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We are pleased to extend a VIP invitation to attend Finance IQ's 5th Global Forum on Investing in Distressed Debt being held September 22-23, 2009 in New York City at the Millennium Broadway Hotel.

Timing is everything, particularly in distressed debt investing, and knowing when to invest is crucial to maximizing your ROI. At the 5th Global Forum on Investing in Distressed Debt, the leading funds and investors in distressed debt will discuss:

- The state of the market - current overview & future outlook
- Recent developments in distressed debt investing - including the impact of workouts, defaults & bankruptcies
- Commercial & Residential real estate distressed debt
- Acquiring controlling stakes in distressed companies
- Lessons from recent filings in the automobile industry
- Government programs update
- Roundtable discussions for fund sponsors, institutional investors and finance providers

The full agenda has been completed and is now available online: http://www.distresseddebtforum.com/forms.php?pdf_id=199068&domain=www.distresseddebtforum.com&utm_campaign=mp_prequin&utm_medium=email&utm_source=preqin.com&utm_content=text&utm_term=brochure&MAC=DDECPQ20

Some of the new speakers on this year's program include:

- Eric Edidin, Managing Partner, ARCHER CAPITAL MANAGEMENT
- Ivan Zinn, Founding Partner & Chief Investment Officer, ATALAYA CAPITAL MANAGEMENT
- Marti P. Murray, Managing Director & Portfolio Manager, BABSON CAPITAL MANAGEMENT LLC
- Curtis Arledge, Co-Head Of US Fixed Income, BLACKROCK INC.
- Jason New, Senior Managing Director, BLACKSTONE GSO CAPITAL PARTNERS
- Ken McMillen, Managing Director, COBE CAPITAL LLC
- David J. Breazzano, President, Chief Investment Officer, DDJ CAPITAL MANAGEMENT, LLC
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- William P. Bowman, Senior Vice President, Investment Management, HARTFORD INVESTMENT MANAGEMENT
- Brett Jefferson, President, HILDENE CAPITAL MANAGEMENT
- Kate Kutasi, Principal/Portfolio Manager, KDC Distressed & High Income Securities, KELLNER DILEO & CO.
- Joseph J. Haslip, Assistant Comptroller for Pensions, NEW YORK CITY COMPTROLLER/NYCERS
- Sheryl Schwartz, Managing Director, Alternative Investments, TIAA-CREF

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Private Equity Spotlight

July 2009 / Volume 5 - Issue 7

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. This month's issue contains details from our latest publication, The 2009 Preqin Performance Monitor.

Private Equity Fund Performance Special

Feature Article
page 3

A Challenging Year for Private Equity Performance

Featuring data taken from the newly released 2009 Preqin Performance Monitor, this month's feature article examines the latest trends in private equity fund performance and the effect the credit crunch has had on private equity portfolio valuations.

Fund Manager Spotlight
page 8

UK-based Fund Managers

Each month Preqin examines a group of private equity fund managers to gain some insights into the nature of the industry in different areas and geographies. This month we examine some of the characteristics of UK-based general partners.

Fundraising Spotlight
page 10

Q2 2009 Update

This month's Fundraising Spotlight takes an in-depth look at fundraising in Q2 2009.

No. of Funds on Road	N. America	Europe	Asia & RoW	Total
Buyout	133	65	62	260
Fund of Funds	82	72	11	165
Mezzanine	34	12	2	48
Real Estate	246	110	59	415
Venture	210	108	143	461
Other	116	83	61	260
Total	821	450	338	1,609

Investor Spotlight
page 21

Pension Fund Performance

This month's Investor Spotlight examines the performance of private equity in the portfolios of pension funds. We compare private equity portfolios to overall investment performance and consider the outlook of specific pension funds, and their future plans for private equity.

Investor News
page 29

All the latest news on investors in private equity:

- Harvard Management Company (HMC) has sold its USD 150 million stake in Denham Commodity Partners Fund V.
- BBC Pension Trust has placed its investments in private equity on hold for the rest of 2009.
- Danske Private Equity has wrapped up fundraising for its fourth and latest fund of funds, Danske-Private Equity IV.
- Pomona Capital has closed its seventh dedicated secondaries fund on USD 1.3 billion.
- Indiana Public Employees' Retirement Fund (IPERF) has purchased private equity fund interests on the secondary market.

If you would like to receive Private Equity Spotlight each month please email spotlight@preqin.com.

Subscribers to Performance Analyst and Investor Intelligence receive additional information not available in the free version. If you would like further details please email sales@preqin.com

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Feature Article:
A Challenging Year for Private Equity Performance

The onset of the credit crunch and the ensuing economic downturn has had a significant effect on the performance of private equity vehicles. Although the delay in private equity performance reporting meant that the true scale of the shift in private equity portfolio valuations was unclear until widespread December 31st data became available in June 2009, it is now clear that private equity has been badly affected by the downturn.

For the newly released publication, the 2009 Preqin Performance Monitor, we have analysed the returns of 4,500 funds in order to discern trends in performance over time, and most importantly how returns have been affected by the global economic downturn. The results, which can be seen in Fig. A, show a relatively wide spread of performance within the asset class for the year up to 31st December 2008. Buyout funds have posted returns of -31.0%, and real estate funds have fared even worse, with a one-year horizon IRR of -39.9%. In contrast mezzanine funds have posted positive returns of 4.0%. However, the overall returns for all private equity are deep into the red, with the one-year horizon IRR for all private equity standing at -27.6%

Private equity has historically outperformed other asset classes, and has been a stellar performer in the portfolio of many an investor. Although performance over the past year has been negative, when we compare this with the performance of public indices, private equity comes out relatively well, with buyout, venture and all private equity one-year horizon IRRs outperforming the S&P 500 (Fig. B).

The Fundraising Struggle

Fundraising has collapsed following the credit crunch, and for the first half of 2009 has been occurring at a rate of around one-quarter of 2007 and 2008 levels. The number of funds on the road has reduced slightly, but is still similar to levels experienced in the past couple of years, with many of those vehicles on the road having been launched before the global economic downturn struck. Competition amongst managers remains intense.

The primary reason for the slowdown is due to a denominator effect where investors' private equity allocations have increased as a result of other areas of their portfolios reducing in value more so than private equity. This is especially a concern for those institutions employing overcommitment strategies. In addition there are concerns over meeting liabilities in the form of committed but as yet uncalled capital for existing investments. It is also likely that the proportion of capital that will be held within funds will increase as the market for making new deals is likely to improve before an environment that is conducive for exits emerges.

However, it is important to remember that investors are still keen on the asset

Fig. A:

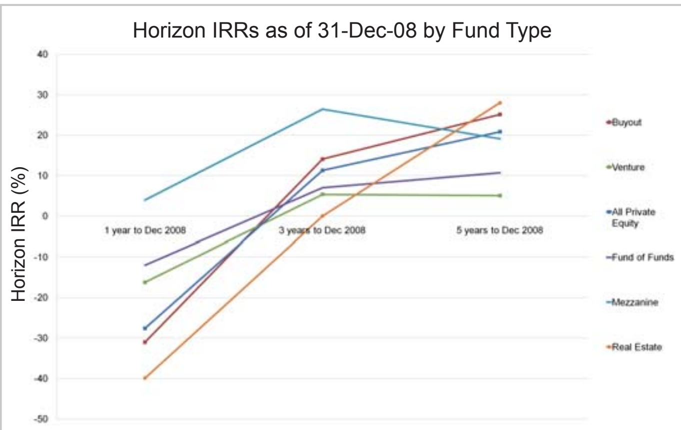
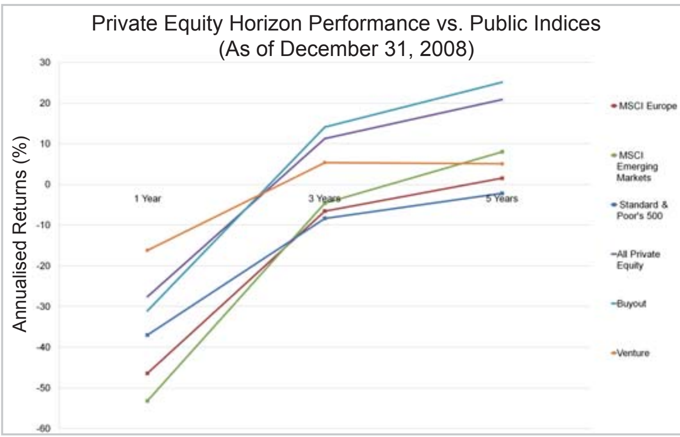


Fig. B:



> *... private equity has historically outperformed other asset classes, and has been a stellar performer in the portfolios of many an investor...*

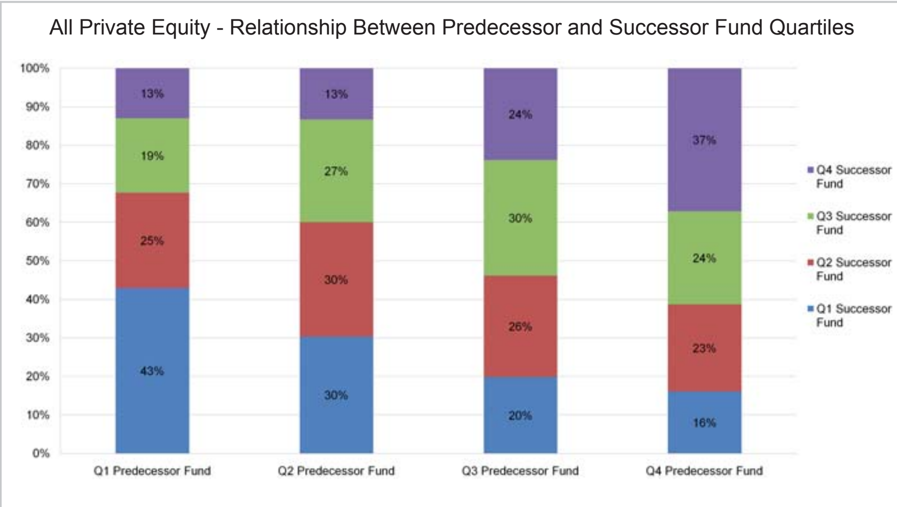
class. In a survey conducted by Preqin in January of 2009, 29% of investors stated that their long-term allocation to private equity was increasing, with 67% maintaining their current status, and only 3% planning to decrease their allocation. With private equity having once again outperformed the public markets, it is clear that the recent hiatus in private equity fundraising is due more to a lack of funds on the part of institutions investing in the asset class than to a shift in sentiment.

Nonetheless, prevailing conditions do mean that many investors do not have capital available to invest in new vehicles, and of those that do, most will not be committing as much as they have done in the past, and will therefore be paying especially close attention to both the individual track record of managers with funds in market, and also the historical performance and risk/return statistics for the fund types in question.

