

# Private Equity Spotlight

May 2008 / Volume 4 - Issue 5

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 & Funds in Market. This month's issue contains details from our latest publication, The 2008 Preqin Real Estate Fund of Funds Review.

## Feature Article

page 3

Featuring exclusive analysis from the Preqin PE Real Estate Fund of Funds Review we investigate:

- How big is the PERE fund of funds market?
- What is driving the growth in the industry?
- What does the future hold for PERE fund of funds?

## Performance Article

page 7

In this month's Performance Article we reveal that the aggregate net profit made by LPs on their private equity investments has now exceeded \$1 trillion.

## Fundraising Article

page 10

Along with our regular look at buyout and venture fundraising, this month's Fundraising Spotlight takes an in-depth look at fund of funds.

No. of Funds on Road	US	Europe	ROW	Total
Venture	222	100	111	433
Buyout	161	68	52	281
Fund of Funds	108	73	14	195
Real Estate	183	93	52	328
Other	122	46	49	217
<b>Total</b>	<b>796</b>	<b>380</b>	<b>278</b>	<b>1,454</b>

If you would like to receive Private Equity Spotlight each month please email [spotlight@preqin.com](mailto:spotlight@preqin.com).

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## Investor Article

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This month we take a close look at insurance companies, and identify some of the key players in this important investor class.



## Investor News

page 18

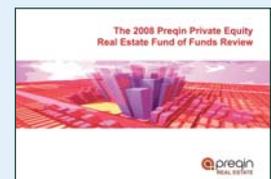
All the latest news on investors in private equity:

- Sentry Insurance has made investments in two private equity mezzanine vehicles.
- New York State Common Retirement Fund has launched its Green Strategic Investment Program.
- Marin County Retirement Association is set to expand its alternative investment portfolio.
- SCM Strategic Capital Management has opened an office in Hong Kong.
- Pantheon Ventures buys secondary interest.

### OUT NOW

The 2008 Preqin  
PERE Fund of Funds Review  
More information available at:

[www.realestate.preqin.com](http://www.realestate.preqin.com)



# Other Free Publications:

- Real Estate Spotlight
- Hedge Fund Research

Private Equity Spotlight is just one of the regular free publications produced by Preqin. Below are details of other publications regularly released by Preqin, Preqin Real Estate and Preqin Hedge, along with details on how to register for your free copy.



## Real Estate Spotlight:

Real Estate Spotlight is Preqin Real Estate's free monthly newsletter, keeping you updated with vital information on private equity real estate Fund Performance, Fund Raising and LPs. Each month's issue contains a special feature article on topics of interest.

To download recent issues and to register to receive Real Estate Spotlight, please visit:

[www.realestate.preqin.com/respotlight](http://www.realestate.preqin.com/respotlight)

## Hedge Fund Research:

Hedge Fund Research is Preqin Hedge's free quarterly report into the institutional investor community. Institutional investors are a growing force in the hedge fund world, and are accounting for a rapidly-increasing share of new capital flowing into the asset class. At Preqin Hedge we undertake vital research, and carry out regular surveys and polls of investors and other hedge fund professionals to ascertain what the latest trends and appetites of the institutional investor are.

To download past reports and to register to receive new research when it is released, please visit:

[www.hedge.preqin.com/research](http://www.hedge.preqin.com/research)

## Preqin Hedge Special Report:

The Growing Influence of Institutional Investors in Hedge Funds:  
Results of Hedge Fund Manager Survey  
03-Mar-2008



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# Feature Article: Real Estate Fund of Funds

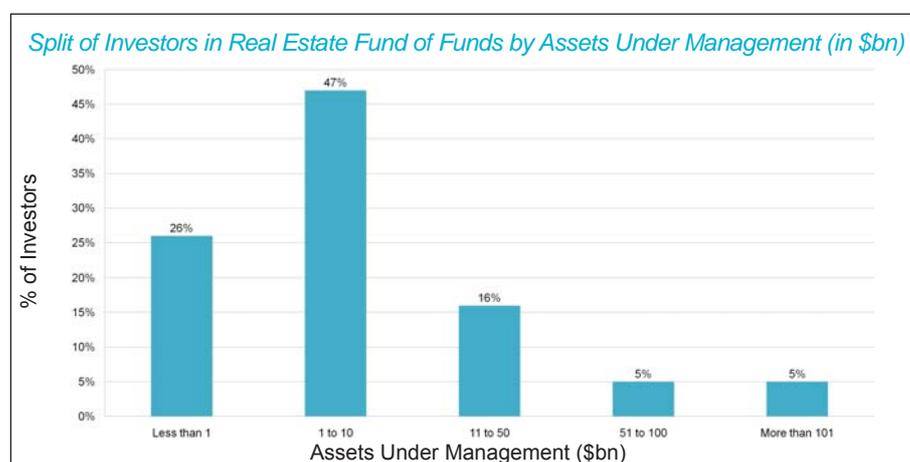
The private equity real estate market has experienced unparalleled growth in recent years, evolving from a niche sector of the overall private equity universe into a central component of the industry. In 2007 real estate was second only to buyout funds in terms of aggregate fundraising, with a record \$92.2bn raised over the course of the year.

As real estate private equity funds have grown in volume, the industry has also experienced a growth in the different types of offerings available. The range of funds currently available is extremely diverse, with vehicles focusing on different types of property, at different stages of development, in a variety of regions around the world.

With so many managers and different types of vehicle available, gaining access to the real estate private equity asset class can be a daunting prospect for many potential investors. With the minimum commitment level for many real estate vehicles high, it can also be a financial impossibility for those investors without a large private equity real estate allocation to actually commit to an adequate number of funds to achieve the diversification they require.

Returns from private equity real estate funds have been amongst the highest in the industry, with median IRRs ranging between 15% and 27% for funds of vintages 2000 to 2005. This has fuelled investor appetite for real estate, and facilitated the creation of real estate fund of funds vehicles. These fund of funds have multiple benefits for investors including an expertise in fund selection and due diligence, access to top performing fund managers

Fig. A:



and diversification across type and region.

The real estate private equity fund of funds universe has been steadily growing to meet the increasing demand from investors, and there are currently 89 dedicated real estate private equity fund of funds vehicles which have either been raised or are in the process of fundraising as of Q2 2008, managed by a total of 46 managers. Details for all of these funds and managers can be found within the body of the 2008 Preqin PE Real Estate Fund of Funds Review.

As Fig. A shows, although a large proportion of investors in real estate fund of funds are relatively small, with 73% having total assets less

than \$10bn, there are also significant numbers of larger investors which are also active in the market. Indeed, some of the biggest and most experienced investors in the world such as California Public Employees' Retirement System and Pennsylvania State Employees' Retirement System have private equity real estate fund of fund allocations. This range in size of investors highlights some of the reasons that different types of investors have for investing in real estate funds.

