# Private Credit: Old Hill Partners Outlook 2020

Warning: Rough Seas Ahead

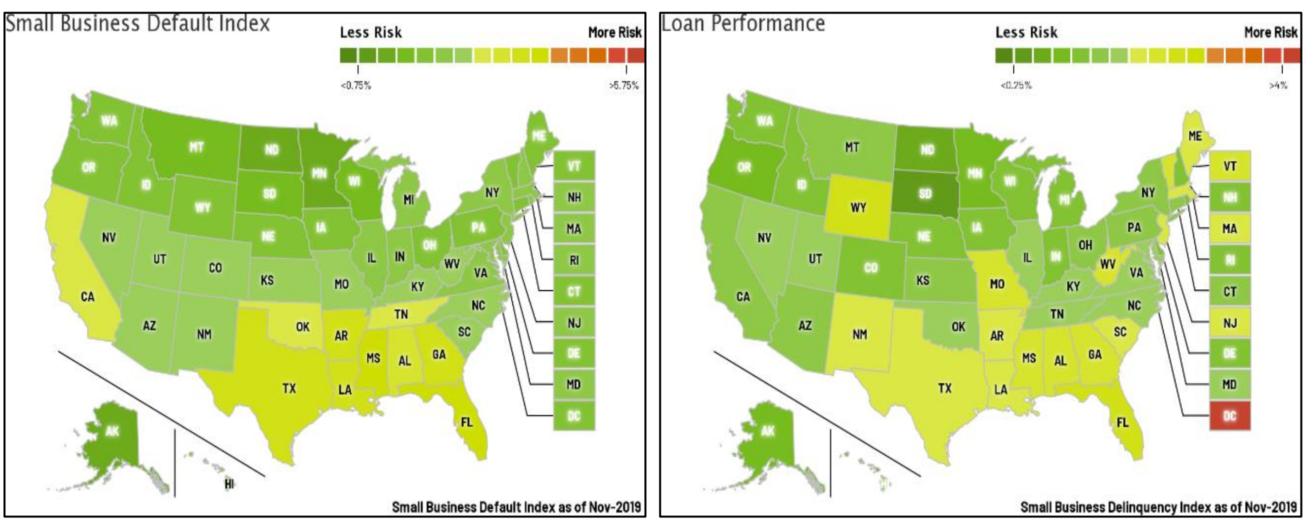
By John C. Howe, Founder & CEO, Old Hill Partners Inc.

## *Executive Summary*

*In our Outlook last year, we correctly anticipated continued moderate economic expansion in 2019. Volatility, on the other hand, exceeded our expectations. It was, shall we say, a dynamic year, with several ups and downs and some sideways movements. We expected at most one Fed rate hike before a pause; instead, we got three rate cuts in the face of trade uncertainties, weaker global growth, and tepid inflationary pressures. But aside from being surprised by the sudden reversal on interest rates, we were spot on with most of our other predictions. We anticipated the somewhat slower economic growth of 2019 combined with a bullish stock market in the first half and the possibility of further equities rallies if trade and political tensions did not overwhelm markets. We foresaw no autopilot on the normalization of interest rates or Fed policy unwind, with a low risk of a policy mistake. The Fed's decision to cut interest rates can be seen as a validation of our view of the Fed playing an active role rather than leaving things on autopilot. And we correctly anticipated healthy business balance sheets and confidence among small businesses and consumers.*

*For 2020, we expect continued volatility and a mixed bag of outcomes. On the plus side: low risk of a policy mistake, no autopilot on the normalization of interest rates, and continued health of small business balance sheets across most industries (Figure 1). We also expect the pause in rate hikes to continue absent a systemic shock to the economy.*

*Figure 1. Small Business Default Index and Loan Performance*



*But there are some troubling economic signs. We see an increased chance of a slowdown or even recession in H2, which makes tax cuts or fiscal stimulus more likely. On the other hand, historically, recessions are unlikely during election years and markets tend to rally. With rates tracking as low as they are now and with the lack of sufficient dry powder, the Fed is somewhat hampered in its ability to respond to challenges. This could complicate the Fed's ability to navigate the economy through a slowdown. Against this backdrop, we see domestic politics as a big wild card, namely, the upcoming national election and the unpredictable nature of the Trump presidency, in this very polarized environment where media outlets are promoting views at the extremes. Add to that the unsettled geopolitical picture, particularly concerning trade with China and the potential for escalation in the Middle East, and we see a period with a heightened risk of exogenous shocks, all of which create uncertainty for the economic picture going forward. Indeed, one such event arose last month: the coronavirus pandemic. Still, we anticipate Old Hill Partners' asset-based lending (ABL) strategy, with its history of uncorrelated, attractive risk-adjusted returns, will be able to navigate these choppy waters. ABL loans take the most senior-secured position in a capital stack and therefore are an effective defensive allocation in a recession or slowdown scenario. Besides, the significant returns generated from the sub $25 million ABL loans that Old Hill focus on are derived largely from illiquidity and small transaction premia that are uncorrelated with public market returns.*

# The Lion in Winter

In 2019, trade worries and heightened geopolitical tensions fueled concerns of blowback in the near term to the unrelenting U.S. economic expansion. But despite increased volatility and turbulence, U.S. markets shook off worries as the Dow rose to new heights at the end of 2019 and continued its winning streak into the start of January 2020 before coronavirus fears spooked markets.

