British
Private Equity &
Venture Capital
Association

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BVCA Private Equity and Venture Capital

Performance Measurement Survey 2012

A survey of independent UK-based funds that raise capital from third-party investors

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Venture Capital
Association

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Foreword

Against the headwinds of a moribund domestic macro-economic environment, ever-deepening problems in the eurozone, and volatile – although positive – financial markets, UK private equity and venture capital continued to generate positive returns to its investors. The industry is in a robust position as we move forward.

The BVCA Private Equity and Venture Capital Performance Measurement Survey, produced in association with PwC and Capital Dynamics, is the most detailed and comprehensive study of its type. Drawing on a direct survey of the BVCA's eligible members – 96% of whom responded this year – the survey contains information on 510 UK-managed funds, and we believe this makes it the most complete country-specific survey on the performance of private equity and venture capital in the world.

The ten-year annual internal rate of return (IRR) for the funds in the survey remains strong, at 15.0%. This is marginally up on last year's corresponding figure (14.3%), and still far in excess of the principal comparators such as UK pension funds and the FTSE All-Share, which produced returns over the same time frame of 8.3% and 8.8% respectively.

This outperformance continues when we look at five year returns, where UK private equity and venture capital generated an IRR of 6.0% against returns for UK pension funds and the FTSE All-Share of 3.8% and 2.5% respectively. Having said that, the fund performance gap is much closer when we look at one and three year returns, which are always subject to considerable market volatility not least because the latter timeframe – January 2010 to December 2012 – especially in part reflects the throes of the European sovereign debt crisis.

It should be noted, however, that private equity and venture capital are long-term illiquid asset classes, and as such, the since-inception IRR is the most appropriate metric to use when looking at their performance. Here, we see a relatively high level of consistency amongst private equity and venture capital returns around the 15% mark, with a low of 13.0% in 2004 and a high of 17.3% in 2007. This year's since inception IRR of 13.9% is well within this grouping, and points to the enduring strength of the industry.

For some years now, the performance of venture capital funds has also been worth commenting on. This year is no different, as we saw post-2002 vintage venture funds deliver IRRs of 3.6%. While this is slightly less than last year's corresponding figure of 4.0%, it is, however, the second highest since-inception return yet for these funds. The investment of venture capital funds into small and dynamic companies will be vital in getting the UK back on the road to a sustained economic recovery and this encouraging trend of positive returns will doubtless help attract more investors into the asset class.

The year's survey points to a strong overall performance by the industry, on both an annual basis and when looking through the long-term time frames and the since-inception metric. And is yet further indication of the value of the asset class: both in having a level of robustness that makes it a vital component of many investors' portfolios; and in being able to generate stable and persistent returns.

Simon Clark
BVCA Chairman, September 2013

Damian Regan
Private Equity Performance Assurance leader, PwC, September 2013

The BVCA – The British Private Equity and Venture Capital Association – is the industry body for the UK private equity and venture capital industry. Our membership of over 500 members represents the overwhelming majority of UK-based private equity and venture capital providers and advisers as well as fund investors. The BVCA has 30 years of experience representing the industry (which currently accounts for around 40% of the whole of the European market) to government, the European Commission and Parliament, the media, regulatory and other statutory bodies at home, across Europe and around the world. We promote the industry to entrepreneurs and investors, as well as providing services and best-practice standards to our members.

Highlights

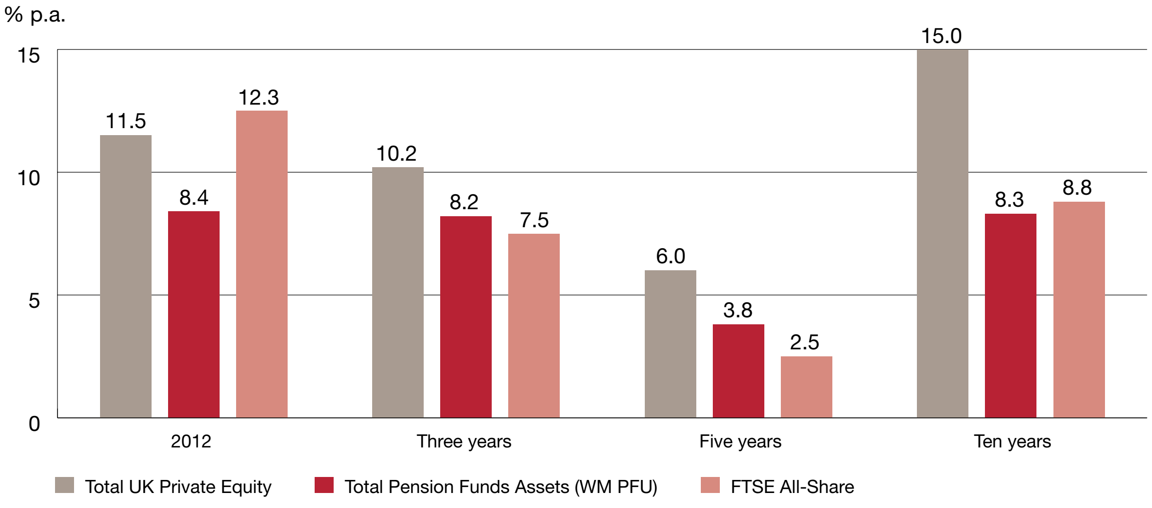
In the midst of continued domestic economic weakness, euro area progress albeit tempered with uncertainty, and financial market volatility, UK private equity generated positive returns for its investors. The one year internal rate of return (IRR) in 2012 for all funds covered in this survey is 11.5%, which compares with Total UK Pension Fund Assets of 8.4% and FTSE All-Share of 12.3% for the same period.

The calendar year 2012 can aptly be characterised as a mixed year. Financial markets moved upwards – yet were hugely volatile – over the course of the year in part due to the stop-start progress that had been made in resolving the eurozone's deep seated problems. Even as the domestic macro-economy stagnated, UK private equity and venture capital delivered positive and productive returns for its investors. The one year IRR in 2012 for all funds covered in this survey was 11.5% per annum (p.a) and this compares broadly favourably with Total UK Pension Fund Assets of 8.4% and FTSE All-Share of 12.3% for the same period.

Caution should always be adopted when interpreting one year annual returns. While they do provide a succinct snapshot of whether or not that particular year was good or bad, the corresponding returns often swing hugely from year to year. In the case of 2012, UK private equity and venture capital did comparatively well.

Over the five and especially the ten-year time horizon, UK private equity and venture capital sustained its performance. Over both the last five and ten years, private equity returns are, on average, almost double than that of UK Pension Fund Assets and the FTSE All-Share index, as measured by the WM Company.

Summary of UK private equity performance versus principal comparators



Highlights

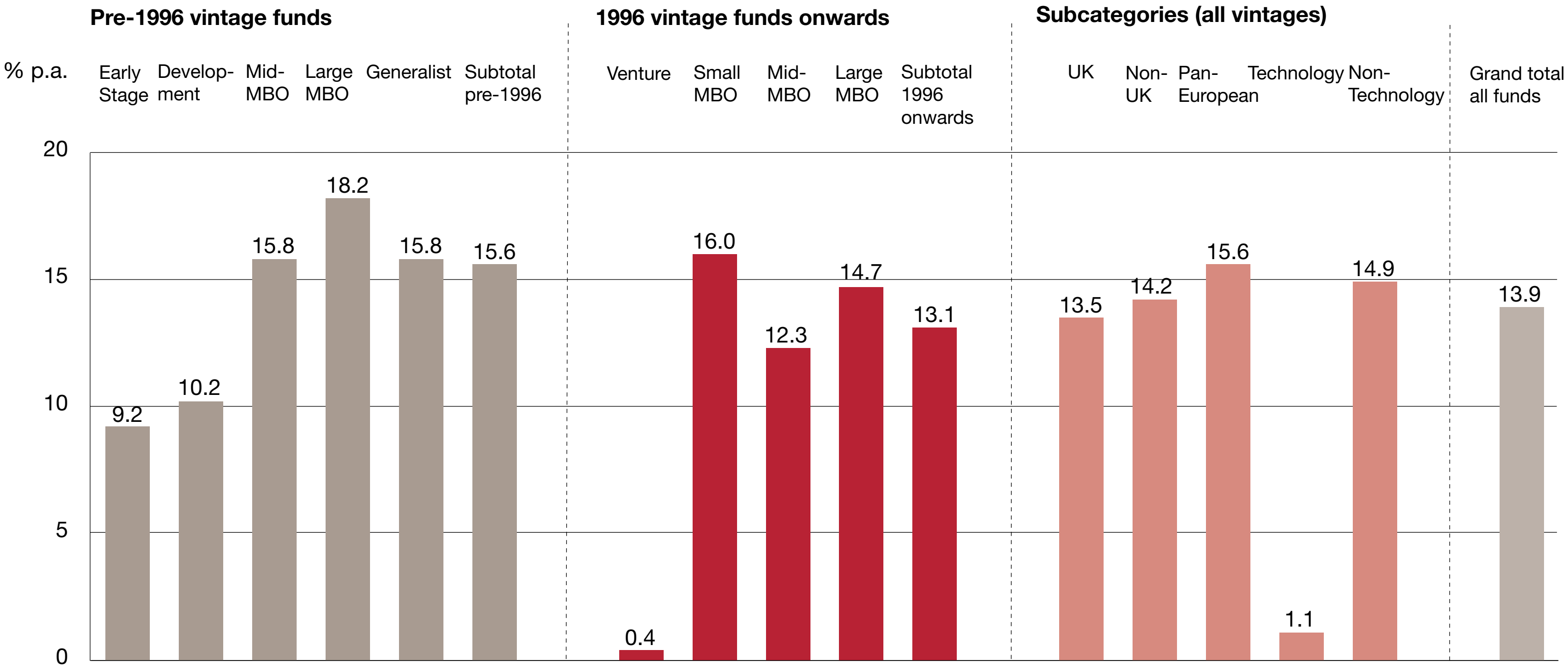
Continued

The since-inception metric measures the performance of private equity over the full lifecycle of the fund. Given that the majority of the pre-1996 vintage funds have either been wound up or retain only minimal residual values, the net since-inception IRR of these funds has remained at 15.6% p.a. for a number of years and is unlikely to materially change in the future.

The more recent funds – those which first drew down their capital between 1996 and 2008 – continue to generate consistent and attractive returns. The since-inception IRR generated by this 301-strong group of funds was 13.1% p.a. as at December 2012. When surveying the totality of all funds raised before 2008, they generate a net return of 13.9% IRR which is marginally – 40 basis points – less than last year's corresponding value. (N.B. Funds raised from 2009 onwards are not included in the computation of since-inception returns as these funds are still at the early stage of their life cycle, and their investment return during this period does not provide a significant indication of their performance at liquidation).

Performance, whether based on a since-inception or fixed timeframe basis, is influenced by the designated investment stage to which the funds were committed. That is, whether the fund invests in companies needing venture or growth capital; companies undergoing expansion or development, or companies engaging in a management buyout (MBO) transaction.

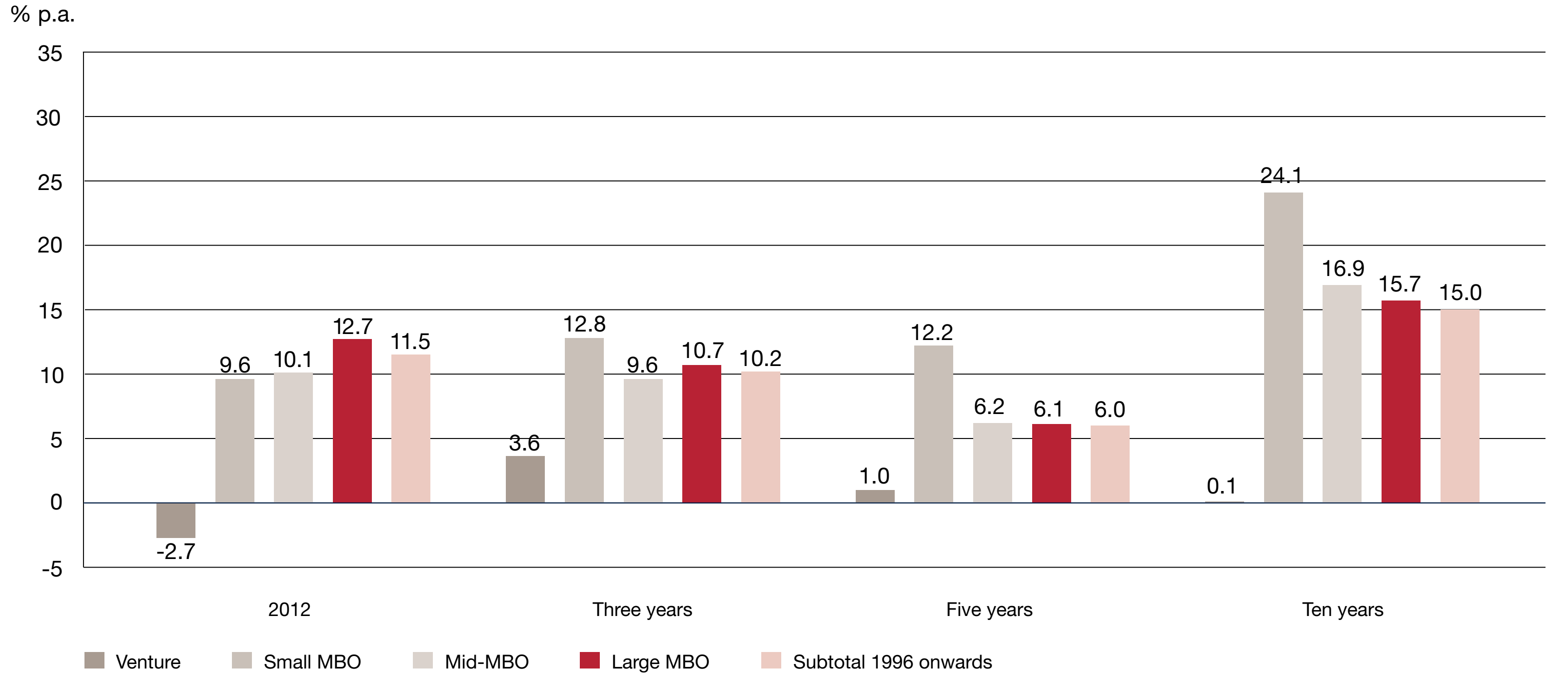
Since-inception performance by investment stage and subcategories to December 2012 – IRR (% p.a.)



On a since-inception basis, and analysing those funds that had a vintage of pre-1996, then the Large MBO stage funds continue to outperform Mid-MBO and Generalist funds, with returns of 18.2% per annum. In recognition of the widespread changes within the UK industry, funds raised after 1996 were classified into four investment stages: Venture, Small MBO, Mid-MBO, and Large MBO. Consistent with a recent trend, the polar ends of the MBO investment space continue to outperform in an impressive fashion on a since-inception basis, with Large MBO-focused funds (14.7% IRR) being outpaced by Small MBO funds (16.0% IRR). In contrast and by implication, even though Mid-MBO-focused funds continue to see a decline in their relative performance since the onset of the global financial crisis, such funds still returned a 12.3% per annum since inception IRR to their investors as at December 2012. While post 1996-vintage venture funds still suffer from a number of temporary and structural issues, recent funds (those with a post-2002 vintage) continue to hold-up well and mature, with IRRs to December 2012 on a since-inception basis standing at 3.6% per annum.

Summary of performance by investment stage and subcategories

1996 vintage funds onwards – IRR (% p.a.)



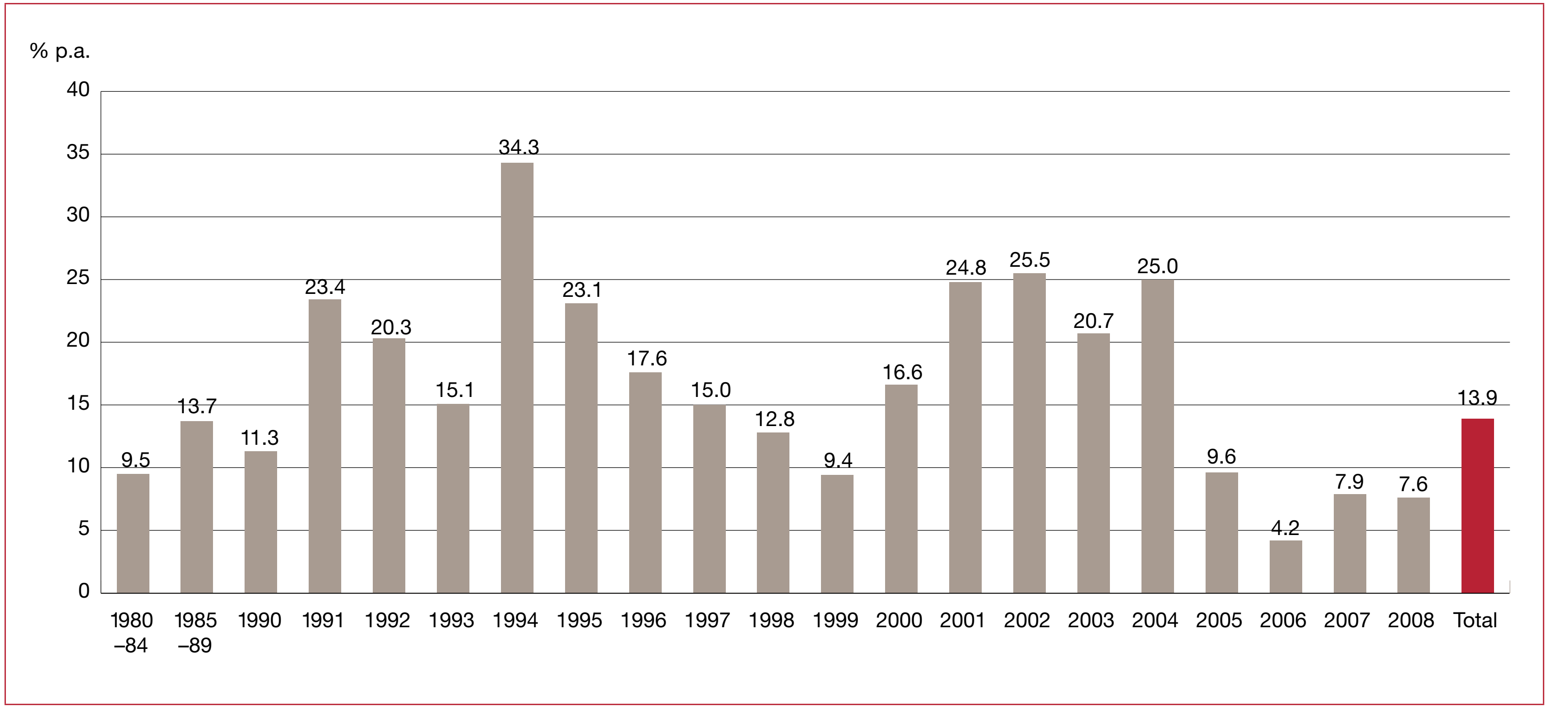
Highlights

Continued

While performance over the short-term, namely over the annual and three year time horizon, provides some interesting insight, analysing UK private equity over the course of the last five years – a period of remarkable change – and the last decade paints a more complete picture. Post 1996-vintage funds within the Small and Mid-MBO investment stages have performed well over the last 10 years, generating per annum (p.a.) returns near the 24% and 17% mark, respectively. Looking more closely at the last five years, in particular, we see that post-1996 vintage Small MBO funds have delivered strong returns above 12% IRR p.a., while Mid and Large MBO-focused funds have generated returns of almost half as much as their smaller counterpart.

Venture capital funds, which typically undertake seed, early and late stage, and expansion investment, are demonstrating clear and tangible signs of improvement in terms of overall performance and indeed the aggregate investment into this space in 2012.

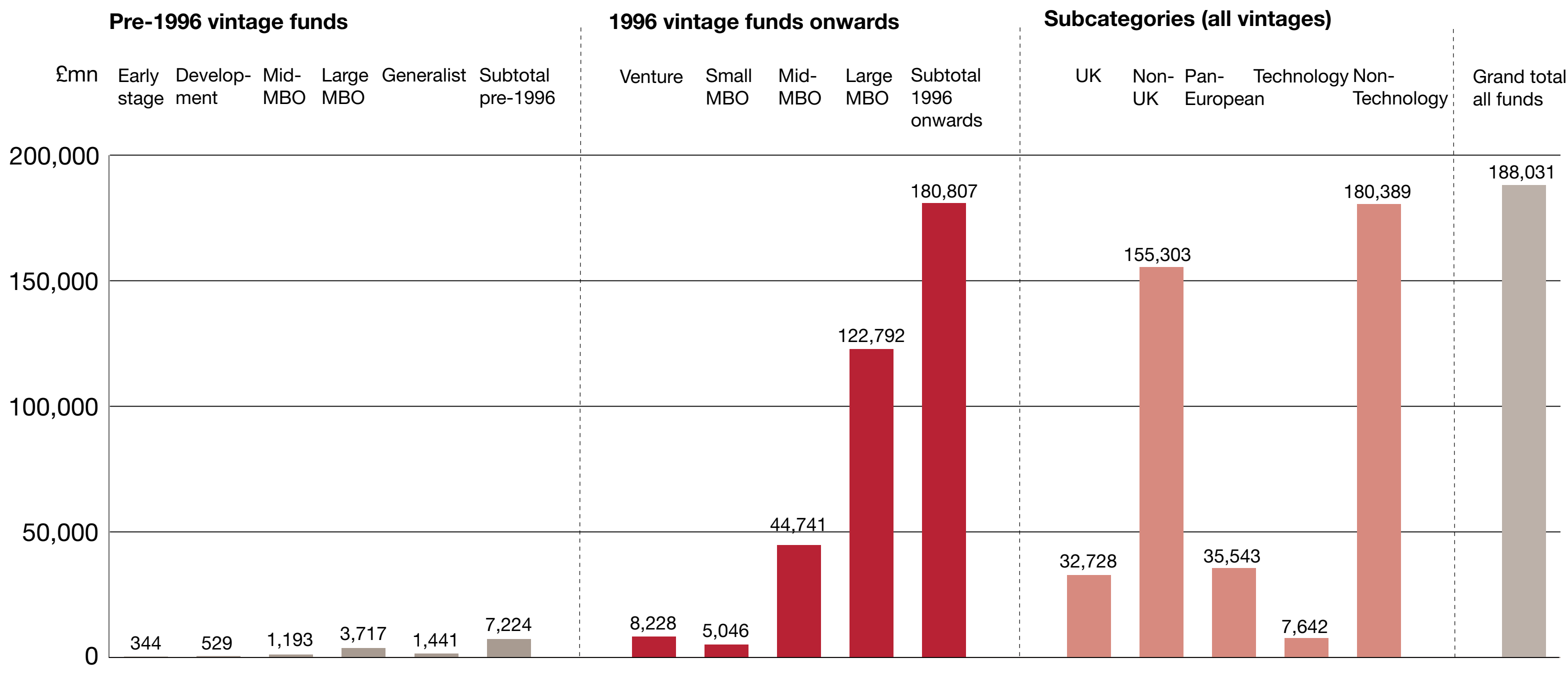
Since-inception return by vintage year to December 2012



As of December 2012, the best performing fund vintages following the Dot-Com bubble on the since-inception measure were 2002 and 2004, generating pooled average IRRs of 25.5% and 25.0% per annum, respectively. This provides further evidence that committing to the private equity asset class during periods of macro-economic recovery can deliver great returns to investors. This is explored in detail in our range of returns analysis later on in the report.

