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Due Diligence Report:

Thesis Partners II, LP

February 2026

Offering Sponsor:

Thesis Capital Partners, LLC

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This review, along with a summary overview, reasonably available alternatives, rep/advisor test, data room, educational materials, and more can be found on the Buttonwood ALTSeek platform at www.ButtonwoodDD.com

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Welcome

This Due Diligence Report
This report is designed to provide the reader with a comprehensive analysis combined with Buttonwood's context and commentary on the notable considerations relating to this investment program.

Additional Resources
In addition to our industry-leading reports, Buttonwood provides BDs, RIAs, Reps, Advisors, CPAs and Family Offices with asset and investment program-specific educational videos, training, testing, data rooms, product discussion videos and more. If you aren't already a member, head over to our ALTSeek due diligence platform at www.ButtonwoodDD.com to access these additional resources that are a vital component of any thorough due diligence and education process.

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Summary Information

Investment Program Overview	
Issuer	Thesis Partners II, LP (the Partnership, the Fund)
Structure	Delaware Limited Partnership
Investment Focus	Private Equity - Growth Buyout Equity – Buy & Build – Lower U.S. Middle Market
Security Type	Equity – Limited Partnership Interests in a Private Placement
Targeted Offering Size	$150 Million
Capital Raise to Date	$0
Minimum Purchase	$250,000 (Sponsor Discretion)
Target Return	8% Annual Preferred Return Hurdle; 20%-30% Gross IRR per Underlying Deal
Investment Management Fee(s)	**Investment Period:** 2.0% on Committed Capital **Thereafter:** 2.0% on unrealized invested capital at lower of cost or FMV
Liquidity	Illiquid. Sponsor discretion.
Subscriptions	Manual submission of sub doc package to Sponsor/Administrator. The Sponsor stated they plan to use their fund administrator as an electronic custodian to handle subscription and investor communications transmission.
Redemptions	No withdrawals per the Partnership Agreement
Investment Period	3 Years from Final Close
Side Letters/Special Members	Permitted
Projected Hold Period	10-13 Years

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Registration and Offering Documents	
Investor Suitability	Accredited Investor[1] Status; Qualified Purchaser[2] Status -Status need determines vehicle choice of 3(c)(1) or 3(c)(7)
Registration Exemption	506(c); 3(c)(1) and 3(c)(7) –Parallel vehicles
Offering Document Date	January 20, 2026 (PPM)
Offering Termination Date	December 31, 2026 (extendable by GP)

Parties to the Transaction(s)	
Sponsor/Manager	Thesis Capital Partners, LLC (General Partner, *Delaware domiciled)*
Sponsor Contact	Connor Chakeen, Partner (connor.chakeen@thesiscapital.com)
Primary Sponsor Principals	Ian Reynolds, Connor Chakeen -Supported by Chris Kirsch and Josh Wolf
Managing Broker Dealer	N/A – None Observed
Portfolio Companies	• U.S Lower Middle Market • Target: 50-100+ Count Estimate
Relationship Summary	The Investment Structure section further details the Fund's capital network

Investment Overview	
Investment Strategy	Growth Focused Buyout – Buy & Build – US Lower Middle Market
Investment Objectives	Total Return (Capital Appreciation Focus), Diversification, Lowered Correlation • Return driven by capital appreciation, income, asset management.
Asset/Strategy Profile	Small Cap Buyout-Growth Equity Hybrid (Moderate to High Risk– Leaning High) • The Sponsor estimates they are moderate relative to their peers.
Portfolio Overview	N/A – New Fund
Portfolio Allocation/Target Assets	40% Long Term Hold/60% Grow and Sell
Financing Transaction(s)	Utilize SPVs – Negotiate Transactions Directly; Bridge Debt Possible
Investment Horizon	Fund Horizon: 10-13 years w/ possible continuation vehicle
Portfolio Summary	
Anchor Positions (Platforms)	Target: 5-15 Foundational Companies
Total Positions	Target: Variable • The Sponsor may add smaller "bolt-on" positions opportunistically based on operational and financial synergies.
Fund Balance	N/A – New Fund
Equity	N/A – New Fund
Liabilities	N/A – New Fund
Firm Diversification	Roughly 4-6 Sectors Planned (Flexible) & Significant Portfolio Company Count • Diversification remains dependent on the size of the raise.
Stated Offering Load	$1 Million Cap
Buttonwood Adjusted Offering Load	N/A – The LPA caps the load.

[1]SEC Accredited Investor Definition: https://www.sec.gov/education/capitalraising/building-blocks/accredited-investor
[2]SEC Qualified Purchaser Definition: https://www.sec.gov/rules-regulations/2001/12/defining-term-qualified-purchaser-under-securities-act-1933

Conclusions

- Robust Strategy Framework: The program's value proposition and structural planning reflect institutional-level preparation atypical of smaller sponsors, including a formal target asset advisory bench, portfolio company executive matching (finding interested buyers to define target sellers), and a systematic sourcing process for portfolio companies. Execution history, however, remains limited—early investments were small, and the Sponsor has yet to bring larger positions full cycle.

- Demographic trends, entry multiple differentials, and historical positive buy-and-build performance data generally support the Partnership's investment thesis. However, several tempering considerations exist:
  - Available benchmarks (showing prior performance in the PE industry and subsets) do not isolate first-time managers in this specific strategy, limiting their predictive value.
  - Execution context for the Fund in its strategy appears challenging. Emerging manager proliferation has intensified competition for succession-driven deals, while the broader PE environment—characterized by a *very large* exit backlog and fundraising increasingly concentrated in established managers—creates headwinds for capital formation and realization (though in a large industry segment with significant fragmentation that may allow for sheltering from such risks).

- Document Evolution: The LPA and PPM have undergone continuing revision throughout the review process as the Sponsor has worked to finalize offering terms. Earlier versions contained various inconsistencies — including mismatches in transaction fee offset percentages, term extension provisions, default interest rates, and time commitment language — most of which have since been addressed. Buttonwood encourages prospective investors and selling group members to request and verify the final, reconciled documents (PPM v8.11 and LPA v16.11 or later).
  - *The Sponsor displayed strong willingness to make revisions and significant initiative in structuring updates to initial concerns to materially improve structural components of the fund including, but not limited to, investor representation.*

- Registration Structure: The Sponsor intends to offer parallel vehicles under Section 3(c)(1) (limiting the investor pool to 100 accredited investors) and Section 3(c)(7) (requiring Qualified Purchaser status). Selling group members should confirm the final exemption structure for each parallel vehicle and its corresponding documentation, including verification that respective offering, operating, and subscription documents reflect the intended vehicle.

- Staffing Status: The Sponsor has engaged in a significant increase in investment and executive staff in recent years, up to nine team members. This represents sizable staffing relative to the Sponsor's current and expected AUM once the Fund has raised a substantial portion of its offering amount. While Mr. Reynolds has been at the firm since founding, a significant number of primary executives have only been with the firm for a few years.

- Prior Performance: The Sponsor's predecessor SPV track record demonstrates active deal sourcing, execution, and asset management capability, with positive outcomes on completed positions. However, these results reflect small dollar positions, and the Sponsor presents partial exits and bifurcated investor outcomes using realized metrics (IRR/MOIC) rather than standard interim measures (DPI/RPI/TVPI). Buttonwood notes that fund-level portfolio management — including capital allocation across competing opportunities, LP reporting infrastructure, and full-cycle execution at target investment sizes — has not yet been demonstrated through a commingled vehicle.

- Management and Key Person(s): The Fund depends on two Key Persons (Ian Reynolds & Connor Chakeen) with no required succession plan or key person insurance. The LPA provides that a Key Person Event triggers an automatic 90-day suspension of the Investment Period, during which no new investments may be made; if LPs do not vote to reinstate

within 90 days, the Investment Period terminates. This is a meaningful protective mechanism, though it does not address key person departure during the post-Investment Period operating phase.

- Substantial Capital Call Structure: Capital call defaults trigger significant remedies, common among institutional programs, but less well-known among retail/affluent investors.

- GP Removal: Removing the GP requires 67% of investor LP after a Material Event determination and a 90-day cure period. LPs have no access to the investor list to coordinate such a vote. Buttonwood notes such high thresholds are common and understandable, and that the minimum dollar and suitability requirements raise the investor sophistication level. Buttonwood generally prefers investors have access to the investor list with contact information.

- Valuation at GP Discretion: No independent valuation or valuation audit requirement during the fund's life. Advisory Committee can only challenge valuations at wind-up.

- Administrator Role: Buttonwood observed two firms handling administrator actions for the Fund: Zive AI and Leap District. Buttonwood reviewed documentation of the roles held by these firms which include managing the Fund's accounting, compliance checks, fundraising connections, investor onboarding, capital calls, internal audit coordination and financial statement review, reconciliation, internal financial management, service provider review, and verification of the waterfall. Buttonwood notes these roles were not memorialized in a signed agreement, but Buttonwood did observe an unsigned form agreement.

- Sales Distribution Status: The Partnership lacks a managing broker dealer and charges no selling group fees, limiting direct Section 15(a)(1) exposure. However, this is the Sponsor's second fund offering (at least), and the documents do not formally restrict sales to institutional purchasers or codify safe harbor requirements under Rule 3a4-1. Continued solicitation activity *may* establish a regular business of securities distribution requiring registration or engagement of a registered placement agent. Failure to do so may incur penalties, depending on the SEC's interpretation of the Sponsor's sales distribution framework. Buttonwood encourages potential selling group members to analyze the risk under their own compliance frameworks.

- The LPA provides no withdrawal rights and contemplates a 10-13 year closed-end structure. Prospective investors should confirm actual liquidity terms match their expectations and that all investor-facing materials accurately reflect the LPA.

- Continuation Vehicle: The Sponsor has indicated that approximately 40% of assets may be designated as long-term holds and transferred to a continuation vehicle at fund wind-down. The January 2026 PPM includes a dedicated continuation vehicle section addressing selection criteria, valuation process, LP liquidity options, and governance safeguards. The LPA includes a dedicated continuation vehicle framework (Section 2.2(f)) covering valuation (independent third-party, competitive sale, or AC-approved method), LP election rights (receive liquidity, roll on existing terms, or other AC-approved option), default treatment (non-electing LPs deemed to elect liquidity), and fee/carry governance subject to binding Advisory Committee approval. The PPM supplements with additional detail on selection criteria and process. Selling group members may wish to confirm whether CV economics are expected to mirror the Fund's 2%/20% structure, as the LPA leaves specific fee and carry levels to Advisory Committee discretion.

- The Fund has no financials as a new entity, but the PPM commits to providing audited annual financials, a strong feature relative to most private placements Buttonwood has reviewed.

- The Fund may experience high effective leverage with portfolio companies expected to carry roughly 50%-70% debt apiece, and the Fund carrying its own debt at a self-imposed maximum of 20% (33.3% from a regulatory perspective with Sponsor latitude). Both figures express leverage on a debt-to-capital basis for the respective entities.

- In Buttonwood's search, it found neither the Fund, nor the Sponsor network had pending or concluded regulatory or legal inquiries, litigation, arbitrations, or rulings. Buttonwood notes that the PPM states the General Partner is registered with the SEC as an investment adviser under the Advisers Act; however, a search of the SEC's IAPD database did not return results for the General Partner entity. Selling group members may wish to confirm registration status directly with the Sponsor.

- The Partnership offers side letters, which may create potential for unique terms separate from the program's standard conditions, depending on each respective investor's status and negotiating capacity. As a result certain investors may have improved terms compared to most of the investor pool. Since each side letter occurs on a customized (and sometimes confidential or opaque) basis for each applicable investor, the nature of the improved terms is impossible for Buttonwood (or any basic investor) to analyze or present.

- Investors have very little rights in the Partnership (as is common for many private placements). However, Buttonwood observed the Fund to have a stronger governance structure from an investor representation standpoint than most private placements it has observed, including the presence of an LPAC with LP-elected directors as well as operations and investment committees at the Sponsor level.

- The Fund LPA requires binding Advisory Committee approval for affiliated transactions, continuation vehicle terms, and certain conflict-of-interest matters — providing oversight over areas of highest potential conflict.

- Fee Structure: Buttonwood views the Partnership's fee structure as very competitive relative to many similar private placements, driven by a comparatively low selling group load, substantial offset of Transaction Fees and Placement Fees against Management Fees, and a post-Investment Period fee base that steps down to unrealized invested capital at the lower of cost or fair value.

- Liquidity: The PPM outlines a target liquidity horizon of approximately 5-6 years from deployment (Section XI). These represent Sponsor expectations; the GP retains sole authority over disposition decisions, and the Fund's emphasis on capital appreciation over recurring cash flows means investor liquidity is primarily driven by GP asset liquidation/reinvestment decisions. The LPA and PPM show no formal redemption program.

- Distribution Structure: The Fund employs a whole-fund waterfall with an 8% preferred return, 100% GP catch-up, and 80/20 residual split. The carried interest treatment is nominally American — triggered on asset sales rather than paper gains — but functionally European, as cross-collateralization requires return of all invested capital plus the preferred return across all exited deals before the Sponsor receives any carry. All Distributable Proceeds, including operating cash flows, aggregate through the same waterfall rather than being distributed currently, further reinforcing back-end investor protection. The GP must return excess Carried Interest (net of deemed taxes) if final distributions reveal overpayment.

- The Sponsor's economic model projects reasonable returns under mildly-to-moderately optimistic assumptions but employs simplified methods that moderately overstate outcomes. Buttonwood's adjusted analysis shows limited margin above the 8% hurdle under more conservative scenarios than the Sponsor's base scenario.

Investment Structure[3]

The Fund will use its net offering proceeds from the offering to acquire and service target portfolio company assets. A review of the Delaware state business search indicated Fund II had not yet registered as business entity as of late December 2025.

- The Company has capped its start-up costs, including load, at $1 million. According to the Limited Partnership Agreement (LPA, LP Agreement, Operating Agreement), the Sponsor will cover any start-up costs, including selling group costs, above this amount.
- Buttonwood observed a succinct use of proceeds chart in offering documentation and encourages potential selling group members to request the necessary ongoing documents to monitor the actual executed use of proceeds.
- The Fund will invest in each portfolio company through dedicated Special Purpose Vehicle subsidiaries created by the Sponsor specifically to hold each portfolio company. Buttonwood notes this as a standard practice among private equity funds.
- Based on Buttonwood's review of provided materials, two Sponsor entities will have a management relationship with the program. The PPM says that Thesis Capital Partners acts as General Partner of the Fund, and that Thesis Management LLC acts as the contracted investment manager. Buttonwood considers two management entities as somewhat unusual, but by no means rare, compared to most private placements it has reviewed.
- The Sponsor provided the following charts (next page) laying out Fund structure, as well as affiliate relationships and duties. Buttonwood observed the Sponsor's control hierarchy between various entities managing and interacting with the Fund. It appears that all entities roll up to Mr. Ian Reynolds and/or his family, but the provided documentation was too informal for verification. Buttonwood cautions potential selling group members to request and review control documentation to understand the influences and stability of entities related to the Fund.

Net Offering Proceeds
Estimated at $149,000,000 after netting the stated $1 million in start-up costs, assuming full raise.

BW Buttonwood notes that the PPM targets start up costs at $465,000, but that the Fund has a cap of $1 million on said costs. Thus, Buttonwood has conservatively shown that cap as the cost in this report.

99.33% to Underlying Assets (Variable)

BW This amount drops in inverse proportion to the size of the raise. For example, a $25 million raise means $24 million invested in underlying assets, equal to 96% of the raise.

[3] Given the multi-level ownership structure, a distribution waterfall will govern distributions for the Project Entities listed above. See the Distribution section for distribution detail and the organizational chart located in Appendix A for more detail regarding the interaction between the entities.

Fund Structure

FUND II

Governance and voting control for each fund and strategy vintage will generally mirror the structure below as outlined for Fund II

Thesis Partners II, LP [DE LLC] — *Manager managed entity with formal governance procedures*

GP (As characterized by fund management of Fund II) — *Manager managed entity with formal governance procedures*

Board Members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton
- *[+ Potential investor advisory counsel members as documented in PPM & LPA]*

Operations voting members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton

Investment Committee Voting Members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton
- Joshua Wolf
- [+ Potential advisory counsel]

Investee SPV(s)

Most investee companies will have their own governance structure similar to individual companies

Investee SPV — *Manager managed entity with formal governance procedures*

Investee voting members example:

- Thesis majority seats 2/3
- Seller seat 1/3

Managing Affiliates

Thesis Management LLC [DE LLC]

Operating Entity - provides consulting to Entrepreneurs

- Receives Management fees
- Manages contractor payroll
- Manages infrastructure / IT for operating partners

Cash mgmt. fees from funds and investee companies go here

Thesis Capital Partners LLC [DE LLC]

- Holds part of brand IP
- Receives Carried Interest
- Receives Equity promote earned in transaction

Carried interest goes here and may be split among parties in entities that sit ahead of this entity

Carried interest

Thesis Partners II, LP [DE LLC]

The fund vehicle for the fund to be raised

Capital investment

Cash mgmt. fees

All investee SPVs are documented in a separate sheet ; please see composed data sheet for those entity names

SPV **SPV** **SPV**

- The Sponsor also has several other entities, including the most senior holding company observed by Buttonwood, Thesis Capital Holdings, LLC (TCH) and Thesis Capital, LLC, both Texas LLCs. The Sponsor notes that TCH acts as a "pass through for tax purposes" and "holds certain interests in SPVs", while Thesis Capital "files as an S [Corp]", "runs Ian's payroll", and "holds [the Thesis] brand". The Sponsor states that neither entity has material independent activity and that both are governed by a formal board under Delaware law, with Mr. Belton and Mr. Reynolds serving as directors.

- Buttonwood created a more standardized summary org chart based on its interpretation of the organizational structure. This org chart resides in Appendix A.

Offering Terms & Capital Structure Overview

This private placement represents the initial offering of the Fund's equity limited partnership interests. These interests will hold common status (highest growth exposure, lowest capital claim) with a preferred return component. The Sponsor intends for them to represent the sole equity component of the capital stack, though the Partnership will have the ability to employ up to 20% in leverage (theoretically up to 33.3% based on Sponsor discretion and the applicable regulatory threshold). The Partnership bumps up its self-imposed leverage limit to 30% for short term cases. Additionally, the Portfolio Companies will target leverage levels of 50%-70%. Based on other documentation, significant potential for co-investment on varied terms exists. Per the Sponsor, SPVs will not have recourse to the Issuer.

- The GP plans to commit/co-invest $3 million of the $150 million target, a significant alignment of interest with investors. The rest will come from LP commitments.

- Assuming full debt at the Fund level (~20% debt-to-capital) and the stated target range of the underlying assets (50%-70% debt-to-capital), the maximum effective leverage target range exposure for Fund investors would come to roughly 58%-75%.

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Thesis Partners II – Main Terms	
Subject Assets	• 5-15 Base Portfolio Companies (Called "platforms") – Sponsor Discretion • Opportunistic inclusion of smaller "bolt-on" firms based on operational and financial synergy– Sponsor Discretion
Asset Type	Mature Lower Middle Market Portfolio Companies
Claim/Lien	Common Equity
Maximum Offering	$150,000,000
Minimum Investment	$250,000 (Sponsor Discretion)
Minimum Suitability	Qualified Purchaser or Accredited Investor
Registration	506(c); 3(c)(1) and 3(c)(7) – Parallel vehicles
Ongoing Distributions	Limited ad hoc basis. As required for investor tax needs when exiting positions.
Target Return	20%-30% Gross IRR on a Deal Level Basis
Preferred Return	8% Per Annum (IRR basis on unreturned capital)
Subscription Closings	Frequency at Sponsor Discretion
Redemptions	Illiquid. Fully at Sponsor Discretion.
Asset Hold Period	• --*Short Term Assets:* 3-6 Years

	• *--Long Term Assets*: 10 - 12+ Years
Partnership Hold Period	10-Year Term plus Three One-Year Extensions (Sponsor Discretion)
% of Fund Capital Stack	100% Initially (May use Debt Later)
Partnership Debt Limit	33.3% Maximum (Standard Under 40 Act)
Port. Co. Debt Target	50%-70% Target
Management Fee	**Investment Period:** 2.0% on Committed Capital **Thereafter:** 2.0% on unrealized invested capital at lower of cost or FMV
Carried Interest	20% of Net Cash Flows After Return of Capital + Preferred Return
Special Note	
Special Note: Long Term Planning	The Fund expects to transfer assets it has selected for an indefinite hold to a short-term continuation vehicle or long-term holding company.

