




# Passive investing: what's the alternative?

Richard Hickman, HVPE

17 March 2018



# Investment approaches

Passive	Active	Alternatives
<p><b>Target</b> // Capture returns in line with the market</p> <p><b>Asset Classes</b> // Listed equity (indices) // Bonds // FX // Commodities</p> <p><b>Fees</b> // Typically 0.1%-0.2%</p>	<p><b>Target</b> // Exceed market returns or protect against market volatility with more responsive investment strategies</p> <p><b>Asset Classes</b> // Listed equities // Bonds // Commodities</p> <p><b>Fees</b> // Typically 0.5%-1%</p>	<p><b>Target</b> // Generate superior returns through sophisticated investment strategies in specialist asset classes</p> <p><b>Asset Classes</b> // Private equity // Real assets // Hedge funds</p> <p><b>Fees</b> // Typically &gt;1.5%</p>
		

The above asset classes are examples of 'passive', 'active', or 'alternative' investment strategies. The lists of asset classes are subjective and non-exhaustive. Company logos are included for illustrative purposes.

\* Typical fees are based on research conducted by Which? As at 2017.

# What is private equity?

---

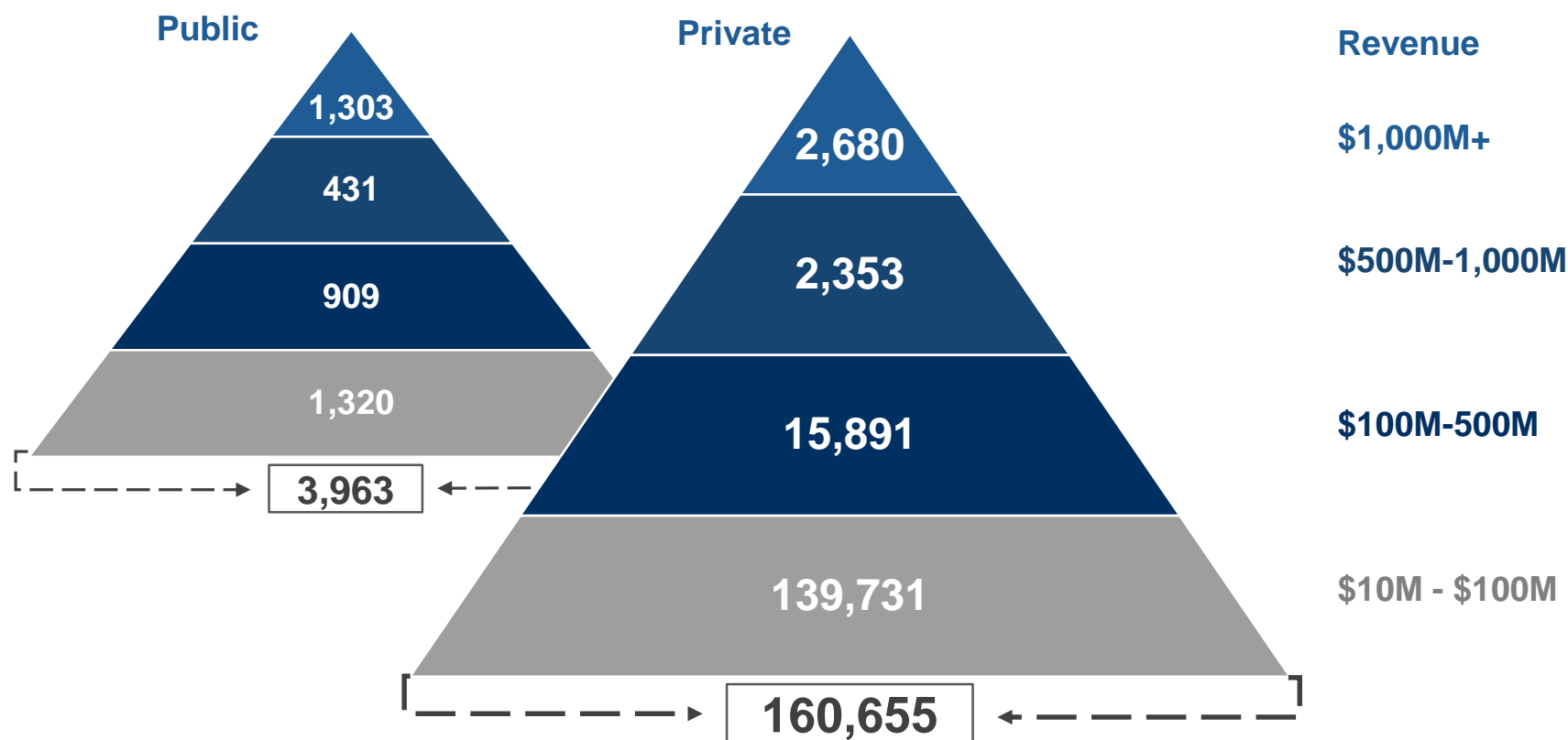
Put simply...

