

AVANTE PRIVATE CREDIT SOLUTIONS

A Private Debt Investment Option Available through the VIP Program

The U.S. economy depends heavily on lower middle market (LMM) businesses – those that generate between \$10M and \$100M in annual revenue – for job creation and economic growth. Yet these businesses often face significant barriers to accessing long-term growth capital. Banks have steadily reduced their lending to LMM businesses, and private capital providers often have limited appetite for the complex, time-intensive underwriting required for smaller transactions.

closing PERSISTENT capital
GAPS for OVERLOOKED
founders and BUSINESSES

Avante Capital Partners (Avante), founded in 2009, was created to close persistent capital gaps for overlooked founders and businesses. Avante pairs growth-oriented debt investments with a deep commitment to inclusion. The result is expanding access to capital in a segment where other lenders often fall short.

Avante is currently raising up to \$300MM for Avante Private Credit Solutions Fund (PCS) to provide loans to LMM businesses across the U.S. in core sectors such as healthcare, education, specialty manufacturing and business services. Focusing on business with \$3-\$30M EBITDA, Avante believes LMM deals offer higher yields, lower leverage, and superior returns.

Over its 16-year history, Avante has provided capital to more than 60 companies and supported the creation and retention of more than 5,000 jobs. Avante has directed approximately 20% of investments to low-and-moderate income census tracts and channeled 80% of its most recent fund to portfolio companies with overlooked founders and executives.

Avante Private Capital Solutions Fund presents an opportunity to invest in a 10-year fund targeting a 14% net internal rate of return (IRR) while supporting job creation and economic growth in key sectors. Quarterly distributions commencing one year after the initial investment. Distributions are expected to begin at 6% and ramp up to 10% over time. This opportunity is best suited for an investor comfortable with a long-term horizon and moderate financial risk.

ABOUT AVANTE CAPITAL PARTNERS

Avante is an experienced private credit manager specializing in capital solutions for lower middle market businesses. Founder Jeri Harman envisioned a firm that would offer flexible solutions and a partnership approach in a segment where traditional lenders fall short. These qualities have positioned Avante to occupy a unique position as a trusted capital advisor to historically overlooked business owners, a strategy that has become both an impact driver and a consistent source of differentiated investments and talent. As of November 2025, Avante manages \$1.4B.



Beyond its investment strategy, Avante is committed to expanding access and opportunity within the investment industry itself. Since 2013, Avante has been operating an internship program focused on mentorship and network-building for underrepresented professionals. The program has produced more than 100 alumni nationwide and engages roughly 30 participating firms each year.

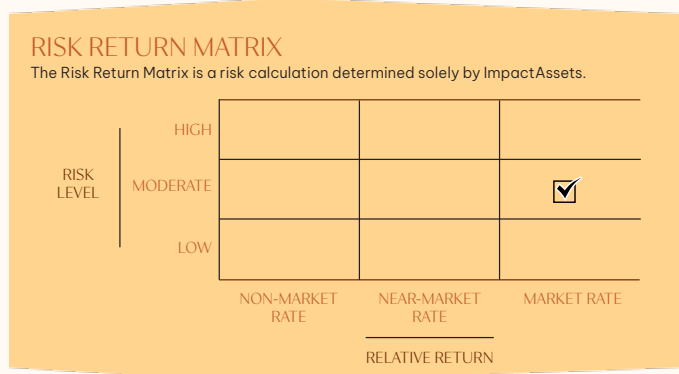
Avante also manages a professional network of over 1,000 professionals and hosts more than 200 events annually that connects talent with career advancement opportunities. These efforts strengthen the industry's talent pipeline while enhancing Avante's sourcing capabilities and positioning.

