

**SARASIN**  
& PARTNERS

# A WORLD WITH OPPORTUNITY

**Spring Seminars 2023**

If you are a private investor, you should not act or rely on this document but should contact your professional advisor.



**SARASIN**  
BREAD STREET

# A BITE OF BREAD STREET:

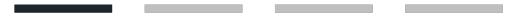
Insights on allocating  
to private equity



**ALEX BARR**



**JAMES WITTER**



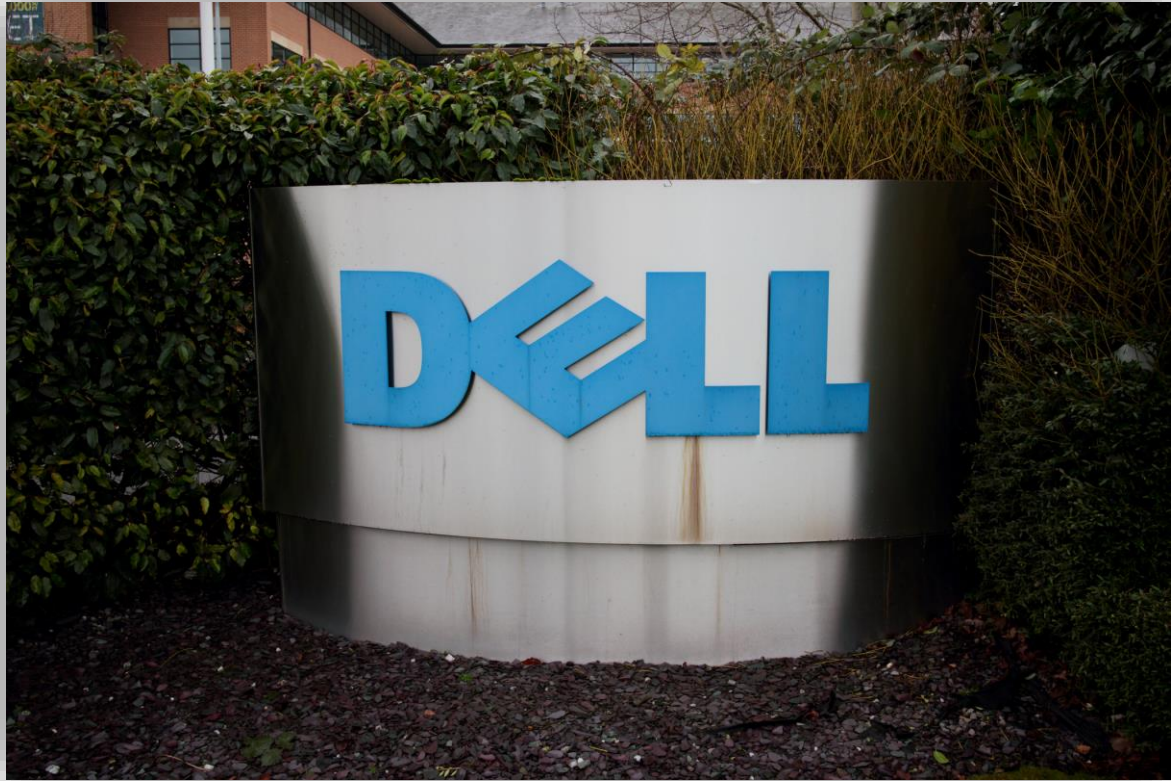




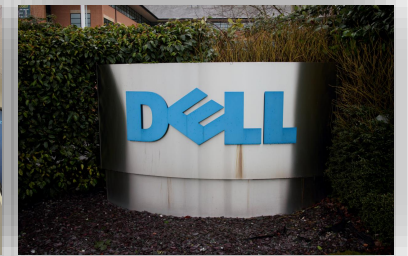




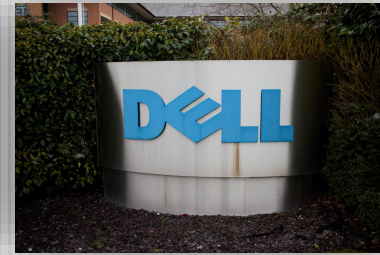


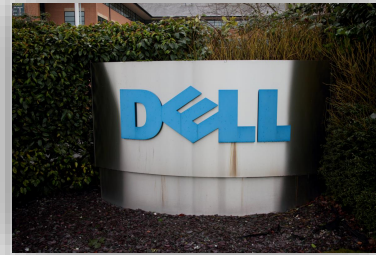














# WHAT IS PRIVATE EQUITY AND HOW DOES IT WORK





# What is Private Equity?

- Investment of capital into privately held companies....
- ....by private equity firms for professional investors
- Major types include 'Buyout', 'Growth', and 'Venture'
- Illiquid in nature, designed to be held for the long term
- **Create a more valuable business**



