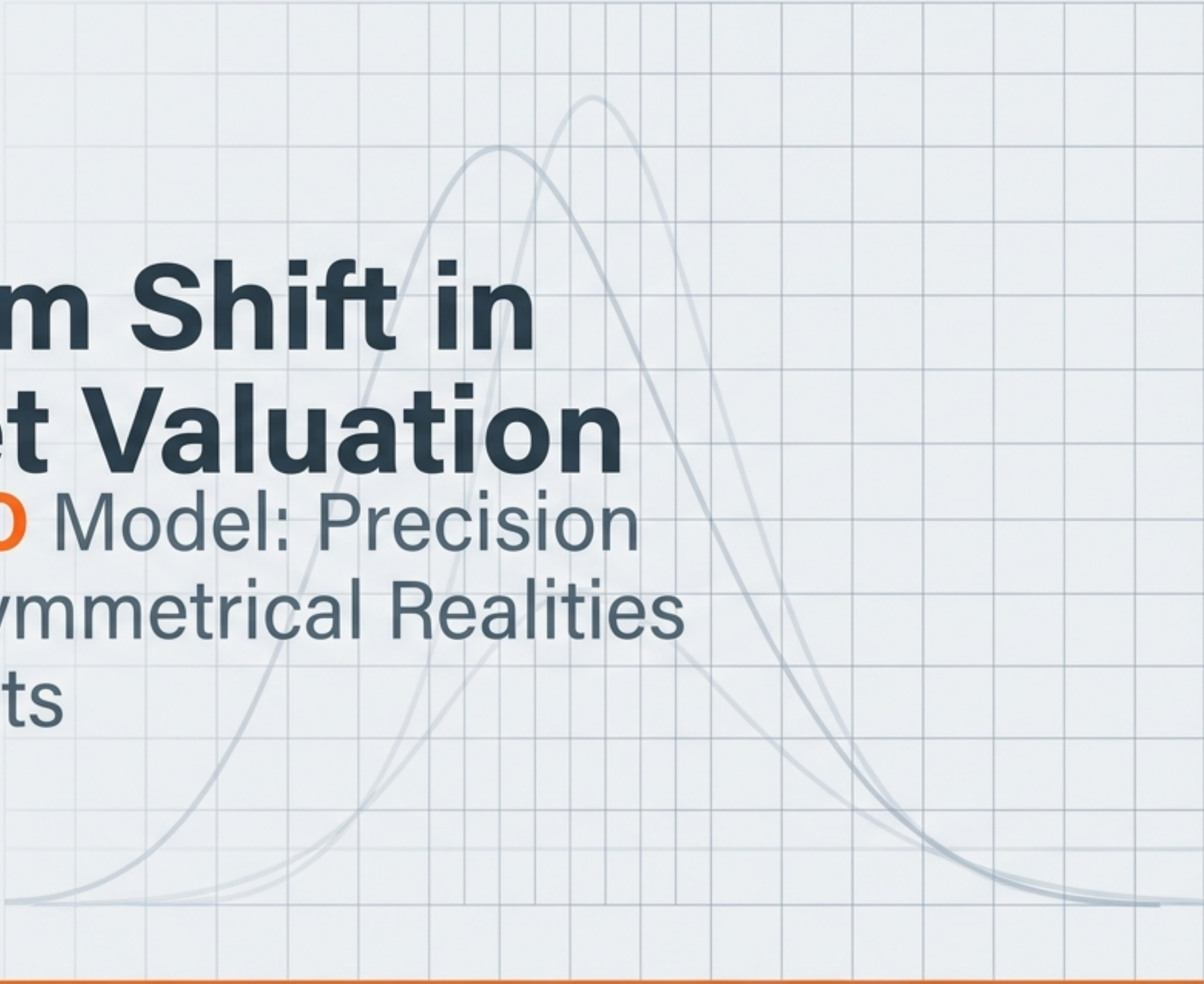


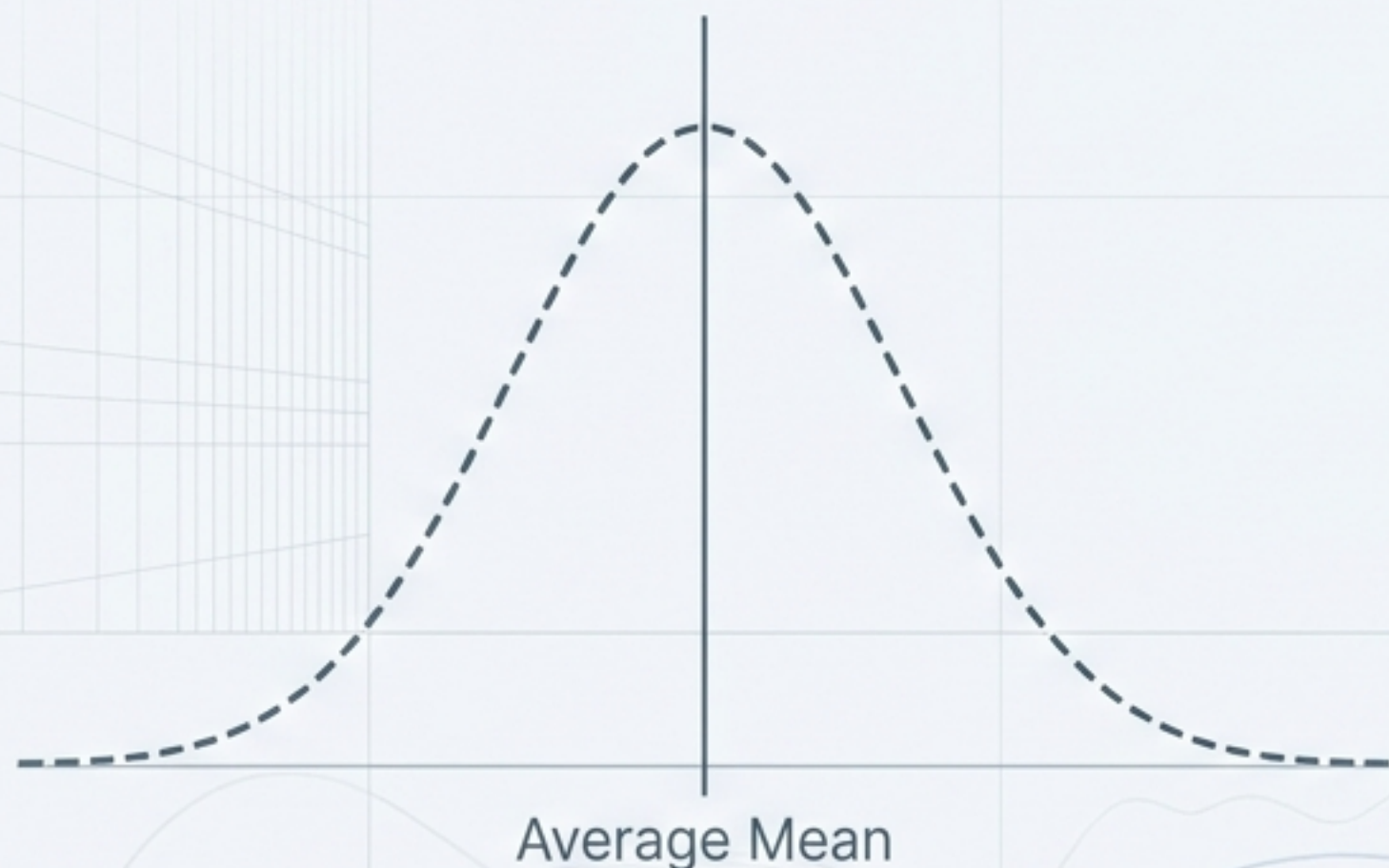


The Paradigm Shift in Private Asset Valuation

Unveiling the **EXPLO** Model: Precision
Analytics for the Asymmetrical Realities
of Illiquid Investments

ASPEQUITY | ENGINEERED FOR LIMITED PARTNERS, GENERAL PARTNERS, AND INSTITUTIONAL INVESTORS

The Flaw



Traditional Mean-Variance Models (CAPM/APT)

Traditional models assume investors value gains and penalize losses equally around an average mean. This fails to reflect the reality of illiquid assets.

The Reality



The Asymmetry of Illiquid Assets

Illiquid investments produce skewed outcomes. Investors inherently penalize losses more heavily than they value equivalent gains. Models assuming symmetrical risk inherently misprice illiquid assets.

The ODFI Methodology: Anchoring on the Zero-Profit Outcome

The ODFI Utility Function

Transforms expected loss into a risk-aversion metric directly applicable to AICPA/IPEV approaches.

Risk-Neutral Calibration

Adjusts the probability distribution so expected return equates to the risk-free rate, establishing a true break-even indifference price.

