

PHORCYS

PHORCYS OPPORTUNITIES I, LLC

HIGH-YIELD & DISTRESSED MUNICIPAL CREDIT STRATEGY

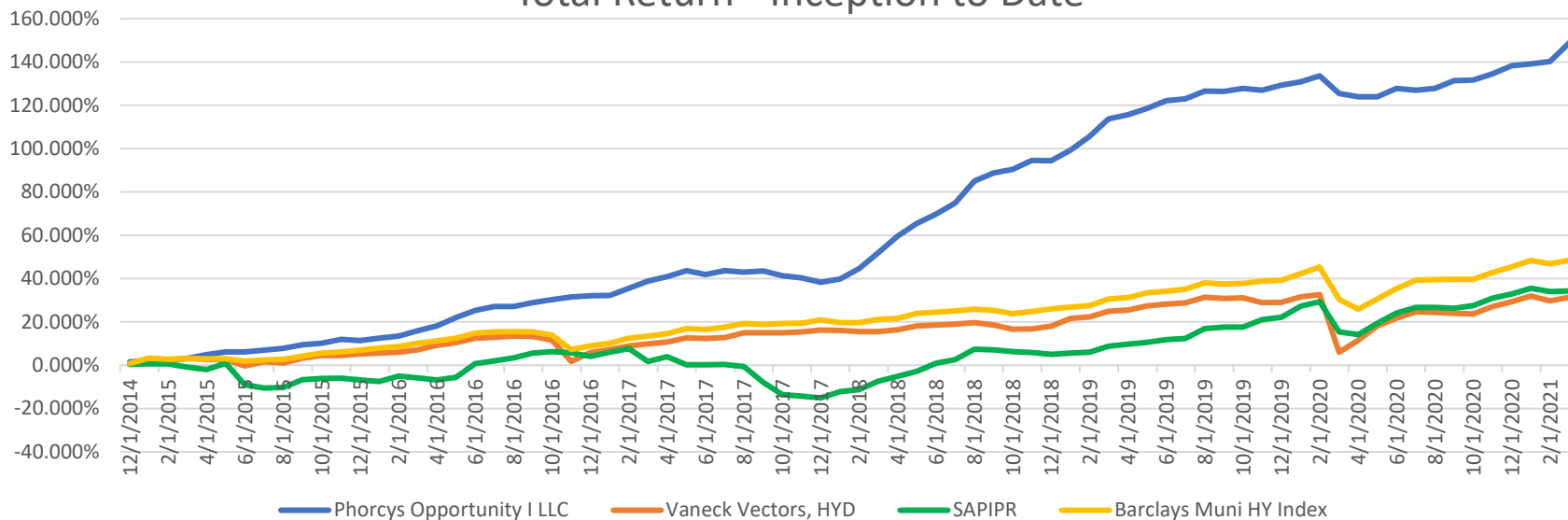
CONFIDENTIAL

PHORCYS CAPITAL PARTNERS, LLC

Phorcys Capital Partners offers an opportunity to achieve superior tax-advantaged returns in all market conditions through Phorcys Opportunities I, LLC

- ❑ **Return Target:** On average, low double-digit returns, net of fees and expenses
 - ❑ **Strategy:** Focused on total return through long-term investments in asset-backed tax-exempt high-yield and distressed municipal bonds
 - ❑ **Market:** Highly fragmented and inefficient market which is often overlooked by mainstream distressed investors
 - ❑ **Performance:** 15.30% average annualized return since inception (December 2014), net of fees and expenses
 - ❑ **Management:** The firm's principals have a combined 65+ years experience in sourcing, trading and analyzing high-yield municipal credits
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Total Return - Inception to Date



- Phorcys has generated 149.24% total return since inception (Dec 2014 – April 2021)
- The fund has not used any leverage to achieve returns
- The vast majority of the fund’s investments since inception have been U.S. and territory tax-exempt and taxable municipal debt
- Tax equivalent returns could be higher depending on each investor’s tax bracket

The above chart presents the audited and unaudited performance results of Phorcys Opportunities I, LLC, as calculated by Trident Fund Services, Inc., the Fund’s independent administrator. The results include the reinvestment of interest payments and other earnings, and are net of accrued management fees, brokerage commissions and other expenses. Past performance is not necessarily indicative of future results. See the Disclosures page.

