

DEVONSHIRE PARTNERS

Master Internal Operating Manual

Hassan Tariq - Independent Sponsor

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1. STRATEGIC POSITIONING

Who I Am

Hassan Tariq, independent sponsor and founder of Devonshire Partners. 15 years of buy-side operations at Verition Fund Management (\$10B+ multi-manager), Lazard Asset Management, and Barclays. Columbia Executive MBA, Class of 2026. Former customer of the businesses I'm acquiring.

I have personally run and supported the exact trading infrastructure and regulatory workflows these companies are paid to deliver. This isn't theoretical domain expertise—I've lived on both sides of this market.

What I'm Building

An independent sponsor building the go-to platform for mission-critical trading infrastructure and regulatory operations—the partner trading firms call when they absolutely cannot go down and cannot be out of compliance.

End goal: Multi-company platform within 3-5 years, not a single-deal search fund exit.

Strategic inspiration drawn from: - RTC Partners: Independent sponsor model, platform building from Deal #1 - ZBS Partners: Sector-focused roll-up strategy in niche verticals - Thoma Bravo: Software buy-and-build with operational value creation - Constellation Software: Decentralized platform of vertical market software businesses

Internal Positioning Discipline

HOW TO TALK ABOUT THIS:

With Investors: - "I'm building an independent sponsor platform from my first acquisition. Devonshire Partners is the investment vehicle." - Transparent about being first-time independent sponsor - Credibility comes from 15 years domain expertise, not fake track record

Language Discipline: - Use "I" for personal background/credibility - Use "Devonshire Partners" for investment entity/thesis/strategy - Never pretend to have closed deals I haven't closed - Never use "we" when referring to team that doesn't exist yet

With Founders: - Lead with operational expertise: "I ran these exact systems at Verition" - Position as operator-buyer, not financial buyer - Emphasize continuity, team retention, professionalization

With Brokers: - "Independent sponsor focused on mission-critical trading infrastructure" - "\$1-5M EBITDA, founder-owned, 70%+ recurring" - Responsive, decision-maker, can move quickly

2. INVESTMENT THESIS

Investment Model

Self-funded independent sponsor (NOT traditional search fund): - Deal-by-deal capital raising from small group of experienced investors - No committed fund; investors review each acquisition opportunity - Building LP bench now to transact immediately when right platform becomes actionable

Why self-funded vs. traditional search fund: - Gets to multi-company platform faster (3-5 years vs 7-10 years) - Builds right investor base from Day 1 - Preserves full strategic control at platform level - No vesting schedules or performance hurdles limiting flexibility - LP relationships continuous from Deal #1 forward

Investment Focus

Mission-Critical Trading Infrastructure & Regulatory Operations serving asset managers and broker-dealers:

Category 1: Managed Trading Infrastructure and Connectivity - OMS/EMS support, FIX onboarding, production support, incident response - My Edge: 15 years operating these exact systems at \$10B+ AUM institutions

Category 2: Market Data Operations and Entitlements

Management - Licensing, vendor compliance, usage audits - My Edge: Built infrastructure supporting institutional data needs

Category 3: Trade Surveillance and Regulatory Evidence

Operations - Alert triage, best-ex reporting support, audit trail packaging - My Edge: Understand regulatory requirements from institutional compliance side

These functions are painful to staff in-house, high-stakes if they fail, and already partially outsourced today to founder-run specialists.

Target Profile

Core Investment Criteria: - Revenue: \$3-15M annually - EBITDA: \$1-5M (after market-rate CEO compensation) - EBITDA Margin: 25%+ preferred - Revenue Type: 70%+ recurring (SLA-backed, retainer-based, or regulatory/process obligation) - Geography: United States - Ownership: Founder-owned (NOT PE-backed) - Customer Base: B2B institutional clients (asset managers, broker-dealers) - Team: 10-100 employees

Mission-critical characteristics: - Downtime means trading desk goes dark - Regulatory-critical: failures mean fines or business disruption - Strong existing vendor/data/exchange relationships that scale across clients - Fragmented niche with visible bolt-on pipeline

