

PERFORMANCE UPDATE 2023 Q1

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 (Q1 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 (1997-2022):
 - **\$32.5 billion** of capital raised by Australian and New Zealand PE and VC funds
 - **\$27.3 billion** invested into local businesses
 - **\$35.6 billion** distributed to investors (net of fees, expenses, and carried interest)
 - **\$13.4 billion** current net asset value of industry investments

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

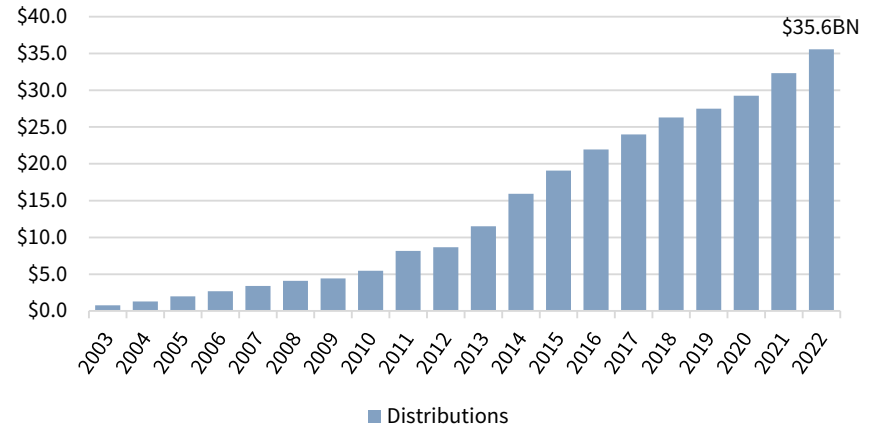
CAPITAL RAISED

As of 31 December 2022 • AUD Billions



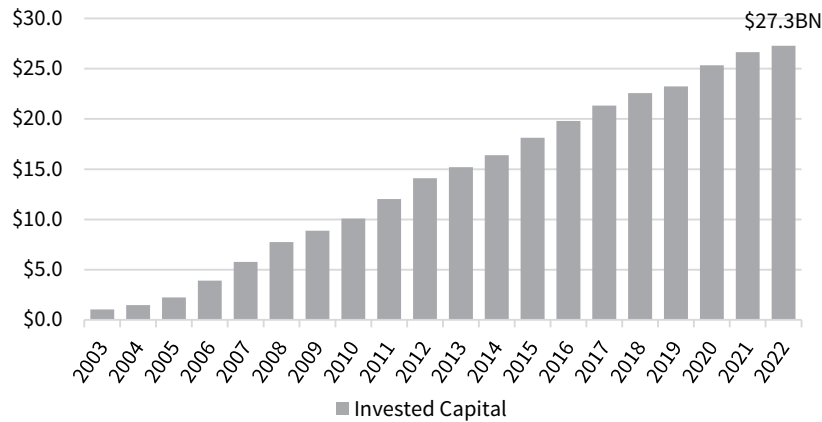
DISTRIBUTIONS TO LPS

As of 31 December 2022 • Net of Fees, Expenses, and Carried Interest • AUD Billions



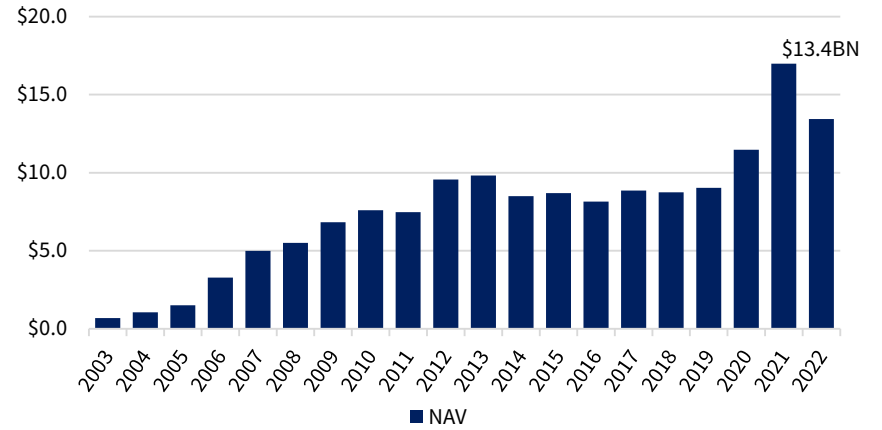
CAPITAL INVESTED

As of 31 December 2022 • Net of Fees and Expenses • AUD Billions



ENDING NET ASSET VALUE (NAV)

