Press Release **12th April 2016**

More Secondaries Vehicles in Market as Funds Continue to Post Robust Returns

April 2016 sees 36 secondaries vehicles on the road targeting an aggregate $28bn

The latest update from Preqin finds that private equity secondaries funds have continued their recent strong fundraising in the first quarter of 2016. After securing a record $30bn in investor commitments in 2014, secondaries funds raised a combined $22bn in 2015, and have raised a further $2.6bn in Q1 2016. This is the largest Q1 fundraising total since 2012, when $4.2bn of investor capital was committed. This fundraising is mirrored in the increasing number and size of funds being marketed to investors. In April 2016, 36 secondaries vehicles are on the road seeking $28bn of commitments, up from 22 funds that were targeting $17bn at the start of January 2015.

Alongside this healthy fundraising, secondaries funds have posted some of the strongest average returns among all private equity. As of June 2015, 2007-2013 vintage private equity secondaries vehicles delivered a higher median net IRR than buyout, venture capital, real estate and infrastructure funds; 2013 vintage secondaries funds had the highest median net IRR, at 28%. Furthermore, only 2012 vintage funds posted a negative minimum IRR, as the majority of investors saw positive returns on their investments in secondaries vehicles.

Other Key Secondaries Facts and Analysis:

- Capital Concentration: **Seven of the 36 secondaries funds out raising are seeking more than $1bn** from investors, representing 81% of the aggregate target capital. The largest of these is Ardian Secondary Fund VII, which is seeking $9bn in investor commitments.
- Unrealized Capital: As at September 2015 there was **$246bn of unrealized capital in buyout and growth funds of vintage 2006 or older**, the majority (57%) of which is in 2006 vintage funds. This indicates that there are sizeable assets held in these funds which could be targeted by secondaries vehicles.
- Secondaries Buyers: Preqin tracks 796 potential buyers on the secondary market as of Q1 2016, of which **the largest proportion (23%) is private equity funds of funds**. Of all potential buyers, 44% are located in North America and 39% in Europe as developed equity markets dominate the buying and selling landscape.
- Secondaries Sellers: Of the **596 potential sellers of fund interests tracked by Preqin**, private equity funds of funds and public pension funds represent 12% each, the largest proportion. Europe has more potential sellers than North America, with 44% and 40% respectively based in these regions.

To access further information and analysis, please see the report below:
https://www.preqin.com/docs/reports/Preqin-Secondary-Market-Update-Q1-2016.pdf

Comment:

"The success achieved in the fundraising market by secondaries funds in recent years has been underpinned by strong performance, as secondaries vehicles have consistently delivered a higher median net IRR than most other fund types. The uptick in funds in market recently is also a reflection of key players returning to the market after investing from funds that closed successfully in 2013 and 2014.

As long as fund managers come under increasing pressure from investors to realize their assets and return capital from ageing funds, then the secondaries market will continue to offer an attractive exit option. Offering liquidity to investors, and recapitalization to fund managers, the secondary market is becoming an increasingly integral part of the private equity industry, and an important tool in the active portfolio management of institutions."

Patrick Adefuye – Head of Secondaries Products, Preqin

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:
Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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