

# PERFORMANCE UPDATE 2023 Q3

## AUSTRALIA PRIVATE EQUITY AND VENTURE CAPITAL INDEX

Prepared by Cambridge Associates for the Australian Investment Council



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## CAMBRIDGE ASSOCIATES AUSTRALIA PE AND VC INDEX (Q3 2023)

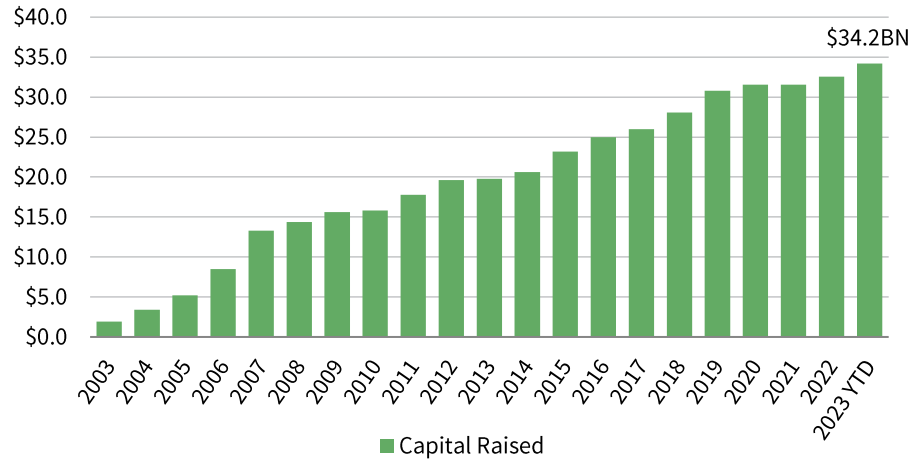
- Annual Industry Snapshot
- Industry Statistics over time
- Australia PEVC performance update summary
- Ex 1: Australia PEVC versus public markets IRR over time
- Ex 2: Australia PEVC and top 2 quartiles IRR over time
- Ex 3: Australia PEVC and global peers IRR over time
- Ex 4: Australia PE IRR over time and since inception multiples
- Ex 5: Australia VC IRR over time and since inception multiples

- **25+ Years** of local Private Equity and Venture Capital (1997-2023 YTD):
  - **\$34.2 billion** of capital raised by Australian and New Zealand PE and VC funds
  - **\$29.1 billion** invested into local businesses
  - **\$36.8 billion** distributed to investors (net of fees, expenses, and carried interest)
  - **\$14.4 billion** current net asset value of industry investments