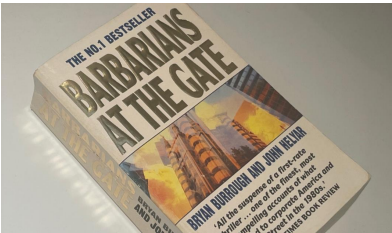


# History of Private Equity

## Post War



1980s



Post Millennium



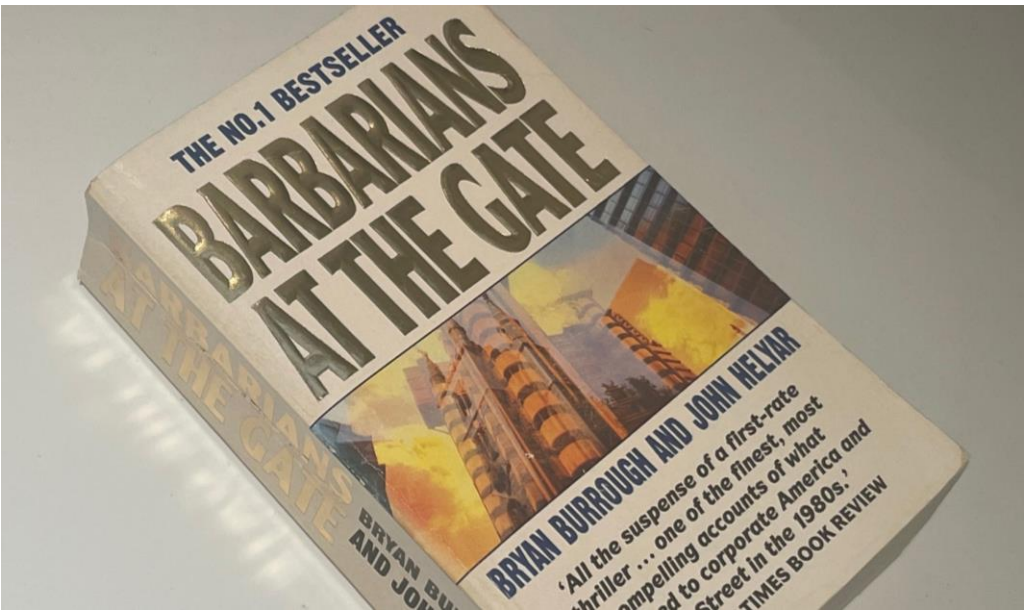
1850s onwards



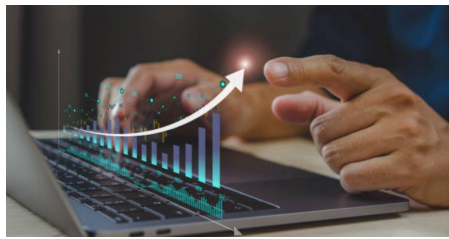


# History of Private Equity

1980s



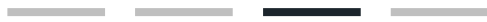
Post Millennium



1850s onwards



Post War



# History of Private Equity

## Post Millennium



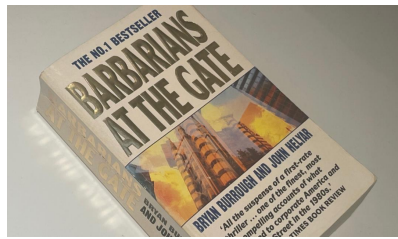
1850s onwards



Post War



1980s





# The PE playbook

- Buy smart
- Manage and optimise
- Sell well

# The PE playbook



- Origination networks
- Due diligence
- Price discipline



- Aligned teams
- Clear strategic plan
- Optimised capital structure



- Exit route options
- Competitive tension
- Timing & Risk considerations



A photograph of a business meeting in progress. Several people are gathered around a wooden table, looking at and pointing to various financial documents, charts, and a laptop. One person is holding a tablet. The scene is brightly lit, likely by natural light from a window in the background. The overall atmosphere is professional and collaborative.

