



# BANNER RIDGE PARTNERS

OPPORTUNITIES IN THE SECONDARY MARKET IN PRIVATE CREDIT AND EQUITY

Q3 2024 INVESTMENT UPDATE

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Banner Ridge Secondary Fund V represents Banner Ridge Secondary Master Fund V, LP and its feeders (collectively "Fund V" or "Secondary Fund V"). Banner Ridge Secondary Fund V Co represents Banner Ridge Secondary Fund V Co, LP ("Fund V Co" or "Secondary Fund V Co"). Banner Ridge Secondary Fund IV represents Banner Ridge Secondary Master Fund IV, LP and its feeders (collectively "Fund IV" or "Secondary Fund IV"). Banner Ridge Secondary Fund IV Co represents Banner Ridge Secondary Fund IV Co, LP ("Fund IV Co" or "Secondary Fund IV Co"). Banner Ridge Secondary Fund III represents Banner Ridge Secondary Master Fund III, LP and its feeder funds (collectively "Fund III" or "Secondary Fund III"). Banner Ridge Secondary Fund III Co represents Banner Ridge Secondary Fund III Co, LP ("Fund III Co" or "Secondary Fund III Co"). Banner Ridge Small Buyouts I represents Banner Ridge Small Buyouts I, LP ("Small Buyouts I" or "SB I"). Banner Ridge DSCO Fund II represents Banner Ridge DSCO Fund II, LP and its feeder funds (collectively "DSCO Fund II" or "DSCO II"). Banner Ridge DSCO Fund I represents Banner Ridge DSCO Fund I, LP and its feeder funds (collectively "DSCO Fund I" or "DSCO I", along with Fund V, Fund V Co, Fund IV, Fund IV Co, Fund III, Fund III Co, SB I, and DSCO II collectively represent "Banner Ridge Funds").

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Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "expect", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Furthermore, any projections, forecasts, and targets in this overview, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. The projections, forecasts, and targets have been prepared and are set out for illustrative purposes only, and no assurances can be made that they will materialize. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to predict and may depend upon factors that are beyond the control of Banner Ridge and any relevant third parties. Certain assumptions have been made to simplify the document, and accordingly actual results may differ, perhaps materially, from those presented and the performance and hence any projections, forecasts, and targets. Actual results could be materially worse than the projections, forecasts, and targets presented herein. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the PPM for a complete list and discussion of all potential risks and conflicts.

Definitions: MOIC: "Multiple on Invested Capital"; DPI : "Distributed to Paid-in"; RVPI: "Remaining Value to Paid-in"; IRR: "Internal Rate of Return".

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.

# BANNER RIDGE OVERVIEW



## Experienced Investment Team<sup>1</sup>



## Fund Strategy

Secondary private equity in distressed, special situations, and credit



## Technology

Proprietary portfolio management and deal sourcing software



## Capital Base

\$7.5 billion<sup>2</sup> under management across a diversified client base



## Performance

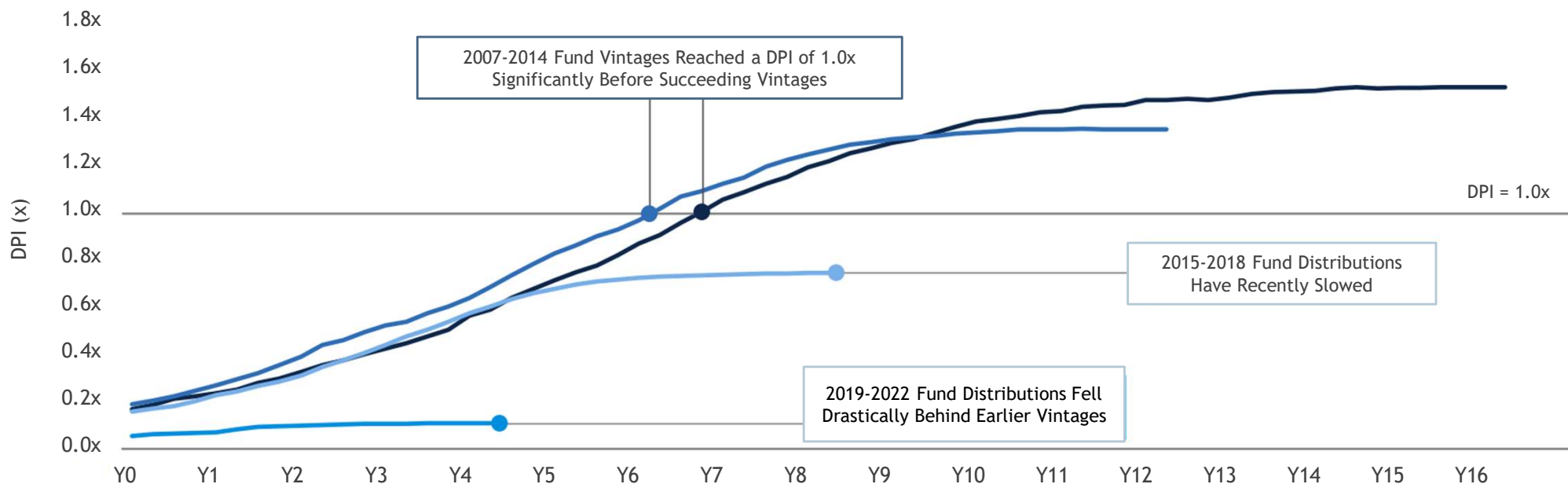
Flagship strategy funds all 1st Quartile in Preqin<sup>3</sup>

1. Inclusion of a company's logo does not imply any affiliation with such company or endorsement of Banner Ridge by such company.
2. Represents aggregate underlying fund net asset values, as of July 11, 2024, plus limited partner unfunded capital commitments across all Banner Ridge managed funds.
3. Quartile rankings represent Secondary Fund III, Secondary Fund IV, DSCO I and Small Buyouts I which has been designated as 1st Quartile in Preqin as of 9/30/2023, which was accessed on July 30, 2024. As of July 30, 2024, no benchmarking is available for DSCO II and Secondary Fund V.

