

Investment Research

Middle Market Buyout Funds

1/1/2024

Buyout performance relative to other major asset classes

Calendar Year and Trailing IRR

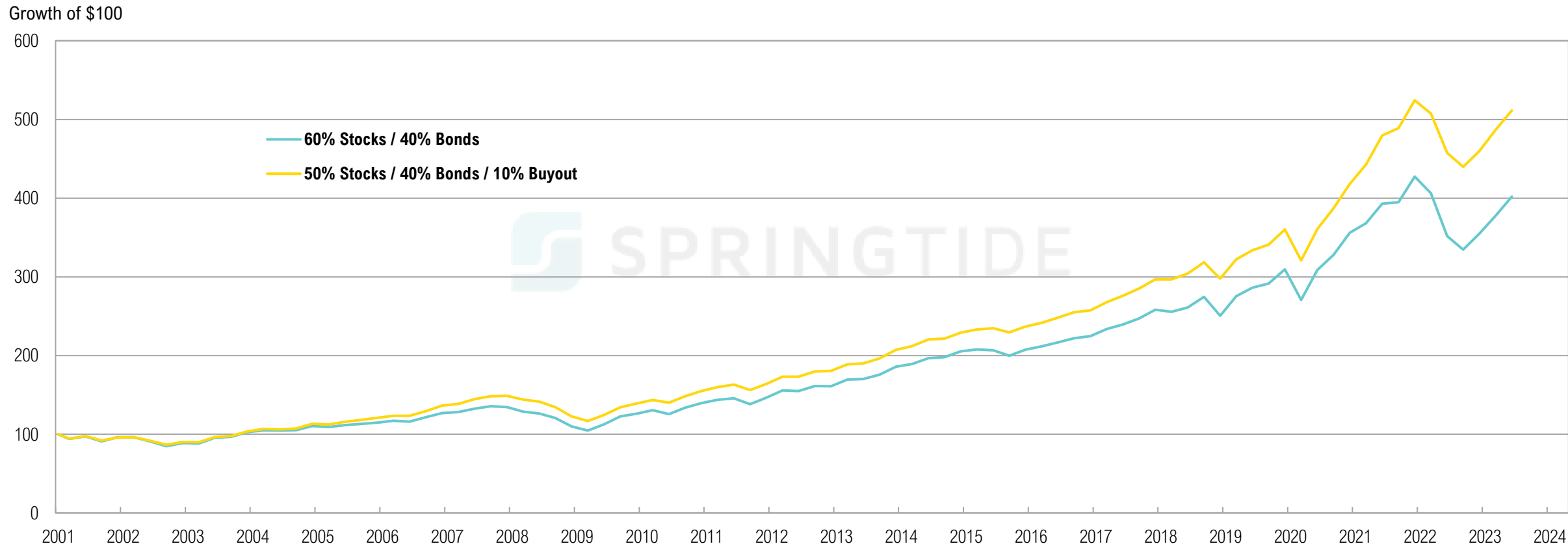
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	15 Years
All Pvt Mkts -20.9%	S&P 500 26.5%	Buyout 17.6%	Buyout 8.1%	S&P 500 16.0%	S&P 500 32.4%	S&P 500 13.7%	Buyout 13.0%	Buyout 12.5%	S&P 500 21.8%	Buyout 10.6%	S&P 500 31.5%	Buyout 20.8%	Buyout 44.7%	All Pvt Mkts 0.7%	Buyout 11.5%
U.S. 60/40 -21.6%	U.S. 60/40 18.5%	All Pvt Mkts 15.8%	All Pvt Mkts 8.1%	Buyout 14.6%	Buyout 18.1%	Buyout 12.6%	All Pvt Mkts 10.2%	S&P 500 12.0%	Buyout 19.7%	All Pvt Mkts 10.5%	U.S. 60/40 22.1%	S&P 500 18.4%	All Pvt Mkts 38.3%	Buyout -0.4%	All Pvt Mkts 10.3%
Buyout -22.5%	Buyout 8.5%	S&P 500 15.1%	U.S. 60/40 5.0%	All Pvt Mkts 12.6%	U.S. 60/40 17.7%	All Pvt Mkts 12.5%	S&P 500 1.4%	All Pvt Mkts 10.2%	All Pvt Mkts 15.1%	U.S. 60/40 -2.3%	Buyout 16.0%	All Pvt Mkts 15.5%	S&P 500 28.7%	U.S. 60/40 -15.9%	S&P 500 8.8%
S&P 500 -37.0%	All Pvt Mkts 2.4%	U.S. 60/40 12.2%	S&P 500 2.1%	U.S. 60/40 11.4%	All Pvt Mkts 15.9%	U.S. 60/40 10.6%	U.S. 60/40 1.2%	U.S. 60/40 8.2%	U.S. 60/40 14.3%	S&P 500 -4.4%	All Pvt Mkts 11.7%	U.S. 60/40 15.4%	U.S. 60/40 16.0%	S&P 500 -18.1%	U.S. 60/40 6.8%

