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FlowStone Opportunity Fund - Secondary Case Studies

The following slides outline select transactions that have been completed by the FlowStone Opportunity Fund

FlowStone Opportunity Fund is a registered investment vehicle designed to provide investors with highly diversified exposure to the Private Equity asset class through secondary, primary, and co-investment strategies. The Fund offers diversification by manager, stage, strategy, and vintage year through a single allocation. The Fund's primary investment objective is to generate appropriate risk-adjusted long-term returns by investing in a diversified portfolio of private equity investments

March 2023

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Important Disclosures



BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. THIS AND OTHER INFORMATION IS IN THE PROSPECTUS, A COPY OF WHICH MAY BE OBTAINED FROM FLOWSTONE PARTNERS AT 312-429-2488. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.

The Shares are speculative and illiquid securities involving substantial risk of loss. An investment in the Fund is appropriate only for those investors who do not require a liquid investment, for whom an investment in the Fund does not constitute a complete investment program, and who fully understand and can assume the risks of an investment in the Fund. Investors should carefully review and consider potential risks before investing. The Fund has been organized as a non-diversified, closed-end management investment company and designed primarily for long-term investors. An investor should not invest in the Fund if the investor needs a liquid investment. The Fund could experience fluctuations in its performance due to several factors. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.

The Fund Investments may include low grade or unrated debt securities ("high yield" or "junk" bonds or leveraged loans) or investments in securities of distressed companies. Such investments involve substantial, highly significant risks. The Fund may invest in mezzanine debt instruments, which are expected to be unsecured and made in companies with capital structures having significant indebtedness ranking ahead of the investments, all or a significant portion of which may be secured. The Portfolio Fund Managers and (subject to applicable law) the Fund may employ leverage through borrowings or derivative instruments and are likely to directly or indirectly acquire interests in companies with highly leveraged capital structures. The Fund and Portfolio Fund Managers may use derivatives and the use of derivative instruments for hedging or speculative purposes by the Fund or the Portfolio Fund Managers could present significant risks, including the risk of losses in excess of the amounts invested. The overall performance of the Fund's secondary investments will depend in large part on the acquisition price paid, which may be negotiated based on incomplete or imperfect information. Secondary investments may also incur contingent liability risk and syndicate risk. Potential lack of diversification and resulting higher risk due to concentration of allocation authority when a single adviser is utilized. The Adviser does not control the investments or operations of the Portfolio Funds. For a complete discussion of risks please review the prospectus carefully.

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Case Study – Project Envy

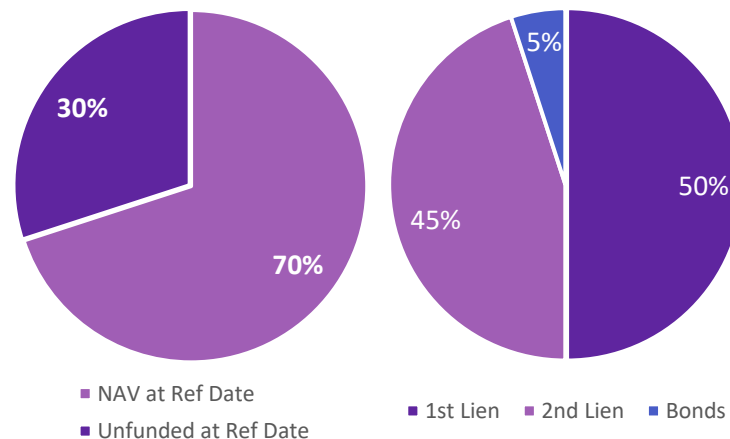
Project Envy is a secondary purchase of a diversified portfolio of credit positions in sponsor-backed middle market companies (average company EBITDA ~\$130mm). The GP was established in 2008 and operates as the credit platform for a high quality, continuous private equity platform with >\$15B AUM

Transaction Overview	<ul style="list-style-type: none">Strip sale of assets from the PE manager's balance sheet; \$450mm total transaction sizeTraditional secondary purchase via commitment to an acquisition vehicle; ~70% of transaction capital used for portfolio acquisition, ~30% used for follow-on and future new investmentsDiversified credit portfolio with balanced exposure to various industry sectors67 positions with a maximum individual position size of only 3.0% (of total NAV)
Seller Objective	<ul style="list-style-type: none">Transaction provided the GP with third-party capital, allowing for continued platform expansionSought a strategic, experienced partner with a long-term perspective and potential for future transactions
Investment Highlights	<ul style="list-style-type: none">Since inception in 2008, the GP has generated strong risk-adjusted returns, investing ~\$5.0B with no defaults and a cumulative loss ratio of 0.33%The portfolio has a 9.0% cash yield which reduces investment risk and provides strong visibility on near-term cash flowsThe GP and PE manager invested \$125mm in the transaction, helping ensure aligned incentivesThe GP benefits from the systematic sharing of insight, knowledge, idea generation & deal sourcing thanks to its strategic relationship with the PE platform

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$7.5m
Purchase price	\$5.3m
Purchase price / par value (at close)	95.5%
# of underlying Funds	1
# of underlying positions	67
Sourcing	Syndicate
Reference Date	NA
Closing Date	Oct. 31, 2019

Portfolio Overview





Case Study – Project Grid

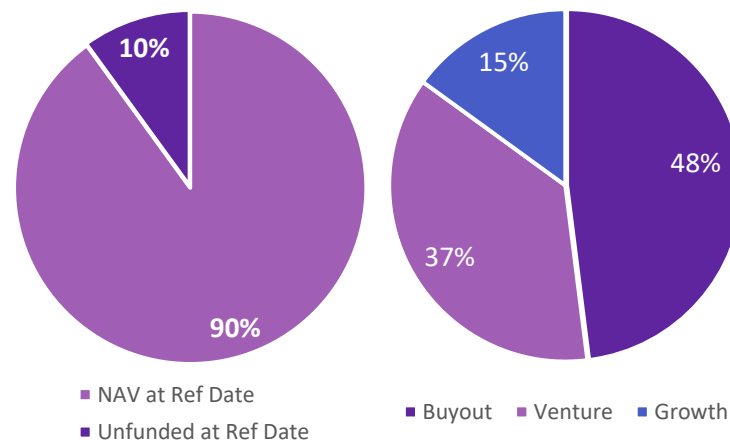
Project Grid is a traditional secondary purchase where FlowStone acquired 15 fund interests, representing a diversified portfolio of 50+ companies with the majority of value in less cyclical industries including healthcare and IT. By leveraging deep relationships with the intermediary, the seller, and the underlying General Partners, FlowStone was able to provide an “end of life” solution while seeking to generate an attractive return for FlowStone investors.

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of a diversified portfolio of 15 mature buyout, growth and venture funds with more than 50 remaining underlying portfolio positions
Seller Objective	<ul style="list-style-type: none">The Seller was a US-based private markets manager looking to proactively wind-down two older Fund-of-Funds (“FoFs”) programs by selling the underlying portfoliosThe remaining net asset value (“NAV”) in the FoFs was small when compared to the already realized value. As a result, the Seller’s price sensitivity was lowThe Seller’s main priority was certainty around the buyer’s ability to transfer all assets under a compressed timeline
Investment Highlights	<ul style="list-style-type: none">Several mature assets in less-cyclical industries with meaningful revenues & EBITDA and attractive operational growth metricsThe transaction closed nine months after the reference date, allowing FlowStone to capture additional valuation appreciation across the underlying portfolioDue to the maturity of the underlying funds, the portfolio is highly cash generative with over 10% of reference NAV already distributed before closing

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$15.3m
Purchase price	\$10.3m
Purchase price / NAV (at close)	74.9%
# of underlying Funds	15
# of underlying portfolio companies	50+
Sourcing	Intermediary
Reference Date	Mar. 31, 2019
Closing Date	Dec. 31, 2019

Portfolio Overview





Case Study – Project Fin

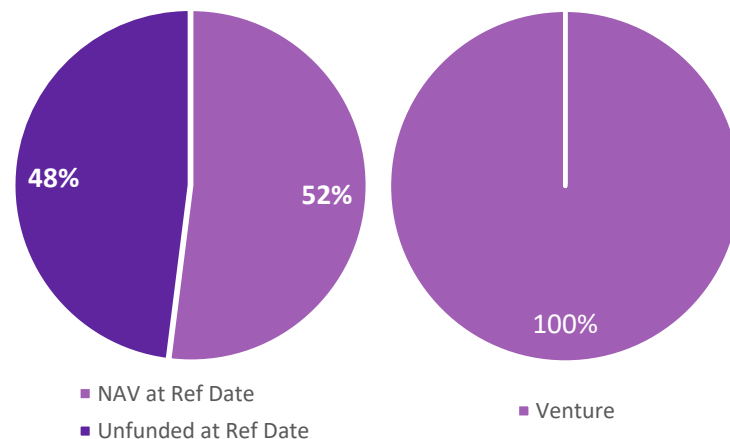
Project Fin is the secondary acquisition of a defaulting limited partner's commitment to Fin Venture Capital's ("FVC") Fund I, a 2018 vintage vehicle focused on investments in the FinTech space. This investment opportunity offered FlowStone the ability to invest in high growth assets below the fund's original investment cost basis, while still benefitting from the value appreciation that had already occurred during FVC's ownership. While the fund is focused on early-stage investments, most of the fund's asset value (72%) is linked to two well-capitalized category leaders with compelling business models and fast-growing end-markets