# FUND DISTRIBUTIONS

SLOWER DISTRIBUTIONS HAVE LED TO A CHALLENGED FUNDRAISING ENVIRONMENT

## Global Average Distributions to Paid-In Capital (X) (Rebased at T=0)<sup>1</sup>

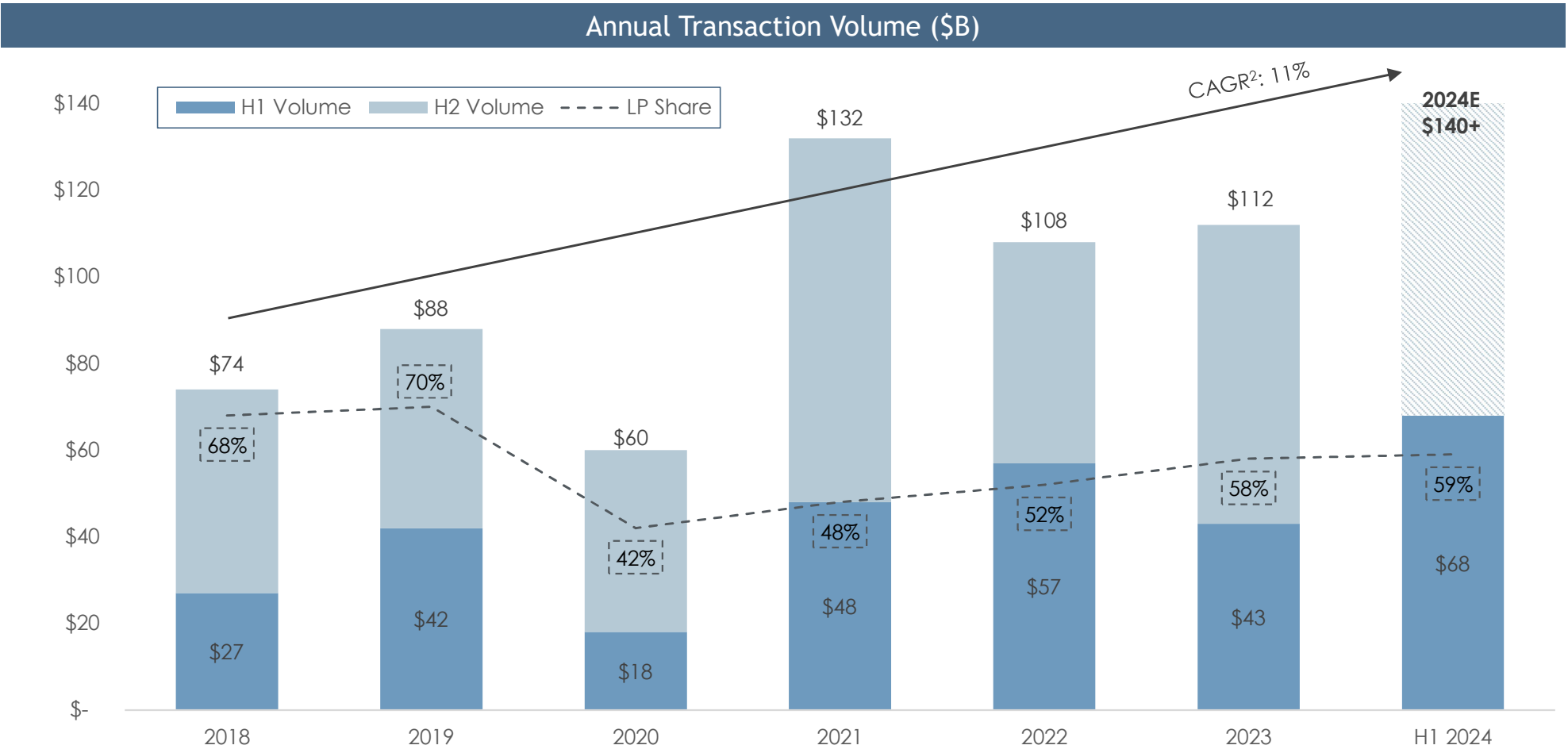


Source: Goldman Sachs 2024 Private Equity Inflection Point.

<sup>1</sup>Source: Preqin as of 4/3/24, most recent reporting date available Note: Date of first non-zero DPI defined as T=0 for each fund in given vintage (i.e., Y1 represents -2017 for 2016 vintage funds, but -2019 for 2018 vintage funds). Slight variations in values relative to the "Current Fund Performance Metrics" page are the result of rebasing the analysis to T=0 on a fund-by-fund basis.

# SECONDARY VOLUME

VOLUME IN THE FIRST HALF OF 2024 WAS \$68 BILLION – A 58% INCREASE FROM THE SAME PERIOD IN 2023<sup>1</sup>



Total Volume Growth (%)	19%	(32%)	120%	(18%)	4%	58% <sup>3</sup>
LP Volume Growth (%)	24%	(60%)	154%	(13%)	7%	60% <sup>3</sup>
GP-Led Volume Growth (%)	8%	34%	95%	(24%)	-	56% <sup>3</sup>

Source: Jefferies H1 Global Secondary Market Review as of July 2024.

1. Annual Transaction Volume per Jefferies H1 2024 Global Secondary Market Review as of July 2024.

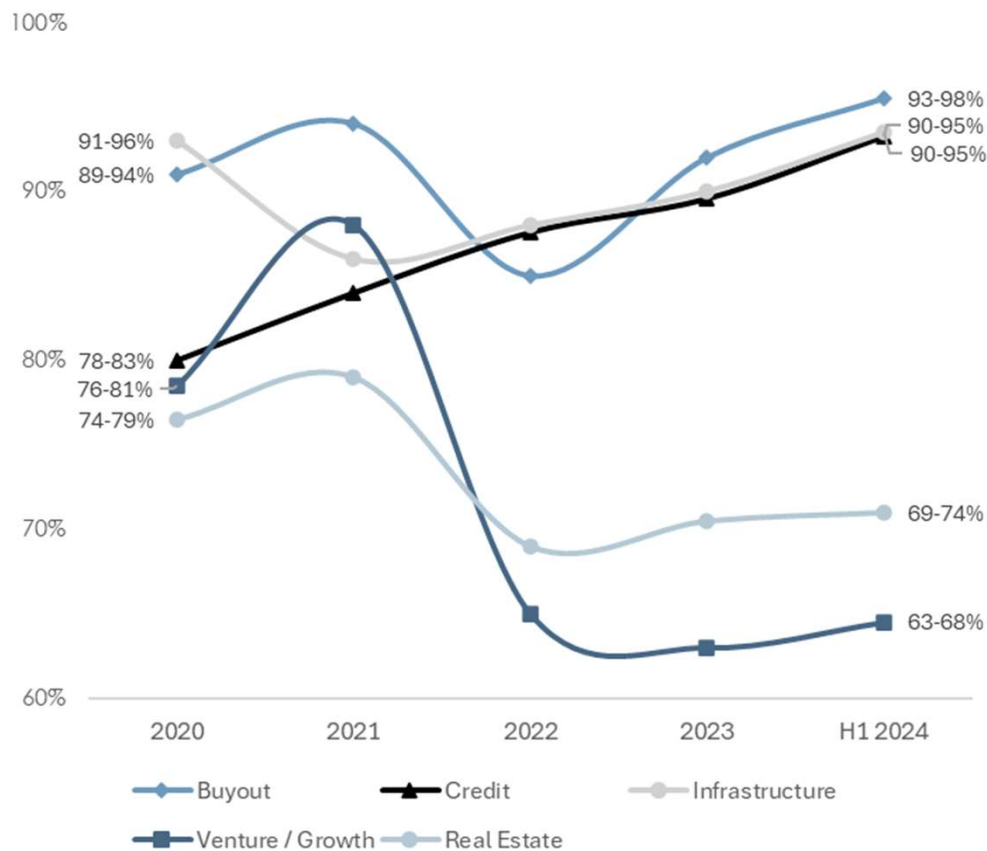
2. Estimated CAGR between 2018 and 2024E Annual Transaction Volume.

