

The Rise of Private Credit Secondaries

Star Mountain

September 29th, 2026

STAR MOUNTAIN CAPITAL
Investing in the Growth Engine of America®

FPPTA®
FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION
SINCE 1984

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140 E. 45th Street New York, NY 10017

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Star Mountain Team



Ravi Ugale

Managing Director & IC Member

- 30+ years of private credit, secondaries, private equity, venture capital, investment banking and business operations experience.
- Head of Manager Research for Private Capital Strategies, Truist Bank (NYSE: TFC; $500+ billion in assets).
- Partner & Investment Committee Member of LMM equity investment fund.
- Chaired multiple portfolio company boards and was Interim CEO through a restructuring and successful exit.
- Former YPO and ILPA member.
- FINRA licensed.
- MBA, Florida Atlantic University.
- MS, Marquette University.
- BS, Pune University.



Chris Babcock

Managing Director

- ~30 years of investment advisory and client relationship experience.
- 25 years at BNY Mellon Asset Management, most recently as Director of North American Institutional Distribution.
- Director of Capital Formation for North American Institutional and Wealth, LSV Advisors.
- Senior Internal Wholesaler, Fidelity Investments.
- Active within several non-profit organizations including National Braille Press and Guide Dogs of America.
- BS, Northeastern University.

Note: All non-Star Mountain roles are former unless stated otherwise.

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Purpose-Built Firm to Capitalize on the U.S. Lower Middle-Market ("LMM")

1980s	2010	~$5 bn	~150 People	20+ U.S. Cities	100%	Proprietary Technology & Infrastructure
Senior Team Members with Four Decades of Credit & Equity Experience	Founded Firm & Trademarked Brand	Assets Under Management ("AUM") [1]	One of the Largest Teams Exclusively Focused on U.S. LMM	Nationwide Team with Origination & Portfolio Management Advantages	Senior Team Invested & U.S. Full-Time Team Sharing in Profits	Custom-built Platform & Dedicated Team Including ~15 Engineers Supporting Development

Former Senior Executives from:

Goldman Sachs · Fortress · Citi · J.P.Morgan · Columbia Threadneedle Investments · Merrill, A Bank of America Company · Towerbrook · Clayton Dubilier & Rice

Crain's 2025 best places to work in NYC

Pensions&Investments 2025 Best Places to Work in Money Management

Multi-Year Track Record Winning Pensions & Investments Best Places to Work in Money Management and Crain's New York Business Top 100 Best Places to Work

Note: All numbers as of 8/31/26. **1)** AUM defined as capital commitments plus committed asset-based leverage. AUM includes $350 mm of available SBA Leverage.

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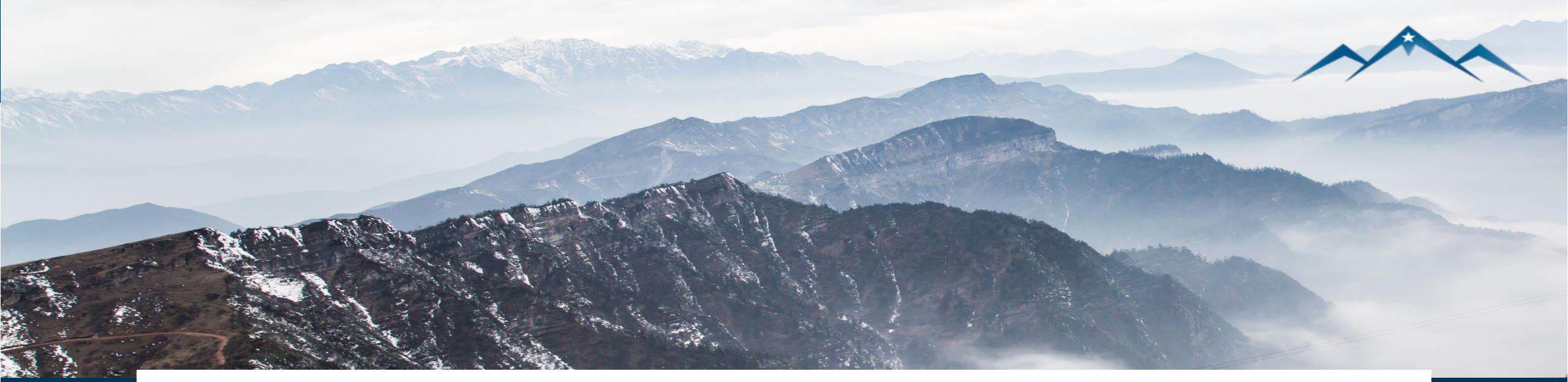
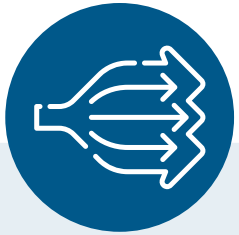


The Rise of Private Credit Secondaries

Why Secondaries?



Broad Diversification



Enhanced Asset Transparency



Historically Attractive Returns with Less Dispersion [1]



Generally No J-Curve with Immediate Financial Returns



Capitalizing on Dislocation

1) PitchBook, January 2025. Sample includes funds with vintages 2000 – 2018; 118 secondaries funds, 2,090 private equity funds, 880 private debt funds, 216 mezzanine funds and 1,446 venture capital funds.

