

# Capital Mergers and Acquisitions, LLC (CMA Group)

## 2010 Private Equity Status Check

### Core Messages

- Over \$80 billion of capital overhang from venture capital funds raised by US investors.
- Most VC overhang from 2007 to 2009 vintage funds
- Just under \$500 billion of capital overhang from private equity funds raised by US investors
- Most PE overhang from 2007 to 2009 vintage funds

### Private Equity Fundraising

In spite of a challenging fundraising environment, private equity fundraising for 2010 is on pace with the number of funds closed and total capital raised during 2004.

- In 2004 just under \$100 billion in capital was raised and over 120 funds closed
- Through 3Q 2010, over \$70 billion in capital has been raised and approx. 70 funds closed
  - The number of funds raised in 3Q10 is up one third from 3Q09.

Over the last few years, private equity funds have steadily targeted the middle market.

- In 2004, approximately 18% of the new funds were allocated to PE funds that were between \$500 million - \$1 billion in size
  - An estimated 20% of new funds were allocated to PE funds between \$1 billion - \$5 billion
  - 2% were allocated to funds of \$5 billion+
- For 2009, the percentage of funds with \$500 million - \$1 billion increased to approximately 23%
  - The \$1 billion - \$5 billion market increased to approximately 25%
  - 8% were allocated to funds of \$5 billion+
- Through 3Q of 2010, the market of \$500 million - \$1 billion is estimated to be 28%
  - The market between \$1 billion - \$5 billion is approximately 30%
  - So far there have been zero PE funds with a size of 5 billion+

The mega funds of \$5 billion or more have disappeared in 2010.

### Private Equity Fund Returns

For private equity horizon IRR, returns are outsized for both big and small funds. Over the last 5 years, funds of \$100 million - \$250 million in size, had returns of 21%, while funds of over \$5 billion had comparable period returns of 15%.

Approximately half of all private equity funds have a 7.6% IRR or higher. Middle market fund performance is leading overall PE category fund performance. The following segments are the top performing segments from an IRR point of view::

- \$1 billion - \$5 billion

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**Sector:** *Private Equity, Venture Capital, Growth etc.*

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- \$500 million - \$1 billion
- \$250 million - \$500 million

Since 2003, there has been approximately \$485 billion of capital overhang from private equity funds raised by US investors. The majority of capital overhang originates from years 2007 – 2009 as depicted below:

### **Venture Capital Fund Returns**

Over half of all venture capital funds have a positive IRR. Top performing funds included funds in the following segments:

- Over \$1 billion
- \$150 million - \$250 million
- \$80 million - \$150 million
- Under \$80 million

There has been over \$80 billion of capital overhang from venture capital funds raised by US investors.

- The two largest amounts of overhang come from vintage years 2007 and 2008
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### **Capital Mergers And Acquisitions Group**

CMA Group is a firm with a principal focus on mergers, acquisitions and private equity. Through the combination of our partners and management team we have access to over \$1 billion in equity funding which when combined with leverage gives us a significant amount of funding with which to complete transactions in a timely fashion. More information on CMA Group can be obtained at [www.capitalmergers.com](http://www.capitalmergers.com).

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