Private Equity Spotlight

June 2012

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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The 2012 Preqin Sovereign Wealth Fund Review

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First-Time Fund Managers on the Fundraising Trail and the Issues They Face

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You can download all the data in this month's Spotlight in Excel.
Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing, please cite Preqin as the source.

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Are Regulatory Changes Impacting LPs' Allocations to Private Equity?

Louise Weller assesses the current and future impact of tightening regulations in the US and Europe. How will it affect the private equity investment plans of different institutional investor types?

With a number of regulatory changes occurring in the developed markets of Europe and North America, it is interesting to look at how such changes may impact upon the private equity activity of certain investors. With the Volcker Rule, part of the Dodd-Frank Act, and Basel III affecting the investment activity of banks in developed regions, and with Solvency II affecting insurance companies in Europe, the amount of capital these two investor groups can allocate to private equity is likely to fall. Preqin recently spoke to a sample of 50 banks and 50 insurance companies around the world, in order to ascertain the impact this regulation has had on their private equity investments, or is likely to have in the future, and to assess the appetite these investors currently have for private equity.

Biggest Challenges Facing Banks and Insurance Companies

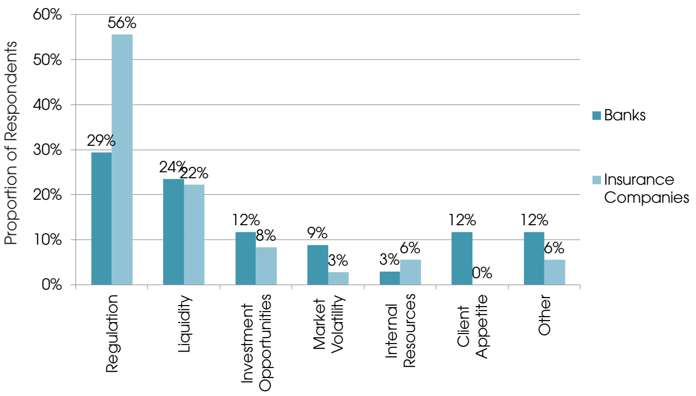
When looking at the biggest challenges currently facing banks investing in private equity, 29% noted that regulation is their biggest concern, as shown in Fig. 1, and overall, 21% of banks have either significantly reduced their exposure to private equity or ceased investing in the asset class due to this. One US bank told us: "The Volcker Rule has killed banks' ability to invest in private equity," and as a result it has stopped investing in the asset class. It appears that insurance companies also see regulatory change as their biggest concern going forward, with 56% of the insurance companies we spoke to stating this as their biggest challenge when seeking to operate an effective private equity program. Perhaps slightly more promising than banks though is that only 8% of insurance companies have put their private equity investments on hold or significantly reduced their exposure to the asset class as a result of regulatory changes, as shown in Fig. 2.

Although a number of banks and insurance companies see proposed regulatory changes as a challenge, it has not deterred the majority of these investors from the private equity asset class; 74% of banks and 79% of insurance companies have not made any change to their private equity investment programs as a result of stricter regulation.

While banks and insurance companies remain interested in private equity, the outlook is still uncertain. Promisingly, 62% of insurance companies intend to make their next private equity commitment before the end of 2012, or in 2013, as shown in Fig 3.

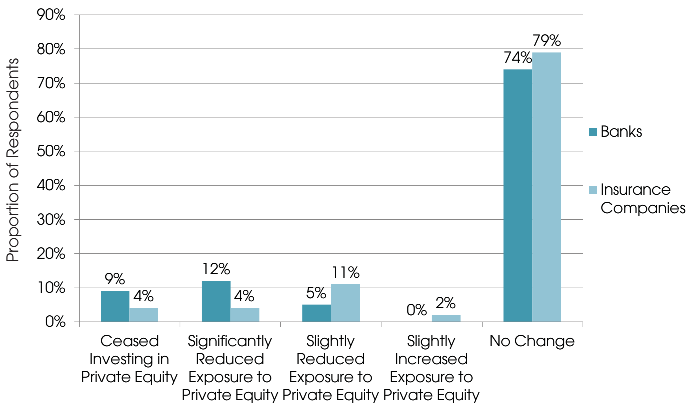
However, as Fig. 4 demonstrates, the figure is lower for banks, with 38% of banks expecting to commit to new private equity funds within the next 18 months. Aside from the Volcker Rule, which inhibits banks' activity in the asset class, one of the main reasons why fewer banks expect to commit further capital to private equity funds in the near future is client appetite, since a number of banks invest in private equity funds on behalf of their clients, as opposed to from their own balance sheets. As one US bank stated: "Clients are squeamish about illiquid assets and don't want their capital tied up," so banks' reduced appetite for private equity is also related to wider investor sentiment for the asset class given volatile market conditions, as opposed to solely direct regulatory effects.

Fig. 1: Biggest Challenges Currently Facing Banks and Insurance Companies Seeking to Operate Effective Private Equity Programs



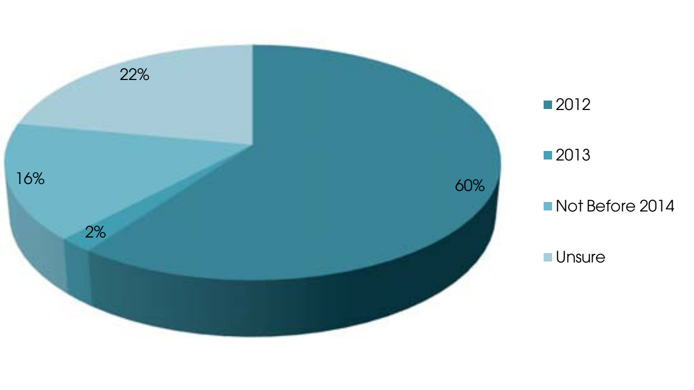
Source: Preqin Special Report: Banks as Investors in Private Equity; Preqin Special Report: Insurance Companies Investing in Private Equity

Fig. 2: Impact of Regulatory Changes on Banks' and Insurance Companies' Exposure to Private Equity