3. Represents H1 volume growth year-over-year.

# LP-LED PRICING DYNAMICS

THE SECONDARY MARKET EXPERIENCED ROBUST PRICING THROUGHOUT H1 2024, CATALYZED BY NUMEROUS POOLS OF CAPITAL COMPETING FOR HIGH QUALITY SUPPLY

## Historical Secondary Market Pricing<sup>1,2</sup>



## Commentary<sup>1</sup>

### Pricing

- Certain high-quality Buyout interests achieved near-par-pricing
- Pricing for Credit ticked higher as direct lending portfolios dominated deal flow
- Infrastructure pricing modestly increased as investors sought exposure with greater cash flow visibility
- Real Estate pricing remained depressed as investors struggled to price exposure such as office
- Venture/Growth registered slightly improved pricing due to higher quality exposure being brought to the market

### Demand Dynamics

- Retail vehicles (40 Act) play a significantly larger role than in prior years
- General optimism regarding M&A exits “unclogging” in 2025

### Supply Dynamics

- LPs brought forward supply to capitalize on strong pricing dynamics
- Many LPs signaled continued appetite for new secondary sales

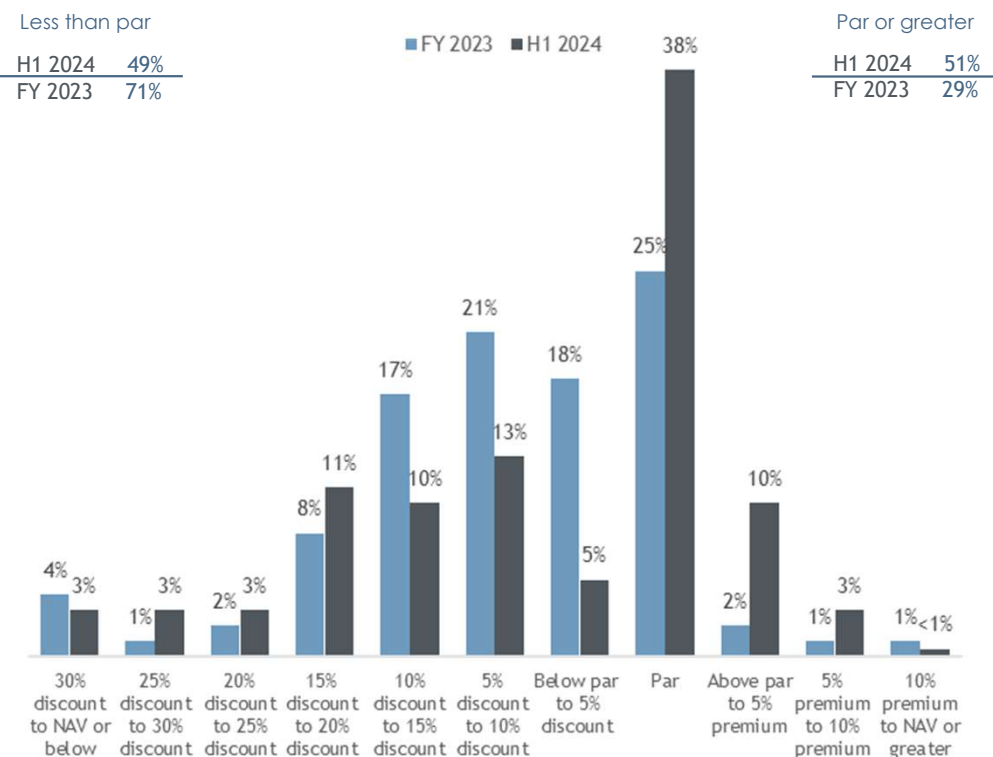
1. Source: PJT PCS Market Intelligence per PJT H1 2024 Secondary Market Insight as of July 2024.

2. As a percentage of reference date NAV.

# GP-LED PRICING DYNAMICS

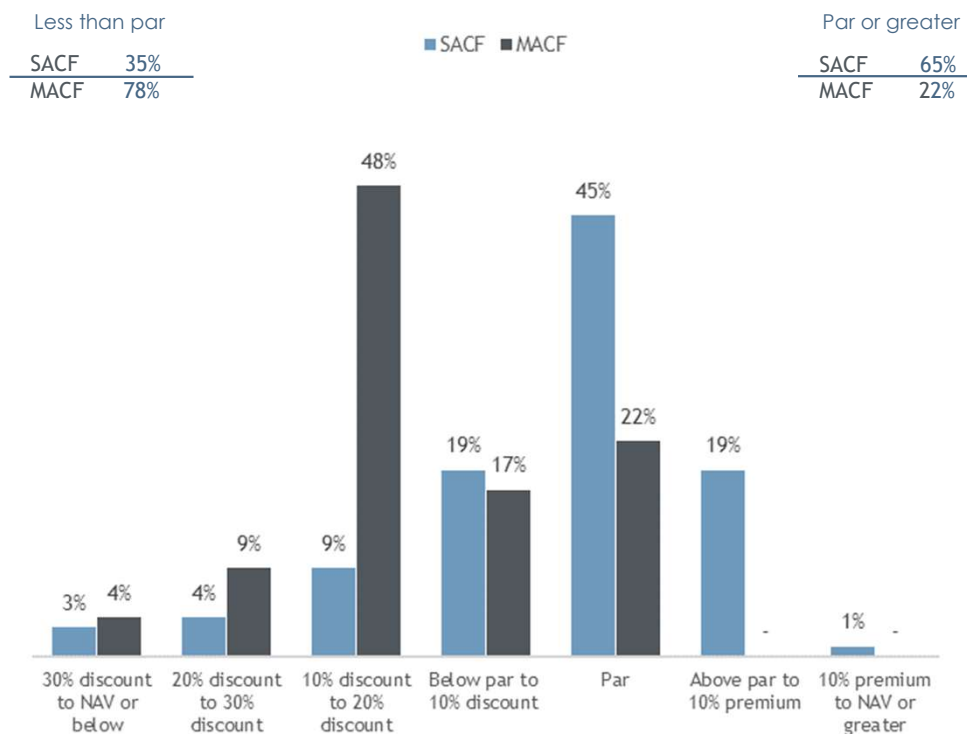
MORE THAN HALF OF GP-LED TRANSACTIONS PRICED AT PAR OR BETTER AND SINGLE-ASSET TRANSACTIONS DROVE IMPROVED PRICING

## Average GP-led Transaction Pricing by Period<sup>1,2</sup>



Average GP-led discount: (6.4%)

## GP-led Transaction Pricing in H1 2024 by Type of Transaction<sup>2</sup>



Average single-asset discount: (4.0%)

Average multi-asset discount: (11.8%)

- More than half of GP-led transactions priced at par or better, buoyed by stable macro conditions and high-quality assets.
- Pricing improved due to a combination of robust asset performance, portfolio companies continuing to grow into their valuations, and top-tier assets being offered for continuation vehicles.

- Single-asset transactions drove improved pricing as the combination of star assets, GP alignment, and rationale were recognized by buyers.
- Multi-asset continuation funds tend to have lower pricing due to their diversified exposure which typically includes investments that are mixed in quality, while single-asset transactions are concentrated bets in top-performing assets.

Source: Campbell Lutyens H1 2024 Secondary Market Overview as of August 2024.