Transaction Overview	<ul style="list-style-type: none">Secondary acquisition of a defaulting LPs interest in Fin Venture Capital Fund I, a portfolio comprised of 12 FinTech assets
Seller Objective	<ul style="list-style-type: none">Due to financial hardship, the original LP defaulted on its original commitment to FVC Fund IPer the FVC Fund I Limited Partnership Agreement, the GP seized the commitment following the LP's default and was looking to place it with new LPsNew LPs paid in all outstanding capital calls of the defaulting LP in return for the respective capital account value
Investment Highlights	<ul style="list-style-type: none">High visibility into the portfolio, with 12 of the 14-15 platform investments having already been completed, allowing for detailed diligence while limiting the blind pool riskThe majority of the fund's asset value is linked to well-capitalized and highly visible portfolio companies that materially mitigated the write-off risk, typically associated with early-stage investing, across the portfolioPurchase price significantly below the fund's original investment cost basis, mitigating the potential for capital loss

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$5.0m
Purchase price	\$1.2m
Purchase price / NAV (at close)	45.0%
# of underlying Funds	1
# of underlying portfolio companies	12
Sourcing	Intermediary
Reference Date	Mar. 31, 2020
Closing Date	Jun. 30, 2020

Portfolio Overview



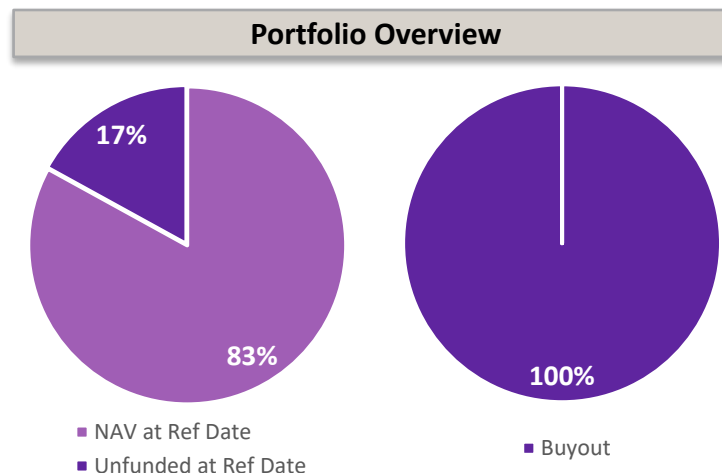


Case Study – Project AMP CF

Project AMP CF entails a commitment to a newly formed continuation vehicle to be managed by a single GP, with whom FlowStone is an existing LP. This new fund structure was setup to acquire a portfolio of medical device companies held across the manager's portfolio. The crossover holdings were rolled into a newly formed vehicle, with two distinct share classes, setup for a select group of existing LP's and new investors, respectively. Given our relationship with the GP and status as an existing LP (due to a prior portfolio deal), Flowstone was presented with the opportunity to roll our exposure and commit capital to a portfolio comprised of attractive medical device and medical technology assets. These three well-performing, high conviction assets will be managed by top tier executive teams and an established, Fund Manager.

Transaction Overview	<ul style="list-style-type: none">Structured secondary transaction through a newly formed continuation vehicle that offers exposure to three well-performing assets managed by an institutional, high-conviction manager. FlowStone believes in the quality and resiliency of the underlying asset base and the ability of the GP to manage the portfolio moving forward
Investment Attractions	<ul style="list-style-type: none">Through its initial commitment to a legacy fund managed by the GP, FSOF was amongst a select group of investors provided with the ability to participate in the transaction, offering access to a high-quality GP that has delivered strong returns for investors across multiple economic cycles and fund vintages (2006, 2011, and 2014)High visibility into additional valuation appreciation, including organic growth initiatives and accretive M&A opportunities, industry trends that could impact future performance, and potential exit scenarios for each of the assetsNo blind pool risk given the purpose of the continuation vehicle and limited unfunded capital that had been earmarked for follow-onsExposure to companies that have proved resilient across multiple economic cycles and operating environments. The top exposure (representing roughly 88% of transaction NAV), is represented by an asset in which the manager has expressed a high degree of conviction in. This exposure represents an outsized portion of the GP's overall investment portfolio, thus aligning incentives and interests between the GP and FSOF

Transaction Snapshot	
Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$6.0m
Purchase price	\$6.0m
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	3
Sourcing	Proprietary
Reference Date	Sept. 30, 2020
Closing Date	Dec. 31, 2020





Case Study – Project Boston College

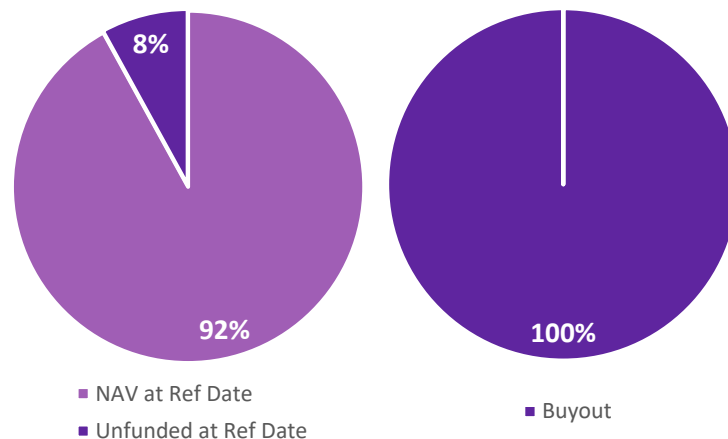
Project Boston College is a traditional secondary investment in which FlowStone acquired an institutional sellers' interest in BC European Capital IX, L.P., an established, high-quality manager. The remaining assets in the portfolio include thirteen companies in diversified industries, including healthcare, technology, and pet services. FlowStone gained exposure to mature buyout assets which had generally demonstrated resiliency to the broader COVID impact on economic growth

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of an interest in BC European Partners IX, a 2011 vintage buyout fund with 13 assets spread across a variety of sectors and geographies; predominantly North America and Western Europe
Seller Objective	<ul style="list-style-type: none">The seller was a large US-based institution seeking to rebalance their portfolio while reducing the number of private equity relationships they manage
Investment Attractions	<ul style="list-style-type: none">Access to a high-quality GP that has delivered strong returns for investors across multiple economic cyclesStrong visibility into additional valuation appreciation from the reference date 6/30 through closeNo blind pool risk given the fund vintage year and corresponding limited unfunded amountExposure to companies that proved fairly COVID resistant on a blended basis and, in some instances, benefitted from macro tail-winds and changing consumer behavior patterns that may persistThe entry discount combined with the portfolio uplift seeks to provide near-term downside management in the event of unexpected, adverse portfolio moves

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	€16.0m
Purchase price	€9.2m
Purchase price / NAV (at close)	61.1%
# of underlying Funds	1
# of underlying portfolio companies	13
Sourcing	Intermediary
Reference Date	Jun. 30, 2020
Closing Date	Dec. 31, 2020

Portfolio Overview





Case Study – Project Senator

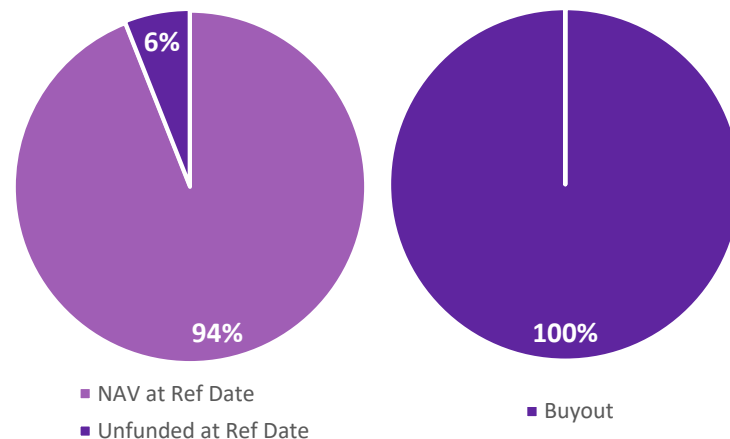
Project Senator is a traditional secondary investment where FlowStone acquired a seller's interest in Reverence Capital Opportunities Fund I, L.P. Reverence Capital (“Reverence”) is a private investment firm founded in 2013 that focuses on investments in the Financial Services sector. The Reverence management team has deep experience in the Financial Services sector, having spent extended time at Goldman Sachs and General Atlantic before launching Reverence

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of an LP interest in Reverence Capital Opportunities Fund I, L.P, which provides exposure to seven underlying portfolio companies all of which are based in North America
Seller Objective	<ul style="list-style-type: none">The seller is the foundation of a high-net-worth individual who is a personal friend of the Firm’s founderThe individual was seeking liquidity on an expedited basis to fund an investment by his Foundation into a COVID-relief fund
Investment Attractions	<ul style="list-style-type: none">Opportunity represents a true secondary as the fund stands 88% drawn as of the reference date. Additionally, based upon the entry discount FSOF is paying, the transaction has the potential for a meaningful write-up at close, seeking to provide a high degree of protection against capital loss in the near termExposure to high quality, inflection assets, which still benefit from potential value creation initiatives, helping to drive transaction returnsFlowStone’s ability to close the transaction on an expedited timeline allowed us to negotiate a below market price for the asset

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$2.0m
Purchase price	\$1.4m
Purchase price / NAV (at close)	73.4%
# of underlying Funds	1
# of underlying portfolio companies	7
Sourcing	Intermediary
Reference Date	Jun. 30, 2020
Closing Date	Dec. 31, 2020

Portfolio Overview





Case Study – Project Colonial

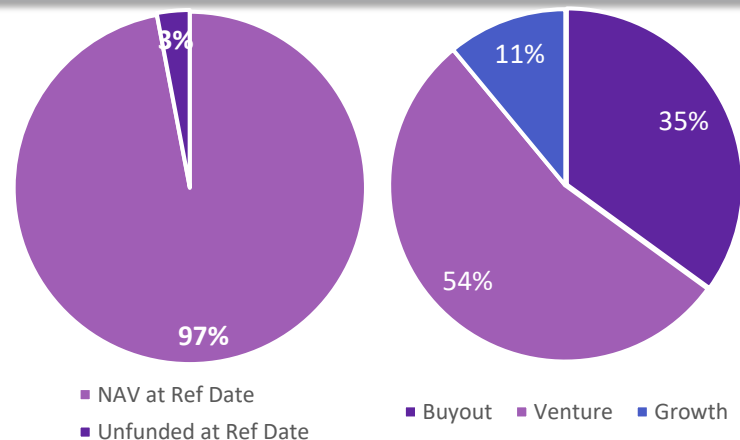
Project Colonial is a secondary purchase of a portfolio where FlowStone acquired 6 fund interests, representing a diversified portfolio of 30+ companies with the bulk of the exposure tied to less cyclical industries and COVID-19 resilient industries including Pharma / Biotech, Healthcare Devices, Healthcare Technology, and Consumer Durables. Through leveraging a deep and long-standing relationship with the intermediary, FlowStone was able to provide a single-solution portfolio bid to the seller, which in turn afforded FSOF the ability to gain exposure to mature buyout / VC interests with a mix of near-term liquidity and room for future value creation across the portfolio.

