

Global Limited Partners Survey

Investors' Views of Private Equity
in Emerging Markets

2015



EMPEA 

About EMPEA

EMPEA is *the* global industry association for private capital in emerging markets. We are an independent non-profit organization with over 300 member firms, comprising institutional investors, fund managers and industry advisors, who together manage more than US\$1 trillion of assets and have offices in more than 100 countries across the globe. Our members share EMPEA's belief that private capital is a highly suited investment strategy in emerging markets, delivering attractive long-term investment returns and promoting the sustainable growth of companies and economies. We support our members through global authoritative intelligence, conferences, networking, education and advocacy. For more information, visit empea.org.

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2015 Global Limited Partners Survey

Executive Summary

EMPEA's 11th annual edition of the *Global Limited Partners Survey* features the views of 141 limited partners (LPs) on the emerging markets private equity (EM PE) asset class. The analysis in this study aims to provide the industry with a better understanding of how LPs' plans and strategies for investment are evolving; what challenges they face in managing their portfolios; what their return expectations are; and which markets, sectors and fund strategies they view as attractive.

Representing public and private pension funds, family offices, endowments, foundations, banks, asset managers, insurance companies, government agencies, corporations, development finance institutions and funds of funds, the institutions participating in the 2015 survey are headquartered across 34 countries and collectively represent global private equity assets under management of more than US\$775 billion. Details on the respondent profile are available on page 15.

Key findings from the 2015 *Global Limited Partners Survey* include:



Over the next two years, 33% of LPs* plan to increase the percentage of their total PE allocation targeted at emerging markets (versus 41% in the 2014 survey), and 47% of LPs* anticipate increasing the dollar value of new commitments to EM PE funds (versus 54% in the 2014 survey).



EM PE portfolio performance continues to meet or exceed expectations for the majority of LPs (75%). Though return expectations for EM PE funds have cooled, LPs still expect 2014-vintage vehicles for emerging markets to outperform their developed markets counterparts.



LPs identify measuring performance and benchmarking results, followed by transparency, as posing the greatest concern in the management of their EM PE portfolios.



Across global private equity markets, Emerging Asia funds are expected to net the highest returns. More than half of LPs expect 2014-vintage funds focused on Southeast Asia, China and India to net returns of 16% or higher.



Latin America (ex. Brazil), Southeast Asia and Sub-Saharan Africa hold onto the top three spots in the ranking of most attractive emerging markets for GP investment, with Latin America (ex. Brazil) and Sub-Saharan Africa poised to see the largest influx of new capital from LPs over the next two years.



LPs expect value creation to drive 60% of returns for EM PE funds, compared to 50% for developed markets PE funds. LPs anticipate leverage driving approximately 30% of returns for developed markets funds versus 10% for EM PE funds.



Among all sectors, the highest percentage of LPs express interest in building exposure to healthcare and consumer services/goods via private equity in emerging markets, whether through generalist or sector-specific funds.



Limited partners view political risk as the main deterrent for investing in eight of the ten emerging markets/regions identified in the survey.

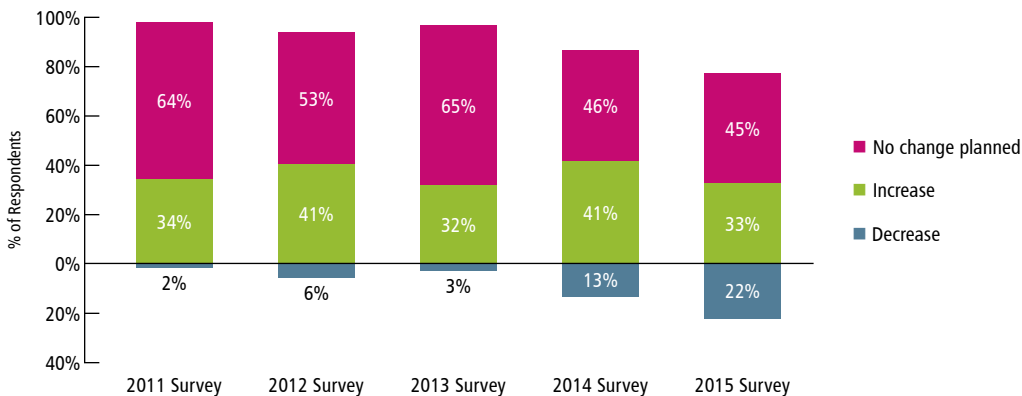
*Excludes development finance institutions and EM-focused funds of funds.

Majority of LPs Plan to Maintain or Increase Total PE Allocation Aimed at EM and EM PE Commitment Levels

Excluding development finance institutions and emerging markets-focused funds of funds, limited partners surveyed in this report have a median current allocation to emerging markets of 16.5% of their private equity portfolios, with a median allocation of 20% expected by 2017. Correspondingly, the majority of LPs (78%) plan to maintain or increase the proportion of their institutions' current global private equity allocation targeted at emerging markets over the next two years. However, in the 2015 survey, only 33% of LPs expect to increase their

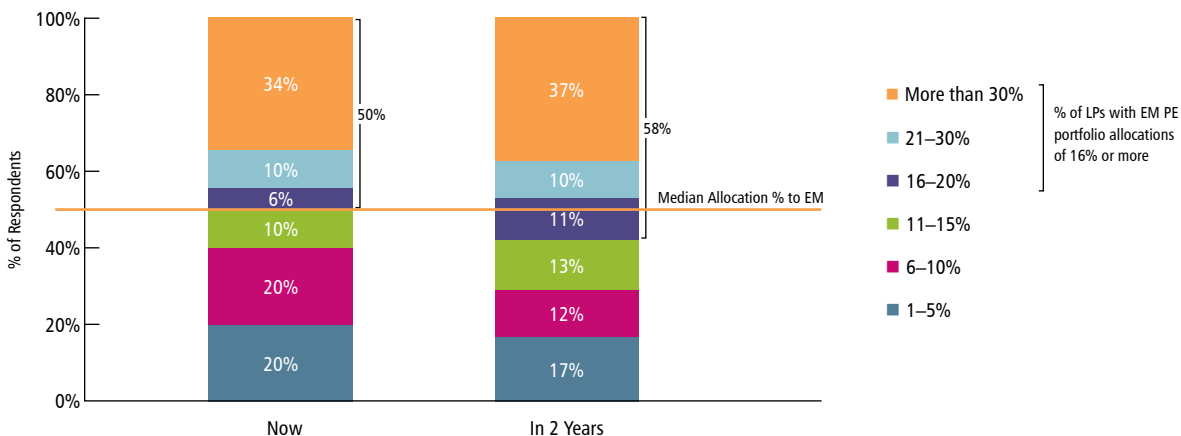
EM PE allocations, compared with 41% of respondents in the 2014 survey. Public pension funds and funds of funds together account for nearly 60% of institutions planning to increase their EM allocations within their private equity portfolios. In comparison and for the second consecutive year, the percentage of LPs—a mix across institution types—expecting to reduce the proportion of their total PE allocations targeted at emerging markets has grown, as 22% of respondents indicate a decrease as part of their strategy over the next two years.

Exhibit 1: LPs' Planned Changes to Proportion of Total PE Allocation Targeted at EM PE Over the Next Two Years, 2011–2015*



*Excludes development finance institutions and EM-focused funds of funds.

Exhibit 2: LPs' Proportion of Total PE Allocation Targeted at EM PE*



*Excludes development finance institutions and EM-focused funds of funds.

