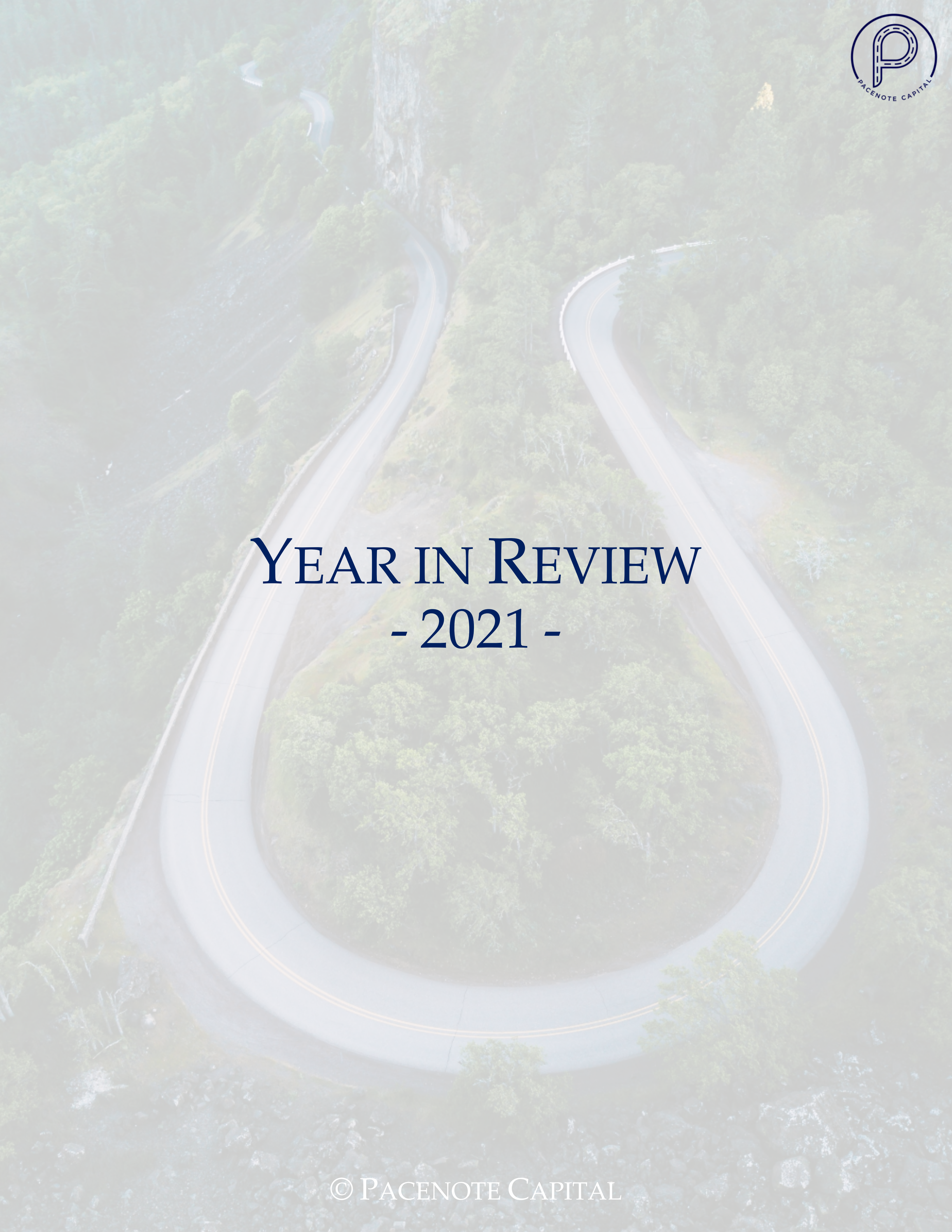

Year in Review

- 2021 -

Contents

A Letter to our Friends

Partners, family, mentors, peers and friends:

2021 was far from the return to normalcy we all hoped for when we hunkered down last winter. That said, as we've begun to travel again, albeit far less frequently, the four of us have been reminded as to why we love what we do. Whether a rooftop diligence session or walking catch-up, our appreciation for how lucky we are to have each of you in our community has been renewed.

