



# Private Equity & Fund Formation in Global Perspective

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Chairman – Luxembourg Chapter of ICAI ([www.icailux.lu](http://www.icailux.lu))

# Agenda

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- 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 ?

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- 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

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interested in acquiring

**Private Companies**

that have not been listed on a Stock Exchange



# EQUITY

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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

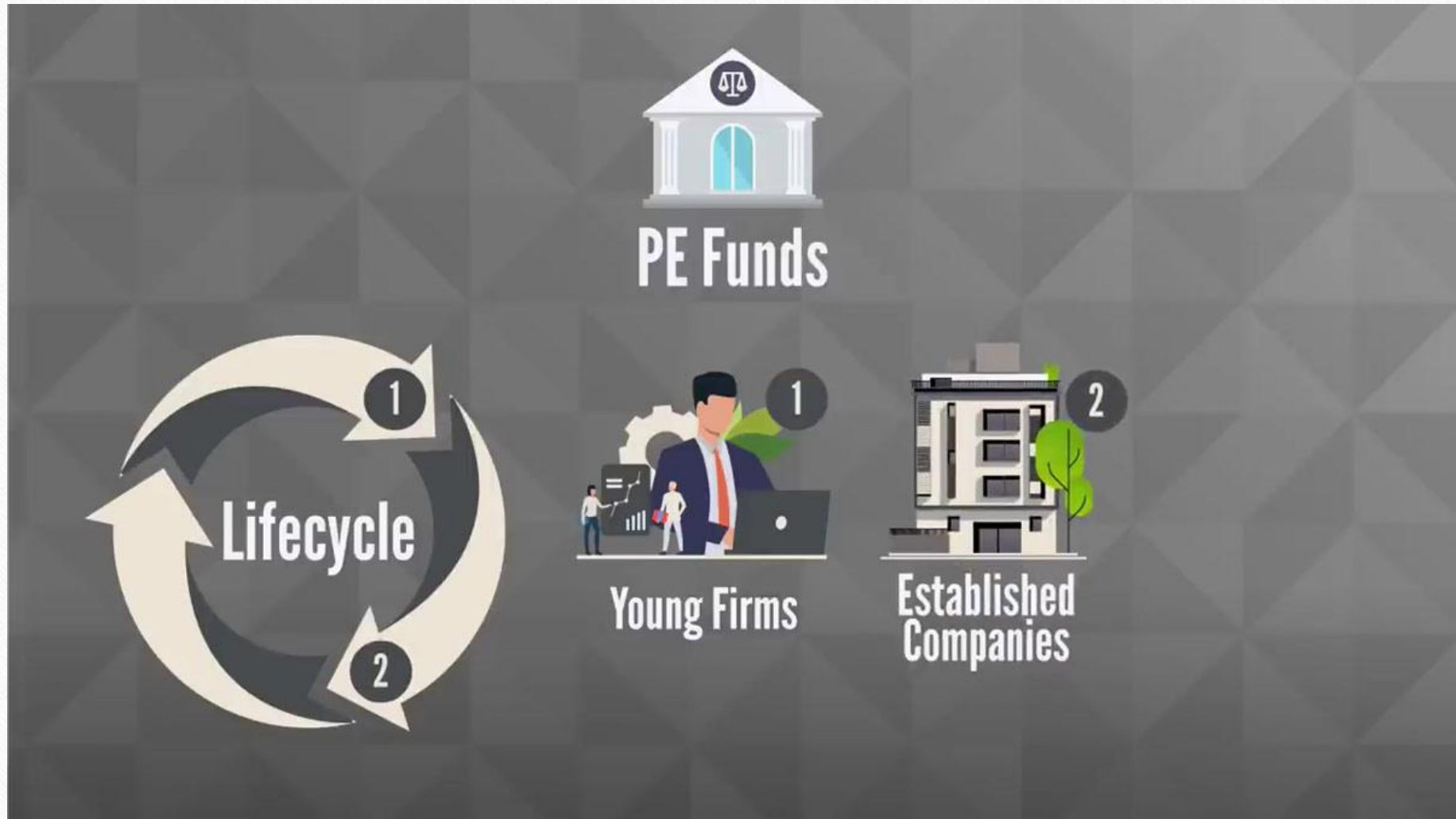


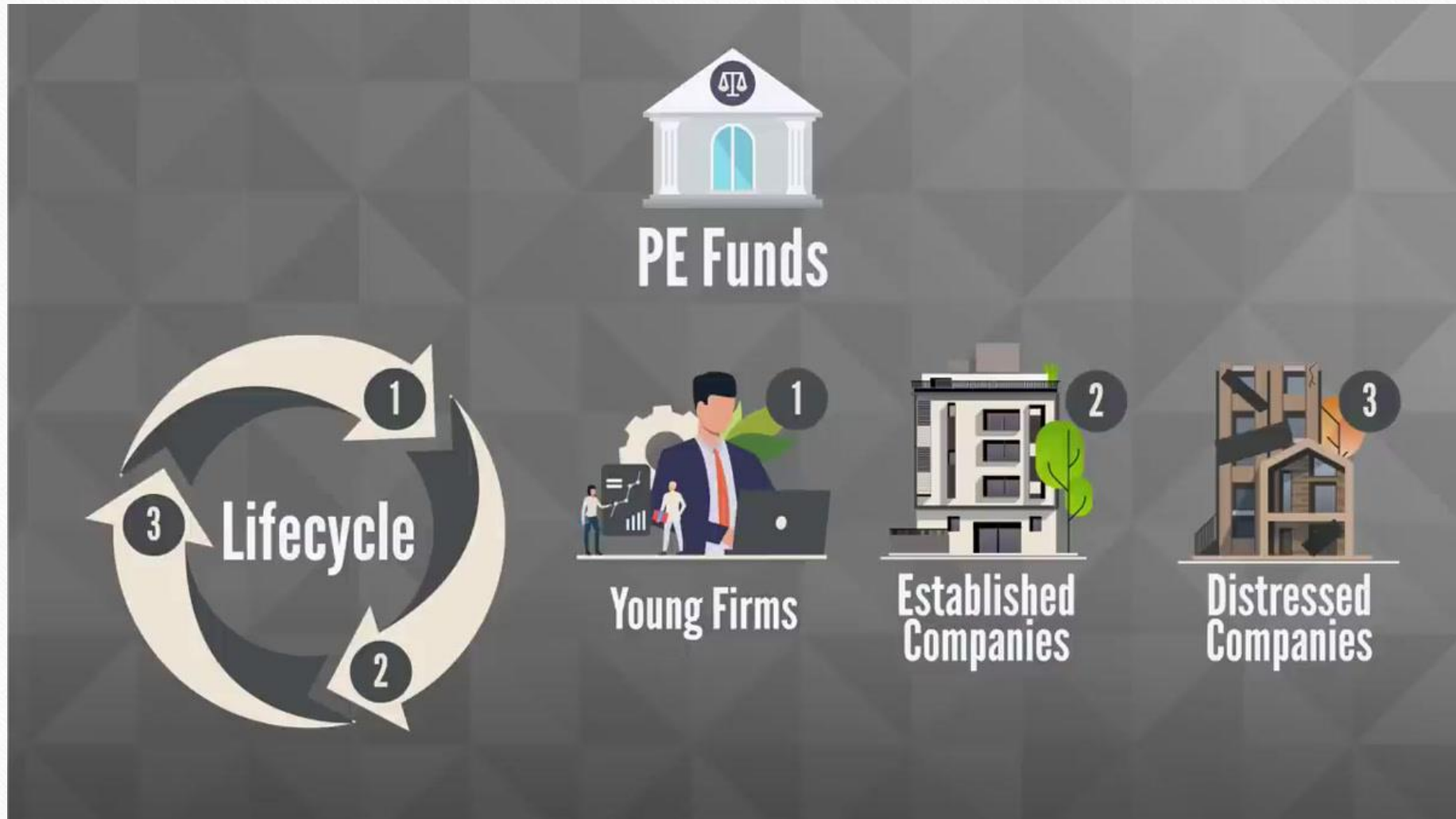


PE Funds

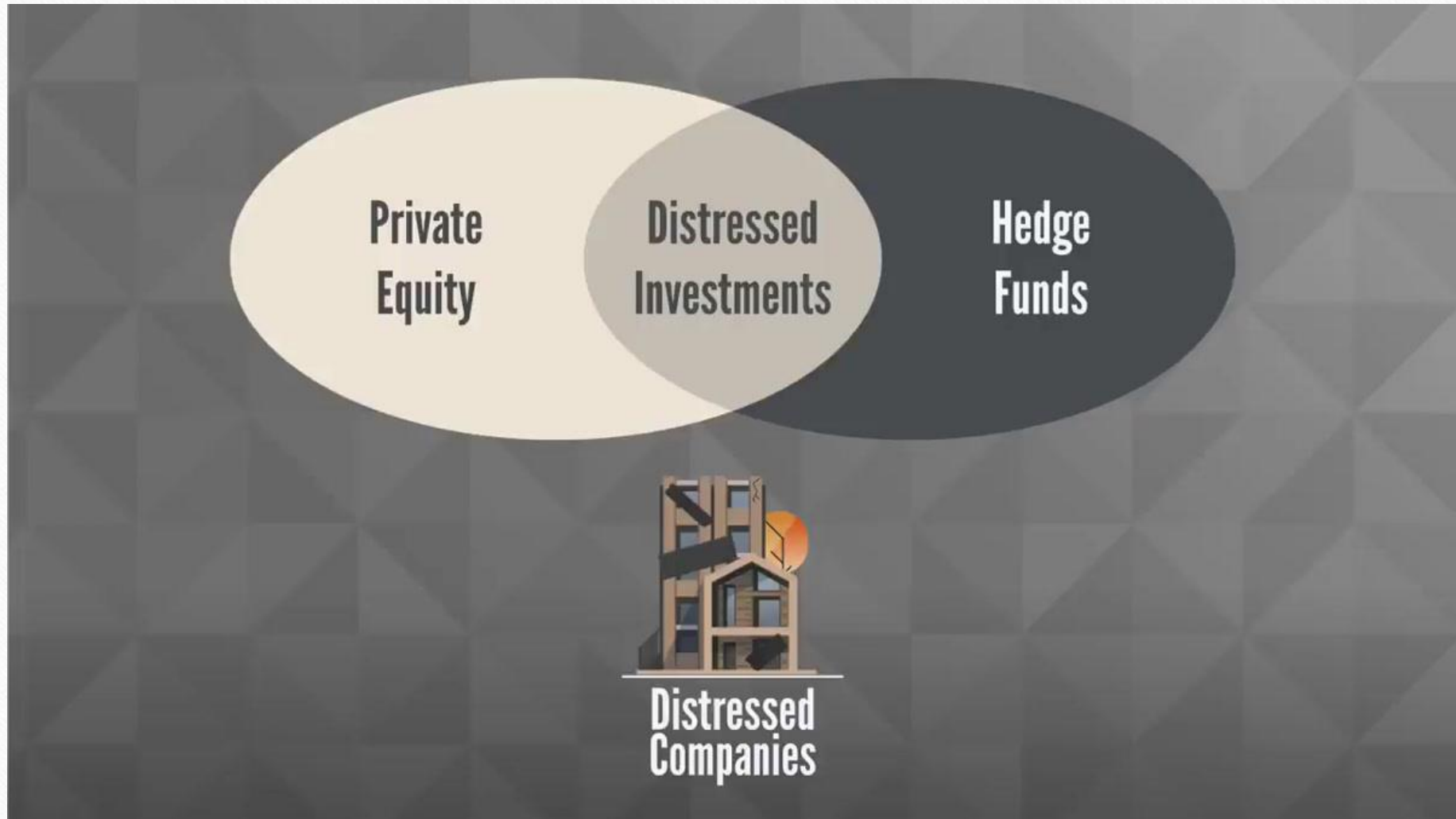


Young Firms









# Main difference...

Investment Horizon



# Private Equity

Acquire all  
shares

Change management

Exit

De-list it

Improve financial  
performance

2+ Years

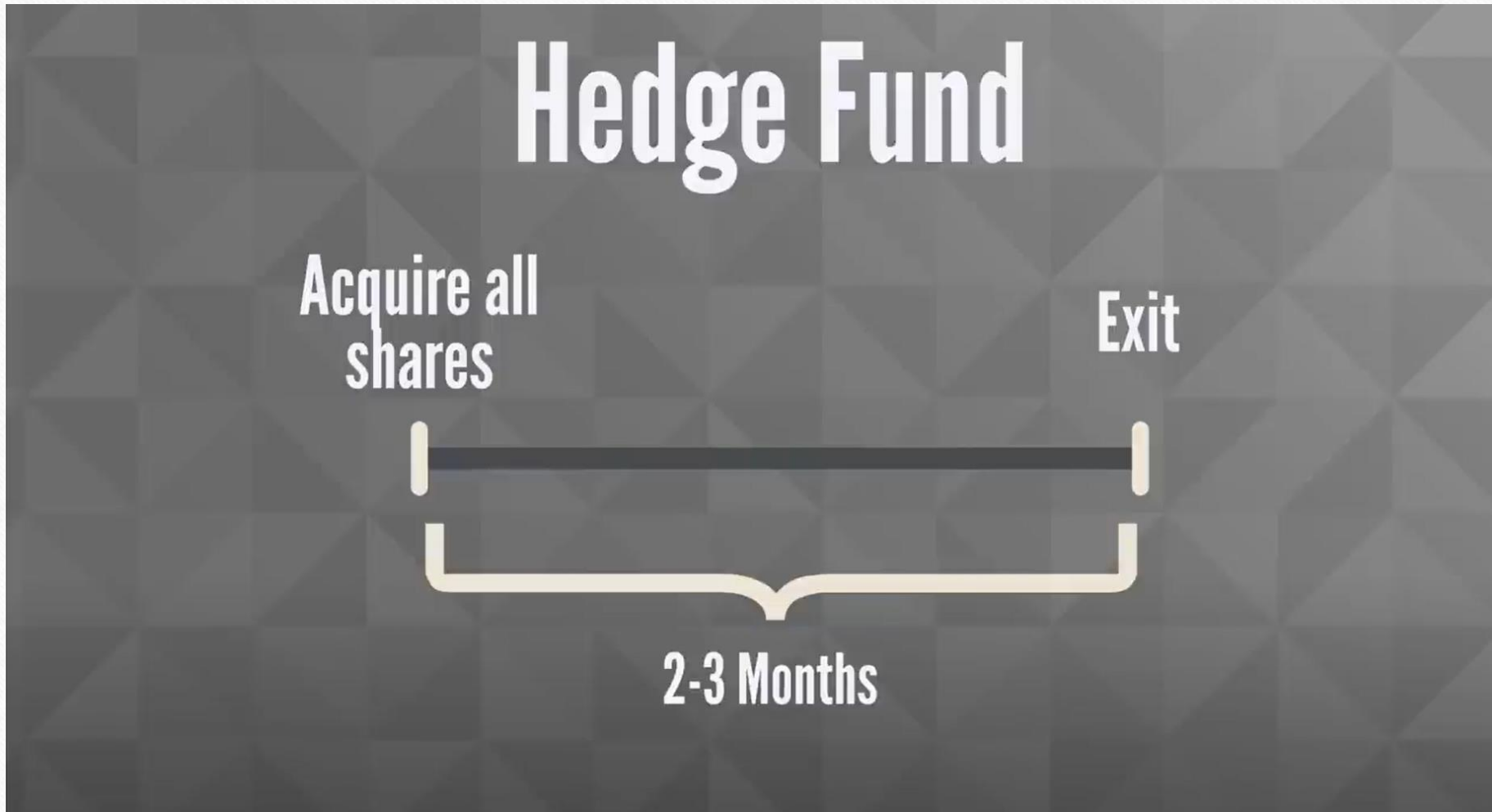


# Hedge Fund

Acquire all  
shares

Exit

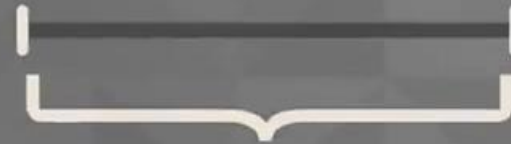
2-3 Months



# 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



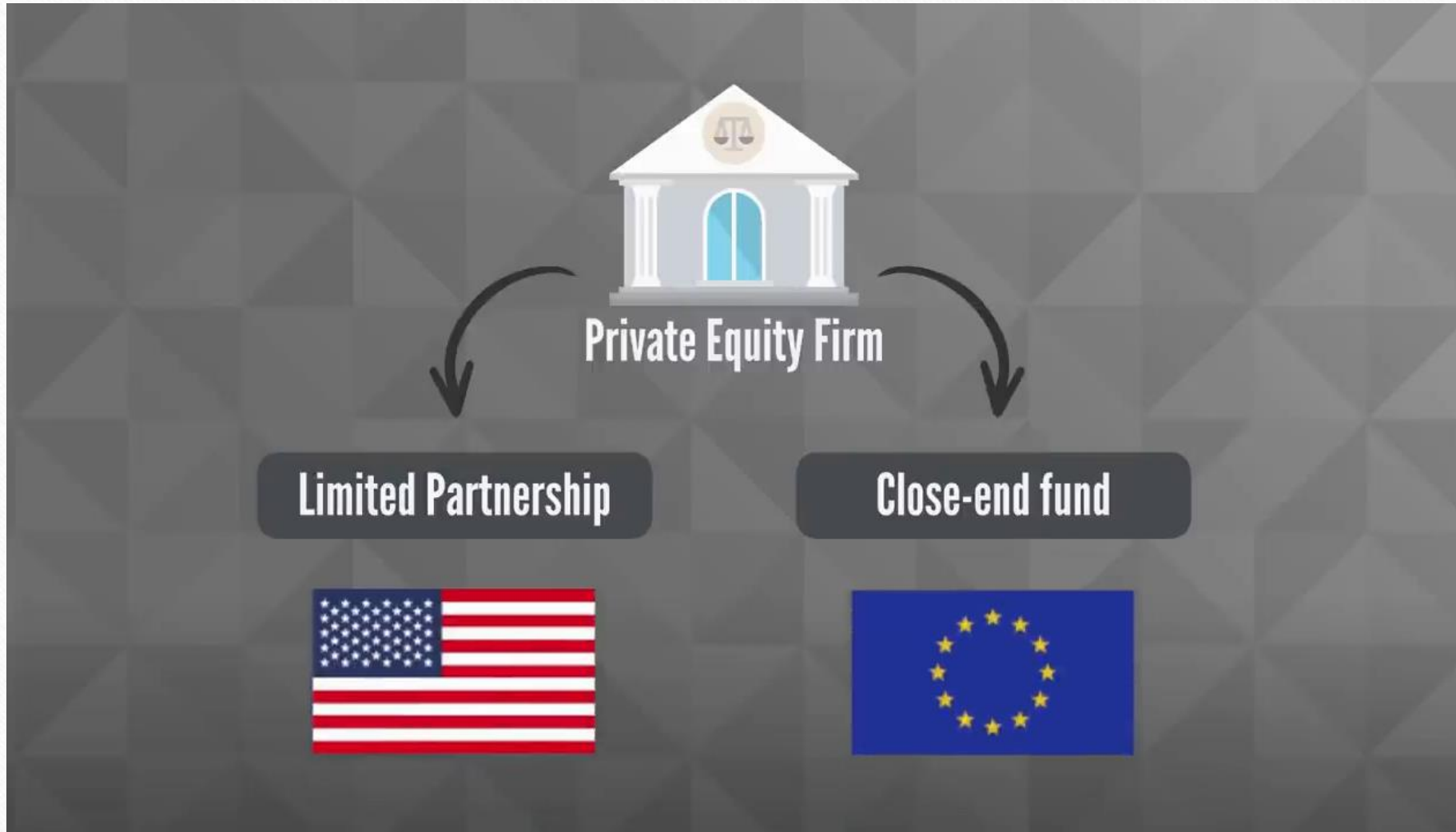


*"Care for a merger?"*





Private Equity Firm





General Partner  
(GP)

Limited Partners (LP)



