

2010 Survey Results

2010 Performance Measurement Survey Results

Mark Drugan

Managing Director

Capital Dynamics



CapitalDynamics



PRICEWATERHOUSECOOPERS 

History

- Performance Survey now in its 17th year
- 1994 & 1995 Bannock Consulting
 - 'Since Inception' returns only
- 1996 - 1999 WM Company
 - Introduction of 1, 3, 5, and 10 year returns
- 2000 onwards PricewaterhouseCoopers
- Capital Dynamics involved since the 1994 Pilot Study

What is included?

Includes

- ‘Independent’ UK based private equity funds
- Third party funds raised by ‘Captives’

Excludes

- Excludes ‘Captives’ balance sheet investments
- VCTs and PEITs

The most complete country-specific survey in the world

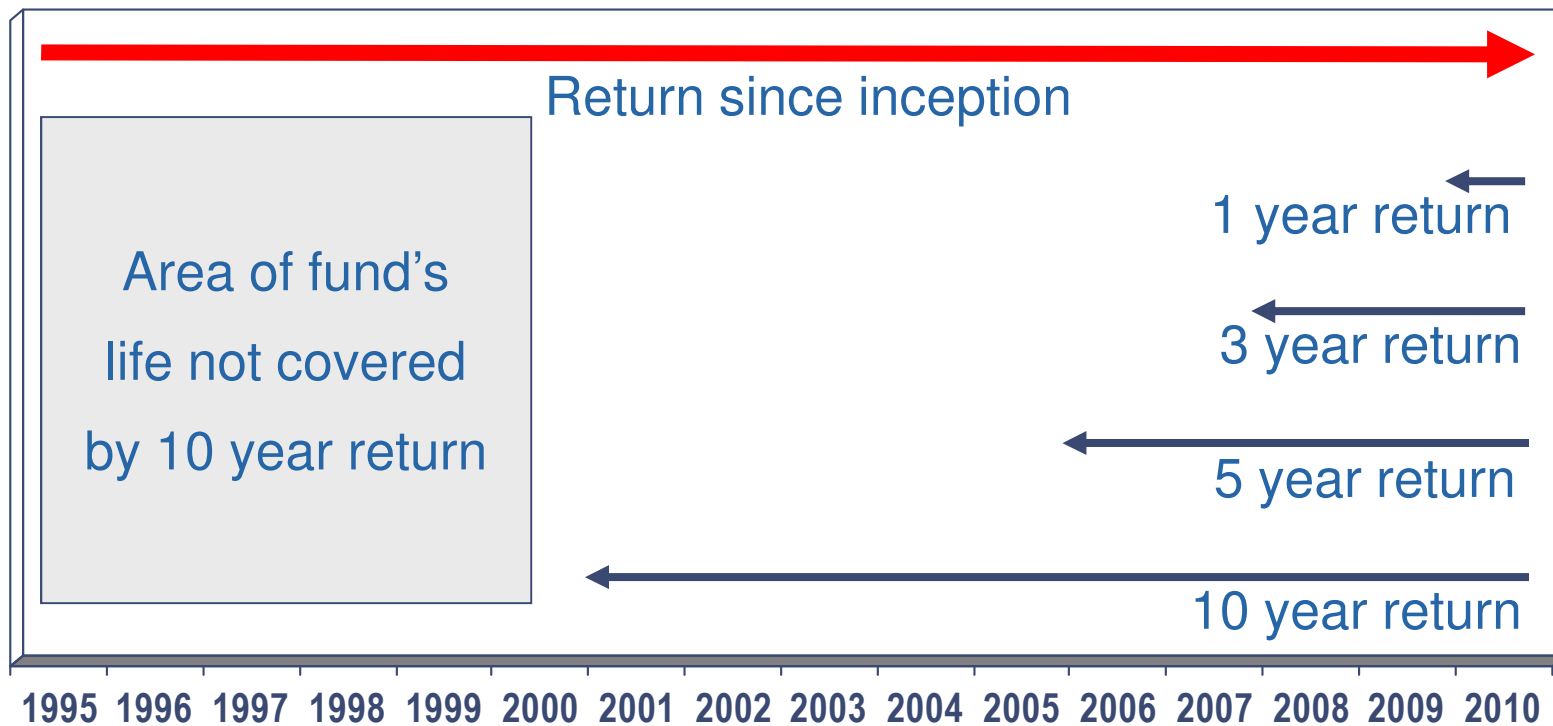
Methodology

- Sterling based IRR – time and money-weighted return, net of costs and fees
- Fund multiple – total, distributed and residual value as a percentage of paid-in capital
- Cash flows on a daily basis and valuations of funds annually
- Principal comparators, supplied by The WM Company (WM), are gross, time-weighted returns

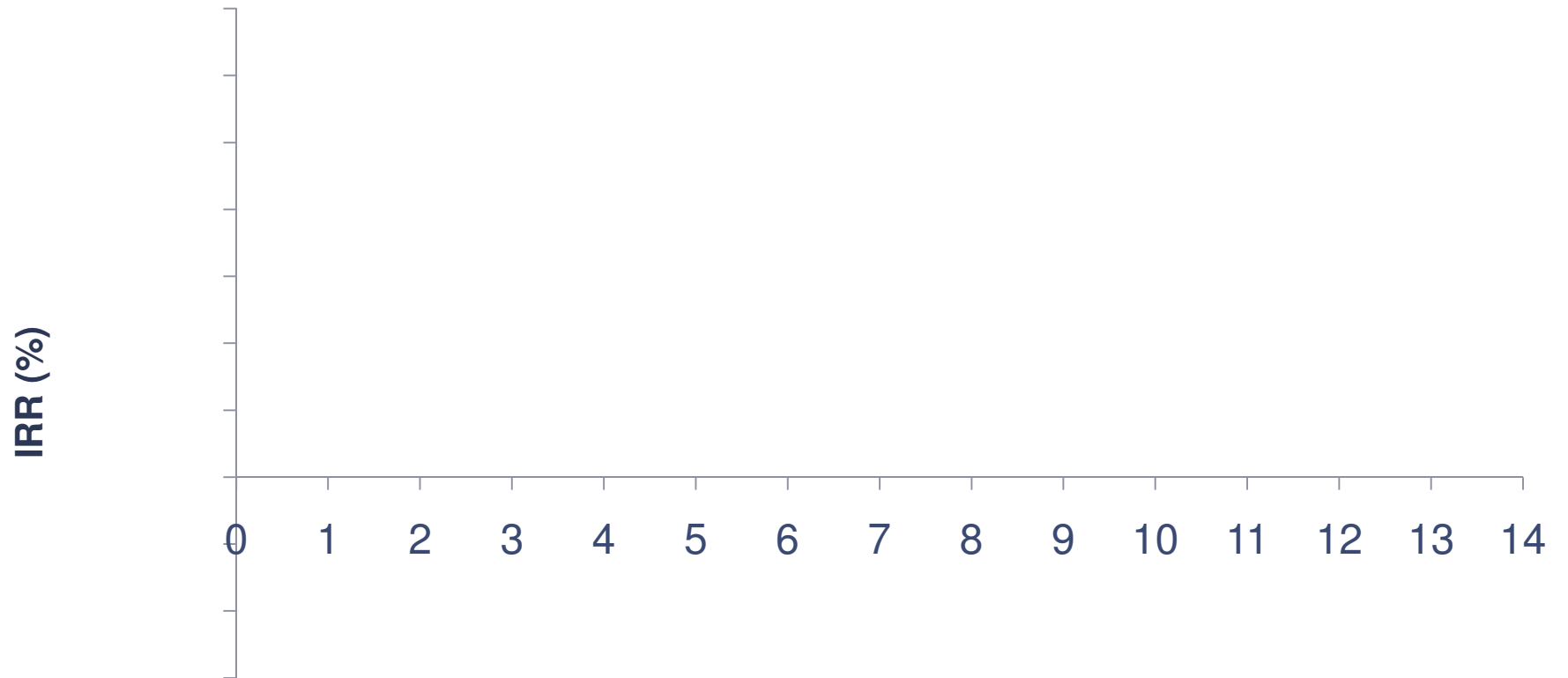
Long-Term Message

- IRR since inception – the most common measurement of private equity returns
- Fund multiple is a further important measure
- One year figure is very volatile – at best, indicates only if the year was good or bad
- If since inception not appropriate, use longer-term (i.e. 10-year) data

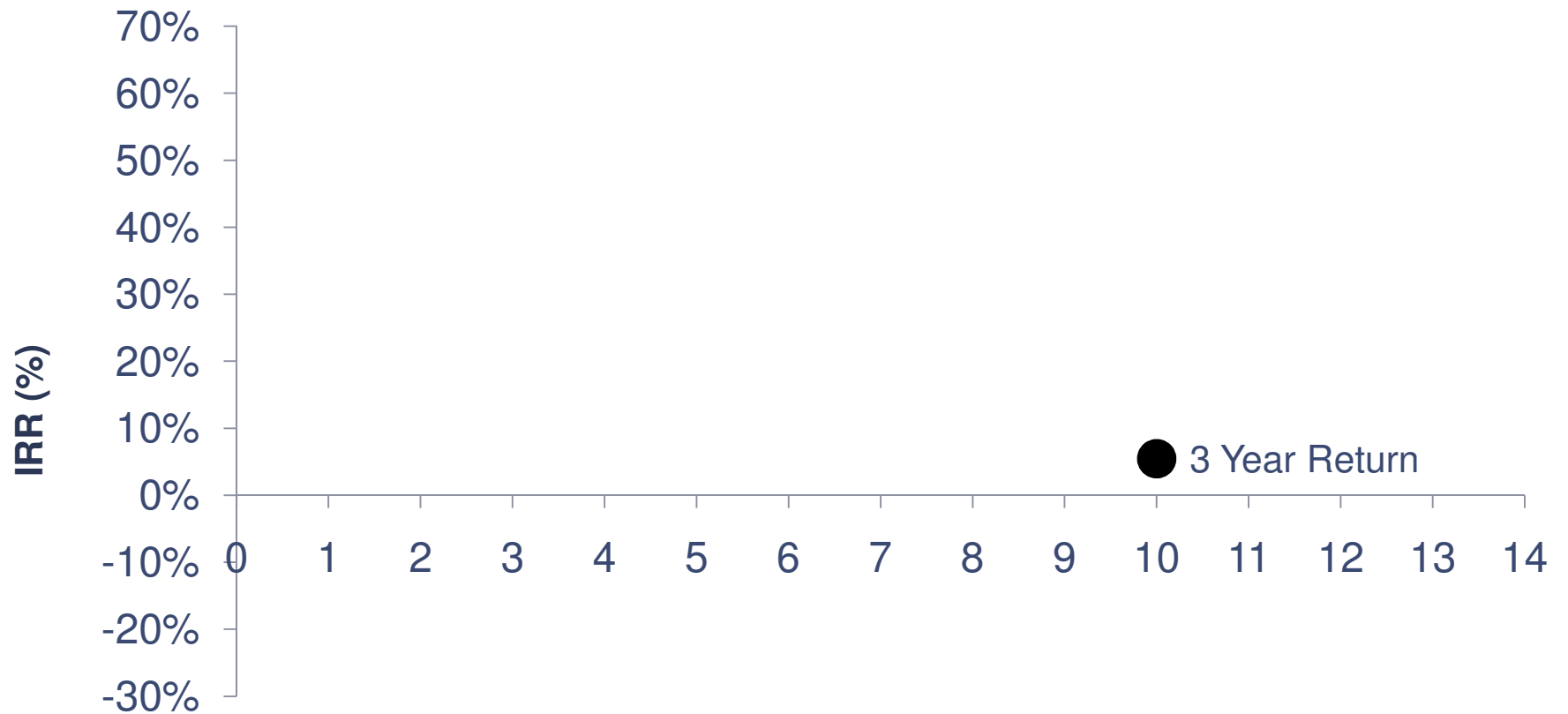
Return Measurement Periods for a 1995 Vintage Fund



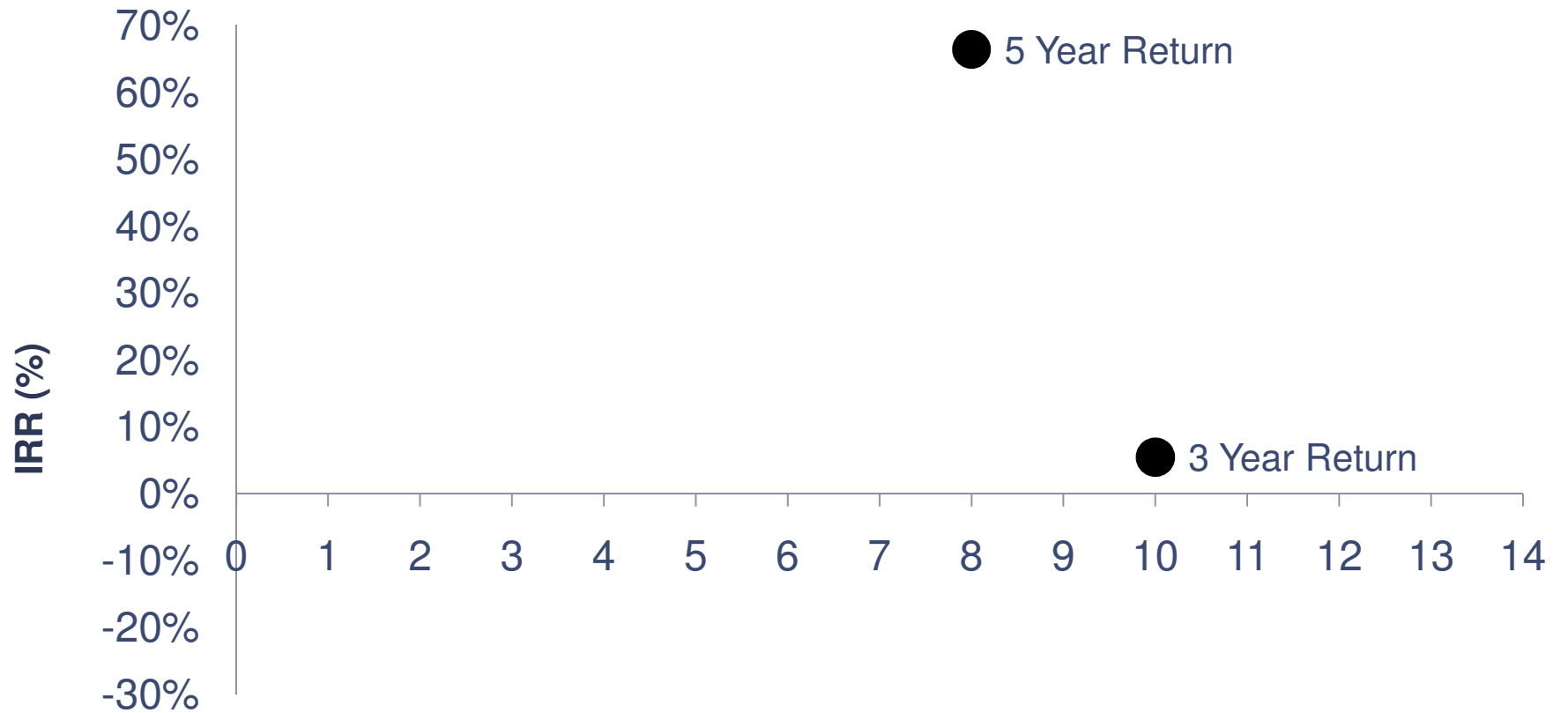
Time horizon and since inception returns (IRR)



