

Volume 12, Issue 5

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Featured Publication



The 2016 Preqin Sovereign Wealth Fund Review

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June 2016



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Did you know...?



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Kindest regards

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Managing Director,
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Is Micro VC the New Macro Trend?

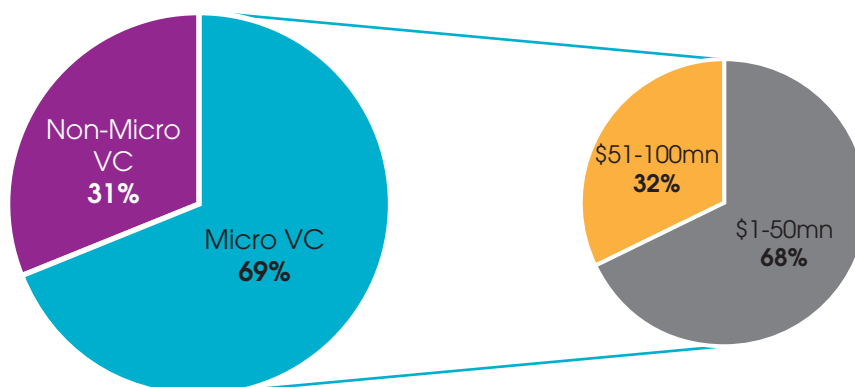
Justin Hall and Doug Paolillo take a closer look at the micro venture capital industry, including fundraising, funds in market, investors and more.

With the boom in fundraising activity and investor appetite for micro VC, several fund managers which could choose to raise larger funds are opting to keep their fund sizes in this sub-\$100mn range. In this month's feature article, we focus on the micro VC market, its position within the overall industry, investor sentiment and future outlook.

As of 6 June 2016, there are 501 micro VC funds* in market globally looking to raise upwards of \$23bn in aggregate capital. These funds account for 69% of the total number of venture capital funds in market (Fig. 1) and a quarter of aggregate target capital.

Over the past decade, micro VC funds have consistently accounted for over half of all venture capital funds closed in a given year (Fig. 2). The proportion of micro VC funds in market reached its highest point in 2009, when 74% of venture capital funds closed on \$100mn or less. While the total number of micro VC funds closed per year has continued on a general upward trend, the proportion that micro VC has accounted for in overall venture capital fundraising has fluctuated. In 2015, 61% of total funds closed were micro VC funds – a decrease of 13 percentage points from the high of 2009. As shown in Fig. 3, the total aggregate capital raised by micro VC funds has risen steadily year-on-year, reaching \$8.5bn in 2015 – a 31% increase on 2009 (\$6.5bn).

Fig. 1: Proportion of Number of Venture Capital Funds in Market: Micro VC vs. Non-Micro VC (As at 6 June 2016)



Source: Preqin Private Equity Online

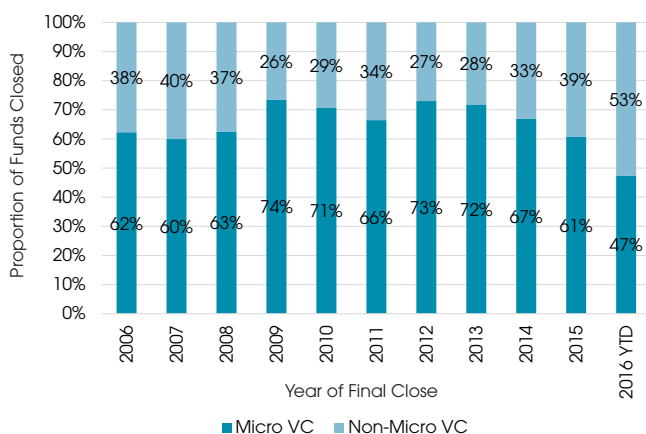
Notably, 2009 also saw the decade's largest proportion of micro VC funds closing below target size, with 54% of micro VC funds closing shy of their goals (Fig. 4). Since 2006, the largest proportion of micro VC funds closing on or above their target size was observed in 2015. Sixty-two percent of funds reached a final close equal to or greater than their target size last year.

Sixty-eight percent of micro VC funds in market are targeting \$50mn or less, with the remaining 32% seeking \$50-100mn.

North America has historically been home to the majority of micro VC activity (Fig. 5 & 6), and remains the primary geographic focus for the majority (58%) of funds currently seeking capital, followed by Asia (19%) and Europe (11%) as shown in Fig. 7. The remaining 11% is comprised of funds targeting Middle East & Israel, Africa, Australasia, Latin America, and those pursuing diversified multi-regional opportunities (Fig. 4).

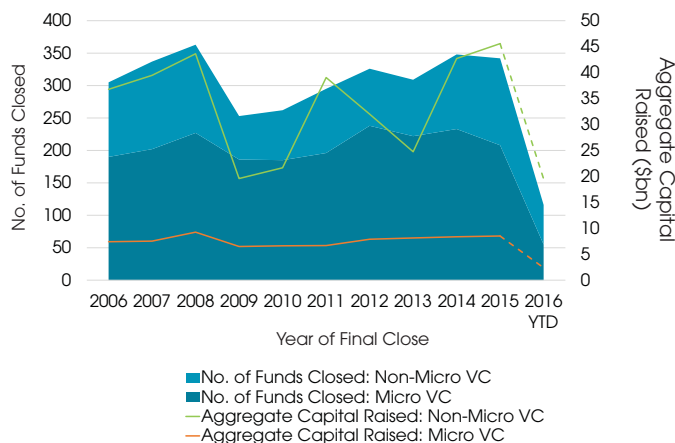
For half of venture capital funds in market targeting more than \$100mn,

Fig. 2: Proportion of Funds Closed: Micro VC vs. Non-Micro VC, 2006 - 2016 YTD (As at 6 June 2016)



Source: Preqin Private Equity Online

Fig. 3: Annual Fundraising: Micro vs. Non-Micro VC Funds, 2006 - 2016 YTD (As at 6 June 2016)



Source: Preqin Private Equity Online

*Preqin defines micro venture capital funds as those targeting \$100mn or less.

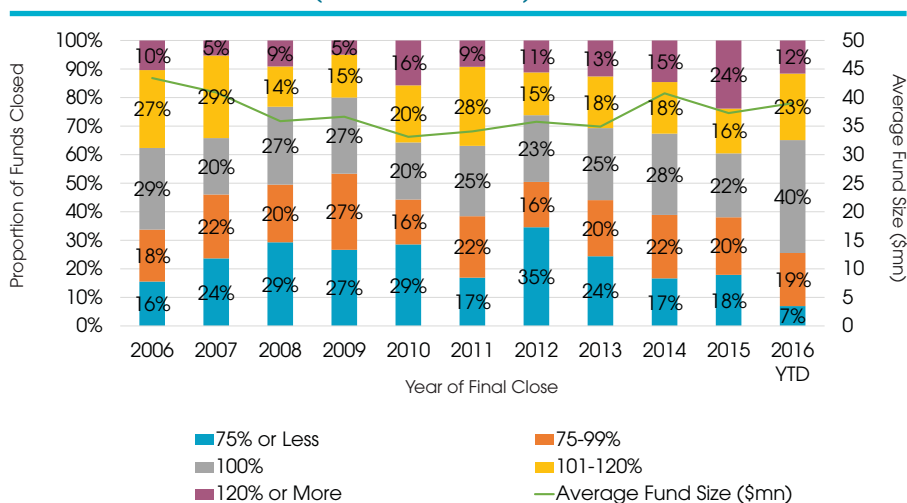


North America remains the primary focus, too. Asia and Europe are targeted slightly more frequently by larger funds, with 19% and 22% of funds targeting these regions respectively. Just 9% of non-micro VC funds in market will target investments in Rest of World.

The 10 smallest venture capital funds in market (Fig. 8) are each targeting \$1-\$3mn, of which nine are focused on investment in North America. The two smallest funds are both managed by [Angel Capital Group](#), a fully syndicated 'angel' capital private equity network operating across nine US states. Both funds, [Phoenix Fund](#) and [Kansas City Fund](#), will focus on local science and technology start-up investments in their respective cities. On the other side of the micro VC spectrum, 74 funds are each looking to raise \$100mn, collectively accounting for 32% of aggregate targeted capital by micro VC funds. Sixty-three percent of funds targeting \$100mn are focused on North America, and all but three of these funds are managed in the US.

When looking specifically at the US, the vast majority (88%) of funds in market seek investment throughout the country, with no specific regional preference. Four percent of US-focused funds have a primary geographic focus on the North East or Midwest respectively, and 3% will each target the Southeast and Western states. The US is home to 279 of the 292 fund managers currently raising a North America-focused micro VC fund, and half of these fund managers are located in the San Francisco Bay Area (Fig. 9). San Francisco leads the way with 14% of fund managers, followed by Palo Alto (6%), Menlo Park (4%), San Mateo (2%), Oakland (1%) and Mountain View (1%).

