

Late Stage Private Venture (Pre-IPO)

The Case for Pre-IPO Growth Equity

White Paper
April 09, 2026



SUMMARY

A structural shift is reshaping the equity landscape. Companies are staying private longer, growing faster while still private, and allowing private investors to capture an increasing share of the value creation that once occurred in public markets. There are now over 1,450 unicorns (private companies valued over \$1 billion) globally with a combined enterprise value exceeding \$5.3 trillion¹, and the fastest-growing private companies are outpacing their public peers by a factor of seven². For investors focused exclusively on public markets, an increasingly significant portion of the growth opportunity is simply out of reach.

Late-stage growth equity investing in scaled private companies, one to three years before a liquidity event, offers what we believe to be a compelling way to access this opportunity. This approach can provide attractive upside while meaningfully reducing many of the risks associated with traditional venture capital. By concentrating on companies that have demonstrated market leadership, institutional investor backing, and predictable revenue trajectories, we believe late-stage investing avoids the high failure rates of early-stage venture, compresses the time horizon to liquidity, and mitigates the private equity J-curve. With a recovering IPO market, a maturing secondary market, and institutional capital flowing into the space, it is our belief that the structural tailwinds supporting late-stage growth investments show little sign of abating.

KEY HIGHLIGHTS

- The number of US publicly listed companies has declined roughly 50% from its peak, while venture- and PE-backed companies have grown 18x over the past 25 years.²
- There are now over 1,450 private unicorns globally with a combined enterprise value exceeding \$5.3 trillion.¹
- The top 50 private venture-backed companies are growing revenue at approximately 150% per year, compared to roughly 21% for the top 50 public growth stocks – a 7x disparity³
- Among US companies generating more than \$100 million in annual revenue, 86% are private, six times the number of public companies at that scale.⁴
- Over the past decade, investing in companies from their final private rounds through 12 months post-IPO has generated roughly 2x the return of the NASDAQ Composite.⁵

¹ Source: Data as of December 31, 2025. Data provided by PitchBook, Morningstar Indexes, CB Insights, and PWC. Based on Morningstar Pitchbook Global Unicorn Index.

² Data provided by Bank of America, PitchBook and World Bank Group.

³ Pitchbook, Morningstar Pitchbook Unicorn Index, Bloomberg. Data as of December 31, 2025.

⁴ J.P. Morgan Asset Management. Bain and Company, S&P Capital IQ. Data as of November 30, 2025.

⁵ The analysis includes all US IPOs (129) that completed an IPO between 1/1/2019 and 06/30/2025, had a pre-money valuation of at least \$1 billion at the time of IPO, and for which both IPO and last two private funding round data were available in PitchBook. The last two private rounds had to be a qualified financing round (seed, accelerator/incubator, angel, Early-Stage VC, or Later-Stage VC). The average time to IPO was 2.7 years. Each company's performance was measured relative to the NASDAQ from the dates of the last two "Pre-IPO" rounds until 12 months after IPO. Data source: PitchBook and Bloomberg. Past performance does not guarantee future results.



