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Private Equity Spotlight

April 2008 / Volume 4 - Issue 4

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 & Funds in Market. This month's issue contains details from our latest publication, The 2008 Preqin Fund Terms Advisor.

Feature Article

The Silver Lining - Fundraising in Troubled Times

With ongoing troubles in the global credit markets, we examine the reasons behind continued strong fundraising effect in the private equity asset class.

Fund Terms Article

In place of the usual Performance Spotlight, we examine the terms and conditions of private equity funds. Featuring data from our newest publication, The 2008 Preqin Fund Terms Advisor.

Fundraising Article

Global Fundraising Update - Q1 2008

This month's Fundraising Spotlight takes an in-depth look at fundraising in the first quarter of 2008.

No. of Funds on Road	US	Europe	ROW	Total
Venture	195	82	138	415
Buyout	152	65	69	286
Fund of Funds	85	60	33	701
Real Estate	132	91	80	303
Other	119	45	65	229
Total	683	343	385	1,411

Investor Article

With exclusive information taken from The 2008 Preqin Fund Terms Advisor, this month's Investor Spotlight looks at LP attitudes to private equity fund terms and conditions.

Investor News

All the latest news on investors in private equity:

- Co-operative Insurance Society (CIS) increases its private equity target.
- Unisys Master Trust is in the process of carrying out an asset liability study.
- The future of Bear Stearns' private equity activity is uncertain as JPMorgan Chase looks to take over.
- Suomi Mutual Life Assurance Company is looking to start investing in Asia.
- Nomura International is assembling a secondaries team.

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Feature Article:
The Silver Lining - Fundraising in Troubled Times

Global private equity fundraising in Q1 2008 reached $163.5bn, confounding many commentators who predicted that the ongoing troubles in the global credit markets, and resulting slowdown in private equity dealflow, would have an effect on the industry's ability to raise capital. Is the continued strong fundraising a delayed effect indicating the last throws of bumper fundraising? Or is it more reflective of continued investor enthusiasm for the asset class?

When we released our figures showing that over $163bn was raised in the first quarter of 2008 we were inundated with calls, with various press asking us whether we had made some kind of error, or whether we were now tracking fundraising in some new way that perhaps included interim closes in addition to final closes. It seems hard to believe that in the current climate that private equity could continue to enjoy such success in the fundraising market.

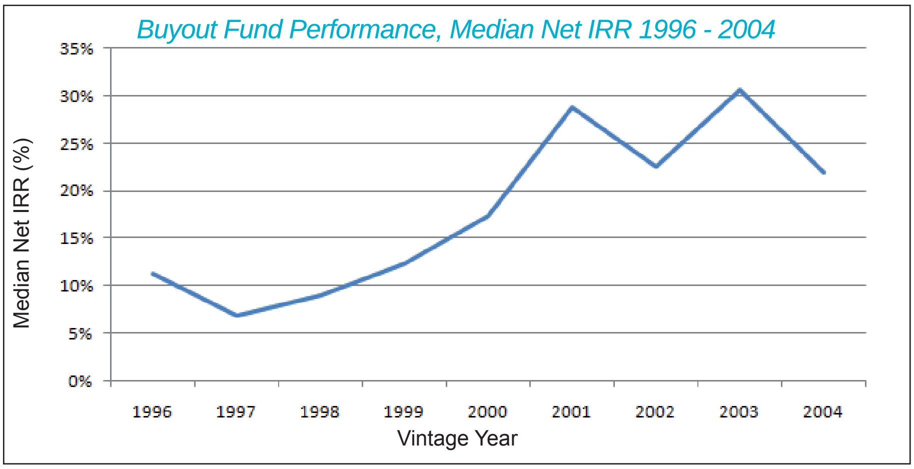
Fundraising in Q1 2008 was the second highest in the history of the private equity asset class, and also represented the second highest fundraising quarter on record for buyout funds with a total of $82bn raised.

The current strong fundraising market has surprised many, contrasting markedly with the fundraising market during the last period of economic downturn in 2001, when capital was much harder to come by during the aftermath of the technology bubble.

In our recent publication The 2008 Preqin Global Private Equity Review, Marc St. John – Senior MD at CVC Capital Partners - recalled that times were tough in terms of fundraising in 2001, but points out that this turned out to be a very successful vintage year for the firm in terms of performance:

> "Look back to our third fund, that was raised in a very tough market in 2001 – we raised 3.97 billion, not 4 billion, just shows you how tough it was – and it's been our best fund to date."

Fig. A:



And it is not just CVC that performed well with a 2001 vintage fund. Fig. A shows the median IRR for the buyout industry from 1996 – 2004. It is clear that the buyout industry performed best for funds raised during the period of economic downturn occurring in 2001, and it was actually funds of vintage years at the top of the market that have performed relatively less well.

It is certainly the case that conditions in 2007 were somewhat overheated, and the abundance of cheap leverage available to the industry may mean that deals completed in 2007 were overvalued as firms were able to bid to ever higher levels, inflating the value of their intended acquisitions. Time will tell whether this will be to the detriment of performance for funds raised over the past couple of years.

With the market being firmly brought down to earth with the credit crunch, there is an argument that deteriorating conditions in the credit markets may have been more than offset by the wealth of new opportunities that the credit crunch has exposed. Conditions for exiting investments may not be fantastic in the current environment, but conversely conditions for acquiring new investments are looking favourable.

