Pomona Investment Fund: Recent Liquidity Highlights

Potential benefits of secondaries

A key potential benefit of a private equity strategy focused on secondaries is its potential to provide an enhanced liquidity profile compared to a primary-focused strategy. Because secondary investors generally enter after the investment period is complete, the underlying portfolio is much closer to the point of realization. This typically allows investors to mitigate the J-curve and shorten the duration of their investment.

Pomona enhanced liquidity

Pomona typically purchases seasoned funds well into their 10-year life cycle whose commitments are 70–90% called. Pomona manages the Pomona Investment Fund (PIF) portfolio to receive cash distributions as the more mature assets are realized, while also adding younger assets to the portfolio that are expected to enter the growth phase. This maturity profile has led to an enhanced liquidity profile and, in our view, puts PIF in a strong position to comfortably meet its outstanding commitments and to nimbly respond to new investment opportunities.

29%

Average annual portfolio liquidity[1] (as % of NAV)

9%

Average annual distribution[2] to shareholders

Notable liquidity events

Below is a list of articles that discuss recent liquidity events related to portfolio companies in which PIF invests through its private equity holdings. Please refer to the recent headlines and corresponding links below for more information on these liquidity events.

Ncontracts acquires Venminder via Hg buyout

Ncontracts, a provider of integrated compliance, risk and vendor management solutions to the financial services industry, acquired Venminder, a unified platform for managing third-party risk.

Simultaneous with this transaction, Hg bought out prior Ncontracts shareholder Gryphon Investors, as well as prior Venminder shareholders. Hg is an investor in software and services businesses and is backing appointment of the founder and CEO, Michael Berman, to lead the combined business, which is expected to deliver more value to customers via these expanded capabilities.

[1] As of 12/31/23. Source: Pomona Capital. For each full calendar year, a percentage calculated as the quotient of (a) total dollar amount of all distributions received by PIF for the 12-month period ended December 31 of each respective year and (b) the average value of PIF's portfolio for the 12-month period ended December 31 of each respective year. The average noted above represents the arithmetic mean of the annual liquidity percentages calculated for each full calendar year since PIF's inception.

[2] As of 12/31/23. Source: Pomona Capital. For each full calendar year since PIF's inception, a percentage calculated as the quotient of (a) the annual distribution per share paid to the Fund's shareholders and (b) the NAV per share just prior to such distribution. The average noted above represents the arithmetic mean of the annual shareholder distribution percentage calculated for each full calendar year since PIF's inception.

Pomona Capital

INVESTMENT MANAGEMENT

Blackstone swoops for stake in Theatreland giant ATG

Blackstone purchased a stake in Ambassador Theatre Group (ATG), the owner of some of the most famous playhouses in London's West End.

ATG has been majority-owned by Providence Equity Partners since 2013.

Modella Capital acquires Hobbycraft from Bridgepoint

Privately-owned specialist retail investment boutique Modella Capital acquired Hobbycraft, an arts and crafts retailer in the U.K. Bridgepoint, the majority investor, exited its investment. Financial details of the transaction are not disclosed.

Founded in Bournemouth in 1995 and acquired by Bridgepoint in 2010, Hobbycraft has grown to a nationwide business with over 2,000 colleagues, 124 stores across the U.K. and an online club with over 7 million members. It has consistently grown its profits since the Covid pandemic and is a proud and regular member of the Best Companies Awards, winning #2 Best Big Company to Work For in 2023, and awarded three-star 'World Class' status earlier this year for the fifth time. Hobbycraft achieved sales of £216 million in FY 2024 and Adjusted EBITDA of £10.4 million.

KKR to Acquire Healthium from Apax Funds

KKR, a global investment firm, announced the signing of definitive agreements under which funds managed by KKR will acquire Healthium MedTech Ltd., an Indian medical devices company, from an affiliate of Funds advised by Apax Partners LLP, a global private equity advisory firm.

The acquisition will be made by a special purpose vehicle owned by KKR-managed funds which will acquire a controlling interest in Healthium group, including Healthium.

Founded in India in 1992, Healthium is a medical devices company that develops, manufactures and sells a broad range of surgical products globally. Its comprehensive, high-quality portfolio caters to a wide spectrum of surgeons' needs, offering wound closure, arthroscopy and advanced wound closure products.

