CONTENTS

CEO's Foreword - Mark O'Hare 4

1: 2017 PREQIN GLOBAL PRIVATE EQUITY & VENTURE CAPITAL REPORT
Keynote Address - Joseph Bae, KKR 6
Keynote Address - Capturing Megatrends Growth through Minority Stakes - Stanislas Cuny, Amundi 8

2: OVERVIEW OF THE PRIVATE EQUITY INDUSTRY
Private Equity in Context 12
Private Equity: 2016 in Numbers 16
Private Equity in 2017 - Christopher Elvin, Preqin 17
Private Equity and Public Image - Bronwyn Bailey, American Investment Council 18
Brexit and the UK's Private Equity & Venture Capital Industry - Gurpreet Manku, BVCA 20
Emerging Markets in a Trump Administration - Robert W. van Zwieten, EMPEA 21
Addressing LP Concerns - Peter Freire, Institutional Limited Partners Association (ILPA) 22

3: ASSETS UNDER MANAGEMENT AND DRY POWDER
Assets under Management and Dry Powder 24

4: FUNDRAISING
Marketing Your Fund II - Clay Deniger, Capstone Partners 28
2016 Fundraising Market 30
Funds in Market 33
In Focus: Regional Fundraising 36
North American Fundraising 37
SMid Cap: Focus and Growth - Eric Bismuth, Montefiore Investment 38
European Fundraising 39
Asian Fundraising 40
Rest of World Fundraising 41

5: FUND MANAGERS
A Fast-Evolving Landscape - Moose Guen, MVision 44
Fund Manager Outlook for 2017 46
Fund Manager Views on Investor Appetite 49
The Case for First-Time Funds - Michael Murphy, Credit Suisse Private Fund Group 50
First-Time Fund Managers 52
Largest Fund Managers 54
Compensation and Employment 56
Women in Private Equity 58

6: ALTERNATIVE STRUCTURES
Co-Investments 60
Investor and Fund Manager Use of Separate Accounts 63

7: PERFORMANCE
Chasing Yield - “Heading into The Unknown” - Leon Sinclair, IHS Markit 66
Building the Infrastructure for Repeatable Value Creation - Niclas Thelander, Outsized 67
Performance Overview 69
PrEQin Private Equity Quarterly Index 72
Horizon Returns 73
Private Equity Returns for Public Pension Funds 74
Private Equity Performance Benchmarks 75
Consistent Performing Managers 77

8: INVESTORS
The LP Perspective: Accessing Private Equity Funds - Maurice Gordon, Guardian Life Insurance 80
Evolution of the Investor Universe 81
Investors in Recently Closed Funds 83
Investor Appetite for Private Equity in 2017 85
Sample Investors to Watch in 2017 88
How Investors Source and Select Funds 90

PRIVATE EQUITY ONLINE

Private Equity Online is Preqin’s flagship online private equity information resource and encompasses all of Preqin’s private equity and venture capital databases, with unrivalled data and intelligence on all aspects of the asset class, including fund terms and conditions, fundraising, fund managers, institutional investors, fund performance, deals and exits and more.

Constantly updated by our teams of dedicated researchers strategically located in industry centres around the globe, Private Equity Online represents the most comprehensive source of industry intelligence available today.

www.preqin.com/privateequity
Largest Investors by Region
Largest Investors by Type

9: INVESTMENT CONSULTANTS
Investment Consultant Outlook for 2017

10: FUND TERMS AND CONDITIONS
Fund Terms and Conditions Overview
Investor Attitudes towards Fund Terms and Conditions
Leading Law Firms

11: BUYOUT
Private Equity in Australia
- Shannon Wolfers, Pacific Equity Partners
Buyout Fundraising
Buyout Fund Managers
Buyout Performance Benchmarks
Private Equity-Backed Buyout Deals
Deal Flow by Type, Value and Industry
Global Buyout Exit Overview
Industry Focus: Industrials
Industry Focus: Information Technology
Industry Focus: Consumer & Retail
Most Active Private Equity Firms, Debt Providers and Deal Advisors
Largest Buyout Deals and Exits

12: VENTURE CAPITAL
Venture Capital Fundraising
Venture Capital Fund Managers
Venture Capital Performance Benchmarks
Venture Capital Deals
Deal Flow by Stage and Industry

Global Venture Capital Exit Overview
Industry Focus: Internet
Industry Focus: Software & Gaming
Industry Focus: Healthcare
Most Active Firms, Largest Deals and Notable Exits

13: GROWTH
Growth Fundraising
Growth Fund Managers
Growth Performance Benchmarks
Growth Deals

14: FUNDS OF FUNDS
Fund of Funds Fundraising
Fund of Funds Managers
Fund of Funds Performance Benchmarks

15: SECONDARY MARKET
Public Equity & Political Uncertainty Drive 2016 Volume
- Ian Charles & John Stott, Landmark Partners
Overview of the Secondary Market
Secondaries Fundraising
Secondary Fund of Funds Managers
Direct Secondaries
Intermediaries

16: TURNAROUND
Turnaround Overview

17: SERVICE PROVIDERS
Placement Agents
Fund Administrators
Fund Auditors

The data behind all of the charts featured in the Report is available to purchase in Excel format.