As previously discussed, some managers will utilise the services of fund of fund managers in order to gain access to a diversified portfolio of real estate investments as they lack the funds or experience to put

“...within the next 2-3 years real estate fund of funds will be garnering \$5-8bn per year, and accounting for 8-10% of the total real estate fundraising market...”

together such a portfolio themselves. Others however will use fund of funds in order to gain access to specific areas within the real estate market. It is not uncommon to see fund of funds alongside direct fund investments in an investor's portfolio where the direct funds are focusing on an area where the investor in question has built up a knowledge base, and the fund of funds investments are focusing on areas that the investor still wants exposure too, but lacks the experience to source and invest in these opportunities itself.

This demand for more specific fund of funds has led to the creation of more targeted fund of funds vehicles, where investments are limited to one region or country, such as the AIPP Asia fund, or to emerging managers only, such as The Scout Fund. As Fig. B and C show, there is a dramatic shift in focus between funds that have already achieved a final close, and those which are currently in market. For funds which closed in 2006 - Q1 2008, only 17% of capital raised was focused primarily on Asia. However, for funds currently raising, this figure rises to 35%.

It is likely that as investors have gained more experience in their home territories, they have become more adept at making direct investments themselves, and so have started to utilise fund of funds more as a means of gaining access to other regions further from home, such as Asia. It is also true that this shift in focus is characteristic of the increasingly global nature of the

Fig. B:

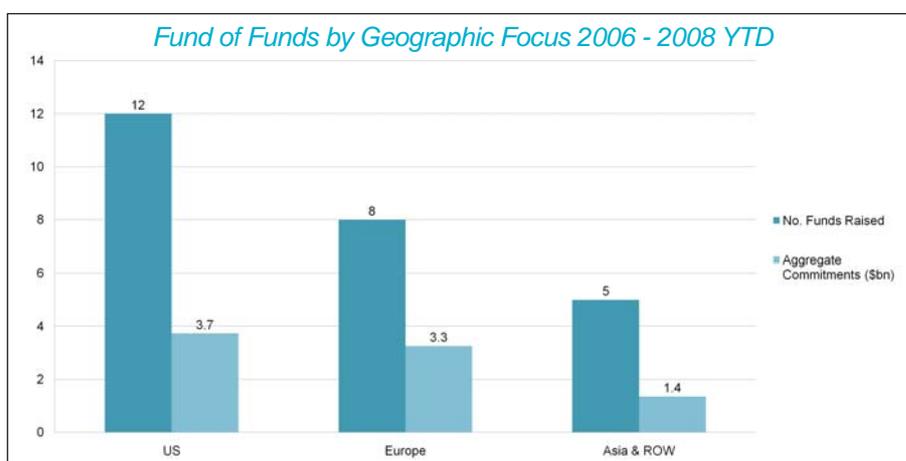
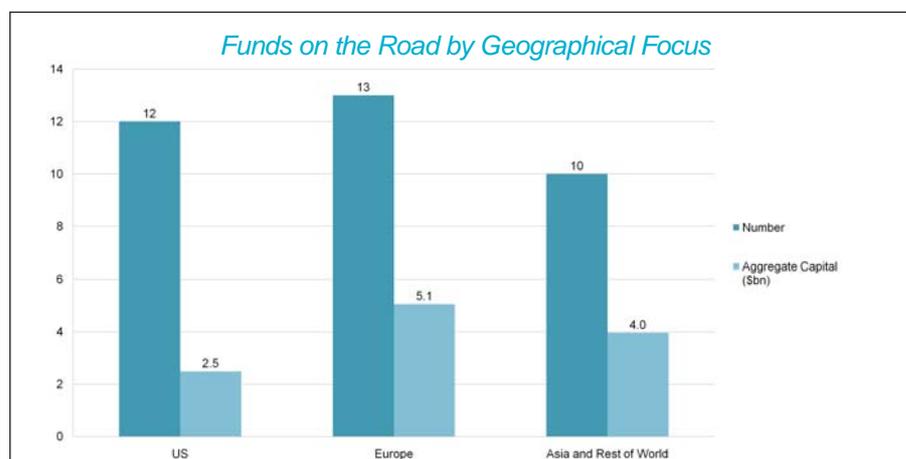


Fig. C:



private equity real estate industry. Many funds focusing on Asia are being raised by firms situated in the region, and so fund of funds managers with a local presence in Asia are often best placed to both understand the complexities of the Asian market, and therefore select the best opportunities which institutional investors primarily based

in Europe and North America might struggle to evaluate as effectively.

#### Outlook for the Future:

Real estate private equity fund of fund vehicles are still in their relative infancy, and although they have experienced rapid growth over recent years, in comparison with

# Feature Article: Real Estate Fund of Funds

generalist private equity vehicles their impact on the market is still small. General private equity fund of funds accounted for 9.5% of the total fundraising market in 2007, significantly higher than real estate fund of funds, which only accounted for 3.8% of the overall real estate fundraising market in the same period. It is likely that real estate fund of funds will grow to achieve a similar percentage of the overall market as general private equity fund of funds currently hold, and as a result Preqin Real Estate predicts that within the next 2-3 years real estate fund of funds will be garnering \$5-8bn per year, and accounting for 8-10% of the total real estate fundraising market.

The continued interest in the Asian market will ensure that the beginnings of the trend we are currently experiencing will continue, and that a larger proportion of real estate fund of funds will be primarily focused on Asia in the future. However, with investor enthusiasm for real estate remaining high in all regions, and with new investors continuing to enter the private equity real estate asset class all the time, this will not be at the expense of funds focusing on North America and Europe as fund of funds look set to increase their impact on the market in all areas.

As a result of these rising levels of commitments, real estate fund of funds managers will become an increasingly important source of capital for managers of real estate funds across the globe. With fundraising for the overall real estate sector becoming more competitive than ever before, it is vital that real estate managers understand and establish relationships with this important source of investment now if they are to enjoy the full benefits of the growth of this sector of the industry in the coming years.

Tim Friedman

This article is based upon data taken from the newly released 2008 Preqin Private Equity Real Estate Fund of Funds Review.

This publication provides a detailed analysis of the PERE fund of funds market, with profiles, listings and analysis investigating all aspects of the market.