Fig. 4: Proportion of Target Size Achieved by Micro VC Funds and Average Fund Size, 2006 - 2016 YTD (As at 6 June 2016)



Source: Preqin Private Equity Online

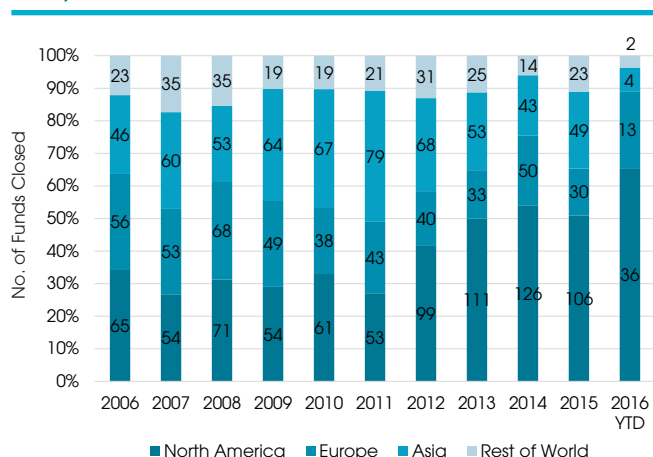
Thirty-one first-time venture capital fund managers based in the Bay Area are currently raising capital, seeking an aggregate \$2.6bn. The majority (65%) of these funds are focused on the technology sector; however, this is a significantly smaller proportion than the average (82%) for experienced fund managers in the area. First-time fund managers in the Bay Area are more receptive to investment opportunities outside the technology sector than their more established peers. Several micro VC fund managers also plan to utilize a diversified opportunistic approach to investing in the US, typically giving greater notice to sectors such as healthcare, retail, media and marketing.

The northeast corridor of Boston, New York and Washington, D.C. is also home to a high concentration of micro VC fund managers: 16% of fund managers with

funds currently in market are located in this region. Sixty-seven percent of fund managers in this region are based in New York City, while 22% are in Boston, followed by 11% in the Washington, D.C. area. There are currently 26 first-time funds being raised in the northeast corridor, targeting an aggregate \$1.4bn.

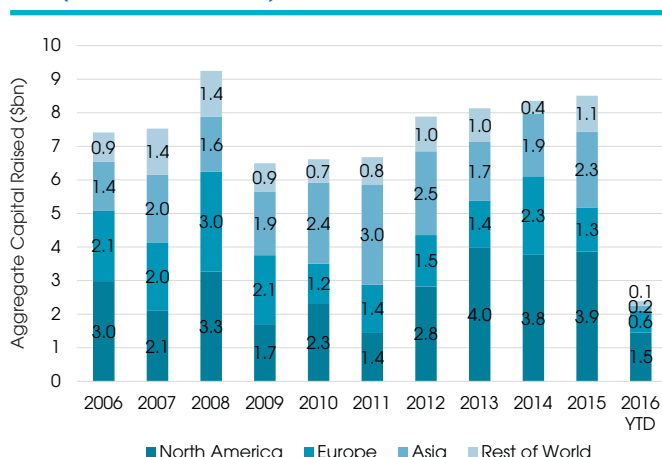
Chicago-based fund managers are seeking the majority of capital within the Midwest. There are currently 11 micro VC fund managers located in Chicago with at least one fund in market (as of 6 June 2016), seeking an aggregate \$500mn. [Illinois Ventures](#), a Chicago-based seed and early stage venture capital firm focused on innovative technologies – particularly those derived from research conducted at Midwest universities and federal laboratories – is currently raising [Illinois Emerging Technologies Fund III](#).

Fig. 5: Number of Micro Venture Capital Funds Closed by Primary Geographic Focus, 2006 - 2016 YTD (As at 6 June 2016)



Source: Preqin Private Equity Online

Fig. 6: Aggregate Capital Raised by Micro Venture Capital Funds by Primary Geographic Focus, 2006 - 2016 YTD (As at 6 June 2016)



Source: Preqin Private Equity Online

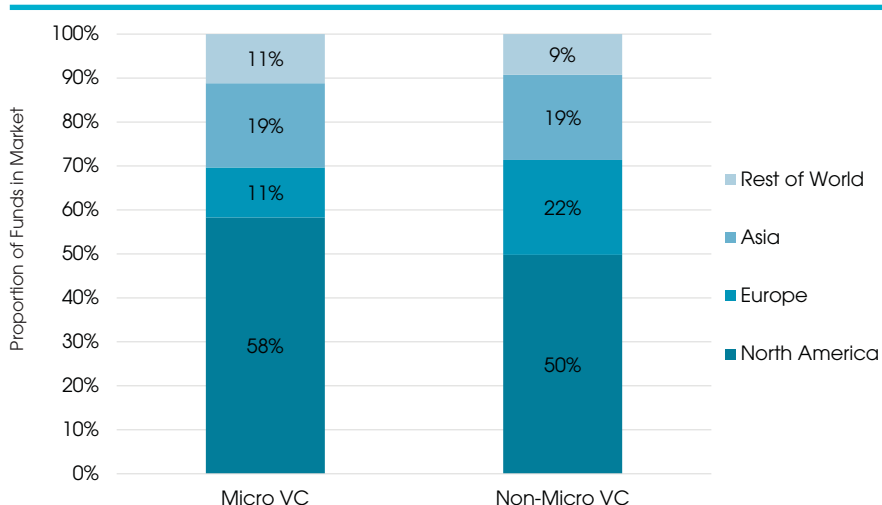


Investors

Despite the smaller average investment size associated with micro VC funds, a wide range of investor types are seeking exposure to the segment. Similar to how venture capital fund managers often invest in companies that are located in close proximity to their headquarters, investors also look to commit to funds managed locally. In March 2016, [Contour Venture Partners](#) reached a final close on two of its funds, [Contour Venture Partners III \(CVP III\)](#) (\$56mn) and [Contour Opportunity Fund](#) (\$25mn). CVP III focuses primarily on early stage financial services, digital media and internet start-ups based in New York. Two local investors made commitments to the fund: [New York Life Insurance Company](#) along with [New York State Common Retirement Fund](#), which committed \$15mn. New York State Common Retirement Fund also committed an additional \$15mn to Contour Opportunity Fund, which makes expansion and late stage investments in the same sectors as CVP III.

The trend of committing to funds in close proximity applies to investors based outside North America as well. [Verso Spin-off Fund II](#) invests in underperforming European companies with a primary focus on Finland and reached a final close on \$54.9mn in April 2016. The primary investors in the fund include [Ilmarinen Mutual Pension Insurance Company](#) and private equity fund of funds managers [Finnish Industry](#)

Fig. 7: Proportion of Micro Venture Capital Funds in Market by Primary Geographic Focus (As at 6 June 2016)



Source: Preqin Private Equity Online

[Investment](#) and Luxembourg-based [European Investment Fund](#) – all investors based in Europe, with two located in Finland. Southeast Asia-focused [Monk's Hill Ventures Fund I](#) reached a final close in March 2016 on \$80mn and has already invested in several technology start-ups domestically in Singapore, as well as in Thailand, Indonesia and the Philippines. Investors in the fund include Japan-based [YJ Capital](#) and [ITOCHU Corporation](#), Singapore-based [National Research Foundation](#), sovereign wealth fund [Temasek Holdings](#) and one known US-based investor, [Cisco Systems](#).

In South America, [Brazilian National Development Bank](#), has committed to a total of eight known micro VC funds, including most recently [Fundo Performa-Key de Inovação e Meio Ambiente](#), which focuses on minority investments in early and growth stage innovative sustainability and cleantech companies in Brazil.

Outlook

Micro VC funds by nature are well-suited to fulfil investor requirements for social and environmental impact investing.

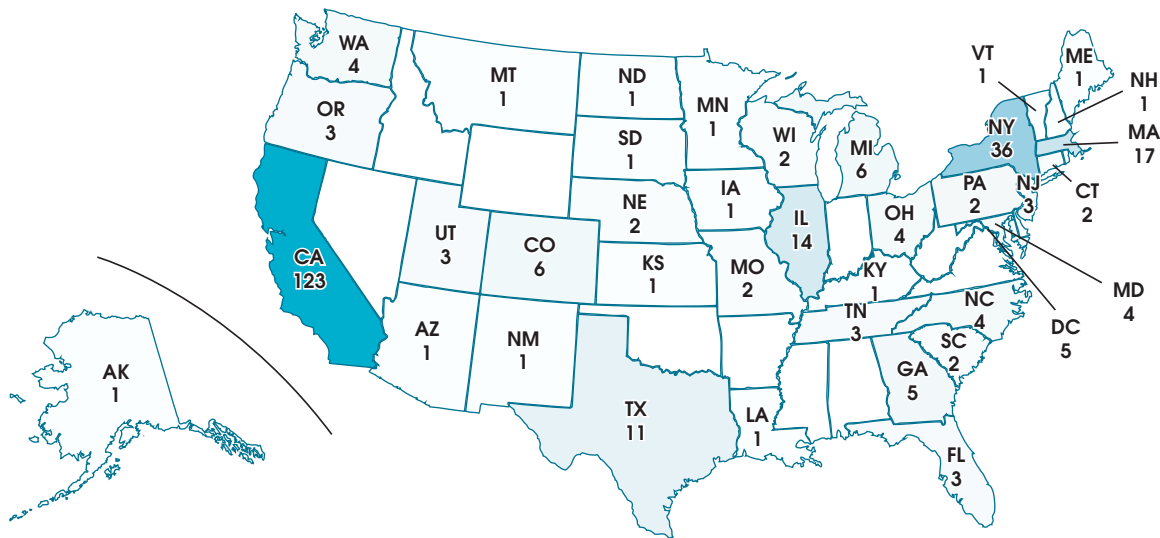
Fig. 8: 10 Smallest Venture Capital Funds in Market by Target Size (As at 6 June 2016)