- Buyout
- All Private Markets
- S&P 500
- U.S. 60/40

Source: Pitchbook, Bloomberg and SpringTide. See disclosures for asset class, index and portfolio definitions. Returns are net of fees. Returns for periods longer than one year are annualized. It is not possible to invest directly in an index. Most recent data available at time of publication was as of 12/31/2022. U.S. 60/40 represents a portfolio consisting of 60% S&P 500 Index and 40% Bloomberg U.S. Aggregate Bond Index

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Comparative return characteristics for sample portfolio allocations



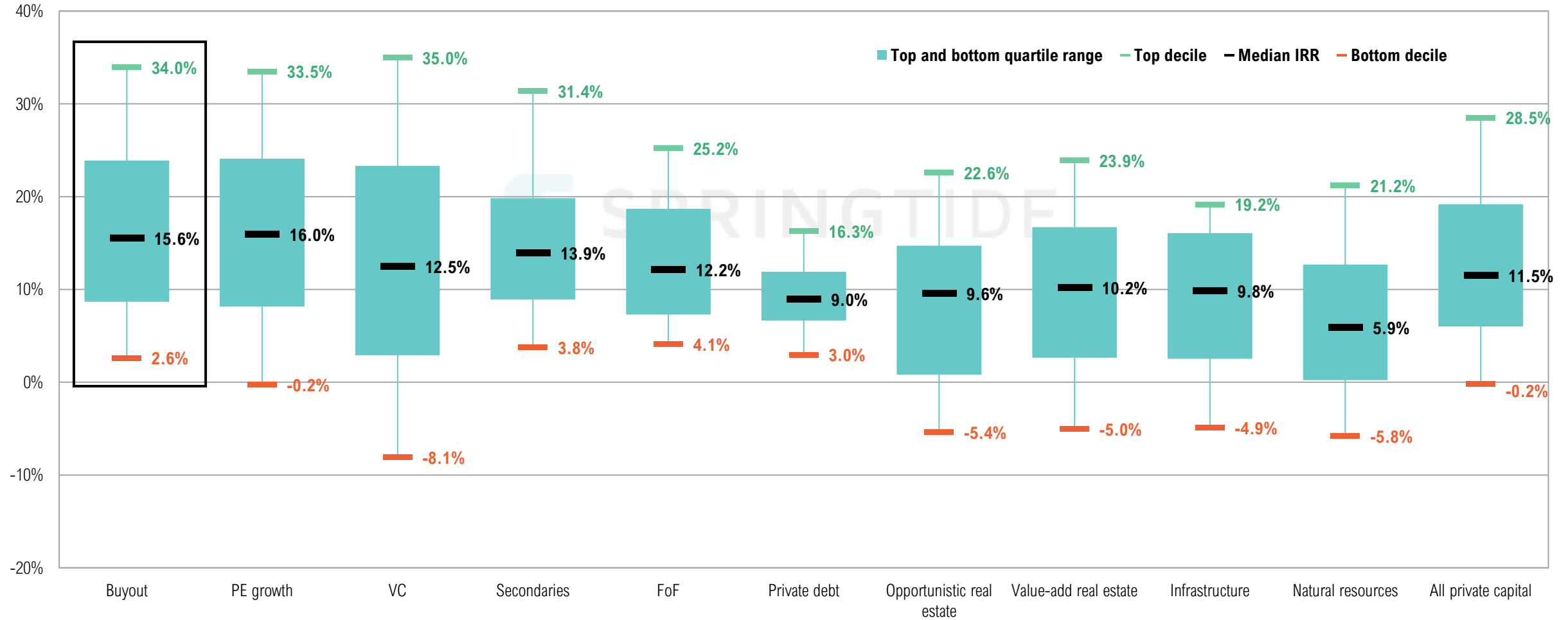
Portfolio Allocation	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	20-Yr	2022	2021	2020	2019	2018
60% Stocks / 40% Bonds	4.9	10.9	11.1	7.1	8.1	8.5	7.5	23.0	-4.6	3.4	6.6	9.9
50% Stocks / 40% Bonds / 10% Buyout	4.3	10.0	10.0	7.9	8.6	8.8	8.1	21.1	-3.9	4.3	7.3	10.2