# Australia and New Zealand Private Equity and Venture Capital Industry Over Time

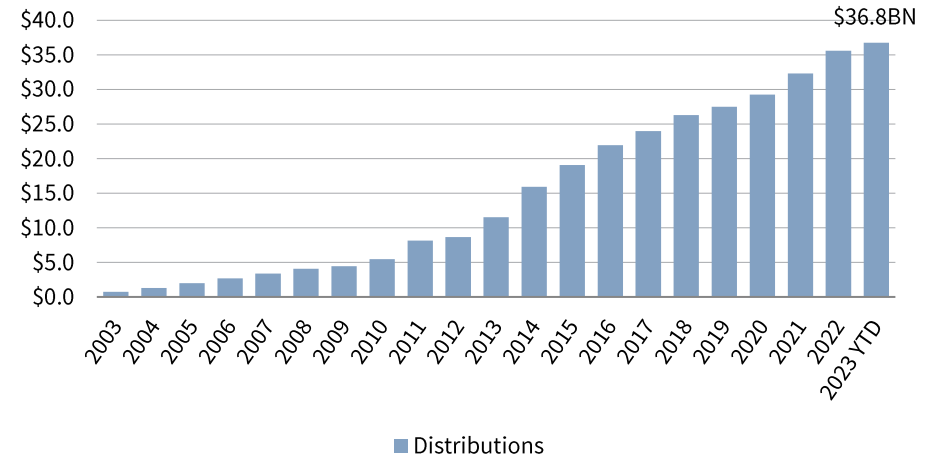
## CAPITAL RAISED

As of 30 September 2023 • AUD Billions



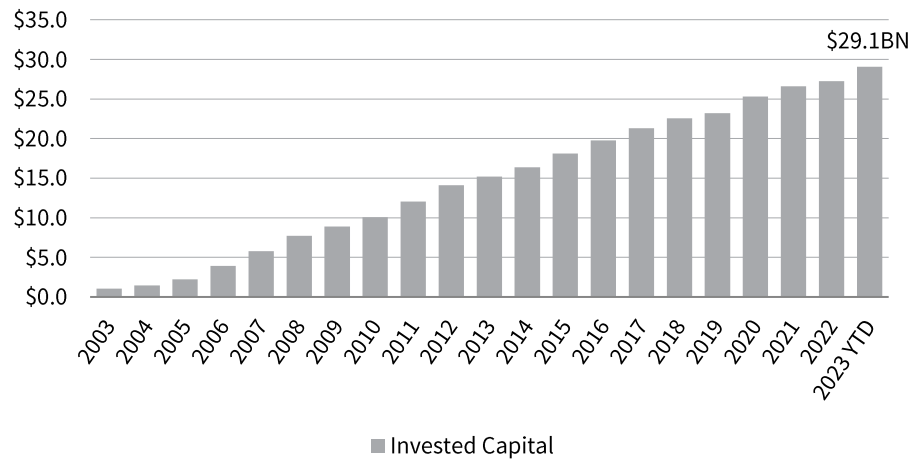
## DISTRIBUTIONS TO LPS

As of 30 September 2023 • Net of Fees, Expenses, and Carried Interest • AUD Billions



