



PrEQIn Private Equity Quarterly Index: Buyout Funds vs. Venture Capital Funds

Emma Underwood examines the latest figures from the PrEQIn Private Equity Quarterly Index, comparing buyout fund size with venture capital investment stage.

Buyout Funds

By plotting the PrEQIn Buyout Mega Cap, Large Cap, Mid Cap and Small Cap Indices, all rebased to 100 as of 31st December 2000, Fig. 1 allows us to examine the relative performance within the buyout sector by fund size. The graph shows that initially, all four indices declined until Q1 2003, after which they began to climb. All four indices peaked during 2007; however, following the onset of the financial crisis, all indices fell sharply, with the Mega Cap Index experiencing the steepest decline, falling below the Large and Small Cap Indices for the first time.

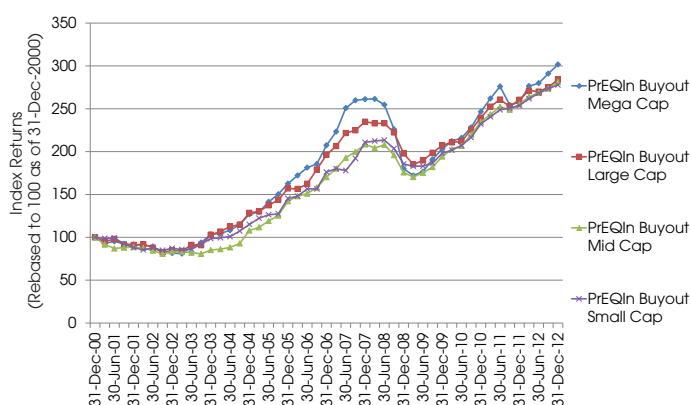
From Q1 2009 onwards, all indices began to recover at a similar rate, and despite a small drop in all indices in Q2 2011, they have continued to climb, with the Mega Cap Index returning as top performer from Q1 2012 onwards. The latest quarter has seen an increase in all indices, with the Mega Cap Index experiencing the greatest rise.

Venture Capital Funds

Fig. 2 shows the PrEQIn Venture Capital Index split out by venture capital investment stage focus. This allows us to gain an insight into the relative performance of early stage and expansion funds in comparison to venture capital funds that have no specific investment stage focus. The graph shows that the PrEQIn Early Stage Index and the PrEQIn Venture All Stages Index follow similar trends, declining initially until Q3 2003 and then gradually recovering until Q4 2007, when a further decline was experienced due to the financial crisis.

In comparison, the PrEQIn Expansion Index shows more variation. After an initial decline, the Index recovers, increasing to 128.8 in Q4 2007. After the subsequent decline following the 2008 financial crisis, the Expansion Index showed quarterly increases until Q2 2011, after which the Index dipped before recovering to 164.9 as of Q4 2012.

Fig. 1: PrEQIn - Private Equity Quarterly Index: Buyout by Fund Size*



Source: Preqin Performance Analyst

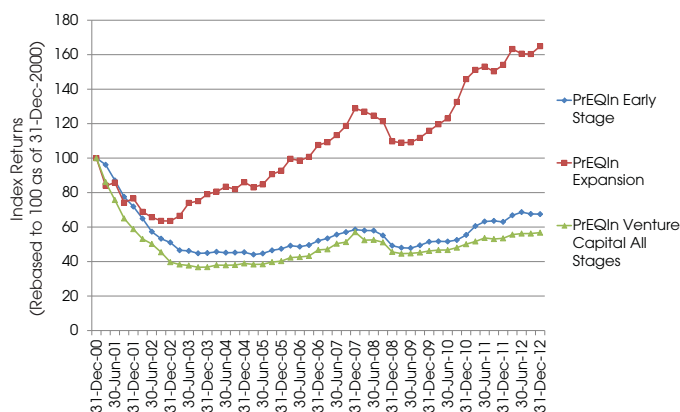
*Size ranges:

Vintage 1992-1996: Small Buyout ≤ \$200mn, Mid Buyout \$201mn-\$500mn, Large Buyout > \$500mn

Vintage 1997-2004: Small Buyout ≤ \$300mn, Mid Buyout \$301mn-\$750mn, Large Buyout \$751mn-\$2bn, Mega Buyout > \$2bn

Vintage 2005-2010: Small Buyout ≤ \$500mn, Mid Buyout \$501mn-\$1.5bn, Large Buyout \$1.51bn-\$4.5bn, Mega Buyout > \$4.5bn

Fig. 2: PrEQIn - Private Equity Quarterly Index: Venture Capital by Investment Stage



Source: Preqin Performance Analyst

Data Source:

Preqin's Performance Analyst contains full metrics for over 6,300 named vehicles, including over 1,500 buyout funds and 1,600 venture capital funds.

For more information on how Performance Analyst can help you, please visit:

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