Ready-made charts are also included that can be used for presentations, marketing materials and company reports.

To purchase the data pack, please visit:

www.preqin.com/gper
With dry powder at all-time highs, new managers entering the market are facing intense competition. As a result, borrowers are finding themselves more able to negotiate favourable rates at the expense of institutional investors’ returns.

The challenges in valuing alternative assets are well known to practitioners and are highly dependent on development stage and local market conditions. The more lifecycle risks and political, country and legal risks are understood, the more competitively a deal tends to be funded. Recent competitiveness has been largely driven by funds looking for specific deal types while targeting a narrow part of the market, not least because institutional investors have certain yield necessities. The reduction in cost of capital is driving premium hunters deeper into new markets and new geographies. Rather than a simple race to the “IRR floor”, many firms first look to covenant-loose deals and then commonly continue their journey down the capital structure and further afield into emerging and frontier markets.

Analysis for investments in developed markets such as the US, Western Europe, Australia and Canada typically focuses on financial strength, sponsor strength, credit enhancements and transaction characteristics. It also includes an analysis of operating risk and supply risk. Finally, political, country and legal environment risks are considered. However, these risks often only receive light coverage as these are challenging areas for most investors to monitor.

Let us now turn to the challenges faced by investors in portfolio companies who demand a higher risk premium and/or operate in emerging and frontier markets.

Investor concerns typically fall into the following categories: damage to assets, business interruption, death or detention of personnel, and resource mobilisation.

The occurrence of political risk and violent risk can cause potential shocks to projected revenues. This type of analysis may be available at the point of funding, but information flow often worsens soon after a deal closes which hampers an investor’s ability to continue to monitor in a structured, continuous, information-driven framework and adjust for changes in the environment.

There are a number of common pitfalls when considering violent risk in ongoing valuation and risk management:

- Investment firms look to traditional capital markets rating agencies which are primarily focused on countries with mature debt markets and so do not always cover the specific risks of a given exposure.
- It is important to factor in likely timeframes for unrest and associated disruption and adjust revenue assumptions appropriately.
- A focus on background geopolitics rather than the potential impact of inter-state and intra-state conflict can lead to an underestimation of risk.

Common pitfalls when considering political risk in ongoing valuation and risk management include:

- Political commentary instead of commercially focused political forecasting, e.g. forecasting election outcomes without assessing the implications for regulatory policy.
- Failing to differentiate risk between sectors, assets, nationalities, e.g. in a cash-poor state expropriation risks are higher for cash-rich retail sectors than to other sectors.
- Economic analysis without a clear country risk perspective, e.g. reporting on a new budget without providing a sector-specific view of changing regulatory or contract risks.
- Not analyzing indicators, e.g. assuming a government is stable because it has been in power for a long time.

In conclusion, if you are looking for investment opportunities in emerging or frontier markets, bear in mind that you will need to adapt your current approach accordingly. Do not continue to apply the same lenses to valuation and risk factors, and execute in an environment that delivers intelligence-led insight specific to your investments. Cultivate local resources that provide relevant input to your internal control regime and, most importantly, update your analysis of violent, political and economic risks regularly, and use this analysis to revise your forecast assumptions.

As managers look to emerging and frontier markets for investment opportunities, it is important to realize that it’s not just doing more of the same. As the balance of risks change, the need to proactively seek adjustments and protection must be managed in a transparent manner that provides the governance required when working in an AIFMD-compliant environment.

© Preqin Ltd. 2017 / www.preqin.com

For more information about the 2017 Preqin Global Private Equity & Venture Capital Report, please visit: www.preqin.com/gper
PRIVATE EQUITY: 2016 IN NUMBERS

THE INDUSTRY IS LARGER THAN EVER

$2.49tn Private equity assets under management as of June 2016, an all-time high.

$820bn Dry powder held by private equity funds as of December 2016, up from $755bn at the end of 2015.

$347bn Aggregate capital raised by 830 private equity funds closed in 2016.

$10.8bn Ardian raised the largest secondaries fund ever closed, Ardian Secondary Fund VII.

ANOTHER ROBUST YEAR FOR FUNDRAISING

CAPITAL IS INCREASINGLY CONCENTRATED

$471mn Average size of private equity funds closed in 2016, an all-time high.

26% of aggregate capital raised was secured by the 10 largest funds closed in 2016, up from 19% in 2014.

HIGH VALUATIONS ARE A CONCERN

70% of investors consider valuations to be one of the key issues facing the private equity industry.

