## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>xi</td>
</tr>
<tr>
<td>Preface</td>
<td>xvii</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>xxii</td>
</tr>
<tr>
<td>How to Use This Book</td>
<td>xxiii</td>
</tr>
<tr>
<td>About the Authors</td>
<td>xxv</td>
</tr>
</tbody>
</table>

### PART ONE

**Setting the Foundation**

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 1 Background</td>
<td>3</td>
</tr>
<tr>
<td>CHAPTER 2 Private Equity Perspectives</td>
<td>13</td>
</tr>
<tr>
<td>CHAPTER 3 Managing the Investment Process</td>
<td>29</td>
</tr>
<tr>
<td>CHAPTER 4 Capturing a Portfolio</td>
<td>51</td>
</tr>
<tr>
<td>CHAPTER 5 Tracking Portfolio Holdings</td>
<td>63</td>
</tr>
</tbody>
</table>
PART TWO
Measurements and Comparisons

CHAPTER 6
Standard Measures 79

CHAPTER 7
The IRR 89

CHAPTER 8
Universe Comparisons 111

CHAPTER 9
Flawed Research Methodologies 129

CHAPTER 10
Visualizing Private Equity Performance 137

CHAPTER 11
The IRR and the Public Markets 153

PART THREE
Topics on Risk

CHAPTER 12
Performance Attribution 165

CHAPTER 13
The Concentration of Wealth 175

CHAPTER 14
The Diversification of Portfolios 185

CHAPTER 15
Cash Management Models 193
PART FOUR

Conclusions

CHAPTER 16
The Private Equity Professional 211

CHAPTER 17
Summary 217

APPENDIX A
Proposed Venture Capital Portfolio Valuation Guidelines 221

APPENDIX B
On-Site GP Audit Program Guide 223

APPENDIX C
Qualitative Due Diligence: Structured Interview 225

APPENDIX D
Qualitative Due Diligence: Structured Reference Calls 229

APPENDIX E
Request for Information (RFI) 231

APPENDIX F
Advanced Topics: Duration of Performance 235

APPENDIX G
Advanced Topics: Correlation and Opportunity Costs 239

APPENDIX H
Patent Summaries 249

References 253

Index 257