1. Average GP-led transaction pricing reported by respondents, per period.

2. Weighted by transaction value (purchase price plus unfunded) per respondent.

# GP-LED VS LP-LED MARKET INSIGHTS

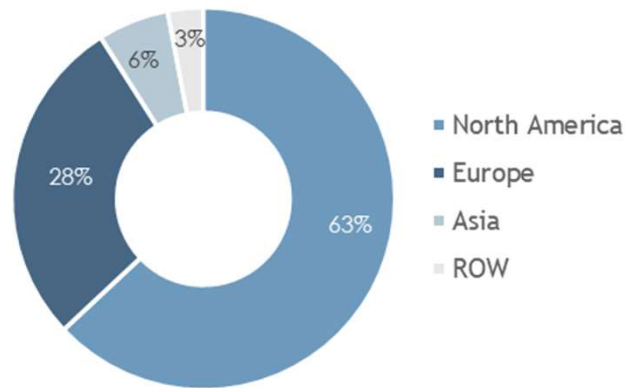
## GP-led Market Insight<sup>1</sup>

- Secondary investors continue to focus on developed markets
- Single Asset CVs continue to dominate the market, representing 63% of the market volume

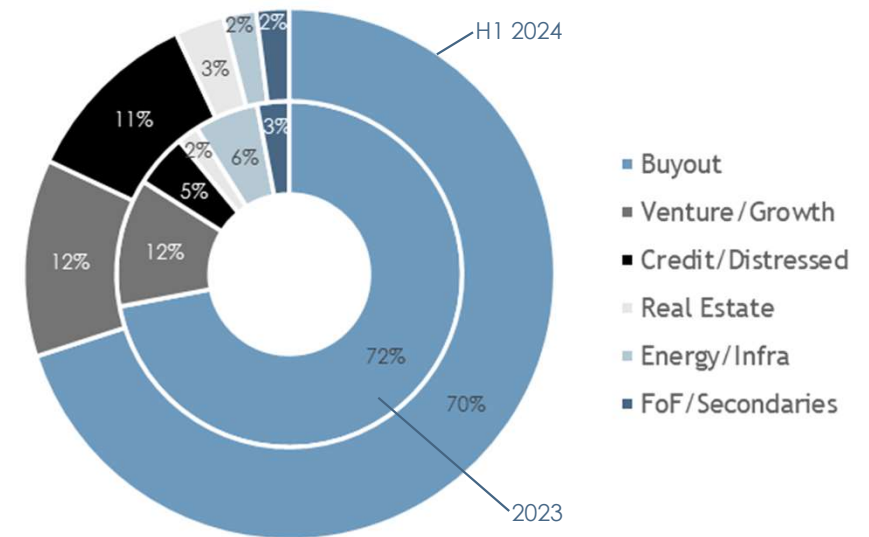
## LP-led Market Insight<sup>2</sup>

- LP transaction volume between 2023 and H1 2024 changed most notably as it relates to credit
- The drop in the average age of funds sold reflected LPs' desire to maximize price by selling partial strips of their best funds

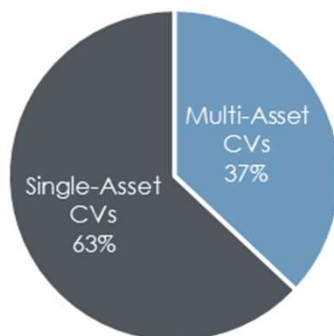
## Deployment Across Geographies by Deal Volume<sup>1</sup>



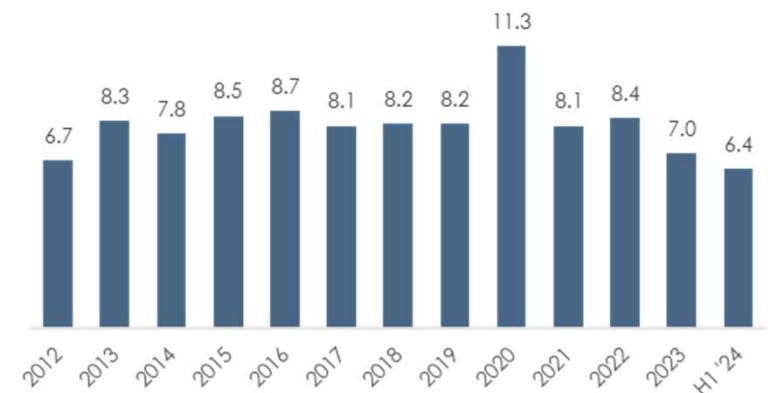
## LP Transaction Volume by Strategy Type<sup>2</sup>



## CV Volume by Type<sup>1</sup>



## Average Age of LP Funds Sold by Year<sup>2</sup>



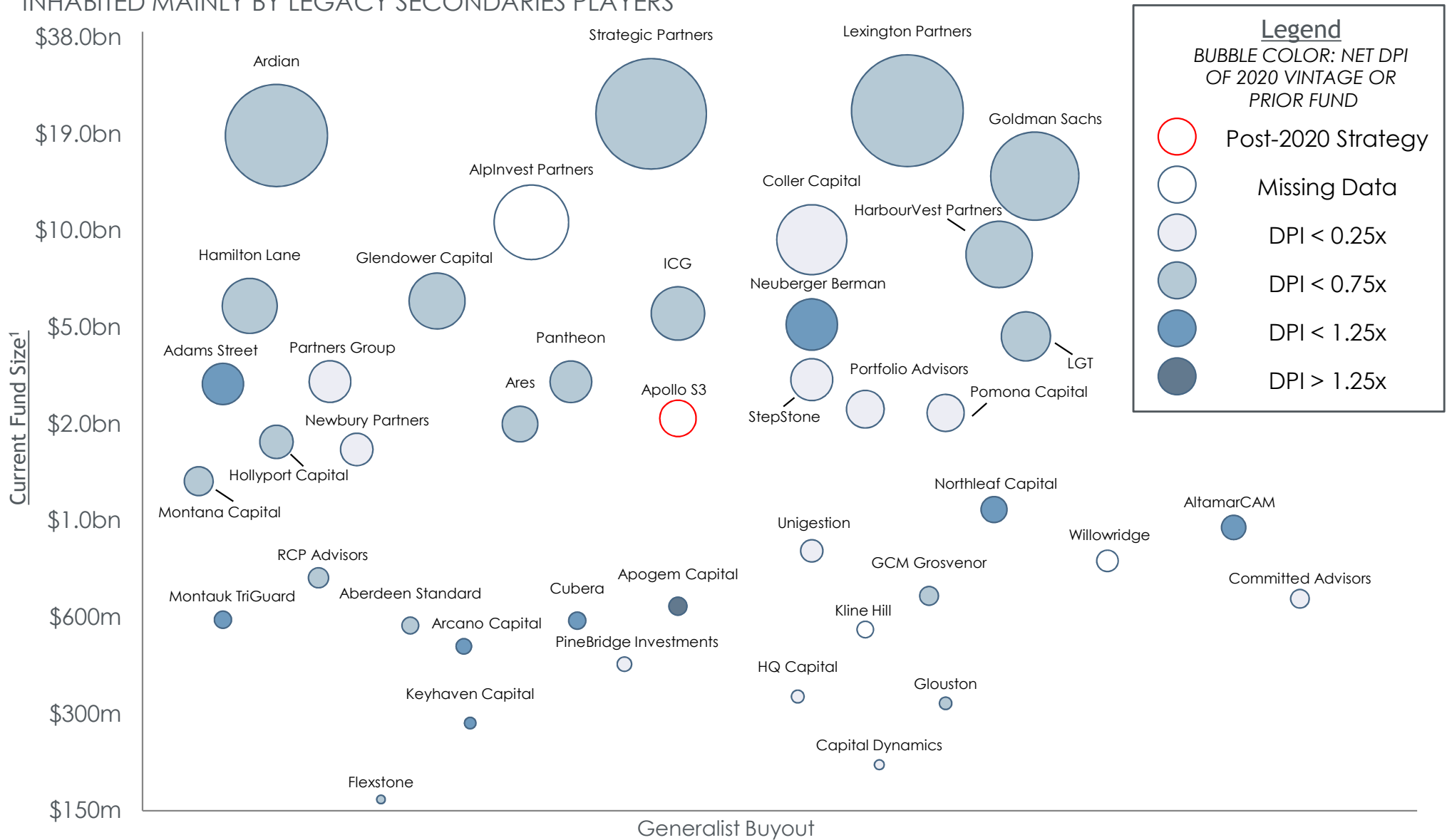
1.Source: PJT H1 2024 Secondary Market Insight as of July 2024.