38% of fund managers believe that pricing for portfolio companies is higher than 12 months ago, compared to 19% that believe pricing is lower.

STRONG RETURNS AND DISTRIBUTIONS

95% of investors believe that their private equity portfolios have met or exceeded performance expectations over the past 12 months, up from 81% in December 2011.

$257bn Total capital distributions in H1 2016, following the record $472bn distributed in 2015.

LP APPETITE REMAINS HEALTHY

84% of investors have a positive perception of private equity, the greatest proportion among alternative asset classes.

48% of investors plan to increase their allocation to private equity over the long term, compared with only 6% that plan to decrease exposure.
2016 was another stellar year for private equity and the total AUM for the industry now stands at $2.49tn as of June 2016 (the latest data available), an all-time high. The question on many people’s minds is ‘how much longer will it continue?’ While the reality is that only time will tell, private equity is well positioned for another strong year in 2017, despite continuing economic concerns and wider political volatility.

PRIVATE EQUITY CONTINUES TO DELIVER FOR INVESTORS
In the three years to June 2016, private equity investors have seen annualized returns of 16.4%, the highest among private capital strategies. As a result of this strong performance, investors have continued to see distributions significantly surpass capital calls: $257bn was distributed in the first half of 2016 compared with $129bn in capital calls – so a net cash flow of $128bn back to LPs. The trend of capital distributions surpassing capital calls is now in its sixth year, and it is the third year in which net cash flows to investors have been well in excess of $100bn.

Fifty-seven percent of institutional investors now have an allocation to private equity, and as a result of high distribution levels, investor satisfaction is at an all-time high – 95% of investors recently surveyed (see pages 85-87) stated that private equity had met or exceeded their expectations in the past year; 48% of respondents plan to increase their allocations to private equity over the long term, while a further 46% will maintain their allocations. Similarly, 49% of LPs are looking to invest the same amount of capital and 40% are looking to invest more capital in private equity in the next 12 months than they did during 2016.

A THRIVING FUNDRAISING ENVIRONMENT
Driven by LP demand and liquidity, 2016 was the fourth consecutive year in which private equity fundraising surpassed $300bn. However, there is a clear trend towards greater concentration of capital among fewer funds – 12% fewer funds closed in 2016 than in 2015, resulting in the average fund size increasing to $471mn, an all-time high. Private equity accounted for 57% of all private capital raised in 2016, up from 52% the previous year.

Perhaps the greatest indication of the liquidity LPs currently have, as a result of the wave of distributions they have received over the past few years, is the fact that 76% of private equity funds closed in 2016 met or exceeded their target size. This represents the largest proportion of funds meeting or exceeding their target size in any year over the period 2009-2016, with the proportion failing to meet their target decreasing from 63% in 2009 to 25% in 2016.

STILL A SELLER’S MARKET
While the volume of private equity backed buyouts in 2016 (3,986) is expected to surpass the record number of transactions seen in 2014 (4,006) as more data becomes available, aggregate deal value ($319bn) was 25% lower than in 2015 and reached the lowest level seen since 2013 ($313bn). Venture capital deal flow in 2016 saw the opposite trend: 9,719 deals were recorded during the year, the lowest number since 2013, but the aggregate value of deals reached $134bn, just behind the record amount achieved in 2015 ($140bn).

Fund managers are clearly finding it tough going due to the current high entry prices for assets. They are also clearly seeing more competition for assets: Preqin’s latest survey found that 42% of fund managers feel that there is currently more competition for transactions, and 38% of respondents feel that pricing for portfolio companies is higher than it was 12 months ago.

Despite 2016 being the second consecutive year in which both buyout and venture capital exit activity has fallen (see pages 114 and 130), it is still very much a seller’s market, and exit activity is higher than all years prior to 2013. Thirty percent of fund managers expect exit activity to increase in 2017, and a further 46% expect it to remain at current levels.

OUTLOOK FOR 2017
The private equity model is working and in a low interest rate environment the asset class will continue to appeal to investors looking for high absolute returns and portfolio diversification.

A record number of private equity funds are currently in market: 1,829 funds are seeking an aggregate $620bn. This will bring challenges, particularly for first-time and emerging markets managers, in competing for investor capital as well as in meeting the demands of an increasingly sophisticated investor community.

However, with the majority of LPs sitting very liquid as a result of continuing distributions and looking to maintain, if not increase, their exposure to the asset class, fundraising has rarely looked so appealing.