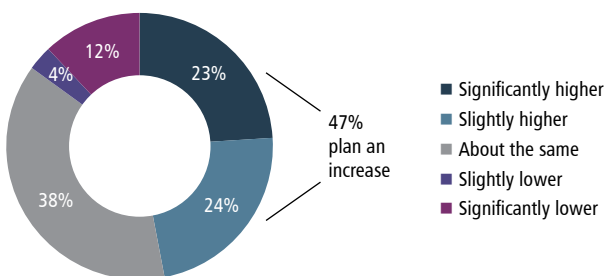
The majority of limited partners (85%) also anticipate maintaining or increasing the dollar value of their new commitments to EM PE funds over the next two years. However, the pace of anticipated new LP commitments to EM PE has decelerated since the 2013 survey. In the 2015 survey, 47% of respondents—the lowest percentage in five years—plan to increase the total level of their EM PE commitments, while 16% of LPs anticipate a decrease.

As with the 2013 and 2014 surveys, the majority of LPs in the 2015 survey that anticipate an increase in EM PE commitments attribute the intended increase to the overall growth of their private equity portfolios, as well as the expectation that EM PE funds will deliver high returns.

Among all institution types surveyed, 65% of funds of funds and 50% of pension funds plan to increase commitments to emerging markets, followed by 48% of family offices, endowments and foundations.

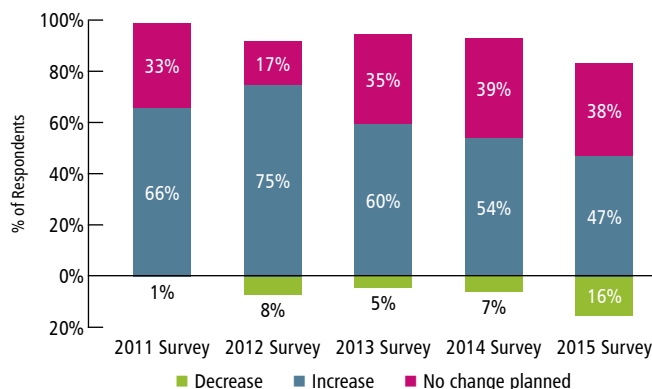
For the 16% of LPs who plan to decrease their commitments to EM PE funds over the next two years, the highest percentage (33%) of respondents cite the limited number of established fund managers focused on their preferred markets or strategies as a determining factor. Collectively, more than 40% of respondents at banks, asset management firms and insurance companies anticipate a decrease in commitments to EM PE funds, the largest percentage of any institutional investor category.

Exhibit 3: LPs' Anticipated Level of New Commitments to EM PE Over the Next Two Years*



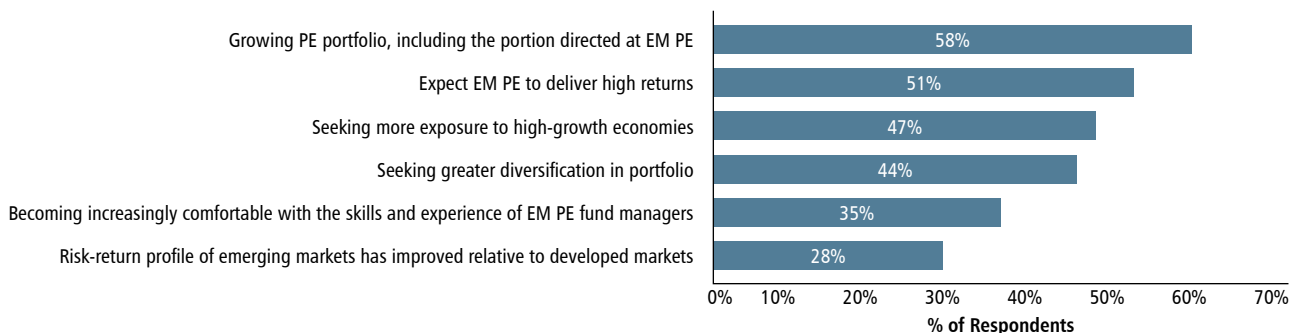
*Excludes development finance institutions and EM-focused funds of funds.

Exhibit 4: Anticipated Level of New Commitments to EM PE Funds Over the Next Two Years, 2011–2015*



*Excludes development finance institutions and EM-focused funds of funds.

Exhibit 5: LPs' Reasons for Increasing Commitments to EM PE Funds Over the Next Two Years*



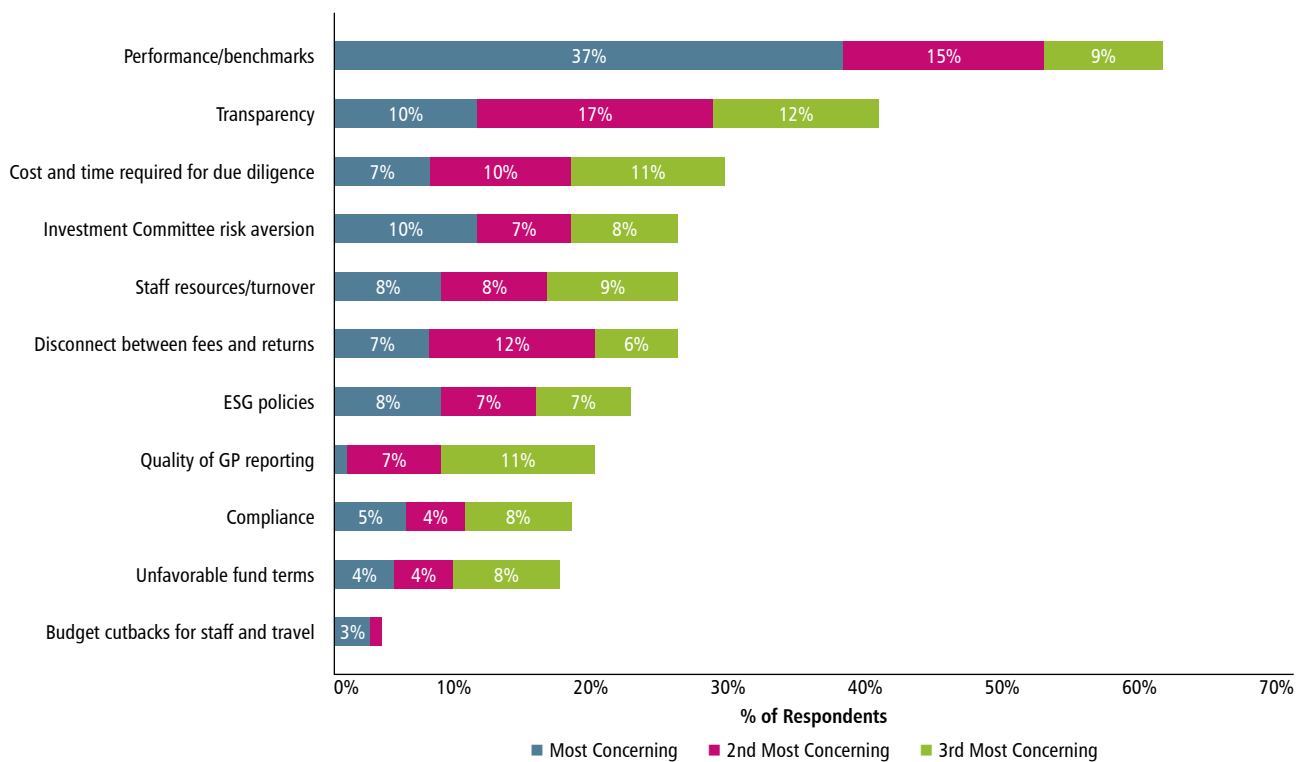
*Excludes development finance institutions and EM-focused funds of funds.

Measuring Performance and Benchmarking Results Pose the Greatest Concern for EM PE Portfolio Management

Limited partners view the difficulty of measuring performance and benchmarking results as a major challenge to managing their EM PE portfolios, with 61% of respondents citing it as one of their three most concerning issues. The next most cited issues are transparency and the resources required for due diligence. In comparison, only 3% of LPs consider budget cutbacks for staff and travel as a main concern, and a relatively small proportion of respondents cite issues related to compliance and unfavorable fund terms as key challenges to their portfolio management.

