

1. Executive Summary

Secondary Market Overview

Secondary market deal flow during 2010 saw a marked improvement on levels of activity in 2009. With reports of a considerable number of secondary market deals completing throughout the course of the year, it is estimated that secondary market deal volume reached approximately \$20 billion in 2010.

The major factor restricting the flow of activity in 2009 was the wide gap between bid prices and fund net asset values (NAVs). As public equities improved considerably throughout 2009, many investors were less inclined to sell off their private equity investments at such a discount. Despite the decrease in discounts to NAV that resulted, buyers' interest for purchasing private equity fund stakes on the secondary market persisted due to their awareness of the other benefits of secondary purchases. The alignment of buyer and seller expectations of secondary market prices over the past year has played a major role in the growth of deal flow and resulted in a number of large deals completing in 2010, including Bank of America's sale of a \$1.9 billion portfolio of private equity fund interests to AXA Private Equity and Lexington Partners'

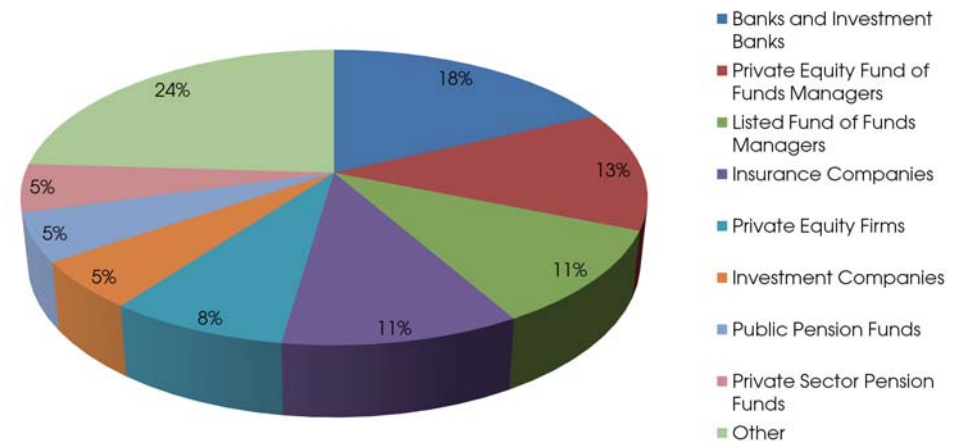
purchase of a portfolio of Citigroup's proprietary investments in its funds of funds, mezzanine funds, feeder funds and co-investment funds.

Secondary market activity for 2011 also looks promising. There is still a healthy appetite for taking part in secondary transactions on both the buy and sell side among investors, and several large secondary transactions have already taken place in early 2011.

Secondary Transactions

Using the Preqin Secondary Market Monitor's archive of secondary transactions, which tracks secondary transactions from 2000 onwards, we can examine past secondary market transactions in more detail. There are a variety of investor types which have taken advantage of the secondary market on the sell side, which is evidence that the secondary market is of interest to the whole investor universe. As shown in Fig. 1.1, banks and investment banks form the largest proportion (18%) of all previous secondary market sellers. We have seen an increasing number of banks come to the secondary market with portfolios over the past 12 months as they

Fig. 1.1: Breakdown of Past Secondary Market Sellers by Firm Type



continue with their policies of shedding non-core assets following the economic downturn. Within the body of the 2011 Preqin Private Equity Secondaries Review are listings and further analysis on previous secondary market transactions.

Secondary Market Sellers of 2011

Preqin's team of dedicated analysts maintain contact with institutional investors worldwide in order to establish whether they plan to sell any of their private equity or real estate fund stakes on the secondary market. The proportion of investors looking to sell interests in private equity or real

estate funds is shown in Fig. 1.2. 17% of all LPs spoken to by Preqin show some level of interest for selling fund stakes on the secondary market within the next 24 months. Of these investors, 15% are considering doing so immediately and a further 66% are looking to do so within the next year.

Investors use the secondary market to exit investments in private equity funds for a number of reasons. The capacity to generate liquidity, portfolio rebalancing and the ability to exit poor performing funds or non-core assets are all classed as important benefits of selling fund interests on the secondary market. More recently we are seeing institutions beginning to think about selling off fund stakes in order to comply with government regulations such as the Volcker Rule and Basel III.

When speaking with potential secondary market sellers, Preqin's analysts establish which particular fund types and locations investors are looking to exit. While a considerable number of investors have not yet decided which fund stakes they may sell on the secondary market, a reasonable portion have stated which fund types they are looking to sell. Private real estate is the most frequently cited fund type, with 51% stating this as a specific fund type they are looking to exit. Buyout and venture funds are also common fund types investors are looking to sell, at 36% and 33% of potential sellers respectively. The Review contains

further details on potential secondary market sellers' plans, their views on the market and profiles of the secondary market sellers to watch during 2011.

Who Are the Future Secondary Market Sellers?

Investors that are either no longer investing or are over-allocated to the private equity or real estate asset classes and investors that have put their private equity investments on hold are prime targets for buyers of secondary fund interests. Public and private sector pension funds together form the largest proportion of possible secondary market sellers. Firm types such as foundations and endowment plans, are reliant on returns from investments and charitable donations so are therefore more susceptible to adverse economic conditions. They are more likely to have ceased making alternative investments and be in a position where they need to sell some fund investments. As previously mentioned, we are also seeing more banks coming to the market to offload illiquid and non-core assets after the financial downturn.

Traditional Secondary Market Buyers

Preqin's team of analysts are also in continuous contact with managers of secondaries funds in order to ascertain their fundraising and investment activity. Within the body of the Review we include full profiles for 197 firms managing primary

Fig. 1.2: Proportion of Investors Likely to Sell Fund Stakes on the Secondary Market over the Next 24 Months

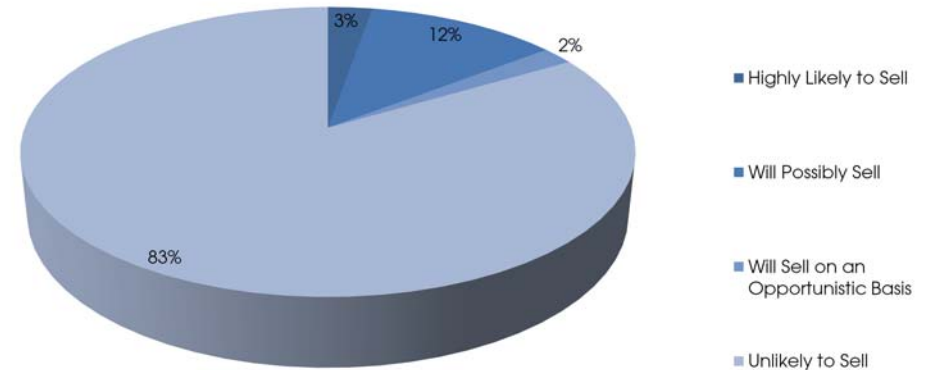
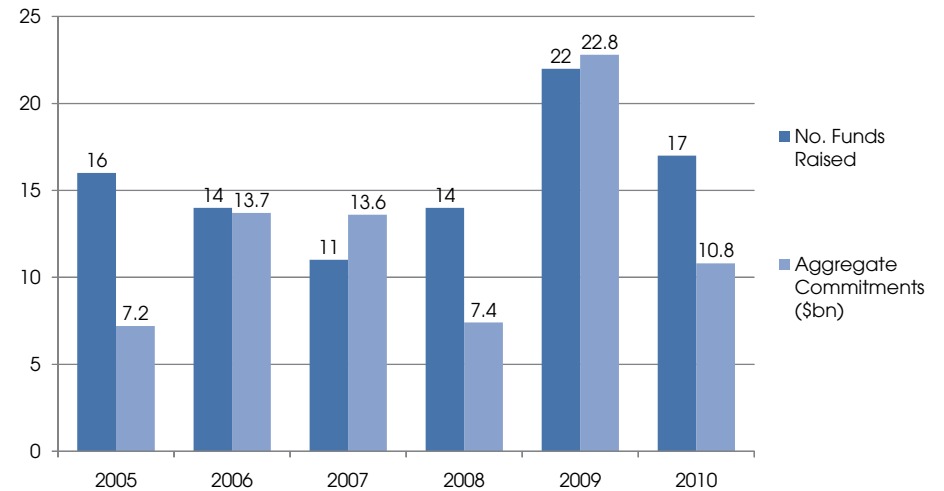


Fig. 1.3: Annual Secondaries Fundraising, 2001 - 2010



and secondary fund of funds active on the secondary market and analysis on historical and current secondaries fundraising. Annual secondaries fundraising for 2005-2010 is shown in Fig. 1.3. \$22.8 billion was secured by dedicated secondaries funds that reached a final close in 2009 and a further \$10.8 billion in 2010, so there is currently a substantial amount of capital available to be invested in the secondary market. In addition to this, primary fund of funds managers which include an allocation to secondary market investments within their vehicles also have capital available to be deployed in the secondary market over the coming year.

Fig. 1.4 shows the top 10 managers of secondaries funds by the amount of estimated dry powder they have available. Lexington Partners currently has the largest amount of estimated dry powder available for secondary investments, with around \$5.1 billion. Lexington is also in the process of raising capital for the largest secondaries fund currently on the road, which has a target of \$6 billion.

There are currently 31 secondaries funds on the road, which will raise an aggregate \$24.2 billion if they all close on target, but the number could increase as managers draw down capital from existing vehicles and seek to raise capital for new secondaries funds. The number of potential contributors to secondaries funds – as proxied by the investors that have either invested in such funds in the past or indicated they intend

to do so in the future – has increased substantially. Preqin's Investor Intelligence profiles a total of 730 investors that have previously invested in private equity secondaries funds or are actively seeking to invest in funds of these types at present. This is a 24% increase on the 589 LPs that were known to have shown an interest in secondaries funds last year. Within the body of the Review, Preqin provides profiles for the 100 most active investors in secondaries funds.

[Institutional Investor Appetite for Secondary Investments](#)

As well as the traditional secondary market buyers, such as secondary fund of funds managers and private equity fund of funds managers, there is also a large proportion of institutional investors that are interested in taking advantage of the investment opportunities available in the secondary market. A notable 26% of institutional investors have shown some degree of interest in purchasing private equity or private real estate fund stakes on the secondary market within the next 24 months. Despite a decrease in the average discount to NAV at which buyers can purchase funds on the secondary market over the past year, institutional investors have maintained an interest in taking part in secondary market transactions.

Institutional investors are looking to buy fund stakes on the secondary market for a number of reasons. A common motivation

Fig. 1.4: Top 10 Secondary Fund of Funds Managers by Estimated Dry Powder

Firm	Firm Country	Estimated Dry Powder (\$bn)
Lexington Partners	US	5.1
Goldman Sachs Private Equity Group	US	3.9
Pantheon Ventures	UK	3.2
Landmark Partners	US	2.5
CS Strategic Partners	US	2.2
AlpInvest Partners	Netherlands	2.0
Partners Group	Switzerland	1.9
AXA Private Equity	France	1.9
HarbourVest Partners	US	1.9
Coller Capital	UK	1.7

is mitigation of the J-curve effect. Buying a stake in a fairly mature fund enables investors to avoid the negative returns in the early years of investment and take advantage of the investment gains in the later stages as the underlying portfolios of companies mature. Good value as a percentage of NAV, vintage year diversification and the ability to access top performing managers also attract investors to the secondary market. Within the Review, we include further analysis on institutional investors looking to buy on the secondary market and profiles for the key secondary buyers to watch in 2011.

[Secondary Market Outlook for 2011 and Beyond](#)

Due to several motivational factors, investors' appetite for selling off stakes in private equity funds on the secondary market has grown over the past year. More significantly, secondary market pricing has

reached levels at which potential sellers are happy, which has resulted in more deals completing successfully. Fig. 1.5 shows the discount/premium to fund NAV for listed private equity vehicle pricing. This acts as a good proxy for the level of bids being put forward by buyers for unlisted vehicles, and is correlated to the bids given by Preqin's Secondary Market pricing model. The graph shows a significant rise in the discount to NAV following the onset of the financial crisis. Since mid 2009, prices have been improving steadily, and the market is now below a 20% discount to NAV. These levels have proved far more palatable for potential sellers, so the number of sellers that are willing to exit their investments has risen accordingly.