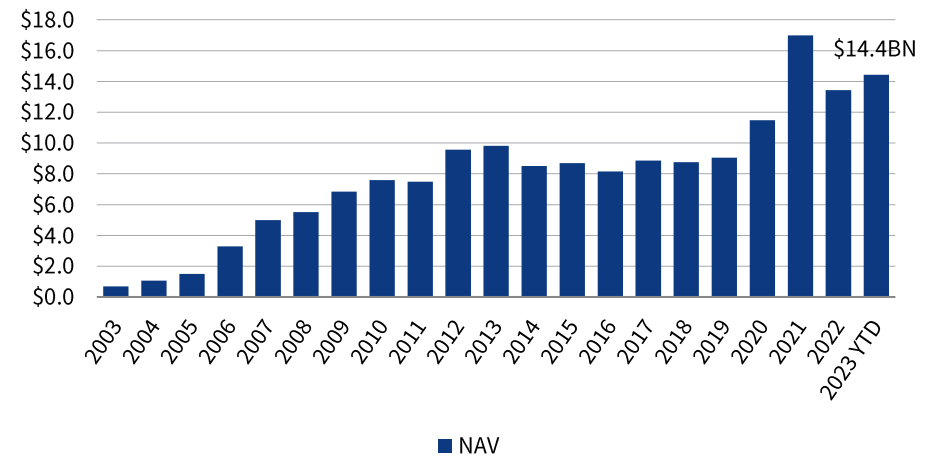
## CAPITAL INVESTED

As of 30 September 2023 • Net of Fees and Expenses • AUD Billions



## ENDING NET ASSET VALUE (NAV)

As of 30 September 2023 • AUD Billions



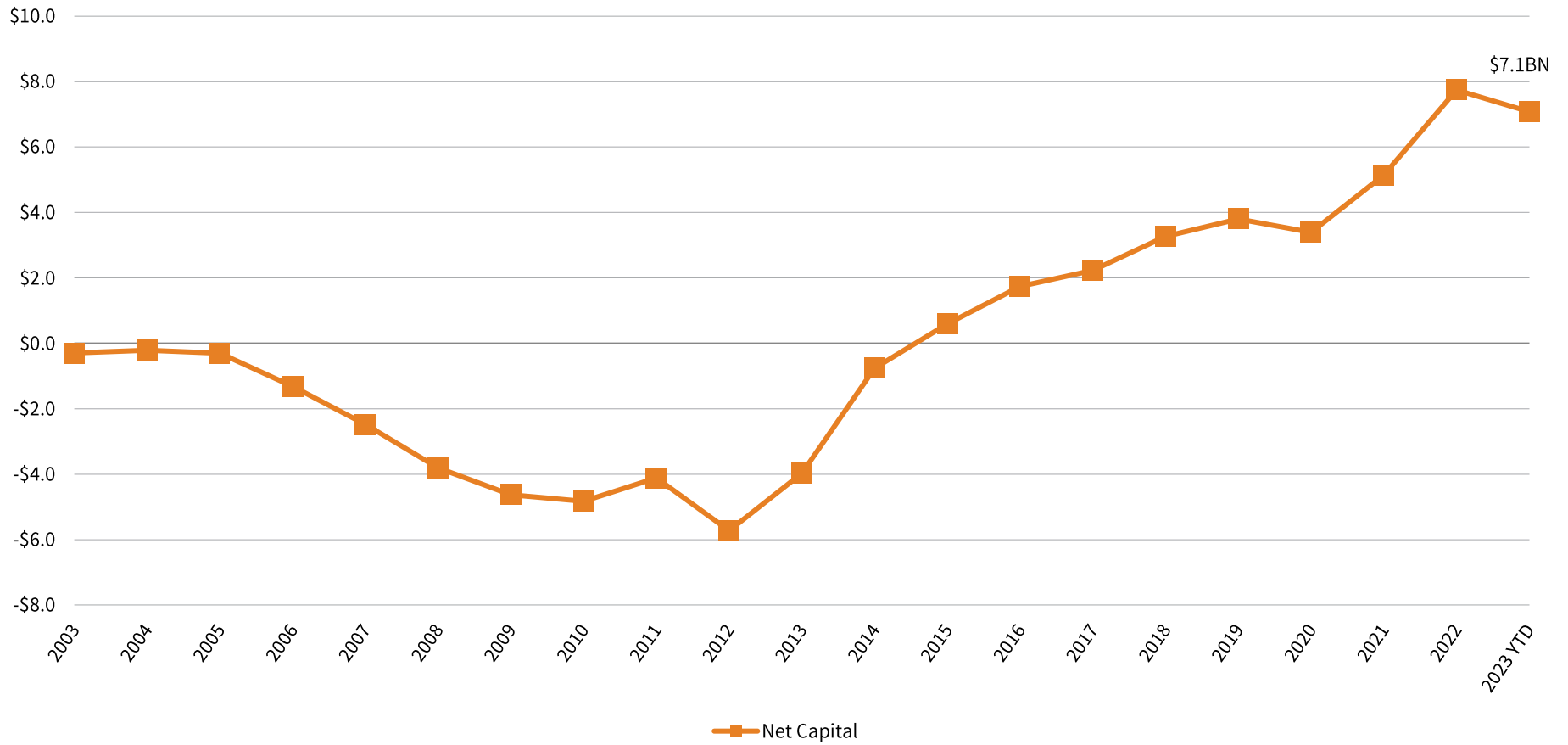
Note: Cambridge Associates Australia Private Equity & Venture Capital Index. Cumulative data over time in Australian Dollars as of 30 September 2023. Capital Invested represents LP contributions net of management fees and expenses.

