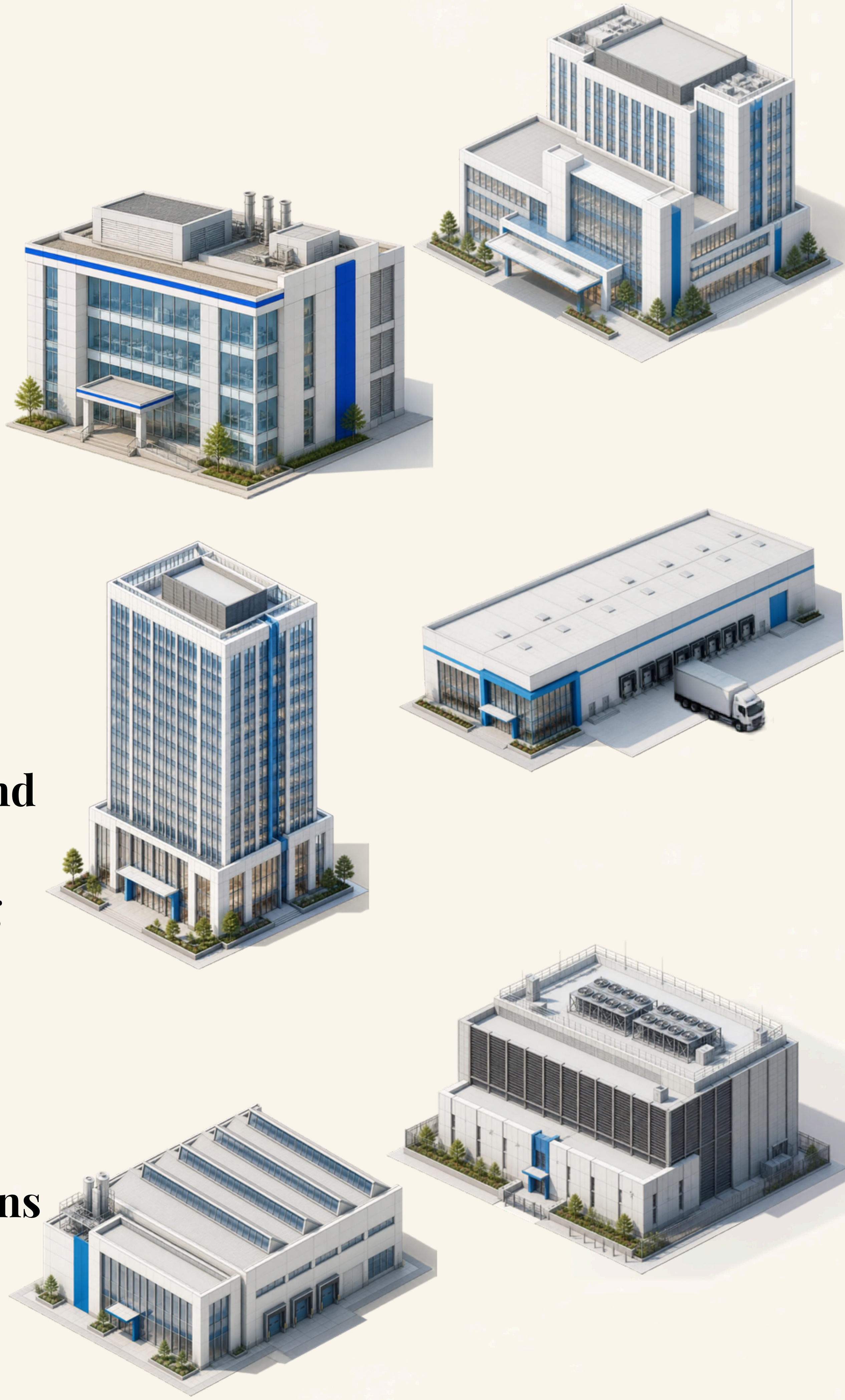
FINANCE EXPLAINED

You probably used a Private Equity-backed business today.

Most people don't even realise it.

FINANCE EXPLAINED

Private Equity doesn't build businesses.
It buys them.



Private Equity firms invest in established companies across industries, not startups.

They acquire businesses in healthcare, retail, logistics, manufacturing, technology, and more, then work to grow their value before eventually selling them.

Chances are, you have already interacted with one today without ever knowing who owns it.