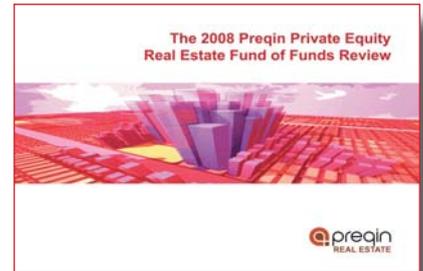
Order before May 23rd and receive a 25% pre-publication discount making copies just \$595 / £295 / €375

For more information including sample pages and executive summary, please visit: [realestate.preqin.com/refof](http://realestate.preqin.com/refof)

# 2008 Preqin Private Equity Real Estate Fund of Funds Review: Order Form

The 2008 Preqin PERE Fund of Funds Review is the most comprehensive guide to the private equity real estate fund of funds industry ever created. Preqin Real Estate has contacted managers, investors and real estate professionals from around the world in order to ensure that this year's 178 page publication is as accurate as possible, featuring exclusive information not available anywhere else.

- Comprehensive profiles for all PERE fund of funds managers, including contact details, history, sample investments, plus detailed investment plans at a fund specific level.
- Profiles for over 50 current investors in PERE fund of funds, with contact details, sample investments made and investment plans for the future.
- Detailed analysis on all aspects of the market, identifying trends in fundraising, fund terms and conditions, investors, fund focus and much more.



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# Performance Spotlight

## \$1.2 trillion of LP Gains – and Counting:

The global private equity industry has grown out of all recognition over the past two decades. In the mid-1980's the industry was raising \$2 bn to \$5 bn per year, and even as recently as the mid-1990's aggregate LP commitments to new funds were running at \$30 bn to \$50 bn per year – a far cry from the \$590 bn that was raised by new funds during 2007 (please see Fig. 1).

A key driver of growth has obviously been the superior returns that private equity has been able to deliver to LPs – the average Net Value Multiple for LPs over the fund vintages 1980 to 2005 has been around 2.3 X, as shown in Fig. 2. While average value multiples have declined since the 1980s and early 1990s vintages, it must be remembered that vintages from 2000 onwards are still relatively early in their investment cycle, with further gains to LPs likely to emerge – i.e. the figures for the recent vintages in Fig. 2 are 'work in progress'.

Combining these two charts – i.e. the amount of money committed to private equity funds by LPs, and the net value multiples earned by them – gives an estimate of the total aggregate financial gain that LPs worldwide have made from their private equity investments. Fig. 3 shows the estimated Net LP Gain by vintage year from vintages 1980 to 2005 to date – a grand total of approximately \$1.2 trillion. It is important to note that this figure is 'work in progress', as the Net LP Gain for recent vintages is artificially depressed by two factors – firstly, not all of the money committed has been called up yet; and secondly, the net value multiple is in all probability much lower than it eventually will be when the

Fig. 1:

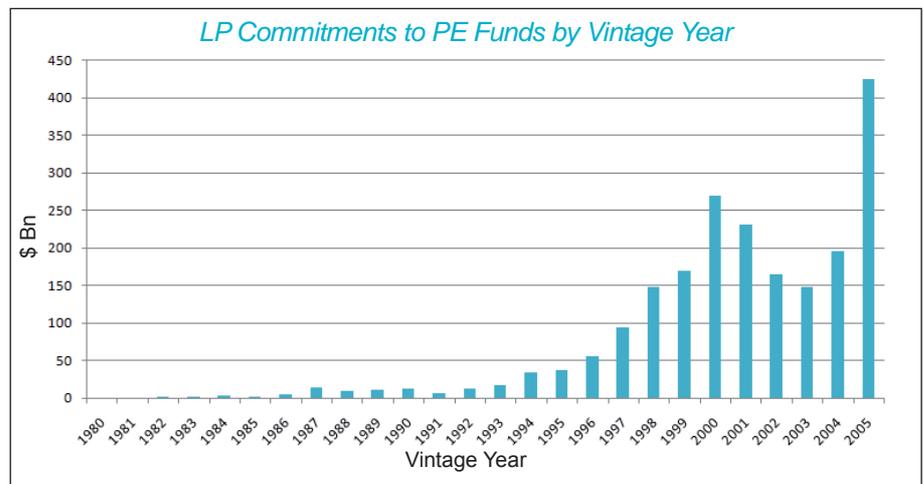
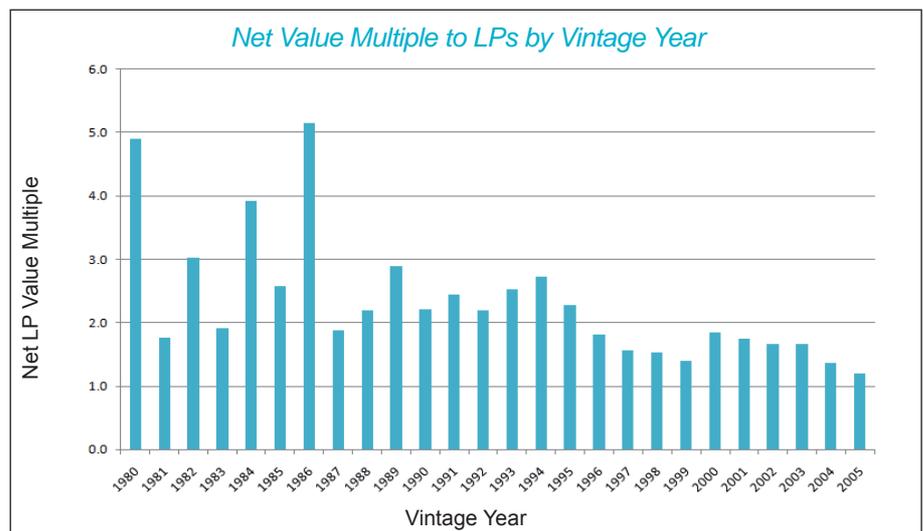


Fig. 2:



investments in the funds have matured. As an illustration of this, if the funds from the 2001 to 2007 vintages eventually achieve even a net 1.5 X Value Multiple once they are mature, then that will produce additional net gains for LPs (i.e. over and above those shown in Fig. 3) of

a further \$730 billion, taking aggregate Net LP Gains to over \$1.9 trillion.