Source: Bloomberg. Pitchbook. Returns for periods greater than 1 year are annualized. Stocks are represented by S&P 500 Index; Bonds are represented by Bloomberg U.S. Aggregate Bond Index; Buyout represented by Pitchbook U.S. Buyout Peer Group

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Buyout fund returns relative to other private market asset classes

Range of Private, Closed-End Fund Net IRRs by Strategy (Vintages 2002 – 2018)



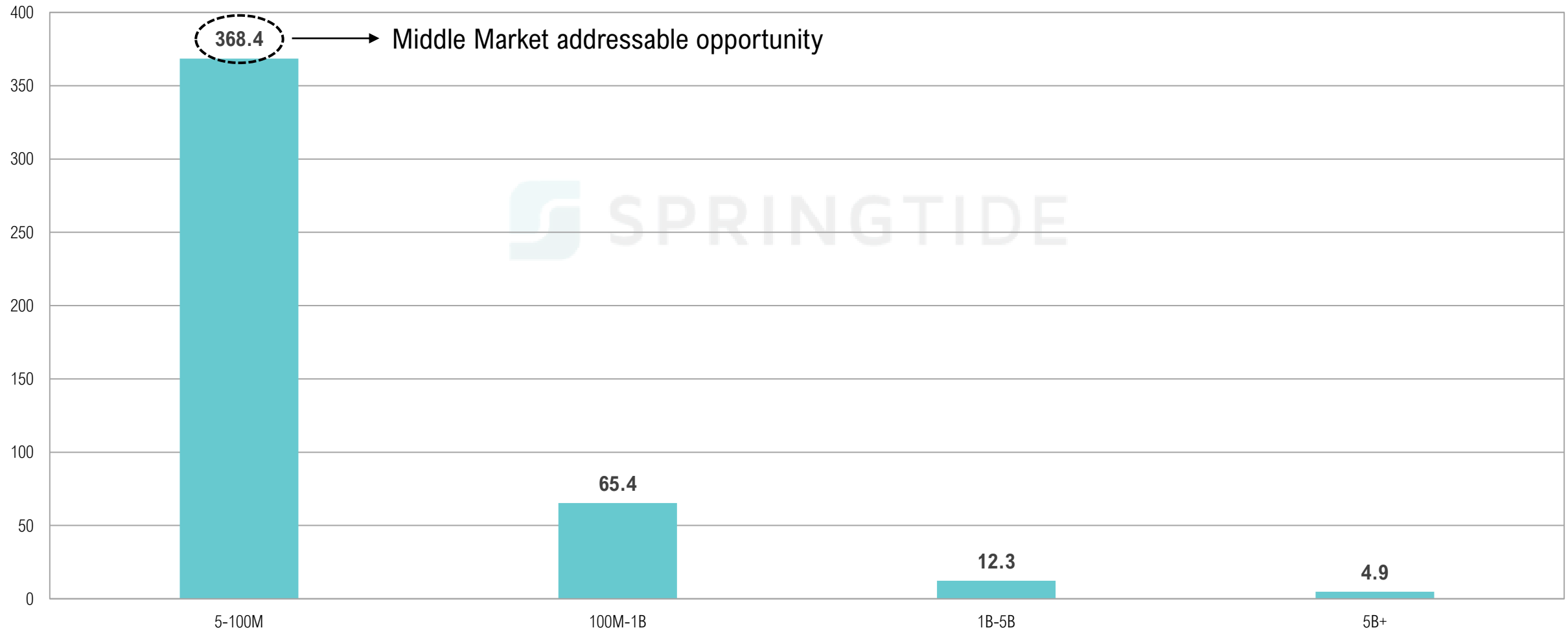
Source: Pitchbook. As of 12/31/2022.

