Private Equity Spotlight

July 2008 / Volume 4 - Issue 7

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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. This month's issue contains details from our latest publication, The 2008 Preqin Infrastructure Review.

Feature Article

page 2

Is the Infrastructure Explosion Sustainable?

Infrastructure fundraising has hit record levels in recent years, sparking fears that too much capital might be flooding the sector. We examine the factors surrounding the recent growth, and make predictions on the future of infrastructure funds.

Performance Article

page 6

As in other asset classes, benchmarks are widely used and quoted in private equity, but which benchmarks are best, and how can they be used to maximum effect?

Fundraising Article

page 9

Global Fundraising Update - Q2 2008

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

No. of Funds on Road	US	Europe	ROW	Total
Venture	200	88	150	438
Buyout	143	65	78	286
Fund of Funds	93	55	39	187
Real Estate	172	110	103	381
Other	121	56	60	241
Total	729	374	430	1,533

Investor Article

page 20

This month we take a close look at family offices and foundations, and identify some of the key players in this important investor class.

Investor News

page 27

All the latest news on investors in private equity:

- National Pension Service of South Korea (NPS) appoints new chief executive officer.
- University of Colorado Foundation is seeking distressed debt and western European managers.
- NBIMC is considering making private equity investments in emerging markets.
- LAMPERS receives private equity energy fund recommendation.
- LACERA sets up a discretionary separate account to invest in emerging private equity managers.

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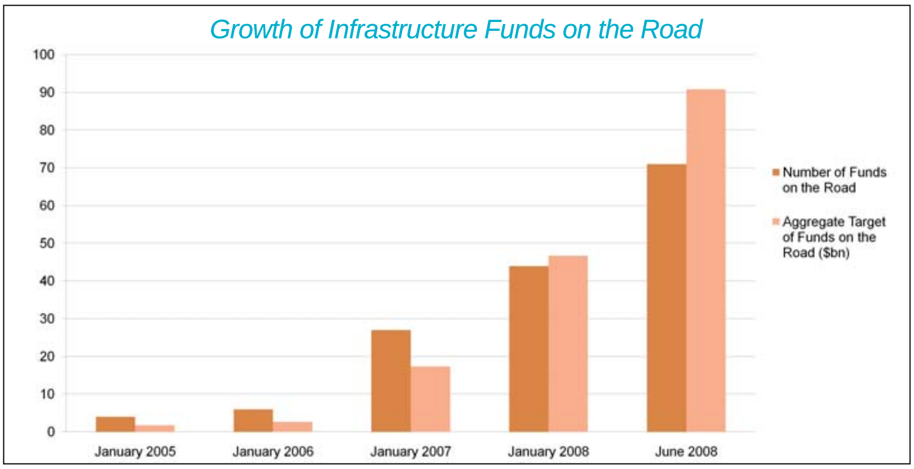
Feature Article:
Is the Infrastructure Explosion Sustainable?

As other sectors of the private equity industry have seen overall fundraising starting to plateau recently, infrastructure stands out as one of the fastest growing sectors in the asset class today. In this month's feature article we identify some of the reasons surrounding investors' strong appetite for infrastructure funds, and examine whether the rapid growth experienced in recent years is sustainable in the long term.

The market for unlisted infrastructure funds has grown dramatically in recent years, as an abundance of new opportunities in both developed and emerging markets has paved the way for increasing numbers of vehicles to successfully raise capital. Investor appetite for infrastructure and the increase in opportunities available for managers has seen the average size of infrastructure funds increase significantly, from $159 million in 2003 to $3.3 billion in 2008 year to date.

Fundraising for the sector remains strong in 2008, and even before the midway point of the year a total of $13.1 billion had already been raised. Fund managers appear confident that there are more opportunities available, and this has led to a record number of firms hitting the road with new offerings. There are currently 71 funds on the road seeking an aggregate $90.8 billion – a dramatic increase on 2005 when there were four funds seeking $1.8 billion (Fig. A).

Fig. A:



Some sections within the industry have expressed alarm at the current levels of capital being raised by new vehicles, and have questioned whether there might be too much capital chasing too few opportunities. While such concerns certainly merit consideration, there is good evidence that although the number of infrastructure funds is rapidly increasing, these funds will be more wide reaching and global than ever before, as new markets and opportunities present themselves in the coming years. Although fund managers may have to widen their horizons and consider new regions and types of investments, they still remain confident that they can source the investments to create strong returns in the future.

Evidence of the increasingly global nature of unlisted infrastructure fund investing can be seen in the growth of vehicles focusing on more than one region. As fund sizes have increased, managers are now considering investments that are further afield, often in addition to the more established regions which form their primary investment focus. The difference can be seen between funds that have already closed, and funds that are currently in market, with only 22% of funds closed between 2003 and 2008 focusing on more than one main region, compared with 32% of vehicles that are currently in market with a multi-regional focus. However, this trend of managers taking on a more multi-regional investment remit is mostly seen amongst those managing larger vehicles, and it is also the case that some managers have responded to claims of increased competition for opportunities by raising very specific vehicles. Such vehicles might focus on only one country or small region, or focus on only one specific type of investment, such as renewable energy, with the highly specialised nature of their investments enabling them to source investments that more broadly encompassing fund managers might find harder to pick up.

Current concerns regarding infrastructure and the wider global economic climate have led to a degree of plateauing in the fundraising market, with 2008

> *... Fund managers appear confident that there are more opportunities available, and this has led to a record number of firms hitting the road with new offerings...*

fundraising unlikely to exceed the record breaking levels experienced in 2007. However, the long term indications in the infrastructure market are for growth, and Preqin Infrastructure data would certainly suggest that the lack of further growth in 2008 is due more to some investors delaying making new investments rather than investors decreasing their allocations to the asset class.

The high level of importance that investors are attaching to this emerging sector is demonstrated in the way in which investors class infrastructure fund investments. Many investors now treat the sector completely independently to other private equity and unlisted fund investments, as Fig. B shows, 47% of active investors in the sector now have a separate allocation specifically for infrastructure, while 43% include infrastructure funds in their private equity portfolio and 10% include it in their real assets allocation. For those that have a separate infrastructure allocation, in the majority of cases this is made up of unlisted funds rather than direct investments, as the prices that infrastructure assets demand can be restrictive for most investors, and the level of expertise required to manage such assets can be difficult to acquire.

Fig. C showing the geographical breakdown of investors in infrastructure funds indicates that European investors are actually the most active in this sector, making up a larger percentage of the overall market than their North American counterparts. Drilling down further into the figures shows that within North America, 33% are from Canada, leaving only 67% of investors in this region from the US. This make up of the investor universe differs substantially from the wider institutional investor community for private equity, where the US provides by far the largest number of investors. So why is there a disparity between the two, and is this likely to change in the future?

Fig. B:

Source of Infrastructure Allocation

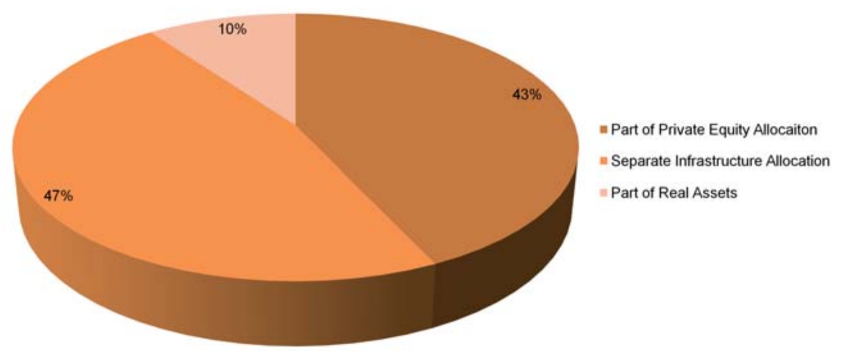
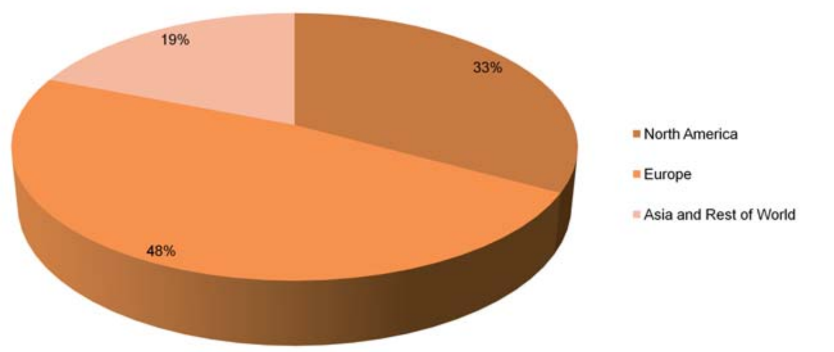


Fig. C:

Make-up of Investor Universe by Investor Location



The US market has thus far not seen the same levels of investment as Europe and emerging markets, where private infrastructure investment legislation and the PFI/PPP model are well established. However, in the US the situation is now changing, as well-publicised shortfalls in US infrastructure have prompted authorities to change their stance on private and foreign investment in infrastructure assets. In the future, with new initiatives being developed there are likely to be more firms successfully raising funds focusing on the region, which in turn will undoubtedly lead to increasing numbers of institutional

Feature Article:
Is the Infrastructure Explosion Sustainable?

investors from the US allocating capital to the sector.

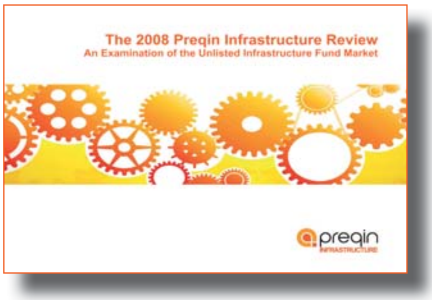
With new investors from the US and around the world entering the market, and with new regions and industries being opened up to the infrastructure market all the time, the future for the industry looks strong. However, there are more infrastructure funds on the road than ever before, and this has led to ever increasing levels of competition amongst managers seeking investment for their vehicles. Current economic conditions have led to some investors delaying their decisions on making new investments, with fund managers finding it harder to find investors as a result. Our prediction is for continued growth in the sector, but that this will come with increased competition for fund managers. Awareness of competition in the market and a good understanding of the infrastructure investor universe will be essential for all those fund managers hitting the road and seeking investments in years to come.

