



Private Equity & Fund Formation in Global Perspective

Anjani Ladia

Chairman – Luxembourg Chapter of ICAI (www.icailux.lu)



Agenda

- What is Private Equity (PE) Fund ?
 - Structure of PE Fund
 - Different Asset Classes PE Funds Invest
- Characteristics of PE Investments
 - Risk & Returns / Fees & Performance
 - Life Cycle / Investment & Exit Strategies
- Global Numbers & Trends
- Career in Private Equity



What is Private Equity (PE) Fund ?

- Structure of PE Fund
- Different Asset Classes PE Funds Invest

Private Equity Funds (PE Funds)

What do private equity
funds actually do?

Private Equity Funds (PE Funds)

Which are the different types of
Strategies they pursue ?

Private Equity Funds (PE Funds)

What is the typical structure of a private equity firm?



Why the name

Private Equity ?



PRIVATE

interested in acquiring

Private Companies

that have not been listed on a Stock Exchange

EQUITY

exclusively focused on



Equity

investments

Types of asset classes

Stocks

(blue chip, growth stocks etc.)



Bonds

(Government, corporate etc.)



Commodities

(Oil, gold, coal, wheat etc.)



Alt. Investments

(Hedge fund, private equity,
real estate etc.)



Private Equity Funds (PE Funds)

What about specialisation?
specific Target companies?



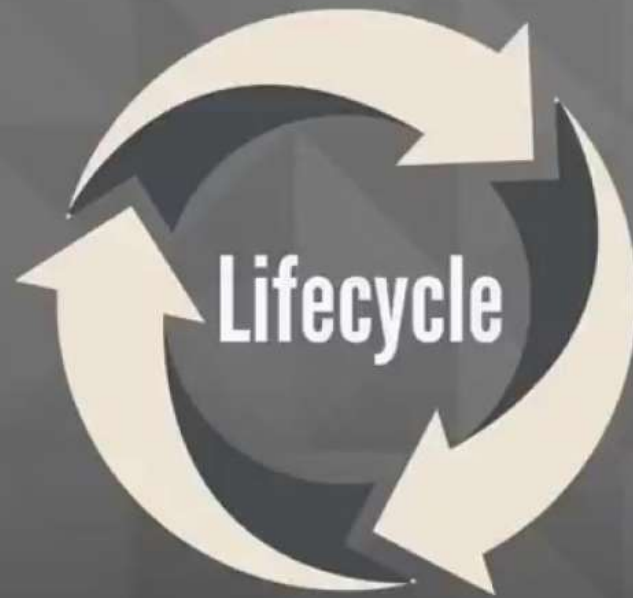
PE Funds

Do PE Funds target
specific companies?

