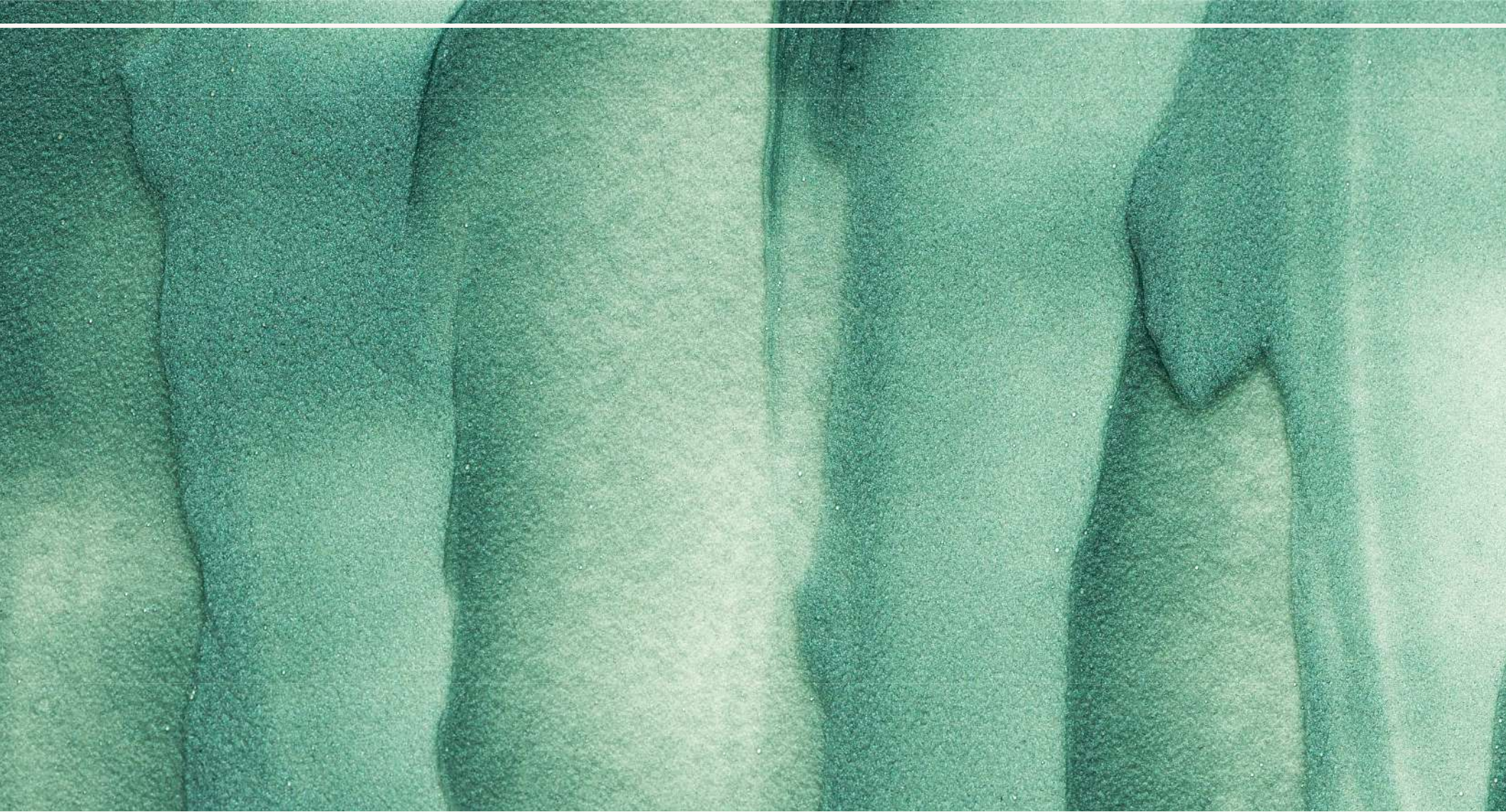


# PERFORMANCE UPDATE 2022 Q4

## AUSTRALIA PRIVATE EQUITY AND VENTURE CAPITAL INDEX

Prepared by Cambridge Associates for the Australian Investment Council



## About Cambridge Associates

Cambridge Associates is a global investment firm. The firm aims to help pension plans, endowments & foundations, healthcare systems, and private clients implement and manage custom investment portfolios that generate outperformance so they can maximize their impact on the world.

