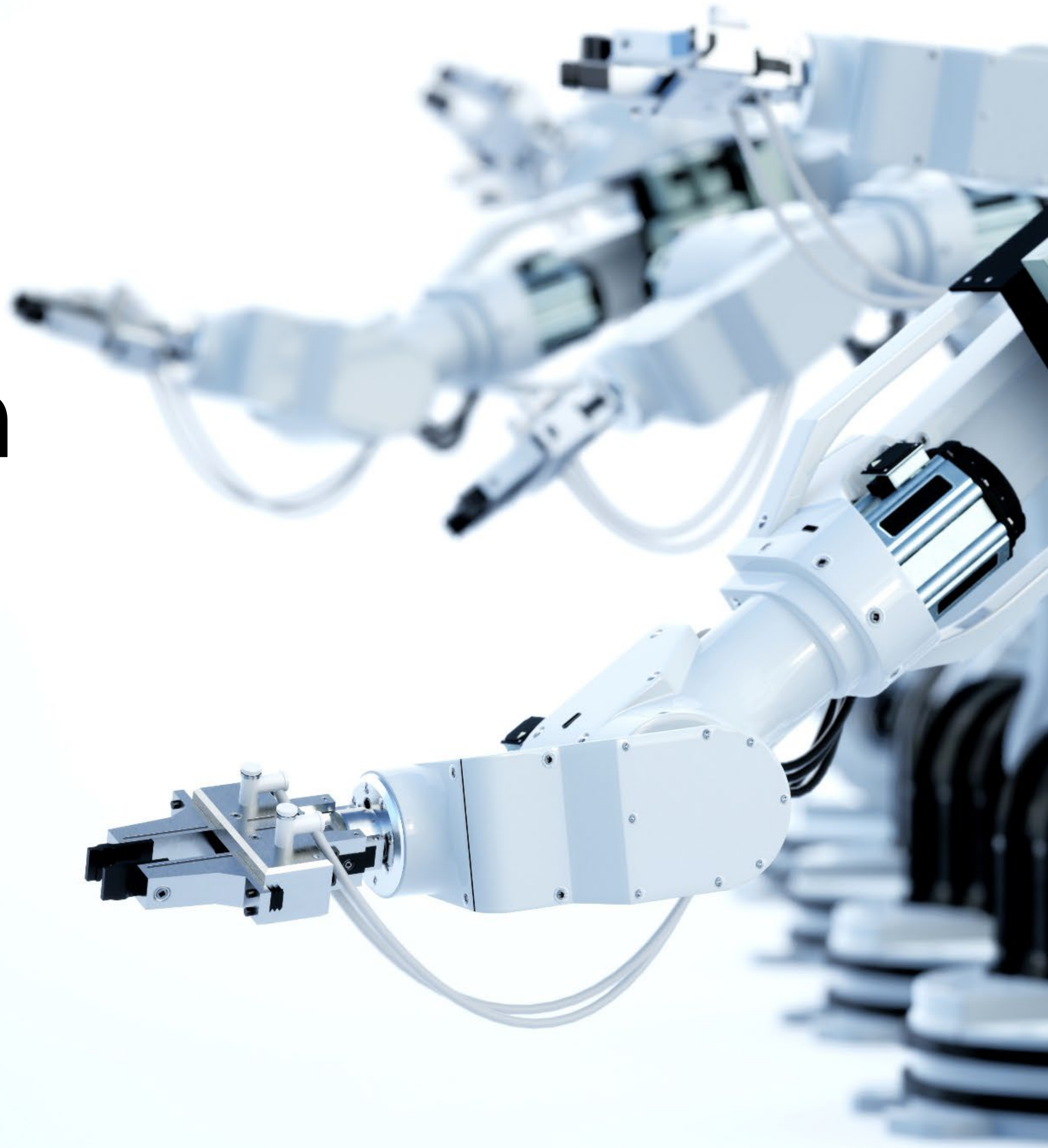
Exit valuation uplifts in abrdn Private Equity Opportunities Trust



