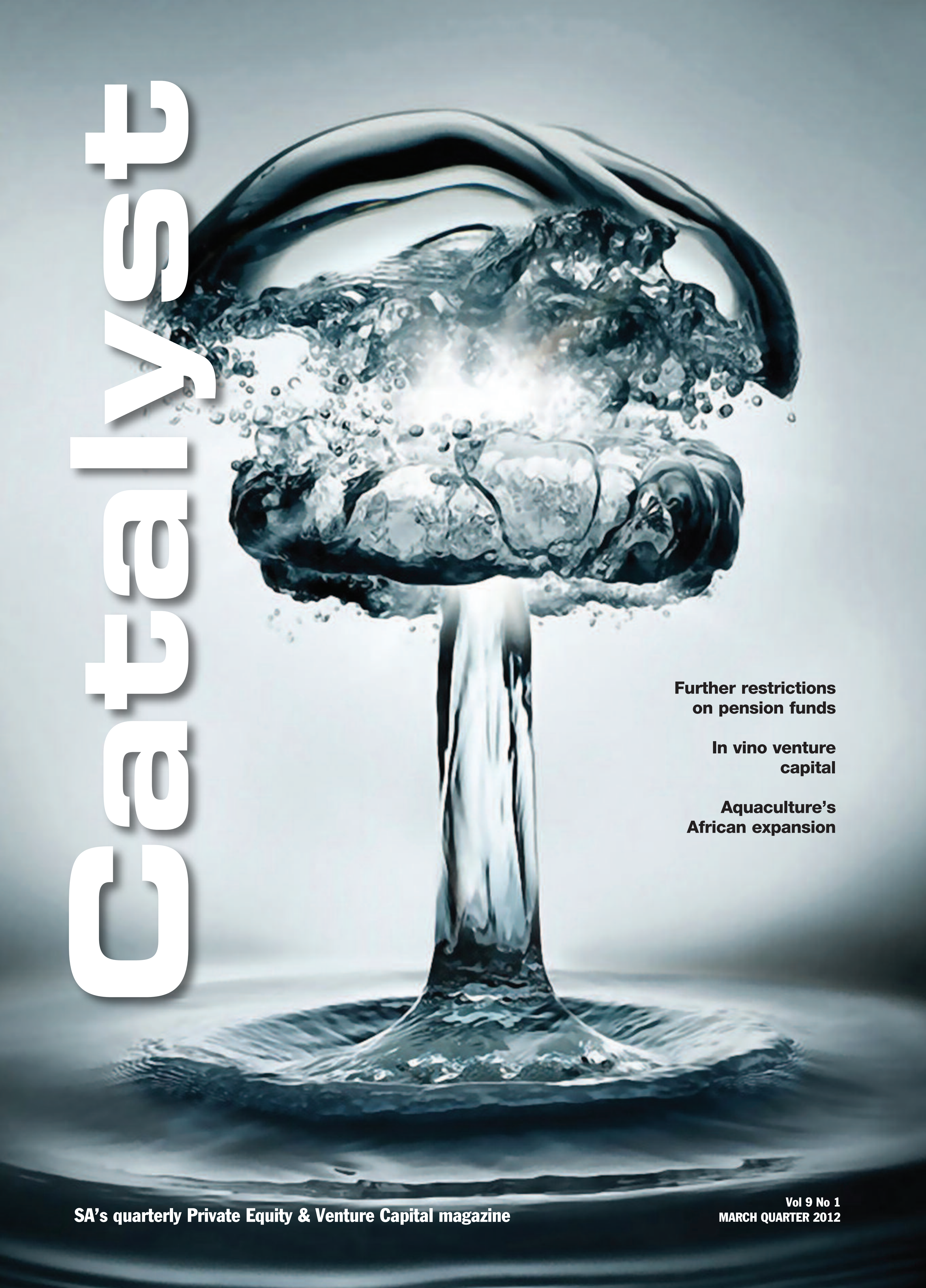

Catalyst

Further restrictions on pension funds

In vino venture capital

Aquaculture's African expansion

SA's quarterly Private Equity & Venture Capital magazine

Vol 9 No 1
MARCH QUARTER 2012

FROM THE EDITOR'S DESK

In a recent interview, CEO of Paris-based AXA private Equity, one of Forbes 100 most powerful women, Dominique Sénéquier, put the global concerns about the eurozone debt crisis and the Greek tragedy into much needed perspective.

