



We will begin at **11:00am PT (2:00pm ET)**.

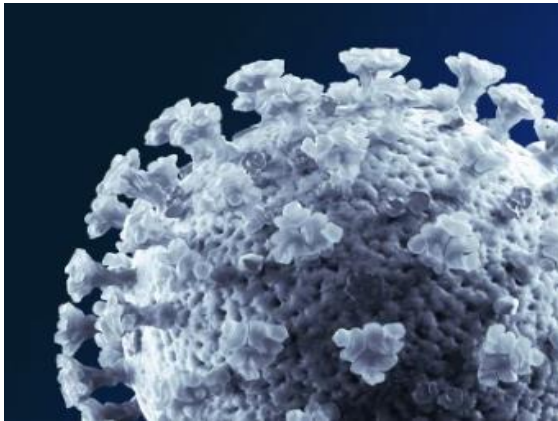
**Thank you for joining us!**



## **COVID-19 FINANCIAL MARKETS UPDATE**

**March 26, 2020**

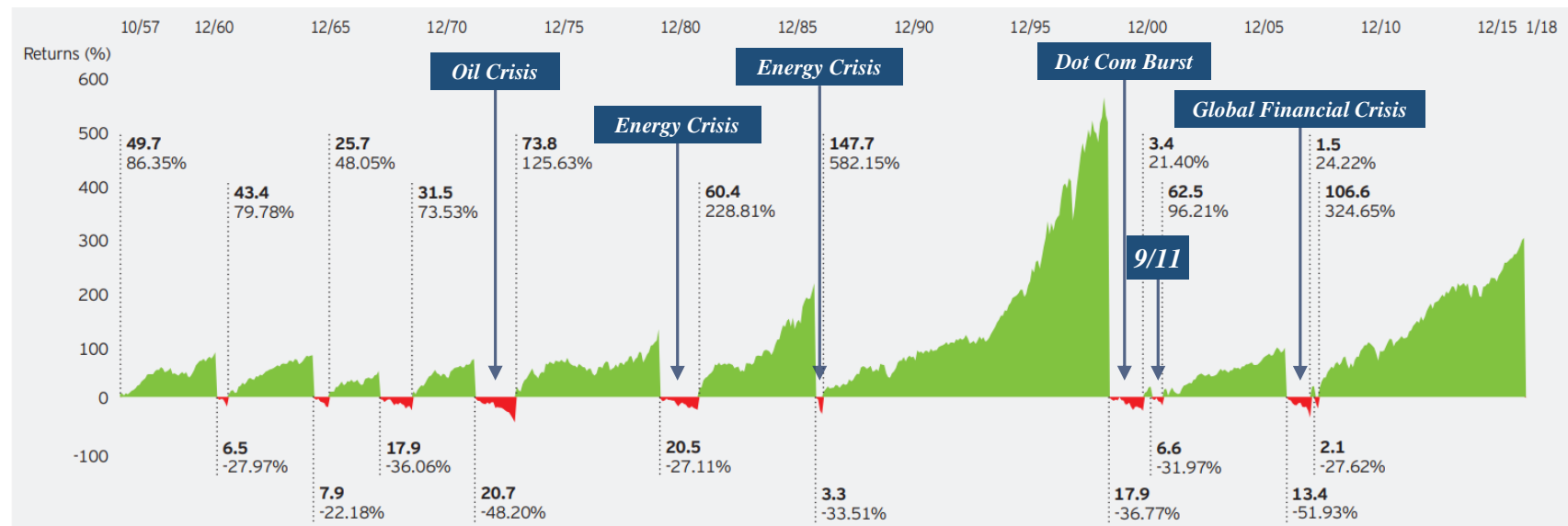
## COVID-19 and the FINANCIAL MARKETS



# Historical Trends of Bull & Bear Markets

## The historical performance of the S&P 500 Index during the US bull and bear markets

The bold numbers calculate the duration of months for the market either being bull or bear and the percentages cover the total return for the time period.<sup>1</sup>



In the chart above, the green time periods indicate bull markets, when the S&P 500 rose 20% or more from its previous low. The red time periods indicate bear markets, when the S&P 500 declined 20% or more from its previous high.<sup>2</sup>

The bold numbers calculate the duration of months for the market either being bull or bear and the percentages cover the total return for the time period. On average when the market is evaluated from 1957-2018, there were bear markets or losses for 11.7 months while the bull markets or gains was for 55.1 months. Data shown is as of the last bull market, which ended on 1/25/2018.