Continuation Discussion

BV The Sponsor has indicated that approximately 40% of assets may be designated as long-term holds and transferred to a continuation vehicle at Fund wind-down. The LPA grants GP broad discretion over distributions and valuations, and requires Advisory Committee (the LPAC) approval for affiliated transactions. The LPA also grants the LPAC binding approval authority over the methodology for valuing assets in connection with any continuation vehicle or affiliated transaction. This represents a meaningful governance safeguard, as it prevents the Sponsor from unilaterally setting CV transfer pricing.

BV The LPA and PPM both address continuation vehicle mechanics. The LPA requires independent or Advisory Committee-approved valuation, offers each LP the choice to take liquidity or roll into the CV on the same economic terms as other rolling investors, deems non-electing LPs as having chosen liquidity, and subjects CV fees, carried interest, governance, and material terms to binding Advisory Committee approval with disclosure to LPs prior to election. The PPM supplements this with additional context on selection criteria, strategic alternatives evaluation, and the role of independent advisors.

- *The Advisory Committee's binding approval over CV fees, carry, and material terms provides a meaningful check on Sponsor discretion. That said, the LPA does not prescribe specific fee or carry levels for the CV — only that the Advisory Committee must approve them — and selling group members may wish to confirm with the Sponsor whether CV economics are expected to mirror the Fund's 2%/20% structure or could differ.*

- The January 2026 PPM includes a dedicated section on continuation vehicles addressing: rationale and selection criteria for CV candidates (durable competitive advantage, reinvestment runway, strong management); a process framework including evaluation of strategic alternatives, independent valuation and market check, LP liquidity options (cash-out, roll into CV, or other permitted options), governance and conflict management safeguards, and new capital formation. The PPM also discusses Advisory Committee involvement and independent advisors as part of the CV process.

- Buttonwood would prefer to see up-front documentation sufficient for an analysis of:
  - Vehicle structure and governance differences relative to the Fund
  - Valuation methodology and fairness procedures for asset transfers at CV formation
  - Rollover considerations, including tax implications & any changes in fee, liquidity, or governance terms

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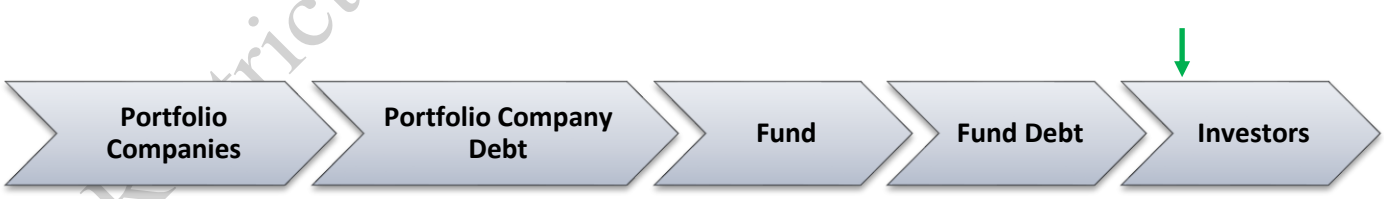
Other Notes

- The LPA permits Fund-level borrowing ("Partnership Debt") capped at 20% of Original Available Capital (or 30% if expected to be repaid within one year), and expressly prohibits personal guarantees by the GP or LPs in connection with such debt. The Partnership may guarantee Portfolio Company borrowing, subject to Advisory Committee approval and a 10% of AUM cap. The LPA does not expressly address whether the Partnership may assume, guarantee, or pledge its assets to secure GP-level borrowing, and the 20%/30% cap applies only to debt "incurred or entered into directly by the Partnership"—leaving open a potential pathway for GP-level debt to flow to the Partnership outside the stated caps.
    - **Sponsor Commentary (paraphrased):** In prior investment activity, all portfolio company debt was recourse only to the company and the Partnership's interest therein—not to the Partnership itself. The Sponsor has never issued personal guarantees and does not intend to do so. The LPA retains flexibility for potential GP-level borrowing, which may occur, to create additional leverage. Partnership-level leverage is capped at 33% (the 33% figure represents a regulatory cap; the LPA states the Fund is capped at 20%-30% situationally) and this should be seen as a fundamentally limiting cap on GP borrowing as well.

Distribution Summary

Flow of Cash

The Partnership Interests bear a common equity claim on Fund assets and accrue an 8% annualized preferred return calculated on an IRR basis against unreturned capital (i.e., preferred accrues from the date of each contribution and stops accruing on capital that has been returned). The Partnership will generally refrain from ongoing distributions, but will occasionally pay distributions commensurate in size and timing to cover investor tax obligations resulting from position exits. The Sponsor expects the Fund to primarily reinvest all other capital received from position exit until the Sponsor facilitates a Fund exit.



At exit investors will receive due cash flows after the portfolio companies and the Partnership pay down any debt they owe. Buttonwood expects cash flows will follow the stated waterfall, in which investors receive their entire return of capital and due accrued preferred return, then the Sponsor receives a catchup equal to 100% of cash flows until carried interest paid equals 20% of cumulative preferred paid. Thereafter, net cash flows split 80%. *Buttonwood considers this a standard private equity waterfall.*

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Stage	Threshold	Threshold Basis	Threshold Recipient	Investors	Manager
Stage 1	100%	Return of Capital	Investors	100%	0%
Stage 2	8%	IRR on Unreturned Capital	Investors	100%	0%
Stage 3	20%	Catch-Up on Preferred	Sponsor	0	100%
Thereafter	--	--	--	80%	20%

- The LPA's operative waterfall indicates the following flow priority:
  - Return of Capital,
  - then Preferred Return,
  - then GP Catch-Up (100% to the GP until the GP has received 20% of aggregate profits distributed under clauses and then,
  - 80/20 Residual Split.

- Notably, the LPA does not distinguish between operational cash flow (e.g., dividends, interest, or recurring portfolio company income) and asset sale proceeds — all Distributable Proceeds are aggregated through the same whole-fund waterfall. In a more American-style structure, interim operating cash flows might be distributed currently or treated separately. Here, they effectively count toward return of capital and preferred return before the Sponsor sees any carry, further reinforcing the European back-end protection.
  - Please see the Fees section for additional depth on the back-end waterfall recognition treatment.

Key Considerations

- The Sponsor, via the GP, retains full discretion over distribution timing and amounts.
- **GP Giveback:** The GP must return excess Carried Interest (net of deemed taxes) if final distributions reveal overpayment.
- The GP cannot collect Incentive Allocation on an LP's capital account until prior net losses allocated to that account have been recovered.
- The Sponsor, via the GP, may recall distributions up to 25% of Original Available Capital for Partnership Expenses and indemnification obligations. This is generally within range of private equity program standards.
- The LPA permits in-kind distributions of cash or marketable securities at Sponsor discretion prior to wind-up, and broader in-kind distributions during wind-up. Investors receiving securities instead of cash may face liquidity constraints, valuation disagreements, tax obligations without corresponding cash, or burdensome small positions. Buttonwood encourages potential selling group members to discuss the likelihood and mechanics of in-kind distributions with the Sponsor.

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Additional Notes	
Distribution Frequency	Paid intermittently to cover tax obligations from position exits
Maximum Debt (Priority Claim to Investors)	20% of Fund; 50%-70% of Assets; 58%-75% Effective Debt Ratio
Return of Capital (Tax)	Distributions defer immediate taxation and reduce the investor's tax basis, increasing taxable gains at exit. Prospective investors should consult their own tax advisors.
Return of Capital (Waterfall)	Interim distributions reduce the capital base used for the assessment of the management fee (if/when charged on NAV) and the waterfall.

Fees Overview

Fees and Expenses

- The Partnership plans to use $465,000 of proceeds for administrative cost but may use up to $1 million. Buttonwood has modeled the load impact conservatively on the $1 million cap, noting this is a small load at full raise, and relatively indicative of programs targeted at an RIA-centric selling group (which often range from 0-3% depending on necessary initial admin costs and capital raise).
    - Buttonwood emphasizes that, as a flat budgeted fee, this load amount rises significantly higher as a percentage, the less the program raises. A $25 million raise, for instance, would push the load to 4.0%. From a raise history standpoint, the Sponsor's (unverified) prior performance indicates that they have deployed almost $34 million of equity capital in target assets.
    - Buttonwood notes that the structure's simplicity precludes any load analysis or adjusted load analysis typically included in Buttonwood reports on investment products. Buttonwood notes that any broker commissions on the underlying portfolio company acquisitions, or similar costs and fees, will act as a de facto load on the specific assets to which they apply. Buttonwood recommends selling group members confirm and monitor use of proceeds.

Estimated Use of Proceeds Summary			
Use of Proceeds	**% of Offering Proceeds**	**Amount**	**Recipient**
Load (Administrative)	0.67%	$1,000,000	Third Parties
Used for Investment	99.33%	$149,000,000	Portfolio Companies & Related Acquisition Costs
Total Proceeds	**100.00%**	**$150,000,000**	**--**

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Operating Stage Fees:

Offering Fees and Expenses	Operating Fees Amount	Assessment Base	Assessment Frequency
Annual Investment Management Fee	2.00%	• Capital Commitment (Investment Period) • Unrealized Invested Capital at the Lower of Cost or Fair Market Value (Operating Period)	Quarterly, in advance
Operating Expenses	100.00%	See List Below	As incurred

- The management fee switches from a capital commitment assessment to an unrealized investment capital assessment after the investment period ends (estimated at about 3 years after the final close of the offering.
    - Since the GP determines Fair Value without independent oversight, it retains discretion to avoid writing down impaired assets, sustaining a higher fee base than current values may warrant. While common among private placements, Buttonwood views this as a material consideration.

- Other Sponsor Compensation: The Sponsor may receive ongoing fees from its portfolio companies, including monitoring fees, directors' fees, advisory fees, deal fees, and similar compensation. The LPA defines these broadly as "Transaction Fees" and provides that 100% of all Transaction Fees offset Management Fees dollar-for-dollar. Similarly, 100% of all Placement Fees offset Management Fees. Buttonwood views these as positive features that effectively eliminate double-dipping between fund-level and portfolio company-level compensation.
    - Additionally, Start-Up Costs exceeding $1,000,000 offset 100% against Management Fees, limiting investor exposure to organizational expense overruns beyond that threshold. The PPM's Sources & Uses table estimates actual organizational expenses at $465,000, well below the $1M cap.
    - That said, while the 100% offset eliminates the fee impact at the fund level, the underlying fees are still collected from portfolio company cash flows before cycling back as a Management Fee reduction. Prospective investors should be aware that portfolio company-level compensation may still create operational drag on individual investments even where the fund-level offset applies.

- The LPA gives the following list of pass-through expenses. Buttonwood has flagged those items it considers worth extra consideration by selling group members with a "*" icon. Buttonwood notes Manager overhead is precluded under the LPA, including employee compensation. However, Section 2.6(c)(1) explicitly includes "consulting, information services, travel and professional fees related to the discovery, investigation, development, making, management and disposition of Investments" as ongoing Partnership expenses, meaning these costs are borne by the Fund rather than the Sponsor.
    - This is a broad formulation. Selling group members who view research-adjacent costs, such as travel and consulting, as more appropriately borne by the Sponsor may wish to negotiate narrower language. That said, Buttonwood views it as significant disclosure as many private placements don't address such treatments.
    - *Investment transaction costs: legal, accounting, due diligence, brokerage, appraisal, travel, professional fees
    - Custody, administration, and record keeping
    - Financial statements, tax returns, K-1 preparation, investor communications
    - Legal and accounting fees (Partnership matters)

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- Taxes and governmental charges
- Insurance (including D&O, E&O, fiduciary)
- Regulatory compliance and examination costs
- Litigation and indemnification expenses
- Valuation costs
- Partner default-related costs
- Distribution-related costs
- Partner and Advisory Committee meeting costs* (Partner meetings in particular should fall under Sponsor overhead)
- Interest and fees on Partnership Debt
- Management Fees
- Outsourced administration* (This is a broad term that may reasonably be manipulated to include certain costs like research.)
- Dissolution and wind-up costs
- Document amendment costs
- Start-Up Costs
- Placement Fees* (These are offset entirely by the management fee and Sponsor legal commitment under the LPA in Section 2.7, thus eliminating the apparent conflict.)
- Portfolio company management carve-back* -- The LPA permits GP reimbursement for "direct out-of-pocket costs" in connection with portfolio company management and administration, including reporting portals, filing fees, compliance filings, accounting/IT systems, and insurance coordination. Costs must be "at cost," but the catch-all "other similar administrative services" leaves room for interpretation.

BW Investors admitted after Initial Closing must make catch-up contributions as if invested from day one, plus interest at Prime + 2%. This increases the effective cost basis for later entrants. Buttonwood notes that such practices are common among Reg D private equity programs, particularly those aimed at sophisticated investors, but notes that such practices may be significantly less familiar to certain accredited investors that invest in such alternative programs less frequently, if at all. Buttonwood encourages potential selling group members to discuss this feature (and similar more institutional features of the Fund) with less experienced investors to prevent potential confusion and consternation.

Liquidation Stage Fees

- The Sponsor charges carried interest of 20% after investors receive a return of capital plus their accumulated preferred return *for each deal and any prior realized losses*. After the hurdle, this carried interest applies immediately in the form of a 100% catch-up in which the Sponsor receives all cash flows until they receive an amount equivalent to 20% of all prior distributions to the investors. Thereafter, they receive 20% of all net proceeds for each sold asset.

- The carried interest treatment is nominally American, but more functionally European. Carried interest distributions occur when assets are sold, not on paper gains. However, cross-collateralization requirements mean investor capital across all exited deals must be returned—plus an 8% preferred return—before the Sponsor receives any carry.
    - For a long-term hold strategy with selective exits, this effectively back-ends Sponsor compensation until meaningful realizations occur. That said, the Sponsor has significant capacity to shift its strategy to

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include more consistent deal exits, which would invoke more American style treatment (though still with significant back-end protection).
    - Notably, the LPA does not distinguish between operational cash flow (e.g., dividends, interest, or recurring portfolio company income) and asset sale proceeds — all Distributable Proceeds are aggregated through the same whole-fund waterfall. In a more American-style structure, interim operating cash flows might be distributed currently or treated separately. Here, they effectively count toward return of capital and preferred return before the Sponsor sees any carry, further reinforcing the European back-end protection.

- The LPA provides for a GP Giveback mechanism to reconcile carried interest distributions at termination. The GP Giveback is assessed annually, with an interim cap of 22% of aggregate Carried Interest Distributions (net of deemed tax liability). At final settlement, the full clawback applies — the GP must return any excess carry so that cumulative carried interest does not exceed 20% of total profits when calculated across all investments. The LPA contemplates two alternative structures: one with a Segregated Reserve Account funded from carried interest distributions, and one without. Buttonwood encourages selling group members to confirm with the Sponsor which structure is in effect, whether a specific escrow agent has been designated, and the percentage of carried interest being deposited into any reserve account.

- Buttonwood generally views the carried interest level of 20% as standard and the current flow structure as generally investor-aligned. However, the Sponsor retains flexibility to shift toward more frequent exits and carried interest recognition.

BW *The original offering documents and operating agreement referenced an 80% residual split to the GP (rather than the intended 20% carried interest / 80% to LPs) consistently. Buttonwood viewed this as a drafting inconsistency, which has been corrected in the most recent versions of the PPM and LPA. Buttonwood notes the Sponsor moved swiftly to correct such inconsistencies relative to a significant number of Sponsors.*

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Investment Strategy

The Offering seeks to engage in equity buyouts targeting mature, lower middle market firms in the U.S. The Partnership first targets anchor companies to which it will integrate smaller acquisitions. All acquisitions will have high degree of control, management participation, and operational value-add applied. The Sponsor plans to manage assets to two different types of hold profiles:

- Full-Term Hold: 40% Allocation
    - The Sponsor plans for the Partnership to hold indefinitely unless performance requires disposition. The Sponsor will strongly consider transferring these assets to a continuation vehicle as the Partnership winds down in roughly 10-13 years.

- Transactional: 60% Allocation
  - The Sponsor acquires these assets to maximize IRR and MOIC performance over a short-to-medium period before selling. The Sponsor has wide latitude to distribute or reinvest such proceeds, but generally plans to reinvest a significant portion.

The Partnership also intends to apply the following allocation limits:

- Single Portfolio Company Equity Allocation Limit: 15% of Original Capital

- Bridge Financing (Fund as Lender): 20% Maximum based on Original Capital
  - This represents the per-company ceiling combining equity and bridge exposure (each maxed out equity position can add 5% in bridge lending to the respective portfolio company).
  - Outstanding bridge financing becomes subject to the 15% allocation limit after 18 months.
  - *LPA language places no restrictions on the Fund investing 100% in portfolio company debt, as long as it abides by the per-position limits already described above. This would represent a substantial and material style drift from the stated strategy mandate.*
  - Certain terms, including targets for maturity, interest rate, etc., remain unspecified.

- Foreign Investment Maximum: 25% (Non-US/Canada) of Original Capital

- Strategic Investment Maximum: 20% of Original Capital
  - Minority/passive positions in *marketable* securities where fund lacks control

The Manager expects the portfolio companies to come primarily from several sectors: Technology, Healthcare, Industrials, and Business-to-Business (B2B) Services, though the Manager may expand the Partnership into other sectors.

The Fund intends to derive its competitive advantages from the following items:

Executives In Residence (EIR) Program: The Sponsor views this as their primary differentiator, whereby they research, analyze, and recruit industry experts capable of replacing or significantly supporting management in target companies (who will often be selling to retire and/or significantly downsizing their role). Typically, the recruited executives will be experts looking to acquire a company like those that Thesis targets.
  - *Buttonwood views this as a rare and strong feature for emerging managers. Established managers frequently employ similar operator-first models to positive effect. That said, Fund materials provide limited background on the stated pool of EIRs, and the program's track record, including EIR use, remains unproven at scale.*
  - *Buttonwood details the specifics of the EIR process later in this section.*

Advisory Committee: Fund materials tout a bench of dedicated external business and sector advisors similar to those at major PE firms advising applicable verticals (e.g., a retired drug company CEO advising managers and subject matter experts of a major PE manager's pharmaceuticals group).
  - *Buttonwood views this as a rare and strong feature for emerging managers. That said, Buttonwood did not verify or interview these individuals to confirm the nature of their participation.*

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Succession Gap: Just over half of business owners have started to approach retirement age, per the U.S. Census' Annual Business Survey. The Exit Planning Institute estimates that roughly 70% of private businesses have no clear succession plan. This provides a sizable pool of potential targets.

- *While there is some ambiguity on the exact demographics of the opportunity, Buttonwood views this as a strong base investment thesis due to significant general supporting evidence from concrete sources and anecdotal experience. Buttonwood discusses the viability thesis in greater detail later in the report.*
- *This also lines up well with the heavy focus on the EIR program.*

Underserved Market: The Sponsor asserts that traditional private equity firms rarely concentrate on this market for various reasons, including scale. The substantial size of the market, coupled with the lack of major manager interests leads to lack of competitive pressure on pricing and key points of negotiation. This creates opportunity for managers willing to evaluate and take on the risk of smaller target portfolio companies.

Primary Improvements: Unlike traditional PE funds that deploy capital over several years before generating returns, the Sponsor's focus on mature, cash-flowing businesses may reduce the typical J-curve drag on early performance. The Sponsor applies professional portfolio management techniques to companies that often lack institutional-grade financial and operational infrastructure.

- Sponsor executives will also engage in direct participation in portfolio company boards and management. They also plan to connect portfolio companies with experienced mentors in the relevant business space via their Executives in Residence Program.

High Degree of Strategic Flexibility: The PPM provides a loose definition of target assets and structuring targets, giving the Sponsor carte blanche to pursue unique opportunities.

