global aviation industry still has some way to go to achieve its net zero targets, technological innovations and improvements have allowed the industry to decrease its emissions per passengers kilometre by 80% since 1953 (58 years ago) and the beginning of the modern commercial aviation era (50 million passengers globally).

Aviation Industry: Common Misconceptions

“Historical Actors will Provide for Industry Decarbonization on their Own?”

Existing initiatives are important, but more are needed to keep up with the Paris Agreement targets

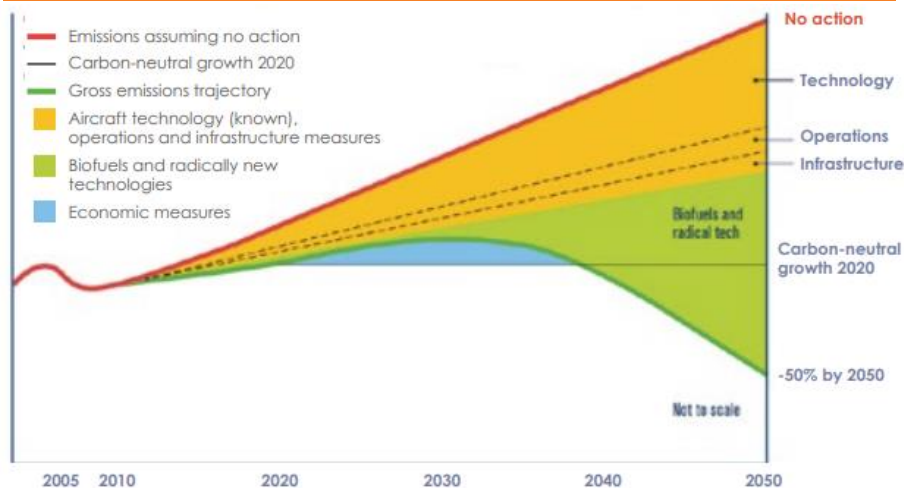
The aviation industry has initiated its efforts with several essential measures to reduce its CO₂ emissions. These include efficiency and CO₂ targets set by the International Air Transport Association (IATA), the Air Transport Action Group (ATAG), and the International Civil Aviation Organisation (ICAO), which also includes the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

But while these measures are very much welcome and will likely be vital to build upon in the coming years, as currently designed they might not be enough to deliver the emissions reductions necessary for the sector to be in alignment with the long-term goals of the Paris Agreement, the world's foremost international treaty to address climate change, or at least not by the targeted 2050 horizon.

For those with a fiduciary responsibility for other people's long-term investments, there is thus a strong opportunity to support the necessary energy transition of the industry and enable airlines and aerospace companies to appropriately invest in a robust decarbonization process to address global climate risks, starting now.

At EnTrust Global, we believe this can be achieved, with the support of investors globally, while capitalising on the exceptional opportunities likely to emerge from the industry-wide reset.

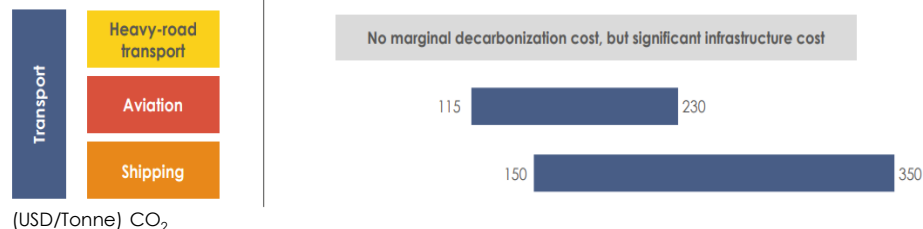
The International Air Transport Association (IATA) has set global goals for the reduction of aviation emissions¹



Emission Reduction Roadmap (schematic, indicative diagram). Unit: Mt CO₂

Sources: Energy Transitions Commission (2018), Mission Possible: Reaching Net-Zero Carbon Emissions from Harder-to-Abate Sectors by mid-century. ¹Umas analysis for the Energy Transitions Commission (2018) & SYSTEMIQ analysis for the Energy Transition Commission (2018), 2International Air Transport Association (IATA), IATA Technology Roadmap, 4th Edition (2013). There is no guarantee that any targeted returns or objectives will be realized or that losses will not occur. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect.

