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Dear Spotlight reader,

We are very pleased to offer a 10% discount to our Spotlight readers for places at the SuperReturn Middle East conference in Dubai 16th – 19th October 2011.

Bringing together global experts from around the region and the world, SuperReturn Middle East regularly attracts:

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I’ll be leading the sessions in the “LP/GP Relations & Secondaries” track at the conference, and hope to see you there.

Kindest regards

Mark O’Hare
CEO,
Preqin

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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, Secondary Market Monitor and Deals Analyst.

September 2011
Volume 7 - Issue 9

FEATURED PUBLICATION:

The 2011 Preqin Private Equity Performance Monitor


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# Private Equity Spotlight

September 2011

## Asia-Pacific LP Survey

With the growing importance of Asia to the private equity industry as a whole, Preqin has launched its latest Asia-focused survey of LPs. By conducting in-depth interviews with a sample of prominent Asia-Pacific institutional investors, we have investigated investors' preferences and attitudes to see how this increasingly sophisticated group of LPs impacts fundraising across the globe.
Page 3.

## Preqin Industry News

Each month Preqin's analysts speak to hundreds of investors, fund managers and intermediaries from around the world, uncovering vital, exclusive intelligence. This month's Industry News features important updates on AP-Fonden 1, AXA Private Equity, and more.
Page 7.

## Prospects for Emerging Managers on the Road

Just how successful have emerging managers been at raising capital in recent months? We assess how the constriction of fundraising conditions has affected first-time fund managers and evaluate their prospects for raising funds in the future.
Page 8.

## The Facts



You can download all the data in this month's Spotlight in Excel.
Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing, please cite Preqin as the source.

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# Asia-Pacific LP Survey

## No Longer `Emerging'?

Alex Jones and Tom Carr present a preview of Preqin's latest in-depth Special Report: Asia-Pacific Private Equity by assessing the growing significance of Asia-Pacific-based institutional investors to the private equity asset class.

In the past decade we have seen a growing interest in private equity investment both in, and by firms based in, Asia and Rest of World in addition to the traditional hubs of Europe and North America. As markets in Asia and other emerging economies have matured, more private equity firms have launched funds targeting these regions and increasing numbers of Asia and Rest of World-based institutional investors have committed capital to local private investment. The growing confidence of such LPs to invest locally also represents the rising appetite of this group of investors for private equity as a whole, with 13% of investment capital committed to the average private equity fund closed from 2009 to 2011 so far coming from Asia and Rest of the World-based institutions, as shown in Fig. 1.

Asia-Pacific represents one of the most prominent emerging regions and is host to numerous prominent institutional investors in private equity. In order to investigate the impact and importance of these LPs to the industry, Preqin undertook a series of in-depth interviews with prominent Asia-Pacific LPs regarding their attitudes and exposure to private equity.

### Current Levels of Private Equity Activity

Over two-thirds of investors interviewed (69%) have made new commitments to private equity in past 12 months, which is higher than the comparative figure for LPs globally (64%). Furthermore, as Fig. 2 shows, 88% of LPs interviewed expect to commit either the same amount or more capital to private equity in 2011 compared to 2010, which suggests that Asia-Pacific LPs are becoming progressively more active in the private equity market. In addition, 4% of LPs that did not commit new capital in 2010 are expecting to do so in 2011.

### Current Allocation Levels

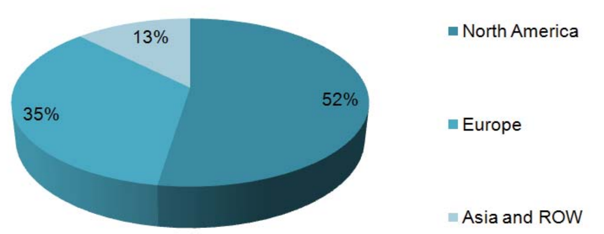
As Fig. 3 shows, a considerable 95% of the LPs we spoke to are either at, or below, their target allocations to private equity and are therefore likely to make new commitments over the coming years to maintain or build towards their targeted level of exposure to the asset class. As such, LPs based in Asia-Pacific are likely to be important players in the private equity asset class in the future.

### Where Are Asia-Pacific LPs Investing?

We asked LPs based in Asia-Pacific about their preferred regions for investment when targeting investments in private equity on an international scale. As Fig. 4 illustrates, 90% of LPs we spoke to have a preference for private equity opportunities in the Asia-Pacific region. One New Zealand-based investor told us it seeks investments in this region because "Asian private equity is more comfortable since it is closer to our domestic market." While the majority of Asia-Pacific LPs we spoke to are positive about the opportunities in their local region, one Singapore-based investor is deterred from investing in Asia-Pacific funds, commenting that while growth in the region is attractive, "there is currently too much money in the space."

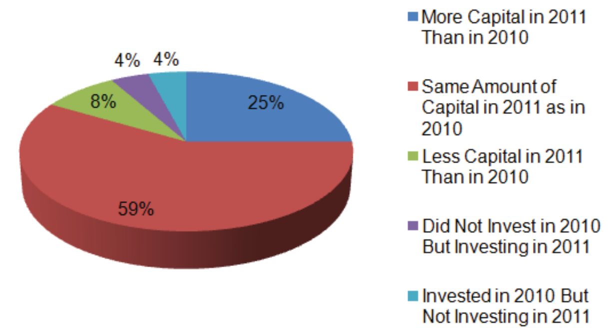
Nearly half (47%) of Asia-Pacific LPs interviewed look to invest in North America, and a third will invest in private equity opportunities in Europe. 17% of LPs have an appetite for funds targeting Latin

Fig. 1: Make-Up of LPs in the Average Fund by LP Location (Weighted by Capital Committed to Funds Closed in 2009 - September 2011)



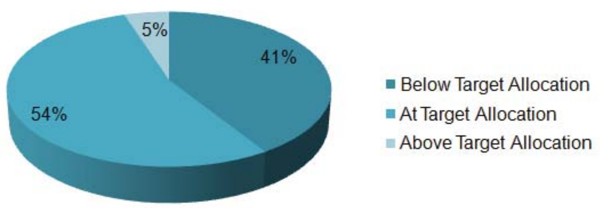

Source: Preqin

Fig. 2: Amount of Capital Investors Based in Asia-Pacific Plan to Commit to Private Equity Funds in 2011 Compared to 2010



