

Contacts:

Jennifer Choi +1 202 333 8171  
EMPEA, Washington, D.C. [choij@empea.net](mailto:choij@empea.net)

Shona Prendergast/Andre Flemmings +44 20 7786 4884/4811  
Penrose Financial, London [shonap@penrose.co.uk](mailto:shonap@penrose.co.uk) ;  
[andref@penrose.co.uk](mailto:andref@penrose.co.uk)

Chris Tofalli +1 914 834 4334  
Tofalli PR, New York [chris@tofallipr.com](mailto:chris@tofallipr.com)

## EMERGING MARKETS TO GAIN GREATER SHARE OF PRIVATE EQUITY COMMITMENTS AS INVESTORS SEEK HIGH-GROWTH MARKETS

- ***Investors to accelerate new commitments to emerging markets private equity (EM PE)***
- ***Performance expectations for EM PE significantly trump developed markets***
- ***China, Brazil and India viewed as the most attractive emerging markets for investment***
- ***EM GPs are at least as well aligned with investors as developed market GPs, LPs say***

Washington, D.C. – Institutional investors increasingly believe that emerging markets are attractive for private equity investment, both on a standalone basis and relative to more developed markets, according to the latest *EMPEA/Coller Capital Emerging Markets Private Equity Survey*:

- Over half (57%) of limited partners (LPs) currently invested in EM PE plan to accelerate their new commitments over the next two years.
- Emerging markets' share of LPs' PE investment will continue to grow, with total commitments to EM PE funds expected to rise from 6-10% today to 11-15% in two years' time.
- Over three-quarters (77%) of LPs expect annual net returns greater than 16% from their EM PE portfolio (compared with 29% of LPs who expect similar returns from their global PE portfolio).
- Nearly three-quarters (70%) of LPs are either satisfied or very satisfied with the performance of their EM PE portfolio relative to that of their listed EM equities.
- 61% of LPs view the alignment of their EM PE managers as just as strong as that of their developed market GPs, and an additional 23% of LPs see a *greater* alignment with their EM GPs.

“Investors are clearly drawn to markets with strong underlying growth rates, which trumps leverage in driving returns,” said Sarah Alexander, President and CEO of EMPEA. “LPs now see a mature group of fund managers with the skills and experience to capture the private equity opportunities fueled by growth and to minimize investor risk,” said Ms. Alexander.

Erwin Roex, Partner, Coller Capital said, “Investors are still increasing the proportion of their private equity commitments targeted at emerging markets. Why? Quite simply, because LPs expect emerging market funds to outperform developed market ones. And they regard emerging market GPs as *at least* as well aligned with their interests as developed market GPs.”

Only 11% of investors intend to slow their new commitments to EM PE, compared with 38% one year ago. Those who *do* cite cash constraints as the primary obstacle to maintaining commitments, followed by an over-allocation to private equity.

Beyond China, Brazil and India, which continue to dominate the rankings in terms of investment attractiveness, Emerging Asian markets (Vietnam, Indonesia and Thailand) are poised to see the greatest expansion in commitments from *current* investors. Ms. Alexander noted, “Sophisticated investors who have built their exposure in China and India are now looking for the next frontier and see great investment opportunities in less penetrated markets.”

“Brazil continues to lead the emerging markets in terms of attracting *new* investors, with almost one in five experienced emerging market investors planning to begin investing in the country,” said Roex.

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**Note to Editors:**

The survey is available to download from the EMPEA and Coller Capital websites at: [www.empea.net](http://www.empea.net) and [www.collercapital.com](http://www.collercapital.com).

The 151 respondents to the 2010 *Survey* represented a range of institutions and geographies, including pensions, foundations, endowments, asset managers and funds-of-funds from North America, Europe, Asia, Africa, the Middle East and Latin America.

According to research released in February 2010 by the Emerging Markets Private Equity Association, 196 private equity firms focused on emerging markets raised US \$22.6 billion in 2009, a 66% decline from the record-breaking US \$66.5 billion raised in 2008, but on par with the decline in fundraising in developed markets. Details on 2009 EM PE fundraising are available at [www.empea.net](http://www.empea.net).

**About the Emerging Markets Private Equity Association (EMPEA)**

The Emerging Markets Private Equity Association (EMPEA) is an independent, global industry association that promotes greater understanding of and a more favorable climate for private equity and venture capital investing in the emerging markets of Africa, Asia, Central & Eastern Europe, Russia/CIS, Latin America and the Middle East. EMPEA’s 280 members represent a broad array of private equity fund managers, institutional investors, service providers and other key stakeholders in the industry.

**About Coller Capital**

Coller Capital, the creator of the *Global Private Equity Barometer*, is the leading global investor in private equity secondaries—the purchase of original investors' stakes in private equity funds and portfolios of direct investments in companies.