Costs of supply-side decarbonization vary greatly by sector



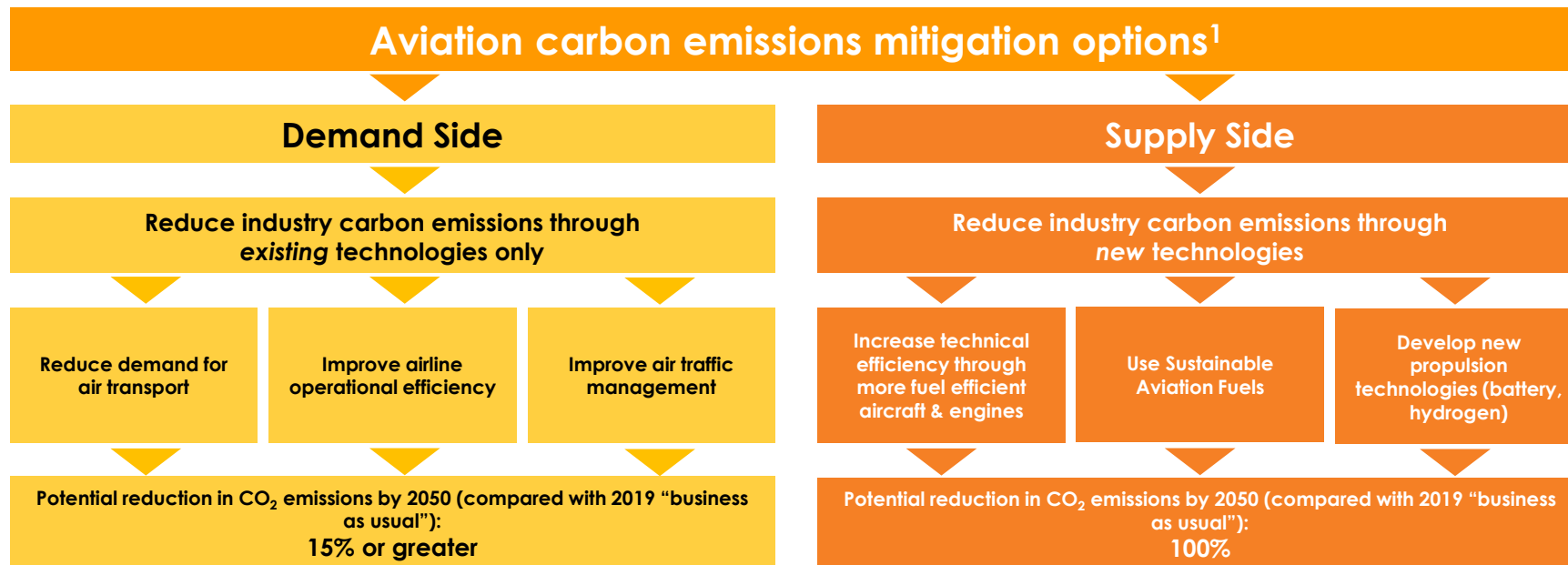
*“To date, **climate-related risks and opportunities in the industry and transport sectors have been given relatively less attention than those in the energy sector.** The transition challenges in the harder-to-abate sectors raise specific questions, such as how to finance gradual decarbonization processes (which might therefore not be able to access tightly-defined green finance capital)”*

Energy Transitions Commission (2018), Mission Possible: Reaching Net-Zero Carbon Emissions from Harder-to-Abate Sectors by mid-century

Aviation Industry: Common Misconceptions

Conclusion: Investors Need to Mobilise to Finance the Energy Transition

- There are two main mitigation options to address the Aviation industry contribution to Global CO₂ emissions:
 - the **demand side** which allows to reduce emissions through **existing technologies only**
 - the **supply side** which aims at reducing emissions through **new technologies**



- In its June 2020 Report,² the **International Energy Agency (IEA)** recognised that robust global growing trend in underlying demand contributed to making the aviation industry one of the most challenging sectors of the global economy to decarbonise without significant investments in technical efficiencies and technology innovations. Both the IEA and the **Energy Transition Commission (ETC)** have concluded that limited alternatives and relatively low price-elasticity of demand contributed to significantly limit the effectiveness of demand-side levers on emission reduction potential.³
- **Focusing resources on the supply side through the financing and acquisition of continuously improving latest-generation, most fuel-efficient assets will be instrumental to support the industry's necessary energy transition.** As a global industry relying on the operation of long-lived highly capital-intensive assets, this transition requires a renewed engagement from all stakeholders, from industry players to government and legislators to institutional investors, across the globe.

