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We are very pleased to offer a **15% discount** to Spotlight readers for places at the SuperReturn Middle East conference in Dubai, $14^{th} - 17^{th}$ October 2012.

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Kindest regards

Mark O'Hare

CEO

Preqin

For all bookings & enquiries, please contact the SuperReturn Middle East 2012 Team

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Welcome to the latest edition of Private Equity Spotlight, the monthly newsletter from Preqin providing insights into private equity performance, investors and fundraising. Private Equity Spotlight combines information from our online products Performance Analyst, Investor Intelligence, Fund Manager Profiles, Funds in Market, Secondary Market Monitor, Buyout Deals Analyst and Venture Deals Analyst.

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www.preqin.com/pm

New York:
One Grand Central Place
60 E 42nd Street
Suite 2544
New York, NY 10165
+1 212 350 0100

London: Equitable House 47 King William Street London, EC4R 9AF +44 (0)20 7645 8888

Singapore: Asia Square Tower 1 #07-04 8 Marina View Singapore 018960 +65 6407 1011

w: www.preqin.com e: info@preqin.com

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Private Equity Spotlight

August 2012

Feature Article

A \$3tn Juggernaut: Can Private Equity Offer Outperformance?

Despite the challenging economic conditions that have prevailed over recent years, the assets under management held by private equity funds has now tipped over \$3tn. But how has the asset class performed? This month's feature article reveals the latest trends and whether private equity returns have been resilient.

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Pregin Industry News

Each month Preqin's analysts speak to hundreds of investors, fund managers and intermediaries from around the world, uncovering vital, exclusive intelligence. This month we focus on industry updates regarding China-focused private equity. Page 8.

Lead Article

Investors' Sentiment Towards Private Equity

With private equity assets under management swelling, does this suggest that LPs' interest in the asset class is increasing? We present the results of our most recent investor survey, investigating investors' current thoughts and attitudes, and the outlook for the future.

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The Facts

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Venture Capital Deals - VC investments in the healthcare sector. Page 15.

Law Firms - a look at key law firms involved in the private equity industry. Page 17.

Secondary Market - key fundraising stats for secondaries vehicles. Page18.

Conferences - Details of upcoming private equity conferences. Page 19.

You can download all the data in this month's Spotlight in Excel.



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A \$3tn Juggernaut: Can Private Equity Offer Outperformance?

Industry assets under management have now hit record levels. Alex Jones takes a look at the latest performance figures and assesses whether private equity can still offer outperformance.

In spite of sustained periods of economic upheaval, the private equity industry has grown significantly over recent years. As of December 2011 the total assets under management (AUM) of the private equity industry stood at \$3tn for the first time, an increase of around 9% from 2010, with private equity funds holding just over \$1tn in dry powder and over \$2tn in unrealized portfolio value. While the amount of capital raised by private equity funds of all types has declined since 2008, the industry has seen growth. How is this explained and what does this mean?

The high level of unrealized portfolio value held by the industry is as a result of the prevalence of large deals made during the buyout 'boom period', coupled with the negative impact of the financial crisis. During 2004-2007 the rise of mega-sized funds and a propensity for large deals caused AUM to grow at its fastest rate, with assets expanding by 136%. Following the onset of the financial crisis in 2008, however, many of the assets purchased during this period remained unsold, with funds retaining investments for longer than originally intended due to unfavourable exit conditions.

Consequently, industry assets under management are likely to decline in the short term as these companies are sold, but as distributions filter back to investors capital will be fed back into private equity funds through new commitments, as LPs look to maintain their overall allocation levels.

In general, investors remain committed to private equity (see page 9 of this month's Private Equity Spotlight for further details), but a primary concern for LPs is whether the asset class can still offer strong returns. This has led to two important questions - how have private equity funds fared, and can such investments provide returns to investors in times of economic uncertainty?

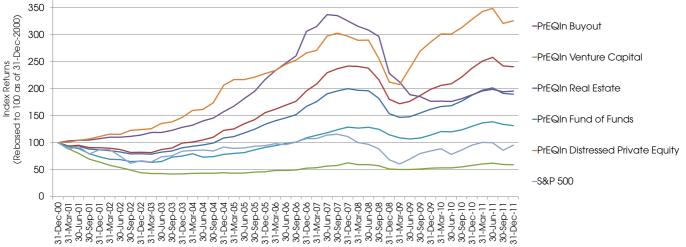
Private Equity Performance during Crisis Periods

Despite the challenges faced by private equity fund managers since 2008, industry performance has proved resilient. The onset of the financial downturn and the introduction of mark-to-market valuations in 2008 saw a steep fall in value in the short term: however, since that time the asset class as a whole has been in a state of recovery. The PrEQIn Quarterly Private Equity Index, shown in Fig. 1, tracks the quarterly movements in the performance of the private equity industry since December 2000, illustrating the downturn as well as the subsequent rebound of private equity fund

The immediate impact of the financial crisis can be seen in the "J-curves" of funds of vintages 2005-2006, shown in Fig. 2. Traditionally these curves are shaped as a "J", demonstrating how net IRR declines then subsequently improves as a fund advances through its life-cycle and value is added to investments. For these vintage years, however, the trajectories were effectively

