

PRIVATE EQUITY PERFORMANCE OVERVIEW

eFront Insight Research Quarterly Report
Q2 2021 Issue



INTRODUCTION

The second quarter of 2021 was a particularly good one for the global LBO market, delivering a quarterly return of almost 12%. This growth was mostly driven by European and North American regions. The strongest progression was recorded for the youngest vintage years 2017 – 2019. The growth in the VC market slowed down only modestly, since this sub-strategy is still delivering a double-digit return for investors. On the industry sector side, it was the private equity deals operating in the Industrials and Financials sectors that accelerated their performance the most intensively.

The new edition of the eFront Insight Research Quarterly Report presents two sets of performance metrics. The first is based on the fund-level transaction data sourced directly from limited partners who report on the capital calls and distributions paid in and received from the GP managers they are invested with. Transaction data allows the direct calculation of the net-of-fees performance averaged out across the selection of funds. The second set of performance metrics leverages the deal-level data sourced from GP managers who report portfolio deal characteristics and financials every quarter to their investors. This rich and granular dataset enables a thorough breakdown of performance figures across regions and industry sectors. All the reported performance metrics in the second part are presented on a gross-of-fees basis.

eFront Insight Research Quarterly Report delivers only a selection of performance benchmarks to its readers. eFront Insight clients have access to the eFront Insight Quarterly Data Pack catalog of benchmarks, including the performance dispersion metrics, performance breakdown by industry sub-sectors, more granular regional performance benchmarking (per country), the performance ratios of realized deals, the pace of new investments and many more. This service provides Insight subscribers access to deal evolution across more than 60,000 private equity and more than 30,000 real estate investments. It enables clients to benchmark the performance of their direct and passive portfolio holdings and forecast and plan the value creation and exit expectations of their asset level holdings through trend analysis.

60,000+

Private equity deals

30,000+

Real estate investments



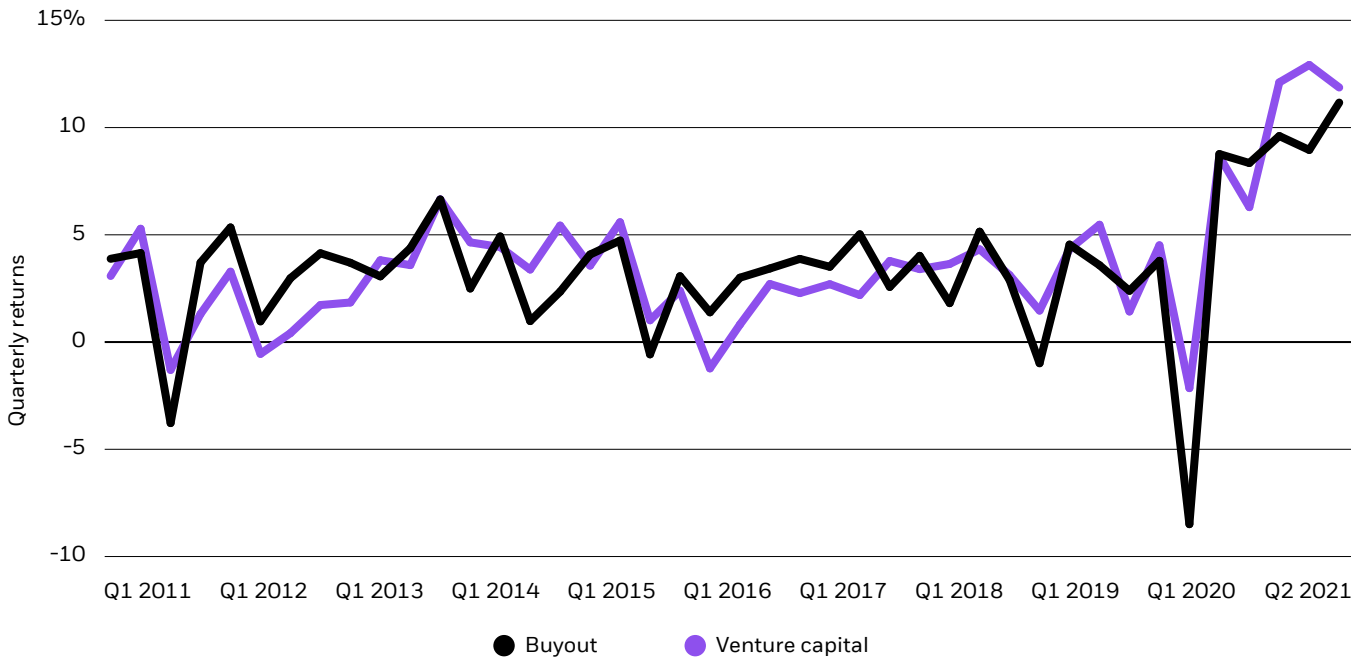
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eFront Insight leverages eFront Insight Data Services and its Research module in order to provide a customizable library of 200+ charts and analysis options in addition to a variety of benchmarking tools and performance metrics (IRRs, TWRs, performance multiples, PME comparisons, quartile rankings, etc.) that allow investors to evaluate portfolios and accurately benchmark performance. eFront Insight features tight integration with the entire eFront Solution Suite for even more access to detailed analyses and tools.

