

# 2014

**SEMI-ANNUAL REPORT and  
Unaudited Consolidated  
Financial Statements**  
31 JULY 2014



# Contents

## 01 Key Highlights

## 03 Chairman's Letter

## 06 Investment Manager's Review

Unaudited Results for the Six-Month Period Ended 31 July 2014

The Six-Month Period Ended 31 July 2014

Commitments

Investment Phase

Growth Phase

Mature Phase

Managing a Listed Private Equity Company

Market Review

Recent Events

## 31 About the Board

Board of Directors

Statement of Directors' Responsibilities in Respect of the Financial Statements

## 33 Unaudited Consolidated Financial Statements

Consolidated Financial Statements

Notes to Consolidated Financial Statements

## 46 Disclosures

**COMPANY OVERVIEW** HarbourVest Global Private Equity Limited ("HVPE" or the "Company") is a Guernsey-incorporated company listed on the Specialist Fund Market of the London Stock Exchange and Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam, registered with the Netherlands Authority for the Financial Markets as a closed-end investment company pursuant to section 1:107 of the Dutch Financial Markets Supervision Act, and authorised as a closed-ended investment scheme in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and rule 6.02 of the Authorised Closed-ended Investment Scheme Rules 2008. HVPE is managed by HarbourVest Advisers L.P. (the "Investment Manager"), an affiliate of HarbourVest Partners, LLC ("HarbourVest"), a private equity firm whose history dates back to 1982. HarbourVest is headquartered in Boston and has committed more than \$30 billion to investments.

The Company issued 83,000,000 shares at \$10.00 per share in December 2007.

# Key Highlights

At or during the six-month period ended 31 July 2014

	Six Months Ended 31 July 2014	Twelve Months Ended 31 January 2014
NAV Per Share	+7%	+15%
Share Price	+10%	+24%
Realised Uplifts (from Carrying Values)	+40%	+50%
Gearing	2%	8%

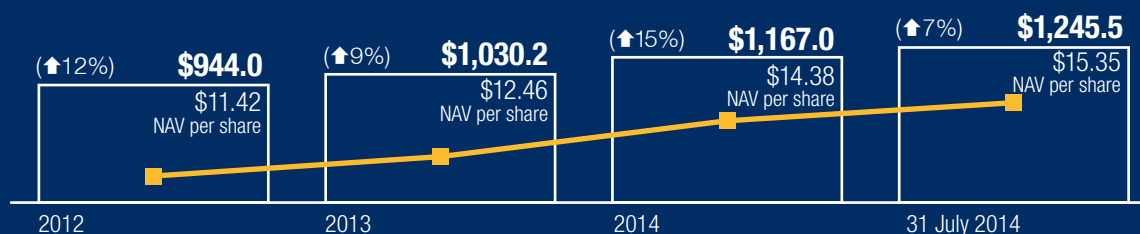
- HVPE seeks to provide public market investors with access to top-performing private equity managers.
  - HVPE committed \$316 million to newly-formed HarbourVest funds.
- HVPE seeks to be fully invested and to invest continuously through economic cycles.
  - HVPE invested \$64 million in the portfolio.
- HVPE shareholders benefit from a portfolio of companies with an average maturity of greater than five years.
  - 12% of the portfolio was realised and HVPE received proceeds of \$147 million.

Subsequent to 31 July 2014, HVPE has repaid all of its outstanding debt, reducing gearing to 0%.

# 7%

NAV Growth

HVPE NET ASSET VALUE GROWTH (\$ millions except per share data)

