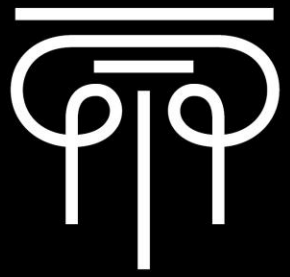
February 2025

Forget the gap – mind the private equity chasm in portfolios.

Ed Bigazzi
Managing Director & Portfolio Manager, Five V Capital (Sydney)



Portfolio Construction **Forum**

Forget the gap—

mind the private equity chasm in your portfolio

MIND THE CHASM [1/4]

Public markets dominate the headlines

but

the number of listed companies is shrinking, while **private markets keep expanding.**

MIND THE CHASM [2/4]

This **widening gap** means

investors risk missing the real opportunity: **private equity**.

MIND THE CHASM [3/4]

In the **mid-market**

outsized returns are being captured beyond the public eye,

inefficiencies abound & **hands-on value creation** thrive.

MIND THE CHASM [4/4]

If you're not allocating to **mid-market Australian private equity**,

you're not just missing a gap—

you’re missing the largest opportunity set in the market.

DRIVER #1

Mid-market private equity investing has been driven by

the **hollowing out of the listed company lower-middle class.**

1: ANECDOTALLY, COMPANIES ARE DEFERRING IPO

Employment Hero hits profitability, but steers clear of listing plans

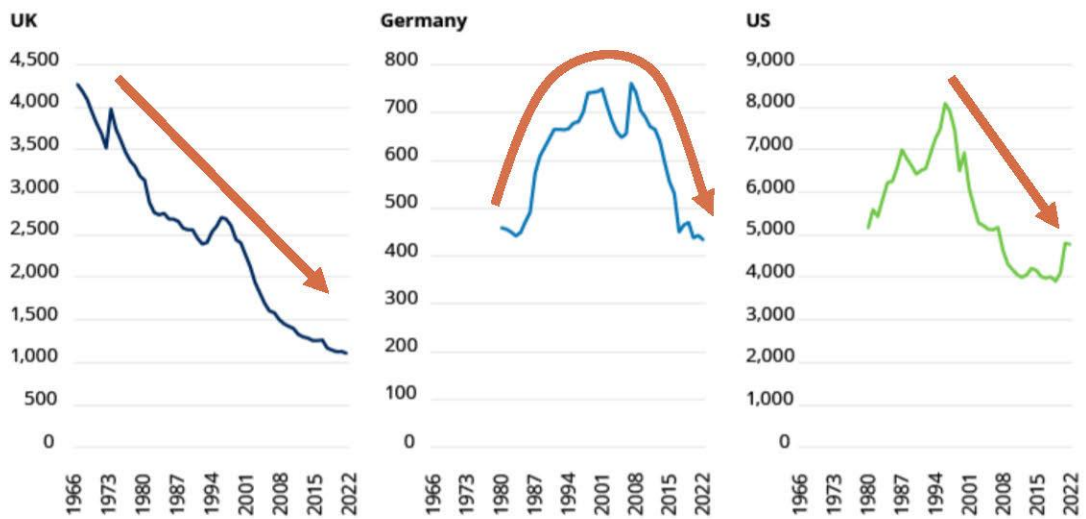
The chief executive of billion-dollar software start-up Employment Hero says he has no plans to take the company public despite annual revenues rising above key benchmarks that suggest it is ready for a listing.