# **BENEFITS OF HAVING PRIVATE EQUITY IN YOUR PORTFOLIO**

# Access to Themes



# Themes example: emerging technologies



# Performance: key metrics

Money multiple

Internal Rate of Return (IRR)



# Performance: private vs public equity

Long term: 41 Years (to end 2021)

14.9% pa

IRRs: UK & EUR

Past performance is not a guide to future returns and may not be repeated.

Source: BVCA, Performance Measurement Survey , 1/11/2022



# Performance: private vs public equity

**Long term: 41 Years (12/2021)**

**14.9% pa**

**IRRs: UK & EUR**

Past performance is not a guide to future returns and may not be repeated.

Source: BVCA, Performance Measurement Survey , 1/11/2022

**10 Years (to 2/3/23)**

**15.5% pa**

**NAVs of listed  
global private  
equity**

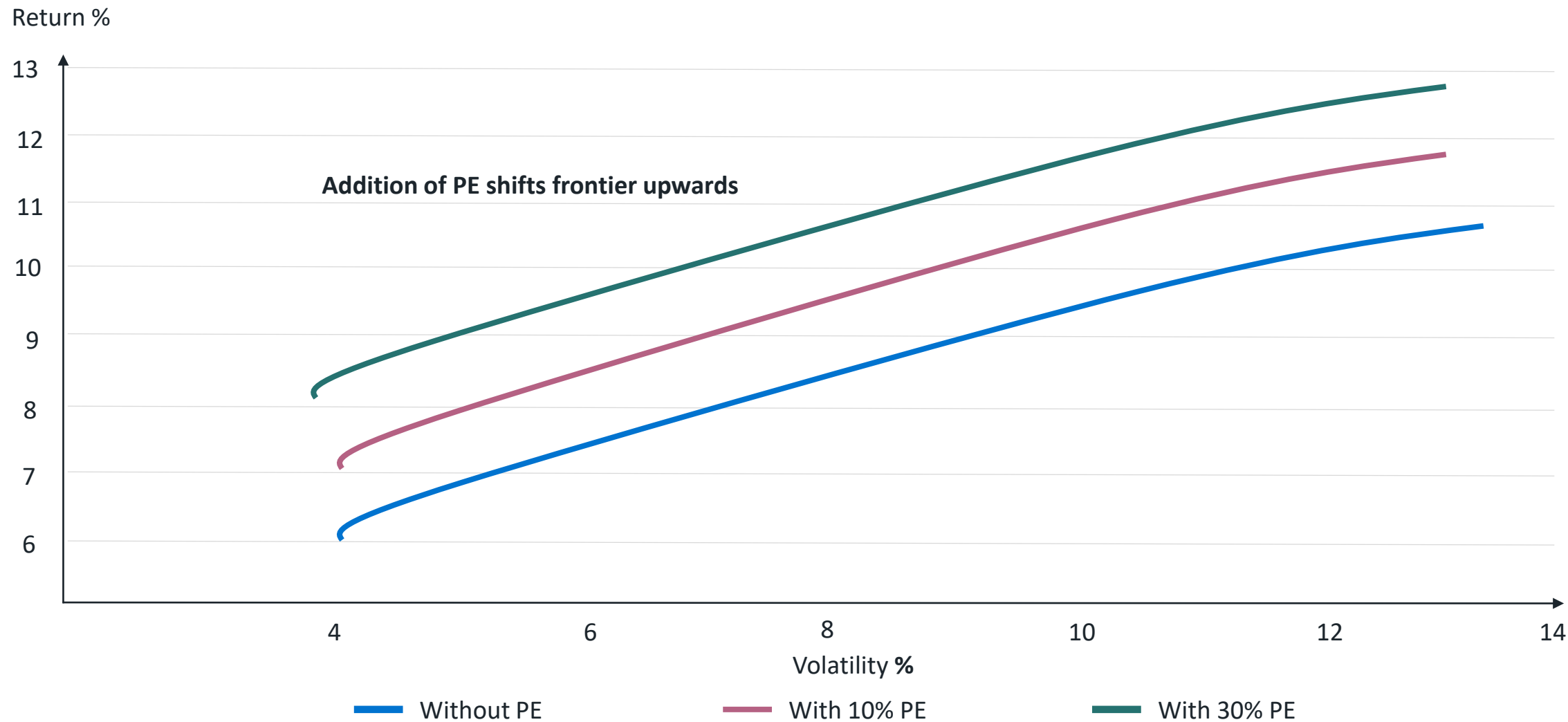