Target Universe

Current Status: - 200+ named founder-owned firms identified across three categories - 30-50 match EBITDA and recurring-revenue profile as viable platforms or bolt-ons - Active database building with goal of 300+ qualified targets by Sprint 9 (mid-2026)

Deal Flow Sources: - Proprietary outreach: 30% (direct to 200+ database) - Broker relationships: 40% (15-17 active brokers) - Industry network: 20% (Verition/Lazard/Barclays/Columbia) - Platforms & events: 10% (Searchfunder, Axial, TradeTech conferences)

Value Creation Playbook

Repeatable acquisition and value creation mechanics:

1. **Source** founder-run firms in critical trading infrastructure where work already partially outsourced
2. **Acquire** control, give founder liquidity, keep them aligned through transition
3. **Professionalize** contract structure, response discipline, renewal motion, reporting—make business institutionally ownable
4. **Consolidate** by adding bolt-on specialists serving same buyer—platform becomes obvious first call in niche

The moat: We acquire companies in "cannot be down/cannot be non-compliant" layer. This creates pricing power, revenue stickiness, multiple expansion at exit.

Platform Cross-Sell Strategy

OMS/EMS SUPPORT → MARKET DATA SERVICES → TRADE SURVEILLANCE

Logic: Once we own OMS/EMS support firm, cross-sell market data normalization to same client base. From there, surveillance rule-tuning becomes natural add-on. Each acquisition expands wallet share with existing clients while providing bolt-on synergies.

Example: Platform company serves 50 asset managers with OMS implementation. Acquire market data management firm with 30 clients. Combined entity has 80 total clients with immediate cross-sell opportunities. Shared sales team, unified client success function, operational playbooks drive margin expansion.

Underwriting Guardrails (GO/NO-GO Framework)

Revenue Quality: - GRR (Gross Revenue Retention) $\geq 90\%$ - NRR (Net Revenue Retention) $\geq 100\%$ (services: $\geq 95\%$ acceptable) - Recurring revenue $\geq 70\%$ OR clear 12-18 month path to reach it

Client Concentration: - Top 1 client $\leq 20\%$ of revenue - Top 5 clients $\leq 50\%$ of revenue

Margin Structure: - Services gross margin $\geq 45\%$ ($\geq 50\%$ ideal) - Delivery team utilization $\geq 75\%$ - EBITDA $\geq 25\%$ after market-rate CEO compensation

Cash Conversion: - DSO (Days Sales Outstanding) ≤ 60 days - AR > 90 days old $< 15\%$ of total AR

Deal Structure: - No PE/VC ownership (any percentage = automatic pass) - Critical vendor partnerships transferable or replaceable - Financeable with available capital stack

RED FLAGS (Automatic Pass): - Non-transferable vendor partnership + $> 60\%$ revenue dependency - Declining revenue $> 15\%$ YoY for 2+

consecutive years - Gross margin declining >500 bps over 2 years with no explanation - Chronic negative operating cash flow (2+ of last 3 years) - Major client (>20% revenue) churned in last 12 months

Capital Strategy

LP Base: Deal-by-deal investors (not blind pool fund). Target 5-7 committed relationships willing to review opportunities.

Deal Structure: Typical \$1-5M EBITDA founder-led businesses. Mix of senior debt and investor equity appropriate to asset—SBA where it fits, conventional where scale or IP requires it.

Financing Options: - **SBA 7(a):** \$5M max at Prime + 2.75%, 10-year term (for eligible deals \leq \$10M EV) - **Cash-Flow Term Lenders:** 3.0-4.0x EBITDA at SOFR + 6-8% - Target lenders: Star Mountain Capital, Twin Brook, Monroe Capital, NXT Capital, White Oak - Typical leverage: 60% senior debt, 15% seller note, 25% equity - Faster close: 45-60 days (vs 90-120 for SBA)

Returns Target: 3-5x MOIC per deal over 5-7 year hold periods (22-35% IRR) through: - Operational improvements (margin expansion, professionalized delivery) - Bolt-on acquisitions (platform consolidation in same niche) - Multiple expansion (fragmented \rightarrow consolidated = higher exit multiple)

Platform with multiple simultaneous holdings achieved within 3-5 years.

