



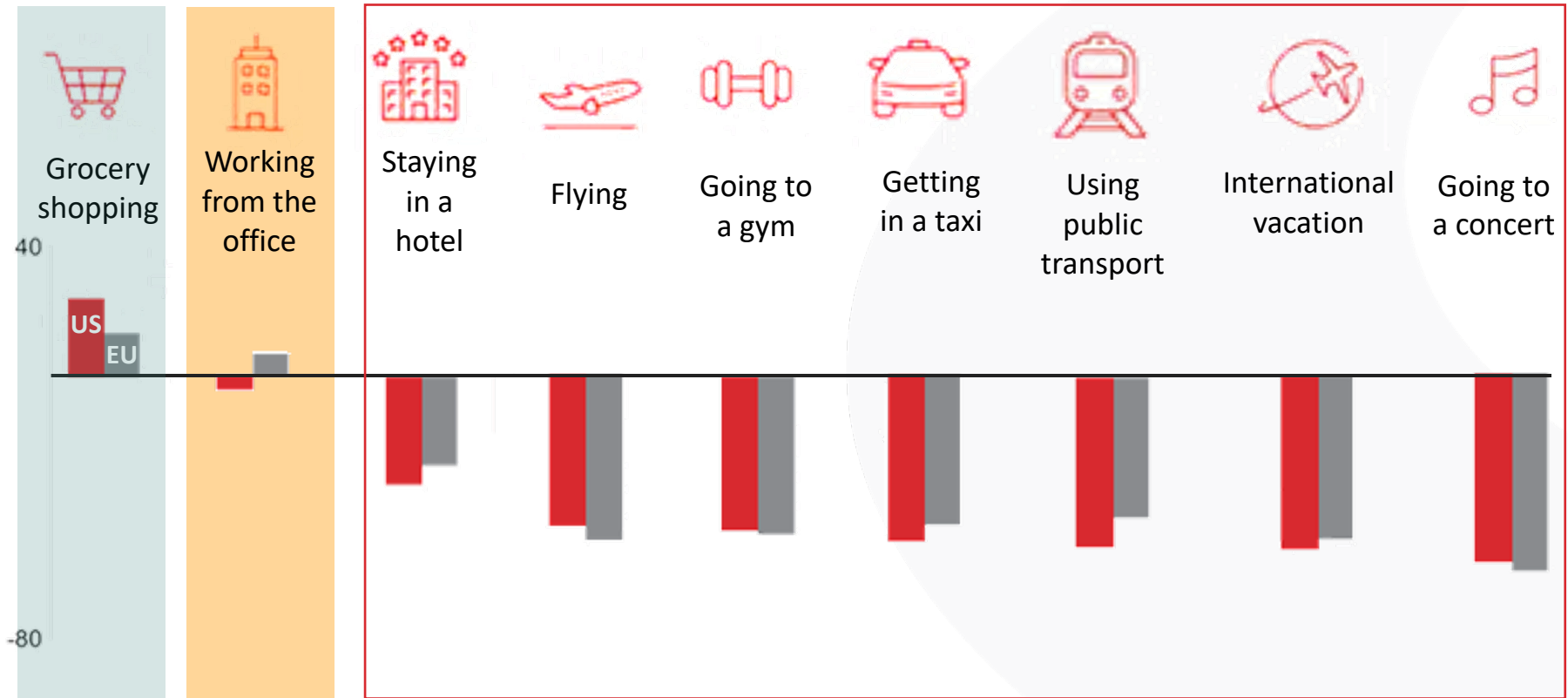
COVID-19 OPPORTUNITIES AND CHALLENGES IN MID-MARKET PRIVATE EQUITY

Federico Braguglia – Managing Director

September 24th, 2020

COVID-19 IS FUELLING MASSIVE UNCERTAINTY

How comfortable would you be doing each of the following activities tomorrow?



Note: Net comfort score calculated as the difference between % of respondents who would feel extremely comfortable or very comfortable and % of respondents who would feel a little comfortable or not at all comfortable; EU is average of UK, Germany, France, Italy and Sweden.

