

eFront Insight Research Quarterly Report

PRIVATE EQUITY PERFORMANCE OVERVIEW

Q1 2021 Issue



INTRODUCTION

Following the massive pandemic shock-driven correction in the first quarter of 2020, the following twelve months (Q2 2020 – Q1 2021) brought a persistent recovery and further growth to the global Buyout and VC markets. In the first quarter of this year, VC funds have globally generated 12.9% of a quarterly return, while the Buyout funds produced 9% over the same period. This evolution in PE markets significantly drifts away from the previous decade pattern where we recorded quarterly returns oscillating within the +/- 5% band. North American Funds overperformed in the LBO market in Q1 2021, while European VC funds produced the largest relative returns among the regions.

The new edition of the eFront Insight Research Quarterly Report presents two sets of performance metrics. The first is based on the fund level transaction data sourced directly from limited partners who report on the capital calls and distributions paid in and received from the GP managers they are invested with. Transaction data allows the direct calculation of the net-of-fees performance averaged out across the selection of funds. The second set of performance metrics leverages the deal-level data sourced from GP managers who report to their investors on portfolio deal characteristics and financials on a quarterly basis. This rich and granular dataset enables a thorough breakdown of performance figures across regions and industry sectors. All the reported performance metrics in the second part are presented on a gross-of-fees basis.

eFront Insight Research Quarterly Report delivers only a selection of performance benchmarks to its readers. eFront Insight clients have access to the eFront Insight Quarterly Data Pack catalog of benchmarks, including the performance dispersion metrics, performance breakdown by industry sub-sectors, more granular regional performance benchmarking (per country),

the performance ratios of realized deals, the pace of new investments and many more. This new service provides eFront Insight subscribers access to deal evolution across 40,000 private equity and more than 30,000 real estate investments. It enables clients to benchmark the performance of their direct and passive portfolio holdings as well as to forecast and plan the value creation and exit expectations of their asset level holdings through trend analysis.

Learn more: <https://www.efront.com/alternative-investment-software/efront-insight-research-module/>

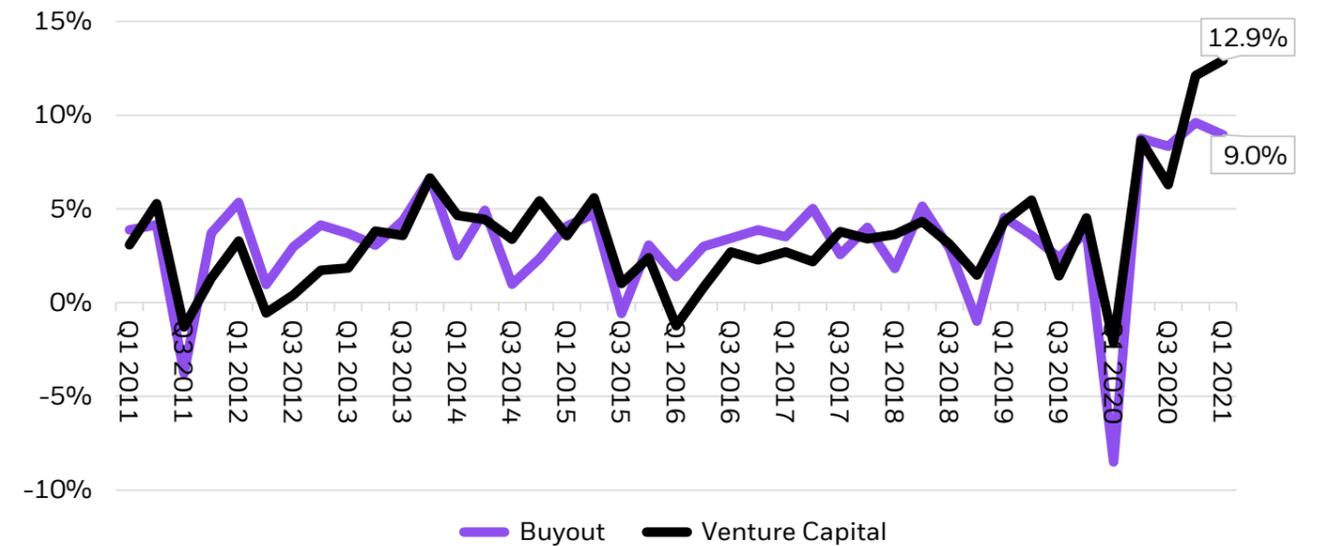
CONTENTS

1. FUND LEVEL ANALYSIS	3
The Ten Year Evolution of Quarterly Returns of Insight Research Index by Strategy	
The Last Quarter Return on Insight Research Index by Region and Strategy	
The Last Twelve-Month Return on Insight Research Index by Region and Strategy	
The Investment-to-Date Performance Multiples and IRRs by Region and Strategy	
The Investment-to-Date Performance Multiples and IRRs by Vintage Year	
2. DEAL LEVEL ANALYSIS	6
The Quarterly and the Last Twelve Month Performance on PE Deals by Industry Sector	
The Two-Year Evolution of Quarterly Performance by Industry Sector	
The Quarterly and the Last Twelve Month Performance on PE Deals by Region	