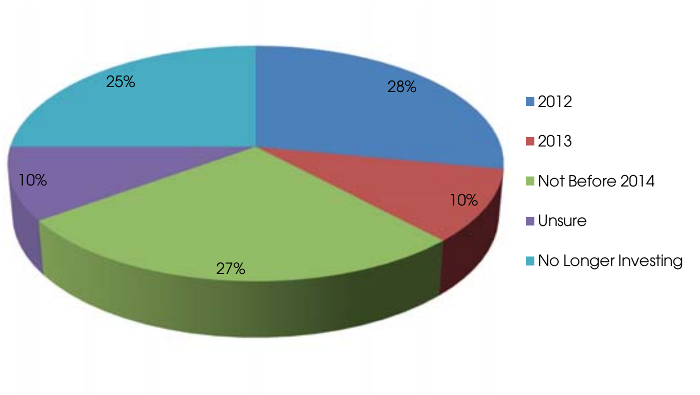
Source: Preqin Special Report: Banks as Investors in Private Equity; Preqin Special Report: Insurance Companies Investing in Private Equity

Fig. 3: Timeframe for Insurance Companies' Next Intended Commitments to Private Equity Funds



Source: Preqin Special Report: Insurance Companies Investing in Private Equity

Fig. 4: Timeframe for Banks' Next Intended Commitments to Private Equity Funds



Source: Preqin Special Report: Banks as Investors in Private Equity

Increased Presence of Emerging Markets-Based Investors

It is important to recognize that while stricter regulation is becoming more prominent in certain developed regions, the opposite appears to be occurring within emerging markets. For example, Brazilian pension funds are now able to allocate up to 20% of total assets to structured vehicles such as private equity funds, and pension funds in South Africa are now able to allocate up to 10% of total assets to private equity, compared to 2.5% previously. Moreover, the Chinese government has also eased regulations relating to private equity investments, with authorities now actively promoting fundraising and investment within the region.

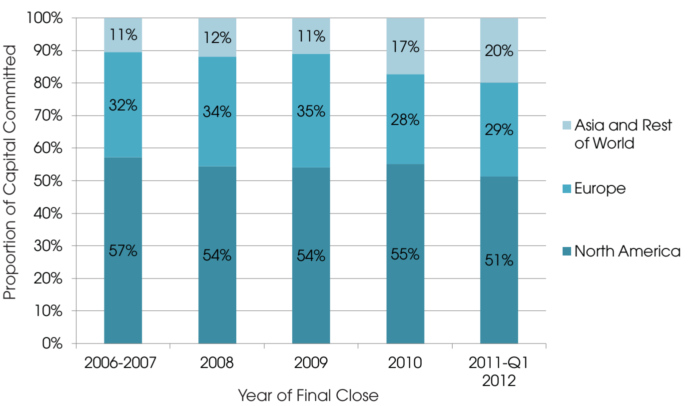
Although a number of banks expect to feel the effect of stricter regulation in the longer term, the vast majority of those reducing their exposure to private equity are based within North America and Europe. Encouragingly, regulation has not had an impact on the private equity investments of 93% of the banks we spoke to that are based in Asia and Rest of World, with one Japan-based bank telling us it expected to commit $200mn across five to eight private equity funds over the coming year. Additionally, none of the banks located in this region expect to cease investing in the private equity asset class in the near future as a result of regulatory changes.

In recent years, we have witnessed the proportion of capital secured from investors based in Asia and Rest of World steadily increase. For funds that held a final close in 2011 and Q1 2012, commitments from investors based in Asia and Rest of World represent 20% of aggregate capital raised. This is a much larger proportion than was seen for funds that closed in 2006/2007, to which LPs based outside of Europe and North America contributed 11% of overall capital raised, as shown in Fig. 5.

New Methods of Accessing Private Equity

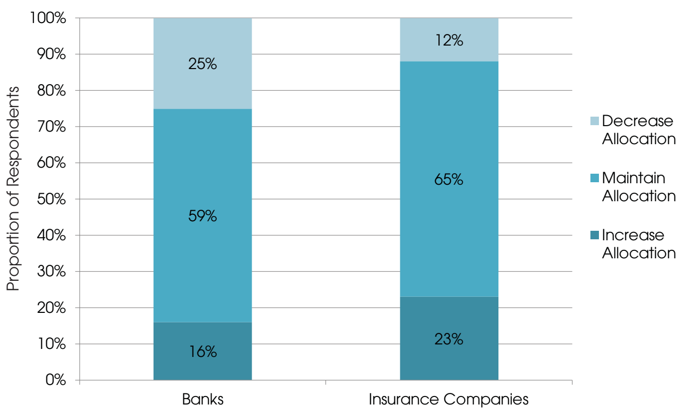
Despite a number of banks and insurance companies stating that more stringent regulation has not yet had a significant impact on their private equity investments, many are still looking at new ways to access the asset class. Co-investment is becoming more prominent within banks' and insurance companies' portfolios, as well as the wider limited partner universe. Co-investing alongside GPs can be beneficial to LPs for a number of reasons, including reducing overall fees, strengthening GP relationships and gaining in-depth knowledge of certain industries. Furthermore, co-investments allow LPs to have more control over their investments, which is becoming increasingly important given the tighter regulations within the industry.

Fig. 5: Proportion of Capital Committed to Funds Closed from 2006 to Q1 2012 by Investor Location



Source: Preqin Investor Intelligence Online Service

Fig. 6: Banks' and Insurance Companies' Intentions Regarding Their Private Equity Allocations in the Longer Term



Source: Preqin Special Report: Banks as Investors in Private Equity; Preqin Special Report: Insurance Companies Investing in Private Equity

Forty-five percent of banks are currently seeking co-investment opportunities as a means of gaining exposure to the private equity asset class. Of those banks that seek co-investment opportunities, a significant 93% will look to either increase or maintain their level of exposure to such investments over the longer term. A similar proportion (46%) of insurance companies also look to co-invest alongside fund managers in their portfolio; one US-based insurance company told us: "Co-investment is a big part of what we do." None of those investors that already look to co-invest are planning to decrease their level of exposure to this type of investment in the longer term, although a number of insurance companies told us the main reason why they cannot increase their co-investment activity is due to a lack of internal resources.

Future Intentions and Outlook

When looking forward over the longer term, it appears that banks and insurance companies are set to remain important sources of capital within the asset class. A significant 75% of banks and 88% of insurance companies expect to either increase or maintain their current level of exposure to private equity over the longer term, as shown in Fig. 6.

