

Unlocking Private Asset Insights with PEARL

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Private Assets in Isolation

Key Challenges

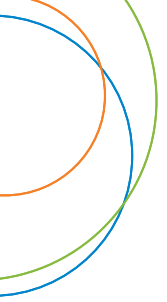
- Time-weighted return
 - Assumes cash flow discretion of asset owner
 - Requires regular valuations
- Public liquid index as benchmark
 - Neutral investment universe not available
- ABOR vs IBOR
 - ABOR may be used for whole-of-fund, but IBOR is best for private assets in isolation

Challenges

(Timing of) **Cash flows** are not at the discretion of the asset owner

How to quantify ex-post **alpha**

Valuation of assets may be infrequent, inaccurate and/or late



Late Valuations

ABOR vs IBOR

Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	30/09/2025	£2.4m



Late Valuations

ABOR vs IBOR

Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	30/09/2025	£2.4m
Infra Fund A	31/01/2026	30/09/2025	£2.42m



Late Valuations

ABOR vs IBOR

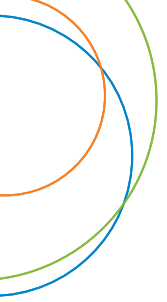
Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	30/09/2025	£2.4m
Infra Fund A	31/01/2026	30/09/2025	£2.42m
Infra Fund A	28/02/2026	30/09/2025	£2.43m
Infra Fund A	31/03/2026	30/09/2025	£2.49m



Late Valuations

ABOR vs IBOR

Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	30/09/2025	£2.4m
Infra Fund A	31/01/2026	30/09/2025	£2.42m
Infra Fund A	28/02/2026	30/09/2025	£2.43m
Infra Fund A	31/03/2026	30/09/2025	£2.49m
Infra Fund A	30/04/2026	31/12/2025	£3.1m



Late Valuations

ABOR vs IBOR

Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	30/09/2025	£2.4m
Infra Fund A	31/01/2026	30/09/2025	£2.42m
Infra Fund A	28/02/2026	30/09/2025	£2.43m
Infra Fund A	31/03/2026	30/09/2025	£2.49m
Infra Fund A	30/04/2026	31/12/2025	£3.1m





Late Valuations

ABOR vs IBOR

Private Investment	Date	Valuation Date	Valuation
Infra Fund A	31/12/2025	31/12/2025	£3.1m
Infra Fund A	31/01/2026	31/12/2025	£3.12m
Infra Fund A	28/02/2026	31/12/2025	£3.13m
Infra Fund A	31/03/2026	31/12/2025	£3.19m
Infra Fund A	30/04/2026	31/12/2025	£3.2m



Private Assets in Isolation

Solutions

- Money-weighted return (IRR)
 - Takes into account size and timing of cash flows
 - Independent of intermediate valuations
- Private market multiples
 - DPI: Distributed to paid-in-capital
 - RVPI: Residual value to paid-in-capital
 - TVPI: Total value to paid-in-capital

$$D/P I_{i,[1,T]}^P := \frac{DISTR_{i,[1,T]}^P}{PIC_{i,[1,T]}^P}$$

$$RV/P I_{i,[1,T]}^P := \frac{MV_{i,[1,T]}^P}{PIC_{i,[1,T]}^P}$$

$$TV/P I_{i,[1,T]}^P = D/P I_{i,[1,T]}^P + RV/P I_{i,[1,T]}^P$$


Private Assets in Isolation

IRR and Multiples in Attributions


- PEARL 9.4.1: IRRs and Private Market Multiples are available in attribution reports
 - Greater flexibility with groupings:
 - Group by Manager
 - Alternative strategy grouping
 - Vintage year












ATTR: IRR

Fund F002 Pension Fund, Alternative Investments, IRR in Attributions
Monetary values times 1,000,000

Segment Alternative Investments 

Currency EUR Euro

IRR  Select measures

	Description	Ccy	Market Value	IRR	DPI	RVPI	TVPI
 	Alternative Investments	EUR	3,495.22	0.45%	-0.00	1.00	1.00
 	Listed Assets	EUR	938.73	0.81%	-0.00	1.01	1.01
	Listed Real Estate	EUR	938.73	0.81%	-0.00	1.01	1.01
 	Unlisted Assets	EUR	2,556.49	0.31%	-0.00	1.00	1.00
	Hedge Funds	EUR	588.95	-0.21%	-0.00	1.00	1.00
	Infrastructure	EUR	72.16	0.43%	-0.00	1.01	1.00
	Private Equity	EUR	821.81	0.98%	-0.00	1.01	1.01
	Unlisted Real Estate	EUR	1,073.57	0.08%	0.00	1.00	1.00