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of a diversified portfolio of 6 mature venture, buyout, and growth Funds with more than 30+ remaining underlying portfolio positions
Seller Objective	<ul style="list-style-type: none">The Seller was a US-based private markets manager looking to wind-down three of its legacy investment vehicles by selling three separate portfolio, consisting of 7, 6, and 3, collective Fund Interests, respectively.The remaining net asset value (“NAV”) in the portfolio of interest was relatively small when compared realized value across the portfolio since inception. Given the remaining value and the objective to wind down each vehicle before the end of the year, the Seller’s price sensitivity was relatively low for a portfolio of this quality.The Seller’s main priority was certainty around the buyer’s ability to transfer all assets under a compressed timeline, allowing for a year end close.
Investment Highlights	<ul style="list-style-type: none">Exposure to a diversified portfolio consisting of Buyout & Seasoned Venture Assets, which included exposure to investment grade managersThe transaction closed six months after the reference date, allowing FlowStone to capture additional valuation appreciation across the underlying portfolio. Additionally, the portfolio is highly cash generative with over 20% of reference NAV already distributed before closing

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$20.9m
Purchase price	\$17.3m
Purchase price / NAV (at close)	85.0%
# of underlying Funds	6
# of underlying portfolio companies	30+
Sourcing	Intermediary
Reference Date	Jun. 30, 2020
Closing Date	Dec. 31, 2020

Portfolio Overview





Case Study – Project Machine

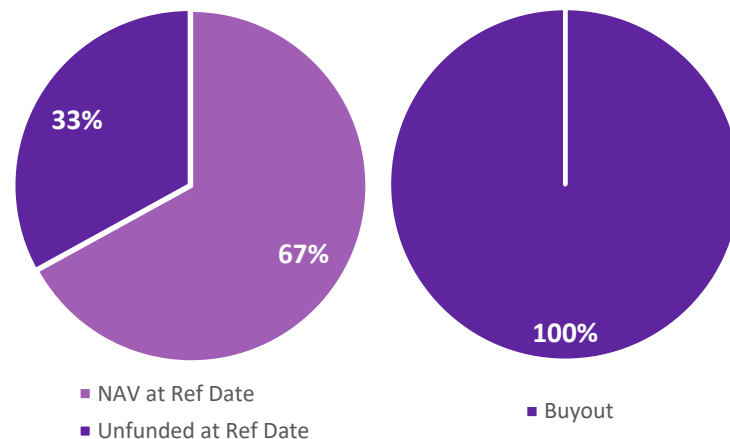
Project Machine is a spin-out of the US team of Kennet Partners (“Kennet”), a lower middle market firm based in the UK. The US team was seeking to fully capitalize on their domestic market and thus amicably agreed with Kennet to spin-out the US team and the corresponding US-based portfolio companies. The new firm is named Savant Growth (“Savant”). Savant entered into exclusivity with a syndicate of secondary investors to capitalize Savant Growth Fund I (“Fund I”). The capital was used to: (i) acquire the equity interests of the 6 US-based portfolio companies from Kennet managed vehicles; and (ii) provide unfunded capital for follow-on investments and management fees

Transaction Overview	<ul style="list-style-type: none">Spin-out of the US team of Kennet Partners, which established Savant Growth and Fund I. The transaction provided the FSOF with exposure to 6 high growth software companies, all serving varying end markets
Seller Objective	<ul style="list-style-type: none">Strategic objective of establishing the Savant Growth Franchise, allowing the US team to deploy more capital in North America
Investment Attractions	<ul style="list-style-type: none">Exposure to high growth SaaS businesses, which seek to disrupt legacy industries that have relied on skilled labor to deliver products and servicesIn looking at the portfolios’ value progression, 3/31/20 appears to be a valuation trough, limiting concerns around potential future value deterioration stemming from COVID headwindsThe entry discount, coupled with the portfolio uplift from the reference date to close, should provide for an attractive write-up and seeks to provide downside managementHighly attractive underlying securities, including preferred/participating preferred equity, which may provide additional downside management

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$2.6m
Purchase price	\$1.4m
Purchase price / NAV (at close)	73.6%
# of underlying Funds	1
# of underlying portfolio companies	6
Sourcing	Intermediary
Reference Date	Mar. 31, 2020
Closing Date	Mar. 31, 2021

Portfolio Overview





Case Study – Project TZP

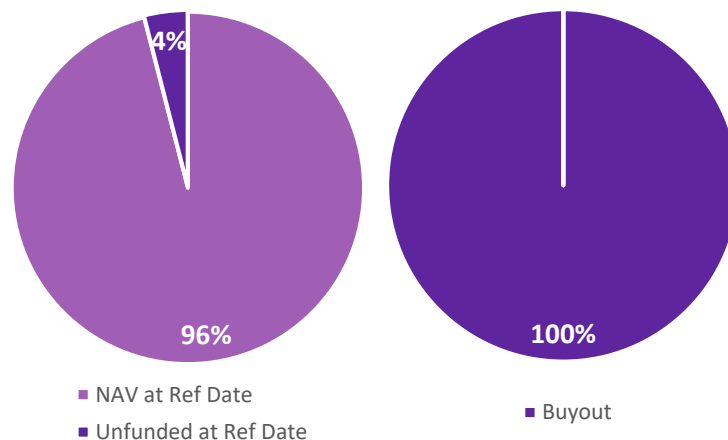
Project TZP is a traditional secondary investment in which FlowStone acquired a high-net-worth individuals' ("HNWI") interest in three separate TZP funds: TZP Small Cap (\$176mm, 2014 vintage), TZP Fund I (\$177mm, 2008 vintage), and TZP Fund II (\$370mm, 2014 vintage). TZP Group ("TZP") is a New York-based firm that focuses on lower middle market buyouts in the Business Services, Consumer Services, and Consumer Products sub-sectors. The firm was founded in 2007 and manages +\$1bn in capital commitments

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of LP interests in three separate TZP funds, which provide exposure to 19 underlying portfolio companies that display attractive sector diversification
Seller Objective	<ul style="list-style-type: none">The HNWI has been a close friend of TZP's founder and had supported numerous TZP vehicles over the past several years; however, as the TZP franchise has grown, the seller's commitments have become a small portion of TZP's capital base and presented an administrative burden for the HNWIThe seller raised this with TZP's founder, who then connected FlowStone with the seller
Investment Attractions	<ul style="list-style-type: none">The entry discount, combined with the portfolio uplift from the reference date to close, may provide near-term downside protectionExposure to high quality, inflection-point assets, which may benefit from ongoing value creation initiatives, helping to drive transaction returnsNo blind pool risk given the fund vintage years and corresponding limited unfunded amountOpportunity to transact with a motivated seller whose core focus was generating liquidity, not maximizing price, which allowed for attractive pricing that yielded an attractive write-up at close

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$933K
Purchase price	\$668K
Purchase price / NAV (at close)	74.1%
# of underlying Funds	3
# of underlying portfolio companies	19
Sourcing	Proprietary
Reference Date	Sep. 30, 2020
Closing Date	Mar. 31, 2021

Portfolio Overview





Case Study – Project Destiny

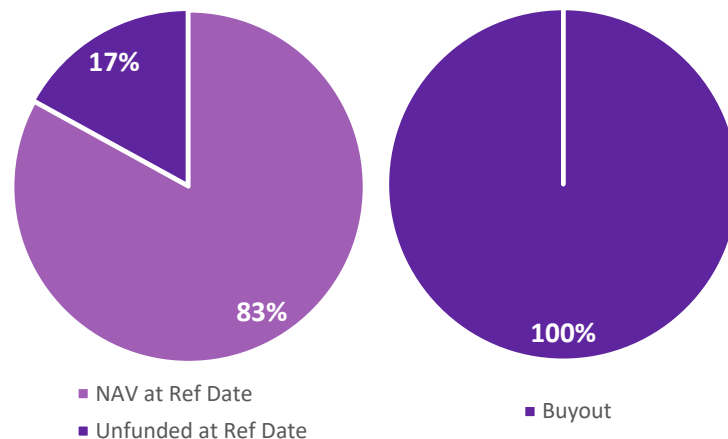
Project Destiny represents the creation of a single-asset continuation fund for a leading provider of digital security and technology infrastructure solutions (the “Company”). The Company is backed by two well-known, high performing sponsors who believe there is material upside in the Company and are pursuing Project Destiny in order to capitalize on the various value creation opportunities made available by increasing the duration of the investment and providing additional growth capital. FSOF participated in Project Destiny in a syndicate capacity alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Destiny establishes a single-asset continuation fund for a leading provider of high-assurance digital certificates, certificate management, and public-key infrastructure solutions, which enable authentication and encryption for web servers and Internet of Things devices
Seller Objective	<ul style="list-style-type: none">Project Destiny was formed to allow the sponsors and investor syndicate to maximize value in the Company by i) “resetting the duration”, giving the Company additional time to capitalize on growth initiatives and ii) provide a modest amount of follow-on capital for potential M&A and other growth initiatives
Investment Attractions	<ul style="list-style-type: none">Exposure to a market leading software provider, which exhibits significant scale and attractive operational metrics. The business also features high barriers to entry due to complex regulatory and new entrant approval processesStrong alignment of interests between the GPs and LPs. The lead sponsor contributed all its crystalized carried interest from the sale of the Company to the Continuation Fund and is also investing an additional \$50mm. Additionally, the second sponsor is rolling over ~\$600mm in the transactionExperienced and high-quality management team that has a track record of driving organic growth

