Finding Alpha in Private Credit

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION SINCE 1984

2 Grand Central Tower
140 E. 45th Street – 37th Floor, New York, NY 10017

www.StarMountainCapital.com

Firm & Team Overview

Highlights of Differentiated Team:

- 85+ person team, which is one of the largest exclusively focused on U.S. lower middle-market (LMM) private credit.
- Full-Time Senior Investment Team with Diverse Skills, Experiences and relationships, Averaging 25+ Years of Investment Experience Each.
- IC has invested together at Star Mountain for avg. 8 years, and some members of IC have 20+ year working relationships.
- Star Mountain's network of Senior Advisors and Operating Partners leverage decades of experience to enhance the Firm's value-added capabilities and position the Firm as a preferred partner to business owners.
- Award-winning culture and talent development platform.
- Team members with private credit investment experience since the 1980s.

Strong Alignment with Investors:

100%

- team-owned.
- of senior team members have personal capital invested in the funds.
- of full-time U.S. employees and senior advisors / operating partners share carried interest.

Former Senior Executives from:

Merrill Lynch (Bank of America Corporation), Barings, Citi, Goldman Sachs, J.P.Morgan, Blackstone, GSO Capital Partners, Clayton Dubilier & Rice

Note: All numbers as of 10/31/23.

What is Private Credit?

A growing and diverse asset class that largely invests in private loans that are not publicly traded. These assets are typically rated below investment grade or not rated and are generally invested in through closed-end fund vehicles.

2009
The Global Financial Crisis created a dislocation in capital markets

2010 - 2012
New regulations caused banks to exit many traditional areas of lending

2012 - 2015
Proliferation of private credit direct lending strategies to replace traditional bank lending

2015 - 2021
A low-interest rate environment motivates investors to seek yield outside of traditional fixed-income

2020
COVID dislocation created many near-term distressed opportunities

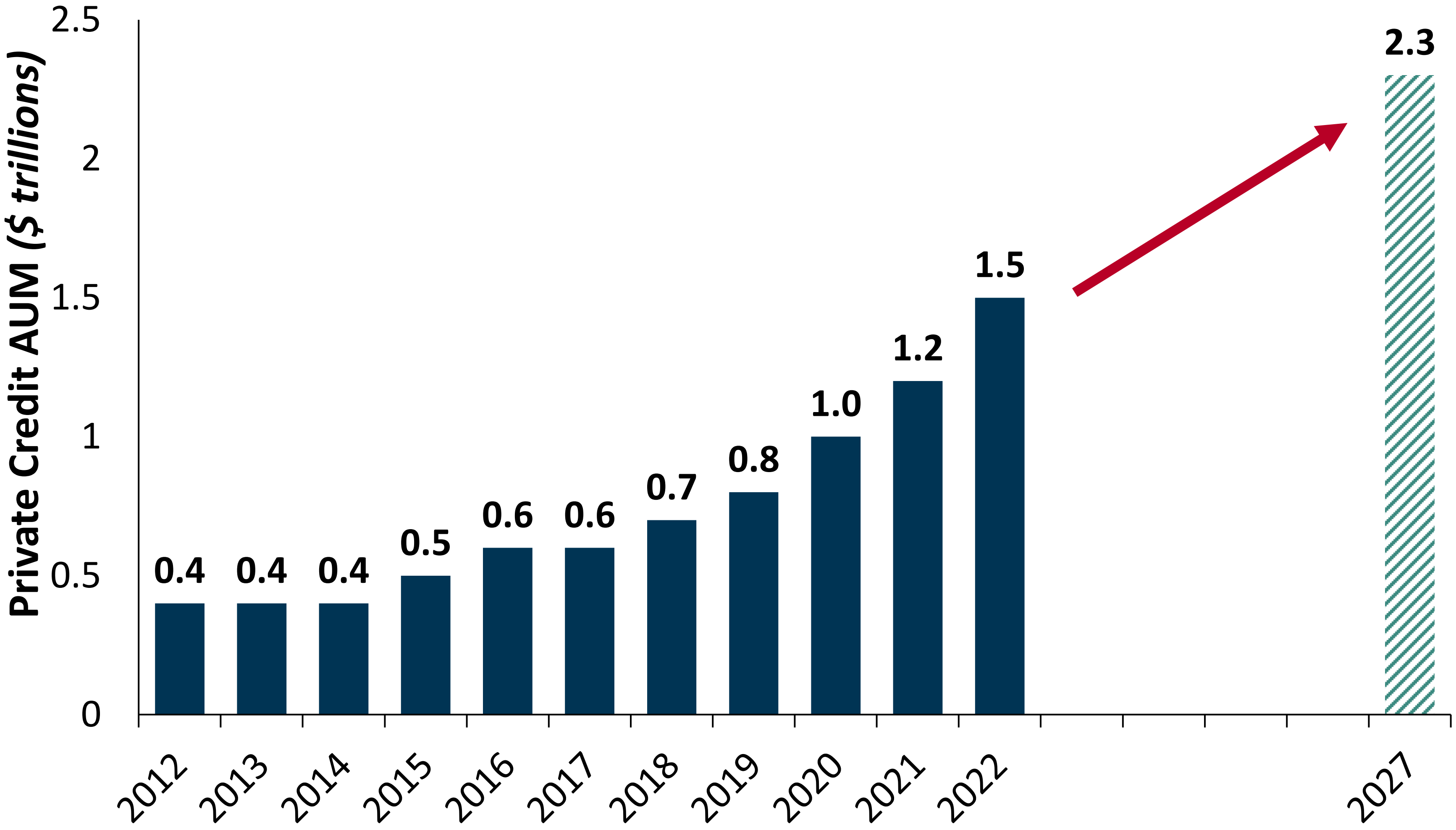
2022 - 2023
Higher inflation; rising rate environment

Today
Private credit growing as an asset class in institutional portfolios

Growth of the Private Market

In the past ~10 years, the private credit market has grown by nearly 400% to an estimated $1.5 trillion. [1]