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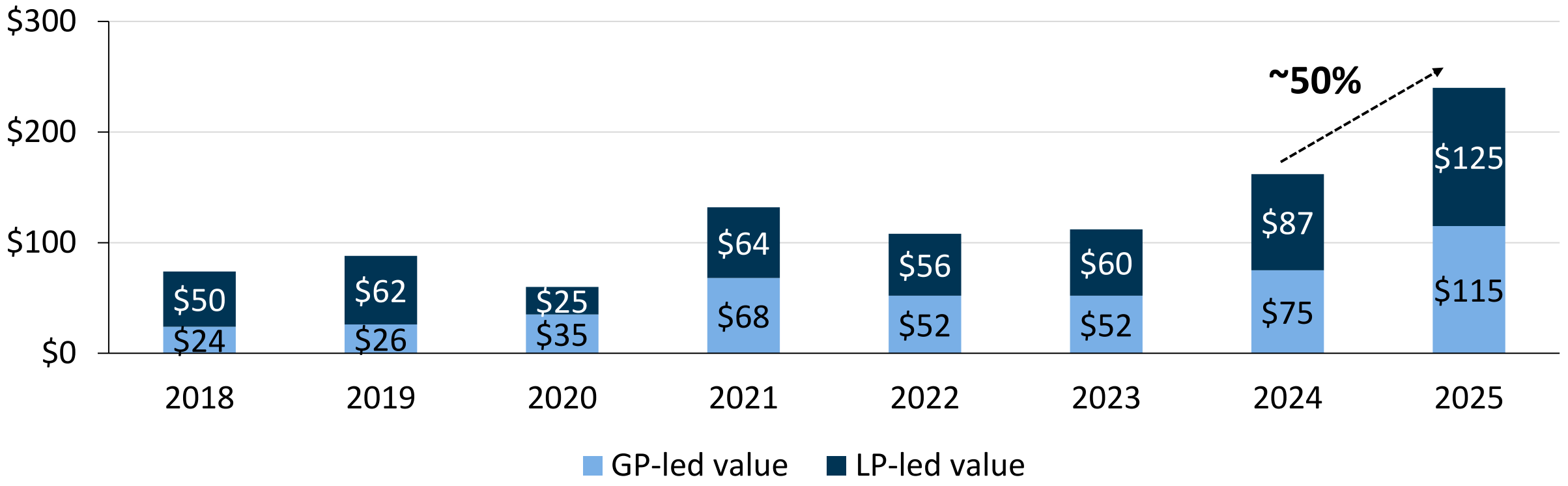
Global Secondaries Transaction Volume Increased by ~50% in 2025

- 2025 secondary-market volume surged to $240 billion, a new record high.
- LP-led trades hit $125 billion, while GP-led transactions rose to $115 billion.

Global Secondaries Transaction Volume ($ billion) [1]



1) Global Secondary Market Review, Jefferies, Jan 2026.

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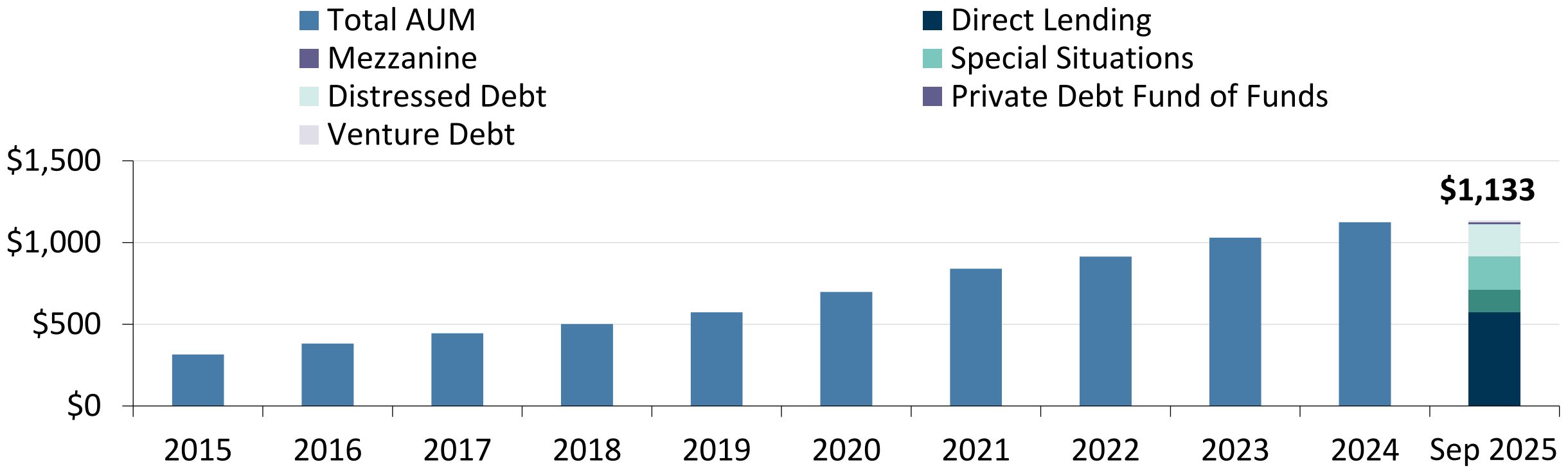
Large Market Opportunity of Growing Private Debt AUM

- The private debt market has nearly doubled in the last five years, and Preqin's most recent investor survey shows that over 50% of those polled intend to increase their long-term private debt allocations. [1]

North American Private Debt AUM ($ bn) [2]



1) Preqin, Investor Outlook: Alternative Assets, H2 2025. **2)** Preqin, as of 7/9/26. Represents assets under management for Private Debt primarily focused on North America.