More willing sellers and continued interest from potential buyers, coupled with the fact that there is also a lot of capital available to be deployed into the secondary market by the traditional secondary market buyers

with significant amounts of dry powder, support predictions of increased deal flow.

Preqin's survey of 55 institutional investors and 39 fund of funds managers carried out for this Review has revealed that investors have remained positive about activity on the secondary market. As illustrated in Fig. 1.6, a substantial 63% think that secondary market activity will increase in 2011 and early 2012 and a further 29% think that secondary market deal flow will stay at a similar level as in 2010. As there is still a positive attitude towards secondary investments among the investor community, it is likely that investors will continue to use the secondary market as a valuable portfolio management tool in years to come. The full results of both our fund of funds manager and investor studies are available in the body of the Review.

If the balance in terms of supply, demand and pricing continues to improve, we are likely to see more notable secondary market transactions taking place going forward and further growth of secondary market deal flow in 2011 and into 2012. As activity in the market increases, buyers, sellers and GPs need to make sure that they are well informed to successfully execute their strategy in a rapidly evolving, non-transparent market.

The 2011 Preqin Private Equity Secondaries Review

2011 marks the third edition of the Preqin Private Equity Secondaries Review, and this year's edition is the most comprehensive and detailed yet. Within the body of the Review we include detailed profiles for firms managing primary and secondary fund of funds active on the secondary market, the key buyers and sellers to watch during 2011, secondary intermediaries and the most active investors in secondaries funds, with all firms having been contacted directly by our teams of dedicated analysts. The Review also contains listings of secondaries transactions, secondaries funds raised and raising, fund performance and firm preferences. Surveys and analysis conducted for the Review show current sentiment towards the secondary market from the perspective of all types of secondary participants, plus the current make-up of players in the market, trends in fundraising, performance and much more.

Previous purchasers of the Secondaries Review have included secondary market buyers and sellers, as well as secondary intermediaries, placement agents, law firms, institutional investors, investment consultants and other industry professionals.

We hope that you find this year's edition of the Review to be a valuable and informative tool, and as ever we welcome any feedback that you may have.

Fig. 1.5: Listed Private Equity Discount/Premium to NAV by Fund Type

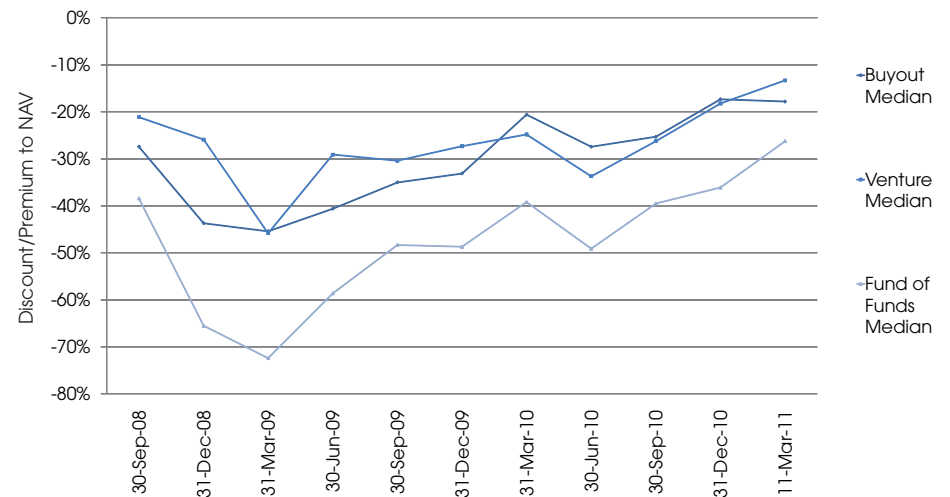
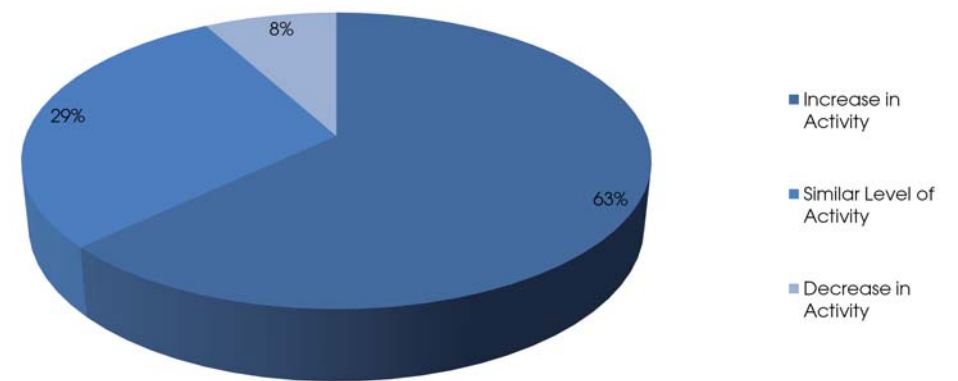


Fig. 1.6: Investors' Views on Secondary Market Activity for the Next 12 Months Compared to Previous 12 Months





The 2011 Preqin Private Equity Secondaries Review

A comprehensive guide to the private equity secondaries market

- Sample Pages

Contents

1. Executive Summary	5	12. Profiles for Primary and Secondary Fund of Funds Managers	109
2. Data Sources / Methodology	9	13. Listings of Secondaries Funds Currently Raising	113
3. Review of the Secondary Market	11	14. Listings of Secondaries Funds Closed	117
Secondary Transaction Types, Approach to Secondary Transactions, 2010- Increased Levels of Secondary Market Deal Flow, Case Study: AXA Private Equity and Bank of America, Case Study: Public Sector Pension Investment Board and CPP Investment Board, Role of Investment Consultants in the Secondary Market, Expectations for 2011		15. Institutional Investor Appetite for Secondary Market Purchases	217
4. Role of the GP in the Secondary Market – Survey Results	17	Make-Up of LP Buyers by Type and Location, Motivations of LPs Looking to Buy, LPs' Preferred Methods for Accessing the Secondary Market, Secondary Market Strategies, LP Buyer Preferences, Investors and Secondary Market Purchases in the Year Ahead	
Occurrence of Secondary Transactions, GP Views on Secondary Transactions and Level of Involvement, Preference over New Investors, Right to Veto a Secondary Sale, Stapled Secondaries, Cash Call-Up Concerns		16. Profiles of LP Buyers to Watch in 2011	223
5. Performance of Secondary Fund of Funds	19	17. Analysis of Potential Secondary Market Sellers	263
Called-Up Capital, Distributed Capital and Remaining Value, Median and Weighted Multiple, IRR Dispersion, Secondaries Cash Flow Analysis		Investor Types Looking to Sell on the Secondary Market, Reasons for Selling Fund Stakes, LP Seller Preferences, Approaching a Secondary Sale, Expectations for 2011	
6. Pricing of Secondary Transactions	23	18. Profiles of LP Sellers to Watch in 2011	265
Listed Private Equity as a Proxy for Secondary Market Pricing, Historic Preqin Price Indications and Price Indications Going Forward		19. Investors in Secondaries Funds	273
7. Listings of Secondary Transactions for 2008 Onwards	55	Breakdown of Investors in Secondaries Funds, Motivations for Investing in Secondaries Funds, Current LP Appetite for Secondaries Funds	
8. Analysis of Secondary Transactions	59	20. Investors in Secondaries Funds Profiles	317
Fund Types, Locations and Vintages Being Traded on the Secondary Market, Most Common Secondary Market Buyers and Sellers		Profiles of 100 Key Investors in Secondaries Funds	
9. Analysis of Secondary Fund of Funds Managers and Fundraising	77	21. Analysis of Secondary Market Intermediaries	329
Overview of Secondaries Managers, Historic Fundraising, Manager Experience, Secondary Fund of Funds Manager Investment Preferences, Fundraising for Secondaries Funds, Secondaries Funds in Market		Intermediaries Industry, Intermediaries and Their Clients, Transaction Sizes, Market Participants, Secondary Market Offerings, Market Expectations	
10. Analysis of Fund of Funds Managers with Secondary Allocations	79	22. Profiles of Intermediaries in the Secondary Market	331
Fund of Funds Managers Actively Investing in Secondaries, Portfolio Allocation to Secondaries, Fund of Funds Managers' Views on Investing in Secondaries, Expectations and Outlook		23. Preqin Product: Secondary Market Monitor	333
11. Secondary Fund of Funds Preferences	85	24. Index	335
		- Primary and Secondary Fund of Funds Managers	
		- LP Secondary Market Buyers to Watch	
		- Investors in Secondaries Funds	
		- LP Secondary Market Sellers to Watch	
		- Intermediaries in the Secondary Market	
		- Figure Index	

3. Review of the Secondary Market

Since the first secondary market transactions that took place in the 1980s, we have seen the market evolve significantly. As the benefits of both buying and selling on the secondary market have been publicized over the past few years and are now more widely recognized, investors no longer view the secondary market in the negative light they once did. They now realize that the market can be a key tool for managing their portfolios, rather than a last resort for institutions looking to raise cash, which is subsequently attracting more investors to the market. The benefits of buying and selling fund stakes are examined in more depth in Sections 15 and 17.

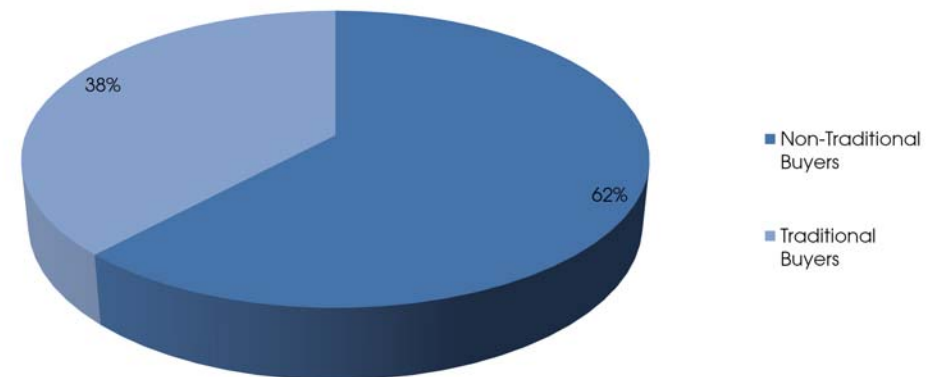
As the secondary market has developed over the years we have seen changes as to which types of institution are taking part in secondary transactions, the types of transactions taking place and the ways in which a secondary market participant may approach a purchase or sale. The secondary market was previously dominated by primary and secondary fund of funds managers, but there are now a significant portion of institutional investors looking to take part in secondary transactions as well. Compiled using Preqin's Secondary Market Monitor database, the proportion of traditional

secondary market players vs. the non-traditional secondary market buyers, which includes insurance companies, pension funds, banks and endowment plans, is illustrated in Fig. 3.1. While the proportion of non-traditional buyers is higher, at 62% of all secondary market buyers, the traditional buyers do still dominate the market as they account for the majority of the secondary market deal volume. Traditional secondary buyers are at an advantage in the bidding process as they have the capacity in terms of expertise and capital available for secondary investments to purchase the larger portfolios. Non-traditional buyers are typically involved in purchasing the smaller portfolios available in the market or individual fund stakes to increase their exposure to a particular manager or fund.

Secondary Transaction Types

To cater for the different types of secondary market buyers looking to take advantage of opportunities in the market, there are a variety of secondary transaction types taking place. The types of transaction we now see include: sales of whole portfolios; sales of sole fund stakes; partial sales, whereby an LP will sell part of a fund, or part of a portfolio, if the entire fund

Fig. 3.1: Breakdown of Secondary Market Buyers by Traditional and Non-Traditional Buyers



or portfolio is proving difficult to sell; structured transactions, where the buyer and seller agree to a prescribed capital call and distribution sharing mechanism that can meet each party's needs; and stapled secondary transactions, which involve purchasing an interest in a GP's existing fund from a current investor and making a commitment to the new fund being raised by the GP.