With 50 years of institutional investing experience, the firm has helped to shape and implement investment best practices and built strong global investment networks with the purpose of driving outperformance for clients. Cambridge Associates delivers a range of services, including outsourced CIO, non-discretionary portfolio management, staff extension and alternative asset class mandates.

Cambridge Associates currently maintains offices in Boston; Arlington, VA; Beijing; Dallas; Hong Kong; London; Munich; New York; San Francisco; Singapore; and Sydney. Cambridge Associates consists of six global investment affiliates that are all under common ownership and control. For more information, please visit [www.cambridgeassociates.com](http://www.cambridgeassociates.com).

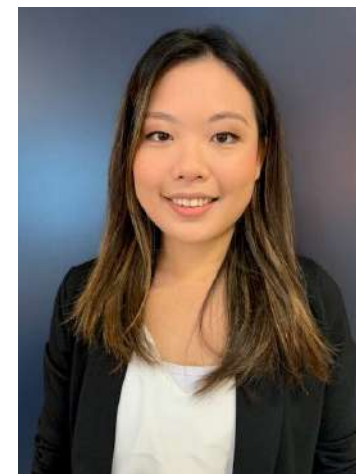
## Report Authors



**Eugene Snyman**  
Managing Director  
Cambridge Associates



**Margaret Schlott**  
Senior Investment Director  
Cambridge Associates



**Karen Lam**  
Senior Investment Associate  
Cambridge Associates

---

## CAMBRIDGE ASSOCIATES AUSTRALIA PE AND VC INDEX (Q4 2022)

- 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

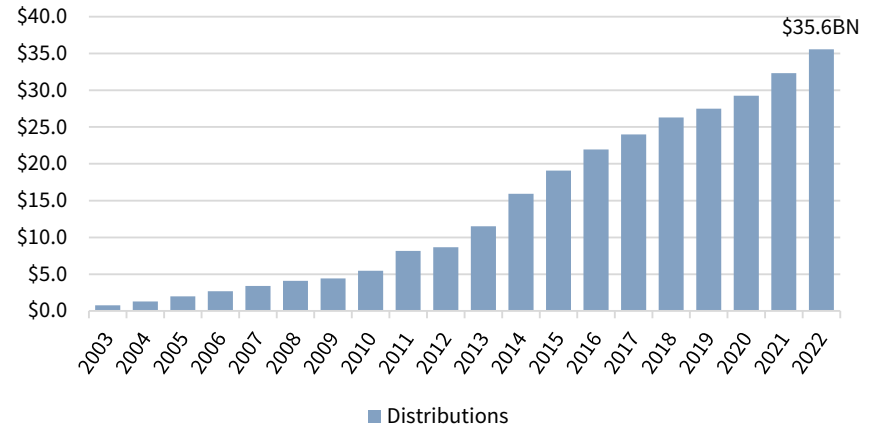
## CAPITAL RAISED

As of 31 December 2022 • AUD Billions



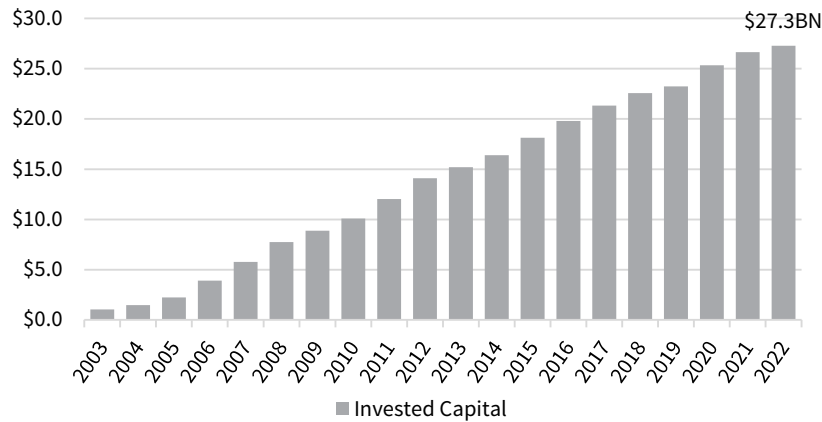
## DISTRIBUTIONS TO LPS

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



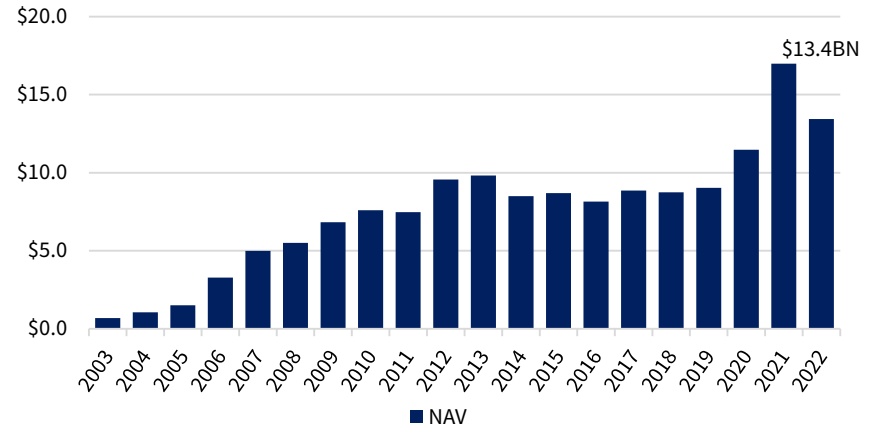
## CAPITAL INVESTED

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



## ENDING NET ASSET VALUE (NAV)

As of 31 December 2022 • AUD Billions



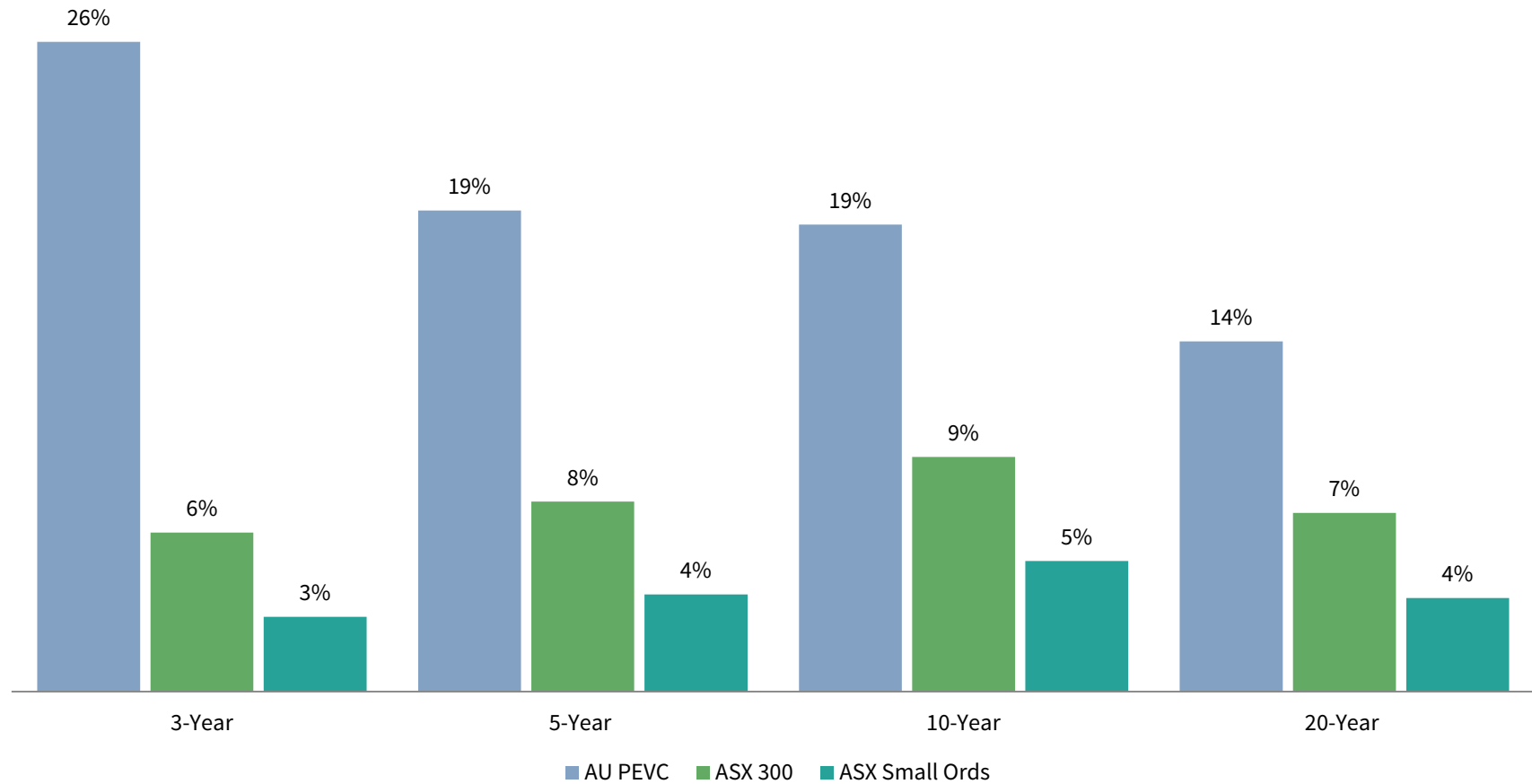
## Key Summary: Cambridge Associates Australia PEVC Index Performance Update as of Q4 2022