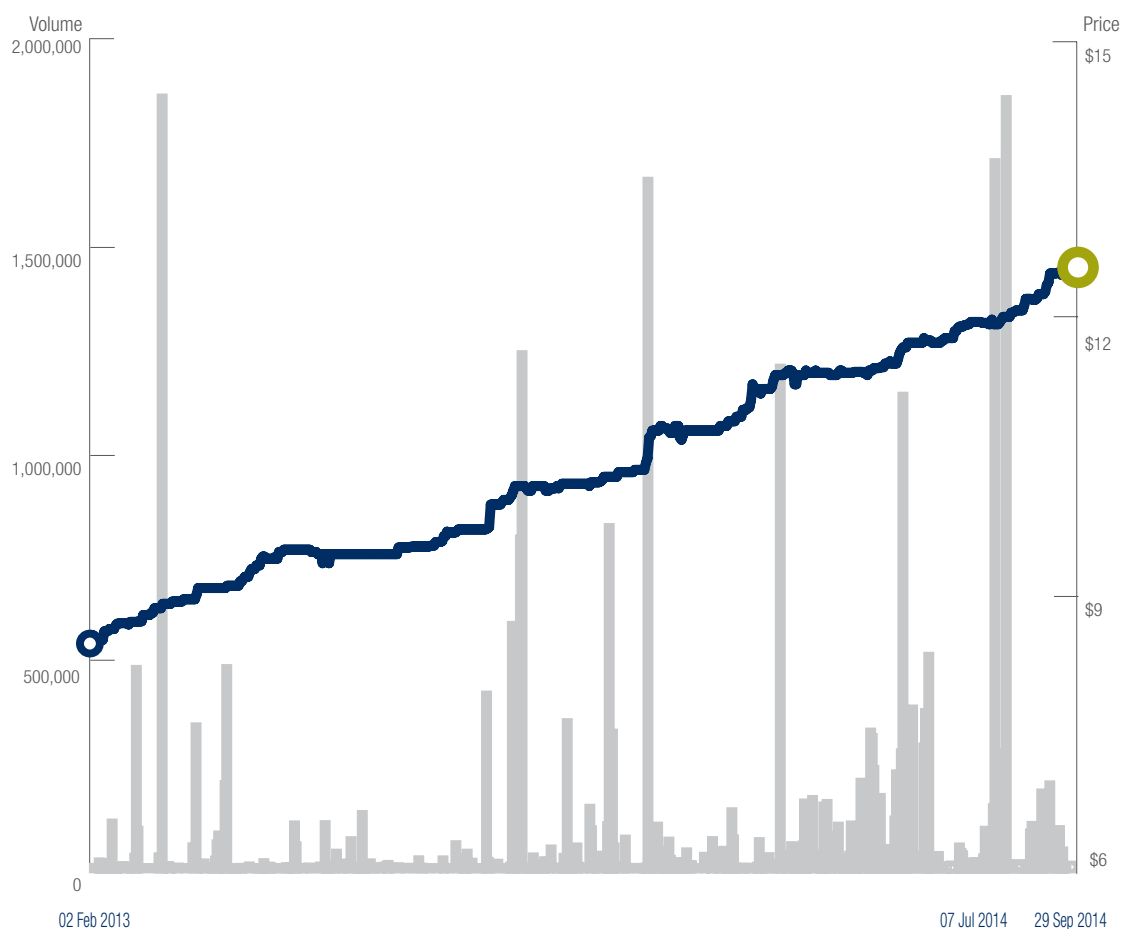


## Share Price and Trading Volume

- HVPE's share price increased 10% during the six months ended 31 July 2014 to \$11.85 (\$12.40 as at 29 September).
- Trading volume increased, and 10% of issued and outstanding shares traded during the six-month period.
- During the six months ended 31 July 2014, an average of 45,700 shares traded each day (compared to 24,500 during the same period in 2013).
- During the three months ended 31 July 2014, a total of 5.7 million shares traded with an average of 61,700 shares per day (compared to 577,000 shares traded and 6,000 per day during the same period in 2013).
  - Improved liquidity helps to ensure that HVPE remains accessible to new and existing investors.

Share Price at 29 September 2014

# \$12.40



## MISSION STATEMENT

“Deliver superior returns to shareholders by distinguishing HVPE as a **top performing, transparent, and easily accessible listed private equity multi-manager fund.**”

# Chairman's Letter

## Dear Shareholder,

Since my last letter in the Annual Report published in May, the U.S. economy has continued to grow as has that of the U.K. Both of those countries responded to the financial crisis by introducing a policy of quantitative easing which, as was intended by the authorities, initially resulted in increases in asset prices which have now been followed by strong upturns in economic activity. The same cannot be written of the Eurozone where no such policy has yet been activated and where many economies continue to stagnate amidst political uncertainty and high unemployment rates in several countries. The picture is also mixed in Japan and some emerging market economies.

Fortunately the U.S. is the most important economy for your Company, and growth in the U.S. appears to be well grounded. However, the effect of quantitative easing has been for prices of many assets, including public and private equities, to rise above long-term trends and some would argue that a dangerous bubble mentality is developing, which may have negative consequences when the authorities rein back the policies of the last five years as more normal conditions return. Meanwhile conditions have been very favourable for realisations and private equity managers have duly taken advantage.

## Asset Values, Discounts and Share Trading

During the six months to 31 July 2014 your company, HarbourVest Global Private Equity ("HVPE" or the "Company") made further progress with growth of Net Asset Value ("NAV") to \$15.35 per share, an increase of 6.7% since 31 January 2014. This figure of \$15.35 is \$0.47 higher, or 3.2%, than the preliminary announcement of \$14.88 made on 15 August. This uplift arose primarily from the additional information supplied to HarbourVest in underlying managers' reports as at 30 June. Such adjustments are not at all uncommon and since 31 January 2009 have taken place on 11 out of the 12 reporting period ends and of those 11 adjustments all bar one were positive.

The share price increased by 10.2% to \$11.85 and the discount narrowed further from 25.2% at 31 January to 22.8% at 31 July. Again, as was the case at 31 January 2014, the apparent discount at the time of the preliminary announced NAV of \$14.88 was lower at 20.4%. At every six-month reporting date since January 2012 the discount has now narrowed as NAV growth has continued and investors have increasingly seen listed private equity as one of the few areas of the stock market where clear value can be found. Once again, and as described in the Investment Manager's Review, private asset realisations have almost always been at prices significantly above recent carrying values, thus giving useful validation for the Company's overall NAV.

Of particular note has been the significant further increase in trading in the Company's shares at steadily rising prices. Over the six-month period it is estimated that approximately 8.3 million shares, being some 10.2% of the 81.2 million shares outstanding, were traded. A number of the sellers were original shareholders from the date of the launch of the Company in 2007 and others, who have seen the share price increase by 116.2% over the four years to 31 July, have elected to take some profits on their holdings. Nevertheless both existing and new shareholders readily absorbed the stock available and indeed since the period end, further significant trading has taken place and the share price has risen to \$12.40.

## The Balance Sheet and Commitments

At 31 July 2014, the Company's investment portfolio was valued at \$1,265.3 million and the Net Asset Value was \$1,245.5 million. Outstanding borrowings shrank further to \$21.8 million and the gearing ratio was 1.6%, being the lowest level since March 2008. In August all of the outstanding borrowings were repaid, and at 31 August the Company held net cash of \$29.0 million. The Investment Manager's modelling indicates that the Company will continue to hold net cash for the foreseeable future. Nevertheless, the Company will maintain its credit facility with Lloyds Bank plc. That facility is at present \$500 million but will be reduced at the Company's instigation to \$300 million in January 2015 with an expiry date of 24 April 2018.

The majority of the Company's assets are invested in HarbourVest-managed private equity fund-of-funds and specialist funds and the results of those funds are the principal drivers of performance of NAV. However, shareholders will recall that the Company used its debt facility in 2011 and 2012 to participate in the consortia of HarbourVest funds that first took private Absolute Private Equity Ltd. and then purchased the assets of Conversus Capital, L.P. As I have written in earlier reports, both Investment Manager and Board saw these transactions as excellent opportunities which justified taking the Company's gearing ratios significantly above some of our peers. We could see that the Company was buying into undervalued mature assets with the potential for significant cash realisations in short order. Those realisations have indeed come through and have been enhanced by favourable liquidity conditions in the market. But the key point is that the Company was prepared to risk short-term criticism from some quarters of our borrowing levels as we could see the opportunity that these transactions presented and they have indeed added \$1.10 to NAV per share.