Since the first seeds of Pacenote were cultivated in 2018, the top priority has always been people. Putting the quality of conversations over quantity, and elevating structural alignment for all parties involved has been our north star. As such, the depth of our relationships with our partners to-date far outweighs any quantifiable outcomes we've achieved as a result of their successes.

The **Rallyday Partners** team announced their successful sale of Genesis Research, a leading data analytics and research partner to the life sciences industry, in November, generating a 6.3x gross multiple of invested capital on their largest Fund I investment to-date, nearly returning the entire $150mm fund in ~20 months. **Care Equity** has closed on two investments in their first fund, all of which were proprietarily catalyzed off-market, a testament to their thought-leading vision in the life sciences space and value-add abilities post close. Both Rallyday and Care anticipate closing their Fund II's in H1 2022 with existing investors and select new LPs, an outcome we are proud of as a result of focusing on quality of 'day-one LPs'. **Cuadrilla Capital** closed their inaugural investment out of Fund I, with a second opportunity under exclusivity and expected to close in January. Cuadrilla's momentum is a testament to their differentiated strategy in the enterprise software space, and will complete their fundraise with a final close in late Q1. **Nosara Capital** will hold their final close on Fund II in January and continues to demonstrate their ability to get to marketplace category winners early.

We're excited about our partner(s) coming to market in '22, and we'll forever feel a tremendous sense of gratitude for our initial partners who believed in us early.

As to the thoughts and observations that follow, we don't expect you to hold them as proprietary to Pacenote. Instead, we hope to neatly curate some insights we've gleaned over the past twelve months from those whose depth of experience and intellectual firepower are far superior to our own.

Wishing you all a happy holiday season with your loved ones. We are grateful for your support.

- Team Pacenote

Matt Evans

Observations and Trends

We're fortunate to spend our days speaking with thought-leaders across industries, intellectual giants with visionary ideas spanning the full spectrum of innovation, and stewards of capital representing top university endowments, mission-driven foundations and family offices. By design, working with a limited number of partners allows us to avoid the need to push opportunities onto investors, and instead, listen more to what they are seeing in the market and where the puck seems to be moving.

We're hopeful that our friends feel like our pulse on the emerging manager landscape allows us to reciprocate market intelligence, and share the same optimism that the following observations are insightful, or at minimum, enjoyable to peruse over a holiday beverage with family.

2021: 'The Year of the Re-up'

We had ~850 'non-GP' LP catch-up conversations in 2021. **Excluding newly formed family offices, not one lacked discussing the *"crazy schedule of existing managers coming back to market."***

The pace has been rapid across the board. Record-setting fundraising numbers each of the past few years (*"nearly $361 billion was raised by 617 buyout, growth equity, venture capital and other PE funds at the end of September, surpassing activity in the first three quarters of all previous years,"* per Buyouts Insider. Dealmaking figures eclipsed all-time highs (the 'COVID blip' was barely felt) - a recent Reuters article noted, "*global M&A activity topped $5 trillion for the first time ever (more than $2.5 trillion of that in the U.S.).*" A glut of dry powder capital up market (an all-time high of $920 billion in October according to PwC's "Private Equity: 2022 Deal outlook") competing with newly formed SPACs (albeit, this phenomenon has cooled off) for dealflow, seemingly uninhibited by continued surging valuations. Uncertainty around go-forward tax treatment of long-term gains and carried interest drove the ensuing sell-side records to close out this year. A recent Economist piece described the current conditions, "The private-markets party reaches fever pitch."

The Proverbial High Bar Continues to Rise

Gone are the days of a commitment to a private investment manager and a corresponding expectation of at least two full calendar years to pass before any preliminary conversations regarding the subsequent vintage. *"The new internal expectation is that all of our early-stage venture relationships, and more than half of our buyout managers, will be circling back to us in less than twelve months after a commitment to discuss their next fund,"* a Head of Private Markets at a midwestern university endowment described. *"We used to tell folks that we were looking to add 1-2 new relationships each year, the party line is now 0-1 new groups."*