# Australia and New Zealand PE and VC J-Curve – 9 Years Of Positive Flows To LPs

## CONTRIBUTIONS AND DISTRIBUTION NET FLOW TO LP

As of 30 September 2023 • Net of Fees and Expenses • AUD Billions

### NET CONTRIBUTION

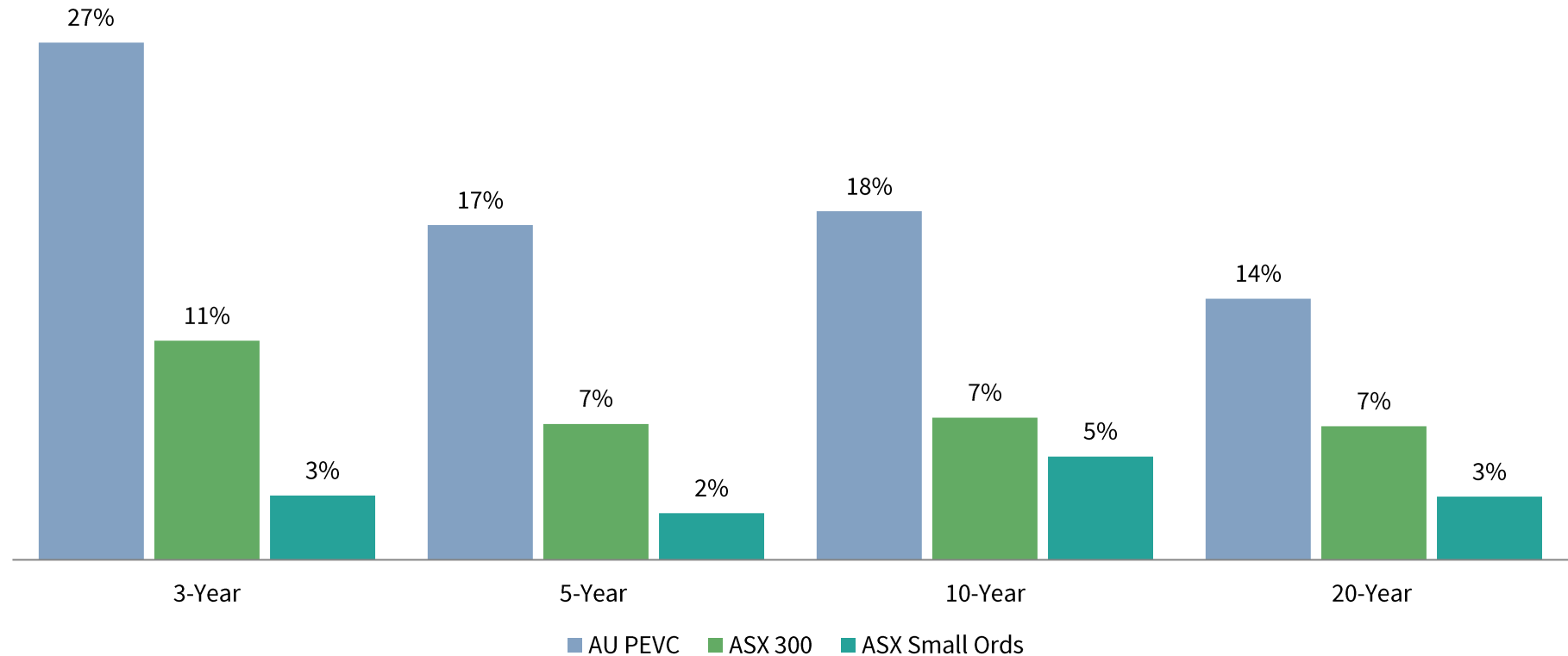


## Key Summary: Cambridge Associates Australia PEVC Index Performance Update as of Q3 2023

- **Australian PEVC outperforms public markets over time, and beats the liquidity premium** [*Exhibit 1*]
  - It is generally accepted that the higher risk and illiquidity of private equity require it to generate +3% to +5% over public markets over time and the Australian PEVC index has surpassed this standard hurdle across periods.
  - Private equity and venture capital performance is measured over the medium to long-term (5- to 20-year periods) to align performance with the asset class strategy of acquiring and divesting investment assets over time.
- **Dispersion of performance between top 2 quartiles and median of the Australian PEVC funds highlights the importance of manager and fund selection** [*Exhibit 2*]
  - Manager and fund selection can impact performance significantly in a long-term, illiquid asset class.
- **Australia PEVC performs in line with US and European peers over 5, 10 and 20 years with stronger performance relative to peers in the 3-year period** [*Exhibit 3*]
  - When comparing to global PEVC peers, returns are measured in local currency and impacted by local market factors including but not limited to interest rates, valuations, market depth and sector exposures.
- **Australian PE has delivered consistent long-term performance with a strong since inception distribution multiple, while Australian VC returns are driven by recent market performance and investments are largely unrealised** [*Exhibits 4 and 5*]
  - In Australia, PE strategies account for a significant amount of capital raised by dollars (90%) and number of funds (70%) over time, while VC investment has grown significantly in the past 10 years and represents nearly 40% of the index net asset value.
  - VC investments may also require a longer holding period (as measured by time from initial investment to exit) than PE investments given the earlier stage of company investment in VC.

# Exhibit 1: Australia PEVC has Consistently Outperformed the Public Markets Over Medium and Long Term

CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX POOLED IRR VS. PUBLIC MARKET EQUIVALENTS OVER TIME  
As of 30 September 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD

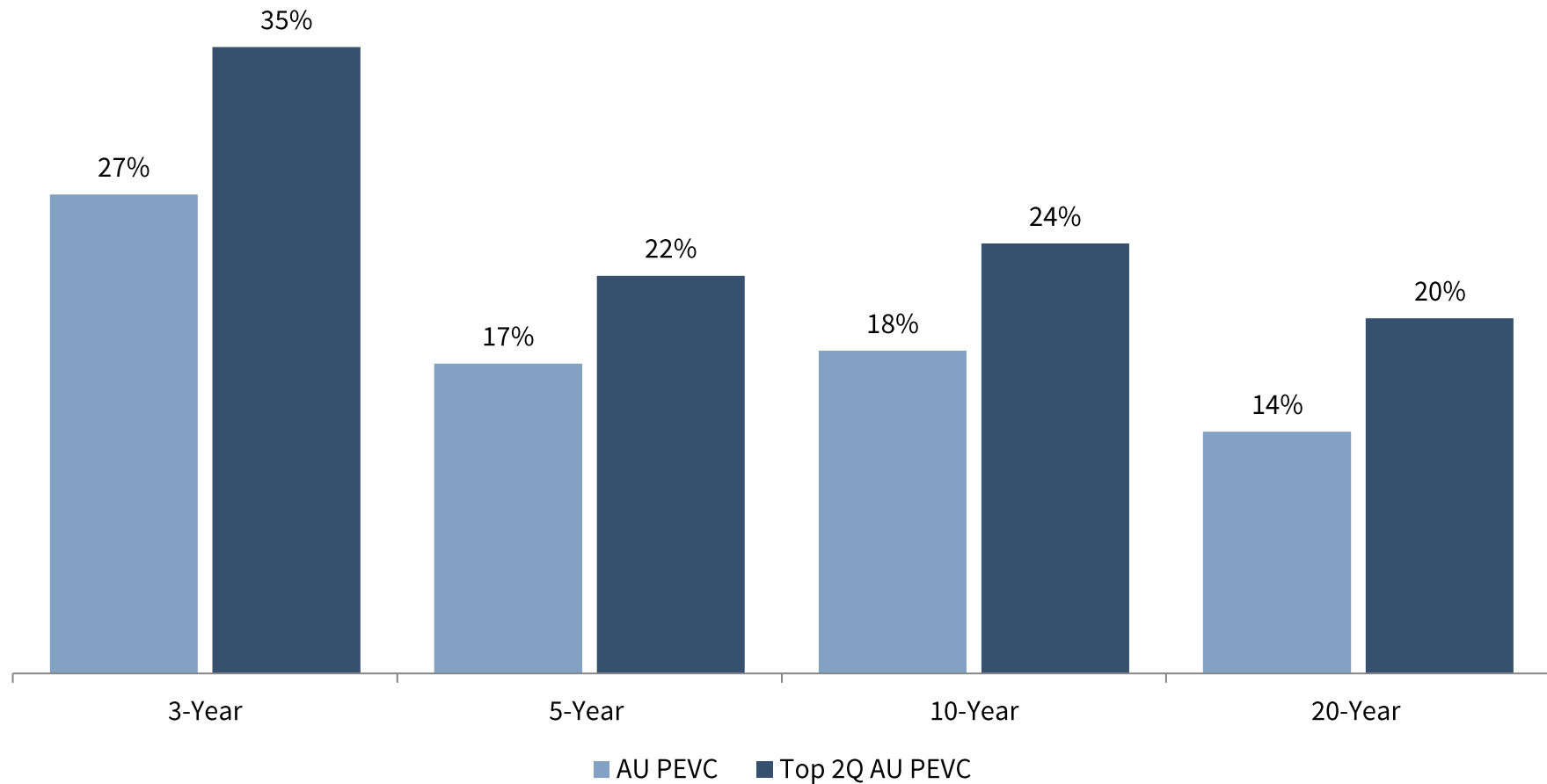


Source: Cambridge Associates LLC, S&P Dow Jones Indices.  
Note: Cambridge Associates Australia Private Equity & Venture Capital Index, as of September 30, 2023. Represents 120 private equity and venture capital funds from 1997 to 2022. Pooled horizon return, net of fees, expenses, and carried interest. AUD. CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME NAV is a function of mPME cash flows and public index returns.



