# LIFE CYCLE OF PRIVATE EQUITY

#### **Funds are Formed**

## **INVESTORS /LIMITED PARTNERS, ex.**

- Public & Private Pension Funds
  - Firemen & Police Officers
  - Teachers & Municipality Workers
- College Endowments
- Individuals /Family Offices

#### **Investments are Sold**

#### ASSUMING A SUCCESSFUL FUND...

- Capital is Returned to Investors
- Fees and Expenses Returned to Investors
- Gains are split 80/20
  - 80% to Limited Partner
  - 20% to General Partner

## Capital is Managed

# PRIVATE EQUITY FUND/GENERAL PARTNER

- Fundraises/Pools Capital
- Invests in Operating Companies
- Actively Manages Companies for Growth
- Life of Fund (7-10 years typically)

## **Companies are Managed for Growth**

#### **PORTFOLIO COMPANIES**

- Operating Companies (i.e. manufacturing)
- Why? Seeking Partner for Growth, Retirement, Disagreement, etc.
- Goal is GROWTH

The information is presented for illustrative purposes only and is not intended to encompass all variations or styles of private equity funds/investing. Returns are not guaranteed and investments in private equity funds may result in a partial or total loss of invested capital.

**ACG**<sup>°</sup>

# Driving Middle-Market Growth®