

Unrealized Capital in Tail-End Funds: Q2 2016

The size of unrealized assets in maturing funds is of relevance to the secondary market as they represent an opportunity for secondaries buyers. As fund managers face pressure to realize investments and return capital to their investors from ageing funds, the secondary market presents a potential exit option for these assets.

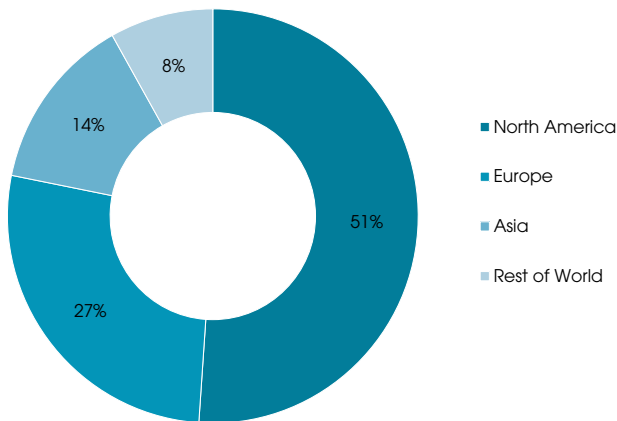
Unrealized assets in funds managed by firms with no recent fundraising success represent a segment of this opportunity. Fig. 1 shows the make-up of managers that have not closed a fund since 2009, of which North America-based managers constitute the majority (51%).

In aggregate, as of December 2015, there is \$214.4bn in unrealized assets across buyout and growth funds of vintages 2006 or older. For venture capital funds of vintage 2006 or older, total unrealized value sits at \$92.8bn. In comparison, the corresponding figures for September 2015 were \$246.2bn

and \$95.1bn respectively. Broadly, the amount of unrealized capital in funds of vintage 2006 and older has decreased between September 2015 and December 2015 as managers return some of the capital back to investors.

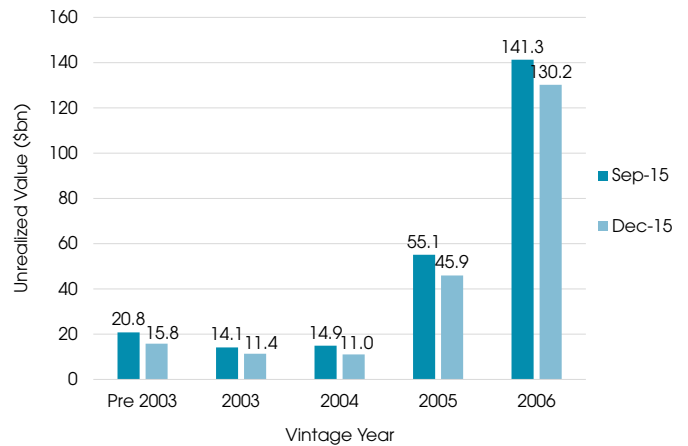
It is noteworthy that the decline in unrealized assets was greater for vehicles managed by firms with no successful fundraise since 2009. For buyout and growth funds, managers with no successful fundraise since 2009 experienced a reduction in unrealized assets from \$53.0bn to \$23.3bn (Fig. 3), whereas managers that had successfully closed a fund since 2009 saw unrealized assets fall from \$193.2bn to \$191.1bn (Fig. 4). Similarly, for venture capital funds, managers with no recent successful fundraise reduced unrealized capital from \$39.4bn to \$33.9bn (Fig. 6), compared with managers with a recent close which saw unrealized capital actually increase over the same period, from \$55.7bn to \$58.9bn, as shown in Fig. 7.

