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For immediate release

LPs still enthusiastic towards private equity after credit crunch,

but more caution being shown towards mega-funds

In preparation for the forthcoming publication, **The 2008 Preqin Global Private Equity Review**, Private Equity Intelligence (Preqin) has undertaken a survey of Investors towards their attitudes to private equity in the wake of the credit crunch.

Of those surveyed on their plans for the next twelve months, a total of 52% intended to maintain their current exposure to private equity, with 48% of investors actually intending to increase their allocations. Not a single investor surveyed intended to decrease their allocation in the near future.

More specifically, investors were questioned over whether the credit crunch had affected their strategy in any way. The results show that overwhelmingly investors remain undeterred by the credit crunch, with 92% reporting no change to strategy and fund preference, 7% changing their strategy in some way, and 1% as yet unsure as to what effect it would have.

However, these responses do not tell the full story. Amongst those reporting no change in strategy, there were a number that stated that although their plans would remain the same, they would be taking more time and consideration when making new investments. One UK-based bank stating that 'although we are not going to change our strategy towards private equity, new funds will be approached with more caution'.

Amongst those investors that were intending to change their strategies, there was one consistent theme: mega funds. A US-based public pension plan with a significant private equity allocation will be 'more conservative towards mega-buyout funds', although the institution is still positive towards the asset class generally, and is planning to increase its allocation. A US endowment plan is going even further, stating that they will be 'staying away from the mega buyout funds and generally being more selective'.

Although those investors that are changing their allocations as a result of the credit crunch are in the minority, the results do indicate that investors are starting to view mega-buyout funds less favourably than has been the case in recent years.

The evidence would suggest that managers currently raising new vehicles should take extra care in emphasising how they intend to deal with credit conditions when marketing funds to a more apprehensive investor community.

For more information on the **2008 Preqin Global Private Equity Review**, please visit:

www.preqin.com/pereview

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