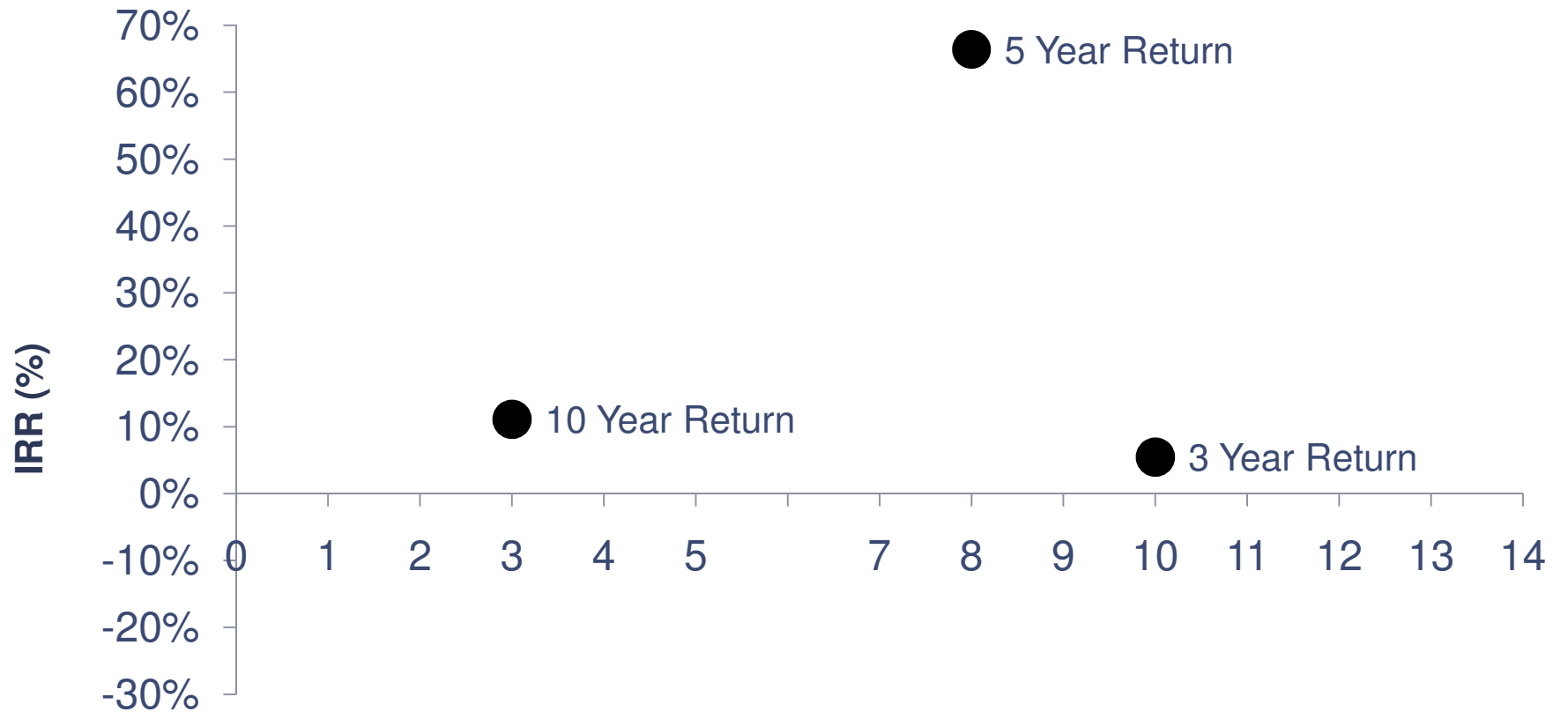
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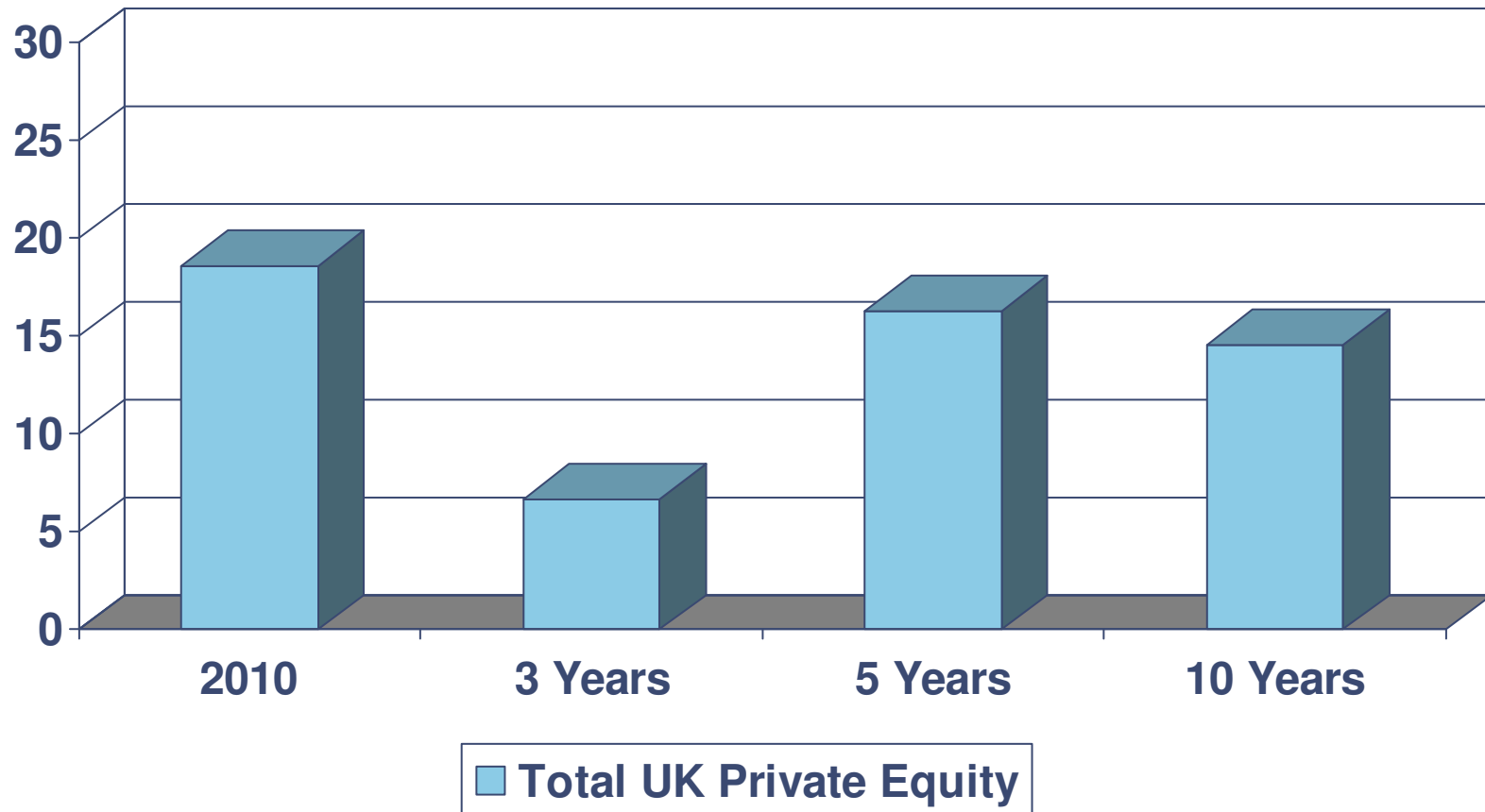
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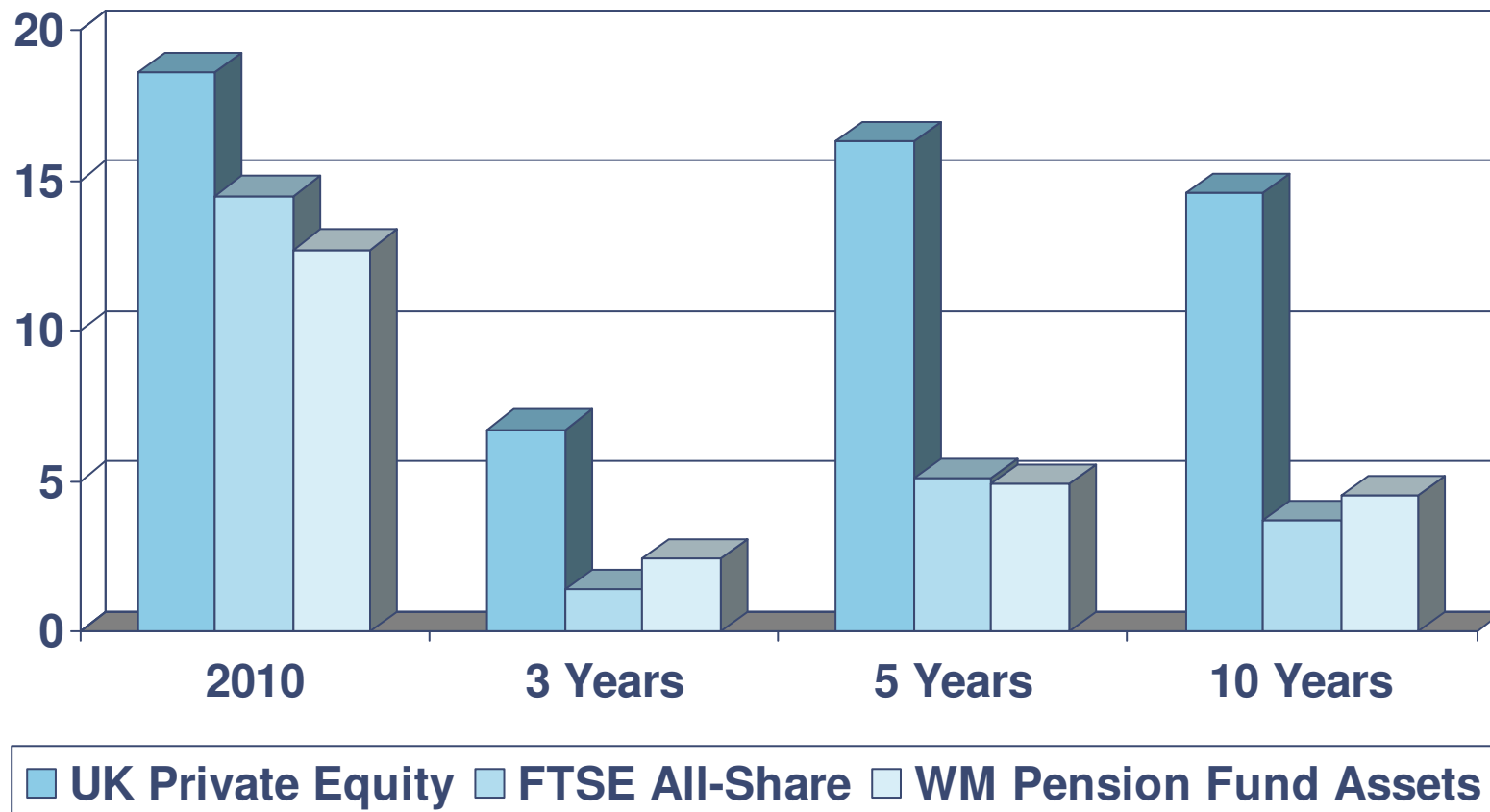
Time horizon and since inception returns (IRR)



