

## Private Equity Investors Cautious but Optimistic

**73% plan to make new commitments in 2012**

**20% view asset class more positively as a result of recent market volatility**

Almost two-thirds of investors are planning to make new private equity investments in the first half of 2012, the latest Preqin research reveals. The results of the most recent Preqin Investor Outlook: Private Equity found that although investors remain cautious, almost three-quarters are planning to make new commitments in the coming 12 months.

Fund managers that are planning to launch funds during 2012 can be further buoyed by news that 84% of investors that are planning to actively commit to funds in 2012 will consider forming new relationships this year, while 46% will consider investing in a fund before it holds a first close.

However, it is clear that the investor universe remains cautious, and just 18% will readily invest with first-time fund managers, while 55% will not consider investing in such funds.

### Preqin Investor Outlook: Private Equity – Summary of Findings:

- **35% of investors are below their target allocations to the asset class.**
- **66% of investors made new commitments in 2011, an increase of eight percentage points on the proportion that made new investments in 2010.**
- **42% of European investors in private equity are below their target allocations, compared to 14% of North American investors.**
- **6% of investors feel that private equity fund investments have exceeded their expectations, while 75% feel that their expectations have been met.**
- **63% of investors expect their private equity investments to achieve returns in excess of 400 basis points over public markets.**
- **60% of investors believe that Asia is offering the best opportunities for investment, while 42% feel the same about North America.**
- **76% will consider investing in emerging markets.**
- **The proportion of investors citing India as an attractive region in which to invest has fallen by 23 percentage points from December 2010, from 35% to 12%.**
- **27% of LPs plan to increase their allocations to private equity in the longer term.**

To view the full report, please visit:

[http://www.preqin.com/docs/reports/Preqin\\_Investor\\_Outlook\\_Private\\_Equity\\_H1\\_2012.pdf](http://www.preqin.com/docs/reports/Preqin_Investor_Outlook_Private_Equity_H1_2012.pdf)

### Comment:

“2011 was a year of two halves for private equity; fundraising was strong in the first half, before falling in the last six months of the year as the eurozone crisis began to unfold.

Despite the difficulties, the Preqin study shows that investors do remain positive about the asset class, and with significant numbers currently below their target allocations, and just under three-quarters planning to make new commitments in the coming year, it is likely that fundraising will improve somewhat over the course of 2012.

However, more than 1,800 vehicles are currently on the road and more are set to be launched in the coming months, so the market will remain extremely competitive. It will be vitally important for fund managers to present investors with a compelling investment opportunity with LP-friendly terms and conditions to be in with a chance of raising capital for their vehicles.”

### Emma Dineen, Manager – Private Equity Investor Data

New York: One Grand Central Place, 60 E 42nd Street, Suite 2544, New York NY 10165 Tel: +1 212 350 0100  
London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888  
Singapore: Asia Square Tower 1, #07-04, 8 Marina View, Singapore 018960 Tel: +65 6407 1011  
Web: [www.preqin.com](http://www.preqin.com) / [info@preqin.com](mailto:info@preqin.com)

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**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q'.

For more information on this release, or general press information, please contact:

Helen Kenyon on +44 (0)20 7645 8880 or [press@preqin.com](mailto:press@preqin.com)