



CAMBRIDGE ASSOCIATES LLC

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Private Equity and Venture Capital Funds Investing in non-U.S. Developed Markets Continued to Outperform Those Targeting Emerging Markets, According to Q2 2011 Cambridge Associates Benchmarks

Global Private Investments in Developed and Emerging Markets Significantly Outperformed Comparable Public Market Equities during the Period

BOSTON (Dec. 6, 2011) – Funds providing private investment capital to companies located largely outside the U.S. earned solid returns during the second quarter, aided by a weakened U.S. dollar that helped to boost foreign currency returns. For the second quarter in a row, private equity and venture capital investments in non-U.S. developed markets bested the performance of similar investments in emerging markets. As in the prior period, both asset classes generated better returns than their public market counterparts, according to a commentary published by Cambridge Associates LLC.

Cambridge Associates LLC Global ex U.S. Developed Markets Private Equity and Venture Capital Index includes private equity and venture capital funds that focus on Australia, Canada, Israel, Japan, New Zealand, and Western Europe. **Cambridge Associates Emerging Markets Private Equity and Venture Capital 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.

The 2004 Vintage Year Funds were the Best Performing in both Indices

The developed markets index increased 6.7% return during the quarter ending June 30, 2011, more than doubling the 3.2% rise of the emerging markets benchmark. The largest vintage year in the developed markets index, 2006, generated an 8% return for the quarter. In the emerging markets index, 2007 was the largest vintage; it rose 4.0%. Because the Cambridge Associates indices are capital weighted, the largest vintage years are the principal drivers of their performance.

Funds raised in 2004 generated the period's highest returns among the top-sized vintages of each benchmark, earning 9.4% and 6.6%, respectively, for the developed markets and emerging markets indices. Media companies were the chief driver of the 2004 vintage's performance in the developed markets index, while IT companies were the main contributor to the same vintage's return in the emerging markets index.

Both benchmarks turned in strong performances versus comparable public market indices for the quarter and for the majority of other time horizons provided in the table below. The developed markets index outperformed the MSCI EAFE public equity index in all periods listed. The emerging markets index bested its public market counterpart, the MSCI Emerging Markets Index, in all periods except the 10- and 20-year marks. All returns are in U.S. dollars and are annualized for periods of one year and longer.

**Global ex U.S. Developed and Emerging Markets Private Equity and Venture Capital
Indices
Returns (%) in U.S. Dollars
Periods ending June 30, 2011**

For the periods ending June 30, 2011	Qtr.	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Ex U.S. Developed Markets PE and VC	6.7	13.0	36.9	2.2	9.9	15.3	15.4	15.2
Emerging Markets PE and VC	3.2	6.2	29.9	11.0	15.3	12.0	9.6	9.4
Other Indices								
MSCI EAFE	1.6	5.0	30.4	-1.8	1.5	5.7	4.7	6.0
MSCI Emerging Markets	-1.0	1.0	28.2	4.5	11.8	16.5	8.3	10.5
S&P 500	0.1	6.0	30.7	3.3	2.9	2.7	6.5	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.

Capital Calls and Distributions were Up for both Benchmarks; for the Second Quarter in a Row, Developed Markets Funds Returned More Capital than They Drew Down

For the second consecutive quarter, fund managers in the developed markets index returned more capital to their limited partners (LPs) than they asked them to contribute: about \$11.8 billion versus \$9.6 billion, respectively. Distributions were up 21% over the first quarter while calls rose nearly 10%. Through the midpoint of 2011, developed markets fund managers had distributed nearly \$21.5 billion to their investors; they called about \$18.4 billion.

Managers of funds in the emerging markets index also called and distributed more capital in the second quarter than in the first: contributions were up 51% from the prior quarter, to \$4.1 billion, while distributions increased 11.5% to \$2.9 billion. Through June 30, managers in the index had called almost \$6.9 billion from their LPs and returned \$5.5 billion.

For the Fourth Quarter in a Row, the Largest Sectors in the Developed Markets Index Generated Positive Returns

June 30 marked the end of the fourth consecutive quarter in which all eight significantly-sized sectors of the ex U.S. developed markets index generated positive results. Chemical companies helped the materials sector achieve an 11.1% increase, the best performance of the group. Consumer, the largest sector and representing one-quarter of the index's value, returned 9.3%.

Companies in consumer and the next two largest sectors, healthcare and manufacturing, combined to attract approximately 61% of the capital invested during the second quarter while representing just 49% of the index's value.

Information Technology Continued as Leading Sector in Emerging Markets Index

Information technology led all six meaningfully-sized sectors in the emerging markets index with a rise of 26.7% during the second quarter. Only one of the six sectors, financial services, failed to generate a positive return. As in the developed markets index, consumer companies comprised the largest sector in the emerging markets benchmark. They represented 21.5% of its total market value and returned 8.2% for the period.

Western Europe, Emerging Asia were Top Regions for Investments for the Two Indices

Companies based in Western Europe attracted almost 64% of the capital invested during the quarter by fund managers in the developed markets index. In the emerging markets benchmark, companies located in emerging Asia garnered 69% of the total investment capital. This was the fourth quarter in a row in which at least two-thirds of the capital invested in emerging markets went to companies in this region.

Deteriorating Situation in Europe May Negatively Impact Upcoming Returns in both Indices

“While ex U.S. developed markets have bested emerging markets in the first half of 2011, we expect the worsening situation in Europe to have a significantly negative impact on the ex U.S. Developed Markets index return in the third quarter of 2011. But since emerging markets are not completely decoupled from developed markets, we expect to also see lower performance in the emerging markets during the second half of 2011,” said **Ralph Jaeger, Cambridge Associates senior research consultant and co-head of international private equity and venture capital research.**

A copy of Cambridge Associates' commentary on the second-quarter performance of its developed and emerging markets benchmarks is available at www.cambridgeassociates.com/about_us/news/press_releases/index.html.

About Cambridge Associates and the Indices

Founded in 1973, Cambridge Associates is a provider of independent investment advice and research to institutional investors and private clients worldwide. Today the firm serves over 900 global investors representing nearly \$3 trillion in aggregate assets. Cambridge Associates delivers a range of services, including investment consulting, outsourced portfolio solutions, research services and tools (Research Navigatorsm and Benchmark Calculator), and performance monitoring, across all asset classes. The firm compiles the performance results for more than 4,500 private partnerships and their more than 62,000 portfolio company investments to publish its proprietary private investments benchmarks. Cambridge Associates has more than 1,000 employees serving its client base globally and maintains offices in Arlington, VA; Boston; Dallas; Menlo Park, CA; London; Singapore; Sydney; and Beijing. 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, the National Venture Capital Association (NVCA), the Australian Private Equity & Venture Capital Association, Limited (AVCAL), and the African Venture Capital Association (AVCA). 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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