<sup>1</sup>Source: Bloomberg L.P. Returns from 10/22/1957 – 12/31/18. The S&P Index is an unmanaged index of 500 stocks used to measure large-cap US stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future. Past performance is no guarantee of future results.

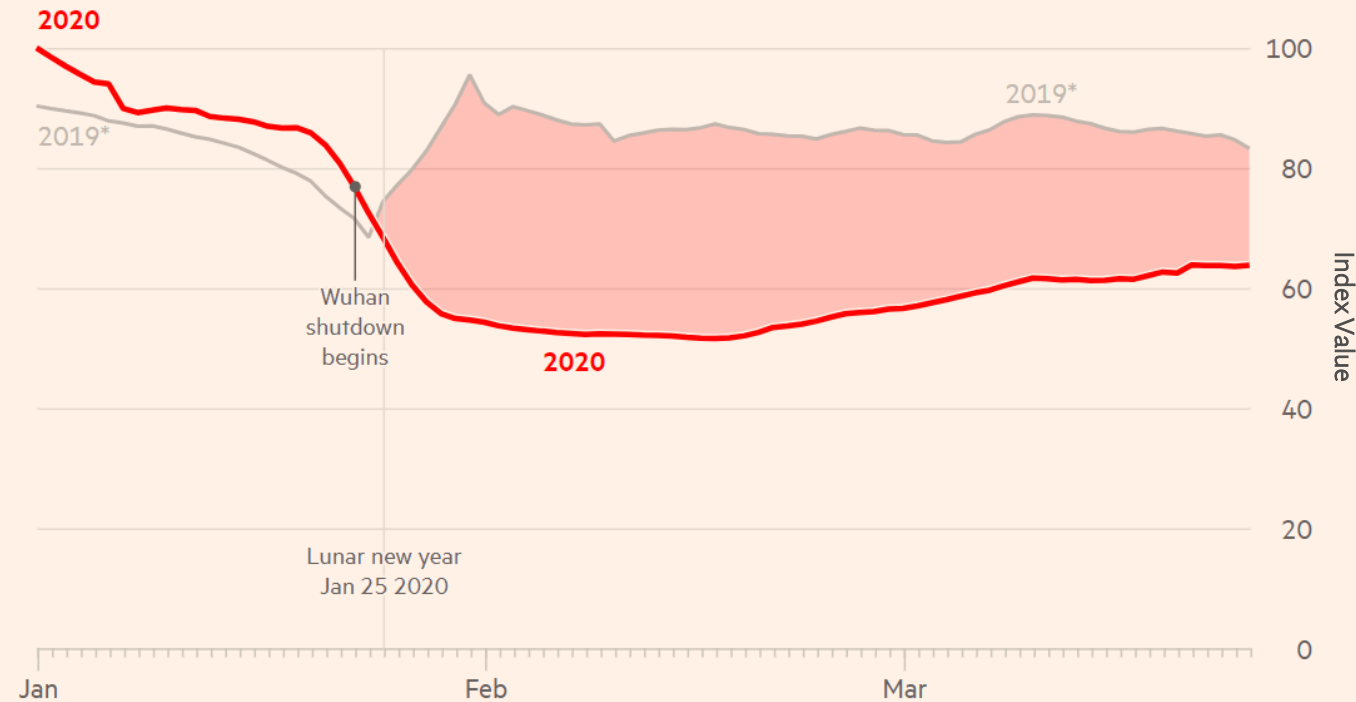
<sup>2</sup>Source: Invesco 2019

**This Time It's Different...Or is it?**

## Economic Impact Began At Supply Chain

### Covid 19's impact on the Chinese economy

FT China Economic Activity Index (Jan 1 2020 = 100), last updated Mar 25



\*2019 values at same number of days before/after the lunar new year

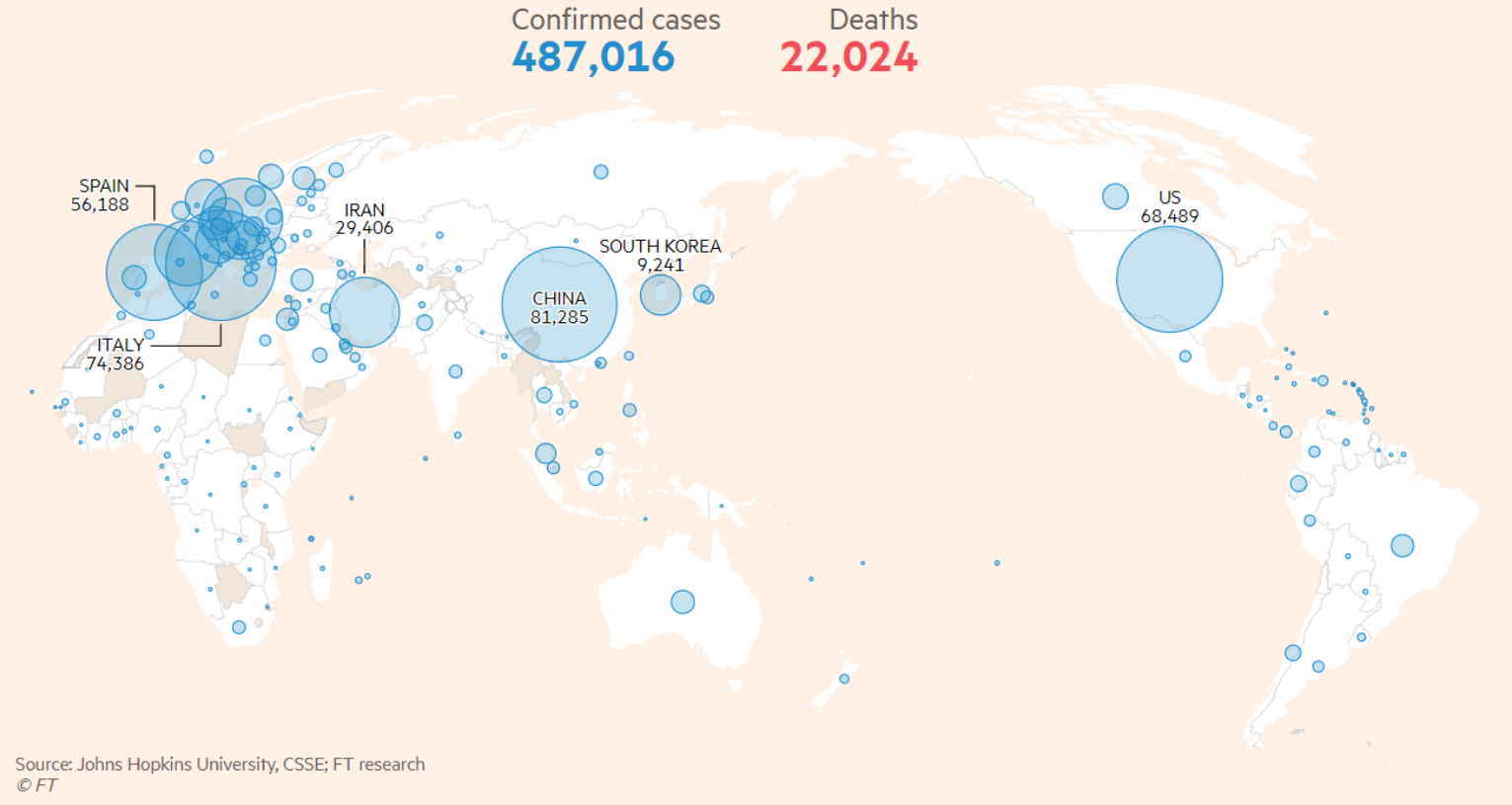
Sources: WIND; EntGroup; FT research

Source: Financial Times Research Group, March 25, 2020

# Virus Goes Global

## Mapping the coronavirus outbreak

As of 11:27am Mar 26 GMT



Source: Financial Times Research Group, March 26, 2020

# Economic Impact Shifts to Demand Shock

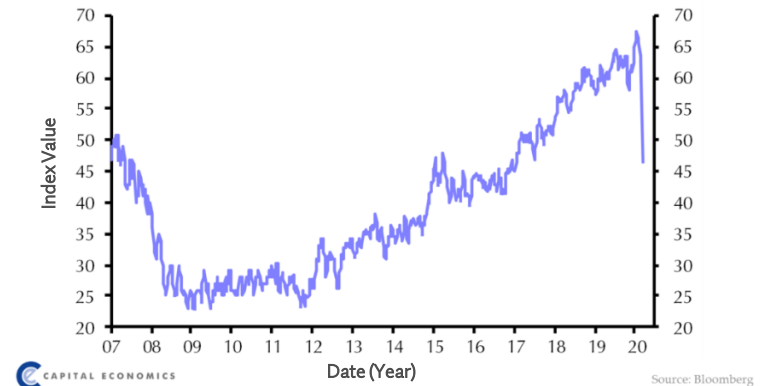