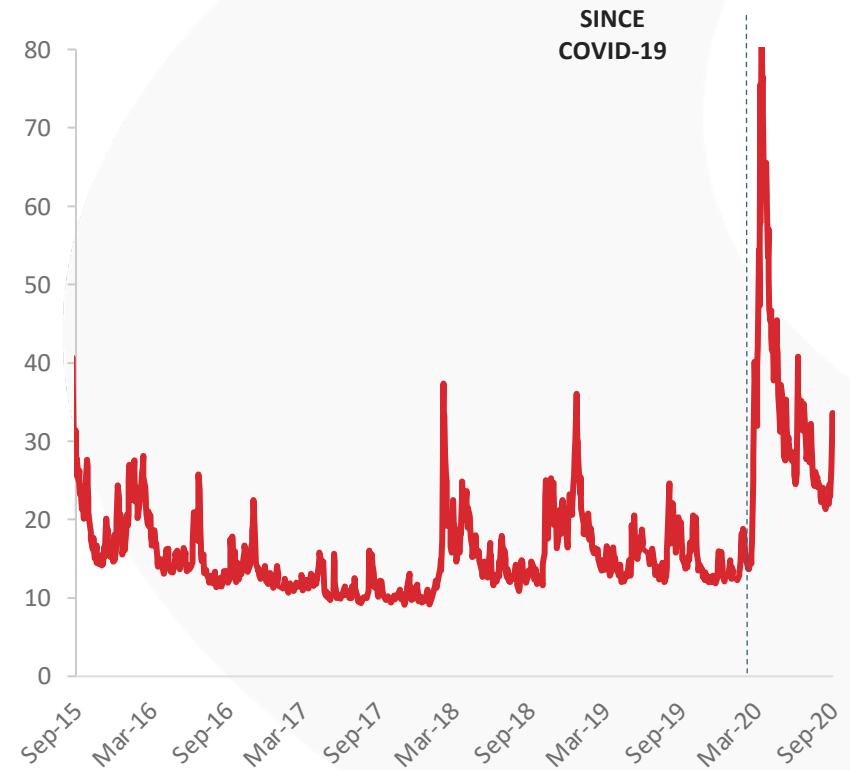
Source: Bain COVID-19 Consumer/Shopper Survey, powered by Dynata, Wave 2, July 2020