The nub of her analysis was that too much attention had been focussed by the media's lens on Greece and not enough on Italy. Greece, she said, is only a tiny element of the eurozone picture, 2%. Italy on the other hand is the elephant in the room. Its GDP is US$2,2 trillion, just a shade under the US2,5 trillion of the U.K.

Sénéquier believes the solution to Italy's crisis is in the offing, and with that the end-game, resulting in a hastening of ties between the major European players (Italy, Germany and France), more harmony in terms of tax and more budget discipline, coupled with reforms, which ordinarily would have taken 20 years to achieve, being thrashed out much sooner.

What does this improved global picture mean for South Africa?

First, Sénéquier's AXA is one example of internationally-based private equity firms looking to emerging markets as the dust settles and the outlook for the global economy stabilises. She alluded to a structure whereby AXA was seeking joint ventures with local private equity fund managers, where AXA takes an LP position in a private-equity-in-private-equity model that might present captivating opportunities for local GP's looking to leverage the myriad benefits that come with such relationships.

Second, and more importantly, the potentially improving global picture settles into focus at a time when the regional outlook for sub-Saharan Africa is reaching unprecedented levels.

According to *Global private equity watch - a return to entrepreneurship 2012*, an annual study by Ernst & Young, sub-Saharan Africa is one of the "frontier markets" with the most potential. It is a widely accepted view that in the last few years, Africa, as a whole, has experienced a broad range of reforms, with improvements in infrastructure aimed at regional integration, meaning that the continent is now ready for investments.

GDP growth across Africa is expected to average 5% over the next 10 years according to the study, with Ghana, Ethiopia and Uganda, projected to exceed 7% GDP growth per year. But with PE's penetration in the regions low – just 0,11% in sub-Saharan Africa – there is less competition for deals and investment opportunity.

Jeffrey Bunder, Global Private Equity Leader at Ernst & Young, says South Africa remains the region's largest PE market having attracted the most PE investment over the last two years, but opportunities beyond its borders are starting to attract more interest.

"The range of deals available to PE investors is also expanding as the region's economies diversify away from their reliance on extractive industries," explains Bunder. "Financial services, technology, telecoms, agriculture, consumer products and infrastructure investments all figure prominently in the sectors attractive to PE in Africa today."

In this environment the private equity dealmaker must be obstreperous in the unremitting approach for new markets, ideas and the next big opportunity.

Andy Warhol once said "they always say time changes things, but you actually have to change them yourself."

And so it is with the layout of **Catalyst**, which has been published in its current guise for the last few years.

My thanks go to Janine Harms, the demiurgic design and layout artist who always manages to conjure magic on her trusty Apple dream machine.

I trust you'll enjoy the look of the remodelled magazine as we present the usual carefully crafted content in a fresh and engaging layout. ◆

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National Treasury has published a draft Bill, the Financial Services Laws General Amendment Bill 2012, for comment.

Pension Funds and private equity

Joshua Janks and Xolani Nyali

Janks

Nyali

It amends various pieces of legislation including the Financial Services Board Act, Financial Advisory and Intermediary Services Act, Collective Investment Schemes Control Act, Financial Services Laws General Amendment Act, 1998 and of particular relevance to the private equity industry are the amendments to the Pension Funds Act.

The proposed amendments will affect a pension funds' ability to invest in private equity funds and conversely, the ability of private equity funds to attract significant investments from pension funds.