## Off the cliff

Composite purchasing managers' index\*



Source: *The Economist*, March 24, 2020

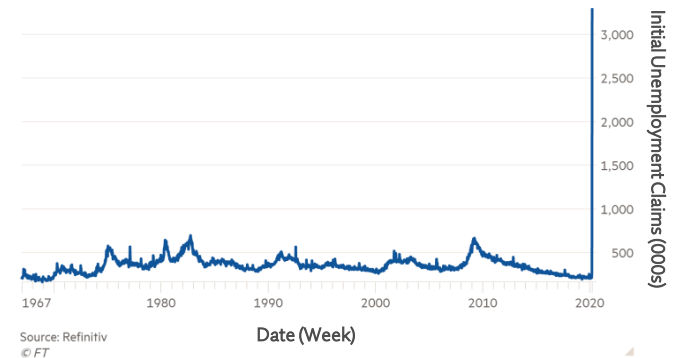
## US Bloomberg Consumer Confidence Index



Source: *The Economic Effects of the Coronavirus - Capital Economics*, March 25, 2020

## US jobless claims at record levels

Initial unemployment claims (weekly data, 000s)



Source: *Financial Times Research Group*, March 26, 2020

**TRILINC GLOBAL**  
INVEST WITH IMPACT



## Key Takeaways

## Impact on TriLinc Portfolios

# Executive Summary: TriLinc Global Sustainable Income Strategies

## Investment Strategy

- **Private Debt Plus®** = Market Rate Returns + Positive Impact
- International Private Credit
- Select Developing Economies
- Growth Stage Private Companies
- Trade Finance and Short-Term Project Loans
- Comprehensive Diversification<sup>1</sup>

## Strategy Objectives<sup>2</sup>

- Current Income
- Capital Preservation
- Modest Appreciation

## Historical Track Record

- Since June 2013