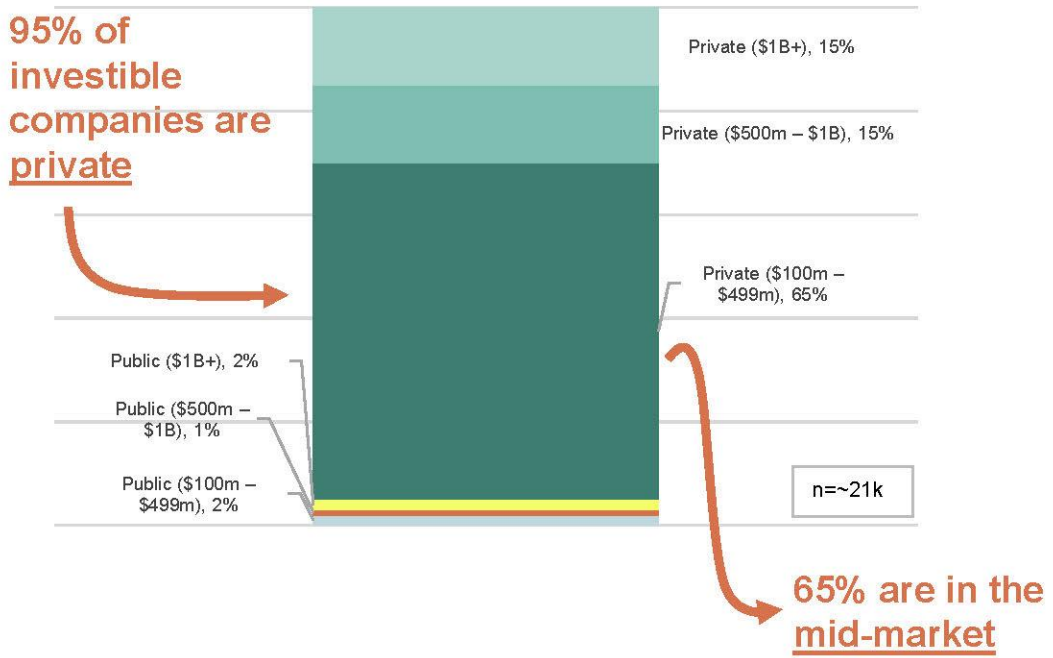
Ben Thompson said the human resources software firm had recorded its first profitable month in December, and annual recurring revenues – a preferred measure for subscription-based companies – had reached $250 million. Despite this, Mr Thompson said there were better options for Employment Hero's future than a listing on the ASX or Nasdaq.



Source: AFR online edition, 13 February 2025.

2: SHRINKING STOCK MARKETS AROUND THE WORLD





"It's not that America has 40% fewer companies than it did 30 years ago, it's that companies are increasingly staying private."

Source: Schroders research (https://www.schroders.com/en/global/individual/insights/how-should-investors-respond-to-the-stock-market-s-dwindling-status-/).