Cydecor Acquires Artel, LLC, A Leading Provider of Mission-Critical Communication Systems that Ensure Secure Connectivity Worldwide

Cydecor, Inc., a veteran-owned business that delivers mission-enabling technology solutions to national security and defense agencies, acquired Artel LLC from TPG, a global alternative asset management firm.

Based in Herndon, Virginia, Artel has served as a trusted provider of network solutions to the U.S. Government for more than 30 years. In addition to delivering global, complex satellite and terrestrial communications solutions, the company offers professional IT services and a full portfolio of Cyber Security/Risk Management services. The company provides and supports terrestrial capacity on five continents, furnishes satellite bandwidth to the DoD and owns and operates a Network Operations Center (NOC) that provides 24x7x365 mission-critical support.

Risks of investing

Discussed below are the investments generally made by Investment Funds and the principal risks that the Adviser and the Fund believe are associated with those investments and with direct investments in operating companies. These risks will, in turn, have an effect on the Fund. In response to adverse market, economic or political conditions, the Fund may invest in investment grade fixed income securities, money market instruments and affiliated or unaffiliated money market funds or may hold cash or cash equivalents for liquidity or defensive purposes, pending investment in longer-term opportunities. In addition, the Fund may also make these types of investments pending the investment of assets in Investment Funds and Co-Investment Opportunities or to maintain the liquidity necessary to effect repurchases of Shares. When the Fund takes a defensive position or otherwise makes these types of investments, it may not achieve its investment objective.

The value of the Fund's total net assets is expected to fluctuate in response to fluctuations in the value of the Investment Funds, direct investments and other assets in which the Fund invests. An investment in the Fund involves a high degree of risk, including the risk that the Shareholder's entire investment may be lost. The Fund's performance depends upon the Adviser's selection of Investment Funds and direct investments in operating companies, the allocation of offering proceeds thereto, and the performance of the Investment Funds, direct investments, and other assets. The Investment Funds' investment activities and investments in operating companies involve the risks associated with private equity investments generally. Risks include adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of portfolio companies, changes in the availability or terms of financing, changes in interest rates, exchange rates, corporate tax rates and other operating expenses, environmental laws and regulations, and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain industries or the availability of purchasers to acquire companies, and dependence on cash flow, as well as acts of God, uninsurable losses, war, terrorism, earthquakes, hurricanes or floods and other factors which are beyond the control of the Fund or the Investment Funds. Unexpected volatility or lack of liquidity, such as the general market conditions that prevailed in 2008, could impair the Fund's performance and result in its suffering losses. The value of the Fund's total net assets is expected to fluctuate. To the extent that the Fund's portfolio is concentrated in securities of a single issuer or issuers in a single sector, the investment risk may be increased. The Fund's or an Investment Fund's use of leverage is likely to cause the Fund's average net assets to appreciate or depreciate at a greater rate than if leverage were not used.

The Fund is a non-diversified, closed-end management investment company with limited performance history that a Shareholder can use to evaluate the Fund's investment performance. The Fund may be unable to raise substantial capital, which could result in the Fund being unable to structure its investment portfolio as anticipated, and the returns achieved on these investments may be reduced as a result of allocating all of the Fund's expenses over a smaller asset base. The initial operating expenses for a new fund, including start-up costs, which may be significant, may be higher than the expenses of an established fund. The Investment Funds may, in some cases, be newly organized with limited operating histories upon which to evaluate their performance. As such, the ability of the Adviser to evaluate past performance or to validate the investment strategies of such Investment Funds will be limited. In addition, the Adviser has not previously managed the assets of a closed-end registered investment company.

Closed-End Fund; Liquidity Risks. The Fund is a non-diversified closed-end management investment company designed principally for long-term investors and is not intended to be a trading vehicle. An investor should not invest in the Fund if the investor needs a liquid investment. Closed-end funds differ from open end management investment companies (commonly known as mutual funds) in that investors in a closed-end fund do not have the right to redeem their shares on a daily basis at a price based on net asset value.

Pomona Capital

VOYA INVESTMENT MANAGEMENT