As of 31 December 2022 • AUD Billions



Key Summary: Cambridge Associates Australia PEVC Index Performance Update as of Q1 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 31 March 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD

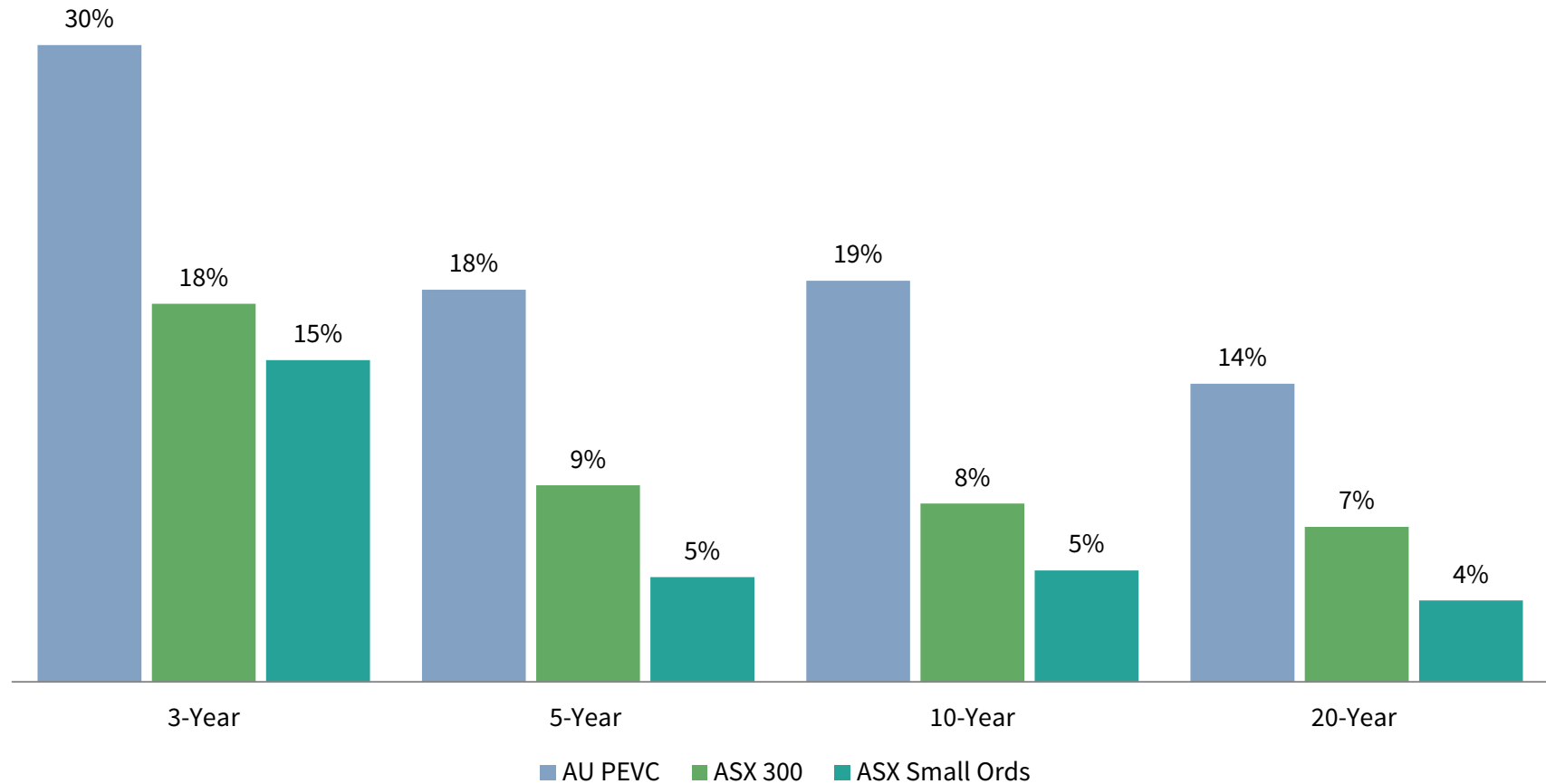


Exhibit 2: Australia PEVC Index and Top 2 Quartiles Performance

CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX VS TOP 2 QUANTILES OVER TIME
As of 31 March 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD

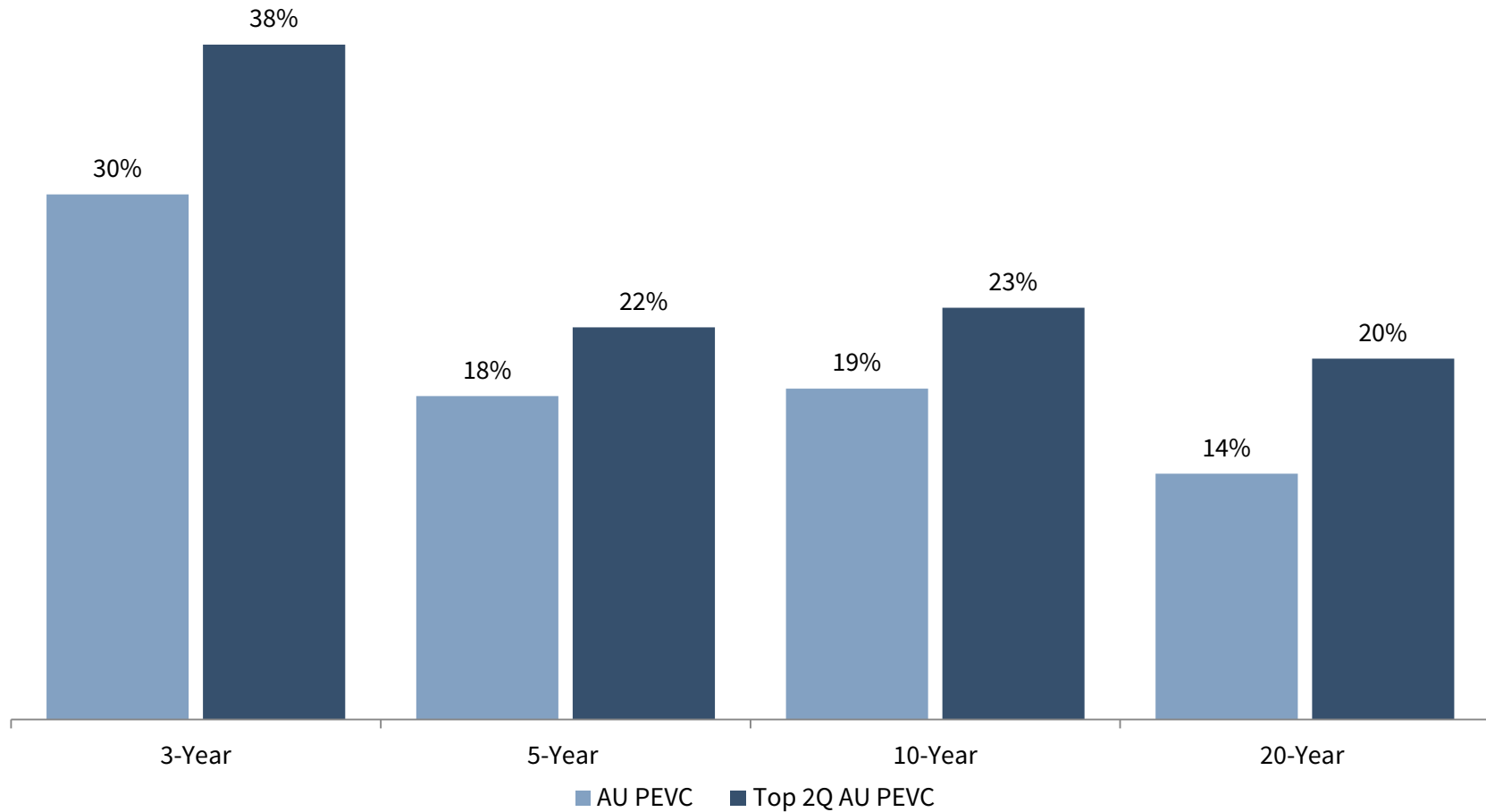
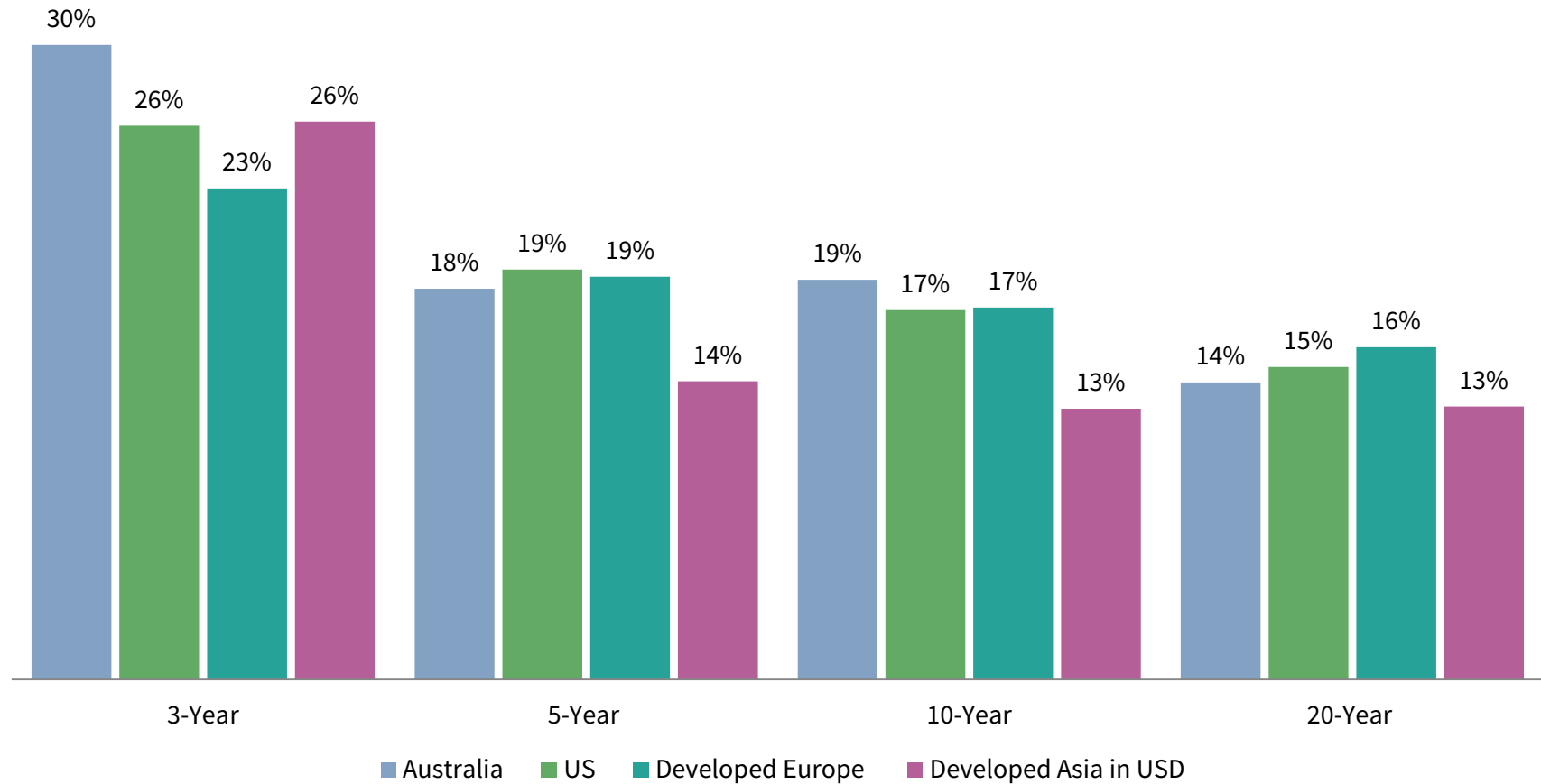