- *Buttonwood views this flexibility as a double-edged feature. It empowers the Sponsor to pursue opportunistic acquisitions outside rigid criteria, but also increases the risk of style drift if discipline falters or gaps emerge in investor sophistication, education, or ongoing communication.*

Exit Strategy

Long Term Hold Assets: The Sponsor plans for the Partnership to hold such assets for the duration of its existence (expected at roughly 10-13 Years), eventually transferring them to a continuation vehicle as the Partnership winds down.

- Estimated Allocation: 40%

Transactional Assets: The Sponsor plans to hold such assets until they meet certain performance thresholds. During the Investment Period (3 years from Final Close), the GP retains discretion to reinvest sale proceeds rather than distribute them. After the Investment Period, the LPA requires distribution of cash proceeds "as soon as reasonably practicable" following receipt. The Sponsor controls when the bulk of proceeds are realized, as the Fund's emphasis on capital appreciation over operational cash flows means liquidity is primarily driven by GP disposition decisions rather than recurring income.

- Estimated Allocation: 60%

BW The PPM's Liquidity Management framework (Section XI) describes a target liquidity horizon of approximately 5-6 years from deployment, with recapitalizations expected in early years and significant liquidity events generally beginning in the fifth year following deployment. These represent Sponsor *expectations*; under the LPA the Sponsor retains sole authority over when and whether to dispose of assets, accept a given price, recapitalize, or

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transfer to a continuation vehicle. Because the Fund emphasizes capital appreciation over recurring cash flows, disposition *decisions* are the primary driver of investor liquidity.

- *The LPA provides that investors will receive an option during any continuation vehicle transfer: (A) receive cash liquidity based on the determined valuation, (B) roll their interest into the continuation vehicle on the same economic terms offered to other rolling investors, or (C) elect such other option as approved by the Advisory Committee. Non-electing LPs default to liquidity.*
    - *Existing LPA Language: Assets may be retained up to 2 years after Dissolution Event if sale would "sacrifice significant value."*
    - *The LPA addresses several key CV mechanics directly: valuation must be based on independent third-party appraisal, competitive sale process, or another method approved by the Advisory Committee; CV fees and carried interest require Advisory Committee approval and must be disclosed to LPs prior to election; and the formation and material terms of any CV are subject to binding Advisory Committee approval and the Agreement's conflict-of-interest procedures. Selling group members may wish to confirm with the Sponsor whether CV economics are expected to mirror the Fund's 2%/20% structure or could differ, as the LPA leaves the specific levels to Advisory Committee discretion.*

- While continuation vehicles can benefit investors by avoiding forced sales, they also extend the management fee relationship beyond the original fund term. Investors should evaluate whether CV terms align their interests with management.

Offering Investment Objectives

- *Buttonwood interprets the Offering as pursuing the following investment objectives:*
    - Total Return
        - Capital Appreciation – The PPM emphasizes this as the primary source of returns.
        - Income
    - Diversification – The PPM alludes to this as a distinct benefit, if not an outright objective.
    - Lowered Correlation - The PPM alludes to this as a distinct benefit, if not an outright objective.

- There is no assurance that any of these objectives will be achieved.

- Overall Buttonwood views the Partnership to embody multiple traits of certain private equity risk-return profiles referenced in Appendix C.

- Buttonwood provides a summary analysis of each of the perceived objectives laid out above:

    - Total Return: The Fund seeks to optimize returns to investors through capital appreciation via operational value-add and portfolio aggregation, as well as through income generated. The Sponsor has significant control over when gains may be realized and when distributable funds may be released to investors. They will typically reinvest any realized gains before exit (with some distributions to assist investors with corresponding tax burdens) so as to maximize portfolio company growth.

    - Diversification: Private equity provides unique behavior benefits that provide general diversification to a traditional portfolio. Additionally, the Fund seeks to maintain a sizable roster of diversified assets. That

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said, it will have significant exposure and reliance on the handful of platform companies anchoring the buy and build strategy.

- Lowered Correlation: While still bearing some correlation to public markets due to the foundational similarity of business enterprise investment, private equities have a limited correlation to public markets. This particularly derives from private companies' insensitivity to the following factors:
  - size and frequency of general public market movements and
  - the impact of material information on asset value, among others.
  - These issues tend to affect publicly listed companies far more than private ones. *That said, smaller private companies may be more susceptible to major business inputs like interest rates changes, even if such changes take a significant amount of time to manifest their impact on investor value.*

Strategy – Return/Risk Considerations

- Buttonwood believes the company has a reasonable basis to deliver on the interpreted investment objectives due to its significant returns on a few full cycle assets in the similar predecessor program. However, Buttonwood also notes that the observed full cycle assets had significantly small dollar sizes relative to more recent investments and the Manager has yet to go through a sustained period of bringing larger assets full cycle.

- Buttonwood observed that Thesis Capital performs significant underwriting on its portfolio companies to offset the risk of their size.

- The Partnership uses a hurdle and waterfall structure that Buttonwood views as standard for private equity private placements. The structure consists of an 8% preferred return hurdle, a 20% carried interest assessment, and a 2% annual management fee, all of which are widely considered common in private equity funds.

- The market for lower middle market buy-and-build strategies shows significant potential for high returns. However, this potential remains tempered by considerations like:
  - Buy-and-build strategies require execution capabilities and integration experience that emerging managers may need time to develop. The strategy carries significant execution complexity[4].
  - Small teams lacking sufficient resources may have difficulty working through this complexity[5]. Thesis appears to have worked significantly to mitigate this through the depth of their EIR program, and the Sponsor states that all but one transaction to date has involved the EIR program. While the approach has not yet been demonstrated at Fund-level scale or across a full fund cycle, Buttonwood notes established managers employ and/or have employed similar operator-first programs to positive effect.
  - Industry managers performance in the strategy can vary widely[6].
  - Buttonwood covers the market and the specific nature of the sub-asset class to a greater degree in the Market Analysis section of the report.

Investment Process

Thesis Capital provided extensive descriptions of their investment process, primarily focusing on the steps taken.

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[4] https://www.bain.com/insights/buy-and-build-global-private-equity-report-2019/
[5] See generally--https://knowledge.insead.edu/economics-finance/how-private-equity-firms-can-ace-buy-and-build
[6] https://www.verusinvestments.com/the-private-equity-return-premium-its-not-just-due-to-illiquidity/

The founding partner, Ian Reynolds, leads all sourcing, acquisition, and asset management decisions. He delegates a significant amount of asset management and portfolio company oversight to Partners Chris Kirsch and Josh Wolf. Mr. Connor Chakeen, the final partner, focuses primarily on capital markets efforts with Mr. Wolf, but his background implies significant capacity to provide material intermittent support for investment work as requested and as his primary duties permit. As an independent director, Mr. Belton provides substantial advice on governance, compliance, and stakeholder oversight. Their support architecture includes a team of three investment associates and a software engineer focused on data and automation improvements. Per the Sponsor, Mr. Wolf has engaged in 45 transactions and is able to handle end-to-end transactions for Thesis in the same manner as Mr. Reynolds. Mr. Wolf also holds the Chartered Financial Analyst designation. Mr. Kirsch's primary focus is to lead and manage the EIR program, a key part of Thesis' strategy differentiation. Buttonwood views this as a sizable, experienced team for an emerging Sponsor.

Acquisition decisions ultimately go through the investment committee after compilation and presentation of an investment memo covering the following components:

- Target Overview
- Financial Analysis
- Market Analysis (Industry, Dynamics)
- Operational Due Diligence
- Management
- Value-Add Proposal & Deal Structuring
- Risk and Return Projections
- The Sponsor stated that Quality of Earnings and legal reviews are conducted on each transaction conducted.

The existing investment committee consists of the following participants:

- Ian Reynolds, Managing Partner
- Connor M. Chakeen, Partner
- Josh Wolf, Partner
- Two Independent Members (Mr. Timothy Belton currently serves as one.)

BW Investments below $5 million may be made without any independent approval, a significant remaining risk. Investments above $5 million require unanimous investment committee approval.

BW Per the PPM, the independent investment committee members must "be appointed within 90 days of the initial closing, subject to Advisory Committee approval. Independent members must (i) have at least 15 years of private equity or relevant operating experience; (ii) have no financial interest in the General Partner; (iii) not be affiliates of the General Partner or limited partners; and (iv) devote sufficient time to committee duties. Independent members may receive reasonable compensation (not exceeding $25,000 per year each) paid by the Partnership."

BW Certain decisions will escalate to an advisory committee, consisting of at least three members elected by a majority interest of limited partners to staggered two-year terms. Advisory committee decisions include:

- Approve transactions between the Partnership and General Partner affiliates exceeding $1,000,000.
- Approve continuation vehicles or General Partner-led secondary transactions.
- Key Person Removal/Replacement
- Approve material amendments to the partnership agreement.
- Approve extensions of Partnership term.

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- In addition, the Advisory Committee's consent is required before the Fund may:
  - Make a single Portfolio Investment exceeding 15% of total commitments
  - Invest more than 20% (including bridge financing) in a single Portfolio Company
  - Invest more than 25% in non-U.S./Canada Portfolio Companies
  - Hold Strategic Investments exceeding 20% of total commitments
  - Invest in pooled funds that charge management fees or carried interest
  - Invest in real estate assets or oil/gas production businesses
  - Enter into speculative derivatives (other than those related to Portfolio Company investments)
  - Invest in a company in which the Principals or affiliates hold a pre-existing interest
  - Acquire or sell a material interest in a Portfolio Company from or to the Principals or affiliates
  - Raise a Successor Fund before the Investment Period ends or 51% of capital is deployed

- Such advisory committees, also known as LPACs, are common among private equity programs, particularly institutional ones. Terms can vary significantly fund to fund, and committee members' interests may conflict with those of non-committee Limited Partners. Buttonwood views the Advisory Committee's structure — LP-elected with binding authority over material matters — as consistent with institutional standards and a meaningful governance safeguard for investors.

- **Co-Investment Allocation Policy:** Thesis offers co-investments to all LPs pro rata based on capital commitment, with ten business days to accept. Thesis re-allocates declined amounts pro rata among participants. Minimum co-investment rests at the lesser of $500,000 or 2× the LP's pro rata share. Thesis retains discretion over structure and fees, and may impose a minimum acceptance rate (e.g., 67% of prior offers) to ensure execution certainty. Thesis discloses allocation statistics annually to the Advisory Committee.

- **Allocation Conflicts Policy:** The Sponsor may manage other vehicles with similar LMM mandates and retains full discretion for allocation conflicts. That said, the PPM indicates that the Sponsor allocates opportunities based on available capital, mandate fit, diversification, and deal size. To manage conflicts, partial fills, and limited slots, the Sponsor uses a rotation approach across applicable accounts/Funds. This is a positive approach relative to most private placements Buttonwood has reviewed, however significant allocation priority risk remains.

- **Time Allocation:** Mr. Reynolds and Mr. Chakeen will each devote a substantial majority of their business time to Partnership affairs" during the Investment Period, and "such time as is reasonably necessary to conduct the business affairs of the Partnership in an appropriate manner" thereafter. This suggests a length of time generally in line with most portfolio managers.

- Buttonwood views the presence of the investment committee and the present expertise as strong components of the investment process relative to most emerging Sponsors it has reviewed. Buttonwood also views the requirements for independent directors as strong relative to most alternative investments it has reviewed, including a significant number of publicly registered ones. This dovetails with other uncommon private placement governance expectations (though the Sponsor retains carte blanche to move away from most of these).
  - Other positive governance expectations:
    - The Advisory Committee (though its non-fiduciary capacity limits governance effectiveness, particularly for the smaller and less sophisticated clients that may invest)
    - Quarterly Reporting & Annual Audited Financial Statements
    - Key Person Provision: Suspends investment period if a Key Person leaves the Sponsor/Fund.

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- Investment-related conflicts include, but are not limited to:
  - *The Sponsor and affiliates may receive fees and/or reimbursement from portfolio companies or searchers. While such costs offset 100%. against management fees, conflict remains: Thesis controls affiliate engagement and fee structures may not be arm's-length, potentially inflating costs at the portfolio company level and reducing LP returns.*
  - *Principals and employees may serve on boards or engage in other ventures, including competing investment partnerships, without restriction.*
  - *In addition to compensation and expense reimbursement, indemnification arrangements between the Partnership and Sponsor affiliates are not negotiated at arm's length. The Sponsor determines its own entitlement to exculpation and indemnification.*

- Buttonwood notes that investment committee procedures frequently exist at the Sponsor level, but not within Fund document memorialization.

In lieu of investment committee memos, the Sponsor provided significant case study data, including impromptu summary one sheets covering much of the same basic data one would expect of an investment memo. As the firm grows, Buttonwood would expect investment memos and investment committee production to formalize into regularized processes to accommodate wider personnel participation (standardized production, longer memo documents, set meeting periods). In organic discussion with the Sponsor, several of these improvements have already taken place (standing weekly investment team meetings, increase in staff size to current count of nine, etc.).

Thesis built its investment process as repeatable and scalable to identify, screen, underwrite, structure, and monitor its target company investments, all with well-defined steps. Thesis utilizes a "dual pipeline" whereby it sources and analyzes investment opportunities *and* entrepreneurs it believes will prove the best fit to take over management from targeted deals from the sellers – The EIR Program. They structure their process to best match entrepreneurs with sellers providing deals for investment. Buttonwood has summarized each step and relevant components below, using various pieces supplied by Thesis.

- Thesis' specific outline of the EIR process emphasizes that executive searches tend to drive target portfolio company searches in the "dual pipeline" process rather than company acquisitions driving executive searches and vetting. That said, Buttonwood discusses the basic sourcing before diving into the more unique EIR process.

Summary of Steps

1. Sourcing/Deal Review
2. Validation/Incubation
3. Feasibility Test
4. Capital Raise
5. Pursuit
6. Buy and Scale (Respective entrepreneurs installed at or near top of management in acquired portfolio company)

Sourcing/Deal Review

Thesis sources assets proactively through a variety of conduits, both internal and external, so as to build its own independent perspective for each potential asset. Broker sites produce the bulk of opportunities. They also develop

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relationships with other market participants including passed potential investees, peers, competitors, and other investors in target markets to develop, and in some cases share, deal flow in diversification efforts.

New deals must eclipse an initial cash flow threshold of roughly $2 million for consideration and inclusion in the firm CRM tool. The initial screen filters out deals for items like industry focus, EBITDA, revenue, margins, etc. Management then submits requests for deals that pass this screen. If they receive a response of interest, they and the target firm sign a non-disclosure agreement (NDA) and the target firm supplies a confidential investment memorandum (CIM). A CIM contains the most pertinent next level information for acquisition consideration: an executive summary and overview, product/services description, industry/market data, management background, financial statements, financial projections, as well as company active and future initiatives. Without a CIM, a deal will not move forward. Thesis may also pursue off-market deals in a similar, but distinct manner.

Thesis primarily targets firms with firms with $5 million to $100 million in annual sales at a projected EBITDA purchase multiple between 1x – 5x. They model for these investments to typically yield between 20%-30%.

Side Note: Thesis has incorporated email automation for the various steps as part of its process.

- On market and off market opportunities. Loading the data into a specially built data room – proprietary technology. Capture on market opportunities via this system. Layers of screening: investment team member, eyes, completeness, specially built AI tools analyze it. If it meets baseline, it goes into formal CRM to see it. Data enrichment allows similar opportunity to do a cross check. Goes to EIR with specific expertise. Thesis internal assigned member reviews the memo with them. This moves more into more concrete pursuit of the deal to see if a letter of intent will be offered.

- <u>Proprietary Tech and the Pipeline:</u> Thesis documentation indicates that it screens 8,100 deals every six months, with the actual count regularly exceeding this figure. Roughly 40% of these initial prospects have greater than $3.5 in earnings, 30% have between $2.0 million & $3.5 million, and the remaining 30% have under 2 million. These deals are curated by a variety of artificial intelligence and data tools specially calibrated by Thesis team members, and affiliates. Dr. Hari Radhakrishnan, a medical doctor, entrepreneur, and tech executive who recently exited his software company, has worked collaboratively with Thesis to develop the custom tools the company uses. His background skillset in statistical analysis using advanced artificial intelligence programs has enabled the company to build a custom fit solution. These tools hook up to major existing commercial databases for private equity deals. Additionally, Thesis use a proprietary search crawler to mine specifically identified broker sites and other resources for deals and relevant information.
    - Once the deals pass the basic thresholds (based on 200+ data points that form pictures on topics from basic contact info to underwriting targets), the potential deals are loaded into the Thesis CRM, which gives the team the ability to quickly analyze the deals for their viability at the next step in the pipeline/review process. Relevant team members vote once they have run through this analysis, and if a deal receives sufficient votes, it passes on to the next stage.
        - The Sponsor supplies the basic sourcing screen steps in the PPM:
        - Universe Identified: approximately 8,100 potential opportunities.
        - Companies Screened: approximately 2,500 companies evaluated for basic fit.
        - Detailed Analysis: approximately 500 companies subject to financial and operational review.
        - Active Pipeline: 15–20 target companies in advanced diligence.
    - Thesis runs deal meetings weekly on Thursday to cover any deals with special considerations or deals that were flagged by the team for special review.

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- In the latter stages, they apply a progressively higher degree of analysis and internal underwriting metrics (including those previously cited.

Each deal that makes it into the CRM is assigned to an investment team member and the relevant EIR representative to monitor and evaluate. These individuals represent the deal throughout the pipeline review process.

BW Buttonwood views the deal count and process sophistication as relatively high compared to most private equity sponsors it has reviewed. The high deal count results from the pure size of the market coupled with the proprietary tools' ability to aggregate and synthesize the relevant data in that market.

- Buttonwood views the process as described to be efficient based primarily on the proprietary tools' simplification of the Sponsor's desired analysis, but believes each selling group member should review and determine their own view on its merits. Buttonwood encourages potential selling group members to have an in-depth discussion with the Sponsor on the proprietary tools and the data points in order to understand how the information is processed efficiently. Many private equity managers claim to manage heavy information streams, but many lack the ability to process it efficiently.

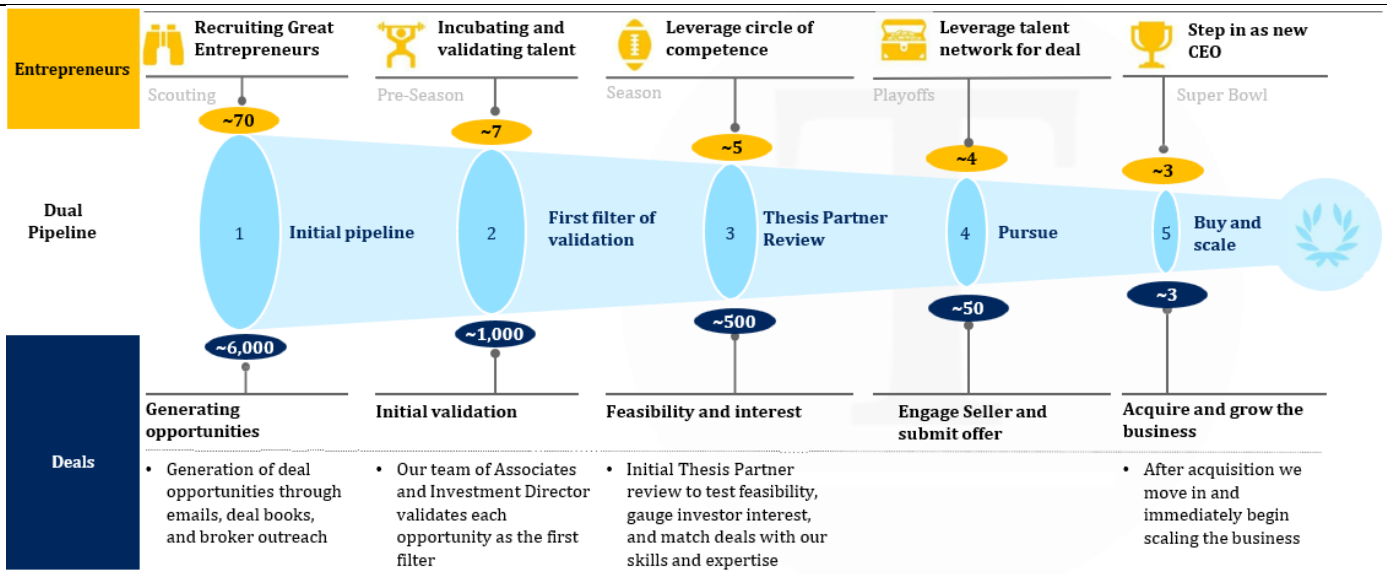
Next Steps

Buttonwood observed a distinct summary of the steps from a Thesis PowerPoint presentation. Prior to sourcing, the Executives in Residence program (run by the investment team) recruits and staffs the pool of entrepreneurs that Thesis will match with selling companies to take over most day-to-day management duties.