LPs' gains have, of course, been distributed unevenly across fund types, geographies and fund managers. The best funds have done extremely well for

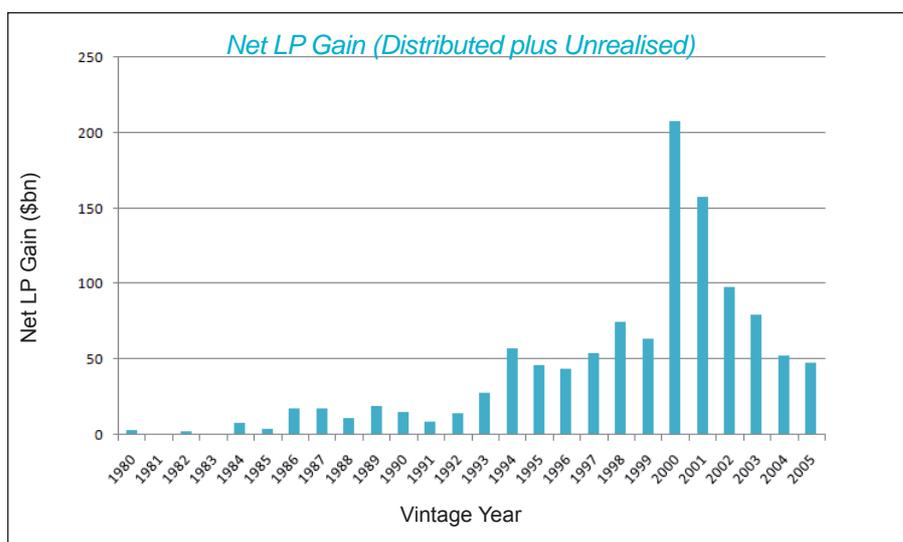
# Performance Spotlight

## \$1.2 trillion of LP Gains – and Counting

their LPs, while the worst ones have lost them money. Private equity is unique in several important respects for LPs: first, the divergence of performance between the best funds and the rest is unusually high; secondly, there is strong evidence of persistence of returns, with the best firms tending to deliver first or second quartile performance fund after fund; and thirdly, committing to a new fund is generally a long term and illiquid investment.

These factors make manager and fund selection a high stakes activity for LPs, which is why we are delighted to be publishing the 2008 Preqin Private Equity Performance Monitor this month. Now in its fifth year, the Performance Monitor has grown steadily in content and circulation, with this year's edition based on net returns data for over 4,000 private equity funds of all types and sizes around the world. With more and more LPs using the Monitor (and the online Performance Analyst) to help them in setting their strategies and making their

Fig. 3:



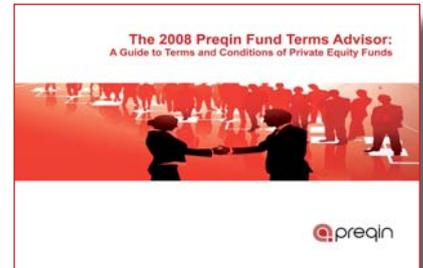
fund investment decisions, a growing number of GPs see the benefit in sharing performance data with Preqin, so that this important information is available to potential investors.

Mark O'Hare

# 2008 Preqin Fund Terms Advisor: Order Form

With analysis based on the actual terms and conditions of over 800 private equity funds, the 282 page 2008 Preqin Fund Terms Advisor is the most comprehensive guide to private equity terms and conditions ever produced, and is a vital guide for both investors and anyone involved in the fund formation process.

- Over 75 pages of comprehensive analysis on all aspects of private equity fund terms and conditions examining how conditions have changed over time, and what variations exist amongst funds of different type, size, and regional focus.
- Actual listings of key terms and conditions for almost 800 vehicles with all key metrics included, plus listings showing net costs incurred by LPs for almost 850 further funds.
- Access to Fund Terms Online to assess economic impact of actual proposed terms
- Results of LP Survey, benchmark terms for all different fund types, plus more...



[www.preqin.com/fta](http://www.preqin.com/fta)

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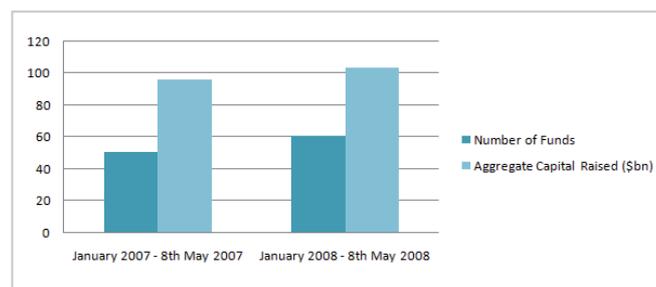
# Fundraising Spotlight

## Buyout

### Buyout Funds on the Road

Funds on Road	US	Europe	ROW	Total
Number	148	64	69	281
Total Target Value (\$bn)	182	80.3	38.2	300.5
Average Target Size (\$mn)	1,230	1,255	554	1,069

### Final Closes Barameter



### Buyout Funds on the Road

Fund	Manager	Target Size	GP Location
Blackstone Capital Partners VI	Blackstone Group	20,000 USD	US
CVC European Equity Partners V	CVC Capital Partners	11,000 EUR	UK
Apollo Investment Fund VII	Apollo Management	15,000 USD	US
Carlyle Partners V	Carlyle Group	15,000 USD	US
Texas Pacific Group Partners VI	TPG	15,000 USD	US
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	10,000 USD	US
KKR European Fund III	Kohlberg Kravis Roberts	6,000 EUR	US
Candover 2008	Candover Partners	5,000 EUR	UK
Charterhouse Capital Partners IX	Charterhouse Capital Partners	5,000 EUR	UK
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	7,000 USD	US

### Recently Closed Buyout Funds

#### Pfingsten Executive Fund IV:

**Manager:** Pfingsten Partners  
**Target Size (mn):** 400 USD  
**Final Close (mn):** 525 USD (Apr-2008)  
**Geographic Focus:** US  
**Industry Focus:** Distribution, Manufacturing

#### PAI Europe V:

**Manager:** PAI Partners  
**Target Size (mn):** 5,000 EUR  
**Final Close (mn):** 5,400 EUR (May-2008)  
**Geographic Focus:** Europe  
**Industry Focus:** Consumer Products, Industrial, Consumer Services, Manufacturing  
**Placement Agent:** UBS Investment Bank Private Equity Funds Group  
**Law Firm:** SJ Berwin  
**Sample Investors:** AIG Private Equity, CFH - Sachsen LB Corporate Finance Holding, Conversus Asset Management, CPP Investment Board, Graphite Capital Management, MassPRIM, Pennsylvania Public SERS, Teachers' Retirement System of the State of Illinois

#### Silver Lake Sumeru:

**Manager:** Silver Lake  
**Target Size (mn):** 1,000 USD  
**Final Close (mn):** 1,100 USD (May-2008)  
**Geographic Focus:** US  
**Industry Focus:** Technology  
**Sample Investors:** Absolute Private Equity, California Public Employees' Retirement System (CalPERS)

#### Peterson Partners V:

**Manager:** Peterson Partners  
**Final Close (mn):** 120 USD (May-2008)  
**Geographic Focus:** US  
**Industry Focus:** Consumer Products, Consumer Services, Manufacturing, Business Services