Fund Performance, Net of Fees and Expenses (Since inception on December 1, 2014)

HISTORICAL MONTHLY RETURNS (NET)

| | Month | | | | | | | | | | | | Full Year |
|------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| 2021 | 0.33% | 0.46% | 3.62% | 0.18% | | | | | | | | | 4.62% |
| 2020 | 0.71% | 1.20% | -3.48% | -0.71% | -0.01% | 1.75% | -0.39% | 0.41% | 1.53% | 0.15% | 1.20% | 1.61% | 3.92% |
| 2019 | 2.51% | 3.17% | 3.91% | 0.93% | 1.32% | 1.66% | 0.39% | 1.61% | -0.05% | 0.61% | -0.37% | 0.99% | 17.91% |
| 2018 | 1.14% | 3.38% | 5.08% | 4.95% | 3.80% | 2.52% | 3.04% | 5.84% | 1.97% | 0.92% | 2.17% | -0.07% | 40.62% |
| 2017 | 0.10% | 2.50% | 2.49% | 1.49% | 1.90% | -1.20% | 1.28% | -0.56% | 0.43% | -1.50% | -0.77% | -1.43% | 4.70% |
| 2016 | 1.07% | 0.79% | 2.26% | 1.92% | 3.20% | 2.73% | 1.46% | -0.01% | 1.38% | 1.04% | 1.02% | 0.40% | 18.63% |
| 2015 | 0.34% | 0.21% | 0.95% | 1.76% | 1.23% | 0.01% | 0.73% | 0.79% | 1.51% | 0.66% | 1.65% | -0.58% | 9.64% |
| 2014 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1.52% | 1.52% |

3 YEAR ROLLING QUARTERLY RETURNS (NET)

| | 2015 | 2016 | 2017 | Q2 2018 | Q3 2018 | Q4 2018 | 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | 2020 | Q1 2021 | ITD |
|------------------|--------------|---------------|--------------|---------------|---------------|--------------|---------------|--------------|--------------|---------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Phorcys | 9.64% | 18.63% | 4.70% | 11.69% | 11.21% | 3.04% | 40.62% | 9.90% | 3.95% | -0.05% | 1.23% | 17.91% | -1.64% | 1.02% | 1.55% | 2.99% | 3.92% | 4.44% | 149.24% |
| Barclays Muni HY | 6.07% | 1.81% | 10.85% | 2.70% | 0.64% | 0.51% | 4.17% | 3.67% | 2.77% | 2.45% | 0.92% | 10.15% | -6.37% | 3.83% | 3.16% | 4.19% | 4.49% | 2.03% | |
| S&P PR Index | -7.66% | 11.74% | -18.44% | 8.98% | 6.20% | -2.02% | 23.70% | 6.16% | 2.80% | 6.31% | 1.35% | 16.32% | -5.52% | 7.47% | 1.81% | 5.30% | 8.86% | 1.04% | |
| HYD VanEck | 5.06% | 0.39% | 9.78% | 2.67% | -0.03% | -0.47% | 2.19% | 3.54% | 2.69% | 2.19% | 0.73% | 9.34% | -17.90% | 14.84% | 1.88% | 4.28% | 0.17% | 1.61% | |

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❑ **The Fund's primary investment objectives are:**

- Target absolute returns in all market conditions
 - Target double-digit average annualized taxable equivalent returns, net of fees and expenses
 - Tax-free yields; optimizing tax advantages through foreclosures, workouts and current income
 - Capitalize on the inherent inefficiencies of the high-yield municipal bond market
 - Capital preservation; reduced risks of permanent capital loss
 - Risk management; reduce the impact of volatile market swings on our investments
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❑ Invest in underperforming asset-backed municipal bonds at deep discounts to intrinsic value

- Revenue bonds secured by real estate or other income producing assets
- Concentrate on issuances of \$10 to \$50 million
- Secondary market investors of stressed credits triggered by defaults, downgrades or operational difficulties
- Target price range: mostly 30 to 60 cents on the dollar, depending on collateral

❑ Outperform by using our collective 65 years of experience

- Value creation by identifying market inefficiencies
- Multi-sector investing
- Ability to access smaller, less liquid issues
- In-depth fundamental analysis of each credit
- Top-down and bottom-up investment approach