3: VALUE CREATION IS CONCENTRATED IN THE TOP FEW COMPANIES

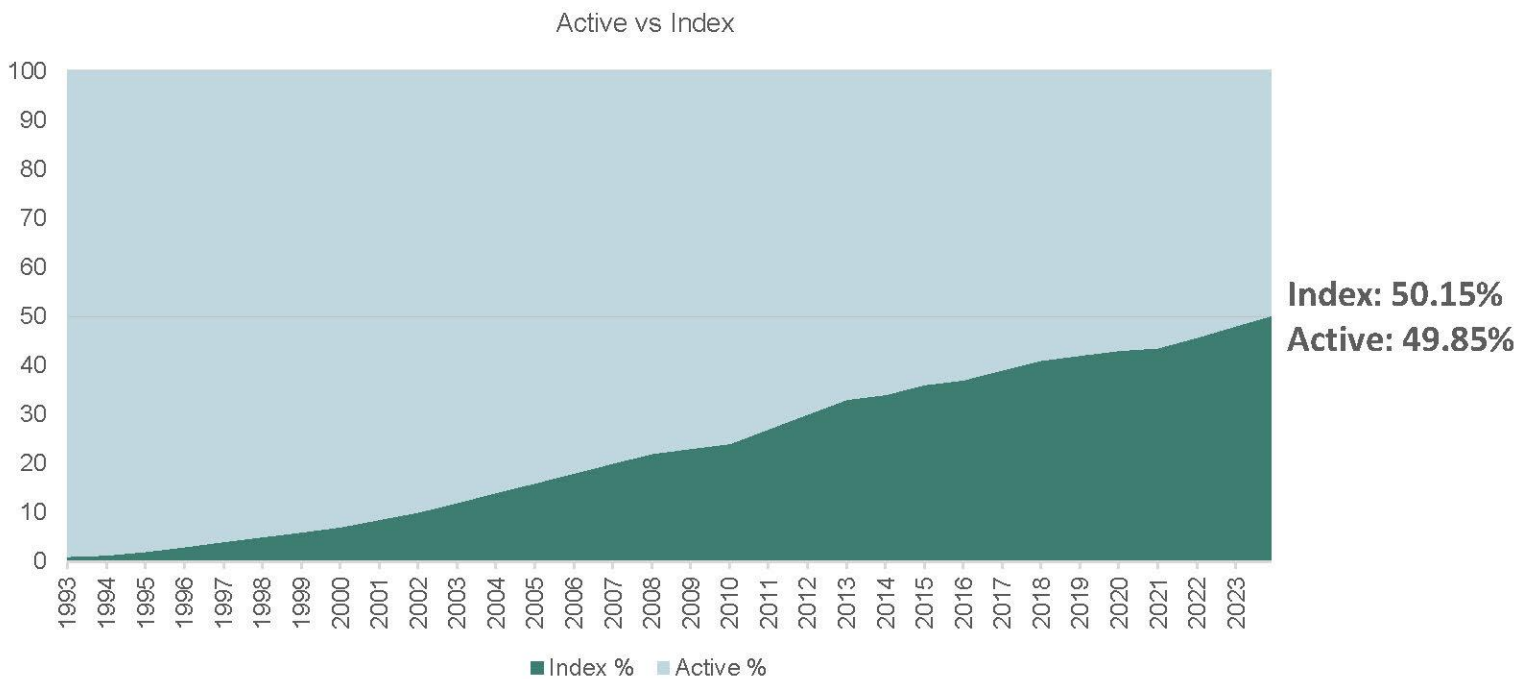


"The U.S. stock market is concentrated in a small number of stocks to a degree it has not been in roughly four decades."

Source: Goldman Sachs Insights, "Is the S&P500 too concentrated?", 21st March 2024.

4: HARDER THAN EVER TO BEAT THE INDEX

Explosive growth in index manager AUM (and its accelerating…)