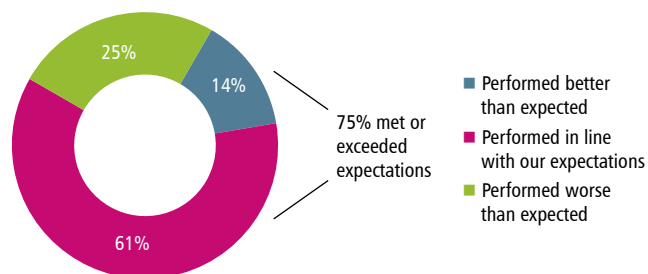
Among the investor group of family offices, endowments and foundations, one-half of respondents rank performance/benchmarking as the most concerning issue in managing their EM PE portfolios, while one-third of public and private pension funds rank performance/benchmarks as the issue of greatest concern. Of all institution types, the smallest percentage of development finance institutions cite performance/benchmarking as the most challenging aspect of managing their portfolios.

Exhibit 6: Issues That Pose the Greatest Concern for LPs' EM PE Portfolio Management, Ranked 1–3



EM PE Portfolio Performance Continues to Meet Expectations; LPs Remain Bullish on Potential for Outperformance in EM

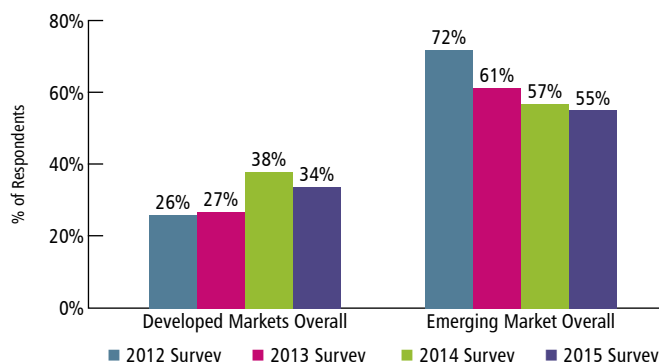
Exhibit 7: EM PE Portfolio Performance Relative to Expectations*



*Excludes LPs that felt it too soon to assess the performance of their portfolios.

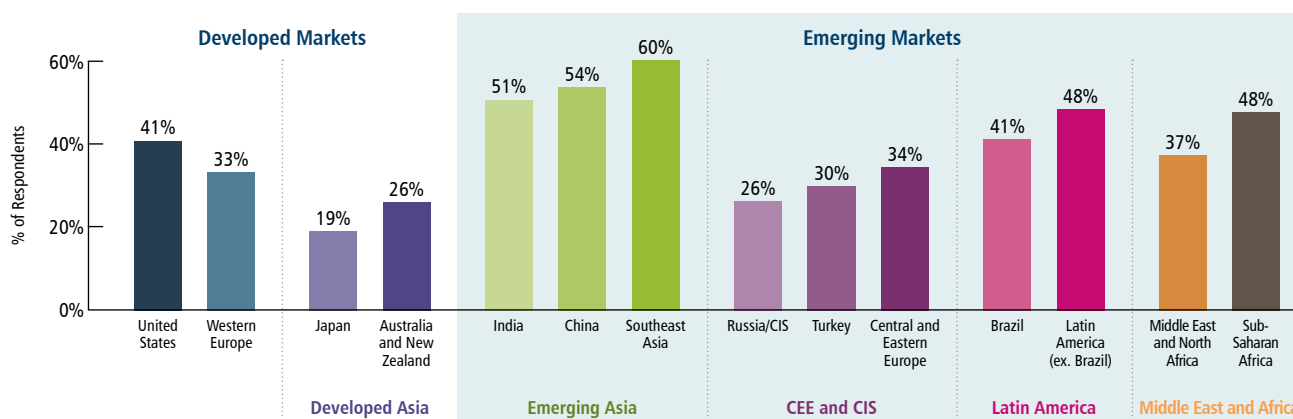
Three-quarters of institutional investors assess their emerging markets private equity portfolios as having met or exceeded their expectations, slightly lower than the 78% of respondents in the 2014 survey. Among all institution types, pension funds account for the highest percentage of respondents reporting that their EM PE portfolios have underperformed, whereas development finance institutions account for the highest proportion of respondents reporting that their EM PE portfolios have performed in line with their expectations or better.

Exhibit 8: Net Return Expectations of 16% or More for Developed Market vs. Emerging Market PE Portfolios, 2012–2015



Limited partners remain bullish that EM PE funds will outperform their developed markets counterparts. For 2014-vintage funds, 55% of LPs expect net returns of 16% or more for EM PE vehicles, versus 34% of respondents expecting the same results from developed markets PE vehicles. For both emerging markets and developed markets, net return expectations in the 2015 survey decreased slightly compared to the 2014 survey. The 2015 survey also marks the third consecutive year in which LP return expectations for EM PE funds have declined.

Exhibit 9: Net Return Expectations of 16% or More for Developed Markets and Emerging Markets



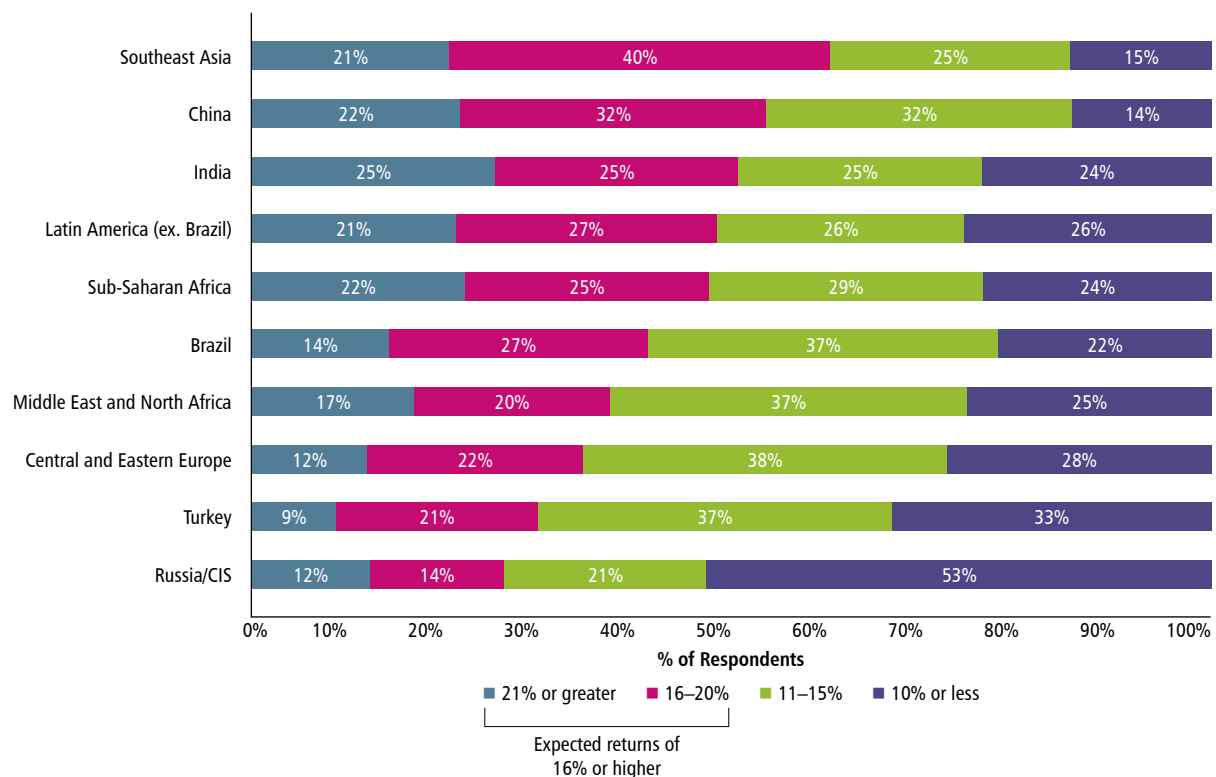
2014-vintage private equity funds for five emerging markets/regions—India, China, Southeast Asia, Latin America (ex. Brazil) and Sub-Saharan Africa—are expected to outperform private equity funds in the United States, Western Europe and Developed Asia. At least 48% of LPs expect funds for these five emerging markets/regions to post net returns of 16% or higher. Across global private equity markets, LPs are most bullish on returns for Southeast Asia-focused funds and least bullish on Japan-focused funds.