Tim Friedman

2008 Preqin Infrastructure Review: Order Form

The 2008 Preqin Infrastructure Review is the most comprehensive examination of the unlisted infrastructure fund market ever produced. With exclusive information on 120 firms, 200 funds and over 180 investors in the sector, plus detailed analysis reviewing every aspect of the industry, the Preqin Infrastructure Review is a vital purchase for fund managers, fundraising professionals, advisors, consultants, legal firms and investors in this rapidly growing market. Features of this year's publication include:

- Detailed analysis examining the history and development of the infrastructure market; recent funds closed; the current fundraising market; fund terms and conditions; investors; plus separate sections showing key facts and figures for the most important regions.
- Profiles for 120 infrastructure firms, and 200 funds, including detailed investment strategies and key information.
- Profiles for over 180 investors in the sector, including investment plans and key contact details.
- Detailed listings for all funds ever closed, plus funds currently raising.
- Fund terms and conditions listings for 19 vehicles, plus transparent performance data for 40 infrastructure funds (all performance data is net to investors)



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Performance Spotlight:
How do you like your Benchmarks?

As in other asset classes, benchmarks are widely used and quoted in private equity. So much so, in fact, that 'benchmark returns' are peppered throughout written and oral communications, often without a clear understanding of which particular benchmark is being used, or indeed which benchmark *should* be used.

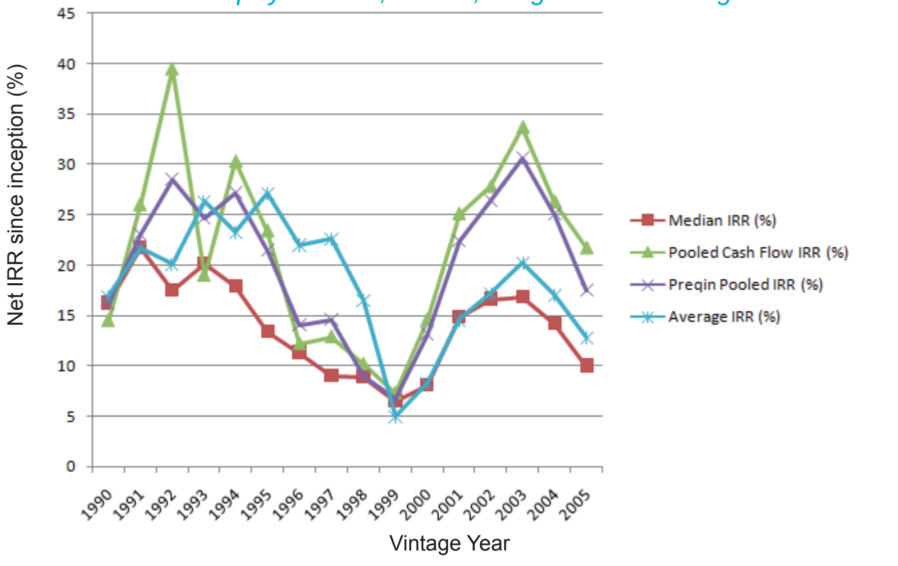
Leave aside the issues of IRR vs. Multiple and Net vs. Gross, and assume that we are looking at Net-to-LP IRR measures. The first question is the period over which one measures the IRR – are you looking at Inception-to-Date IRRs for each fund, or Horizon IRRs for a portfolio of funds?

Horizon IRRs are often used for giving a broad and approximate indication of a private equity portfolio's performance, and to compare its returns over a range of periods (usually 1, 3, 5 and 10 years) with those of public markets and other asset classes. This can be useful in helping to formulate broad investment strategy – e.g. the allocation to private equity within the total program. However, there is an obvious danger with horizon IRRs: returns for public securities will be marked to market, but the returns for private equity will generally be based upon the GP's reported NAVs. Even with FASB 157 these may not fully reflect the true performance over a shorter time period – e.g. 12 months ago many private equity portfolios were trading at premiums on the secondary market, today they would be at a discount.

The fundamental problem with Horizon IRRs is, of course, that one is trying to impose a short-term performance measure on a long-term investment. Secondaries have grown hugely in recent years, but still comprise only around 1% of the total asset class: most LPs commit to a fund and hold it to maturity. (And if they do not intend to do so, then should they be committing in the first place?)

Fig. 1:

All Private Equity: Median, Pooled, Weighted and Average IRRs



Which brings us on to Inception-to-Date IRRs, of which there are several benchmark variants: Median, Average, Pooled Cash Flow, and Money-Weighted (or Preqin Pooled). Fig. 1 shows the different measures for All Private Equity (i.e. venture, buyout, mezz etc.) globally, based upon Preqin's sample of over 4,100 funds. The first point to note is how different they all are:

Median IRR: is intuitively (deceptively?) simple – rank the funds from best to worst, and the Median IRR is the one in the middle.

- Plus points: compares each fund to the 'fund in the middle', i.e. OK for assessing how each fund has done on a *relative* basis.
- Minus points: first, it's *'one fund one vote'* so KKR Millennium and that little SBC fund count the same. Secondly, it is just a *ranking* of funds, and takes no account of *how much* each fund beats the median. Now, generally speaking the funds that do well tend to beat the median by a lot more than the extent to which the underperformers fall short. As a result, the Median IRR *systematically understates* the typical return that an typical LP can expect –

Performance Spotlight: How do you like your Benchmarks?

one fund that falls a bit short plus one fund that performs spectacularly well doesn't equal mediocre performance! (See Fig. 1).

Average IRR: simply add the IRRs and divide by the number of funds.

- Plus points: beats me!
- Minus points: the same *'one fund one vote'* problem. As a result, the 'Average IRR' is neither the IRR of the typical fund, nor the typical IRR that a typical LP can expect on his portfolio – what precisely does it mean?

Pooled Cash Flow IRR: the 'Kosher' measure of portfolio IRR. Take a portfolio of funds, weighted appropriately to reflect the LP's level of commitment to each one; calculate the resulting aggregate cash flow for the whole portfolio; and then calculate the resulting IRR of this portfolio cash flow.

- Plus points: the best measure of the actual IRR that an LP can expect on a portfolio of funds of the given mix of funds.
- Minus points: the Math and the Data. You need a full cash flow history for each individual fund to do the calculations.

Preqin Pooled IRR: is a money-weighted average IRR – in other words, take the IRRs of each individual fund and calculate a weighted average using the size of each fund in the portfolio.

- Plus points: first, this generally gives you a much larger universe of funds on which to base the calculations – so you get a more robust result. (e.g. Preqin has IRRs for over 4,100 private equity funds, as compared to full cash flow histories for over 1,700 funds.) Secondly, by weighting the IRRs according to the size of each fund, it gives a measure of average performance that is close to the experience of the entire market – i.e. the return that LPs have earned on their private equity investments as a whole. Thirdly, it gives results that are very close to the Pooled Cash Flow IRR – see Fig. 1.
- Minus points: the purists would quibble.

Many of you have asked about benchmark returns, and clearly there will be renewed focus on these in the current market, so we'll be releasing more analysis over the coming months.

A final point to note is **Transparency**: a benchmark is only as good as the constituent funds, so when you look at any benchmark figures ask yourself the following questions: which funds are included? do they correspond to the mix of funds that I'm interested in? can I see the returns of each individual fund? can I select a tailor-made peer group of funds to make the most relevant comparisons for my requirements? Only Preqin lets you drill down to individual funds.

Please contact us if you would like trial access to **Performance Analyst** to see the benchmarks.

Mark O'Hare

2008 Preqin PE Performance Monitor: Order Form

With transparent performance data for over 3,600 private equity funds managed by over 1,100 firms, plus extensive analysis and commentary, the 526 page 2008 Preqin Private Equity Performance Monitor is the most comprehensive guide to private equity performance ever produced, and is a vital guide for investors, fund managers, advisors and anyone involved in the fund marketing process.

- Transparent performance data for over 3,600 funds of all different types from over 1,100 firms. In terms of value, these funds represent around 65% of all funds ever raised in the history of the industry.
- Profiles for over 1,100 firms including fund by fund performance information, details on investment focus and contact details.
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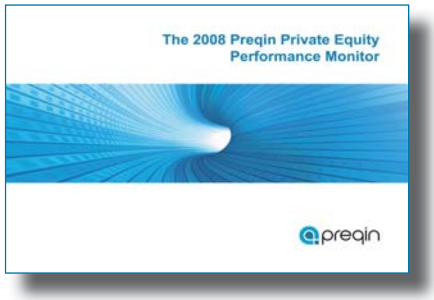

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Global Fundraising Update Q2 2008
Overview

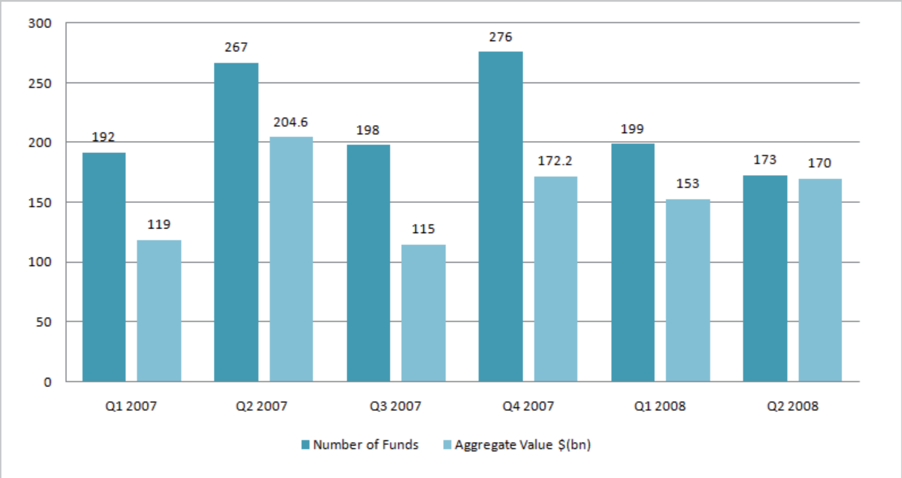
Despite continuing problems in the credit markets, private equity fundraising has continued at a strong pace in terms of capital commitments, with a total of $170 billion committed during Q2 2008.

