The J-Curve:

And How Buyout Replication Can Help You Avoid It

THIRD WIRE
ASSET MANAGEMENT

What is the J-Curve Effect in Traditional Private Equity?

The J-Curve is a hallmark of private equity investing, representing the typical trajectory of returns over a fund's lifecycle. Initially, investors often experience negative returns due to upfront management fees, fund expenses, and transaction costs during the time the fund is deploying capital—well before they may eventually generate value. Only in later years does the curve rise, reflecting any realized gains on investments that are successfully exited. While this pattern is a natural part of traditional PE investing, it delays meaningful returns and locks up capital for extended periods.

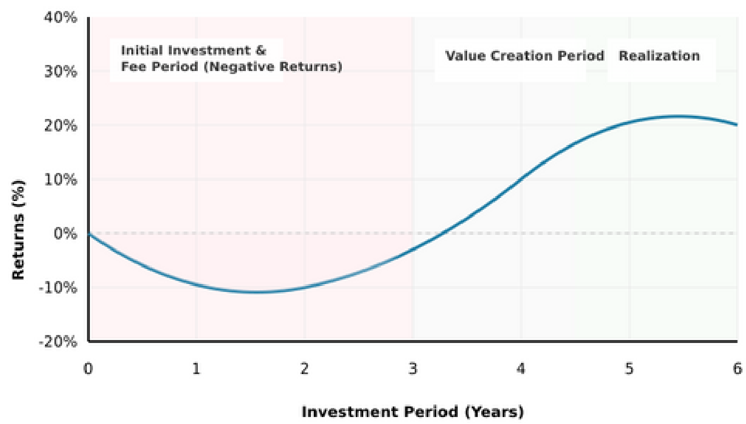
Why Does the J-Curve Matter?

For investors, the J-Curve poses challenges such as:

Negative Returns Right Out of the Gate
For the first 2-3 years of a fund's life there is a drag on performance from management fees and transactions costs before any possible gains from successful exits.

Valuation Uncertainty
Early gains are often unrealized and subject to the individual manager's valuation practices which are often opaque.

The J-Curve



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How Does our Buyout Replication Index Fund Solve this Problem?

Buyout replication completely eliminates the J-Curve effect by providing immediate exposure to a diversified portfolio of listed equities. Here's how:

Immediate Exposure

Direct investment in constituents of the Morningstar PitchBook Buyout Replication Index.*

Simple Fees

No performance-based fees, helping investors retain more of their potential returns.

Daily Pricing

Unlike private equity funds that rely on periodic valuations, the fund has transparent daily pricing.

*The index is the exclusive property of Morningstar, Inc., which does not sponsor, endorse, or promote this fund.

Important Disclosures and Risk Considerations

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The Fund seeks to replicate key investment characteristics of private equity buyout strategies, such as sector exposure, leverage adjustments, and other factors, but there is no guarantee that the Fund will achieve similar performance or outcomes. Past performance is not indicative of future results. All investments involve risk, including the possible loss of principal, and there is no assurance that the Fund will achieve its investment objectives or generate positive returns.

Investments are subject to risks, including market volatility, economic uncertainty, and potential deviations from the Fund's intended strategy. Investments in public equities may involve significant risks, and the Fund's use of certain strategies, including leverage, may amplify losses in adverse market conditions. Fees and expenses associated with the Fund will reduce overall performance and may have a material impact on returns. Prospective investors should carefully review the private placement memorandum for a detailed description of all fees, expenses, and other costs.

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This document may contain forward-looking statements regarding the Fund's strategy, objectives, or expected performance. These statements are inherently speculative, based on assumptions that may prove to be inaccurate, and are subject to risks and uncertainties that could cause actual results to differ materially. Prospective investors should not rely on forward-looking statements as guarantees of performance.

For further information, please refer to the Fund's private placement memorandum or contact a representative of Third Wire Asset Management.

Third Wire Asset Management, LLC
110 North Wacker Drive, Ste 2500,
Chicago, IL 60606

info@thirdwiream.com