

Private Markets Overview

Introduction to the Private Markets



Private Market Performance

Private equity and venture capital funds have outperformed public equity markets over the past decade, with higher returns and lower volatility.



Public Market Volatility

The public equity markets have experienced significant volatility in recent years, with the S&P 500 index fluctuating widely in response to economic and political events.

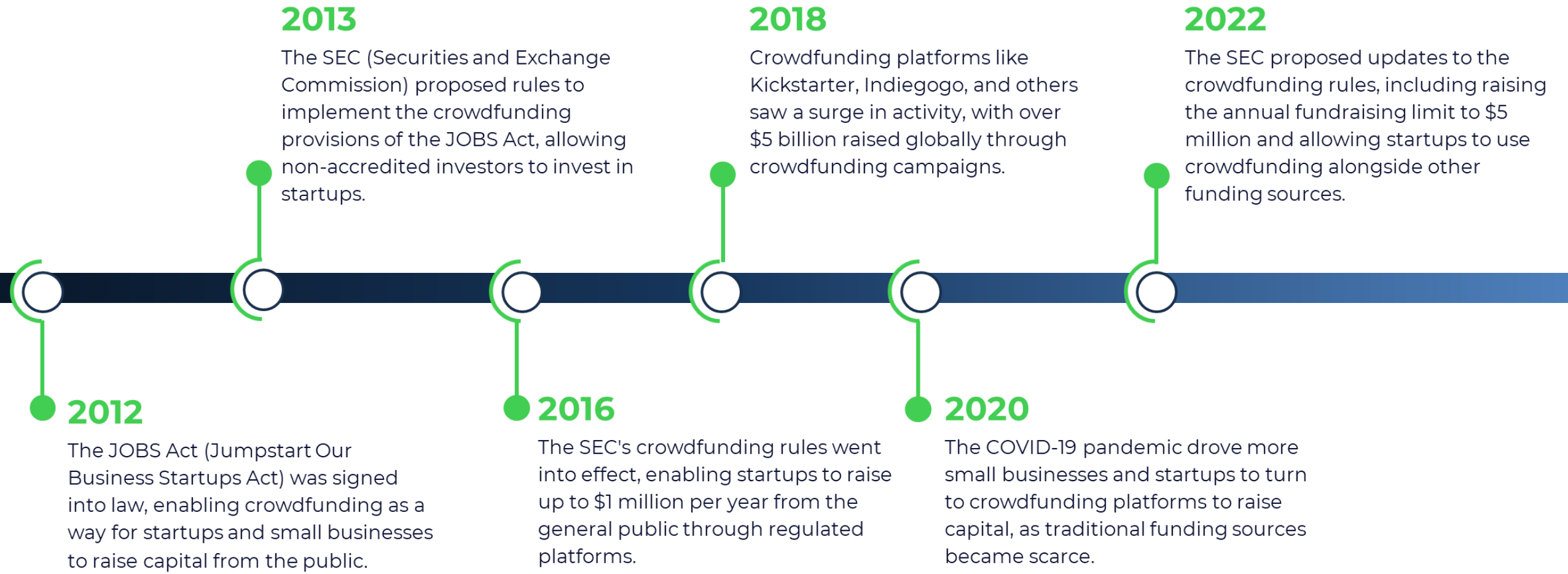


Investor Appetite

There has been a growing appetite among institutional investors for private market investments, driven by the potential for higher returns and diversification benefits.

The recent performance of private and public markets highlights the potential advantages of a balanced investment portfolio that includes both private and public market exposures.

Crowdfunding and the JOBS Act of 2012

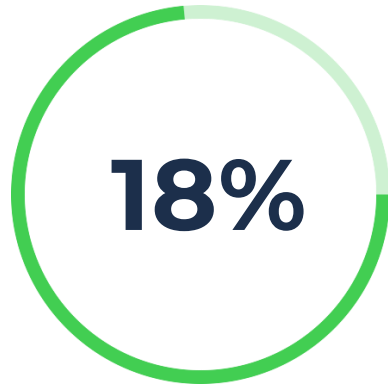


Private Markets vs Other Investments

Average Annual Returns (2010-2020)



Private Equity



Venture Capital



Public Equities
(S&P 500)



Real Estate



Successful Private Market Investments



Airbnb



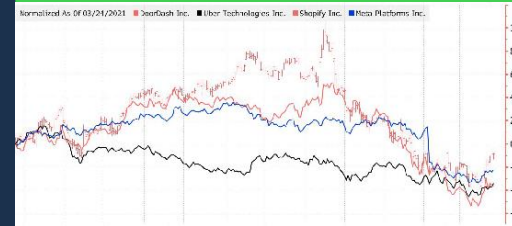
Airbnb, a private accommodation rental platform, has seen significant growth and outperformed its public competitor Expedia in terms of market valuation and user adoption.

SpaceX



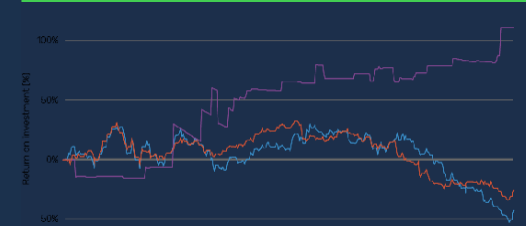
SpaceX, a private space exploration company, has made rapid advancements in reusable rocket technology and successfully launched numerous missions, surpassing the performance of public aerospace companies.

Instacart



Instacart, a private on-demand grocery delivery service, has experienced rapid growth in user base and revenue, outpacing the performance of public competitors like Uber Eats and GrubHub.

Stripe



Stripe, a private financial technology company, has revolutionized online payments and processing, outperforming public payment processors like PayPal in terms of innovation and market share.