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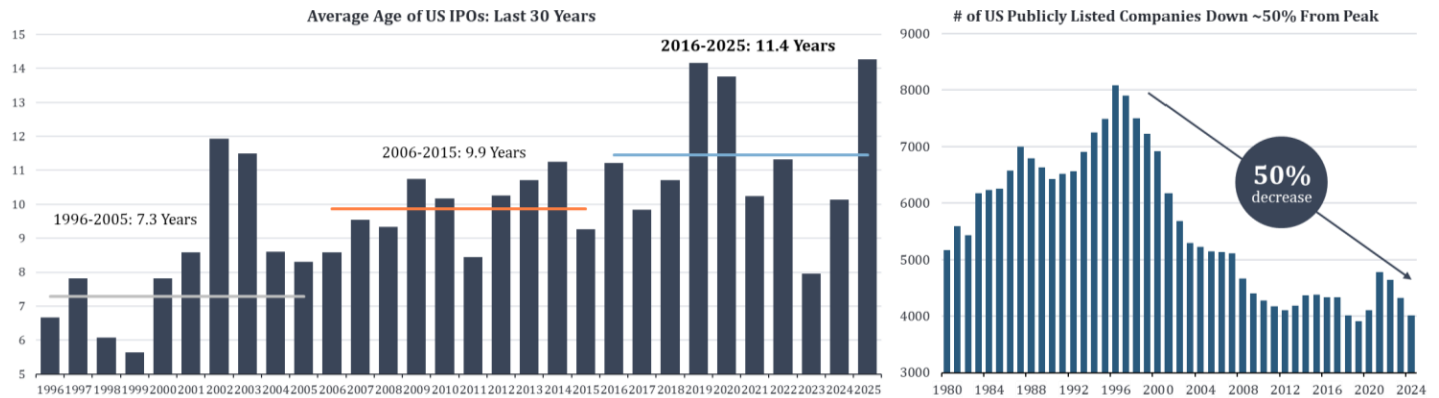
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Companies Are Staying Private Longer – and Private Investors Have the Opportunity to Capture More Value

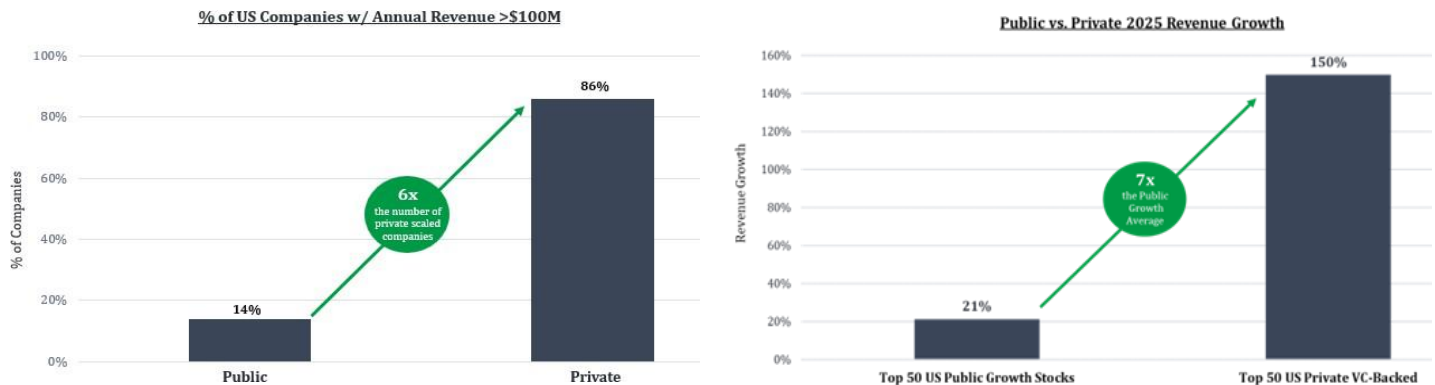
The average age of a US company at IPO has risen from 7.3 years in the late 1990s to over 11 years today.⁶ As a consequence, much of the value creation that once occurred in newly public small and mid-cap growth stocks is now taking place in the private markets, before a company ever reaches a public exchange. The scale of this shift is striking.



Source: Left Chart - ⁶ Right Chart - ³

These Are Not Speculative Startups

Many of today's large private companies may have already been public had they existed in their current form 10 or 20 years ago. The value creation that is now occurring in the private markets used to occur in the recently IPO'd small and mid-cap growth stock segment of the public markets. It is this structural shift, from public SMid cap growth to late-stage private, that is driving the opportunity set today.



Source: Left Chart - ⁴ Right Chart - ³

Secondary Markets Have Matured

Several macro forces support the continued expansion of the late-stage private growth opportunity. The secondary market for private company shares has grown significantly, with transaction volume reaching \$226 billion in 2025, nearly 9x the level a decade ago.⁷ This maturing market provides both additional liquidity pathways and improved price discovery for late-stage investors, creating entry and exit opportunities that did not exist at scale in prior years. This depth of liquidity meaningfully reduces the historical “blind pool” risk of private investing, allowing investors to underwrite positions with greater confidence around valuation and exit optionality.