FUND LEVEL ANALYSIS

Figure 1

The ten-year evolution of quarterly returns of Insight Research Index (Q1 2011 – Q2 2021) by strategy.



Source: eFront Insight, As of Q2 2021. The Insight Research Index plots the one quarter return for the funds within the Insight Research universe. Each one quarter return is calculated using the Modified Dietz method using the data on capital calls paid by limited partners and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

ABOUT INSIGHT RESEARCH INDEX

The Insight Research Index plots the one quarter return for the funds within the Insight Research universe. Each one quarter return is calculated using the Modified Dietz Method that puts a time weight on cash flows paid and received by limited partners.

A quarterly modified Dietz method return is calculated as: $R_{MDietz} = \frac{EMV - BMV - CF}{BMV + \sum_{i=1}^n W_i CF_i}$

Where

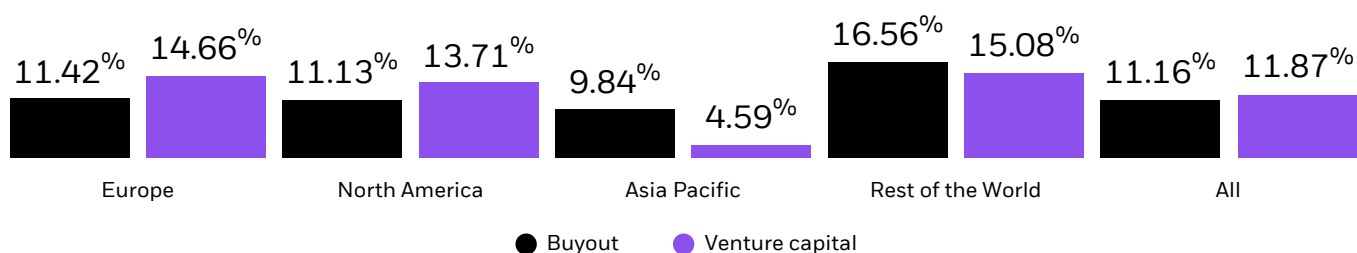
- EMV** - Ending Market Value
- BMV** - Beginning Market Values
- CF** - Cash Flows during the period
- Wi** - $[CD - Di] / CD$

Where

- CD** = the number of calendar days during the return period being calculated.
- Di** = the number of days from the start of the return period until the day on which the flow, **CF_i**, occurred.

Chart 1**The last quarter return on Insight Research Index by region and strategy.**

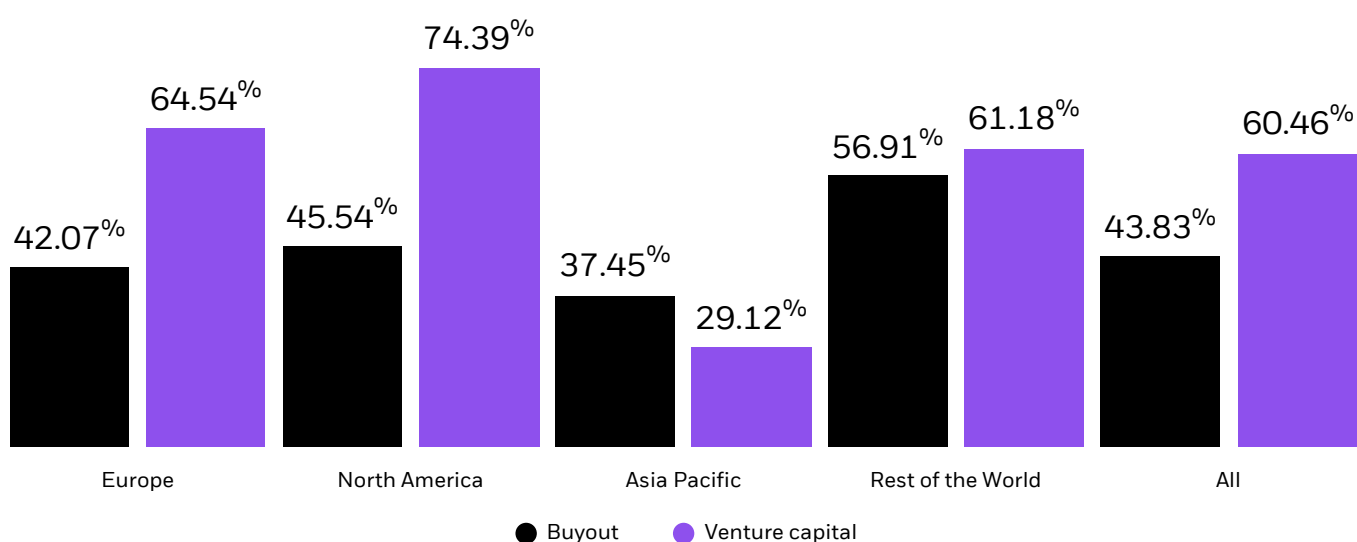
Q2 2021 return on Insight Research Index by region and strategy.