Early secondary market opportunities, where investors purchase interests in funds on the secondary market that are largely unfunded, are also becoming increasingly attractive to investors. Preqin recently surveyed 55 institutional investors and 39 fund of funds managers to find out their level

Are our expectations that these factors will lead to healthy secondary market deal flow in 2011 shared by the investor community as a whole? Fig. 3.7 shows that Preqin's recent survey found that 92% of investors think that secondary market deal flow is going to either increase or stay at the same level over the next 12 months. The increase in secondary market deal flow in 2010 is also likely to have played a part in boosting investors' expectations of secondary market deal volume.

Summary

The secondary market has continued to evolve and grow over the past few years and has become a more prominent part of the overall private equity industry. Aggregate capital raised by secondaries funds in 2010 only reached \$10.8 billion, which is a reflection of the tough fundraising environment that all GPs are facing and was also perhaps a function of the significant amount raised in the previous year. Capital raised by secondaries managers in 2009 far exceeded that raised in any other year, reflecting the growing amount of investor interest in the sector and suggesting that there is a considerable pool of capital to be deployed into the secondary market over the next 12 months. If the increased level of secondary market activity continues in 2011 as expected, fundraising could increase as managers draw down commitments from existing vehicles and seek to raise capital from investors for new funds.

While our recent survey has shown that investors think the secondary market has the potential to grow further over the next 12 months, it has also shown that the secondary market is becoming a more important part of their overall private equity investment strategy: 13% of respondents said that it already represents a core part of their investment strategy and 48% stated that it is growing in importance. This reflects that growing numbers of investors are recognizing the benefits of both buying and selling fund interests on the secondary market. Following a growth in secondary market deal volume in 2010, going forwards we are likely to continue to see considerable numbers of LPs placing portfolios of fund interests up for sale or seeking to purchase interests from other LPs.

Fig. 3.6: Proportion of Investors That Have Had a Secondary Market Sale or Purchase Recommended by Their Investment Consultant

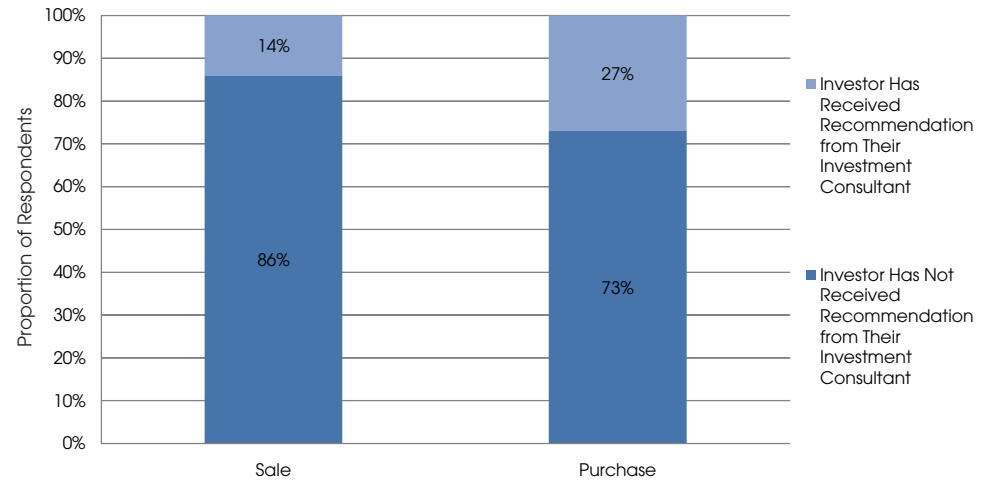
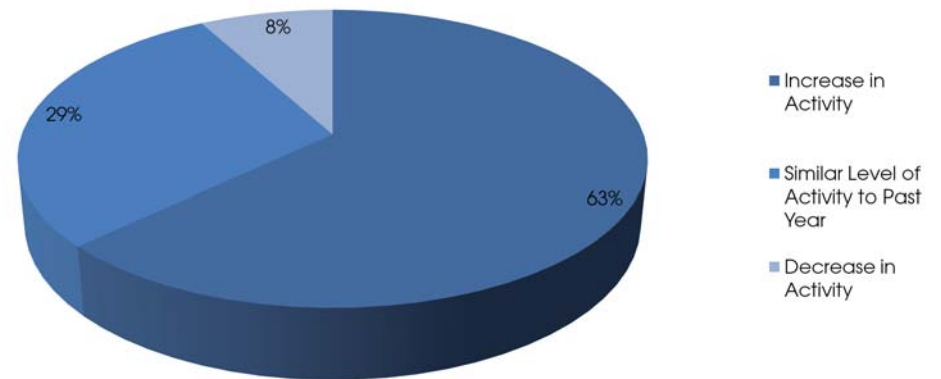


Fig. 3.7: Breakdown of Investors' Views on Level of Secondary Market Activity in the Next 12 Months



listed private equity share prices since Q1 2009. Listed venture and buyout fund share prices increased by 50% and 48% from March 2009 to February 2011 respectively. As shown in Fig. 6.2, it appears that listed share prices are gradually approaching pre-crisis levels. Furthermore, the increase in demand for listed private equity has seen the discounts at which it is traded narrow. Fig. 6.3 shows that listed buyout funds, on average, were trading at discounts of 17.8% (82.2% of NAV) in March 2011, compared with 45.4% (54.6% of NAV) in March 2009. A similar change can be observed regarding listed venture funds, which were trading at discounts of 13.3% (86.7% of NAV) in March 2011, compared with 45.8% (54.2% of NAV) in March 2009. Listed funds of funds are still trading at larger discounts than buyout and venture funds.

Given the close relationship demonstrated between listed private equity and secondary market pricing, it could be expected that the improvement in listed private equity trading would have been reflected in secondary market pricing.

Using data from our Performance Analyst database, we have developed an algorithmic model that provides indicative secondary market pricing for private equity fund interests using listed private equity as a proxy. This model also takes into account other pertinent factors, such as fund performance and fund manager track record. By applying this algorithmic model, we can observe the changes in indicative

pricing against the most recently provided NAV at any period in recent history. Fig. 6.4 shows that secondary market discounts began to widen from early 2007, when buyout and venture fund interests traded at a small premium to NAV, until March 2009. Prequin's current pricing for buyout and venture fund interests, 84.4% and 95% of NAV respectively, is considerably greater than the corresponding values in March 2009 when secondary pricing reached its lowest (50.7% and 53% of NAV respectively). Secondary market deal flow was also low at this time, as sellers were reluctant to part with their fund stakes at such low prices; however since March 2009, pricing has gradually increased. By 2010, the prices reached attracted potential sellers back to the market and resulted in an increase in secondary market deal volume over the course of the year.

As part of Prequin's recent research into investors' current attitudes towards the private equity secondary market, we asked 55 institutional investors and 39 fund of funds managers whether they think secondary market prices will increase, decrease or stay the same over the next 12 months. Of the 71% of respondents that were able to answer the question, 45% believe that secondary market prices will increase, and a considerable 51% of investors feel that pricing will stay at its current level over the next 12 months. If investors' predictions are correct and secondary market prices stay at their existing level or increase slightly, we should continue to see secondary

Fig. 6.2: Listed Private Equity Share Prices (rebased as of 31-Dec-07)

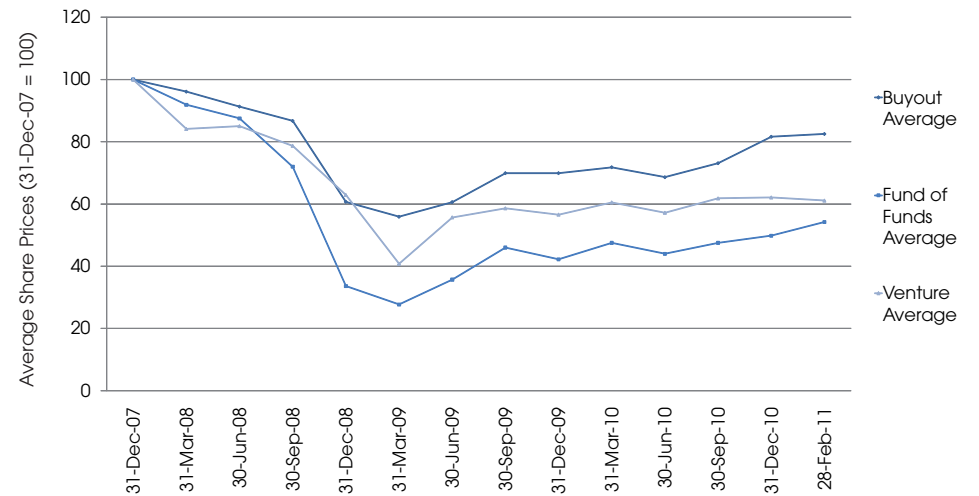
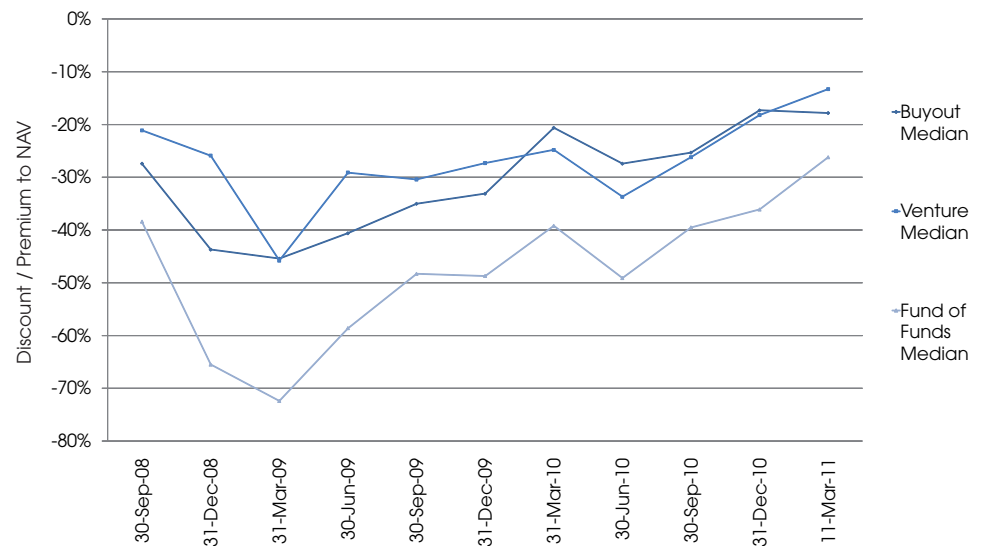


Fig. 6.3: Listed Private Equity Discount/Premium by Type



secondary market sellers, making up 13% and 11% of the total number of transactions respectively. One listed fund of funds manager to have made a secondary market sale is Princess Private Equity Holding. In January 2011, it announced that it had completed the sale of its stakes in nine buyout funds. The completed secondary sales generated cash proceeds of approximately €49.6 million. The listed fund of funds manager is using the proceeds from the sale to resume dividend payments in 2011 and take advantage of direct investments going forward.

The breakdown of past secondary market transactions by the type of institution making the purchase is shown in Fig. 8.7. As expected, the traditional secondary market buyers have previously dominated the secondary market, with primary and secondary fund of funds managers taking part in 63% of all secondary market purchases. However, non-traditional secondary market buyers have also participated in a considerable portion of secondary transactions. Public pension funds in particular have been very active buyers on the secondary market, as 16% of all secondary offerings have been purchased by a public pension fund.