The Investment Manager's Review sets out details of the Company's commitment and coverage ratios and the rationale for the policy of making regular new commitments in order to ensure that the opportunity for future growth in NAV per share is maintained. The Company and the Investment Manager have sought to deliver long-term NAV per share growth as the principal aim since the inception of the Company in late 2007 and have pursued a strategy which results in some key ratios being significantly different to those of some other listed private equity companies. The Company believes such a strategy to be appropriate given that, over the last seven years, it has kept steadfastly to its objectives and did not have to take any remedial action to keep its balance sheet in order even through the worst of the global financial crisis.

## Cash Distribution

As has been flagged in earlier reports, and with the relevant tests having been met, on 15 October the Company intends to distribute a further \$20 million to shareholders. The record date will be 9 October. This return represents the second half of the distribution of approximately half of the accretion to NAV attributable to the Absolute and Conversus transactions. The distribution will be made by way of a compulsory redemption of a pro-rata proportion of each shareholder's holding at a price of \$15.3218 per share, being 99.99% of the 31 August NAV per share of \$15.3220. It is anticipated that for every 100 shares held, 1.607 will be redeemed. This follows an earlier distribution of \$20 million in October 2013.

Following the October redemption each shareholder's remaining holding will be approximately 1.6% smaller although the NAV per share will remain unchanged. Shareholders who wish to maintain the monetary value of their current holding will have the option of buying further shares in the market which, at present, could be undertaken at a discount to NAV of greater than 19%.

## Prospective move to a Premium Listing on the London Stock Exchange

It was in May 2013 that I first indicated that the Company and the Investment Manager were exploring the possibility of revising the Company's governance. In subsequent Chairman's Letters I have expanded on the possibility and in February 2014 the Company released an announcement reporting that both Board and Investment Manager were committed to apply for a Premium Listing on the London Stock Exchange as soon as circumstances were appropriate. Such a Premium Listing would normally enfranchise the existing shareholders' A shares.

I covered this in some detail in my May 2014 Letter and since then the Company has been working with its advisers to progress the application. For it to be able to proceed without significant complication, the Company needs to ensure that materially less than 50% of voting shares are held by U.S. Persons and that the figure continues to remain below that threshold. The 50% threshold is important to ensure that the Company retains its Foreign Private Issuer status under U.S. law which the Board considers to be essential for the future of the Company. Although some of HVPE's original U.S. shareholders have sold significant numbers of shares, a number of the Company's new shareholders are also U.S. Persons. The Company is pleased to welcome those new U.S. shareholders but the consequence has been that the percentage owned by U.S. Persons has not fallen as rapidly as we had anticipated.

The Company is currently involved in an exercise to identify all shareholders who are U.S. Persons and it believes that the present position is that U.S. Persons own approximately 50% of the A shares. In my Chairman's Letter in May I stated that I was hopeful that the Company would be able to make its application for a Premium Listing in the fourth quarter of 2014. In the light of the slower than anticipated reduction in the percentage of the A shares owned by U.S. Persons that timetable will not now be possible and I have to advise shareholders that I envisage a delay in making that application until such time as the Company can be reasonably sure that, following a Premium Listing, materially less than 50% of voting shares would be held by U.S. Persons. I can, though, assure shareholders that there is no lack of resolve by the Board or the Investment Manager to make the application for a Premium Listing just as soon as circumstances permit. With our professional advisers we continue to explore structured solutions to facilitate progress towards our joint objective, including considering alternative options which may enable the Company to achieve a Premium Listing even though U.S. shareholders continue to hold close to 50% of the A shares. I anticipate updating shareholders on this matter as soon as I am able to do so and no later than 31 March 2015.

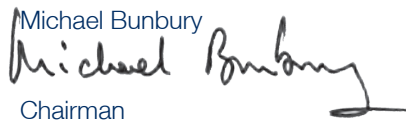
## Conclusion

The Company has continued to make significant progress with steady growth of the share price, of NAV per share with reductions in the discount and in the gearing ratio. The Company's shares have become significantly more liquid at steadily increasing prices. There is a clear commitment from Board and Investment Manager to enhance shareholders' rights and improve the corporate governance regime so that, as soon as reasonably possible, HVPE has a structure which properly reflects the best of standards.

Whilst the recent highly favourable environment for realisations cannot be expected to continue forever, HarbourVest will strive to manage the Company's assets for long-term growth throughout the various cycles, as well as the "unknown unknowns" that are, no doubt, ahead. Both Board and Investment Manager are keenly aware of the risks of hubris and thus the need to remain alert to risks associated with the overall macroeconomic and geo-political environments.

As always I welcome feedback from shareholders.

Yours sincerely

Michael Bunbury  


Chairman

29 September 2014

# Investment Manager's Review

HVPE provides a complete private equity solution for public investors by managing the portfolio through four phases of the private equity cycle to create value: Commitments, Investment, Growth, and Realisation. This comprehensive solution is designed to deliver shareholders strong returns over a multi-year investment cycle.