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Opportunity set for investment declines as company size and associated fund size increase

Number of Companies bucketed by Annual Revenue, Thousands



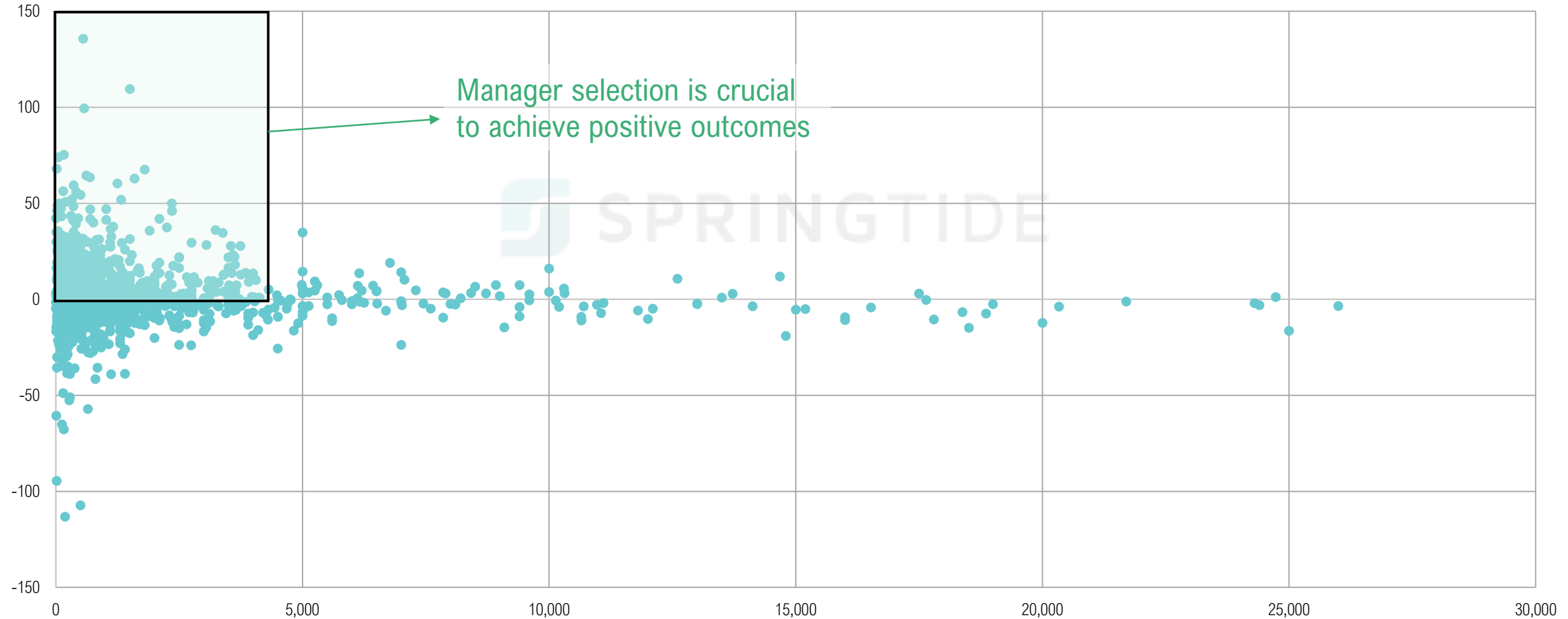
Source: Pitchbook

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Performance relative to fund size for buyout funds

Fund Size (\$Mn) vs. Excess Returns (%)