The current economic expansion, although meager in recent years, is still the longest in modern U.S. history, and those who continue to bet against it had to backtrack again in 2019. As 2020 began, the U.S. economy behaved like an aging prizefighter intent on proving that he still has enough in his tank to take on challengers and retain his title.

But like that aging champion, the economy is moving a little slower and more cautiously, perhaps able to sidestep risks as a result of long experience rather than superior strength and agility. This may be one of the longest expansions in history, but it is far from the most powerful. Since the current expansion began in Q3 2009, GDP has grown at an average annual rate of 2.3%. That is the slowest GDP growth rate of the top 10 longest expansions since the 1950s (Figure 2). At this late stage in the expansion, it is hard to see how this lumbering champion can suddenly accelerate. It is not surprising, then, that 2-3% GDP growth is gaining widespread acceptance as the new norm. And perhaps that is a good thing: modest growth is certainly easier to sustain than more rapid expansion. Just ask China, which is struggling with a slowdown from its recent breakneck expansion rate . Given the uncertainty about the pace of U.S. economic growth, the coupons and fees generated by short to medium-term loans, such as those that Old Hill originates, offer an attractive option for investor portfolios.

Figure 2. Top 10 Economic Expansions Since the 1950s

| Rank | Start of expansionary period | End of expansionary period | Length of expansion (quarters) | Average GDP quarterly change (ann.) | Cumulative GDP growth |
|---|---|---|---|---|---|
| 1 | Q3-2009 | Ongoing | 41 | 2.3% | 26.4% |
| 2 | Q2-1991 | Q1-2001 | 40 | 3.6% | 42.6% |
| 3 | Q2-1961 | Q4-1969 | 35 | 4.9% | 51.9% |
| 4 | Q1-1983 | Q3-1990 | 31 | 4.3% | 38.2% |
| 5 | Q1-2002 | Q4-2007 | 24 | 2.9% | 18.7% |
| 6 | Q2-1975 | Q1-1980 | 20 | 4.3% | 23.2% |
| 7 | Q1-1950 | Q2-1953 | 14 | 7.7% | 29.3% |
| 8 | Q3-1954 | Q3-1957 | 13 | 4.1% | 13.7% |
| 9 | Q1-1971 | Q4-1973 | 12 | 5.2% | 16.1% |
| 10 | Q3-1958 | Q2-1960 | 8 | 5.6% | 11.4% |

Source: Federal Reserve, Bureau of Economic Analysis, and Columbia Threadneedle Investments

The geopolitical front has proven especially volatile, particularly with regards to the presidency, trade with China and tensions with Iran. Trump was impeached in the House in 2019, and the ultimate impact of that remains unclear. Budget gridlock has become a fixture in Congress. As the U.S. enters what promises to be another divisive election season in 2020, we have a prescription for heightened political uncertainty. That is counter to recent history when incumbents seeking reelection generate less uncertainty and prompt markets to rally. Furthermore, sitting presidents tend to roll out new policies or push for lower taxes to bolster economic growth when seeking a new term. While the White House scored a trade win with the signing of a first-stage trade agreement with China, the deal appears to leave more meaty trade issues unresolved, and tariffs remain in place. Of more concern may be the shock we don't expect like the coronavirus. Still, the resilience of this expansion has shown that this aging champion has an unusual ability to overcome challenges.

That is not to say that markets are placid. On the contrary, turbulence and volatility in equity and bond markets have been and remain high. Fears of another economic downturn and even the possibility of another financial crisis lurk behind every new market rally. Most publicly-traded asset classes are now viewed as overvalued since that is the easiest parking place for big pools of liquidity.

The situation in the private markets is much more nuanced. For example, cheap credit has pushed real estate cap rates to historic lows and led to a bonanza in leveraged buyout loan issuance. Furthermore, low interest rates have contributed to increased leverage as investors hunt for yield. There are mounting concerns about the increased risk in securitized assets. In December, the Financial Stability Board (FSB) warned of new signs of stress in the trillion-dollar Collateralized Loan Obligation market, brought on in part by lower loan standards, particularly in leveraged loans. In contrast, specialized lenders, like Old Hill, can maintain rigorous loan standards because credit remains much less available to small and medium-sized businesses. While business loan defaults are expected to rise in 2020, they probably will not disrupt economic growth. The FSB foresaw only a modest uptick in leveraged loan defaults in the near term. In contrast, leverage applied to custom ABL transactions is modest and much less frequently used.

