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Partnering with Founders and Management-Owners ("FMOs")

Alignment	Investing as partners Minimal leverage	Better outcomes for Investors and Founders
Flexibility	Solutions aligned with vision -- not an artificial timeline	

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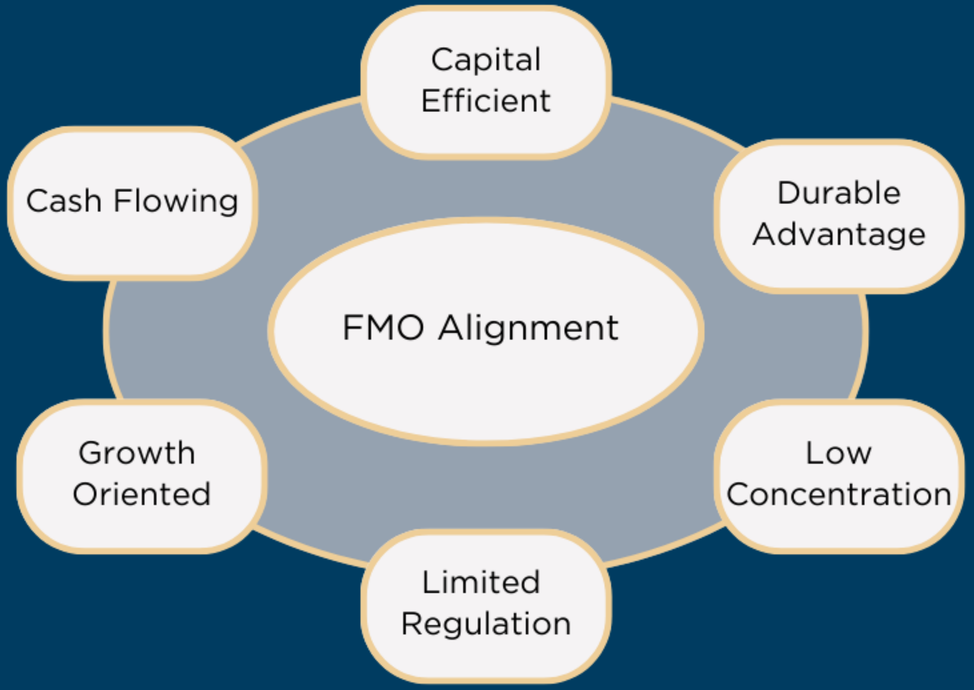
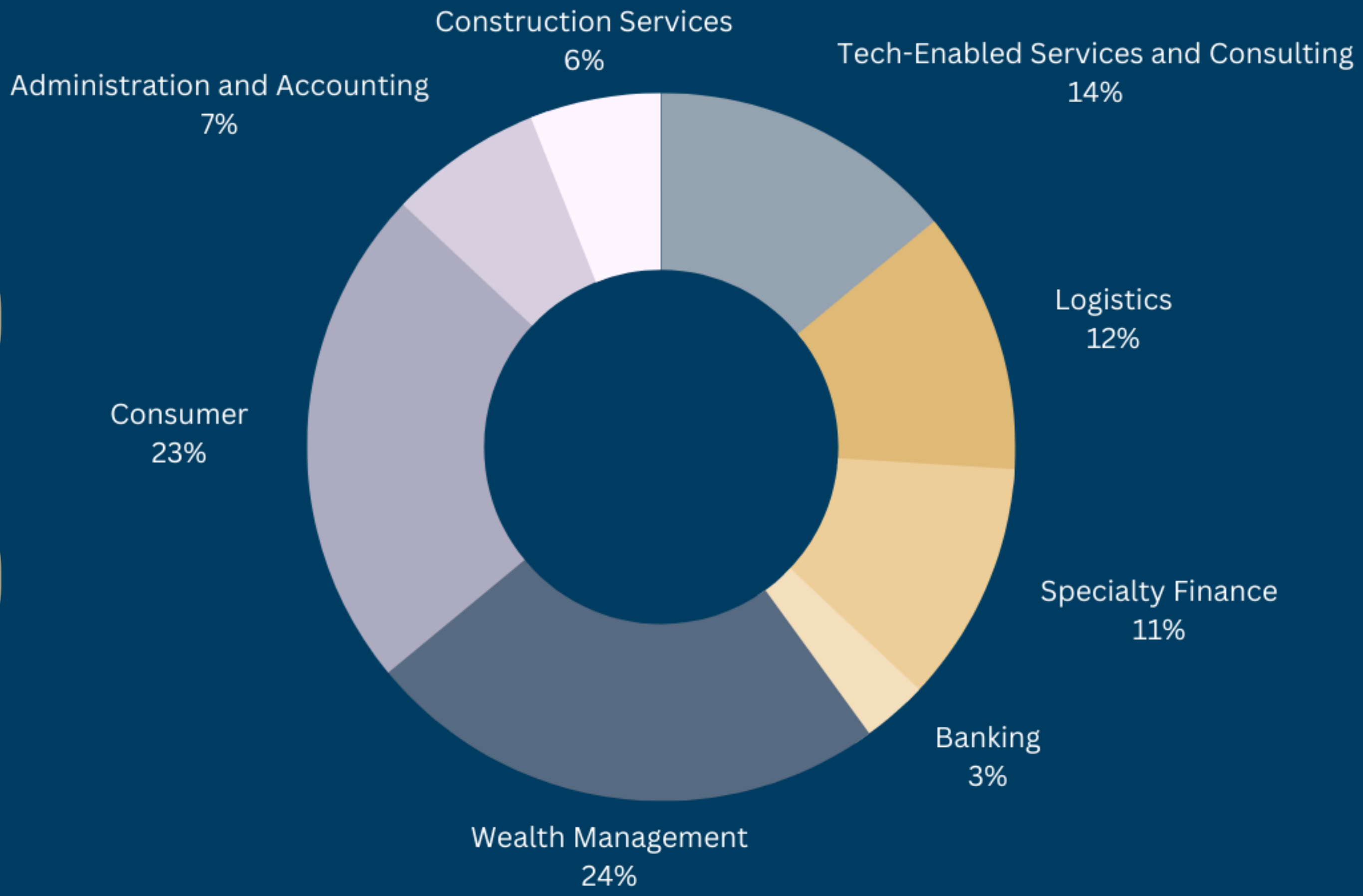
Focused on traditional industry sectors with attractive, long-term growth potential