❑ Superior tax-advantaged returns

- Maximize long-term capital gains and tax-exempt income
 - Exit strategies include foreclosures, asset sales, restructurings, bond calls or refinancing
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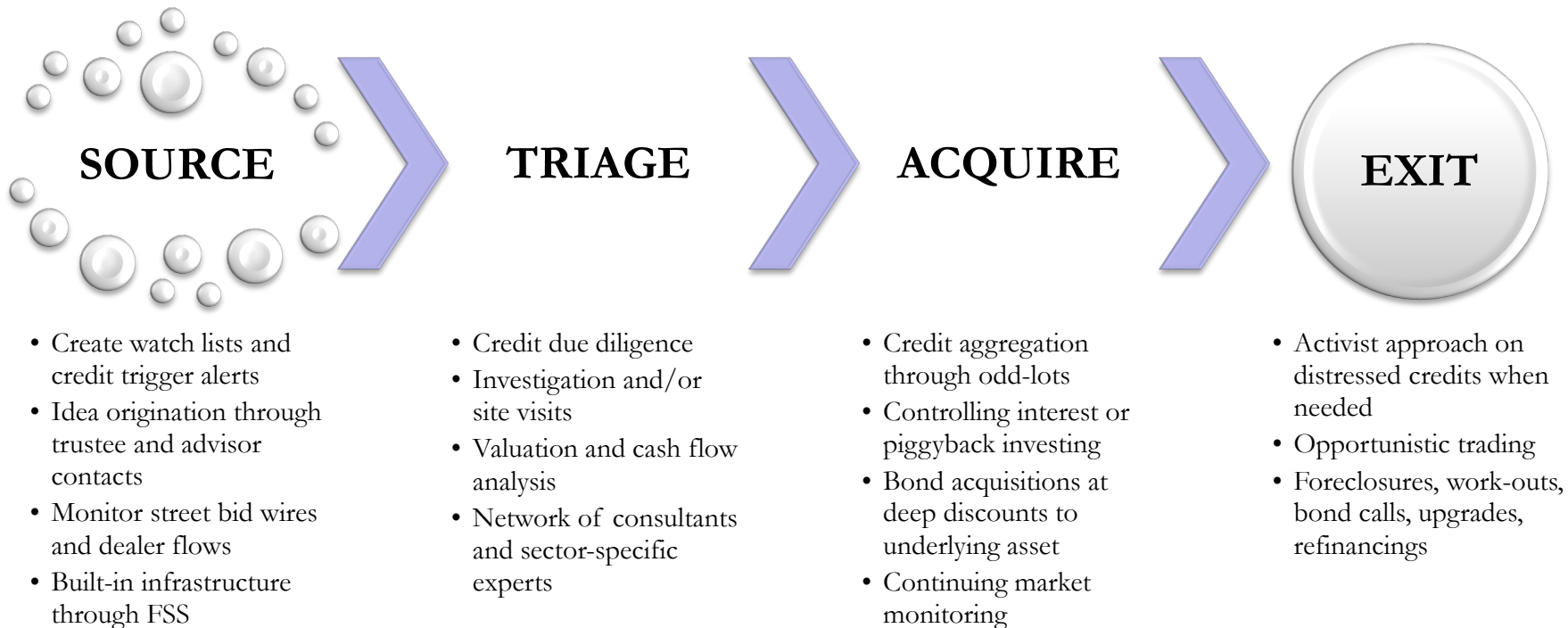
- ❑ **Inefficient Marketplace:** We seek to capitalize on the inherent inefficiencies that dominate the high-yield and distressed municipal bond marketplace
- ❑ **Niche Market:** Limited competition for distressed or high-yield municipal bonds. Value creation through opportunistic trading or by turning around the underlying troubled entity
- ❑ **Asset-Backed Issues:** Focused on asset-backed issues that are too small for the majority of distressed debt investors; facing less competition, we can buy at deeper discounts
- ❑ **Unique Skills:** Financial and operational expertise that aids us in our efforts to identify those turnaround candidates with attractive risk adjusted returns. Experience and ability to fix the underlying assets and make them more economically viable
- ❑ **Partnership/Co-Investment:** On larger issues that controlling interest is unattainable, we are able to piggyback on larger investor(s), thus maximizing our leverage and minimizing our costs
- ❑ **Tax-Advantaged Returns:** Certain distressed investments will return capital (in part or whole) in the form of tax-exempt interest, thus eliminating or minimizing the capital gains tax liability
- ❑ **Municipal Finance Background:** Our principals have over 60 years' collective experience in analyzing, trading, and restructuring municipal high-yield and distressed issues
- ❑ **Affiliated Broker/Dealer:** Our affiliation with First Southern Securities ("FSS") gives us a competitive trading advantage due to our unique structure that permits us to access multiple sources directly*
- ❑ **Independence:** Phorcys Capital Partners is an independent, privately owned firm. Our investment decisions are based on our own research and are not dictated by others

