

# Private Equity As An Asset Class: The Wiley Finance Series

Private equity is a term commonly used in the world of finance. It refers to investments made in private companies that are not listed on public stock exchanges. Unlike public companies, private equity investments are not available for purchase by individual investors. Instead, they are typically made by institutional investors, such as private equity firms, pension funds, and endowments.

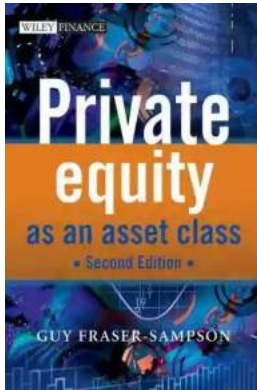
## What is Private Equity?

Private equity investments involve the purchase of equity (ownership) in companies that are not publicly traded. This distinct characteristic gives private equity firms more control over the companies they invest in compared to public investors. Private equity firms typically buy a significant stake in a company, with the goal of generating substantial returns on their investment over a certain time period.

## Private Equity as an Asset Class

Private equity is considered an alternative asset class, meaning it is not a traditional investment like stocks, bonds, or cash. The differentiating factor of private equity is its illiquid nature, as investments are typically held for several years before being sold or exited. Private equity investments can be made through various investment structures, such as buyouts, venture capital, and growth capital.

**Private Equity as an Asset Class (The Wiley Finance Series)**



by Guy Fraser-Sampson(2nd Edition, Kindle Edition)

★★★★☆ 4.1 out of 5

Language : English  
File size : 2584 KB  
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## The Wiley Finance Series

The Wiley Finance Series is a collection of books dedicated to providing in-depth knowledge about various areas of finance. One of the volumes in this series focuses on private equity as an asset class. It covers topics including the history of private equity, its role in the global financial market, investment strategies, risk management, and more. This comprehensive guide is a must-read for anyone interested in understanding the dynamics of private equity investments.

## Why Private Equity?

Private equity offers several advantages that make it an attractive investment for institutional investors and high-net-worth individuals. Some of the main benefits include:

- **Higher Potential Returns:** Private equity investments have the potential to generate higher returns compared to traditional investment options.

- **Control and Influence:** Private equity firms typically have a significant say in the strategic decisions of the companies they invest in.
- **Diversification:** Investing in private equity allows for diversification of an investment portfolio beyond traditional stocks and bonds.

## Challenges in Private Equity

While private equity offers numerous advantages, it also comes with its share of challenges. These challenges include:

- **Illiquidity:** Private equity investments are illiquid, meaning they cannot be easily bought or sold in the open market.
- **High Capital Requirements:** Investing in private equity often requires large amounts of capital, making it inaccessible for many individual investors.
- **Risk:** Private equity investments are subject to various risks, including business risks, market volatility, and economic downturns.

Private equity is a distinctive asset class that offers unique investment opportunities for institutional investors. It combines the potential for high returns with the ability to have a significant influence on invested companies. The Wiley Finance Series provides a comprehensive guide to understanding and navigating the world of private equity investments, making it an essential resource for anyone interested in this asset class.

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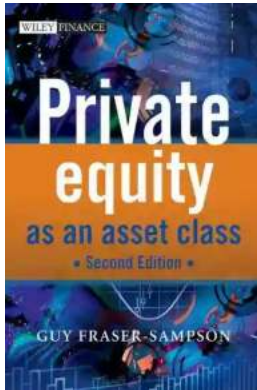
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Unfairly reviled, and much misunderstood, private equity differs from all other asset classes in various important respects, not least the way in which its fund mechanisms operate, and the way in which its returns are recorded and analysed. Sadly, high level asset allocation decisions are frequently made on the basis of prejudice and misinformation, rather than a proper appreciation of the facts.

Guy Fraser-Sampson draws upon more than twenty years of experience of the private equity industry to provide a practical guide to mastering the intricacies of this highly specialist asset class. Aimed equally at investors, professionals and business school students, it starts with such fundamental questions as 'what is private equity?' and progresses to detailed consideration of different types of private equity activity such as venture capital and buyout.

Rapid and significant changes in the environment during the recent financial crisis have prompted the need for a new edition. Separate chapters have been added on growth and development capital, as well as secondary investing. Newly emergent issues are considered, such as lengthening holding periods and the possible threat of declining returns. Particular problems, such as the need to distinguish between private equity and hedge funds, are addressed. The glossary

has also been expanded. In short, readers will find that this new edition takes their understanding of the asset class to new heights.

Key points include:

- A glossary of private equity terms
- Venture capital
- Buyout
- Growth capital
- Development capital
- Secondary investing
- Understanding private equity returns
- Analysing funds and returns
- How to plan a fund investment programme
- Detailed discussion of industry performance figures



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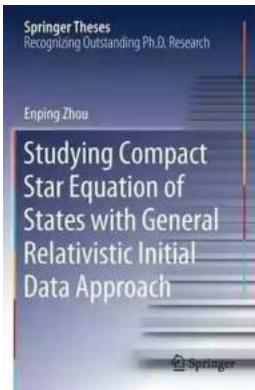
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