Across all vintage years, BVCA funds have raised £188 billion for investment. Of the capital raised, £155 billion has been drawn down to date. This indicates an amount of around £33 billion that is available for the industry to invest. Of the capital paid in, £135 billion has been returned to investors and £92 billion is retained in the portfolio. The total value (distributions plus residual value) as a percentage of paid-in capital is 146%.

Capital raised by investment stage and subcategory – December 2012



Highlights

Continued

Continuing with an additional piece of analysis first introduced to the Survey in 2008, this section and the accompanying table overleaf explore the underlying performance of venture capital funds. Though always directly compared to the US venture scene, which is itself unique in that it is highly sophisticated and mature, the UK venture space of today is the most comparatively well developed ecosystem in Europe. The myths and anecdotal stories of the European and indeed UK venture scene do not necessarily correspond to the facts and body of analysis, as our own recently commissioned academic study[1] demonstrates.

The analysis of purely commercial venture funds shows that the sector has come out of the Dot-Com bubble in a relatively mixed fashion and still in some areas suffers from some of the bubble's second-round effects. To provide a more holistic and balanced assessment, we segment our funds into three categories according to their respective vintage year bands, specifically, Pre-Bubble (1980 to 1997), Bubble (1998 to 2001) and Post-Bubble (2002 to 2008). Funds raised prior to the Dot-Com boom have delivered a pooled average IRR of 9.1% per annum.

Funds with a vintage at the height of the bubble, between 1998 and 2001, have clearly endured a painful time, not least because of the inflated valuations that were prevalent in both the technology sector and venture capital industry at the time. Very few venture houses on this side of the Atlantic came out of the period unharmed, as large and unsustainable amounts of capital flooded into the industry and depressed the real returns to investors. Within this context, it is not surprising that Dot-Com bubble-vintage funds have returned a collective loss of, on average, 9.1% per annum.

The 2002 to 2008 (Post-Bubble) fund vintages are at an interesting crossroads and begin to show signs of a bifurcation with a select few funds delivering stellar double-digit returns, but the vast majority, at this stage, unable to report positive performance to their investors. The pooled average since inception IRR of -1.4% masks significant underlying differences. Top-quartile funds generated 9.7% IRR and top-decile funds returned 15.7% to their respective investors but bottom-decile and even bottom-quartile funds delivered a broadly similar negative performance. Having said that as these post-bubble vintage funds move further into the divestment phase, the macroeconomic picture improves and policy initiatives begin to take affect and revive the VC exit market, today's performance could well turn out to be an inflection point for the sector.

1. Axelson, Ulf, and Martinovic, Milan (2013), 'European Venture Capital: Myths and Facts' Available online at: http://www.bvca.co.uk/ResearchPublications/ResearchReports.aspx.

Since-inception IRR (%) – venture funds (purely commercial)

	Subtotal	Pre-bubble 1980–1997	Bubble 1998–2001	Post-bubble 2002–2008
No. of funds	99	31	30	38
Pooled average	-0.4	9.1	-9.1	-1.4
10th percentile	16.8	24.5	3.8	15.7
25th percentile	9.1	15.6	0.0	9.7
Median	0.0	9.0	-8.1	-1.1
75th percentile	-9.6	4.4	-14.7	-8.2
90th percentile	-19.0	-9.3	-20.3	-21.5
Inter-decile range	35.8	33.8	24.1	37.2
Range of returns	*98.7*	*71.5*	*59.9*	*78.2*
DPI	76.9	168.9	42.4	29.1
TVPI	114.2	175.8	64.3	103.3

*The table reports the returns of the venture funds with no restrictions in their investment strategy imposed by their investors for purposes other than return maximisation or risk management. These funds are at least four years old. The returns are on the since-inception basis and are annualised.

The UK private equity industry

Drawing a parallel with the wider macro-economic woe observed – the UK economy teetering on the brink of a double-dip recession and persistent problems in Europe, the UK's biggest export partner – in 2012, the aggregate value of investment undertaken by the UK private equity and venture capital industry declined. Year-on-year headline activity saw £12.2bn being invested globally over 2012, down considerably from the £18.6bn invested in 2011. Yet significantly, the number of companies receiving private equity and venture capital investment remained steady at just over a thousand.

Over the last few years, we have progressively witnessed a shift in the destination of both investment and the capital raised by BVCA member firms. This year was no different and is a sign that the UK is an international hub for the asset class, as well as providing further evidence of the expertise and maturity of UK fund managers. In 2012, fully 53% of the total amount invested was undertaken outside the UK, with the majority of this being invested into continental Europe. In aggregate, c. £5.8bn was deployed in the UK while £4.7bn was invested in Europe. Next was the US which saw inward investment of £1.5bn and 'other' destinations as far as Brazil, Israel, Nigeria, India, Japan and Hong Kong also received in total just under £360mn of private equity and venture capital.

Transactions within the management buyout (MBO) and buy-in (MBI) space continued to see the greatest level of activity with well over £6.1bn being committed globally to these types of deals. Yet looking at activity from the perspective of volume, then early stage and expansion – the former of which includes venture capital – accounted for the greatest proportion of total activity.

In 2012, taking into account both UK and overseas activity, around 350 companies received expansion/development capital as they looked to build their businesses. Around 510 UK and overseas-based companies secured venture funding as capital was deployed to support the commercialisation and development of nascent technologies and businesses.

Historically, fundraising has tended to broadly move in tandem with wider investment activity trends. This year, however, saw a rise in fundraising for 2012 as compared to the previous year and somewhat surprisingly a consolidation in the aggregate amount of dry powder. This year saw domestic and overseas-based Limited Partners (LPs) commit just over £5.9bn in total, signifying a positive outlook for the asset class over the coming years as we move towards a sustained macro-economic recovery. Sovereign wealth funds were the biggest sources of capital, committing over £1.3bn, and pension funds, particularly those here in the UK, also invested heavily in total to the tune of £1bn.

Within the bigger picture of anaemic growth here in the UK, financial market volatility, and ongoing concerns about the future direction of the eurozone, it is little surprise that the investment and divestment activity of the UK private equity and venture capital industry has declined over the year. The value of exits, while considerably up in value terms since the trough of 2009, saw £7.2bn (at cost) being divested in 2012. Moreover, there are genuine signs of strength in the underlying portfolios of venture fund managers, with just over 431 UK-based companies receiving this type of financing this year. Post-2002 vintage funds, while still maturing, are showing clear signs of promise – as at December 2012, such funds generated an IRR of 3.6% p.a. on a since-inception basis.

Private equity characteristics

The characteristics of private equity performance differ from other asset classes. Typically, private equity fund investments show less correlation to quoted public equity markets and are relatively illiquid, particularly in the early years. Private equity is a long-term investment, which, in the first few years, will normally show a drop in the net asset value before showing any significant uplift. This is often the effect of management fees being paid out, as well as the costs of initial capital being deployed into companies. Private equity offers institutional investors the opportunity to further diversify their asset allocation with the prospect of stable yet attractive investment returns. It does, however, have different characteristics from quoted equity and it is crucial that an institutional investor considers the appropriateness of private equity in relation to their own particular risk profile and objectives. The life cycle of a private equity fund commitment is typically ten years or more. An investor will receive pro-rata distributions of capital during the life of the fund. There has been a substantial secondary marketplace for private equity fund holdings for some time now and this is likely to rise in prominence in the medium term given the impending regulatory reforms such as Basel III and Solvency II in Europe, and the Dodd-Frank legislation in the US. The 'secondaries market', as it is colloquially known, provides an opportunity for Limited Partners to liquidate or increase their exposure to private equity by buying from or selling fund stakes to other investors in the asset class.

Methods of measurement

The primary method for calculating the return of a private equity fund is based on the annualised internal rate of return (IRR) achieved over a period of time. This report measures performance in predominantly two ways: by 'since inception' and 'medium to long term' (over three, five, and ten years).

One of the unique and defining characteristics of private equity and venture capital is the very irregular timing of cash flows to and from the fund. As such, the IRR is not strictly and directly comparable with more standard measures of returns, namely buy-and-hold estimates of performance. In response to some of these concerns about IRRs, alternative measures have also been proposed and developed and some of these have already been applied to our Survey dataset. We hope to produce a partner paper to this document outlining some of these measures and applying them to the 2012 dataset.

Since inception

This is the most meaningful way in which to measure private equity performance. It measures from the start of a fund's investment (i.e. from the fund's first drawdown) up to a particular point in time. This therefore most closely reflects the return an investor would achieve if they invested at the start of the fund.

Medium to long term

Medium to long -term figures are included in this report so that investors can compare private equity returns with those of other asset classes, which is not possible with the 'since inception' numbers. It is not, however, the most appropriate way to measure private equity performance. The returns quoted in the medium to long -term figures cover all activity of funds in the survey over the measured period to 31 December 2012 – it is not limited to those funds that were in existence at the start of the measured period (e.g. the ten-year return covers all activity of all funds over the period 1 January 2003 to 31 December 2012, regardless of whether the funds had been in existence for the whole of the measured period).

Current year returns

One-year figures are extremely volatile and inappropriate as a realistic measure of private equity performance, since it is largely not possible to invest in a private equity fund for just one year. They can, however, be used as an indication of how well the UK private equity industry performed in that one year.

Reclassification of investment stages for 1996 vintage funds onwards

To reflect changes in the market, which from the mid-1990s have seen the predominance of larger funds, a 'restart' in the venture marketplace and the growing recognition of private equity as an asset class, 1996 vintage funds onwards were (as of the 2005 report) reclassified into four new investment stage categories: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories (i.e. Early Stage, Development, Mid-MBO, Large MBO and Generalist). This is reflected in the tables accordingly. Please see Glossary of Terms for definitions.

Comparative figures are not available, other than for the subcategories of UK and Non-UK, Pan-European and Technology and Non-Technology, which apply to all vintages.

Pan-European funds

From 2004 onwards, an extra subcategory was included, which is dedicated to pan-European UK-based funds. These funds invest, or intend to invest, in more than two European countries.

Fund multiples

We began reporting fund multiples alongside IRRs in the 2004 report. The multiples shown are: the total amount distributed to investors as a percentage of paid-in capital (DPI), and the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital (TVPI).

Returns by investment stage – IRR and multiple

Private equity is a long-term asset class, and over the long-term, both industry-related and independent, academic research indicates that private equity performance is superior to other comparable asset classes. The performance of a private equity fund is influenced by a number of factors, not least the investment stage and the vintage year. The measure of fund performance used throughout this report is the internal rate of return (IRR), which is based on managers' discretionary portfolio cash flows and year-end valuations.

Since-inception IRR by investment stage

The performance of all funds, less those that are not at least four years old (and therefore not yet sufficiently mature), from their inception to December 2012, stood at 13.9% IRR per annum. This year's since-inception performance is marginally down on last year's value, but crucially it is broadly comparable with the average return achieved by the industry as a whole over the last decade or so. Not only does the since-inception metric display persistence and consistency over time around, on average, the fifteen per cent mark, but the dataset from which this has been achieved for this year is believed to be the most comprehensive in terms of its coverage of UK-managed funds.

Pre-1996 vintage funds

As the majority of these funds have been fully wound up or retain only inconsequential residual values, their since-inception return is largely based upon realised cash flows and value. Performance, as at December 2012, has been robust across all investment stages with Large MBO funds delivering 18.2% IRR p.a., followed by Generalist and Mid-MBO funds who have both returned 15.8% to their investors.

1996 vintage onwards

Small and Large MBO funds raised subsequent to 1996 continue to outperform other investment stages, at 16.0% and 14.7% per annum respectively. They are closely followed by Mid-MBO funds, which returned 12.3% p.a. as at December 2012. Venture funds, as a whole, have performed well on a relative basis. While pre-2002 vintage venture funds continue to deliver losses, post-2002 vintages have done nearly as well as compared to the previous year, generating 3.6% IRRs per annum, as at December 2012. This is promising, as the vast majority of these funds are still in their formative years and are yet to fully reach the harvesting phase within the fund itself. As venture managers deploy capital and actively manage the investee companies within their fund, this year's return and indeed the resilience shown throughout the recent global financial crisis should provide them with a solid platform to generate even better performance over the course of the next few years as we move into a macro-economic recovery phase.

Subcategories (all vintages)

Pan-European focused funds, once again, delivered superior performance as compared to the other subcategories, generating an IRR of 15.6% p.a. on a since-inception basis to December 2012. Technology investment-focused funds maintained their march into positive territory (generating 1.1% IRR as at December 2012) and indeed display a notable trend in improvement post financial crisis. This is broadly consistent with venture funds that, as we have seen, are displaying a strong improvement in their underlying portfolios.

Since-inception return – IRR (% p.a.) by investment stage and subcategories

	No. of funds	To Dec '12	To Dec '11	To Dec '10	To Dec '09	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01
Pre-1996 vintage funds													
Early Stage	24	9.2	9.2	9.2	9.2	9.2	9.2	9.3	8.8	8.9	8.9	9.0	9.1
Development	35	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.0	10.0	10.0	10.1	10.1
Mid MBO	33	15.8	15.8	15.8	15.7	15.8	15.8	15.8	15.8	15.9	15.9	15.9	16.0
Large MBO	26	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.1	18.1	18.2	18.1
Generalist	35	15.8	15.8	15.8	15.8	15.8	15.8	15.6	15.6	15.5	15.6	15.6	15.8
Subtotal pre-1996	*153*	*15.6*	*15.6*	*15.6*	*15.6*	*15.6*	*15.6*	*15.5*	*15.5*	*15.5*	*15.5*	*15.5*	*15.5*
1996 vintage funds onwards													
Venture	98	0.4	0.9	-0.3	-2.2	-1.8	-1.6	-0.6	-1.9	-2.4	8.7	29.7	42.0
pre-2002 vintage funds	43	-2.6	-1.3	-1.6	-3.1	-2.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2002 vintage funds onwards	55	3.6	4.0	2.2	0.2	1.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small MBO	32	16.0	15.3	17.9	17.3	6.5	7.3	3.2	1.9	0.3	3.2	1.3	2.6
Mid MBO	126	12.3	12.5	13.2	14.0	14.9	14.9	13.2	9.3	5.9	4.3	3.6	8.0
Large MBO	45	14.7	15.4	17.8	19.2	21.5	23.7	21.0	18.0	13.9	14.3	16.5	30.6
Subtotal 1996 onwards	*301*	*13.1*	*13.6*	*15.2*	*16.1*	*17.2*	*18.9*	*16.4*	*13.2*	*9.4*	*9.7*	*11.7*	*19.8*
Grand total all funds	**454**	**13.9**	**14.3**	**15.3**	**15.9**	**16.4**	**17.3**	**16.0**	**14.4**	**13.0**	**13.6**	**14.6**	**16.2**
Subcategories (all vintages)													
UK	318	13.5	13.6	13.9	14.1	14.6	14.6	14.4	14.0	13.6	14.1	14.5	15.4
Non-UK	136	14.2	14.7	16.6	17.7	18.5	20.2	17.9	14.9	11.8	12.6	15.1	18.7
Pan-European	130	15.6	16.3	18.0	19.3	20.3	21.6	19.7	17.4	14.0	14.9	16.9	20.9
Technology	115	1.1	1.5	0.6	-0.9	-0.6	-0.1	1.0	0.1	0.9	7.4	10.7	12.1
Non-Technology	339	14.9	15.3	16.4	17.0	17.8	18.7	17.3	15.7	14.2	14.5	15.3	17.0

Returns by investment stage – IRR and multiple

Continued

Fund multiples since inception

The multiples show the total amount distributed to investors as a percentage of paid-in capital (DPI), and the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital (TVPI). A DPI of 92% as at December 2012, indicates that BVCA member funds (which are at least four years old) are very near to returning all of the initial capital committed for investments and fees back to their fund-investors. There is, however, a considerable amount of residual value present within these portfolios, which will be liquidated and realised in due course. Taking account of this residual value, the total value (or TVPI multiple) yielded by these funds is 149% of the capital committed by fund-investors as at December 2012.

Pre-1996 vintage funds

Given that the majority of these funds are now fully liquidated and have been for some time, the difference between the DPI and TVPI is infinitesimal. The return of 198% indicates that for every one GBP invested in private equity and venture capital, investors received nearly twice as much in return. Generalist funds delivered the greatest DPI and TVPI followed by Large MBOs, then Mid-MBO, Development capital and Early Stage funds.

1996 vintage funds onwards

This subset of funds contains both relatively mature funds with minimal residual values, and younger funds for which significant unrealised value is contained in their portfolios. As such, there is a large difference between the reported DPI and TVPI. On the narrower measure of DPI, we observe that Small and, especially, Mid -MBOs are the dominant outperformers, with both generating DPI multiples over the 100% mark. The much wider TVPI measure indicates all three buyout stages, across small, mid and large, generated multiples of the order of around 150%. In aggregate, post-1996 vintage funds delivered, on a since-inception basis to December 2012, a TVPI multiple of 146%.

Since-inception return to Dec 2012 – multiple to paid-in capital (%) by investment stage and subcategory

	No. of funds	Distributions Multiple (DPI)	Total Value Multiple (TVPI)
Pre-1996 vintage funds			
Early Stage	24	166	171
Development	35	171	171
Mid MBO	33	177	177
Large MBO	26	192	192
Generalist	35	242	243
Subtotal pre-1996	*153*	*197*	*198*
1996 vintage funds onwards			
Venture	98	54	101
pre-2002 vintage funds	43	71	88
2002 vintage funds onwards	55	37	114
Small MBO	32	102	152
Mid MBO	126	103	147
Large MBO	45	83	149
Subtotal 1996 onwards	*301*	*86*	*146*
Grand total all funds	**454**	**92**	**149**
Subcategories (all vintages)			
UK	318	118	150
Non-UK	136	85	149
Pan-European	130	90	150
Technology	115	61	105
Non-Technology	339	93	151

Medium to long-term IRR by investment stage

Over both the five and ten year time horizons, UK private equity and venture capital once again yielded solid returns, of 6.0% and 15.0%, respectively. Over both timeframes, private equity's performance was far superior to the returns delivered to investors in Total Pension Funds Assets and the FTSE All-Share, according to data from the WM Company. While the headline three-year return has outperformed its principal comparators, the relative performance gap is somewhat closer. All of the underlying investment stages have made strong improvements throughout the last three years and the global financial crisis, most notably in the post-2002 Venture, Small and Mid MBO spaces which delivered 5.2%, 12.8% and 9.6% IRRs, respectively.

Current year IRR

Annual performance figures are highly volatile and unsuitable as a realistic measure of private equity returns. Having said that, they do present a snapshot of activity in a given 12 month window. This year, the annual IRR for the 510 funds covered in the survey was 11.5%.

Pre-1996 vintage funds

The point-to-point returns for the pre-1996 vintage funds are shown only in their summary form and should be interpreted with special care. As the majority of these funds have either been wound up or retain only minimal residual values, even a small number of positive exit events or write-offs can cause large swings in their short-term returns. The weight of money in this group now has little impact on the returns of the total sample.

1996 vintage funds onwards

Across the ten-year time horizon, robust performance was noted over all three of the buyout stages with Small MBO being the dominant outperformer – generating IRRs of 24.1% p.a. – and Mid and Large MBOs both generating returns in excess of the fifteen per cent mark. The Small MBO stage was also the notable outperformer across both the medium to long-term time periods. Equally encouraging are the returns generated from venture funds when this year's performance of 3.6% IRR per annum for the last three years is compared to the corresponding numbers from the previous years' surveys, as is the performance of post-2002 vintage fund across all time periods.

Subcategories (all vintages)

Over the ten-year time frame, the noteworthy outperformers are Pan-European and non-tech focused funds. Over the current year and three-year time horizon, UK private equity outperforms its principal comparators. Indeed, the returns gap is more pronounced over the five and ten -year time frame, with all private equity subcategories other than non-tech consistently outperforming both the FTSE All-Share and the Total Pension Fund universe.