Expected Gains
Positive Odd Moments:
Mean, Skew

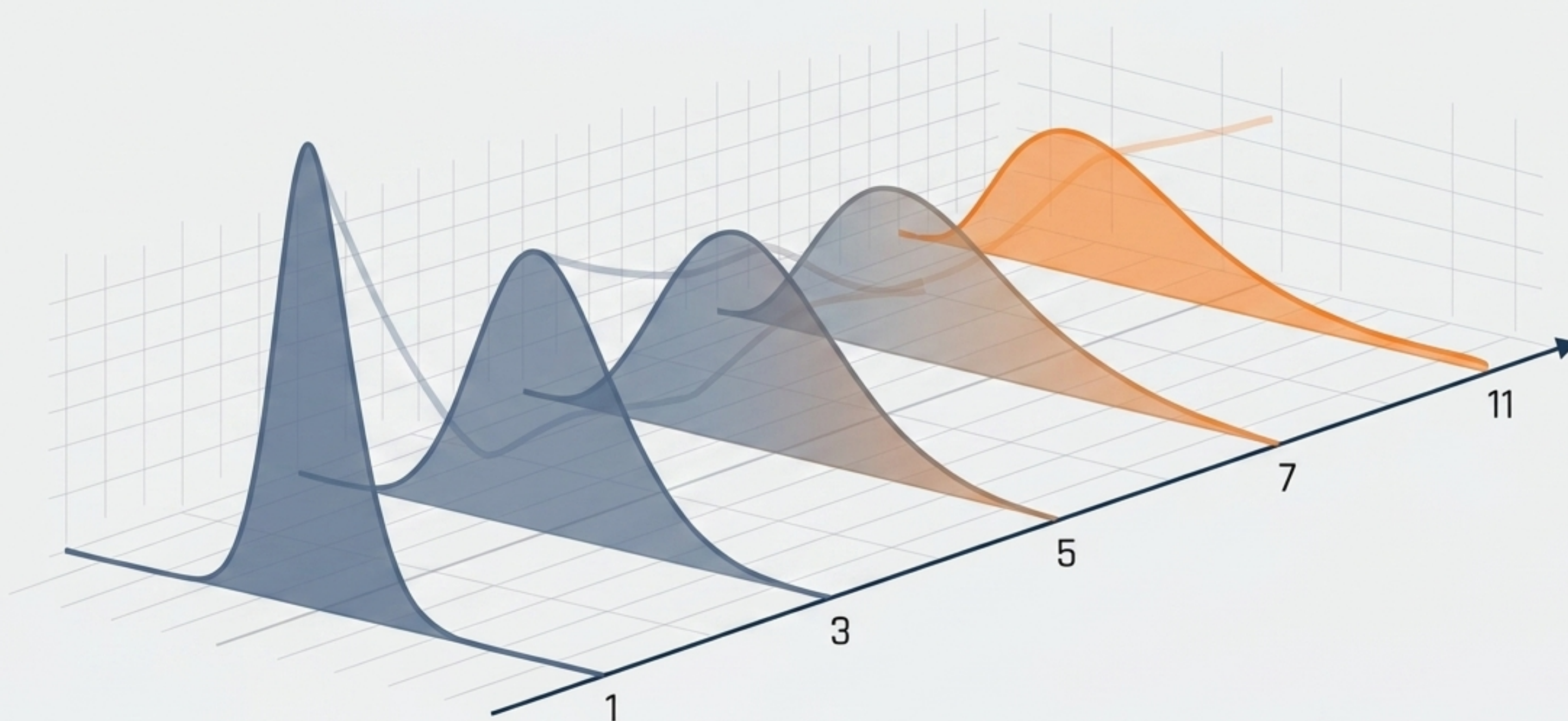
Expected Losses
Even Moments:
Variance, Kurtosis

Zero-Profit Outcome

Award-Winning Pedigree

Based on research awarded the Best Practitioner Research Award by the American Real Estate Society.