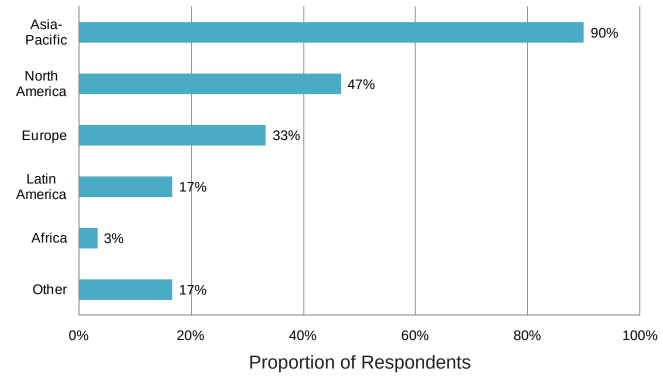

Source: Preqin

Fig. 3: Proportion of Investors Based in Asia-Pacific Currently At, Above or Below Their Target Allocations to Private Equity




Source: Preqin

Fig. 4: Preferred Regions for Private Equity Investment of Investors Based in Asia-Pacific




Source: Preqin

America. 20% of respondents named other regions, including Israel and Africa, as presenting attractive investment opportunities.

### LP Geographic Preferences When Investing in Asia-Pacific

We asked investors which countries/regions within Asia-Pacific they feel are currently offering the best opportunities for investment. Nearly two-thirds (63%) of investors named China as presenting attractive investment opportunities in the current market, while a significant 38% of LPs we spoke to feel that ASEAN countries are offering the good investment opportunities. A third of investors feel that India is an attractive location in which to invest at present and the same proportion has an appetite for funds investing in Australasia.

### Fund Manager Location Preferences

Investors were asked if they have a preference when it comes to the location of the fund manager when selecting both international funds and Asia-Pacific funds to invest in; the results are shown in Fig. 5.

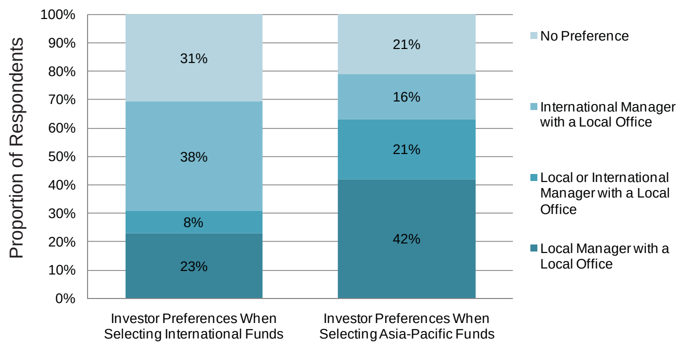
When investing in funds targeting investments outside the Asia-Pacific region, 46% of LPs we spoke to would be willing to invest in a fund managed by an international GP with an office local to where the fund will make investments; 8% would also invest with a GP headquartered in the region where the fund invests. Another 23% of respondents prefer to work with managers that are headquartered in the region where the fund will invest, rather than with international managers, when gaining exposure to private equity outside Asia-Pacific.

When gaining exposure to private equity within the Asia-Pacific region, a significant 63% of investors expressed a preference for working with local managers; a third of these LPs would also invest with an international firm that has a local office in Asia-Pacific. Overall, 37% of investors would consider investing in Asia-Pacific-focused funds managed by international teams as long as they have offices in the region.

### LP Fund Type Preferences

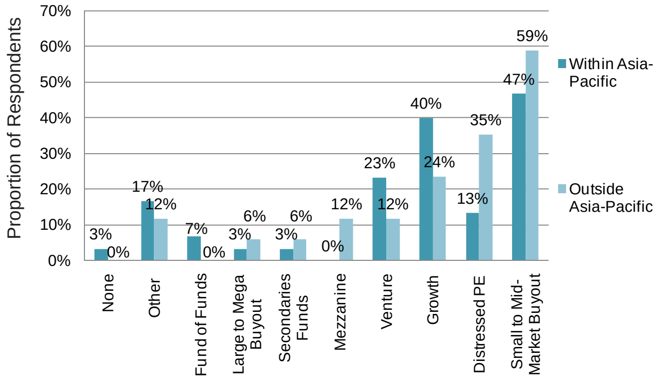
Investors were asked which fund types they feel are currently presenting attractive opportunities for investment, both within the Asia-Pacific region and internationally. As shown in Fig. 6, 59% of investors feel that small to mid-market buyout funds represent good opportunities internationally; similarly, the highest proportion of investors (47%) named small to mid-market buyout funds as presenting attractive investment opportunities within Asia-Pacific in the current market.

Fig. 5: Manager Location Preferences of Investors Based in Asia-Pacific When Selecting Funds




Source: Preqin

Fig. 6: Fund Types Investors Based in Asia-Pacific View as Presenting the Best Opportunities in the Current Market




Source: Preqin

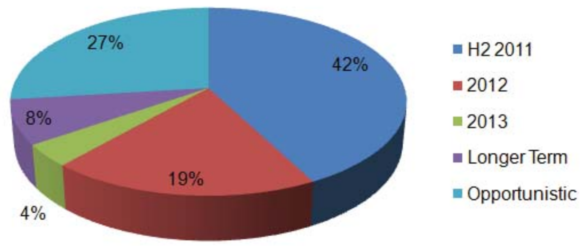
When seeking investments outside the Asia-Pacific region, over a third of LPs (35%) named distressed private equity funds as presenting attractive opportunities, while almost a quarter of LPs feel growth funds are appealing. A much smaller proportion of LPs (13%) feel that distressed funds are currently offering attractive opportunities within the Asia-Pacific region; however 40% of investors feel that, within Asia-Pacific, growth funds are presenting attractive opportunities for investment, a significantly higher proportion than those that favor growth funds which invest outside of the region.

### Asia-Pacific LPs' Outlook for 2011 and Beyond

Investors based in Asia-Pacific remain positive about the private equity market and are set to continue investing more in the asset class going forward. As Fig. 7 shows, 42% of investors we interviewed expect to make their next commitment before the end of the year. A further 19% expect to make their next commitment in 2012. Over a quarter of investors based in the region expect to invest in the asset class on an opportunistic basis going forward, and therefore could make a commitment in the next 12 months should they be presented with the right opportunity.