PRIVATE CREDIT AUM GROWTH



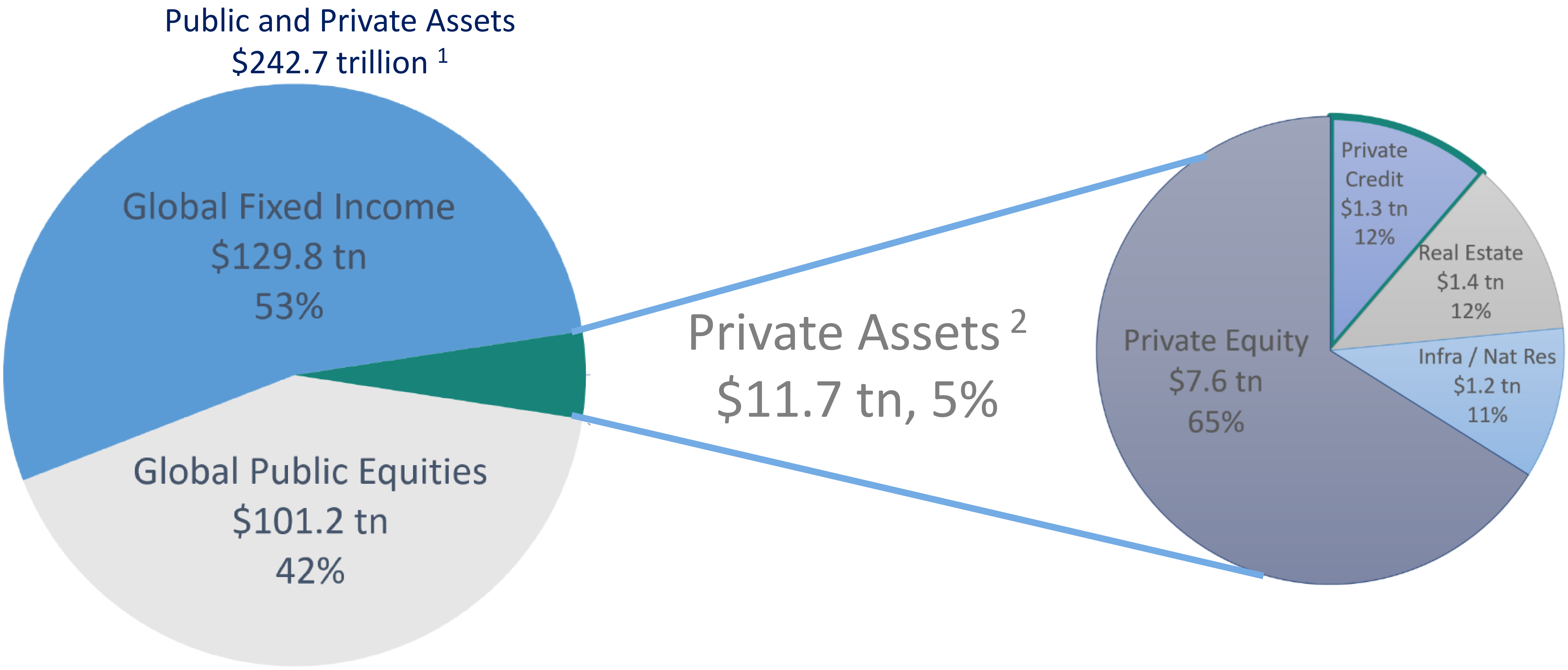
The growing private credit AUM creates an opportunity for more private credit secondaries.

Each sub-strategy of private credit can be further broken down into market segments (lower middle-market, middle market, large market, sponsored, and non-sponsored).

1) Preqin, January 2023

Size of the Private Credit Market

Private markets are estimated at $11.7 trillion, or 5% of public and private assets



1) Source: McKinsey analysis, Preqin, SIFMA, as of December 31, 2022. 2) Percentages are shown as a % of private assets. Source: McKinsey analysis, Preqin, SIFMA, as of June 30, 2022.

Private Credit Universe

Core

Direct Lending

Mezzanine

Real Asset Lending

Opportunistic

Credit Secondaries

Distressed

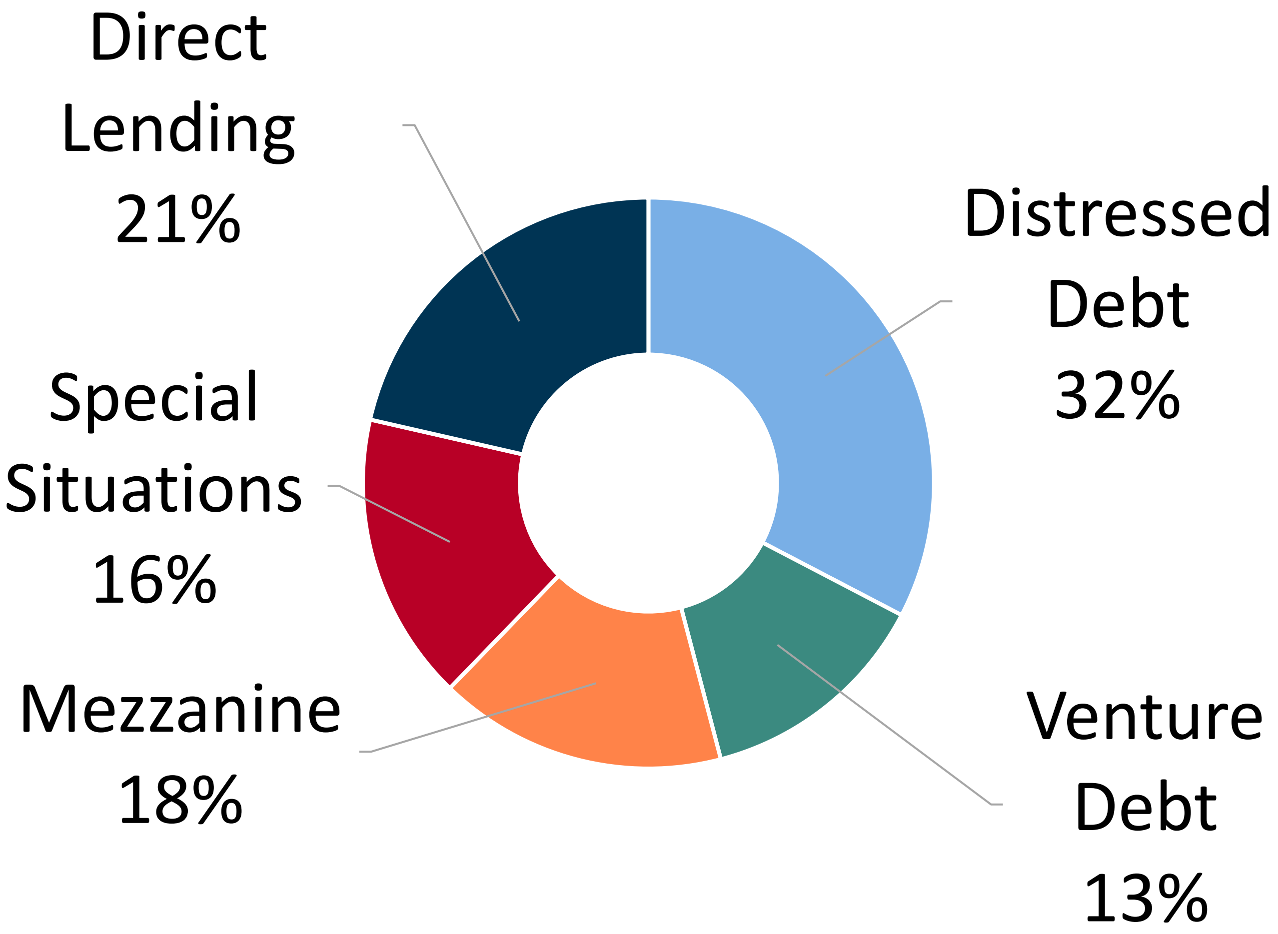
Multi-Strategy & Special Situations

Niche

Specialty Finance

Venture Debt

PRIVATE CREDIT INVESTMENT STRATEGIES [1]



1) Preqin, January 2023.. 2) Private Credit Breakdown by Lending Category, FY 2022.

