

## Executive Summary of the Investment Opportunity

### Comvest

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Comvest	
<b>Target Fund Size:</b>	\$2.5 billion
<b>Offering Periods:</b>	Annual, Evergreen
<b>Minimum:</b>	\$25 million
<b>Fund Type:</b>	Direct Lending & ABL
<b>Geography:</b>	North America

Comvest Credit Partners Funds Summary As of 9/30/2023

	Funds	Vintage Years	Committed Capital (\$M)	Net IRR	Net TVPI	Quartile Net IRR	Quartile Net TVPI
<b>Investor Contact</b>	CCP II	2009	\$250	8.9%	1.3x	NM	NM
<b>John Mendell</b>	CCP III	2014	\$434	6.7%	1.3x	3rd	2nd
Managing Director	CCP IV	2017	\$829	7.6%	1.3x	3rd	2nd
561-727-2071	CCP V	2019	\$1,164	10.2%	1.2x	2nd	2nd
	CCP VI	2022	\$1,982	11.8%	1.1x	2nd	2nd

Source: Comvest & Preqin.

The following is a review and due diligence update for Comvest Credit Partners Evergreen Fund (the “Fund” or the “strategy”), a lower-middle to middle market, senior debt focused direct lending and asset-backed strategy offered by Comvest Credit Partners (“CCP”). The Evergreen Fund is a more capital efficient iteration of this strategy, with no differences in its investment approach, team, or process from the closed-ended strategy. The Funds attractive relative value is represented by this strategy’s lower middle market and non-sponsored focus, and the value added by this top tier investment team’s experienced sourcing, underwriting and loan structuring.

Comvest Partners (“Comvest” or the “Firm”) is a private investment firm focused on providing debt and equity capital to lower middle market and middle-market companies. Comvest has an extensive history of investing in the lower middle and middle markets, having deployed more than \$11.7 billion of capital in over 305 companies and loans as of 9/30/2023.

Comvest Partners was established in 2000 with the creation of the Firm’s first commitment-based private equity investment fund. Today, Comvest is comprised of approximately one hundred professionals, including approximately sixty-five investment professionals across all strategies, a Finance & Administration team, and an Investor Relations team.



Comvest's investment activities are currently organized into three primary strategies: a non-control direct lending strategy through the Comvest Credit Partners series of investment funds, a control-oriented equity strategy through the Comvest Investment Partners ("CIP") series of investment funds, and a special situations strategy called Comvest Special Opportunities. The large majority of Comvest's employees and functions are based at the Firm's headquarters in West Palm Beach, Florida. The Firm has additional offices in Chicago and New York.

The defensive strategy has remained stable, primarily seeking to make senior secured loans to non-sponsored, non-traditional sponsored, and private equity sponsor-backed businesses in the middle and lower-middle market, in addition to pools of loans within the asset-backed space. In addition, the investment team is captained by the same experienced group of senior investors responsible for building the platform. Like other evergreen funds, this vehicle is designed to reinvest limited partners' capital until they elect to redeem it instead of requiring an ongoing series of follow-on commitments through successive closed-end funds. The evergreen format is intended to minimize the cash drag associated with the repeated ramp-ups and wind-downs experienced by closed-end fund series and to lessen the administrative burden faced by limited partners seeking long-term exposure to the product. We believe this is a positive development from the perspective of capital efficiency, and that the same strategy that has served to drive consistent, stable returns over the course of Funds II through VI will translate well into this new format.

## INVESTMENT RECOMMENDATION

RVK recommends that the **Vermont Pension Investment Commission** commit up to **\$75 million** to Comvest Credit Partners Evergreen Fund, in order to provide added diversification to the client's current private market investments and strengthen the portfolio's ability to generate competitive returns. RVK believes that this commitment amount:

1. Is of sufficient size to meaningfully augment the portfolio's absolute long-term returns and allow it to more comprehensively benefit from a robust direct lending opportunity set over the course of CCP's life, and;
2. Is sufficiently limited in size to control the portfolio's exposure to single strategy risk and maintain an appropriate level of manager diversification across the portfolio's private markets allocation.

As previously stated, we believe that Comvest Credit Partners Evergreen Fund benefits from several strong, sustainable competitive advantages that should allow it to continue enjoying a risk-adjusted return advantage compared to most traditional direct lending strategies over the course of the next market cycle.



## PORTFOLIO CONTEXT

Within a portfolio context, this Fund is expected to provide:

- Ability to invest in the lower end of the middle market
- Diversification to the private credit portfolio by investing in senior secured non-sponsored controlled businesses
- Evergreen fund structure allowing investors to stay perpetually allocated to direct lending

As with other direct lending managers, Comvest's track record exhibited strong returns during market environments characterized by lower interest rates. Comvest Credit Partners focus on the lower-middle market which they believe is a less competitive part of the direct lending market. Comvest will invest in loans that are both sponsor backed and non-sponsored, giving them the ability to rotate between the two when the market opportunity presents itself. Relative to peers, this strategy has generally demonstrated more consistent returns and lower overall levels of historical realized losses. This has resulted in a less cyclically dependent return profile and an arguably lower risk profile than those of peers.