

# AMERICAN INVESTMENT COUNCIL

Performance Update 2018 Q2

# Private Equity Performance – Benchmarks (as of June 30, 2018)

Private Equity Benchmark Returns (Horizon IRR)	1-Year	3-Year	5-Year	10-Year
BISON Private Equity Benchmark	23.5%	15.5%	13.0%	11.6%
Cambridge Associates U.S. Private Equity Index (excluding venture capital)	18.6%	12.5%	14.0%	10.8%
Cambridge Associates U.S. Buyout Fund Index	18.6%	13.6%	15.9%	11.4%
Cambridge Associates U.S. Growth Equity Index	27.2%	15.6%	17.1%	13.0%
CepreX North America PE Index (excluding venture capital)	12.2%	13.9%	13.9%	13.0%
ILPA U.S. Private Equity Index (excluding venture capital)	18.6%	12.3%	14.0%	10.7%
State Street U.S. Private Equity Index (buyout + private debt, ex. VC)	16.1%	12.1%	13.5%	10.6%
State Street U.S Buyout Index	16.9%	12.7%	14.0%	10.7%

Public Market Returns	1-Year	3-Year	5-Year	10-Year
Russell 3000 Index (including dividends)	14.8%	11.6%	13.3%	10.2%
S&P 500 Index (excluding dividends)	12.2%	9.6%	11.1%	7.8%
S&P 500 Index (including dividends)	14.4%	11.9%	13.4%	10.2%
S&P 500 Index (without FAANG) <sup>(3)</sup>	9.5%	8.1%	9.9%	7.6%

Analysis	1-Year	3-Year	5-Year	10-Year
Median Private Equity Benchmark Return (excluding venture capital) <sup>1</sup>	18.6%	13.2%	13.9%	10.8%
Private Equity Benchmark Outperformance (excluding venture capital) <sup>2</sup>	4.2%	1.3%	0.5%	0.6%

Performance figures are based on most recent publicly available information.

<sup>1</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>2</sup> Calculated by subtracting the S&P 500 Index (including dividends) return from the median private equity benchmark return.

<sup>3</sup> FAANG means for Facebook, Apple, Amazon, Netflix, and Alphabet

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 March 31, 2018)

Private Equity Benchmark Returns (Horizon IRR)	1-Year	3-Year	5-Year	10-Year
BISON Private Equity Benchmark	16.5%	12.6%	13.9%	10.8%
Cambridge Associates U.S. Private Equity Index (excluding venture capital)	16.4%	11.9%	13.4%	10.3%
Cambridge Associates U.S. Buyout Fund Index	17.6%	13.2%	15.3%	10.8%
Cambridge Associates U.S. Growth Equity Index	23.4%	14.9%	16.2%	12.2%
CepreX North America PE Index (excluding venture capital)	12.5%	13.7%	13.7%	12.5%
ILPA U.S. Private Equity Index (excluding venture capital)	16.4%	11.8%	13.4%	10.3%
State Street U.S. Private Equity Index (buyout + private debt, ex. VC)	13.5%	11.5%	13.1%	10.3%
State Street U.S Buyout Index	14.0%	12.2%	13.8%	10.3%

Public Market Returns	1-Year	3-Year	5-Year	10-Year
Russell 3000 Index (including dividends)	13.8%	10.2%	13.0%	9.6%
S&P 500 Index (excluding dividends)	11.8%	8.5%	11.0%	7.2%
S&P 500 Index (including dividends)	14.0%	10.8%	13.3%	9.5%
S&P 500 Index (without FAANG) <sup>(3)</sup>	10.4%	7.3%	10.1%	7.0%

Analysis	1-Year	3-Year	5-Year	10-Year
Median Private Equity Benchmark Return (excluding venture capital) <sup>1</sup>	16.4%	11.9%	13.4%	10.3%
Private Equity Benchmark Outperformance (excluding venture capital) <sup>2</sup>	2.4%	1.1%	0.1%	0.8%

Performance figures are based on most recent publicly available information.

