

Welcome to the latest issue of **Private Equity & Venture Capital Spotlight**, the monthly newsletter from Preqin providing insights into private equity performance, investors, deals and fundraising. Private Equity & Venture Capital Spotlight combines information from our **Private Equity Online** service.

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### Featured Publication



### 2017 Preqin Private Capital Compensation and Employment Review

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# Private Equity & Venture Capital Spotlight

November 2016



## Feature Article: Compensation and Employment in the Private Capital Industry

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In partnership with FPL Associates, Preqin conducted a survey of 175 leading firms in 2016, to gain insight into the compensation and employment practices at private capital firms worldwide. The results of the survey, along with benchmark remuneration data for 69 positions, are available in the [2017 Preqin Private Capital Compensation and Employment Review](#).



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Upcoming private equity conferences around the world that Preqin will be attending in the near future and available discount codes.

### Did you know...?

You can download all the data in this month's Spotlight in Excel.



Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing; please cite Preqin as the source.



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# Preqin Acquires Baxon Solutions



I am very pleased to announce that Preqin has now acquired a controlling stake in Baxon Solutions, effective from November. This is the natural next step in the strategic partnership that we formed with them in January 2015, and this second phase will build on the successes of the past two years. Although we have already been working closely alongside the Baxon team, I'm excited to take our partnership to the next level, and fully incorporate Baxon within the Preqin group – best of all, founders Jorge and Paula remain as shareholders and senior members of the management team.

The private equity industry is facing a period of increasing reporting and regulatory challenges, and Baxon's platform is well-placed to help fund managers in navigating them. Its portfolio management and reporting system is a market-leading solution to a real need within the industry, and it has a tremendous reputation with its growing customer base for delivering services of real and enduring value to private equity GPs and their LPs. Preqin's expertise and position within the industry, meanwhile, puts us in an ideal position to support Baxon, and our initial focus following this acquisition will be the further development of the Baxon platform, as well as expanding into a number of other geographic regions.

To customers of both Preqin and Baxon, I would like to share this exciting news with you, and to say that this is simply the next step in a long process. I believe that there is a huge amount of potential for how Preqin and Baxon can work together, and we will look to our clients and partners to show us what their needs are. Both companies stand on their own as offering important services for the industry, and together they offer a powerful array of tools to fund managers, investors, and service providers. We look forward to sharing the next stages of Baxon's development with you, and until then I hope you will continue to gain from the insight, data, and analysis that Preqin offers.

Thank you,

Mark O'Hare, CEO

## Portfolio Company Management Made Easy



### MONITORING

- Collection of financials and KPIs
- Validations and Sign off
- Reporting and dashboards
- Full traceability
- Drill-Down and Analytics
- Full Excel integration



### VALUATION

- Sourcing of comparables
- Integration with company financials
- Waterfall and sensitivities
- Cap tables
- Reporting and dashboards
- Full Excel integration



### FUND ANALYSIS

- Slice and dice of IRRs
- Sensitivities and exit planning
- Reporting and dashboards
- Full legacy systems integration
- Full Excel integration



### LP REPORTING

- Integrated aesthetic Limited Partner reporting
- Compliant with AltExchange and ILPA guidelines
- Automation of Limited Partner specific templates

**BAXON**<sup>™</sup>

Baxon Solutions is a  Preqin Family Company



# Compensation and Employment in the Private Capital Industry

In partnership with FPL Associates, Preqin conducted a survey of 175 leading firms in 2016, to gain insight into the compensation and employment practices at private capital firms worldwide. The results of the survey, along with benchmark remuneration data for 69 positions, are available in the [2017 Preqin Private Capital Compensation and Employment Review](#).

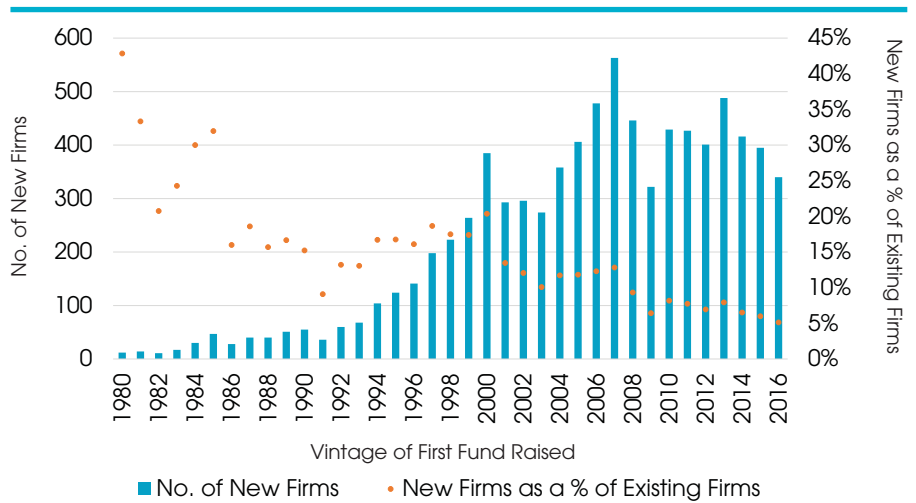
## New Firms Entering the Market

Fig. 1 shows the activity of private capital firms by vintage year of first fund raised. Two key events have had a significant impact on the number of new firms entering the private capital industry:

- Following the rapid growth of the industry in the 1990s, the burst of the dot-com bubble caused the number of new firms entering the market to decrease between 2000 and 2003, before increasing rapidly again from 2004 to 2007.
- The Global Financial Crisis of 2008 led to the number of new firms established falling from a peak of 563 in 2007 to 322 in 2009.

2016 has seen 340 new firms enter the private capital market. This data only includes firms that have reached a final close or at least one interim close on their debut funds, in order to begin making investments. While strong distributions from private capital vehicles in recent years have boosted investor liquidity and appetite for private capital asset classes, the number of new firms entering the industry has fallen for the third consecutive year. This could be due to an associated increase in competition within the market and the dominance of some of the larger players.

**Fig. 1:** Number of Active Private Capital Firms by Vintage of First Fund Raised, 1980 - 2016



Source: Preqin Private Equity Online

Specifically, in terms of private equity:

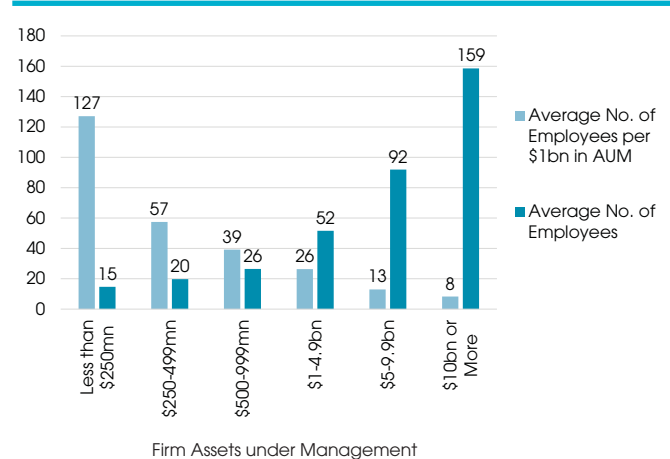
- Buyout firms show a similar trend to that of private capital overall, with an annual increase in the number of new buyout firms in market up to 2007 (94 new firms), after which the number plateaued at approximately 43 firms established annually. As of November 2016, there are 1,145 buyout firms active in the market.
- Growth capital firms have seen a consistent rise in the number of active firms in the industry, with approximately 48 firms coming to market annually since the mid-2000s. The number of active growth capital firms stands at 702 as of November 2016.
- There was rapid growth in the number of venture capital firms active in the industry up until the burst of the tech

**Fig. 2:** Estimated Employment by Most Prominent Firm Types

Firm Type	Estimated Employment
Real Estate	38,600
Venture Capital	36,600
Buyout	34,600
Growth	14,400
Private Debt	13,400
- Mezzanine	4,300
Infrastructure	6,300
Natural Resources	5,500
Private Equity Fund of Funds	4,200

Source: 2017 Preqin Private Capital Compensation and Employment Review

**Fig. 3:** Average Number of Employees by Firm Assets under Management



Source: 2017 Preqin Private Capital Compensation and Employment Review



bubble, which significantly slowed the growth of the number of active firms in the industry. Since then, there has been a slight recovery in the number of venture capital firms entering the market. Between 2004 and 2009, an average of 124 firms were established annually, and as a result of the increased profitability and growth of the venture capital sector, recent years (2011-2015) have seen an average 150 firms coming to market annually. In 2016, 163 firms entered the market, with 2,269 venture capital firms currently active in the industry.

