Listed private equity:
Still undervalued?

June 2011

LPEQ
LISTED PRIVATE EQUITY

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Listed private equity: Still undervalued?

Despite a strong recovery from the low of 2009, the listed private equity sector remains at a historically wide discount to net asset value. The long-term performance record of the industry suggests that this gap should narrow further barring renewed economic dislocation. We explore the inherent advantages of private equity and show that the industry has emerged from past downturns with renewed focus and vigour.

Resourceful and cyclical; 2011 – a time to invest?

The private equity (PE) industry is not immune to economic and monetary conditions, but performance across cycles has delivered returns ahead of similar investment in quoted equity. We explore a number of the characteristics of PE and show how it has adapted to past downturns. We explain why in our opinion listed private equity (LPE) funds are the most suitable vehicle for the majority of investors seeking exposure to this interesting alternative investment proposition.

Emerging from the crisis

The PE industry is clearly emerging from the credit crunch, which hit hard, reducing earnings, cutting valuations, reducing access to debt financing and limiting exit opportunities. The worst effects of the economic downturn were mitigated by private equity fund managers working with investee businesses to cut costs, improve performance and manage cash flows. The economic recovery is now supporting earnings and valuations once again. Opportunities to profit from exiting maturing investments are increasing and new deal flow is picking up.

Attractive discount to NAV remains

The LPE sector has rebounded strongly from the low of 2009, but the discount to NAV remains attractively large by historical standards. We see gradual economic recovery, renewed access to leveraged funding and increasing M&A activity leading to growing confidence in PE valuations as investments mature and are realised. These factors may contribute to a narrowing discount, growing NAV and rising share prices.

LPEQ is a client of Edison Investment Research

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COMPANIES IN THIS REPORT

Aberdeen Private Equity Fund Ltd
Altamir Amboise
Conversus Capital LP
Deutsche Beteiligungs AG
Dinamia Capital Privado SCR, SA
Dunedin Enterprise Investment Trt. plc
Electra Private Equity plc
F&C Private Equity Trust plc
Gimv NV
Graphite Enterprise Trust plc
HarbourVest Global PE Ltd
HBM BioVentures Ltd
HgCapital Trust plc
J.P. Morgan Private Equity Ltd
JZ Capital Partners Ltd
LMS Capital plc
NB Private Equity Partners Ltd
Pantheon Intl. Participations plc
Standard Life European PE Trust plc
SVG Capital plc

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This report

This report aims to highlight the attractive long-term performance record of private equity investment, explains why in our opinion listed private equity may be both an attractive and a practical option for investors, and discusses the immediate prospects for investment as the private equity industry continues to recover from the credit crunch, yet attractive entry discounts to NAV remain across much of the sector.

We include profiles of each of the companies listed in Exhibit 1 at the back of the report on pages 22-101. All of these are members of LPEQ (www.LPEQ.com) which was established in 2006 to increase awareness, understanding and interest in listed private equity among investors, advisers, analysts and market commentators. Its 20 members are listed on primary European stock exchanges and together have market capitalisation in excess of €8bn.

Exhibit 1: Overview of companies included in this report (currency conversion as at 2 June 2011)

Name	Type	Regulated market	Investment focus	Last published NAV (€m)	NAV date
Direct managers					
Altamir Amboise	Direct manager	Paris	Mainly France	444	31-Mar
Deutsche Beteiligungs, AG	Direct manager	Frankfurt	Germany	284	31-Jan
Dinamia Capital Privado SCR, S.A.	Direct manager	Madrid	Spain/Portugal	159	31-Mar
Dunedin Enterprise Investment Trust plc	Direct manager	London	UK	173	31-Mar
Electra Private Equity plc	Direct manager	London	Europe	912	16-May
Gimv NV	Direct manager	Brussels	BEL/NL/GER	1,013	31-Mar
HBM BioVentures Ltd	Direct manager	Switzerland	Global	478	30-Apr
HgCapital Trust plc	Direct manager	London	Europe	394	30-Apr
JZ Capital Partners Ltd	Direct manager	London	US	396	30-Apr
LMS Capital plc	Direct manager	London	UK/US	275	31-Mar
Fund of fund managers					
Aberdeen Private Equity Fund Ltd	Fund of funds	London	Global	124	28-Apr
Conversus Capital, LP	Fund of funds	Amsterdam	Global	1,276	30-Apr
F&C Private Equity Trust plc	Fund of funds	London	Global	190	31-Mar
Graphite Enterprise Trust plc	Fund of funds	London	Europe	449	31-Jan
HarbourVest Global PE Ltd	Fund of funds	Amsterdam, London SFM	Global	595	30-Apr
J.P. Morgan Private Equity Ltd	Fund of funds	London	Global	419	30-Apr
NB Private Equity Partners Ltd	Fund of funds	Amsterdam, London SFM	Global	366	31-Mar
Pantheon Intl Particpations plc	Fund of funds	London	Global	785	31-Mar
SVG Capital plc	Fund of funds	London	Europe	1,244	31-Mar
Standard Life European PE Trust plc	Fund of funds	London	Europe	404	31-Mar

Source: Company data/Edison Investment Research

Investment summary

Listed private equity: Still undervalued?

Private equity is a well-established component of the investment arena, with an attractive long-term performance record in absolute terms and versus listed equities. The industry has demonstrated its skill in being able to exploit shifting opportunities across a number of economic cycles. Most industry indicators point to a continued recovery in activity and rising returns across the sector, barring further economic or financial market dislocations. For the majority of investors wishing to access this asset class, listed private equity funds offer a flexible, simple and efficient option and a broad universe of funds – with the added attraction that many investment vehicles trade at meaningful discounts to NAV. The options of direct investing and/or investing via 10-year close-ended limited partnerships are burdensome, becoming viable choices only for investors with substantial capital to commit to private equity on a long-term investment horizon.

Attractive long-term performance

We show how both private equity as a whole, and the listed private equity sector have delivered strong long-term returns, both absolute and relative to alternative assets including listed equities (Exhibit 2). The credit crunch hit hard, but more recent performance shows a strong recovery – most indicators suggest this should continue. Discounts to NAV widened in 2008 and early 2009 and even though these have closed significantly, they remain historically wide (Exhibit 4).

Opportunities to create value

During the economic downturn many private equity managers worked with investee companies to improve performance, cut costs and closely monitor cash-flow. Now that the world's economies appear to be recovering, rising company earnings, flowing through geared capital structures, should lead to higher valuations. Moreover, as debt markets return to normal we see increasing investment activity and a revival in both new investments and in realisations. Operational improvement of investee businesses is likely to be a growing driver of returns.

Realised values support NAVs

As activity picks up we can see that realised values continue to exceed book values, providing increasing comfort on the level of valuations carried in NAVs. The relatively low level of divestment activity over the past three years has seen portfolios 'mature', which, allied to an increase in M&A activity, should support the flow of exits, and this should underpin industry carrying valuations and further support for continued NAV growth.

Why is there still a discount to NAV?

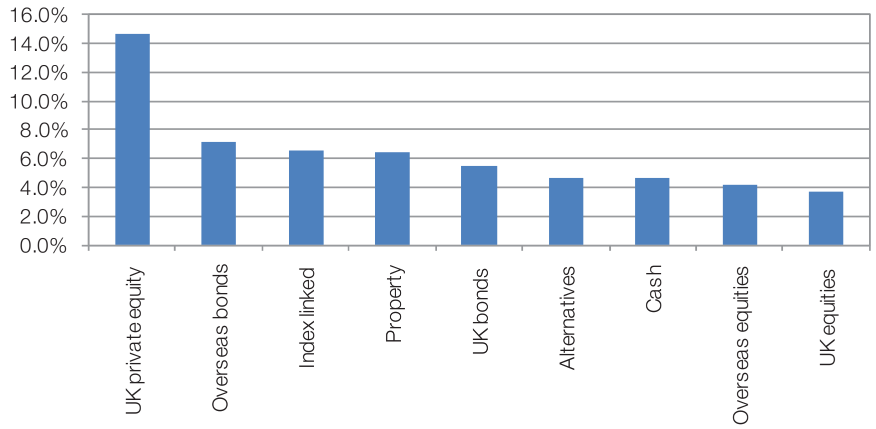
While not unusual for closed-end vehicles to trade a discount periodically, the size of the discount for LPE companies is large in both absolute and historical terms. Following the shock of the credit crunch, listed vehicle balance sheets and cash-flows have generally now adjusted, and we do not believe the industry is bereft of continuing value-creating investment opportunities. There is no evidence that NAVs are over-stated, and indeed are supported by a fairly consistent record of realisations being at premium over book valuations. Share prices should track NAV and, as the sector re-rates, shareholders should benefit from rising NAVs and narrowing discounts.

Private equity performance

The fortunes of PE are cyclical and subject to wider economic and monetary conditions. Since becoming established as a major asset class during the 1980s there have been three major cycles, yet every time PE has emerged from the downturn with a sharpened focus and adapted to the new conditions of the market.

Taking the asset class as a whole, and over the longer term, private equity has outperformed a range of alternative asset classes, including public equity markets (Exhibit 2).

Exhibit 2: 10-year asset class returns by UK pension funds (WM All Fund Universe)



Source: BVCA, The WM Company Annual Review of UK Pension Funds 2010

The same is true of listed private equity (LPE). Exhibit 3 shows the long-term outperformance of LPE versus listed equity, using the LPX Europe Index as a benchmark for LPE returns. From 1993 to the 'peak' of mid-2007, LPE performed more strongly than listed equity (FTSE World Series Europe) and risk or volatility was only slightly higher. The impact of the recent credit crunch can be clearly seen with both underperformance of share price since its onset and a higher risk profile.

Exhibit 3: LPX Europe Index versus FTSE W Europe (annualised total return and risk)

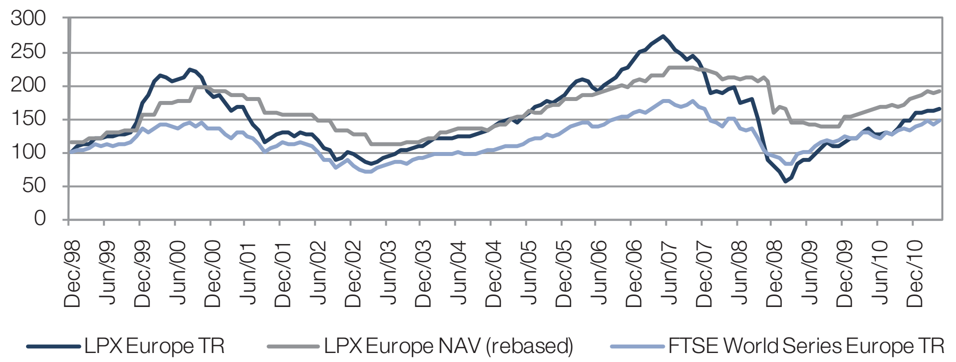
Note: *Annualised geometric mean return; **annualised standard deviation based on log-returns; ***periods chosen to correspond with market indices peaks and troughs.

(Total Return Indices)		Return pa*		Risk**	
Period ***		FTSE Europe	LPX Europe	FTSE Europe	LPX Europe
Pre credit crunch	Dec 1993 - May 2007	11.2%	15.3%	15.5%	16.2%
Credit crunch	May 2007 - Feb 2009	(34.3%)	(57.6%)	19.2%	32.9%
Recovery from credit crunch	Feb 2009 - Apr 2011	29.3%	61.0%	16.5%	27.7%
Start of credit crunch to date	May 2007 - Apr 2011	(4.7%)	(11.8%)	19.3%	33.7%
Full period	Dec 1993 - Apr 2011	7.4%	8.5%	16.6%	21.7%

Source: LPX

However, what is interesting to note (Exhibit 4) is that the LPX Europe NAV has consistently outperformed the FTSE World Series Europe, supporting the wider performance record of the sector (LPX has only collated reliable NAV data since the beginning of 1999). PE conditions have improved materially since the darkest days of 2009 when markets and activity bottomed out.

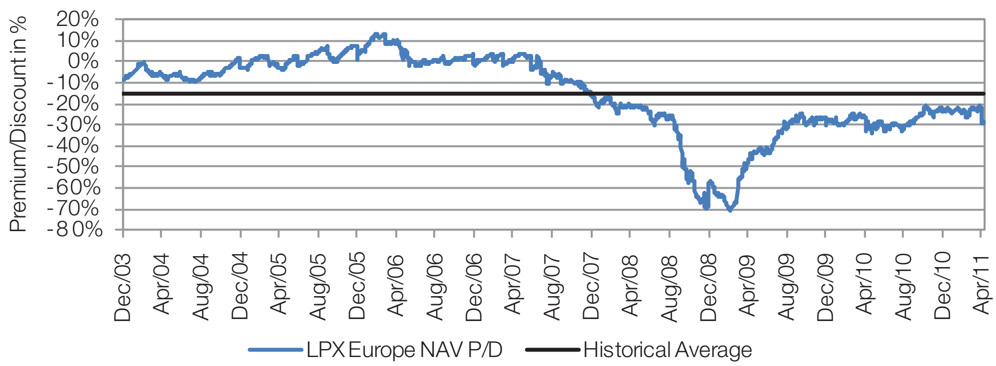
Exhibit 4: LPX Europe Index versus FTSE W Europe (Total Return in euros, rebased to 100, NAV rebased to 100)



Source: LPX

Since the bottom of the market in March 2009, LPE prices have recovered strongly in both absolute terms and relative to listed equity, despite higher volatility. NAV performance has also been strong, which has increased confidence. This has led to the historically wide discount to NAV for LPE that had opened up through 2008-9 narrowing, though it remains wide (Exhibit 5). This suggests there could be further upside as investors become more confident that the economic recovery will continue and that the PE industry can adapt to the new environment.

Exhibit 5: LPX Europe Index discount/premium to NAV (%)



Source: LPX

Resourceful and cyclical: Historical evidence

As we have shown, the PE industry is not immune to the wider economy and has been through three quite distinct cycles since the early 1980s. Nevertheless the industry has shown itself not only able to cope with this cyclical volatility, but also that it has the flexibility to exploit shifting and newly emerging opportunities across cycles.

In the 1980s, the industry was characterised by the private equity industry acquiring non-core and underperforming businesses of large corporates, and restructuring them. Examples include the UK contract catering industry, many state owned enterprises, the bus industry, the pub industry and early movers in the Business Process Outsourcing (BPO) sector. Investment returns were driven by improved operating efficiencies and helped by relatively high gearing funded by the banks and, in a minority of cases, by the junk bond market. The savings and loan crisis, and ensuing recession, brought this period to a close as finance dried up and PE activity remained subdued for three or four years.

In the mid-1990s, with the economic recovery gaining pace, the PE industry again began to flourish. Adapting to the new environment, the PE industry was characterised more by a focus on organic growth – buy and build strategies that offered PE arbitrage opportunities. Increasingly frothy markets ("irrational exuberance", as the US Federal Reserve chairman then put it) provided strong gains to PE investors as they exited their investments. The eventual bursting of the technology bubble, retreating stock markets and company valuations, together with the short recession of 2001, brought this chapter to a close. The industry picked itself up quickly and by 2003 deal activity was reaching new highs. This was a period of sustained low interest rates, and investors who were hungry for returns provided strong liquidity to the PE industry. Leveraged lending increased as never before, driven by favourable debt markets and the growth of increasingly complex structured finance vehicles. The multi-billion dollar company buyout returned.

The credit crunch: 2007-09

The mortgage-related debt crisis that spread through the financial system and triggered a sharp recession brought the long period of expansion to an abrupt end in 2007, exacerbated by the collapse of Lehman Brothers in 2008. For the PE sector as a whole, the supply of leveraged finance all but dried up, investors across all asset classes adopted a strong aversion to risk and valuations fell in tandem with the dramatic contraction of listed equity valuations. As the recession took hold, performance of the underlying portfolio companies weakened and demand for financial support from investee businesses increased. Opportunities to exit investments fell away.

The LPE sector was not immune to these events. NAVs fell during 2008 and share prices more so, with the discount to NAV of the listed funds widening significantly, ending the year at around 60% – a historic high. In addition to a general aversion to risk, this discount reflected a general distrust of portfolio valuations, and pessimism about future NAV development amid economic chaos. Furthermore, in an effort to limit cash-drag, over-commitment had been a key part of the business model for some members of the LPE sector. As the ability to recycle distributions dried up, some LPEs were faced with cash-flow constraints that resulted in some selling assets on the secondary market for private equity funds, often at wide discounts, or by raising new equity through discounted rights issues.

Confidence and activity returning

During late 2009 and 2010, we saw some stability returning. The affect of the downturn on investee businesses was to reduce earnings, but on the whole PE portfolio companies fared better than most peer groups. It would appear that the pessimism had been exaggerated. This may be because PE industry investment exposure was skewed more towards higher growth markets than is true of the economy in general. It is also the case that owner-managers (the heart of the PE model) were quick to respond to new conditions. The PE managers themselves also apply an intense focus at board level, seeking constant improvement in operational performance and efficient use of capital. As a result, many businesses are now in a good position to benefit from recovery, however tentative –and this may be seen in the statistics reported by managers of listed vehicles. Investor fear has abated and, accordingly, valuations have rebounded since their lows in

2009; at the same time discounts on listed vehicles have narrowed, though remaining above historical averages (Exhibit 5).

As confidence in economic and corporate recovery grows, so does PE activity. The number of new PE deals and exits has also increased, with new deals being financed by a plentiful supply of 'dry powder' (uncommitted capital) at the limited partnership level along with an improvement in available credit. Coupled with this, the exit market has improved – driven both by rising corporate and financial buyer interest.

Increasing understanding of valuations

We believe that increasing confidence in the robustness of the valuations applied by the industry to portfolio investments is another factor, in addition to underlying investment performance, that will continue to encourage discount narrowing. After many years of consultation with accounting bodies, investors, and managers, the PE industry was able to agree on the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, a summary of which is included in Appendix 1. First introduced in 2005 and subsequently updated, the guidelines – adopted by almost all PE firms including LPEQ members – define a number of valuation methodologies that are considered appropriate for determining the fair value of portfolio companies. The chosen methodology needs to reflect the nature and circumstances of the investment and reasonable assumptions and estimates, so the fair value should reflect current value and exclude future plans that the manager may have for the investment prior to disposal. It is common practice to make use of valuation benchmarks, such as price to earnings ratios (PERs), that may be observed in quoted equity markets or valuations established in M&A transactions, but it will still be necessary to make judgements about the sustainability of company financial performance and exactly what benchmark to use. Independent scrutiny is provided by the fund's auditors, and ultimately the robustness of the valuation process will be tested against the valuations realised on exit from the investment. The BVCA published a study in April 2011 (*Are UK venture capital and private equity valuations over-optimistic?* Joe Steer and Colin Ellis), which provides evidence that UK private equity firms do not overvalue their assets, and can often be too conservative, particularly in the early years.

The PE model and opportunities for investors

PE is a major component of the alternative investment space (ie outside the traditional investment categories of listed equities, bonds and property). In its simplest form, PE describes long-term investment usually, but not always, in companies that are privately-owned. It covers a number of different strategies and is mostly carried out by 10-year PE limited partnership funds. Generally these limited partnership funds seek to create shareholder value from a mixture of performance improvements in the businesses they acquire, growth and financial leverage. In some cases, where a business is repositioned or grows significantly, they may also capture a re-rating of earnings. There is considerable evidence (Exhibit 2) that PE returns have, on average, exceeded those achieved by investing in quoted equities and other asset classes over the long term.

This difference may be explained by a number of inherent advantages available to the PE manager. Of course there are some disadvantages too. The ability of the manager to use the advantages explains the wider dispersion of returns that PE offers relative to listed equity. While most PE investment is carried out through PE limited partnership funds, these are neither suitable nor available to a great number of institutions, wealth managers or indeed individual investors. For many investors, closed end LPE funds offer a transparent, more flexible and more liquid access to PE, and at current market prices, generally at a discount to net asset value.

When and where is the PE ownership model relevant?

PE can play a role when change is required to ensure the health of the business. This might be a change of ownership when one group of owners (eg a family, a large group, a government or even stock market investors) needs to sell the business and redeploy capital elsewhere. Other, riskier, more rewarding types of change that businesses face are changes in scale, strategy, operations and leadership. PE, partly because it is private, but more importantly because it can use certain intrinsic advantages, has proved itself an effective form of ownership for a business undergoing significant change.

Investing at an appropriate time in the economic cycle makes a material difference to investment returns and PE investment is no different in this respect. PE investment managers need to apply a long-term perspective to be successful as the value-enhancing changes that they seek to make to investee companies take time to effect. Investors would be wise to adopt a similar long-term approach when evaluating funds and listed PE stocks.

What are the advantages of private equity?

Investing in private companies is not the same as investing in public listed companies. PE managers are often able to exploit a number of inherent advantages. Of course they face some disadvantages too. They need to get the balance right and to deliver stronger financial performance over the longer term. We discuss below the main positives and negatives for PE investment in general, and how listed PE funds can overcome many of the drawbacks to appeal to a broad section of investors.

Alignment of interest between managers and owners

Behavioural theory and research supports the PE manager’s belief that executives who have a significant part of their net worth invested in the business they run perform better than managers who own little or nothing in their business. Accordingly, when structuring a PE investment, the fund manager will seek to ensure that senior management of the investee business has a strong personal financial incentive to create shareholder value. To achieve this, it is normally the case that the senior management team invests a percentage of its own net worth in the company’s equity in return for an equity position of 10-25% of the equity. This means they have an opportunity to make a significant capital gain if the company is successful and lose capital if it is unsuccessful. In addition, the PE managers invest in the funds they manage – typically between 1% and 5% of the fund – so they, too, share the interests of investors. Alignment through ownership may also minimise the potential for conflicts of interest between the personal interests of the managers and the financial interests of the owners/investors.

Greater focus on medium/long-term goals, less distraction from short-term pressures

PE investors will have a clear investment hypothesis when making an investment. They will define how the business will create value and the likely timing and method of realisation for gain. Typically companies undergo change when under PE ownership, so plans produced by management are set for 3-5 year periods with all effort directed towards delivering specific outcomes rather than satisfying short-term demands. In essence, they try to maximise capital gain and satisfy short-term cash-flow goals. For quoted businesses, greater emphasis is placed on half yearly/quarterly results. The most obvious risk arising from the pressures of continuous financial disclosure and the need to meet analyst earnings estimates is that it can sometimes push longer-term goals and growth opportunities aside.

Access to the best management talent

PE-backed firms offer talented executives the opportunity to create significant wealth for themselves in the context of running their own business. This is a highly attractive proposition and allows PE-backed firms to attract and retain the best talent. Not all PE-backed firms aggressively hire new talent, but this is always a possibility.

Control of key decisions

Typically, PE managers are the majority shareholders, sit on boards of portfolio companies and influence strategy and decision-making. The PE manager usually has the power to hire and fire the CEO, a decision listed shareholders find difficult to make and implement expeditiously. In addition, PE managers may control the timing and method of realisation to capture both a control premium and the best price for an asset, another advantage compared to listed shareholders.

PE managers also work with their portfolio companies, taking a profound interest in strategy and in the strength of the management team. Many PE managers have the resources to assist companies with operational improvements, a capability that will become more important over time.

Judicious use of leverage

The use of debt (or ‘leverage’) in a business structure amplifies the return (negatively or positively) when a comparison is made with pure equity funding. A key skill of a PE fund manager is to seek an appropriate financing balance between risk and reward. The return-focused incentives built into deal structures are set to encourage the owner-managers to apply effective financial controls that manage the risks whilst also capturing the benefits of leverage to returns on equity.

Superior access and due diligence

Investors in publicly quoted companies, whoever they are, must rely upon publicly available information to make their investment decisions. Once made, those decisions can be transacted in freely tradable shares. If they are unhappy with the company or its prospects, they simply sell the shares and invest elsewhere, or express their views at annual shareholder meetings.

When investing in unquoted companies, PE managers have to commit to a plan that may take several years to deliver. So they conduct an extensive due diligence exercise prior to any investment covering the managerial, commercial, financial, legal and environmental strengths and weaknesses of the business. The most successful investors apply very high selection standards so the majority of potential transactions get rejected. Having legitimate access to obtain and review confidential internal documents and plans, interview and assess managers and employees, interview customers and suppliers, and develop a real business relationship with management prior to any investment should allow PE investors to make better investment decisions.

Contrasting the two, it can be said that public equity investment provides a relatively low level of information (at least no higher than anyone else) and influence, but liquid, whereas PE investment is high in information and influence, but illiquid.

The drawbacks to private equity investment

Private equity investments are illiquid

Private companies may not be saleable, either because they are not performing to plan, or because market conditions are not conducive to a sale, flotation or recapitalisation using new debt facilities. Shares in public companies can almost always be sold if cash is required, albeit prices will vary widely depending on market conditions.

Because investments in private companies are illiquid, LPs in a PE fund are committed to provide capital for a minimum of 10 years so that the asset (the investment) and liability (the LP capital) are matched. Accordingly, they cannot ask for their money back early without penalty. They may sell their interest but can only do so in a lengthy, expensive and inefficient process on the secondary market for private equity funds. Furthermore, ‘just in time’ cash management means committed capital can be called on 10 days’ notice, so an investor has to have sufficient liquid resources to meet this.

Overcoming these drawbacks is a major advantage of investment through a listed PE fund, as discussed below.

Private equity investments at the level of the individual company carry higher risks

Given that PE normally is involved with financing change, it follows that the risks to which a single portfolio company is exposed are often greater, in the short term, than for a business that does not need to undertake major change and/or for one that is ungeared. Portfolio diversification offers mitigation, as does highly focused management. Unsurprisingly, most direct listed private equity funds might typically have in excess of a dozen investments and listed funds of funds, through the limited partnership funds in which they invest, in excess of 400 and sometimes several thousand underlying portfolio companies.

Private equity investment is relatively high-cost

Compared with listed equity investment, PE investment is a labour-intensive activity (see Appendix 2: Private Equity Process Chain) and managers of the traditional, widely employed 10-year limited partnerships generally charge annual management fees of between 1.5-2% on committed capital plus a performance fee or ‘carry’ of 20% of the cash on cash realised gains of the whole, provided an investment hurdle on the entire fund of (typically) 8% of committed capital has been exceeded.

How can investors access private equity?

Investors wishing to obtain an exposure to private equity have two main options, which are summarised in the chart below:

Exhibit 6: Limited Partnerships versus Listed Private Equity

Limited Partnership Fund Characteristics	Listed Private Equity Characteristics
· Illiquid – limited and costly secondary market. · Generally 10 year fixed life with five-six year investment period. · Large commitment size typically £5m or more. · Tend to be focused. · Manager selection critical to performance · Initial investment at NAV. · Fees generally 1.5-2.0% with additional carry of around 20%, once hurdle rate achieved. · Investor rights generally limited to power to change manager. · Investors have access to detailed information on portfolio investments. · Investors must manage complicated cash-flows – drawdowns and distributions.	· Liquid – shares can be freely bought and sold on public market. · Usually unlimited life. · No minimum commitment. · Broad range of available strategies, diversified to focused. · Diversified fund of funds offers broad manager exposure. · Funds may be at a discount to NAV, though discount variable. · LPE fees are typically lower, but investment returns carry the underlying manager cost. · Usually full voting and shareholder rights and strong corporate governance. · Report & accounts meet minimum standards but portfolio information is variable. · Cash-flows are managed by the LPE manager.
Summary	**Summary**
Direct access to managers and detailed information on underlying companies, for large, sophisticated investors that are comfortable with illiquidity and can manage sometimes complicated cash-flows.	Liquid, diversified access to asset class with low minimum investment requirement and potential to boost returns by acquiring shares at discount to NAV.

Source: LPEQ, Edison Investment Research

The reality is that direct private equity funds, generally structured as limited partnerships, are available only to very large investors who have the financial resources to make very large, long-term commitments, and who have the ability to manage often complicated cash-flows. Listed, closed ended, private equity vehicles avoid these problems by offering tradable, immediate exposure, with no minimum commitment or further funding commitments. Depending on the LPE vehicle, there may be some additional cost involved as fees may be payable to LPE manager as well as the underlying PE funds, but the LPE vehicles can often be purchased at a discount to NAV.

Listed Private Equity (LPE) vehicles

There are about 80 tradable, closed-end PE funds listed on European stock exchanges and around 300 globally. The market capitalisation of LPE funds globally is nearly €60bn (source LPX). The two main types of listed private equity vehicles are direct investment companies and funds of funds. Direct investment companies invest funds in individual companies that together comprise portfolios of directly-held private equity investments. Funds of funds companies invest in the funds managed by a number of direct investment companies that themselves invest in individual companies. Funds of funds, therefore, select fund managers to back rather than companies.

Direct investment companies normally provide exposure to a single private equity manager, whereas funds of funds can provide a much broader exposure to the private equity and venture capital market. A few listed private equity investment companies consist of both the fund manager and the investments in its portfolio.

Investors in listed funds will pay close attention to the particular investment profiles of each fund as these differ in a number of respects. Some managers will tend to focus on different industrial sectors, geographies and investment strategies (buy-out, venture capital, or growth, for example), while others are fund of funds offering broad exposure to many direct managers' funds and styles. There may also be differences in the balance sheet management of the funds; some will adopt over-commitment strategies, others will have used loan or preference capital to further gear their returns. The stages of the investment process, as managers move from investing to harvesting, will further influence fund balance sheets and also produce differing levels of portfolio maturity.

Listed private equity companies have been around for a long time such that a number of firms have track records of 20 years or more, including Deutsche Beteiligungs, Dunedin Enterprise Investment Trust, Electra Private Equity, Graphite Enterprise Trust, HgCapital Trust and Pantheon International Participations. The shares of listed private equity companies are primarily held by institutional shareholders rather than retail investors.

Listed vehicles offer the investor regular, easy-to-digest information, which is supplemented by ongoing research from an increasing number of brokers. The standard of reporting and communication has improved significantly over the last five years, as has broker coverage. It is now possible for the investor to track lead indicators such as the portfolio valuation basis, the vehicle's share rating, trading performance and gearing levels, as well as the progression of NAV and balance sheet make up. This compares with information offered to Limited Partners – which is subject to strict non-disclosure agreements and conventions – that includes more qualitative information but offers the investor no access to independent commentary, and which requires a commitment of significant amounts of time from the investor to extract any value.

What are the advantages of listed private equity?

We highlight three permanent advantages of listed private equity over the traditional LP offering and one disadvantage.

Liquidity and daily mark-to-market pricing

Listed vehicles offer investors liquidity: the ability to buy and sell at short notice with low transactional costs. Investors in LPs may only buy and sell in the secondary market, which is imperfect, constrained by the need to obtain GP consent to any transfer and costly. Secondary interests normally trade at significant discounts: however, there are times when discounts on LPE are greater than in the private market, as is the case presently. Of course, liquidity to deal in the shares of LPE funds differs greatly across funds which are often tightly held by long-term shareholders (particularly those with larger blocks of shares), and this occasionally necessitates a more patient dealing strategy. As with the market for listed investment companies in general, there is likely to be a tendency for shares to trade at periodic discounts to net asset value, as most do now.

As shares are listed they are priced daily. LP interests are rarely, if ever, priced; they require an off-market secondary trade to take place. The market valuation of LPE shares offers a benefit to those investors, such as defined contribution schemes, which require up to date valuations.

Removal of the administrative burden of investing via LP funds

Investing via traditional limited partnerships requires the Limited Partner, or its adviser, to understand and negotiate binding LP agreements, respond to multiple drawdown notices for new investments, and receive and account for distributions from realisations. In addition to the administrative and fiduciary tasks involved, the necessary cash flow forecasting involved is difficult. LPE offers a solution because the LPE manager undertakes all this work allowing an investor simply to determine whether to buy or sell a share.

Access

An investor in LPE may gain immediate exposure simply by purchasing one share in a listed fund rather than having to commit a minimum of, say, €5m to a traditional Limited Partnership vehicle. Through the listed vehicle, the investor is usually buying into an existing portfolio of investments in unlisted companies rather than having to wait, as an LP would, for the money to be invested. For those investors seeking broad exposure, a listed fund of fund may provide a solution.

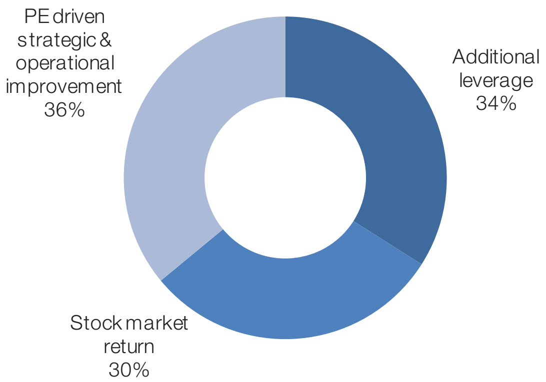
Costs

An investor in a listed private equity vehicle does suffer some modest additional cost to support the listed entity's board of directors and operating costs, typically measured in basis points of NAV. However, in return the vehicle is subject to the full array of conventional corporate governance oversight, controls and an ever-improving degree of transparency, to help the investor see and understand in what the vehicle is invested. Listed funds allow investors to get daily mark-to-market pricing of their investment.

Prospects for private equity

We have shown above how the private equity industry has shown itself to be highly adaptive over a number of economic cycles. Moreover, its importance to the broader economy – as a major financier of change – appears to increase over time. Currently PE managers are applying their skills to help businesses improve operations, support initiatives to improve revenues or restrict costs, or to improve strategic positioning. The aim is to improve the prospects for, performance of, and valuations of investee companies.

Exhibit 7: Sources of gross internal rate of return (2005-08)



Note: 1) Additional leverage is calculated by adjusting average deal leverage to the average leverage of comparable public companies (matched by industry and country) in the same period. 2) methodology consistent with British Venture Capital Association reporting 3) stock market return is calculated by reference to public companies in the same sector with similar leverage in the same time period.

Source: Ernst & Young "How do private equity investors create value? A study of 2008 European exits".

Exhibit 7 shows an estimate of the breakdown of PE returns into different components during the period 2005-08 (source: Ernst & Young, "How do private equity investors create value? A study of 2008 European exits"). It suggests that the use of leverage, operational improvements in the investee business and the general revaluation of public markets each contributed roughly a third to performance. Most observers doubt that leverage will return to the peak levels of 2006-07 (or indeed that it should) and many expect less general inflation in asset values (expanding quoted sector price earnings ratios) as developed economies continue to 'de-lever' through a number of years. In this context, we would expect industry returns to be more reliant on operational improvement since the above data was compiled (reflecting exits completed up to the end of 2008), and for this trend to continue. Investors will need to ensure that they get access to managers – either directly or through fund of funds – with well defined investment strategies, the capability to deliver robust investment process and due diligence, and the resources to add value to investments.

Looking forward, we expect PE activity to continue to improve with a recovery in global M&A supporting a greater number of exits, underscoring valuations and boosting returns. We also believe that valuations will benefit from increasing earnings of portfolio companies flowing through geared structures to deliver enhanced or geared returns to equity.

Conclusion: Listed private equity still undervalued

Exhibit 5 shows that while the discount to NAV has significantly narrowed from the point at which share prices bottomed in 2009, it remains historically high. It appears that there is scope for further share price performance from a combination of rising NAVs and a further closing of discounts stimulated by increased investor interest in the shares of LPE.

NAVs can benefit from the increase in M&A activity, unlocking the gains that typically occur on realisation, noting there is an exit backlog in most portfolios following the drought of exits between 2008 and 2010. NAVs may also benefit from rising earnings through geared capital structures. A recovery in secondary market transactions for LP interests is supportive of confidence in NAVs, as is an increasing number of exits at prices in excess of carried values.

Private equity has emerged from the credit crisis with its model validated and with managers having addressed any specific issues associated with funding strategies, while continuing to improve transparency and investor communications. Moreover, with the pick-up in the M&A market, evidence that exit activity is increasing, and corporate earnings on the rise, there is considerable scope for increases in portfolio valuations, which may well be the catalyst for attracting new and broader investor interest in the sector.

The caveat remains that the economy and the capital markets still face a number of issues that leave them vulnerable to setbacks, but this risk is not confined to PE investment.

Guest article: The regulatory landscape for private equity – challenges and opportunities

By Simon Goodworth (partner) and Simon Currie (partner), Covington & Burling LLP

The turmoil in the financial markets of the last few years has resulted in a new and emerging regulatory landscape which will re-shape the private equity industry over the coming years and will have significant implications for sponsors, funds (including listed private equity entities), GPs and investors.

Emerging regulatory developments within the European Union, the UK and the United States are numerous, complex and interrelated. Organisations will need to devote unprecedented time and effort in unravelling and analysing the various proposals and planning for their implementation. Those which do and, in particular, those which give significant attention to them, should be well placed to deal successfully with the new business constraints and enhanced administrative and operational burdens, to handle the regulatory risks, and to take advantage of and benefit from the business opportunities, that will undoubtedly emerge.

The purpose of this brief commentary is to highlight the impact of some of the more significant EU and UK developments.

AIFMD implementation

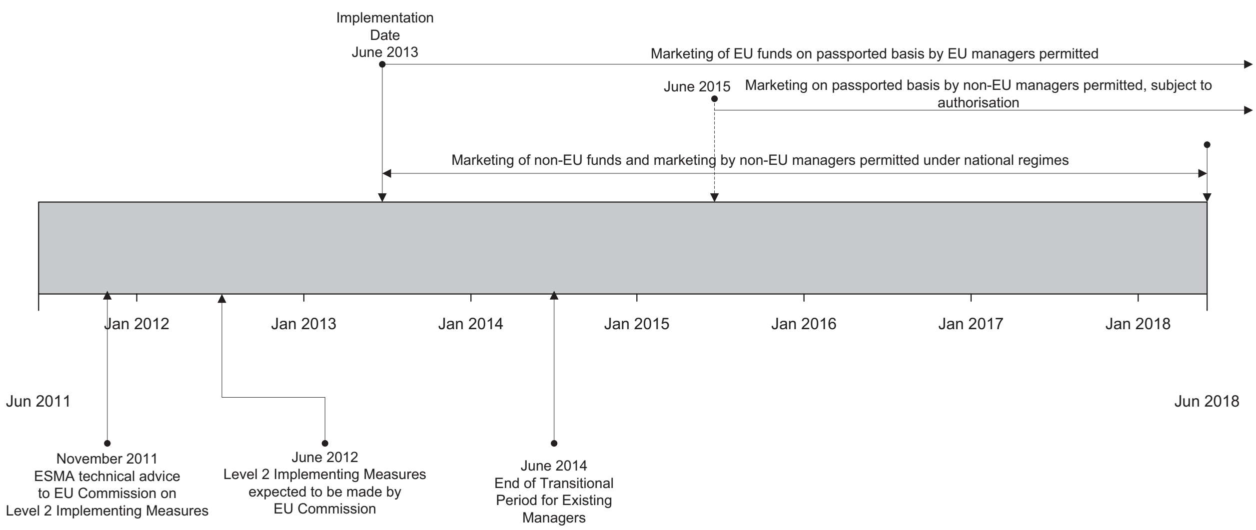
In the EU, chief among the developments which will affect the private equity sector is the much debated Alternative Investment Fund Managers Directive. Officially adopted by the EU Council on 27 May 2011, it offers EU private equity managers the benefit, from 2013, of a more efficient and streamlined process for raising funds from EU investors, albeit at the cost of significantly increased operational requirements. Although the final Directive is a significant improvement on the initial proposal, a number of challenges for the private equity sector remain. Proportionality and tailoring, for private equity managers, of operational requirements relating to the holding of investments, risk management, valuations and the approval of fund marketing documents are a key concern. So, also, is the longer term impact of the Directive on the ability of non-EU private equity managers to raise capital from EU investors and the ability of EU investors (including funds of funds) to access non-EU funds through primary and secondary transactions.

Much of the discussion on the Directive over the past couple of years has been rightly focused upon ensuring that it achieves a sensible regulatory response to its primary objectives: investor protection and the control of systemic risk in the European financial markets. Over the two years running up to the Directive’s implementation in the summer of 2013, the focus will be on implementation. Private equity managers should be considering now how to absorb the Directive’s operational requirements into their existing structures, controls and procedures. For managers who carry on significant investment advisory and/or non-discretionary management activities alongside fund management activities, this may mean separating out their fund management activities into a distinct entity.

Additionally, managers will need to consider the impact of the Directive on the structuring and location of new funds and investment transactions. Whether a new fund would be better located outside, rather than inside, the EU is likely to be a complex mix of factors including the intended investor base (in terms of its requirements and location) and the investment strategy (for instance, funds of funds with global strategies may well benefit from being located outside the UK). The Directive's 'asset stripping' restrictions and enhanced disclosure requirements will be relevant when structuring investment transactions which may result in control of a portfolio company being acquired. LPEQ members and other listed investment companies will need to assess whether or not they are internally-managed, which would require them to become authorised themselves as managers under the Directive.

It should not be forgotten that there are 99 implementing measures to be made under the framework Directive which will add much of the detail and substance to the Directive's requirements. The development of these measures is in its early stages and there remains an opportunity to shape the final outcome of the Directive by participating in the continuing legislative process. Moreover, the Directive may throw up opportunities for larger managers to absorb smaller managers who cannot benefit from the Directive's threshold exemptions and for whom the Directive's requirements are overly burdensome.

Exhibit 1: AIFMD timeline



Source: Covington & Burling LLP

Solvency II and the Single Market Act

Other EU developments may be similarly significant, both in terms of opportunities and threats. The Solvency II Directive, which defines capital requirements for insurance companies and is due to come into force in late 2012 or early 2013, threatens to impose a substantial standard risk weighting for private equity assets for insurers which do not use an internal model approach to quantifying risk. Until the extent to which the internal model approach will be adopted by insurers is clearer, a risk of a significant reduction in the allocation of insurance companies to private equity will remain. The Solvency II proposal may in fact have wider implications as it may be used as a basis for solvency regimes being contemplated for other categories of private equity investor. The EU Commission Green Paper on Pension Funds issued in Summer 2010 contemplates that the Solvency II approach could be a good starting point for an improved solvency regime for pension funds. A Commission White Paper is expected to be published later this year.

On a brighter note, it is encouraging that the EU Commission, in its Communication on the Single Market Act published in April this year, has identified access to finance for small and medium sized enterprises (SMEs) as a key priority in the further development of the EU single market and is contemplating proposing legislation to make it easier for venture capital funds established in an EU country to undertake cross-border investments in other EU countries without obstacles or additional requirements. On this theme, the Commission's recent consultation on the abolition of withholding tax on cross border dividends is a welcome development which will aid the simplification of investment structures by avoiding the need to structure around the administrative complexity and burden of making multiple treaty claims.

UK developments

At a UK domestic level, the proposed modernisation of the investment trust tax rules, expected to take effect in early 2012, should significantly improve the attractiveness of UK investment trusts as vehicles for investment and should operate to counter previous trends for the migration of such vehicles offshore. Under these reform proposals, the current requirement that no holding should represent more than 15% by value of total investments will be replaced by a more flexible approach under which a trust will be required to invest with the aim of spreading risk in accordance with a published investment policy relating to asset allocation, risk diversification, gearing and maximum exposures. An additional attraction will be the replacement of the current requirement that a trust's ordinary shares must be officially listed, to a requirement that they be admitted to trading on an EU regulated market, thus opening up the range of possible trading venues (including, for instance, the Specialist Fund Market of the London Stock Exchange).

More generally in the UK, the fall-out from the financial crisis has given birth to the Government's proposals for the reform of the UK regulatory structure which will take shape over the course of the remainder of this year. Although likely to be less significant for private equity firms than for banks and proprietary dealers, the proposals herald some significant changes to the current regulatory approach. The replacement regime is intended to be more pro-active and interventionist and private equity firms will inevitably be required to spend significant time and attention in adjusting to the new processes, rules and procedures of the Financial Conduct Authority (which will be the new regulator for such firms). In this respect, it will be important to ensure that the new rules enable the FCA to take a proportionate and tailored approach to professional and wholesale business. Involvement of regulated firms in the development and implementation of the proposals will be critical.

Getting to grips with bribery

In a broader context, and after all the histrionics and hand-wringing, the Bribery Act is almost upon us (it comes into force on 1 July 2011). The basic thrust of the new legislation (described by one commentator as "FCPA[1] on steroids") and its scope is generally well known and understood but with the publication, in March 2011, of the Ministry of Justice guidance and the joint guidance of the Serious Fraud Office and the Director of Public Prosecutions, lawyers have been better able to focus on the implications of the Act for affected organisations and individuals, and the sort of compliance measures they should be considering.

The Act establishes offences covering the making and taking of bribes and the bribery of foreign public officials and creates a new offence, for organisations, of failing to prevent persons 'associated' with an organisation from committing bribery on its behalf. For this new offence, a statutory defence is provided if the organisation can show that it has 'adequate procedures in place' to prevent its 'associated' persons from committing bribery. Understanding this new offence and the statutory defence is the focus of the MoJ guidance.

There is no special or distinguishing treatment for private equity firms or investors under the Act. However the nature of the private equity business is such that there are certain special issues which arise. Within the private equity community, private equity managers making direct investments will face the broadest set of issues. Apart from issues arising out of ordinary operations, managers will need to focus on Bribery Act compliance in the raising of funds, in the sourcing of deal flow and in relation to the operation of the businesses of underlying portfolio companies. Buy-out funds, and other funds taking controlling interests in companies, will be most likely to face issues relative to portfolio companies; venture funds perhaps less so.

Investors in private equity funds should not, generally speaking, have exposure to activities undertaken by fund GPs or by portfolio companies (although they will have a commercial concern that GPs and portfolio companies are not exposed). However, investors will be concerned about the sourcing of fund investment opportunities, whether at a primary level or a secondary level, especially if intermediaries are engaged to provide these opportunities.

The Bribery Act raises a number of real issues but two areas have been singled out, at least in the media: the question of corporate hospitality and liability for agents. The media, and to some extent, lawyers, were quick to point out uncertainties, pitfalls and risks. Much of this was scaremongering. The more measured response of the MoJ (which sets out in its guidance significant clarification as to how corporate hospitality and liability for actions of agents will be addressed) and the SFO/DPP puts it into context, even if leaving a considerable grey area which may require reassessment in the light of any future prosecutions. Ken Clarke comments, in the foreword to the MoJ guidance, 'rest assured – no one wants to stop firms getting to know their clients by taking them to events like Wimbledon or the Grand Prix'.

In relation to the engagement of intermediaries, investment managers, agents and other third parties, in addition to undertaking due diligence and screening, consideration should be given to including, in the engagement terms, provisions relating to compliance with specified appropriate anti-corruption standards, rights to 'audit' compliance and the right to suspend or terminate the engagement in the event of breach. The intermediary's ability to sub-contract or delegate should

[1] The Foreign Corrupt Practices Act of the US, which to date has been held as the yardstick by which other anti-corruption regimes are measured.

also be considered carefully. Additionally, confidentiality undertakings might be modified so as to recognise voluntary reporting of suspected bribery offences.

When investing in portfolio companies, especially when control stakes are taken, private equity firms and investors should undertake appropriate due diligence. The form and scope of this may vary according to the perception of risk (higher risk perhaps being attached to portfolio companies located in, or undertaking business in, 'high-risk' jurisdictions such as Russia, China, India or Indonesia or where the industrial sector in which the portfolio company operates is perceived to be 'high risk' such as construction and real estate).

Whatever form due diligence takes it should be appropriately recorded in writing and properly reviewed. Additionally, steps should be taken to ensure that a portfolio company puts in place appropriate anti-corruption procedures and training programmes. Buyer protection can perhaps also be built into acquisition agreements through inclusion of appropriate representations, warranties and indemnities.

A brighter outlook?

Whilst opportunities for investing in new funds may be slow, during the past few months there has been a noticeable surge in secondary transactions – of fund interests, direct interests and perhaps, more unusually, of co-investments. Many of these transactions have been offered through auction processes led by intermediaries, but there has also been an increase in direct transactions. Terms in secondary deals have become significantly more competitive and, in many cases, emphasis has been placed upon the ability to execute deals quickly.

Increasing regulation is not all doom and gloom. As regulatory changes are implemented within the EU, under the AIFMD and other initiatives, and in the US, under the Dodd-Frank Act (in particular the Volcker rule), more secondary opportunities and spin-outs are likely to emerge and alert investors should be positioning themselves to take advantage of them.

Simon Goodworth is co-head of Covington & Burling LLP's Investment Funds Group and Simon Currie is head of the firm's European Financial Services Regulatory Practice.