Fund	Firm	Vintage	Fund Type	Primary Geographic Focus	Industry Focus	Fund Status	Target Size (\$mn)
Kansas City Fund	Angel Capital Group	2016	Early Stage: Start-up	North America	Technology	Raising	1.0
Phoenix Fund	Angel Capital Group	2016	Early Stage: Start-up	North America	Technology	Raising	1.0
Tuck/DEN Ventures	Tuck CPE/E	2016	Early Stage	North America	Diversified	Raising	1.0
VenturCap II	VenturCap	2013	Venture Capital	Spain	Healthcare, Distribution, Software, Internet, Digital Media	Fourth Close	1.3
MPNYC Fund I	MetaProp NYC	2015	Venture Debt	North America	Technology	First Close	1.3
Talents Venture Fund V	Cheever Capital Management	2016	Venture Capital	North America	Healthcare IT, IT Security	Raising	1.5
Edge Edtech 2015 Fund	Edge EdTech	2016	Early Stage	North America	Technology, Education/ Training	Raising	1.7
DAN Fund III	Dallas Angels Network	2015	Venture Capital	Canada, North America	Diversified	First Close	2.5
Vestcomp Venture I	Vestcomp Ventures	2016	Venture Capital	North America	Diversified	Raising	2.6
Inclusive Startup Fund	Elevate Capital	2016	Early Stage: Start-up	North America	Diversified	Raising	3.0

Source: Preqin Private Equity Online



Fig. 9: Headquarters of US-Based Fund Managers with at Least One Micro Venture Capital Fund in Market (As at 6 June 2016)

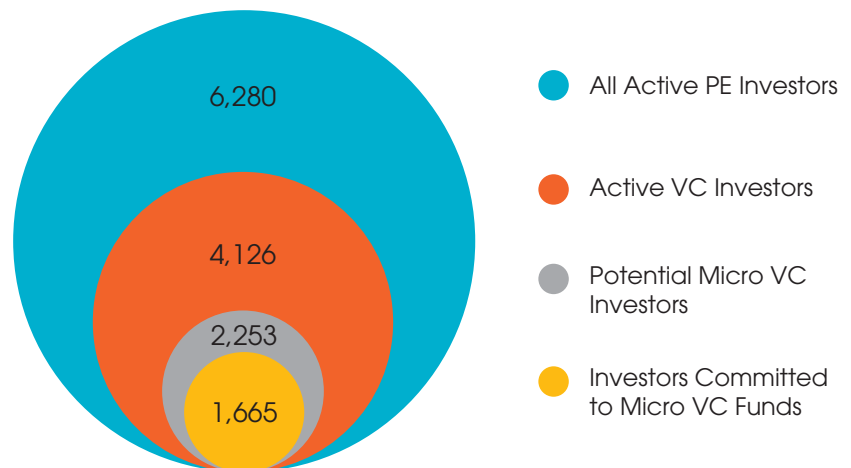


Source: Preqin Private Equity Online

As a function of necessity, these funds operate much closer to ground level, which enables them to identify and approach smaller opportunities, especially in developing regions of the world. For this reason, among others, micro VC funds have the chance to be an important part of alternatives portfolios moving forward, both for performance potential and satisfaction of increasingly prevalent goal-based investing across social, economic and educational fields.

With both robust investor appetite and fundraising targets in the pipeline, the micro VC industry seems set to continue carving a niche within the early stage investment community. A confirmed 2,253 institutional investors (55% of investors active in venture capital) have active mandates suited to micro VC investment based on commitment size range, strategy and other criteria which are listed on [Private Equity Online](#). This also includes 1,665 that are known to have at least one past investment in a micro VC fund (Fig. 10). These smaller funds will play important roles in funding growth in global communities by offering a greater degree of attention than larger funds, as result of being highly specialized.

Fig. 10: Number of Active Investors in Private Equity, Venture Capital, Micro VC and Investors Committed to Micro VC Funds



Source: Preqin Private Equity Online

Despite strong investor appetite, fund managers targeting micro VC funds are still likely to face competitive fundraising environments in the years to come. As the preference of fund managers to raise micro VC funds is likely to continue, more established fund managers will be raising these funds, whereas they had previously been a function of necessity

for first-time and less established fund managers. Fund managers will need to provide solid track records, favourable terms, and positive social impact investment opportunities to attract distinguished cornerstone investors that can clear the path to a broader range of investor capital.

Data Source:

Preqin's **Private Equity Online** currently tracks 501 micro venture capital funds in market (including venture debt) and over 1,600 investors that have committed to micro VC funds previously.

For more information, or to arrange a demonstration, please visit: www.preqin.com/privateequity

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Sovereign Wealth Funds Investing in Private Equity

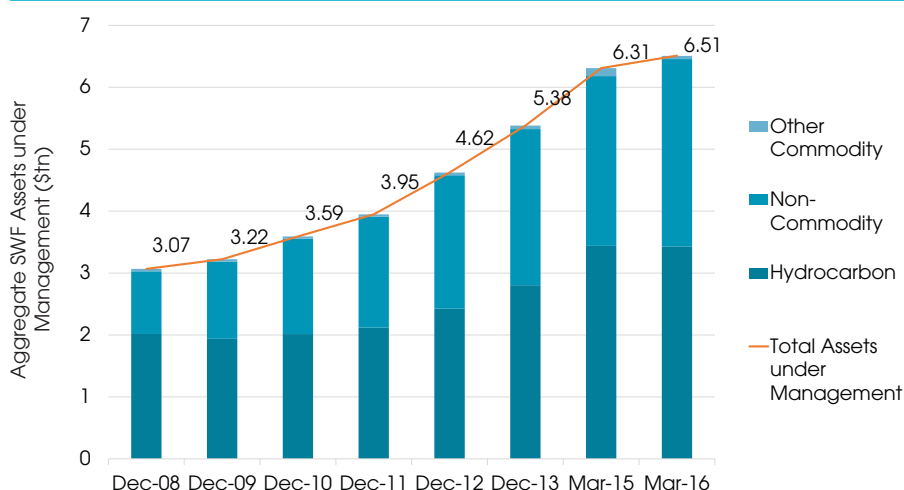
Alastair Hannah and Selina Sy provide an insight into this secretive and exclusive subset of the investor community, based on data from Preqin's recently launched [2016 Preqin Sovereign Wealth Fund Review](#).

Sovereign wealth funds continue to capture attention as a result of their ever growing assets under management (AUM) and corresponding influence on global financial markets. Despite the decline in commodity & oil prices and the global volatility seen over the past year, which has reduced the capital available to some sovereign wealth funds, AUM of these investors reached \$6.51tn in March 2016 (Fig. 1). This is over double the AUM held in 2008 (\$3.07tn), the year Preqin launched its first Sovereign Wealth Fund Review.

Relative to other institutional investors, sovereign wealth funds typically have a greater tolerance for the illiquidity inherent in private equity investments, allowing many sovereign wealth funds to build private equity allocations that may not be feasible for other investor types. This is due to sovereign wealth funds' preference for returns, in order to increase capital reserves for future generations. These unique investors have been steadily increasing their share of capital invested in private equity and remain an important source of capital for the asset class. Fig. 2 shows that private equity has seen greater participation from sovereign wealth funds over the past year, illustrative of the increasing sophistication of these institutions in constructing their investment portfolios and the attraction of the asset class to deliver their investment objectives.

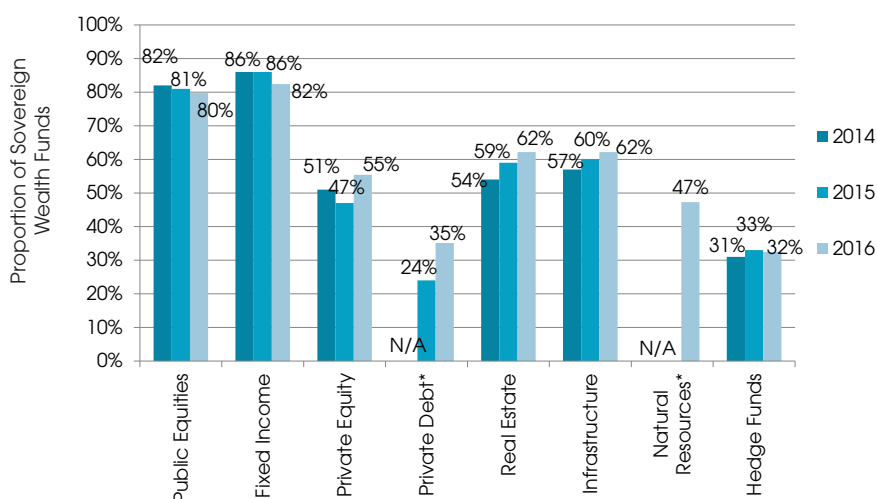
As shown in Fig. 3, over half (55%) of sovereign wealth funds are known to invest in private equity, representing an eight percentage point increase from the proportion seen last year. Thirty-eight percent of sovereign wealth funds exclude private equity from their investment strategy, often due to liquidity prioritization or anticipation of a period of economic stress. Chile-based [Economic and Social Stabilization Fund](#), for example, does not invest in the asset class as it does not provide the liquidity needed to meet the requirements of its mandates.

Fig. 1: Aggregate Sovereign Wealth Funds Assets under Management (\$tn), December 2008 - March 2016



Source: 2016 Preqin Sovereign Wealth Fund Review

Fig. 2: Proportion of Sovereign Wealth Funds Investing in Each Asset Class, 2014 - 2016



Source: 2016 Preqin Sovereign Wealth Fund Review

Assets under Management

Larger sovereign wealth funds are more likely allocate to the asset class than their smaller counterparts (Fig. 4). While only 20% of the smallest

sovereign wealth funds (with total assets under \$1bn) invest in private equity, rates of participation in the asset class increase steadily alongside AUM, reaching 100% for sovereign wealth funds with total assets of \$100-249bn.