## Commitments

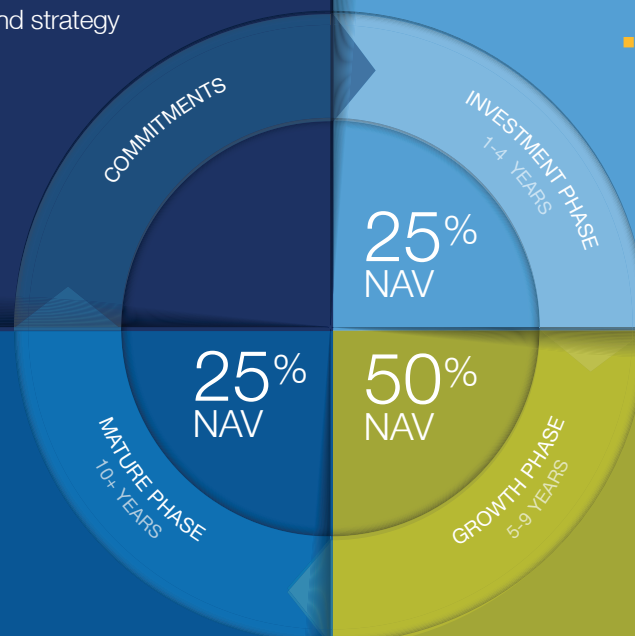
The Investment Manager considers a number of factors before new commitments are made:

- Current commitment levels within the Investment Pipeline
- Anticipated rate of investment
- Future expected realisations
- The economic environment
- The existing credit facility
- Commitment and coverage ratios
- Existing portfolio and strategy

## Investment Phase

The HarbourVest funds invest HVPE's commitments over a period of approximately four years, targeting 25% of NAV in this phase over the long term. It is critical to maintain a steady pipeline of new investments in order to:

- Support continued NAV growth
- Avoid "market timing" issues through dollar-cost averaging
- Ensure that HVPE has access to suitable opportunities
- Differentiate HVPE from competitors currently in run-off



## Mature Phase

After approximately ten years, managers typically seek to realise investments. As a permanent capital vehicle, HVPE aims to maintain approximately 25% of NAV in this phase in order to:

- Access a steady flow of realisations
- Outperform mainstream public equity markets
- Provide cash to fund the Investment Pipeline

## Growth Phase

During years five to nine, most HarbourVest funds are fully invested, and managers are actively driving growth. The majority of NAV accretion takes place during this phase, during which HVPE aims to maintain 50% of NAV over the long term in order to:

- Maximise NAV growth
- Maintain exposure to a diversified range of investments
- Outperform mainstream public equity markets



## Unaudited Results for the Six-Month Period Ended 31 July 2014

	31 July 2014	31 January 2014
<b>Summary of Net Asset Value</b> (in millions except per share and % data)		
Investment Portfolio	\$1,265.3	\$1,264.2
Cash and Cash Equivalents	2.1	2.9
Debt	(21.8)	(99.7)
Net Other Assets (Liabilities)	(0.1)	(0.4)
NAV	\$1,245.5	\$1,167.0
NAV per Share*	\$15.35	\$14.38
Cash + Remaining Available Credit Facility†	\$480.3	\$403.2
<b>The Private Equity Cycle</b>		
	<b>Six Months Ended 31 July 2014</b>	<b>Twelve Months Ended 31 January 2014</b>
<b>1 COMMITMENTS</b>		
Commitments to HarbourVest Funds	\$315.5	\$273.5
<b>Investment Pipeline (Unfunded Commitments)</b>		
Allocated	\$533.0	\$504.3
Unallocated	283.0	62.7
<b>Total Investment Pipeline</b>	<b>\$816.0</b>	<b>\$567.0</b>
<b>2 CASH INVESTED</b>		
Invested in HarbourVest Funds	\$64.3	\$163.4
% of Investment Pipeline‡	11.3%	22.3%
<b>3 NAV GROWTH</b>		
<b>NAV (beginning of financial year)</b>	<b>\$1,264.2</b>	<b>\$1,187.8</b>
Cash Invested	64.3	163.4
NAV Growth	83.4	169.5
Realisations Received (including dividends)	(146.6)	(256.5)
<b>NAV (end of financial year)</b>	<b>\$1,265.3</b>	<b>\$1,264.2</b>
<b>4 REALISATIONS RECEIVED</b>		
Cash Received from HarbourVest Funds and Co-Investments (including dividends)	\$146.6	\$256.5
% of Investment Portfolio§	11.6%	21.6%

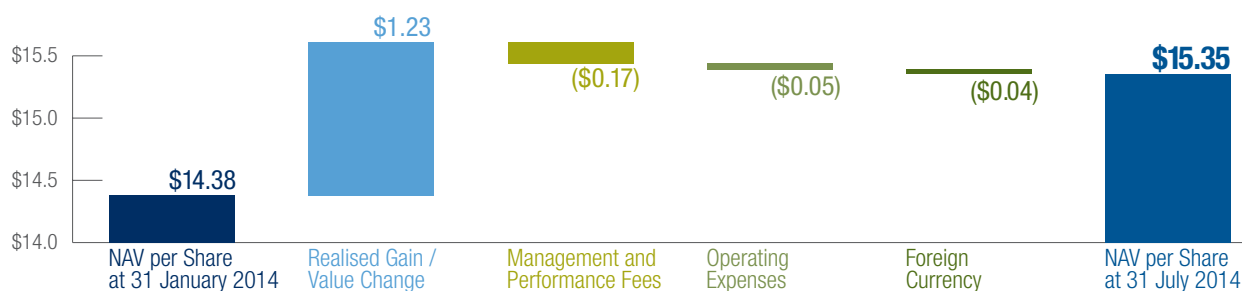
\* 81.2 million shares outstanding.

† Available credit facility reflects amount available subject to most restrictive covenant limit applicable.

‡ Percent of Investment Pipeline at prior financial year end, adjusted for large commitments made during the period.

§ Percent of Investment Portfolio at prior financial year end.

### CHANGES IN NAV PER SHARE



## The Six-Month Period Ended 31 July 2014

### Commitments

▶ \$316m

HVPE commits capital to newly-formed HarbourVest funds and co-investments.