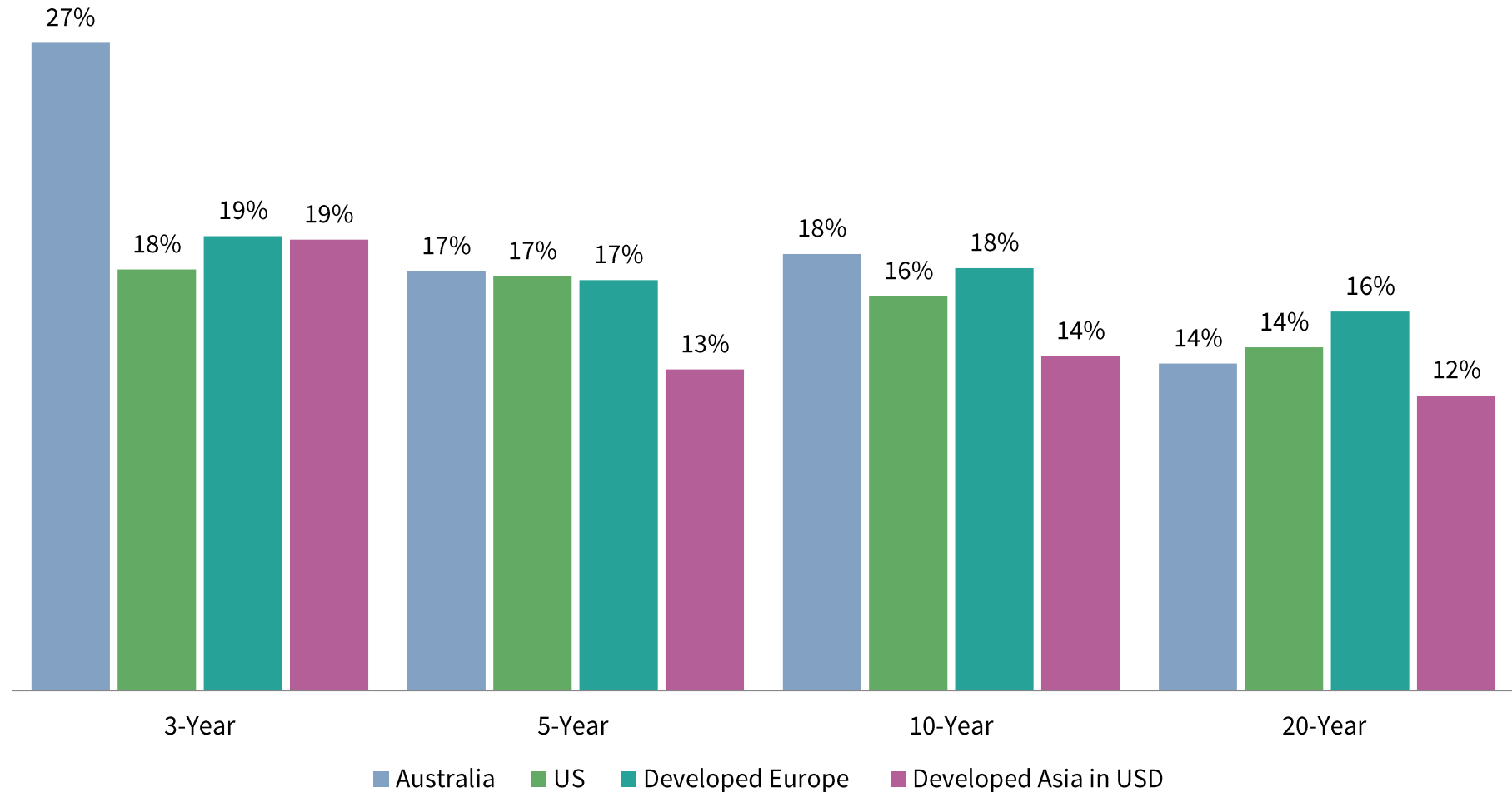
## Exhibit 2: Australia PEVC Index and Top 2 Quartiles Performance

**CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX VS TOP 2 QUARTILES OVER TIME**  
As of 30 September 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