- **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

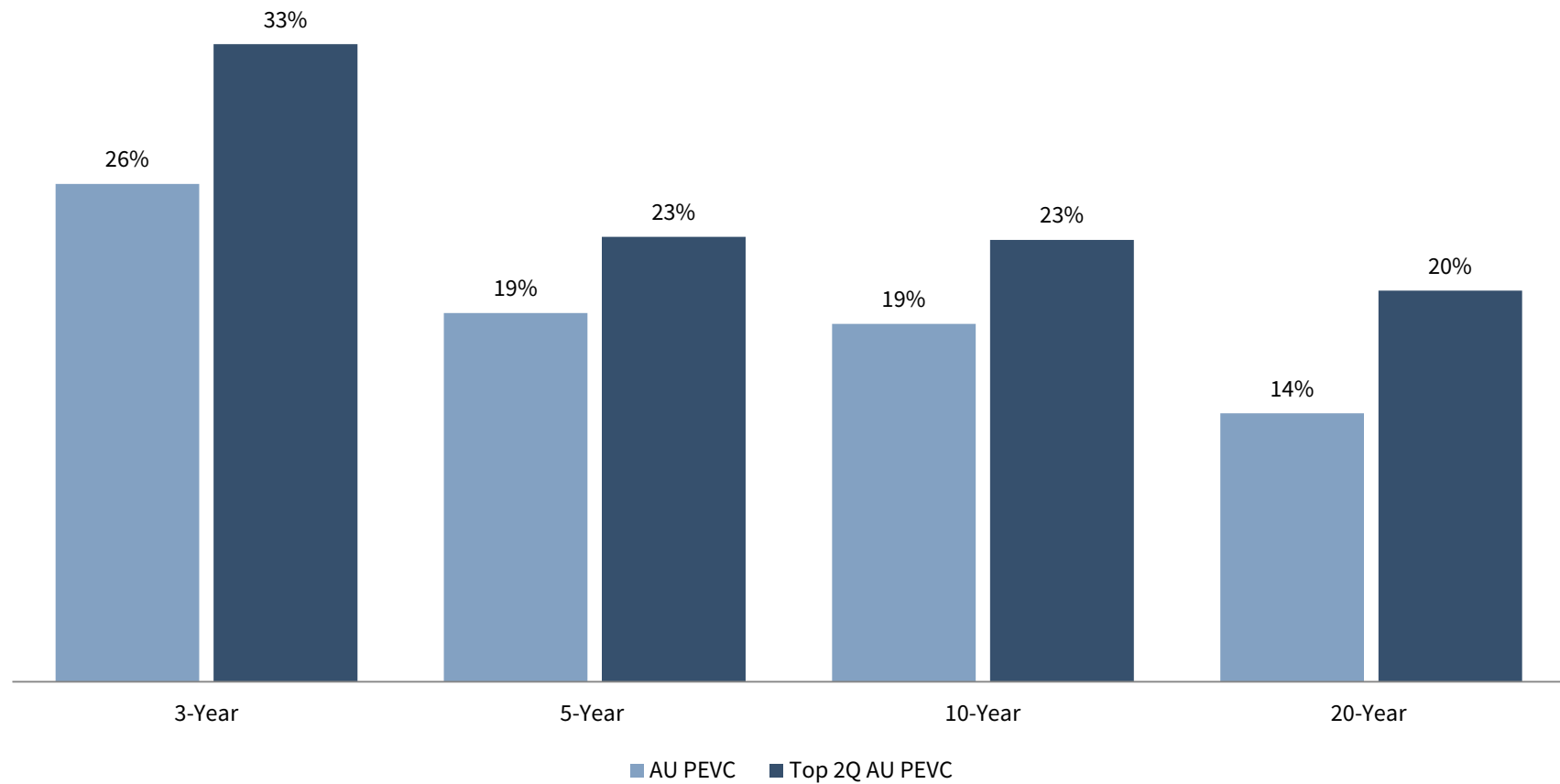
### CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX POOLED IRR VS. PUBLIC MARKET EQUIVALENTS OVER TIME