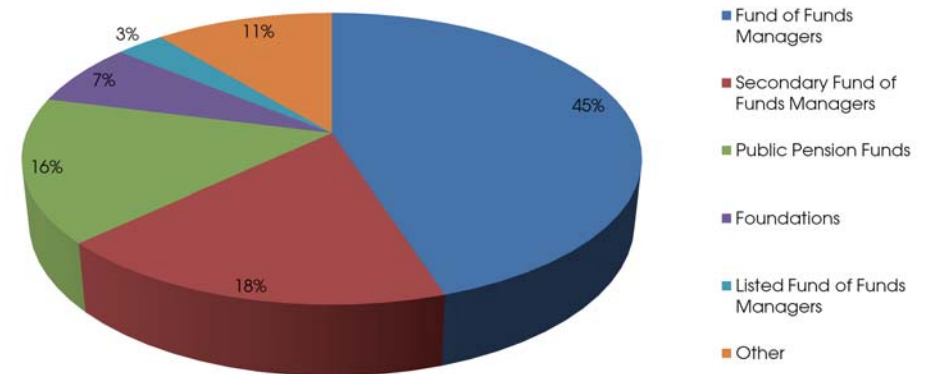
CPP Investment Board is one example of a public pension fund actively purchasing private equity fund stakes on the secondary market. In October 2010, it purchased over \$1 billion of private equity fund stakes from

Public Sector Pension Investment Board, which is one of the largest secondary purchases to be made by a pension fund. The portfolio is reported to include a number of well-known buyout funds and it is likely that the pension fund was bidding against a number of large secondary market players. During October 2010, CPP Investment Board purchased another private equity portfolio from an undisclosed seller. The portfolio involves approximately \$300 million in private equity fund stakes and is said to include funds managed by Kohlberg Kravis Roberts. We are seeing an increased number of non-traditional secondary market buyers coming to the market in order to take advantage of its benefits, so we should expect to see more secondary market purchases made by non-traditional buyers going forward.

Overview

Secondary market deal flow has picked up over the past year and we are seeing a variety of investor types looking to take part in secondary market sales and purchases, showing that the market is being utilized by a wide spectrum of institutional investor types. Buyout and venture funds are the most commonly traded funds among investors and this is unlikely to change during 2011, but the trading of other funds types such as real estate funds, funds of funds and mezzanine funds is still occurring on a smaller scale.

Fig. 8.7: Breakdown of Secondary Market Transactions by Buyer Firm Type



There is currently a number of pending secondary transactions that are likely to complete in 2011. One investor that is likely to make a secondary market sale within the first half of 2011 is New Jersey State Investment Council. The US-based pension fund may sell 15 to 20 private equity fund stakes worth up to \$1 billion if it is able to receive the right price for its interests. It is likely to choose funds which are not performing well or those with managers that it is unlikely to re-up with again. New Mexico State Investment Council is another example of an investor likely to make a secondary sale in 2011. The \$15 billion institution has hired LP Capital Advisors as

its private equity investment consultant. LP Capital Advisors is expected to soon review SIC's private equity portfolio as it is planning to sell off some private equity interests in an effort to rebalance its portfolio.

With large amounts of capital to be deployed by secondaries managers and an increase in interest on the sell side for the secondary market, we should expect to continue to see increased secondary market deal flow in 2011 and well into 2012.

and typically consider purchasing stakes in funds operating in multiple regions.

Annual Fundraising by Secondaries Funds

Over the last decade, there has been a clear upward trend in the amount of capital raised by secondaries fund vehicles, although fluctuations do occur due to the relatively small number of vehicles that close each year. As shown in Fig. 9.4, levels of capital raised dropped significantly in 2008, as the whole private equity industry felt the impact of the financial crisis. 14 funds closed that year with \$7.4 billion in aggregate commitments, compared to 11 vehicles raising \$13.6 billion in 2007. Fundraising rebounded in 2009, with 22 vehicles closing having raised a record annual total of \$22.8 billion. While 2010 did not see fundraising reach such heights, 17 funds closed on an aggregate \$10.8 billion.

Geographic Breakdown of Fundraising

While 59% of secondary fund of funds managers will consider purchasing secondary stakes in private equity funds focusing on any region across the globe, secondaries funds with a primary focus on North America typically raise the largest amount of capital. As shown in Fig. 9.5, 2009-2010 saw 21 such vehicles raise an aggregate \$20.8 billion. The same period saw 16 European-focused vehicles raise an aggregate \$12.9 billion. No funds focused primarily on Asia and Rest of World closed in the last 12 months; however, many vehicles

with a primary focus on North America or Europe will also purchase stakes in funds that focus on other regions.

Secondaries Funds in Market

As of Q2 2011, there are 31 private equity and private equity real estate secondaries funds in market, targeting aggregate commitments of approximately \$24.2 billion. The same number of funds were seeking capital in 2010, but there has been an increase in the aggregate commitments being sought (up from approximately \$18 billion). By target size, the largest secondaries fund currently seeking capital remains Lexington Capital Partners VII, which began fundraising in 2008 and held its fourth close in Q3 2010 on a total of nearly \$5 billion.

As highlighted in Fig. 9.6, 21% of secondaries funds currently seeking capital are targeting \$1 billion or more – including the likes of Lexington Capital Partners VII and first-time fund PRILCO Partners. Nearly half of secondaries funds in market are seeking between \$100 million and \$499 million and 14% are looking to raise \$500-999 million. A further 18% are seeking less than \$100 million. This is an increase from last year, when 11% fell into this category, reflecting the comparatively high number of relatively new and small managers currently active in the secondaries fund universe.

Fig. 9.7 shows that 17 North-American focused vehicles are seeking to raise an

Fig 9.4: Annual Secondaries Fundraising: 2000 - 2010

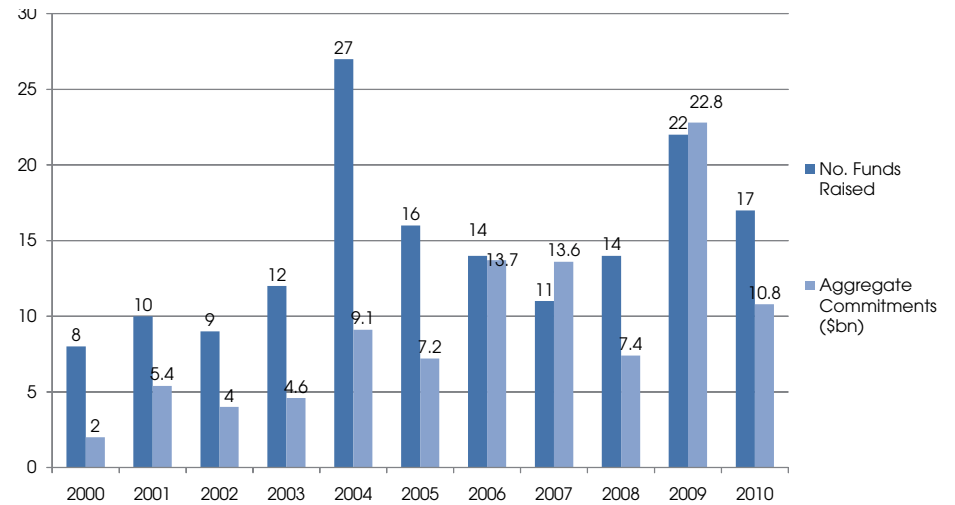
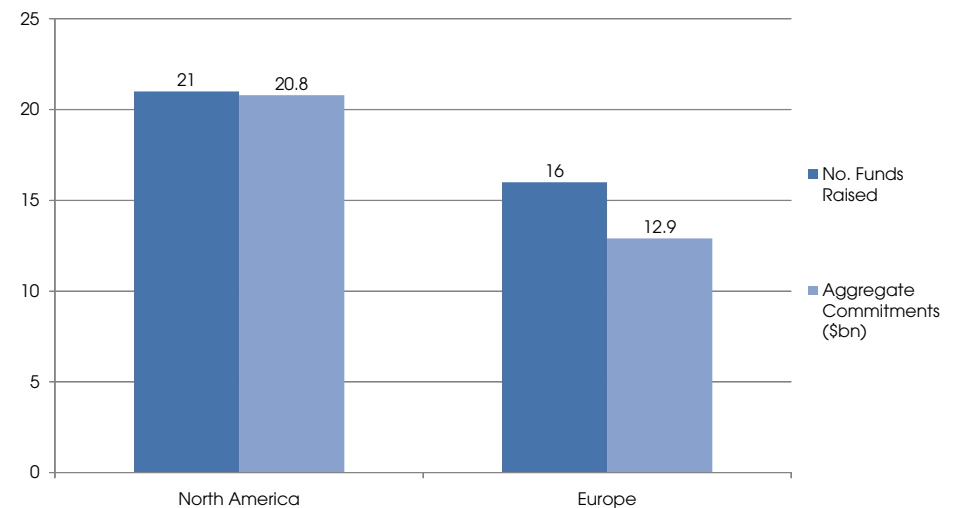


Fig. 9.5: Breakdown of Fundraising by Secondaries Funds Closed in 2009 - 2010 by Primary Geographic Focus



to 19 secondaries funds with vintages 2005-2007. Adveq, Capital Dynamics and JPMorgan Asset Management are all examples of firms that have launched a dedicated secondaries vehicle since 2008 as well as making secondary investments through each of their latest primary funds of funds.

Allocation Sizes

Managers of fund of funds vehicles that have the capacity to make secondary purchases alongside primary commitments typically set an acceptable allocation range to secondaries. These generally incorporate lower and upper limits on the proportion of a vehicle's capital that can be used for investments on the secondary market. The median values of these ranges, and of the corresponding allocations to primary investments and direct co-investments, have been used to create Fig. 10.3, which shows the average intended breakdown of capital for funds of funds with a secondaries allocation.

On average, funds of funds that participate in the secondary market are able to allocate 15% of committed capital to purchases of fund interests. This is more than twice the size of the average allocation these vehicles look to make to co-investment opportunities. Even when funds of funds that do not allocate capital to secondary transactions (i.e. funds of funds that have a secondaries allocation of 0%) are taken into account, the

average allocation to the secondary market is sizable at 9% of committed capital.

The proportion of capital that fund of funds managers allocate to secondaries varies broadly and depends on various factors, including overall strategy, investment stage and geographic focus, and investor appetite. Parish Capital Advisors' second Europe-focused fund of funds, for instance, intends to use approximately a quarter of its capital for secondary transactions, while Northgate Capital's fifth global vehicle is set to allocate around 5% of its capital to secondaries.

Views of Fund of Funds Managers Investing in Secondaries

To gain an idea of the current attitude among fund of funds managers towards the private equity secondary market, Prequin surveyed 39 of these firms to ask them about their experience of investing in the secondary market and about their views on various aspects of the market at present.

Sought-After Fund Types

The majority (73%) of fund of funds managers participating in our survey indicated that they seek to buy stakes in buyout funds. As shown in Fig. 10.4, most respondents (52%) are also interested in venture capital partnerships and 18% are attracted to distressed private equity opportunities, encompassing distressed

Fig. 10.3: Average Intended Strategic Allocations of Funds of Funds Investing in Secondaries

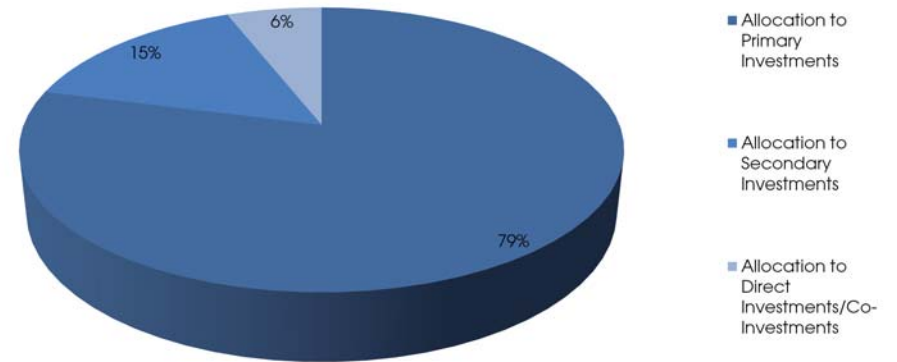
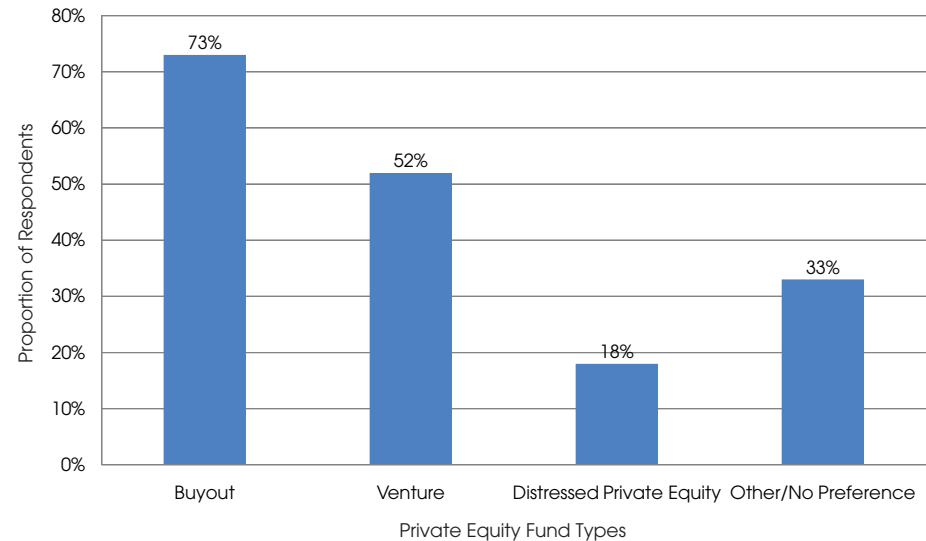