-PrEQIn All Private Equity

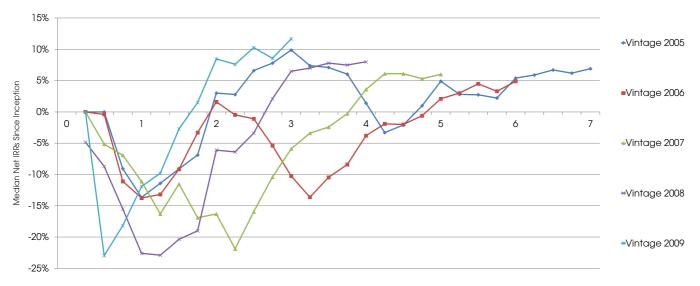




Source: 2012 Preqin Private Equity Performance Monito

Fig. 1: PrEQIn Index: All Strategies vs. S&P 500

Fig. 2: All Private Equity - J-Curve: Annual Median Net IRRs by Vintage Year

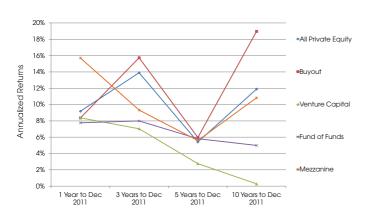


Source: 2012 Preqin Private Equity Performance Monitor

reversed and the IRR paths took on more of a "W" shape due to the widespread portfolio devaluations experienced at the end of 2008.

Since Q2 2009 the recovery of the industry is apparent, with the median net IRRs of private equity funds of all vintage years showing consistent improvement. Significantly, preliminary data reveals that vintage 2009 funds moved into positive IRR territory a full year earlier than most of the other vintage years. At the height of the global financial crisis there was an element of optimism in the private equity industry, with the knowledge that investments made during a recession often go on to generate strong returns for investors. It is early days for vintage 2009 funds, as these vehicles are early in their fund lives and still have many years to go before they liquidate. However, our preliminary data suggests that investors can be cautiously optimistic about the returns made for this vintage year.

Fig. 3: Private Equity Horizon IRRs by Fund Type as of 31 Dec 2011



Source: 2012 Preqin Private Equity Performance Monitor

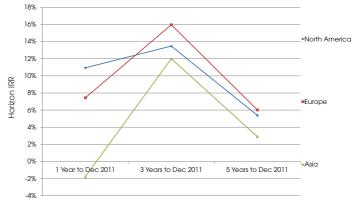
How Has Private Equity Performed over the Long Term?

Private equity is a long horizon investment type, with investors locked into funds for 10 years or longer. Consequently, while it can be interesting to look at short- and medium- term performance, it is most important to assess the returns of funds over a longer period of time.

Across all private equity fund types for the 10 years through 31st December 2011, the annualized returns stand at 11.9%, but the returns generated by the different private equity strategies vary significantly. For example, buyout funds report an annualized IRR of 19.0%, mezzanine 10.8%, fund of funds 5.0%, and venture capital 0.3%.

In addition, performance also varies significantly across different geographies. Fig. 3 looks at the returns earned by funds primarily investing in North America, Europe and Asia. While China and other Asian countries began to experience a slowdown in their economies in H2 2011, private equity returns across the region

Fig. 4: Horizon IRRs by Fund Primary Regional Focus as of 31 Dec 2011



Source: 2012 Preqin Private Equity Performance Monitor



Fig. 5: Top Five Consistent Performing Buyout Fund Managers

Firm	Location	No. of Funds with Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Rank
Altor	Sweden	3	3	0	1.00
Lovell Minnick Partners	US	3	3	0	1.00
Southern Cross Group	Argentina	3	3	0	1.00
FIMI	Israel	4	3	1	1.25
Waterland	Netherlands	4	3	1	1.25

Source: 2012 Pregin Private Equity Performance Monitor

over the one-year period to December 2011 stood at -1.8%. The return for funds with a primary focus on investment in Europe stood at 7.4% over the same period, while North America-focused funds generated a return of 10.9%. The returns are higher over the threeyear period across all three regions and lower over the five-year time frame.

What Is the Best Performing Private Equity Strategy?

The PrEQIn Distressed Private Equity Index demonstrates that this fund type is the top performing private equity strategy. The Index shows a steady quarterly increase from Q4 2000 until Q3 2007 and increased sharply from Q3 2009 after falls as a result of the financial crisis. In recent years managers have sought to take advantage of the relative abundance of distressed investment opportunities caused by the economic downturn.

The PrEQIn Buyout Index shows that buyout funds are the second top performers in the industry, standing at 240.7 as of 31st December 2011. Private real estate funds stand at 195.6. In contrast, the PrEQIn Venture Capital Index shows a steady decline from Q4 2000 until Q4 2003 caused by the technology crash in 2000, which resulted in large write-downs of portfolio valuations. Since this time, the Index has remained relatively flat, reaching a peak of 61.9 in Q2 2011.

Private Equity vs. Public Indices

A key component of private equity investment is the opportunity for strong capital growth. All private equity strategies, with the exception of venture capital, have outperformed Standard and Poor's free-float capitalization-weighted index of 500 US-based large cap stocks (S&P 500) since 31st December 2000, as shown in Fig. 1. Indeed, the PrEQIn All Private Equity Index has remained above the S&P 500 for all of the quarters following the rebasing, with the exception of Q2 2001 and Q1 2002. As of the latest data available (31st December 2011), the PrEQIn All Private Equity Index stood at 189.9 and the S&P 500 at 95.3.

Annualized horizon returns also show a similar pattern. Across the one-year period to 31st December 2011, private equity has a return of 9.2%, while the returns are 13.9% over three years and 5.4% across five years. Over the 10-year period, private equity returns stand at 11.9%. Returns for the public indices show that over the one-year horizon the S&P 500 is in the black, posting a return of 2.1%, but the MSCI Europe and Emerging Markets indices are both in the red. The three-year returns for the public indices are all in the black, whereas over five-years the MSCI Emerging Markets is in the black and the S&P 500 and MSCI Europe are returning -0.3% and -5.2% respectively. Across the 10-year horizon, the MSCI Emerging Markets generated 13.9%, with the S&P 500 returning 2.9%, and MSCI Europe 4.4%.