Source: eFront Insight, As of Q2 2021. The table presents the last twelve-month return on Insight Research Index for the funds within the Insight Research universe broken down by PE sub-strategy and region. Each one quarter return is calculated using the Modified Dietz method using the data on capital calls paid by investors and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Chart 2**The last twelve-month return on Insight Research Index by region and strategy.**

Rolling 12M return on Insight Research Index by region and strategy.



Source: eFront Insight, As of Q2 2021. The table presents the last quarter return on Insight Research Index for the funds within the Insight Research universe broken down by PE sub-strategy and region. Each one quarter return is calculated using the Modified Dietz method using the data on capital calls paid by investors and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 1

The Investment-to-date performance multiples and IRRs by region and strategy.

Fund – Level performance multiples and IRRs by region and strategy.

Strategy	Buyout		Venture Capital	
Region	TVPI	IRR	TVPI	IRR
Europe	1.71 x	14.70%	1.81 x	10.09%
North America	1.67 x	12.94%	2.00 x	15.19%
Asia Pacific	1.54 x	10.70%	1.76 x	11.28%
Rest of the World	1.41 x	5.18%	1.50 x	6.40%
All	1.68 x	13.25%	1.91 x	13.64%

Source: eFront Insight, As of Q2 2021. The table presents the pooled average Total-Value-Paid-In performance multiple (TVPI) and the pooled average internal rate of return (IRR) for the funds within the Insight Research universe broken down by PE sub-strategy and region. The TVPI represents a cumulative relative return and the IRR an annualized return, both calculated using fund cash-flows since their inception. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 2**The Investment-to-date performance multiples and IRRs by vintage year and strategy.**

Fund – Level performance multiples and IRRs by vintage year.

Vintage year	Buyout		Venture Capital	
	TVPI	IRR	TVPI	IRR
2000	1.84 x	14.84%	0.97 x	-0.51%
2001	1.91 x	21.50%	1.21 x	3.00%
2002	1.98 x	22.14%	0.88 x	-1.87%
2003	2.03 x	18.68%	1.45 x	6.68%
2004	1.75 x	14.54%	1.60 x	6.43%
2005	1.53 x	8.11%	2.12 x	12.11%
2006	1.39 x	5.51%	1.51 x	6.39%
2007	1.55 x	8.26%	1.63 x	7.54%
2008	1.64 x	10.96%	2.05 x	12.75%
2009	1.96 x	17.58%	2.38 x	14.62%
2010	1.73 x	11.69%	2.39 x	14.88%
2011	1.93 x	15.87%	2.24 x	15.72%
2012	1.90 x	16.61%	3.41 x	23.73%
2013	1.90 x	17.81%	2.40 x	18.29%
2014	1.98 x	20.08%	2.58 x	22.30%
2015	1.50 x	14.73%	2.34 x	22.53%
2016	1.68 x	19.13%	2.45 x	32.66%
2017	1.66 x	24.59%	1.92 x	29.52%
2018	1.55 x	31.70%	1.44 x	21.56%
2019	1.32 x	31.96%	1.38 x	38.09%

