



CAZ INVESTMENTS

Access to Innovative Investing

YALE, ALPHA, AND ACCESS

Yale and Private Equity

The highly regarded Yale Endowment Fund (the “Fund”), has approximately \$8 Billion invested in private equity, representing roughly 32% of Yale’s total portfolio.

According to the Yale Endowment 2013 report:

“Private equity offers extremely attractive long-term risk-adjusted returns... Yale’s private equity program... is regarded as among the best in the institutional investment community and the University is frequently cited as a role model by other investors.... Investments are made with an eye toward long-term relationships...”

The Yale report states that since the Fund began utilizing private equity in 1973, the private equity program has earned ***an astounding 29.9% return per annum.***



How Yale Finds Alpha

“In asset classes such as venture capital and private equity, elite firms create a virtuous cycle in which investments success begets investment success. Because franchise firms have demonstrated exceptional judgment, strategic insight, and company-building skills, entrepreneurs and owner-managers seek to partner with them. Top-tier managers benefit from extraordinary deal flow, a stronger negotiating position, and superior access to capital markets, and thus are well positioned to outperform their peers.”

Because of elite firms' successes, their offerings are consistently oversubscribed which creates difficulty for new investors to gain access top managers. Yale quite plainly states, *"While alpha is not dead, opportunities to access it may not be available to all investors"*.

U.S. Private Equity and Venture Capital Index Returns (%)

Periods ending September 30, 2013

Index	YTD	1 Year	3 Year	5 Years	10 Years
USPE	13.3	17.2	15.7	11	14.2
USVC	14	15.1	14.4	7.5	8.6
Other Indices					
DJIA	17.6	15.6	14.9	9.9	7.7
NASDAQ	24.9	21	16.8	12.5	7.8

Cambridge Associates' data seems to back Yale's assertion that the ability to access top managers pays off.

Cambridge Associates LLC U.S. Private Equity Index indicates that *over the last 10 years the average private equity fund has almost doubled the performance of the S&P 500* during the same time frame (14.2% v 7.6%). Despite this impressive feat, the average US private equity fund still underperformed Yale's long term numbers utilizing top tier managers

When Analyzing Private Equity Investments

Yale looks for:

- Firms that pursue a value-added approach to investing
- Firms that work closely with portfolio companies to create fundamentally more valuable entities
- Funds that rely only secondarily on financial engineering to generate returns
- Firms that have a track record of success

Yale finds these firms through:

- Existing relationships, established over time
- Consultants that connect/analyze/recommend best of breed firms

Yale Endowment Fund Out Performs Most Individual Investors

Fortunately for Yale, but unfortunately for most investors, the Yale Endowment Fund has a few advantages over the typical high net-worth investor. Their approximate \$21 billion endowment allows them access to the most elite private equity managers; many requiring minimum investments of \$10 – 25 million per investment. Their long focus on the private equity sector means they have existing relationships with the most exclusive managers, many of which no longer accept new investors. Yale's investment process is exceedingly disciplined and they have consultants directing them to the best of breed management teams in the private equity space.

The Yale Endowment Fund report specifically addresses their advantage versus the typical investor, "Few institutions and even fewer individuals exhibit the ability and commit the resources to produce risk-adjusted excess returns."

Blocked Access for the High Net-Worth Investor

For a high net-worth investor to compete for access to the top tier private equity firms they would need to have started a decade or more ago, and committed a hundred million dollars or more to the private equity space over the course of time.

Incapable of turning back time, the typical high net-worth investor is left without many of the options that would add the kind of alpha Yale has experienced in its portfolios. Investors do not have the necessary access due to lack of pre-existing relationships with elite managers, minimum investment sizes that are too large for most portfolios, and lack of expertise or consultants who can properly advise them.



CAZ Investments Conduits

CAZ Investments has created a solution.

CAZ began investing in private equity more than a decade ago and has dedicated over \$300 million of our personal assets exclusively to the private equity sector. Our private equity investments are with many of the same private equity managers elite consultants recommend to their institutional clients. Our top tier managers are considered the best of breed in their respective categories with impressive returns comparable to the numbers touted by Yale's Endowment Fund.



CAZ Investments has designed exclusive conduit investment vehicles that give high net-worth investors access to the kind of managers that have been historically unavailable to them. Because of CAZ's pre-existing relationships with best of breed private equity investment management teams, high net-worth investors now have an in-road to the type of alpha often reserved for only large institutional investors. CAZ Investments' principals and shareholders are always co-invested in the vehicles and are frequently the largest investor. This alignment of interest creates an environment allowing us to focus exclusively on finding the best investment opportunities.

CAZ Investments provides:

- Exclusive access to conduit funds for High Net-Worth Investors
- The ability to join our institutional investment commitments to exceptional managers often unavailable to traditional investors
- Access to our pre-existing relationships with best of breed private equity investment management teams

High net-worth investors can now experience access to the same types of elite alpha-creating investments that have made Yale Endowment Fund the most recognized approach to investments in the industry.

To find out more about this opportunity and qualifications, please contact:

CAZ Investments

www.cazinvestments.com

Phone: (713) 403-8250 Toll free: (866) 726-4263

This presentation has been prepared solely for informational purposes and is not an offer to buy or sell, or a solicitation of an offer to buy or sell, interests or any other security or instrument or to participate in any trading strategy. The historical returns achieved by any investors referenced in this report do not represent a prediction or guarantee of future performance. CAZ Investments is not affiliated with Yale University; nor are its conduit vehicles invested alongside or in the Yale Endowment. CAZ has cited the performance of the Yale Endowment as a representative example of a large institutional investor with access to private equity management teams often unavailable to non-institutional investors.

Sources cited in this report were:

[2013 The Yale Endowment Annual Report](http://www.yale.edu), www.yale.edu

[U.S. Private Equity and Venture Capital Funds Earned Positive Returns for Q3 2013 and Improved on Their Q2 Results, According to Cambridge Associates](http://www.cambridgeassociates.com), www.cambridgeassociates.com