It should be noted, however, that any comparisons made between private equity and public markets should be viewed with caution. As the private equity asset class is illiquid and investors' capital is locked up over a long period of time, the horizon returns are not as relevant for private equity as they are for listed equity.

Identifying Top Performing Funds

While private equity investment can offer long-term rewards to investors, there is a significant spread between the performance of individual funds, with a particularly large gulf between the returns generated by the best and worst performing funds. As institutional investors look to construct their private equity portfolios and commit to funds that meet their requirements, the ability to identify, select and evaluate top performing funds is of paramount concern.

Despite the fact that past performance is not a guarantee of future success, there is clear evidence to suggest that managers of top-tier funds have continued to produce top-quartile returns with subsequent funds more often than other managers. While 15% of managers of bottom quartile funds subsequently improve and manage top quartile successor funds, many more do not and therefore despite trends there are no guarantees. Therefore, it is important to recognize that despite the importance of a fund manager's track record, each new opportunity should be judged on its own individual merits. Thirty-six percent of fund managers with a top quartile fund go on to manage a top quartile successor fund, and 66% outperform the median benchmark. In addition, 36% of bottom quartile managers remain in that quartile with their next offering, while 65% underperform the benchmark.

Consistent Performers

Identifying consistent performing managers is no easy task, particularly in an industry known for its lack of transparency. Despite improvements made in the level of disclosure across the private equity space, it remains a challenge for LPs and GPs to access the reliable, accurate and fully transparent data necessary to effectively benchmark funds. To help with this, all funds that Pregin holds performance data for are assigned a quartile ranking, with the exception of more recent vintages that do not yet show



meaningful performance. These rankings are based upon the peer group of each vehicle, taking into account vintage, strategy and region focus. Both the multiple and IRR are used as key indicators and equal emphasis is placed on both metrics.

Fig. 5 lists the top five consistent performing buyout fund managers. A fund manager's average score is determined by awarding each top quartile fund a score of one, each second quartile fund a score of two, and so on. The list shows that the top three managers - Altor, Lovell Minnick Partners and Southern Cross Group - have all of their funds ranked in the top quartile and therefore have achieved the best possible score of 1.00. Israeli-based FIMI and Netherlands-based Waterland follow next, each with a score of 1.25.

Outlook

As private equity assets under management have increased over recent years, it is clear that the industry has weathered the negative impact of sustained economic uncertainty well. The 10-year median performance of private equity shows the potential for strong returns, while the PrEQIn Index demonstrates the returns generated by the asset class consistently beating the S&P 500. Despite this, our analysis also highlights the wide gulf between the performance of top and bottom quartile funds. Investors hoping to tap into the potential for outperformance are faced with the challenge of fund selection, and a result it is important for LPs constructing a portfolio to conduct in-depth research and assess track records in order to ensure that they commit to the best possible fund managers.

Data Source:

This article draws on data from the latest Preqin publication, the 2012 Pregin Private Equity Performance Monitor.

Now in its ninth edition, the latest Monitor provides in-depth analysis of private equity returns, tables of top performing funds and firms by strategy/type, net-to-LP returns for over 6,000 separate vehicles of all types and geographies, and more.

To see how the 2012 Preqin Private Equity Performance Monitor can help you and to download free sample pages, please visit:

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2012 Pregin PE Performance Monitor



The 2012 Pregin Private Equity Performance Monitor, now in its ninth edition, includes league tables showing the top performing funds of each fund type and vintage year, as well as identifying which managers are the most consistent top performers, again broken out for all the major fund types. The 2012 Preqin Private Equity Performance Monitor contains new areas of analysis and key metrics for more funds than ever before, with over 6,000 vehicles included, accounting for 70% of all private equity vehicles raised historically by value.

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- Top performing funds and firms identified in extensive league tables by fund type and vintage
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- Annual and quarterly changes in fund valuations.
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Pregin Industry News

Alex Jones delivers a round-up of the latest private equity news, featuring exclusive intelligence uncovered by Pregin's analysts. Pregin Online subscribers can click on the investor/firm names to view the full profiles.

China has proved to be an interesting area for the private equity industry. Despite a recent slowdown in the growth of economic output, growing numbers of investors and fund managers are viewing China as an attractive region for the asset class (see the article overleaf for further details). China itself is also opening up more to private investment opportunities, with governmental regulations being relaxed to help attract private equity capital into the country in order to stimulate local economies. As regulators in China allow insurance companies to double their exposure to private equity to up to 10%, China expects to see an influx of new capital into private equity funds. As shown in the Chart of the Month, China-focused fundraising has increased over recent years. This is indicative of a growing appetite for alternatives exposure across the country.

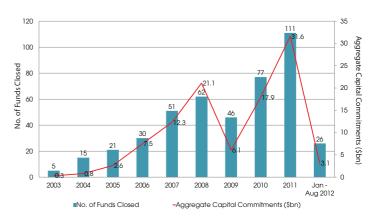
One investor that is viewing China as a favourable investment destination is the €14bn Finnish State Pension Fund. The government agency intends to step up its exposure to Asia and sees China as offering good opportunities. It intends to gain exposure via fund of funds vehicles that focus 100% on the region and will look to commit €20mn per fund, although this can vary depending on each opportunity. Similarly, Japan-based insurance company Sony Life Insurance will be looking to make new commitments to China-focused funds in the near future. The firm intends to commit to growth and secondaries funds over the next 12 months, and will also be targeting other regions such as South-East Asia and Australia. State General Reserve Fund of The Sultanate of Oman is another significant investor that is looking to invest in China in the next 12 months. The sovereign wealth fund, which maintains an 8% allocation to private equity, plans to invest in growth funds targeting China and India, alongside buyout funds that invest in North America and Europe.

