

εxplo

PRIVATE ASSETS VALUATION



aspequity



VALUATION MODEL FOR PRIVATE ASSETS

We provide a proprietary model for valuation of private assets.

Our robust approach addresses the perspectives of the vast majority of private asset investors.

While following industry guidelines and best practices, it is unique, and delivers superior results at unparalleled precision, efficiency and speed.

It accommodates complex holding structures, claims, waterfall models, LP, and GP investor circumstances.

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

BENEFITS TO LPs

Monitor investments performance, screen opportunities, develop, or adjust portfolio strategies. Estimate the size of private asset exposure in total portfolio rebalancing. Measure commitment and expected secondary market values to assist in disposal and liquidity decisions.

BENEFITS TO GPs

Predict amount and variation of future distributions, optimize capital calls and deal flow, and thus efficiently plan capital resources. Incorporates economic payoffs, risks, and investor's risk tolerance in valuation. Estimate probability and severity of default for private credit transactions.

EXPLO - Expected Profit Loss Model

MAIN FEATURES

- Independent and risk-aware valuation approach available at each point in time.
- Ability to stress-test model inputs to incorporate various subjective risks and scenario analysis.
- Consistent methodology, suitable for benchmarking across periods and funds.
- Based on award-winning research that derives the risk aversion and risk premium used in valuation.
- Takes into consideration the degree of diversification of a portfolio of private assets, whether it is a private company with product lines, a limited partnership holding deals, or a fund of funds.
- Compliant with IPEV and AICPA guidelines.

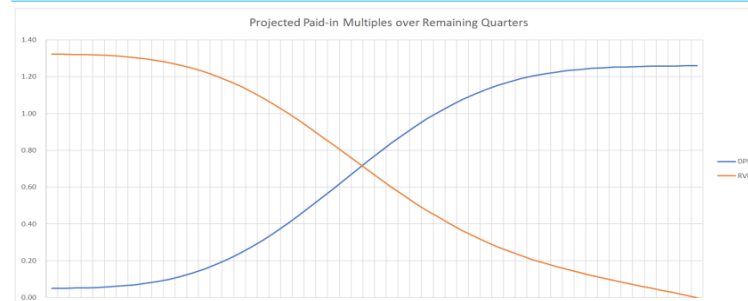
Portfolio: Buyout_Fund_N
As of date: 20200329

Model: EXPLO
Currency: USD

Residual Values Forecast



Paid-in Multiples Forecast



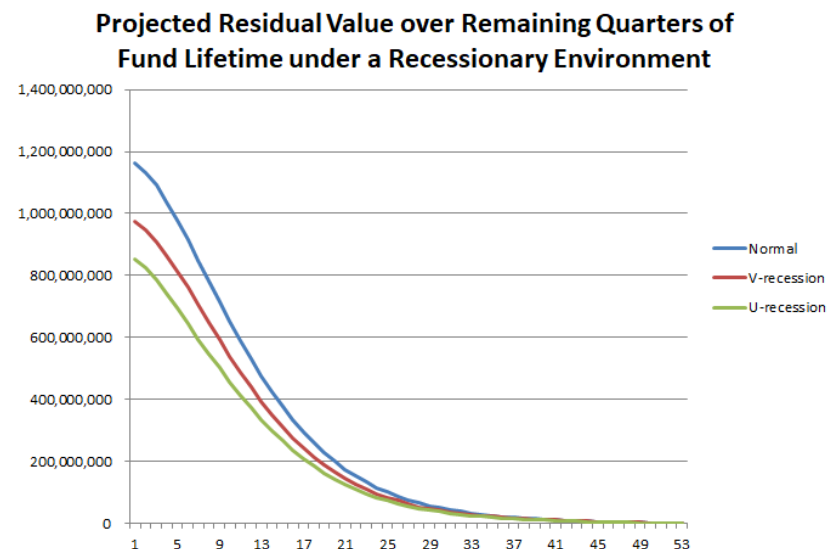
Valuation and Paid-in Multiples Forecast Data

Period	Residual Value	DPI	RVPI	TVPI
1	1,322,630.00	0.05	1.32	1.37
2	1,322,150.00	0.05	1.32	1.37
3	1,321,300.00	0.05	1.32	1.37
4	1,319,930.00	0.05	1.32	1.37
5	1,317,850.00	0.06	1.32	1.37
6	1,314,850.00	0.06	1.31	1.37
7	1,310,690.00	0.06	1.31	1.37

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STRESS TESTING VALUATIONS

- One of the key benefits of a model that is responsive to a changing economic environment is that all main drivers of value (growth, uncertainty, and risk aversion) also evolve.
- Thus the model is able to analyze the impact of different user-defined or broad economy scenarios.
- Sensitivity analysis to the fair value model inputs ensures that the decisions based on the valuation are as robust and informed as possible.



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KEY ASPECTS OF OUR VALUATION

- The analysis is done from the perspective of the party considering or holding the asset. Our model captures both the investor projected cash flows, as well as their risk aversion.
- Our model uses the most recent transaction relevant to the particular type of share or interest to derive the risk aversion parameter used in valuation. This avoids any ad-hoc adjustments to fair value.
- While our solutions allows the use of non-transacted and offer prices for “what-if” analysis, we encourage only the use of arms-length transacted prices to infer risk aversion which is to be used in valuation.

INDUSTRY BEST PRACTICES

Valuation should not be a “black box”. It should provide an identifiable relationship between the inputs and outputs.

There should be a clear and intuitive connection between the valuation of individual deals held by the fund and the valuation of the fund itself.

The fair value approach should be based on a robust underlying cash flow model that takes into consideration the multi-period dynamics of the investment

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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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