A total of 173 private equity funds achieved a final close during Q2 2008, raising aggregate commitments of $170 billion. This represents an 11% increase in capital commitments from the $153 billion raised by 199 funds during Q1 2008. Despite continuing fears of a slowdown in private equity fundraising, Q2 2008 has been particularly strong, with only the $204.6 billion raised during Q2 2007 significantly surpassing the commitments gathered during Q2 2008. During the first half of this year a total of 372 funds have raised a total of $323 billion in capital commitments. This represents a 12.5% increase from the $287.2 billion raised during H2 2007, and matches the $323.6 billion raised during the very successful first half of 2007.

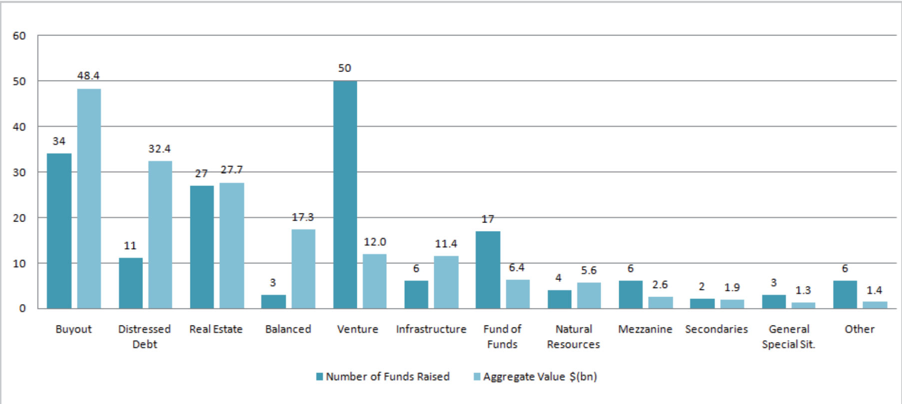
Fundraising in Q2 2008 by Fund Type

- 34 buyout funds raised an aggregate $48.4 billion during Q2 2008, with 70% of the capital committed coming from European-focused funds, 26% from US focused funds, and 4% from funds focusing on Asia and Rest of World region.
- 11 distressed debt funds raised $32.4 billion in capital commitments, including the OCM Opportunities Fund VIIB, a $10.9 billion distressed debt fund managed by US-based Oaktree Capital Management.
- 27 real estate funds raised aggregate commitments of $27.7 billion during the second quarter of 2008.
- 3 balanced funds raised $17.3 billion in capital commitments, largely due to the $15bn Warburg Pincus Private Equity X.

Quarterly Fundraising 2007 - Q2 2008



Q2 2008 Fundraising by Fund Type



- 50 venture funds closed during Q2 2008, raising $12 billion in capital commitments.
- 6 infrastructure funds closed raising $11.4 billion in capital commitments.
- 17 fund of funds closed during the second quarter of 2008, raising $6.4 billion in capital commitments.

Raffaela Mirai

Global Fundraising Update Q2 2008
Funds in Market

There are currently a record 1,533 private equity funds in the market, a 9% increase on the 1,411 funds reported in Q1 2008, and a 40% rise from the 1,094 funds on the road at this point last year. The aggregate target being sought by new vehicles currently stands at $909 billion, an increase of 11.3% from the $816.8 billion capital sought during Q1 2008.

Although fundraising has maintained a strong pace in terms of aggregate commitments raised, the number of vehicles achieving a final close has fallen considerably from earlier quarters, and is still falling well short of the required level to bring stability and equilibrium to the fundraising market.

The average size of funds closed in Q2 2008 stands at $983 million, far exceeding the average size of funds on the road which stands at $593 million. With larger funds remaining popular amongst investors, many smaller funds are finding conditions to be increasingly competitive, with the sheer number of other vehicles on the road all competing for the attention of investors causing funds to remain on the road for longer than some managers anticipated.

There are currently 25 funds on the road seeking to raise $5 billion or more in commitments. The target size of these funds makes up 26% of the total capital sought by funds on the road. 8 of these large funds are targeting to raise $10 billion or more in capital commitments.

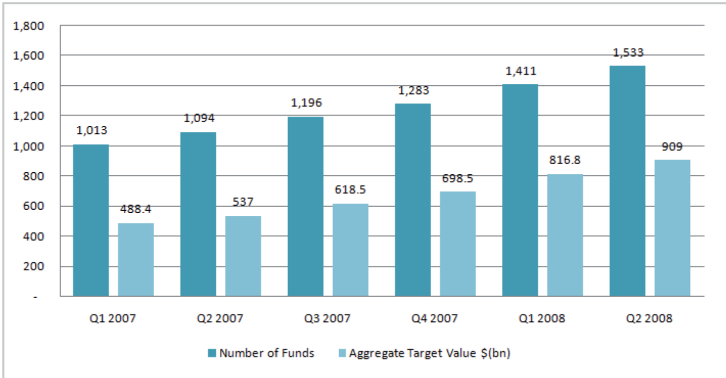
Funds classified as mega funds include Blackstone Capital Partners VI, a buyout fund targeting to raise $20 billion in capital commitments and Texas Pacific Partners VI, which has a target size of $18 billion.

US focused funds continue to dominate the market, with 729 funds on the road focusing on the region targeting to raise $492 billion in capital commitments. This represents a 7% increase in the number of funds and an 8% increase in target capital commitments sought, in comparison with Q1 2008.

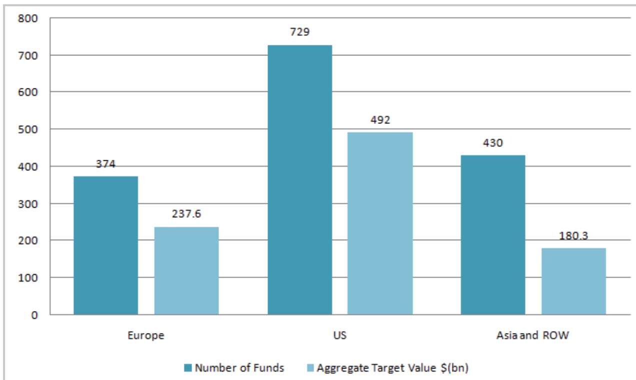
Europe focused funds account for 26% of the aggregate target sought by all private equity funds on the road. There are currently 374 funds on the road focusing on Europe; targeting to raise $237.6 billion. This represents an increase of 11% from the $214 billion sought during Q1 2008.

At present there are 430 funds on the road focusing on Asia and Rest of World, targeting to raise $180.3 billion. This represents an increase of 22.5% on the $147 billion sought

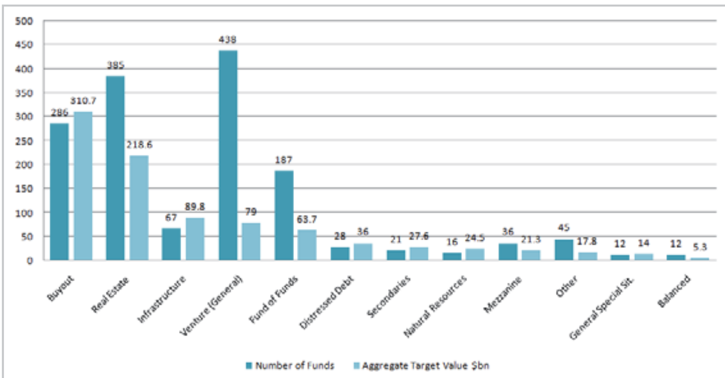
Funds in Market by Quarter



Funds in Market by Region - Q2 2008



Funds in Market by Fund Type - Q2 2008



Global Fundraising Update Q2 2008
Funds in Market

during Q1 2008 by funds focusing on the region.

Looking at the funds in market by fund type illustrates that buyout funds remain the most prominent type of funds in the market, accounting for 34% of total capital sought. There are 286 buyout funds on the road targeting to raise $310.7 billion in capital commitments. There are currently 385 real estate funds on the road targeting to raise $218.6 billion in capital commitments and 67 infrastructure funds targeting $89.8 billion in capital commitments.

There are currently 28 distressed debt funds on the road seeking an aggregate $36.1 billion.

There are 438 venture funds in the market with a target aggregate size of $79 billion. This represents 9% of the entire capital sought by private equity funds on the road.

Abdul Anwari

Largest Buyout Funds on the Road

Fund	Manager	Target Size	GP Location
Blackstone Capital Partners VI	Blackstone Group	20,000 USD	US
Texas Pacific Group Partners VI	TPG	18,000 USD	US
CVC European Equity Partners V	CVC Capital Partners	11,000 EUR	UK
Apollo Investment Fund VII	Apollo Management	15,000 USD	US
Carlyle Partners V	Carlyle Group	15,000 USD	US
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	10,000 USD	US
Charterhouse Capital Partners IX	Charterhouse Capital Partners	6,000 EUR	UK
KKR European Fund III	Kohlberg Kravis Roberts	6,000 EUR	US
Candover 2008	Candover Partners	5,000 EUR	UK
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	7,500 USD	US

Largest Venture Funds on the Road

Fund	Manager	Target Size	GP Location
Cyrte Investments TMT Fund	Cyrte Investments	1,500 EUR	Netherlands
Pine Brook Road Partners I	Pine Brook Road Partners	2,000 USD	US
ICICI Venture Capital Fund III	ICICI Venture Funds Management	1,500 USD	India
China-Singapore Hi-tech Industrial Investment Fund	China-Singapore Suzhou Industrial Park	1,330 USD	China
Invention Development Fund I	Intellectual Ventures	1,000 USD	US

Largest Other Funds on the Road

Fund	Manager	Fund Type	Target Size	GP Location
First Reserve Fund XII	First Reserve Corporation	Natural Resources	12,000 USD	US
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	Real Estate	10,000 USD	US
Macquarie European Infrastructure Fund III	Macquarie Funds Management Group	Infrastructure	5,000 EUR	Australia
GS Infrastructure Partners II	GS Infrastructure Investment Group	Infrastructure	7,500 USD	US
Lone Star Fund VI	Lone Star Funds	Real Estate	6,500 USD	US

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Global Fundraising Update Q2 2008
Geographic Focus

Manuel Carvalho

US focused funds accounted for 60% of the aggregate capital raised globally during Q2 2008, demonstrating the continued dominance of the region in the private equity industry. European focused funds attracted 29% of the total capital raised during Q2 2008, with Asia and Rest of World focused funds garnering 11% of total capital commitments.