YES



PE Funds

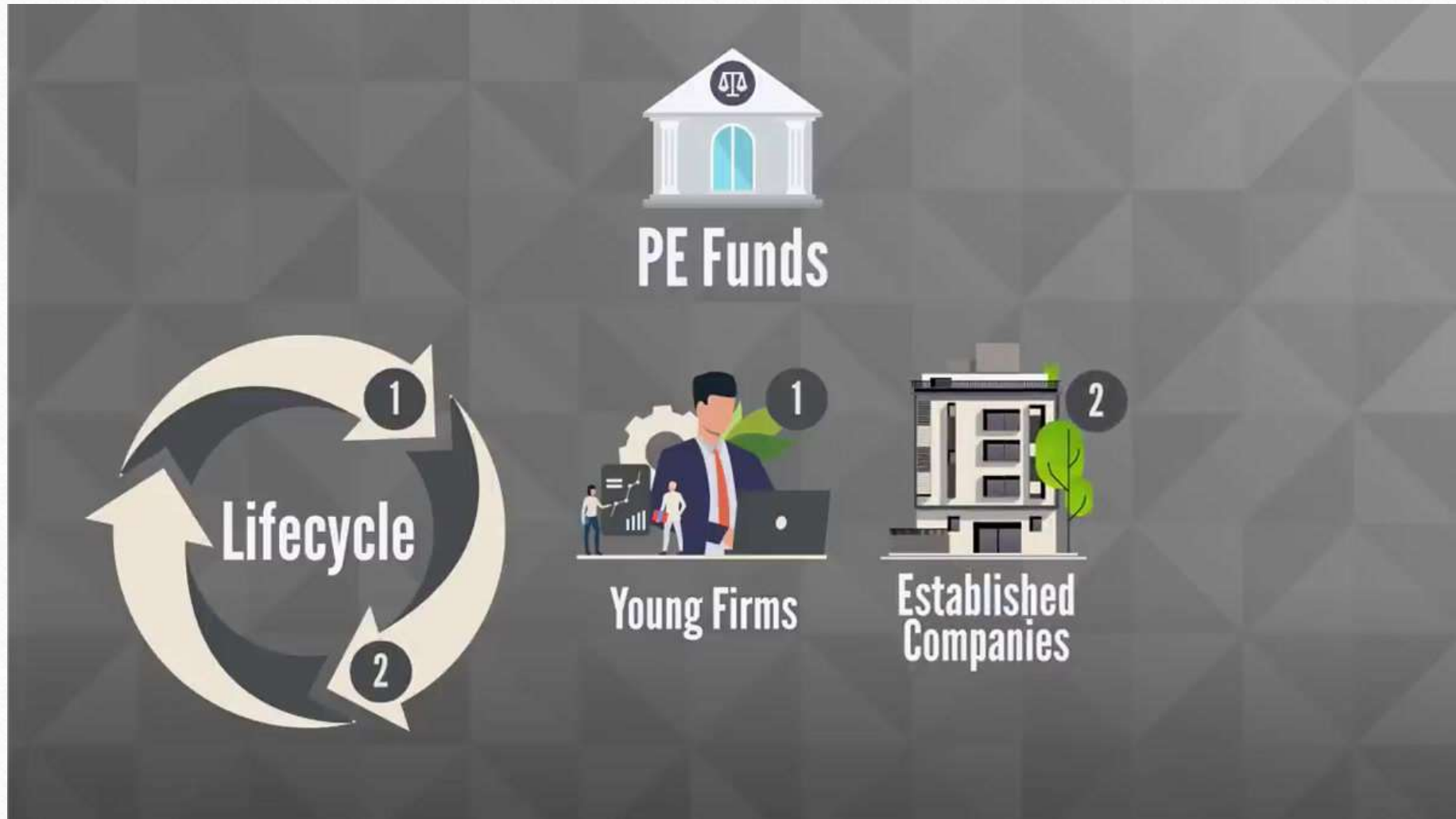


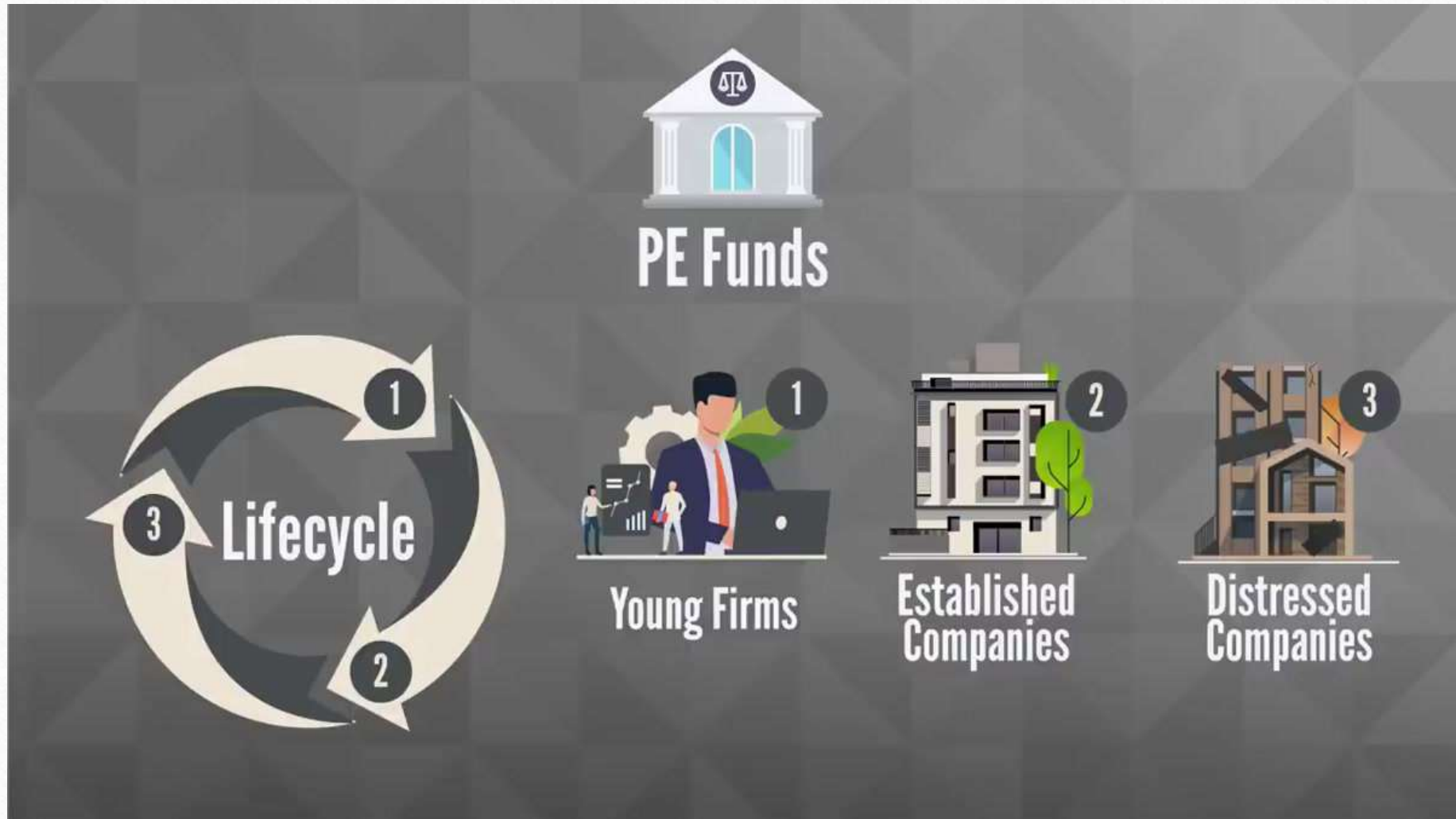


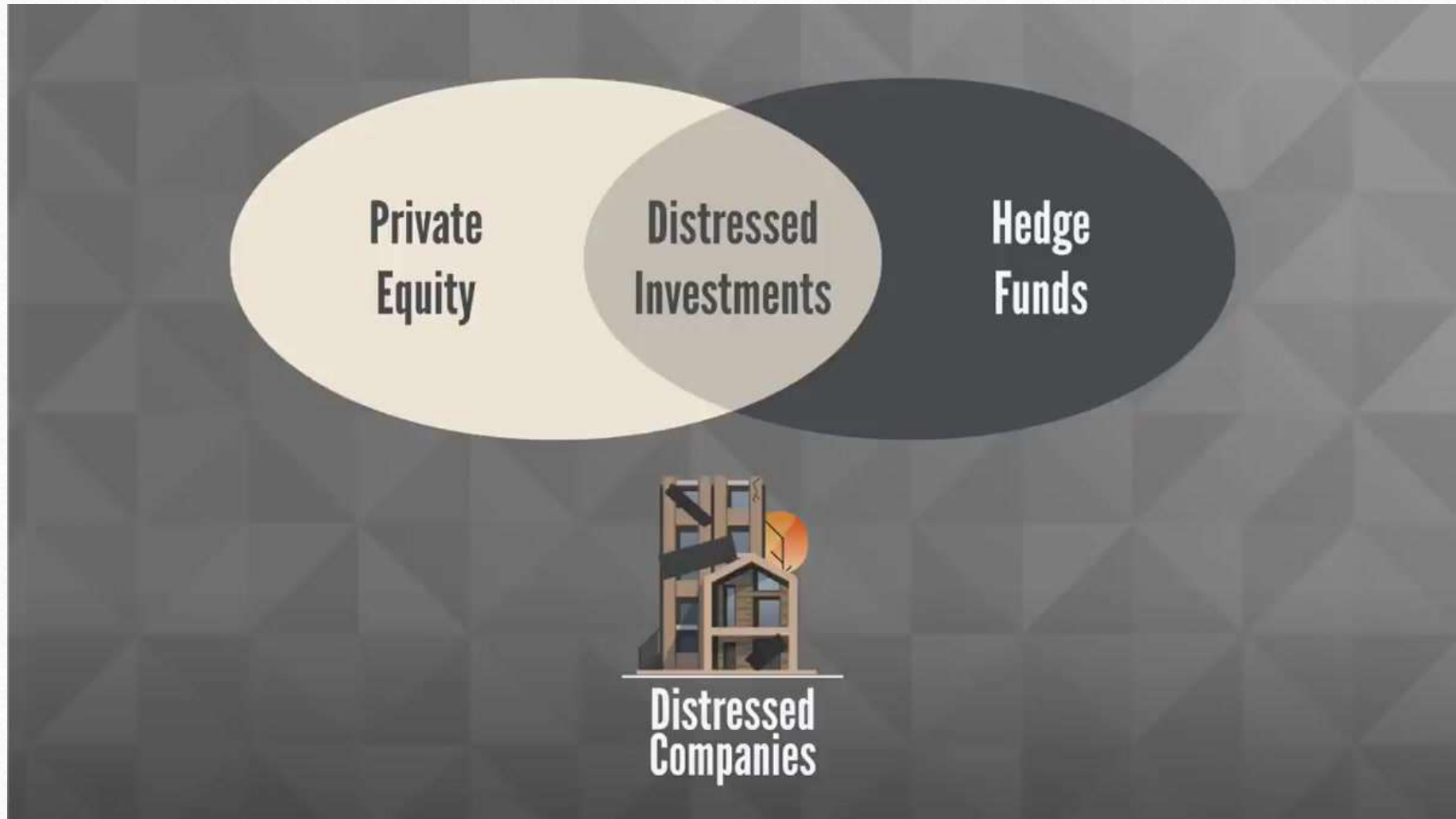
PE Funds



Young Firms







Main difference...

Investment Horizon



Private Equity

Acquire all shares

Change management

Exit

De-list it

Improve financial performance


2+ Years



Hedge Fund

Acquire all
shares

Exit



2-3 Months

Hedge Fund

Acquire all shares

Exit



2-3 Months

Private Equity

Acquire all shares

Change management

Exit



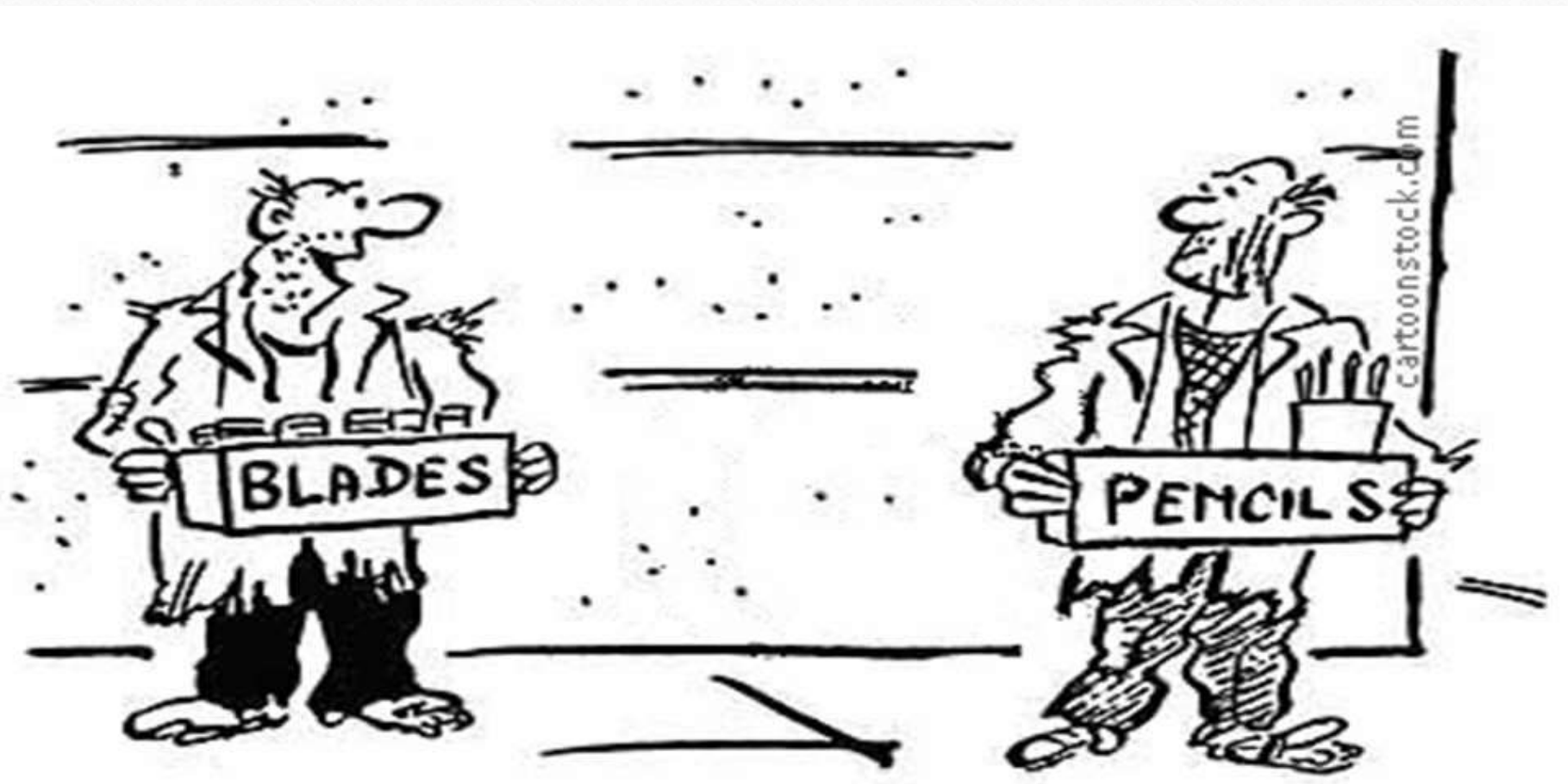
2+ Years



Acquire large stake (>50%)

