



Changes in Investor Preferences and Implications for the Industry

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SuperReturn Emerging Markets

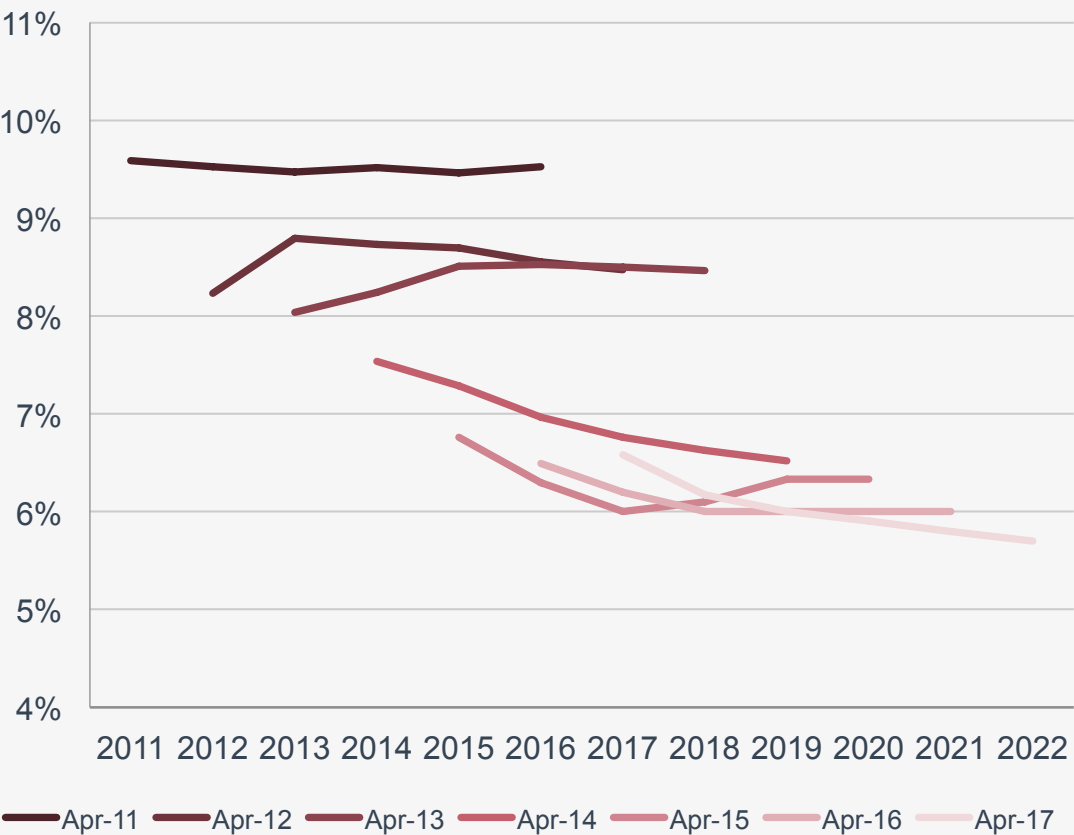
27 June 2017



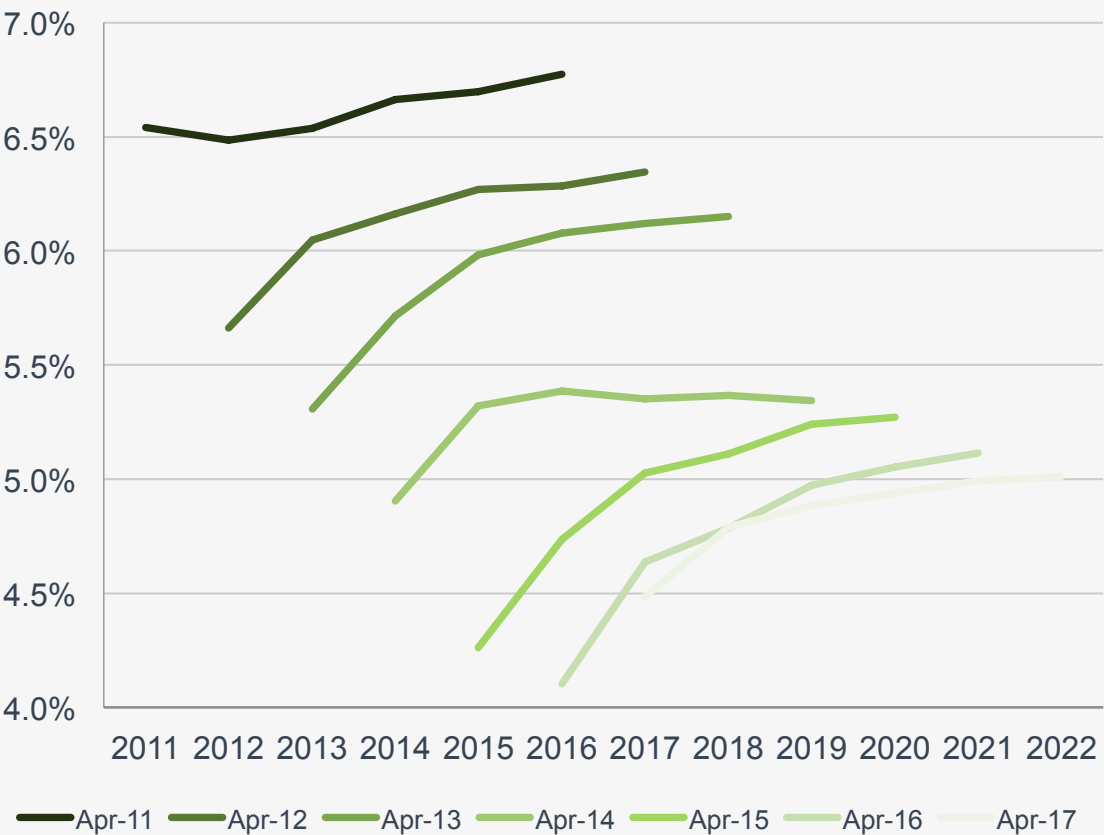
Emerging markets must find future drivers of growth as Chinese commodity demand slows