During Q2 2008, 91 US focused funds attracted $102.1 billion in capital commitments, representing a significant 14% increase in aggregate capital from the $89.4 billion raised by 100 US focused funds during Q1 2008. Furthermore, Q2 2008 signalled a 5% increase in capital commitments from the $97.6 billion raised during Q4 2007, and almost matched the $110 billion raised by US focused funds during the very successful Q2 2007.

European focused funds continued the strong fundraising performance of the previous quarter, with European funds attracting $49.2 billion in capital commitments in Q2 2008. This represents a 6% increase on the $46.6 billion in aggregate capital raised by European focused funds during Q1 2008, and a sizeable 27% increase from the $38.6 billion that European focused funds attracted during Q4 2007.

Funds focusing on Asia and Rest of World raised a total of $18.5 billion, with 35 funds focusing on the region achieving a final close. This signifies an 11% increase on the $16.6 billion raised by Asia and Rest of World focused funds during Q1 2008. However, the capital raised by Asia and Rest of World focused funds failed to match the aggregate capital raised for the region during the latter part of 2007, with Q2 2008 representing a 21% decrease from the $23.5 billion raised in Q4 2007.

US

Distressed debt funds made a significant impact in the US market, with 8 distressed funds raising $31.8 billion in commitments. This represents a significant 31% of the total capital raised by US focused funds in Q2 2008.

A total of 17 buyout funds attracted $12.4 billion in commitments; representing 12% of the total capital raised by US focused funds. However, this is a significant decrease from the $39 billion raised by US focused buyout funds during Q1 2008.

Europe

During the second quarter of 2008, 13 Europe focused buyout funds achieved a final close, raising a significant $33 billion in commitments, which represents 67% of the total capital commitments gathered by European focused funds. The largest buyout fund to achieve a final close during Q2 2008 was Advent Global Private Equity VI, a €6.6 billion global buyout fund, with a focus predominantly on European investments.

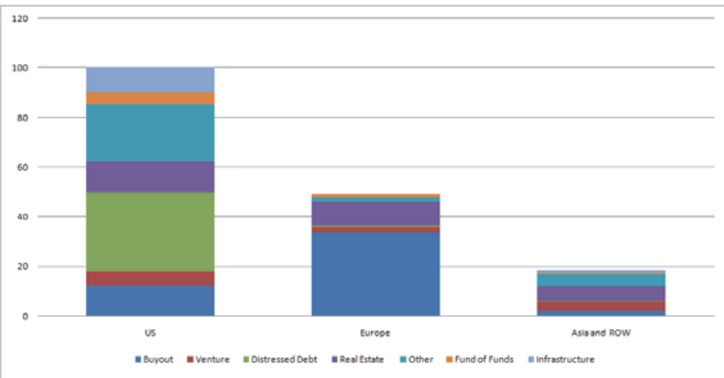
8 real estate funds raised $9.5 billion for investment in Europe during Q2 2008, a sizeable 19% of the total capital commitments for Europe focused funds. Venture funds contributed 4.5% of the total aggregate capital raised by European funds, with 13 venture funds focusing on the region attracting $2.2 billion in capital commitments.

Asia and Rest of World

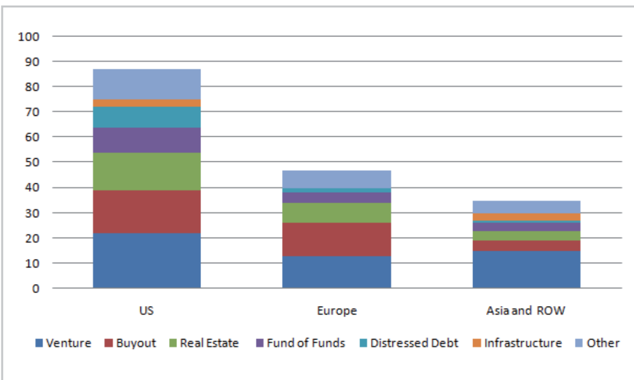
Venture funds targeting Asia and Rest of World region represented 22% of the aggregate capital raised by funds focusing on the region, with 15 venture funds accounting for $4 billion in commitments. Asia and Rest of World focused real estate funds constituted a large proportion of the capital raised for the region, with 4 real estate funds attracting $5.7 billion in capital commitments, a significant 31% of all commitments in the region.

Buyout funds focusing on Asia and Rest of World region represented 11% of the aggregate capital raised by funds focusing on the region, with 4 buyout funds raising $2.1 billion in aggregate commitments. Balanced funds also attracted a large proportion of capital in the region, with 2 balanced funds raising $2.3 billion, a 12% market share.

Regional Focus by Aggregate Capital Raised ($bn)

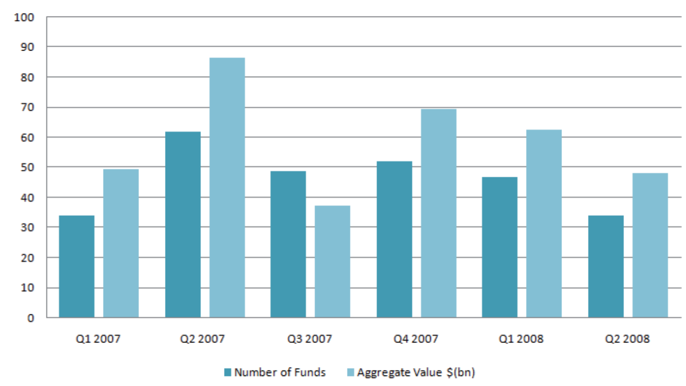


Number of Funds Raised by Regional Focus



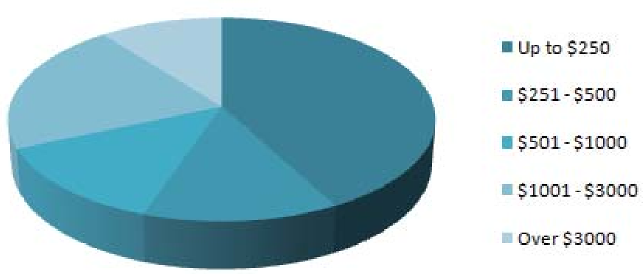
Global Fundraising Update Q2 2008
Buyout

Buyout Fundraising by Quarter 2007 - Q1 2008



Split of Q2 2008 Buyout Fundraising

By Fund Size (Sorted by Number of Funds Closed)



The fundraising market for buyout funds declined somewhat from previous quarters during Q2 2008. A total of 34 funds reached a final close during this quarter raising an aggregate $48.3bn. The above graphs show the steady decline in the number of buyout funds closed and aggregate commitments attracted by this type of fund over time. The average size of funds closed in Q2 2008 is $1.4bn, demonstrating that bigger funds remain popular with investors.

- Advent Global Private Equity VI raised €6.6 billion in capital commitments, exceeding its initial target of €5 billion. The fund invests in a variety of sectors from healthcare to financial services. Investors include: the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System and the CPP Investment Board.
- PAI Europe V closed at €5.4 billion, above its €5 billion initial target size. Limited partners include Daido Life Insurance, Royal Bank of Scotland and Bank of Tokyo - Mitsubishi UFJ. The fund started looking for commitments from investors in June 2007 and finished it fundraising in May 2008. UBS acted as placement agent.
- Bain Capital Europe III closed at €3.5 billion, exceeding its original target by €1 billion. Investors in the fund include: DnB NOR Kapitalforvaltning Private Equity, Pennsylvania State Employees' Retirement System and Compagnia di San Paolo. The fund invests in European companies operating in the distribution, manufacturing, telecoms, communications and energy sectors.

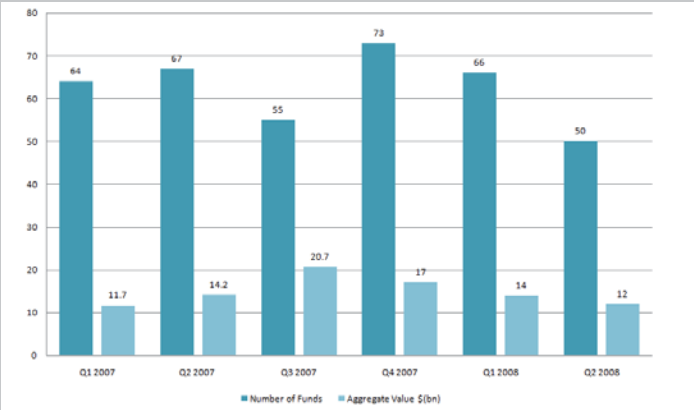
Buyout Funds Closed in Q2 2008

Fund	Manager	Size (mn)	Fund Focus
Advent Global Private Equity VI	Advent International	6,600 EUR	Global
PAI Europe V	PAI Partners	5,400 EUR	Europe
Bain Capital Europe III	Bain Capital	3,500 EUR	Europe
Kelso Investment Associates VIII	Kelso & Company	5,125 USD	US
AXA LBO Fund IV	AXA Private Equity	1,600 EUR	Europe
Advent Central & Eastern Europe IV	Advent International	1,000 EUR	CEE
Summit Partners European Fund	Summit Partners	1,000 EUR	Europe
Baring Asia Private Equity Fund IV	Baring Private Equity Asia	1,515 USD	Asia
AEA 2006 Investment Program	AEA Investors	1,500 USD	US
Astorg IV	Astorg Partners	800 EUR	Europe

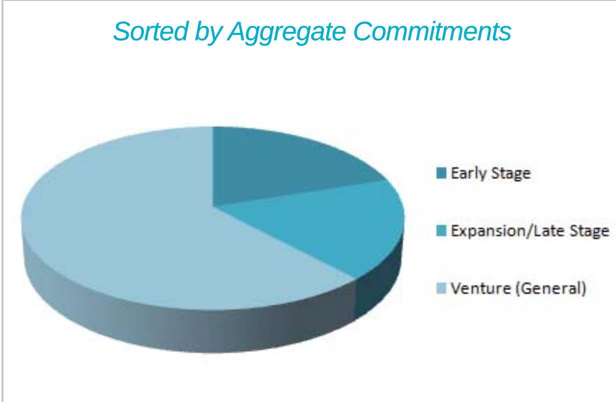
Mihai Catalin Ghiorghies

Global Fundraising Update Q2 2008
Venture

Venture Fundraising by Quarter 2007 - Q1 2008



Stage Focus split of Venture funds



Fundraising for venture funds in Q2 2008 was down compared to previous quarters. During Q2 2008 50 funds raised $12 billion, representing a 14.2% decrease from the $14 billion raised during Q1 2008 and a 15% decrease from the $14.2 billion raised during Q2 2007.

