

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 Limited Partner Universe.

Preqin's Predictions for 2009

Feature Article

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Private Equity in 2009: Preqin's Ten Predictions
The global private equity industry is certainly facing some challenging times. However, Preqin believes that while uncertainty is the only certainty at the present time, the coming year will not be as bad as some are predicting. See this month's feature article for our ten predictions for 2009.

Performance Spotlight

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In this month's Performance Spotlight we examine how private equity has performed relative to other asset classes in real world portfolios, and evaluate the future for private equity investing.

Fundraising Spotlight

page 8

This month's Fundraising Spotlight takes an in-depth look at fundraising over 2008, funds currently in the market and fundraising by region.

No. of Funds on Road	US	Europe	ROW	Total
Venture	217	100	166	483
Buyout	142	61	65	268
Fund of Funds	96	58	33	187
Real Estate	202	114	107	423
Other	106	74	83	263
Total	763	407	454	1,624

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The 2009 Preqin Limited Partner Universe

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Investor Spotlight

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Fundraising Prospects for 2009:

With fundraising slowing, and investor movements restricted for a variety of reasons, attracting new LPs has become a challenging prospect. We examine the state of the fundraising market and look at the prospects for attracting investment in 2009.



Investor News

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All the latest news on investors in private equity:

- SPF Beheer plans on committing EUR 250 million to private equity funds for 2009.
- MetLife Insurance Company is forming a unit focused solely on venture capital investments.
- United Nations Joint Staff Pension Fund (UNJSPF) has approved a maiden allocation to private equity.
- Philadelphia Board of Pensions & Retirement is looking into boosting its 12% target allocation to private equity.
- Twin Bridge Capital Partners is planning to commit to 5-10 private equity funds in 2009.

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

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Feature Article:

Private Equity in 2009: Preqin's Ten Predictions

Perhaps the only certainty in the current market and economy is that we are in uncharted territory, and detailed forecasts are impossible to make with any degree of confidence. At the same time, investors and fund managers have a greater need than ever for insights into likely market developments to help formulate their strategies.

The fundamental difficulty is the macroeconomic backdrop – specifically, are we in a tough recession or the early stages of a long-lasting depression? If the latter is the case, then 'all bets are off', so let us assume we are in the likelier scenario, a nasty and tough recession.

Even under this assumption, some commentators from inside and outside the industry have come up with alarmist predictions for the industry, ranging from widespread systemic financial losses to a major shakeout that could see 20 to 40 per cent of all private equity firms disappear. However, even though financial markets are in turmoil, and private equity is clearly feeling the effects, these predictions appear unlikely to us, and could lead investors and fund managers to draw the wrong conclusions and make unwise choices for the future.

Here are Preqin's predictions for the industry:

1. PE returns will decline, especially the 2005 and 2006 vintages: guess what, private equity isn't uncorrelated to other assets classes after all. The

2005 and 2006 vintages will generally be the ones that are most exposed to investments made near the peak of the market, and so will suffer the most;

2. But PE will still out-perform other asset classes: whilst there will be some spectacular – and well-publicised – disasters in PE portfolios, the overall picture won't be so drastic. At the micro level, many portfolio companies are still performing strongly. At the macro level, private equity still out-performs most other asset classes (please see the following article, drawing on data from Performance Analyst and Preqin's annual survey of pension fund returns), and the principal area of concern (mega buyouts) raised only 17% of the entire industry's capital during the period 2003 – 2008. Factor in the funds that have already distributed profits and those that haven't yet drawn their commitments, and the scale of the problem becomes more manageable. LPs with well-diversified portfolios saw depressed but positive returns throughout the previous crash at the Millennium, and will do so again this time;

3. 2009 and 2010 will be great times to invest: PE investments made during recessions have historically delivered the best returns, and 2009 and 2010 will follow this pattern. With approximately \$1 trillion of dry powder available, private equity is poised to deliver excellent returns to LPs, and to play a major role in the coming economic recovery;

4. Some PE firms may fail, but fewer than some people think: of

course some firms won't weather the downturn, but predictions of 20 – 40% failure rates are hopelessly wide of the mark: of the fifty private equity firms that raised the most money during the period 1991 to 2000 (i.e. before the last downturn), no fewer than forty-six are still active today. Private equity firms are very resilient;

5. Deals will return: debt may be severely constrained currently, but private equity firms will start to do more deals again, once the economic outlook becomes a bit clearer. PE firms have huge amounts of dry powder available, and many deals will initially be done with little debt – but can still deliver great returns if the entry price is right. And debt will come back – not to 2006-7 levels, but in volume and at appropriate prices;

6. LPs' allocations to PE will hold up and even grow: Preqin is in regular contact with the 4,600 LPs on our Investor Intelligence database, and they are telling us one thing quite consistently: generally speaking, they plan to maintain or increase allocations over the medium term. Of course some LPs over-allocated at precisely the wrong time of the cycle and will need to pull back, but generally speaking LPs recognise a) private equity's ability to out-perform over the cycle, and b) the great opportunities over the next couple of years;

7. Fundraising will recover in 2009 H2: there is little doubt that the first half of 2009 will be a dreadful time for fundraising. LPs are waiting for FASB 157 valuations to come through, and

“... 2009 and 2010 will be great times to invest: PE investments made during recessions have historically delivered the best returns...”

will be making few new commitments – Preqin is forecasting 2009 H1 final closes of around \$200bn, down from \$346 bn for the same period in 2008. However, things will start to flow again in the second half as managers come back to market and LPs decide to partake in the great opportunities ahead;

8. 2009 – the Year of the Secondary:

many LPs need to rebalance their portfolios, and some need to make outright reductions. 2009 will see a big increase in secondary transactions, and we anticipate this will prove to become a permanent feature of the market, as LPs make use of greater liquidity opportunities. Preqin's new Secondaries Market database will help sellers and buyers make the most of their opportunities;

9. Niche strategies will prosper:

there will be huge opportunities in several niche areas of private equity – mezzanine, distressed and emerging markets will all do well. This will be a boon for fund-of-funds managers, as they are best-placed to help LPs gain access to these specialist areas;

10. Fees and terms will be re-

aligned: private equity's greatest asset is the alignment of interest between LP, GP, and portfolio company management. In the boom years some of this was lost, but it will now be a focus for LP and GP alike. Many headline fees will come down (for the largest funds), and there will be a closer alignment between performance and rewards. Preqin's 2009 Fund Terms Advisor will document this in detail.