Regulatory Changes and Investor Access



JOBS Act Provision Overview

- The Jumpstart Our Business Startups (JOBS) Act enacted in 2012 introduced several provisions to facilitate capital raising and investor access to private companies, including Regulation A+ for public offerings, Regulation Crowdfunding, and expanded accredited investor definitions.

Increased Access to Private Company Investments

- The JOBS Act has enabled more investors, including non-accredited investors, to participate in private company funding rounds and access alternative investment opportunities previously reserved for institutional and high-net-worth investors.



Expansion of Accredited Investor Definition

- The Securities and Exchange Commission (SEC) has expanded the accredited investor definition to include additional criteria beyond just high-net-worth and high-income thresholds, allowing more individuals to qualify and invest in private markets.

Impact on Private Market Performance

- The increased investor access facilitated by the JOBS Act has contributed to the significant growth and outperformance of the private markets relative to the public markets in recent years, as more capital has flowed into private companies.

Risks and Considerations



Illiquidity Risk

Private market investments often have limited secondary markets, making it difficult to exit positions quickly or at desired prices.



Valuation Challenges

Valuing private market assets can be complex due to the lack of publicly available information and market pricing, leading to potential mispricing.



Information Asymmetry

Private market investors may have limited access to information compared to public markets, creating an information disadvantage.



Manager Selection Risk

The performance of private market investments is heavily dependent on the skill and expertise of the fund managers, increasing the importance of rigorous due diligence.



Regulatory Oversight

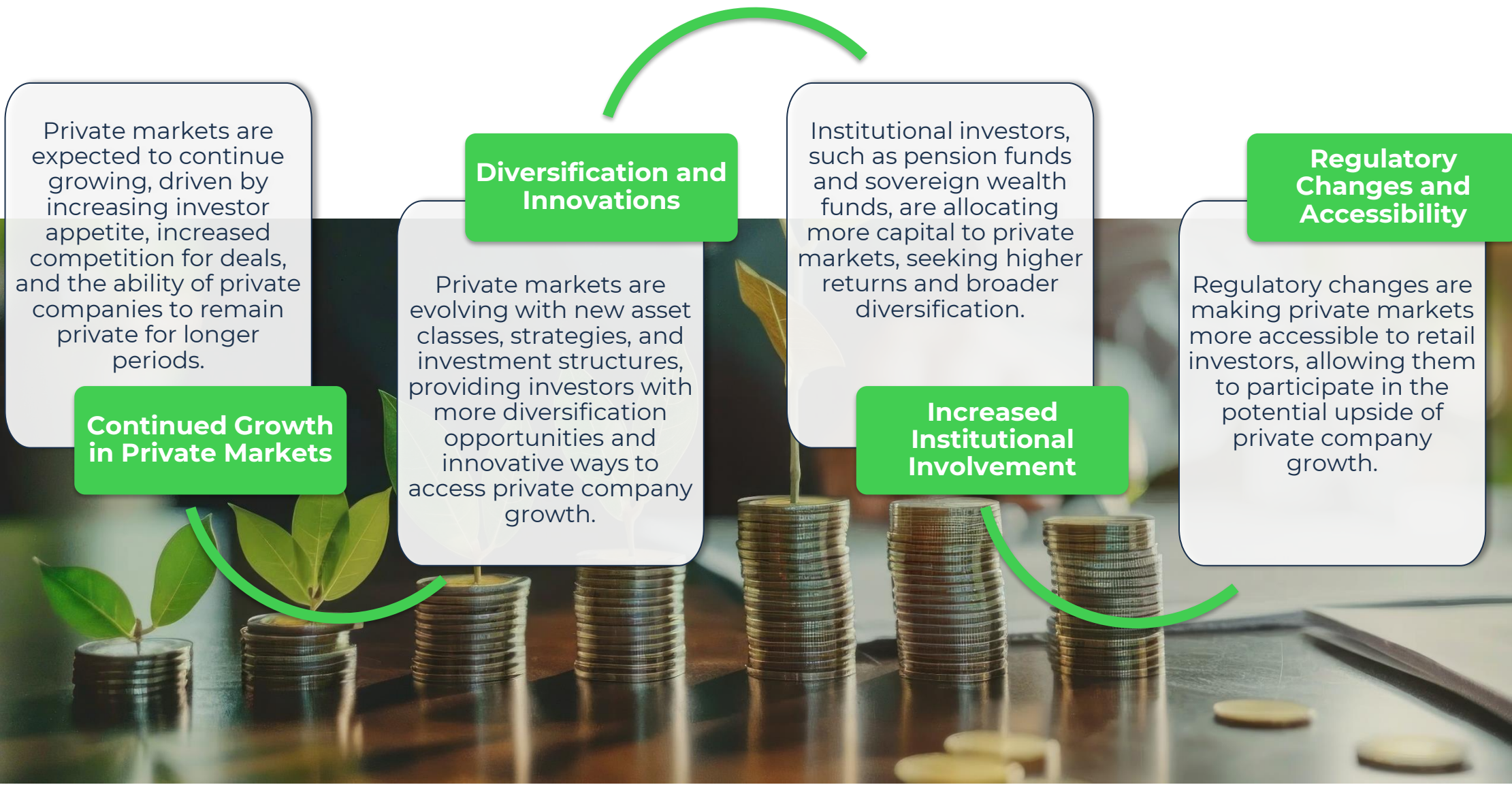
Private markets are often subject to less regulatory oversight than public markets, which can increase risks for investors.



Concentration Risk

Private market investments have a more concentrated portfolio compared to public market investments, which can amplify the impact of individual investment performance.

The Future of Private Markets





Let Spark Market empower your financial future with investment opportunities in new businesses you can be passionate about.

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