*“Private equity is a form of **equity investment** into **private companies** not listed on the stock exchange.”*

Invest Europe

# Opportunity to diversify beyond public markets

40x more opportunities

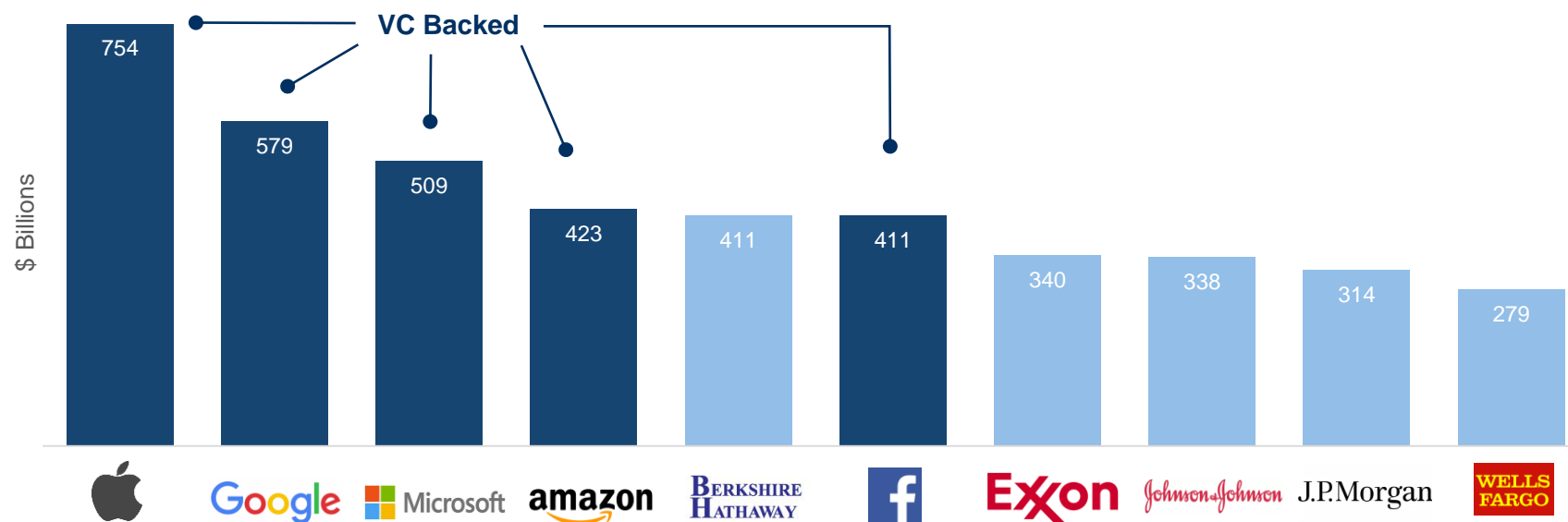


Expanded opportunity set – based on US companies.  
Source: CapitalIQ as of July 27, 2017.