It is clear that regulatory changes are at the forefront of many LPs' minds in developed regions. Banks and insurance companies have traditionally contributed significant amounts of capital to the asset class and account for approximately 17% of the capital currently invested in private equity (excluding fund of funds managers and asset managers to avoid double counting). Although these investors expect to continue to allocate capital to the asset class, it is likely we will see their exposure reduced in the future. However, it is important to note that LP appetite for private equity has not diminished. As regulations in emerging markets are now less stringent, investors based in these regions are likely to continue to have an increased presence in the asset class and account for a greater proportion of capital committed to private equity funds going forward.

Data Source:

This article draws on data from two recent research reports: Preqin Special Report: Insurance Companies Investing in Private Equity; and Preqin Special Report: Banks as Investors in Private Equity. Both reports were based on interviews conducted with institutions selected from Preqin's Investor Intelligence database, the leading source of for profiles of institutional investors in private equity funds. Investor Intelligence contains over 5,000 detailed profiles for all types of institution from all regions worldwide.

For more information, please visit: www.preqin.com/ii

Preqin Industry News

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

Despite the challenges facing first-time fund managers when it comes to fundraising, Preqin currently tracks 1,678 institutional investors that would consider investing in a first-time fund (including spin-offs).

A number of institutions have announced plans to invest in first-time funds or have made commitments to recently closed first-time funds. Such investors include private sector pension plan TIAA-CREF, which committed $9mn to Core Innovation Capital I. The first fund from Core Innovation Capital held a final close on $45mn in March and looks to make venture capital investments in the US. TIAA-CREF is a large investor in private equity and has a current allocation to the asset class of $12.2bn.

Another first-time fund that closed recently is WestBridge SME Fund. The debut fund from WestBridge Capital closed in April on £30mn and focuses on SMEs in the UK. South Yorkshire Pensions Authority is among the investors in the fund, having committed £9mn. The pension plan has a target allocation to private equity of 6%, and typically commits between £5mn and £20mn per fund.

A number of investors that are planning to invest in private equity funds over the next year would consider committing to first-time managers, including Pension Fund of the Christian Church, which is looking to make between two and three new fund commitments in the next 12 months, expecting to commit $30mn in total. The pension fund would invest in first-time funds and typically commits $5-10mn per vehicle.

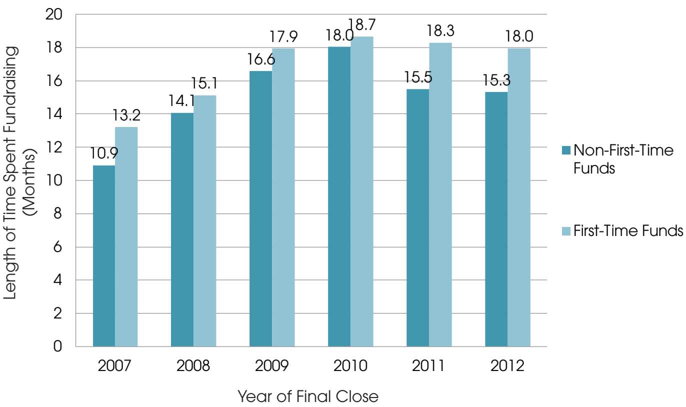
Alfred P. Sloan Foundation is also looking to make new commitments in the next 12 months. It plans to invest in two funds, committing around $15mn per fund. The foundation would consider a first-time fund were a suitable opportunity to be presented. It primarily expects to target funds focusing on emerging markets.

One recently launched first-time fund focused on an emerging market is Jishang Equity Investment Fund I. The growth fund will focus mainly on investments in Jilin Province, China, but may also invest selectively in other regions, and is seeking a total of CNY 300mn in commitments.

Meanwhile, a number of first-time fund launches have been announced in North America this month. CTW Venture Partners Fund, the debut fund from CTW Venture Partners, will make early stage investments in innovative and disruptive technologies in the Southeast US. It has a target size of $25mn.

Spindletop Capital is seeking to raise $150mn for Spindletop Healthcare Capital, which will have a particular focus on the medical device sector. The Texas-based venture capital firm intends to make investments solely in the US. Icon Venture Partners, based in Menlo Park, CA, is seeking $80mn for its debut fund. Icon Venture Partners I will focus on enterprise technology investments.

Private Equity Fundraising: Average Time Spent on the Road



Source: Preqin Funds in Market Online Service

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.

First-Time Fund Managers on the Fundraising Trail and the Issues They Face

Jessica Duong discusses some of the issues and challenges facing firms seeking to raise a private equity fund for the first time in today's uncertain economic climate. How has LP sentiment towards first-time funds changed recently and can first-time fund managers succeed despite the slow fundraising environment?

First-time funds constitute a niche area within the private equity industry that has always been looked upon as riskier than investing with more experienced fund managers. The volatile economic climate has increased investor caution when investing in private equity and thus has done little to help maiden funds seeking capital. This article presents an overview of funds currently being raised by first-time fund managers, and explores the obstacles they face as they seek capital commitments from institutional investors.

Overview

There are currently 524 vehicles on the fundraising trail that are first-time funds. Collectively, they are targeting $126.3bn and have an average target size of $259mn (please note: some funds have not yet disclosed their targets). The aggregate and average target sizes of the funds in market from more experienced PE firms currently seeking capital are significantly higher: $688.5bn and $554mn respectively. This is unsurprising as more experienced fund managers with successful track records seek to increase the amount they raise for successor vehicles.

Fig. 1 shows the annual aggregate amount raised by first-time fund managers and by more experienced managers. Over the period 2007 to 2011, the annual amount raised by first-time funds as a proportion of total global fundraising averaged 15.4%. Data for January to June 2012 indicates that the figure for 2012 so far stands at 10.4% - lower than the average proportion, but too early to identify a trend.