The Importance of Manager Selection

The evidence is clear: managers of top tier funds are far more likely to have their next funds also appearing in the top tier than other, lesser performing managers. As Fig. C shows, 43% of GPs that manage a top quartile fund go on to have their next fund ranked in the top quartile, and a total of 68% beat the median benchmark. 60% of managers with a second quartile fund go on to have their next fund beat the median benchmark, while this figure drops to 46% for managers of third quartile funds and 39% for managers of fourth quartile funds. Just 13% of managers with a first or second quartile fund fall into the bottom quartile with their successor funds, but this rises to 24% for managers of third quartile funds and 37% for managers of

Fig. C:



Feature Article:
A Challenging Year for Private Equity Performance

fourth quartile funds. Track history is clearly an important factor, and will be especially closely scrutinised in the current environment, although it is important to recognise that it is still possible for the best managers to have poorly performing follow-on vehicles, and each new investment opportunity should be judged on its individual merits. Within the 2009 Preqin Performance Monitor we evaluate the importance of past performance for each fund type in detail.

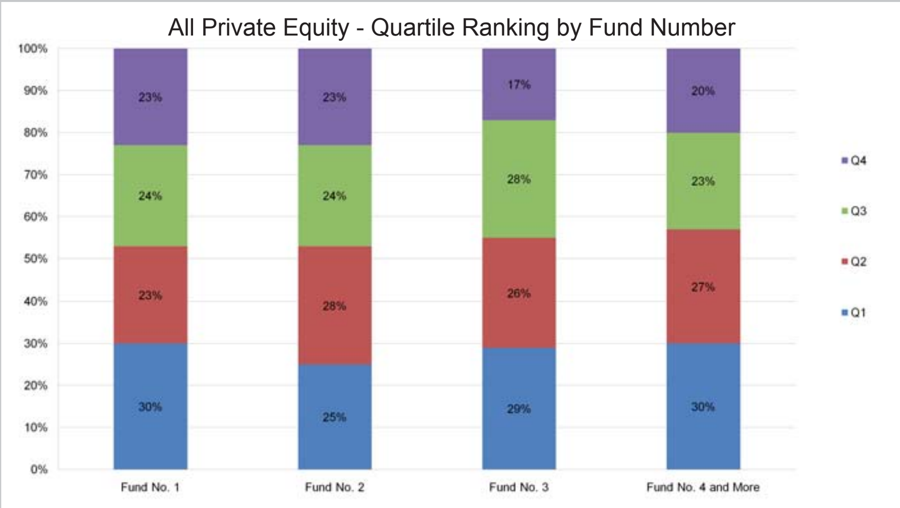
How Important is Manager Experience?

The simple answer is not very. Fig. D shows the proportions of funds ranked in the first, second, third and fourth quartiles for first-time funds, second-time funds, third-time funds and fourth-time funds onwards. 53% of both first-time and second-time funds beat the median benchmark, appearing in the top or second quartiles. This figure rises to 55% of third-time funds being classified in the top or second quartiles, and 57% of fourth-time funds onwards beat the median benchmark performance. While this shows there is some experience effect at play, with slightly increasing proportions of top or second quartile funds as manager experience increases, it also demonstrates that perhaps the effect is somewhat less significant than is often presumed. The 2009 Performance Monitor examines the effect of manager experience for each different fund type.

Other Important Factors to Consider

Although first-time managers (spun-out firms excepted) are unable to utilise past performance when attracting investors, there are many other ways in which they can utilise performance data to both market their funds, and also to ensure that they have reliable figures to benchmark themselves against. Investors and managers alike have a large number of metrics available to them both during the marketing process, and also when working to maintain a high level of market knowledge. In the newly released 2009 Preqin Performance Monitor there are numerous benchmarks for funds of different types and regions across different vintage years which can help to show how private equity has performed historically and therefore how it may perform in the future. Through evaluating standard deviation around mean performance, analysis contained in the Monitor also effectively allows users to evaluate the risk of different fund types.

Fig. D:



The Art of Manager Selection and Portfolio Construction

With such an enormous gulf existing between the best and worst performing funds, manager evaluation is of paramount importance to the private equity investor. However, with even the best managers occasionally going on to raise bottom quartile funds, it is also important to create a balanced portfolio which matches the risk strategy and future liabilities of the investor in question. This year's Performance Monitor has been created to provide fund managers and marketers with the tools to effectively place their vehicles and strategies in context, allowing them to benchmark themselves against their peers and examine and communicate where they stand against other specific vehicles and fund types. For investors and advisors the Monitor provides an important tool in understanding the attributes of different fund types, communicating all the various important trends for both the overall industry and also individual strategies.

For more information on the 2009 Preqin Performance Monitor, please visit www.preqin.com/pm

Feature Article:
A Challenging Year for Private Equity Performance

Historical Precedents

With the days of cheap and plentiful credit in the past, and with the economic outlook remaining unclear (although some green shoots are springing up which suggests that an upturn is in sight) there are some question marks over the continued viability of the private equity model in the economy of 2009. However, as Fig. E shows, funds raised in times of economic downturn can actually perform very well. The median IRR for buyout funds of 2001 and 2002 vintages are some of the best performing of all time, with these vehicles also being raised in a tough fundraising environment with unclear economic conditions. It is likely that deal-flow will soon pick up, and some of the investments made in today's market may eventually become extremely profitable in the future.

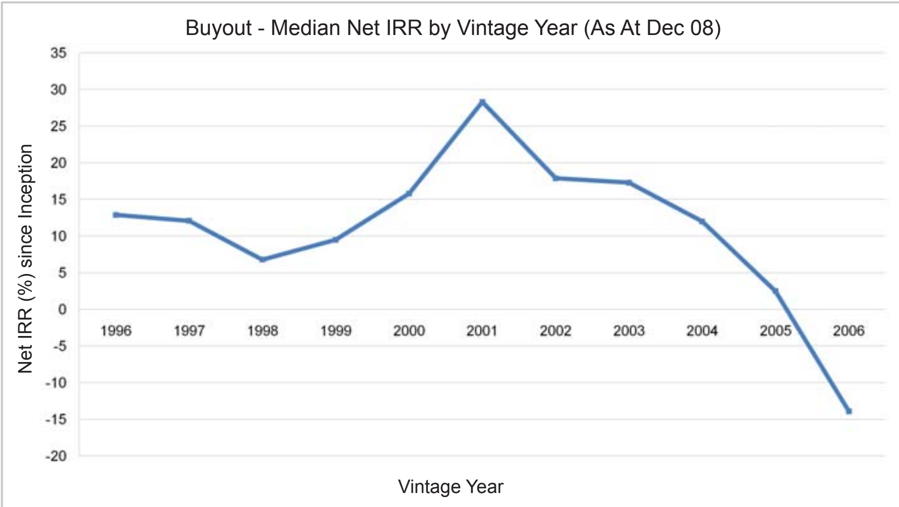
Tim Friedman

The 2009 Preqin Performance Monitor

This year's Monitor contains key metrics for more funds than ever before, with over 4,500 vehicles included, accounting for 70% of all private equity vehicles raised historically by value. We have also introduced a number of new analyses and have improved our listings showing the top performing funds and the most consistent performing firms. We have standardised our benchmarks wherever possible to ensure that all underlying data is as of the same date, and have introduced the reporting of horizon IRRs to allow for direct comparison with other asset classes. Other new sections include an analysis of the listed private equity market, and a look at trends in dry powder and assets under management.

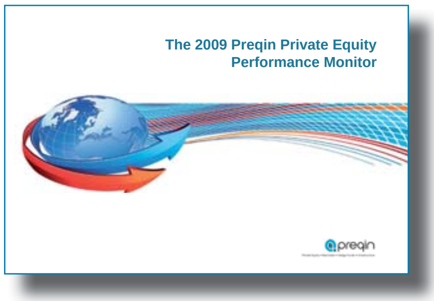
For more information on the 2009 Preqin Performance Monitor, please visit: www.preqin.com/PM

Fig. E:



2009 Preqin PE Performance Monitor: Order Form

With transparent performance data for over 4,500 private equity funds managed by over 1,600 firms worldwide, plus extensive analysis and commentary, the 330 page 2009 Preqin Private Equity Performance Monitor is the most comprehensive guide to private equity performance ever produced, and is a vital guide for investors, fund managers, advisors and anyone involved in the fund marketing process.



- Transparent performance data for over 4,500 funds of all different types from over 1,600 firms. In terms of value, these funds represent around 70% of all funds ever raised in the history of the industry.
- Benchmarks for different fund types by vintage year.
- Detailed analysis examining: key trends by different fund type, size and region; examination of risk vs, return; top performing funds identified; pe vs. public markets; dry powder and asset under management; private equity following the credit crunch; horizon IRRs; listed private equity plus much more...

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Fund Manager Spotlight:
UK-based Private Equity Firms

Each month Preqin examines a group of private equity fund managers to gain some insights into the nature of the industry in different areas and geographies. This month we examine some of the characteristics of UK-based general partners.

Information for the Fund Manager Spotlight is taken from our Fund Manager Profiles database – the industry leading product for information on private equity firms worldwide. The product currently features over 4,600 firms with contact details for over 15,000 top level contacts. For more information and to register for a free trial, please visit our product page:

www.preqin.com/fmp

Fig. 1:

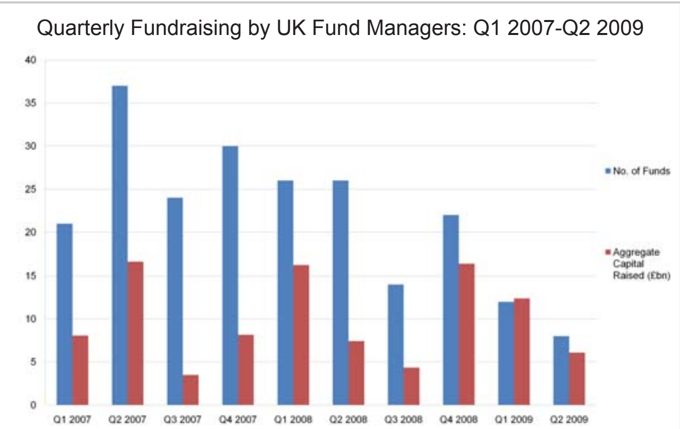


Fig. 2:

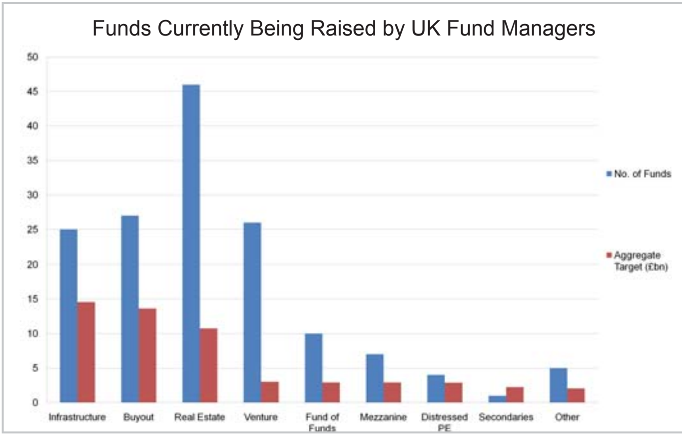
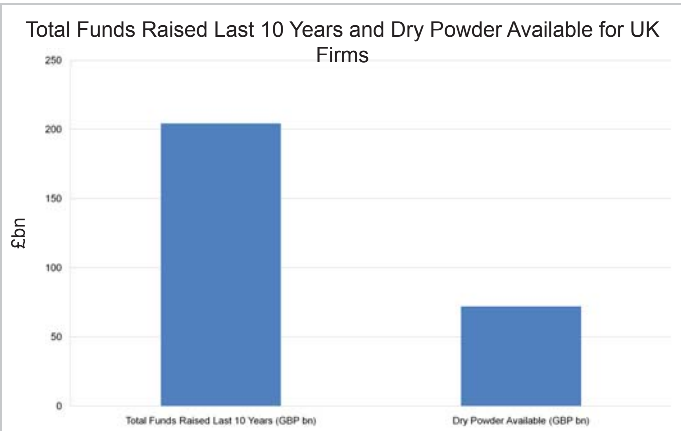


Fig. 3:



Fund Manager Spotlight:
UK-based Private Equity Firms

Fig. 4:

Proportion of Firms by Investment Focus in the UK

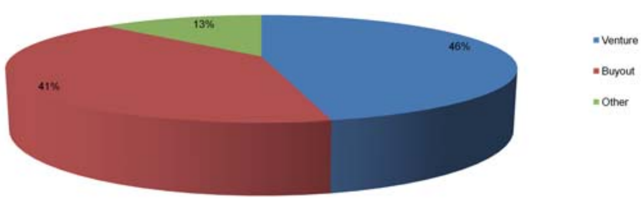


Fig. 5:

Percentage of UK Fund Managers Investing per Industry

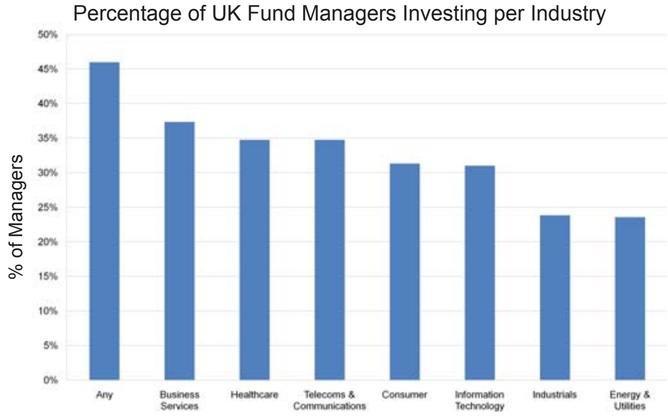


Fig. 6:

10 Largest GPs Located in the UK by Funds Raised in the Last 10 Years*

Firm Name	Head Office Location	Total Funds Raised Last 10 yrs (£ bn)
CVC Capital Partners	London	23.1
Apax Partners	London	18.6
Permira	London	12.3
3i	London	8.6
Charterhouse Capital Partners	London	8.1
Bridgepoint Capital	London	7.4
Cinven	London	7.3
BC Partners	London	6.7
Candover Partners	London	6.3
Terra Firma Capital Partners	London	4.9

*Does not include fund of funds or secondaries funds

Fig. 7:

Typical Investment Size per Company	
Venture	On average from GBP 2 million to GBP 20 million
Buyout	On average from GBP 20 million to GBP 110 million

Manuel Carvalho

Fundraising Spotlight:
Q2 2009 Fundraising Overview

Private equity fundraising shows signs of recovery with $80bn raised in Q2 2009. This represents a 25% increase on the $64bn raised in Q1 2009. However, fundraising remains a challenging prospect...

Putting the Results into Context

Fundraising in Q2 2009 represents a significant improvement from Q1 2009, with a total of 89 funds raising an aggregate $79.7bn. However, this is still short of the levels of fundraising experienced over recent years, and represents a return to levels last seen in 2005. As a caveat the Q2 2009 figures are likely to increase slightly as more data continues to feed through, but judging from Preqin's conversations with fund managers, the additional number is likely to be low.

10% Drop in Funds on the Road

As Fig. A shows, the number and aggregate target value of funds on the road has dropped significantly, down nearly 10% in terms of value between the start of Q2 2009 and the start of Q3 2009. This is evidence that there are significantly fewer new funds being launched, and that other managers are lowering their targets, with some managers abandoning their fundraising ambitions altogether. In 2009 to date there have been 30 confirmed cases of funds being abandoned, already matching the 30 which were abandoned in 2008 and more than doubling the 14 shelved funds in 2007.

Conditions for Managers Raising New Vehicles

The increase in capital raised

Fig. A:

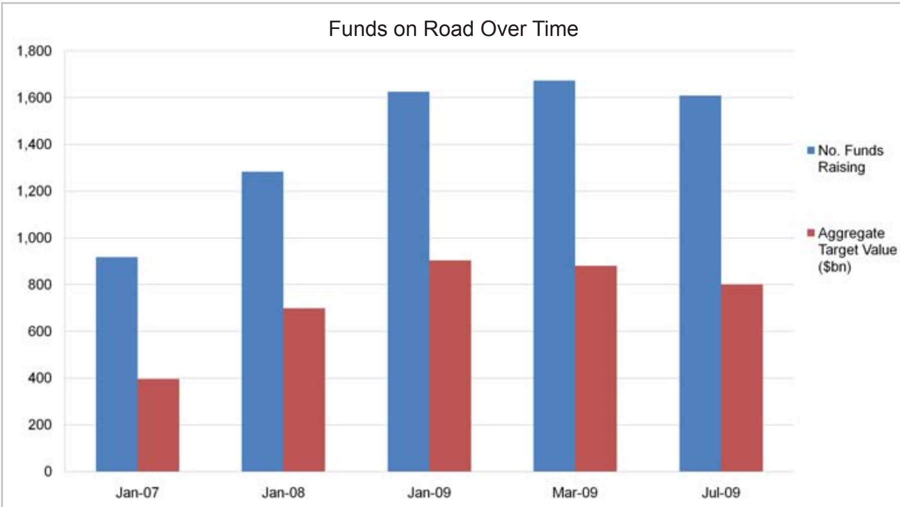
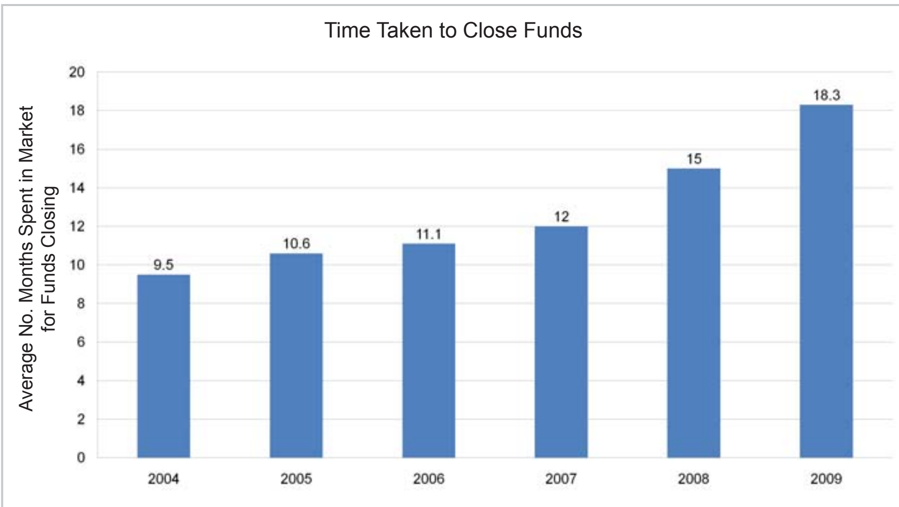


Fig. B:



Fundraising Spotlight:
Q2 2009 Fundraising Overview

indicates that investor appetite for new investments is increasing. In conjunction with the drop in the number of funds in market, this will go some way to improve conditions for fund managers with funds currently in market. However, conditions do remain extremely competitive, and fund managers should expect the fundraising process to take more time than it has done in previous years. As Fig. B shows, the average time taken for funds to close in 2009 is standing at 18.3 months, which represents a significant increase in comparison to the last few years.

Momentum in the Market: Interim Closes

Although the number of vehicles still in market that have already held an interim close has dropped slightly, there are still 710 vehicles currently in this position, with an aggregate capital target of $382bn, accounting for nearly half the funds on the road. With the average amount of time required to raise a private equity fund having increased by 53% over the past two years alone, it is unsurprising to see increasing numbers of fund managers holding an interim close on their vehicles so that they can start investing. It shows a good momentum in the private equity fundraising market, and we would expect a very high proportion of these funds to achieve a final close, near to their stated target amounts, over the next 18 months.

What does the Future Hold?

Private equity performance figures to the end of 2008 have recently become available, and confirm what many were predicting – that private equity funds would post negative returns, and that the big buyout funds would be the worst affected. However, although negative, private equity returns did not experience quite as dramatic a fall as the public markets, continuing the industry's long-standing history of being a top-performing asset class.

This has had both positive and negative impacts for those institutional investors that supply the capital for private equity funds. On the positive side, investors are generally still very keen to gain access to private equity. Our poll at the start of 2009 indicated that only 4% of investors were looking to decrease their allocation to private equity in the long term, while 67% would be maintaining, and 29% increasing their exposure as a proportion of their total assets. This positive sentiment towards private equity remains strong, and many investors are optimistic about the potential future returns for new funds able to take advantage of favorable valuations in the current market.

On the negative side, many investors are still suffering from the denominator effect, and many have concerns regarding future capital call-ups. Many investors currently have or are expecting to have more capital sitting in existing private equity investments than they would have originally anticipated, and this is especially a problem for those investors with over-commitment strategies.

As a result, the level of capital available to invest in private equity funds has fallen, and many investors are not currently able to invest at all, and those that are will be committing less capital than in previous years in order to reach their target allocation. Recent revaluations of private equity fund holdings have helped some investors to better understand their position, and as the global economy stabilizes we expect more investors to return to the fundraising market in order to pick up new investments.

