

**PRIVATE  
ASSETS  
CASH FLOW  
FORECASTING**



## CASH FLOW MODEL FOR PRIVATE ASSETS

We offer a proprietary model solution for forecasting of private asset cash flows.

Our forecasts reflects both the mean and uncertainty of the investment cash flows.

The solution addresses the perspectives of a vast majority of investors in private assets.

It does not compromise on attention to detail, methodology, and integrity of the process.

It is applicable to traditional private asset deals, funds, as well as hybrid structures.

### BENEFITS TO LPs

Provides a measure of the magnitude of potential cash flow surplus or shortage related to future liabilities - redemptions, pension outlays, capital expenditure, unfunded commitments.

### BENEFITS TO GPs

Allows predicting the amount and variation of future distributions to help optimize capital calls and deal flow, as well as planning capital resources allocation efficiently.

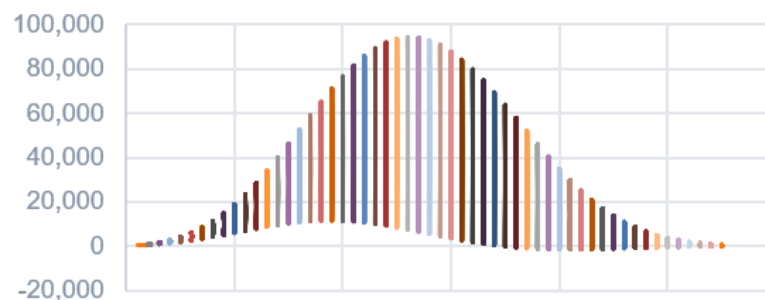
**BOSTON** - Bow-Speed Time-Option Normalized



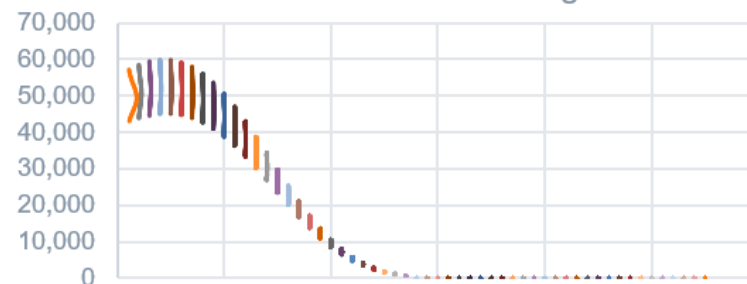
## MAIN FEATURES

- Founded on sound economic principles and strong empirical support.
- Combines the intuition of industry standard models with our own research and insights to achieve superior forecasting.
- Incorporates the risk of underlying investments performance to provide a complete investment outlook.
- Provides both periodic and cumulative cash flow forecasts. Cumulative cash flow forecasts are succinctly provided as statistical probability distributions derived from  $10^{21}$  cash flow realization paths each of which is projected over the investment lifetime.

Periodic Non-cumulative Cash Flow Distributions over Remaining Quarters



Periodic Non-cumulative Cash Flow Contributions over Remaining Quarters



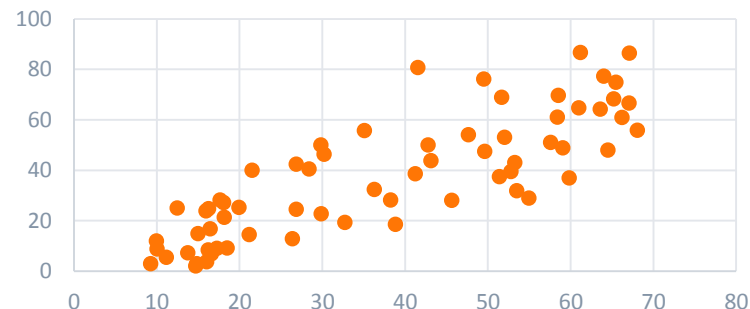
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## ROBUST MODEL PERFORMANCE

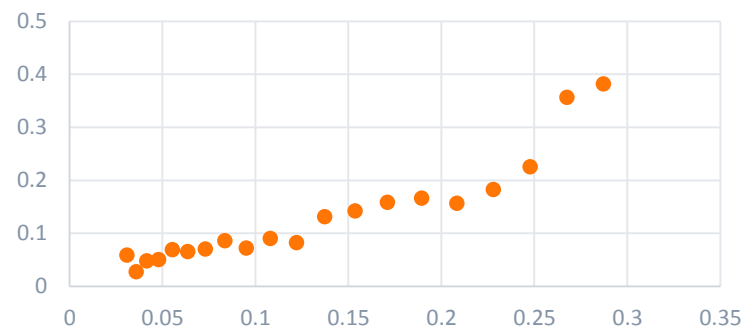
- Most uncompromising success metric of a cash flow model is explanatory power of *periodic* distributions and contributions. Cumulative cash flow comparisons will be misleading due to secular time trends.
- Out-of-sample statistical significance is more important than over-fit in-sample observations.
- Reliance on complex computer algorithms obfuscates the transparency of the forecasting process - the less complex the relationship, the higher the confidence it will hold out of sample.
- Our cash flow model solution embodies all the favorable features to assure accurate results – strong periodic cash flow fits, strong out of sample performance, and an intuitive econometric estimation approach.

Fund Distributions: Realized vs. Predicted



Correlation: 0.82; T-statistic: 11.8

Fund Contribution Rates: Realized vs. Predicted



Correlation: 0.92; T-statistic: 10.4

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## COMPARISON WITH THE YALE MODEL

- Our models are related but distinct from the Yale model.
- They provide an improved fit to observable fund cash flows behavior by recognizing that GPs control and adjust the rate with which they liquidate holdings.
- Another key differentiator is the probability distribution around the forecasted “average” cash flow which reflects the inherent uncertainty of investment cash flows.

### KEY ADVANTAGES

Our approach combines the intuition of the Yale model with our own research and insights, resulting in a robust solution that addresses the needs of the vast majority of investors in private assets.

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## CONTACT US

Please contact us for additional information about our models, process, and pricing.

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## ABOUT ASPEQUITY

We help customers with the complex challenges of investing in private assets. We provide powerful analytics to our global client base of LPs, GPs, data platforms, and investment consultants. By combining in-depth industry experience, data science, quantitative methods, and fundamental investment analysis expertise, our team enhances our customers' decision-making, fund manager selection, asset allocation, investor communications, and business development. Our products and services cover all private asset classes - private equity, venture, private debt, real estate, infrastructure, and resource assets.

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