



Finding & Vetting
Investments:
Private Equity &
Venture Capital



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All information and materials are for **educational purposes only**. All parties are encouraged to consult with their attorneys, accountants and financial advisors before entering any type of investment.

Today's *Agenda*

- ❖ Understanding Private Equity & Venture Capital
- ❖ Finding Investment Opportunities
- ❖ Vetting Investments
- ❖ Aligning Investments with Your Goals
- ❖ Learning How to Invest in an IRA





Meet *Your Host*



Rachel Stolrow



7 Years at Entrust



Educates investors and professionals on tax-preferred retirement accounts



Empowers investors with the essential tools to make informed decisions in alternative investments



About Entrust



Self-Directed IRA Administrators



Knowledgeable Staff with
CISP Certifications



Monthly Educational Webinars



Annual IRA Academy





About Entrust



\$5B

Assets Under
Administration



45k

Investors
Empowered



40

Years of
Service



1

Point of
Contact

Let's Take a Poll

What is your biggest hurdle in private equity and venture capital?

Finding investments

Investments have poor liquidity

Learning how to invest with an IRA

Investment minimums are too high

Market conditions like material costs or high interest rates

Verifying legitimacy of investments with proper due diligence





Mid Atlantic

**Finding and Vetting
Investments: Private Equity
and Venture Capital**

Introduction to Mid Atlantic Secured Income Fund

Mid Atlantic Secured Income Fund LLC is a private debt fund specializing in real estate secured loans. We raise capital from individual investors, financial institutions, and corporate entities to fund short-term, first-position mortgage loans for new construction, renovation, and redevelopment projects. Our approach provides investors with secure, collateralized investments while supporting local businesses and housing opportunities. We also offer small business growth and mergers consulting.

Based in Atlanta, GA since 2010, we have financed over 500 properties across Georgia and the Mid-Atlantic region. Our team has over 60 years of expertise in lending and risk management from top financial and real estate firms.



Our Leadership Team



Nathan Larsen

Chief Investment Officer



Josh Bennett

Director of Accounting



Andrew Montoya

Director of Strategic Partnerships



Michelle Abernathy

Director of Operations



Purpose and Goals of the Webinar

Purpose:

- Educate investors on the fundamentals of Private Equity (PE) and Venture Capital (VC) investments.
- Provide practical guidance on finding, vetting, and aligning these investments with individual financial goals.

Goals:

- Understand the key characteristics and stages of PE and VC investments.
- Learn how to identify and evaluate potential investment opportunities.
- Explore structuring options such as LLCs and the implications of Unrelated Business Income Tax (UBIT).
- Develop strategies to diversify investment portfolios and achieve desired financial outcomes.

Understanding Private Equity (PE) and Venture Capital (VC)

What is Private Equity (PE)?

Definition:

Private equity involves investing in private companies not offering stock to the general public. These investments are made by specialized investment funds and limited partnerships.



Key Characteristics:

- Focuses on mature, established companies.
- Involves significant capital investment.
- Aims to improve operational efficiency and profitability.



Typical Investment Stages and Types:

- Buyouts: Acquiring controlling interest or 100% ownership.
- Growth Capital: Financing expansion and new product development.

What is Venture Capital (VC)?

Definition:

Venture capital involves investing in early-stage startups and small businesses with high growth potential. These investments are typically made by venture capital funds and angel investors.



Key Characteristics:

- Targets early-stage startups in sectors like technology, biotechnology, and clean technology.
- Involves smaller investment amounts compared to PE.
- Focuses on high growth potential but carries higher risk.



Typical Investment Stages and Types:

- **Seed Stage:** Initial funding for startup development.
- **Early-Stage:** Funding for product development and market entry.
- **Late-Stage:** Funding for scaling and expanding operations.

Finding PE and VC Investment Opportunities

Research and Resources

Finding PE and VC Investment Opportunities

Investing in private equity (PE) and venture capital (VC) can be highly rewarding, but it requires diligent research and the use of various resources to identify the best opportunities. Here's a comprehensive guide to proven methods and resources for finding these types of investments.



- 1. Online Platforms and Databases**
- 2. Networking and Industry Events**
- 3. Financial Advisors**
- 4. IRA / investment Custodians**

Identifying Potential Investments

Finding the right investment opportunities in private equity (PE) and venture capital (VC) requires a thorough understanding of industry trends and a detailed evaluation of individual companies. We aim to guide you through the essential aspects of identifying promising investments by examining market research reports, sector-specific analyses, financial statements, key performance indicators (KPIs), management team assessments, and competitive landscapes.

01.

Industry Trends and Sectors

02.

Company Profiles and Performance Metrics



Vetting PE and VC Investments

Due Diligence Process

01.

Assessing the Management Team:

Evaluate the experience, track record, and capabilities of the company's leadership. A strong management team is crucial for executing the business plan and driving growth, ensuring the company can meet its strategic objectives.

02.

Financial Performance and Projections:

Analyze past financial performance and future projections through income statements, balance sheets, and cash flow statements. Understanding the financial health and growth potential of a company is key to making informed investment decisions.

03.