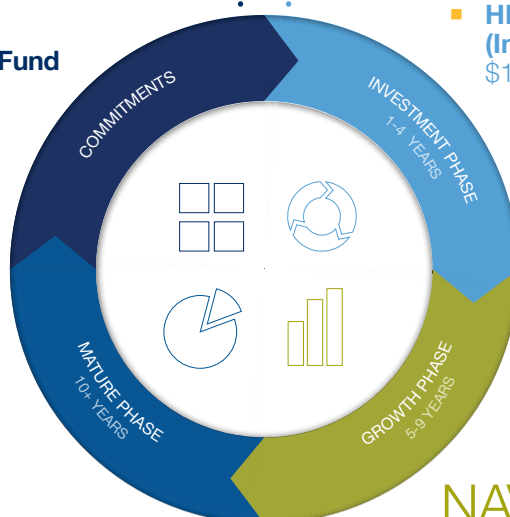
- **HIPEP VII (International Fund-of-Funds)**  
 HIPEP VII Partnership \$125 million  
 HIPEP VII Europe \$56 million (€40 million)  
 HIPEP VII Asia Pacific \$30 million  
 HIPEP VII Emerging Markets \$20 million
- **HarbourVest Global Annual Fund (Global Fund-of-Funds)**  
 \$85 million
- **Investment Pipeline**  
 \$533 million allocated  
 \$283 million unallocated

### Investments

▶ \$64m

HVPE invests capital in HarbourVest funds, which create portfolios of primary, secondary, and direct co-investments. The largest investments include:

- **Dover VIII (Global Secondary)**  
 \$19 million
- **HarbourVest VIII Buyout (U.S. Fund-of-Funds)**  
 \$14 million
- **HIPEP VI Partnership (International Fund-of-Funds)**  
 \$12 million



### Realisations

▶ \$147m

HarbourVest funds and co-investments distribute cash to HVPE. The largest sources of realisations include:

- **HarbourVest VIII Buyout (U.S. Fund-of-Funds)**  
 \$25 million
- **HarbourVest VI Partnership (U.S. Fund-of-Funds)**  
 \$15 million
- **Conversus Capital**  
 \$14 million (42% realised)
- **HarbourVest VII Venture (U.S. Fund-of-Funds)**  
 \$13 million

### NAV Growth

▶ \$83m

HarbourVest funds seek to create value through portfolio management. The largest gains include:

- **HarbourVest VIII Buyout (U.S. Fund-of-Funds)**  
 \$17 million
- **HarbourVest 2007 Direct (Global Co-Investment)**  
 \$13 million
- **Dover VIII (Global Secondary)**  
 \$7 million
- **HIPEP VI Partnership (International Fund-of-Funds)**  
 \$7 million

# 1

## Commitments

### HarbourVest Fund Commitments

HarbourVest funds call capital over a period of typically four years but potentially up to seven to nine years from inception, creating an Investment Pipeline of allocated (to underlying partnerships and investments) and unallocated commitments. During the six months ended 31 July 2014, HVPE committed \$316 million to newly-formed HarbourVest funds. These commitments are complementary to HVPE's existing portfolio of HarbourVest funds and highlight the Company's consistent and ongoing commitments to compelling investment opportunities.

HarbourVest Fund	Committed During Six Months Ended 31 July 2014 (\$m)
<b>HIPEP VII PROGRAMME (2014-2017)</b> International fund-of-funds focused on building a portfolio of private equity investments in Europe, Asia Pacific, and Emerging Markets, including primary fund investments that are complemented by secondary and direct co-investments	\$231*
<b>HIPEP VII Partnership</b> Europe, Asia Pacific, Emerging Markets	\$125
<b>HIPEP VII Europe</b>	\$56 (€40)
<b>HIPEP VII Asia Pacific</b>	\$30
<b>HIPEP VII Emerging Markets</b>	\$20
<b>HARBOURVEST GLOBAL ANNUAL FUND (2014-2016)</b> Balanced fund focused on investments in a combination of primary fund, secondary, and direct co-investments in North America (70%), Europe (20%), and the rest of the world (10%)	\$85
<b>TOTAL COMMITTED TO HARBOURVEST FUNDS</b>	<b>\$316</b>

\* Total programme

HVPE has committed an additional \$20 million to global cleantech-focused HarbourVest Cleantech Fund II post 31 July 2014.

## HVPE Approach to Commitments

### Extended Investment Period

Most listed fund-of-funds vehicles make commitments directly to newly-formed third party partnerships, which are expected to invest most of their commitments over three to five years. In contrast:

- HVPE makes commitments to newly-formed HarbourVest funds (which typically have a seven to nine-year investment period) or to HarbourVest-led co-investments.
- This extended investment period reflects the fact that HarbourVest funds commit capital to partnerships over a period of three to four years, which in turn build their portfolios and generally invest most capital over the next three to five years.
- This model allows an increase in the level of commitments that HVPE can support in contrast to some of its listed peers.

### Allocated and Unallocated Investment Pipeline

In order to reflect the differences in expected drawdown periods appropriately, the Company divides its Investment Pipeline into “allocated” and “unallocated” segments. Of the Company’s total Investment Pipeline of \$816 million:

- 65% has been allocated by HarbourVest funds to underlying investments.
- 35% has not yet been allocated to underlying partnerships.

All of the Company’s commitments to HarbourVest direct and secondary funds are classified as “allocated” commitments because their drawdown profiles are closer to those of third party partnerships. The Investment Manager anticipates that the Company’s allocated commitments will be drawn down over a three to five-year period. In contrast, the commitments that have not been allocated are expected to be drawn over a longer period of up to seven to nine years.

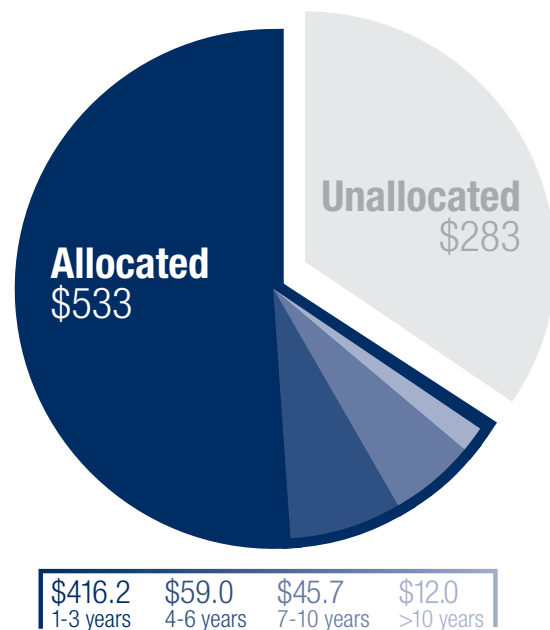
HVPE makes commitments to HarbourVest funds, which in turn make new primary, secondary, and direct investments. Once funded during the Investment Phase, the capital becomes part of the Investment Portfolio.