A significant proportion of assets invested prior to the Global Financial Crisis (GFC) are yet to be realized, so should market conditions remain favourable it is likely that the fervent exit activity will continue in 2017. While pricing remains a very real concern, fund managers have record levels of capital available to them and our survey results indicate that many are looking to increase the amount of capital they deploy over the next 12 months.
An aggregate $347bn was raised by 830 private equity funds closed in 2016, marking the fourth consecutive year in which fundraising has surpassed $300bn (Fig. 4.1). This figure is likely to increase as more data becomes available, and the fundraising total for 2016 is expected to exceed the level seen in 2014 ($348bn), therefore representing the largest amount of capital raised since the GFC. Private equity accounted for 57% of all private capital raised in 2016, up from 52% the previous year. The increased demand has been supported by continued high net distributions (see page 26), which have caused LPs to reinvest capital back into private equity in order to maintain their allocations.

Alongside the large sums of capital being invested through traditional fund structures, a substantial amount of capital is being invested via alternative structures such as co-investments and separate account mandates. Among LPs profiled on Preqin’s Private Equity Online, 42% actively make co-investments and a further 12% are considering doing so; 30% make use of separate accounts, with 9% considering this route.

QUARTERLY FUNDRAISING
The flow of capital into private equity funds is presented in Fig. 4.2, which shows the capital raised each quarter via interim and final closes, highlighting the strong fundraising in recent quarters. The methodology to calculate this involves analyzing the capital raised for each close that takes place in each quarter; only fresh capital is counted, with capital that has been raised via previous closes held in an earlier quarter excluded.

The second quarter of 2016 was a particularly successful period, with $117bn secured, the largest sum of capital raised in a single quarter since Q2 2008, when $137bn was raised.

CAPITAL CONCENTRATION
The trend towards greater concentration of capital among fewer funds continued in 2016: 12% fewer funds closed than in 2015, resulting in the average fund size increasing to $471mn, an all-time high. LPs appear to be investing more capital with a smaller number of proven and well-known GPs, with the largest funds accounting for a greater proportion of overall fundraising. The 10 largest private equity funds closed in 2014 accounted for 19% of overall fundraising for that year; in 2016, the figure is 26%. Similarly, the proportion of capital accounted for by the 20 largest funds closed also increased significantly.
private equity assets over 2016 (Fig. 5.4). Furthermore, GPs were asked about the level of competition in distinct parts of the market:

- **Venture Capital**: an average of 37% of surveyed GPs saw an increase in competition across all stages of venture capital investment over 2016, although the largest proportions across every stage had seen no change. Larger proportions of GPs are seeing less competition in earlier stages (seed: 25%; early stage: 22%), a reflection of the large pool of start-up companies these firms look to target.

- **Growth**: more GPs have observed increased competition for growth investments than for venture capital, making growth one of the most competitive markets in private equity; while 45% of respondents saw no change in competition over 2016, 43% witnessed more, behind only mid-market (51%) and large (44%) buyouts.

- **Buyout**: as expected, GPs face the most competition for mid-market opportunities, where surveyed investors see the best opportunities at present (see page 87). More than half of respondents active in the area saw an increase in competition for mid-market assets over 2016. Significant levels of capital secured by the largest private equity firms at the higher end of the market mean that competition for large buyout transactions has intensified.

The low interest rate environment has reduced the cost of borrowing for GPs: 85% of firms surveyed have seen the terms of debt financing for private equity investments remain the same or improve over 2016. Combined with greater levels of capital raised annually and record levels of dry powder available for investment (see pages 24-26), this has pushed valuations up: 38% of surveyed GPs have seen an increase in pricing over the past 12 months, with only 19% witnessing lower entry prices. This puts pressure on GPs that usually have three- to five-year investment periods before exiting investments. However, respondents are confident in the exit opportunities available in the year ahead: while the largest proportion believe exit activity will remain the same over 2017, more respondents predict exit activity will increase than decrease. Thirty-five percent of fund managers surveyed believe there will be greater activity in the venture capital exit market over 2017, compared with 24% that believe there will be less; for exits in the rest of the private equity market, 30% believe there will be more activity in the year ahead compared to 23% that believe there will be less.

**MORE INVESTMENT IN THE YEAR AHEAD**

Despite more than half of GPs stating that there has been no change in the level of difficulty in finding attractive opportunities over 2016, the majority of surveyed managers across all regions expect to increase the amount of capital they deploy in private equity assets over the next 12 months (Fig. 5.5). This includes more than a quarter of respondents based in each of North America and Europe,
The private equity industry continues to grow as new entrants emerge and market their funds to investors. Strong investor appetite for the asset class as well as recent high distributions have encouraged LPs to invest large sums of capital back into the industry in order to meet their target allocations. Despite this demand, there are signs that the market is bifurcating, making it more difficult for emerging managers launching their first fund as many investors seek out established managers with a proven track record. Only 195 first-time funds closed in 2016, the lowest number of emerging funds closed since 2010, raising $25bn in aggregate capital (Fig. 5.11).

**FUNDRAISING**

The recent lower levels of first-time funds reaching a final close reflect a broader trend in which fundraising by emerging managers as a proportion of the total private equity industry has decreased. Where first-time funds made up 27% of funds closed in 2009, they represented 23% in 2016 (Fig. 5.12). Although the proportion of capital raised by emerging managers has varied, it has generally followed the same trend, with the 2016 proportion (7%) lower than that of 2009 (12%) and significantly below the recent peak of 20% in 2011.

