

This report is an excerpt from: **Preqin Quarterly: Private Equity, Q3 2012**. To download the full report please visit: https://www.preqin.com/docs/quarterly/PE/Private_Equity_Quarterly_Q3_2012.pdf

Global Investor Survey - Views on Asian Private Equity

In order to assess LPs' current attitudes towards Asia and their future plans for investment in the region in more detail, Preqin conducted over 100 in-depth interviews with investors from around the world that have an interest in the region.

Geographical Preferences

As Fig. 7 displays, Greater China continues to attract the most attention from LPs, with 58% of the investors surveyed stating that the region is presenting the best investment opportunities within Asia. This is followed by India, which was named by 36% of LPs, and the ASEAN set of countries, which was named by 33% of investors. In a similar study conducted last year a higher 68% and 61% named China and India as presenting the best investment opportunities respectively. China and India are relatively developed economies within Asia and some investors named a number of fast growing regions as presenting more favourable opportunities, including Vietnam and Malaysia.

In terms of the geographical scope of the funds that investors look to commit to, over one-third (35%) of LPs prefer to invest in country-specific funds, which allow investors to concentrate on one particular geography that they have an interest in. Thirty-one percent of LPs look to gain exposure to Asia through pan-Asia funds, while 16% prefer to invest in funds focusing on opportunities via a wider global mandate. Twenty-three percent of LPs prefer to take an opportunistic approach when investing in private equity in Asia.

Future Intentions for Private Equity Investments in Asia

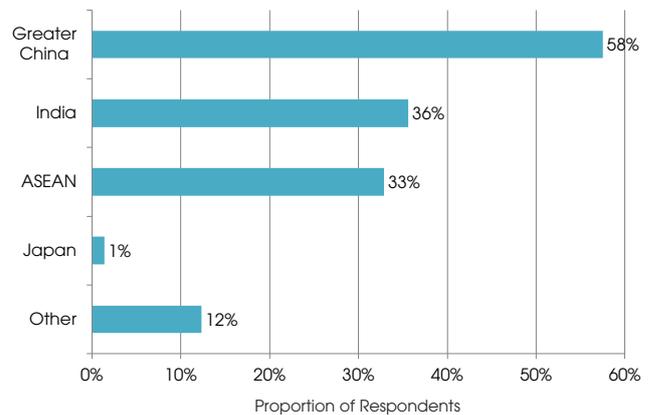
During 2012 so far, 35% of the LPs Preqin interviewed have made new commitments to private equity funds focusing on opportunities in Asia, with the region looking set to remain an important segment of LPs' investment portfolios over the next year. As shown in Fig. 8, over one-third (34%) of LPs expect to increase their allocation to Asia over the next 12 months, with a further 65% of investors looking to maintain their current level of exposure to the region.

The general consensus among investors is that over the longer term, Asia is likely to continue to be an integral part of their portfolios, with almost half (49%) of the investors interviewed planning to increase the proportion of their private equity portfolio that is allocated to Asia. As Asian economies continue to develop and the local private equity industry becomes ever more sophisticated, the region will likely see even more interest from investors around the world.

Outlook for Asian Private Equity

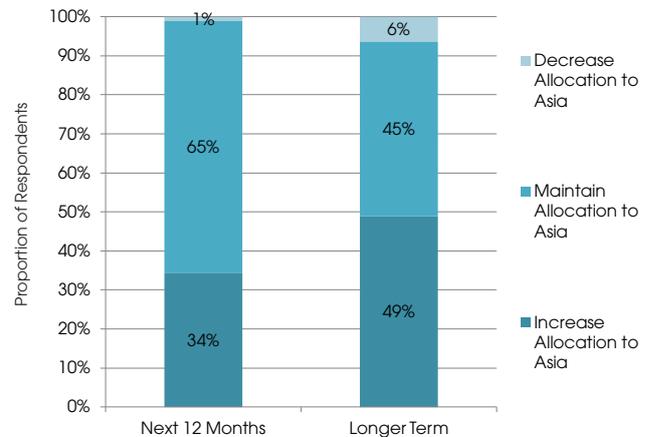
From conversations Preqin has had with institutional investors around the world, it is evident that Asia remains an attractive

Fig. 7: Countries and Regions within Asia that Investors Feel Are Currently Presenting the Best Investment Opportunities



Source: Preqin Special Report: Asian Private Equity

Fig. 8: Investors' Intentions for the Proportion of Their Private Equity Portfolio that Is Allocated to Asia



Source: Preqin Special Report: Asian Private Equity

region for investment among many LPs. In recent years there has been growing interest in the region, which has been supported by the rapid expansion of many Asian economies, the increasing maturity of local private equity markets and the recent turmoil that has prevailed in more developed economies. As LPs become more confident and experienced investing in Asia, the way investors access the region will undoubtedly evolve and there will be changes in the countries and regions that LPs will look to gain exposure to; however, should economic growth continue it is likely that the region as a whole will become more and more significant for the private equity asset class.

This article features data from Preqin Special Report: Asian Private Equity. To download your complimentary copy please visit:

www.preqin.com/research