*Please note that Preqin has only been collecting private debt information since 2014 and natural resources data since 2015.



However, this rate declines to 89% for those with total assets of \$250bn or more. Norway-based [Government Pension Fund Global](#), for example, is the largest sovereign wealth fund in the world and does not invest in private equity due to restrictions imposed by the Government of Norway. Instead, its portfolio is allocated to investments in public markets and real estate.

Location

Fig. 5 shows that sovereign wealth funds investing in private equity are based across the globe. Middle East- and Asia-based sovereign wealth funds continue to constitute the largest proportions of investors in private equity within this pool, accounting for 33% and 29% of funds respectively. While this is primarily due to the large numbers of sovereign wealth funds based in these regions, this also illustrates the large appetite such investors have for the asset class and the vast amounts of capital allocated to private equity by these investors. Sovereign wealth funds based in North America, Europe and Africa also invest in private equity, representing 14%, 10% and 10% respectively of all sovereign wealth funds investing in the asset class. Currently, no sovereign wealth funds located in Latin America & Caribbean invest in private equity; however, [Fondo de Ahorro de Panamá](#) has reported that it will consider investing in the asset class once its total assets exceed 4% of Panama's GDP.

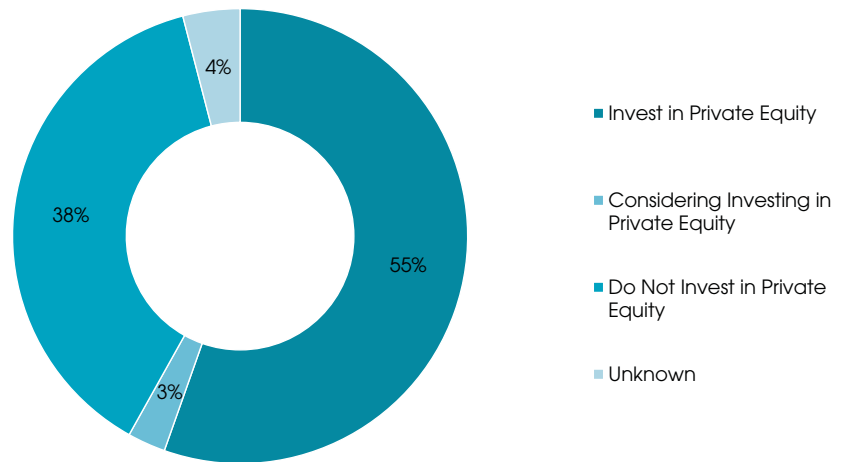
Strategy Preferences

Buyout funds remain the most preferred private equity strategy among sovereign wealth funds, with 72% of sovereign wealth funds investing in such funds (Fig. 6). The larger size of buyout funds makes them attractive to sovereign wealth funds, as it allows them to put large amounts of capital to work, while venture capital funds (which draw capital from 65% of sovereign wealth funds) allow for the nurture of domestic enterprise and support the economic development initiatives of the fund. Commitments to venture capital funds are a significant component of [BpiFrance's](#) investment strategy, with known commitments to Europe-focused venture capital vehicles, [Fonds Européen des Matériaux](#) and [CapAgro Innovation](#).

Co-Investments and Separate Accounts

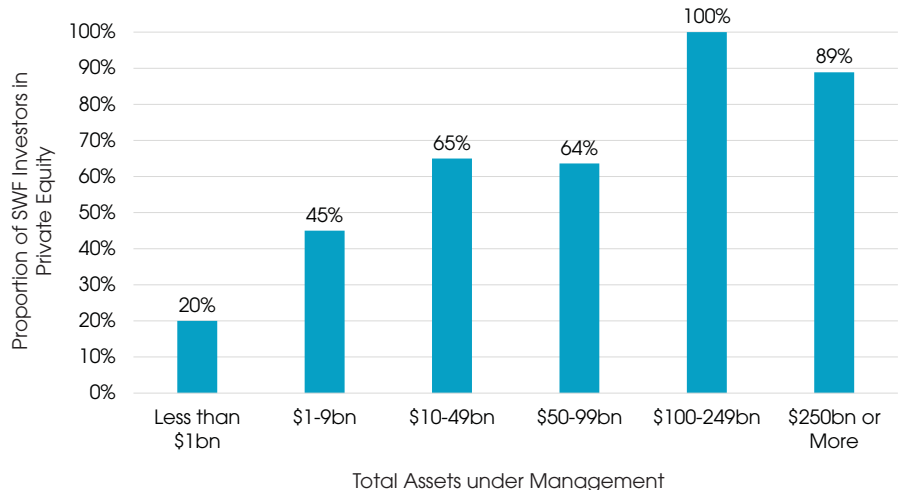
Due to their size, many sovereign wealth funds look to alternative routes to the traditional commingled fund model to gain access to the asset class in a bid

Fig. 3: Proportion of Sovereign Wealth Funds Investing in Private Equity



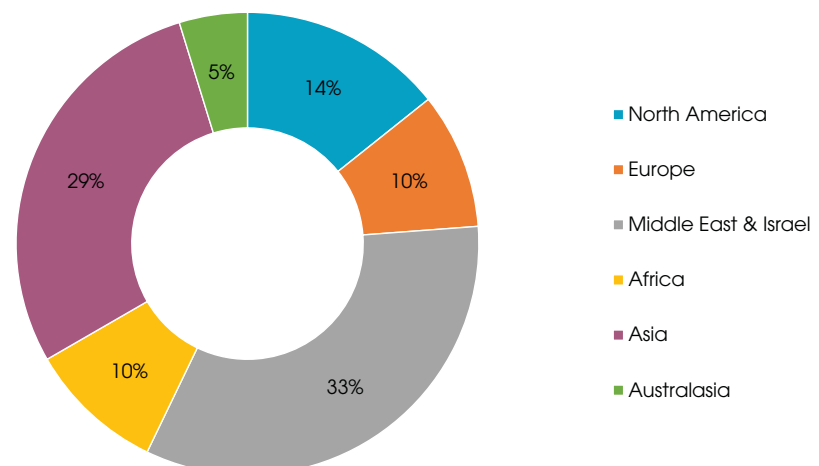
Source: 2016 Preqin Sovereign Wealth Fund Review

Fig. 4: Proportion of Sovereign Wealth Funds Investing in Private Equity by Total Assets under Management



Source: 2016 Preqin Sovereign Wealth Fund Review

Fig. 5: Sovereign Wealth Funds Investing in Private Equity by Location



Source: 2016 Preqin Sovereign Wealth Fund Review



for lower fees and greater transparency. Nearly half (47%) of sovereign wealth funds investing in private equity are inclined to invest alongside fund managers in co-investment arrangements. Attractive benefits for co-investors include portfolio diversification, exposure to quality private equity assets, the ability to evaluate the risk/return profile of an investment (that is not necessarily available in traditional fund investments), better transparency and mitigation of the J-curve effect as capital is deployed faster.

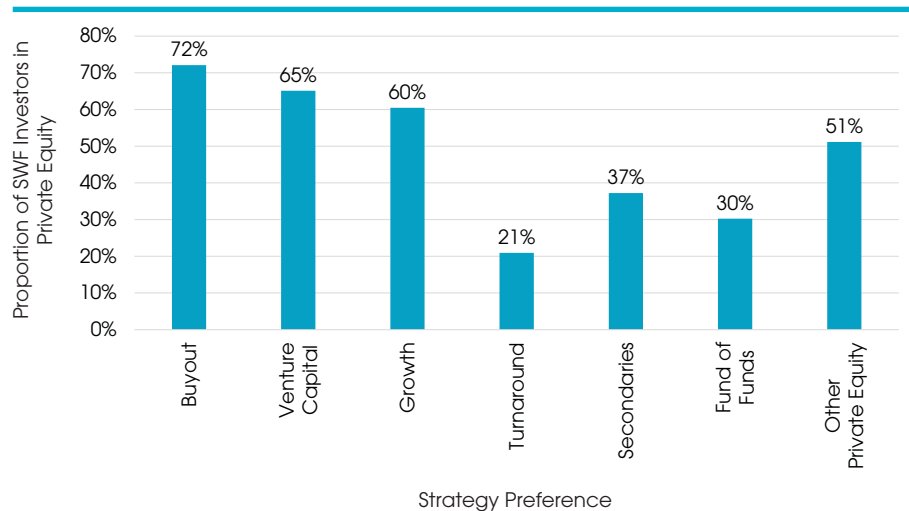
Separate accounts provide sovereign wealth funds with a number of advantages, offering enhanced transparency in being the sole investor of a fund, having greater control over terms and conditions and the ability to gain exposure to a bespoke product to achieve investment objectives. [Alaska Permanent Fund Corporation \(APFC\)](#) is one such fund that prefers private equity investment through separate account structures; APFC will also co-invest alongside fund managers and invest in fund of funds vehicles.

Regional Preferences

Europe is the most attractive region for sovereign wealth funds gaining exposure to private equity, with 79% investing in the region (Fig. 7). Appetite for Europe-focused private equity opportunities remains ahead of that for North America-focused investment (for which 65% of sovereign wealth funds have indicated a preference). Both Europe and North America accommodate some of the world's largest and most established private equity fund managers and are the most mature private equity markets globally, thus offering a wide range of attractive strategies and opportunities for investors.