The proposed amendment is the insertion of a new subsection (5D) in section 19 of the Pension Funds Act. This is set out below for ease of reference.

(5D) (a) Subject to this subsection, a fund shall not without the prior approval of the registrar, directly or indirectly, acquire or hold—

(i) an ownership interest exceeding 49 per cent in another entity; or

(ii) shares or any other financial interest in another entity which results in the fund exercising control over that entity.

(b) The approval referred to in paragraph (a) may be given subject to such conditions as the registrar may determine.

(c) For the purposes of paragraph (a)(ii), a fund shall be deemed to exercise control over another entity if the fund—

(i) is directly or indirectly able to exercise or control the exercise of more than 15 per cent of the voting rights associated with the shares of that entity, whether pursuant to a shareholder agreement or otherwise; or

(ii) has the right to appoint or elect, or control the appointment or election of, directors of that entity who control more than 15 per cent of the votes at a meeting of the board of that entity.

If the proposed amendment to section 19 is enacted, it will prohibit a fund from directly or indirectly acquiring or holding –

- *an 'ownership interest' exceeding 49% in another entity; or*
- *shares or any other financial interest in another entity which results in the fund exercising control over that entity,*

without the prior approval of the Registrar subject to such conditions as he may determine.

A fund will be deemed to 'exercise control' over the other entity if –

- *it is able directly or indirectly to exercise or control the exercise of more than 15% of the voting rights associated with the shares of that entity, whether in terms of a shareholders' agreement or otherwise; or*
- *it has the right to appoint or elect, or control the appointment or election of, directors of that entity who control more than 15% of the votes at a meeting of that entity.*

Of concern to pension funds would be:

(1) the definition and low thresholds for the deeming provisions in 5D(c), that is,. the exercise of control, to come into operation;

(2) whether a private equity fund, being a partnership or

trust, is deemed to be an entity in terms of this section – we note that 'entity' is not defined in the Pension Funds Act nor in the Bill;

(3) how the pension fund's indirect rights are to be determined in an underlying portfolio company; and

(4) whether this amendment applies to existing investments in private equity funds or only to new investments.

If these proposed amendments are applicable to existing investments, private equity funds will need to consider applying for exemptions and/or whether their founding documents are likely to penalise pension funds in the event that the pension funds are forced to withdraw from the private equity fund.

In effect, private equity funds need to consider whether their founding documents provide sufficient protection to fund investors if this amendment is enacted. ◆

Nyali is a Candidate Attorney and Janks a Senior Associate in Bowman Gilfillan's private equity division

Real Time Wine chooses AngelHub to help it shake up the wine industry.

Venturing into the vineyards with saucy reviews

One of the most notable announcements in the venture capital and early stage funding industry for quite some time (especially for a tech-geek-cum-wine drinker like me, Ed) was the announcement that Real Time Wine (www.realtimewine.com), the cheeky 140-character wine review site that is shaking up the local industry, has partnered with business angel investment group AngelHub to grow the business.

> The concept is basically a no-frills social media wine review that has the ability to reach a larger audience and broaden wine sales across the board.

"The wine discovery and review system is broken," says Real Time Wine founder Andy Hadfield (@andyhadfield), a digital industry veteran and colourful web personality. "It's pretty snobby and full of inner-circle jargon, which makes choosing wine a daunting business for the 75% of us who buy it in supermarkets. Real Time Wine is about making wine fun again, and helping the guys and girls without a training certificate find the good stuff."

The concept is basically a no-frills social media wine review that has the ability to reach a larger audience and broaden wine sales across the board.

Having secured interest and private angel funding from Angel investors Michael Jordaan (@michaeljordaan) and Mike Ratcliffe (@mikeratcliffe / @warwickwine) to develop a working pilot, Hadfield turned to AngelHub to structure the deal and provide supporting infrastructure for growing the business.