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$10.0m
Purchase price	\$8.3m
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Mar. 31, 2021
Closing Date	Jun. 30, 2021

Portfolio Overview





Case Study – Project Waterfall

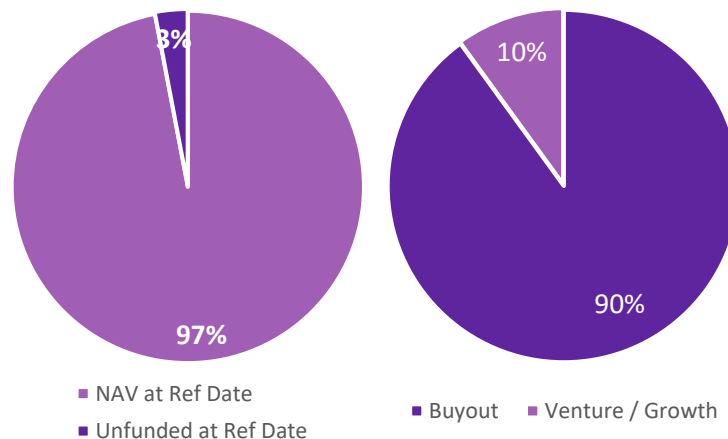
Project Waterfall is a transaction in which FlowStone partnered with a secondary buyer and other investors to acquire a €386mm diversified LP portfolio. The portfolio consists of 98 underlying funds (~90% buyout funds) and provides diversified exposure across key metrics including industry sector, geography and vintage year

Transaction Overview	<ul style="list-style-type: none">Project Waterfall provides exposure to 98 underlying funds, the vast majority of which are buyout focused with assets based in North America and Europe. The portfolio is highly diversified and has a weighted average vintage of 2008
Seller Objective	<ul style="list-style-type: none">The seller in this transaction was seeking to wind down an older investment vehicle, as well as raise additional capital for their newest investment vehicle. The secondary transaction solved for these objectives and includes a small commitment to their new fund
Investment Attractions	<ul style="list-style-type: none">Highly cash generative portfolio as referenced by the post reference date distributions, which help to de-risk the transaction relatively quicklyLimited remaining unfunded capital, mitigating blind pool riskExposure to a highly diversified asset pool, consisting of 98 funds, 62 GPs, and 11 underlying sectors. The largest individual company exposure accounted for only 3.7% of transaction level NAVStrong operational performance observed across the portfolioThe transaction closed nine months after the reference date, providing operational visibility and allowing FlowStone to realize additional valuation appreciation across the underlying portfolio

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	€20m
Purchase price	€17m
Purchase price / NAV (at close)	~85%
# of underlying Funds	98
# of underlying portfolio companies	400+
Sourcing	Intermediary
Reference Date	Sept. 30, 2020
Closing Date	Jun. 30, 2021

Portfolio Overview





Case Study – Project Orange

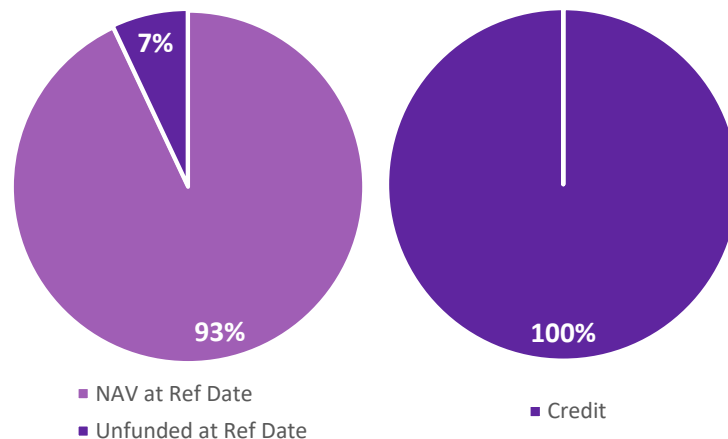
Project Orange is a traditional secondary purchase of 14 LP fund interests with the underlying portfolios comprising of 150+ remaining companies across a variety of different sectors. By leveraging its longstanding relationship with the seller and several of the underlying GPs, FlowStone was able to provide a full portfolio solution, while seeking to generate attractive returns for FlowStone investors

Transaction Overview	<ul style="list-style-type: none">FlowStone was invited to participate in the auction of Project Orange, the wind-down of two credit-focused Fund-of-Funds (“FoF”) vehicles. Based on the size and relative quality, FlowStone elected to pursue one of the two vehicles, which offered exposure to 14 credit funds that had a weighted average vintage of 2008. The underlying investments were diversified not only by industry, but also security type. The portfolio had a debt to equity security mix of approximately 30:70
Seller Objective	<ul style="list-style-type: none">The seller is an EU-based private markets manager looking to proactively wind-down two older FoF programs by selling the underlying portfoliosThe remaining net asset value in the FoF was small when compared to the already realized value. As a result, the seller’s price sensitivity was low
Investment Attractions	<ul style="list-style-type: none">Due to the maturity of the underlying funds, the portfolio is highly cash generative with over 20% of reference NAV distributed before closingThe transaction closed six months after the reference date, allowing FlowStone to capture additional value appreciation across the underlying portfolioLow public market exposure, limiting concerns around public market valuation volatilityHeadline discount should allow for an optically attractive write-up at close and seeks to provide capital preservation in the near-term

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$60.0m
Purchase price	\$28.0m
Purchase price / NAV (at close)	~87%
# of underlying Funds	14
# of underlying portfolio companies	150+
Sourcing	Intermediary
Reference Date	Dec. 31, 2020
Closing Date	Jun. 30, 2021

Portfolio Overview





Case Study – Project Stew

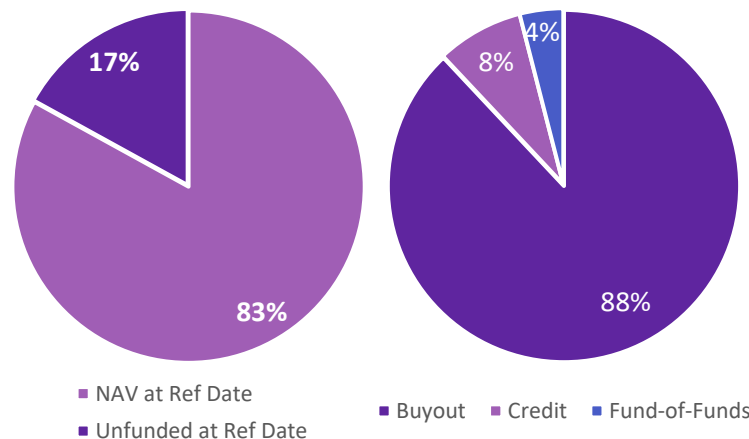
Project Stew is a traditional secondary purchase of 6 LP fund interests, representing a variety of different underlying strategies and geographies. The transaction provides exposure to more than 100 underlying portfolio companies, the majority of which are buyout focused assets based in North America; however, Project Stew also provided exposure to Credit and Fund-of-Funds (“FoF”) strategies, as well as exposure to Western Europe and Rest of World, creating a highly diversified transaction by strategy, geography, and sector

Transaction Overview	<ul style="list-style-type: none">Project Stew is a traditional secondary investment involving 6 LP fund interests with a weighted average vintage of 2016
Seller Objective	<ul style="list-style-type: none">The seller is a high-net-worth individual who had stopped allocating to the private equity asset class and thus was seeking to proactively wind down their remaining private equity exposureA clear priority of the seller was working with a buyer who could provide a “full portfolio solution”According to the involved intermediary, FlowStone was the only party approved by all underlying fund managers
Investment Attractions	<ul style="list-style-type: none">Exposure to on-the-run portfolios managed by some of the highest quality fund managersStrong visibility into additional valuation appreciation from the reference date 12/31 through closeFlowStone being the only interested buyer able to provide the Seller with a full portfolio solution, allowed us to price the transaction below ‘market’ levels.