The swirling signs of trouble haven't fazed consumers, who remain positive going into 2020. Consumer sentiment, which dove in August 2019, steadily climbed back to the buoyant levels of spring 2019 (Figure 3). This is very reassuring for Old Hill's specialty finance focus where we provide senior-secured revolving-to-term credit facilities to other lenders who in turn serve the borrowing needs of consumers, such as providing used car loans. Also, except for student debt, which remains high, household debt as a percentage of GDP (including credit cards and mortgages) continued to improve from the levels of the Great Recession (Figure 4). DBRS Morningstar expects the U.S. consumer to remain healthy overall in 2020, as income growth continues to exceed household debt growth and interest rates remain low. The overall capacity of U.S. households to service their debt obligations remains very manageable, but lower-income households are more exposed to an economic downturn. Unemployment remains low as the economy continues to generate jobs. And the record high equity markets may be helpful to corporate debt, with richly valued equities providing extra liquidity to public companies. Moody's, for example, argues that this extra liquidity can help dampen defaults.

Figure 3. Consumer Sentiment

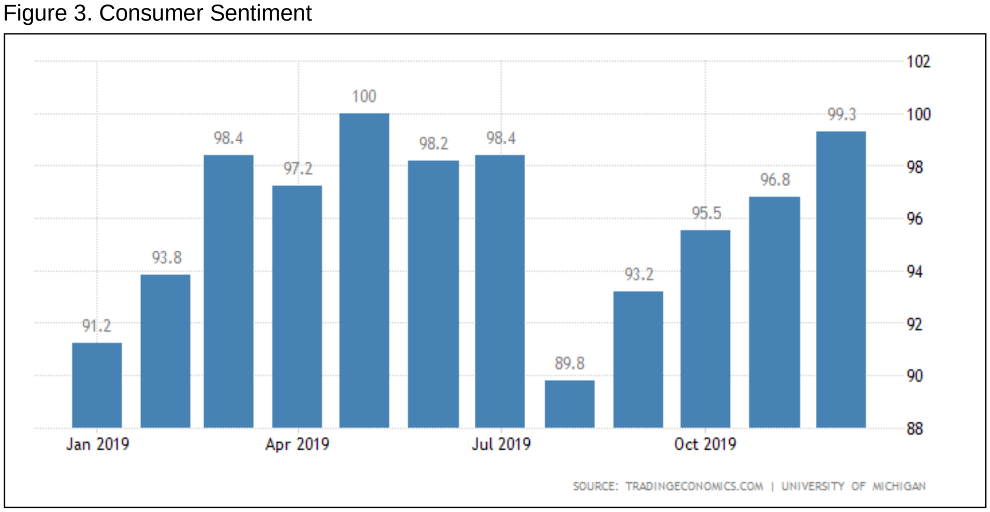
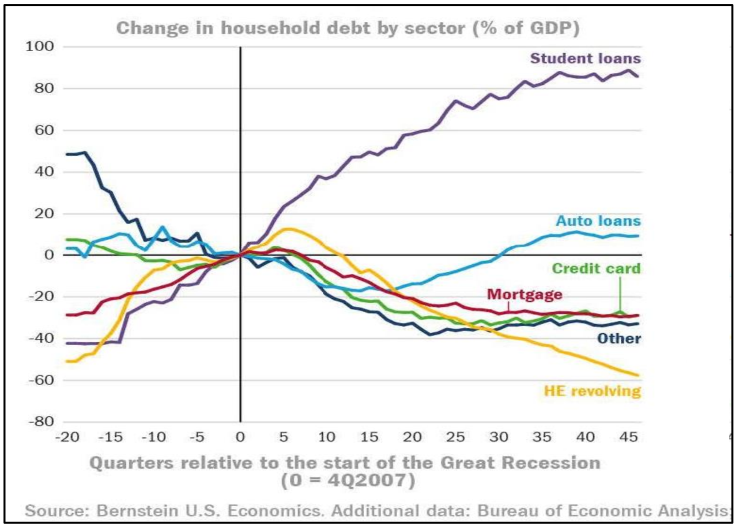


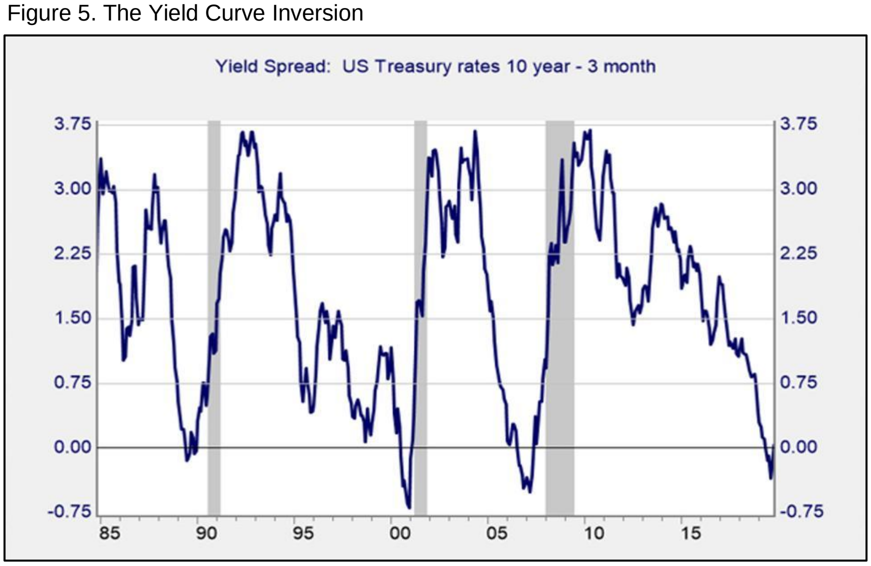
Figure 4. Debt Trends Relative to the Great Recession