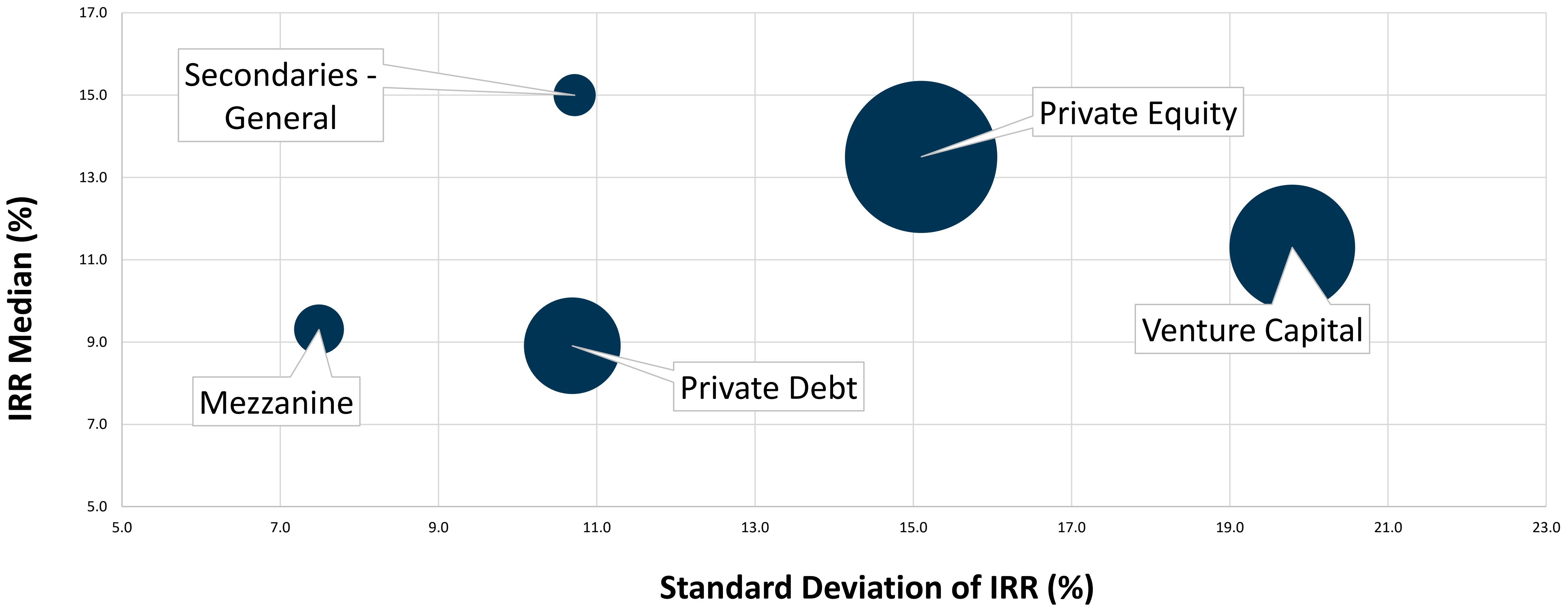
Risk & Return Drivers in Private Credit

Key Return Driver	Base Rate	Credit Spread	Structuring	Write-Downs
Key Risk	Interest Rates	Credit Risk	Structuring Skill	Security Selection Workout Expertise
Comments	Typically, floating rates, resulting in low duration but impact on total yield	Compensation for default risk and premium for complex investment structures	Original Issue Discounts Covenant and structural protections; equity warrants and convertibles for potential capital appreciation	Function of the magnitude of both losses and recoveries

Note: Source: Goldman Sachs Asset Management. As of September 2023. For illustrative purposes only.

Absolute & Risk-Adjusted Returns

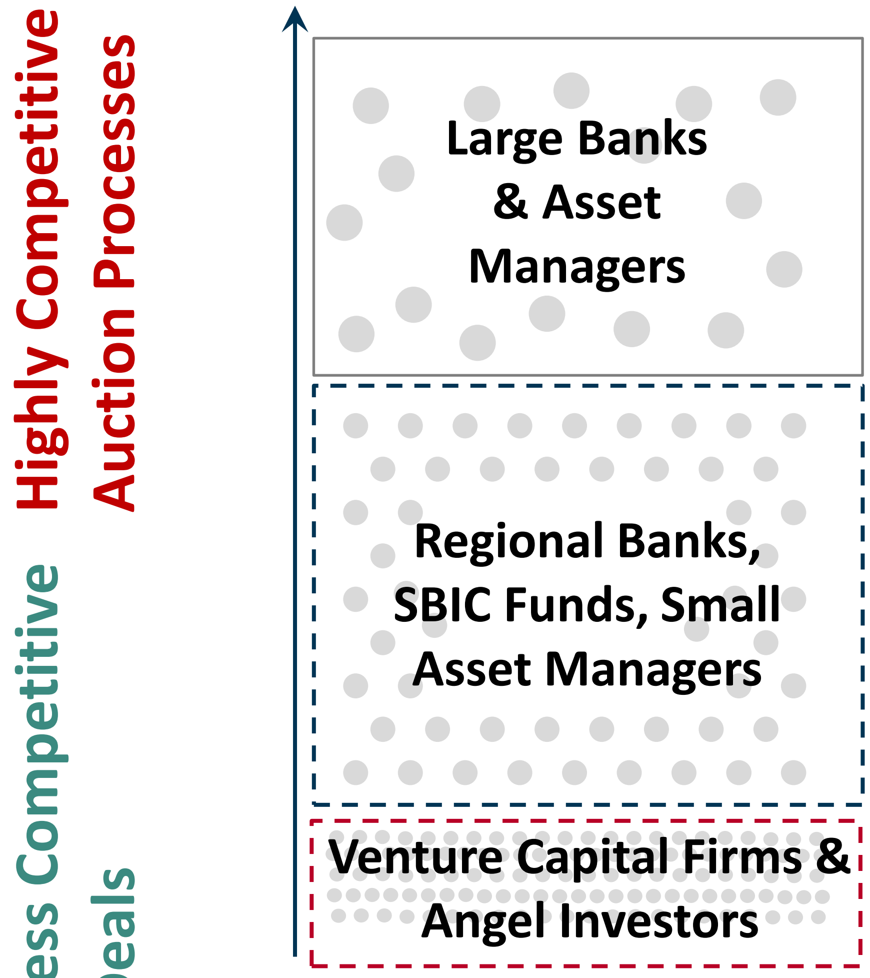
IRR MEDIAN AND STANDARD DEVIATION OF PRIVATE STRATEGIES (FUNDS VINTAGE 2000-2017)



1) Pitchbook. Sample includes funds from 2000-2017; $4.2tn of aggregate commitment including 146 secondaries funds, 1,897 private equity funds, 764 private debt funds, 203 mezzanine funds and 1,289 venture capital funds.

Which Segment of the Market Can Provide Risk-Reward Optimization?

Credit asset managers in the lower middle-market have the opportunity to mitigate idiosyncratic risks of smaller businesses as well as market-driven risks from the more competitive larger market.



