Investing in Private Equity

with

Splint Invest

Risk Category
High

Investment Horizon
12-15 years

Introduction to Private Equity

Private equity refers to investments made in privately-held companies or assets that are not traded on public stock exchanges. It involves providing capital to companies in exchange for equity ownership, with the aim of generating long-term capital appreciation. Private equity investments typically involve active management and a longer investment horizon compared to public market investments.

Key Characteristics

Illiquidity

Private equity investments are typically illiquid, meaning they cannot be easily sold or traded on public markets. Investors should be prepared to hold their investments for several years.

Active Management

Private equity firms actively engage with portfolio companies to drive operational improvements, strategic initiatives, and value creation. This hands-on approach distinguishes private equity from passive investment strategies.

Potential for High Returns

Historically, private equity has delivered attractive returns compared to public market investments. However, it's important to note that past performance is not indicative of future results, and private equity investments carry risks.

Market Overview

Venture Capital

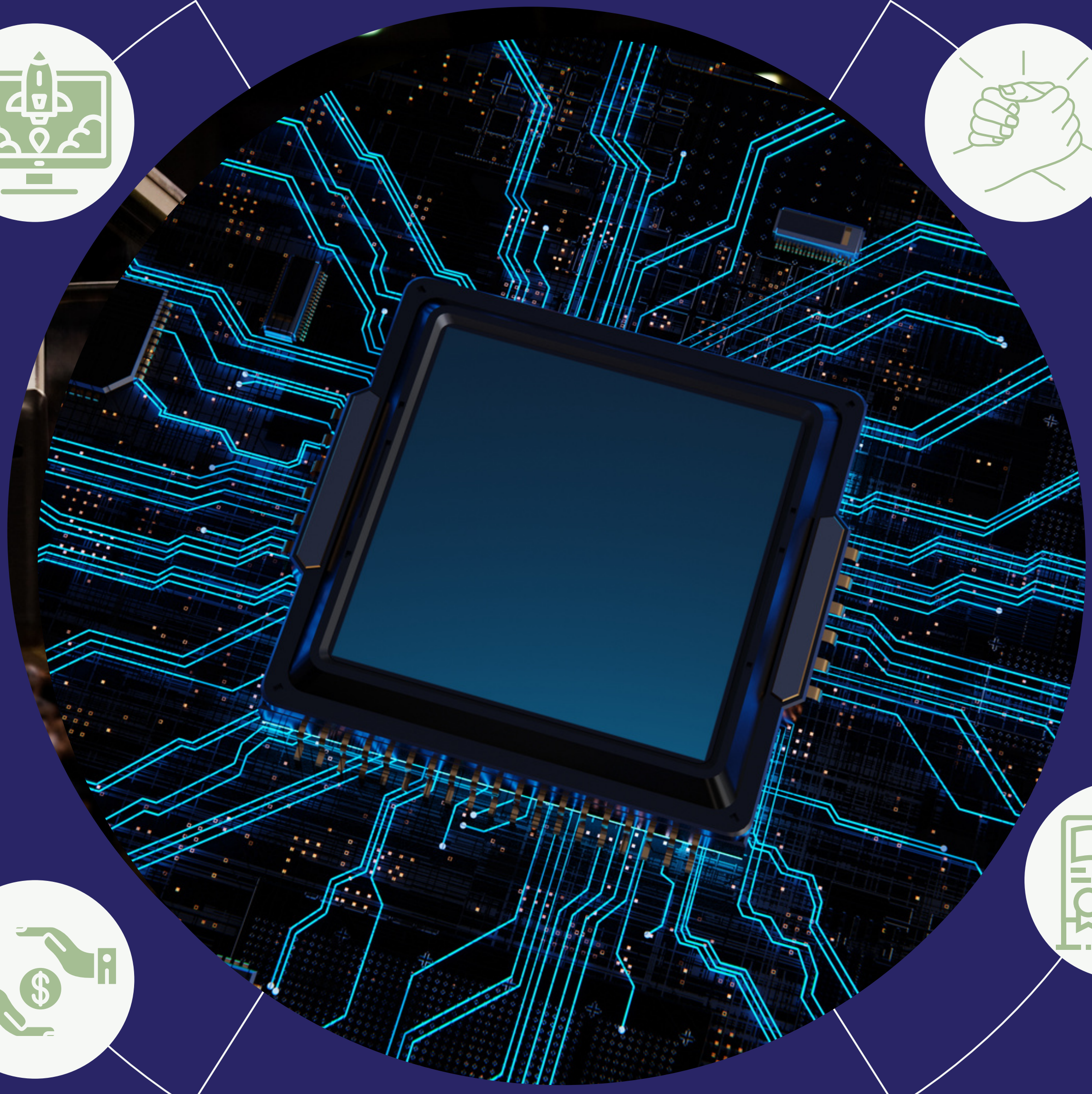
Venture capital involves investing in early-stage companies with high growth potential. These investments carry higher risks but also offer the potential for significant returns if the companies succeed and grow.