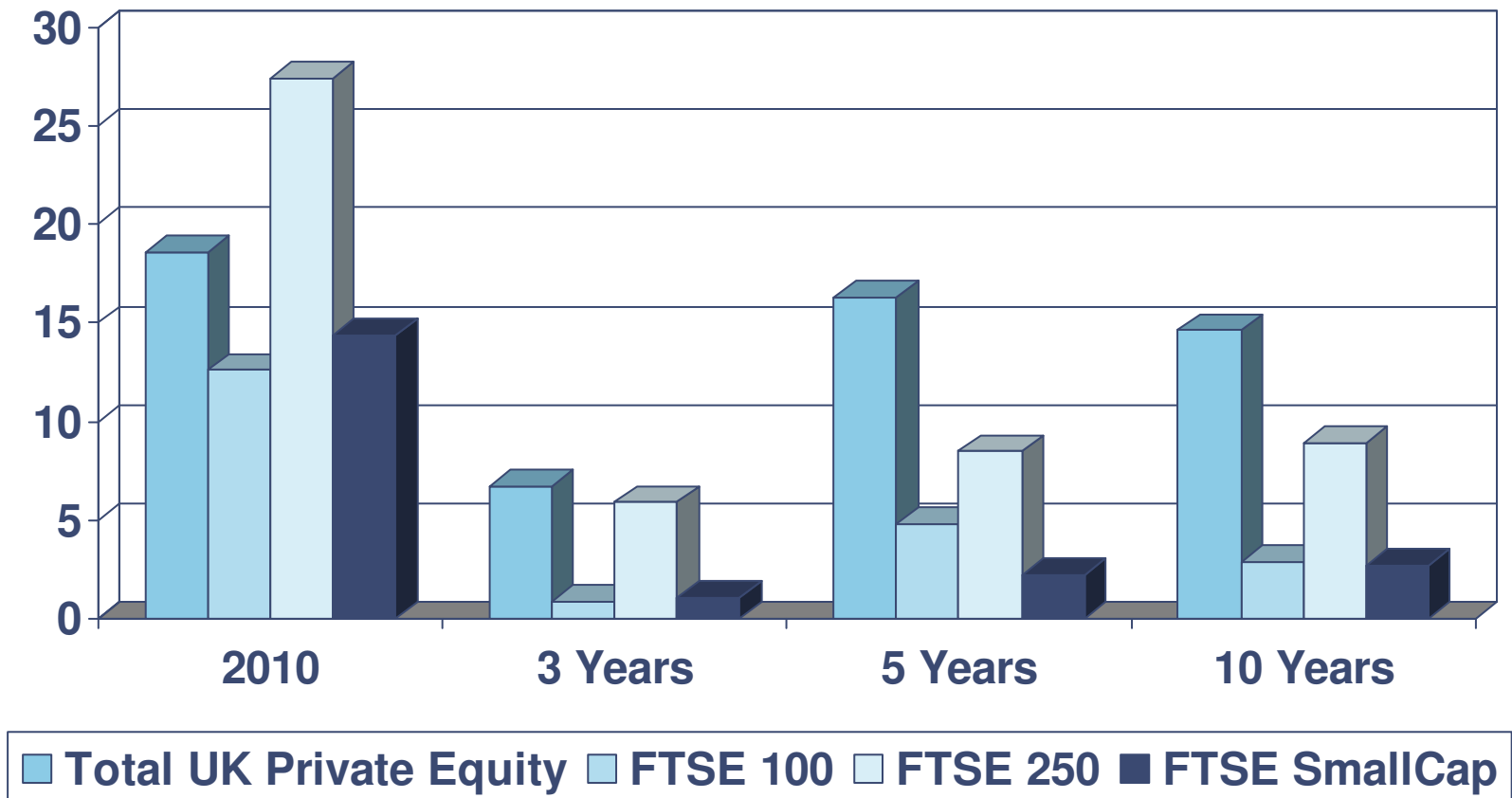
UK Private Equity - Time Periods to December 2010



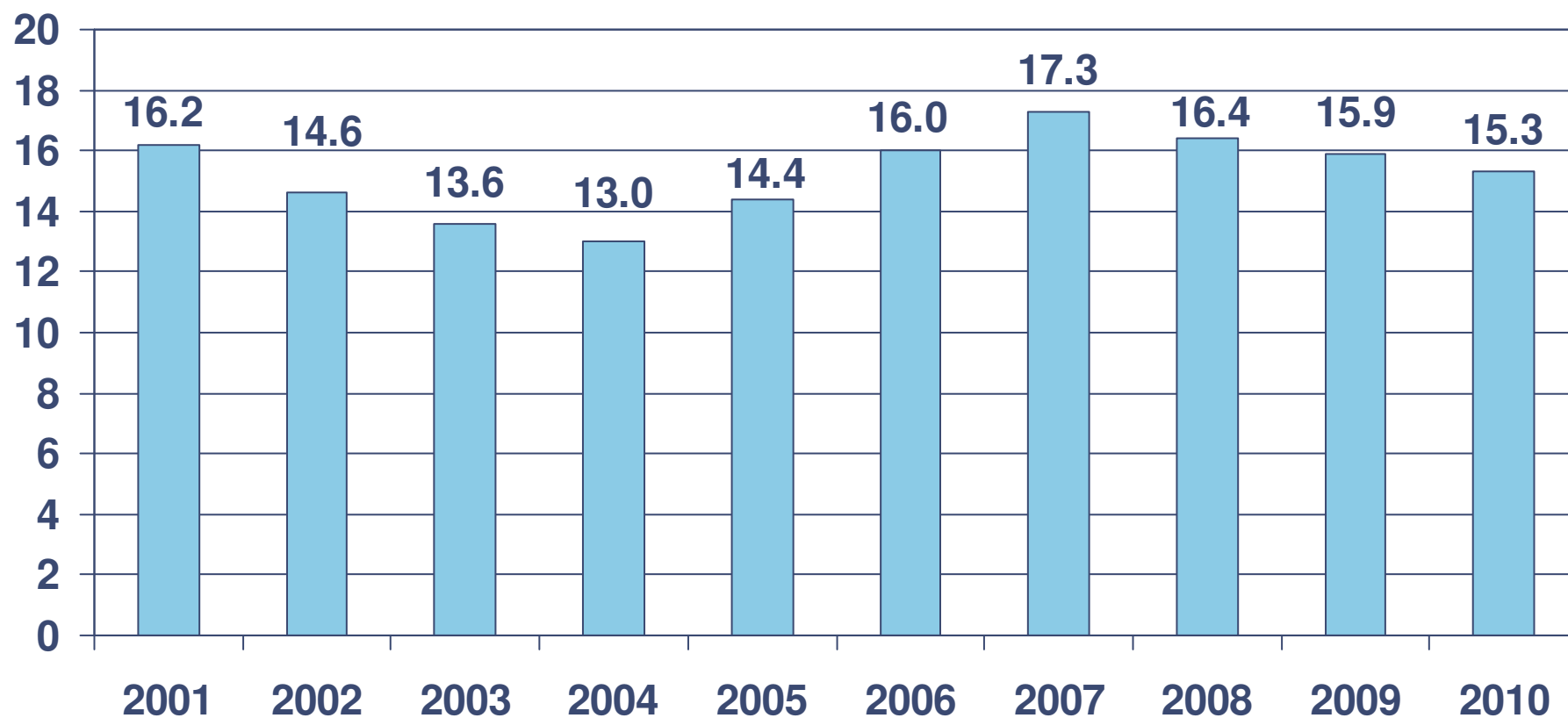
UK Private Equity v Principal Comparators



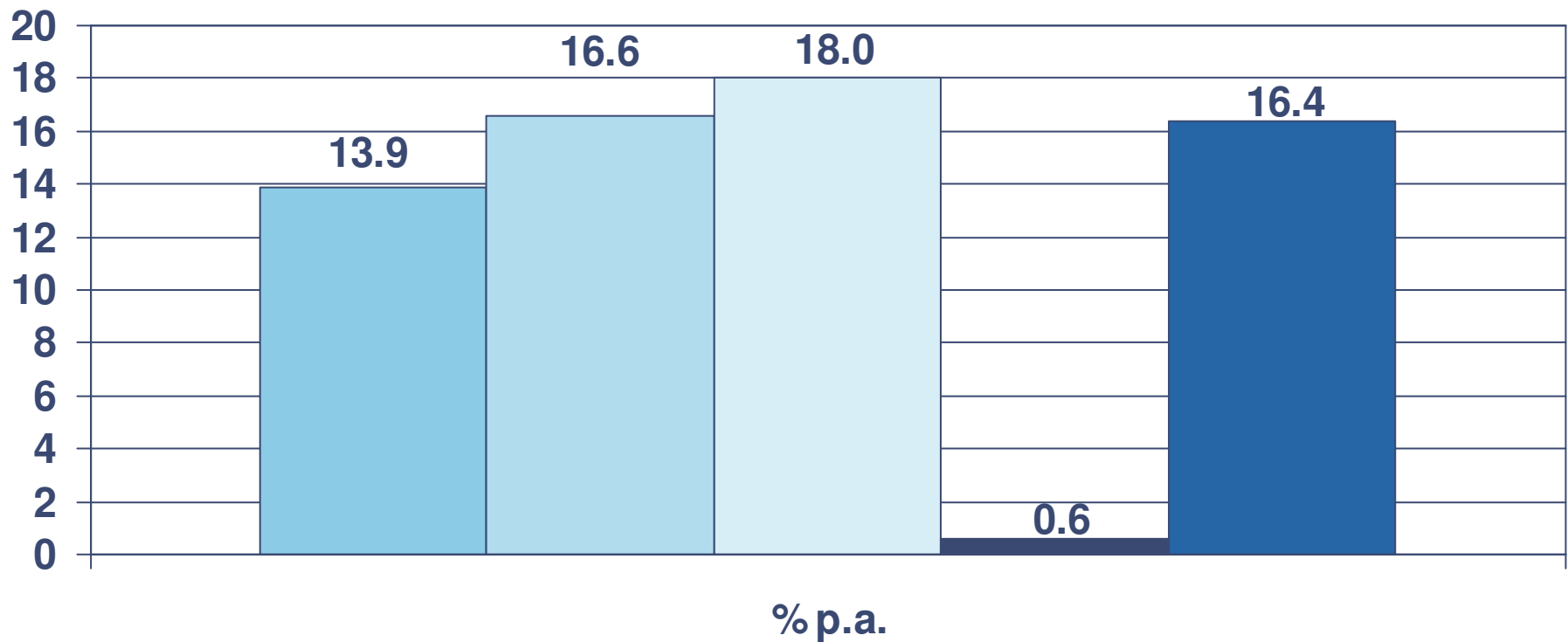
UK Private Equity vs FTSE Indices



UK Private Equity Return – stable on the since inception basis (Since Inception % p.a.)

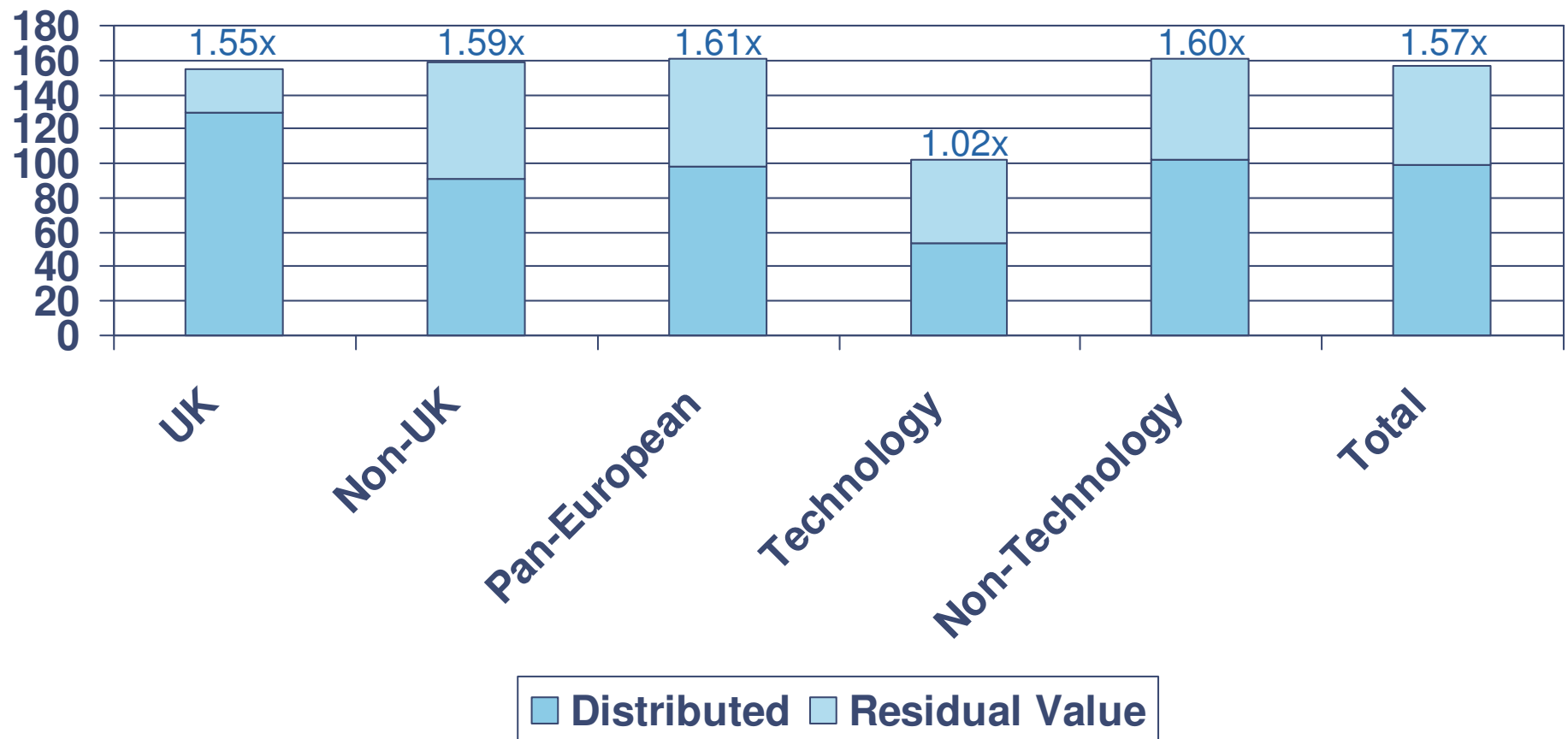


Since Inception Performance by Subcategory (to December 2010 - % .p.a.)