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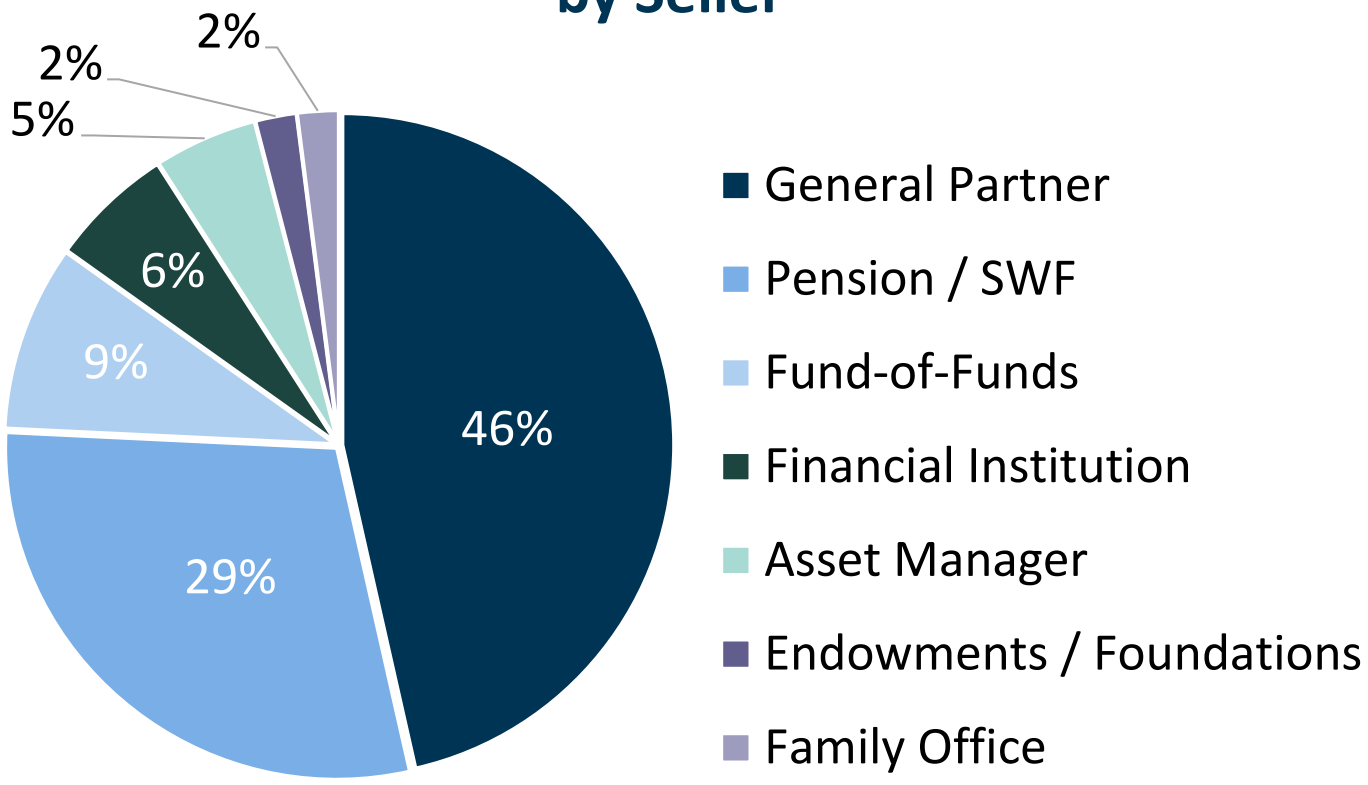
Secondary Market Gaining Broad Participation & Growing Media Attention

Global Secondaries Transaction Volume by Seller [1]



WALL STREET JOURNAL

Florida State Board sells $2 billion of private-credit pension assets

Jan 13, 2025

BLOOMBERG

Jefferies targets €1 billion for private credit secondaries fund

August 19, 2026

SECONDARIES INVESTOR

Turning uncertainty into opportunity: a boost for Private Credit Secondaries

June 26, 2026

1) Jefferies Global Secondary Market Review, January 2025.

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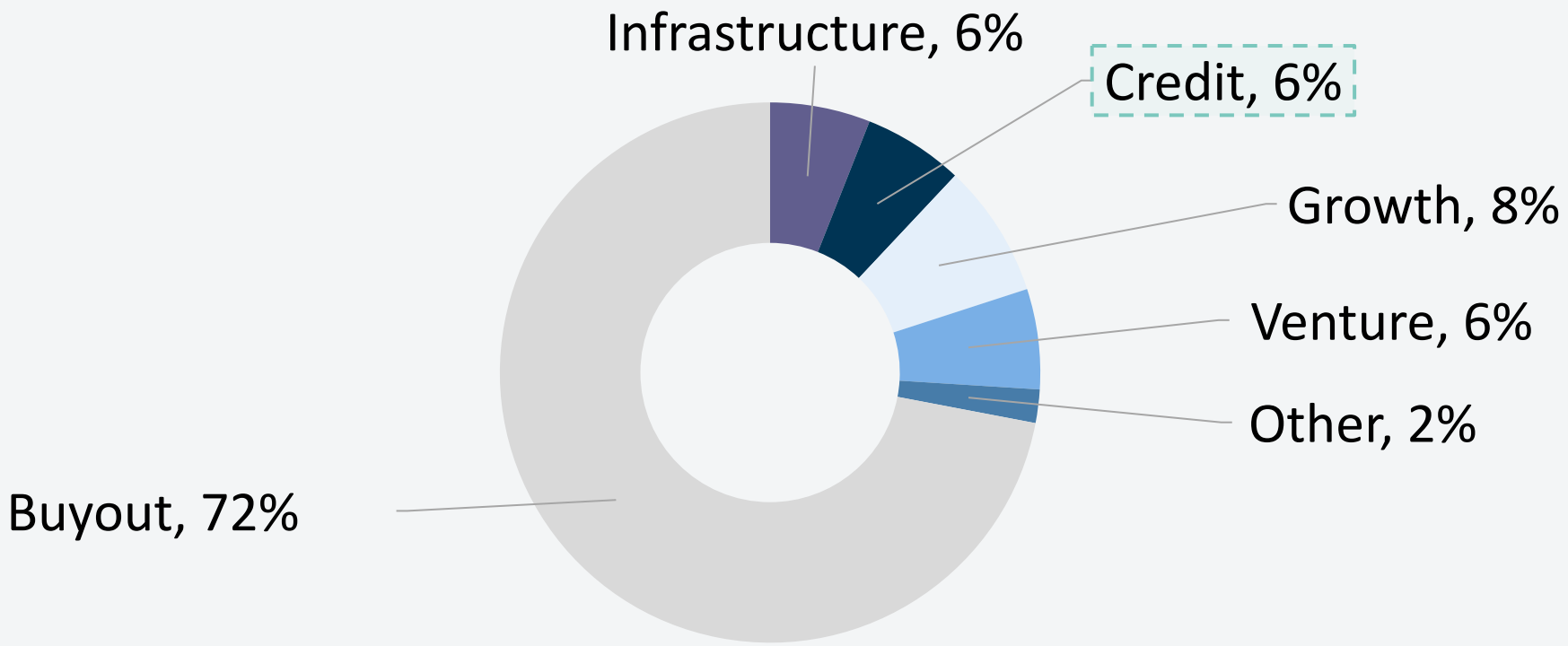
Credit Represents Only 6% of Total Secondaries Volume Despite the Large Opportunity Set [1]

- Secondary buyers are largely focused on private equity buyouts.
- Fewer investors may be less focused on private credit and other secondaries due to these areas being typically more complex.