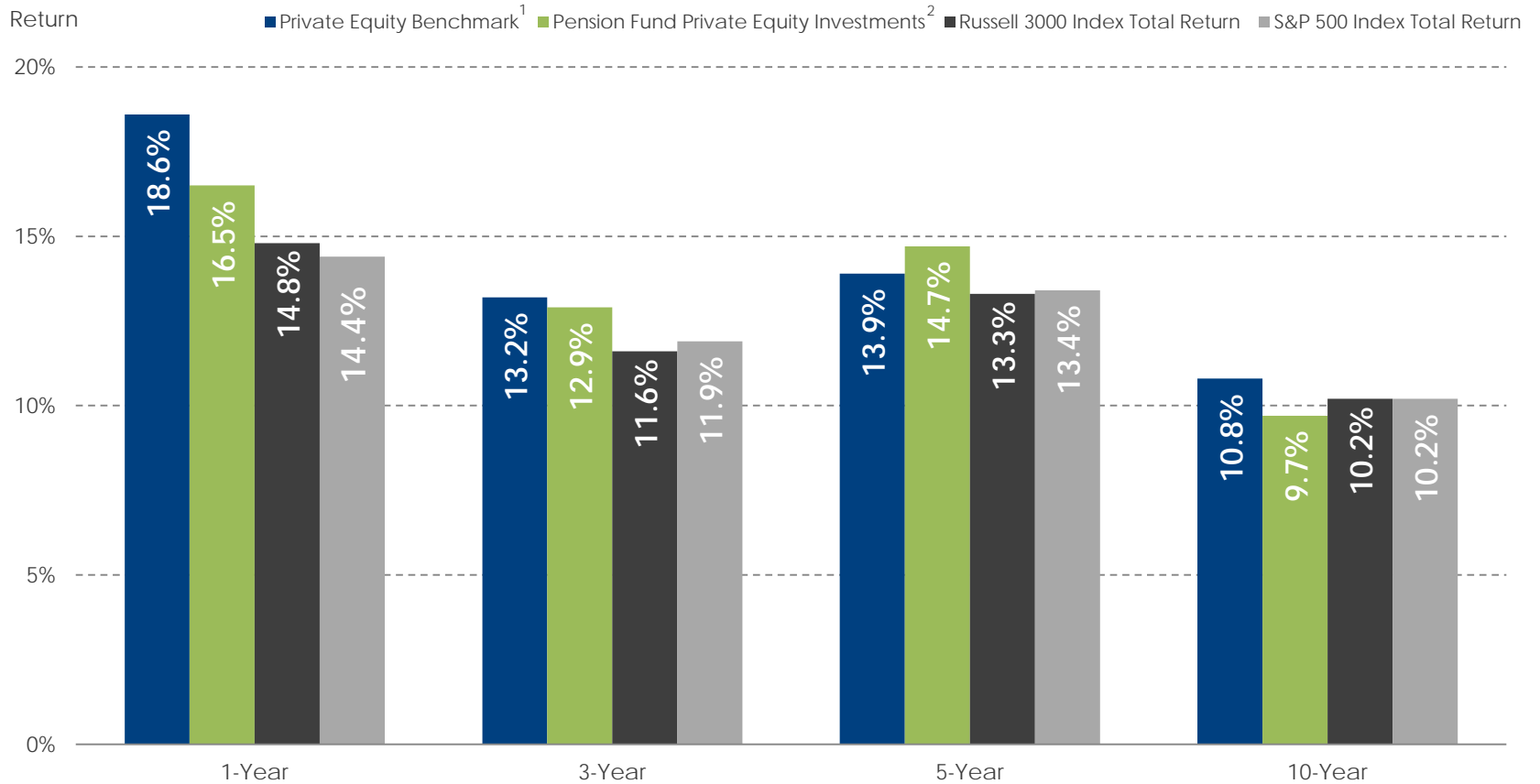
<sup>1</sup> Calculated by taking the median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC).

<sup>2</sup> Calculated by subtracting the S&P 500 Index (including dividends) return from the median private equity benchmark return.

<sup>3</sup> FAANG means for Facebook, Apple, Amazon, Netflix, and Alphabet

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 June 30, 2018)