Position Business for growth

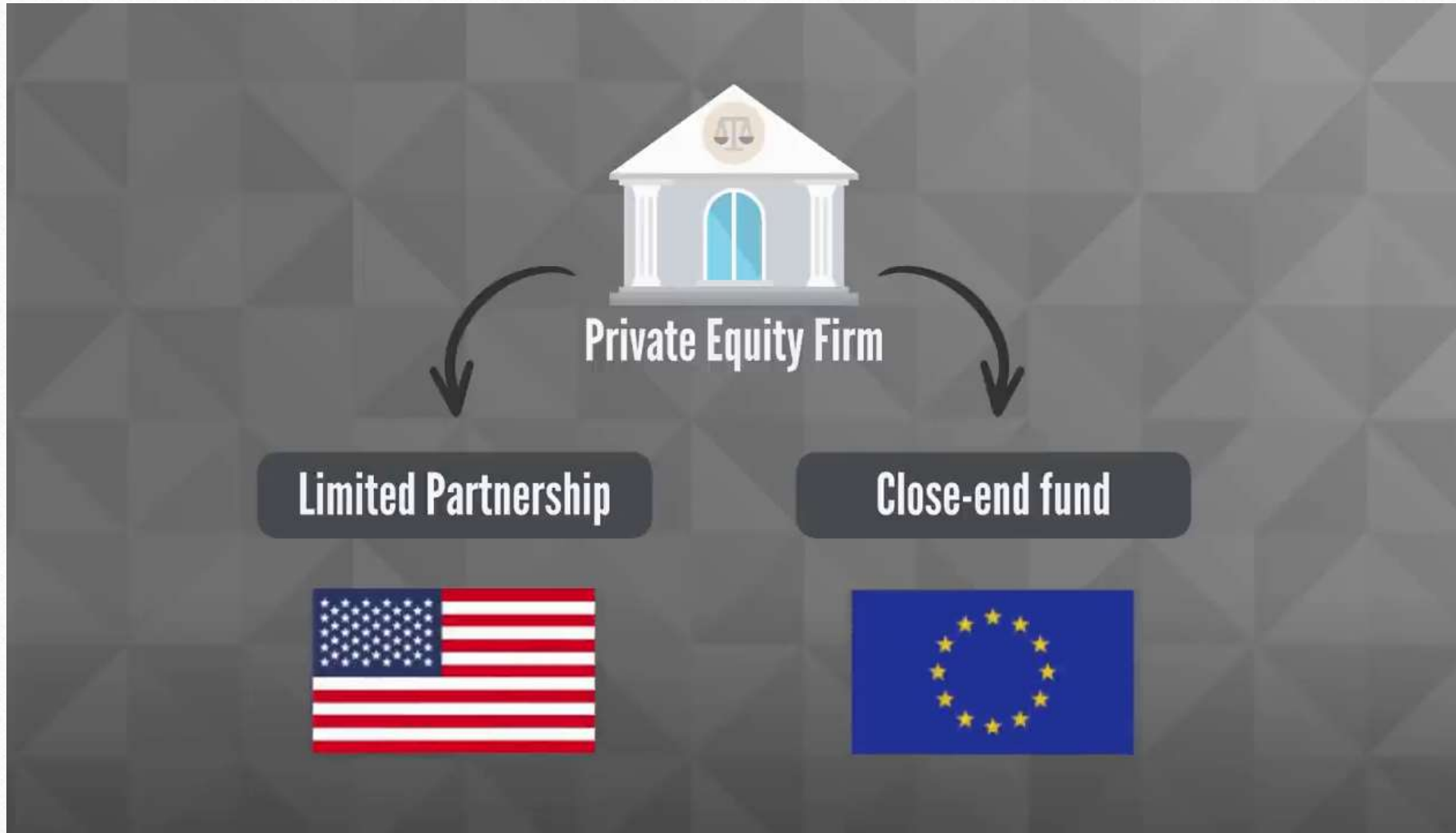




"Care for a merger?"



Private Equity Firm





**General Partner
(GP)**

Limited Partners (LP)



Limited Partnership



Who are typical Investors ?

Pension Funds / Endowments

Sovereign Wealth Funds

Banks / Insurance Companies

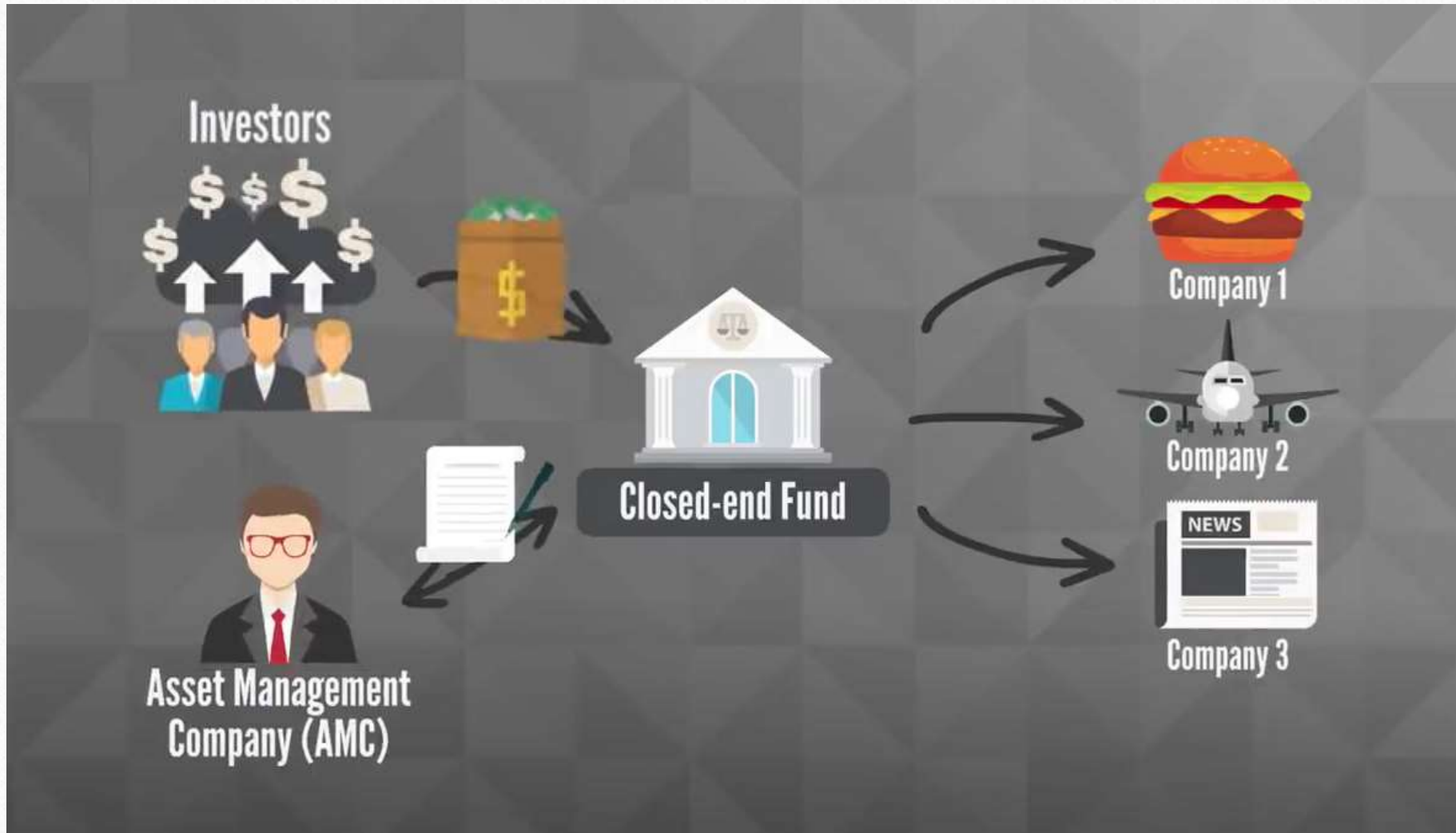
High Net Worth Individuals (HN) / Ultra HN

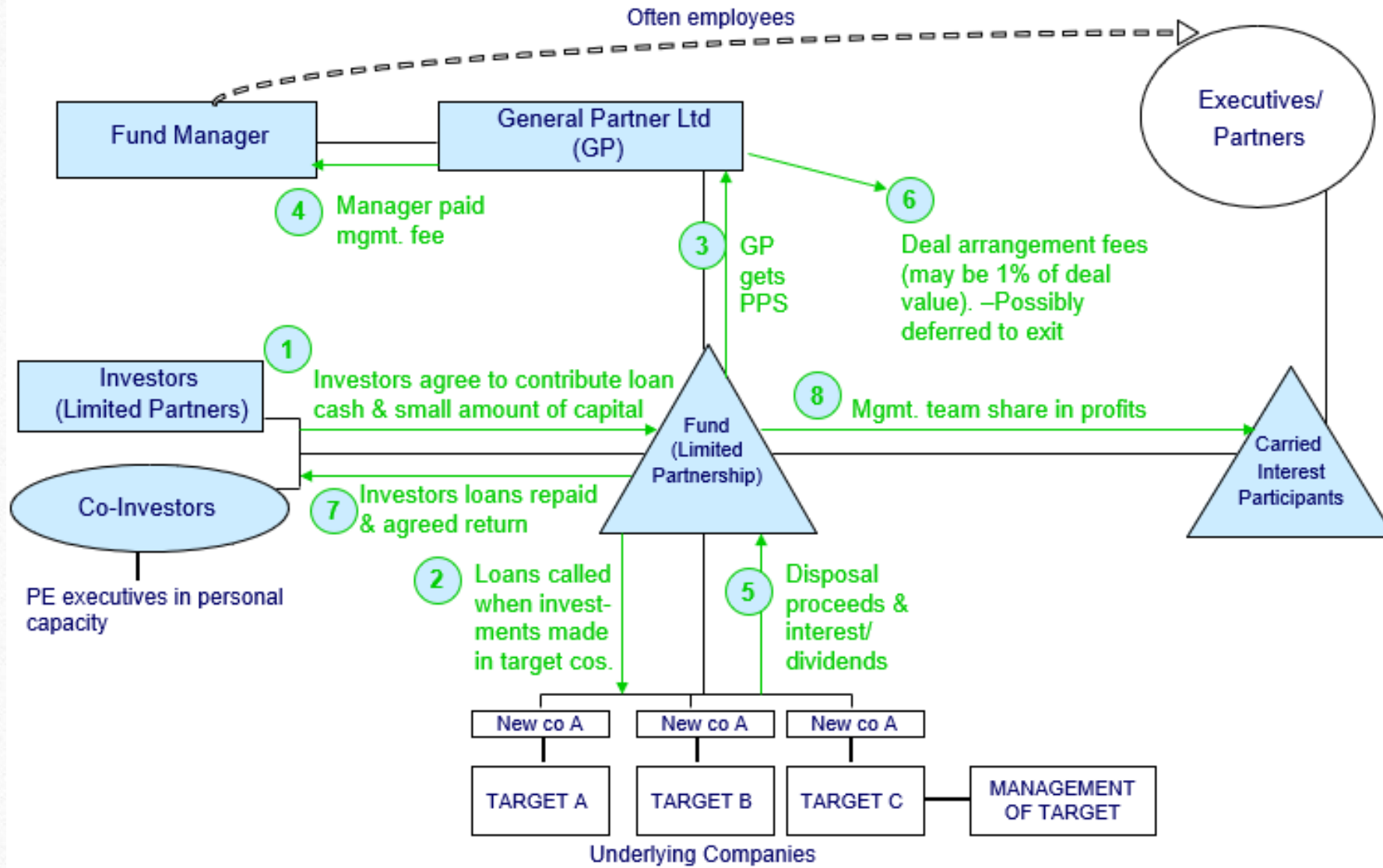






Closed-end Fund









Characteristics of PE Investments

- Risk & Returns / Fees & Performance
- Life Cycle / Investment & Exit Strategies