In summary, we're unashamedly bullish about the prospects for the industry, even in these difficult times.

One other prediction: private equity will get much better press in the next couple of years – no longer the 'overpaid fat cats', private equity will be seen as a key player in getting the economy moving again.

Happy investing!

Mark O'Hare



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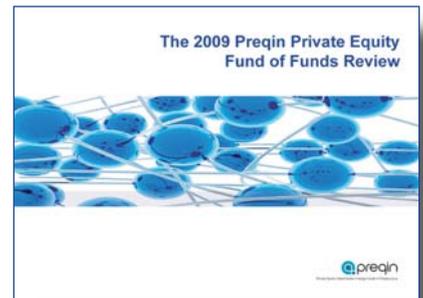
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Performance Spotlight: Private equity returns for LPs: the model is still intact

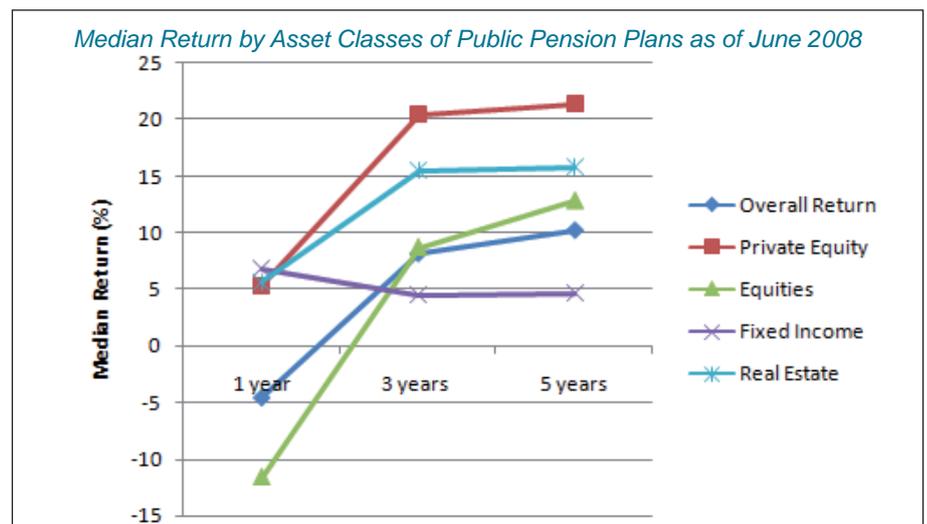
For several years now, LPs have been allocating progressively higher percentages of their total assets under management to private equity, driven largely by the outside returns that the asset class has delivered to them historically. How is this track record holding up in the current credit crisis?

In addition to its ongoing monitoring of fund-by-fund returns, Preqin has once again undertaken its annual survey of the investment returns experienced by a large number of pension plans, comparing the performance of their entire private equity program with that of the rest of their investment portfolios. The latest survey covered 103 public pension plans in North America, the UK and Europe, with combined AUM of \$2,800 bn and \$220 bn allocated to private equity, 7.9% of total AUM.

Fig. 1 shows the median net returns for these important investors over one, three and five years, as at June 2008, the most recent data available. Three important points are evident from the display:

1. Almost all asset classes have suffered in the current downturn, the only exception being (predictably) fixed income;
2. Over one, three and five years, private equity has out-performed the rest of the pension funds' portfolio by a fairly consistent margin of around 10% p.a.; and
3. Listed equities have suffered the most in the current downturn, so private equity's margin of out-performance has actually increased.

Fig. 1:



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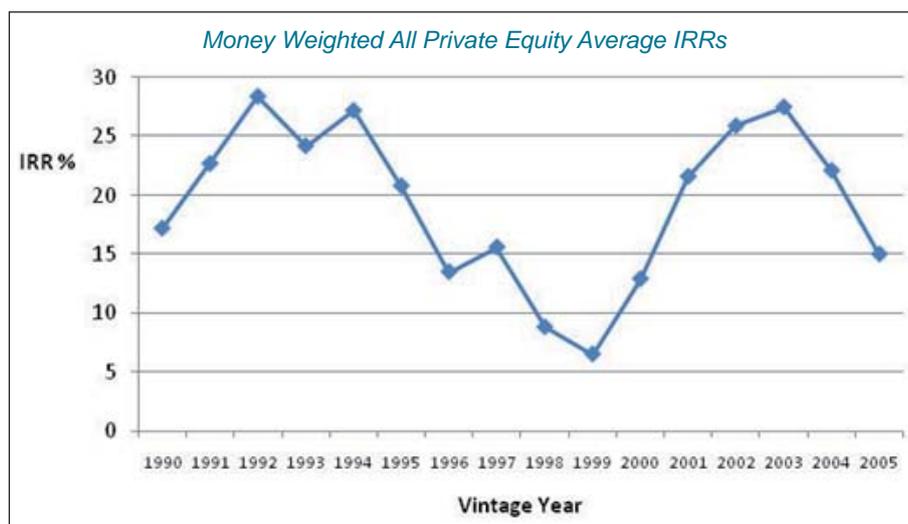
Performance Spotlight: Private equity returns for LPs: the model is still intact

The caveat behind this analysis is, of course, that valuations in the private equity portfolio will lag behind those of listed investments, and so the question on most institutions' minds is 'what will happen during 2009 as their private equity portfolios increasingly reflect valuations marked to market at new, lower values?'