Fig. 10.4: Fund of Funds Managers' Secondary Market Fund Type Preferences



Funds Managed										
Fund	Vintage	Status	Size (mn)	% Allocation to Secondaries	Called (%)	Distributed (%)	Rem. Value (%)	Multiple (X)	Net IRR (%)	Date Reported
4IP European Real Estate Fund of Funds	2007	Closed	146 EUR		81.9	2.1	79.1	0.81	-8.0	31-Dec-10
Contacts										
Name	Job	Tel	Email							
Ulrich Kaluscha	Managing Director	+41 (0)44 214 26 61	ulrich.kaluscha@4ip.ch							

57 Stars				Tel: +1 202 824 1600	Web: www.57stars.net
616 H Street, N.W, Suite 450, Washington, DC, 20001, US				Fax: +1 202 824 4300	Email: info@57stars.net
57 Stars is an independent asset manager that invests in private equity in markets outside of the US, with a particular focus on emerging markets. Formed in 2005, the firm manages approximately USD 1.25 billion and has four offices around the world. Founded as PCGI in 2005, the firm had Pacific Corporate Group as a shareholder. The management team of PCGI bought out the shareholding of Pacific Corporate Group in Q4 2010 and the firm adopted the identity of 57 Stars at the start of 2011.					

Buying Preferences				
Buyout	Venture	Distressed	Real Estate	Other
.
North America		Europe	Asia & ROW	Vintage Preferences
.

57 Stars (previously known as PCGI) invests in the secondary market through its fund of funds vehicles. For 2011, it is considering purchasing private equity fund stakes on the secondary market through its latest fund of funds vehicle, 57 Stars Global Opportunities Fund 2. The vehicle looks to gain exposure to early stage and expansion funds in most regions, except North America. However, the vehicle does invest in Mexico.

57 Stars is expected to launch a third fund in its global opportunities series in 2011, which will also have the option to allocate capital to purchasing fund stakes on secondary market. The second fund of funds in this series is continuing to make commitments of USD 10-50 million to mid-market buyout and growth funds in regions outside of US, Canada and Western Europe. The firm is also actively investing through its Emerging Europe Fund, an opportunistic vehicle with an interest in mid-market and growth opportunities in Central and Southeast Europe, typically making commitments of approximately USD 10 million.

As of March 2011, the fund of funds manager was fundraising for 57 Stars Latin America Fund, which will primarily focus on mid-market funds in Central and South America and may opportunistically target the secondary market.

Funds Managed										
Fund	Vintage	Status	Size (mn)	% Allocation to Secondaries	Called (%)	Distributed (%)	Rem. Value (%)	Multiple (X)	Net IRR (%)	Date Reported
57 Stars Latin America Fund	2011	Raising	100 USD *							
57 Stars Global Opportunity Fund 3	2011	Announced	250 USD *							
57 Stars Global Opportunities Fund 2	2010	Closed	600 USD		4.1	0.0	81.4	0.81	n/m	30-Sep-10
57 Stars Emerging Europe Fund (NYSCRF)	2009	Closed	100 USD							
57 Stars Global Opportunities Fund 1	2007	Closed	430 USD		50.5	1.3	118.4	1.20	10.3	30-Sep-10
Contacts										
Name	Job	Tel	Email							
Steven Cowan	Managing Director	+1 202 629 5730	scowan@57stars.net							
Charles Toy	Managing Director	+1 202 629 5733	ctoy@57stars.net							

747 Capital				Tel: +1 212 747 7474	Web: www.747capital.com
880 Third Avenue, 17th Floor, New York, NY, 10022, US				Fax: +1 212 355 9055	Email: info@747capital.com
747 Capital is a New York-based fund of funds manager focused on the small-cap end of the US private equity market. The firm was established in 2001. 747 Capital provides family offices and other institutional investors with diversified access to top-tier US small-cap private equity funds, secondaries, and direct co-investments through the firm's funds of funds, separate accounts, and LP-specific mandates.					

Buying Preferences				
Buyout	Venture	Distressed	Real Estate	Other
.
North America		Europe	Asia & ROW	Vintage Preferences
.

Also in October, a secondary market transaction between China Investment Corporation (CIC) and Bank of America Equity Partners was completed in which CIC paid \$600 million for a number of private equity fund stakes managed by Warburg Pincus.

A number of smaller secondary market transactions have also taken place over the last six months. Netherlands-based Stichting Pensioenfonds voor de Woningcorporaties purchased a stake in real estate fund Curzon Capital Partners II in January from Vienna-based investment company Immofinanz, and in November 2010 Finland's Mandatum Life Insurance Company purchased an interest in European buyout fund EQT V from Norwegian investor Argentum Fondsinvesteringer.

What Are LPs Looking to Buy on the Secondary Market?

For the most part, institutional investors looking to purchase fund interests on the secondary market take an opportunistic approach to such investments and will consider purchasing stakes in a wide variety of fund types. Despite this, a significant number of LPs take a more targeted approach when seeking secondary market investments, looking for opportunities to purchase fund stakes in vehicles of a particular type, geographical focus or vintage year.

Of the institutional investors in private equity and private equity real estate funds interviewed by Preqin over 2010/2011, 47% of those that are considering purchasing fund stakes on the secondary market over the next 24 months are looking to do so by accessing specific fund types. Fig. 15.9 shows that 56% of such LPs are interested in purchasing stakes in private equity real estate funds, a similar proportion of investors (55%) that were looking to acquire stakes in these types of funds this time last year. Additionally, 38% of LPs are looking to acquire stakes in buyout funds, compared to 40% in Q1 2010. A smaller, but still significant, 19% of institutional investors are seeking opportunities to buy interests in venture funds on the secondary market, while 29% of LPs are looking to buy secondary stakes in other types of funds such as distressed private equity, infrastructure, mezzanine and natural resources vehicles.

The geographical focus of funds is another important factor for LPs looking to buy fund interests on the secondary market. The majority of LPs have a broadly global outlook for their secondary market investments; however several potential LP buyers are looking for funds targeting specific regions. Of those LPs considering a secondary market purchase that were interviewed by Preqin, 42% are looking to acquire stakes in funds investing in particular geographies. Over three-quarters (76%) of these investors are seeking secondary market investments in Europe-

Fig. 15.9: Proportion of Investors with Fund Type Preferences for Secondary Market Purchases

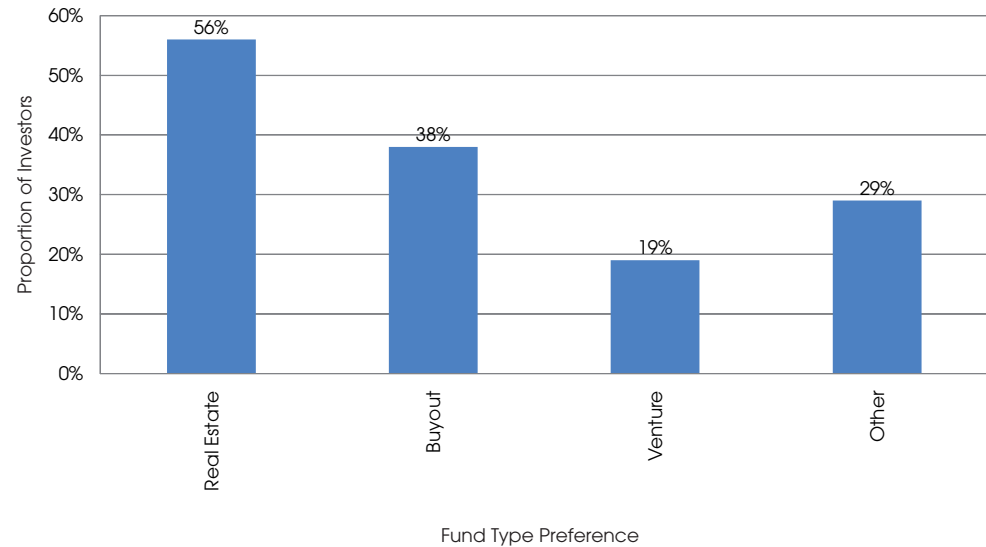
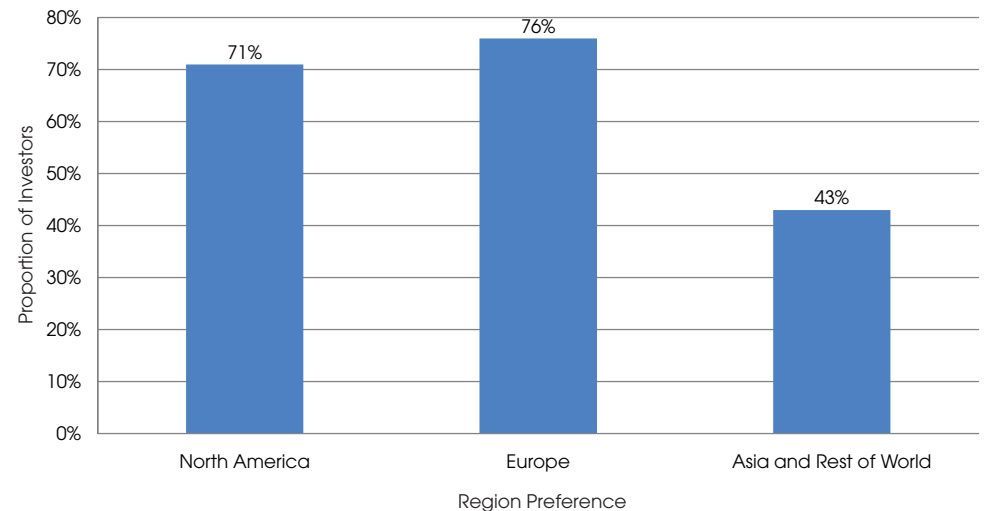


Fig. 15.10: Proportion of Investors with Regional Fund Preferences for Secondary Market Purchases



Contact Name	Position	Tel	Email
Ruud Bramer	Portfolio Manager, Alternative Investments	+31 (0)30 252 8743	r.bramer@dpfs.nl
Michel Schram	Portfolio Manager, Alternative Investments	+31 (0)30 252 8779	m.schram@dpfs.nl

Eurotrade Group Investment Company

52 Menachem Begin Road, Tel Aviv, 61137, Israel
 Tel: +972 (0)3 791 4755 Web: www.eurotrade.co.il
 Fax: +972 (0)3 537 2721

Total Assets (mn): 200 USD
Likelihood of Buying: Possible **Timeframe:** 12-24 Months

Buyer Preferences

Buyout	Venture	Real Estate	Distressed	Other
		.		

As of Q1 2011, Eurotrade Group was interested in the idea of buying fund stakes via the secondary market. If a great opportunity presents itself to buy a secondary stake then Eurotrade may do so with the next 24 months. The investments company has utilised the secondary market in the past in a buying capacity. It would not consider gaining exposure to the secondary market through secondaries funds or fund of funds vehicles with an allocation to secondaries and sees good value as the most important benefit of buying fund interests on the secondary market.