China's ongoing rebalancing has profound implications for emerging markets

China GDP Growth Forecast, 2011-2022



Emerging and Developing Economies GDP Growth Forecast, 2011-2022

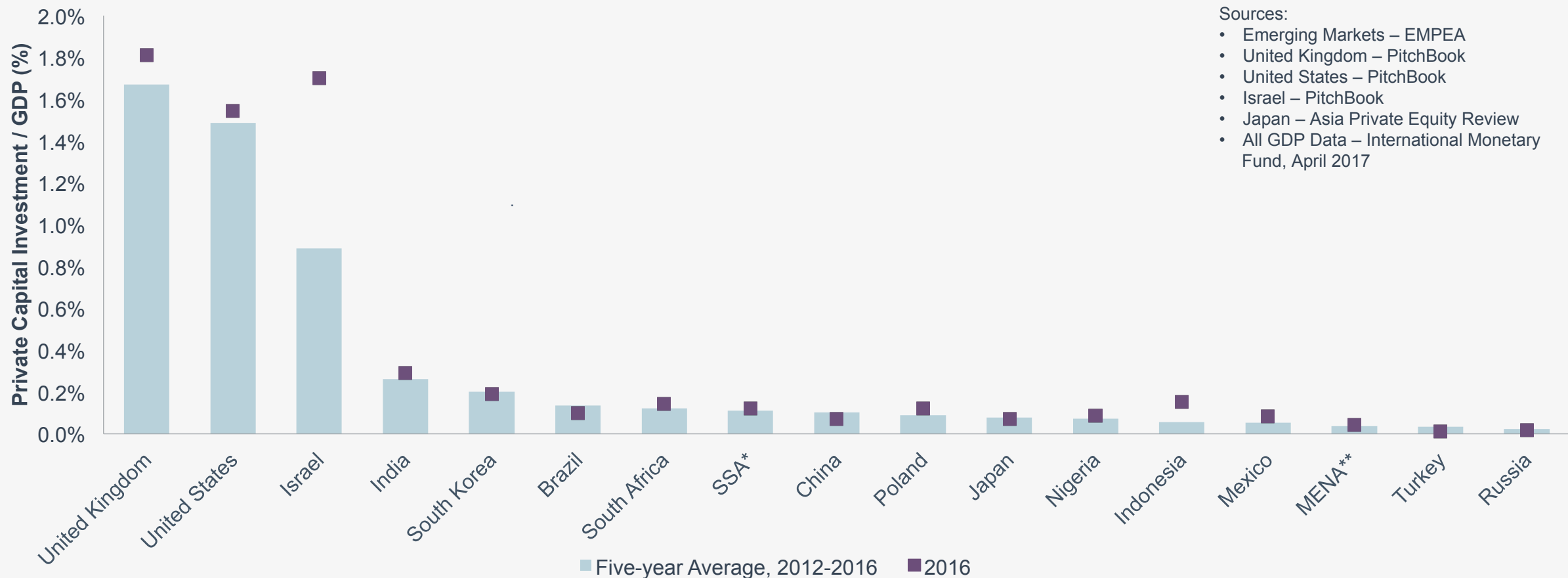


Source: International Monetary Fund. World Economic Outlook Database, April 2011- 2017.