Company profiles

Edison investment research

25 May 2011

Aberdeen Private Equity Fund Limited

12 Months Ending	Total Share Price return* (%)	Total Share NAV return* (%)	Total return FT Sml-Cap Ex-IT* (%)	Total return LPX Europe* (%)	Total return LPX 50* (%)
25/05/09	(38.6)	(10.6)	(28.1)	(49.3)	(49.5)
25/05/10	(3.1)	(0.2)	19.1	30.8	38.5
25/05/11	19.2	2.6	23.1	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Diversified fund of funds growth

Aberdeen Private Equity Fund Limited (APEF) was launched in July 2007 as Bramdean Alternatives Limited and changed its name in 2009 when management of the fund changed to Aberdeen Asset Managers (AAM). Under AAM the investment remit is narrower than previously. The investment objective is long-term capital gain from a diversified portfolio of private equity and private equity like funds. There remains a small, legacy portfolio of hedge funds and other specialty funds which are, for the most part, being worked out. Certain problem investments were fully written down. Performance since launch is dominated by the legacy strategy. Since AAM became manager in November 2009, the fund has outperformed the FTSE Small Cap Ex-Investment Trust Index in price terms.

Investment objective: Long-term capital gain

Although APEF has no official benchmark, it aims to generate long-term capital gains. AAM seeks to select fund managers that it believes will, over time, produce superior risk-adjusted returns in their chosen investment strategy and that can demonstrate significant competitive advantages compared with other funds in their peer group. The focus is on the individual merits of investments, but the industry and economic environment in which that manager is operating is also taken into consideration.

Investment process: Extensive due diligence

The investment process is systematic and disciplined with due diligence at its heart. In undertaking due diligence, AAM will typically spend around three to four months analysing a manager, a process that includes site visits. A manager report is submitted to the investment committee, and investment decisions taken by the committee must be unanimous.

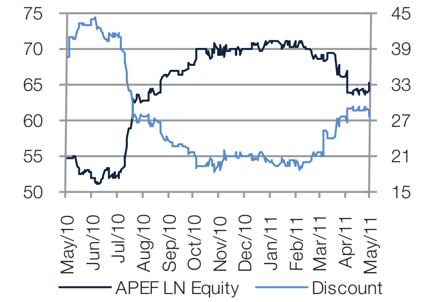
Valuation: Discount below average since launch

The discount based on the last published NAV as at 28 April 2011 is 27.7%, below the three-year average of 33.7%, but above the average since launch of 27.1%. APEF has been repurchasing shares at a discount to NAV and has recently proposed to shareholders a tender offer for one-third of the remaining shares at 67.5p, primarily to afford an exit to the principal shareholder, Elsina, which wishes to realise its holding and requested that the board put forward a proposal for APEF to be liquidated. A minimum 15m shares will be cancelled, but some may be placed with third parties.

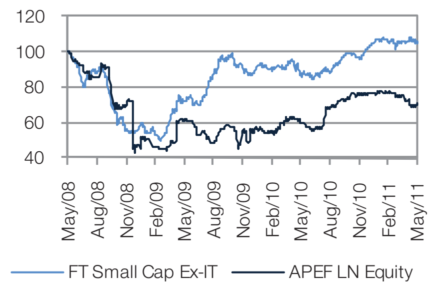
Price	65.25p
Market Cap	£81.8m
AUM	£113.1m
NAV	90.27p*
Discount to NAV	27.7%*
Yield	0.0%
NAV announcement freq.	Monthly

** Last published NAV as at 28 April 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	APEF
Listing	UK – FULL
Sector	Listed Private Equity
Shares in issue	125.3m

Price

52 week	High	Low
Price	71.25p	51.00p
NAV	92.79p	86.50p

Gross gearing	0%
Net gearing	(30.6%)

Analyst
Matthew Read +44 (0)20 3077 5700
listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Trust at a glance

Capital structure summary

APEF has one class of sterling denominated ordinary shares (currently 125.3m) since consolidating the US dollar denominated shares in July 2010. There is no winding up date for the fund. Fees are payable to the manager at 1.5% of NAV and are paid monthly in arrears. In addition, the manager is entitled to a performance fee of 10% of the increase in NAV subject to a hurdle rate of 8%, and with a high water mark (currently 108p). Aggregate borrowing is limited to 25% of NAV. APEF is authorised to repurchase up to 14.99% of issued share capital during the year. A cash tender offer for one-third of shares at 67.5p has been proposed to shareholders.

Forthcoming

Year end	31 March
Preliminary	June 2011
AGM	September 2011

Share buyback policy and history

Approximately 9% of shares were repurchased for cancellation in the year to March 2011 (14.99% authorisation) and a tender offer is proposed.

Fund details

Launch date	July 2007
Domicile	Guernsey
Manager	Aberdeen Asset Managers Ltd
Address	10 Queens Terrace, Aberdeen AB10 1YG
Phone	01224 631999
Website	www.aberdeenprivateequity.co.uk

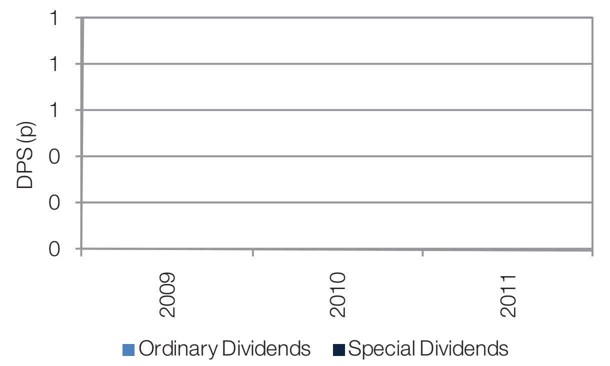
Dividend policy

APEF does not currently pay a dividend.

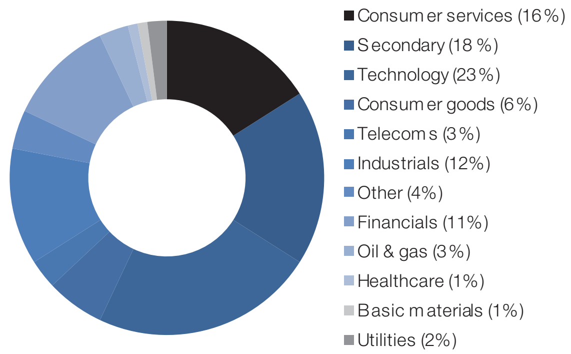
The board

Jonathan D Carr (chairman), Mark R Tucker, David S Copperwaite, Howard Miles, David Staples, Philip Hebson (directors).

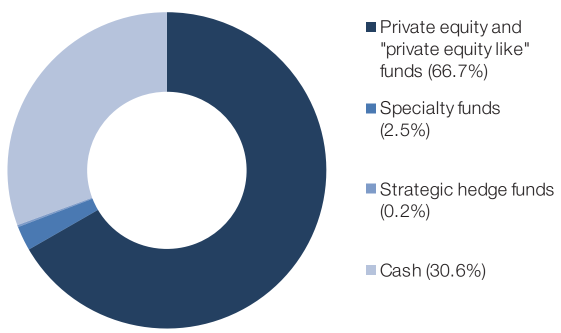
Dividend history



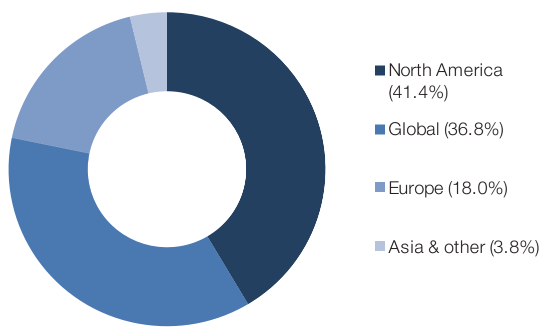
Sectoral allocation of portfolio (as at 31 March 2011)



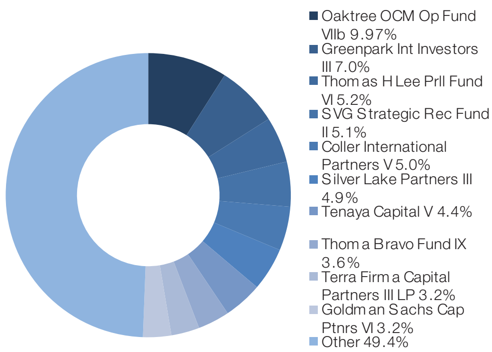
Investment type distribution of portfolio (as at 31 March 2011)



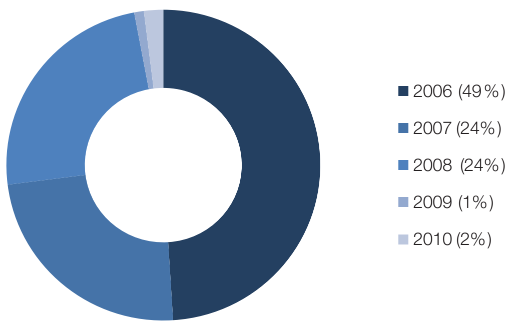
Geographic distribution of portfolio (as at 31 March 2011)



Portfolio composition (as at 31 March 2011)



PE & Speciality invested funds by vintage (as at 31 Mar. 2011)



Source: Aberdeen Private Equity Fund/Edison Investment Research

Manager's view

The manager expects the recovery of private equity to continue but expects new fund-raising to be limited, and in this environment for APEF to benefit from the continued drawdown of existing commitments. New investments will depend upon the level of take up on the placing to be run concurrently to the tender offer, which ultimately determines available cash levels. The manager aims to continue with existing diversification levels and seeks to increase exposure to areas such as European buyout and certain pan Asian strategies. Quality remains the key determinant and any investment is subject to this hurdle.

Asset allocation

Overview

As at 31 March 2011, APEF held investments in 18 private equity and private equity like funds (66.7% of the portfolio), one specialty fund (2.5%). Remaining hedge fund exposure was just 0.2%. North America is the largest geographic area but AAM has significantly increased global diversification, particularly adding Global, European, and to a lesser extent, South-East Asian funds to the portfolio. The portfolio is still relatively immature and 30.6% was in cash at 31 March and unfunded commitments of $88.7m were covered 62.4% by cash.

Top holdings

Exhibit 2: Top 10 fund investments at a glance

Oaktree OCM Opps Fund VIIb	9.0% of Inv. portfolio	Silver Lake Partners III LP	4.9% of Inv. portfolio
A $10.9bn fund which focuses on buying debt securities at discounted prices during stressed and distressed cycles. The manager has the capability to take control and drive financial and operational restructuring.		A $9.3bn fund managed by Silver Lake, a technology specialist in the large cap buy-out sector. It invests globally in established, cash-flow generative businesses which are leaders in their respective industries.	
Greenpark Intl. Investors III LP	7.0% of Inv. portfolio	Tenaya Capital V LP	4.4% of Inv. portfolio
This €732m fund primarily purchases limited partnership interests in the secondary market. It is focused on Europe, adding geographic diversification to APEF, as well as vintage year diversification (2005 vintage and prior).		A $286m US, mid-stage venture capital fund. It was selected by APEF to take advantage of the manager's ability to source from – and co-invest in – transactions with leading venture capital firms, as well as its financial expertise and market access.	
Thomas H. Lee Equity Fund VI	5.2% of Inv. portfolio	Thoma Bravo Fund IX LP	3.6% of Inv. portfolio
Thomas H. Lee is one of the longest established large-cap private equity firms focusing on the US, with opportunistic investments in Europe. The $8.1bn fund targets companies in the Business & Financial Services; Consumer & Healthcare; and Media & Information services sectors.		An $822m fund with a long established manager focused on 'buy and build' in software and services and other consolidating industries. The strategy aims to identify suitable management and business platforms from which to acquire and grow.	
SVG Strategic Recovery II	5.1% of Inv. portfolio	Terra Firma Cap. Part. III LP	3.2% of Inv. portfolio
A £42.5m fund managed by the small cap team of SVG Capital. It takes large minority stakes in publicly listed, small- to medium-size UK companies, and pursues a friendly, activist strategy with management to enhance shareholder value.		A €5.4bn fund run by the high profile investor Guy Hands which aims to take a contrarian view on investments and fundamentally change the way that companies operate, improving financial metrics and hence valuations.	
Coller International Partners V	5.0% of Inv. portfolio	Goldman Sachs Capital	3.2% of Inv. portfolio
A $4.8bn secondaries fund managed by Coller International Partners which adds worldwide diversification to APEF, being global in focus, and vintage year diversification, being 2005 vintage and prior.		A $20.3bn global buyout fund managed by the private equity arm of Goldman Sachs, aiming to benefit from the Investment bank's ability to source deal flow in a variety of market cap sizes, but with an emphasis on mid cap.	

Source: Aberdeen Private Equity Fund /Edison Investment Research

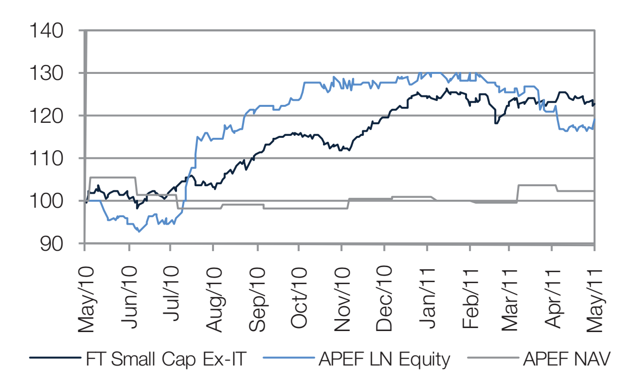
Recent performance

As Exhibit 3 illustrates, APEF has underperformed the FTSE Small Cap Ex-Investment Trusts Index in price terms over most time periods, but has outperformed since November 2009 when AAM took over as manager. In terms of NAV total return performance, APEF has outperformed the FTSESCX over the three month period and since launch. APEF has underperformed the LPX Europe and LPX 50, in terms of price total return, over all of the time horizons provided, and in terms of NAV total return performance, APEF has outperformed the LPX Europe since launch, and the LPX 50 over three months and since launch.

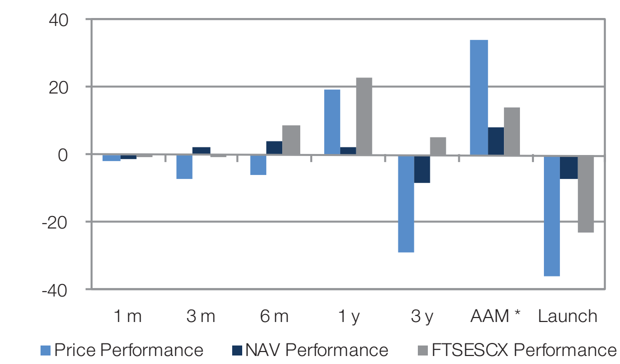
Exhibit 3: Listed private equity company performance

Note: * Since AAM became manager in November 2009.

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

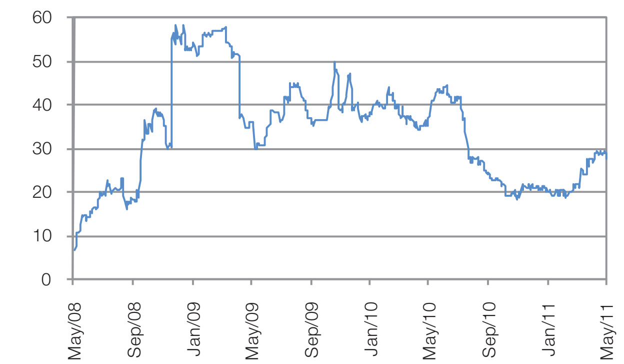


Source: Aberdeen Private Equity Fund/Thomson Datastream/Edison Investment Research

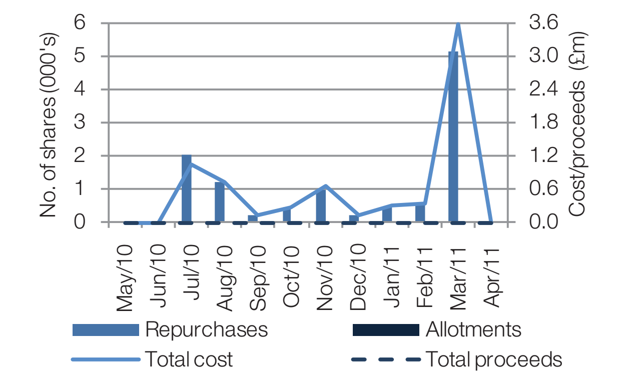
Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Source: Aberdeen Private Equity Fund/Thomson Datastream/Edison Investment Research

The current discount of 27.7% is below its three year average of 33.7%, but above its average since launch of 27.1%. The manager has been actively repurchasing shares at a discount to NAV and has recently proposed to shareholders a tender offer for one-third of the remaining shares at 65p.

Edison investment research

25 May 2011

Altamir Amboise

12 months ending	Total share price rtn* (%)	Total share NAV rtn*(%)	Total return LPX Europe* (%)	Total return LPX50* (%)	Total return LPX Cmpst* (%)
25/05/09	(61.4)	(34.5)	(54.1)	(54.3)	(54.3)
25/05/10	87.0	26.8	34.6	42.5	43.3
25/05/11	48.5	6.8	39.8	33.7	34.3

Note: *12-month rolling discrete performance.

Investment summary: Listed private equity fund

Altamir Amboise (AA) is incorporated as a 'French partnership limited by shares', with limited partners (shareholders) and a general partner, Altamir Amboise Gérance, acting as the managing general partner. Until the end of 2010, the company co-invested with the funds managed by Apax Partners, a leading French private equity firm. From 1 January 2011, AA has operated as an investor in the Apax France VIII Fund and no longer by co-investing alongside the fund. The company is still able to adjust the level of investments to the level of cash actually available, as was the case previously. AA's NAV has recovered strongly, up by 24% since the end of 2008 and up by 5% since 31 December 2010. This is due to the improving operating performance of portfolio companies and disposal proceeds.

Investment objective: High-growth companies

AA targets growth in NAV per share. It gives investors access to a diversified portfolio of fast-growing mid-market companies, mainly in French-speaking countries. AA leverages Apax Partners' know-how and investment strategy, which involves targeting buyouts and growth capital investments in high-growth potential companies with an enterprise value of €100m-€1bn across six specialist sectors: Technology; Telecom, Media; Retail & Consumer; Healthcare; and Business & Financial Services.

Investment process: Focus on specialist sectors

The investment strategy and process is carried out by Apax Partners. Apax adds value by focusing on specialist sectors and by taking majority or controlling minority stakes. Within the mid-market (EV €100-€1bn), this is a key advantage as most competitors are generalists. It negotiates attractive acquisition terms; it has greater management influence and always pre-agrees the date and method of withdrawal.

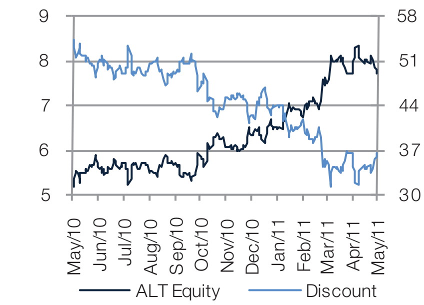
Valuation: Discount above average since launch

The current price of €7.72 puts AA's shares at a discount of 36.6% to the last-published NAV as at 31 March 2011. This discount has narrowed from the 74% at the bottom of the market in 2008, and even from the 41% discount at 31 December 2010. The conservative valuation policy also provides a 'hidden' discount. Despite the narrowing of the discount in recent months, we believe that AA offers an attractive investment opportunity for investors, particularly those looking for exposure to the French markets.

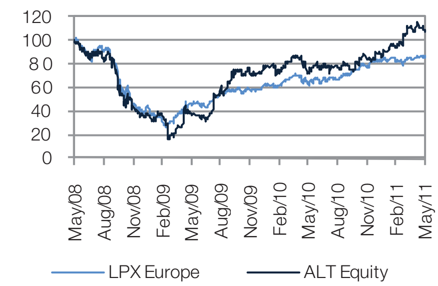
Price	€7.72
Market cap	€281.9m
AUM	€463.4
NAV	€12.17*
Discount to NAV	36.6%*
Net yield	0.0%
NAV announcement freq.	Quarterly

Last published NAV as at 31 March 2011

Share price/discount graph



Three-year cumulative performance graph



Share details

Code	LAT
Listing	NYSE Euronext
Sector	Listed Private Equity
Shares in issue	36.5m

Price

52-week	High	Low
Price	€8.32	€5.20
NAV	€12.17	€11.06

Gross gearing	Net cash
Net gearing	Net cash

Analyst
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Altamir Amboise is a research client of Edison Investment Research Limited

Exhibit 1: Listed private equity company at a glance

Capital structure summary

AA is a French limited partnership by shares, listed on NYSE Euronext Paris. 100% of the share capital is floating with 23.08% held by the partners of Apax as at 31 March 2011. AA has only one listed line of stock, with the unlisted 'B' shares purely a mechanism for staff incentivisation via 'carry'. Altamir Amboise has no debt. Net cash was €57.8m as at 31 March 2011, with €22m in available credit lines. Management fees are payable quarterly in arrears at a rate of 2.0% a year on the company's total assets. There is no performance fee. The life of the company is indefinite.

Forthcoming

Year end	31 December
Half-year results	August 2011
AGM	March 2012

Share buyback policy and history

AA has no share buyback history after the merger in 2007. Its policy is not to carry out share buybacks and to focus on becoming fully invested.

Fund details

Launch date	1995
Domicile	France
Managers	Altamir Amboise Gérance, advised by Apax Partners
Address	45, Avenue Kléber 75784 Paris, Cedex 16, France
Website	www.altamir-amboise.fr

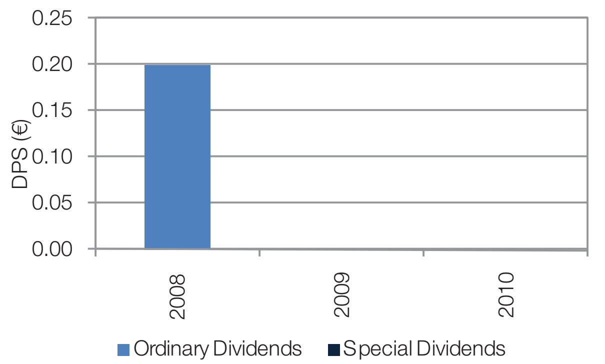
Dividend Policy

The last dividend was paid in 2008 based on the 2007 results. AA expects to pay a dividend in 2012 (20% each for A and B shares), based on the 2011 results.

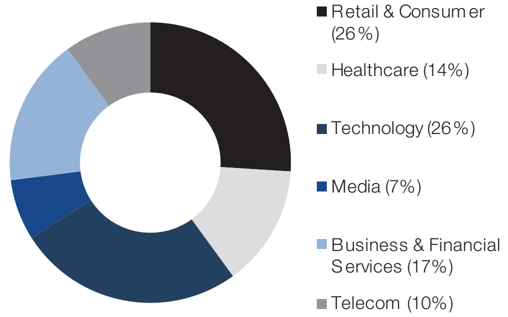
The board

Maurice Tchenio, passed on control of APAX to Eddie Misrahi. Mr Tchenio remains the CEO (President de la gerance). Monique Cohen is the general manager of Altamir Amboise.

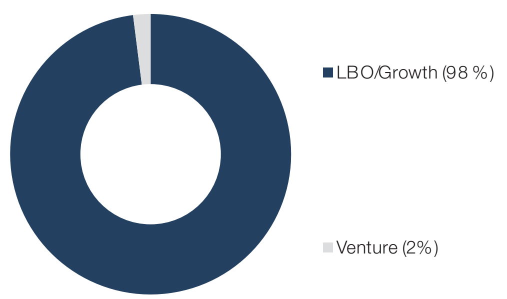
Dividend history



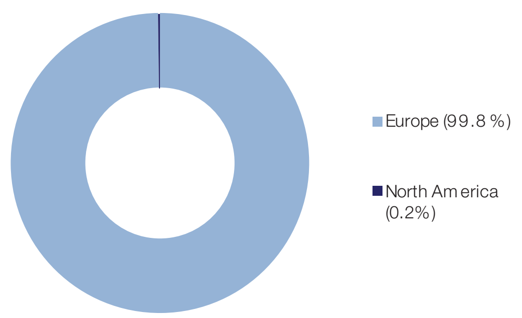
Sectoral allocation (as at 31 December 2010)



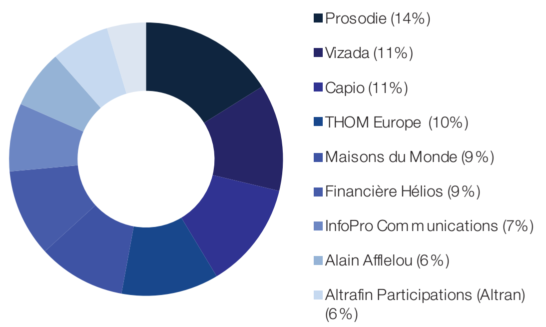
Investment strategy of portfolio (as at 31 December 2010)



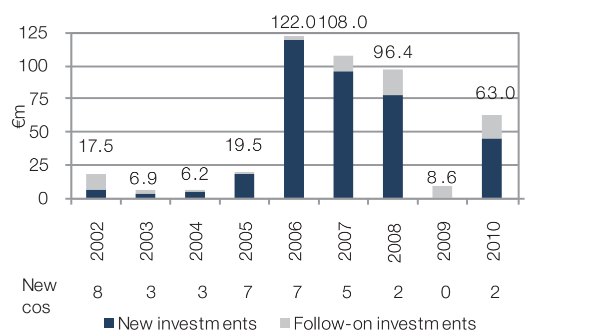
Geographic distribution of portfolio (as at 31 December 2010)



Look through portfolio composition (as at 31 December 2010)



Age profile of portfolio by companies (as at 31 December 2010)



Sources: Altamir Amboise, Edison Investment Research

Investment managers' view: Increasing optimism

The managers think that 2011 should enable them to build on the positive results in 2010. As credit and equity markets re-open for business, there are increasing investment opportunities, as well as an increasing need for managers to invest and sell. This is partly a function of the fact that funds raised in 2006-07 are coming up for renewal and the pressure is on to realise profit before returning to the markets. Improving corporate cash flows and a more positive outlook for the IPO and M&A markets also helps deal-flow. In 2010 AA invested €45.6m in two new investments and had a record year for divestments, with proceeds of €117.3m. AA has a strong investment pipeline into 2011 with at least three deals expected to be signed. Also, the rate of disposals is expected to pick up in 2011. In addition, continued improvement of portfolio companies should enhance value creation.

Asset allocation: Bottom-up approach

While ensuring the fund is not too heavily exposed to a particular sector, asset allocation is a by-product of stock selection, driven by experienced sector specialists. On average, the team will review 100 companies a year and carry out due diligence on 20-30 and close three deals.

Top 10 investments

Exhibit 2: Top 10 investments at a glance

Prosodie	14% of portfolio	Vizada	11% of portfolio
Is a leading French telecoms and IT services operator for CRM. It has showed strong growth in France and in Spain. 2010 revenues were €172.5m (up by 3.8%), slightly lower than expected as the economic environment caused some contracts due to be signed in H2 to be postponed to 2011.		Vizada is a global leader in mobile satellite communication services. Although the merchant market has seen sustained growth, within the public sector only aeronautical projects grew while land projects were stopped or postponed. The corporate telecoms market has faced fierce competition; 2010 revenues of $660m were down by 2.6%.	
Capio	11% of portfolio	Thom Europe	10% of portfolio
Capio is a leading provider of healthcare services in Europe. Revenues are growing in all geographies (2010 revenues: €1.0bn, up by 6.2%). Continued improvement in processes and cost control has seen EBITDA (excl. Spain) increase by 17.6% in 2010.		Formed by the acquisition of Histoire d'Or and Marc Orian to create a leading jewellery retailer in Europe. It currently has in excess of 500 stores. 2010 revenues grew by 6.6% to €375m. It also has 20 stores in Italy, Belgium and Portugal.	
Maison du Monde	9% of portfolio	Financiere Helios	9% of portfolio
A leading home decoration and furniture retailer, 15 stores were opened in 2010 with three large stores in Paris, Rome and Milan. 2010 revenues were up by 22% to €349m (12% like-for-like) driven by new furniture product lines.		Is one of the leading electricity suppliers in French overseas territories. It aims to increase installed capacity to 180MW by 2012. In the last nine months of 2010, €94m of financing has been raised. 2010 revenue was €291m, up by 19% year-on-year.	
Infopro Communications	7% of portfolio	Alain Afflelou	6% of portfolio
Infopro is the leading B2B information and services group in France. In 2010, it benefited from the recovery in advertising spending in the country. 2010 revenues were €120m with a double-digit growth in profitability.		Is a leading French and Spanish optical retail chain. FY11 (ending in July 2010) has started well despite the optical market slowing. This was driven by successful promotional campaigns. H111 revenues were up by 10.9% to €58.6m.	
Altran	6% of portfolio	Buy Way	4% of portfolio
Altran, an innovation consulting company, saw a return to growth in 2010. With a significant margin improvement in H2, the outlook for 2011 is positive. 2010 revenues were up by 2.45% to €1.4bn.		Buy Way is a Belgian consumer credit company. It is a leading broker for new auto loan production. Its other focus is credit cards. In 2010, net banking income was €37.4m, up by 12.3%, with EBIT coming in at €5.3m.	

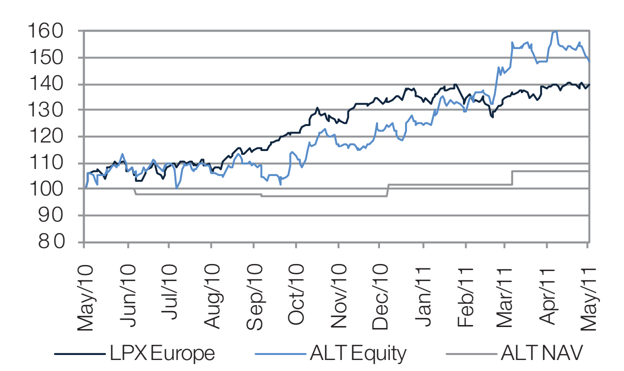
Sources: Altamir Amboise, Edison Investment Research

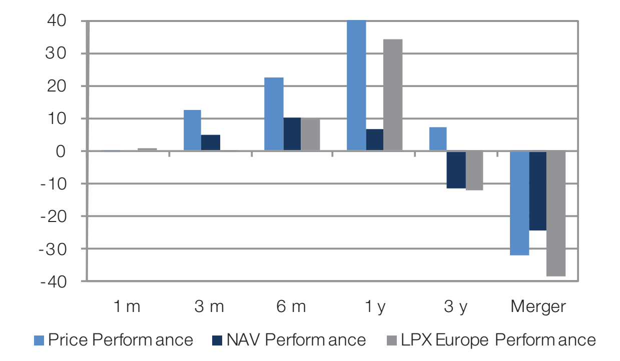
Recent performance

As Exhibit 3 illustrates, AA has outperformed the LPX Europe Index in terms of price and NAV total return through one, three and six- months, one year, three years and since the merger in 2007.

Exhibit 3: Listed private equity company performance

Price, NAV & benchmark total return performance, 1-year rebased	Price, NAV & benchmark total return performance (%)



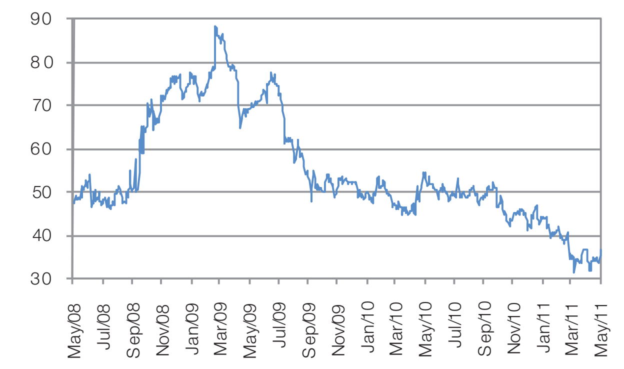


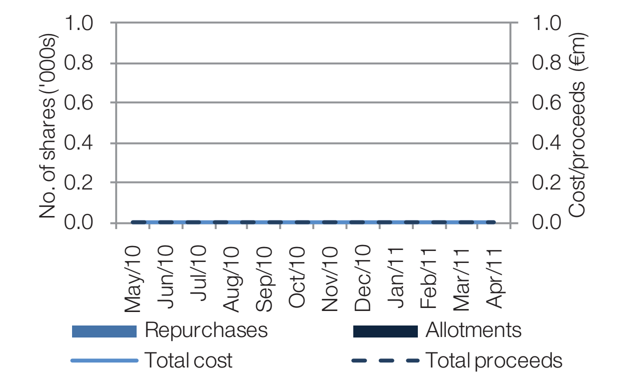
Sources: Altamir Amboise, Thomson Reuters Datastream, Edison Investment Research

Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market	Share repurchases and allotments during the last year





Sources: Altamir Amboise, Bloomberg, Thomson Reuters Datastream, Edison Investment Research

In July 2007, the company raised €120m after the merger between Altamir and Amboise. Then in 2008, there was a €34m capital increase via the exercise of warrants. Since then there have been no buybacks or capital increases, nor any discount management mechanisms. Management believe that the best way to reduce the discount on a sustainable basis is by realisations. In 2010, AA saw an uplift of 166% (compared with valuations at 31 December 2009) on the realisations in 2010. This premium is in line with uplift achieved in previous years. As Exhibit 4, above, illustrates, the recent two-pronged approach of divestments (with significant valuation uplift) and improving operating profitability of investee companies has seen the discounts close to its three-year low. The current discount of 36.6% is below its three-year average of 54.9% and above its all-time lowest discount which was 25.2% in July 2007 just after the merger of Altamir and Amboise.

Edison investment research

25 May 2011

Conversus Capital, L.P.

12 Months Ending	Total US$ Eqty Share Price Rtn* (%)	Total US$ Eqty Share NAV Rtn*(%)	Total Return S&P 500 Comp* (%)	Total Return LPX50* (%)	Total Return LPX Europe* (%)
25/05/09	(55.5)	(25.1)	(35.0)	(60.1)	(59.8)
25/05/10	54.5	15.0	23.6	25.0	18.1
25/05/11	58.6	22.2	25.4	53.5	60.5

Note: *12-month rolling discrete performance.

Investment summary: Buyout-focused fund of private equity funds

Launched in July 2007, Conversus Capital, L.P. (CCAP) used the $1.8bn in proceeds from its initial fund-raising, as well as modest leverage, to purchase a $1.9bn diversified portfolio of seasoned private equity funds. These funds were handpicked, by CCAP's manager, from a universe of $4bn private equity funds from Bank of America's balance sheet and provided CCAP with diversification across vintage year and sector from the outset. Against a backdrop of difficult market conditions since its launch, CCAP has put in a very respectable performance, outperforming the S&P 500, the LPX 50, LPX Composite and LPX Europe, in terms of NAV total return, since launch. CCAP's portfolio has returned over $1.5bn of cash since launch.

Investment objective: Consistent return over public equities

As a permanent capital vehicle CCAP does not need to focus on fund-raising cycles. As such, CCAP's manager's primary focus is on utilising capital in the most efficient way to drive CCAP's NAV. The manager considers this can be achieved by investing in a diversified portfolio of private equity funds and aims to deliver consistent returns well in excess of the public markets. The majority of the portfolio is invested in North American buyout funds. CCAP can also make co-investments and the portfolio has 25% exposure to public equities. These are held primarily by the underlying funds.

Investment process: Extensive due diligence

The manager considers that 90% of CCAP's portfolio is invested with managers with which it has a long-term relationship. The manager conducts extensive due diligence with a view to 1) ensuring capital preservation and 2) highlighting managers that will provide top quartile performance. Key focuses are on operational improvements, sustainability of returns, team dynamics, succession plans and transparency.

Valuation: Discount below average since launch

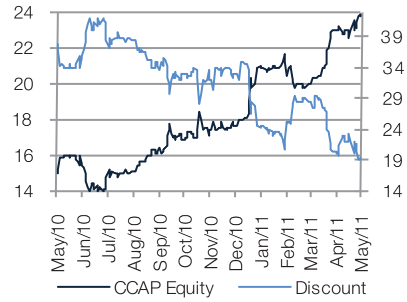
The discount based on the last published NAV as at 30 April 2011 is 19.5%. This is substantially below its all time peak of 70.5% in March 2009 and is also below its three-year average and average since launch of 39.3% and 33.3%, respectively. Despite this, the manager considers that share buybacks remain very attractive and so we consider CCAP may be of interest to investors looking for a diversified and seasoned exposure to buyout-orientated private equity.

Price	US$23.75
Market Cap	US$1.55bn
AUM	US$1.94bn*
NAV	US$29.49**
Discount to NAV	19.5%**
Yield	0.0%
NAV announcement freq.	Monthly

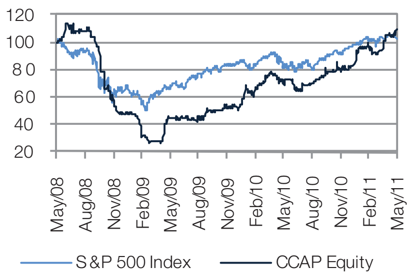
** Investment NAV + Cash & cash equivalents. Rises to $2.47bn when unfunded commitments are included.*

*** Last published NAV as at 30 April 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	CCAP
Listing	NYSE Euronext
Sector	Listed Private Equity
Shares in issue	65.2m

Price

52 week	High	Low
Price	US$23.85	US$14.00
NAV	US$24.49	US$24.14

Gross Gearing	0.8%
Net Gearing	(3.5%)

Analyst
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Exhibit 1: Listed private equity company at a glance

Capital structure summary

CCAP has a conventional structure with one primary class of security in issue: common units (in effect common shares). Restricted Depositary Units (RDUs) are also in issue. These were issued to US investors and represent one common unit. Both common units and RDUs are non-voting. CCAP can gear up to 25% of total assets and has a credit facility for this purpose. Net management fees are calculated as aggregate amount of (i) 1.0% per annum of the value of Conversus's non-cash assets and (ii) 0.5% per annum of Conversus's aggregate unfunded commitments. A performance fee is payable on increases in NAV subject to a 7% hurdle. CCAP has an indefinite life. We estimate CCAP's TER to 2.9% for the year ended 31 December 2010.

Forthcoming

Year end	31 December
Preliminary	March 2012
AGM	March 2012

Share buyback policy and history

CCAP has authority to repurchase its shares. There is no specified limit on the number of units that may be repurchased.

Fund details

Launch date	July 2007
Domicile	Guernsey
Manager	Conversus Asset Management
Manager Address	101 South Tryon Street, Charlotte, NC 28280
Phone	001 704 307 4865
Website	www.conversus.com

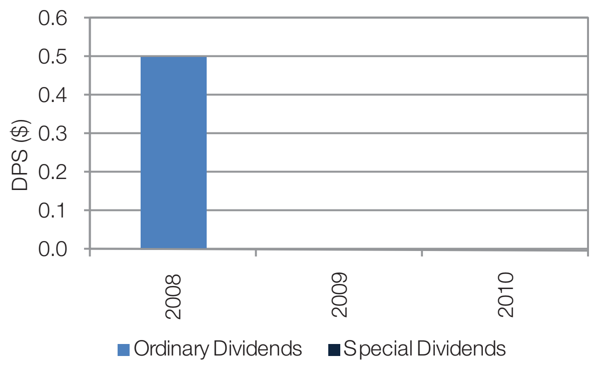
Dividend policy

CCAP does not currently pay a dividend.

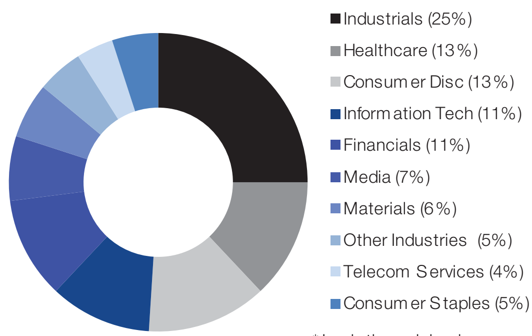
The board

Mr Paul G Guilbert (chairman), Mr Laurance R Hoagland Jr, Ms Kathryn A Matthews, Dr Per Johan Strömberg (directors).

Dividend history

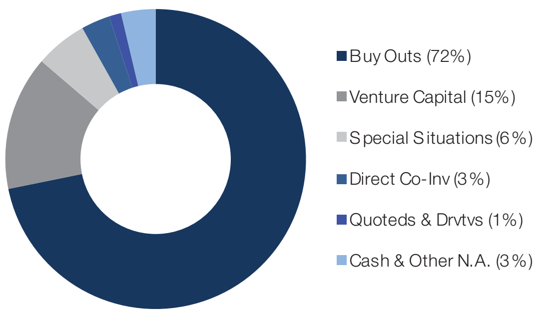


Sectoral allocation of portfolio (as at 31 March 2011) *

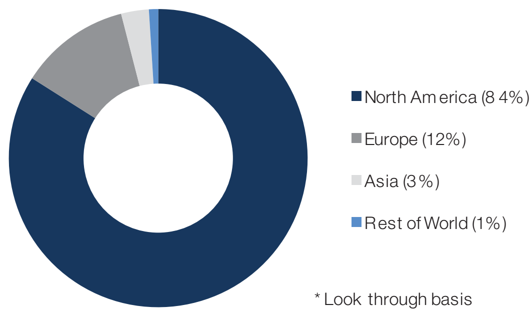


* Look through basis

Investment type distribution of portfolio (as at 31 March 2011)

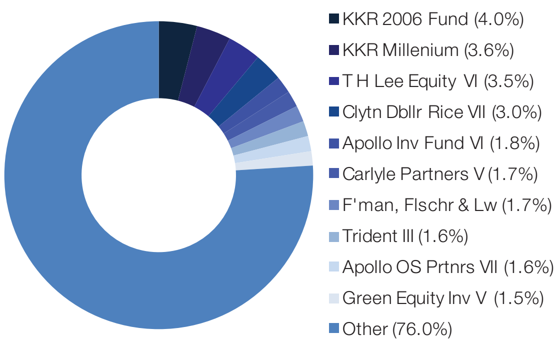


Geographic distribution of portfolio (as at 31 March 2011) *

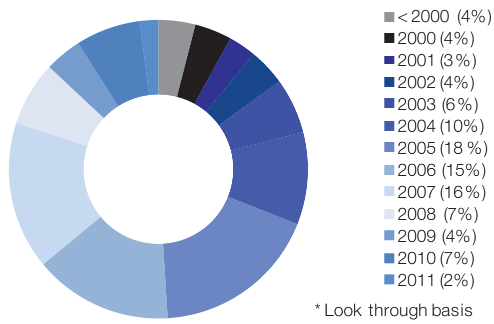


* Look through basis

Portfolio composition (as at 31 March 2011)



Vintage year distribution of portfolio (as at 31 March 2011) *



* Look through basis

Source: Conversus Capital L.P./Edison Investment Research

Manager's view: Opportunities for those with cash

The manager considers that private equity general partners face a tough fund-raising environment over the next few years. However, as a permanent capital vehicle with a mature cash generative portfolio, CCAP is well positioned to take advantage of this environment. The manager considers that there are many attractive opportunities in the secondary market, particularly for mature funds, but that the opportunity for distressed investments, in the US, has now largely passed. The manager expects its network to continue to offer good co-investment opportunities.

Asset allocation

Overview

As at 31 March 2011, CCAP held investments in 118 fund families, through 207 individual funds, which provides exposure to 1,765 companies. As exhibit 1 illustrates, the majority of the portfolio is invested in buyouts – 73% at the fund level – with 84% of the portfolio invested in North America on a look-through basis. Unfunded commitments were $573m; however, $183m are beyond their investment period. Of the $390m that are active, $13m, $115m, $159m, $75m and $26m expire in 2011-2015 respectively. The manager considers that cash flows from the mature portfolio and CCAP's credit facility will be more than adequate to finance the commitments as they fall due.

Top holdings

Exhibit 2: Top 10 fund investments at a glance (as at 31 March 2011)

KKR 2006 Fund, L.P.	4.0% of portfolio	Carlyle Partners V, L.P.	1.7% of portfolio
A $17.6bn 2006 vintage buyout fund managed by the private equity arm of Kohlberg, Kravis & Roberts. CCAP has an investment NAV in the fund of $76.4m with a further $19.8m of unfunded commitments.		A $13.7bn 2007 vintage buyout fund, managed by The Carlyle Group, that invests in leveraged buyouts, in targeted industries, within North America. CCAP has an investment NAV in the fund of $33.4m with a further $19.9m of unfunded commitments.	
KKR Millenium Fund, L.P.	3.6% of portfolio	Friedman, Fleischer & Lowe Cap Prtnrs, L.P.	1.7% of portfolio
A $6.0bn 2002 vintage buyout fund managed by the private equity arm of Kohlberg, Kravis & Roberts. CCAP has an investment NAV in the fund of $69.8m with no further unfunded commitments.		A 1999 vintage buyout fund managed by US-based private Friedman, Fleischer & Lowe (FFL). FFL targets investments within media, financial services, professional services and information services.	
Thomas H. Lee Equity Fund VI, L.P.	3.5% of portfolio	Trident III, L.P.	1.6% of portfolio
A 2006 buyout managed by Boston based private equity manager Thomas H Lee Partners. CCAP has an investment NAV in the fund of $68.2m with a further $35.1m of unfunded commitments.		A 2004 vintage buyout fund managed by US based Trident Capital. Trident is focused on opportunities within software services and the internet. CCAP has an investment NAV in the fund of $31.3m with a further $0.3m of unfunded commitments.	
Clayton, Dubillier & Rice Fund VII, L.P.	3.0% of portfolio	Apollo Overseas Partners VII, L.P.	1.6% of portfolio
A 2005 vintage buyout fund managed by private equity manager Clayton Dubilier & Rice (CBR). CBR looks to actively manage its private equity holdings and add value through operational improvements to the underlying businesses.		A 2008 vintage buyout fund managed by US-based Apollo Management (AGM). CCAP has an investment NAV in the fund of $31.1m but, reflecting the funds age, CCAP has a further $28.1m of unfunded commitments.	
Apollo Investment Fund VI, L.P.	1.8% of portfolio	Green Equity Investors V, L.P.	1.5% of portfolio
A $10.2bn 2006 vintage buyout fund managed by US based Apollo Management (AGM). AGM has a contrarian value orientated investment focus. CCAP has an investment NAV in the fund of $34.5m with a further $4.7m of unfunded commitments.		A $5.3bn 2006 vintage buyout fund managed by US based Leonard, Green & Partners, L.P, which targets cash positive growth companies. CCAP has an investment NAV in the fund of $28.8m with a further $11.9m of unfunded commitments.	

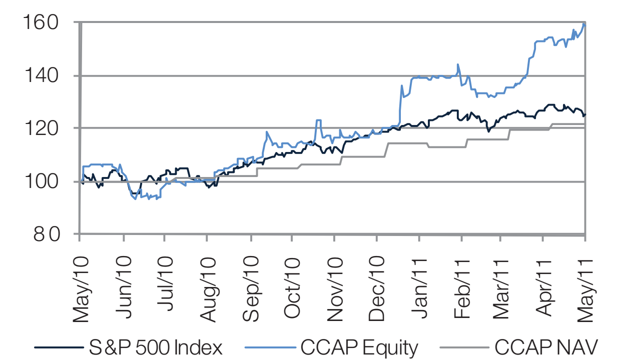
Source: Conversus Capital L.P./Edison Investment Research

Recent performance

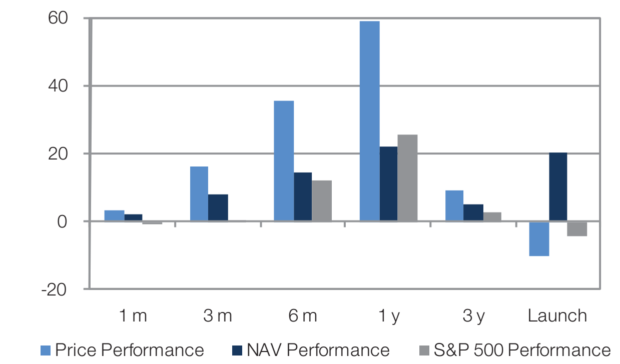
As Exhibit 3 illustrates, CCAP has outperformed the S&P 500 Composite index, in terms of price total return, over all of the periods up to and including the three-year period, and, in terms of NAV total return, over all of the periods except one year. Similarly, CCAP has outperformed both the LPX 50 & LPX Composite Indexes, in terms of both price total return, over all of the time horizons provided and, in terms of NAV total return, over the one month, three-month and three-year periods. CCAP has outperformed the LPX Europe index, in terms of both price and NAV total return, over all of the periods provided with the exception of the one-year period and also 6 months regarding NAV total return.