Clearly it is at the larger end of the market where credit conditions will have the biggest effect, and it is unlikely that we will see deals of the same size in 2008 as we have done over the past couple of years. Firms are likely to be looking at completing higher numbers of smaller deals, and although there are lots of firms out there with cash to spend, there are a large number of opportunities

... Fundraising in Q1 2008 was the second highest in the history of the private equity asset class...

available to them in this space – with well over 15,000 mid-cap and large companies out there in Europe alone.

Private equity investors are more experienced now than at the turn of the millennium, and also have more historic fund performance data to base their current investment decisions on. Investors understand that private equity represents a long-term asset class, and that economic conditions are always likely to change over the 10 – 12 year lifespan of a fund investment. The fact that we are currently in a period of downturn will not necessarily put investors off, especially when private equity has such an excellent history of performing well when the markets have taken a turn for the worse.

The consistently strong performance of private equity was revealed in analysis undertaken for the 2008 Preqin Global Private Equity Review, where we reviewed the annual report and accounts for 108 separate public pension funds spread across the US, Canada, UK and Europe to compare the returns from their private equity investments with those of the rest of their portfolios. These pension plans had combined AUM of $3.9 trillion, and are amongst the most important investors in private equity. Given the long-term and illiquid nature of private equity investments, we compared net returns over a range of time horizons – 1, 2, 5 and 10 years.

The results are shown in Fig. B, which demonstrates that these public pension plans have enjoyed significantly higher returns from their investments in private equity than they have across the rest of their investment portfolios – with a margin of between 4% and 9% p.a. over all time horizons surveyed, between one and 10 years.

Fig. B:

Public Pension Plan Median Returns - PE vs. Total Investment Portfolio

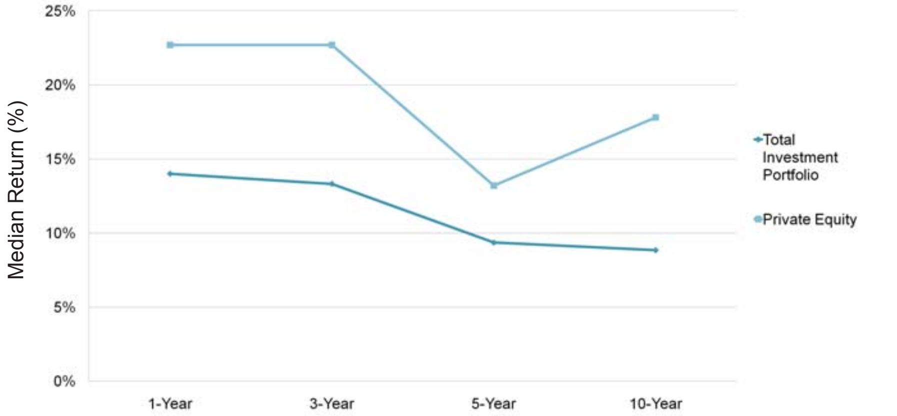
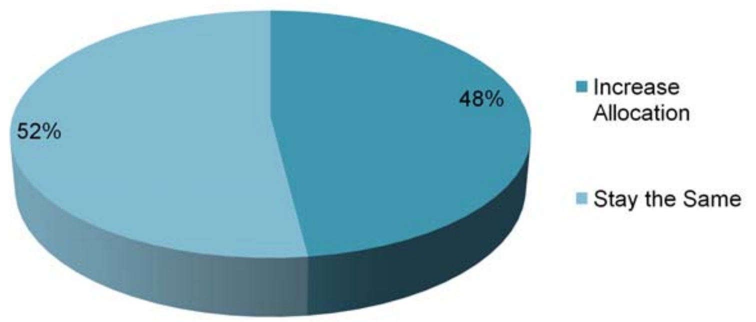


Fig. C:

Future Private Equity Allocation Intentions



There is no doubt that investors have historically enjoyed excellent returns from their private equity investments, and our LP Survey (The full results of which can also be found in the 2008 Preqin Global Private Equity Review) reveals that the vast majority of investors remain happy with the private equity asset class, with 48% of those polled intending to increase their allocation over the course of 2008, and 52% maintaining their current allocation (Fig. B). Not a single respondent claimed they would be looking to decrease their allocation. Another interesting statistic shows that an overwhelming 92% of investors polled would not be changing their plans as a result of the credit crunch. These results confirm that not only are investors still positive about the private equity asset

Feature Article:
The Silver Lining - Fundraising in Troubled Times

class, but also that they hold a long term view of the market, and will continue to invest in the current challenging times.

Although this all bodes well for private equity firms seeking capital or looking to raise a new fund in the near future, it is certainly the case that LPs are becoming more cautious before committing to funds than they have been in recent years. Investors will expect to know exactly how prospective new fund managers will adapt their strategy to make the most of the current market conditions.

The record fundraising that we have witnessed in Q1 has certainly not come at the expense of the stock of vehicles on the road seeking investors. There are actually more funds on the road now than at any other point in the history of the industry, and although fundraising is set to remain strong in 2008, conditions are more competitive than ever before. As a result, addressing the concerns of prospective investors through demonstrating an appropriate strategy to deal with current market conditions will become a vital factor in ensuring a successful fundraising in 2008.