Said differently, the hurdle for adding a new relationship to the portfolio has become exceedingly high. The Pacenote thesis was predicated on precisely this ever-famous high bar, but there is no question that capacity for new relationships felt uniquely competitive in 2021. Existing managers aside, we have also observed that the quality of new GP entrants to the aforementioned private markets party has been impressively strong. There were seven new groups in 2021 that our team spent meaningful time with and internally scored out above our Minimum Pursuit Score, but ultimately decided to pass on engaging. Working from home has only further fueled entrepreneurial aspirations. Many of these newly formed firms have grown tired of the highly competitive auctions up market, and want to return to their roots in the LMM (EN: we spend a disproportionate amount of time understanding new firms' future aspirations, and just how committed to the LMM they are long-term). **In our opinion, the Fund I pond has never been of higher quality.**

But with existing managers returning to market so quickly, and the new firm landscape as full as ever, the question repeated around investment committees this year, *"what gives?"* As we've discussed with many of you over the last six months, *"What are your expectations going forward as it relates re-up rates with existing managers vis a vis in years past?"*

Simply put, '21 marked the culmination of fundraising aftershocks from dealmaking storms of years past. LPs were put to re-up decisions at an exponentially quickening pace. Legacy policy used to informally state that declining a second vintage with a recently welcomed new GP (barring partnership deterioration and/or bottom quartile performance) was met with a scarlet emblazonment in the market.

But despite coming off record private market fiscal years for many institutional investors (driven largely by exceptional early-stage venture and crypto, at least 'on paper,' performance), **forward calendar GP decisions, even for existing groups who have delivered quality performance, will no longer be rubber stamps.**

While the degree to which sophisticated investors will sharpen their pencils on re-up decisions will vary by institution, in our opinion, expectations around existing investor support will increasingly be driven by 1) consistency of future fund size relative to the opportunity set, and 2) continued cultivation of go-forward strategic edge. As one investor we think highly of described, *"my appetite for getting off the bus one stop too early will be drastically bigger. If I even subtly sense a GP is shifting towards 'AUM aggregation' in lieu of their hunger for deal outperformance we will not feel obligated to renew our vows."*

By no means do we expect 2022 to be a year of drastic, fire sale portfolio turnover (EN: feel free to ask us about our thoughts on performance variance looking ahead a few years!), but we do feel confident that investors will be stepping back and assessing their entire portfolio before making any manager-specific decisions.

Alignment and an Increased Open-Mindedness to Creative Structures

For most investors spending a majority of their time considering newly formed managers, the driving logic can be distilled into one crucial element: incentives alignment.

While Fund I's may not have a demonstratable track record of successfully investing together under their new flag, if LPs can get comfortable with the team's prior experience (attributable or not) and go-forward abilities, one benefit of investing with emerging managers is that often there are minimal legacy portfolio responsibilities. Said differently, the GP can focus 100% of their efforts on the portfolio companies in Fund I. Take that structural dynamic one step further: the future of their new firm is largely predicated on the success of the Fund I portfolio companies.

Management fee income streams for GPs, particularly those with large funds, are extremely attractive. We're not naïve enough to believe that all of our partners will stay in the lower middle market forever, and we think judicious growth allows leading investment firms to retain and/or recruit excellent talent. That said, our party line is to work with sponsors who want to make their money in the carry. Defining a reputation predicated on exceptional deal quality, and the outsized returns that follow, as opposed to AUM, is paramount to most sophisticated investors.

A strong GP Commitment used to satisfy most LPs' alignment concerns. But over the course of the year, we've observed a mounting call for long-term structural alliance. *"How meaningful are the results for the upcoming vintage to your go-forward career?"* Take that question one step further, *"Are you willing to bet your career on the success of the upcoming fund?"*

As some of you know, our first partner, Rallyday, elected to buck the typical 2% management fee and instead work with their LPAC on an annual expense budget reimbursement to both increase transparency, and also affirm their commitment to the LMM. While such innovative structures are not the proper infrastructure for all strategies (e.g. certain strategies require different levels of future team growth), **we are confident there will be a continued trend towards open-mindedness from GPs and LPs to consider creative fund structures.**

Beyond budget transparency, a few creative examples we've seen this year with more regularity include heightened preferred return hurdles over the standard 8% (often accompanied by a super carry tier; e.g. 30% over 3.5x net MOIC returns), future fund size declarations and managing partner salary caps. We're always looking for ways to amplify structural alignment, and would love to hear from you with any specific examples that have proven to be useful.