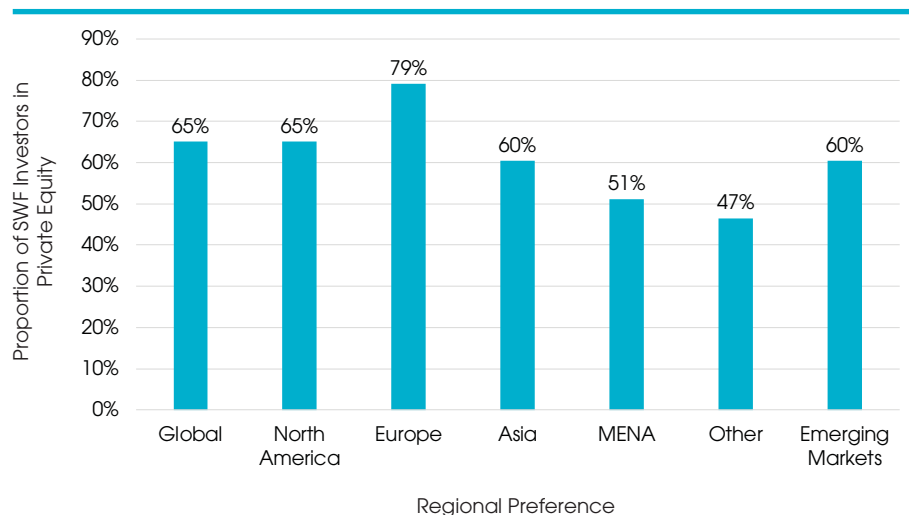
Despite containing some of the largest sovereign wealth funds, just over half of sovereign wealth funds target private equity in the MENA region, trailing emerging markets (for which 60% of sovereign wealth funds have a preference). However, it is worth noting that some sovereign wealth funds in the MENA region pursue direct private equity investment to support domestic, social and economic initiatives.

Fig. 6: Strategy Preferences of Sovereign Wealth Funds Investing in Private Equity



Source: 2016 Preqin Sovereign Wealth Fund Review

Fig. 7: Regional Preferences of Sovereign Wealth Funds Investing in Private Equity



Source: 2016 Preqin Sovereign Wealth Fund Review

Outlook

Private equity investment offers diversification within overall investment portfolios, potentially generating substantial returns over the long term without the short-term volatility seen in public markets. Sovereign wealth funds are contributing a growing proportion of total institutional investor capital to

private equity, increasing from 9% in January 2013 to 17% in January 2016, suggesting an expanding influence within the asset class. From the perspective of fund managers, securing capital from sovereign wealth funds is an increasingly competitive endeavour, with such investors looking for the best opportunities to deploy capital, showing a healthy appetite for the asset class to achieve their investment objectives.

Data Source:

The **2016 Preqin Sovereign Wealth Fund Review** is our largest and most comprehensive review of sovereign wealth funds and their investment activity yet, featuring detailed profiles for 74 sovereign wealth funds worldwide.

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Private Equity Industry News

Despite failing to match the peak fundraising levels of 2014, growth private equity continues to attract substantial amounts of capital from significant players in the investor community. [Alastair Hannah](#) takes a look at fundraising activity in the growth private equity market.

Recently Closed Growth Funds

Silicon Valley-based [Accel Partners](#) held a final close in March on \$1.5bn for its latest fund, [Accel Growth Fund IV](#). The largest growth fund to close in 2016 so far, Accel Growth Fund IV will focus on IT, software, internet and digital media investment opportunities in the US.

[HIG Brazil & Latin America Partners](#) held a final close in April on \$740mn. Managed by Miami-based [H.I.G. Capital](#), the fund targets small- and mid-sized companies with attractive growth potential in Brazil. Investors in the fund include [Maine Public Employees' Retirement System](#) and [Pennsylvania State Employees' Retirement System](#), which committed \$60mn and \$50mn respectively.

Growth Funds in Market

As of 27 May 2016, there were 294 growth funds in market seeking an aggregate \$13bn in institutional capital. The largest growth fund currently raising capital is [Sino-Singapore \(Chongqing\) Connectivity Private Equity Fund](#), a joint venture between [UOB Venture Management](#), Chongqing Yufu Asset Management Group, [Ping An Insurance](#) and Tus-Holdings. The fund is targeting CNY 100bn and will seek growth opportunities in the Chongqing region.

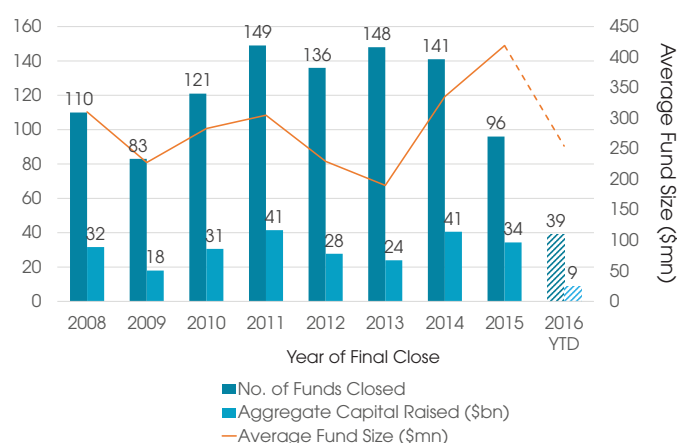
Asia remains a substantial region for growth fund activity; growth funds based in Asia that are currently on the road represent almost a third (31%) of aggregate capital sought by all private equity funds based in the region. Ninety-three Asia-based growth funds in market are seeking \$41bn in institutional capital; this exceeds North America-based fundraising, where 86 growth funds are currently seeking a total \$20bn in commitments.

Boston-based [Summit Partners Growth Equity Fund IX](#) is currently seeking \$3bn in institutional capital. The fund, which is the second largest growth fund on the road, is [Summit Partners'](#) ninth flagship vehicle and will primarily target companies located in North America and Europe.

Chart of the Month



Global Annual Private Equity Growth Fundraising, 2008 - 2016 YTD (As at 27 May 2016)









Source: [Preqin Private Equity Online](#)

In 2015, growth capital fundraising failed to match the levels seen in 2014. The aggregate capital secured in 2015 (\$34bn) represented a 17% decrease from the previous year, while the number of funds closed (96) was a 32% decrease from 2014 (141), the lowest number since 2009. The \$9bn in institutional capital raised from January to May 2016 represents 26% of the total amount raised in 2015 and 29% of the average aggregate capital secured each year from 2008 to 2015. The reduction in the number of growth funds closed annually from 2013 to 2015, combined with an increase in aggregate capital raised, has led to an increase in average fund size during this period. The average size of growth funds closed in 2015 is \$419mn, compared with \$190mn in 2013.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

PREQIN GLOBAL DATA COVERAGE

	PRIVATE EQUITY*	HEDGE FUNDS	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT	NATURAL RESOURCES
INVESTOR COVERAGE 	6,273 Active Private Equity LPs	5,072 Active Hedge Fund Investors	5,313 Active Real Estate LPs	2,762 Active Infrastructure LPs	2,125 Active Private Debt Investors	1,913 Active Natural Resources Investors
FUND COVERAGE 	19,659 Private Equity Funds	20,902 Hedge Funds	5,715 PE Real Estate Funds	1,065 Infrastructure Funds	2,047 Private Debt Funds	1,538 Natural Resources Funds
FIRM COVERAGE 	10,049 Private Equity Firms	8,278 Hedge Fund Firms	3,443 PE Real Estate Firms	493 Infrastructure Firms	966 Private Debt Firms	809 Natural Resources Firms
PERFORMANCE COVERAGE 	6,304 Private Equity Funds	13,800 Hedge Funds	1,491 PE Real Estate Funds	214 Infrastructure Funds	734 Private Debt Funds	429 Natural Resources Funds
FUNDRAISING COVERAGE 	2,219 Private Equity Funds	14,931 Hedge Funds	1,005 PE Real Estate Funds	193 Infrastructure Funds	276 Private Debt Funds	225 Natural Resources Funds
DEALS COVERAGE 	BUYOUT 47,163 + 21,337 Buyout Deals** Exits	VENTURE CAPITAL 101,846 + 11,809 Venture Deals*** Exits	INFRASTRUCTURE 12,925 Infrastructure Deals			

Alternatives Investment Consultants Coverage:

527

Consultants Tracked

Funds Terms Coverage: Analysis Based on Data for Around

14,330

Funds

Best Contacts: Carefully Selected from our Database of over

362,564

Contacts



PLUS

Comprehensive coverage of:

- + Placement Agents
- + Fund Administrators
- + Law Firms
- + Debt Providers
- + Dry Powder
- + Compensation
- + Plus much more...



THE PREQIN DIFFERENCE

- + Over 200 research, support and development staff
- + Global presence - New York, London, Singapore, San Francisco, Hong Kong and Manila
- + Depth and quality of data from direct contact methods
- + Unlimited data downloads
- + The most trusted name in alternative assets

*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine funds.
**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.
***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.