## *Upside Down Conundrum*

The bears came out of hibernation in March when the yield curve inverted, with shorter-term treasuries paying more than long term bonds. Hand wringers rubbed their palms raw, noting that the inverted yield curve has been a reliable precursor to a recession. The curve quickly reverted, but that, too, followed past patterns when inversion/reversion was followed by a recession, typically within 14 months (Figure 5). The theory goes that the bears who push the yield curve to inversion in expectation of a recession then begin pricing in a recovery by bidding up longer-term bonds again. As lenders, we are mindful of the yield curve inversion and its historical role as a precursor to a recession.

Figure 5. The Yield Curve Inversion




Source: U.S. Federal Reserve

But relying on one data point to predict the future is inherently problematic. The 2019 inversion arrived much later in the economic expansion than in previous iterations, suggesting once again that there is something different about this cycle, at least in terms of its length. Prognosticators have been anticipating the end of the expansion and the credit cycle for several years based on various data points, but so far, they've all been proven wrong. Will this yield curve inversion be the leading indicator that finally predicts the next recession? We will see. We do believe that the inversion, coupled with the many pressures and uncertainties now facing the economy – overvalued equities, increasing leverage, heightened volatility, the unfolding presidential election in this highly polarized domestic environment, geopolitical tensions, fears of an uptick in defaults, impact of the U.S. tax cuts tapering off, a slowdown in China – point toward a slowdown in the U.S. in H2 2020, and possibly a recession.

Old Hill's defensive ABL strategy, with its focus on capital preservation, is timely given the risks increasingly lurking in the system. According to Fitch, the rating agency, asset-backed credit facility recoveries, which are representative of the majority of Old Hill's transactions, were better than those on cash flow revolvers. Notwithstanding that advance rates on revolvers vary depending on the borrower in question, overall recovery rates averaged 97% and 85% on ABL and cash flow revolvers, respectively, with 92% of the ABL facilities receiving full recovery. For cash flow revolvers, only 62% obtained full recovery. Meanwhile, according to Standard & Poor's, the estimated recovery rate for all debt issuers following the wave of defaults during the 2008 financial crisis was around 49.5% and recoveries for all issuers averaged 51.1% over the 1987-2007 period. Another Fitch study reports that second-lien debt recoveries between 2004-2011 were a lackluster 41%, only marginally better than unsecured debt recoveries, which is why Old Hill is focused on senior-secured lending to ensure the preservation of investor capital. A longer-term study by the Federal Reserve Bank of Kansas City, using Moody's data from 1970-2008, shows substantially higher recovery rates (56.5%) for senior-secured debt compared to all other tranches of capital (Figure 6).

Figure 6. Recovery Rates

| Seniority | Defaults | Firm Defaults | Mean | Median | Standard Deviation |
|---|---|---|---|---|---|
| Overall | 4,422 | 1,307 | 39.3 | 30.5 | 29.1 |
| Senior Secured | 1,274 | 221 | 56.4 | 55.0 | 28.0 |
| Senior Unsecured | 1,918 | 432 | 36.5 | 26.0 | 29.0 |
| Senior Subordinated | 364 | 216 | 30.5 | 23.0 | 25.8 |
| Subordinated | 724 | 408 | 32.2 | 29.0 | 22.7 |
| Junior Subordinated | 34 | 11 | 27.1 | 15.3 | 25.8 |
| Preferred Stock | 99 | 16 | 10.1 | 4.2 | 21.1 |

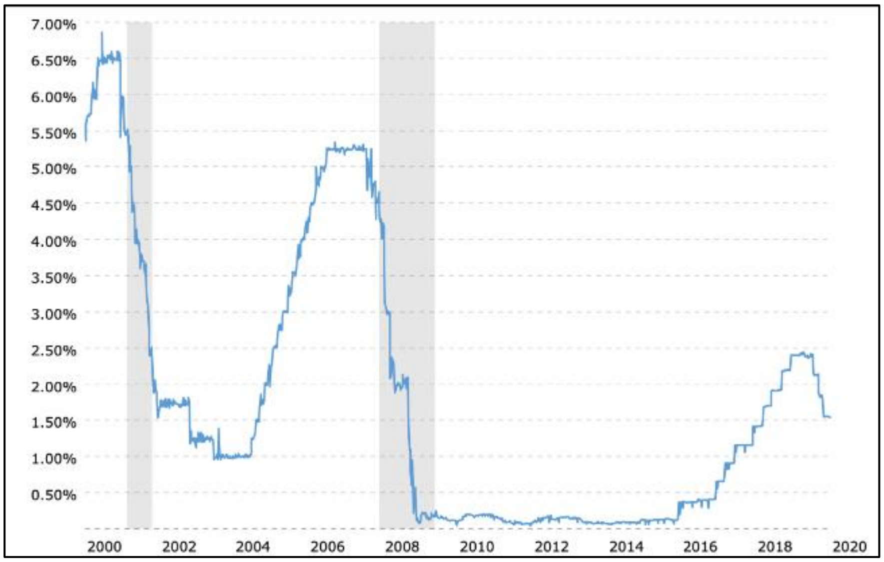
Source: Federal Reserve Bank of Kansas City

