

# COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

## QUARTERLY REPORT AND VALUATION

### 1 APRIL 2020 – 30 JUNE 2020

#### Summary as at 30 June 2020

	Total (US\$)	Typical LP* (US\$)
Commitment	515,890,000	250,000
Drawdowns	464,301,000	225,000
Distributions	651,569,070	315,750
Unaudited NAV	16,017,912	7,762

\* Example for a typical limited partner, excluding any Placement Fee as this was not part of the commitment to CPELPII.

#### Key information

Operational fee	1.25% p.a. of unaudited NAV at quarter end. <sup>1</sup>
Performance fee	10%, with a 10% p.a. hurdle rate
Vintage	2007
First close date	23 April 2007
Final close date	23 April 2007
Domicile, legal structure	Cayman Islands, Closed Ended Exempted LP
Manager	Aberdeen Asset Managers Limited
Financial year end	31 December
Fund currency	USD

#### Portfolio overview

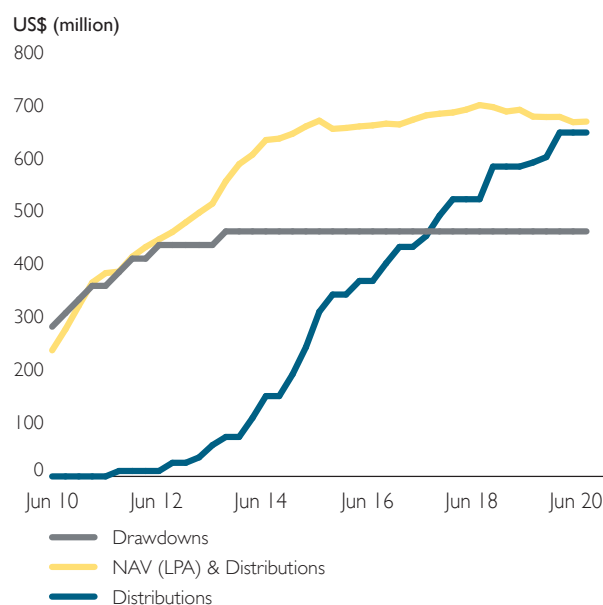
Investee fund	Vintage Year	Strategy	Geography	Investment date	Currency	Commitment (local currency million)
AEVII	2007	Buyout	Europe	Mar 07	EUR	30.0
BCPV	2005	Buyout	Global	Jun 07	USD	60.0
CEPIII	2007	Buyout	Europe	Jul 07	EUR	50.0
CPV	2007	Buyout	North America	May 07	USD	70.0
CVCAIII	2008	Growth	Asia/Oceania	Jan 08	USD	20.0
DHV	2007	Buyout	Europe	Jun 07	EUR	40.0
FIFV	2007	Other	North America	May 07	USD	25.0
KKRA	2007	Growth	Asia/Oceania	Jun 07	USD	35.0
PAIEV	2007	Buyout	Europe	Aug 07	EUR	7.5
THLVI	2006	Buyout	North America	Jun 07	USD	50.0
TPGAV	2007	Growth	Asia/Oceania	Jun 07	USD	20.0
WPX	2007	Other	Global	Oct 07	USD	50.0

Sources: Ipes (Guernsey) Limited, Aberdeen Asset Managers Limited.

<sup>1</sup> Change effective from Q1 2016.

<sup>2</sup> Effective from Q3 2016, CPELPII has released the remaining undrawn capital commitments to the Partnership, equivalent to 10% of Limited Partners' original commitments. This means that Limited Partners are no longer liable for this amount and no further drawdowns will be made.

#### CPELPII performance: drawdowns, net asset value and distributions



#### Performance

TVPI	1.44x
DPI	1.40x
IRR	5.7%
% drawn down	90.0% <sup>2</sup>

Past performance should not be taken as a guide to future performance.

## Liquidity Offer

As mentioned in prior quarters, in the second quarter of 2019, the General Partner of the Partnership sought to capitalize on strength in the secondary market, and high market valuations more generally, to accelerate liquidity for investors. With the General Partner's approval, Aberdeen Standard Investments Private Equity mandated an independent secondary advisor to conduct a liquidity offering process, securing binding offers for the underlying funds which the General Partner elected to accept.

Two underlying funds were transferred in the quarter, namely Carlyle Europe Partners III ("CEPIII"), Carlyle Partners V LP ("CPV"), generating net proceeds of \$6.7 million. As at 30 June 2020, one fund remained to be transferred: Thomas H Lee Fund VI LP ("THLVI"). This transfer completed on 1 October 2020. Following receipt of proceeds in respect of these transfers, the General Partner will consider an appropriate amount to distribute while maintaining sufficient reserves for expenses and potential future liabilities.<sup>3</sup>

This report reflects the valuation of THLVI based on sale amounts as agreed between the relevant parties, as adjusted by interim cashflows to 30 June 2020. Reported performance in this report may therefore differ from the performance of the underlying funds in the quarter.