FUND LEVEL ANALYSIS



Figure 1 – The Ten-Year Evolution of Quarterly Returns of Insight Research Index (Q1 2011 – Q1 2021) by Strategy



Source: eFront Insight, As of Q1 2021. The Insight Research Index plots the one quarter return for the funds within the Insight Research universe. Each one quarter return is calculated using the Modified Dietz Method using the data on capital calls paid by limited partners and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

ABOUT INSIGHT RESEARCH INDEX

The Insight Research Index plots the one quarter return for the funds within the Insight Research universe. Each one quarter return is calculated using the Modified Dietz Method that puts a time weight on cash flows paid and received by limited partners.

A quarterly modified Dietz method return is calculated as:
$$R_{MDietz} = \frac{EMV - BMV - CF}{BMV + \sum_{i=1}^n W_i CF_i}$$

Where:

- EMV** = Ending Market Value
- BMV** = Beginning Market Values
- CF** = Cash Flows during the period

W_i = $[\mathbf{CD} - \mathbf{D}_i] / \mathbf{CD}$. Where: **CD** = the number of calendar days during the return period being calculated
D_i = the number of days from the start of the return period until the day on which the flow, CF_i, occurred.

Table 1 – The Last Quarter Return on Insight Research Index by Region and Strategy

Source: eFront Insight, As of Q1 2021. The table presents the last quarter return on Insight Research Index for the funds within the Insight Research universe broken down by PE sub-strategy and region. Each one quarter return is calculated using the Modified Dietz Method using the data on capital calls paid by investors and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 2 – The Last Twelve-Month Return on Insight Research Index by Region and Strategy

Source: eFront Insight, As of Q1 2021. The table presents the last twelve-month return on Insight Research Index for the funds within the Insight Research universe broken down by PE sub-strategy and region. Each one quarter return is calculated using the Modified Dietz Method using the data on capital calls paid by investors and distributions returned by a fund manager during the observed quarter. The transactions are reported directly by limited partners. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Q1 2021 return on Insight Research Index by Region and Strategy

Region	Buyout	Venture Capital
Europe	7.08%	17.90%
North America	10.38%	15.49%
Asia Pacific	6.23%	3.65%
Rest of the World	2.37%	4.89%
All	8.96%	12.92%

Rolling 12M return on Insight Research Index by Region and Strategy

Region	Buyout	Venture Capital
Europe	38.0%	56.1%
North America	43.3%	65.3%
Asia Pacific	33.8%	35.4%
Rest of the World	43.9%	25.9%
All	40.8%	55.8%

Table 3 – The Investment-to-Date Performance Multiples and IRRs by Region and Strategy

Fund – Level Performance Multiples and IRRs by Region and Strategy				
Strategy	Buyout		Venture Capital	
Region	TVPI	IRR	TVPI	IRR
Europe	1.63x	14.13%	1.58x	8.33%
North America	1.58x	12.36%	1.78x	14.57%
Asia Pacific	1.44x	9.65%	1.58x	9.75%
Rest of the World	1.29x	4.15%	1.32x	4.31%
All	1.59x	12.75%	1.71x	12.97%

Source: eFront Insight, As of Q1 2021. The table presents the pooled average Total-Value-Paid-In performance multiple (TVPI) and the pooled average internal rate of return (IRR) for the funds within the Insight Research universe broken down by PE sub-strategy and region. The TVPI represents a cumulative relative return and the IRR an annualized return, both calculated using fund cash-flows since their inception. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 4 – The Investment-to-Date Performance Multiples and IRRs by Vintage Year

