**PRIVATE EQUITY**

**INVESTMENT MEMORANDUM**

**[COMPANY NAME]**

**[DATE]**

[COMPLETE NAME]

**Portfolio Manager**

**OBJECTIVE**

This Private Equity Investment Memorandum aims to provide a brief outline of private equity investments offered by [COMPANY NAME], how these investments are structured. This also contains a company overview, the various strategies it has undertaken with its private equity investments, and the company’s philosophy on the investment business.

**EXECUTIVE SUMMARY**

**[INVESTMENT COMPANY] Overview**

[INVESTMENT COMPANY] (Hereafter referred to as the “Company”) is an investment company, focusing on long term sustainability for our clients by offering investment services designed for each of our client’s investment needs. With years of experience in the investment industry, our Company has provided clients with professional investment service and guaranteed success. We provide distinct outcomes and services tailored to each of our client’s needs. Our team of investment experts possesses a commitment to innovation, to the highest standards and to educational training and technological solutions for investment managers, broker dealers, hedge and private equity funds around the world.

Our Company partners with a comprehensive range of institutions including other investment companies and their sponsors, providing investment services expertly designed for each of our client’s investment needs. We believe in fostering and developing trusted relationships with our clients and business partners. We are committed to continuously strengthening our products and services to deliver outstanding investment solutions. Our Company seeks to make investments in institutions, industries, sectors with strong growth outlook and high potential in generating returns. The company was founded in [YEAR] in [CITY] and has since raised and managed [NUMBER] successful private equity funds. The funds currently have an aggregate total commitment of over $[AMOUNT]. In [YEAR], the company’s fund size grew from $[AMOUNT] to $[AMOUNT]. We manage a diverse client base of investors worldwide. At [INVESTMENT COMPANY], we are committed to helping companies, organizations and businesses grow with us.

**Investment Philosophy**

Our Company believes that the goal of equity portfolios should be to exceed and surpass the broad market. Consistent exposure to a variety of economic sectors will resemble those of the benchmark. Our company’s investment philosophy is that variation from the benchmark represents a calculated risk that will establish performance, whether underperformance or over performance. Portfolios are maintained to exposure to diverse securities, from large cap, mid cap to small cap securities. The influence of the portfolio distributed to large, medium, or small stocks depicts a calculated risk relative to the benchmark. The variety and distribution among capitalization exhibits a modest calculated risk that small and mid-cap stocks will surpass those of larger stocks, as shown in different studies of smaller company outperforming large companies over time.

**Investment Strategy**

Our Company’s competitive advantage lies in its focus on sourcing and making investments in upper middle market companies in [STATE], [STATE], and [STATE] (hereafter collectively referred to as the “Preferred Areas”) that generate $[AMOUNT] in revenue and $[AMOUNT] in EBITDA as of [YEAR]. The Company believes its strong marketing position within the Preferred Areas allow access to less competitive investment transactions. Through the efforts of the Company’s team of networking and operational professionals, the Company will continue to assert its active involvement in these communities. Company believes that its active management in these businesses help us in achieving our strategic investment objectives. While each portfolio company’s is individualized, a substantial portion of revenue and EBITDA growth has come through the following tools:

1. Data Strategies

With the continuing rise and popularity of technology among consumers, the Company considers the importance of the role of data collection and its impact on consumer interactions, company pricing and inventories. The Company believes that the efficient use of data and digital system analytics can significantly increase margins and revenues, and in effect, reduce working capital. The Company makes use of its digital marketing experts to help drive execution of plans to develop other company specific tactical and strategic plans

2. Diversity

Our investment strategies are not heavily focused in a narrow segment of the market, but rather to a diverse market such small cap growth stocks and other stocks, thus portfolios are more likely to sustain a consistent asset base.

3. Trusted Investment Advisers

Our Company has a thorough screening process in selecting and hiring people to join our team. Our thorough screening process ensures that only the best and professional investment advisers are hired. Our investment advisers cater to a diverse set of clients, from small business owners to big financial institutions. Company focuses on developing reliable relationships between our investment advisors and our clients.

**[INVESTMENT COMPANY] TEAM (SAMPLE ONLY)**

The Company investment team shares a philosophy and commitment to innovation, comprised of [NUMBER] of employees each having an average of 10 years’ experience in private equity investment, with backgrounds in finance, consulting and management.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Employee Name** | **Job title** | **University** | **Total years of experience** | **Prior experience** |
| John Reid | Managing Director | University of Pennsylvania | 34 | Senior Investment consultant |
| James Smith | Partner | University of California - Los Angeles | 29 | Investment consultant Financial Advisor |
| Mark Ward | Partner | Harvard University | 24 | Financial Advisor |
| Jim Morisson | Principal | New York University | 21 | Senior Financial Analyst |
| Nadine Luster | Principal | Massachusetts Institute of Technology | 34 | Senior Financial Analyst |
| Anne Smith | Senior Associate | Stanford University | 10 | Financial Analyst |
| Mary Watson | Senior Associate | Columbia University | 12 | Senior Manager |
| Helen Holmes | Associate | New York University | 11 | Manager |

**Investment Instruments**

The Company will primarily focus on investing and targeting on buyout opportunities of business with strong growth outlook with high projected profitability, strong cash flow, high operating and profit margins, with limited economic cyclicality. The Company believes that its marketing and investment strategies can be best applied to these targets.