Fig. 1: Managers that Have Not Closed a Fund since 2009 by Location



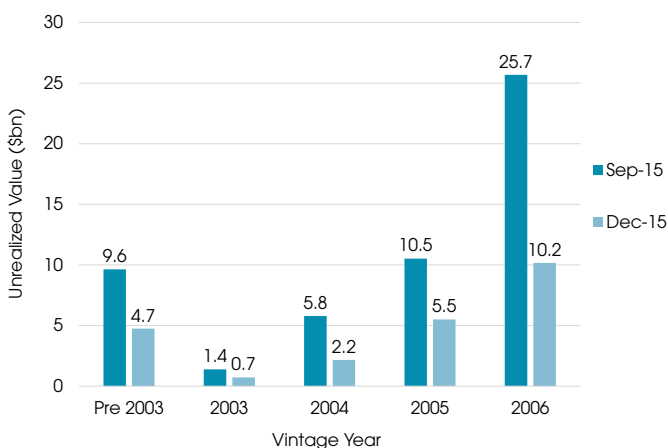
Source: Preqin Secondary Market Monitor

Fig. 2: Unrealized Value in Buyout and Growth Funds: Vintage 2006 and Older



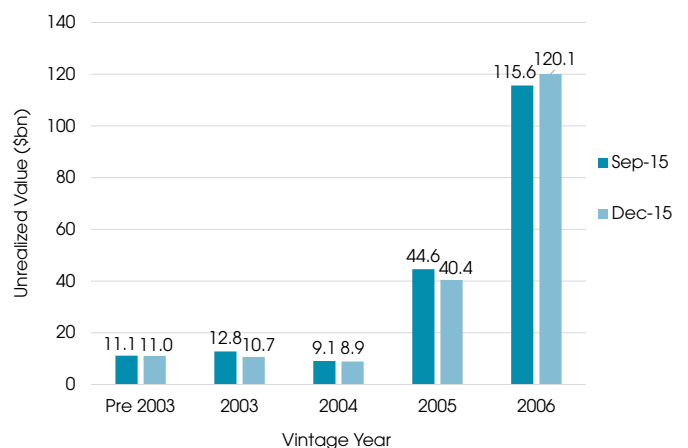
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 3: Unrealized Value in Buyout and Growth Funds: Vintage 2006 and Older (Manager Has Not Closed Fund since 2009)



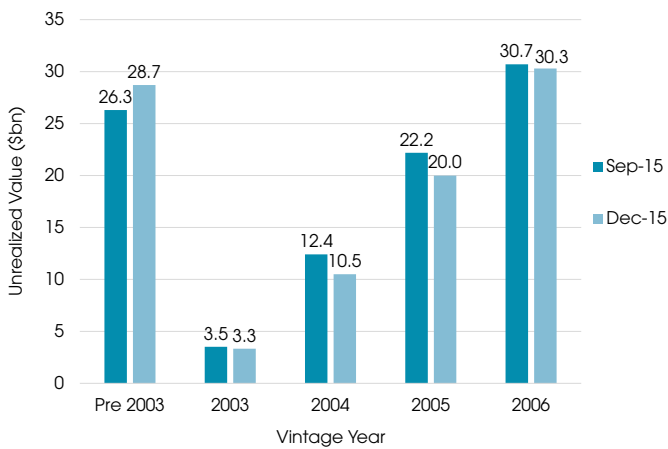
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 4: Unrealized Value in Buyout and Growth Funds: Vintage 2006 and Older (Manager Has Closed Fund since 2009)



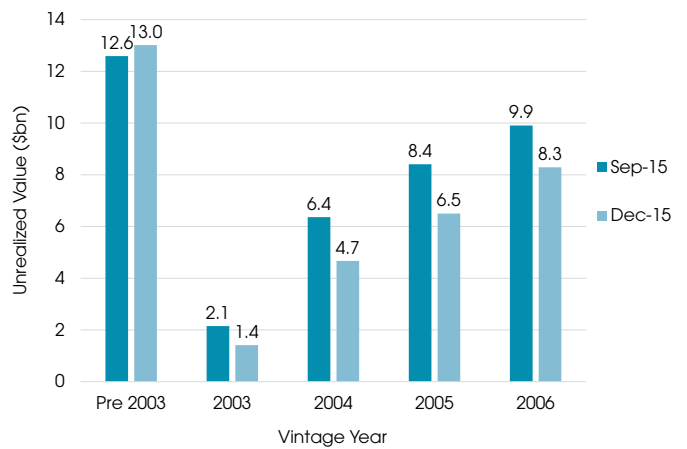
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 5: Unrealized Value in Venture Capital Funds: Vintage 2006 and Older