We will probably need to wait at least two years for the full picture to emerge, however we can make some educated forecasts. On the one hand, there will clearly be some disasters in private equity portfolios – just as there have already been and will continue to be disasters elsewhere in the institutions' wider portfolios. However, the predictions of widespread losses and doom and gloom coming from some commentators appear to us to be misplaced:

1. Mega buyouts are 17% of the PE universe: the heaviest exposure to highly leveraged businesses that were acquired at high multiples lies within the mega buyout funds. Buyout funds of \$5 bn and above raised \$415 bn during the period 2003 to 2008 – a significant sum, but still only 17% of the total raised across all fund types. LPs with well-diversified portfolios will be protected from the potential fallout;
2. Bond valuations may not accurately reflect default probabilities: some analysts have used current market valuations of buyout company senior debt as evidence for the likelihood of default by private equity portfolio companies, but this may not be relevant: in today's markets,

Fig. 2:



3. Many portfolio companies are performing ahead of budget: anecdotal evidence from many mid-market and large buyout firms suggests that many, if not most, portfolio companies are performing well, and until now real problems are evident in only a relative handful of well-publicised cases;
 4. \$1 bn of dry powder waiting in the wings: private equity firms have approximately \$1 bn of dry powder available for investment, across all fund types and geographies. Historically, private equity investments made during recessions have delivered great returns, and investments made during 2009 and 2010 will probably follow this pattern;
 5. History is on private equity's side: the 2005 and 2006 fund vintages are likely to be the hardest-hit, as they were investing most heavily in the run-up to the crash. However, in the last crash around the Millennium, the 'All Private Equity' weighted benchmark certainly declined, but remained positive throughout (see Fig. 2 below), and we predict the overall performance during this downturn will be similar.
- In summary, private equity returns will suffer during the current recession, but all the evidence suggests that its track record of delivering superior relative returns to investors over the long term will remain intact.

Fundraising Spotlight

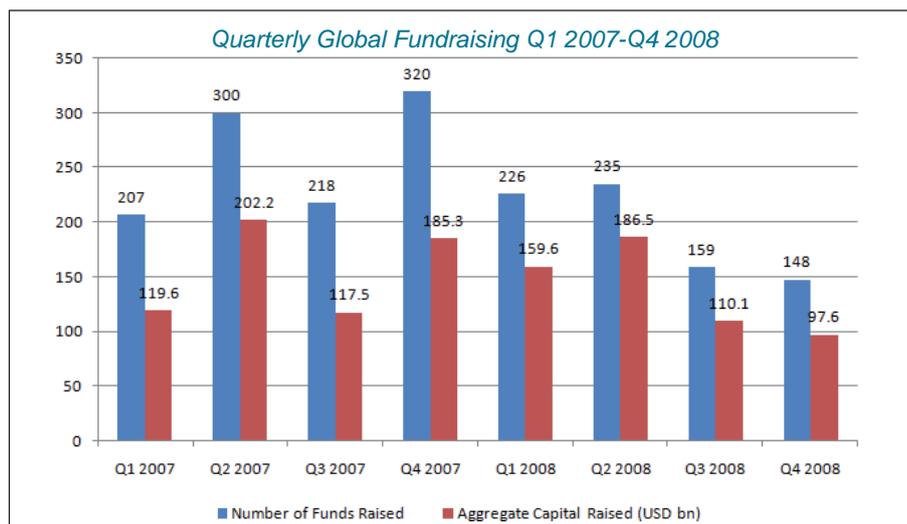
2008 Fundraising Overview

A total of 768 private equity funds achieved a final close during 2008, raising aggregate commitments of \$553.8 billion. These figures represent a 26% decrease in the number of funds raised and a 12% decrease in aggregate capital raised from the \$624.5 billion raised by 1,045 funds during 2007. Although the figures for Q3 and Q4 of 2008 confirm fears of a slowdown in the private equity fundraising industry, the strong performance of the first half of the year helped 2008 to become the second highest fundraising year for private equity to date, with only 2007 seeing more capital raised by the industry.

Fundraising began strongly in 2008, with 226 private equity funds raising \$159.6 billion in capital commitments during the first quarter of the year, a notable 33% increase in capital commitments in comparison to the \$119.6 billion garnered by 207 funds during Q1 2007.

Q2 2008 represented another strong period for private equity fundraising, with 235 funds raising \$186.5 billion in aggregate commitments. This is the second highest total ever raised during one quarter, second only to the

Fig. 1:



\$202.2bn raised in Q2 2007.

Fundraising for Q3 2008 represents a 6% decrease from the same period in 2007, with 159 funds garnering \$110.1 billion in commitments during Q3 2008 in comparison to the \$117.5 billion garnered by 218 funds during Q3 2007. Q4 2008 continued the slowdown, with 148 funds gathering only \$97.6 billion in commitments.

In terms of fund type, buyout funds were most popular, with 170 vehicles

closing raising an aggregate \$216bn. Real estate funds had an excellent year, with 166 funds closing, raising an aggregate \$117bn. A total of 217 venture funds raised an aggregate \$49bn, 23 distressed private equity funds raised \$43bn, 26 mezzanine funds raised \$29bn, 23 infrastructure funds raised \$26bn, and 10 natural resources funds raised \$12bn. A total of 81 fund of funds achieved a final close in 2008, raising a total of \$28bn.

10 Largest Funds Closed During 2008:

Fund	Manager	Fund Type	Size (mn)
TPG Partners VI	TPG	Buyout	19,800 USD
Apax Europe VII	Apax Partners	Buyout	11,200 EUR
Warburg Pincus Private Equity X	Warburg Pincus	Balanced	15,000 USD
Carlyle Partners V	Carlyle Group	Buyout	13,700 USD
GS Mezzanine Partners V	Goldman Sachs Private Equity Group	Mezzanine	13,000 USD
Blackstone Real Estate Partners VI	Blackstone Real Estate Advisors	Real Estate	10,900 USD
OCM Opportunities Fund VIIB	Oaktree Capital Management	Distressed Debt	10,900 USD
Advent Global Private Equity VI	Advent International	Buyout	6,600 EUR
Bain Capital Fund X	Bain Capital	Buyout	10,000 USD
PAI Europe V	PAI Partners	Buyout	5,400 EUR

