

# Half-Year Report as of September 30, 2016

**Private Equity Holding AG**





## Table of Contents

---

Key Figures . . . . .	3
Development of Net Asset Value and Share Price . . . . .	4
Chairman's Letter for the First Half of the Financial Year 2016/2017 . . . . .	5
Portfolio Report for the First Half of the Financial Year 2016/2017 . . . . .	6
Consolidated Statement of Comprehensive Income . . . . .	9
Consolidated Balance Sheet . . . . .	10
Consolidated Statement of Changes in Equity. . . . .	11
Consolidated Statement of Cash Flows . . . . .	12
Notes to the Consolidated Financial Statements . . . . .	13
Information for Investors. . . . .	23
Glossary of Terms. . . . .	24



Private Equity Holding offers institutional and private investors the opportunity to invest in a broadly diversified private equity portfolio.

The objective of Private Equity Holding is to generate long term capital growth for its shareholders.

The Private Equity Holding Group's Investment Portfolio is managed by Alpha Associates.

Alpha Associates is an independent private equity fund-of-funds manager and advisor, building and managing globally diversified private equity fund portfolios for institutional and private clients.



## Key Figures

### Share Value

	30.09.16 EUR	31.03.16 EUR	Change in % <sup>1</sup>	30.09.16 CHF	31.03.16 CHF	Change in % <sup>1</sup>
Net asset value per share, based on fair values	76.58	77.50	(1.2%)	83.45	84.60	(1.4%)
Price per share (PEHN.S)	60.34	57.26	5.4%	65.75	62.50	5.2%

<sup>1</sup> Excl. distributions.

### Comprehensive Income Statement

	01.04.16- 30.09.16 EUR 1,000	01.04.15- 30.09.15 EUR 1,000	Change in %
Profit/(loss) for the period	3,783	12,076	(69%)
Total comprehensive income for the period	3,783	12,076	(69%)

### Balance Sheet

	30.09.16 EUR 1,000	31.03.16 EUR 1,000	Change in %
Net current assets	1,871	6,313	(70%)
Total non-current assets	206,055	205,976	0%
Non-current liabilities	—	—	n/a
Total equity	207,926	212,289	(2%)

### Asset Allocation

	Fair Value 30.09.16 EUR million	Unfunded Commitments 30.09.16 EUR million	Total Exposure <sup>2</sup> 30.09.16 EUR million	Total Exposure <sup>2</sup> 30.09.16 in %
Buyout funds	112.7	39.5	152.2	54%
Venture funds	36.2	16.5	52.7	19%
Special situation funds	22.0	17.0	39.0	14%
<b>Total fund investments</b>	<b>170.9</b>	<b>73.0</b>	<b>243.9</b>	<b>87%</b>
Direct investments and loans	35.2	1.7	36.9	13%
<b>Total direct investments and loans</b>	<b>35.2</b>	<b>1.7</b>	<b>36.9</b>	<b>13%</b>
<b>Total funds, direct investments and loans</b>	<b>206.1</b>	<b>74.7</b>	<b>280.8</b>	<b>100%</b>

<sup>2</sup> Fair value plus unfunded commitments.

	30.09.16	31.03.16	Change in %
Unfunded commitments (EUR million)	74.7	87.5	(15%)
Overcommitment <sup>3</sup>	35.3%	39.4%	(10%)
Net current assets / unfunded commitments	2.5%	7.2%	(65%)

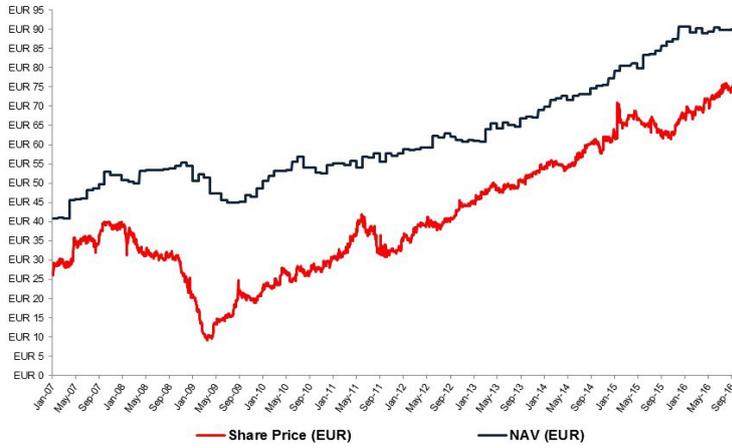
<sup>3</sup> Overcommitment = (unfunded commitments - net current assets) / (non-current assets - non-current liabilities).



## Development of Net Asset Value and Share Price

### Share Price and NAV per Share

01.01.2007 - 30.09.2016



NAV 01.01.07 - 30.09.16  
(in EUR, incl. distributions): 121.8%

NAV 01.01.07 - 30.09.16  
(in CHF, incl. distributions): 51.9%

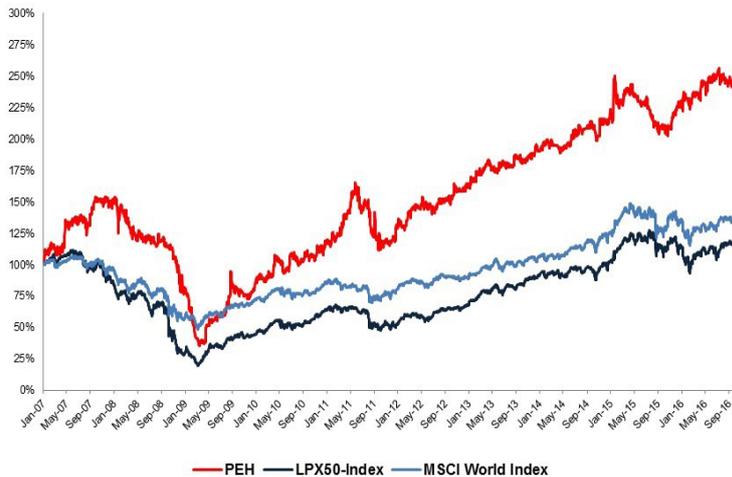
Share price 01.01.07 - 30.09.16  
(in EUR, incl. distributions): 184.4%

Share price 01.01.07 - 30.09.16  
(in CHF, incl. distributions): 95.2%

Discount to NAV as of 30.09.16: -21.2%

### Relative Performance of PEHN

01.01.2007 - 30.09.2016



Outperformance  
PEHN vs. LPX-50 PE-Index: 127.2%

Outperformance  
PEHN vs. MSCI World: 108.7%

## Chairman's Letter for the First Half of the Financial Year 2016/2017

---

Dear Shareholders,

Private Equity Holding AG (PEH) reports a comprehensive income of EUR 3.8 million for the first half of the financial year 2016/17. PEH's net asset value increased in 4 out of 6 months. As of September 30, 2016, the net asset value per share (NAV) stood at EUR 76.58 (CHF 83.45), representing an increase of 2.1% (in EUR) over the course of the reporting period (including the distribution of CHF 2.75 per share in July 2016).

### Portfolio Development

PEH's portfolio remains solid: It was cash flow positive by EUR 6.4 million (PEH received distributions in the amount of EUR 24.3 million while EUR 17.9 million were called for new investments and portfolio level expenses) and remains well diversified among all dimensions – time (vintage years), geography and investment stages. The largest distribution was received from Palamon European Capital Partners following the sale of UK wealth manager Towry. Active M&A markets translated into significant portfolio movements, which also continued after the quarter end: Doughty Hanson announced that it agreed to sell LM Wind Power, a leading manufacturer of rotor blades used in wind turbines, to GE; LM Wind Power is PEH's largest investment on a look-through basis and the sale will have a positive effect on PEH's NAV per share and on liquidity once the transaction closes, which is expected to occur in the first half of 2017.

### Investment Activity

In August 2016, PEH committed USD 5.6 million to ABRY Heritage Partners, a fund focusing on smaller sized media investments in North America. ABRY Partners is one of the most experienced media investment firms and very well positioned to capitalise on opportunities that have become too small for the traditional ABRY funds, in which PEH is a longstanding investor (funds VI, VII and VIII). Similar to other recent investments, this again marks the continuation of a very successful relationship for PEH and we are pleased to be in a position of building lasting relationships allowing for access to top-tier funds globally.

After the end of the reporting period, PEH committed EUR 10.0 million to Nordic mid-market buyout fund Procuritas VI and is in advanced due diligence for other opportunities, details of which will be disclosed shortly.

### Strategic Continuity

The company's Annual General Meeting on July 8, 2016 approved all proposals by the Board of Directors. The seventh consecutive distribution of CHF 2.75 per share was paid to shareholders in July and 250'000 treasury shares were cancelled in September. The Board of Directors is committed to further strategic continuity going forward and providing shareholders with the benefits of the threefold strategy of investing, distributing capital to shareholders and concentrating the NAV per share.

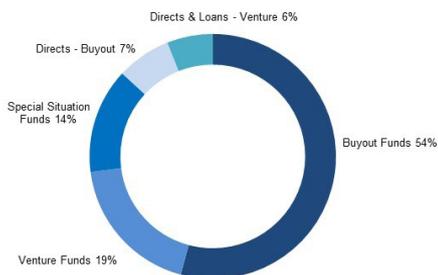
For the entire Board of Directors I would like to thank you for your continued support and interest in PEH.

Dr. Hans Baumgartner  
Chairman of the Board of Directors  
November 4, 2016

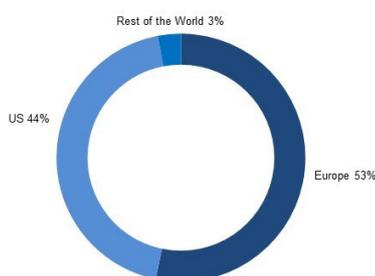


## Portfolio Report for the First Half of the Financial Year 2016/2017

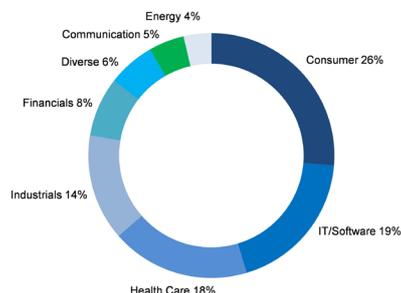
### Allocation by Investment Category<sup>1</sup>



### Allocation by Geography<sup>2</sup>



### Allocation by Industry<sup>2</sup>



<sup>1</sup> Based on fair values plus unfunded commitments (basis: non-current financial assets at fair value through profit or loss).

<sup>2</sup> Based on fair values of the underlying companies (basis: non-current financial assets at fair value through profit or loss).

### The Period in Review

For the first six months of the financial year 2016/2017, Private Equity Holding AG reports a total comprehensive income of EUR 3.8 million.

As of September 30, 2016, the net asset value per share stood at EUR 76.58. This represents a decrease of EUR -0.92 or -1.2% compared to March 31, 2016 (excl. distribution; +2.1% incl. distribution).

As of September 30, 2016, the fair value of the long-term investment portfolio amounted to EUR 206.1 million (March 31, 2016: EUR 206.0 million). The increase of EUR 0.1 million since the beginning of the financial year results from capital calls of EUR 17.9 million, distributions of EUR 24.3 million and positive valuation adjustments of EUR 6.5 million.

The Group's net current assets decreased from EUR 6.3 million to EUR 1.9 million since the beginning of the financial year.

### Fund Investments

As of September 30, 2016, the fair value of the fund portfolio stood at EUR 170.9 million (March 31, 2016: EUR 171.7 million). The change results from capital calls of EUR 15.1 million, distributions of EUR 22.5 million and positive valuation adjustments of EUR 6.7 million.

PEH made one new fund commitment during the reporting period:

USD 5.6 million to *ABRY Heritage Partners*, managed by ABRY Partners, one of the most experienced media investment firms in North America. The Fund makes private equity investments in the media, communication, information and business services industry in North America at the smaller end of the mid-market, with an initial investment per company limited to USD 50 million. PEH is an existing investor in several ABRY funds. It committed to the senior debt funds ASF I and ASF III, to the senior equity fund ASE IV as well as to the equity funds ABRY VI, ABRY VII and ABRY VIII.

After the end of the reporting period, PEH committed EUR 10.0 million to Nordic mid-market buyout fund *Procuritas VI*.

Noteworthy portfolio events in the first half of the financial year 2016/2017 included the following:

*ABRY Advanced Securities Fund III* called capital for collateral requirements to fund various portfolio investments.

*ABRY Heritage Partners* called capital to fund its investment in AddSecure, a specialist in secure communications systems.

*ABRY Senior Equity IV* called capital to fund its investment in Oliver Street Dermatology Holdings, a leading providers of practice management solutions to dermatology clinics in the United States.



*ABRY Partners VI* distributed proceeds received from the sale of Lighttower Fiber Networks, a leading service provider of dark fibre and advanced network services.

*ABRY Partners VIII* called capital to fund four investments including the acquisitions of data-driven driver risk management solutions provider SambaSafety Holdings and industry-specific insurance programs underwriter NSM Insurance Group.

*Alpha CEE II* distributed proceeds received from various underlying fund investments.

*Alpha CEE Opportunity IV* called capital to fund various secondary fund purchases.

*Avista Capital Partners I* distributed proceeds related to its investments in healthcare diagnostic devices manufacturer AngioDynamics, global laboratory equipment supplier VWR Corporation, oil and natural gas exploration company Manti Exploration and direct mail solutions provider IWCO Direct.

*Avista Capital Partners II* distributed proceeds from its investments in therapeutically focused contract research organisation INC Research, data centre and cloud business solutions provider DataBank.

*Avista Capital Partners III* distributed proceeds from the sale of US medical uniforms and apparel provider Strategic Partners.

*Bridgepoint Europe IV* distributed proceeds received from the realisation of Foncia, the market leader in residential property management services in France.

*Capvis Partners III* distributed proceeds from the sale of high-quality, sealing and flow control technology company SFC KOENIG and Swiss maker of industrial vacuum valves VAT Group.

*Carmel Software Fund II* distributed additional proceeds received from the realisation of its investments in security analytics for cybersecurity management company Skybox Security and mobile software management technology provider Red Bend Software.

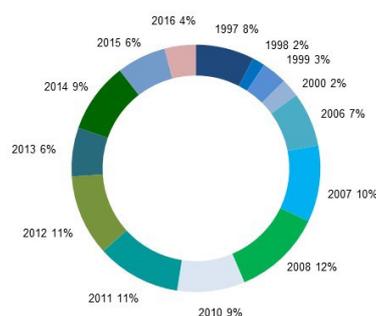
*Clarus Life Sciences III* called capital to fund various new investments.

*Doughty Hanson & Co. III* announced after the end of the reporting period the sale of LM Wind Power, a manufacturer of rotor blades used in wind turbines.

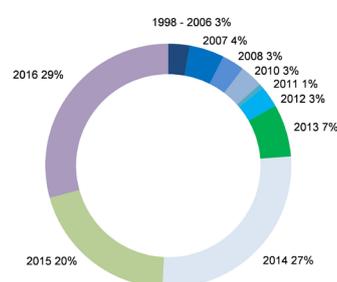
*Francisco Partners* distributed proceeds linked to its investment in global software company Micro Focus.

*Highland Europe II* called capital to fund its investments in IT operations and security analytics provider nextthink, integrated office workspace scheduling solutions provider Condeco, online marketplace Juniqe and optimisation platform provider Content Square Investment.

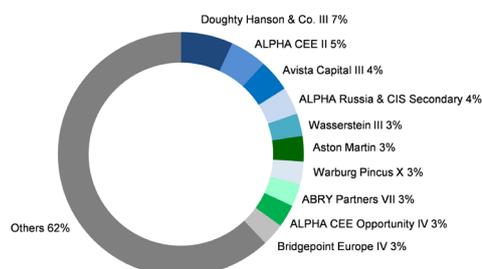
## Fair Value of the Portfolio by Vintage Year



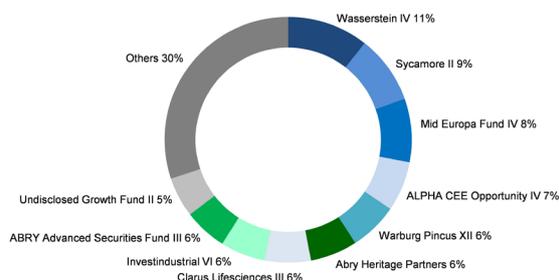
## Unfunded Commitment of the Portfolio by Vintage Year



## 10 Largest Exposures by Fair Value



## 10 Largest Exposures by Unfunded Commitment





*Industri Kapital 2007* distributed proceeds from the sale of global quality support and conformity assessment services provider Trigo and European over the counter consumer healthcare company Vemedia.

*Investindustrial V* called capital to fund the investment in healthcare and infant care products distributor Art-sana and Mediterranean resort operator Valtur. *Investindustrial VI* called capital to fund the investment in healthcare and infant care products distributor Artsana.

*Kennet III* distributed proceeds from the sale of search and email management provider Recommind.

*Mid Europa Fund IV* distributed proceeds related to its investment in branded consumer goods group Moji Brendovi.

*Palamon European Capital Partners* distributed proceeds from the sale of UK wealth manager Towry.

*Pelion VI* called capital to fund several undisclosed investments.

*Alpha Russia & CIS Secondary* distributed proceeds from various underlying fund investments.

*Strategic European Technologies* made a final distribution and is being wound down.

*Sycamore II* distributed proceeds from the sale of remaining shares of clothing retailer Express.

*TAT Investments II* made a final distribution relating to its investments in medical testing instruments provider ndd Medizintechnik, semiconductor company Applied Sensor and Diagnostic devices provider Applied Spectral Imaging.

*Warburg Pincus Private Equity X* distributed proceeds received from the remaining sale of shares of plasma products manufacturer China Biologic Products.

*Wasserstein Partners III* called capital to fund the investment in global experiential marketing display solutions provider Moss.

*Wasserstein IV* called capital to fund the investment in content and information services company Northstar Travel Media.

### **Direct Investments**

As of September 30, 2016, the fair value of the direct portfolio (incl. loans) stood at EUR 35.2 million (March 31, 2016: EUR 34.3 million). During the first six months of the financial year 2016/2017, negative valuation adjustments of EUR -0.2 million were recorded on the portfolio and EUR 1.9 million were distributed. Capital calls amounted to EUR 2.9 million.

In the first half of the financial year, PEH converted its loans to project management software company *Actano Holding* from 2015 with a total nominal value of EUR 1.8 million into equity. Additionally, PEH issued three new convertible loans to *Actano Holding* with a total nominal value of EUR 850k.



## Consolidated Statement of Comprehensive Income

EUR 1,000	Notes	01.04.16- 30.09.16	01.04.15- 30.09.15
<b>Income</b>			
Net gains/(losses) from financial assets at fair value through profit or loss	10	6,333	16,255
Other interest income		—	2
Foreign exchange gains/(losses)		5	(365)
Other income		—	8
<b>Total income</b>		<b>6,338</b>	<b>15,900</b>
<b>Expenses</b>			
Administration expenses	5	2,078	3,306
Corporate expenses		451	509
Transaction expenses		—	9
Interest expenses on bank borrowing	8	26	—
<b>Total expenses</b>		<b>2,555</b>	<b>3,824</b>
<b>Profit/(loss) from operations</b>		<b>3,783</b>	<b>12,076</b>
Income tax expenses		—	—
<b>Profit/(loss) for the period attributable to equity holders of the company</b>		<b>3,783</b>	<b>12,076</b>
<b>Other comprehensive income</b>			
Other comprehensive income/(loss) for the period, net of income tax		—	—
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the company</b>		<b>3,783</b>	<b>12,076</b>
<b>Weighted average number of shares outstanding during period</b>			
		<b>2,714,671</b>	<b>2,958,347</b>
<b>Basic earnings per share (EUR)</b>		<b>1.39</b>	<b>4.08</b>

Minor differences in totals are due to rounding.

The accompanying notes are an integral part of these consolidated financial statements.



## Consolidated Balance Sheet

EUR 1,000	Notes	30.09.2016	31.03.16
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,103	6,253
Financial assets at fair value through profit or loss - securities	9.1	—	—
Receivables and prepayments		252	182
<b>Total current assets</b>		<b>2,355</b>	<b>6,435</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	9.2	206,055	205,976
<b>Total non-current assets</b>		<b>206,055</b>	<b>205,976</b>
<b>Total assets</b>		<b>208,410</b>	<b>212,411</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Payables and other accrued expenses	6	484	122
<b>Total current liabilities</b>		<b>484</b>	<b>122</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		—	—
<b>Total liabilities</b>		<b>484</b>	<b>122</b>
<b>Equity</b>			
Share capital		10,311	11,249
Share premium		38,594	55,426
Treasury shares	4	(1,829)	(13,621)
Retained earnings		160,850	159,235
<b>Total equity</b>		<b>207,926</b>	<b>212,289</b>
<b>Total liabilities and equity</b>		<b>208,410</b>	<b>212,411</b>
		<b>30.09.2016</b>	<b>31.03.16</b>
Total number of shares as of period end		2,750,000	3,000,000
Number of treasury shares as of period end		(34,847)	(260,786)
<b>Number of shares outstanding as of period end</b>		<b>2,715,153</b>	<b>2,739,214</b>
Net asset value per share (EUR)		76.58	77.50

Minor differences in totals are due to rounding.

The accompanying notes are an integral part of these consolidated financial statements.



## Consolidated Statement of Changes in Equity

EUR 1,000	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
<b>Opening as of 01.04.15</b>	<b>11,624</b>	<b>65,422</b>	<b>(6,081)</b>	<b>145,518</b>	<b>216,483</b>
Profit/(loss) for the period	—	—	—	12,076	12,076
Total other comprehensive income/(loss) for the period, net of income tax	—	—	—	—	—
<b>Total comprehensive income/(loss) for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,076</b>	<b>12,076</b>
Purchase of treasury shares	—	—	(10,072)	—	(10,072)
Sale of treasury shares	—	(3)	142	—	139
Cancellation of treasury shares <sup>1</sup>	(375)	(4,885)	5,260	—	—
Repayment of share premium <sup>1</sup>	—	(5,108)	—	(2,698)	(7,806)
<b>Total contributions by and distributions to owners of the Company</b>	<b>(375)</b>	<b>(9,996)</b>	<b>(4,670)</b>	<b>(2,698)</b>	<b>(17,739)</b>
<b>Total as of 30.09.15</b>	<b>11,249</b>	<b>55,426</b>	<b>(10,751)</b>	<b>154,896</b>	<b>210,820</b>

<b>Opening as of 01.10.15</b>	<b>11,249</b>	<b>55,426</b>	<b>(10,751)</b>	<b>154,896</b>	<b>210,820</b>
Profit/(loss) for the period	—	—	—	4,339	4,339
Total other comprehensive income/(loss) for the period, net of income tax	—	—	—	—	—
<b>Total comprehensive income/(loss) for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,339</b>	<b>4,339</b>
Purchase of treasury shares	—	—	(2,870)	—	(2,870)
Sale of treasury shares	—	—	—	—	—
<b>Total contributions by and distributions to owners of the Company</b>	<b>—</b>	<b>—</b>	<b>(2,870)</b>	<b>—</b>	<b>(2,870)</b>
<b>Total as of 31.03.16</b>	<b>11,249</b>	<b>55,426</b>	<b>(13,621)</b>	<b>159,235</b>	<b>212,289</b>

<b>Opening as of 01.04.16</b>	<b>11,249</b>	<b>55,426</b>	<b>(13,621)</b>	<b>159,235</b>	<b>212,289</b>
Profit/(loss) for the period	—	—	—	3,783	3,783
Total other comprehensive income/(loss) for the period, net of income tax	—	—	—	—	—
<b>Total comprehensive income/(loss) for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,783</b>	<b>3,783</b>
Purchase of treasury shares	—	—	(1,454)	—	(1,454)
Sale of treasury shares	—	18	120	—	138
Cancellation of treasury shares <sup>2</sup>	(938)	(12,188)	13,126	—	—
Repayment of share premium <sup>2</sup>	—	(4,662)	—	(2,168)	(6,830)
<b>Total contributions by and distributions to owners of the Company</b>	<b>(938)</b>	<b>(16,832)</b>	<b>11,792</b>	<b>(2,168)</b>	<b>(8,146)</b>
<b>Total as of 30.09.16</b>	<b>10,311</b>	<b>38,594</b>	<b>(1,829)</b>	<b>160,850</b>	<b>207,926</b>

Minor differences in totals are due to rounding.

The accompanying notes are an integral part of these consolidated financial statements.

<sup>1</sup> The Annual General Meeting held on July 3, 2015 decided to reduce the share capital by cancelling 100,000 treasury shares. The capital reduction was effective in the commercial register as of September 15, 2015. The Annual General Meeting decided further on a repayment of share premium (paid-in capital) in the amount of CHF 2.75 per outstanding share (no repayment of share premium (paid-in capital) was made on treasury shares). The repayment of share premium (paid-in capital) was made with value date July 9, 2015.

<sup>2</sup> The Annual General Meeting held on July 8, 2016 decided to reduce the share capital by cancelling 250,000 treasury shares. The capital reduction was effective in the commercial register as of September 23, 2016. The Annual General Meeting decided further on a repayment of share premium (paid-in capital) in the amount of CHF 2.75 per outstanding share (no repayment of share premium (paid-in capital) was made on treasury shares). The repayment of share premium (paid-in capital) was made with value date July 14, 2016.



## Consolidated Statement of Cash Flows

EUR 1,000	01.04.16- 30.09.16	01.04.15- 30.09.15
<b>Cash flow from operating activities</b>		
Capital contributed to investments	(17,947)	(17,455)
Distributions received from investments <sup>1</sup>	24,202	35,606
Quoted securities sold <sup>2</sup>	—	707
Interest received	—	2
Administration expenses paid	(2,006)	(3,409)
Corporate expenses paid	(380)	(465)
Transaction expenses paid	—	(9)
Change in other non-cash items	220	70
<b>Net cash (used)/provided by operating activities</b>	<b>4,089</b>	<b>15,047</b>
<b>Cash flow from financing activities</b>		
Purchase of treasury shares	(1,455)	(10,069)
Sale of treasury shares	139	143
Repayment of share premium	(6,831)	(7,806)
Bank borrowings repaid	—	—
Interest paid on bank borrowings	(26)	—
Commitment fee on bank borrowings	(71)	(44)
<b>Net cash (used)/provided by financing activities</b>	<b>(8,244)</b>	<b>(17,776)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,155)</b>	<b>(2,729)</b>
Cash and cash equivalents at the beginning of the period	6,253	5,999
Effects of exchange rate changes on cash and cash equivalents	5	(365)
<b>Cash and cash equivalents at the end of the period</b>	<b>2,103</b>	<b>2,905</b>

Minor differences in totals are due to rounding.

The accompanying notes are an integral part of these consolidated financial statements.

<sup>1</sup> Distributions received from investments include dividends from investments in the amount of EUR 222k (01.04.15 - 30.09.15: EUR 663k) as well as interest income from investments in the amount of EUR 395k (01.04.15 - 30.09.15: EUR 539k) and proceeds from the sale of distributions in kind immediately sold after such distributions occurred (net of gains/losses).

<sup>2</sup> Proceeds from the sale of distributions in kind held for some time after such distributions occurred.

## Notes to the Consolidated Financial Statements

---

### 1. Reporting entity

Private Equity Holding AG (the "Company") is a stock company incorporated under Swiss law with registered address at Gotthardstrasse 28, 6302 Zug, Switzerland. The business activity of the Company is mainly conducted through its Cayman Islands subsidiaries (together referred to as the "Group").

The business activity of the Group is the purchase, holding and disposal of investments held in private equity funds and directly in companies with above-average growth potential. The Board of Directors has appointed one of its members as the Board's Delegate, who is responsible for managing the day-to-day business of the Company and the Group. ALPHA Associates (Cayman), LP, Cayman Islands ("ALPHAC"), and ALPHA Associates AG, Zurich ("ALPHA", together "ALPHA Group" or the "Investment Manager"), act as investment manager and investment adviser, respectively and provide certain support services to the Company.

The Group has no employees.

### 2. Basis of preparation

#### a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34 and do not include all of the information required for full annual financial statements. The principles of accounting applied in these consolidated interim financial statements correspond to those of the consolidated financial statements as at and for the year ended March 31, 2016, unless otherwise stated.

These consolidated interim financial statements were authorised for issue on November 4, 2016 by the Board of Directors.

#### b) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended March 31, 2016.

### 3. Significant accounting policies

The Group has adopted the Annual Improvement to IFRS 2012-2014 Cycle with effective date January 1, 2016. None of the improvements had a significant effect on the measurement of the amounts recognised in the consolidated financial statements of the Group.

The Amendment "Investment Entities: Applying the consolidation exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)" is effective as of January 1, 2016. Thus, the Board of Directors of the Company conducted an assessment in order to determine if the consolidation of the Group's subsidiaries is still appropriate.

Based on the Amendment, a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. IFRS 10 para. 28 defines the characteristics of an investment entity as follows:

- 1) It has more than one investment;
- 2) It has more than one investor;
- 3) It has investors that are not related parties of the entity;
- 4) It has ownership interests in the form of equity or similar interests.

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. However, an investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity's investment activities (IFRS 10 para. 32).

As per 1 April 2016 and during the whole period under review, the subsidiaries of the Company do not have the typical characteristics 2) and 3) listed above. They have one investor only, and such investor is a related party. Moreover, the subsidiaries have an investment management agreement with ALPHAC which in turn is advised by ALPHA. The subsidiaries hold investments for the ultimate benefit of the Company and also incur associated costs. They are considered to be providing investment management services (such as cash-pooling, portfolio management and providing capital commitments) and are in practical terms operating subsidiaries that act as an extension of the Company. Therefore, the Board of Directors of the Company concluded based on the professional judgement of the specific facts and circumstances that all subsidiaries do not meet the definition of an "investment entity". Full consolidation of the subsidiaries is therefore still appropriate.



#### 4. Treasury share transactions

In the first six months of the financial year 2016/2017, the group purchased 24,061 shares (net of sales) of its own shares through purchases on the SIX Swiss Exchange. The total net purchase price was EUR 1.3 million and has been deducted from equity. The Annual General Meeting held on July 8, 2016 decided to reduce the share capital by cancelling 250,000 treasury shares. The capital reduction was effective in the commercial register on September 23, 2016.

The Company held 34,847 treasury shares as of September 30, 2016 (30.09.2015: 204,418; 31.03.2016: 260,786). The Company has the right to re-issue/sell the treasury shares at any time.

#### 5. Administration expenses

EUR 1,000	01.04.16- 30.09.16	01.04.15- 30.09.15
Management and administration fees	1,990	1,964
Performance fees	88	1,342
<b>Total administration expenses</b>	<b>2,078</b>	<b>3,306</b>

Management and performance fees are paid to ALPHA Associates (Cayman), LP, a related party. As of September 30, 2016, performance fees of EUR 88k (31.03.2016: EUR nil) were outstanding.

Administration fees are paid to ALPHA Associates AG, a related party.

#### 6. Payables and other accrued expenses

EUR 1,000	30.09.16	31.03.16
Payables to third parties	7	7
Payables to related parties	380	13
Other accrued expenses	97	102
<b>Total payables and other accrued expenses</b>	<b>484</b>	<b>122</b>

#### 7. Unfunded commitments

As of September 30, 2016, the Group's unfunded commitments amounted to EUR 74.7 million (31.03.2016: EUR 87.5 million) (refer to Note 9).

#### 8. Financial liabilities / Pledged assets

On February 11, 2016, the Company signed an agreement with Credit Suisse AG for an EUR 16.0 million revolving credit facility. This facility allows the Company to bridge timing gaps between cash outflows and inflows, cover short-term liquidity squeezes and manage and hedge market risks. The credit facility, if and when drawn, is secured by the Company's ownership interest in Private Equity Holding Cayman. The applicable interest rate on any amounts outstanding under the facility is LIBOR for the requested currency term plus 2.125%. The Company is obliged to pay a quarterly commitment fee of 0.25% on the undrawn amount. There was no arrangement fee for the credit facility. The actual level of utilisation is limited to 20% of the Company's consolidated NAV. Hence, the NAV cannot be lower than EUR 80 million for full utilisation.

During the first six months of the financial year 2016/2017 PEH drew loans in the amount of EUR 7.2 million. As of September 30, 2016, all the loans were paid back to Credit Suisse AG. Interest expenses of EUR 26k were incurred (2015/2016: EUR nil). The credit facility expires on December 31, 2018.

#### 9. Financial assets at fair value through profit or loss

##### 9.1 Financial assets at fair value through profit or loss – securities

EUR 1,000	Fair value 01.04.16	Purchases	Sales (Cost)	Change in unrealised gains/(losses)	Fair value 30.09.16	Total proceeds	Realised gains/(losses)
China Biologic Products Inc. <sup>1</sup>	—	—	—	—	—	120	5
Five9 Inc. <sup>2</sup>	—	—	—	—	—	1,337	(93)
INC Research Holdings Inc. <sup>3</sup>	—	—	—	—	—	317	(4)
Twitter Inc. <sup>4</sup>	—	—	—	—	—	43	—
<b>Total Securities</b>	—	—	—	—	—	<b>1,817</b>	<b>(92)</b>

Minor differences in totals are due to rounding.

<sup>1</sup> Distribution in kind from Warburg Pincus Private Equity X.

<sup>2</sup> Distribution in kind from Partech International Ventures IV.

<sup>3</sup> Distribution in kind from Avista Capital Partners II.

<sup>4</sup> Distribution in kind from Institutional Venture Partners XII.

The quoted securities which are classified as current assets are mandatorily measured at fair value in accordance with IFRS 9.



## 9.2 Financial assets at fair value through profit or loss - non-current assets

	Commitments				Book values				Returns 01.04.16 - 30.09.16			
	Vin- tage	Original fund currency	Original amount FC 1,000	Paid in 30.09.16 FC 1,000	Unfunded commit- ment 30.09.16 EUR 1,000	Fair value 01.04.16 EUR 1,000	Capital calls EUR 1,000	Return of capital EUR 1,000	Change in unrealised gains/ (losses) EUR 1,000	Fair value 30.09.16 EUR 1,000	Total distri- butions EUR 1,000	Real. gains/ (losses) EUR 1,000
<b>Buyout Funds</b>												
Abry Heritage Partners	2016	USD	5,600	409	4,618	—	367	—	(3)	364	—	—
ABRY Partners VI <sup>3</sup>	2008	USD	7,500	7,436	57	2,418	9	529	457	2,355	485	(44)
ABRY Partners VII <sup>3</sup>	2011	USD	7,500	7,603	7	6,377	(7)	67	412	6,715	(7)	(74)
ABRY Partners VIII	2014	USD	9,375	6,003	3,000	3,567	1,514	—	205	5,286	—	—
ALPHA CEE II <sup>2</sup>	2006	EUR	15,000	14,163	837	11,518	—	1,233	(186)	10,099	1,440	207
ALPHA CEE Opportunity IV <sup>2</sup>	2016	EUR	10,000	5,095	4,905	—	5,095	—	1,544	6,639	—	—
Avista Capital Partners <sup>3</sup>	2006	USD	10,000	11,633	—	4,519	35	312	161	4,403	486	152
Avista Capital Partners II <sup>3</sup>	2008	USD	10,000	12,148	—	7,709	304	818	(1,547)	5,648	2,608	1,790
Avista Capital Partners III <sup>3</sup>	2011	USD	10,000	10,430	—	9,126	12	81	(205)	8,852	705	624
Bi-Invest Endowment Fund	2014	EUR	5,000	5,000	—	5,898	—	—	21	5,920	—	—
Bridgepoint Europe I B <sup>1</sup>	1998	GBP	15,000	620	<sup>1</sup>	196	—	—	(3)	193	—	—
Bridgepoint Europe IV <sup>3</sup>	2008	EUR	10,000	9,733	334	7,245	66	330	(466)	6,515	962	473
Capvis Equity III <sup>3</sup>	2008	EUR	10,000	10,672	672	6,200	147	1,787	(459)	4,102	3,676	1,890
Clayton, Dubilier and Rice Fund VI <sup>1</sup>	1998	USD	35,000	9,661	<sup>1</sup>	76	—	—	(1)	75	—	—
Doughty Hanson & Co. III <sup>1</sup>	1997	USD	65,000	46,037	<sup>1</sup>	14,198	—	—	109	14,306	—	—
Francisco Partners	2000	USD	3,222	2,937	262	467	7	—	(196)	277	192	192
Industri Kapital 2007 Fund <sup>3</sup>	2007	EUR	10,000	10,386	—	3,052	—	537	93	2,608	895	230
Investindustrial IV <sup>3</sup>	2008	EUR	10,000	10,587	—	4,396	54	18	135	4,567	20	1
Investindustrial V <sup>3</sup>	2012	EUR	5,000	4,321	683	3,629	808	—	161	4,598	—	—
Investindustrial VI	2016	EUR	5,000	600	4,400	—	600	—	(64)	536	—	—
Mid Europa Fund IV	2014	EUR	10,000	3,767	6,233	3,642	—	500	(17)	3,126	497	(77)
Palamon European Capital Partners <sup>1,3</sup>	1999	EUR	10,000	7,745	<sup>1</sup>	4,594	—	31	(4,209)	354	3,970	3,939
Procuritas Capital Partners II <sup>4</sup>	1997	SEK	40,000	38,900	—	27	—	—	(2)	26	—	—
Warburg Pincus Private Equity X	2007	USD	15,000	14,987	11	6,729	—	248	272	6,753	522	274
Warburg Pincus Private Equity XII	2015	USD	6,000	669	4,743	185	396	—	(42)	540	—	—
Wasserstein Partners III <sup>3</sup>	2012	USD	10,000	9,106	795	5,812	1,178	—	28	7,018	189	137
Wasserstein Partners IV	2015	USD	10,000	1,083	7,933	—	969	—	(186)	783	—	—
<b>Total Buyout Funds</b>					<b>39,489</b>	<b>111,581</b>	<b>11,554</b>	<b>6,491</b>	<b>(3,987)</b>	<b>112,657</b>	<b>16,641</b>	<b>9,715</b>

Minor differences in totals are due to rounding.

<sup>1</sup> Fund investments included in the former Earn-out portfolio. These funds are reaching the end of their life and are fully or almost fully paid in. A few earn-out funds could re-call a portion of previous distributions for follow-on investments. Future fund expenses, if any, are likely to be deducted from future distributions. Therefore, no unfunded commitment is shown for the former earn-out funds.

<sup>2</sup> Funds managed by Alpha Associates (Cayman) LP. These funds are excluded from the NAV for the purpose of calculating the management fee.

<sup>3</sup> Along with the unfunded commitments, distributions in the total amount of EUR 10.4 million (whereof Avista Capital Partners II accounts for EUR 1.8 million, Capvis Equity III accounts for EUR 1.7 million and Industri Kapital 2007 Fund accounts for EUR 1.5 million) are recallable from these funds as of September 30, 2016. As the investment period of most of these funds has already expired, recallable distributions can in general only be recycled for follow-on investments and are therefore not expected to be drawn in full.

<sup>4</sup> Fund in liquidation, no further draw downs expected. Unfunded commitment reduced to 0.

<sup>5</sup> Remaining commitment was reduced by the fund manager.



## 9.2 Financial assets at fair value through profit or loss - non-current assets (continued)

	Commitments					Book values				Returns			
	Vin- tage	Original fund currency	Original amount FC 1,000	Paid in 30.09.16 FC 1,000	Unfunded commit- ment 30.09.16 EUR 1,000	Fair value 01.04.16 EUR 1,000	Capital calls EUR 1,000	Return of capital EUR 1,000	Change in unrealised gains/ (losses) EUR 1,000	Fair value 30.09.16 EUR 1,000	Total distri- butions EUR 1,000	01.04.16 -30.09.16	
												Real. gains/ (losses) EUR 1,000	
<b>Venture Funds</b>													
Boulder Ventures IV	2001	USD	11,250	11,516	—	1,015	—	—	13	1,028	—	—	
Carmel Software Fund	2000	USD	10,000	10,293	—	637	—	2	(512)	123	488	486	
Carmel Software Fund (Secondary)	2000	USD	782	782	—	189	—	1	(153)	36	145	145	
CDC Innovation 2000	2000	EUR	10,002	9,676	326	854	—	—	1	855	—	—	
Clarus Lifesciences III	2013	USD	7,500	2,445	4,497	1,605	609	—	99	2,313	—	—	
Highland Europe I	2012	EUR	5,000	4,849	151	6,604	47	—	(233)	6,419	—	—	
Highland Europe II	2015	EUR	5,000	1,829	3,171	600	1,168	—	(47)	1,721	—	—	
Institutional Venture Partners XI	2004	USD	5,000	5,000	—	116	—	—	1	117	—	—	
Institutional Venture Partners XII	2007	USD	5,000	5,000	—	1,784	—	2	249	2,031	43	41	
Institutional Venture Partners XIII	2010	USD	5,000	4,750	222	5,259	—	—	(282)	4,977	—	—	
Kennet III <sup>3</sup>	2007	EUR	5,000	5,625	—	3,824	217	526	58	3,573	706	180	
Minicap Technology Investment	1997	CHF	10,967	10,967	—	—	—	—	—	—	—	—	
Partech International Ventures IV <sup>1</sup>	2000	USD	15,000	8,145	<sup>1</sup>	2,409	—	305	(639)	1,465	1,408	1,103	
Pelion VI	2015	USD	5,000	1,550	3,069	930	397	—	(39)	1,289	—	—	
Renaissance Venture	1998	GBP	5,486	5,162	375	1,745	—	—	(147)	1,599	—	—	
Renaissance Venture (Secondary)	1998	GBP	514	271	281	1,309	—	—	(110)	1,199	—	—	
Strategic European Technologies	1997	EUR	18,151	18,151	—	369	—	—	(302)	67	302	302	
TAT Investments I	1997	USD	24,000	24,289	—	1,192	—	—	11	1,203	—	—	
TAT Investments II	1999	USD	15,000	15,001	—	488	—	332	(155)	—	404	72	
Undisclosed Growth Fund I	2011	EUR	5,000	4,765	444	5,224	172	n/d	n/d	5,238	n/d	n/d	
Undisclosed Growth Fund II	2015	EUR	5,000	1,068	3,932	811	226	n/d	n/d	967	n/d	n/d	
<b>Total Venture Funds</b>					<b>16,470</b>	<b>36,965</b>	<b>2,835</b>	<b>1,168</b>	<b>(2,413)</b>	<b>36,219</b>	<b>3,495</b>	<b>2,327</b>	

	Commitments					Book values				Returns			
	Vin- tage	Original fund currency	Original amount FC 1,000	Paid in 30.09.16 FC 1,000	Unfunded commit- ment 30.09.16 EUR 1,000	Fair value 01.04.16 EUR 1,000	Capital calls EUR 1,000	Return of capital EUR 1,000	Change in unrealised gains/ (losses) EUR 1,000	Fair value 30.09.16 EUR 1,000	Total distri- butions EUR 1,000	01.04.16 -30.09.16	
												Real. gains/ (losses) EUR 1,000	
<b>Special Situation Funds</b>													
17 Capital Fund	2008	EUR	5,000	4,905	221	154	12	322	156	—	135	(187)	
ABRY Advanced Securities Fund <sup>5</sup>	2008	USD	15,000	7,218	477	172	—	—	10	183	—	—	
ABRY Advanced Securities Fund III	2014	USD	8,000	3,260	4,217	2,610	42	30	406	3,028	91	61	
ABRY Senior Equity IV <sup>3</sup>	2013	USD	5,000	4,420	516	3,195	526	118	141	3,744	157	20	
ALPHA Russia & CIS Secondary <sup>2</sup>	2010	USD	15,000	13,890	988	8,285	—	612	(111)	7,562	795	182	
DB Secondary Opp.Fund A <sup>5</sup>	2007	USD	5,376	4,327	467	297	—	40	56	313	21	(19)	
DB Secondary Opp. Fund C	2007	USD	9,288	6,913	2,113	1,789	7	131	(332)	1,333	260	93	
OCM EPOF II	2007	EUR	5,000	4,995	5	2,235	—	178	(345)	1,712	196	18	
OCM Opportunities Fund VII	2007	USD	5,000	5,000	—	562	—	29	(50)	483	52	23	
OCM Opportunities Fund VIIb	2008	USD	5,000	4,500	445	395	—	—	21	416	—	—	
Sycamore II	2014	USD	10,000	2,467	6,702	1,614	90	211	4	1,497	380	71	
WL Ross Recovery Fund IV <sup>3</sup>	2007	USD	10,000	9,056	840	1,799	—	60	(6)	1,733	215	127	
<b>Total Special Situation Funds</b>					<b>16,991</b>	<b>23,107</b>	<b>676</b>	<b>1,731</b>	<b>(49)</b>	<b>22,003</b>	<b>2,301</b>	<b>388</b>	
<b>Total Fund investments</b>					<b>72,950</b>	<b>171,653</b>	<b>15,066</b>	<b>9,391</b>	<b>(6,450)</b>	<b>170,879</b>	<b>22,437</b>	<b>12,431</b>	

For footnotes see bottom of page 15.



## 9.2 Financial assets at fair value through profit or loss - non-current assets (continued)

	Commitments			Book values			Returns 01.04.16 - 30.09.16			
	Original currency	Original amount FC 1,000	Unfunded commit- ment 30.09.16 EUR 1,000	Fair value 01.04.16 EUR 1,000	Capital calls EUR 1,000	Return of capital EUR 1,000	Change in unrealised gains/ (losses) EUR 1,000	Fair value 30.09.16 EUR 1,000	Total distri- butions EUR 1,000	Real. gains/ (losses) EUR 1,000
<b>Direct investments</b>										
Acino Holding AG	USD	4,500	613	3,657	—	—	61	3,717	—	—
Actano Holding AG	CHF	6,026	—	2,541	1,762	—	—	4,304	—	—
Applied Spectral Imaging	USD	4,462	—	1,877	269	—	54	2,200	—	—
Aston Martin	EUR	4,737	76	7,243	—	—	(238)	7,005	—	—
Cydex	USD	3,000	—	—	—	—	—	—	94	94
Earnix	USD	201	—	1,536	—	—	20	1,557	—	—
Enanta Pharmaceuticals	USD	7,279	—	6,005	—	—	(492)	5,513	—	—
Evotec	EUR	250	—	144	—	—	87	231	—	—
Flos	EUR	4,172	—	4,767	—	—	208	4,975	—	—
Jamberry	USD	3,400	—	3,622	—	—	22	3,644	—	—
Neurotech	USD	2,203	—	868	—	—	11	879	—	—
<b>Total Direct investments</b>			<b>690</b>	<b>32,261</b>	<b>2,032</b>	<b>—</b>	<b>(266)</b>	<b>34,026</b>	<b>94</b>	<b>94</b>

	Commitments			Book values			Returns 01.04.16 - 30.09.16			
	Original currency	Original amount FC 1,000	Unfunded commit- ment 30.09.16 EUR 1,000	Fair value 01.04.16 EUR 1,000	Capital calls EUR 1,000	Return of capital EUR 1,000	Change in unrealised gains/ (losses) EUR 1,000	Fair value 30.09.16 EUR 1,000	Total distri- butions EUR 1,000	Real. gains/ (losses) EUR 1,000
<b>Loan investments</b>										
Actano Holding AG	EUR	3,962	1,050	2,062	850	1,762	—	1,150	1,762	—
<b>Total Loan investments</b>			<b>1,050</b>	<b>2,062</b>	<b>850</b>	<b>1,762</b>	<b>—</b>	<b>1,150</b>	<b>1,762</b>	<b>—</b>
<b>Total Portfolio</b>			<b>74,690</b>	<b>205,976</b>	<b>17,947</b>	<b>11,152</b>	<b>(6,717)</b>	<b>206,055</b>	<b>24,294</b>	<b>12,525</b>

Minor differences in totals are due to rounding.



## 10. Net gains/(losses) from financial assets at fair value through profit or loss

EUR 1,000	01.04.16- 30.09.16	01.04.15- 30.09.15
Change in unrealised gains/(losses) from quoted securities	—	35
Realised gains/(losses) from quoted securities	(92)	76
Change in unrealised gains/(losses) from non-current financial assets	(6,717)	2,576
Realised gains/(losses) from non-current financial assets	12,525	12,366
Interest income from non-current financial assets	395	539
Dividend income from non-current financial assets	222	663
<b>Total net gains/(losses) from financial assets at fair value through profit or loss</b>	<b>6,333</b>	<b>16,255</b>

## 11. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided by ALPHA to the Board of Directors.

The Group has two reportable segments, as described below. For each of them, the Board of Directors receives detailed reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Fund investments: Includes primary and secondary commitments/investments in funds
- Direct Investments & Loans: Includes purchases of equity stakes in companies and the granting of loans to companies with high growth potential

Balance sheet and income and expense items which cannot be clearly allocated to one of the segments are shown in the column "Unallocated" in the following tables.

The reportable operating segments derive their revenue primarily by seeking investments to achieve an attractive return in relation with the risk being taken. The return consists of interest, dividends and/or (un)realised capital gains.

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. The assessment of the performance of the operating segments is based on measures consistent with IFRS.

There have been no transactions between the reportable segments during the first six months of the business year 2016/2017.

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are not considered to be segment liabilities but rather managed at corporate level.



The segment information provided to the Board of Directors for the reportable segments for the period ended September 30, 2016 is as follows:

EUR 1,000	Fund investments	Direct investments & Loans	Total operating segments	Un- allocated	Total
Net gains/(losses) from financial assets at fair value through profit or loss	6,597	(172)	6,425	(92)	6,333
Other interest income	—	—	—	—	—
Administration expense	—	—	—	(2,078)	(2,078)
Corporate and transaction expense	—	—	—	(451)	(451)
Interest expense	—	—	—	—	—
Foreign exchange gains/(losses)	—	—	—	5	5
Other income/(expense)	—	—	—	(26)	(26)
<b>Profit/(loss) from operations</b>	<b>6,597</b>	<b>(172)</b>	<b>6,425</b>	<b>(2,642)</b>	<b>3,783</b>
Total assets	170,879	35,176	206,055	2,355	208,410
Total liabilities	—	—	—	484	484
Total assets include:					
Financial assets at fair value through profit or loss	170,879	35,176	206,055	—	206,055
Others	—	—	—	2,355	2,355

The segment information provided for profit/(loss) from operations to the Board of Directors for the reportable segments for the period ended September 30, 2015 is as follows:

EUR 1,000	Fund investments	Direct investments & Loans	Total operating segments	Un- allocated	Total
Net gains/(losses) from financial assets at fair value through profit or loss	12,044	4,099	16,143	112	16,255
Other interest income	—	—	—	2	2
Administration expense	—	—	—	(3,306)	(3,306)
Corporate and transaction expense	—	—	—	(518)	(518)
Interest expense	—	—	—	—	—
Foreign exchange gains/(losses)	—	—	—	(365)	(365)
Other income/(expense)	—	—	—	8	8
<b>Profit/(loss) from operations</b>	<b>12,044</b>	<b>4,099</b>	<b>16,143</b>	<b>(4,067)</b>	<b>12,076</b>



The segment information provided for assets and liabilities to the Board of Directors for the reportable segments for the period ended March 31, 2016 is as follows:

Total assets	171,653	34,323	<b>205,976</b>	6,435	<b>212,411</b>
Total liabilities	—	—	—	122	<b>122</b>
Total assets include:					
Financial assets at fair value through profit or loss	171,653	34,323	<b>205,976</b>	—	<b>205,976</b>
Others	—	—	—	6,435	<b>6,435</b>

## 12. Disclosures about fair value of financial instruments

The table below analyses recurring fair value measurements for the Group's financial instruments. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical instruments that the Group can access at the measurement date
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the instrument, either directly or indirectly
- Level III inputs are unobservable inputs for the instrument

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level III measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the instrument. The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses the Group's investments measured at fair value as of September 30, 2016 and March 31, 2016 by the level in the fair value hierarchy into which the fair value measurement is categorised:

As of September 30, 2016				
EUR 1,000	Level I	Level II	Level III	Total
<b>Financial assets at fair value through profit or loss</b>				
Quoted securities	—	—	—	—
Fund investments	—	—	170,879	170,879
Direct investments	5,744	—	28,282	34,026
Loans	—	—	1,150	1,150
<b>Total financial assets measured at fair value</b>	<b>5,744</b>	<b>—</b>	<b>200,311</b>	<b>206,055</b>
As of March 31, 2016				
EUR 1,000	Level I	Level II	Level III	Total
<b>Financial assets at fair value through profit or loss</b>				
Quoted securities	—	—	—	—
Fund investments	—	—	171,653	171,653
Direct investments	6,150	—	26,111	32,261
Loans	—	—	2,062	2,062
<b>Total financial assets measured at fair value</b>	<b>6,150</b>	<b>—</b>	<b>199,826</b>	<b>205,976</b>

### *Level I*

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level I include active listed equities. The Group does not adjust the quoted price for these investments.

### *Level II*

None.

### *Level III*

The Group has determined that unquoted private equity investments ('unlisted investments') fall into the category Level III. The financial statements as of September 30, 2016 include Level III financial assets in the amount of EUR 200.3 million, representing approximately 96.3% of equity (March 31, 2016: EUR 199.8 million, 94.1%).

#### *Unquoted direct investments and loans*

In estimating the fair value of unquoted direct investments and loans, the Group considers the most appropriate market valuation techniques, using a maximum of observable inputs.

These include but are not limited to the following:

- Transaction price paid for an identical or a similar instrument in an investment, including subsequent financing rounds
- Comparable company valuation multiples
- Discounted cash flow method
- Reference to the valuation of the lead investor or other investors provided that these were determined in accordance with IFRS 13

#### *Unquoted fund investments*

In estimating the fair value of unquoted fund investments, the Group considers all appropriate and applicable factors relevant to their value, including but not limited to the following:

- Reference to the fund investment's reporting information
- Reference to transaction prices

The valuation method used for unquoted fund investments is the "adjusted net asset method". The Group does not utilise valuation models with model inputs to calculate the fair value for its Level III investments. The valuation is generally based on the latest available net asset value ("NAV") of the fund reported by the corresponding fund manager provided that the NAV has been appropriately determined by using proper fair value principles in accordance with IFRS 13. In terms of IFRS 13 the NAV is considered to be the key unobservable input. No reasonably possible change in the inputs used in determining the fair value would cause the fair value of Level III investments to significantly change. In general, NAV is adjusted by capital calls and distributions falling between the date of the latest NAV of the fund and the reporting date of the Group. In addition, the valuations of listed underlying investee companies which are valued mark-to-market by the fund manager are adjusted to reflect the current share price on their primary stock exchange as of the reporting date of the Group. The adjusted net asset method is the single technique used across all fund investment types (Buyout, Venture, Special Situations). Other reasons for adjustments include but are not limited to the following:

- The Group becoming aware of subsequent changes in the fair values of underlying investee companies
- Features of the fund agreement that might affect distributions
- Inappropriate recognition of potential carried interest
- Market changes or economic conditions changing to impact the value of the fund's portfolio
- Materially different valuations by fund managers for common companies and identical securities
- NAV reported by the fund has not been appropriately determined by using proper fair value principles in accordance with IFRS 13

In addition, the Group has the following control procedures in place to evaluate whether the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

- Thorough initial due diligence process and ongoing monitoring procedures
- Comparison of historical realisations to last reported fair values



- Qualifications, if any, in the auditor's report or whether there is a history of significant adjustments to NAV reported by the fund manager as a result of its annual audit or otherwise

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between the levels during the six months ended September 30, 2016.

The changes in investments measured at fair value for which the Company has used Level III inputs to determine fair value as of September 30, 2016 and March 31, 2016 are as follows:

As of September 30, 2016				
EUR 1,000	Fund invest-ments	Direct investments	Loans	Total
<b>Fair value of Level III investments at the beginning of the period (April 1, 2016)</b>	<b>171,653</b>	<b>26,111</b>	<b>2,062</b>	<b>199,826</b>
Total capital calls from Level III investments	15,066	2,031	850	<b>17,947</b>
Total distributions from Level III investments	(22,437)	(94)	(1,762)	<b>(24,294)</b>
Total gains or losses:				
realised in profit or loss	13,047	94	—	<b>13,142</b>
unrealised in profit or loss	(6,450)	140	—	<b>(6,310)</b>
in other comprehensive income	—	—	—	—
<b>Fair value of Level III investments at the end of the period (September 30, 2016)</b>	<b>170,879</b>	<b>28,282</b>	<b>1,150</b>	<b>200,311</b>

As of March 31, 2016				
EUR 1,000	Fund invest-ments	Direct investments	Loans	Total
<b>Fair value of Level III investments at the beginning of the period (April 1, 2015)</b>	<b>180,509</b>	<b>16,546</b>	<b>850</b>	<b>197,905</b>
Total capital calls from Level III investments	24,489	5,791	1,212	<b>31,492</b>
Total distributions from Level III investments	(51,002)	(332)	—	<b>(51,334)</b>
Total gains or losses:				
realised in profit or loss	14,195	170	—	<b>14,365</b>
unrealised in profit or loss	3,462	3,936	—	<b>7,398</b>
in other comprehensive income	—	—	—	—
<b>Fair value of Level III investments at the end of the period (March 31, 2016)</b>	<b>171,653</b>	<b>26,111</b>	<b>2,062</b>	<b>199,826</b>

Minor differences in totals are due to rounding.

### 13. Subsequent events

After the end of the reporting period, PEH committed EUR 10.0 million to Nordic mid-market buyout fund Procuritas VI.

On October 11, 2016 Doughty Hanson agreed to sell LM Wind Power, a leading manufacturer of rotor blades used in wind turbines, to GE. LM Wind Power is the only remaining underlying asset in Doughty Hanson & Co. III, which amounted to 7% of the portfolio fair value of PEH as of September 30, 2016.

There were no other subsequent events which could have a material impact on these consolidated interim financial statements.



## Information for Investors

---

The registered shares of Private Equity Holding AG are traded on SIX Swiss Exchange since January 18, 1999.

Telekurs ticker symbol	PEHN
Swiss security no.	608 992
ISIN code	CH 000 608 9921
German security no.	906 781

## Calendar

April 2017	Preliminary NAV as of March 31, 2017
June 2017	Annual Report 2016/2017

---

NAV Publication as of the end of every month on [www.peh.ch](http://www.peh.ch)

---



## Glossary of Terms

---

<b>Capital calls</b>	Amount of capital called from the Group by a private equity fund. Each transaction is translated into EUR by using the foreign exchange rate as of the transaction date.
<b>Capital contributed (invested)</b>	Amount of capital contributed (invested) by the Group to direct or indirect investments since inception. Each transaction is translated into EUR by using the foreign exchange rate as of the transaction date.
<b>Capital gain/(loss)</b>	Difference between total distribution and the cost component of distribution of a specific investment.
<b>Change in unrealised gain/(loss)</b>	Temporary increase or decrease in value of a fund or direct investment. Equal to the difference between the fair value of an investment and the net acquisition cost.
<b>Commitment</b>	Amount that the Group has committed to make available to a private equity fund or direct investment. In accordance with IFRS, this amount is not recorded in the balance sheet. The translation into EUR is made by using the foreign exchange rate as of the relevant reporting date.
<b>Cost component of distribution (return of capital)</b>	Portion of distribution which reflects the contributed capital.
<b>Distribution</b>	Amount of net proceeds (including cost component, capital gains and interest/dividends) received by the Group. Each transaction is translated into EUR by using the foreign exchange rate as of the transaction date.
<b>Fair value (FV)</b>	The price at which an investment would change hands between a willing buyer and a willing seller, neither being under a compulsion to buy or sell and both having a reasonable knowledge of relevant facts. Fair value of a private equity fund, i.e. fair value of assets minus liabilities. The translation into EUR is made by using the foreign exchange rate as of the relevant reporting date.
<b>NAV</b>	Net asset value
<b>Net acquisition cost (NAC)</b>	Capital contributed minus cost component of distributions.
<b>Realised gain/(loss)</b>	Difference between total distribution and the cost component of distribution of a specific investment.
<b>Unfunded commitment</b>	Amount that the Group has not yet contributed to a private equity fund. Difference between original commitment and contributed capital.
<b>Vintage year</b>	Year in which a private equity fund has made its first capital call for investment purposes. In general, this coincides with the first year of a private equity fund's term.

Private Equity Holding AG  
Gotthardstrasse 28  
CH-6302 Zug  
Phone +41 41 726 79 80  
Fax +41 41 726 79 81

[www.peh.ch](http://www.peh.ch)  
[info@peh.ch](mailto:info@peh.ch)