



Official Performance Benchmark of



Africa Private Equity & Venture Capital Index and Benchmark Statistics

March 31, 2016

CAMBRIDGE



ASSOCIATES

- ◆ The Africa Private Equity & Venture Capital Index is comprised of 49 funds focused on private equity and venture capital investments in Africa. The funds had a total capitalization of over US\$12 billion as of March 31, 2016. The index includes pan-African, regional, and country-specific funds (13 of which are focused primarily on South Africa).
- ◆ The following asset classes are included in the index: buyouts (12 funds), growth equity (33 funds), mezzanine (2 funds), and venture capital (2 funds). Funds investing primarily in real estate, forestry, and/or infrastructure are not included in these statistics.
- ◆ Investment-level data includes investments made in Africa by Africa-focused funds noted above, as well as other private equity and venture capital funds in the Cambridge Associates global private investments database. Individual investments were headquartered or had their primary domicile in 33 different African countries or abroad.
- ◆ This index was first launched in April 2013 after substantial outreach efforts to Africa-focused general partners undertaken by the African Private Equity & Venture Capital Association and Cambridge Associates. Cambridge Associates thanks and acknowledges AVCA and its participating fund managers for their assistance in the development of the index and their ongoing provision of data.

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Africa Private Equity & Venture Capital: Fund Index Analysis



Africa Private Equity & Venture Capital Fund Index Summary: Horizon Pooled Return
Net to Limited Partners

Index	1-Quarter	1-Year	3-Year	5-Year	10-Year
Africa Private Equity & Venture Capital Index¹	0.31	-5.05	0.98	2.65	5.19
Africa ex. South Africa Private Equity & Venture Capital Index	-0.46	-4.31	2.21	4.37	6.55
Cambridge Associates LLC U.S Venture Capital Index®	-3.25	4.78	19.36	14.63	10.19
Cambridge Associates LLC U.S. Private Equity Index®	0.23	3.23	11.62	11.96	10.72
MSCI Emerging Markets Index	5.75	-11.70	-4.15	-3.80	3.34
MSCI World ex U.S. Index	-1.95	-8.44	1.69	1.62	1.80
MSCI World Index	-0.35	-3.45	6.82	6.51	4.27
MSCI Emerging Frontier Markets Africa	11.88	-17.61	-2.77	-2.26	2.75

The index is a horizon calculation based on data compiled from 49 Africa private equity and venture capital funds, including fully liquidated partnerships, formed between 1995 and 2013. The Africa ex South Africa Private Equity & Venture Capital Index is based on 36 African private equity and venture capital funds with strategies not focused primarily on South Africa. The funds included in these datasets report in U.S. Dollar, Euro, or South African Rand.

¹ Private indices are pooled horizon internal rate of return (IRR) calculations, net of fees, expenses, and carried interest. The timing and magnitude of fund cash flows are integral to the IRR performance calculation. Public indices are average annual compounded return (AACR) calculations which are time weighted measures over the specified time horizon, and are shown for reference and directional purposes only. Due to the fundamental differences between the two calculations, direct comparison of IRRs to AACRs is not recommended. For a more accurate means of comparing private investment performance relative to public alternatives, see the analyses in this document using CA Modified Public Market Equivalent (mPME). See Methodology section for more detail.

Sources: Cambridge Associates LLC, MSCI Inc., MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Total returns for MSCI Emerging Markets indices are gross of dividend taxes. Total returns for MSCI Developed Markets indices are net of dividend taxes.

Africa Private Equity & Venture Capital Fund Index Summary: One Quarter Horizon Pooled Return
Net to Limited Partners

Quarter Ending	Horizon Return	Quarter Ending	Horizon Return	Quarter Ending	Horizon Return	Quarter Ending	Horizon Return
2002 Q1	-1.04	2005 Q4	1.39	2009 Q3	6.71	2013 Q2	1.60
2002 Q2	-1.80	2006 Q1	7.32	2009 Q4	2.32	2013 Q3	1.69
2002 Q3	-3.11	2006 Q2	-4.39	2010 Q1	3.71	2013 Q4	3.38
2002 Q4	6.00	2006 Q3	-5.88	2010 Q2	-5.01	2014 Q1	1.42
2003 Q1	-3.25	2006 Q4	33.12	2010 Q3	10.10	2014 Q2	3.70
2003 Q2	-3.78	2007 Q1	-2.20	2010 Q4	9.07	2014 Q3	-2.00
2003 Q3	-1.52	2007 Q2	10.58	2011 Q1	-1.98	2014 Q4	0.34
2003 Q4	3.03	2007 Q3	-0.35	2011 Q2	1.38	2015 Q1	-1.94
2004 Q1	4.88	2007 Q4	19.91	2011 Q3	-8.40	2015 Q2	2.75
2004 Q2	15.31	2008 Q1	-2.85	2011 Q4	1.28	2015 Q3	-4.66
2004 Q3	14.31	2008 Q2	3.61	2012 Q1	6.84	2015 Q4	-3.35
2004 Q4	35.02	2008 Q3	-12.30	2012 Q2	1.84	2016 Q1	0.31
2005 Q1	16.34	2008 Q4	-5.06	2012 Q3	3.41		
2005 Q2	-0.14	2009 Q1	-4.12	2012 Q4	5.00		
2005 Q3	10.04	2009 Q2	6.44	2013 Q1	-0.26		

