

## **Utilizing the Secondary Private Markets as a Portfolio Management Tool**

### **Hong Kong Venture Capital Conference**

**August 28, 2008**

Hong Kong - NYPPEX, a leading global advisory, trading and research firm specializing in secondary private equity and debt transactions headquartered in Greenwich, CT, made a presentation titled Utilizing the Secondary Private Markets as a Portfolio Management Tool at the Hong Kong Venture Capital Conference in Hong Kong on August 28, 2008.

“We are seeing fair values vulnerable to write-downs in many venture funds’ portfolios”, states Garland Seto, a Vice President in the Investment Banking Group with NYPPEX.

“Challenges in 2009 for Asian general partners will be generating exits, managing fund term extension risk and ensuring that portfolio companies have sufficient liquidity reserves. We believe, the global secondary private markets may provide attractive solutions.”

For 2008, NYPPEX estimates secondary transaction volume for limited partners’ interests in private partnerships worldwide will increase approximately 25% to \$18.8 billion as compared to \$15 billion in 2007. While secondary transaction volume for direct investments in private companies worldwide is expected to increase approx 90% in 2008 to \$5.7 billion as compared to \$3 billion in 2007.

“In 2008, NYPPEX served as advisor to certain general partners to liquidate holdings in portfolio companies, typically due to the inability to raise new capital. We expect this trend to begin in Asia.”

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### **About NYPPEX**

Since 1999, NYPPEX has empowered financial services firms, governments, institutions and advisors worldwide – that hold interests in private partnerships, unregistered equity and debt securities in private companies, receivables, mortgages and real estate to manage risk, rebalance portfolios and achieve exits.

NYPPEX provides portfolio advisory, block trading, credit facilities, fair value opinions, private company listing, settlement services and access to over \$12 billion in global private market liquidity through 148 institutional members<sup>1</sup> and the NYPPEX IPL 144A Private Trading System.

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<sup>1</sup> As of June 30, 2008

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### About the Hong Kong Venture Capital and Private Equity Association

The Hong Kong Venture Capital Association was established on November 12, 1987 with the objectives of promoting and protecting the interests of the venture capital industry in Hong Kong. The Association was formed based on a recommendation in the Working Party of the Hong Kong Association of Banks' study of venture capital and has been incorporated as a company limited by guarantee.

The first venture capital funds were formed in Hong Kong in the early 1980s with money raised from local and foreign investors. Hong Kong's low and relatively uncomplicated tax structures, financial infrastructure and efficient communications have encouraged many venture capitalists to set up their operations in the Special Administrative Region. While many of the venture capital's investments are China related, Hong Kong is also the center for their regional investments. Total funds under management stand at approximately US\$190 billion (2007).