Stage	Description	Typical Investment ($)
Incubate	Recruit top operators into our Executives-in-Residence (EIR) Program	Nominal GP-Funded Program Costs
Search & Screen	Leverage proprietary software and networks to uncover opportunities	GP-Funded; no LP capital deployed
Capital Raise	Thesis and the EIR bring the structured opportunity to market	$3M-$50M (from equity investors)
Acquire	Execute control acquisitions and install the EIR as CEO	$9M-$100M TEV
Build Value	Implement operational best practices, pursue bolt-on acquisitions, and organic through active ownership	Drawn from reserves as needed
Recap / Exit	Recapitalize or exit when the business has scaled and markets are favorable	$50M-$1B exit/recap transaction value

The numbers in ovals show the approximate count considered during each stage, with the process occurring in roughly six-month intervals.

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The Sponsor provided limited documentation around structuring and making acquisition decisions. Buttonwood notes Thesis had eleven letters of intent (LOIs) sent between March and the end of November 2025. They generally bunched around a few different weeks in that span, concentrated particularly heavily in Q3 2025.

EIR Program Specifics (From the PPM)

"The Partnership's investment strategy is built around the Executive-in-Residence ("**EIR**") program, which differs from traditional private equity by prioritizing operator identification before deal sourcing. Unlike traditional private equity firms that source deals and then recruit management, the General Partner identifies and vets, recruits, and supports experienced industry executives searching to acquire businesses before, during the acquisition of businesses.

The EIR model consists of four stages:

1. **Talent First (6–12 months).**
    a. Recruit experienced industry executives with proven track records.
    b. Conduct comprehensive background and reference checks.
    c. Assess leadership and cultural fit and develop an investment thesis within the executive's area of expertise.
    d. Establish economic alignment, typically granting 10–20 % of portfolio company equity with vesting tied to value-creation milestones.
2. **Thesis Search (3–6 months).**
    a. Identify companies that align specifically with the EIR's background, expertise, and investment thesis.
    b. Leverage the EIR's industry relationships to source proprietary opportunities and conduct targeted outreach.
    c. Jointly evaluate companies to ensure alignment before pursuing diligence.
3. **Transition Management (3–6 months post-closing).**
    a. Following acquisition, the EIR assumes a senior operating role (typically Chief Executive Officer or Principal) to manage the ownership transition.

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   b. Shadow the legacy owner pre-closing; communicate promptly with employees, customers, and suppliers; assess organizational structure; and develop a 100-day plan with quick wins and strategic priorities.
4. **Institutionalization and Value Creation (3–5 years).**
   a. Drive revenue growth initiatives (sales professionalization, marketing infrastructure, product expansion).
   b. Improve margins through procurement optimization, process efficiency, and overhead management.
   c. Upgrade talent by recruiting functional leaders in sales, finance, and operations.
   d. Implement systems (ERP, CRM, business intelligence, financial reporting) and pursue add-on acquisitions to achieve scale.
   e. Transition business models toward recurring revenue where applicable."

Asset Management

Thesis conducts active asset management by investing a substantial amount of front-end time researching and building relationships with specialized executives they can place in the top management position(s) of target and active portfolio companies (see EIR program above). This allows Thesis to limit the number of portfolio company-level management and/or board positions its own principals will need to take, freeing these individuals up to conduct wholistic portfolio analysis and concentrate on closer participation for major positions. Thesis' team maintains consistent contact with its 'Executives in Residence' at each portfolio company so as to weigh material escalations quickly and gather relevant monitoring information efficiently.

- Buttonwood observed Thesis growing its team to account for its growth plans, up to nine staff members. Buttonwood views this as sizable staff count for a Sponsor of this size (particularly with four investment partners with significant experience) and encourages monitoring the team evolution.

Target Metrics

- Thesis underwrites targets based on a number of qualitative and quantitative factors including, but not limited to:
  - Qualitative (Simplified by Buttonwood)
    - Is the business reasonably understandable?
    - What is the talent and ethics/trustworthiness level of management?
    - Does the business have a durable competitive advantage?
    - Is the price and transaction appropriate for a go-forward hold?
  - Quantitative (Simplified by Buttonwood)
    - Cash Flow: $4M-$10M; EBITDA Margins >15%
    - Price at 3.5x-5.5x Free Cash Flow
    - Low Cap Ex Needs (<10% of Cash Flow); Low Insurance Needs
    - 60% of revenue from predictable products/services
    - Customer Concentration<10%
- Thesis concentrates on the following risk management metrics to optimize its portfolio:
  - Primarily fixed rate debt capped at 3.5x EBITDA
  - High Free Cash Flow assets with conversion potential
  - Avoidance of international supply chain exposure (See COVID-19)

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- Diversification across target sectors
- Substantial portfolio company due diligence

Portfolio Overview

Portfolio: Predecessor Fund

Thesis Partners, LP Portfolio Summary

Buttonwood analyzed a recent copy of the predecessor fund's portfolio as provided by the Sponsor as of December 2025. Thesis emphasized that it limits investments to receive capital from a single fund or managed entity under their purview, though some assets may aggregate in continuation and or holding company vehicles a later date as its Partnerships close.

The portfolio document provided balances for portfolio company investments, their operational status (operating, exited, etc.), asset debt, acquisition date, total transaction amount for the portfolio company, and equity returns to date, among other figures. Based on these data points, Buttonwood observed following considerations:

- The Fund experienced a substantial increase in size of its investments starting in 2023, continuing through to present. This coincides with when the executive team started to increase, and indicates a ramp-up in available capital.
- The Cadillac position and Ridge position represent the vast majority of open equity, over 75%.
- These positions represent a shift in focus as well, from technology pre-2023 to industrial manufacturing/services between the start of 2023 and present.
- The fund has had small position count for its entire life, never holding more than four positions at a time.
- Cadillac bases itself in Puerto Rico. This introduces jurisdiction-specific regulatory, tax, and operational considerations (Act 60 incentives, hurricane risk, local labor market).

Portfolio Summary (December 2025)	
Position Count	4 Operating (1 Pending)
Portfolio Size Current Balance	$31,980,000
Capital -- All Sources	$91,580,000
Portfolio Stake in Total Capital	35%
Average Position Size	$7,995,000
Median Position Size	$7,945,000
Average Position Size (% of Portfolio)	25%
Median Position Size (% of Portfolio)	25%
Oldest Acquisition Date for Among Active Positions	September 2022
LTV (Portfolio Companies)	65%
Avg. Portfolio Company EBTIDA Margin	~ 23%
Sectors	Technology Services, Software, Industrial Manufacturing/Services, Healthcare

- Provided materials have limited insight into outside, parallel, or co-investment positions, if any.

Predecessor Fund Portfolio Detail

Buttonwood summarized the primary Fund portfolio detail points from the portfolio document provided by the Sponsor.

Metric	Value
Confirmed Equity Deployed	$31,980,000
Total Debt Exposure	$59,600,000
Portfolio Debt	65%
Top Position Concentration	~48% (Cadillac Services)
Top 2 Position Concentration	~76% (Cadillac + The Ridge)
2024-25 Acquisition Concentration	97.5%

Debt Detail						
Company	Senior	Seller Note	Total	Rate	Amortization	Lender
Cadillac	$20.5M	$5.0M	$25.5M	12%	1% + 50% ECF*	Tamarix Capital
The Ridge	$21.6M	--	$21.6M	TBD	TBD	Prospect Capital
Nema	$10.0M	$2.5M	$12.5M	12% + PIK	None	Farragut Capital
Total	$52.1M	$7.5M	$59.6M	--	--	--

Position Detail						
Company	Sector	Industry	Status	Geography	Equity	Entry Multiple
Cadillac Services	Commercial Services	Laundry & Cleanroom (Pharma)	Operating	Puerto Rico	$15,300,000	6.4x
Nema Enclosures	Industrial Manufacturing	Electrical Enclosures (Custom)	Operating	Texas	$7,000,000	4.9x
Prosupplyr/Daily	Distribution	B2B Commercial Cleaning Equipment	Operating	Central Asia/India	$790,000	4.6x
The Ridge	Healthcare	Healthcare Services	Operating	Ohio	$8,890,000	4.4x
Structural Integrity Group	TBD	TBD	Pending	TBD	$9,440,000	4.4x

- Buttonwood excluded Brightstar from the operating portfolio, despite the potential for the Fund to retain some exposure. The report discusses this in greater detail at the end of the section.

- Cadillac Services represents 47.8% of confirmed deployed equity. Single-position exposure remains elevated. Combined with The Ridge, the top two positions represent 76% of deployed equity.

- 97.5% of current capital was deployed in 2024-2025, creating significant vintage concentration and limited runway for operational value creation prior to exit.

- The largest positions carry elevated leverage:
    - Cadillac: 4.0x Debt/EBITDA ($25.5M / $6.4M)
    - The Ridge: 3.1x Debt/EBITDA ($21.6M / $6.9M)
    - While within market norms for sponsored transactions, these levels warrant attention given position size and recent acquisition dates. Covenant compliance and debt service coverage deserve monitoring.

- Cadillac's entry multiple of 6.375x exceeds the Sponsor's stated target range of 1x-5x EBITDA, a moderate outlier compared to the other positions. The portfolio average of 5.07x remains at the upper boundary of the target range.

- *Sponsor documentation does not clearly delineate Fund I capital from co-investor capital across transactions—Brightstar's retained position is split ambiguously between Fund I LPs and "family and close friends," Cadillac's sources show separate "Buyer Equity" and "Investors Equity" line items without clarifying Fund I's share, and the capital stack charts reference a "Remainder" category that is undefined. This lack of clarity makes it difficult to assess Fund I's actual economic interest, control rights, and concentration exposure at both the deal and portfolio level. Buttonwood strongly recommends potential selling group members request, receive, and review written clarifying documentation.*

- The portfolio demonstrates meaningful industry diversification across healthcare services, commercial and industrial services, and manufacturing. The portfolio is not concentrated in a single end-market. However, the following concentration risks warrant ongoing monitoring.

- The 2024 vintage concentration remains the primary diversification concern because the portfolio has limited time for operational improvements to materialize before exit.

- Geographic dispersion is adequate domestically but introduces emerging market execution risk through the Prosupplyr position.

- Prosupplyr operates at thin EBITDA margins (~8-9%) relative to typical PE targets.

- Structural Integrity Group appears as a pending transaction ($20M enterprise value, $9.44M equity, $11.5M debt, 4.35x multiple). Its status and closing timeline should be confirmed. If closed, concentration metrics would adjust modestly (top position drops to ~37%, 2024-2025 vintage remains above 90%). Once closed, it would become the second-largest position.

Buttonwood reviewed a significant sample of transactional documentation supporting the referenced assets, including operating agreements and related entity agreements. The sample review generally showed significant asset control similar to the positions described in portfolio documents. Due to the number of positions and the naming conventions used across the documentation, independent verification of Sponsor control over the subject assets requires cross-referencing a substantial number of agreements — a process that may prove difficult and time-

consuming for selling group members, investors, or other reviewing parties Buttonwood encourages the Sponsor to organize and consolidate this documentation to improve clarity around asset ownership and operational control — a control or relationship map with supporting agreements identified at each node may help considerably — and notes that future documentation should evidence control at the Fund level rather than the Sponsor level.

Additional Positions Commentary

Buttonwood noted that certain referenced positions across the Sponsor's documentation were not fully reconcilable based on the materials provided. Further clarification from the Sponsor may be warranted to support a more complete portfolio analysis.

- **Brightstar (Potential Retained Exposure):** Brightstar was acquired by Thesis Capital Partners entities (including Fund I) in April 2023 for $1.9M in equity and exited in December 2023 via a tax-free share swap. Approximately $950K of the original equity was redeemed for cash at 1.35x MOIC, while the remaining ~$950K was converted to TCM/TCP shares by investors described as "family and close friends tied to acquiring partners and select other investors." *The portion of the converted shares attributable to Fund I LPs versus co-investors has not been confirmed, and if Fund I retains exposure, it represents an illiquid, related-party position in the sponsor's own management company that merits strong disclosure and independent valuation. Buttonwood strongly encourages potential selling group members to request, receive, and review clarifying documentation on each step of the transaction.*

Sample Case Study Analyses

Buttonwood summarized the following from PowerPoint slides on each for the confirmed Fund positions, but notes the slides contain significantly less information than Buttonwood typically observes in the more typical comprehensive investment memos of seasoned private equity, private credit, and private real estate managers. The case study materials, and corresponding portfolio data, present summary investment narratives without the level of supporting detail needed for independent underwriting. Specifically:

- Entry financials in the Sponsor's case study materials lack quality of earnings reports, normalization adjustments, or trailing period context. The Sponsor states that quality of earnings analyses and legal reviews are conducted on each transaction; selling group members may wish to request and review these materials directly.
- Transaction structures reference percentage allocations but not well disclosed sources and uses, including co-investment clarity.
- Value creation claims are stated without periodic reporting support demonstrating how results were achieved.
- Similarly, operating metrics are limited, rather than systematically tracked and reported.
- Forward-looking exit assumptions for current positions, including target hold periods, multiples, and buyer universe, are not addressed.

Cadillac Services (Puerto Rico – Commercial Services)

Cadillac Services is a commercial laundry and cleanroom services provider that was founded in 1925 in Detroit and relocated to Puerto Rico in 1966.

- The company holds more than 70% market share in its island geography and serves blue-chip pharmaceutical clients through an integrated delivery fleet that covers 100% of Puerto Rico.

- The company operates at less than 60% capacity utilization, which represents significant upside potential, and there is opportunity to expand customer wallet share beyond laundry services.
- The transaction was structured as an asset purchase with 74% cash, 10% seller roll, 13% seller note, and 6% held in escrow.
- The primary risks include geographic concentration with 100% of operations in Puerto Rico and concentration among pharmaceutical clients.

Nema Enclosures (Texas – Industrial Manufacturing)

Nema Enclosures is a custom electrical enclosure manufacturer that holds ISO 9001 and NEMA, IP, and UL certifications. The company serves more than 150 clients across the technology, energy, water treatment, and fire protection industries.

- The company benefits from a diversified customer base, a strong eCommerce presence, and a strategic location in the US South.
- A new powder coating facility opened in 2024, adding 20% capacity, and the company has made recent investments in laser equipment and an ERP system.
- The transaction was structured as an asset purchase with senior debt and a 16% seller equity roll that is collateralized and subordinated.
- The primary risks include exposure to cyclical industrial demand and concentration in a single manufacturing site.

Prosupplyr/Daily (Central Asia – Distribution)

Prosupplyr is a B2B commercial cleaning equipment distributor that operates one of the largest online portals for B2B distribution in the Central Asia region.

- The investment represents a long-term play on increased industrialization and rising GDP per capita in the region, and the company currently serves Fortune 500 equivalent clients.
- The company's debt is nearly paid off, the earn-out tranches are nearly complete, and an ERP system has been implemented.
- The transaction was structured as an asset purchase with senior debt, subordinate seller financing, and a seller earn-out.
- The primary risks include international execution challenges, currency exposure, and an extended market development timeline.

The Ridge (Ohio – Healthcare)

The Ridge is a comprehensive behavioral health platform founded in 2011 in Milford, Ohio, serving high-income professionals seeking discreet, personalized addiction treatment and mental health services.

- The company operates a premium 27-bed residential facility with strong clinical outcomes, excellent reputation, and approximately 80% utilization. It is one of only two comparable facilities in the Midwest and approximately 60 nationwide, creating a clear supply-demand imbalance in the premium segment.
- The facility is approved for a 5-bed expansion representing near-term capacity growth of approximately 20%, with additional upside through a planned outpatient center launch in Columbus.
- The company generates EBITDA margins above 40% with low capex needs and predictable collections from high-income clientele.

- The transaction was structured as a stock purchase with an interest-only senior loan with balloon payment, 20% seller note, and 4% seller equity roll. Entry multiple was approximately 4.4x on $6.9M EBITDA (Q1 2025 Quality of Earnings basis).
- Thesis holds a control position with seven voting board members.
- The primary risks include regulatory and compliance requirements typical of healthcare services, single-facility concentration, reimbursement and payer negotiation dynamics, and reputational sensitivity given the high-profile clientele.

Market Considerations: Lower Middle Market Private Equity

Lower Middle Market Private Equity Overview

The lower middle market (LMM) lacks a universal definition. Industry sources variously define it as businesses with enterprise values between $25 million and $1 billion, though practitioners often define it under a variety of ranges and metrics. Thesis Partners II targets companies with $5 million to $100 million in annual revenues at entry, positioning it at the lower end of the broader middle-market spectrum.

Middle-market PE dealmaking increased 10.9% in 2024, with deal value tracking at $345 billion through the first half of the year.[7]Industry forecasts project the lower middle market segment expanding at a 12.31% compound annual growth rate through 2030, though such projections carry inherent uncertainty.[8] As of year-end 2023, middle-market PE funds held $455.8 billion in dry powder, representing approximately 49.8% of total U.S. private equity dry powder.[9]

Market Characteristics

The market remains fragmented, with founder-owned companies representing 54.2% of deals in Q2 2024, up from 49.4% in the prior quarter and above the five-year average of 53.5%.[10] Add-on acquisitions dominate deal activity: nearly 54% of transactions valued between $1 million and $500 million in the first three quarters of 2024 were add-on investments. For deals valued between $1 million and $10 million, add-ons represented 75% of activity.[11]

In the lower middle market specifically, roll-ups accounted for over 80% of all deals in 2024, reflecting the dominance of consolidation strategies in this segment.[12]

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[7]PitchBook, U.S. Private Equity Middle Market Reports (2024). Middle-market defined as $25M-$1B enterprise value.
[8]Mordor Intelligence, Private Equity Market Analysis (2024). CAGR figure represents forecast through 2030; actual growth rates may vary.
[9]PitchBook data as of year-end 2023.
[10]Benchmark International, "U.S. Private Equity Middle Market Update" (Q2 2024).
[11]GF Data, "Small Deals Big Factor in Middle-Market Private Equity in 2024," Middle Market Growth 2025 Outlook Report.
[12]Cherry Bekaert, "Private Equity Report: 2024 Trends & 2025 Outlook" (February 2025), citing PitchBook data.

Baby Boomer Succession Thesis

A core element of the Partnership's investment thesis centers on the demographic transition of business ownership as baby boomer owners approach retirement age. This thesis is supported by substantial, though somewhat imprecise, data.

Approximately 52.3% of U.S. employer-businesses are owned by individuals aged 55 and older, per the U.S. Census Bureau's 2022 Annual Business Survey. The PPM's reference to "51%" likely derives from this data point.

Baby boomers own approximately 2.34 million small businesses in the United States, employing more than 25 million people.[13] Between 2024 and 2027, an estimated 4.1 to 4.2 million people will reach age 65 each year—the highest rate in U.S. history, with roughly 11,000 baby boomers reaching retirement age every day.[14] Baby boomers constitute approximately 40-50% of small business owners nationally.[15]

Succession Planning Gap

The PPM references the Exit Planning Institute's estimate that roughly 70% of private businesses have no clear succession plan. Multiple sources corroborate this general range, though with varying methodologies:

- Wilmington Trust surveys indicate that 58-60% of small business owners have not completed or even contemplated a succession plan.[16]
- The National Association of Corporate Directors reports only about 25% of private organizations have a formal succession plan.[17]
- The Exit Planning Institute's 2025 State of Owner Readiness report found that only 13% of baby boomer business owners have a written personal plan, and just 22% have completed a value enhancement project.[18]
- Three-quarters of family-owned manufacturing companies have baby boomer owners, and of those, half have no succession plans. Overall, 62% of family-owned manufacturing companies have not designated a specific successor.[19]

Data Quality Assessment

Buttonwood notes important caveats regarding the precision of this thesis:

- The Census Bureau does not segment owner demographics by business size in a way that maps cleanly to the Partnership's target range. The 52% figure applies to all employer businesses.