Our conversations with investors based in Asia-Pacific suggest that this group of investors is likely to become increasingly active in the asset class going forward. In total, 22% of investors based in the region expect to increase their allocations to private equity over the next 12 months and a substantial 39% anticipate increasing their allocations to private equity in the longer term. In this competitive fundraising environment, GPs raising new vehicles may find Asia-Pacific-based LPs an increasingly important source of capital in the future.

Fig. 7: Time Frame for Next Intended Commitment to a Private Equity Fund of Investors Based in Asia-Pacific




Source: Preqin

### Subscriber Quicklink:

Subscribers to Preqin's Investor Intelligence - the private equity industry's leading source for profiles of institutional investors in private equity funds - can click here to access a list of active LPs based in Asia and Rest of World.

Not a subscriber? To arrange a trial or one of our other many powerful products offered by Preqin can help you, please visit: www.preqin.com

### Data Source:

The upcoming Preqin Special Report: Asia-Pacific Private Equity covers a range of topics regarding this increasingly import region, including LP sentiment, fundraising information and more.

Interested in receiving a free copy of the full report? Please contact us using the following detials:

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# Investor Intelligence Upgrade

Following extensive client feedback, we have developed a number of exciting new features for the **Preqin Investor Intelligence** online database. More information on these enhancements is listed below, but if you would like a walkthrough of the database, please click here.

New Features Include:

## Asset Class Switcher

Preqin tracks investors in alternative asset classes, including private equity, hedge funds, real estate, infrastructure and secondaries. We have now made it easier to view individual LP activity across different asset classes with the new 'Asset Class Switcher.'


## GPs

Users can see a list of firms each LP has invested with and a count of funds committed to at each firm. Clicking the number of funds will show you exactly which vehicle the LP has made a commitment to.

*NB.Individual fund quartile performance data is only available to subscribers to both Investor Intelligence and **Performance Analyst**


## Investor News

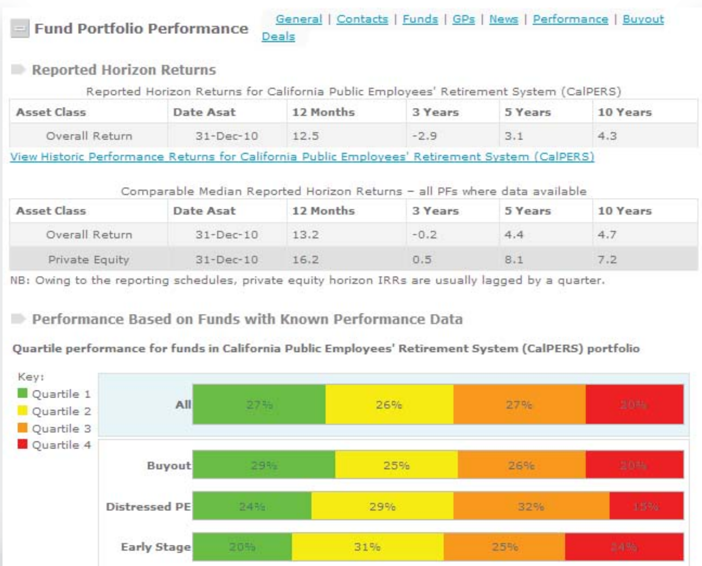
Each investor profile now includes a news archive allowing access to all Preqin news stories for individual LPs.


## Buyout Deals Exposure

Investor Intelligence subscribers can now view summary information on each LP's known exposure to buyout deals through their fund commitments. Subscribers with access to both Investor Intelligence and **Deals Analyst** can also view this information on a deal-by-deal basis.

## Performance Data

In addition to the portfolio performance summary data available to all Investor Intelligence subscribers, users who also have access to Performance Analyst can now view vital fund-by-fund performance information for LPs' portfolios.




## Contact Us:

For more information, please visit the Preqin **Investor Intelligence** product page or email info@preqin.com for a walkthrough of the database.

# Preqin Industry News

Claire Wilson delivers a round-up of the latest private equity news, featuring exclusive intelligence uncovered by Preqin's analysts. Preqin Online subscribers can click on the investor/firm names to view the full profiles.

## Investor Insight

A couple of investors planning to make further private equity investments intend to consider opportunities offered by both new managers and those with which they have previously invested.

Southern Property Law Center could commit up to $3mn during the next year, and it tends to consider most fund types except buyout. The $235mn foundation, which currently maintains a 35% allocation to alternative assets, has a preference for North America-focused funds, although it will consider investing elsewhere including emerging markets.

While it has no set amount of capital set aside for investment, AP-Fonden 1 intends to make further investments over the coming year. North America- and Europe-focused funds of funds account for a large proportion of its existing portfolio; however it will consider investing in venture and buyout funds, amongst other fund types, as well as opportunities in Asia.

## Secondaries Scoop

Credit Suisse Placement Foundation could buy and sell assets on the secondary market in future. The Swiss asset manager, which has 5% of its private equity assets allocated to secondary investments, invests in private equity funds through its open-ended fund of funds CSA 2 Private Equity Fund. It has a preference for global buyout funds, although it does consider other fund types.

## Deals Watch

France has been quite the deals hub this month, with two notable transactions being completed in the past few weeks.

AXA Private Equity bought a majority stake in high technology company Photonis in a deal worth €500mn. Barclays Private Equity and Astorg Partners were the original shareholders.

A majority stake in manufacturing firm Etanco, meanwhile, was sold by IK Investment Partners to 3i. The transaction, valued at €370mn, earned the seller a 2x return.

## Fund Manager Focus

Reaching a close after just seven months in market, SK Capital Partners III closed $100mn over target this month. The fund is manager SK Captial Partners' first to raise capital from institutional investors and garnered a total of $500mn, which will be invested in specialty materials, chemicals and healthcare sectors in the lower mid-market.

At the other end of the spectrum, Barclays Natural Resource Investments has launched its first private equity fund. Barclays Natural Resource Investments I is seeking $900mn, and it will invest in the global oil, mining, gas and power sectors. Although the fund will invest globally, it deems the Chinese and Indian markets too risky so will not consider opportunities in either of those countries.