Sources: ¹Energy Transition Commission (ETC-https://www.energy-transitions.org/wp-content/uploads/2020/08/ETC_MissionPossible_FullReport.pdf), ²IEA June 2020 Report (<http://www.iea.org/fuels-and-technologies/aviation>), ³IEA June 2020 (<https://www.iea.org/reports/aviation>). Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect. For illustrative purposes only and subject to change.

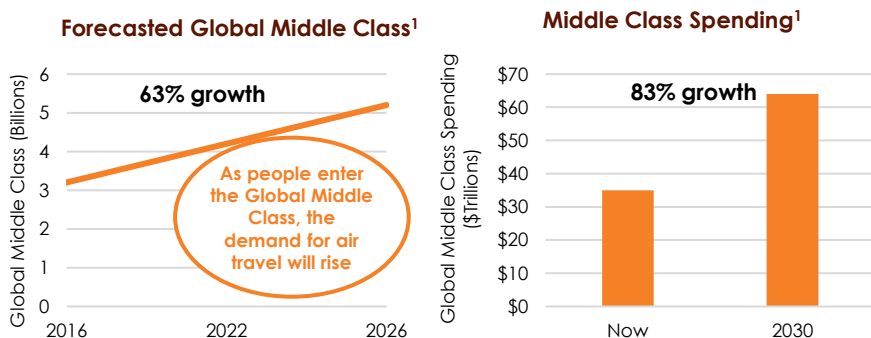
EnT[®]rust Global Aviation Financing Opportunity

Aviation Financing Opportunity

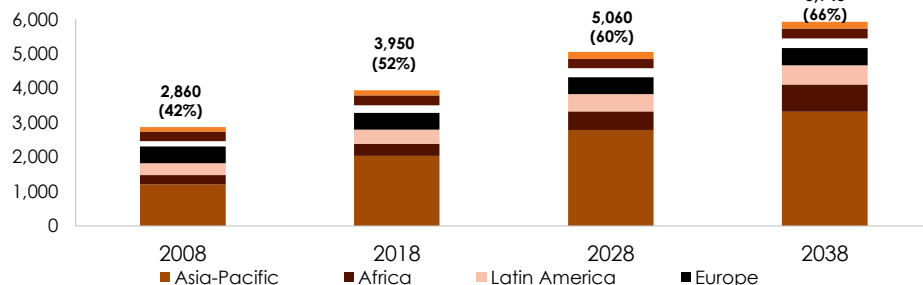
Global Air Travel Supply & Demand Fundamentals

- The global Covid-19 pandemic has deeply disrupted the global aviation industry. As the travel restrictions put a halt to global demand during most of 2020, the industry had to abruptly and drastically lower its supply. Therefore the anticipated sharp and sustained rebound in air travel demand is likely to face a lagging constrained supply.
- On the supply side, "out of flavour" aircraft withdrawals are reducing the existing supply stocks while lagging new deliveries will significantly limit near term supply growth.
- On the demand side, a combination of short term pent-up demand and longer-term trend of global middle class expansion (63% growth projected between 2016 & 2026) is expected to generate strong air travel demand growth.