Private Assets in Whole-of-fund

Key Challenges

- Benchmarking:
 - Public listed index as benchmark
 - Neutral investment universe not available
 - Choosing appropriate risk/return characteristics
 - Private Equity → MSCI World
 - Opportunity Cost (Funding Cost)
 - Blend of listed public indices
 - Infrastructure:
 - 25% Domestic Equities
 - 25% International Equities
 - 50% Sovereign Fixed Income
 - Illiquidity Premium
 - Use *index plus spread* in PEARL
 - Illiquidity Allocation Impact
 - Assign portfolio weights to unlisted assets



Can be added as a **Decision** in Decision-based Attribution



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Can be added as a **Decision** in Decision-based Attribution



Client Success Stories

ABOR and IBOR Datasets

- Two book-of-record datasets delivered to PEARL:
 - ABOR: valuations are not backdated → official performance + attribution
 - IBOR: valuations (for unlisted assets) are backdated
- ABOR vs IBOR:
 - Performance is calculated using both datasets
 - IBOR Fund Structures used for manager performance evaluation
 - ABOR Fund Structures used for total fund (official) performance and all attribution analyses
- Possible Extensions:
 - Measure impact on:
 - Currency Overlay decisions
 - Asset Allocation & Rebalancing
 - Other fund-level decisions



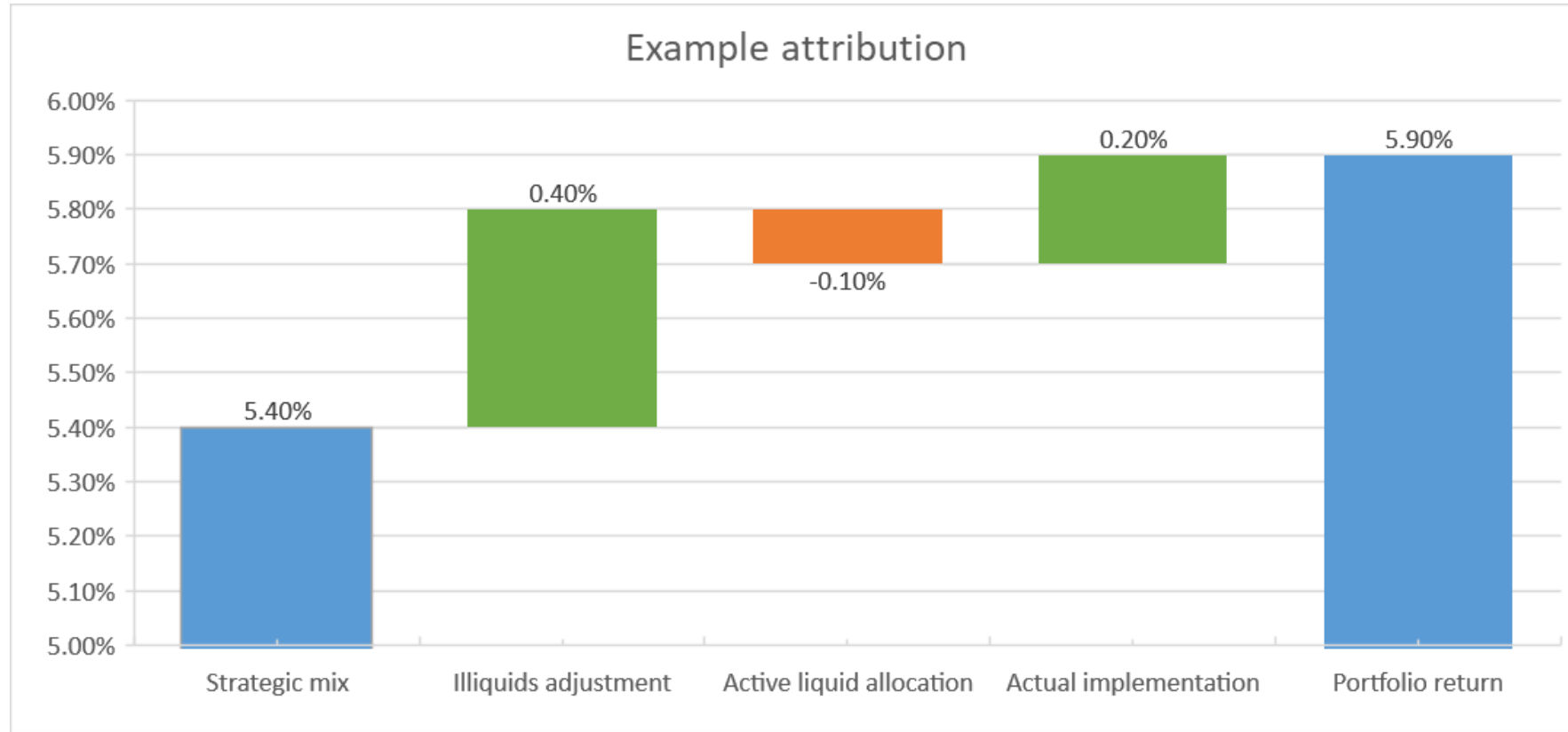
Client Success Stories

Proxy Rebalancing

- Define a set of proxy rules for rebalancing unlisted assets. For example:
 - Infrastructure:
 - 25% Domestic Equities
 - 25% International Equities
 - 50% Sovereign Fixed Income
- Create an adjusted Strategic Benchmark where unlisted asset classes are set to portfolio weight
 - Any over/underweight compared to Strategic Benchmark is offset in the listed asset classes using proxy rules

