

# New Star Private Equity Investment Trust PLC

## Unaudited Interim Management Statement For the quarter ended 30 September 2008

### Financial summary

|                             | 30 September 2008 | 30 June 2008 | % change |
|-----------------------------|-------------------|--------------|----------|
| Net assets *                | <b>£71.4m</b>     | £73.0m       | -2.2%    |
| Net asset value per share * | <b>378.9p</b>     | 385.0p       | -1.6%    |
| Share price                 | <b>243.0p</b>     | 262.5p       | -7.4%    |

Source: New Star Asset Management Limited

\* The net asset value is based on the latest valuations of unquoted investment as provided by underlying managers, adjusted for subsequent cash receipts and draw-downs, and listed securities valued on bid basis.

### Performance summary

|                           | 3 months | Year to date | Since inception* |
|---------------------------|----------|--------------|------------------|
| Net asset value per share | -1.6%    | +0.3%        | +9.7%            |
| Share price               | -7.4%    | -18.7%       | -21.6%           |

Source: New Star Asset Management Limited

\* 2 July 2007

### Investment Objective and strategy

The Company's investment objective is to produce capital gains through exposure to a diversified portfolio of private equity investments.

### Ten largest investments at 30 September 2008

The Company's 10 largest direct investments at 30 September 2008 were:

|                             | <u>% of net asset value</u> |
|-----------------------------|-----------------------------|
| Rutland Fund I              | 26%                         |
| August Equity Partners I    | 17%                         |
| Parallel Ventures 2006      | 15%                         |
| August Equity Partners II   | 12%                         |
| The Logic Group             | 4%                          |
| Astorg IV                   | 3%                          |
| Graphite Enterprise         | 3%                          |
| Rutland Fund II             | 2%                          |
| Hg Capital Trust            | 2%                          |
| Renewable Energy Generation | 2%                          |

Source: New Star Asset Management Limited

### Portfolio composition by manager

|                                | <u>% of net asset value</u> |
|--------------------------------|-----------------------------|
| August Equity                  | 30%                         |
| Rutland Partners               | 27%                         |
| Parallel Private Equity        | 15%                         |
| Astorg                         | 4%                          |
| Century Capital                | 2%                          |
| Pragma                         | 1%                          |
| Other                          | 1%                          |
| Direct unquoted                | 3%                          |
| Listed private equity vehicles | 13%                         |
| Treasury / Cash                | 4%                          |

Source: New Star Asset Management Limited

### Portfolio composition by country

|               | <u>% of investments</u><br><u>(excluding cash)</u> |
|---------------|--|
| UK            | 79%  |
| Europe        | 16%  |
| North America | 3%   |
| China         | 1%   |
| India         | 1%   |

Source: New Star Asset Management Limited

### Sector exposure of limited partnerships

|                   | <u>% of limited</u><br><u>partnership investments</u> |
|-------------------|---|
| Financial         | 23%   |
| Healthcare        | 19%   |
| Technology        | 18%   |
| Consumer Goods    | 14%   |
| Consumer Services | 11%   |
| Industrial        | 10%   |
| Other             | 5%  |

Source: New Star Asset Management Limited

### Limited partnership by vintage

|                   | <u>% of limited</u><br><u>partnership investments</u> |
|-------------------|---|
| Less than 1 year  | 15%   |
| 1 - 2 years       | 30%   |
| 2 - 3 years       | 41%   |
| 3 – 4 years       | 3%  |
| More than 4 years | 11%   |

Source: New Star Asset Management Limited

## Valuation basis of limited partnerships

|          | <u>% of limited<br/>partnership investments</u> |
|----------|---|
| Cost     | 54%   |
| Earnings | 46%   |

Source: New Star Asset Management Limited

## Material Events and Transactions

In the last few months listed private equity investment trusts have suffered sharp falls in their share prices and consequently a widening of their discounts to net asset value. These falls reflect the concern that some trusts will have in meeting capital calls from the underlying limited partnerships that they have committed to, but also that there is likely to be significant write-downs of valuations.

Although many of the underlying companies within our limited partnerships are not in the sectors that have been impacted most by the sharp slowdown in economic growth, as a consequence of the recent falls in financial markets and the more difficult environment for the financing of leveraged buy-outs we would still expect valuations to be marked lower when they are updated for the year-end.

As a result of these exceptional circumstances the Directors believe that it is prudent to take a provision against the potential falls in valuations resulting from the fall in listed comparators and the risk that regardless of the current performance of underlying companies some may well not perform as expected in the current environment and valuations will need to be reduced.

Unquoted investments are normally valued at the latest valuation provided by underlying managers, adjusted for subsequent cash receipts and drawdowns. Nevertheless, against this challenging background the Directors and the Manager consider that it would be prudent to make a provision against the potential write-down in valuations. Accordingly, the Company is making a provision of 20% of the value of the unquoted investments; this is equivalent to 16.6% of the net asset value. The provision will first be applied to the net asset value at 31 October 2008, which is expected to be published shortly. In the view of the Directors and Manager it is unlikely that this general provision will need to be increased between now and the publication of the annual results.

The Board and Manager are confident that, after taking into account the Company's cash, fixed interest, listed private equity investments and committed facilities with the Bank of Scotland the Company has sufficient assets to meet all future expected capital calls from underlying limited partnerships. The Company has two committed facilities with the Bank of Scotland, £10 million which is committed to July 2010 and £20 million to July 2011.

There were no material transactions during the period 1 July 2008 to 30 September 2008.

## Board of Directors

On 29 August 2008 Howard Covington replaced Ravi Anand as alternate director to John Duffield.

## **Share Buy Backs and Issued Share Capital**

In the quarter ended 30 September 2008 the Company repurchased 120,000 shares. At 30 September 2008 the Company had 18,850,212 ordinary shares in issue; a further 832,000 shares were held in treasury.

## **Company Information**

Further Information on the Company, including fact sheets and the annual report of the Company can be obtained at:

[www.newstaram.com/alternative-investments/closed-end-funds](http://www.newstaram.com/alternative-investments/closed-end-funds)

## **For further information please contact:**

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