

# AMERICAN INVESTMENT COUNCIL

Performance Update 2017 Q1

# Private Equity Performance – Benchmarks (as of March 31, 2017)

Private Equity Benchmark Returns (Horizon IRR) <sup>1</sup>	1-Year	3-Year	5-Year	10-Year
BISON Private Equity Benchmark	18.9%	10.8%	12.9%	10.7%
Cambridge Associates U.S. Private Equity Index (excluding venture capital)	17.4%	10.2%	12.7%	9.8%
Cambridge Associates U.S. Buyout Fund Index	16.3%	12.4%	14.7%	10.2%
Cambridge Associates U.S. Growth Equity Index	15.5%	11.1%	13.6%	11.3%
CepreX North America PE Index (excluding venture capital)	14.5%	15.4%	15.9%	14.9%
ILPA U.S. Private Equity Index (excluding venture capital)	17.2%	10.1%	12.6%	9.8%
State Street U.S. Private Equity Index (buyout + private debt, ex. VC)	17.0%	10.2%	12.6%	9.9%
State Street U.S Buyout Index	17.5%	10.9%	13.0%	9.9%

Public Market Returns	1-Year	3-Year	5-Year	10-Year
Russell 3000 Index (including dividends)	18.1%	9.8%	13.2%	7.5%
S&P 500 Index (excluding dividends)	14.7%	8.1%	10.9%	5.2%
S&P 500 Index (including dividends)	17.2%	10.4%	13.3%	7.5%

Analysis	1-Year	3-Year	5-Year	10-Year
Median Private Equity Benchmark Return (excluding venture capital) <sup>2</sup>	17.2%	10.2%	12.7%	9.9%
Private Equity Benchmark Outperformance (excluding venture capital) <sup>3</sup>	0.0%	-0.2%	-0.6%	2.4%

Performance figures are based on most recent publicly available information.

<sup>1</sup> March 31 2017 performance figures from PitchBook and Preqin were not yet available at the time of analysis (September 5, 2017).

<sup>2</sup> Calculated by taking the median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC).

<sup>3</sup> Calculated by subtracting the S&P 500 Index (including dividends) return from the median private equity benchmark return.

Returns are reported net of fees, unless otherwise stated. Returns exceeding one year are annualized. Public market returns are time-weighted.

# Private Equity Performance – Benchmarks (as of December 31, 2016)

Private Equity Benchmark Returns (Horizon IRR) <sup>1</sup>	1-Year	3-Year	5-Year	10-Year
BISON Private Equity Benchmark	13.6%	11.1%	13.4%	10.3%
Cambridge Associates U.S. Private Equity Index (excluding venture capital)	12.9%	10.0%	13.2%	10.0%
Cambridge Associates U.S. Buyout Fund Index	12.2%	12.3%	15.2%	10.3%
Cambridge Associates U.S. Growth Equity Index	11.0%	10.6%	14.1%	11.5%
CepreX North America PE Index (excluding venture capital)	14.7%	16.1%	16.5%	15.4%
ILPA U.S. Private Equity Index (excluding venture capital)	12.8%	9.9%	13.1%	10.0%
State Street U.S. Private Equity Index (buyout + private debt, ex. VC)	12.8%	9.9%	13.1%	10.3%
State Street U.S Buyout Index	13.1%	10.6%	13.4%	10.4%

Public Market Returns	1-Year	3-Year	5-Year	10-Year
Russell 3000 Index (including dividends)	12.7%	8.4%	14.7%	7.1%
S&P 500 Index (excluding dividends)	9.5%	6.6%	12.2%	4.7%
S&P 500 Index (including dividends)	12.0%	8.9%	14.7%	6.9%

Analysis	1-Year	3-Year	5-Year	10-Year
Median Private Equity Benchmark Return (excluding venture capital) <sup>2</sup>	12.9%	10.0%	13.2%	10.3%
Private Equity Benchmark Outperformance (excluding venture capital) <sup>3</sup>	0.9%	1.1%	-1.5%	3.3%

Performance figures are based on most recent publicly available information.