FINANCE EXPLAINED

Every Private Equity fund has two key players.

One provides the money. The other puts it to work.
Together, they buy, improve, and eventually sell businesses.

Limited Partners (LPs)

Provide the capital

- Pension Funds
- Insurance Companies
- University Endowments
- Sovereign Wealth Funds
- Family Offices

Passive investors

General Partners (LPs)

Manage the fund

- Find companies
- Buy businesses
- Improve operations
- Sell at a profit

Active managers

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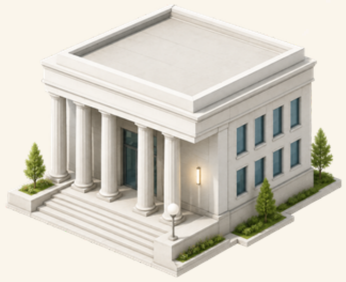
FINANCE EXPLAINED

Every Private Equity fund follows the same playbook.

From raising capital to exiting an investment, every fund follows a repeatable four-step process.



01 Raise Capital

General Partners raise money from institutional investors such as pension funds, insurance companies and endowments.

02 Buy Companies

The fund acquires established businesses with the potential to grow.

03 Improve the Business

Increase revenue, cut costs, expand into new markets, and make the company more valuable.

04 Exit

Sell the business or take it public, then return profits to investors.

Typical fund life: 7–10 years

FINANCE EXPLAINED

How do they buy billion-dollar companies?

They don't use only their own money.

INVESTOR CAPITAL
30%

BANK DEBT
70%

COMPANY BEING ACQUIRED

Company generates cash flow

Debt gets paid back over time

This strategy is called a **Leveraged Buyout (LBO).**
It allows firms to acquire large companies using a mix of equity and borrowed money.

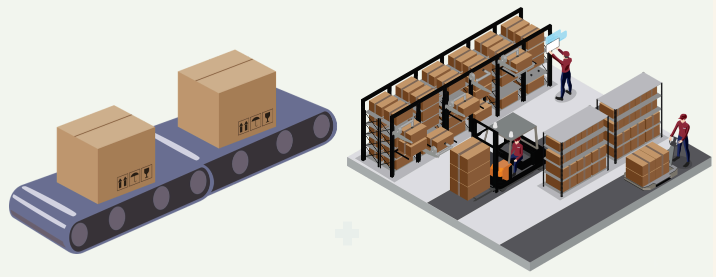
FINANCE EXPLAINED

Buying a company is just the beginning.

The real value is created after the acquisition.

Private Equity firms actively improve businesses before selling them.

Increase Revenue



Improve Operations

Upgrade Technology

Align Management

**The goal isn't just to own a company.
It's to make it more valuable.**

FINANCE EXPLAINED

Higher returns usually come with higher risk.

Private Equity uses debt to amplify returns, but too much debt can put a business under pressure.

Higher Return Potential

- Amplified returns through leverage
- Operational improvements
- Long-term value creation

📈 Potential Reward

Higher Financial Risk

- Interest rates rise
- Cash flow slows
- Debt becomes expensive
- Businesses struggle to repay loans

⚠️ Potential Risk

Leverage can amplify gains, but it can also magnify losses.

FINANCE EXPLAINED

Why do investors still choose Private Equity?

Because they are willing to lock their money away for the chance of earning higher long-term returns.

Public Markets	VS	Private Equity
Buy shares		Own private businesses
Daily liquidity		Capital locked for years
Moderate returns		Higher return potential
Higher short-term volatility		Active ownership

Higher potential returns come at the cost of lower liquidity.

You have probably interacted with Private Equity today.

Most people don't realise how many everyday businesses have been backed by Private Equity.

Coffee

Cafés and coffee chains often receive PE investment to expand locations.

Shopping

Retail brands use PE funding to grow stores and improve operations.

Travel

Airlines, hotels and travel companies are common PE investments.

Healthcare

Hospitals and healthcare providers often use PE capital to expand.

Logistics

Warehousing and delivery networks are frequently PE-backed.

Technology

Software and tech companies often receive PE funding to scale.

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FINANCE EXPLAINED

Private Equity

It's about building better businesses.

Invest.

Invest capital in businesses.

↓

Improve.

Improve operations and create value.

↓

Exit.

Exit and return capital to investors.

That's the Private Equity playbook.

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