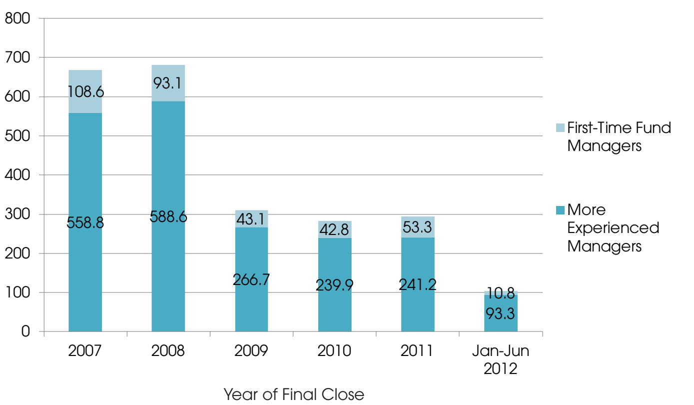
Some LPs are reluctant to invest with a firm that does not have any track record of success in private equity fund management. However, that is not to say that first-time funds cannot succeed in the fundraising marketplace. In the peak year of 2007, first-time fund managers raised an aggregate $108.6bn for investment. While the annual figure has since decreased due to the prevailing economic conditions, billions of dollars are still successfully raised every year by first-time fund managers. In addition to the $10.8bn raised by first-time funds that have reached a final close in 2012 so far, 38% of the 524 first-time funds still in the market seeking capital have reached at least one interim close already. Certain first-time funds have proved capable of raising significant amounts of capital. For example, in 2011 Hong Kong-based RRJ Management closed their maiden fund, RRJ Capital Master Fund I, on $2.3bn. The fund seeks buyout opportunities in various sectors, including agriculture, natural resources and consumer products, primarily in Asia.

LP Sentiment

Over recent years, LPs have generally become more cautious towards investing in first-time funds. In H1 2010, only 38% of institutional investors would not consider investing in a first-time fund of any form. However, as of H1 2012, this figure had risen to 55% as a result of the continuing volatility and uncertainty present in the wider financial markets.

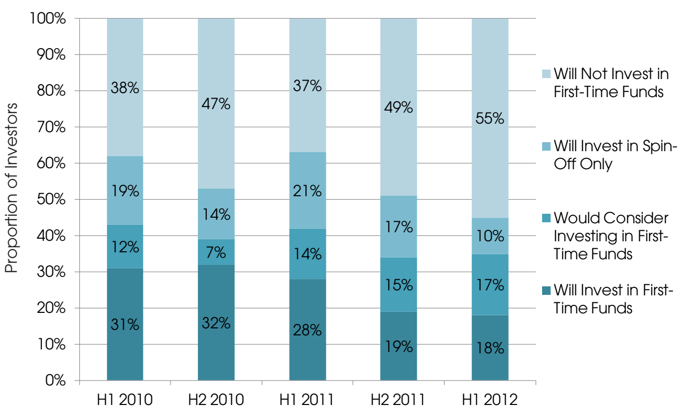
Certain LPs that would not be interested in investing in a fund managed by a completely new firm would nonetheless consider a

Fig. 1: Aggregate Commitments Raised by More Experienced Managers and First-Time Fund Managers ($bn)



Source: Preqin Funds in Market Online Service

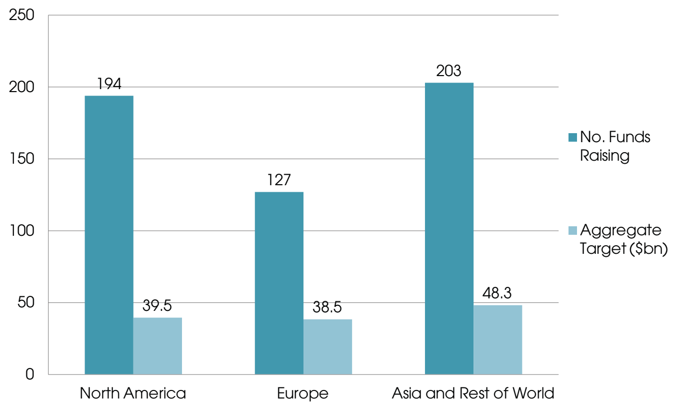
Fig. 2: Proportion of Investors that Will Consider Investing in First-Time Funds



Source: Preqin Investor Outlooks: Private Equity first-time fund if managed by a team that has spun out of another firm.

Spin-out funds have some advantages over other first-time funds, in that they often attract commitments from investors that invested with the previous firm, or are familiar with the management team. A successful legacy portfolio or an experienced investment team will also attract other investors to commit to funds managed by spin-off teams, especially in contrast to a newly established firm launching their first private equity fund without any track record or notable experience. However, it must be considered that the team spinning out to form a new firm is not necessarily made up of the same individuals responsible for generating the quality deal flow that was seen in the parent company. Furthermore, in some instances, the historical deal flow may not have even been driven by the private equity team, but by the relationships of the sponsor involved.

Fig. 3: First-Time Funds in Market by Primary Geographic Focus



Source: Preqin Funds in Market Online Service

Despite the general consensus among LPs of favouring established fund managers and a decline in willingness to invest in first-time funds, a number of public pension funds are looking to develop emerging manager programs. Examples include:

- California Public Employees' Retirement System (CalPERS) recently committed $100mn to Credit Suisse to be invested in funds raised by emerging managers in North America. CalPERS previously operated a $1bn emerging manager program with Centinela Capital Partners.
- Teacher Retirement System of Texas committed $100mn to Credit Suisse in 2011 for investments with emerging managers and is planning to develop its emerging manager program throughout 2012. It has a target allocation to emerging managers of $950mn.
- Massachusetts Pension Reserves Investment Management Board has had an emerging manager program in place since 2004 and over that time has committed more than $400mn to emerging managers. It aims to allocate between 5% and 10% of its private equity program to emerging managers.

Fundraising by Geographic Focus

In terms of the geographic focus of first-time funds in market, vehicles that primarily focus on Asia and Rest of World are seeking the most capital from investors ($48.3bn). However, Preqin's data shows that the average target size of Europe-focused funds is the largest, at $318mn. For Asia and Rest of World-focused first-time funds, the average target size is $250mn and for North American-focused vehicles, it is $227mn.

Just 3% of first-time funds are targeting $1bn or more. These funds are seeking an aggregate $22.2bn, which represents 17.5% of total commitments sought by first-time funds on the road. Fig. 4, which ranks the top five first-time funds by target size, is dominated by infrastructure vehicles.

Harbourmaster Infrastructure Debt Fund, managed by Harbourmaster Capital Management, is the largest of all, with a target size of €2bn. The vehicle intends to finance European infrastructure assets and will maintain a focus on senior debt investments as opposed to mezzanine or subordinated debt.