We expect private equity fundraising to continue to grow over the course of 2009, although it may still be some time before the levels that we experienced in recent years are seen again.

Tim Friedman

How does Preqin collect the data?

In addition to continually monitoring filings, news and press releases, Preqin maintains contact with all private equity fund managers with a vehicle in market, regularly calling and emailing to receive status updates. In the week leading up to the end of Q2, Preqin directly contacted the managers of the 1,609 funds in market to enquire as to their fundraising status, and importantly whether they had already, or were planning to hold a final close in Q2 2009.

Global Fundraising Update Q2 2009: Overall Results

During Q2 2009 89 private equity funds completed a final close, raising aggregate commitments of $79.7bn. This is a 25% increase in capital commitments from the $63.7bn raised by 120 funds in the first quarter of 2009. The figures are less favourable when compared with the $142.9bn that was raised by 238 funds in Q4 2008. Similarly, this quarter's $79.7bn is a 59% decrease from the $194.5bn that was raised at the conclusion of Q2 2008.

Fig. 2 illustrates the final close activity of different types of fund during Q2 2009. Buyout funds raised the largest amount of capital during this period, with $30.1bn garnered from 17 funds, an 11% increase from the $27.1bn raised by 26 buyout funds in Q1 2009. The largest buyout fund to reach a final close in this period was KKR European Fund III, a €6bn fund that closed in April 2009.

Natural resources funds raised the second highest amount of capital during Q2 2009, with three funds responsible for $15.8bn in aggregate capital commitments. Q1 2009 saw one natural resources fund close with $7 million in capital. First Reserve Fund XII was chiefly responsible for the Q2 2009 total, closing with $9bn in committed capital in April 2009, $3bn short of the target set by the Greenwich-based First Reserve Corporation.

Funds of funds and secondary funds of funds raised $8.4bn each during the quarter, with funds of funds doing so through 17 final closes and secondaries funds through just two: the $5.5bn GS Vintage Fund V, the largest secondaries fund ever raised, and the $2.9bn Dover Street VII, which is managed by HarbourVest Partners.

Fig. 1:

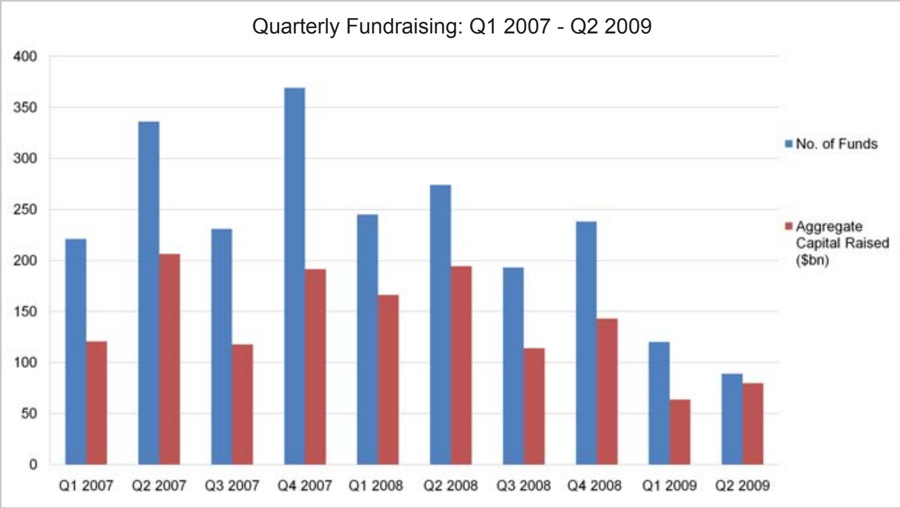
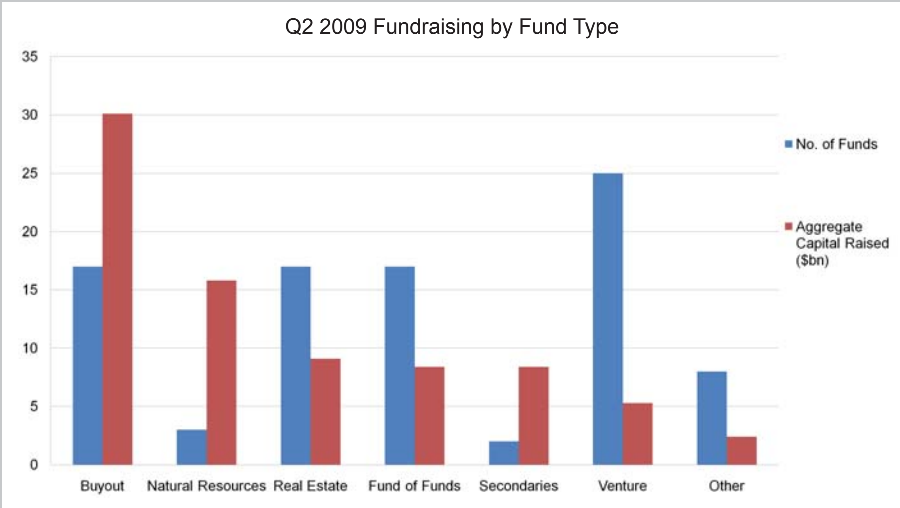


Fig. 2:

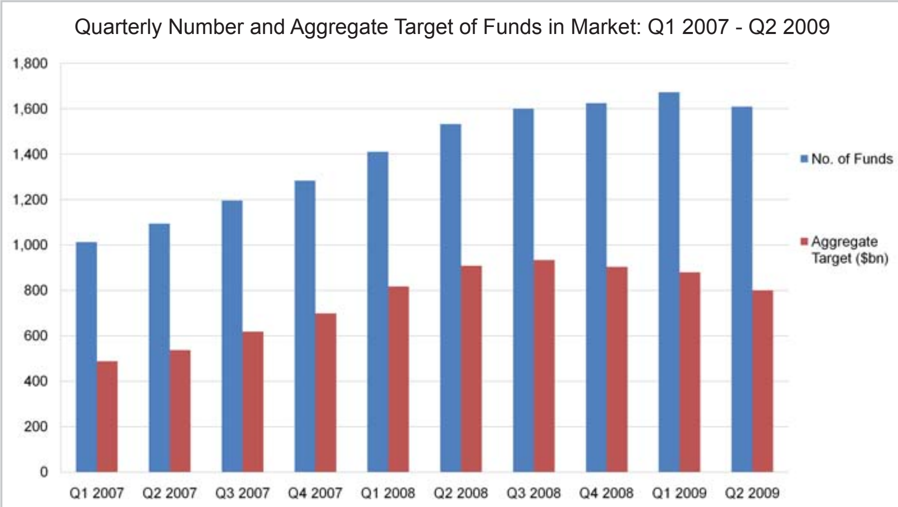


Venture funds were once again the most popular fund type in Q2 2009, with 25 funds raising a total of $5.3bn, a 28% decrease on the $7.4bn raised in Q1 2009.

Global Fundraising Update Q2 2009:
Funds in Market

There are currently 1609 private equity funds in the fundraising market, 64 fewer than recorded in Q1 2009, but 76 more than were on the road at the same point in 2008. The aggregate target capital being sought by funds currently in market stands at $801.1bn, which is a decrease of 9% from the $879.7bn being sought in Q1 2009. This is the third successive quarter in which we have seen a decrease in the aggregate capital sought.

Fig. 3:



Significantly, Q2 2009 is the first quarter in which a decrease in the number of funds in market has been recorded. The private equity industry has been seeking less in aggregate capital since the latter half of 2008, however only now is the number of funds seeking investment beginning to decline. This trend is characterised by the considerable number of general partners who are either postponing fundraising efforts or abandoning funds altogether as a result of lack of investor appetite. Additionally, the average size of funds on the road continues to decrease. In Q2 2009, the average fund size was $497mn, a 5% decrease from Q1 2009, when the average fund size stood at $526mn.

There are 19 funds in market targeting $5bn or more in capital commitments as of Q2 2009. These 19 funds account for 17% of the total capital sought by funds currently on the road. There are four funds targeting $10bn or more, the largest of which is Blackstone Capital Partners VI, which is looking to secure $15bn.

Consistent with previous quarterly statistics, funds focused on North America dominate funds currently in market, with both the most funds on the road, and the largest share of the aggregate target. As of Q2 2009, there are 758 North America focused funds on the road looking to raise a total of $440.8bn in capital commitments, 55% of all capital sought by funds worldwide.

Fig. 4 also shows how Asia and Rest of World makes up the next largest group, with $180.6bn being targeted by 457

Fig. 4:

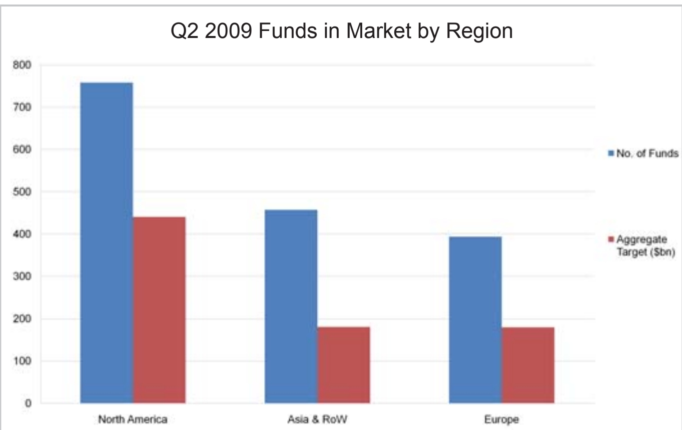
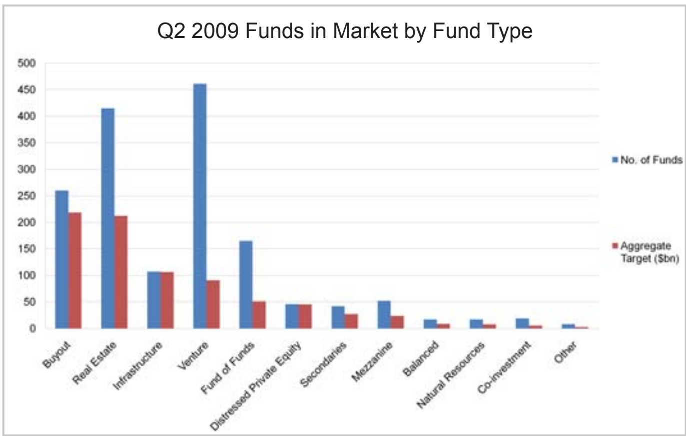


Fig. 5:



Global Fundraising Update Q2 2009: Funds in Market

funds, $1bn more than is being targeted by the 394 European focused funds currently in market. These figures account for 23% and 22% respectively of the global aggregate capital being sought.