**11.2% pa**

**MSCI**

Source: Numis, all on total return basis, 2/2/2023

# Volatility mitigation

## The impact of Private Equity on the Efficient Frontier



For illustrative purposes only: Reinterpreted from 2020 Barclays research, with original data sourced by Barclays, Bloomberg and Preqin

**IS NOW A  
GOOD TIME  
TO INVEST?**







# Strategic tailwinds

- Increasing investor allocations
- ‘Private for longer’ dynamic
- Evolution of the secondary market



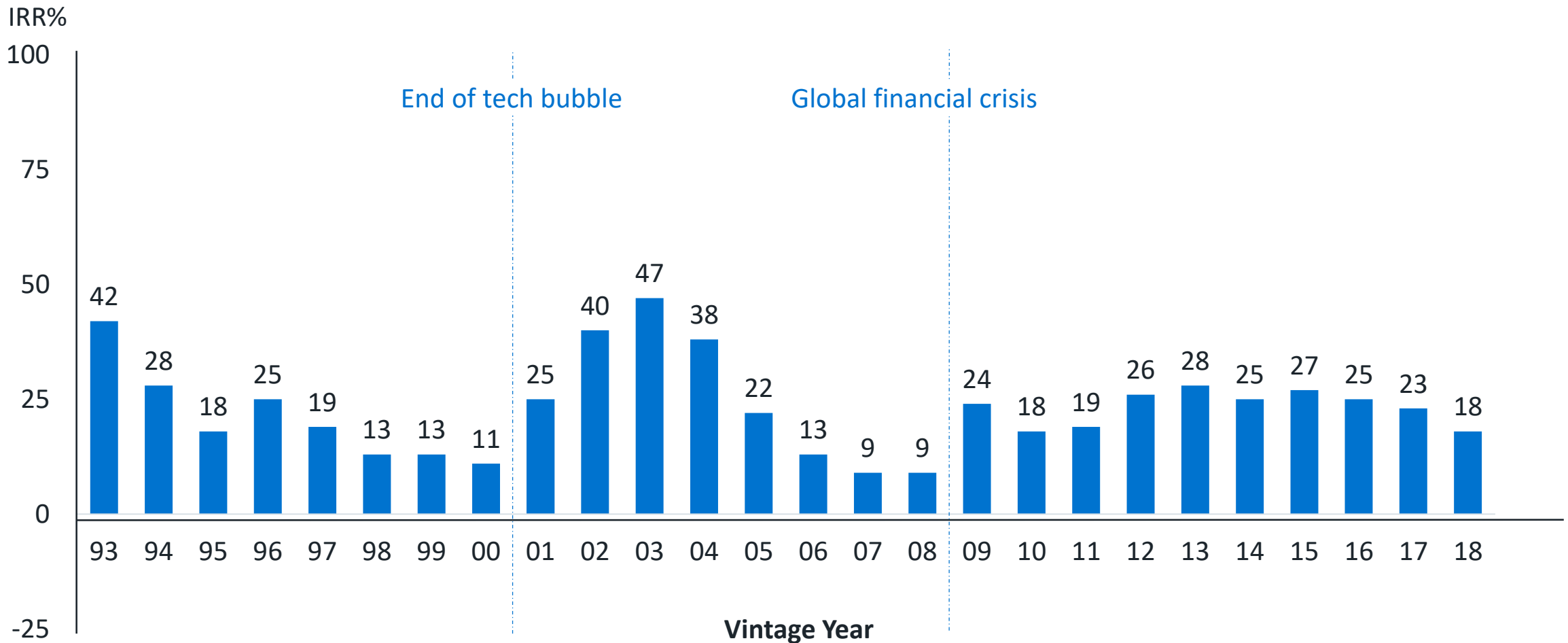
# Tactical opportunity

- Secondary discounts
- Public to private
- Post-recession vintages

# Post-downturn vintage performance

## Median returns

Global buyout deal IRR, by year of entry



Source: Bain Midyear 2022 Private Equity Report, utilising data from DealEdge.