Limited Partnership

# Who are typical Investors ?

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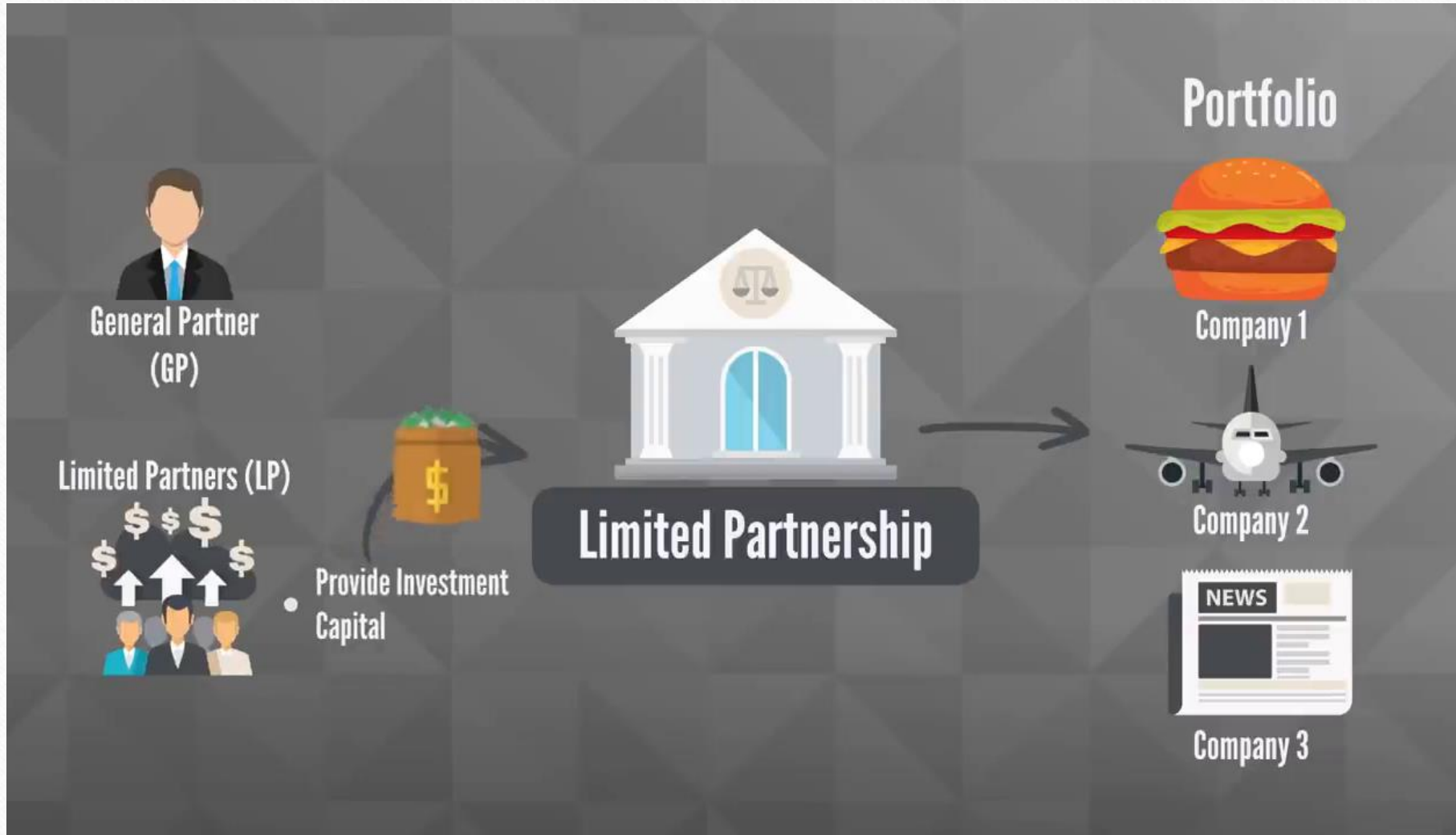
**Pension Funds / Endowments**

**Sovereign Wealth Funds**

**Banks / Insurance Companies**

**Hgh Net Worth Individuals (HN) / Ultra HN**



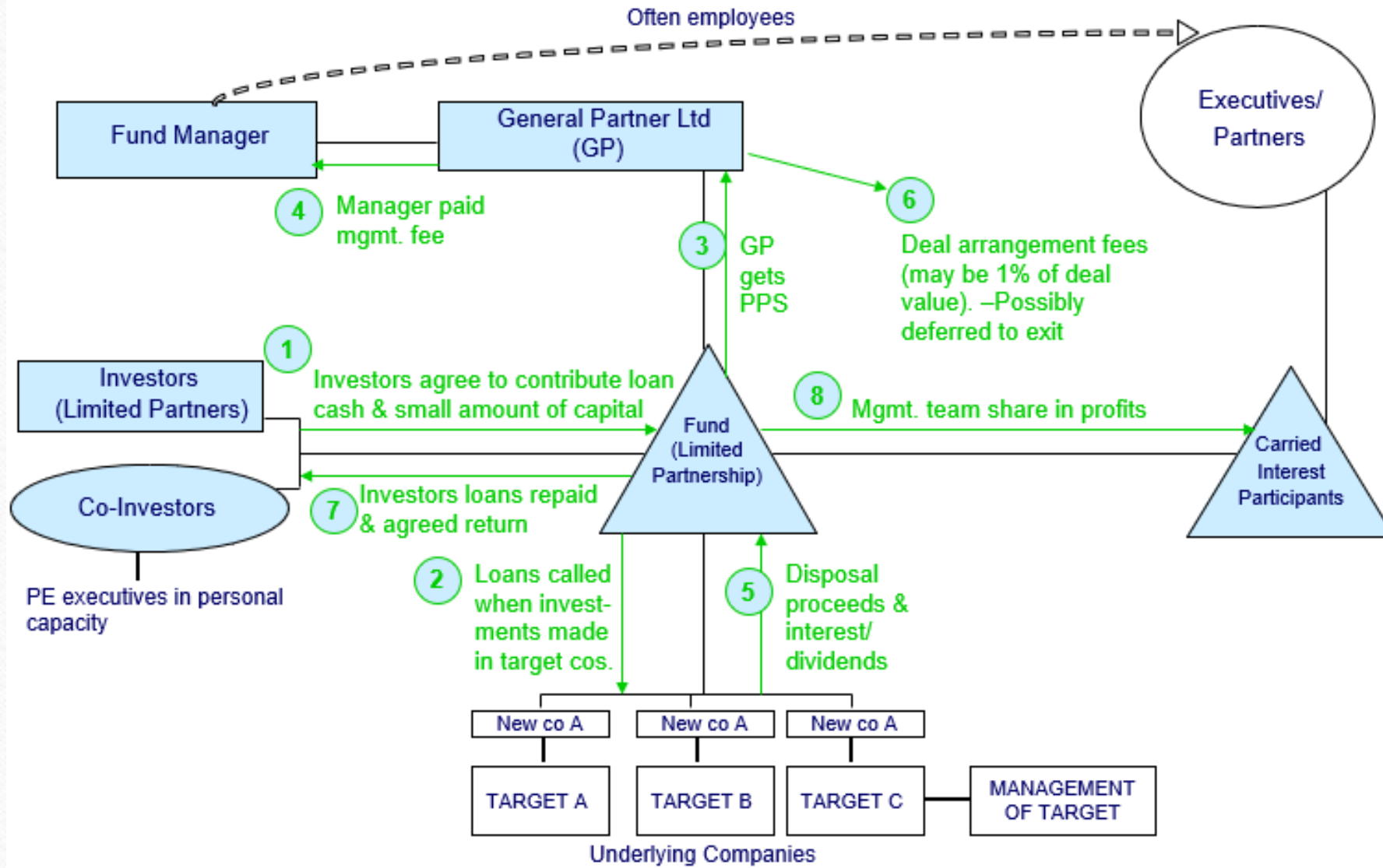




**Closed-end Fund**









# Characteristics of PE Investments

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- 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