Elsewhere, a local LP planning to make new investments in the coming year is <u>Shanghai Yangpu Government Guidance Fund</u>. The China-based government agency intends to make a number of new fund commitments, with a particular focus on venture funds; however, it will also consider investing in growth opportunities. The firm primarily has a preference for China-focused funds that aid the development of Yangpu region, but it will not rule out making other investments in the coming year. It will consider investing in first-time funds on a case-by-case basis.

Fund managers have benefited from the increased appetite for private equity investment in China. One example is FountainVest Partners, which has reached a \$1bn first close for FountainVest China Growth Partners II. The vehicle, which targets a range of growth-stage investments in China, needed only a few months to reach this interim close, highlighting the high degree of investor appetite for such opportunities. The fund is backed by a number of North American institutions, showing that an appetite for private equity investment in China is not limited to Asia-based LPs.

Another is <u>Innovation Works Development Fund II</u>, a venture fund that reached a \$148mn first close. The fund is managed

Chart of the Month: China-Focused Fundraising 2003 - August 2012



Source: Preqin Funds in Market

by Beijing-based Innovation Works and targets internet-related companies, including those in the mobile internet, consumer internet, e-commerce and cloud computing sectors. Additionally, fundraising is almost wrapped up for CITIC Private Equity Fund III, a substantial China-focused growth fund. The fund, raised by CITIC Private Equity Funds Management, is on course to raise between CNY 10bn and CNY 12bn.

Recent fundraising success has not been limited to just the larger China-focused funds, with the recent news that Qiming Investment Fund, managed by Qiming Venture Partners, held a final close on CNY 600mn (\$94mn). The vehicle seeks investments in early to expansion stage companies in the clean technology, environmental services, consumer products, IT, internet and healthcare industries within China. Similarly GSR Ventures' China-focused technology fund GSR Opportunities IV, raised an aggregate \$133mn in capital commitments at the end of May. The vehicle is managed in China and seeks domestic investments at the expansion / late stage.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

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^{****}Preqin contacts investors directly to ensure their alternatives programs are active. We emphasize active investors, but clients can also view profiles for investors no longer investing or with programs on hold.



Investor Sentiment: The Opinions of 100 Leading LPs

Following in-depth interviews with investors in private equity around the world, Antonia Lee looks at where these institutions plan to place their capital in the next 12 months.

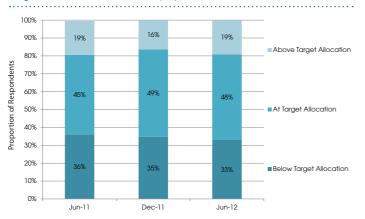
Three hundred and thirty-six funds reached a final close in H1 2012 having secured aggregate commitments of \$143bn, down slightly from the \$167bn raised by the 434 funds that reached a final close in H1 2011. However, it is encouraging to see that despite on-going problems in the eurozone and wider financial markets, aggregate capital raised by funds in H1 2012 has increased slightly in comparison to H2 2011, when 405 funds reached a final close having secured \$135bn in aggregate commitments.

Preqin interviewed over 100 institutional investors in private equity in June 2012 to find out about their private equity exposure and assess their current attitudes towards the asset class. Almost half (47%) of investors we spoke to have made commitments so far in 2012, and 44% expect to next commit capital to a private equity fund before the end of the year.

A further 11% of investors expect they will next commit to a fund in 2013, while a significant third of LPs interviewed are uncertain about the timeframe of their next commitment, but may commit to a new fund within the next 12 months should an attractive opportunity arise. Some investors are uncertain when they will next commit to a fund due to the current instability in wider markets. For example, one Nordic insurance company we spoke to is currently holding off making new commitments due to uncertainty surrounding the future of the euro.

One-third of LPs are currently below their targeted levels of exposure to private equity, as Fig. 1 illustrates, and 48% are at their target allocations to the asset class. This suggests that 81%

Fig. 1: Proportion of Investors Currently At, Above, or Below Their Target Allocations to Private Equity



Source: Preqin Investor Outlook: Private Equity, H2 2012

of investors are likely to continue to make new commitments to private equity funds in the near future in order to maintain or build towards their target allocations to the asset class. Nineteen percent of investors are currently above their target allocations to private equity.

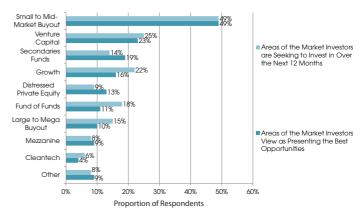
Key Geographies and Strategies over the Next 12 Months

As Fig. 2 illustrates, small to mid-market buyout funds continue to attract the highest level of investor interest, with 49% of LPs naming this fund type as offering the best opportunities and 49% planning to commit to such funds over the next 12 months.

Venture capital, secondaries and growth vehicles continue to attract attention from investors, with 23%, 19% and 16% of investors naming these fund types respectively as offering the best opportunities in the current market.

In light of recent macroeconomic issues, particularly within the eurozone, we asked LPs which regions they feel are currently presenting the best opportunities, and if they are avoiding any regions that they may have considered investing in before. The highest proportion of investors (34%) named North America as the most attractive region for investment, 27% named Asia, 26% named Europe and a similar proportion named Rest of World, while 31% did not pick out any specific regions as offering the best opportunities. One UK public pension fund commented: "There are interesting opportunities in all regions so [we] cannot name one region."

