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R E P O R T

Q&A with Tom Zaccagnino

Founder of Muirfield Investment Partners.



Principle Series:

Please join Family Office Insights for this luncheon on Thursday, March 29th at 12PM. If you care to join us, please email admin@familyofficeinsights.com.

Family Office Insights sits down with Tom Zaccagnino, Founder of Muirfield Investment Partners, to discuss the opportunity to participate in Muirfield Investment Partners tokenized value-add and opportunistic real estate investment fund. Muirfield is leveraging blockchain technology to securitize a private equity fund via the creation and issuance of an innovative token (MIF Tokens) structure. The Fund is a new generation of private equity real estate investment funds that Muirfield designed to address systemic issues and barriers to entry related to current private equity structures and to help crypto investors diversify their wealth.

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Q: Tell us about your background and your company, Muirfield Investment Partners.

A: My name is Tom Zaccagnino and I am the founder of Muirfield Investment Partners a private equity real estate investment company located in Boston MA. By way of background, right out of college I moved to Boston to begin my professional career in technology, working for a tech company on the MIT campus. It was a very entrepreneurial place, 100% sink or swim and we essentially started several tech companies a year, mostly in the technology services arena, all using at the time, cutting edge internet-based technologies, either that were developed in house or were available off the shelf. It was a fascinating place to work and the mid 90's was an amazing time to enter the workforce. During my time tech, I gained a huge appreciation for just how disruptive technology could be to traditional businesses. When I left tech and started investing in and developing real estate, I never forgot the lessons I learned about the disruptive nature of technology, the amazing opportunities it presented for many and the absolute havoc it caused for others.

So, at Muirfield, while we have been a fairly traditional private equity real estate investment company, we are always trying to figure out how to get better and always looking at what is happening in other industries that may have an impact on our business. We have been tracking the blockchain and crypto currency movement for some time now and really over the past 18 months or so, we have been trying to learn as much as we can to better understand how this technology might present opportunities for us to improve our business and our relationships with the investors.

We ultimately decided that the opportunity blockchain technology presents for private equity is significant. And rather than be a passive recipient of other people's efforts, we wanted to be part of the group driving the changes and as thought leaders, we always prefer to eat our own lunch. We recognize that we are taking a small step in this effort, but we feel it's a measured and appropriate step and we are committed to continuing to drive more innovation within the community as we go. For us, it's a very exciting time and we are looking forward to what the future holds for blockchain, for its application within our industry and for being part of the driving force behind its adoption.

Q: Who are the target clients Muirfield serves?

A: There are three types of investors we are serving with our new initiative, Crypto Investors, Foreign Investors, and U.S. Investors. For Crypto Investors we are addressing a market gap, which is that Crypto asset investors lack diversified investment opportunities. Emerging blockchain technologies have allowed many early crypto investors to amass a tremendous amount of wealth in a relatively short time. However, as it is prudent for all investors to seek a balanced portfolio, the diversification of the crypto investment opportunity set has lagged considerably to the initial wealth creation opportunities. We believe that we are entering a period of "normalization" of that opportunity set and that Investors need a diverse selection of investment opportunities to choose from, not just the high-risk, high-return potential, and often times low-probability opportunities that largely exist today within the world of crypto investments.

Of course, outside of the blockchain/crypto community, crypto investors have a normalized set of traditional investment opportunities to consider. However, based on our research, many crypto investors don't want to convert their crypto investments into fiat currencies and then invest in traditional investment products, but would rather diversify and reinvest in the blockchain/crypto

community to help increase the pace of technological innovation and the rate of adoption of blockchain technology.

When you look within the blockchain/crypto community, there are very few investment opportunities at the lower end of the risk spectrum, and more specifically, even fewer asset-backed investment opportunities. Most of the blockchain and crypto investment opportunities to date do not have an underlying asset backing the coin or token's value, but rather a plan to build a technical solution over time, which then drives speculation on the token's value.

