

BMSS Family of Companies Presents:

A PUBLIC & PRIVATE MARKETS UPDATE

Join BMSS Wesson Wealth Solutions for a webinar on economic conditions, public markets, and how private markets enhance portfolios through diversification, liquidity, and risk management. Designed for all investors, this discussion provides a practical framework for understanding capital allocation across asset classes for long-term goals.



March 3, 2026

8:30 a.m. - 10:00 p.m.



Luke Brooks CFP®, CEPA®
Wealth Advisor
BMSS Wesson Wealth Solutions



Mark Peterson
Director of Investment Strategy
and Education
BlackRock



Miguel Sosa
Managing Director, Senior Investment
Strategist
StepStone



StepStone Academy

Private Markets Overview

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All data is as of August 2024.

Today's narrative

What are private markets: The basics

Navigating the private markets: The potential challenges

Private markets investing: The potential advantages

The basics



Accessing the private markets

Private markets comprised of five asset types accessed via three general investment strategies

Investment strategies

1. Fund investing (primaries)

Capital committed to a new fund, typically as limited partner, during the period it is fundraising

2. Co-investment

Capital invested directly- outside of a fund- in a specific asset or group of assets alongside another private market manager

3. Secondaries

Purchase of existing assets from current investors, often at a discount to fair value

Asset types

Private equity

Large vs. small buyout, specific geographies, etc.

Venture capital

Early stage, later stage, growth equity, etc.

Private debt

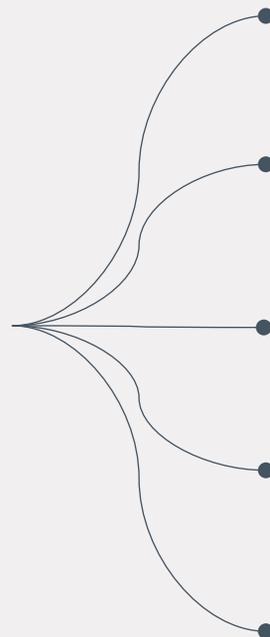
Direct lending, specialty credit, etc.

Real estate

Core, core plus, value-add, opportunistic, etc.

Infrastructure

Essential services (airports, toll roads), natural resources, etc.



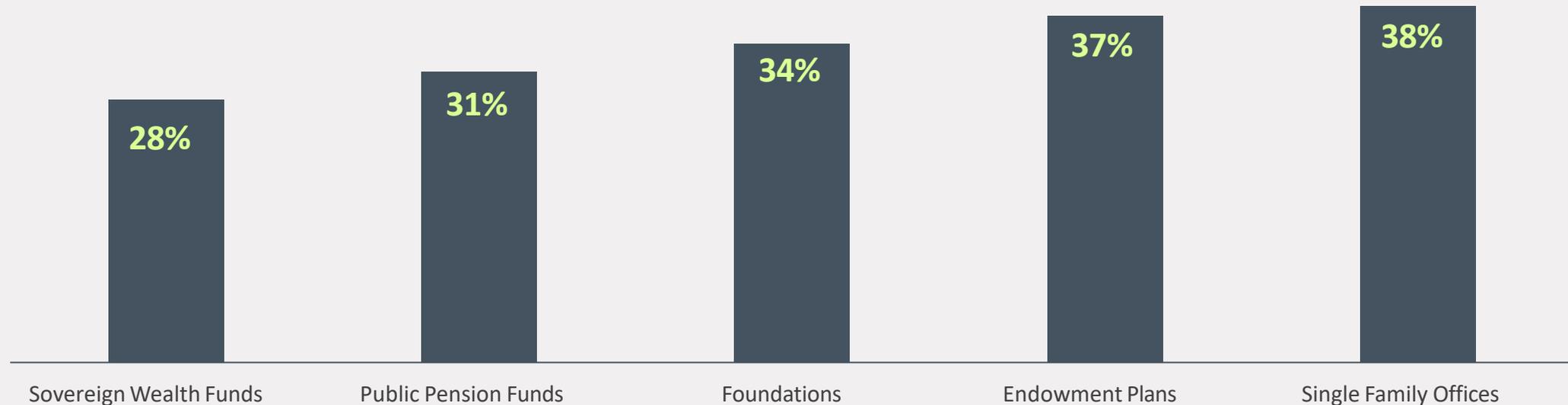
Characteristics of private markets investing

	Public markets	Private markets
Information availability	Information publicly available	Opaque information
Ownership	Many passive owners	Active owners
Market correction	Sensitive to market conditions	Lower correlation to market movements
Liquidity	Liquid investments	Illiquid investments

How are sophisticated institutions investing?

