



March 2012

To all of our Limited Partners, Clients and Friends:

We are pleased to inform you that the readers of *Private Equity International* have voted Portfolio Advisors, LLC as “Fund of Funds of the Year in North America” for 2011, and we are highlighted in the March issue of PEI’s *Annual Review*.^{*} Attached are copies of the award notice and our “thank you” page from the publication. We believe this is a meaningful recognition, as these awards are determined by investors, general partners, and our peers across the global private equity industry.

Portfolio Advisors, LLC (“PA”) has sponsored 18 funds since launching our first PAPEF fund in 2000, and we believe that our funds offer investors customized solutions that address multiple investment objectives. Across our various funds-of-funds and breadth of investment strategies (including global diversified private equity, real estate, pan-Asian opportunities, co-investments and secondary transactions), PA’s funds have been supported by more than 600 investors in the aggregate and various PA-sponsored funds appear on the “approved platforms” of consultants and advisors. We are grateful for that support, and we look forward to continuing to earn your trust.

Thank you for your participation in our fund-of-funds programs. We are committed to finding the best private equity and private real estate investment opportunities, striving to generate top-tier investment performance, and providing you with excellence in service – reflecting your commitment and trust in Portfolio Advisors.

Sincerely,

Portfolio Advisors, LLC

^{*} Source: Private Equity International, Annual Review 2011, page 96 (www.peimedia.com). With respect to the ranking reported by Private Equity International (“PEI”), an industry-leading publication, the award was based upon an industry wide global survey. Portfolio Advisors was listed as one of four firms suggested by the editorial board of PEI Media. In addition, survey participants could nominate another firm not listed. The award is not indicative of future results and is not a guarantee of future performance.

NORTH AMERICA AWARDS

TURNAROUND/SPECIAL SITUATIONS FIRM OF THE YEAR

1. Sun Capital Partners
2. Gores Group
3. Black Diamond Capital Management

What do body armour, frozen food, glass, aluminium, oil, scooters, clothing designers, paper products and cardboard packaging have in common? The answer: Sun Capital Partners.

Sun has been on a buying spree in North America, targeting investments across a variety of sectors and geographies. The Florida-based firm agreed to eight acquisitions on the year, including the assets of body armour manufacturer Point Blank Solutions and glass and aluminium fabricator Vitro America through bankruptcy sales.

In addition to its activity on the buy side, Sun sweetened headlines with its exit of coffee and bakery chain Bruegger's Enterprises in March, which generated a whopping 35 percent internal rate of return and 13x multiple for the firm. Under Sun's ownership, Bruegger's grew to be the second largest chain of bakeries in the US and Canada, increasing sales by 76 percent – that's a lot of bread.



Sun Capital: the most important deal of the day

FUND OF FUNDS OF THE YEAR

1. Portfolio Advisors
2. Neuberger Berman
3. Private Advisors

Call them nothing if not bold. At a time when many general partners were lamenting the tough fundraising environment, Portfolio Advisors followed up the \$1.1 billion closing of its sixth fund of funds in April by launching its seventh, which had already raised at least \$434 million as of 4 January, according to US Securities and Exchange Commission filings.

Fund VI gives limited partners some strategy choices: diversified buyout, diversified venture capital and diversified special situations. The fund has been making primary and secondary investments since holding an initial close in 2008.

More than 80 percent of limited partners in PAPEF VI – which include public and private pensions, university endowments, foundations, insurance companies, family offices and high net worth individuals – had previously invested in one or more Portfolio Advisors-sponsored funds.

Portfolio Advisors' fundraising success is not surprising. The firm's track record stretches back to 1994, and more than 80 percent of Fund VI's LPs had invested in at least one of the firm's previous funds. In spite of all the talk about limited partners cutting back their relationships with fund managers, Portfolio Advisors has shown no fear on the fundraising trail.

LIMITED PARTNER OF THE YEAR

1. Teachers' Retirement System of Texas
2. Washington State Investment Board
3. United Nations Joint Staff Pension Fund

It turns out that a private equity manager's best friend lives in Texas.

Texas Teachers', with about \$104 billion in assets, has established itself as one of the most trusted and reliable partners to managers in the industry.

The pension system has worked quickly to build that reputation, having moved into the asset class in a big way in 2007.

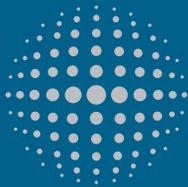
Under the watchful eye of chief investment officer Britt Harris, the system quadrupled its



Texas Teachers: flying the flag for big LPs

allocation to private equity from 3 percent to 12 percent. The system's team also includes Steve LeBlanc, head of external private markets, and Rich Hall as managing director of private equity.

Last year, the pension system went beyond the traditional role of passive LP and forged innovative, customised accounts with Kohlberg Kravis Roberts and Apollo Global Management in which it will commit \$3 billion a piece to the firms for investments across strategies.



PRIVATE EQUITY INTERNATIONAL
AWARDS 2011

Fund of Funds
of the year in
North America
Portfolio Advisors, LLC

Thank you to the readers of Private Equity International for voting us “Fund of Funds of the Year in North America”

We appreciate the support of all of our investors and clients,
and we are grateful to our many friends in the private equity
industry for this recognition.



**PORTFOLIO
ADVISORS** LLC

Portfolio Advisors, LLC is an independent, global fund-of-funds and advisory firm with offices in the United States, Switzerland and Hong Kong. Founded in 1994, our firm is dedicated to providing the highest quality service to our limited partners and clients, as we seek to invest in the best opportunities in private equity and private real estate throughout North America, Europe and Asia.

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