TAOs (Tokenized Asset Offerings) represent a new investment opportunity with a fundamentally different risk profile compared to the current investment opportunity set. A TAO involves taking an asset class, such as a real estate fund, and tokenizing the ownership of that fund; essentially securitizing the fund and offering investors the opportunity to acquire an ownership interest in the fund through tokens that in turn will be backed by a portfolio of real estate investments. We believe that a tokenized fund backed by an underlying pool of real estate assets presents crypto investors with a lower risk, less volatile investment option while allowing their capital to remain at work in the blockchain/crypto space.

The vast majority of investors (non-U.S. and U.S.) experience high barriers to entry relative to private equity investments. Investing in the U.S. real estate market has historically posed challenges for many non-U.S. investors. These challenges include the lack of local infrastructure and knowledge, large capital requirements, and the complexities surrounding U.S. legal and tax structures. In addition, U.S. investors currently face substantial limitations attached to investing in U.S. private equity real estate funds. For example, most private equity funds require large investment minimums. In addition, most individuals do not have local relationships, market knowledge or the time to select, make and manage individual investments in the real estate.

We believe that a tokenized fund, managed by a high-quality team of real estate investors, can help eliminate a number of these barrier to entry and provide non-U.S. and U.S. investors the much-demanded access to local infrastructure, experience, market connectivity in a fractionalized ownership structure.

Q: How are you different from your competitors? Who are your key competitors?

A: We haven't found many true competitors in the blockchain community. We seem to be one of the front runners and we haven't seen other private equity firms arrive at the same conclusions that we have with the assessment of how blockchain technology can affect our industry.

That is not to say that there aren't others that are thinking about it, but we have not seen any that have taken any meaningful steps towards doing what we are doing. We have seen some groups, not professional private equity real estate investors, try to or seem to be planning on, leveraging the tokenization process as a way to raise investment capital. However, those ventures lack a professional experienced team of real estate investors, the requisite infrastructure to prudently deploy investment capital, the local market knowledge and relationships, and a high-quality, constant, and sustainable pipeline of investment opportunities. They are simply trying to throw a product into the market and hope that investors are comfortable with a lack of the requisite experience and infrastructure and invest. I don't see it happening, but you never know. Furthermore, these ventures appear to be doing nothing more than using blockchain technology simply as way to raise capital, using the traditional investment structures that we feel should be reinvented.

So, a key point of differentiation for us above and beyond bringing an institutional quality team and infrastructure to the table is that we are using blockchain technology to reinvent private equity investing. We are addressing systemic issues with the current way private equity is managed and we feel very confident that once investors understand what blockchain technology has allowed us to address and improve with private equity structures, that they will see the same long-term implications of our solution on the industry.

Q: What are some of the challenges you face in your market?

A: Great question, with our effort to transform the private equity space, as I mentioned, we are one of the front-runners. There is obviously risk associated with being out front, however we believe the risk of not being out front advocating for this change is greater. Not only is blockchain fairly new as a technology, but also its applications are happening in real time. Our specific initiative is somewhat complex for those not familiar with private equity and fund structures. We are doing our best to educate those folks so that they can effectively evaluate our investment opportunity but that is a tough mission. So being out front and a catalyst for change is risky and fraught with challenges, but again, I believe it is riskier to sit idle and wait or others to determine our fate.

Q: How are you changing the landscape of your industry?

A: A major issue in the private equity space is that private equity investment vehicles are fairly constrained. What I mean by that is, funds typically have rigid investment periods (which is the timeframe in which investments can be made) and harvest periods (which is the timeframe that investments must be exited). These restrictions are written into the fund agreements and with little exceptions must be adhered to by the fund manager. These time constraints exist because of the way investors and the investment manager derive economic benefit from the investments. Both generate economic benefit when the assets are all sold and the fund closes. The reason for this is because the equity interests in the fund are highly illiquid so the investor has no ability to trade its ownership interest in the fund and must wait until the fund closes to realize its full economic benefit of having invested in the fund.