# The impact of private equity

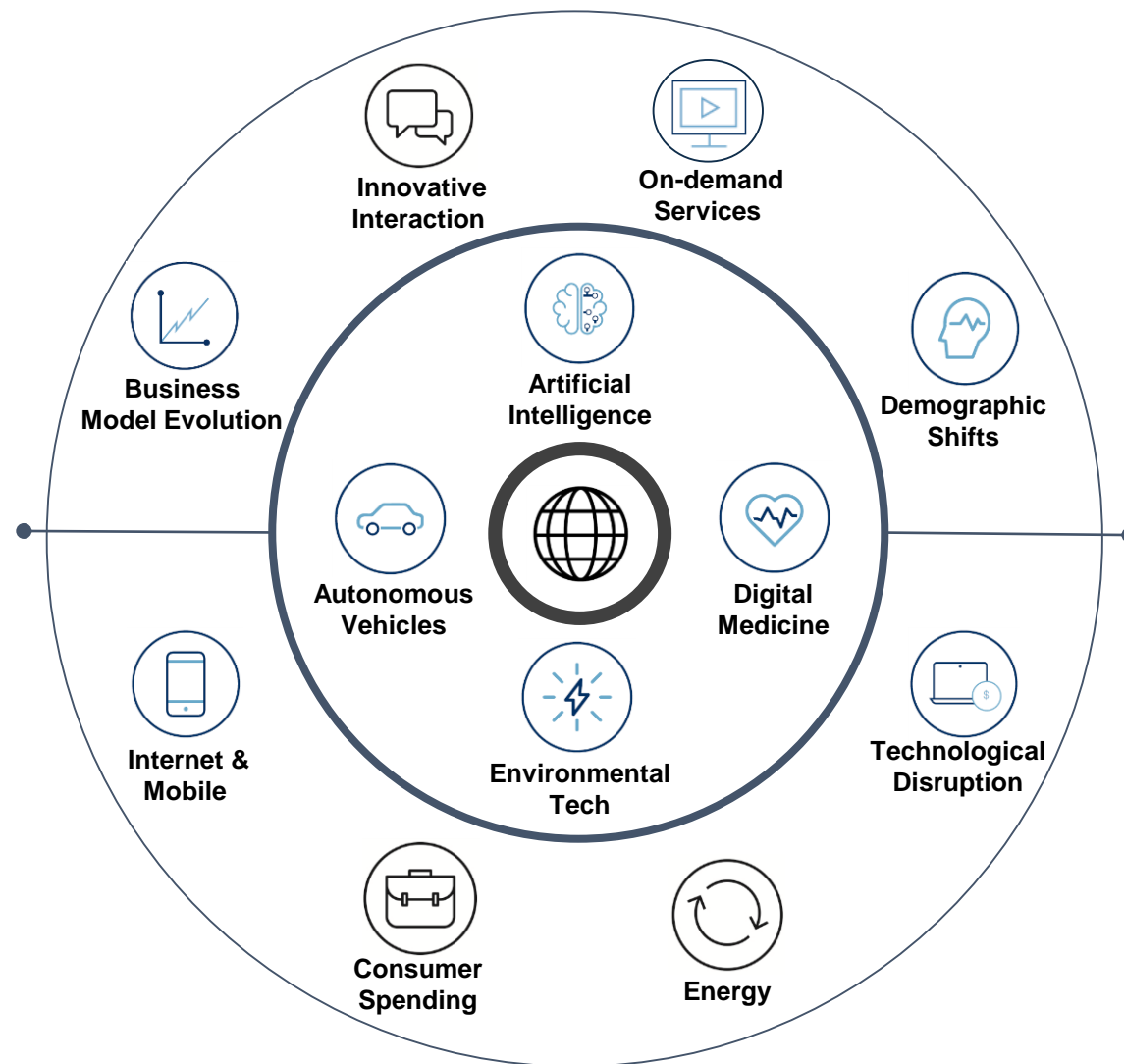
- // Private equity investment transforms companies across industries at all stages
- // The four largest publicly listed companies globally were backed by Venture Capital