STOCK MARKET AT ITS PEAK BUT WITH STRONG VOLATILITY

S&P 500 PERFORMANCE – since September 2015



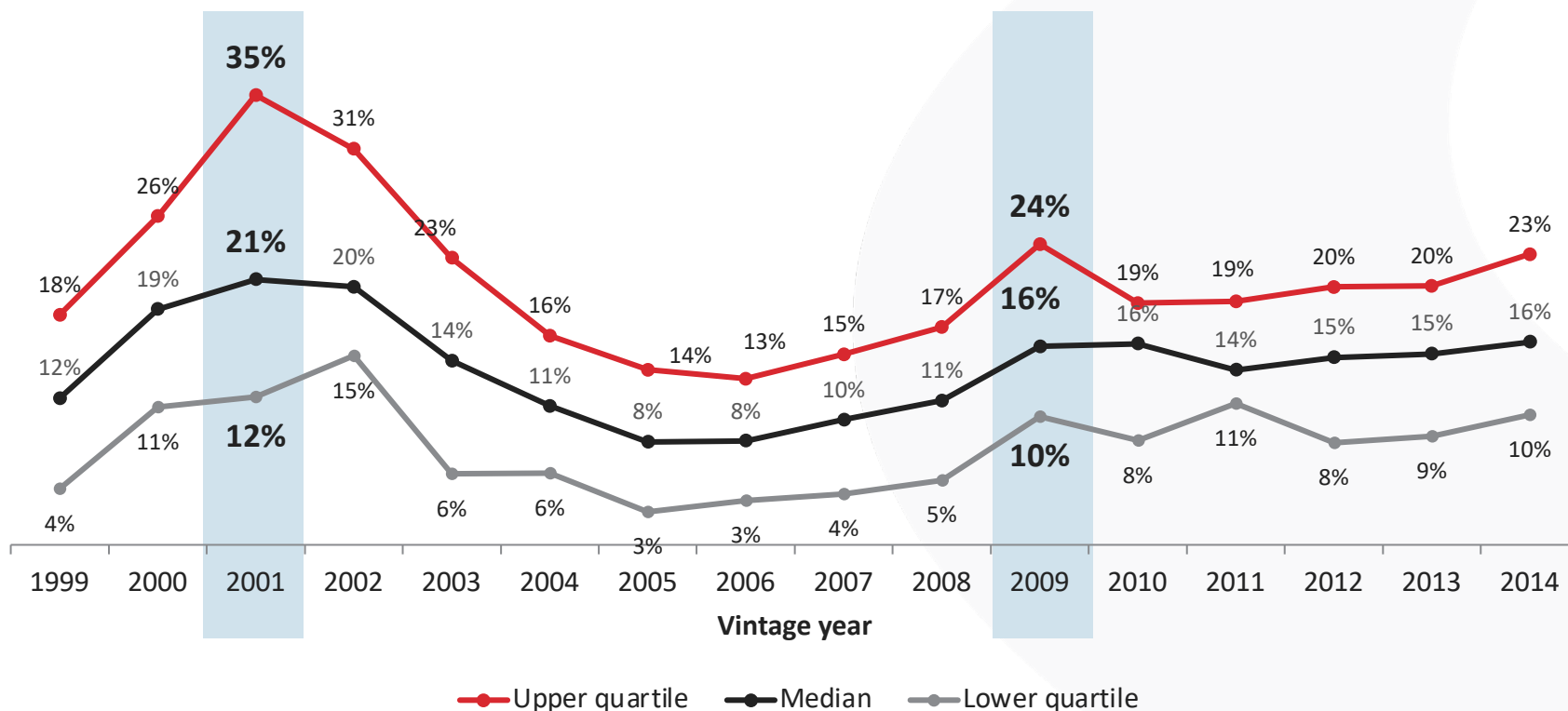
VIX Index – since September 2015



Source: Bloomberg, as of September 7, 2020. Past performance is not a reliable indicator of future results.

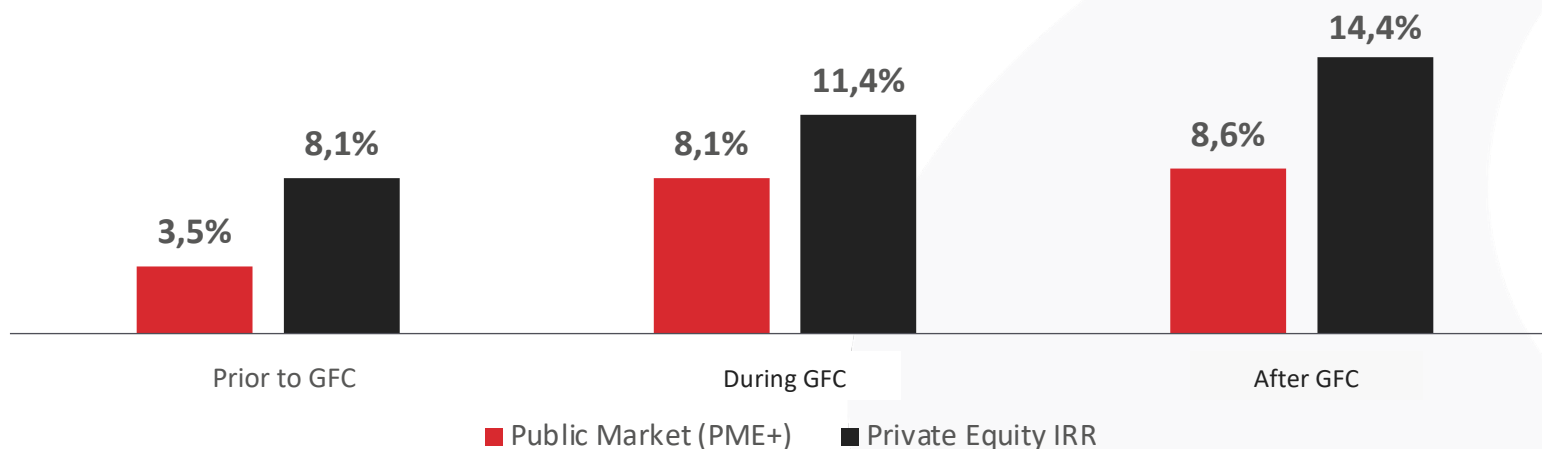
WHILE PRIVATE EQUITY DELIVERS THE MOST ATTRACTIVE RETURNS IN CRISIS AND POST-CRISIS VINTAGES

Buyout net IRRs since inception by vintage years



Source: Thomson One Cambridge Associates, as of May 7, 2020. Performance data as of September 30, 2019 – the latest available reporting period. Past performance is not indicative of future results.