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$10.8m
Purchase price	\$7.2m
Purchase price / NAV (at close)	75%
# of underlying Funds	6
# of underlying portfolio companies	100+
Sourcing	Intermediary
Reference Date	Dec. 31, 2020
Closing Date	Jun. 30, 2021

Portfolio Overview





Case Study – Project Sonic

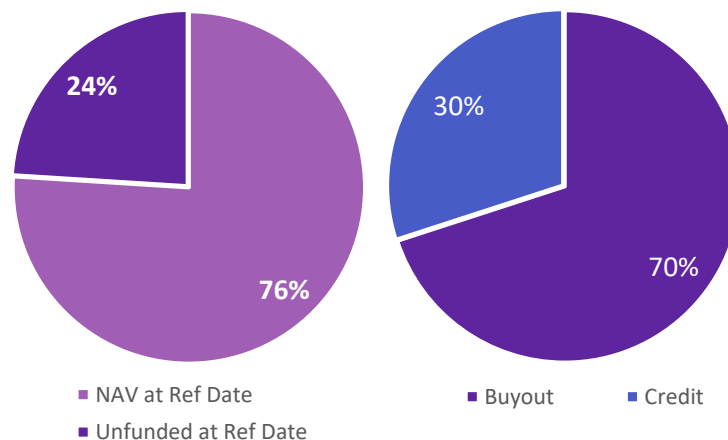
Project Sonic is a traditional secondary purchase of seven buyout and credit-focused limited partnership fund interests. The remaining 50+ underlying portfolio companies are primarily buyout assets and are highly diversified across sectors; specifically Industrial, Defense, Consumer Discretionary and Financial. The majority of businesses are based in North America

Transaction Overview	<ul style="list-style-type: none">Project Sonic was a traditional secondary investment involving seven LP fund interests with a weighted average vintage of 2011
Seller Objective	<ul style="list-style-type: none">The seller was a corporate pension plan seeking to wind down a mature private equity Fund of Funds vehicleThe seller was price sensitive. FSOF offered an overall attractive price by excluding lower-quality lines from our proposalThe fund interests FSOF did not pursue included infrastructure assets and funds focused on the APAC region
Investment Attractions	<ul style="list-style-type: none">Transaction provided exposure to attractive underlying assets managed by investment grade fund managers across a variety of sectorsLimited remaining unfunded capital, mitigating blind pool riskEntry discount coupled with post reference date distribution activity may provide near-term downside protection and an immediate write-up at closeOpportunity to gain exposure to fund managers who have historically exhibited attractive returns across multiple economic cycles and in multiple industries

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$9.5mm
Purchase price	\$3.8mm
Purchase price / NAV (at close)	82.3%
# of underlying Funds	7
# of underlying portfolio companies	50+
Sourcing	Intermediary
Reference Date	Mar. 31, 2021
Closing Date	Sept. 30, 2021

Portfolio Overview





Case Study – Project Prometheus

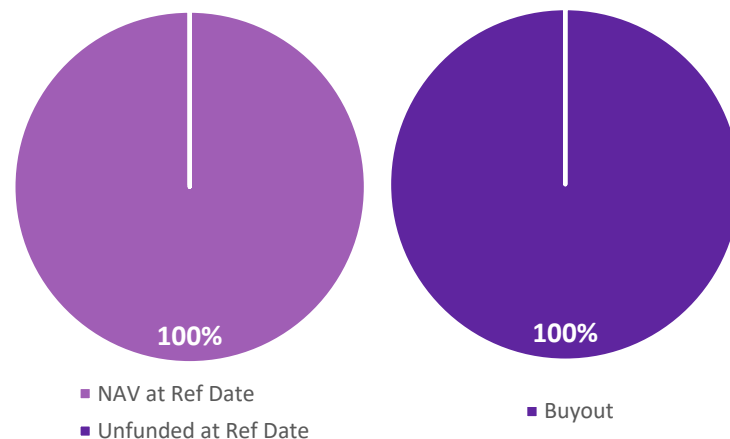
Project Prometheus represents a single-asset continuation fund around a leading provider of contingent workforce management solutions (the “Company”). The Company is backed by two well-known fund managers who believe there is material future upside in the Company based on various near-term value creation opportunities. FSOF participated in Project Prometheus as part of a syndicate of prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Prometheus was a single-asset continuation fund created around a leading provider of software-based contingent workforce management solutions, helping Fortune 1000 companies gain insight into, better manage, and reduce their contingent workforce spend
Seller Objective	<ul style="list-style-type: none">Project Prometheus was formed to give company management additional time to capitalize on various value creation opportunities while simultaneously providing certain existing investors in the Company with an option to monetize their ownership
Investment Attractions	<ul style="list-style-type: none">Exposure to a leading contingent workforce management provider with significant scale and an attractive financial profile, marked by a high degree of recurring revenue, high retention rates, robust EBITDA margins, and negative net working capitalTail-winds for the contingent workforce market stemming from a fundamental shift in the employment market, accelerated by the global pandemicStrong alignment of incentives between the GPs, LPs, and company management

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$7.5mm
Purchase price	\$7.5mm
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Jun. 30, 2021
Closing Date	Sept. 30, 2021

Portfolio Overview





Case Study – Project Barrel

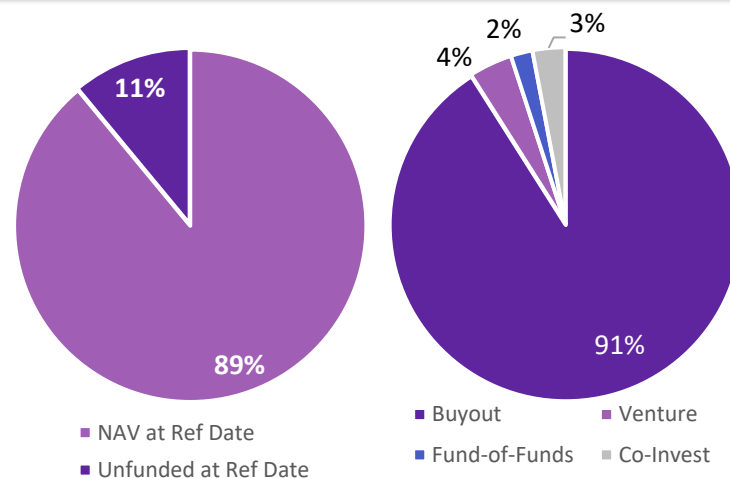
Project Barrel is a traditional secondary purchase of 24 partnership interests across a variety of strategies including buyout, venture, fund-of-funds, and co-Investments. The majority of the Net Asset Value is concentrated in buyout fund interests. The transaction provides exposure to over 200 underlying portfolio companies operating in a variety of sectors including healthcare, information technology, consumer discretionary, and industrial. Project Barrel provides exposure predominantly to North American assets, as well as Western Europe

Transaction Overview	<ul style="list-style-type: none">Project Barrel is a traditional secondary investment involving 22 fund interests and two co-investments, with a weighted-average vintage of 2013
Seller Objective	<ul style="list-style-type: none">The seller is a Swiss-based private bank and asset manager seeking to wind down one of their fund-of-fund productsThe seller is highly focused on a full portfolio solution given the desire to wind down the fund-of-fund product and seeks a buyer that would underwrite the entire transaction
Investment Attractions	<ul style="list-style-type: none">The transaction provides exposure to attractive underlying assets managed by investment grade fund managers across a variety of sectorsThe remaining portfolio includes several assets acquired over the last 3-4 years, leaving meaningful room for potential value appreciation until exitLimited remaining unfunded capital, mitigating blind pool riskComplementary exposure relative to previous transactions the FSOF had completedOpportunity to gain exposure to fund managers who have historically exhibited attractive returns across multiple economic cycles and in multiple industries

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)*	\$48.4mm
Purchase price*	\$41.2mm
Purchase price / NAV (at close)*	97.3%
# of underlying Funds	22
# of underlying portfolio companies	200+
Sourcing	Intermediary
Reference Date	Jun. 30, 2021
Closing Date	Dec. 31, 2021

Portfolio Overview



*Representative of fund interests that transferred at 12/31 versus 1/1 or later in Q1



Case Study – Project Playthrough

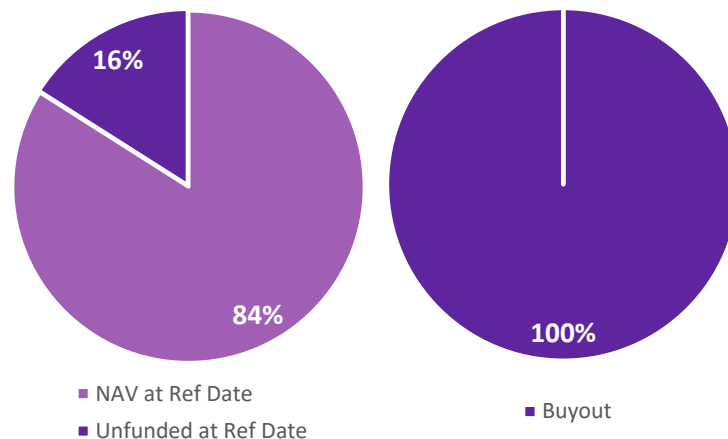
Project Playthrough entails the creation of a single-asset continuation fund around a leading provider of mission critical replacement parts to the foodservice industry (the “Company”). The Company is backed by two well-known, investment-grade fund managers who believe there is material upside potential in the Company driven by various near-term value creation opportunities. FSOF participates in Project Playthrough as a member of an investor syndicate

Transaction Overview	<ul style="list-style-type: none">Project Playthrough is a single-asset continuation fund created around a leading provider of mission critical replacement parts to the foodservice industry and other select markets through high-tech, customer-focused distribution capabilities
Seller Objective	<ul style="list-style-type: none">Project Playthrough provides company management additional time to capitalize on various value creation opportunities while simultaneously providing certain existing investors in the company with an option to monetize their ownershipThe Project Playthrough structure allows for the existing fund manager to maintain full control of the investment throughout the term of the continuation fund. In addition, the manager’s most recent fund also invested in the transaction, obtaining exposure to the Company
Investment Attractions	<ul style="list-style-type: none">Attractive financial profile based on strong revenue and EBITDA growth, high free cash flow conversion and marginsLarge, diverse, blue-chip customer base and exclusive OEM relationships, which lead to increased customer wins and high retention ratesStrong alignment of incentives between the GP, LPs, and Company managementInternational expansion opportunity stemming from a sizable add-on acquisition

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$7.4mm
Purchase price	\$6.3mm
Purchase price / NAV (at close)	102%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Jun. 30, 2021
Closing Date	Dec. 31, 2021