## Ten Largest Global Listed Companies by Market Capitalisation



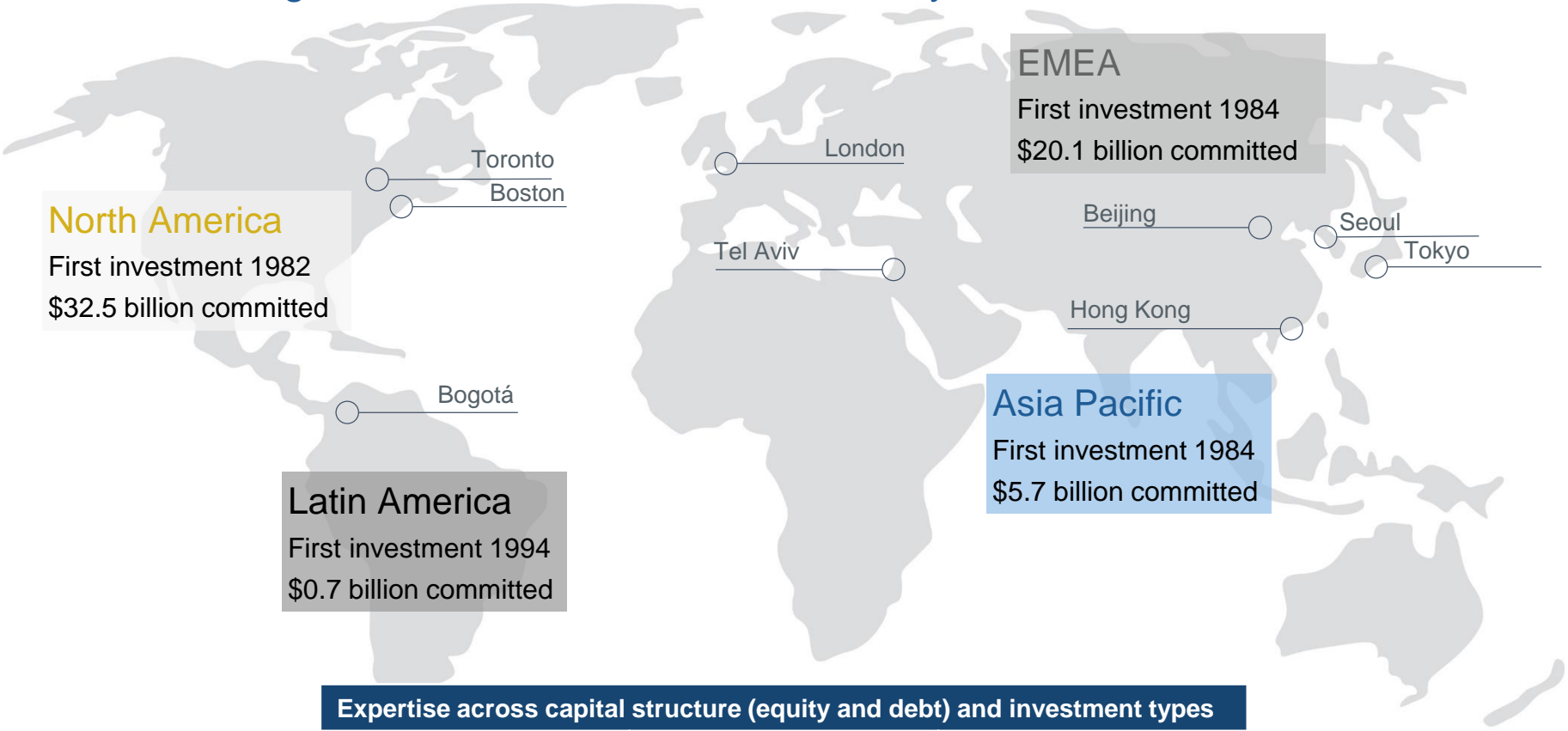
Source: PwC. Market capitalisations at 31 March 2017.

# Global Investment ‘Megatrends’



# HarbourVest Partners has a global private markets platform

One of the longest established firms in the industry



As of September 30, 2017. Based on primary, secondary, and direct commitments made by HarbourVest.  
○ Indicates HarbourVest team location.

# The Case For HarbourVest Global Private Equity “HVPE”



# HVPE “Need to Know”

Building long-term wealth by investing in private companies\*

// FTSE 250 company

// Gaining early access to private companies

// Providing a ready-made, private equity programme for all investors...