Exhibit 3: Listed private equity company performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

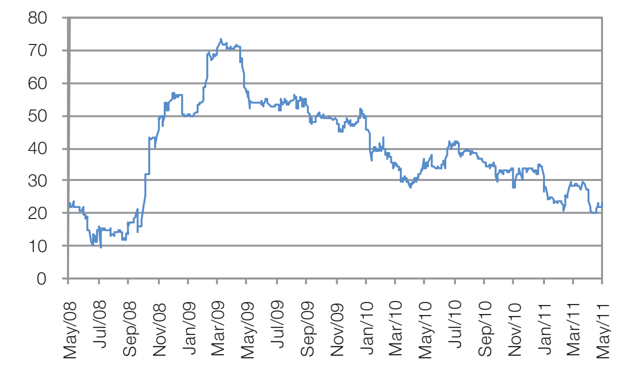


Source: Conversus Capital L.P./Datastream/Edison Investment Research

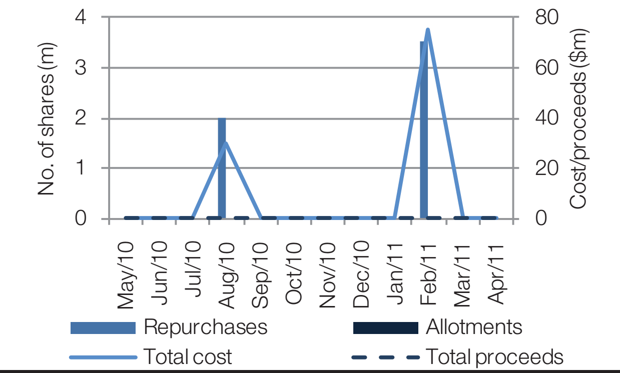
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Source: Thomson Datastream/Edison Investment Research

The current discount of 19.5% is below its three-year average of 39.3% and its average since launch and 33.3%. The manager considers that, at this level of discount, buybacks remain very attractive. We therefore expect CCAP to continue to return cash to shareholders, through repurchases, with a view to providing liquidity and managing the discount.

25 May 2011

Deutsche Beteiligungs AG

12 Months Ending	Total Share Return* (%)	Total NAV Return* (%)	Total Return LPX 50* (%)	Total Return LPX Europe* (%)	Total Return LPX Comp* (%)
25/05/08	(21.8)	10.3	(31.3)	(29.5)	(31.8)
25/05/09	(30.9)	(22.8)	(54.2)	(54.0)	(54.3)
25/05/10	45.9	20.2	42.3	34.4	43.2
25/05/11	31.5	13.0	33.7	39.8	34.3

Note: * 12-month rolling discrete performance euro adjusted.

Investment summary: A leading German mid-market private equity company

Listed on the German stock exchange since 1985, Deutsche Beteiligungs AG (DBAG) is one of the country's few listed private equity companies. With a track record spanning more than four decades, DBAG played a pioneering role in the development of private equity investing in Germany and is now one of its leading private equity firms.

Investment objective: Attractive returns over the long term

Deutsche Beteiligungs (DBAG) aims to generate attractive returns, over the longer term, on buyout and expansion capital investments in the following sectors: mechanical and industrial engineering, automotive suppliers, specialty chemicals, measurement and automation technology and specialised service providers for different industries. Using its own equity base and capital available through co-investment funds, DBAG is able to make investments in companies ranging between €50-250m in value. Within growth capital investment, DBAG co-invests with the PE fund, contributing 40% of the equity investment. With MBOs, DBAG co-invests in the pre-defined ratio, one (DBAG) to four (DBAG Fund V). Shareholders of DBAG have the advantage of the management fee (c 2% of committed capital) that DBAG is paid by these funds. Where possible, profits are distributed; €19.1m was paid in dividends in March 2011.

Investment process: Extensive proprietary network

DBAG's investment team consists of four members of the board and 17 investment managers. Two-thirds of the team have been with the company for more than 10 years and have an extensive network of industry contacts in Germany. Investments are driven by opportunities and sectors, and investee companies are held between four and seven years. The team are keen to nurture and grow investments before considering any exits, with trade sales the preferred choice. Typically, DBAG aims for target IRRs of 25% for buyouts and 20% for expansion investments.

Valuation: Shares trading on a modest discount

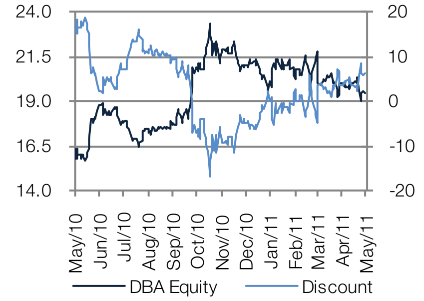
For the three months to January 2011, DBAG has achieved net income of €10m and an uplift in its NAV of 3.9%. The current discount of 6.4% shows the shares are in demand. They offer exposure to specialist expertise in a focused niche of the German industrial sector.

Price	€19.42
Market Cap	€265.5m
AUM	€280.2m
NAV*	€20.75*
Discount to NAV*	6.4%*
Yield	2.1%**
NAV announcement freq.	Quarterly

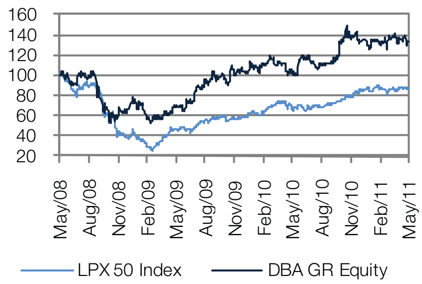
** Last published NAV as at 31 January 2011.*

*** Excluding special dividend of €1.00 paid March 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	DBA
Listing	Deutsche Borse: Xetra
Sector	Listed Private Equity
Shares in issue	13.7m
Free float	80%

Price

52 week	High	Low
Price	€23.38	€15.65
NAV	€20.75	€19.23

Analysts

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Matthew Read +44 (0)20 3077 5758

listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital structure summary

DBAG is conventional in its structure with only ordinary shares in issue and a free float of 80%. It currently has no debt. DBAG is self-managed and earns a fee from its co-investment funds. We estimate the TER for its investment management business to be 10.3% for the year ended 31 October 2010. DBAG's life is indefinite and there is currently no specific mechanism to wind up the company.

Forthcoming

Year end	31 October
Quarterly	14 June 2011
AGM	March 2012

Share buyback policy and history

DBAG has the authority to repurchase shares. There have been no buybacks since 2005. There have been tenders in 2005-07 totalling of €87.7m.

Fund details

Launch date	Dec 1985
Domicile	Germany
Managers	Team managed
Address	Boersenstrasse 1, 60313 Frankfurt am Main, Germany
Website	www.deutsche-beteiligung.de

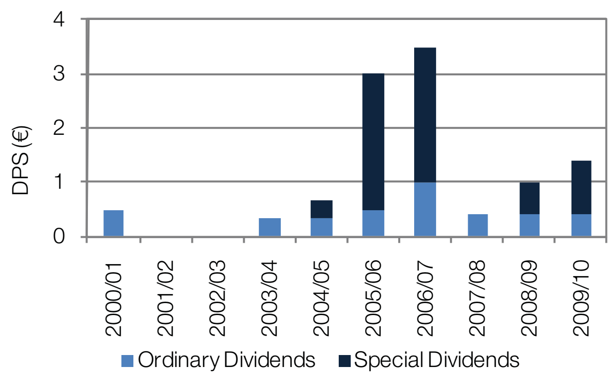
Dividend Policy

It is the company's policy to pay regular dividends where possible.

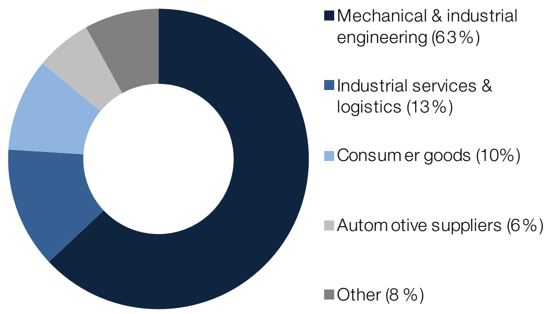
The board

The board consists of four members, Torsten Grede, Wilken Freiherr von Hodenberg, André Mangin and Dr Rolf Scheffels, who also form part of the investment management team.

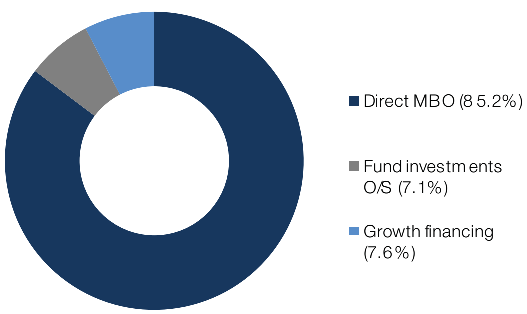
Dividend history



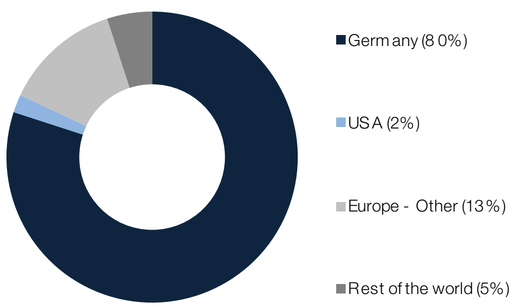
Sectoral allocation (as at 31 December 2010)



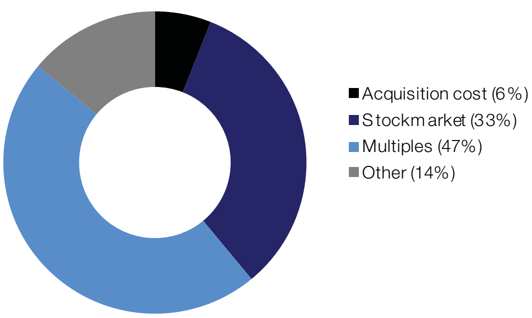
Investment type distribution (based on NAV as at 31 January 2011)



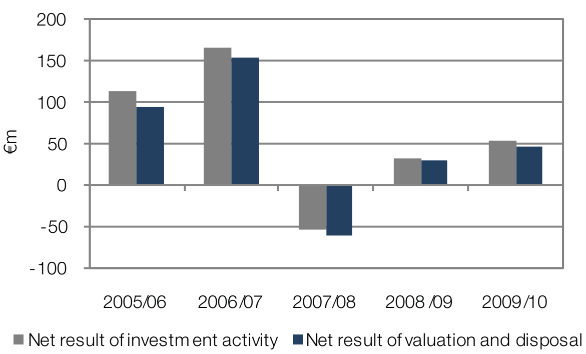
Geographic distribution of portfolio (as at 31 January 2011)



Valuation methods applied (based on NAV as at 31 January 2011)



Net results of investments (as at 31 January 2011)



Source: Deutsche Beteiligungs AG/Edison Investment Research

Manager's view: Promising investment opportunities

Backed by recent strong GDP growth for Germany, the managers are optimistic. The private equity market is showing continued improvement and portfolio companies are expected to perform well. The impact of the Japanese disaster is expected to be limited. Despite the cyclical nature of the preferred sectors, DBAG believes there are promising investment opportunities. To compensate, a commensurate equity-to-assets ratio is considered when investing in such companies. DBAG has a strong liquidity position of €120m and substantial undrawn capital commitments.

Asset allocation

Overview

Investments are considered in the core areas of expertise, namely, mechanical engineering, automotive supplies, industrial services, industrial automation and specialty chemicals where the team have many years' experience. Particular consideration is given to companies that tackle changing economic and societal conditions, such as energy and other natural resources, climate change and industrialisation, where the team believe that significant gains can be made.

Major holdings

Exhibit 2: Key direct holdings at a glance

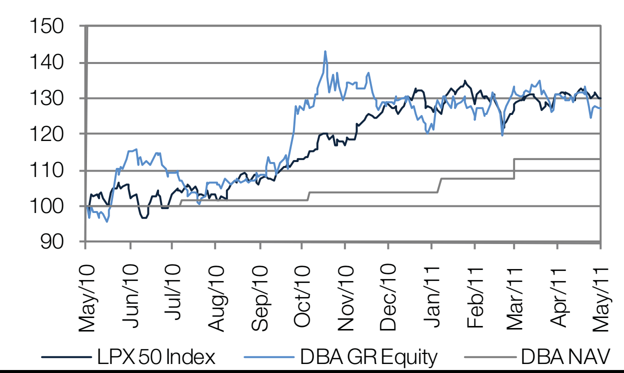
Clyde Bergemann	Investment: May 2005	(€9.2m)	
Based in Wesel, Germany, the company is present in most major markets. Its core business is the development and production of components for coal-fired power plants. These products warrant efficient and safe operations and contribute towards clean, CO_2-reduced energy generation.		Total IRR	N/A
		Industry/Sector	Mechanical and industrial
		Website	www.clydebergemann.de
Coperion GmbH	Investment: July 2007	(€10.4m)	
Headquartered in Stuttgart and operating sites in Germany, the US, India and China, Coperion GmbH develops, manufactures and markets compounding systems and bulk-materials handling equipment.		Total IRR	N/A
		Industry/Sector	Speciality chemicals
		Website	www.coperion.com
Preh GmbH	Investment: Nov 2003	(€3.7m)	
Headquartered in Bad Neustadt an der Saale, Germany, and operating in Portugal, France, Mexico and the US, Preh GmbH manufactures operating and control elements.		Total IRR	N/A
		Industry/Sector	Automotive supplier
		Website	www.preh.de
FDG-Group	Investment: June 2010	(€4.9m)	
FDG operates in category management and provides a range of services to mass retailers. It supplies non-food product categories primarily to the food retailing sector in France.		Total IRR	N/A
		Industry/Sector	Industrial support services
		Website	www.fdg.fr
Grohmann GmbH	Investment: Dec 1996	(€2.1m)	
Headquartered in Prüm, Germany, Grohmann is a family-run business that operates in Europe, North and South America and Asia. Its core business is the development, production and marketing of complex automated production lines and plants.		Total IRR	N/A
		Industry/Sector	Mechanical and industrial
		Website	www.grohmann.com

Source: Deutsche Beteiligungs AG/Edison Investment Research

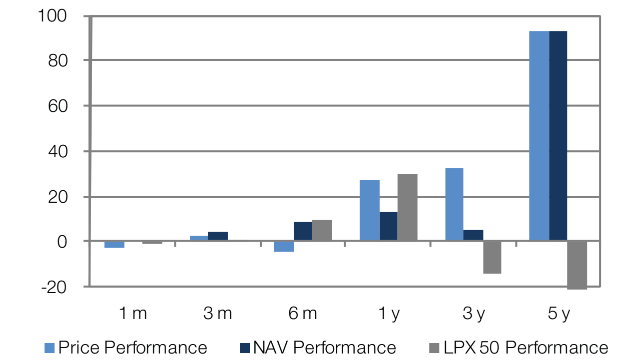
Recent performance

Exhibit 3: Listed private equity company performance

Price, NAV & S-Dax total return performance 1 year



Price, NAV and benchmark total return performance (%)



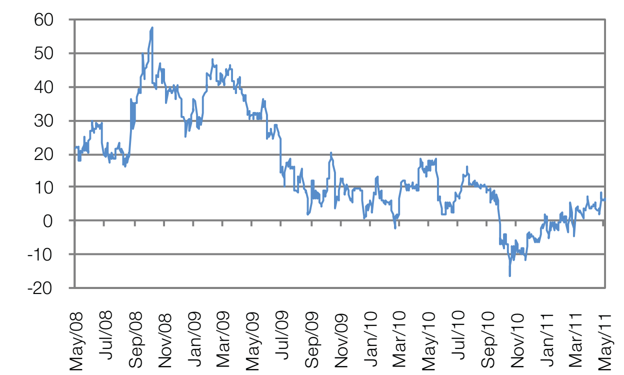
Source: Deutsche Beteiligungs AG/Thomson Datastream/Edison Investment Research

As Exhibit 3 illustrates, DBAG has significantly outperformed the LPX 50 Index, in terms of price total return, over three and five years.

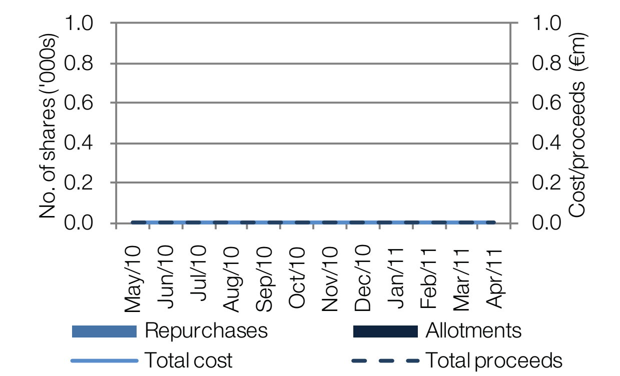
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Sources: Deutsche Beteiligungs AG/Bloomberg/Thomson Reuters Datastream/Edison Investment Research

DBAG has authority to repurchase its shares, providing the manager with a mechanism to influence the discount. However, as Exhibit 4 illiustrates, DBAG is one of few listed private equity companies trading close to its NAV. The exhibit shows that is has narrowed steadily from its peak of almost 60% in October 2008 and has at times traded at a premium during the last six months. The current discount of 6.4% is below its three and five year averages of 16.3% and 9.8%, respectively.

25 May 2011

Dinamia Capital Privado SCR, SA

12 Months Ending	Total Share Price Return* (%)	Total NAV Return* (%)	Total Return IBEX Small Cap* (%)	Total Return LPX 50* (%)	Total Return Europe* (%)
25/05/08	(21.1)	5.0	(27.6)	(31.3)	(29.5)
25/05/09	(51.3)	(37.0)	(43.3)	(54.3)	(54.1)
25/05/10	(5.0)	(15.7)	(15.3)	42.5	34.6
25/05/11	(12.2)	(17.4)	14.9	33.7	39.8

Note: *12-month rolling discrete performance.

Investment summary: Spanish buyout fund

Dinamia Capital Privado SCR became a public company in 1997. It is the first listed PE company investing in unlisted Iberian midmarket companies. In the recent Q1 results, the company reported a loss of €3.4m as a consequence of a €5.2m asset impairment charge. However, these are not losses on disposals, but simply accounting provisions. Dinamia also announced a one-for-50 bonus issue, which will be proposed at the General Meeting on 7 June. This will enable shareholders to continue to be remunerated, while at the same time provide additional cash to supported targeted companies in uncertain macroeconomic times.

Investment objective: Long-term capital growth

Dinamia is a direct private equity company, investing in unlisted companies across sectors except for financial and real estate. The goal is to generate capital gains in the medium to long term. Its investment strategy is buy outs, growth and buy-and-build transactions within the Iberian markets. It does not see itself as a holding company and, as such, has a shorter average holding period of 5.3 years. It believes that this strategy generates the best value for shareholders.

Investment process

The fund manager is N+1 Private Equity. It is an experienced management team composed of 20 executives, with a proven track record of 27% IRR over the past 18 years. Its experience provides access to unquoted companies that are not accessible to others. It targets companies of EV €50-250m that are potential top quartile performers. The due diligence process takes six to nine months. Once it has identified the company and sector, it structures the transactions, typically taking controlling stakes and identifying the exit routes, and then monitors the investments closely.

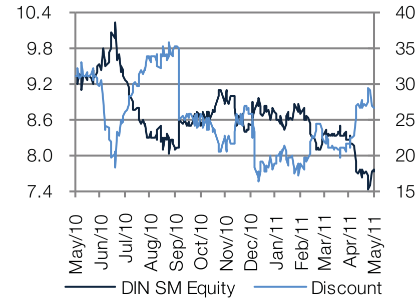
Valuation: Discount above five-year average

The discount based on last published NAV, currently at 26.7%, is substantially below its all time peak of 62.8% in March 2009. Compared to its longer-term averages, Dinamia's current discount is below its three-year average of 33.2% and above its five-year average of 22.2%. Dinamia's current discount reflects the difficult macroeconomic scenario in Spain, and should narrow as the economy recovers, and with it public and private equity markets. Dinamia potentially offers value to longer-term investors particularly given Dinamia's conservative valuation policy.

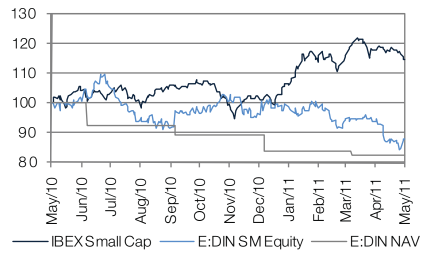
Price	€7.75
Market Cap	€123.7m
AUM	€168.9m
NAV	10.58€*
Discount to NAV	26.7%*
Yield	1.3%
NAV announcement freq.	Quarterly

* *Last published NAV as at 31 March 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	E:DIN
Listing	SM - FULL
AIC Sector	Private Equity
Shares in issue	16.0m

Price

52 week	High	Low
Price	10.25€	7.45€
NAV	13.568€	10.58€

Gross gearing	0%
Net gearing	(31.0%)

Analyst
Matthew Read +44 (0)20 3077 5700
listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Trust at a glance

Capital structure summary

Dinamia Capital Privado SCR, SA became a public company in December 1997. In December 2009, it raised €40m in an ordinary shares rights issue. N+1 Private Equity is the management company of Dinamia, and since 2002 co-invests (using two closed ended funds) with Dinamia. From January 2011, Dinamia puts up 25% of the investments. At end 2010, Dinamia had net cash of €57.6m. No Treasury stock is owned to date. Dinamia's TER was 2.59% for the year ended 31 December 2010.

Forthcoming

Year end	31 December
Preliminary	N/A
AGM	June 2011

Share buyback policy and history

The board of Dinamia has the authority to buy back up to 10% of the listed share capital. Dinamia has only bought back shares once, in 2005

Fund details

Launch	1997 (Listed December 1997)
Domicile	Spain
Manager	N+1 Private Equity SGECR, SA
Address	Padilla 17, Madrid, Spain, 28006
Phone	+34 (0) 91 745 8448
Website	www.dinamia.es www.nmas1.com

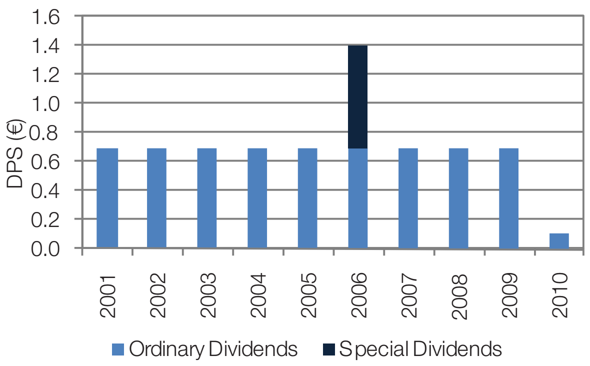
Dividend policy

Since 1999 Dinamia has paid a fixed dividend. With the exception of 2006 Dinamia has paid dividends €0.70 per share, pa, until 2010 when it proposed €0.10 from reserve.

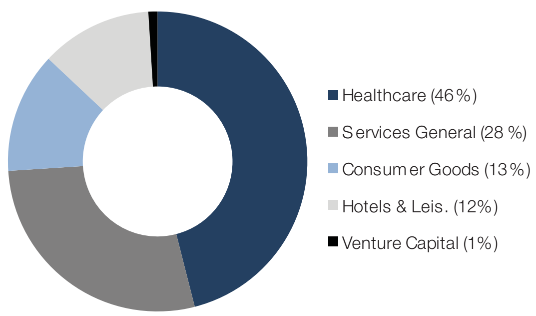
The board

Dr Santiago Bergareche Busquet is the chairman. He also serves on the board of leading Spanish companies. D. Alfred Merton Vinton has a financial background and is also on the board of other general partners.

Dividend history (year of accrual results, not payment)



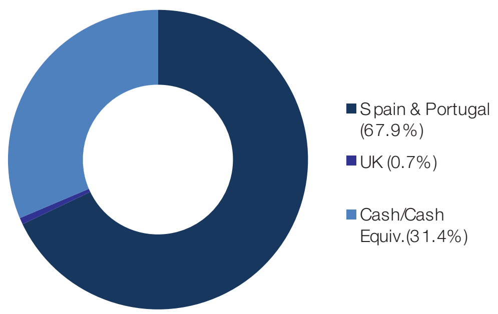
Sectoral allocation of portfolio (as at 31 December 2010)



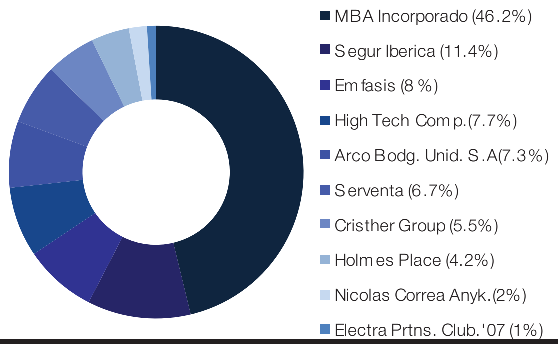
Investment type distribution of portfolio (as at 31 December 2010)

The portfolio is 100% buy-out.

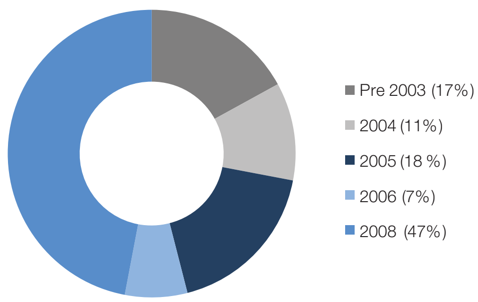
Geographic distribution of portfolio (as at 31 December 2010)



Portfolio composition (as at 31 December 2010)



Vintage year distribution of portfolio (as at 31 December 2010)



Source: Dinamia Capital Privado SCR/Edison Investment Research

The fund manager: N+1 Private Equity

Manager's view – forecast a gradual improvement in activity

The manager believes the gradual recovery in the Spanish PE market in 2010 is set to continue into 2011, with an increasing level of deal flow and M&A activity. The key for Dinamia remains the stabilisation of mid-market PE (€25-100m equity), which was evidenced by 13 transactions closing in 2010. The manager remains cautious about the high entry multiples in the market and the continued high cost of leverage, and calculate under average deal terms a company must have a 10% annual growth rate to achieve Dinamia's IRR target of 25% in five years.

Asset allocation

Overview

The asset allocation strategy is "generalist" (except for real estate and financials) with a preference for services, technology, healthcare, energy and specialised consumption. Due to Spain's current economic backdrop, Dinamia is also looking for new opportunities in companies with a large part of their income coming from exports to international markets with better growth prospects.

Top holdings

Exhibit 2: Company holdings at a glance

MBA Incorporado	Investment Date: July 2008	Percentage of fund: 46%	(based on NAV as of 31/12/10)
MBA is the leading independent distributor of surgical orthopaedic products in Europe. Founded in 1988, it operates in Spain, Portugal and Italy. MBA specialises in the distribution of hip, knee and column implants. Public hospitals are its main clients.		Industry/Sector	Prosthesis distribution
		Website	www.mba.eu
Segur Iberica	Investment Date: March 2004	Percentage of fund: 11%	(based on NAV as of 31/12/10)
Segur is a leading provider of security services in Spain. It is focused on four lines of business: surveillance services, alarm installation and management, and installation of fire safety and prevention systems.		Industry/Sector	Security
		Website	www.gruposegur.com
Emfasis	Investment Date: April 2005	Percentage of fund: 8%	(based on NAV as of 31/12/10)
éMfasis Billing & Marketing Services is the leading provider of mass marketing and billing services for large companies in the financial, telecoms and utilities sectors. It aims to build up its billing and personalised marketing capabilities, through small acquisitions.		Industry/Sector	Mailing & Billing
		Website	www.emfasis.es
High Tech Hoteles SA	Investment Date: January 2003	Percentage of fund : 8%	(based on NAV as of 31/12/10)
High Tech is a hotel chain focused on the 3-star and higher segments of the urban business traveller and tourist markets. It currently has 47 hotels in operation or in the pipeline, located primarily in Madrid (26 of the total) and in the main regional capitals.		Industry/Sector	Hotels
		Website	www.hthoteles.com
Arco Bodegas Unidas SA	Investment Date: March 1999	Percentage of fund: 7%	(based on NAV as of 31/12/10)
Arco is the leading independent winery in the quality table wine segment. Its brands include Bodegas Berberana, Marqués de Griñón, Cavas Marqués de Monistrol, Bodegas Lagunilla, Bodegas Señorío de Urdáiz and Bodegas Hispano Argentinas.		Industry/Sector	Winery
		Website	www.arcobu.com

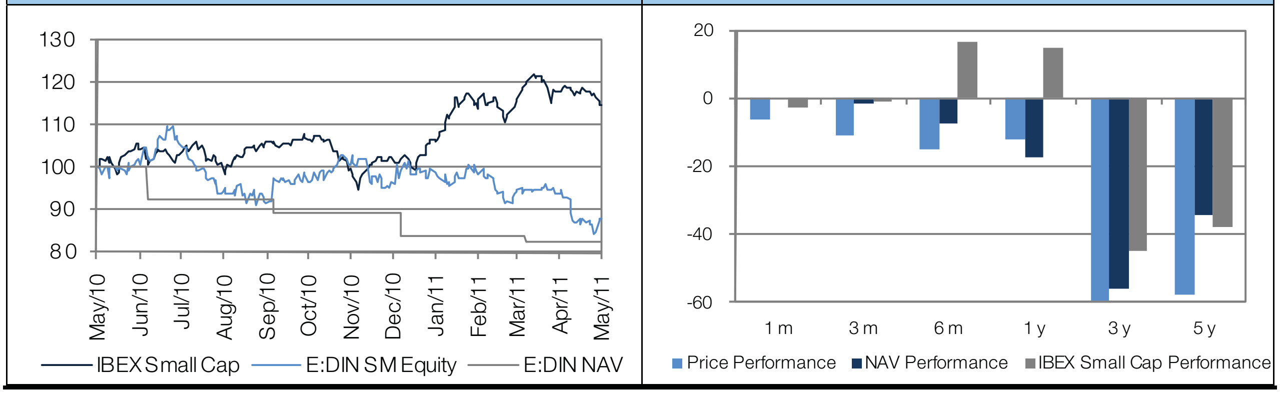
Source: Dinamia Capital Privado SCR/Edison Investment Research

Recent performance

As Exhibit 3 illustrates, Dinamia has underperformed the IBEX Small Cap Index, in terms of price total return, over all of the time periods provided. Similarly, Dinamia has underperformed IBEX Small Cap over all of the time periods provided excluding one-month and five year periods. Compared to the LPX 50 and LPX Europe, Dinamia has underperformed both indices, in terms of both price and NAV total return, over all of the periods provided.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)

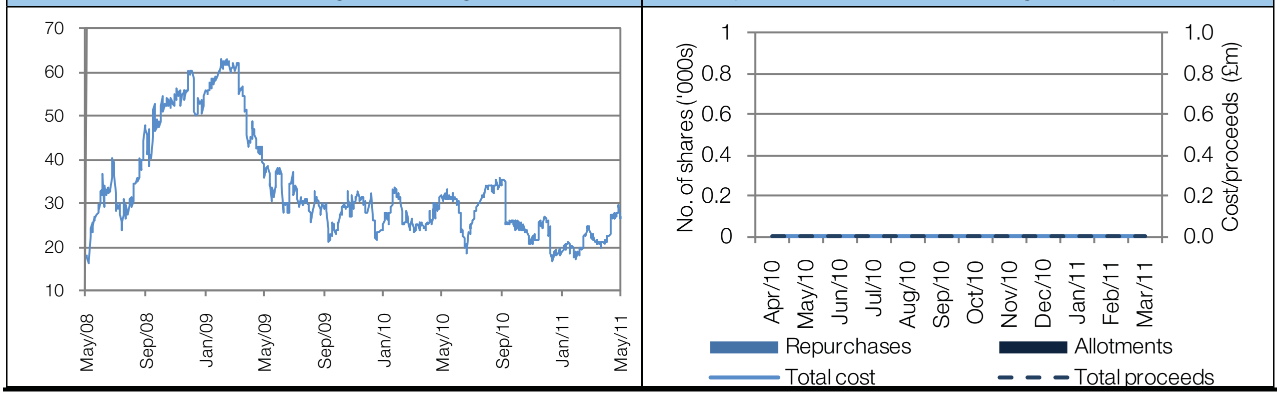


Source: Dinamia Capital Privado SCR /Datastream/Edison Investment Research

Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market	Share repurchases and allotments during the last year



Source: Thomson Datastream/Edison Investment Research

Despite having repurchase authority (up to 10% of issued share capital) authority, as is common in Spain, Dinamia does not have an explicit discount maintenance policy. The current discount of 26.7% is below its three-year average of 33.2% and above its five-year average of 22.2%.

Dividend policy and record

Dinamia has paid a fixed dividend of €0.70 per share since 1999. In the shareholders general meeting on 7 June, the board will propose a €0.10 per share dividend against the share premium reserve, maintaining a yield in difficult economic times.

Edison investment research

25 May 2011

Dunedin Enterprise Investment Trust

12 months ending	Total share price return* (%)	Total NAV return*(%)	Total return FT Sml-Cap Ex-IT* (%)	Total return FT All-Sh Ex – Inv Tst* (%)	Total return LPX Europe* (%)
25/05/08	(20.7)	2.7	(29.0)	(6.0)	(17.1)
25/05/09	(3.3)	(18.8)	(28.1)	(24.9)	(49.3)
25/05/10	(21.5)	(0.1)	19.1	18.4	30.8
25/05/11	42.5	25.1	23.1	23.8	41.6

Note: *12-month rolling discrete performance.

Investment summary: Investing directly and via private equity funds

The last 12 months have offered a period of good performance for the Dunedin Enterprise Investment Trust (DNE), positioning it mid-way up the league table of its peers and outperforming its benchmark, the FTSE Small Cap Ex-Investment Companies Index, by 20.3% and 3.9% in terms of price and NAV total return respectively. The company pays out a dividend sufficient to retain its investment trust status. Despite this, DNE offers a yield of 1%, which compares favourably to many of its peers.

Investment objective: Value over the long term

DNE aims to achieve substantial long term capital growth in its assets through capital gains from its investments. This is achieved by DNE making commitments to the Dunedin Capital Partners (Dunedin) managed Dunedin Buyout Fund II (DBFII) and commitments to five European private equity funds. These funds invest in mid-market management buyouts of growing companies. This results in a pool of investments well diversified by both sector and age.

Investment process: Extensive fundamental analysis

Deals are sourced for DNE through the limited partnership fund DBFII of its manager Dunedin and similarly through the managers of the five funds invested in as part of the European funds programme. Dunedin sources deals through competitive auction processes operated by corporate finance houses and its own deal origination team which sources off-market deals. Dunedin undertakes extensive due diligence (market, commercial, legal, financial and meetings with management), financial modelling, spending time in the company itself reviewing operations, management referencing and testing. These diligence assessments are all drawn together and assessed by the Dunedin investment committee.

Valuation: Discount in line with five year average

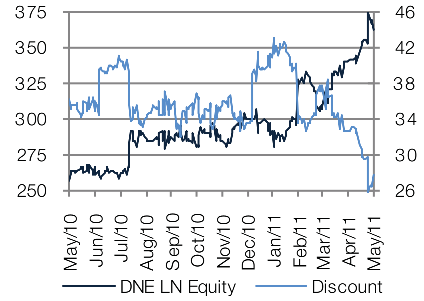
Over the course of the last quarter, the discount has remained stable at 38.9%, though it has closed subsequently. However, the discount based on the fair value NAV, currently at 28.2%, is substantially below its all-time peak of 56.0% in December 2008, and is below its longer-term three-year average of 34.6% but slightly above the five-year average of 26.7%. As such, we believe DNE remains interesting to longer-term investors.

Price	362.0p
Market cap	£109.3m
AUM	£152.1m
NAV	500.95p*
Discount to NAV	27.7%*
NAV	50 3.91**
Discount to NAV	28.2%**
Net yield	1.0%
NAV announcement freq.	Quarterly

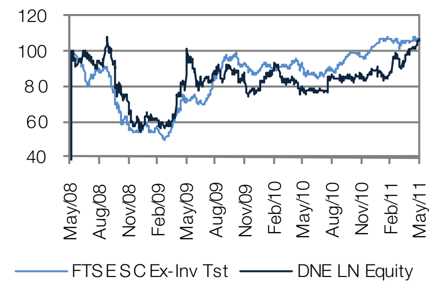
* Last published NAV as at 31 March 2011

** Datastream fair value NAV as at 25 May 2011

Share price/discount graph



Three-year cumulative performance graph



Share details

Code	DNE
Listing	UK – FULL
Sector	Listed Private Equity
Shares in issue	30.2m

Price

52-week	High	Low
Price	375.0p	257.0p
NAV	510.9p	403.4p

Gross gearing	0.0%
Net gearing	0.0%

Analyst

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Exhibit 1: Listed private equity company at a glance

Capital structure summary

DNE has a conventional structure with one class of security in issue, 25p ordinary shares. The company can employ gearing, although the policy is that financial gearing will not exceed 40% of total assets. Management fees are payable quarterly in advance at a rate of 1.5% a year on the value of investments and 0.5% on undrawn commitments and cash. DNE pays the same management fees as third-party investors in Dunedin managed funds. There is no direct performance fee for DNE. The life of the trust is indefinite and there is no specific mechanism in place to provide a continuation vote or wind up of the company. DNE's TER was 2.4% for the year ended 31 December 2010 (2.7% for the year ended 31 December 2009).

Forthcoming

Year end	31 December
Preliminary	February 2012
AGM	May 2012

Share buyback policy and history

Authorised to buy back 14.99% of issued share capital. No share buybacks have taken place since 2008.

Fund details

Launch	1974, listing on the LSE in 1987
Domicile	UK
Managers	Dunedin Capital Partners Limited
Address/ Telephone	10 George Street, Edinburgh EH2 2DW. +44 (0)131 225 6699
Website	www.dunedinenterprise.com

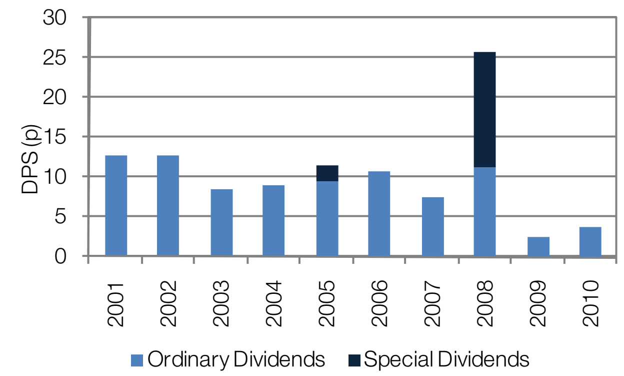
Dividend policy

Dividends are paid annually to ensure that it meets the requirements of UK tax legislation to maintain investment trust status.

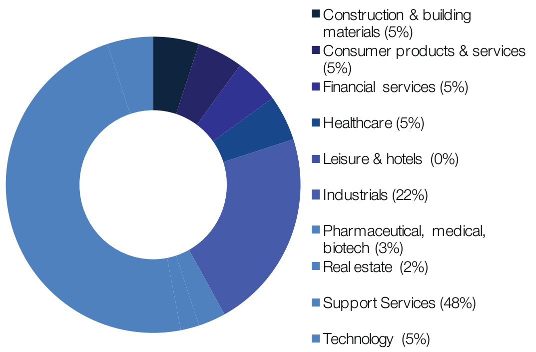
The board

Edward Dawnay (Chairman), David Gamble, Liz Airey, Brian Finlayson, Federico Marescotti.

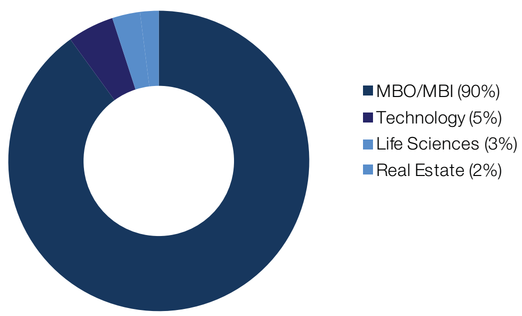
Dividend history



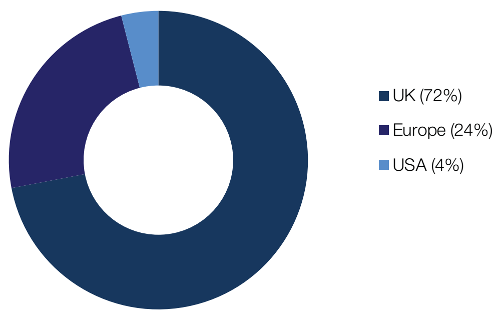
Look-through sectoral allocation (as at 31 December 2010)



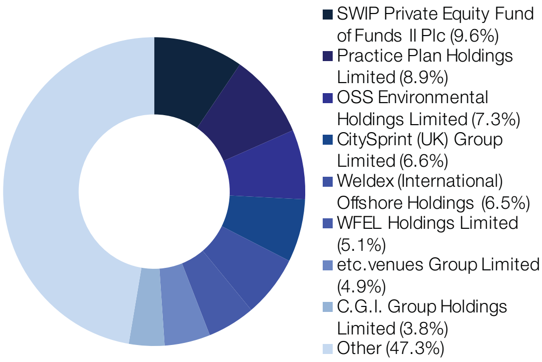
Investment strategy distr. of portfolio (as at 31 December 2010)



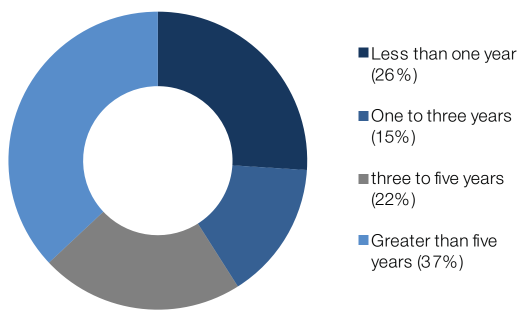
Geographic distribution of portfolio (as at 31 December 2010)



Look through portfolio composition (as at 31 December 2010)



Age profile of portfolio (as at 31 December 2010)



Source: Dunedin Enterprise /Edison Investment Research

Investment managers view: Cautiously optimistic

The recent past has seen the manager position the portfolio such that the portfolio's company financial structures are on a sound footing. For new transactions, the manager views the market for management buyouts both in the UK and Europe positively, with an increasing number of companies being made available for sale as the economic outlook improves and as assets become available for sale from other private equity portfolios. As the banking environment continues to improve, the outlook for realisations is also anticipated to improve either through trade sales or secondary buyouts. The opportunities for IPOs remain remote in the UK, though possible in Europe.

Asset allocation

The asset allocation of DNE is a function of the deal opportunities available through DBFII and also from the five European funds. Dunedin Enterprise has exposure to 63 companies through Dunedin-managed funds, third-party-managed funds and legacy funds, along with a further 580 through the SWIP fund of funds. Each fund to which a commitment is made is country focused rather than sector focused, so across all the funds there is sector diversification. 72% of the investment portfolio is based in the UK, 24% in Europe and the rest in the US. It is spread across many industries, though there is an increasingly heavy weighting (48% of the portfolio) towards support services.

Top holdings

Exhibit 2: Top 10 fund investments at a glance

SWIP Private Equity Fund of Funds II plc	9.6% of portfolio	WFEL Holdings Limited	5.1% of portfolio
SWIP Private Equity Fund of Funds II is a portfolio of 72 private equity interests in large and mid-market pan-European buyout funds, among others. It is listed on the Dublin Stock Exchange.		WFEL is a world-leading manufacturer of mobile military bridges. In December 2006, Dunedin Enterprise invested £6.4m in the £48m management buyout of WFEL Holdings. Additional funding was provided in 2010.	
Practice Plan Holdings Limited	8.9% of portfolio	etc.venues Group Limited	4.9% of portfolio
Practice Plan is one of the UK's leading providers of independent payment schemes to dental practices. Dunedin Enterprise has invested £10.4m in ordinary shares, loan stock and preference shares.		In June 2006, Dunedin Enterprise invested £3.2m in the £21m management buyout/buyin of etc.venues Group. etc.venues is a provider of meeting, training and event spaces, operating from seven venues in London and one in Birmingham.	
OSS Environmental Holdings Limited	7.3% of portfolio	C.G.I. Group Holdings Limited	3.8% of portfolio
In May 2000, Dunedin Enterprise invested £5.2m in OSS to support its acquisition, in a public to private transaction, of Greenway Holdings. OSS is the UK's largest waste oil collection and recycling business.		CGI is a leading manufacturer and supplier of specialist glasses. Since Dunedin Enterprise first invested in 1998, there have been two refinancings which allowed Dunedin Enterprise to realise a total of £12.9m in capital and income to date.	
CitySprint (UK) Group Limited	6.6% of portfolio	U-Pol Group Limited	3.8% of portfolio
In December 2010, Dunedin Enterprise invested £9.8m in CitySprint to support the company's ongoing buy and build strategy. CitySprint is the UK's market leader in the same-day delivery sector with a national network of 31 service centres.		In December 2010, Dunedin Enterprise invested £5.7m in the tertiary management buyout of U-Pol Group Limited. U-Pol is the leading independent manufacturer of branded automotive refinishing consumables such as fillers, polishes and coatings.	
Weldex (International) Offshore Hldgs	6.5% of portfolio	Hawksford International Limited	3.2% of portfolio
In June 2010, Dunedin Enterprise invested £9.5m in the secondary buyout of Weldex Holdings Limited. Weldex is the UK, market-leading crawler crane hire company. Its cranes include the two largest in the UK.		Hawksford International designs, establishes and administers trusts, foundations, family offices, companies and private trust companies. Dunedin Enterprise invested £3.7m in the £23.5m buyout in October 2008.	