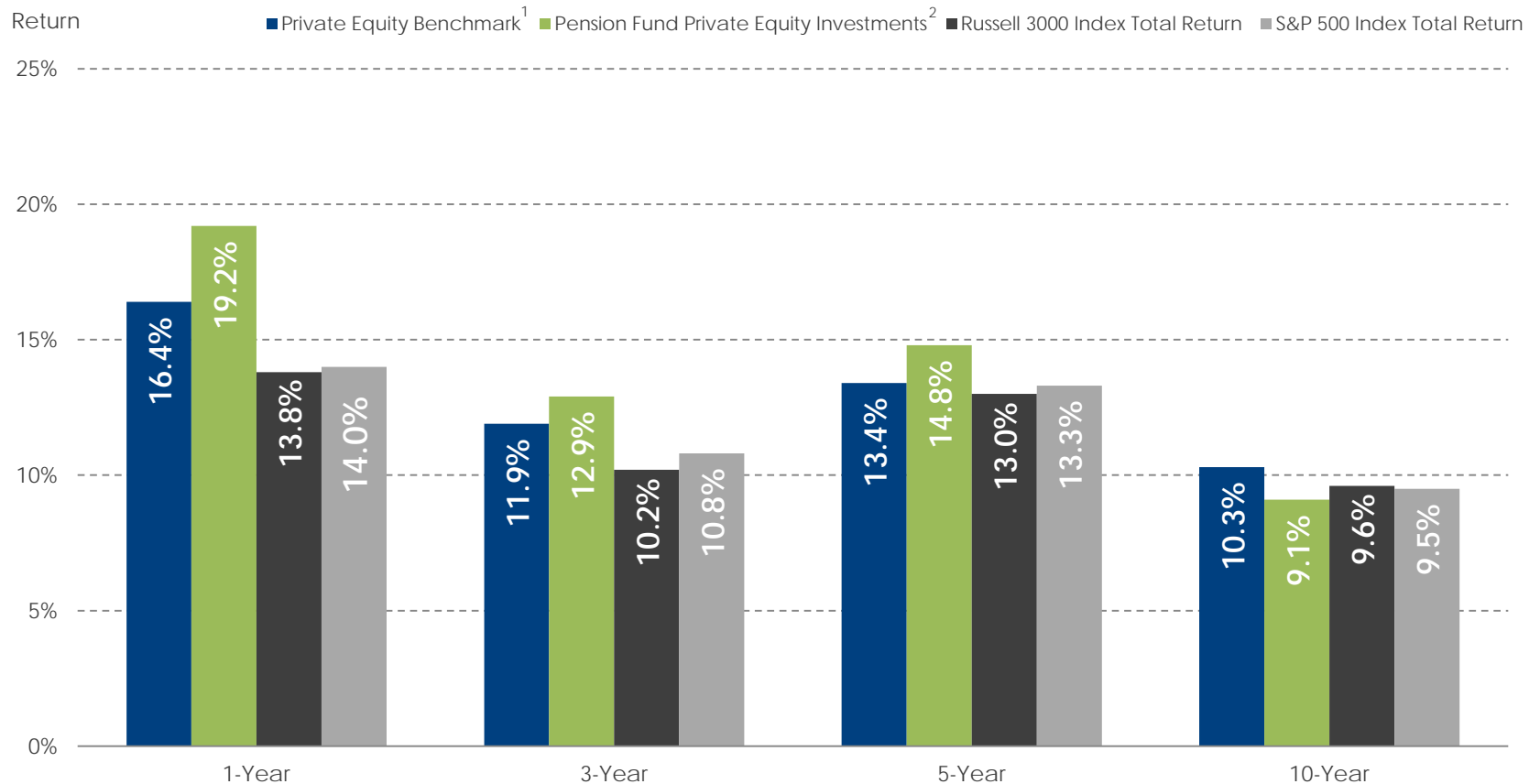


<sup>1</sup> Median of BISON Private Equity Benchmark, Cambridge Associates U.S. Private Equity Index (excluding venture capital), CepreX North America PE Index (excluding venture capital), ILPA U.S. Private Equity Index (excluding venture capital) and State Street U.S. Private Equity Index (buyout + private debt, ex. VC).

<sup>2</sup> Median return of pension fund private equity investments included in this report.

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 March 31, 2018)



<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).

<sup>2</sup> Median return of pension fund private equity investments included in this report.

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 1,481 US private equity funds formed between 1986 and 2018. 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 849 U.S. buyout funds (formed between 1986 and 2018) and 256 US growth equity funds (formed between 1986 and 2018), respectively.

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

The CepreX Private Equity Index is compiled using data from 2,005 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-June 2018.

## **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 3,928 global (U.S. & ex U.S.) funds formed between 1981 and 2018. 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.

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

The U.S. Private Equity Index is compiled using data from 1,327 U.S. buyout and private debt funds formed between 1980 and 2018 Q2. The U.S. Buyout Fund Index reflects the performance of 992 U.S. buyout funds (formed between 1980 and 2018 Q2). The U.S. Private Debt Fund Index contains 335 U.S. mezzanine and distressed funds (formed between 1988 and 2018 Q2).



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