Competitive Market of Larger Companies

EBITDA: $30+ mm

Established Lower Middle-Market Companies

EBITDA: $5 mm – $30 mm

Higher Risk Smaller Companies

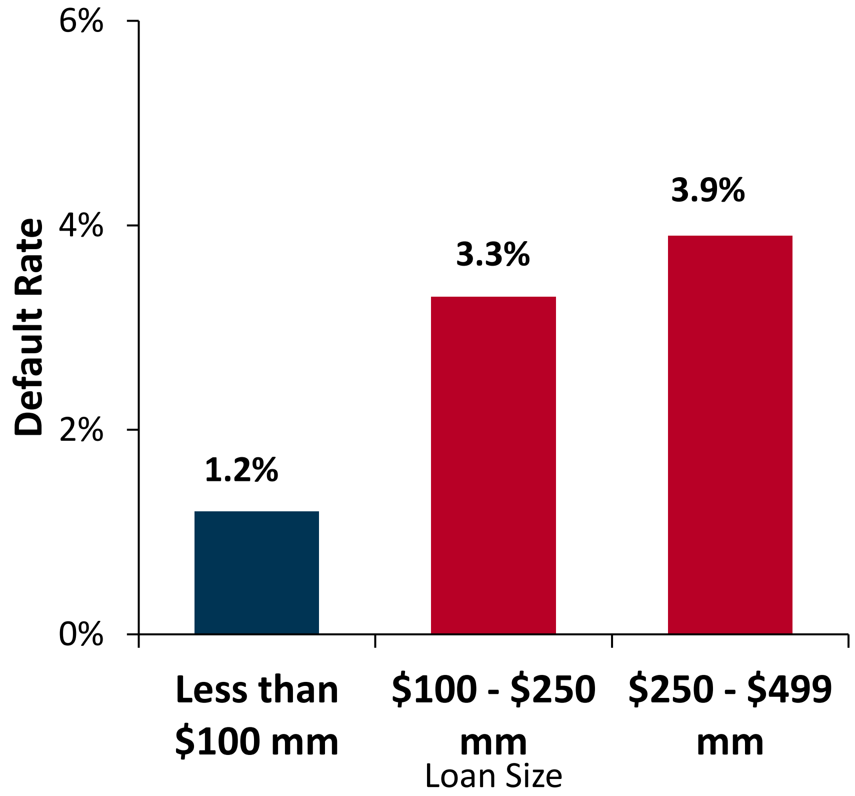
EBITDA: < $5 mm

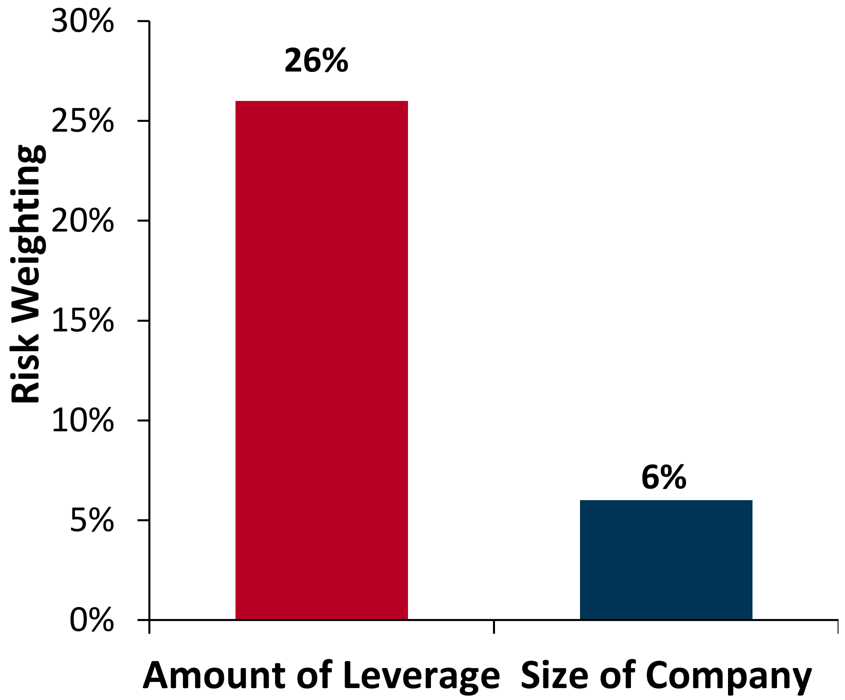
● Represents the relative number of companies

Largest Drivers of Risk & Historical Default Rates

S&P research from 1995 to 2018 found that smaller loans had nearly a **3x lower default rate** than larger loans. [1]

Based on **Moody's** research, collected over 25 years, leverage is 4x more relevant to default risk than company size. [2]





Note: Past performance is not indicative of future results. All returns are preliminary and unaudited. **1)** S&P LCD Institutional Loan Default Review; comprises all loans closed between 1995 and Q3 2018. Independent axis labels reflect loan amount ranges. **2)** Moody's Analytics, Moody's Analytics RiskCalc 4.0 U.S, April 30, 2012. Based on private firm data, including 110,000 financial statements, 25,000 firms, and 1,600 defaults collected over 25 years. Size of company is measured in total assets.

Can Investors Earn Excess Risk-Adjusted Returns in Private Credit?

	LEVERAGE	YIELD	YIELD / LEVERAGE	EQUITY UPSIDE [1]	COVENANTS (providing protection and potential returns)
Large Market [2]	**5.5x**	**9.8%**	**1.8%**	**Rare**	**Generally Minimal**
Star Mountain Fund IV Portfolio[3]	**3.8x**	**14.5%**	**3.9%**	**Often**	**Customized and Comprehensive**

Often overlooked is the return benefit covenants can have for investors in addition to the capital protection benefits.

Robust covenants provide downside protection and the ability to generate incremental fee returns and equity upside through warrants, a result of tight covenants that can easily breach even while the company is still performing, e.g. a 4x Debt-to-EBITDA covenant.

Note: Past performance is not indicative of future results. All returns are preliminary and unaudited. 1) Warrants represent additional potential equity upside in conjunction with the loans. Generally monetized as tax efficient capital gains. 2) Leveraged Commentary and Data (LCD), Pitchbook. Large market yield and leverage based on LBO large corporate (more than $50 mm EBITDA; average EBITDA is $521 mm) as of the last twelve months through June 2023. 3) 14.5% represents the sum of weighted average interest rate (13.9%) and closing fees amortized over 3.5 years (0.6%). Computed based on Star Mountain's Fund IV direct Investments. Portfolio statistics are as of 6/30/23. Yield calculated using interest rate base rates as of 6/30/23. 4) LCD Institutional Loan Default Review; comprises all loans closed between 1995 and Q3 2023. Independent axis labels reflect loan amount ranges. 5) Moody's Analytics, Moody's Analytics RiskCalc 4.0 U.S, April 30, 2012. Based on private firm data, including 110,000 financial statements, 25,000 firms, and 1,600 defaults collected over 25 years. Size of company is measured in total assets.