Furthermore, there is a widening division between the average size of funds raised by first-time and established fund managers. Although historically experienced fund managers have on average been able to raise greater sums of capital than first-time managers, the difference has increased in recent years. The average size of a first-time fund closed in 2010 was $114mn, compared with $313mn for non-first-time funds; for funds closed in 2016 the first-time average has increased to $149mn, whereas the average size for established managers has jumped to $564mn.

There are other advantages to coming to market from an experienced position, as can be seen in the proportion of funds exceeding their target size. In 2016, 54% of closed non-first-time funds exceeded their target size, with 23% coming in under target; by comparison, only 35% of first-time funds exceeded their target size and 30% fell short. Additionally, the need to persuade investors of the benefits of a first-time fund and conduct the necessary due diligence means that first-time funds typically spend longer in market before reaching a final close: first-time funds closed in 2016 had spent an average of 15 months raising capital, compared to 14 months for their established peers.

**PERFORMANCE**

Although emerging manager funds have generally found it more difficult to attract investor capital, they have tended to deliver better returns to investors. Fig. 5.13 shows that first-time funds have higher median net IRRs across most vintages since 2000, with a significant difference (of at least three percentage points) for 2000-2003 vintage and 2010-2012 vintage funds. The outperformance can be seen particularly in terms of quartile rankings: when compared to similar funds, 31% of first-time funds fall in the top quartile, with a further 23% in the second.

Fund selection remains important, however, as there are considerable
PRIVATE EQUITY PERFORMANCE BENCHMARKS

FUND STRATEGY: All Private Equity
GEOGRAPHIC FOCUS: All Regions
AS AT: 30 June 2016