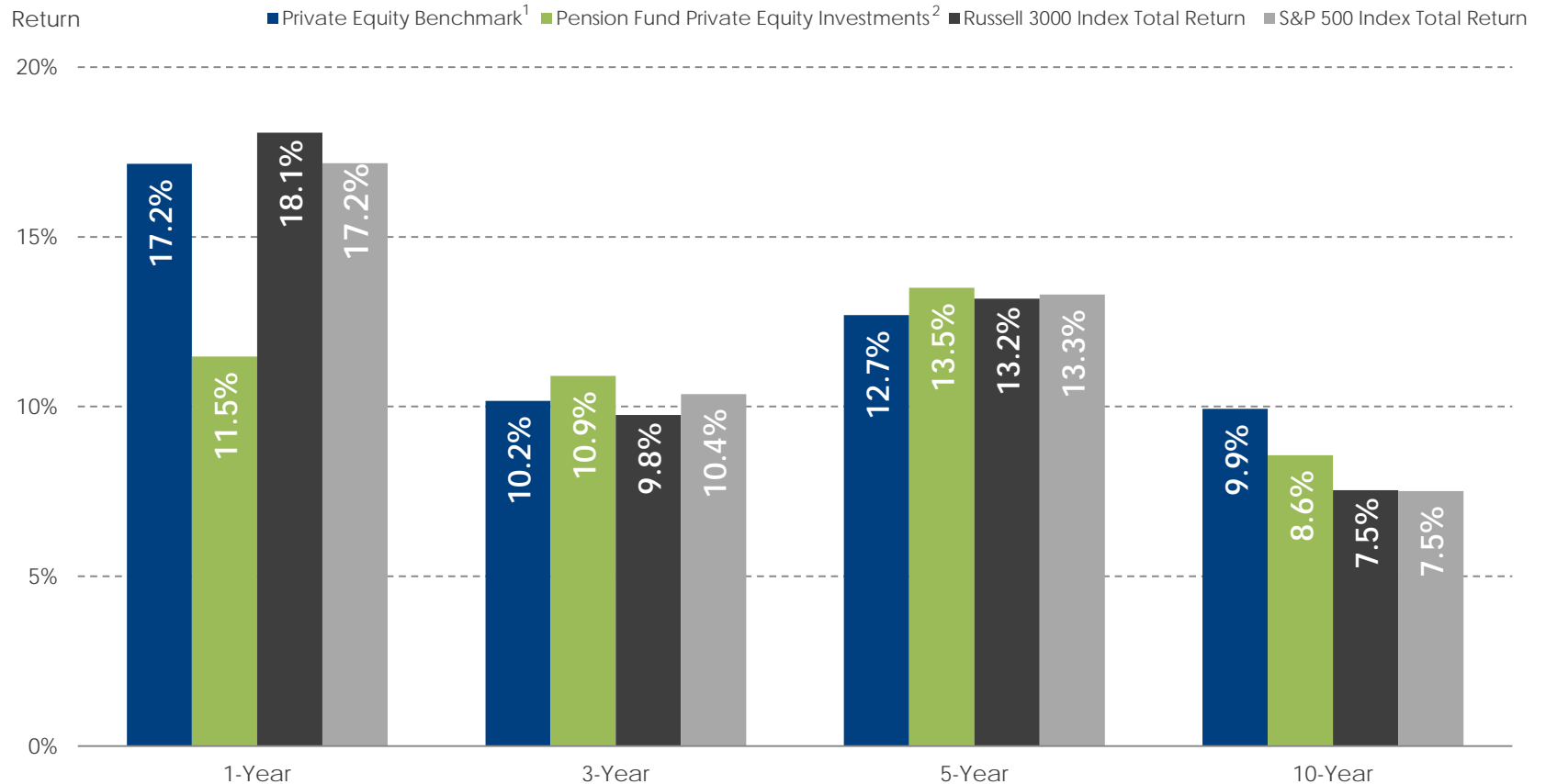
<sup>1</sup> December 31 2016 performance figures from PitchBook and Preqin were not yet available at the time of analysis (June 12, 2017).

<sup>2</sup> Calculated by taking the median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC).

