

Private Equity Assets Hit \$3tn

Growth of industry continues as performance figures show recovery

Research conducted by Preqin for the 2012 Private Equity Performance Monitor publication shows that the total assets under management held by private equity funds worldwide has reached \$3tn for the first time, highlighting the sustained growth of the industry in spite of challenging wider economic conditions.

The figure is calculated using unrealized portfolio value and the 'dry powder' (uncalled capital) available to private equity funds across the whole scope of the asset class.

Other Key Findings:

- Industry assets under management increased by 9% from December 2010 to December 2011.
- Buyout funds account for approximately 40% of the industry's assets (\$804bn in unrealized portfolio value plus \$392bn in 'dry powder').
- The strongest period of growth of private equity industry AUM occurred in 2004 – 2007, when assets expanded by 136%, driven by the emergence of mega buyout funds.
- The PrEQIn Private Equity Quarterly Index (rebased to 100 as of 31st December 2007) stands at 94.9 as of 31st December 2011, outperforming the S&P 500 at 77.1.
- Private equity annualized horizon returns over 10 years to December 2011 stand at 11.9%, above that of the S&P 500 and MSCI Europe indices, but below the MSCI Emerging Markets index, which is showing a 13.9% return across the period.
- Distressed private equity funds have consistently outperformed the All Private Equity Index and are the top performers in the industry according to the most up-to-date data. The PrEQIn Distressed Private Equity Index (rebased to 100 as of 31st December 2001) stands at 325.8 as of 31st December 2011.
- The latest figures show the gap between top and bottom quartile private equity funds' performance has increased over recent quarters. The PrEQIn Top Quartile Index (rebased to 100 as of 31st December 2001) stands at 484.0 as of 31 December 2011, while the Bottom Quartile Index reports 46.3.
- 36% of fund managers with a top quartile fund go on to manage a top quartile successor fund, and 62% overall outperform the median benchmark with their next fund.
- 36% of bottom quartile managers remain in that quartile with their next offering, while 56% underperform the median benchmark.

Comment:

"The sustained growth of industry assets highlights the fact that private equity continues to be attractive to institutional investors that are willing to forgo liquidity in return for outperformance. Despite the uncertainty and volatility that has prevailed in recent years, faith remains that private equity fund managers can still deliver these returns. When examining the 10-year performance of the asset class it is clear that private equity can generate superior returns; however, our analysis also highlights the wide gulf between the performance of top and bottom quartile funds. Consequently the key issue for investors remains identifying, researching and selecting the best potential fund managers for their portfolios."

Bronwyn Williams – Manager, Performance Data

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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