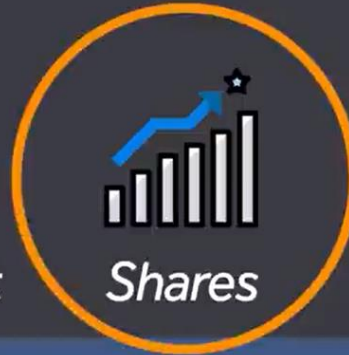
House



Car



Term Deposit



Shares



Cash

illiquid

liquid

# Liquidity Scale



*House*



*Car*



*Term Deposit*



*Shares*



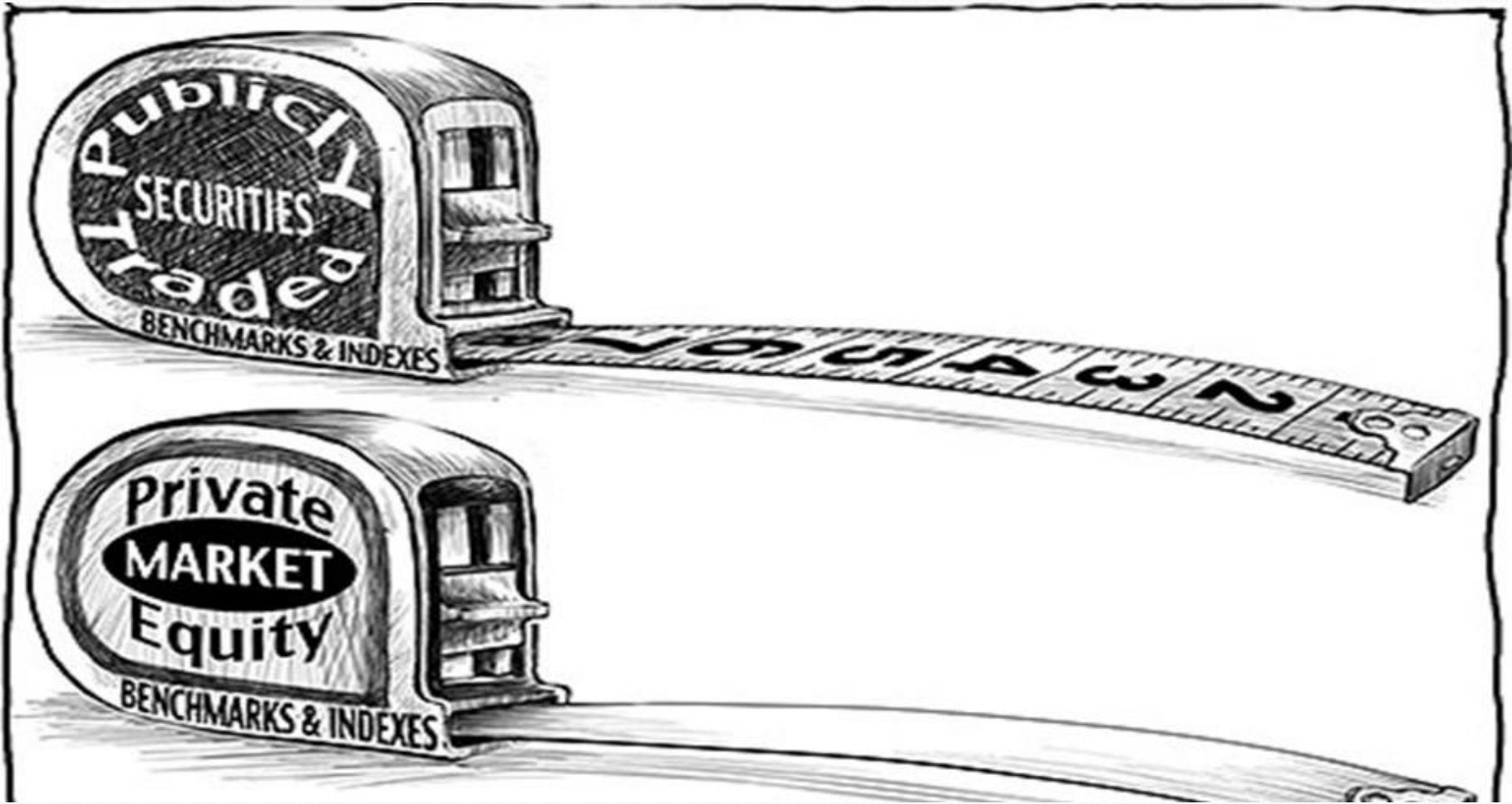
*Cash*

**illiquid**

*Private Equity  
(5-10y investments)*

**liquid**



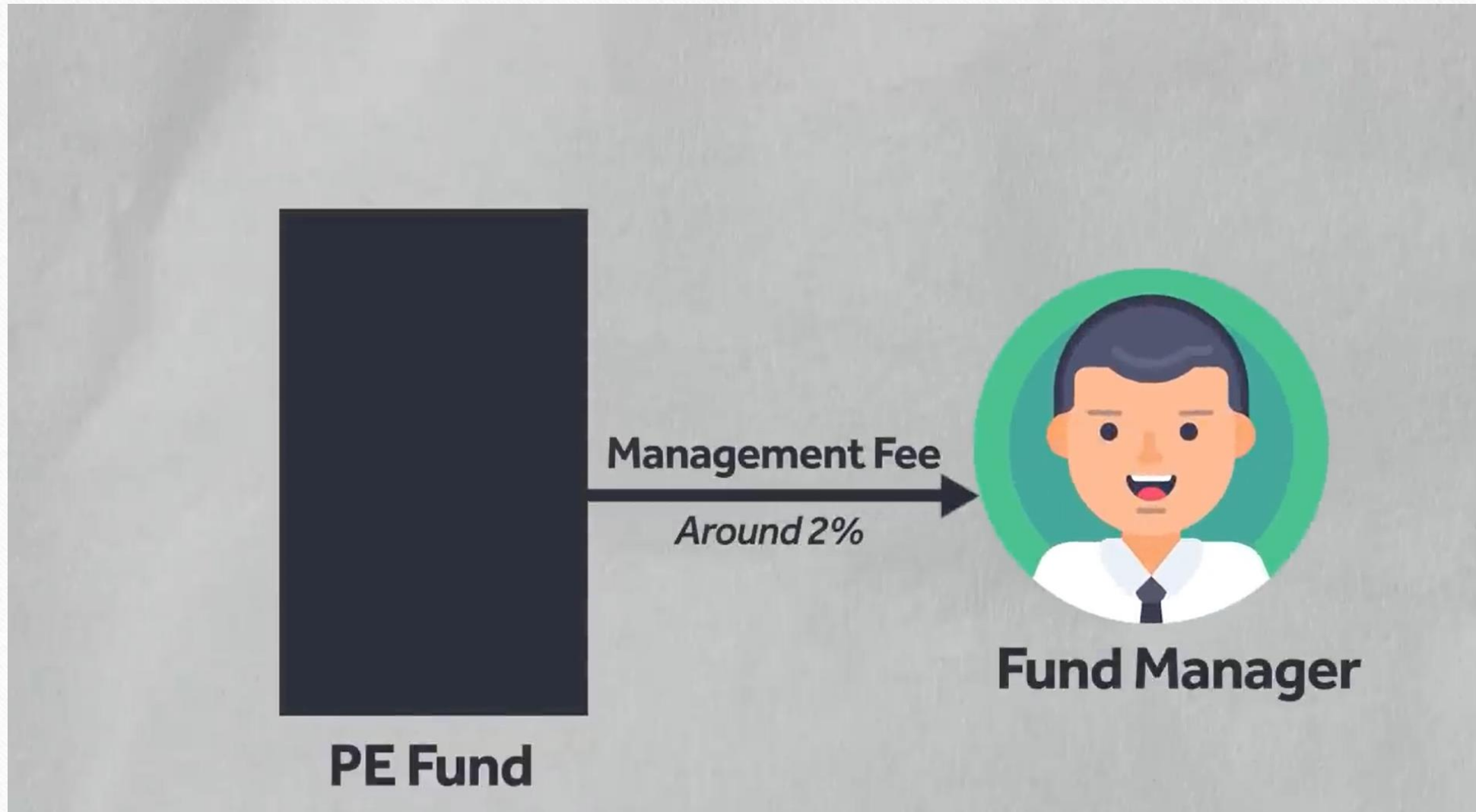




PE Funds

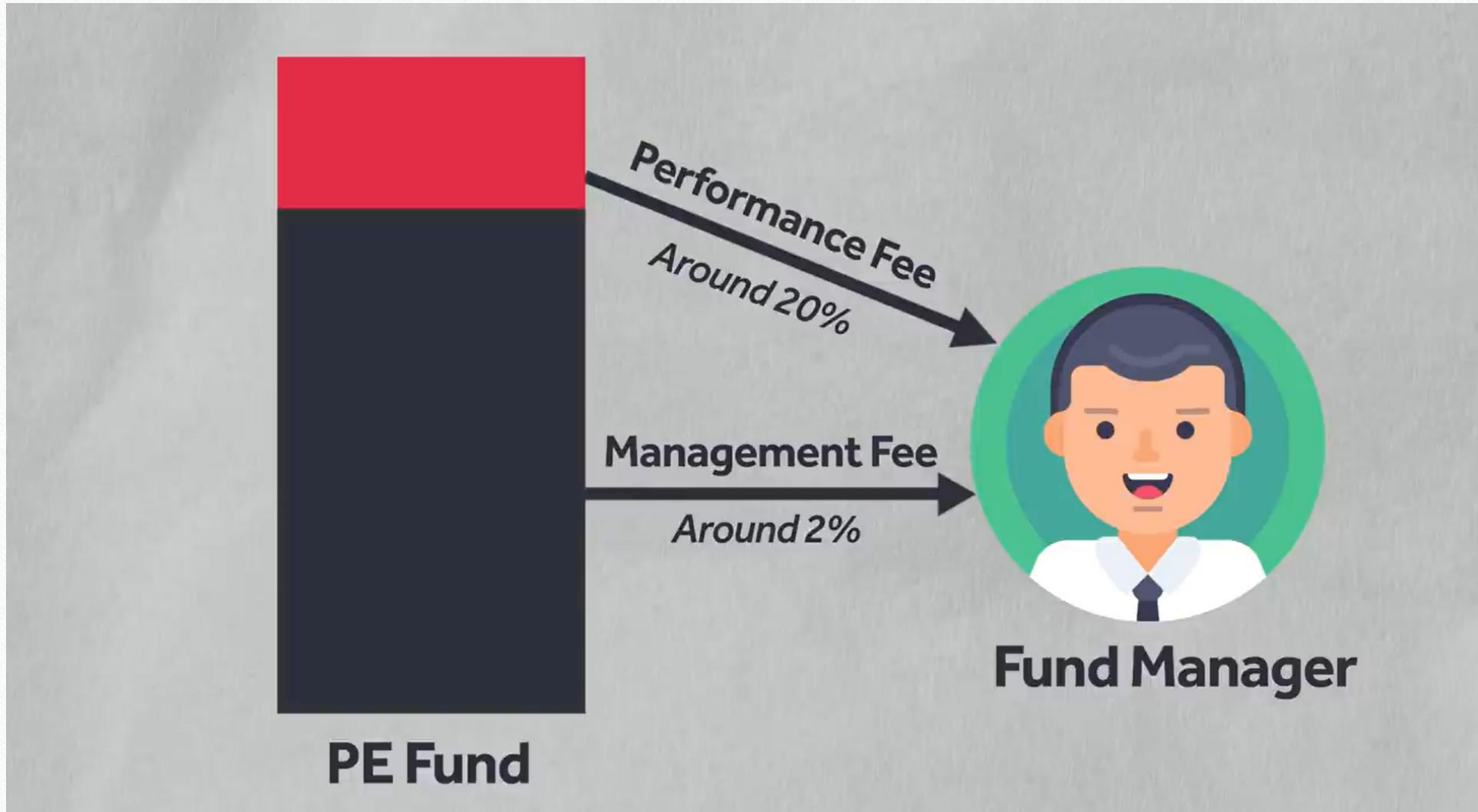






**PE Fund**

**Fund Manager**



**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

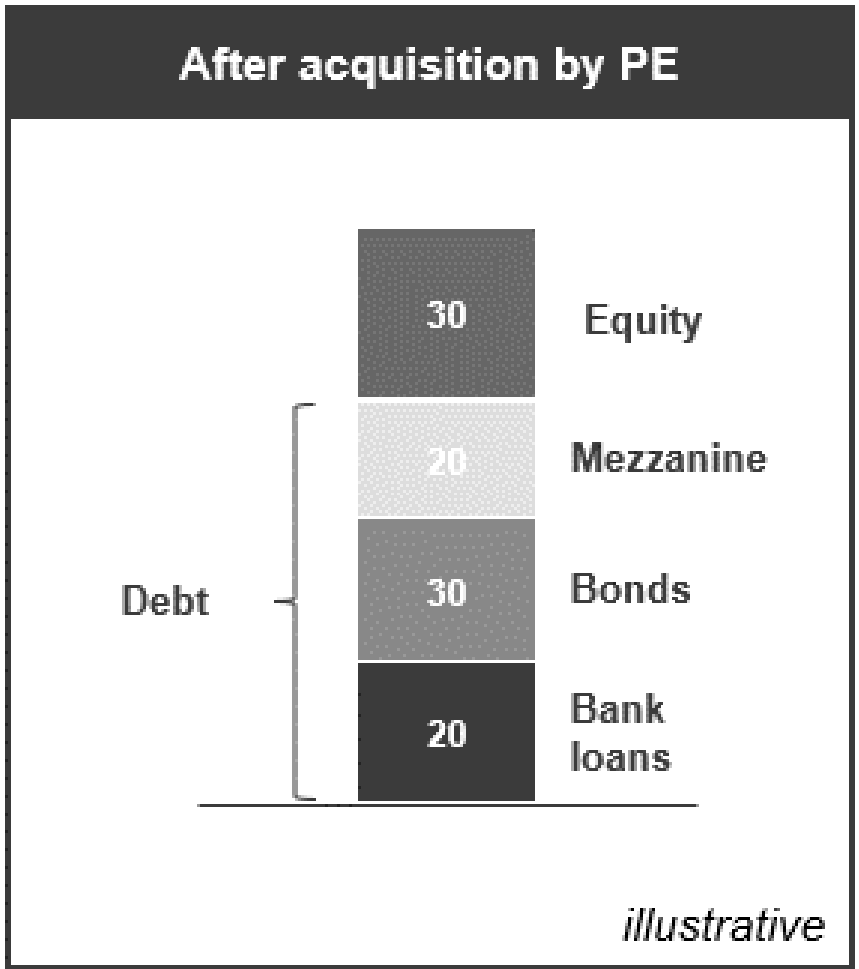
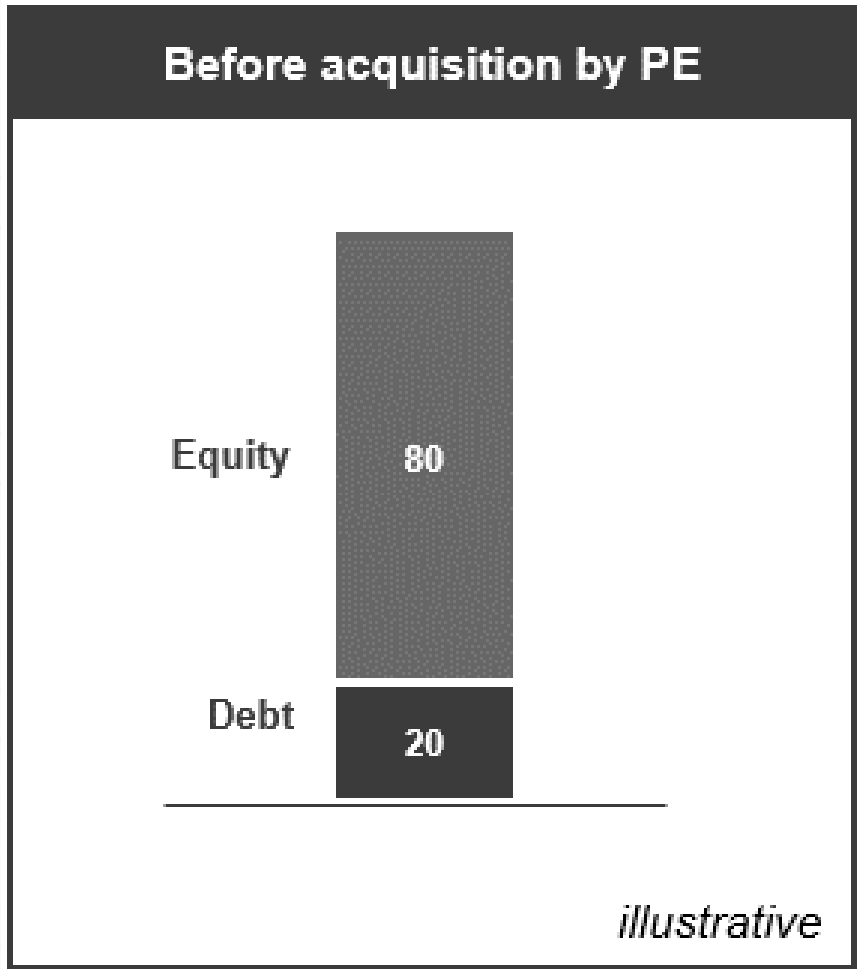