1) Evercore Private Capital Advisory H1 2025 Secondary Market Review, July 2025.

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Data Suggests Few Managers are Focused on LMM Secondary Positions Creating Positive Supply / Demand

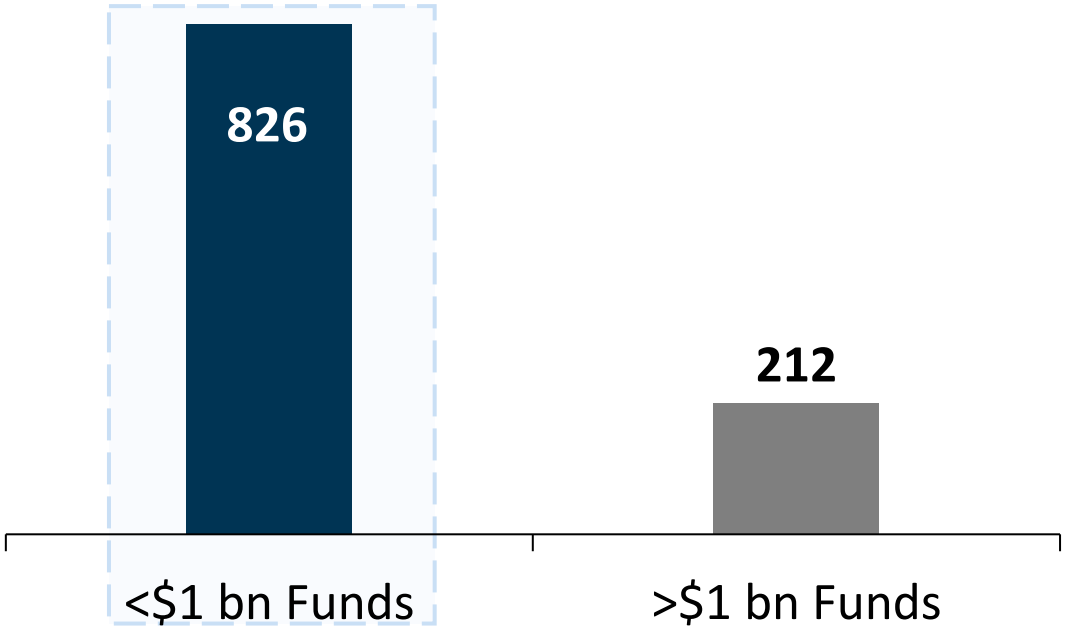
Large Opportunity Set

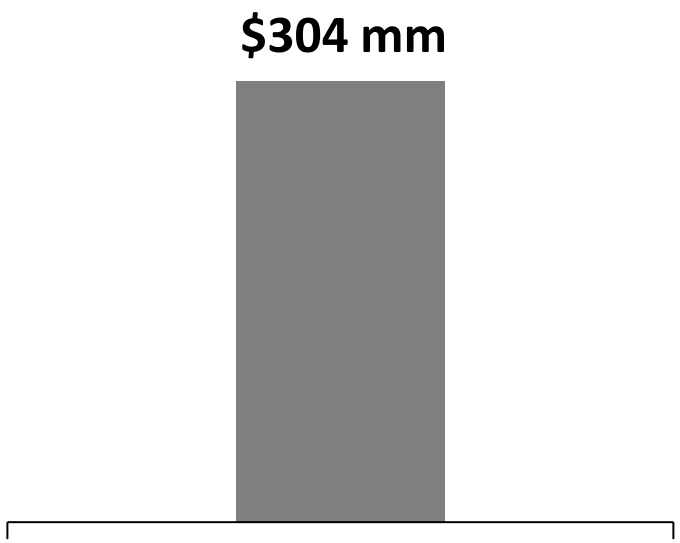
80% of U.S. private credit funds raised in the last five years are <$1 bn with many LPs having idiosyncratic needs for liquidity. [1]

Limited Competition

Traditional secondaries funds focus on larger investment opportunities & funds due to resource intensity & complexity [2]

(Number of funds)





1) Pitchbook, January 2025. Based on U.S. Private Debt funds raised between FY 2020-2024. **2)** Preqin, as of August 2025. Based on transactions made by the top 6 largest secondaries fund managers as listed by Secondaries Investor.