## *The Fed Fund Rate Two-Step*

With all the global and domestic uncertainty, the Fed has been watched particularly closely as a potential source of stability and as a directional guide. The year began with the Fed initiating a rate hike, continuing its slow increase in rates as a reflection of the strengthening economy. Things changed rapidly after that. The Fed had forecast two more rate hikes in 2019. In March, the Fed changed from bullish on the economy to more bearish and said that rates would remain unchanged through 2019. This indicated the Fed was not on autopilot and was prepared to change course in response to changing conditions.

Indeed, as the situation on the ground changed, so did the Fed. In July, the Fed cut rates 25 basis points, citing muted inflation pressures and global economic issues. Coincidentally, President Trump was also badgering the Fed to cut rates. The quarter-point cut wasn't enough to quell concerns, and the stock market fell on the news. Weak global growth and continuing trade uncertainties, coupled with low inflation, prompted two more quarter-point cuts by October. That bolstered spirits and stocks rallied to new highs by year-end, with the rally continuing into the new year. Now the Fed is in a holding pattern, signaling that rates will likely remain unchanged for the near term (Figure 7). The markets approved the Fed actions and entered 2020 in rally mode. Irrespective of the direction of interest rates, as mentioned, Old Hill's investment returns are generated in big part due to an illiquidity premium, which we estimate at 400-700 bps, and a small transaction premium. Furthermore, many of our loans feature variable rates that are protected by floors in case reference rates drop. We would naturally benefit should rates rise.

Figure 7. Fed funds rate, 2000-2020




Source: U.S. Federal Reserve

In December, the Fed reiterated its position on leaving rates unchanged in 2020, saying the levels were appropriate to support sustained economic expansion, strong employment, and inflation near a target level of 2%. But if economic conditions change, so could the Fed's position. While the Fed's actions may have helped keep the economy in growth mode, they also heightened the perception that continuation of the expansion now appears overly reliant on the Fed.

The Fed is also playing an important role in keeping the economy moving through the use of its balance sheet. The ledger had ballooned in the recession through quantitative easing, mostly the purchase of mortgage bonds, to $4.5 trillion. The Fed had been unwinding those holdings during the recovery but decided to stop selling bonds in September, leaving a not-insignificant $3.5 trillion still on the balance sheet.

To complicate matters, the Fed began buying assets again in the final months of 2019, running the balance sheet back up to $4.2 trillion. This time the problem was the runaway deficit, which reached $1 trillion for the first time in 2019. The Treasury had to issue a flood of bonds to finance the debt, and that helped disrupt the overnight funding market for banks. In September, overnight funding rates in short term money markets surged from 2% to 10% before the Fed stepped in to offer daily cash facilities and normalize rates. The Fed also started buying Treasury bills and adding them to the balance sheet. The plan is to keep buying into Q2 2020. Finally, the Treasury announced in

January 2020 that it would begin selling 20-year bonds (it had considered issuing 50-year or 100-year bonds) to help finance the ballooning deficit.

The bloated balance sheet, the low federal funds rate and the continuing effort to prop up overnight funding markets may put the Fed in a box should economic conditions sour in 2020. While there is still some room to cut interest rates, the Fed has indicated an aversion to taking rates negative as some other countries have. Japan, for example, has had great difficulty digging its way out of negative rates. With the Fed balance sheet already near the highs of the Great Recession, there are questions about its ability to intercede with significant asset purchases if economic conditions worsen. Without a well-armed Fed to adequately defend it, the economy may be more vulnerable to recession in the event of a slowdown in 2020. But again, for what it's worth, recessions typically don't start in a presidential election year.

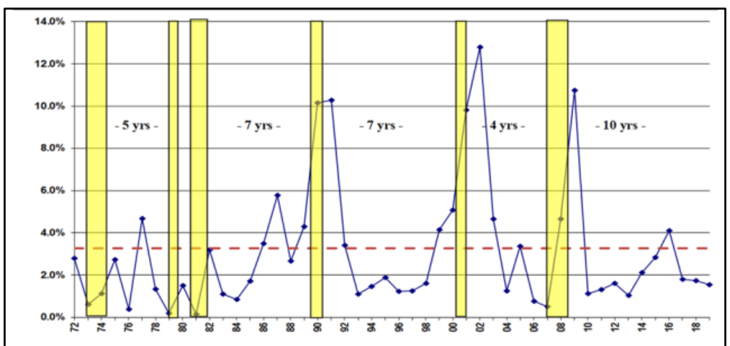
One thing that might alter the economic picture is a reduction in the federal deficit and the national debt. The Trump tax cuts, which bolstered markets, did not come with a corresponding reduction in federal spending. The rising deficit should come as no surprise. Fiscal responsibility in Washington in the form of a more balanced budget could improve the situation. We are not holding our breaths for that one. Congress lately has been more likely to reach an impasse on the budget than to work toward nonpartisan solutions to the rising deficit, and the president has shown much more interest in tax and interest rate cuts than budget discipline.