The Time-Evolution of Probability



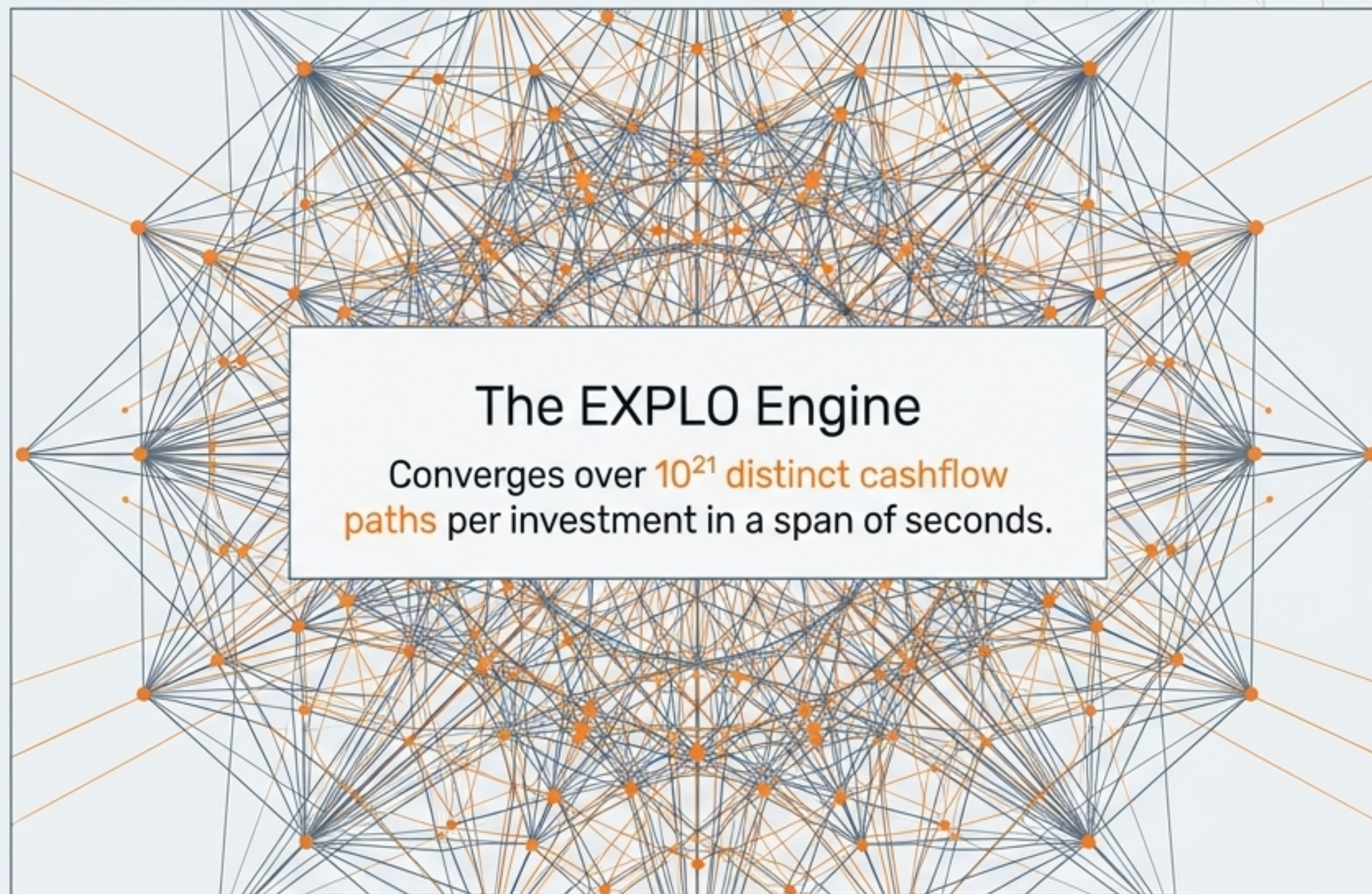
The J-curve dictates that cumulative value outcomes become increasingly asymmetric and non-normal as a fund nears maturity. Static, single-period valuation models cannot capture this dynamic risk.

Unprecedented Computational Precision



Traditional Monte Carlo

Typically limited to $10^3 - 10^6$ cash flow paths. Time-intensive. Low convergence.

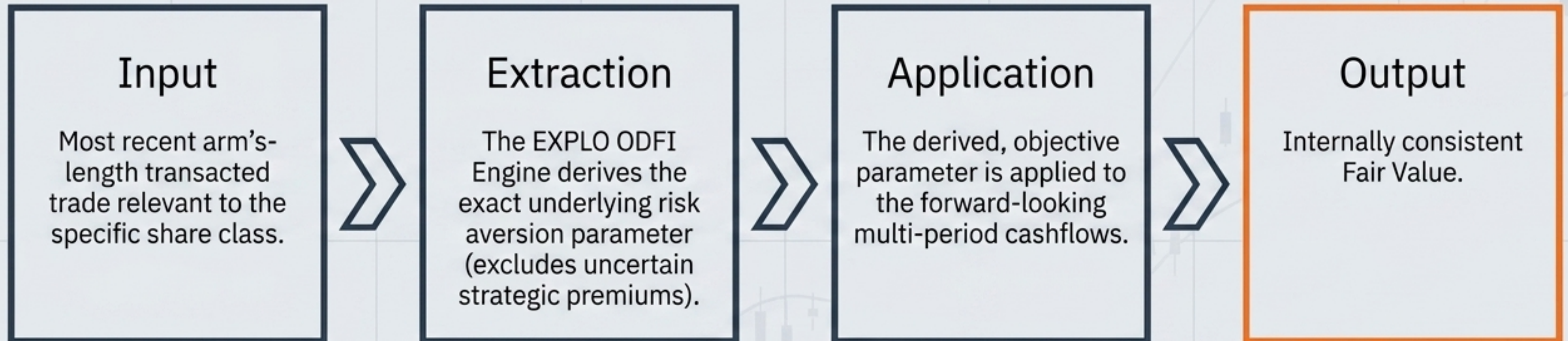


Complexity demands precision. EXPL0 evaluates more potential future states in seconds than existing models can process entirely, ensuring convergence and stability.