Private Credit Investment Model

1. Origination

4. Workout Capabilities

2. Underwriting

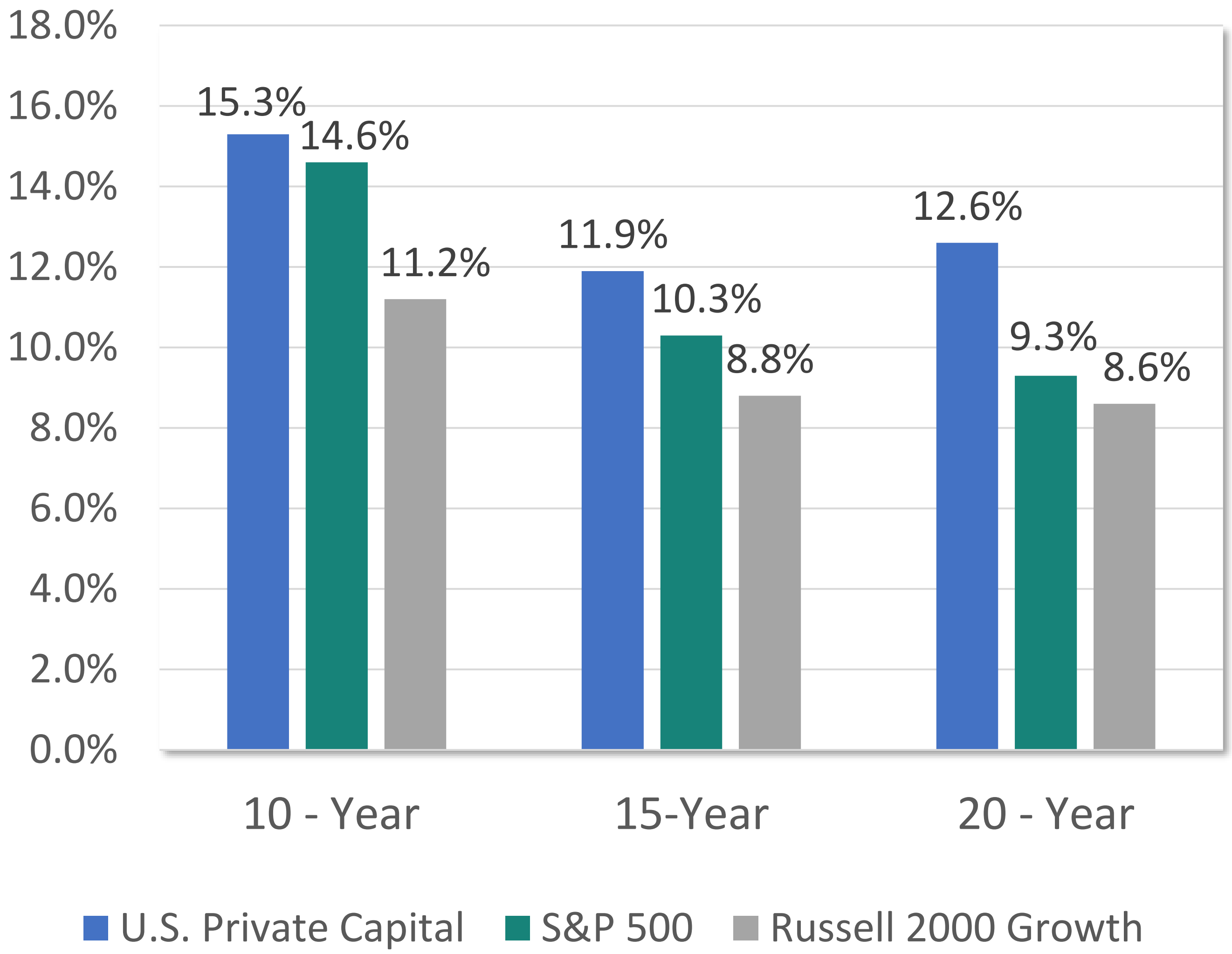
5. Efficient Capital Utilization & Distributions

3. Portfolio Management

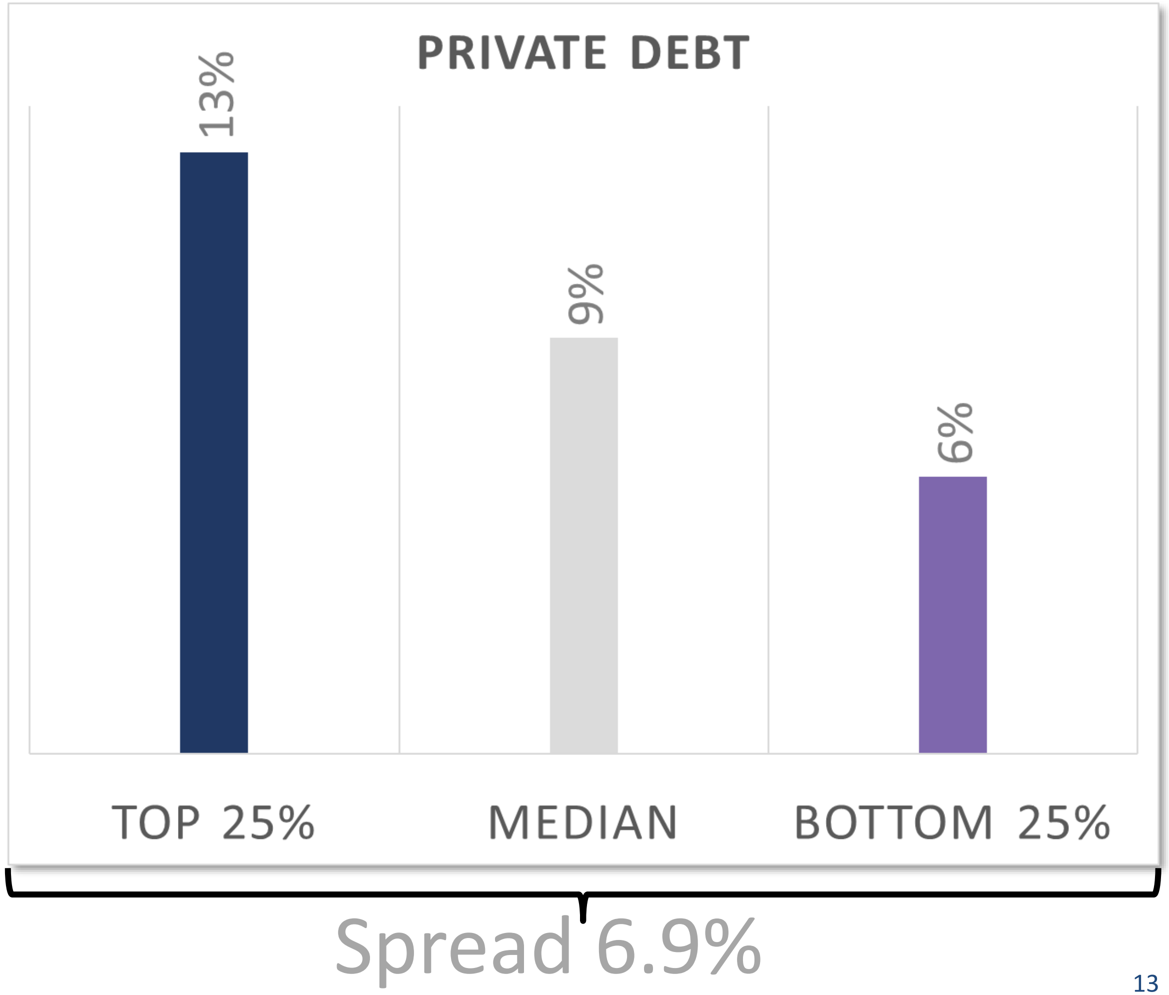
6. Robust Governance & Technology

Importance of Manager Selection

U.S. Private Equity vs. U.S. Public Equity Returns
Private and Public Market Horizon IRRs (%)