US focused funds continue to dominate the venture capital market. Over 48% of all venture funds raised during Q2 2008 focused on the US, with funds focusing on the region collecting $5.8 billion in capital commitments.

15 venture funds focusing on Asia and Rest of World raised $4 billion in Q2 2008. This represents a 9.6% decrease from the $4.5 billion raised from 21 funds during Q1 2008.

13 European venture focused funds raised $2.2 billion in capital commitments during Q2 2008. This represents a 21.4% decrease from the $2.8 billion raised from 16 funds during Q1 2008.

62% of all venture funds raised had no specific stage preference, with these vehicles collecting $7.5 billion in capital commitments. Early stage funds accounted for 20% of the total funds raised, while expansion and late stage funds together raised $2.1 billion and represent 18% of all venture capital funds in Q2 2008.

With $800 million in capital commitments, Lightspeed Venture Partners VIII is the largest venture capital fund to close during Q2 2008. The fund makes early stage investments in the technology, software, semiconductors and computer services sectors.

Climate Solutions Fund is an environmentally responsible fund raised by UK fund manager Generation Investment Management, with $683 million it is one of the largest venture capital funds raised during Q2 2008. The fund invests globally and primarily targets environmental services, clean technology and renewable energy companies.

The largest venture fund raised focusing on Asia and Rest of World is Granite Global Ventures III. The fund garnered $600 million in capital commitments and invests in technology, healthcare, communications and software sectors.

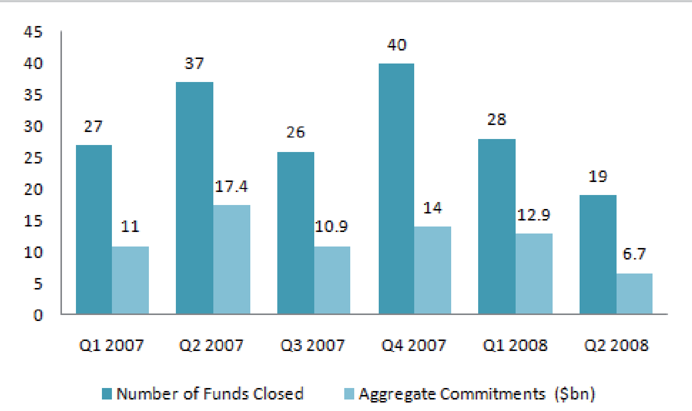
Abdul Anwari

Venture Funds Closed in Q2 2008

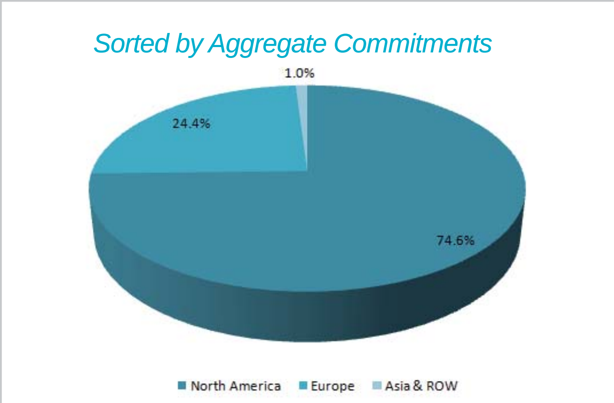
Fund	Manager	Size (mn)	Fund Focus
Lightspeed Venture Partners VIII	Lightspeed Venture Partners	800 USD	US
Kleiner Perkins Caufield & Byers XIII	Kleiner Perkins Caufield & Byers	700 USD	US
Climate Solutions Fund	Generation Investment Management	683 USD	Europe
Granite Global Ventures III	GGV Capital	600 USD	ROW
IDG-Accel China Capital Fund I	IDG Venture China	600 USD	Asia
FTVentures III	FTVentures	512 USD	US
Intel Capital China Technology Fd II	Intel Capital	500 USD	China
KPCB Green Growth Fund	Kleiner Perkins Caufield & Byers	500 USD	US
Rockport Capital Partners III	RockPort Capital Partners	453 USD	US
Quaker BioVentures II	Quaker BioVentures	420 USD	US

Global Fundraising Update Q2 2008
Fund of Funds

FoF Fundraising by Quarter 2007 - Q2 2008



Geographic Split of Fund of Funds



A total of 19 fund of funds reported a final close during Q2 2008, with aggregate commitments totalling $6.7billion. This represents a drop of 48% in terms of capital commitments from Q1 2008, when $12.9 billion was raised, with HarbourVest Partners VIII alone collecting $5.5 billion in commitments.

Close to three-quarters of capital raised by fund of funds vehicles in Q2 2008 was deployed to vehicles with a North American primary focus. Nearly one-quarter of committed capital was to European-focused vehicles, leaving around 1% for Asia and Rest of World. Although only a very small proportion of capital being raised was to vehicles focusing on Asia and Rest of World, a large proportion in vehicles focusing primarily on North America or Europe will include a smaller allocation for the region their investment remit.

The largest fund of funds vehicle closed in Q2 2008 was Horsley Bridge Fund IX, which closed in June on $1.76 billion. It is focused on investing in US funds and will mainly commit to venture funds, with a smaller amount of capital going to growth capital funds. Investors in the fund of funds include Compagnia di San Paolo, IPERF, PFA Pension and Railways Pension Trustee Company.

Mesirow Partnership Fund IV raised $900 million and also closed in June 2008. US buyout funds will account for around 40% of its capital, with 30% going to US venture funds. 15% will be invested in US special situations funds, whilst the remaining 15% will be used to commit to Western European buyout funds. The vehicle aims to commit to 12-15 funds annually during its investment period, which runs until 2009/10. A typical commitments size is around the $12-15 million mark. Fund investments it has already made include Battery Ventures VIII, Providence Equity Partners VI, Hellman & Friedman VI and Apax Europe VII. Investors in the fund of funds include Adams County Retirement Plan, Allegheny County Retirement Board, Chicago Police Pension Fund, Louisiana State Employees' Retirement System and Orange County Employees' Retirement System.

Access Capital Fund IV - Growth Buyout Europe closed in April 2008 on €413 million, well above its €300 million original target. It invests in buyout and growth capital funds in Europe. A sample investor in the fund of funds is OP Bank Group Life & Pensions. The vehicle has invested in underlying funds such as Carlyle Europe Technology Fund II, Endless Fund II and Investindustrial Fund IV.

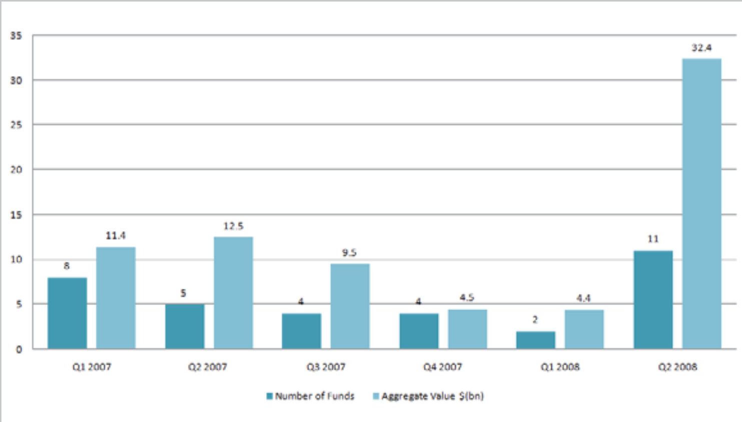
Sam Meakin

Fund of Funds Closed in Q2 2008

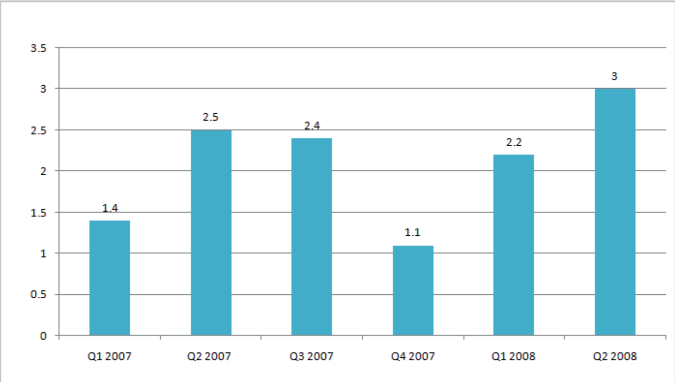
Fund	Manager	Close Amount (mn)	Fund Focus
Horsley Bridge Fund IX	Horsley Bridge Partners	1,760 USD	US
Mesirow Partnership Fund IV	Mesirow Financial	900 USD	US
Access Capital Fund IV - Growth Buyout Europe	Access Capital Partners	413 EUR	Europe
Adveq Opportunity II	Adveq Group	458 USD	US
Hannover Re Euro PE Holdings	AmpegaGerling Asset Management	300 EUR	Europe
HRJ Special Opportunities I	HRJ Capital	195 USD	US
Selected Private Equity Funds I	Pohjola Private Equity Funds	129 EUR	Europe

Global Fundraising Update Q2 2008
Distressed Debt

Distressed Debt Funds Fundraising 2007 - Q2 2008



Distressed Debt Average Fund Size $(bn)



In the second quarter of 2008, 13 distressed debt funds attracted $32.4 billion in capital commitments; a significant increase from the $4.4 billion raised during Q1 2008.