OUTPERFORMING PUBLIC MARKETS WHILE PROTECTING FROM RISK & MINIMIZING TIME-TO-RECOVERY



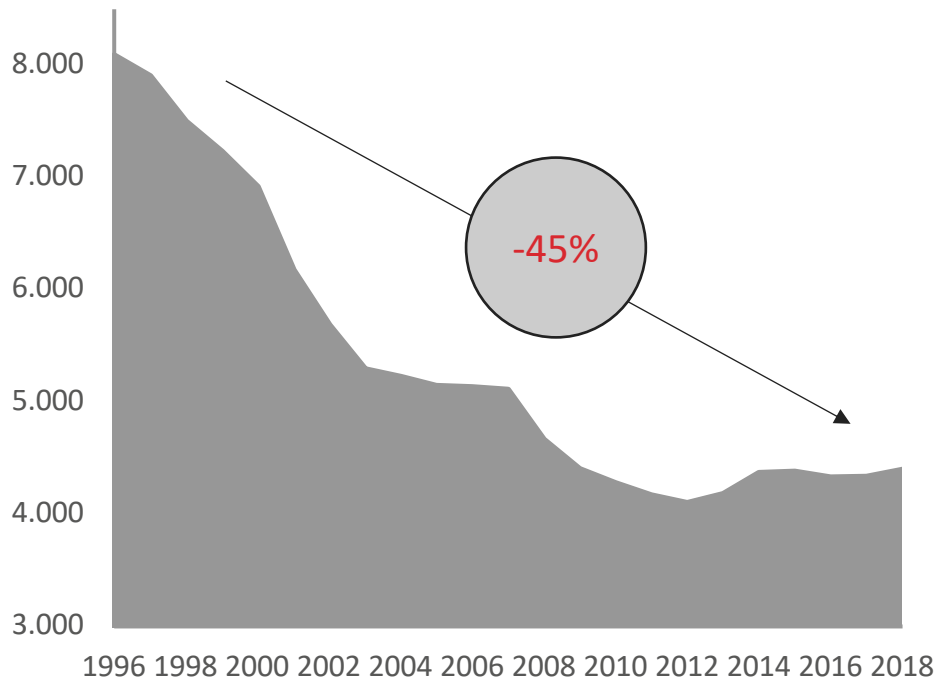
	MSCI World Total Return Index	Private Equity Index
Peak-through decline ¹	49%	33%
Time-to-Recovery ²	5.75 years	2.75 years

(1) Private equity performance (IRR) compared to public equity performance (PME+) for buyout funds that have been launched before (2004-2006), during (2007-2009) or after (2010-2012) the global financial crisis. Buy and hold performance is the annualized return of the public benchmark from the middle of the considered period (e.g. June 30, 2005 to December 31, 2015). (2) Public equity and private equity during the global financial crisis over the period 2006-2015. Peak-through decline is the maximum loss from a peak to a trough, before a new peak is attained. Time-to-recovery is the time until the prior peak is reached again. Source: Capital Dynamics based on Cambridge Associates data as of Q2 2017, Bloomberg for the public equity index (MSCI World TR).

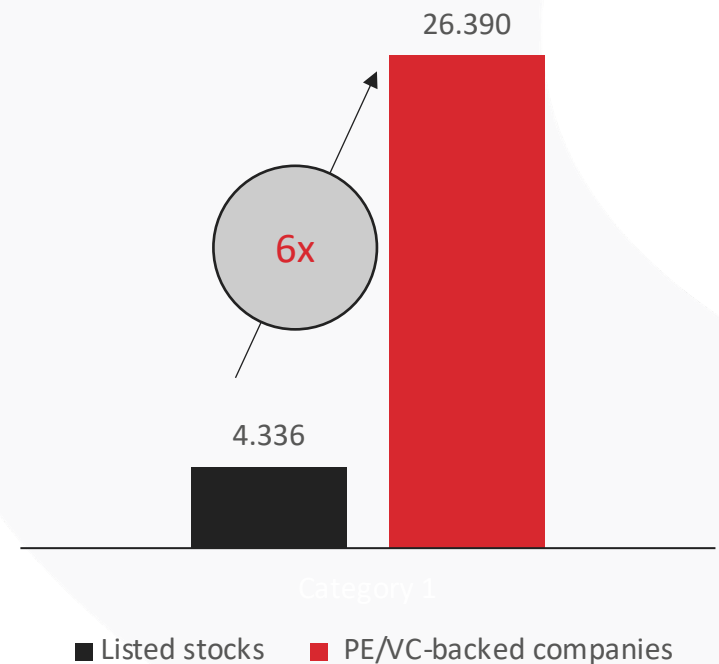
Past performance is not necessarily indicative of future performance.