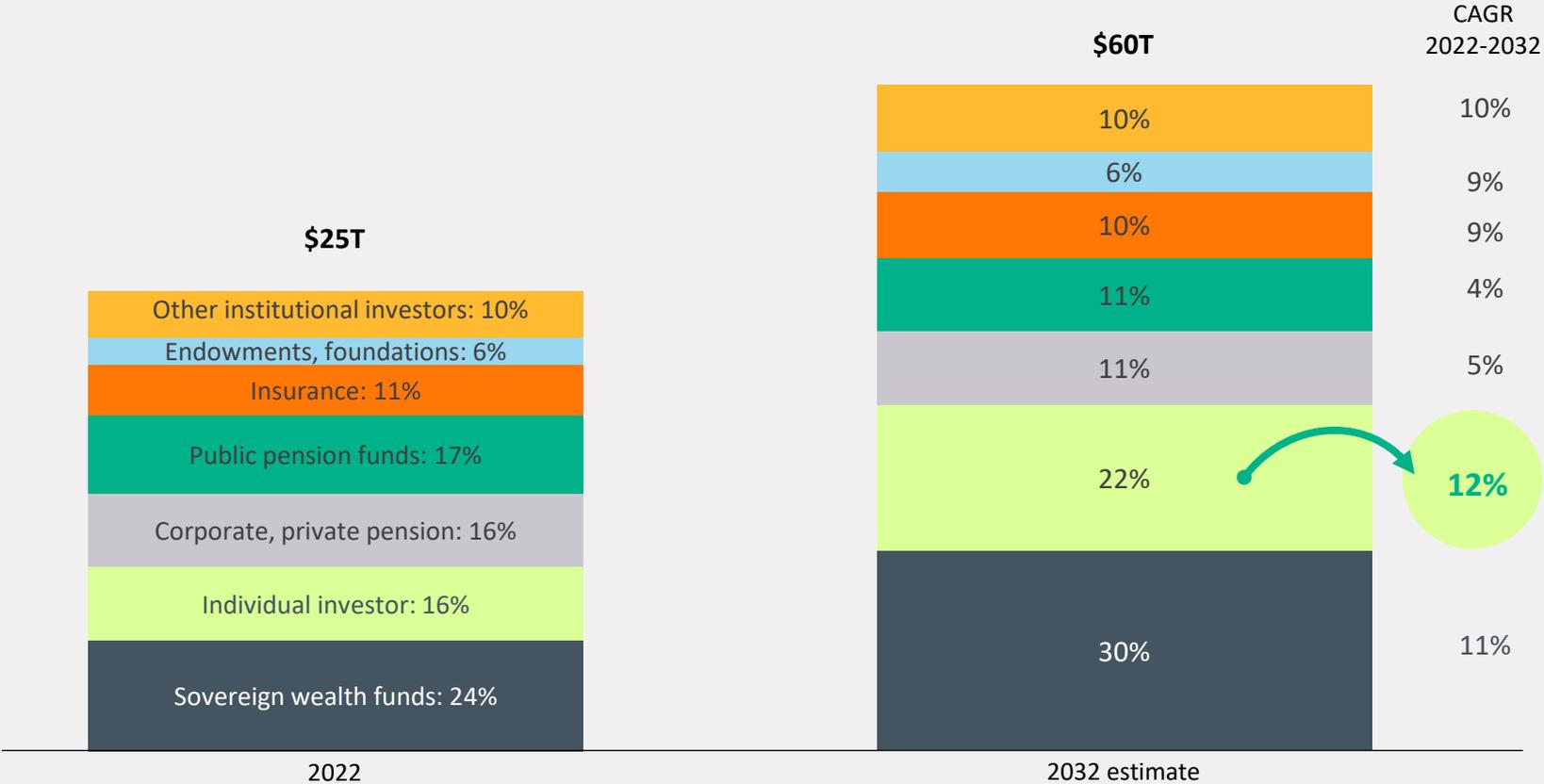
Institutional investors maintain significant private market allocations.

