



## CAMBRIDGE ASSOCIATES LLC

Media Contact:  
Itay Engelman  
Sommerfield Communications, Inc.  
212-255-8386  
[itay@sommerfield.com](mailto:itay@sommerfield.com)

### **Global Private Equity and Venture Capital Investments Generated Solid Positive Returns in the First Quarter, According to Cambridge Associates Benchmarks**

*Global Alternative Asset Investments in Developed Markets Dominated Similar Investments in Emerging Markets over the Long Term*

**BOSTON (Sept. 27, 2011)** – Private equity and venture capital funds that invest primarily in global developed markets outside of the U.S. and emerging markets generated solid positive returns for the quarter ending March 31, 2011. While funds in developed (ex-U.S.) and emerging markets earned lower returns than they had in the prior quarter, they outpaced their respective public market counterparts, according to a commentary on these alternative asset classes published by Cambridge Associates LLC.

This is the first time that Cambridge Associates has made its data on *global* private equity and venture capital investments available to the public. The firm created the global benchmarks in 1998 (when Cambridge Associates began making the U.S. Venture Capital and Private Equity Index data public).

Cambridge Associates (C|A) LLC Global (ex-U.S.) Developed Markets Private Equity and Venture Capital Index rose 5.9% for the first quarter, handily beating the MSCI EAFE return of 3.4% for the same period. The C|A Emerging Markets Index returned 3.3%, which bested the MSCI Emerging Markets index's return of 2.1%. The performance of both Cambridge Associates benchmarks was aided by a weakened U.S. dollar. All of the returns in the indices are in U.S. dollars.

Over the one-, three-, and five-year periods ending March 31, the emerging markets index came out on top. The developed markets index outperformed the emerging index for only the fourth time since the first quarter of 2007, but it still remained dominant over the long term. (Please see the table below for specific returns for these periods.)

The developed markets index includes private equity and venture capital funds that focus on Australia, Canada, Israel, Japan, New Zealand, and Western Europe. The emerging markets index includes private equity and venture capital funds that invest primarily in Africa, emerging Asia, emerging Europe, Latin America, and the Middle East ex Israel.

*Retail a Key Driver for Developed Markets Benchmark; the Weak Financial Services Sector a Major Damper on Largest Vintage Performance in Emerging Markets Index*

The first-quarter returns for the largest vintage years in the developed markets index were driven largely by widespread valuation increases led by the retail sector. For the emerging markets benchmark, returns for 2007 and 2005, the two largest vintages, were largely driven by solid performance of manufacturing and information technology investments. Weakness in financial services was the principal drag on the performance of the 2007 funds, which represented 38.1% of the emerging markets index's value and was the largest vintage year in the index. (Because the Cambridge Associates indices are capital weighted, their performance is mainly driven by the largest vintage years.)

The following table shows the performance of the Cambridge Associates global indices vis-à-vis several public equity indices in developed ex-U.S., emerging, and U.S. markets:

**Cambridge Associates Global Developed (ex-U.S.) and Emerging Markets Private  
Equity and Venture Capital Indices  
Returns (%) in U.S. Dollars  
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
<b>Developed Markets (ex-U.S.) PE and VC</b>	5.9	25.2	-1.0	11.0	14.4	15.0	14.7
<b>Emerging Markets PE and VC</b>	3.3	25.9	10.1	15.8	11.7	9.5	9.3
<b>Other Indices</b>							
<b>MSCI EAFE</b>	3.4	10.4	-3.0	1.3	5.4	4.7	5.6
<b>MSCI Emerging Markets</b>	2.1	18.8	4.6	11.0	17.1	8.7	10.9
<b>S&amp;P 500</b>	5.9	15.6	2.4	2.6	3.3	6.8	8.7

Sources: Cambridge Associates LLC, MSCI Inc., Standard & Poor's, and Thomson Datastream. MSCI data provided "as is" without any express or implied warranties.

Returns for the developed markets index surpassed those of the MSCI EAFE public equity index for every period ending on March 31, 2011 in the above table. The emerging markets index also performed well against its comparable benchmark, earning higher returns than the MSCI Emerging Markets index in all but two periods (10 years and 20 years).

*Capital Calls and Distributions Down for Funds in both Indices*

Fund managers in both global indices called significantly less capital in the first quarter from their limited partners (LPs) than they had in the quarter prior. Calls from managers in the developed markets index were down 37% from the fourth quarter of 2010, to about \$8.8 billion. In the emerging markets index, calls were down 42% from the prior quarter, to \$2.2 billion.

Distributions, which outnumbered capital calls in both groups, were also down in both indices in the first quarter, though not nearly as sharply. Developed markets fund managers returned just over \$9 billion to their LPs, a nearly 8% decrease from the prior

quarter. Emerging markets managers returned \$2.5 billion to their investors, which, while a 4.5% decrease, was nevertheless the fourth highest in the index's almost quarter century of data.

*Consumer, Financial Services, and Healthcare were Primary Investment Targets in Developed Markets*

Fund managers in the developed markets index allocated 58% of their total investments in the first quarter into companies in the consumer, financial services and healthcare sectors. As of March 31<sup>st</sup>, consumer and healthcare were the two largest sectors by weight in the index, representing 25.0% and 13.2% of its total value, respectively. Financial Services was the fourth largest by weight, representing 9.4% of the index's value and barely edging out IT, which was 9.3%.

Almost three-quarters (74%) of the capital invested by funds in the developed index in the first quarter went into companies based in Western Europe.

*Emerging Asia Remained Key Investment Target*

“Of the funds which we track in our emerging markets benchmark, most investments are made in emerging markets in Asia. In the fourth quarter of 2010, nearly three-quarters of capital investments were made in that region. In the first quarter of 2011, that ratio stood at almost two-thirds of all invested capital in that period. Mainland China, the largest single country component of the index, representing over one-third of its total value, was a major beneficiary,” said Ralph Jaeger, Cambridge Associates co-head of international private equity research.

Mainland China, together with India and Brazil, comprised roughly 54% of the value of the emerging markets index in the first quarter.

A copy of Cambridge Associates' commentary on the first-quarter performance of its developed and emerging markets benchmarks is available at [www.cambridgeassociates.com/about\\_us/news/press\\_releases/index.html](http://www.cambridgeassociates.com/about_us/news/press_releases/index.html).

**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 its 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. Benchmark statistics are compiled 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; Beijing; London; Singapore; and Sydney, Australia. 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](http://www.cambridgeassociates.com).

Cambridge Associates LLC's proprietary databases provide independent statistics to the institutional investment industry, the National Venture Capital Association (NVCA), and the Australian Private Equity & Venture Capital Association, Limited (AVCAL). The Global Developed (ex-U.S.) Markets Private Equity and Venture Capital benchmark is based on performance data contained in its proprietary database of global (developed ex-U.S. and emerging markets) private equity and venture capital funds. As of March 31, 2011, the database comprised 597 funds formed from 1986 to 2010. The Emerging Markets Private Equity and Venture Capital benchmark is based on performance data contained in its proprietary database of emerging markets venture capital and private equity funds. As of March 31, 2011, the database comprised 337 funds formed from 1986 to 2010.

Cambridge Associates LLC's proprietary databases provide independent statistics to the institutional investment industry. 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.

###