## Partnership summary

During the second quarter of 2020, the TVPI of the Coutts Private Equity Partnership II ("CPELPII") remained unchanged at 1.44 times cost.

CPELPII was not able to make a distribution to Limited Partners over the quarter meaning total distributions since inception remained at \$651.6 million, or 140.3% of drawn commitments. With regard to the underlying funds, CPELPII received \$9.8 million in proceeds during the quarter following distributions from the transfers of CPV and CEPIII, and from THLVI. There was a \$0.5 million capital call for potential funding obligations in CPV.

Following the release of remaining undrawn capital commitments, CPELPII is now considered to be fully drawn and will not be calling further capital from Limited Partners. As noted above, the final transfer of THLVI completed on 1 October 2020.<sup>3</sup>

## Market overview

The COVID-19 pandemic and associated shutdowns of economic activity have caused an enormous negative growth shock that resulted in unprecedentedly deep recessions almost everywhere. But the contraction phase of the crisis, at least initially, was also comparatively short-lived. Nevertheless, the long-term consequences of the crisis are likely to be profound, including a permanent loss of output, labour market scarring, lower equilibrium real interest rates and an altered balance between monetary and fiscal policy.

As we move in to Q3 2020, we are seeing the profound effects the COVID-19 pandemic is having across the globe with all economies impacted to a greater or lesser extent. Private equity has not been immune, and during the period private equity GPs have generally sought to support their portfolio companies with limited focus on new investment activity. It is likely that this trend will continue into Q3 2020 with new deal activity not returning until the latter part of the year, with distributions following a similar pattern.

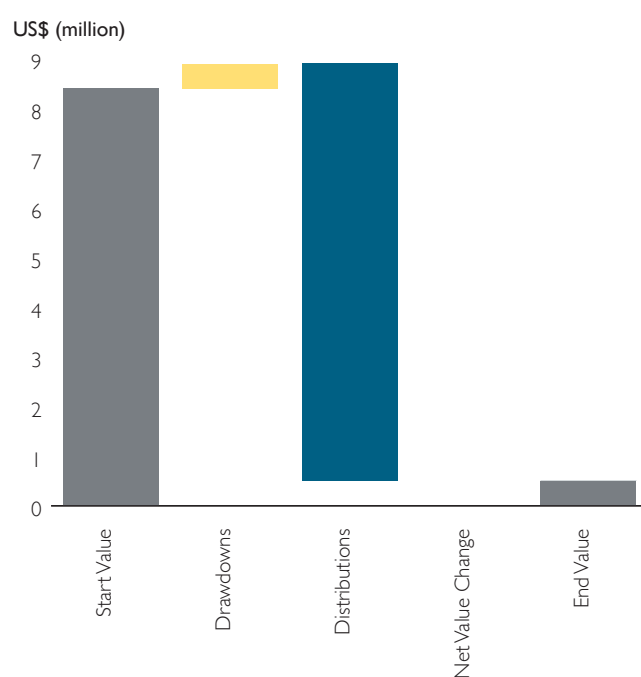
The second quarter of 2020 recorded 888 private equity-backed buyout deals globally, totalling \$61bn of enterprise value. This was a material decrease on Q1 2020, with 1,321 deals and total enterprise value of \$95bn recorded, as the effects of the COVID-19 pandemic took hold across the globe. As with quarters prior, the US and Europe reported the highest number of deals at 50% and 34% of total global deals, respectively, however, US deal volume of 444 was down 33% on Q1 2020 with deal value falling by a similar amount to \$25bn. Europe was more acutely impacted, as deal volume tumbled 42% to 300 and deal value falling 52% to a lacklustre \$6.8bn. Interestingly, deals in Asia were up 11% to 102 with a corresponding value of £27bn which exceeded Europe for the first time in over three years. Helping to lift this total was the largest buyout transaction globally in Q2 2020, namely, the \$8.7bn acquisition of China-based 58.com Inc (operates an online marketplace in China).

Continuing with the downward trend, global buyout exits fell 36% by volume to 258 and 60% by value to \$26bn. Trade Sales and Sales to GPs saw the largest declines whereas both IPOs & Follow-ons and Restructurings saw increases in activity.