In other news, Highland Capital Partners has expanded into Europe, and now has team members based in London and Geneva. The move follows the opening of a Shanghai office a few years ago. The MA-based early stage venture capital firm looks to build companies in the consumer, healthcare, information and communications sectors amongst others. Its latest vehicle, China-focused Highland Capital Partners IX, is currently in market seeking $150mn.

Carlyle Group has finally filed its IPO prospectus with the US Securities Exchange Commission. The firm is the latest in a number of private equity firms to seek a public listing. Fellow heavy-hitters Oaktree Capital Management and TPG have also recently announced plans to go public.

### Data Source:

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to cwilson@preqin.com and we will endeavour to publish them in the next issue.

# Prospects for Emerging Managers on the Road

Emma Dineen evaluates institutional investors' current views on emerging private equity fund managers and the prospects of such managers in the fundraising market.

The current fundraising market is extremely competitive, with over 1,700 funds currently on the road targeting almost $700bn in aggregate commitments. Funds being raised by emerging managers represent around a third of these vehicles, seeking a collective $165bn in capital.

Despite difficult fundraising conditions we have seen a number of first-time funds reach a final close this year. Emerging managers have secured aggregate commitments of $23.5bn in 2011 so far, and our conversations with investors over the course of the year have indicated that there are a number of investors with an appetite for vehicles raised by new managers. Investor Intelligence currently tracks 1,648 investors that would consider first-time or spin-off funds.

## Historical First-Time Fundraising

The number of first-time funds to reach a final close grew year on year from 211 in 2003 to a peak of 409 in 2007, and the amount of capital raised followed a similar pattern, reaching $97.2bn in 2007, as Fig. 1 demonstrates. Following the financial crisis, first-time fundraising has followed a similar pattern to the rest of the market, with both the number of first-time funds to reach a final close, and the amount of capital raised by first-time funds, dropping year on year from 2007 to September 2011.

Despite this, the proportion of the market represented by first-time funds has remained fairly consistent in recent years (see Fig. 2). Since 2005, first-time funds have constituted an average of 28% of funds raised and 14% of aggregate capital raised each year.

## Average Time on the Road for First-Time Funds

As Fig. 3 shows, the amount of time spent on the road by first-time funds has increased over recent years. Following the financial crisis, the average time taken to raise a first-time fund increased from 14.2 months in 2007 to 15.7 months in 2008 and peaked at 20.5 months in 2009. Since 2009 the average time spent on the road for first-time funds has remained around the 20-month mark; first-time funds that have reached a final close so far in 2011 have spent an average of 20.2 months in market.

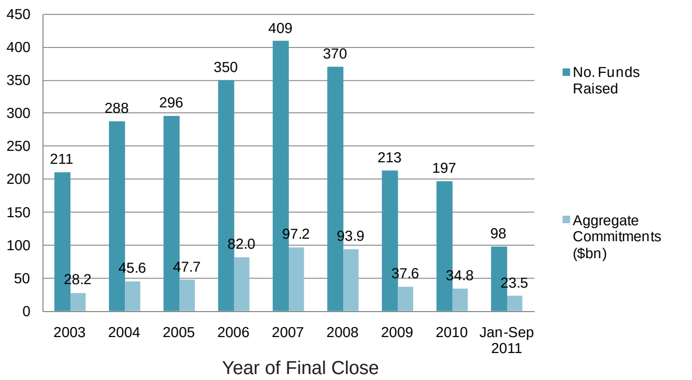
While the average length of time spent on the road by first-time funds is longer than in the years prior to the economic downturn, we have seen a number of examples in 2011 of emerging managers that have closed their debut vehicles within a year of being in the market. Committed Advisors Secondary Fund I exceeded its initial target to close on €257mn in early July. The secondaries fund was oversubscribed, indicating that there was significant LP interest in the vehicle.

Another example of a successful fundraise by a first-time fund manager is Zheshang Industrial Investment Fund. The China-focused vehicle closed in July, achieving its CNY 5bn target within a year. These examples suggest that, when presented with an attractive opportunity, there is an appetite from investors for these types of vehicles.

## Investor Attitudes to First-Time Funds

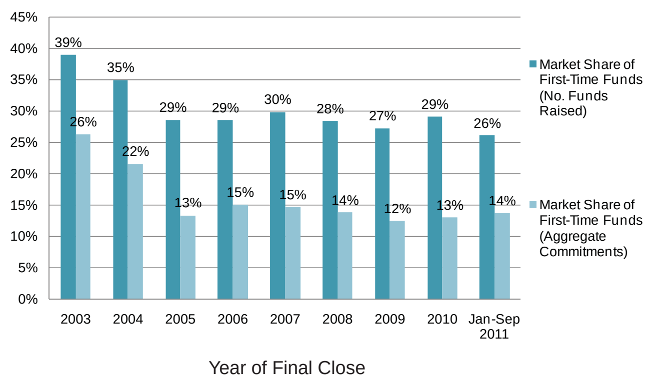
In this uncertain market a number of investors remain wary of investing in funds raised by emerging managers. 49% of the

Fig. 1: Private Equity Fundraising by First-Time Funds, 2003 - 2011



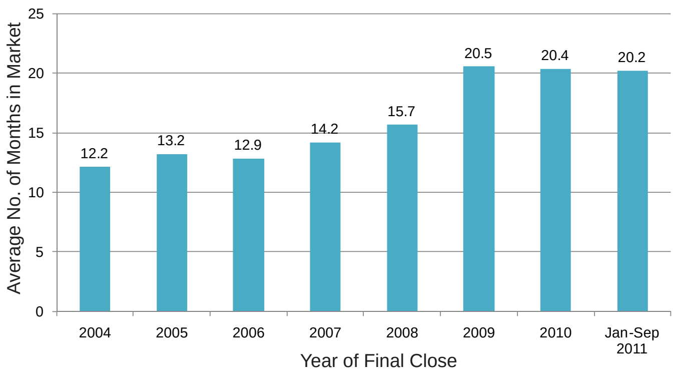

Source: Preqin

Fig. 2: Fundraising Market Share of First-Time Funds, 2003 - 2011



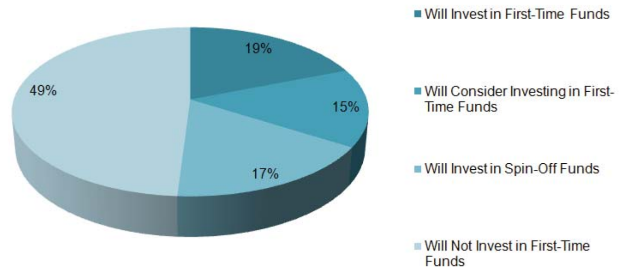

Source: Preqin

Fig. 3: Average Time Spent Fundraising by First-Time Funds, 2004 - 2011




Source: Preqin

Fig. 4: Proportion of Investors That Will Consider Investing in First-Time Funds over the Next 12 Months