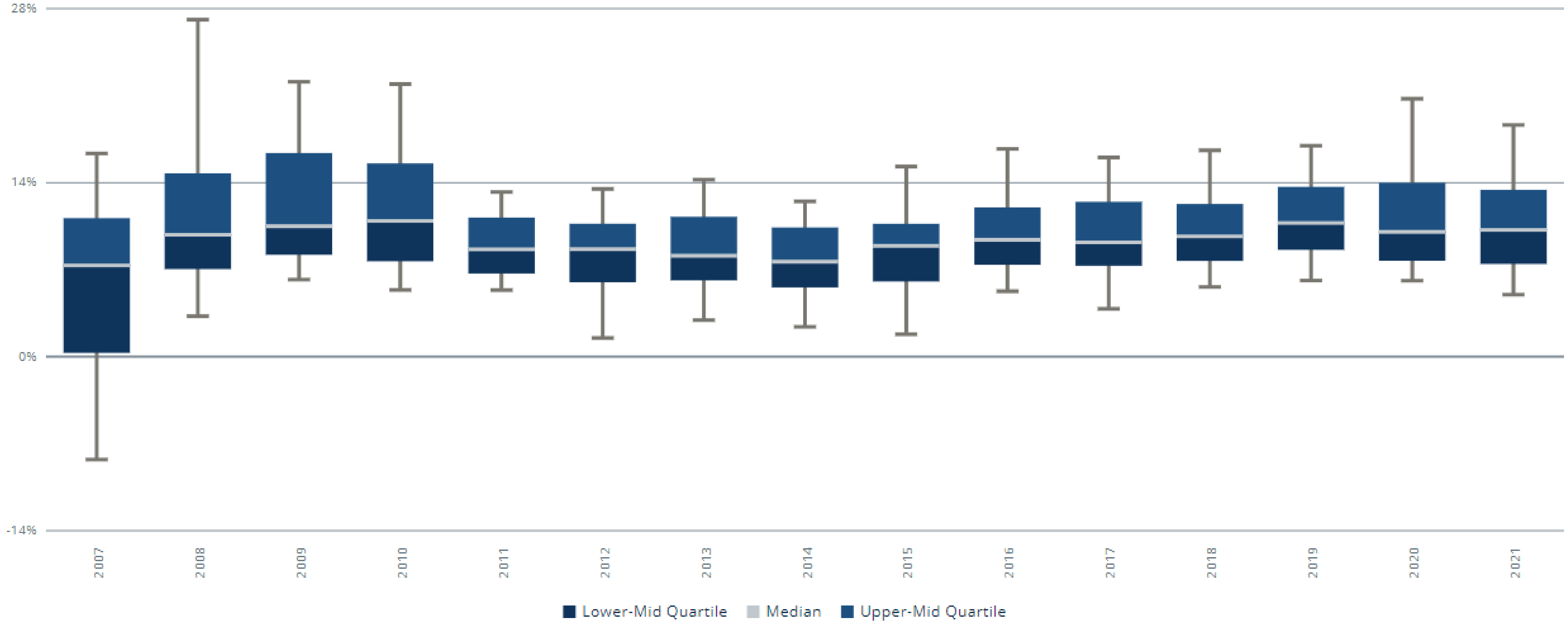


Global Net IRR Quartile Spreads by Asset Class
As of 3/31/2023 for vintage 2009-19 funds



Private Credit Performance Dispersion

IRR by Vintage Year



Note: Past performance is not indicative of future results. Source: Pitchbook January 2024. Includes all Primary Private Debt Funds as defined by Pitchbook (1,222 funds).

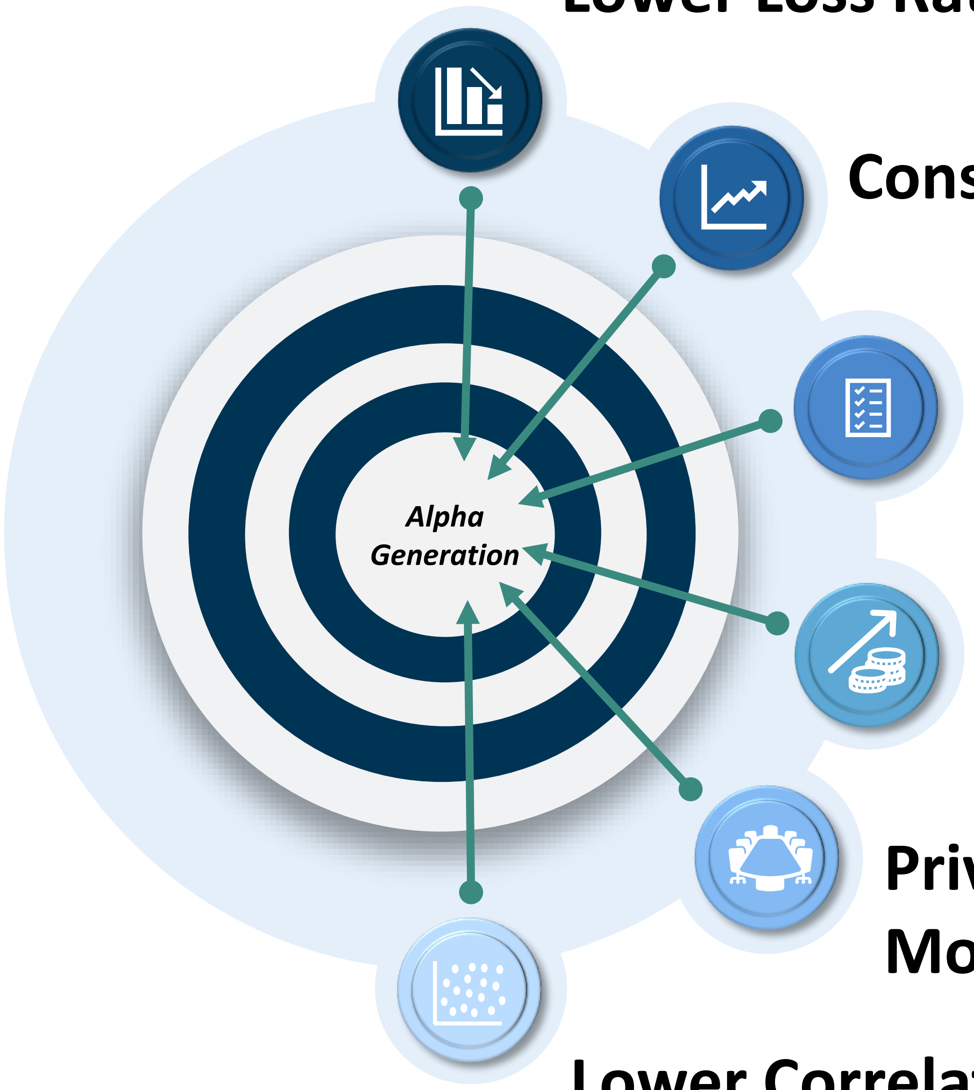
Private Credit Considerations and Important Questions to Ask