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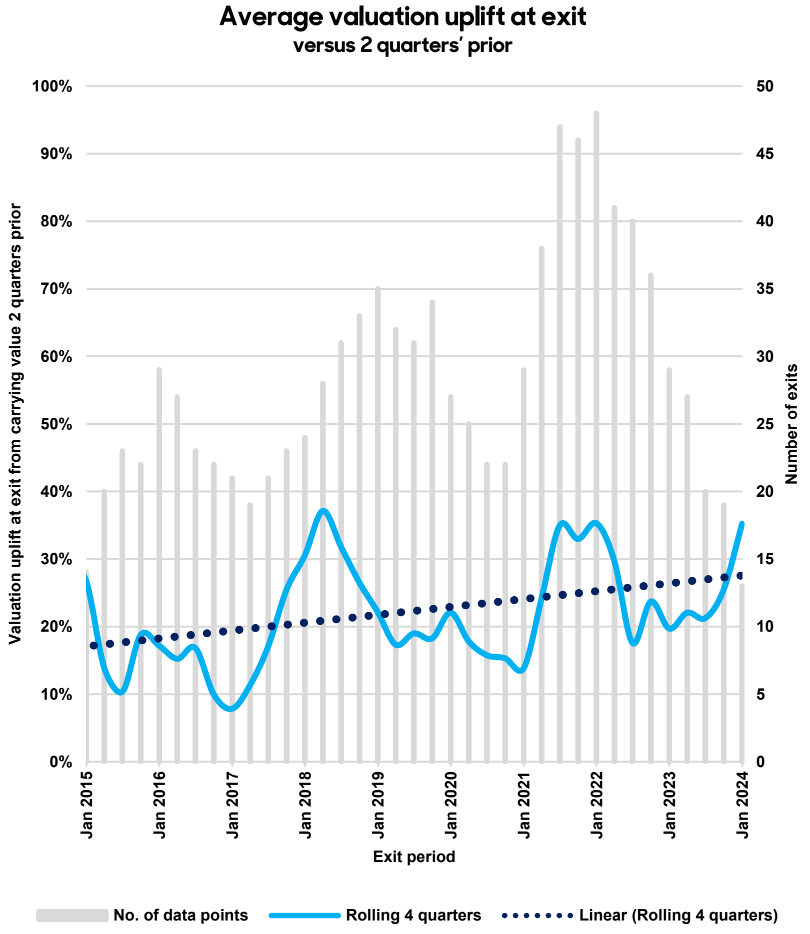
Private equity firms in APEO frequently exit portfolio companies at material uplifts to the most recent valuation

Observations

- Private equity managers of funds and co-investments in abrdn Private Equity Opportunities Trust ("APEO") frequently exit portfolio companies at a values materially higher than prior quarters, regardless of the economic cycle.
- Since 2015, when comparing exit valuations with two quarters' prior, uplifts were typically in the range of +10% to +35% and showing an upward trend, albeit with a degree of volatility.
- The spike in valuation uplifts in late 2023 was principally driver by a small number of very strong exits including *Consilium* (Nordic Capital, +105%), *Aspia* (IK Partners, +38%), *TeamSystem* (Hg, 126%) and *Macrobond* (Nordic Capital, +66%).
- The notable reduction in the average uplift premium in 2020 was largely attributable to the COVID-19 pandemic, where fewer companies were exited (as highlighted by the drop in number of exits) and at lower valuations. A similar trend was experienced in 2022 in response to Russia's invasion of Ukraine and the corresponding impact this had on capital markets and M&A activity.
- The average uplift at exit also appears to show a degree of correlation with the number of exits, where the average exit premium is higher when the number of exits is greater, and vice versa. This is consistent with pricing generally being more favourable in buoyant market conditions and private equity firms utilising those dynamics to exit more portfolio companies when conditions are most attractive. As noted above, for aPEO, late 2023 was an exception when exit volume was low but exit premium high.
- Overall, we conclude from our analysis that:
    i. APEO's private equity managers have typically exited portfolio companies at a premium to their carrying valuation two quarters prior;
    ii. the average exit premium appears to be trending upwards, albeit with a degree of volatility; and
    iii. as shown on the following page, irrespective of the look-back period, average valuation uplifts at exit have been consistently observed since 2015.

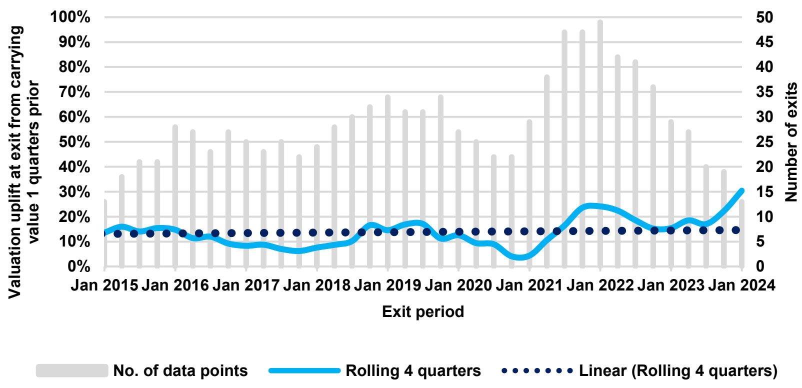
  This analysis is consistent with our opinion that high quality European private equity firms seek to be generally conservative in the valuation of their portfolio companies, with regular 'pops' at exit attributable to many portfolio companies being sold for strategic premia.