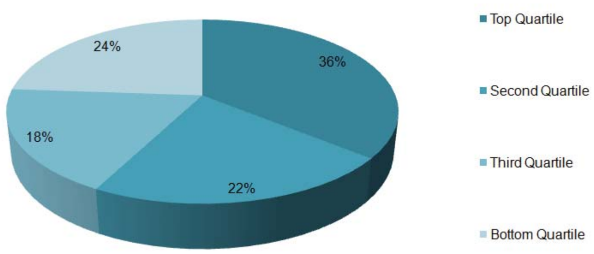

Source: Preqin

LPs that we interviewed in June about their attitudes towards the current private equity market told us that they would not invest in a first-time fund (see Fig. 4). However, over half (51%) of investors will consider first-time funds or spin-off vehicles. We spoke to one European government agency that told us it will invest in first-time funds over the next 12 months and will "do so actively." Another Japanese investor said it "is looking for newly established GPs, including spin-offs."

Some investors we spoke to are more reluctant about investing in first-time vehicles. A Malaysia-based investor told us it would consider investing in a first-time fund only if the GP put in 30% of the capital itself. Another investor, a pension fund based in North America, said "[We] will consider first-time funds but there has to be a good reason to invest."

Past performance is a key factor that LPs consider when selecting funds to invest in; therefore some investors can be deterred from investing with emerging managers as they have yet to establish a track record. A Finland-based insurance company we spoke to in June told us: "GPs need a proven track record; it is much harder to allocate capital to first-time managers." Despite this, spin-off teams do have a form of track record and are often more attractive to investors - 17% of investors interviewed by Preqin told us that they will only invest in first-time funds managed by spin-out teams.

Fig. 5: Breakdown of First-Time Funds raised by First-Time Managers by Performance Quartile, Vintages 2003-2008




Source: Preqin

Although individual first-time fund managers do not have a historical record of fund performance, Preqin data indicates that funds raised by emerging managers have historically performed well, with the majority of first-time funds being ranked in the top two performance quartiles. Using Preqin's Performance Analyst database, which contains performance data for over 5,600 funds worldwide, we analyzed recent first-time private equity funds raised by first-time managers of vintages 2003-2008 (excluding real estate and infrastructure funds), assigning equal weighting to net IRR and net multiple achieved and benchmarked them against all funds of the same vintage, geographic focus and strategy. As Fig. 5 demonstrates, over a third (36%) of funds are ranked in the top performance quartile, with a further 22% ranked in the second quartile.

## Outlook

This is an extremely competitive fundraising environment, and even established managers are facing strong competition for LP capital. However, there is evidence that emerging managers are achieving successful fundraises. There are a number of investors out there that are interested in investing in first-time funds and have capital available to invest. With so many funds on the road to choose from, these LPs are able to be highly selective when making investment decisions. Investors are looking for "good reasons" and the right opportunities, so first-time or spin-out managers need to ensure they market their funds in the right way and know exactly which LPs to target with their opportunities in order to stand out from the crowd.

# 2011 Preqin PE Performance Monitor

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Now in its eighth edition, the 2011 Preqin Private Equity Performance Monitor includes all-new league tables showing the top performing funds of each fund type and vintage year, as well as identifying which managers are the most consistent top performers, again broken out for all the major fund types. The 2011 Preqin Private Equity Performance Monitor contains key metrics for more funds than ever before, with over 5,600 vehicles included, accounting for 70% of all private equity vehicles raised historically by value.

This year's expanded edition includes:

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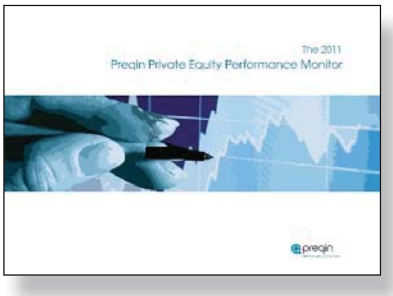
- New analysis sections include the annual and quarterly change in fund valuations, a look at the effects of past performance on private equity fundraising and an examination of early fund performance as a predictor of a fund's performance at maturity
- Examination of risk vs. return for different fund types
- Private equity returns examined against public markets
- Benchmarks across different fund types by vintage year
- Dry powder and assets under management

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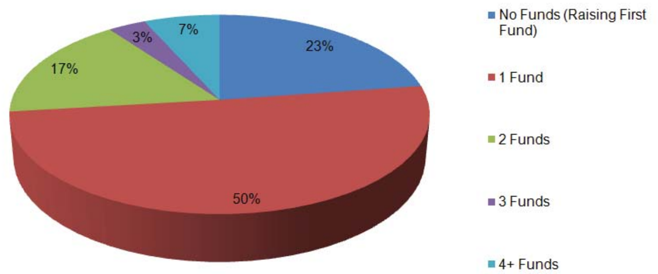
# Africa-Based Fund Managers

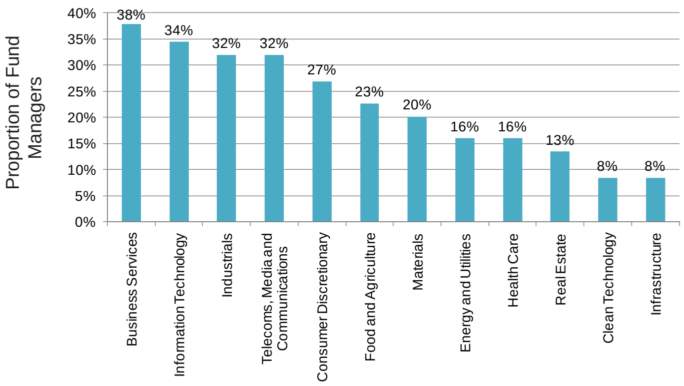
Richard Stus examines the key statistics for the 119 private equity fund managers based in Africa.