Tim Friedman

2008 Preqin Global Private Equity Review

2008 has brought interesting times for the private equity industry. Our latest data shows that 2007 was a record year for fundraising, with $518bn raised over the course of the year. However, challenging lending conditions and the threat of recession has resulted in uncertainty and trepidation within the private equity industry, both amongst investors and fund managers.

The 2008 Preqin Global Private Equity Review features stats, data, expert commentary and analysis on every aspect of the industry; ensuring that you understand the latest developments affecting the asset class.

However, the Review is not just an overview of current conditions. Also included in this information-packed publication are countless statistics, league tables and pieces of useful analysis on the history of the private equity industry.

The 2008 Preqin Global Private Equity Review is a vital tool that will stay on your desk throughout the year. Plus at the low price of $195 / £95 / €140 per copy, and with significant discounts for multiple purchases, you can ensure that everyone else at your firm stays up to date too.

- Interviews and articles from the most important people in the industry today, including MVision, CVC, CD&R, Coller plus many more.
- Detailed analysis on every aspect of the industry with a review of 2007, and predictions for the coming year.
- All fund types covered and examined individually, including buyout, venture, real estate, fund of funds, distressed debt, mezzanine, infrastructure, secondaries, energy funds...
- Analysis, stats and commentary both on a global scale, and by individual regions: US, Europe, Asia and Rest of World.
- Comprehensive source of stats on private equity - including fundraising, performance, deals, GPs, investors, placement agents, advisors, law firms...
- Numerous reference guides for different aspects of the industry - Who is the biggest? Where are the centres of activity? How much has been raised? Where is the capital going? Who is investing? What are the biggest deals? What is the outlook for the industry?
- Results of questionnaires with different groups on the state of the industry - what do LPs really think about private equity? What effect has the credit crunch had? What is going to happen to the industry in coming years?
- Plus much more...

The 2008 Global Private Equity Review is available now to order for only $195 / £95 / €140 per copy, with significant discounts for multiple copy purchases. Please visit www.preqin.com/gper for further details.

Fund Terms and Conditions Spotlight:

By its very nature, private equity is a high cost asset class: acquiring and nurturing private businesses, large and small, will always be more expensive than simply buying and selling stocks, bonds, or commodities. Add to this the generally illiquid nature of the investments made, and hence the lengthy commitments made by GPs and LPs, and the scale of the funds now being raised and deployed, and it becomes clear why partnership agreements are such complex documents. One of private equity's strongest assets is the alignment of interest that flows through the entire value chain, from LP to GP to portfolio company management and staff. This alignment of interest does not happen by accident, it is the result of carefully planned and structured incentives and controls to ensure that the fund and its investments operate effectively and all parties are aligned in a common objective.

As the private equity industry has grown, so too have the associated management fees: aggregate global private equity assets under management grew from $960 billion in June 2003 to $2.0 trillion in June 2007, and an estimated $2.2 trillion by April 2008. Aggregate management fees grew over the same period from approximately $18 billion in 2003 to $33 billion in 2007. (These figures exclude the GP's carried share of profits and the additional fees for transactions etc.)

Private equity has indisputably delivered superior returns to the LPs investing in it – hence its continued growth - but, as stated above, the 'entry price' to access these net returns is a relatively high level of management fees. During a fund's investment period the management fees are usually levied on the basis of commitments, not invested capital. As a result, the actual fees that an LP pays as a percentage of funds invested are typically much higher than the headline rates may seem to imply. An LP invested in funds with management fees averaging 2% of commitments can easily find himself paying an average of 4% to 5% of his actual money invested across his portfolio. These fees and the carry have a major impact on the LP's net performance: for a typical fund with

Fig. A:

Private Equity Assets Under Management (2003 to 2007)

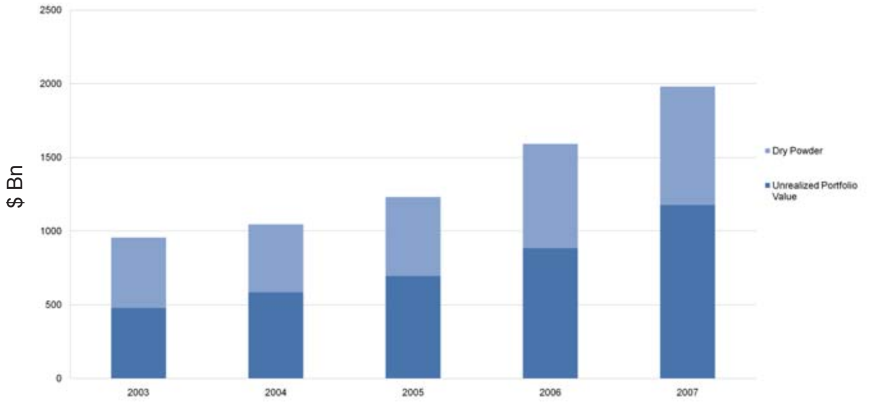


Fig. B:

2007 Estimated Total Management Fee Income ($bn) by Fund Type

Fund	2007 Estimated Total Management Fee Income, $bn
Buyout	13.3
Venture	6.8
Real estate	5.6
Distressed debt	1.4
Fund of funds	1.3
Mezzanine	1.2
Secondaries	0.4
Other	3
TOTAL	33

