

Discount narrowing

HarbourVest Global Private Equity's (HVPE) share price gained 24% during 2012, helping to reduce the discount to NAV to 34%. During the period, a clear divergence of strategies emerged within the listed private equity sector. Some are increasing near-term cash returns to investors through dividends and share buybacks, even accelerating the realisation of assets to fund this. Others, including HVPE, are for now continuing to find investment opportunities which they believe will generate better long-term returns. HVPE's discount to NAV remains attractive in both absolute terms and relative to peers (29%), given ongoing realisations in excess of carrying value and good long-term NAV performance. We believe sector consolidation and disinvestment by those companies wishing to do so will move the sector towards a smaller number of larger, increasingly liquid entities with more stable shareholder bases. Combined with satisfactory investment performance this should see discounts narrow further.

Annualised returns	Total share return (%)*	Total NAV return (%)*	Total return MSCI World (%)*	Total return LPX 50 (%)**	Total return LPX Europe (%)**
Inception*	(14.1)	29.5	5.3	(31.1)	(24.2)
3 years	77.5	48.7	35.3	38.8	52.6
2 years	37.4	23.2	12.6	0.1	8.0
1 year	23.6	1.2	14.5	28.3	28.9

Source: Morningstar, Bloomberg. Note: *HVPE inception 6 December 2007. Euronext data is used as a proxy for HVPE's performance prior to its LSE listing. **LPX Europe Index covers European LPE; LPX 50 covers global LPE.

Conversus Capital deal completed

HVPE has confirmed the amount of its participation with other HarbourVest funds in the acquisition of Conversus Capital's portfolio of private equity fund of funds that was first announced in July 2012. Similar to the Absolute Private Equity deal last year, the quality and the maturity of Conversus Capital's portfolio is expected to generate substantial amounts of cash flow as realisations are made and facilitate a relatively quick repayment of capital.

Liquidity buoyed by corporate activity

A lack of liquidity among listed private equity funds and persistently high discounts to NAV have been a cause of concern for investors over recent years, but there are tentative signs that both are improving, supported by an increase in corporate activity across the sector. Consolidation should create a better structure for the listed PE sector, providing an exit to investors who no longer believe in the future performance of the asset class, and creating larger, more liquid entities for those that wish to do so.

Discount closing on conservatively valued NAV

The 24% increase in the share price over the last year has narrowed the discount to NAV from 46% in December 2011 to 30% in December 2012. Compared with the average discount for listed PE fund of funds of 29%, similar to the LPX Europe overall, the discount still looks attractive. Furthermore, ongoing realisations consistently above carrying value suggests this NAV valuation is conservatively assessed.

Listed private equity

22 January 2013

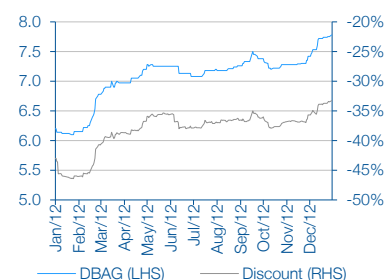
Price	\$8.43
Market cap	\$697m
NAV	\$987m

NAV per share	\$11.93*
Discount to NAV	30%*
Yield	N/A

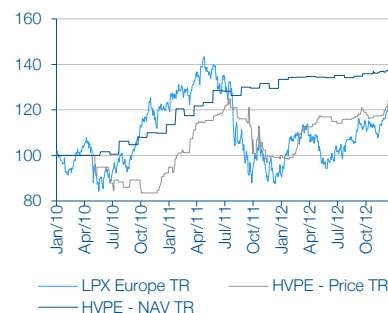
*Last published NAV as at 31 Dec 2012.

Shares in issue	82.7m
Code	HVPE
Primary exchange	LSE
Other exchanges	Euronext

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low		
Price	\$8.4	\$6.1
NAV	\$11.7	\$10.9

Next events

Annual Report	May 2013
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Exhibit 1: HVPE at a glance

Investment objective and fund background

HVPE is a Guernsey closed-end investment company that aims to provide long-term capital appreciation through a private equity portfolio well diversified by vintage year, geography, industry and strategy.