Growth Equity

Growth equity investments are made in established companies that are looking to expand or accelerate their growth. These companies may already have a proven business model and revenue stream.

Key Buyouts

Buyout investments involve acquiring a controlling stake in mature companies, often with the aim of restructuring, expanding, or improving operational efficiency.



Co-investments

Co-investments allow investors to directly invest alongside private equity firms in specific transactions. This provides investors with the opportunity to access private equity deals with lower fees and potentially enhanced returns.

Thematic funds

Thematic funds focus on investing in companies operating within specific themes or sectors, such as technology, healthcare, or renewable energy. These funds target opportunities aligned with emerging trends and market developments.

Investment Process & Performance Metrics

Private equity investments typically follow a structured process:

Deal-Sourcing: Private equity firms identify potential investment opportunities through various channels, including industry networks, proprietary research, and referrals.

Due Diligence: Thorough due diligence is conducted to assess the financial health, growth potential, and risks associated with the target company. This process involves financial analysis, market research, and management interviews.

Value Creation: After acquiring a stake in a company, private equity firms work closely with management to implement strategic initiatives, operational improvements, and growth strategies to enhance the value of the investment.

Performance Metricseistungskennzahlen

Key performance metrics used to evaluate private equity investments include:

Internal Rate of Return (IRR): The annualized rate of return generated by an investment over its holding period, taking into account the timing and magnitude of cash flows.

Multiple on Invested Capital (MOIC): The ratio of the realized investment proceeds to the original investment amount. A MOIC of greater than 1 indicates a positive return on investment.

Risk Factors (1/2)

Illiquidity Risk

Private equity investments are illiquid and may require investors to commit capital for several years without the ability to easily sell their holdings.

Market Risk

Private equity investments are subject to market fluctuations, economic cycles, and industry-specific risks that can affect the performance of portfolio companies.

Manager Risk

The success of private equity investments depends on the skills, expertise, and decision-making of the private equity managers.

Operational Risk

Private equity investments are exposed to operational risks inherent in the business activities of portfolio companies. These risks may include management issues, operational inefficiencies, supply chain disruptions, and regulatory compliance challenges.

Financial Risk

Private equity investments are subject to financial risks related to the performance and financial health of portfolio companies. Factors such as revenue volatility, debt levels, cash flow management, and access to capital markets can impact the financial stability of investments.

Exit Risk

Private equity investments typically have a defined exit strategy, such as selling the portfolio company or taking it public through an initial public offering (IPO). However, there is a risk that market conditions or company-specific factors may delay or impede the exit process, leading to lower-than-expected returns or capital losses.

Industry Concentration Risk

Private equity portfolios may be concentrated in specific industries or sectors, exposing investors to industry-specific risks such as changes in consumer preferences, technological disruption, regulatory changes, or competitive pressures.

Risk Factors 2/2

Currency Risk

Private equity investments denominated in foreign currencies are exposed to currency risk, as fluctuations in exchange rates can impact the value of investments and returns when converted back to the investor's base currency.

Leverage Risk

Leveraged buyouts (LBOs) and other forms of debt financing used in private equity transactions introduce leverage risk. While leverage can enhance returns in favorable market conditions, it also amplifies losses in adverse scenarios and increases the financial vulnerability of portfolio companies.

Governance Risk

Private equity investors may face governance risks related to conflicts of interest, management incentives, and corporate governance practices within portfolio companies. Ensuring alignment of interests between investors and management teams is crucial to mitigating governance-related risks.

Legal and Regulatory Risk

Private equity investments are subject to legal and regulatory risks arising from changes in laws, regulations, and tax regimes in relevant jurisdictions. Compliance with regulatory requirements and adherence to best practices in governance and reporting are essential to managing legal and regulatory risks effectively.

Regulatory Considerations in Switzerland

These products are exclusively offered to customers with qualified investor status in Switzerland. In Switzerland, investors may need to qualify as "qualified investors" to participate in private equity investments. This typically requires meeting certain asset or professional investor criteria.

Investing with Splint Invest

Diversification

With Splint Invest, you can easily diversify your portfolio, therefore reducing your risk by investing in the 15 already available asset categories with numerous exciting assets on the platform.

Verified Investment Case

Every potential investment case goes through an extensive due diligence process and is validated by our experienced team.

Proven Track Record

The underlying funds of the tracker certificates are sourced from our trusted partners with high market expertise and a proven track record.

Security

We are committed to providing the highest standards for the tracker certificate when it comes to the legal aspects as well as the security agent setup.

Collaborators

Mario von Bergen

Co-Founder

Head of Investments

The forecasted estimates are based on past performance data. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, or product made reference to directly or indirectly in this factsheet, will be profitable, equal any corresponding indicated performance level, or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions.

For further information contact us at info@splintinvest.com

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