## Credit Environment

Strong loan demand, ample credit in certain segments of the market and the ability to pay off debts have characterized the credit environment for some time. With the economy continuing to grow and add jobs, prospects for both companies and individuals remained positive in 2019. The equation is fairly straightforward: when people have jobs, they spend; and when consumers spend, companies thrive; and when companies thrive, they borrow to modernize and expand.

Loan demand has been steady to slightly down and defaults have been relatively low. Still, there is no getting around the fact that we are in the late stages of the credit cycle, even if there is no clear indication yet of when the cycle might turn. We are at 10 years and counting into a low-growth economic cycle; earlier ones have turned at 4-7 years (Figure 8). With default rates still low, in their hunt for yield in today's low-rate public debt environment, investors continue to pile into the traditional private lending strategies, namely, large and medium-sized, cash flow-based, sponsored transactions.

Figure 8. Loan Defaults and Recessions



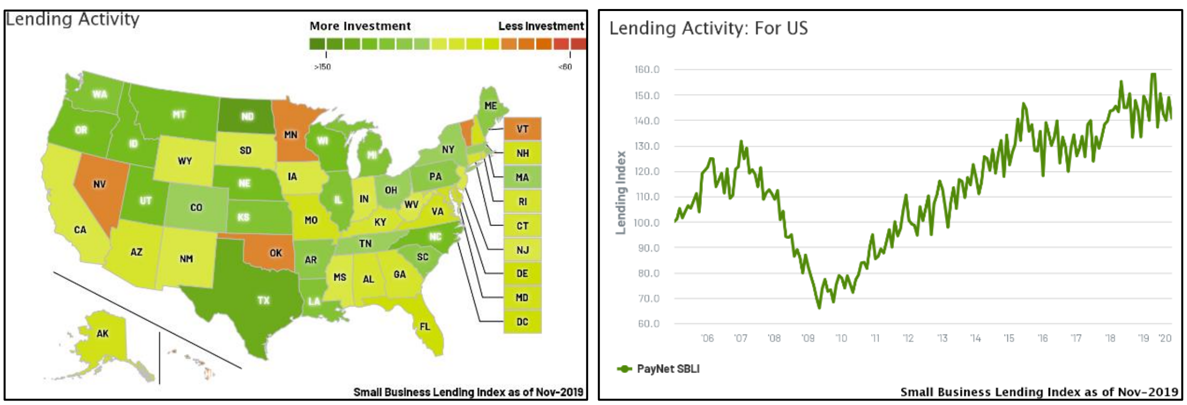

[a] Periods of Recession: 11/73 - 3/75, 1/80 - 7/80, 7/81 - 11/82, 7/90 - 3/91, 4/01 – 12/01, 12/07 - 6/09. [b] Benign credit cycles approximated. All rates annual, except 2Q 2019, which is LTM.
Source: Altman-Kuehne default rates and the National Bureau of Economic Research.

We are concerned about the generally frothy conditions in these cash flow-based transactions, and we feel sticking to our ABL knitting represents a better risk/reward ratio.

As the current credit cycle extends into 2020, a few cracks are showing up that are worthy of note. In the third quarter survey of banks by the Fed, banks reported weaker demand for Commercial and Industrial (C&I) loans from large and middle-market firms. The drop off was attributed partly to less need for merger and acquisition financing and reduced investment in plants and equipment. Some banks also reported businesses switching to other credit sources, which is good news for private credit managers in general. Reduced demand for credit by large companies that have had plentiful access to credit may be a sign that companies are starting to retrench after a long period of expansion. Furthermore, the early signs of a slowdown in large-business loan demand come at a time when more players are crowding into the cash flow-based private lending market and when dry powder held by private equity firms is exceptionally high. As the competition for deals heats up, the quality of cash flow-based loans declines.

In contrast, the smaller-balance loan segment that we serve at Old Hill (Figure 9) is a very fragmented market with less competition for borrowers, resulting in both strong deal flow and the negotiating power to underwrite high-quality loans.  Besides, loan demand by small to medium-sized businesses, the sector Old Hill focuses on, has not been met with the oversupply of cheap credit seen in by large and middle-market firms.