- The number of private equity fund of funds managers active in the market has fallen slightly over the past four years, as the number of new fund of funds coming to market annually remains in single digits and

existing firms are either liquidated or consolidated into other entities.

### Employment in Private Capital

Preqin estimates that private capital firms worldwide employ around 163,000 people. There are currently over 6,900 private capital firms actively managing funds globally across private equity, private debt, private real estate, infrastructure and natural resources.

When private capital firms that do not raise or have not raised distinct private capital funds (i.e. those that manage corporate or personal capital and those that manage third-party capital without pooling into commingled private investment vehicles) are included, the total number of active private capital firms under consideration increases to approximately 10,000.

### Employment by Firm Size

The number of employees at private capital firms naturally varies significantly in terms of assets under management (AUM) of the firms in question, as shown in Fig. 3. The smallest firms (those with less than \$250mn in AUM) have an average of 15 employees, while the largest firms (those with \$10bn or more in AUM) employ an average of 159 people.

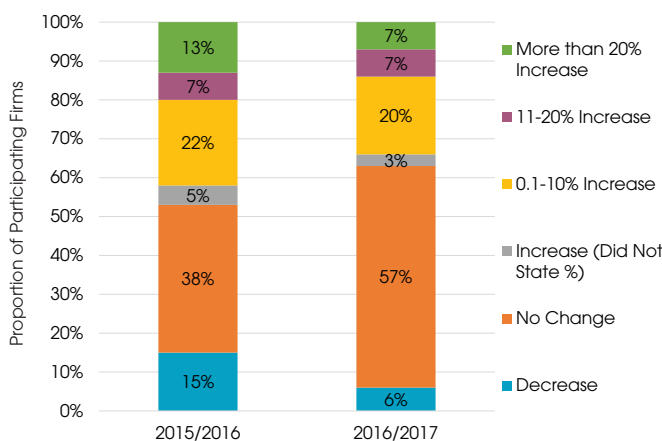
Larger firms tend to have fewer employees per \$1bn in AUM than smaller firms, thus benefitting from economies of scale when operating their fund. These economies of scale in managing larger pools of capital are at least passed on to investors through lower management fees on larger funds, further explored in the [2016 Preqin Private Capital Fund Terms Advisor](#). The largest firms have an average of eight members of staff

**Fig. 4: Average Base Salary and Total Annual Cash Compensation for Managing General Partners/Chief Executive Officers at Private Capital Firms**

		Base Salary	Total Annual Cash Compensation
		\$455,285	\$732,236
Assets under Management	Less than \$150mn	\$296,303	\$386,507
	\$150-399mn	\$415,821	\$541,537
	\$400mn-\$1bn	\$525,361	\$1,022,863
	More than \$1bn	\$609,808	\$987,140
Geographic Market	Asia-Pacific	\$388,937	\$677,881
	Europe	\$372,917	\$614,438
	US	\$504,671	\$812,853
Fund Type	Leveraged Buyout (LBO)	\$574,221	\$809,536
	Growth Capital/Equity	\$347,799	\$495,682
	Venture Capital	\$548,898	\$667,002
	Real Estate	\$413,995	\$808,045

Source: 2017 Preqin Private Capital Compensation and Employment Review

**Fig. 5: Average Firm-Wide Changes in Base Salaries of Participating Firm: 2015/2015 vs. 2016/2017**



Source: 2017 Preqin Private Capital Compensation and Employment Review

#### Data Source:

**Private Equity Online** is Preqin's flagship online private equity information resource and encompasses all of Preqin's private equity databases. With unrivalled data and intelligence, **Private Equity Online** provides a 360° transparent view of all aspects of the asset class, including fund terms and conditions, fundraising, fund managers, institutional investors, fund performance, deals and exits, service providers and more.

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per \$1bn in assets, or approximately \$127mn managed per employee. For smaller firms, the figure rises to 127 employees per \$1bn or approximately \$2.1mn managed per employee.

#### Sample CEO Annual Compensation

Fig. 4 shows the average base salary and total annual cash compensation for Managing General Partners/Chief Executive Officers in the private capital industry by firm AUM, geographic market and fund type. A Managing General Partner at a firm headquartered in the US makes on average approximately \$130,000 more a year (base salary) than the same position in Europe.

Similarly, the difference between base salaries of Managing General Partners at smaller firms (those with less than \$150mn in AUM) and the largest firms (those with over \$1bn in AUM) is around \$313,000. The [2017 Preqin Private Capital Compensation and Employment Review](#) includes individual detailed salaries and remuneration figures for 69 job positions at private capital firms,

broken down by AUM, geographic market and fund type, as well as on an aggregate basis.

#### Changes in Compensation over the Past Year and Projections for the Year Ahead

In addition to compensation data on an individual level, the review contains analysis of changes to compensation over the past year as well as predictions for the year ahead. Fig. 5 shows that the largest proportion (38%) of firms that participated in the most recent compensation and employment survey saw no change in the firm-wide base salary over the past 12 months. Meanwhile, 13% of firms saw a rise of more than 20% in the firm-wide base salary. Collectively, nearly half (47%) of firms surveyed have increased compensation packages for their staff firm-wide over the same period. This is indicative of the wider health of the private capital industry: fundraising continues to gain momentum and more firms are entering the marketplace, presenting more employment opportunities for private capital professionals.

The year ahead reveals more good news for staff at such firms: 37% of participants in the survey indicated that their projections for the period 2016-2017 include a rise in firm-wide base salary. While the larger proportion (20%) of this group expect to increase base salaries by between 0.1% and 10%, a small proportion (7%) of firms are looking to increase their firm-wide base salary by more than 20% in the next 12 months. This suggests that firms are more inclined to increase base salaries in small increments than in huge raises.



## 2017 Preqin Private Capital Compensation & Employment Review

The **2017 Preqin Private Capital Compensation & Employment Review** is the industry's leading guide to compensation practice. Using data from 175 private capital firms, the book features detailed benchmark remuneration data for nearly 70 positions across the industry:

- Compare existing compensation practices against wider industry benchmarks.
- View compensation data by position, including base salary, carry, and quartile splits.
- See how compensation varies by firm type, region and size.
- Track employment in the industry and the number of firms over time.
- Review reliable and accurate information on the latest trends in private capital compensation.

Private Equity



Private Debt



Real Estate



Infrastructure



Natural Resources

The 2017 Preqin Private Capital Compensation & Employment Review is produced in collaboration with compensation specialists FPL Associates. For more information and sample pages, please visit:

[www.preqin.com/compensation](http://www.preqin.com/compensation)



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# The German Private Equity Market

We analyze the German private equity market, including fundraising, deals, performance and investors, using data from the recently launched [Preqin Special Report: Private Equity in Germany](#).



### 352

Germany is the second largest country in Europe by number of private equity fund managers.



### \$5.0bn

Germany accounts for the second highest aggregate buyout deal value among Europe-based countries in H1 2016.



### 164

Germany is the third largest country in Europe by number of active institutional investors in private equity.



### 2nd

Germany accounts for the second highest venture capital deal value among Europe-based countries in H1 2016.