2.Source: Jefferies H1 Global Secondary Market Review as of July 2024.



# STRATEGIC MARKET POSITION<sup>1</sup>

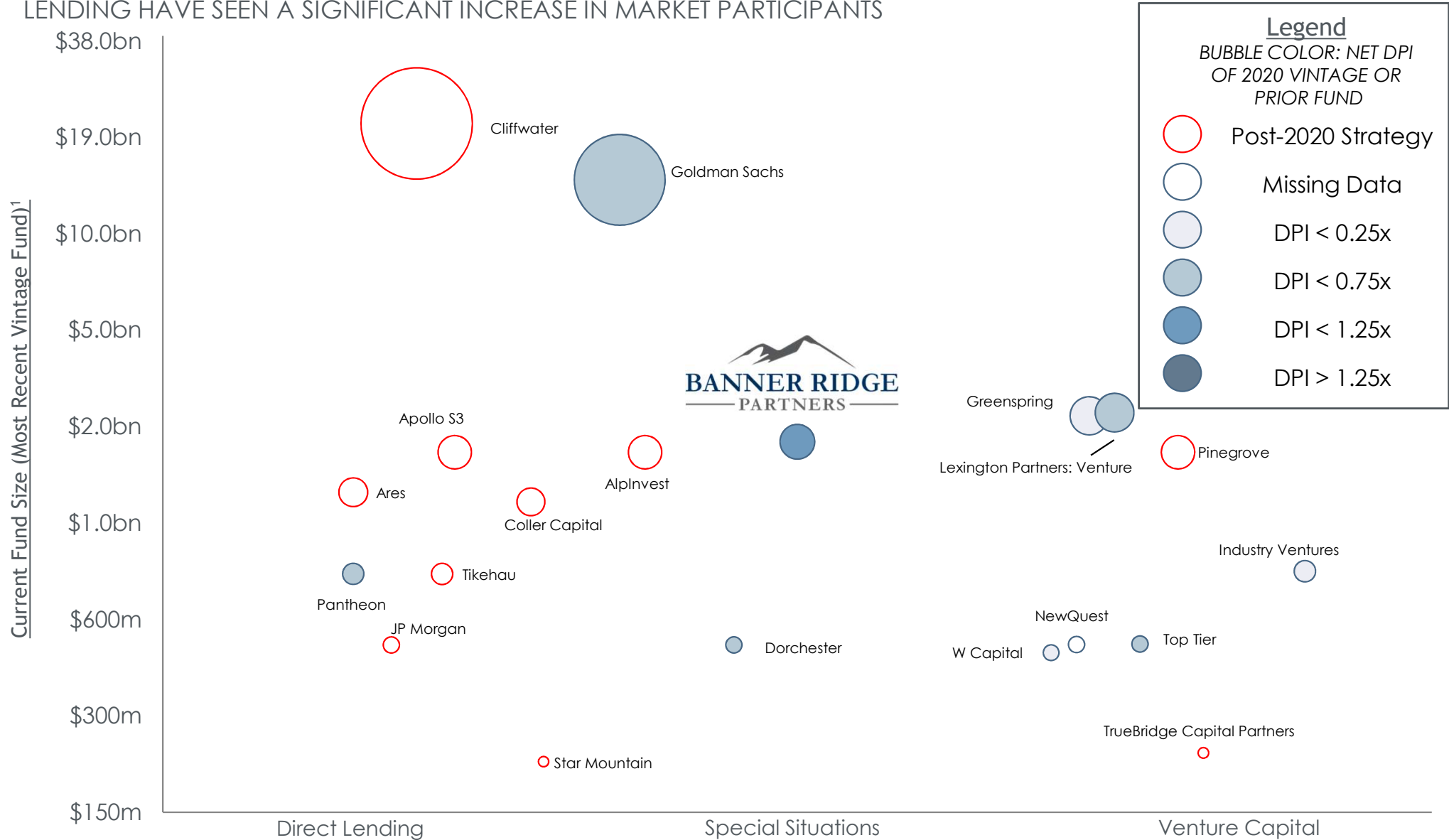
CURRENTLY MOST SECONDARIES FUNDS FOCUS ON GENERALIST BUYOUT INTERESTS, WHICH IS A MORE MATURE MARKET INHABITED MAINLY BY LEGACY SECONDARIES PLAYERS



1. Preqin data is as of the funds' most recent period, as reported to Preqin, which was accessed on July 29, 2024. Includes active managers with at least two funds with a size of at least \$100 million in Preqin since 2010. Net DPI references the DPI of the most recent fund that has a vintage between 2016 and 2020. Net DPI for Banner Ridge Partners represents performance for Fund III. Please see disclaimers specific to the Fund III entity name on pg. 2 and disclaimers specific to Fund III performance attribution on pgs. 14-16.

# STRATEGIC MARKET POSITION<sup>1</sup>

WHILE BUYOUT SECONDARIES HAVE SEEN MINIMAL ENTRANTS IN THE LAST FEW YEARS, ASSET CLASSES SUCH AS DIRECT LENDING HAVE SEEN A SIGNIFICANT INCREASE IN MARKET PARTICIPANTS



1. Preqin data is as of the funds' most recent period, as reported to Preqin, which was accessed on July 29, 2024. Net DPI references the DPI of the most recent fund that has a vintage between 2016 and 2020. Net DPI for Banner Ridge Partners represents performance for Fund III. JP Morgan fund size represents an estimate fund size. AlpInvest, Ares, Tikehau, Apollo S3, and Pine Grove represent target fund sizes according to Preqin. Please see disclaimers specific to the Fund III entity name on pg. 2 and disclaimers specific to Fund III performance attribution on pgs. 14-16.

# SPECIALIZED TARGET MARKET

BANNER RIDGE FOCUSES ON ITS CORE COMPETENCY OF DISTRESSED AND SPECIAL SITUATIONS MANAGERS. IN ADDITION, BANNER RIDGE TARGETS OPPORTUNISTIC CREDIT AND SIDE POCKETS WITH OVERLAPPING STRATEGIES

## Opportunistic Credit

*PRIVATE CREDIT TRANSACTIONS ACROSS  
THE ENTIRE CAPITAL STRUCTURE*

- Downside-protected structured credit solutions with upside potential
- Equity-like returns with credit-like risk
- Direct lending, mezzanine, collateralized loan obligations (“CLOs”), and rescue financing

## Distressed & Special Situations

*FUNDS WHERE STRATEGY IS CHARACTERIZED BY  
DISTRESSED AND SPECIAL SITUATIONS*

- 384 distressed and special situations general partners<sup>1</sup>
- 727 private equity credit general partners<sup>2</sup>
- Distressed, distressed-for-control and turnaround

## Side Pockets & Liquidations

*FUNDS OR LIMITED PARTNERS THAT  
EXPERIENCE ASSET-LIABILITY MISMATCH*

- Private equity investments made by hedge funds
- Hedge funds in liquidation due to redemptions
- Assets that overlap with distressed private equity funds in Banner Ridge's target market

1. Source: Preqin data is as of the funds' most recent period, as reported to Preqin, which was accessed on July 8, 2022. Includes Distressed, Special Situations and Turnaround managers that have raised funds since 2015.

