NICHE PRIVATE EQUITY INDEX™

Mantra's research to date has demonstrated the persistent outperformance of Niche PE versus mainstream PE. The latest analysis goes further, revealing the impact that fund size has on returns.

Using the latest available data*, the firm's proprietary Niche Private Equity Index shows Niche PE funds returned an average net IRR of 38% and 2.3x net MOIC over a ten-year period.

What's more, smaller Niche PE funds (under $500M) delivered a net IRR of 41% versus 35% for larger Niche funds ($500M-$2B), yet both surpass mainstream PE's returns.

As bigger, more established generalist managers continue to soak up a greater share of capital in the fundraising market, LPs need to think carefully about following the herd and potentially sacrificing long-term portfolio performance.

Seeking Alpha In Private Equity

- Private equity has shown time and again that it outperforms public markets and has a return profile that is not directly correlated with more mainstream, staple asset classes.

- However, investors are largely overlooking the true alpha and diversification that can be achieved in PE by taking a more sophisticated approach. Outsized returns can be found among Niche PE managers with novel, complex, and specialized sub-sector strategies: an asset subclass in its own right.

- Not only do Niche managers' returns significantly outstrip those of even top-quartile generalist managers, this alpha differential margin is even wider among smaller Niche managers. The bottom line is that specialists with sub-$500M funds outclass any other GPs in the PE industry.

- Mantra's proprietary Niche Private Equity Index tracks a universe of specialist/uncorrelated, or Niche, PE funds from which it selects its own investments. The Index serves as a critical performance benchmark against which specialist PE can be compared with mainstream PE.

*Data as of Q2 2023

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Components of the Niche PE Index™

To construct the Niche PE Index™, Mantra has analysed internal-rate-of-return (IRR) and multiple-on-invested-capital (MOIC) historical data across close to 6,000 Niche PE investments. These form the broad universe from which Mantra selects its own investments, following rigorous, exhaustive due diligence. Investments made by any Niche PE managers that have passed Mantra's initial screening in the time periods under consideration have been included in the Niche PE Index™. The Index's sample population is outlined top-right.

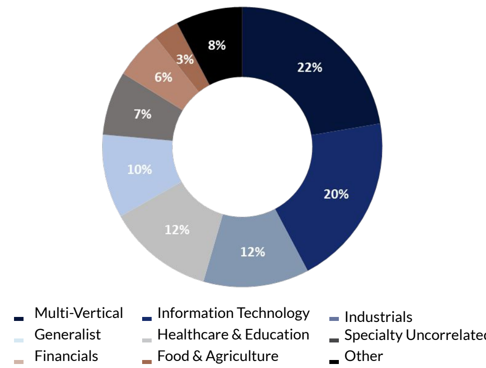
The largest segment of the Niche PE Index™ is Multi-Vertical. It covers funds investing in multiple specialized niches, each one typically led by sector-specialist partners (an example is a buyout fund focused on Aerospace & Defence, Cybersecurity and Government Services). Technology, the second largest segment, covers funds and investments focused on companies with proprietary technologies in areas such as Software & IT Services, Cybersecurity and Digital Infrastructure.

Additional segments cover highly specialized funds and investments in sectors like Industrials; Healthcare & Education; Litigation Finance; Royalties; Food & Agriculture; and Financials. Hard-to-pigeon-hole funds and investments focused on everything from the sustainability of products to specialty media and entertainment are grouped in the 'Other' category.

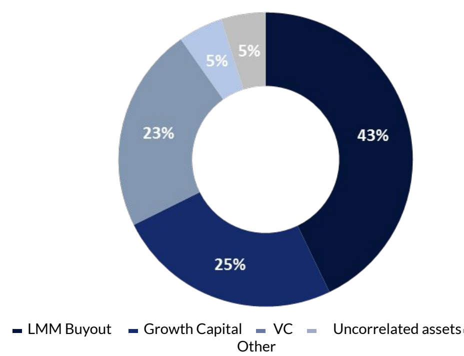
The Index includes deals from specialized GPs active across venture capital, growth capital, lower mid-market buyout, and hard-to-define market areas (grouped under 'Specialty Uncorrelated'). The common thread running through all Niche PE portfolio companies is that they are off the radar of most non-sector specialists.