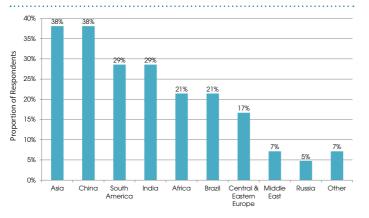
Fig. 2: Investor Attitudes to Different Fund Types at Present*



Source: Preqin Investor Outlook: Private Equity, H2 2012



Fig. 3: Countries and Regions within Emerging Markets that Investors View as Presenting Attractive Opportunities*



Source: Pregin Investor Outlook: Private Equity, H2 2012

Notably, 24% of investors told us they would not invest in Europe at present and some commented that they would avoid specific regions within Europe, such as one German bank, which will invest in Eastern Europe but wants to avoid Western Europe. Nevertheless, some investors see opportunities in the region. We spoke to a US endowment that commented: "Despite the financial crisis, Europe is presenting some strong investment opportunities if there is a real strong long-term strategy."

Three percent of LPs would not invest in North America, and 2% are avoiding opportunities in Asia and Rest of World. One Swiss bank noted: "We are avoiding emerging markets in general; we have invested there before but will be very selective in the future." Almost three-quarters of LPs (73%) are not avoiding investment opportunities in any region they have previously invested in.

Appetite for Emerging Markets

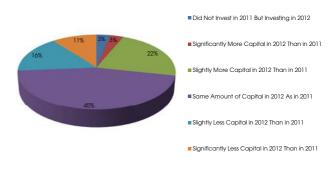
A substantial 72% of LPs will invest or consider investing in emerging markets. Furthermore, 95% of these expect to increase their exposure to such regions over the next 12 months, and none plan to reduce their exposure in the long term. Fig. 3 shows the specific countries and regions within emerging markets that investors view as presenting the best opportunities. China, and more broadly Asia, remains attractive to the highest proportion of LPs (38%). India and South America are also viewed as offering good investment opportunities, each named by 29% of investors that have an appetite for emerging regions.*

* Respondents were not prompted to give their opinions on each fund type/country/region individually; therefore the results display the fund types, countries and regions at the forefront of investors' minds at the time of the survey.

Attracting Capital before the First Close

Forty-nine percent of investors would invest in a fund before the first close and a further 16% would consider being a first-close investor. Fund managers often offer incentives to attract LPs to commit early; for example, a European government agency noted: "[Investing before the first close] is attractive as you can be offered

Fig. 4: Amount of Capital Investors Plan to Commit to Private Equity Funds in 2012, Compared to 2011



Source: Pregin Investor Outlook: Private Equity, H2 2012

preferential rights, for example with regards to co-investment opportunities, and preferential fees and carry." Additionally, a Malaysian investor told us: "Usually we prefer to invest before the first close with re-ups so that we can negotiate [fund terms] better." One Spanish investor commented: "[We] will only invest [before the first close] if we have previously invested with the manager and know the fund has the capacity to reach a first close and the overall target."

Allocations and Intentions for 2012 and Beyond

Continued uncertainty in financial markets and record numbers of funds on the road mean that fundraising is likely to remain challenging in the year ahead. With many LPs remaining cautious when selecting private equity funds and others exploring new ways of investing in the market, what level of activity can we expect from LPs going forward?

As discussed earlier, aggregate capital raised by funds closed in H1 2012 is up slightly compared to that raised by funds that reached a final close in the latter half of 2011. Encouragingly, almost three-quarters of LPs (73%) expect to commit more or the same amount of capital to private equity funds in 2012 compared to 2011. This suggests that we may see a slight uptick in fundraising by the end of the year in comparison to 2011.

As Fig. 4 illustrates, one-quarter of LPs plan to commit more capital in 2012 than they did in 2011. Those LPs gave various reasons for increasing the pace of their commitments this year, including changes to their investment strategy leading to a bigger allocation to private equity, new mandates available to invest, more opportunities (particularly re-up opportunities) in the market, and building up towards their targeted levels of exposure to the asset class.

Another 3% of LPs anticipate a return to private equity this year having held off making new commitments in 2011. One Austrian investment company told us: "We have been reluctant since 2009 and now want to commit more capital."



The highest proportion of investors (45%) plan to maintain the pace of their commitments in 2012 compared to 2011. Many of those LPs are at target and investing to maintain their allocation by continuing a set commitment policy, although some mentioned they would invest more if they had the necessary capital available.

Twenty-seven percent of investors expect to commit less capital to private equity opportunities in 2012. A Swedish foundation told us: "We don't have the money to invest right now, so we probably will not do anything for a couple of years at least." A Swedish bank said that regulatory changes are affecting its allocation. Unhappy about increasing transparency in the asset class, one Swiss family office said: "One of the attractions of private equity is that it used to be private; these days people are trying to bring it out in the open and regulate and strangle it. This will have a negative impact on the asset class." Some investors are waiting for a natural rundown of their existing commitments before adding new funds to their portfolio, while others said they are reducing their exposure to funds to focus more on direct investments.

Although there are still investors that remain reluctant to commit fresh capital to funds, and others that are exploring new methods of accessing private equity investments such as co-investments and separate accounts, the majority of LPs intend to continue to allocate capital to private equity funds. Nineteen percent of investors expect to increase their exposure to the asset class over the next 12 months, while just 11% expect their private equity fund allocations to go down. Furthermore, in the long term, over one-quarter of LPs (28%) plan to increase their exposure to private equity funds, 62% plan to maintain their allocations, and just 10% expect to reduce their allocations to the asset class.

Data Source:

This article features information explained in full in the H2 2012 2012 Preqin Investor Outlook report. Download your free copy today.

This report, and others like it, represent a small portion of the vital data that our research analysts gather on a daily basis for the Preqin Investor Intelligence online database. We contact investors directly to ensure that our information is accurate, up to date and reliable.

