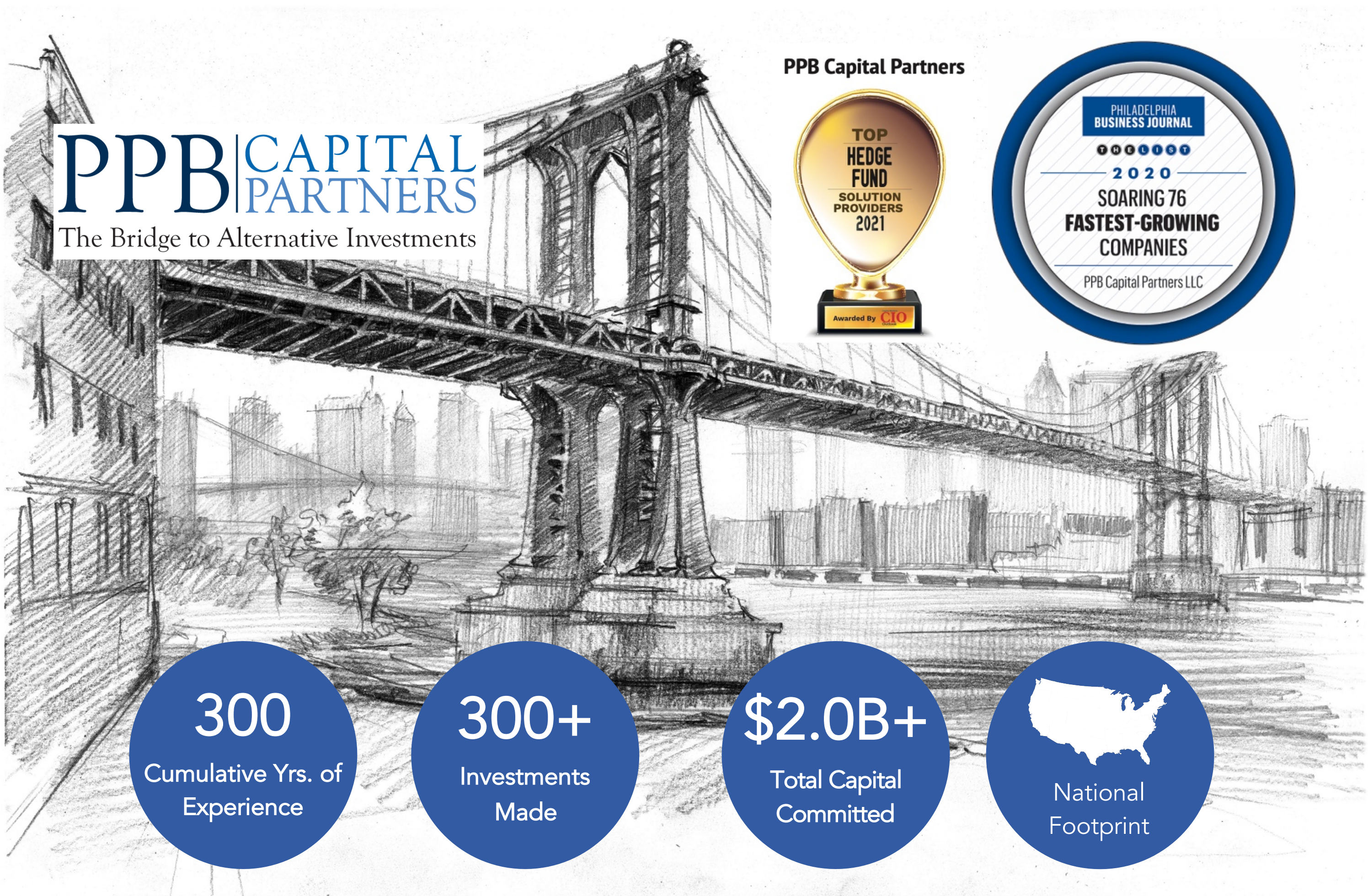
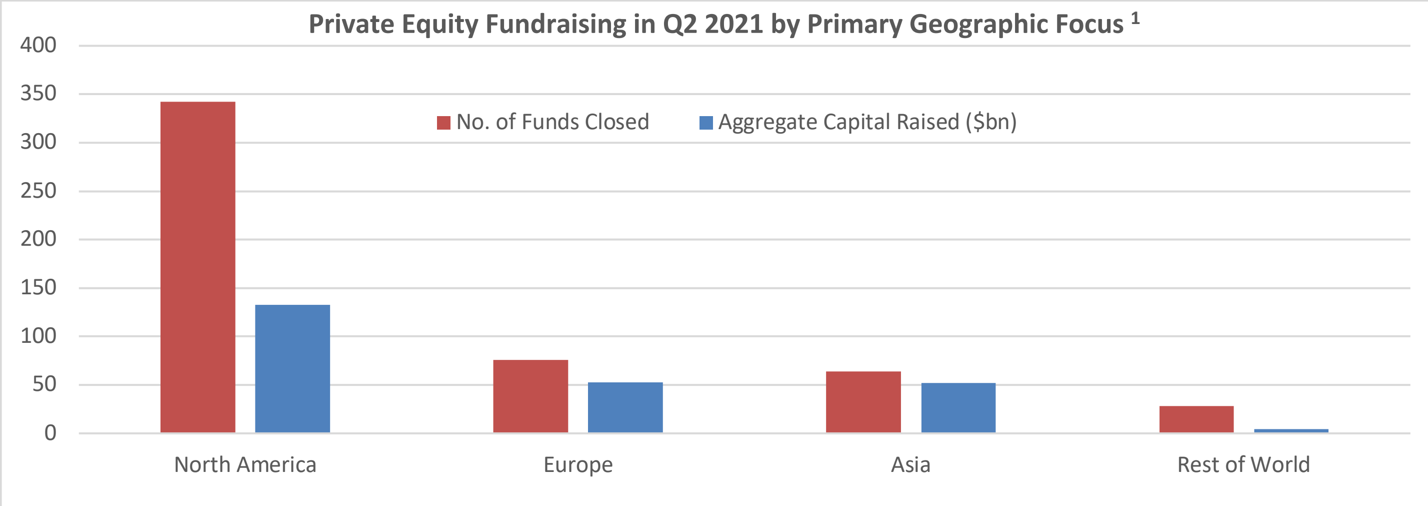