The 2014 commitments to HarbourVest’s most recent international fund-of-funds and global balanced fund illustrate HVPE’s continued dedication to a diversified portfolio and a willingness to invest around the globe in new opportunities as they become available.

### Age of the Investment Pipeline

HVPE’s allocated commitments range across a number of vintage years. Approximately \$58 million (or 11% of the allocated total) are more than six years old, and only a small portion of this total is likely to be drawn down by the underlying managers. Approximately \$59 million (11%) of allocated commitments are between four and six years old and likely to be drawn down in the near term. The remaining \$416 million (78%) of allocated commitments are one to three years old and are expected to be called in the near to medium term.

AGE OF THE INVESTMENT PIPELINE AT 31 JULY 2014





## Investment Phase

### Cash Invested in HarbourVest Funds

During the six-month period ended 31 July 2014, HVPE invested \$64 million in multiple HarbourVest funds. This total is net of a return of capital in the amount of \$10 million from HarbourVest 2013 Direct, which could be recalled.

Invested (\$ Millions)	Six Months Ended 31 July 2014	Twelve Months Ended 31 January 2014	Six Months Ended 31 July 2013
Fund-of-Funds	\$51.9	\$89.7	\$27.5
Direct Funds*	(\$7.0)	\$37.4	\$15.3
Secondary Funds	\$19.4	\$36.3	\$11.3
<b>TOTAL</b>	<b>\$64.3</b>	\$163.4	\$54.1

\* HVPE invested \$2.5 million in HarbourVest 2013 Direct, which was netted out by the return of capital.

The largest individual HarbourVest fund investments included:

- \$19 million to global secondary fund Dover VIII to fund the purchases of venture and buyout assets in the U.S., Europe, Asia Pacific, and emerging markets
- \$14 million to HarbourVest VIII Buyout to fund primary investments
- \$12 million to international fund-of-funds HIPEP VI Partnership, which made new primary commitments to venture and buyout-focused partnerships in Europe, Asia Pacific, and the emerging markets

### New Commitments Made by HVPE's HarbourVest Funds (\$137 Million)

- 26 primary partnerships (\$92 million)
- 6 secondary investments (\$30 million)
- 5 direct co-investments (\$15 million)

#### THE LARGEST NEW PRIMARY COMMITMENTS WERE MADE TO PARTNERSHIPS MANAGED BY:

Manager	Geography	Stage
AION Capital Partners	Asia Pacific (India)	Other (Distressed Debt)
Bain Capital Ventures	U.S.	Venture and Growth Equity
ECI Partners	Europe (U.K.)	Small Buyouts
HitecVision	Europe (Nordic)	Medium Buyouts
IDG-Accel China Capital	Asia Pacific (China)	Venture and Growth Equity
Index Ventures	Europe	Venture and Growth Equity
The Jordan Company	U.S.	Medium Buyouts
Paragon Partners	Europe (Germany)	Small Buyouts
Spark Capital	U.S.	Venture and Growth Equity
Thoma Bravo	U.S.	Medium Buyouts

Five of the top 25 new company investments are held at least in part by HarbourVest direct co-investment funds.

#### TOP 25 NEW COMPANY INVESTMENTS

Five of the top 25 new company investments are held at least in part by HarbourVest direct co-investment funds.

Company	Description	Increase in HVPE Holding (\$m)
<b>Catalina Marketing</b>	<b>Marketing services platform</b>	<b>\$6.4</b>
<b>Korea Bulk Shipping</b>	<b>Bulk shipping operator</b>	<b>5.1</b>
<b>TeamViewer</b>	<b>Remote access and desktop support software</b>	<b>2.6</b>
<b>Orange Valley Healthcare</b>	<b>Private nursing home operator</b>	<b>1.7</b>
<b>Calcredit Information Group</b>	<b>Credit reporting information</b>	<b>1.6</b>
TravelClick	Hospitality software	1.2
Scout24 Holding	Online classified advertisements in Germany	1.1
Qingdao Haier Co.	Appliance manufacturer and retailer	0.9
Applied Systems	Insurance enterprise management software	0.9
VAT Vakuumentile	Vacuum valve manufacturer	0.7
Global Healthcare Exchange	Healthcare supply chain management	0.7
Nuveen Investments	Institutional asset manager	0.7
Arena Group	European sportswear retailer	0.6
Macromill, Inc.	Business-to-business online marketing research	0.6
Hearthside Food Solutions	Contract food manufacturer	0.5
Parex	Construction chemical manufacturer	0.5
Ikaria	Critical care therapeutics	0.5
Renaissance Learning	Online education programmes	0.5
Pregis Corporation	Paper packaging materials	0.5
Shawbrook Bank	Business and personal banking	0.5
Medical Park Hospitals Group	Turkish hospital chain	0.5
UNIT4	Mid-market enterprise resource planning software	0.5
Derma-RX International Aesthetics	Medical aesthetic and therapeutic spa services	0.4
Panasonic Healthcare	Healthcare services in Japan	0.4
RTT Holdings	Air freight logistics in South Africa	0.4
<b>TOTAL</b>		<b>\$30.0</b>

Companies in **bold** are held at least in part by HarbourVest direct co-investment funds.