Private Equity Enters its Fifth Decade + Tech IPOs = Proliferation of Family Offices

By design, we spend a disproportionate amount of our time speaking with family offices. Frankly, we enjoy hearing success stories across such a wide range of origins. From first-generation immigrants who built dominant industrial-era businesses, to long-time real estate families, to founders of household products we continue to know and love today, we've always found it refreshing to be reminded of the infinite ways to successfully innovate.

One trend we began observing a few years ago was that more family offices, beyond the household names, continued to actively ramp their private markets activities. From our Q1 '19 business plan, *"contrarily, the ever-growing universe of family office and ultra-high net worth individual investors, driven by new, first-generation wealth creation, as well as a heightened awareness and interest in alternative investments, with relatively nascent portfolios, will likely continue making long-term oriented (read: illiquid, alternative) investments through a downturn."* This trend has wildly outperformed our expectations.

While there are plenty of examples of private investments pre-dating the 1980s, with the births of GTCR (1980), Bain Capital (1984), Blackstone (1985), Carlyle Group (1987), among others, the mid-to-late '80s marked the genesis of the leveraged buyout as we know it today. Fast forward forty years, **we are seeing a rapidly expanding universe of single-family offices established to invest on behalf of private equity GPs.**

Similarly, the number of new family offices representing successful tech titans has also caught our eye. Not necessarily the pre-dot-com bust industry staples, but the more recent collection of enterprise software companies, digital streaming services and 'tech-enabled' everything. The IPO markets have been kind to many.

More unique than simply the number of investors who have eclipsed atmospheric wealth thresholds, is the swiftness with which they have assembled world-class investment teams to work exclusively on their behalf. As a Reuters piece entitled, "Private equity's talent challenge: Keeping it out of the family," described, *"Family offices, which handle the wealth of the very rich and their kin, are increasingly poaching young talent from buyout firms."* This competition for top talent has also been felt across the endowment and foundation landscape. **Across 2020 and 2021, almost two dozen investment professionals we know well left their roles at E&Fs to run private markets at a single-family office.**

A Glut of 'Proprietary Sourcing' & 'Post-Close Playbooks'

Gone are the days where simply investing in the lower middle market is a competitive advantage. **While we're proponents of the LMM, the merits of focusing down market are no longer selling points, but simply table stakes.**

The private equity landscape has never been more competitive than it is today. Finding value, demonstrating value, creating value and, ultimately, generating value for investors (read: outsized returns) is exceptionally difficult. As such, one piece of advice we give sponsors is to *"explain with examples,"* rather than simply *"tell"* prospective investors. As we've come to appreciate, LPs are not fond of hearing a GP tell them they source opportunities proprietarily. Frankly, we've met very few sponsors who candidly admit that their strategy is not predicated on unearthing opportunities that none of their peers are seeing (EN: we still are very much believers in the merits of leaning on boutique banks and small deal brokers for off-the-run opportunities, if executed with precision). That said, you'd be surprised as to how few groups can effectively communicate precisely what makes them unique on the sourcing front.

As one CIO joked, *"I've found it hard to believe that my performance hasn't been better with all of the proprietary sourcing my managers told me about!"*

The same holds true for post-close ***"playbooks"*** (underlined, bolded, italicized). Basically, just throw the playbook at it and everything else takes care of itself ☺.

Hopefully our jest in this section is digested lightheartedly. We're fully cognizant of how competitive the private equity landscape is, and by no means do we think we could do it better.

To Zoom or Not to Zoom, that is the Question

When we launched Pacenote in 2019 we knew we would be fully virtual. We joke that if this decision was in response to a COVID prediction, we would have made a more drastic bet than starting a placement agent. That said, none of us, ourselves included, could have predicted just how crucial to our industry video communication has become.

Zoom etiquette is an agenda topic during our pre-launch strategy sessions with our GPs. *"Can the sponsor effectively communicate their strategic differentiation and 'passion' in a virtual setting,"* is a specific criterion we discuss when deliberating on potential future partners. In our opinion, we are never going back to the pre-COVID status quo of all introductory GP/LP meetings in-person.

We were recently asked by a potential new partner for screenshots of our calendars for the past two months (EN: we very much appreciated the reciprocal diligence they performed on us). As we collated our respective calendars, we collectively joked, *"the Zoom train definitely exists, huh?"* Never before have fundraising days been more effective. Six introductory meetings in one day, with six LPs headquartered across the country obviously would not have been feasible in-person.