Demand Side



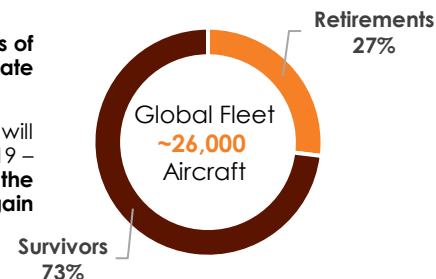
Middle Class % of World Population Growth = Major Driver of Airline Growth²



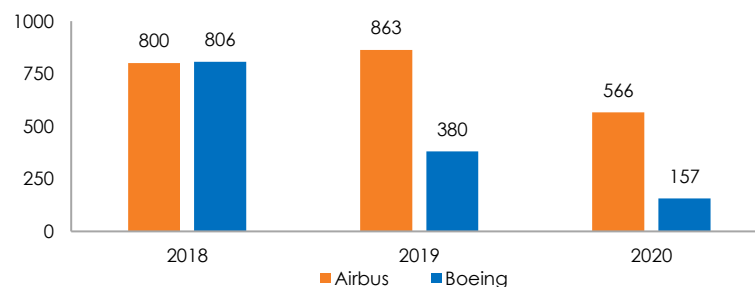
Supply Side

Global Supply Will Shrink to Match³

- 32% of global aircraft fleet is parked (as of February 2021), reducing the immediate near-term need for new aircraft
- Many airlines announced they will emerge with smaller fleets post Covid-19 – we estimate more than a quarter of the global fleet is at risk of never flying again due to "out of favor" status



Airbus and Boeing have drastically reduced deliveries & production rates³



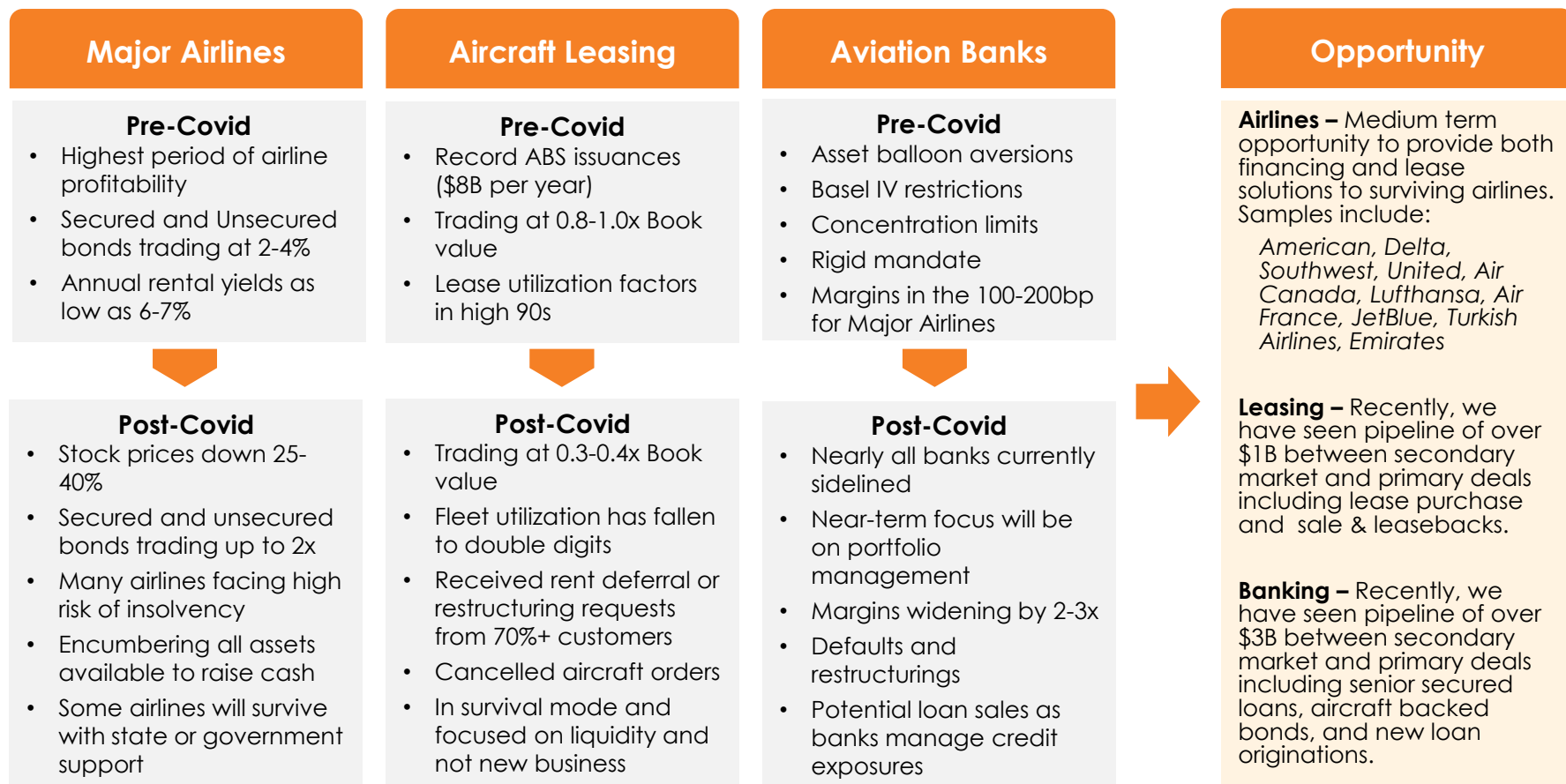
Sources: ¹The Brookings Institution, "The Unprecedented Expansion of the Global Middle Class", Feb. 28, 2017. ²Airbus Global Market Forecast (GMT) 2019. ³Blue Sky Aviation & Centre for Aviation CAPA data. For illustrative purposes only and subject to change. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect. For illustrative purposes only and subject to change.