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[13]U.S. Census Bureau data as cited in CNBC (December 2019) and Hadley Capital (February 2021).
[14]KUMO, "Baby Boomer Retirements and SMB Market Demand" (2025), citing multiple sources including ManpowerGroup.
[15]Teamshares, "Small business survival in the wake of the silver tsunami" (June 2025).
[16]Wilmington Trust survey, as cited in CNBC (December 2019) and Hadley Capital (February 2021). Survey methodology and sample size not independently verified.
[17]National Association of Corporate Directors, as cited in Bremer Bank insights. Original source and methodology not independently verified.
[18]Exit Planning Institute, "2025 State of Owner Readiness: Generational Report" (2025).
[19]Great Cities Institute at the University of Illinois at Chicago, as cited in Hadley Capital (February 2021).

- Succession planning survey methodologies vary substantially across sources, creating a range of estimates (58-75% lacking formal plans) rather than a precise figure. That said, both ends of the observed range represent a substantial market segment.

- The demographic transition thesis appears well-established, but timing remains uncertain; many business owners delay exit longer than anticipated.

Notwithstanding these limitations, Buttonwood views the demographic thesis as directionally sound and supportive of sustained deal flow in the target market segment.

Buy-and-Build Strategy Performance Research

Academic and industry research suggests elevated return potential for small-platform buy-and-build strategies relative to larger buyout approaches. However, Buttonwood emphasizes that available data carries significant limitations that prevent precise benchmarking for the Partnership's specific strategy.

Boston Consulting Group's 2016 study on buy-and-build strategies found that small platform deals generated substantially higher average IRRs than medium or large platform deals.[20] The study attributed this to multiple expansion as platforms scale, with valuation multiples of smaller companies expanding faster than larger counterparts. *However, this study is now nearly a decade old, methodology details are limited in publicly available summaries, and market conditions—particularly interest rate environments and competition levels—have changed materially since publication.*

More recent peer-reviewed research from ScienceDirect (2022) examined 3,399 buyouts between 1997 and 2020, finding that despite paying sizable premiums for buy-and-build platforms, private equity firms generated above-average equity returns due to both higher top-line growth and multiple expansion.[21]

Cambridge Associates' 2024 benchmark data shows the U.S. Private Equity Index returned 8.1% for calendar year 2024, with buyouts at 7.9% and growth equity at 8.8%. Returns for the U.S. PE index exceeded the S&P 500 for periods longer than three years.[22] Hamilton Lane research suggests middle-market strategies have historically outperformed large-cap PE, though the magnitude varies by vintage and methodology.[23]

Data Limitations

Buttonwood emphasizes the following limitations in applying industry performance data to the Partnership:

- **No isolated dataset:** No specific research isolates first-time manager performance in lower middle market buy-and-build strategies specifically. Data on emerging managers, LMM funds, and buy-and-build strategies exist independently, but not at their intersection.

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[20]Boston Consulting Group, "The Power of Buy and Build" (2016). Study is now nearly a decade old; methodology, sample size, and time period covered not independently verified. Market conditions have changed materially since publication.

[21]ScienceDirect, "Pricing and value creation in private equity-backed buy-and-build strategies" (September 2022). Peer-reviewed study examining 3,399 buyouts between 1997-2020.

[22]Cambridge Associates, "US PE/VC Benchmark Commentary: Calendar Year 2024" (August 2025). Figures represent pooled horizon IRRs net of fees.

[23]Hamilton Lane, "The Case for Middle Market Private Equity" (2025).

- **Survivorship bias:** Published performance data generally reflects funds that successfully raised capital and reported results, potentially overstating typical outcomes.
- **Vintage sensitivity:** PE returns vary substantially by vintage year. The Partnership's deployment period will face different market conditions than historical averages reflect.
- **Definition variance:** "Lower middle market," "small platform," and "buy-and-build" are defined differently across sources, complicating direct comparisons.

Competitive Dynamics

The PPM's assertion of limited competition in the lower middle market is supported by industry dynamics, though the picture is nuanced. Entry multiples for non-backed, founder-owned businesses in the $1-10M range averaged 5.5x trailing EBITDA in 2024, compared to 7.1x for all middle-market deals, indicating persistent pricing differentials at the smaller end.[24]

Buttonwood also observed that emerging manager proliferation has increased significantly. 189 new firm launches were tracked in 2024 alone.[25]

Strategy-Specific Risk Considerations

Execution Complexity: Bain & Company's 2024 Global Private Equity Report notes that making buy-and-build work "can be a major challenge" and that success "relies on M&A expertise, thoughtful integration, and the capabilities to execute a clear and actionable value-creation plan."[26] Higher interest rates have made the strategy harder to execute, particularly for platforms relying heavily on multiple arbitrage rather than operational improvement[27]. The Partnership plans for a significant mix of these approaches, leaning strongly towards operational improvement.

Manager Dispersion: Performance dispersion remains substantial in private equity. Hamilton Lane's analysis notes that "dispersion of private equity returns has come down by so small an amount that it is hardly worth considering"—contradicting efficient market theories that predicted compressed dispersion as the industry scaled.[28] Strategy selection alone does not guarantee returns; manager selection remains critical.

Current Market Environment (Overall Private Equity)

- **The overall PE market has a significant accumulation of unsold assets.** Roughly 30,000 unsold PE assets worth $3.6 trillion clog exit pipelines. At current exit pace, it would take approximately seven years to clear the backlog of portfolio companies aged four years or older.[29]

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[24]GF Data (2024). Valuations reflect reported transactions; actual market-clearing prices may differ.
[25]With Intelligence, "Private Equity Outlook 2025" (October 2025).
[26]Bain & Company, "Building a Stronger Buy-and-Build," Global Private Equity Report 2024.
[27]Bain & Company, "Building a Stronger Buy-and-Build," Global Private Equity Report 2024.
[28]Hamilton Lane, "2024 Market Overview - Performance."
[29]Bain & Company, "Private Equity Outlook 2025," Global Private Equity Report 2025.

- U.S. PE fundraising dropped for a third consecutive year in 2024, with capital increasingly concentrated among the largest firms.[30]

- Average enterprise value paid by acquirers rose 4.1% YoY to $72.8 million through Q3 2025, reflecting "flight to quality" that may compress returns for smaller, less-established platforms.[31]

Conclusion

BW The Partnership's strategy—small-platform buy-and-build in the lower middle market with operational value-add—aligns with characteristics that industry research associates with historically elevated returns. The demographic succession thesis, while imprecise in its exact parameters, is directionally supported by substantial evidence of aging business owner demographics and widespread succession planning gaps.

BW However, elevated return potential remains tempered by execution complexity, meaningful manager dispersion, and a current market environment characterized by exit backlog and fundraising pressure. Strategy selection alone does not guarantee results; the Partnership's ability to execute on integration, operational improvement, and disciplined capital deployment will ultimately determine investor outcomes.

BW *Buttonwood cautions against extrapolating historical performance data to the Partnership's expected returns. Available research supports the thesis directionally but does not provide precise benchmarks for first-time managers executing buy-and-build strategies in the current market environment.*

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Financial Projections & Analysis

Overview

The Sponsor produced an economic model Fund II. Buttonwood has summarized the assumptions, projections, and sensitivity. Buttonwood notes that the model exists in excel format with static assumption inputs, some of which are adjustable for calculating the waterfall. Generally, Buttonwood finds the outlook reasonable, but notes several considerations below the assumptions summary chart.

Assumptions

Assumption	Value	BW Evaluation
Fund Size	$150,000,000	Aggressive, but Reasonable
Fund Life	10 Years	Reasonable
Investment Period	4 Years	Reasonable
Investments Per Year	2-3 from 2027-2030	Reasonable

[30]Ropes & Gray, "U.S. Private Equity Market Recap - March 2025" (July 2025).
[31]Capstone Partners, "Capital Markets Update - Q3 2025" (December 2025).

Average Investment Size	$15,000,000 (also the median)	Reasonable
Portfolio Company Count	$10	Reasonable
Average Hold Period	5.5 Years	Reasonable
Target EBITDA	$2 million to $10 million	Reasonable
Average EBITDA	$3.8 million at entry; $7.0 million at exit	Reasonable
EBITDA CAGR	12%	Slightly Aggressive
Debt to EBITDA	3x at Entry; 2x at Exit	Reasonable
Platform/Anchor Allocation	$115,500,000	Reasonable
Follow-On Allocations	$34,500,000	Reasonable
Gross IRR Projection	18.7%	Slightly Aggressive
Gross MOIC Projection	2.57x	Slightly Aggressive
LP Net IRR Projection	16.2%	Slightly Aggressive
LP Net MOIC Projection	2.28x	Slightly Aggressive
GP Capital Commitments	$3 million (2% of Max Raise)	Reasonable – See Notes
Management Fee*	2.00% of Invested Capital	Aggressive - See Notes
Carried Interest*	20.0%	Reasonable - See Notes
GP Catch Up	100% until exactly 80/20 Split	Reasonable
Preferred Return	8.0%	Reasonable

- Buttonwood finds the maximum raise as reasonable for program of this type, but views it as aggressive based on the Sponsor's stated raise/deployment history.

- The model projects a compound annual growth rate for EBITDA of 12%, which slightly exceeds recent observed benchmark data[32]. Buttonwood notes this data describes the overarching middle market, so the observed benchmark data may understate achievable LMM growth rates[33]. This EBITDA growth assumption appears to function as a primary driver of projected returns.

- Small cap buyout performance data[34] and LMM-specific performance data[35] indicate that top-quartile small buyout funds have historically outperformed larger peers. However, LMM returns show wider dispersion (whereby manager selection becomes critical) and the projected returns appear well above the central figures of observed data sets[36] (though this data is somewhat aged). The edges of the data sets show significant potential to come in well above or below the Fund's target return markers.
    - The target EV/EBITDA multiple range (7x at entry and 8x at exit) appears reasonable for middle market deals under $100 million[37].

[32] https://www.moonfare.com/blog/private-equitys-mid-market-2024
[33] https://www.sagard.com/wp-content/uploads/2024/06/The-Argument-for-Small-and-Middle-Market-Buyouts-v2-3.pdf
[34] https://www.sagard.com/wp-content/uploads/2024/06/The-Argument-for-Small-and-Middle-Market-Buyouts-v2-3.pdf
[35] https://www.abbottcapital.com/u-s-lower-middle-market-opportunities/
[36] https://www.cambridgeassociates.com/insight/private-investment-performance-measurement/
[37] https://pitchbook.com/news/articles/middle-market-pe-offers-fertile-ground-for-multiple-arbitrage

- Given the sponsor's limited full-cycle track record at target investment sizes, the EBTIDA growth assumption carries execution risk that is not stress-tested in the model. Buttonwood conducted its own stress testing, discussed in the sensitivity subsection below.

- The model assumes assets will have 5-6 year exits with minimal residual value, however sponsor documents—including the PPM's dedicated continuation vehicle section and the stated 40% long-term hold allocation—clearly emphasize the ability and intent to hold a material portion of the portfolio beyond the primary fund term via continuation vehicles. Projected returns are highly sensitive to exit timing (particularly IRR); extended holds or rolled positions could compress IRR and increase fee drag. The economic model does not reflect a CV scenario, and to the extent that up to 40% of assets transfer to a CV rather than exit for cash, realized returns to the Fund's investors on those positions would be deferred and subject to CV-specific terms not yet defined. Neither scenario is stress-tested in the model.

- Other documentation from Thesis appears to indicate a higher potential for a larger allocation to follow-on investments than assumed by the model. That said, platform investments are key to the strategy as they are the initial point of focus that establish the foundation (i.e., platform) to improve follow-on return potential. Buttonwood observed little in the way of independent industry standards for this kind of allocation split.

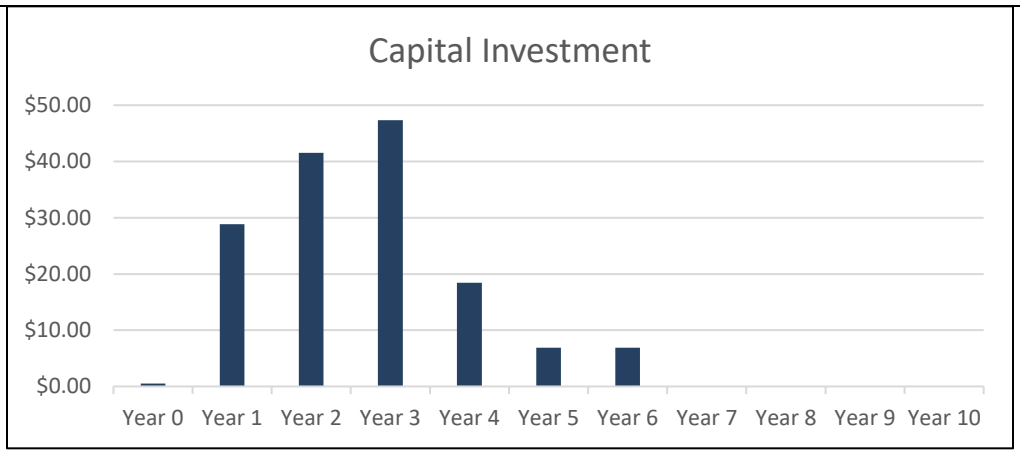
- *The management fee and carried interest calculations in the model appear simplistic in calculation relative to those described in the LPA. Buttonwood encourages potential selling group members to confirm the calculation methodologies in the LPA and adjust the model, if necessary, based on that most recent version of the LPA.*
    - The LPA indicates the management fee switches its assessment base from committed capital to unrealized invested capital at the lower of cost or fair market value at the end of the Investment Period, whereas the model consistently charges on committed capital. This may understate the actual fee drag during the Investment Period if deployment is slower than modeled, and overstate it during the Operating Period if asset values decline below cost.
    - The basic carried interest level is at the well-established industry standard of 20% of cash flows once the necessary waterfall requirements are cleared.

- The Sponsor capital commitment target (2% or $3 million) appears generally within range of industry standards, and well-above them for raise levels under $100 million, assuming a flat $3 million contribution.

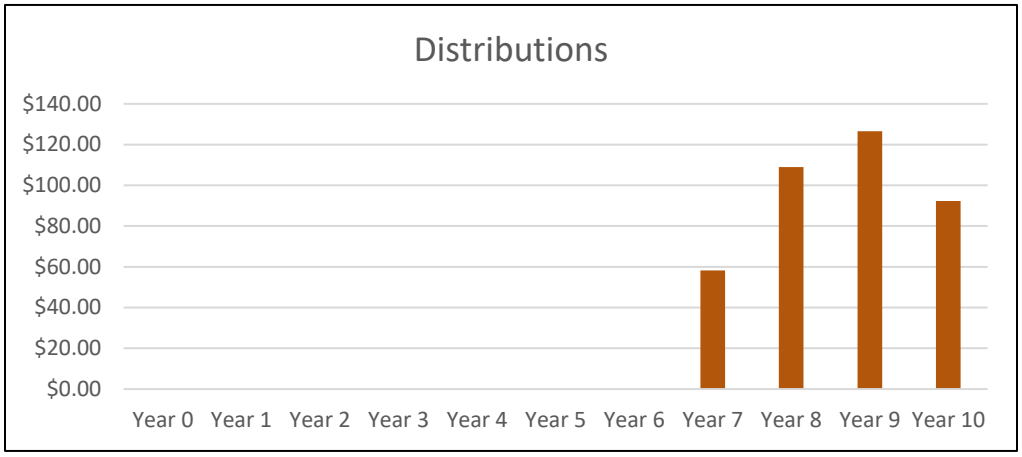
Projections

The model outlines cash flow expectations, including capital raise and expected distributions. Generally, the model projects for the Partnership to raise and deploy the bulk of its capital (roughly $118 million) in the first three years (between 25%-35% of the maximum offering amount each year), and to deploy the remainder (about $32 million) over the next three years. The platform investments generally follow the same basic flow, with follow-ons deploying just under $7 million per year from Year 2-6.

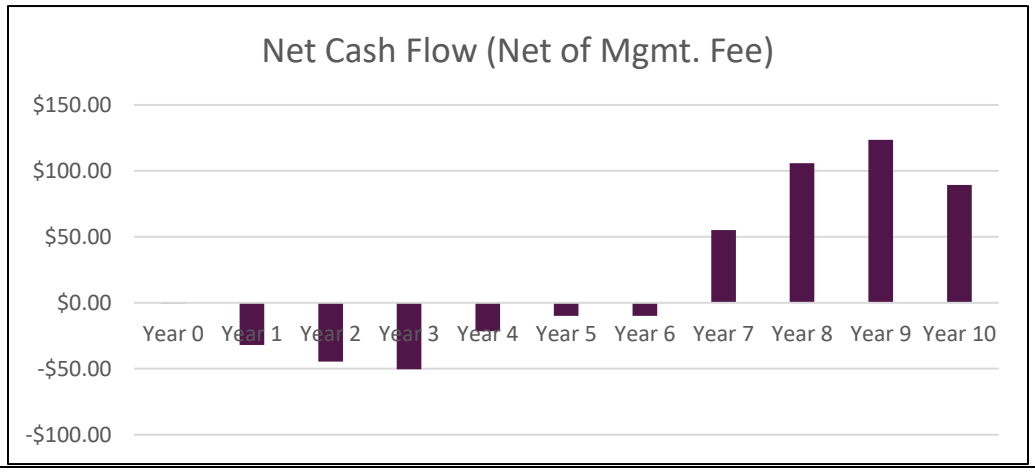
Buttonwood has displayed the projected cash flows in the below graphs (all in millions of USD).



Distributions would start in Year 7 and ramp up through Year 9, with the final distribution dropping off slightly.



Accounting for the modeled $3 million management fee, the annual net cash flow J-Curve bottoms out in Year 3 before reaching its zenith in Year 9 and tapering a bit in Year 10. The absolute/cumulative J-Curve bottom and top occur in Years 6 and 10, respectively. Buttonwood's analysis of the simple gross IRR shows a figure of about 16.2%, in line with the Sponsor's projection of LP Net IRR returns. Buttonwood has done a deeper dive on the IRR and multiple returns as the move through the water fall in the following Sensitivity subsection.



Buttonwood also analyzed the management fee drag profile (it's drag against deployment and the waterfall), laid out in the next two charts. Buttonwood notes the model assesses each year's fee on committed capital, without updating to NAV as suggested by the LPA. Use of NAV as the assessment base may raise or lower the expected management fee midway through the program life.

- Buttonwood views the drag scenario as reasonable, though management fee terms appear to modestly favor the GP relative to institutional funds that reduce fees after deployment ends. The 2% management fee is standard for PE managers, but the absence of a post-investment period step-down creates elevated drag in Years 5-6 (43.5%) as deployment slows while fees remain flat. This is a common occurrence among PE fund.

Management Fee Drag (Deployment Period) - in *millions of USD*				
Year	Capital Called	Mgmt. Fee	Deployed	Deployment Drag
0	$0.5	—	--	0.0%
1	$28.9	$3.0	$25.9	10.4%
2	$41.6	$3.0	$38.6	7.2%
3	$47.3	$3.0	$44.3	6.3%
4	$18.5	$3.0	$15.5	16.2%
5	$6.9	$3.0	$3.9	43.5%
6	$6.9	$3.0	$3.9	43.5%
Total	**$150.6**	**$18.0**	**$132.1**	**12.0%**

Management Fee Drag (Deployment Period) - *in millions of USD*				
Year	Distributions	Mgmt. Fee	Available to Waterfall	Waterfall Drag
7	$58.2	$3.0	$55.2	5.2%
8	$108.9	$3.0	$105.9	2.8%
9	$126.6	$3.0	$123.6	2.4%
10	$92.4	$3.0	$89.4	3.2%
Total	**$386.1**	**$12.0**	**$374.1**	**3.11%**

Sensitivity

The Sponsor's economic model projects LP returns based on assumed EBITDA growth, entry multiples, and exit multiples applied across ten portfolio company investments, with proceeds flowing through a standard PE waterfall (return of capital, 8% preferred return, GP catch-up, then 80/20 split). The Sponsor model produced a base level IRR of 16.2% on a net basis to investors and an MOIC of 2.28x. Buttonwood made several adjustments to the waterfall to reflect the LPA language and investor experience; this produced an IRR of 14.3% and an MOIC of 2.21x, given all of the other base assumptions from the Sponsor.