The industry has only scratched the surface of the emerging market opportunity

Risk capital for private EM companies and projects is relatively scarce

Private Capital Penetration for Select Developed and Emerging Markets, 2012-2016



*Sub-Saharan Africa. **Middle East & North Africa. Note: Penetration rates represent disclosed capital invested from private funds as a percentage of GDP. Source: EMPEA. Data as of 31 March 2017.

Key Themes Shaping Emerging Markets
Private Capital

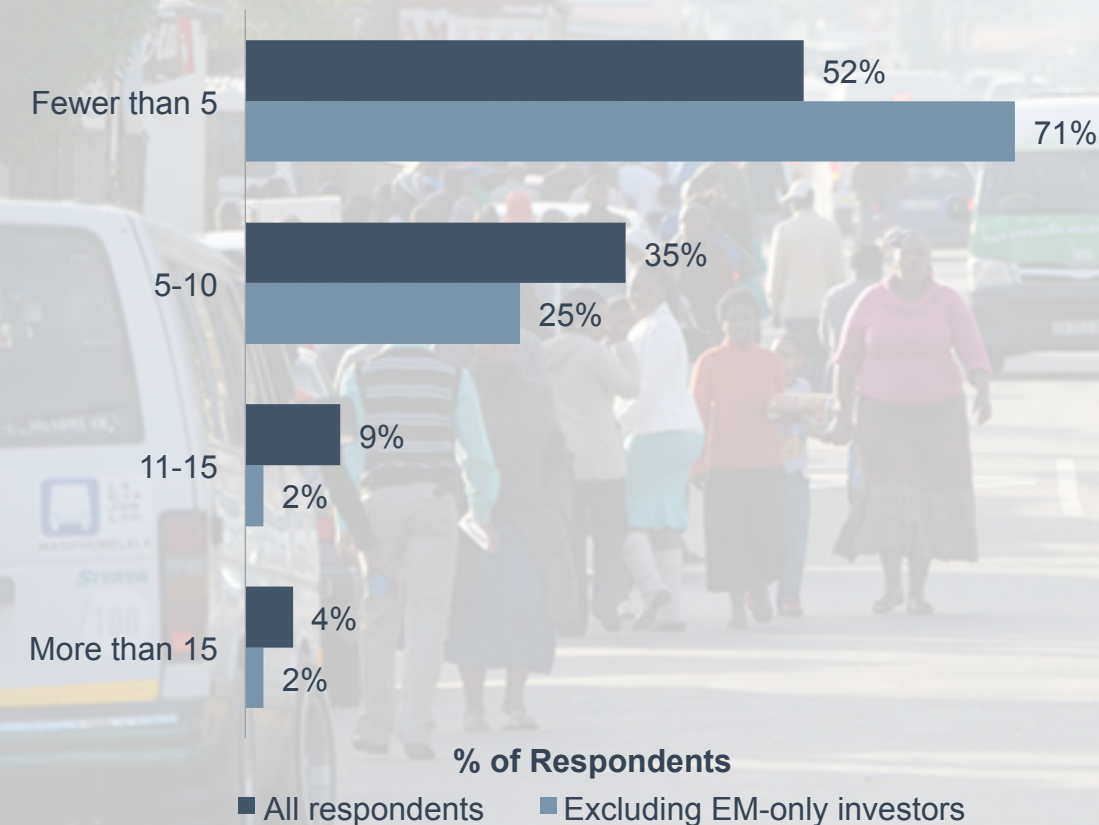
Fewer and larger
GPs are raising
capital as LPs
consolidate
relationships