Capital Availability Continues to Expand

The availability of private capital has grown dramatically – late-stage fundraising (Series C and later) exceeded \$900 billion in aggregate over the past five years.⁸ Large pools of institutional capital, including sovereign wealth funds, pension funds, and crossover investors, have entered the space seeking to capture the value spread between late-stage private and early public companies.

⁶ Data as of December 31, 2025. Source: Pitchbook – excludes Biotech.

⁷ As of December 2025. Source: Evercore

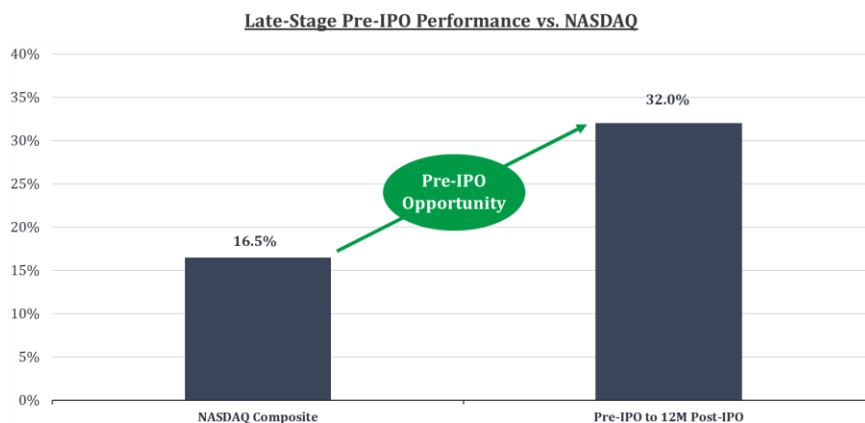
⁸ Source: PitchBook, data as of 12/31/2025.



Optimizing for IRR Over a Shorter Horizon

The return objective in late-stage growth equity is fundamentally different from traditional venture capital. Rather than maximizing the multiple on invested capital (MOIC) over a 10-plus year horizon, the emphasis shifts toward optimizing the internal rate of return (IRR) over a one to three year holding period. This approach is more akin to public equity investing in its cadence, with the added benefit of accessing companies during the high-growth phase before the broader public market can participate.

The data supports the attractiveness of this approach. Over the past decade, investing in companies during their two final private rounds and holding through their first year as public companies has generated roughly 2x the return available from a comparable subset of public companies.



Source:⁵

The IPO Pipeline Is Recovering

After a sharp decline from the 2021 peak, the IPO market is showing clear signs of recovery. Estimates suggest up to 120 IPOs in 2026, which would represent a meaningful rebound and create near-term liquidity catalysts for late-stage portfolios.⁹ Even in a lukewarm IPO environment, the combination of a maturing secondary market and growing institutional demand for private company shares provides multiple avenues for value realization.

CONCLUSION

Late-stage private growth investing sits at the intersection of several compelling and durable dynamics. For investors seeking exposure to the growth economy, the case for pre-IPO equity has never been stronger:

- **Structural market shift:** The most innovative and fastest-growing companies are staying private longer, concentrating value creation in the private markets
- **Attractive risk/reward profile:** Access to companies with significant growth potential that have already de-risked core elements of their business models
- **Shorter path to liquidity:** Investments are typically made 12–36 months ahead of an IPO or strategic exit, improving visibility of outcomes

⁹ Source: Q4 2025 Pitchbook-NVCA Venture Monitor. Data shows US VC exit activity via IPO as of December 31, 2025. *2026 IPO exit count/value estimates sourced from Goldman Sachs. List of companies expected to IPO from The Information as of January 16, 2026.



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Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision. Investments in pre-IPO securities are speculative and involve significant risks, including illiquidity, uncertain valuations, potential dilution, limited transparency, and the possibility of a complete loss of capital. There is no guarantee of an IPO or other liquidity event, and investors should carefully consider their risk tolerance and investment objectives before investing.

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