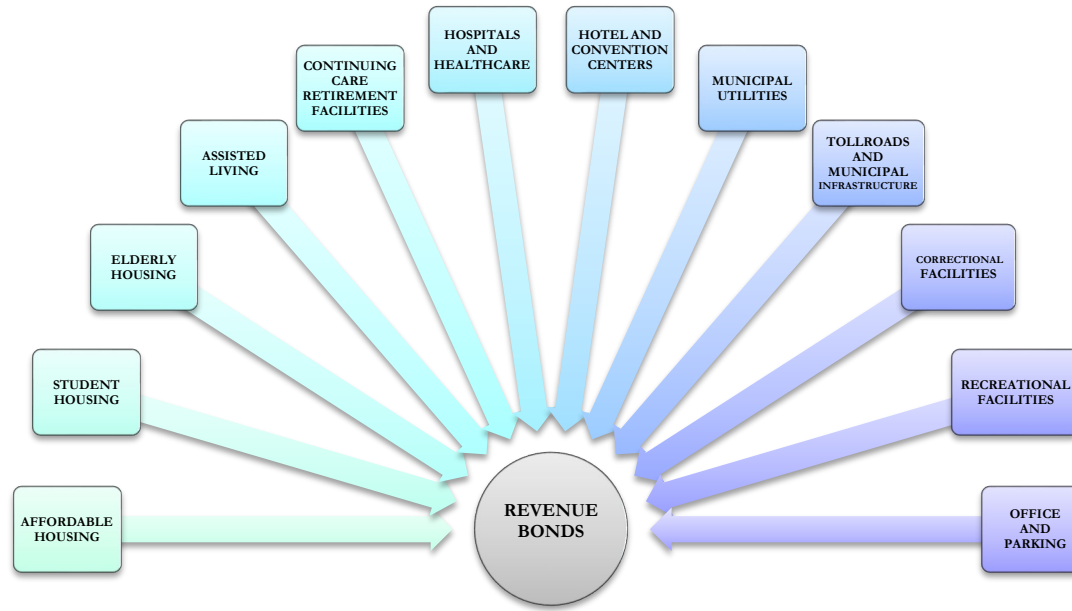
*Utilizing an affiliate Broker Dealer creates the possibility of a conflict of interest – see disclosure slide

Historically, the municipal bond market, apart from certain macro opportunities, has not been in the crosshairs of larger distressed debt investors:

- **\$3.9 trillion** total municipal debt outstanding
 - **\$300 billion (7.7%)** total high-yield and unrated debt outstanding
 - **50,000** issuers
 - **1,000,000** different securities
 - **2/3** of municipal securities are held by individual investors directly or indirectly via mutual funds
 - **\$50 million** or less issue size on 85% of new underwritings
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- ❑ **Over-Leverage:** Most issues have little or no borrower equity. Typically, all third party reports, legal fees, and reserve accounts are rolled into the issuance
- ❑ **Non-Recourse Nature of the Loan:** Borrowers are usually single-asset entities that are formed solely for operating the underlying asset(s); the main source of bondholder security is the asset itself
- ❑ **Cash-Poor Underlying Entities:** Cumbersome bond documents that prohibit subordination of existing debt create a capital structure that can easily fail. Generally, the only source of revenue for the borrower is the underlying asset
- ❑ **Lack of Upside Potential:** Due to underlying asset restrictions, overleverage and front-end developer and/or borrower fees, asset appreciation is a rare occurrence
- ❑ **Unscrupulous Underwriting:** High-yield municipal bonds are issued for and marketed to “coupon-clipper” investors (both retail and institutional) in need of high current tax-exempt income, hereby creating an environment that unscrupulous underwriting can flourish in
- ❑ **Regulatory Changes:** Changes in government regulation can directly affect a bond issue’s ability to meet its debt service obligations
- ❑ **Institutional Demand Cycles:** Periods of increased institutional fund inflows can lead to new sub-par issues coming to market. That paves the way for future defaults





- Identify underperforming asset-backed municipal opportunities with strong upside potential
- Focus on asset-backed revenue bonds supported by the projects they are financing
- Concentrate on issues between \$10 and \$50 million in size
- Invest at deep discounts to intrinsic value

❑ **Position building**

- Aggregate smaller positions on the bid side, often overlooked by most institutional investors
- Exit position by selling directly to existing bondholders or other income investors