Targeting 20%+ compounded returns with Equity checks ranging from $25 million to $100+ million

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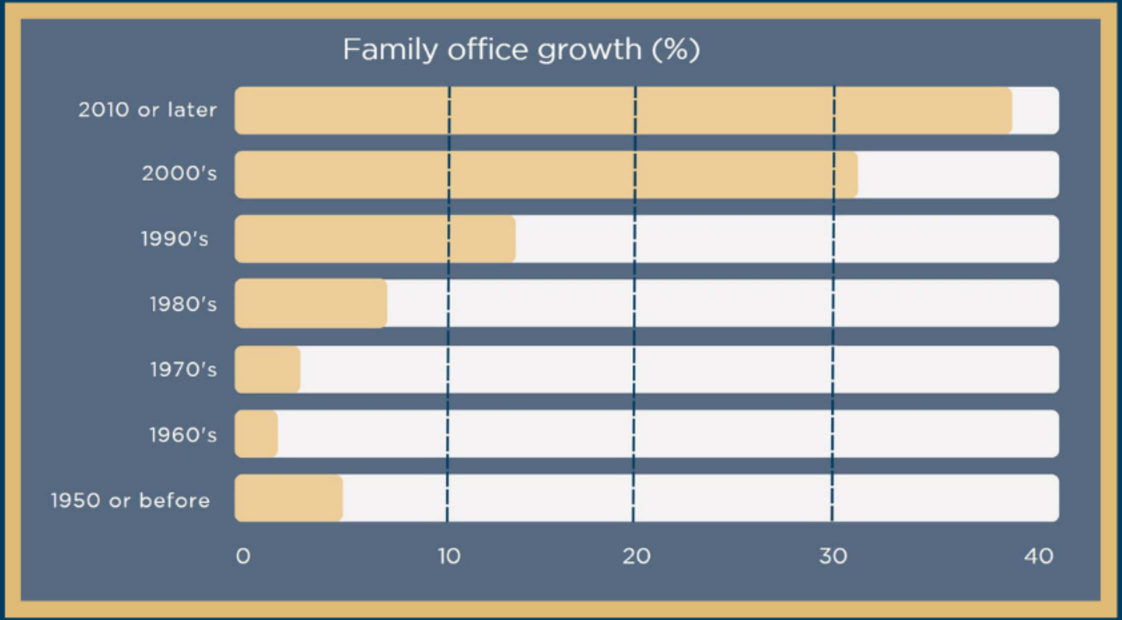
Growth and Youth of the family office