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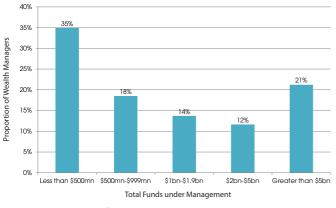
Wealth Managers in Private Equity

Preqin has now launched coverage of wealth managers involved in the Private Equity, Real Estate, Infrastructure and Hedge Fund asset classes.

Investor Intelligence Now Includes:

- Wealth Manager Profiles constantly updated, searchable profiles of wealth managers and their real estate investment preferences.
- Wealth Manager Contact Details access the details of wealth managers' key personnel and preferred methods of contact.

Fig. 1: Private Equity Wealth Managers by Funds under Management



Source: Preqin Investor Intelligence

Private Equity Real Estate Hedge Funds Secondaries Sellers Secondaries Buyers Last Updated: 26-Jur General Jump to... ▼ Address: Tel: Website: Wealth Manager Type: About: their trusts, estates, foundations, endowments, corporations and business entities. Client net worth ran from several million dollars to hundreds of millions. The firm focuses on wealth regeneration, and it provides financial planning, portfolio management and the selection of external advisers. The firm utilizes alternative investments in client portfolios, if the client has sufficient liquidity and risk tolerance. Before selecting a manager for investment, the firm completes a rigorous due-diligence procedure, which involves reviewing past performance, as well as analyzing the firm and its personnel. The firm's due diligence with regard to alternative investments is more rigorous, being extended to visits, background checks, and professional and legal reviews. Due diligence and monitoring conti after an investment has been made. Assets (mn): Total Assets Under Advisement (USD mn): Current Allocation to Private Equity: Client No. provide it with diversification across different geographies and industries. Its target allocaton to private

Preqin has also released a complimentary research report, providing insights into wealth managers involved in the alternative assets industry. Download your free copy now:

Wealth Managers Outlook: Alternative Assets

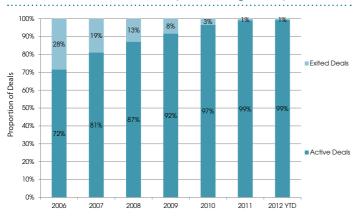
For more information or to arrange a walkthrough of the service, please visit: www.pregin.com/wealth



Actively Held Portfolio Companies

Each month Preqin examines the private equity deal market. This month Jonathan Parker takes a look at active portfolio companies that are currently held by private equity firms, and the composition of these assets under management.

Fig. 1: Proportion of Currently Held Portfolio Companies by Initial Investment Date: 2006 - 2012 YTD (As at 9th August 2012)

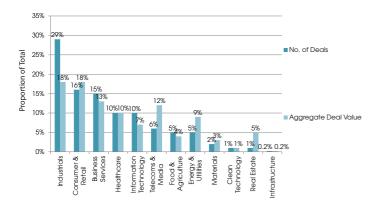


Source: Preqin Buyout Deals Analyst

According to Preqin's latest estimates, the value of assets under management in the global private equity industry has now surpassed \$3tn.

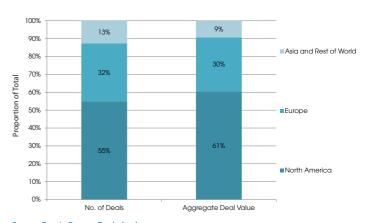
In the buyout sector, fund managers' portfolios are composed of companies in a wide range of industries and geographies, with over 18,000 portfolio companies currently held by buyout firms globally. As can be seen in Fig. 1, 28% of deals made in 2006 have now been fully exited, with this figure declining to 19% for 2007 deals, and 13% for investments dating from 2008. For each of the past four years, more than 90% of deals remain active in the portfolios of PE firms, as GPs typically seek to hold portfolio companies for three to five years before exiting.

Fig. 3: Composition of Currently Held Portfolio Companies by Industry



Source: Preqin Buyout Deals Analyst

Fig. 2: Composition of Currently Held Portfolio Companies by Region



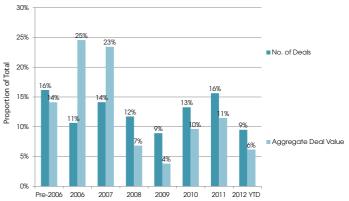
Source: Preqin Buyout Deals Analyst

Data Source:

Included as part of Preqin's integrated 360° online private equity database, or available as a separate module, Buyout Deals Analyst provides detailed and extensive information on private equity-backed buyout deals globally, including deals in the small-cap value range. The product has in-depth data for over 26,000 buyout deals across the globe from 2006 - present, including information on deal value, buyers, sellers, debt financing providers, financial and legal advisors, exit details and more.

www.preqin.com/deals

Fig. 4: Composition of Currently Held Portfolio Companies by Initial Investment Date: Pre-2006 - 2012 YTD (As at 9th August 2012)



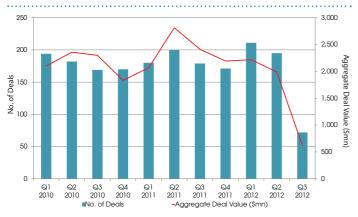
Source: Preqin Buyout Deals Analyst



Healthcare Venture Capital Deals

Healthcare is one of the most active sectors for venture capital investment. Manuel Carvalho takes a look at the key stats regarding financings made in this area.