<sup>3</sup> Calculated by subtracting the S&P 500 Index (including dividends) return from the median private equity benchmark return.

Returns are reported net of fees, unless otherwise stated. Returns exceeding one year are annualized. Public market returns are time-weighted.

# Private Equity Performance – Public Pensions (as of March 31, 2017)

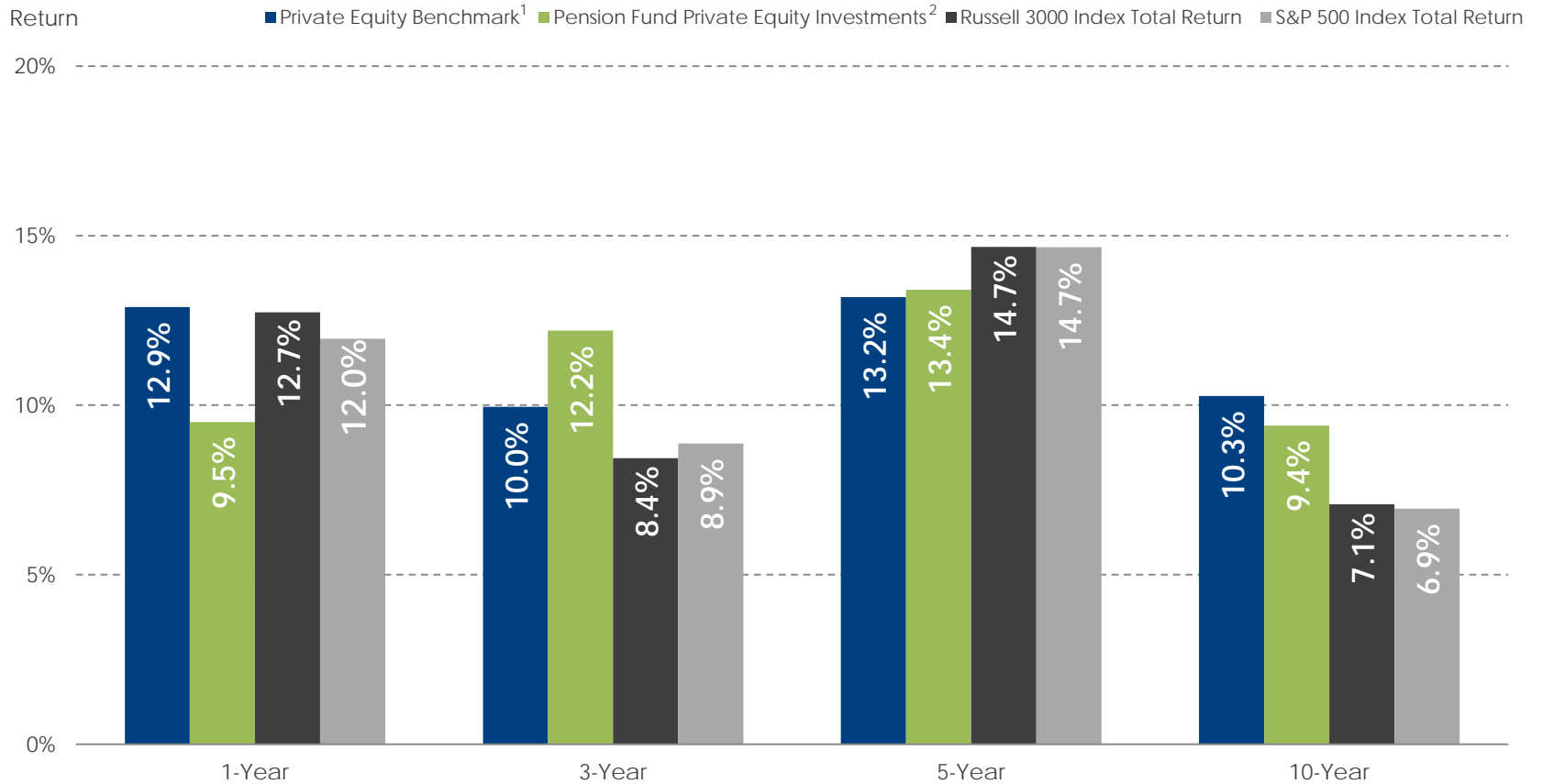


<sup>1</sup> Median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC). See slide 3 for details. March 31, 2017 performance figures from PitchBook and Preqin were not yet available at the time of analysis (September 5, 2017).

