

Table 1

Private equity cashflow analysis - Net of all fees and expenses

Financial Year	Drawdowns (Purchase) £000	Distributions (Sales) £000	Total (net of Purchase/Sales) £000
1999/2000	-161	0	-161
2000/2001	-1,174	6	-1,168
2001/2002	-1,141	16	-1,125
2002/2003	-3,822	170	-3,652
2003/2004	-7,608	1,851	-5,757
2004/2005	-5,792	6,858	1,066
2005/2006	-16,147	5,589	-10,558
2006/2007	-17,172	8,853	-8,319
2007/2008	-9,881	4,598	-5,283
2008/2009	-6,696	2,098	-4,598
2009/2010	-13,880	11,351	-2,529
2010/2011	-15,468	21,401	5,933
2011/2012	-17,365	13,137	-4,228
2012/2013	-19,290	22,785	3,495
2013/2014	-15,633	10,986	-4,647
2014/2015	-32,730	40,558	7,828
2015/2016	-25,921	25,310	-611
Grand Total	-209,881	175,567	-34,314

Table 2

	Private Equity Portfolio	Public Market Equivalent (MSCI World Index)
Assessed Value as at 31 March 2016*	131,249	78,678
Calculated Internal Rate of Return (IRR)**	11.7%	7.1%

* The private equity assessed value is the estimated value attributed to unrealised private equity investments across the whole private equity portfolio. The public market equivalent was calculated by making a hypothetical investment into the MSCI World Index on the dates when cash drawdowns or distributions occurred.

** The IRR is a discount rate applied to the total cashflows in Table 1 as well as the final assessed value in table 2 to ensure that the net present value is zero.

These calculations are performed for each of the assessed values using the same cash in and out to get a comparison between private equity performance and public market performance.

The period covered within the PME calculation includes all cash flows for partnerships that were active on 31 December 2013 and any new funds since that date. The reason for this cut off was the difficulty accessing appropriate fund data beyond this period.

The PME calculation has not been retrospectively adjusted to remove cash flows that relate to ceased or closed partnerships, this is because the PME calculation will be more appropriate when based upon actual cash returns from the partnerships rather than estimates surrounding the fair value of existing investment assets held by individual funds. The assessed value of private equity assets will always be subject to a degree of uncertainty.

As a result, this will not reconcile back to the fund values in Annex 2 as the summary of the existing portfolio will omit information from ceased partnerships.