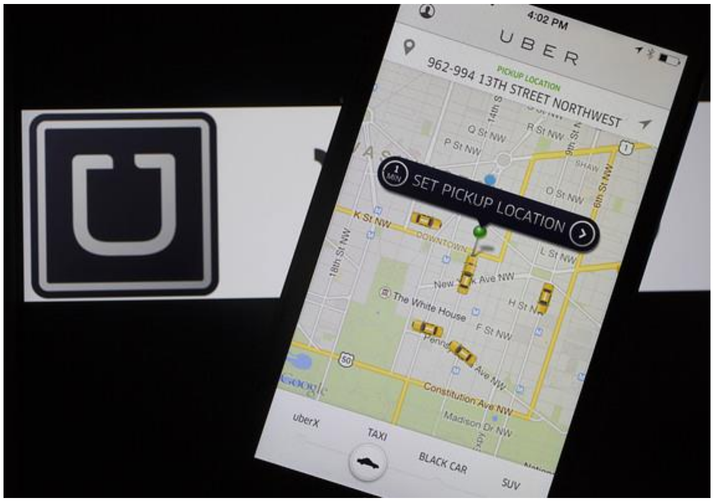
Why You’re Missing Out On The Fastest-Growing Pre-IPO Companies…

By Ryan Caldbeck Published: Dec 1, 2014 **(Edited for summarization)**



Despite the array of retail investment products that experienced investors can include in their portfolios — ranging from CDs and bonds to stocks, mutual funds, and options — the options in fact are more limited than it may seem.

That's because private equity investing, which represents a $426 billion market in the U.S., has never been broadly accessible to individual investors. Big investment firms that provide efficient access to the public capital markets don’t provide a gateway to the private markets.

Consequently, these private markets, and the world of private equity, have remained largely hidden from public view. That is, until recently.

Thanks to regulatory changes, many private equity (PE) investments are now visible and accessible to accredited investors online. The retail investments industry may steer you away from this asset class — it does, after all, cut them out of control of your portfolio and limit fees they can charge — but **PE has much to recommend it, as big-money investors have known for generations.**

In aggregate, ***private equity has long outperformed the public markets***. Private equity return data from Cambridge Associates shows that returns from PE investments in the U.S. have consistently topped long-term returns from the Dow Jones Industrial Average DJIA, -0.10% , the S&P 500 SPX, -0.03% , and the NASDAQ Composite COMP, +0.14% .

With private equity, fundamentals win out over all else. Short-term thinking and blind, reckless speculation have no place in the private markets. The lack of immediate liquidity is not a bug of the private markets — it’s a welcome feature.

Nowadays, the lion’s share of value creation is being captured by private investors, outside the reach of most public investors. As an investor, if you’re underweight (in) private equity, you’re missing out on the most promising, fastest-growing companies.