Recent news

15 January 2013 – Estimated Net Asset Value (December 2012)
15 December 2012 – Estimated Net Asset Value (November 2012)
10 December 2012 – Update on Pending purchase of Conversus

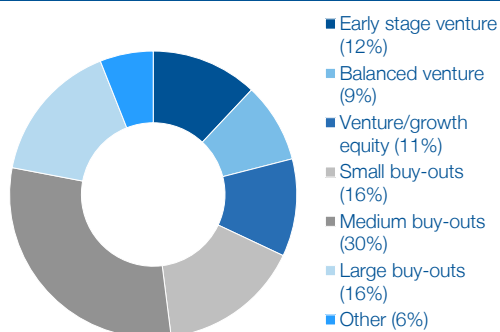
Forthcoming announcements/catalysts

Capital structure

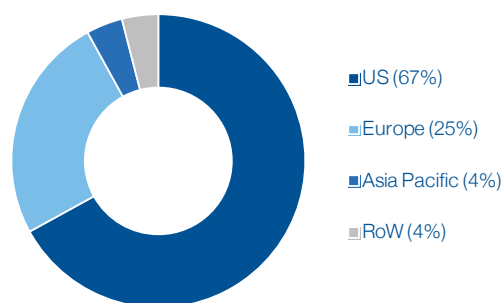
Fund details

AGM	June 2013	FY12 ongoing charges	2.4%	Group	HarbourVest Global Private Equity
Full year results	26 May 2013	Net gearing	16.0%	Manager	HarbourVest Advisers L.P
Year end	January	Annual mgmt fee	n/a	Address	PO Box 405, Anson Place La Charroterie, St Peter Port, Guernsey, GY1 3GF
Dividend	N/A	Performance fee	n/a		
Launch date: LSE	12 May 2010	Company life	Unlimited	Phone	+44 1481 722 260
Euronext	6 December 2007	Loan facilities	\$500m	Website	www.hvpe.com

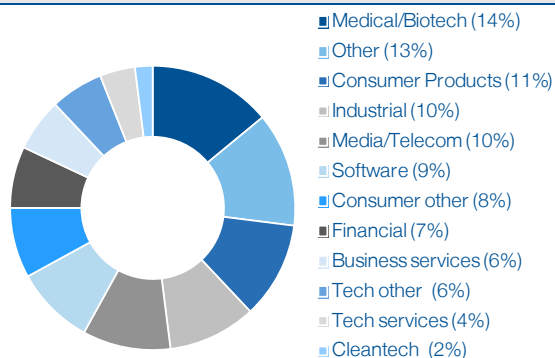
Strategy breakdown (as at 30 September 2012)



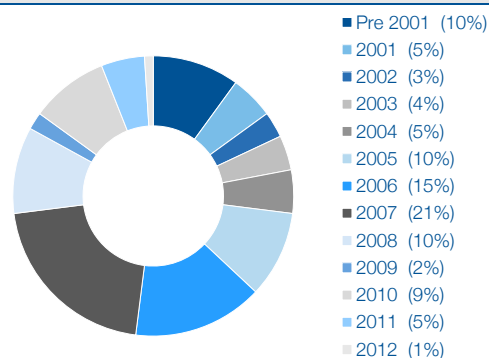
Country breakdown (as at 30 September 2012)



Industry breakdown (as at 30 September 2012)



Portfolio vintages (as at 30 September 2012)



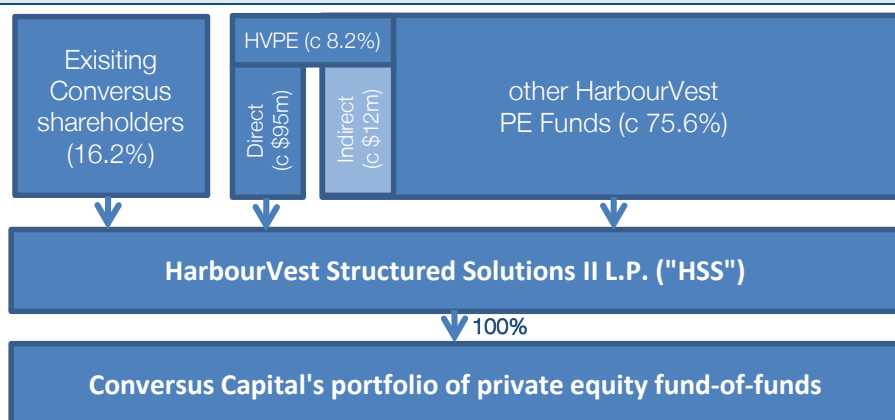
Source: HVPE, Edison Investment Research.

Consolidated vs consolidator

Conversus Capital

The \$1.4bn Conversus portfolio, acquired at a 14% discount to its adjusted NAV, will be transferred into a separate entity HarbourVest Structured Solutions II L.P. ("HSS"), which will be managed by HarbourVest partners. HVPE will take a direct stake of approximately \$95m and an indirect position of c \$12m through its holdings in other existing HarbourVest funds. The transaction is expected to add c \$0.20 (c 2%) to HVPE's NAV per share. Of the existing Conversus Capital shareholders, 16.2% have elected to remain investors in the new entity while the remaining 83.8% is split between HVPE (8.2%) and other HarbourVest funds (75.6%). HVPE is paying in cash, utilising existing debt facilities, and total gearing is expected to be 20% following the completion of the deal.