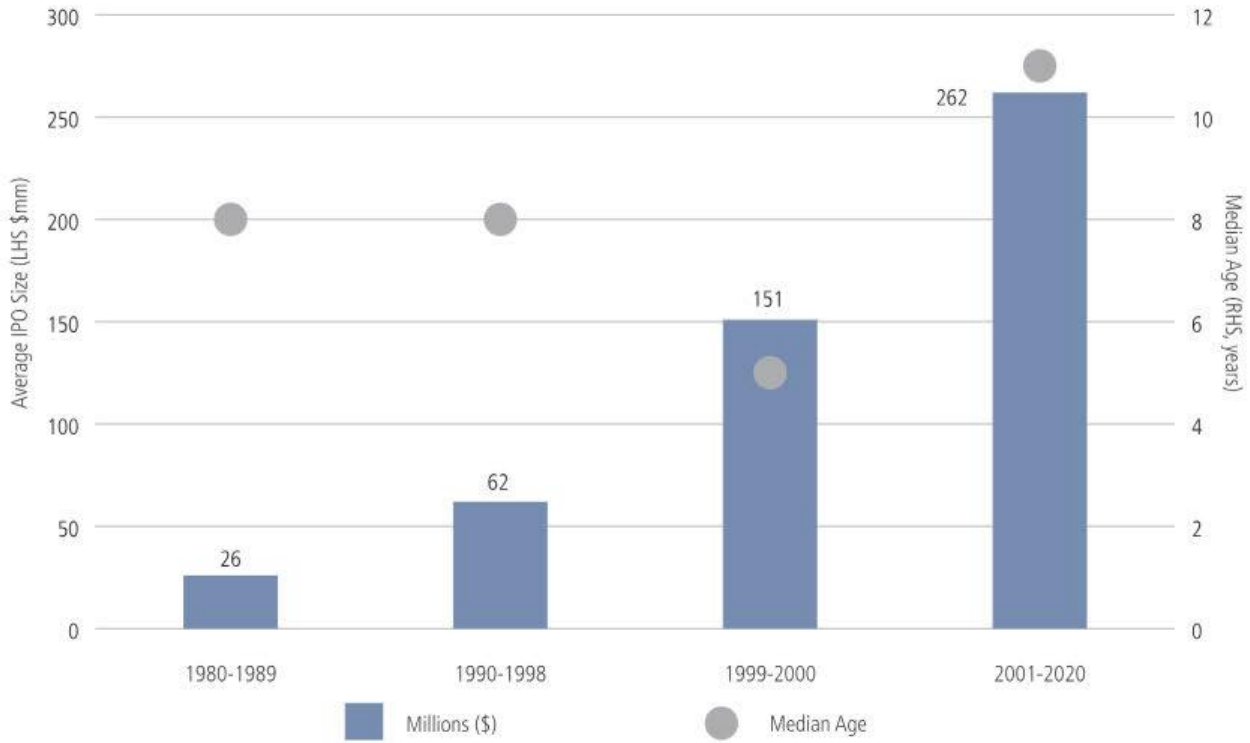


Index: 50.15%
Active: 49.85%

Active managers are the champions of growth and mid-market public companies.

Source: Morningstar, Rekenthaler Report, 14th February 2024. Active vs index market shares, all long-term mutual funds and ETFs, 01-Feb-93 to 01-Jan-24.

5: WAITING LONGER TO IPO = ↑ PROBABILITY OF INDEX INCLUSION + ↑ INVESTOR RELEVANCE



Companies waiting longer than ever, raising more than ever

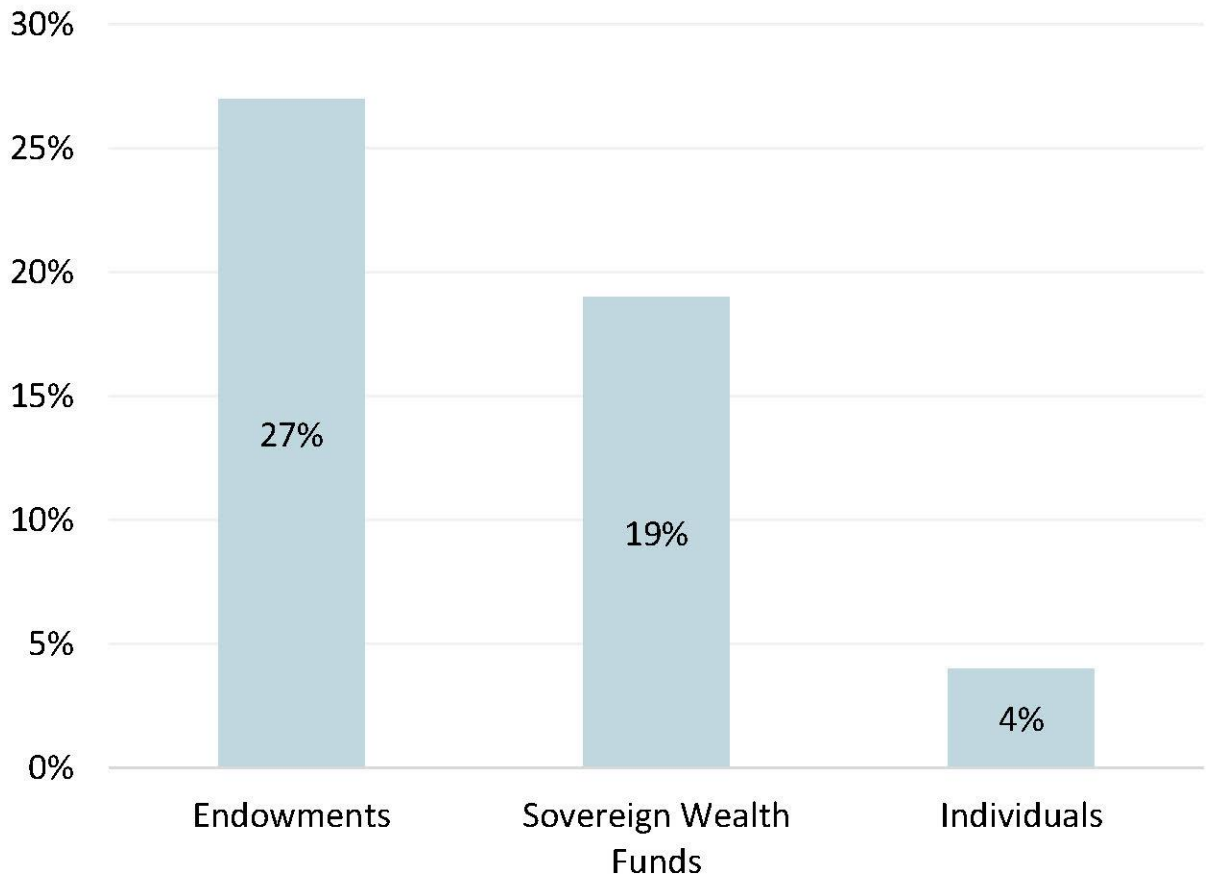
"Many successful private companies would serve investors' portfolios well. But unfortunately, not all private companies desire to go public."