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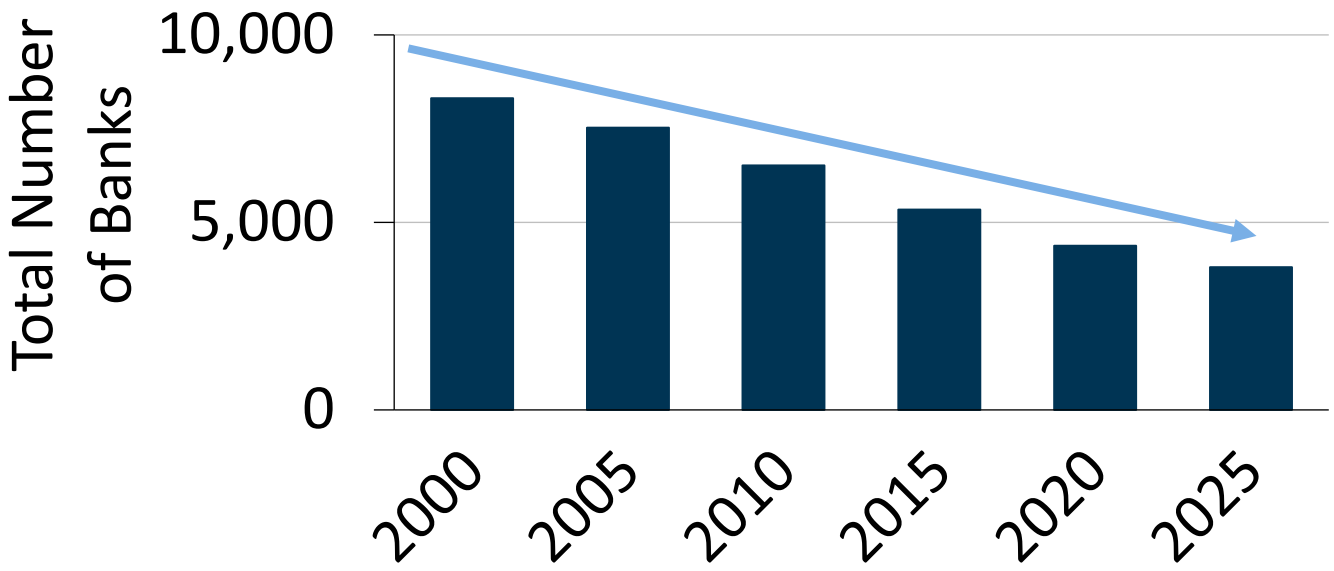
Number of U.S. Commercial Banks Has Declined ~50% Leading to a Need for Flexible Solutions Partner [1]



Banks continue to merge and grow, often focusing on non-lending-oriented revenues more prominent among larger companies. Smaller banks face regulatory pressures which may lead them to sell performing or stressed assets at compelling prices.

Loan Acquisitions from Banks Seeking Liquidity

Restructuring-Driven Discounted Loan Acquisitions

Acquiring Non-Core Assets & LP Interests Amid Bank Mergers

1) Federal Deposit Insurance Corporation Data on FDIC Insured Commercial Banks in the United States as of YE 2025, https://banks.data.fdic.gov/bankfind-suite/historical. Statement representative of opinion from the data.

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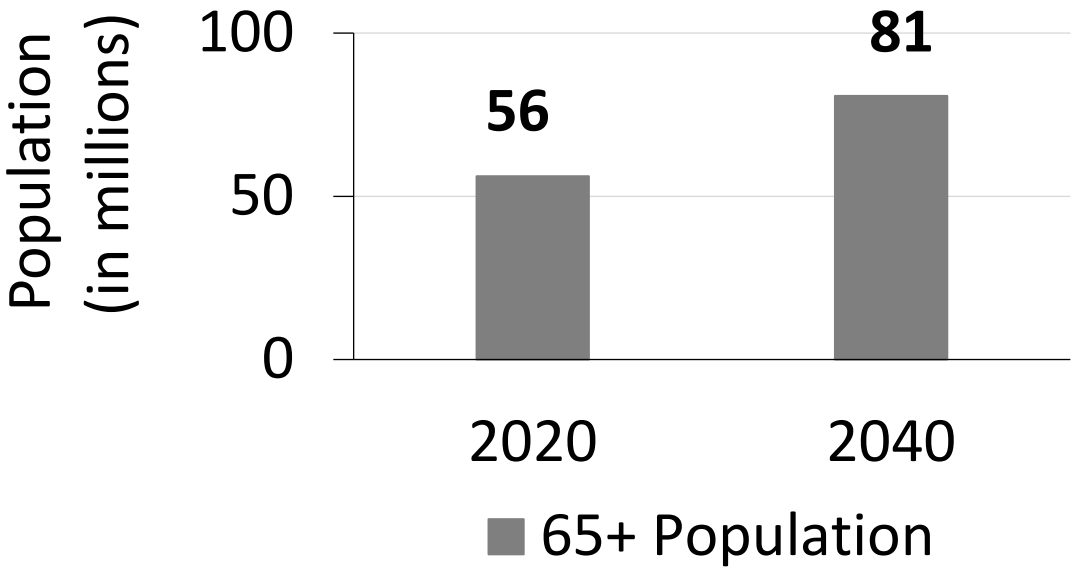
Current Opportunity from Aging Demographic Individual LPs

- As LPs approach retirement or face life changes **with an estimated 60 million people in the U.S. being over the age of 65**, they often seek liquidity solutions to access capital for personal or estate planning purposes.[1]



Meeting Evolving Liquidity Needs

Navigating Advisor & Portfolio Changes

1) U.S. Census Bureau, Demographic Turning Point for the United States: Population Projections for 2020 to 2060, February 2020.

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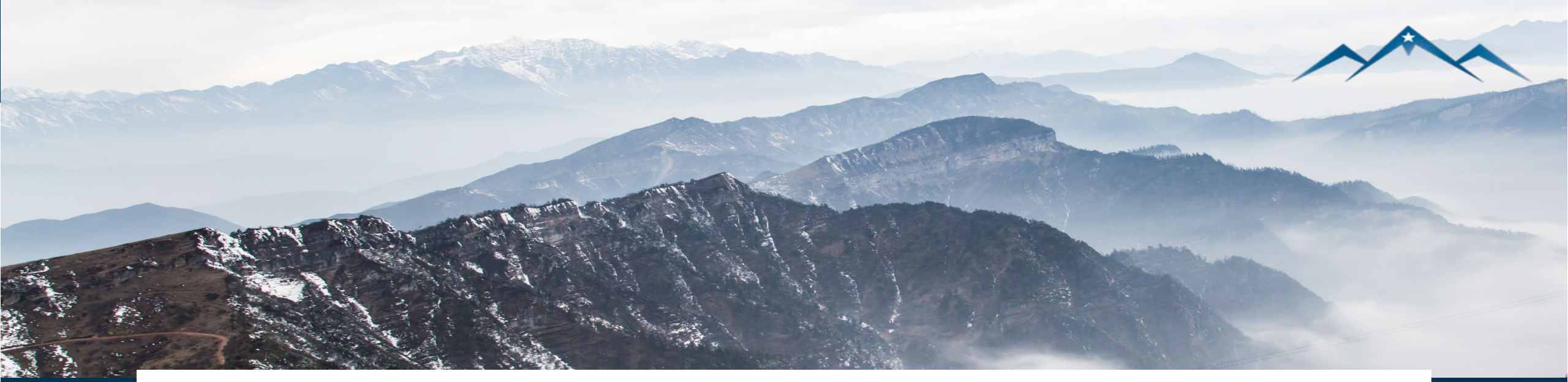