"AngelHub co-founder Keet van Zyl (@poweredbyVC) is one of the most experienced tech industry venture capitalists in South Africa," says Hadfield. "When the time comes for us to seek a second round of funding, he's definitely someone we want in our corner. His knowledge and expertise, combined with his access to international networks, is priceless."

Andy Hadfield

In addition, says Hadfield, "AngelHub offers us discounted access to some of the best professional suppliers around, including Bowman Gilfillan Attorneys and Mazars Accountants. That's a huge advantage and frees me up to concentrate on developing the site and the business."

AngelHub's Brett Commaille (@brettcommaille) says the purpose of the manager-led angel group is to bridge the funding gap that has long bedevilled South Africa's tech industry: "There is plenty of money around but no formal access to angel funding for early-stage startups (companies needing between R1m and R10m to get going). We believe this is a very good opportunity for us to fund long-term sustainable growth."

Hadfield says the AngelHub model is well tailored to South African needs: "The funding ecosystem here is relatively immature, and because both sides of a funding deal need more protection, there tends to be a lot more legal documentation involved here than in, say, the US. AngelHub have developed a flexible model that can adapt to the huge diversity of potential investees – I'm glad to be among their first set of investments and help grow the funding ecosystem. Entrepreneurs out there need to know that funding is possible. Solid business plans and great pitches do actually work!"

Real Time Wine is AngelHub's second paid out deal in six months. "We offer expertise, networks and mentorship in addition to funding. We manage demand from entrepreneurs needing funding but also from Angels needing somebody to find them deals and walk them through the process and manage their new investment," says Commaille. "The time is right to create a hub that connects would-be angel investors with entrepreneurs who need funding, and then managing the startup growth path all the way through to create sustainable South African businesses."

And what does Real Time Wine think of the 2008 Ondine Cabernet Franc in under 140 characters?

"One of the best happy wines out there. Fairly well priced, fruity. Goes down like mothers pants on fathers day. 8/10" ◆

Alternating opinions

Commutators

The conditional approval granted in February by the Competition Tribunal for Actis and others to exit their investment in Savcio – the largest privately owned provider of maintenance and repair services for motors and transformers in Africa – to another Actis controlled company, ACTOM – a manufacturing, distributing and contracting specialist in the electrical engineering sector – brings to an end an intriguing story several years in the making.

In one of the biggest private equity deals of 2005, Actis (25%) and Ethos (25%) led a consortium [AKA Capital (13%) and Sphere Holdings (13%), Old Mutual Life Assurance Company (South Africa) Limited, (15%)] in the buyout of the Repairs & Services and Replacement Parts Divisions of Delta Electrical Industries Limited through the newly-formed (at the time) Savcio Holdings for R1,3bn.

Three years later, Actis led a R5bn buyout of Alstom SA (now ACTOM) with Old Mutual Investment Group (OMIGSA), existing management and existing Black Economic Empowerment partners, Kagiso, Tiso and a private black investor. This was awarded the Catalyst Private Equity Deal of the Year at the time.

So, when it emerged in early 2011 that Actis would be offloading its investment in Savcio to an Actis investee company, several sets of eyebrows were raised in various quarters.

Private equity investments are often judged, rightly or wrongly, on the exit strategies employed by the General Partners as these will have a significant bearing on the ultimate internal rate of return received during the lifecycle of the investment.

And it was the exit strategy employed by Actis in particular that set tongues wagging in and around Fricker Road (the heartland of private equity in South Africa). Certain bidders were rumoured to be rankled by the entrance of the Actis-led ACTOM into the bidding room. It certainly does beg the question about the strength of Chinese walls when the auctioneer is spotted bidding on his own lot.

Assurances were given that the process would be handled with the delicacy it deserved and disgruntled competing bidders had to be satisfied with that. Carlyle was said to have walked away feeling particularly aggrieved.

