

Private Equity Growth Funds Generate Generous Returns despite Downturn

Funds investing during crisis period have produced median IRRs of over 7%

Growth funds of vintages 2006 and 2007 have produced median returns of 7.8% and 7.3% respectively, despite investing as the economic downturn hit, data from the recently launched Preqin Growth Benchmarks shows.

Growth funds of vintage 2006 outperformed their buyout counterparts, which generated a median IRR of 6.1%.

The Preqin Growth Benchmark, a pioneering product in private equity performance monitoring, shows:

- Growth funds of vintages 2006 and 2007 have called up 80% and 74.9% of capital respectively.
- The difference between the best and worst performing funds' multiples has shrunk for funds of more recent vintages; while the gap between the top and bottom quartile boundaries for funds of vintage 2005 is 1.03x, the gap for vintage 2009 funds stands at 0.27x.
- Growth fund performance is highest for vintage 2005 funds, which have generated a median net IRR of 25.0%. Other private equity strategies have seen peak performance with earlier vintages.
- The peak median net IRR for growth funds is higher than those of buyout, distressed debt and venture funds.

For more information on growth fund performance, please see November's Private Equity Spotlight newsletter:

http://www.preqin.com/docs/newsletters/PE/Preqin_Private_Equity_Spotlight_November_2011.pdf

Comment:

"We are delighted to release this addition to our benchmarking service as it illuminates a niche area in the private equity universe. Growth funds have emerged in recent years as a distinct strategy as more fund managers are targeting minority stakes in maturing companies. Lying between venture capital and buyout in the investment cycle, growth capital is particularly prominent in Asia and offers investors an attractive way to diversify their private equity portfolios. Preqin is the sole data provider for benchmark and transparent performance information on this strategy."

Bronwyn Williams, Manager – 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.

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

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 +44 (0)20 7645 8880 or press@preqin.com

New York: 230 Park Avenue, 10th floor, New York NY 10169 Tel: +1 212 808 3008
London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888
Singapore: Samsung Hub, 3 Church Street, Level 8, Singapore, 049483 Tel: +65 6408 0122
Web: www.preqin.com / info@preqin.com