Emerging Asia Funds Expected to Net Highest Returns Across Global Private Equity Markets

Across global private equity markets, limited partners have the highest net return expectations for Emerging Asia funds, led by Southeast Asia. Southeast Asia and India posted the largest increases in the percentage of LPs expecting net returns of 16% or higher, with Southeast Asia increasing from 52% in the 2014 survey to 60% in the 2015 survey, and India up from 39% to 51%. Moreover, 25% of LPs—the highest among all emerging markets—anticipate that India PE funds will post net returns of 21% or more. In contrast, China-focused funds—for which LPs had the highest expectations in the 2014 survey—fell from 61% of respondents expecting returns of 16% or more to 54% of respondents with return expectations of 16% or more in the 2015 survey.

Beyond Emerging Asia, LPs also have a positive outlook on returns potential for private equity funds in Latin America (ex. Brazil) and Sub-Saharan Africa. For both regions, 48% of institutional investors expect net returns of 16% or more, though the outlook for Latin America (ex. Brazil) slipped from 56% of LPs expecting these returns in the 2014 survey. Consistent with the 2014 survey and coinciding with a difficult geopolitical and economic environment, return expectations for funds focused on Turkey and Russia/CIS have declined.

Exhibit 10: Distribution of Net Return Expectations From 2014–Vintage Funds

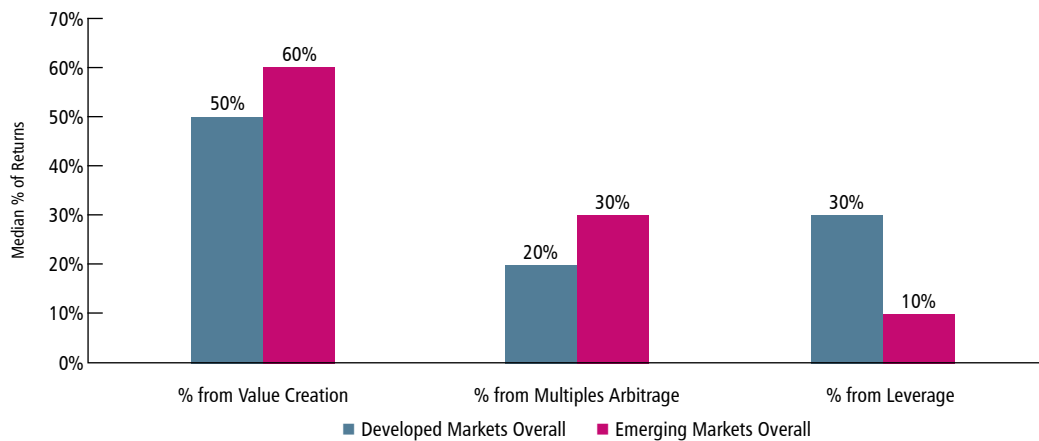


Value Creation to Drive Returns More in EM vs. Developed Markets; Expected Distribution Schedules Relatively Consistent Globally

In assessing 2014-vintage global private equity funds, limited partners anticipate value creation to be the primary driver of returns. However, LPs view value creation as playing a larger role in driving returns for EM PE funds, expecting it to account for a median of 60% of returns versus 50% in developed markets. Institutional investors

also expect multiples arbitrage to account for a larger proportion of returns in EM PE funds than in developed markets funds. On the other hand, leverage—as a driver of returns—is expected to deliver 30% of returns in developed markets private equity funds, but only about 10% in emerging markets.

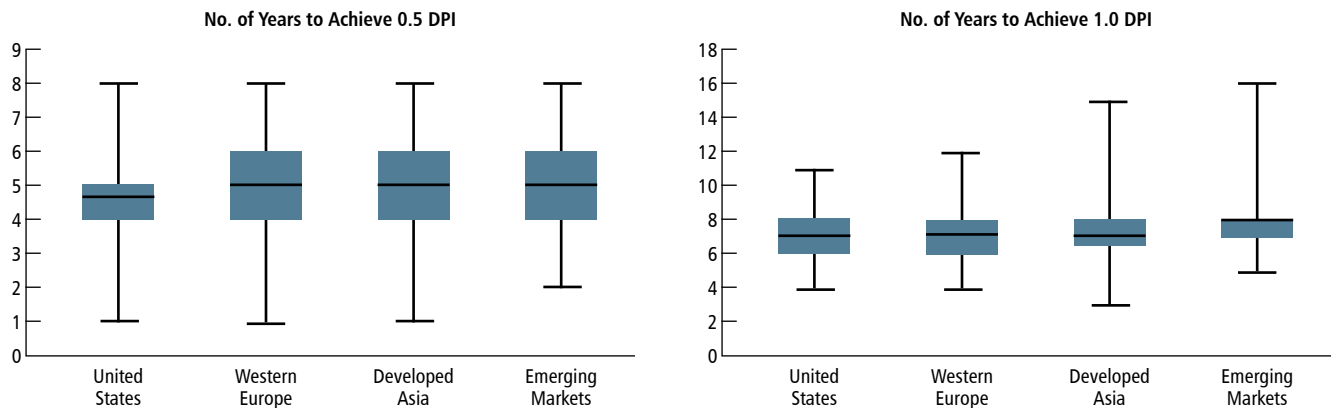
Exhibit 11: Expected Drivers of Returns for 2014-Vintage PE Funds



Expected distribution schedules for EM PE funds are relatively consistent with those for funds focused on the United States, Western Europe and Developed Asia. The median number of years in which LPs expect to achieve 0.5 DPI (i.e., the ratio of distributed to paid-in capital, or cash-on-cash multiple) for an EM PE fund is five years, which is on par with

Western Europe-focused funds and Developed Asia-focused funds, and slightly higher than the anticipated distribution schedule for United States-focused funds. LPs anticipate achieving 1.0 DPI for emerging markets private equity funds after a median timeframe of eight years, above the seven-year median timeframe expected for developed markets funds.

Exhibit 12: Expected Distribution Schedule from a PE Fund for Developed Markets and Emerging Markets



Note: The top and bottom lines are the maximum and minimum reported values, respectively. The bottom of the blue box is the first quartile (Q1), and the top of the blue box is the third quartile (Q3). The black line in the blue box is the median.