Buttonwood made two primary adjustments to the Sponsor's original model:

- Buttonwood shifted the preferred return calculation to accrue on a midyear basis for unreturned LP capital to better simulate the immediate timing basis specified in LPA (It is not a perfect representation as available model

cash flow numbers lack the needed time period precision). In comparison, the Sponsor's model accrued the preferred return on initial capital over the portfolio's average asset holding period. Buttonwood's change reduced total preferred owed from $64.7 million to $58.4 million.

- Buttonwood linked the sensitivity analysis to actual portfolio company cash flows rather than using simplified approximations, ensuring that changes to growth and exit assumptions flowed through each company's specific entry/exit timing.

Buttonwood ran sensitivity grids on MOIC and IRR across spectrums for EBITDA CAGR and the overall exit multiple for both the Sponsor's model and Buttonwood's adjusted version.

BV Relative to Buttonwood's analysis, the Sponsor estimates appear to moderately overstate returns, based primarily on efficiency-based simplifications.

BV Buttonwood also views the Sponsor's assumptions, particularly the EBITDA growth rate, as definitely achievable, but optimistic and at the high end of ranges for similar products. As such, it has highlighted the next step down for both sensitivity values (Exit multiple and EBITDA CAGR) for comparison.

LP NET MOIC (Sponsor Model)					
Exit\ CAGR	8%	10%	12%	14%	16%
6x	1.34x	1.44x	1.52x	1.66x	1.81x
7x	1.59x	1.74x	1.90x	2.08x	2.27x
8x	1.90x	2.08x	2.28x	2.50x	2.73x
9x	2.21x	2.43x	2.66x	2.92x	3.20x
10x	2.52x	2.77x	3.05x	3.34x	3.66x

LP NET IRR (Sponsor Model)					
Exit\ CAGR	8%	10%	12%	14%	16%
6x	5.5%	6.9%	7.9%	9.6%	11.3%
7x	8.8%	10.6%	12.4%	14.2%	16.1%
8x	12.4%	14.3%	16.2%	18.1%	20.1%
9x	15.5%	17.5%	19.5%	21.5%	23.5%
10x	18.3%	20.4%	22.4%	24.5%	26.6%

LP NET MOIC (Buttonwood Adjusted)					
Exit\ CAGR	8%	10%	12%	14%	16%
6x	1.26x	1.41x	1.45x	1.59x	1.74x
7x	1.52x	1.67x	1.83x	2.01x	2.20x
8x	1.83x	2.01x	2.21x	2.43x	2.66x
9x	2.14x	2.36x	2.59x	2.85x	3.13x
10x	2.45x	2.70x	2.97x	3.27x	3.59x

LP NET IRR (Buttonwood Adjusted)					
Exit\ CAGR	8%	10%	12%	14%	16%
6x	3.9%	5.8%	6.5%	8.2%	9.8%
7x	7.3%	9.1%	10.8%	12.5%	14.2%
8x	10.7%	12.5%	14.3%	16.1%	17.9%
9x	13.7%	15.6%	17.4%	19.3%	21.1%
10x	16.4%	18.3%	20.1%	22.0%	23.8%

Restricted

Prior Performance

Prior Performance

Buttonwood observed no full cycle fund level prior performance. The Sponsor displayed several small and partial exits at an SPV level for their portfolio. Buttonwood used that to compile a summary of cash exits for programs that have returned material amounts. Thesis has exited two positions fully, both of which were small and returned significant multiples. A third position has returned about 39% of its original capital in partial distributions. On a percentage basis, these positions returned 72% of original capital in distributions. Buttonwood notes that a holistic treatment of Thesis' portfolio—including larger, new, unrealized positions—would bring the aggregate multiple down significantly.

The Sponsor provided a Track Record in the PPM for these transactions on a gross multiple basis, which Buttonwood has included for reference at the end of the section.

Buttonwood also emphasizes that none of these figures had verifiable support, a common occurrence in private equity programs and platforms, that is less than best practice. Buttonwood expects verification capacity to increase (for Thesis Partners, II at least) with the planned integration of an auditor and administrator.

Buttonwood observed significant evidence of co-investment across the stated assets, including participation by friends and family as well as operating partners, though it did not observe specific allocation documentation for contributing investors/entities.

Company Name	Years Held	Investment	Cash Returned to Equity	Realized MOIC (Cash Basis)	IRR (Approx.)
Zibtek	3.6	$110,000	$610,000	5.55	57%
Capella	0.9	$6,500	$85,000	13.08	See Note
Brightstar* All Investors	--	$1,900,000	$750,000	0.39	N/A
Total	--	$2,016,500	$1,445,000	0.72	--

The Sponsor also noted a few non-cash transaction considerations, which Buttonwood has described below.

Brightstar Considerations
Certain operating partners/co-investors in Brightstar engaged in a tax-free swap of shares in Brightstar for shares in Thesis Capital, *a clear affiliated transaction without supporting fairness documentation.*
Some investors have exited and a significant number remain. Those investors exiting based on their capital received an undefined mix of assets, though it may include dividends, principal, and shares from the swap totaling, in aggregate, $2.5M and valued by Thesis at a multiple of 1.35x.
Thesis valued their own stock at a 35% discount for reporting purposes and believes the discount may understate actual value.
Thesis' aggregated stated return for Brightstar would bring exited asset IRR to ~40%, per the Sponsor.

The Sponsor stated that Capella received significant additional compensation in the form of software and related assets (estimated at $2.5 million). It is unclear whether this benefit transferred to investors in the first Fund as well. Due to the nature of the assets, no definitive IRR was given.
Sponsor Comment: "Reduced our taxable net income and gave us a portfolio of software assets at virtually a [zero] basis that we could not have otherwise acquired at that cost."

Sponsor documents show the retention of some equity in Zibtek, with full realization pending.

Buttonwood observes that the prior performance data provided is limited in scope and would benefit from more standardized presentation. The Sponsor's accompanying commentary offers important context regarding the structure of certain exits, but also introduces ambiguity around the composition of proceeds and allocation among investor groups. Industry convention for interim private equity performance typically follows a Total-Value-to-Paid-In Capital (TVPI) framework, presented at the fund or entity level, which separates distributions-to-paid-in (DPI) from residual value-to-paid-in (RVPI). This approach allows investors to assess realized returns alongside remaining exposure with greater clarity and comparability.

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Additionally, IRR figures shown are Sponsor-calculated using a simplified formula (MOIC^(1/years) - 1) rather than cash-flow-weighted IRR.

Entry multiples for exited positions (Zibtek: 4.28x; Capella: 4.44x; Brightstar: 4.29x) fell within the Sponsor's stated 1x-5x target range (entry multiple = purchase price ÷ EBITDA).

The Sponsor has operated since 2017 as a small shop, which provides context for the limited and small-scale nature of exits to date. Buttonwood notes that eight years of operation has reasonably allowed similar Sponsors it has observed to produce more developed fund-level performance history. Buttonwood also notes that the Sponsor's equity investment sizes have scaled materially in recent years, from under $150,000 per transaction (2017-2021) to roughly $7-15 million (2024-2025). The Sponsor has also increased staff significantly in recent years (see Management).
The Sponsor stated via email that primary management spends 100% of its time on Thesis activities. Per the PPM, Mr. Ian Reynolds and Mr. Connor Chakeen will each devote a substantial majority of their business time to Partnership affairs" during the Investment Period, and "such time as is reasonably necessary to conduct the business affairs of the Partnership in an appropriate manner" thereafter. The PPM describes Mr. Joshua Wolf as having founded J Wolf & Company in 2022 "to help independent sponsors navigate the increasingly complex private capital markets." The Sponsor states that Mr. Wolf is now fully dedicated to Thesis.

PPM Track Record

The following track record is reproduced as presented in the January 2026 PPM. Buttonwood notes it contains significant differences from independent analysis above (which goes into the differences in detail); readers should refer to both as part of their review.

Company	Industry	Initial Investment	Realization	MOIC*
Zibtek	Software	2017	2021 (full exit)	6.0×
Capella	Software	2022	2023 (full exit)	13.0×
BrightStar Home Care **	Healthcare	2023	2023 (full exit)	1.35×
NEMA Enclosures	Industrials	2024	Active	1.5–2.0×**
Cadillac Services	Industrials	2024	Active	1.5–2.0×**
Prosupplyr	Software	2022	Active	2.0×**
OnCourse	Software	2019	Active	2.0–3.0×**
The Ridge	Healthcare	2025	Closed Sept ’25	N/A

Past Performance is NOT a Guarantee of Future Results.

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Administration Considerations

The Partnership's Limited Partnership Agreement (LPA or LP Agreement), along with other offering documents, provides the following administrative terms regarding the Fund itself.

Company Terms					
Company Length	Investment Period	Company Termination Triggers			
10 Years + Three 1-Year Extensions	3 years from Final Closing	End of Term Period	Sale of All Assets/GP Discretion	Dissolution, withdrawal, bankruptcy, or insolvency of GP	Judicial Decree/Order or As Required by Law

Subscriptions					
Submission	Pay Method(s)	Sub Doc Processing	Payment Processing	Rejections	Side Letters
Subscription Doc	Wire	Sponsor/GP	Sponsor/GP/ Bank	Sponsor/GP	Permitted

Redemptions/Transfers				
Redemptions	Transfers	Transfers Note	Rejections	Exceptions
No Investor Right	Generally Not Allowed	N/A	Sponsor/GP	Manager Consent

Investor Reporting & Valuations					
Financial Statements	Tax Forms	Company Report Frequency	Company Report Format	Company Valuations	Capital Calls
Private with audits expected per PPM	K-1	GP Discretion; Quarterly Expectation	GP Discretion	GP Discretion; See Below	Yes

Capital Calls			
Call Notice	Funding Period	Default Remedies	Recall Rights
Written notice from GP specifying Call Amount	Minimum 30 Business Days' notice for calls per the LPA (PPM has fee & expense calls at 10 day periods); Expected at Quarterly Intervals	Extensive, but common GP remedies for QP/institutional focus (somewhat onerous for typical retail/affluent experience)	GP may recall distributions for Partnership Expenses and indemnification up to 25% of Original Available Capital

Investor Liability		
Personal Investor Liability	Company Indemnifies Investor	Indemnification Extent
Limited to LP Capital Commitments	N/A	Sponsor, Affiliates, Advisory Committee, & Agent

General Administrative Details

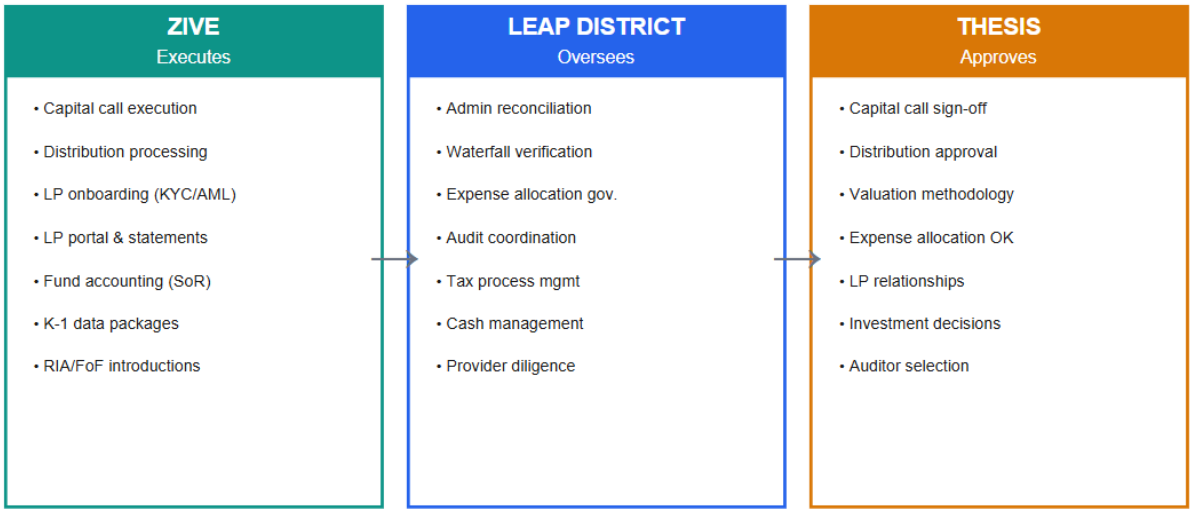
- At the fund's launch, investors pay their first management fees and startup costs upfront, along with any capital needed for investments. New investors can join through 2026 (though the GP has broad power to extend), but they must pay what they would have owed if they had joined on day one, plus interest. This reimburses early investors who funded the partnership while the late joiners were on the sidelines. If the fund lets in new investors or allows others to increase their commitments, existing investors have no right to invest more to protect their ownership percentage. The GP controls who gets to invest and how much.
    - Buttonwood strongly encourages potential selling group members to familiarize themselves with this policy to prevent confusion and surprise among investors and their financial professionals.

- Buttonwood notes that the basic minimum ($250,000) appears high relative to many private placements observed by Buttonwood, but indicative of a program aimed at higher net worth and/or institutional investors. The Sponsor can lower the minimum for investors at its discretion.

- Funds from subscriptions go directly into the Company account, overseen by the Sponsor. Buttonwood observed significant negotiating documentation and role delineation for administrator firms (ZiveAI to execute and Leap District to oversee/supervise) to handle the Fund's accounting, compliance checks, fundraising connections, investor onboarding, capital calls, internal audit coordination and financial statement review, reconciliation, internal financial management, service provider review, and verification of the waterfall (these are a significant sample of expected services, but not the whole list). Buttonwood notes these roles were not memorialized in a signed agreement, but Buttonwood did observe an unsigned form agreement. Some roles were still in a state of clarification as of the writing of this report, but most of the overall framework appeared well in place. Buttonwood generally believes the described role list to be substantial and encourages potential selling group members to confirm the presence and role of such duties for the Fund as part of their own reviews.
    - **Buttonwood Best Practice:** Buttonwood believes the best practice for both subscription document and payment processing requires a dedicated, preferably third-party, administration firm (such as a managing broker dealer or fund administrator), to process/supervise checks, wires, and subscriptions, then release funds to the investment program account after cross-verification during processing.
    - Thesis provided the following service provider operating model:

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Operating Model



- Certain provided materials described periodic GP buybacks or monthly redemptions, while the LPA provides no withdrawal rights and contemplates a 10-year closed-end structure with up to three one-year extensions. The PPM now includes a Liquidity Management framework (Section XI) describing portfolio evaluation, early exits, and recapitalization timing without referencing buybacks or redemptions. Buttonwood encourages prospective selling group members to confirm with the Sponsor whether the previously observed materials have been withdrawn or corrected, as any inconsistency between investor-facing materials and the governing documents presents a compliance concern.

- The Company may terminate this Offering at any time in its sole discretion.

- The Company has the right to raise additional capital from further offerings at its discretion, the operating agreement does not preclude granting better rights to such additional capital.

- The PPM and LPA outline reliance on both Section 3(c)(1) and Section 3(c)(7) exemptions from the Investment Company Act, utilizing parallel vehicles. All investors must also qualify as Accredited Investors under Regulation D. Given the materially different eligibility and investor-count implications of the two exemption structures, Buttonwood encourages selling group members to confirm which vehicle applies to their investors and to verify the proper exemption and suitability requirements in the received subscription documents.

- The GP may recall previously paid distributions up to 25% of Original Available Capital to cover Partnership Expenses and indemnification obligations. Investors should maintain access to liquidity sufficient to meet potential recall requests even after receiving distributions. This provision is generally within range of private equity program standards.

- The LPA prohibits personal guarantees by the GP or Limited Partners on Partnership Debt (Section 2.1(a)(14)).

- The GP Giveback has an interim cap at 22% of aggregate Carried Interest Distributions (Section 3.3(c)(1)), with the full clawback only applying at final settlement.

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- The Co-Investment Allocation Policy from the PPM is fairly detailed — pro rata allocation, 10-business-day acceptance window, $500K minimum or 2x pro rata share, potential 67% minimum acceptance rate.

Affiliated Transactions

- Successor Fund Restriction: GP, Manager, and Principals may not raise a Successor Fund until the earlier of: (i) end of Investment Period, or (ii) 51% of Original Available Capital committed/invested (requires 51% Advisory Committee approval to waive).

- The GP may offer co-investment opportunities to LPs or third parties at its full discretion.

- Advisory Committee approval is required for investments in pooled funds with management fees/carry; real estate assets; oil/gas production businesses; speculative derivatives; investments exceeding limitations. They also carry authority over:
    - Designating a new Principal
    - GP's proposed cure of a Material Event (fraud, felony, gross negligence)
    - Indemnification advances when one Protected Person sues another
    - A host of considerations around portfolio management discussed in the Investment Strategy section of the report.

- The LPA specifies internal Advisory Committee voting standards in only two instances — commitment-weighted for Successor Fund approval and per-capita majority for wind-up valuation disputes — and these two standards are inconsistent with each other. For all other matters requiring Advisory Committee approval, the LPA does not define the internal voting threshold or methodology. Buttonwood encourages investment advisers to seek clarification on how Advisory Committee decisions are made in practice.

- In short, the Advisory Committee provides significant oversight compared to many private equity funds reviewed by Buttonwood. Buttonwood notes committee members' interests may potentially conflict with non-LPAC investors.

Investor Rights & Voting

- *Limited Partners have no management or control rights; management is vested exclusively in the GP (though the LPAC has significant oversight authority).*
- Amendments generally require approval by GP plus majority in Interest of Investor LPs (excluding Defaulting Partners).

- *That said, any material modification to the Agreement requires the prior binding approval of the Advisory Committee (Section 2.5(b)), which functions as an independent gate before the LP consent provisions apply. This represents substantial oversight relative to other private placements Buttonwood has reviewed.*

- Material Amendments (requiring individual LP consent):
    - (i) increase Original Available Capital, post-Investment Period obligations, or otherwise increase liabilities of any LP (requires that LP's consent)

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- (ii) alter allocations to Capital Accounts, priority of distributions, GP Giveback, or Management Fees (requires consent of each adversely affected LP)
- (iii) discriminate against any LP relative to other LPs (requires that LP's consent)

- GP Removal: Requires 67% in Interest of Investor LPs following determination of Material Event and 90-day cure period.
  - Material Events are narrowly defined: felony conviction involving securities or fraud, court finding of bad faith/gross negligence/willful misconduct/fraud, or material breach causing material adverse effect. GP may cure by terminating responsible individuals and making the Partnership whole.

- Defaulting Partners lose all voting and consent rights; votes calculated excluding Defaulting Partner interests.

- LPs have no access to Register (list of other investors), limiting vote coordination.

- The GP giveback is not personally guaranteed by Principals. Best practice for larger funds may include personal guarantees from key principals.

- Amendments affecting ERISA/Governmental Plan Partners require majority in Interest of those partners, and amendments affecting BHC Partners require majority in Interest of those partners.