Given that there is currently over $36 billion being sought from distressed debt funds on the road, Preqin believes that 2008 is likely be the most successful year for distressed debt fundraising.

- OCM Opportunities Fund VIIB is a generalist distressed debt fund that closed in May 2008 with $10.9 billion in capital commitments. OCM is the largest distressed debt fund ever raised. Investors include Lehman Brothers, State of Wisconsin Investment Board and Oregon State Treasury.

- Avenue Special Situations V raised $6 billion in capital commitments. The fund started fundraising just over a year ago. Some of the investors in the fund include California Public Employees' Retirement System (CalPERS), New York State Teachers' Retirement System and Washington State Investment Board.

- Sankaty Credit Opportunities Fund IV is a US focused generalist distressed debt fund that closed in June with $3.5 billion in capital commitments. Investors include Pennsylvania Public School Employees' Retirement System, Pennsylvania State Employees' Retirement System and San Francisco City & County Employees' Retirement System.

Distressed Debt Funds Closed in Q2 2008

Fund	Manager	Target Size	Fund Focus
OCM Opportunities Fund VIIB	Oaktree Capital Management	10,900 USD	US
Avenue Special Situations V	Avenue Capital Group	6,000 USD	US
CIC-JC Flowers Distressed Debt Fund	JC Flowers & Co	5,000 USD	US
Sankaty Credit Opportunities Fund IV	Sankaty Advisors	3,500 USD	US
H.I.G. Bayside Debt and LBO fund II	Bayside Capital	3,000 USD	US
AG Capital Recovery Partners VI	Angelo, Gordon & Co	2,000 USD	US
Carlyle Strategic Partners II	Carlyle Group	1,350 USD	US
ADM Maculus Fund V	ADM Capital	418 USD	Europe
Shoreline China Value I	Shoreline Capital Management, Ltd	178 USD	China
Treadstone Partners I	Treadstone Partners	60 USD	US

Mihai Catalin Ghiorghies

Global Fundraising Update Q2 2008
Other Fund Types

A total of 6 infrastructure funds achieved a final close in Q2 2008, raising an aggregate $11.4 billion in commitments. Prominent funds include the $5.64 billion Global Infrastructure Partners fund, which closed significantly ahead of its original $3.5 billion target. GIP is a joint venture between GE Infrastructure and Credit Suisse, and will target investments in single assets and portfolios of assets in the energy, transport and water sectors. It will invest in both OECD countries, and selected emerging markets. Investors in the fund include AEVWL, Alaska Permanent Fund Corporation, Chicago Police Pension Fund, Credit Suisse, GE Asset Management, Industriens Pensionsforsikring and the Missouri Local Government Employees Retirement System.

Also achieving a final close was the Morgan Stanley Infrastructure Fund, which attracted $4 billion in commitments. It exceeded its original target of $2.5 billion, with investment coming from the likes of Industriens Pensionsforsikring. Morgan Stanley Infrastructure Fund will invest approximately 40% in both Europe and the Americas; principally in North America, and the remaining 20% in non-OECD countries, especially China and India. The fund will use PPP initiatives to gain access to infrastructure assets.

Warburg Pincus Private Equity X is the largest balanced fund to close in Q2 2008. The fund closed with $15 billion in capital commitments exceeding its initial target of $12 billion. Warburg Pincus Private Equity X plans to invest in about 75 to 100 companies across North America, Europe and Asia. Investors in the fund include Adam Street Partners, Princess Private Equity Holding, Delta Air Lines Pension Fund and Teachers Retirement System of Texas.

A total of 4 Natural Resources funds raised $5.6 billion in aggregate commitments during Q2 2008. Denham Commodity Partners Fund V and the GPE fund raised $2 billion each. Denham Commodity Partners Fund V, managed by Denham Capital Management, was originally targeting $1.75 billion in commitments. Investors in the fund included Cascade Investment and Harvard Management Company. GPE Fund, also known as Green Private Equity Fund, invests in companies in the environmental sector in China. The fund is managed by the Berun Group.

During Q2 2008, a total of six mezzanine funds closed, raising $2.6 billion in aggregate capital. The largest mezzanine fund to close during the quarter was a $825 million fund managed by Summit Partners. Summit Subordinated Debt Fund IV invests in many sectors including technology, healthcare, communications, financial services and life sciences. California State Teachers' Retirement System, Massachusetts Pension Reserves Investment Management Board, Minnesota State Board of Investment are just a few of the investors that have invested in this fund.

Another notable fund that closed during this quarter is the AIG Brazil Special Situations Fund II, the fund had an initial target of $400 million, and raised $692 million in capital commitments. One of the investors in the fund is Bramdean Asset Management.

Salmah Aboobaker

Other Funds Closed in Q2 2008

Fund	Manager	Fund Type	Size (mn)	Fund Focus
Performance Direct Investments II	Performance Equity Management	Co-investment	760 USD	Global
Partners Group Global Mezzanine 2007	Partners Group	Mezzanine	447 EUR	Global
AIG Brazil Special Situations Fund II	AIG Investments	General Special Sit.	692 USD	Brazil
Thesan Capital	Thesan Capital	General Special Sit.	200 EUR	Europe
Perusa Partners I	Perusa Partners	General Special Sit.	155 EUR	Europe
Noble Venture Finance II	Noble Fund Management	Venture Debt	100 GBP	West Europe
Electra Partners Fund	Electra Partners	Co-investment	100 GBP	Europe
Saints Everest	Saints Capital	Direct Secondaries	165 USD	US
Shackleton Secondaries II	Shackleton Ventures	Direct Secondaries	25 GBP	UK

Global Fundraising Update Q2 2008
Other Fund Types

Balanced Funds Closed in Q2 2008

Fund	Manager	Size (mn)	Fund Focus
Warburg Pincus Private Equity X	Warburg Pincus	15,000 USD	US
Capital International Private Equity Fund V	Capital International	2,250 USD	ROW

Natural Resources Funds Closed in Q2 2008

Fund	Manager	Size (mn)	Fund Focus
Denham Commodity Partners Fund V	Denham Capital Management	2,000 USD	US
GPE Fund	Berun Group	2,000 USD	ROW
Lime Rock Partners V	Lime Rock Partners	1,400 USD	US

Infrastructure Funds Closed in Q2 2008

Fund	Manager	Size (mn)	Fund Focus
Trillium PPP Investment Partners	Land Securities Group	1,136 GBP	UK
3i India Infrastructure Fund	3i	1,200 USD	India
Israel Infrastructure Fund I	Israel Infrastructure Fund	115 USD	Global
Global Infrastructure Partners	Global Infrastructure Partners	5,640 USD	Global
Morgan Stanley Infrastructure Partners	Morgan Stanley Infrastructure	4,000 USD	Global
Starwood Energy Investors	Starwood Energy Group Global	433 USD	North America
Medium and Small Infrastructure Fund	Srei Venture Capital	471 INR	India

Investor Spotlight: Family Offices & Foundations

Family offices and foundations are an important source of capital for the private equity industry, forming the largest group of investors in private equity in terms of the number of active investors. In this month's Investor Spotlight we examine some of the characteristics of these investors, and identify the most important family office and foundations active today.

Where are Family Offices and Foundations Based?

As Fig. 1 shows, the vast majority of family offices and foundations that invest in private equity are located in North America with 83% located in the US and 2% in Canada. Europe forms the next largest group, with 13% of the global total. There are very few significant family offices and foundations situated in Asia and the Rest of World region, with only 2% of this investor type being situated here.

The table of the top 20 investors by private equity allocation (which can be found at the end of the article) shows that although 18 of the largest investors by allocation are from the US, the largest global investor by allocation is the £14 billion Wellcome Trust which is located in the UK and has over £2 billion committed to the asset class.

Fig. 1:

Make up of Family Offices / Foundations by Geographic Location

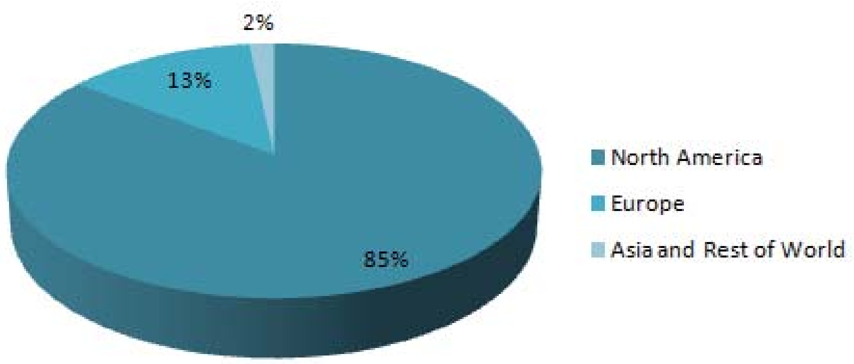
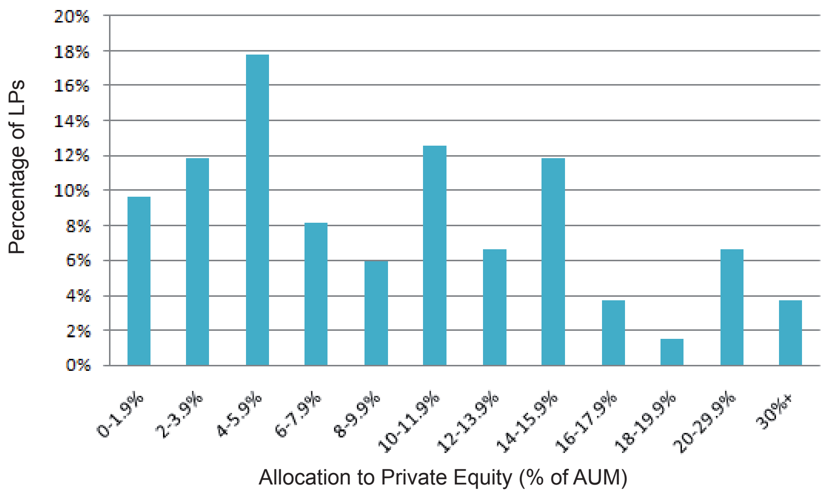


Fig. 2:

Family Offices / Foundations - LP Private Equity Allocation Breakdown



How Much are Family Offices and Foundations Allocating to Private Equity?

