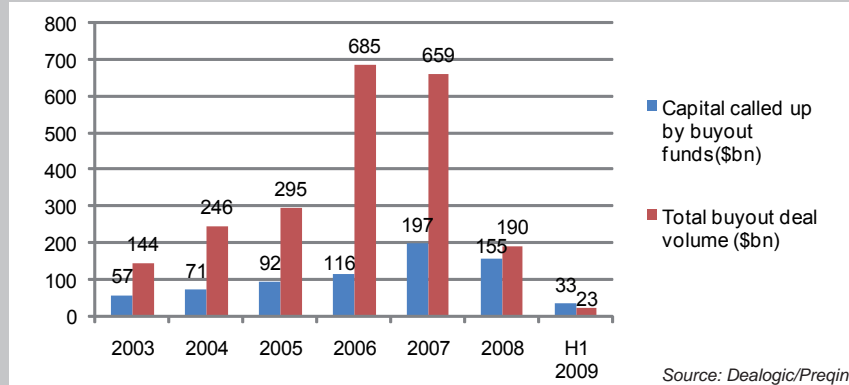


# Preqin Research Report

## Performance of Mega, Large, Mid and Small Buyout Funds

**Fig. 1: Amount of Capital Called up by Private Equity Firms and Total Deal Volume by Year: 2003 – 2009 (First Half)**



**Fig. 2: Buyout Fund Horizon IRRs by Size as at 30 June 2009**

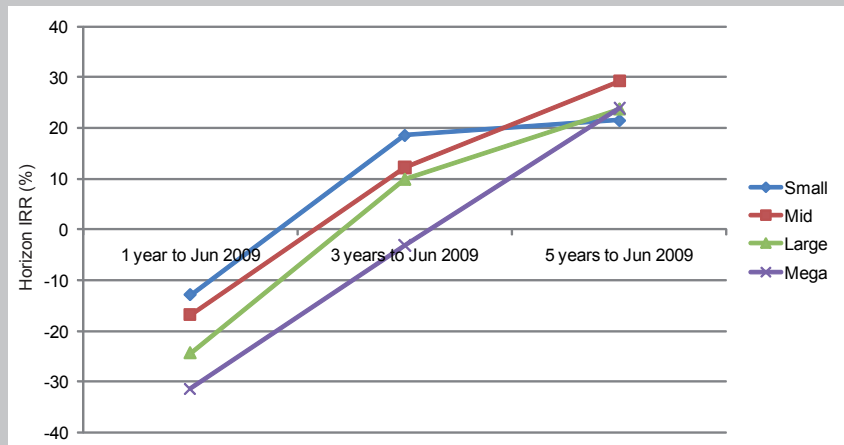


Fig. 1 shows the amount of capital called up by private equity firms from their investors during the course of each year, and the total deal volume by year, for 2003 – H1 2009 (deal volume data provided by Dealogic for years 2003 - 2008). The graph suggests that use of leverage was at its highest in 2006, while in H1 2009 firms were spending capital on existing portfolio investments, causing the called-up figure to be higher than the deal volume figure.

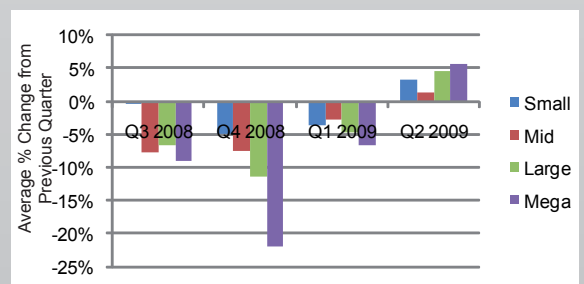
The five-year returns of buyout funds to June 2009 in all size groups are strong, with IRRs of over 20% for most groups, rising to nearly 30% for mid-market buyout funds, as shown in Fig. 2. The spread of three-year returns amongst the different size groups is much more pronounced, with mega buyout funds posting a negative IRR while small buyout funds show positive returns of 18.6%. One-year returns for all groups of buyout funds to June 2009 are negative, with mega buyout funds again the worst performers, with -31.4%, and small buyout funds again were relatively less impacted, with -12.9% IRR.

Fig. 3 shows the percentage change in net asset value from the previous quarter of buyout funds in each size group. Having posted the largest quarter-on-quarter declines in NAV in each of the three previous quarters, mega buyout funds posted the largest percentage gain for Q2 2009 at 5.7%, while large buyout funds posted an increase of 4.5% from Q1 NAV.

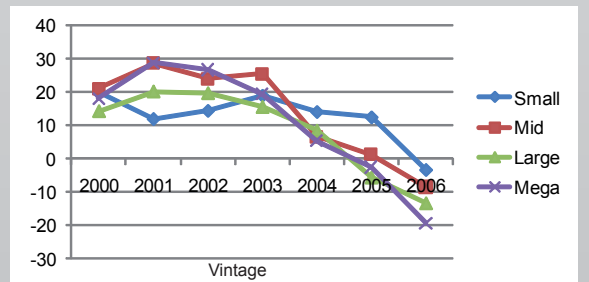
Fig. 4 shows median IRRs for each buyout fund size group by vintage year, confirming that small buyout funds have been the best performers for the most recent vintages shown. For vintages prior to 2004, mega and mid-market funds have generally performed the best.

In 2009, 84 buyout funds raised an aggregate \$102.2bn, down from the 213 funds that raised an aggregate \$233bn in 2008. Six mega buyout funds closed in the year, raising a total of \$46bn, much less than the \$113bn raised by 11 mega funds in 2008. Just over half of all buyout funds closed in 2009 were in the smallest fund size range of less than \$500mn, but they represented only about 10% of the aggregate committed capital.

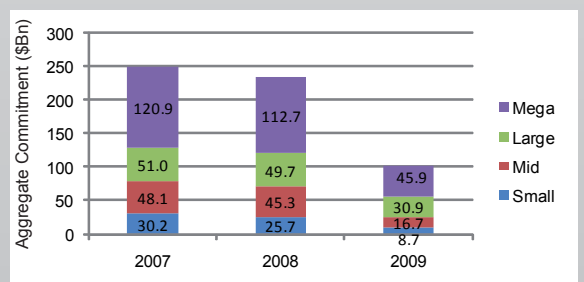
**Fig. 3: Change in NAV by Buyout Fund Size**



**Fig. 4: Median IRR by Buyout Fund Size as at 30 June 2009**



**Fig. 5: Buyout Funds Raised by Fund Size: 2007 – 2009**



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Definition used for Mega; Large; Mid; Small Buyout:

	Small	Mid	Large	Mega
Vintage 97-04	≤ \$300mn	\$301-750mn	\$751-2,000mn	> \$2,000mn
Vintage 05-08	≤ \$500mn	\$501-1,500mn	\$1,501-4,500mn	> \$4,500mn