PE Funds





House



Car



Term Deposit



Shares



Cash

illiquid

liquid

Liquidity Scale



House



Car



Term Deposit



Shares



Cash

illiquid

liquid

Liquidity Scale



House



Car



Term Deposit



Shares



Cash

illiquid

liquid

Liquidity Scale



House



Car



Term Deposit



Shares

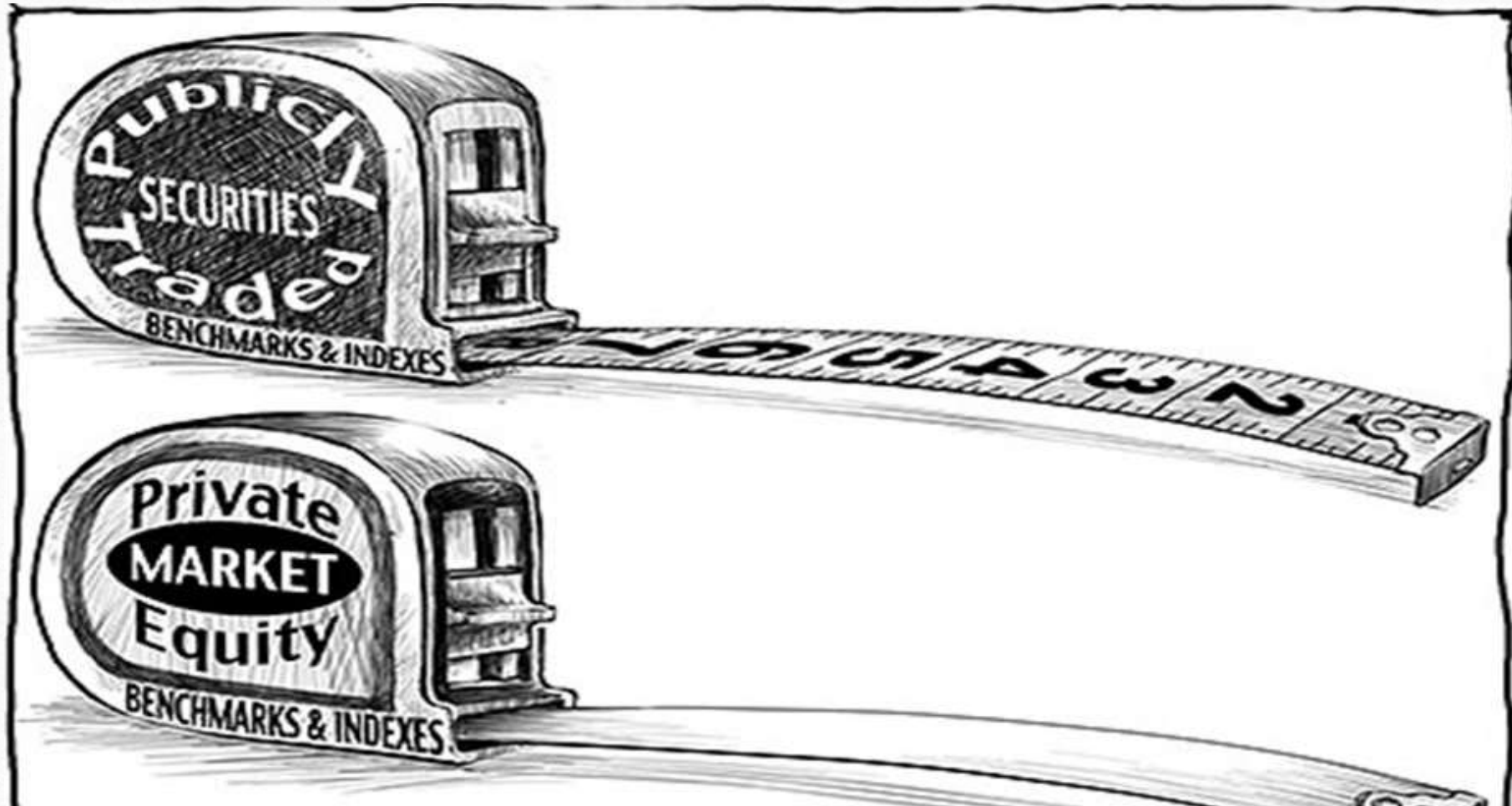


Cash

illiquid

*Private Equity
(5-10y investments)*

liquid

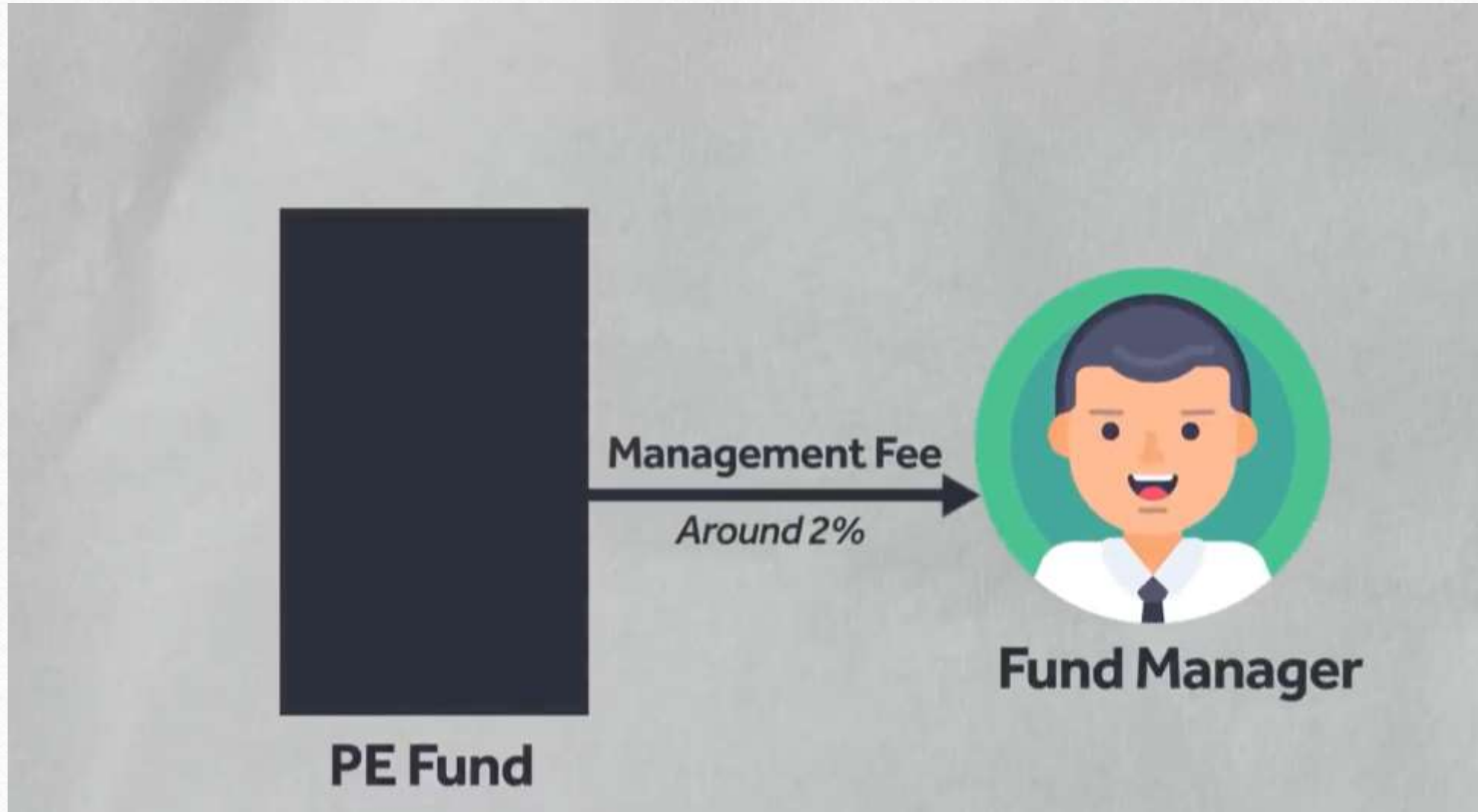




PE Funds

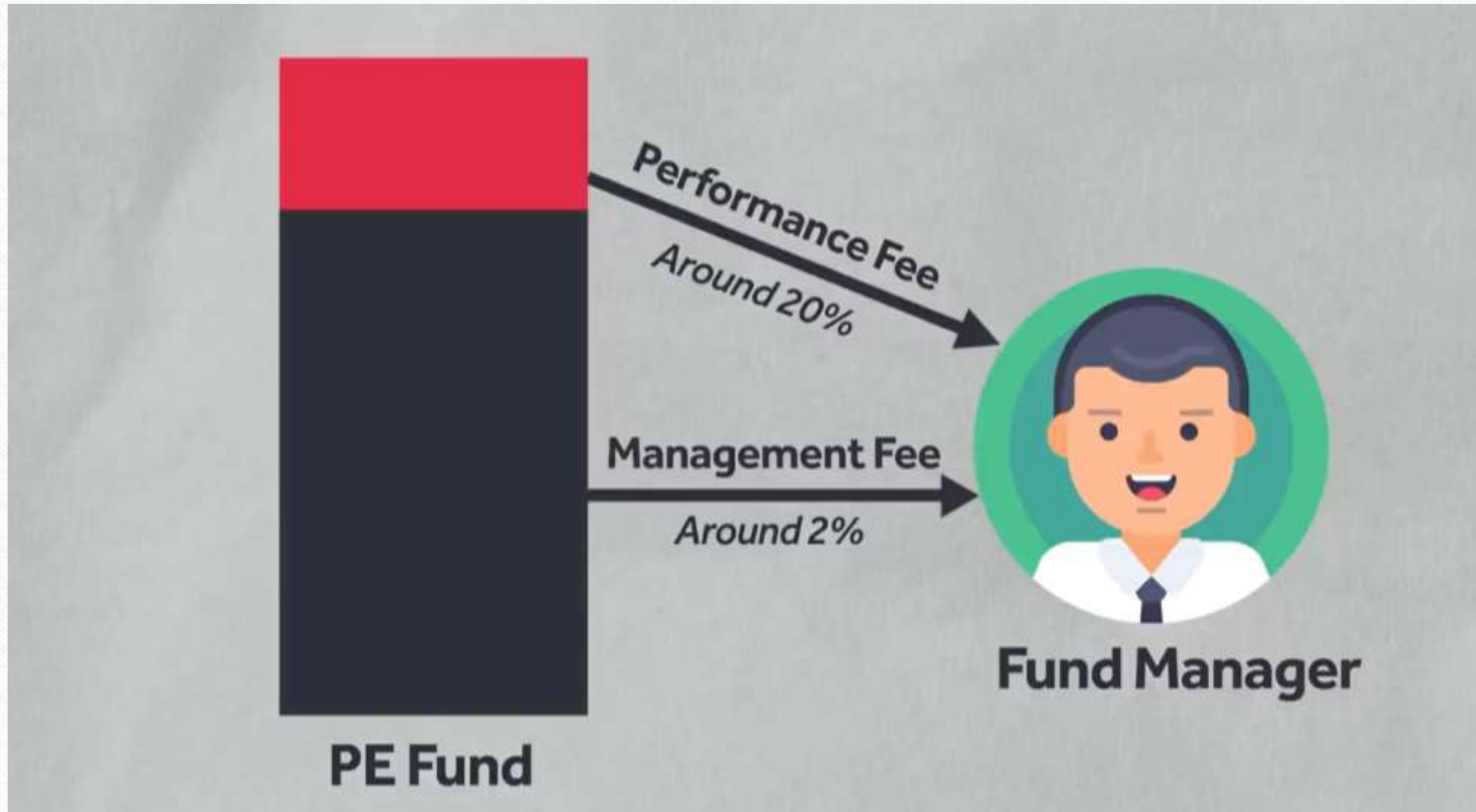






PE Fund

Fund Manager



2-20% Compensation Structure