As of 31 December 2022 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



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

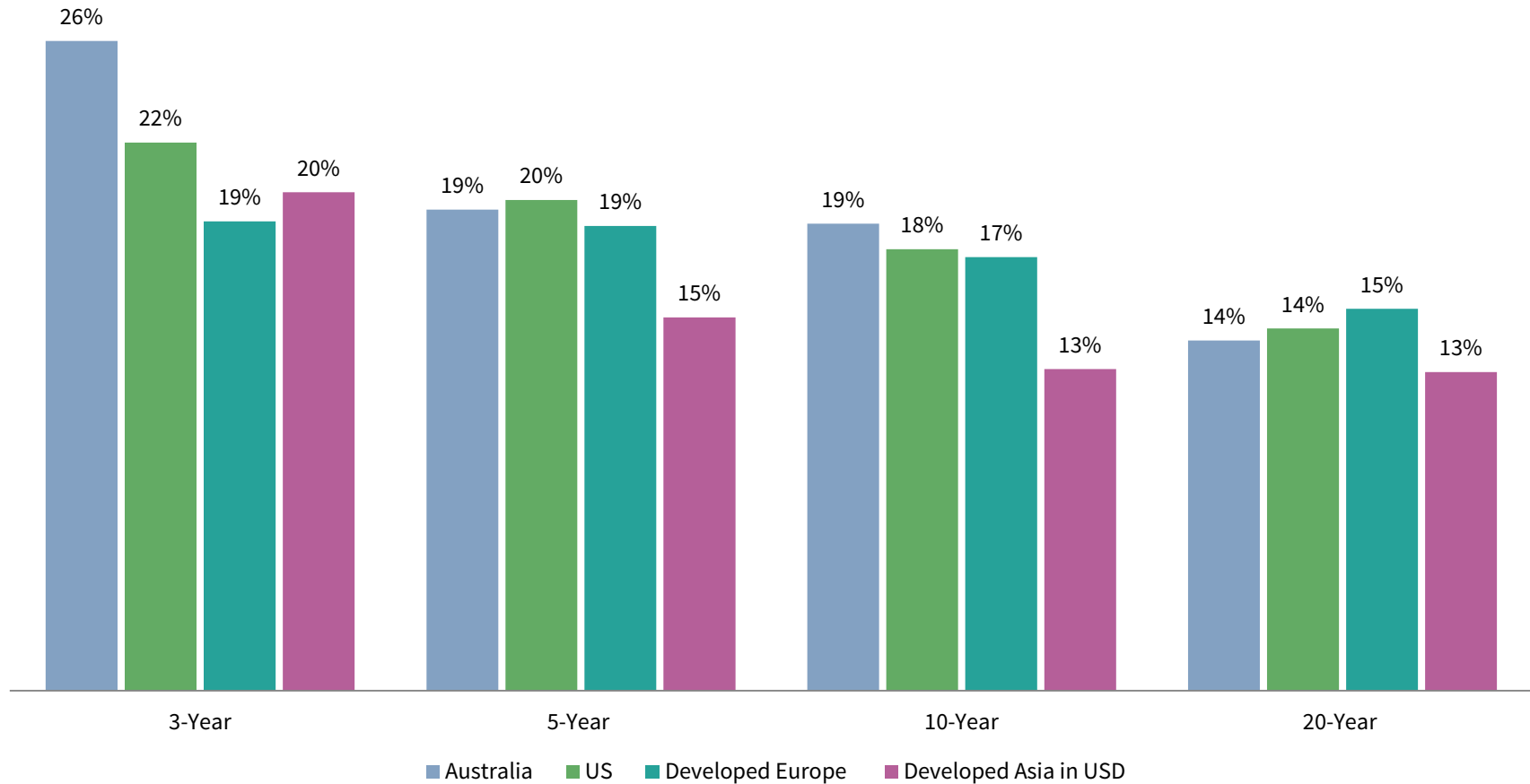
**CAMBRIDGE ASSOCIATES AUSTRALIA PEVC INDEX VS TOP 2 QUARTILES OVER TIME**  
As of 31 December 2022 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD





### 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 December 2022 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • Local Currency

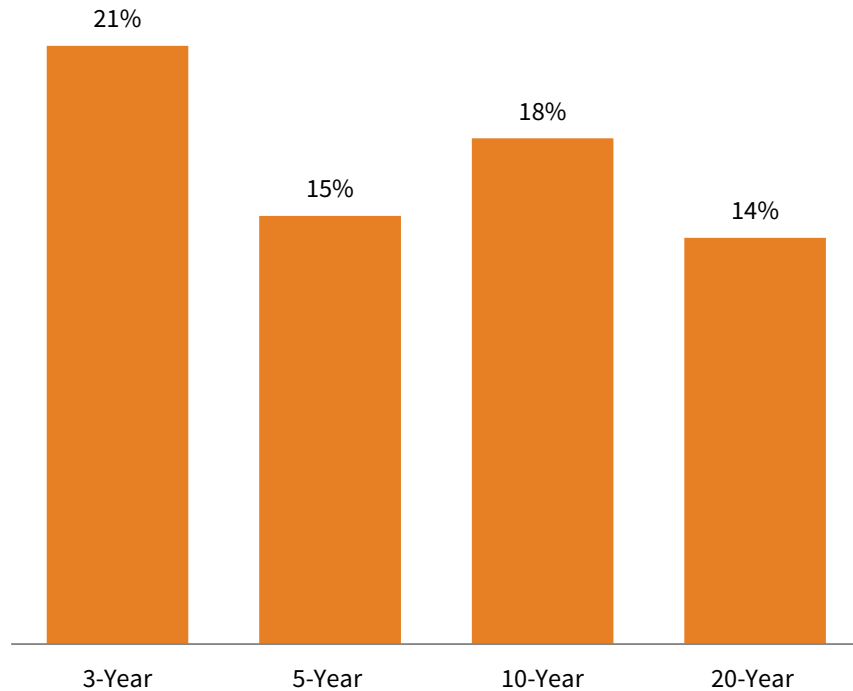


Source: Cambridge Associates. As at 31 December 2022. Pooled horizon return, net of fees, expenses, and carried interest. Returns are reflected in local currency. Australia (AUD): The index is a horizon calculation based on data compiled from 115 private equity & venture capital funds investing in Australia 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

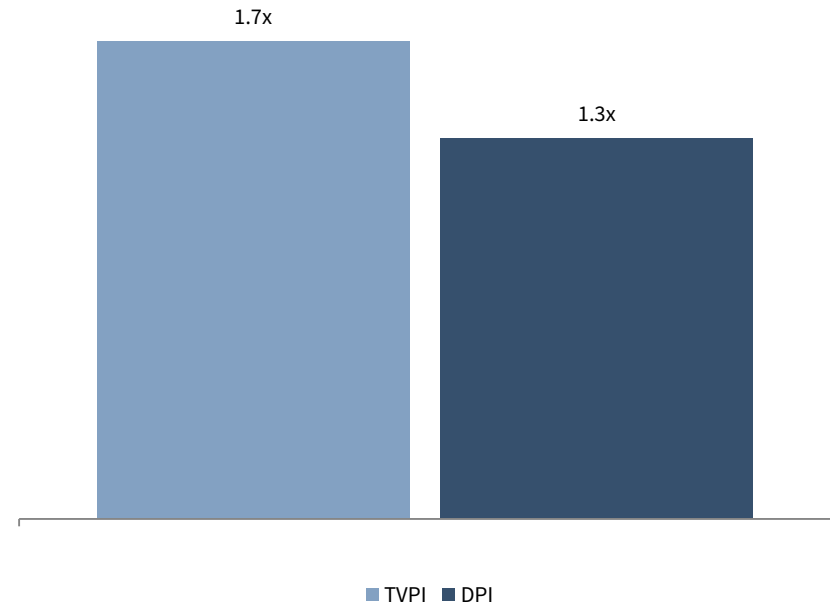
### CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX IRR OVER TIME