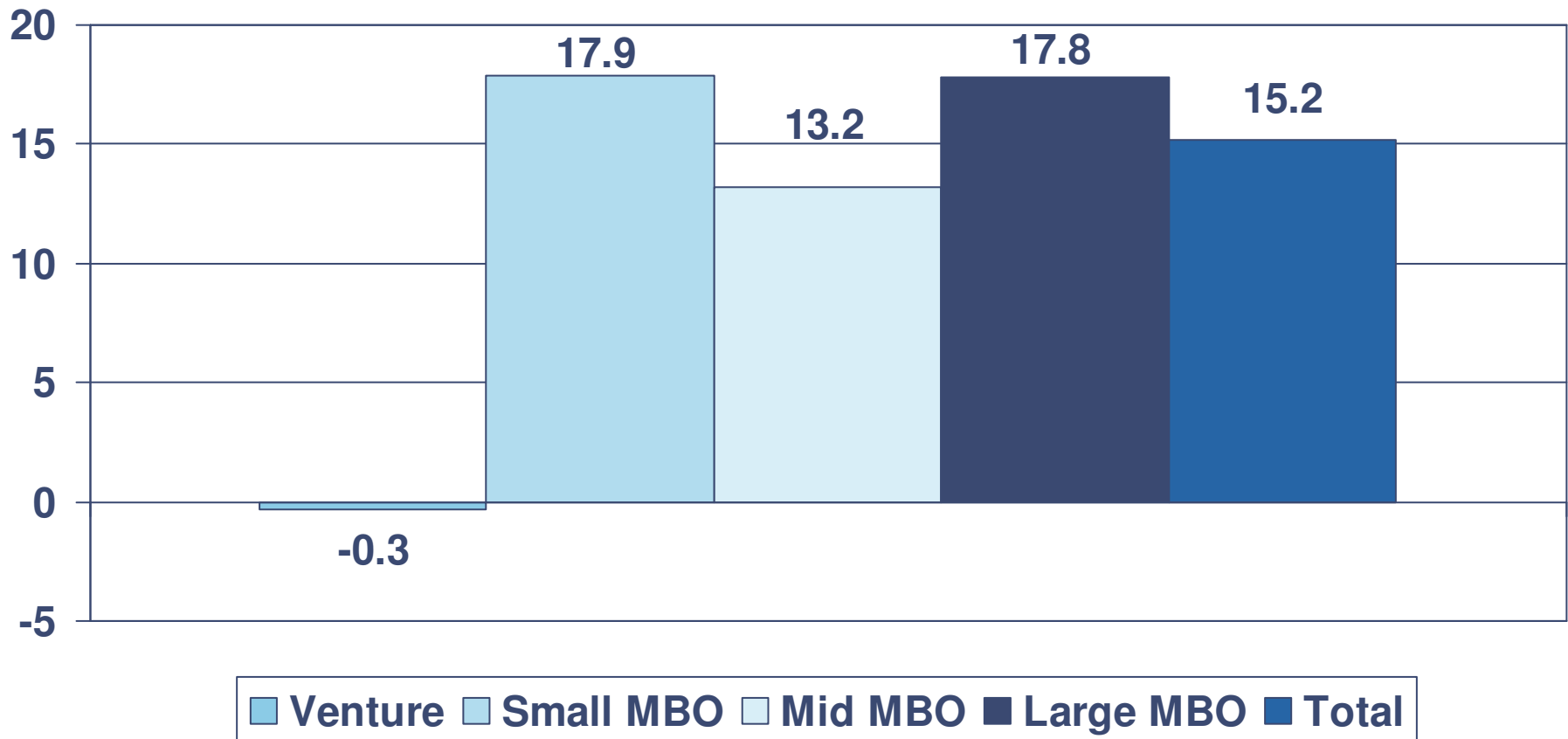


■ UK ■ Non-UK ■ Pan-European ■ Technology ■ Non-Technology

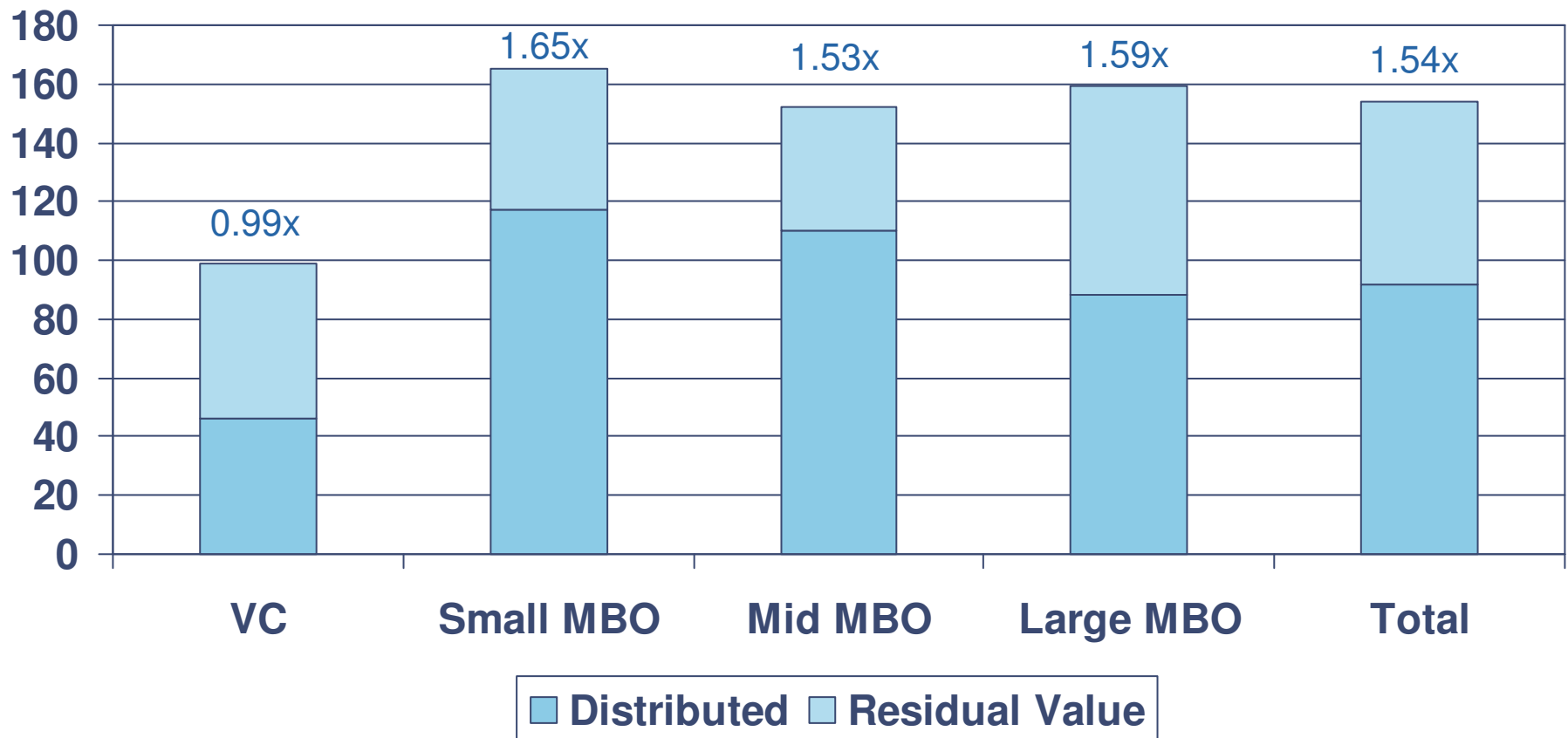
Total, Distributed and Residual Value as a % of Paid-In Capital (to December 2010)



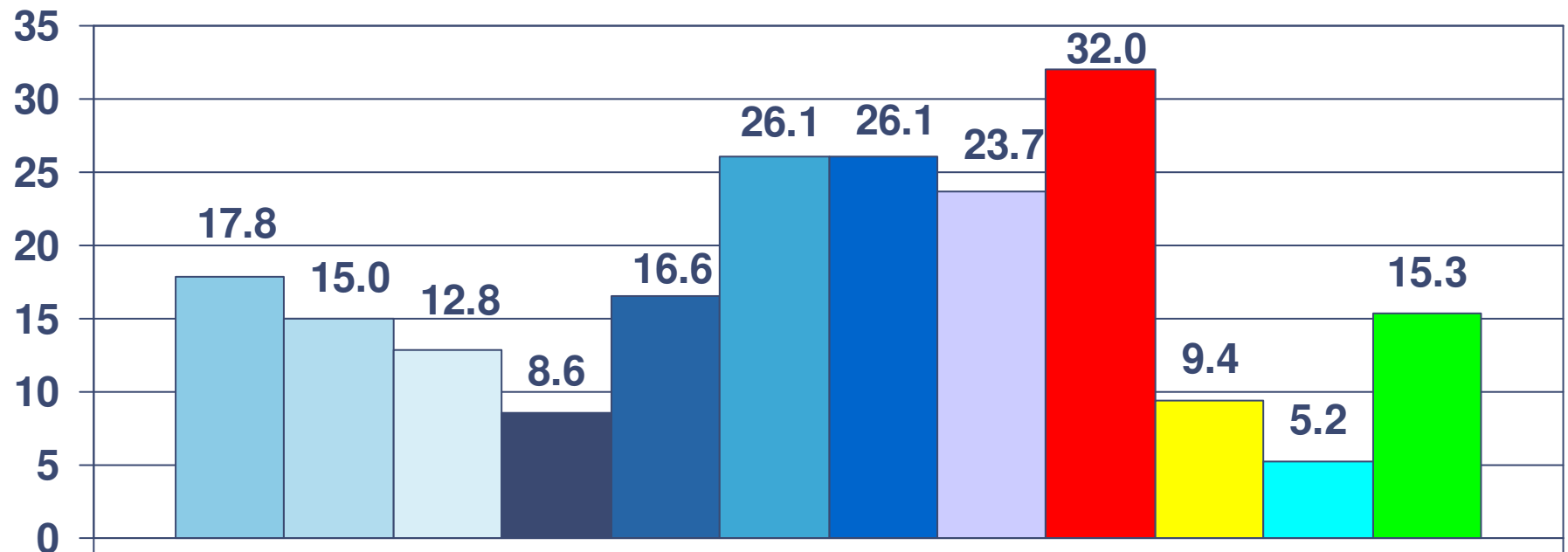
1996-2006 Funds – Since Inception to December 2010 (% p.a.)



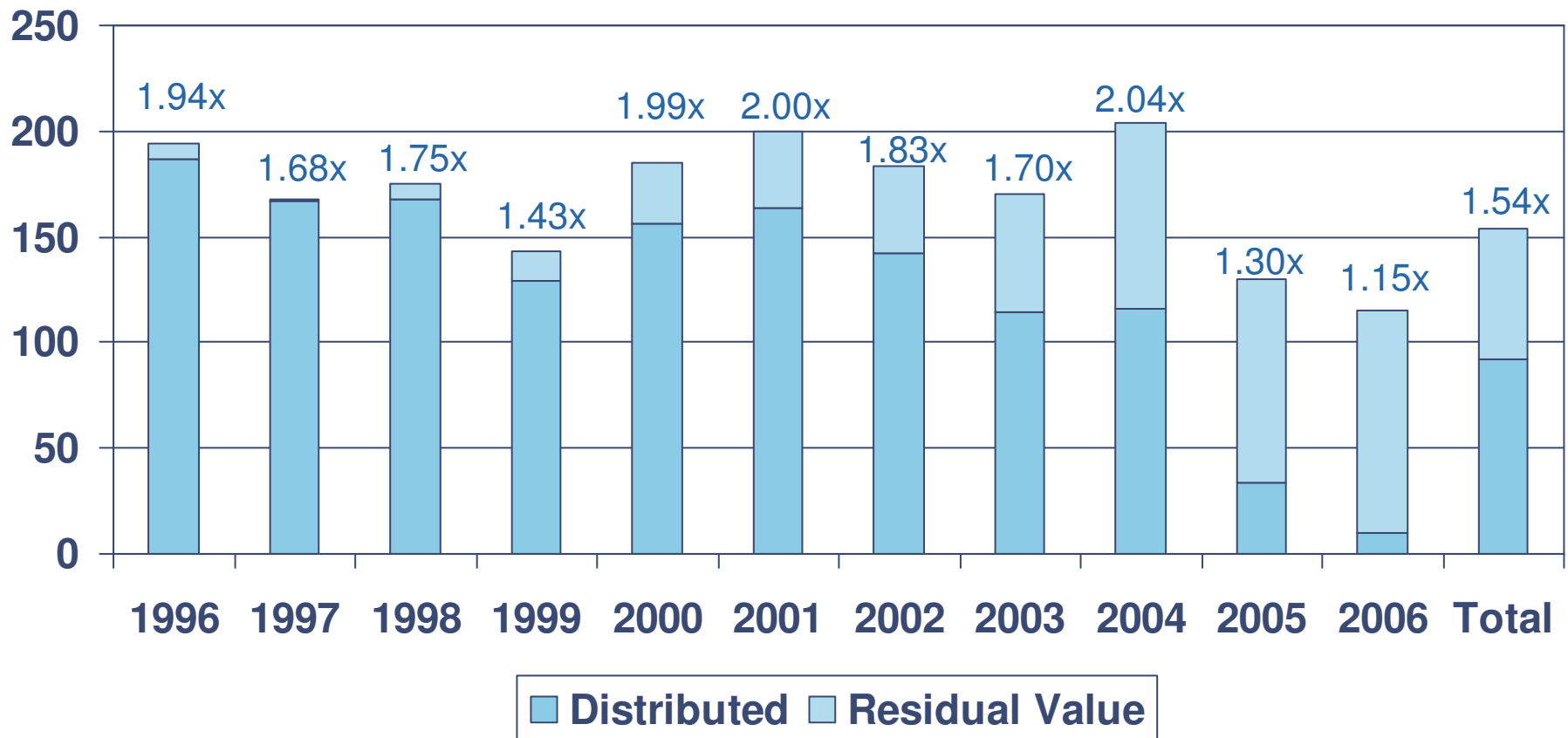
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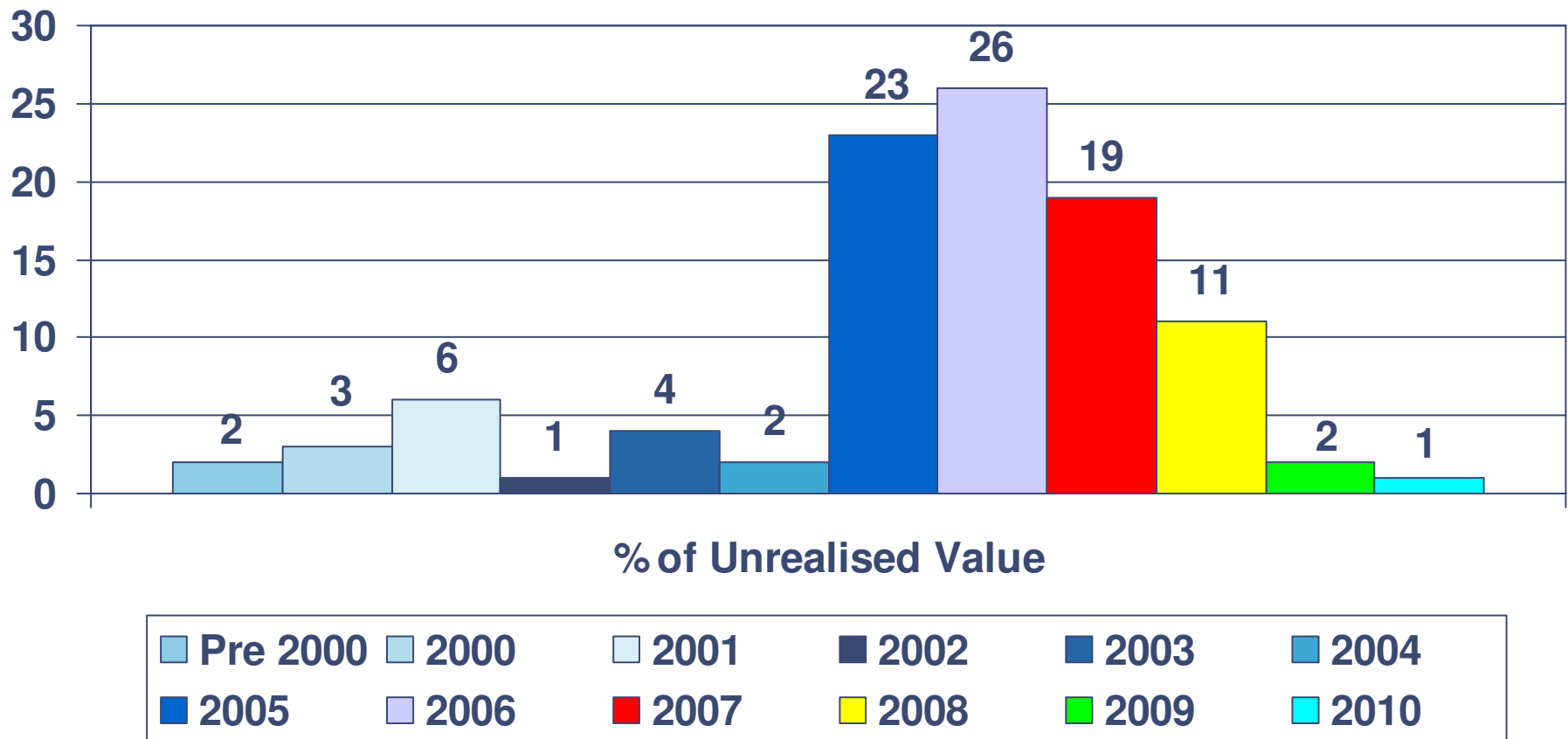
1996-2006 Funds by Vintage Year (Since Inception % p.a.)