- > \$1.34 billion invested
- Zero Loan Losses<sup>3</sup>

## Team Track Record

- TriLinc Management Team
  - Average of 26 years experience in investment management
  - Actively managed over \$50 billion in investor funds
- 12 Global Investment Partners<sup>4</sup>
  - 473 employees in Latin America, SE Asia, Emerging Europe, and Sub-Saharan Africa
  - > \$33 billion in credit transaction experience

<sup>1</sup>Comprehensive Diversification includes diversification by region, country, borrower, industry, asset type, investment partner and tenor. Diversification may vary by investment vehicle.

<sup>2</sup>There can be no assurance that these objectives will be achieved and an investor may lose all or a portion of their investment.

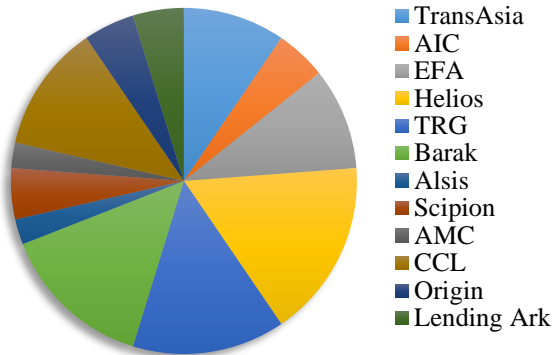
<sup>3</sup>To date, TriLinc has not realized any loan losses, however the value of some loans have been marked down from their original loan amount and in such cases may no longer be accruing interest.