The Evolution of Private Asset Valuation

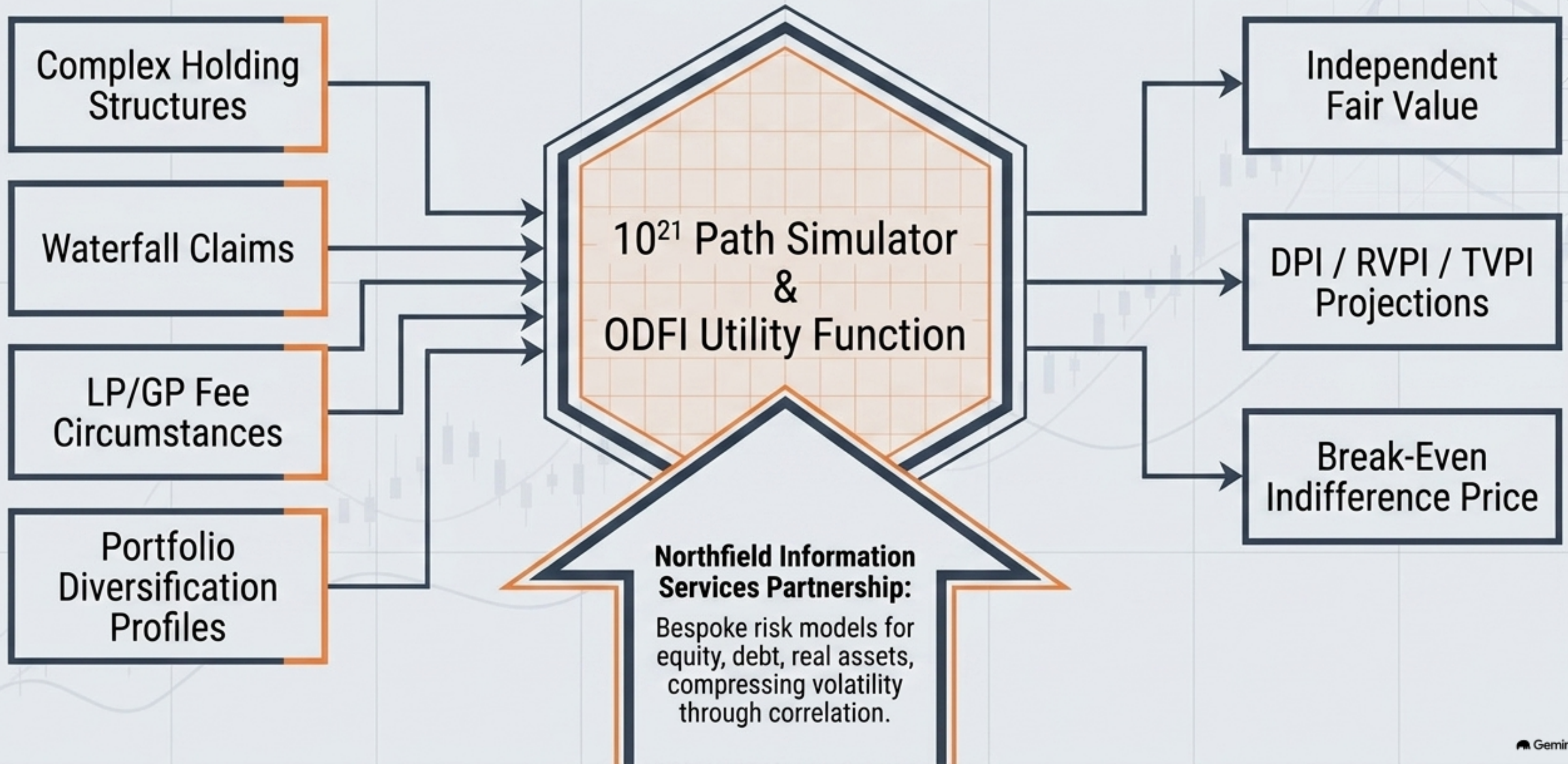
	Traditional Methods Market Comparables / Basic Monte Carlo	The EXPLO Methodology Definitive Standard
Risk Assumption	Symmetrical (Mean-Variance)	Asymmetrical (Loss-Averse / Zero-Profit Anchored)
Precision Engine	Max 10^6 paths	10^{21} multi-period cashflow paths
Calibration	Rule-of-thumb / ad-hoc adjustments	Rigorous arm's-length transacted baseline
Valuation Approach	Relative Ratios	Certainty Equivalent & Scenario Probability Weighted