266	603	6,000
GPS	FUNDS	DEALS

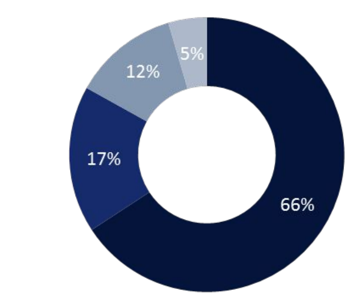
Niche PE Segment



Investment Strategy



Geography



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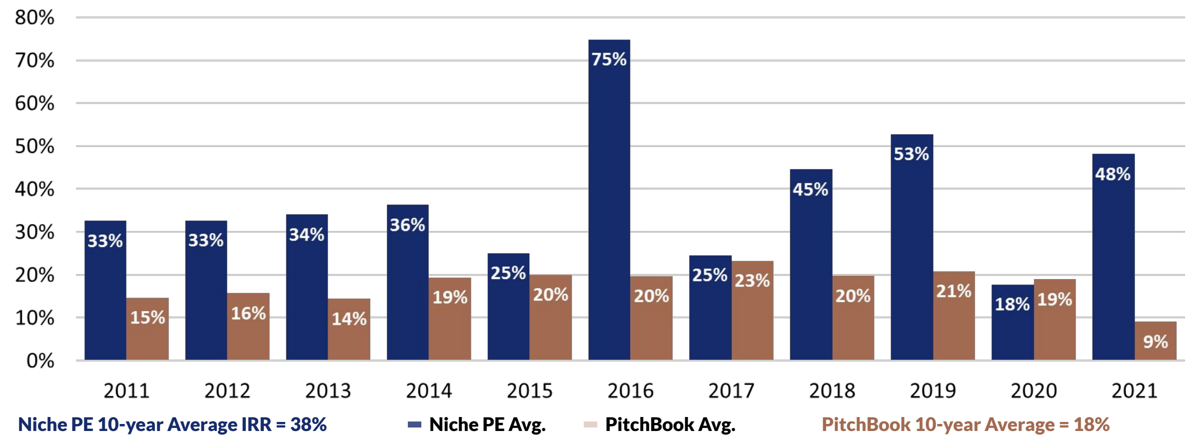
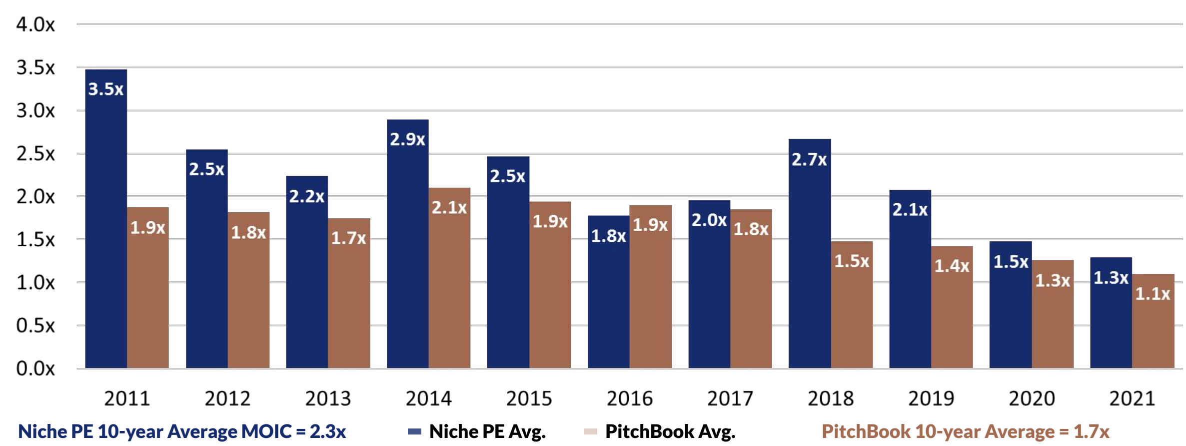
Returns by vintage year*





Niche PE funds and investments show an average 38% IRR & 2.3x MOIC net of fees over ten years versus comparable PitchBook Benchmark averages for mainstream PE of 18% and 1.7x, demonstrating the long-term outperformance of Niche PE vs. mainstream PE.

Even mainstream PE's top quartile performers fail to outperform the Niche PE mean, registering a 25% IRR & a 1.9x MOIC over ten years.

For realized investments, Niche PE funds and investments do even better, with 2011 to 2021 vintages returning 59% IRR and 2.8x MOIC net of fees on average.