Contact Name	Position	Tel	Email
Amit Biel	Partner	+972 (0)3 791 4755	amit@eurotrade.co.il

Guardian Life Insurance Insurance Company

7 Hanover Square, New York, NY, 10004, US
 Tel: +1 212 598 8000 Web: www.guardianlife.com

Total Assets (mn): 32,876 USD
Likelihood of Buying: Opportunistically **Timeframe:** Within Next 12 Months

Buyer Preferences

Buyout	Venture	Real Estate	Distressed	Other
.	.			

Guardian Life Insurance (GLI) looks to make purchases on the secondary market on an opportunistic basis. It views secondary market investments as an entirely different area of expertise to the primary private equity market owing to a need for understanding of pricing and the requirement of being able to analyse the value of a portfolio rapidly. GLI considers buyout and venture funds in the secondary market, with a preference for buyouts (80% of its private equity portfolio consists of this fund type). It will not invest in secondaries funds or funds of funds.

As of February 2011, GLI believed that it would purchase fund interests on the secondary market in the next year or two. It typically is shown opportunities from GPs, but does not usually actively seek out opportunities itself.

Contact Name	Position	Tel	Email
Maurice Gordon	Senior Investment Manager, Private Equity	+1 212 598 8886	maurice_gordon@glic.com
Andrea Lockett	Analyst, Alternative Investments	+1 212 598 8275	andrea_lockett@glic.com
David Turner	Managing Director & Head of PE	+1 212 598 8000	david_turner@glic.com

Harvard Management Company Endowment Plan

600 Atlantic Avenue, 16th Floor, Boston, MA, 02210, US
 Tel: +1 617 523 4400 Web: www.hmc.harvard.edu
 Fax: +1 617 523 1063

Total Assets (mn): 27,600 USD **PE Allocation (mn):** 3,036 USD (11.0%)
General Consultant: Cambridge Associates
Likelihood of Buying: Possible **Timeframe:** Within Next 12 Months

Buyer Preferences

Buyout	Venture	Real Estate	Distressed	Other
		.		

In February 2010, Harvard Management Company was interested in entering the secondary market as a buyer of private equity real estate fund stakes. It did not have any specific preferences for its secondary market activity and will consider any interesting opportunities. It felt that it could purchase fund interests within the next 12 months.

As of Q4 2010, in order to actively manage its portfolio, Harvard Management Company expects to continue to use the secondary market to purchase stakes in private equity and private real estate fund stakes from time to time.

Contact Name	Position	Tel	Email
Daniel Cummings	Managing Director, Real Estate	+1 617 523 4400	cummings@hmc.harvard.edu
Peter Dolan	Director of Private Equity	+1 617 523 4400	dolanp@hmc.harvard.edu
John Shue	Senior Vice President, Private Equity	+1 617 720 6977	shuej@hmc.harvard.edu

Healthcare of Ontario Pension Plan Public Pension Fund

1 Toronto Street, Suite 1400, Toronto, Ontario, M5C 3B2, Canada
 Tel: +1 416 369 9212 Web: www.hoopp.com
 Fax: +1 416 369 0225 Email: clientservices@hoopp.com

Total Assets (mn): 35,000 CAD **PE Allocation (mn):** 1,820 CAD (5.2%)
PE Investment Consultant: In-House

Vintage Preferences: 2002 - 2004
Likelihood of Buying: Opportunistically **Timeframe:** Immediately

Buyer Preferences

Buyout	Venture	Real Estate	Distressed	Other
.				

North America	Europe	Asia & ROW
.	.	

Healthcare of Ontario Pension Plan (HOOPP) is an active participant on the secondaries market and, as of Q3 2009, it was looking to purchase fund interests immediately. The pension fund is looking to take part in such investments in order to take advantage of the accelerated cash flows. It may also consider investing in secondary fund of funds if the right opportunity presents itself. The pension plan prefers to take part in strategic purchases. HOOPP does not have a specific fund type preference, but does seek US and European focused funds with a vintage of 2002, 2003 or 2004.

As of Q4 2010, HOOPP was still interested in gaining exposure to private equity through secondary market investments. It is particularly interested in purchasing interests in mature European focused buyout funds over the next 12 months.

Contact Name	Position	Tel	Email
Liliana Kumane	Portfolio Administrator	+1 416 369 9212 Ext. 3116	lkumane@hoopp.com

North America	Europe	Asia and RoW	
Sample Investments:			
Astorg IV (2008), August Equity Partners II (2008), Fondinvest VIII (2008), Lyceum Capital Fund II (2008), Pragma Capital II (2008), Rutland Fund II (2007), Zeus Private Equity Fund I (2007), 21 Centrale Partners III (2006), CFF II (2006), China Growth Opportunities (2006), Henderson PFI Secondary I (2005), Bowmark Capital Partners III (2004), Cape Natexis Private Equity Fund (2004), Parallel Ventures LP 2004-2006 (2004), Graphite Capital Partners VI (2003), Gresham III Fund (2003), Italian Private Equity Fund IV (2003), Sun Capital Partners III (2003), HIG Capital Partners III (2002), Abingworth Bioventures III (2001), Apax Europe V (2001), August Equity Partners I (2001), Bain Capital Fund VII Coinvestment Fund (2001), General Catalyst Group II (2001), Henderson European Partners I (2001), AIG Global Sports & Entertainment Fund (2000), BC European Cap VII (2000), Carlyle Asia Venture Partners I (2000), Carlyle Partners III (2000), Henderson Asia Pacific Partners I (2000), Hummer Winblad Venture Partners V (2000), Private Equity Investor (2000), Rutland Fund (2000), Warburg Pincus International Partners (2000), Willis Stein & Partners III (2000), Elderstreet Capital Partners (1999), Innisfree PFI Fund II (1998), Innisfree PFI Fund (1996), HG Capital Trust (1995), Dinamia Capital Privado ()			
In June 2010, Henderson Equity Partners began considering the possibility selling some its private equity fund stakes on the secondary market within the next 12 months. It is most likely to offer interests in its European buyout fund investments on the secondary market. In terms of vintage, it will consider exiting funds with a vintage of 2006-2008. The fund of funds manager anticipates approaching a fellow LP in any funds it wishes to exit.			
In August 2010, it was announced that Henderson Equity Partners was planning to liquidate its listed vehicle, Henderson Private Equity Investment Trust (HPEQ). Henderson has decided to liquidate HPEQ in order to maximize value for shareholders as the stock price fell more than 50% below net asset value per share. It has traded at a wide discount to NAV because investors believe it is too small. The realization of the vehicle's portfolio, which primarily consists of UK and European buyout funds, will be carried out over the next two years and will aim to maximize the final cash distributions to its shareholders. It has not yet been decided as to whether it will be holding on to some of its private equity fund investments or selling them all on the secondary market, but it does welcome the interest from potential buyers.			
Contact Name	Position	Tel	Email
Ian Barrass	Partner & Head of Funds of Funds	+44 (0)20 7818 2964	ian.barrass@henderson.com
Andrea Chen	Investor Relations Executive	+44 (0)20 7818 2965	andrea.chen@henderson.com
Katie Mann	Executive Assistant	+44 (0)20 7818 2963	katie.mann@henderson.com

IDEA Capital Funds		Private Equity Fund of Funds Manager	
23/4, via dell'Annunciata, Milan, 20121, Italy			
Tel: +39 02 290 663 1		Web: www.ideasgr.com	
Fax: +39 02 290 663 20		Email: info@ideasgr.com	
Total Assets (mn):	1,200 EUR		
PE Allocation (mn):	1,200 EUR (100.0%)	PE Target (mn):	1,200 EUR (100.0%)
Likelihood of Selling:	Possible	Timeframe:	Within Next 12 Months
Seller Preferences:			
Buyout	Venture	Real Estate	Other
North America		Europe	

Sample Investments:	Fondo Nazca III (2010), Centerbridge Special Credit Partners (2009), Apollo Investment Fund VII (2008), FountainVest China Growth Partners (2008), IDFC Private Equity Fund III (2008), Trilantic Capital Partners IV (2008), Apax Europe VII (2007), Baring Vostok Private Equity Fund IV (2007), TLcom II (2007), Blackstone Capital Partners V (2006), Investitori Associati IV (2004)		
IDEA Capital Funds will consider selling its stakes in European buyout funds over the course of 2011 in order to rebalance its portfolio. It does not have a preference in regards to which vintage years it exits.			
Contact Name	Position	Tel	Email
Nevena Batchvarova Marsili	Investment Manager	+39 02 290 663 1	nmarsili@ideasgr.com
Tommaso Pizzi	Senior Associate	+39 02 290 663 1	tpizzi@ideasgr.com

Immofinanz				Investment Company
Bankgasse 2, Vienna, A-1010, Austria				
Tel: +43 (0)5 7111		Web: www.immofinanz.com		
Fax: +43 (0)5 7111 8888				
Total Assets (mn):	10,000 EUR			
Likelihood of Selling:	Highly Likely	Timeframe:	Within Next 12 Months	
Seller Preferences:				
Buyout	Venture	Real Estate	Other	
North America		Europe		Asia and RoW
Sample Investments:	Russia Development Fund (2009), AIG Real Estate Opportunity X - South Korea (2008), Broadway Real Estate Fund III (2008), Carlyle Europe Real Estate Partners III (2007), Colyzeo II (2007), Europa Emerging Europe Fund (2007), MGPA Asia Fund III (2007), Polonia Property Fund II (2007), ProLogis European Properties Fund II (2007), ProLogis North American Industrial Fund II (2007), Bluehouse Accession Property (II) (2006), Broadway Real Estate Fund II (2006), Carlyle Realty Partners V (2006), Gotham City Residential Partners I (2006), Harrison Street Real Estate Partners I (2006), Triseas Korea Property Fund (2006), AvalonBay Value Added Fund (2005), Broadway Real Estate (2005), Carlyle Asia Real Estate Fund (2005), Carlyle Europe Real Estate Partners II (2005), Carlyle Realty Partners IV (2005), CB Richard Ellis Strategic Partners IV (2005), Curzon Capital Partners II (2005), Global Emerging Property Fund (2005), Heitman European Property Partners III (2005), MGPA Asia Fund II (2005), Europa Fund II (2004), CB Richard Ellis Strategic Partners III (2003), FF&P Russia Real Estate (2003), Polonia Property Fund I (2003), TMW Asia Property Fund I (2003), Carlyle Europe Real Estate Partners (2002), Heitman Central Europe Property Partners II (2002), Carlyle Realty Partners III (2001), Curzon Capital Partners (2001), Morgan Stanley Real Estate Special Situations III (1999), ProLogis European Properties (1999)			
As of August 2010, Immofinanz had undergone major changes as a company, as a result its investment strategy towards the real estate asset class had changed; it wanted to stop investing in funds and focus solely on direct investments. Due to its change in strategy, it was planning to sell its fund stakes on the secondary market within the next 3-5 years. Immofinanz's portfolio consists of opportunistic, value added and core-plus funds investing on a global scale.				
Contact Name	Position	Tel	Email	
Stefan Froemmel	Manager, Funds & Investments	+43 (0)5 7111 Ext. 2442	s.froemmel@immofinanz.com	
Margit Hermentin	Head of Investor Relations	+43 (0)5 7111	investor@immofinanz.com	

Secondaries funds draw consideration from LPs located across the globe. As shown in Fig. 19.2, North America-based investors account for half of all investors that have previously invested in, or have a preference for, secondaries funds. European LPs make up 38% and investors located in Asia and Rest of World comprise 12%. The breakdown of investors in secondaries funds is very similar to a year ago, suggesting that the interest for investing in such funds has increased proportionately across each region.

As illustrated by Fig. 19.3, secondaries funds attract investment from LPs of a wide range of sizes, from the \$110 million St. John's College Endowment, to New York State Common Retirement Fund, which has \$140 billion in total assets. This shows that secondaries funds are not just of interest to the smaller private equity investors, but are also appealing to larger institutions. In fact, 6% of investors in secondaries funds have in excess of \$100 billion in assets under management.