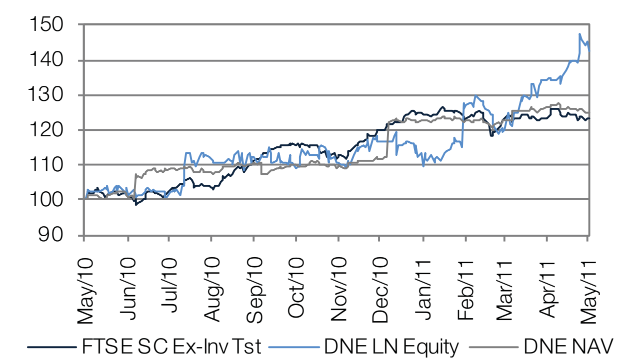
Sources: Dunedin Enterprise, Edison Investment Research

Recent performance

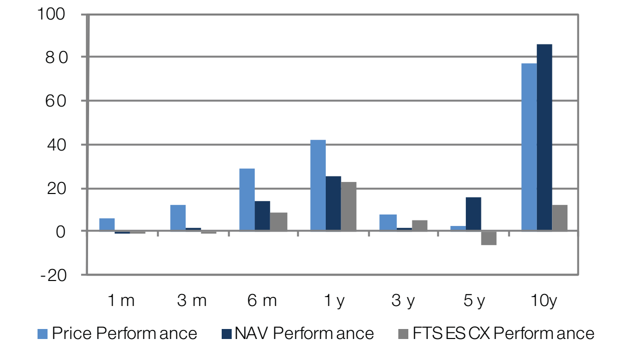
As Exhibit 3 illustrates, DNE has outperformed its benchmark – the FTSE Small Cap Ex-Investment Trusts Index – in terms of both price and NAV total return in all of the time periods provided, with the exception of the three-year period for NAV total return.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

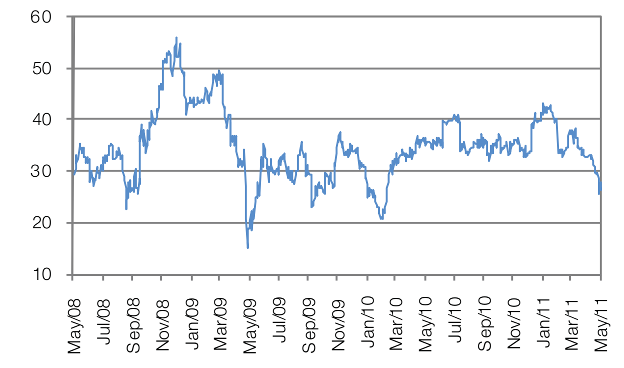


Sources: Dunedin Enterprise, Bloomberg, Thomson Reuters Datastream, Edison Investment Research

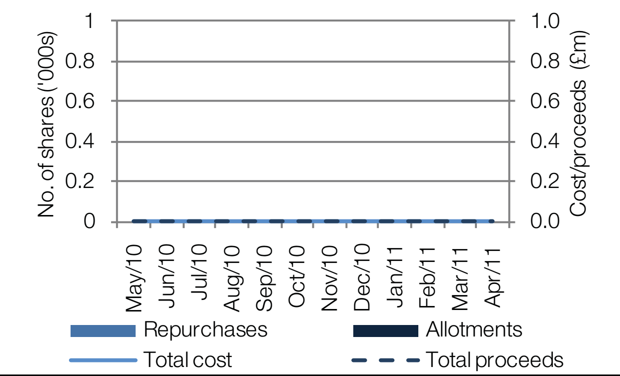
Discount

Exhibit 4: Discount through three years; share repurchase and allotment activity in one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Sources: Dunedin Enterprise, Bloomberg, Thomson Reuters Datastream, Edison Investment Research

The manager believes that the prime driver of discount is performance. However, it should be noted that the company only reports quarterly. There is an annual renewal of the authority to buy back shares. The ability to purchase 14.99% of the issued share capital was sought again this year but the manager chooses not to disclose the level of discount at which it will start to buy back shares. In the 12 months from 31 December 2009 to 31 December 2010, the discount widened from 34.5% to 39.7% despite good performance. The manager reports that new business market prices remain high (driven by the large amount of available equity finance) so the main driver of returns in this period will be the profitability of portfolio companies. Dividends will be set to ensure they meet the requirements of UK tax legislation in order for the company to maintain its investment trust status.

Edison investment research

25 May 2011

Electra Private Equity plc

12 Months Ending	Total Share Price Return* (%)	Total NAV Return*(%)	Total Return FTSE All-Share * (%)	Total Return LPX Europe* (%)	Total Return LPX 50* (%)
25/05/08	(10.2)	8.0	(6.0)	(17.1)	(19.2)
25/05/09	(41.3)	(19.0)	(24.9)	(49.3)	(49.5)
25/05/10	41.0	20.1	18.5	30.8	38.5
25/05/11	33.1	8.9	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Diversified risk

Electra is one of the oldest private equity investment trusts, listed on the LSE since 1976. Managed by Electra Partners, the firm takes advantage of its evergreen status and operates a flexible investment mandate. The manager invests across a broad range of sectors and investment types, as well as across the capital structure. Although the portfolio is predominantly UK-centric (60%), the overall focus is on Western Europe. Electra is driven by a long-term return on equity target of 10-15% and manages capital flexibly to achieve this end. On a 10-year view to 31 March 2011, Electra's NAV had risen 128% (share price 83%) against a rise of 13.1% in the FTSE All-Share Index. As at 31 March 2011 Electra had net liquid resources of £137m. Dividends are only paid to maintain its investment trust status.

Investment objective: 10-15% ROE over long term

Electra's objective is to achieve a ROE of 10-15% pa over the long term. It targets private equity opportunities (including direct investment, fund investment and secondary buy-outs of portfolios and funds) so that the perceived risks are justified by expected returns. These investments are made across a broad range of sectors and investment types as well as financial instruments including equity, senior equity, convertibles and mezzanine debt. In the challenging five years to March 2011, Electra achieved an annualised ROE of 9.7% on a diluted basis.

Investment process: Broad diversification

Electra's investment focus is principally on Western Europe, with the majority of the portfolio in the UK. Investments are typically in the £20-75m range. There is further diversification with 11% of the portfolio in funds and 12% in listed companies. In the six months to 31 March 2011, Electra considered 50 proposals and invested a total of £73m. The flexibility of the investment mandate and the type of financial instrument is important as it enables the manager to invest through the economic cycle. The end March 2011 investment capacity was over £300m.

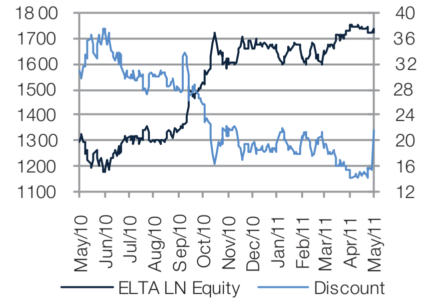
Valuation: Discount to NAV c 20%

Electra has traded at a 15-20% discount for most of 2011 and is now at the higher end of this range. There has been a rising NAV (up 7% in the six months to March 2011 due to a portfolio value increase of £84.7m), helping drive the share price up over 20% since September 2010.

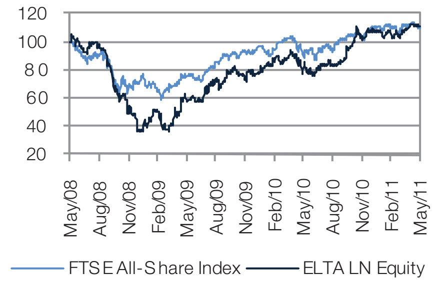
Price	1,720.0p
Market cap	£607.8m
AUM	£1.09bn
NAV	2,202.0p*
Discount to NAV	21.9%*
NAV	2,198.53p**
Discount to NAV	21.8%**
Net Yield	0.0%
NAV announcement freq.	Quarterly

** Last published diluted NAV as at 16 May 2011.*
*** Datastream fair value NAV as at 25 May 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Class	Equity	2016 ZDP	2017 C-Bnd
Code	ELTA	ELTZ	ELTC
Listing	FULL	FULL	FULL
Shares in issue	35.3m	47.3m	0.1m
Currency	p	p	£
Current Price	1,720	118.63	1,100
Price 1yr high	1,755	118.63	1,220
Price 1 yr low	1,177	107.50	1,080
Latest NAV***	2,198	N/A	N/A
NAV 1 yr high	2,202	N/A	N/A
NAV 1 yr low	1,858	N/A	N/A
Discount (%)****	21.8	N/A	N/A

**** Datastream fair value estimate for ords,*
***** Positive values indicate a discount; negative values indicate a premium.*

Net liquid resources	£137m
Net gearing**	£14m

*** As of 31 March 2011. Net gearing assumes ZDP and convertible repaid.*

Analyst
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Exhibit 1: Listed private equity company at a glance

Capital structure summary

Electra has multiple capital instruments. It has 35.3m ordinary shares in issue. On 5 August 2009 the group issued £43m Zero Dividend Preference Shares at 100p each and, on 2 December 2009, 4.3m Zero Dividend Preference Shares were issued at 104p each, with redemption in 2016 at 155.41p. In addition, on 29 December 2010, Electra issued £100m 5% subordinated convertible bonds at £1000 each, due 2017, which can be converted into ordinary shares on any date up to seven working days before 29 December 2017. Electra's reason for doing this is to diversify its sources and maturity of funding. Total bank borrowings by Electra are capped at 40% of total assets.

Forthcoming

Year end	30 September
Preliminary	November 2011
AGM	February 2012

Share buyback policy and history

ELTA has authority, renewed annually, to repurchase up to 14.99% issued share capital.

Fund details

Launch date	1976
Domicile	United Kingdom
Manager	Electra Partners
Address	Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
Phone	Tel +44 (0)20 7306 3883
Website	www.electraequity.com

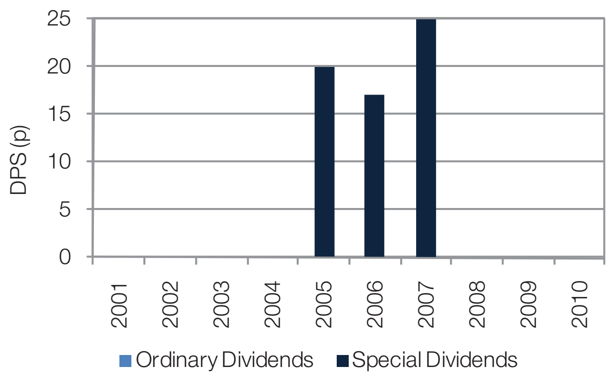
Dividend policy

Electra has a policy of maximising capital growth and will only pay a dividend when required in order to maintain its investment trust status.

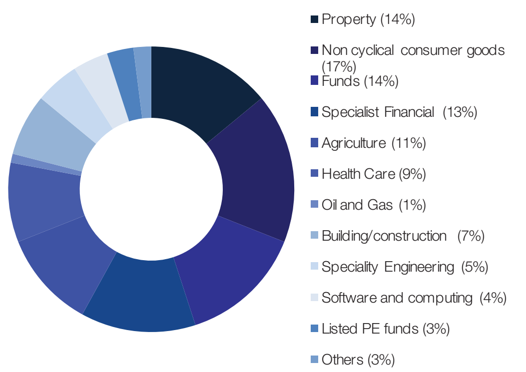
The board

Dr Colette Bowe (chairman), Kate Barker (CBE), Geoffrey Cullinan, Roger Perkin, Michael Walton, Lucinda Webber

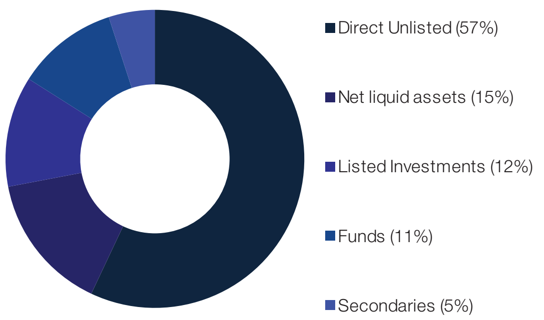
Dividend history



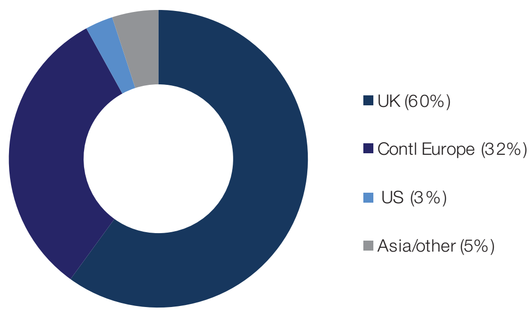
Look through sectoral allocation (as at 31 March 2011)



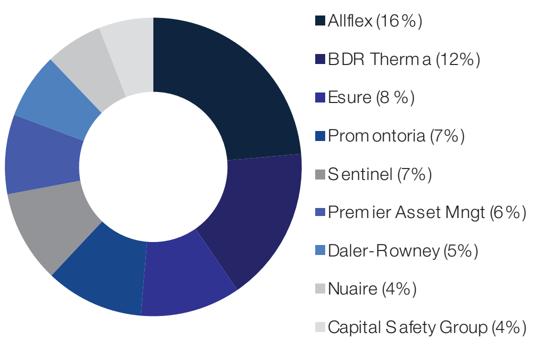
Investment strategy distr. of portfolio (as at 31 March 2011)



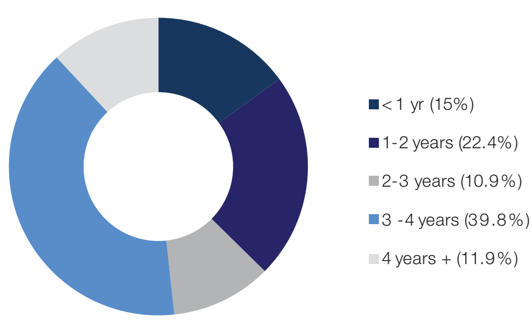
Geographic distribution of portfolio (as at 31 March 2011)



Look through portfolio composition (as at 31 March 2011)



Age profile of portfolio (as at 31 March 2011)



Source: Electra Private Equity/Edison Investment Research

Investment manager's view: Market more balanced

After 18 months of economic turbulence, distressed sellers still exist across the capital structure. Also, banks will be looking to divest private equity portfolios. This, together with the debt markets starting to open up for the mid market, means that attractive opportunities for investment will increase over the medium term. However, the dearth of deals in 2008 and 2009 has resulted in more cash awaiting deployment. As private equity firms near the end of their investment cycle, there is a need for them to show good performance if they are to raise another fund. This cash overhang means that competition for deals may increase, leading to higher prices. Electra's £300m of investment capacity and stable portfolio mean it is not fire fighting and can devote its energies to seeking new opportunities; as the evergreen nature of the fund attributes no time constraints on investment, this allows the manager to invest when the right opportunities arise.

Asset allocation

One of the key themes to Electra is diversification by sector and by type of financial instrument, with Exhibit 1 showing the mix between funds, listed investments and direct investments. This gives Electra diversity of risk but also flexibility for investment through the economic cycle.

Top holdings

Exhibit 2: Top five company holdings at a glance (valuations as at 31 March 2011)

Allflex Holdings	Investment Date: 1998/2007	Investment: £40.5m	Current Valuation: £86.4m
Allflex is the world's leading manufacturer and distributor of plastic and electronic animal identification tags, with factories in France, Brazil and China. In August 2007, the business was refinanced, with Electra retaining a significant ongoing holding in the business.		Total IRR	N/A
		Industry/Sector	Animal Identification Tags (international)
		Website	www.allflex.co.uk
BDR Therma	Investment Date: 2004	Investment: £44.3m	Current Valuation: £61.8m
BDR Thermea manufactures and distributes innovative heating and hot water systems and services. The group has a top market position in Western Europe and strong positions in rapidly growing markets. In total, BDR Thermea operates in more than 70 countries worldwide employing over 6,300 people.		Total IRR	N/A
		Industry/Sector	Heating products (international)
		Website	www.bdrthermea.com
esure	Investment Date: Feb 2010	Investment: £29.7m	Current Valuation: £39.7m
esure is one of the UK's leading motor insurers, offering car, home, pet and travel insurance over the internet and by phone through the esure and Sheilas' Wheels brands. esure also has a 50% interest in Gocompare, the internet aggregator.		Total IRR	N/A
		Industry/Sector	Motor and home insurance (UK)
		Website	www.esure.com
Promontoria	Investment Date: 2008	Investment: £15.1m	Current Valuation: £38.9m
Promontoria is a property investment company that owns more than 100 retail properties, of which 82 are leased to the discount chain Deutsche Woolworth (now part of bigger chain). The freehold and long leasehold stores are situated throughout the major towns and cities in Germany.		Total IRR	N/A
		Industry/Sector	Property (Germany)
		Website	N/A
Sentinel	Investment Date: 2011	Investment: £36.8m*	Current Valuation: £36.8m
Sentinel supplies treatment products to improve the performance and efficiency of residential heating and hot water systems. Sentinel currently has approximately £17m of turnover and around 50 employees. **Post partial sale and refinance now £16m.*		Total IRR	N/A
		Industry/Sector	Engineering (UK)
		Website	N/A

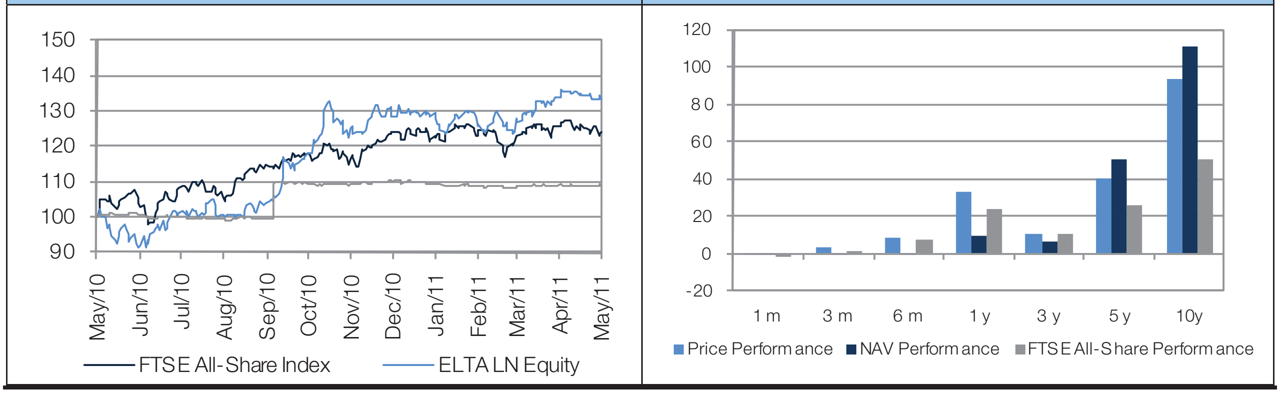
Source: Electra Private Equity/Edison Investment Research

Recent performance

As Exhibit 3 illustrates, ELTA has outperformed its benchmark, the FTSE All-Share Index, in terms of price and NAV total return over all of the time periods provided. In terms of NAV total return, ELTA has outperformed the FTSE All-Share over one-month, five year and 10 year periods. Compared to the LPX Europe, ELTA has outperformed, in terms of price total return, over one-, three-, five- and 10-year periods and, in terms of NAV total return, over three-, five- and 10-year periods.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased | Price, NAV & benchmark total return performance (%)

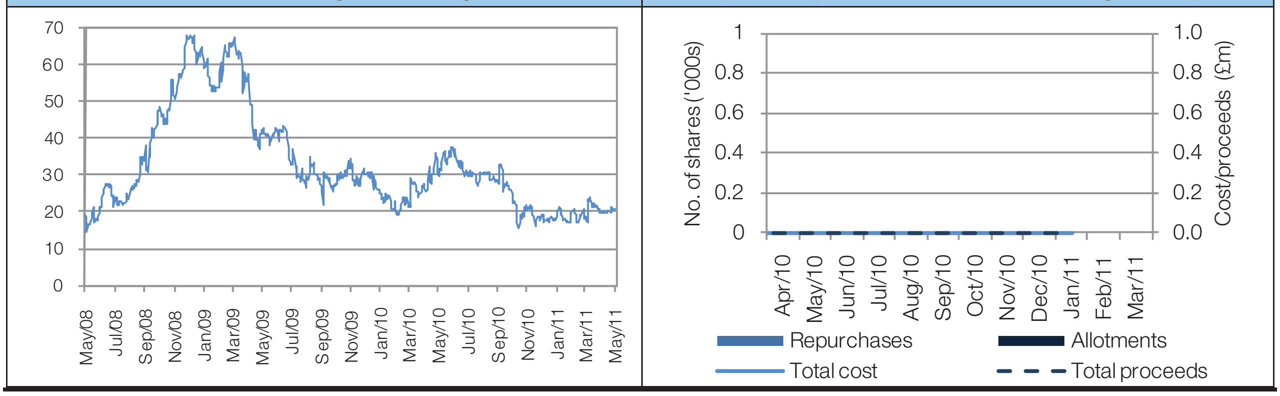


Source: Electra Private Equity/Bloomberg/Thomson Datastream/Edison Investment Research

Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market | Ordinary share repurchases and allotments during the last year



Source: Electra Private Equity/Bloomberg/Thomson Datastream/Edison Investment Research

In 2011 year-to-date the discount has stabilised between15%-20% which, compared with peers, is in the middle of the range. Management believe the discount is more a reflection of the economic environment than anything company specific. It is the perception of investors to listed private equity at this stage of the cycle, and not something which requires incurring real cost to address. Management is sceptical as to the benefit of the buyback on the level of the discount.

Edison investment research

25 May 2011

F&C Private Equity Trust plc

12 Months Ending	Total Ordinary Share Price Return* (%)	Total Ord. Share NAV Return* (%)	Total Return FTSE All-Share* (%)	Total Return LPX Europe* (%)	Total Return LPX50* (%)
25/05/08	11.8	31.6	(6.0)	(17.1)	(19.2)
25/05/09	(59.7)	(18.1)	(24.9)	(49.3)	(49.5)
25/05/10	61.7	5.6	18.5	30.8	38.5
25/05/11	27.1	10.6	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Broad fund of funds

Launched in March 1999, F&C Private Equity Trust (FPEO) is a listed fund of private equity funds with a broad spread of underlying investments by nature, fund, geography and vintage. Approximately 13% of the fund is in direct investments. The last 12 months have seen distributions from underlying funds improve, allowing FPEO to re-commence its dividend after a suspension of ordinary dividends in 2009. Its NAV rose 10% through 2010 and a further 3.7% in Q111. More recently its share price rose more than 20% in April, following results announced at the end March.

Investment objective: European/global mid market

FPEO seeks long-term capital growth from unquoted companies and the venture capital sector. The trust is well diversified by industry, geography and stage of investment. The portfolio has broadened considerably, most notably into continental Europe where the manager has benefited from the expansion of the use of private equity to finance the growth of smaller and medium sized companies. For the restricted shares, the objective is to manage and realise existing assets in a tax efficient manner and return the capital to shareholders.

Investment process: Fundamental analysis

FPEO research captures deal flow on its specialist system ‘Equitrak’ where it is then evaluated and discussed at monthly ‘Work in Progress Meetings’. Around 250 funds are captured and assessed annually, and first meetings held with approximately 100. In addition there is an extensive programme of research meetings across Europe to establish detailed knowledge of the investable universe and relative competitive positioning of market participants. FPEO looks for a strong track record, a stable and cohesive management team, clear investment process and focus, freedom from conflicts and good peer company references.

Valuation: Discount reducing from high levels

With the share price rise in April, the discount to NAV is now 31.4%, which is c 6% below its one-year average and well below its three-year average. The discount remains above that of peers, despite its NAV outperforming its benchmark on a five-year view and over the last one, three and six months. The ordinary dividend has now been restored, albeit at a relatively low level.

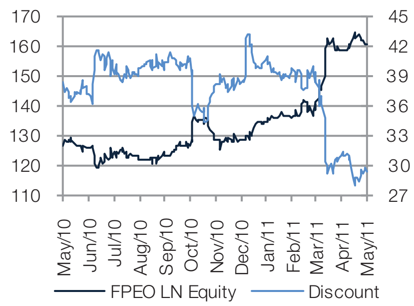
Price (ords)	160.5p
Market Cap (ords)	£116.0m
AUM	£223.7m
NAV (ords)	233.88p *
Discount to NAV	31.4%*
NAV (ords)	227.3p**
Discount to NAV	29.4%**
Net Yield (ords)	0.6%
NAV announcement freq	Quarterly***

** Last published NAV as at 31 March 2011.*

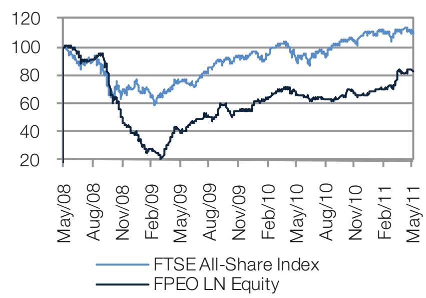
*** Datastream fair value estimate as at 25 May 2011.*

**** Next NAV announcement expected August 2011 for NAV as at 30 June 2011.*

Share price/discount graph – ords



3-year cumulative performance graph



Share details

Class	Ord. Equity	Res. Voting	2014 ZDP
Code	FPEO	FPER	FPEZ
Listing	FULL	FULL	FULL
Shares in issue	72.3m	67.1m	30.0m
Currency	p	p	p
Current Price	160.50	5.70	125.38
Price 1yr high	165.00	5.70	125.38
Price 1 yr low	119.50	5.00	104.25
Latest NAV****	227.30	7.11	112.86
NAV 1 yr high	232.34	8.00	103.77
NAV 1 yr low	199.24	7.11	112.86
Discount (%)	29.4	19.8	(11.1)

***** Datastream fair value estimate for ords. as at 25 May 2011, Most recent NAV announcement for restricted voting shares as at 31 March 2011, Edison accretive NAV estimate for ZDP shares as at 25 May 2011.*

Gross Gearing	20%
Net Gearing	19%

Analyst

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Exhibit 1: Trust at a glance

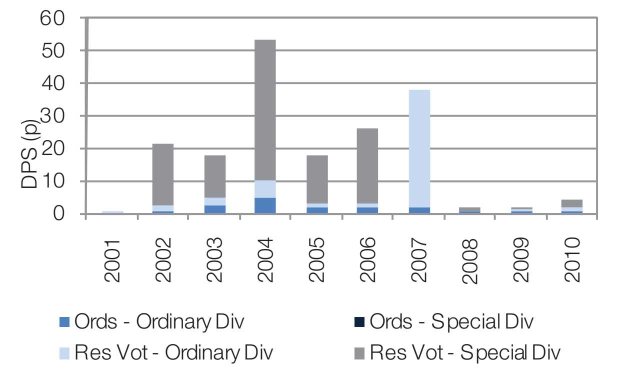
Capital structure summary

F&C Private Equity Trust's capital structure has three layers. There are 72.3m Ordinary shares of 1p which participate in the revenue profits of the company attributable to the Ordinary Pool. Secondly, there are 67.1m Restricted Voting shares also of 1p which participate in the revenue profits of the company attributable to the Restricted Voting Pool. As the NAV of the Restricted Voting Shares fell below 10p in April 2008, holders can no longer attend and vote at general meetings of the company. Finally, the company has a 100% interest in F&C Private Equity Zeros plc, which issued at 100p and listed on the LSE on 14 December 2009, 30m Zero Dividend Preference Shares redeemable 15 December 2014 at a price of 152.14p (on a redemption yield of 8.75%).

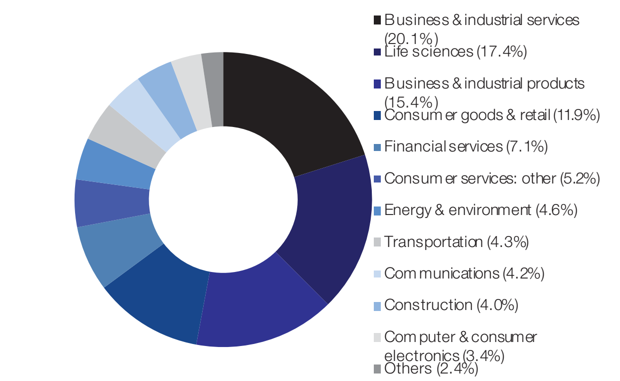
Forthcoming		Share buyback policy and history	Fund details	
Year end	31 December	Renewed annually, F&C PET has the authority to repurchase and allot up to 14.99% and 5% of issued share capital respectively.	Launch date	1999
Preliminary	April		Domicile	UK
AGM	May 2012		Manager	F&C Investment Business Ltd.

Dividend policy	The board		
In 2010 F&C PET resumed dividend payments, albeit at relatively low levels. Special dividends were paid to restricted shareholders.	Mark Tennant (chairman), Douglas Kinloch Anderson OBE, Elizabeth Anita Kennedy, John Rafferty, David R Shaw.	Address	80 George Street, Edinburgh, UK, EH2 3BU
		Phone	+44 (131) 718 1000
		Website	www.fandc.co.uk

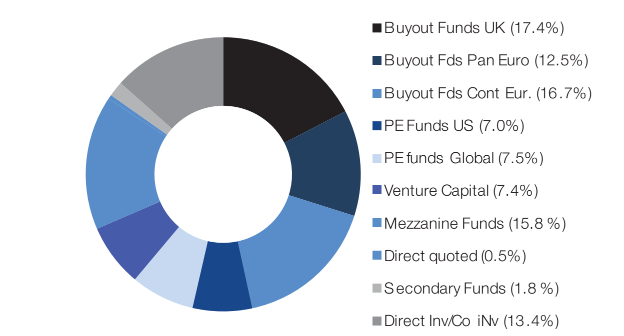
Dividend history



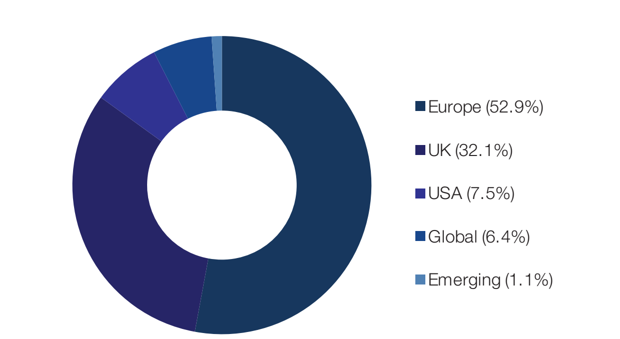
Sectoral allocation (as at 31 December 2010)



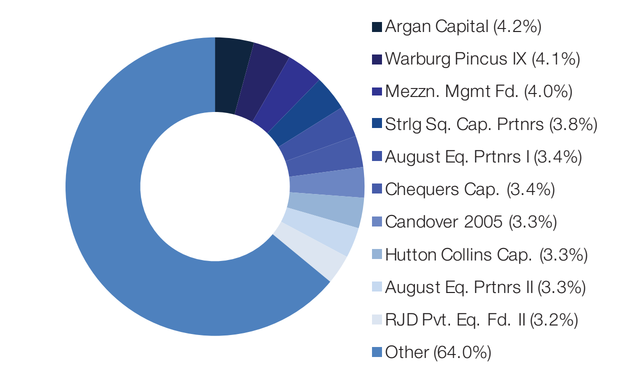
Investment type distribution of portfolio (as at 31 December 2010)



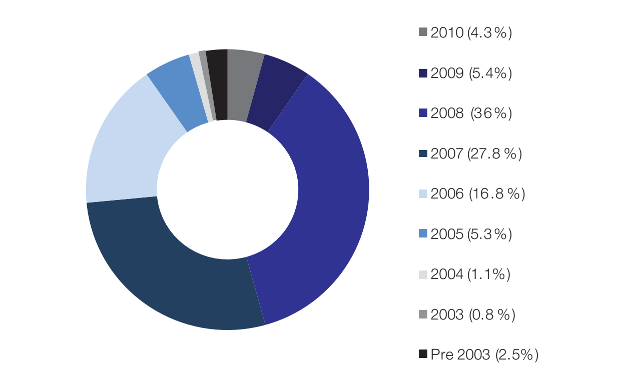
Geographic distribution of portfolio (as at 31 December 2010)



Portfolio composition (as at 31 December 2010)



Vintage year distribution of portfolio (as at 31 December 2010)



Source: F&C Private Equity Trust /Edison Investment Research. All charts refer to the ordinary shares pool.

Investment manager's view

The international private equity market has experienced a significant shift in focus towards the mid market, not least as the major banks have tightened their lending criteria to SMEs. This could lead to competition for new deals as well as provide exits for mature holdings. Business community confidence is on a rising trend, but conditions vary between sectors. Current trends favour export oriented companies and provide substantial challenges to companies with a consumer exposure. Interest rates remain at exceptionally low levels, although with rising inflation this cannot be expected to persist for the long term. Management buyouts factor in higher interest rates for the future and the main constraint is the availability, rather than the price, of credit. Deal flow for the funds in the portfolio and for co-investments is steadily improving. The combination of this, and the expertise of its investment partners, provides a good foundation for a significant, enduring recovery in asset value.

Asset allocation

As can be seen in Exhibits 1 and 2, FPEO is broadly diversified by the type of fund it invests in (direct investments 13.4% of net assets), as well as no individual fund accounting for more than 4.2% of net assets. There is a geographical spread, albeit with relatively low investment in the Americas, Asia and emerging markets. The fund is stable and had recommenced new investment activity on a highly selective basis. New investments in 2011, include a €3m commitment to French mid market buy-out fund Ciclad 5 and a £2m commitment to UK lower mid market buyout fund Piper Private Equity V.

Top holdings

Exhibit 2: Top 10 fund investments at a glance (values as at 31 December 2010)

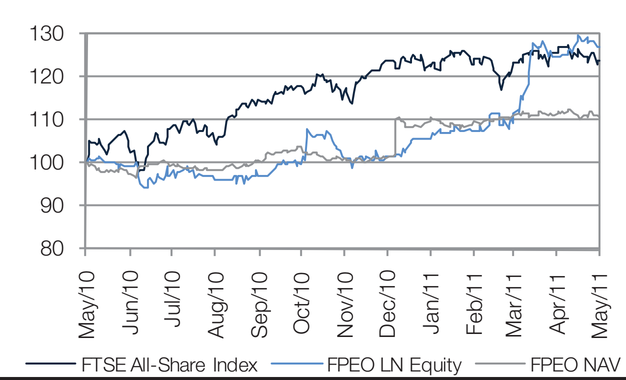
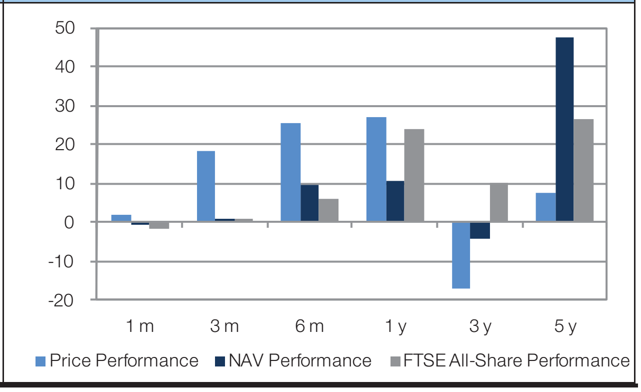
Argan Capital	4.2% of portfolio	Warburg Pincus IX	4.1% of portfolio
Active for over 15 years, the Argan Capital team makes pan-European investments. It uses active ownership, focused on organic growth initiatives, strategic add-on acquisitions, core processes improvement, industrial transformation and international development. Cost £5.1m, value £6.9m.		Warburg Pincus IX closed in August 2005 having raised $8bn for this global fund. Warburg Pincus as a whole is diversified across geographies and sectors and invests in companies at all stages of development. FPEO's holding is 0.1% of the fund. Cost £4.2m, value £6.8m.	
Mezzanine Management Fund	4.0% of portfolio	Stirling Square Capital Partners	3.8% of portfolio
MM provides structuring investments using many levels of capital from equity through to mezzanine. This allows management teams to retain greater control of their business and typically more of the equity. FPEO holds 3.7% of the fund. Cost £4.6m, value £6.7m.		Stirling Square Capital Partners is a private equity firm that invests across Europe in mid-market companies with enterprise values between €50m and €500m. It has an established position in complex, cross border buy-out transactions. FPEO holds 3.3% of the fund. Cost £3.8m, value £6.2m.	
August Equity Partners I	3.4% of portfolio	Chequers Capital XV	3.4% of portfolio
August Equity Partners invests between £10-25m in UK companies through majority controlled MBOs and finances. It has focused on three sectors: healthcare, media, specialist manufacturing and technology. FPEO holds 11.5% of the fund. Cost £0.1m, value £5.6m.		This €600m at launch fund closed in July 2006. It focuses on majority control positions in French leveraged buy-outs of well established companies with typical investments of €30-€300m. The team started buyouts in 1993. FPEO holds 1.3% of the fund. Cost £4.6m, value £5.6m	
Candover 2005	3.3% of portfolio	Hutton Collins Capital Partners	3.4% of portfolio
Candover 2005 closed in November 2005 with commitments of €3.5bn. It invests in mid to large European buyouts (enterprise value €50m-1.5bn). FPEO holds 0.4% of the fund. Cost £9.0m, value £5.4m.		Founded in 2020 this fund specialises in Pan-European Mezzanine and preferred equity investments. It closed in April 2006 with commitments of €570m. FPEO holds 1.8% of the fund. Cost £6.5m, value £5.4m.	
August Equity Partners II	3.3% of portfolio	RJD Private Equity Fund II	3.2% of portfolio
As above. This fund closed in July 2008 with commitments of £155m. FPEO holds 6.5% of the fund. Cost £6.0m, value £5.4m.		This fund closed in July 2007 with commitments of £174m. It is focused on UK companies with enterprise values of £10-75m. FPEO holds 5.2% of the fund. Cost £4.2m, value £5.3m.	

Source: F&C Private Equity Limited/Edison Investment Research All blocks refer to the ordinary shares pool.

Recent performance

FPEO has outperformed the FTSE All-Share, in terms of price total return, over all periods under one year and, in terms of NAV total return, over all periods under six months and the five-year period. FPEO has outperformed the LPX Europe, in terms of price total return, over one-, three- and six-month periods and, in terms of NAV total return, over one-month and three- and five- year periods.

Exhibit 3: Investment trust performance

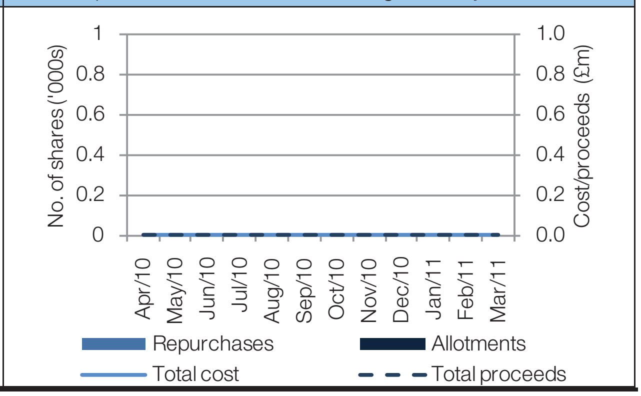
Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)
	

Source: F&C Private Equity Trust/Bloomberg/Thomson Datastream/Bloomberg/Edison Investment Research

Discount

The discount remains above peers, but has fallen in recent months. Its level remains anomalous with the strong five-year NAV performance demonstrated in Exhibit 3. While the group has not re-purchased shares, there have been capital repatriations reducing the NAV of the Restricted Voting Shares which are being managed for a tax-efficient realisation for shareholders.

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year – ords

Discount/Premium calculated using NAVs valuing debt at market	Share repurchases and allotments during the last year
	

Source: F&C Private Equity Trust /Bloomberg/Thomson Datastream/Edison Investment Research

Edison investment research

25 May 2011

Gimv NV

12 Months Ending	Total Share Price Return* (%)	Total NAV Return* (%)	Total Return LPX Europe* (%)	Total Return LPX50* (%)	Total Return LPX Comp* (%)
25/05/08	(8.3)	10.6	(29.5)	(31.3)	(31.8)
25/05/09	(18.9)	(28.9)	(59.5)	(59.4)	(59.5)
25/05/10	5.2	11.4	52.6	60.6	61.6
25/05/11	36.5	12.5	39.8	33.7	34.3

Note: *12-month rolling discrete performance.

Investment summary: Major European player

With €1.05bn of own funds and a further €0.8bn of third party funds under management, Gimv NV is by far Belgium's largest private equity company and a major player within the European private equity space. Results reported on 19 May 2011 showed net profit up 15% y-o-y to €135m, with an NAV of €47.09 per share and an ROE of 13.2%. Between March 2008 and 2009, the LPX Europe lost over 70% of its value before subsequently recovering. Against this backdrop, Gimv's NAV has outperformed the LPX Europe (euro adjusted) by 23.8% in the last three years. Gimv's large size allows it access to a substantial range of unlisted growth companies and to achieve an unusually high level of portfolio diversification. Gimv employs a very conservative valuation approach and offers a compelling yield.

Investment objective: Long-term capital growth

Gimv aims to provide long-term capital growth and an above average level of dividend income, intended to grow at the rate of (European) inflation. Gimv aims to achieve this by investing in a large and diverse portfolio of unquoted companies both directly and through four co-investment funds. The majority of direct investments are made in buy outs, growth capital and venture capital, and 92% of the portfolio is invested in Europe. The co-investment funds are Gimv-XL, Gimv-Agri+, DG Infra+ and DG Infra Yield.

Investment process: A value creation model

Gimv's investment process focuses on deal quality and value creation potential. Gimv only invests in what management considers are quality growth companies. Gimv's analysis must show that there is clear potential to create value by making strategic, operational and financial improvements to develop and build the company.

Valuation: Discount below longer-term averages

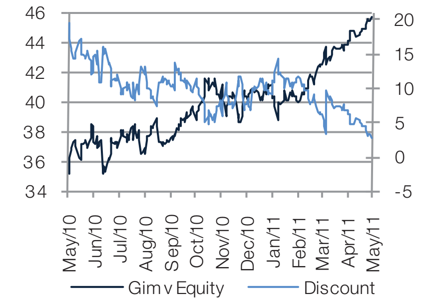
The current price of €45.72 puts Gimv at a discount of 2.9% to the last published NAV as at 31 March 2011. This is below its longer-term averages of 16.9% and 12.8% over three and five years respectively. However, Gimv adopts a very conservative valuation methodology and has an average uplift on realisation of 54%. The maturity of its portfolio suggests further realisations will be coming through in the next few months. As such we consider Gimv potentially offers value to investors looking for both income and European private equity exposure.

Price	€45.72
Market Cap	€1,059m
AUM	€1.9bn***
NAV	€47.09*
Discount to NAV	2.9%*
Net Yield	4.0%
NAV announcement freq.	Quarterly

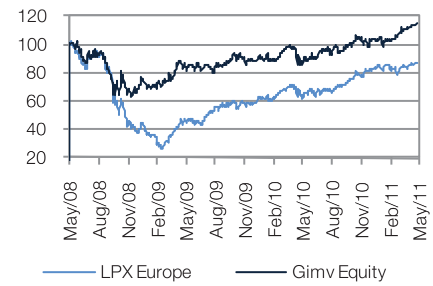
** Last published NAV as at 31 March 2011*

**** Includes money from external sources managed within their funds*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	GIMB
Listing	NYSE - Euronext
Sector	Listed Private Equity
Shares in issue	23.2m

Price

52 week	High	Low
Price	€45.75	€35.21
NAV	€47.09	€41.99

Gearing	0%
Free Float	73%

Analyst

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Exhibit 1: Listed Private Equity Company at a glance

Capital Structure Summary

Established by the Flemish region in 1980, 1995 saw 15% of Gimv placed privately with institutional shareholders. This was followed by an IPO on Euronext Brussels in 1997. Over time the Flemish government's shareholding has fallen below 30%. Gimv has one class of security, ordinary shares. Net cash at year end is c €186m, with unused credit lines of €135m. Gimv is, in effect, self managed. Consequently, there is no explicit management fee. However, excluding financing costs and operating expenses related to realised and unrealised changes in the value of investments, Gimv's net operating expenses, for the year ended 31 March 2011, were 0.33% of total assets. The life of the company is indefinite. There is no specific mechanism to provide a continuation vote or wind up.

Forthcoming

Year end	31 March
Preliminary	N/A
AGM	June 2011

Share buyback policy and history

It is not current policy to repurchase shares to manage the discount.

Fund details

Launch date	1980 (Listed 26 June 1997)
Domicile	Belgium
Manager	Gimv
Address	Karel Oomsstraat 37, 2018 Antwerp
Phone	+32 (3) 290 2100
Website	www.gimv.com

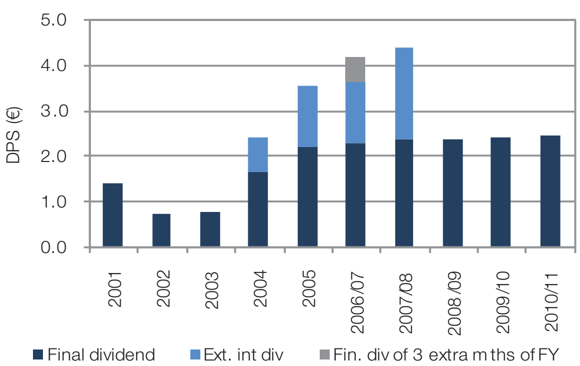
Dividend Policy

Between 2005 and 2007 Gimv paid two dividends annually. Since 2008, one dividend has been paid annually in July.

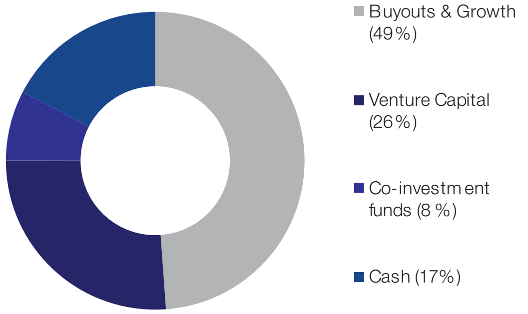
The board

Herman Daems is chairman of the board of directors. Koen Dejonckheere was appointed chief executive officer of Gimv in 2008.

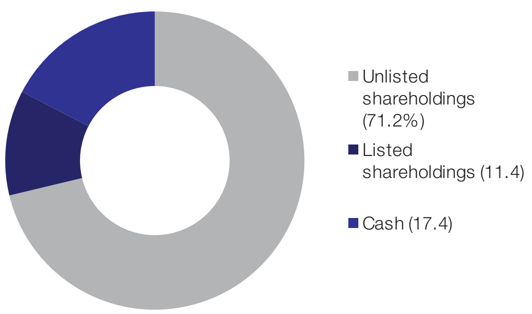
Dividend history



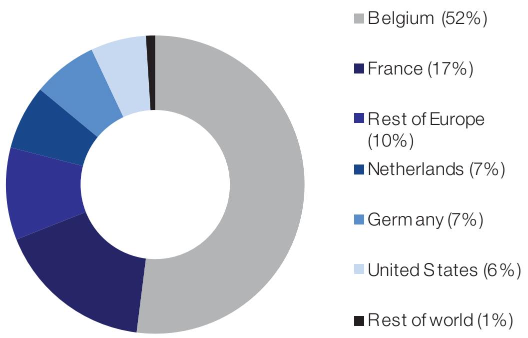
Inv. strategy distribution of portfolio (as at 31 March 2011)



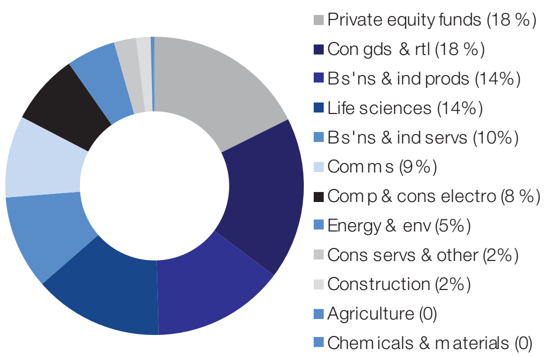
Inv. type distribution of portfolio (as at 31 March 2011)



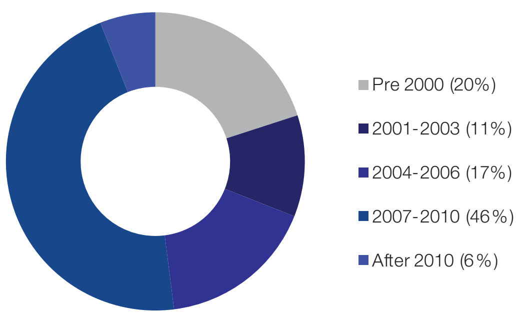
Geographic distribution of portfolio (as at 31 March 2011)



Portfolio composition (as at at 31 March 2011)



Vintage year distribution of portfolio (as at 31 March 2011)



Source: Gimv/Edison Investment Research

Investment manager's view

The manager considers that the industry's investment cycle is counter-cyclical. It is important to raise cash towards the end of the cycle, when it is readily available, for deployment in the subsequent trough. Reflecting this, Gimv built up substantial cash during 2006 and 2007 and was holding in excess of 50% of the portfolio in cash when the financial crisis hit. This has allowed Gimv to take advantage of opportunities during the downturn. The manager considers the environment for realisations has improved and expects further divestments that will be strongly accretive to NAV.

Asset allocation

In addition to the co-investment funds, which account for 8.0% of Gimv's portfolio, Gimv has seven quoted and 85 unquoted equity investments, which account for 11.4% and 71.2% respectively. In addition Gimv has a substantial cash balance which accounts for 17% of the portfolio. As Exhibit 1 illustrates, the overwhelming majority of the portfolio is invested in Europe, which accounts for 92.8%, of which Belgium is the largest constituent. Gimv has small allocations in the US and the rest of the world at 5.6% and 1.6% respectively. In terms of private equity styles, 46% and 25%, of the total portfolio, are invested in buyouts and venture capital respectively.

