

# Nomura QES Modelled Private Equity Returns Index (the “PERI”)

September 2014

## Factsheet – for information only

### Investment Objective

The PERI is designed to be a **daily liquid, investible index** targeting returns similar to those which may be achieved through a global broad-based **investment in private equity buyout funds** on a **committed capital basis**

### Overview

The PERI allocates to U.S. equity sector indices and cash in various currencies based on the weekly weights provided by Quantitative Equity Strategies, LLC (QES) using their proprietary algorithmic model (PERI Model)

- **Liquid, public market underlyings** enable access through **daily liquid** products
- **No lock-up period, no capital calls** and investment sizes generally lower than a diversified set of single manager PE funds<sup>2</sup>
- Licensed to use data provided by Preqin Ltd (**Preqin**), widely considered to be one of the **leading private equity data providers**
- Index levels are calculated from **observable market data**
- Rules-based index **calculated independently**, published on Bloomberg daily (**NMQPERI Index**) and **constituents are rebalanced weekly**
- **Has only been recently established as a tradeable strategy and lacks long term historical performance<sup>1</sup>**

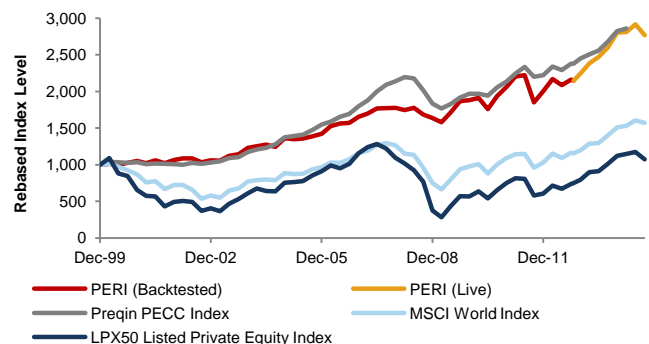
### Key Facts

<b>Index name:</b>	Nomura QES Modelled Private Equity Returns Index
<b>Index sponsor:</b>	Nomura International plc
<b>Index advisor:</b>	Quantitative Equity Strategies, LLC
<b>Index calculation agent:</b>	S&P Opco, LLC
<b>Inception date:</b>	26 October 2012
<b>Liquidity:</b>	Daily
<b>Rebalancing:</b>	Weekly
<b>Base Currency:</b>	USD
<b>Index Fee:</b>	1.00% p.a. plus notional transaction costs
<b>Dividend withholding taxes</b>	Gross of applicable dividend withholding taxes
<b>Bloomberg:</b>	NMQPERI Index

### Performance<sup>1</sup>

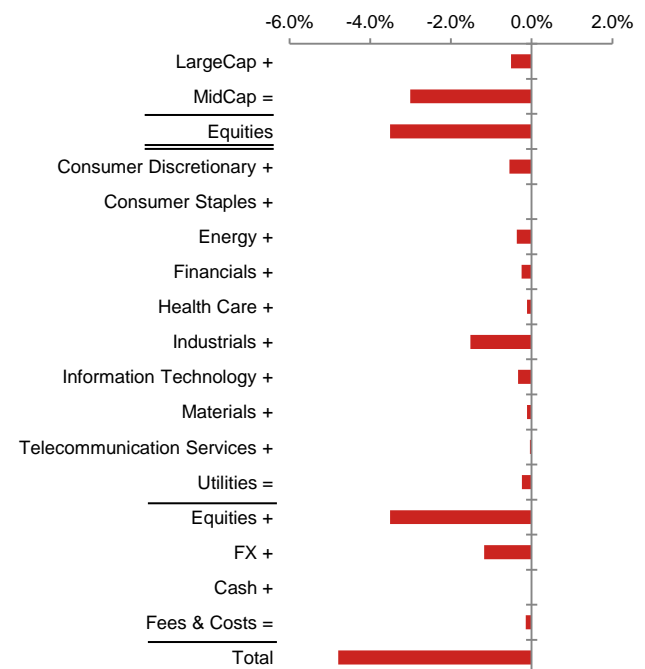
	Level (09/30/14)	1M	2014 YTD	Inception Date (26/10/12)	3Y Vol	10Y Vol
<b>NMQPERI Index</b>	1,288.62	-3.74%	-1.29%	28.86%	12.03%	11.73%

### Performance chart<sup>1</sup>



Note: Limited live performance history as PERI launched on 26 October 2012

### September Return Attribution<sup>1</sup>



**Lack of operating history and backtesting:** as the PERI has only recently been established as a tradable strategy and therefore has no data on which to evaluate its long-term historical performance, any back-testing or similar analysis which has been used herein on the Index must be considered illustrative only and may be based on estimates or assumptions not used in determining actual levels of the PERI when live. Please see Disclaimer for more information on backtesting.

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## Performance recap

The PERI gave back its August gains in September, losing 3.74% (dropping YTD performance to -1.29%) as equity markets suffered during the month across all sectors. Mid cap was the sector where most of the losses occurred, dropping 3.01% for September although some of this performance loss was mitigated by the fact that equity allocation within the PERI averaged 67% only for the month. The Industrials continue to be the most volatile sector, giving back most of its August gains, (-1.52%). The PERI's FX component continued to negatively contribute as the Euro's depreciation against the U.S. dollar remained steadfast.

## Performance Summary<sup>1</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Return
2006	3.87%	-0.02%	3.37%	3.09%	-1.11%	0.39%	-2.10%	1.55%	1.12%	2.45%	2.45%	0.20%	16.16%
2007	2.07%	-0.04%	0.61%	2.30%	2.20%	-0.46%	-2.28%	0.52%	2.06%	1.26%	-1.45%	0.55%	7.46%
2008	-2.43%	-0.06%	0.74%	2.28%	1.40%	-1.89%	-0.22%	-1.69%	-3.37%	-5.49%	-1.69%	4.60%	-7.92%
2009	-3.96%	-3.94%	4.60%	5.42%	3.05%	-0.06%	4.26%	1.54%	2.89%	-1.25%	1.50%	0.61%	15.08%
2010	-3.14%	1.94%	2.79%	1.26%	-5.66%	-3.60%	5.55%	-3.73%	8.47%	2.43%	-0.96%	4.69%	9.40%
2011	1.86%	2.82%	2.21%	3.32%	-1.83%	-0.56%	-1.90%	-6.13%	-9.62%	10.10%	-0.76%	-0.89%	-2.69%
2012	4.35%	2.60%	1.18%	-0.28%	-5.91%	2.45%	-0.78%	2.57%	1.73%	-0.04%	2.00%	1.90%	12.02%
2013	4.60%	-0.91%	2.53%	1.84%	2.49%	-0.78%	3.15%	-2.17%	4.43%	3.90%	0.90%	2.77%	24.94%
2014	-2.99%	3.50%	-0.06%	-0.76%	1.34%	3.07%	-3.72%	2.40%	-3.74%				-1.29%

## Performance Analysis<sup>1</sup>

	Inception Date (10/26/12)	3 Months ending 09/30/2014	Last 1 Year	Last 5 Years	Since Dec-99
Total performance	28.86%	-5.10%	6.34%	48.31%	176.79%
Annualized performance	14.06%	-18.90%	6.34%	8.20%	7.15%
Annualized volatility	10.21%	7.91%	10.65%	13.33%	10.40%
Sharpe ratio	1.36	-2.41	0.58	0.60	0.47
Best month	4.60%	2.40%	3.90%	10.10%	10.10%
Worst month	-3.74%	-3.74%	-3.74%	-9.62%	-9.62%
Positive months	65.22%	33.33%	58.33%	58.33%	61.02%

**Backtested PERI Model:** QES has used data as of October 2012 from Preqin and other data providers to construct the backtested results from the PERI Model. Data from Preqin is continuously updated and such updates could have an impact if the backtested results from the PERI Model were calculated at other times (either earlier or later). In conducting the backtesting on the PERI Model, QES has assumed that private equity fund cash flow and NAV data from Preqin were entered with a nine-month lag relative to the transaction or NAV date; private equity deals data was entered with a one-month lag relative to the deal date; equity financial data was entered with a three-month lag relative to the financials date and all other data was assumed to have no lag.

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(1) Past performance is no indication of future performance. Source: Nomura International Plc, based on Bloomberg LLP data over the period January 2000 – July 2014. PERI based on backtested data over the period January 2000 – October 2012, live data from 26 October 2012 and represents daily performance net of fees. Quarterly data used for PECC Index, PERI, MSCI World Index and LPX50 Listed Private Equity Index for the performance chart shown. Please refer to the important “risks and disclosures” section in the pitchbook relating to the PERI for further information. Risk-free rate ticker used US0001M Index. Return Attribution chart is for illustrative purposes only. Component returns are determined on a weekly basis while total returns are determined on a monthly basis. Accordingly, while both component and total returns are accurate, component returns may not sum to total return.

(2) Single manager private equity funds generally require upwards of \$5mm as a minimum investment (Greycourt & Co., 2011). While PERI minimum investment size is negotiable, it is generally lower than a comparable diversified portfolio of individual PE funds

**Lack of operating history and backtesting:** as the PERI has only recently been established as a tradable strategy and therefore has no data on which to evaluate its long-term historical performance, any back-testing or similar analysis which has been used herein on the Index must be considered illustrative only and may be based on estimates or assumptions not used in determining actual levels of the PERI when live.

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