<table>
<thead>
<tr>
<th>Vintage</th>
<th>No. of Funds</th>
<th>Called (%)</th>
<th>Dist (%)</th>
<th>Value (%)</th>
<th>Median Fund Net Multiple Quartiles (X)</th>
<th>Median IRR Quartiles (%)</th>
<th>Net IRR Max/Min (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Q1</td>
<td>Median</td>
<td>Q3</td>
<td>Q1</td>
<td>Median</td>
<td>Max/Min</td>
</tr>
<tr>
<td>2016</td>
<td>74</td>
<td>9.1</td>
<td>0.0</td>
<td>92.8</td>
<td>1.00</td>
<td>0.93</td>
<td>n/m</td>
</tr>
<tr>
<td>2015</td>
<td>150</td>
<td>21.0</td>
<td>0.0</td>
<td>96.0</td>
<td>1.07</td>
<td>0.97</td>
<td>n/m</td>
</tr>
<tr>
<td>2014</td>
<td>154</td>
<td>40.9</td>
<td>0.0</td>
<td>98.7</td>
<td>1.20</td>
<td>1.04</td>
<td>n/m</td>
</tr>
<tr>
<td>2013</td>
<td>155</td>
<td>59.7</td>
<td>5.2</td>
<td>103.0</td>
<td>1.27</td>
<td>1.16</td>
<td>1.02</td>
</tr>
<tr>
<td>2012</td>
<td>148</td>
<td>76.8</td>
<td>11.1</td>
<td>101.3</td>
<td>1.44</td>
<td>1.24</td>
<td>1.05</td>
</tr>
<tr>
<td>2011</td>
<td>156</td>
<td>84.0</td>
<td>22.7</td>
<td>104.0</td>
<td>1.60</td>
<td>1.31</td>
<td>1.18</td>
</tr>
<tr>
<td>2010</td>
<td>100</td>
<td>93.5</td>
<td>50.0</td>
<td>97.3</td>
<td>1.76</td>
<td>1.49</td>
<td>1.28</td>
</tr>
<tr>
<td>2009</td>
<td>81</td>
<td>94.3</td>
<td>55.4</td>
<td>80.4</td>
<td>1.74</td>
<td>1.45</td>
<td>1.24</td>
</tr>
<tr>
<td>2008</td>
<td>189</td>
<td>95.0</td>
<td>79.5</td>
<td>71.1</td>
<td>1.82</td>
<td>1.51</td>
<td>1.28</td>
</tr>
<tr>
<td>2007</td>
<td>198</td>
<td>96.3</td>
<td>88.6</td>
<td>57.5</td>
<td>1.85</td>
<td>1.55</td>
<td>1.31</td>
</tr>
<tr>
<td>2006</td>
<td>213</td>
<td>96.0</td>
<td>106.6</td>
<td>46.0</td>
<td>1.85</td>
<td>1.56</td>
<td>1.28</td>
</tr>
<tr>
<td>2005</td>
<td>179</td>
<td>98.1</td>
<td>110.3</td>
<td>29.0</td>
<td>1.81</td>
<td>1.48</td>
<td>1.17</td>
</tr>
<tr>
<td>2004</td>
<td>100</td>
<td>98.0</td>
<td>122.1</td>
<td>15.0</td>
<td>2.01</td>
<td>1.56</td>
<td>1.18</td>
</tr>
<tr>
<td>2003</td>
<td>89</td>
<td>100.0</td>
<td>139.9</td>
<td>4.0</td>
<td>2.12</td>
<td>1.56</td>
<td>1.08</td>
</tr>
<tr>
<td>2002</td>
<td>81</td>
<td>97.7</td>
<td>151.7</td>
<td>0.2</td>
<td>1.97</td>
<td>1.68</td>
<td>1.27</td>
</tr>
<tr>
<td>2001</td>
<td>126</td>
<td>100.0</td>
<td>152.5</td>
<td>1.3</td>
<td>2.17</td>
<td>1.66</td>
<td>1.20</td>
</tr>
<tr>
<td>2000</td>
<td>184</td>
<td>99.0</td>
<td>141.9</td>
<td>0.0</td>
<td>2.07</td>
<td>1.46</td>
<td>0.94</td>
</tr>
<tr>
<td>1999</td>
<td>144</td>
<td>100.0</td>
<td>127.7</td>
<td>0.0</td>
<td>1.81</td>
<td>1.29</td>
<td>0.66</td>
</tr>
<tr>
<td>1998</td>
<td>152</td>
<td>100.0</td>
<td>137.7</td>
<td>0.0</td>
<td>1.84</td>
<td>1.39</td>
<td>0.90</td>
</tr>
<tr>
<td>1997</td>
<td>143</td>
<td>100.0</td>
<td>153.3</td>
<td>0.0</td>
<td>2.36</td>
<td>1.54</td>
<td>1.15</td>
</tr>
<tr>
<td>1996</td>
<td>89</td>
<td>100.0</td>
<td>183.2</td>
<td>0.0</td>
<td>2.51</td>
<td>1.87</td>
<td>1.13</td>
</tr>
<tr>
<td>1995</td>
<td>86</td>
<td>100.0</td>
<td>190.1</td>
<td>0.0</td>
<td>2.75</td>
<td>1.90</td>
<td>1.21</td>
</tr>
<tr>
<td>1994</td>
<td>90</td>
<td>100.0</td>
<td>198.8</td>
<td>0.0</td>
<td>3.23</td>
<td>1.99</td>
<td>1.49</td>
</tr>
<tr>
<td>1993</td>
<td>74</td>
<td>100.0</td>
<td>247.4</td>
<td>0.0</td>
<td>3.52</td>
<td>2.48</td>
<td>1.59</td>
</tr>
<tr>
<td>1992</td>
<td>65</td>
<td>100.0</td>
<td>197.8</td>
<td>0.0</td>
<td>3.17</td>
<td>1.98</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Source: Preqin Private Equity Online

Fig. 7.16: All Private Equity - All Regions: Median Net IRRs and Quartile Boundaries by Vintage Year (As at June 2016)

Fig. 7.17: All Private Equity - All Regions: Median Net Multiples by Vintage Year (As at June 2016)

Source: Preqin Private Equity Online
fallen short of expectations over the past year, while only 16% feel that they have exceeded expectations.

There are signs that the continued strong performance of private equity funds may be making investors more ambitious in their return targets: the proportion of investors targeting returns of 4.1% or more above public markets has increased to 49%, up from 37% two years ago (Fig. 8.12). However, the figure remains down from the 63% of investors that targeted returns of this level in December 2011.

KEY ISSUES FACING INVESTORS
Going into 2017, valuations remain the greatest concern among institutional investors, cited by 70% of respondents (Fig. 8.13). With high company valuations, record levels of dry powder and stiff competition for assets, investors are increasingly concerned about the impact high pricing will have on returns in the future. The proportion of investors concerned about the exit environment is also significant and has jumped from 24% of investors at the end of 2015 to 51% in 2016.

Investors are also concerned about the pipeline of available portfolio companies: 41% see deal flow as a concern, up from 34% at the end of 2015. This may be related to investors’ concerns about valuations, as it is becoming harder for GPs to find assets at attractive prices. Nevertheless, the degree to which investors are concerned about performance has lessened slightly compared to the end of 2015, from 40% to 33% in 2016, possibly due to strong returns over the past year.

Although there has been a long-running debate between investors and fund managers over the appropriate level and way to charge fund fees, these issues have attracted particular attention recently, with the SEC launching high-profile investigations of GPs that are believed to have given insufficient disclosure to investors about the fees they charge. This has resulted in many LPs now paying closer attention to their fee arrangements: the proportion of investors citing fees as one of the major issues facing the private equity industry has more than doubled from 19% in 2015 to 39%.