Fund – Level Performance Multiples and IRRs by Vintage Year				
Vintage Year	Buyout		Venture Capital	
	TVPI	IRR	TVPI	IRR
2000	1.84x	14.84%	0.96x	-0.59%
2001	1.91x	21.52%	1.20x	2.94%
2002	1.95x	22.11%	0.87x	-2.03%
2003	2.04x	18.56%	1.45x	6.66%
2004	1.75x	14.54%	1.59x	6.40%
2005	1.52x	8.04%	2.01x	11.71%
2006	1.38x	5.39%	1.49x	6.24%
2007	1.52x	8.09%	1.62x	7.55%
2008	1.62x	10.79%	1.99x	12.43%
2009	1.93x	17.45%	2.11x	13.23%
2010	1.68x	11.33%	2.12x	13.46%
2011	1.88x	15.65%	2.00x	14.10%
2012	1.77x	15.49%	2.67x	19.96%
2013	1.62x	14.29%	2.00x	15.11%
2014	1.81x	18.24%	2.00x	17.09%
2015	1.35x	11.48%	1.81x	16.39%
2016	1.45x	14.59%	1.87x	23.90%
2017	1.42x	18.19%	1.47x	18.53%
2018	1.27x	18.51%	1.12x	7.16%
2019	1.18x	18.28%	1.07x	8.85%

Source: eFront Insight, As of Q1 2021. The table presents the pooled average Total-Value-Paid-In performance multiple (TVPI) and the pooled average internal rate of return (IRR) for the funds within the Insight Research universe broken down by fund vintage year. The TVPI represents a cumulative relative return and the IRR an annualized return, both calculated using fund cash-flows since their inception. The returns are calculated in USD. The performance is calculated on a net-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

DEAL LEVEL ANALYSIS



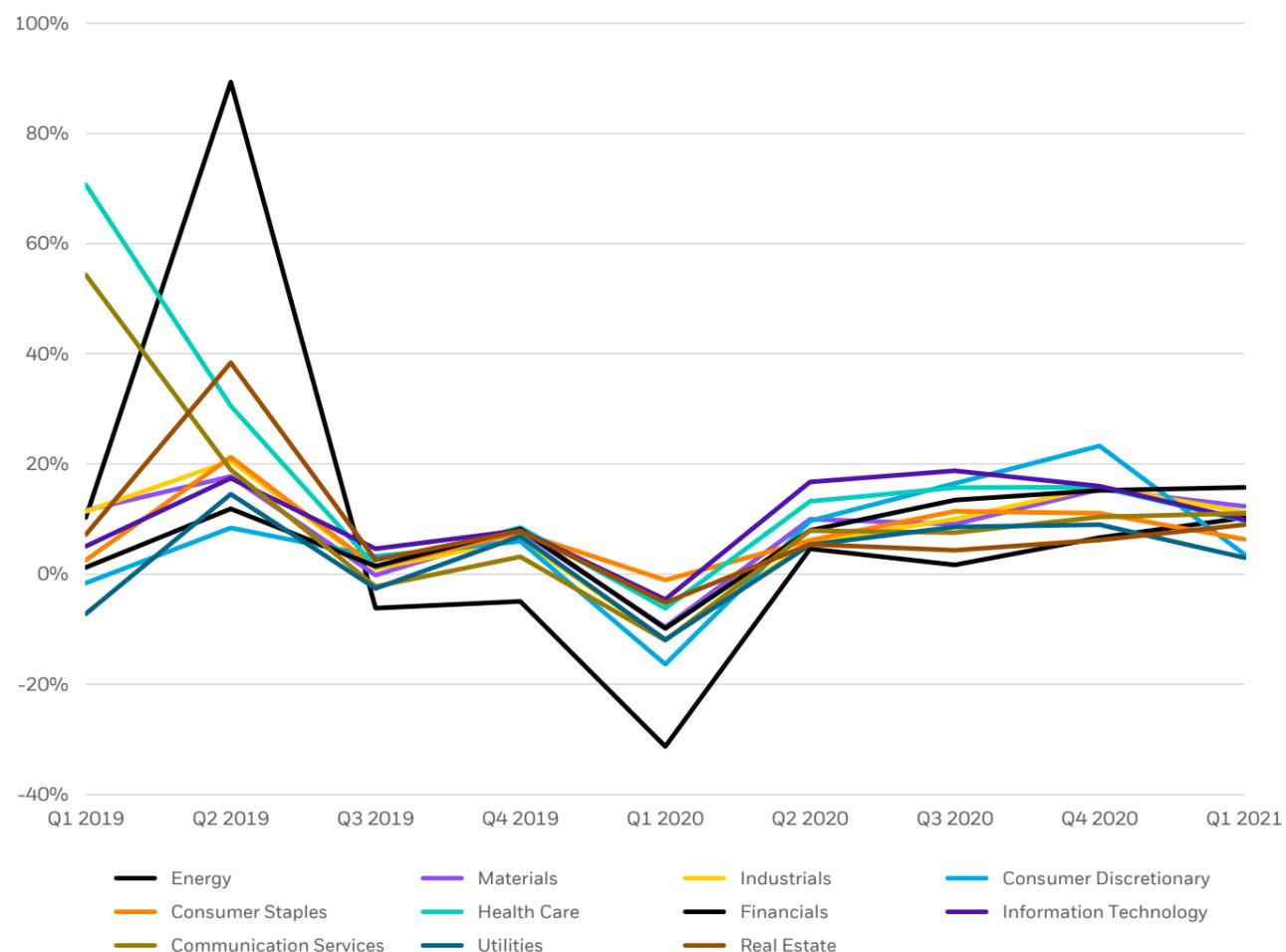
Table 5 – The Quarterly and the Last Twelve-Month Performance of PE Deals by Industry Sector