As at 1 June 2016



ALT CREDIT
INTELLIGENCE
US FUND SERVICES
AWARDS 2016
WINNER



ALT CREDIT
INTELLIGENCE
EUROPEAN SERVICES
AWARDS 2015
WINNER

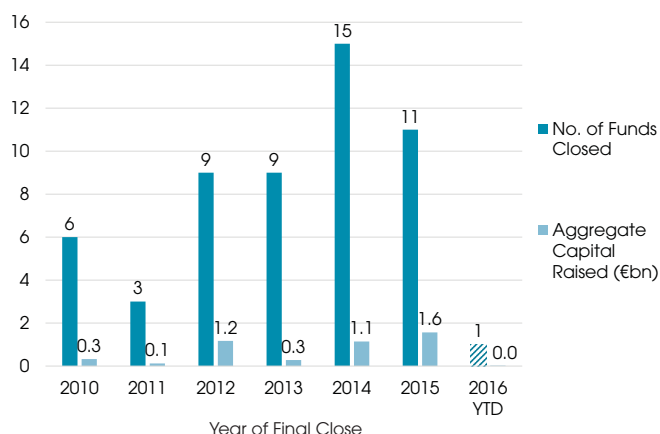




Private Equity in Spain

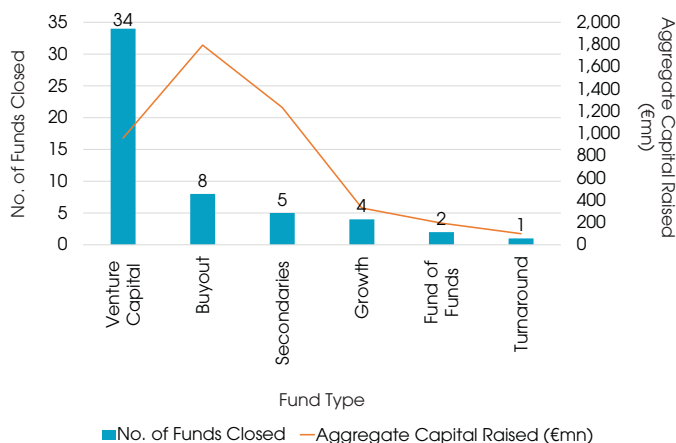
We examine the private equity & venture capital market in Spain, looking at the latest fundraising data from Spain-based fund managers and investors, as well as the latest buyout and venture capital deal activity.

Fig. 1: Annual Spain-Based Private Equity Fundraising, 2010 - 2016 YTD (As at 18 May 2016)



Source: Preqin Private Equity Online

Fig. 2: Spain-Based Private Equity Fundraising by Fund Type, 2010-2016 YTD (As at 18 May 2016)



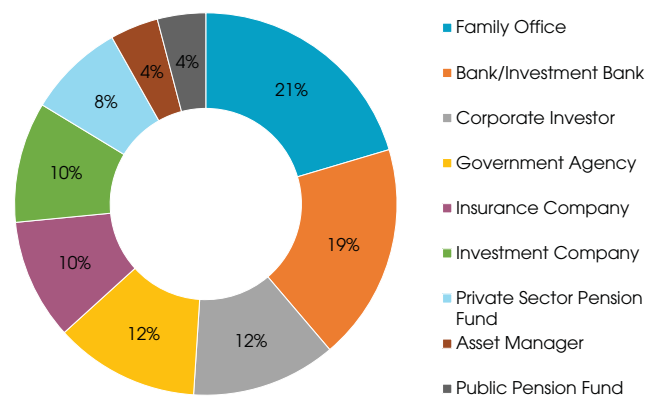
Source: Preqin Private Equity Online

Fig. 3: Five Largest Spain-Based Private Equity Fund Managers by Aggregate Capital Raised in the Last 10 Years

Firm	Headquarters	Primary Strategy	Aggregate Capital Raised in Last 10 Years (€bn)
N+1 Private Equity	Madrid	Buyout	1.3
Altamar Private Equity	Madrid	Fund of Funds	1.3
Portobello Capital	Madrid	Buyout	1.1
Arcano Capital	Madrid	Fund of Funds	1.1
Magnum Industrial Partners	Madrid	Buyout	0.9

Source: Preqin Private Equity Online

Fig. 4: Spain-Based Private Equity Investors by Type



Source: Preqin Private Equity Online

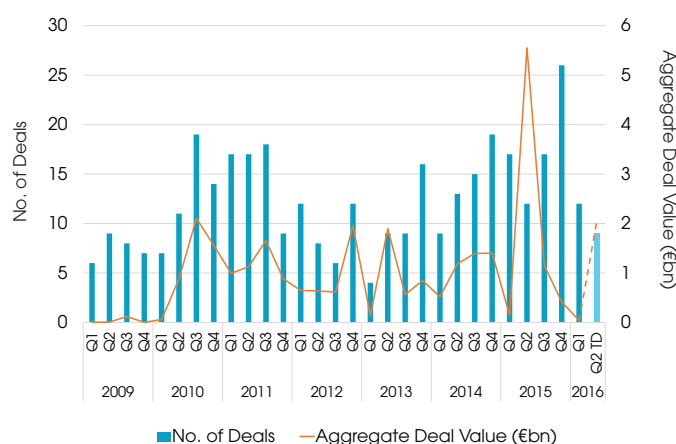
Fig. 5: Five Largest Spain-Based Private Equity Funds Currently in Market (As at 24 May 2016)

Fund	Firm	Type	Target Size (€mn)	Fund Status	Primary Geographic Focus
Magnum Capital II	Magnum Industrial Partners	Buyout	500	Raising	Portugal, Spain
N+1 Private Equity Fund III	N+1 Private Equity	Buyout	450	First Close	Portugal, Spain
Altamar VIII Private Equity Program	Altamar Private Equity	Fund of Funds	400	Third Close	Global
Arta Capital II	Artá Capital	Balanced	400	Raising	Portugal, Spain
MCH Iberian Capital Fund IV	MCH Private Equity	Buyout	300	First Close	Portugal, Spain

Source: Preqin Private Equity Online

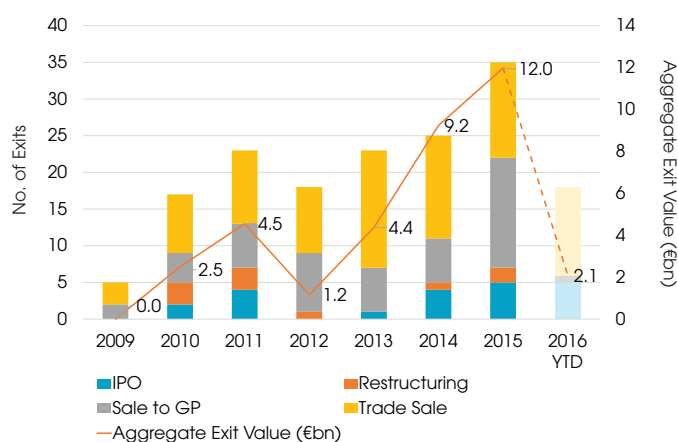


Fig. 6: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Spain, Q1 2009 – Q2 2016 TD (As at 24 May 2016)



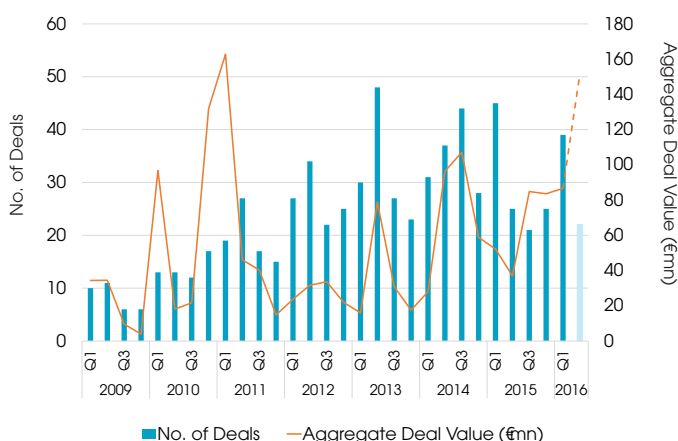
Source: Preqin Private Equity Online

Fig. 7: Number of Private Equity-Backed Exits in Spain by Type and Aggregate Value, 2009 – 2016 YTD (As at 24 May 2016)



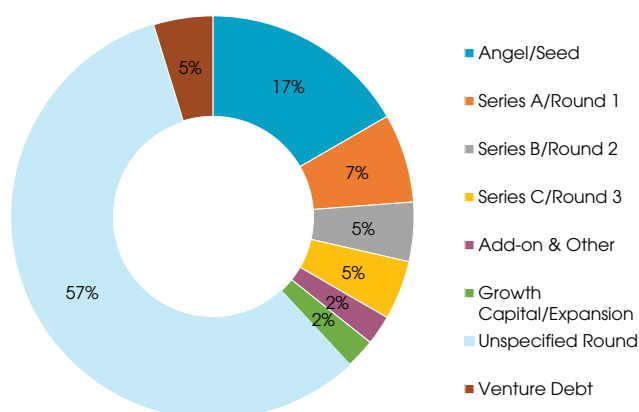
Source: Preqin Private Equity Online

Fig. 8: Number and Aggregate Value of Venture Capital Deals* in Spain, Q1 2009 - Q2 2016 TD (As at 24 April 2016)



Source: Preqin Private Equity Online

Fig. 9: Proportion of Venture Capital Deals in Spain by Stage, Q1 2016



Source: Preqin Private Equity Online

Fig. 10: Top Five Venture Capital Deals in Spain, 2009 – 2016 YTD (As at 24 May 2016)

Portfolio Company	Stage	Deal Date	Deal Size (mn)	Investor(s)	Industry
Privalia Venta Directa	Growth Capital/Expansion	Mar-11	88 EUR	General Atlantic, Highland Capital Partners, Index Ventures, Insight Venture Partners	Internet
Cabify	Series C/Round 3	Apr-16	120 USD	Rakuten Ventures	Telecoms
Privalia Venta Directa	Unspecified Round	Oct-10	70 EUR	General Atlantic, Highland Capital Partners, Index Ventures	Internet
iUnika	Series A/Round 1	Dec-10	46 USD	–	Technology
ScytI	Series C/Round 3	Aug-14	44 USD**	Adams Street Partners, Industry Ventures, Vy Capital	Software

Source: Preqin Private Equity Online

*Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases.