Total, Distributed and Residual Value as a % of Paid-In Capital 1996-2006 Funds (to December 2010)

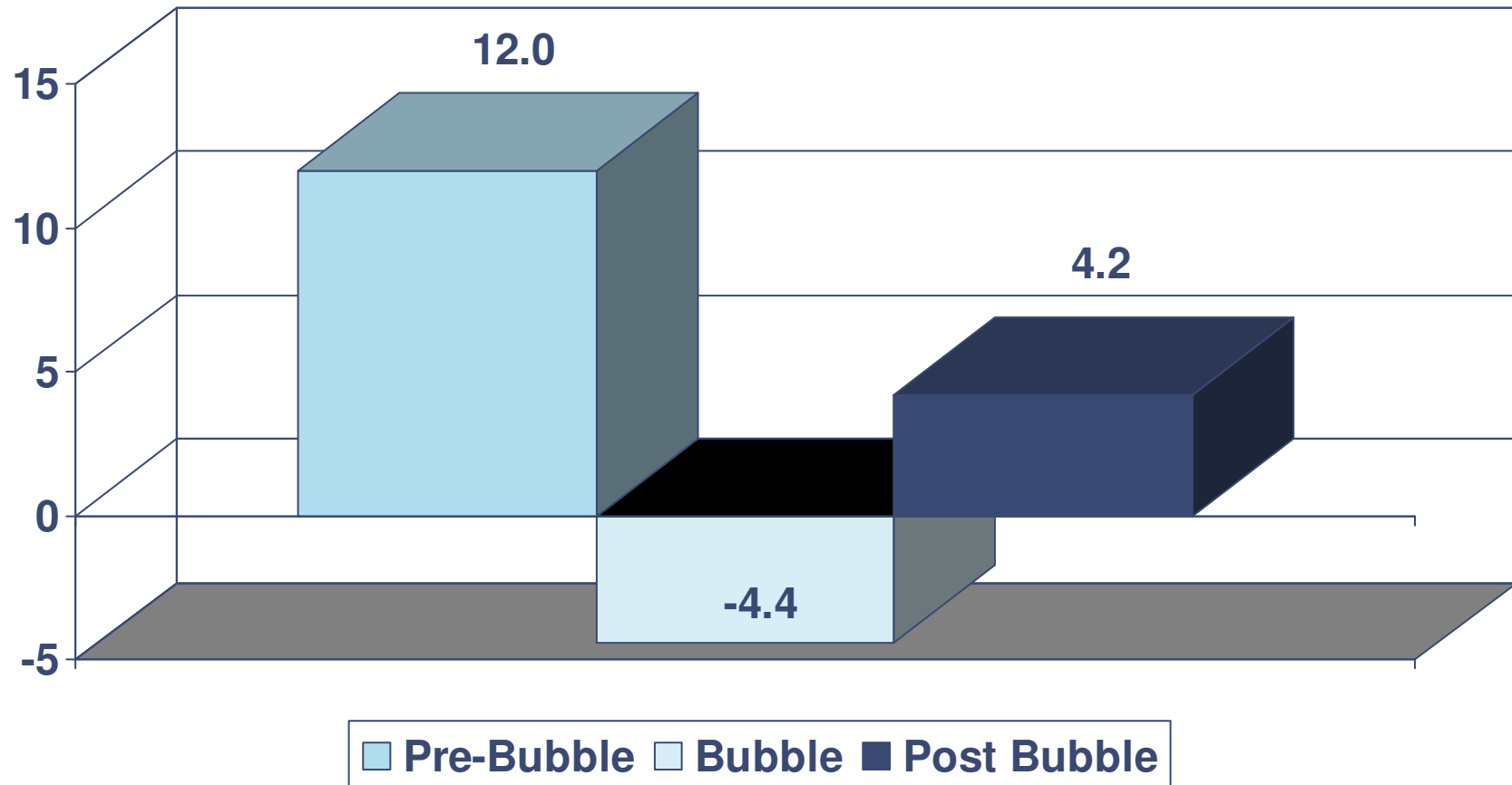


Unrealised Value in the Survey



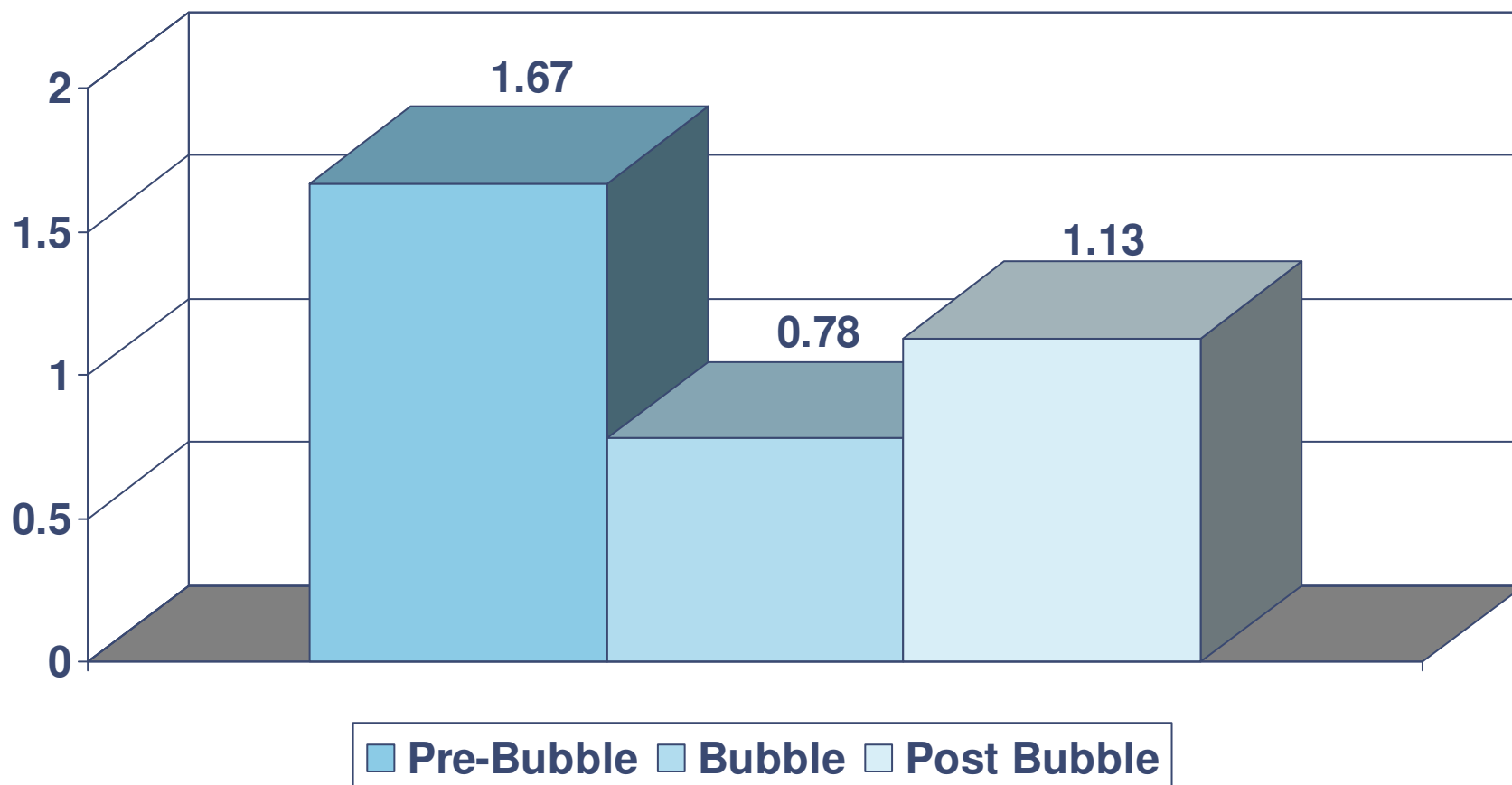
Venture Capital Performance – A Different Perspective

Pooled Since-inception IRR (Purely Commercial Funds)