*Data as of Q2 2023

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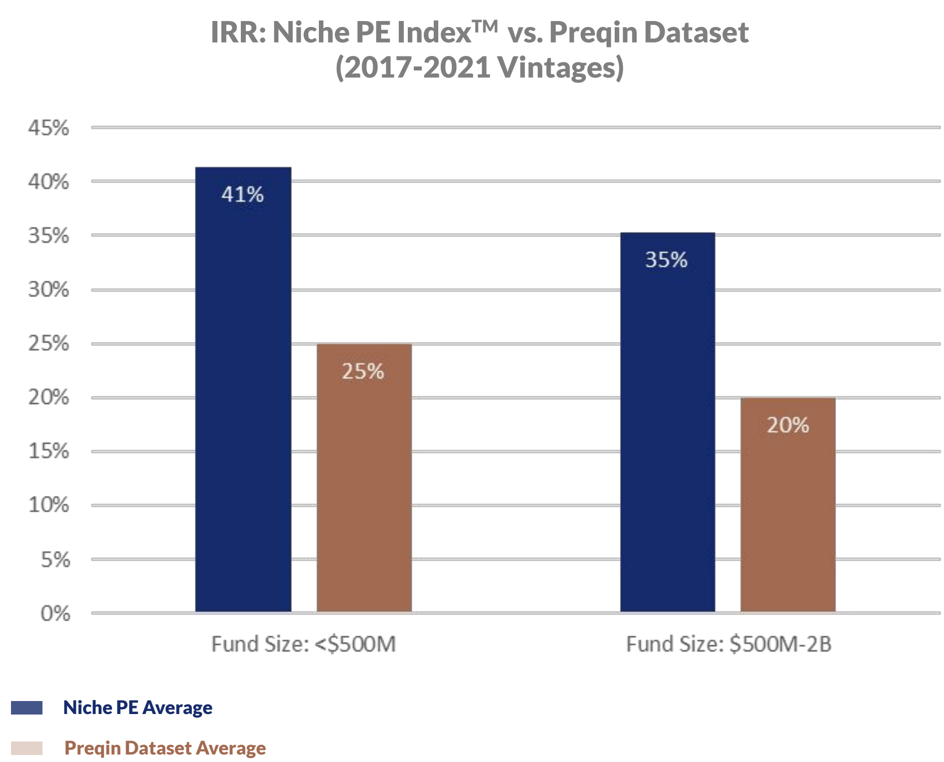
Smaller specialist funds shine

- **Outperformance:** Smaller Niche PE funds (under $500M) consistently outperform larger ones ($500M-$2B), yet both surpass mainstream PE's returns.
- **"Strategy drift":** Successful GPs tend to raise significantly larger funds over time. Rising fund sizes risk GPs losing focus from their original, successful strategies. This has the potential to undermine value creation and produce lower returns.
- **Capital concentration:** Capital is concentrating in fewer hands as LPs attempt to mitigate their risk. Total capital raised for 2023 exceeded $669.2B across 851 funds, more than the $666.9B raised by 1,464 funds in 2022, according to Preqin.
- **Backing the right horse:** Returns dispersion is wider among smaller PE funds. Therefore, it is paramount to select managers that can capture the true alpha in private equity.



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Notes & Disclaimer

Fund vintage is based on the year of the fund's first investment. All Niche PE Index™ performance data should be considered as net. A standard 25% discount for fees, expenses, and carried interest has been applied to average IRRs and MOICs. Outlier investments with either less than a 1.5-year holding period, less than $250K invested, or over 4,000% IRR are excluded from calculations, as are unrealized investment NAVs calculated prior to June 2022. Internal Rate of Return: IRR, i.e. the annualized rate of return on an investment. Multiple on Invested Capital: MOIC, i.e. total value of an investment divided by its cost. Realized Investment: an investment is considered realized when over 50% of its total value has been realized. The PitchBook data is drawn from the Private Equity PitchBook Benchmarks as of Q2 2023 report. PitchBook IRRs combine cashflow data from a group of funds in PitchBook's sample to create a capital weighted IRR value. PitchBook MOICs are a measurement of both the realized and unrealized value of a fund from the sample as a proportion of the total paid-in, or contributed, capital. The Preqin average is computed based on a dataset of close-ended Private Equity, Venture Capital and Growth funds from Preqin's database. Preqin IRR uses the present sum of Investments, the sum of Distributions, and the current unrealized value of a portfolio company and applies discount, and is net to investors. Preqin dataset was used to benchmark fund size performance analysis as this was not available from PitchBook. A shorter time frame was used for this analysis due to limited available fund size data for the 2011-2021 period. The survey conducted by Mantra is for comparative and information purposes and should not be considered as complying with the strictest standards of statistical analysis.

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