Fig. 1: Africa-Based Fund Manager Experience by Number of Funds Raised



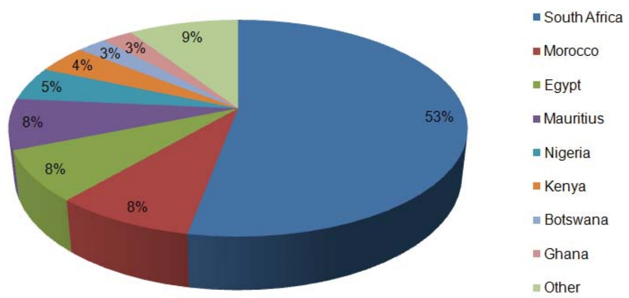

Source: Preqin

Fig. 2: Africa-Based Fund Manager Industry Preferences



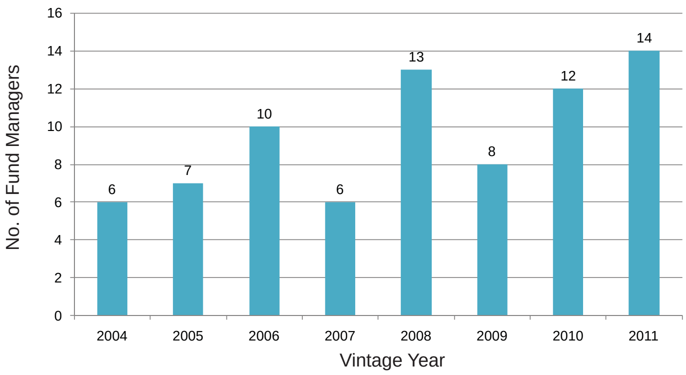

Source: Preqin

Fig. 3: Geographic Distribution of Africa-Based Fund Managers




Source: Preqin

Fig. 4: Vintage of Africa-Based Fund Managers' First Funds




Source: Preqin

Fig. 5: Top 10 Africa-Based Firms by Funds Raised in the Last 10 Years

| Firm Name | Location | Strategies | Total Funds Raised Last 10 Years ($mn) | Est. Dry Powder ($mn) |
|---|---|---|---|---|
| Citadel Capital | Egypt | Buyout, Growth, Hybrid, Restructuring, Turnaround | 2,376 | 394 |
| ChrysCapital | Mauritius | Co-Investment, Growth, Management Buy-in, Management Buyout, PIPE, Special Situation | 1,905 | 396 |
| Pamodzi Investment | South Africa | Natural Resources | 1,300 | 342 |
| EFG-Hermes Private Equity | Egypt | Buyout, Growth, Venture | 1,146 | 167 |
| Brait Private Equity | South Africa | Buyout, Growth, Venture | 869 | 159 |
| Ethos Private Equity | South Africa | Buyout, Growth, Public to Private | 770 | 160 |
| Absa Capital Private Equity | South Africa | Buyout | 710 | 0 |
| Kingdom Zephyr | South Africa | Growth | 615 | 287 |
| Beltone Private Equity | Egypt | Buyout, Turnaround | 606 | 111 |
| Peepul Capital | Mauritius | Buyout, Early Stage, Growth, Management Buy-in, Restructuring, Turnaround | 534 | 305 |

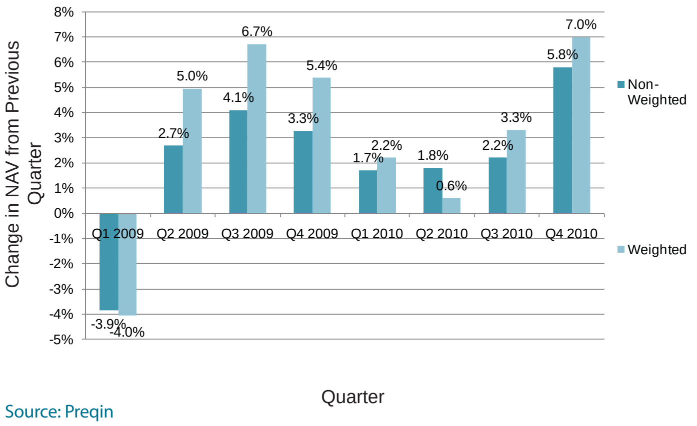
Source: Preqin

# Performance

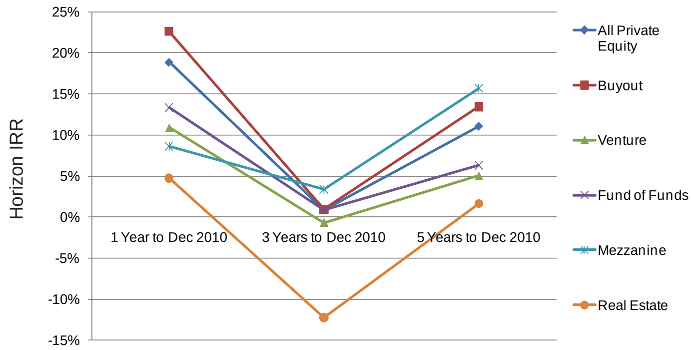
Bronwyn Williams provides a breakdown of the latest private equity performance statistics.