Raffaela Mirai

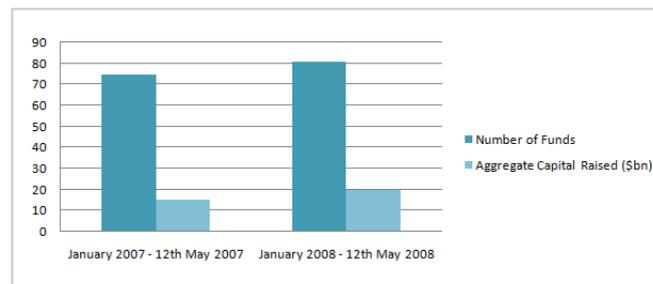
# Fundraising Spotlight

## Venture

### Venture Funds on the Road

Funds on Road	US	Europe	ROW	Total
Number	201	89	145	435
Total Target Value (\$bn)	35.8	15.7	24.2	75.7
Average Target Size (\$mn)	178	176	166.9	174

### Final Closes Barameter



### Venture Funds on the Road

Fund	Manager	Fund Type	Target Size	GP Location
Cyrte Investments TMT Fund	Cyrte Investments	Venture (General)	1,500 EUR	Netherlands
Pine Brook Road Partners I	Pine Brook Road Partners	Expansion	2,000 USD	US
China-Singapore Hi-tech Industrial Investment Fund	China-Singapore Suzhou Industrial Park	Venture (General)	1,330 USD	China
DIC/First Eastern Investment China Dubai Capital	First Eastern Investment	Expansion	1,000 USD	Hong Kong
Millennium Private Equity Media & Telecommunication	Millennium Private Equity	Venture (General)	1,000 USD	UAE
Essex Woodlands Health Ventures VIII	Essex Woodlands Health Ventures	Venture (General)	1,000 USD	US
Bertelsmann Equity Fund	Bertelsmann Capital Ventures	Venture (General)	500 EUR	Germany
Russia Partners III	Siguler Guff & Co	Expansion	750 USD	US
PCG Corporate Partners Fund II	PCG Capital Partners	Late Stage	750 USD	US
Lightspeed Venture Partners VIII	Lightspeed Venture Partners	Early Stage	675 USD	US

### Recently Closed Venture Funds

#### Kleiner Perkins Caufield & Byers XIII:

**Manager:** Kleiner Perkins Caufield & Byers

**Final Close (mn):** 700 USD (May-2008)

**Geographic Focus:** North America

**Industry Focus:** Technology, Healthcare, IT, Life Sciences, Any, Clean Technology

#### KPCB Green Growth Fund:

**Manager:** Kleiner Perkins Caufield & Byers

**Final Close (mn):** 500 USD (May-2008)

**Geographic Focus:** North America

**Industry Focus:** Renewable Energy

#### Split Rock Partners II:

**Manager:** Split Rock Partners

**Final Close (mn):** 300 USD (May-2008)

**Geographic Focus:** US

**Industry Focus:** Software, Internet, Business Services

**Sample Investors:** St. Paul Venture Capital

#### Kuwait Investment Opportunities Fund:

**Manager:** NBK Capital

**Target Size (mn):** 93 USD

**Final Close (mn):** 125 USD (May-2008)

**Geographic Focus:** Kuwait

**Industry Focus:** Technology, Healthcare, Manufacturing, Education / Training

Raffaella Mirai

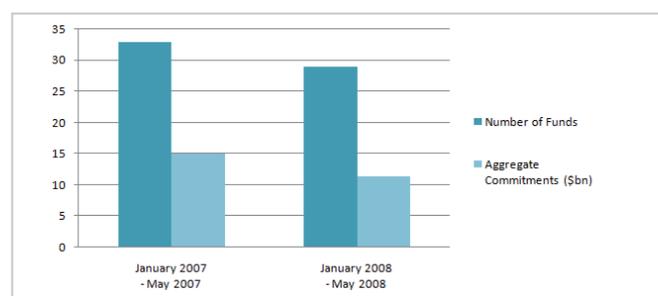
# Fundraising Spotlight

## Fund of Funds

### Fund of Funds on the Road

Funds on Road	US	Europe	ROW	Total
Number	89	57	32	178
Total Target Value (\$bn)	36.3	16.5	8.3	61.1
Average Target Size (\$mn)	518	358	309	427

### Final Closes Barameter



### Fund of Funds on the Road

Fund	Manager	Target Size	GP Location
HarbourVest International VI Partnership	HarbourVest Partners	3,000 USD	US
AXA Capital Europe I	AXA Private Equity	1,500 EUR	France
Horsley Bridge Fund IX	Horsley Bridge Partners	1,750 USD	US
GS Private Equity Partners IX	Goldman Sachs Private Equity Group	1,500 USD	US
JP Morgan US Corporate Finance IV	JPMorgan Asset Management	1,500 USD	US
Lehman Crossroads Series XIX	Lehman Brothers	1,500 USD	US
Siguler Guff Distressed Opportunities Fund III	Siguler Guff & Co	1,500 USD	US
Performance Venture Capital II	Performance Equity Management	1,400 USD	US
JP Morgan European Corporate Finance IV	JPMorgan Asset Management	1,000 USD	US
Siguler Guff BRIC Opportunities Fund II	Siguler Guff & Co	1,000 USD	US

### Recently Closed Fund of Funds

#### HRJ Special Opportunities I:

**Manager:** HRJ Capital

**Final Close (mn):** 195 USD (Apr-2008)

**Geographic Focus:** North America, Europe

**Fund Type Focus:** Distressed Debt, Turnaround, General Special Situation

**Placement Agent:** E.L.K. Capital Advisors

#### Partners Group US Venture 2006:

**Manager:** Partners Group

**Final Close (mn):** 250 USD (Mar-2008)

**Geographic Focus:** US

**Fund Type Focus:** Venture (100%)

**Sample Investors:** Signal Iduna, Credit Suisse Placement Foundation, BP Pension Fund, Saad Investments Company, Royal County of Berkshire Pension Scheme

#### Access Capital Fund IV – Growth Buyout

**Europe:**

**Manager:** Access Capital Partners

**Final Close (mn):** 413 EUR (Apr-2008)

**Geographic Focus:** Europe

**Fund Type Focus:** Buyout (100%)

**Lawyer:** Pollath & Partners

**Sample Investors:** OP Bank Group Life & Pensions

**Sample Fund Investments:** Carlyle Europe Technology Fund II

Sam Meakin

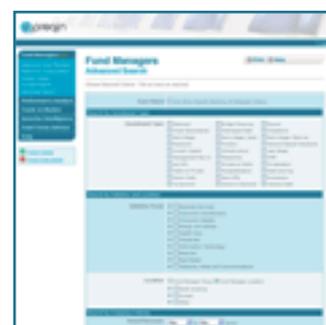
# New Online Product:

- **Fund Manager Profiles**

The newly launched online product: Fund Manager Profiles is the most comprehensive, detailed source of information on private equity fund managers available today. Our team of dedicated analysts are continually monitoring, researching and contacting managers of all different types from around the globe in order to ensure that the data we hold is up to date, reliable and complete.

