

NICHE PRIVATE EQUITY INDEX™

Compared with public equity markets, private equity's illiquidity premium has repeatedly delivered risk-adjusted outperformance to investors.

Top-quartile generalist PE fund managers significantly outperform mid- and lower-tier firms, and Niche PE can further enhance investor returns.

Niche PE seeks out specialized, complex, or new business areas with low correlation to listed equity, insulation from economic cycles, and higher returns than mainstream PE.

The quarterly Niche PE Index™ shows that Niche PE funds outperform mainstream PE, the latest data showing an average 39% IRR and 2.1x MOIC net of fees over ten years.

Seeking Alpha In Private Equity

- ① Private equity's calling card is its risk-adjusted outperformance over public equity markets. Research has consistently demonstrated that investors in the asset class benefit from an illiquidity premium.

- ② However, not all private equity is created equal. Top-quartile generalist PE fund managers significantly outperform mid- and lower-tier firms. Our research shows that Niche PE can further enhance investor returns.

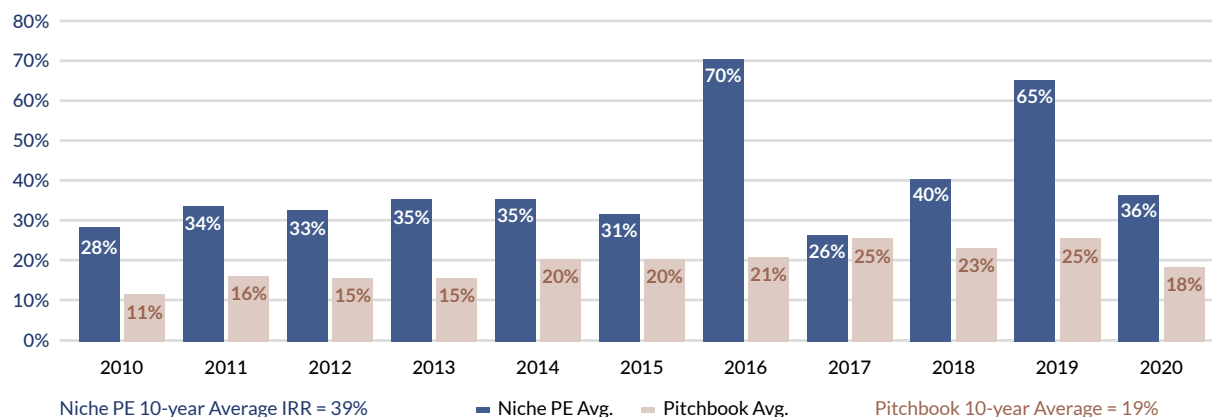
- ③ With thousands of performance data points gathered over the years, Mantra is once again releasing the quarterly Niche PE Index™ in order to better demonstrate how the performance of specialist PE compares to that of mainstream PE.

- ④ As a Niche PE specialist, Mantra invests alongside managers with promising, off-the-beaten-path strategies. Niche PE investors seek out highly specialized, complex or new business areas that are little penetrated by mainstream PE, covering everything from venture capital to the combined debt and equity financing of buyouts, and invest in industries as diverse as aerospace technology and litigation finance. Its common distinguishing characteristics are low correlation with listed equity, insulation from the volatility of economic cycles and higher returns than mainstream PE.

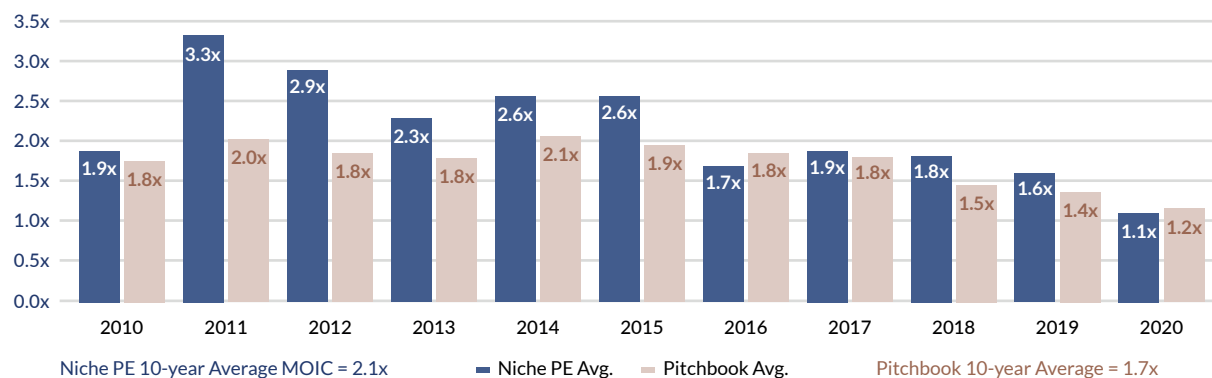
NICHE PRIVATE EQUITY INDEX™

Our findings - Returns by vintage year*

IRR: Niche PE Index™ vs. Pitchbook Benchmark



MOIC: Niche PE Index™ vs. Pitchbook Benchmark



Niche PE funds and investments show an average 39% IRR & 2.1x MOIC net of fees over ten years vs. comparable PitchBook Benchmark averages for mainstream PE of 19% and 1.7x, demonstrating the long-term outperformance of Niche PE vs. mainstream PE.