Germany is one of the major centres for private equity & venture capital in Europe, hosting the second largest number of fund managers in the whole of Europe – after the UK – and is home to the third highest number of institutional investors in the asset class. Germany-based companies and industries have also proved attractive to private equity investors, attracting the second largest amount of capital of any Europe-based country for both buyout and venture capital deals in H1 2016.

Using data from the recently launched [Preqin Special Report: Private Equity in Germany](#), we take a look at some of the key trends in the German private equity market, including fundraising, deals, performance and investors.

## Fundraising

Eight Germany-focused private equity funds closed in the first half of 2016, raising an aggregate €1.8bn (Fig. 2). This is already the second highest level of capital raised in a single year since the Global Financial Crisis (GFC), after 2014, and this figure may rise further before the end of the year. In addition, 89 Europe-focused funds have reached a final close in H1 2016, raising an aggregate \$57bn – some of which will also seek exposure to Germany as part of a broader geographic remit.

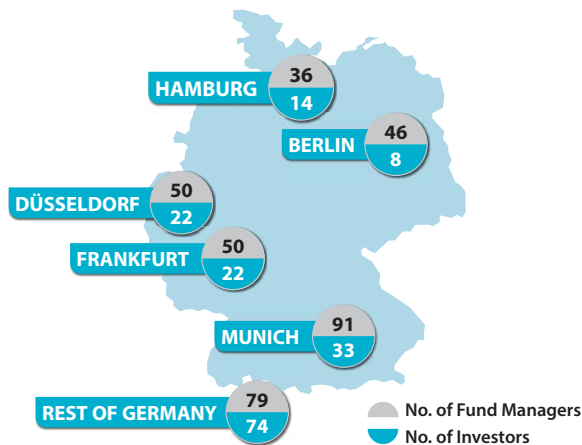
The largest Germany-focused fund to close in H1 2016 was [EIF Growth Facility](#), a fund of funds managed by [European Investment Fund](#), which aims to co-invest in venture capital opportunities in Germany.

As of October 2016, there are 14 Germany-focused funds in market targeting a combined €3.4bn, up from 12 funds targeting €2.4bn at the beginning of 2016 (Fig. 3). Collectively, Germany-focused funds account for 4% of Europe-focused funds currently in market, by both number of funds raising and aggregate target capital.

## Deal Activity

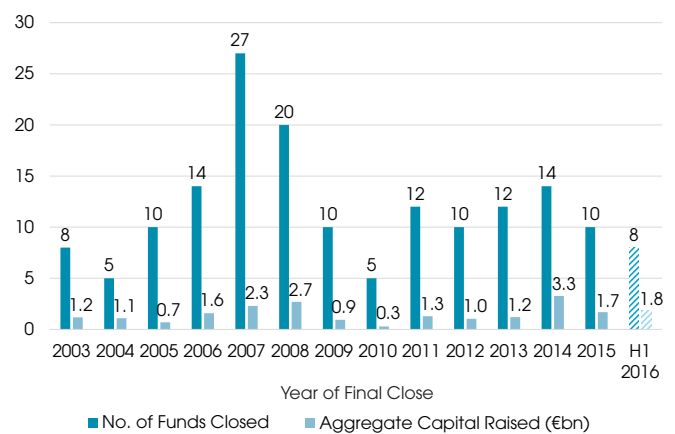
After declining in the aftermath of the GFC, Germany-based private equity-backed buyout deals have picked up again in recent years, with 132 deals worth €13.4bn in 2014, a post-GFC peak (Fig. 4). Although the number of deals and their value fell in 2015, 2016 started strongly with 69 deals worth an aggregate €5.0bn completed in the first half of the year.

**Fig. 1:** Germany-Based Private Equity Fund Managers and Investors by City



Source: Preqin Private Equity Online

**Fig. 2:** Annual Germany-Focused Private Equity Fundraising, 2003 - H1 2016



Source: Preqin Private Equity Online





Germany has had the third highest number of private equity-backed buyout deals among Europe-based countries each year since 2007, behind the UK and France. However, deal value has been higher than France for several of these years, including the first half of 2016, when Germany had the second highest value of buyout deals among Europe-based countries, accounting for 15% of total European deal value.

The largest proportion of German buyout deals have been for industrial companies in all years since 2007 (Fig. 5). Information technology companies have also attracted considerable interest in recent years, and have made up the second largest proportion of deals in each year since 2011. In terms of the largest deals, three of the top five that have been completed since the beginning

of 2015 were for healthcare companies. This includes [Cinven's](#) acquisition of [synlab Holding GmbH](#) from [BC Partners](#), [Amulet Capital Partners'](#) acquisition of [SynteractHCR](#) from [Celerity Partners](#), [Gryphon Investors](#) and [Ticonderoga Private Equity](#) and [KKR](#) and Panasonic Healthcare's acquisition of [Ascensia Diabetes Care](#) from Bayer AG.

Venture capital deal activity has been even stronger recently: the number of German venture capital deals has increased each year from 2009 to 2014, with over 310 deals completed in 2014 (Fig. 6). While 2015 saw the overall number of deals fall, aggregate value increased to a record of just under €2bn, helped by some large deals including the €496m that [Rocket Internet](#) paid for a 30% stake in food delivery business [Delivery Hero](#).

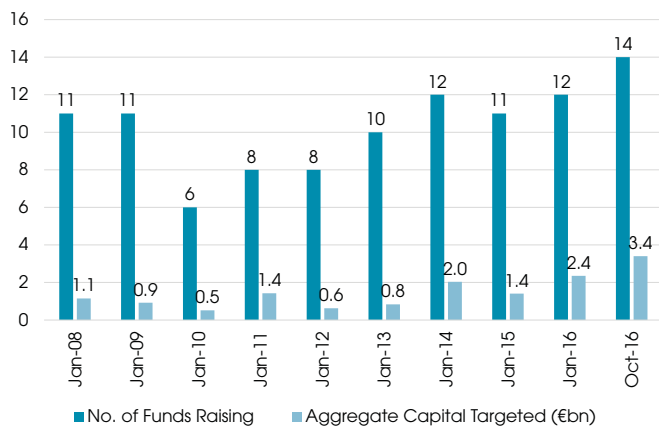
Internet companies continue to represent the largest proportion of venture capital deals, although this has fallen slightly from 37% in 2012 to 26% in H1 2016, while software-related deals have increased from 13% in 2010 to 23% in H1 2016 (see page 15 for more information).

### Performance

The PrEQIn Private Equity Quarterly Index for Germany- and Western Europe-focused private equity\* funds stood at 230.4 as of December 2015 (rebased to 100 as of December 2005), up from 205.4 at the end of 2014 (Fig. 7).

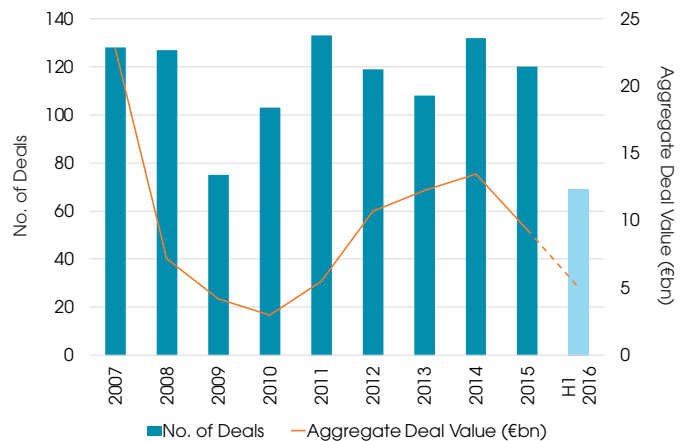
The median multiple was highest for 2002 vintage funds, at 1.86x, and has been at or above 1.30x for all vintages except those after 2012, which are still comparatively early in their investment