2-20% Compensation Structure







PE Funds



Investment Strategies

	<i>Venture Capital</i>	<i>Growth Equity</i>	<i>Leverage Buyout</i>
Investment Size	~100k-10M	~25-100M	~100M+
Control	Minority	Minority - Control	Control
Returns	0-500%+	0-35%	0-35%

Investment Strategies

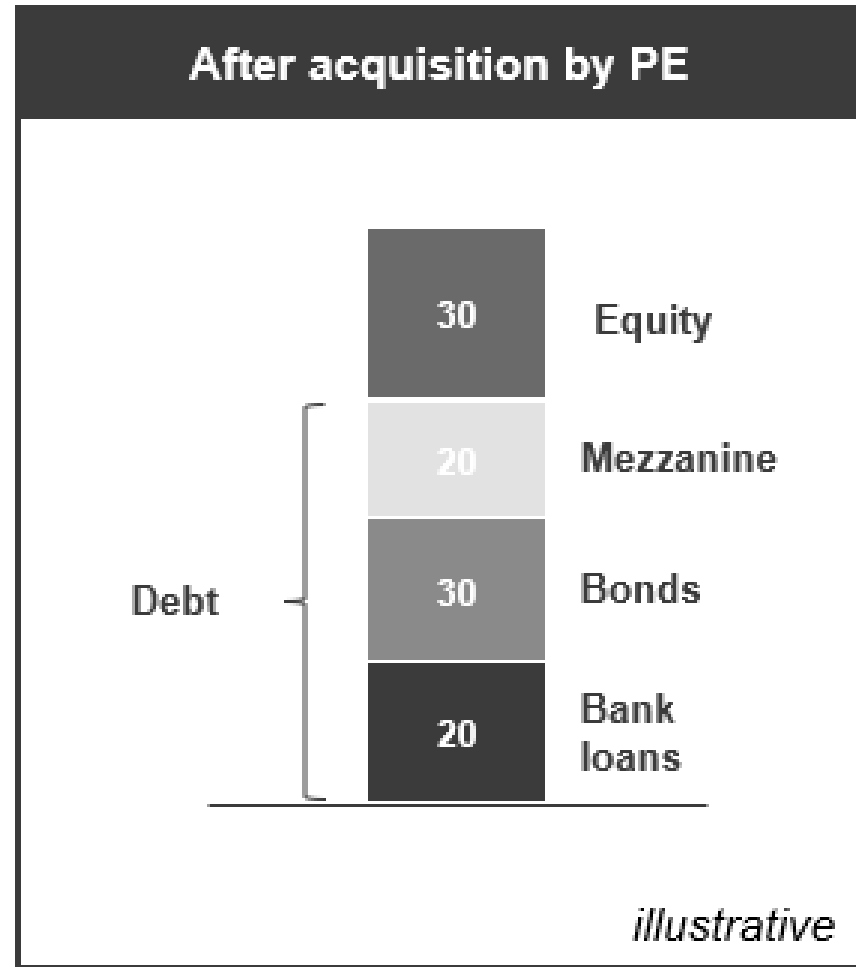
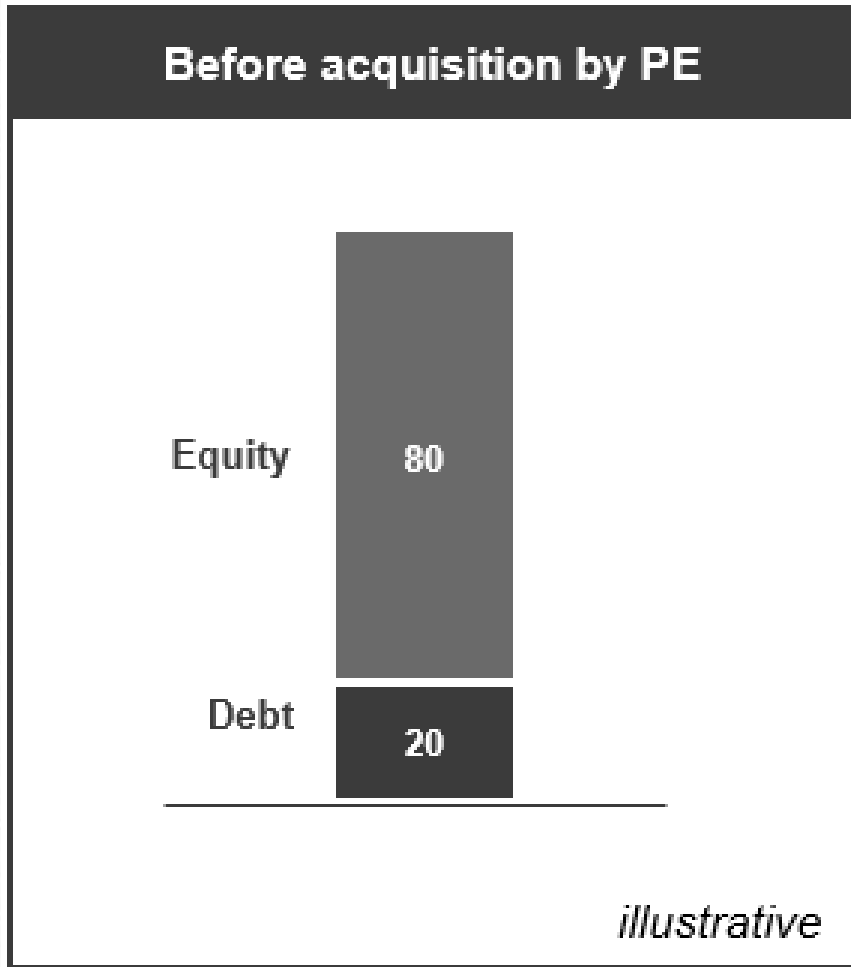
	<i>Venture Capital</i>	<i>Growth Equity</i>	<i>Leverage Buyout</i>
Investment Size	~100k-10M	~25-100M	~100M+
Control	Minority	Minority - Control	Control
Returns	0-500%+	0-35%	0-35%