Current year and longer term returns – IRR (% p.a.) by investment stage and subcategory

	No. of funds	2012	Three years	Five years	Ten years
Pre-1996 vintage funds*	*153*	*-3.0*	*-1.6*	*-3.9*	*19.9*
1996 vintage funds onwards					
Venture	117	-2.7	3.6	1.0	0.1
pre-2002 vintage funds	43	-22.5	-1.2	-5.2	-3.4
2002 vintage funds onwards	74	2.5	5.2	4.3	3.2
Small MBO	49	9.6	12.8	12.2	24.1
Mid MBO	143	10.1	9.6	6.2	16.9
Large MBO	48	12.7	10.7	6.1	15.7
Subtotal 1996 onwards	*357*	*11.5*	*10.2*	*6.0*	*15.0*
Grand total all funds	**510**	**11.5**	**10.2**	**6.0**	**15.0**
Subcategories (all vintages)					
UK	353	8.5	10.2	4.0	13.2
Non-UK	157	11.8	10.2	6.3	15.4
Pan-European	149	11.5	9.9	5.8	16.0
Technology	131	-1.9	3.5	1.2	0.1
Non-Technology	379	12.0	10.5	6.2	16.0
Listed Private Equity**	21	4.0	9.1	-3.1	6.1

* The time period returns for the pre-1996 vintage funds are shown only in their summary form and should be interpreted with special care. As the majority of these funds have either been wound up or retain only minimal residual values, a small number of positive exit events or write-offs can cause large swings in their short term returns. The weight of money in this group now has little impact on the returns of the total sample.

** Annualised weighted average total net asset value return, calculated by Morningstar, www.morningstar.com

Returns by investment stage – IRR and multiple

Continued

Since-inception return – IRR (% p.a.) by vintage year

	No. of funds	To Dec '12	To Dec '11	To Dec '10	To Dec '09	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01
1980-84	13	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
1985-89	68	13.7	13.7	13.7	13.7	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
1990	13	11.3	11.3	11.3	11.3	11.4	11.3	11.3	11.1	11.1	11.1	11.6	11.5
1991	14	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.3	23.3	23.3	23.3
1992	7	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.2	20.1	20.0
1993	10	15.1	15.1	15.2	15.0	15.2	15.3	15.3	14.8	14.0	14.6	14.6	14.6
1994	19	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.4	34.4	34.3	34.3	34.9
1995	9	23.1	23.1	23.1	23.1	23.1	23.1	22.2	21.9	21.9	21.8	22.8	25.7
1996	13	17.6	17.6	17.8	17.8	19.1	18.7	18.7	18.6	18.5	19.0	20.1	22.0
1997	24	15.0	15.0	15.0	15.1	15.3	15.6	14.7	14.9	14.3	14.3	13.7	17.6
1998	16	12.8	12.9	12.8	12.9	12.9	12.5	12.2	10.8	10.6	9.3	6.3	n/a
1999	24	9.4	9.7	8.6	8.0	8.0	15.8	8.8	6.2	1.5	-2.0	n/a	n/a
2000	26	16.6	16.6	16.6	16.2	14.1	16.7	14.9	8.7	4.8	n/a	n/a	n/a
2001	30	24.8	25.2	26.1	26.6	27.4	29.1	28.3	23.4	n/a	n/a	n/a	n/a
2002	19	25.5	26.1	26.1	25.5	27.0	30.8	26.6	27.7	n/a	n/a	n/a	n/a
2003	18	20.7	22.0	23.7	17.5	25.4	32.1	23.4	22.2	n/a	n/a	n/a	n/a
2004	10	25.0	26.4	32.0	34.1	41.3	41.1*	25.8	-5.8	n/a	n/a	n/a	n/a
2005	26	9.6	7.4	9.4	8.4	4.2	19.4	24.0	-8.0	n/a	n/a	n/a	n/a
2006	36	4.2	2.4	5.2	-11.8	-12.7	7.2	100.6	n/a	n/a	n/a	n/a	n/a
2007	37	7.9	8.9	12.6	5.1	4.1	24.7	n/a	n/a	n/a	n/a	n/a	n/a
2008	22	7.6	7.8	5.8	-5.7	-2.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total*	**454**	**13.9**	**14.3**	**15.3**	**15.9**	**16.4**	**17.3**	**16.0**	**14.4**	**13.0**	**13.6**	**14.6**	**16.2**
2009	20	4.0	-10.4	8.7	15.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2010	13	18.7	37.9	140.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	14	70.7	-36.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	9	-32.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal 2009-2012	*56*	*12.4*	*6.0*	*11.5*	*-6.3*	*-2.1*	*18.2*	*27.9*	*20.7*	*n/a*	*n/a*	*n/a*	*n/a*

** The 'total' figures for each year end are based on funds that were at least four years old at the relevant year end.*

Since-inception return to Dec 2012 – multiple to paid-in capital (%) by vintage year

	No. of funds	Distributions Multiple (DPI)	Total Value Multiple (TVPI)
1980-84	13	206	206
1985-89	68	184	185
1990	13	157	157
1991	14	186	186
1992	7	193	193
1993	10	194	195
1994	19	265	265
1995	9	192	192
1996	13	189	190
1997	24	168	168
1998	16	172	175
1999	24	141	153
2000	26	182	189
2001	30	179	192
2002	19	155	182
2003	18	129	171
2004	10	136	203
2005	26	74	143
2006	36	30	116
2007	37	30	125
2008	22	15	118
Total	454	92	149

Medium to long-term return – IRR (% p.a.) by vintage year

	No. of funds	2012	Three years	Five years	Ten years
1980-84	13	n/a	n/a	n/a	n/a
1985-89	68	0.0	-1.2	0.9	6.4
1990	13	n/a	-95.9	-11.5	-10.9
1991	14	n/a	n/a	n/a	81.2
1992	7	n/a	n/a	n/a	39.4
1993	10	-3.5	0.0	-1.1	21.7
1994	19	-12.0	0.9	-8.1	37.1
1995	9	n/a	2.6	-25.4	18.5
1996	13	33.3	-23.7	115.1	18.3
1997	24	-15.2	11.8	-19.5	19.0
1998	16	-17.1	9.1	56.9	24.1
1999	24	-14.5	-2.2	-2.9	18.1
2000	26	7.9	11.8	7.9	21.3
2001	30	-10.6	-7.6	-0.9	29.3
2002	19	1.4	11.0	1.3	27.1
2003	18	1.1	7.8	5.0	n/a
2004	10	7.1	18.9	13.2	n/a
2005	26	25.8	11.7	7.7	n/a
2006	36	11.8	13.5	3.8	n/a
2007	37	4.7	9.2	7.5	n/a
2008	22	7.4	9.5	n/a	n/a
2009	20	21.6	3.6	n/a	n/a
2010	13	1.1	n/a	n/a	n/a
2011	14	110.9	n/a	n/a	n/a
2012	9	n/a	n/a	n/a	n/a
Total	510	11.5	10.2	6.0	15.0

Returns by vintage year (1996 onwards) and investment stage – IRR and multiple

Since-inception return to Dec 2012 – IRR (% p.a.) by vintage year and investment stage

	Small/Mid MBO - to Dec '12		Mid/Large MBO - to Dec '12		Venture - to Dec '12	
	No. of funds	IRR (% p.a.)	No. of funds	IRR (% p.a.)	No. of funds	IRR (% p.a.)
1996	11	12.4	10	18.0	0	n/a
1997	12	6.9	12	14.7	10	21.0
1998	11	6.8	12	13.1	1	n/a
1999	12	10.2	14	10.1	9	-2.0
2000	13	18.0	12	20.8	11	-7.8
2001	13	26.4	16	26.3	12	-2.2
2002	6	29.7	7	32.4	12	-1.1
2003	10	21.8	10	22.8	6	1.2
2004	6	24.8	7	25.9	2	n/a
2005	13	8.2	18	9.9	7	2.8
2006	17	-2.0	18	4.0	12	7.9
2007	22	8.2	22	8.0	11	6.3
2008	12	9.7	13	7.3	5	1.0
Total	158	12.5	171	13.9	98	0.4

Since-inception return to Dec 2012 – multiple to paid-in capital (%) by vintage year and investment stage

	Small/Mid MBO - to Dec '12			Mid/Large MBO - to Dec '12			Venture - to Dec '12		
	No. of funds	Distributions (DPI)	Total Value (TVPI)	No. of funds	Distributions (DPI)	Total Value (TVPI)	No. of funds	Distributions (DPI)	Total Value (TVPI)
1996	11	160	161	10	191	192	0	n/a	n/a
1997	12	137	137	12	171	172	10	158	160
1998	11	138	141	12	175	178	1	n/a	n/a
1999	12	143	158	14	146	157	9	77	89
2000	13	166	176	12	211	215	11	36	58
2001	13	197	210	16	184	196	12	64	89
2002	6	210	227	7	177	203	12	67	96
2003	10	151	181	10	133	175	6	56	105
2004	6	139	180	7	139	206	2	n/a	n/a
2005	13	67	135	18	75	144	7	41	112
2006	17	30	94	18	31	116	12	13	130
2007	22	35	126	22	31	125	12	35	122
2008	12	40	119	13	13	117	5	12	102
Total	**158**	**103**	**148**	**171**	**88**	**149**	**98**	**54**	**102**

Returns by vintage year (1996 onwards) and investment stage – IRR and multiple

Continued

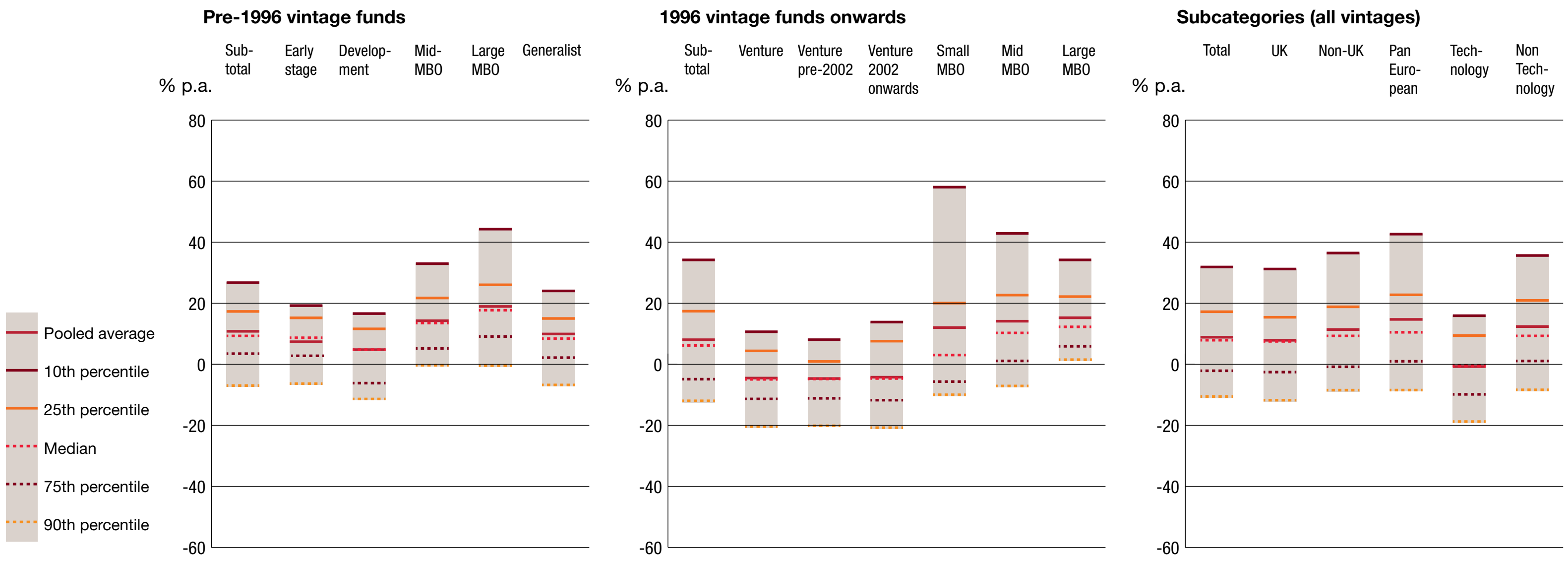
Medium to long-term return – IRR (% p.a.) by vintage year and investment Stage

	Small/Mid MBO			Mid/Large MBO			Venture		
	No. of funds	Three years	Five years	No. of funds	Three years	Five years	No. of funds	Three years	Five years
1996	11	5.4	6.9	10	23.5	80.8	0	n/a	n/a
1997	12	67.6	-7.5	12	27.2	-24.2	10	-0.2	-4.2
1998	11	-8.0	-2.6	12	9.2	69.1	1	n/a	n/a
1999	12	15.4	6.8	14	-2.2	-2.8	9	-1.7	-4.5
2000	13	4.7	-12.1	12	17.8	12.0	11	-8.3	-8.8
2001	13	1.9	9.7	16	-7.6	-1.0	12	7.8	-1.1
2002	6	20.6	4.8	7	20.0	4.0	12	-7.5	-6.4
2003	10	18.2	3.0	10	7.4	4.3	6	0.8	7.3
2004	6	18.5	22.5	7	19.5	13.7	2	-4.8	-11.4
2005	13	9.6	10.8	18	11.7	7.9	7	13.3	4.4
2006	17	2.4	-2.8	18	13.8	3.6	12	10.7	9.6
2007	22	13.9	8.5	22	9.0	7.5	11	10.0	7.4
2008	12	18.1	n/a	13	14.5	n/a	5	0.2	n/a
2009	11	0.6	n/a	7	5.6	n/a	8	-6.4	n/a
2010	10	n/a	n/a	3	n/a	n/a	3	n/a	n/a
2011	8	n/a	n/a	6	n/a	n/a	5	n/a	n/a
2012	5	n/a	n/a	4	n/a	n/a	3	n/a	n/a
Total	**192**	**9.9**	**6.6**	**191**	**10.5**	**6.1**	**117**	**3.6**	**1.0**

Range of returns (IRR and multiple) since inception – investment stage and subcategory

Range of returns IRR (%) by investment stage and subcategory

Since inception to December 2012



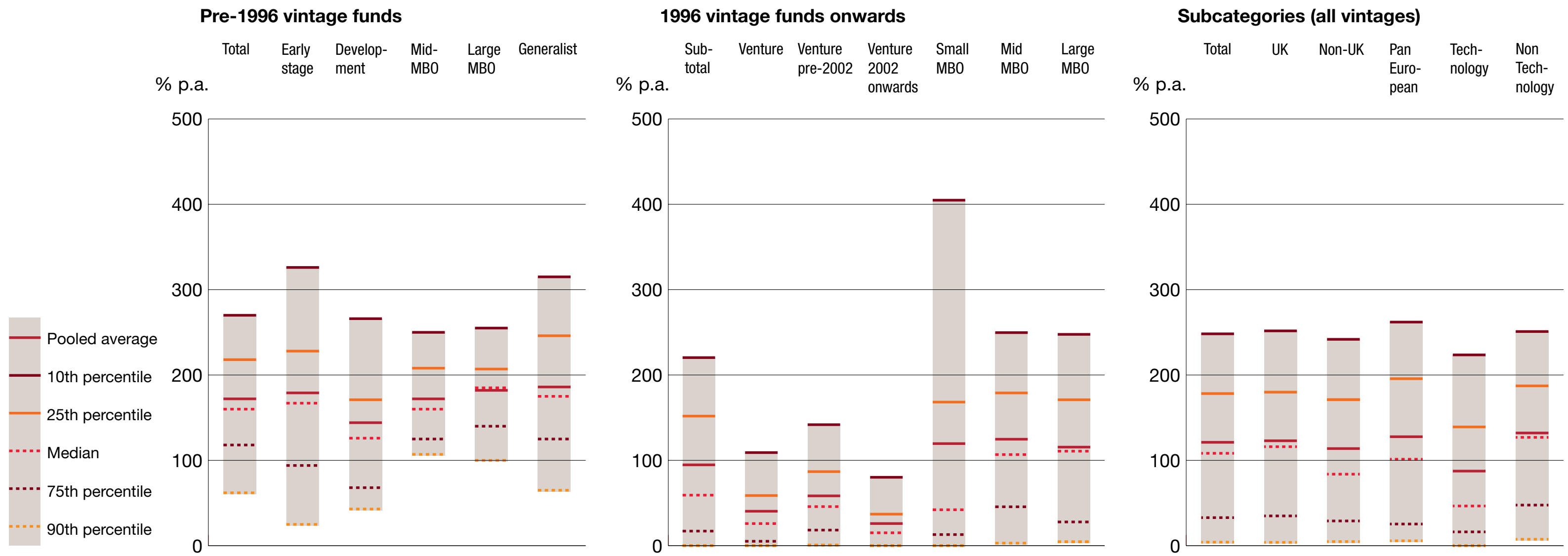
	Pre-1996 Sub-total	Early stage	Develop-ment	Mid-MBO	Large MBO	Generalist	1996 onwards Sub-total	Venture	Venture pre-2002	Venture 2002 onwards	Small MBO	Mid MBO	Large MBO	Total	UK	Non-UK	Pan Euro-pean	Tech-nology	Non Tech-nology
No. of funds	153	24	35	33	26	35	301	98	43	55	32	126	45	454	318	136	130	115	339
Pooled average	11.1	7.7	4.9	14.5	19.2	10.2	8.3	-4.1	-4.4	-4.0	12.2	14.4	15.5	9.2	8.2	11.7	15.0	-0.5	12.6
10th percentile	27.0	19.5	16.9	33.2	44.5	24.3	34.4	11.2	8.4	14.0	58.1	43.2	34.5	32.0	31.4	36.6	43.0	16.1	36.0
25th percentile	17.6	15.4	11.9	22.0	26.3	15.3	17.6	4.7	1.2	7.9	20.5	22.9	22.5	17.6	15.7	19.2	23.0	9.8	21.1
Median	9.6	9.0	5.1	13.8	18.0	8.7	6.4	-4.5	-4.5	-4.2	3.5	10.6	12.6	8.2	7.8	9.6	10.9	-0.3	9.6
75th percentile	3.8	3.0	-5.8	5.5	9.4	2.5	-4.5	-11.0	-10.8	-11.4	-5.3	1.4	6.3	-1.8	-2.2	-0.4	1.3	-9.6	1.4
90th percentile	-6.5	-6.0	-11.0	1.5	0.8	-6.3	-11.6	-20.0	-19.6	-20.4	-9.6	-6.6	1.7	-10.2	-11.4	-8.0	-8.0	-18.4	-8.0
Inter-decile range	33.5	25.5	28.0	31.7	43.7	30.6	46.0	31.3	28.0	34.4	67.7	49.7	32.8	42.2	42.8	44.6	51.1	34.5	44.0
Range of returns	*111.6*	*52.9*	*63.0*	*47.6*	*67.4*	*111.6*	*133.2*	*98.7*	*98.7*	*78.2*	*102.7*	*109.5*	*90.6*	*133.2*	*133.1*	*109.6*	*115.8*	*98.7*	*113.5*

Range of returns (IRR and multiple) since inception – investment stage and subcategory

Continued

Range of returns (multiple) by investment stage and subcategory (%) Distributions (DPI)

Since inception to December 2012



Pre-1996 vintage funds

	Total	Early stage	Develop-ment	Mid-MBO	Large MBO	Generalist
No. of funds	153	24	35	33	26	35
Pooled average	172	179	144	172	182	186
10th percentile	270	326	266	250	255	315
25th percentile	218	228	171	208	207	246
Median	160	167	126	160	185	175
75th percentile	118	94	68	125	140	125
90th percentile	62	25	43	107	100	65
Inter-decile range	208	301	223	143	155	250
Range of returns	*539*	*511*	*492*	*265*	*400*	*522*

1996 vintage funds onwards

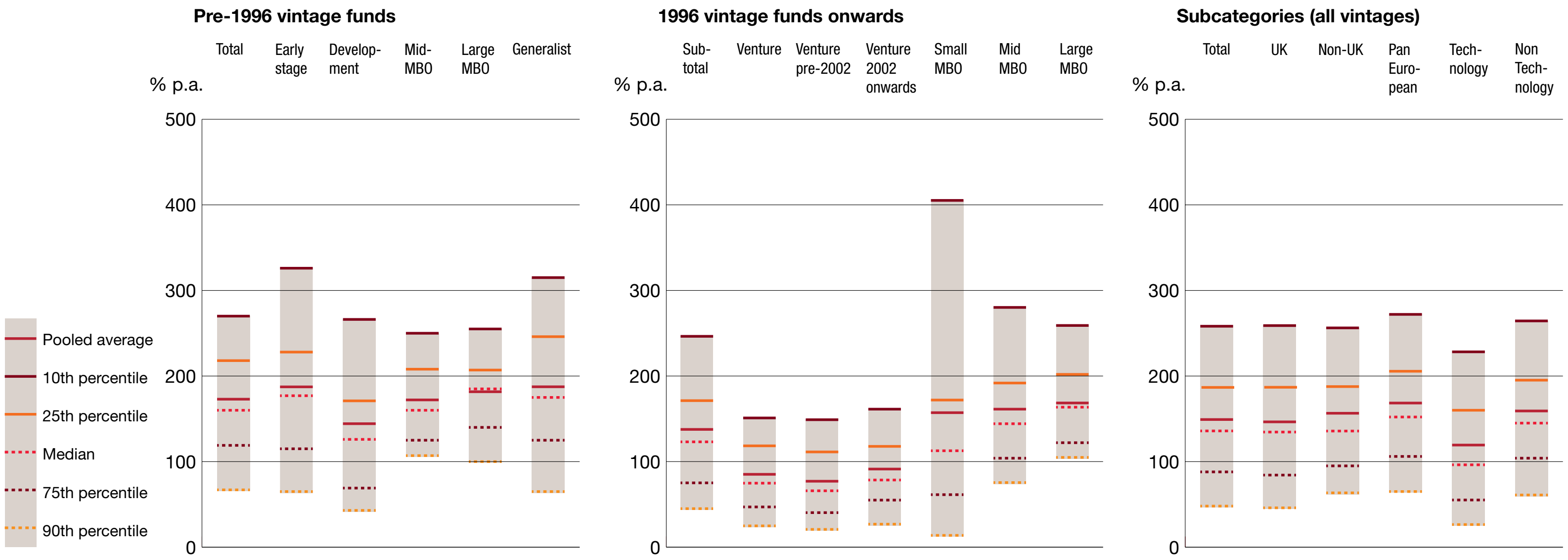
	Sub-total	Venture	Venture pre-2002	Venture 2002 onwards	Small MBO	Mid MBO	Large MBO
No. of funds	301	98	43	55	32	126	45
Pooled average	95	40	58	26	119	124	115
10th percentile	220	109	142	80	405	249	247
25th percentile	152	59	87	37	168	179	171
Median	59	26	46	15	42	107	111
75th percentile	17	5	18	0	13	46	28
90th percentile	0	0	1	0	0	3	5
Inter-decile range	220	109	141	80	405	246	243
Range of returns	*723*	*201*	*201*	*109*	*723*	*531*	*327*