Exhibit 2: Structure of the Conversus deal

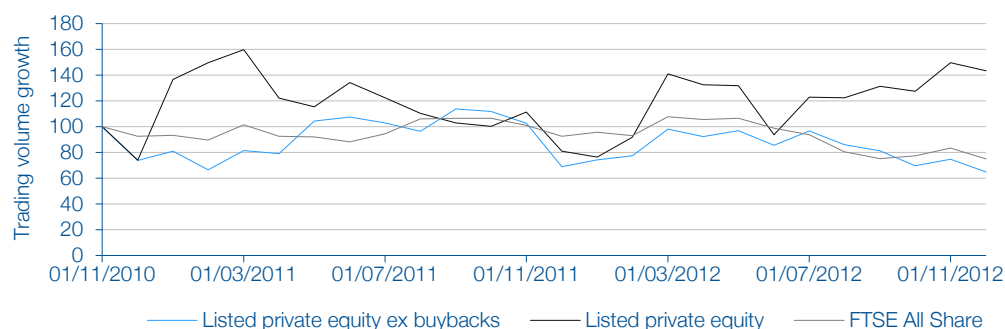


Source: Company data, Conversus Capital

Conversus Capital's mature portfolio with 50% pre-2007 investments has generated \$96m of gross realisations in the last 12 months. We believe that more transactions of this nature are likely as the market continues to polarise into companies like HVPE pursuing a continuing investment strategy and others seeking some form of run-off.

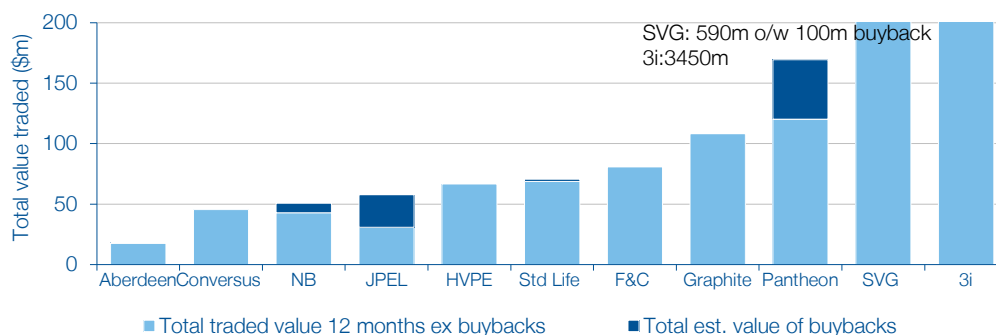
Trading volumes buoyed by buyback activity

Persistently high discounts to NAV and poor trading liquidity have been a negative feature of the listed private equity sector since the financial crisis, but there are signs these are easing. The following chart illustrates how trading volumes across the sector have improved 43% since the start of 2010, while total market trading volumes (FTSE All Share) have fallen 25%. While we acknowledge this rise has been driven by share buybacks across the sector (excluding buybacks volumes actually decreased by 35%), we view these transactions as providing an opportunity for those investors wishing to exit, while reducing the share register to those investors committed to the longevity of listed private equity.

Exhibit 3: Growth in 12 month trailing trading volumes

Source: London Stock Exchange, Bloomberg, Edison investment Research. Data as at 31/12/2012. Companies: Aberdeen PE, Conversus, F&C, Graphite, HVPE, JPEL, NB, Pantheon, SVG Capital, Standard Life and 3i.
Note: Trading volume is an index of the average volume traded over a three month period across the sector.

To help improve liquidity and try to close discounts to NAV, many listed private equity funds have implemented share buyback strategies, increased dividends and/or increased the amount they spend on client communication to ensure the right message is portrayed to the market. These strategies are being largely funded through slower investment programmes and/or deliberately running off their portfolios. During the last 12 months HarbourVest's total traded value has been in the middle of its peer group. Unlike the majority of its peers, HVPE has decided not to conduct a share buyback programme or implement a dividend policy as it believes the discount will narrow on its own through good fund performance and through the credibility given to the NAV by completing realisations above carrying value. Of the 43 largest realisations in H112, representing 83% of HVPE's realisations by value, the uplift to carrying value is 31%.

Exhibit 4: Trailing 12 month turnover on closing shares outstanding

Source: London Stock Exchange, Bloomberg, Edison investment Research. Data as at 31 December 2012.

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