

Distressed PE Is the Best Performing Private Equity Strategy

PrEQIn Private Equity Quarterly Index shows distressed private equity to have gained the most since 2000 out of all private equity fund types

The PrEQIn Distressed Private Equity Index stands at 322.1 as of September 2011 (rebased to 100 as of 31st December 2000), making distressed PE the best performing strategy over that time period. The PrEQIn Distressed Private Equity Index encompasses the distressed debt, turnaround and special situations fund types, and such funds aim to invest in the equity or debt of companies that are in financial distress or are facing reorganization. As such, distressed PE is one of the riskier private equity strategies, but can potentially generate higher returns.

PrEQIn Private Equity Quarterly Index – Key Findings

- The PrEQIn All Private Equity Index (rebased to 100 as of 31st December 2000) stands at 198.5 as of Q3 2011 (the most recent quarter for which data are available).
- Overall, the PrEQIn Buyout Index stands at 252.4 as of Q3 2011.
- Drilling down by buyout fund size, mega buyouts have performed best over the period, with the PrEQIn Mega Cap Buyout Index at 261.4 as of Q3 2011.
- However, all Buyout Indices by fund size are at comparable levels, with the Large Cap, Mid Cap and Small Cap Indices all over 250 as of Q3 2011.
- The PrEQIn Expansion Index (157.5 as of Q3 2011) has significantly outperformed the PrEQIn Early Stage Index (64.7) and the PrEQIn Venture All Stages Index (53.3).
- The PrEQIn Indices also demonstrate the importance of manager selection when investing in private equity, with the PrEQIn Top Quartile Index standing at 509.5 as of Q3 2011, while the PrEQIn Bottom Quartile Index stands at 49.1 for the same period.

The full report and analysis of results can be found here:

http://www.preqin.com/docs/reports/Private_Equity_Quarterly_Index_-_PrEQIn.pdf

Comment:

“Preqin has created the first Private Equity Quarterly Index – PrEQIn – which tracks industry returns information from 31st December 2000 to the most recent quarter-end date available of 30th September 2011. The PrEQIn Index captures the actual money-weighted return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private equity partnerships, and demonstrates that over this period distressed private equity has consistently outperformed the private equity asset class as a whole.

From Q3 2009, the PrEQIn Distressed Private Equity Index increased sharply as managers sought to take advantage of the relative abundance of distressed investment opportunities caused by the economic downturn. However, prior to the opportunities created by the financial crisis, distressed nonetheless remained one of the best performing private equity strategies.”

Bronwyn Williams – Manager, Private Equity Performance Data

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.

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Note to Editors: Preqin is spelled without the letter 'U' after the 'Q'.

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