Source: eFront Insight, As of Q2 2021. The table presents the pooled average Total-Value-Paid- In performance multiple (TVPI) and the pooled average internal rate of return (IRR) for the funds within the Insight Research universe broken down by PE sub-strategy and vintage year. The TVPI represents a cumulative relative return and the IRR an annualized return, both calculated using fund cash-flows since their inception. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

DEAL LEVEL ANALYSIS

Table 3

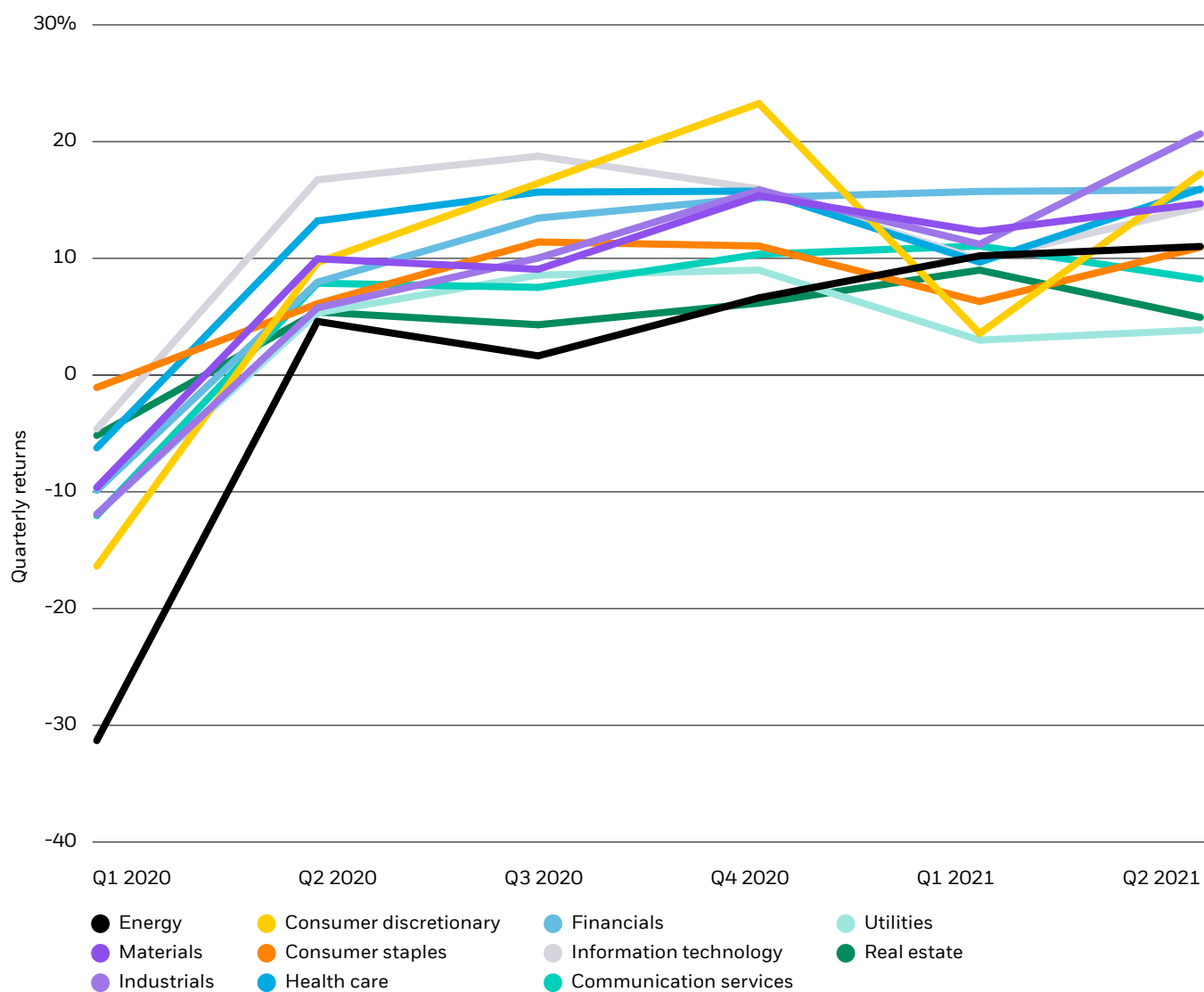
The quarterly and the last-twelve-month performance¹ of PE deals by industry sector.

Deal – Level quarterly return by industry sector.