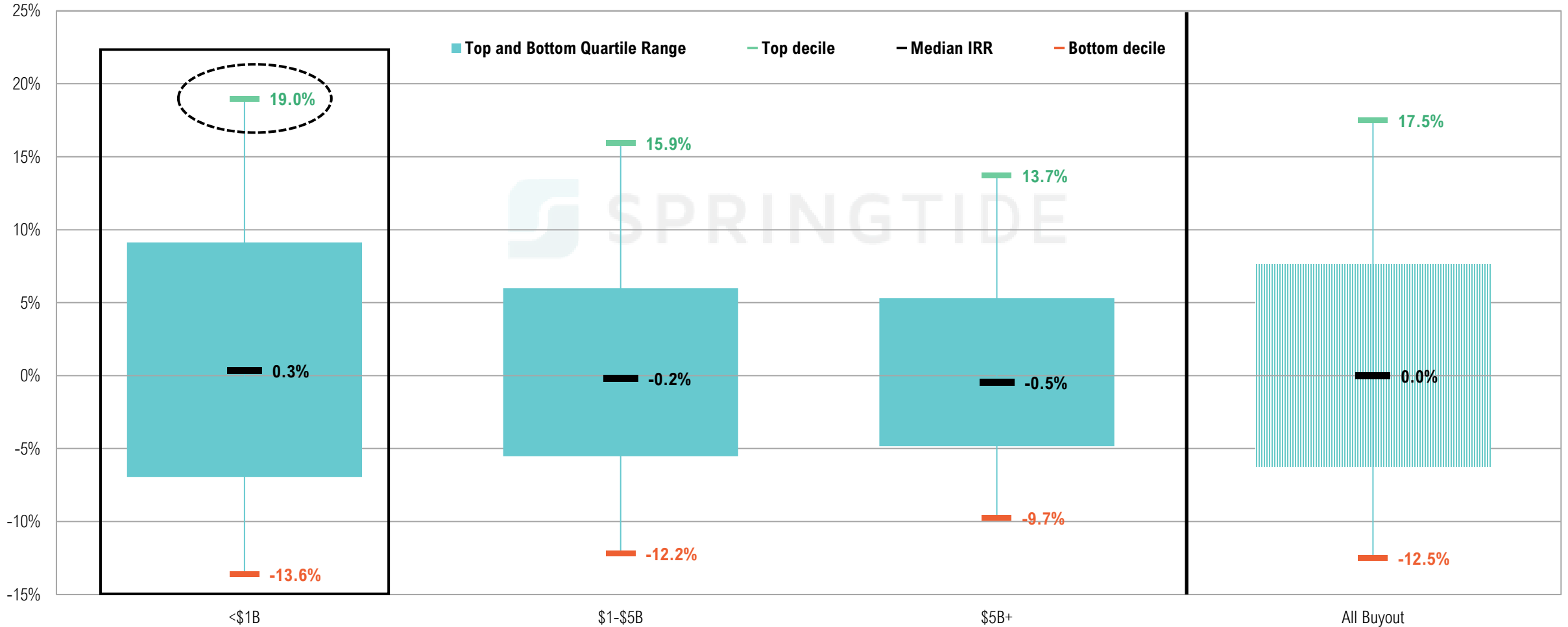


Source: Pitchbook. SpringTide Calculations. Benchmark used is Pitchbook Private Equity. Study done on all buyout funds from 1998 – 2021. Returns as of 6/30/23.

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Sub \$1B fund outperformance relative to other larger buyout funds

Range of Private Buyout Excess Returns (Net IRR) by Fund Size (Vintages 1998 – 2021)



Source: Pitchbook. SpringTide Calculations. Benchmark used is Pitchbook Private Equity. Study done on all buyout funds from 1998 – 2021. Returns as of 6/30/23.

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Definitions

U.S. 60/40: Consists of 60% S&P 500 Index & 40% Bloomberg U.S. Aggregate Bond Index.

S&P 500 Index: Measures the performance of a market-cap weighted portfolio of the 500 largest stocks in the U.S., as determined by Standard and Poor's.

Bloomberg U.S. Aggregate Bond Index: Measures the performance of the U.S. investment-grade, fixed-rate, taxable bond market.

All Private Markets/Private Capital: All private markets is an aggregation of all private funds mentioned in this report.

Buyout Private: Equity funds primarily focus on purchasing at least a controlling percentage of a company's stock to take over its assets and operations.

Fund of Funds: Funds that take equity positions in other, newly created alternative investment funds.

Growth/Expansion: Private equity funds that make minority (non-control) equity investments.

Infrastructure: Funds that make investments in infrastructure or infrastructure-related projects.

Private Debt: Private debt in general provide various types of debt on private equity transactions and generally includes, but is not limited to, the following: Bridge financing, Credit Trading, Direct Origination or Capital Solutions, Distressed-for-Control, Direct Lending, Distressed Debt, Infrastructure Debt, Real Estate Debt and Venture Debt.

Natural Resources: Funds that focus on physical assets with intrinsic value due to their substance and natural resources with commodities assets. This includes, but is not limited to: Oil/Gas, Metals & Mining, Timber and Agriculture.

Opportunistic Real Estate: Funds investing with renovation needs, high vacancy rates, or relative strength of the market. New property development would fall in this category.

Value Add Real Estate: Funds investing in properties often requiring additional effort and cost to drive enhanced returns: major renovation, repositioning or reducing vacancy rates through effective marketing. These investments may take longer to execute (5-7 years).

Secondaries: Private equity funds that invest in limited partnership interest of funds that have already been raised or directly the purchase of companies from other fund managers.

Venture: Venture Capital funds that invest in new companies with high growth rates. Includes angel funds, early (seed, first, second rounds) stage and later stage (third and later rounds) venture.

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