Small to medium-sized investors make up a significant proportion of the potential investor base of secondaries funds. The majority of investors with an interest in these vehicles (68%) have under \$10 billion in assets, with 26% having assets of less than \$1 billion and a further 42% having between \$1 billion and \$9.9 billion in total assets. For some of these smaller LPs, secondaries funds provide their core exposure to private equity. For others, secondaries form part

of a larger strategy of investing in private equity, perhaps complementing an existing portfolio of direct private equity funds or funds of funds.

Motivations for Investing in Secondaries Funds

The secondary market has attracted a considerable amount of attention following the market downturn. Broad economic conditions, and the enthusiasm of LPs to take advantage, has led to the considerable growth in investor appetite for secondaries funds seen over the past couple of years. While a portion of LPs choose to purchase fund interests directly from existing LPs in vehicles, a significant number choose to make investments in either funds of funds with an allocation to secondary investments, or through dedicated secondaries funds. Gaining exposure to the secondary market through fund of funds or secondaries vehicles comes with many advantages for investors.

For smaller and less experienced investors, a principal benefit is outsourcing the administrative burden of maintaining a private equity portfolio to a primary or secondary fund of funds. For investors with small allocations to private equity, it is perhaps difficult to justify recruiting a team of specialized professionals to establish a portfolio, and therefore investing with fund of funds managers can often be their only viable route to accessing the asset class.

Fig. 19.2: Breakdown of Investors with a Preference for Secondaries Funds by Investor Location

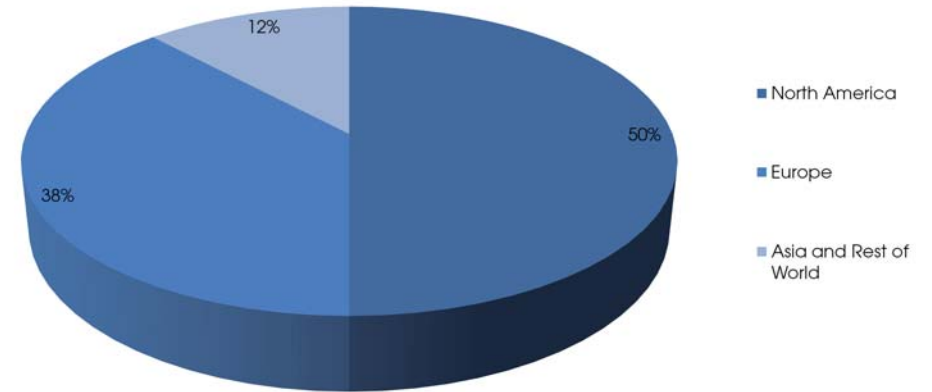
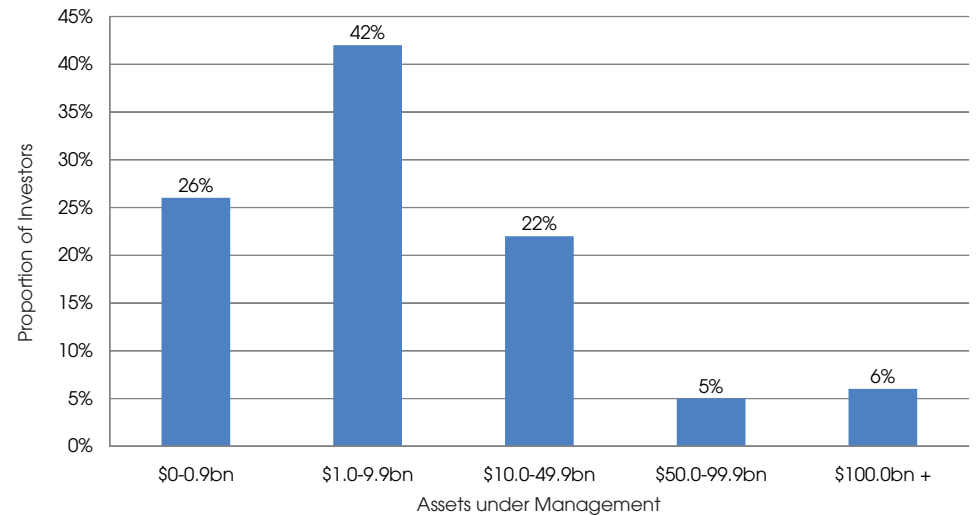


Fig. 19.3: Breakdown of Investors with a Preference for Secondaries Funds by Assets under Management



Boston City Retirement System		Public Pension Fund	
1 City Hall Plaza, Room 816, Boston, MA, 02201, US			
Tel: +1 617 635 4305		Web: www.cityofboston.gov/retirement	
Fax: +1 617 635 4318		Email: retirementboard@ci.boston.ma.us	
Total Assets (mn):	3,100 USD	PE Allocation (mn):	177 USD (5.7%)
PE Investment Consultant: New England Pension Consultants			
General Investment Consultant: New England Pension Consultants			
PE Secondaries		RE Secondaries	
Sample Investments: Lexington Middle Market Investors II (2008), DB Secondary Opportunities Fund (2007), Lexington Capital Partners VI (2006), Lexington Middle Market Investors (2004), Thomas Weisel Global Growth Partners II (2003), Lexington Capital Partners V (2002)			
Contacts	Position	Tel	Email
Daniel Greene	Assistant Executive Director	+1 617 635 2420	daniel.greene@cityofboston.gov
Kathleen Kiley Baccetti	Interim CEO	+1 617 635 4305	kathleen.baccetti@cityofboston.gov
Bill Monagle	Partner, New England Pension Consultants	+1 617 374 1300	bmonagle@nepc.com
Lisa O'Brien	Controller	+1 617 635 2421	lisa.obrien@cityofboston.gov

BVT-CAM Private Equity Management & Beteiligungs		Private Equity Fund of Funds Manager	
Leopoldstrasse 7, Munich, 80802, Germany			
Tel: +49 (0)89 381 65 0		Web: www.bvt.de	
Fax: +49 (0)89 381 65 100		Email: info@bvt.de	
Total Assets (mn):	318 EUR	PE Allocation (mn):	318 EUR (100.0%)
PE Secondaries		RE Secondaries	
Sample Investments: Vintage Ventures III (2007), Pomona Capital VI (2005), Vintage Ventures I (2003), Collier International Partners IV (2002), Fondinvest VI (2002), Lexington Capital Partners V (2002), Pomona Capital V (2001)			
Contacts	Position	Tel	Email
Andreas Schlath	Director of Alternative Investments	+49 (0)89 381 65 261	asc@bvt.de

California Endowment		Foundation	
1000 North Alameda Street, Los Angeles, CA, 90012, US			
Tel: +1 800 449 4149		Web: www.calendow.org	
Fax: +1 213 928 8801		Email: fundmonitor@calendow.org	
Total Assets (mn):	3,200 USD	PE Allocation (mn):	512 USD (16.0%)
General Investment Consultant: Cambridge Associates			
PE Secondaries		RE Secondaries	
Sample Investments: European Secondary Opportunities I (2010), GS Vintage Fund II (2001), Paul Capital Partners VII (2001)			
Contacts	Position	Tel	Email
Dana Rosenberg	Director of Alternative Investments	+1 213 928 8640	drosenberg@calendow.org
Ruth Wernig	CIO	+1 800 449 4149	rwernig@calendow.org

California Public Employees' Retirement System (CalPERS)		Public Pension Fund	
400 Q Street, Sacramento, CA, 95814, US			
Tel: +1 916 795 3400		Web: www.calpers.ca.gov	
Fax: +1 916 795 3883		Email: invo1_talkback@calpers.ca.gov	
Total Assets (mn):	227,100 USD	PE Allocation (mn):	32,300 USD (14.2%)
PE Investment Consultant: Grove Street Advisors, Hamilton Lane, Pension Consulting Alliance			
RE Investment Consultant: Investors Diversified Realty, Pension Consulting Alliance, Townsend Group			
General Investment Consultant: Wilshire Associates			
PE Secondaries		RE Secondaries	
Sample Investments: Collier International Partners V (2006), Lexington Middle Market Investors (2004), Paul Capital Partners VIII (2004), Thomas Weisel Global Growth Partners II (2003), Collier International Partners IV (2002), Landmark Equity Partners XI (2002), Lexington Capital Partners V (2002), Lexington Capital Partners IV (2000), Collier International Partners III (1999), Lexington Capital Partners III (1999), Collier International Partners II (1998), Lexington Capital Partners II (1998), Landmark Equity Partners IV (1994), Landmark Equity Partners III (1993)			
Contacts	Position	Tel	Email
Jesus Arguelles	Portfolio Manager, Emerging Markets - AIM Program	+1 916 795 3400	invo1_talkback@calpers.ca.gov
Joseph Dear	CIO	+1 916 795 3400	
Rob Feckner	President	+1 916 795 3400	
John Greenwood	Portfolio Manager, Cleantech	+1 916 795 0501	
Janine Guillot	Chief Operating Investment Officer	+1 916 795 3400	
Farouki Majeed	Senior Investment Officer, Asset Allocation Management	+1 916 795 3400	

California State Teachers' Retirement System (CalSTRS)		Public Pension Fund	
100 Waterfront Place, West Sacramento, CA, 95605, US			
Tel: +1 916 414 2200		Web: www.calstrs.com	
Fax: +1 916 414 5040		Email: info@calstrs.com	
Total Assets (mn):	150,088 USD	PE Allocation (mn):	20,255 USD (13.7%)
PE Investment Consultant: Altius Associates, Cambridge Associates, Pension Consulting Alliance			
RE Investment Consultant: Investors Diversified Realty, Townsend Group			
General Investment Consultant: Pension Consulting Alliance			
PE Secondaries		RE Secondaries	
Sample Investments: Paul Capital Partners VIII (2004), Paul Capital Partners VIII B (2004), Fondinvest VI (2002)			
Contacts	Position	Tel	Email
Christopher Ailman	CIO	+1 916 414 7400	cailman@calstrs.com
Seth Hall	Portfolio Manager	+1 916 414 7598	shall@calstrs.com
Deanna Winter	Investment Officer	+1 916 414 7585	dwinter@calstrs.com
Margot Wirth	Head of Private Equity	+1 916 414 7594	mwirth@calstrs.com

The vast majority of intermediaries (95%) would work on transactions between \$10 million and \$99 million, while more than a third would cover transactions greater than \$1 billion. Of all intermediaries on Preqin's Secondary Market Monitor database, 22% would cover transactions of any size on behalf of their clients. Transactions in the range of \$500-\$999 million are facilitated by 50% of intermediaries with those in the range of \$100 million and \$499 million are covered by 76% of intermediaries.

Market Participants

Preqin recently conducted interviews with 26 secondary market intermediary firms, in order to find out their current views on the market and their expectations of secondary market activity over the next 12 months. It must be noted that respondents occasionally gave more than one answer to each question.

Interviewees were asked which types of investors would commonly be looking to purchase and sell fund interests on the secondary market. Unsurprisingly, 92% and 88% of respondents respectively stated that the more traditional secondary market players, secondary funds of funds, and primary funds of funds are commonly looking to purchase offerings on the secondary market. From the point of view of intermediaries, these two types are by far the most active on the buy side, with the next most cited investor type being family offices and foundations (31%). Asset

managers (27%), listed funds of funds (19%), and private sector pension funds (19%), were the next most stated active buyers on the secondary market.

Banks and investment banks were cited by 88% of intermediaries as the frequent sellers on the secondary market. With regulations on investment activities tightening, intermediaries expect more transactions to have the involvement of financial institutions. They anticipate that such institutions will exit non-core assets, restructure their portfolios and take advantage of the rising deal values found in the secondary market, which has been bolstered by an increased presence of new buyers and capital to deploy by secondary funds. One US-based intermediary stated, "Secondary market supply is expected to be mainly driven by financial institutions and insurance companies preparing for and reacting to regulatory changes." Most intermediaries (68%) feel that family offices and foundations will also be frequently looking to sell fund offerings on the secondary market, possibly due to liquidity requirements and the increase in pricing of secondary interests tempting these sellers back to the market.

