CAMBRIDGE ASSOCIATES LLC

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Private Equity and Venture Capital Funds Extended String of Positive Quarterly Returns to Eight During First Three Months of 2011

Venture Capital Return for Key 10-Year Performance Measure, While Still Negative, Showed Strong Improvement, According to Cambridge Associates' Benchmarks

BOSTON (August 10, 2011) – The quarter ending March 31, 2011, was the eighth in a row to yield positive returns for private equity and venture capital funds, according to **Cambridge Associates LLC**, publisher of the industry's leading benchmarks for these alternative asset classes. Private equity continued to outperform venture capital over the five- and 10-year periods ending March 31, while the situation remained reversed for the 15- and 20-year periods ending on the same date, with venture capital far out-distancing private equity.

Both fund types underperformed the public markets during the first quarter but continued to generate significantly greater returns than the public markets over the longest time horizons measured by the benchmarks.

The private equity index benefited from solid public market returns and rising commodity prices, which boosted company-level performance. Venture capital returns were aided in large part by an improving exit environment and continued enthusiasm for technology, the index's largest sector by weight. Both fund classes generated lower returns for the first quarter than they did in the quarter prior. Private equity funds earned 5.4% for the quarter, vs. 7.6% in the final quarter of 2010; venture capital earned 5.0%, vs. 8.4% for the prior quarter.

Over the 10-year period ending March 31, private equity funds earned 10.8% and venture capital -0.1%. The 10.9% spread between these returns was almost a full point less (down from 11.7%) than the prior quarter. The venture capital return for the period, while negative, was up sharply from the -2.0% return for the same length period ending December 31, 2010, and it was a full 4.5% improvement over the low point for the 10-year venture capital return, which was reached during the quarter ending September 30, 2010.

Cambridge Associates provides independent research and investment advice to institutional investors and private clients and publishes a quarterly commentary on the performance of private equity and venture capital as measured by the **Cambridge**

Associates LLC U.S. Private Equity Index® and the **Cambridge Associates LLC U.S. Venture Capital Index®**. The funds included in the indices represent the majority of the institutional capital raised by private equity partnerships between 1986 and 2010 and venture capital partnerships between 1981 and 2010.

The performance of the Cambridge benchmarks against several key market indices is shown below. Returns for periods of one year and longer are annualized.

U.S. Private Equity Index Returns (%) for Periods ending March 31, 2011

For the periods ending March 31, 2011	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
U.S. Private Equity	5.4	21.5	5.2	9.8	10.8	12.4	13.3
U.S. Venture Capital	5.0	18.5	2.0	5.9	-0.1	34.3	26.5
Other Indices							
DJIA	7.1	16.5	3.1	4.9	4.7	7.8	10.0
Russell 2000 Composite	7.9	25.8	8.6	3.3	7.9	7.8	9.8
S&P 500	5.9	15.6	2.4	2.6	3.3	6.8	8.7
NASDAQ Composite	4.8	16.0	6.9	3.5	4.2	6.4	9.2

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

As can be seen from the table, with the exception of the first quarter, private equity funds outperformed large public companies for nearly every time period listed. For the 15- and 20-year periods ending March 31, venture capital returns dominated every other category of comparative returns presented.

Private Equity Distributions Third Highest in History of the Benchmark

"Many managers were hard at work generating distributions for their limited partners in the first quarter, returning just over $24 billion to investors. The fourth quarter of 2010 and the first quarter of 2011 represented the second and third highest distribution levels ever and together totaled $52.2 billion," said Andrea Auerbach, Managing Director and Head of U.S. Private Equity Research at Cambridge Associates.

Private equity fund managers called $15.3 billion during the first quarter, roughly $10.7 billion less than the prior quarter.

Consumer Goods, the Largest Sector in PE Index, Had Poorest Performance

The performance of consumer companies reflected the mixed nature of the difficult economic recovery. Because these companies are popular with fund managers as investment targets, the consumer sector comprised almost 21% of the private equity index, making it the largest of the eight meaningfully-sized sectors in the index. During the first quarter it was also the weakest performer, earning only 1.9%. The second lowest performing sector, information technology, generated a 4.8% return. Media was the best performing of the significantly-sized sectors, returning 7.9%.

Energy Companies Biggest Winners in Capturing Private Equity Investor Capital

Energy, consumer, financial services, and information technology took in nearly 70% of the private equity fund investments during the quarter. As in the previous quarter, energy collected the most equity capital of any sector – roughly 25%.

Healthy Exit Environment, Among Other Factors, Helped VC Index's Ten-Year Return

"The improvement in the 10-year return has been aided by an improved IPO exit market and a continued strong M&A environment. Further, decidedly negative quarterly returns in 2001 are being dropped from the calculation. The question going forward is whether the recent turmoil in the public markets will close the IPO window for VC-backed companies and prevent the swapping of negative 2001 quarterly returns with positive ones," said Peter Mooradian, Managing Director and Venture Capital Research Consultant at Cambridge Associates.

Venture Fund Distributions Again Outpaced Contributions

Venture capital fund managers called and distributed less capital in the first quarter than they did in the fourth, nearly $3.7 billion and $3.8 billion, respectively. Nevertheless, contributions were still high in comparison to the previous two years, and distributions were higher than in any quarter since the final quarter of 2007.

Information technology was the top-earning of the meaningfully-sized venture sectors, returning 15.6%. It was also the largest component of the index, in terms of weight, representing almost a third (32.8%) of its value. By comparison, healthcare, the second largest component of the venture index and representing just over 27% of its value, returned only 2.9%.

About Cambridge Associates and the Indices

Founded in 1973, **Cambridge Associates** delivers investment consulting, independent research, performance reporting services, and outsourced portfolio solutions, across all asset classes, to over 900 institutional investors and private clients worldwide. Cambridge Associates has advised clients on alternative assets since the 1970s and today serves its clients with more than 200 professionals dedicated to consulting, research, operational due diligence, and performance reporting on these asset classes. The firm compiles the performance results for more than 4,400 private partnerships and their more than 60,000 portfolio company investments to publish its proprietary private investments 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 firm also compiles benchmark statistics for global private equity and venture capital, real estate, natural resources, distressed securities, and funds of funds and secondaries. Cambridge Associates has more than 1,000 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. The firm has plans to open an office in Beijing in the fall of 2011. Cambridge Associates is recognized as a thought leader, innovator and advocate for institutional investors. 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 2010. 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 2010. 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.

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