

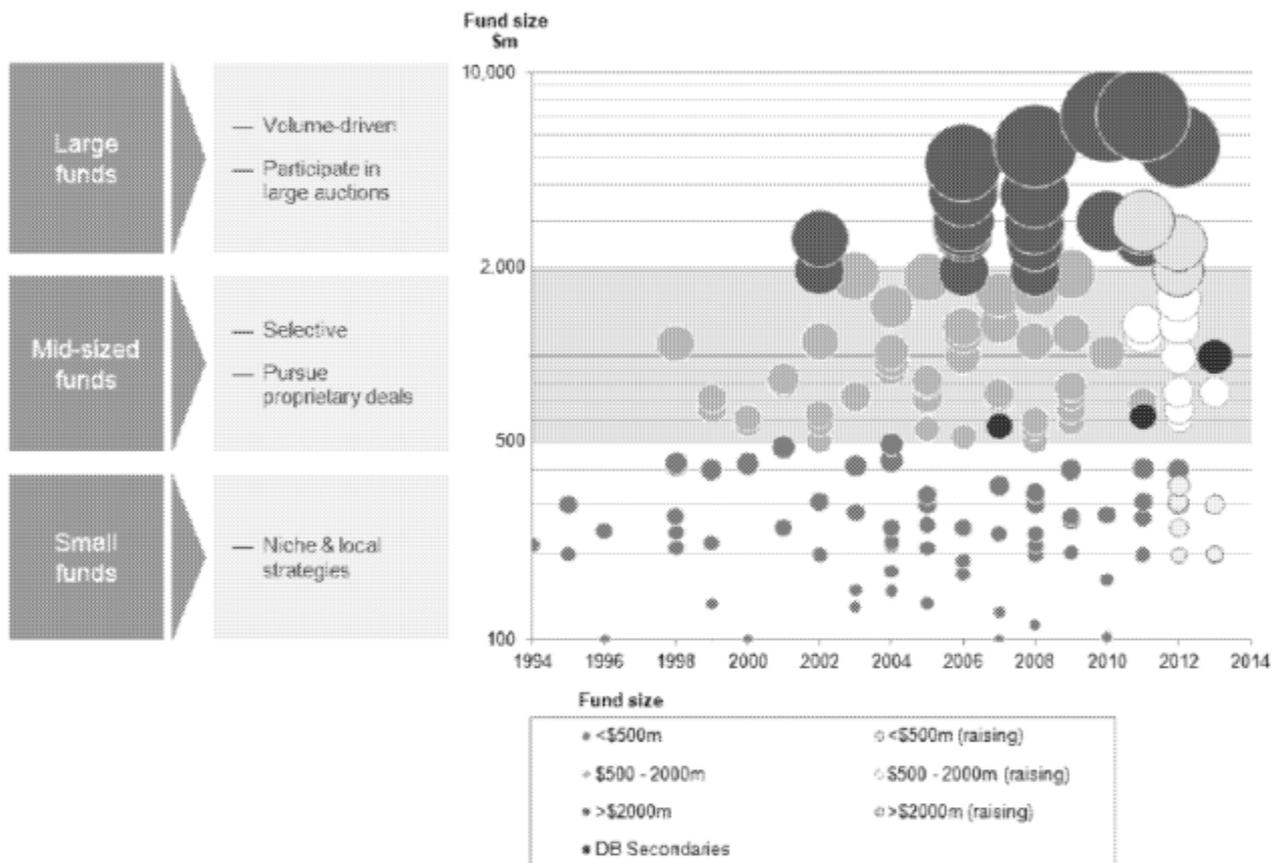
Maturity of Fund Interests

The mid-sized fund segment of the market is further differentiated through the maturity of fund interests targeted.

Some strategies target interests in immature buyout funds which are at least 15% drawn down but no more than 50%. These strategies do a primary style analysis of the blind pool portion of the portfolio – focusing on the capability of the Fund Sponsor to invest the remaining commitments well, alongside a secondary pricing analysis of the existing assets. Complementary to this, some secondaries funds target interests in Fund Sponsors that are considered by their primary fund investment businesses to be of high quality on the basis that these interests, even if bought at close to par value, represent a compelling purchase to these secondary funds.

In contrast to these approaches, the Fund will focus only on mature fund interests (at least 50% drawn, typically over 80% drawn). This approach provides the Manager with visibility on the underlying assets and reduces reliance on the Fund Sponsor to select strong investment opportunities (reduces 'blind pool risk').

Exhibit 11: DB Secondaries Competitive Landscape: Well Positioned to Pursue its Strategy



Source: Preqin database February 2013.

Attractiveness of Secondary Opportunities for Investors

The Manager believes that secondary investments can form an important element of a diversified private equity portfolio:

- Secondaries complement investment portfolio construction: a secondary investment program can be designed to complement a primary investment program by filling the gaps in an investor's investment portfolio and providing exposure to older vintages or different strategies or geographies
- Secondaries provide the opportunity to pursue an attractive risk-reward profile