3. DUAL-TRACK STRATEGY

Track A: Income Generation (\$20K/Month by January 2026)

CRITICAL CHECKPOINT: If income not secured by January 31, 2026, entire timeline extends by 3 months and strategy shifts to accept best available offer \geq \$200K annually.

Four-Lane Parallel Pursuit (50/40/10 Intensity Split):

Lane 1: Fractional COO (50% effort - Fastest Cash) - Target: 2 signed SOWs by end-January 2026 - Structure: 60-120 day engagements, outcome-based compensation (\$8-12K/month per client) - Time cap: Max 1 day/week per client (2 days/week total) - Source: Ex-colleagues at Verition, Lazard, Barclays; CBS alumni at growth-stage companies

Lane 2: Operating Partner / Portfolio Ops (40% effort - Brand + Deal Exposure) - Target: 1 finalist process by end-February 2026 - Must include 2 of 3: (a) Seat on value-creation/M&A committee, (b) Add-on integration mandate, (c) Partner invests in search funds/independent sponsors - If role doesn't meet acceptance criteria: PASS even at \$300K+ compensation - Time cap: Up to 50% time IF comp \geq \$25K/month AND meets criteria

Lane 3: Interim COO (10% effort - Opportunistic) - Only accept if: Clear 100-day value creation mandate AND can ring-fence 4 hours/week for Track B - Source: PE talent teams, InterimExecs, Bolster

Lane 4: Platforms (10% effort - Feeder) - 2-3 high-fit bids/week on Bolster, Chief of Staff Network, Toptal - Max 1-1.5 days/week total - Treat as feeder for Fractional/OP opportunities, not primary income

Red-Flag Triggers: - January 15: Zero signed SOWs → Deploy 10-call blitz to warm network - January 31: $<$ \$15K/month income → Accept best Fractional/Interim offer immediately - February 28: No OP finalist interviews → Shift 100% to Fractional - Any time runway $<$ 4 months → Accept best available offer \geq \$200K

Track B: Independent Sponsor Development (Minimum Momentum Required)

Even during peak income pursuit, MUST maintain:

Activity	Weekly Minimum	Why Critical
Broker touches	2 per week	Deal flow can't go cold for 3 months
	1 per week	

Activity	Weekly Minimum	Why Critical
Investor touches		LP relationships take 6-9 months to build
Database building	+5 targets/week	Need 200+ by Sprint 3
LinkedIn post	1 per week	Public momentum signal
Sunday review	30 minutes	Five Questions + traffic light assessment

If too busy for these minimums, over-committed on Track A. Drop something immediately.

Two-Week Breach Trigger: If exceed time caps for 2 consecutive weeks → drop one lane/client immediately.

4. 18-MONTH EXECUTION FRAMEWORK

Phase Overview

Phase I: Reconnaissance & Fortification (Sprints 1-3, Oct-Dec 2025) - Build 200-300 target database - Establish 15-17 broker relationships - Generate \$20K/month income (Track A critical) - Write Investment Memo #1

Phase II: Investor Credibility (Sprints 4-6, Jan-Mar 2026) - Income MUST be secured by January 31 (critical checkpoint) - Publish Investment Memo #1 on LinkedIn - Meet with 10+ LP investors - Deal flow tracker: 50+ targets - Write Investment Memo #2

Phase III: Deal Flow Expansion (Sprints 7-9, Apr-Jun 2026) - Graduate Columbia EMBA (May 2026) - Deal flow tracker: 100+ targets - Identify top 10 most promising targets - Write Investment Memo #3 - Secure 5-10 investor commitments to "review deals when you have LOI"

Phase IV: Active Deal Pursuit (Sprints 10-12, Jul-Sep 2026) - Deep diligence on top 3-5 targets - Draft LOI for #1 target - Begin LOI negotiations - Target: Sign LOI by end of Sprint 12

Phase V: Due Diligence & Capital Raise (Sprints 13-15, Oct-Dec 2026) - Complete 60-90 day due diligence - Raise \$3-5M in acquisition capital - Finalize investor subscription agreements - Set closing date for Q1 2027

Phase VI: Close & Transition (Sprints 16-18, Jan-Mar 2027) - Close first acquisition - Transition to operating CEO - Implement 100-day operational plan - Begin sourcing bolt-on opportunities

Sprint-Level Milestones (High-Level)

Sprint 1 (Oct 5-Nov 3, 2025): - Complete pre-launch validation (Oct 5-8) - Launch Week 1 execution (Oct 13-19) - Establish 5-7 active broker relationships - Add 50+ companies to database - Send 10 consulting outreach emails - Apply to 4 portfolio ops roles

Sprint 2 (Nov 4-Dec 1, 2025): - Active broker relationships: 10-12 - Database: 75-100 companies - Investment Memo #1 drafted - Income progress: 1-2 consulting conversations or OP interviews

Sprint 3 (Dec 2-30, 2025): - Active broker relationships: 15-17 - Database: 100-150 companies - Investment Memo #1 finalized - Income progress: Signed SOW or finalist OP interview

Sprint 4 (Jan 1-29, 2026) - CRITICAL CHECKPOINT: - INCOME MUST BE SECURED (\$20K/month minimum) - If not secured: Accept best available offer or extend timeline 3 months - Publish Investment Memo #1 on LinkedIn - Begin LP outreach (5-7 initial conversations) - Database: 150-200 companies

Sprint 5 (Jan 30-Feb 26, 2026): - LP meetings: 5-10 completed - Database: 175-225 companies - Investment Memo #2 drafted - Income stable and time-capped

Sprint 6 (Feb 27-Mar 29, 2026): - LP meetings: 10-15 total - Database: 200-250 companies - Investment Memo #2 finalized - Columbia EMBA final semester

Sprint 7 (Mar 30-Apr 27, 2026): - Graduate Columbia EMBA (May 2026)
- Database: 225-275 companies - Identify top 20 most promising targets -
Begin deeper research on top 10

Sprint 8 (Apr 28-May 26, 2026): - Database: 250-300 companies - Top
10 targets: Initial outreach completed - Investment Memo #3 drafted

Sprint 9 (May 27-Jun 24, 2026): - Database: 275-325 companies
(reaching target) - Top 10 targets: 3-5 serious conversations active -
Investment Memo #3 finalized and published - 5-10 investors soft-circled
("review deals when you have LOI")

Sprint 10 (Jun 25-Jul 23, 2026): - Deep diligence on top 3-5 targets -
Select #1 target for LOI pursuit - Preliminary valuation and structure work

Sprint 11 (Jul 24-Aug 21, 2026): - Draft LOI for #1 target - Engage
attorney for LOI review - Begin LOI negotiations

Sprint 12 (Aug 22-Sep 19, 2026): - Target: Sign LOI by end of sprint -
Exclusivity period begins - Quality of Earnings engagement initiated

Sprint 13 (Sep 20-Oct 18, 2026): - Due diligence: Financial, legal,
operational, customer - QoE report completed - Vendor transferability
confirmed

Sprint 14 (Oct 19-Nov 16, 2026): - Due diligence completion - Begin LP
capital raise for this specific deal - Draft purchase agreement

Sprint 15 (Nov 17-Dec 15, 2026): - Finalize investor subscription
agreements - \$3-5M committed - Purchase agreement signed - Closing
date set for Q1 2027

Sprint 16 (Dec 16-Jan 13, 2027): - Pre-closing preparations - Financing
documents executed - Day 0 transition plan finalized

Sprint 17 (Jan 14-Feb 11, 2027): - Close first acquisition - Day 0-30:
Stabilize & Listen phase - Begin 100-day integration plan execution

Sprint 18 (Feb 12-Mar 12, 2027): - Day 31-60: Assess & Plan phase -
Platform operational improvements initiated - Begin sourcing Deal #2
opportunities

5. DECISION FRAMEWORKS & RED LINES

Sunday Review Framework (Non-Negotiable Weekly)

Five Questions (Answer Every Sunday):

1. **Income Progress:** Did I generate consulting leads? Any responses?
Calls scheduled?
2. **Network Activation:** Did I have 2+ meaningful conversations this week?
3. **Job Applications:** Did I apply to 4+ quality roles? (Track A lanes)
4. **Search Fund Momentum:** Am I building database? Broker engagement improving?
5. **Energy Level:** Am I energized or burnt out? (1-5 scale)

Traffic Light Assessment: - GREEN: Hit 8+ primary KPIs, feel energized, family supportive - YELLOW: Hit 5-7 KPIs, tired but not burnt out, family has concerns but on board - RED: Hit <5 KPIs, exhausted, family stressed, activate contingencies

Critical Checkpoints & Decision Points

January 31, 2026 (Sprint 4): - Decision: Income secured at \$20K/month? - If NO: Accept best available offer \geq \$200K OR extend timeline 3 months - If YES: Continue dual-track with Track B accelerating

May 2026 (Sprint 7): - Decision: Columbia graduation complete, 10+ LP relationships established? - If NO: Reduce Track B intensity, focus more on LP building - If YES: Accelerate deal pursuit to top 10 targets

September 2026 (Sprint 12): - Decision: LOI signed? - If NO: Reassess top targets, consider expanding to adjacent categories - If YES: Begin 60-90 day diligence and capital raise

December 2026 (Sprint 15): - Decision: \$3-5M committed from LPs? - If NO: Extend closing timeline, expand LP outreach - If YES: Execute purchase agreement, set closing date

Runway Management & Red Lines

Current Runway Status: - Monthly burn rate: [To be filled based on actual family expenses] - Current runway: [To be calculated based on savings] - Red line: 4 months remaining

Red Line Triggers: - If runway drops below 4 months at ANY time: Accept best available offer \geq \$200K immediately - No exceptions, no "one more month" extensions - Family security > search fund timeline

Contingency Protocols: - Scenario 1: Income secured but deal flow weak → Expand to Tier 2 categories - Scenario 2: Deal flow strong but income weak → Accept interim COO role - Scenario 3: Both weak → Pause Track B, focus 100% on income - Scenario 4: Runway breached → Accept any offer \geq \$200K, preserve option to restart later

6. LP STRATEGY & RELATIONSHIP MANAGEMENT

Target LP Profile

Tier 1 (21 investors - Perfect Fit): - Explicitly back self-funded searchers or independent sponsors - Deal-by-deal capital model - Prior experience with first-time sponsors - Target check size: \$250K-\$750K per deal

Key names: - Entrepreneurial Capital Partners - Shore Capital Partners - Pacific Lake Partners - Anacapa Partners - Relay Investments - [Full list maintained in separate LP database]

Tier 2 (15 investors - Strong Fit): - Family offices with independent sponsor experience - Search fund platforms open to self-funded model - Lower middle market PE with co-invest appetite

Tier 3 (12 investors - Possible Fit): - Traditional search fund investors (may need education on self-funded model) - Operational LPs (former operators, not just financial)

LP Relationship Stages

L1 - Awareness: - LP knows Devonshire Partners exists - Received initial thesis document or LinkedIn connection

L2 - Interest: - LP has had 1-2 conversations with Hassan - Expressed willingness to review deals in future - Not yet committed to specific timeline

L3 - Engaged: - LP has had 3+ conversations - Reviewing investment memos as published - Verbal commitment to "look at LOI when you have one"

L4 - Committed: - LP has signed non-binding letter of intent - Will review specific deal within 14 days of LOI - Target allocation amount discussed (\$250K-\$750K range)

Target Progression: - Sprint 4-6: 10-15 LPs at L2 (Interest) stage - Sprint 7-9: 5-10 LPs at L3 (Engaged) stage - Sprint 10-12: 3-5 LPs at L4 (Committed) stage, ready to review LOI

LP Communication Cadence

Monthly Updates (Starting Sprint 4): - Brief email to all L2+ investors - Deal flow progress (# targets tracked, # conversations active) - Investment memo publication announcements - Major milestones (Columbia graduation, LOI signed) - No asks, just keeping them warm

Quarterly Deep Dives (Starting Sprint 6): - 30-minute calls with L3+ investors - Share specific target profiles (anonymized) - Discuss market trends, valuation environment - Get feedback on investment approach - Soft-circle for future deal review

Ad-Hoc Outreach: - When LOI signed: Immediate notification to all L4 investors - When publishing investment memos: Send directly with context - When major developments occur: Brief update email

7. VICTORY CONDITIONS & MILESTONES

Three-Tier Victory Framework

Minimum Victory (September 2026 - Sprint 12): - Income secured at \$20K/month and stable - 3 investment memos published on LinkedIn - 10 LP relationships at L2+ stage - 50+ targets seriously tracked - Columbia EMBA graduated - Top 10 targets identified with ongoing conversations

Standard Victory (December 2026 - Sprint 15): - All Minimum conditions met PLUS: - LOI signed on first acquisition - \$3-5M soft-circled from 5-7 LPs - 60-90 day due diligence complete - QoE report shows business meets guardrails - Purchase agreement drafted

Decisive Victory (March 2027 - Sprint 18): - All Standard conditions met PLUS: - First acquisition closed - Operating as CEO of platform company - 100-day operational plan executing - Deal #2 targets identified - Foundation for multi-company platform established

Platform Milestones (Post-Deal #1)

2027-2028 (Deal #1 Operating Period): - Year 1: Stabilize operations, improve margins 5-10%, reduce churn - Hire VP Sales if needed (or prove I can sell) - Professionalize delivery: SLAs, utilization tracking, client success - Year 1 EBITDA target: \$3.3M-\$3.6M (10-20% growth from acquisition baseline)

2028-2029 (Deal #2-3 Bolt-On Period): - Identify and close 1-2 bolt-on acquisitions in adjacent categories - Cross-sell existing services to combined client base - Install operating CEO for Deal #1 if appropriate - Begin transition from CEO to platform CEO role - Combined platform EBITDA target: \$6M-\$8M

2030+ (Multi-Company Platform): - 3-4 portfolio companies operating in mission-critical trading infrastructure - Decentralized operations with strong operating CEOs - Hassan as platform CEO: M&A, LP relations, strategic direction - Deal #4+ acquisitions actively sourced - Exit optionality: Strategic buyer or traditional PE at consolidated multiple

APPENDICES

A. Key Documents Reference

Investor-Facing: - Devonshire Investor Deck (Final) - Share with LPs - Investment Memos #1-3 - Publish on LinkedIn, share with LPs

Internal Only: - Master Internal Operating Manual (This Document) - Sprint Execution Playbook (To Be Created) - Artifacts Library (8 Documents): - Deal Guardrails Checklist - Vendor-Partner Transferability Checklist - Financing Stack & Lender Map - Weekly Pipeline Dashboard Template - Retention Pool Term Sheet - Proof-of-Capital Letter Template - Enhanced QoE Scope - Day 0/30/90 Integration Plan

B. Contact Information

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C. Version History

v1.0 (October 2025): Initial Master Internal Operating Manual created - Integrated investor thesis with internal strategy - Dual-track framework documented - 18-sprint execution overview established - Decision frameworks and red lines defined

END OF MASTER INTERNAL OPERATING MANUAL

This document is for Hassan Tariq's internal use only. Contains strategic guidance, decision frameworks, and execution details not suitable for external distribution. Refer to "Devonshire Investor Deck (Final)" for LP-facing materials.