Fig. 5 illustrates that buyout funds in market are targeting the largest amount of aggregate capital as of Q2 2009, with $218.7bn being sought by 260 funds. Buyout funds account for 27% of capital being sought by funds currently on the road. In terms of aggregate target capital, real estate funds are the next largest fund type in market, with 415 funds searching for $212.3bn. Venture funds remain the most numerous, with 461 such funds currently in market looking to secure a combined total of $91bn in commitments, 11% of the total capital sought by all fund types on the road in Q2 2009.

Fig. 6:

Largest Buyout Funds on the Road

Fund	Manager	Target Size	GP Location
Blackstone Capital Partners VI	Blackstone Group	15,000.0 USD	US
Hellman & Friedman VII	Hellman & Friedman	10,000.0 USD	US
KKR Fund 2009	Kohlberg Kravis Roberts	8,000.0 USD	US
Candover 2008	Candover Partners	5,000.0 EUR	UK
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	7,500.0 USD	US
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	6,000.0 USD	US
Merrill Lynch Global Private Equity	Merrill Lynch Global Private Equity	6,000.0 USD	US
Morgan Stanley Capital Partners V	Morgan Stanley Private Equity	6,000.0 USD	US
FourWinds Capital II	FourWinds Capital	3,000.0 EUR	UK
Abraaj Buyout Fund IV	Abraaj Capital	4,000.0 USD	United Arab Emirates

Fig. 7:

Largest Real Estate Funds on the Road

Fund	Manager	Target Size	GP Location
Lone Star Fund VII	Lone Star Funds	10,000.0 USD	US
Lone Star Real Estate Fund II	Lone Star Funds	10,000.0 USD	US
Beacon Capital Strategic Partners VI	Beacon Capital Partners	6,000.0 USD	US
Fortress Investment Fund VI	Fortress Investment Group	6,000.0 USD	US
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	6,000.0 USD	US

Fig. 8:

Largest Venture Funds on the Road

Fund	Manager	Target Size	GP Location
Cyrte Investments TMT Fund	Cyrte Investments	3,000.0 EUR	Netherlands
New Enterprise Associates XIII	New Enterprise Associates	2,500.0 USD	US
China-Singapore Hi-tech Industrial Investment Fund	China-Singapore Suzhou Industrial Park	1,330.0 USD	China
Riverwood Capital I	Riverwood Capital	1,250.0 USD	US
Millennium Private Equity Media & Telecommunication	Millennium Private Equity	1,000.0 USD	United Arab Emirates

Global Fundraising Update Q2 2009:
Regional Fundraising

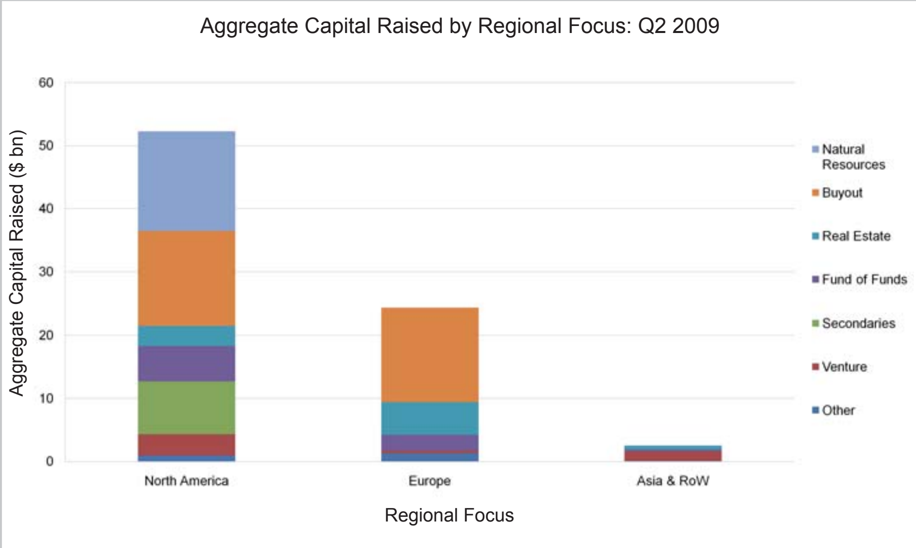
During Q2 2009 a total of 89 private equity funds achieved a final close, 57% of which were North America focused. These 51 funds accounted for 66% of the aggregate capital raised during the quarter, which shows the region's continued dominance of the private equity industry. Funds focusing on Europe accounted for 31% of aggregate capital raised globally, while Asia and Rest of World focused funds accounted for 3% during Q2 2009.

North America focused funds posted an increase in aggregate capital in Q2 2009 compared with the previous quarter, with the $52.3bn raised measuring a 54% increase on the $33.9bn raised by 60 funds in Q1 2009. However, the results from Q2 2009 showed a 52% decrease on the $109.7bn that was raised by 125 North America focused funds in the corresponding quarter in 2008.

Europe focused fundraising has been consistent throughout 2009 so far. 23 such funds attracted $24.7bn in capital commitments during Q2 2009, which was a only slightly less than the $24.8bn that was garnered by 32 European focused funds in Q1 2009.

Asia and Rest of World is the only region to experience a significant drop in both the number of, and capital raised by, private equity funds focused on the region. Q2 2009 saw another drop compared with the previous quarter, with 15 funds managing to raise $2.5bn between them, a 49% decrease on the $4.9bn raised by 28 funds in the previous quarter.

Fig. 9:



North America

Natural resources funds focusing on North America attracted $15.8bn across three funds during Q2 2009, accounting for 30% of all capital commitments in the region for the quarter. Buyout and secondaries funds raised the second and third highest amount of capital of all North America focused funds in Q2 2009, with $15bn raised by 11 funds, and $8.4bn by two funds respectively. Funds of funds also made a significant contribution of 12% to the capital raised by North America focused funds during the quarter, raising $5.6bn from nine funds.

Europe

Europe focused buyout funds had a successful second quarter in 2009, contributing 60% of all capital raised by Europe focused funds in Q2 2009, and equalling the $15bn raised by North America focused buyout funds, but from five fewer funds. The €6bn KKR European Fund III and €4bn Charterhouse Capital Partners IX were the significant contributors. Real estate funds contributed 21% of the total aggregate capital raised by European focused funds, with five real estate funds focusing on the region attracting $5.2bn in capital commitments.

Asia and Rest of World

Q2 2009 saw no Asia and Rest of World focused buyout funds reach a final close in what is traditionally a strong sector for the region. Venture funds represented the largest proportion of capital raised in the region, with seven funds raising $1.5bn in aggregate capital, 40% of all capital raised.

Global Fundraising Update Q2 2009: Buyout

Fig. 10:

Buyout Fundrasing by Quarter Q1 2007: Q2 2009

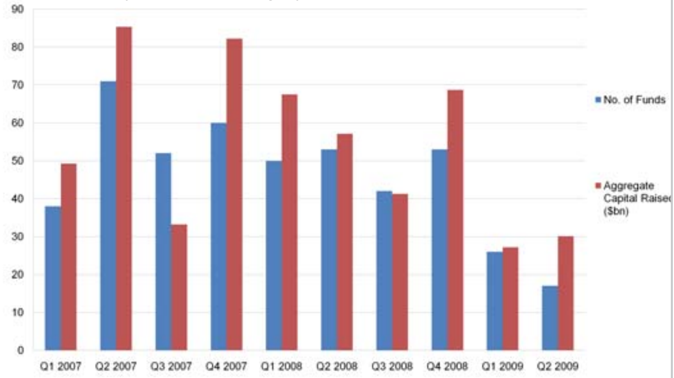
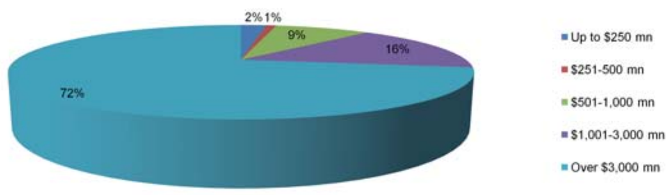


Fig. 11:

Breakdown of Aggregate Commitments to Buyout Funds by Fund Size



In Q2 2009 17 buyout funds raised a total of $30.1bn in aggregate commitments, fewer funds than in the first quarter of the year, but a larger aggregate total. Specifically, aggregate commitments of $30.1bn were 11% more than the aggregate raised in Q1. Still, the figure is 56% lower than the $68.3bn raised in Q4 2008. These results show that the pace of recovery is still uncertain and the fundraising market for buyout vehicles continues to be difficult.

The average size of buyout funds closed in Q2 2009 is $1.8bn, which is significantly larger than the equivalent figures of $1bn and $1.3bn for Q1 2009 and Q4 2008 respectively.

72% of the capital raised by buyout funds in Q2 2009 was raised by four funds with targets above $3bn, while 16% of committed capital was attracted by vehicles between $1bn and $3bn in size.

The largest buyout fund raised in Q2 2009 was KKR European Fund III, which attracted total commitments of €6bn. The fund invests in companies located in Europe that operate in a variety of sectors including healthcare, consumer products, retail and manufacturing. Notable investors in the fund were California Public Employees' Retirement System (CalPERS), Oregon Public Employees' Retirement Fund and Oregon State Treasury.

Charterhouse Capital Partners IX also reached a final close in Q2 2009. The fund attracted €4bn in capital commitments from investors such as Florida State Board of Administration, Los Angeles City Employees' Retirement System and University of Michigan Endowment. It invests in Western European companies that operate in the consumer products, transportation, engineering, chemicals and leisure industries.

