



*Hyde Park*

Wealth Management

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Optimize investing in private companies through revenue based security structures

Invest in private companies where revenues drive investor returns using notes structured according to the Entrex TIGRcub® Security.

Much has changed on Wall Street since the financial crisis of 2009. Not only have the names changed, but business practices, culture, and motives of financial institutions have changed as well. The reality is, that we are all going to have to learn to live and operate in this new financial world for a long time because that is not going to change.

The new financial world has redefined how both Washington and Wall Street affect Main Street with respect to corporate finance. Most would agree that, as banks continue to tighten their commercial lending practices, navigate lawsuits and settlements, they have yet to present widely acceptable corporate finance solutions for companies that make up Main Street.

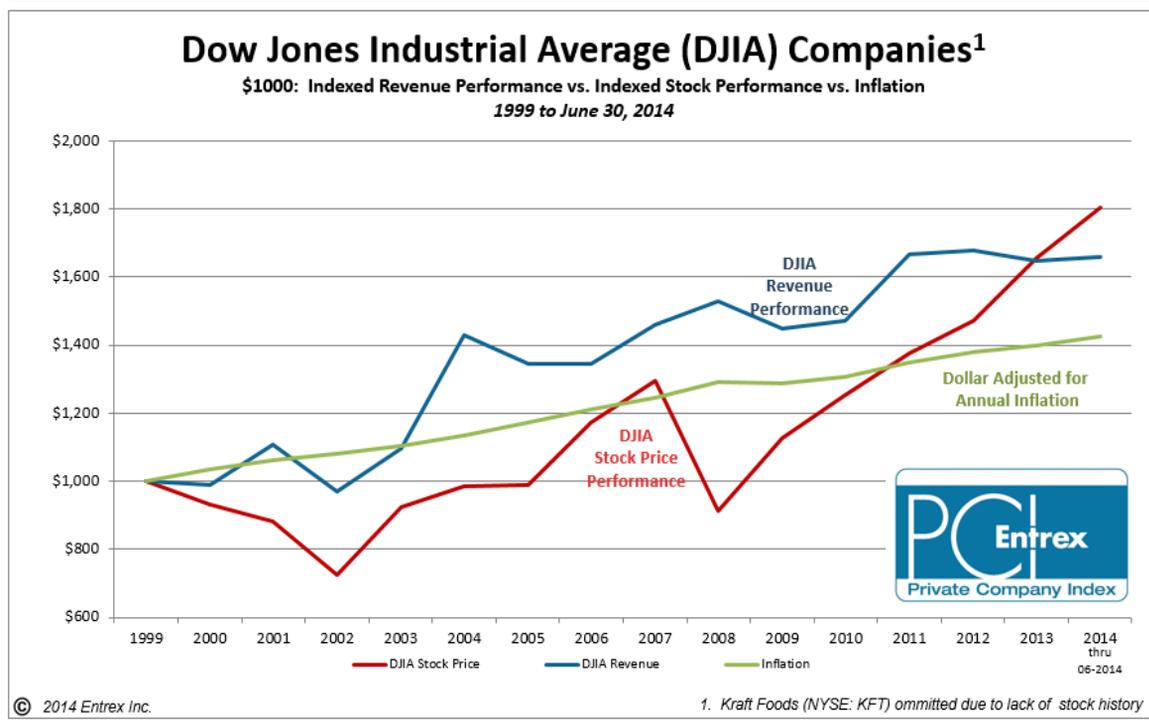
Even today with a 14% reduction in small business loans being made since 2008, according to Northern Trust Chief Economist, Paul Kasriel, bank credit growth is likely to contract after the Federal Reserve taper is concluded.

For the years following the meltdown, corporate executives have tried to find practical corporate finance solutions to meet the capital requirements of their companies. With banks offering very limited solutions, many companies have been forced to seek alternatives to bank financing. Some financing alternatives presented to companies, such as private equity financing, have associated terms and conditions that can change control, governance, and long term impact on the culture of an enterprise.

Our historical analysis of the public markets, private markets and equity & mezzanine corporate finance solutions has led us to one of the most creative solutions we have seen in a long time; Entrex, Inc. ([www.entrex.net](http://www.entrex.net)). Entrex® is the owner of a structured debt financing security known as the TIGRcub® Security Model (Top Line Income Generation Rights Certificates). Entrex® has been successful in providing advisors and their client companies with a specific security model and support resources to meet the needs of private companies as well as institutional investors..

Secondly, Entrex's created the Private Company Index® ("PCI"), a compilation of historical revenue performance of a cross section of U.S. based privately held companies. The PCI provides our firm, institutional investors and Main Street companies with an insightful picture about "top-line" revenue growth of US private companies and how investing in these companies under the TIGRcub® Security model has the potential for institutional investors. Entrex® performed a study comparing the changes in stock prices of public companies and indexes with revenue performance of private companies. (See Summary of Study Results – Figure 1 below)

Figure 1 – Summary of Study Results



The study points to substantial differences in public company indexed revenue growth in relation to its indexed stock price. Stock prices are not only determined by corporate financials, but by many other factors outside of the company's control, such as overall investor sentiment and geopolitical issues. Unlike volatile stock prices, revenue performance remains far less volatile (except, of course, in cases of mergers where top-lines are consolidated). While privately held companies are affected by overall economic conditions, their revenues tend to be less sensitive than publicly held companies. In fact, during the recent recessions, while the stock market and investors faced a tremendous decline in value, both public and private company's revenues remained consistent or in many cases, continued to grow. This consistency leads to the conclusion by investors that revenue based investments should provide more stable and current returns when compared to equity investments, and can serve as a hedge against inflation and non-correlation with other asset classes.

In the new financial world of corporate finance, companies who are cash positive and have balance sheets with room for additional debt should consider the TIGRcub<sup>®</sup> Security model as a potential financing structure for the following reasons:

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- Avoids awkward valuation discussions and complex EBITDA forecasts;
- Avoids the negotiation of discounted valuations associated with ill-liquid investments such as private equity financing;
- Non-dilutive capital finance directive (no ratchets, warrants, board seats etc);
- TIGRcubs® are finance instruments are uniquely structured for each company with varying time horizons for maturity, revenue participation percentages, and amortization schedules;
- Provides risk adjusted cost of capital to companies and returns for investors;
- Securities modeled according to the TIGRcub® Security model can receive the same tax treatment as any other commercial debt instrument where the interest portion of repayment is tax deductible; and
- Most often a less expensive cost of capital when compared to equity financing.

Institutional investors have been investing in revenue based debt securities for quite some time and do so to enhanced yield. Since first collaborating with Entrex, Bryan J Larrison Partner – Hyde Park Wealth Management ([hydeparkadvisors.com](http://hydeparkadvisors.com)) has worked with Entrex® to model revenue based financings for private companies to illustrate how the solution would work. Additionally, Larrison provides accredited and institutional investors with visibility of private company offerings that have been structured based on the TIGRcub® Security model.

To understand you can potentially enhance the yield of your portfolio and allow for a diversified investment into private companies, please contact Bryan J Larrison, Partner at Hyde Park Wealth Management at 614-515-2509 or [blarrison@hydeparkadvisors.com](mailto:blarrison@hydeparkadvisors.com)

More Information on the TIGRcub® Security is available at [www.Entrex.net](http://www.Entrex.net)

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