

SOLVING THE CHALLENGES OF INVESTMENTS IN PRIVATE ASSETS



COMPANY

- Helping customers with the complex challenges of investing in private assets.
- Combining quantitative and fundamental investment analysis expertise.
- Enabling clients to perform detailed analysis of their investments and make efficient decisions about their holdings.
- Headquartered in the USA with offices both in North America and Europe.

SERVICES

Our services cover various classes of alternative assets - private equity, private credit, venture capital, real estate, and infrastructure.

TEAM

Our senior management brings combined experience of more than 75 years in the financial and technology industries.

Addressing the complex challenges of private asset investments.



SOLUTIONS

- Feature robust models for forecasting of private asset cash flows and fair value.
- Address the perspectives of the vast majority of investors.
- Reflect the uncertainty of investment cash flows and the risk aversion of investors.
- Use best of breed risk-factor models to estimate uncertainty of performance.
- Suitable for bench-marking across periods and funds.
- Cover various asset classes - private equity, private credit, venture capital, real estate, and infrastructure.
- Applicable to deals, funds, as well as hybrid structures.
- Compliant with IPEV and AICPA guidelines.

BENEFITS TO LPs

Assess potential cash flow shortage related to future liabilities - redemptions, outlays, capital expenditure, unfunded commitments, etc.

Estimate the size of private asset exposure in context of total portfolio rebalancing.

Measure the value of commitments and expected secondary market proceeds to assist disposal and liquidity decisions.

BENEFITS TO GPs

Project distributions, optimize capital calls and deal flow to efficiently plan capital resources.

Access to a comprehensive valuation approach that reflects economic payoffs and risks, rather than subjective accounting estimates.

Estimate probability and severity of default for private credit investments.

Powerful Analytics for LPs, GPs, and Investment Advisors



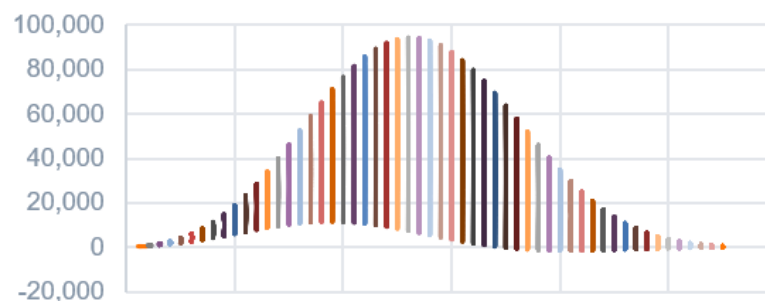
CASH FLOW MODEL

BOSTON is our proprietary model for forecasting of private asset cash flows.

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 **10²¹ 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



BOSTON - Bow-Speed Time-Option Normalized

VALUATION MODEL

EXPLO is our proprietary model for valuation of private assets.

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.

Projected Residual Value over Remaining Quarters



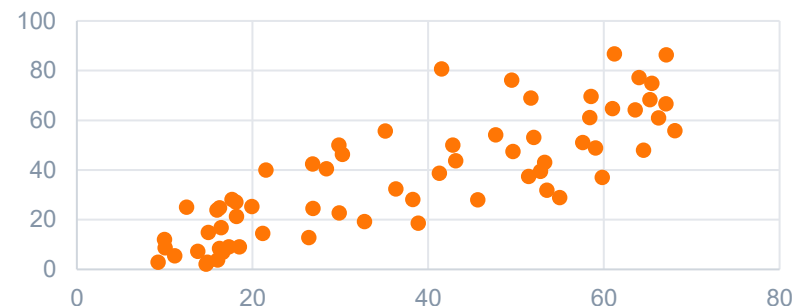
Period	Residual Value	DPI	RVPI
1	1,322,630.00	0.05	1.32
2	1,322,150.00	0.05	1.32
3	1,321,300.00	0.05	1.32
4	1,319,930.00	0.05	1.32
5	1,317,850.00	0.06	1.32
6	1,314,850.00	0.06	1.31
7	1,310,690.00	0.06	1.31

EXPLO - Expected Profit Loss

PERFORMANCE

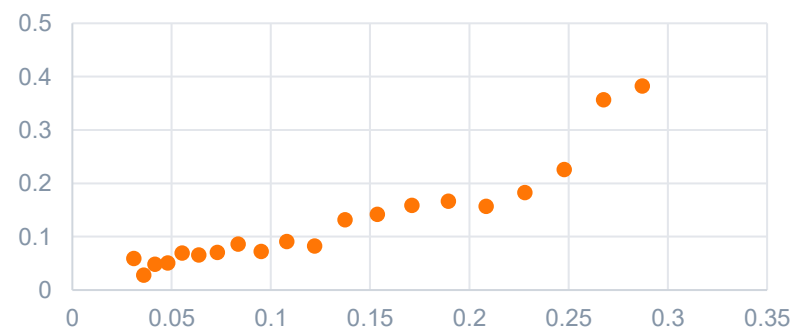
- Most uncompromising success metric of a cash flow model is explanatory power of periodic distributions and contributions. Cumulative cash flow comparisons will be misleading due to secular time trends.
- Out-of-sample statistical significance is more important than over-fit in-sample observations.
- 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

Investments explored under sextillions (10^{21}) possible realization paths



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

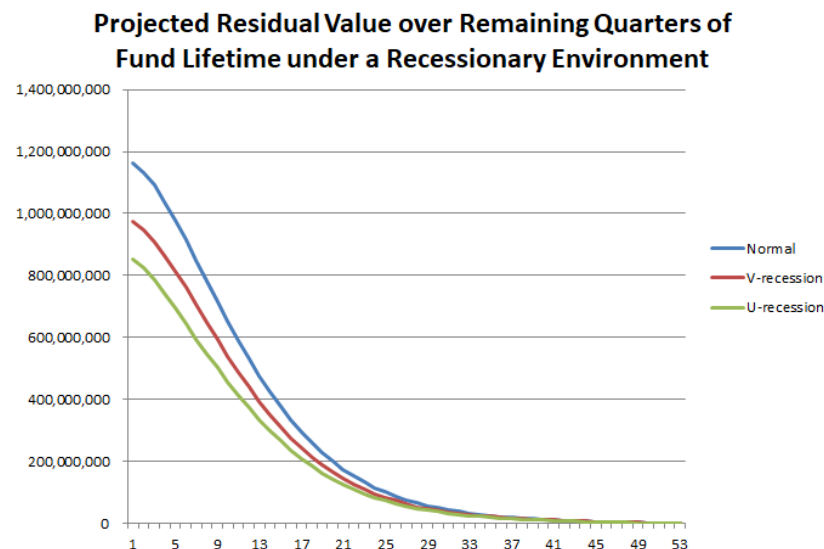
Our approach combines the intuition of the Yale model with our own research and insights, resulting in a robust solution that addresses the needs of the vast majority of investors in private assets.

Unprecedented insights and service capability



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.



Unprecedented insights and service capability



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.

Unprecedented insights and service capability



CONTACTS

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

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