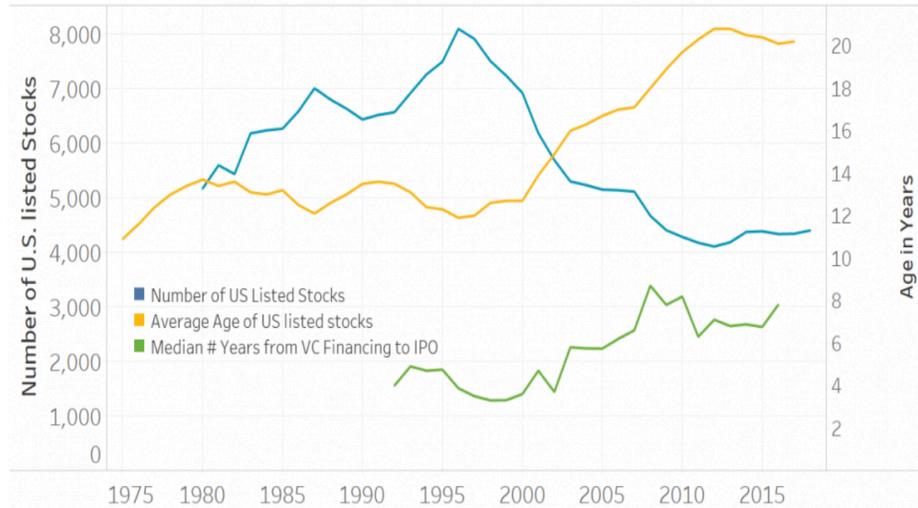


# We Are Thinking about ..... Pre-IPO Stocks

## Public vs. Private

It is becoming more important that a balanced portfolio get increased exposure to Private Capital markets. Why? ..... One driving reason is that the number of publicly listed companies in the US has declined nearly 50%, from 8,025 in 1996 to around 4,333<sup>1</sup>. In other words, the number of US publicly traded companies is shrinking; Yet, the markets continue to punch through to all-time highs with consolidation in value in fewer names, reducing investment opportunities for the average investor.

Key Trends: Public versus Private

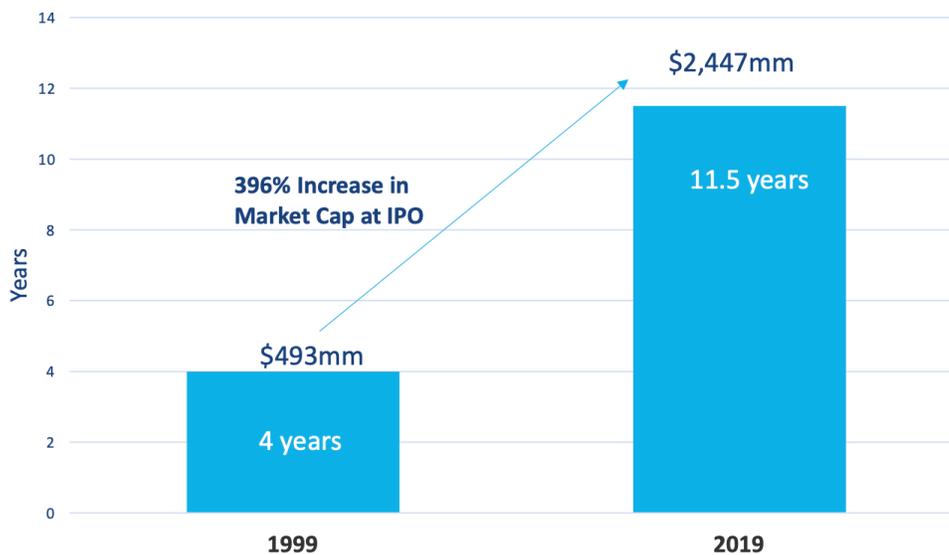


A reducing number of publicly traded US companies  
While the time to IPO of Private companies extends longer

## Growth in Private

Conversely, over the second half of this same time period, private companies are staying private on average three times longer<sup>ii</sup> and more recently exiting at an average valuation that is five times larger. So much of the growth which used to take place in the Public market, is now taking place in the Private!

Private Company: Median Age and Market Cap at IPO\*



Easier access to Private Capital allows companies to stay private longer  
That can mean Value builds higher before IPO

\* (Reflects larger private market, not fund holdings)

# We Are Thinking about ..... Pre-IPO Stocks

## Three Approaches to Participate

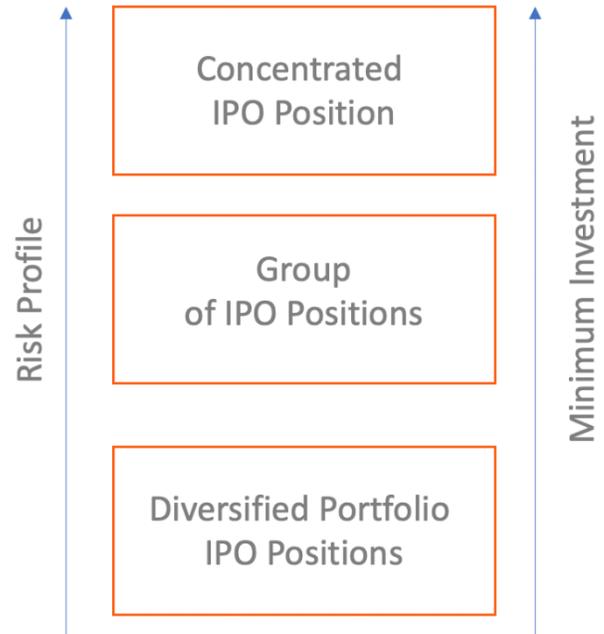
Given the increasing interest in pre-IPO stocks, Silicon Private Wealth (“SPW”) has developed three ways our clients may gain access (depending upon the circumstances and market conditions).

SPW has identified a suite of vendors who may be in a position to obtain access to select venture-backed, pre-IPO stocks. As an example, we were able to acquire pre-IPO shares in Palantir for a current client.

Additionally, our sister firm, Viant Capital, has the ability and experience to put together special purpose vehicles to acquire stock in five or six pre-IPO companies and offer units in the partnership to our qualified clients. This is an excellent way to get exposure to a select group of companies.

There is also an ability to participate in a fund with lower minimums (i.e., a Delaware statutory trust) specializing in a broader array of late-stage venture-backed private companies which may provide for limited, periodic liquidity, pursuant to the terms and limitations of the prospectus.

### Concept: Three Approaches to Participate



## So, What Are the Next Steps?

We love educating our clients and discussing new ways to think about the age-old challenge of balancing potential reward with risk. So, if the idea of adding an exposure of pre-IPO stock to your portfolio intrigues you and you would like to take a deeper dive to understand both the benefits and risks, please reach out and call us. All our contact information is at:

<https://www.siliconprivatewealth.com>

Sources: Yahoo News, McKinsey & Company, Nasdaq Inc. Statistics, Jay R. Ritter, University of Florida, March 18, 2020

<https://www.yahoo.com/news/jp-startup-public-companies-fewer-000000709.html>

<https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/grow-fast-or-die-slow-why-unicorns-are-staying-private>

Private company stock, whether venture backed or not, involve a high level of risk, and an investor could endure substantial losses investing in the asset class; in the event of individual equities, there is the potential to lose one’s entire investment. This is not an offer to sell a security, and investors should read any associated prospectuses or offering memorandums with care, particularly with note to liquidity. Past performance is not a guarantee of future results. Terms and conditions are subject to change without notice.

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