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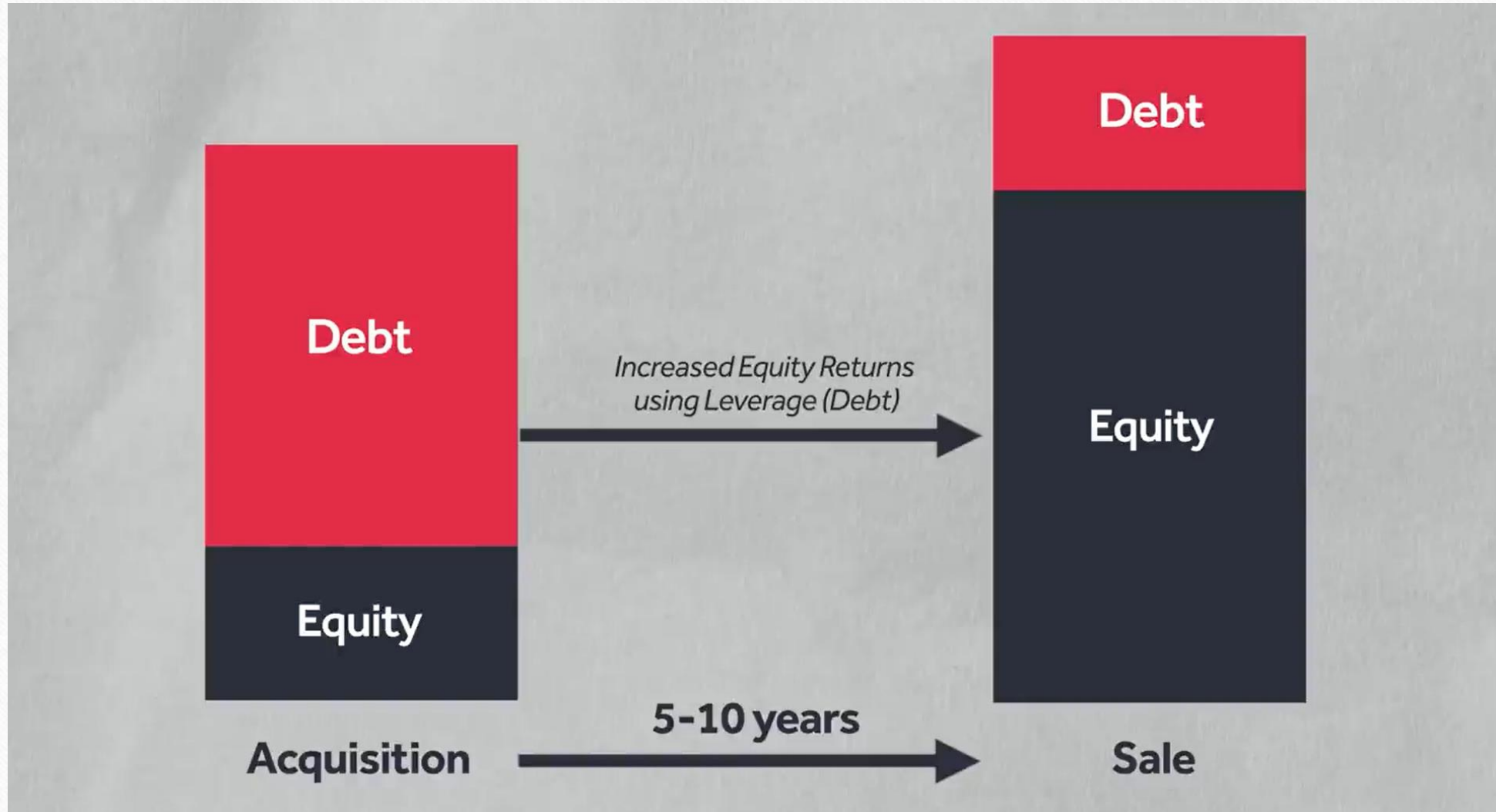
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# Investment Strategies

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

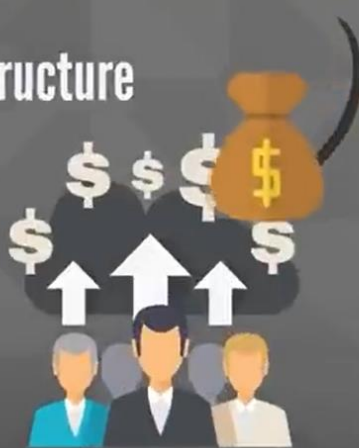
Formation

Divestiture

Partnership Structure



General Partner



Limited Partners

Closed-end Fund



AMC



Investors





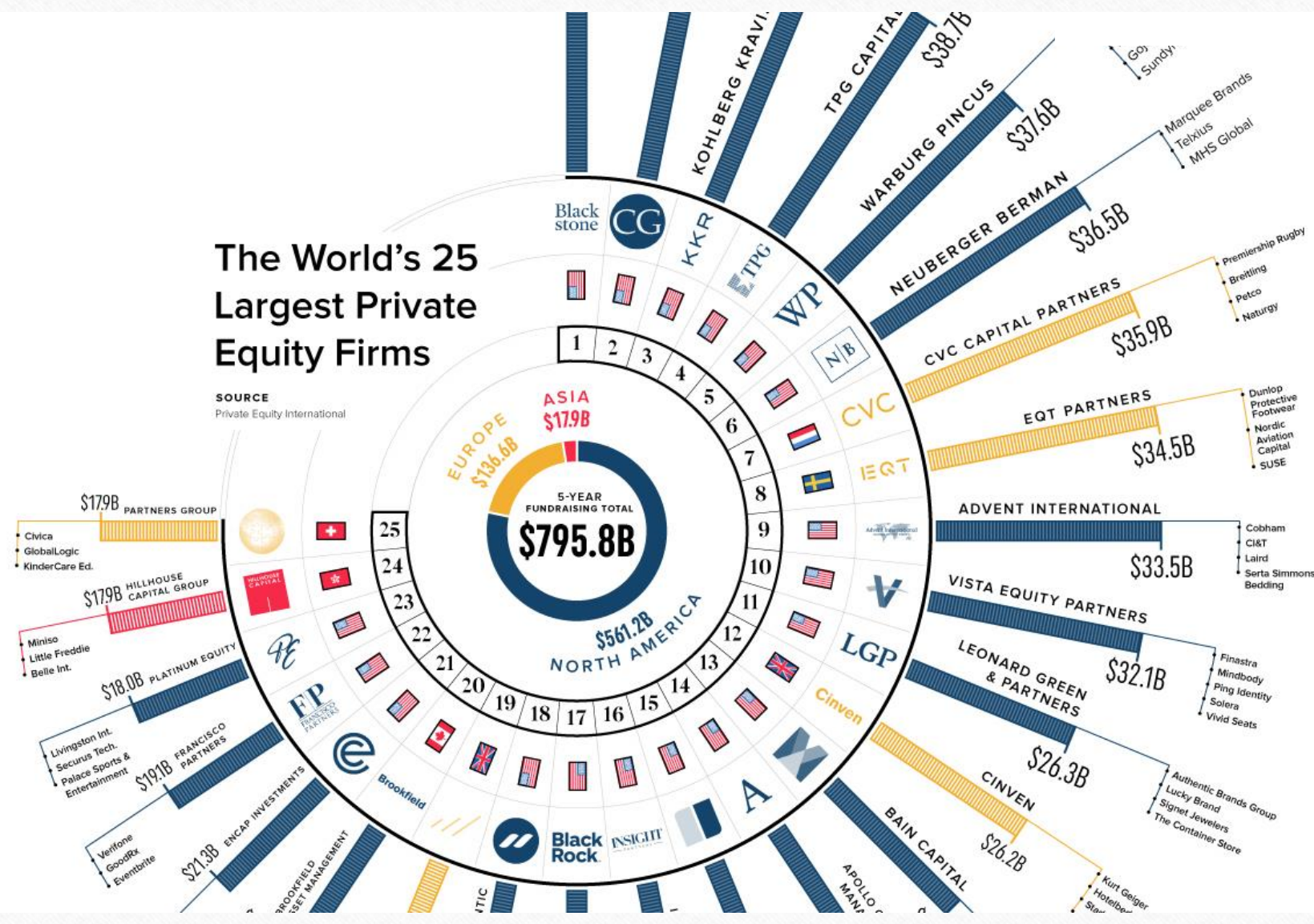
# Global Numbers & Trends

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- Fund AUM
- Fund Raising & Deals