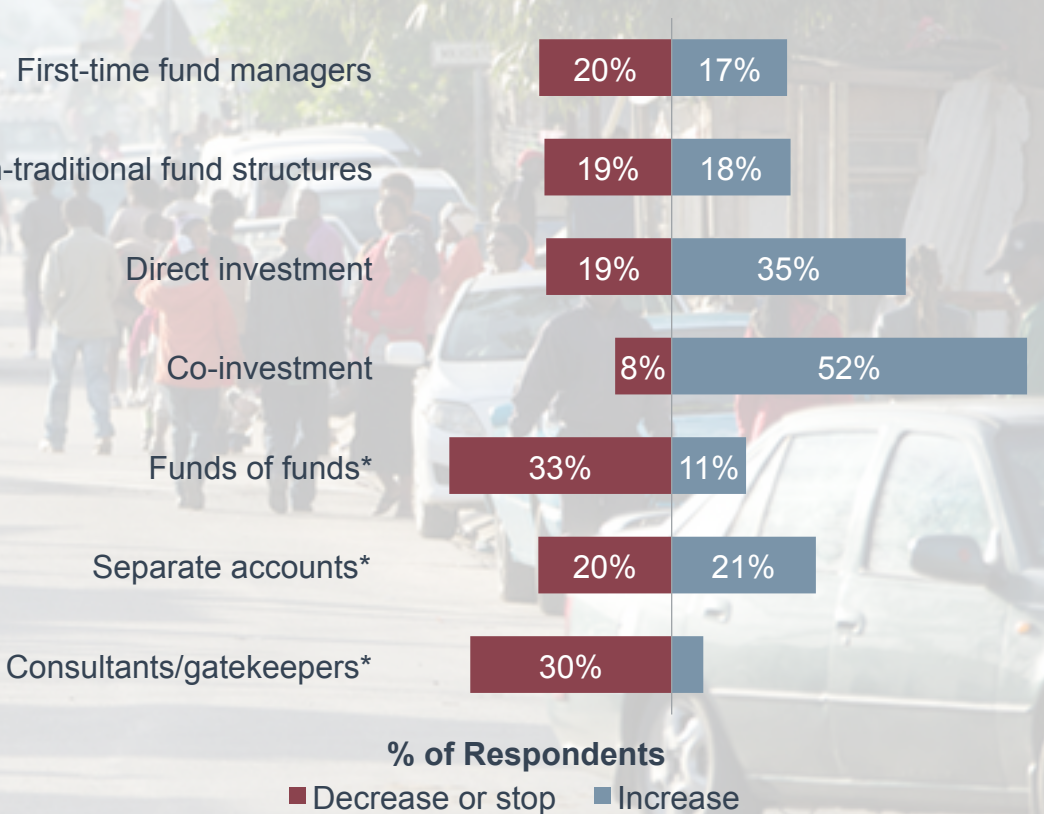
LPs expect to form fewer GP relationships

Macroeconomic and institutional pressures put pressure on LPs to consolidate and access EM PE via different channels, like co-investing and direct investing

How Many New EM PE Fund Manager Relationships Do You Expect to Form in the Next Three Years?



LPs' Planned Changes to Their Means of Accessing EM PE Investment Opportunities Over the Next Two Years



*Excludes funds of funds and private market advisors. Source: EMPEA 2017 *Global Limited Partners Survey*.

Key Themes Shaping Emerging Markets
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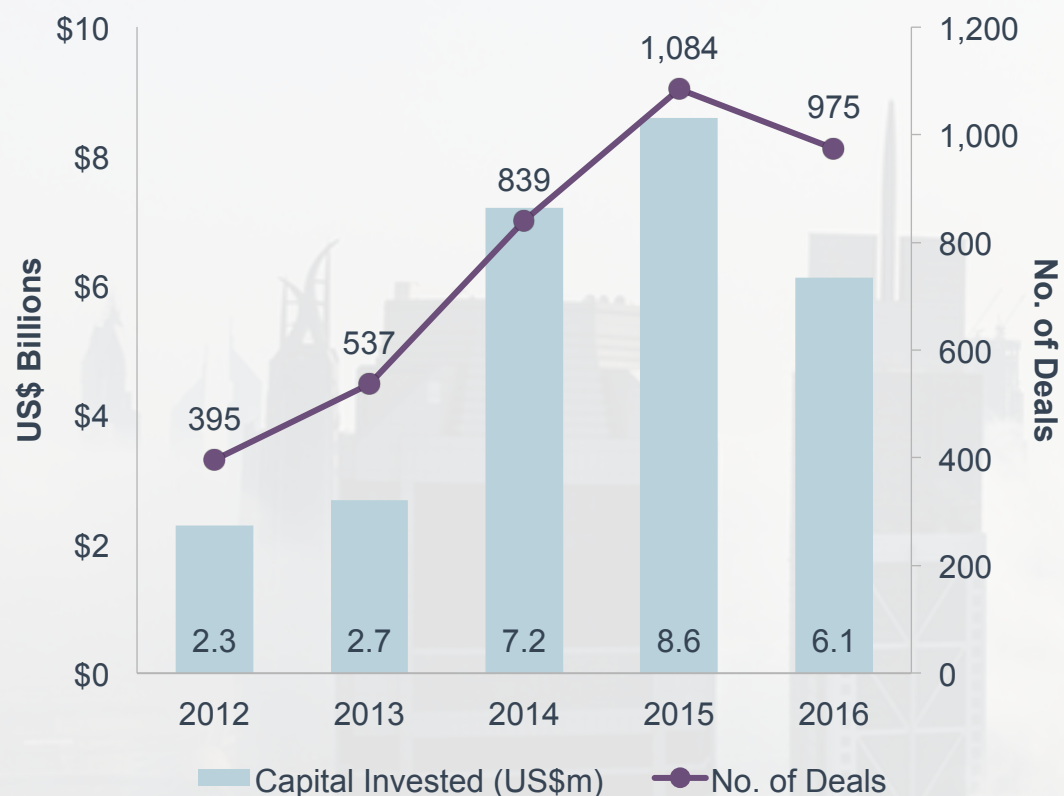
LPs are turning to
specialized GPs
and new market
segments to
maximize returns