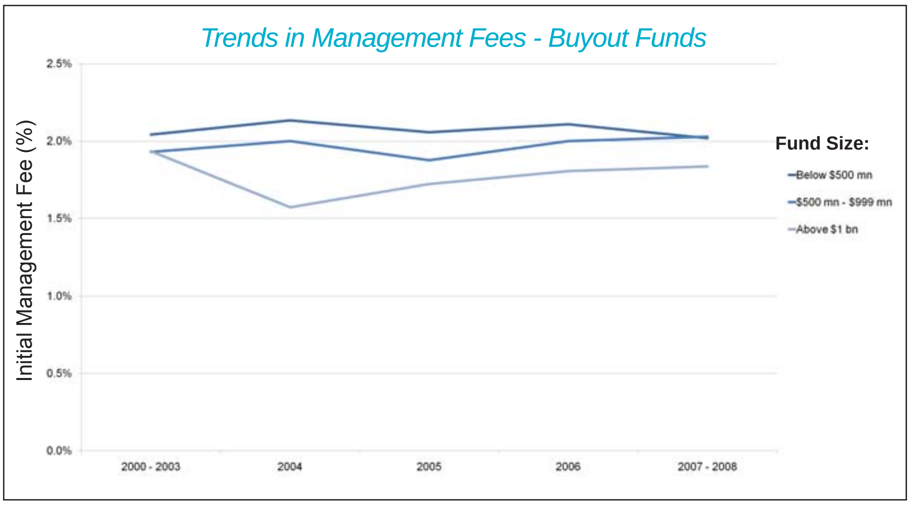
Fund Terms and Conditions Spotlight:

a 2.0% management fee and 20% carry, a reasonable underlying investment performance of a 2.0 X gross multiple translates into a 1.6 X net multiple for the LP after fees and carry.

Gross returns have been excellent across most segments of the private equity industry in recent years – and indeed, well before the onset of the current credit market problems most commentators inside the private equity industry warned that, whilst the sector could continue to deliver good returns, the absolute level of profits experienced during 2004 to 2007 was probably unsustainable. In this environment, net returns to LPs have obviously been good also, and the impact of management fees has been muted. LPs' attentions have tended to focus more upon the challenge of getting commitments to the best new funds, rather than on negotiating the best terms. Unsurprisingly, management fee and carry provisions have actually hardened somewhat in the GPs' favour over recent years, especially in the buyout segment. Fig. C shows the recent trend in management fees for buyout funds in different size bands – it appears that, after reaching a low point in 2004, management fees for buyout funds of more than $1 billion in size increased significantly over the period to 2008. Similar trends can be seen in other areas that have been attracting a lot of LP interest (e.g. distressed debt), while less popular areas (e.g. venture funds) have actually seen slight declines in fee rates.

The hardening in fee rates (and changes in other economic fund terms, such as the proportion of fees rebated to LPs) has not gone unnoticed by LPs. For the first time ever, the 2008 Fund Terms

Fig. C:



Advisor contains the findings from an extensive survey of LP attitudes to terms and conditions, with the views of 100 investors polled. Several important findings emerged:

- Whilst the majority of LPs feel that the terms and conditions of private equity funds do a reasonably good job of aligning GP and LP interests, many LPs have noticed the hardening of fee rates, and feel that this is unjustified especially for the largest funds, where the economies of scale should enable the managing firms to operate off a significantly lower fee base.
- Fees and terms are of great importance to investors: a high proportion of LPs polled (80%) have actually declined an investment opportunity as a result of the proposed fund terms and fees in the recent past.

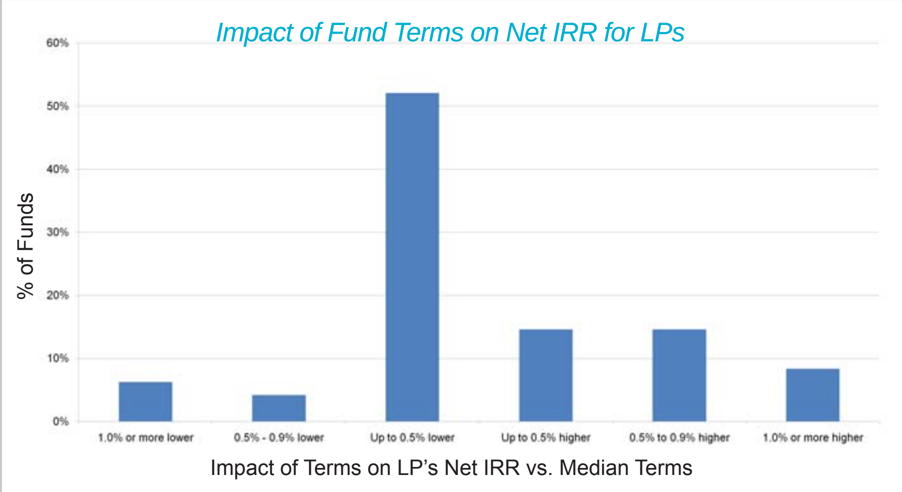
Private equity funds are, of course, private, and the fees and terms are rarely published. As a result, there remains a popular myth in the industry that fees are very much standardized at "2 and 20". In fact, nothing could be further from the reality, there are significant differences across all the key terms that define the relationship between GP and LP:

- The initial rate of management fee charged during the investment period;
- How fees are reduced after the investment period;
- How transaction fees are shared (or not) between GP and LP;
- How the GP's carry is calculated (whole fund vs. deal-by-deal; carry percentage; hurdle rate);
- The commitments that the GP makes to the fund;
- The treatment of fund formation costs;
- Governance provisions like key man terms, no-fault divorces; and advisory boards.