Fig. 12:

Largest Buyout Funds Closed in Q2 2009

Fund	Manager	Target Size	Fund Focus
KKR European Fund III	Kohlberg Kravis Roberts	6,000.0 EUR	Europe
Charterhouse Capital Partners IX	Charterhouse Capital Partners	4,000.0 EUR	Europe
Lindsay Goldberg - Fund III	Lindsay Goldberg	4,700.0 USD	US
Welsh Carson Anderson & Stowe XI	Welsh, Carson, Anderson & Stowe	3,700.0 USD	US
Mount Kellett Fund I	Mount Kellett Capital Management	2,500.0 USD	US
2008 Riverside Capital Appreciation Fund V	Riverside Company	1,170.0 USD	US
Great Hill Equity Partners IV	Great Hill Partners	1,133.0 USD	US
Wind Point Partners VII	Wind Point Partners	915.0 USD	US
Silverfleet Capital Partners Fund	Silverfleet Capital	665.0 EUR	Europe
AnaCap Financial Partners Fund II	AnaCap Financial Partners	575.0 EUR	Europe

Global Fundraising Update Q2 2009: Venture

Fig. 13:

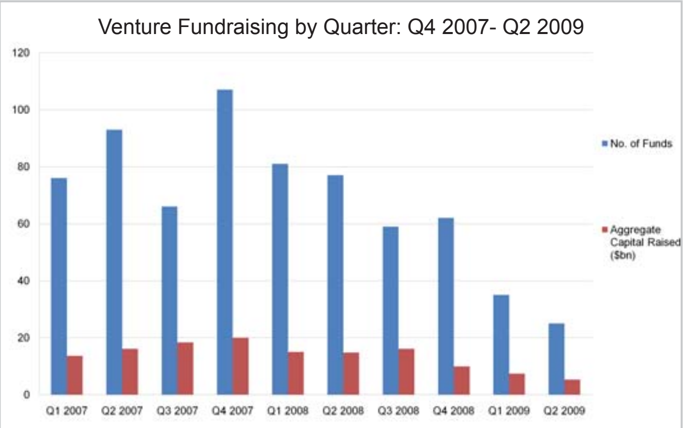


Fig. 14:

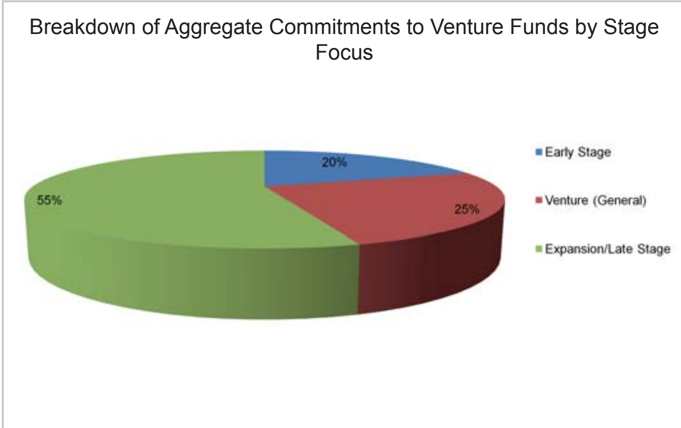


Fig. 13 shows the continuing decline in venture capital fundraising from the high point experienced at the end of 2007. During Q2 2009, 25 venture funds which aggregated $5.3bn in capital commitments completed fundraising. This is a 28% decrease on the $7.4bn raised by 35 venture funds that concluded fundraising in the preceding quarter of 2009. Comparing this quarter's figures with those from the corresponding quarter in 2008 reveals the scale of contraction in venture fundraising over the past 12 months. Fundraising for venture funds during Q2 2009 measured a 66% decrease from the amount of capital attracted during the same quarter in 2008, when 77 funds closed with $14.8bn of capital to invest.

Fig. 14 shows that 55% of all capital raised by venture funds during Q2 2009, was committed to expansion or late stage funds, which together collected $2.9bn in capital commitments in the three-month period to the end of June 2009. Venture funds with no specified stage preference contributed 25% of the total capital raised with $1.3bn, while early stage funds raised $1bn, 20% of all venture commitments.

Pine Brook Road Partners I is the largest venture fund to have reached a final close between April and June 2009. The $1.43bn fund is the debut fund managed by New York-based Pine Brook Road Partners. It looks to provide growth capital to US energy and financial services businesses that are seeking to expand. The fund's limited partners include Macquarie Funds Group, Natixis Caspian Private Equity, New York State Teachers' Retirement System and Teachers' Retirement System of the State of Illinois. Fundraising was concluded at the beginning of April 2009, with Lazard Private Fund Advisor Group having acted as the fund's placement agent.

Carlyle Group also completed the close of its expansion fund Carlyle Asia Growth Partners IV during Q2 2009. The $1bn fund looks to invest in high-growth companies in India, Japan, China and South Korea. California Public Employees' Retirement System (CalPERS) is among the investors in the fund.

Fig. 15:

Largest Venture Funds Closed in Q2 2009

Fund	Manager	Target Size	Fund Focus
Pine Brook Road Partners I	Pine Brook Road Partners	1,400.0 USD	US
Carlyle Asia Growth Partners IV	Carlyle Group	1,040.0 USD	ROW
NGP Energy Technology Partners II	NGP Energy Capital Management	348.0 USD	US
Trinity Ventures X	Trinity Ventures	300.0 USD	US
Andreessen Horowitz Fund I	Andreessen Horowitz	300.0 USD	US
Softbank China Venture Capital III	SB China Venture Capital	2,000.0 CNY	ROW
BlueRun Ventures IV	BlueRun Ventures	250.0 USD	US
Constellation Ventures III	Constellation Growth Capital	200.0 USD	US
GRP III	GRP Partners	192.0 USD	US
CapMan Russia Fund	CapMan Capital Management	118.1 EUR	Europe

Global Fundraising Update Q2 2009:
Fund of Funds

Fig. 16:

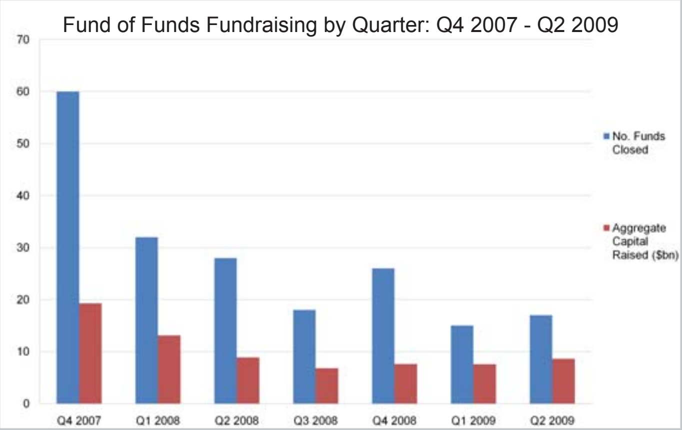
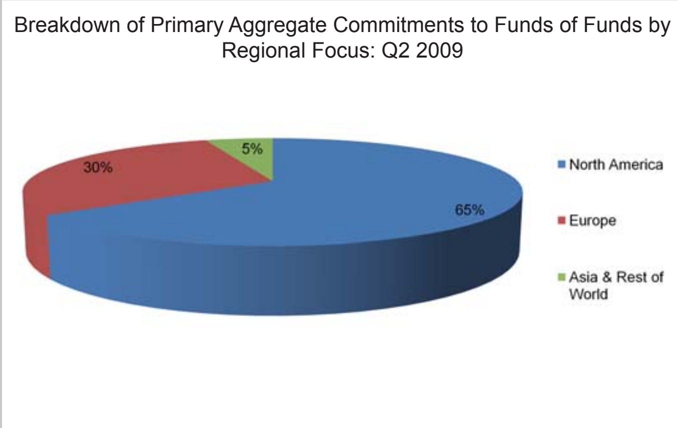


Fig. 17:



In Q2 2009, fundraising for funds of funds started to pick up with regards to the aggregate capital raised. After having raised $7.6bn in the two preceding quarters, fund of funds vehicles manage to raise an aggregate of $8.6bn in Q2 2009. This is almost equivalent to the $8.9bn raised in the same quarter last year. In terms of the number of funds closed, Q2 2009 saw 17 funds of funds reaching a final close, showing a slight increase from the 15 funds closed during the previous quarter. However, compared to Q2 2008, in which 28 funds of funds held a final close, Q2 2009 displays a 39% drop.

65% of the aggregate commitments raised by funds of funds in Q2 2009 were made to vehicles with a primary focus on North America. That represents the majority of commitments, but is still a significant decrease from the previous quarter, when North America focused funds of funds secured 87% of aggregate commitments. Europe focused funds of funds have consequently increased their share of aggregate commitments raised compared to Q1 2009, going from securing 5% of the total in first quarter 2009 to 30% in the second quarter of 2009. Funds of funds targeting Asia and Rest of World saw a small drop in their share of aggregate commitments raised, receiving 5% in Q2 2009, having secured 8% in the first quarter of the year.

The largest fund of funds to reach a final close during Q2 2009 was Adams Street 2009 Global Opportunities Portfolio. The vehicle closed in May just below its original target of $2bn, having raised $1.95bn in commitments. It is set to commit capital to fund managers that have already received investments from previous vehicles in Adams Street's annual fund of funds program. Adams Street 2009 Global Opportunities Portfolio is seeking to commit 50-60% of its capital to buyout funds, 25-30% to venture funds and 15-20% to a mixture of other fund types in order to provide extra diversification.

Other funds of funds to hold a final close in the second quarter of 2009 include the vehicles in Wilshire Private Markets Fund VIII series, which closed in late April. The Fund VIII series is comprised of three vehicles: Fund VIII US, Fund VIII Europe and Fund VIII Asia. Fund VIII US closed with $250mn in commitments, Fund VIII Europe raised $180mn, and the Asia focused vehicle held a final close on $101mn. All three of the funds follow a similar strategy, being heavily buyout weighted but also making commitments to venture funds. They will also allocate up to 30% to opportunistic investments such as secondary fund purchases and co-investments.

Fig. 18:

Largest Fund of Funds Closed in Q2 2009

Fund	Manager	Target Size	Fund Focus
Adams Street 2009 Global Opportunities Portfolio	Adams Street Partners	1,950.0 USD	US
Abbott Capital Private Equity Fund VI	Abbott Capital Management	1,000.0 USD	US
BlackRock Diversified Private Equity Program IV	BlackRock Alternative Advisors	790.0 USD	US
Performance Venture Capital II	Performance Equity Management	683.0 USD	US
European Strategic Partners 2008	SL Capital Partners	613.6 EUR	Europe
Kayne Anderson Energy Fund V	Kayne Anderson Capital Advisors	820 USD	US

Global Fundraising Update Q2 2009: Other Types of Funds

As shown in Fig. 19, the largest natural resources fund to reach a final close during Q2 2009 was First Reserve Fund XII, a $9bn fund that aims to make controlling equity investments in well positioned energy companies with enterprise values up to $10bn. The fund closed shy of its $12bn target. C.P. Eaton Partners and Park Hill Group served as placement agents and were used throughout the whole fundraising process. Simpson Thacher & Bartlett was the law firm used for the formation of the fund.

The second largest natural resources fund, Riverstone/Carlyle Global Energy and Power Fund IV, closed in Q2 2009 with $6bn in capital commitments. The fund was jointly raised by Carlyle Group and Riverstone Holdings, and is managed by the latter. New York-based Riverstone specialises in the energy and power sectors. Investors in the fund include Fort Washington Capital Partners, New Mexico Public Employees' Retirement Association and New York State Teachers' Retirement System.

The two largest secondaries funds to close in Q2 2009 were GS Vintage Fund V, raised by Goldman Sachs Private Equity Group, and Dover Street VII, raised by HarbourVest Partners. GS Vintage Fund V closed on $5.5bn, making it the largest secondaries fund raised to date.

