

## **A New Way to Invest in Private Funds, including Private Equity, Hedge Funds and Venture Capital**



**James Waldinger - CEO**

### **About Artivest**

Artivest is building a better way to invest in private funds by upgrading the entire process for fund managers and investors alike. Our private investing platform eliminates costs, inefficiency, and inconvenience from the private investing experience, allowing for higher quality interactions, more effective communications, and ultimately better relationships between investors and funds.

For fund managers, our solutions deliver massive process improvements and a superior user experience for their existing investor base. We also allow them to engage, from any location, with a broader base of sophisticated investors using proven digital technologies.

For investors, our platform creates a curated investment experience with expert insights and exclusive access to exceptional investing opportunities. With Artivest, investors can discover, evaluate, and participate in investment options that wouldn't be open to them otherwise, faster and more intuitively than ever before.

In close partnership with our fund partners and member investors, we are shaping the future of private investing.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Waldinger, would you tell us the concept for Artivest?**

**Mr. Waldinger:**

Artivest is a new way to invest in private funds, including private equity, hedge funds and venture capital. The idea here is that there are massive inefficiencies in the marketplace between private funds and their investors or LPs.

On the one hand, on the private fund side, you have fund managers who spend an inordinate amount of time flying around the world using PowerPoint decks to raise capital and then using a fully analog system to keep track of investors -- for everything from filling out investment-subscription documents to reporting. There is no scale to it.

On the other hand, you have an investor base of LPs who, if they do have access to private funds, find the process to be opaque -- figuring out how the funds work, how the funds are different from each other, and what they are getting themselves into. Most investors who are interested in such funds do not have access at all, either because they do not meet the minimums or they do not know where to start in terms of getting to a private fund.

What we do at Artivest is solve those two problems using technology to upgrade the full process from soup-to-nuts. We call it full-stack private investing. Using the team's investment and technological expertise we're building a web-platform that features a curated selection of private funds, investments we've diligenced and are willing to get behind. We get to know the funds and take their thousands of pages of documentation and make them easily digestible -- meaning, our investment and technology teams work in tandem to put the appropriate information for each fund onto a nicely designed, interactive website. After an investor learns about the fund, they can then complete all necessary paperwork online on our platform. By managing investors in our low minimum access vehicles, we provide investors new opportunities to invest in private funds, and we enable the funds to bring on a wide variety of investors that they might not have the capacity to handle otherwise.

**CEOCFO: *Is this a new idea?***

**Mr. Waldinger:**

At almost every step of what we are doing, there are folks who are adding value in that area—the difference with us is that we upgrade the whole investor experience from beginning to end in an integrated way. We provide access vehicles, much like large banks do for private wealth clients. Similarly, there are due diligence firms out there that conduct due diligence on funds for institutional clients. And there are companies that provide secure online data rooms for fund documents. There are many different pieces of the puzzle that people are working on for their clients -- we just combine all the pieces together and offer it to an expanding audience.

**CEOCFO: *What were some of the technological challenges?***

**Mr. Waldinger:**

Technologically speaking, we found that funds have a variety of different systems that they use to manage investor-facing operations -- from Excel spreadsheets to CRM systems to printed hard-copy documents for signatures -- and rarely are they integrated together. Our challenge was to build a system that could function smoothly and appropriately at each level, which involved getting our hands dirty to get a handle on compliance, security, and regulatory requirements, and creating adherent technology that met all requirements on the one hand and was a positive experience for end users on the other.

The biggest challenge we faced on the website itself was almost more of a behavioral design than a technology challenge -- it was using existing technology to create a great user experience, engineering to meet the expectations of fund managers and investors. Over 90 percent of high net-worth individuals use the Internet when investing. We dug deep into investor behavior and built a UX that enables them to do what they normally would without sending them on a wild goose chase to invest.

**“We have seen most every other industry move from an analog world to a digital world. Investing in a private alternative is still back in the Stone Age and right now is a time when investors have changed and are demanding more.”- James Waldinger**

**CEOCFO: *Where are you in the development and commercialization process?***

**Mr. Waldinger:**

We built the product end-to-end and used it to close the beta with our first private fund partner. We are now going to be rolling out a variety of private equity and hedge funds. For now, we are building the product with a limited community of investors, managers, and financial advisers, to ensure that we are doing it right with high-quality players that can best co-create with us.

The long-term mission is to bring a wider audience of investors - be they individuals, high net-worth institutions, etcetera – access to exceptional investment opportunities; to facilitate that two-way relationship, to do so in a more efficient way.

**CEOCFO: *What is the business model?***

**Mr. Waldinger:**

We work with larger private-equity, hedge-fund, and venture-capital firms that have established brands—and down the line we'll feature emerging managers who are getting their start and growing, but are harder for investors to find and assess. We're currently charging an advisory fee on access fund assets we manage—for diligence, content, document administration, custodial services, and the programs and events for members who invest. We are able to keep fees lower than other avenues of access by keeping our organization lean and the process technology-enabled.

**CEOCFO: *Is there any regulatory oversight?***

**Mr. Waldinger:**

Yes, we are regulated by the SEC, FINRA, the CFTC, and the NFA for our various products and services. One of the big challenges out there that creates opportunity for us is that increasing compliance requirements can make it understandably difficult for large firms to do new and creative things. We are using technology to innovate within compliance (we've got lots of lawyers on and around the team making sure we get it right), to keep moving quickly to build a creative, differentiated offering for funds and investors. By observing strict compliance on our end as a company and

developing strong expertise around changes in the compliance regime, we offer funds added value--and help them get comfortable with us.

**CEOCFO: *What can you tell us about the big plans?***

**Mr. Waldinger:**

Our mission is to break down the inefficiencies in connecting top money managers with those who'd like to invest. The big plans are to expand our products to offer excellent—and appropriate--investing opportunities to a wider audience beyond the limited base that meet qualifications for investing in private products. We will be able to offer a variety of fund structures to enable that. We are starting narrow in a way that we think makes the most sense to both service and upgrade the industry, as well as help us build our business. We eventually want to enable a wider range of money managers and investors to connect.

**CEOCFO: *Why pay attention to Artinvest?***

**Mr. Waldinger:**

The world has already changed. We have seen most every other industry move from an analog world to a digital world. Investing in a private alternative is still back in the Stone Age and right now is a time when investors have changed and are demanding more. In a zero interest-rate world, they want more returns. Investors are using the internet to find new opportunities and are expecting to get access and information easily and in a transparent way. Regulations have changed, such as the JOBS Act, to open things up and make things more transparent. Technology has changed and enables us to do something at real scale. We are building a better way to invest in general, but especially in private funds. We think the world of investing is going to look different five or 10 years down the road, and so we're striking while the iron is hot.

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**BIO:** James Waldinger is the CEO of Artinvest, a new investing platform that brings exceptional investing to a worldwide audience. James drew on his background in investing and online consumer marketing to found Artinvest. Previously, he served on the investment team at the global macro hedge fund Clarium Capital, where he also ran an emerging markets-focused investment portfolio. He has worked with a variety of Internet startups, both in investment and operational roles, including as Peter Thiel's analyst on his initial 2004 investment in Facebook. James earned his BA in History from Yale, and he holds both a JD and MBA from Stanford.

James has been featured on [CNBC](#), [Fox Business Network](#), [Minyanville](#), [Open Forum](#), and was a keynote speaker at the Forte Foundation's Business School Conference at Yale.

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