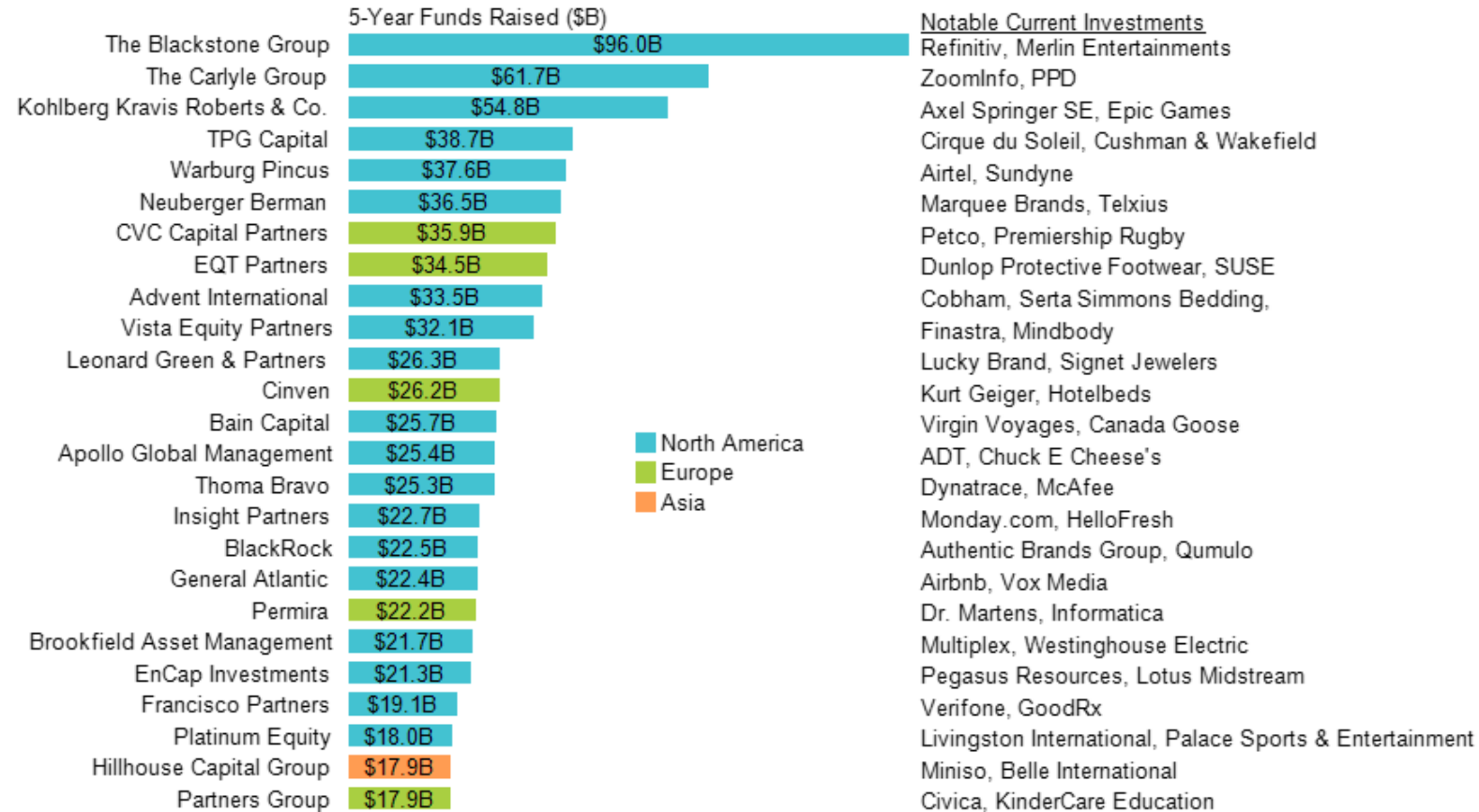
# The World's 25 Largest Private Equity Firms

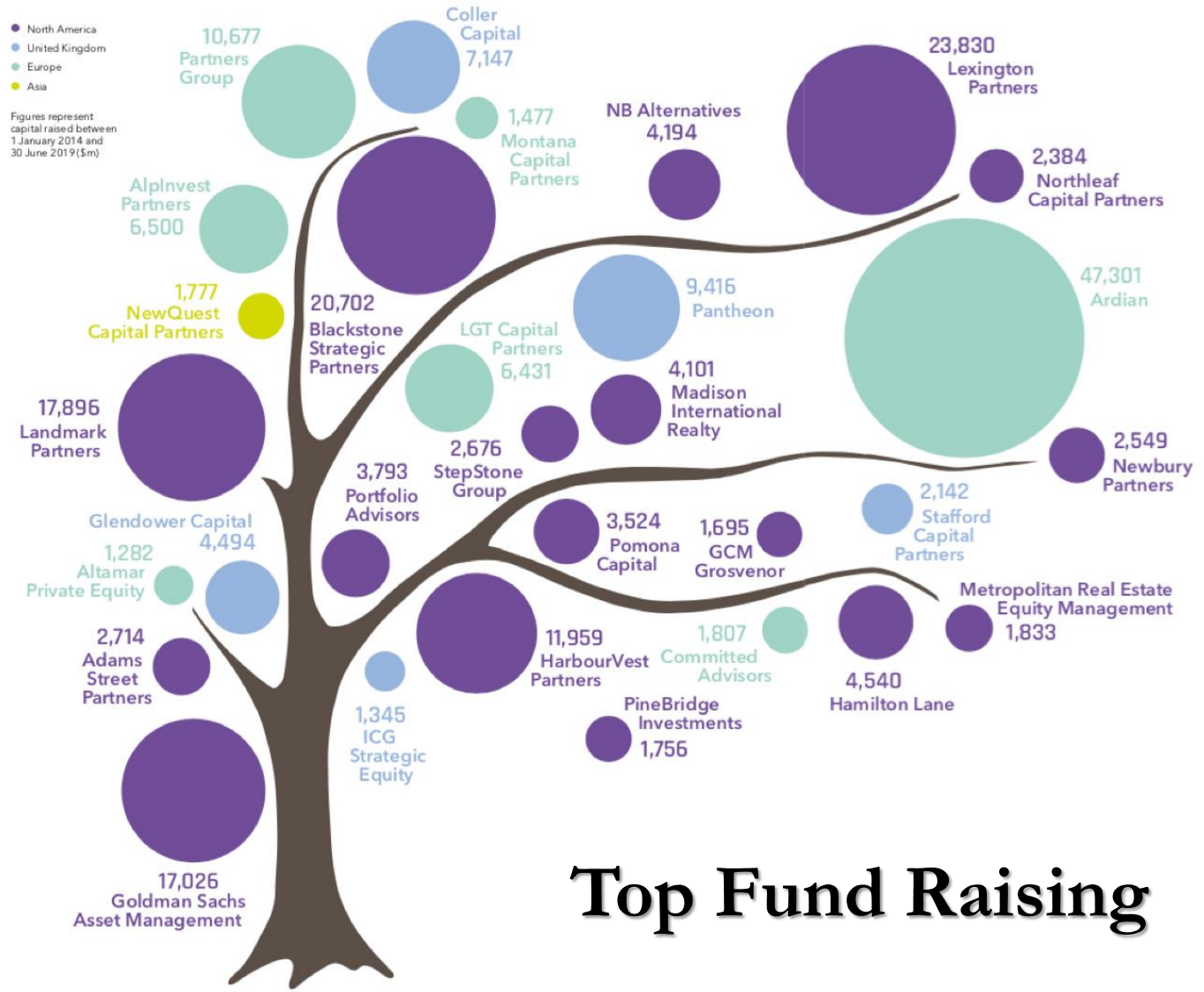
SOURCE: Private Equity International



# 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

# Indian PE VC Association



**IVCA**

**INDIAN PRIVATE EQUITY &  
VENTURE CAPITAL ASSOCIATION**

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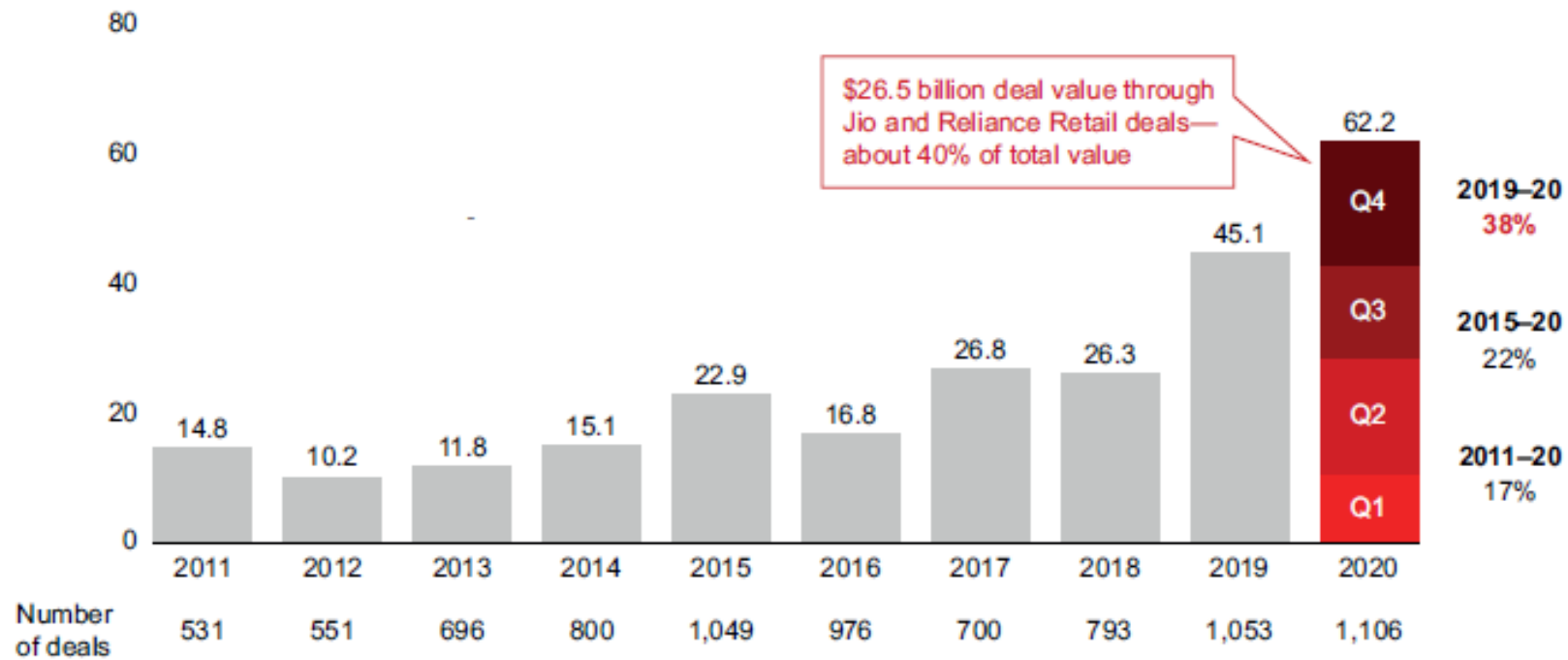
**PROMOTING PRIVATE CAPITAL ECOSYSTEM**

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# India PE Market

Annual PE investments in India (including real estate and infrastructure, \$B)