Key features of this powerful database include:

- **Fund Managers:** View detailed profiles for over 4,400 fund managers specialising in buyout, venture, mezzanine, distressed debt and other private equity investments. In-depth profiles with information on firm background, key contacts, funds raised, available capital, investment criteria, industry and geographic preferences, investment size, description of targeted companies and more...
- **Access League Tables** of largest fund managers by type of funds managed and regional focus. Rank the fund managers by available capital or capital raised during the last 10 years.



- **Search for Fund Managers by Type and Location:** Search by type of investment as well as by region, country, state and city - e.g. list all Fund Managers of Buyout funds in Toronto, Canada; list all mezzanine specialists in Europe etc.
- **Search for Key Contacts:** There are just under 12,000 contacts, including Partners, Managing Directors, CFOs and other relevant key decision makers. You will find email addresses for 80% of the contacts. Download full details of these contacts to Excel\*

- **Find the Right Fund Managers:** via a comprehensive advanced search you can select the most appropriate fund managers by filtering them using extensive criteria, with resulting firms scored out of 100% according to how close a match they are.
- **Download to Excel\* and Word:** Download lists of fund managers for further analysis or for use within your in-house CRM. Prepare briefing documents combining our profiles with your own notes and comments.



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# Investor Spotlight: Insurance Companies

Preqin's Investor Profiles team have recently conducted an in-depth update of profiles for insurance companies for our online Investor Intelligence product. Subscribers to Investor Intelligence now benefit from profiles for 255 insurance companies, with many new and updated profiles added to the database in recent weeks. Following this period of extensive research, we examine some of the key characteristics of this important investor class.

Insurance companies are an important source of capital for the private equity industry, and account for 6% of all known investors in private equity in terms of number. Based on our poll of fund managers with funds closed in 2007, they accounted for 6% of investors in funds closed over the course of the year.

## Where are Insurance Companies Based?

Fig. 1 shows the geographic breakdown of insurance companies currently investing in private equity. Almost half are based in Europe with a third located in North America. 21% are located in Asia and Rest of World region, with Asian based insurance companies making up 15% of the overall total.

Although only a third of insurance companies investing in private equity are based in North America, the chart of top 20 insurance companies (which can be found at the end of this article) reveals that North American insurance companies are still big players within the global investor universe, and the two biggest investors of this type are headquartered in the US. Northwestern Mutual Life Insurance Company and MetLife Insurance Company have the largest private equity allocations, with assets in excess of \$6 billion and \$4 billion respectively towards private equity. The make-up of the top 20 insurance companies is divided reasonably evenly between investors based in Europe and those based in the US.

Fig. 1:

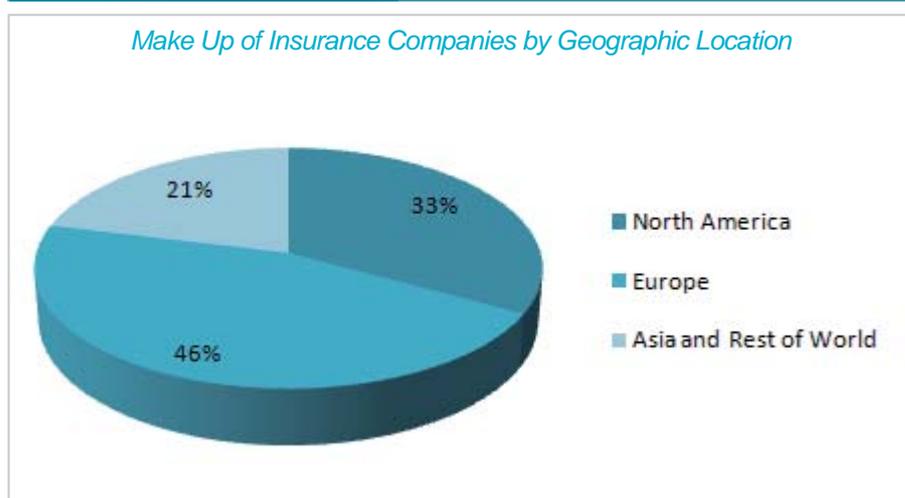
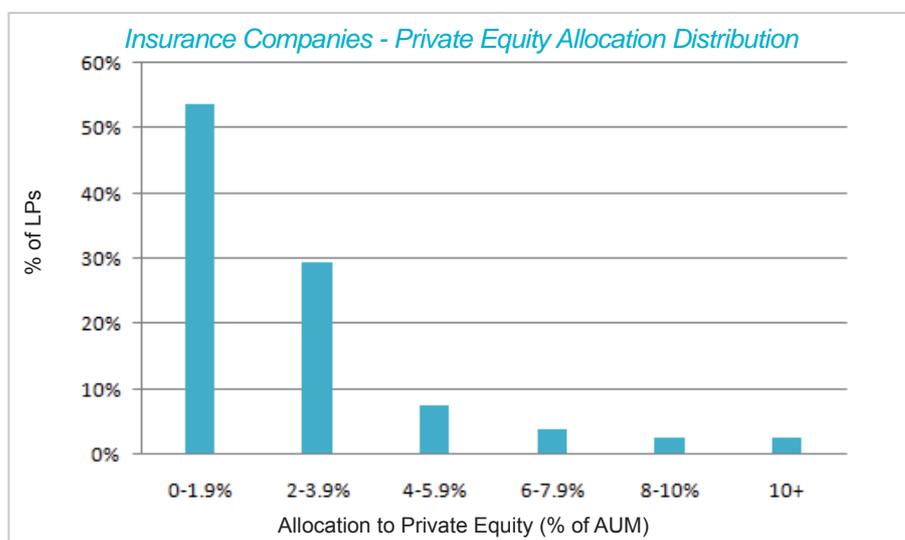


Fig. 2:



# Investor Spotlight: Insurance Companies

## How Much are Insurance Companies Allocating to Private Equity?

Fig. 2 shows the split of allocations to private equity for insurance companies. Over 83% of insurance companies have an allocation of 4% or less to private equity, with over 50% having an allocation below 2%. The average current allocation is 2.9%.

Although Fig. 2 illustrates that the majority of insurance companies have a relatively small allocation to private equity, as many insurance companies have large assets under management, they still have a significant impact on the asset class. For example, MetLife Insurance Company has an allocation of 0.71% but with over \$558 billion in total assets, it has a considerable \$4 billion committed to private equity. Assicurazioni Generali has 0.43% of its \$612 billion assets invested in private equity which equates to over \$2.6 billion. The range of total assets of insurance companies actively investing in private equity can be found in Fig. 3.