Three Most Attractive Emerging Markets Remain Unchanged; Non-BRIC Markets Continue to Lead

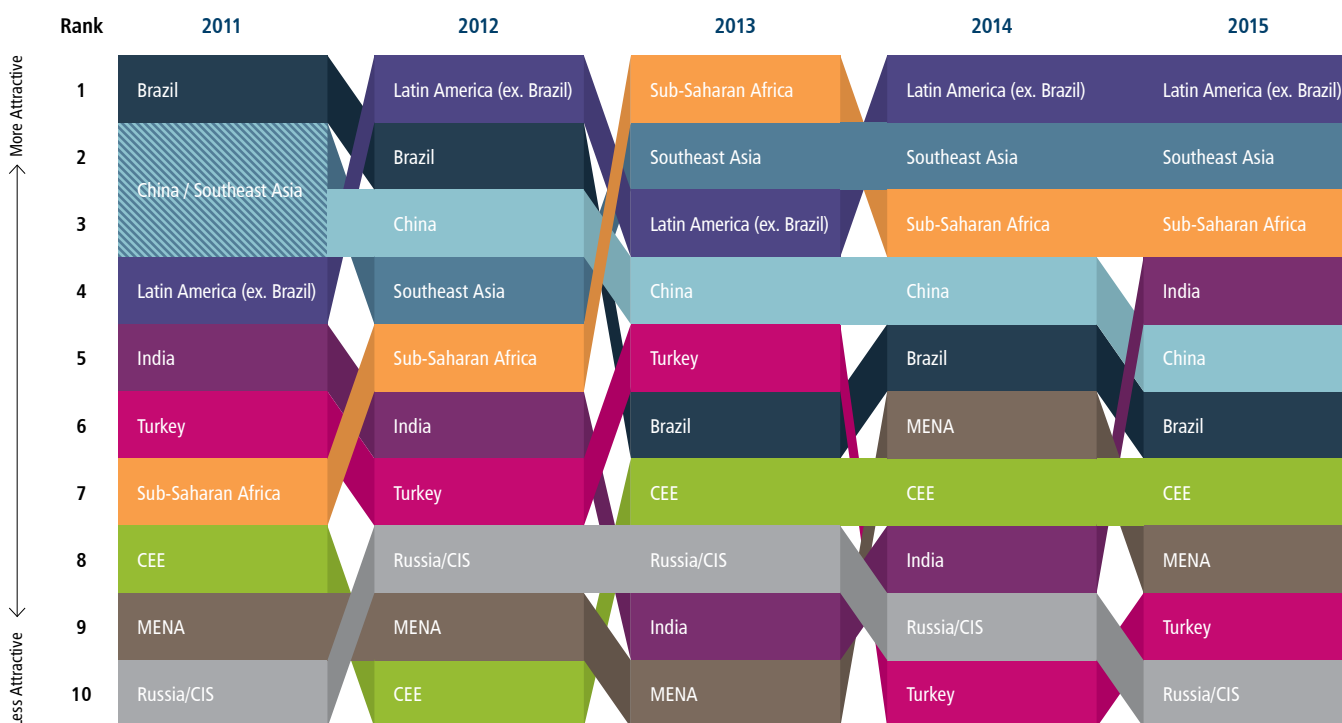
The three most attractive emerging markets for GP investment over the next 12 months, as ranked by LPs, remain unchanged from the 2014 survey. Latin America (ex. Brazil) continues to hold the top spot, followed by Southeast Asia and Sub-Saharan Africa, respectively. The biggest mover from last year's survey is India, which jumped from eighth place to fourth place in the 2015 survey. Though India continues to face challenges, LPs' bullish return expectations for India PE funds coincides with the election of a reform-minded government in May 2014 that has lifted investor sentiment. India also leapfrogs both China and Brazil, whose rankings shifted down one spot from the 2014 survey.

Middle East and North Africa, which jumped from tenth place in the 2013 survey to sixth place in the 2014 survey, falls to eighth place in the latest rankings.

Since the 2011 survey, Brazil and Sub-Saharan Africa have seen the most variance in their rankings. Brazil ranked as the most attractive market in 2011 but has since fallen to sixth place in this year's survey. Sub-Saharan Africa jumped from seventh place in the ranking in 2011 to first in 2013 and now ranks as the third most attractive emerging market for GP investment over the next 12 months.

Russia/CIS fell to tenth place in the ranking (from ninth place last year) after a challenging year, in which the Ukraine conflict dominated headlines and resulted in economic sanctions against Russia. The

Exhibit 13: The Attractiveness of Emerging Markets for GP Investment Over the Next 12 Months – LP Views



Note: "CEE" refers to Central and Eastern Europe. China and Southeast Asia tied for second place in 2011. Southeast Asia was classified as "Other Emerging Asia" in 2011 and 2012.

Sub-Saharan Africa and Latin America (ex. Brazil) Poised to See Largest Increase in Commitments

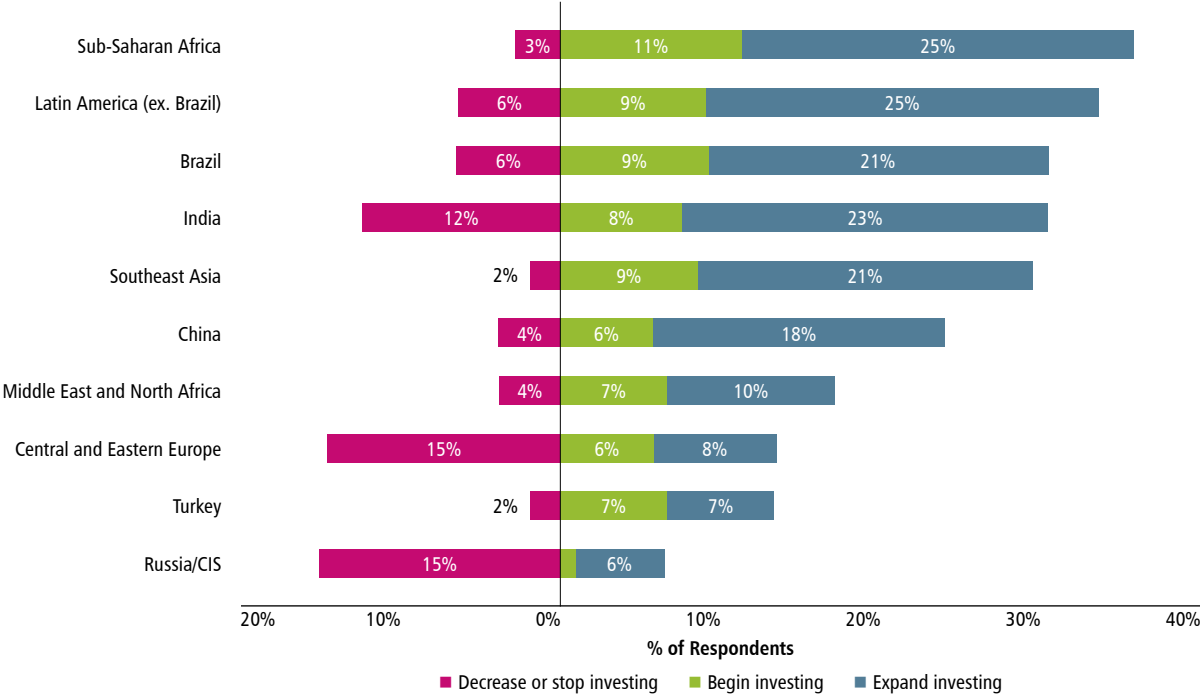
Sub-Saharan Africa and Latin America (ex. Brazil) are the two EM regions where the most respondents plan to begin or expand investing over the next two years. This marks the third consecutive year in which two non-BRIC markets have had the highest percentage of LPs indicating a planned increase in commitment levels, after Sub-Saharan Africa and Southeast Asia took the top two spots in the 2013 survey and Southeast Asia and Latin America (ex. Brazil) held the highest positions in the 2014 survey.

While India's attractiveness ranking jumped to fourth place in this year's survey and 31% of limited partners plan to increase their commitment levels in the country, 12% of LPs plan to decrease or stop investing in the market, the largest percentage of respondents reporting a decrease for a region, after Central and Eastern Europe and Russia/CIS. Turning

to China, only 24% of LPs anticipate increasing their investment (versus 35% last year), perhaps symptomatic of a slowdown in economic growth for the country or LPs have hit their allocation targets. Among the BRIC markets, Brazil is likely to see the biggest influx of capital by 2017, with 30% of LPs planning to begin or expand investing there.