Subcategories (all vintages)

	Total	UK	Non-UK	Pan European	Technology	Non Technology
No. of funds	454	318	136	130	115	339
Pooled average	121	123	114	128	87	132
10th percentile	248	252	241	262	224	251
25th percentile	179	180	171	196	139	187
Median	108	116	84	102	46	127
75th percentile	33	35	29	26	16	48
90th percentile	4	4	5	6	0	8
Inter-decile range	244	248	236	255	224	243
Range of returns	*723*	*553*	*723*	*723*	*511*	*723*

Range of returns (multiple) by investment stage and subcategory (%) Total Value (TVPI)

Since inception to December 2012

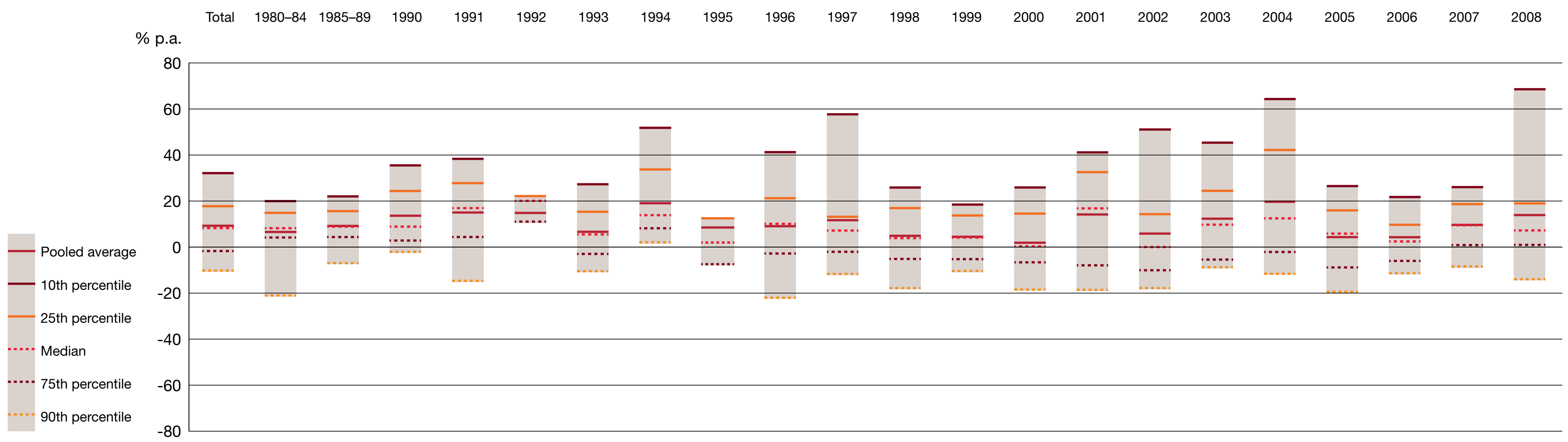


	Total	Early stage	Development	Mid-MBO	Large MBO	Generalist	Sub-total	Venture	Venture pre-2002	Venture 2002 onwards	Small MBO	Mid MBO	Large MBO	Total	UK	Non-UK	Pan European	Technology	Non Technology
No. of funds	153	24	35	33	26	35	301	98	43	55	32	126	45	454	318	136	130	115	339
Pooled average	173	187	144	172	182	187	137	85	77	91	157	161	168	149	146	156	168	119	159
10th percentile	270	326	266	250	255	315	247	151	149	161	405	280	259	258	259	256	272	228	264
25th percentile	218	228	171	208	207	246	171	118	111	118	172	192	202	187	187	188	206	160	195
Median	160	177	126	160	185	175	123	75	66	79	112	144	163	136	135	136	152	96	144
75th percentile	119	115	69	125	140	125	75	47	41	55	61	104	122	88	84	95	106	55	104
90th percentile	68	65	43	107	100	65	45	25	21	27	14	75	105	49	47	63	65	26	61
Inter-decile range	202	261	223	143	155	250	203	126	128	134	391	205	153	209	213	193	207	202	204
Range of returns	*532*	*505*	*492*	*265*	*399*	*522*	*724*	*325*	*201*	*325*	*724*	*531*	*277*	*724*	*553*	*724*	*724*	*511*	*724*

Range of returns (IRR and multiple) since inception – vintage year

Range of returns – IRR (%) by vintage year

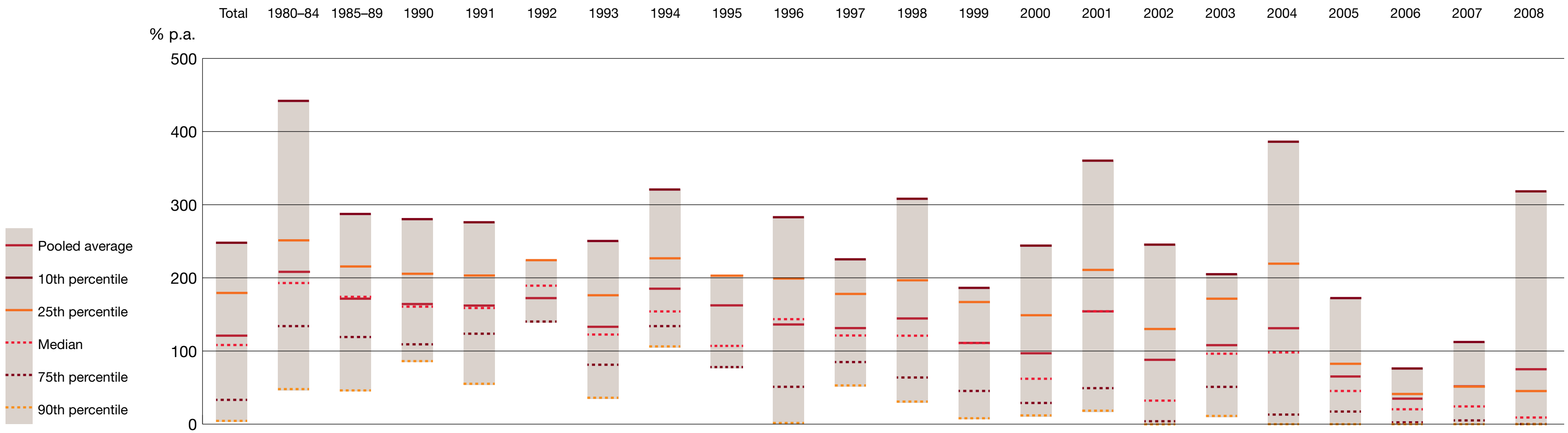
Since inception to December 2012



	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	454	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	10	26	36	37	22
Pooled average	9.2	6.4	9.1	13.5	15.0	14.7	6.5	19.0	8.5	9.0	11.7	4.8	4.4	1.8	14.1	5.8	12.3	19.6	4.3	4.2	9.6	13.9
10th percentile	32.0	19.9	21.9	35.4	38.2	n/a	27.2	51.6	n/a	41.0	57.5	25.8	18.5	25.8	41.1	50.9	45.2	64.2	26.4	21.7	25.9	68.4
25th percentile	17.6	14.7	15.7	24.2	27.8	22.0	15.4	33.7	12.4	21.2	12.9	16.8	13.8	14.4	32.3	14.2	24.4	42.1	15.9	9.6	18.6	18.9
Median	8.2	8.1	8.8	8.9	16.8	20.2	5.3	13.8	1.9	10.0	7.1	3.9	4.1	0.1	16.7	0.0	9.7	12.5	5.8	2.5	9.4	7.1
75th percentile	-1.8	4.1	4.2	2.8	4.3	11.0	-3.0	8.0	-7.6	-2.9	-2.0	-5.2	-5.3	-6.7	-8.0	-10.1	-5.4	-2.0	-8.8	-6.1	0.9	0.9
90th percentile	-10.2	-21.1	-7.0	-2.1	-14.7	n/a	-10.6	2.0	n/a	-22.1	-11.7	-17.9	-10.4	-18.5	-18.6	-17.9	-8.9	-11.7	-19.4	-11.4	-8.4	-14.0
Inter-decile range	*42.2*	*41.0*	*29.0*	*37.5*	*52.9*	*n/a*	*37.8*	*49.6*	*n/a*	*63.1*	*69.2*	*43.6*	*28.9*	*44.2*	*59.7*	*68.8*	*54.1*	*75.8*	*45.8*	*33.1*	*34.2*	*82.4*
Range of returns	*133.2*	*56.8*	*67.6*	*39.4*	*61.3*	*31.2*	*39.0*	*52.9*	*91.9*	*83.2*	*97.8*	*65.3*	*44.8*	*101.4*	*86.6*	*89.8*	*83.7*	*77.8*	*89.9*	*96.7*	*87.6*	*107.8*

Range of returns – multiple (%) by vintage year
Distributions (DPI)

Since inception to December 2012



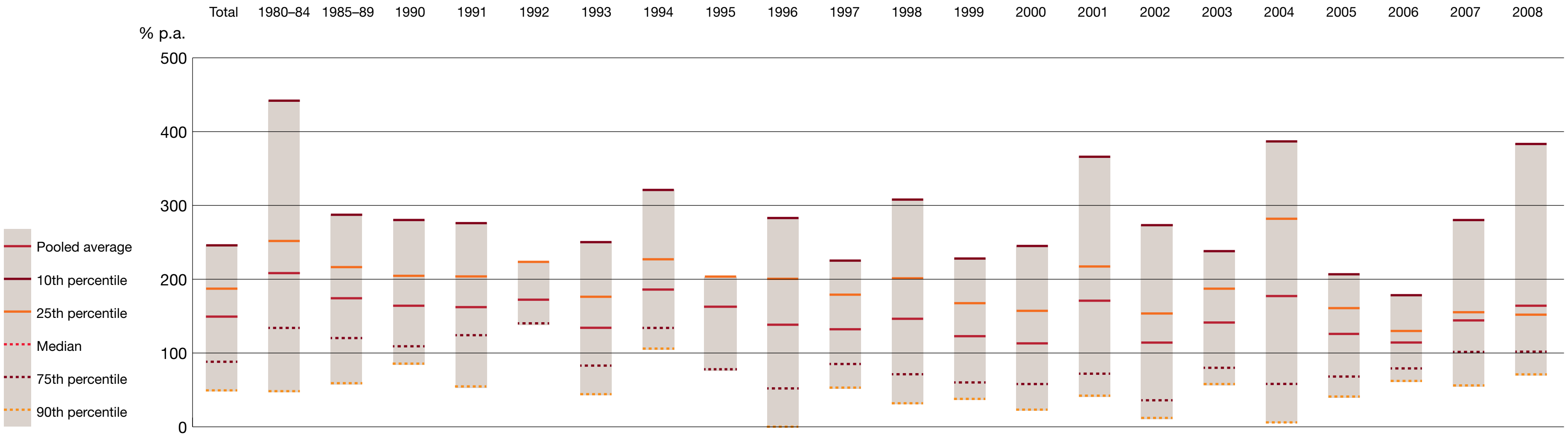
	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	454	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	10	26	36	37	22
Pooled average	121	208	171	164	162	172	132	185	162	137	131	144	111	97	154	88	108	131	65	35	52	75
10th percentile	248	441	287	281	276	n/a	250	321	n/a	283	225	308	186	244	360	245	205	386	172	76	112	318
25th percentile	179	251	216	205	203	224	176	227	203	199	178	197	167	148	211	130	171	219	83	41	51	45
Median	108	193	174	161	159	189	123	154	107	143	121	121	111	62	154	32	96	98	45	20	24	9
75th percentile	33	134	119	109	124	140	81	134	78	51	85	64	45	29	49	4	51	13	17	3	5	0
90th percentile	4	48	46	86	55	n/a	36	106	n/a	1	53	31	8	12	18	0	11	0	0	0	0	0
Inter-decile range	244	393	240	195	221	n/a	214	215	n/a	281	172	277	178	232	342	245	194	386	172	76	112	318
Range of returns	*723*	*492*	*511*	*208*	*273*	*178*	*220*	*354*	*497*	*307*	*291*	*441*	*282*	*342*	*553*	*352*	*227*	*398*	*219*	*251*	*531*	*723*

Range of returns (IRR and multiple) since inception – vintage year

Continued

Range of returns – multiple (%) by vintage year Total Value (TVPI)

Since inception to December 2012

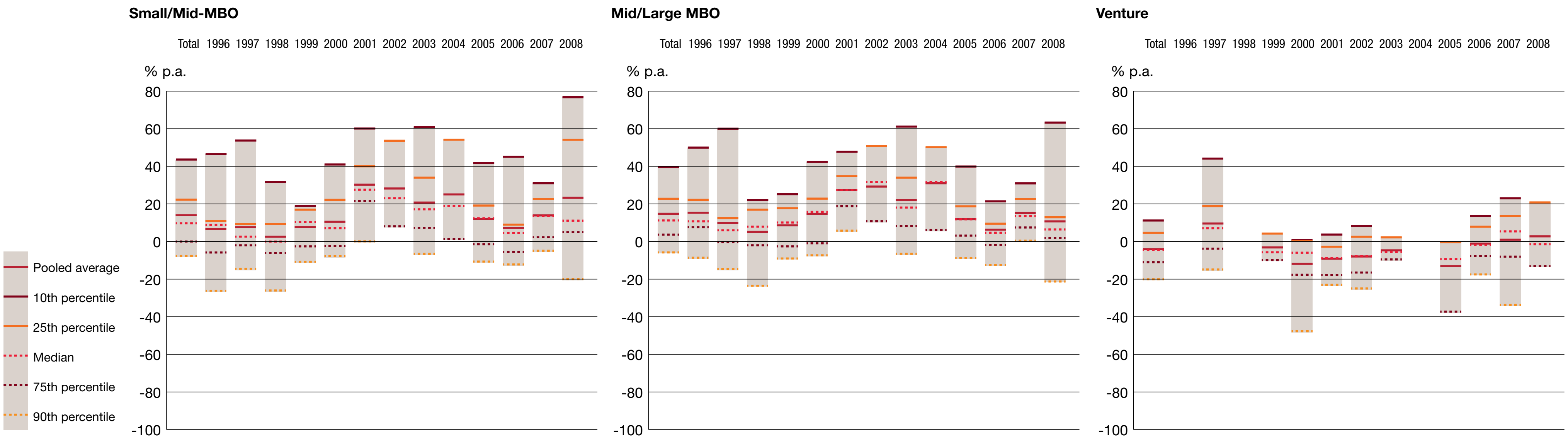


	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	454	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	10	26	36	37	22
Pooled average	149	208	174	164	162	172	134	186	163	138	132	146	123	113	171	114	141	177	126	114	144	164
10th percentile	258	441	287	281	276	n/a	250	321	n/a	283	226	308	229	245	367	273	238	387	207	179	281	383
25th percentile	187	251	216	205	203	224	176	227	203	200	179	202	168	157	217	154	187	282	161	130	155	152
Median	136	193	177	161	159	189	123	159	107	145	124	123	124	96	166	70	142	163	133	107	129	120
75th percentile	88	134	120	109	124	140	83	134	78	52	85	71	60	58	72	36	80	58	68	79	101	102
90th percentile	49	48	59	86	55	n/a	44	106	n/a	1	53	32	38	23	42	12	58	6	41	62	56	71
Inter-decile range	*209*	*393*	*227*	*195*	*221*	*n/a*	*206*	*215*	*n/a*	*282*	*173*	*277*	*192*	*222*	*325*	*261*	*180*	*381*	*166*	*117*	*225*	*311*
Range of returns	*724*	*492*	*505*	*208*	*273*	*178*	*211*	*354*	*497*	*307*	*291*	*441*	*260*	*344*	*547*	*352*	*227*	*398*	*337*	*201*	*531*	*681*

Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year

Range of returns – IRR (%) by investment stage and vintage year

Since inception to December 2012



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	158	11	12	11	12	13	13	6	10	6	13	17	22	12
Pooled average	13.9	6.5	7.6	2.5	7.6	10.5	30.2	28.2	20.9	25.0	12.0	7.2	13.8	23.2
10th percentile	43.6	46.5	53.7	31.7	18.9	41.0	60.1	n/a	61.1	n/a	41.7	45.0	30.9	76.7
25th percentile	22.1	11.2	9.3	9.5	16.9	22.0	39.9	53.6	33.9	54.1	19.2	9.0	22.7	54.1
Median	9.7	8.8	2.6	0.0	10.3	7.1	27.5	23.0	17.1	18.9	12.3	4.6	13.5	11.1
75th percentile	0.0	-5.9	-2.0	-6.2	-2.6	-2.4	21.5	8.1	7.3	1.3	-1.4	-5.5	2.2	4.9
90th percentile	-7.7	-26.2	-14.5	-26.1	-10.8	-7.7	-0.2	n/a	-6.5	n/a	-10.7	-12.2	-4.9	-20.0
Inter-decile range	51.3	72.7	68.2	57.8	29.7	48.7	60.3	n/a	67.6	n/a	52.4	57.2	35.8	96.7
Range of returns	*109.5*	*83.2*	*90.1*	*65.3*	*32.9*	*55.7*	*70.6*	*61.8*	*70.7*	*73.8*	*54.5*	*93.2*	*60.2*	*107.8*

Mid/Large MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	171	10	12	12	14	12	16	7	10	7	18	18	22	13
Pooled average	14.7	15.3	9.9	5.1	8.6	14.7	27.3	29.2	22.0	30.9	11.9	6.3	15.2	10.7
10th percentile	39.5	50.0	60.1	21.9	25.4	42.5	47.7	n/a	61.1	n/a	39.9	21.3	30.9	63.2
25th percentile	22.8	22.3	12.5	16.8	17.5	22.9	34.7	50.9	33.9	50.2	18.7	9.6	22.7	12.9
Median	11.2	10.8	5.9	7.9	10.1	15.8	27.4	31.7	18.1	31.7	11.8	4.7	13.5	6.4
75th percentile	3.7	7.6	-0.2	-2.0	-2.6	-0.8	20.0	10.8	8.2	6.1	3.1	-1.8	7.5	1.8
90th percentile	-5.8	-8.6	-14.5	-23.6	-9.0	-7.2	5.9	n/a	-6.5	n/a	-8.7	-12.5	0.5	-21.2
Inter-decile range	45.3	58.7	74.6	45.4	34.4	49.6	41.8	n/a	67.6	n/a	48.6	33.7	30.4	84.4
Range of returns	*109.6*	*63.1*	*97.8*	*53.1*	*44.8*	*55.7*	*70.6*	*61.8*	*70.7*	*61.4*	*52.8*	*93.2*	*56.5*	*107.8*

Venture

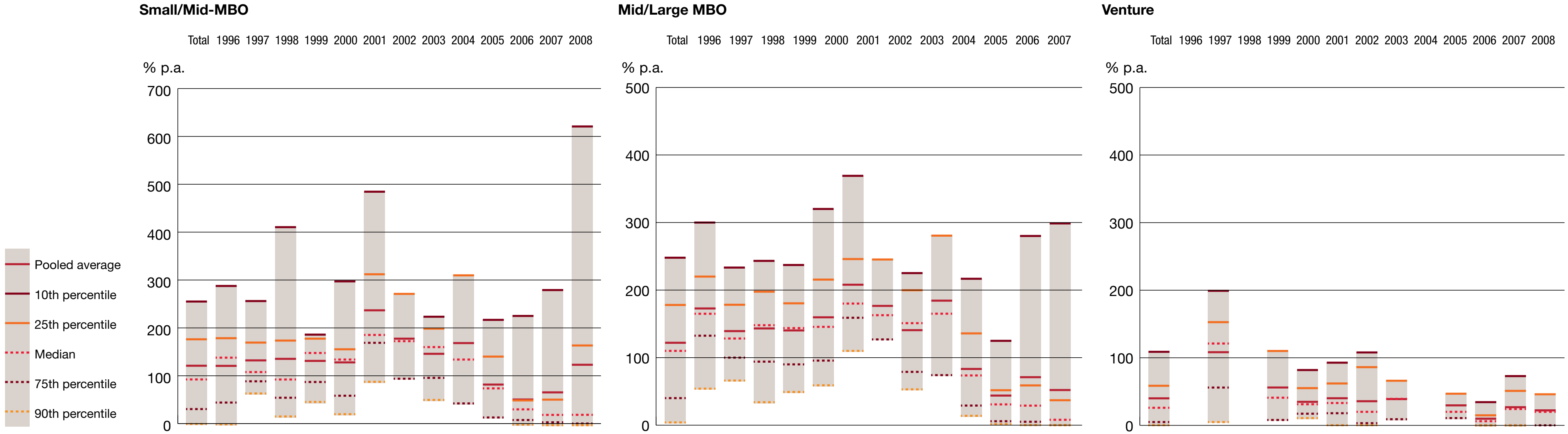
	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	98	0	10	1	9	11	12	12	6	2	7	12	11	5
Pooled average	-4.1	n/a	9.5	n/a	-3.3	-11.9	-9.1	-7.9	-4.7	n/a	-13.1	-1.1	1.0	2.8
10th percentile	11.2	n/a	43.9	n/a	n/a	1.0	3.8	8.3	n/a	n/a	n/a	13.5	22.9	n/a
25th percentile	4.7	n/a	19.0	n/a	4.1	0.2	-2.7	2.5	2.2	n/a	-0.4	7.8	13.6	21.0
Median	-4.5	n/a	7.1	n/a	-5.6	-5.9	-8.8	-7.8	-5.5	n/a	-9.3	-1.8	5.4	-1.5
75th percentile	-11.0	n/a	-3.9	n/a	-9.9	-17.8	-17.9	-16.5	-9.6	n/a	-37.4	-7.8	-8.0	-13.2
90th percentile	-20.0	n/a	-14.8	n/a	n/a	-47.7	-23.0	-25.0	n/a	n/a	n/a	-17.5	-33.8	n/a
Inter-decile range	31.3	n/a	58.7	n/a	n/a	48.7	26.8	33.3	n/a	n/a	n/a	31.0	56.7	n/a
Range of returns	*98.7*	*n/a*	*59.6*	*n/a*	*16.7*	*55.8*	*29.5*	*36.4*	*30.3*	*n/a*	*62.1*	*34.3*	*61.0*	*46.5*

Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year

Continued

Range of returns – multiple (%) by investment stage and vintage year Distributions (DPI)

Since inception to December 2012



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	158	11	12	11	12	13	13	6	10	6	13	17	22	12
Pooled average	123	123	134	137	133	130	238	179	148	170	84	53	68	125
10th percentile	256	288	257	410	188	298	484	n/a	225	n/a	218	226	280	619
25th percentile	178	179	173	176	179	157	313	272	200	310	141	52	53	166
Median	95	139	110	95	150	136	187	174	162	136	76	33	22	22
75th percentile	33	47	91	57	90	61	171	96	98	45	16	11	5	3
90th percentile	3	1	66	18	48	23	90	n/a	53	n/a	0	2	0	0
Inter-decile range	253	287	191	392	141	275	394	n/a	171	n/a	218	224	280	619
Range of returns	*723*	*307*	*232*	*441*	*146*	*342*	*489*	*352*	*176*	*382*	*219*	*250*	*531*	*723*

Mid/Large MBO

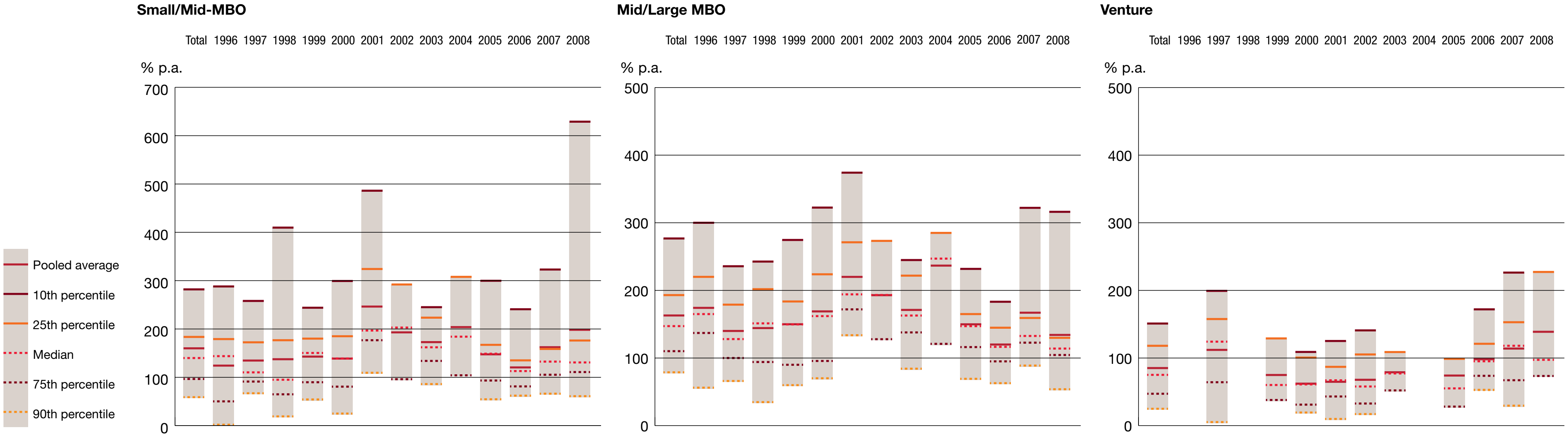
	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
No. of funds	171	10	12	12	14	12	16	7	10	7	18	18	22	13
Pooled average	122	173	139	143	141	160	208	177	141	185	83	44	71	52
10th percentile	248	301	234	242	237	320	369	n/a	225	n/a	217	125	280	298
25th percentile	178	220	178	197	180	216	246	245	200	281	136	52	59	37
Median	110	165	128	148	144	146	180	163	151	165	74	31	29	8
75th percentile	40	133	100	94	90	96	159	127	79	74	29	6	5	0
90th percentile	4	54	66	34	49	59	110	n/a	53	n/a	14	2	0	0
Inter-decile range	244	247	168	208	187	261	260	n/a	171	n/a	204	122	280	298
Range of returns	*531*	*260*	*189*	*232*	*238*	*283*	*318*	*352*	*176*	*343*	*219*	*251*	*531*	*377*

Venture

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	98	0	10	1	9	11	12	12	6	2	7	12	11	5
Pooled average	40	n/a	108	n/a	56	35	40	36	39	n/a	30	10	27	22
10th percentile	109	n/a	199	n/a	n/a	82	93	108	n/a	n/a	n/a	35	73	n/a
25th percentile	59	n/a	153	n/a	110	55	62	86	66	n/a	47	15	51	46
Median	26	n/a	121	n/a	41	31	33	20	39	n/a	20	6	24	20
75th percentile	5	n/a	56	n/a	8	17	18	3	9	n/a	11	0	0	0
90th percentile	0	n/a	5	n/a	n/a	11	0	0	n/a	n/a	n/a	0	0	n/a
Inter-decile range	109	n/a	194	n/a	n/a	71	93	108	n/a	n/a	n/a	35	73	n/a
Range of returns	*201*	*n/a*	*201*	*n/a*	*152*	*77*	*98*	*109*	*86*	*n/a*	*84*	*37*	*77*	*68*

Range of returns – multiple (%) by investment stage and vintage year
Total Value (TVPI)

Since inception to December 2012



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	158	11	12	11	12	13	13	6	10	6	13	17	22	12
Pooled average	160	124	134	138	143	139	249	193	173	204	148	120	162	198
10th percentile	282	288	258	410	244	300	486	n/a	245	n/a	300	241	323	629
25th percentile	184	179	173	176	180	185	324	293	224	310	168	135	159	176
Median	140	144	110	95	150	139	197	203	162	184	149	113	133	131
75th percentile	97	50	91	66	90	80	177	96	134	104	93	81	106	111
90th percentile	59	1	66	19	54	25	109	n/a	85	n/a	55	62	66	61
Inter-decile range	223	287	191	391	191	274	377	n/a	161	n/a	245	179	258	568
Range of returns	*724*	*307*	*232*	*441*	*223*	*344*	*479*	*352*	*166*	*339*	*302*	*198*	*531*	*681*

Mid/Large MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	171	10	12	12	14	12	16	7	10	7	18	18	22	13
Pooled average	163	174	140	144	150	169	220	193	171	237	150	120	167	134
10th percentile	277	301	235	242	275	322	374	n/a	245	n/a	232	183	323	316
25th percentile	193	220	179	202	184	224	271	273	222	285	165	145	159	130
Median	147	165	128	151	150	162	194	193	163	247	147	116	133	114
75th percentile	110	137	100	94	90	96	172	128	138	121	116	95	123	104
90th percentile	79	56	66	35	60	70	134	n/a	85	n/a	69	63	89	54
Inter-decile range	198	245	169	207	214	252	239	n/a	161	n/a	163	119	235	262
Range of returns	*531*	*257*	*191*	*232*	*238*	*280*	*312*	*352*	*166*	*279*	*295*	*198*	*531*	*365*

Venture

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
No. of funds	98	0	10	1	9	11	12	12	6	2	7	12	11	5
Pooled average	85	n/a	112	n/a	75	62	65	68	79	n/a	74	98	114	139
10th percentile	151	n/a	199	n/a	n/a	109	125	141	n/a	n/a	n/a	172	226	n/a
25th percentile	118	n/a	158	n/a	129	101	87	105	109	n/a	99	121	153	227
Median	75	n/a	124	n/a	60	61	67	58	77	n/a	55	95	118	97
75th percentile	47	n/a	64	n/a	38	31	43	33	52	n/a	28	74	67	73
90th percentile	25	n/a	5	n/a	n/a	19	10	17	n/a	n/a	n/a	53	30	n/a
Inter-decile range	126	n/a	194	n/a	n/a	90	115	124	n/a	n/a	n/a	119	196	n/a
Range of returns	*325*	*n/a*	*201*	*n/a*	*129*	*94*	*130*	*134*	*121*	*n/a*	*159*	*138*	*212*	*254*

Capital raised and realised

By investment stage and subcategory to year end December 2012

				Distributions		Residual value		Total value	
	No. of funds	Capital raised (£mn)	Paid-in capital (£mn)	(£mn)	%	(£mn)	%	(£mn)	%
Pre-1996 vintage funds									
Early	24	344	343	569	166	19	6	588	171
Development	35	529	538	915	170	2	0	917	170
Middle MBO	33	1,193	1,224	2,200	180	0	0	2,200	180
Large MBO	26	3,717	3,653	7,003	192	2	0	7,005	192
Generalist	35	1,441	1,577	3,835	243	16	1	3,851	244
Subtotal pre-1996	*153*	*7,224*	*7,335*	*14,522*	*198*	*39*	*1*	*14,561*	*199*
1996 vintage funds onwards									
Venture	117	8,228	7,445	3,667	49	3,825	51	7,492	101
pre-2002 vintage funds	43	3,271	3,325	2,365	71	572	17	2,937	88
2002 vintage funds onwards	74	4,957	4,121	1,302	32	3,254	79	4,555	111
Small MBO	49	5,046	3,049	2,497	82	1,952	64	4,449	146
Mid MBO	143	44,741	35,796	33,171	93	17,434	49	50,605	141
Large MBO	48	122,792	101,252	81,656	81	68,569	68	150,225	148
Subtotal 1996 onwards	*357*	*180,807*	*147,543*	*120,992*	*82*	*91,780*	*62*	*212,771*	*144*
Grand total all funds	**510**	**188,031**	**154,878**	**135,513**	**87**	**91,819**	**59**	**227,332**	**147**
Subcategories (all vintages)									
UK	353	32,728	29,609	33,298	112	9,842	33	43,140	146
Non-UK	157	155,303	125,269	102,215	82	81,977	65	184,192	147
Pan-European	149	35,543	31,024	28,844	93	14,243	46	43,087	139
Technology	131	7,642	6,829	3,808	56	3,286	48	7,094	104
Non-Technology	379	180,389	148,049	131,705	89	88,533	60	220,238	149

Please note that total figures do not necessarily equal the sum of the components due to rounding.

By vintage year to year end December 2012

	No. of funds	Capital raised (£mn)	Paid-in capital (£mn)	Distributions (£mn)	Distributions %	Residual value (£mn)	Residual value %	Total value (£mn)	Total value %
1980-84	13	165	165	338	206	-	0	338	206
1985	13	441	441	818	186	-	0	818	186
1986	7	126	126	222	177	-	0	222	177
1987	13	502	512	794	155	0	0	795	155
1988	19	622	626	1,155	185	18	3	1,173	187
1989	16	785	794	1,607	203	11	1	1,618	204
1990	13	1,301	1,329	2,099	158	-	-	2,099	158
1991	14	339	389	705	181	-	-	705	181
1992	7	211	211	407	193	-	-	407	193
1993	10	362	493	1,034	210	1	0	1,035	210
1994	19	1,505	1,392	3,695	265	9	1	3,704	266
1995	9	867	858	1,646	192	1	0	1,647	192
1996	13	1,452	1,413	2,668	189	18	1	2,686	190
1997	24	4,345	4,220	6,966	165	23	1	6,989	166
1998	16	5,605	5,147	8,874	172	155	3	9,029	175
1999	24	5,317	5,793	8,350	144	609	11	8,959	155
2000	26	8,007	8,002	14,563	182	585	7	15,148	189
2001	30	15,367	15,074	26,923	179	1,918	13	28,841	191
2002	19	3,291	2,935	4,545	155	785	27	5,330	182
2003	18	6,951	7,026	9,029	129	2,973	42	12,002	171
2004	10	2,936	2,337	3,171	136	1,565	67	4,736	203
2005	26	25,112	24,706	18,241	74	16,523	67	34,764	141
2006	36	33,383	27,811	8,539	31	23,818	86	32,357	116
2007	37	22,329	19,445	5,912	30	18,383	95	24,295	125
2008	22	22,873	14,968	2,189	15	15,401	103	17,590	118
2009	20	7,734	4,547	715	16	4,144	91	4,859	107
2010	13	3,094	1,260	155	12	1,507	120	1,662	132
2011	14	8,881	2,590	149	6	3,159	122	3,308	128
2012	9	4,130	267	3	1	215	80	218	81
Total	510	188,031	154,878	135,513	87	91,819	59	227,332	147

Capital raised and realised

Continued

Across all vintage years and investment stages from when BVCA records commenced in 1980 to the present day (of December 2012), BVCA-member funds have raised £188bn for investment. The fundraising environment was difficult in 2012, owing to ongoing concerns centred on domestic economic weakness and Europe, but equally many fund managers, particularly in the Large MBO and upper mid-market spaces, did successfully attain their hard caps. With the industry having dry powder left to invest and the fact that this report only considers funds which have called capital from investors, this partly explains why the amount raised in 2012 (£4.1bn) remains lower than the past few years.[2]

The tables overleaf on capital raised and realised show the ratio of distributions made to paid-in capital, the residual value of the funds to paid-in capital and the total value created to paid-in capital. In most cases, capital is paid into funds over a number of years as suitable investment opportunities arise.

Across all vintage years, BVCA funds have raised £188 billion for investment. Of the capital raised, £155 billion has been drawn down to date. This indicates an amount of around £33 billion that is available for the industry to invest. *Of the capital paid in, £135 billion has been returned to investors and £92 billion is retained in the portfolio.*

2. Please note that the capital raised figures reported in this report are not comparable with the capital raised figures in the BVCA Investment Activity Report for the same period. Firstly, this report examines only the UK-based unlisted funds that raise capital from the third party investors, whereas the Investment Activity Report covers not only these funds but also VCTs and listed private equity vehicles. Secondly, this report only includes those funds which have made their first capital call from their investors. Furthermore, it is the total amount raised by these funds that is reported, not just the amount raised in a particular year (2012 in this case). The Investment Activity Report, on the other hand, considers only the amount raised in the relevant year irrespective of the timing of the first capital call. For example, consider Fund A, which started fundraising in 2009, raised £200 million in 2009, and £100 million in 2010, and made a capital call in July 2010. The Investment Activity Report 2010 would have included only the £100 million raised in 2010 (the £200 million raised in 2009 should have been covered by the 2009 report). The Performance Measurement Report 2010 would have included this fund for the first time in its 2010 vintage sub category and reported the total amount raised, i.e. the £300 million (the fund would not have been reported in Performance Measurement Report 2009).

Appendix I – Methodology

The Survey – Introduction

The BVCA, in conjunction with Capital Dynamics and PwC, carried out the BVCA Performance Measurement Survey for the year ended 31 December 2012. The survey highlights the performance of 'independent' UK private equity funds – funds raised from external investors for investment into businesses at the venture capital (early stage and development) and private equity (MBO) stages (and managed from the manager's UK office), but excludes investments made from the fund manager's own balance sheet. It also excludes listed private equity investment companies (formerly known as private equity investment trusts (PEITs)) and venture capital trusts (VCTs), although listed private equity is shown as a separate category.

This is the nineteenth annual set of performance results that the BVCA has published.

Methodology

The Survey utilises the BVCA's proprietary online data collection portal, Benchmark, to collect data on the performance of BVCA member, UK-managed funds that raise capital from institutional investors (the 'independents').

The vast majority of BVCA member firms that manage funds eligible for this report responded to the survey. This year's survey incorporates the results of 510 private equity and venture capital funds – the most comprehensive dataset to date. We therefore believe that it is the most complete country-specific survey on the performance of private equity funds in the world.

Capital Dynamics were responsible for verifying the data with the private equity funds and, where appropriate, correcting the data upon verification.

The BVCA managed and assisted with the project, from the gathering of data through to writing and editing the summary pamphlet and this final report.

The results of the survey have been analysed by both investment stage and vintage year. Further analysis has been included to consider the performance of UK and non-UK funds, and also to review the overall performance of technology funds.

To reflect changes in the marketplace, funds set up from 1996 onwards have been reclassified into four investment stage categories: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories, that is, Early Stage, Development, Mid-MBO, Large MBO and Generalist. This is reflected in the tables accordingly.

UK private equity returns are compared in the report with the FTSE 100 and FTSE All-Share indices, data supplied by The WM Company (WM) on UK pension funds and various other indices. Due care should be taken in comparing the statistics provided by WM on UK pension funds with private equity results. The return quoted for private equity funds is the internal rate of return (IRR) to investors, net of costs and fees. Returns for WM Pension Fund Universes and indices, however, are gross time-weighted returns.

Eligibility criteria

The survey shows the aggregate returns produced between 1980 and 2012 by independent, UK-based private equity funds managed by UK private equity firms that are members of the BVCA. Non-UK and technology-focused funds are included. Venture capital trusts and funds not open to external investors have been excluded from the survey. While listed private equity is excluded from the main analysis, they are shown as an entirely separate category for comparison purposes.

The BVCA represents the vast majority of private equity and venture capital in the UK. Full members, such as those included in this survey, are UK-based firms, which manage private equity and venture capital funds from the UK. Funds managed by former members of the BVCA have been included where information has been available, but these are few and most are no longer active in the private equity industry. Firms that have never been members of the BVCA are not included.

Appendix I – Methodology

Continued

Calculation of return

The returns are derived from cash flows and valuations of funds at the relevant period year-ends and the calculation of the change between them on a per annum (p.a.) basis.

The measurement of performance in this survey is the internal rate of return (IRR), a widely used measure of performance and comparable with similar studies of private equity fund returns in the US and Europe, which are both time- and money- weighted. The return represents the 'net' return to investors after costs and fees. Provision is made for performance fees that would have been payable if the valuation had been realised at the balance-sheet date. Returns for WM Pension Fund Universes and indices, supplied by WM, are gross time-weighted returns (TWR).

The IRR is used as the appropriate performance measure for venture capital and private equity, due to the high level of discretion of the manager in determining cash flows, to and from the fund-investor, and the difficulty in determining portfolio valuations at the date of these cash flows. Time-weighted return calculations require frequent and easily obtainable re-valuations and assume a low level of manager discretion in the timing of cash flows. The academic community and the CFA (Chartered Financial Analyst) Institute (formerly known as AIMR – Association for Investment Management and Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital fund performance.

The IRR is regarded to be the most comprehensive absolute measure of private equity's performance. Making direct comparisons with other asset classes, however, is a key concern for institutional investors. Given the inherent nature of IRRs, one of the limitations or difficulties of its use arises when comparing IRRs to the time-based measures of total return generated from investing in traditional publicly quoted financial instruments like individual equities or fixed income or indeed the indices of such instruments.

One of the key ways to overcome this difficulty has been through the advent of performance metrics comparing public markets with IRRs in a meaningful manner. The Public Market Equivalent (PME) method – first devised by Long and Nickels (1996)[3] – enables investors to directly compare IRRs with the performance that would been generated from publicly quoted securities over the same time period of the cash flows. Moreover, in order to overcome some of the limitations of the PME method, particularly around the possibility that the hypothetical PME vehicle could end up in a 'short position' or hold a negative NAV, a modified metric of PME+ has been proposed by Rouvinez (2003)[4].

The performance numbers and percentiles analyses published throughout this report have been computed using SPSS Statistics, a specialist statistical software package. The use of SPSS ensures a greater level of robustness and richness in the final analysis not found in common spreadsheet software applications.

Listed Private Equity

Morningstar (www.morningstar.com) has calculated the performance of listed private equity (formerly known in the survey as quoted private equity investment trusts or PEITs). More information on listed private equity can be found at: www.lpeq.com/

Valuations

The survey is based on cash flows and valuations supplied by each participating fund. PwC has stipulated that these be based on the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, developed by the BVCA, European Private Equity and Venture Capital Association (EVCA) and Association Française des Investisseurs en Capital (AFIC), the French national association, and which were first introduced in March 2005.

However, as noted in the 'Disclaimer', PwC has not independently checked the valuation data, nor confirmed that the International Private Equity and Venture Capital Valuation Guidelines have been strictly adhered to. Fifty-nine per cent of the funds surveyed contain unrealised investments, which are usually stated at fair value in accordance with these Guidelines, and which give a return in an interim measure of performance.

Confidentiality

The data for this survey was provided by BVCA members on the basis that no data relating to any individual member or fund would be seen by any other member, including those on the BVCA Investor Relations Committee, or by another person or organisation other than PwC or Capital Dynamics (unless members specified otherwise) other than in the anonymous and aggregate form in which it is published.

3. Long, A, and Nickels, C (1996), 'A private investment benchmark', mimeo; paper presented to AIMR Conference on Venture Capital Investing, February.
4. Rouvinez, C (2003), 'Private equity benchmarking with PME+', Venture Capital Journal, August, pages 34-38.

Appendix II – Glossary of terms

Capital raised (or 'funds raised')
Capital committed by investors (capital they have agreed to subscribe). This will not usually all be paid in at one time.

Inception/since inception
The period from a fund's first drawdown up to a particular point in time, that is, 31 December. Funds measured thus are at least four years old.

Investment stage and general fund investment profile

Pre-1996 vintage funds

'Early Stage'
Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

'Development'
Invests in expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc. and small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested.

'Mid-MBO'
Invests in management buyouts and buy-ins with £10 million to £100 million of equity invested.

'Large MBO'
Invests in management buyouts and buy-ins with more than £100 million of equity invested.

1996 vintage funds onwards

'Venture'
Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

'Small MBO'
Invests in small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested. This category also includes development capital for expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant machinery and the like.

Subcategories – all vintages

'Technology'
Invests primarily (at least 60% of the fund) in technology companies.

'Non-UK'
Invests primarily (at least 60% of the fund) in companies outside the UK.