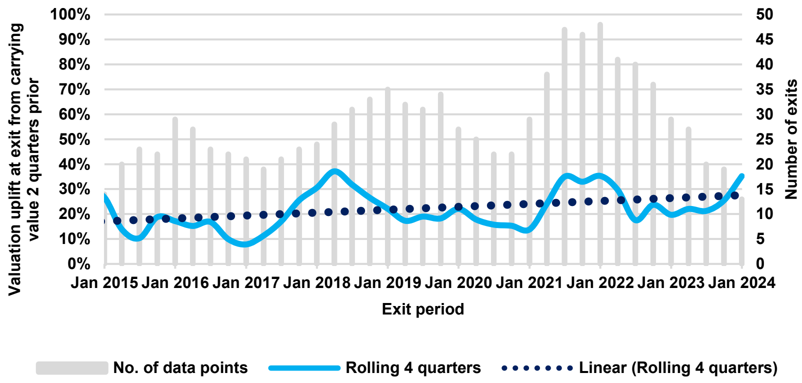
Notes: Data taken from abrdn Private Equity Opportunities Trust PLC (APEO). To avoid materially skewing the results positively or negatively, the following criteria has been applied: TVPI 2 quarters prior > 0.1x; TVPI at exit > 0.0x; TVPI at exit < 25.0x; change in TVPI over the period < 500%; excludes companies which have been listed

Irrespective of the look back period, valuation uplifts at exit are consistently observed

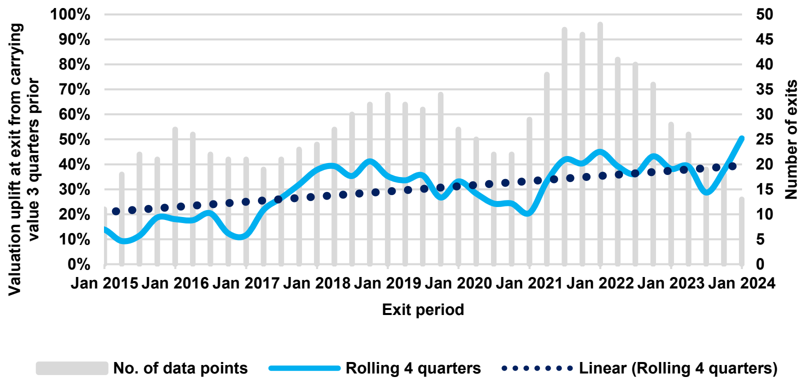
Uplift at exit versus 1 quarter prior



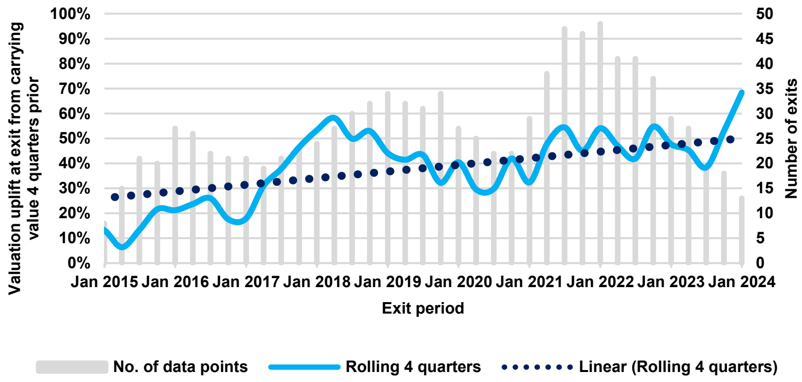
Uplift at exit versus 2 quarters' prior



Uplift at exit versus 3 quarters' prior



Uplift at exit versus 4 quarters' prior



Appendices

Performance (%)

Annual Total Return	6 months	1 year	3 years	5 years	10 years	Since Inception
APEO Share Price	24.2	13.4	40.0	78.5	262.7	728
NAV	2.1	4.7	60.7	111.8	286.5	997.6
FTSE All-Share Index	3.9	0.6	25.2	27.7	63.0	227.1

Discrete Performance (%)

	29/02/24	28/02/23	28/02/22	28/02/21	29/02/20
APEO Share Price	13.4	(1.6)	25.5	31.1	(2.8)
NAV	4.7	11.1	38.1	17.5	12.2
FTSE All-Share Index	0.6	7.3	16.0	3.5	(1.4)

Investment objective: To achieve long term total returns through holding a diversified portfolio of private equity funds and direct investments into private companies alongside private equity managers ("co-investments"), a majority of which will have a European focus.

Past performance is not a guide to future returns

Source: abrdn, 29 February 2024

Key Risks

abrdn

• The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.

• Past performance is not a guide to future results.

• Investment trusts are specialised investments and may not be appropriate for all investors.

• There is no guarantee that the market price of a Trust's shares will fully reflect its underlying Net Asset Value.

• As with all stock exchange investments the value of the Trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.

• Investment trusts can borrow money in order to enhance investment returns. This is known as 'gearing' or 'leverage'., However, the use of gearing can result in share prices being more volatile and subject to sudden or large falls in value. Where permitted an investment trust may invest in other investment trusts that utilise gearing which will exaggerate market movements, both up and down.

• Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or

negative impact on the value of your investment.

• Certain funds can invest into other funds which themselves invest in assets such as bonds, company shares, cash and currencies.

Where an Investment Trust is a fund of funds vehicle, it will have two layers of fees and expenses – at the level of the Trust and also at the level of the underlying funds held by the Trust. This means that any returns generated for an investor will be after both layers of fees and expenses.

• Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.

• The Company's investments may include unquoted and/or private equity investments which are not publicly traded or freely marketable and may therefore prove difficult to redeem. In addition, the potential volatility of investments in unquoted securities may increase the risk to the value of the investment.

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