Exhibit 3: Australia PEVC Index Performance compared with Global Peers

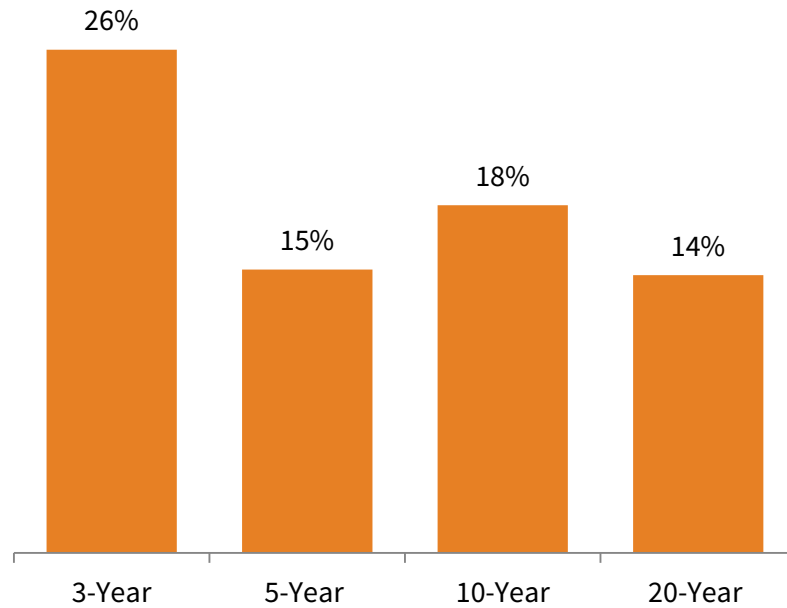
CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX AND GLOBAL PEVC INDEX PEERS BY REGION
As of 31 March 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • Local Currency



