

Key Terminology



COC (CASH ON CASH RETURN):

THIS IS THE ANNUAL RETURN YOU RECEIVE ON THE MONEY YOU'VE INVESTED IN A FUND, EXPRESSED AS A PERCENTAGE. IT'S CALCULATED BY DIVIDING THE ANNUAL CASH FLOW (PROFIT) FROM THE INVESTMENT BY THE TOTAL CASH YOU INITIALLY INVESTED.

IRR (INTERNAL RATE OF RETURN):

THIS MEASURES THE OVERALL PROFITABILITY OF YOUR INVESTMENT IN THE FUND. IT'S THE DISCOUNT RATE THAT MAKES THE NET PRESENT VALUE (NPV) OF ALL CASH FLOWS (BOTH INCOMING AND OUTGOING) FROM THE INVESTMENT EQUAL TO ZERO. ESSENTIALLY, IT SHOWS THE ANNUAL GROWTH RATE OF YOUR INVESTMENT, TAKING INTO ACCOUNT THE TIMING AND SIZE OF CASH FLOWS.

EQUITY MULTIPLE:

THIS IS A RATIO THAT SHOWS HOW MUCH MONEY YOU WILL MAKE ON YOUR INVESTMENT IN THE FUND. IT'S CALCULATED BY DIVIDING THE TOTAL CASH DISTRIBUTIONS RECEIVED FROM THE INVESTMENT BY THE TOTAL CASH INVESTED. AN EQUITY MULTIPLE OF 2.0X MEANS YOU GET BACK DOUBLE WHAT YOU INITIALLY INVESTED.