CAGR

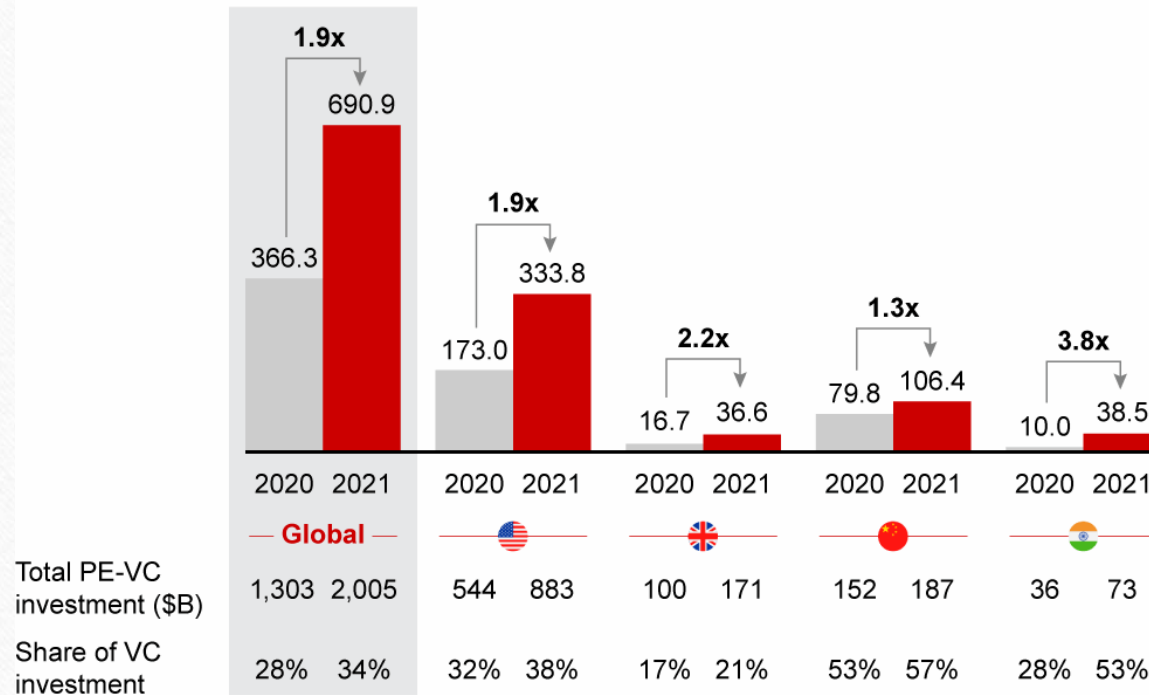


Notes: Includes real estate and infrastructure, private investment in public equity (PIPE), and venture capital (VC) deals; Deal volume includes deals where the deal value is unknown

Source: Bain PE Deals database

# Global VC Market

## Overview of global VC investments (\$B)



### India investments overview

#### 2021 was a banner year for investments in India

PE-VC investments doubled over previous year

#### Share of VC investments grew significantly

Rose from <30% of private capital deployment in 2020 to 50%+ in 2021, at par with China

#### VC investments in India grew 3.8x over 2020 base

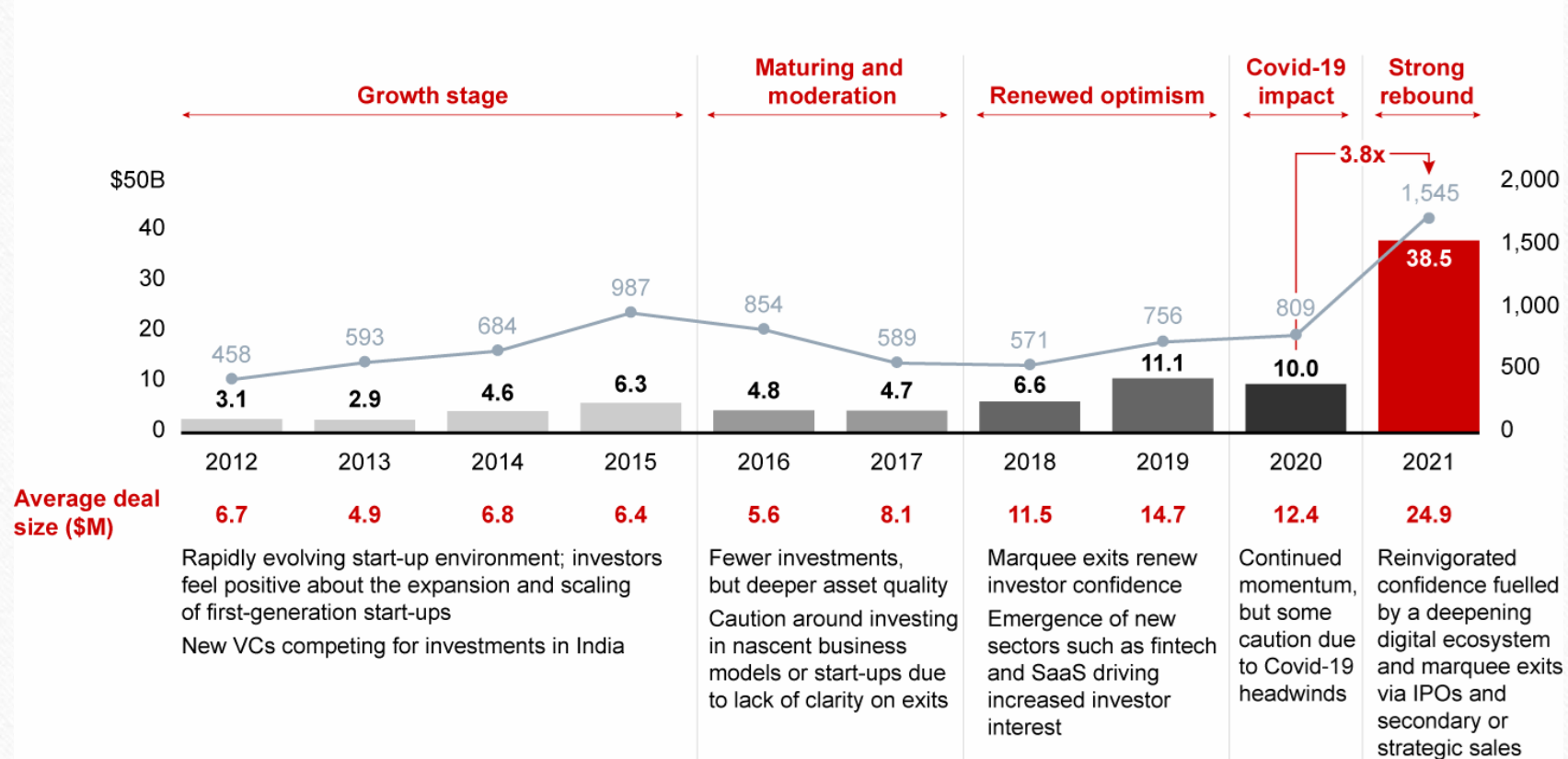
Faster than both VC investment growth globally (1.9x) and in China (1.3x)— India's share in global VC capital deployment doubled from <3% to 5.6%

Notes: PE-VC investments figures include real estate and infrastructure deals; investment value and volume excludes limited undisclosed deal value transactions; India investments in 2020 exclude Jio and Reliance Retail deals worth \$26.5B  
Sources: Bain PE & VC deals database; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

# Indian VC Market

Annual VC investments in India (\$B)

— Number of deals

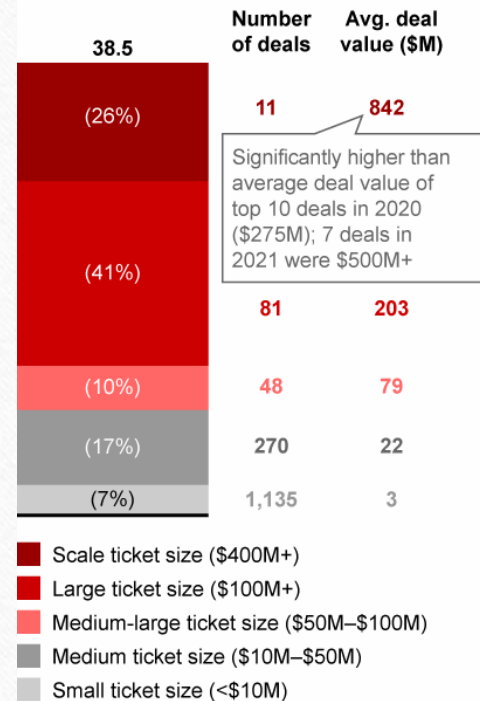


Sources: Bain VC deals database; Pitchbook; Venture Intelligence; AVCJ; VCCEdge



# Indian VC Market

## VC investments in India (\$B, split by size of deal)



## Overview of select scale investment rounds with \$400M+ funding in India in 2021

Asset	Lead investors**	Sector	2021 Deal Value	Valuation†
<b>Flipkart</b>	GIC, CPPIB, SoftBank, Khazanah	B2C e-commerce	\$3,600M	\$37.8B
<b>Dream11</b>	Tiger Global, Alpha Wave Global, Technology Crossover Ventures (TCV)	Gaming	\$840M (total \$1,240M)	\$8.0B
<b>Swiggy</b>	Alpha Wave Global, Prosus Ventures, Goldman Sachs	Online food delivery	\$800M (total \$1,250M)	\$5.5B
<b>Eruditus</b>	Accel, CPPIB, SoftBank	Edtech	\$650M	\$3.2B
<b>Meesho*</b>	Fidelity, B Capital	B2C e-commerce	\$570M (total \$870M)	\$4.9B
<b>ShareChat*</b>	Alkeon Capital, Lightspeed, Twitter Ventures, Tiger Global, Temasek	Social media and short-form videos	\$502M (total \$913M)	\$3.7B
<b>PharmEasy*</b>	Prosus Ventures, TPG Growth	Healthtech	\$500M (total ~\$1,300M)	\$5.6B
<b>BYJU's*</b>	Oxshott Capital, B Capital, ADQ, Prosus Ventures, MC Global Investment Holdings	Edtech	\$460M (total \$1,300M)	\$21.0B
<b>Cars24*</b>	Alpha Wave Global, DST Global, SoftBank	Online car platform	\$450M (total \$850M)	\$3.3B
<b>Dailyhunt</b>	B Capital, Sofina, QIA, Bay Capital, IIFL	Content, news aggregation and short form videos	\$450M	\$3.0B
<b>Unacademy</b>	Temasek, Tiger Global, Dragoneer, SoftBank	Edtech	\$440M (total \$490M)	\$3.4B

█ \$500M+ deals █ \$400M-\$500M deals

\* Indicates firms that saw multiple rounds in 2021, with total investments in 2021 mentioned in parentheses

\*\* Only lead investors in each round mentioned—list not exhaustive

† Valuations dated as on 31 Dec 2021

Sources: Bain VC deals database; Pitchbook; Venture Intelligence; AVCJ; VCCEdge



# Career in Private Equity

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- Jobs
- Advisors & Services



# Jobs in PE

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**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.

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### 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.