## Fig. 1: All Private Equity Change in NAV by Quarter



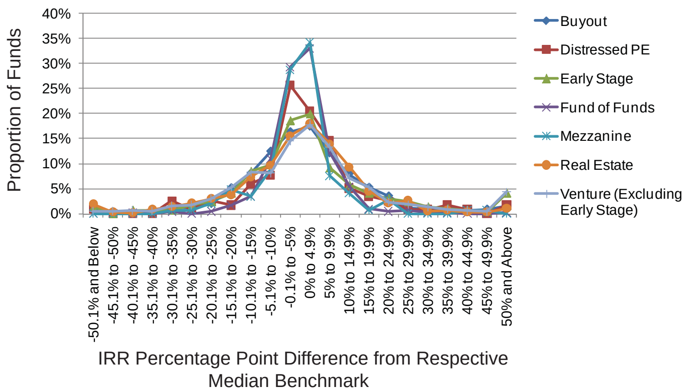

Source: Preqin

## Fig. 2: Private Equity Horizon IRRs as of 31 December 2010



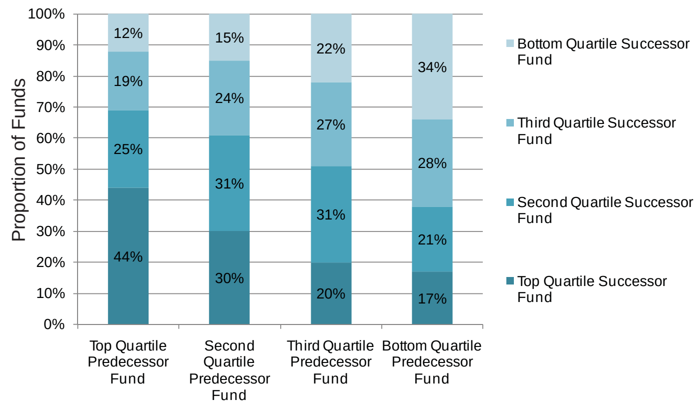

Source: Preqin

## Fig. 3: Net IRR Deviation from Median Benchmark




Source: Preqin

## Fig. 4: All Private Equity - Relationship between Predecessor and Successor Fund Quartiles




Source: Preqin

### Data Source:

Preqin's extensive performance database features over 5,600 separate vehicles managed by over 1,900 private equity firms from all over the world. We maintain this data using a number of different methods, including collecting performance information directly from fund managers themselves, and also from requesting information from public institutional investors. All this private equity data is at a fund level, and is net to investor.

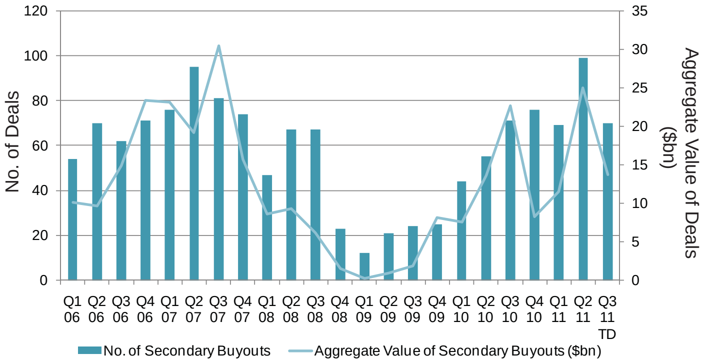
For more information please visit:
www.preqin.com/performance

Download Data

# Secondary Buyout Overview

Manuel Carvalho examines the key stats for private equity-backed secondary buyout deals.

### Fig. 1: Number and Aggregate Value of Secondary Buyouts, Q1 2006 - Q3 2011



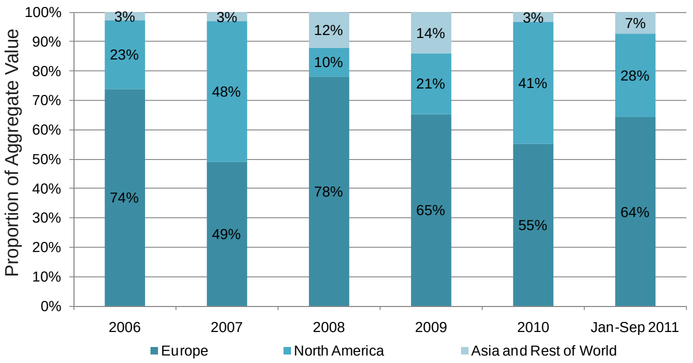

Source: Preqin

## Data Source:

Included as part of Preqin's integrated 360° online private equity database, or available as a separate module, Deals Analyst provides detailed and extensive information on private equity backed buyout deals globally. The product has in-depth data for over 23,000 buyout deals across the globe, including information on deal value, buyers, sellers, debt financing providers, financial and legal advisors, exit details and more.

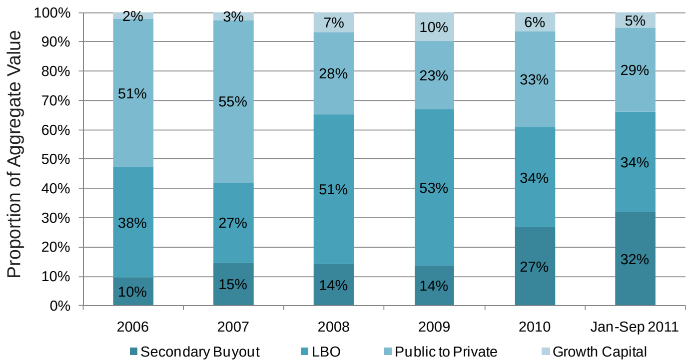
For more information please visit:
www.preqin.com

### Fig. 2: Breakdown of Aggregate Value of Secondary Buyouts by Region, 2006 - 2011




Source: Preqin

### Fig. 3: Breakdown of Aggregate Value of Buyout Deals by Type, 2006 - 2011




Source: Preqin

### Fig, 4: Five Largest Secondary Buyouts, January - September 2011

| Name | Buyers | Sellers | Date | Deal Size (mn) | Industry | Location |
|---|---|---|---|---|---|---|
| Securitas Direct | EQT Partners | Bain Capital, Hellman & Friedman | Jun-11 | 21,000 SEK | Technology | Sweden |
| Spie | PAI Partners | AXA Private Equity, Caisse de depot et placement du Quebec, Clayton Dubilier & Rice | May-11 | 2,100 EUR | Industrial | France |
| Emdeon Inc. | General Atlantic, Hellman & Friedman | Blackstone Group* | Aug-11 | 3,000 USD | Business Services | US |
| Com Hem | Carlyle Group, Providence Equity Partners | BC Partners | Jul-11 | 17,000 SEK | Telecom Media | Sweden |
| Husky Injection Molding Systems | Onex Corporation | Berkshire Partners, OMERS Private Equity | May-11 | 2,100 USD | Industrial | Canada |