<sup>2</sup> Median return of pension fund private equity investments included in this report. See slides 14-16 for details.

Performance figures of private equity benchmarks are reported as IRRs, while those of pension fund private equity investments are reported as time-weighted returns. Pension fund private equity investment returns reflect the performance of the asset class itself, as well as the fund manager's ability to identify profitable investment opportunities. The private equity asset class may be defined differently depending on the pension fund.

# Private Equity Performance – Public Pensions (as of December 31, 2016)



<sup>1</sup> Median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC). See slide 3 for details. December 31, 2016 performance figures from PitchBook and Preqin were not yet available at the time of analysis (June 12, 2017).

<sup>2</sup> Median return of pension fund private equity investments included in this report. See slides 14-16 for details.

Performance figures of private equity benchmarks are reported as IRRs, while those of pension fund private equity investments are reported as time-weighted returns. Pension fund private equity investment returns reflect the performance of the asset class itself, as well as the fund manager's ability to identify profitable investment opportunities. The private equity asset class may be defined differently depending on the pension fund.

# Private Equity Benchmarks

## **BISON Private Equity Benchmark**

Bison's North American Buyout & Growth Equity pooled return indices draw from a transparent dataset of close to 2,000 funds with since inception cash flows. The indices cover buyout, growth equity, and infrastructure funds formed between 1991 and 2017.

## **Cambridge Associates U.S. Private Equity Indices**

The US Private Equity Index is compiled using data from 1,376 US private equity funds formed between 1986 and 2016. The firms include buyout, growth equity, private equity energy and mezzanine funds, including fully liquidated partnerships. The US Buyout Fund Index and US Growth Equity Index reflect the performance of 832 U.S. buyout funds (formed between 1986 and 2016) and 211 US growth equity funds (formed between 1986 and 2016), respectively.

## **CepreX-Cepres Private Equity Index**

The CepreX Private Equity Index is compiled using data from 3,634 U.S. funds. These funds cover industries such as Consumer industry, Healthcare/LS, Hightech/IT, Industrials and Infrastructure. Funds from all stages except venture capital form a part of this index, falling under the time frame 2000-March 2017.

## **ILPA (Institutional Limited Partners Association) U.S. Private Equity Index**

The ILPA U.S. Private Equity Index is a subset of ILPA Private Markets Benchmark and excludes the performance of venture capital funds. The ILPA Private Markets Benchmark is compiled using data from over 3,673 global (U.S. & ex U.S.) funds formed between 1981 and 2017. Fund types included in the ILPA Private Markets Benchmark are private equity, venture capital, distressed securities, fund of funds, secondary funds and natural resource funds.

## **PitchBook U.S. Private Equity Median Return**

The PitchBook U.S. Private Equity Median Return is calculated using data from over 1,500 U.S. investment funds. The database of funds includes leveraged buyout, growth equity, fund-of-funds, mezzanine, energy, real estate and venture capital funds.

## **Preqin Performance Analyst: Private Equity**

The Preqin Performance Analyst is compiled using cash flow data from over 3,000 private equity funds.

## **State Street GX Private Equity Index**

The U.S. Private Equity Index is compiled using data from 1,217 U.S. buyout and private debt funds formed between 1980 and 2017 Q1. The U.S. Buyout Fund Index reflects the performance of 913 U.S. buyout funds (formed between 1980 and 2017 Q1). The U.S. Private Debt Fund Index contains 304 U.S. mezzanine and distressed funds (formed between 1988 and 2017 Q1).



799 9<sup>th</sup> Street NW, Suite 200  
Washington, DC 20001

[Investmentcouncil.org](http://Investmentcouncil.org)  
202.465.7700  
[@AmericanInvests](https://twitter.com/AmericanInvests)