Sourcing Capital

A minority of first-time funds that are currently in market are utilizing a placement agent in order to help secure commitments from LPs. This figure is notably lower than the percentage of established fund managers' vehicles in market that employ a placement agent – 39% compared to 72% respectively. With the struggles that a newly established firm can often face when it comes to raising capital, placement agents can provide valuable assistance with

Fig. 4: Five Largest First-Time Funds on the Road

Fund Name	Firm	Fund Type	Target Size (mn)
Harbourmaster Infrastructure Debt Fund	Harbourmaster Capital Management	Infrastructure	2,000 EUR
Marguerite Fund	Marguerite Adviser	Infrastructure	1,500 EUR
Aviva Investors Hadrian Capital Fund I	Aviva Investors	Infrastructure	1,000 GBP
Kerogen Energy Fund	Kerogen Capital	Natural Resources	1,500 USD
AVG CIS Agricultural Opportunities Fund	Avangard Asset Management	Buyout	1,500 USD

Source: Preqin Funds in Market Online Service the process, but the issue is whether first-time fund managers can afford to enlist their services and whether placement agents are willing to take on their offering.

It is not uncommon for first-time fund managers to make large commitments to their own funds. The founders of Elysian Capital, a start up firm that was launched in 2008, committed £25mn to their £130mn debut fund. It successfully reached final close, though did fall short of its £200mn target.

Since the process of raising a first-time fund can be very difficult, some private equity firms opt to raise money on a deal-by-deal basis or may rely on support from financial institution sponsors or government programs, such as the Small Business Investment Company (SBIC) program in the US. These firms are then able to approach the broader institutional market with a follow-on fund, having had the chance to prove their ability.

A comparison of the amount of time taken to reach a final close by established funds and first-time funds does not reveal any significant differences. On average, for funds closed from 2007 to 2012 so far, first-time funds have taken 1.8 months longer to reach a final close than funds raised by more experienced managers. However, when analyzing only those funds closed from January to June 2012, the average time taken was 15.3 months for funds raised by more experienced managers, compared to 18.0 months for first-time funds, indicating a slight widening of the gap.

Outlook

As of June 2012, there are more funds than ever before on the fundraising trail; Preqin's database holds information on over 1,900 private equity vehicles that are currently on the road. A crowded fundraising market means fiercer competition for LP commitments, and presents more challenges for first-time funds. Unfortunately for new fund managers, surveys confirm that institutional investors are more likely to engage with established firms with a proven track record. In the current climate institutional investors are cautious and are generally more likely to invest with fund managers that possess a demonstrated history of success, and conversely would be more wary of those newly established firms that lack any track record or realizations.

With the Dodd-Frank Act in the US, which limits the amount of capital that banks can invest in private equity, the alternative assets industry is beginning to see an increase in team spin-outs. Spin-off funds raised by a team that has become independent from its parent group are historically more successful than the rest of the first-time funds market in the eyes of investors, as they are deemed to be less risky. But in today's challenging and complicated fundraising climate, nothing is guaranteed. The average proportion of funds that were abandoned each year between 2007 and 2011 that were first-time funds was 42.6%.

It is not always a gloomy outlook for first-time funds, and indeed there are many instances of success in the past and present. An example of a first-time spin-off fund that is showing promise on its fundraising trail is Siris Partners II. This is the first vehicle from Siris Capital, the spin-off private equity operation of Steven Cohen's hedge fund, SAC Capital. Siris Capital is raising this $400mn fund to make investments specifically within the technology, telecommunications and healthcare industries. The fund was launched in February 2011 and just six months later in August, a first close was held at $175mn.

Subscriber Quicklink:

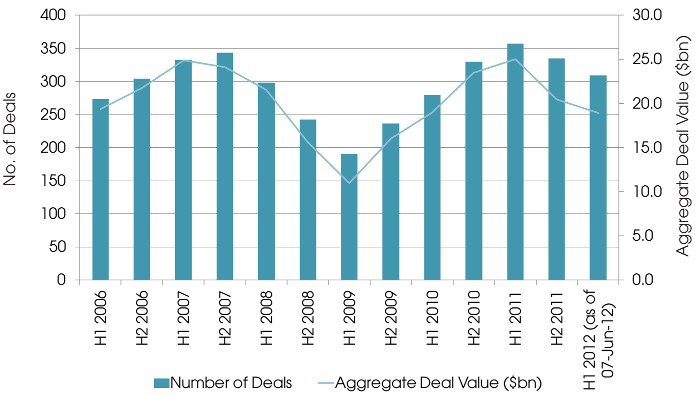
Subscribers can click here to access the full list of the first-time fund managers currently fundraising. This month's feature article draws upon data available through Preqin's Funds in Market product. The database features in-depth information on over 1,900 funds currently seeking capital, including information on target sizes, interim closes, investment preferences, placement agents, lawyers, investors, plus much more.

Not yet a subscriber? For more information please visit: www.preqin.com/fmp.

Small-Cap Buyout Deals

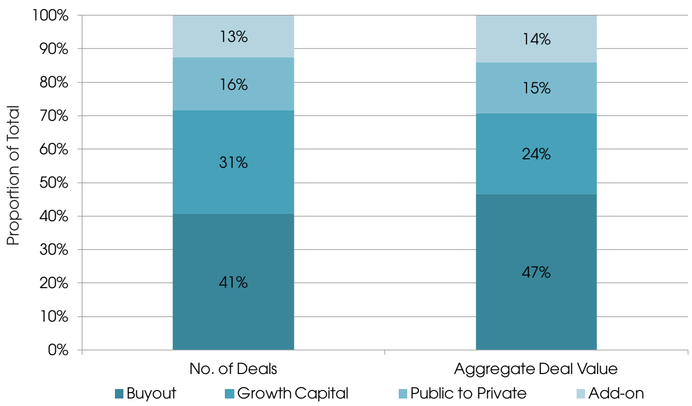
With market uncertainty increasing in the past year, large-cap deals have been notably affected, leading to a rise in the prominence of small-cap deals valued at less than $250mn. Manuel Carvalho investigates the key trends in this sector.

Fig. 1: Number and Value of Small-Cap Buyouts Globally: 2006 - June 2012



Source: Preqin Buyout Deals Analyst Online Service

Fig. 2: Breakdown of Small-Cap PE-Backed Buyouts by Type: January - June 2012



Source: Preqin Buyout Deals Analyst Online Service

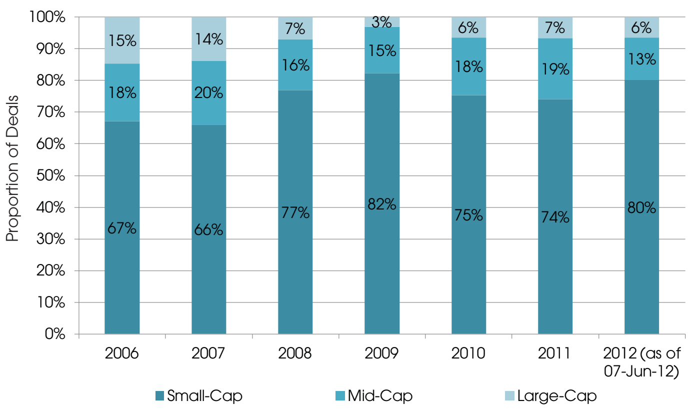
Subscriber Quicklink:

Click here for details of over 3,800 small-cap PE-backed buyout deals valued at less than $250mn globally, including details of type, industry and region.