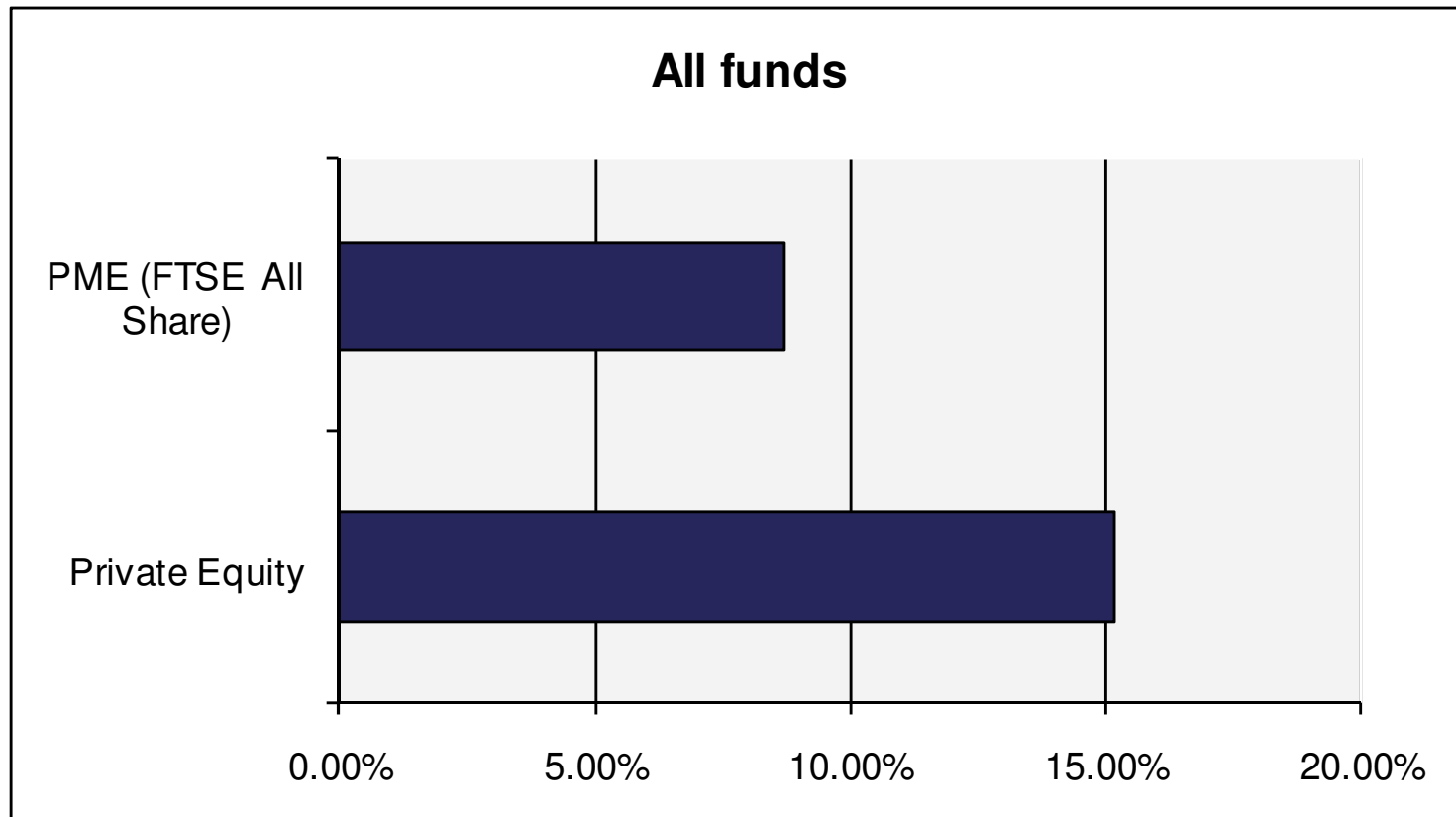


Venture Capital Performance – A Different Perspective

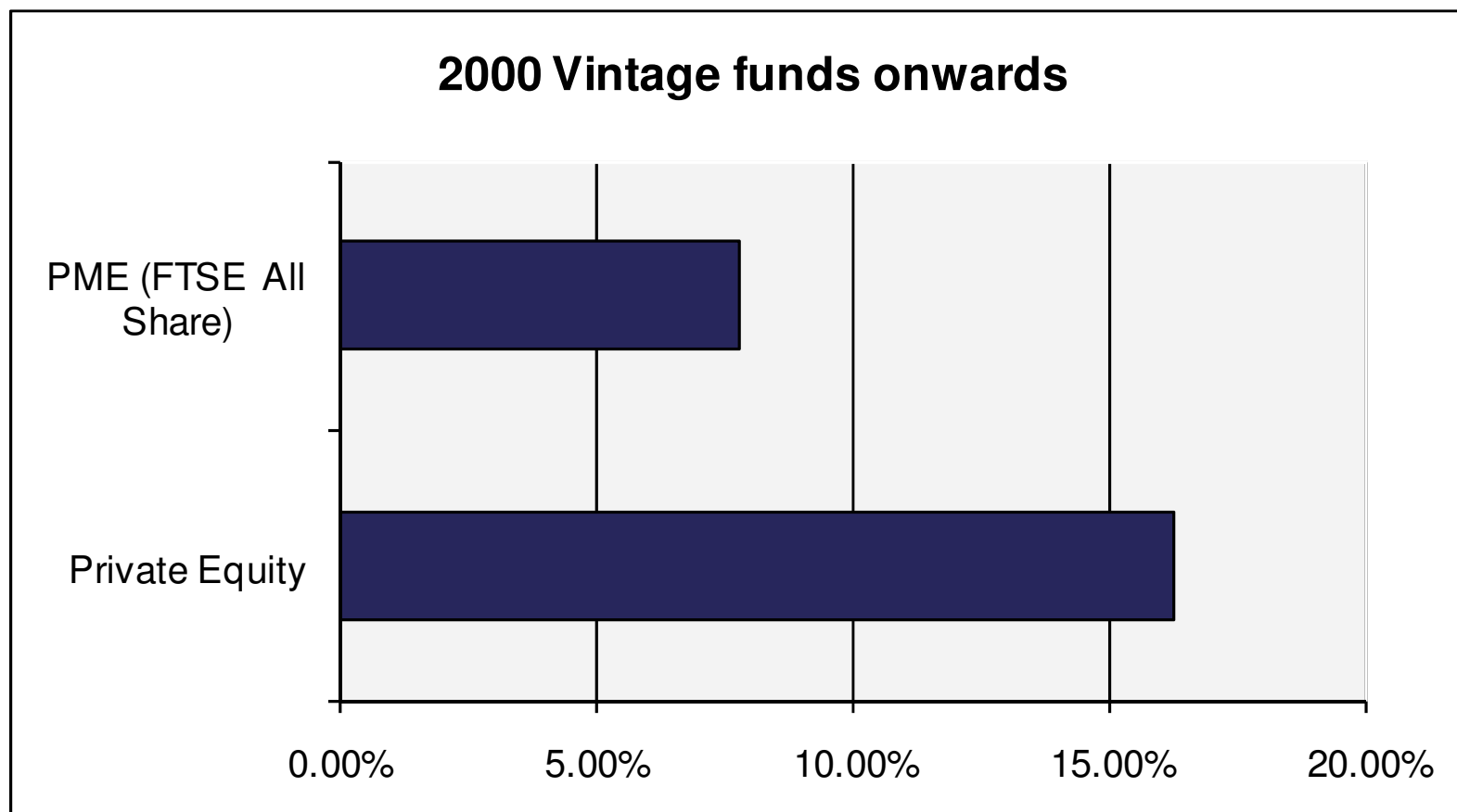
TVPI Multiple (Purely Commercial Funds)



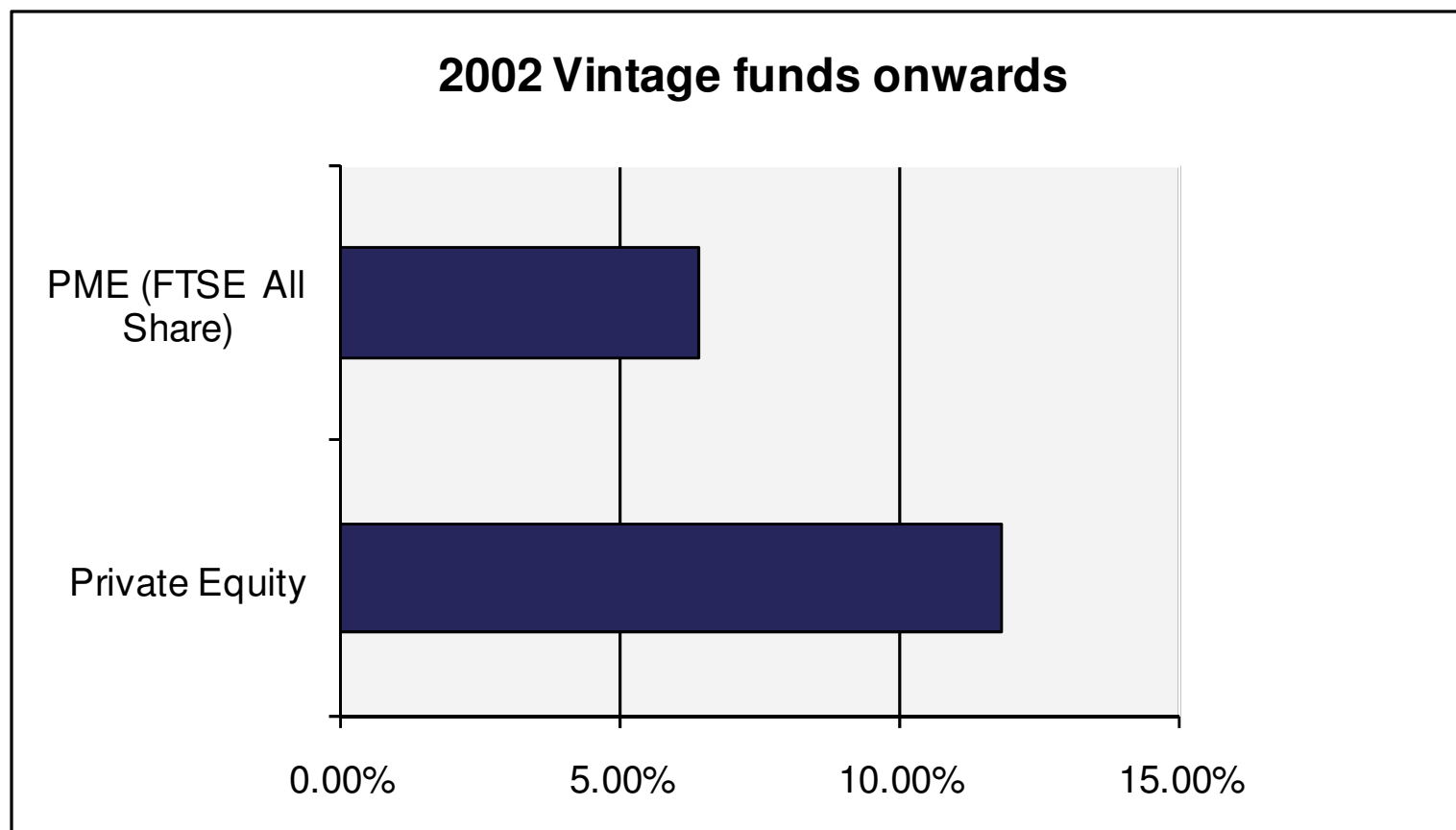
Benchmark Private Equity against the public market using PME (All funds)



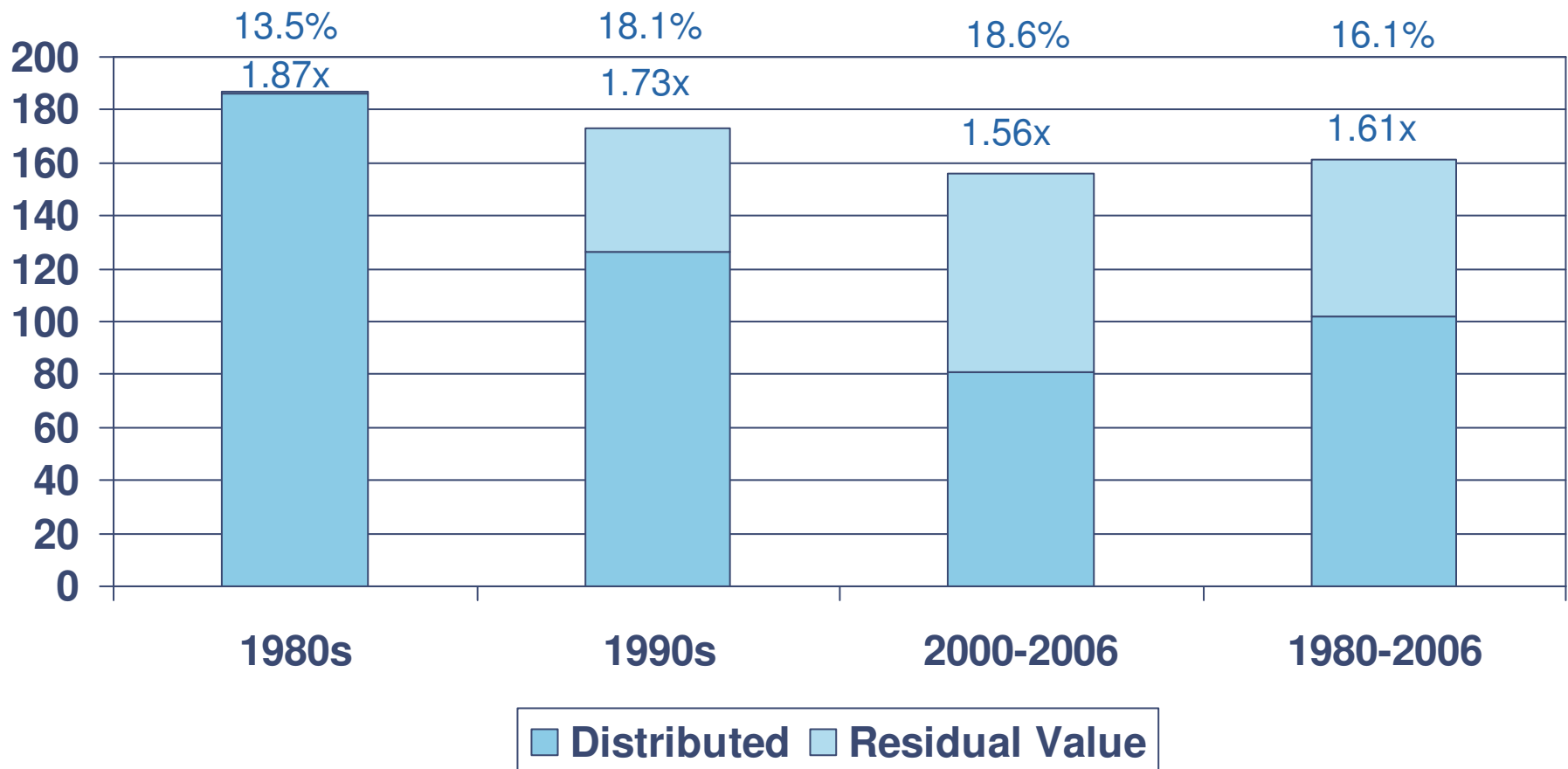
Benchmark Private Equity against the public market using PME (2000 vintage funds onwards)



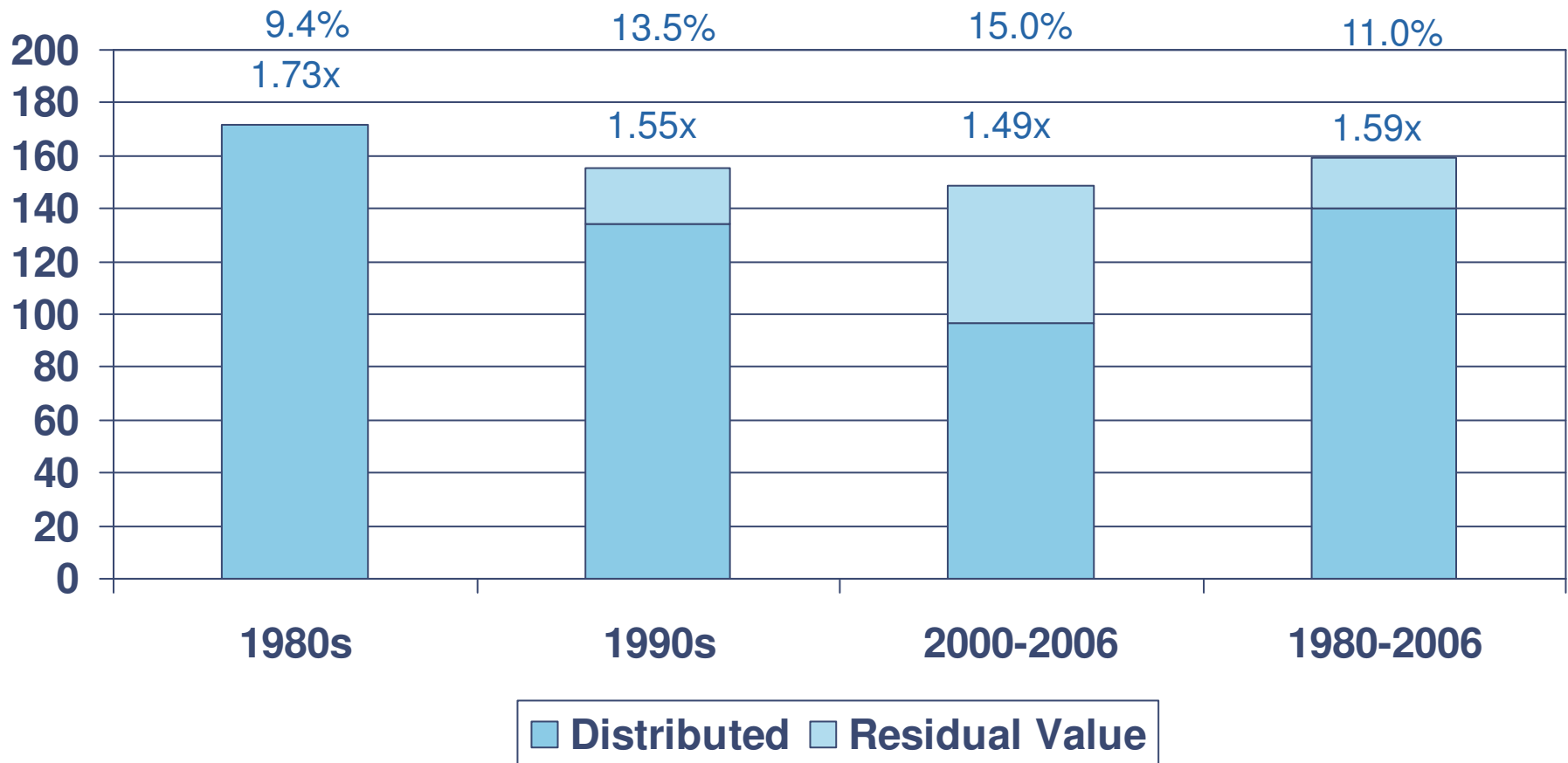
Benchmark Private Equity against the public market using PME (2002 vintage funds onwards)