Current target allocation to private market alternatives



Individual investors share of private assets is set to rise

Percentage of global alternative assets under management by investment category



Sources: Bain & Company. "Avoiding Wipeout: How to Ride the Wave of Private Markets." August 2024. <https://www.bain.com/insights/avoiding-wipeout-how-to-ride-the-wave-of-private-markets/>

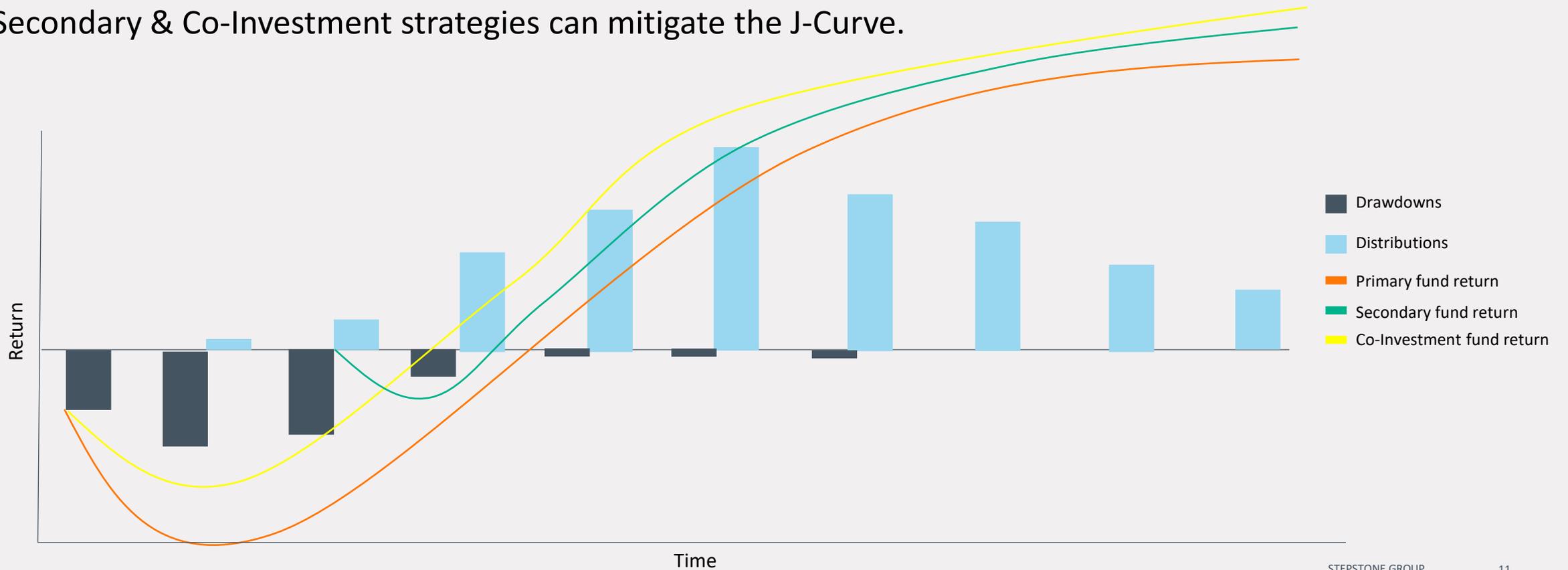


The potential challenges

Private markets investment cycle

Investment cycle cash flows follow the “J-Curve”, with LP capital called over the first 4-5 years of the mandate.

Secondary & Co-Investment strategies can mitigate the J-Curve.