❑ **Activist investing**

- Work at the trustee and/or borrower level to force change
- Collaborate with other bondholders to restore underlying asset value

❑ **Opportunistic trading**

- Exploit inherent muni market inefficiencies
- Access to FSS's electronic platforms and trading wires to create trading profits*

❑ **Create credit awareness**

- Make market participants aware of credit opportunities that were not presented to them
- Utilize FSS's capabilities to advertise positions in multiple electronic platforms and trading wires

Our exit strategies are typically structured to produce tax-free income and/or long-term capital gains. Exit strategies include:

❑ Trading:

- Position building through aggregation and liquidation through various trading channels
- Sale of the bond issue to a third party after operational and financial improvement of the asset
- A quick sale to an unexpected buyer often following an opportunistic purchase

❑ Foreclosure:

- Sale of bondholder collateral to the highest bidder, usually through a “stalking horse” bidding process
- Sale of the asset(s) after operations have been restored through bondholder intervention

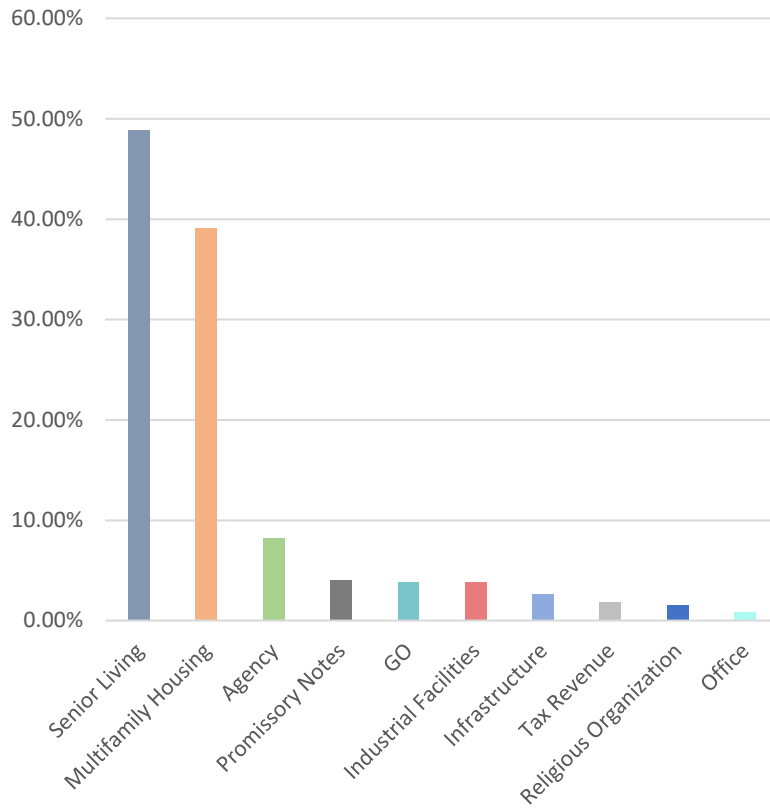
❑ Restructuring:

- Sale of new debt tranches created by restructuring original debt to maximize future tax-exempt distributions
- Sale of new bonds or bond exchanges through creditor-borrower negotiations to “haircut” existing debt structures

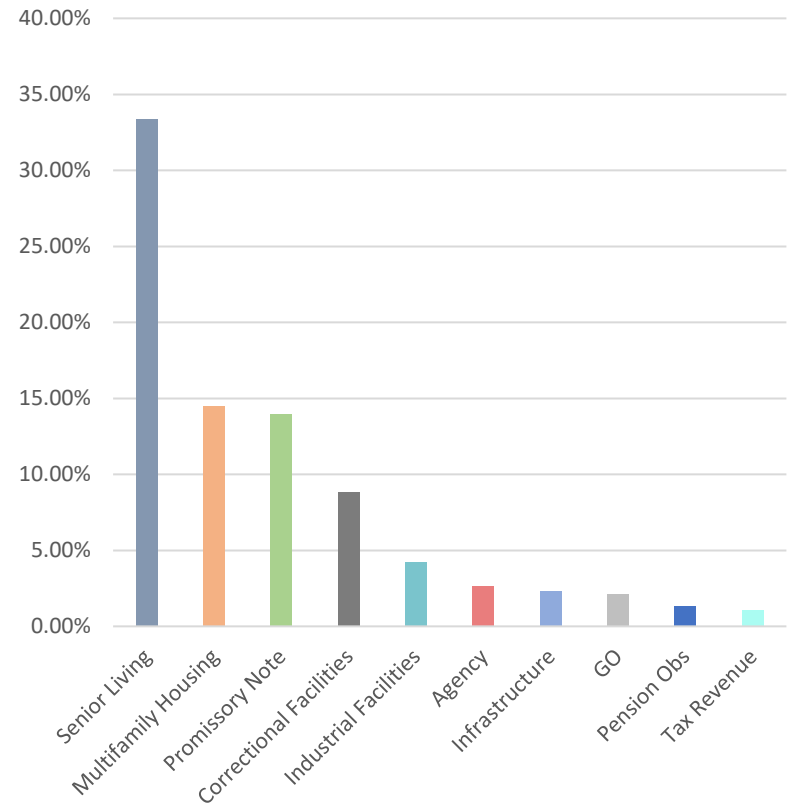
❑ Refinancing & Calls:

- Full issue call as bonds are refinanced to lower debt service payments
 - Partial calls through imbedded bond characteristics such as sinking funds
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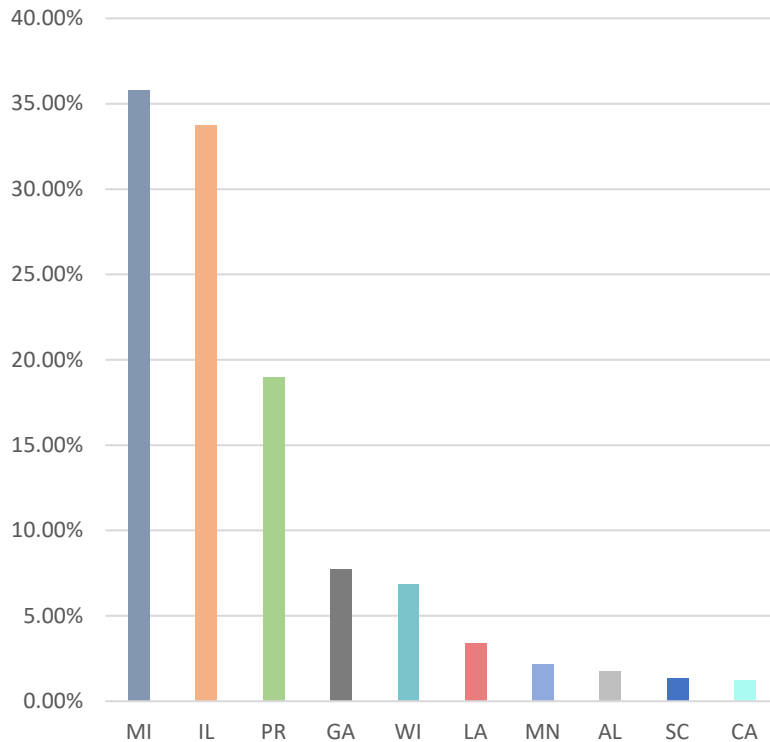
Top 10 Sectors
% of P&L