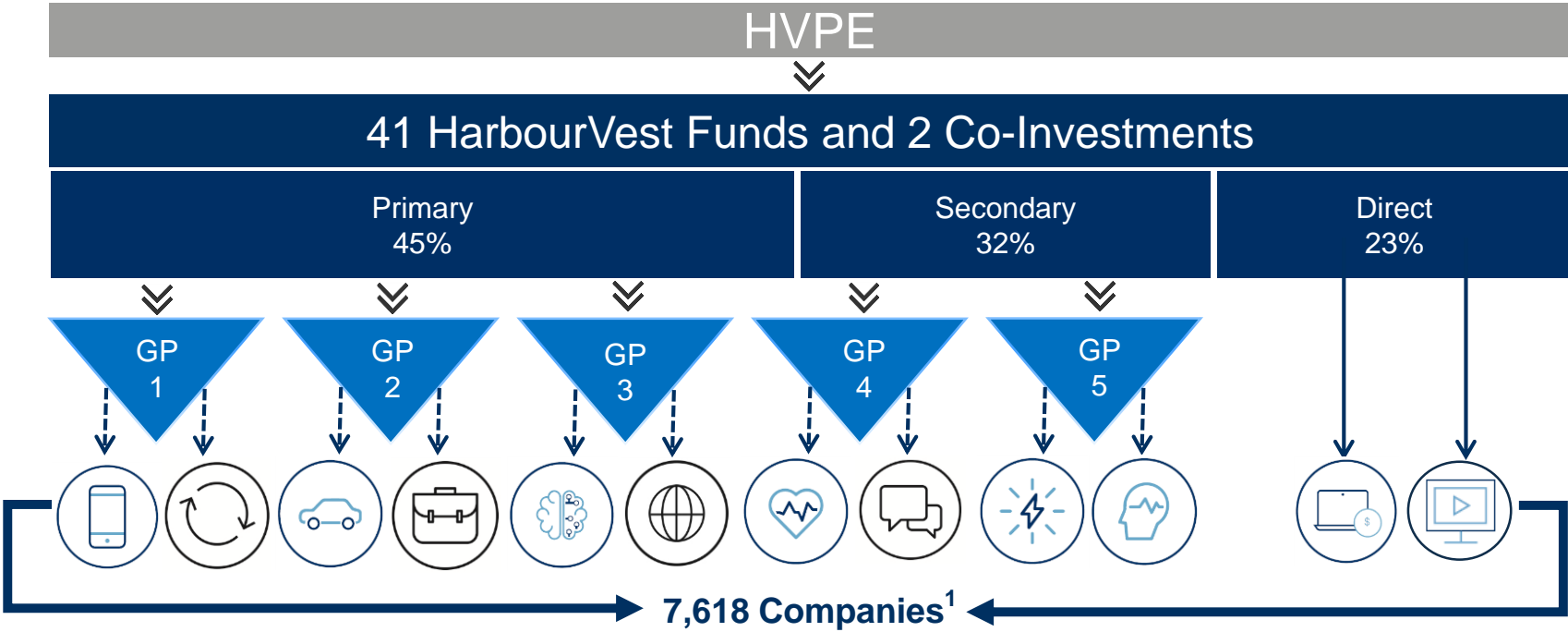
// ...with a proven 10 year track record



***£1,000 invested in December 2007 would be worth £2,514 today,  
representing an annual growth rate of approximately 10%, net of fees***

\*Holdings in publicly-trade companies, often resulting from IPOs in the private equity portfolio, represent 11% of HVPE's investment portfolio value.  
The companies shown above are for illustrative purposes only. While this may be an actual investment or relationship in a HarbourVest portfolio, there is no guarantee that it will be in a future portfolio.  
As of January 31, 2018. Assumes investment at time of HVPE IPO, adjusted for redemptions and fees. Past performance is no indicator of future returns.