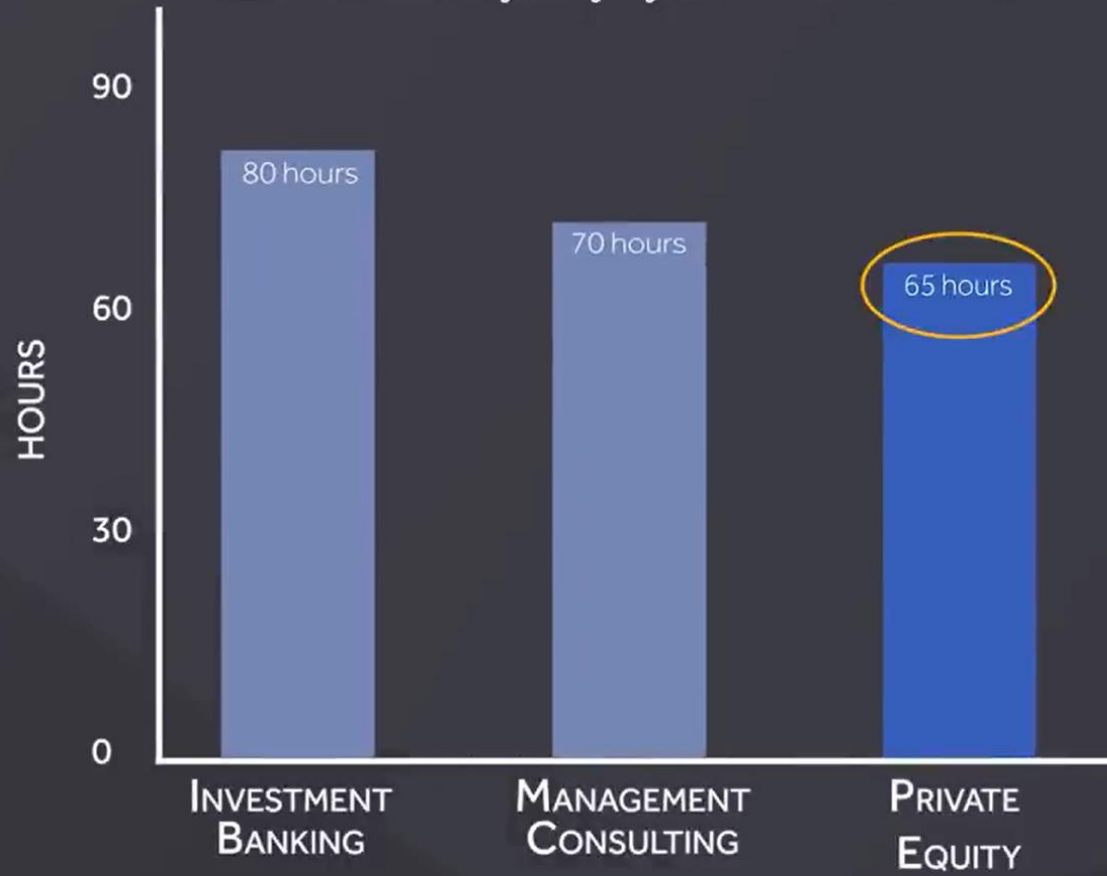
Interviews are ongoing in our international offices based on hiring needs.

Applications for European summer internships are due in late November.



# HOURS / WEEK BY CAREER

*(Estimates may vary by firm and location)*





# Skills Required

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**Financial Modeling**

**Strategic – Business Modelling**

**Communication & Presentation**



# Salary Expectations

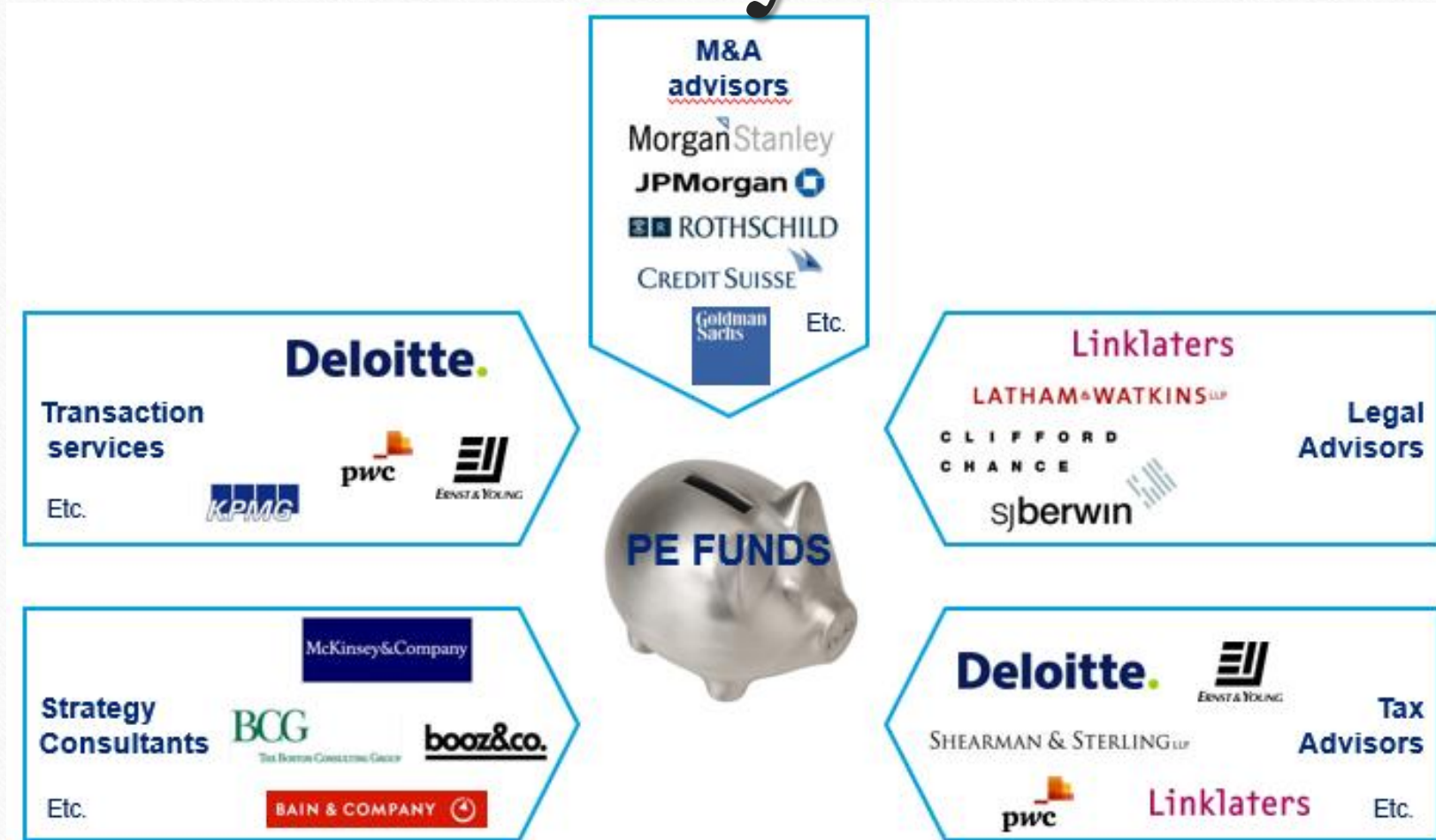
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**Base Salary + Bonus**

**New York – 130K USD**

**Bonus = 2x the Base**

# Advisory in PE





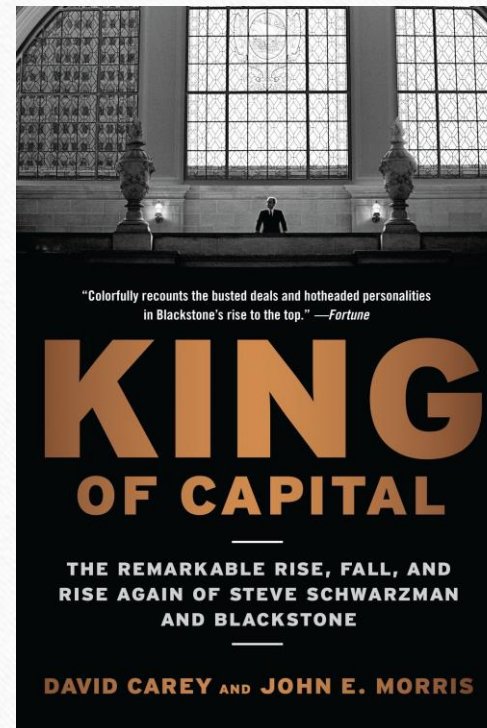


# Tapping Opportunities

- Accounting & Reporting Services
- International Tax Advice
- Human Resources Management & Payroll
- VAT and Other Indirect Tax Compliance
- VAT and Other Indirect Tax Advice
- Legal Support & Corporate Services
- IFRS Services
- General Data Protection Regulation (GDPR)
- Regulatory Compliance
- Governance & Business Risk Services
- AML Compliance Services
- Fund Administration
- Restructuring & Reorganisation

# Useful Resources

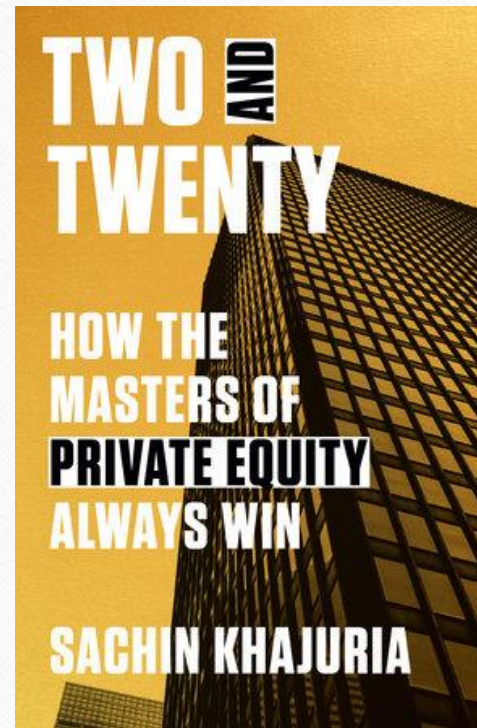
## Book – King of Capital



# Useful Resources

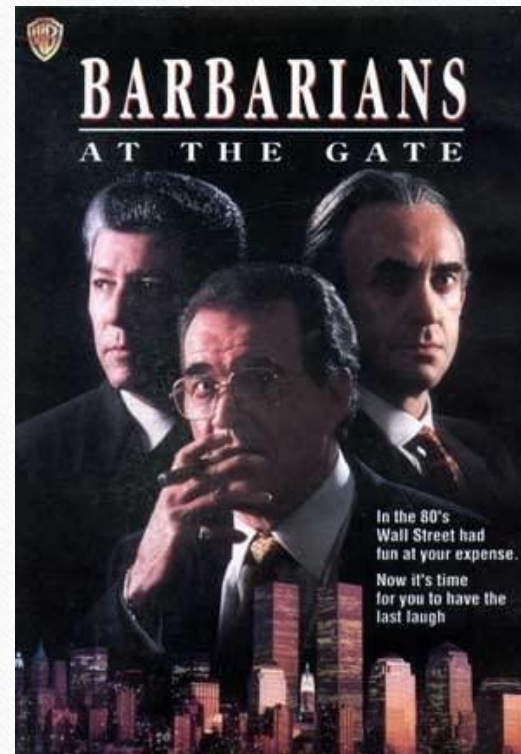
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**New Book\* -  
Two and Twenty**



# Useful Resources

Movie =  
Barbarians at the gate



# WHAT IS PRIVATE EQUITY



**Thank You for Listening...**



# Questions & Feedback



Contact Us for More Information:

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