Fundraising Spotlight

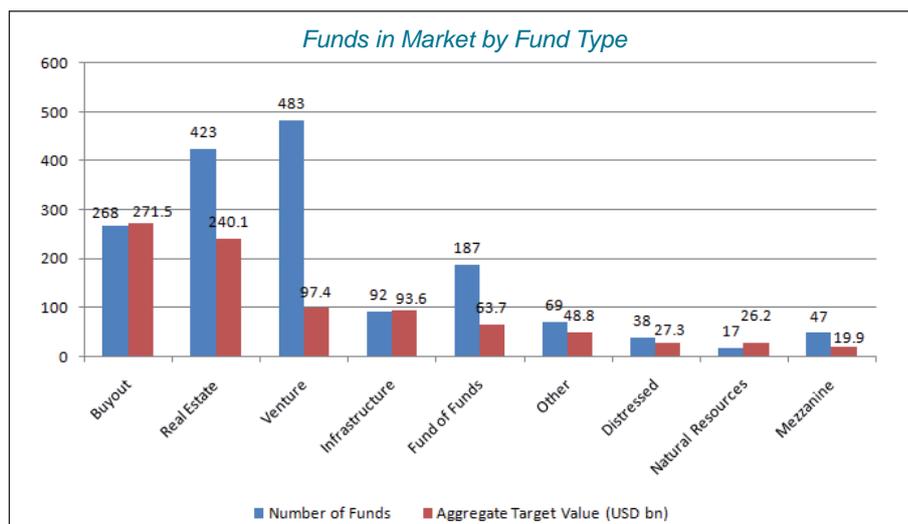
Funds in Market

There are currently 1,624 funds in the market, representing a similar level of fundraising in comparison to the 1,601 funds reported in Q3 2008, and representing a 25% increase on the 1,304 funds in the market during the same period last year. The aggregate capital sought by funds stands at \$889 billion, a 26% increase from the \$705 billion sought at this point last year.

Buyout funds are seeking the biggest portion of the overall capital, with 268 vehicles targeting \$272 billion in commitments - 31% of the total capital currently being sought. There are currently 423 real estate funds seeking \$240 billion, and 483 venture capital funds targeting \$97 billion in capital commitments. Other prominent fund types currently on the road include infrastructure funds, with 92 infrastructure funds seeking \$94 billion globally, and fund of funds, with 187 funds of funds seeking \$64 billion in commitments.

The largest fund currently on the road is CVC European Equity Partners V, a buyout fund managed by London-based CVC Capital Partners, which is targeting €11 billion. The fund

Fig. 2:



focuses on investments in mid-market companies based in Europe.

Apollo Investment Fund VII, a buyout fund managed by New York-based Apollo Management, is targeting \$15 billion. The fund focuses on investments across a range of industries. Blackstone are also in the market with a \$15 billion fund, Blackstone Capital Partners VI. This represents a drop in size in

comparison with Blackstone's previous buyout fund, which raised a total of \$21.7 billion.

Other significant vehicles include First Reserve Fund XII, a natural resources fund seeking \$12 billion in capital commitments. The fund is managed by First Reserve Corporation and focuses on investments in the natural resources sector of the US.

10 Largest Funds Currently in Market

Fund	Manager	Fund Type	Size (mn)
CVC European Equity Partners V	CVC Capital Partners	Buyout	11,000 EUR
Apollo Investment Fund VII	Apollo Management	Buyout	15,000 USD
Blackstone Capital Partners VI	Blackstone Group	Buyout	15,000 USD
First Reserve Fund XII	First Reserve Corporation	Natural Resources	12,000 USD
Hellman & Friedman VII	Hellman & Friedman	Buyout	10,000 USD
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	Real Estate	10,000 USD
Charterhouse Capital Partners IX	Charterhouse Capital Partners	Buyout	6,000 EUR
KKR European Fund III	Kohlberg Kravis Roberts	Buyout	6,000 EUR
Candover 2008	Candover Partners	Buyout	5,000 EUR
Macquarie European Infrastructure Fund III	Macquarie Funds Group	Infrastructure	5,000 EUR

Fundraising Spotlight

Fundraising by Region

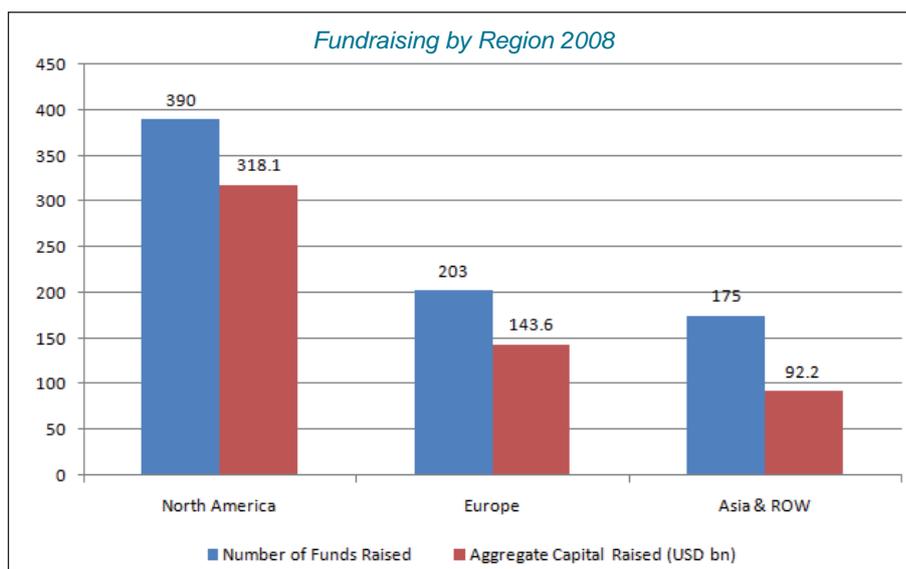
North America

North America focused funds continue to dominate the global private equity industry, with 390 North America focused funds garnering \$318.1 billion in capital commitments during 2008. This represents a significant 57% of the global total. Buyout funds were once again the most prominent fund type raised in the North America region, with 79 buyout funds raising \$98 billion in capital commitments - 30% of all capital raised. Real estate funds were also a major contributor, with 94 North America focused real estate funds accumulating \$64 billion in capital commitments during 2008. Distressed private equity funds were the third most prominent fund type for the North America region, with 17 distressed private equity funds gathering \$38.6 billion in capital commitments. It is important to note that many North America focused funds will also have a smaller secondary allocation to Europe and Asia.