Objective Calibration: Eliminating the Black Box

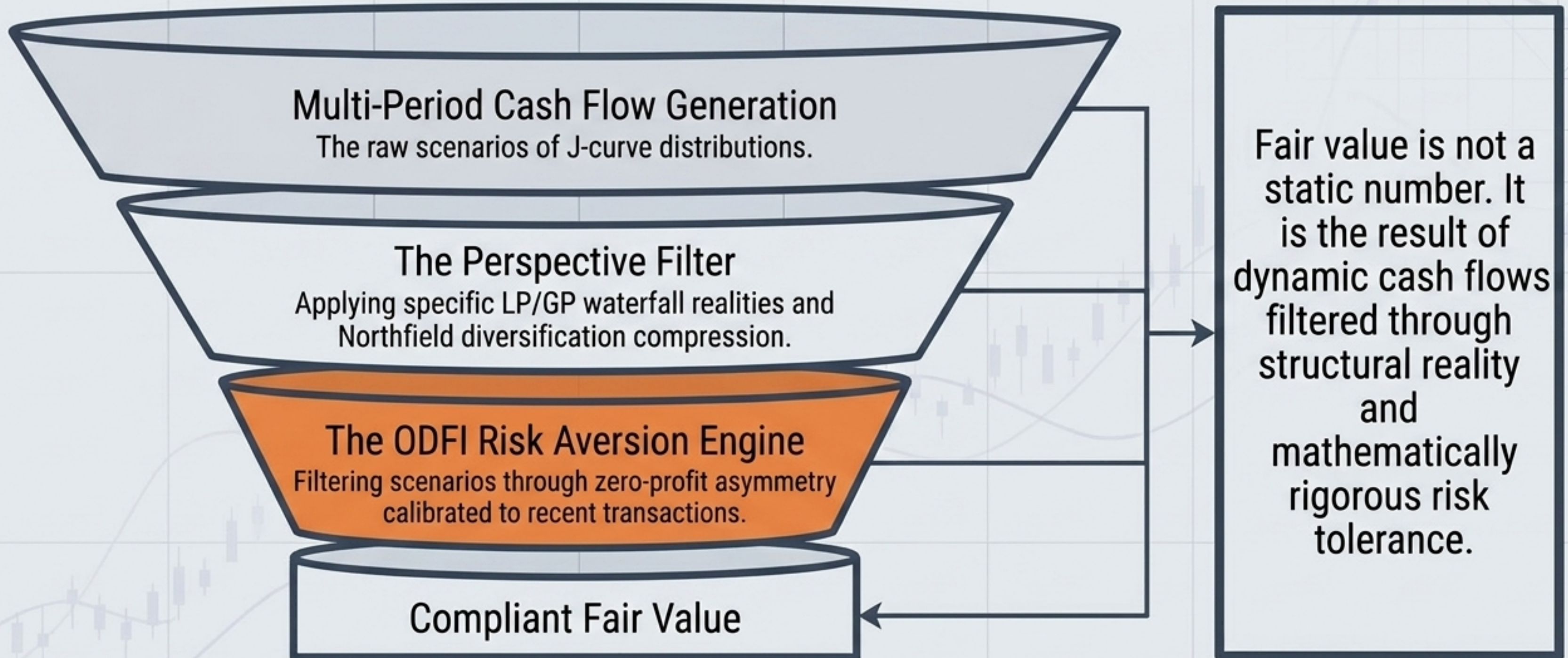


“Discount rates would typically be calibrated to the most recent round of financing so that the selected probabilities and discount rates are internally consistent.” — AICPA

The EXPLO Valuation Engine Schematic



Synthesis: The Unified Valuation Ecosystem



Strategic Utility Across the Capital Cap Table

Benefits to GPs

Optimize & Plan: Predict amount and variation of future distributions to efficiently plan capital calls and deal flow.

Risk Integration: Incorporate economic payoffs, risks, and investor risk tolerance directly into valuation.

Private Credit: Estimate probability and severity of default for private credit transactions.

Benefits to LPs

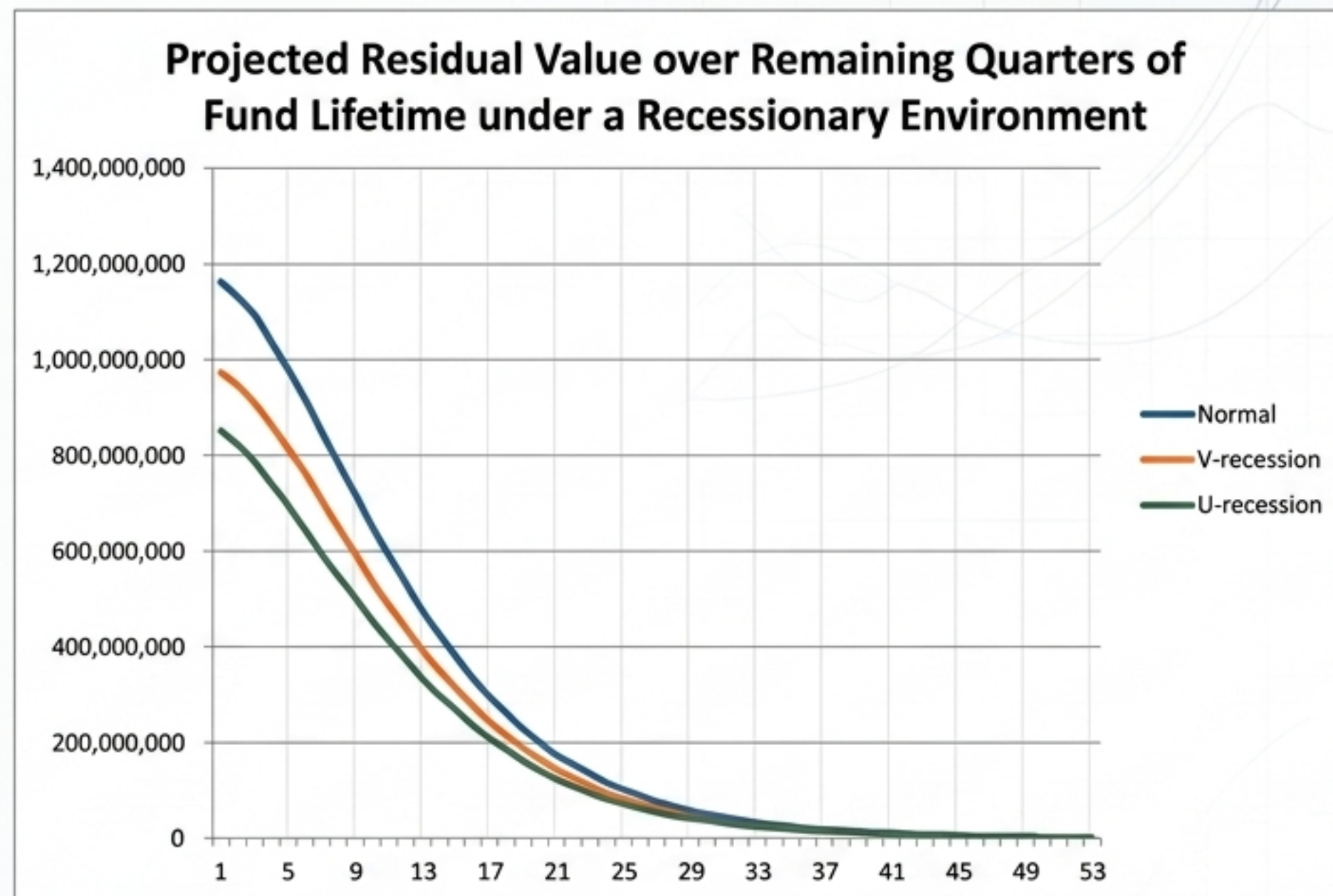
Monitor & Screen: Evaluate investment performance, screen new opportunities, and adjust broader portfolio strategies.