Portfolio Overview





Case Study – Project Fusion

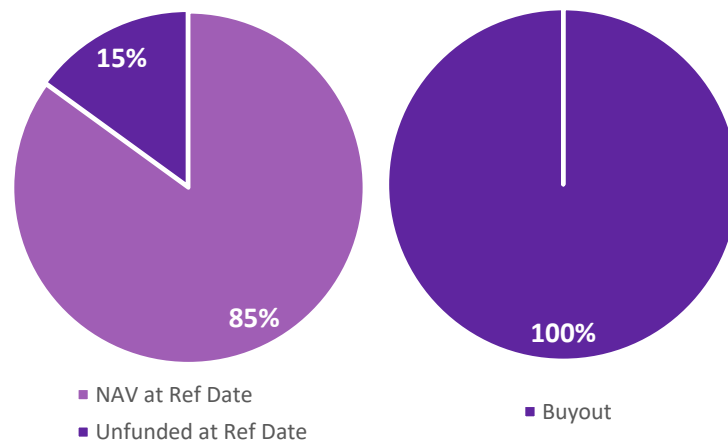
Project Fusion entails the creation of a single-asset continuation fund around a fully integrated, life sciences commercial services company (the “Company”). The Company is backed by two well-known, investment-grade fund managers who believe there is material upside potential in the Company driven by various near-term value creation opportunities including strategic M&A. FSOF participates in Project Fusion as a syndicate member alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Fusion is a single-asset continuation fund created around a fully integrated, life sciences commercial services company designed to solve pricing, access, reimbursement, adherence, and product delivery challenges
Seller Objective	<ul style="list-style-type: none">Project Fusion provides Company management additional time to capitalize on various value creation opportunities while simultaneously providing certain existing investors in the Company with an option to monetize their ownershipThe Project Fusion structure allows for the existing fund manager to maintain full control of the investment throughout the term of the continuation fund and provides unfunded capital to pursue a sizable, near-term acquisition target
Investment Attractions	<ul style="list-style-type: none">The Company’s customer base is blue-chip and diversified, with minimal customer concentration and high retention and satisfaction ratesAttractive competitive dynamics stemming from increased scale and breadth of service offeringStrong alignment of incentives between the GP, LPs, and Company managementLaunch of a new service offering, which had greatly outpaced forecasted projections since introductionOpportunity to capitalize on a market shift in the commercialization pathway of drug therapies

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$10mm
Purchase price	\$8.5mm
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Jun. 30, 2021
Closing Date	Dec. 31, 2021

Portfolio Overview





Case Study – Project Sierra

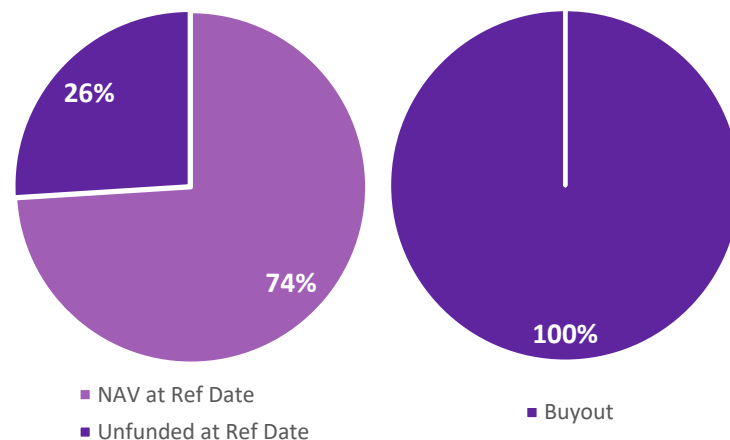
Project Sierra entails the creation of a single-asset continuation fund around a leading global provider of healthcare governance, risk management, and compliance software (the “Company”). The Company is backed by two well-known, investment-grade fund managers who believe there is significant upside in the Company when capitalizing on various near-term value creation opportunities. FSOF participates in Project Sierra as syndicate member alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Sierra is a single-asset continuation fund created around a leading global provider of healthcare governance, risk management, and compliance software for healthcare providers and payers with proprietary technology, a strong value proposition, and a powerful organic growth model
Seller Objective	<ul style="list-style-type: none">Project Sierra allows the sponsors and investor syndicate to maximize value in the Company by i) “resetting the duration”, giving the Company additional time to capitalize on growth initiatives and ii) providing a modest amount of follow-on capital for potential M&A and other growth initiativesThe transaction provides certain existing investors in the Company with an option to monetize their ownership
Investment Attractions	<ul style="list-style-type: none">Attractive financial profile as evidenced by the recurring revenue model, high margins, and strong customer retentionRevenue model provides exceptional visibility into financial performanceStrong alignment of incentives between the GP, LPs, and Company managementHighly experienced management team with a track record of delivering strong outcomes in partnership with private equity sponsors

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$10mm
Purchase price	\$8.5mm
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Jun. 30, 2021
Closing Date	Dec. 31, 2021

Portfolio Overview





Case Study – Project Green

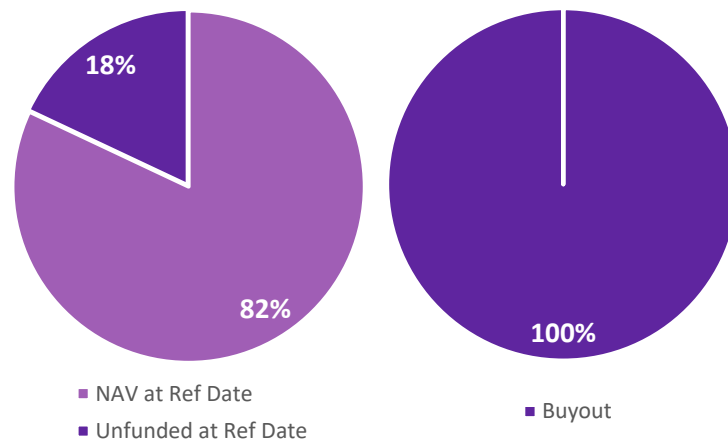
Project Green entails the creation of a single-asset continuation fund around a leading provider of diversified environment and infrastructure services (the “Company”). The Company is backed by a well-known, investment-grade fund manager that believes there is material future upside in the Company when capitalizing on various near-term value creation opportunities. FSOF participates in Project Green as part of a syndicate alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Green is a single-asset continuation fund created around a leading provider of highly technical infrastructure and environment services with a geographic footprint serving the entire US market
Seller Objective	<ul style="list-style-type: none">Project Green provides company management additional time to capitalize on various value creation opportunities while simultaneously providing certain existing investors in the company with an option to monetize their ownershipAlso, the Project Green structure allows the fund manager to invest additional capital from their most recent fund in the company to participate in the potential valuation upside
Investment Attractions	<ul style="list-style-type: none">Strong alignment of incentives between the GP, LPs, and Company managementCompany performance through COVID, helping to validate the non-discretionary nature of the Company’s offeringThe entry valuation appears to represent a significant discount from the public comp set and precedent transactionsAttractive financial profile as evidenced by the strong revenue and EBITDA growth, high free cash flow conversion, and margins

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$3.5mm
Purchase price	\$2.9mm
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Mar. 31, 2021
Closing Date	Dec. 31, 2021

Portfolio Overview





Case Study – Project Flag

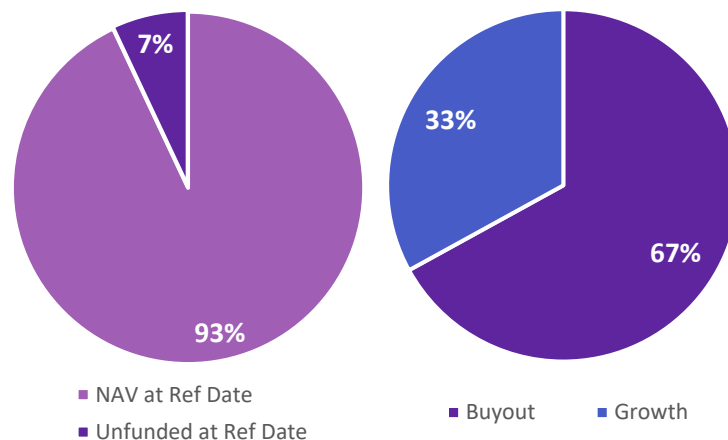
Project Flag is a traditional secondary purchase of 3 fund interests, which are managed by an investment-grade sponsor. The transaction provides exposure to more than 220 underlying portfolio companies operating in a variety of sectors including the Financial Services, Technology, Business Services, and Healthcare industries. Project Flag provides broad based geographic exposure, with the majority of the portfolio companies based in North America or Western Europe

Transaction Overview	<ul style="list-style-type: none">Project Flag is a traditional secondary investment involving 3 fund interests with a weighted average vintage of 2017
Seller Objective	<ul style="list-style-type: none">The seller was a large US-based pension which found itself overallocated to private equity (vs. their internal allocation targets) after their public market portfolio had decreased significantly since the beginning of 2022Finding a buyer who was approved by the sponsor and who has proven its ability to close under an accelerated timeline were key priorities
Investment Attractions	<ul style="list-style-type: none">Transaction provides exposure to attractive, brand name funds, which are highly diversified by sector, geographic region, and size, at an attractive price due to Seller motivationLimited remaining unfunded capital, mitigating blind pool riskComplementary exposure relative to previous transactions the FSOF had completedOpportunity to increase exposure to a fund manager who has historically exhibited attractive returns across multiple economic cycles and in multiple industriesEntry discount may provide near-term downside protection, as well as an attractive write-up at close

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$70.0mm
Purchase price	\$58.1mm
Purchase price / NAV (at close)	89.0%
# of underlying Funds	3
# of underlying portfolio companies	220+
Sourcing	Intermediary
Reference Date	Dec. 31, 2021
Closing Date	Jun. 30, 2022