STRATEGY SUMMARY

ASSET CLASS	Private Debt
TARGET FUND SIZE	\$300MM
TERM	10 years, subject to three one-year extensions
TARGET RETURN	14% net IRR
LIQUIDITY	Quarterly distributions expected to commence one year after the initial investment. Targeting a 6% annual yield, ramping up to 10% over time.
FUND MANAGER FEES*	<ul style="list-style-type: none"> •1.75% management fee •17.5% performance fee, 7% preferred return to investors <p>*Additional interest, fees, and/or expenses beyond an investment commitment are typical of closed-end fund structures. This is expected to occur on a one-time basis per the investment commitment to the fund and typically ranges between 1 to 3 percent of the commitment, though exact amount may differ.</p>
REGION	United States
IMPACT AREAS	Capital Access; Workforce Development
INVESTMENT FEES	This investment recommendation will incur a fee of 0.80%
INVESTMENT THESIS	Providing flexible financing to resilient lower middle market (LMM) businesses underserved by traditional capital providers.
IMPACT THESIS	Avante Capital Partners is committed to expanding access and opportunity for individuals and communities historically underserved by traditional financial institutions. This commitment is carried out by two complementary strategies: expanding capital access for businesses and advancing industry workforce development and inclusion.
STRENGTHS	<ul style="list-style-type: none"> •Filling capital gaps: Providing access to capital for LMM businesses, which are essential engines of economic growth and job creation yet often overlooked by traditional lenders. •Strong team with no loan losses: Since inception, a consistent team has deployed nearly \$1B with zero loan losses. •Predictable cash: PCS is structured to deliver earlier and more predictable cash distributions compared with traditional illiquid funds. Quarterly distributions are expected to begin roughly one year after the first investment (currently projected for late 2026). •Focus on defensible sectors: Avante invests in essential industries such as health-care and education, which demonstrate stable demand even during economic downturns. •Developing talent: As a firm led by underrepresented investment professionals, Avante has prioritized mentorship, board access and convenings that support the industry's talent.
RISKS	<ul style="list-style-type: none"> •Macroeconomic risk: Avante's portfolio of SMBs face exposure to macroeconomic volatility. Avante has demonstrated resilience across market cycles, maintaining portfolio quality throughout its 16-year history due to a focus on non-cyclical industries and company fundamentals. •Scaling & growth risk: Significant team and fund size growth often creates new challenges for fund managers. Avante has been deliberate in managing these evolutions by hiring slowly and building out internal infrastructure ahead of scaling. •Parallel structure risk: PCS will run in parallel to Avante's other strategies, specifically Avante's Small Business Investment Company (SBIC) Fund IV. While PCS is not an SBIC strategy, its parallel structure with SBIC Fund IV means execution will be closely tied to the success of that strategy and any changes affecting Small Business Administration programs.

PORTFOLIO EXAMPLE: ABA PLATFORM

In 2025, Avante Capital Partners invested in an Applied Behavior Analysis or “ABA” provider that supports children with autism spectrum disorder across New Jersey. With expanded resources from Avante’s investment, the ABA provider has opened three new centers, bringing high-quality therapy closer to families who have long waited for care. Founded by a parent who once struggled to find support for her own child, the ABA provider offers support within real preschool classrooms—warm, joyful spaces where children can learn and thrive. One parent shared that their child now wakes up excited for school, and Avante’s investment is ensuring more families have access to that positive educational experience.



WHAT ARE LOWER MIDDLE MARKET BUSINESSES?

Lower Middle Market (LMM) Businesses are defined as those generating \$10MM to \$100MM in annual revenue.

Positioned at the upper end of the small and medium business (SMB) spectrum, these companies fall within the U.S. Small Business Administration’s scope because they play a critical role in the U.S. economy yet remain too small to access traditional financing. Based on figures from the National Center for the Middle Market, there are over 180,000 LMM businesses in the U.S. Across the broader middle market, these businesses represent roughly one-third of private sector GDP and employ 44.5 million people. LMM businesses have also shown resilience in tough markets - During the 2007–2010 financial crisis, the middle market added 2.2 million jobs to the U.S. economy.

WHAT ARE THE BENEFITS OF INVESTING IN THE LOWER MIDDLE MARKET?

Lower middle market offers distinct advantages, including reduced competition, favorable pricing dynamics and historically superior credit outcomes.

MARKET DEPTH¹

180K lower middle market companies vs. ~20K in the upper middle market, underscoring the depth of market need

DOWNSIDE PROTECTIONS²

Lower middle market deals typically contain higher share of equity vs. debt, providing additional buffer for debt providers

PRUDENT MANAGEMENT³

Limited capital enables investors to pursue stronger terms: 67% of LMM deals with covenants vs. 7% in the upper middle market

LOWER AVERAGE LOAN DEFAULTS⁴

	LARGE CORPORATE	LOWER MIDDLE MARKET
5-Yr. Avg	2.1%	1.9%
10-Yr Avg	1.9%	1.4%
20-Yr Avg	2.7%	1.9%

¹ National Center for the Middle Market, June 2024

² Advantages of Lower Middle Market Lending, TPG

³ Advantages of Lower Middle Market Lending, TPG

⁴ Tree Line Capital Partners May 2021, Private Credit: An Allocation Strategy for the Next Decade

SOURCES FOR FURTHER READING

- [Middle Market Indicator 2025, NCMM](#)
- [Advantages of Lower Middle Market Lending, TPG](#)

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets – a market leader in impact investing– VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact. For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.

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