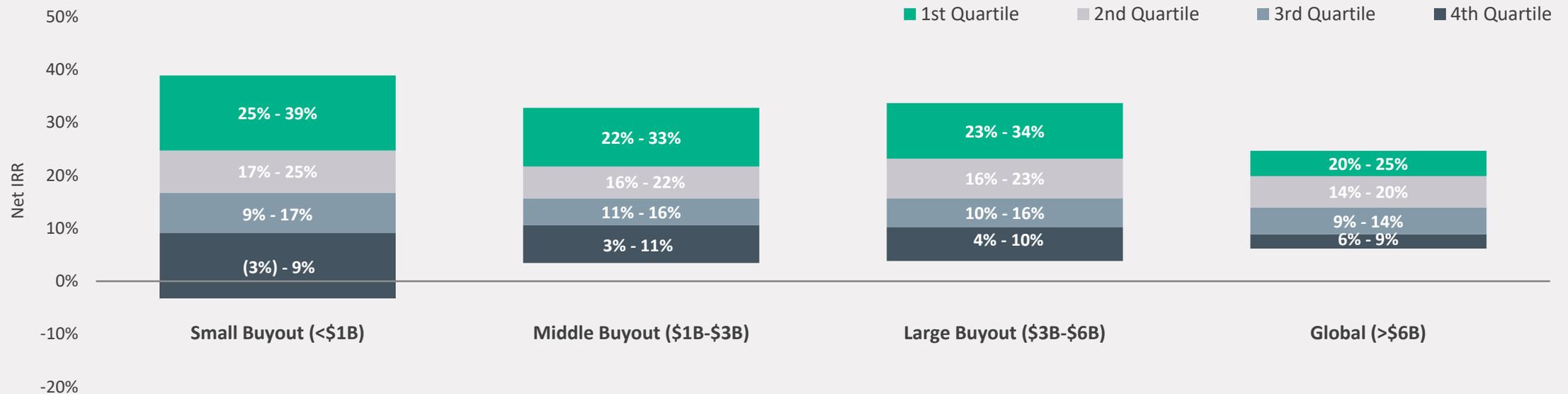


Note: For illustrative purposes only

Manager selection is a critical success factor

Greater performance variability of smaller buyouts compared to larger buyouts, as indicated by the dispersion of returns between quartiles and within each quartile

Quartile Analysis (2002–2018 North America Buyout Funds)



StepStone aims to identify the best managers within the top quartile and avoid exposure to the bottom quartile

- Essential for a top-performing small market program, as even one bottom quartile fund can have a significant impact on overall portfolio performance

Private equity risk considerations

Illiquid Asset

Limited Partnership (“LP”) interests are not readily marketable or redeemable

“Blind Pool” Investing

Underlying fund investments are not identified at the time of commitment

Manager Selection

Performance varies significantly among managers

Difficult to replace managers / influence strategies

Timing of Returns is Uncertain

Exit events / distributions are difficult to project

Valuation

Not marked-to-market

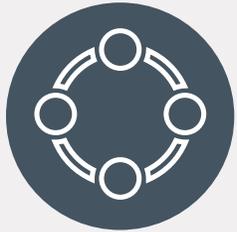
No universal industry standards / subjective interim valuations