Market Opportunity

With the Company’s strong market positioning and strong regional franchise in the Preferred Areas, the Company believes that it will continue to develop deal flow and reinforce trusted business relationships. In this way, acquisition of business and companies are executed in a less competitive environment, resulting to stable price multiples and economically leveraged balance sheets. Furthermore, with the Company’s and its operating partner’s business-specific expertise, as in manufacturing and processing businesses. These businesses have ample numbers of companies with the Company’s preferred aspect as aforementioned, businesses with strong growth outlook with high projected profitability, strong cash flow, high operating and profit margins, with limited economic cyclicality.

**Strategy and Implementation Summary**

The key of marketing any product in such a volatile marketing environment is to develop an effective marketing strategy, and through this one can develop a pattern of success and failure, and through those pattern one can learn which strategies work best with what specific market. Marketing investment products is not an exception from this rule. We market investment products that is proven to be successful in a particular niche or field. Our successful investment products are then aggressively marketed if capacity to manage additional assets exists.

**INVESTMENT / RISK CONSIDERATIONS**

**Concentration of Investments**

The Company will create in a certain number of private equity investments within a short period in one industry or in one industry division, or several investments in one industry or its division, resulting to a more concentrated investment portfolio, and therefore, the performance of a particular industry or its division may affect its aggregate return.

**Market Risk**

A high affinity between the rate of growth of the investment management industry and the performance of market exists. Although research and studies show a promising environment for such equities in the years to come, absolute certainty cannot be concluded.

**Performance Risk**

Every product in any market under any industry is measured by its performance and efficiency. The company’s goal has always been directed to accomplish performance that can compete with other investment firms in the next decade, short term period as unpredictable it is may result in underperformance. Given this ideology, the company has created a contingency operating budget that can cover the first three years of operation, as exhibited in the company’s financial plan.

Positioning Statement

The company believes that it is more crucial to provide business solution that will stand the test of time, regardless of the latest trends in the industry. Past performance of investing in recently trendy investment vehicles, such as technology specific funds, as in internet mutual funds, does not guarantee success in the future. The market has the tendency to prefer a particular investment niche over the others only to unforeseeably prefer another investment niche at a later time. Our investment strategy is evidence by the tendency of investors to follow the strategies utilized by the largest investing institutions. Owing to the size of these institutions, institutional investors distribute their assets to diverse portions of the equity market from small cap growth, small cap value to large cap growth by choosing investment products focused in certain areas. Such structures are so intricate for an average investor, as stated in research. Through our investment strategy, portfolios are simplified, rather than being intricate and complex and difficult to understand, all together reducing the need for additional third party counselling. The trend following simplified portfolio is simply a retrogression of how things were done before specific and technical categories developed for equity products over the last couple of years.

**Financial Plan**

For the full quarter of operation, the company’s primary goal is to secure funding from a variety of funding sources. Currently, the company allocated $[AMOUNT] of its budget used for finding potential investors, creating partnerships, registration of the firm and the products with the appropriate government agencies and other legal matters. The company seeks funding approximately amounting to $[AMOUNT], which should sustain business profitable through near the completion of the third year. Such point parallels to an asset under management level of approximately $[AMOUNT]. Net profit margins at this point is generally assumed to be attractive, provided the right conditions are met. Most probably, should conditions follow our forecasts, excess cash shall immediately be allocated into the business, once a level of the desired sustainability in net profit and revenue has been accomplished. This type of reinvestment would primarily directed to the next stage of marketing for the purpose of increasing distribution in the market. Revenue certainty at this point is considered high, according to the number and the amount of assets under management. More successful assets would translate to more revenue to our clients. Our annual fee of [%] would be applied to each of our client’s accounts [NUMBER] times per financial year calculated at [%].

The investment management industry shows great projection in the years to come. According to research, as of 2015, the investment management industry is expected to increase from from 20% to 25% in each of the next three years. We are well aware that certain factors such as economic, and political issues may affect these figures, we believe that our investment strategies, techniques and philosophy will be able to keep up with the ever changing marketing environment. Additionally, our conservative estimates a plan-to-profitability over a much shorter amount of time than other typical investment firms.

**FINANCIAL RISKS AND CONTINGENCIES**

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