Figure 9. Small business lending activity

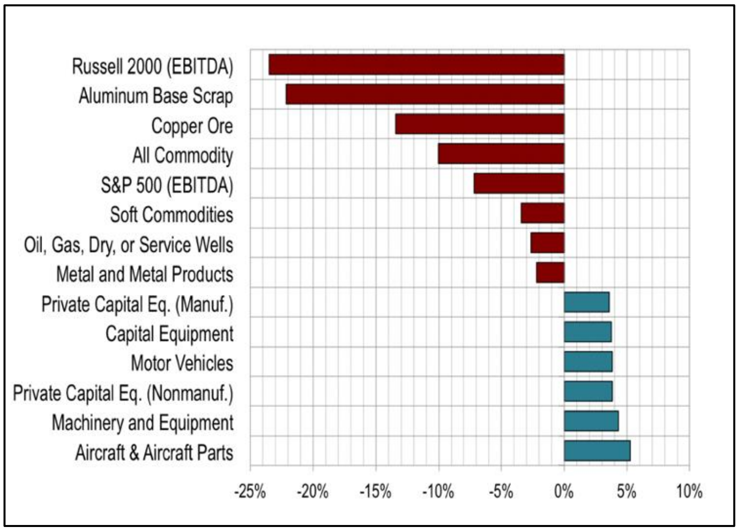



Much has been written in 2019 about the loosening of loan documentation and terms and conditions, all in favor of borrowers over lenders, which has the effect of extending more financing to weaker companies. Covenant lite loans, which are the standard in leveraged loans, are now getting a closer look as concerns about loan quality mount. Meanwhile, niche credit strategies, such as small-balance ABL, have not experienced the same deterioration in loan quality, since they never attracted floods of capital. Should the economy slow in 2020, the new crop of weaker borrowers in larger balance loans could be exposed as default-risky businesses. In Q3 2019, S&P Global Ratings issued the most credit downgrades relative to upgrades since 2015. Most of the downgrades were in the high-yield market.

In this environment, compared to the rest of the market, sub $25 million asset-backed loans – the heart of the Old Hill Partners strategy – appear less frothy and more resilient, partly because there is less competition among lenders. Conservative underwriting, namely, loan-to-values that can withstand recession or near-recession scenarios, as we currently practice, is designed to protect investor capital in a downturn. A slowdown or recession will test the underwriting quality of all credit managers. Managers with experience across all stages of the credit cycle, like the team at Old Hill, have the required experience to work out troubled loans.  Besides, their rigorous due diligence and underwriting processes should mitigate the risks to investor capital before they become problems.

If a downturn or recession does arise, the impact on credit differs based on asset types. Some assets are more resilient than others. We took a look at how various types of assets fared in recessions (Figure 10). Those tied to cash flows, as reflected in EBITDA of the Russell 2000 and S&P 500, tend to sag more than those linked to real assets. That's not surprising since cash flows get crimped when economic activity slows. Real assets like equipment, machinery and aircraft parts tend to hold up better. This trend bolsters the argument for ABL strategies at times of stress.

Figure 10. Recessions and Asset Prices (Average Change in Asset Prices During Recession, 1/80-7/80; 7/81-11/82;11/90-3/91;3/01-11/01;12/07-6/09)




Source: Old Hill Partners

The stumbling block for ABL strategies is that illiquidity in the market for a defaulted firm's assets can affect recovery rates over and above the fundamental economic worth of these assets. A key driver of illiquidity for a defaulting firm's real assets is industry distress. This distress can produce a "fire sale," which is a forced asset sale at a "dislocated" price. The price is dislocated since the highest bidders are industry peers, but they cannot bid the price up to the value that reflects the best use of the assets because the industry is also financially distressed. A classic example is the sale of used airplanes by financially distressed airlines, where the asset is highly specific to the airline industry and the airline industry is itself struggling.

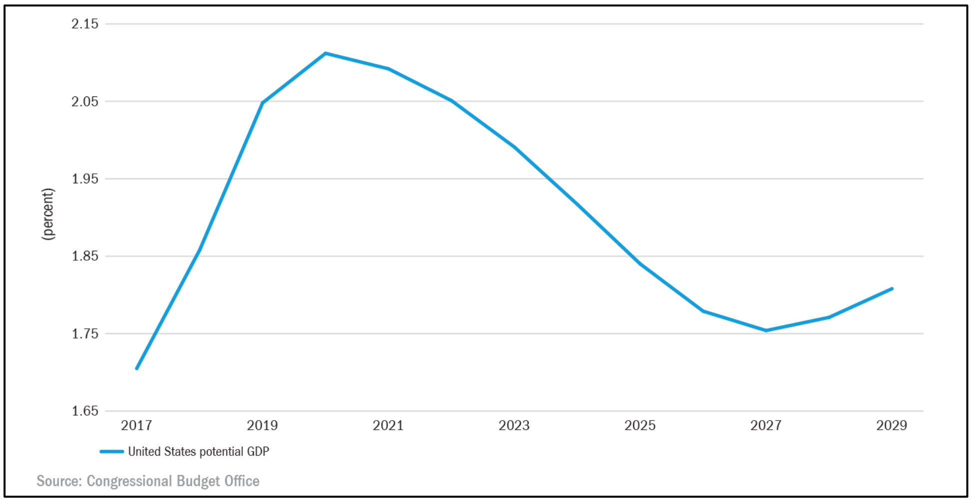
That is one of the reasons why the fund structure used by a manager to make loans is a fundamental element that investors should consider when evaluating a private credit fund. At Old Hill, we thought long and hard about the structure before we launched our funds by attempting to match fund assets (loans) and liabilities (investor capital) so that the portfolio was aligned appropriately. Old Hill's fund structures are appropriate because they match fund assets and liabilities. Should an economic contraction occur and asset prices decline, with no redemption pressures, we can re-lend on more favorable terms while asset prices stabilize and recover, which historically has been the case.  The fund structure also allows us to hold on certain assets longer to allow for higher recovery when markets of prices stabilize.