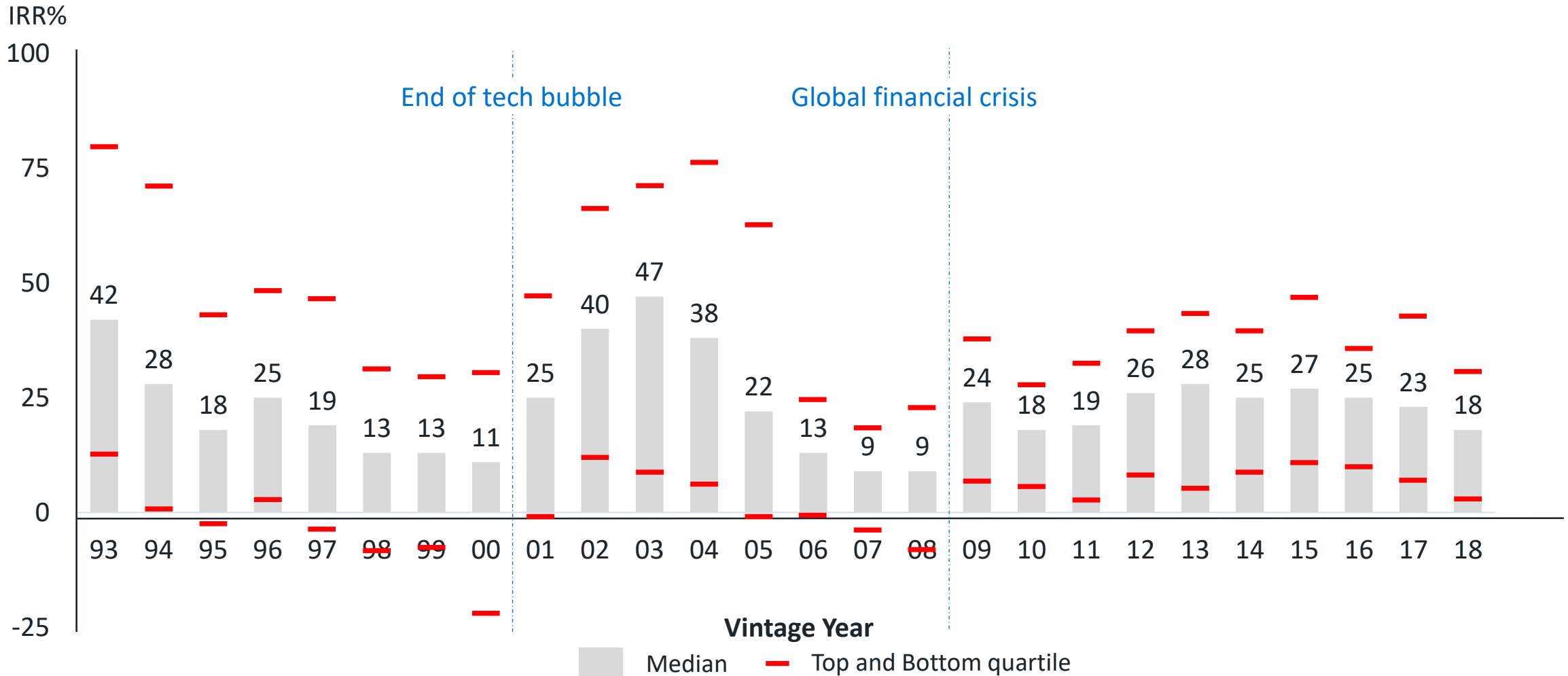
**Past performance is not a guide to future returns and may not be repeated.**



# Post-downturn vintage performance

## Top and Bottom quartile returns

Global buyout deal IRR, by year of entry



Source: Bain Midyear 2022 Private Equity Report, utilising data from DealEdge.

**Past performance is not a guide to future returns and may not be repeated.**



# Guiding investment principles

- Develop a long term mindset
- Be consistent in allocating
- Invest responsibly with proven teams
- Use all the access strategies available
- Back people first, product second

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