

2024 CHICAGO PRIVATE EQUITY RESEARCH SYMPOSIUM

Northern Trust Global Conference Center
50 S. La Salle St. Chicago, IL 60606 | Miami Room
SEPTEMBER 12, 2024

11:45 – 12:15 LUNCH AVAILABLE

12:15 – 1:15 RESEARCH PRESENTATIONS

Risk-Adjusted Performance of Private Funds: What do we know?

Despite the growing size and scope of private markets, there is no comprehensive analysis of long-run risk-adjusted performance of private investment funds. This analysis utilizes state-of-the-art performance analysis techniques a comprehensive dataset of private equity, private debt, and real asset funds to provide a range of performance metrics. We evaluate the trade-offs associated with different methods on a common dataset and analysis of benchmark selection. Our analysis provides a more holistic set of comparisons across performance metrics as compared to previous research which evaluates methods on a largely *ad hoc* basis.

Greg Brown, *UNC Kenan-Flagler & Institute for Private Capital*
Christian Lundblad, *UNC Kenan-Flagler & Institute for Private Capital*
William Volckmann, *UNC Institute for Private Capital*

Interim Valuations, Predictability, and Outcomes in Private Equity

Using a novel dataset of U.S. buyout and VC investments, we study the informativeness of managers' interim valuation reports of portfolio companies on final outcomes. We find that when investors assess the performance of individual portfolio companies, they can do better than just relying on the most recent reported valuation. The history of reported valuations is informative as well. Particularly for buyout funds, portfolio company investments with greater past staleness or more frequent markdowns tend to perform more poorly in the future than other investments. Moreover, investments with larger reported interim marks tend to have lower future returns. That is, past reported returns negatively predict future realized returns. Based on this predictability, the combined knowledge over interim multiple, past staleness, and past markdown frequency can help predict whether an investment will end up in the left or right tail of all investments.

Ege Y. Ercan, *Stanford University - Graduate School of Business*
Steven N. Kaplan, *University of Chicago - Booth School of Business*
Ilya A. Strebulaev, *Stanford University - Graduate School of Business*

1:15 – 2:00 PANEL DISCUSSION

Decision Making with Uncertain Private Fund Valuations

Moderator: Peter Witte, *Global Private Equity Lead Analyst, EY*

Panelists: Qi Liu, *StepStone*

Harisha Koneru Haigh, *Northwestern University Investment Office*
TBD, *50 South*

2:00 – 2:30 NETWORKING BREAK

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