Aviation Financing Opportunity

Post-Covid Industry Capital Need

The three main industry constituents to be severely impacted by Covid-19 are: Airlines, Aircraft Leasing Companies and Aviation Banks

- The surviving airlines will require ongoing liquidity for the next few years as they rebound from the crisis
- The traditional incumbent financiers are facing issues that will restrict the availability of liquidity, presenting opportunities for Blue Sky Aviation to fill liquidity voids



Source: Blue Sky Aviation & Bloomberg Market Data. PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS. Actual investments may vary. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect. There is no indication that any strategy or investment will be successful or that losses will not occur.

Aviation Financing Opportunity

Historical Resiliency in Commercial Aviation

- Aviation finance represents an investment into assets that have limited supply (2 major manufacturers), that have performed well through numerous downturns, and which have low correlation to financial markets.

Aircraft-backed loans have experienced extremely low losses

- Over \$80B of aircraft-backed bonds have been issued since 1994,¹ with very limited impairments on a cumulative basis, despite multiple economic cycles and airline bankruptcies
- This strong performance is driven by the strength of the underlying collateral, the critical nature of the equipment to the operator and to the global jet fleet, and the strong legal framework that governs bankruptcies

Loss and Recovery Rates for Enhanced Equipment Trust Certificates ("EETCs")¹

Seniority	Approx. Cumulative Loss Rate	Cumulative Recovery Rate
First Lien	0.1%	99.9%
Second Lien	1.4%	98.6%
Third Lien / Mezz	3.0%	97.0%

Aviation Assets Help to Provide Diversity for Investors

- Ascend is a global aircraft appraisal firm that established the Ascend Leasing Returns Index ("ALRI") as a dedicated solution to benchmark the rewards and risks of aircraft leasing against other industries
- The ALRI has low correlation to airline performance and the broader equity and traditional fixed income markets
- Aviation investments provide access to high-growth GDP countries with mobile, valuable assets

Low Correlation of Aviation Assets to Equity and Fixed Income, Airline Industry and Other Real Asset Investments

Index	Correlation to the ALRI ² (1995-2018)	Sharpe Ratio
Ascend Leasing Returns Index³	1.00	3.19
DJ Brookfield Global Infra. TR	.13	2.54
Barclays US Corp High Yield TR	.06	1.64
S&P 500 Airlines Index	.10	1.55
S&P Global REIT (Total Return)	.02	1.34
S&P/LSTA Leveraged Loan TR Index	.11	1.10
MSCI World Index	.08	0.91

¹Source: Kroll, "EETC Historical Recoveries and Current Outlook", September 28, 2015. ²Data from January 1, 1995 to May 31, 2018. ³Source: Flight Ascend Consultancy. PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS. An investment in any Strategy described herein is speculative and involves a high degree of risk. For illustrative purposes only and subject to change. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect. There is no guarantee that the Strategy's investment portfolio will be similar to any index in composition, performance or risk. The three cases set forth above are for illustrative purposes only and reflect the subjective viewpoints of the Blue Sky Aviation Team. There is no guarantee that any such scenarios will occur, in whole or in part.

