

# NICHE PRIVATE EQUITY INDEX™

The latest data as of Q4 2022 show that unique and non-traditional private equity strategies continue to outperform mainstream PE over the long term.

The quarterly Niche PE Index™ shows that Niche PE funds delivered an average 38% IRR and 2.2x MOIC net of fees over ten years. This is essentially flat compared to the previous quarter with an uptick of 0.1x MOIC and a 100 bps decrease in IRR.

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

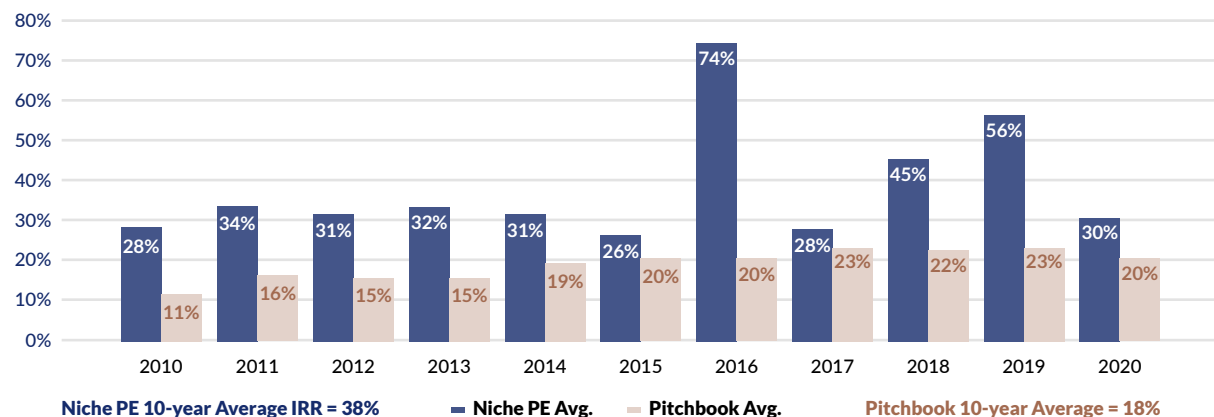
## Seeking Alpha In Private Equity

- Private equity is a core component of well diversified portfolios, offering some of the highest risk-adjusted returns of any asset class. However, manager selection is crucial in maximizing these benefits.
- Drawing upon extensive performance data collected over the years, Mantra is pleased to present its third quarterly Niche PE Index™. This Index comprises a universe of specialist, or niche, PE funds tracked by Mantra Investment Partners as part of its investment selection process. The purpose of the Index is to better understand how specialist private equity performance compares to that of mainstream PE.
- Once again, the latest data show that Niche PE on average far outperforms established private equity benchmarks. Further, the Index reveals that this strategy delivers higher returns than even top-quartile PE fund managers.
- As a specialist in Niche PE, Mantra aligns its investments with promising fund managers in this space. Niche PE investors actively seek out highly specialized, complex, or emerging business sectors that have received limited attention from mainstream private equity. These areas span diverse industries and investment stages, encompassing fields as varied as aerospace technology and litigation finance. The distinguishing features of Niche PE include a low correlation with publicly traded equities, insulation from economic volatility, and the potential for higher returns compared to mainstream private equity.

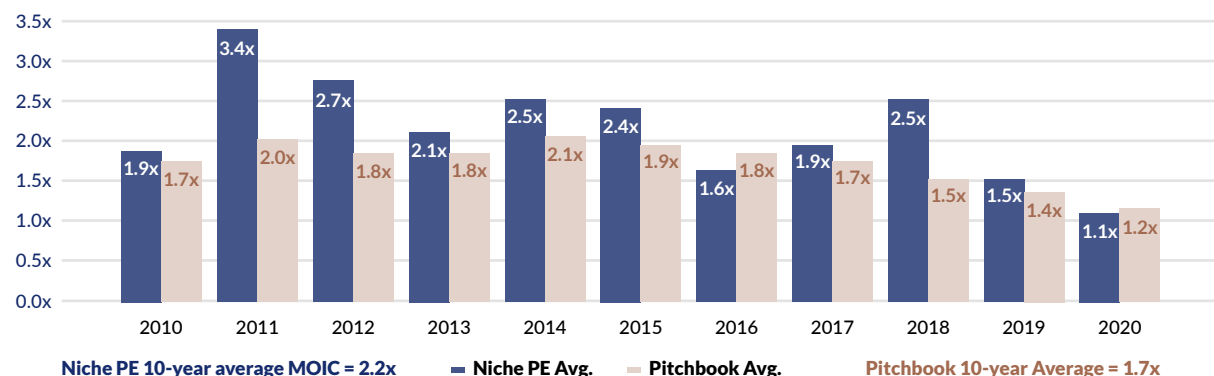
# NICHE PRIVATE EQUITY INDEX™

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 38% IRR & 2.2x MOIC net of fees over ten years versus comparable PitchBook Benchmark averages for mainstream PE of 18% and 1.7x, demonstrating the long-term outperformance of Niche PE vs. mainstream PE.

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 2.4x MOIC and 54% IRR net of fees on average.

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## 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 more than 1,000 Niche PE funds and 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.

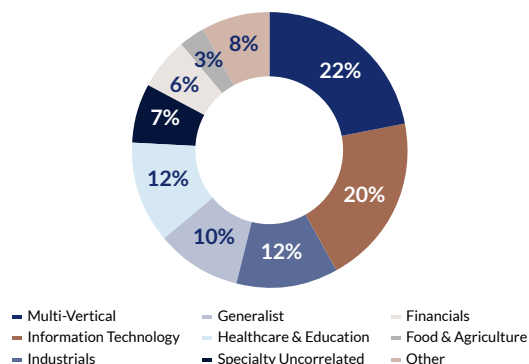
The Index includes deals from specialized GPs active across venture capital, growth capital, lower mid-market buyout (<\$350 fund size), and hard-to-define market areas (grouped under 'Specialty Uncorrelated'). The common thread running through all Niche PE portfolio companies is that they are off the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

242  
GPS

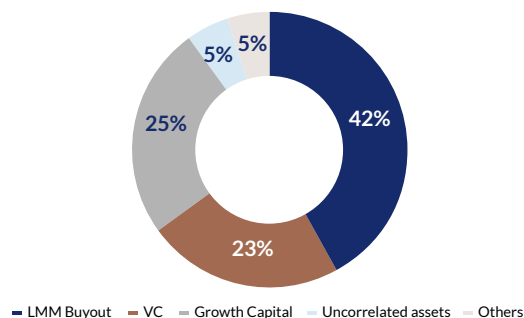
559  
FUNDS

5,729  
DEALS

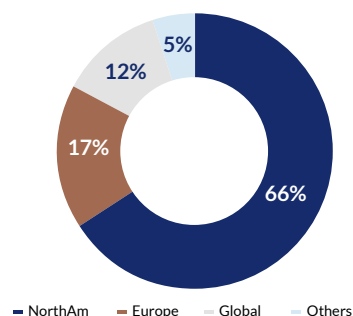
### Niche PE Segment



### Investment Strategy



### Geography



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## 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 December 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 Q4 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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