Flavors of Private Credit Secondaries & Risk Considerations

LPs Have Many Reasons to Sell Positions Leading to Large Opportunity Set

Portfolio Construction

1. **Reassessment of Portfolio Strategies**
2. **Change in Macro-Economic Environment**
3. **Potential for New Partnerships**

Liquidity Needs & Operational Efficiency

4. **Winding Down Relationships**
5. **Rebalancing Portfolios**

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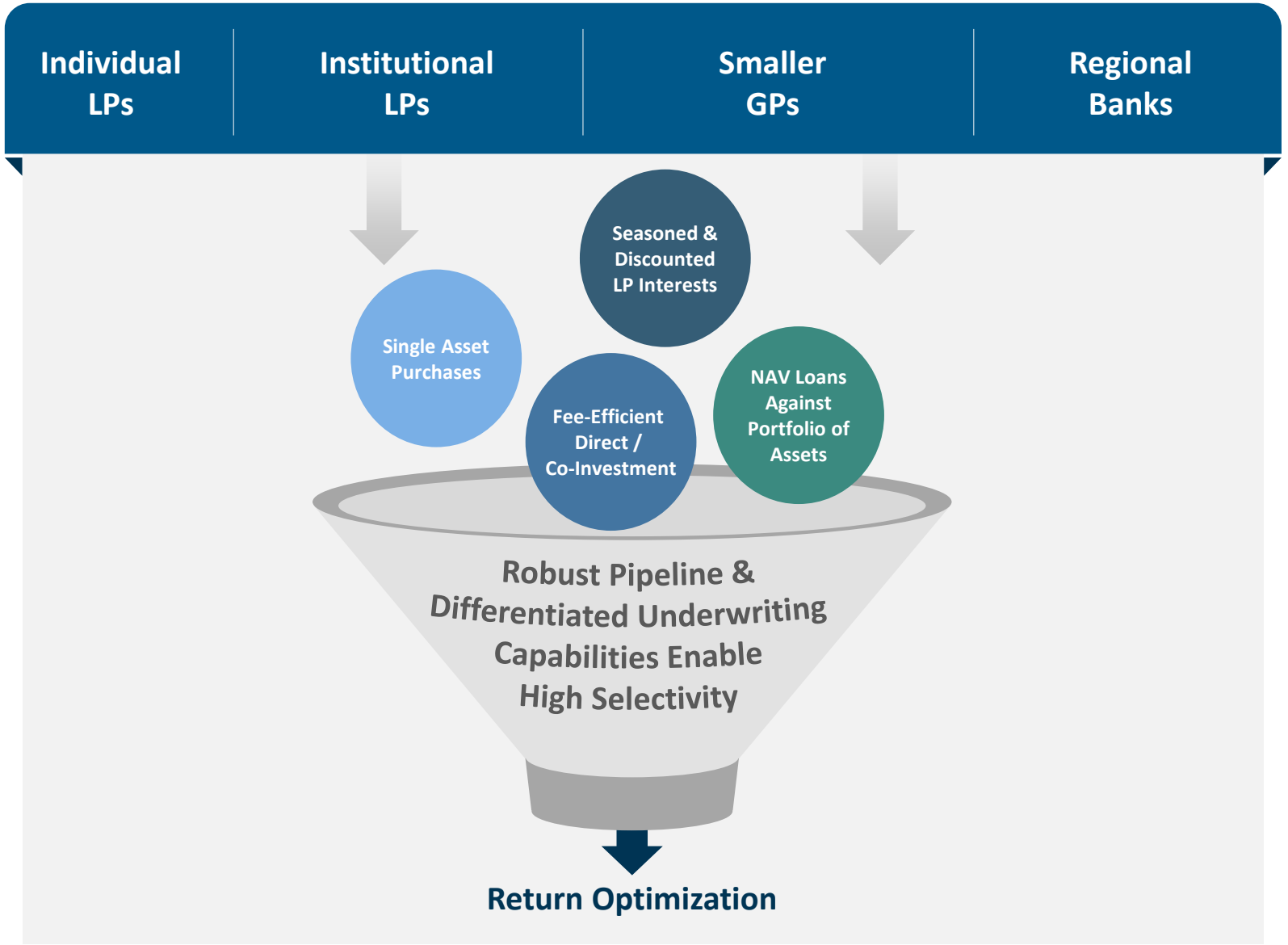
Multi-Channel Approach Focuses on and Enable Optimized Portfolio Construction & Risk-Adjusted Returns



Proprietary Technology & Systems

Distinctive Origination

Advantaged Underwriting

Distinctive Structuring Capabilities

Note: For illustrative and discussion purposes only.

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Risk Considerations

- Why is the current owner selling the asset / interest?
- How has the portfolio performed and what's next?
- Are the underlying assets valued prudently?
- Are manager and LP interests aligned?
- Is the fund able to meet its debt obligations?