Somewhere along the way the smartest guys in the room decided that 7 years was the appropriate length of time for a private equity fund, and if you harvested returns in 5 years you were doing exceptionally well, if you harvested returns in 7 years you were meeting expectations, but if it took you 9 years you missed the ball. No one ever adjusts their timing expectation for total returns. Unfortunately, because of the illiquid nature of the vehicles and the underlying assets, this has always been the conventional wisdom of how these funds should be structured.

However, by tokenizing a private equity fund, we are now able to create a more liquid investment and investors can derive economic benefit through buying, holding, and selling the tokens vs being tied up for 5, 7, 10 years or so. And as a result, the investment manager can now maximize the value and return of each asset without regard for an artificially imposed investment or harvest terms which in today's model could force the sale of an asset in very poor market conditions, potential resulting in a loss for the investor. So, by tokenizing the fund, we can create a liquid investment from a highly illiquid asset such

as real estate. And enable fund managers to be more thoughtful and to maximize the value of each investment, which in turn is better for both the investors and investment manager. So, we are very excited about our new structure and how it can benefit investors and fund managers.

Q: How much are you looking to raise? Who is your ideal investor?

A: We have a target of \$100M with a hard cap of \$200M. There is no minimum investment as blockchain technology allows us to present the opportunity for fractional ownership. When I think of our ideal investor, we look at personality. When we meet with an investor, we want to gain a sense that we have a shared set of values; we are looking for high-quality high-integrity, morally grounded people. People that understand and appreciate the role and value that we represent when helping investors gain exposure to real estate investments in a sophisticated, thoughtful, and prudent manner.

Q: What's your mission?

A: When we think of what's important to us and what drives us, it always centers on our investors and what is in their best interest. Everything we do, we do with them in mind. So, our primary mission is to continue to deliver compelling risk adjusted returns to our investors. But we wanted to that in way that continues to demonstrate to the market, that we are thought-leaders in our industry and excited about driving the necessary change that allows us to provide our investors with the best and most innovative investment products possible.