The highest percentage (15%) of respondents expect to decrease or stop investing in Central and Eastern Europe and Russia/CIS. In line with the attractiveness ranking and indicative of recent sanctions and political challenges facing Russia/CIS, the region will likely see the smallest amount of new capital committed, with only 7% of LPs planning to begin or expand investing in this market over the next two years.

Exhibit 14: LPs' Planned Changes to Their EM PE Investment Strategy Over the Next Two Years



Political Risk and Currency Risk in Emerging Markets Continue to Deter LPs

Political risk in emerging markets remains high on the minds of limited partners. For eight of the ten emerging markets/regions, political risk ranks as the factor most likely to deter LPs from investing within the next two years. In the 2014 survey, LPs ranked political risk as their primary concern for investing in only three markets: Russia/CIS, Turkey and the Middle East and North Africa.

In this year's survey, the two markets where political risk does not rank as the main deterrent for PE investing are India and Latin America (ex. Brazil). For India, respondents view challenging regulatory and tax issues and currency risk as the primary deterrents, while for

Latin America (ex. Brazil), currency risk is the greatest deterrent to LP investment.

Relative to other factors, the smallest percentage of respondents indicate an oversupply of funds as a barrier to invest in non-BRIC markets, with the exception of Turkey. While LPs cite political risk as the main deterrent for investing in Sub-Saharan Africa—the emerging market poised to see the largest influx in commitments over the next two years—the limited number of established fund managers in the region also poses a concern; 40% of respondents view this factor as a deterrent from investing.

Exhibit 15: Factors Likely to Deter LPs from Investing in Individual Emerging Markets/Regions Within the Next Two Years*

	Historical performance	Limited number of established fund managers	Oversupply of funds / too competitive	Scale of opportunity to invest is too small	Entry valuations are too high	Weak exit environments	Challenging regulatory / tax issues	Prefer exposure via other asset classes	Political risk	Currency risk
China	12%	9%	12%	0%	15%	15%	41%	32%	41%	18%
India	33%	26%	18%	3%	23%	33%	36%	23%	33%	36%
Southeast Asia	7%	30%	0%	7%	7%	15%	15%	33%	33%	22%
Russia/CIS	20%	26%	1%	6%	3%	22%	35%	12%	87%	41%
Turkey	4%	22%	12%	16%	8%	10%	22%	24%	57%	37%
Central and Eastern Europe	21%	32%	2%	6%	4%	17%	15%	26%	40%	26%
Brazil	15%	23%	13%	0%	15%	18%	30%	23%	43%	40%
Latin America (ex. Brazil)	13%	38%	3%	5%	10%	18%	31%	26%	36%	41%
Middle East and North Africa	20%	41%	2%	22%	6%	24%	30%	19%	65%	26%
Sub-Saharan Africa	20%	40%	4%	29%	7%	20%	33%	22%	67%	38%

*Indicates percentage of respondents answering for each region/market.

Growth Capital Funds Still Attract the Most Interest but Many LPs Look to Other Strategies in EM

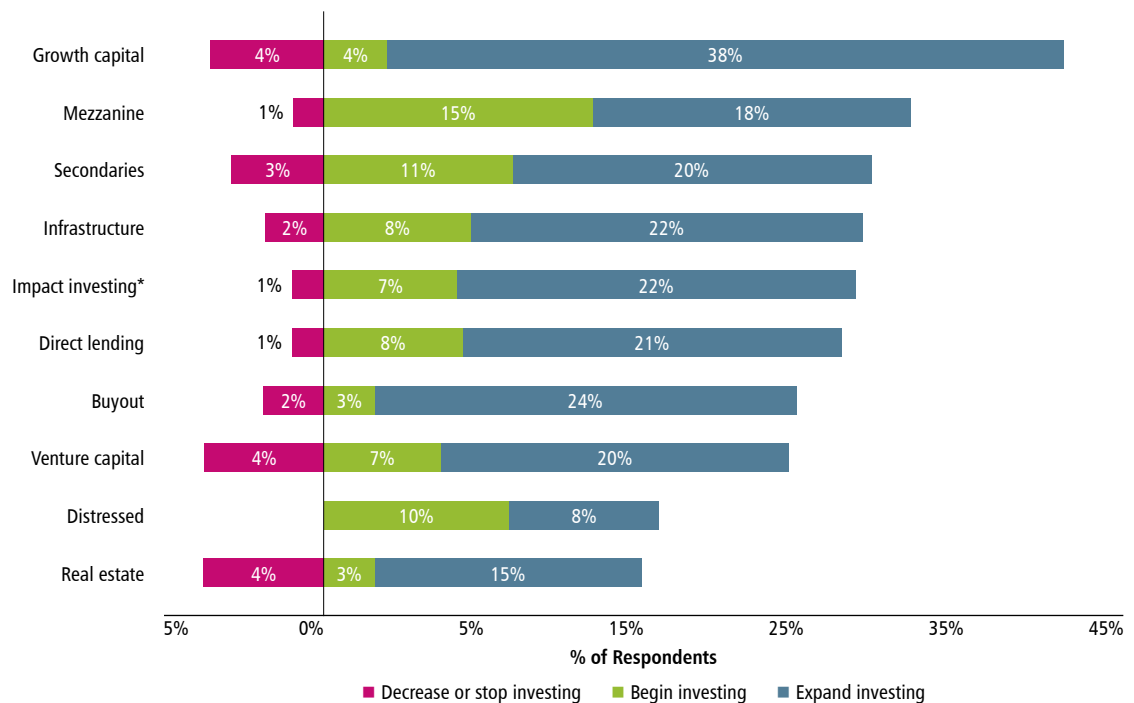
Growth capital funds, historically the dominant PE investment strategy in emerging markets, continue to attract the most LP attention; however, investor interest may be subsiding. In the 2014 survey, 56% of respondents indicated a planned increase in commitments to growth capital funds, whereas in 2015, only 42% of respondents expect to begin or expand investments in funds with this strategy over the next two years.

Buyout funds, for which 44% of LPs in the 2014 survey expected to increase their commitment levels (versus 27% in this year's survey), and growth funds may be making way for LP interest in other strategies, most notably, funds with a mezzanine, secondary or distressed focus.

Mezzanine-focused vehicles and secondary funds are likely to see the highest influx of new investor interest, with 15% and 11% of LPs, respectively, expecting to begin investing in these strategies in emerging markets over the next two years.

The highest percentage of LPs (4%) plan to decrease or stop investing in funds with a growth capital focus, as well as those with a venture capital or real estate focus. Even though venture capital had a banner year in terms of investment activity in emerging markets in 2014, limited partner interest has only slightly increased, with 27% of respondents planning to start or expand investments in this strategy, versus 24% in the 2014 survey.

Exhibit 16: Planned Changes to EM PE Commitments Over the Next Two Years by Fund Strategy



Sectors LPs Most Want to Gain Exposure to in EM: Healthcare and Consumer Services/Goods

Among all sectors, institutional investors express the most interest in gaining exposure to healthcare and consumer services/goods via emerging markets private equity, whether through generalist or sector-specific funds, within the next two years. Of the respondents that indicate at least one sector preference in at least one individual market or region, more than 80% would like to see more exposure to these two sectors within their EM PE portfolios.

According to EMPEA, the consumer services/goods sector attracted 44% and 34% of the number of deals completed and total private equity capital invested, respectively, in emerging markets in 2014—the most among any sector with respect to both metrics. On the other hand, only 7% of the number of deals and 4% of capital invested accrued to companies operating in the healthcare sector. Interest in these two

sectors suggests LPs' attraction to private equity as a way to access companies in emerging markets that are noticeably underrepresented on public market indices.

