

# NICHE PRIVATE EQUITY INDEX™

Non-traditional, niche private equity strategies have a long-term performance edge over mainstream PE, as demonstrated by the latest data released today\*.

The quarterly Niche PE Index™ Q1 2023 shows that Niche PE funds returned an average net IRR of 38% and 2.2x net MOIC over a ten-year period. This is essentially flat compared to the previous quarter.

Niche PE managers achieve this alpha by unlocking value from novel, overlooked, complex, or specialized sub-sectors and strategies that are uncorrelated with public equities and business cycles, making them an essential component in a diversified portfolio.

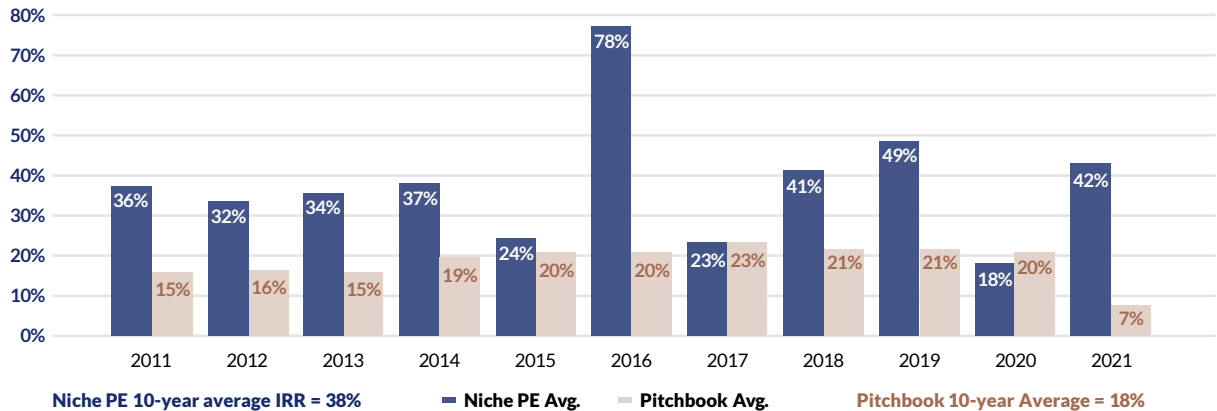
## Seeking Alpha In Private Equity

- > Having learned from previous periods of economic stress, investors understand that it is vital to maintain their deployment in private equity to benefit from vintage exposure diversification. This is crucial to capturing the alpha that sets this asset class apart.
- > However, LPs must be extremely diligent since the performance dispersion among private equity managers has historically been far wider than the dispersion found among public market managers.
- > Mantra's proprietary Niche PE Index™ tracks a universe of specialist, or niche, PE funds from which it selects its own investments. The Index serves as a unique performance benchmark against which specialist private equity can be compared with mainstream PE.
- > This fourth edition of the Niche PE Index™ demonstrates the ongoing persistence of Niche PE's outperformance. The strategy continues to beat both the PitchBook Benchmark average as well as the top-quartile average among generalist managers.
- > Through its Niche PE strategy, Mantra selects from this universe of high-performing managers who invest in a diverse spectrum of off-the-beaten-path, specialized, and complex sub-sectors and business areas that fly under the radar of mainstream private equity. This is where PE's true, uncorrelated alpha is found.

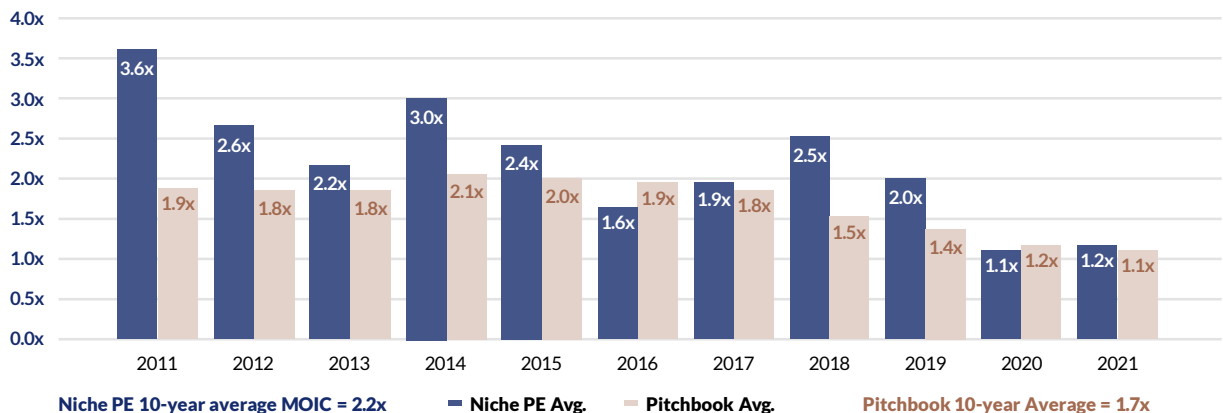
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## Returns by vintage year\*

### 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 26% IRR & a 1.9x MOIC over ten years.

For realized investments, Niche PE funds and investments do even better, with 2011 to 2021 vintages returning 2.8x MOIC and 60% 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) historical data across close to 6,000 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.

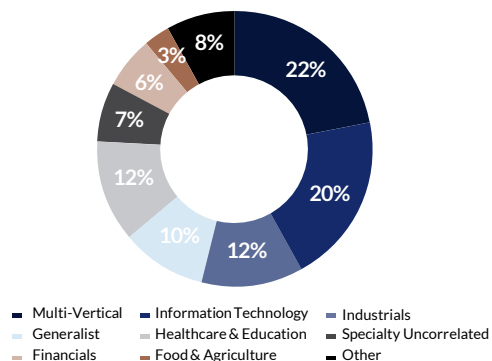
The largest segment of the Niche PE Index™ is Multi-Vertical. It covers funds investing in multiple specialized niches, each one typically led by sector-specialist partners (an example is a buyout fund focused on Aerospace & Defence, Cybersecurity and Government Services). Technology, the second largest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

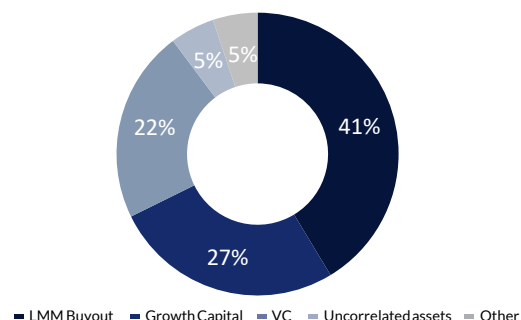
The Index includes deals from specialized GPs active across venture capital, growth capital, lower mid-market buyout (<\$350 fund size), and hard-to-define market areas (grouped under 'Specialty Uncorrelated'). The common thread running through all Niche PE portfolio companies is that they are off the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

**254** GPS  
**580** FUNDS  
**5,832** DEALS

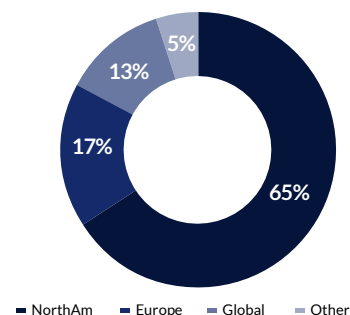
### Niche PE Segment



### 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 March 2022. 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 Q1 2023 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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