Fund Terms and Conditions Spotlight:

To illustrate the potential impact of differences in terms on net returns for LPs, we took a sample of 47 buyout funds from 2007 and 2008. The fees and other terms of these funds varied around the median, so we used our Fund Financial Model to model the impact on Net LP IRR of the different fees and terms, on the assumption that the gross performance of the funds was the same – i.e. what was the impact of differences in terms alone, all other things being equal. Fig. D shows the results: the net IRR can vary within a band of 2 percentage points, based solely upon differences in terms.

Fig. D:



We compared terms and conditions for nearly 800 private equity funds of all types and sizes in order to analyze and present the current practice and the trends therein, and to derive our benchmark terms by fund type and size. In addition, we have analyzed FOIA-derived information on actual fees and costs incurred by investors in a further sample of 840 funds. Taken together, these form the largest survey of fund terms and fees ever undertaken.

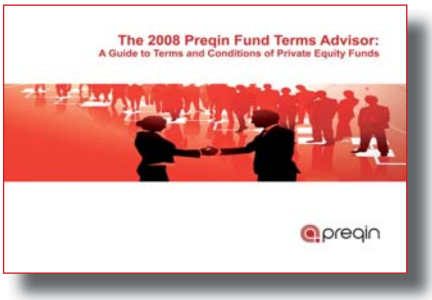
The impact of these differences in terms and conditions is obviously more noticeable the lower the absolute level of returns – precisely the kind of investment environment that we may be entering. As a result, LPs and their advisors are paying increasing attention to fees and other aspects of fund terms and conditions.

It is certainly the case that not all funds are suitable for all investors, and opinions over whether proposed terms and conditions are appropriate can vary widely between different prospective investors evaluating the same fund. However, the findings in this year's Fund Terms Advisor suggest that managers cannot afford to become complacent with their proposed fees. Investor appetite has been strong in recent years, and this remains the case today. However, there are now more funds on the road competing for investors' attention than at any other point in the history of the industry, and in this increasingly competitive environment appropriately aligned fund terms could make for a smoother fundraising, while terms seen as favouring the GP could prove to be more of a deal-breaker for prospective LPs than has previously been the case.

Mark O'Hare

2008 Preqin Fund Terms Advisor:
Order Form

With analysis based on the actual terms and conditions of over 800 private equity funds, the 282 page 2008 Preqin Fund Terms Advisor is the most comprehensive guide to private equity terms and conditions ever produced, and is a vital guide for both investors and anyone involved in the fund formation process.



- Over 75 pages of comprehensive analysis on all aspects of private equity fund terms and conditions examining how conditions have changed over time, and what variations exist amongst funds of different type, size, and regional focus.
- Actual listings of key terms and conditions for almost 800 vehicles with all key metrics included, plus listings showing net costs incurred by LPs for almost 850 further funds.
- Access to Fund Terms Online to assess economic impact of actual proposed terms
- Results of LP Survey, benchmark terms for all different fund types, plus more...

Order before April 30th and receive a 20% pre-publication discount!

2008 Preqin Fund Terms Advisor Order Form - Please complete and return via fax, email or post

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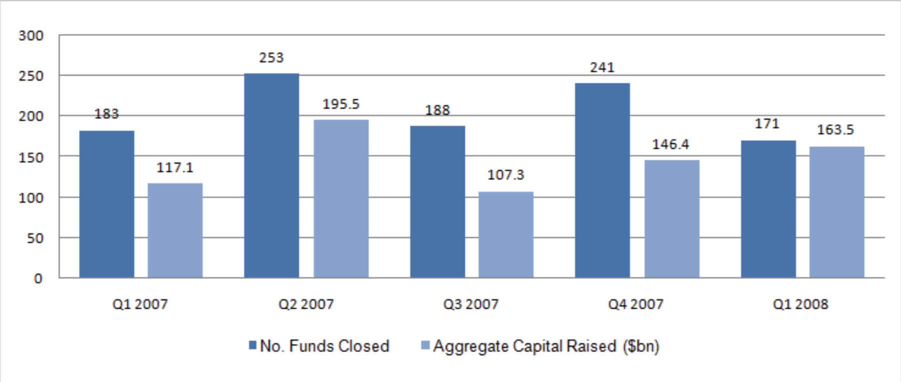
Global Fundraising Update Q1 2008
Overview

Despite fears of a slowdown in private equity fundraising, the first quarter of 2008 was the second most successful potential quarter in history for GPs winding up their fundraising, with more than $160 billion being raised by 171 funds.