In China, Russia/CIS and the Middle East and North Africa, the highest percentage of LPs indicate healthcare as the sector to which they most want to build exposure, while in India, Southeast Asia, Turkey and Latin America, the consumer services/goods sector garners the greatest interest. An equal proportion of LPs look to expand exposure to both the consumer services/goods and healthcare sectors in Central and Eastern Europe. Financials, for which 75% of respondents indicate interest, edges out consumer services/goods and healthcare as LPs' most desired sector in Sub-Saharan Africa.

Exhibit 17: LPs' Desired Sector Exposure via PE in Individual Markets/Regions Within the Next Two Years*

	Agribusiness	Cleantech	Consumer Services/Goods	Energy/Utilities	Financials	Healthcare	Industrials/Basic Materials	Technology/Telecommunications
China	48%	43%	77%	41%	57%	79%	52%	68%
India	55%	34%	79%	43%	66%	73%	54%	64%
Southeast Asia	58%	35%	84%	47%	69%	78%	60%	64%
Russia/CIS	56%	50%	69%	38%	69%	81%	50%	50%
Turkey	52%	39%	84%	35%	68%	74%	55%	58%
Central and Eastern Europe	58%	35%	77%	39%	61%	77%	71%	65%
Brazil	53%	28%	74%	40%	55%	68%	47%	55%
Latin America (ex. Brazil)	57%	33%	74%	46%	59%	70%	59%	61%
Middle East and North Africa	71%	51%	71%	57%	63%	80%	57%	54%
Sub-Saharan Africa	66%	42%	72%	57%	75%	72%	57%	57%
All Emerging Markets †	62%	41%	81%	57%	69%	82%	64%	69%

*Indicates percentage of respondents answering for each region/market.

† Overall percentage of respondents indicating at least one sector in at least one individual market/region.

Select Sector Definitions

"Agribusiness" is a general term covering the production operations of a farm, the manufacture and distribution of farm equipment and supplies, and the processing, storage, and distribution of farm commodities.

"Cleantech" is overarching and spans across sectors. It refers to technologies, products or services in clean energy, low-carbon transport, resource efficiency, sustainable agriculture and environmental remediation.

"Consumer Services" refers to retail (including e-commerce), media and travel and leisure.

"Energy / Utilities" includes oil, gas and power.

Majority of LPs Plan to Commit Both via Re-ups and New GP Relationships in Emerging Markets

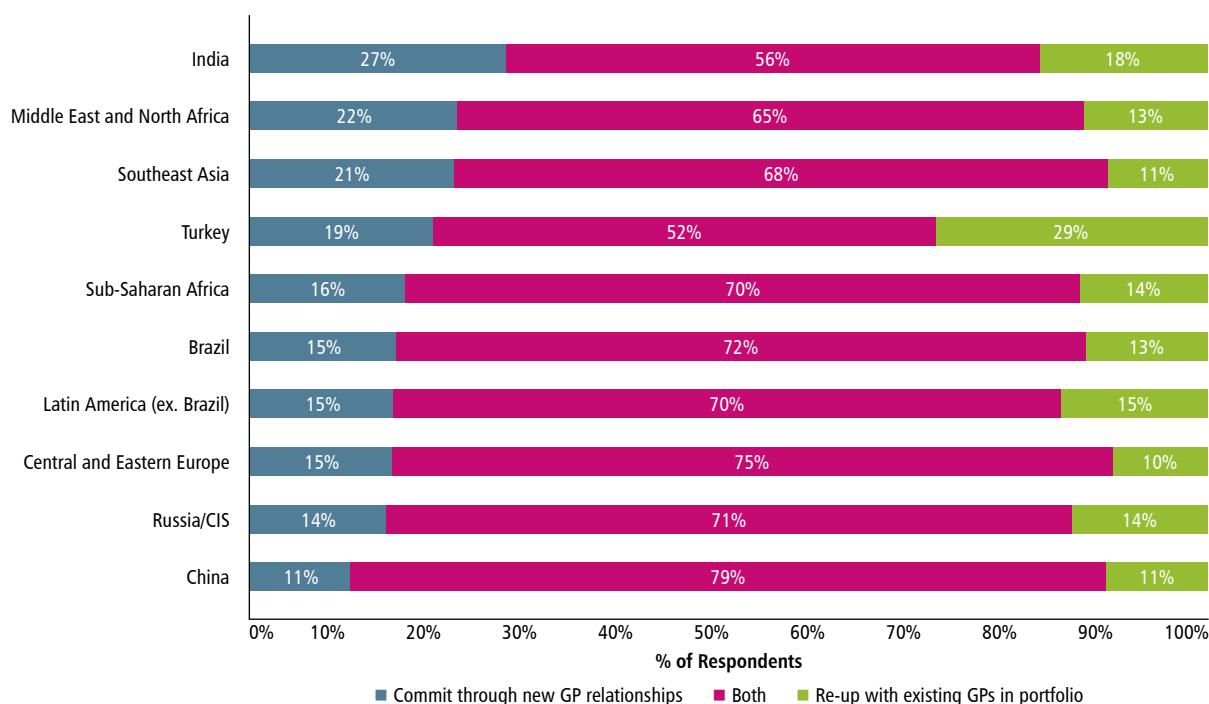
The majority of limited partners who intend to maintain or expand their investments in emerging markets plan to do so through both re-ups with GPs already in their portfolios and new GP relationships. The highest percentage of LPs (27%) anticipate committing via new GP relationships in India, followed by the Middle East and North Africa (22%) and Southeast Asia (21%), while Turkey accounts for the highest percentage of LPs (29%) who plan to re-up with previously-backed GPs.

LPs who plan to maintain or increase their commitments in China are most open to both new and existing GP relationships, with 79% of respondents considering investing in both segments. Compared to other emerging markets, China elicits the smallest percentage of LPs

who consider the limited number of established fund managers as a deterrent to investing, suggesting a more mature market with a deeper pool of GPs to evaluate.

For Latin America (ex. Brazil), which ranks as the most attractive emerging market for GP investment over the next 12 months, at least 15% of limited partners with exposure to the region expect to re-up via existing fund managers, while at least the same percentage plan to commit via new relationships. However, after currency risk, LPs cite the limited number of established fund managers as the second-most deterring factor for investing in Latin America (ex. Brazil), a potential challenge when evaluating GP relationships.

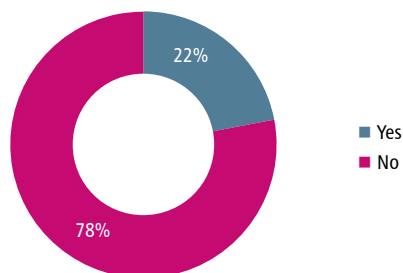
Exhibit 18: LP Commitments to EM PE Within the Next Two Years via New GP Relationships, Re-ups with Existing GPs or Both*



*Includes only LPs anticipating to expand or maintain existing commitment levels in each market/region.

LP Trends for EM PE Fund Managers and Companies

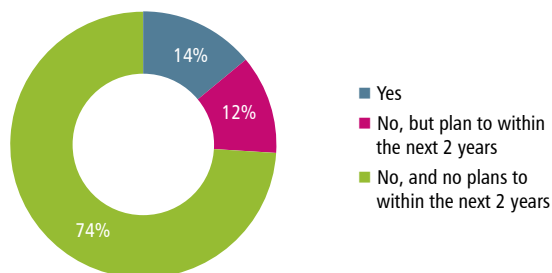
Exhibit 19: Does Your Institution Invest in EM PE Funds of Funds?*



*Excludes development finance institutions and funds of funds.