That said, the sheer volume this videoconferencing new normal has created has burned all of us out. Never before have we heard more investors talking about *"desperately needing to unplug over the holidays."* In all likelihood the aforementioned deal and fundraising frenzies likely have contributed to these feelings as well, but make no mistake about it, back-to-back weeks of back-to-back days on the Zoom train will wear even the most durable down.

So, what does that mean for typical meeting cadence in 2022 and beyond? We've seen many thought-leading LPs demonstrate their ability to close on new relationships without a single in-person meeting over the past eighteen months. But while these groups certainly can accomplish this feat, we've also witnessed a renewed onus placed on the value of in-person interactions, regardless of how creative the logistics needed to be (the previously mentioned rooftop diligence sessions, coffee shops mere feet away from a university's campus perimeter, etc.).

We strongly believe that there will be a reversion to the pre-COVID mean, with investors increasingly valuing the time spent with prospective partners face-to-face. By the same token, we expect investors to approach their daily calendars with more intentionality. **Just because technology has given us the ability to fit ten meetings in one day, the importance of buffers to digest thoughts, time dedicated to reading, or even Zoom-free weeks (gasp!) will become more widely utilized in 2022.**

Looking Ahead

Venture Capital vs. Buyout: Perceived Risk vs. Actual Risk, and Go-forward Allocations

We mentioned the 'year of the re-up' earlier, but there's a good chance that most, if not all, of you reading this have also had recent discussions with your peers about the eyepopping fiscal year returns of many university endowments. A September WSJ article titled, "University Endowments Mint Billions in Golden Era of Venture Capital," reported on the phenomenon. Both Duke University and MIT reported that their endowments had gained 56% in the most recent fiscal year, which ended June 30th. Yale's endowment was up 40% over the same period, while the University of Virginia endowment reported a 49% gain. Harvard reported a 34% fiscal-year return, while Washington University in St. Louis reported a 65% return, their biggest yearly gain ever.

These returns were driven largely by the endowments' early-stage venture capital portfolios, fueled by a red-hot IPO market and an appetite for high-growth tech companies. According to Pitchbook, U.S. startups raised $238.7 billion from venture capital firms in the first nine months of 2021, meaningfully surpassing the $166.4 billion figure set in '20. While some portion of the universities' returns remain in unrealized profits (whether in companies yet to go public, or in the form of 'trapped returns,' companies that have IPO'd, but for which the respective GP has not exited their position), the successes are by no means all 'on paper,' with realized VC returns for the year also nearing all-time highs.

With private markets portfolios surging in value, and public stock markets not lagging far behind, the go-forward question has become, *"what to do with our new AUM?"* As one investor half-jokingly remarked to us, *"is this the denominator effect to the positive, or the numerator effect? I'm not quite sure."* Pulling on that same train of thought, the question, more specifically, is, *"to which portion of our overall portfolio do we reallocate capital on a go-forward basis?"*

Most of the aforementioned endowments have ~40%+ of their overall AUM dedicated to private markets (private equity, venture capital, real assets, etc.). Given the long-term focus of the universities, it's unlikely that performance driven from PE/VC will be reallocated to public markets or cash, but the more uncertain question is just how that private markets pie is split between buyout, early-stage venture, late-stage venture, growth equity and real assets going forward.

We have heard both sides of the argument, from investors we think extremely highly of. On one hand, a CIO commented, *"In my fifteen years underwriting managers, less than 5% of buyout managers have delivered 3.0x+ net returns. And less than 1% of managers have delivered those returns on subsequent vintages. Meanwhile, over the past five years, every single one of my early-stage managers has delivered 3.0x+."* Worth caveating that this is one LP data point and that the past few years have been extraordinary for the VC asset class.

On the other side of the debate, another CIO we think equally highly of described that she is, *"totally reorienting new investments in the private market portfolio to cash-flowing buyout strategies. I know we've been saying we're late-cycle for years now and everything keeps going up and to the right. But as a fiduciary, I feel confident that we can still generate 3.0x+ type returns with meaningfully lower loss ratios and outcomes not ultimately dependent on the IPO market and public sentiment."*

We fully appreciate both points of view. Nonetheless, it will be interesting to observe how go-forward private markets allocations are redistributed across stage of investment.