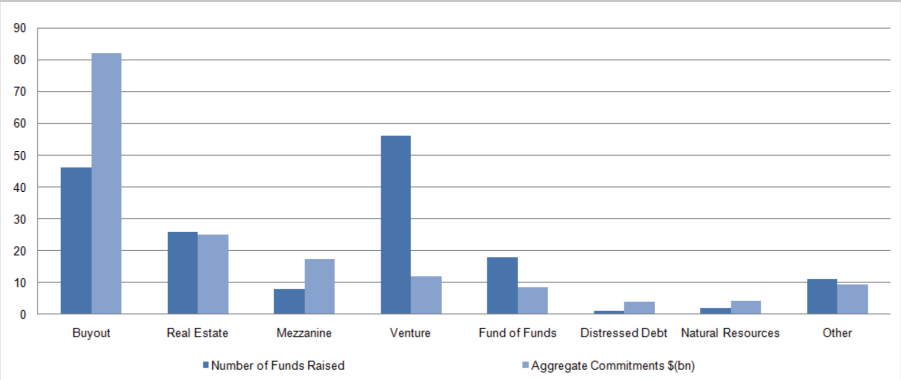
$163.5 billion raised during Q1 2008

A total of 171 private equity funds achieved a final close during Q1 2008, raising aggregate commitments of $163.5 billion. This represents a reasonable increase of over $17 billion on capital raised in Q4 2007, when 241 funds secured $146.4 billion in commitments. Fundraising for the first quarter of 2008 has been particularly strong, with only Q2 2007 raising more capital. As further information on funds that have closed in the last quarter continues to be gathered, Preqin predicts that the final figure for Q1 2008 will grow still further, though it is unlikely that it will surpass the amount raised in Q2 2007. There are currently over 1,400 private equity funds on the road targeting to raise $817 billion, a larger amount of capital being sought by funds in the market and more than at any other point in the history of the asset class. Of this, over $100 billion is actively being sought in capital commitments by new private equity funds that have hit the road since the start of this year.

Quarterly Fundraising 2007 - Q1 2008



Q1 2008 Fundraising by Fund Type



Fundraising in Q1 2008 by Fund Type

- 46 buyout funds raised an aggregate $82 billion during Q1 2008, with 48% of the aggregate committed capital coming from US focused funds, 40% from European focused funds and 12% from funds focusing on the Asia and Rest of World region.
- 26 real estate funds raised an aggregate $25 billion in capital commitments in the first quarter of 2008
- 8 mezzanine funds raised aggregate commitments of $17.4 billion. GS Mezzanine Partners V is the largest mezzanine fund raised during Q1 2008; it alone accounted for over 70% of the total capital committed to mezzanine funds that reached a final close in the first quarter.
- Fundraising for venture funds had another slow quarter, with 56 venture funds raising aggregate commitments of $12 billion.
- 18 fund of funds raised total capital commitments of $8.6 billion
- 1 distressed debt fund reached a final close this quarter and raised $4 billion.

Raffaela Mirai

Investor Spotlight: LP Terms and Conditions Survey

The 2008 Preqin Fund Terms Advisor analyses the terms and conditions of over a thousand funds in order to provide meaningful benchmarks and identify industry standards for funds of different type and size. However, this in itself does not confirm whether LPs feel that LP and GP interests are aligned, and also does not show to what extent the terms and conditions presented to LPs are likely to influence the investment decisions that they make.

In order to evaluate LP attitudes towards fund terms and conditions and the relationships they form with their GPs as a result, we undertook a survey of established investors in the asset class. We are thankful to those that gave their time to speak to us. The results are based on around 100 responses, with respondents of all different type and region contributing to the end results.

Fig. 1:

Do you feel GP and LP interests are properly aligned?

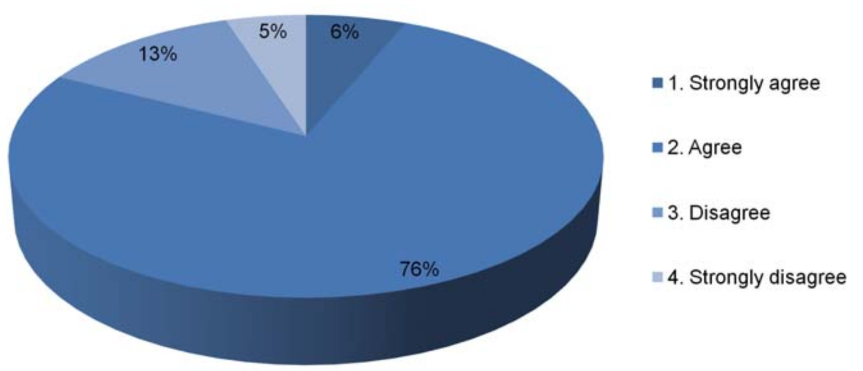
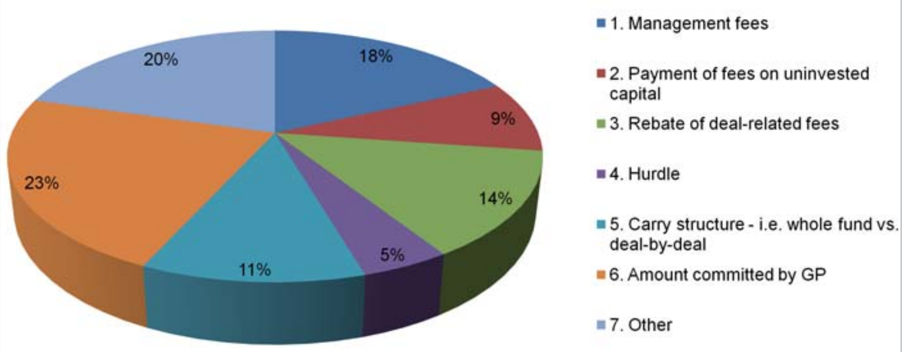


Fig. 2:

If you are not satisfied with the alignment, how can it be improved?