Source: Neuberger Berman, November 2021.

DRIVER #2

Portfolio allocations are living in the past.

1: THE LARGE MAJORITY ARE UNDERWEIGHT PRIVATE EQUITY



The Future Fund has a 17% allocation to PE.

Individuals have just 4%.

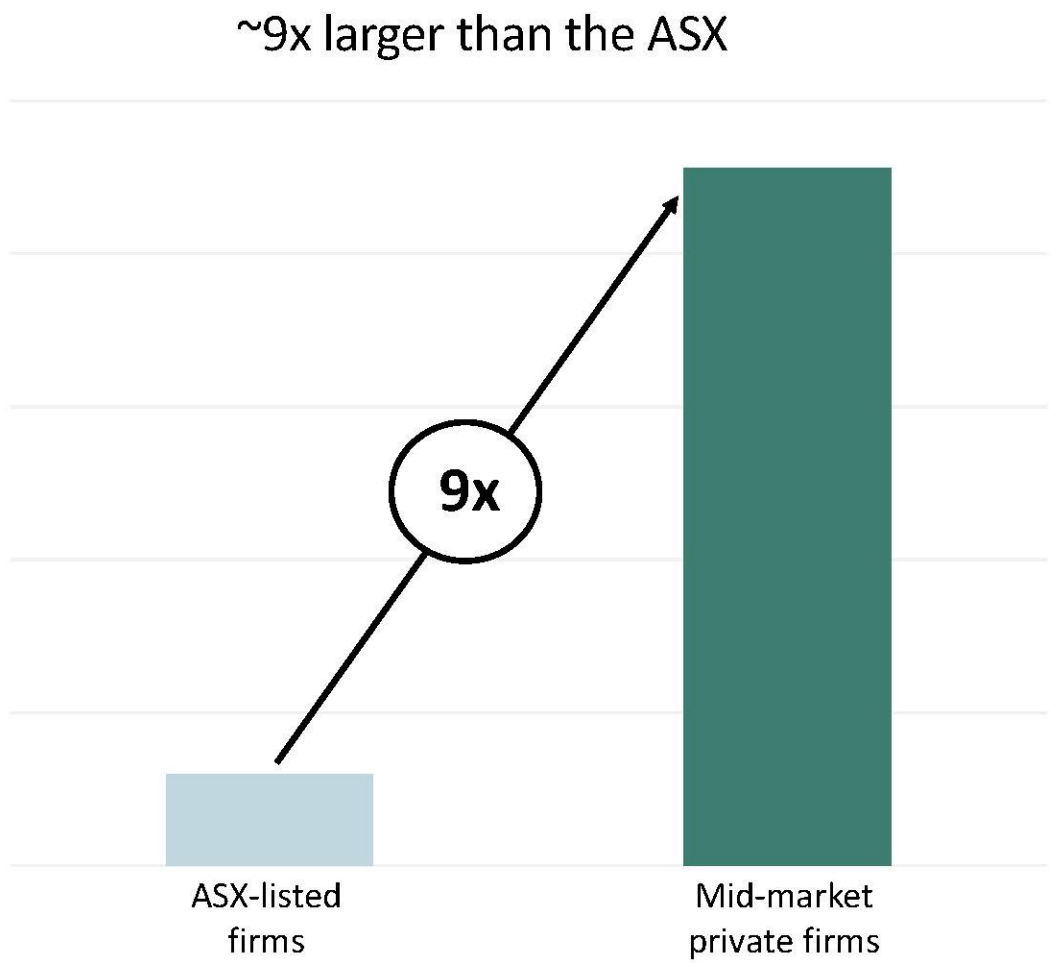
This doesn't make sense.