Q2 2009 also saw Alcentra Group's second mezzanine fund reach its final close. Alcentra Mezzanine II secured €800mn and will target investments in any industry in Western Europe and the Nordic region. Credit Suisse served as the placement agent for the fund.

Kayne Anderson Energy Fund V, an $820mn fund raised by California-based Kayne Anderson Capital Advisors, also closed in Q2 2009. The fund invests in high-growth exploration and production, midstream and oilfield service companies in North America. Notable investors in the fund are New Mexico Public Employees' Retirement Association and San Diego County Employees' Retirement Association.

Fig. 19:

Largest Funds of Other Types Closed in Q2 2009

Fund	Manager	Fund Type	Target Size	Fund Focus
First Reserve Fund XII	First Reserve Corporation	Natural Resources	9,000 USD	US
Riverstone/Carlyle Global Energy and Power Fund IV	Riverstone Holdings	Natural Resources	6,000 USD	US
GS Vintage Fund V	Goldman Sachs Private Equity Group	Secondaries	5,500 USD	US
Dover Street VII	HarbourVest Partners	Secondaries	2,900 USD	US
Alcentra Mezzanine II	Alcentra Group	Mezzanine	800 EUR	Europe
Kayne Anderson Energy Fund V	Kayne Anderson Capital Advisors	Natural Resources	820 USD	US

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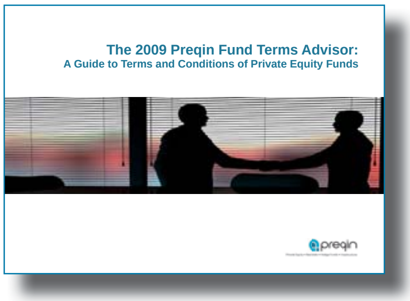

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Investor Spotlight: Pension Fund Performance

Pension funds represent an important and prevalent type of institutional investor in the private equity universe, with Preqin's Investor Intelligence database of LP profiles listing 527 public pension funds and 615 private sector plans. With aggregate assets of more than $9 trillion, and an average allocation to private equity of approximately 5% of assets under management, it is clear that these investors offer a significant source of capital for fund managers.

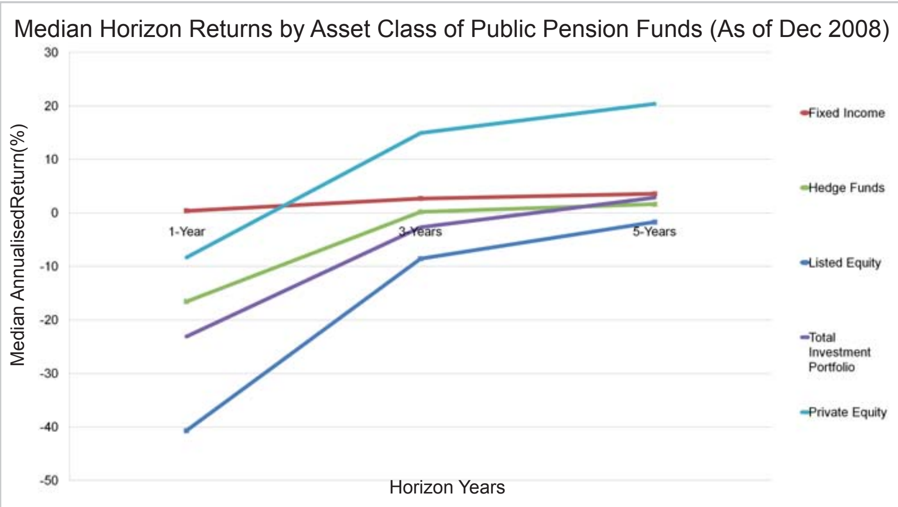
Private equity has become an increasingly important aspect of pension fund investment portfolios over the past 10 years, with institutions being attracted by the opportunity to enhance the diversity of their investments, and by the potential for significant returns over a sustained period of time.

Private Equity vs. Other Asset Classes

As well as maintaining frequent contact with investors, Preqin's analysts regularly review the financial reports and accounts of public pension funds around the world, collecting a range of investment data. From this work, we are able to compare the returns generated by pension funds' investments in various asset classes, including private equity, hedge funds, fixed income and equities. We can also compare these individual asset class returns to the overall return generated by pension plans' investment portfolios.

Fig. 1 maps the median net returns generated by public pension funds' investments on a time horizon of one, three and five years, with the chart clearly showing that private equity has consistently been one of the best performing asset classes. While difficult financial and economic conditions led to negative investment returns across the board during 2008,

Fig. 1:



Investor Spotlight: Pension Fund Performance

the results show that private equity performance continued to exceed the returns achieved by most other asset classes.

City of Zurich Pension Fund is an example of an investor whose private equity portfolio performance was markedly superior to that of its overall portfolio. With one-year returns of -6.7%, the public pension plan's diverse private equity portfolio, comprising stakes in buyout, venture capital, mezzanine and fund of funds vehicles, fared somewhat better than its overall portfolio, which returned -18.3% in 2008.

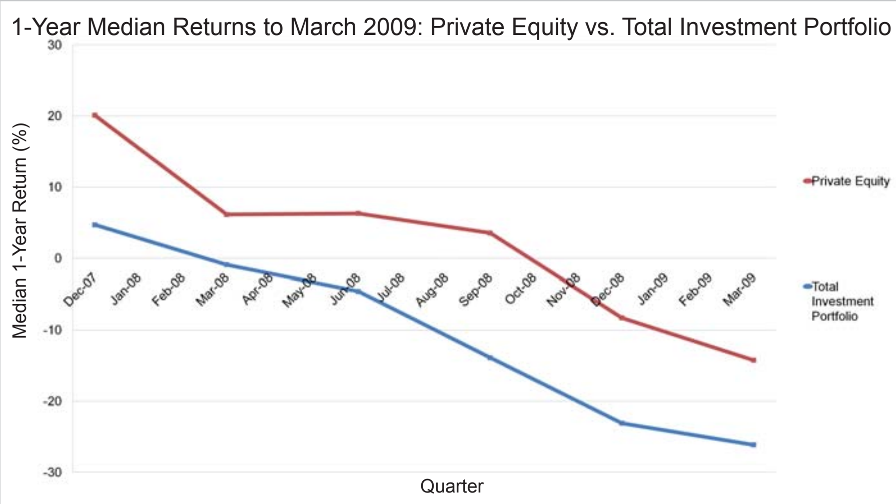
The performance of its private equity investments indicates that City of Zurich Pension Fund will maintain its level of activity in the asset class, which has seen it seek to commit approximately CHF 200 million ($186 million) across 5-10 funds on an annual basis. Indeed, the CHF 14.5 billion ($13.5 billion) pension fund intends to preserve its private equity commitment pace and diversification strategy by investing on a global scale through both new and existing relationships with fund managers over the next 12 months.

Long-Term Perspective

Fixed income was the only asset class to outperform private equity during 2008, with public equity markets in particular being inevitably affected by tumbling share prices. Fig. 1 shows that private equity performance significantly surpassed that generated by all other asset classes for the three- and five-year horizons. This reaffirms the long-term nature of the asset class and its ability to provide investors with significant returns in spite of economic fluctuations.

Ohio Public Employees' Retirement

Fig. 2:



Investor Spotlight: Pension Fund Performance

Fig. 3:

Sample Investor Returns	Date reported	Private Equity			Overall Portfolio		
		1-year	3-year	5-year	1-year	3-year	5-year
City of Zurich Pension Fund	Dec-08	-6.7	N/A	N/A	-18.3	N/A	N/A
Ohio Public Employees' Retirement System	Dec-08	-7.38	11.89	18.01	-27.15	-3	2.32
Pennsylvania Public School Employees' Retirement System	Dec-08	-3.23	18.21	20.39	-29.68	-1.88	3.88
New Mexico State Investment Council	Mar-09	-2.3	14.2	12.7	N/A	N/A	N/A
Municipal Employees' Retirement System of Michigan	Mar-09	-5.95	8.1	7.89	-6.00	-5.93	0.54
Median Figures - Mar 09	Mar-09	-14.25	6.985	12.7	-26.15	-5.93	0.775
Median Figures - Dec 08	Dec-08	-7.79	15.96	21.395	-23.6	-2.66	2.935

System (OPERS), which has reported positive but slightly below-median three- and five-year returns, is an example of a public pension fund that seeks to commit capital to private equity as part of a sustained investment strategy. The $57 billion system, which made its initial investments in the asset class through its Defined Benefit Fund in 2001, recently started to add to its private equity portfolio following the introduction of a private equity allocation in its Health Care Fund in 2008.

In order to reach its target allocations, OPERS plans to make commitments totalling approximately $1 billion across 11-17 funds this year. While the bulk of this is expected to be invested in US buyout funds (to which it typically commits $40-200 million), the system is also seeking venture capital ($40-80 million), special situations and fund of funds (both $40-100 million) opportunities, and will consider investing up to $460 million in international vehicles. Though it is dependent on market opportunities and conditions, the retirement system anticipates conducting a similar level of activity during each of the next couple of years – confirming its long-term commitment to private equity.

Private Equity vs. Overall Portfolio

By comparing the annualised one-year median returns for public pension funds' private equity and overall investment portfolios, it is clear that private equity returns consistently exceed the total return. This is demonstrated in Fig. 2, which charts returns reported between Q4 2007 and Q1 2009 and shows that, while both were significantly hit by the worldwide financial downturn in 2008, private equity always outperformed the overall return during this period.

It is worth noting that many pension funds calculate their returns using the latest available fund valuations, adjusting their calculations with the cash flow transactions of the period. This implies that returns as of March 2009 may be calculated using December 2008 valuations. Even if we take into consideration the one-quarter lag that is often present in the reporting of private equity performance data, the asset class still manages to stand up well against portfolio returns.

Pennsylvania Public School Employees' Retirement System is one investor whose private equity returns have outperformed its overall portfolio to a considerable extent. Surpassing the median performance for the period, the $45.4 billion public pension fund reported private equity one-year returns of -3.2% at the end of 2008, while its overall portfolio returned almost -30% in the same period – suggesting that the system's exposure to private equity helped to mitigate the effects of the credit crunch and prevented its overall performance from dropping further.

Preqin's Investor Intelligence database shows that the retirement system's buyout investments – which make up approximately 35% of its private equity portfolio – were the main drivers of this performance, with 54% of its buyout

Investor Spotlight: Pension Fund Performance

fund partnerships in the upper two performance quartiles.