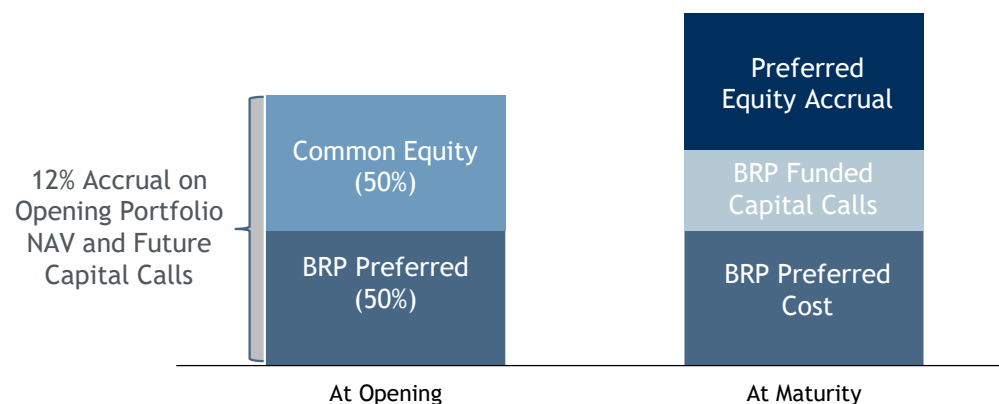
2. Source: Preqin data is as of the funds' most recent period, as reported to Preqin, which was accessed on July 8, 2022. Includes Direct Lending and Mezzanine managers that have raised funds since 2015.

# FUND V CASE STUDY

INVESTMENT I REPRESENTED AN OPPORTUNITY TO INVEST IN A 50% LTV PREFERRED EQUITY, BACKED BY A DIVERSIFIED PORTFOLIO OF PRIVATE FUND INTERESTS, ACCRUING AT 12% OF OPENING NAV AND FUTURE CAPITAL CALLS

<b>Asset Type</b> Preferred Equity	<b>Funding Date</b> Q4 2023
<b>Returns to Date (MOIC   IRR)</b> (Gross/SEC-Compliant Net) <sup>1,2</sup> 1.14x / 1.14x   25%+ / 25%+	<b>Net Asset Value</b> \$199.2m
<b>Sourcing</b> Proprietary	<b>Preferred LTV</b> 50%

## PREFERRED STRUCTURE AND EXPECTED PERFORMANCE



### Sourcing Edge

- **Motivated Seller:** Through its prior relationship with the seller, Banner Ridge learned that the seller was highly motivated to receive liquidity and be relieved from future unfunded commitments in a prompt manner
- **Lack of Competition:** Banner Ridge was the only party who could offer a complete and competitive solution to the seller in an acceptable time frame
- **GP Relationships:** The Banner Ridge deal team leveraged its personal and primary fund relationships to gain real-time information on the underlying funds and their exposures

### Investment Highlights

- **Favorable Deal Terms:** Banner Ridge believes the 50% LTV of the preferred equity and fixed minimum dollar accrual provide strong capital protection, with significant upside potential for the investment
- **Near-Term Liquidity:** Banner Ridge believes the portfolio will generate significant liquidity through distributions and fund interest sales in the first 12 months, enhancing deal returns from the underwritten case
- **Diversified Underlying Portfolio:** The underlying portfolio is highly diversified, comprised of 27 fund interests. The largest of such being a fund of funds with nearly 40 unrealized direct and fund investments at the time of the deal's close

Please see General Disclaimers on pg. 2 and Performance Disclaimers on pg. 14-16, including important disclosure of the GNDF assumptions.

1. Performance data is estimated by Banner Ridge based on the most recent valuation provided by the underlying manager, adjusted for capital activity, profit and loss from assets with quoted market prices and accrued interest and is before the application of any Banner Ridge fund-level fees, expenses and carried interest as of March 31, 2024.
2. Net hypothetical performance presented for an individual portfolio investment is determined by applying a gross net discount factor (GNDF) to the gross performance figures. GNDF is calculated as the net IRR, or net MOIC based on Fund V, of the highest fee-paying investor, over the total gross IRR, or gross MOIC, applied to the gross metric and includes the effects of leverage.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

# PLATFORM INVESTMENT PERFORMANCE



All data as of March 31, 2024

Fund	Vintage Year	Size	Net IRR	Net MOIC	Net DPI <sup>4</sup>	Status
Pre-Fund <sup>1</sup> (Including SMAs)	2010 - 2015	\$237m	28.9%	1.39x	1.32x	Substantially Realized
Secondary Fund I <sup>1</sup> (Including SMAs)	2015	\$101m	34.3%	1.29x	1.29x	Fully Realized
Secondary Fund II <sup>1</sup>	2016	\$337m	47.8%	1.44x	1.44x	Fully Realized
Secondary Fund III <sup>2</sup>	2019	\$566m	31.1%	1.79x	1.00x	Fully Invested
Secondary Fund IV <sup>2,3</sup>	2021	\$1,042m	40.5%	1.81x	0.29x	Fully Invested
Secondary Fund V <sup>2</sup>	2023	\$2,157m	50.0%+	1.49x	0.12x	Investing

Please see General Disclaimers on pg. 2 and Performance Disclaimers on pgs. 14-16 and the impact of subscription facilities on the net IRR performance amounts.

1. Please see Performance Disclaimers on pgs. 14-16 and the impact of subscription facilities on the net IRR performance amounts. Performance data is net of respective fees, expenses and carried interest as of September 30, 2020, for Pre-Fund and Secondary Fund I and as of March 31, 2024, for Secondary Fund II. The investment advisor for these funds was Siguler Guff & Company, LP.

2. Performance data is estimated by Banner Ridge based on the most recent valuation provided by the underlying manager, adjusted for capital activity, and is presented net of fees, expenses and carried interest as of March 31, 2024.

3. Includes investments that have not yet closed and may not close.

4. Net DPI is estimated as of July 30, 2024, based on the amount of capital contributed through and including July 30, 2024. All other performance information is presented as of March 31, 2024.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

# PERFORMANCE DISCLAIMERS



**PRIOR PERFORMANCE:** ALL PERFORMANCE THAT DOES NOT SPECIFICALLY CORRESPOND TO BANNER RIDGE FUNDS REPRESENTS PRIOR PERFORMANCE THAT WAS ACHIEVED IN FUNDS WHERE SIGULER GUFF & COMPANY, LP (THE “**PRIOR FIRM**”) SERVED AS THE INVESTMENT MANAGER. ANTHONY CUSANO AND C.J. DRIESSEN (COLLECTIVELY, THE “**PRINCIPALS**”) WERE EMPLOYED AT THE PRIOR FIRM THROUGH MARCH 2019 AND MAY 2019, RESPECTIVELY, AND LAST SERVED AS MANAGING DIRECTOR AND PRINCIPAL, RESPECTIVELY.