Source: Preqin, Oliver Wyman, The Future Fund

DRIVER #3

Australian mid-market private equity is primed for a **golden age in the next 5-10 years.**

1: THE MID-MARKET OPPORTUNITY IN AUSTRALIA IS ENORMOUS



2: CYCLOTEK

Cyclotek is the leading private producer of radioisotopes in Australia and New Zealand

Overview

- Cyclotek is the **leading supplier of radioisotopes** for the Australian and New Zealand markets
- Customers are radiology clinics and hospitals. Radioisotopes are used by the customers to conduct **PET scans, the primary method to detect cancer**
- Cyclotek **operates a network of production facilities (called 'cyclotrons')** across Australia and New Zealand to produce these radioisotopes

Cyclotron



High quality investment opportunity

Highly recurring revenue base	**c.20% CAGR** top 20 customer revenue growth
Low churn	**<1%** annual customer churn

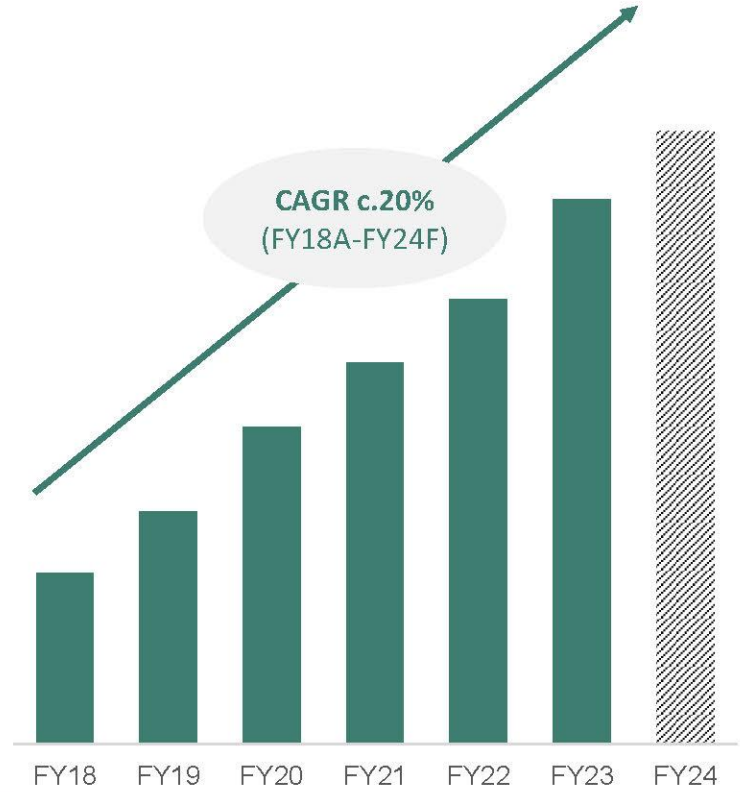
Five V's investment thesis:

- The **demand for PET scans is non-discretionary** and is driven by demographic factors that will continue through the investment period
- The **market is highly consolidated** and **Cyclotek is the dominant player**

Value chain

1. Radioisotope production	2. Logistics	3. Patient dosing	4. PET scan
Radioisotopes are produced by Cyclotek in a cyclotron	Radioisotopes are transported from the cyclotron facility to radiology clinics and hospitals	Patients are injected with radioisotopes which will bind to cancerous tumours	Patients receive a PET scan which identifies the locations of cancerous tumours

Strong growth



3: PERMACONN

Permaconn is the market leader in mission-critical professional alarm security software and secure communications



Security Panel

Fire Alarm Panel

Connected System

Permaconn Critical Communications Solution

Permaconn Communicator



4G Network 1

4G Network 2

LAN / IP

Proprietary Cloud Network

Permaconn Receiver

Software + Hardware Receivers





Security Monitoring Centre

Fire Brigade

End User of Data

Investment Thesis

Grow the stable core

Drive outsized performance in new communications

Explore new markets where Permaconn's leading technology is relevant

>55 million
signals per day

>340k
devices in field

85%+
recurring revenue

+100
team members

99.99%
uptime

ISO27001
certified

+72
NPS Score

PatriotSystems

Embeds solution within security ecosystem

CONCLUSIONS

The listed company lower-middle class has been hollowed out.