Deal – Level Quarterly Return by Industry Sector					
Industry Sector	Q2 2020	Q3 2020	Q4 2020	Q1 2021	LTM Q1 2021¹
Energy	4.60%	1.65%	6.62%	10.22%	25.19%
Materials	9.96%	9.07%	15.36%	12.32%	56.66%
Industrials	5.77%	10.03%	15.85%	11.21%	51.95%
Consumer Discretionary	9.65%	16.44%	23.27%	3.57%	67.09%
Consumer Staples	6.12%	11.40%	11.06%	6.30%	40.52%
Health Care	13.21%	15.68%	15.76%	9.68%	68.78%
Financials	7.96%	13.45%	15.21%	15.73%	58.10%
Information Technology	16.73%	18.75%	15.95%	9.89%	77.61%
Communication Services	7.87%	7.51%	10.35%	11.06%	40.93%
Utilities	5.34%	8.57%	8.99%	3.00%	34.09%
Real Estate	5.41%	4.32%	6.16%	8.99%	27.18%

Source: eFront Insight, As of Q1 2021. The table presents the quarterly and the last twelve-month performance over the past year for the PE funds within the Insight Research universe broken down by industry sectors. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two quarter-ends. The last twelve-month return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two year-ends. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

¹ The LTM return provided does not correspond to the aggregate return derived from the last four quarterly returns given in the table because the sample composition of deals used at the quarter-ends evolves over quarters.

Figure 2 – Two-Year Evolution of Quarterly Performance (Q1 2019 – Q1 2021) by Industry Sector



Source: eFront Insight, As of Q1 2021. The table presents the evolution of quarterly performance over the past two years for the PE funds within the Insight Research universe broken down by industry sectors. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

Table 6 – The Quarterly and the Last Twelve-Month Performance of PE Deals (Q2 2020 – Q1 2021) by Region

Deal – Level Quarterly Return by Region					
Region	Q2 2020	Q3 2020	Q4 2020	Q1 2021	LTM Q1 2021²
North America	11.1%	14.7%	14.4%	11.6%	64.8%
Europe	10.0%	12.4%	18.9%	7.7%	59.6%
Western Europe	9.3%	11.7%	16.2%	10.3%	59.8%
Northern Europe	10.9%	8.4%	23.4%	15.3%	55.6%
Southern Europe	8.4%	8.5%	8.9%	3.5%	33.0%
Central & Eastern Europe	21.8%	41.8%	54.4%	-18.6%	146.7%
Asia Pacific	10.3%	13.3%	13.4%	6.3%	47.8%
Eastern Asia	11.6%	12.1%	12.3%	3.0%	38.9%
South Asia	5.5%	16.1%	10.6%	10.2%	51.3%
South East Asia	4.5%	7.2%	7.8%	8.2%	32.8%
Oceania	14.0%	15.8%	18.4%	13.2%	78.0%
Rest of the world	3.4%	6.0%	31.4%	0.3%	41.3%

Source: eFront Insight, As of Q1 2021. The table presents the quarterly and the last twelve-month performance over the past year for the PE funds within the Insight Research universe broken down by region. Quarterly return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two quarter-ends. The last twelve-month return is calculated as a relative change in the market value of a deal as reported in the investment schedule segment of the quarterly report between two year-ends. The returns are calculated in USD. The performance is calculated on a gross-of-fees basis. Strategies included: Leveraged Buyout and Venture Capital.

² The LTM return provided does not correspond to the aggregate return derived from the last four quarterly returns given in the table because the sample composition of deals used at the quarter-ends evolves over quarters.