Meanwhile, more resistance to the deal was just around the corner in the form of competition in the commutator market. A commutator is an electrical switch used in electric motors that periodically reverses the current direction.

Transnet Rail Engineering brought applications to the Competition Commission later that year and then the Competition Tribunal to have the merger set aside due to security of supply and price fears arising from a combined Savcio ACTOM entity.

ACTOM and Savcio are competitors in the commutator market. ACTOM manufactures a wide range of commutators while Savcio imports the more mainstream classes of commutator packs and assembles them locally.

The condition recommended to the Tribunal by the Commission stipulated that the merged entity had to supply Transnet Rail Engineering for the next five years with commutators on terms similar to those prevailing currently, with price rises in line with increases in relevant input cost and consumer price inflation.

Ultimately, the tribunal wasn't convinced by Transnet's argument against the Commission's recommended condition. The state-owned logistics behemoth, which is on the cusp of an unprecedented infrastructure drive, couldn't provide a compelling case and this was reflected in the tribunal capping the condition at five years. Enough time, it said, for Transnet to find an alternative supplier.

With the final hurdle cleared, investors could finally exhale and reflect on a successful exit. Over the past six years the private equity model has grown Savcio significantly by refocusing on the core elements of the business, diversifying revenue streams, refinancing bank debt and maximising operational efficiencies.

"The story of ACTOM and Savcio is a story of South African ambition and collaboration," says Natalie Kolbe, the partner who led the deal from Actis's side. "Here are two home-grown market leading businesses that together provide a complete end-to-end solution to customers."

The rationale for the merger was clear from the start. Savcio and ACTOM are highly synergistic businesses: together they create a full service electrical-mechanical engineering business of considerable value which will manage assets from original procurement through the lifespan of the asset. The merger represents a tremendous natural fit between two South African champions with strong, complementary management teams and a common culture. As a consequence Kolbe says the current management team will remain in place. ◆

Holdsport proves successful exits exist

The news of Ethos exiting its residual 12,4% shareholding in the recently listed Holdsport after a full third rise in its share price is testament to the fact that, with good management, the market might not be as heavily skewed in favour of buyers as is generally thought.

The stake represented the residual portion retained following the Ethos-led IPO of the South African sporting, leisure and recreational goods retailer in the second half of 2011.

"The circa 35% increase in Holdsport's share price since listing is testimony to Ethos' philosophy that the businesses into which we invest, are more attractive when we exit than when we originally acquired them," commented Ethos partner, Ngalaah Chuphi. "We are delighted that investors who participated in the IPO have been rewarded as the market recognises Holdsport's impressive growth prospects."

Holdsport listed at R31 per share on the 18th July 2011 and closed at R41,95 per share on 3 April 2012. The Ethos shares (roughly 30 million) were placed with a range of blue-chip South African, UK and US institutional investors, thus significantly improving the liquidity of the stock.

Holdsport has operated in the South African sporting retail industry for more than 25 years. The Company has a unique market position as there is no directly comparable company in South Africa offering the same comprehensive range of sporting and outdoor merchandise. It has an experienced and stable senior management team which has an average of 16 years' experience in the retail industry

Kevin Hodgson

Kevin Hodgson, the CEO of Holdsport, is delighted with the process, and says: "We welcome our new group of shareholders who believe in our investment case and have seen value in Holdsport and its potential to grow. To have sold all the shares within the price range in the current economic climate is evidence that our business model is attractive. Shareholders like our proven track record of delivering profitable growth, operational excellence and experienced management team." ◆

Agri-Vie, a major sub-Saharan private equity fund investing in food and agribusiness, continues to mark itself as a serious player in the local private equity industry, this time with the acquisition of a 37% stake in HIK Abalone Farm and its group companies.

South African
aquaculture feeding frenzy

The fund says it views the aquaculture industry across Africa as an important and growing industry for the future. A view expressed by BK One, which places it among a growing legion of private equity fish farmers (*Cat Q4 2011 – A rare breed*).