PRIVATE EQUITY ALSO OFFERS A MUCH LARGER INVESTABLE UNIVERSE VS LISTED EQUITY

Shrinking size of US listed equity opportunities¹



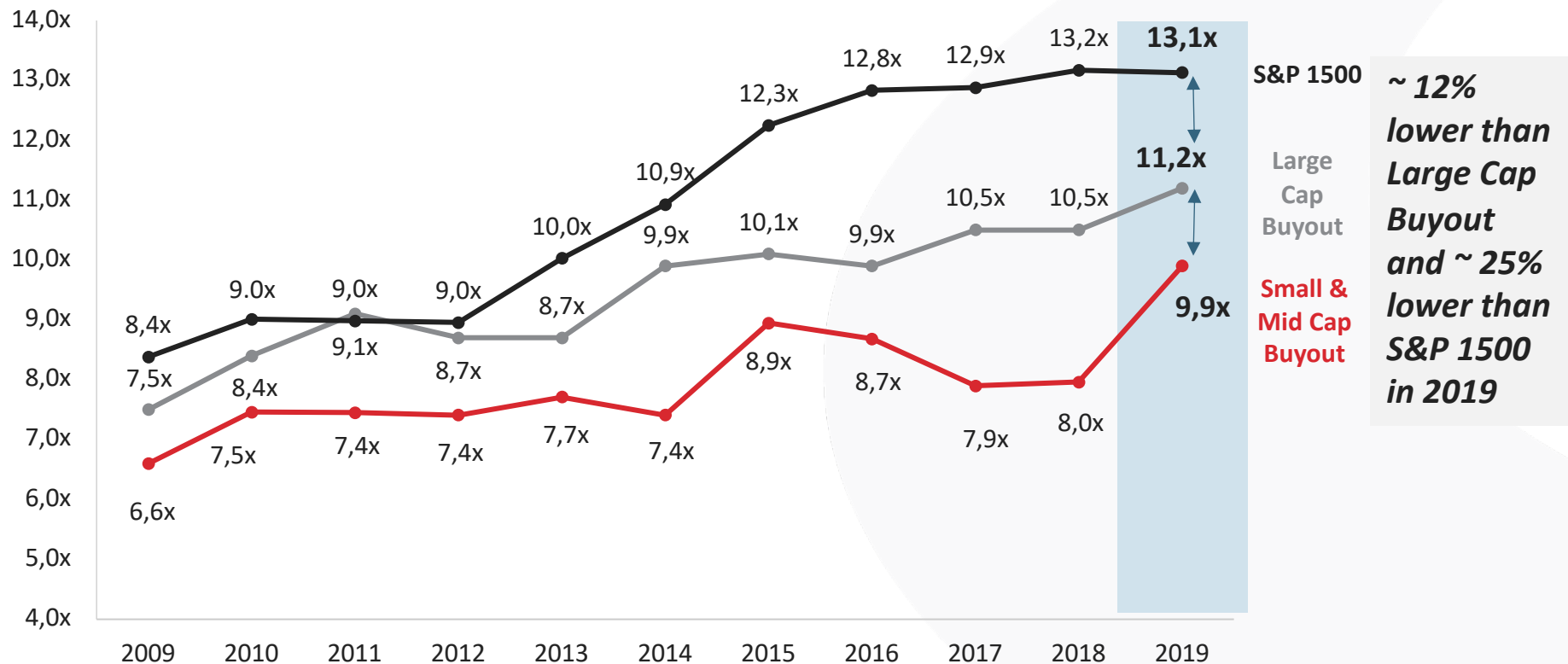
US PE/VC-backed investable universe²



Source: (1) World Bank, data as of December 31, 2018. (2) Pitchbook PE-backed Inventory Report Q3 2018 for PE-backed companies and NVCA/ Pitchbook "State of VC in 2017" for VC-backed companies.

WITHIN PE, PRICING IN THE SMALL-MID MARKET REMAINS VERY ATTRACTIVE

Average EV/EBITDA multiple¹: US Small & Mid Cap Buyout vs. S&P 1500 and US Large Cap Buyout