Portfolio Overview





Case Study – Project Owl

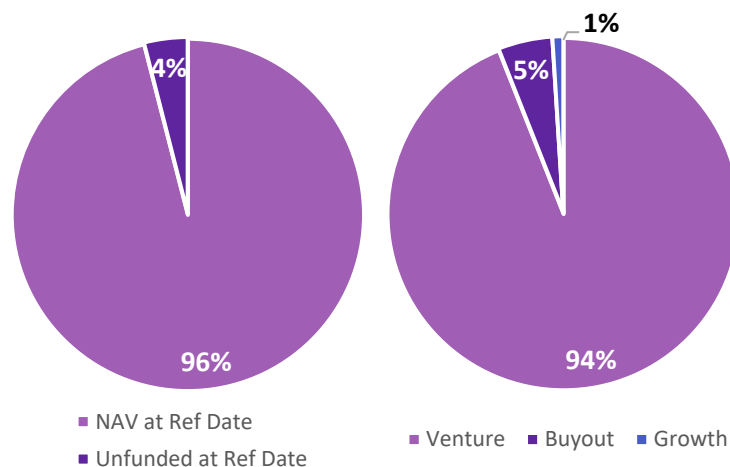
Project Owl is a traditional secondary purchase of 12 venture capital and buyout-focused limited partnership fund interests. The transaction provides exposure to 130+ underlying portfolio companies, which are primarily venture capital assets and are highly diversified across sectors; specifically, the Information Technology, Consumer Discretionary, and Financial industries. The majority of businesses are based in North America

Transaction Overview	<ul style="list-style-type: none">Project Owl was a traditional secondary investment involving 12 LP fund interests with a weighted average vintage of 2008
Seller Objective	<ul style="list-style-type: none">The seller was a US-endowment, looking to wind down an investment vehicle managed on their behalf by a US-based Fund of Funds firmA clear priority of the seller was working with a buyer who could provide a “full portfolio solution” in order to minimize execution risks and costsAccording to the involved intermediary, FlowStone was the party approved by the most underlying fund managers which made our offer stand out
Investment Attractions	<ul style="list-style-type: none">Entry discount coupled with post reference date distribution activity may provide for near-term downside protection and an immediate write-up at closeExposure to a basket of 130+ underlying companies diversified by sector, while geographically concentrated in North AmericaStrong visibility into valuation movements from the reference date 9/30 through closeLimited remaining unfunded capital, mitigating blind pool risk

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$69.2mm
Purchase price	\$47.5mm
Purchase price / NAV (at close)	73.2%
# of underlying Funds	12
# of underlying portfolio companies	130+
Sourcing	Intermediary
Reference Date	Sept. 30, 2021
Closing Date	June 30, 2022

Portfolio Overview





Case Study – Project Astro

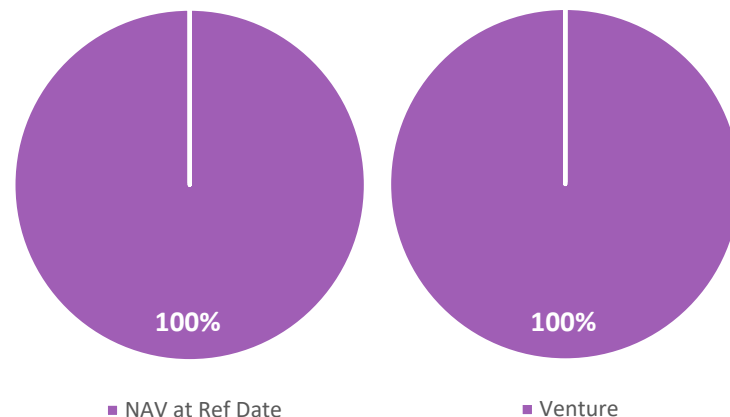
Project Astro entails the creation of a single-asset continuation fund around an AI-driven cybersecurity software company (the “Company”). The Company is backed by a syndicate of well-known fund managers who believe there is material upside potential in the Company driven by continued strong top-line growth and various near-term value creation opportunities. FSOF participated in Project Astro alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Astro is a single-asset continuation fund created around a growth-stage cybersecurity software company focused on providing automated security validation solutions to enterprise businesses across all industry verticals
Seller Objective	<ul style="list-style-type: none">Project Astro provides certain existing investors in the Company with an option to monetize their ownership while enabling the fund manager to retain minority ownership of the Company across three fundsThe transaction provides the Company with the follow-on capital necessary to execute on its growth strategy plan to scale for a potential IPO
Investment Attractions	<ul style="list-style-type: none">Project Astro is structured with a preferred return providing a write-up at close and downside protectionThe Company is backed by a syndicate of managers who have significant operational expertise in the technology and cybersecurity sectorsStrong alignment of incentives between the GP, LPs, and Company managementThe Company has an impressive management team and competitive position in a fragmented, high growth market

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$17.1mm
Purchase price	\$10.1mm
Purchase price / NAV (at close)	59.2%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Dec. 31, 2021
Closing Date	Sept. 30, 2022

Portfolio Overview





Case Study – Project Porsche

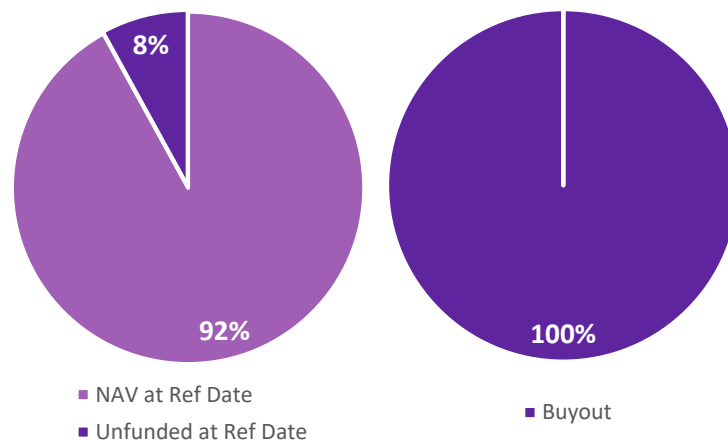
Project Porsche is a transaction in which FlowStone partnered with a secondary buyer to acquire a \$340mm LP portfolio. The portfolio consists of 7 underlying funds, which are all Buyout focused, and provides diversified exposure across key metrics including industry sector, geography and vintage year. Additionally, the transaction provides exposure to 115 underlying companies, many of which have demonstrated strong revenue and EBITDA growth, as well as margin expansion, during the investment period

Transaction Overview	<ul style="list-style-type: none">Project Porsche provides exposure to 7 underlying funds, all of which are buyout focused with assets almost entirely based in North America and Western Europe. The portfolio is highly diversified and has a weighted average vintage of 2016
Seller Objective	<ul style="list-style-type: none">The seller in this transaction was seeking liquidity as part of a portfolio management exercise, stemming from the broad-based public market downturn, which resulted in overallocation to private market investments relative to publicsThe seller was highly focused on achieving a sale prior to their fiscal year-end and was enticed by a full portfolio solution and the opportunity to transact with one buyer as opposed to multiple parties, albeit at a lower price than the single fund interest bids
Investment Attractions	<ul style="list-style-type: none">Strong operational performance observed across the portfolioExposure to a diversified asset pool, consisting of 7 funds, 10 underlying sectors, and more than 100 underlying portfolio companiesLimited remaining unfunded capital, mitigating blind pool riskThe transaction closed nine months after the reference date, providing operational visibility and allowing FlowStone to realize additional valuation appreciation across the underlying portfolio

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$42.3mm
Purchase price	\$33.0mm
Purchase price / NAV (at close)	83.4%
# of underlying Funds	7
# of underlying portfolio companies	115
Sourcing	Intermediary
Reference Date	Dec. 31, 2021
Closing Date	Sept. 30, 2022

Portfolio Overview





Case Study – Project Allegro

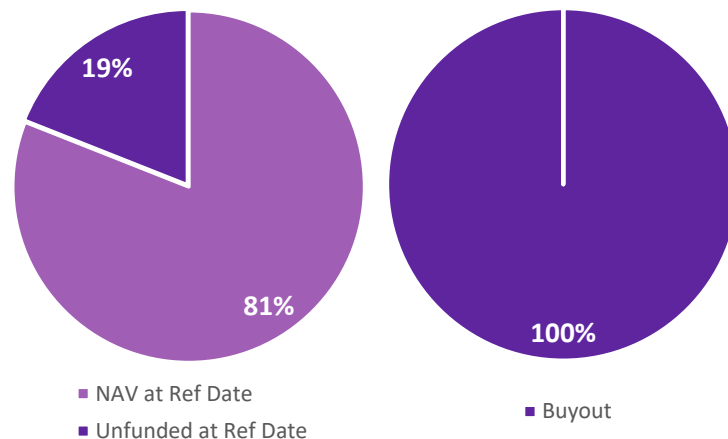
Project Allegro entails the creation of a single-asset continuation fund around a governance, risk, and compliance software company (the “Company”). The Company is backed by a well-known fund manager who believes there is material upside potential in the Company driven by various near-term value creation opportunities including strategic M&A. FSOF participated in Project Allegro in an investor syndicate alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Allegro is a single-asset continuation fund created around a company providing information governance and litigation management software designed to deliver key insights, process workflows, data management, and cost savings across critical legal risk areas
Seller Objective	<ul style="list-style-type: none">Project Allegro allows the sponsor and investor syndicate to maximize value in the Company by providing the capital necessary to implement value creation plans and pursue potential M&A targetsThe transaction enables the fund manager to make a meaningful follow-on investment out of their latest flagship fund to “double-down” on the Company’s next phase of growthThe transaction provides certain existing investors in the Company with an option to monetize their ownership
Investment Attractions	<ul style="list-style-type: none">The Company boasts an attractive financial profile championed by strong historical recurring revenue and EBITDA growthStrong alignment of incentives between the GP, LPs, and Company managementCompetitive positioning with unique scale and integrated product portfolio in fragmented marketThe fund manger has an attractive track record, delivering consistent top quartile returns in prior continuation vehicles and flagship funds

