



Tan Nuchkasem

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INTRODUCTION

Staying present in the moment is an approach to life that has served Tan Nuchkasem, Senior Director, Signal Peak Capital Management, well throughout his career. Whether talking to company management teams or navigating changing markets with his own team, he believes every situation holds opportunities and lessons to be learned.

Tan recently walked us through his world of Collateralized Loan Obligations (CLOs), the evolution of the Signal Peak team, his love of golf, and what the sport has taught him about life.

Signal Peak is a credit-focused asset management team at ORIX USA.

CLOs are an often-misunderstood asset class. Describe the Signal Peak business and tell us about the role you play on the team.

The CLO market has grown substantially over the past 20 years, with the market now north of \$900 billion in the US and an investor base that varies by tranche. Signal Peak is a CLO manager under ORIX USA's registered investment adviser, ORIX Advisers, and an active player in this market. We have a very seasoned team of investment professionals, operating out of Dallas, many of whom have been with us since we launched the CLO platform, and who have "grown up" with the growth of the CLO market. I serve as the co-head of research and participate as a voting member on Signal Peak's investment committee.

Simply put, a CLO is a portfolio of leveraged loans that is securitized and managed as a fund. Each CLO is structured as a series of tranches that include interest-paying bonds along with a small portion of equity. CLOs are generally referred to as arbitrage CLOs because they aim to capture the excess spread between the interest earned on a

portfolio of leveraged loans (assets) and the interest paid on the tranches of CLO debt (liabilities). Although leveraged loans themselves are rated below investment grade, most CLO tranches are rated investment grade, benefiting from diversification, credit enhancements, and subordination of cash flows.



Tan, wife Crystal, and kids, Ellie and Ryan, enjoy fishing in Bastrop, Texas.



Tan spends time with his Dad, Mom, and brother at Torrey Pines Golf Course in San Diego.

Your team has been together for a long time. Can you talk about your career progression and the evolution of the team?

I started my career at PricewaterhouseCoopers and worked within various practices, mainly within their international tax / transaction and advisory services. Subsequently, I joined an affiliate of Highland Capital Management focused on restructuring and advisory work, where I gained more interest in debt capital markets. Following my interest in credit, I joined ORIX USA in 2008 when our team was the Proprietary Investing group utilizing ORIX USA's balance sheet to invest in liquid credits like non-investment grade broadly syndicated loans and high yield bonds. The financial crisis happened soon afterwards so while it was a challenging time to join a new organization, it also served as an incredible teaching moment and an opportunity for me to learn and grow professionally on the job.

Several members of our team predate my time at the firm and bring a wealth of experience and knowledge and have provided a steady hand through several economic cycles. In retrospect, I'm grateful our team has navigated through various cycles and can pivot when it makes commercial sense to do so. Since the launch of our CLO platform in 2014, Signal Peak has grown assets under management, including ORIX USA and third party assets, from \$1 billion to \$5.7 billion as of December 31, 2022. We have 11 CLOs, multiple warehouse structures that will eventually be securitized into a CLO, and a few other separate accounts under management.

What is the most interesting part of your job?

My experience at ORIX USA was certainly different than previous roles I tried. Like many positions in the firm, my job requires me to stay engaged in

current affairs (i.e., macro / geo-political / industry specific dynamics, etc.) and apply my views to evaluate investment opportunities. I see it as a unique opportunity where you are exposed to all types of businesses to better understand the ultimate drivers of success or failure. In our market, we frequently have access to key players, including c-suite management teams and buy-side / sell side professionals, to help us form our views. What makes my job interesting is that our views around a specific investment opportunity may differ and a healthy debate, based on factual findings and extensive diligence, is often additive and keeps things interesting and engaging.

What is the best career lesson you've learned or the best career advice you've received?

I'm paraphrasing a bit and translating a quote from my dad: "Don't be complacent or afraid to do something uncomfortable. You might fail, but you'll learn the most from it and transform." He passed this on to me early in life and I'm forever grateful for it. I've carried this view with me which has guided my career and interests outside of work.

What is your approach when faced with a major challenge in your personal or professional life?

Admittedly, a bit cliché, but I try to constantly remind myself that time is a gift. The importance of being present in the moment has never been more obvious. At the start of a new year, I like to do a mental report card to make sure I'm purposeful with this gift that seems to pass by so quickly.

Any special interests or hobbies you like to do you with your family or friends?

I am an avid golfer, if not a great one, but I really love the game and the life lessons inherent within it. I grew up playing and find it humbling, entertaining, and a good way to spend time with my family and friends. I often take my young kids with me who are often more interested in rolling around in bunkers, chasing wildlife, and eating snacks. I guess we share that in common for now. Like many, the pandemic pushed my family to spend more time outdoors, and we enjoy hiking and beach time together when we can get away.