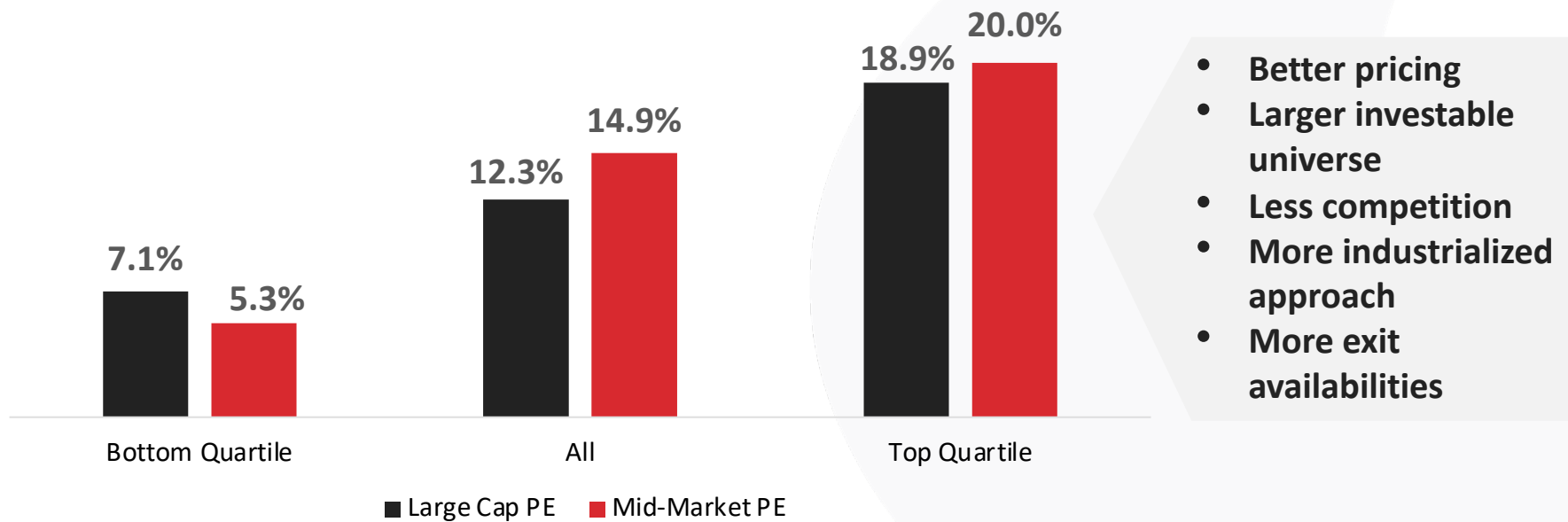


(1) LBO purchase price excludes fees and expenses; LBO transactions exclude platform acquisitions.

Source: Standard & Poor's M&A Stats, August 2020. Bloomberg, as of August 31, 2020. Capital Dynamics analysis on S&P Capital IQ data. Small & Mid-cap buyout multiples refer to companies with enterprise value (EV) < USD 500 m. Past performance is not necessarily indicative of future performance. Mergermarket.

LIKELY LEADING TO ENHANCED RETURNS IN MID MARKET PRIVATE EQUITY

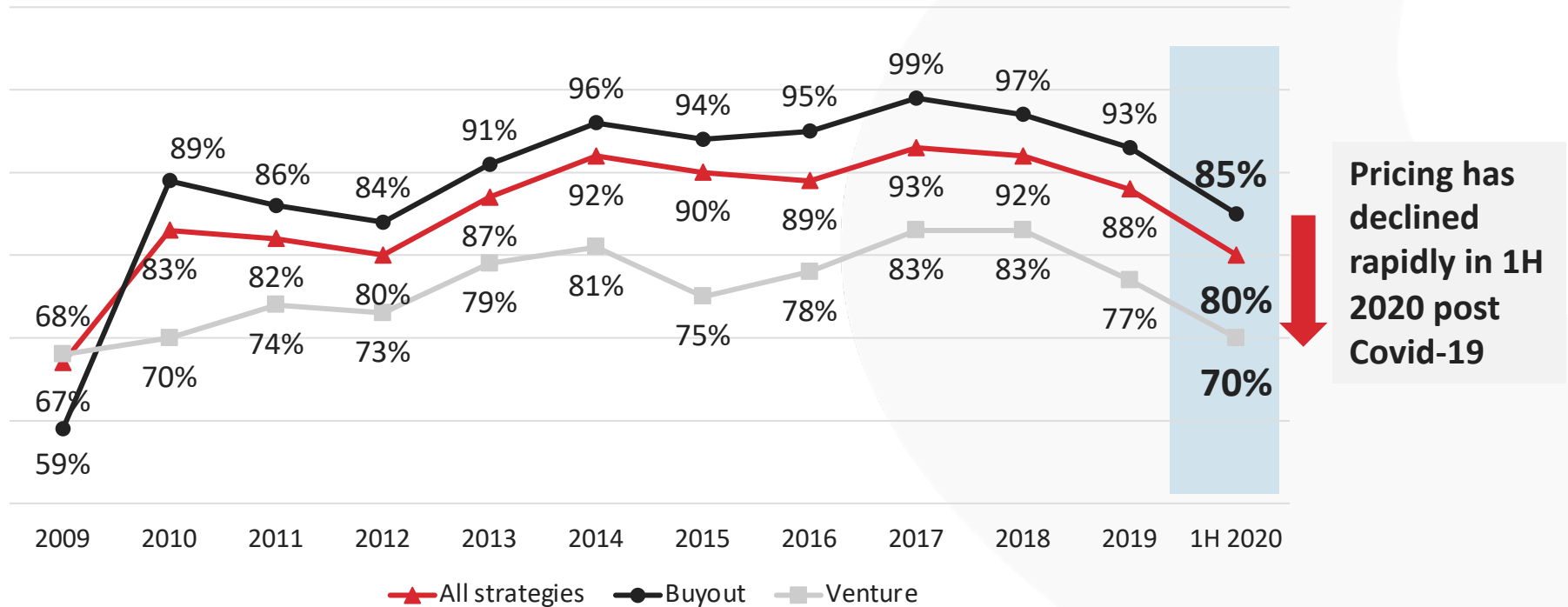
PE Mid-Market Outperformance vs Large Market – pooled IRRs 1991-2018