- **Can you invest in different parts of the capital structure?**
- **Why does a borrower come to you?**
- **How do you think about the use of leverage?**
- **What is your risk-return profile vs. peers?**
- **How important are covenants?**
- **What happens when something goes wrong?**
- **How do you take credit impairments on underperforming assets?**
- **Can I see a credit memorandum?**
- **What is your track record through a credit cycle?**
- **How robust are the credit underwriting memorandums and investment committee processes?**

Strategically Addressing Various Concerns in the Market

Concern	Approach
Potential Recession	Focus on established U.S. LMM companies (average 25+ years of operating history) in historically recession-resilient industries with prudent balance sheets.
Valuations	Maintain a value-based investment approach focused on fundamental analysis.
Geopolitical Concerns	Heightened focus on second-level cost and revenue risks (e.g. how are our portfolio companies' customers and suppliers likely to be impacted).
Supply Chain Issues	As part of the Private Credit underwriting process, firms diligently review the business model analyzing if potential disruption or rising cost can be mitigated or passed through to a diverse customer base.
Rising Interest Rates	Consideration of utilizing floating rate loans.[1]
Rising Interest Rates	Lower leveraged borrowers may have fewer challenges relative to higher leveraged larger borrowers as interest rates increase.
Stagflation / Inflation	Credit managers may structure deals with potential equity upside through warrants or preferred equity to potentially increase economic returns from inflation.
Stagflation / Inflation	Floating interest rates, diversification and focus on profitability resilience may be key to softening.

Summary Potential Benefits of Private Credit



Lower Loss Rates vs. Public Credit

Consistently High Spreads & Cash Yields

Downside Protection including Robust Covenants

Potential Equity Upside

Private Equity-Style Engagement & Portfolio Monitoring

Lower Correlation to Most Asset Classes

Thank You! Questions?

Contact Information

Leanne Schmitt
Managing Director
Star Mountain Capital, LLC
Phone: (305) 903-1851
Email: Leanne.Schmitt@StarMountainCapital.com
Office: West Palm Beach, Fl

Jessica (Shamshura) Salemy, CFA, FRM
Senior Associate
Star Mountain Capital, LLC
Phone: (847) 463-0980
Email: Jessica.Salemy@StarMountainCapital.com
Office: Tampa, Fl

Website: www.StarMountainCapital.com

General Disclosures

The highly confidential information contained herein has been prepared solely for informational purposes. This document (the "Summary") is intended solely for the use of the individual or entity to which it is delivered. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, copying or other use of this Summary is strictly prohibited. If you have received this document in error, please notify the sender immediately and permanently destroy this document. This Summary is confidential, for your private use only, and may not be reproduced, distributed or used or shared with others (other than your advisors) without the express written consent of Star Mountain Fund Management, LLC ("SMFM") in each instance. Each person accepting this Summary is deemed to agree to the foregoing and to return it to SMFM promptly upon request.

This Summary does not constitute an offer to sell or a solicitation of an offer to purchase interests in any fund, note, separately managed account or other product managed by SMFM (each, a "Product"). Any such offer or solicitation shall only be made pursuant to the final offering documents of such Product (the "Product Offering Documentation"), which should be read carefully prior to investment in such Product for a description of the merits and risks of investment in such Product. Any decision to invest in a Product should be made after reviewing the relevant Product Offering Documentation, conducting such investigations as the investor deems necessary and consulting the investor's own financial, legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in such Product. Neither SMFM nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of any Product or any other entity. Information contained in this Summary does not purport to be complete, nor does SMFM undertake any duty to update the information set forth herein.

Past results are not necessarily indicative of future results and no representation is made that results similar to those shown can be achieved. An investment in a Product may lose value. Investment results will fluctuate. No representation is being made that any Product has, will, or is likely to achieve profits or losses similar to those shown for the Predecessor Investments, any other Product, SMFM, or any particular investment decision by SMFM. It should not be assumed that the investment decisions SMFM makes in the future will be profitable or will equal the investment performance of the Predecessor Investments or any Product managed by SMFM or the IC Members. Certain market and economic events having a positive impact on performance may not repeat themselves. There can be no assurance that unrealized investments will be realized at the valuations used to calculate the information contained herein, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used to calculate the information contained herein are based.

This Summary contains certain forward-looking statements, including those relating to future financial expectations, which may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "potential," "outlook," "forecast," "plan" and other similar terms. Such statements are subject to various risks and uncertainties, including, without limitation, general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors, any or all of which could cause actual results to differ materially from projected results.

Calculations contained in this Summary have been made based on in some cases limited available data, unaudited financial models and a number of assumptions which may prove to be unwarranted or inaccurate. Because of these limitations, the financial information should not be relied upon as a precise reporting, but rather merely a general indication of past or projected performance, based on financial statements which may be unaudited, estimated and subject to change. Unless otherwise indicated, performance data is presented unaudited, "net" of management fees, performance allocations and other fund expenses (i.e. legal and accounting and other expenses as disclosed in the relevant Product Offering Documentation) and reflects the reinvestment of dividends, as applicable. The performance information presented herein may have been generated during a period of extraordinary market volatility or relative stability in a particular sector. Accordingly, the performance is not necessarily indicative of results that SMFM may achieve in the future.

In constructing the target returns provided herein, SMFM relied on certain proprietary assumption and elections, which include but are not limited to the observation and extrapolation of historical gross asset returns on investments executed by SMFM employees and affiliates.

In calculating target returns, SMFM utilizes certain mathematical models that require specific inputs that, in some cases, are estimated, and certain assumptions that ultimately may not hold true with respect to any investment. These estimates and assumptions may cause actual realized returns to deviate materially from modelled expectations. These models, including the estimates and assumptions, are prepared at the time of investment and reflect conditions at the time of such investment. The target returns are premised on a number of factors including, without limitation, the opportunities that the SMFM investment team is currently seeing and/or expects to see in the future, which opportunities are uncertain and subject to numerous business, industry, market, regulatory, competitive and financial risks that are outside of SMFM's control. There can be no assurance that the assumptions made in connection with the target returns will prove accurate, and actual results may differ materially, including the possibility that an investor will lose some or all of its invested capital. The inclusion of the target returns should not be regarded as an indication that SMFM considers the target returns to be a reliable prediction of future events, and the target returns should not be relied upon as such. In addition, target net returns do reflect the deduction of management fees, expenses and carried interest.