Independent Sponsors as an Asset Class

While first-time private equity funds are booming, so are their sponsor counterparts investing without a dedicated fund vehicle. As our friends at McGuireWoods explained, *"our first independent sponsor conference years ago was eight local groups. One of the sponsors brought their dog with them. Fast forward to 2021 and we have almost 900 attendees set to attend the conference."*

As we tell prospective managers, raising a fund is not always the answer. Raising capital for a first-time fund is time consuming, and there is opportunity cost in not executing investments or focusing on the existing portfolio. The flipside, it is extremely difficult to juggle finalizing deal diligence, negotiating with lenders, raising equity capital and negotiating the terms with equity providers. We know several independent sponsors who have cultivated a reliable stable of capital partners who will speak for the required equity on go-forward deals, and that can be an elegant solution for new investment managers.

In tandem with the family office proliferation we mentioned earlier, we have also seen an increase in the number of LPs who are largely, if not exclusively, focusing on direct deals with independent sponsors (in lieu of fund commitments). There are certainly a few pros to this approach: no fees on unfunded commitments and full visibility into the underlying asset(s) to name a few. Conversely, simultaneously underwriting an independent sponsor and their current deal opportunity, often in a meaningfully condensed timeline, is not for the faint of heart.

We spend significant time speaking with independent sponsors. While most institutional LPs continue to focus their direct deal efforts around existing GP co-investments, we've begun to have thoughtful conversations with some investors around the merits of independent sponsor deals as a standalone strategy, complementary to private market fund investing.

Pacenote Plug – New Role Recommendations

In 2022 we will be hiring a mid-level investor. This candidate must be exceptionally self-motivated, highly collaborative and preferential to working as part of a team, willing to travel extensively, ideally with five+ years of investment and/or advisory experience. This candidate must be looking for a long-term role, as path to partnership and equity ownership will be explicitly defined as part of the bonus compensation package.

Core responsibilities will be two-fold: 1) assist on the proactive sourcing of new, 'under the radar' investment managers, and 2) meaningfully support underwriting of deals and funds.

We ask for your recommendations because our strong preference is that the candidate is introduced to us from someone we know and trust. Along those lines, if there is a candidate you have in mind that is exceptional, but does not meet any of the above criteria, we'd ask that you please overshare, as we are flexible on title, experience, etc. for the right person.

Themes of Interest

While we will be introducing our next partner to the market imminently, we're constantly on the hunt for exceptionally motivated teams with differentiated strategies and/or approaches. The following are themes we have identified as areas with sustainable market tailwinds and attractive white space for new entrants, particularly in the lower middle market.

Industrial Technology ('Industry 4.0')

"Buying off EBITDA multiples and selling off forward revenue" is how we've heard some LPs simplify the industrial tech phenomenon. Old economy businesses that are benefiting from technological upgrades—manufacturing automation, 3D printing, logistics monitoring, etc.

There is value in unlocking efficiencies in these industries, but we have found that certain opportunities that might sound sexy or 'sell well' with LPs aren't financially viable. We've also observed that finding groups with operational expertise/backgrounds is more common, but marrying with the GP killer instinct and deal structuring experience is tough.

"Electrification Services"

Clean energy, 5G, data communication infrastructure, electric vehicles. The world is getting more 'electrified' (cue Marcia Griffiths' "Electric Boogie"). Rather than accessing this phenomenon by buying intro spectrum, data center real estate, cell towers, TSLA stock ☺, we are looking for groups 'servicing into' this phenomenon who will be needed regardless of who wins the EV race, the next spectrum auction, the debate between types of alternative energy (wind, solar, hydrogen, biofuel), etc.

Datacenter servicing companies lay/maintain the fiber optic wiring, smart meters and sensors across countless industries enable consumption monitoring, there are even companies that specialize in servicing extra-large wind turbines!

Software Continues to Eat (1 – Get to the Winners Earliest, 2 – Build the Winners, 3 – Find Creative Attachment Points at Attractive Valuations, 4 - Differentiate Post-Close)

We have our value-oriented partner who has proven their ability to see strategic value where others can't (Cuadrilla Capital), but software isn't going anywhere, and we remain interested in groups who have proven they can consistently get to the category-winners early (e.g. Nosara Capital), 'build' the winners, and/or differentiate themselves post-close.