Top unquoted holdings

Exhibit 2: Top 10 unquoted holdings at a glance – total value €267m

Scana Nokio — Investment date: 2004	Vandemoortele — Investment date: 2009
Based in Belgium, Scana Noliko is a food processing and packaging company, focused on two key areas: 1) fresh fruit and vegetables and 2) ready-to-eat products such as soups, sauces, dips and pasta dishes.	Vandemoortele is Belgium's largest unlisted food company. It employs over 5,000 people across 12 European countries. Its business is focused around two key areas: 1) deep frozen bakery products and 2) margarines and fats.
Square Melon — Investment date: 2009	Electrawinds — Investment date: 2008
In April 2010, Bananas and fellow Gimv portfolio companies Amphion and Demonstrate were merged into one group: Square Melon. Specialising in non-traditional communications, Square Melon has its own proprietary software and logistics system.	Established in 1998, Electrawinds is the largest private company in Belgium's renewable energy market. It produces and operates wind farms, solar panel parks and biomass plants. It operates in Belgium, France, Italy, South Africa and Romania.
Accent Jobs for People — Investment date: 2006	EBT — Investment date: 1992
Established in 1995, Accent is a top 10 temporary recruitment agency in Belgium. It operates through: Accent Select Services, Accent Industry Services, Accent Financial Forces and Accent Construct. Gimv has owned 33.3% of Accent since 2006.	European Bulk Transport (EBT) is the holding company of the Sea-Invest Group, which has 70 years of bulk and fruit stevedoring experience and owns highly equipped terminals in Belgium, France, Germany and South Africa.
VCST — Investment date: 2009	Operator Group Delft — Investment date:2006
VCST designs and produces precision gears for engines and transmissions, shafts and brake system components. VCST is active in Europe and North America. Its customers include Continental, Volkswagen & Caterpillar. In 2008, the group achieved a turnover of €136m.	OGD was founded in 1988 and delivers tailored ICT services, like management, helpdesk, ICT projects and software development. OGD combines high quality service with keen pricing. It employs more than 700 well-trained young professionals with technical service backgrounds. OGD has five outlets in the Netherlands.
VAG — Investment date: 2008	Verhaeren — Investment date: 2008
VAG Armaturen produces and distributes industrial valves and accessories for water supply and sewage treatment. VAG products are used primarily in water treatment stations, hydroelectric stations, locks and dams.	Verhaeren is one of the fastest growers on the Belgian market for road building, asphalting and drainage work. It focuses on public works projects in Brussels and Flemish Brabant, and in private infrastructure works. Its key differentiator is its vertical integration.

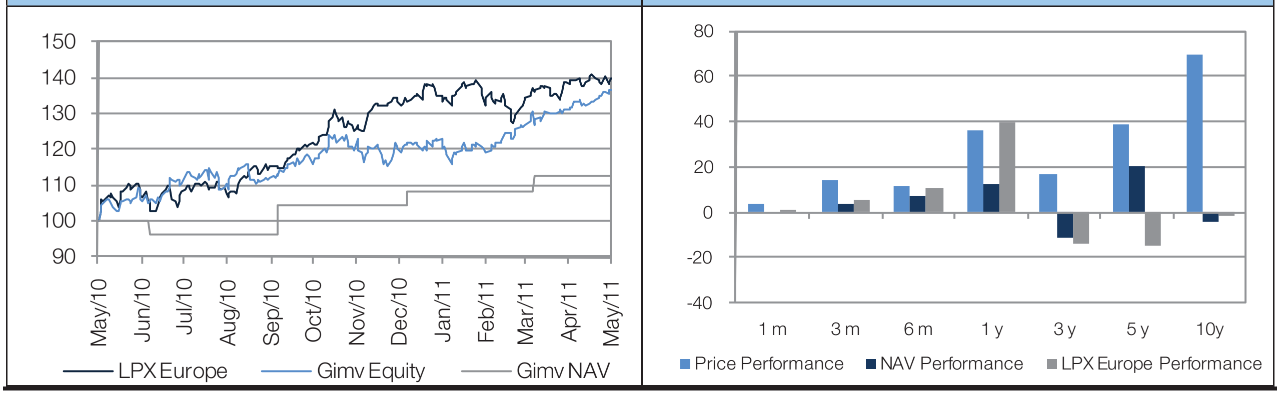
Source: Gimv/Edison Investment Research

Recent performance

As Exhibit 3 illustrates, Gimv has outperformed the LPX Europe Index in terms of price total return over the one-, three-, and six-months, as well as the three-, five and 10-year periods. In terms of NAV total return, Gimv has outperformed the LPX Europe over the three- and five-year periods.

Exhibit 3: Listed private equity company performance

Price, NAV & benchmark total return performance 1 year rebased | Price, NAV & benchmark total return performance (%)

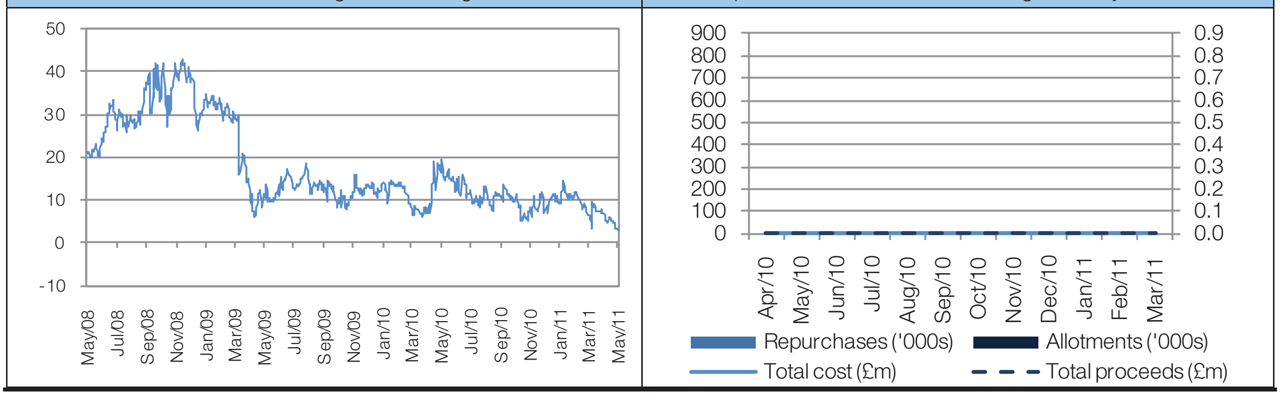


Source: Gimv/Thomson Datastream/Bloomberg/Edison Investment Research

Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market | Share repurchases and allotments during the last year



Source: Thomson Datastream/Edison Investment Research

Gimv does not have an explicit discount maintenance policy and is not active in the market for its own shares. The current discount of 2.9% is below its longer-term averages of 16.9% and 12.8% over three- and five-year time horizons, respectively.

Dividend policy and record

Gimv's dividend policy is to pay high and stable dividends, with annual increases equivalent to the European inflation rate. In boom years, where Gimv has substantial realisations, special dividends are paid to return cash to shareholders without raising the core dividend. As illustrated in Exhibit 1, the net dividend of €1.84 (gross: €2.45) for the year ending 31 March 2011 represents a 2.0% year-on-year increase. Over the last 10 years, Gimv has paid dividends of €23.4 per share.

Edison investment research

25 May 2011

Graphite Enterprise Trust plc

12 months ending	Total share price return* (%)	Total NAV return* (%)	Total return FTSE All-Share* (%)	Total return LPX Europe* (%)	Total return LPX50* (%)
25/05/08	1.8	15.2	(6.0)	(17.1)	(19.2)
25/05/09	(37.5)	(20.0)	(25.3)	(50.4)	(49.5)
25/05/10	3.9	8.6	19.2	33.8	38.4
25/05/11	30.6	17.5	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Conservatively managed

Launched in July 1981, Graphite Enterprise Trust plc (GPE) is a listed fund of private equity funds that invests in the main through specialist funds, but also directly through co-investments, leveraging the experience of the Graphite Capital buyout team. In the 13 months ending 31 January 2011, the portfolio value increased by 27.2%, with NAV rising by 15.1% (as GPE was 67% invested at the beginning of the period). The level of investment has now increased to c 84% and, with improved portfolio performance and realisations, we expect this rising NAV trend to continue.

Investment objective: Invest in superior buy-out managers

GPE aims to achieve long-term capital appreciation for shareholders. It accesses the UK mid-market through Graphite Capital's buy-out funds, and other parts of the UK and continental European markets through third-party funds. A key differentiator from its fund of fund peers is that Graphite Capital's management of the company is strongly influenced by its long and successful history as a direct manager, shaping due diligence processes and overcommitment policy alike. It runs a relatively concentrated portfolio, and both manager selection and the balance sheet are conservative, as evidenced by the outperformance in 2007-09.

Investment process: Fund and direct investments

GPE has a fund manager driven approach (not driven by geography), backing top performing, established managers. They look at realised track records, and perform detailed analysis on unrealised portfolios. Selective co-investments alongside its third party managers continues to be a key part of the investment programme.

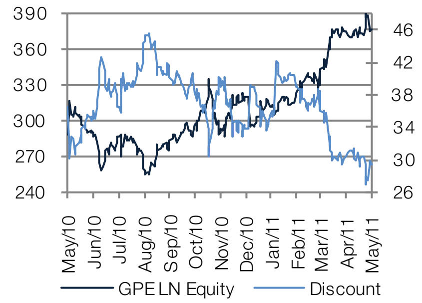
Valuation: Discount above 10-year average

The current price of 376p puts GPE's shares at a 29.6% discount to the last-published NAV as at 31 January 2011. This is less than the 13-month average of 34.5% but remains above its 10-year average of 21.7%. We expect the discount to move close to the 10-year average as GPE becomes fully invested and the portfolio continues to benefit from the steady stream of realisations, which should bring significant valuation uplift, improving performance of underlying investee companies and a rising dividend. We expect management to continue to manage the portfolio and balance sheet in a conservative manner.

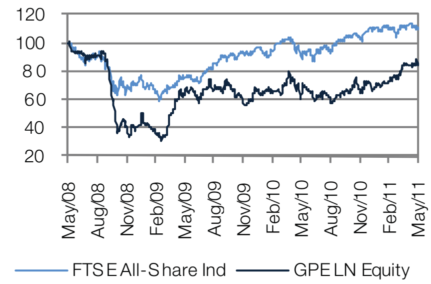
Price	376.0p
Market cap	£274.2m
AUM	£393.6m
NAV	534.0p*
Discount to NAV	29.6%*
NAV	537.39p**
Discount to NAV	29.5%**
Net yield	0.6%
NAV announcement freq.	Quarterly

** Last-published NAV as at 31 January 2011*
*** Datastream fair value NAV as at 25 May 2011*

Share price/discount graph



Three-year cumulative performance graph



Share details

Code	GPE
Listing	UK – FULL
Sector	Listed Private Equity
Shares in issue	72.9m

Price

52-week	High	Low
Price	335.8p	255.0p
NAV	487.3p	444.1p

Gross gearing	0.0%
Net gearing	Net cash

Analyst
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Exhibit 1: Listed private equity company at a glance

Capital structure summary

The fund has an unlimited life. At the last AGM, shareholders renewed the authority to buy back 14.99% of the issued share capital, authorised the directors to allot shares and authorised the disapplication of pre-emption rights. At 31 January 2011, GPE had cash and near cash of £42.9m and outstanding commitments of £173.7m. The company was therefore £130.8m overcommitted. The company also has a £30m stand-by facility. The upfront arrangement fee for the facility is 3.5% and the margin above LIBOR on drawn amounts is 3.5%. The fund charges a management fee of 1.5% of invested assets plus 0.5% of undrawn commitments, excluding Graphite Capital funds in both cases.

Forthcoming

Year end	31 January
Half-year results	September 2011
AGM	June 2011

Share buyback policy and history

Renewed annually at each AGM, GPE is authorised to allot up to 5% and repurchase up to 14.99% of issued share capital. There is no formal buy back policy at present.

Fund details

Launch date	July 1981
Domicile	UK
Managers	Graphite Capital Management Rod Richards, Emma Osborne, Tim Spence, Stephen Cavell
Address/ Telephone	4th Floor, Berkeley House, Berkeley Square, London W1J 6BQ. +44 (0)20 7825 5300
Website	www.graphite-enterprise.com

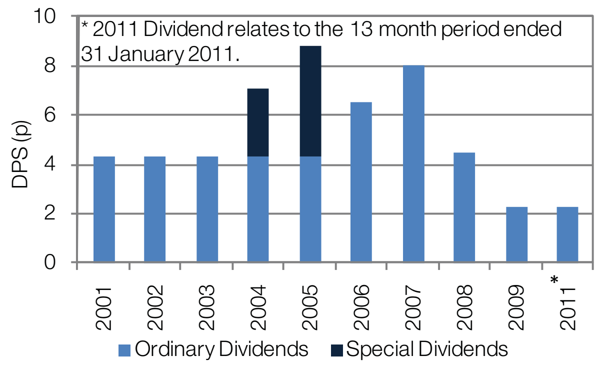
Dividend policy

As an investment trust GPE is required to pay out income surpluses, which are largely driven by realisation activity.

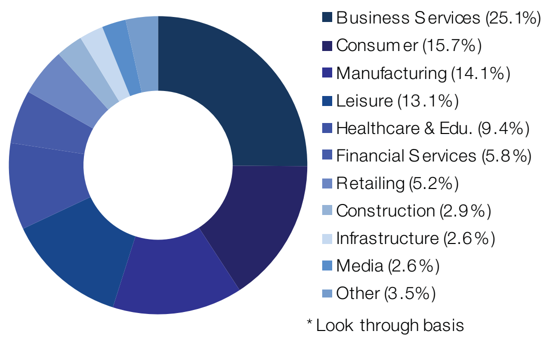
The board

All are independent and non-executive: Mark Fane (chairman), Peter Dicks, Michael Cumming, Sean O'Connor, Jeremy Tigue & Andy Pomfret (directors).

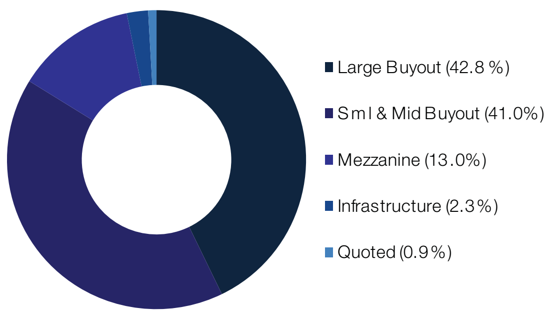
Dividend history



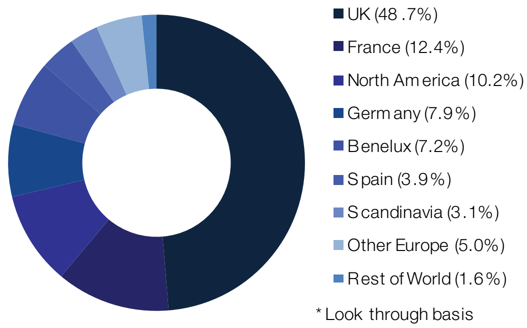
Look-through sectoral allocation (as at 31 January 2011)*



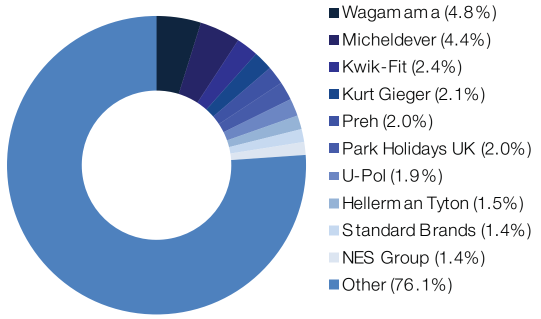
Investment strategy distr. of portfolio (as at 31 January 2011)



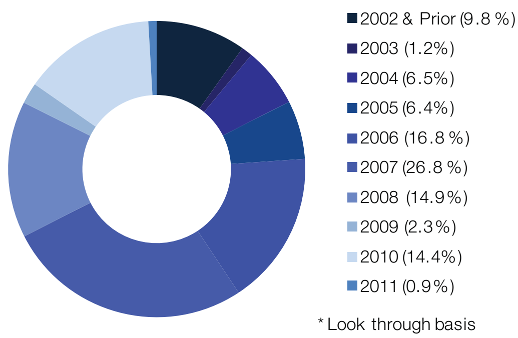
Geographic distribution of portfolio (as at 31 January 2011)*



Look through portfolio composition (as at 31 January 2011)*



Vintage year distribution of portfolio (as at 31 January 2011)*



Sources: Graphite Enterprise Trust, Edison Investment Research

Investment manager's view: Cautiously optimistic

The managers believe that 2011 and 2012 will see further increases in deal activity. This is partly due to the fact that the fund-raising peak of 2006/07 is coming up to its fifth anniversary, and the end of those funds' investment periods. This may put pressure on managers to show realisations and help raise the next fund. This, along with an improving bank lending outlook, should lead to a good supply of new investment opportunities for the private equity market. Year to date, the managers have achieved three realisations and they expect further good news through in 2011 and 2012, with realisations continuing to be at a premium to carrying value.

Asset allocation

The strategy is Western European buyouts (84%), with 13% mezzanine (to fund buyouts), 2% in legacy infrastructure investments and no venture capital. GPE's exposure to Graphite Capital's buy-outs accounts for 21% of the portfolio. It is important to note that investors are only subject to one level of fees on Graphite Investments, and on third party co-investments. 64% of the portfolio is invested in third party funds and 15% in third party co-investments. Although Graphite Enterprise has recently put in place banking facilities, these will be used as stand-by facilities to help manage cashflow. The company aims to be fully invested but not geared.

Top unquoted holdings

Exhibit 2: Top 10 investments on a look through basis (as of 31 January 2011)

Wagamama	4.8% of portfolio	Micheldever Tyre Services	4.4% of portfolio
Wagamama is a chain of Japanese noodle restaurants. In 2010, Wagamama generated sales of £108m. Graphite co-invested alongside Lion Capital. In April 2011, Lion Capital sold the company to Duke Street. Graphite's return was 2.8x the original cost.		Micheldever is a tyre services distributor and retailer of tyres. This is a co-investment alongside and through Graphite Partners VI. The investment was made in February 2006 and is currently valued at £15.7m.	
Kwik-Fit	2.4% of portfolio	Kurt Geiger	2.1% of portfolio
Kwik-Fit is a provider of automotive fast fit services. This was a £3.4m co-investment in August 2005, alongside PAI Partners. In March 2011 contracts were exchanged to sell Kwik-Fit to a Japanese Trade buyer. The overall ROI is expected to be 2.9x original cost.		Kurt Geiger is a retailer and distributor of luxury footwear. This is an investment made through Graphite Capital Partners VII and its Top Up Fund in 2008. It has seen good growth opening new stores in the UK and franchise stores in the Mid East.	
Preh	2.0% of portfolio	Park Holidays UK	2.0% of portfolio
Preh is a manufacturer of control system devices. This is a co-investment alongside and through Deutsche Beteiligungs AG IV. Contracts have been exchanged for sale of 75% of the company to a Chinese trade buyer.		Park Holidays is a UK operator of caravan parks. This is a co-investment alongside and through Graphite Capital Partners VI. With 25 parks stretching from Devon in the west to Suffolk in the east, it is the largest operator of parks in the south of England.	
U-POL Products	1.9% of portfolio	Hellerman Tyton	1.5% of portfolio
U-POL is a manufacturer and distributor of automotive re-finish products. This is an investment through Graphite Partners VII. It is recognised globally with sales in over 100 countries and U-POL is committed to providing customers with high quality products.		Hellerman Tyton is a manufacturer of performance cable management products. This is an investment through Doughty Hanson IV. Headquartered in Luxembourg and with operations in 34 countries, HT has 11 production facilities in nine countries.	
Standard Brands	1.4% of portfolio	NES Group	1.4 % of portfolio
Standard Brands is a manufacturer of domestic fire products. It is a co-investment alongside Graphite Capital Partners V. Its products are sold under the Zip, Sunny Jim and Drummer brands in Europe and North America.		NES Group is a global recruitment services provider. The investment was made in 2006 through Graphite Capital Partners VI, since when it has grown strongly, driven by the performance of its overseas division.	

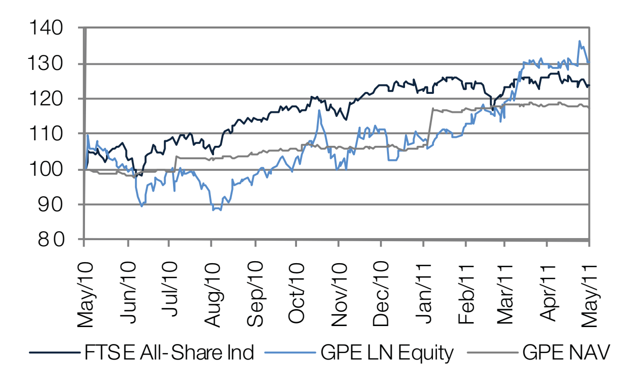
Sources: Graphite Enterprise Trust, Edison Investment Research

Recent performance

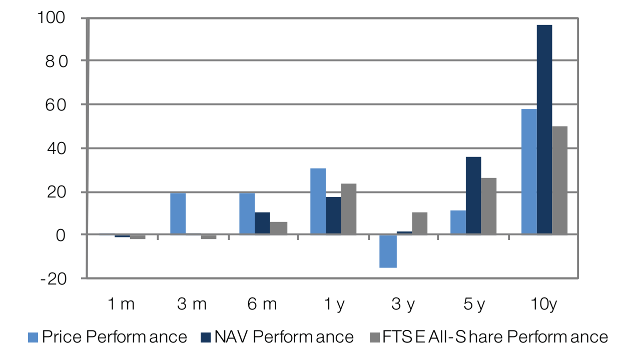
As Exhibit 3 illustrates, GPE has outperformed its benchmark – the FTSE All-Share Index – in terms of price total return over one-, three- and six-month periods, as well as the one-year and 10-year periods. In terms of NAV total return, GPE has outperformed the FTSE All-Share over the one-, three- and six-month and five- and 10-year periods.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

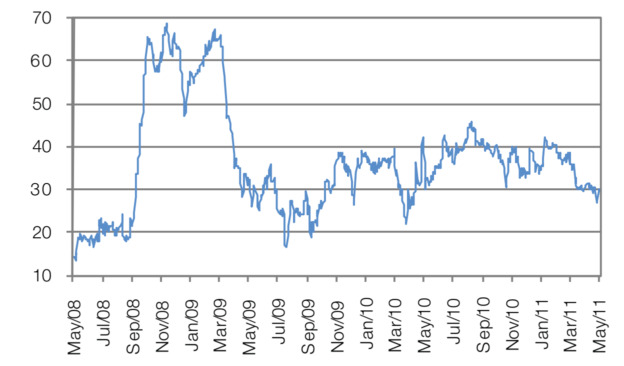


Sources: Graphite Enterprise Trust, Thomson Reuters Datastream, Bloomberg, Edison Investment Research

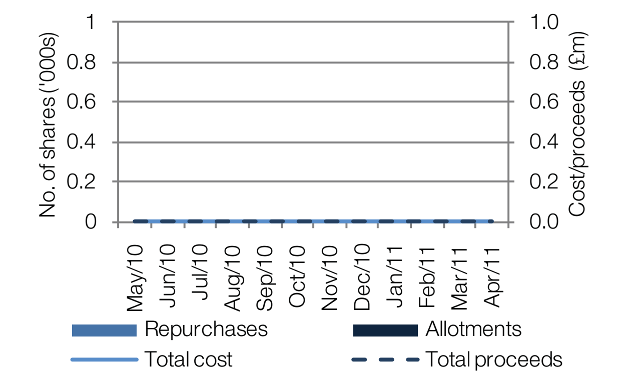
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Sources: Graphite Enterprise Trust, Thomson Reuters Datastream, Edison Investment Research

GPE does not have a discount maintenance policy. However, the manager considers that, while discounts in the private equity sector have generally narrowed in the last two years, discounts remain high compared to historic levels. The current fair value discount of 29.5% (based on Datastream's estimated fair value NAV of 537.39p as at 25 May 2011) is below its three-year average of 36.4% but above its 10-year average of 21.7%.

25 May 2011

HarbourVest Global Private Equity Ltd

12 months Ending	Total share return* (%)	Total NAV return* (%)	Total return MSCI World* (%)	Total return LPX 50* (%)	Total return LPX Europe* (%)
25/05/09	(7.5)	(26.1)	(35.8)	(59.4)	(59.3)
25/05/10	(40.5)	12.2	14.1	25.0	18.1
25/05/11	27.3	21.3	29.2	53.5	60.5

Note: *12-month rolling discrete performance.

Investment summary: Diversified, upper quartile performer over long term

HVPE has a long track record of upper quartile NAV performance driven by having a diversified portfolio of funds of funds limiting risk, combined with a limited number of carefully selected larger direct fund holdings to provide incremental performance. It has exposure to over 5,600 companies with the top 25 accounting for around 20% of the fund. HVPE operates on a global basis with a bias to the US, owing to its strong venture component.

Investment objective: Long-term capital appreciation

HVPE's investment strategy is designed to offer shareholders long-term capital appreciation by investing in a private equity portfolio that is well diversified by vintage year, geography, industry and strategy.

Investment process: Diversification but upside

It aims to achieve its objective of long-term capital appreciation through investing in a diversified portfolio of private equity investments advised by HarbourVest Advisers LP. Taking the more mature 1998-2005 vintage years, HarbourVest Advisers LP US partnerships portfolios have delivered 15.7% IRR compared with a median for US private equity of 4.3%. Its European partnerships for the same vintage have delivered IRRs of 16.4% against a European median 0% (and upper quartile benchmark of 10.4%). In the year to January 2011, 40% of the top 25 holdings benefited from some form of realisation. The manager views the post-recession opportunities as potentially attractive with the secondary market driving significant near-term opportunities. The liquidity thaw, which started a year ago, has continued, and indeed significantly increased in pace in the last quarter and the first months of 2011.

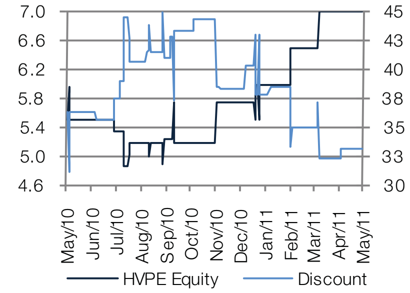
Valuation: Discount wide and affected by illiquidity

HVPE trades at a discount of 31.8%. This is below its two-year average of 37.1%, but higher than peers. Management has pro-actively sought to increase liquidity to reduce the discount, but c 65% of shares remain held by five institutions. A buy-back programme has been announced and the company announced the purchase of 300,000 shares on 31 May 2011 at $7.165 per share.

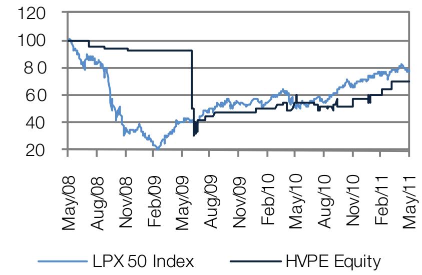
Price	$7.15
Market Cap	$591.3m
AUM	$957m
NAV	$10.48*
Discount to NAV	31.8%*
Yield	0.0
NAV	Monthly

** Last published NAV as at 30 April 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	HVPE
Listing	UK – SFM Euronext, Amsterdam
Sector	Listed Private Equity
Shares in issue	82.7m*

** Post buyback on 31 May*

Price

52 week	High	Low
Price	$7.15	$4.86
NAV	$10.48	$8.55

Gross Gearing	10.5%
Net Gearing	9.9%

Analyst

Matthew Read +44 (0)20 3077 5758

listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital Structure Summary

At 1 June 2011 there were 82.7m Class A ordinary shares of no par value. The Class A shares are entitled to the income or changes in the company's NAV, and to any dividends but have limited voting rights. Class B shares were issued to HVGPE Holdings Limited, a Guernsey limited liability company, which is owned by affiliates of HarbourVest. The 101 Class B shares (no par value) have the right to elect all of the directors and make other decisions usually made by shareholders. The Class B shares are not entitled to income or any increases and decreases in the net asset value of the Company or to any dividends declared and paid. HVPE has a multi-currency, US$500m equivalent revolving credit facility committed to 4 December 2014. As at 30 April 2011 $408m was undrawn.

Forthcoming

IMS	Mid June
Interim period end	31 July
Shareholder Mtg	tbc

Share buyback policy and history

HVPE has authority, renewed annually, to repurchase up to 14.99%. The first buy-back of 300,000 shares was announced on 31 May.

Fund details

Launch date	December 2007
Domicile	United Kingdom
Managers	HarbourVest Advisers LP
Address	PO Box 405, Anson Place, La Charroterie, St Peter Port, Guernsey GY1 3GF
Phone	+44 1481 722 260
Website	www.hvgpe.com

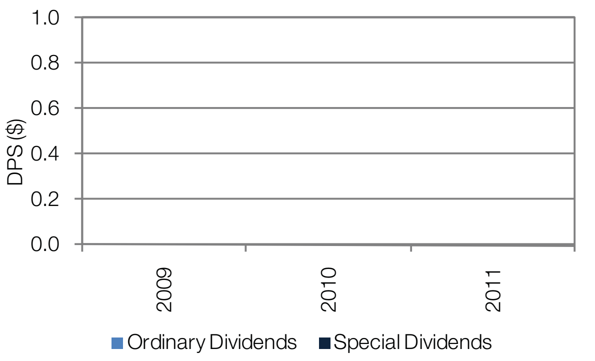
Dividend Policy

HVPE objective is capital gain and it does not pay dividends

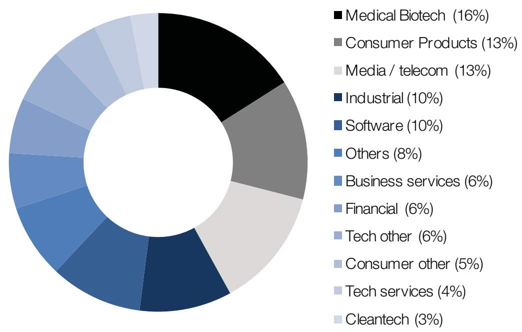
The Board

Sir Michael Bunbury (Chair, Independent), Brooks Zug and George R Anson. independent directors; JB Schmidt, A W Moore, K Corbin and P Christopher

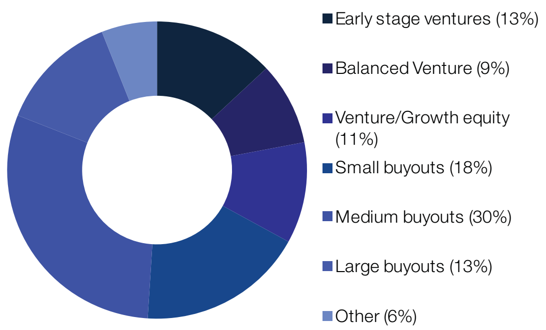
Dividend history



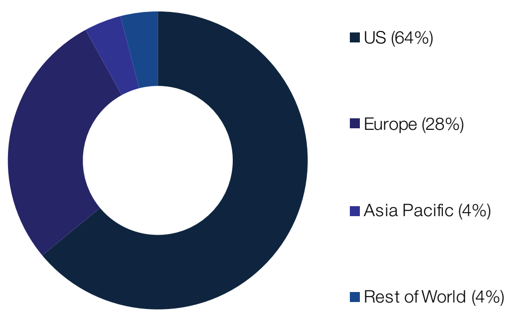
Look through sectoral allocation (as at 30 April 2011)



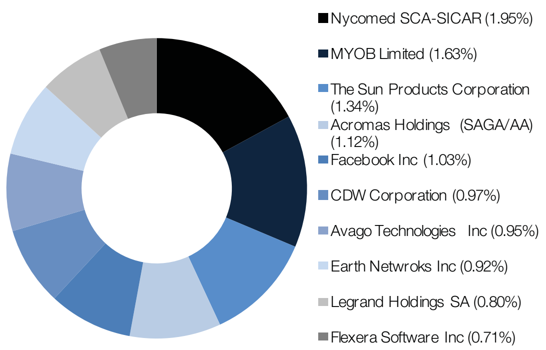
Investment strategy distr. of portfolio (as at 30 April 2011)



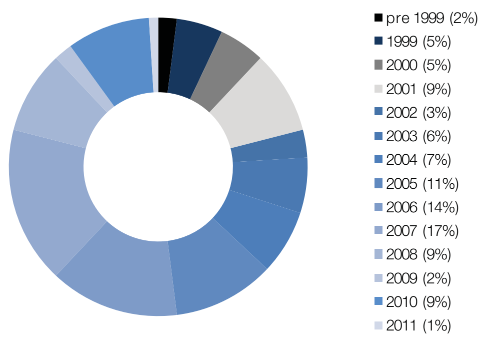
Geographic distribution of portfolio (as at 30 April 2011)



Look through portfolio composition (as at 31 January 2011)



Age profile of portfolio (as at 30 April 2011)



Source: HVPE / Edison Investment Research

Investment manager's view: Positive on sector & HVPE

The manager believes HVPE remains well positioned to generate strong relative returns in a recovering economic environment, having a diversified, mature portfolio and a strong balance sheet. It expects continued steady improvement in private equity NAVs through 2011 assuming an ongoing economic recovery, stable to increasing public markets and increasing liquidity events. HVPE's portfolio is likely to become increasingly cash-flow positive over time, with increased distributions from maturing funds and recent fund cycles expected to become more self-funding. The manager views the balance sheet as a strategic asset that can be used to enhance shareholder value, giving financial flexibility to fund existing obligations, implement tactical share buybacks and make strategic investments such as Absolute. The manager sees an improving external environment that will enable the listed private equity sector to reduce discounts to NAVs. The manager is confident about the outlook for both the private equity sector and HVPE in particular.

Asset allocation

HVPE's buyout investments were 61% of the portfolio at 30 April 2011 and venture investments were 33%. US investments accounted for 64% of the portfolio, and European investments 28%. The NAV is split 57% in primary, 22% in secondary, and 21% in direct investments.

Top holdings

Exhibit 2: Key private holdings as at 31 January 2011

Nycomed SCA-SICAR	**1.95% of portfolio**	
Danish Based. On 19 May 2011, Takeda Pharmaceutical Company Limited announced its intention to acquire Nycomed, for €9.6bn. The transaction, expected to close in September 2011, should increase HVPE's Economic NAV by $0.16.	Total IRR	N/A
	Industry/sector	Speciality Pharmaceuticals
	Website	www.nycomed.com
MYOB Limited	**1.63% of portfolio**	
MYOB started 20 years ago and provides over 100 products and software to over 1m Australian and New Zealand based businesses. MYOB's systems are also targeted at accounting practices.	Total IRR	N/A
	Industry/sector	Accounting Software
	Website	www.myob.com.au
The Sun Products Corporation	**1.34% of portfolio**	
The Sun Products Corporation is a leading North American manufacturer and marketer of fabric care and household products with annual sales of more than $2bn. Sun Products holds the second largest market share in the $10bn North American fabric care market.	Total IRR	N/A
	Industry/Sector	Private label household products
	Website	www.sunproductscorp.com
Acromas Holdings (SAGA/AA)	**1.12% of portfolio**	
Acromas now has more than 12,000 people serving 18m customers, and a turnover of £1.65bn. Saga and the AA are well recognised membership brands in the niche mature client and motoring sectors.	Total IRR	N/A
	Industry/Sector	Financial and travel services
	Website	www.acromas.com
Facebook Inc	**1.03% of portfolio**	
Founded in February 2004, Facebook is a social utility website with over 500m global active users (ie logged in over past 30 days) of which c 70% are outside the US. It employs over 2,000 people and 2.5m websites are integrated with Facebook.	Total IRR	N/A
	Industry/Sector	Online social network
	Website	www.facebook.com

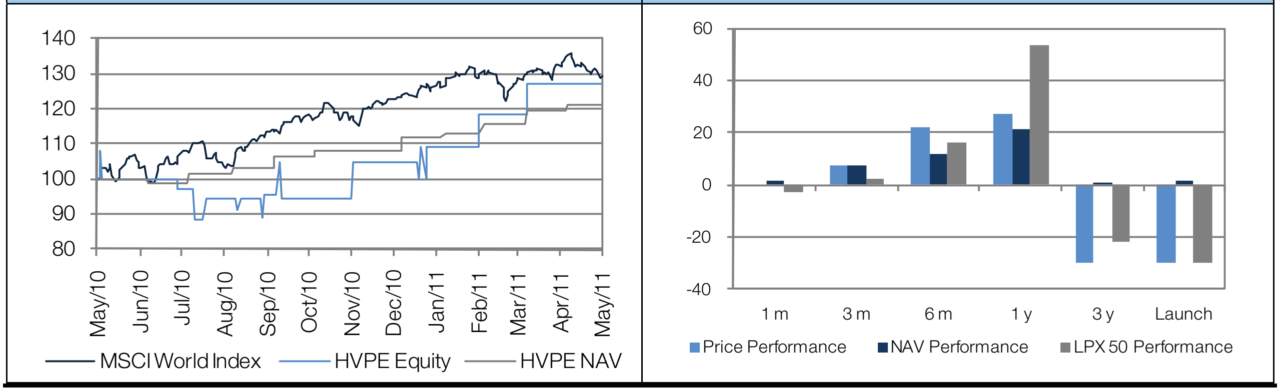
Source: HVPE/Edison Investment Research

Recent performance

HVPE has outperformed MSCI World, in terms of price total return, over the one-, three- and six-month periods, and in terms of NAV total return over the one-, three- and six-month periods as well as the three-year period and since launch. In terms of the latter, HVPE has outperformed the LPX 50, LPX Europe and LPX composite indices over one- and three-month periods and since launch.

Exhibit 3: Investment trust performance

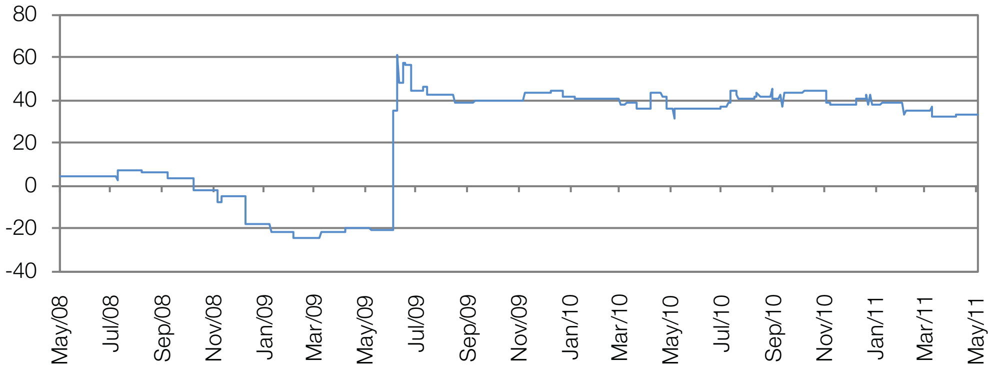
Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)



Source: HVPE/Bloomberg/Thomson Datastream/Edison Investment Research

Discount

Exhibit 4: Discount through three years



Sources: HVPE, Thomson Reuters Datastream, Edison Investment Research

Liquidity has been an issue for HVPE, consequently keeping its discount relatively wide. In 2010 management commenced its Liquidity Plan with admission to the Specialist Fund Market (SFM) of the LSE, a secondary placing of 4.8m (5.8% outstanding) shares by existing investors and targeted Put Rights to sell 6.9m shares back to the company exercisable as at 15 November 2011. Given the current share price we do not expect this option to be exercised although the company has reserved $40m to it. JP Morgan Cazenove were appointed as joint broker alongside Oriel Securities. 5.1% of shares have traded from 31 January to 26 May 2011, which is an improvement on prior years, bringing liquidity in line with peers.

Edison investment research

25 May 2011

HBM BioVentures Ltd

12 months Ending	Total share return* (%)	Total NAV return* (%)	Total return LPX 50* (%)	Total return NASBIOT Index* (%)	Total return RGUHSBTG Index * (%)
25/05/09	(56.3)	(33.6)	(57.0)	(10.0)	(13.9)
25/05/10	44.7	13.2	35.9	32.1	32.6
25/05/11	15.2	(9.9)	13.3	1.0	(0.3)

Note: * 12-month rolling discrete performance.

Investment summary: Recent IPO and sale, more in the pipeline

During the last 12 months, HBM BioVentures (HBMN) has underperformed the LPX50 Index by 6.8% and 13.4% in terms of share price total return and NAV total return respectively. Recognised in its sector as a value-adding investor, HBMN takes an active, long-term approach in investee companies. Recent successes include the sale of PharmaSwiss and the listing of Pacira. Product pipelines are expanding and demand from major companies is rising. With its expertise in the sector and mature portfolio, HBMN is well positioned for further successful divestments and value creation.

Investment strategy: Unlisted healthcare companies

HBMN invests in unlisted companies in the biotechnology, medical technology and diagnostics sectors. Portfolio holdings are mainly later-stage, emerging private companies with products at various stages of clinical development. Key attributes in investee companies include attractive valuations, good product pipeline and technology, and management. Investments are mostly in Europe and the US in companies where HBMN can play an active influential role. With a healthy cash position, it has the flexibility to make follow-on investments in the most promising holdings.

Sector outlook: Long-term positive on healthcare

Product pipelines are getting bigger, as is the appetite for new products from pharmaceutical and biotech companies. The sector has sufficient liquidity to finance such acquisitions. The managers believe the sector is undervalued and valuations are at a long-term low – a trend they do not expect to continue. The PE outlook is positive but political, health, approval and regulatory issues continue to weigh on the sector. However, with healthcare spending growing worldwide, increased demand for innovative products, active large buyers and strong M&A activity, the managers are positive on the sector overall.

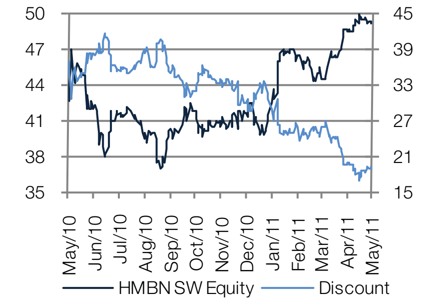
Valuation: Wide discount offers good value

The discount of 19.3%, although disappointing, is typical of the sector. This is thought to be due to concerns surrounding valuations of portfolio holdings and the inherent risks associated with the sector, but with IPOs and exits on the horizon, a narrowing of the discount is expected in due course. At this level, the shares offer good value to investors seeking exposure to private companies via a liquid vehicle.

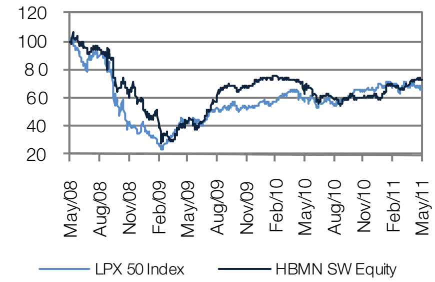
Price	CHF49.2
Market Cap	CHF501.8m
AUM	CHF589m
NAV*	CHF60.93*
Discount to NAV*	19.3%*
Yield	0.0%

** Last published NAV as at 15 May 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	HBMN
Listing	SIX
Sector	Listed Private Equity
Shares in issue	10.2m

Price

52 week	High	Low
Price	CHF50.00	CHF37.05
NAV	CHF69.13	CHF59.65

Gross Gearing	6.7%
Net Gearing	(0.0%)

Analysts
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listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital structure summary

HBMN is conventional in its structure with only ordinary equity shares in issuance. A convertible bond issued in spring 2006 was redeemed in full in April 2010. In 2009, CHF39m of this bond was restructured and a new bond with a nominal value of CHF30m was issued. This is due for redemption in December this year and expected to be paid back out of cash reserves. Following the complete redemption of the convertible bond, HBMN will have no net debt. The fund has the ability to go up to a gearing of 20% of net assets.

Forthcoming

Year end	31 March
Quarterly	July 2011
AGM	24 June 2011

Share buyback policy and history

HBMN has the authority to repurchase a maximum of 2,140,000 of its own shares.

Fund details

Listing date	14 Feb 2008
Domicile	Switzerland
Managers	Dr A Wicki and Dr J Rudolf
Address	Bundesplatz 1, CH-6300 Zug Switzerland
Website	www.hbmbioventures.com

Dividend policy

In line with its policy to reinvest earnings, HBMN does not pay dividends.

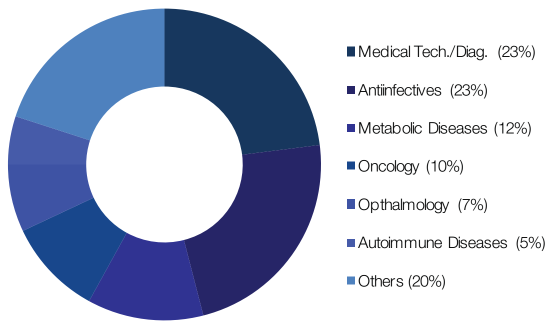
The board

The five-strong board include Hans Peter Hasler (Chairman), Prof. Dr Dr h.c. mult. Heinz Riesenhuber (Vice Chairman), Dr Eduard E. Holdener, Robert A. Ingram and Dr Rudolf Lanz (directors).

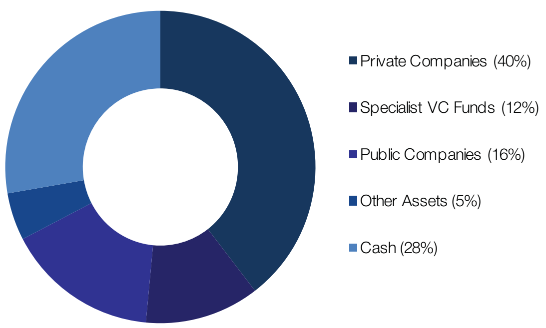
Dividend history

HBM does not pay dividends.

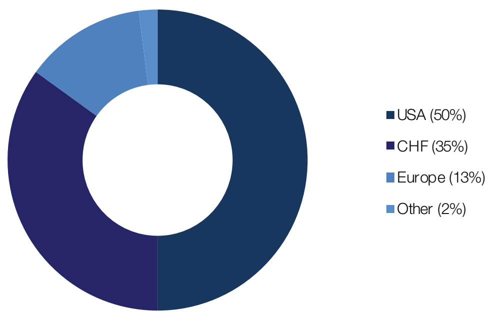
Therapeutic area of lead products (as at 30 April 2011)



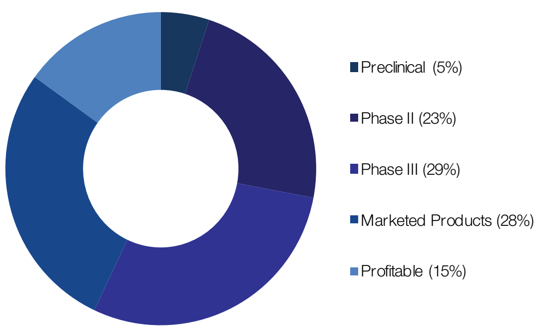
Investment type distribution of portfolio (as at 30 April 2011)



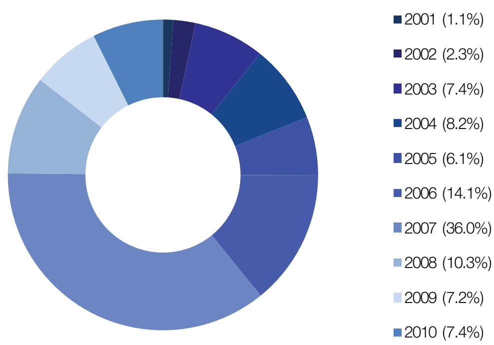
Currency distribution of portfolio (as at 30 April 2011)



Lead product development phase (as at 30 April 2011)



Vintage year distribution of unquoteds (as at 31 March 2011)



Source: HBMN BioVentures /Edison Investment Research

Fund managers' view: Dr A Wicki and Dr J Rudolf

The managers believe the sector is undervalued. Over the last two to three years, lower-end pharmas have seen their P/Es halve, which has caused further negative sentiment. However, the managers do not expect this to continue, especially with the current low valuations. The product pipeline is getting bigger and investors are showing greater interest in buying larger companies. With good stable cash flows, there is enough liquidity in the sector to support this. As active investors themselves, board representation is key. The managers are keen to attract co-investors who 'bring expertise and networks to the table' for the development of investee companies, and not just cash. Roadshow activities are generating interest in this respect. The portfolio has had a bias towards US investments. The managers are now looking to focus on Europe, where they have a good network of contacts and see potential opportunities. New investments may also be made in Asia. The managers are interested in new projects with a special focus on breakeven or cash flow-positive companies.