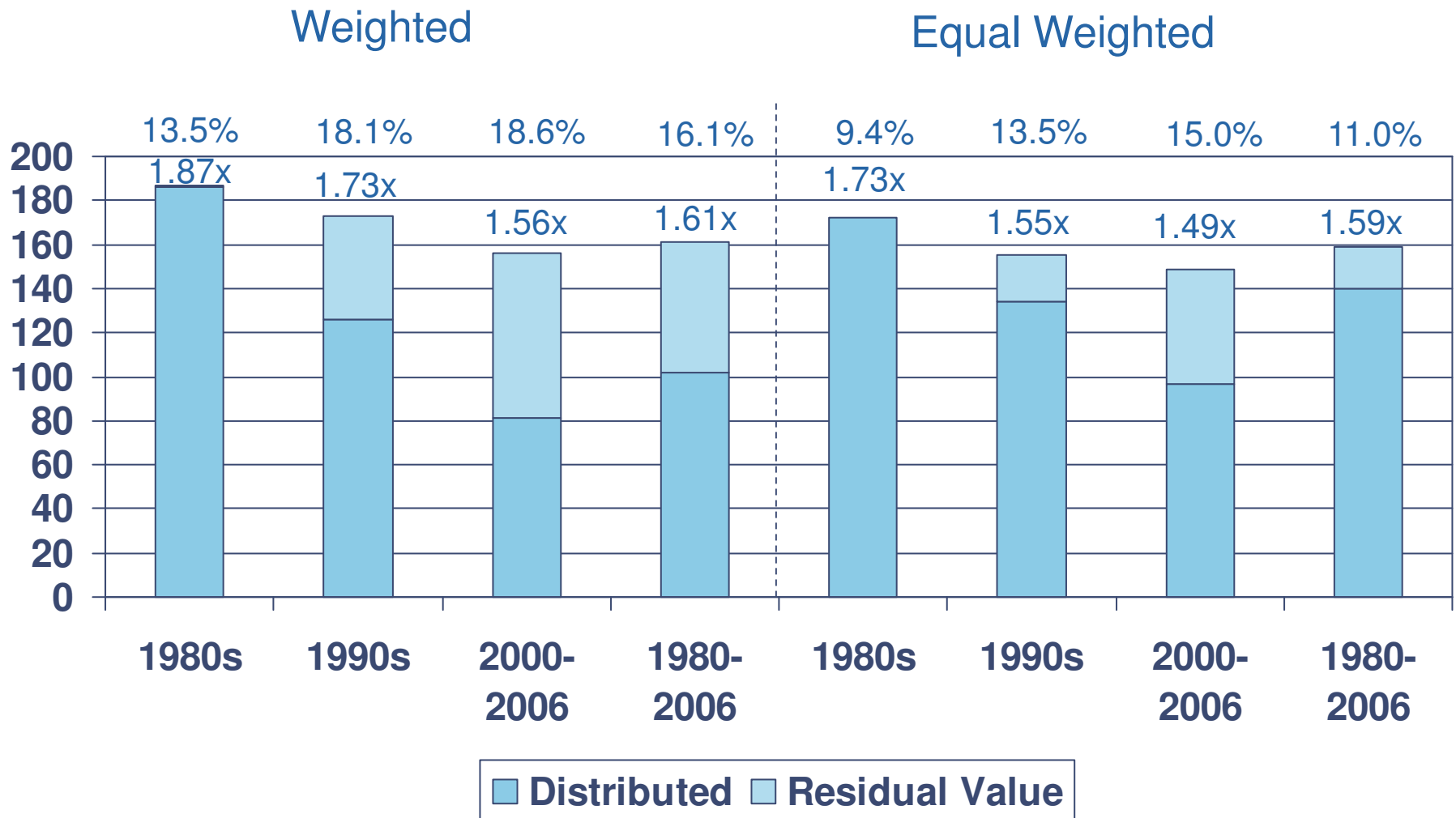
BVCA performance measurement by decade (weighted)



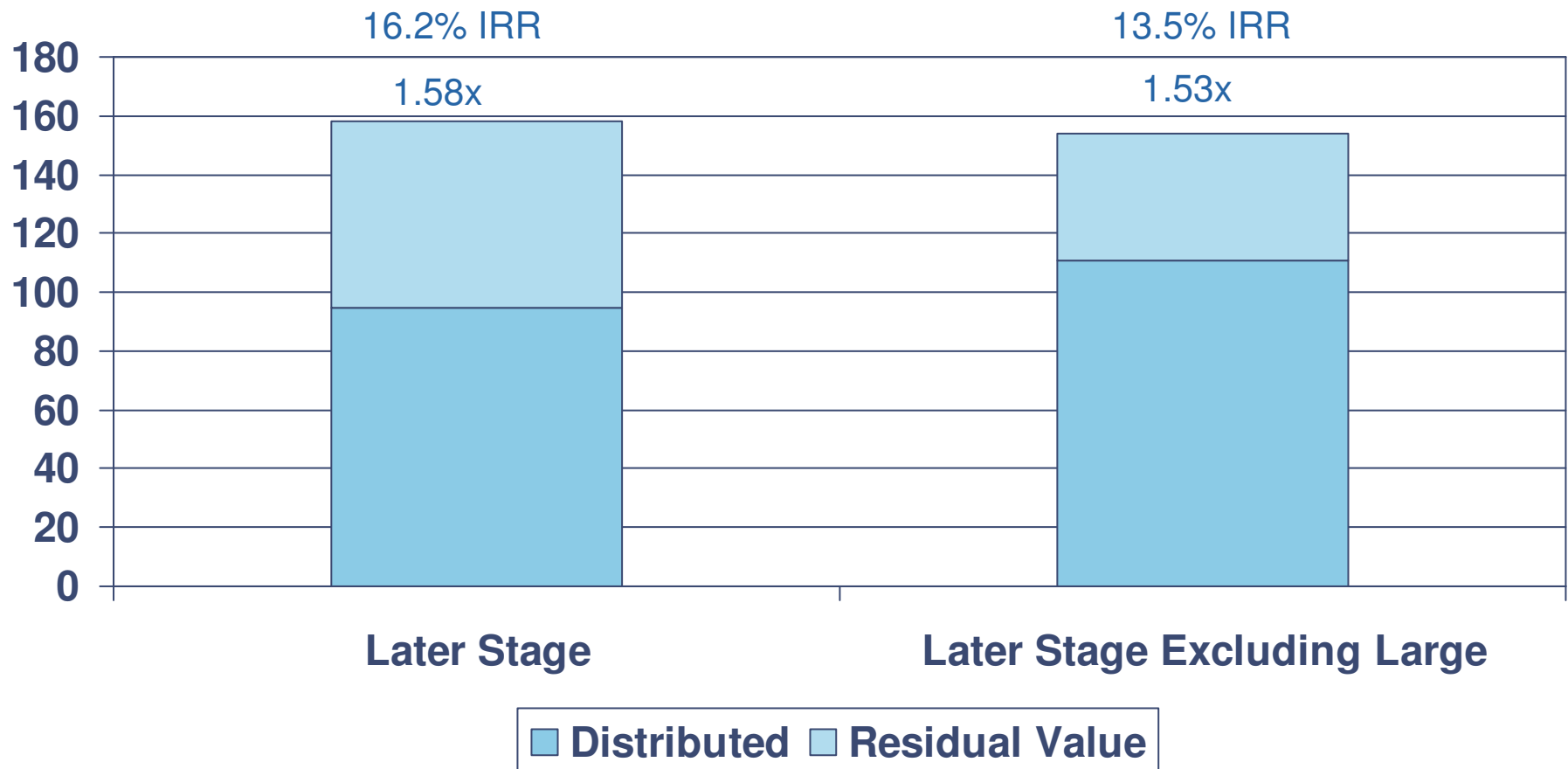
BVCA performance measurement by decade (equal weighted)