Valuations are typically reported with a quarterly lag

Challenges to investing in private markets

Access

Access to top managers may be limited



Information

Data is not widely available or easily accessible



Liquidity

Liquidity constraints require sophisticated modeling



Cost

Limited number of ways to reduce fee levels



Expertise

Broad skill set needed to evaluate strategies and asset classes

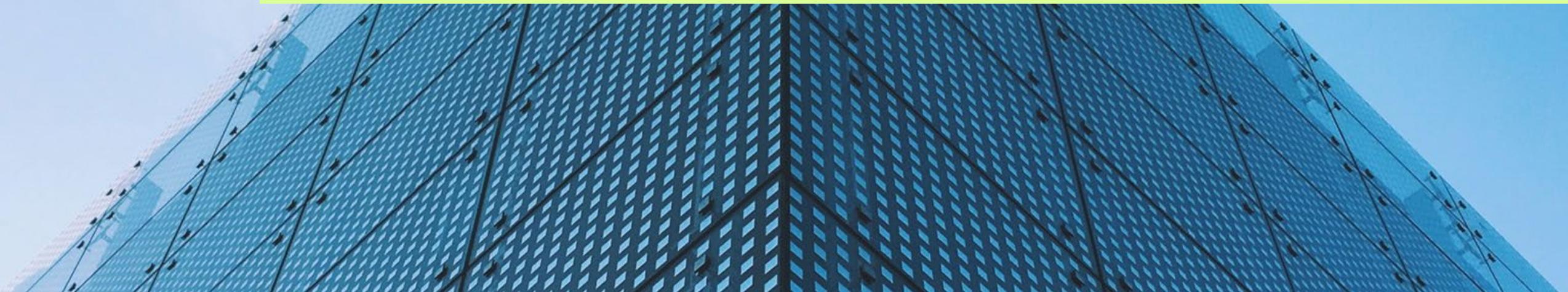


Resources

Due diligence and ongoing monitoring



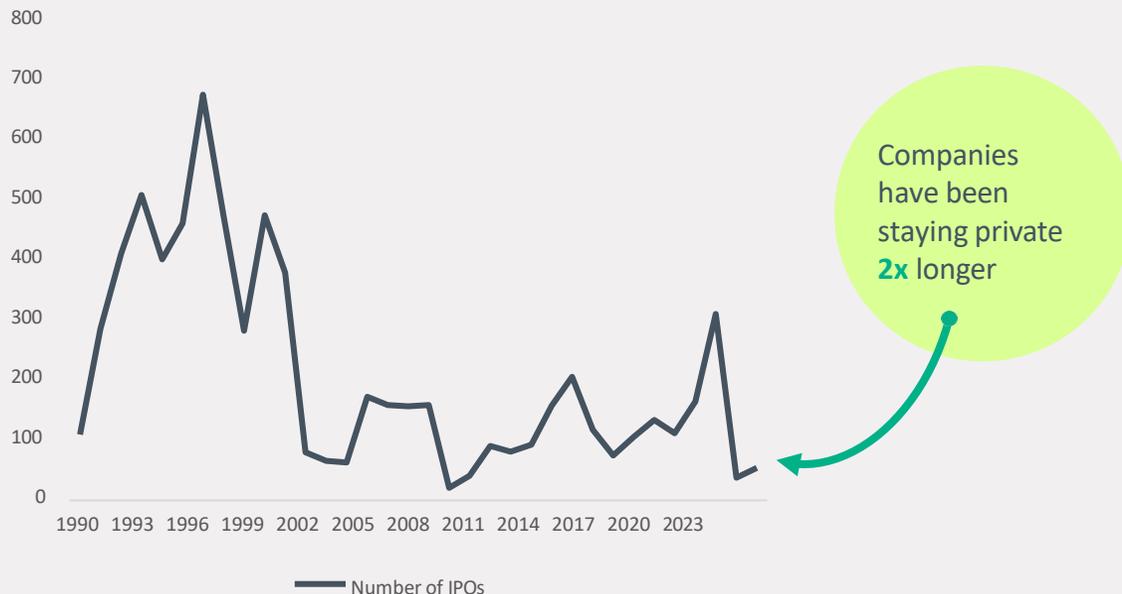
The potential advantages



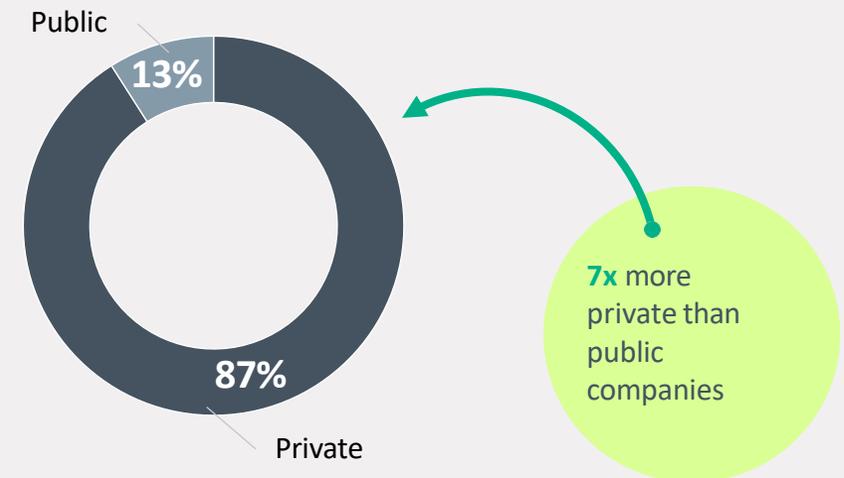
Why invest in the private markets?

Much of the growth, value creation, and opportunity has taken place in the private vs. public markets.

Number of US IPOs per year¹



Current blend of US private vs. public companies²



Past performance is not indicative of future results. Indices shown for illustrative purposes only and returns do not represent fund performance. Investors cannot invest directly in an index.

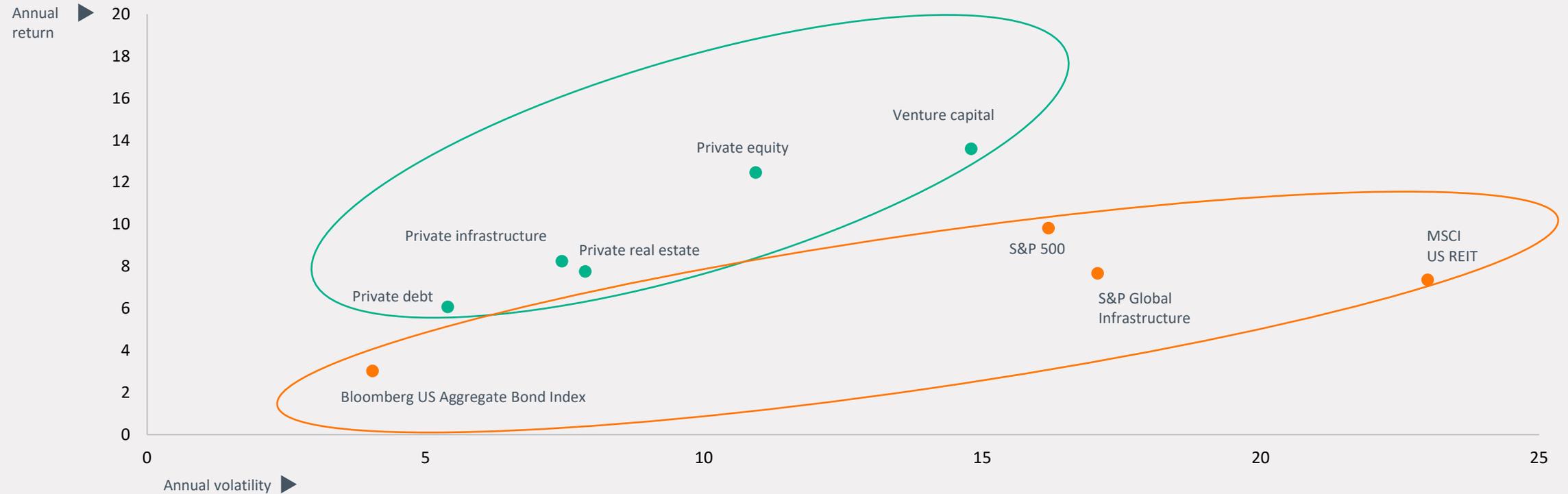
1. Jay R. Ritter. May 2024. Initial Public Offerings: Updated Statistics.