Source: Cambridge Associates. As at 31 March 2023. Pooled horizon return, net of fees, expenses, and carried interest. Returns are reflected in local currency. Australia (AUD): The index is a horizon calculation based on data compiled from 115 private equity & venture capital funds investing in Australia and New Zealand, including fully liquidated partnerships, formed between 1997 and 2022. US (USD): The index is a horizon calculation based on data compiled from 3,840 US private equity & venture capital funds, including fully liquidated partnerships, formed between 1981 and 2022. Europe (EUR): The index is a horizon calculation based on data compiled from 712 Europe Developed private equity & venture capital funds, including fully liquidated partnerships, formed between 1986 and 2022. Developed Asia (USD): The index is a horizon calculation based on data compiled from 696 Asia/Pacific private equity & venture capital funds, including fully liquidated partnerships, formed between 1986 and 2022.

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

CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX IRR OVER TIME
As of 31 March 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX NET MULTIPLES
As of 31 March 2023 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD

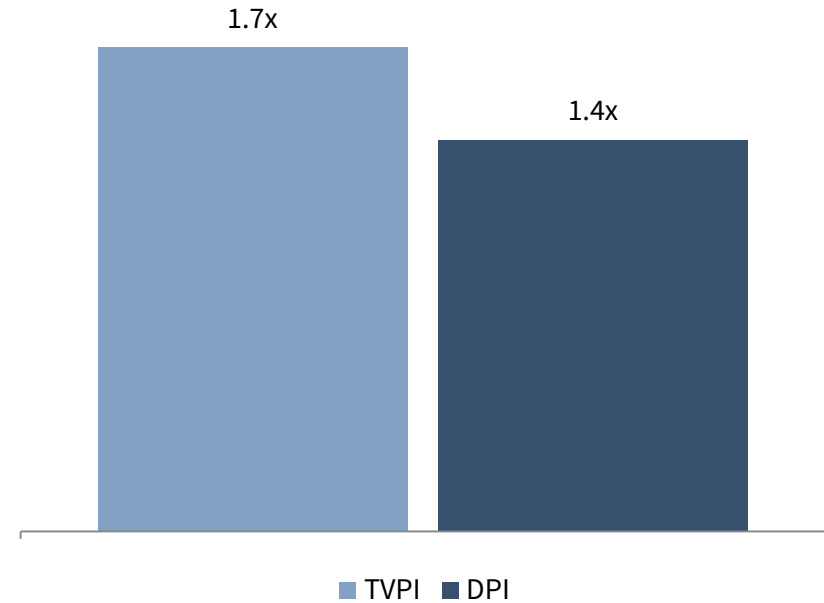
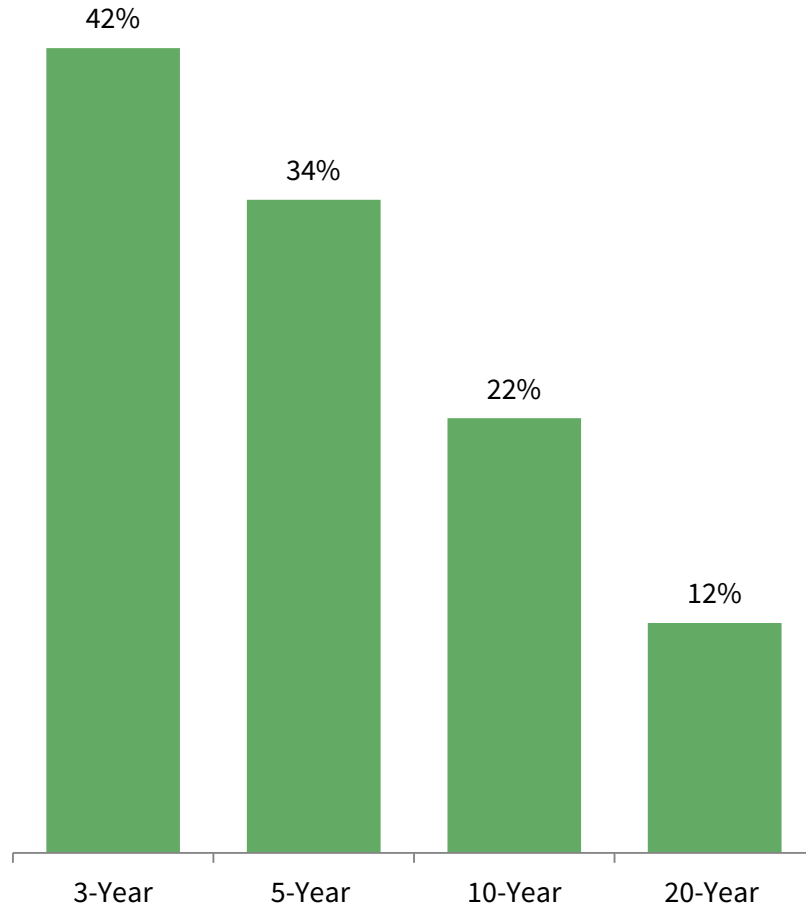
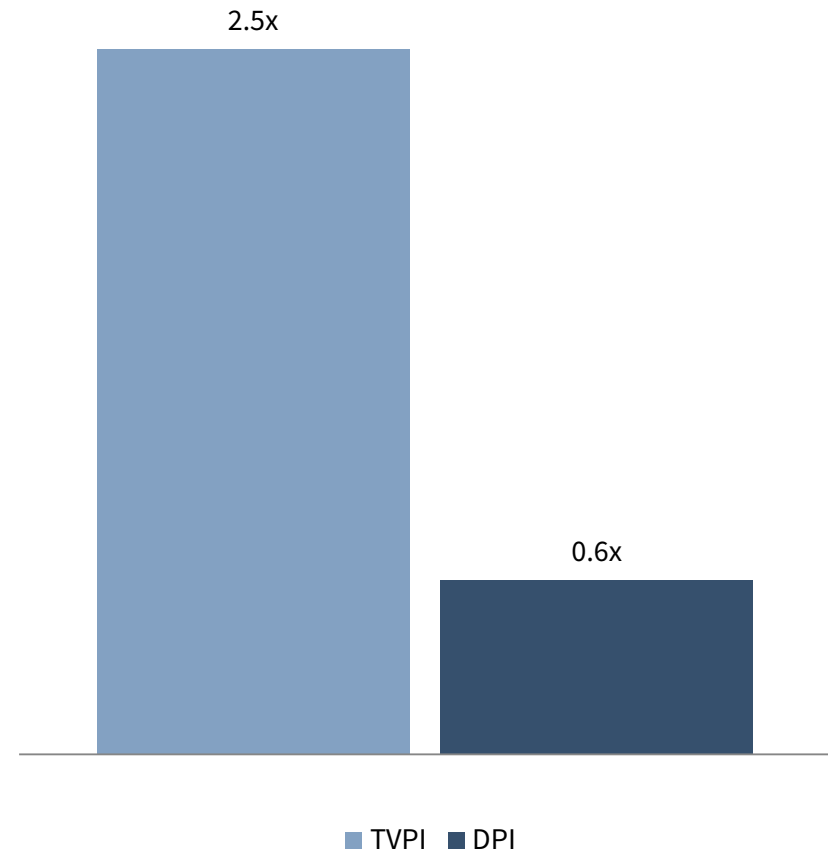


Exhibit 5: Industry Growth – Australia VC driven by recent performance, distributions still to come

CAMBRIDGE ASSOCIATES AUSTRALIA VC IRR OVER TIME
As of 31 March 2023 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



CAMBRIDGE ASSOCIATES AUSTRALIA VC INDEX NET MULTIPLES
As of 31 March 2023 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD



CA Note: Cambridge Associates Australia Private Equity & Venture Capital Index, as of March 31 2023. The Cambridge Associates LLC indices are a horizon calculation based on data compiled from 34 venture capital funds investing in Australia and New Zealand, including fully liquidated partnerships, formed between 1997 and 2022. Pooled horizon return, net of fees, expenses, and carried interest. Total Value to Paid In Capital (TVPI) multiple and Distributions to Paid In Capital (DPI) multiple are since inception and net of fees, expenses, and carried interest.



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