



CAMBRIDGE ASSOCIATES LLC

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PRIVATE EQUITY CONTINUED TO OUTPERFORM VENTURE CAPITAL IN THE FIRST QUARTER OF 2010, THOUGH RETURNS FOR BOTH ASSET CLASSES, WHILE POSITIVE, TRAILED PUBLIC MARKET RETURNS

Annual Returns for Private Equity Dominated Those of Venture Capital over Most of the Decade Ending March 31, 2010, According to Cambridge Associates

BOSTON (September 14, 2010) – Returns for private equity and venture capital funds remained positive for the fourth consecutive quarter, which ended March 31, 2010, and continued to benefit from improving valuations for public equities. However, first quarter performance for both private asset classes was lower than in either of the two previous quarters.

Also for the fourth consecutive quarter, private equity outperformed venture capital; both, however, lagged public market returns during the first quarter and for the 12-month period ending March 31, according to **Cambridge Associates LLC**, provider of independent research and investment advice to institutional investors and private clients.

Cambridge Associates tracks, and publishes a quarterly commentary on, the performance of private equity and venture capital as measured by two indices: the **Cambridge Associates LLC U.S. Private Equity Index®** and the **Cambridge Associates LLC U.S. Venture Capital Index®**. Funds in the private equity index returned 4.4% in the first quarter, compared with 5.9% in the final quarter of 2009, while venture capital funds in the VC index earned 0.7%, versus 3.3% in the previous quarter.

For the year ending March 31, 2010, private equity funds returned 22.3% and venture capital funds 6.5% – both well below returns over the same period for comparative public market indices, such as the DJIA, up 46.9%, and the NASDAQ Composite, up 56.9%.

Private Equity Outpaced Venture Capital over Last Decade, but the Converse Held for Longer Time Horizons

March 31, 2010, also marked the end of a 10-year period in which annual returns for private equity have largely eclipsed those of venture capital, as measured by the respective Cambridge Associates indices for these alternative asset classes. For example, Cambridge Associates' PE index returned 7.2% on an annualized basis for the ten-year period ending on March 31 this year, as compared to a negative 3.7% return on the funds

in Cambridge Associates' VC index. The VC index's 10-year return continued to suffer from the effects of the catastrophic meltdown of the technology sector in 2000, which led to two-and-a-half years of negative performance, beginning in the fourth quarter of 2000.

For the 15- and 20-year periods ending on the same date, however, the situation was reversed. Venture capital returned slightly more than three times private equity over the 15 year period and roughly two times more over the 20-year period.

Private Company Valuations Continued to Rise

“The performance of the private equity funds in our PE index was boosted in the first quarter by public equity returns, in part because public companies comprised almost 13% of the private equity index's value on March 31 this year. Private company values grew most in the consumer, manufacturing, and healthcare sectors. For the third quarter in a row, the valuations for assets held by PE funds raised in vintage years 2000 to 2007 increased by \$850 million or more per vintage – a positive development,” said Andrea Auerbach, Managing Director and Head of U.S. Private Equity Research at Cambridge Associates.

PE and VC Continued to Outpace Public Market Returns over Longer Periods

Returns on both PE and VC funds continued to far outstrip public market returns over longer time horizons, as measured by four of the major composite indices tracking investments in large and small-cap public equities (DJIA; S&P 500; NASDAQ; Russell 2000 – see tables below).

The following tables provide comparative returns for private equity and venture capital, based on Cambridge Associates' indices, vis-à-vis several key indices of public market equities. Returns for periods of one year and longer are annualized.

U.S. Private Equity Index Returns (%) for the Periods ending March 31, 2010

For the periods ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
March 31, 2010	4.4	22.3	1.3	10.4	7.2	12.0	12.3
Other indices at March 31, 2010							
DJIA	4.8	46.9	-1.5	3.3	2.3	9.0	9.8
Russell 2000 Composite	8.9	62.8	-4.0	3.4	3.7	8.0	8.9
S&P 500	5.4	49.8	-4.2	1.0	-0.7	7.8	8.7

Sources: Cambridge Associates LLC, Dow Jones & Company, Inc., Frank Russell Company, Standard and Poor's, and Thomson Datastream.

U.S. Venture Capital Index Returns (%) for the Periods ending March 31, 2010

For the periods ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
March 31, 2010	0.7	6.5	-0.7	4.9	-3.7	38.2	24.0
Other indices at March 31, 2010							
NASDAQ Composite	5.7	56.9	-0.3	3.7	-6.3	7.4	8.9
Russell 2000 Composite	8.9	62.8	-4.0	3.4	3.7	8.0	8.9
S&P 500	5.4	49.8	-4.2	1.0	-0.7	7.8	8.7

Sources: Cambridge Associates LLC, Dow Jones & Company, Inc., Frank Russell Company, Standard and Poor's, and Thomson Datastream.