This material is provided for informational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are subject to change at any time without notice. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Performance and risk calculations are based on assumptions, historical correlations, and other factors and are not assured to predict future results. All graphs and screenshots are for illustrative purposes only.

In the **U.S. and Canada**, this material is intended for public. **In the UK**, this material is for professional clients (as defined by the Financial Conduct Authority or MiFID Rules) and qualified investors only and should not be relied upon by any other persons. Please refer to the Financial Conduct Authority website for a list of authorized activities conducted by BlackRock. **In the EEA**, this material is for professional clients, professional investors, qualified clients and qualified investors. **For qualified investors in Switzerland:** This document is marketing material. Until 31 December 2021, this document shall be exclusively made available to, and directed at, qualified investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006 (“CISA”), as amended. From 1 January 2022, this document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services (“FinSA”). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: www.blackrock.com/finsa.

In Singapore, this advertisement or publication is intended for public distribution and has not been reviewed by the Monetary Authority of Singapore. **In Hong Kong**, this material is intended for public distribution. The technology and the material have not been reviewed by the Securities and Futures Commission of Hong Kong. **In Japan**, this is for Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act).

In Australia, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. **In Brunei, Indonesia, Philippines and Malaysia**, this material is issued for Institutional Investors only. **In Latin America**, for institutional investors and financial intermediaries only (not for public distribution). No securities regulator within Latin America has confirmed the accuracy of any information contained herein. Please note that **IN MEXICO**, the provision of investment management and investment advisory services (“**Investment Services**”) is a regulated activity, subject to strict rules, and performed under the supervision of the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, the “**CNBV**”). BlackRock does not provide, and it shall not be deemed that it provides through eFront technology, any personalized investment advice to the recipient of this document, by reason of its use or otherwise. These materials are shared for information purposes only, do not constitute investment advice, and are being shared in the understanding that the addressee is an Institutional or Qualified investor as defined under Mexican Securities (*Ley del Mercado de Valores*). Each potential investor shall make its own investment decision based on their own analysis of the available information. Please note that by receiving these materials, it shall be construed as a representation by the receiver that it is an Institutional or Qualified investor as defined under Mexican law. BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión (“**BlackRock México Operadora**”) is a Mexican subsidiary of BlackRock, Inc., authorized by the CNBV as a Mutual Fund Manager (*Operadora de Fondos*), and as such, authorized to manage Mexican mutual funds, ETFs and provide Investment Services. For more information on the Investment Services offered by BlackRock Mexico, please review our Investment Services Guide available in www.blackrock.com/mx.

©2021 BlackRock, Inc. All rights reserved. **BLACKROCK and eFRONT** are trademarks of BlackRock, Inc., or its subsidiaries. All other marks are the property of their respective owners.

ABOUT EFRONT INSIGHT

With limited partners looking to grow their exposure to private markets, securing high-quality data and powerful analytics has become essential for attaining top quartile performance. With **reliable investment and benchmark data**, **best in class data collection service** and **ESG risk detection**, **eFront Insight** enables limited partners to generate superior insights, enhancing their decision making for due diligence and portfolio construction processes.

eFront Insight's dataset includes over 100,000 deals in the alternatives space today. This newly released deal-level benchmarking dataset complements our existing fund level cashflow benchmarks. It provides additional clarity and augments the transaction-based fund-level set of performance metrics to give a more comprehensive lens into the performance of the global PE market.

This unique dataset includes information on individual deal characteristics such as investment and exit dates, HQ domiciliation, industry classification, as well as the information on the deal's reported market value and total costs of investment during the entire life of the deal to support this unique analysis of deal-level performance.

EFRONT INSIGHT | DATA SERVICE

eFront Insight's managed data services streamlines the exchange of data between limited partners and general partners through its SaaS portal supported by its in-depth data collection services and **new patent pending machine learning automation capabilities**. eFront Insight ensures investors always have access to granular, high-quality, verified data and KPIs about fund managers, funds, and underlying assets, covering all alternative asset classes - private equity, real estate, infrastructure, and private debt.

eFront Insight's data and advanced analytics allow investors to spend less time on data collection, cleansing and crunching, and more time on analysis, insight-generation and decision-making.

 **2,000+**
managers
providing data
every quarter

 **100,000+**
portfolio companies
& properties already
tracked

 **125+**
data analysts
to collect and
verify data

 **>7,000**
funds collected
on quarterly
basis

LEARN MORE:

request@efront.com | www.efront.com