Asset allocation

HBMN takes an active role in the 30 private and public companies held in its portfolio by collaborating with management and providing strategic advice on matters such as clinical development and commercialisation. Rigorous due diligence is undertaken surrounding scientific, business, financial, patent, tax and legal issues. Investments are made in companies worldwide in clinical development phases I, II or III. The most successful companies receive follow-on financing. Businesses undergo detailed analysis during these financing rounds. Some are held post-IPO provided they continue to represent good value, for example Pacira Pharmaceuticals Inc, Basilea Pharmaceutica and Micrus. If no further potential is offered, the holdings are sold and the proceeds reinvested in private companies. This investment cycle lasts between four and six years.

Top holdings

Exhibit 2: Key private holdings as at 31 March 2011

mtm laboratories	Investment: €24.3m	Current Valuation: CHF36.6m
German company mtm laboratories develops, manufactures and sells test systems for the early detection of cervical cancer. It is currently marketing CINtec® Histology and CINtec® PLUS Cytology. It is expected to reach IPO maturity in a few years.		
PTC	Investment: US$24.2m	Current Valuation: CHF36.0m
Based in the US, PTC is a biopharmaceutical company that develops drugs against rare genetic diseases using its own proprietary technology. Its product pipeline includes genetic disorders, oncology and infectious diseases.		
Cathay Industrial Biotech	Investment: US$28m	Current Valuation: CHF25.7m
China-based Cathay was HBMN's first investment in this region. Recognised as a market leader in its field, it replaces chemical production methods with innovative biotechnological processes. Key clients include DuPont, Ciba and Akzo Nobel. It is targeting an IPO, supported by HBMN and other reputable investors.		
Lux Biosciences	Investment: US$19.3m	Current Valuation: CHF17.6m
Lux Biosciences is a US-based, clinical stage biotechnology company specialising in the treatment of serious eye diseases. With a first-in-class product and several exciting earlier-stage projects, Lux is a successful revenue-generating company. It is expected to attract attention and a bid from a major pharmaceutical company in the short to medium term.		

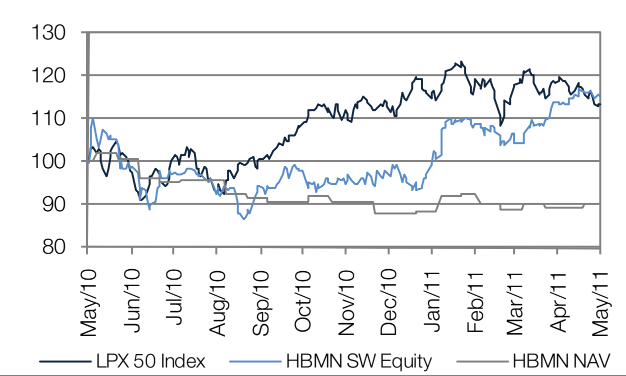
Source: HBMN BioVentures /Edison Investment Research

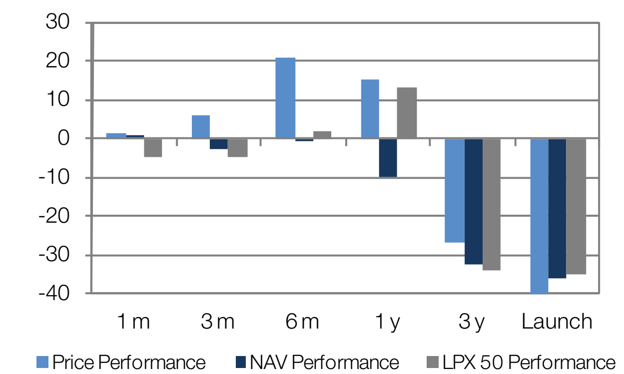
Recent performance

As Exhibit 3 illustrates, HBMN has outperformed the LPX 50 Index (Swiss franc-adjusted), in terms of price total return (sterling adjusted), during one, three and six months, and one and three years. HBMN has outperformed the LPX50 (Swiss franc-adjusted), in terms of NAV total return, in one and three months and three years.

Exhibit 3: Investment Trust Performance

Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)



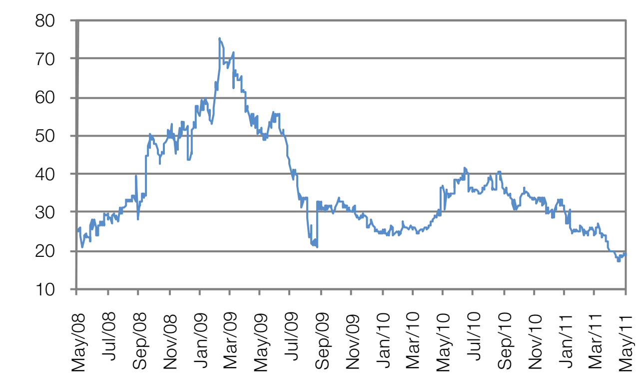


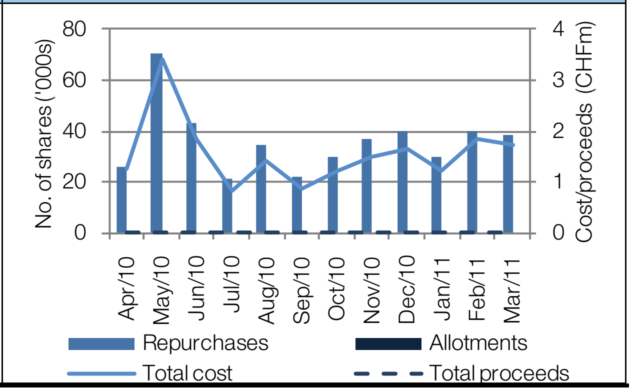
Source: HBMN BioVentures /Bloomberg/Thomson Datastream/Bloomberg/Edison Investment Research

Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market	US$ Equity share repurchases and allotments during the last





Source: HBMN BioVentures /Bloomberg/Thomson Datastream/Edison Investment Research

HBMN has been buying back shares since 2008. 12% of the original outstanding shares were repurchased via a second trading line till 2010. This is part of a share buyback programme to boost the NAV and benefit shareholders in the long term. It will run until 31 August 2012. The managers expect the discount to narrow in the event of sales and IPOs, together with renewed investor appetite for the sector, especially by the major players.

Edison investment research

25 May 2011

HgCapital Trust plc

12 Months Ending	Total Share Price Return* (%)	Total NAV Return*(%)	Total Return FTSE All-Share * (%)	Total Return LPX Europe* (%)	Total Return LPX 50* (%)
25/05/08	2.3	36.1	(1.7)	(13.9)	(15.8)
25/05/09	(3.4)	(8.4)	(28.2)	(51.2)	(51.5)
25/05/10	1.4	3.8	18.5	30.8	38.5
25/05/11	48.5	24.4	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Long-term outperformer

HgCapital's deep sector-based thematic investment focus has produced excellent returns. In the 10 years to 31 December 2010, HGT's share price has outperformed its key competitors by 3.1x and the FTSE All Share Index by 2.8x. The trust has seen significant portfolio activity over the past 18 months (including eight new buyout investments and one renewable fund investment), with NAV growth generated from realisations of £82m (2.2x original cost) in 2010 and further realisations in H1 2011 of £34.5m (3.5x original cost). HGT has been winner of the Investment Week Private Equity Trust of the Year annually since 2005.

Investment objective: Long-term capital appreciation

HGT's objective is to provide shareholders with long-term capital appreciation in excess of the FTSE All-Share Total Return Index by investing in unquoted companies, which it has achieved. The manager looks to systematically identify and repeatedly invest in the most attractive segments of the European mid-market (£50m-500m) using the knowledge of a trade player and the speed of a financial buyer.

Investment process: Extensive fundamental analysis

HgCapital focuses on themes and sub-sectors applying detailed research by sector specific teams in healthcare, industrial, services, TMT and renewables. It pro-actively approaches potential investment companies in these areas across Europe, targeting robust growth businesses that have proven systems for out-performing competitors and investments with multiple levers for improvement. Considerable resource (40+ investment executives) is committed to identifying and tracking potential investments, and understanding what HgCapital can do or needs to do to improve the investee company. Once a successful niche or business model is found, HgCapital will seek to make multiple investments using its experience and networks.

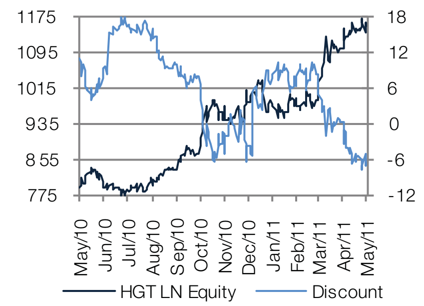
Valuation: Small premium on sale adjusted basis

In April HgCapital announced the sale of its stake in SLV Group, which should conclude in June, adding 26.5p to the diluted NAV. Allowing for this, the shares trade at a small premium to NAV, against the historic average c 10% discount over past two years, and at a premium to peers. The latter reflects the historic outperformance of the group over the long term, and the expectations for future NAV growth.

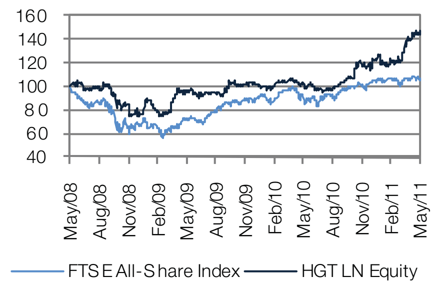
Price	1,151.0p
Market Cap	£358.0m
AUM	£348.9m
NAV	1,097.5p*
Premium to NAV	4.9%*
NAV	1,083.46p**
Premium to NAV	6.2%**
Net Yield	2.4%
NAV announcement freq.	Monthly**

** Last published diluted NAV as at 30 April 2011.*
*** Datastream fair value NAV as at 25 May 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	HGT
Listing	UK – FULL
Sector	Listed Private Equity
Shares in issue	31.1m

Price

52 week	High	Low
Price	1,170.00p	775.00p
NAV*	1,114.01p	870.91p

** Assuming subscription shares are converted in full at 950p.*

Subscription share details

Code	HGTS
Subscription shares in issue	6.2m

Gross Gearing	0.0%
Net Gearing	(23.2%)*

* (29.5%) post announced sale, acquisition and div.

Analyst
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listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital structure summary

HgCapital Trust's share capital consists of 31.1m ordinary shares and 6.2m subscription shares. Each subscription share entitles the holder to subscribe for one ordinary share at a price of £9.50 per ordinary share. The first opportunity to exercise such right is 31 May 2011, and thereafter on 31 October and 31 May in each year to 2012. The final exercise date is on 31 May 2013 at a subscription price of £10.25 per ordinary share.

Forthcoming

Year end	31 December
Interim results	August 2011
AGM	May 2012

Share buyback policy and history

HGT has authority, renewed annually, to repurchase up to 14.99% and issue up 33% of issued share capital. No share buybacks have taken place since 2000.

Fund details

Launch date	December 1989
Domicile	United Kingdom
Managers	HgCapital
Address	2 More London Riverside, London SE1 2AP
Phone	020 7089 7888
Website	www.hgcapitaltrust.com

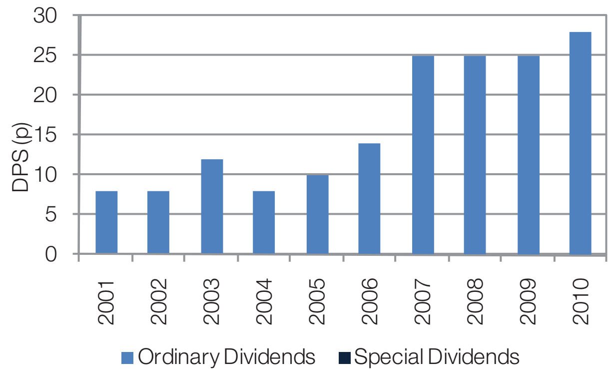
Dividend policy

Dividends are paid annually to ensure that it meets the requirements of UK tax legislation to maintain its investment trust status.

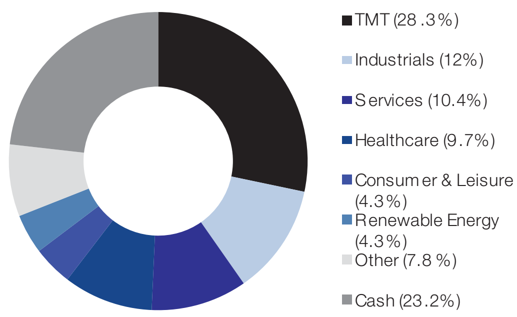
The board

Roger Mountford (chairman), Piers Brooke Richard Brooman (independent), Peter Gale (senior non-exec), Andrew Murison, Mark Powell.

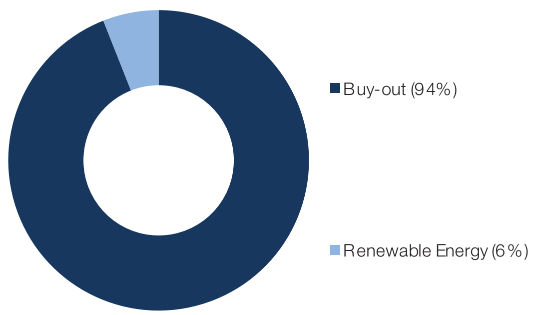
Dividend history



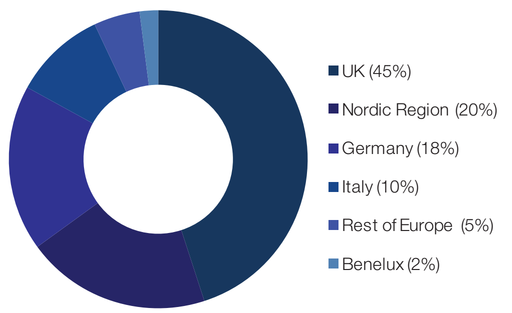
Look through sectoral allocation (as at 30 April 2011) *



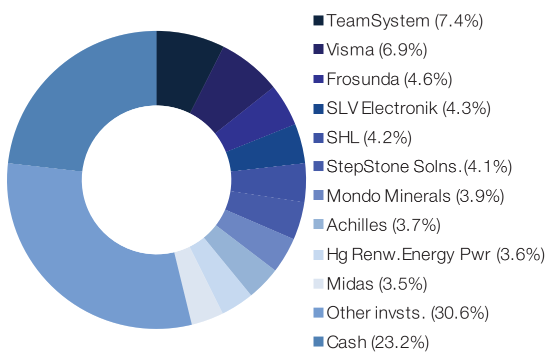
Investment strategy distr. of portfolio (as at 31 December 2010)



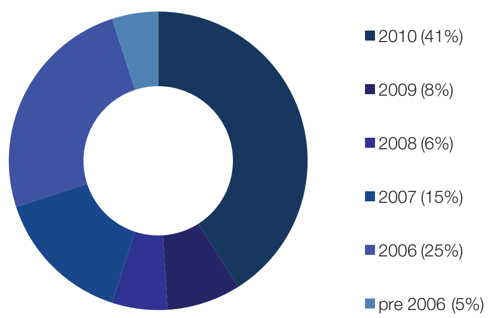
Geographic distribution of portfolio (as at 31 December 2010)



Look through portfolio composition (as at 30 April 2011) *



Age profile of portfolio (as at 31 December 2010)



Source: HgCapital Trust/Edison Investment Research * Cash 29.5% of NAV pro forma post sale, acquisition and div payment (see below).

Investment managers view: Market more balanced

The shallow buyer's market of 2009-10 has turned into a healthy two-way market. HGT will probably invest less in 2011 than 2010 as value becomes harder to find. It will bed down recent acquisitions and make bolt-on acquisitions where possible. There is the potential for further realisations, taking advantage of interest from trade buyers and larger private equity houses investing their committed capital. Short-term NAV growth will be driven by potential realisation activity from the 2006 vintage fund and strong trading performance of the unrealised portfolio. In a two-way market in M&A, owning 20 companies delivering 15% growth in EBITDA will attract the attention of buyers. Medium-term growth will be driven by the 2009 vintage fund, mainly valued at cost and growing strongly.

Asset allocation

HgCapital invests primarily in buyouts in four sectors, with a Northern European bias. The UK is its largest market, with Germany and the Nordic region combined being at a similar level with the largest single investment in Italy. In addition to these, 6% of the Trust's exposure is in renewable energy. Following the completion of the acquisition of ATC and sale of SLV and post dividend payment, cash is estimated to represent 29.5% of NAV as at 30 April 2011.

Top holdings

Exhibit 2: Top five company holdings at a glance (valuations as at 30 April 2011)

TeamSystem	Investment Date: 2010	Investment: £24.4m	Current valuation: £25.9m
TeamSystem was founded in 1979 and is the number one provider of daily use business applications to accountants and SMEs in Italy. It delivers a range of business-critical software products to a diversified base of over 80,000 customers.		Total IRR	n/a
		Industry/Sector	TMT (Italy)
		Website	www.teamsystem.com
SLV	Investment Date: 2007	Investment: £6.0m	Current valuation: £24.8m (sale)
SLV employs approximately 190 people in Germany, and has subsidiaries and associates in Germany, France, Italy, Belgium, Switzerland, Hong Kong, the US and Russia. SLV has evolved into one of the most successful European providers of lighting systems. Realisation due in June adding 31.8p to April's NAV.		Total IRR	45% est, completion due June
		Industry/Sector	Industrials (Germany)
		Website	www.slv.de
Visma	Investment Date: 2006	Investment: £0.7m	Current valuation: £24.2m
Visma is the leading provider of business software and services for accounting and administration. Visma has been a Nordic and European consolidator as the products and services have become increasingly popular among the company's more than 240,000 customers.		Total IRR	n/a
		Industry/Sector	TMT (Nordic region)
		Website	www.visma.com
Frosunda	Investment Date: 2010	Investment: £14.3m	Current valuation: £16.1m
With staff of 6,000 throughout Sweden, Frosunda provides help to support and develop people with functional disabilities and offers elderly care services to people aged 65 and older with dementia. It is the leading private provider in Sweden.		Total IRR	n/a
		Industry/Sector	Healthcare (Nordic Region)
		Website	www.frosunda.se
SHL	Investment Date:2006	Investment: £8.0m	Current valuation: £14.7m
SHL is a global business, providing behavioural and ability assessment tools and services in 30 languages. It was founded in 1977 and is present in more than 50 countries, serving up to 10,000 customers globally each year.		Total IRR	n/a
		Industry/Sector	Services (UK)
		Website	www.shl.com

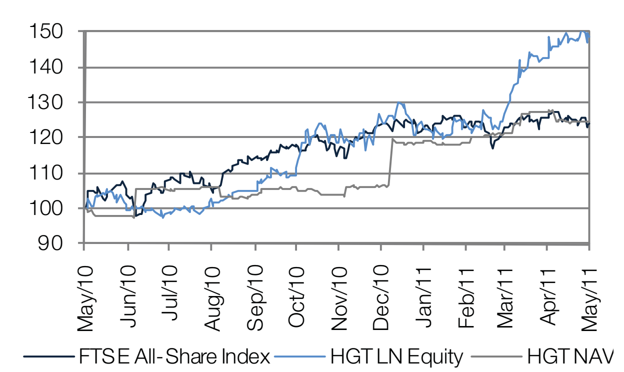
Source: HgCapital Trust/Edison Investment Research

Recent performance

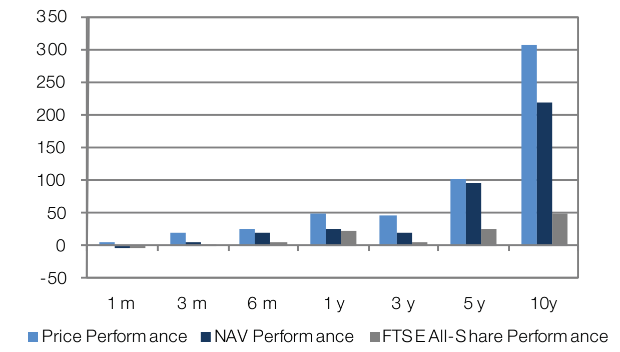
As Exhibit 3 illustrates, HGT has outperformed its benchmark, the FTSE All-Share Index, in terms of both price and NAV total return, over all of the time periods provided with the exception of the one-month period for NAV total return. In most periods, the outperformance is significant. Using the total return calculation (net income reinvested) the one month NAV performance to April 30th was +0.5% (basic), +0.8% (diluted), rather than the small negative reported in Exhibit 3.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

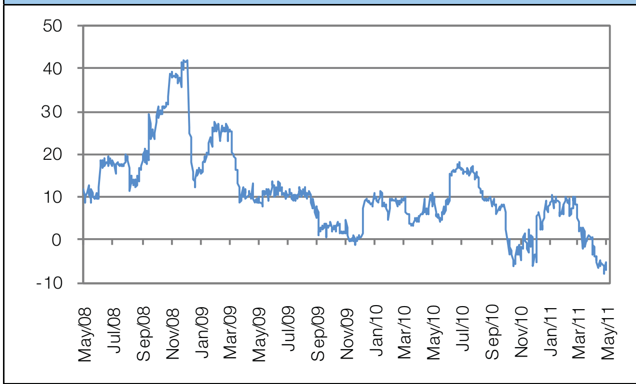


Source: HgCapital Trust/Bloomberg/Thomson Datastream/Edison Investment Research

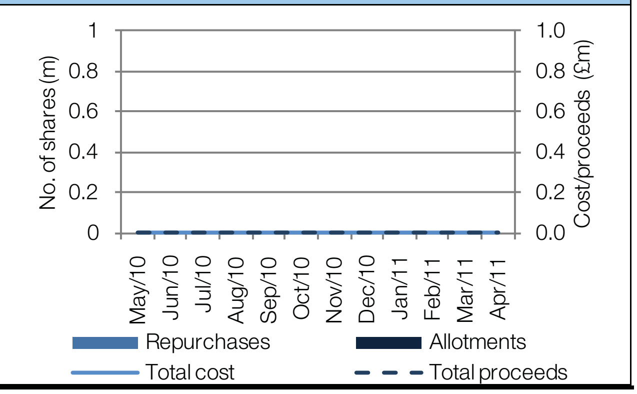
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Source: HgCapital Trust /Bloomberg/Thomson Datastream/Edison Investment Research

After the turmoil at the peak of the credit crisis, HGT has rarely traded at a discount of more than 10% to NAV, and more recently at a premium. A recent announced disposal means the current modest premium is reduced, but HGT is trading towards the upper end of its NAV range. Dividends will be set to ensure that they meet the requirements of UK tax legislation in order for the company to maintain its investment trust status, and management consider there are plenty of opportunities for the successful re-investment of capital. Re-purchases have not been a feature and we do not expect them in the future.

25 May 2011

J.P. Morgan Private Equity Ltd

12 Months Ending	Total US$ Eqty Share Price Rtn* (%)	Total US$ Eqty Share NAV Rtn*(%)	Total Return LPX Europe* (%)	Total Return LPX Cmpst* (%)	Total Return LPX50* (%)
25/05/08	5.2	20.7	(17.2)	(19.9)	(19.4)
25/05/09	(43.7)	(21.5)	(59.3)	(59.5)	(59.4)
25/05/10	14.8	(6.3)	18.1	25.6	25.0
25/05/11	(2.6)	0.8	60.5	54.2	53.5

Note: *12-month rolling discrete performance.

Investment summary: Listed private equity fund of funds

Launched in June 2005, J. P. Morgan Private Equity Limited (JPEL) is a listed fund of private equity funds that seeks to acquire secondary market portfolios of direct fund investments, private assets, significantly-invested partnership interests and partially-drawn commitments. The last 12 months have seen distributions from underlying funds improve, allowing JPEL to reinstate its tender facility. JPEL's NAV performance has been relatively flat during the last 12 months, and so has underperformed the LPX Composite but the managers expect distribution growth to continue. This, in turn, is expected to drive good growth in JPEL's NAV.

Investment objective: Deep value private equity plays

JPEL aims to achieve both short-term and long-term capital appreciation. The managers target motivated or distressed sellers to purchase non-distressed illiquid assets in the secondary market. JPEL seeks to invest defensively, focusing on established private equity investments and companies with low leverage. JPEL is not restricted to limited partnership interests and can invest in other types of private assets. JPEL typically invests in small complex transactions wherever the managers see significant potential to add value.

Investment process: Extensive fundamental analysis

JPEL's managers consider approximately one hundred deals a year, although the majority will be eliminated during the early stages of due diligence. They then look for motivated sellers, screening further, before conducting extensive research and due diligence on around 50. The ability to exit is key to any investment decision.

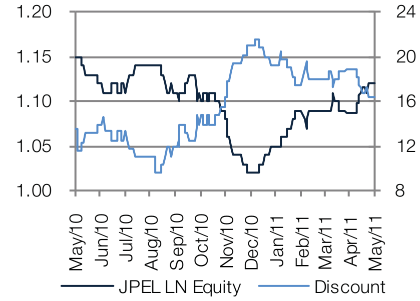
Valuation: Discount above average since launch

The current price of US$1.12 puts JPEL's equity shares at a discount of 16.4% to the last-published NAV as at 31 March 2011. This is in line with its three-year average of 17.8% and above its five-year average and average since launch of 12.8% and 10.2% respectively. As such, we consider JPEL potentially offers value to investors looking for a well-diversified global private equity exposure, or access to the secondary private equity market.

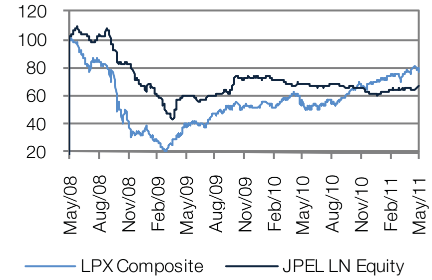
Price	US$1.12*
Market Cap	US$399.7m*
AUM	US$683.0m
NAV	US$1.34**
Discount to NAV	16.4%*
Net Yield	0.0%*
NAV announcement freq.	Monthly***

** USD Equity shares.*
*** Last published NAV as at 31 March 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Class	Equity	2013 ZDP	2015 ZDP
Code	JPEL	JPEZ	JPZZ
Listing	FULL	FULL	FULL
Shares in issue	356.9	63.3	68.6
Currency	US$	p	p
Current Price	1.12	65.75	67.50
Price 1yr high	1.15	65.75	67.50
Price 1 yr low	1.02	62.00	60.25
Latest NAV**	1.34	62.30	58.88
NAV 1 yr high	1.34	62.30	58.47
NAV 1 yr low	1.26	58.39	54.57
Discount (%)	16.4	(5.5)	(14.6)

*** Last published NAV as at 31 March 2011.*
**** Positive values indicate a discount; negative values indicate a premium.*

Gross Gearing	12.7%
Net Gearing	5.3%

Analyst
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listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital structure summary
JPEL has four securities in issue (all LSE listed): US$-denominated ordinary shares, sterling denominated 2013 ZDPs, sterling-denominated 2015 ZDPs and US$-denominated warrants. JPEL can borrow up to 20% of adjusted total capital and reserves and has a $150m multicurrency credit facility with Lloyds TSB for this purpose. Management fees are payable monthly in arrears at a rate of 1.0% pa on the company's total assets. A performance fee is payable if the aggregate NAV of equity and ZDP shares at year end exceeds the aggregate NAV at the start of the year, by more than an 8% hurdle rate, subject to a high watermark. The performance fee is equal to 7.5% of the increase in the aggregate NAV above the hurdle rate. The life of the company is indefinite.

Forthcoming	
Year end	30 June
Preliminary	October 2011
AGM	June 2011

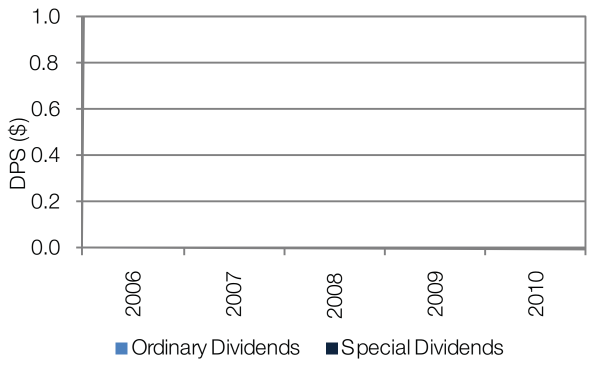
Share buyback policy and history
JPEL makes tender offers at NAV, at six-month intervals. Tenders are made for both the ordinary shares and both classes of ZDP.

Fund details	
Launch date	June 2005
Domicile	Guernsey
Managers	J.P. Morgan Asset Mgmt & Bear Stearns Asset Mgmt
Address	20 Finsbury Street, London EC2Y 9AQ
Website	www.jpelonline.com

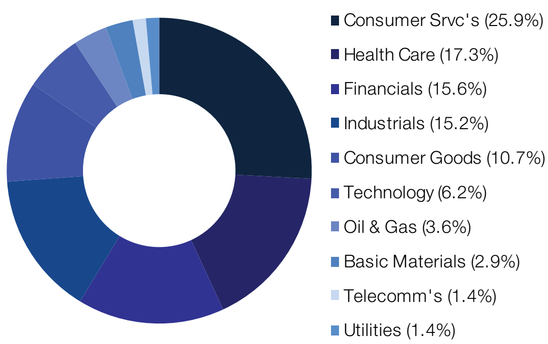
Dividend policy
JPEL has not paid a dividend since launch. We expect this policy to continue.

The board
Trevor Ash (independent chairman), John Loudon and Christopher Spencer (independent directors), Gregory Getschow (director and portfolio manager).

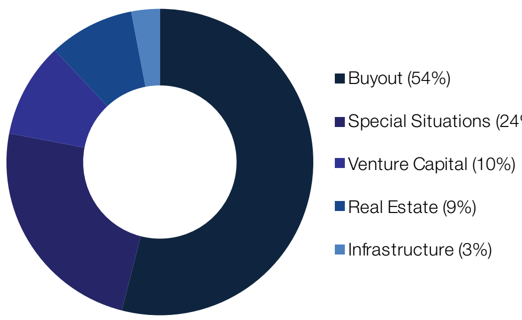
Dividend history



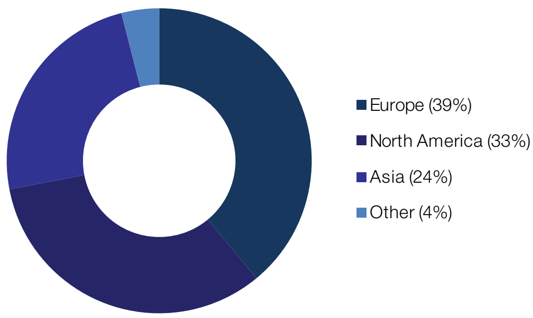
Look through sectoral allocation (as at 31 March 2011)



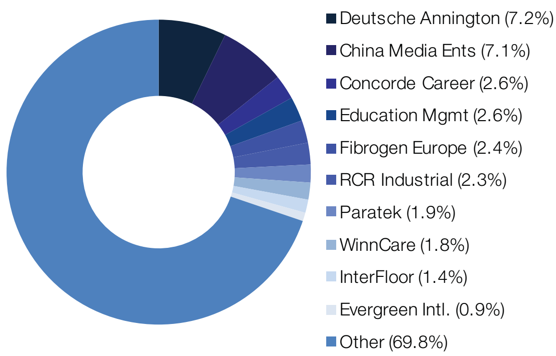
Investment strategy distr. of portfolio (as at 31 March 2011)



Geographic distribution of portfolio (as at 31 March 2011)



Look through portfolio composition (as at 31 March 2011)



Age profile of portfolio by strategy (as at 31 March 2011)

Average age of buyout investments:	4.4 years
Average age of venture capital investments:	8.5 years
Average age of real estate investments:	6.1 years
Average age of special situation investments:	4.3 years
Average age of infrastructure investments:	5.0 years
Average age of all investments:	**5.0 years**

Source: J.P. Morgan Private Equity Limited /Edison Investment Research

Investment managers' view: Cautiously optimistic

The managers note there are still a lot of economic warning signs but maintain a cautiously optimistic outlook. The managers consider that the liquidity needs of institutions including banks, insurance companies and other investors may, due to various regulatory pressures, lead to a strong supply of new investment opportunities reaching the secondary private equity market. Driven by improvements in corporate cash flows and an improving IPO and M&A market, underlying funds have seen an uplift in their realisations, which in turn has boosted the distributions JPEL has received. The managers expect distribution growth to continue this year.

Asset allocation

JPEL has exposure to over 1,500 companies through 107 funds, 12 co-investments and six funds of funds. As illustrated in Exhibit 1, JPEL's portfolio is diversified by sector, strategy, investment type, vintage year and geography. The overwhelming strategy is buyout at 54% of the portfolio. Secondary investments account for 72% while primary, primary funded and co-investments account for 6%, 9% and 13% respectively. The average age of JPEL's investments is 5.0 years. The average ages of buyouts, venture capital, special situations and infrastructure are 4.4 years, 8.5 years, 4.3 years and 5.0 years respectively. The largest sector allocations are to consumer services and healthcare.

Top unquoted holdings

Exhibit 2: Top 10 fund investments at a glance

Liberty Partners II LP	3.7% of portfolio	Hutton Collins Capital Partners II LP	2.4% of portfolio
Founded in 1992, Liberty Partners is a New York-based private equity investment firm. It specialises in middle-market private equity investments in manufacturing, business services, healthcare, and education-related companies.		The second of three funds managed by Hutton Collins Capital Partners (HCCP). HCCP invests in Western European growth companies by providing mezzanine, preferred and minority equity capital with a strong emphasis on capital preservation.	
Avista Capital Partners (Offshore) LP	3.6% of portfolio	Omega Fund III LP	2.1% of portfolio
Avista specialises in private equity investments in growth-oriented energy, healthcare, media and selected industrial and consumer companies. Avista looks to take controlling or influential minority stakes and provide expertise to improve operational efficiency.		One of five funds managed by Omega Funds, a healthcare investment firm that specialises in healthcare venture capital and growth equity assets. The fund invests globally and focuses on secondary transactions.	
Life Sciences Holdings SPV I Fund LP	3.2% of portfolio	Esprit Capital I Fund	1.9% of portfolio
A secondary investment made by JPEL in January 2008, the Life Sciences Holding SPV I Fund, LP is a venture capital holding vehicle for an investment in a secondary portfolio of European life science companies.		Managed by UK-based DFJ Esprit LLP, a UK-based venture capital firm with a focus on technology businesses. The manager has over $600m under management and is the exclusive western European Partner for the DFJ private equity network.	
Alcentra Euro Mezzanine No I Fund LP	2.9% of portfolio	GSC European Mezzanine Fund II LP	1.9% of portfolio
The manager focuses on sub-investment grade debt capital markets in Europe and the US. The fund targets mezzanine and mezz-related investments in European, privately owned, cash generative business with enterprise values in excess of €75m.		A €1bn fund managed by GSC Partners, an alternative asset management firm that specialises in complex credit driven investment strategies. The fund provides subordinated debt to support European transactions through GSC's London office.	
Milestone Link Fund LP	2.7% of portfolio	Macquarie Alternative Inv Trust II	1.9% of portfolio
A secondary investment made in 2009, Milestone Link Fund is a 2002 vintage year buyout fund with two positions 1) a healthcare equipment provider in France and 2) a UK manufacturer and distributor of underlay and flooring accessories.		Established in 2001, Macquarie Alternative Inv Trust II is one of a range of private equity funds managed by Macquarie Group's private equity team. The fund invests primarily in private equity funds, as well as secondary transactions and co-investments.	

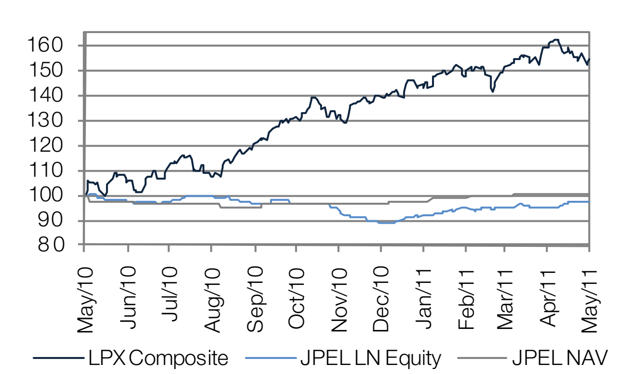
Source: J.P. Morgan Private Equity Limited /Edison Investment Research

Recent performance

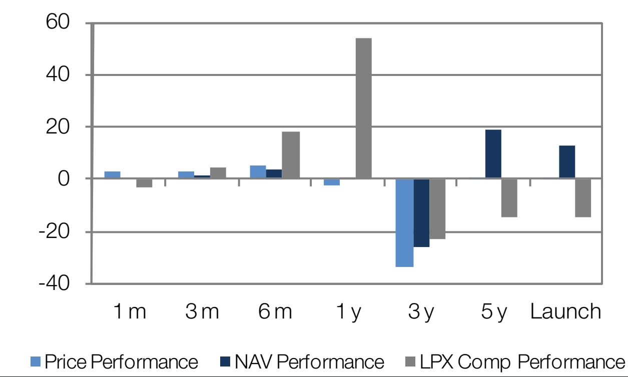
As Exhibit 3 illustrates, JPEL has outperformed the LPX Composite Index in terms of price total return over one month, five years and since launch. In terms of NAV total return, JPEL has outperformed the LPX Composite index over one month, five years and since launch.

Exhibit 3: Investment Trust Performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

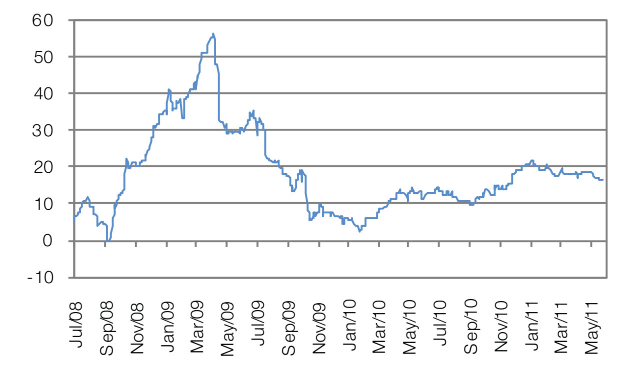


Source: J.P. Morgan Private Equity Limited/Bloomberg/Thomson Datastream/Bloomberg/Edison Investment Research

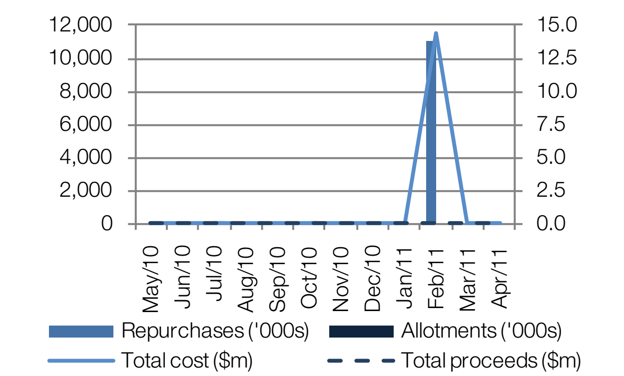
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



US$ Equity share repurchases and allotments during the last year



Source: J.P. Morgan Private Equity Limited /Bloomberg/Thomson Datastream/Edison Investment Research

JPEL has the ability to tender up to 15% of outstanding shares each year at NAV. The tender provides investors with additional liquidity and seek to address the discount. Since inception, JPEL has distributed over $127m to shareholders at an average of $1.65 per US$ equity share. The tender offers were suspended in the wake of the financial crisis but were partially reintroduced in December 2010. The first new tender, with exits based on the NAVs as at 31 December 2010, saw 3.0% of the total outstanding US$ equity shares accepted (11.5% of those tendered), 0.1% of outstanding 2013 ZDPs accepted (100% of those tendered) and 1.2% of outstanding 2015 ZDPs accepted (100% of those tendered). As Exhibit 4 illustrates, the conclusion of the tender saw JPEL trading at discounts close to its three-year low. The current discount of 16.4% is in line with its three-year average of 17.8% and above its five-year average and average since launch of 12.8% and 10.2% respectively.

25 May 2011

JZ Capital Partners Ltd

12 months Ending	Total share return* (%)	Total NAV return* (%)	Total return S&P 500 Comp* (%)	Total return LPX 50* (%)	Total return LPX Europe Index * (%)
25/05/08	(23.0)	4.3	(4.5)	(16.0)	(16.6
25/05/09	(58.9)	(9.8)	(23.5)	(51.4)	(51.5)
25/05/10	57.0	(37.1)	34.3	38.5	39.2
25/05/11	68.8	24.9	8.3	35.4	36.0

Note: * 12-month rolling discrete performance.

Investment summary: The microcap advantage

In the past 12 months the performance of JZCP has beaten that of its peer group. The strategy of targeting micro-cap businesses, many of which were not originally for sale, seeking control and running them for long-term value has paid off. The discount is at a relative low, but the company has made some of its best investments in the exit from recession. A good pipeline of opportunities, a progressive dividend and NAV appreciation explain the continued attraction of this company.

Investment objective: Superior long-term returns

JZ Capital Partners Limited (JZCP) is a closed ended investment company that seeks to create a portfolio of investments in businesses in the US and Europe, providing a superior overall return, comprised of a current yield and significant capital appreciation. Roughly half of JZCP's gross assets are invested in micro cap buyouts in the form of debt and equity and preferred stock. The other half is invested in mezzanine loans and high yield securities, senior secured debt and second lien loans, other debts and equity opportunities and cash. Focus has been on investments in the US, but in 2010 it extended the mandate so that up to 20% of the portfolio can be invested in Europe.

Investment process: Extensive proprietary network

Opportunities are identified using a network of brokers who seek companies that would benefit from growth capital. Very often these businesses are not for sale when they are first approached but transactions are frequently the fruit of longer term relationships which the advisors build up with potential portfolio companies. Extensive due diligence forms an integral part of the process and, when an opportunity is deemed viable, JZCP will seek control wherever this is possible. JZCP provide supervision and strategic advice to the executives of its investments.

Valuation: Narrowing discount but good opportunities

The discount of 22% at financial year end has continued to close. The combination of consistent dividends, NAV appreciation and the management objective of narrowing of the discount makes this company appealing. The headroom for closing the discount further is smaller than it was in February 2009 when the discount was 66%. However, the conditions for new investments and realisations are improving as the economy emerges from recession.

Price	427.0p
Market Cap-ords	£184.5m#
AUM – all classes	US$663m
NAV	$8.92*
Discount to NAV	20.2%*
NAV	547.48p**
Discount to NAV	22.0%**
Yield	1.7%***

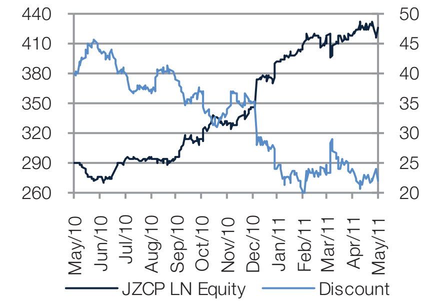
 # Rises to £278.5m if limited voting shares, which are freely convertible to ordinary shares by non-US investors, are also included.

** Last published NAV as at 30 April 2011.*

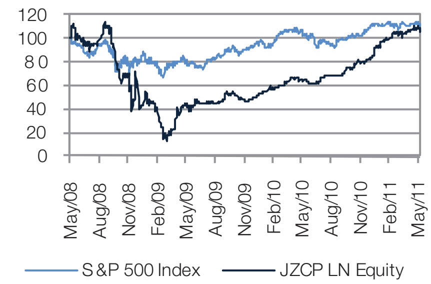
*** Datastream fair value NAV as at 25 May 2011.*

**** Excluding special dividends.*

Share price/discount graph



Three-year cumulative performance graph



Share details

Class	Equity	2016 ZDP
UK Code	JZCP	JZCN
Listing	UK - FULL	UK - FULL
Shares in issue	43.2m	20.7m
Currency	p	p
Current Price	427.00p	280.00p
Price 1yr high	432.00p	281.25p
Price 1 yr low	271.00p	249.25p
Latest NAV	****$8.92	*****250.23p
NAV 1 yr high	560.28p*	250.23p
NAV 1 yr low	464.49p*	231.69p
Discount (%)	20.2%	13.9%

***** Last published NAV as at 30 April 2011. Equity share is listed in £'s but NAV reported is US$'s.*

****** Edison calculated NAV as at 25 May 2011.*

Gross Gearing	14.7%
Net Gearing	(14.9%)

Analysts

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Edwin Lloyd +44 (0)20 3077 5700

listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Trust at a glance

Capital structure summary

JZCP has three classes of share in issuance: Ordinary shares, Zero Dividend Preference (ZDP) shares and Limited Voting Ordinary (LVO) Shares. The LVO shares, which shares rank pari passu to the Ordinary shares but have limited voting rights, were issued in 2009 to prevent the company from being treated as a US domestic company for US securities and tax purposes. The management fee is 1.5% pa of the average total assets under management. The incentive fee consists of up to 20% of the net investment income subject to an 8%hurdle and up to 20% of the net realised capital gains. There is no hurdle on the capital gains. JZCP's expense ratio was 2.21% in 2010. JZCP was incorporated with an indefinite life. The ZDP shares were issued in June 2009 at 215.80 pence and have a pre-determined final capital entitlement of 369.84 pence on 22 June 2016 or any winding-up date prior to this.

Forthcoming

Year end	28 February
Preliminary	May
AGM	June 2011

Share buyback policy and history

JZCP has the authority to repurchase its own shares to manage the discount although the manager and board have stated it is not their intention to do so.

Fund details

Launch date	December 1986
Domicile	Guernsey
Manager	Jordan/Zalaznick Advisers, Inc.
Address	767 Fifth Avenue New York, NY 10153
Phone	+44 1481 733 348
Website	www.jzcp.gg

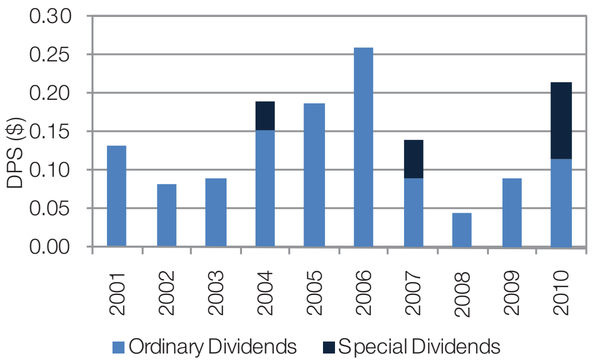
Dividend policy

JZCP distributes the majority of the company's net cash income (after expenses) in the form of dividends.

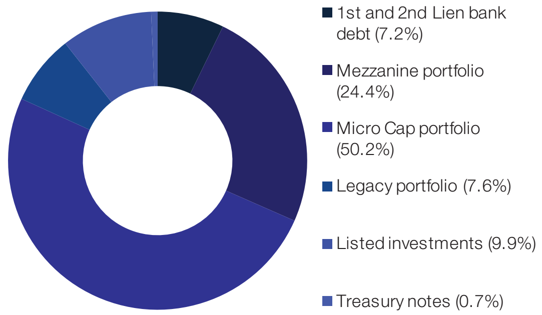
The board

The five-strong board consists of David Macfarlane (chairman), James Jordon, Tanja Tibaldi, David Allison, and Patrick Firth (non executive directors).