**Deal completed as the third tranche of a \$104mn Series C financing round.



LIMITED PARTNER REPORTING SUITE



The Baxon LP Reporting Suite enables Investor Relations teams to automate their entire LP reporting process. The data for every report comes from a consistent source, which saves time and improves accuracy and proficiency in the reporting process.

Automate General Partner reports for Limited Partners

Replicate and automate your existing LP reports, both in the Baxon cloud platform and in Excel, allowing your investor relations team to streamline your quarterly limited partner reporting process.

Populate Excel templates instantly

The **Baxon LP Engine** allows Investor Relations teams to manage and automatically populate specific LP templates in Excel.

Respond immediately to LP requests

Use both **BELL – ‘Baxon Excel Live Link’** – and the unique Baxon search engine to drill down into specific metrics, ensuring rapid response to Limited Partner queries.



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Performance Update

Darren Fernandes provides the latest private equity performance data to Q3 2015, comparing the returns of different investment strategies as well as exploring the growth in industry assets under management.

Fig. 1: All Private Equity*: Median Called-up, Distributed and Residual Value Ratios by Vintage Year, 2000 - 2015

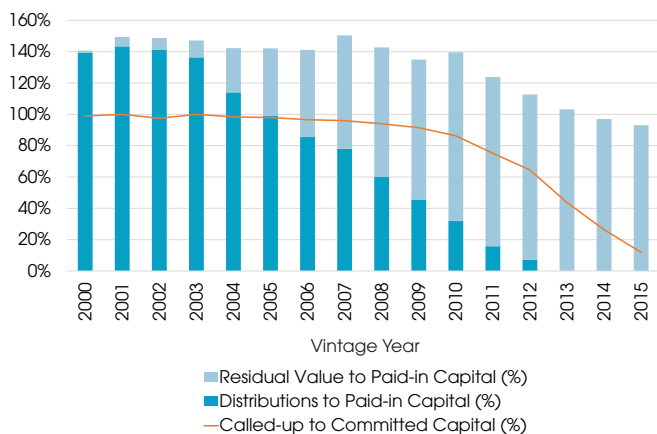


Fig. 2: Private Equity Assets under Management, December 2000 - September 2015

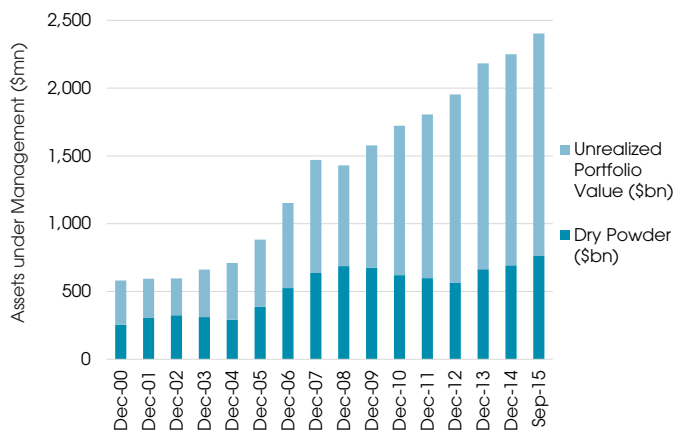


Fig. 3: PrEQIn Quarterly Index: All Private Equity* vs. S&P 500 Total Return Index, December 2000 - June 2015

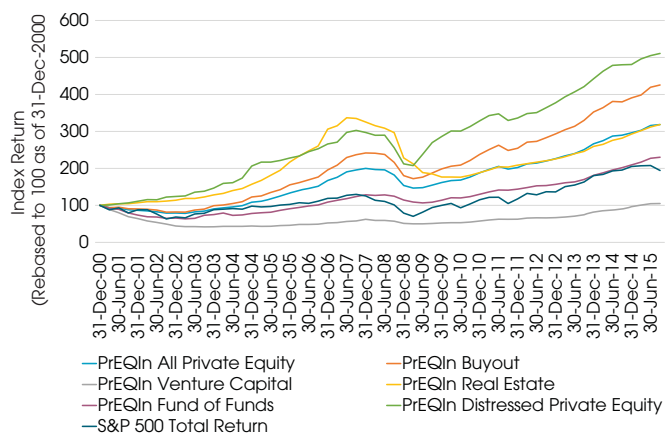
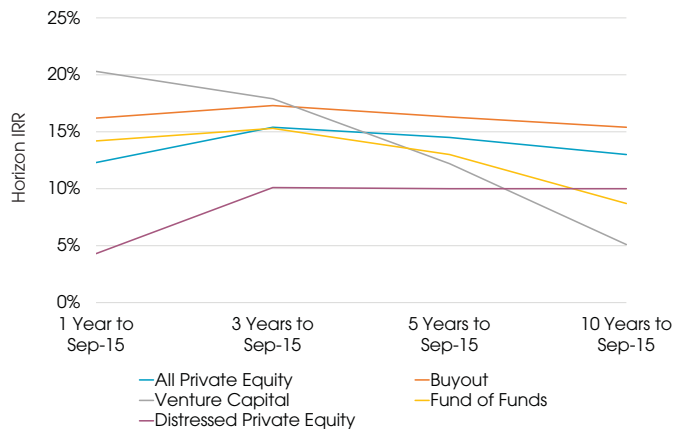


Fig. 4: All Private Equity* Horizon Returns



Data Source:

Preqin's **Performance Analyst** on **Private Equity Online** features in-depth information for over 8,100 private equity funds of all strategies, fund types, sizes and vintage years.

For more information, or to arrange a demonstration, please visit:

www.preqin.com/privateequity

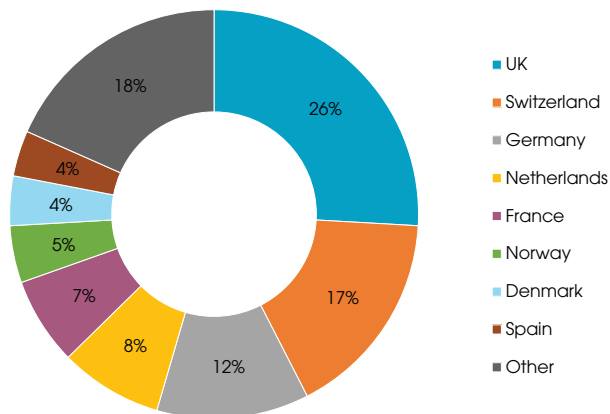
*All Private Equity definition: buyout, venture capital, growth, turnaround, secondaries, fund of funds, distressed debt, mezzanine, special situations, real estate, infrastructure, balanced, direct secondaries, co-investment, multi-manager.



Secondaries Update

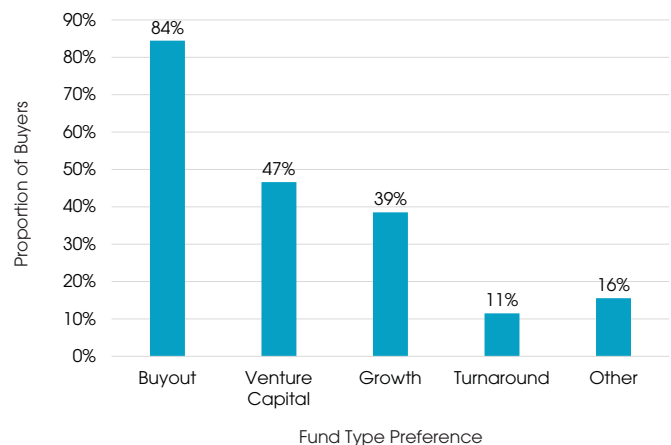
Olivia Perry takes a look at the largest fund managers and investors in the European private equity secondary market.

Fig. 1: Europe-Based Investors Interested in Buying Private Equity Funds on the Secondary Market by Location



Source: Preqin Private Equity Online

Fig. 2: Europe-Based Investors Interested in Buying Private Equity Funds on the Secondary Market by Fund Type Preference



Source: Preqin Private Equity Online

Fig. 3: 10 Largest Europe-Based Investors Interested in Buying Private Equity Funds on the Secondary Market by Assets under Management

Investor	Type	Assets under Management (\$bn)	Location
Rabobank Group	Bank	768	Netherlands
UBS Global Asset Management	Asset Manager	650	UK
APG - All Pensions Group	Asset Manager	473	Netherlands
Pictet Group	Bank	460	Switzerland
Cassa Depositi e Prestiti Spa	Bank	426	Italy
ABP	Public Pension Fund	411	Netherlands
CNP Assurances	Insurance Company	378	France
DnB NOR Bank	Bank	343	Norway
HVB Group	Bank	332	Germany
Crédit Agricole Assurances-Prédica	Insurance Company	286	France

Source: Preqin Private Equity Online

Fig. 4: 10 Largest Private Equity Secondaries Funds Managed by Europe-Based Fund Managers, All Time (As at 27 May 2016)

Fund	Firm	Vintage	Fund Size (bn)	Location
Ardian Secondary Fund VII	Ardian	2015	10.8 USD	France
Ardian Secondary Fund VI	Ardian	2014	9.0 USD	France
Coller International Partners VII	Coller Capital	2016	7.2 USD	UK
Coller International Partners VI	Coller Capital	2012	5.5 USD	UK
AXA Secondary Fund V	Ardian	2011	5.1 USD	France
Coller International Partners V	Coller Capital	2006	4.8 USD	UK
Partners Group Secondary 2008	Partners Group	2008	2.5 EUR	Switzerland
AXA Secondary Fund IV	Ardian	2006	2.9 USD	France
AlpInvest Partners Secondaries 2006-2008	AlpInvest Partners	2006	2.3 EUR	Netherlands
Partners Group Secondary 2011	Partners Group	2011	2.0 EUR	Switzerland

Source: Preqin Private Equity Online



PRIVATE WEALTH MANAGEMENT GREATER CHINA SUMMIT

17 – 19 October 2016, Conrad Macao, Cotai Central, Macao, China

The **Private Wealth Management Greater China Summit** is the ultimate meeting point, bringing together leading Greater China family offices with fund managers and consultants in an intimate and focused environment.