Client Success Stories

Proxy Rebalancing

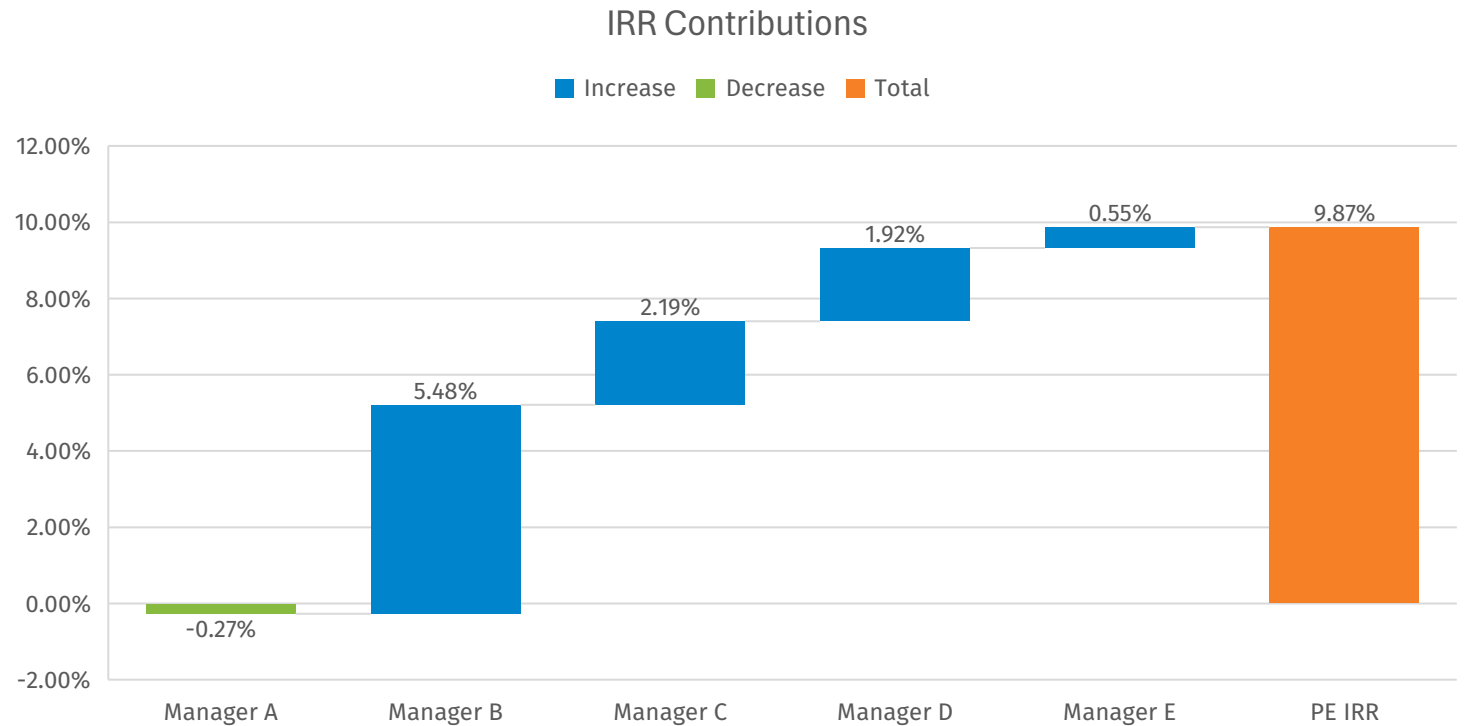


Client Success Stories

IRR Contributions

$$W_A^{PnL} = \frac{PnL_A}{PnL_{PE}}$$

$$IRR_A^{CB} = W_A^{PnL} \times IRR_{PE}$$





Future Extensions

We want your input!

- Valuation Timing Effect
 - Native support for loading both backdated and non-backdated valuations for a particular portfolio/security
 - Quantify impact of each valuation methodology with PEARL analytics:
 - Currency Attribution
 - Decision-based Attribution
 - Official performance
- Additional private asset data in PEARL
 - Cash flows: Different types of cash flows such as capital calls, distributions, return of capital called, management fees, admin fees, performance fees
 - Commitment: Loading commitments in PEARL to see total committed capital per asset class



Future Extensions

We want your input!

- Additional Reporting Metrics / Charts:
 - J-curve charts
 - Additional cash flow breakdown
 - Detailed fee analysis and impact
- IRR Contributions
- Private Equity Attribution model
 - Understand key drivers of Private Equity asset class returns against a universe of private equity funds
 - Add strategic allocations to strategy and region
 - Evaluate true manager alpha