One final note on this point: Old Hill Partners takes an opportunistic approach to its loan selection, trying to steer clear of overvalued (and overcrowded) sectors to focus on asset types where there are fewer players and better values. Special knowledge and patience are required to get this kind of strategy right.

# *Outlook 2020*

So, where does all this leave us relative to 2020? Our forecast envisions the U.S. economy decelerating in 2020, with the potential for a stock market correction in H1 and an increased risk of a slowdown and possible recession in H2. We don't see much change in the global economy one way or the other. The Congressional Budget Office has forecast the potential for U.S. GDP growth peaking in 2020 and trending downward for an extended period (Figure 11). As a result, payroll expansion will likely slow and we anticipate an uptick in U.S. consumer loan defaults.

Figure 11. GDP Growth




In this environment, defensive investment strategies, like Old Hill's small-balance ABL strategy, are the right allocation for prudent investors looking to position their portfolios to weather the storm, while generating an attractive risk-adjusted return. In Old Hill's defensive approach to the consumer finance segment, investors benefit from the fact that loans are secured by diversified pools of consumer loans or leases and that the borrowing companies in the strategy use their own capital (i.e. first loss capital) to shoulder consumer defaults. But in any case, perhaps except for the oil and gas industry, we don't expect much near-term impact on small business balance sheets, where we see continued health across most industries.

On the Fed front, we foresee a relatively low risk of a major policy mistake as the Fed continues to avoid making decisions on autopilot. The announced pause in rate hikes will likely continue as the Fed monitors economic conditions, although its lack of dry powder constrains options in the event of a slowdown. And this includes potential limits on the Fed's balance sheet expansion. Still, easing monetary conditions remain a possibility. More tax cuts are possible, given the election season.

The wild cards remain, firstly, domestic politics, then geopolitics, trade issues, and other exogenous risks. In Washington, the ongoing divisiveness shows no sign of letting up, leaving open the possibility of more gridlock and government shutdowns. A major surprise from the presidential election is very possible, both in terms of the president-elect but also in terms of policy mandates, namely the risk of statist and socialist policies. The impact all this will have on the government's ability to borrow money is unknown, but it could push up long term interest rates and crowd out private investment. Also, there is still a long way to go to resolve China trade issues.

Despite the headwinds, we continue to see opportunities in credit for cautious and careful managers, particularly for niche strategies like the ABL strategy practiced by Old Hill Partners. Extensive due diligence and risk management that we employ can be effective in the preservation of capital. The Old Hill small-balance strategy is a defensive allocation because we deploy capital in the most secure part of the capital stack and the recovery rates for ABL are higher than cash flow-based lending. Furthermore, our specialty finance edge allows us to profit from the consumer with minimal direct exposure to defaults. In 2020, we will strive to continue presenting a safe haven from what is shaping up to be another volatile year.

## About Old Hill Partners

**Old Hill Partners Inc.** ("Old Hill") is an SEC-registered investment adviser with significant experience in all facets of asset-backed lending and alternative investment management. Our primary investment strategy is asset-backed lending. We offer customized lending products and services to small and middle-market clients and work closely with our borrowers and partners to provide creative funding structures to support their growth initiatives. For more information, please visit **www.oldhill.com.**

**John C. Howe** is Old Hill's President and Chief Investment Officer. He has over 25 years of experience investing and managing credit and asset-backed lending transactions, and is responsible for overall portfolio construction. Prior to founding Old Hill in 1996, John was a Managing Director at Nomura Securities in New York from 1990 to 1995, where he oversaw the $40 billion Government Securities Business Unit, and managed and traded fixed-income securities for seven years at Kidder Peabody. He has an undergraduate degree from Tufts University and a graduate degree from Columbia University, with a specialization in international business. John was a captain in the United States Army, serving 10 years in active and reserve units.

**Jeffrey Haas** is Old Hill's Chief Operating Officer. He has over 20 years of diverse financial experience in portfolio management, transaction structuring and operations management. Jeff is responsible for Old Hill's day-to-day operations, as well as sourcing and structuring transactions. Prior to joining Old Hill, he was COO and co-portfolio manager of Juniperhill Asset Management and a portfolio manager for Centrecourt Asset Management. Earlier, he was a portfolio manager at CIBC World Markets, where he co-managed proprietary trading for structured & illiquid investments. Jeff has an MBA in finance and international business from NYU Stern and an undergraduate accounting degree from Adelphi University. He is a registered CPA.

**Old Hill Partners Inc.**
**1120 Boston Post Road, 2nd Floor**
**Darien, Connecticut 06820**

**Phone: (203) 656-3004**
**Fax: (203) 656-3008**

**info@oldhill.com**

## Notice & Disclaimer