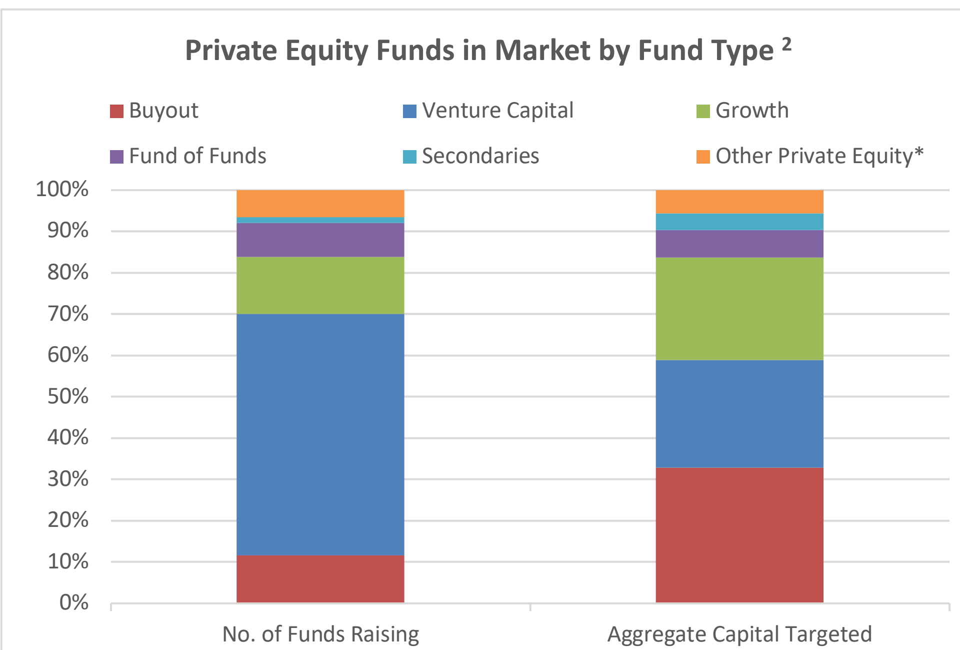
Demand for Buyout and Growth Equity Holds Strong

Conshohocken, PA, July 19, 2021 - As we sit at the halfway point in the year, valuations remain elevated, and the S&P 500 continues to set new highs. Investor sentiment remains bullish as the Fed remains accommodative and inflation fears have seemed to wane after most believe the recent spike in the CPI was transitory and a result of the pandemic related supply chain shock to the system. The 10-year Treasury yield is not pricing in any elevated inflation and in fact, is indicating another period of slow, but steady growth as the global economy stabilizes.