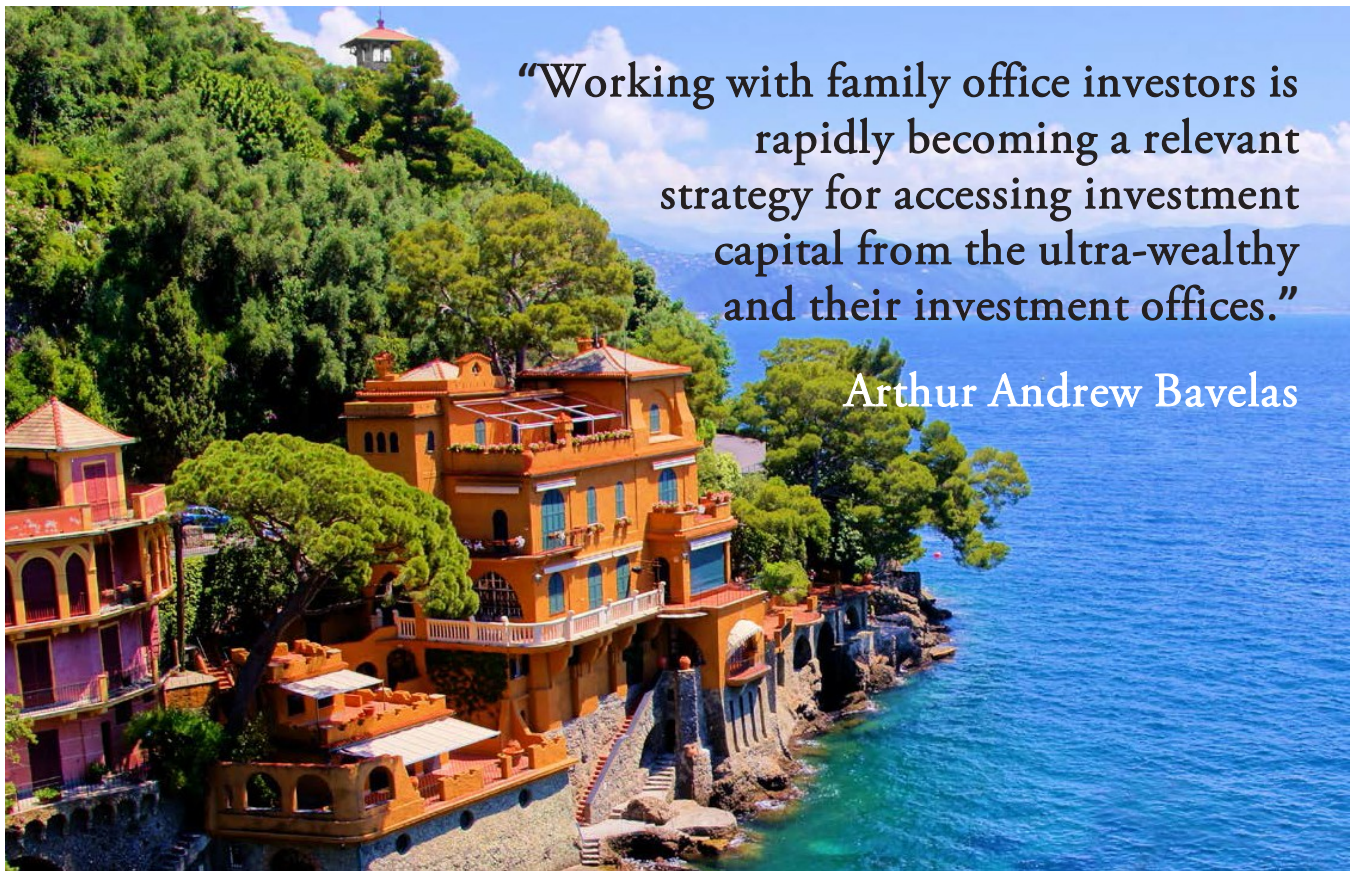
Q: What's next for you?

A: Well, we are heads down on this initiative and 100% committed to its success, but we are always looking downstream, trying to assess what other shifts are coming and how best to position ourselves to take advantage of the opportunities that are presented and how to be the ones creating the opportunities for our investors and our firm. So, we have other ideas about ways to continue improve our industry and bring other innovated investment products to market, but first and foremost is executing on this current initiative of reinventing private equity investing, in a manner that we feel drives value for our investors.



Mr. Zaccagnino is the founder of [Muirfield Investment Partners](#). Prior to founding Muirfield, Mr. Zaccagnino was co-managing director of Wellesley Advisors Corporation, an institutional private equity real estate investment firm that directly developed, owned, and operated real estate assets and managed commingled discretionary private equity funds on behalf of tax-exempt pension fund investors. During his tenure at Wellesley, in addition to acting as co-managing director, Mr. Zaccagnino was also president and a director of the following affiliated real estate companies, 1921 Realty, Incorporated, a private Real Estate Investment Trust and 1921 REIT Corporation, a REIT management firm. Prior to joining Wellesley Advisors, Mr. Zaccagnino was co-founder and managing director of Evoda Real Estate Group, a real estate investment firm. Mr. Zaccagnino has over 20 years of investment experience. He is a member of the Urban Land Institute, the Yale Alumni Schools Committee, and is member of the SEALkids Board of Directors, a non-profit benefiting the children of the Navy Seal community. Mr. Zaccagnino earned a Bachelor of Arts from Yale College.

If you have any questions, please contact Tom at tz@muirfieldip.com.



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Arthur Andrew Bavelas