## What are Insurance Companies' Attitudes Towards Adding New Managers to their Roster?

Many insurance companies have a long history of investing in private equity, and will have built up strong relationships with existing managers. How receptive are they towards new managers, and how likely are they to be taking on new managers in the coming year?

Fig. 4 shows the intentions of insurance companies towards investing with existing and new managers over the next twelve months. Although the majority of investors will be investing

Fig. 3:

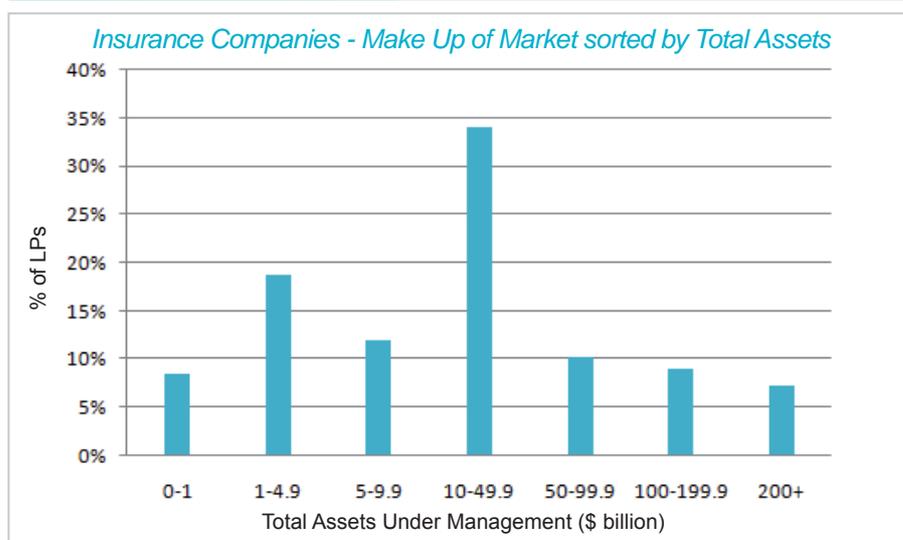
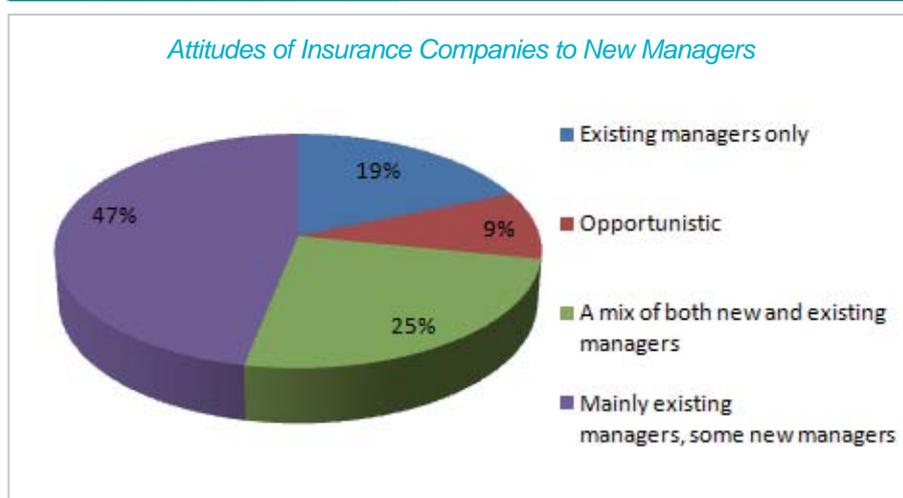


Fig. 4:



with managers they have previously built up relationships with, 25% of insurance companies will invest in a mix of both new and existing managers. Sentry Insurance, for example, is looking to use a mix of existing and new managers as it feels it is important to maintain

already established good relationships but equally important to form new ones in order to develop its portfolio.

47% of insurance companies will primarily be investing with existing managers. NLI International anticipates

# Investor Spotlight: Insurance Companies

committing USD 500 million across 30 funds over the course of 2008 of which approximately 10 will be with managers new to the insurance company and the remaining 20 will be re-ups. Jackson National Life Insurance Company will also continue to make further commitments to managers it has a good relationship with, and has set aside 60-70% of its 2008 private equity allocation to these managers. 19% of insurance companies will invest with existing managers only.

Jenny Ho

Profiles for 255 insurance companies can be found on our Investor Intelligence database, including many newly added and updated LPs.

Investor Intelligence is the most comprehensive and detailed source of information on investors in private equity available today. The database currently holds information on more than 3,500 investors worldwide, with profiles constantly updated through direct contact by our dedicated team of analysts. For more information, and to arrange for a free trial of Investor Intelligence, please visit:

[www.preqin.com/ii](http://www.preqin.com/ii)

Fig. 5:

Top 20 Insurance Companies by Private Equity Allocation:

Rank	Investor	Country	Total Assets (bn)	Private Equity Allocation (bn)	Private Equity Allocation (% of AUM)	Private Equity Target (% of AUM)
1	Northwestern Mutual Life Insurance Company	US	156.5 USD	6.3 USD	4.0%	
2	MetLife Insurance Company	US	558.6 USD	4 USD	0.7%	0.7%
3	Travelers Companies	US	115 USD	3.1 USD	2.7%	
4	PREDICA Assurances de Personnes	France	162 EUR	1.9 EUR	1.2%	2.0%
5	Nordea Life & Pensions	Finland	34 EUR	1.7 EUR	5.0%	5.0%
6	Assicurazioni Generali	Italy	386.2 EUR	1.7 EUR	0.4%	1.0%
7	Groupama	France	88.3 EUR	1.6 EUR	1.8%	2.0%
8	Liberty Mutual Insurance	US	94.7 USD	2.5 USD	2.7%	5.0%
9	AIG SunAmerica	US	140 USD	2.5 USD	1.8%	2.1%
10	Länsförsäkringar	Sweden	23 EUR	1.6 EUR	6.8%	10.0%
11	Varma Mutual Pension Insurance Company	Finland	28 EUR	1.4 EUR	5.0%	Increasing
12	AXA Winterthur	Switzerland	51.1 EUR	1 EUR	2.0%	3.0%
13	NLI International	US	4 USD	1.6 USD	40.0%	75.0%
14	Delta Lloyd Insurance	Netherlands	50 EUR	1 EUR	2.0%	5.0%
15	Skandia	Sweden	40 USD	1.4 USD	3.5%	
16	Daido Life Insurance	Japan	6100 JPY	150 JPY	2.5%	3.3%
17	Massachusetts Mutual Life Insurance Company	US	456 USD	1.4 USD	0.3%	
18	Jackson National Life Insurance Company	US	79.8 USD	1.4 USD	1.7%	0.9%
19	Swiss National Accident Insurance Institution (SUVA)	Switzerland	38 CHF	1.5 CHF	3.9%	5.0%
20	CIGNA	US	40.1 USD	1.3 USD	3.2%	3.2%