Asset Allocation: Accurately estimate private asset exposure for total portfolio rebalancing.

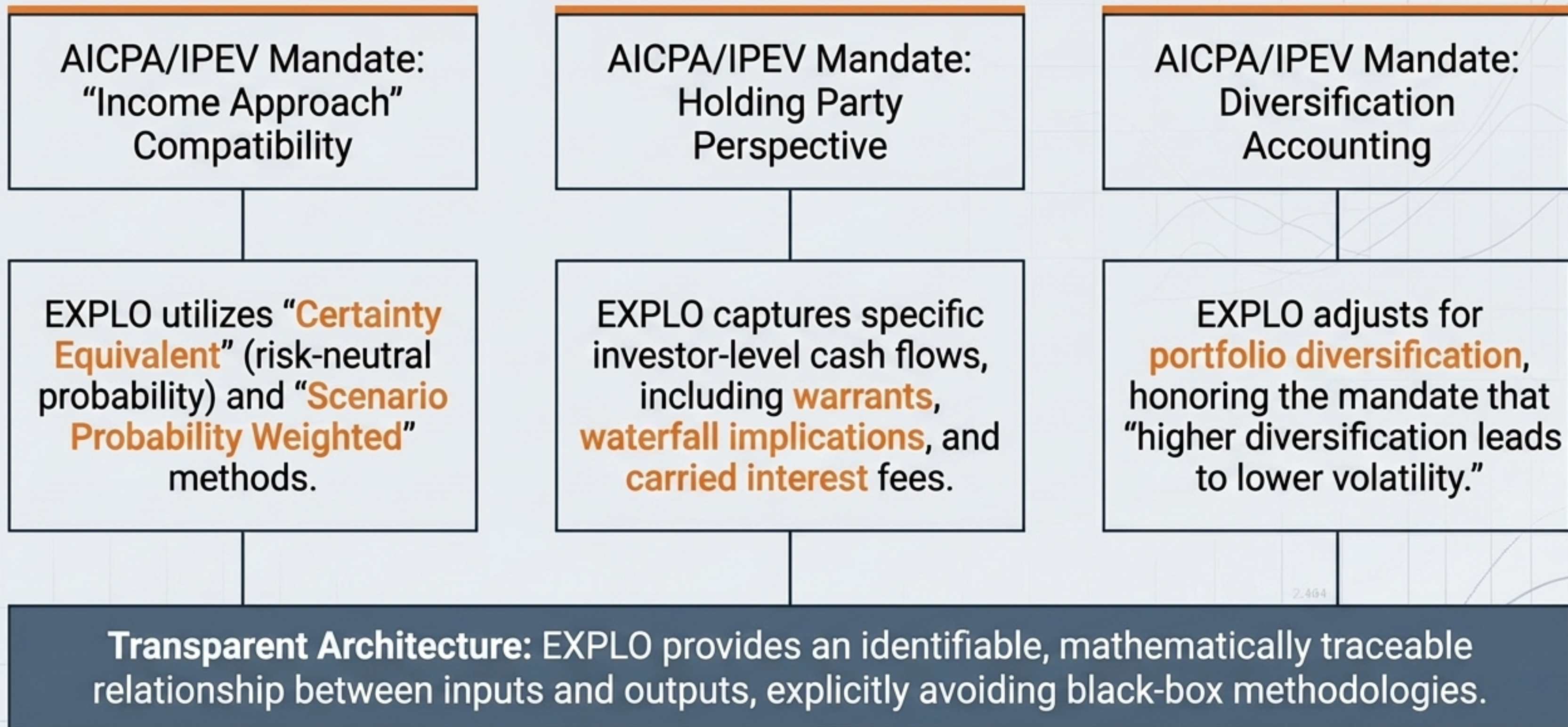
Liquidity Decisions: Measure commitment and expected secondary market values to assist in disposal.