'Pan-European'
Invests in more than two European countries.

IRR – see Return

Multiple
The distributed (DPI) multiple is the total amount distributed to investors as a percentage of paid-in/committed capital.

The total value multiple (TVPI) is the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital.

Net and gross returns
All private equity returns quoted are the net returns of investors, after all costs and fees. Returns for the WM All Funds Universe and indices, shown as 'Principal Comparators', however, are gross time-weighted returns.

Not applicable
Due to the small number of private equity funds in some periods and the need for confidentiality, some ranges are marked not applicable – that is, n/a.

Paid-in capital
Capital that has actually been paid into the fund by investors.

Percentile ranking
Percentile rankings indicate the position occupied by a portfolio return in a particular universe. A ranking of the nth percentile means that n% of funds achieved a return greater than or equal to that fund's return. See also 'range of returns'.

Appendix II – Glossary of terms

Continued

Principal comparators

The principal comparators are the FTSE UK Equity and FTSE World and Europe (ex-UK) Indices and the UK Equity, Overseas Equity and total assets returns of the WM All Funds Universe. The figures are detailed in Appendix III of this report.

Range of returns: quartiles/deciles/percentiles

The 'Range of returns' represents the results of a universe of portfolios constructed for the purposes of comparing performance. Within each range, a portfolio's results are defined in terms of a percentile ranking. Ranges can be subdivided by quartiles, deciles and percentiles. The range between the tenth and ninetieth percentile is known as the 'interdecile' range.

Top decile

Tenth percentile – 10% of the funds have an equal or higher return than this value.

Upper quartile

Twenty-fifth percentile – 25% of the funds have an equal or higher return than this value.

Median

Fiftieth percentile – The return of funds in the middle of the ranking.

Lower quartile

Seventy-fifth percentile – 75% of the funds have an equal or higher return than this value.

Bottom decile

Ninetieth percentile – 90% of the funds have an equal or higher return than this value.

Pooled average

IRR or return for the total sample of funds being analysed.

Return

The annualised internal rate of return (IRR) achieved over a period of time, based upon the portfolio cash flows and valuations. The cash flows used in the calculations are the total actual fund cash flows and the returns are therefore time-weighted and money-weighted. This type of calculation is often referred to as 'time line basis' (see also Methodology 'Calculation of Return').

Total return

Aggregate of all cash flows.

Universe

A group of similar portfolios assembled to provide a benchmark against which the performance of an individual portfolio may be compared. Any such universe should comprise portfolios with similar investments and objectives, and the same domicile and tax status.

Valuations

This refers to the assessed value of the unrealised part of the portfolio, which is assumed to be realised at 31 December 2012 in the final return calculation. This assessment is carried out in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Vintage year

Governed by the date of the fund's first drawdown, that is, the earlier of either (I) the first payment by the investor to the fund; or (II) the first investment made by the fund.

WM All Funds Universe

The WM All Funds Universe is the largest available universe of UK pension funds. It represents some two-thirds of the UK defined benefit pension industry by value.

Weighted average (Principal comparators)

The aggregate returns of a number of like portfolios, the results of which are used for comparing performance. The weighted average for a number of portfolios is calculated by weighting each individual portfolio's return by the proportion (by the average value of investment over the period) of the combined total that it represents.

Appendix III – Principal comparators and asset class overview

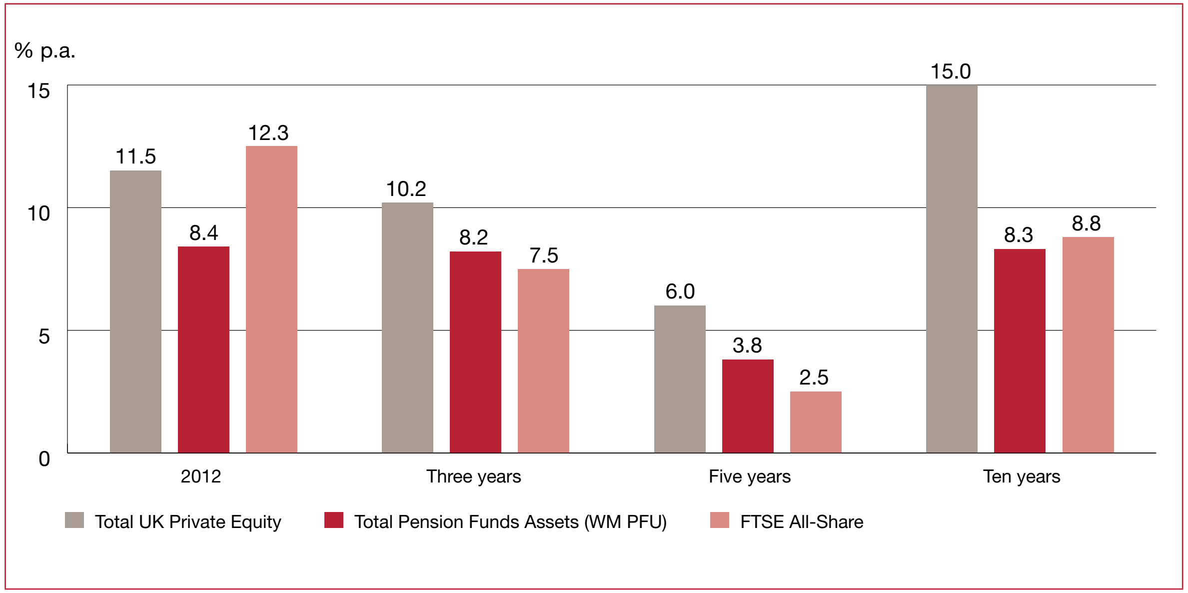
UK private equity returns are compared in this report with the FTSE 100, the FTSE All-Share Index, other indices, and data supplied by WM on returns from UK pension funds in aggregate.

Care should be taken in comparing the statistics on UK pension funds with private equity returns – they are provided for indicative purposes only. The performance of private equity funds is measured by the internal rate of return (IRR) to investors, net of costs and fees. Returns from the WM Pension Fund Universe and from indices, however, are gross time-weighted returns (TWR).

Pension fund performance

The WM All-Funds is the largest available universe of UK pension funds. It represents two-thirds of the UK defined benefit funds by value.

Principal comparators' return (% p.a.)
UK pension funds (WM all funds universe)



Appendix III – Principal comparators and asset class overview

Continued

Current year and longer term returns – IRR (% p.a.) by investment stage and subcategory

	No. of funds	2012	Three years	Five years	Ten years
Pre-1996 vintage funds*	*153*	*-3.0*	*-1.6*	*-3.9*	*19.9*
1996 vintage funds onwards					
Venture	117	-2.7	3.6	1.0	0.1
pre-2002 vintage funds	43	-22.5	-1.2	-5.2	-3.4
2002 vintage funds onwards	74	2.5	5.2	4.3	3.2
Small MBO	49	9.6	12.8	12.2	24.1
Mid MBO	143	10.1	9.6	6.2	16.9
Large MBO	48	12.7	10.7	6.1	15.7
Subtotal 1996 onwards	*357*	*11.5*	*10.2*	*6.0*	*15.0*
Grand total all funds	510	11.5	10.2	6.0	15.0
Subcategories (all vintages)					
UK	353	8.5	10.2	4.0	13.2
Non-UK	157	11.8	10.2	6.3	15.4
Pan-European	149	11.5	9.9	5.8	16.0
Technology	131	-1.9	3.5	1.2	0.1
Non-Technology	379	12.0	10.5	6.2	16.0
Listed Private Equity**	22	-6.4	8.7	1.5	6.0

* The time period returns for the pre-1996 vintage funds are shown only in their summary form and should be interpreted with special care. As the majority of these funds have either been wound up or retain only minimal residual values, a small number of positive exit events or write-offs can cause large swings in their short term returns. The weight of money in this group now has little impact on the returns of the total sample.

** Annualised weighted average total net asset value return, calculated by Morningstar, www.morningstar.com

Principal comparators' return (% p.a.) UK pension funds (WM all funds universe)

	2012	Three years	Five years	Ten years
UK Equities	13.0	7.9	2.7	8.8
Overseas Equities	12.5	6.3	2.7	9.3
UK Bonds	8.8	10.4	7.9	6.3
Overseas Bonds	7.0	9.7	10.5	7.3
Index-Linked	-1.2	10.8	9.0	8.0
Cash	2.5	2.4	2.6	4.1
Alternatives	5.9	6.9	2.8	7.2
Property	2.0	7.2	-1.1	5.7
Total Assets	**8.4**	**8.2**	**3.8**	**8.3**
FTSE indices				
FTSE All-Share	12.3	7.5	2.5	8.8
FTSE 100	10.0	6.6	2.0	8.0
FTSE 250	26.1	13.0	6.1	14.3
FTSE SmallCap	27.8	10.1	2.9	9.3
techMARK All-Share*	12.1	10.7	6.7	11.2
FTSE World (ex-UK)	12.1	6.9	3.8	8.8
FTSE Europe (ex-UK)	17.8	2.0	-0.6	9.5
Inflation indices				
Retail Price Index	3.1	4.2	3.2	3.3
Average Earnings	1.4	1.4	1.5	3.0

Source: The WM Company Annual Review of UK Pension Funds 2012 - all comparator figures with the exception of techMARK.
N.B. 'Alternatives' was formerly known as 'Other'.
* Calculated using indices supplied by FTSE which exclude dividends.

Appendix IV – Range of returns (IRR) medium to long term

This appendix shows the range of returns (under the IRR metric) over the longer term – three-, five- and ten- year periods. The range of returns 'since inception' is the most appropriate measurement for private equity and venture capital and these are shown on pages 21-29 of the report.

It is important to note that the shorter the time period measured, the more volatile the returns are likely to be. The most probable cause of extreme numbers is the realisation of assets at prices that differ significantly from previous valuations. The more extreme numbers are likely to occur where the time period measured is short, or where funds in older vintages realise their last remaining assets from a small residual carrying value.

Put simply, an investment with an original cost of £1 might be valued at £0.50. If the investment subsequently failed, the loss of £0.50 of value would record as -100% over whatever time period was measured. If the investment had been sold at cost, say nine months later, the return in the period would be in excess of 150% on an annualised basis.

It should also be noted that the 'Pooled average' return in the 'Total' column in the following tables is the return for all funds that were in existence at the beginning of the measurement period (e.g. the 'pooled average' return for funds over five years is calculated by measuring the aggregate performance of all funds that were in existence on 1 January 2008 for the five-year period from 1 January 2008 to 31 December 2012). This differs from the medium- to long-term return tables, which calculate the five-year returns on all funds in the survey at 31 December 2012, regardless of their vintage year. The same principle applies to the three- and ten-year returns.

The top and bottom deciles are excluded from the range to produce a range that excludes outliers. This is known as the 'interdecile' range.

Where there are fewer than ten funds in a sample, the 10th and 90th percentile are denoted n/a (not applicable) in the following tables.

Appendix IV – Range of returns (IRR) medium to long term – three years

Range of returns (IRR) by investment stage and subcategory (% p.a.) – three years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	Generalist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-European	Technology	Non-Technology
No. of funds	153	24	35	33	26	35	316	106	37	127	46	469	326	143	136	120	349
Pooled average	-0.7	-0.5	0.8	-3.8	0.0	0.0	9.1	-0.1	13.0	17.3	4.5	5.9	5.8	6.1	7.0	0.2	7.9
10th percentile	0.0	2.9	0.0	0.0	0.0	0.0	37.2	22.5	58.8	61.3	25.6	27.2	26.4	27.6	27.3	17.2	29.6
25th percentile	0.0	0.0	0.0	0.0	0.0	0.0	17.9	5.7	26.3	23.7	11.8	9.1	5.1	17.5	13.6	2.9	11.6
Median	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	1.7	9.1	6.7	0.0	0.0	1.4	1.5	0.0	0.0
75th percentile	0.0	0.0	0.0	0.0	0.0	0.0	-2.4	-9.7	-1.4	0.0	-0.8	0.0	0.0	-1.9	0.0	-3.1	0.0
90th percentile	0.0	-4.8	0.0	0.0	0.0	0.0	-14.0	-21.0	-14.8	-5.4	-12.1	-10.2	-9.5	-12.7	-13.2	-17.7	-8.8
Inter-decile range	0.0	7.6	0.0	0.0	0.0	0.0	51.1	43.5	73.6	58.1	37.7	37.4	35.9	40.3	40.4	34.9	38.4
Range of returns	*147.2*	*121.0*	*28.5*	*90.6*	*0.0*	*1.7*	*212.9*	*94.2*	*161.3*	*199.2*	*103.6*	*236.3*	*236.3*	*189.6*	*189.6*	*121.0*	*236.3*

Range of returns (IRR) by vintage year (% p.a.) – three years

	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
No. of funds	469	13	68	13	14	7	10	19	9	13	23	16	24	26	30	19	17	9	26	36	37	22	18
Pooled average	5.9	0.0	-1.3	-0.6	0.0	0.0	1.9	-1.4	0.0	-4.2	3.4	16.1	10.0	5.2	4.5	-1.5	11.5	17.4	10.8	9.7	16.0	22.3	2.5
10th percentile	27.2	0.0	0.0	34.0	0.0	0.0	25.6	1.7	0.0	18.8	40.1	86.1	65.0	38.1	60.5	26.6	46.2	n/a	26.2	31.1	43.5	89.9	44.5
25th percentile	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	12.4	11.6	9.8	7.1	4.3	27.0	26.0	18.1	19.2	26.9	28.8	16.6
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.5	-2.4	9.2	10.7	8.4	7.4	13.4	8.8	-3.2
75th percentile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.9	-9.8	-13.3	-4.2	-2.4	1.8	-2.3	4.7	2.9	-18.7
90th percentile	-10.2	0.0	0.0	-38.7	0.0	0.0	-8.6	0.0	0.0	-51.5	-20.2	-2.5	-13.3	-23.7	-27.7	-20.5	-15.4	-14.2	0.0	-9.5	-8.3	-8.3	-25.5
Inter-decile range	37.4	0.0	0.0	72.6	0.0	n/a	34.2	1.7	n/a	70.3	66.1	88.6	78.3	61.9	88.2	47.1	61.7	14.2	26.2	40.6	51.7	98.2	70.0
Range of returns	*236.3*	*0.0*	*90.6*	*121.0*	*0.0*	*0.0*	*38.0*	*39.5*	*0.0*	*91.6*	*141.3*	*154.0*	*142.6*	*151.7*	*171.4*	*62.4*	*77.3*	*103.9*	*48.4*	*87.8*	*113.3*	*125.9*	*89.3*

Appendix IV – Range of returns (IRR) medium to long term – five years

Range of returns (IRR) by investment stage and subcategory (% p.a.) – five years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	Generalist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-Euro-pean	Technology	Non-Technology
No. of funds	153	24	35	33	26	35	279	93	28	118	40	432	306	126	118	110	322
Pooled average	0.7	-0.2	3.4	-2.4	1.3	1.0	2.7	-4.9	18.3	6.9	-1.8	2.0	0.8	4.7	1.1	-3.6	4.0
10th percentile	0.0	2.9	0.0	0.0	0.0	0.0	26.2	12.8	86.3	36.2	18.2	18.0	16.9	21.6	18.2	8.0	26.1
25th percentile	0.0	0.0	0.0	0.0	0.0	0.0	11.0	2.3	18.0	15.8	8.1	4.9	0.0	10.7	8.3	0.0	7.7
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	0.0	2.9	3.7	0.0	0.0	0.0	0.0	0.0	0.0
75th percentile	0.0	0.0	0.0	0.0	0.0	0.0	-9.2	-12.7	-1.1	-4.6	-9.3	-2.4	-2.5	-2.4	-7.4	-7.0	0.0
90th percentile	0.0	-1.6	0.0	0.0	0.0	-1.6	-22.9	-22.4	-10.2	-24.2	-24.5	-18.4	-20.4	-13.7	-20.8	-19.5	-17.8
Interdecile range	0.0	4.5	0.0	0.0	0.0	1.6	49.1	35.2	96.5	60.5	42.7	36.4	37.3	35.3	39.1	27.5	44.0
Range of returns	*177.2*	*50.8*	*99.8*	*52.8*	*32.0*	*177.2*	*320.6*	*145.8*	*242.3*	*283.6*	*120.6*	*320.6*	*290.8*	*295.8*	*202.0*	*121.0*	*313.3*

Range of returns (IRR) by vintage year (% p.a.) – five years

	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
No. of funds	432	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	10	26	36	37
Pooled average	2.0	0.0	1.6	-2.3	0.0	0.0	1.6	2.0	8.5	-2.4	5.8	7.7	-5.1	-7.0	9.0	-7.6	4.7	4.2	2.2	3.6	10.5
10th percentile	18.0	0.0	0.0	21.5	0.0	n/a	16.0	17.6	n/a	56.3	71.6	87.8	39.7	17.7	47.6	6.1	29.1	n/a	18.7	14.0	32.8
25th percentile	4.9	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	11.2	0.0	7.2	2.3	15.4	1.6	17.0	9.2	13.9	10.9	18.6
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.7	-8.1	3.7	2.8	4.5	2.7	8.5
75th percentile	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	-20.1	-16.7	-15.5	-15.6	-12.2	-18.0	-5.8	-5.6	-4.6	-7.9	0.0
90th percentile	-18.4	0.0	0.0	-34.7	0.0	n/a	-3.0	0.0	n/a	-69.5	-33.7	-24.4	-50.1	-32.8	-24.1	-30.0	-22.2	n/a	-13.8	-14.0	-7.1
Interdecile range	36.4	0.0	0.0	56.2	0.0	n/a	19.0	17.6	n/a	125.9	105.3	112.3	89.9	50.5	71.7	36.1	51.3	n/a	32.5	28.0	39.9
Range of returns	*320.6*	*0.0*	*99.8*	*70.7*	*0.0*	*0.0*	*20.9*	*25.3*	*177.2*	*141.9*	*257.9*	*223.0*	*142.6*	*97.8*	*254.7*	*52.8*	*67.2*	*46.0*	*151.1*	*101.7*	*90.0*

Appendix IV – Range of returns (IRR) medium to long term – ten years

Range of returns – IRR (% p.a.) by investment stage and subcategory – ten years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Development	Mid-MBO	Large MBO	Generalist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-European	Technology	Non-Technology
No. of funds	153	24	35	33	26	35	152	55	14	64	19	305	228	77	69	81	224
Pooled average	4.9	-2.7	0.9	12.5	6.4	6.1	13.8	-4.7	14.1	25.1	29.6	9.3	6.1	19.1	20.6	-3.6	14.1
10th percentile	30.0	15.0	28.5	54.0	32.0	46.6	41.2	9.0	60.0	56.4	41.6	39.6	38.4	47.5	44.4	8.1	45.1
25th percentile	0.0	2.8	0.0	4.1	2.7	0.0	28.1	2.2	29.1	36.6	38.9	20.2	12.5	27.8	32.7	0.0	27.9
Median	0.0	0.0	0.0	0.0	0.0	0.0	9.0	-6.2	7.1	23.7	29.0	0.0	0.0	12.6	18.6	0.0	0.8
75th percentile	0.0	0.0	0.0	-12.5	-12.7	0.0	-5.9	-12.0	-0.2	7.5	16.4	-2.0	-4.5	0.0	0.0	-9.4	0.0
90th percentile	-22.6	-42.7	-20.9	-26.1	-38.2	-11.4	-14.1	-19.5	-20.6	-8.9	5.9	-16.7	-18.7	-8.5	-7.9	-16.8	-16.6
Inter-decile range	52.6	57.7	49.4	80.1	70.2	58.0	55.2	28.5	80.5	65.3	35.7	56.3	57.1	56.0	52.3	24.8	61.6
Range of returns	*350.0*	*123.7*	*166.2*	*338.2*	*283.5*	*126.3*	*164.3*	*55.5*	*102.0*	*163.3*	*91.5*	*350.0*	*350.0*	*275.3*	*272.7*	*123.7*	*348.5*

Range of returns (IRR) by vintage year (% p.a.) – ten years

	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
No. of funds	305	13	68	13	14	7	10	19	9	13	23	16	24	26	30	19
Pooled average	20.9	0.0	4.1	17.1	-7.0	47.8	-4.4	33.2	-10.0	12.7	9.7	29.8	14.1	8.3	17.6	7.1
10th percentile	40.2	0.0	8.0	80.5	25.3	n/a	39.6	237.5	n/a	46.4	34.7	119.2	38.6	36.3	55.5	64.1
25th percentile	20.8	0.0	0.0	51.8	10.2	45.4	4.0	16.0	12.9	34.5	22.7	52.4	28.0	21.3	38.5	16.8
Median	0.0	0.0	0.0	0.0	0.0	14.5	0.0	0.0	-18.0	18.8	7.5	19.1	15.8	2.4	18.7	0.0
75th percentile	-1.9	0.0	0.0	-6.7	-14.1	0.0	-10.9	-20.7	-34.8	-6.4	-3.0	0.9	-5.8	-4.2	-7.7	-10.3
90th percentile	-16.7	0.0	0.0	-26.8	-69.3	n/a	-65.6	-45.4	n/a	-28.7	-10.1	-22.0	-11.9	-14.0	-18.5	-16.8
Interdecile range	56.9	0.0	8.0	107.3	94.6	n/a	105.2	282.9	n/a	75.2	44.8	141.1	50.5	50.4	74.0	80.9
Range of returns	*350.0*	*0.0*	*237.5*	*129.8*	*108.0*	*315.2*	*114.8*	*283.5*	*101.3*	*91.9*	*66.5*	*163.3*	*52.8*	*77.2*	*105.1*	*91.8*

Appendix V – Since-inception range of returns by vintage year band and investment stage

