

will be able to continue to source less intermediated deal flow and work directly with sellers to address their objectives, which, in the Manager's experience, often include non-monetary factors such as confidentiality, speed of transaction and certainty of execution.

The Manager believes that the Secondary Team's differentiated sourcing strategy will be complemented by a highly selective investment process and disciplined value-focused, bottom-up due diligence coupled with top-down asset selection to identify attractive investment opportunities. These evaluations will be conducted by the Secondary Team with the support of a wide range of analytical tools as well as leveraging DB PE's established relationships with 250 general partners, managers and advisers ("**Fund Sponsors**") of private equity investment funds and Deutsche Bank's in-house due diligence capabilities.⁸

DB PE is Deutsche Bank's global private equity asset manager focusing on primary and secondary fund investments as well as direct co-investments for institutional investors and high net worth individuals. DB PE has been managing private equity fund of funds products since 1991. DB PE manages assets greater than €7.9 billion (US\$10.2 billion).⁹ The investment portfolio consists of over 450 private equity and private debt fund commitments to more than 250 Fund Sponsors.¹⁰

DB PE is the culmination of an integration that brought together three distinct business units to form a unified operating platform under a single cohesive management team: Sal. Oppenheim Private Equity Partners, which began managing private equity funds of funds in 1991, RREEF Private Equity, which raised DB SOF in 2007 and the Private Equity Group of the Private Wealth Management division of Deutsche Bank, which raised its first fund in 1998.

Investment Highlights

The Manager believes that its market focus and strategic approach to transaction sourcing and disciplined investment process will generate high quality secondary private equity investment opportunities for the Fund that are subject to less competition than transactions sourced through traditional auction processes.

Benefits of secondary market investing

- Re-price existing funded assets and capitalise on pricing inefficiencies
- Mitigate blind pool risk by focusing on actual portfolio assets and valuations
- Mitigate the J-curve due to a shorter duration of investments and earlier cash distributions
- Complement investors' portfolio construction by accelerating deployment of capital and providing diversified exposure across vintage (including older vintage years), strategy, industry and geography

Compelling investment opportunity

- Several categories of seller, including financial institutions, remain motivated to sell due to regulatory pressures to reduce their private equity holdings
- Secondary market pricing has normalised to an average 15 to 20% discount since 2010¹¹, within the range acceptable to both buyers and sellers leading to record secondary transaction volumes
- The supply-demand balance in the secondary market continues to favour buyers¹²
- Following the sale by financial institutions of large 'plain vanilla' portfolios, the Manager expects that the remainder of

⁸ Subject to applicable regulations, Deutsche Bank's internal policies and procedures and contractual limitations.

⁹ DB PE's own calculations, as of March 31, 2013, unaudited.

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¹¹ Source: Cogent Partners Secondary Pricing Trends and Analysis, July 2013.

¹² Source: PEPM based on 2013 Preqin Global Private Equity Report, February 2013 and S&P Capital IQ data, June 2013.