

## Investors Retain Confidence in Private Equity

### 79% of investors felt that their private equity investments have met or exceeded their expectations

Forty-four percent of investors expect to next commit capital to private equity before the end of 2012, the latest Preqin Investor Outlook: Private Equity reveals. Despite uncertainty in the wider financial markets, private equity investors remain positive, with 90% expecting to maintain or increase their allocations to the asset class in the longer term.

Competition continues to increase among fund managers, with 1,878 funds on the road competing for capital in H2 2012. Encouragingly, eighty-six percent of investors interviewed by Preqin expect to consider at least some new manager relationships over the next 12 months, and just 12% expect their total number of GP relationships to decrease in the future.

Nevertheless, investors generally remain cautious when making new commitments, and just 23% expect to invest in first-time funds in the next 12 months.

#### Other Key Findings:

- 33% of LPs are currently below their targeted levels of exposure to private equity.
- 90% of North America-based investors are currently at or below their target allocations to private equity, compared to 77% of European LPs and 73% of LPs based in Asia and Rest of World.
- 49% of LPs intend to commit to small to mid-market buyout funds in the next 12 months, with venture capital and growth following at 25% and 22% respectively.
- 72% of LPs will invest or consider investing in emerging markets, and 95% of these expect to increase their exposure to these regions over the next 12 months.
- 40% of investors look to participate as co-investors in deals alongside their fund managers, and 28% invest directly on a proprietary basis.
- 91% of investors already active in direct or co-investment expect to maintain or increase their activity in these areas in 2012 compared to 2011.
- 65% of LPs expect returns in excess of 400 basis points over public markets.
- 19% of investors expect to increase their exposure to private equity over the next 12 months, while just 11% expect their allocations to the asset class to go down.

**To view the full report, please see:**

[http://www.preqin.com/docs/reports/Preqin\\_Investor\\_Outlook\\_Private\\_Equity\\_H2\\_2012.pdf](http://www.preqin.com/docs/reports/Preqin_Investor_Outlook_Private_Equity_H2_2012.pdf)

#### Comment:

“Aggregate capital raised by funds closing in H1 2012 has increased slightly in comparison to H2 2011, despite concerns about ongoing problems in the eurozone and wider financial markets. Although some investors remain reluctant to commit fresh capital to funds, and others are exploring new methods of accessing private equity investments, the majority of LPs intend to continue to allocate capital to private equity funds in the longer term.

However, in such a competitive market, fund managers must assess their existing LP base to establish how much capital they are likely to receive from existing investors and how much capital they are likely to need to source from additional LPs.”

**Antonia Lee – Manager, Private Equity Investor 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.

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