Fig. 3: Germany-Focused Funds in Market over Time, January 2008 - October 2016



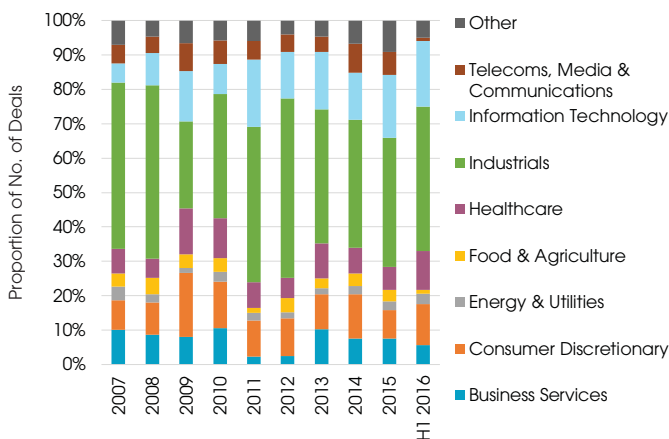
Source: Preqin Private Equity Online

Fig. 4: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Germany, 2007 - H1 2016



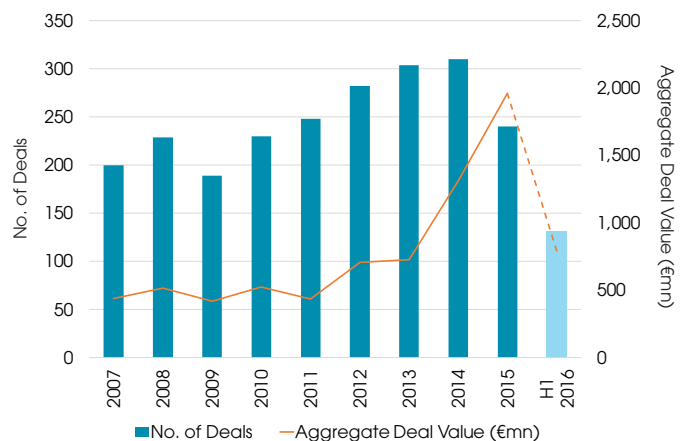
Source: Preqin Private Equity Online

Fig. 5: Proportion of Number of Private Equity-Backed Buyout Deals in Germany by Industry, 2007 - H1 2016



Source: Preqin Private Equity Online

Fig. 6: Number and Aggregate Value of Venture Capital Deals\*\* in Germany, 2007 - H1 2016



Source: Preqin Private Equity Online

\*Private equity comprises private equity, real estate, infrastructure and private debt (excl. direct lending).

\*\*Excluding add-ons, venture debt, secondary stock purchases, mergers & grants.





cycle (Fig. 8). However, when examined on the basis of net IRR, more recent vintage funds have been more successful than funds from the previous decade. Median net IRRs of 2010-2012 vintage funds were all over 12%, higher than all other vintages bar 2002 (Fig. 9).

Institutional Investors

As befits the size of its economy and its importance as a financial centre, Germany has the third highest number (164) of institutional investors in private equity among Europe-based countries,

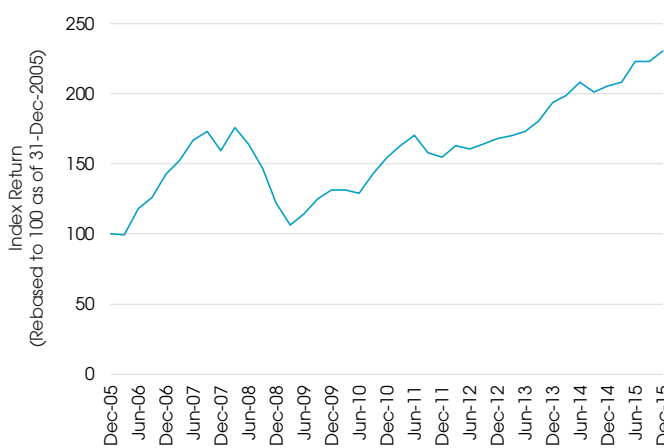
after the UK (378) and Switzerland (202). The largest proportions of these investors are made up of insurance companies and family offices, both accounting for 15% of the investor population (Fig. 10).

Institutional investors based in Germany (excluding fund of funds managers) have, on average, 5.0% of their total assets allocated to the asset class, below the average allocation of their peers in the rest of Europe (5.7%) and North America (8.6%). The average target allocation of Germany-based investors is 6.3%, indicating that capital is available

for investment. This is roughly the same average target allocation to private equity & venture capital as investors based in Europe, although far below the level seen for North America-based investors (10.4%).

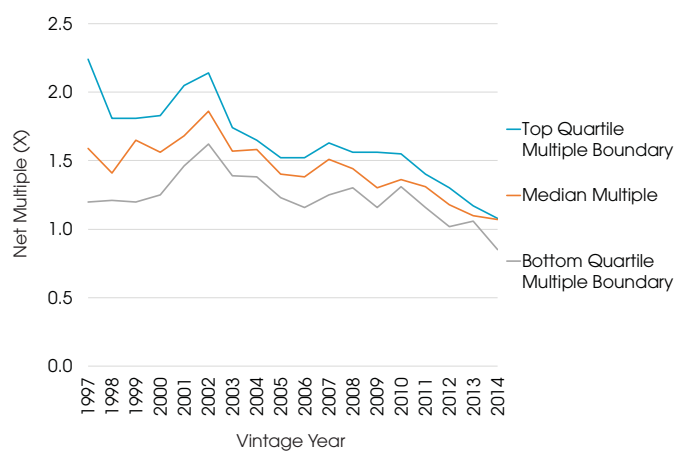
The largest German-based institutional investor is Bayerische Versorgungskammer, a public pension fund which currently allocates €3.2bn to private equity, or 4.5% of its overall portfolio, below its target allocation of €3.5bn (5%).

Fig. 7: PrEQIn Private Equity Quarterly Index: Germany- and Western Europe-Focused Private Equity\* Funds



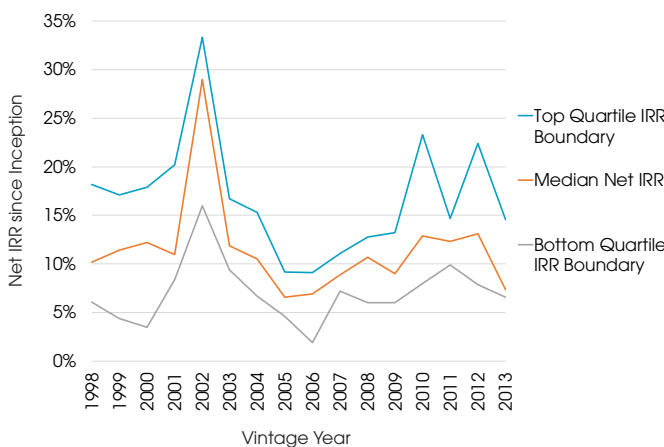
Source: Preqin Private Equity Online

Fig. 8: Median Multiple and Quartile Boundaries by Vintage Year: Germany- and Western Europe-Focused Private Equity\* Funds



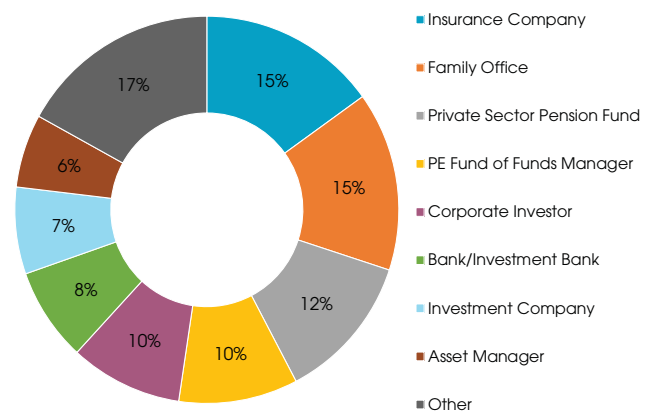
Source: Preqin Private Equity Online

Fig. 9: Median Net IRR and Quartile Boundaries by Vintage Year: Germany- and Western Europe-Focused Private Equity\* Funds









Source: Preqin Private Equity Online

Fig. 10: Breakdown of Germany-Based Institutional Investors in Private Equity by Type



Source: Preqin Private Equity Online

\*Private equity comprises private equity, real estate, infrastructure and private debt (excl. direct lending).