Source: Thomson One Cambridge Associates data through to September 30, 2018, and retrieved on February 6, 2019. The Large-cap Buyout Index, based on Thomson One Cambridge Associates data, includes US and European buyout funds greater than USD 2 billion in size. The sample includes 213 large-cap buyout funds. The Mid-market Buyout Index comprises US and European buyout funds from Thomson One Cambridge Associates data. The Global Mid-market is defined to include buyout funds of size USD 200 million to 2 billion. The sample includes 735 mid-market funds. All indices reflect performance of a sample of funds with vintage years 1991-2018, based on fund cash flow activities over 26 years (from December 31, 1990 to June 30, 2018). "All" returns are pooled IRRs, treating all funds as a single fund and aggregating cash flows together to derive a rate of return.

COVID-19 IS FUELLING A HEALTHY ENVIRONMENT ALSO FOR THE GLOBAL SECONDARY MARKET...

Pricing environment expected more attractive for investors – price as % to NAV



Source: Greenhill, July 2020.

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... AND FOR CO-INVESTMENTS

Key winning features for co-investments likely enhanced by Covid-19 environment



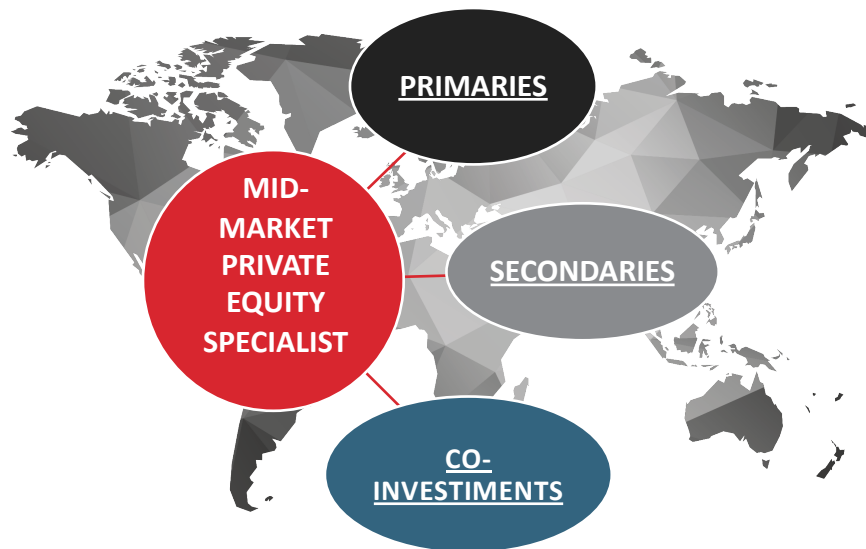
- Supply of co-investment opportunities likely to increase
- Competition from corporate/trade buyers likely to diminish
- Acquisition multiples likely more attractive
- Enhanced transaction/capital structures with downside protection