Hypothetical performance results may have inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. One of the limitations of hypothetical performance results is that they are prepared with the benefit of hindsight. There are numerous other factors related to the markets in general or to the implementation of any specific trading strategy which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results. These returns should not be considered as indicative of the skills of the investment adviser. The hypothetical results do not represent actual total funds and they may not reflect the impact that material economic and market factors might have had on the investment manager's decision-making if the manager were actually managing a fund this way.

General Disclosures (continued)

The returns of several market indices are provided in this Summary for comparison purposes only and the comparison does not mean that there necessarily will be a correlation between the returns of any Product, on the one hand, and any of these indices, on the other hand. The indices have not been selected to represent an appropriate benchmark against which to compare a Product's performance; but, rather, are disclosed to allow for comparison of the Products' performance to that of certain well-known and widely recognized indices. The returns of the Products differ from these various indices in that, among other reasons, the Products are actively managed and may use leverage. Such indices are unmanaged and are not subject to fees and expenses, including transaction costs, typically associated with private investment funds. In addition, the Products' holdings may differ from the securities that comprise the indices and the differences may be material. Investments cannot be made directly in indices and such indices may re-invest dividends and income. Comprehensive footnotes and disclosures regarding Star Mountain Funds are within Star Mountain's Comprehensive Track Record package which is available upon request. Net Returns are calculated on net cash flows to Star Mountain's investors and the 3/31/23 NAV. Returns include Star Mountain management fees, carried interest, fund expenses and the costs and benefits of leverage, where applicable. Fees and expenses of any underlying fund are also reflected in the returns, along with the costs and benefits of leverage at any such fund.

Crain's two-part survey process consisted of evaluating each nominated company's workplace policies, practices, philosophy, systems and demographics. The second part involved an employee survey to measure the employee experience. The combined scores determined the top companies and the final ranking. Star Mountain must pay a fee to Crain's only for survey collection purposes. Detailed eligibility criteria can be found here: https://www.bestplacestoworknyc.com/eligibility-criteria

To be named to P&I's Best Places list, all firms met Best Companies' high threshold for inclusion and were evaluated against others of similar size. Individual firm profiles, which were compiled based on survey results, reflect U.S. employment numbers and were confirmed by Best Companies in the summer. Company and employee comments were edited for space, style and clarity. Assets under management or advisement are as of June 30, unless otherwise noted. To participate, companies had to have at least 20 employees in the U.S., at least $100 million of discretionary assets under management or advisement and be in business for at least one year. An anonymous employee survey, which aimed to evaluate employee engagement and satisfaction, accounted for 75% of a firm's score; an employer survey, which evaluated workplace policies, practices, benefits and demographics, made up 25%. P&I does not disclose the total number of companies participating. Detailed eligibility criteria can be found here: https://www.bestplacestoworkmm.com/eligibility-criteria

Companies on the 2023 Inc. 5000 are ranked according to percentage revenue growth from 2019 to 2022. To qualify, companies must have been founded and generating revenue by March 31, 2019. They must be U.S.-based, privately held, for-profit, and independent–not subsidiaries or divisions of other companies–as of December 31, 2022. (Since then, some on the list may have gone public or been acquired.) The minimum revenue required for 2019 is $100,000; the minimum for 2022 is $2 million. As always, Inc. reserves the right to decline applicants for subjective reasons. Growth rates used to determine rankings were calculated to four decimal places. https://www.inc.com/inc5000

Certain impacts to public health conditions particular to the coronavirus disease 2019 (COVID-19) outbreak may have a significant negative impact on the operations and profitability of the Fund's investments. The extent of the impact to the financial performance of investees will depend on future developments, including but not limited to (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of investees are impacted because of these things for an extended period, the Fund's investment results may be materially adversely affected.

Certain statements made in this presentation refer to the potential reduction of risk. These statements should be read to indicate that SMFM believes that certain indicated factors may somewhat reduce but not eliminate certain common elements of risk in typical markets. No securities investment is without risk. 052323.

Notice to Investors in Switzerland

The distribution of Interests in Switzerland will be exclusively made to, and directed at, qualified investors ("Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of June 23, 2006, as amended, and its implementing ordinance. Accordingly, the Partnership, as organized under the laws of the Cayman Islands, has not been and will not be registered with the Swiss Financial Market Supervisory Authority. This Summary and/or any other offering materials relating to the Interests, as well as the annual reports, may be made available in Switzerland, free of charge, solely by the Swiss representative and/or authorized distributors to Qualified Investors.

- **Swiss representative:** Mont-Fort Funds AG, 63 Chemin Plan-Pra, 1936 Verbier, Switzerland.
- **Swiss paying agent:** Banque Cantonale de Genève 17, quai de l'Ile, 1204 Geneva, Switzerland.
- **Place of performance and jurisdiction:** In respect of the Interests distributed in or from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss representative.

Certain Risks of Investment

The Products are NOT subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. An investment in any Product will involve significant risks due to, among other things, the illiquid, highly speculative nature of the investments. Investors must be able to withstand a total loss of their investment. There is no public market for the Products, and interests therein generally will not be transferrable. An investment in any Star Mountain fund involves significant risks and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in a fund. Investors must also be sophisticated in business and financial matters, have the knowledge and experience to evaluate the merits and risks of the investment and have sufficient financial means to both bear the financial risks of their investment for an indefinite period of time and the risk of loss of their entire investment. For more detailed information on the risks involved with an investment in a Product, please refer to the Risk Factors Section of the Product Offering Documentation.

THE ABOVE RISK DISCLOSURE IS NOT COMPLETE. THE ABOVE IS NOT A COMPLETE LIST OF THE RISKS AND OTHER IMPORTANT DISCLOSURES INVOLVED IN INVESTING IN A PRODUCT AND IS SUBJECT TO THE MORE COMPLETE DISCLOSURES CONTAINED IN THE PRODUCT OFFERING DOCUMENTATION, WHICH MUST BE REVIEWED CAREFULLY.

Definitions

Definitions used throughout the Investor Presentation

- **IRR:** Represents the internal rate of return. IRR is a time-weighted average expressed as a percentage. The IRR of an investment is the discount rate at which the net present value of costs (negative cash flows) of the investment equals the net present value of the benefits (positive cash flows) of the investment, including the current value of unrealized investments.
- **DPI:** Distribution to Paid-in. A measurement of the capital that has been distributed back to LPs as a proportion of the total paid-in, or contributed, capital. DPI is also known as the cash-on-cash- multiple or the realization multiple.
- **RVPI:** Residual Value to Paid-In. A measurement of the unrealized return of a fund as a proportion of the total paid-in, or contributed, capital.
- **TVPI:** Total Value to Paid-In. Represents the sum of DPI and RVPI. A measurement of both the realized and unrealized value of a fund as a proportion of the total paid-in, or contributed, capital. Also known as the investment multiple.
- **MOIC:** Represents the return on invested capital. MOIC is calculated by dividing the sum of distributions plus the total partners' capital by capital contributed.