 <p><b>INVESTOR COVERAGE</b></p>	<p><b>PRIVATE EQUITY*</b></p> <p><b>6,344</b></p> <p>Active Private Equity LPs</p>	<p><b>HEDGE FUNDS</b></p> <p><b>5,087</b></p> <p>Active Hedge Fund Investors</p>	<p><b>REAL ESTATE</b></p> <p><b>5,477</b></p> <p>Active Real Estate LPs</p>	<p><b>INFRASTRUCTURE</b></p> <p><b>2,891</b></p> <p>Active Infrastructure LPs</p>	<p><b>PRIVATE DEBT</b></p> <p><b>2,403</b></p> <p>Active Private Debt Investors</p>	<p><b>NATURAL RESOURCES</b></p> <p><b>2,260</b></p> <p>Active Natural Resources Investors</p>
	<p><b>FUND COVERAGE</b></p> <p></p> <p><b>20,687</b></p> <p>Private Equity Funds</p>	<p><b>22,860</b></p> <p>Hedge Funds</p>	<p><b>6,011</b></p> <p>PE Real Estate Funds</p>	<p><b>1,124</b></p> <p>Infrastructure Funds</p>	<p><b>2,155</b></p> <p>Private Debt Funds</p>	<p><b>1,611</b></p> <p>Natural Resources Funds</p>
<p><b>FIRM COVERAGE</b></p> <p></p>	<p><b>10,537</b></p> <p>Private Equity Firms</p>	<p><b>8,602</b></p> <p>Hedge Fund Firms</p>	<p><b>3,690</b></p> <p>PE Real Estate Firms</p>	<p><b>513</b></p> <p>Infrastructure Firms</p>	<p><b>1,375</b></p> <p>Private Debt Firms</p>	<p><b>864</b></p> <p>Natural Resources Firms</p>
<p><b>PERFORMANCE COVERAGE</b></p> <p></p>	<p><b>5,611</b></p> <p>Private Equity Funds</p>	<p><b>14,867</b></p> <p>Hedge Funds</p>	<p><b>1,595</b></p> <p>PE Real Estate Funds</p>	<p><b>222</b></p> <p>Infrastructure Funds</p>	<p><b>774</b></p> <p>Private Debt Funds</p>	<p><b>447</b></p> <p>Natural Resources Funds</p>
<p><b>FUNDRAISING COVERAGE</b></p> <p></p>	<p><b>2,395</b></p> <p>Private Equity Funds</p>	<p><b>15,965</b></p> <p>Hedge Funds</p>	<p><b>1,034</b></p> <p>PE Real Estate Funds</p>	<p><b>196</b></p> <p>Infrastructure Funds</p>	<p><b>297</b></p> <p>Private Debt Funds</p>	<p><b>258</b></p> <p>Natural Resources Funds</p>
<p><b>DEALS COVERAGE</b></p> <p></p>	<p><b>BUYOUT</b></p> <p><b>49,383 + 22,866</b></p> <p>Buyout Deals** Exits</p>	<p><b>VENTURE CAPITAL</b></p> <p><b>108,569 + 13,153</b></p> <p>Venture Deals*** Exits</p>	<p><b>REAL ESTATE</b></p> <p><b>23,610</b></p> <p>Real Estate Deals</p>	<p><b>INFRASTRUCTURE</b></p> <p><b>21,629</b></p> <p>Infrastructure Deals</p>		

Alternatives Investment Consultants Coverage:  
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- + Depth and quality of data from direct contact methods
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\*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine funds.  
 \*\*Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.  
 \*\*\*Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.





# Private Equity Industry News

Oliver Senchal explores the largest venture capital-backed exits in recent months, as well as German venture capital deals completed this year.

## Venture Capital-Backed Exits

There have been 872 venture capital-backed exits in 2016 so far, for an aggregate exit value of \$59.5bn. The largest of these is [AbbVie's](#) acquisition of [Stemcentrx](#) in April for \$5.8bn, in a cash and stock transaction, with potential for an additional \$4bn in milestone payments. Stemcentrx develops therapies and diagnostics for cancer patients.

The second largest exit of the year so far was also completed on the West Coast: [Legend Pictures, LLC](#), creator & producer of films and comics, was acquired by China-based [Dalian Wanda Group](#) for \$3.5bn in January.

Outside the US, [Dayang Group](#) agreed to acquire China-based [YTO Express](#) for CNY 17.5bn through an asset swap and share issue. The firm sold CNY 1.2bn worth of assets to YTO Express and also issued CNY 17.5bn worth of shares in exchange for the courier. [Alibaba](#) and [Yunfeng](#) would still hold 11.09% and 6.43% of the listed entity respectively and the reverse takeover is subject to shareholder and regulatory approval.

Europe's largest exit saw [SES](#) acquire the remaining 49.5% stake that it did not already own in UK-based [O3b Networks Limited](#) for \$730mn. Founded in 2008, O3b Networks is a global satellite service provider, providing a satellite network for telecommunications operators, internet service providers, enterprise and government customers in emerging markets.

## German Venture Capital Deals

As of the end of October, there have been 218 venture capital deals for German companies with an aggregate value of €1.4bn. The largest transaction involved a developer of lithium-ion energy storage systems, [Sonnen Inc.](#), which raised \$85mn in growth capital financing from individual investor Thomas Putter and new investor [Envision Energy Limited](#).

Berlin-based [GoEuro Corp.](#) was involved in the second largest deal of the year so far: in October 2016, new investors [Kleiner Perkins Caufield & Byers](#) and [Silver Lake](#) co-led a \$70mn series C financing for the online travel search engine. Returning investors [Atomico](#), [Battery Ventures](#), [Goldman Sachs AIMS Private Equity](#), [Lakestar](#) and [New Enterprise Associates](#) also participated in the round.

One of the more high-profile German venture capital-backed companies, [SoundCloud Limited](#), is a provider of an online audio platform for receiving, sending, and distributing music for artists, record labels and other music professionals. It was involved in a series E funding led by new investor [Twitter Ventures](#), raising \$70mn.

## Private Equity Spotlight: In Numbers

With this month's feature article focusing on the **2017 Preqin Private Capital Compensation and Employment Review**, we explore some of the key findings:



340

Number of new firms entering the private capital market between January and September, the largest amount on record.



163,000

Estimated number of employees in the private capital industry across 8,000 private capital firms actively managing funds.



53%

Proportion of private capital employees that are based in North America, approximately double the proportion based in Europe.



8

Number of employees per \$1bn in AUM at firms with more than \$10bn in total assets.



42%

Proportion of participating firms that reported a firm-wide increase in base salaries between 2015 and 2016.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

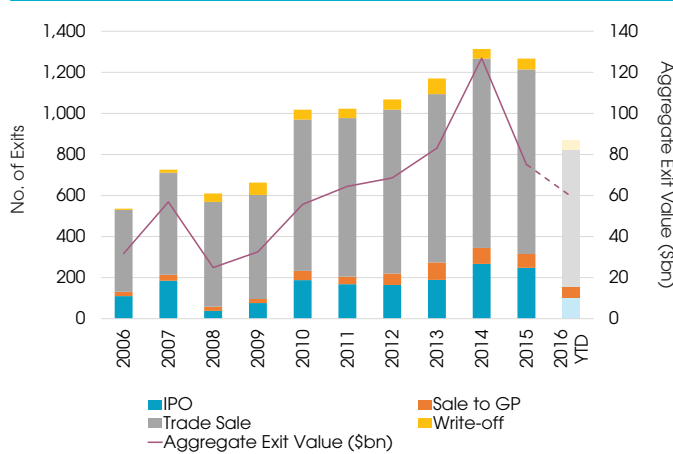
Send your updates to [spotlight@preqin.com](mailto:spotlight@preqin.com) and we will endeavour to publish them in the next issue.