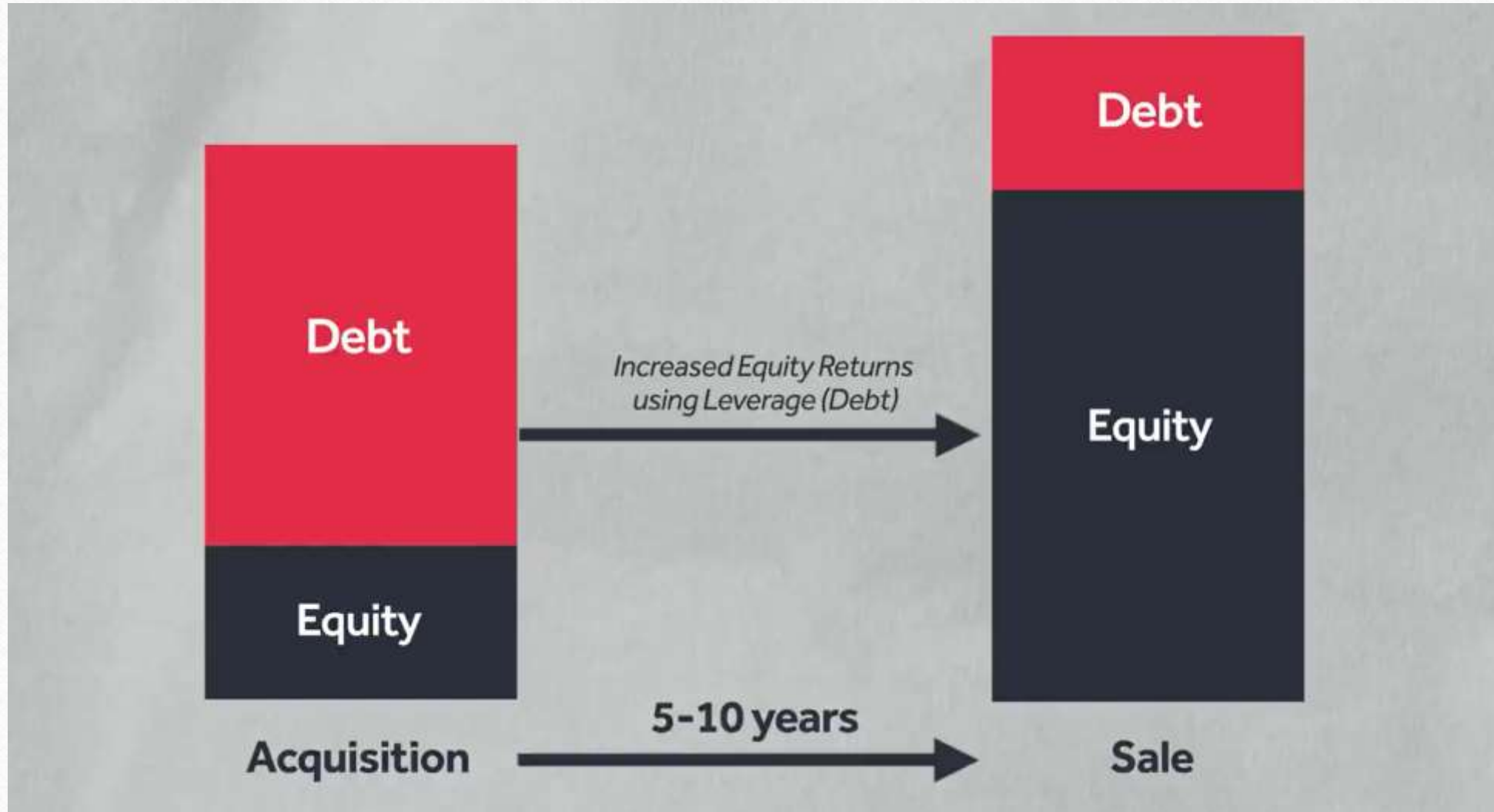
Investment Strategies

	<i>Venture Capital</i>	<i>Growth Equity</i>	<i>Leverage Buyout</i>
Investment Size	~100k-10M	~25-100M	~100M+
Control	Minority	Minority - Control	Control
Returns	0-500%+	0-35%	0-35%

Investment Strategies

	<i>Venture Capital</i>	<i>Growth Equity</i>	<i>Leverage Buyout</i>
Investment Size	~100k-10M	~25-100M	~100M+
Control	Minority	Minority - Control	Control
Returns	0-500%+	0-35%	0-35%



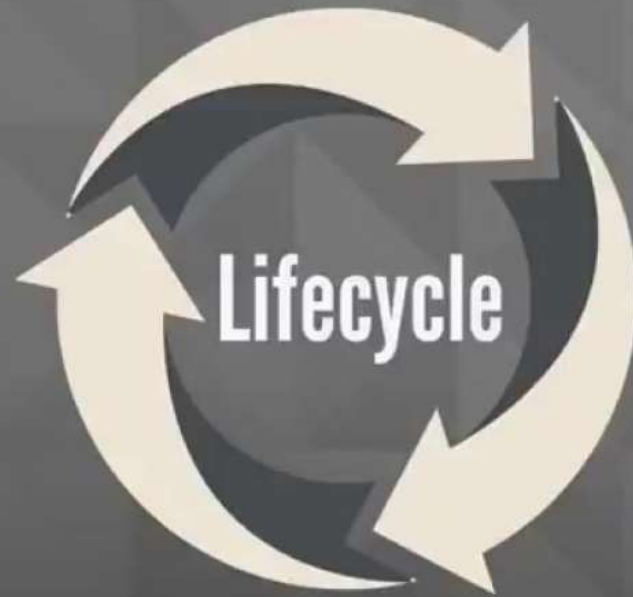


Investment Strategies

	<i>Venture Capital</i>	<i>Growth Equity</i>	<i>Leverage Buyout</i>
Investment Size	~100k-10M	~25-100M	Blackstone
Control	Minority	Minority - Control	KKR
Returns	0-500%+	0-35%	



PE Funds





PE Fund

Formation

2 Months - 3 Years

PE Fund

Formation

2 Months - 3 Years

- Reputation of the management firm
- Demand of their services

THE CARLYLE GROUP

GLOBAL ALTERNATIVE ASSET MANAGEMENT

 **BainCapital**
PRIVATE EQUITY

The  Group®

KKR

PE Fund

Formation

Investment period

Up to 5 Years

- Identify target companies
- Optimize the portfolio of companies

WE'D LIKE TO BUY THE CIRCUS
BUT WE WANT TO BRING
IN OUR OWN PEOPLE



Guys, we need
to change a
few things



PE Fund

Formation

Inv.