Europe

European focused funds accounted for 26% of the aggregate capital raised by private equity funds globally, with 203 funds focusing on the region raising \$143.6 billion in capital commitments during 2008. Buyout funds accounted for the majority of funds raised in Europe during 2008, with 54 buyout funds garnering \$89 billion in capital commitments, representing 61% of the total for the region. 35 real estate funds accumulated \$22.7 billion in commitments, and 9 infrastructure funds raised \$7.6 billion in commitments during 2008.

Fig. 3:



Asia & Rest of World

175 funds focusing on Asia and Rest of World achieved a final close during 2008, gathering a record \$92.2 billion in capital commitments - 17% of the global total. Buyout and real estate funds proved to be the most successful fund types, with 37 buyout funds raising \$29 billion in commitments and 37 real estate funds raising \$29.6 billion. Fundraising for each of these fund types accounted for approximately one third of the Asia and Rest of World fundraising market, signalling their importance in the region in terms of capital commitments.

Manuel Carvalho

Investor Spotlight: The Fundraising Challenge

The Fundraising Challenge:

The latter half of 2008 saw an end to the record levels of fundraising that had been steadily increasing over the previous five years. As Fig. A shows, quarterly fundraising for the industry was down dramatically in the second half of 2008 as the credit crunch began to affect investors' appetite and ability to invest in new fund opportunities.

The number of fund managers on the road however has not declined, with a total of 1,684 funds seeking an aggregate \$888bn in commitments as of January 2009. The already competitive conditions have now escalated to previously unseen levels, as the supply and demand balance has shifted well and truly to the supply side.

Putting Things in Perspective:

Fundraising has undoubtedly been affected by the turmoil in the global economy in the latter half of 2008. However, although the number and value of funds being raised has fallen significantly, fundraising has far from ground to a halt, with over 300 funds successfully raising over \$200bn in commitments in the second half of the year.

Although it is true that some of these commitments would have been garnered well before a final close in H2 2008, a significant proportion would have been accounted for by investors still actively investing in private equity. Although conditions are not as promising as in previous times, a well thought out strategy can still yield results even in these challenging times.

Fig. A:

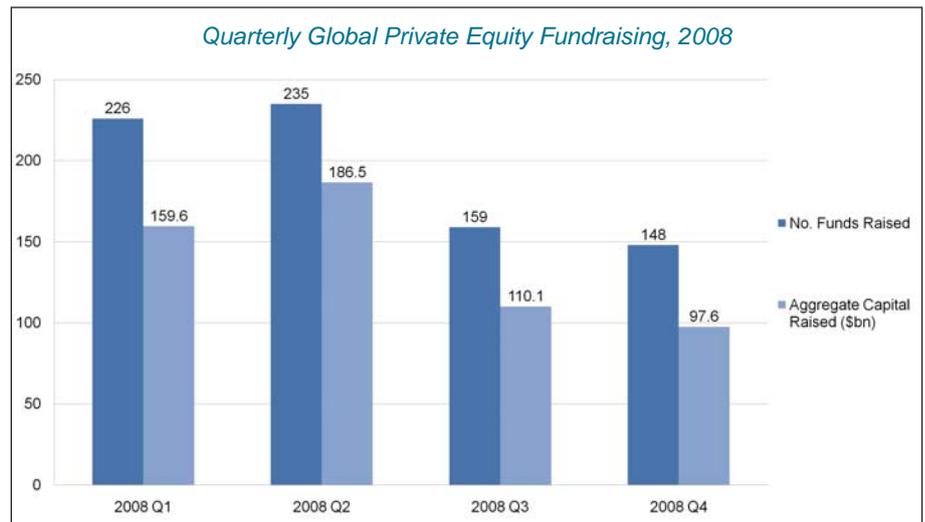
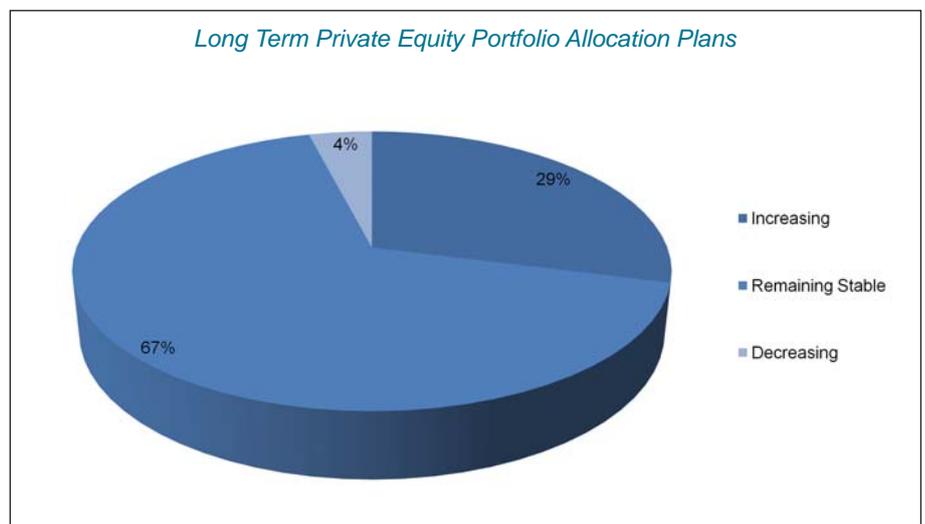


Fig. B:



LPs are Still Positive Towards Private Equity:

Far from being put off as a result of the dramatic events in the market in recent months, the majority of investors remain positive towards private equity. A Preqin survey conducted in December 2008 reveals that 29%

of investors intend to increase their private equity portfolios in the medium-to long-term, while 67% intended to maintain their allocations. Only 4% of those polled intend to reduce their allocations to private equity in the future. (Fig. B)

Investor Spotlight: The Fundraising Challenge

This is hardly surprising when the performance of private equity relative to other asset classes has been so strong. As this month's Performance Spotlight (p. 5) demonstrates, for many investors the performance of private equity relative to overall portfolio performance has clearly outperformed over time, and as a result investors continue to show faith in the asset class.