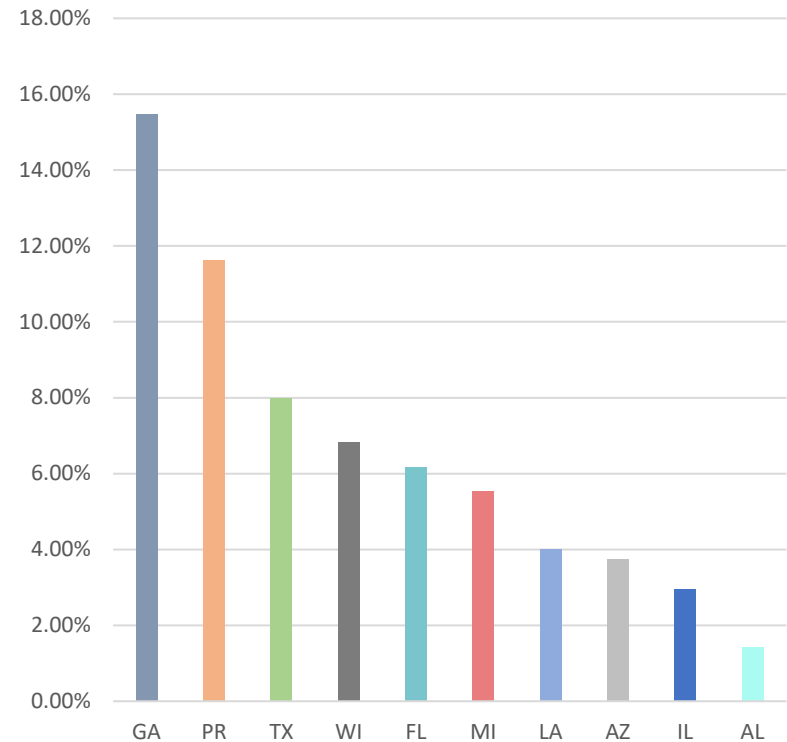
Top 10 Sectors
% of NAV



Top 10 States
% of P&L



Top 10 States
% of NAV



*State distributions are not inclusive of Closed-End Funds/Promissory Note holdings

- ❑ **We believe risk management is as important as debt selection:**
 - We diversify our holdings across a variety of industries, most in human-need sectors, many of which are uncorrelated
 - Our investment style – investing in municipal bond issues below intrinsic value – provides an underlying margin of safety. Investing in issues that can be acquired mainly on the bid-side enhances downside protection
 - Buying debt backed by significant tangible assets adds another level of safety
 - Our ability to work with third parties to turn around underperforming assets further reduces risk, saves money, and improves the economics of the projects
 - The entities and projects that our investments support are of real importance to their communities. Municipal officials and residents are strongly motivated to restore and maintain their economic viability
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| | |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Fund: | Phorcys Opportunities I, LLC |
| Manager: | Phorcys Capital Partners, LLC |
| Principals: | Vasileios Sfyris, Portfolio Manager & Trader W. Heath Hawk, Managing Partner Benjamin T. Eiler, Managing Partner |
| Investment Objectives: | Superior returns from high-yield and distressed municipal bonds |
| Initial Capital Contribution: | \$500,000 minimum |
| Additional Contributions: | \$100,000 minimum, or at General Partner's discretion |
| Management Fees: | 1.5% annual paid quarterly in advance 20% incentive allocation on profits calculated at year end |
| Redemptions: | On the last day of the quarter upon 60 days written notice after two years limited to and dependent on liquidity |

Vasileios Sfyris – Founding Partner, Portfolio Manager & Trader

Vasileios Sfyris began his career in fixed income sales at Tejas Securities Group in 1999. Mr. Sfyris honed his skills in analyzing and trading distressed and high-yield municipal bonds working at the Bergen Capital, a BB&T Corporation affiliate Atlanta desk (2001-2009). In 2009, he co-founded First Southern Securities where he heads Municipal Bond Trading and serves on the firm's Investment Committee. Mr. Sfyris received a BBA in Finance and Marketing from the University of Georgia Terry College of Business in 1999. He is FINRA Series 7, 24, 28, 63 and 65 licensed.

W. Heath Hawk – Managing Partner

W. Heath Hawk brings to Phorcys Capital Partners over 26 years of experience in high-yield municipal debt. Mr. Hawk began his career in 1994 as a trading assistant for a regional bond dealer and moved into various sales and trading positions in the industry. He was instrumental in creating the distressed municipal bond operation for Bergen Capital, a BB&T Corporation affiliate while managing the Atlanta office until 2009. In 2009 he co-founded First Southern Securities and is currently its President and CEO and serves on the firm's Investment Committee. Mr. Hawk is a 1994 graduate of Florida State University with a BBA in Finance and holds the FINRA Series 4, 7, 9, 10, 24, 53, 63 and 65.

Benjamin T. Eiler – Managing Partner

Benjamin Eiler brings to First Southern Securities extensive experience in fixed income sales and trading. Prior to joining the firm, he was a Senior Vice President with Crews and Associates in Little Rock, Arkansas, where he covered numerous institutional fixed income accounts from 1998 until 2014. Mr. Eiler is a member of the firm's Investment Committee. Mr. Eiler earned a B.S. in Finance from Southern Arkansas University in 1998. He is FINRA Series 7, 63, 65 and 24 licensed.

John Holman– Chief Operating Officer

Holman has over 21 years of experience in financial services focused on banking, trading and broker/dealer operations at firms that include PaineWebber, Mellon Bank, WIT Soundview and the New York Stock Exchange. At the NYSE, Mr. Holman worked with Commissioners and SEC staff to secure exemptions from securities acts to list new products. He has also participated on industry and regulatory panels on the effects of impending regulatory change. Mr. Holman has years of complex project management experience involving trading, operations, regulations and compliance. Mr. Holman graduated from the University of Tennessee with a degree in Agricultural Business and obtained his Masters in Management at National-Louis University in Chicago and holds the FINRA Series 7, 24, 63, and 79.