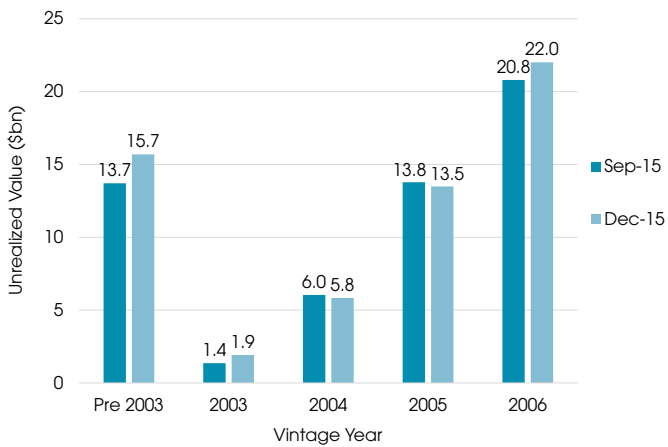
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 6: Unrealized Value in Venture Capital Funds: Vintage 2006 and Older (Manager Has Not Closed Fund since 2009)



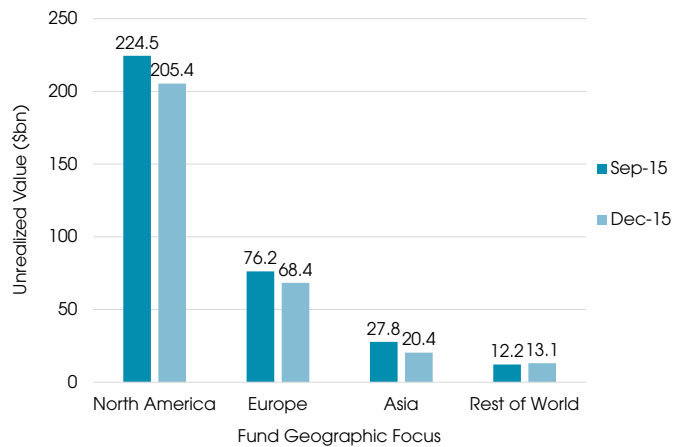
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 7: Unrealized Value in Venture Capital Funds: Vintage 2006 and Older (Manager Has Closed Fund since 2009)



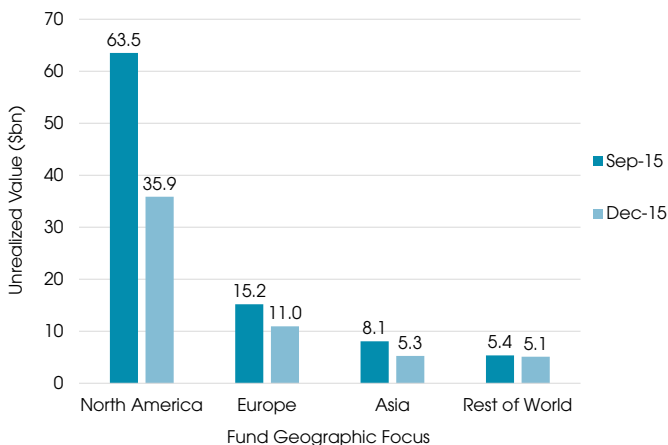
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 8: Unrealized Value in Buyout, Growth and Venture Capital Funds by Fund Geographic Focus: Vintage 2006 and Older



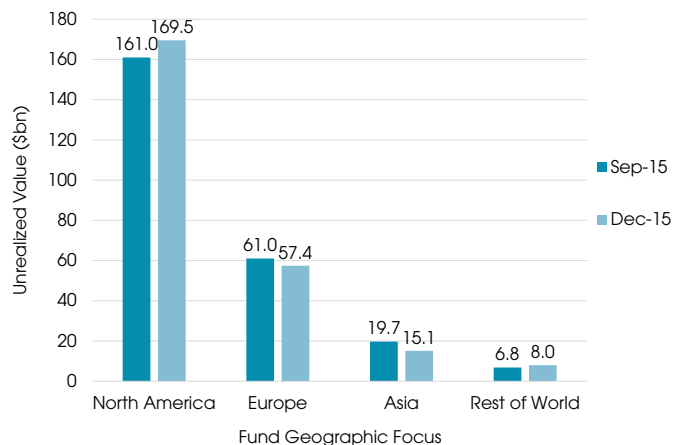
Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 9: Unrealized Value in Buyout, Growth and Venture Capital Funds by Fund Geographic Focus: Vintage 2006 and Older (Manager Has Not Closed Fund since 2009)



Sources: Preqin Secondary Market Monitor and Private Equity Online

Fig. 10: Unrealized Value in Buyout, Growth and Venture Capital Funds by Fund Geographic Focus: Vintage 2006 and Older (Manager Has Closed Fund since 2009)



Sources: Preqin Secondary Market Monitor and Private Equity Online