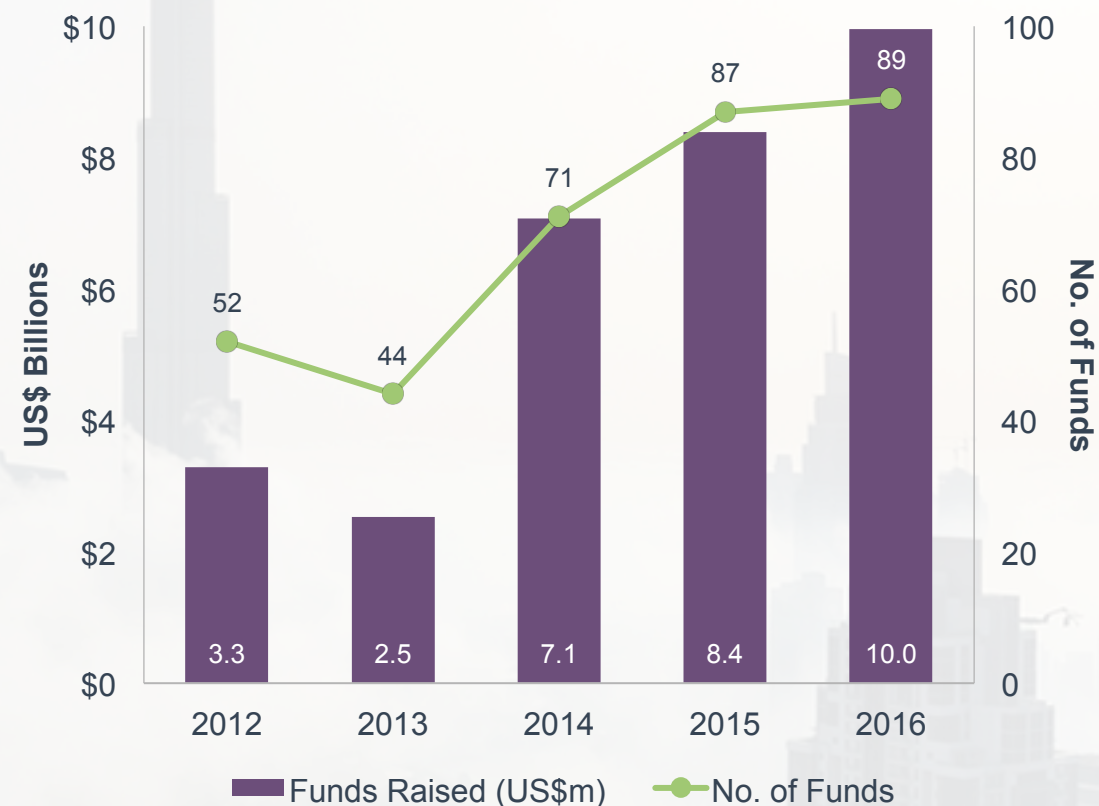
The rapid rise of venture capital

VC investment activity declined in 2016, due largely to a slowdown in Emerging Asia; fundraising, however, climbed to US\$9.8B, the highest level on record

EM Venture Capital Investment, 2012-2016



EM Venture Capital Fundraising, 2012-2016





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