Optimizing PE Fund Commitments

Buyout Replication Fund for Efficient Capital Management

THIRD WIRE
ASSET MANAGEMENT

The Challenge

Private equity (PE) funds face persistent liquidity challenges. Traditional fund structures require LPs to hold significant capital in low-yield reserves to meet uncertain capital calls, leading to cash drag and reduced overall fund efficiency. Additionally, GPs charge management fees on committed capital—even when it remains uncalled—creating fee friction that frustrates LPs.

Frequent capital calls add operational complexity, forcing GPs to manage unpredictable inflows while straining LP relationships. Evergreen PE funds offer partial solutions but introduce high fees, valuation lag, and redemption gates that limit their effectiveness. PE managers need a more flexible, capital-efficient approach to liquidity management.

The Solution

The Third Wire / Morningstar PitchBook US Buyout Replication Index Fund (USBRIF) provides PE funds with a structured liquidity tool that enhances capital efficiency while allowing GPs to retain full control over fund operations and provide immediate investment for LPs.

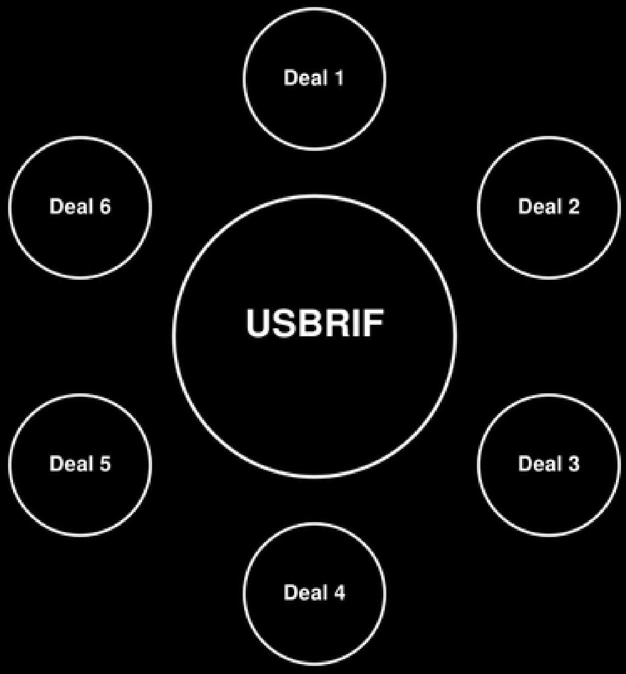
How it Works:

- **Core:** USBRIF serves as a pre-deployment vehicle, allowing GPs to call 100% of LP commitments upfront while keeping capital productive. It replicates buyout-style returns through direct investment in the Morningstar PitchBook US Buyout Replication Index.*

- **Deals:** GPs can allocate from USBRIF into private deals on their schedule while keeping LPs' capital deployed and earning returns.

- **Rebalancing Mechanism:** Monthly liquidity ensures efficient capital movement without unnecessary lock-ups or redemption gates.

Allocation Model



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Key Benefits

- **Eliminate Cash Drag and Maximize Returns:** Rather than sitting in T-bills (~4-5% yield), LP commitments can be parked in USBRIF to earn buyout-like returns, mitigating cash drag while maintaining deployment readiness.
- **Optimize Liquidity While Capturing Management Fees:** By holding full LP commitments upfront, GPs can continue charging management fees on fully committed capital rather than waiting for drawn-down funds. This aligns incentives while ensuring capital remains productive.
- **Enhance Capital Deployment Efficiency:** Time capital deployment strategically rather than rushing deals due to funding constraints. This allows for better entry points and improved portfolio construction.
- **Strengthen LP Relationships and Reduce Capital Call Friction:** LPs benefit from a return-generating alternative to idle cash while avoiding frequent and unpredictable capital calls. This enhances fund transparency and strengthens GP-LP alignment.
- **Access Liquidity Without Performance Fees, Lock-Ups, or Redemption Gates:** USBRIF provides monthly subscription and redemption windows, giving GPs full control over capital flows without restrictive liquidity constraints and without performance fees or carry.

Immediate Exposure

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

Flat, Transparent Fees

1.5% Management Fee and no performance-based fees.

Monthly Liquidity

Enables flexible capital deployment and rolling adjustments.

*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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Any offer to invest in the Third Wire / Morningstar PitchBook US Buyout Replication Index Fund (USBRIF) (the "Fund") is made exclusively through the Fund's private placement memorandum or other authorized offering documents. The Fund is a private offering and is not registered under the Investment Company Act of 1940 or the Securities Act of 1933. As such, it is not subject to the same regulatory requirements as registered investment vehicles. The offering is conducted in accordance with Rule 506(c) of Regulation D, and investments in the Fund are limited to verified accredited investors, as defined by the U.S. Securities and Exchange Commission (SEC).

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.

The Fund uses the Morningstar PitchBook US Buyout Replication Index, which is the exclusive property of Morningstar, Inc. Morningstar, Inc., its affiliates and subsidiaries, its direct and indirect information providers, and any other third party involved in, or related to, compiling, computing, or creating any Morningstar Index (collectively, "Morningstar Parties") do not guarantee the accuracy, completeness, and/or timeliness of the Morningstar Index or any data included therein and shall have no liability for any errors, omissions, or interruptions therein. None of the Morningstar Parties make any representation or warranty, express or implied, as to the results to be obtained from the use of the Morningstar Index or any data included therein.

The Index uses advanced AI methodologies, including Long Short-Term Memory (LSTM) neural networks, to guide security selection and leverage adjustments. These methodologies involve complex algorithms and assumptions that may not account for all market factors. Their effectiveness is not guaranteed and is subject to significant risks, including model limitations and unforeseen market conditions.

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.

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