According to Izak Strauss, an Agri-Vie director, the private equity fund has been looking to gain a foothold in the emerging aquaculture industry and chose HIK due to its strong management team and excellent prospects given its full 360° product offering in the abalone market. "HIK is a well established company with an excellent profit history. It has moved beyond being simply an abalone producer to take a full holistic view of the market in which it operates and now has a well-diversified product offering."

Aquaculture consultant, Adrian Piers, who is attached to the Division of Aquaculture at the University of Stellenbosch, is bullish about the prospects for this sector across the continent.

He says that while the potential is vast it is actually still only a very small emerging industry. "Aquaculture has taken a long time to take off in Africa because of the great wild fish resources on the continent," explains Piers. "Most aquaculture in Africa is in Egypt (Egypt is responsible for 80% of the farmed fish production on the continent). About two years ago, there was a NEPAD meeting in Nigeria where fish production in Africa was discussed. A declaration was issued stating that just to maintain the present per capita consumption of fish in Africa, fish farming will have to expand by 250% in the next 10 years."

There is a big push in South Africa to promote aquaculture according to Piers. "Historically the industry that has taken off is abalone - it's an indigenous species and South Africa has legislation that makes it difficult to bring in other species that are not indigenous and farm them here. They are looking at other indigenous fish like yellowtail and dusky cob in South Africa.

"In the rest of Africa, the most commonly farmed fish is tilapia (which is indigenous to Africa). Tilapia are easy to cultivate even on a small scale; a smallholder can dig out a pond and fertilise it and fish live off natural production from nutrients and sunlight.

"Aquaculture has become more sophisticated and more intensive and when you keep fish in an intensive system they need a completely balanced prepared feed. One of the real limitations in Africa is the number of feed production companies that have the capability of producing feeds like that."

In addition to the commercial farming of abalone, the HIK group of companies also has interests in an abalone marketing venture, a canning company, artificial feed aimed at the abalone industry and a new commercial fin fish farming venture in Mozambique.

Strauss says the Mozambique venture, which is currently HIK's only other major operation outside of South Africa, is expected to start production in the second half of 2012 after it has conducted its final commercial evaluation. "HIK is looking to further expand its current abalone production in South Africa and while this is the first operation outside of South Africa, the company has expressed interest in looking at further opportunities as they arise."

He says that while the initial investment being made by Agri-Vie is being used to buy out some existing shareholders who invested in the company at the beginning and now want to unlock the value of their investment, there are opportunities to support new projects as well. "While this investment is a change of shareholding, Agri-Vie is extremely confident in the prospects offered by HIK and has already expressed interest in providing follow-on capital for future projects."

HIK MD, Gavin Johnston, says the company's main target market is the Far East, particularly Hong Kong and the rest of China. "As these economies grow, so does demand for abalone which is seen as a luxury, aspirational product particularly for the burgeoning middle class."

This presents a unique opportunity for South African abalone producers, as the SA species is unique to this country and is the second most sought after species after Japanese abalone.

Johnston also notes that Agri-Vie was keen to invest in HIK because the company has a strong focus on the upliftment of the communities in which it operates. "We provide permanent employment to over 100 people from poor communities in Hermanus in the Western Cape. We have also established a learning centre through which we aim to uplift the skills level of our staff, as well as providing an on-site medical clinic and supporting a local creche"

The aquaculture story appears to have excellent fundamental growth prospects, particularly within the abalone market as a result of the stellar growth being recorded by major Asian economies. And the recent private equity feeding frenzy is a sure sign that this growth looks set to continue. ◆

Frontier markets make stronger investment case

Emerging markets funds continue to capture a larger slice of the global private equity (PE) fundraising pool, reaching 15% of new commitments globally in 2011, up from 11% in 2010. Led by China and Brazil, fundraising for emerging markets PE in 2011 grew by 64% year-on-year, reaching a 3-year high of US$38,6bn, according to the Emerging Markets Private Equity Association (EMPEA). In the same year, 876 private equity and venture capital deals valued at US$26,9bn were completed in the emerging markets, representing 11% of invested PE capital globally.

"The trend toward increased LP commitments to emerging market dedicated funds is consistent with how LPs view the market opportunity in these high growth economies," said Sarah Alexander, EMPEA's President and CEO. "Institutional investors are keenly aware that to meet their long-term obligations and required rates of return, greater exposure to the world's fastest growing economies must be a critical component of their strategy."

Asia's Continuing Dominance

Emerging Asia, and within it, China, continue to dominate private equity beyond the developed markets. In 2011, China drew its largest share of global PE fundraising to date, with 43% of capital raised or US$16,6bn. The proliferation of local currency funds in China continued in 2011, with Renminbi funds accounting for 60% of the 63 funds focused on China and one-quarter of all

148 emerging market funds raised in 2011, versus 18% in 2010.

Seventy percent of the investments made in 2011 were directed at emerging Asia generally, which includes Southeast Asia and South Asia. China alone was 39% of total PE capital invested. India followed with 23%.

The Promise of Brazil

Brazil funds raised a record US$7bn in 2011, or 18% of the total new capital committed to emerging market funds.

"The surge in appetite among investors for exposure to Brazil has been one significant aspect of the fundraising recovery in the emerging markets," explains Alexander.

Illustrative of the different character of emerging markets today versus a decade ago, all of the funds raised in Brazil last year are entirely local firms.

Nearly all (95%) new capital raised for Brazil in the last year, however, went to just five funds, each of which raised US$1bn or more and together accounted for US$6,7bn. "There is concentration within the large funds segment of the market in Brazil, leaving much less competition within the middle market," said Alexander.

Further Concentration among Large Funds

While new capital raised for emerging market PE funds rose by 64%, the number of funds dropped by 20% in 2011. Median fund sizes doubled, reaching a record US$303m in 2011, versus US$145m in 2010. The number of US$500m and larger funds hit its highest level since 2008.

"These larger fund sizes are a product of LPs' desires to put significant amounts of capital to work, more so than a reflection of the market opportunity. There are still abundant opportunities for equity investments well below US$50m per deal."

Room to Grow

"Institutional investor appetite for emerging markets private equity remains robust because investors need exposure to growth and the thin listed markets in many of these countries is an insufficient way to get it. A public equities strategy alone does not necessarily provide access to the underlying drivers of the larger macroeconomic story or the companies positioned to benefit," noted Alexander. "In China, for example, only 1700 companies are listed on the Shanghai Stock Exchange, out of an estimated 7 million registered companies there."

She continued, "While some may argue that the top line figures for Brazil and China are indications that we're reaching a saturation point, we believe the middle market in Brazil, as in many other emerging markets, lacks access to financing generally and that fewer and fewer established funds are scaled to pursue those opportunities as fund sizes grow."

The 2011 median deal size for PE investments in emerging markets was US$15m. In Brazil, median deal size slipped from US$56m in 2010 to US$45m in 2011. The median for Chinese deals rose slightly from US$15m in 2010 to US$20m in 2011.◆

PRIVATE EQUITY DEALS Q1 2012 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Standard Chartered Private Equity	minority stake in ETC Group Mauritius	Norton Rose	$74m	Jan 17
Acquisition by	RMB Corvest and Shalamuka Capital	majority shareholding in DLM		not disclosed	Jan 24
Acquisition by	Ethos Private Equity Fund VI	72% stake in Kevro	Webber Wentzel	R850m	Jan 30
Acquisition by	Agri-Vie	37% stake in HIK Abalone Farm		not disclosed	Feb 15
Acquisition by	Capitalworks	majority stake in Duro Pressings		not disclosed	Feb 16
Disposal by	Ethos Private Equity Technology Fund One to Atio	shares held in Atio		not disclosed	Mar 2
Acquisition by	Capitalworks	stake in Rosond		not disclosed	Mar 16
Acquisition by	RMB Corvest and Shalamuka Capital	37% stake in Fintech		not disclosed	Mar 22

PRIVATE EQUITY DEALS Q1 2012 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Cote d'Ivoire	Sale by	Cauris Croissance of it's stake in Petro Ivoire		not disclosed	Mar 9
Egypt	Sale by	Golden Crescent Investments (Citidel Capital) to Sea Dragon Energy of 100% of it's interest in National Petroleum Company Egypt		$147,5m	Jan 9
Ethiopia	Acquisition by	Duet Africa Private Equity (through Duet Beverages Africa) of an equity stake in Dashen Brewery		not disclosed	Jan 31
Ivory Coast	Sale by	Emerging Capital Markets of it's 24.9% stake in Batim Africa		not disclosed	Jan 31

Local and International news

National news


Actis partner, Natalie Kolbe, receives the Catalyst Private Equity Deal of the Year Award from Michael Avery

SAVCA 2012 Economic Impact sub-committee: SAVCA is looking to constitute a sub-committee for the next version of its economic impact study. The previous study provided valuable benchmarks and insights into the role the private equity industry plays in the South African economy. If you're interested in finding out more about this please contact SAVCA.

Acorn Private Equity has commenced fund raising of the Acorn General Fund Two. The Acorn Group was founded by Pierre Malan in April 2009 after his tenure as the CEO of the recently listed Paladin Capital. Acorn currently has two live funds. Both are in fund raising mode and both are actively engaging potential portfolio companies.

International

Catalyst has heard unconfirmed rumours that Actis, the emerging markets-focused private equity firm, is preparing to launch its third energy and infrastructure focused fund with a US$750m target. This follows from Actis second infrastructure fund, closed in 2009, which fell short of its US$1,25bn target by US$500m.

The Wall Street Journal reports that Australia Venture Capital Association Limited (AVCAL) chief executive Dr. Katherine Woodthorpe, speaking at an "Alternatives Collection" breakfast hosted by BNP Paribas, said PE-backed IPOs not only outperform non-PE backed IPOs, but also the S&P/ASX200 Accumulation Index.

From 2003 through to 2010, AVCAL notes the S&P/ASX200 Accumulation Index rose to 1,985 points from 1,000 points. Considering all IPOs during this time, which raised capital of more than A$100m, the non-PE backed IPO index rose to 2,099 points from 1,000 while the PE-backed IPO index jumped to 3,386 points from 1,000 points.

"Effects of private equity are lasting. We can hold our heads up proudly about the stocks we've listed on the ASX for the public to invest in," Dr. Woodthorpe reportedly told the conference.

CNBC broadcast an interview with Arif Naqvi, the CEO of the Middle East's biggest private equity firm, Dubai-based Abraaj Capital, in which he said the Arab Spring uprising has created a market dislocation that is ripe for deal-making.

"I've never seen deal flow better than I'm seeing right now. And I think that's a function of market dislocation in the Middle East,"Naqvi told **CNBC**.

Naqvi added that there was a growing trend towards investing in infrastructure, which is making the region so attractive.

Encouragingly, he was also confident that private equity companies would have few problems with exit strategies this year.

The Italian private-equity owner of Ducati is looking to sell the motorbike brand for up to €1bn ($1,32bn), three times its initial investment, the **Financial Times** reported in February.

Investindustrial, which is backed by the Bonomi family, had sounded out a Hong Kong public listing for Ducati in 2011 but a sale to a rival or large car group was more likely now, the **FT** said.

"Ducati is now a perfect company but the further growth it requires needs the support of a world-class industrial partner," Investindustrial's chairman Andrea Bonomi told the paper.