Fund Administrator: Trident Funds Services, Inc.

Custodian: Pershing

Auditor: EisnerAmper LLP

Legal Counsel: Day Pitney LLP

- Partners always have direct access to the portfolio manager
 - Principals have candid and open communication with partners
 - Partners receive a monthly report on fund performance, debt selections, turnaround activities, market conditions and investment trends
 - Capital account evaluations are rendered by an experienced independent accountant
 - Customized reporting; statements issued as requested to private investors and institutional clients' investment staffs, consultants, boards or committee members
 - Annual financial statements are audited by independent auditors
 - Timely K-1 tax returns are prepared for partners
 - Fee structure aligns the principals to perform for investors
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Appendix: Portfolio Attributions

For more information, please contact:

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Tel: 678-722-8041

Fax: 770-777-9308

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vsfyris@phorcyscp.com

- ❑ This document has been prepared solely to determine investor interest in Phorcys Opportunities I, LLC. (the “Fund”). It is being furnished on a confidential basis to a limited number of prospective investors who are “Accredited Investors” and “Qualified Clients” and may not be used or reproduced for any purpose. This summary is not an offer to sell or a solicitation of an offer to buy an interest in the Fund. Such offer or solicitation can only be made by means of a Confidential Private Offering Memorandum and related exhibits, which should be carefully reviewed. To obtain a Confidential Private Offering Memorandum, please telephone the Fund’s Manager, Phorcys Capital Partners, LLC at 770-777-9373.
- ❑ The performance described in this presentation is historical audited and unaudited performance of Phorcys Opportunities I, LLC. (the “Fund”) as implemented by Vasileios Sfyris and W. Heath Hawk, the Fund’s portfolio managers, since inception as calculated by Trident Fund Services, Inc., the Fund’s independent administrator. Historical performance is provided only to demonstrate the portfolio manager’s investment experience and is not indicative of future results.
- ❑ The Fund’s historical performance data includes realized and unrealized gains and losses, reinvestment of interest payments and other earnings, and deduction of accrued management fees, accrued incentive allocations, if any, brokerage transaction expenses, including commissions and margin interest, and certain accounting, auditing and other general and administrative expenses associated with the normal ongoing operation of the Fund and its offering of limited liability company interests.
- ❑ The historical results may not be comparable to returns that can be expected to be achieved by the Fund in the future for many reasons, including the following: Future investments will be made under different economic conditions than those that prevailed during the historical periods described. In addition, the Manager has wide latitude to vary the Fund’s activities and may not necessarily continue investing in the manner that generated the results presented in this presentation. As noted in the Fund’s Confidential Private Offering Memorandum, the Manager may use a wide range of investment strategies and techniques and may change the mix of strategies and techniques at any time. All investments bear the risk of loss. An investment in the Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed only for sophisticated and experienced investors who do not require liquidity and who can bear the loss of their entire investment in the Fund. The Manager will attempt to moderate these risks, but there can be no assurances that the Fund’s investment activities will be successful or that investors will not suffer losses.
- ❑ This report has been prepared by Phorcys Capital Partner, LLC. solely for the information of the person to whom it has been delivered and should not be reproduced or published or passed on to or used by any other person for any purpose whatsoever. These materials and the presentations or spreadsheet of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. The information contained herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. Past performance is not necessarily indicative of future results.

- ❑ The Fund is not intended as a complete investment program and the purchase of an Interest should be deemed to be a speculative investment. It is designed only for investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford the loss of a substantial part of their investment. There can be no assurance that the Fund will achieve its investment objectives. All potential investors in the Fund should understand the investment approaches and techniques that the Investment Manager expects to use in the management of the Fund and the particular risks associated with those approaches and techniques.
 - ❑ The Manager and the other Manager Affiliates are engaged in an active municipal securities broker-dealer business through FSS and may engage in other securities investment activities unrelated to Fund business (some of which may compete with Fund investment activities), including providing services as brokers or investment advisers to various other client, accounts and funds (collectively, the "Other Accounts") on such terms and subject to such fee arrangements as the Manager or other Manager Affiliates determine appropriate. The other activities of the Manager Affiliates may create conflicts of interest with the Fund with respect to the time devoted to managing the Fund.
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