INVESTORS’ INTENTIONS FOR THEIR PRIVATE EQUITY ALLOCATIONS
Despite these concerns, investors remain attracted to private equity and continue to plan further investment. Forty percent of investors surveyed by Preqin intend to invest more capital in private equity over the next 12 months than in the past 12 months, compared with only 11% that plan to invest less. When asked about their next commitment to the asset class, 76% stated that they plan to make their next commitment in Q1 2017, while a further 18% will do so later in the year; only 6% plan to wait until 2018 or later for their next commitment (Fig. 8.14).

Almost half (48%) of respondents plan to increase their allocations to private equity over the longer term, while a further 46% will maintain their allocations – these are some of the highest levels seen over the past six years (Fig. 8.15). With net distributions of capital from GPs to LPs over the past year, investors will need to reinvest considerable sums of capital back into the asset class in order to meet these targets. Finding a home for this capital may prove to be a challenge, as the most in-demand managers often find their funds oversubscribed: 45% of investors reported that it is harder to identify attractive investment opportunities in private equity compared to a year ago, while only 5% believe it is easier.

RE-UPS AND NEW RELATIONSHIPS
Although there has been some discussion of larger investors looking to reduce the number of managers in their portfolios in recent years, the significant sums of capital being allocated to private equity mean that a much larger proportion of investors are looking to increase the number of fund managers they work with. Forty-one percent of investors expect the number of fund managers in their portfolios to increase over the next two years,

**Figure 8.14:** Timeframe for Investors’ Next Intended Commitment to a Private Equity Fund

**Figure 8.15:** Investors’ Intentions for Their Private Equity Allocations over the Long Term, 2011 - 2016

---

© Preqin Ltd. 2017 / www.preqin.com

For more information about the 2017 Preqin Global Private Equity & Venture Capital Report, please visit: www.preqin.com/gper
### LARGEST BUYOUT DEALS AND EXITS

**Fig. 11.41: 10 Largest Private Equity-Backed Buyout Deals in 2016**

<table>
<thead>
<tr>
<th>Portfolio Company</th>
<th>Investment Type</th>
<th>Deal Date</th>
<th>Deal Size (mn)</th>
<th>Deal Status</th>
<th>Investor(s)</th>
<th>Bought from/Exiting Company</th>
<th>Location</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supercell Oy</td>
<td>Buyout</td>
<td>Jun-16</td>
<td>8,600 USD</td>
<td>Announced</td>
<td>AVIC Capital, CITIC Capital, Pagoda Investment, Shanghai Pudong</td>
<td>Softbank Capital</td>
<td>Finland</td>
<td>Gaming</td>
</tr>
<tr>
<td>MultiPlan, Inc.</td>
<td>Buyout</td>
<td>May-16</td>
<td>7,500 USD</td>
<td>Completed</td>
<td>GIIC, Hellman &amp; Friedman, Leonard Green &amp; Partners</td>
<td>Ardian, Partners Group, Starr Investment Holdings</td>
<td>US</td>
<td>Healthcare IT</td>
</tr>
<tr>
<td>Team Health Holdings, Inc.</td>
<td>Public-to-Private</td>
<td>Oct-16</td>
<td>6,100 USD</td>
<td>Announced</td>
<td>Blackstone Group</td>
<td>-</td>
<td>US</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Cabela's Inc</td>
<td>Add-on</td>
<td>Oct-16</td>
<td>5,500 USD</td>
<td>Announced</td>
<td>Bass Pro Shops**, Goldman Sachs Merchant Banking Division, Pamplona Capital Management</td>
<td>-</td>
<td>US</td>
<td>Retail</td>
</tr>
<tr>
<td>Playtika Ltd</td>
<td>Buyout</td>
<td>Jul-16</td>
<td>4,400 USD</td>
<td>Announced</td>
<td>CDH Investments, China Minsheng Trust, China Oceanwide Holdings Group, Giant Interactive Group, Hony Capital, YF Capital</td>
<td>Caesars Entertainment Corporation</td>
<td>Israel</td>
<td>Gaming</td>
</tr>
<tr>
<td>Ultimate Fighting Championship Ltd</td>
<td>Buyout</td>
<td>Jul-16</td>
<td>4,000 USD</td>
<td>Announced</td>
<td>KKR, MSD Capital, Silver Lake, William Morris Endeavor Entertainment, LLC**</td>
<td>-</td>
<td>US</td>
<td>Media</td>
</tr>
<tr>
<td>Vertiv</td>
<td>Buyout</td>
<td>Aug-16</td>
<td>4,000 USD</td>
<td>Completed</td>
<td>Platinum Equity**</td>
<td>Emerson</td>
<td>US</td>
<td>IT Infrastructure</td>
</tr>
</tbody>
</table>

*Denotes a partial exit. **Indicates lead investor(s)/acquiror(s).