# Venture Capital-Backed Exits

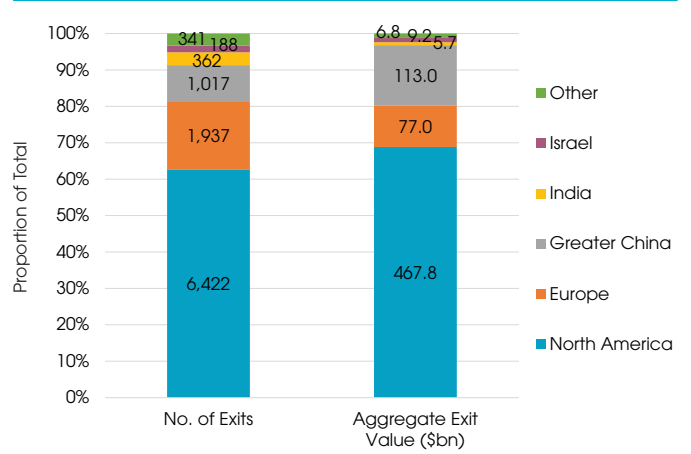
We take a look at venture capital-backed exits, analyzing historical trends by type, region and industry, as well as venture capital fund manager views on the challenges facing the industry and exit environment in the next 12 months.

**Fig. 1:** Venture Capital-Backed Exits by Type, 2006 - 2016 YTD (As at October 2016)



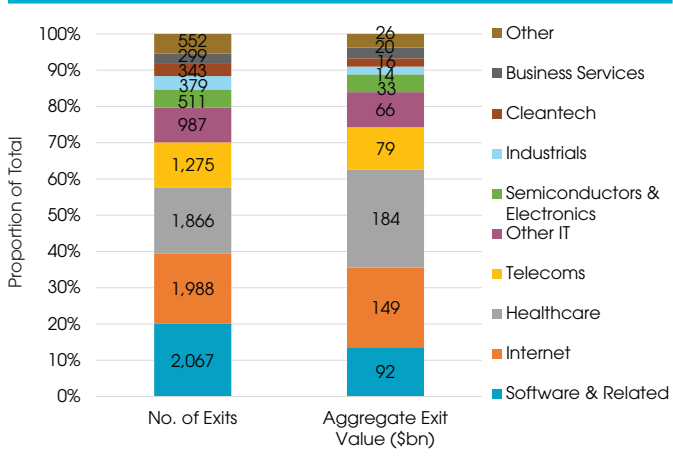
Source: Preqin Private Equity Online

**Fig. 2:** Venture Capital-Backed Exits by Region, 2006 - 2016 YTD (As at October 2016)



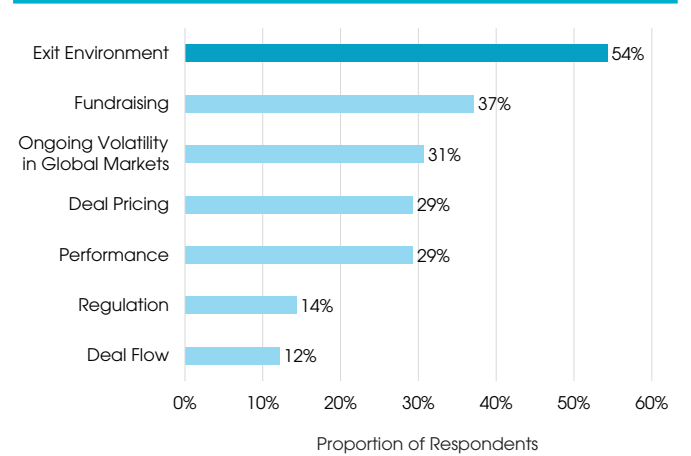
Source: Preqin Private Equity Online

**Fig. 3:** Venture Capital-Backed Exits by Industry, 2006 - 2016 YTD (As at October 2016)



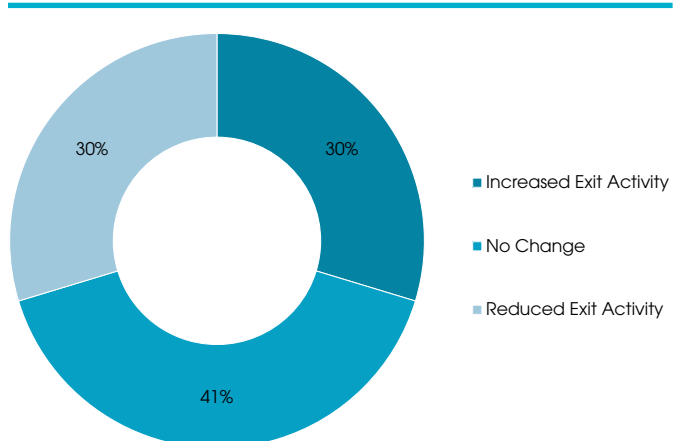
Source: Preqin Private Equity Online

**Fig. 4:** Fund Manager Views on the Biggest Challenges Facing the Venture Capital Industry in the Next 12 Months



Source: Preqin Private Equity Online

**Fig. 5:** Fund Manager Views on the Venture Capital Exit Environment in the Next 12 Months



Source: Preqin Private Equity Online

**Data Source:**

Preqin's **Private Equity Online** features in-depth information on more than 13,000 venture capital-backed exits, including exit type, region, industry, aggregate exit value and much more.

For more information, or to arrange a demonstration, please visit:

[www.preqin.com/privateequity](http://www.preqin.com/privateequity)





Fig. 6: 10 Largest Venture Capital-Backed Exits Announced Globally in 2016 YTD (As of October 2016)

Portfolio Company	Date of First Investment	Investor(s)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (mn)	Industry	Location
Supercell	01-Oct-10	Accel Partners, Atomico, GungHo Online Entertainment, Index Ventures, Initial Capital, Institutional Venture Partners, Lifeline Ventures, London Venture Partners, Softbank	Trade Sale	21-Jun-16	Tencent	8,600 USD	Gaming	Finland
Stemcentrx	11-Mar-11	Artis Ventures, Capital Group, Fidelity Investments, Founders Fund, Sequoia Capital, Silicon Valley Bank	Trade Sale	28-Apr-16	AbbVie	5,800 USD	Healthcare	US
Legend Pictures, LLC	05-Jul-05	Accel Partners, Bank of America, Breyer Capital, Goldman Sachs, IDG Capital Partners, J.P. Morgan, Morgan Stanley Alternative Investment Partners, Royal Bank of Canada, Softbank Capital, TomorrowVentures, UBS, Valar Ventures, Waddell & Reed	Trade Sale	12-Jan-16	Dalian Wanda Group	3,500 USD	Media	US
Jet.com	29-Jul-14	Accel Partners, Alibaba Group, Bain Capital Ventures, Coatue Management, Fidelity Investments, General Catalyst Partners, Goldman Sachs, GV, MentorTech Ventures, New Enterprise Associates, Norwest Venture Partners, Silicon Valley Bank, Temasek Holdings, Thrive Capital, Western Technology Investment	Trade Sale	08-Aug-16	Wal-Mart	3,300 USD	Internet	US
YTO Express	15-May-15	Alibaba Group, YF Capital	Merger	23-Mar-16	Dayang Group	17,500 CNY	Business Services	China
Cvent Inc.	20-Jul-11	Greenspring Associates, Insight Venture Partners, New Enterprise Associates	Sale to GP	18-Apr-16	Vista Equity Partners	1,650 USD	Software	US
Celator Pharmaceuticals, Inc.	28-Jan-03	BDC Venture Capital, Domain Associates, GrowthWorks Capital, Hearstone Investments Ltd., National Securities Corporation, Quaker Partners Management, Roth Capital Partners, Thomas, Mc Nerney & Partners, TL Ventures, Valence Life Sciences, Ventures West Capital	Trade Sale	31-May-16	Jazz Pharmaceuticals	1,500 USD	Pharmaceuticals	US
Jasper, Inc.	01-Jun-05	AB, Bench, Benchmark, Benchmark Capital, Bridgescale Partners, Crescendo Ventures, DAG Ventures, Integral Capital Partners, Sequoia Capital, Temasek Holdings	Trade Sale	03-Feb-16	Cisco Systems, Inc.	1,400 USD	IT	US
TiVo Inc.	01-Jun-97	Crosslink Capital, New Enterprise Associates, TriplePoint Capital	Trade Sale	29-Apr-16	Rovi Corporation	1,100 USD	Media	US
Dollar Shave Club	06-Mar-12	Andreessen Horowitz, Battery Ventures, Comcast Ventures, Dragoneer Investment Group, Felicis Ventures, Forerunner Ventures, Kleiner Perkins Caufield & Byers, Pritzker Group Venture Capital, Shasta Ventures, Technology Crossover Ventures, Venrock, White Star Capital	Trade Sale	19-Jul-16	Unilever	1,000 USD	Internet	US