# Conferences Spotlight: Up and Coming Events:

## Conferences:

CONFERENCE/EVENT	ORGANISER	DATES	LOCATION
Pension Fund Nordic	Terrapinn	19 - 21 May 2008	Stockholm
The PEI Islamic Alternative Assets Forum	Private Equity International	20 - 21 May 2008	London
Outlook Japan	IFR	22 May 2008	Tokyo
Asian Corporate Forum	IFR	27 May 2008	Hong Kong
SuperReturn US 2008	ICBI	2 - 4 June 2008	Florida
Private Equity World Latin America	Terrapinn	4 - 6 June 2008	Miami
Investing in Infrastructure Assets Asia 2008	Terrapinn	10 - 12 June 2008	Singapore
The PERE Forum: Europe 2008	Private Equity International	10 - 11 June 2008	London
3rd Annual Middle East Capital Markets Conference	IFR	10 - 11 June 2008	Dubai
2nd Annual Covered Bonds	IFR	10 - 11 June 2008	London
19th Annual Venture Capital Investing Conference	IBF Conferences	10 - 12 June 2008	San Francisco
Selling Up Selling Out: M&A for Software & IT Executives	The Corum Group	10 June 2008	London
PE Networking Chicago - Fundraising & Deal Financing	Buyouts Conferences	11 June 2008	Chicago, IL
The Private Equity International Energy Forum	Private Equity International	17 - 18 June 2008	London
GAIM International 2008	ICBI	17 - 19 June 2008	Monaco
EVCA Symposium	EVCA	18-20 June 2008	Madrid
The PEI Investor Relations & Communications Forum	Private Equity International	18 - 19 June 2008	New York
8th Annual Australia, New Zealand & Pacific Hotel Investment Conference	Horwath HTL	19 - 20 June 2008	Sydney
Limited Partners Summit New York 2008	Dow Jones	24 - 25 June 2008	New York
The PEI Strategic Financial Management Forum	Private Equity International	16 - 17 July 2008	New York
Credit Crunch Summit: Where Do We Go From Here?	Buyouts Conferences	22 July 2008	New York
Private Equity Analyst Conference 2008	Dow Jones	16 - 17 September 2008	New York
SuperReturn Asia 2008	ICBI	22 - 25 September 2008	Hong Kong
SuperReturn Middle East 2008	ICBI	13 - 15 October 2008	Dubai
The Private Equity International COOs and CFOs Forum	Private Equity International	14 - 15 October 2008	London
SuperInvestor 2008	ICBI	18 - 21 November 2008	Paris

# Investor Spotlight:

## LP News

California Public Employees' Retirement System (CalPERS) is evaluating State legislation that could see an increase in the amount of capital it receives for alternative investments. CalPERS could benefit from the legislation which proposes pooling a retirement account for employees of small businesses in California with the public pension fund. There is the possibility of an increased deployment of capital to private equity and other alternative asset investments if these accounts were to be pooled with the pension fund's USD 244 billion in total assets. However, CalPERS is only in the process of evaluating the bill. If it is approved, California would be the first state to implement it.

Private Equity Funds Research and Investments (Pefri) is about to select managers for its debut private equity fund of funds. The joint venture established with Nomura Holdings is aiming to raise a JPY 50 billion vehicle to invest in underlying managers focused on Asia-Pacific. The unit is to meet with 20 fund managers in China, 20 in India, Australia and New Zealand and a further 30 in Japan. It is looking to finalise managers in June 2008 to keep on track with its plan to begin fundraising around October 2008. Pefri also has plans to bring another fund of funds to market in 2009; however, it would focus on US and European funds.

New York State Common Retirement Fund has launched its Green Strategic Investment Program, which will see the pension fund make USD 500 million worth of investments in environmentally focused funds over the next three years. The public pension fund has previously committed to renewable energy and clean technology focused funds. The USD 154.5 billion New York State Common Retirement Fund currently has 6.2% of its total assets committed to private equity, with a target allocation of 9%.

Marin County Retirement Association is set to expand its alternative investment portfolio to include private equity. The USD 1.5 billion retirement system is preparing to set itself a target allocation of 10% of total assets to private equity which it hopes to fill over a three year period. The allocation will be funded by a reduction in the pension plan's investments in publicly traded stocks.

SCM Strategic Capital Management has opened an office in Hong Kong following the launch of SCM Strategic Capital Management Asia. The new office was formed to aid SCM in its research in the area and also to increase its access to and knowledge of local fund managers.

Los Angeles County Employees' Retirement Association (LACERA) has announced the finalists for its emerging manager separate account mandate. The finalists to be interviewed to run its USD 150 million separate account for emerging manager investment will be Hamilton Lane, JPMorgan Asset Management and Fairview Capital. The emerging managers are expected to be based in the US and to have raised their first, second or third funds.

Sentry Insurance has made investments in two private equity mezzanine vehicles, GSO Capital Opportunities Fund and TCW/Crescent Mezzanine V. The USD 10 billion insurance company has a 3% private equity target allocation and has begun increasing its exposure to the asset class. Previously, Sentry has preferred to invest in venture funds but will now consider all fund types; it has a positive attitude towards distressed debt vehicles, and is looking to invest globally. Within the next twelve months, Sentry Insurance expects to commit USD 150-200 million to around 10 funds.

AAC Capital Partners is ready to sell interests in its private equity portfolio as part of an effort to shed its unwanted assets. The EUR 2.7 billion Amsterdam-based firm spun-out from its parent bank ABN Amro in September 2007 and gained a mandate to manage ABN's portfolio of direct and indirect private equity investments worth EUR 2 billion of largely undrawn commitments. This portfolio is now ready to be sold off on the secondary market with Goldman Sachs Private Equity Group and Collier Capital said to be interested in purchasing the offering.

Pantheon Ventures bought an interest in Bridgepoint Euro Private Equity II from J. Paul Getty Trust. The purchase was made through its Pantheon Europe Fund V fund of funds vehicle, which has the capacity to use up to 20% of its capital for secondary purchases.

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

*More news and updates are available online for Investor Intelligence subscribers.*

*Contact us for more information - [info@preqin.com](mailto:info@preqin.com)*