Fig. 2 shows the breakdown of percentage allocations to private equity by family offices and foundations. A large number of the LPs that were polled have a significant proportion of their assets currently allocated to the asset class. Close to half of the family offices and foundations have 10% or more of their assets allocated to private equity and 10% have 20% or more of their total assets invested in the asset class. The average percentage allocation to private equity of investors of this type is relatively high in comparison to other investor groups at 10.3% of total assets.
The most common allocation range for this investor group is 4-5.9% of total assets. One foundation that falls in that category is the $8.4 billion W.K. Kellogg Foundation that has 5% of its total assets currently committed to private equity. The foundation invests on a global scale and in early 2008 it established a mission-driven investment program, a part of which involves investments in private equity funds and will bring further

Investor Spotlight: Family Offices & Foundations

Fig. 3:

Family Offices / Foundations - Distribution of Total Assets

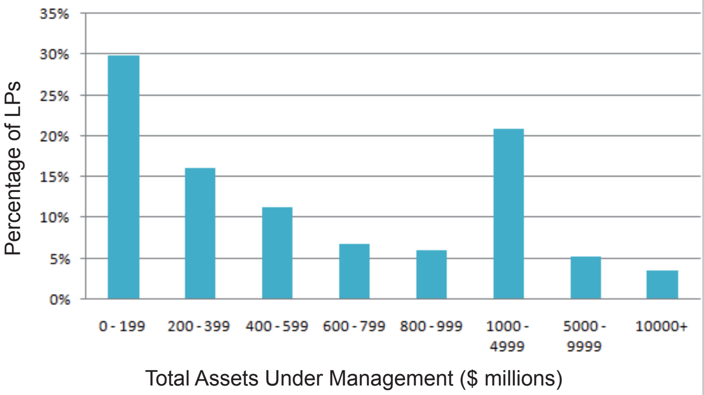
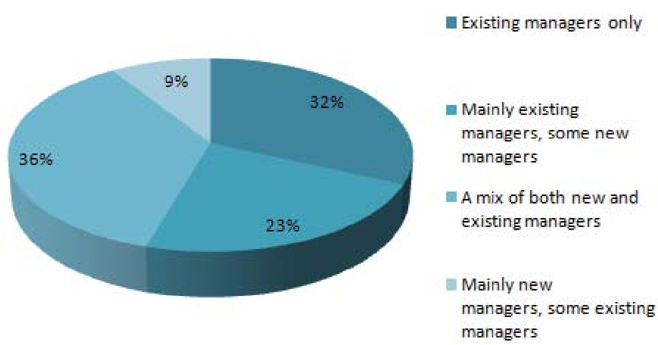


Fig. 4:

Family Offices / Foundations - Intentions Towards Investing with Existing and New Managers

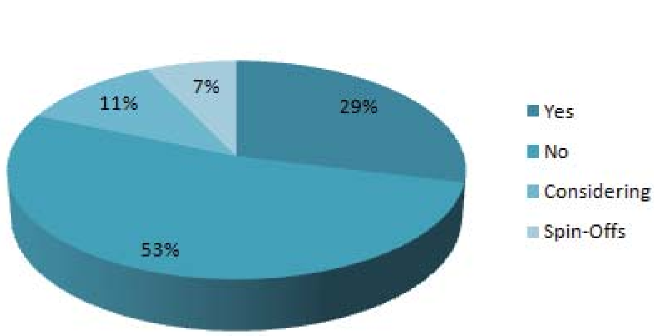


diversification to its portfolio. It also plans on further diversifying its portfolio within the next year.

Despite the high average percentage allocation to private equity, a significant portion of family offices and foundations invest small amounts in private equity in real terms, with 50% of all investors of this type having less than $50 million committed to the asset class. This can be traced to the fact that the majority of family offices and foundations are relatively small in terms of assets under management when compared to institutional investors of other types. Fig. 3 shows that 30% of the actively investing family offices and foundations have less than $200 million in assets under management and just 4% have over $10 billion in total assets under management.

Fig. 5:

Attitudes of Family Offices and Foundations to First-Time Funds



What are Family Offices and Foundations' Attitudes Towards Adding New Managers to their Roster?

All the family offices and foundations surveyed will continue to invest with managers that they have existing relationships with, as shown in Fig. 4. 32% of family offices and foundations would invest with existing managers only and 23% would make the majority of their investments with managers that they have an existing relationship with, with some new managers being hired. Due to the satisfaction and confidence it has in its existing managers, the $100 million Chipstone Foundation has no plans to invest with new managers for the foreseeable future. Alcyon will consider new managers but limits these to one a year, with the majority of investments being with existing managers. 9% of investors surveyed would invest with mainly new managers. The €9.2 billion Compagnia di San Paolo plans to invest with mainly new managers. It sees building new relationships with managers, on top of maintaining existing relationships, as a way to diversify its portfolio and decrease risk as it strives to double its private equity allocation from 5% to 10% in the next 2-3 years.

What are Family Offices and Foundations' Attitudes Towards First-Time Funds?

Foundations and family offices are less likely to consider investing in first-time

Investor Spotlight: Family Offices & Foundations

Fig. 6:

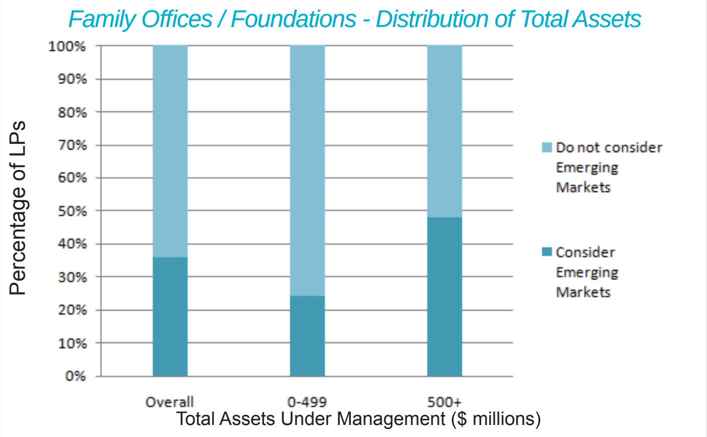
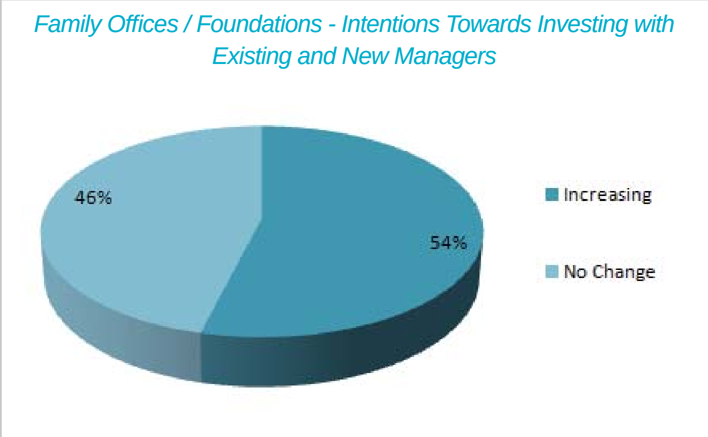


Fig. 7:



funds in comparison to other institutional investor types. This can once again be traced back to the high proportion of small investors in terms of assets under management. As these small LPs will have less capital available for investment, the likelihood will be greater that the commitments they make will be to vehicles handled by fund managers with longer track records, which would be seen as a safer option than backing an inexperienced team.

As shown in Fig. 5, only 29% of foundations and family offices that are actively investing in private equity will definitely invest with a first-time fund manager, and an additional 7% would invest if the managing team has spun out of an existing entity. 11% would consider making investments in first-time funds whilst just over half of the polled family offices and foundations will not invest with first-time fund managers of any description. Wellcome Trust invests with first-time fund managers as it believes that it is important to identify the future best performing fund managers when diversifying its extensive private equity portfolio.

What are Family Offices and Foundations' Attitudes Towards Investing in Emerging Regions?

Family offices and foundations are relatively cautious towards emerging markets investments compared to other investor groups in the limited partner universe. Fig. 6 shows that 36% of the family offices and foundations investor group will consider emerging markets. The lower than average number that would consider emerging markets may be explained in part by the large number of small investors in this group. Emerging markets, such as Asia, are considered great areas of growth; however, there is sizeable risk associated with investing in these regions. Larger investors, which will typically have a larger portfolio, will be able to minimise risk with a diverse portfolio containing some emerging markets funds. 48% of investors with at least $500 million in total assets will consider emerging markets investments, comparable to the proportion in other investor groups.

John D. and Catherine T. MacArthur Foundation is a long-time investor in emerging markets. The $7 billion foundation focuses on commitments to US-based funds but also has invested in a number of India, Asia and Mexico focused funds. Small investors, which may only make one or two fund commitments a year, may be unable to diversify their portfolios to the same extent and therefore emerging markets funds may pose too high a risk to the small investor. Amongst family offices and foundations with assets under management of less than $500 million, only 24% will consider emerging market investments. Another explanation for the low proportion that would consider emerging markets is the small number of Asia and the Rest of World region investors in this group at 2% of the global total. Investors located in these regions are typically more receptive to emerging market investments than North America and Europe based investors.

How do Family Offices and Foundations View Their Future Private Equity Commitments?