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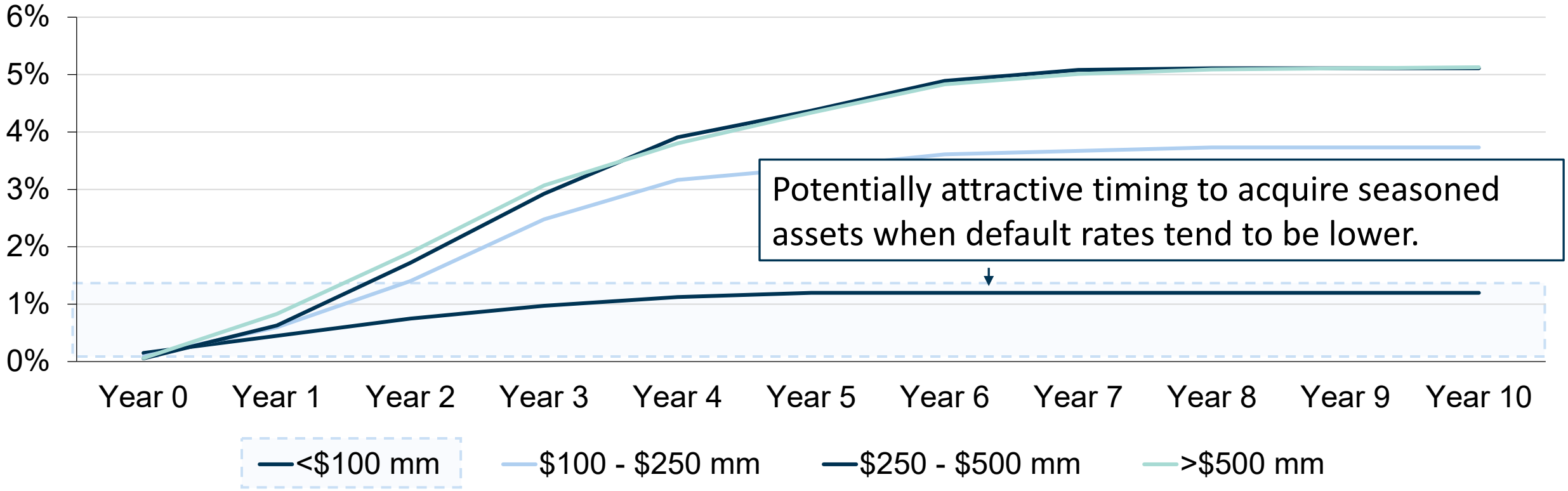
Sub $100 mm & Seasoned Loans Historically Exhibited Lower Default Rates

- Secondaries acquisition of more mature credit & equity positions potentially offsets higher default risk in earlier years.

Cumulative Default Curves By Tranche Size [1]



1) Pitchbook LCD Institutional Loan Default Review; comprises loans closed between 1995 and Q1 2025 and observed through 2025. Independent axis labels reflect loan amount ranges. The dataset includes 1,336 loans of size less than $100 mm, 3,350 loans of size $100 - $249 mm and 3,659 loans of size $250 - $499 mm. This dataset does not represent the total universe of these sized loans.

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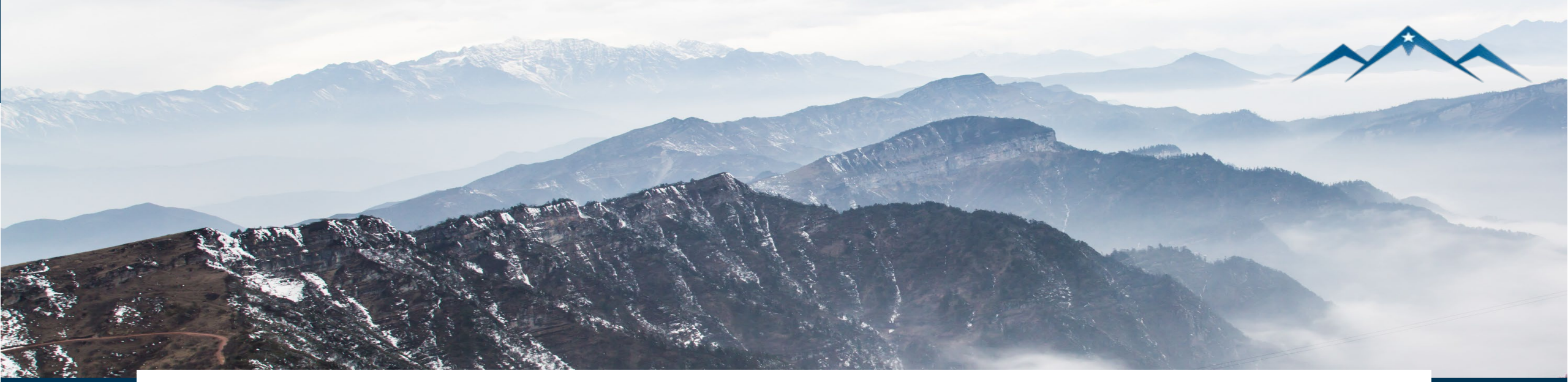

Case Study

Secondaries Case Study » **LP Purchase**

- Seller liquidity driven by high-net-worth LPs looking to reposition portfolios.

Investment Highlights

- **Transaction:** Acquired two LP interests in the fund, totaling $13.4 mm of NAV, at an 85% effective purchase price.
- **Attractive Risk-Adjusted Yield:** S+820 pricing with ~3.8x leverage driving strong yield per unit of leverage.
- **Strong Fundamental Growth:** Average 45%+ revenue and 40%+ Adj. EBITDA growth across the portfolio.
- **Profitable Underlying Portfolio:** Adj. EBITDA margin of 25%+, with 80% of portfolio above 15% adj. EBITDA.
- **Potential Equity Upside:** 50% of portfolio is in preferred equity securities that are either participating, have attractive preferred rates (15%+) or have robust minimum MOICs (1.5x+).

Note: This page outlines certain characteristics and terms of certain investments in the portfolios of Star Mountain products and is for illustrative purposes only. The characteristics and terms of any investment in the portfolio of Star Mountain Products in consideration may be materially different from the characteristics and terms presented on this page. Investments herein do not represent all investment decisions made by Star Mountain. There is no guarantee projected returns will be achieved. Returns above reflect the gross asset-level returns as calculated by the Star Mountain investment team during underwriting. Returns are before the impact of Star Mountain's management fees, fund expenses, carried interest and, if applicable, leverage/capital call facilities. Thus, the net return to a Star Mountain investor could be different as a result of the impact of these fees and expenses and the potential benefit or detriment of leverage at the investment fund level.