### Vintage Year Profile

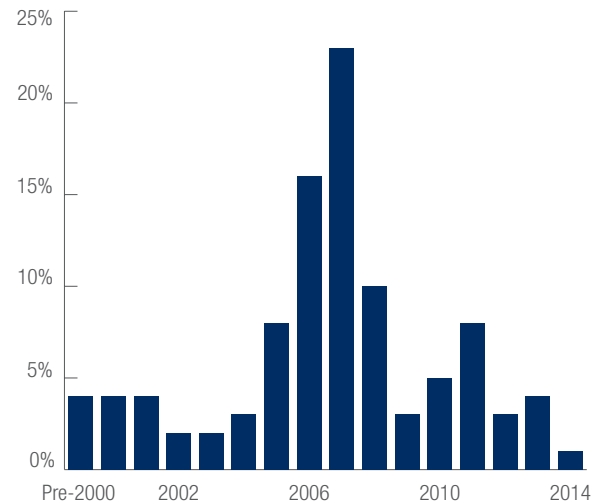
HVPE's HarbourVest funds provide access to primary fund, secondary, and direct investments that are diversified across a range of vintage years and years of investment. This diversification is continually evolving as more mature investments are realised and new investments enter the Investment Portfolio.

### Vintage Year and Year of Investment

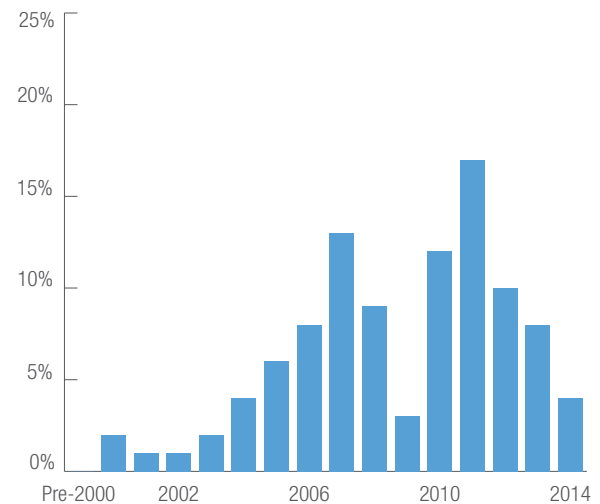
- HVPE's vintage year diversification is measured using the year of initial capital call for primary partnerships and direct funds and the year of formation for secondary investments.
- Year of investment diversification is based on the year the underlying portfolio company investment was made. This is more representative when judging the level of investment during the pre-crisis period of 2005 to 2007 when pricing in the market reached a short-term peak.
- Investments cover vintage years back to 1989.

### INVESTMENT PHASE

#### Vintage Year



#### Year of Investment



Average age of portfolio is  
**5.1 years**  
(Simple average based on year of investment for underlying companies)

# 3

## Growth Phase

### Portfolio Diversification is a Key Component of HVPE's Strategy

The Company achieves its diversification by investing in a broad selection of HarbourVest funds, which in turn make primary fund, secondary, and direct investments and provide access to underlying investments that are further diversified.

#### Diversification by Stage

- Venture investments (Early Stage and Growth Equity) represent 31% of Investment Portfolio NAV at 31 July 2014.
  - The largest underlying holding in the venture portfolio is online home goods retailer *Wayfair*, which filed for an IPO in August 2014.
- Buyout investments represent 65% of NAV and are further diversified with 19% in large buyout transactions (funds of greater than \$7 billion in size).
  - Six of HVPE's top ten holdings are buyouts, the largest of which is insurance claims management provider *York Risk Services Group* (which announced its sale to Onex Corporation in July 2014).

#### Diversification by Geography

- The underlying partnerships are located in 38 countries and denominated in nine different currencies.
- The underlying companies are located in 79 countries.
- Eight of HVPE's top ten holdings are in the U.S.
- HVPE's geographic diversification varies greatly across venture and buyout investments:
  - Within venture, 76% of NAV is in the U.S., 11% in Europe, and 13% in Asia Pacific and the rest of the world.
  - Within buyout, 61% of NAV is in the U.S., 26% in Europe, and 13% in Asia Pacific and the rest of the world.

#### Diversification by Phase

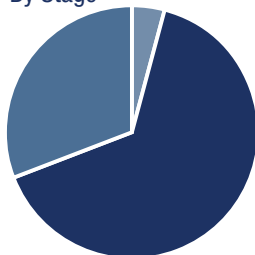
- More than half of the Investment Portfolio NAV is in the growth phase, during which time the managers are actively driving growth in order to position investments for liquidity and realisations.
- Just over one quarter of the portfolio is in the mature phase, providing access to a steady flow of realisations that can be used to fund newer commitments and investments.
- The investment phase outperformed the growth and mature phases of the Investment Portfolio during the period, driven by growth and realisations for some newer secondary and direct co-investments.

#### Diversification by Strategy

- Primary funds represent nearly half of HVPE's Investment Portfolio NAV.
- Within the secondary portfolio, secondary co-investments (Absolute Private Equity and Conversus Capital) represent 16% of NAV in total.
- The direct co-investment portfolio outperformed the primary fund and secondary portfolios during the six-month period, representing 18% of NAV at 31 July 2014.
- Nine of HVPE's top ten holdings are held at least in part in the direct co-investment portfolio.

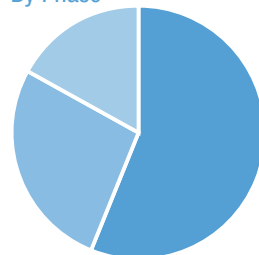
### INVESTMENT PORTFOLIO DIVERSIFICATION

By Stage



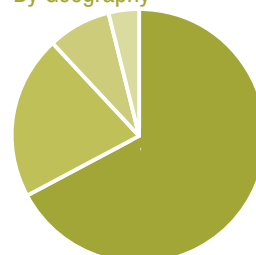
- 65% Buyout
- 31% Venture and Growth Equity
- 4% Other

By Phase



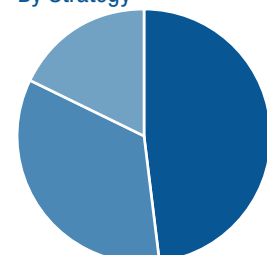
- 56% Growth
- 27% Mature
- 17% Investment

By Geography



- 67% U.S.
- 21% Europe
- 8% Asia Pacific
- 4% Rest of World

By Strategy



- 48% Primary
- 34% Secondary
- 18% Direct



## Investment Portfolio Review

HVPE's HarbourVest funds have built an Investment Portfolio of companies and managers that is diversified across vintage years, strategies, geographies, and industries and made up of 6,377 companies, of which the top 100 represent 33% of the value. At 31 July 2014, no single company represented more than 1.3% of the Investment Portfolio; and no external manager represents more than 2.2%.

