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## The Basics of Private Equity Funds



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# *What is Private Equity?*

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## Definition

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- Private equity refers to company ownership by a specialized investment firm

# What Is The Goal?

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Typically, a private equity firm will establish a fund and use it to buy multiple businesses, with the goal of selling each one within a few years at a profit.

# *How can Private Equity be useful to companies*

promising enterprise

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fixer-upper



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Promising companies are those that completed the 'start up' phase and got stuck in the 'growth' phase, due to shortage in capital.



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Fixer-upper companies are those that stayed long enough in the 'maturity' phase to start declining, due to business and/ or operational challenges, lack of innovation and shortage in capital to push the company to the next frontier for growth.



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# What Do Private Equity Firms Provide?

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1. A source of capital for companies in need.
2. A key driver for economic growth and innovation.
3. Seek out under performing or undervalued companies and work with the companies to improve business strategy, marketing, managerial expertise.