The majority of limited partners (78%) do not invest in emerging markets private equity funds of funds. Of the institutions who do invest in EM PE funds of funds, pension funds and endowments together comprise the highest percentage (67%).

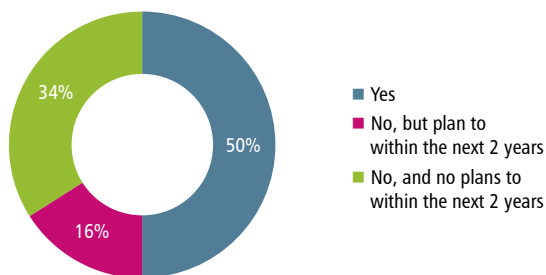
Exhibit 20: Has Your Institution Allocated Capital to EM PE Through a Separate Account?*



*Excludes funds of funds.

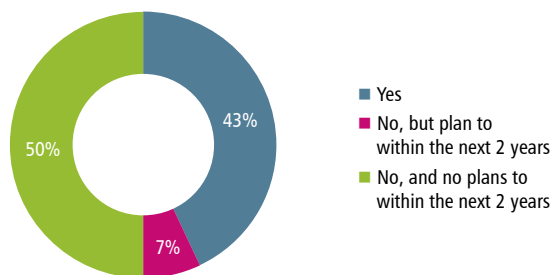
While the majority of limited partners do not allocate capital to emerging markets private equity through a separate account and have no plans to within the next two years, 14% of LPs have allocated capital to EM PE via this arrangement. In addition, 12% of respondents who previously have not made an EM PE separate account commitment plan to do so within the next two years. Pension funds represent the largest proportion of LPs that have already committed to or are looking to commit to a separate account for EM PE exposure.

Exhibit 21: Has Your Institution Co-invested with a GP in an Emerging Markets-based Company?



Half of LPs (50%) have already co-invested with a GP in an emerging markets-based company, while another 16% of LPs plan to do so within the next two years, relatively on par with 49% and 19% of respondents, respectively, in the 2014 survey. In this year's survey, the highest representation among institutions that have co-invested with a GP in emerging markets consists of development finance institutions, funds of funds and endowments.

Exhibit 22: Has Your Institution Made a Direct Investment in an Emerging Markets-based Company?



A smaller percentage of limited partners have made or plan to make a direct investment in an emerging markets-based company than the percentage that have made or plan to make a co-investment. However, in the 2014 survey, 34% of LPs had made a direct investment in EM, compared to 43% in this year's survey, and another 7% of LPs anticipate making an EM direct investment by 2017. Development finance institutions and funds of funds continue to have the highest representation among institutions who have made a direct investment and together account for 59% of LPs who have executed this strategy.

Respondent Profile and Survey Definitions

In February and March 2015, EMPEA surveyed 141 limited partners, collectively representing more than US\$775 billion in global private equity assets under management and headquartered across 34 countries, to gather their views on the EM PE asset class. Respondents represent a diverse mix of institutions, including public and private pension funds, family offices, endowments, foundations, banks, asset

managers, insurance companies, government agencies, corporations, development finance institutions and funds of funds. Just over 90% of respondents are currently invested in at least one EM PE fund. For the average private equity portfolio of a surveyed LP (excluding development finance institutions and EM-focused funds of funds), emerging markets constitute approximately 31% of current capital commitments.

Exhibit 23: Respondents by Headquarters

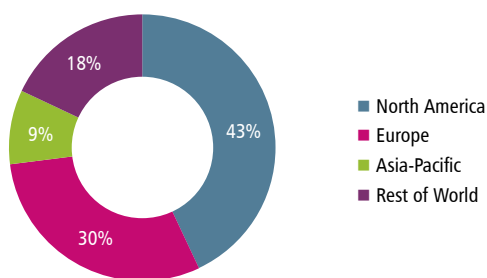


Exhibit 24: Respondents by Institution Type

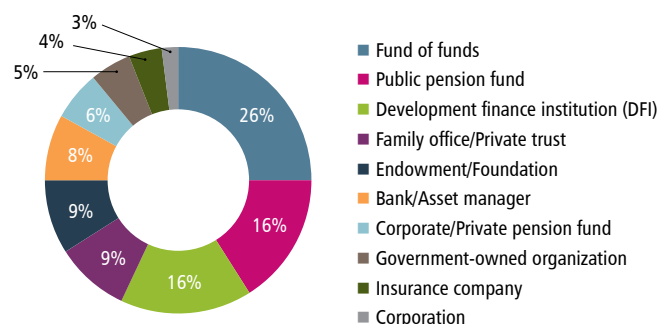
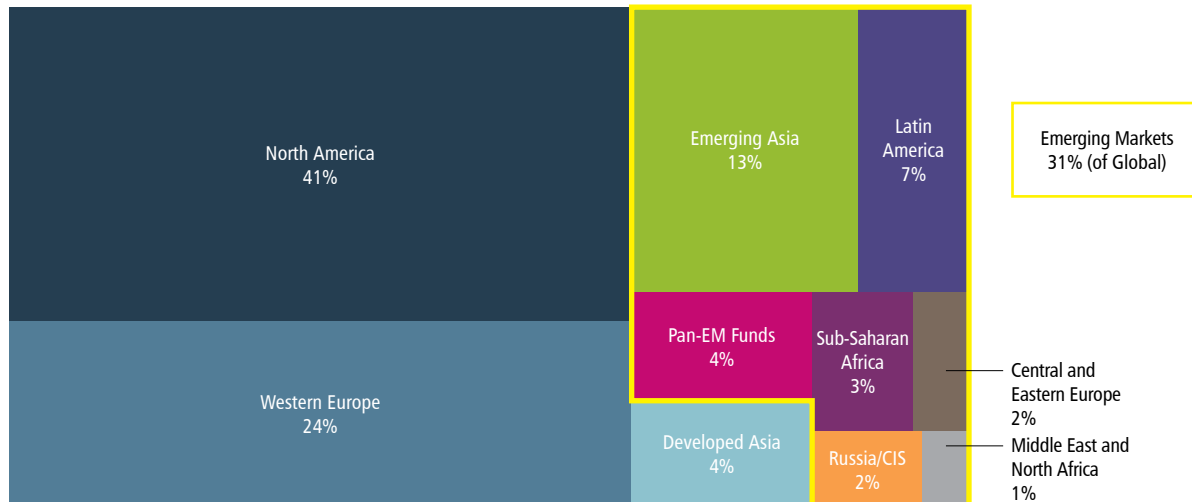


Exhibit 25: Disclosed Distribution of Current Committed Capital in Global PE Portfolio*



*Excludes development finance institutions and EM-focused funds of funds.

Survey Definitions

"Emerging markets" (abbreviated to "EM") encompass the private equity markets of all countries outside of the United States, Canada, Western Europe, Israel, Japan, Australia and New Zealand, collectively referred to as "developed markets."

"Emerging Asia" encompasses all of Asia excluding funds whose primary investment focus is Japan, Australia and/or New Zealand.

"Private equity" (abbreviated to "PE") encompasses buyout, growth capital, venture capital, special situations and mezzanine investments.

"Emerging markets private equity" (abbreviated to "EM PE") funds encompass PE funds that principally target investments in emerging markets.

"Limited partners" (abbreviated to "LPs") are investors in PE funds.

"General partners" (abbreviated to "GPs") are PE fund managers.

Note: In some exhibits, percentages may not sum to 100% due to rounding.

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“We are currently leveraging EMPEA data to better understand where venture capital flows in emerging markets, which markets/sectors have demonstrated the most significant growth, and how venture capital has grown as a percent of total private equity in emerging markets. The data and support from the EMPEA research team has been enormously helpful in answering these research questions.”

- Omidyar Network
(Limited Partner, EMPEA Member)

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