The question for the majority of existing investors in private equity is not whether they will be investing again, but when.

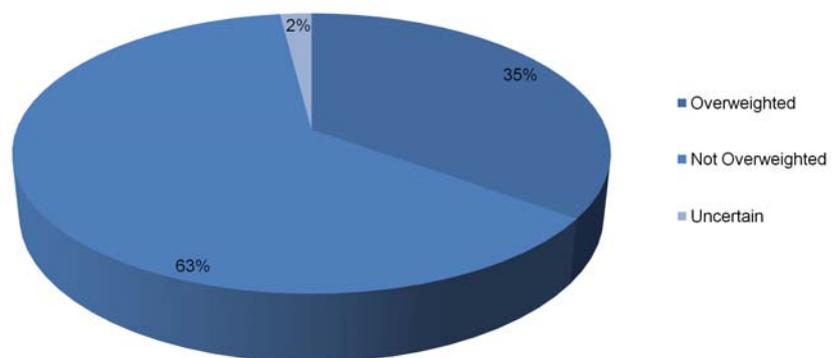
Why Are Investors Not Making New Commitments?

There are a few factors affecting investors' ability and willingness to invest in the current market. One factor is the so called denominator effect, which has seen some investors overcommitted to private equity as a result of other portions of their portfolio falling in value. In time it is likely that revaluations in private equity portfolios will address this problem, especially once FASB 157 comes into effect, although it is likely that many investors will not need to invest such large sums to reach their targeted allocations as may have been the case in early 2008. According to our December poll, the denominator effect has been significant, but far from overwhelming, with 35% of respondents finding themselves over-allocated as a result of shrinking public holding values.

Another factor affecting the rate at which investors are investing in private equity is the slowing rate of distributions. With less capital being given back to investors, they do not need to be making as many investments in order to maintain their allocation. Although it is likely that fund managers will soon begin to deploy

Fig. C:

Proportion of LPs Overweighted to Private Equity as a Result of Shrinking Value of Public Holdings



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Investor Spotlight: The Fundraising Challenge

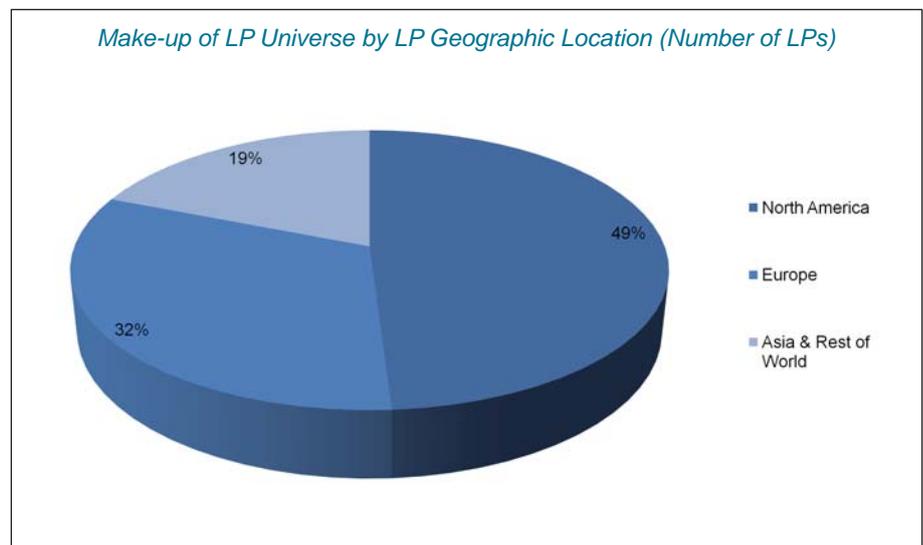
the significant dry powder that they have at their disposal, they are unlikely to be making many new distributions, and will hold existing investments for longer. In the past investors have had to over-commit to private equity by around 40% in order to maintain an allocation to private equity. In the current environment we may see this figure drop significantly, and this will have a knock on effect on how much new capital is pumped into new funds.

Investors are also generally uncertain about the market, and many will be looking for more stability before embarking on assembling a new portfolio. It is our belief that the market may begin to settle towards the latter half of 2009, and this should entice investors with capital to enter the market again. Although the other effects mentioned here are delaying investment decisions too, in time the private equity cycle will once again become active – albeit at a slower pace than before – creating opportunities for investors to reinvest distributed capital into new vehicles.

Where are the Investors?

As Fig. D shows, private equity investors are concentrated in the key regions of North America and Europe, but the universe is becoming increasingly global. The newly-released 2009 Preqin Limited Partner Universe contains information for over 2,600 active private equity investors worldwide, from 72 different countries. The investors are split up by region, allowing for targeted planning and implementation of fundraising strategies.

Fig. D:



415 of the investors featured in the 2009 edition are from Asia and the Rest of World – areas which are still growing, and where increasingly sophisticated investors are likely to be returning to the market soon. Although North America and Europe remain the most important regions, we have seen a growth in fundraising for Asia and the Rest of World in 2008, while other regions have declined. Fund managers seeking capital should now be considering a more global approach to fundraising in order to reach their targeted fund size, and should be looking to form relationships with new investors both closer to home, and overseas as re-ups from existing LPs become less reliable.

What are they looking for?

After seeing their confidence in the market shaken in recent months, LPs are looking for opportunities in areas that are best suited for the current

economic conditions. Fund managers in niche areas such as distressed private equity, mezzanine, infrastructure and growth capital will be popular in 2009. Although buyout fundraising has fallen out of favour somewhat, especially at the top end, it does remain an important and popular fund type with continued strong support from institutional investors. It is vital that buyout and other managers communicate with investors exactly how they intend to use the current conditions to their advantage if they are to enjoy success in achieving their targeted amount.