Divestiture

Up to 5 Years

- General state of the economy
- Market volatility
- Finding the right buyer

PE Fund

CLOSED
Investment period

Formation

Divestiture

Partnership Structure



General Partner



Limited Partners

Closed-end Fund



AMC



Investors



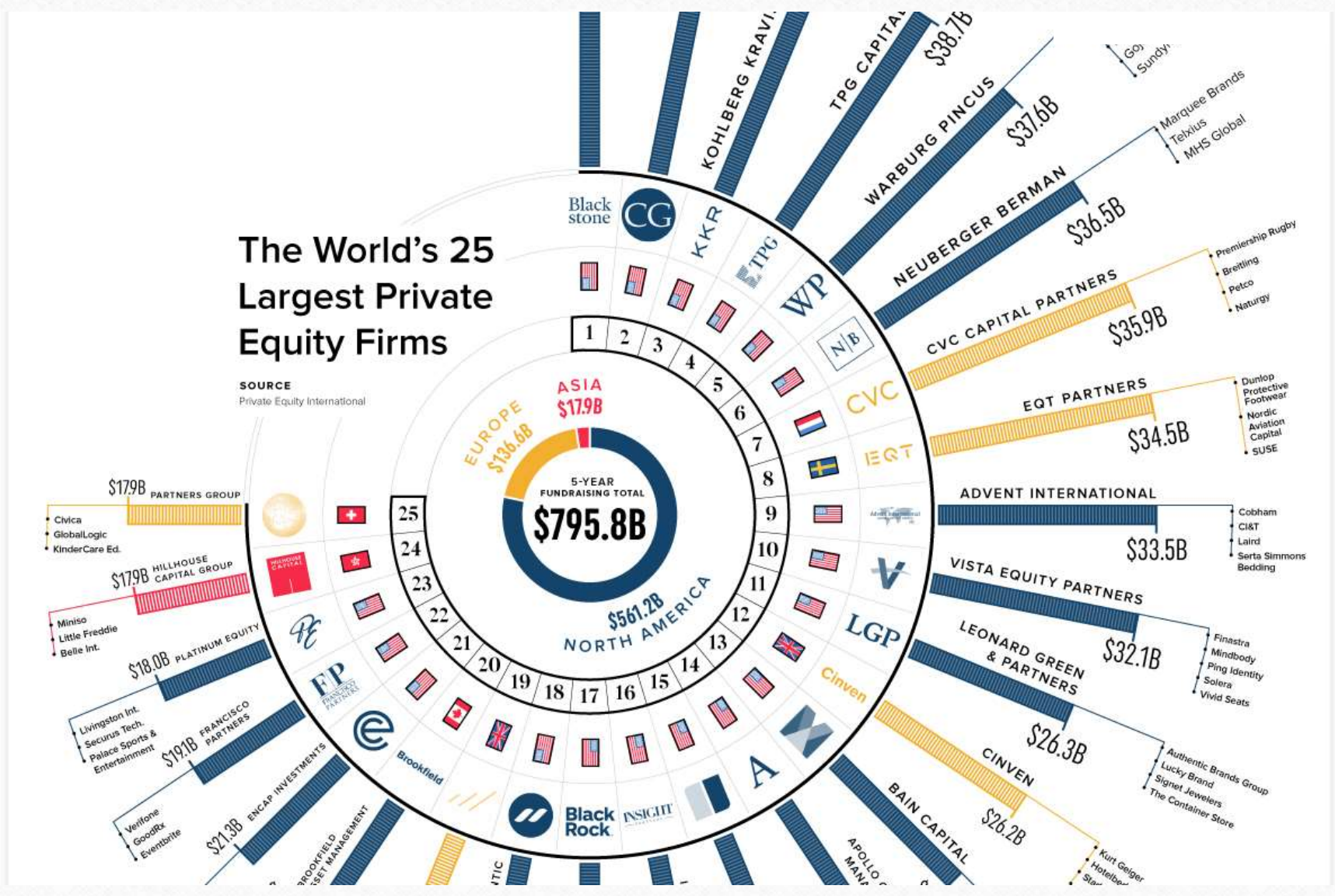
Global Numbers & Trends

- Fund AUM
- Fund Raising & Deals



The World's 25 Largest Private Equity Firms

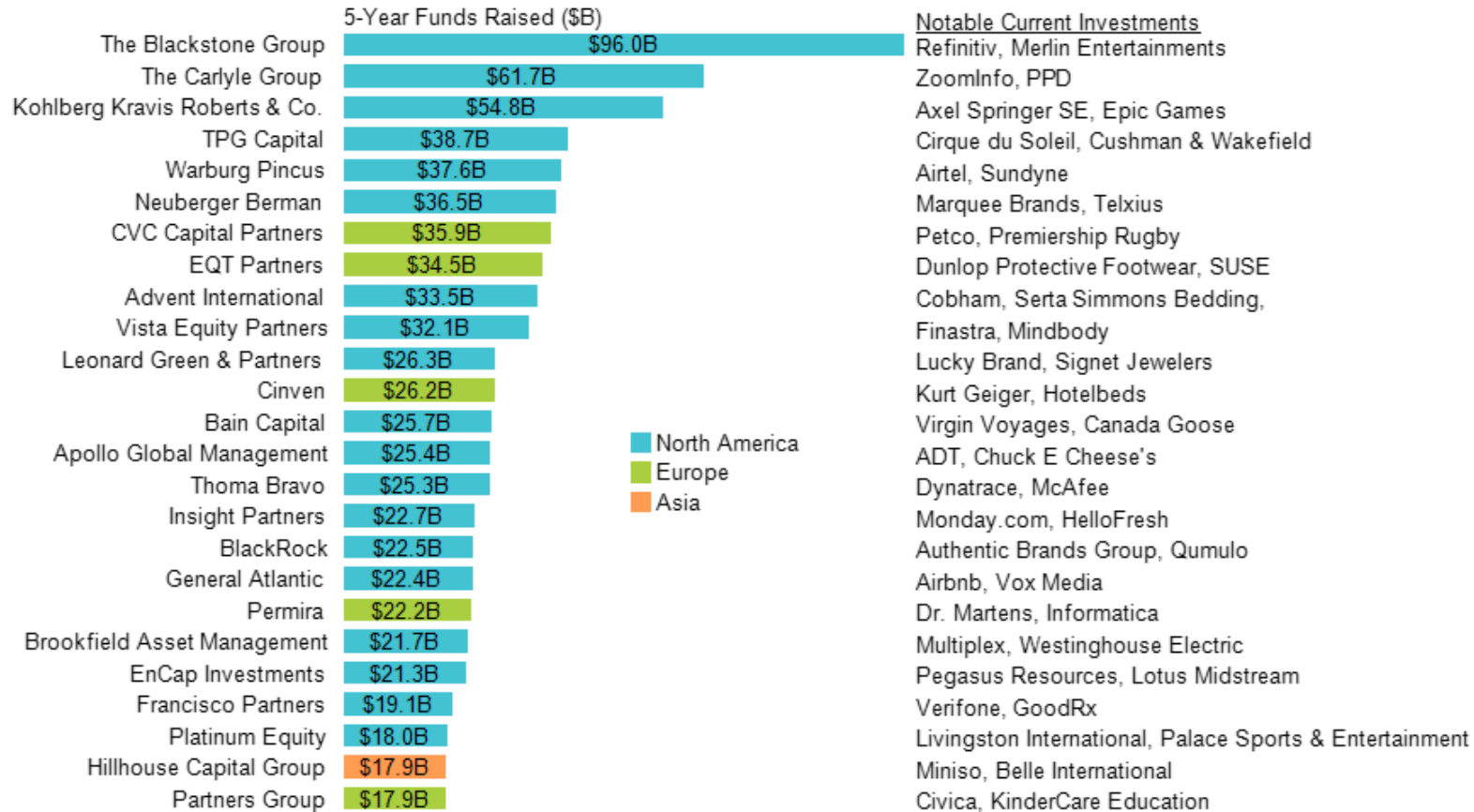
SOURCE: Private Equity International

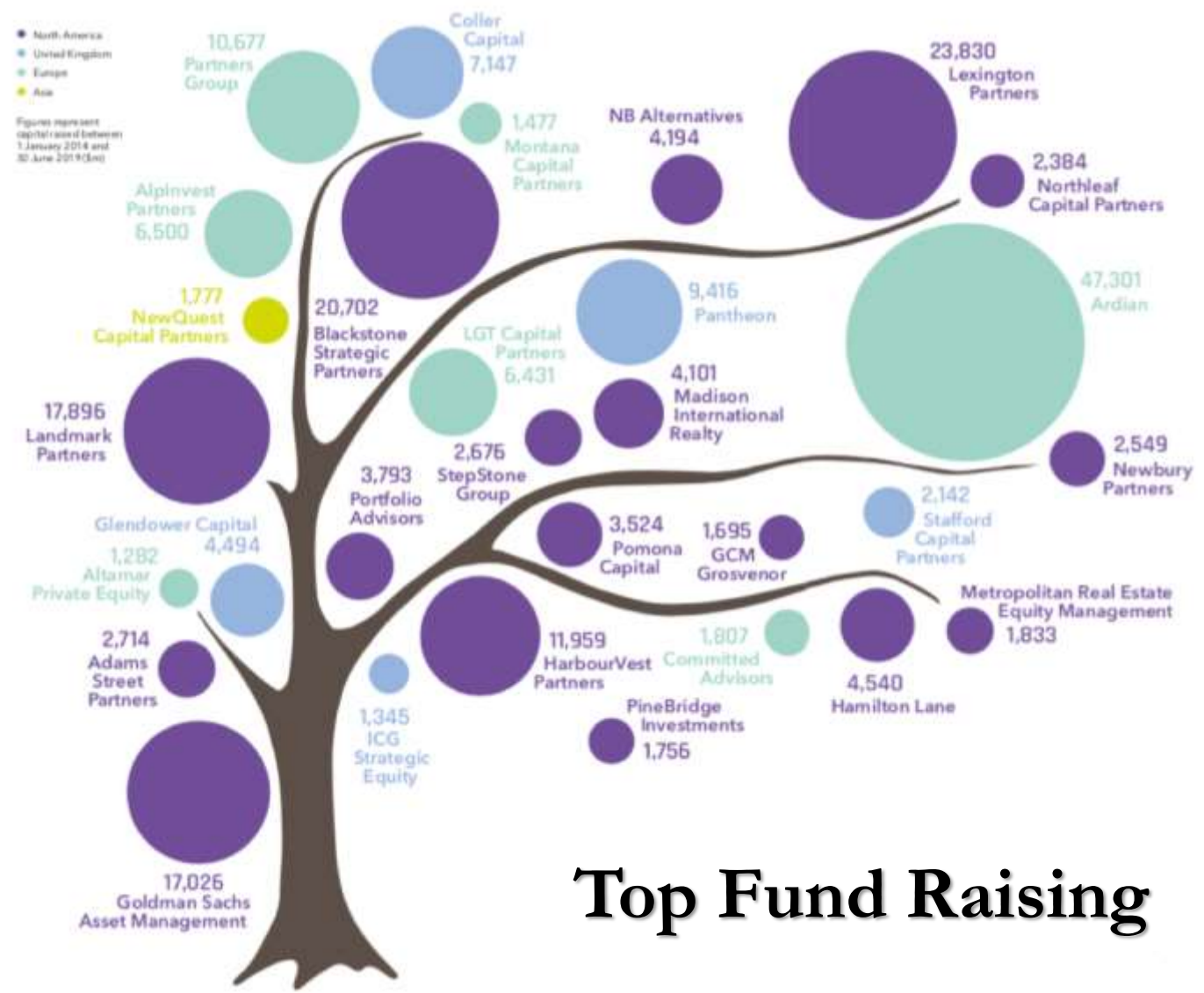




25 Largest Private Equity Firms

Blackstone, Carlyle and KKR are the top 3 and 18 of the top 25 are based in North America.





Top Fund Raising



Career in Private Equity

- Jobs
- Advisors & Services



Jobs in PE

Investment Bank

Management Consultancy

Advisory Firms (Big 4s / McKinsey / BCG)

Summer Internship Program

Blackstone wants to be the employer of choice for the best talent. Our internship program gives Summer Analysts and Associates an unprecedented opportunity to play an integral role in all aspects of deals, transactions and other projects.

Our summer program typically lasts 10 weeks. Students in their junior year of college, third year of university, or first year of business school may apply for our Summer Analyst and Associate positions. Interested candidates may apply to multiple groups within Blackstone.

Timeline

Our campus positions will appear on the Blackstone website January through March. For US positions, interviews are conducted from April to September for programs starting the following year. Candidates selected for an interview should expect a first-round video interview with a member of the Blackstone team followed by a series of face-to-face meetings, if selected to move forward.