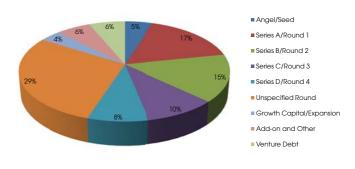
Fig. 1: Number and Aggregate Value of Venture Capital-Backed Healthcare Deals: Q1 2010 - Q3 2012 YTD (As at 9th August 2012)



Source: Preqin Venture Deals Analyst

* Includes multi-investor deals

Fig. 2: Proportion of Venture Capital-Backed Healthcare Deals by Stage: 2010-2012 YTD (As at 9th August 2012)



Source: Preqin Venture Deals Analyst

Fig. 3: Most Active Venture Capital Investors in Healthcare by Number of Deals Financed: 2010-2012 YTD (As at 9th August 2012)

Investor	Location	No. of Deals	Aggregate Deal Value (\$mn)*
New Enterprise Associates	US	55	1303.5
Domain Associates	US	53	1172.0
OrbiMed Advisors	US	46	1194.4
SV Life Sciences	US	42	961.7
Kleiner Perkins Caufield & Byers	US	39	1030.9
Polaris Venture Partners	US	38	540.8
High-Tech Gründerfonds	Germany	36	46.9
Versant Ventures	US	33	848.3
MPM Capital	US	32	940.4
Third Rock Ventures	US	32	818.6

Source: Preqin Venture Deals Analyst

Subscribers to Venture Deals Analyst, the industry's leading source of intelligence regarding venture capital transactions, can click here to view the details of over 1,900 venture financings in the healthcare sector since 2010, representing an aggregate value of over \$22bn.

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www.preqin.com/vcdeals

Fig. 4: Five Notable Venture Capital-Backed Healthcare Deals: 2010-2012 YTD (As at 9th August 2012)

Portfolio Company Name	Deal Date	Stage	Deal Size (mn)	Location	Industry	Total Known Funding (\$mn)
Valeritas, Inc.	Sep-11	Series C/Round 3	150 USD	US	Medical Technology	200.6
Symphogen	Feb-11	Series F/Round 6	100 EUR	Denmark	Biopharmaceuticals	210.94
Bioventus LLC	May-12	Growth Capital/Expansion	118 USD	US	Healthcare	118
Pacific Biosciences	Jul-10	Series F/Round 6	109 USD	US	Biotechnology	234.72
Cameron Health, Inc.	May-11	Unspecified Round	107 USD	US	Medical Devices	154.1

Source: Preqin Venture Deals Analyst

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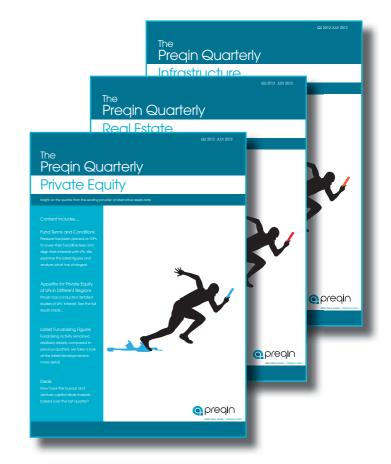
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Key Law Firms

Cindy Smith presents insights into the use of law firms within private equity, revealing which firms are notable for their activity within the industry.

Fig. 1: Five Leading Law Firms in Fund Formation

Law Firm	Sample of Recent Assignments: Funds Currently in Market and Target Size
Clifford Chance	Equistone European Fund IV (€1.5bn, Buyout), Green For Growth Fund (€300mn, Venture), 3i India Infrastructure Fund II (\$1.25bn, Infrastructure)
Kirkland & Ellis	Avista Capital Partners III (\$2bn, Buyout), Leopard Bangladesh Fund (\$100, Growth), Energy Capital Partners Mezzanine Opportunities Fund (\$500mn, Infrastructure)
Goodwin Procter	VantagePoint CleanTech Partners III (\$600mn, Venture), TA Atlantic & Pacific VII (\$1.75bn, Buyout), Saints Capital VII (\$300mn, Secondaries)
SJ Berwin	Balfour Beatty Infrastructure Partners (€800mn, Infrastructure), Beechbrook Mezzanine II (€120mn, Mezzanine), Eagle Asia Fund II (\$350mn, Fund of Funds)
Ropes & Gray	SHP Capital Solutions Fund (\$500mn, Special Situation), Cayuga Venture Fund IV (\$50mn, Venture), Ethos Private Equity Fund VI (\$750bn, Buyout)

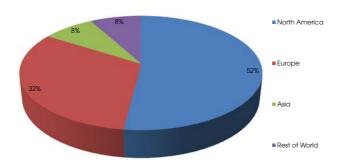
Source: Preqin Funds in Market

Fig. 2: Sample of the Largest Funds in Market and the Law Firm they were Advised By During Fund Formation

Fund Name	Manager	Туре	Target Size (mn)	Fund Lawyer
Blackstone Real Estate Partners VII	Blackstone Group	Real Estate	13,000 USD	Simpson Thacher & Bartlett
KKR North American XI Fund	Kohlberg Kravis Roberts	Buyout	10,000 USD	Linklaters
Cinven V	Cinven	Buyout	5,000 EUR	Linklaters
KKR Asia Fund II	Kohlberg Kravis Roberts	Buyout	6,000 USD	Cleary Gottlieb Steen & Hamilton
Global Infrastructure Partners II	Global Infrastructure Partners	Infrastructure	5,000 USD	Debevoise & Plimpton
GSO Capital Solutions Fund II	GSO Capital Partners	Distressed Debt	4,000 USD	Simpson Thacher & Bartlett
Alinda Global Core Infrastructure Fund	Alinda Capital Partners	Infrastructure	3,000 USD	Debevoise & Plimpton
Blackstone Energy Partners	Blackstone Group	Natural Resources	3,000 USD	Simpson Thacher & Bartlett
Highbridge Mezzanine Fund II	Highbridge	Mezzanine	3,000 USD	Fried Frank
Sankaty Credit Opportunities V	Sankaty Advisors	Distressed Debt	3,000 USD	Ropes & Gray

Source: Preqin Funds in Market

Fig. 3: Breakdown of Law Firms Involved with Private Equity Fund Formation by Region



Source: Preqin Funds in Market

Data Source:

Preqin's Funds in Market contains fund-level data regarding the use of law firms in the private equity fund formation process, and allows users to rank law firms within the industry.