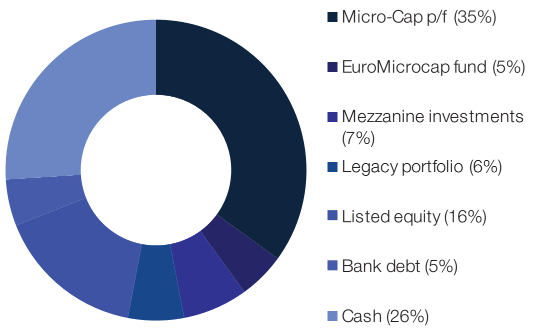
Dividend history



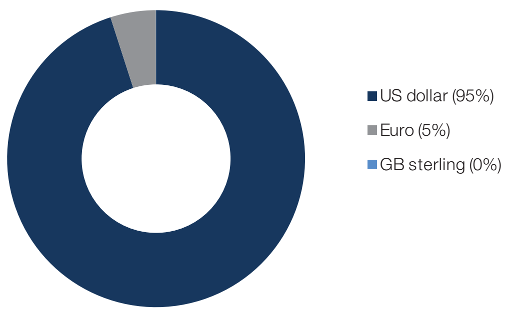
Income source distribution (as at 28 February 2011)



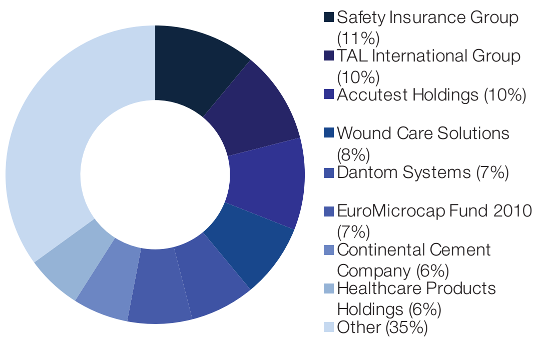
Investment type distribution of portfolio (as at 28 February 2011)



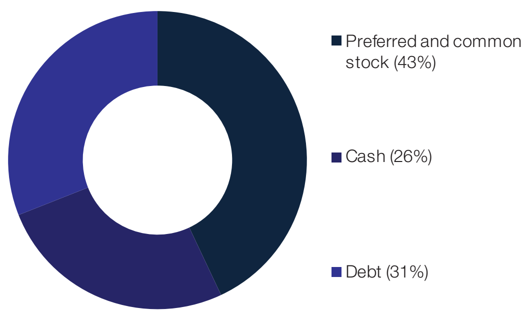
Asset Currency exposure of portfolio (as at 28 February 2011)



Portfolio composition (as at 31 December 2010)



Securities breakdown (as at 28 February 2011)



Sources: JZCP, Edison Investment Research

Fund managers' view: Mr Zalaznick and Mr Jordan II

2010 saw a shift in strategy whereby, over time, JZCP will invest up to 20% of the portfolio in the European micro cap sector. This is expected to improve diversification and allow JZCP to benefit from a recovery in the European market, where they have a very active pipeline of future transactions. Easing conditions in capital markets have provided cheaper debt so new investments in the mezzanine and bank debt portfolio are likely to be harder to find. However, the managers have added resources to five narrow investment "verticals": testing services, industrial service solutions, sensor solutions, specialty foods, and water treatment, where they are targeting high-margin, non-capital and non-technology intensive businesses that are scalable. The managers expect that these will continue to give superior returns, over the longer term, particularly compared to larger cap funds.

Asset allocation

JZCP has 41 investments, spread across eight industries, including seven companies brought across from JZEP (the legacy portfolio). 7% of the portfolio being invested in bank debt, 10% in mezzanine financing, 53% in micro cap equity, 21% in listed investments, and the remainder in legacy assets. The majority of investments are in the United States, but European exposure is expected to increase.

Top holdings

Exhibit 2: Key private holdings as at 28 February 2011

Accutest Holdings, Inc	Investment: US$48.2m	Current Valuation: US$42.5m
Accutest Laboratories is a full service, independent testing laboratory successfully delivering legally defensive data including water, soil and air testing services to industrial, engineering/consulting and government clients in the US.	Y/e December 2010 Sales	US$83.6m
	Industry/sector	Research Laboratories
	Website	www.accutest.com
Wound Care Solutions, LLC	**Investment: US$37.9m**	**Current Valuation: US$41.1m**
WCS Clinics provides management services for the development and operation of Comprehensive Wound Healing Centres. These are designed as outpatient departments in hospitals for the treatment and prevention of chronic, non healing wounds.	Y/e December 2010 Sales	US$98.6m
	Industry/sector	Healthcare Equipment and Services
	Website	N/A
DANTOM Systems, Inc	**Investment: US$22.2m**	**Current Valuation: US$33.7m**
DANTOM Systems, Inc provides value-added business process outsourcing solutions to the accounts receivables management and revenue cycle management sectors with a focus on healthcare, financial services, and cable and utilities.	Y/e December 2010 Sales	US$39.6m
	Industry/Sector	Business Services
	Website	www.dantomsystems.com
Euro MicroCap Fund 2010, LP	**Investment: US$30.5m**	**Current Valuation: US$32.5m**
Euro MicroCap Fund 2010, LP is a private equity fund built around the investment team at JZ International, the European private equity platform founded in 1999. The fund's aim is to make investments in Europe-based micro-cap companies.	Y/e December 2010 Sales	N/A
	Industry/Sector	Acquiror of Europe-based microcap
	Website	N/A
Continental Cement Company, LLC	**Investment: US$28.1m**	**Current Valuation: US$28.1m**
Continental Cement Company mines, manufactures and processes limestone, clay and other materials into what is commonly known as Portland Cement.	Y/e December 2010 Sales	US$80.1m
	Industry/Sector	Cement Manufacturer
	Website	www.continentalcement.com

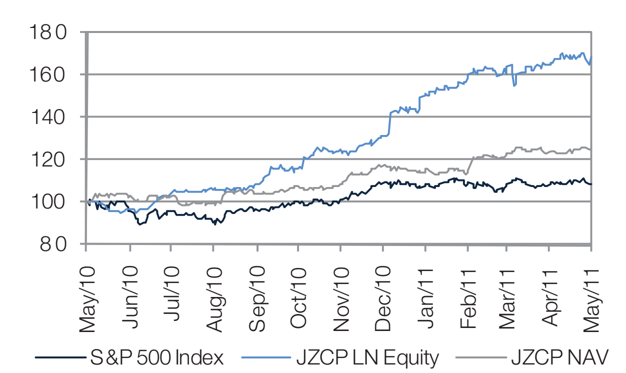
Source: JZCP/Edison Investment Research

Recent performance

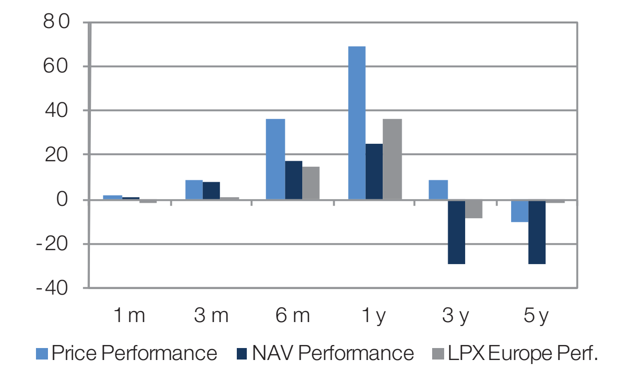
As Exhibit 3 illustrates, JZCP has outperformed the S&P 500 Composite Index, in terms of price total return (sterling adjusted), over the one -month, three-month, six-month, one-year and 10-year periods. In terms of NAV total return performance, JZCP has outperformed the S&P 500 Composite Index over the one-month, three-month, six-month and one-year periods. JZCP has outperformed the LPX50 and LPX Europe (sterling adjusted), in terms of price total return, over the one-month, three-month, six-month, one-year and three-year periods. In terms of NAV total return performance, JZCP has outperformed the LPX50, LPX Composite and LPX Europe (sterling adjusted) over the one-month, three-month and six-month periods.

Exhibit 3: Investment company performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV and benchmark total return performance (%)



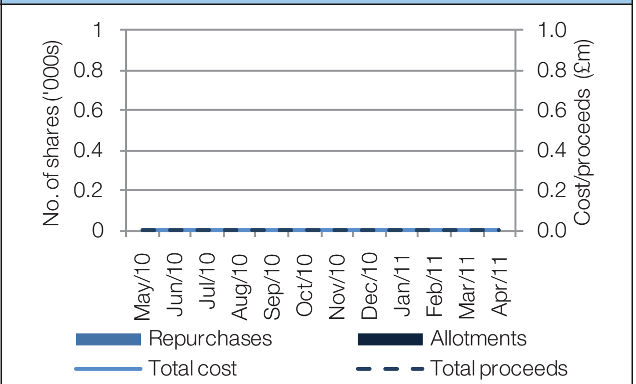
Sources: JZCP, Bloomberg, Thomson Reuters Datastream, Edison Investment Research

Discount

Exhibit 4: Discount through three years

Discount/Premium calculated using NAVs valuing debt at market

Share repurchases and allotments during the last year



Sources: JZCP, Thomson Reuters Datastream, Edison Investment Research

JZCP traded at a c 80% discount at February 2009, closing to c 40% by February 2010 and further still to c 20% by February 2011. Closing the discount has been and continues to be one of the managers' objectives, but they have indicated that they will not consider using the share buy back facility, which they consider only has a short-term impact on narrowing the discount.

Edison investment research

25 May 2011

LMS Capital plc

12 months Ending	Total share return* (%)	Total NAV return* (%)	Total Return FTSE 250 Index* (%)	Total Return LPX Europe Index * (%)	Total Return LPX 50* (%)
25/05/09	(40.3)	(11.9)	(23.9)	(50.2)	(50.1)
25/05/10	2.9	(3.4)	25.2	30.8	38.5
25/05/11	38.1	4.7	32.0	41.6	35.4

Note: * 12-month rolling discrete performance.

Investment summary: New strategy starting to deliver

Following the appointment of Glenn Payne as CEO last year, there has been a substantial change in the investment strategy of LMS Capital (LMS). Under the new strategy, LMS will now only make direct investments. It will retain its long-term investment horizon but investments are targeted to be of a higher quality, have a clear view to value creation and have a clear exit strategy. LMS is currently in the process of divesting its legacy holdings that do not fit the new investment criteria, including all the quoted holdings and fund holdings. The management team expects to redeploy the proceeds into more profitable deals. The management team considers that the new focused approach is already contributing to the NAV, which is up by 4.7% on a 12-month rolling basis. If this continues, the shares offer good value at their current discount of 30.6%.

Investment strategy: 15% annual growth

LMS is a UK- and US-based private equity firm seeking to back small to medium-sized companies in the energy, consumer and business services sectors. Its objective is to grow the balance sheet by 15% annually. With its roots in London Merchant Securities and more than 30 years' experience of venture capital/private equity investing, the team has a unique flexibility in the amount and timing of funding and any subsequent exits, so LMS can remain invested for the longer term.

Sector outlook: Positive forecast and higher deal flow

The company's outlook for 2011 is positive. Most direct holdings are forecasting revenue growth as markets improve, and the team is experiencing a higher level of deal flow than 12 months ago. With the cash provided by the recent uplift in realisations, as well as further realisations that are expected, the company expects to be in a good position to take advantage of new investment opportunities.

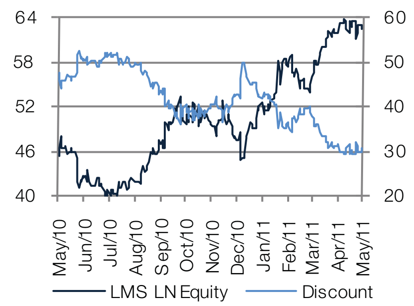
Valuation: Potential for narrowing of the discount

The shares currently stand at a discount of 30.6%. This is below its three-year average of 44% and its peak of 60.5% in December 2008. The discount has continued to narrow from 50% in January of this year. If the new strategy continues to deliver, we consider that there may be potential for further narrowing of the discount making the shares attractive at their current level.

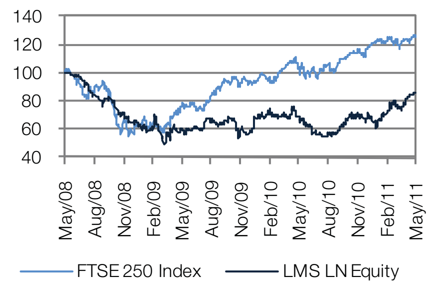
Price	62.5p
Market cap	£170.4m
AUM	£253.1m
NAV*	90p
Discount to NAV*	30.6%
Yield	0.0%

** Last published NAV as at 31 March 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	LMS
Listing	UK – FULL
Sector	Listed Private Equity
Shares in issue	272.6m
Free float	49.3%

Price

52 week	High	Low
Price	63.75p	40.00p
NAV	90.00p	83.00p

Analysts
Matthew Read +44 (0)20 3077 5758
Erum Quddus +44 (0)20 3077 5700
listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital Structure Summary

Conventional in its structure, LMS has only ordinary shares in issue with a free float of 49.3%. It currently has a drawdown from its borrowing facility of £15m; however, management plans to repay this with the proceeds from the ProStrakan sale. LMS is self-managed so is not charged an explicit management fee. However, it still incurs the costs related to undertaking its investment activities. We estimate the TER for LMS's investment management business to be 1.8% for the year ended 31 December 2010. LMS's life is indefinite and there is currently no specific mechanism to wind up the company.

Forthcoming

Year end	December
Interim	May/Nov 2011
AGM	May 2011

Share buyback policy and history

No share buybacks have taken place since 2008. The board monitors the possibility of share buybacks on an ongoing basis.

Fund details

Launch	June 2006
Domicile	UK
Managers	Team of eight led by Glenn Payne
Address	100 George Street, London, W1U 8NU
Website	www.lmscapital.com

Dividend Policy

No dividends have been paid since its launch in 2006. The board monitors the annual dividend policy on an ongoing basis.

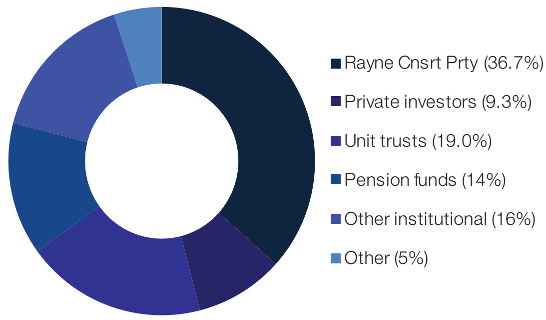
The board

The board comprises Robbie Rayne (Chairman), Glenn Payne (CEO), Tony Sweet, John Barnsley, Richard Christou, Bernard Duroc-Danner, Mark Sebba and David Verey. Robbie established LMS Capital's investment activities in the early 1980s.

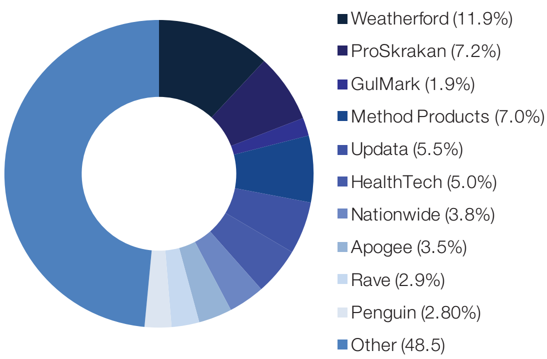
Dividend history

LMS does not pay dividends.

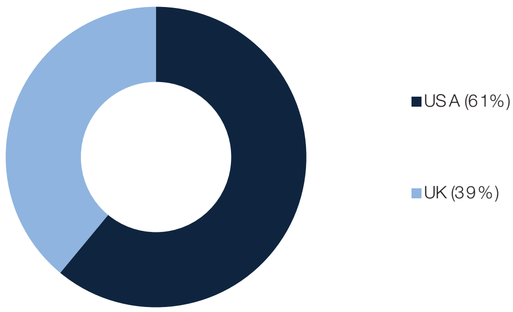
Shareholder base (as at 31 December 2010)



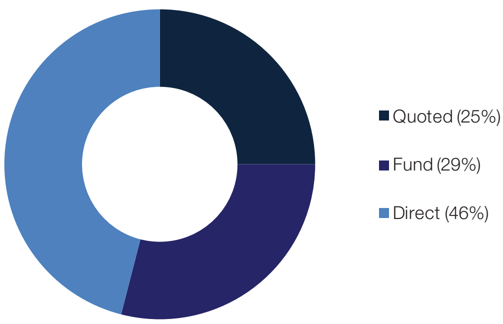
Portfolio composition (as at 31 December 2010)



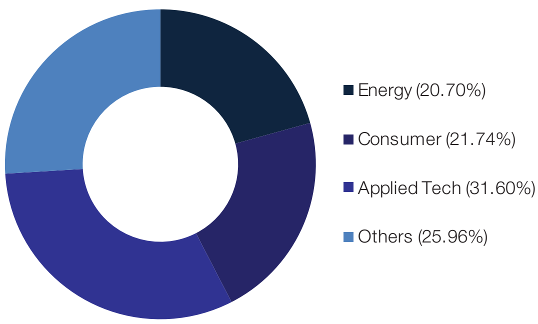
Geographic distribution of portfolio (as at 31 December 2010)



Breakdown of portfolio (as at 31 December 2010)



Breakdown by sector (as at 31 December 2010)



Source: LMS Capital/Edison Investment Research

Manager's view

As a permanent capital vehicle freed from the need to periodically fund-raise, LMS is able to invest in any time horizon. As a result, it can take a 'buy and build' approach, hold on to investments for long periods, make follow on investments, and add value to businesses. The strategy is not to buy and sell within a short timeframe, but to forge long-term partnerships with businesses. Its ideal portfolio size is a dozen or so companies in core areas of the team's expertise, for example, infrastructure services and electrical retail platform companies. LMS is actively networking to raise its profile in the UK industry; optimistic about new investments, LMS is keen to take advantage of current increased deal flow. Meanwhile, as successful realisations start to come through, the discount should ultimately reduce. Management considers that the new strategy is already starting to bear fruit, as demonstrated by the results for 2010. These showed net profit of £17.6m (versus a loss of £12.7m in 2009), and an increase in the NAV of 7% (or 15% annualised from mid-year when key strategic decisions were made) to 90p as at 31 December 2010 (84p for 31 December 2009).

Asset allocation

Glenn Payne's appointment as chief executive last year initiated a change in strategy to focus exclusively on steady cash flows from long-term, direct private equity investments. 'Owned EBITDA' (ownership percentage x EBITDA) which shows LMS's share of the earnings of each of its direct holdings is now used to track portfolio performance. The company has started to exit its legacy-quoted assets and expects to have sold up to 75%, by current value, by the end of the year. New commitments to Funds of Funds (FOFs) have stopped although it may take at least two to three years to receive returns from all its third-party investments. This is a significant change of direction for LMS as its quoted and FOFs assets together comprise more than two-thirds of its portfolio.

Direct holdings

Exhibit 2: Key direct holdings at a glance

Method Products	Investment date: 2004	Investment: £5.95m	Current valuation: £17.6m
Method produces natural, biodegradable cleaning products. Its product line has rapidly expanded to include kitchen soaps, speciality cleaners, personal care items and such. This is a direct investment made by SFEP.			
Updata Infrastructure	Investment date: 2009	Investment: £5.72m	Current valuation: £14m
Founded in January 2001, Updata is a private company which designs, implements and manages networks for public sector clients under long-term contracts. Its Wide Area Networks offer secure, cost-effective, high-capacity broadband connectivity.			
HealthTech Holdings	Investment date: 2007	Investment: £2.47m	Current valuation: £12.6m
Formed in 1984, the company develops, sells and supports integrated clinical and financial hospital information systems and services for the healthcare industry. It offers financial, administrative and clinical software plus professional and IT services.			
Nationwide Energy Partners	Investment date: 2010	Investment: £9.67m	Current valuation: £9.7m
NEP specialises in the design, installation, operation and maintenance of private electric distribution systems for new multi-family housing communities. It also offers full-service account management of electric and water utilities.			

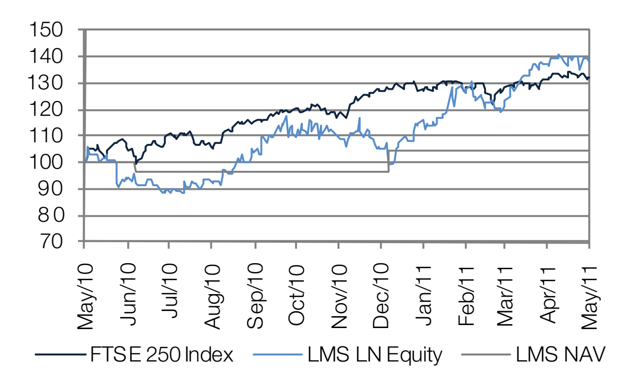
Sources: LMS Capital, Edison Investment Research

Recent performance

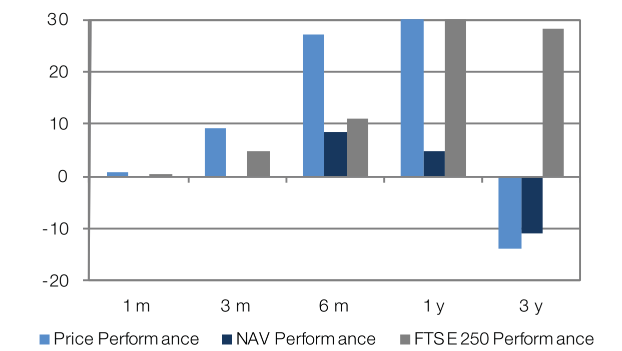
LMS posted a net profit of £17.6m in 2010 (it lost £12.7m in 2009) and outperformed the FTSE 250 in terms of share price total return for one month, three months and six months. Newer direct investments saw a number of upward revaluations – a good start for the new strategy. A number of funds reported higher valuations as investments returned to profitability. IRRs were enhanced by large realisations.

Exhibit 3: Investment Trust Performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

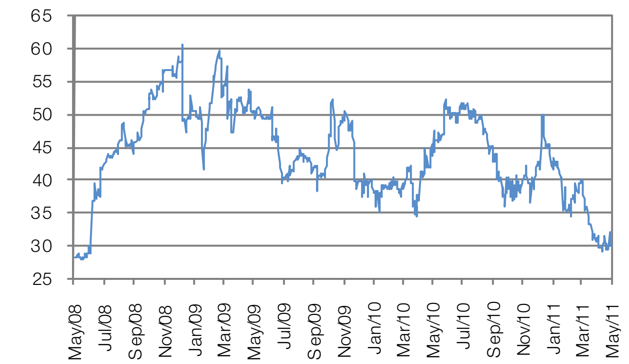


Source: LMS Capital /Bloomberg/Thomson Datastream/Bloomberg/Edison Investment Research

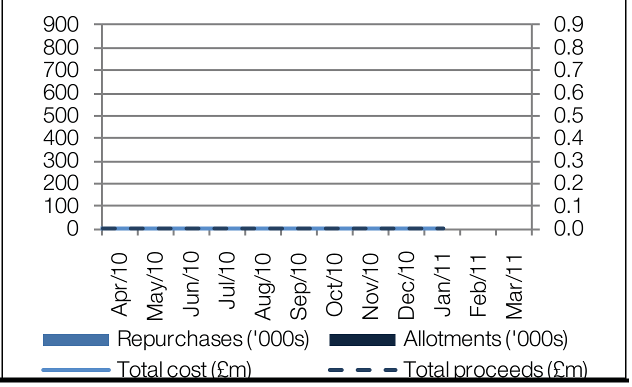
Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Source: LMS Capital /Bloomberg/Thomson Datastream/Edison Investment Research

The discount is currently 30.6%, down from 50% at the beginning of the year. The board monitors the possiblity of buying back shares for holding in treasury or cancellation on an ongoing basis. However, there are no current plans to untilise this facility, and both the board and the management team would rather focus on improving underlying performance to drive down the discount. There have been no share buybacks since 2008 and no shares are currently held in treasury.

25 May 2011

NB Private Equity Partners Ltd

12 Months Ending	Total US$ Eqty Share Price Rtn* (%)	Total US$ Eqty Share NAV Rtn*(%)	Total Return LPX50* (%)	Total Return LPX Comp* (%)	Total Return LPX Europe* (%)
25/05/09	(60.2)	(20.9)	(60.2)	(60.2)	(59.8)
25/05/10	59.4	15.0	25.0	25.6	18.1
25/05/11	59.3	12.3	53.5	54.2	60.5

Note: *12-month rolling discrete performance.

Investment summary: Actively managed fund of funds and increasingly direct/co-investments

NB Private Equity Partners Limited (NBPE) commenced operations in July 2007 with a $257m diversified portfolio of fund and co-investments acquired from Lehman Brothers Inc. Initial cash resources of c 53% of NAV have since been tactically deployed with a focus on special situations and mid-cap buy-out investments, reducing the initial share of large buy-out investments. This process was accelerated by the recent "strategic asset sale" which frees resources to increase exposure to direct private equity and yield oriented investments, as well as supporting the new capital return policy – which aims to distribute 50% of net realised NAV growth on a trailing six month basis. NBPE has outperformed the LPX 50 and the LPX Composite in terms of NAV total return since launch and in terms of price total return since launch and over the past year.

Investment objective: Diversified capital growth

NBPE seeks an attractive return on capital with managed investment risk through active investment in a diversified portfolio of private equity funds managed by leading sponsors and direct/co-investments alongside leading sponsors.

Investment process: Experienced and resourced

The manager has more than 24 years of private equity investment experience and manages more than $11bn of commitments, a source of strength in undertaking due diligence and managing general partner relationships. Around 50 investment professionals are engaged in sourcing and evaluating investment opportunities from around the world and investment decisions are taken by the investment committee, which considers every proposal.

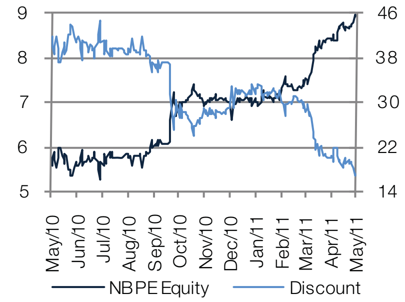
Valuation: Focus on discount narrowing

The discount based on the last published NAV as at 30 April 2011 is 17.4%. This is substantially below its all-time peak of 86.5% in December 2008 and is also below its three-year average and average since launch of 44.1% and 37.2%, respectively. NBPE is focused on closing the discount, supported by a strategic asset sale, capital return policy, and increased investment in direct and yield-oriented opportunities.

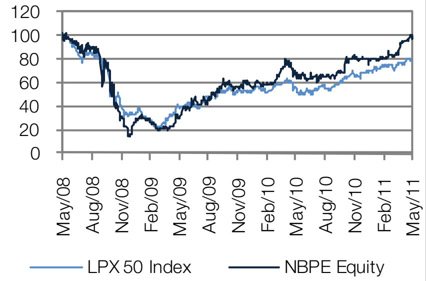
Price	US$8.89
Market Cap	US$447.2m
AUM	US$601.4
NAV	US$10.76*
Discount to NAV	17.4%*
Yield	0.0%
NAV announcement freq.	Monthly

** Last published NAV as at 30 April 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Class	Equity	2017 ZDP
UK Code	NBPE	NBPZ
Listing	UK–SFM, Amstrdm	UK–SFM, CISX
Shares in issue	50.3m	33.0m
Currency	US$	GBp
Current Price	8.89	121
Price 1yr high	8.96	121
Price 1 yr low	5.25	105.5
Latest NAV**	10.76	110.48
NAV 1 yr high	10.76	110.48
NAV 1 yr low	9.50	102.96
Discount (%) ***	17.4%	(9.5%)

*** Last published NAV as at 30 April 2011.*

**** Positive values indicate a discount; negative values indicate a premium.*

Gross Gearing	11.3%
Net Gearing	(1.3%)

Analyst

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Exhibit 1: Trust at a glance

Capital structure summary

NBPE has 50.3m Class A shares, 10,000 Class B shares and 33m zero dividend preference shares which redeem in May 2017 at an effective interest rate of 7.3%. Class A and Class B shares participate equally in the profit and loss. Class B shares, issued to a Guernsey charitable trust, have the rights to elect all directors and make most decisions normally made by shareholders. Class A voting rights are limited to special consent rights. The management fee is 1.5% of invested portfolio fair value (exc cash and internally managed funds) paid quarterly in arrears and there is an annual performance fee of 7.5% of the increase with a 7.5% hurdle rate and high water mark ($10.38 as at 31 December 2010).

Forthcoming	
Year end	31 December
Quarterly	August 2011 (Q2)
AGM	May 2012

Share buyback policy and history

Since inception, NBPE has repurchased 3.9m shares (7.2% of initial total) and 0.75m since new buy-back programme launched Oct 2010

Fund details	
Launch date	July 2007
Domicile	Guernsey
Manager	NB Alternative Advisers LLC
Address	325 N. St Paul Street, Suit 4900, Dallas. TX 75201
Phone	+1 214 647 9593
Website	www.nbprivateequitypatners.com

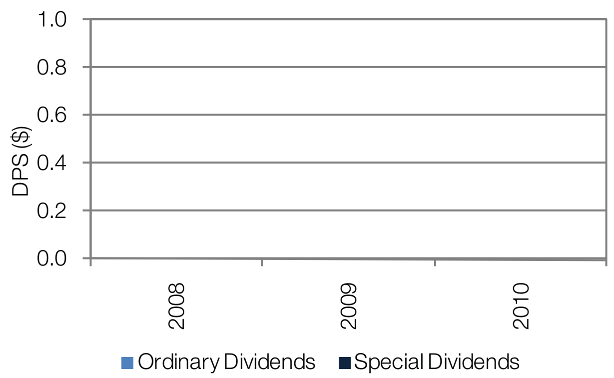
Dividend policy

NBPE does not currently pay a dividend but aims to return 50% of net realised growth in NAV, currently by way of share repurchases.

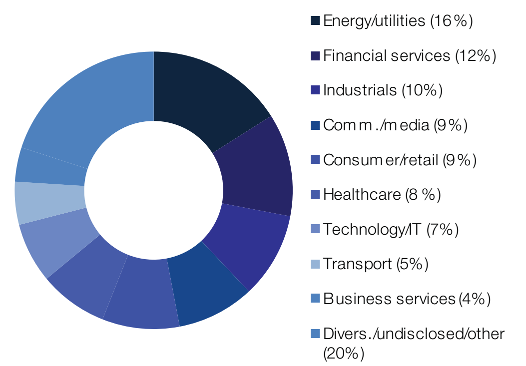
The board

Talmai Morgan (chairman), John Buser, John Hallam, Christopher Sherwell, Peter Von Lehe (directors).

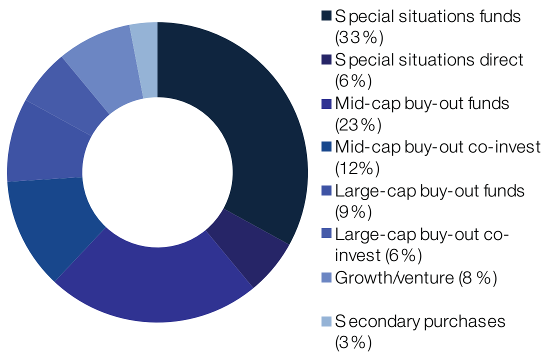
Dividend history



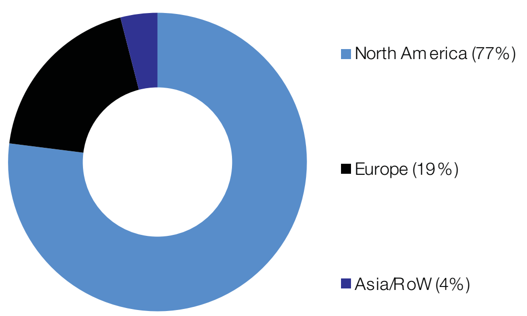
Sectoral allocation of portfolio (as at 30 April 2011)



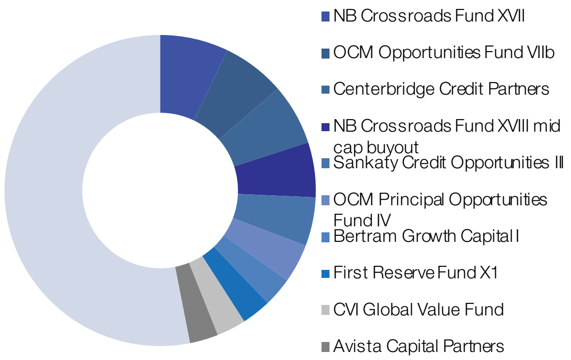
Investment type distribution of portfolio (as at 30 April 2011)



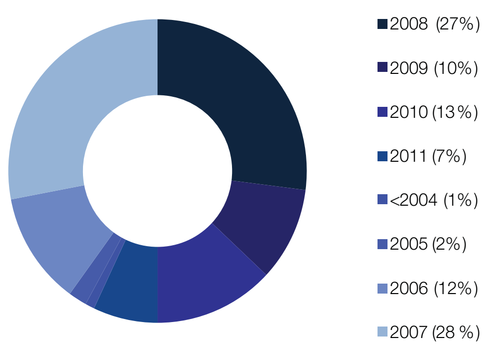
Geographic distribution of portfolio (as at 30 April 2011)



Top 10 fund holdings (as at 31 March 2011)



Vintage year distribution of portfolio (as at 30 April 2011)



Source: NB Private Equity Partners Limited/Edison Investment Research

Manager's view: Opportunities for those with cash

The manager believes its strong capital position has allowed it to benefit from market opportunities since 2008 and that going forward there will be a number of attractive opportunities for experienced small and mid-cap buyout sponsors and distressed investors. NBPE seeks to take advantage by utilising its co-investment experience combined with the fund's available capital resources. At end April 2011 NBPE had around $200m of capital resources available for investment and cash and undrawn credit facilities covered unfunded commitments of $115m by 276%.

Asset allocation

Overview

Adjusted for the strategic asset sale which reduced exposure to large buy-out funds, as at 31 March 2011, NBPE held investments in 37 funds (79%) and 33 direct/co-investments (21%), together providing exposure to over 2,900 companies (around 600 excluding internally managed fund of funds). As Exhibit 1 illustrates, the majority of investments have been made from 2008 and later, with a focus on North America (77%), and an emphasis on special situations opportunities arising during that period. The manager intends to increase exposure to direct/co-investments and yield oriented investments going forward.

At 31 March the top 10 underlying company holdings accounted for around $79m by fair value (15% of the portfolio) and the top 20 around $117m (22%), with no single company more than 3.5%.

Top fund holdings

Exhibit 2: Top 10 fund investments at a glance (as at 31 March 2011)

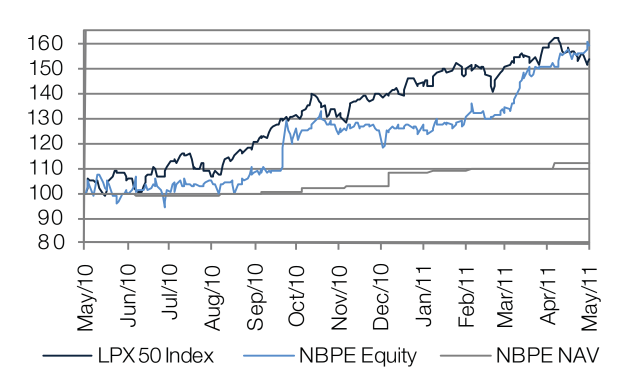
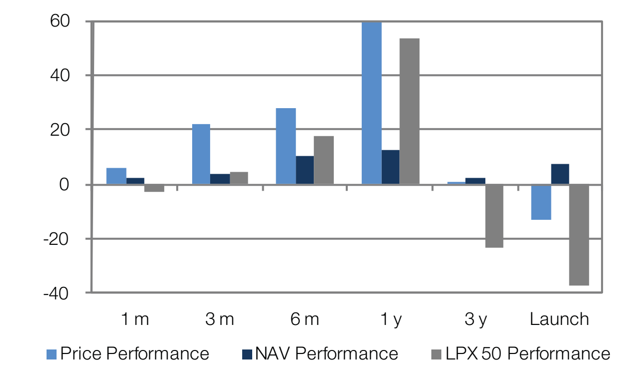
	Geographic focus	Vintage	US$m	% of fund at fair value
NB Crossroads Fund XVII	US	2002-06	37.8	7.1%
OCM Opportunities Fund VIIb	US	2008	34.7	6.5%
Centerbridge Credit Partners	US	2008	33.7	6.3%
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-09	30.3	5.7%
Sankaty Credit Opportunities III	US	2007	26.9	5.1%
OCM Principal Opportunities Fund IV	US	2006	21.4	4.0%
Bertram Growth Capital I	US	2007	16.3	3.1%
First Reserve Fund XI	US	2006	16.2	3.1%
CVI Global Value Fund	Global	2006	16.2	3.1%
Avista Capital Partners	US	2006	15.7	3.0%
Other funds and direct/co-investments				53.1%

Source: NB Private Equity Partners Limited/Edison Investment Research

Recent performance

NBPE has outperformed the LPX 50, as Exhibit 3 illustrates, and the LPX Composite index, in terms of price total return, over all of the periods provided. Similarly, NBPE has outperformed both the LPX 50 & LPX Composite Indexes, in terms of NAV total return, over one month, three years and since launch. NBPE has outperformed the LPX Europe, in terms of price total return, over all of the time periods provided with the exception of the one-year period. Similarly, NBPE has outperformed the LPX Europe, in terms of NAV total return, over one month, three years and since launch.

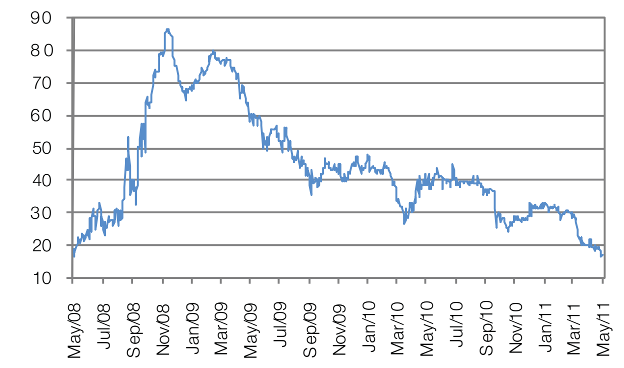
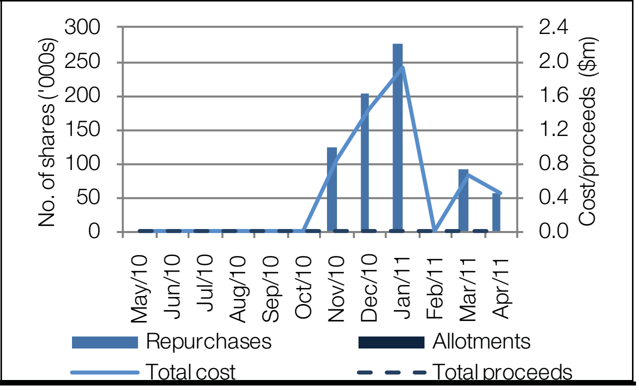
Exhibit 3: Listed private equity company performance

Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)
	

Source: NB Private Equity Partners Limited/Thomson Datastream/Edison Investment Research

Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market	Share repurchases and allotments during the last year
	

Source: NB Private Equity Partners Limited/Bloomberg/Thomson Datastream/Edison Investment Research

The current discount of 17.4% is below its three-year average and average since launch of 44.1% and 37.2% respectively. NBPE seeks to close the discount further with its capital return policy currently focused on NAV accretive stock repurchases.

Edison investment research

25 May 2011

Pantheon International Participations plc

12 months ending	Total share price return* (%)	Total NAV return* (%)	Total return FTSE All-Share* (%)	Total return LPX Europe* (%)	Total return LPX50* (%)
25/05/08	(9.4)	23.6	(4.5)	(15.4)	(17.2)
25/05/09	(54.0)	(20.4)	(26.1)	(50.3)	(50.7)
25/05/10	32.2	8.7	18.5	30.8	38.5
25/05/11	52.3	7.9	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Strong re-rating 2010/11

Pantheon International Participations (PIP) has seen a steadily improving rating through 2010 as the market recognised the discount to a rising NAV was unjustified and its NAV rose with investment gains. It is the longest established private equity fund of funds listed on the LSE, and has a global approach with just over half the fund in the US and a third in Europe. There is wide diversification by manager, investment style, and vintage, with a mature portfolio that in Q111 saw a net cash inflow from investments of £27.1m. We expect new commitments to be focused on the secondary market.

Investment objective: Capital growth

PIP's primary investment objective is to maximise capital growth. To end March 2011, on a 10-year view, PIP's NAV has risen 5.4% pa against the MSCI World return of 3.4% and, over the previous year, outperformed the index by 5.2%.

Investment process: Diversified fund of funds

PIP is managed by Pantheon, one of the world's largest private equity fund of fund managers. Pantheon uses both quantitative and qualitative approaches to asset allocation, investment strategy and fund selection. It uses local teams in London, San Francisco, New York and Hong Kong. PIP's strategy is to invest with leading private equity managers while reducing investment risk through diversification of the underlying portfolio by geography, manager, maturity, investment stage and sector. The majority of PIP's buyout exposure is to companies in the small and mid-sized range, which tend to have lower levels of debt than is associated with large and mega transactions. PIP has invested in both primary and secondary investments but has announced that, going forward, it will focus on secondary investments which can provide earlier performance and cash flows.

Valuation: Discount reducing but still high

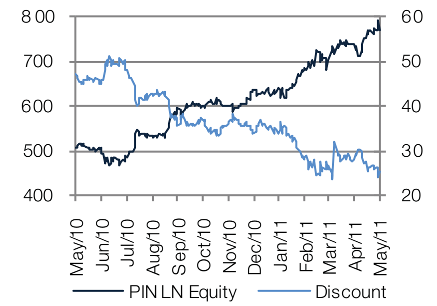
The discount to NAV has improved dramatically over the past year and now stands at c 25%. This is in the middle of the range of discounts across the listed private equity fund of fund sector.

Price - ords	772.0p
Market cap – (Ords and Reds)	£494.6m
AUM	£799.2m
NAV	1,052.4p*
Discount to NAV	26.6%*
NAV	1,031.2**
Discount to NAV	25.1%**
Net yield	0.0%
NAV announcement freq.	Quarterly

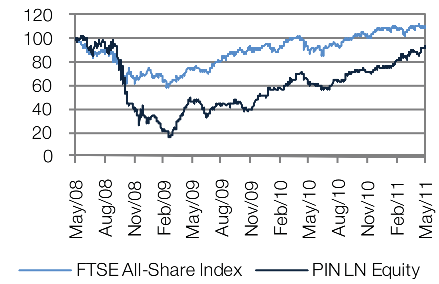
** Ordinary shares & redeemable shares – last-published NAV as at 31 March 2011.*

*** Datastream fair value NAV as at 25 May 2011*

Share price/discount graph



Three-year cumulative performance graph



Share details

Class	Ordinary	Redeemable
UK Code	PIN	PINR
Listing	UK - FULL	UK - FULL
Shares in issue	37.5m	28.9m
Currency	p	p
Current Price	772.0	710.0
Price 1yr high	789.0	710.0
Price 1 yr low	465.0	520.0
Latest NAV***	1,031.20	1,039.67
NAV 1 yr high	1,052.4	1,052.4
NAV 1 yr low	905.3	905.29
Discount (%)***	25.1%	32.5%

***** Datastream fair value estimates.*

Gross gearing	14.4%
Net gearing	10.7%

Analyst

Matthew Read +44 (0)20 3077 5758

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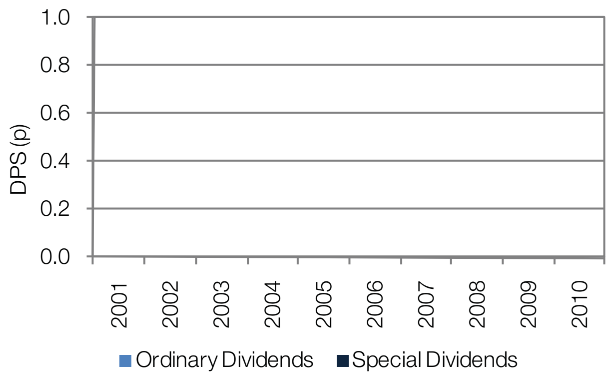
Exhibit 1: Listed private equity company at a glance

Capital structure summary

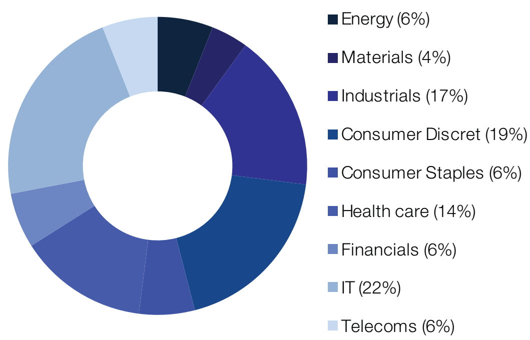
PIP has 37.5m ordinary 67p shares and 28.9m 1p redeemable shares. The company has commitments from institutional investors under "standby" agreements to subscribe a total of £150m for new redeemable shares. PIP has issued £100.5m of unsecured subordinated loan notes (the "Notes") to institutional investors who had previously entered into "standby" agreements to subscribe, if called upon by PIP to do so, for new redeemable shares. In the event of a drawdown by the company under a "standby" agreement from an institutional investor who is a Noteholder, the company shall repay an equivalent amount on the notes held by such investor (or such lesser amount as is outstanding). The standby agreements effectively mean the Notes can be converted into redeemable shares.

Forthcoming		Share buyback policy and history	Fund details	
Year end	30 June	There have been no share buybacks. The company will consider targeted buybacks as a means of taking advantage of the wide discount.	Launch date	September 1987
Preliminary	October 2011		Domicile	UK
AGM	November 2011		Managers	Pantheon Ventures (UK) LLP
Dividend policy		**The board**		
PIP aims to provide capital appreciation. It is not policy to pay a dividend.		Tom Bartlam (chairman), Ian Barby, Richard Crowder, Peter Readman, Rhoddy Swire, Sandy Thomson. All Non-Execs.	Address/ Telephone	Norfolk House, 31 St. James's Square, London SW1Y 4JR +44 (0)20 7825 5300
			Website	www.pipplc.com

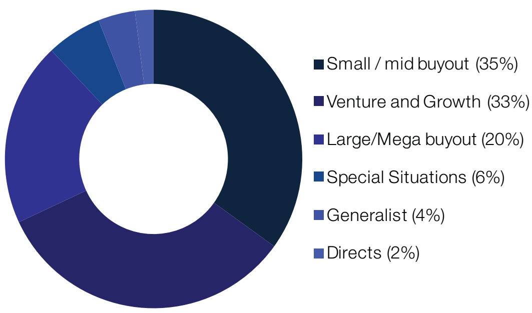
Dividend history



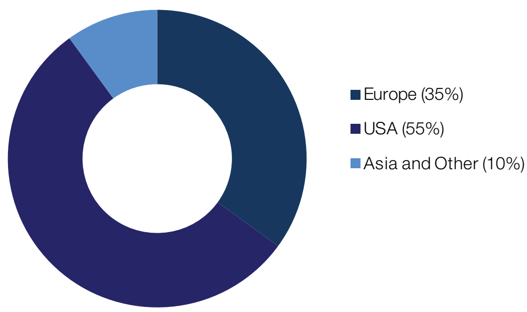
Look-through sectoral allocation (as at 31 December 2010)



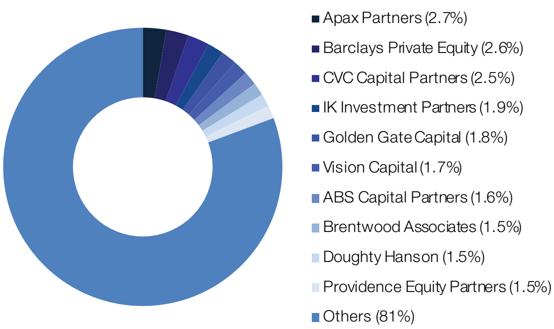
Investment strategy distr. of portfolio (as at 31 December 2010)



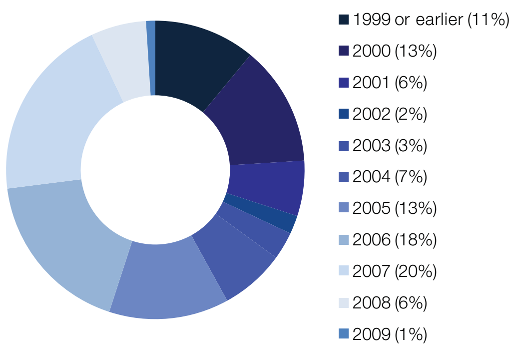
Geographic distribution of portfolio (as at 31 December 2010)



Top Managers (as at 31 December 2010)



Vintage year distribution of portfolio (as at 31 December 2010)



Sources: Pantheon International Participations, Edison Investment Research

Investment manager's view: Focus on secondary assets

The board intends to prioritise the secondary market for any new commitments. Secondary assets should provide attractive investment opportunities with earlier performance and cash flows. Furthermore, the lower outstanding commitments associated with secondary investment strategies are consistent with the company's aim of reducing financial risk.