As of 31 December 2022 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



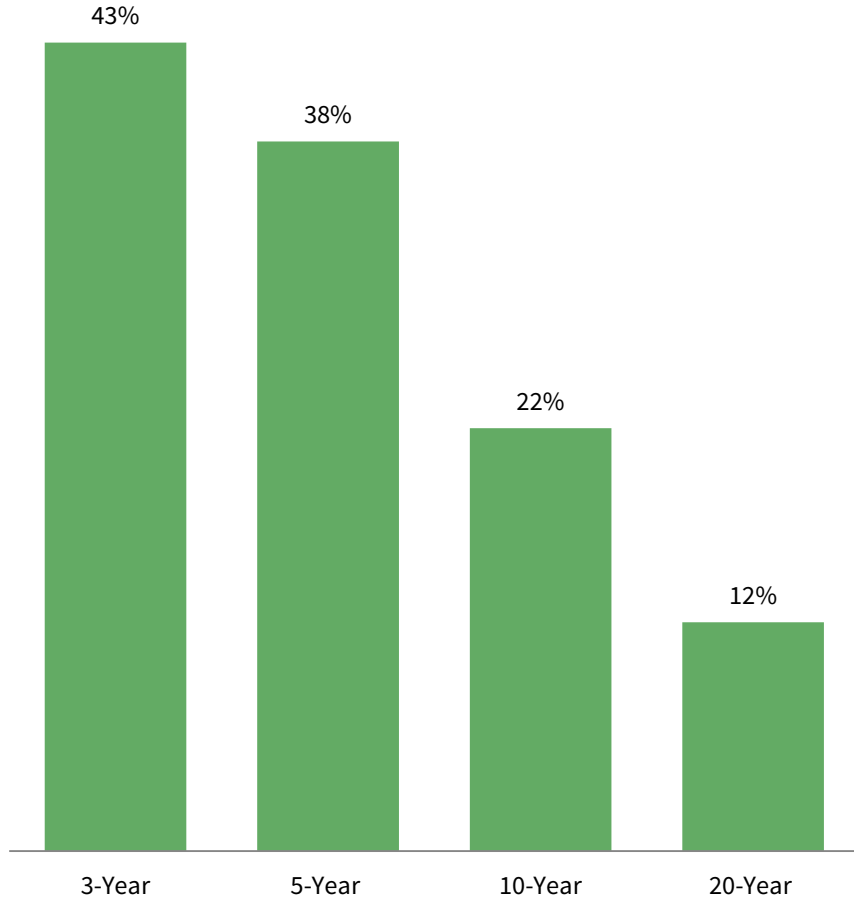
### CAMBRIDGE ASSOCIATES AUSTRALIA PE INDEX NET MULTIPLES