Forming Relationships Today is Vital in Ensuring Success Tomorrow:

Fundraising has changed. We have seen the average time taken for funds to achieve a final close increase by over 75% since 2004. It is now taking an average of 16 months for a private equity fund to close, and managers need to be prepared for the shift in

Investor Spotlight: The Fundraising Challenge

conditions. As previously mentioned, many investors are not in a position to be making new investments. However, later in 2009 we will see investors re-entering the market, and it is vital that fund managers budget for a more drawn out fundraising process, and be prepared to make contact with investors as early as possible, so that they are in an informed position when funds become available later on.

Tim Friedman

2009 Preqin Limited Partner Universe

With profiles for over 2,600 investors, this year's Limited Partner Universe is our most comprehensive guide yet, and we are confident that it will help those involved with the marketing of funds identify and form new relationships with the limited partners of tomorrow.

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



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Conferences Spotlight: Forthcoming Events:

Featured Conferences:

2009 Wharton Private Equity and Venture Capital Conference

Date: 29th January 2009

Location: Park Hyatt, Philadelphia

Sponsor: The Wharton School

The conference provides a forum for industry leaders, alumni, faculty, and students to discuss recent trends and issues affecting private equity and venture capital investors. Themed "Multiplicity Without Rhythm: Investing in Chaotic Markets," this year's conference will address nine key issues impacting the private equity and venture capital communities in this challenging and unprecedented climate.

Information: www.whartonpeconference.org

4th Annual Forum on Distressed Debt & Restructurings

Date: 27th & 28th January 2009

Location: Frankfurt

Sponsor: C5

This year's unique and exciting programme brings together key investors, legal advisors, restructuring and turnaround professionals who will share with you the latest developments in the law and the most successful business strategies.

Information: www.C5-Online.com/distresseddebt

7th Annual European Corporate Restructuring Summit

Date: 12-13 February 2009

Location: Hyatt Regency – The Churchill, London

Sponsor: Euromoney Seminars

Now, at a time when the turnaround field is more complex than ever, the challenge is to separate the opportunity from failure. New cases are trickier and more complex than traditional turnarounds and will require the right skills and the best industry contacts.

If you are planning to be amongst those who benefit from this lucrative market, it is essential you attend this established event. To register – email Karina Katysheva on kkatysheva@euromoneyplc.com

Information: www.euromoneyseminars.com/7ECRS

7th Annual Distressed Investing Forum

Date: February 23-25, 2009

Location: Union League Club, New York City

Sponsor: Institutional Investor Events

This must-attend event will equip you with crucial insights on best practices for valuation, which investment strategies are providing the greatest returns and the macro-economic factors affecting when the next shoe will drop.

Information: www.iievents.com/di

CEE Private Equity Forum

Date: 23rd-24th March 2009

Location: Vienna, Austria

Sponsor: C5

A prime point of communication between LPs and GPs, and a KEY EVENT where private equity professionals discuss the major developments in CEE industry! Examine the risks and advancements of private equity investments in the CEE market over the past 6 months and define your strategy for the future.

Information: www.c5-online.com/13CEEPPrivateEquity.htm/MR09

Conferences Spotlight: Forthcoming Events:

Other Conferences:

CONFERENCE/EVENT	DATES	LOCATION	ORGANISER
Institutional Investors' Congress	19 -20 Jan 2009	Budapest	Opal Financial Group
The Private Equity International COOs and CFOs Forum	21 - 22 Jan 2009	New York	Private Equity International
2009 Leadership in the Distressed Markets	22 Jan 2009	New York	Argyle Executive Forum
IFRS Summit Canada	26 - 28 Jan 2009	Toronto	IQPC
Distressed Debt & Restructurings	27 - 28 Jan 2009	Frankfurt	C5
Private Equity Analyst Outlook 2009	27 - 28 Jan 2009	New York	Dow Jones Events
Corporate Financing Within and Beyond the Credit Crunch	27 - 28 Jan 2009	London	IIR Conferences
Distressed Debt Conference	28 Jan 2009	London	FT Global Events
Global Asset Allocation Summit	1 - 2 Feb 2009	Carlsbad	Opal Financial Group
12th Annual SuperReturn International 2009	2 - 5 Feb 2009	Berlin	ICBI
Corporate Funding Conference 2009	3 - 4 Feb 2009	London	IIR Conferences
2nd Annual International Pension Funds & Investment Performance	5 - 6 Feb 2009	Barcelona	Fleming Gulf
Wind Power Finance & Investment Summit	11 - 13 Feb 2009	San Diego	Infocast
The 8th MedTech Investing Conference	12 - 13 Feb 2009	Switzerland	Camden Media
DBR Restructuring & Turnaround Summit 2009	12 Feb 2009	New York	Dow Jones Events
7th Annual European Corporate Restructuring Summit	12 - 13 Feb 2009	London	Euromoney Seminars
Leveraged and Acquisition Finance Asia 2009	16 - 17 Feb 2009	Hong Kong	Euromoney Seminars
Private Equity Asia IQ 2009	17 - 18 Feb 2009	Hong Kong	IQPC
The Fundamentals of Mezzanine Finance & Subordinated Debt	17 - 18 Feb 2009	London	IIR Conferences
The 8th Annual Institutional Fund Forum International 2009	23 - 25 Feb 2009	Amsterdam	ICBI
7th Annual Distressed Investing Forum	23 - 25 Feb 2009	New York	Institutional Investor Events
Cleantech Forum XXI: Upside Driver in a Downside Market	23 - 25 Feb 2009	San Francisco	Cleantech Group
Family Alternative Investment Conference	24 - 25 Feb 2009	Monte Carlo	Camden Media
2009 Limited Partners Leadership Forum	26 Feb 2009	New York	Argyle Executive Forum
Fund Forum Emerging Markets 2009	2 - 5 March 2009	London	ICBI
2009 Investment Forum for Endowments, Foundations and Pension Funds	03 March 2009	Los Angeles	Argyle Executive Forum
Investors' Summit On Middle Eastern Debt Finance	03 March 2009	Dubai	IMN
Opportunities in Private Banking and Wealth Management	5 - 6 March 2009	Barcelona	Aries Forth
The Private Equity International Middle East Forum: Dubai 2009	10 - 11 March 2009	Dubai	Private Equity International
EVCA Investor's Forum	12 - 13 March 2009	Geneva	EVCA
Distressed Investment Summit - Credit Crunch Strategies for Institutional Investors	16 - 18 March 2009	Dana Point, CA	IMN
Wealth Management & Family Office	16 - 18 March 2009	Zurich	IIR Conferences
Distressed Investing and Financial Restructuring Australia 2009	18 - 19 March 2009	Sydney	Euromoney Seminars
CEE Private Equity Forum	23 - 24 March 2009	Vienna	C5
Private Equity World Espana 2009	24 - 27 March 2009	Madrid	Terrapinn
Buyouts East 2009: Where Funds & Deals Get Started	26 March 2009	New York	Buyouts Conferences
2nd Annual Emerging Markets Private Equity Forum	26 March 2009	New York	PEI Media & EMPEA
5th Annual Global Private Equity Investing Conference	26 - 27 March 2009	Glendale, AZ	Thunderbird
Pan European Mezzanine & Leveraged Finance 2009	22 - 24 Apr 2009	Paris	IIR Conferences
3rd Annual Investment Opportunities in the CEE Private Banking	23 - 24 Apr 2009	Prague	Fleming Gulf
5th International Russian and CIS Private Equity Forum	23 - 24 Apr 2009	Moscow	C5
SuperReturn US 2009	27 - 30 Apr 2009	Key Biscayne	ICBI
3rd Annual FundForum Asia	27 Apr - 1 May 2009	Singapore	ICBI