Source: Preqin Private Equity Online

# PRIVATE WEALTH MANAGEMENT SUMMIT

December 4-6, 2016 | Red Rock Resort & Spa | Las Vegas, NV

The **Private Wealth Management Summit** is the premium forum bringing leaders from America's leading single and multi-family offices and qualified service providers together.

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**Marianne Young**, President, **Market Street Trust Company**

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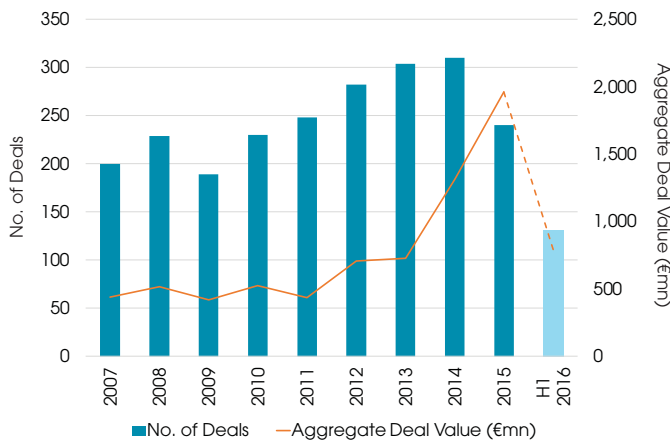
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# German Venture Capital Deals

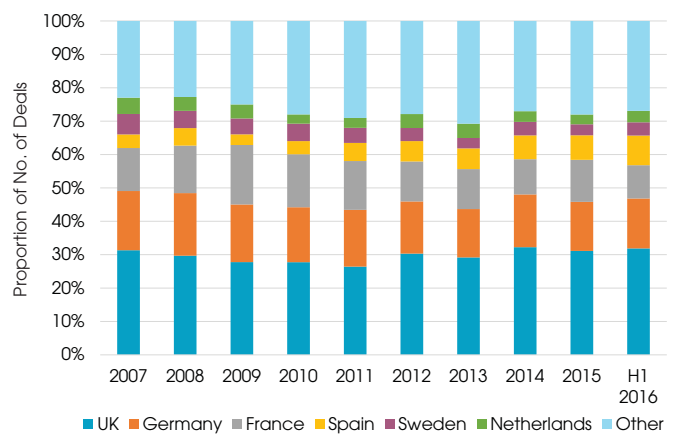
We take a look at the venture capital deal market in Germany, including number of deals and aggregate value, the largest deals completed, and the most prevalent industries and locations.

**Fig. 1:** Number and Aggregate Value of Venture Capital Deals\* in Germany, 2007 - H1 2016



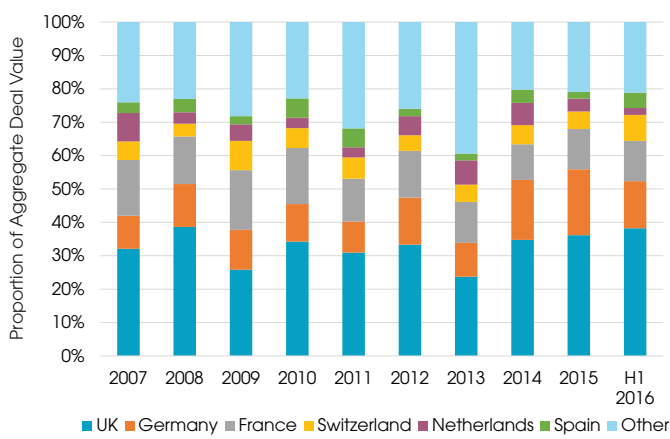
Source: Preqin Private Equity Online

**Fig. 2:** Proportion of Number of European Venture Capital Deals\* by Location, 2007 - H1 2016



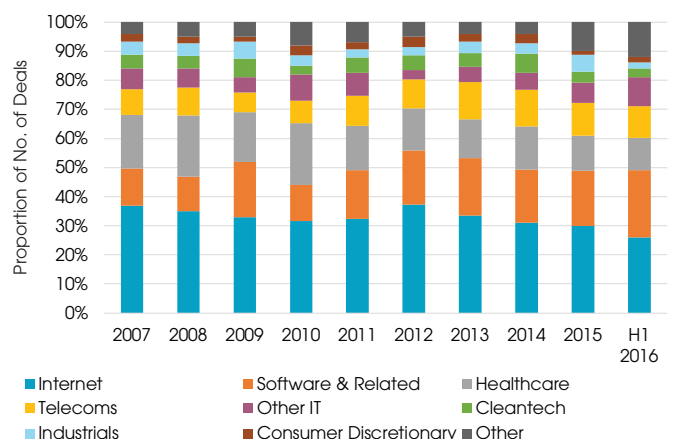
Source: Preqin Private Equity Online

**Fig. 3:** Proportion of Aggregate Value of European Venture Capital Deals\* by Location, 2007 - H1 2016



Source: Preqin Private Equity Online

**Fig. 4:** Proportion of Number of Venture Capital Deals\* in Germany by Industry, 2007 - H1 2016



Source: Preqin Private Equity Online

**Fig. 5:** Five Largest Venture Capital Deals\* in Germany, 2015 - H1 2016

Portfolio Company	Stage	Deal Date	Deal Size (mn)	Investor(s)	Industry
Delivery Hero	Unspecified Round	Feb-15	496 EUR	Rocket Internet	Internet
Auxmoney GmbH	Unspecified Round	Oct-15	150 EUR	Transamerica Ventures	Internet
Home24	Unspecified Round	Jun-15	120 EUR	Baillie Gifford, Rocket Internet	Internet
Auto1 Group	Series D/Round 4	Apr-15	118 USD	DN Capital, DST Global, Mutschler Ventures, Piton Capital	Transportation
CureVac	Unspecified Round	Nov-15	110 USD	Baillie Gifford, Bill & Melinda Gates Foundation, Chartwave Limited, Coppel Family, dievini Hopp BioTech holding GmbH & Co. KG, Elma Investments Ltd, NorthView Ventures, Sigma Group	Pharmaceuticals

Source: Preqin Private Equity Online

\*Excluding add-ons, venture debt, secondary stock purchases, mergers & grants.



