Case Study
2-and-20 vs. 1-or-30 (no hurdle)

February 2017
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Case Study: 2-and-20 vs. 1-or-30

Net Return & Total Fees

Annualized Gross Return = 14.6%*
1998 - 2007

Annualized Gross Return = 8.6%*
2009 - 2016

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**Case Study: 2-and-20 vs. 1-or-30**

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Cumulative Profit Retention (1998 – 2007)

Annualized Gross Return = 14.6%*
1998 - 2007

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Rolling 3-Year Profit Retention

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**Annual Profit Retention**

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Annual Fees as % of NAV

Annualized Gross Return = 14.6%*  
1998 - 2007

Annualized Gross Return = 8.6%*  
2009 - 2016

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Fee Difference as % of NAV

Annualized Gross Return = 14.6%*
1998 - 2007

Annualized Gross Return = 8.6%*
2009 - 2016

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Gross Return Level & Investor Profit Share

- $11m per billion at 5% gross (2.3% net)
- $4.6m per billion at 25% gross (18% net)
- 17.48% Gross (12.12% net)
- 2 & 20 Break-even

Manager Gross Return vs. Investor Profit Share

1 or 30 vs. 2 & 20
1-or-30 Breakeven Points

Fee Structure Breakeven Points

Manager Gross Return

Investor Profit Share

1 & 20 Breakeven
1.5 & 20 Breakeven
2 & 20 Breakeven

8.35% Gross
(5.82% Net)

12.82% Gross
(8.91% Net)

17.48% Gross
(12.12% Net)
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