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Investor Spotlight:

LP News

United Nations Joint Staff Pension Fund (UNJSPF) has approved a maiden allocation to private equity.

The USD 35.4 billion pension fund is moving away from its traditional equity and debt investment strategy in order to include private equity in its investment portfolio. It is now seeking experienced consultants to select, analyse and monitor any private equity commitments it makes. UNJSPF is also looking for new senior investment officers for alternative investments.

BMO Financial Group is planning to invest USD 60 million in 5-10 private equity funds in 2009.

BMO has a preference for investing in middle market buyout funds and geographically favours funds that have a North American focus. The CAD 290 billion endowment is open to making investments in first-time funds being raised by spin-off managers that are able to show a track record of investment management experience.

Twin Bridge Capital Partners is planning to commit to 5-10 private equity funds in 2009.

Twin Bridge Capital Partners focuses exclusively on middle market buyout funds and minority co-investments. It seeks to find the next generation of fund managers through an emerging managers effort and also support large buyout funds where the partners have longstanding, successful relationships. It has allocated USD 150 million to the commitments it is planning to make in 2009 and it will make these on an opportunistic basis.

Montana Board of Investments has increased its target allocation to private equity following problems with being over-allocated to the asset class owing to the denominator effect.

The USD 5.2 billion retirement system upped its allocation target from 10% to 15% of its total assets as it needs the extra margin to maintain its portfolio and make new commitments to funds. Like many other investors, Montana Board of Investments has seen its total assets drop drastically over the last six months and is now struggling to keep within its allocation limits. The pension system generally commits around USD 175 million annually to the asset class but will now adopt a more conservative commitment pace until markets stabilize.

SPF Beheer plans on committing EUR 250 million to private equity funds for 2009.

The EUR 16 billion asset manager invests mostly in buyout vehicles, but is also open to making investments in other types of funds. SPF Beheer invests on a global scale. The EUR 250 million worth of investment is to be committed to eight private equity funds over the coming year. SPF Beheer is also open to making investments in first-time funds.

MetLife Insurance Company is forming a unit focused solely on venture capital investments.

The USD 337 billion insurance company has hired Eric Fitzgerald to head a team which will be investing USD 100 million annually in venture funds focused on life-science, IT and cleantech industries. MetLife Insurance Company has historically committed to a variety of private equity fund types, but currently adopts a strategy of mainly committing to buyouts and venture capital. Eric Fitzgerald will report to Michael Mazzola who is the director of private equity for MetLife Insurance Company.

Philadelphia Board of Pensions & Retirement is looking into the possibility of boosting its 12% target allocation to private equity.

The USD 4.3 billion pension scheme currently has some 11.4% allocated to the private equity asset class but is rapidly approaching its target limit as its total assets are decreasing due to deteriorating stock values. Philadelphia Board of Pensions & Retirement is conferring with its advisor, Franklin Park, in order to come up with a plan which will allow the retirement system to stay an active private equity investor either through reducing its exposure to the asset class by selling fund stakes on the secondary market or through increasing its target allocation.

TD Bank Financial Group has committed to Fairhaven's first independent fund, which has closed on USD 250 million.

The CAD 435 billion Toronto-based bank was one of the main investors in Fairhaven Capital Partners fund which recently closed above its target. TD Bank invested in the fund because of its long relationship with Fairhaven Capital which spun out from TD Bank in 2007. This commitment will form part of its 2% target allocation to the private equity asset class. Other limited partners in the fund include family offices, public pensions and fund of funds from North America, Europe and Asia.

Ventura County Employees' Retirement Association is planning a maiden allocation to private equity for 2009.

The USD 2.3 billion pension plan will be carrying out an asset-liability study in January 2009, which may lead to searches for private equity investments later on in the year. It is considering a 5% target allocation to alternative asset classes and private equity is being considered because of its long-term horizon. The pension plan wants to gain exposure to a broad range of investment strategies and will most likely use funds of funds as it lacks the resources to search for investment opportunities. The first investments are likely to be of an opportunistic nature.

*Each month Spotlight provides a selection of the recent news on institutional investors in private equity.
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