The index is a horizon calculation based on data compiled from 49 Africa private equity and venture capital funds, including fully liquidated partnerships, formed between 1995 and 2013. All returns are net of fees, expenses, and carried interest. Historic quarterly returns are updated in each year-end report to adjust for changes in the index sample.

Africa Private Equity & Venture Capital: Horizon Pooled Return
Net to Limited Partners

Multi-Year Returns			
Years	Horizon Return (%)	Years	Horizon Return (%)
1 Year	-5.05	6 Years	3.91
2 Years	-2.40	7 Years	5.69
3 Years	0.98	8 Years	3.31
4 Years	3.16	9 Years	4.76
5 Years	2.65	10 Years	5.19

One Year Rolling Returns			
One Year Ended	Horizon Return (%)	One Year Ended	Horizon Return (%)
3/31/2016	-5.05	3/31/2011	11.56
3/31/2015	0.30	3/31/2010	20.28
3/31/2014	8.33	3/31/2009	-17.50
3/31/2013	10.27	3/31/2008	27.24
3/31/2012	0.53	3/31/2007	16.07

The index is a horizon calculation based on data compiled from 49 African private equity and venture capital funds, including fully liquidated partnerships, formed between 1995 and 2013. All returns are net of fees, expenses, and carried interest.

Note on Performance Database Changes

Our goal is to provide you with the most accurate and relevant performance information possible; as a result, Cambridge Associates' research organization continually monitors the constantly evolving private investments space and its fund managers. When we discern material changes in the structure of an asset class and/or a fund's investment strategy, it is in the interest of all users of our benchmark statistics that we implement the appropriate classification realignments.

Our private investments performance database will reflect any such adjustments, as well as any changes to the underlying pool of contributing funds. As a result, you may notice quarter to quarter changes in the results of some historical benchmark return analyses.

Description of Performance Measurement Methodology

Cambridge Associates LLC (CA) has established a database to monitor investments made by venture capital and other alternative asset partnerships. On March 31, 2016, 49 Africa private equity funds and venture capital funds from the years 1995 through 2013 were included in the sample. Users of the analysis may find the following description of the data sources and calculation techniques helpful to their interpretation of information presented in the report:

1. Partnership financial statements and narratives are the primary source of information concerning cash flows and ending residual/ net asset values (NAV) for partnerships.
2. Recognizing the alternative asset community's sensitivity to the distribution of information pertaining to individual fund investments, as a matter of policy CA only releases aggregated figures in its benchmark report.
3. Vintage year is defined as the legal inception date as noted in a fund's financial statement. This can usually be found in the first note to the audited financial statements and is prior to the first close or capital call.
4. CA uses both the internal rate of return and the end-to-end performance calculation in its benchmark reports:
 - a. The internal rate of return (IRR) is a since inception calculation that solves for the discount rate, which makes the net present value of an investment equal to zero. The calculation is based on cash-on-cash returns over equal periods modified for the residual value of the partnership's equity or portfolio company's NAV. The residual value attributed to each respective group being measured is incorporated as its ending value. Transactions are accounted for on a quarterly basis, and annualized values are used for reporting purposes. Please note that all transactions are recorded on the 45th day or midpoint of the quarter.
 - b. The end-to-end performance calculation is similar to the IRR, however it is measuring the return between two points in time. The calculation takes into account the beginning NAV as the initial investment. The subsequent quarterly cash flows and the ending NAV for the specified time period (i.e. one quarter, one year, etc.) are utilized in the same fashion as the IRR calculation. All returns greater than one year are annualized.
5. Additional Definitions:
 - a. **Pooled return** aggregates all cash flows and ending NAVs in a sample to calculate a dollar-weighted return.
 - b. **Top quartile** is the threshold for the upper (top 25%) quartile based on the individual fund IRRs included in a vintage year.

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