Attitudes to private equity are positive amongst the family offices and

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Fig. 8:

Top 20 Family Offices and Foundations by Private Equity Allocation:

Rank	Investor	Country	Total Assets (bn)	Private Equity Allocation (bn)	Private Equity Allocation (% of AUM)	Private Equity Target (% of AUM)
1	Wellcome Trust	UK	14,000 GBP	2,097 GBP	15.0%	
2	Howard Hughes Medical Institute Endowment	US	18,700 USD	3,179 USD	17.0%	
3	William and Flora Hewlett Foundation	US	8,300 USD	2,200 USD	26.5%	
4	Ford Foundation	US	13,660 USD	1,500 USD	11.0%	
5	Mayo Clinic	US	8,964 USD	1,345 USD	15.0%	15.0%
6	Gordon and Betty Moore Foundation	US	6,000 USD	1,260 USD	21.0%	
7	Robert Wood Johnson Foundation	US	10,095 USD	1,211 USD	12.0%	13.0%
8	John D. and Catherine T. MacArthur Foundation	US	6,956 USD	1,114 USD	16.0%	16.0%
9	Cascade Investment	US	10,000 USD	750 USD	7.5%	
10	Compagnia di San Paolo	Italy	9,200 EUR	460 EUR	5.0%	10.0%
11	Andrew W. Mellon Foundation	US	5,586 USD	700 USD	12.5%	15.0%
12	Alfred I. duPont Testamentary Trust	US	5,315 USD	636 USD	12.0%	12.6%
13	Rosewood Management Corporation	US	5,000 USD	550 USD	11.0%	11.0%
14	United Jewish Appeal of Jewish Philanthropies of New York	US	1,228 USD	535 USD	43.6%	
15	California Endowment	US	4,600 USD	515 USD	11.2%	
16	Broad Foundation	US	4,000 USD	500 USD	12.5%	12.5%
17	Rockefeller Foundation	US	4,031 USD	484 USD	12.0%	12.0%
18	John S. and James L. Knight Foundation	US	2,619 USD	471 USD	18.0%	
19	Kresge Foundation	US	3,408 USD	450 USD	13.2%	
20	CFM	US	3,000 USD	450 USD	15.0%	12.0%

foundations that were polled on their long-term plans. As Fig. 7 shows, none of the family offices and foundations surveyed had plans to decrease their long-term allocation to private equity. 53% planned to increase their exposure to the asset class over the next few years and 46% indicated that they planned to maintain their current levels of exposure.

Hanna Ohlsson & Sarah Howell

Conferences Spotlight: Forthcoming Events:

Featured Conferences:

SuperReturn Middle East

Date: 12th-15th October 2008
Location: Jumeirah Emirates Towers, Dubai
Sponsor:

Following its phenomenal launch event in December 2007, when SuperReturn Middle East attracted more than 550 senior regional and international delegates, the cream of the world's media and rave reviews in just its first year, SuperReturn Middle East 2008 has returned with the most phenomenal line-up of regional and international leaders - ever seen in the region.

Information: www.icbi-events.com/superreturnme

Private Equity Summit for Institutional Investors

Date: 7th-8th September 2008
Location: The Phoenician, Scottsdale, AZ
Sponsor: Opal Financial Group

Opal Financial Group's Private Equity Summit For Institutional Investors is an event designed for institutional investors to address current trends in private equity, venture capital and leveraged buyouts.

Information: www.opalgroup.net/conferencehtml/2008/private_equity08/private_equity.php

Conferences Spotlight: Forthcoming Events:

2008 Private Equity Exchange

Date: 13th November 2008
Location: Meridien Hotel, Paris

More than 100 international speakers came to share their insights and visions of the industry in a deal focused environment.

The one-day program enables the delegates to assist to the three track conferences, networking lunch and one-to-one deal meetings with hundreds of the most highly regarded names in private equity industry.

Information: www.private-equity-exchange.com

Other Conferences:

CONFERENCE/EVENT	ORGANISER	DATES	LOCATION
Credit Crunch Summit: Where Do We Go From Here?	Buyouts Conferences	22 Jul 2008	New York
Alternative Investment Summit 2008	Terrapinn	4-6 Aug 2008	Sydney
Islamic Finance & Investment World	Terrapinn	25-28 Aug 2008	Johannesburg, South Africa
HedgeAnswers: An Afternoon for Understanding Hedge Funds	HedgeAnswers	08 Sept 2008	Chicago
Capital Raising for Corporates	IFR	8-9 Sept 2008	London
India's Capital Markets	IFR	9-10 Sept 2008	Mumbai
HedgeAnswers: An Afternoon for Understanding Hedge Funds	HedgeAnswers	10 Sept 2008	San Francisco
HedgeAnswers: An Afternoon for Understanding Hedge Funds	HedgeAnswers	12 Sept 2008	Dallas
HedgeAnswers: An Afternoon for Understanding Hedge Funds	HedgeAnswers	15 Sept 2008	Boston
Private Equity Analyst Conference 2008	Dow Jones	16-17 Sept 2008	New York
HedgeAnswers: An Afternoon for Understanding Hedge Funds	HedgeAnswers	16 Sept 2008	Philadelphia
Private Equity Tax Practices 2008	IIR	17 Sept 2008	London
The Seventh MedTech Investing Europe Conference	Campden Media	18-19 Sept 2008	London
Leopard Cambodia Investment Forum '08	Leopard Capital	20-21 Sept 2008	Phnom Penh, Cambodia
SuperReturn Asia 2008	ICBI	22-25 Sept 2008	Hong Kong
The Family Office & Alternative Investment Conference	Campden Media	22-23 Sept 2008	Boston
The Private Equity International India Forum	Private Equity International	30 Sept 2008	Mumbai
SuperReturn Middle East 2008	ICBI	13-15 Oct 2008	Dubai
The Private Equity International COOs and CFOs Forum	Private Equity International	14-15 Oct 2008	London
Alternative Investment Summit Russia 2008	Terrapinn	20-23 Oct 2008	London
Private Equity World Africa 2008	Terrapinn	21-24 Oct 2008	Johannesburg, South Africa
Private Banking & Wealth Management Africa 2008	Terrapinn	28-31 Oct 2008	Johannesburg, South Africa
Private Banking Latin America 2008	Terrapinn	28-30 Oct 2008	Miami
SuperInvestor 2008	ICBI	18-21 Nov 2008	Paris

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Sovereign wealth funds have continued to grow in size and importance. The 110 page Preqin Sovereign Wealth Fund Review is a must have for all those working in the private equity and private real estate industries seeking to discover more about this increasingly important investor class. Features include:

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- Vital analysis on the sovereign wealth fund market, including a detailed overview, plus specific sections showing trends and statistics for private equity and private real estate.
- League tables and listings for sovereign wealth funds.

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Investor Spotlight: LP News

University of Texas Investment Management Company (UTIMCO) has sold fund interests on the secondary market.
The sale involved 14 funds worth approximately USD 250 million to six buyers. It was part of an effort to tidy up the portfolio, as UTIMCO had decided not to re-up with the managers of the funds involved and thus decided to sell tail-end positions. The sale comes after the unsuccessful larger secondary offering of last year.

New Brunswick Investment Management Corporation (NBIMC) is considering making private equity investments in emerging markets for the first time. NBIMC is expected to make a final decision on this new investment strategy upon the completion of due diligence in Q2 2009.

Louisiana Municipal Police Employees' Retirement System (LAMPERS) received a presentation from its consultant Summit Strategies on adding private equity energy funds to its investment portfolio. If LAMPERS goes ahead with the recommendation it will be the USD 1.9 billion public pension fund's maiden foray into the private equity asset class.

National Pension Service of South Korea (NPS) has appointed Park Hae-Choon as chief executive officer. Hae-choon has replaced Kim Ho-shik, who left the USD 224 billion pension fund in April. Hae-choon will be responsible for the implementation of reforms to the service, including a new asset allocation. The reforms are designed to keep pace with South Korea's rising life expectancy. NPS invests 2.9% of its total assets in the alternative asset classes but has set a maximum target allocation of 10%, to be reached by 2012.

Los Angeles County Employees' Retirement Association (LACERA) has chosen JPMorgan Asset Management for a discretionary separate account to invest in emerging private equity managers. It will invest USD 50 million per year over the next three years, with a minimum fund commitment size of USD 5 million and a maximum of USD 20 million. JPMorgan will look for buyout and venture managers raising their first, second or third funds. The target size of the buyout funds will be USD 100-750 million, whilst the venture fund should have a target of USD 100-300 million.

Lockheed Martin Pension Plan is looking to appoint a person to oversee its private equity investments. The USD 29 billion retirement fund, with a 10% target allocation to private equity, hopes to recruit someone to oversee its current private equity portfolio as well as handling its new investments.

University of Colorado Foundation is seeking distressed debt and western European managers. The USD 1 billion endowment, which has the majority of its investments in venture capital and buyout funds, plans to capitalise on the market correction by investing in distressed debt funds. University of Colorado Foundation also wishes to increase its private equity exposure outside of the US from 20-50% of its portfolio. It looks to take advantage of the strong euro by investing with western European fund managers.

Meadows Foundation plans to invest USD 40-50 million in four private equity funds over 2008-2009. These investments are expected to be two re-ups and two new fund commitments. Meadows Foundation, which does not invest in secondaries, mezzanine or distressed debt vehicles, currently has 14% of total assets invested in private equity. The foundation will consider investing in emerging markets and has a preference for buyout and venture funds.

City of Farmington Hills Employees' Retirement System is considering a maiden foray into private equity investments. The USD 150 million public pension fund expects to make a decision about the asset class during the summer.

A bill has become law that prohibits South Carolina-based organisations from investing in companies with ties to the Sudanese government. The USD 34 billion South Carolina Retirement Systems, with a 5% target allocation to the private equity asset class, does not to this date have any investments in companies linked to the Sudan and has traditionally been investing in Europe and North America. However, earlier this year it began showing signs of wanting to diversify its alternative investments geographically through hiring JPMorgan Asset Management to run USD 1 billion in global multi-asset alternatives. Those investments will now exclude funds focusing on Sudan.

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.
Contact us for more information - info@preqin.com