**PRIOR FUNDS:** AT THE PRIOR FIRM, MR. CUSANO SERVED AS PORTFOLIO MANAGER OF MULTIPLE FUNDS WITH A STRATEGY OF TARGETING PRIVATE EQUITY INTERESTS ON THE SECONDARY MARKET (THE “**SECONDARY STRATEGY**”), WHICH REPRESENTS THE SAME STRATEGY AS BRP FUND III AND BRP FUND IV. TWO OF SUCH FUNDS COULD BE INVESTED AT THE DISCRETION OF THE PRIOR FIRM’S INVESTMENT MANAGER, SG/NMERB SECONDARY OPPORTUNITIES FUND (“**FUND I**”) AND SIGULER GUFF SECONDARY OPPORTUNITIES FUND I (“**FUND II**”) AND COLLECTIVELY WITH FUND I, THE “**PRIOR FUNDS**”), WHERE MR. CUSANO SERVED AS PORTFOLIO MANAGER AND A MEMBER OF THE INVESTMENT COMMITTEE. IN ADDITION, MR. CUSANO MANAGED THREE CO-INVESTMENT ACCOUNTS WHERE THE PRIOR FIRM’S INVESTMENT MANAGER DID NOT HAVE DISCRETION (THE “**CO-INVESTMENT ACCOUNTS**” OR “**SMAS**”). FINALLY, THE PRIOR FIRM MANAGED MULTI-STRATEGY FUNDS (THE “**MULTI-STRATEGY FUNDS**”) OF WHICH ONE STRATEGY WAS THE SECONDARY STRATEGY; MR. CUSANO DID NOT SERVE AS PORTFOLIO MANAGER AND THE SECONDARY STRATEGY OVERSEEN BY MR. CUSANO REPRESENTED LESS THAN TEN PERCENT OF SUCH FUNDS’ INVESTMENTS.

**PRIOR FUNDS ATTRIBUTION:** THE PRIOR FUNDS REPRESENT INVESTMENT FUNDS WHERE: I) THE PRINCIPALS WERE THOSE PRIMARILY RESPONSIBLE FOR ACHIEVING THE PRIOR PERFORMANCE RESULTS AND ANTHONY CUSANO SERVED AS PORTFOLIO MANAGER, II) THE INVESTMENT STRATEGIES AND OBJECTIVES WERE THE SAME AS THAT OF FUND III AND FUND IV, III ) THE INVESTMENT RETURNS WERE NOT MEANINGFULLY DIFFERENT THAN THOSE OF THE CO-INVESTMENT ACCOUNTS AND THOSE OF THE SECONDARY STRATEGY WITHIN THE MULTI-STRATEGY FUNDS AND IV) THE PRIOR FIRM’S INVESTMENT MANAGER HAD FULL DISCRETION. THE MULTI-STRATEGY FUNDS REPRESENT INVESTMENT FUNDS WHERE MR. CUSANO WAS A MEMBER OF THE INVESTMENT TEAM WORKING ON THE TRANSACTION WITH THE ATTRIBUTION DESIGNATED BY THE PRIOR FIRM TO HIM. THE PORTFOLIO MANAGER AND INVESTMENT COMMITTEE MEMBERS OF THE MULTI-STRATEGY FUNDS WERE COMPRISED OF DIFFERENT MEMBERS OF THE PRIOR FIRM.

**POSSESSION OF RECORD:** RECORDS IN POSSESSION INCLUDE TRANSACTION LEVEL RETURNS FOR THE PRIOR FUNDS, CO-INVESTMENT ACCOUNTS AND MULTI-STRATEGY FUNDS AND AUDITED FINANCIAL STATEMENTS FOR THE PRIOR FUNDS. INVESTMENT RETURNS FOR FUND I ARE PUBLICLY AVAILABLE PER THE WEBSITE OF THE NEW MEXICO EDUCATIONAL RETIREMENT BOARD, AN INVESTOR. INVESTMENT RETURNS FOR FUND II ARE PRIVATELY AVAILABLE THROUGH A SUBSCRIPTION FROM PREQIN, A PRIVATE EQUITY DATA PROVIDER.

**PRIOR FUNDS PERFORMANCE:** PERFORMANCE OF THE PRIOR FUNDS IS REPORTED NET OF ALL FEES, EXPENSES AND CARRIED INTEREST. PER THE WEBSITE OF THE NEW MEXICO EDUCATIONAL RETIREMENT BOARD, FUND I GENERATED A 44.7% NET INTERNAL RATE OF RETURN (“**IRR**”), A 1.31X NET MULTIPLE ON INVESTED CAPITAL (“**MOIC**”) AND A 1.31X DISTRIBUTED PER PAID-IN (“**DPI**”) AS OF JUNE 30, 2021. FUND II GENERATED A 47.8% NET IRR, 1.44X NET MOIC AND 1.44X DPI PER PREQIN. PREQIN DATA IS AS MARCH 31, 2023, AS REPORTED TO PREQIN, WHICH WAS ACCESSED ON JULY 12, 2023.

**PLEASE SEE USE OF INDICES AND DISCLOSURE OF MARKET CONDITIONS ON THE FOLLOWING PAGE.**

# PERFORMANCE DISCLAIMERS



**USE OF NET PERFORMANCE:** THE NET IRR AND NET MULTIPLE ("NET PERFORMANCE") OF EACH INDIVIDUAL INVESTMENT IS SOLELY SHOWN FOR ILLUSTRATIVE PURPOSES TO SHOW THE ESTIMATED EFFECT OF FUND-LEVEL FEES AND EXPENSES ON THE PERFORMANCE OF SUCH INDIVIDUAL INVESTMENT. THE NET PERFORMANCE OF EACH INDIVIDUAL INVESTMENT IS CALCULATED BY DIVIDING THE NET RETURN OF A FULL FEE PAYING INVESTOR BY THE GROSS RETURN OF THE FUND (SUCH CALCULATION HEREIN REFERRED TO AS THE "GROSS NET DISCOUNT FACTOR" OR "GNDF") AND APPLYING THE GNDF UNIFORMLY TO EACH INDIVIDUAL INVESTMENT WITHOUT RESPECT TO, AMONG OTHER THINGS, DIFFERENCES IN THE TIMING OF THE ACQUISITION AND, IF APPLICABLE, DISPOSITION OF EACH INDIVIDUAL INVESTMENT, DIFFERENCES IN THE AMOUNT OF DISTRIBUTIONS RECEIVED OF EACH INVESTMENT, OR DIFFERENCES IN THE IMPACT OF CARRIED INTEREST OR CLAW BACK MECHANISMS AS APPLIED TO EACH INDIVIDUAL INVESTMENT. FURTHER APPLICATION OF THE GNDF HAS BEEN APPLIED TO MATCH THE POSITIVE OR NEGATIVE PERFORMANCE OF THE INDIVIDUAL INVESTMENT. NET PERFORMANCE USED IN THE CALCULATION OF THE GNDF INCLUDES THE EFFECTS OF LEVERAGE DEPLOYED BY THE FUND, AND IN THE CASE OF THE MULTIPLE, NET OF RECALLABLE CAPITAL. THE NET PERFORMANCE OF INDIVIDUAL INVESTMENTS DOES NOT REFLECT THE ACTUAL NET PERFORMANCE OF ANY INDIVIDUAL INVESTMENT. AN INVESTOR WHO INVESTED ONLY IN A VEHICLE THAT INVESTED IN ANY INDIVIDUAL INVESTMENT WOULD NOT HAVE EXPERIENCED THE SAME RETURN AS THE NET PERFORMANCE SET FORTH HEREIN. INVESTORS SHOULD NOT RELY ON SUCH PERFORMANCE INFORMATION IN MAKING AN INVESTMENT DECISION, AS PERFORMANCE OF THE FUND MAY VARY SIGNIFICANTLY FROM THE EXTRACTED PERFORMANCE INFORMATION PRESENTED HEREIN. WE BELIEVE GROSS PERFORMANCE REGARDING EACH INDIVIDUAL INVESTMENT IS MORE MEANINGFUL IN COMPARING THE PERFORMANCE OF INDIVIDUAL INVESTMENTS THAN NET PERFORMANCE BECAUSE IT ALLOWS THE INVESTOR TO COMPARE THE ACTUAL RELATIVE PERFORMANCE OF THE INVESTMENTS WHEREAS NET PERFORMANCE IS CALCULATED USING ESTIMATED FEES AND EXPENSES ALLOCATED AS DESCRIBED ABOVE.