2. Capital IQ (February 2023). Note: 87% represents private US companies with >\$100M in revenue.

Private markets beat public equivalents on return and risk

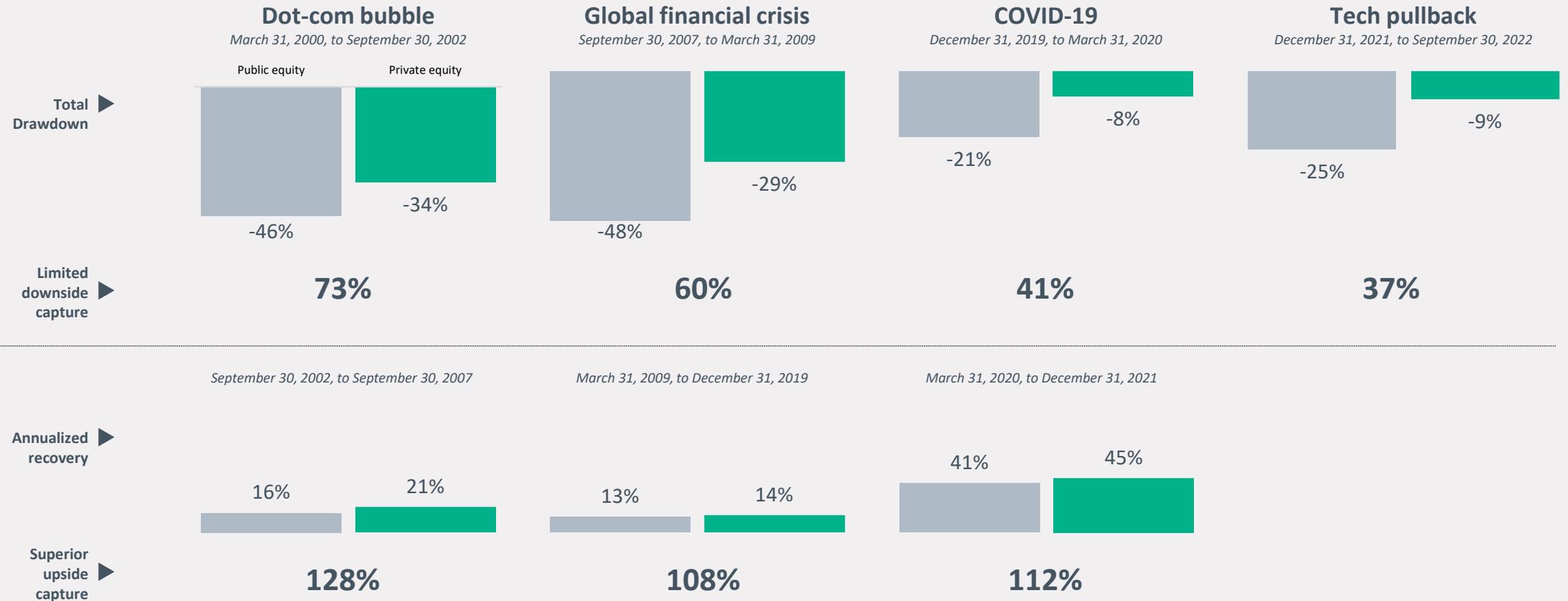
Over nearly the last 20 years, private markets have outperformed public market equivalents, delivering higher returns at lower levels of risk across asset classes

ANNUAL RETURN VS. ANNUAL VOLATILITY



SOURCE: StepStone and Bloomberg, based on quarterly returns from September 30, 2004, to June 30, 2023. The referenced indices/benchmarks are shown for general market comparisons and are not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

Outperformance driven by asymmetric risk capture



SOURCE: CapIQ as of May 2024, StepStone portfolio analytics and reporting as of December 31, 2023. Public equity performance represents the average of the S&P 500 and the MSCI World indices. Private equity performance represents the average of StepStone's portfolio and analytics reporting database and Burgiss. Total drawdown is defined as the maximum drawdown between the peak and trough during a crisis. Annualized recovery is the annualized return between the trough of the previous crisis and the peak of the next crisis.



What is an evergreen private market fund?

A hybrid with elements of a mutual fund and a traditional private markets fund.

Features:

- Continuously offered, accepting capital inflows or “subscriptions” daily or monthly at the current net asset value
- All of an investor’s capital is funded upfront, with no ongoing capital calls
- All taxable gains distributed annually, with option to reinvest distributions
- Liquidity provided quarterly at 100% of current net asset value (no discount) for a portion of the fund, typically 5%
- Mutual fund governance - SEC registration and ongoing reporting, majority independent board, legal limitations on affiliate transactions, etc.
- Current net asset value reported daily or monthly, the same frequency as the inflows
- 1099 tax reporting
- Eligible for IRAs and other qualified accounts
- A permanent capital vehicle like a mutual fund- no fixed termination date

RISKS AND OTHER CONSIDERATIONS

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

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Questions?

Mark Peterson

*Director of Investment Strategy
and Education*

BlackRock

mark.peterson@blackrock.com

Miguel Sosa

*Managing Director and Senior
Investment Strategist*

Stepstone Private Wealth

miguel.sosa@stepstonegroup.com

*If you have a question that you'd like to ask, please use the **Q&A Button** at the bottom of your screen.*

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