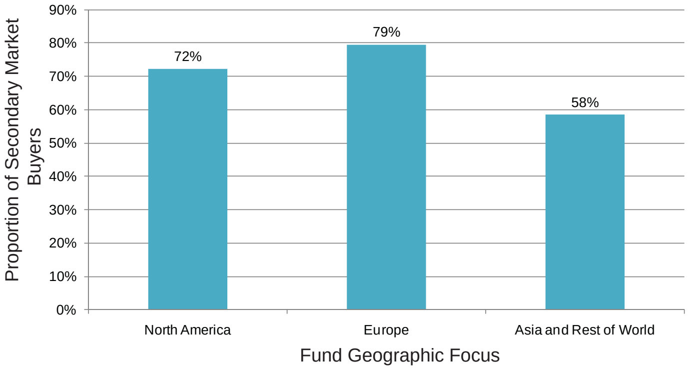
Source: Preqin

* Denotes a Partial Exit

# Secondary Market Investor Preferences

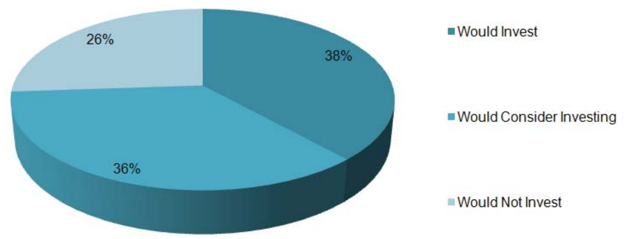
Antonia Lee looks at the preferences of investors looking to purchase fund stakes on the secondary market.

Fig. 1: Investor Buying Preferences by Location




Source: Preqin

Fig. 2: Proportion of Investors That Would Invest in Early Secondaries




Source: Preqin

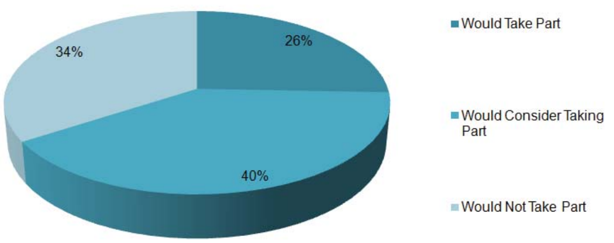
The geographical focus of funds is an important factor for LPs looking to buy fund interests on the secondary market. 66% of secondary market buyers listed on Preqin's Secondary Market Monitor have stated particular regions they are looking to gain exposure to via the secondary market. Nearly 80% are seeking secondary market investments in Europe-focused funds and 72% are looking to buy stakes in North America-focused vehicles (see Fig. 1). A further 58% of potential LP buyers are looking to pick up stakes in Asia and Rest of World-focused funds.

Occasionally secondary market buyers will also consider early secondaries opportunities, purchasing a secondary interest in a fund where little in the way of its capital has been called up. As demonstrated in Fig. 2, 74% of investors spoken to by Preqin would consider early secondaries. Early secondaries often provide non-traditional secondary market buyers access to the secondary market without having to compete with the large traditional secondary market players.

The practice whereby an investor purchases a secondary interest in an established fund and simultaneously agrees to make a primary commitment to the next fund being formed by the same fund manager is known as a stapled secondary transaction. As shown in Fig. 3, a significant 66% of secondary market buyers spoken to by Preqin would either take part in or consider stapled secondary market transactions.

According to Preqin's unique pricing model, a $10,000,000 commitment to the median 2005 venture fund - which would have called $8,650,000 and has a reported net asset value (NAV) of $6,487,500 - would today fetch $5,443,985 on the secondary market, or approximately 84% of its NAV.

Fig. 3: Proportion of Investors That Would Take Part in Stapled Secondary Market Transactions




Source: Preqin

## Data Source:

Preqin's Secondary Market Monitor Product contains profiles for 626 secondary market buyers, of which 236 are traditional secondary market buyers and 390 are non-traditional secondary market participants.

For more information, please visit:
www.preqin.com/smm

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# Conferences Spotlight

| Conference | Dates | Location | Organizer |
|---|---|---|---|
| Family Office Wealth Conference | 18 - 20 September 2011 | Laguna Beach | II Conferences |
| SuperReturn Asia 2011 | 19 - 22 September 2011 | Hong Kong | ICBI |
| 9th Annual Alternative Investments Summit | 19 - 20 September 2011 | Miami | IMN |
| Renewable Energy Finance Forum - London | 20 - 21 September 2011 | London | Euromoney Energy |
| CEE Private Equity | 21 - 22 September 2011 | London | IIR |
| Capital Creation 2011 | 26 - 28 September 2011 | Monte Carlo | Worldwide Business Research |
| Private Equity Conference | 26 September 2011 | London | Redcliffe Training |
| Renewable Energy Finance Forum - West | 26 - 27 September 2011 | San Francisco | Euromoney Energy |
| Ai CEO Institutional Investment Summit | 26 September 2011 | New York | Africa Investor |
| Private Equity Analyst Conference 2011 | 27 - 28 September 2011 | New York | Dow Jones Events |

## Raising Private Equity Funds from Family Offices & Wealthy Individuals -- Building Capital by Building Relationships

Date: 13 October 2011

Information: http://www.capitalroundtable.com/masterclass/Capital-Roundtable-Private-Equity-Family-Office-Conference-2011.html

Location: New York City

Organiser: Capital Roundtable

Designed to Meet the Needs of GPs, LPs, & Managers of Buyout, Growth Equity, Mezzanine, & Lending Funds, as Well as Independent Sponsors, Operating Partners, Portfolio Company Managers, and the Bankers, Lawyers, Accountants, & Other Advisors Who Support Them

## RMB Private Equity World Asia

Date: 19-21 October 2011

Location: Ritz Carlton Financial Street Beijing

Organiser: Terrapinn Pte Ltd

IThe only conference in China that will bring together international & PRC private equity and institutional investors to discuss regulatory and structural issues arising from RMB funds formation. Over 30 leading private equity LPs and GPs will share their capital raising success and experience in achieving strong returns on deals.

Information:
www.terrapinn.com/rmbprivateequity

## Private Banking Latin America

Date: 15-17 November 2011

Location: Four Seasons, Miami, FL

Organiser: Terrapinn

Now in its fifth year, Private Banking Latin America has established itself as THE place where the region's key private banks and wealth advisors gather together to discuss new strategies and business models for success. For the first time it will be co-located with the Latin Family Office Forum. Not only will you get to meet the region's most senior private bankers, but you will also be able to network with the leading family offices.

Information:
http://www.informaglobalevents.com/FKW52228PREWL


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*Simultaneous translation in Chinese / English
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