Asset allocation

PIP is underweight capital intensive cyclical sectors including energy, materials, financials and utilities and overweight telecoms, IT, consumer discretionary and healthcare. At end 2010, 61% of the portfolio was in primary transactions and 39% in secondary. PIP's portfolio is mature with an approximate average age of 6.5 years.

Top unquoted holdings

Exhibit 2: Top 10 managers (by value 31 December 2010)

Apax Partners	2.7% of portfolio	Barclays Private Equity	2.6% of portfolio
European buyout fund with multi-billion closures. It has a sector focus, combined with an established network of local offices and a global platform. Typically, Apax Partners attempts to grow businesses by acting as a catalyst for change.		European buy-out fund with a team of 40 professionals in seven offices across five countries. Investment in individual transactions typically ranges between €15m and €150m and in multi-billion funds.	
CVC Capital Partners	2.5% of portfolio	IK Investment Partners	1.9% of portfolio
European buy-out fund. Typically acquires controlling or significant minority interests. CVC believe that simple rules of ownership can generate significant value for a business and its stakeholders.		European buy-out fund. IK Investment Partners (formerly known as Industri Kapital) is a European private equity firm with Nordic roots, managing €5.7bn in fund commitments. It applies a hands-on operating approach.	
Golden Gate Capital	1.8% of portfolio	Vision Capital	1.7% of portfolio
US buy-out fund with $9bn in capital under management. GGC looks for analytically challenging, change-intensive investments where our skill set differentiates our ability to significantly improve both earnings and strategic value.		European buy-out fund. It has multi-sector approach with specialist expertise in financials and real estate, industrials and manufacturing, business services and consumer. It often acquires portfolios of assets rather than single ones.	
ABS Capital Partners	1.6% of portfolio	Brentwood Associates	1.5% of portfolio
US generalist fund. Focuses on late-stage growth companies, typically with $20m+ revenue and the capacity to achieve more than 25% growth. Four key sectors: business and education services, health care, media and comms, and technology.		US buy-out fund. It is a consumer-focused private equity investment firm based in Los Angeles, founded in 1972, and investing in middle-market growth companies leveraging own skills in areas like marketing.	
Doughty Hanson & Co	1.5% of portfolio	Providence Equity Partners	1.5% of portfolio
European buy-out fund with focus on majority ownership and control of businesses at the upper end of the European middle market with enterprise values between €250m-€1bn. They maintain a pan-European presence with offices in each of the key markets.		US buy-out fund focused on media, entertainment, communications and information investments. Investments made from growth capital and complex recapitalisations of family-owned businesses to large buyouts and take-privates. Employs a variety of structures and investments in $150m to $800m range.	

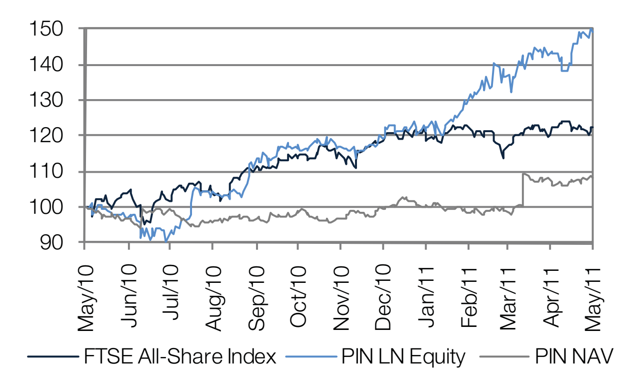
Sources: Pantheon International Participations, Edison Investment Research

Recent performance

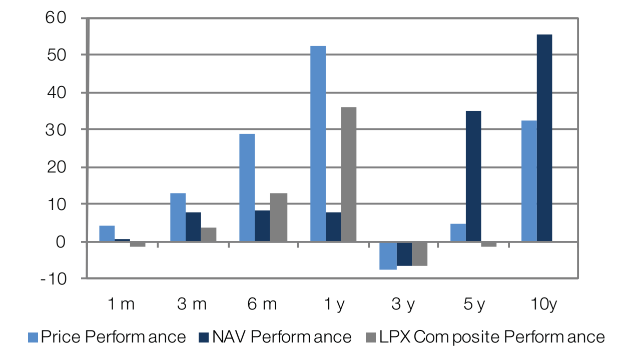
As Exhibit 3 illustrates, PIP has outperformed the FTSE All-Share Index, in terms of price total return over one, three and six-month periods as well as the one-year period. In terms of NAV total return, PIP has outperformed the LPX Composite over the one-, three-month and six-month periods as well as the five- and 10-year periods.

Exhibit 3: Investment Trust Performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)



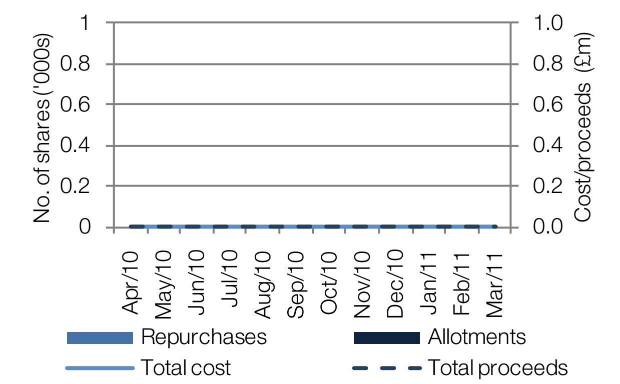
Sources: Pantheon International Participations, Thomson Reuters Datastream, Bloomberg, Edison Investment Research

Discount

Exhibit 4: Discount over three years; share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market

Share repurchases and allotments during the last year



Sources: Pantheon International Participations, Thomson Reuters Datastream, Edison Investment Research

Although the discount has narrowed from 49% at 30 June 2010 to c 25% now, it is the management's view that the current share price does not reflect the fundamental improvements seen in the performance of the company and the wider private equity sector. PIP's mature portfolio of investments generated a net cash inflow of £27.1m in the March 2011 quarter alone, and a continuation of healthy positive cash flows and investment performance should help to reduce the discount further.

25 May 2011

Standard Life European Private Equity Trust plc

12 Months Ending	Total Share Price Return* (%)	Total NAV Return* (%)	Total Return FTSE All-Share* (%)	Total Return LPX Europe* (%)	Total Return LPX50* (%)
25/05/08	(16.6)	31.5	(1.7)	(13.9)	(15.8)
25/05/09	(63.7)	(33.3)	(28.2)	(51.2)	(51.5)
25/05/10	31.8	2.9	18.5	30.8	38.5
25/05/11	51.9	20.7	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Private equity fund of funds

Standard Life European Private Equity Trust (SEP) was launched in 2001. Around half of the initial portfolio was provided by Standard Life in exchange for a similar share of SEP (it owns 50.6% today). At 31 March 2011, the fund had a portfolio of 37 private equity funds with a broad diversification by country, sector, stage of development and size of investment. The fund utilises a revolving credit facility to support an over-commitment strategy and introduce an element of gearing. This has limited its ability to make new commitments over the past two years, but leaves the fund with a mature portfolio that should support exits. SEP has outperformed FTSE All-Share, in terms of price total return, over three months, six months, one year and 10 years. In terms of NAV total return, SEP has outperformed the FTSE All-Share over three-month, six-month, one-year, five-year and 10-year periods.

Investment objective: Long-term capital growth

SEP aims to provide long term capital growth by investing in a diversified portfolio of private equity funds that invest predominantly in Europe and mainly in European mid to large sized buyouts with enterprise values between €200m-€2bn. SEP aims to be broadly diversified by country, sector and maturity. SEP can invest up to 20% of gross assets in private equity funds that invest predominantly outside Europe.

Investment process: Extensive fundamental analysis

The investment process involves detailed screening, against multiple criteria, by an experienced team of 14 investment professionals, all under the guidance of the Investment Committee. The due diligence process has been developed over a number of years and involves qualitative and quantitative judgements about the general partner's ability to implement the stated strategy and deliver anticipated returns.

Valuation: Discount below three-year average

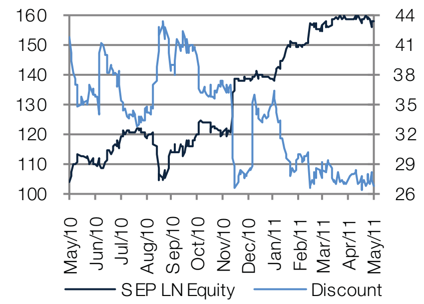
The current discount of 26.8% is below its three year average of 41.5% but above the average of 14.5% since launch. SEP does not expect to be buying back stock whilst it is using its debt facilities to support investment commitments.

Price	157.75p
Market Cap	£254.8m
AUM	£414.2m
NAV	220.3p*
Discount to NAV	28.4%*
NAV	215.6p**
Discount to NAV	26.8%**
Net Yield	0.1%
NAV announcement freq.	Quarterly

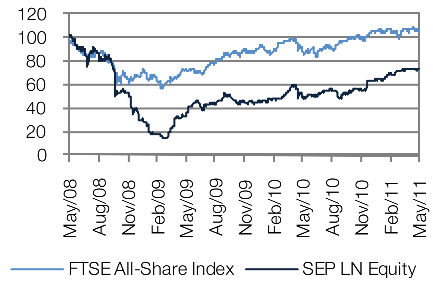
** Last published NAV as at 31 March 2011.*

*** Datastream estimate as at 25 May 2011does not reflect March actual NAV.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	SEP
Listing	UK - FULL
Sector	Listed private equity
Shares in issue	161.5m
Free Float	49%

Price

52 week	High	Low
Price	160.00p	104.00p
NAV****	222.82p	169.59p

***** Datastream fair value estimates.*

Gearing	20.5%
Net gearing	17.4%

Analyst

Matthew Read + 44 (0)20 3077 5700

listedprivateequity@edisoninvestmentresearch.co.uk

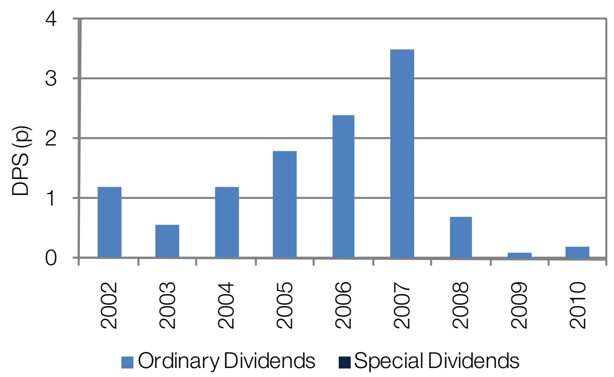
Exhibit 1: Trust at a glance

Capital structure summary

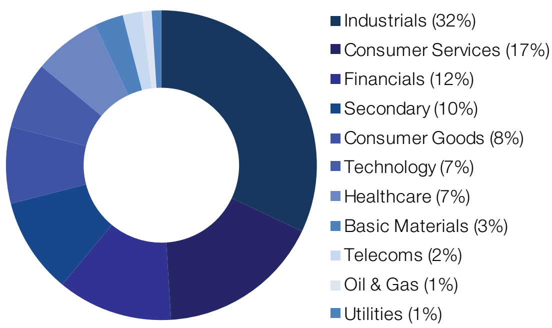
SEP's share capital contains 161.5m ordinary voting shares. Standard Life investments and members of the manager's investment team were allotted unlisted founder A and founder B shares at launch. These are convertible into ordinary shares subject to fund performance in respect of the five years to 2006 and 2011 respectively. At 30 September 2010, there were 3.6m founder A shares capable of conversion into 2.2% of outstanding ordinary shares. Founder B shares may convert into a maximum 5% of ordinary shares. Founder share voting rights are restricted to changes of share class. Founder shares are entitled to a dividend of 0.05% pa. The fund has an unlimited life and pays a management fee of 0.8%.

Forthcoming		Share buyback policy and history	Fund details	
Year end	30 September	Renewed annually, SEP has the authority to repurchase and allot up to 14.99% and 33.33% of issued share capital respectively.	Launch date	May 2001
Preliminary	December 2011		Domicile	UK - Scotland
AGM	January 2012		Manager	SL Capital Partners LLP
Dividend policy		**The board**	Address	1 George Street, Edinburgh, Scotland, UK, EH2 2LL
SEP pays an annual dividend in January of every year.		Scott Dobbie CBE (chairman), Hamish Buchan, Alistair Barbour, Jonathan Taylor, Edmond Warner, David Warnock, Donald Workman	Phone	+44 (131) 245 0055
			Website	www.slcapitalpartners.com

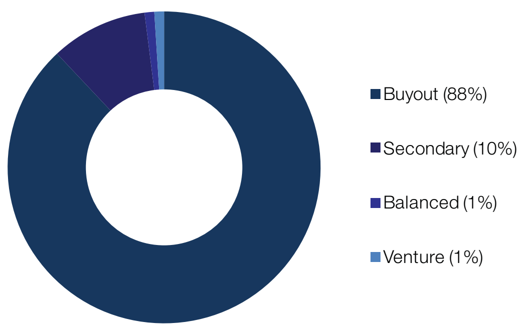
Dividend history



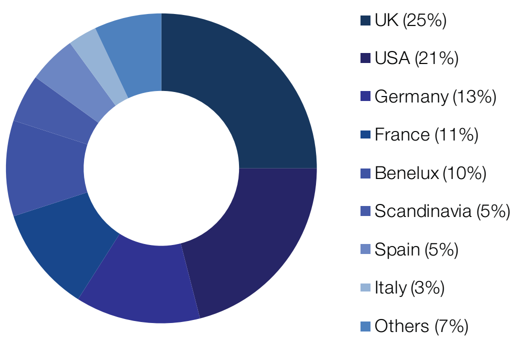
Sectoral allocation (as at 30 September 2010)



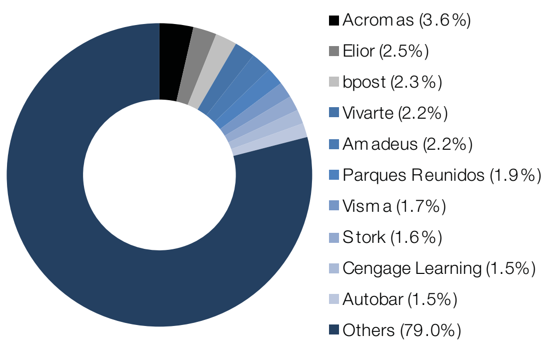
Investment type distribution of portfolio as at 30 September 2010



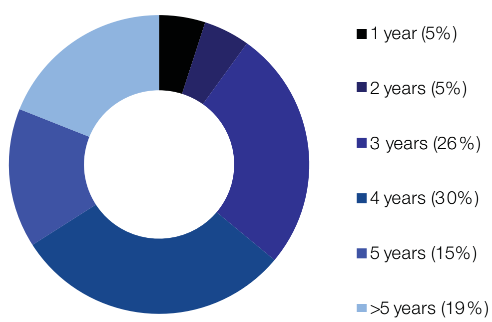
Geographic distribution of portfolio (as at 30 September 2010)



Portfolio composition (as at 30 September 2010) as % of NAV



Fund holdings by maturity (as at 30 September 2010)



Source: Standard Life European Private Equity Trust/Edison Investment Research

Investment manager's view

Despite some uncertainties around parts of the European economy, the manager anticipates that progress in corporate earnings will continue to support NAV growth. In this environment it anticipates attractive opportunities both for making new investments and for realising existing investments. The fund has recently been cash-flow positive and has begun to make new commitments. The manager is looking for European specific 'country' deals rather than 'global' mega-deals and is still more confident about investments in northern Europe than southern Europe.

Asset allocation

Exhibit 1 shows the broad diversification by country, sector, stage of development and size of investment of the portfolio. Detailed 31 March data, due shortly, will show investments in 37 funds (30 September 2010: 39). Exhibit 2 shows the top 10 underlying company holdings on a look through basis at 30 September. Investment activity since then has been focused on mid-large segment buyout transactions. Outstanding commitments at 31 March were £123m (increasing to £143m in early April) and net indebtedness was £51.4m (SEP has a £120m revolving credit facility until 2013). Outstanding commitments less available liquid resources (including the debt facility) represented 15.1% of NAV at 31 March.

Top unquoted holdings

Exhibit 2: Top 10 underlying company investments at a glance

Acromas (Financials)	3.6% of NAV	Parques Reunidos (Consumer Services)	1.9% of NAV
Acromas is a UK-based provider of financial, insurance, travel, and roadside assistance services and includes the Saga and AA brands. The investment was made in 2004.		Parques Reunidos is an international entertainment operator based in Madrid, Spain. The group operates over 50 parks in a number of European countries including theme and amusement parks, zoos, water parks, family entertainment centres, and cable cars. The investment was made in 2007.	
Elior (Industrials)	2.5% of NAV	Visma (Technology)	1.7% of NAV
Elior is a UK based provider of catering services as well as a range of other site support services such as reception, security, cleaning, and mail room services. The investment was made in 2006.		Visma is a Norwegian based provider of business software and services for accounting and administration. The group comprises five business areas which are software, payroll and accounting, commerce solutions, retail IT solutions, and projects & consulting. The investment was made in 2006.	
bpost (Industrials)	2.3% of NAV	Stork (Industrials)	1.6% of NAV
Bpost is the national postal service provider for Belgium and offers similar services in other European countries. The investment was made in 2006.		Stork is a Dutch industrial systems and services conglomerate, providing components for aircraft manufacturers and food processing, and providing technical services. The investment was made in 2006.	
Vivarte (Consumer Services)	2.2% of NAV	Cengage Learning (Consumer Services)	1.5% of NAV
Vivarte is a leading footwear and apparel retailer in France (no 1 footwear, no 2 clothing), trading under multiple retail formats. The investment was made in 2007.		Cengage Learning is a provider of innovative teaching, learning and research solutions for the academic, professional and library markets worldwide. The investment was made in 2007.	
Amadeus (Industrials)	2.2% of NAV	Autobar (Industrials)	1.5% of NAV
Founded in 1987, and headquartered in Madrid, Amadeus is the world's leading technology provider to the travel industry, providing marketing, distribution and IT services worldwide. The investment was made in 2005.		Autobar provides vending machines, distribution, and packaging in a number of European countries. The investment was made in 2004.	

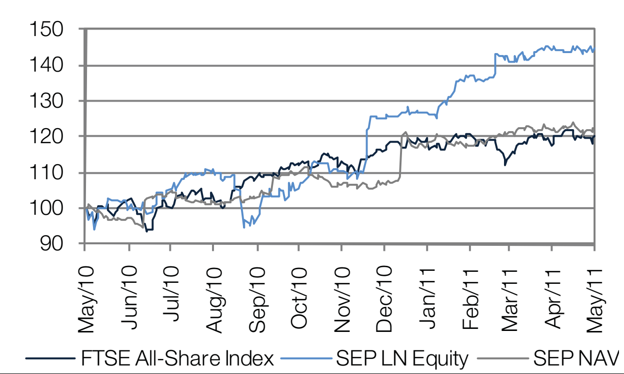
Sources: Standard Life European Private Equity Trust/Edison Investment Research

Recent performance

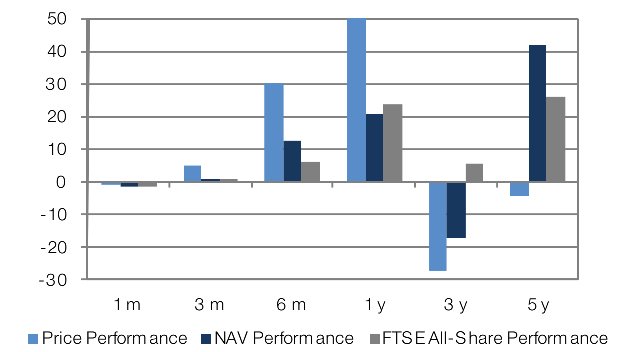
As Exhibit 3 illustrates, SEP has outperformed FTSE All-Share, in terms of price total return, over the three-month, six-month, one-year and 10-year periods. In terms of NAV total return, SEP has outperformed the FTSE All-Share over three-month, six-month, one-year, five-year and 10-year periods. SEP has outperformed the LPX Europe and LPX 50, in terms of price total return, over the three-month, six-month and one-year periods. In terms of NAV total return, SEP has outperformed the LPX Europe over six-month and five-year periods, and the LPX 50 over three-month and five-year periods.

Exhibit 3: Investment trust performance

Price, NAV & benchmark total return performance 1 year rebased



Price, NAV & benchmark total return performance (%)

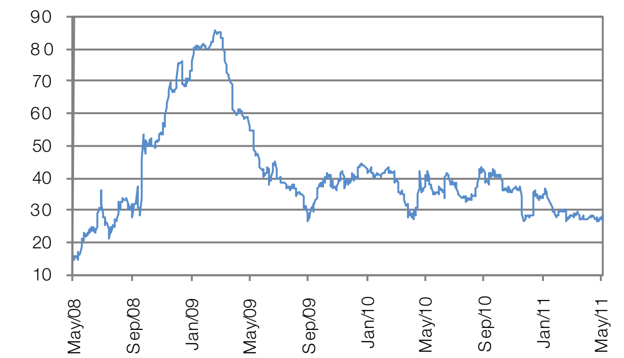


Source: Standard Life European Private Equity Trust/Bloomberg/Thomson Datastream/Bloomberg/Edison Investment Research

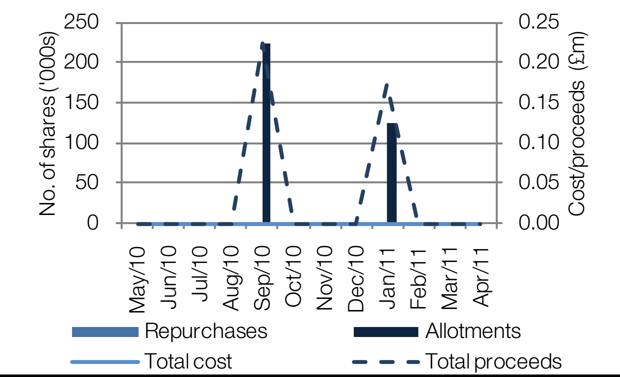
Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market



Share repurchases and allotments during the last year



Source: J.P. Morgan Private Equity Limited /Bloomberg/Thomson Datastream/Edison Investment Research

Renewed annually, SEP has the authority to repurchase and allot up to 14.99% and 33.33% of issued share capital. This provides the manager with a mechanism to influence the discount, however SEP does not expect to be buying back stock while using its debt facilities to support investment commitments. The current discount of 26.8% is below its three-year average of 41.5% but above the average of 14.5% since launch.

Edison investment research

25 May 2011

SVG Capital plc

12 Months Ending	Total Share Price Return* (%)	Total NAV Return* (%)	Total Return FTSE All-Share* (%)	Total Return LPX Europe* (%)	Total Return LPX50* (%)
25/05/08	(22.6)	15.2	(6.0)	(17.1)	(19.2)
25/05/09	(82.7)	(73.8)	(24.9)	(49.3)	(49.5)
25/05/10	17.7	(20.1)	18.5	30.8	38.5
25/05/11	71.3	71.0	23.8	41.6	35.4

Note: *12-month rolling discrete performance.

Investment summary: Private equity fund of Permira managed funds

SVG Capital plc (SVG) is a UK listed international private equity investor and fund management business providing investors with exposure to a portfolio of private equity companies and a specialist private equity fund management business. Over 80% of its portfolio is invested in Permira managed funds, with the remainder invested in funds managed by SVG's own fund management businesses, SVG Advisers and SVG Investment Managers. Recent performance has been good, with SVG reporting a 42% increase in NAV in 2010 and a further 11% increase in Q111. On a look through basis the portfolio has considerable exposure to 2007 and 2008 vintages. These companies suffered a substantial drop in value during the downturn and much of the recent performance has been driven by these assets re-rating.

Investment objective: Long-term capital appreciation

The group invests from its own balance sheet as well as on behalf of third-party investors through funds that it manages and/or advises. Total assets and commitments current stand £4.8bn, including approximately £3.1bn managed or advised on behalf of third parties:

Private equity investment – SVG invests in a portfolio of private equity funds the majority of which are managed or advised by Permira. Fund management – SVG's fund management businesses structure, market, manage and advise products for investment in private equity and public equity.

Investment process: Investment through Permira

For SVG's balance sheet (rather than its fund management business), much of the investment process is delegated to Permira. Permira has an extensive global operations network and looks to buy and build significant value, to portfolio companies, by providing the expertise, relationships and necessary resources to help the companies grow.

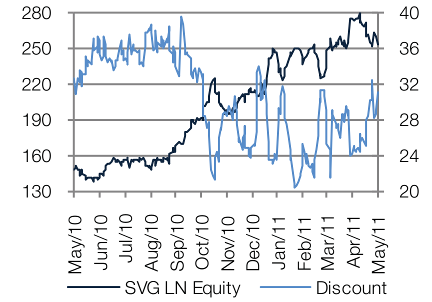
Valuation: Discount in line with long-term averages

The discount based on the fair value NAV, currently at 30.1%, is substantially below its all time peak of 82.3% in December 2008 and is below its three-year average of 38.5% and above its five-year average of 25.1%, although this is partly influenced by the fact that SVG's shares traded a premium between 2003-2007.

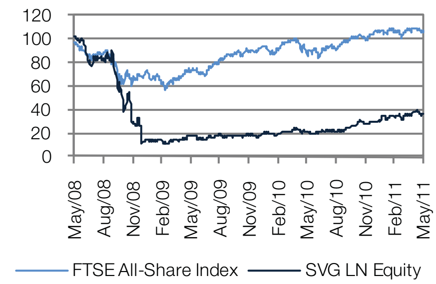
Price	253.0p
Market Cap	£785.3m
AUM	£1.39bn
NAV	350.6p*
Discount to NAV	27.8%*
NAV	361.92p**
Discount to NAV	30.1%**
Yield	0.0%

** Last published NAV as at 31 March 2011.*
*** Datastream fair value NAV as at 25 May 2011.*

Share price/discount graph



3-year cumulative performance graph



Share details

Code	SVI
Listing	UK - FULL
Sector	Listed Private Equity
Shares in issue	310.4m

Price

52 week	High	Low
Price	279.8p	137.8p
NAV	366.86p	169.15p

Gross Gearing	26.2%
Net Gearing	25.3%

Analyst
Matthew Read +44 (0)20 3077 5700
listedprivateequity@edisoninvestmentresearch.co.uk

Exhibit 1: Listed private equity company at a glance

Capital structure summary

At first glance, SVG appears to have a complicated capital structure that, in addition to its ordinary shares, has a range of senior unsecured loan notes, as well as a convertible bond, and a bank borrowing facility. However, SVG is a conventional closed ended fund. It only has one class of ordinary share in issue and the remaining instruments are all means of gearing. SVG targets an average gearing level of 20% of net assets, through the cycle, with an absolute limit of 2x adjusted capital and reserves. SVG is self-managed but still incurs the costs related to undertaking its investment activities. If you ignore the fees SVG pays to Permira and its other managers, we estimate the TER for SVG's to be 0.6% for the year ended 31 December 2010. The company has an unlimited life.

Forthcoming

Year end	31 December
Preliminary	February 2012
AGM	March 2012

Share buyback policy and history

SVG has authority to repurchase up to 14.99% and allot up to 33.33% of issued share capital.

Fund details

Launch date	1996 (Listed May 1996)
Domicile	UK
Manager	Team Managed
Address	61 Aldwych London, WC2B 4AE
Phone	+44 (0)20 7010 8900
Website	www.svgcapital.com

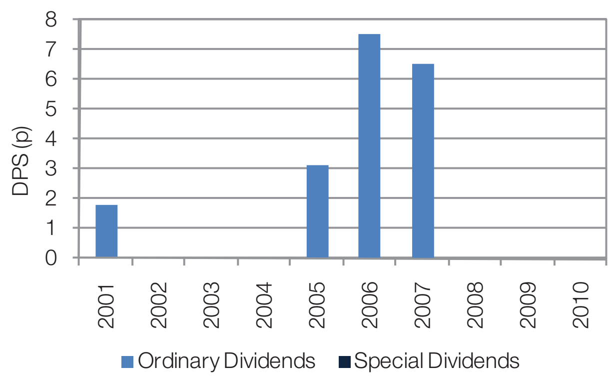
Dividend policy

Returns are derived primarily from capital. SVI pays dividends to the extent required to maintain its status as an investment trust. Accordingly the level of dividend fluctuates.

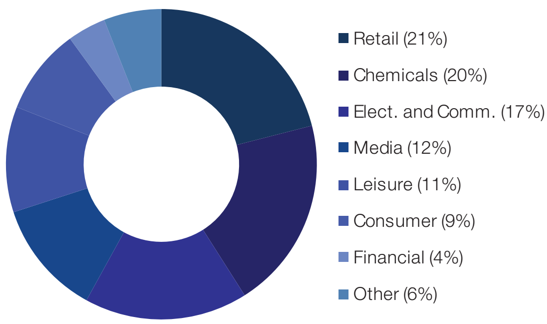
The board

Nicholas Ferguson (chairman), Lynn Fordham (Chief exe.), Francis Finlay, Caroline Goodall, Edgar Koning, Denis Raeburn, Charles Sinclair, Andrew Sykes (non-exe. directors).

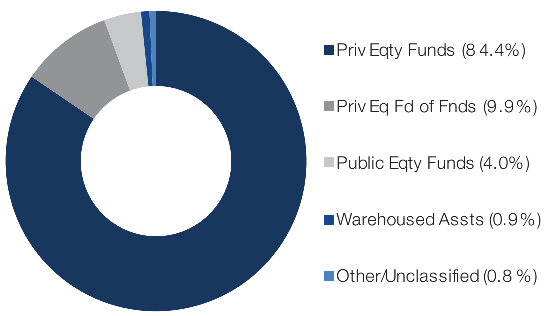
Dividend history



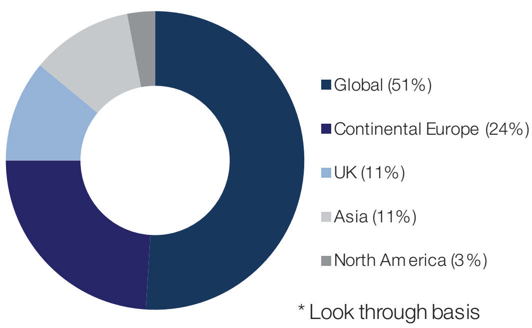
Sectoral allocation of portfolio (as at 31 December 2010)*



Investment type distribution of portfolio (as at 31 December 2010)

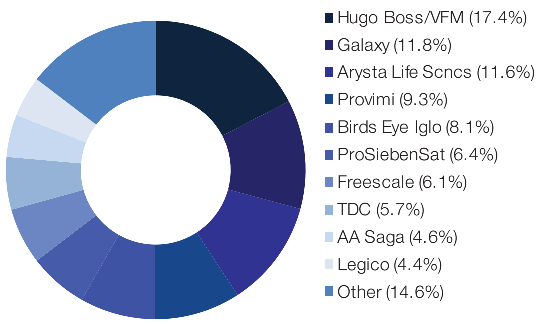


Geographic distribution of portfolio (as at 31 December 2010)*



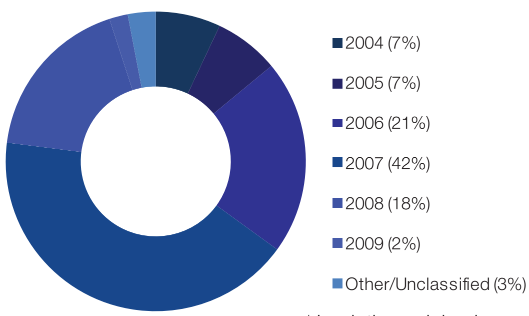
* Look through basis

Portfolio composition (as at 31 March2011)*



* Look through basis

Vintage year distribution of portfolio (as at 31 December 2010)*



* Look through basis

Source: SVG Capital/Edison Investment Research

The fund manager: SVG Capital

The manager considers that the underlying portfolio is well positioned for a continued economic recovery. Several successive quarters of strong NAV growth have been driven by a recovery in the earnings of investee companies, supported by top-line growth. This reflects steps taken to reduce costs, reduce debt and improve operational efficiency. While the economic environment continues to improve and the outlook for private equity remains encouraging, maintaining operating performance and actively monitoring the financing positions of the underlying portfolio will remain a clear focus.

Asset allocation

As illustrated in Exhibit 1, the majority of SVG's portfolio is invested in 16 private equity funds, the majority of which are managed by Permira. The remainder of the portfolio is invested in private equity funds of funds (the majority of which are managed by SVG Advisers) and public equity funds (all managed by SVG Investment Managers). In terms of geographic allocations, 51% is invested in companies with a global focus. SVG has some diversification across vintages although a substantial proportion was invested in 2007/08 and it has been the re-rating of many of these assets, following significant write-downs in 2008, that has driven much of the rebounds in SVG's NAV since its low point in June 2009.

Top holdings

Exhibit 2: Top five holdings (look-through basis) as at 31 March 2011

Hugo Boss and VFG	Investment Date: May 2007	Investment: £205.5m	Current Valuation: £206.6m
Hugo Boss and VFG operate in over 100 countries with more than 1600 single brand and 430 directly-managed shops. The group's activities are broken down into three business units, covering the entire luxury and fashion sector.		Total IRR	N/A
		Industry/Sector	Retail
		Website	www.hugoboss.com
Galaxy	Investment Date: November 2007	Investment: £109.3m	Current Valuation: £139.8m
Galaxy Entertainment Group is one of the largest casino and hotel operators in Macau SAR, China, and is one of only six gaming concessionaires licensed to operate casinos in Macau, the only legal gaming location in China.		Total IRR	N/A
		Industry/Sector	Leisure
		Website	www.galaxyentertainment.com
Arysta LifeScience	Investment Date: February 2008	Investment: £151.5m	Current Valuation: £137.7
Arysta Life Science is the world's largest privately held agrochemical company. Marketing a portfolio of more than 150 products in over 125 countries it specialises in conventional crop protection products.		Total IRR	N/A
		Industry/Sector	Chemicals
		Website	www.arystalifescience.com
Provimi	Investment Date: April 2007	Investment: £52.4m	Current Valuation: £110.6m
Provimi is a global leader in the growing market of animal nutrition and European private label pet food. The company operates through 80 production centres in 30 countries specialising in innovative products.		Total IRR	N/A
		Industry/Sector	Chemicals
		Website	www.provimi.com
Birds Eye iglo	Investment Date: November 2006	Investment: £49.1m	Current Valuation: £95.7 m
A leader in the European frozen food market that operates mainly in the UK and Ireland under the 'Birds Eye' brand and the 'iglo' brand in Europe. Its largest markets are the UK, Germany and Austria. Its acquisition of Findus Italy completed in October 2010.		Total IRR	N/A
		Industry/Sector	Consumer
		Website	www.birdseye.co.uk

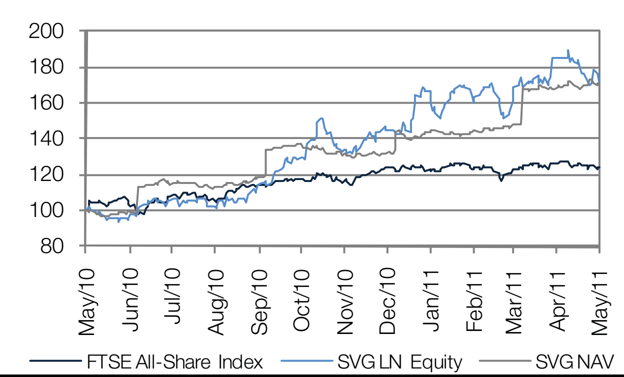
Source: SVG Capital

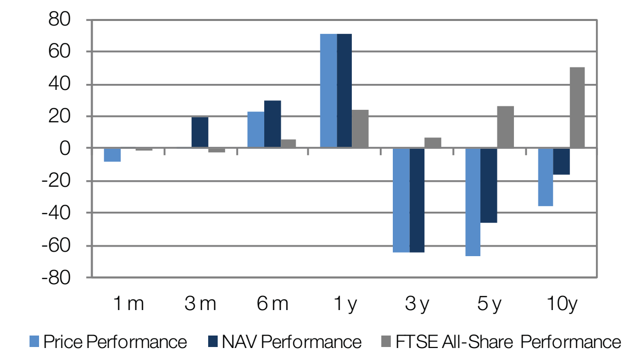
Recent performance

SVG has outperformed the FTSE All-Share index, as Exhibit 3 illustrates, the LPX 50 and LPX composite, in terms of price total return, over the three month, six month and one year time horizons and, in terms of NAV total return, over the one month, three month, six month and one year time horizons. SVG has outperformed the LPX Europe index over six months and one year, in terms of price total return and one month, three months, six months and one year in terms of NAV total return.

Exhibit 3: Listed private equity company performance

Price, NAV & benchmark total return performance 1 year rebased	Price, NAV & benchmark total return performance (%)



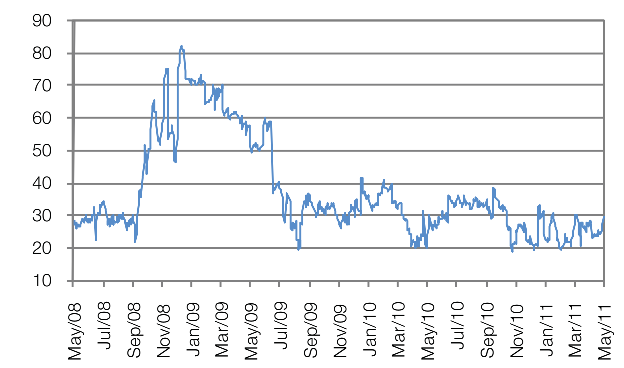


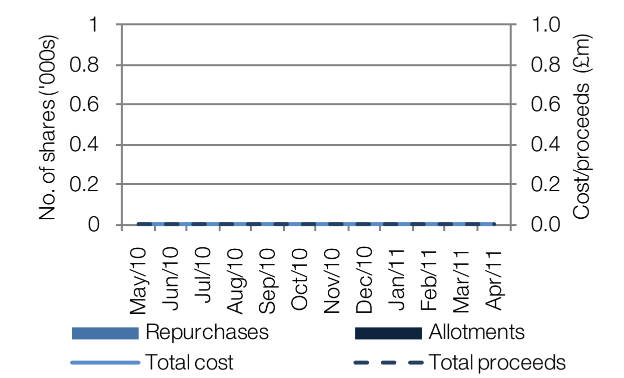
Source: Thomson Datastream/Edison Investment Research

Discount

Exhibit 4: Discount over three years; Share repurchase and allotment activity over one year

Discount/Premium calculated using NAVs valuing debt at market	Share repurchases and allotments during the last year





Source: Thomson Datastream/Edison Investment Research

SVG has authority to repurchase up to 14.99% and allot up to 33.33% of issued share capital. SVG does not have an explicit discount maintenance policy although the board keep the discount under review. The current fair discount of 30.1% is below its three-year average of 38.5% and above its five-year average of 25.1%.

Appendix 1: Summary of IPEV Guidelines

Source: BVCA

Best practice guidelines for ascribing 'Fair Value' to investments are set out by the International Private Equity and Venture Capital Valuation Board (IPEV).

Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date. For quoted instruments, this should be at market prices. However, for unquoted instruments such as private equity, the process is obviously more difficult. The 'valuer' of the asset needs to work out its value based on the assumption of the business being realised at the reporting date, using a valuation methodology to estimate the hypothetical exchange price. This requires the exercise of judgement to take into account the

potential impact of a range of factors, including current market conditions; geography; credit risk; impacts of foreign currency fluctuations; rights attributable; equity prices; and volatility. It is also necessary to account for any reduction in the amount that will be attributable to the fund due to, for instance, residual payments owing on any financial instruments used.

There are a number of different methodologies that can be used by the valuer, and they need to exercise their judgement on which is the best to use. In making this decision, there are a number of factors that the valuer should bear in mind:

- The applicability of any particular methodology, given the nature of the industry and current market conditions;
- The comparability of enterprise or transaction data;
- The stage of development of the enterprise;
- The ability of the enterprise to maintain profits and cash-flow; and
- Any additional considerations unique to the enterprise.

The methods of valuation described in the IPEV guidelines are the following:

i) Price of recent investment

The price of any recent investment may provide a reliable indicator of value, (allowing for the background to the transaction). The valuer needs to decide over what time scale the use of the price of recent investment valuation is valid, as it inevitably becomes eroded over time.

ii) Multiples

Where a business has a continuing earnings stream that is considered to be maintainable, it may be appropriate to derive a valuation by applying a reasonable earnings multiple to the earnings. The valuer needs to decide what multiple is appropriate and reasonable, as well as the level of EBITDA that can be established as stable and maintainable.

iii) Net assets

The net asset value of the business may be an appropriate method of valuation, especially where it derives its value largely from the assets that it holds rather than through a recurring earnings stream. In order to do this, the valuer is required to use appropriate measures to value the assets and liabilities of the underlying business.

iv) Discounted cash flows or earnings (of underlying business)

The method of discounted cash flows is a flexible method that can be applied to any stream of cash flows or earnings. It involves the valuer using their judgement to estimate the present value of future expected cash earnings of the underlying business, from which to derive its current value. However, there is always a high degree of subjectivity involved in this valuation method.

v) Discounted cash flows (from the investment)

This method is similar to the method of valuing based on discounted cash flows of the underlying business, but relies on the investment itself. This will be of particular relevance where, for instance, the realisation of the underlying business is imminent and the transaction price has been substantially agreed.

vi) Industry valuation benchmarks

Some industries have specific valuation benchmarks – for instance price per subscriber. Where the underlying business is in such an industry, this valuation benchmark may be appropriate.

Given the wide range of valuation options that are available, there will inevitably be a degree of subjectivity – not least in the decision around which valuation method to use. However, in the initial years, it is reasonable to assume that a significant number of funds will use the valuation at cost method, given that it leaves the least room for subjectivity in the valuation methodology.

The effect of holding at cost may be that the valuations that are given to a fund’s investments in the initial years underestimate the true market value, and as such we would see IRRs in the initial years below that of the final IRR.

Appendix 2: Investment process

Exhibit 1: The private equity investment process

Tactics	Investment priorities	Deal flow	Evaluation	Conversion	Management	Exit
Investment focus	Top-down analysis	Direct approaches and well-briefed intermediaries.	Understanding of value drivers and competition. Value creation plan developed during diligence.	Demonstrable expertise pre-requisite of success.	Access to the best managers. Relevant knowledge and experience.	Know the competitive environment. Select the best exit route.
Management/ planning	Understanding of what can be achieved in improving a potential investee.	Networks of industry contacts to source management talent and gain input from industry experts.	Active pre-process evaluation of team.	Ability to provide comprehensive strategic and management support.	Business planning for portfolio companies helps management achieve their targets.	Exit planning, communicating with market; shaping business; preparing team.
Resources	Allocation of sufficient resource to conduct a rigorous research programme.	Ability to invest time in direct approaches, communicate message to the market, track results.	Increased headcount to run diligence work streams, prove hypothesis .	Experience to win commitment of vendor, management, banks; negotiate legals.	Meaningful board representation with capacity to invest and manage.	Ability to drive advisers to achieve the desired result.

Source: LPEQ

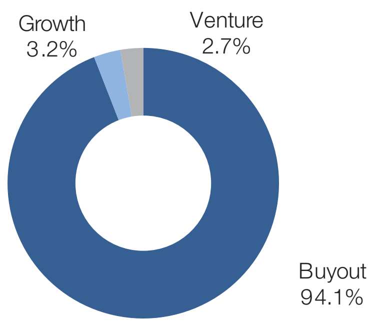
Appendix 3: Background

What is private equity?

PE describes long-term investment usually, but not always, in companies that are privately owned. From our discussions with PE managers, we found most managers aim to produce returns over periods from 5-10 years (or across the cycle) which are likely to be 5-10% greater than those available from investing in listed equities. To achieve this end PE managers tend to focus their investment on businesses with strong growth potential and/or where greater efficiencies can be achieved through operational improvement. FTSE 100 Companies that were originally PE-backed buyouts include Compass, Capita, Hays, Shire etc.

PE covers a very wide range of situations, from venture capital (financing investment in start-ups and companies at an early stage of development), through growth and replacement capital (minority investment in established, profitable companies), to the outright purchase of large and mature quoted companies – the 'leveraged buyout'. Some funds of funds will invest across the spectrum depending on investment opportunities. Among tradable listed private equity companies in Europe, over 90% are investing the majority of their assets in management or leveraged buyouts (see chart below of LPX Europe index).

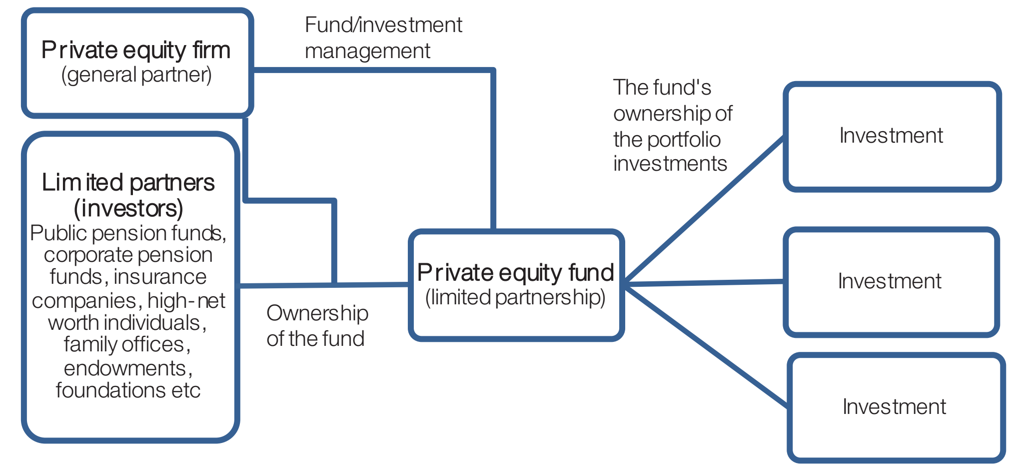
Exhibit 1: Split of LPX Europe index market cap by investment style



Source: LPX

Most PE investment is carried out by PE fund management firms through 'pooled' PE funds. Generally, the fund is managed by a general partner ('GP') who attracts external institutional investors (typically pension funds, endowments, insurance companies, family offices) and manages the funds by identifying investments, evaluating them, acquiring them, running them and exiting them (see Appendix 2: Investment process).

Exhibit 2: Typical private equity fund structure



Source: Edison Investment Research

This general partner or manager earns an annual fee, typically between 1.5-2%, for performing the investment management function and in addition is generally entitled to a share of the profits generated by the fund after delivering an annual compound hurdle rate of return of typically 8%. This share of the profits is known as “carry” and is typically around 20%. PE funds are usually structured as limited partnerships, with the manager as general partner responsible for the management of the business of the limited partnership and all of its liabilities. The investors become ‘limited partners’. However, they are generally not responsible for the obligations of the limited partnership; their liability is limited to the capital contributions they have committed to make to the limited partnership. Limited partners cannot take part in the control of the business of the limited partnership and normally cannot withdraw from their obligation to meet their capital commitment.

Funds are usually established with a 10-year life and investors normally commit to invest a certain amount of capital at the outset. As the manager identifies suitable investments for the fund, these investors are required to advance the capital they have committed to invest, normally during the first 3-5 years, known as the ‘commitment period’. Once this period is concluded, the fund’s manager continues to monitor and manage investments to maximise value and realise returns during the life of the fund. Follow-on investments may require further draw downs of capital during this phase, but investments in new portfolio companies are usually prohibited. Investments are typically held for around five years on average, and as they are sold (or ‘realised’), the proceeds are returned to investors and the fees paid to the manager. Investments may be sold to a larger company, floated on a stock market or sold to another PE firm, whose focus on specific industry sectors, geographies or stage of company development might bring something particular to the company’s further growth.

History suggests though that most funds return original invested capital after seven years, typically, and that most funds draw down no more than 90% of committed capital. It is also clear that during this period the administrative burden for a LP is significant, for example, where the PE fund has begun to realise investments and redistribute cash even before all committed funds for investment have been drawn down.

Finally, because the LP suffers fees on committed capital and there is a time lag between commitment and drawdown for investment, the LP's net rate of return is lower than the sum of the gross rates of return earned on each investment. It is this net return that investors and managers are ultimately interested in, as it is the net return that is compared with alternative investment routes.

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