Asset Based Lending Opportunity

Nimble Dedicated Investment Solutions

Investor Customizable Investment Parameters

Instrument

Senior Secured

Target Gross IRR ~3-6% / 5-12 years maturity

Junior Debt

Target Gross IRR ~8-10% / 5-10 years maturity

Leasing

Target Gross IRR ~10-15% / 5-10 years maturity

Solvency II Efficient (Insurance Investor Focused)

Aviation Investment Parameters – Opportunistic Relative Value Investment Approach

Real Asset Type

New Aircraft – Naked

New Aircraft – Leased

Secondary Aircraft – Leased

Real Asset Size

Regional Jet

Bombardier / Embraer

Narrow Body

A319 / A320 / B737 / B757

Intermediate Wide Body

A330 / A350 / B787

Counterparties

Airliners

Leasing Companies

Financial Institutions

Geographical Exposure

Europe

Asia Pacific

North America

Middle East

Latin America

Risk & Hedging

External/Internal Rating

Counterparty Type

Hedging Capabilities

Reporting

Full Transparency

Solvency II Reporting

Country Specific Reporting

Source: EnTrust Global. For illustrative purposes only. An investment in any Fund described herein is speculative and involves a high degree of risk. Targeted returns and objectives may not be achieved, and investment losses may occur. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect.

EnTrust Global Contact Details



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Important Considerations

EnT[®]rust Global

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Important Disclosure

The vehicle has not yet been incorporated. Once the vehicle is incorporated, final terms, including details of any interests offered, will be included in the relevant finalized offering materials.

As further described in the investment strategy documents for this strategy, this investment is illiquid, speculative and not suitable for all investors. Investment is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with this investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the strategy / Blue Sky and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the strategy;
- potential lack of diversification and resulting higher risk due to a more concentrated investment portfolio;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- Investment Partner risk

Risks Related to the Industry

- The current state of the global financial markets and current economic conditions may adversely impact the strategy's ability to achieve its investment objectives
- The aviation markets are subject to impact from economic or exogenous shock events that impact airline performance and/or aircraft values

Risks Related to the strategy

- The strategy has a very limited operating history and will be dependent on EnTrust Global and its operating partners and in their ability to hire and retain key personnel to achieve its investment objectives
- If the strategy is not able to successfully source, close and service suitable aviation financings, it will not be able to achieve its investment objectives
- A material portion of the strategy's loans may be made to a limited number of operators and/or underlying assets may involve limited operators
- As the strategy may invest in fixed rate financial structures, increasing interest rates may impact liquidity of investments
- Values of commercial aircraft, which will be the primary collateral for loans in the strategy, can fluctuate substantially over time due to a number of factors, including:
 - prevailing macroeconomic and regional economic conditions
 - a substantial or extended decline in global demand for export and imports
 - changes in the supply-demand balance of aviation markets;
 - changes in prevailing lease rates for aircraft;
 - condition of aircraft assets as collateral, including their type, age, technical specifications, efficiency, operational flexibility and potential costs of retrofitting or modifying existing aircraft due to technological advances or changes in applicable regulations, standards or customer requirements
 - loss events, including acts of terrorism
 - Various tax rules may adversely impact the strategy, please review the tax disclosures in the strategy's final offering materials and consult with your tax advisors prior to making an investment in the strategy

Important Disclosure (cont'd)

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An investment involves substantial risks more fully described in the investment strategy documentation for the strategy, and the information contained herein is qualified in its entirety by reference to the investment strategy documentation. The information contained herein is a summary of the strategy's terms and structure and is subject to change. Final terms and structure of the strategy will be set forth in the investment strategy documentation.

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The track record and transactions for the Blue Sky team provided herein were achieved at a prior firm under the guidance of John Morabito and not at EnTrust Global. At his prior firm, Mr. Morabito was the person primarily responsible for all investment activity which contributed to the performance results listed and such accounts managed at the prior firm had a substantially similar investment objective to the strategy.

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An investment in a loan origination or related investment strategy can have potentially adverse tax consequences. Please consult with your tax advisor with respect to such consequences related to an investment in the strategy.

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Important Disclosure (cont'd)

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