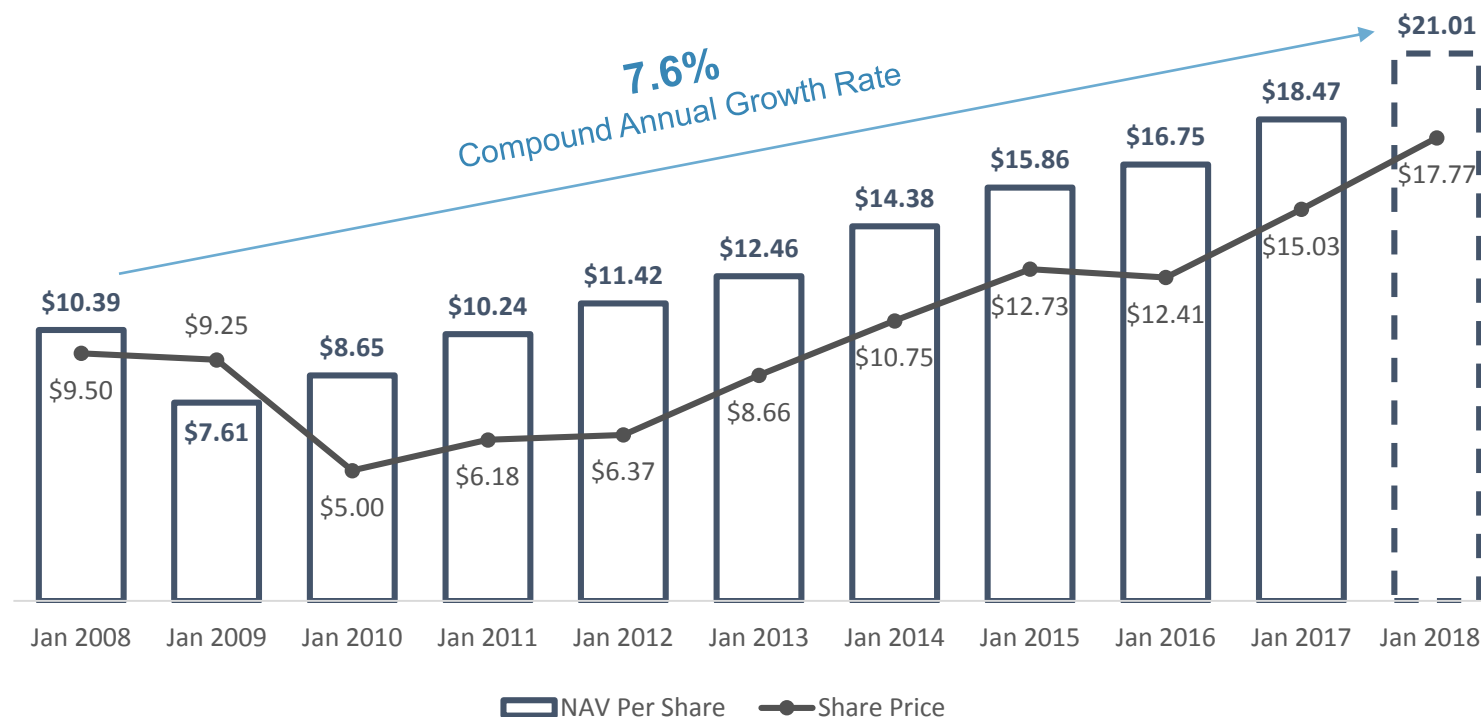
# How does it work?



Data as per 31 January 2018 Monthly Factsheet.  
<sup>1</sup>In total there are 7,618 individual company exposures in the portfolio.

# Steady and consistent NAV growth

Currently trading at a discount to NAV whilst realising assets at a premium



\*January 2018 is an estimate.  
The share price has been converted into USD (\$) from GBP (£) from 2016 onwards at the prevailing foreign exchange rate.

# How to invest

// Ticker: HVPE

// Invest via a number of fund platforms



Visit us at [www.hvpe.com](http://www.hvpe.com)

## Are you now more or less likely to invest in listed Private Equity?

- a. Not invested and more likely to invest
- b. Not invested and less likely to invest
- c. Already invested – and want to increase
- d. Already invested – but want to decrease

## STRICTLY CONFIDENTIAL

This document and this presentation have been prepared and issued by HarbourVest Global Private Equity Limited (the "Company") for information purposes only and may not be used in making any investment decision.

None of the Company, its investment manager, HarbourVest Advisers, L.P. (the "Investment Manager") or HarbourVest Partners, LLC ("HarbourVest") has independently verified the information contained in this document and this presentation. This document and this presentation contain only summary information and no representation or warranty, express or implied, is or will be made in relation to the accuracy or completeness of the information contained herein and no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) is or will be accepted by the Company, HarbourVest, the Investment Manager or any of their respective affiliates or by any of their respective officers, employees or agents in relation to it. Each of the Company, HarbourVest, the Investment Manager and their respective affiliates and officers, employees or agents expressly disclaims any and all liability which may be based on the document and any errors therein or omissions therefrom. In particular, no representation or warranty is given as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views contained herein are based on financial, economic, market and other conditions prevailing as of the date of this document and this presentation. The information contained in this document and this presentation will not be updated. Further information on the Company, its Investment Manager and HarbourVest can be found on the Company's website at [www.hvpe.com](http://www.hvpe.com) and HarbourVest's website at [www.harbourvest.com](http://www.harbourvest.com), including in announcements available on those sites.