- Between 7,000 and 10,000 family offices -- most founded in the last 15 years
- Family offices manage $6 trillion compared to $4 trillion in global hedge funds



Gilmartin Group, A New Legacy: The Shifting Investment Landscape of Family Offices [website], https://gilmartinir.com/a-new-legacy-the-shifting-investment-landscape-of-family-offices

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Shift in Family Office Investment Focus

- Reflect family's values: Wealth Preservation / Creation, Philanthropy, and ESG
- Increasing share to private equity
- 83% invest in private equity
- 42% intend to raise allocations in private direct investments
- Fund of funds declined from 31% (2020) to 23% (2021)

Institutional Investor, Family Offices That 'Learned the Hard Way Are Halting Direct Deals, [website] https://www.institutionalinvestor.com/article/b8ycj3j4nv76wt/Family-Offices-That-Learned-The-Hard-Way-Are-Halting-Direct-Deals

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Going it alone:

- Direct investing gained popularity as a way to reduce fees, have hands-on involvement, and control
- Most found it harder, more complicated, and more expensive than anticipated
- Most family offices declare an interest in collaborating with other family offices -- few pull it off, challenge of free riders

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Going it alone: “Concentration builds wealth, diversification preserves it.”

- Yet, family offices which invest directly do best in the industry in which wealth was created
- Direct investment is a learning experience – with expensive tuition!
- Pseudo diversification – wealth created through mining is not diversified by investment in mining services . . .
- There are two kinds of high-net-worth families: those which have lost money investing in a movie – and those which will lose money investing in a movie

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Going it alone: At least $250 million needed to properly source, evaluate, and make direct investments

- Sourcing versus Sifting
- Due Diligence is real work – requiring not just expertise but an expansive network and perspective.
- Value Creation – focus, patience, perseverance, expertise, AND persuasion.
- The more time elapsed from wealth creation, the greater the emphasis on board membership.
- Great CEO's and Weak CEOs have one thing in common – they don't want another CEO around.

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A few Macro Thoughts:

In the United States $8 trillion in additional spending over 4 years -- compared to typical annual federal outlays of $5 trillion pre-COVID

Inflation was not a surprise, nor should a short and shallow recession

Heightened stock market volatility will continue for 18 months -- when interest rates will settle to the new steady state

Interest rates will remain higher for longer -- Prime 8.25% / SOFR 5.06% / SONIA 4% -- at the terminal rate at least into Q1 2024, and elevated relative to recent precedent for 18 months -- possibly forever (Goodhart thesis on wage pressures)

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Developing bank regulatory regime will result in tightening of credit restricting access to capital by small and medium businesses

The U.S. economy is fundamentally sound – unlike the general pathogens of the GFC, the bubbles associated with this COVID / Post-Zero Interest Rate Recession were valuations for IPOs, Venture Capital and, to a lesser extent, Private Equity . . . . and the US dollar

There was wild inflation in asset prices years before consumer price indices moved up

Bottom line for Private Equity

- 2023 and 2024 could be great vintage years
- It will take another 6 months for Founder / Management Owners to accept new, lower valuations
- Higher interest rates and time-driven sales by maturing funds will continue to put downward pressure on asset prices
- Greater opportunities for direct lending by non-banks – deal structures will become more hybridized