# The Transition Period of Private Equity Industry Confidence and Opportunity

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Global PE  
Beijing Forum

## 第八屆全球PE北京論壇

December 10th, 2016 Shangri-la Hotel, Beijing



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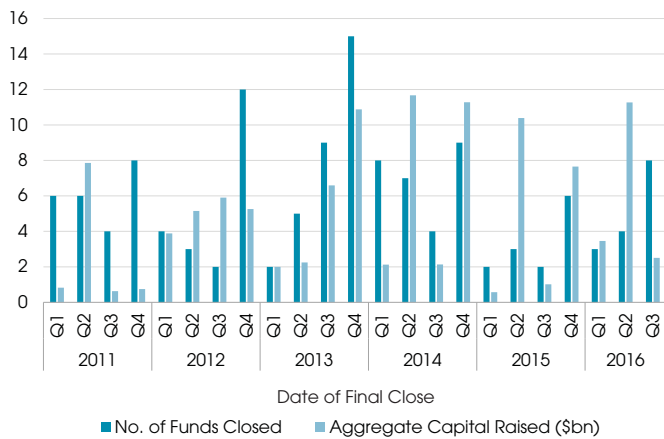




# Secondaries Update

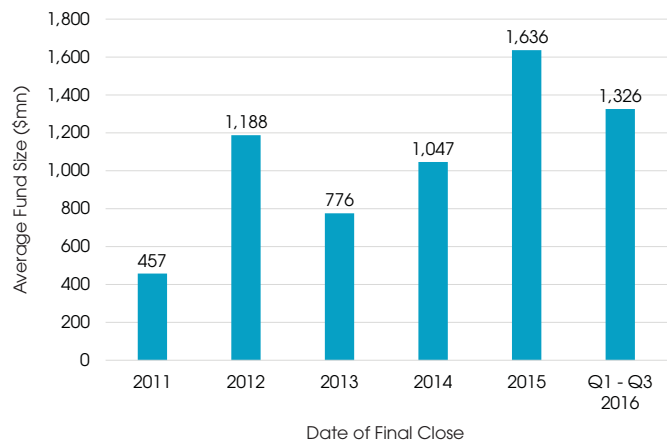
Patrick Adefuye provides an overview of secondaries fundraising in the past five years, looking at the changes in average fund size, the largest funds to close this year so far and the biggest private equity secondaries fund managers.

**Fig. 1:** Global Quarterly Private Equity Secondaries Fundraising, Q1 2011- Q3 2016



Source: Preqin Private Equity Online

**Fig. 2:** Average Size of Private Equity Secondaries Funds Closed, 2011 - Q3 2016



Source: Preqin Private Equity Online

**Fig. 3:** Five Largest Private Equity Secondaries Funds Closed in 2016 YTD (As at October 2016)

Fund	Firm	Final Close Date	Fund Size (mn)	Geographic Focus
Ardian Secondary Fund VII	Ardian	Apr-16	10,800 USD	Global
Partners Group Secondary 2015	Partners Group	Mar-16	2,500 EUR	Global
PEG Secondary Private Equity Investors III	JPMorgan Asset Management - Private Equity Group	Aug-16	810 USD	US
Montauk TriGuard VII	Montauk TriGuard	Jul-16	660 USD	US
Five Arrows Secondary Opportunities IV	Five Arrows Managers	Sep-16	451 EUR	Europe

Source: Preqin Private Equity Online

**Fig. 4:** 10 Largest Firms by Total Capital Raised for Secondaries Funds in the Past 10 Years (As at October 2016)

Firm	Total Secondaries Fund Capital Raised in Past 10 Years (\$bn)	Headquarters
Ardian	31.4	Paris, France
Lexington Partners	22.6	New York, US
Coller Capital	17.5	London, UK
Goldman Sachs AIMS Private Equity	14.4	New York, US
Partners Group	10.9	Baar-Zug, Switzerland
Strategic Partners Fund Solutions	10.2	New York, US
HarbourVest Partners	7.0	Boston, US
Landmark Partners	6.5	Simsbury, US
AlpInvest Partners	5.4	Amsterdam, Netherlands
Neuberger Berman	4.5	New York, US

Source: Preqin Private Equity Online



# Conferences Spotlight

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Endowment & Foundation Forum	14 - 15 November 2016	Boston, MA	Opal Finance Group	–	–
29th AVCJ Forum	15 - 17 November 2016	Hong Kong	Mergermarket Consulting Ltd.	–	–
Wealth Management Americas 2016	15 - 16 November 2016	Miami, FL	Terrapinn	–	–
SuperInvestor	15 - 18 November 2016	Amsterdam	KNect365	Mark O'Hare	10% Discount - FKR2386PNWB
Intralinks Private Equity Breakfast Panel Discussion	17 November 2016	London	Intralinks	Richard Stus	–
IP Dealmakers Forum	17 - 18 November 2016	New York	The IP Investment Institute	–	–
Privcap Game Change: Healthcare 2016	17 November 2016	New York	Privcap	–	–
FundForum Middle East	20 - 22 November 2016	Dubai	KNect365	–	–
Australian Investors Summit	21 - 22 November 2016	Melbourne	marcus evans Summits	–	–
Nordic Forum	22 November 2016	London	BVCA	Mark O'Hare	–
UK Mid-Market Debt 2016	22 November 2016	London	Real Deals	–	–
6th AIFM Directive 2016 Conference	29 November 2016	London	Private Equity Forum	–	–
German Private Equity Conference	29 November 2016	Frankfurt	Private Equity Insights	–	20% Discount - GPEC_Preqin
SuperReturn Africa	29 November - 1 December 2016	Cape Town	KNect365	Mark O'Hare	–
KPMG/Preqin Private Equity Seminar	30 November - 1 December	Channel Islands	KPMG	Chris Elvin	–
Private Wealth Management Summit	4 - 6 December 2016	Las Vegas, NV	marcus evans Summits	–	–
Alternative Investing Summit	4 - 6 December 2016	Dana Point, CA	Opal Finance Group	–	–
CLO Summit	4 - 6 December 2016	Dana Point, CA	Opal Finance Group	–	–
Private Debt Investment Forum 2016	7 December 2016	London	KNect365	–	–
CAPE Annual PE Conference	10 December 2016	Beijing	China Association of Private Equity	–	–

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Preqin attends and speaks at many different alternative assets conferences throughout the year, covering topics from infrastructure fundraising trends to alternative UCITS.

All of the conference presentations given by Preqin speakers, which feature charts and league tables from Preqin's online products, can be viewed and downloaded from Preqin's **Research Center Premium**, for free.

For more information, and to register for Preqin's **Research Center Premium**, please visit:

[www.preqin.com/rcp](http://www.preqin.com/rcp)



### Private Wealth Management Summit

<b>Date:</b>	4 - 6 December 2016
<b>Information:</b>	<a href="http://events.marcusevans-events.com/privatewealth2_preqin/">http://events.marcusevans-events.com/privatewealth2_preqin/</a>
<b>Location:</b>	Red Rock Casino and Spa, Las Vegas Nevada
<b>Organizer:</b>	marcus evans

The Private Wealth Management Summit is the premium forum bringing leaders from America's leading single and multi-family offices and service providers together. As an invitation-only event, taking place behind closed doors, the Summit offers service providers and executives from single and multi-family offices an intimate environment for a focused discussion of key new drivers shaping the future of the industry.

### CAPE Annual PE Conference

<b>Date:</b>	10 December 2016
<b>Information:</b>	<a href="http://www.chinacape.org">www.chinacape.org</a>
<b>Location:</b>	Beijing Shangri-La Hotel
<b>Organizer:</b>	China Association of Private Equity (CAPE)

As one of the most top industry event, we will focus on 'The Transition Period of Private Equity Industry - Confidence and Opportunity, and will focus the latest topics including: ' VC and Innovation Technology', 'M&A Investment', 'FoFs Investment' and TMT and Cultural Investments.

### French Private Equity Conference

<b>Date:</b>	26 January 2017
<b>Information:</b>	<a href="http://pe-conference.org/french/agenda">http://pe-conference.org/french/agenda</a>
<b>Location:</b>	Cercle National des Armées, Paris
<b>Organizer:</b>	Private Equity Insights Ltd

The French PE Conference is a one-day event with inspirational keynote speakers, enriching panel discussions as well as valuable networking opportunities. We gather 50+ speakers, 1 Keynote and 250 attendees from throughout the private equity industry. Join us on 26th January in Paris with an exclusive 20% discount through Preqin!