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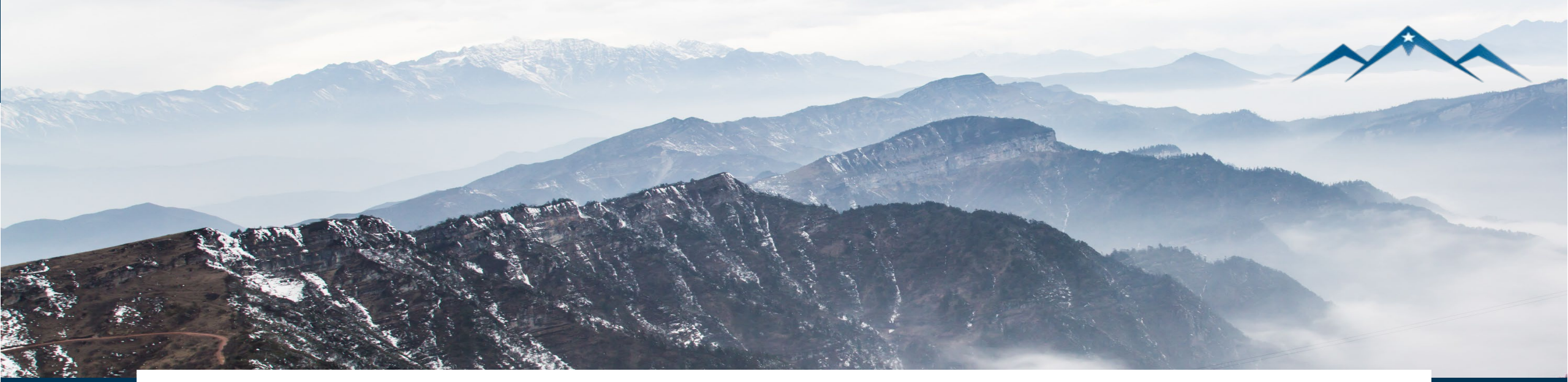

Concluding Credit Secondaries

Why Are Credit Secondaries Attractive Today?

- Supply-demand imbalance increasing deal selectivity.
- Highly fragmented market with thousands of funds across strategies, sectors and geographies.
- Potential for current income and greater visibility into existing assets through later-stage entry and shorter expected duration.
- Market inefficiencies and information asymmetry drive attractive opportunities.
- Structural tailwinds from market dislocations, regulatory changes, demographic shifts and evolving capital markets.

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Contact Information

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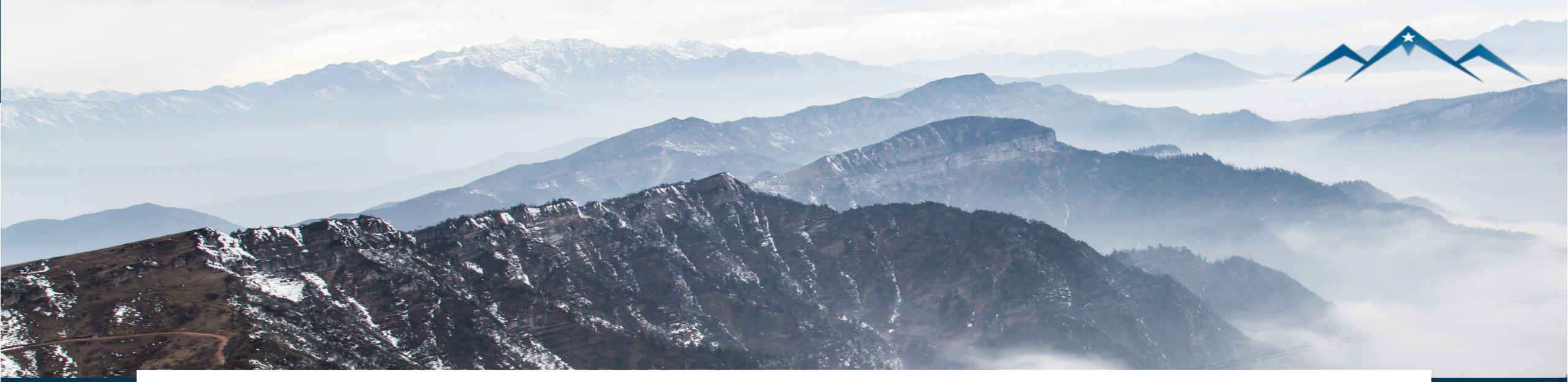

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Calculations contained in this Summary have been made based on in some cases limited available data, unaudited financial models and a number of assumptions which may prove to be unwarranted or inaccurate. Because of these limitations, the financial 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 Star Mountain may achieve in the future.

In constructing the target returns provided herein, Star Mountain 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 Star Mountain employees and affiliates.

In calculating target returns, Star Mountain 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 Star Mountain 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 Star Mountain'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 Star Mountain 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 most recent quarterly 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.

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Ranking Methodologies:

- **Crain's Best Places to Work:** Evaluations were conducted through a two-part process, assessing workplace policies, practices, and employee satisfaction via surveys. Participation required a fee solely for survey processing purposes. More details are available at here.
- **Pensions & Investments Best Places to Work:** Companies were evaluated based on surveys measuring employee engagement (75%) and employer policies (25%). Participation required a minimum of 20 U.S. employees and $100 million in discretionary assets under management. Further details can be found at here.
- **Inc. 5000 Rankings:** Companies were ranked based on revenue growth from 2019 to 2022. To qualify, firms had to be U.S.-based, privately held, and independent, with revenue thresholds of at least $100,000 in 2019 and $2 million in 2022. More details are available at here.

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- **Swiss paying agent:** Banque Cantonale de Genève 17, quai de l'Ile, 1204 Geneva, Switzerland.
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As of 9/2/26.