To find out more please visit: www.preqin.com/fim

Fig. 4: Leading Legal Advisors in Buyout Deals (2012 YTD)*

Legal Advisors	Aggregate Deal Value Advised (\$bn)	No. of Transactions
Kirkland & Ellis	19.8	63
Latham & Watkins	17.3	19
Weil, Gotshal & Manges	14.0	22
Simpson Thacher & Bartlett	10.6	13
Debevoise & Plimpton	8.9	4
Fried Frank	7.8	3
Wachtell, Lipton, Rosen & Katz	7.0	2
Paul Hastings	6.9	9
Torys	6.6	1
Seyfarth Shaw	6.6	1

Source: Preqin Buyout Deals Analyst

Data Source:

Interested in legal advisers to specific buyout deals? Buyout Deals Analyst can help.

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^{*} By aggregate value of transactions for which counsel roles were provided to private equity firms investing



Secondaries Fundraising

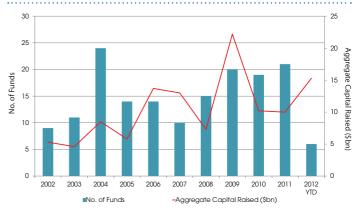
Patrick Adefuye reveals the latest secondaries fundraising information. Have such private equity funds been successful in attracting capital? We reveal all.

The level of capital raised by secondaries vehicles closing during 2012 so far has surpassed that for each of the previous 10 years, except for 2009, as can be seen from Fig. 1. The total of \$15.3bn closed in this year so far comes from just six vehicles, with just two funds contributing over 80% of the aggregate capital. A total of \$5.5bn was raised by Coller International Partners VI, while \$7.1bn – the largest amount ever raised for a secondaries vehicle – was garnered by AXA Secondary Fund V.

At present there are 30 secondaries vehicles on the road, seeking an aggregate \$24.9bn from investors. Fig. 2 lists the largest five vehicles currently in market, with Goldman Sachs' Vintage Fund VI, which is targeting \$4.5bn, being the largest. The vehicle held a first close in July 2012, raising just over \$1.2bn towards its final target.

Fig. 3 shows the five largest secondaries vehicles ever closed, including the two aforementioned vehicles that held a final close this year. The list also includes Coller Capital's previous fundraising effort (Coller International Partners V), which raised a total of \$4.8bn.

Fig. 1: Historic Fundraising for Secondaries Funds, 2002 - 2012 YTD (As at 9th August 2012)



Source: Pregin Secondary Market Monitor

Subscriber Quicklink:

Subscribers to the Secondary Market Monitor – the industry's leading source of intelligence on the private equity and private real estate secondary fund markets – can click here to view an overview of current secondaries fundraising conditions.

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Fig. 2: Five Largest Secondaries Funds Currently Raising Capital (As at 9th August 2012)

Fund	Vintage	Manager	Target Size (\$mn)	Fund Status
Vintage Fund VI	2012	Goldman Sachs Private Equity Group	4,500	First Close
Dover Street VIII	-	HarbourVest Partners	2,900	Raising
Partners Group Secondary 2011	-	Partners Group	2,824	Raising
Paul Capital Partners X	-	Paul Capital	2,000	Raising
NB Secondary Opportunities Fund III	-	Neuberger Berman	1,600	Raising

Source: Preqin Secondary Market Monitor

Fig. 3: Five Largest Secondaries Vehicles Ever Raised

Fund	Vintage	Manager	Final Size (\$mn)
AXA Secondary Fund V	2011	AXA Private Equity	7,100
Lexington Capital Partners VII	2010	Lexington Partners	7,000
Vintage Fund V	2008	Goldman Sachs Private Equity Group	5,500
Coller International Partners VI	2012	Coller Capital	5,500
Coller International Partners V	2006	Coller Capital	4,800

Source: Preqin Secondary Market Monitor



Conferences Spotlight

Conference	Dates	Location	Organizer
Chilean Investor Forum	10 September 2012	Santiago	Latin Markets Brazil
Capital Creation	10 - 12 September 2012	Cannes	Worldwide Business Research
Endowments, Foundations, and Pension Funds	13 September 2012	New York	Argyle Executive Forum
Distressed Debt Investor Forum	19 - 20 September 2012	London	Informa
SuperReturn Asia	18 - 20 September 2012	Hong Kong	ICBI
SuperReturn Middle East	14 - 17 October 2012	Dubai	ICBI
The Alternative Asset Summit	17 - 19 October 2012	Las Vegas	Alternative Assets
SALT Singapore 2012	17 - 19 October 2012	Singapore	SkyBridge Capital
Hedge Fund CIO Summit & PE/VC CIO Summit	18 October 2012	New York	Alpha Institutes
3rd Emerging Marketing Investing Summit: BRIC & Beyond	24 October 2012	New York	iGlobal Forum

Capital Creation

Date: 10th -12th Septmber 2012 Information: www.capitalcreationeurope.com Location: Hotel Martinez, Cannes

Organiser: WBR

In September 2012, over 300 of Europe's top LPs and GPs will convene in sunny Cannes on the Cote d'Azur for the 12th annual Capital Creation meeting. Capital Creation has built a reputation for providing a highly interactive & intimate environment tailored for effective networking, idea sharing, and developing long lasting business relationships – not to mention VIP drinks receptions and a gala dinner under cloudless skies, overlooking the azure waters of the Mediterranean!

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