The global response to the pandemic continues to be extremely bifurcated, however as evidenced by the explosion of deal flow and demand for private equity in North America. The robust deal market has been fueled by an excellent exit environment with equity markets constantly setting new highs, interest rates near historic lows, outsized stimulus effects from US policies, and concerns over potential changes in the tax treatment of long-term capital gains in the United States. While the US economy continues to flourish, European and Asian economies have struggled as the vaccination rates have lagged and they have had continued setbacks in their re-openings. This dynamic has played out in the private markets, as the North American appetite for private funds continues to dominate the global landscape. See the below table from Preqin highlighting Q2 private equity fundraising across the world.



Also of note, as interest rates remain low, allocators have continued to drive demand for rate sensitive private equity strategies such as buyouts and growth equity. With valuations rising across the board, check sizes are getting bigger forcing larger institutions to continue to drive allocations to the mega funds. As seen in the chart below buyouts represented ~10% of funds in the market, yet due to the target fund raises in this space, that 10% only accounts for 30% of the total target assets in private equity. Growth equity showed a similar pattern as it represented 15% of the funds in the market, but ~25% of the total asset targets.



This coincides with the dynamic we have seen across PPB's alternative investment fund platform with buyout and growth equity managers coming back to market with much bigger target raises. The pandemic only exacerbated some long-term trends in online retail, telemedicine, and software where many of these fund managers are focused.

Conversely, fundraising in other strategies such as real estate has been slower with certain segments still feeling the effects of the pandemic. Despite the fundraising slowdown, deal activity has picked up from the beginning of the year, especially in some of the more COVID sensitive segments.

Within real estate, allocators have been most interested in value-add strategies, where fund managers have more control to drive alpha. Residential remains the most popular strategy as deal activity continues to be dynamic. A noteworthy development is in hospitality and retail deal activity which has begun to pick up, but they are still well below pre-pandemic levels. Office space deal flow remains weak as allocators are still trying to process the post-pandemic ramifications of permanent work from home initiatives. Real estate credit also saw a decline in demand as allocators seemed more focused on other areas of the credit markets. Accordingly, middle market lending remains robust, and allocators are turning their attention outside of the US, particularly in markets without the same levels of government support.

Coming out of the pandemic, US investors are more focused on private equity, especially in buyouts and growth equity compared to investors in other areas of the world. We've seen a similar dynamic with many inquiries from wealth advisors, as more demand is coming for private equity which may produce increased returns, instead of just income producing strategies such as real estate and private credit. The North American private market landscape continues to thrive and the macroenvironment looks well positioned to maintain this momentum.

For more information on PPB's fund platform, please contact Frank Burke, CFA, CAIA, Chief Investment Officer, PPB Capital Partners, 484.278.4017 Ext. 108 or at fab@ppbadvisors.com.

About PPB Capital Partners, LLC

Launched in 2008, PPB Capital Partners, LLC (or "PPB" or "the Firm") brings premier alternative investment solutions and streamlined processing to the wealth advisor community. PPB Capital Partners provides a roster of alternative investment managers, as well as builds and operates feeder funds and customized fund of funds for wealth advisory firms.

Important Footnotes and Disclosures

1: Source Preqin Pro
2: *Source: Preqin Pro. Data as of July 2021*

The statements included in this material may constitute "forward-looking statements" and are subject to a number of significant risks and uncertainties. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", or "anticipates", or the negative thereof or other variations thereof or other variations thereon or comparable terminology. Due to these various risks and uncertainties, actual events or results of the actual performance of an investment may differ materially from those reflected or contemplated in such forward-looking statements and no assurances can be given with respect thereto.

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