We aren't interested in groups passively participating in mid-to-late-stage growth rounds with high valuations. Asymmetry on the buy (special sits entry point) and/or post-close value creation is a prerequisite.

European Market Specialists

With COVID travel restrictions most stringent internationally, we hear consistent feedback from LPs *"feeling light"* in Europe, and they are starting to think about traveling abroad again. With that said, like many of our investor relationships, the Pacenote 'bar' in Europe is higher.

Certain regions provide exceptional workforce talent, at a reasonable compensation level, that has not been 'private equitized' as much, particularly in the LMM.

Healthcare Innovation (Preferably no 'Ology' Roll-ups)

Apart from software, healthcare is the most popular theme we hear from Limited Partners. Sector specialization is rewarded for those with compelling sub-sector themes and operational experience. For the most part, physician roll-ups are crowded, but we see significant opportunity in companies servicing into life science innovation (e.g. Care Equity), as well as payor and provider services.

Agribusiness and Sustainable Food

This is not agricultural technology investing, nor is this investing in animal farming or traditional row crops. Rather, we see continued interest in clean eating, knowing where food comes from, and every fad diet one can imagine. We are looking for firms investing in sustainable food and agricultural services companies that underpin these growing markets.

Thematic Buy-and-Build

While this is a resource-intensive strategy, we find that thematic buy-and-build investors can achieve strong risk-adjusted returns, albeit over expanded time horizons. This strategy is best executed at the micro-cap level where sponsors can sell to mid-market PE firms who can't afford to spend time on small initial equity investments but are willing to pay up for a larger, more mature enterprise. We are continually surprised by how long some of these trends can last; e.g., dental and HVAC roll-ups.

Special Sits, Carveouts, Turnarounds

Despite the traditional Limited Partner *"disdain for financial engineering,"* we've seen it be used successfully by several middle- and lower-middle market investment firms. This strategy is typically not scalable given the focus on minimizing equity capitalization, but the cash-on-cash returns when done properly can be compelling.

The Pacenote 'Story'

The four of us have been cultivating the Pacenote thesis for years. It initially began with our conversations regarding a weakness we collectively saw in the market: Placement agents are not (at least in the eyes of the most sophisticated LPs) sourcing compelling enough opportunities, and their approach with LPs is misaligned as a result. While LPs have been asking for one thing - exceptionally high-quality, 'under the radar,' differentiated, appropriately sized Fund I's - we consistently see agents disregarding this feedback and instead focusing on established managers with large fund sizes and/or 'clean' stories in an effort to avoid the hard work. The result, as the LP industry has come to expect, is agents distributing their quarterly Current Funds Offerings lists with 10+ current managers, the vast majority of which are of little interest to the most forward-thinking institutional investors.

After numerous pre-launch strategy offsites, Pacenote was born in 2019. We believe a placement agent should focus on two things: 1) **Finding the best GPs in the world** and performing rigorous diligence akin to the most sophisticated LPs; and 2) **Building unparalleled relationships** with the leading institutional LPs. The marriage of both is quite special, and as personal investors with each of our GPs, our partnerships have proven to be infinitely more fulfilling than the traditional, transactional GP/placement agent arrangement.

We have witnessed the power of this thesis with our first two fundraises of **Rallyday Partners** and **Care Equity**. Rallyday is a $150mm Fund I, with a uniquely differentiated approach to post-close value add, that closed in March '20 at its hard cap after a highly targeted, six-month fundraise. Care Equity is a $125mm thesis-driven, life sciences services Fund I, that closed in December '20 at its hard cap less than three months from launch. Both fundraises strictly welcomed investments from leading Endowment, Foundation, Outsourced CIO and Family Office investors.

We are currently in market with our third partner, **Cuadrilla Capital**, a value-oriented enterprise software manager targeting $250-$300mm for their first fund, trending towards a final close in late Q1 '22 with a similarly high-quality investor base. Our fourth partner, **Nosara Capital**, an early-stage online marketplaces investor, will be holding their final close on Fund II at the $150mm hard cap in late January '22. On the independent sponsor front, our partner, **Mitre Peak Capital**, will be finalizing their equity cap table in January for their second investment to-date, a niche manufacturing business they sourced off-market with strong competitive moats.

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