Secondary Market Offerings

Preqin's analysts also enquired about the nature of the offerings which intermediaries expect to see traded in the secondary market in the coming year. Mega-buyout (76%) and large buyout (76%) funds were

Fig. 21.5: Secondary Intermediaries' Preferences for Secondary Transactions by Transaction Size

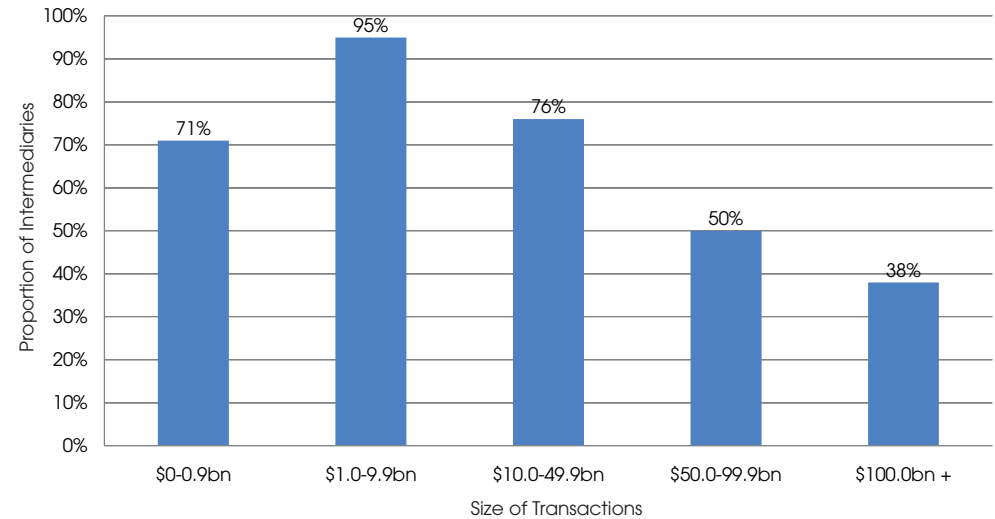
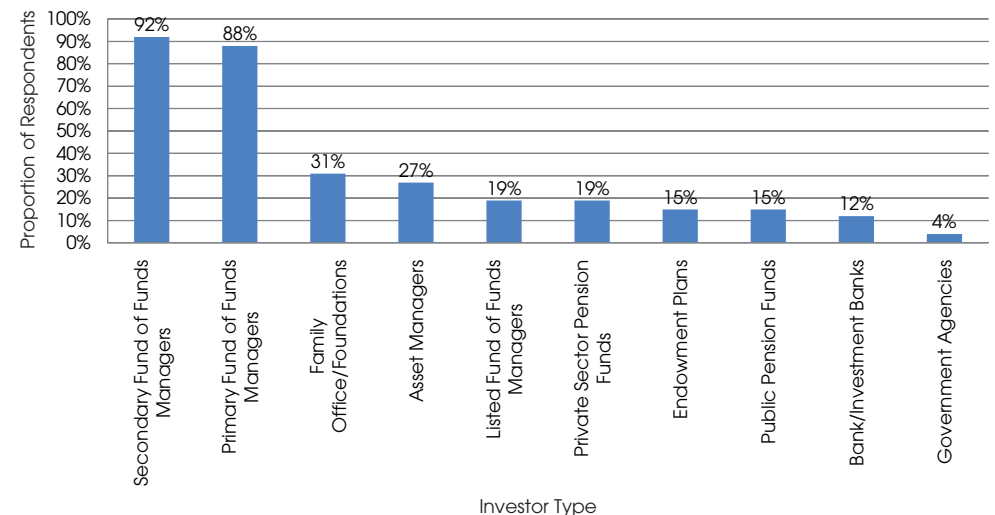


Fig. 21.6: Investors Considered by Secondary Intermediaries to Be Likely to Buy Secondary Offerings



E.L.K. Capital Advisors

1033 Skokie Boulevard, Suite 450, Northbrook, IL, 60062, US

Tel: +1 847 919 3544

Web: www.elkcapitaladvisors.com

Established in 2005, E.L.K. Capital Advisors provides private equity, venture capital and real estate managers with advisory and fundraising services. E.L.K. specializes in working with emerging managers, spin-offs and first-time funds. The firm has been involved as an intermediary in secondary transactions since 2007; however, members of the team have been involved in secondary market intermediary services since 2000.

E.L.K. engages in a broad range of secondary market activities, including the sale of single fund interests and portfolios. E.L.K. represents buyers, sellers and GPs in the secondary market and previous clients have included family offices and institutional investors. E.L.K. is highly active with GPs that are seeking buyers for certain large existing LP positions in their funds that are unlikely to return in subsequent funds for various strategic reasons.

Total Number of Secondary Transactions Represented: 10

Total Value of Secondary Transactions Represented (mn): 200 USD

Service Coverage				Location of Clients		
Portfolio	Sole Fund Interest	Structured Transactions	Partial Sale	N. America	Europe	RoW
.
Types of Clients Represented						
Bank	.	Investment Bank				.
Corporate Investor	.	Private Equity Firm				.
Endowment Plan	.	Private Sector Pension Fund				.
Family Office / Foundation	.	Public Pension Fund				.
Fund of Funds	.	Other				.
Size of Fund Deals Represented						
Less than \$10mn	\$10 - 99mn	\$100 - 499mn	\$500 - 999mn	\$1bn +		
.		
Name	Position	Tel	Email			
Randall Winters	President	+1 847 919 3544	rwinters@elkcapitaladvisors.com			

Elm Capital Associates

4th Floor, 136 Sloane Street, London, SW1X 9AY, UK

Tel: +44 (0)20 7901 8940

Web: www.elmcapital.com

Fax: +44 (0)20 7901 8949

Email: info@elmcapital.com

Founded in 2004, Elm Capital specializes in advising private equity funds and private equity investors. It mainly acts to assist general partners in their fundraising activities. It also acts as a broker on the secondary market and provides advisory services for the secondary sales of private equity funds, companies, and portfolios of both.

As a secondary market intermediary, Elm Capital advises buyers and sellers in the secondary market for private equity offerings and direct investments in companies or portfolios of companies. It aids with transactions which cover different fund types, including large and small-cap buyout, secondary buyout, venture capital, mezzanine funds and real estate funds.

Elm Capital helps to create liquidity on single fund interests and portfolios. It covers the buy-side and sell-side of secondary market transactions, offering a number of services to its clients. Amongst other services, for clients on the sell-side it helps with valuing fund interests, negotiating prices with potential buyers, and assisting with the documentation and transfer processes in order to close transactions successfully. On the buy-side it sources specific fund interests from potential sellers in the market, and assists with the due diligence process.

As of February 2011, Elm Capital felt there would be an increase in the level of activity in the secondary market. This would be as a result of prices rising which in turn leads to more limited partners being willing to sell. Elm Capital planned on covering 30 or more secondary transactions over the course of the year.

Service Coverage				Location of Clients		
Portfolio	Sole Fund Interest	Structured Transactions	Partial Sale	N. America	Europe	RoW
.
Types of Clients Represented						
Bank	.	Investment Bank				.
Corporate Investor	.	Private Equity Firm				.
Endowment Plan	.	Private Sector Pension Fund				.
Family Office / Foundation	.	Public Pension Fund				.
Fund of Funds	.	Other				.
Size of Fund Deals Represented						
Less than \$10mn	\$10 - 99mn	\$100 - 499mn	\$500 - 999mn	\$1bn +		
.		
Name	Position	Tel	Email			
Etienne Deshormes	Founder & CEO	+44 (0)20 7901 8941	edeshormes@elmcapital.com			

Fimeris

58 Grosvenor Street, London, W1K 3JB, UK

Tel: +44 (0)20 7183 3186

Web: www.fimeris.com

Email: london@fimeris.com

Formerly known as Fidequity, Fimeris began providing secondary market services in 2007. It aims to provide its clients with a range of solution-orientated services and supports them with their private placement requirements for their secondary transactions. Fimeris covers a range of transaction procedures and specializes in executing structured transactions on behalf of its clients.

As an intermediary, Fimeris represents both single fund interests and portfolios. Fimeris represents clients of different sizes and types in regions around the world. It provides specialist advice on all aspects of the secondary market including the restructuring of portfolios ranging from USD 10 million to USD 1 billion in size.

Fimeris also supports clients that wish to actively manage their private equity holdings by advising them on viable strategies. Fimeris follows the industry standard of charging a percentage of the transaction as its fee.

As of February 2011, Fimeris believed that activity in the secondary market for limited partner interests had increased substantially, resulting in increased deal-flow and more successful transactions. Large portfolios of LP interests will continue to be difficult to sell given the inefficient process of completing a transaction. Over the next 12 months, Fimeris is aiming to carry out 30 secondary market transactions on behalf of its clients.

Total Number of Secondary Transactions Represented:				30		
Service Coverage				Location of Clients		
Portfolio	Sole Fund Interest	Structured Transactions	Partial Sale	N. America	Europe	RoW
.
Types of Clients Represented						
Bank	.	Investment Bank				.
Corporate Investor	.	Private Equity Firm				.
Endowment Plan	.	Private Sector Pension Fund				.
Family Office / Foundation	.	Public Pension Fund				.
Fund of Funds	.	Other				.
Size of Fund Deals Represented						
Less than \$10mn	\$10 - 99mn	\$100 - 499mn	\$500 - 999mn	\$1bn +		
.		
Name	Position	Tel	Email			
Francois-Marius Garcin	Managing Director	+44 (0)20 7183 3185	francois.garcin@fimeris.com			

2011 Preqin Private Equity Secondaries Review

The [2011 Preqin Private Equity Secondaries Review](#) contains detailed information and profiles for buyers, sellers, intermediaries, transactions, funds, performance, fund of funds, pricing and more...

Key features of this publication include:

- All PE fund types covered, including PERE
- Profiles for 82 specialist secondary fund of funds managers, 115 fund of funds managers with secondaries allocations, 50 institutional investor buyers and 30 sellers, 62 intermediary firms and placement agents, plus details for 100 investors in secondaries funds.
- Detailed analysis examining the history and development of the industry, historic NAV vs. trading price premiums and discounts, performance of secondaries funds, fund of funds activity in secondaries, institutional investor buyers and sellers, intermediaries, placement agents and more.
- Results of surveys conducted with GPs, LPs and fund of funds managers.
- Listings of 96 secondaries funds closed historically since 2005, 31 funds currently in the market, individual net to LP fund performance for 408 funds including secondaries vehicles and funds of funds with a secondaries allocation.
- Listings of 138 secondaries transactions for 2008 onwards



www.preqin.com/secreview

For more information, please visit: www.preqin.com/secreview

I would like to purchase the 2011 Preqin Private Equity Secondaries Review:

Single Copy:

- £795 + £10 Shipping
- \$1,345 + \$40 Shipping
- €945 + €25 Shipping

Additional Copies:

- £110 + £5 Shipping
- \$180 + \$20 Shipping
- €115 + €12 Shipping

Data Pack:

- \$300 / £175 / €185

Data Pack contains all underlying data for charts and graphs contained in the publication. Only available alongside purchase of the publication.

Shipping costs will not exceed a maximum of £15 / \$60 / €37 per order when all shipped to same address. If shipped to multiple addresses then full postage rates apply for additional copies.

Completed Order Forms:

Post (to Preqin):

One Grand Central Place,
60 E 42nd Street, Suite
2544 New York
NY 10165

Equitable House,
47 King William Street,
London, EC4R 9AF

Asia Square Tower 1
#07-04
8 Marina View
Singapore 018960

Fax:

+44 (0)87 0330 5892
+1 440 445 9595
+65 6407 1001

Email:

info@preqin.com

Telephone:

+44 (0)20 7645 8888
+1 212 350 0100
+65 6407 1011

Payment Details:

- Cheque enclosed (please make cheque payable to 'Preqin')
- Credit Card Amex Mastercard
- Visa Please invoice me

Card Number: _____

Name on Card: _____

Expiration Date: _____

Security Code: _____



American Express, four digit code printed on the front of the card.



Visa and Mastercard, last three digits printed on the signature strip.

Shipping Details:

Name: _____

Firm: _____

Job Title: _____

Address: _____

City: _____

Post/Zip: _____

Country: _____

Telephone: _____

Email: _____