PitchBook Benchmark data shows that average Niche PE IRR outperforms mainstream PE over shorter five- and three-year periods (48% and 47% for Niche PE respectively vs. 23% and 22% for the PitchBook Benchmark).



Even mainstream PE's top quartile performers fail to outperform the Niche PE mean, registering a 27% IRR & a 2.0x MOIC over ten years.



When looking exclusively at realized investments, Niche PE funds and investments do even better, with 2010 to 2020 vintages returning 2.3x MOIC and 57% IRR net of fees on average.

NICHE PRIVATE EQUITY INDEX™

Components of the Niche PE Index™

To construct the Niche PE Index™, Mantra has analysed internal-rate-of-return (IRR) and multiple-on-invested-capital (MOIC) historic data across over 500 Niche PE funds and over 5,000 Niche PE investments. These form the broad universe from which Mantra selects its own investments, following rigorous, exhaustive due diligence. Investments made by any Niche PE managers that have passed Mantra’s initial screening in the time periods under consideration have been included in the Niche PE Index™. The Index’s sample population is outlined top-right.

The largest segment of the Niche PE Index™ is Multi-Vertical. It covers funds investing in multiple specialized niches, each one typically led by sector-specialist partners (an example is a buyout fund focused on Aerospace & Defence, Cybersecurity and Government Services). Technology, the second largest segment, covers funds and investments focused on companies with proprietary technologies in areas such as Software & IT Services, Cybersecurity and Digital Infrastructure.

Additional segments cover highly specialized funds and investments in sectors like Industrials; Healthcare & Education; Litigation Finance; Royalties; Food & Agriculture (focused on new, fast-growing products with investments in areas like alternative proteins, and crop protection using pest management pheromones); and Financials. Hard-to-pigeon-hole funds and investments focused on everything from the sustainability of products to specialty media and entertainment are grouped in the ‘Other’ category.

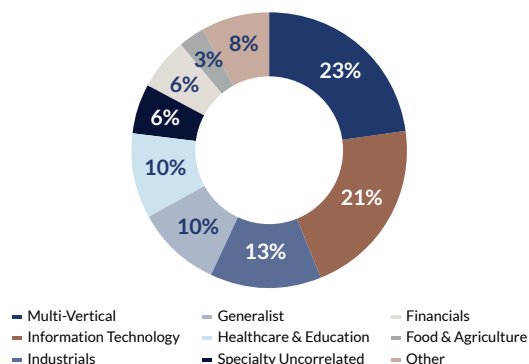
The Index includes deals from specialized GPs active across venture capital, growth capital, lower mid-market buyout (<\$350 fund size), and hard-to-define market areas (grouped under ‘Specialty Uncorrelated’). The common thread running through all Niche PE portfolio companies is that they are off the radar of most non-sector specialists.

226
GPS

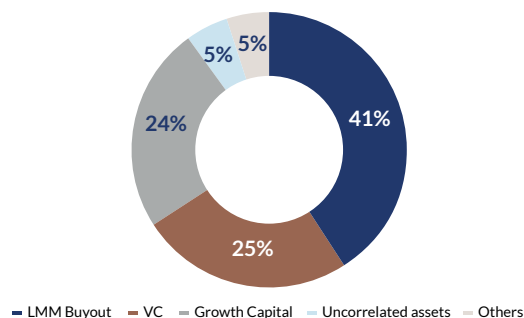
529
FUNDS

5,349
DEALS

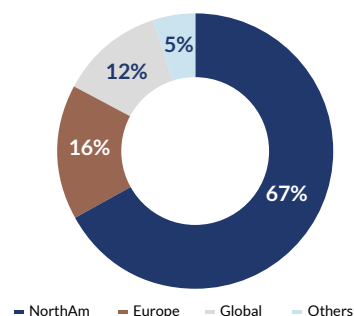
Niche PE Segment



Investment Strategy



Geography



NICHE PRIVATE EQUITY INDEX™

Notes & Disclaimer

Fund vintage is based on the year of the fund's first investment. All Niche PE Index™ performance data should be considered as net. A standard 25% discount for fees, expenses, and carried interest has been applied to average IRRs and MOICs. Outlier investments with either less than a 1.5-year holding period, less than \$250 K invested, or over 4,000% IRR are excluded from calculations, as are unrealized investment NAVs calculated prior to September 2021. Internal Rate of Return: IRR, i.e. the annualized rate of return on an investment. Multiple on Invested Capital: MOIC, i.e. total value of an investment divided by its cost. Realized Investment: an investment is considered realized when over 50% of its total value has been realized. The Pitchbook data is drawn from the Private Equity PitchBook Benchmarks as of Q3 2022 report. Pitchbook IRRs combine cashflow data from a group of funds in Pitchbook's sample to create a capital weighted IRR value. Pitchbook MOICs are a measurement of both the realized and unrealized value of a fund from the sample as a proportion of the total paid-in, or contributed, capital. The survey conducted by Mantra is for comparative and information purposes and should not be considered as complying with the strictest standards of statistical analysis.

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