Industry sector	Q3 2020	Q4 2020	Q1 2021	Q2 2021	LTM Q2 2021
Energy	1.65%	6.62%	10.22%	11.02%	34.43%
Materials	9.07%	15.36%	12.32%	14.69%	62.87%
Industrials	10.03%	15.85%	11.21%	20.66%	79.38%
Consumer discretionary	16.44%	23.27%	3.57%	17.26%	79.88%
Consumer staples	11.40%	11.06%	6.30%	10.95%	46.89%
Health care	15.68%	15.76%	9.68%	15.94%	73.56%
Financials	13.45%	15.21%	15.73%	15.87%	78.68%
Information technology	18.75%	15.95%	9.89%	14.40%	75.69%
Communication services	7.51%	10.35%	11.06%	8.23%	44.29%
Utilities	8.57%	8.99%	3.00%	3.87%	25.98%
Real estate	4.32%	6.16%	8.99%	4.95%	26.60%

Source: eFront Insight, As of Q2 2021. The table presents the quarterly and the last twelve-month performance over the past year for the PE funds within the Insight Research universe broken down by industry sectors. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two quarter-ends. The last twelve-month return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two year-ends. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

¹ The LTM return provided does not correspond to the aggregate return derived from the last four quarterly returns given in the table because the sample composition of deals used at the quarter-ends evolves over quarters.

Figure 2**Six-Quarter evolution of quarterly performance (Q1 2020 – Q2 2021) by industry sector.**

Source: eFront Insight, As of Q2 2021. The table presents the evolution of quarterly performance over the past six quarters for the PE funds within the Insight Research universe broken down by industry sectors. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 4
The quarterly and the last twelve-month performance² of PE deals (Q3 2020 – Q2 2021) by region.

Deal – Level quarterly return by region.

Region	Q3 2020	Q4 2020	Q1 2021	Q2 2021	LTM Q2 2021
North America	14.7%	14.4%	11.6%	15.9%	73.9%
Europe	12.4%	18.9%	7.7%	15.8%	70.9%
Western Europe	11.7%	16.2%	10.3%	14.9%	68.4%
Northern Europe	8.4%	23.4%	15.3%	18.2%	88.0%
Southern Europe	8.5%	8.9%	3.5%	14.8%	39.9%
Central and Eastern Europe	41.8%	54.4%	-18.6%	21.0%	131.9%
Asia Pacific	13.3%	13.4%	6.3%	10.4%	54.0%
Eastern Asia	12.1%	12.3%	3.0%	7.8%	43.1%
South Asia	16.1%	10.6%	10.2%	10.7%	60.5%
South East Asia	7.2%	7.8%	8.2%	13.5%	48.1%
Oceania	15.8%	18.4%	13.2%	7.7%	66.5%
Rest of the World	6.0%	31.4%	0.3%	20.8%	57.4%

Source: eFront Insight, As of Q2 2021. The table presents the quarterly and the last twelve-month performance over the past year for the PE funds within the Insight Research universe broken down by region. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two quarter-ends. The last twelve-month return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two year-ends. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

² The LTM return provided does not correspond to the aggregate return derived from the last four quarterly returns given in the table because the sample composition of deals used at the quarter-ends evolves over quarters.

ABOUT EFRONT INSIGHT

With Asset Owners looking to grow their exposure to private markets, securing high-quality data and powerful analytics has become essential for attaining top quartile performance. With reliable investment and benchmark data, best in class data collection service and ESG risk detection, eFront Insight enables Asset Owners and Asset Managers to generate superior insights, enhancing their decision making for due diligence, portfolio construction, and portfolio monitoring processes.

eFront Insight | Data services

eFront Insight's managed data services streamline the exchange of data between Asset Owners and Asset Managers through its SaaS-based portal supported by data collection services and state-of-the-art machine learning automation capabilities. eFront Insight ensures investors always have access to granular, high-quality, verified data and KPIs about fund managers, funds, and underlying assets, covering all alternative asset classes - private equity, real estate, infrastructure, and private debt.

Automation of data collection

eFront Insight now incorporates BlackRock's newly developed natural language processing (NLP) method for understanding text and for capturing and extracting data points from complex and unstructured documents such as quarterly reports received by private markets investors. Bringing this unique automated process power to the data services team radically improves how we collect, extract, and organize thousands of documents containing unstructured data. The underlying technology unlocks any document, collecting content in various formats - such as PDF and Excel - directly from external portals or email attachments. It then automatically gathers characteristics of the document to quickly extract key metrics and KPIs, generating easy-to-read reports purpose-built for investors. This innovation embedded in eFront Insight bolsters the timeliness of data service, increases the precision of data extraction, and delivers value to clients at scale.

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