This document and this presentation do not constitute any form of financial opinion or recommendation on the part of the Company, HarbourVest or the Investment Manager or any of their respective affiliates and are not intended to be an offer, or the solicitation of any offer, to buy or sell any securities in any jurisdiction.

This document and this presentation contain track record data in relation to the performance of funds of funds managed by HarbourVest and its affiliates. When considering such track record data, investors should bear in mind that past performance is not necessarily indicative of future results and, as a result, the Company's actual returns may be greater or less than the amounts shown herein. Investment returns will depend on the increase or decrease in the trading price of the Company's shares. In addition the Company is a closed-end investment company and the performance data presented herein for HarbourVest, as well as the private equity index performance data, relates principally to funds structured as self-liquidating partnerships and in which investor contributions were made only when the underlying fund made an actual investment.

Neither this document, nor this presentation, nor any copy of either may be taken or transmitted into the United States of America, its territories or possessions or distributed, directly or indirectly, in the United States of America, its territories or to any US person (as defined in Rule 902 of Regulation S under the US Securities Act of 1933 (the "Securities Act")). The distribution of this document and this presentation in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document and this presentation are being distributed in the United Kingdom only to (i) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order"), or (ii) persons who are high net worth entities falling within Article 49(2) (a) to (d) of the Order, and/or (iii) persons to whom it may otherwise be lawfully communicated, and (iv) "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000, as amended (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. Any investment or investment activity to which the presentation and these slides relate is available only to relevant persons and will be engaged in only with relevant persons.

By participating in this presentation or by accepting any copy of this document, you agree to be bound by the foregoing limitations.

# Forward-looking statements

This document contains certain forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, forward-looking statements can be identified by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” and “would,” or the negative of those terms or other comparable terminology. The forward-looking statements are based on the Investment Manager’s beliefs, assumptions, and expectations of future performance and market developments, taking into account all information currently available. These beliefs, assumptions, and expectations can change as a result of many possible events or factors, not all of which are known or are within the Investment Manager’s control. If a change occurs, the Company’s business, financial condition, liquidity, and results of operations may vary materially from those expressed in forward-looking statements. Some of the factors that could cause actual results to vary from those expressed in forward-looking statements, include, but are not limited to: the factors described in this report; the rate at which HVPE deploys its capital in investments and achieves expected rates of return; HarbourVest’s ability to execute its investment strategy, including through the identification of a sufficient number of appropriate investments; the ability of third-party managers of funds in which the HarbourVest funds are invested and of funds in which the Company may invest through parallel investments to execute their own strategies and achieve intended returns; the continuation of the Investment Manager as manager of the Company’s investments, the continued affiliation with HarbourVest of its key investment professionals and the continued willingness of HarbourVest to sponsor the formation of and capital raising by, and to manage, new private equity funds; HVPE’s financial condition and liquidity, including its ability to access or obtain new sources of financing at attractive rates in order to fund short term liquidity needs in accordance with the investment strategy and commitment policy; changes in the values of or returns on investments that the Company makes; changes in financial markets, interest rates or industry, general economic or political conditions; and the general volatility of the capital markets and the market price of HVPE’s shares. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Any forward-looking statements are only made as at the date of this document, and the Investment Manager neither intends nor assumes any obligation to update forward-looking statements set forth in this document whether as a result of new information, future events, or otherwise, except as required by law or other applicable regulation. In light of these risks, uncertainties, and assumptions, the events described by any such forward-looking statements might not occur. HarbourVest qualifies any and all of its forward-looking statements by these cautionary factors. Please keep this cautionary note in mind while reading this report.

## **REGISTERED OFFICE**

### **HarbourVest Global Private Equity Limited**

Company Registration Number: 47907

Ground Floor

Dorey Court

Admiral Park

St Peter Port

Guernsey GY1 2HT

Tel +44 (0)14 8170 2400

Fax +44 (0)14 8170 2407

## **INVESTMENT MANAGER**

### **HarbourVest Advisers L.P.**

c/o HarbourVest Partners, LLC

One Financial Center

44th Floor

Boston MA 02111

U.S.A.

Tel +1 617 348 3707

Fax +1 617 350 0305

## **Richard Hickman**

### **Director, Investment and Operations**

rhickman@harbourvest.com

+44 (0)20 7399 9847