CAPITAL DYNAMICS IS A MID-MARKET GLOBAL SPECIALIST WITH DISTINCTIVE TRACK RECORD IN EVERY STRATEGY

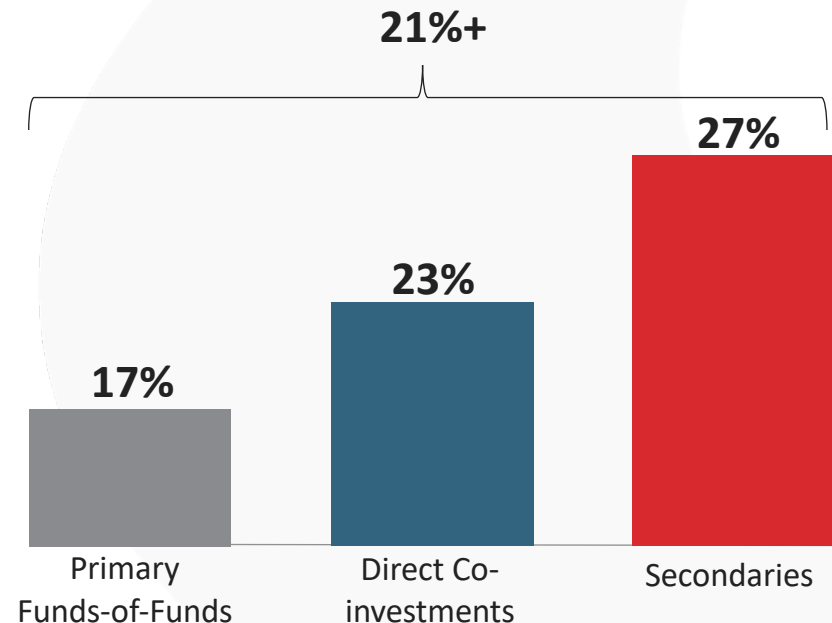


USD 17BN+
AUM¹

11
Offices



Capital Dynamics PE Net IRR by strategy



Capital Dynamics comprises Capital Dynamics Holding AG and its affiliates. 1) Includes both discretionary and advisory assets as of June 30, 2020 across all Capital Dynamics affiliates.

As of March 31, 2020. Capital Dynamics Private Equity Track Record is compiled of portfolios from vintage years 1991-2020. The performance results of certain past investments were impacted by events and market conditions that differ materially from the current investment climate. There can be no guarantee that future investments will match historical returns. **Past performance is not necessarily indicative of future results.** Please refer to the endnotes for important information about Capital Dynamics' Private Equity Track Record. Portfolio-specific performance data is available upon request. Investment experience and aggregate returns include returns and experience of investment management firms and teams acquired over the referenced period. Capital Dynamics has the ability to, and may elect to use a subscription line of credit and/or leverage which may impact results. For information about the impact of a subscription line of credit and other factors that could affect performance, please refer to endnotes.



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Performance figures are as of March 31, 2020 (the “Track Record Date”).

Except where otherwise specified, (i) all gross and net IRRs are “pooled IRRs”, i.e. calculated on the basis of aggregated cash flows, and (ii) all cash flows since 1991 have been taken into account up to the Track Record Date unless otherwise stated. Cash flows between Capital Dynamics’ funds of funds are excluded. For fund of funds and secondaries funds, the latest value of the unrealized investments is provided by a third party manager, reviewed by Capital Dynamics for reasonableness, and then counted as a positive cash flow. Actual realized returns on any unrealized investments will depend on the value of investments at the time of disposition, any related transaction costs and the manner of sale. Any gross IRRs or gross multiples presented in this presentation are “gross of fees”, meaning that they do not reflect the deduction of Capital Dynamics management fees, carried interest or expenses, which are substantial in the aggregate. Capital Dynamics does not actively reinvest earnings and dividends.

The net IRR and net TVPI is after deductions for Capital Dynamics’ management fees, carried interest and other expenses as of the Track Record Date and is annualized and calculated on the basis of daily cash flows where available (and monthly or quarterly cash flows if not available). It is assumed that all remaining investments were sold at the unrealized values shown on the Track Record Date. The IRRs of dedicated secondary funds which are still in the investment period might be subject to high volatility.

The reference currency of the track record is US dollars. Where investments have been made in a currency other than the reference currency, Capital Dynamics follows the following method, which it believes to be the best means of demonstrating performance: (i) actual cash flows have been converted into the reference currency at the prevailing exchange rate as at the date of each cash flow for the investment; and (ii) unrealized investment values have also been converted into the reference currency at the prevailing exchange rate on the Track Record Date.

Capital Dynamics views PME+ as an accepted benchmarks for funds of funds, secondaries funds, and co-investment funds. The returns presented for public indices were derived using Public Market Equivalent (PME+) of actual net cash flows of Capital Dynamics’ products using MSCI Daily Total Return Gross World USD for the public market comparison. PME+ calculations provide a way of comparing the performance of a private equity portfolio to the public market, as represented by the performance of a given public index. Whenever a capital call occurs, stocks are bought and whenever a distribution gets paid out, stocks are sold. PME+ adjusts the distributions in a way that the index never goes short (see “Beating the public market” in Private Equity International, December 2003, p. 26-28). References to benchmarks are provided for comparison purposes only and use of benchmarks is not an indication that any future correlation will exist between investments, returns, and these benchmarks. Benchmarks cannot be invested in directly. Returns presented for indices are shown “net of fees”. Additional performance information is available from Capital Dynamics upon request.

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