Not yet a subscriber? For an online demonstration of the database please register your interest here or email info@preqin.com for a walkthrough of the databases.

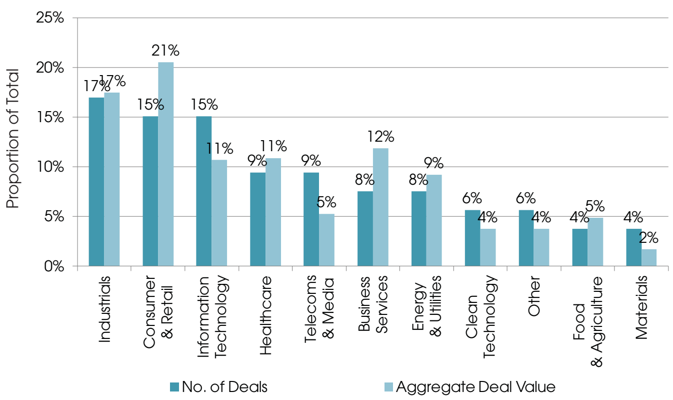
Included as part of Preqin's integrated 360° online private equity database, or available as a separate module, Buyout Deals Analyst provides detailed and extensive information on private equity-backed buyout deals globally, including deals in the small-cap value range. The product has in-depth data for over 25,000 buyout deals across the globe, including information on deal value, buyers, sellers, debt financing providers, financial and legal advisors, exit details and more.

Fig. 3: Breakdown of PE-Backed Buyouts by Size: 2006 - June 2012



Source: Preqin Buyout Deals Analyst Online Service

Fig. 4: Breakdown of Small-Cap PE-Backed Buyouts by Industry: January - June 2012



Source: Preqin Buyout Deals Analyst Online Service

Social Network and Related Venture Capital Deals

With the recent listing of Facebook on the NYSE generating headlines for VC-backed social networking deals, Jonathan Parker investigates the key trends and most active players in this sector.

Venture Deals Analyst is the most extensive and detailed source of information on venture capital deals in the world. This comprehensive product contains in-depth data for over 23,000 venture capital deals across the globe, including information on deal value, new/returning/lead/co-lead investors, total known company funding, financial and legal advisors, exit details and more.

Subscriber Quicklink:

Subscribers can click here for details of over 800 venture capital deals in the social networking sector, with an aggregate value of over $8.3bn.

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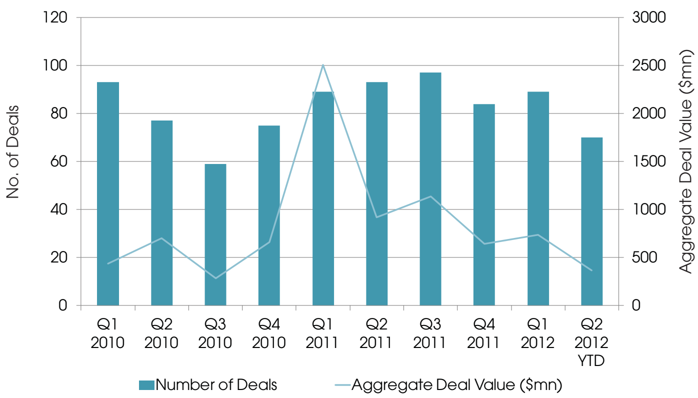
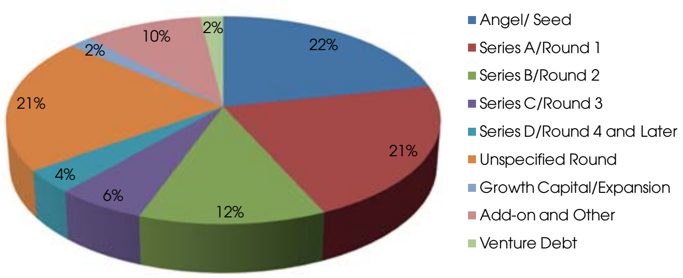
Fig. 1: Number and Aggregate Value of Venture Capital Deals in Social Networking: 2010 - June 2012 (as of 07 Jun 2012)



Source: Preqin Venture Deals Analyst Online Service

Fig. 2: Proportion of Number of Venture Capital by Stage in Social Networking: 2010-2012 YTD (07.06.2012)



Source: Preqin Venture Deals Analyst Online Service

Fig. 3: Most Active Venture Capital Investors in Social Networking by Number of Deals Financed: 2010 - June 2012 (as of 07 Jun 2012)

Investor	Location	No. of Deals	Aggregate Value of Deals ($mn)*
SV Angel	US	30	85.8
Redpoint Ventures	US	22	338.1
Lerer Ventures	US	19	74.2
Union Square Ventures	US	19	466.0
500 Startups	US	18	35.2
First Round Capital	US	18	82.4
True Ventures	US	18	38.3
Accel Partners	US	17	163.8
Founder Collective	US	17	58.7
Sequoia Capital	US	17	289.5

** Includes multi-investor deals*

Fig. 4: 5 Notable PE-backed Venture Capital Deals in Social Networking: 2010 - June 2012 (as of 07 Jun 2012)

Name	Date	Stage	Deal Size (mn)	Total Known Funding (mn)	Investors	Location
Facebook	Jan-11	Growth Capital/Expansion	USD 1,500	USD 2617	DST Global, Goldman Sachs	US
Zynga	Feb-11	Series C/Round 3	USD 485	USD 845	Kleiner Perkins Caufield & Byers, Fidelity Investments, Morgan Stanley, T Rowe Price	US
Twitter	Jul-11	Series G/Round 7	USD 400	USD 1057	DST Global, Kleiner Perkins Caufield & Byers	US
Yammer	Feb-12	Series E/Round 5	USD 85	USD 142	Capricorn Venture Partners, Charles River Ventures, CrunchFund, Draper Fisher Jurvetson, Emergence Capital Partners, Founders Fund, Khosla Ventures, Meritech Capital Partners, The Social+Capital Partnership, US Venture Partners	US
Tumblr	Sep-11	Unspecified Round	USD 85	USD 125	Greylock Partners, Insight Venture Partners, Sequoia Capital, Spark Capital, The Chernin Group, Union Square Ventures	US