## Exhibit 3: Australia PEVC Index Performance compared with Global Peers

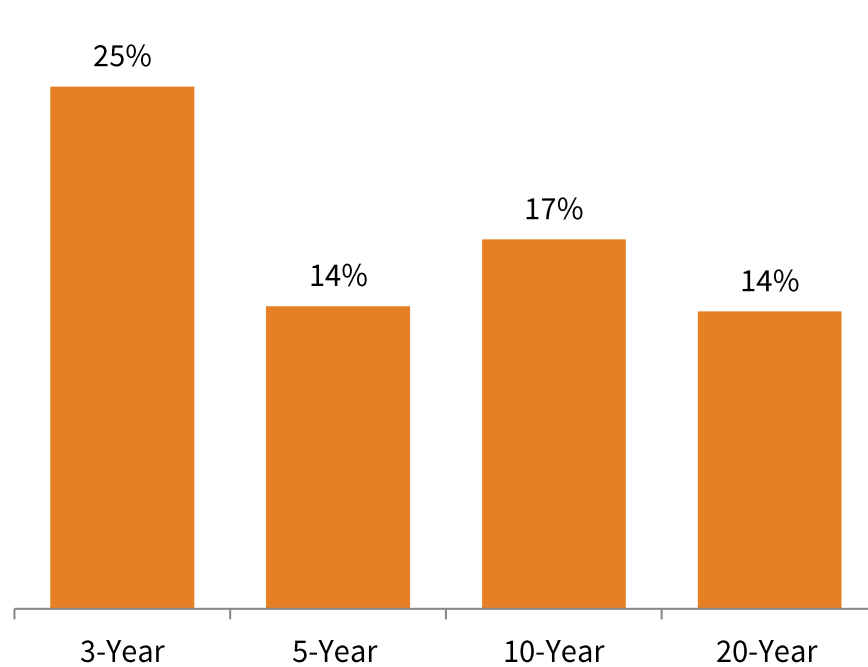
**CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX AND GLOBAL PEVC INDEX PEERS BY REGION**  
As of 30 September 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • Local Currency



## Exhibit 4: Industry Foundations – Australia PE delivers consistency over time and strong distributions

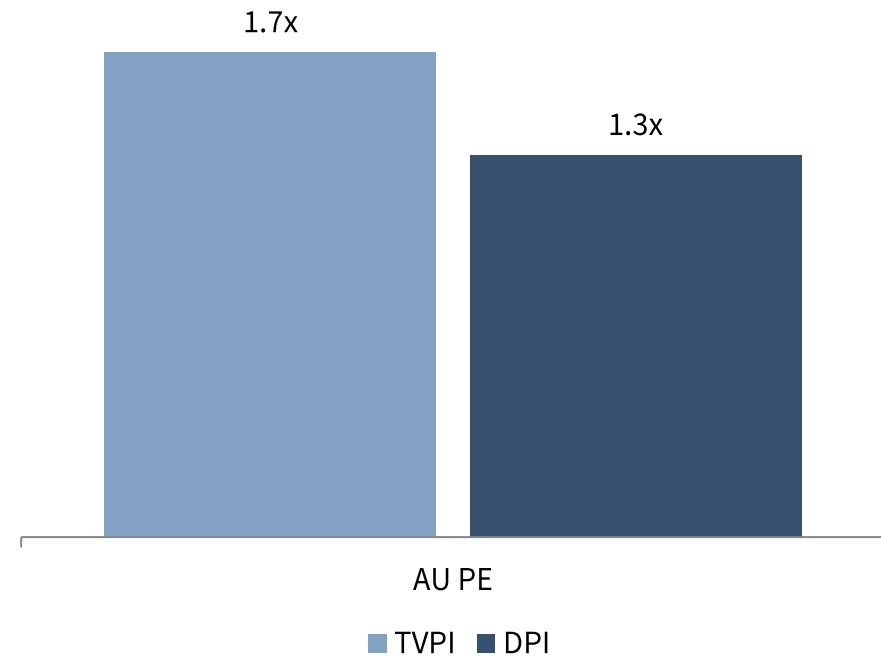
### CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX IRR OVER TIME