Other Investors

The $11.5 billion New Mexico State Investment Council (SIC) is a non-cabinet level government agency that manages the state's funds for the benefit of its citizens; it resembles an endowment in that the majority of its distributions go towards education in New Mexico. In Q1 this year it reported that its private equity portfolio (returning -2.3%) had performed significantly better than the median (-14.25%) over the past year.

While it temporarily suspended its private equity activity earlier this year (following the suspension of advisor Aldus Equity) SIC's plans for 2009 are to commit $350 million to the asset class, with an emphasis on buyout opportunities.

This fund type currently represents approximately 40% of SIC's portfolio, while venture funds make up around 23%. With 31% of the general venture funds (not including early stage funds) in SIC's portfolio achieving top quartile performance figures, the council is also looking to maintain this strategy with $30 million worth of commitments expected to be made to such vehicles this year.

Joe Childs

Fig. 4:

Breakdown of Private Equity Portfolio by Fund Type	Buyout	Venture	Fund of funds	Mezzanine	Other
Ohio Public Employees' Retirement System	44%	7%	6%	-	43%
Pennsylvania Public School Employees' Retirement System	35%	5%	-	1%	59%
New Mexico State Investment Council	40%	23%	1%	7%	29%

Preqin's Investor Intelligence is the world's most comprehensive database of information on private equity LPs with detailed profiles for 4,500 LPs of all types globally. For more information or to register for a free trial, please visit: www.preqin.com/II

Conferences Spotlight: Forthcoming Events

Featured Conferences:

iGlobal Annual Institutional Investor Summit

Date: September 15th, 2009

Location: Emabssy Suites Hotel, New York

Sponsor: iGlobal Forum

The iGlobal Annual Institutional Investor Summit continues with a new format of senior level business education and discussion and networking conversation. Large pension funds, endowments and foundations will gather to discuss what has happened in the US and global economy and its relation to navigating investment decisions inside institutions. The event will offer real practical investment solutions delivered by a team of key institutional investors and select experts known for sound strategies and leadership inside their respective organizations.

Information: www.iglobalforum.com/iisummit

Capital Creation 2009

Date: 15-17 September 2009

Location: Le Meridien Beach Plaza, Monte Carlo, Monaco

Sponsor: WBR

Uncover the hard fact behind industry developments and trends the join the discussion to build a complete picture of key strategies for success in 2009. Meet over 270 LPs and GPs to find out what new strategies will ensure success in the post-recession world.

Information: www.wbresearch.com/capitalcreationeurope/home.aspx?cm_mmc=UK%20Affiliate-_-UK%20Listing-_-11718.003-_-Preqin

5th Global Forum on Investing in Distressed Debt

Date: September 22-23, 2009

Location: Millennium Broadway Hotel, NYC, NY

Sponsor: IQPC

At IQPC's 5th Global Forum on Investing in Distressed Debt, leading funds and investors in distressed debt will discuss the state of the market and cutting-edge strategies for successfully taking advantage of current conditions. Attendees will benefit from the wealth of information shared over two days of networking.

Information: www.distresseddebtforum.com

ICBI SuperReturn Middle East

Date: 11th-14th October 2009

Location: Grand Hyatt, Dubai

Sponsor: ICBI

Given unprecedented global uncertainty, the international and MENA region private equity market is facing challenges.

The most widely-praised private equity event brings you supreme insights to clarify the road ahead. You will benefit from the brain power of the cream of global industry heavyweights and share insights from regional leading companies

Information: www.superreturnme.com

CEE Private Equity Forum

Date: 5-6 November 2009

Location: Renaissance Chancery Court, London

Sponsor: C5

The time has come again for leading private equity professionals to get together for C5's CEE Private Equity Forum which continues to attract hundreds of participants since its inception in 1996. This key industry event covers an area of strong interest to institutional and private investors targeting positive returns in adverse conditions.

Information: www.ceeprivateequityforum.com/MR09

Conferences Spotlight: Forthcoming Events

Other Conferences:

CONFERENCE/EVENT	DATES	LOCATION	ORGANISER
Secondary Markets	23 July 2009	New York	Capital Roundtable
Distressed Investing Leaders Forum 2009	29 July 2009	New York	Golden Networking
2009 Investment Forum for Endowments, Foundations and Pension Funds	Sept 2009 (tbc)	New York	Argyle Executive Forum
Cleantech Forum XXIII	8 - 10 Sept 2009	Boston	Cleantech Group
Capital Creation 2009	15 - 17 Sept 2009	Monte Carlo	Worldwide Business Research
FundForum Latin America	15 - 17 Sept 2009	Sao Paulo	ICBI
Annual Institutional Investor Summit	15 Sept 2009	New York	iGlobal
Succeeding at Fundraising	16 Sept 2009	New York	Capital Roundtable
Private Equity Analyst Conference 2009	16 - 17 Sept 2009	New York	Dow Jones Events
SuperReturn Asia	21 - 24 Sept 2009	Hong Kong	ICBI
Investing in Distressed Debt	22 - 23 Sept 2009	New York	IQPC
7th Annual Alternative Investments Summit	22 - 23 Sept 2009	San Diego	IMN
Global Distressed Debt Investing	22 - 23 Sept 2009	New York	iGlobal
African Capital Markets	23 Sept 2009	London	IFR Conferences
Investment Forum for Endowments, Foundations and Pension Funds	24 Sept 2009	New York	Argyle Executive Forum
9th MedTech Investing Europe Conference	28 - 29 Sept 2009	London	Campden Conferences
Private Equity Tax Practices	01 Oct 2009	London	IIR
Cleantech Investment Forum 2009	7 - 9 Oct 2009	San Francisco	IIR
SuperReturn Middle East	11 - 14 Oct 2009	Dubai	ICBI
EVCA Venture Capital Forum	14 - 16 Oct 2009	Berlin	EVCA
Emerging Managers Summit South	15 - 16 Oct 2009	San Antonio	Opal Financial Group
European Alternative & Institutional Investing Summit	19 - 21 Oct 2009	Monte Carlo	Opal Financial Group
FundForum Middle East	19 - 22 Oct 2009	Bahrain	ICBI
Alternative Investment Summit Australia 2009	20 - 22 Oct 2009	Sydney	Terrapinn
European Leveraged Finance Conference	21 Oct 2009	London	SIFMA
Private Equity World Africa 2009	26 - 29 Oct 2009	Johannesburg	Terrapinn
The Emerging Markets Private Equity Forum 2009	3 - 4 Nov 2009	London	PEI Media
Limited Partners Summit West 2009	3 - 4 Nov 2009	San Mateo, CA	Dow Jones Events
14th CEE Private Equity Forum	5 - 6 Nov 2009	London	C5
9th Annual Super Investor	17 - 20 Nov 2009	Paris	ICBI

Investor Spotlight: LP News

Pomona Capital has closed its seventh dedicated secondaries fund on USD 1.3 billion.
Pomona Capital VII exceeded its fundraising target of USD 1 billion following substantial oversubscription despite the difficult economic climate. The fund will purchase interests in seasoned buyout and venture vehicles. LPs in the fund included European, US and Asian pension systems, endowments, family offices and foundations.

Indiana Public Employees' Retirement Fund (IPERF) has purchased private equity fund interests on the secondary market.
The USD 11 billion pension system acquired stakes in EnCap Energy Capital Fund V, EnCap Energy Capital Fund VI and EnCap Energy Capital Fund VII on the secondary market for a combined USD 10.8 million. The purchase follows the acquisition, earlier in 2009, of a position in Clarity Partners China. IPERF has become an opportunistic buyer of fund interests and opts for a diversified secondary market investment strategy.

Harvard Management Company (HMC) has sold its USD 150 million stake in Denham Commodity Partners Fund V.
Massachusetts Pension Reserves Investment Management Board purchased the interest in the fund, which closed on USD 2 billion in May 2008. The fund invests in power companies and assets, businesses that reduce carbon emissions, natural resources and energy infrastructure.

Danske Private Equity has wrapped up fundraising for its fourth and latest fund of funds, Danske-Private Equity IV.
The fund closed on EUR 605 million, just above its original target of EUR 600 million, and will invest in small- to mid-market buyout funds. Geographically, Danske-Private Equity IV focuses 50% of its capital on Western Europe and 50% on North America. The fund is looking to make around 15 fund investments in total, while typical commitments per fund will range between EUR 40 million and EUR 65 million in size.

Houston Firefighters' Relief and Retirement Fund (HFRRF) plans on committing USD 50–150 million to private equity funds over the next 12 months.
The USD 2.4 billion public pension plans on committing this amount to between three and six funds over the coming months. However, these commitments are heavily dependent on the state of the global economy and the effects it has on HFRRF's portfolio. HFRRF invests in a variety of fund types and regions, but does not look to invest in emerging markets. HFRRF has a target allocation of 12% to private equity and is currently slightly overcommitted to the asset class.

APK-Pensionskasse could make private equity commitments by the end of the year.
The EUR 2 billion pension fund has been planning to establish an allocation to the asset class for over a year, but unstable market conditions forced it to focus on more liquid investment strategies in recent months. APK is optimistic however that it will be able to commence investing in private equity vehicles by the end of 2009 or the start of 2010. Funds of funds are likely to be a primary focus. It expects that its initial allocation to the asset class will total approximately EUR 20 million, although this will depend on the performance of the markets and its other investment strategies during the remainder of the year.

BBC Pension Trust has placed its investments in private equity on hold for the rest of 2009.
The pension fund has found itself technically overallocated to alternatives as a result of additional commitments made in recent months and the denominator effect. It is scheduled to carry out an asset-liability study in Q1 2010 and is likely to recommence investment in the asset class following this review.

Despite placing investments in other asset classes on hold, Württembergische Versicherungen will make further investments in private equity in 2009.
The insurance company has already made two commitments so far this year, and is looking to make a further seven to eight during 2009. It is particularly interested in distressed debt and secondaries at present. It has previously invested in a distressed debt focused fund of funds, and will either invest in additional distressed debt focused fund of funds vehicles or will make direct commitments to distressed debt funds. It will also look to gain exposure to the secondary market via commitments to secondaries funds. It expects some of these commitments to be made to vehicles managed by firms with which it has not invested previously.

Los Angeles Fire and Police Pension System (LAFPP) has received approval from its board for the purchase of a fund interest on the secondary market.
The USD 11 billion public pension fund will increase its position within Giza Venture Fund IV, an early stage venture fund which closed in 2005 on USD 213 million, with the purchase of a stake of up to USD 10 million. LAFPP initially committed USD 5 million to the fund managed by Giza Venture Capital, which has yet to confirm the exact size of the purchase. Stepstone Group acted as an intermediary throughout the transaction process.

Kerry Pogue

Each month Spotlight provides a selection of the recent news on institutional investors in private equity.
More news and updates are available online for Investor Intelligence subscribers.
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