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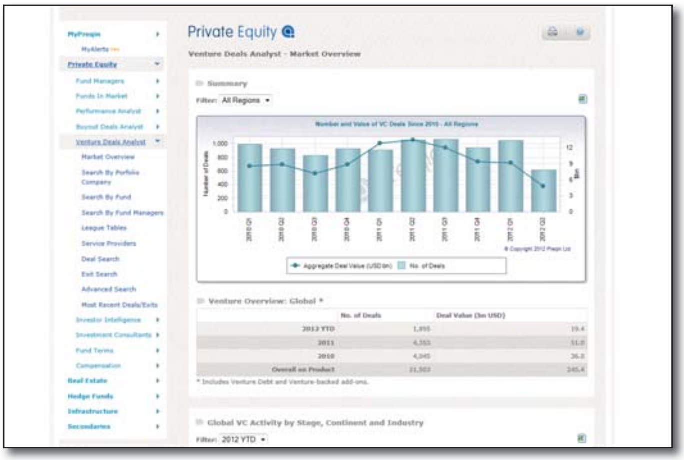
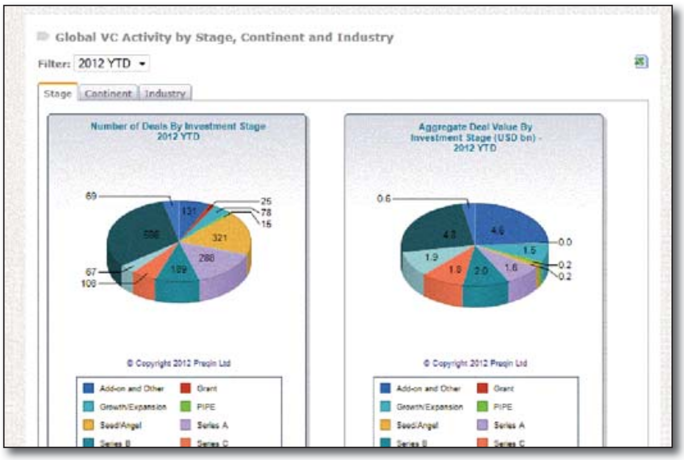
- Financing data.
- Exit details.





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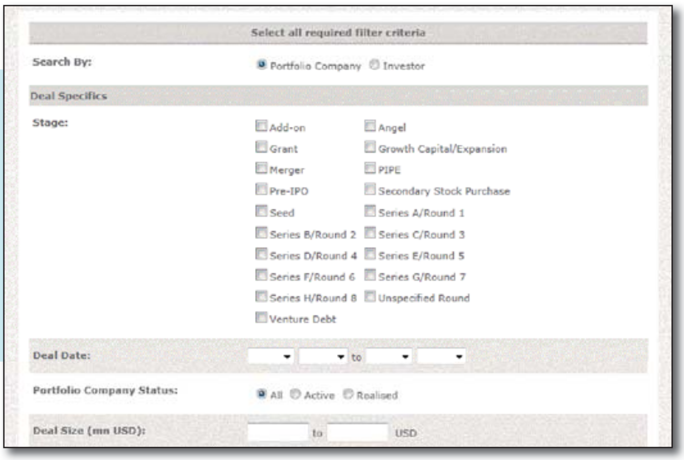

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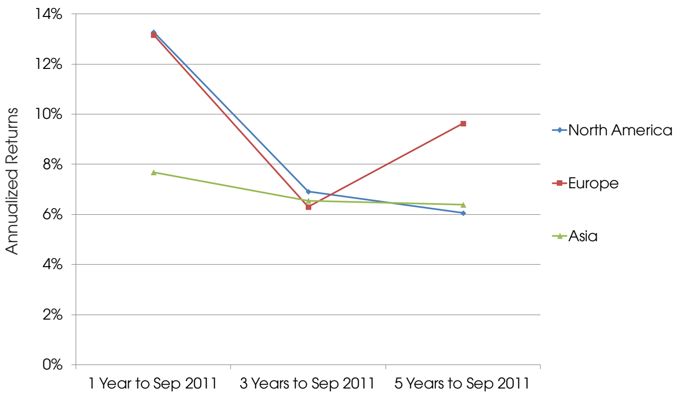
Private Equity Performance

Gary Broughton examines private equity performance figures as of 30th September 2011.

Fig. 1: Private Equity Horizon IRRs as of 30 September 2011

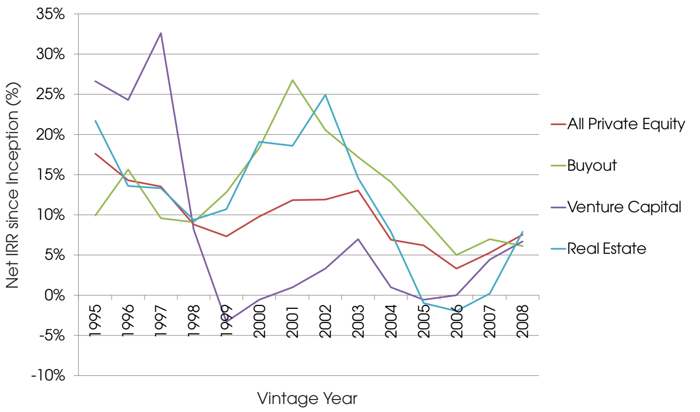
Source: Preqin Performance Analyst Online Service

Fig. 2: Private Equity Horizon IRRs by Primary Regional Focus as of 30 September 2011



Source: Preqin Performance Analyst Online Service

Fig. 3: Median Net IRRs by Fund Type as of 30 September 2011



Source: Preqin Performance Analyst Online Service

Fig. 4: All Private Equity - J-Curve: Median Net IRRs by Vintage

Source: Preqin Performance Analyst Online Service

Data Source:

Preqin's Performance Analyst offers fund-level performance data for over 6,000 private equity funds and is the world's most extensive and transparent database of private equity and venture capital fund performance.