1990 to 1992 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
No. of funds	34	4	10	10	8	2	34	4	10	10	8	2	34	4	10	10	8	2
Pooled average	13.8	9.9	19.8	21.2	9.5	24.8	166.3	163.0	207.7	192.7	143.2	261.5	166.3	163.0	207.7	192.7	143.2	261.5
10th percentile	34.4	n/a	30.9	40.0	n/a	n/a	254.6	n/a	281.3	315.6	n/a	n/a	254.6	n/a	281.3	315.6	n/a	n/a
25th percentile	23.7	n/a	11.8	33.2	23.2	n/a	201.8	n/a	159.3	220.7	184.8	n/a	201.8	n/a	159.3	220.7	184.8	n/a
Median	14.7	n/a	4.2	22.8	19.3	n/a	161.6	n/a	121.0	197.8	152.9	n/a	161.6	n/a	121.0	197.8	152.9	n/a
75th percentile	7.8	n/a	-8.6	10.5	10.7	n/a	134.5	n/a	60.8	142.3	141.4	n/a	134.5	n/a	60.8	142.3	141.4	n/a
90th percentile	-7.9	n/a	-19.5	6.1	n/a	n/a	65.1	n/a	53.2	121.0	n/a	n/a	65.1	n/a	53.2	121.0	n/a	n/a
Inter-decile range	42.3	n/a	50.5	34.0	n/a	n/a	189.5	n/a	228.1	194.6	n/a	n/a	189.5	n/a	228.1	194.6	n/a	n/a
Range of returns	61.3	n/a	53.7	34.7	38.8	n/a	272.7	n/a	240.9	206.5	110.2	n/a	272.7	n/a	240.9	206.5	110.2	n/a

1991 to 1993 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
No. of funds	31	5	9	7	6	4	31	5	9	7	6	4	31	5	9	7	6	4
Pooled average	19.5	15.3	1.6	21.5	21.7	20.4	191.0	176.2	106.2	186.5	181.0	241.9	191.1	176.2	106.5	186.5	181.0	242.1
10th percentile	31.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a
25th percentile	22.0	16.9	10.0	35.9	24.7	n/a	198.2	193.1	145.1	226.8	202.3	n/a	198.2	193.1	145.1	226.8	202.3	n/a
Median	13.0	12.5	-5.8	26.3	21.5	n/a	151.6	159.9	68.3	198.2	180.9	n/a	151.6	159.9	68.7	198.2	180.9	n/a
75th percentile	2.5	0.2	-8.6	11.0	17.0	n/a	108.4	92.9	59.7	151.6	144.7	n/a	108.4	97.8	59.7	151.6	144.7	n/a
90th percentile	-8.6	n/a	n/a	n/a	n/a	n/a	58.4	n/a	n/a	n/a	n/a	n/a	58.4	n/a	n/a	n/a	n/a	n/a
Inter-decile range	40.1	n/a	n/a	n/a	n/a	n/a	184.1	n/a	n/a	n/a	n/a	n/a	184.1	n/a	n/a	n/a	n/a	n/a
Range of returns	61.3	22.3	33.7	31.8	11.5	n/a	292.5	136.6	102.8	185.8	78.2	n/a	284.0	136.6	102.8	185.8	78.2	n/a

Appendix V – Since-inception range of returns by vintage year band and investment stage

Continued

1992 to 1994 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
No. of funds	36	5	8	10	7	6	36	5	8	10	7	6	36	5	8	10	7	6
Pooled average	27.9	15.7	17.5	15.1	39.2	18.4	243.9	172.8	166.6	175.3	295.5	220.4	244.4	176.2	169.1	175.3	295.5	221.5
10th percentile	41.6	n/a	n/a	32.6	n/a	n/a	256.3	n/a	n/a	308.7	n/a	n/a	256.4	n/a	n/a	308.7	n/a	n/a
25th percentile	21.3	17.9	11.8	17.8	51.6	21.8	216.2	195.8	151.0	193.4	264.2	248.0	216.2	199.2	155.3	193.4	264.4	248.0
Median	11.8	13.5	6.9	12.4	27.9	11.6	152.5	159.9	127.7	154.8	222.7	149.2	154.8	159.9	127.7	154.8	222.6	152.0
75th percentile	4.8	0.6	-4.2	8.0	11.7	1.8	119.6	97.8	77.7	130.9	139.6	105.0	119.6	97.8	78.0	130.8	139.6	107.1
90th percentile	-3.2	n/a	n/a	4.2	n/a	n/a	81.6	n/a	n/a	119.5	n/a	n/a	81.7	n/a	n/a	119.5	n/a	n/a
Inter-decile range	44.9	n/a	n/a	28.4	n/a	n/a	174.7	n/a	n/a	189.2	n/a	n/a	174.6	n/a	n/a	189.2	n/a	n/a
Range of returns	64.7	22.3	49.6	29.8	51.6	35.1	426.4	136.6	164.0	201.7	353.7	220.0	417.9	136.6	158.6	201.7	353.7	211.5

1993 to 1995 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
No. of funds	38	4	7	10	9	8	38	4	7	10	9	8	38	4	7	10	9	8
Pooled average	27.9	12.5	20.8	13.6	30.7	36.5	230.9	152.7	172.4	166.7	226.6	330.7	231.3	157.5	175.2	166.7	226.7	331.3
10th percentile	43.2	n/a	n/a	32.0	n/a	n/a	269.9	n/a	n/a	308.7	n/a	n/a	270.0	n/a	n/a	308.7	n/a	n/a
25th percentile	15.8	n/a	11.9	14.8	46.5	19.7	203.4	n/a	153.8	169.5	256.7	256.4	203.4	n/a	159.5	169.5	256.8	256.4
Median	9.5	n/a	4.4	9.6	11.7	11.6	142.3	n/a	116.4	143.0	148.8	149.2	142.3	n/a	116.4	143.0	149.0	152.0
75th percentile	2.0	n/a	0.6	3.0	1.9	-6.8	106.9	n/a	106.0	114.5	106.4	63.5	106.9	n/a	106.0	114.5	106.4	63.5
90th percentile	-6.3	n/a	n/a	-1.2	n/a	n/a	62.5	n/a	n/a	96.8	n/a	n/a	67.8	n/a	n/a	96.8	n/a	n/a
Inter-decile range	49.5	n/a	n/a	33.2	n/a	n/a	207.4	n/a	n/a	211.9	n/a	n/a	202.2	n/a	n/a	211.9	n/a	n/a
Range of returns	91.9	n/a	48.1	35.0	67.4	91.9	505.6	n/a	164.0	224.7	399.9	505.6	497.1	n/a	158.1	224.7	399.3	497.1

1994 to 1996 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
Pre-1996 vintage funds																		
No. of funds	28	1	5	9	8	5	28	1	5	9	8	5	28	1	5	9	8	5
Pooled average	31.1	15.6	23.1	16.4	30.7	55.0	236.8	167.7	180.2	173.7	226.6	388.5	237.3	174.2	183.0	173.7	226.7	389.4
10th percentile	51.8	n/a	n/a	n/a	n/a	n/a	335.0	n/a	n/a	n/a	n/a	n/a	335.0	n/a	n/a	n/a	n/a	n/a
25th percentile	16.2	n/a	27.0	15.3	49.1	46.0	219.4	n/a	190.3	178.7	260.4	398.1	219.4	n/a	193.2	178.7	260.6	398.1
Median	11.0	n/a	9.5	10.4	10.7	15.2	146.9	n/a	138.9	134.5	144.2	153.4	147.0	n/a	138.9	134.5	144.3	159.0
75th percentile	2.4	n/a	2.2	1.9	1.9	-3.6	108.6	n/a	109.4	109.6	106.0	93.3	108.6	n/a	109.4	109.6	106.0	93.3
90th percentile	-2.6	n/a	n/a	n/a	n/a	n/a	92.8	n/a	n/a	n/a	n/a	n/a	92.8	n/a	n/a	n/a	n/a	n/a
Inter-decile range	54.4	n/a	n/a	n/a	n/a	n/a	242.2	n/a	n/a	n/a	n/a	n/a	242.1	n/a	n/a	n/a	n/a	n/a
Range of returns	91.9	n/a	41.6	35.0	67.4	91.9	496.9	n/a	120.9	224.7	399.9	496.9	496.9	n/a	120.9	224.7	399.3	496.9

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
1996 vintage funds onwards															
No. of funds	13	0	3	8	2	13	0	3	8	2	13	0	3	8	2
Pooled average	17.6	0.0	-11.7	13.1	22.6	188.8	0.0	29.5	163.7	220.7	190.0	0.0	29.5	164.9	222.0
10th percentile	41.0	n/a	n/a	n/a	n/a	282.8	n/a	n/a	n/a	n/a	282.9	n/a	n/a	n/a	n/a
25th percentile	21.2	n/a	n/a	18.0	n/a	199.0	n/a	n/a	202.7	n/a	200.3	n/a	n/a	202.7	n/a
Median	10.0	n/a	n/a	10.2	n/a	143.2	n/a	n/a	146.7	n/a	144.8	n/a	n/a	147.6	n/a
75th percentile	-2.9	n/a	n/a	5.2	n/a	51.2	n/a	n/a	121.4	n/a	52.3	n/a	n/a	122.6	n/a
90th percentile	-22.1	n/a	n/a	n/a	n/a	1.3	n/a	n/a	n/a	n/a	1.3	n/a	n/a	n/a	n/a
Inter-decile range	63.1	n/a	n/a	n/a	n/a	281.4	n/a	n/a	n/a	n/a	281.6	n/a	n/a	n/a	n/a
Range of returns	83.2	n/a	n/a	63.1	n/a	306.8	n/a	n/a	259.5	n/a	306.8	n/a	n/a	257.2	n/a

Appendix V – Since-inception range of returns by vintage year band and investment stage

Continued

1995 to 1997 vintage funds

	IRR (% p.a.)						DPI						TVPI					
	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist	Subtotal	Early Stage	Develop-ment	Mid MBO	Large MBO	Generalist
Pre-1996 vintage funds																		
No. of funds	9	0	1	2	3	3	9	0	1	2	3	3	9	0	1	2	3	3
Pooled average	23.1	0.0	3.7	-1.1	-0.3	68.9	191.9	0.0	112.9	97.1	98.9	452.2	192.0	0.0	112.9	97.1	99.1	452.2
10th percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25th percentile	12.4	n/a	n/a	n/a	n/a	n/a	203.2	n/a	n/a	n/a	n/a	n/a	203.3	n/a	n/a	n/a	n/a	n/a
Median	1.9	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a
75th percentile	-7.6	n/a	n/a	n/a	n/a	n/a	77.9	n/a	n/a	n/a	n/a	n/a	78.2	n/a	n/a	n/a	n/a	n/a
90th percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Inter-decile range	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Range of returns	91.9	n/a	n/a	n/a	n/a	n/a	496.9	n/a	n/a	n/a	n/a	n/a	496.9	n/a	n/a	n/a	n/a	n/a

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
1996 vintage funds onwards															
No. of funds	37	10	5	18	4	37	10	5	18	4	37	10	5	18	4
Pooled average	15.9	21.0	1.3	8.7	27.5	173.0	158.5	106.3	145.2	221.5	173.8	160.4	106.3	145.5	222.5
10th percentile	45.9	43.9	n/a	23.6	n/a	246.9	198.9	n/a	220.2	n/a	247.6	198.9	n/a	220.2	n/a
25th percentile	15.3	19.0	35.4	10.6	n/a	180.5	153.0	189.6	177.9	n/a	180.5	158.5	189.6	178.2	n/a
Median	8.1	7.1	-2.5	8.4	n/a	138.8	121.2	55.0	140.8	n/a	142.8	124.3	55.0	143.2	n/a
75th percentile	-1.5	-3.9	-18.0	0.5	n/a	76.8	55.7	1.7	102.8	n/a	80.1	63.6	1.7	102.8	n/a
90th percentile	-11.1	-14.8	n/a	-10.9	n/a	38.1	4.7	n/a	57.6	n/a	38.1	4.7	n/a	57.9	n/a
Inter-decile range	57.0	58.7	n/a	34.5	n/a	208.8	194.2	n/a	162.6	n/a	209.5	194.2	n/a	162.3	n/a
Range of returns	108.8	59.6	101.1	72.3	n/a	306.8	200.8	291.1	259.5	n/a	306.8	200.8	291.1	257.2	n/a

1996 to 1998 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	53	11	8	26	8	53	11	8	26	8	53	11	8	26	8
Pooled average	14.3	16.1	2.0	8.0	19.5	172.7	142.6	109.5	142.8	200.3	174.6	144.7	109.6	143.8	202.7
10th percentile	39.2	43.8	n/a	20.6	n/a	246.3	197.0	n/a	217.3	n/a	246.6	197.0	n/a	217.3	n/a
25th percentile	16.4	11.1	25.8	10.1	22.7	180.5	143.4	240.3	176.4	246.4	180.5	150.7	240.3	176.4	246.8
Median	7.6	6.6	-1.2	6.0	19.6	138.7	119.2	56.2	127.2	203.1	141.7	122.2	60.7	129.2	206.4
75th percentile	-2.2	-8.0	-6.2	-2.0	16.1	75.9	46.8	12.3	94.6	174.0	79.7	48.7	12.3	94.6	174.7
90th percentile	-11.4	-14.9	n/a	-12.8	n/a	42.0	9.2	n/a	55.3	n/a	42.3	9.4	n/a	56.1	n/a
Inter-decile range	50.6	58.7	n/a	33.4	n/a	204.3	187.8	n/a	162.0	n/a	204.2	187.7	n/a	161.2	n/a
Range of returns	*109.6*	*59.6*	*101.1*	*84.1*	*71.7*	*454.4*	*200.8*	*454.4*	*293.6*	*109.2*	*454.4*	*200.8*	*454.4*	*293.4*	*107.9*

1997 to 1999 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	64	20	6	29	9	64	20	6	29	9	64	20	6	29	9
Pooled average	12.2	8.0	6.2	8.1	16.0	159.5	120.1	129.7	140.2	179.9	164.9	125.7	129.8	146.7	184.5
10th percentile	26.7	39.3	n/a	17.6	n/a	218.6	178.8	n/a	182.0	n/a	239.4	178.8	n/a	191.7	n/a
25th percentile	14.5	7.3	43.5	10.3	26.7	175.7	135.2	331.9	171.6	246.8	175.7	143.5	331.9	171.6	247.6
Median	5.2	0.0	7.4	3.8	17.0	115.8	64.0	131.7	112.5	202.0	124.3	72.5	131.7	112.9	202.0
75th percentile	-2.6	-9.3	-3.4	-2.6	8.6	61.4	32.5	52.9	90.1	146.1	75.8	45.6	59.6	90.1	154.8
90th percentile	-10.4	-12.1	n/a	-13.4	n/a	34.5	0.0	n/a	54.4	n/a	41.9	24.0	n/a	58.8	n/a
Inter-decile range	37.1	51.4	n/a	31.0	n/a	184.2	178.8	n/a	127.6	n/a	197.4	154.8	n/a	132.9	n/a
Range of returns	*109.6*	*59.6*	*77.2*	*52.3*	*75.4*	*454.4*	*200.8*	*415.1*	*219.7*	*170.7*	*454.4*	*200.8*	*415.1*	*253.6*	*168.1*

Appendix V – Since-inception range of returns by vintage year band and investment stage

Continued

1998 to 2000 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	66	21	7	29	9	66	21	7	29	9	66	21	7	29	9
Pooled average	13.1	-6.9	4.1	11.0	16.4	167.4	45.1	112.9	150.1	195.0	174.7	63.9	118.9	159.9	199.2
10th percentile	22.3	4.1	n/a	22.8	n/a	232.8	110.6	n/a	232.7	n/a	237.2	133.0	n/a	233.6	n/a
25th percentile	14.9	0.2	14.8	17.6	22.5	165.4	58.2	175.2	171.6	258.3	170.2	101.5	175.2	178.7	259.1
Median	1.0	-5.9	0.0	9.0	17.1	99.4	31.1	60.3	135.0	169.5	107.0	59.8	72.7	135.0	172.0
75th percentile	-5.8	-11.5	-5.8	-2.6	8.6	45.0	16.7	39.3	90.1	146.1	61.7	37.8	39.3	90.1	154.8
90th percentile	-12.6	-19.6	n/a	-8.9	n/a	15.6	2.1	n/a	54.4	n/a	35.2	23.2	n/a	63.3	n/a
Inter-decile range	34.9	23.7	n/a	31.7	n/a	217.2	108.5	n/a	178.3	n/a	202.1	109.8	n/a	170.3	n/a
Range of returns	101.4	60.8	40.7	77.8	28.1	454.4	151.8	454.4	328.4	170.7	454.4	134.6	454.4	330.2	168.1

1999 to 2001 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	80	32	6	32	10	80	32	6	32	10	80	32	6	32	10
Pooled average	17.7	-4.9	32.5	17.4	20.8	172.5	51.7	244.0	171.2	188.9	183.4	73.1	245.2	184.5	197.5
10th percentile	34.2	4.1	n/a	39.4	35.7	260.9	106.1	n/a	313.6	322.9	271.9	131.3	n/a	324.5	337.8
25th percentile	20.8	0.1	43.0	26.9	32.1	174.4	61.0	334.9	185.8	273.6	180.6	98.0	335.2	196.4	274.9
Median	3.7	-7.0	10.9	16.4	23.9	109.7	31.0	161.1	163.5	169.9	118.0	61.4	161.1	171.5	179.1
75th percentile	-5.9	-13.7	-1.4	-0.8	13.8	42.1	16.9	45.2	95.9	152.6	63.8	39.2	54.6	95.9	166.0
90th percentile	-14.5	-20.2	n/a	-7.1	3.9	16.6	0.5	n/a	59.5	115.3	37.2	20.8	n/a	74.1	118.7
Inter-decile range	48.7	24.4	n/a	46.5	31.7	244.3	105.6	n/a	254.2	207.6	234.7	110.4	n/a	250.4	219.1
Range of returns	117.0	60.8	62.4	75.9	32.6	552.6	151.8	552.6	337.6	215.9	552.6	146.2	552.6	340.4	229.9

2000 to 2002 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	75	35	5	27	8	75	35	5	27	8	75	35	5	27	8
Pooled average	21.3	-4.6	34.3	23.1	24.9	177.1	51.5	248.7	186.1	193.1	189.7	75.7	250.0	199.3	203.9
10th percentile	36.9	5.3	n/a	53.1	n/a	265.7	100.5	n/a	354.5	n/a	275.6	122.0	n/a	355.5	n/a
25th percentile	24.9	-2.7	47.6	32.4	34.7	172.1	60.8	407.5	232.7	262.7	192.7	88.8	407.6	251.3	265.4
Median	1.2	-8.0	7.1	22.8	27.0	91.3	26.5	147.1	164.5	169.9	109.8	61.0	147.1	178.1	189.4
75th percentile	-8.2	-16.8	-2.9	10.8	19.8	24.2	12.2	30.1	127.4	158.9	59.1	36.2	36.4	127.6	170.9
90th percentile	-17.8	-21.9	n/a	-4.1	n/a	3.3	0.9	n/a	61.6	n/a	27.4	18.9	n/a	71.3	n/a
Inter-decile range	54.7	27.2	n/a	57.2	n/a	262.4	99.6	n/a	292.9	n/a	248.1	103.1	n/a	284.2	n/a
Range of returns	117.0	63.0	62.4	71.3	20.9	552.6	108.7	552.6	382.2	177.7	552.6	140.5	552.6	384.9	183.4

2001 to 2003 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	67	30	4	25	8	67	30	4	25	8	67	30	4	25	8
Pooled average	24.1	-1.1	35.5	24.7	27.0	161.8	62.5	238.1	180.1	164.5	184.5	94.4	246.9	199.3	187.9
10th percentile	41.7	7.9	n/a	62.0	n/a	251.0	104.0	n/a	356.8	n/a	274.1	134.7	n/a	358.9	n/a
25th percentile	28.2	-2.1	n/a	38.1	34.7	182.0	61.2	n/a	222.9	221.9	195.2	91.2	n/a	248.7	231.3
Median	8.5	-6.9	n/a	25.5	28.7	106.7	27.2	n/a	178.1	160.1	137.6	66.9	n/a	193.1	181.8
75th percentile	-7.2	-15.7	n/a	11.3	17.4	28.0	8.6	n/a	128.4	143.5	67.6	39.8	n/a	148.7	164.8
90th percentile	-17.0	-20.6	n/a	-3.0	n/a	2.1	0.0	n/a	58.8	n/a	30.8	19.4	n/a	77.5	n/a
Inter-decile range	58.8	28.5	n/a	65.1	n/a	248.9	104.0	n/a	298.0	n/a	243.3	115.3	n/a	281.4	n/a
Range of returns	91.1	37.6	n/a	71.2	23.4	552.6	108.7	n/a	382.2	246.5	552.6	140.5	n/a	384.9	183.4

Appendix V – Since-inception range of returns by vintage year band and investment stage

Continued

2002 to 2004 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	47	20	3	19	5	47	20	3	19	5	47	20	3	19	5
Pooled average	22.8	-0.3	15.4	25.3	26.3	136.2	59.9	152.4	158.0	136.5	179.4	98.8	181.7	189.5	187.0
10th percentile	50.3	8.4	n/a	63.1	n/a	230.8	107.0	n/a	352.1	n/a	274.4	139.1	n/a	352.1	n/a
25th percentile	28.2	-0.1	n/a	50.2	37.1	163.4	56.7	n/a	227.1	164.0	205.0	93.2	n/a	251.3	245.1
Median	8.2	-6.4	n/a	23.1	28.2	86.3	19.7	n/a	163.4	141.4	127.6	60.8	n/a	163.4	192.7
75th percentile	-6.6	-14.6	n/a	6.1	15.6	15.8	2.6	n/a	74.2	101.0	59.3	32.6	n/a	123.0	170.1
90th percentile	-15.7	-20.3	n/a	0.0	n/a	0.0	0.0	n/a	50.9	n/a	26.8	12.3	n/a	80.3	n/a
Inter-decile range	66.0	28.7	n/a	63.1	n/a	230.8	107.0	n/a	301.2	n/a	247.6	126.8	n/a	271.8	n/a
Range of returns	93.7	37.6	n/a	73.3	27.0	397.5	108.7	n/a	397.5	84.4	397.9	146.0	n/a	397.9	122.4