<sup>4</sup>Investment Partner data depicted is as reported to TriLinc by Investment Partners on an annual and ad hoc basis. Transaction experience by Investment Partners is not solely in connection with TriLinc products or transactions and may apply to Investment Partner firms, products, or personnel as relevant. There is no assurance that an Investment Partner's past performance will be indicative of future results. Since inception, TriLinc has worked with 14 investment partners. Statistics from prior investment partners are not included above.

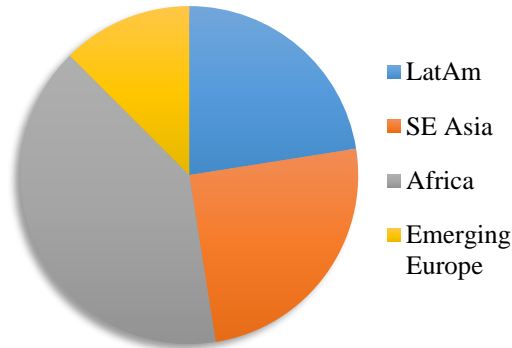
# Comprehensive Diversification

TriLinc seeks to reduce portfolio risk through comprehensive diversification, a signature approach that emphasizes minimizing exposure to any single macro-risk factor.

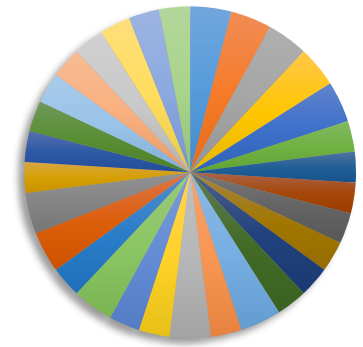
## Investment Partner



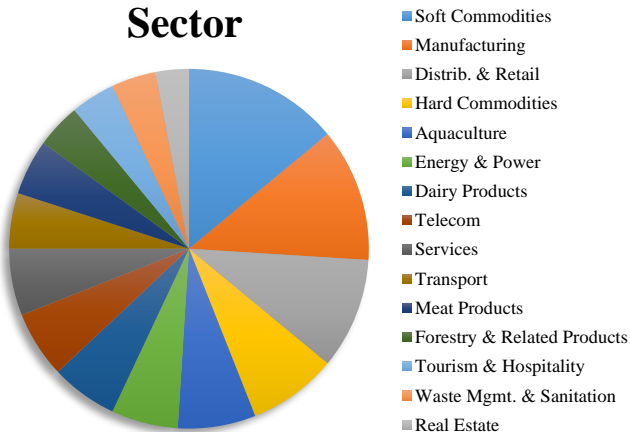