DISTINGUISHED SPEAKERS INCLUDE

Dan Steinbock, President, **Difference Group**
Jacky Jiang, Managing Director, **Hefeng Family Office**
Victor Ai, Co-VP, **Donglin Family Office**
Andrew Yen, Founder, **Panhe Family Office**
Prof Joseph Fan, Director, Centre for Economics & Finance,
Chinese University of Hong Kong
Lyndon Arthurson, Director, Family Office Services,
Harris Fraser Group
Sean Cortis, Principal & CEO, **Chapman Eastway**

I strongly believe the event is really thorough and effectively planned with rich expertise and knowledge.

CEO, **Wealth Street Sdn Bhd**

For more information, please contact Khadija Jaafar at SitiK@marcusevanski.com

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Conferences Spotlight

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Cap Intro: Private Equity Fund Investing	20 June 2016	New York	Catalyst Financial Partners	–	–
Nordic Private Equity Summit	21 June 2016	Denmark	DVCA	–	–
SuperReturn Emerging Markets	27 - 29 June 2016	Amsterdam	ICBI	Mark O'Hare	–
AltLend Summit 2016	13 - 14 July 2016	New York	Financial Research Associates	–	15% Discount - FMP187
Family Office & Private Wealth Management Forum	18 - 20 July 2016	Newport, RI	Opal Finance Group	–	–
Alternative Investment Consultants Summit	21 July 2016	Old Greenwich, CT	Investment Management Institute	–	–
Specialty Finance Summit	7 - 8 September 2016	New York	iGlobal Forum	–	10% Discount - Preqin
UK Private Equity Conference	9 September 2016	London	Private Equity Insights	–	20% Discount - UKPEC_Preqin
Australian Investors Summit	12 - 13 September 2016	Melbourne	marcus evans Summits	–	–
FundForum Africa	14 - 16 September 2016	London	Informa	–	15% Discount - FKP2429PNWB
SuperReturn CFO/COO Forum	19 - 21 September 2016	Amsterdam	ICBI	Mark O'Hare	–
Capital Creation	19 - 21 September 2016	Monte Carlo	Worldwide Business Research	Mark O'Hare	15% Discount - PREQIN15
LPGP Connect Private Debt	20 September 2016	Chicago, IL	LPGP Connect	Ryan Flanders	–
2016 Asia Pacific Private Equity Seminar	21 - 22 September 2016	Hong Kong	Clifford Chance & Preqin	–	–
Italian Private Equity Conference	22 September 2016	Milan	Private Equity Insights	–	20% Discount - ITPEC_Preqin
DACH Elite Summit	25 - 27 September 2016	Frankfurt	marcus evans Summits	–	–
SuperReturn Asia	26 - 29 September 2016	Hong Kong	ICBI	Mark O'Hare	15% Discount Code - FKR-2424PRQW
Global Investors Summit	3 - 5 October 2016	Montreux	marcus evans Summits	–	–
Australian Private Equity Tech Conference	7 October 2016	Sydney	PETC	–	–
CEE Private Equity	13 - 14 October 2016	London	C5	–	–

Access Free Conference Slide Decks and Presentations

Preqin attends and speaks at many different alternative assets conferences throughout the year, covering topics from infrastructure fundraising trends to alternative UCITS.

All of the conference presentations given by Preqin speakers, which feature charts and league tables from Preqin's online products, can be viewed and downloaded from Preqin's **Research Center Premium**, for free.

For more information, and to register for Preqin's **Research Center Premium**, please visit:

www.preqin.com/rcp



SuperReturn Emerging Markets

Date: 27 - 29 June 2016

Information: <http://www.superreturnemergingmarkets.com/FKR2396PRQW>

Location: Hotel Okura, Amsterdam

Organizer: SuperReturn

Meet 330 international private equity experts, including 130+ LPs from Europe, Latin America, North America, Middle East & Asia.

Hear from 100 speakers including:

- John Hulsman, Geopolitical Expert & Life Member, U.S. Council On Foreign Relations
- Mark Florman, CEO, Time Partners Ltd
- Andy Tsao, Managing Director, Silicon Valley Bank
- Fernando Borges, Managing Director - Partner/South America Co-Head, The Carlyle Group
- Alison Klein, Manager, Private Equity Fund, FMO
- Ralph Jaeger, Managing Director, Siguler Guff & Company

See the attendee list and schedule meetings 2 weeks beforehand plus attend several social and networking functions at the event.

GAI AgTech Week

Date: 21 - 23 June 2016

Information: www.globalaginvesting.com/atw16

Location: San Francisco, Calif.

Organizer: HighQuest Group

The annual GAI AgTech Week will provide two-and-a half days of engaging keynote presentations by industry leaders, thought-provoking panels, innovative company presentations and interactive workshops, all designed to educate and inspire investors and entrepreneurs with a broad range of investment opportunities in the food and agriculture technology sectors worldwide. Connecting proven innovators and investors. www.agtechweek.com

AltLend Summit 2016

Date: 13 - 14 July 2016

Information: <https://frallc.com/conference.aspx?ccode=b1026>

Location: The Princeton Club, NY

Organizer: Financial Research Associates

AltLend is back in New York. This year, we are breaking things down into two tracks - real estate and small business lending. Participate in two days of dialogue with investors, banks and lenders. Gain a better understanding of what's in-store for the marketplace and alternative lenders.

Family Office & Private Wealth Management Forum 2016

Date: 18 - 20 July 2016

Information: <http://opalgroup.net/conference/family-office-private-wealth-management-forum/>

Location: Newport, RI

Organizer: Opal Group

In the course of three days, family offices, private investors, and investment managers navigate their way through the choppy waters of the past recession, while continuing to explore the best ways to map out their portfolios. Discussions will cover a wide variety of investment topics including direct investing, impact investing, non-correlated assets, and more.



SuperReturn CFO/COO

Date: 19 - 21 September 2016
Information: <https://finance.knect365.com/superreturn-cfo-coo/purchase/select-package/vip/FKR2422PRQW>
Location: Hotel Okura, Amsterdam
Organizer: SuperReturn

The SuperReturn CFO/ COO Forum is the event putting the CFO & COO centre stage. Delving into the key challenges faced by non-investment professionals within private equity firms worldwide, this conference provides an unrivalled platform to share experiences, benchmark best practice and interface with investors.

With over 30 hours of knowledge-sharing and learning, just some of the key topic areas explored include a spotlight on regulation, an AIFMD update, the latest tax developments, operational excellence, cutting edge technology, a valuations focus, fund structures, fundraising and IR, risk management, outsourcing, and LP perspectives.

Capital Creation

Date: 19 - 21 September 2016
Information: www.capitalcreationeurope.com
Location: Monte Carlo, Monaco
Organizer: Worldwide Business Research

Attracting 300 qualified European private equity investors and fund managers, Capital Creation offers critical analysis and off-the-record data on Europe's private equity landscape and future investment opportunities. Find new deal opportunities, managers that offer true value, and fund restructuring solutions with 80 expert speakers across 60 bespoke presentations and small-group formats.

DACH Elite Summit 2016

Date: 25 - 27 September 2016
Information: <http://bit.ly/1rClfsN>
Location: Kempinski Hotel Frankfurt Gravenbruch, Frankfurt, Germany
Organizer: marcus evans

The DACH Elite Summit offers family offices an intimate and stimulating environment for focused discussion with asset managers, able to support their key wealth management and asset allocation requirements.

The Summit unites the wealthiest individuals and families from Germany, Austria and Switzerland with different solution providers who are able to satisfy their current needs and develop lasting relationships. A thorough selection process ensures a qualified audience, which grants unparalleled business and networking opportunities.

SuperReturn Asia

Date: 26 - 29 September 2016
Information: <https://finance.knect365.com/superreturnasia/purchase/select-package/vip/FKR2424PRQFL>
Location: JW Marriott Hotel, Hong Kong
Organizer: SuperReturn

Over 700 members of the global private equity community including 320+ powerful LPs will be in Hong Kong this September for SuperReturn Asia, so don't miss this superb networking opportunity. Preqin subscribers get a 15% discount – quote VIP code FKR2424PRQS.



PWM Greater China Summit 2016

Date: 17 - 19 October 2016

Information: <http://events.marcusevans-events.com/pwmgc/pq/>

Location: Conrad Macao, Cotai Central, Macao, China

Organizer: marcus evans

The Private Wealth Management Greater China Summit is the ultimate meeting point, bringing together leading Greater China family offices with fund managers and consultants in an intimate and focused environment.

6th Specialty Finance Summit

Date: 7 - 8 October 2016

Information: www.iglobalforum.com/spfinance6

Location: New York, NY

Organizer: iGlobal Forum

iGlobal Forum is pleased to announce our upcoming 6th Specialty Finance Summit, taking place in New York on September 7th and 8th. Opportunities within the specialty finance space are shifting as alternative lenders become more active, and online marketplace lenders draw in customers of their own. New fintech developments are fighting for survival in a competitive space as valuations affect the success of investments, and investors look forward for strategies to protect their capital in the event of a downturn market.