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## Australian Investors Cautious but Positive about Private Equity

### 34% intend to make a commitment in 2011; 31% will increase their allocation to the asset class

A project undertaken by Preqin in association with AVCAL reveals that Australian investors are still interested in private equity and venture capital investments, but are taking a cautious approach to investment.

Preqin Australian Investor Outlook: Private Equity is a study based on extensive conversations with prominent Australian institutional investors.

#### The study showed:

- 34% of Australian institutional investors intend to invest in 2011. 34% are unlikely to commit and 32% are unsure as to when they will make their next private equity investment.
- A further 9% plan to make a private equity commitment before the end of 2012.
- 43% of those surveyed made a private equity fund commitment in 2010.
- 17% committed more capital to private equity in 2010 than in 2009, 39% committed less and 44% committed the same amount to the asset class.
- 31% stated that they will increase their allocations in 2011 and 25% will allocate less.
- In the long term, 54% will maintain their private equity allocation, 25% will increase it and 21% intend to decrease it.
- 3% of Australian LPs will no longer commit to private equity.
- 79% of those active will seek commitments to Australia-focused funds in 2011.
- 71% are keen to invest in European-focused funds and 65% are seeking opportunities in the US.
- Small to mid-market buyout is the most popular fund type; 71% of those surveyed are interested in commitments to funds of this kind.
- 61% are concerned about paying fees on committed capital that is sitting un-invested; 72% believe GPs should compromise more on management fees.

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

**[www.preqin.com/docs/reports/AVCAL\\_Preqin\\_Australian\\_Investor\\_Outlook\\_Private\\_Equity.pdf](http://www.preqin.com/docs/reports/AVCAL_Preqin_Australian_Investor_Outlook_Private_Equity.pdf)**

#### Comment:

“The private equity market remains challenging, with investors around the globe maintaining a cautious approach to investment; Australian LPs are no exception. However, with just 3% of LPs stating that they will no longer invest in the asset class, it is clear private equity investments remain an important part of their portfolios. Just over one-third of these investors intend to make commitments this year meaning that fundraising will continue to be competitive, and those GPs seeking commitments from Australian investors will need to closely monitor the investment preferences and needs of those with capital to commit.”

**Stuart Taylor, Manager – Asia Research.**

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#### 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](http://www.preqin.com)

#### Note to Editors:

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

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