multiplicitypartners

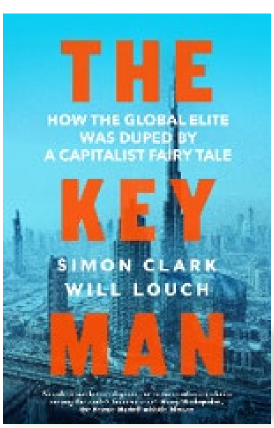
MULTIPLICITY READING LIST

Q4 / 2021

OUR TOP PICKS ON DISTRESSED INVESTING – PART III

Check out our second list of book recommendations on the topic of distressed investing. This time three stories of multi-billion investment failures of private equity and venture firms that we followed closely at Multiplicity Partners. Each of them is teaching numerous valuable lessons for risk management.

Why should such books be of interest to investors in general? I think each of them improves our understanding of what can go wrong and hopefully helps you asking better and more critical question before underwriting your next investment.

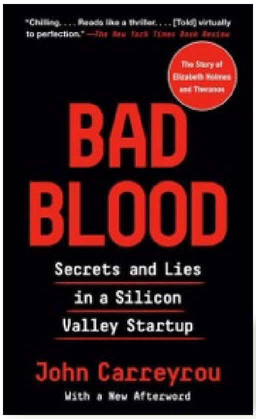


THE KEY MAN

By Simon Clark and Will Louch

The rise and fall of impact investment firm Abraaj, a fascinating story exemplifying how some of the world's largest investors were duped by the capitalist fairy tales of Arif Naqvi. In my view, many investors are turning a blind eye to potential risks, or even ignoring red flags, once they are convinced that their investment serves a good cause. The story also shows how toothless financial regulators really are when it comes to preventing and sanctioning fraud in the private equity industry. It is interesting to see how many large private market firms still get away without an external administrator and have no true independent control over their funds' payments.

[Check it out on Amazon]

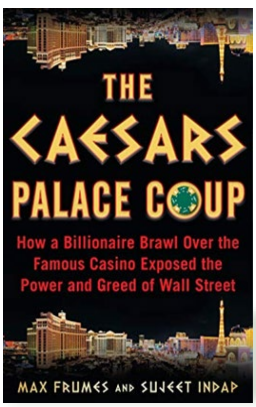


BAD BLOOD

By John Carreyrou

“Fake it till you make it”.’ Well, this famous Silicon Valley principle may not hurt anyone if you build funny web applications. But it may do so when you are supposed to develop functioning medical devices. This shocking inside story of Theranos and its founder, Elizabeth Holmes, show how little due diligence is done even by big name investors writing huge checks. And I think that’s even more true today, think of Tiger Global funding HeadSpin, for example. Don’t get blinded by a celebrity board of directors (Henry Kissinger) and investors (Larry Ellison) that may have been hugely successful in their careers, but aren’t likely to have any subject matter expertise.

Check it out on Amazon



THE CAESER PALACE COUP

By Max Frumes and Sujeet Indad

Learn about the big boys of the private equity and hedge fund world fighting over the carcass of Caeser Entertainment, spending more than $1 billion on lawyers along the way. In the end, the rising tide of the US economy lifted all boats, including casinos, and most participants eventually made money. But this is still a sad story on how big investment powerhouses prefer to combat each other rather than focus on creating value in any meaningful way. It’s a fascinating tale on financial engineering and cut throat tactics used in corporate restructurings today. Read how to fabricate a default (after having bought a shipload of protection through CDS) and what covenants and security to look for when underwriting the next LBO debt (beware of asset transfers).

Check it out on Amazon

Do you have any questions or feedback for us? Please contact Andres at ah@mpag.com, or call him on +41 44 500 4555.

Andres is a Partner of Multiplicity Partners and the Portfolio Manager of the LTO Funds. He has 20 years of experience in alternative investments, distressed investing and portfolio management.
Before joining Multiplicity in 2012, he held various investment roles with the alternative asset managers Horizon21 and Man/RMF. Andres holds a MSc in Mathematics from the University of Zurich and is a CFA and CAIA Charterholder.

ABOUT MULTIPLICITY PARTNERS

Multiplicity Partners is an investment firm specialised in providing liquidity solutions to holders of private market funds and distressed assets. The firm also offers a range of advisory and governance services across alternative assets.

Multiplicity Partners has been an active participant in the secondary market for fund interests and distressed assets since 2010. The team has successfully completed more than a hundred transactions across a wide range of illiquid and complex financial assets. Each partner contributes more than 15 years of relevant experience, giving us the collective capabilities to effectively identify, analyse and execute attractive investment opportunities in hard-to-value assets. Multiplicity Partners was founded in 2010 and is based in Zurich, Switzerland.

CONTACT

Multiplicity Partners AG
Bodmerstrasse 5
8002 Zurich
Switzerland

+41 44 500 4550
info@mpag.com
www.mpag.com

For enquiries:
Andres Hefti, Partner

+41 44 500 4555
ah@mpag.com

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