VC-PE Index

A Look at North American Private Equity as of Q4 2015

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TVPI Momentum

The one-year TVPI momentum (% change in TVPI y-o-y) was relatively modest for the North America All PE and buyout segments. For the vintage years between 2000 – 2012, All PE increased by 1.6% and buyouts increased by 1.9%. Meanwhile, venture capital's TVPI momentum led the way with an average TVPI momentum of 5% for the 2000 – 2012 vintage years.

The chart below digs into the 2005 – 2012 vintage years. These are the vintage years that are in the early to late stages of maturation and, therefore, the most meaningful to analyze.

For the 2005 – 2012 time period, venture capital's one-year TVPI momentum outpaced buyouts in seven of eight vintage years. The strongest vintage years for venture capital over the last year have been 2008, 2011, and 2012.

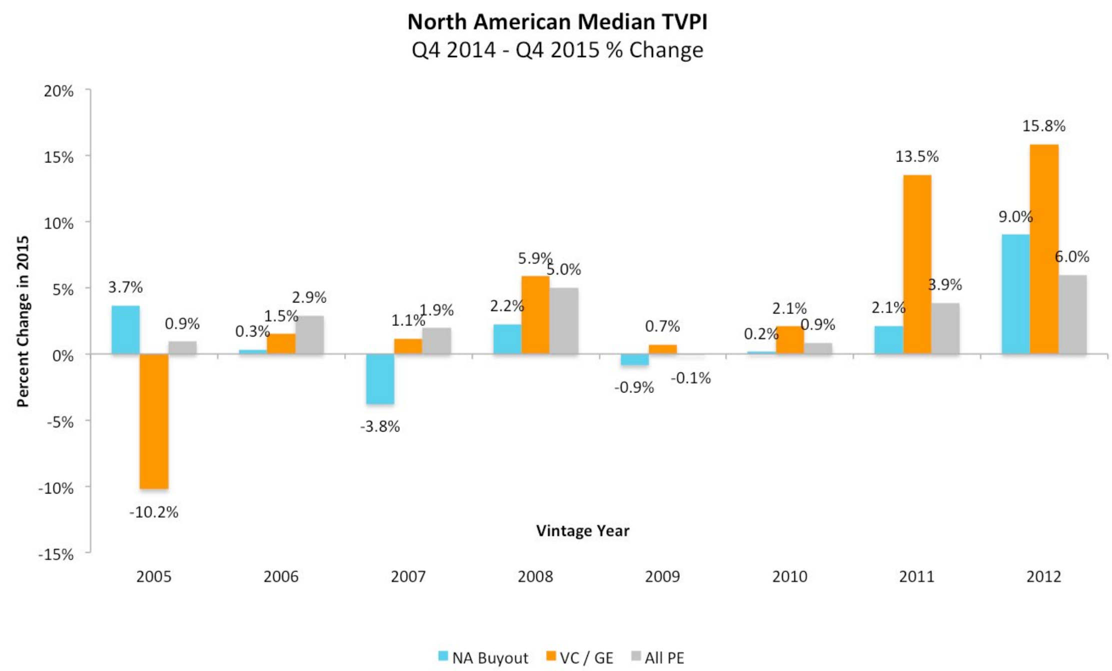

Exhibit 1: North American TVPI
Source: Bison

DPI Momentum

Although TVPI metrics were relatively flat during 2015, private equity firms were busy selling assets, which increased their DPI ratios. The chart below looks at the one-year DPI momentum (% change in DPI y-o-y) for the 2005 – 2012 vintage years.

North America venture capital led the way with an average DPI momentum of 118%. It should be noted that the average is being skewed by extraordinarily high percentage for the 2011 vintage year. If you were to exclude the 2011 vintage year, the average DPI momentum for venture capital would be 43%.

Comparing DPI momentum for venture capital to buyouts tells a mixed story. The DPI momentum for buyouts during this period averaged 63% and they outpaced venture capital in four of the eight vintage years. North American venture capital was busy increasing the value of their assets while North American buyouts were busy realizing the value of their assets.

To learn more about Bison and how we can help you understand private equity performance metrics, please visit www.bison.co.

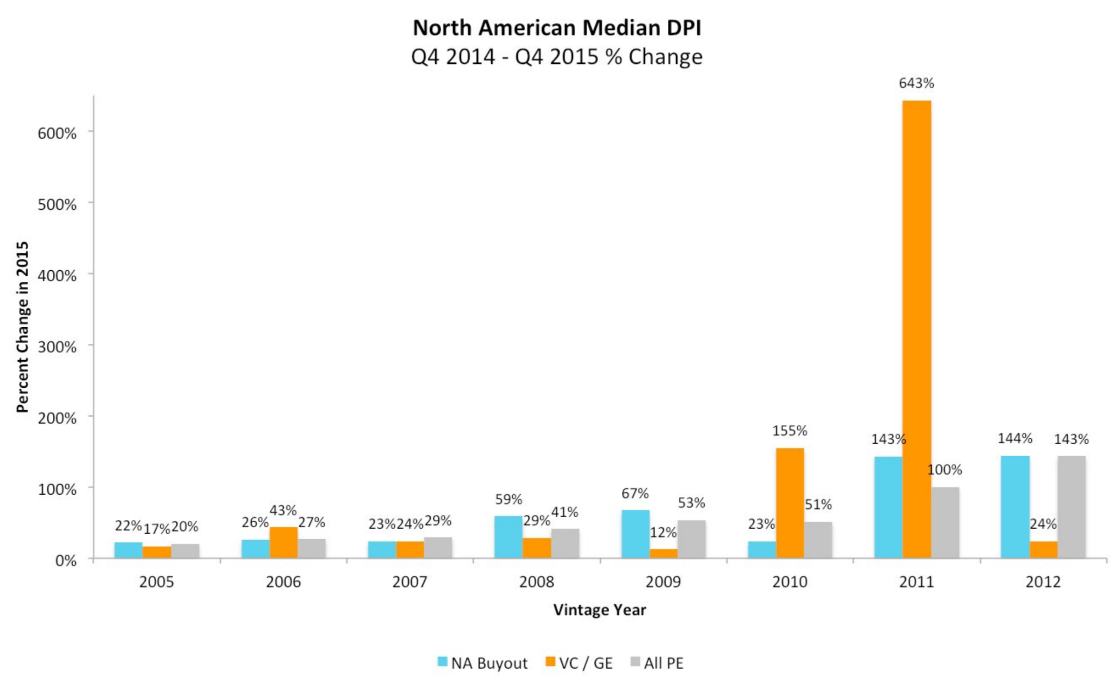

Exhibit 2: North American Median DPI
Source: Bison

Authors' Bios

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Prior to founding Bison, Mike Nugent held senior roles at SVG Advisers, LP Capital Advisors and HarbourVest Partners, and has more than $3B in private market commitments to his credit. Mike started his career in the public markets with the NASDAQ Stock Market, and also gained significant operating experience while running operations for a textiles manufacturer. He received his MBA from Boston College, and his BA from St. Bonaventure University. Mike lives on the North Shore of Massachusetts with his wife and two sons.

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Mike Roth is the Research Manager at Bison and oversees the data collection and content production. Before Bison, Mike spent six years on the investment team at SVG Advisers. There, he conducted research and due diligence on buyout and venture capital funds in the Americas. Mike received his BA in Economics from Boston College and is a CFA Charterholder.