Market Potential and Competitive Landscape:

Assess the company's market potential and competitive position. Analyze industry trends, market size, and the competitive landscape to determine the company's ability to sustain growth and achieve a competitive advantage.

Key Questions and Criteria for Evaluating Investments

- Assess if the business is profitable and for how long.
- Evaluate if the cash flow is positive or if they are burning cash, and at what rate.
- Determine if there is a clear path from your investment to additional revenue.

Understanding Targeted Returns vs Preferred Rates

Targeted Returns are NOT what you will make and are NOT Fixed (contractual) Returns

- Preferred Rate (Pref) vs. Targeted Returns
- Investing vs. Speculation
- Volatility and Liquidity in retirement planning
- Lock up periods and what they mean to your plan and RMD's



Simplicity rules the day

Can you explain the business to a 10-year-old in 1 minute?

Complexity makes a business even more difficult to run.

Aligning PE/VC Investments with Your Goals

Setting Investment Goals

Short-term vs. Long-term Objectives:

Short-term Objectives:

These might include liquidity needs, specific upcoming expenses, or short-term growth targets.

PE and VC investments typically do not align with short-term goals due to their longer investment horizons and illiquidity.

Long-term Objectives:

These often involve retirement planning, wealth accumulation, or long-term financial security.

PE and VC investments are well-suited for long-term goals as they generally require a holding period of 5-10 years or more and offer the potential for significant returns.



1. High Risk Tolerance

2. Moderate to Low Risk Tolerance

Evaluating Potential Investments

Investment Vehicles:

Investment types are often referred to as 'Vehicles' because they are means to achieve financial goals, just like vehicles transport you to a destination.

The “Shark Tank Dilemma”:

Not Mr. Wonderful: Sharks take huge risks diversified over many businesses, knowing most will fail. They expect to be active participants, adding instant value through name, expertise, and contacts. Sharks invest business capital, not retirement funds.



- 1. Investment Vehicles**
- 2. The "Shark Tank Dilemma"**

Fixed Income Private Debt Investing

Fixed income private debt investments involve lending capital to businesses or real estate projects in exchange for regular interest payments and the return of principal at maturity. These investments typically offer higher yields than traditional fixed income securities, such as government or corporate bonds, due to the increased risk and lower liquidity.

Likely Outcomes

01.

Fixed income private debt investments can provide a steady stream of income, making them suitable for income-focused investors.

02.

These investments can also enhance overall portfolio stability by reducing exposure to the volatility associated with equity markets and PE/VC investments.



Where do Your Goals Align?

Comparing 3 Private Investment Options

Investment Attributes

Risk Level:

Expected Returns:

Income/ Distribution Levels:

Income/Return Timing:

Income Type:

Tax Documentation:

Growth Level:

Time Commitment:

Lock-Up Period:

Liquidity Options:

Initial Ongoing Involvement:

Exit Strategy:

Venture Capital

Extreme

0%-200%

None

All at exit/ termination

Capital Gain

K-1 On form 1065

High

7 to 10 Years

Entire Investment Cycle

No Early Withdrawals

High Research/ High Ongoing

IPO, Merger, Restructure, Sale

Private Equity

Moderate

7%-14%

Low

Split Annually & at Exit

Capital Gain

Capital Gain K-1 w/ form 1065

Moderate

5 to 7 Years

3 to 5 Years

Occasionally W/ Penalties

High Research/ Min. Ongoing

Sale of Company or Project

Private Capital (Debt)

Low

8%-12%

High

Even Throughout

Interest or Dividend Income

Form 1099

Low

90 Days to 5 years

Typically 12 Years

Usually W/ 90 Days Notice

Moderate Research/ No Ongoing

Defined Maturity Term

Get in Touch with Us

We appreciate your interest in Mid Atlantic Secured Income Fund. Whether you have questions about our investment opportunities, need further information, or want to discuss your investment strategy, we are here to help.

Contact Information:

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How it Works in an IRA



What is a Self-Directed IRA?

A retirement account in which the individual is in charge of making all investment decisions



What is a Self-Directed IRA?

Greater opportunity for
asset diversification outside
of traditional stocks, bonds,
and mutual funds



What is a Self-Directed IRA?

All securities and investments are held in a retirement account administered by a regulated custodian or trustee, following Internal Revenue Codes





Getting Started in 3 steps





Getting Started in 3 steps



Open an
Entrust Account



Getting Started in 3 steps



**Open an
Entrust Account**

**Fund Your
Account**



Getting Started in 3 steps



**Open an
Entrust Account**

**Fund Your
Account**

**Purchase Your
Asset**

Let's Wrap Up





What's **Next?**

Join Us for July's Webinar: Investing in Self-Storage With Your IRA

Register today!

Have feedback or new topic requests?

Please let us know in the brief survey as you leave





What's Next?

Need more information on SDIRAs?

Visit our website and Learning Center

Follow us on social media for updates



One **More** Poll

Do you feel more confident in private equity and venture capital investing?

Yes

No, I still need help understanding

- Please submit questions in Q&A chat





Question & Answer Session






Stay Connected



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“

Learning gives CREATIVITY

Creativity leads to THINKING

Thinking provides KNOWLEDGE

Knowledge makes you GREAT

- Abdul Kalam