Do investors feel that GP and LP interests are properly aligned?

As Fig. 1 shows, the majority of investors do feel that GP and LP interests are properly aligned, with 82% agreeing with the statement. However, only 6% of those surveyed strongly agreed with the statement, and so there is clearly room for improvement. A significant 18% did not believe that interests were aligned, with 5% going on to strongly disagree with the statement.

Those that were most confident that the interests of GPs and LPs were aligned spanned the whole spectrum of investors, although they had the shared factor of all being experienced investors in the asset class. One US endowment fund with many years of private equity investing stated that “a GP needs all the carry and management fees out there to be able to devote enough time to portfolio companies as well as the limited partnership.”

If you are not satisfied with the alignment, how can it be improved?

At the other end of the spectrum those who felt that LP interests were not well aligned also included a wide range of investor types. A variety of suggestions were given for ways in which things could be improved, but featuring most prominently was the amount committed by the GP, with a number of respondents feeling that the GP could be putting up more capital. Management fees was

Investor Spotlight: LP Terms and Conditions Survey

another area where LPs felt that things could be improved, one prominent European fund of funds manager suggested that "alignment could be improved by lowering management fees".

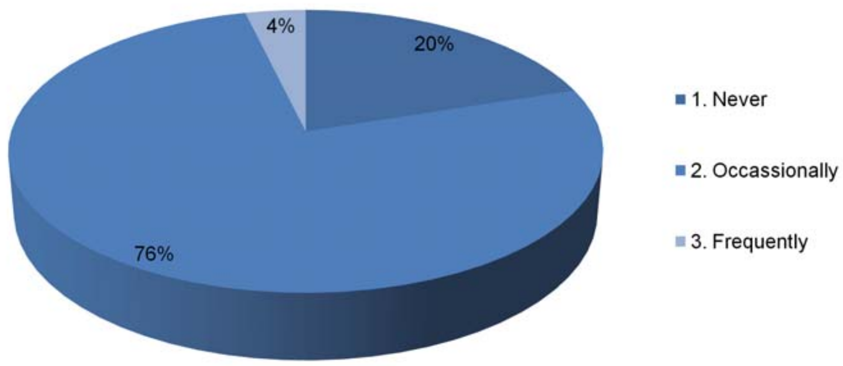
A US fund of funds manager believed that "there should either be a one off fee instead of an annual fee during the investment period, or the fee should be charged on invested capital."

Other areas flagged by LPs as possible areas that could be improved included the rebate of deal related fees, with a US investor describing some firms as "aggressive" in their desire to keep all fees for themselves.

A variety of responses fell into the 'other' category, with LPs finding fault with fund formation costs and the split of carry. A European family office put forward the key man clause as an area that could undergo improvement through directly naming key personnel. The LP stated that 'larger GPs are diluting the clause so that no specific person or group of persons are cited for responsibility. Instead, this clause tends to be phrased as "If any 1 or 2 persons leave..."'

Fig. 3:

Have you ever not invested in a fund due to the proposed terms and conditions?



Have you ever not invested in a fund due to the proposed terms and conditions?

The final question that we put to investors in private equity enquired as to whether the proposed fund terms and conditions had in fact put them off making an investment. The results show that an overwhelming 80% of investors had previously not invested as a result of proposed terms and conditions, although only 4% stated that this was a situation arising frequently. Only 20% of private equity investors polled had never withheld investment due to proposed terms and conditions.

Management fees and carry were often cited as deal-breakers for LPs walking away from a fund, although there is evidence that some GPs are willing to change their terms and conditions in order to address the concerns of potential LPs. One Nordic fund of funds manager stated that they 'will try and negotiate when we do not agree with proposed terms', and a US-based foundation will similarly 'negotiate a compromise on terms and conditions whenever possible.'

From speaking to these LPs it does become apparent that in a number of cases GPs have been willing to negotiate on their proposed terms in order to secure a commitment. This suggests that institutions potentially interested in making a commitment to a fund should always seek to communicate any concerns they may have over terms and conditions with the fund manager before walking away from an investment opportunity, as a compromise is certainly a possibility.

This article details just a few of the questions put to LPs in our survey. Full results, which can be found in the 2008 Preqin Fund Terms Advisor, include whether LPs have seen any change in prevailing terms, where these changes have been, principal areas of concern over terms and conditions, etc.

For more information please visit www.preqin.com/fta

Tim Friedman

Conferences Spotlight: Up and Coming Events:

Conferences:

CONFERENCE/EVENT	ORGANISER	DATES	LOCATION
IQPC - 3rd Annual Private Equity - South East Asia	IQPC	25 - 27 April 2008	Singapore
US Subordinated Hybrid Debt Conference	IFR	29 April 2008	New York
AVCJ Private Equity & Venture Forum	AVCJ	5 - 7 May 2008	Taipei
The Euromoney Saudi Arabia Conference	Euromoney Conferences	6 - 7 May 2008	Riyadh
China Venture Capital and Private Equity Forum	Zero2IPO	06 May 2008	Palo Alto, Silicon Valley
Infrastructure Summit	Dow Jones	13 May 2008	New York
Nordic Covered Bonds	IFR	13 May 2008	Copenhagen
Fourth Annual Russian and CIS Private Equity and Venture Capital Forum	C5	14 - 16 May 2008	Moscow
10th Annual Global Private Equity Conference	IFC and EMPEA	15 - 16 May 2008	Washington, DC
Pension Fund Nordic	Terrapinn	19 - 21 May 2008	Stockholm
The PEI Islamic Alternative Assets Forum	Private Equity International	20 - 21 May 2008	London
Outlook Japan	IFR	22 May 2008	Tokyo
Asian Corporate Forum	IFR	27 May 2008	Hong Kong
SuperReturn US 2008	ICBI	2 - 4 June 2008	Florida
Private Equity World Latin America	Terrapinn	4 - 6 June 2008	Miami
Investing in Infrastructure Assets Asia 2008	Terrapinn	10 - 12 June 2008	Singapore
The PERE Forum: Europe 2008	Private Equity International	10 - 11 June 2008	London
3rd Annual Middle East Capital Markets Conference	IFR	10 - 11 June 2008	Dubai
2nd Annual Covered Bonds	IFR	10 - 11 June 2008	London
19th Annual Venture Capital Investing Conference	IBF Conferences	10 - 12 June 2008	San Francisco
PE Networking Chincago - Fundraising & Deal Financing	Buyouts Conferences	11 June 2008	Chicago, IL
The Private Equity International Energy Forum	Private Equity International	17 - 18 June 2008	London
GAIM International 2008	ICBI	17 - 19 June 2008	Monaco
EVCA Symposium	EVCA	18-20 June 2008	Madrid
The PEI Investor Relations & Communications Forum	Private Equity International	18 - 19 June 2008	New York
Limited Partners Summit New York 2008	Dow Jones	24 - 25 June 2008	New York
The PEI Strategic Financial Management Forum	Private Equity International	16 - 17 July 2008	New York
Private Equity Analyst Conference 2008	Dow Jones	16 - 17 September 2008	New York
SuperReturn Asia 2008	ICBI	22 - 25 September 2008	Hong Kong
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Investor Spotlight: LP News

Suomi Mutual Life Assurance Company is looking to start investing in Asia focused funds. The EUR 6.8 billion insurance company typically invests in European focused lower mid-market buyout funds. It currently has 4.4% of its total assets allocated to private equity, with a target allocation of 6%.

Co-operative Insurance Society (CIS) has increased its private equity target allocation from 2.5% to 5% and expects a further increase in the longer term. The GBP 14 billion UK-based insurance company is very optimistic about the private equity asset class and plans to make investments of GBP 10 million to GBP 50 million in up to ten new funds managed by both existing fund managers and new ones. The company has committed to vehicles of various fund types and has a preference for fund targeting the US, European or Asian markets.

The EUR 25 billion Württembergische Versicherungen has outlined a plan to commit around EUR 140 million to between 7 and 8 funds in the next 12 months. It is prepared to invest with some new managers alongside existing GPs. It is also keen to invest in Nordic and UK lower mid-market buyout funds along with single-country vehicles. Württembergische Versicherungen is investing in the asset class for the longer term and it has a plan to further increase its target allocation to private equity to 3-5% once it has exceeded its long-term 2% target.

The alternative investments of Ontario Teachers' Pension Plan (OTPP) were the best performing asset class from its overall portfolio. They helped produce a 4.5% total fund return, outperforming the 2.3% benchmark. OTPP has used the good returns on its private equity investments to make more direct investments in Canadian companies. The private equity asset class helped return 9.8% for CAD108.5 billion OTPP for whom Teachers' Private Capital manages private equity investments.

Joe Topley is assembling a secondaries team at Nomura International. Mr Topley will have two associates joining him in early May and is expected to add to the team again later in the year. He has been handed EUR 500 million by the bank and is looking to invest.

Progressive is considering investing in the private equity asset class. The insurance company does not have any capital allocated to private equity at present as it sold its entire portfolio in 2000 for liquidity purposes. However, the firm says it will now consider investing in the asset class again within the next twelve months should an attractive opportunity arise.

Unisys Master Trust is still in the process of carrying out an asset liability study which will consider whether the pension fund will continue to include private equity in its asset allocation breakdown. The study was meant to be concluded at the end of 2007 but is now not expected to be completed until the end of 2008. The pension fund will not be making further commitments to the asset class before the conclusion of the review. It still has an aging portfolio of private equity funds that it committed to prior to 2001.

Arizona State Requirement System plans to increase its commitments to the private equity asset class by USD 995 million in 2008. This would see the USD 28.1 billion systems target commitments to private equity vastly increase to over USD 2 billion from its current amount of USD 1.4 billion. With an expected USD 360 million draw down on the system private equity portfolio by the year end. It uses Ennis Knupp and Associates, Franklin Park and Meketa Investment Group as consultants.

Los Angeles City Employees' Retirement System (LACERS) has received a recommendation to allocate USD 300 million to private equity this year. In the draft 2008 Alternative Investments Strategic Plan, presented by advisors Hamilton Lane and Pension Consulting Alliance to the board at the end of last month, the recommended allocation is based on reaching the public pension fund's target private equity allocation of 8% of its total assets. 20% of the USD 300 million is recommended to be allocated to Pension Consulting Alliance and the remaining 80% to Hamilton Lane to invest. The allocation is expected to fund 14-20 partnerships.

Each month Spotlight provides a selection of the recent news on institutional investors in private equity.
More news and updates are available online for Investor Intelligence subscribers.
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