

## ***SAVCA Media Release: South African Private Equity sustains its outperformance***

**Johannesburg, 4 August 2014.** The latest RisCura-SAVCA South African Private Equity Performance Report confirms that the private equity asset class continues to deliver a vibrant performance, and moreover one that compares favourably with listed equity.

Private equity returns for the ten-year period to March 2014 were at 21,2% (annualised internal rate of return, net of fees). These returns compare with the 19,6% yielded by the JSE's All Share Index over the same period, and the 20,5% tracked by the JSE Shareholder Weighted Index. Private equity trailed the FINDI, which returned 23,0%.

"These latest numbers confirm the returns-boosting role of private equity in a diversified institutional portfolio, and especially so in a global context where institutional investors are seeking sustainable avenues for shoring up performances. The performance is also one of the reasons why South African-based private equity funds have reported success in their recent fundraising programmes," says Erika van der Merwe, CEO of the Southern African Venture Capital and Private Equity Association (SAVCA).

The SAVCA-KPMG Private Equity Industry Survey 2014 shows that South African funds raised R27.3bn in 2013, helping to take funds under management in the industry to a new high of R162,2bn.

"We are seeing a new wave of private equity funds being formed and expect more deal flow in the near future as capital is deployed by these funds. This is in the context of a market that has seen recovery since the 2008 financial crisis," says Rory Ord, head of private equity at RisCura.

"This recovery – and indeed resilience – is evidenced by the fact that that private equity returns are holding their ground against JSE-listed equity returns, despite the listed market hitting record highs," Ord says.

The resilience of private equity returns is in part owing to the long-term focus of the industry, and its strategic and active partnerships with the companies in which fund managers invest. Moreover, South African private equity fund managers increasingly set their sights on benefiting from growth across the African continent, whether by way of cross-border deals that add to their portfolio of investments, or through providing their investee companies with the capital needed for operational expansion into new territories.

"Institutional investors in various markets now recognise the valuable exposure that private equity can give them to African growth, in a way that ensures they have a positive, developmental impact in the region," Van der Merwe says. "For these institutional investors, whether pension funds, development finance institutions, sovereign wealth funds or family offices, this is an opportunity to do good while reaping financial benefits."

Note: Private equity returns are calculated as an internal rate of return (IRR) and are reported net of fees. Returns for listed equity are calculated as a compound annual rate of return.

**About SAVCA:** The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry body and public policy advocate for private equity and venture capital in South Africa, representing about R160 billion in assets under management. SAVCA promotes Southern African private equity by engaging with regulators and legislators on a range of matters affecting the industry, providing relevant and insightful research on aspects of the industry, offering training on private equity and creating meaningful networking opportunities for industry players.

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