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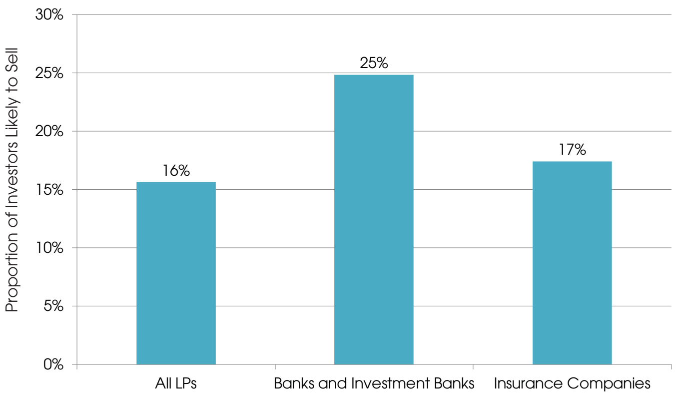
Secondary Sellers

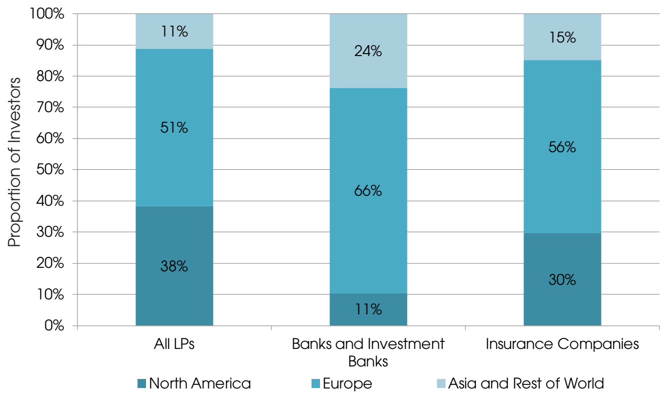
Patrick Adefuye reveals the latest figures regarding the appetite among banks, investment banks and insurance companies – the institutional investor types most affected by recent regulatory pressures – for reducing their private equity exposure through secondary markets sales.

Fig. 1: Proportion of Investors Likely to Sell in Next 24 Months



Source: Preqin

Fig. 2: Breakdown of Potential Sellers by Location



Source: Preqin

The extent of the impact of regulatory pressures on financial institutions investing in private equity funds is illustrated in Fig 1. In particular, 25% of banks and investment banks and 17% of insurance companies are likely to dispose of private equity fund interests on the secondary market in the next 24 months, both above the average of 16% of all limited partners surveyed that intend to sell interests in the next 24 months.

Geographically, the majority of likely sellers of fund interests on the secondary market over the next 24 months are European, with 51% based in this region. North America-based investors constitute 38% of potential sellers, whilst Asia and Rest of World-based investors constitute 11%. Focusing on financial institutions, the need to sell is even greater among Europeans, with 66% of banks and investment banks and 56% of insurance companies looking to sell located in this region. Just 11% of banks and investment banks potentially looking to sell in the next 24 months are from North America. In addition to regulatory pressures, this trend may also be reflective of a reaction to the European economic crisis by European banks and investment banks.

Examples of banks, investment banks and insurance companies looking to sell fund interests are presented in Fig. 3. These firms typically cite regulatory pressures as a motivation for selling interests and are making available interests in a diverse range of funds.

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 access a list of financial institutions looking to sell fund interests on the secondary market.

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Fig. 3: Examples of Banks/Investment Banks and Insurance Companies Seeking to Sell Fund Interests in the Next 24 months

Seller Name	Firm Location	Firm Type	Selling Plans
UniCredit Bank Austria	Austria	Bank	As of May 2012, UniCredit Bank Austria was in the process of auctioning off some of its private equity fund investments on the secondary market in order to reduce its exposure to the asset class in light of current regulations. The bank is also likely to consider selling additional private equity fund stakes on the secondary market going forward. Its portfolio primarily consists of private equity funds investing in Central and Eastern Europe.
Länsförsäkringar	Sweden	Insurance Company	As of June 2012, Länsförsäkringar was in the final stages of finding buyers for a portfolio containing around 36 private equity fund interests, worth up to €1.5bn, on the secondary market. The insurance company has a long history of committing to buyout funds, in particular Europe- and North America-focused vehicles.
Banque Baring Brothers Sturdza	Switzerland	Bank	As of Q2 2012, Banque Baring Brothers Sturdza planned to decrease its private equity allocation over the next 3-5 years and would consider selling additional private equity fund stakes on the secondary market in order to do so. It does not have any specific funds it is looking to exit as it will consider selling across the board. Its portfolio is known to include early stage funds investing in Asia.

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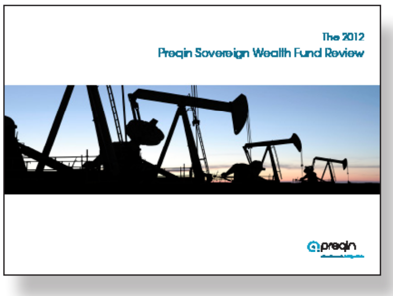

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Conferences Spotlight

Conference	Dates	Location	Organizer
CEE Private Equity Convention	14 - 15 June 2012	London	GDForum
Private Equity Africa LP Investor Summit	14 June 2012	London	Private Equity Africa
Private Equity World Latin America 2012	18 - 20 June 2012	Miami	Terrapinn
CEE Private Equity Convention	19 - 20 June 2012	London	Global Director's Forum
Latin American Family Office Forum	20 - 21 June 2012	Sao Paulo	Latin Markets Brazil
Private Equity Software & Services - London	21 June 2012	London	4vco/PESS
Funding Renewables	21 June 2012	London	Energy & Utility Forum
SuperReturn Emerging Markets	26 - 28 June 2012	Geneva	ICBI
Private Equity Regulation, Accounting & Taxation	26 - 28 June 2012	London	Informa
Chilean Investor Forum	10 September 2012	Santiago	Latin Markets Brazil
Endowments, Foundations, and Pension Funds	13 September 2012	New York	Argyle Executive Forum
SuperReturn Asia	18 - 20 September 2012	Hong Kong	ICBI
SuperReturn Middle East	14 - 17 October 2012	Dubai	ICBI

Funding Renewables

Date: 21st June 2012
Location: Allen & Overy, London, E1 6AD
Organiser: www.energyutilityforum.org.uk

Information: http://www.fundingrenewables

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