Source: Preqin Private Equity Online

**Fig. 11.42: 10 Largest Private Equity-Backed Buyout Exits in 2016**

<table>
<thead>
<tr>
<th>Portfolio Company</th>
<th>Investment Date</th>
<th>Investment Type</th>
<th>Deal Size (mn)</th>
<th>Investor(s)</th>
<th>Exit Date</th>
<th>Exit Type</th>
<th>Exit Value (mn)</th>
<th>Acquiror (Exit)</th>
<th>Location</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiPlan, Inc.*</td>
<td>Feb-14</td>
<td>Buyout</td>
<td>4,400 USD</td>
<td>Ardian, Partners Group**, Starr Investment Holdings**</td>
<td>May-16</td>
<td>Sale to GP</td>
<td>7,500 USD</td>
<td>GIIC, Hellman &amp; Friedman, Leonard Green &amp; Partners</td>
<td>US</td>
<td>Healthcare IT</td>
</tr>
<tr>
<td>Hilton Worldwide*</td>
<td>Jul-07</td>
<td>Public-to-Private</td>
<td>26,000 USD</td>
<td>Blackstone Group**</td>
<td>Oct-16</td>
<td>Trade Sale</td>
<td>6,500 USD</td>
<td>HNA Group**</td>
<td>US</td>
<td>Leisure</td>
</tr>
<tr>
<td>Quironsalud</td>
<td>Jan-11</td>
<td>Buyout</td>
<td>900 EUR</td>
<td>CVC Capital Partners**</td>
<td>Sep-16</td>
<td>Trade Sale</td>
<td>5,760 EUR</td>
<td>Fresenius Medical Care AG**</td>
<td>Spain</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Capsugel</td>
<td>Apr-11</td>
<td>Buyout</td>
<td>2,375 USD</td>
<td>KKR**</td>
<td>Dec-16</td>
<td>Trade Sale</td>
<td>5,500 USD</td>
<td>Lonzga Group Ltd**</td>
<td>US</td>
<td>Pharmaceuticals</td>
</tr>
<tr>
<td>The Sun Products Corporation</td>
<td>Jul-08</td>
<td>Buyout</td>
<td>2,600 USD</td>
<td>Vestar Capital Partners</td>
<td>Jun-16</td>
<td>Trade Sale</td>
<td>3,600 USD</td>
<td>Henkel AG**</td>
<td>US</td>
<td>Consumer Products</td>
</tr>
<tr>
<td>Epicor Software</td>
<td>Apr-11</td>
<td>Public-to-Private</td>
<td>976 USD</td>
<td>Apax Partners**</td>
<td>Jul-16</td>
<td>Sale to GP</td>
<td>3,300 USD</td>
<td>KKR**</td>
<td>US</td>
<td>Software</td>
</tr>
<tr>
<td>Vogue International</td>
<td>Jan-14</td>
<td>Buyout</td>
<td>-</td>
<td>Carlyle Group**</td>
<td>Jun-16</td>
<td>Trade Sale</td>
<td>3,300 USD</td>
<td>Johnson &amp; Johnson**</td>
<td>US</td>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

*Denotes a partial exit. **Indicates lead investor(s)/acquiror(s).

Source: Preqin Private Equity Online
VENTURE CAPITAL DEALS

In 2016, 9,719 venture capital deals were announced globally, valued at a total of $134bn (Fig. 12.13). While this represents the lowest number of deals in any year since 2013, 2016 saw the second highest aggregate deal value on record.

Key Findings:
- The rise in value was driven by a high number of $1bn+ transactions, including six of the top 10 largest deals in the period 2007-2016.
- High valuations have seen average deal size rise nearly 2.5x since 2013 for transactions at Series B and later stages (see pages 128-129).
- Q2 2016 had the second highest aggregate deal value of any single quarter at $42bn, trailing only Q3 2015 ($43bn).

2016 IN CONTEXT
2016 saw a 13% drop in the number of financings from 2015, reversing the upward trend of the previous six years. However, it is important to note that 2015 was a record year for venture capital deal activity with 11,115 financings, and aggregate deal value was only 6% lower in 2016 than in 2015.

CHINA’S EMERGENCE AND REGIONAL SHIFTS
2016 saw a continuation of the shift in venture capital activity from North America to Greater China, as shown in Figs. 12.14-12.18:
- The number of financings in North America in 2016 (3,793) was substantially lower than the previous year (5,013), causing the region’s market share to decline by six percentage points over the period to 39%, substantially off its historical 62% average (2007-2014).
- While there were fewer financings in Greater China in 2016 than in 2015 (2,047 vs. 2,202 respectively), its share of the market increased for the fourth consecutive year to represent 21% of transactions, well above the historical average (8%, 2007-2014).
- Venture capital-backed financings in North America amounted to $61bn in 2016 (down 15% from 2015),

---

*Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt.