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CERVITUDE™ INTELLIGENCE BRIEF



NAVIGATING THE **NEW** ECONOMIC REALITY

Dear Friends,

The economic environment has become harder to read, and that may be why it's time to stop trying to predict it. For founders and business leaders, the more important question is: Are you prepared for what comes next?

Capital remains available, opportunities are still emerging, and companies continue to grow. But the cost of capital, investor expectations, and the consequences of waiting are changing.

In this month's Intelligence Brief, we're looking at the new economic reality through the lens of growth, capital, and opportunity, and what we're seeing companies do to prepare for it. Because in an uncertain market, preparation can well be a competitive advantage.

FROM THE PARTNERS

Each month, one of our Partners shares a perspective on what matters most to founders and investors.



Deborah Pfeifer
COO & Partner

"I've always been passionate about entrepreneurs- the people willing to take an idea, an opportunity, or a problem and build something they believe in from it. After decades in financial services, I've seen firsthand how capital, relationships, and preparation can transform an idea into a thriving business. What drives me: helping entrepreneurs bridge that gap and giving a good idea an opportunity to become great business. There's something incredibly rewarding about helping an entrepreneur move from *'this could work'* to *'we're making it happen.'*"

LEADERSHIP INSIGHT

Growth, Capital & the Cost of Waiting

For many business leaders, growth is the goal. But when it comes to funding that growth, the instinct is often to wait.

- Wait until revenue is higher.
- Wait until the next contract is signed.
- Wait until the business is “ready.”
- Wait until capital is absolutely necessary.



The problem is that capital rarely moves at the speed of urgency. Whether a company is pursuing an acquisition, expanding into a new market, launching a new product, or simply building the infrastructure needed to scale, financing can take months, not weeks. Investors and lenders need time to understand the opportunity, conduct diligence, evaluate risk, and build confidence in the leadership team. That creates an important leadership question: What does waiting cost?

It may be the acquisition that goes to another buyer. The customer opportunity the company cannot service. The hiring window that closes. The market position that becomes harder to capture. Or simply the time lost because management is forced to focus on finding capital instead of executing the growth strategy.

Capital Readiness is not the Same as Needing Capital

One of the most important distinctions we see is between raising capital because you need it today and becoming capital-ready before you need it. A capital-ready company has already thought through its growth strategy, financial requirements, use of proceeds, risks, milestones, and investor story. Its financial information is organized. Its leadership can clearly articulate where the business is going and why the opportunity makes sense.

That preparation creates options. It allows a company to have conversations with investors and lenders while the balance sheet is still healthy and management still has negotiating leverage. It also gives leadership the ability to evaluate different forms of capital rather than accepting whatever financing happens to be available when the clock is running out.

WHAT WE'RE SEEING

Cont'd

Growth, Capital & the Cost of Waiting

Growth Creates a Moving Target

The irony is that successful growth often makes the capital conversation more complicated. A company that was seeking \$1 million six months ago may now need \$3 million. An acquisition opportunity may require financing on a shorter timeline. A new customer may create working-capital requirements before the associated revenue arrives.

The capital strategy therefore needs to evolve alongside the business. That does not mean every company should raise money simply because it can. Capital has a cost – financial, operational, and sometimes strategic. The right question is not “How much can we raise?” It is: “What capital will allow us to pursue the opportunity without compromising the business we are building?”

The Leadership Strategy

The strongest growth companies tend to treat capital formation as part of their strategic planning, not as an emergency response. That means starting the conversation early.

- Understand what the next stage of growth will require.
- Identify potential sources of capital.
- Build the financial and investor materials before they are urgently needed.
- Establish relationships before asking for a transaction.

Because when the opportunity arrives, preparation can be the difference between having a choice and having a deadline.

At Cervitude, we believe capital readiness is part of building an investable company. The goal isn't simply to help a company raise capital. It's to help leadership understand what it needs, why it needs it, and how to be prepared when the right opportunity, and the right capital, appears.



WHAT WE'RE SEEING

How Companies Are Responding to the New Capital Environment

The current environment is changing how companies think about growth – but it isn't necessarily stopping them from pursuing it.

We're seeing founders become more deliberate about when to invest, how much capital they need, and where that capital should come from. Expansion plans are being evaluated more carefully. Acquisitions are being structured with greater attention to financing. Companies that once assumed traditional bank or equity financing would be readily available are exploring alternatives, including private credit, strategic capital, and other forms of structured financing.

At the same time, investors are asking harder questions.

- How does the business make money?
- What drives cash flow?
- What is the use of capital?
- What protects the downside?
- And what makes this opportunity compelling now?

Uncertainty doesn't eliminate opportunity. But it increases the value of preparation.

One trend we believe will become increasingly important is capital optionality; having more than one viable path to finance growth. A company that understands its capital

requirements, has its financial and investor materials in order, and has relationships across multiple potential sources of capital is better positioned to respond when circumstances change.

The companies we're seeing adapt most effectively aren't waiting for the economy to become predictable. They're preparing for multiple scenarios, and keeping their options open.

Cervitude's Perspective:

That doesn't mean companies need to stop expansion. It means the bar for being prepared to grow has moved higher.



ECONOMIC SIGNALS

What the Current Economy Means for Capital

INTEREST RATES

4.1%

Fed median
projected federal
funds rate, 2026

INFLATION

3.4%

August CPI
12-month change

GDP

1.5%

Q2 2026
annualized read
GDP growth

CREDIT DEMAND

Stronger C&I
demand from large
and middle-market
companies

The Cervitude Takeaway

The economy isn't telling companies to stop growing. It's telling them to become more deliberate about how they fund growth.

The underlying data supports this:

- GDP is still growing
- Inflation remains elevated
- Banks reporting stronger mid-market Commercial & Industrial (C&I) demand while generally maintaining or easing C&I lending standards.

CAPITAL IN MOTION

\$60 Million for Specialty Finance Growth

36th Street Capital, a Morristown, New Jersey-based specialty finance company, recently secured a \$60 million Class B Term Loan led by Monroe Capital. The financing will support continued growth in the company's equipment-finance originations and expansion of its platform. Founded in 2015, 36th Street Capital provides structured lease and loan solutions to large and mid-sized businesses across the United States, financing essential-use equipment across industries including manufacturing, technology, healthcare, construction, and food and beverage.

What Type of Capital?

This transaction is a good example of private credit serving a growth business without relying on traditional bank financing or an equity raise.

Monroe provided a \$60 million Class B Term Loan through its Alternative Credit Solutions strategy. Monroe's broader platform includes direct lending, asset-backed lending, structured credit and other forms of alternative credit, giving it flexibility to structure capital around specialized businesses and assets.

For middle-market companies, the takeaway is important: capital doesn't have to be one-size-fits-all. The appropriate financing may be determined as much by a company's assets, cash flows, customer contracts and business model as by its headline revenue or valuation.

Where Is the Capital Going?

The \$60 million is not being used simply to fund an acquisition or plug a balance-sheet gap. It is intended to increase 36th Street Capital's capacity to originate more equipment loans and leases and continue expanding its platform.

36th Street Capital focuses on equipment that businesses consider essential to their operations, giving the platform exposure to a diverse range of industries rather than depending on one sector.

That distinction matters. A specialty finance company needs capital to make new loans and leases before it can generate the associated income. Institutional funding therefore becomes a growth engine: more capital can create more origination capacity, which can create more revenue-producing assets.

\$60 Million for Growth in Specialty Finance

Why Were Investors Ready?

The company had several important investor-readiness signals:

- **A defined business model:** 36th Street Capital has a clear specialty – structured financing for essential-use equipment.
- **An established operating history:** The company was founded in 2015 and has built a track record in equipment finance.
- **Diversification:** Its portfolio spans manufacturing, technology, healthcare, construction, and food and beverage rather than relying on one industry.
- **A scalable use of capital:** The financing directly supports additional loan and lease originations, creating a clear connection between new capital and future business activity.
- **Relevant management and sector expertise:** Monroe specifically cited 36SC's sector expertise, flexible approach to structuring and market position in describing the investment rationale.
- **Alignment between capital provider and business:** Monroe's Alternative Credit Solutions team specifically focuses on equipment finance and provides debt, forward-flow and equity solutions to equipment-leasing platforms.

The Investor-Readiness Lesson

The most interesting part of this transaction may not be the \$60 million itself. It is the fit between the company, its capital requirements and the investor's strategy. Investor readiness is not simply about having a good story or needing capital. It means being able to demonstrate what the capital will do, why the business can deploy it effectively, and why the proposed capital structure makes sense for the company's economics.

For middle-market companies considering their next round of financing, that preparation can make the difference between looking for capital and being positioned for the right capital.

What Does This Tell Us About the Market?

Specialized lenders can attract institutional capital when the underlying business model provides a clear connection between capital deployed and future revenue-producing assets.

CLIENT PROFILE

MIRO BOUCHAKIAN:

The Vision to Create, the Persistence to Build

Some entrepreneurial journeys are defined by a single successful company. Others are defined by the ability to keep creating, adapting and pursuing new opportunities. Mr. Miro Bouchakian's story is very much the latter.



Miro Bouhadkian,
Founder & Inventor

Cervitude has known Miro for several years, consulting on business development, positioning his ventures for growth. His entrepreneurial career reflects many of the qualities we see in the founders we work with: curiosity, innovation, persistence and the willingness to pursue an idea long after others might have moved on.

One of his most remarkable entrepreneurial stories began with something remarkably ordinary – a rice cooker.

In the early 1990s, Miro noticed the cardboard ring inside a new rice cooker. He threw it across the room and was fascinated by the way it flew. That simple observation became the inspiration for Woblong, an entirely new type of flying toy.

What followed was a combination of experimentation, product development and aerospace engineering. Miro invested his own money in developing the concept and worked with a 3-Star US Airforce General to refine its flight characteristics. By 1993, Woblong had made its way into major retailers including Target and Imaginarium and was being sold in the United States, Japan, Europe and Australia.

The Woblong® Double-Wing Flyer is a patented product, built around its distinctive bi-elliptical design and unique flight characteristics. Today, that patented design remains central to what differentiates Woblong from traditional flying discs.

The Capital Lesson Behind the Entrepreneurial Story

Woblong's original success also taught Miro a lesson that extends far beyond the toy business: entrepreneurs need to think carefully about what they want their business to become, and make sure their partners and investors share that vision.

As Miro explains: *"No matter what kind of business someone starts, if they have partners, it's critical that everyone is on the same page regarding the exit strategy and/or what each of them (and their family) wants from the business."*

That alignment becomes particularly important when bringing friends or family relationships into a business partnership. What does each partner expect from the company? Do they want distributions or continued reinvestment for growth? How large does the company need to become? What compensation do they expect? And ultimately, what does success, and an eventual exit, look like for each person?

CLIENT PROFILE

Cont'd

MIRO BOUCHAKIAN:

The Vision to Create, the Persistence to Build

Miro experienced those questions firsthand with Woblong. After building the company and achieving significant distribution, he sold a controlling stake in the business. But the vision he had for the company and the vision of the board that came to control it ultimately diverged.

"In my case, I wanted to build a toy company using one strong product which opens doors with the accounts. Woblong was strong enough to obtain many doors, but buyers wanted to see other items which I had. However, my board (which I did not control) had a different objective."

The board focused on demonstrating a spike in sales and traction with the goal of quickly positioning the company for an exit. That strategy succeeded in achieving its immediate objective, but it wasn't the company Miro had envisioned building.

"They did just that. I never had the opportunity to build the brand, which is what I want to do so I can attract an acquisition."

Financial difficulties eventually brought the original venture to an end, and Woblong largely disappeared from the marketplace. But Miro wasn't finished.

A Second Opportunity to Build the Brand

More than 30 years after the original launch, Miro brought Woblong back. The patented Double-Wing Flyer was reintroduced to a new generation, with renewed attention to the product, the brand and the opportunity to build the larger toy company Miro had originally envisioned.

The comeback has already generated significant recognition. The Woblong® Double-Wing Flyer was named a finalist for the 2026 Outdoor Toy of the Year® Award, putting a product first conceived in the early 1990s back in the spotlight more than three decades later.

Miro's entrepreneurial journey demonstrates that an idea can succeed, encounter setbacks, disappear for decades, and still have another chapter waiting to be written.

Sometimes the greatest opportunity isn't simply to bring an idea back. It's to finally have the opportunity to build the company you envisioned around it.



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Are you preparing to raise capital, strengthen investor communications, or better articulate your company's growth history?

Cervitude helps founders build investor confidence through strategic communications, capital introductions, and investment readiness advisory services.



get in touch



Hello@cervitude.com



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INVESTOR RELATIONS

Building relationships that drive confidence and long-term value.



CAPITAL INTRODUCTIONS

Connecting growth companies with the right investors and sources of capital.



STRATEGIC COMMUNICATIONS

Crafting the narrative that positions your company for success.



GROWTH ADVISORY

Providing the insight and guidance to scale with purpose.

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