Dynamic Stress-Testing for Economic Volatility

- **Evolving Drivers:** All main drivers of value (growth, uncertainty, risk aversion) **evolve dynamically** in response to changing economic environments.
- **Scenario Analysis:** Seamlessly analyze the impact of user-defined scenarios or broad macroeconomic shifts.
- **Decision Robustness:** Sensitivity analysis of inputs ensures investment decisions are fully informed by potential tail risks.



The Anatomy of a Compliant Valuation

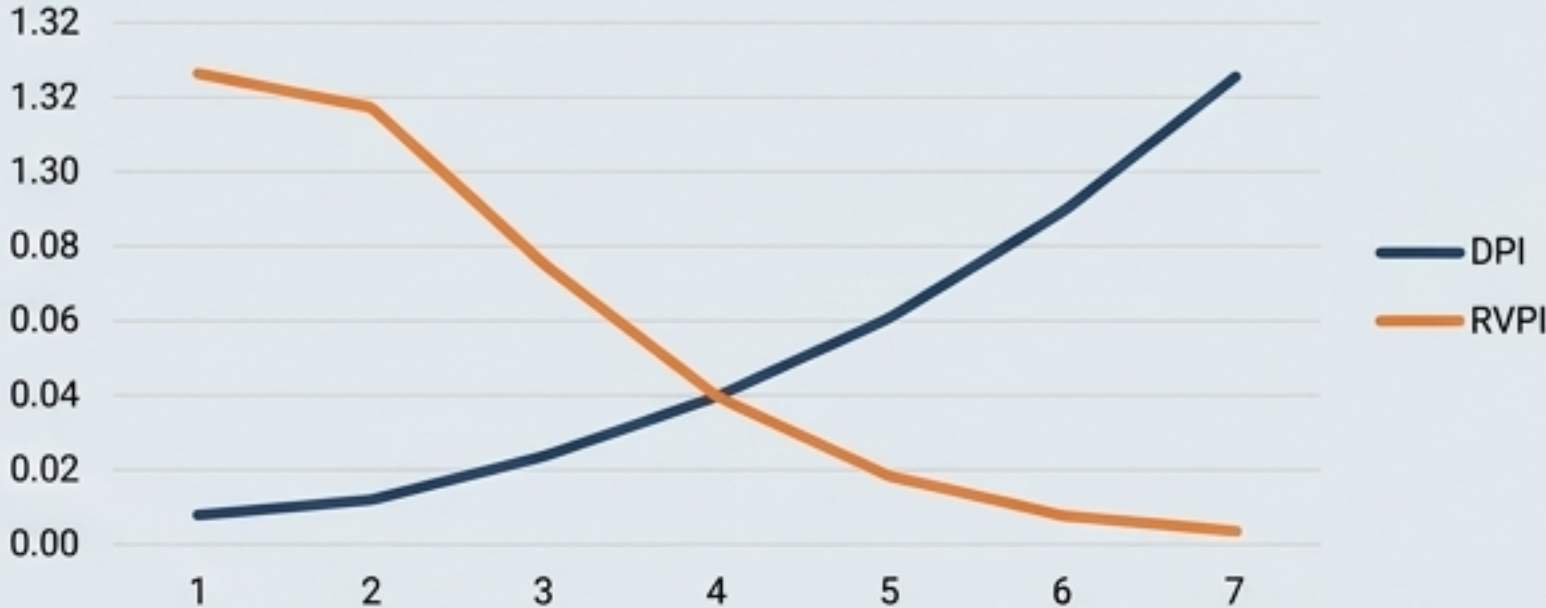


Tangible Outputs: The Valuation Forecast Data

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

Consistent, benchmarkable methodology delivering quarter-by-quarter forecasts of Residual Value and Paid-in Multiples.

About Aspequity

We help global LPs, GPs, data platforms, and investment consultants master the complex challenges of private assets. Combining **data science, quantitative methods**, and fundamental investment analysis, Aspequity enhances **fund manager selection, asset allocation**, and **business development** across all private asset classes.

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Experience Unparalleled Precision in Private Asset Valuation.