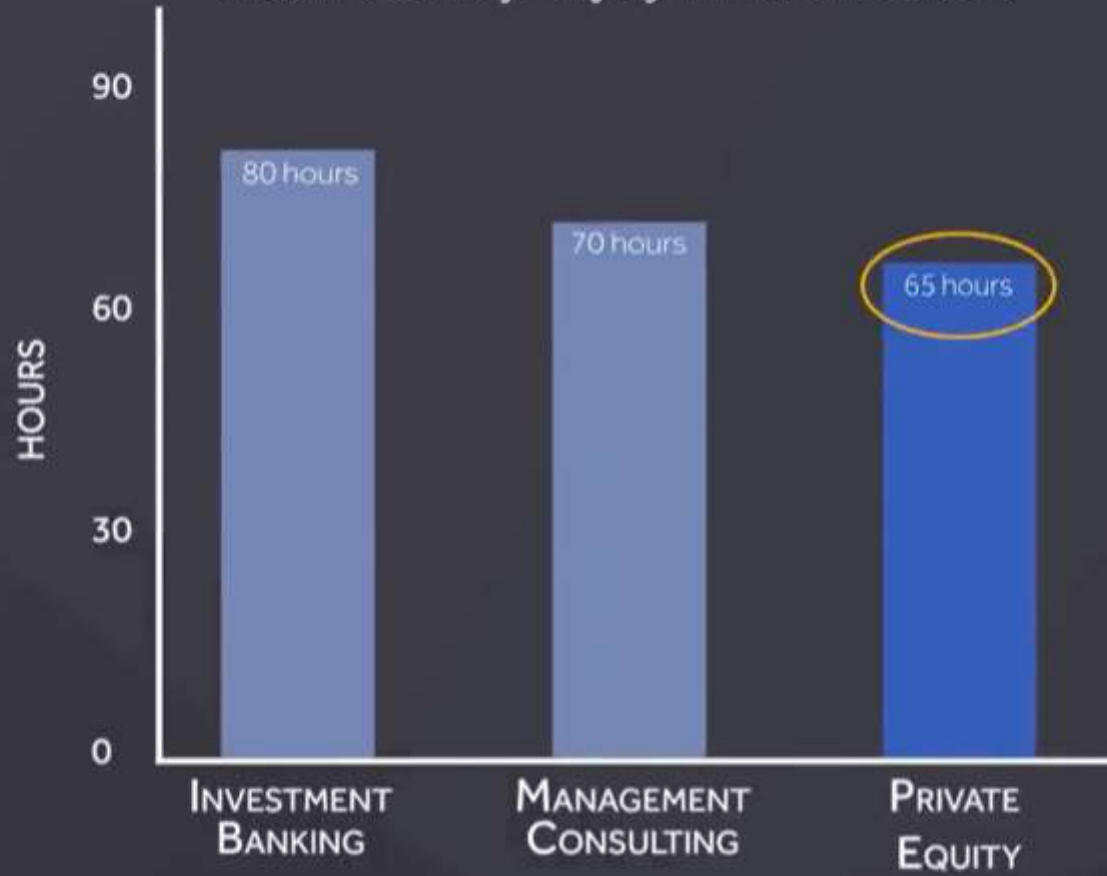
Interviews are ongoing in our international offices based on hiring needs.

Applications for European summer internships are due in late November.



HOURS / WEEK BY CAREER

(Estimates may vary by firm and location)





Skills Required

Financial Modeling

Strategic – Business Modelling

Communication & Presentation



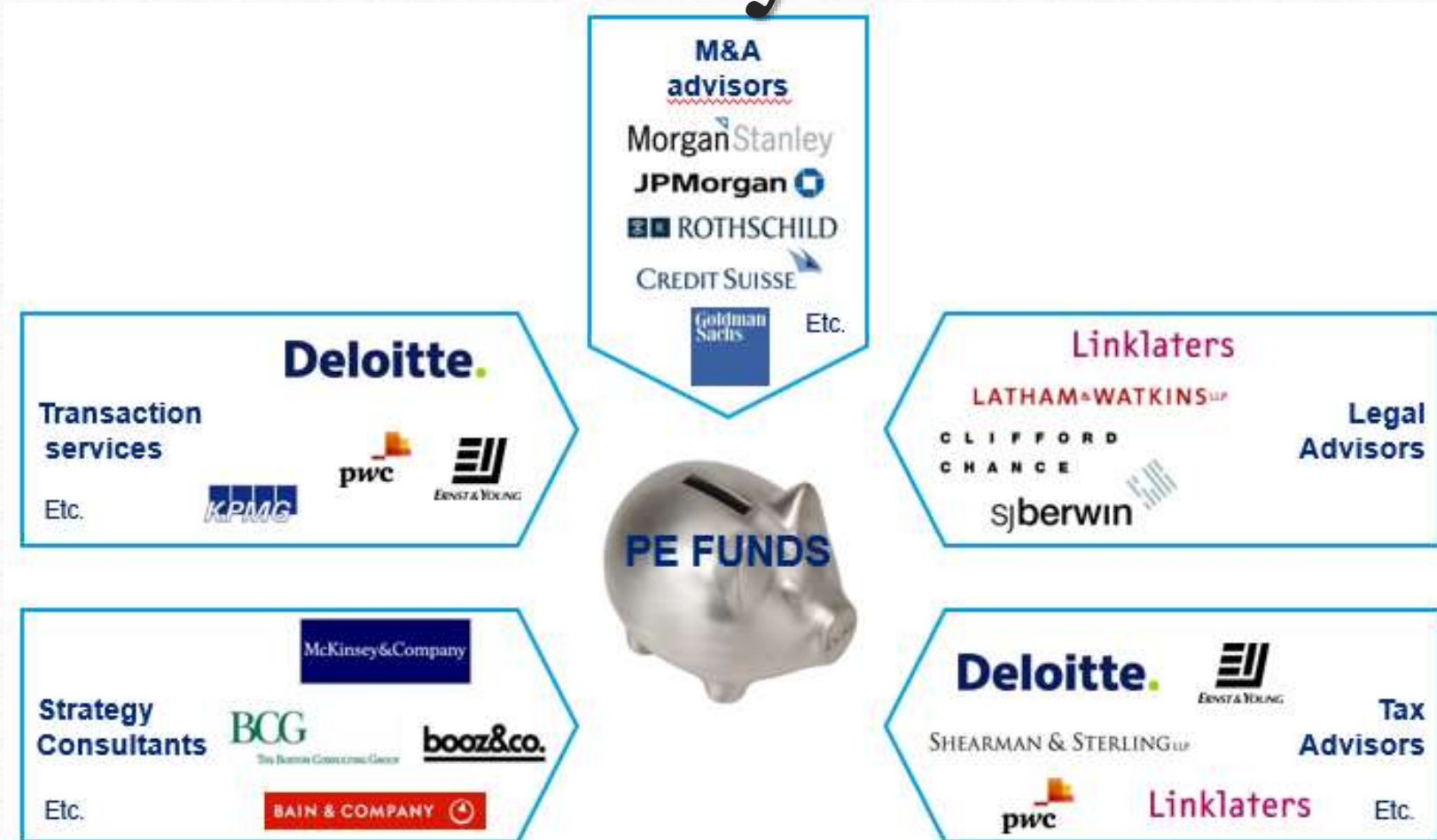
Salary Expectations

Base Salary + Bonus

New York – 130K USD

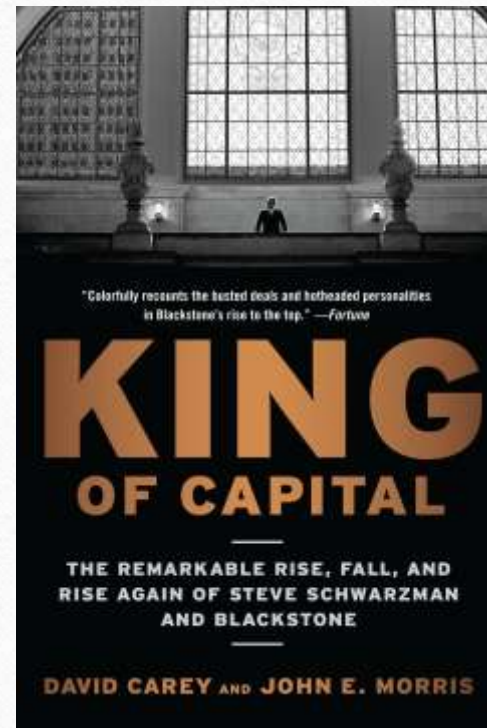
Bonus = 2x the Base

Advisory in PE



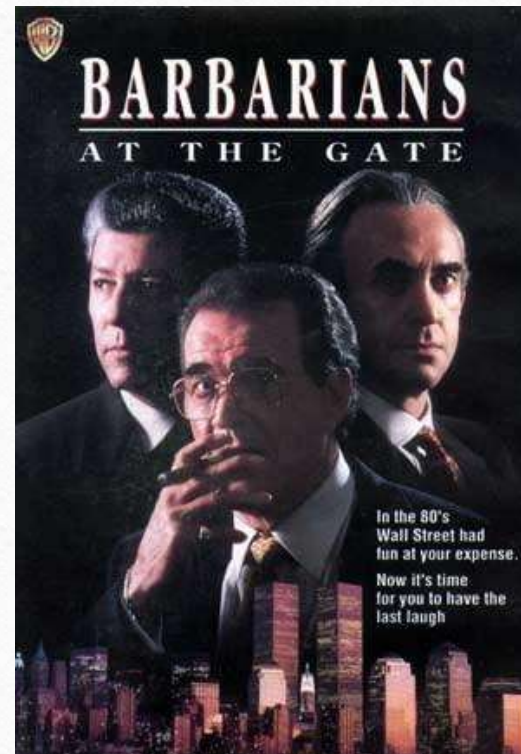
Useful Resources

Book – King of Capital



Useful Resources

Movie =
Barbarians at the gate





WHAT IS PRIVATE EQUITY



Thank You for Listening...



Questions & Feedback



Contact Us for More Information:

CA Anjani Ladia (Chairman)

Mobile: +352 661 451 778

Email id: ica luxembourg@gmail.com

Address: 10, Rue d'esch, Leudelange, L-3353,
Luxembourg

www.ica lux.lu