Quarterly portfolio investment activity (US\$ million)

Investee fund	Start value	Drawn	Distributed	Net value change	End value
AEVII	-	-	-	-	-
BCPV	-	-	-	-	-
CEPIII	1.9	-	1.9	-	-
CPV	4.8	0.5	5.3	-	-
CVCAIII	-	-	-	-	-
DHV	-	-	-	-	-
FIFV	-	-	-	-	-
KKRA	-	-	-	-	-
PAIEV	-	-	-	-	-
THLVI	1.7	-	1.2	-	0.5
TPGAV	-	-	-	-	-
WPX	-	-	-	-	-
<b>Total</b>	<b>8.4</b>	<b>0.5</b>	<b>8.4</b>	<b>-</b>	<b>0.5</b>

Figures may not always sum exactly due to rounding.



Thomas H. Lee Parallel Fund VI ('THLVI')

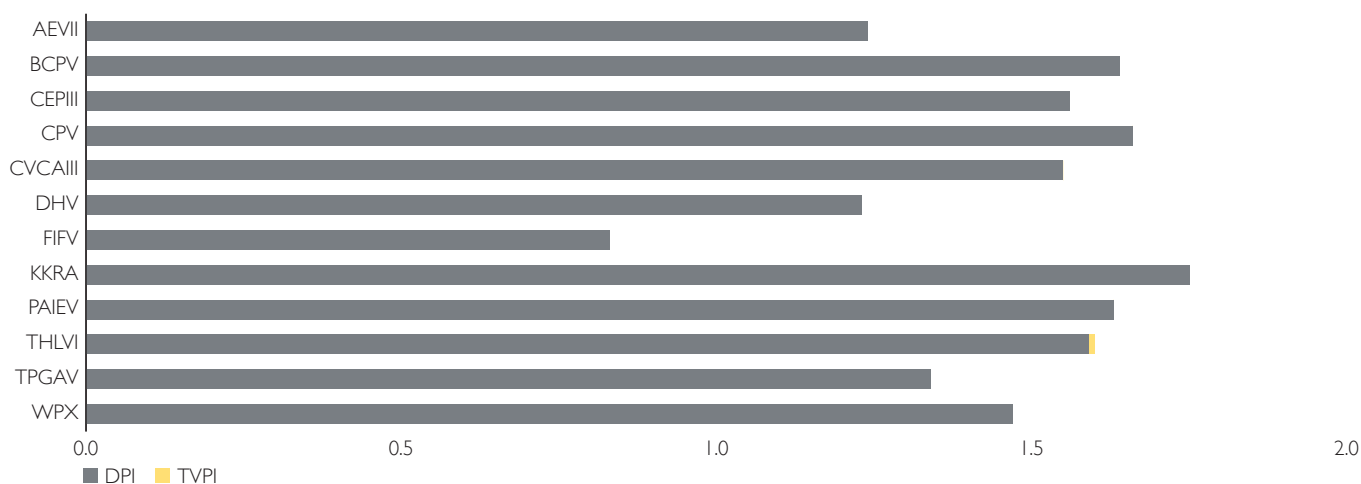
The value of THLVI increased from 1.89 times cost to 1.91 times cost over the quarter driven by valuation uplifts in **Ceridian HCM Holdings** and **FleetCor Technologies, Inc.**

The fund distributed \$71 million of proceeds during the quarter predominantly in relation to a secondary sale of **Ceridian** stock in June 2020. Including prior distributions, this takes realised proceeds to 4.4x invested capital on **Ceridian**, while the fund maintains a further 3% of the company's outstanding shares. Escrow proceeds from the sale of **Intermedix** and a small additional consideration from the sale of **I-800 Contacts** were also distributed during the quarter. Subsequent to quarter end, THLVI sold its remaining shares in **Ceridian** and **FleetCor Technologies** as well as completing the sale of **ServiceLink** to Fidelity National Financial meaning the fund has now successfully concluded its divestment period.