Private markets investors have been the principal beneficiaries.

Australian mid-market private equity is entering a golden age of investing.

Mind the chasm in your portfolio.

PRESENTER DETAILS / FURTHER READING



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Five V Horizons

Australian Investment Council Yearbook 2024

Cambridge Associates Benchmark Statistics

Bain & Co Global Private Equity Report

Forget the gap—

mind the private equity chasm in your portfolio

Markets Summit 2025
Mind the gap(s)!



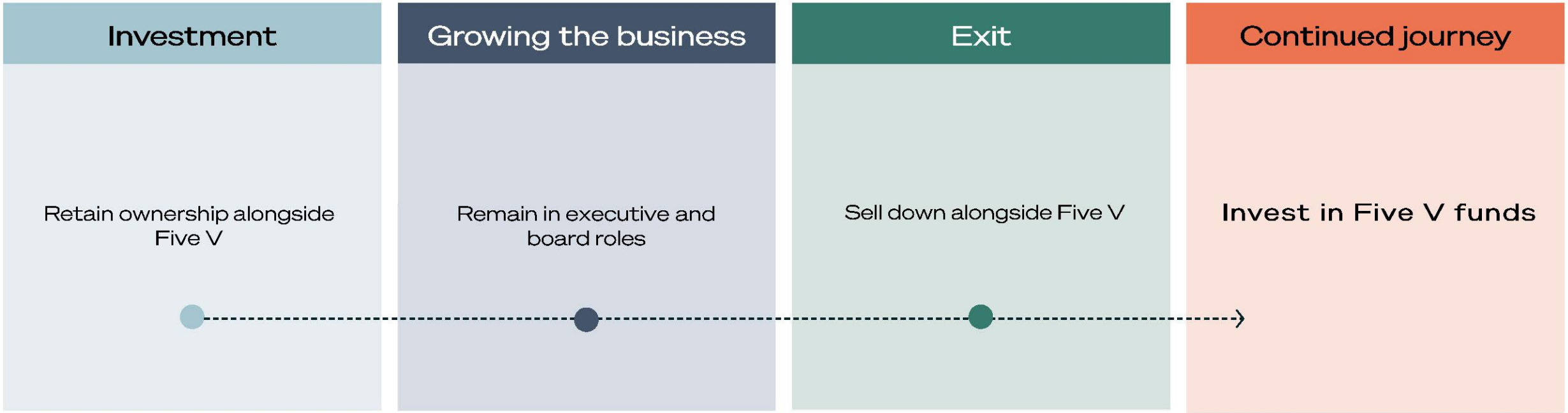
Debating the drivers of and the outlook for investment markets

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Our partnerships are enduring

Founders & management at each stage



…through a transparent and accessible fund…



Invests directly in assets
Investors see the A/NZ businesses they own



No capital calls to manage
Investor's capital is immediately deployed into the portfolio



Clear fee structure
2% management fee & 20% performance fee with 8% IRR hurdle



Increased liquidity
Monthly applications
Quarterly redemptions



Significantly reduced minimum investments
Usual platform minimums or $100,000 direct



Available on all major platforms
Macquarie, Netwealth, Hub24, Clearstream, Praemium, BT Panorama, Mason Stevens, CFS First Wrap, Explore

Horizons targets annual net returns of 15% to 20%

Immediate exposure to a portfolio of 14 exceptional businesses…



Growing, profitable companies that are leaders in their niche

Investing in Horizons is easy:



Permaconn – protects ~300,000 homes and businesses in A/NZ from intrusion

Available on platform

MACQUARIE · BT · MASON STEVENS · HUB24 · netwealth · præmium · clearstream | DEUTSCHE BÖRSE GROUP · Colonial First State

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https://apply.automic.com.au/horizons

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Horizons is only open to wholesale investors

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