FURTHER, FOR NET PERFORMANCE OF AN UNDERLYING PORTFOLIO COMPANY, THE GNDF HAS BEEN APPLIED, AS DESCRIBED ABOVE, AT THE UNDERLYING FUND USING THE UNDERLYING FUNDS' GNDF AND THEN APPLYING BANNER RIDGE'S FUND GNDF TO ARRIVE AT A HYPOTHETICAL NET PERFORMANCE FIGURED AT THIS FUND LEVEL ON A LOOK-THROUGH BASIS.

**USE OF SUBSCRIPTION FACILITIES:** ALL PERFORMANCE INFORMATION SHOWN INCLUDES THE USE OF A FUND'S SUBSCRIPTION CREDIT FACILITIES. THE USE OF SUBSCRIPTION FACILITIES MAY RESULT IN A DELAY IN THE TIME WHEN CAPITAL IS REQUIRED TO BE FUNDED BY INVESTORS, THEREFORE RESULTING IN A NET IRR THAT LIKELY WILL BE GREATER THAN IF THE INVESTOR HAD PROVIDED THE CAPITAL TO ACQUIRE THE TRANSACTIONS AT THE TIME OF CLOSE. PLEASE SEE THE "LEVERAGE" SECTION IN THE FUND'S PRIVATE PLACEMENT MEMORANDUM FOR MORE INFORMATION.

**USE OF INDICES:** THIS PRESENTATION INCLUDES COMPARISONS OR REFERENCES TO INDICES AND OTHER BENCHMARKS, SUCH AS THE S&P 500 INDEX (THE "S&P 500") AND THE ICE BOFAML US HIGH YIELD MASTER II TOTAL RETURN INDEX (THE "BOFAML HY INDEX"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE STRATEGIES USED TO GENERATE THE PERFORMANCE VARY GREATLY FROM THOSE USED TO GENERATE THE RETURNS DEPICTED IN THE INDICES AND BENCHMARKS. THEY ARE INCLUDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT REPRESENTATIVE OF THE TYPE OF INVESTMENTS MADE BY THE FUND.

# PERFORMANCE DISCLAIMERS (CONT'D)



THE S&P 500 IS AN INDEX BASED ON THE MARKET CAPITALIZATIONS OF 500 LARGE COMPANIES LISTED ON THE NEW YORK STOCK EXCHANGE AND THE NASDAQ STOCK EXCHANGE. THE BOFAML HY INDEX TRACKS THE PERFORMANCE OF US DOLLAR DENOMINATED BELOW INVESTMENT GRADE RATED CORPORATE DEBT PUBLICLY ISSUED IN THE US DOMESTIC MARKET. TO QUALIFY FOR INCLUSION IN THE INDEX, SECURITIES MUST HAVE A BELOW INVESTMENT GRADE RATING (BASED ON AN AVERAGE OF MOODY'S, S&P, AND FITCH) AND AN INVESTMENT GRADE RATED COUNTRY OF RISK (BASED ON AN AVERAGE OF MOODY'S, S&P, AND FITCH FOREIGN CURRENCY LONG TERM SOVEREIGN DEBT RATINGS). EACH SECURITY MUST HAVE GREATER THAN 1 YEAR OF REMAINING MATURITY, A FIXED COUPON SCHEDULE, AND A MINIMUM AMOUNT OUTSTANDING OF \$100 MILLION. PERFORMANCE DATA FOR THE S&P 500 SOURCED FROM STANDARD & POOR'S AND FOR THE BOFAML HY INDEX SOURCED FROM FRED (FEDERAL RESERVE ECONOMIC DATA AS PROVIDED BY THE U.S. FEDERAL RESERVE). REFERENCES ARE MADE TO THE S&P 500 INDEX AND THE BOFAML HY INDEX FOR COMPARATIVE PURPOSES ONLY, WITH THE S&P 500 INDEX UTILIZED AS A PROXY FOR THE BROADER MARKET OF SECURITIES AND THE BOFAML HY INDEX UTILIZED AS A PROXY FOR THE BROADER MARKET OF SPECULATIVE FIXED INCOME. THE PORTFOLIO (I) WILL BE SIGNIFICANTLY LESS DIVERSIFIED THAN THE S&P 500 INDEX AND THE BOFAML HY INDEX, (II) MAY NOT BE COMPOSED OF TYPES OF SECURITIES CONTAINED IN THE S&P 500 INDEX OR THE BOFAML HY INDEX, AND (III) MAY CONTAIN CASH OR CASH EQUIVALENTS. RETURNS FOR THE INDICES ARE STATED AS A TOTAL RETURN AMOUNT, WHICH INCLUDES DIVIDENDS. THE INVESTMENTS BY BANNER RIDGE SECONDARY FUND III, LP MAY CONSIST OF A SMALLER CONCENTRATION OF FINANCIAL INSTRUMENTS AND UTILIZE FORMS OF LEVERAGE, WHEREAS THE INDICES DO NOT USE LEVERAGE. THUS, THE RETURNS MAY BE AFFECTED MORE BY PRICE CHANGES IN UNDERLYING SECURITIES COMPARED TO A MORE DIVERSIFIED PORTFOLIO.

**DISCLOSURE OF MARKET CONDITIONS:** FUND I BEGAN INVESTING IN 2015 AND WAS FULLY REALIZED BY THE END OF 2016; FUND II BEGAN INVESTING IN 2015 AND WAS SUBSTANTIALLY REALIZED BY THE END OF 2018. OVER THIS TIME PERIOD, MARKET CONDITIONS IN THE UNITED STATES WERE HIGHLY FAVORABLE TO INVESTORS IN EQUITY AND SPECULATIVE FIXED INCOME. THE S&P 500, FOR THE YEARS 2015 THROUGH MARCH 31, 2024, RETURNED +1.38%, +11.96%, +21.83%, -4.38%, +31.49%, +18.40%, +28.71%, -18.11%, +26.29% AND +10.56%, RESPECTIVELY. THE ICE BOFAML HY INDEX, FOR THE YEARS 2015 THROUGH MARCH 31, 2024, RETURNED -4.64%, +17.49%, +7.48%, -2.27%, +14.41%, +6.17%, +5.36%, -11.22%, +13.46% AND +1.51%, RESPECTIVELY. PLEASE SEE "USE OF INDICES" ABOVE.