As of 31 December 2022 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD

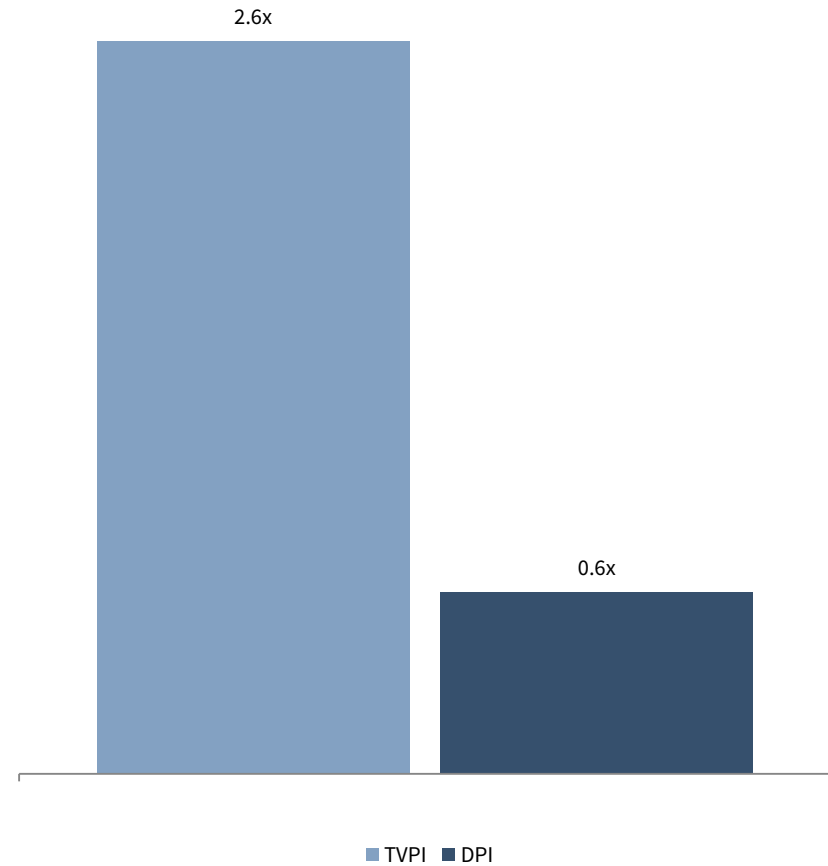


## Exhibit 5: Industry Growth – Australia VC driven by recent performance, distributions still to come

**CAMBRIDGE ASSOCIATES AUSTRALIA VC IRR OVER TIME**  
As of 31 December 2022 • Pooled IRR (Net of Fees, Expenses, and Carried Interest) • AUD



**CAMBRIDGE ASSOCIATES AUSTRALIA VC INDEX NET MULTIPLES**  
As of 31 December 2022 • Multiples (Net of Fees, Expenses, and Carried Interest) • AUD





Copyright © 2023 by Cambridge Associates LLC. All rights reserved.

This report may not be displayed, reproduced, distributed, transmitted, or used to create derivative works in any form, in whole or in part, by any means, without written permission from Cambridge Associates LLC ("CA"). Copying of this publication is a violation of US and global copyright laws (e.g., 17 U.S.C. 101 et seq.). Violators of this copyright may be subject to liability for substantial monetary damages.

This report is provided for informational purposes only. The information does not represent investment advice or recommendations, nor does it constitute an offer to sell or a solicitation of an offer to buy any securities. Any references to specific investments are for illustrative purposes only. The information herein does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Information in this report or on which the information is based may be based on publicly available data. CA considers such data reliable but does not represent it as accurate, complete, or independently verified, and it should not be relied on as such. Nothing contained in this report should be construed as the provision of tax, accounting, or legal advice. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. Broad-based securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Any information or opinions provided in this report are as of the date of the report, and CA is under no obligation to update the information or communicate that any updates have been made. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified.

The terms "CA" or "Cambridge Associates" may refer to any one or more CA entity including: Cambridge Associates, LLC (a registered investment adviser with the US Securities and Exchange Commission, a Commodity Trading Adviser registered with the US Commodity Futures Trading Commission and National Futures Association, and a Massachusetts limited liability company with offices in Arlington, VA; Boston, MA; Dallas, TX; Menlo Park, CA; New York, NY; and San Francisco, CA), Cambridge Associates Limited (a registered limited company in England and Wales, No. 06135829, that is authorized and regulated by the UK Financial Conduct Authority in the conduct of Investment Business, reference number: 474331); Cambridge Associates GmbH (authorized and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ('BaFin'), Identification Number: 155510), Cambridge Associates Asia Pte Ltd (a Singapore corporation, registration No. 200101063G, which holds a Capital Market Services License to conduct Fund Management for Accredited and/or Institutional Investors only by the Monetary Authority of Singapore), Cambridge Associates Limited, LLC (a registered investment adviser with the US Securities and Exchange Commission, an Exempt Market Dealer and Portfolio Manager in the Canadian provinces of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec, and Saskatchewan, and a Massachusetts limited liability company with a branch office in Sydney, Australia, ARBN 109 366 654), Cambridge Associates Investment Consultancy (Beijing) Ltd (a wholly owned subsidiary of Cambridge Associates, LLC which is registered with the Beijing Administration for Industry and Commerce, registration No. 110000450174972), and Cambridge Associates (Hong Kong) Private Limited (a Hong Kong Private Limited Company licensed by the Securities and Futures Commission of Hong Kong to conduct the regulated activity of advising on securities to professional investors).