## Region



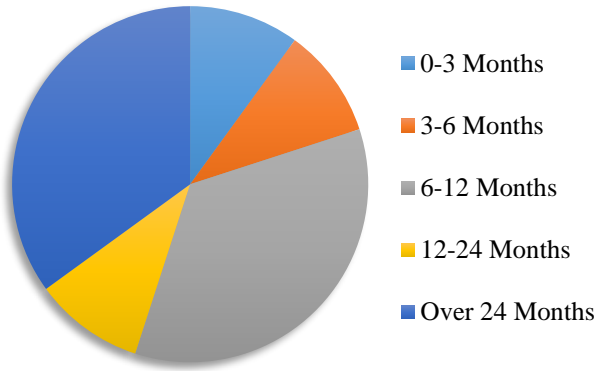
## Country



## Sector



## Duration (Months)

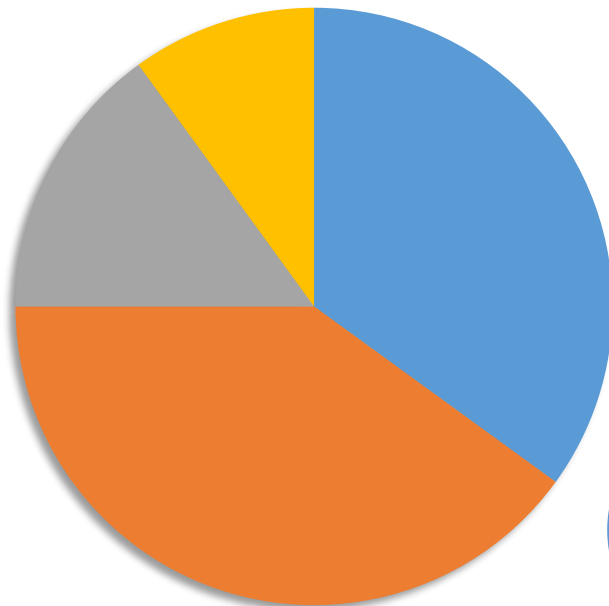


The diversification shown is for illustrative purposes only and there is no guarantee that the portfolio will be diversified as illustrated. Diversification may vary by investment vehicle.

# Role of Asset Classes in a Portfolio

## TYPICAL INVESTOR ALLOCATION<sup>1</sup>

■ Equity ■ Fixed Income ■ Alternatives ■ Cash



### Cash

- Liquidity

### Fixed Income

- Capital preservation
- Income

### Equity

- Growth
- Some income

### Alternatives

#### Debt

- Non-correlation
- Capital preservation
- Income

#### Equity

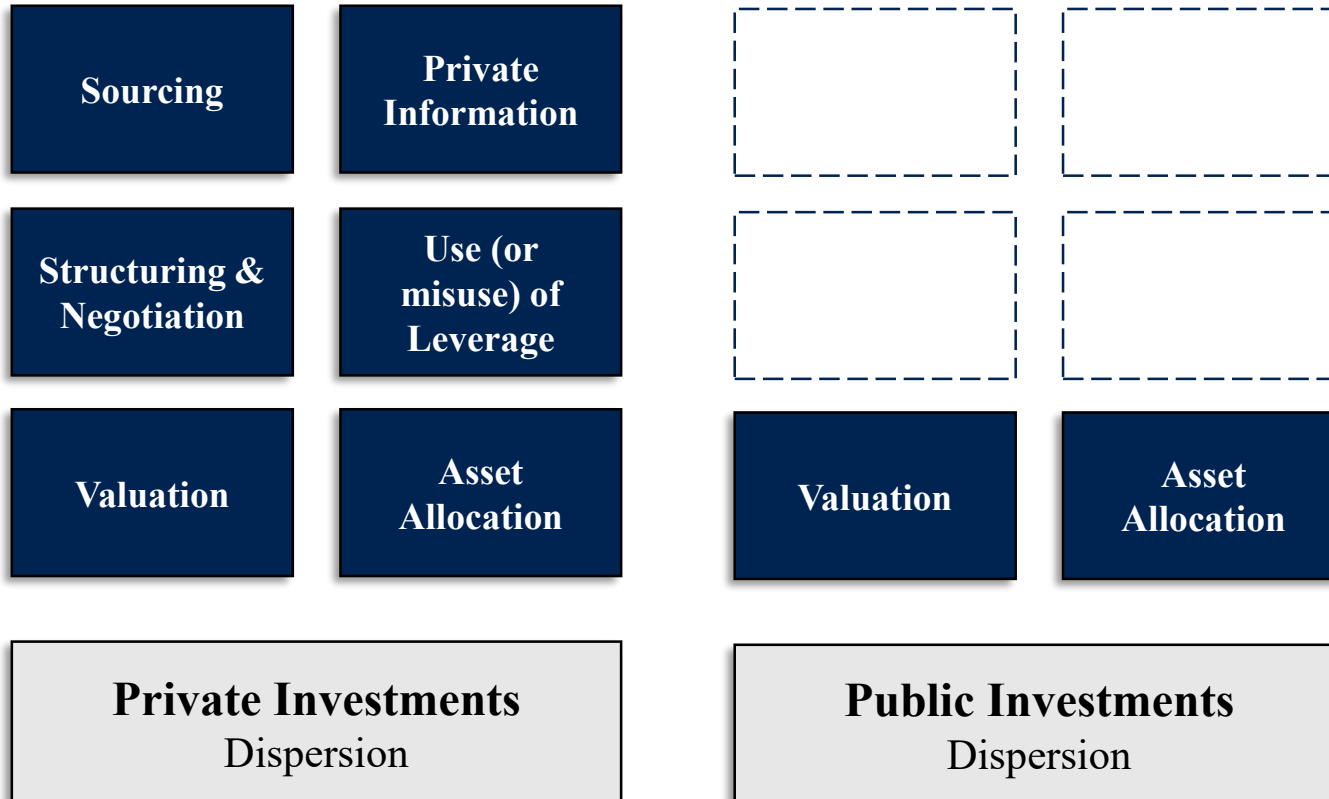
- Non-correlation
- Growth
- Income

*For illustrative purposes only.*

<sup>1</sup>Typical investor allocation based on industry experience.