Note: Because the U.S. Private Equity and Venture Capital indices are capital weighted, the largest vintage years mainly drive the indices' performance.

PE and VC Capital Calls and Distributions Dropped from Prior Quarter Levels for the First Time in a Year

Fund managers for both private equity and venture capital funds called and distributed less capital in 2010's first quarter than they did in the final quarter of 2009. This was the first quarter-over-quarter decline in both categories since the first quarter of 2009.

The drop in contributions was sharper for private equity funds, which called roughly \$11 billion from investors, a \$3 billion or 21% decline from the previous quarter, compared with a fall of \$375 million or 11.9% in contributions to venture capital funds. Private equity fund managers distributed a little more than \$8 billion to their investors in the first quarter, a \$2 billion or nearly 17% drop from the amount of capital returned in the previous quarter.

Venture capital fund managers reduced returns to their funds' investors by an even greater percentage, distributing roughly \$2.5 billion, down \$737 million or 23.1% from the previous quarter. Capital calls were down as well. VC fund managers collected more than \$3 billion from their funds' investors in the first quarter, a \$375 million or 11.9% drop from the fourth quarter of 2009.

Retail Companies Were Top Investment Target for Private Equity Funds in Q1

Each of the eight sectors that together comprised 90% of the PE index's value earned positive returns in the first quarter – which was also the third consecutive quarter for this to occur. Consumer, energy, and healthcare were the top three sectors by size; together, they accounted for more than half of the benchmark's total value. Of the three, retail was the best performer, returning 6.7% for the quarter. Retail companies were also the investment of choice for PE fund managers, who invested more in consumer companies than in any other sector during the first quarter.

Healthcare, IT, and Software Remained Key Components of Venture Capital Index

The value of the venture capital index was once again determined by a small number of sectors, with just five – electronics, energy, healthcare, IT, and software – representing

(on an individual basis) 5% or more of index's total value. Three of these five sectors – healthcare, IT, and software – together comprised almost three-quarters of the VC index's value on March 31. Of the three, healthcare had the lowest return in the first quarter, 0.3%, and IT the highest, 4.0%. This marked the second consecutive quarter for IT to yield the largest return of all sectors in the VC index.

VC Exit Environment Sends Mixed Signals

“While returns for venture capital funds in the benchmark were lower than in the prior two quarters, there was an uptick in valuations for venture-backed companies and exit opportunities were more plentiful. The number of initial public offerings hit the highest level in more than two years and merger and acquisition activity hit record levels during the quarter. The good news in terms of deal activity, however, was tempered by the fact that the average size of deals with disclosed values was down almost 20% from the prior quarter,” said Peter D. Mooradian, Managing Director and Venture Capital Research Consultant at Cambridge Associates.

About Cambridge Associates and the Indices

Founded in 1973, **Cambridge Associates** delivers investment consulting, independent research, and performance monitoring services to approximately 800 institutional investors and private clients worldwide. Cambridge Associates has advised its clients on alternative assets since the 1970s and today serves its clients with more than 180 professionals dedicated to consulting, research, operational due diligence, and performance reporting on these asset classes. The firm compiles the performance results for more than 3,900 private partnerships and their more than 56,000 portfolio company investments to publish its proprietary non-marketable alternative assets benchmarks, of which the Cambridge Associates U.S. Venture Capital Index® and Cambridge Associates U.S. Private Equity Index® are widely considered to be the industry-standard benchmark statistics for these asset classes. The venture capital data is used by National Venture Capital Association (NVCA) for its quarterly benchmarks. Cambridge Associates has over 950 employees serving its client base globally and maintains offices in Arlington, VA; Boston, MA; Dallas, TX; Menlo Park, CA; London, England; Singapore, and Sydney, Australia. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.

Cambridge Associates LLC's proprietary databases provide independent statistics to the institutional investment industry and the National Venture Capital Association (NVCA). The Cambridge Associates LLC U.S. Venture Capital Index® is based on performance data compiled for funds that represent the majority of the institutional capital raised by venture capital partnerships from 1981 through 2009. Similarly, the Cambridge Associates LLC U.S. Private Equity Index® is based on returns data compiled for leveraged buyouts, subordinated debt, and special situations funds that represent the majority of institutional capital raised by private equity partnerships formed from 1986 through 2009. The pooled means represent the net end-to-end rates of return calculated on the aggregate of all cash flows and market values as reported to Cambridge Associates

by the funds' general partners in their quarterly and annual audited financial reports. These returns are net of management fees, expenses, and performance fees that take the form of a carried interest.