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$10.0mm
Purchase price	\$8.1mm
Purchase price / NAV (at close)	100.0%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Sept. 30, 2021
Closing Date	Sept. 30, 2022

Portfolio Overview





Case Study – Project Fountain

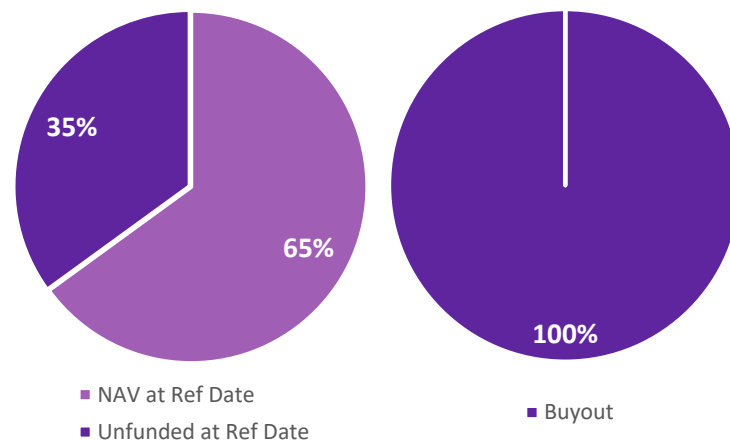
Project Fountain entails the creation of a multi-asset continuation fund around a portfolio of 5 companies operating across the Food / Restaurant, Education, and Business Services sectors. The companies are backed by a well-known fund manager who has extensive experience investing in franchise-based businesses and believes there is significant upside across the portfolio when capitalizing on various near-term value creation opportunities. The FSOF participated in Project Fountain as syndicate member alongside other prominent investors

Transaction Overview	<ul style="list-style-type: none">Project Fountain is a multi-asset continuation fund created around a portfolio of leading consumer-focused brands, with most of the overall exposure linked to leading Food / Restaurant platforms operating in the fast food or fast casual space
Seller Objective	<ul style="list-style-type: none">Project Fountain allows the sponsor and investor syndicate to maximize value across the portfolio by i) “resetting the duration”, giving the portfolio companies additional time to capitalize on growth initiatives and ii) providing follow-on capital for potential M&A and other growth initiativesThe transaction provides certain existing investors in the companies with an option to monetize their ownership
Investment Attractions	<ul style="list-style-type: none">Platforms exhibit attractive financial profiles as evidenced by the strong revenue and EBITDA growth, high free cash flow conversion, and marginsThe entry valuations across the portfolio appear to represent a significant discount from the public comp sets and precedent transactionsStrong alignment of incentives between the GP, LPs, and company management teamsGP expertise investing in the Food / Restaurant sector as evidenced by the historical track record

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$20.9mm
Purchase price	\$12.6mm
Purchase price / NAV (at close)	93.2%
# of underlying Funds	1
# of underlying portfolio companies	5
Sourcing	Intermediary
Reference Date	Dec. 31, 2021
Closing Date	Sept. 30, 2022

Portfolio Overview





Case Study – Project Ignite

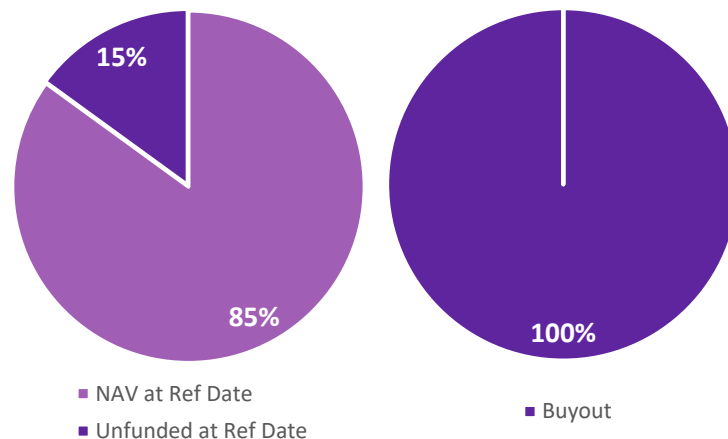
Project Ignite entails the creation of a single-asset continuation fund around a distributor of foodservice packaging and janitorial sanitation products in North America (the “Company”). Our view of the General Partner’s value creation strategy and underwriting of the transactions suggests there is material future upside potential in the Company. We believe value will be driven by continued strong top-line growth and various near-term value creation opportunities.

Transaction Overview	<ul style="list-style-type: none">Project Ignite is a single-asset continuation fund created around a leading pure-play distributor of foodservice packaging and janitorial sanitation products, capable of providing flexible and customized solutions with national scale and an unmatched product portfolio
Seller Objective	<ul style="list-style-type: none">Project Ignite allows the sponsor and investor syndicate to maximize value in the Company by i) extending the investment’s duration, providing additional time to capitalize on growth initiatives and ii) providing follow-on capital for potential acquisitions and other growth initiativesThe transaction provides certain existing investors in the Company with an option to monetize their ownership
Investment Attractions	<ul style="list-style-type: none">Good company performance through COVID, helping to validate the mission critical nature of the Company’s offeringStrong alignment of incentives between the GP, LPs, and Company managementAttractive financial profile as evidenced by the revenue and EBITDA growth, high customer retention, and expanding marginsThe Company has an experienced and successful management team and competitive position in a fragmented market that is ripe for consolidation

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$7.6mm
Purchase price	\$6.5mm
Purchase price / NAV (at close)	100%
# of underlying Funds	1
# of underlying portfolio companies	1
Sourcing	Intermediary
Reference Date	Jun. 30, 2022
Closing Date	Dec. 31, 2022

Portfolio Overview





Case Study – Project Zipper

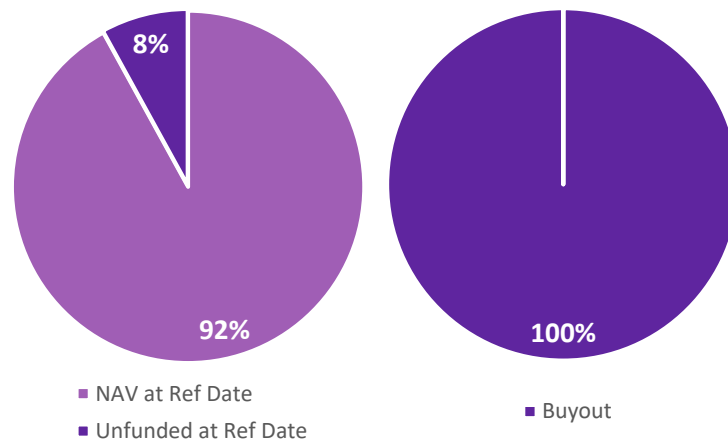
Project Zipper is a traditional secondary investment in which FlowStone acquired an interest in a fund managed by an established buyout manager. The assets in the portfolio include twelve companies in diversified industries, including Business Services, Consumer Discretionary, and Healthcare, among others. FlowStone gained exposure to mature buyout assets, which had generally demonstrated resiliency to broader macroeconomic issues such as COVID, inflation, and supply chain challenges

Transaction Overview	<ul style="list-style-type: none">Secondary purchase of a 2016 vintage buyout fund, which provided exposure to 12 platform companies, all of which are private enterprises and based in North AmericaFlowStone acquired one position (of twenty total) in the portfolio, based on our knowledge of the manager and assets
Seller Objective	<ul style="list-style-type: none">The seller in this transaction was a large, international pension plan seeking liquidity as part of its broader portfolio management
Investment Attractions	<ul style="list-style-type: none">Visibility into additional valuation appreciation from the reference date 6/30 through closeThe fund manager senior team has never generated a realized loss on any portfolio holding, providing high confidence in asset resiliency and the GP's ability to manage companies through challenging economic environmentsLimited blind pool risk given the fund vintage year and corresponding unfunded amountAttractive underlying exposure highlighted by assets that are entirely private, buyout focused, and based in North AmericaStrong operational performance to date across the portfolio, with observable YoY momentum from both a top line and profitability standpoint

Transaction Snapshot

Transaction Type	Secondary
Total Deal Size at close (NAV + Unfunded)	\$33.8mm
Purchase price	\$26.6mm
Purchase price / NAV (at close)	83.6%
# of underlying Funds	1
# of underlying portfolio companies	12
Sourcing	Intermediary
Reference Date	Jun. 30, 2022
Closing Date	Dec. 31, 2022

Portfolio Overview





Glossary

EBITDA – Earnings Before Interest, Taxes, Depreciation, and Amortization

Intermediary – Transactions where a broker is involved and acts as an intermediary between the buy and sell side

Proprietary – Transactions originated via the FlowStone Opportunity Fund platform where a broker is not involved

Syndicate – A group of buyers who combine to purchase a specific interest

Synthetic – Secondary investors acquire an interest in a new limited partnership that is formed specifically to hold a portfolio of investments. Typically, the manager of the new fund had historically managed the assets as a captive portfolio

Primary or Primary Investment – Primary investments (primaries) are interests or investments in newly established private equity funds. Primary investors subscribe for interests during an initial fundraising period, and their capital commitments are then used to fund investments in several individual operating companies (typically ten to thirty) during a defined investment period. The investments of the fund are usually unknown at the time of commitment, and investors typically have little or no ability to influence the investments that are made during the fund's life

Seasoned Primary – Similar to a Primary Investment; however, when the investor commits to the fund during the initial fundraising period, the newly established fund has already completed a number of transactions. Importantly, there is still a relatively high amount of unfunded capital that will be drawn down to make new platform investments

Secondary or Secondary Investment – Secondary Investments are interests in existing private equity funds that are acquired in privately negotiated transactions, typically after the end of the private equity fund's fundraising period. The investments of the acquired fund are usually known at the time of acquisition, and the majority of the fund's capital is typically drawn down and invested by the time of the fund's acquisition