# Opportunity for Alpha

The wider array of value levers and risk drivers in private markets can result in greater performance dispersion vs. public markets.



# Framework for Managing Portfolio Companies

## Six indicators can prioritize support to portfolio companies.

Checklist of questions:

<b>Risks to employees' and customers' health, safety, and productivity</b>	<b>Financial/liquidity risk or customers seeking financing</b>	<b>Geographic considerations</b>	<b>Short-term revenue and delivery risks</b>	<b>Longer-term risks and opportunities</b>	<b>Less tangible risks and opportunities</b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Does the portfolio company have policies and procedures to minimize risk of infection? Is it in compliance?</li> <li><input type="checkbox"/> Are there confirmed or suspected COVID-19 cases among employees?</li> <li><input type="checkbox"/> Are there barriers to successful remote working? Potential to help customers or others?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Is leverage (eg, near-term debt repayments, high-interest payments, tight covenants) high?</li> <li><input type="checkbox"/> Are counterparties exerting pressure to extend accounts-receivable terms? Do customers have liquidity constraints?</li> <li><input type="checkbox"/> Have there recently been any abnormally high expenses?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Are operations, customers, or suppliers based in today's riskiest areas? What about tomorrow's?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Is revenue dependent on travel, foot traffic, events, and so on?</li> <li><input type="checkbox"/> Is revenue affected by social distancing or disease prevalence?</li> <li><input type="checkbox"/> Is the supply chain (in particular, raw materials) susceptible to disruption?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Will shifts in government policy present risks? Opportunities?</li> <li><input type="checkbox"/> Will changes in patterns of global trade, travel, and logistics offer opportunities? Risks?</li> <li><input type="checkbox"/> Will customer preferences change permanently?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Is the company or its business model susceptible to reputational or cultural risk?</li> <li><input type="checkbox"/> Does the company have sufficient redundancy in its critical functions? Can it provide capacity to others?</li> </ul>

Source: Private equity and the new reality of coronavirus – McKinsey & Company, March 2020

## Closing Thoughts



## Closing Thoughts

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- Economic blow is self-inflicted



- Governments realize they have to soften the blow - we are seeing massive response from both legislatures and central banks:

**White House, Senate reach historic \$2 trillion stimulus deal amid growing coronavirus fears**

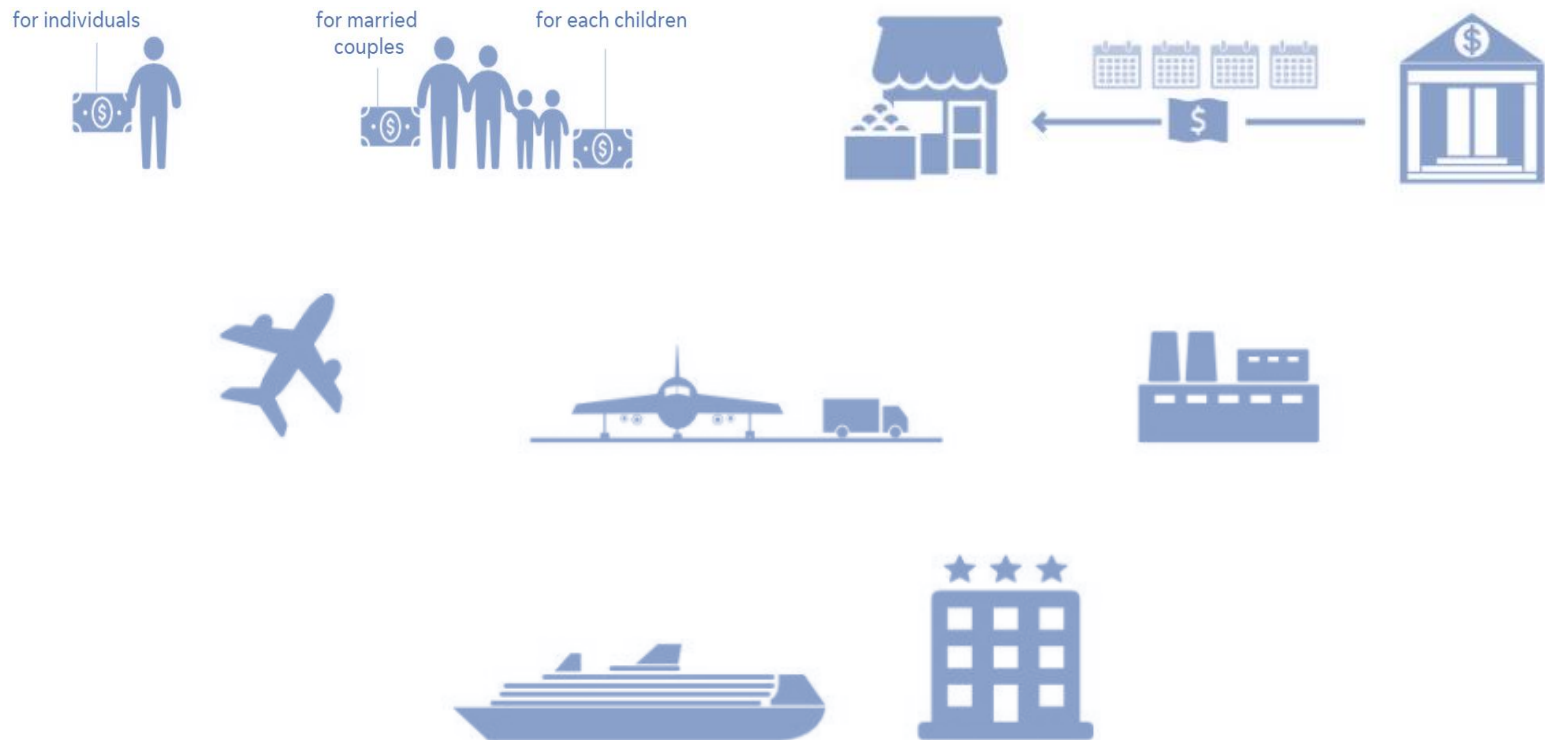
**European Central Bank announces massive stimulus plan to calm markets**

**Fed announces massive stimulus to shield economy from coronavirus**

**South Korea unveils \$13.7b stimulus package to fight coronavirus**

## Closing Thoughts

- Some of the highlights from the US efforts:



## What can we do?

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- Support local businesses:
  - Order from local restaurants through a meal delivery service
  - If you have the means to continue spending, do it (responsibly, of course):
    - Shop online – particularly with small businesses
    - Send gifts to people
    - Do your holiday shopping early
- Read up on the US stimulus packages to see how you or your business might benefit from any of the programs, and share your knowledge with others who may not be aware
- Email your elected representatives to thank them for their work, and encourage them to continue to work toward bipartisan solutions
- Recognize that securities markets are historically volatile and will continue to be...so don't panic
- Support and encourage each other:
  - Host virtual social events, etc.
  - Shop with a friend – “stroll” through websites of your favorite stores
  - Take advantage of free online workouts with a friend
- Lastly, remember that...

- ...Americans are resilient and above all, innovative.

## Distilleries switching to make hand sanitizer



# Q&A

## Want to Learn More?

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If you would like a copy of today's presentation, or if you have any questions for Gloria and Paul, you may reach us at:

[info@trilincglobal.com](mailto:info@trilincglobal.com)

or you can visit us online at:

[www.trilincglobal.com](http://www.trilincglobal.com)



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Thank you!

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Private Debt Plus®, TriLinc's private debt investment strategy, aims to deliver market-rate returns through private debt loans to Small and Medium-sized Enterprises (SMEs) in select developing countries PLUS positive impact that is measurable and reportable through the Global Impact Investing Network's (GIIN) Impact Reporting & Investment Standards (IRIS). Depending on the vehicle, the strategy combines private financing investment opportunities to meet the investment objectives.

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