As of 30 September 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



### CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX NET MULTIPLES

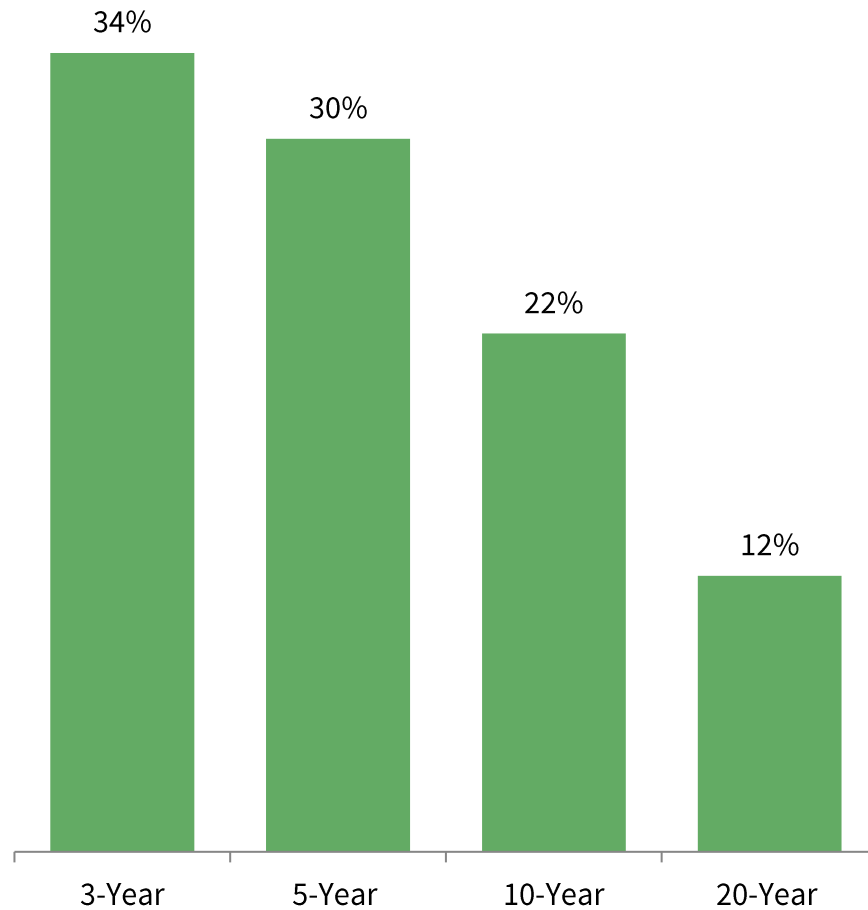
As of 30 September 2023 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD



## Exhibit 5: Industry Growth – Australia VC driven by recent performance, distributions still to come

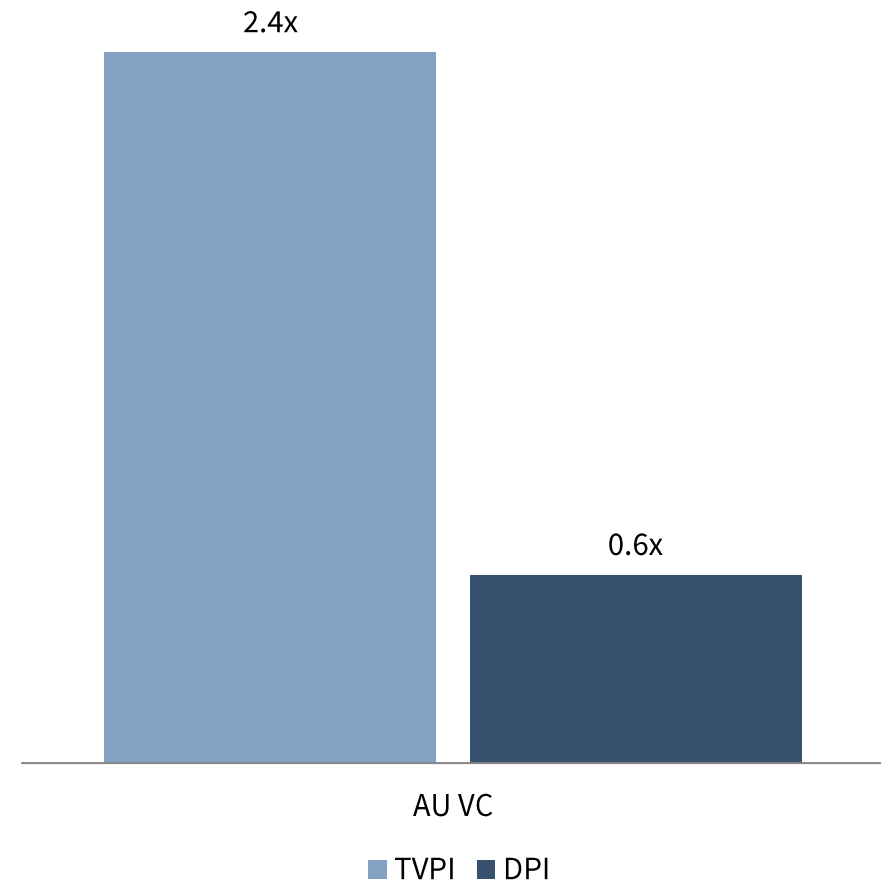
### CAMBRIDGE ASSOCIATES AUSTRALIA VC IRR OVER TIME

As of 30 September 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



### CAMBRIDGE ASSOCIATES AUSTRALIA VC INDEX NET MULTIPLES

As of 30 September 2023 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD





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