- *Capital call defaults may result in the following remedies against LPs: interest charges at the Prime Rate plus five percent per annum on the unpaid amount, suspension of distribution rights, suspension of voting and consent rights, sale of all or a portion of the Defaulting Partner's Interest at not less than fair market value (with proceeds applied first to costs, then to the unpaid amount, and any remainder returned to the Defaulting Partner), and reimbursement of the Partnership's reasonable out-of-pocket enforcement costs including legal fees.*
  - *Buttonwood views these remedies generally consistent with private equity fund standards, though lower than many institutional PE fund standards. The operating agreement provides a thirty (30) Business Day cure period following written notice from the General Partner, which Buttonwood views as within the range of cure periods it has commonly observed. Buttonwood notes the GP retains discretion in selecting among the available remedies, and that remedies are cumulative and do not limit other rights available at law or in equity.*
  - *That said, Buttonwood notes that while the forced sale remedy requires a price of not less than fair market value, the practical realization of fair market value for an illiquid limited partnership interest in an emerging-manager fund may be difficult to achieve on a compressed timeline. The General Partner determines fair market value in good faith and is not required to exhaust lesser remedies before initiating a sale. Buttonwood encourages prospective selling group members and investors to thoroughly study the capital call provisions before investing, and to maintain adequate liquidity to meet capital calls throughout the life of the Fund.*
  - *Capital calls require at least thirty (30) Business Days' written notice for investment-related calls and ten (10) Business Days for fee and expense calls, including Management Fees, Placement Fees, Start-Up Costs, and Partnership Expenses. The PPM and LPA are substantively aligned on these timeframes, though the LPA's general call notice provision references thirty (30) Business Days for all calls while separate provisions apply the ten (10) Business Day window to fee and expense amounts.*

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Management Considerations

- Management staffing decisions rest with the GP. Limited Partners have no recourse to affect management changes beyond LPAC oversight on Key Persons.

- The Fund has two Key Persons (Ian Reynolds & Connor Chakeen). The LPA does not require key person insurance or a documented succession plan. This represents a common but substantial risk for smaller or emerging managers.

- A Key Person event suspends the Investment Period for 90 days; a majority vote of Investor LPs may reinstate the Investment Period, and if not reinstated within 90 days, the Investment Period terminates automatically. The GP remains in place to manage existing investments regardless of whether the Investment Period is reinstated.

- **Buttonwood Best Practice**: Buttonwood believes program management should have reviewable succession plans in place for the unfortunate potentiality of incapacitation of key leadership. These plans should attempt to line up supporting backup talent to replace current executive and portfolio management leaders with strong experience in the strategies pursued by the Sponsor.

Books & Records

- The "reasonable restrictions" language gives GP broad discretion to limit access. Best practice would specify minimum access rights (e.g., quarterly statements, annual audited financials, access during business hours with reasonable notice).

- LPs cannot access the Register showing other investors. This significantly impairs the ability to coordinate votes or organize for GP removal.
    - **Buttonwood Best Practice** would allow LPs to request investor contact information for legitimate purposes (e.g., vote coordination), subject to confidentiality.

- This Fund targets quarterly reporting frequency and annual audited financial statements, matching Buttonwood general best practice expectations.

- All Partners (GP & LP) appear to bear their own meeting attendance costs, which is standard but worth noting.

- The PPM now includes an internal (non-contractual) cash control policy (Appendix B) covering minimum access principles, dual approval for disbursements exceeding $10,000, segregation of duties, and administrative oversight. Buttonwood views the adoption of a written policy as a positive step, as many private placements lack such a policy. That said, Buttonwood encourages potential selling group members to confirm the implementation status of these controls with the Sponsor as the policy is not memorialized in any agreement observed by Buttonwood.

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Valuation Considerations

- The GP determines Fair Value of illiquid holdings in good faith — there is no requirement for independent valuation during the fund's life, and no required valuation audit. The Advisory Committee can challenge valuations at wind-up (triggering an independent appraiser if disputed), and holds binding approval over valuation methodology for Continuation Vehicle or affiliated transactions. The PPM states the GP intends to transition toward independent third-party valuations over time, but this is not a contractual obligation.

- RIAs may decide to rely on GP-reported values for client statements, AUM fee calculations, or performance reporting which behooves documentation and disclosure of the valuation process and its limitations.

- **Buttonwood Best Practice:** Buttonwood believes independent valuation of underlying asset holdings should occur at least annually, with Fund NAV then calculated or verified by an independent fund administrator using those inputs. The PPM identifies ZiveAI/Zive Fund Services as administrator, but the LPA is silent on valuation procedures—prospective investors should confirm what role, if any, the administrator plays in the valuation process (as well as processing, accounting, cash controls, and more).

UBTI

- Private equity funds may generate UBTI through debt-financed acquisitions or operating business income. Buttonwood recommends prospective selling group members and potential investors consult with their own tax experts as part of their own review.

Please refer to the LPA and PPM for additional details and additional notable risks and conflicts of interest.

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Management

Sponsor Background

Formed in 2017 by principal Ian Reynolds and based in Houston, Thesis Capital Partners, LLC serves as the General Partner of the Partnership and has retained Thesis Management, LLC to provide investment management services. The Sponsor has several additional entities among which the ultimate control hierarchy stands unclear. Buttonwood has laid out the Sponsor network in more detail in the following section.

The Sponsor documents indicate a staff count of nine individuals, with at least five of those individuals focused significantly on investment duties, though some significant duty splits exist, as is common for smaller Sponsors. This represents significant bench strength for a Sponsor of this size. Some recent Sponsor documentation indicates they are approaching and/or moderately exceeding $100 million in AUM (which appears reasonable on a very rough gross estimate basis), though observed net AUM is closer to $20-$35 million.

- The PPM states the General Partner is registered as an investment adviser under the Advisers Act; however, Buttonwood's IAPD search returned no results for Thesis Capital Partners or related entities. If the Sponsor is not currently registered, an Exempt Reporting Adviser filing may be required based on the fund's 3(c)(1)/3(c)(7) structure, with full RIA registration triggered if AUM exceeds $150 million or includes separately managed accounts. Buttonwood encourages selling group members to confirm registration status and/or confirm correction of the PPM language as part of their review.

Management Team

Key Personnel						
Name	Position	Experience	Work History	Education	Licenses/Cert.	Join Date
Ian Reynolds	Founder, Managing Partner	12+ Years	Former M&A Capital Advisory Associate at Opportune LLP	Bachelors in Theology & Liberal Aarts from Univ. of Dallas	MBA from Univ. of Dallas	2017
Connor Chakeen	Partner	15+ Years	Former Senior Director of Wealth Advisory at Principal Asset Mgmt.	Bachelors Degree in Economics from Indiana University	AIF, Series 6,7,63,65 (No longer registered)	2025
Josh Wolf	Partner - Underwriting	12+ Years	Founder at JWC Sponsor Advisory Services, Former Managing Director at Cetane Associates, Former Analyst at Mizuho Corp. Bank (USA)	Bachelors in Business from Emory University	CFA®	2022
Chris Kirsch	Partner – Leads EIR Efforts	10+ Years	Former Consultant at McKinsey; Founder at RAV Consulting	Bachelors Degree in Economics from Fordham University	N/A	2022
Timothy Belton	Independent Director	20+ Years	Chairman & CEO of ZeoGas; Former Chairman and CEO oof TDECU Holdings	BBA in Bus. and Tech. Mgmt. from Univ. of Texas	MBA from Harvard Univ.	2023

- Mr. Reynolds seems to have run the Sponsor for a number of years before expanding the team significantly in the last few years. Mr. Reynolds is the primary executive overseeing investment decisions, with significant support from the other executives.

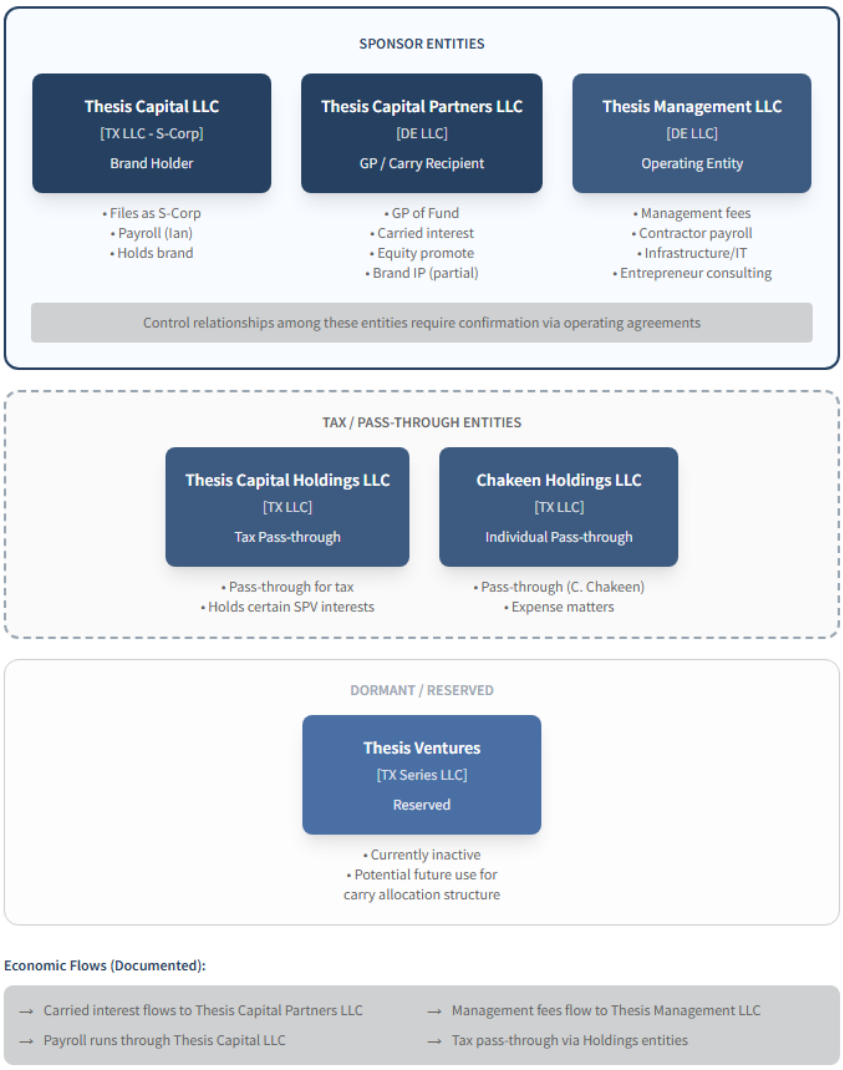
- While the principals exhibit significant experience, their time engaged in the primary business of underwriting and managing private equity assets seems limited relative to other portfolio managers in their position (many such executives go through a decade or more before rising to such a level. The presence, size, and experiential depth of their EIR and Advisory Committee programs suggests substantial leadership exposure to institutional-level tools and structuring. These are truly strong features relative to most moderately sized and smaller private equity programs that Buttonwood has reviewed.

- They are supported by members of an Advisory Council:
  - Dr. William Jackson – Chief Technology Officer, Amcor; former executive at GE and Dow Chemical
  - Jim Dummler – Former CEO of American Identity and Purina Mills
  - Ionel V. Nechiti – Investment director, Aramco Ventures
  - Rob Ferguson – CEO, Ferguson Alliance; family-business advocate
  - Dr. Hari Radhakrishnan – Founder and CEO, Decisio Health
  - Buttonwood did not independently verify these individuals' participation.

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Sponsor Network Detail

Buttonwood has used the provided chart to produce a streamlined breakout of the various applicable entities in the network for Thesis, displayed below with material preceding notes. These entities dovetail with the earlier entity charts in the Structure section of the report.



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BW *Per informal Sponsor documentation, all entity control and staff reporting roll up to Mr. Ian Reynolds, with small minority interests held by other parties in a few Thesis entities. All Thesis entities (excluding Thesis Capital) roll up to Thesis Capital Holdings (TCH), which appears to be controlled by Mr. Reynolds and his family. The Sponsor states that TCH and Thesis Capital are governed by a formal board under Delaware law, with Mr. Belton and Mr. Reynolds serving as directors. Buttonwood encourages potential selling group members to request and review control documentation for the entities in the Sponsor network.*

- The Fund GP (Thesis Capital Partners, LLC) will decide material operational issues via votes between Mr. Reynolds, Mr. Chakeen, and Mr. Belton. Investment decisions will flow through the Investment Committee process discussed earlier.

- Thesis will hold two of three seats in each SPV for respective portfolio companies, with a seller representative holding the third seat.

- Management fees and services for both the Fund and underlying portfolio companies will flow through Thesis Management. Carried interest will flow to Thesis Capital Partners (99% owned by TCH).

Financial Review

Financial Review: Sponsor, Company, & Managing Broker Dealer

Sponsor

The Sponsor provided no financial statements. Buttonwood typically covers a deep dive of the Sponsor financials in its Sponsor level reports. Buttonwood strongly encourages potential selling group members to analyze the Sponsor's financials on an in-depth basis as part of their respective reviews.

Company

- Neither the Partnership, nor its predecessor had available financial statements. Buttonwood typically observes financials for predecessor programs for a subject program. The Partnership predecessor has operated for years under the same general strategy.
    - Buttonwood views audited financials as best practice, but notes many smaller offerings and smaller Sponsors have only unaudited statements. The presence of audited financials mitigates and/or highlights a number of risks as a result of auditor processes (controls, notes, verifications, etc.).

Managing Broker Dealer

- The Partnership lacks a managing broker dealer. Please see the following Compliance section for additional detail on the associated risks.

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Compliance Considerations

Legal & Regulatory Matters

Litigation: Sponsor and Manager

The offering Company and Sponsor are one in the same. Please see the next section.

Litigation: Offering/Company

Buttonwood has observed no active litigation or legal investigations involving the Partnership or Sponsor entities. The Sponsor supplied documentation of a lawsuit dismissal in Utah from 2021 against a portfolio company, Zibtek.

Regulatory: Company

Buttonwood has observed no regulatory issues or investigations involving the Partnership.

Regulatory: Managing Broker Dealer/FINRA

- The Partnership lacks a managing broker-dealer. Participating broker-dealers may need to register as a managing broker-dealer in their FINRA 5122/5123 filing and perform certain required duties typically handled by a dedicated managing broker-dealer. Participating RIAs likely face a significantly lesser burden, but may have to conduct additional investigative work to assess the product's viability and fit without the benefit of a managing broker dealer's due diligence and underwriting.

- Since the Partnership charges no real selling group fees, it has limited risk for not utilizing or registering as a managing broker dealer in relation to SEC Section 15(a)(1). *That said, the Partnership represents the second offering of similar ilk from the Sponsor and is likely to engage in solicitation of new business; as such, Buttonwood recommends potential selling group members review Section 15(a)(1) and the Sponsor's sales approach within their own respective compliance frameworks.*

- *While the Sponsor intends to solicit only RIAs, the offering documents refrain from formally restricting sales to BDs and from spelling out safe harbor requirements. This leaves potential Section 15(a)(1) exposure if solicitation activities establish a regular business of securities distribution.*

Regulatory: Registered Investment Advisor

- The Sponsor appears to qualify as an exempt reporting adviser (ERA) under the Private Fund Adviser Exemption but has not filed the Form ADV reports as generally required by the SEC[38]. Once assets under management reach $150 million, the Sponsor will be required to register fully as an investment adviser[39].
    - A search in the IAPD database for Thesis returned no results.
    - Such omissions appear commonly among smaller Sponsors, but do bear consideration.

[38] https://www.sec.gov/about/divisions-offices/division-investment-management/electronic-filing-investment-advisers-iard/frequently-asked-questions-form-adv-iard

[39] https://www.sec.gov/about/divisions-offices/division-investment-management/electronic-filing-investment-advisers-iard

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- Unverified Sponsor data indicates a current net AUM/equity AUM of almost $34 million.
- Discussions with the Sponsor indicate they intend to file as a fully registered advisor when they hit the $150 million threshold.

SEC & FINRA Inquiries

BW Buttonwood observed no inquiries, investigations, or citations from the SEC or FINRA regarding the Sponsor or the Partnerships.

BW Buttonwood observed that the Sponsor filed Form Ds for Thesis Capital LLC and SPVs of the specific target assets, This included Thesis Capital SPV III, LLC (Cadillac) and TCSPV Holdings IV, LLC (The Ridge).

Blue Sky Memorandum

Buttonwood observed no Form D for the Partnership in a search of EDGAR. The Partnership also does not appear to have engaged in any sales. The Sponsor intends to file blue sky paperwork as relevant sales occur in respective states. Buttonwood has observed Form D filings for other Thesis entities.

Tax Considerations

- Neither a tax nor a legal opinion was commissioned for this program.
- The program may generate Unrelated Business Taxable Income (UBTI). Investors should consult with their tax advisor regarding the potential impact of UBTI on their investments.

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Compliance Filing Assistance

FINRA 13-26 Compliance	
The following information has been *provided to assist* Buttonwood's FINRA member clients in filing situations but *should not be relied upon* for final filing answers.	
Issuer Name	Thesis Partners II, LP
Is the Issuer a Reporting Company	No
Issuer Address	11959 Pebble Rock Drive • Houston, Texas 77077
Offering Maximum Raise Amount	$150,000,000
Offering Start Date	PPM: January 20, 2026
Offering Conclusion Date (unless extended)	December 31, 2026 (GP Discretion to Extend)
Type of Security Offered	Limited Partnership Equity Interests
Maximum Sales Commission	N/A
Minimum Investment Amount	$250,000 (Sponsor Discretion)
Can the investment minimum be waived?	Yes
Does the Offering doc provide an actual or target rate of return?	8% Preferred Return
What exemption from Securities Act of 1933 is being relied on?	506(c)
Form D filing date	TBD
Has Issuer raised capital in the last 12 months from any source?	No
Is this a Contingency Offering?	No

Does Issuer have independently audited financial statements?	No
Does Issuer intend to use offer proceeds to make or repay loans to, purchase assets from, or otherwise direct investor proceeds to any officer, director, or executive management of the Issuer, Sponsor, GP, Manager, advisor**,** or any of the Issuer's affiliates?	Yes
Has the Issuer, any officer, director or executive management of the Issuer, Sponsor, GP, manager, advisor, or any of the issuer's affiliates been the subject of FINRA, SEC or other federal agency, or state disciplinary actions or proceedings or criminal complaints within the last 10 years?	No

Appendix A: Org Chart

Organizational Charts

Product Structure

FUND II

Governance and voting control for each fund and strategy vintage will generally mirror the structure below as outlined for Fund II

Thesis Partners II, LP
[DE LLC]

Manager managed entity with formal governance procedures

GP
(As characterized by fund management of Fund II)

Manager managed entity with formal governance procedures

Board Members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton
- *[+ Potential investor advisory counsel members as documented in PPM & LPA]*

Operations voting members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton

Investment Committee Voting Members:

- Ian Reynolds
- Connor Chakeen
- Tim Belton
- Joshua Wolf
- [+ Potential advisory counsel]

Investee SPV(s)

Most investee companies will have their own governance structure similar to individual companies

Investee SPV

Manager managed entity with formal governance procedures

Investee voting members example:

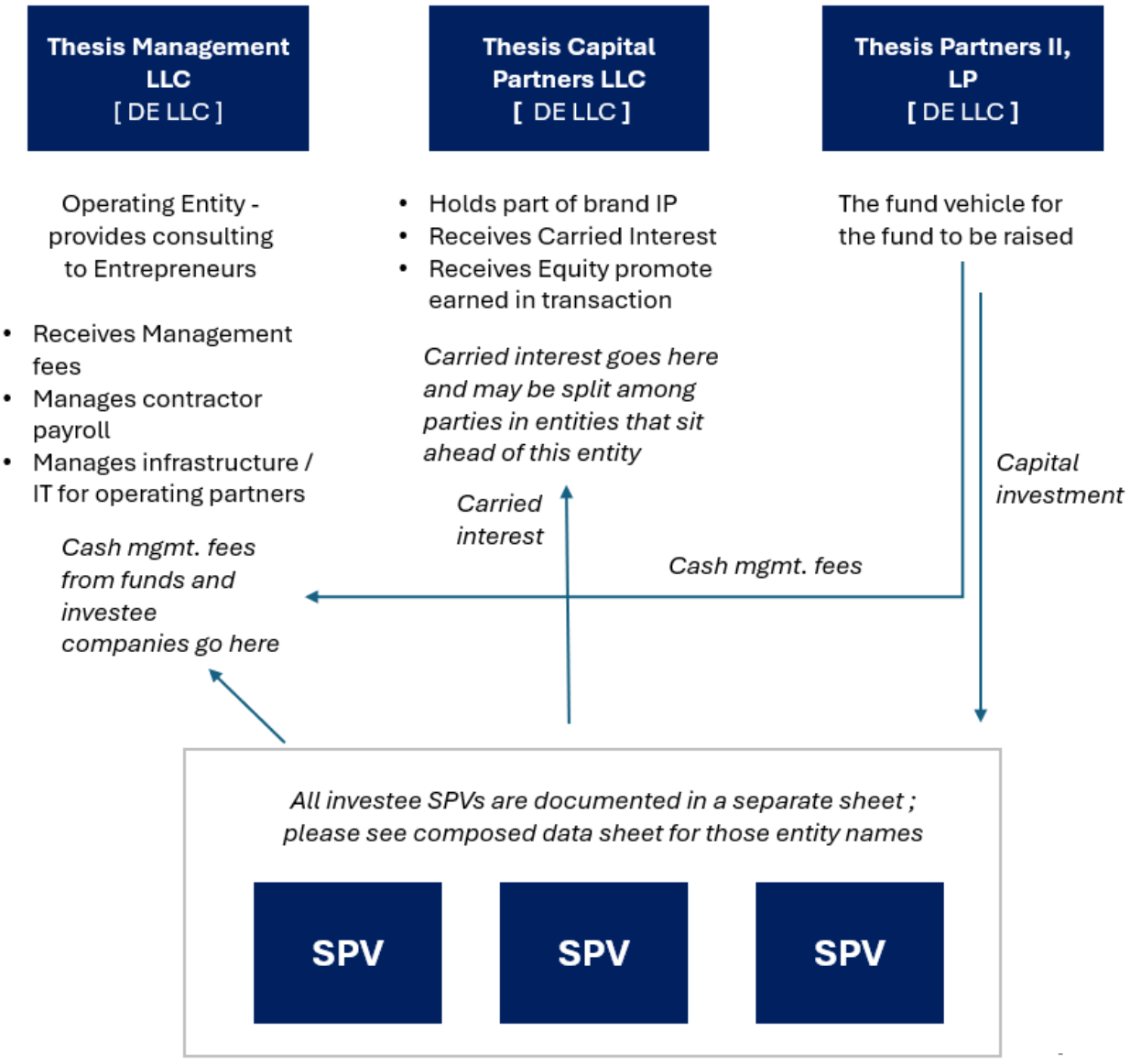
- Thesis majority seats 2/3
- Seller seat 1/3

Sponsor Structure

BW Per informal Sponsor documentation, all entity control and staff reporting roll up to Mr. Ian JH Reynolds, with small minority investment in a few Thesis entities. The following charts lay out the same basic Sponsor relationships in different formats. The second chart aggregates all entities in the Sponsor network, even if they don't relate back to Fund II.