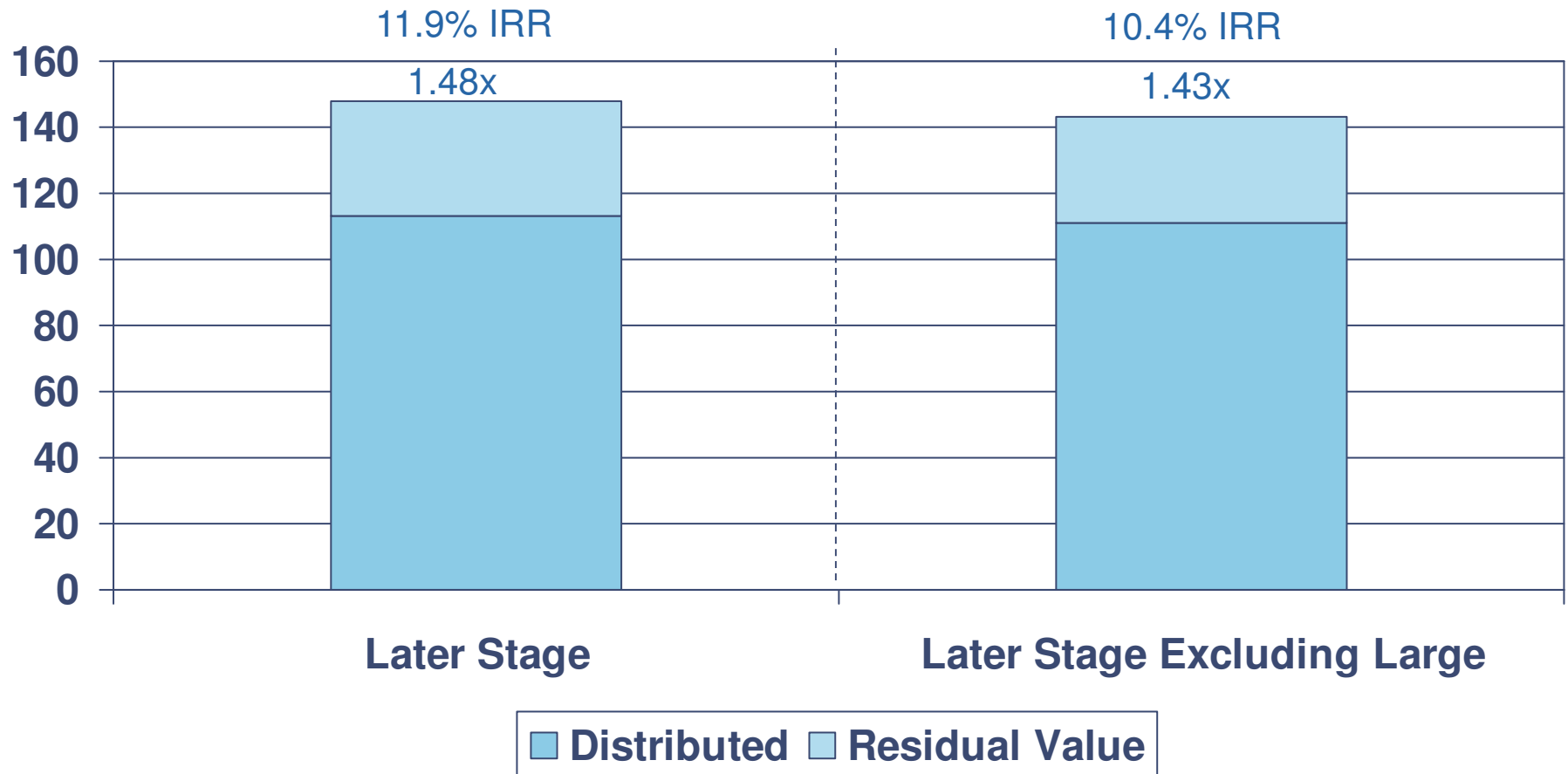
BVCA performance measurement by decade



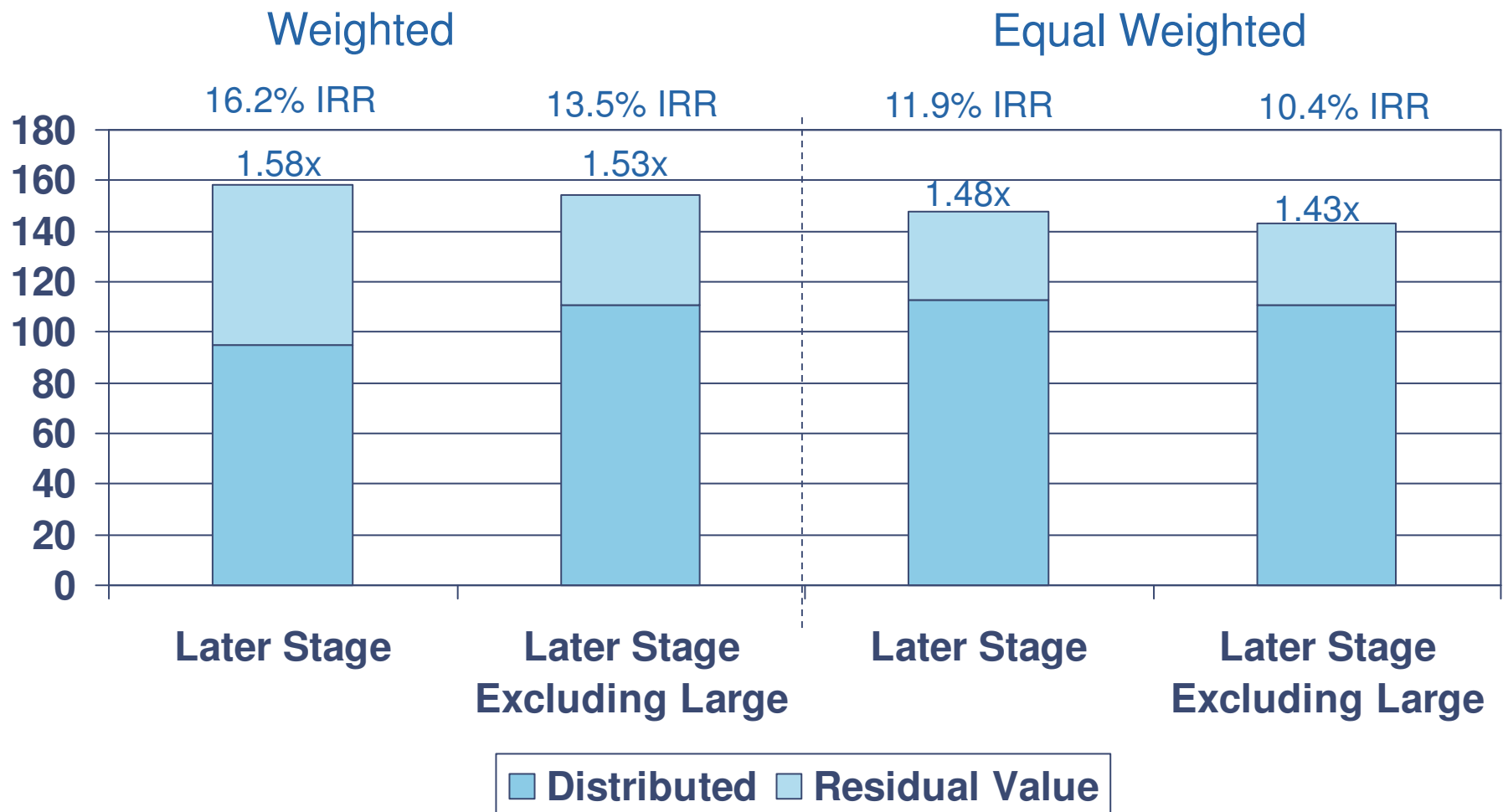
Later stage fund analysis (weighted)



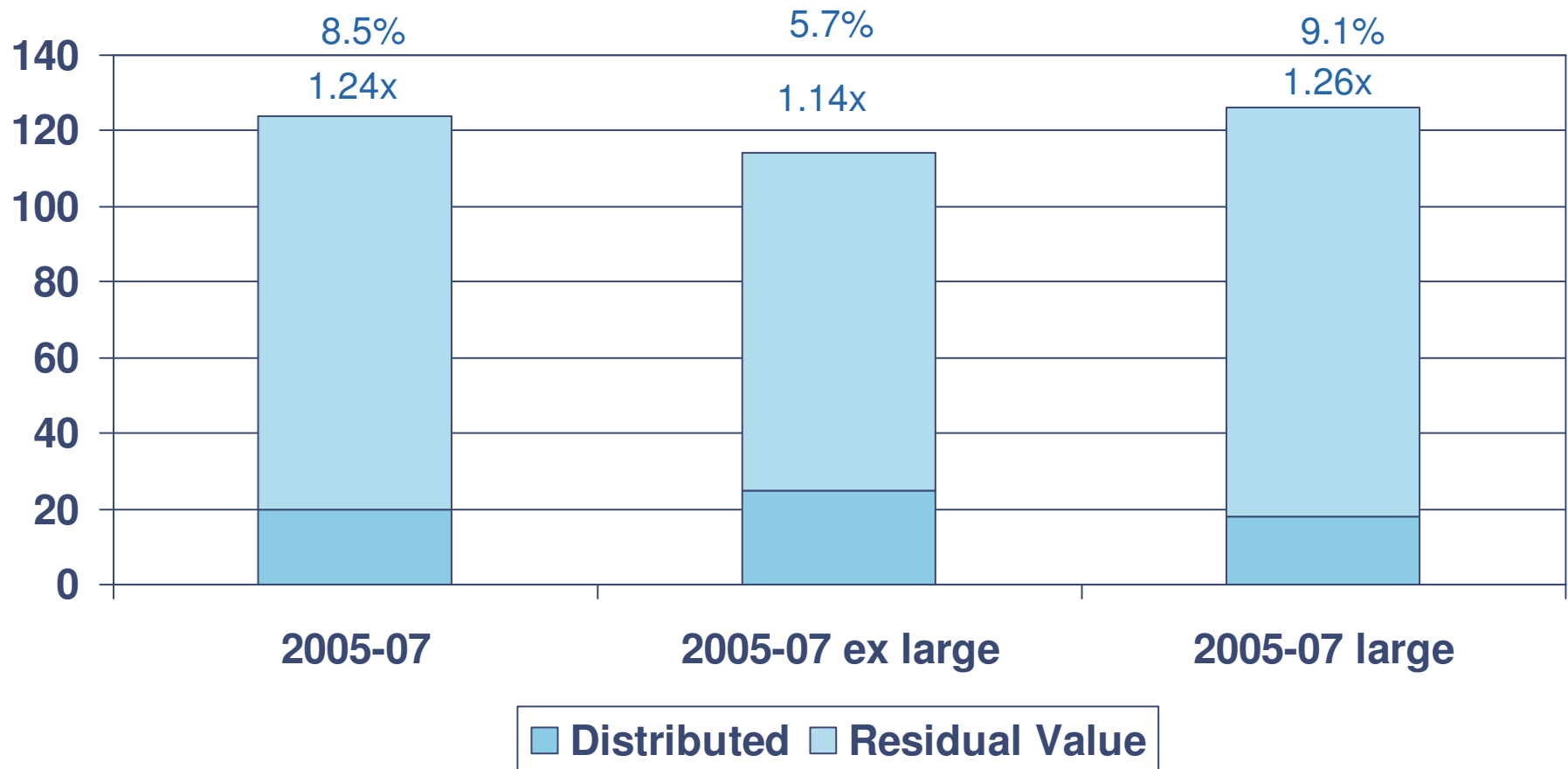
Later stage fund analysis (equal weighted)



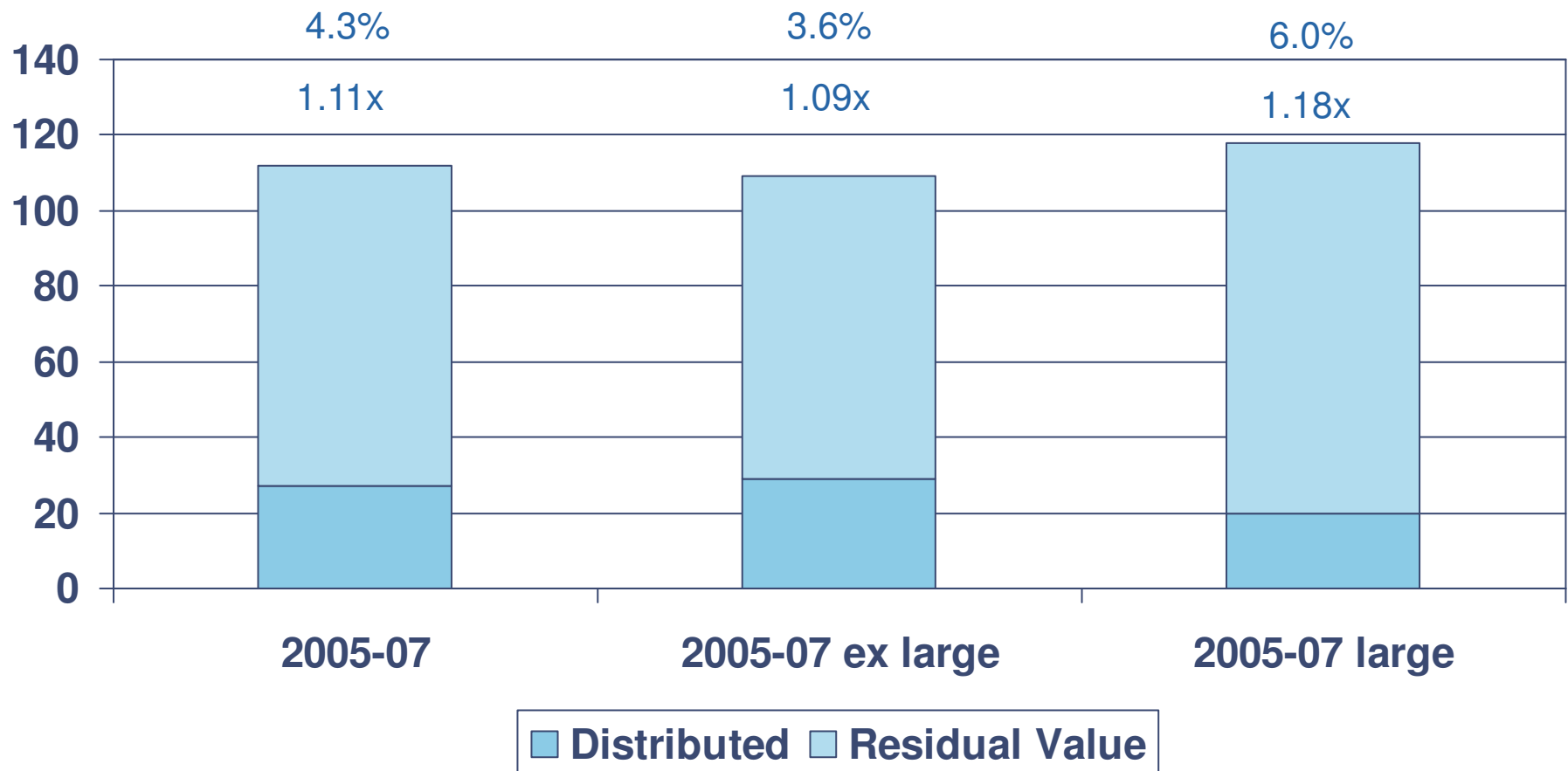
Later stage fund analysis



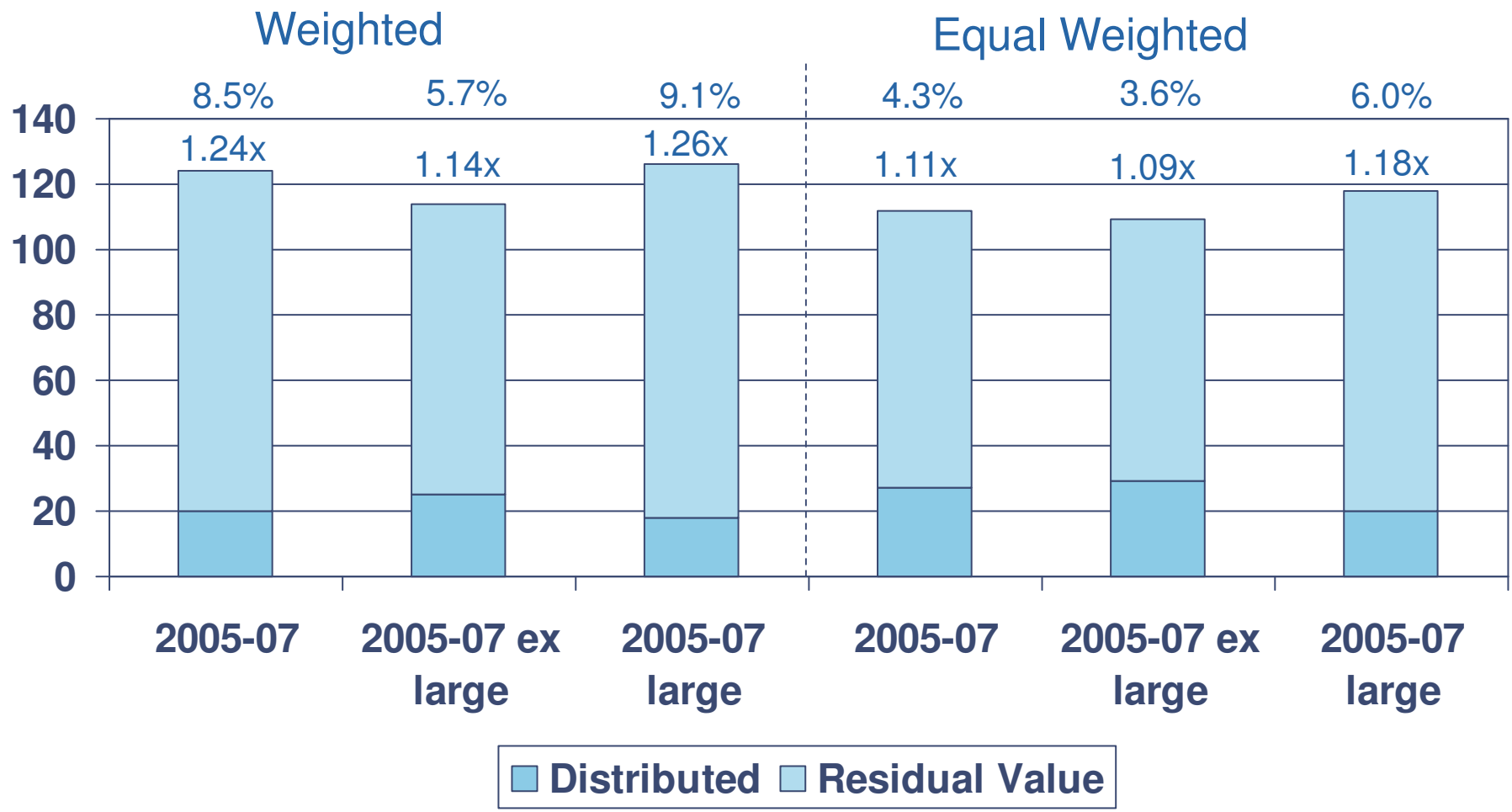
The buy-out bubble? (weighted)



The buy-out bubble? (equal weighted)



The buy-out bubble?



Any questions?

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