Portfolio performance for the quarter

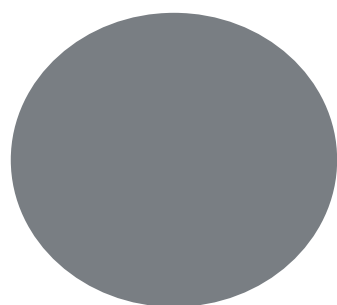
Investee fund	Net drawn (US\$ million)	% drawn	NAV (US\$ million)	DPI	TVPI	Quarter TVPI change	IRR (%)
AEVII	41.4	100.0	0.0	1.24	1.24	0.00	4.2
BCPV	56.7	100.0	0.0	1.64	1.64	0.00	8.9
CEPIII	66.4	100.0	0.0	1.56	1.56	0.00	10.4
CPV	57.7	100.0	0.0	1.66	1.66	0.00	12.0
CVCAIII	16.6	100.0	0.0	1.55	1.55	0.00	12.9
DHV	53.0	100.0	0.0	1.23	1.23	0.00	4.2
FIFV	24.9	100.0	0.0	0.83	0.83	0.00	-2.0
KKRA	35.0	100.0	0.0	1.75	1.75	0.00	13.8
PAIEV	9.6	100.0	0.0	1.63	1.63	0.00	8.9
THLVI	47.7	95.3	0.5	1.59	1.60	0.00	7.4
TPGAV	16.8	100.0	0.0	1.34	1.34	0.00	5.5
WPX	50.0	100.0	0.0	1.47	1.47	0.00	7.0
<b>Total investments</b>	<b>475.7</b>	<b>99.6</b>	<b>0.5</b>	<b>1.49</b>	<b>1.49</b>	<b>0.00</b>	<b>7.9</b>
Cash, accruals and other assets			15.5				
<b>Total fund</b>	<b>464.3</b>	<b>90.0</b>	<b>16.0</b>	<b>1.40</b>	<b>1.44</b>	<b>0.00</b>	<b>5.7</b>

Past performance should not be taken as a guide to future performance.



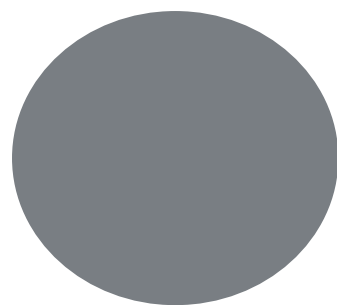
Portfolio breakdown by underlying fund

Fund strategy



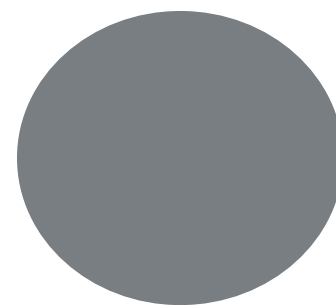
Buyout 100

Fund geography



North America 100

Fund vintage



2006 100





All amounts are as a percentage of total investment NAV at 30 June 2020. Figures may not always sum exactly to 100 due to rounding.

## Portfolio breakdown by underlying portfolio company

### Geographic breakdown

United States	100.0	
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### Sector breakdown

Industrials	87.4	
Financials	11.0	
Healthcare	1.5	
Consumer Discretionary	<1.0	

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## Glossary

<b>Unaudited NAV</b>	The unaudited net asset value as defined in the Limited Partnership Agreement (LPA). Unaudited net asset values calculated in accordance with International Financial Reporting Standards (IFRS) available upon request.
<b>Vintage</b>	Year of fund's first investment.
<b>TVPI</b>	Total Value to Paid In (TVPI) is calculated by adding the remaining (reported) value and the distributions received (cash out) and subsequently dividing that amount by the total capital contributed (cash in).
<b>DPI</b>	Distribution to Paid In (DPI) is calculated by taking the distributions received (cash out) and dividing that amount by the total capital contributed (cash in).
<b>IRR</b>	The internal rate of return is the annualised effective compounded rate of return over the life of an investment.
<b>Net Value Change</b>	Although drawdowns and distributions from underlying funds will affect their value there will be an offsetting impact on the partnership's cash levels; 'Net Value Change' shows the change in Net Asset Value of the portfolio which is not accounted for by drawdown and distribution activity, primarily unrealised valuation changes, foreign exchange movements and fees and expenses in the underlying portfolios.

## Important information

This report supplements the information contained in the Confidential Information Memorandum for the Coutts Private Equity Limited Partnership II (the "Partnership") published in February 2006, as amended or updated from time-to-time.

This report is prepared by Aberdeen Asset Managers Limited (the "Investment Manager") on behalf of Aberdeen General Partner CPELP II Limited (the "General Partner"), the general partner of the Partnership. The General Partner has appointed the Investment Manager to provide investment management services to it. Pursuant to a novation agreement dated 31 March 2016, the provision of investment management services to the General Partner is undertaken by the Investment Manager. Aberdeen Asset Managers Limited is authorised and regulated by the Financial Conduct Authority in the UK. Registered office: 10 Queens Terrace, Aberdeen, Aberdeenshire, AB10 1YG. No. SC108419. Prior to the 31 March 2016 the provision of investment management services to the General Partner was undertaken by Aberdeen Private Equity Managers Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC.

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To the best knowledge and belief of the Investment Manager, the information in this report is correct at the time of publication but it cannot be guaranteed. Opinions constitute the Investment Manager's judgement as at the date of issue and are subject to change without notice.

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