2003 to 2005 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	54	15	4	25	10	54	15	4	25	10	54	15	4	25	10
Pooled average	12.8	1.5	2.6	14.4	13.0	89.4	48.3	69.7	97.6	88.5	152.7	106.3	111.3	153.9	154.8
10th percentile	41.3	11.9	n/a	55.3	38.2	209.9	84.9	n/a	248.8	164.0	246.8	154.5	n/a	310.4	277.2
25th percentile	20.3	-0.3	n/a	35.6	22.6	151.9	49.8	n/a	200.9	144.0	176.3	98.4	n/a	228.0	202.5
Median	9.1	-5.7	n/a	13.5	12.5	73.8	19.5	n/a	107.6	81.3	137.0	62.5	n/a	154.8	161.4
75th percentile	-5.4	-12.1	n/a	4.2	6.0	19.9	3.6	n/a	63.3	40.4	77.4	28.0	n/a	121.2	134.2
90th percentile	-11.5	-41.2	n/a	-4.9	-7.2	1.9	0.0	n/a	15.7	21.4	49.4	10.3	n/a	82.7	76.3
Inter-decile range	52.8	53.1	n/a	60.2	45.4	208.0	84.9	n/a	233.1	142.6	197.4	144.2	n/a	227.7	201.0
Range of returns	112.6	62.1	n/a	75.4	47.9	397.5	86.3	n/a	397.5	145.3	397.9	175.9	n/a	338.3	215.1

2004 to 2006 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	72	21	8	28	15	72	21	8	28	15	72	21	8	28	15
Pooled average	7.8	5.8	0.6	7.1	8.2	54.5	20.8	36.5	61.0	54.2	132.0	122.9	102.2	124.5	134.6
10th percentile	36.0	14.0	n/a	51.7	28.2	188.3	44.7	n/a	254.2	157.2	232.5	167.1	n/a	288.6	237.1
25th percentile	13.5	2.1	12.0	19.7	15.1	75.4	23.8	42.7	146.8	110.5	153.5	103.7	137.7	170.6	174.9
Median	4.6	-1.8	-1.3	8.2	10.7	32.8	10.6	28.0	58.3	41.2	118.1	81.2	93.4	124.0	136.3
75th percentile	-6.9	-11.1	-8.8	0.5	2.3	8.8	0.0	4.9	17.1	20.0	78.6	52.8	62.1	101.5	107.1
90th percentile	-11.6	-35.7	n/a	-9.8	-10.0	0.0	0.0	n/a	2.7	1.6	53.6	19.4	n/a	63.7	68.7
Inter-decile range	47.6	49.7	n/a	61.6	38.2	188.3	44.7	n/a	251.5	155.6	178.9	147.7	n/a	224.8	168.4
Range of returns	123.7	62.1	48.4	93.2	51.4	397.5	84.0	219.6	397.5	165.3	397.9	189.0	186.3	344.9	218.7

2005 to 2007 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	99	30	11	41	17	99	30	11	41	17	99	30	11	41	17
Pooled average	7.2	6.2	2.8	5.7	7.6	45.3	26.4	28.1	46.6	46.1	127.8	123.4	109.7	120.2	130.2
10th percentile	23.9	15.3	33.3	38.0	19.1	130.5	55.9	184.5	244.7	118.8	201.6	175.8	222.2	288.7	180.2
25th percentile	14.4	9.4	14.4	19.2	12.1	52.7	33.9	39.8	76.2	65.2	149.6	126.0	144.1	160.4	154.5
Median	6.4	-1.8	1.1	11.3	7.4	24.6	11.3	19.7	32.6	39.7	120.6	94.9	104.2	132.8	130.8
75th percentile	-3.0	-8.7	-9.1	1.6	3.9	5.8	0.0	12.1	9.8	19.7	84.3	57.2	70.4	105.0	112.8
90th percentile	-11.1	-37.2	-11.1	-7.1	-9.3	0.0	0.0	0.4	0.0	2.1	54.9	29.6	53.4	67.1	69.5
Inter-decile range	35.1	52.5	44.4	45.2	28.4	130.5	55.9	184.2	244.7	116.7	146.7	146.1	168.8	221.6	110.8
Range of returns	123.7	70.6	48.4	93.2	32.8	531.2	84.0	219.6	531.2	151.8	531.3	221.2	186.3	531.3	135.1

Appendix V – Since-inception range of returns by vintage year band and investment stage

Continued

2006 to 2008 vintage funds

	IRR (% p.a.)					DPI					TVPI				
	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO	Subtotal	Venture	Small MBO	Mid MBO	Large MBO
No. of funds	95	28	14	37	16	95	28	14	37	16	95	28	14	37	16
Pooled average	5.9	6.9	12.2	3.3	6.2	26.6	22.3	51.6	32.1	25.0	119.3	124.0	134.1	109.5	120.9
10th percentile	29.6	20.2	65.6	42.2	16.2	116.2	57.5	471.4	262.5	74.5	238.4	193.9	481.0	300.4	168.7
25th percentile	14.4	10.7	23.2	20.0	11.2	45.9	32.2	63.9	56.7	40.8	146.5	130.0	159.3	153.9	142.6
Median	7.0	-1.5	7.2	8.9	6.5	19.7	9.4	21.1	27.6	20.1	118.7	95.3	125.2	127.0	119.5
75th percentile	-1.8	-8.0	-2.3	1.7	2.0	2.7	0.0	11.3	2.7	3.4	94.5	73.0	92.4	105.4	106.6
90th percentile	-10.5	-19.9	-9.4	-8.1	-10.0	0.0	0.0	4.6	0.0	0.0	65.6	50.0	64.7	62.0	70.7
Inter-decile range	40.1	40.0	75.1	50.3	26.2	116.2	57.5	466.8	262.5	74.5	172.8	143.9	416.2	238.4	98.1
Range of returns	115.8	68.6	82.4	107.8	30.7	723.0	76.8	721.8	531.2	110.5	723.6	299.2	664.5	531.3	108.4

Appendix VI – Worked examples

Sample carried interest calculation to produce an interim IRR (as of 31 Dec 2012)

Fund size – £20 million
Draw down – £17 million (85%)
Distributed – £12.25 million

Residual net asset value (NAV) at 31 December 2012 (before carried interest) – £12 million.

Distribution Priority

i) 100% to investors until commitments returned;

ii) 100% to investors until a 'preferred return' of 10% pa compound is achieved;

iii) 100% to manager until payments equal 25% of ii);

iv) 80% to investors, 20% to manager thereafter.

An interim IRR is a 'snapshot' of performance to date. In calculating an interim IRR, the assumption used is that the fund is wound up at the NAV date (i.e. 31 December 2012) and that the residual value is distributed according to the above.

As the fund is not fully drawn down, one of two assumptions can be made, each of which has the same effect on the IRR calculation:

i) The £3 million not yet drawn down is cancelled and commitments correspondingly drop to £17 million; or

ii) The £3 million is drawn down on 31 December 2012 and distributed simultaneously.

The example given on the right produces an interim IRR before carried interest of 12.9% and 10.7% pa after carried interest. The latter figure is the one used in the BVCA Performance Measurement Survey.

Sample interim IRR calculation for a fund

Cash flow date	Amount (£)	Comment
1 Feb 08	-2,000,000	10% draw down from investors
10 Jun 08	-2,000,000	10% draw down from investors
25 Nov 08	-2,000,000	10% draw down from investors
3 Apr 09	-2,000,000	10% draw down from investors
9 Sep 09	-2,000,000	10% draw down from investors
12 Dec 09	-2,000,000	10% draw down from investors
5 May 10	-2,000,000	10% draw down from investors
15 Oct 10	1,500,000	Cash distribution to investors
11 Nov 10	-1,000,000	5% draw down from investors
29 Mar 11	2,500,000	Cash distribution to investors
27 Jun 11	1,000,000	Cash distribution to investors
18 Sep 11	-2,000,000	10% draw down from investors
29 Apr 12	3,000,000	Cash distribution to investors
12 Aug 12	1,500,000	Cash distribution to investors
15 Dec 12	2,750,000	Cash distribution to investors
31 Dec 12	12,000,000	Residual NAV

NB. All figures have been calculated using Microsoft Excel and the IRRs using the XIRR function in the same programme.

The NAV required to produce the preferred return to investors at 31 December 2012 is £10,077,618 in accordance with Distribution Priority ii) leaving an excess of £1,922,382 to be allocated between the investors and the manager.

At this point, the minimum gain attributable to investors would be £5,327,618 (£10,077,618 + £12,250,000 – £17,000,000).

As investors would have received the preferred return (the fund being 'wound up' at this date), the manager becomes entitled to an amount equivalent to 20% of this minimum gain from the excess of £1,922,382. The manager is thus entitled to 25% of the minimum gain achieved (i.e. £1,331,905) in accordance with iii) plus 20% of the remaining excess of £590,477 (£1,922,382 – £1,331,905). The manager would now have received 20% of the gain, that is, 20% of (£5,327,618 + £1,331,905 + £590,477).

Of the £12,000,000 residual NAV, £11,409,523 has been allocated as follows:

£4,750,000	To the investors to make draw downs equal to distributions (£17mn-£12.25mn) – i)
£5,327,618	To the investors to produce the preferred return – ii)
£1,331,905	To the manager to produce 20% of gains at the preferred return point – iii)
£11,409,523	

The residual £590,477 (£12,000,000-£11,409,523) is to be allocated in accordance with condition iv):

£472,382	To the investors
£118,095	To the manager
£590,477	

In this way, the £12,000,000 residual NAV has been allocated as follows:

£10,550,000	To the investors
£1,450,000	To the manager
£12,000,000	

It will be noted that the manager has received 20% of net gains (£1,450,000 being 25% of (£10,550,000 + £12,250,000-£17,000,000)). NB. If the residual NAV had been £10,077,618 condition iii) could not be fulfilled in its entirety and the interim IRR would be exactly 10% pa.

Appendix VII – List of responding managers

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Abingworth

ACT Venture Capital Ltd

Active Private Equity Advisory LLP

Alchemy Partners LLP

Amadeus Capital Partners Limited

AnaCap Financial Partners LLP

Antrak Capital LLP

Apax Partners LLP

Apposite Capital LLP

Arle Capital Partners (formerly Candover)

August Equity LLP

Azini Capital Partners LLP

Bain Capital Limited

Baird Capital Partners Europe

BC Partners Limited

Beringea LLP

Bestport Ventures LLP

Bowmark Capital LLP

Bridgepoint

Bridgepoint Development Capital

Bridges Community Ventures Limited

Cabot Square Capital LLP

Catapult Venture Managers Ltd

CBPE Capital LLP

Chamonix Private Equity

Cinven

Clarendon Fund Managers Limited

CVC Capital Partners Limited

Darwin Private Equity LLP

DFJ Esprit LLP

Doughty Hanson & Co Ltd

Duke Street

Dunedin LLP

ECI Partners LLP

Electra Partners

Elysian Capital LLP

Endless LLP

Environmental Technologies Fund

Epi-V LLP

Equistone Partners Europe

Enterprise Ventures (EV) Group

Exponent Private Equity LLP

FF&P Private Equity Limited

Finance Wales Investments Limited

GCP Capital Partners LLP
(formerly Greenhill Capital Partners Europe LLP)

Graphite Capital Management LLP

Gresham LLP

Growth Capital Partners

Helios Investment Partners LLP

Herald Investment Management Limited

Hg Capital

Iceni Capital

Infinity Asset Management LLP

Inflexion Private Equity Partners LLP

ISIS EP LLP

Kelso Place Asset Management LLP

Key Capital Partners LLP

Kings Park Capital

Kohlberg Kravis Roberts & Co Ltd

Langholm Capital LLP

LGV Capital

Lion Capital LLP

Lyceum Capital Partners LLP

Midven Limited

Milestone Capital Partners LLP

MMC Ventures Ltd

Montagu Private Equity LLP

MTI

NEL Fund Managers Limited

Next Wave Partners LLP

Oxford Capital Partners Limited

Palamon Capital Partners

Palatine Private Equity LLP
(formerly Zeus Private Equity LLP)

Penta Capital LLP

Pentech Ventures

Permira Advisers LLP

Phoenix Equity Partners Limited

Piper PE LLP

Pond Venture Partners Ltd

Primary Capital Ltd

Risk Capital Partners LLP

RJD Partners Limited

Rutland Partners LLP

Scottish Equity Partners

Silverfleet Capital LLP

Sovereign Capital Partners LLP

Spark Ventures

STAR Capital Partners Limited

Sussex Place Ventures Ltd

Terra Firma Capital Partners

TDR Capital LLP

The Summit Group Limited

Top Technology Ventures Limited

TowerBrook Capital Partners (UK) LLP

Vespa Capital LLP

Vision Capital LLP

Vitruvian Partners

WHEB Venture Partners LLP

Wyvern Asset Management

YFM Private Equity Limited

YFM Venture Finance Limited

Notes

1. 102 managers responded to the survey and these managers were full BVCA members as at 31 December 2012 (the vast majority of those firms that manage funds eligible for the report).
2. Many private equity firms manage more than one fund.
3. Those full BVCA members not listed above either do not raise third-party funds (i.e. invest their own or parent company money only), manage VCTs or government funds, or do not manage their funds from the UK, and therefore are not eligible to be included in this survey.
4. A number of past BVCA members' funds remain within the dataset (see Methodology as detailed in Appendix I) and are not listed here – most of these funds have come to the end of their lives.

Appendix VIII – Frequently asked questions

What is the purpose of the survey?

In total, 102 BVCA members responded to the survey in 2012, representing 96% of the firms that manage funds eligible to be included. Many firms manage multiple funds. In total, 510 funds were included.

Who is included in the survey?

To be eligible for inclusion in the survey, the private equity firm must:

- Be a full BVCA member;[5]
- Raise money from third-party investors;
- Manage that money from the UK (although it may be invested elsewhere).

The following are excluded:

- BVCA members investing from their own balance sheet;
- Quoted vehicles managed by BVCA members such as VCTs and listed private equity (formerly known as private equity investment trusts), although the latter are shown as a separate category

These groups have been excluded because the purpose of the survey is to show institutional investors the kind of returns they might attain if they invested in UK-based private equity funds (which are often structured as limited partnerships). The performance of these 'independent' funds is calculated in a different way from quoted vehicles and therefore cannot be combined in the same sample. Listed private equity is, however, shown as a separate category in the report for comparison purposes.

Firms that only invest directly from their own balance sheet are excluded because they do not manage a fund into which an institutional investor would be able to invest. Such firms will not be able to report performance data net of costs and fees, as with the 'independent' funds.

Is the BVCA membership representative of the UK private equity industry?

The BVCA represents the vast majority of private equity and venture capital in the UK, with just over 210 full members – firms that provide private equity or venture capital funding to unquoted companies.

What is the response rate for the survey?

In total, 102 BVCA members responded to the survey in 2012, representing 96% of the firms that manage funds eligible to be included. Many firms manage more than one fund. In total, 510 funds were analysed in this year's survey.

The BVCA recognises the importance of producing the most comprehensive performance data possible and therefore it is a condition of BVCA membership that the data is provided.

Who produces the survey?

The survey is conducted by PwC's International Survey Unit (ISU) in conjunction with Capital Dynamics and the BVCA.

How is the data collected?

BVCA members submit their cash flow and valuation data for qualifying funds via the BVCA's online data collection portal. The data is then provided to PwC ISU for analysis by investment stage and vintage year, with verification, where appropriate, undertaken by Capital Dynamics.

The BVCA then produces a summary flyer in May, with the full report compiled by PwC and the BVCA being published later on in the year.

Why have funds with vintages of 1996 onwards been reclassified?

This was done in order to reflect changes in the market. It was decided that 1996 was the most appropriate point at which to do this, as it was around this time that the market started to noticeably change, with a large rise in the number of venture capital funds and significantly larger buyout funds being raised. The new categories and their size-bandings (i.e. size of equity investments) are as follows:

- Venture;
- Small MBO (< £10mn);
- Mid-MBO (£10mn–£100mn);
- Large MBO (> £100mn).

5. Funds managed by former members of the BVCA have been included where information has been available, but these are few and most are no longer active within the UK private equity industry. Only past members that still have active funds and continue to provide data are listed as having responded to the survey.

Appendix VIII – Frequently asked questions

Continued

Does this allow for greater breakdown of the data?

Yes. Reducing the number of categories makes it easier to break out vintage year data by stage category. From 1996 vintages onwards, vintage years are analysed by Venture, Small/Mid-MBO and Mid/Large MBO stages. Due to some very small sample sizes, the MBO categories have had to be combined when comparing with Venture. This further breakdown of vintage year returns will be useful when benchmarking funds. It is hoped that this will increase the usefulness of the survey to investors and practitioners alike.

How are the returns calculated?

The primary method for calculating returns is based on the annualised internal rate of return (IRR) achieved over a period of time. This return is based upon the total actual fund cash flows and valuations of the funds at the relevant period ends and the calculation of the change between them on a per annum basis.
The returns are therefore time- and money-weighted (often referred to as 'time line basis').

The returns are based on fund valuations provided by the fund manager. How robust are these numbers?

Fifty-nine per cent of the funds surveyed contain unrealised investments. As part of the online data collection process, respondents are asked whether fund valuations have been based on the new International Private Equity and Venture Capital Valuation (IPEV) Guidelines and, if not, what valuation method has been used. However, PwC has not independently confirmed that the International Guidelines have been adhered to.

It should be remembered that, as with other asset classes, a valuation provides an interim 'snapshot' of performance. The distributing nature of the vast majority of private equity funds means that when a fund has made its final distribution, a pure cash-on-cash return can be calculated.

What are the International Private Equity and Venture Capital Valuation (IPEV) Guidelines?

The International Valuation Guidelines were initially launched in March 2005, having been developed by the Association Française des Investisseurs en Capital (AFIC), the British Private Equity and Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA), and endorsed by 30 regional and national associations, including the Institutional Limited Partners Association (ILPA), who represent the views of fund-investors in to the private equity asset class. These replaced the previously widely used BVCA Valuation Guidelines. For more information, please visit: http://www.privateequityvaluation.com/

Why is the internal rate of return (IRR) used?

The IRR is the most appropriate measure of return due to the high level of discretion on the part of the fund manager in determining cash flows to and from the investors and the difficulty in determining portfolio valuations at the date of each cash flow that would be required in order to calculate a time-weighted return.
The academic community and the CFA Institute (formerly AIMR – Association of Investment Management Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital fund performance.

Can you compare IRRs to the returns generated by other asset classes?

Most other asset classes, including the WM Pension Fund Universe and other comparative indices quoted in this report, are calculated as gross time-weighted returns (TWR) and so any comparison should be done with care. Such TWR calculations are not possible for private equity as they require frequent and easily obtainable revaluations and assume a low level of manager discretion in the timing of cash flows.

Is the IRR net or gross?

The private equity return represents the 'net' return to investors after costs and fees. Provision is made for performance fees, which would have been payable if the residual valuation had been realised at the valuation date. Returns from the WM Pension Funds Assets and FTSE indices, however, are gross time-weighted returns. Thus, private equity returns are effectively understated in comparison.

Why is the net IRR used?

The net IRR is the most appropriate measure of performance as this is the return that is generated to the investor. While gross IRRs are important for measuring individual investments, the effects of costs and fees can significantly reduce the gross returns when the totality of the fund is examined.

Why are different types of net IRR reported?

'Since inception' returns are the most meaningful way to measure private equity performance. They measure from the actual start of the fund (i.e. from the first drawdown) up to a particular point in time. This, therefore, most closely reflects the return a primary investor would have achieved.

'Medium to long -term returns' (three, five and ten years) are reported so that investors can compare them with other asset classes, which is not possible with the since-inception numbers. These returns cover all activity in all funds in the survey over the measured period to 31 December: it is not limited to just those funds that were in existence at the start of the measured period. (N.B. These returns can be compared with the 'horizon' returns produced by EVCA.)

Current (or one-) year returns are very volatile and inappropriate as a sensible measure of private equity performance. It is not possible to invest in a private equity fund for just one year. Private equity is a long-term investment, spanning the life of a fund. They can, however, be used as an indication of how well the UK private equity industry performed in that one year.

Why is the complete dataset 510 funds in some cases and 454 in others?

The since-inception returns have a reduced dataset compared to the medium to longer-term returns, because only funds over four years old are included in the former. The reason for this is that short-term IRRs can be very volatile and are not a reliable indicator of progress. After four years, the IRR has begun to settle down and is thus a more meaningful indication of the direction of progress.

Why is the pooled average IRR so different from the median IRR in some populations?

The pooled average IRR is the return for the total sample of funds being analysed, whereas the median is the actual return of the middle ranking fund in the sample. The pooled average is influenced by larger funds in the sample, whereas the median is size-neutral.

Why are multiples also quoted?

The IRR is not the only important measure of performance for private equity and venture capital funds. Multiples are a useful additional measure that can be used in conjunction with IRRs when comparing the relative performance of funds. The multiple is shown in two ways:

- As a percentage of paid-in capital distributed to investors (DPI);
- As a percentage of total value, which includes capital distributed and residual value (TVPI).

What is the impact of currency on the returns?

All of the fund returns are calculated in pounds sterling. For those funds that are denominated in other currencies, each cash flow and valuation is converted to pounds sterling using the relevant exchange rate prevailing at the date of said cash flow or valuation. In this way, the return calculated will be closest to that of a sterling-based investor. Although exchange rate movements may have some significant impact on short to medium-term returns, their effect on since-inception and long-term returns is generally small.

How transparent is the UK private equity industry?

The private equity industry is mindful of the need for appropriate levels of transparency, given its high profile in the media and its importance to the wider success of the economy. It must be remembered, however, that private equity differs from public equity and that a degree of privacy is an important component of return generation. This survey was first commissioned by the BVCA in 1994 and demonstrated the desire and strategic vision of the BVCA to promote greater understanding of the industry and to encourage greater transparency regarding performance.
The continuous efforts to improve the survey, such as the further breakdown of vintage year performance, are also made with the desire for greater transparency in mind.

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