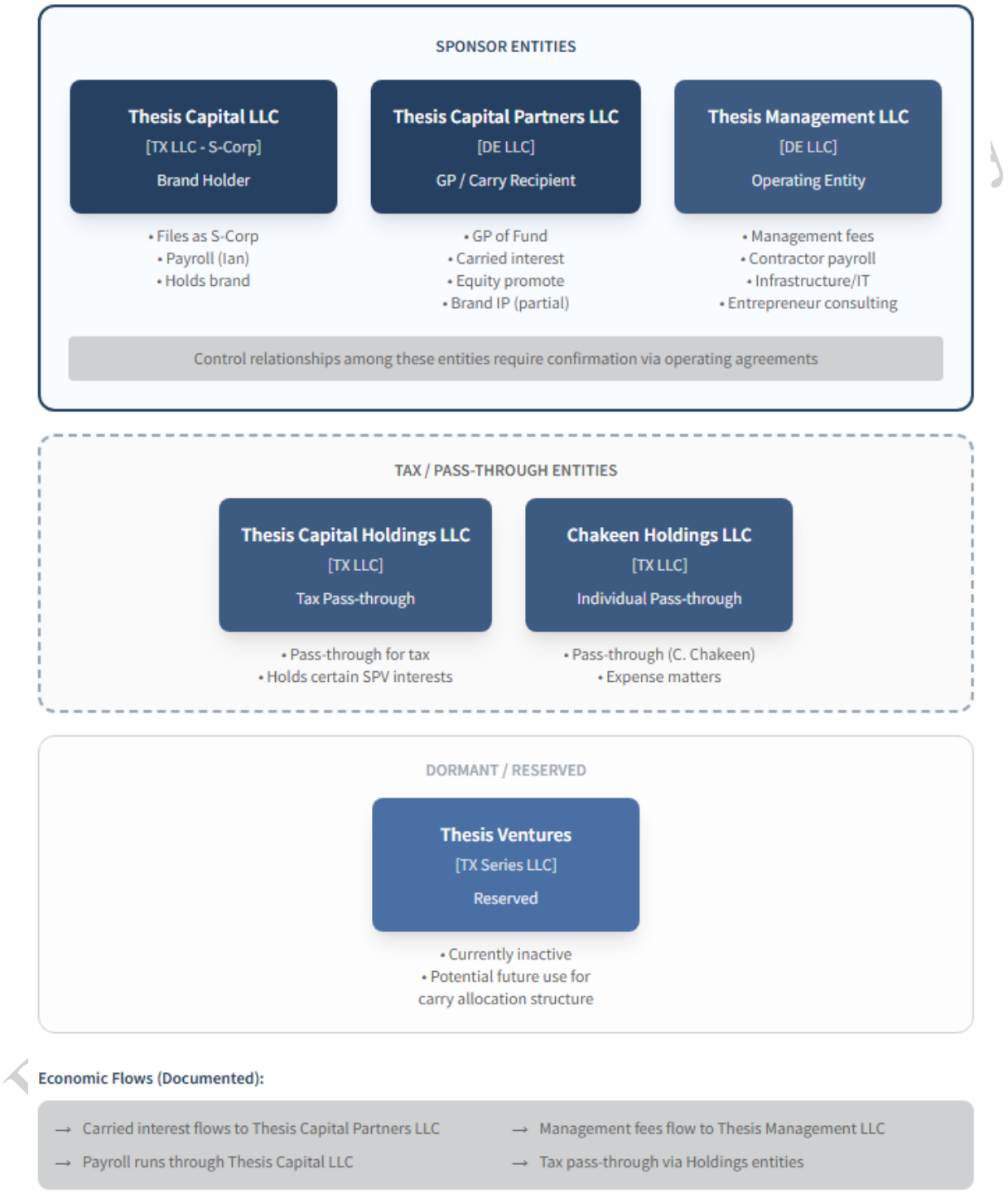
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Sponsor Chart



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Sponsor Network Chart (Aggregated by Buttonwood)



Appendix B: Background Checks

Background Check Detail

	Ian Reynolds	Connor Chakeen	Chris Kirsch	Josh Wolf	Thesis Partners II, LP	Thesis Capital, LLC	Thesis Capital Partners, LLC	Thesis Management, LLC	Thesis Capital Holdings, LLC
Criminal Records	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lawsuits	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bankruptcies	✓	✓	✓	✓	✓	✓	✓	✓	✓
Judgements	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liens	✓	✓	✓	✓	✓	✓	✓	✓	✓
Property Foreclosures	✓	✓	✓	✓	✓	✓	✓	✓	✓
Property Evictions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Global Watch Lists	✓	✓	✓	✓	✓	✓	✓	✓	✓
UCC Filings	✓	✓	✓	✓	✓	✓	✓	✓	✓
Database Searches - *Confirmatory*									
Previous Employers	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Professional Affiliations	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Professional Licenses	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Business/Corporate Affiliations	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Search									
FINRA Review	✓	✓	✓	✓	✓	✓	✓	✓	✓
SEC Review	✓	✓	✓	✓	✓	✓	✓	✓	✓
Internet Search									
Google, Edge Searches	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social Media	✓	✓	✓	✓	✓	✓	✓	✓	✓

Background Check Reporting Policy Summary: At Buttonwood, we conduct background checks on senior management of the sponsor, the program, the advisor or manager and the sub-advisor (if any). We also conduct entity background checks on the sponsor, the program, the operating partnership, the manager, and the managing dealer, as well as any other principally involved entities (if applicable). In conducting our background checks, we apply a filter similar to the disclosure questions on Form U4 and Form BD. We generally report items that are at or above our reporting threshold, but we reserve the right, but are not obligated, to report on matters falling outside of our filter. In our reports, a check mark indicates that a source was reviewed and there was nothing to report per the Buttonwood Background Check Reporting Policy as of the date of the respective report. When we do report an item, it is noted in the background check grid.

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Appendix C: Investment Type Profile

Private Equity Investment Risk Profile

Private equity strategies generally fit a range of risk/return profiles, described below. Buttonwood has broken them into the most common buckets, focusing entirely on equity in private companies. Many of the strategies may break out into small/mid/large-cap sub-categories as well. Buttonwood has ordered them by the highest-to-lowest risk/return profiles (noting that these profiles apply *generally* and may vary based on the nature of the specific assets and structuring of a particular deal or fund).

Preliminary Notes:

- Private equity may be considered as containing debt, when said debt is tied with the dominant equity position(s). However, predominantly debt positions fall under a separate asset class known as private credit. Due to the tied capital nature of debt and equity, private equity and private credit may have some similar strategy types (e.g., distressed, special situations).

PE Strategy Risk/Return Profiles

- Venture Capital – Very High Risk
  - Equity ownership in early-stage companies with unproven business models and high growth potential
  - Returns driven almost entirely by capital appreciation at exit (IPO or acquisition)
  - Minimal or no income during the hold period; distributions typically arrive as lump sums at exit
  - Highest failure rate at the company level; portfolio diversification critical to returns
  - Due to wide net/failure rate, managers expect the individual assets that do succeed to produce very high multiples
  - Longest hold periods and highest illiquidity among PE strategies

- Distressed/Turnaround – High to Very High Risk
  - Ownership in financially troubled or underperforming companies, often acquired at a discount
  - Returns driven by ops turnaround, financial restructuring, cost rationalization, or asset recovery
  - May involve acquiring debt and converting to equity through bankruptcy proceedings
  - Requires specialized operational and legal expertise to execute restructuring
  - Countercyclical opportunity set — expands during economic downturns
  - Liquidity can vary
  - Hold periods vary based on restructuring complexity and timeline

- Special Situations – High to Very High Risk
  - Opportunistic investments that fall outside traditional PE categories, often arising from corporate events or market dislocations
  - Examples include spin-offs, carve-outs, litigation-related investments, regulatory-driven sales, and capital structure arbitrage
  - Returns driven by event resolution or market normalization rather than ongoing business operations
  - Requires specialized expertise to source, underwrite, and navigate complex or time-sensitive situations

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- Risk/return profile varies widely depending on the nature of the opportunity
- Liquidity and hold period depend on the specific event and resolution timeline

- Growth Equity – Moderate to High Risk
  - Minority or significant minority equity in established companies with proven models seeking capital to scale
  - Returns driven primarily by revenue and earnings growth, realized through capital appreciation
  - Lower leverage than traditional buyouts, with risk generally falling between buyout and venture capital strategies
  - Hold periods typically 4-7 years

- Buyout/Leveraged Buyout (LBO) – Moderate to High Risk
  - Control equity ownership in mature, cash-flow-generating businesses
  - Returns driven by operational improvement, debt paydown, multiple expansion, or a combination
  - Leverage amplifies both returns and risk
  - Income may arrive through dividend recapitalizations at sponsor discretion
  - Hold periods typically 4-6 years

- Mezzanine/Credit – Low to Moderate Risk (Relative to Equity)
  - Subordinated debt position, often structured with equity features like warrants or conversion rights
  - Typically connected to subordinated debt in the capital structure
  - Returns driven by equity upside at exit, supplemented by interest income from the associated debt
  - Sits between senior debt and common equity in the capital structure — lower risk than pure equity, higher risk than senior secured debt
  - Offers a hybrid risk/return profile blending income generation with capital appreciation potential

- Real Assets – Risk Profile varies by underlying strategy (e.g., Core, Value-Add, Opportunistic).
  - Companies holding hard assets (e.g., real estate, infrastructure, natural resources) may classify as private equity, but the unique qualities of the underlying assets primarily drive their business models and their risk/return profiles, rather than the 'products-and-services' business models that drive most private equity portfolio companies.

<u>Structural Variations</u>

Co-Investment, Continuation Funds, and Secondaries are structural/transactional variations — their risk/return profiles ultimately depend on the underlying strategies and assets involved.

- Co-Investment
  - Direct equity investment alongside a GP in a specific portfolio company, usually offered to existing LPs
  - Returns mirror the underlying deal; no fee drag or reduced fees enhance net returns
  - Concentrated exposure to a single company — higher dispersion of outcomes than diversified fund investing
  - **Types of Co-Investment**
    - <u>Direct Co-Investment:</u> LP invests directly into the portfolio company alongside the GP
    - <u>Co-Investment Fund:</u> GP aggregates co-investment opportunities into a dedicated vehicle; offers diversification but may carry some fees

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        - Syndicated Co-Investment: GP syndicates a portion of a deal to multiple LPs, often for larger transactions
    - Illiquidity matches the underlying deal; hold period tied to GP's exit timeline

- Continuation Funds
    - GP-led transaction that transfers select assets from an existing fund into a new vehicle
    - Allows GP to extend hold period for high-performing assets; provides liquidity option for existing LPs
    - Returns driven by continued value creation in assets the GP knows well
    - Existing LPs may roll their interest or cash out; new LPs enter at a negotiated valuation
    - Potential conflicts of interest — GP acts on both sides of the transaction; third-party valuation and LP consent typically required
    - Illiquidity and hold period reset upon transfer to the new vehicle

- Secondaries
    - Acquisition of existing LP interests in PE funds, typically at a discount to NAV
    - Returns driven by the discount at purchase, any remaining portfolio appreciation, and potential for accelerated distributions
    - Shorter effective hold period than primary fund commitments; J-curve mitigation
    - Provides immediate diversification across vintages, managers, and strategies
    - Lower blind pool risk — underlying assets often partially or fully known at purchase
    - Liquidity constrained but generally shorter duration than primary commitments

Appendix D: Documents Reviewed

Documents Reviewed

The following items were reviewed in the course of preparing this report. This list is a sampling of some of the primary documents reviewed and is not necessarily inclusive of all sources utilized.

- Private Placement Memorandum & Related Agreements
- Filings Search
- Detailed Strategy Approach and Policy
- Investment Decks
- National Demographic Data
- Market Data
- Entity organizational charts
- TransUnion Background Checks
- Sponsor Financial Model
- FINRA Broker Check & IAPD Data
- Portfolio Data

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Appendix E: Buttonwood Profile and Engagement Summary

Buttonwood Profile and Engagement Language

Buttonwood Due Diligence, LLC has been engaged to provide a due diligence review of **Thesis Partners II, LP.** The purpose of this report is to assist Broker/Dealers, RIAs, and Family Offices in their due diligence responsibilities in determining whether to offer Interests in **Thesis Partners II, LP** and to help them establish criteria to determine suitability requirements both for their firm and the individual client.

Buttonwood was founded in 2004 to provide investment research and due diligence services to the Broker/Dealer, RIA, and Family Office communities. Buttonwood has grown to include a staff of professionals with advanced degrees or credentials comprising extensive combined experience in the financial services industry including MBAs, CPAs, CAIAs, & JDs.

Buttonwood provides concise and prompt program and sponsor reviews that allow for a thorough understanding of a program's merits to over 450 Broker/Dealers, RIAs, and Family Offices.

This report is intended to be part of the Broker/Dealer's, RIA's, or Family Office's review. It is not intended to cover all facets of the due diligence that they may require. It should be noted that the NASD (now FINRA) NTM 05-48 addresses the responsibilities of the individual broker/dealer, suggesting they may not rely exclusively on the efforts of a third-party provider. Regarding RIAs, the SEC has advised that when a service provider is utilized, the investment advisor still retains its fiduciary responsibilities for the delegated services. While this report is designed to assist the Broker/Dealer, RIA, and Family Office in their due diligence efforts, it is not designed to replace it.

Buttonwood Due Diligence, LLC (Buttonwood) has received engagement from one or more Broker/Dealers/RIAs to provide a due diligence review of **Thesis Partners II, LP.**

While several points mentioned herein were independently verified, it should be noted that Buttonwood did not engage any independent experts to advise it in its review, except where specifically referenced. Furthermore, Buttonwood has relied upon management for the veracity of the comments made, both verbally and in written form, per the documents reviewed. However, to satisfy the need for independent verification, many documents were cross-referenced to other sources, both internal and external, to test their accuracy.

The purpose of this report is to assist the Broker/Dealer, RIA, or Family Office in their due diligence responsibilities in determining whether to offer Interests in **Thesis Partners II, LP** and to help them establish criteria to determine suitability requirements both for its firm and for the individual customer. As such, Buttonwood has taken care to provide a "reasonable investigation" as defined in Section 11 and Section 12 of the Securities Act of 1933.

On January 28, 2014, the SEC issued a Risk Alert (Volume IV, Issue 1), in which their Office of Compliance Inspections and Examinations (OCIE) observed the due diligence practices of certain investment advisers that manage and/or recommend alternative investments to their clients. The alert described current industry trends and practices in advisers' due diligence, noting that advisers are:

- Seeking more information and data directly from the managers of alternative investments;
- Using third parties to supplement and validate information provided by managers of alternative investments; and

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- Performing additional quantitative analysis and risk assessment of alternative investments and their managers.

Additionally, the SEC staff noted certain deficiencies in several of the advisory firms examined, including:

- Omitting alternative investment due diligence policies and procedures from their annual reviews;
- Providing potential misleading information in marketing materials about the scope and depth of due diligence conducted; and
- Having due diligence practices that differed from those described in the advisers' disclosures to clients.

FINRA NTM 10-22 was released in April 2010 to remind Broker/Dealers of their obligation to conduct a reasonable investigation of the issuer and the securities for each Regulation D offering the Broker/Dealer considers. In order to ensure that it has fulfilled its suitability responsibilities, a Broker/Dealer should, **at a minimum,** conduct a reasonable investigation concerning:

- The issuer and its management;
- The business prospects of the issuer;
- The assets held by or to be acquired by the issuer;
- The claims being made; and
- The intended use of proceeds of the offering.

The scope of the investigation will necessarily depend upon several factors, including the Broker/Dealer's affiliation with the issuer, its role in the transaction and other factors and circumstances of the offering. Each investigation must be tailored to the specific Regulation D offering and cannot rely on a generic "checklist" for review. A Broker/Dealer can engage third party experts to assist in the due diligence process, and it is incumbent upon each broker/dealer to satisfy themselves regarding the qualifications of any third-party expert it may use. The Broker/Dealer must note any information that it encounters that could be considered a "red flag" and must follow up on any "red flags" presented in a third-party due diligence report.

This review is intended to be part of the Broker/Dealer's, RIAs, and Family Office's review, and is not intended to cover all facets of that which they may require. While this report is designed to assist the Broker/Dealer, RIA, and Family Office in their due diligence efforts, it is not designed to replace those efforts.

The scope of Buttonwood's analysis included a review of internal reports, legal documents, and financial information.

While this report is designed to assist the Broker/Dealer, RIA, and Family Office in meeting their due diligence responsibilities, it should be noted that Buttonwood is not involved in any decisions made by the individual Broker/Dealer, RIA and Family Office and makes no recommendations regarding specific programs.

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Risk Comments

PURCHASE OF THE UNITS INVOLVES SIGNIFICANT RISKS. PROSPECTIVE INVESTORS MUST READ AND CAREFULLY CONSIDER THE PRIVATE PLACEMENT MEMORANDUM INCLUDING THAT PORTION ENTITLED "RISK FACTORS." PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX AND FINANCIAL ADVISORS PRIOR TO PURCHASING THE UNITS. PURCHASE OF THE UNITS IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. IT IS NOT THE INTENTION OF THIS REPORT TO OFFER A RECOMMENDATION TO APPROVE/DISAPPROVE THIS OFFERING, BUT RATHER TO PROVIDE THE BROKER/DEALER/RIA WITH THE INFORMATION NECESSARY TO ASSIST IN THEIR DUE DILIGENCE PROCESS.