### LARGEST UNDERLYING COMPANIES AT 31 JULY 2014

Company	Stage	% of Investment Value at 31 January 2014	Location	Status	Description
<b>York Risk Services Group</b> (Announced Sale in 2014)	<b>Buyout</b>	<b>1.24%</b>	<b>U.S.</b>	<b>Private</b>	<b>Insurance claims management</b>
<b>Capsugel</b>	<b>Buyout</b>	<b>0.92</b>	<b>U.S.</b>	<b>Private</b>	<b>Drug delivery systems</b>
<b>Wayfair (CSN Stores)</b> (Filed for IPO in 2014)	<b>Growth Equity</b>	<b>0.83</b>	<b>U.S.</b>	<b>Private</b>	<b>Online home goods retailer</b>
<b>CDW Corporation (CDW)</b>	<b>Buyout</b>	<b>0.77</b>	<b>U.S.</b>	<b>Public</b>	<b>Multi-branded information technology services</b>
<b>Zayo Group</b> (Filed for IPO in 2014)	<b>Growth Equity</b>	<b>0.76</b>	<b>U.S.</b>	<b>Private</b>	<b>Telecommunications</b>
VIP Shop Information Technology (VIPS)*	Growth Equity	0.74	China	Public	Online flash sale retailer
<b>Earth Networks</b>	<b>Venture</b>	<b>0.73</b>	<b>U.S.</b>	<b>Private</b>	<b>Localised convergent content</b>
<b>Acromas Holdings†</b>	<b>Buyout</b>	<b>0.65</b>	<b>U.K.</b>	<b>Private</b>	<b>Financial, insurance, and travel services</b>
<b>Big Heart Pet Brands*</b> (Del Monte Foods)	<b>Buyout</b>	<b>0.63</b>	<b>U.S.</b>	<b>Private</b>	<b>Food and pet products</b>
<b>Nuveen Investments*</b> (Announced Sale in 2014)	<b>Buyout</b>	<b>0.61</b>	<b>U.S.</b>	<b>Private</b>	<b>Institutional asset manager</b>

Companies in bold are held at least in part in HarbourVest direct co-investment funds.

\* Company not included in largest ten companies at 31 January 2014

† Acromas is the combined entity from the 2007 merger of Automobile Association (AA) and Saga (SAGA) both of which completed IPOs in 2014.

### LARGEST MANAGERS AT 31 JULY 2014

The largest private equity managers based on the Investment Portfolio are listed here in alphabetical order. As the investment manager of the HarbourVest direct funds, HarbourVest Partners, LLC is the largest manager held in HVPE, although not listed here.

Manager	Region	Stage
Bain Capital	U.S.	Buyout
The Blackstone Group	U.S.	Buyout
CVC Capital Partners	Europe	Buyout
DCM	U.S./Asia Pacific	Venture and Growth Equity
GTCR	U.S.	Buyout
Kohlberg Kravis Roberts	U.S.	Buyout
Motion Equity Partners (Cognetas)	Europe	Buyout
Thoma Bravo	U.S.	Buyout/Venture and Growth Equity
TPG Capital	U.S.	Buyout/Mezzanine
Warburg Pincus	U.S./Europe	Buyout/Venture and Growth Equity

## Investment Portfolio Growth

### Growth by Stage

The overall portfolio generated an 8% gain during the six-month period ended 31 July 2014, driven by underlying growth and realisations within the HarbourVest fund-of-funds, secondary funds, and secondary and direct co-investments.

The buyout portfolio represents 65% of Investment Portfolio NAV and outperformed both early stage venture (11% of NAV) and growth equity/balanced venture (20% of NAV). Six of HVPE's top ten holdings are in the buyout portfolio, the largest of which is *York Risk Services Group*.

### Growth by Phase

The Investment and Growth phase portions of the Investment Portfolio outperformed the Mature (27% of NAV) portion, and each component generated growth. The Investment Portfolio includes the secondary Dover VIII and HarbourVest 2013 Direct Fund portfolios, which both generated gains for HVPE during the period.

### Growth by Geography

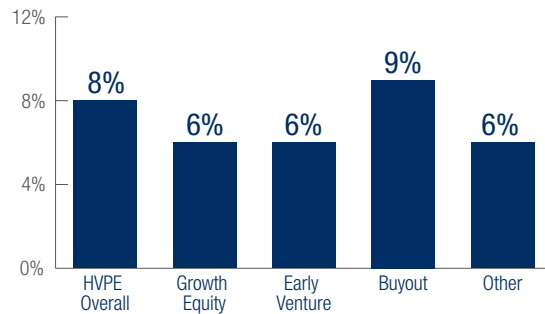
The Asia Pacific region (just 8% of Investment Portfolio NAV) outperformed the U.S., Europe, and the rest of the world. This was driven partly by an increasing price per share for Chinese online flash sale retailer *VIP Shop Information Technology* (VIPS), which is HVPE's second largest publicly-traded holding at 31 July 2014.

### Growth by Strategy

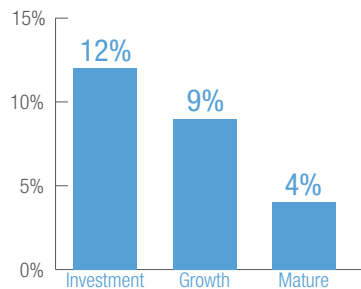
Direct co-investments (18% of Investment Portfolio NAV) outperformed both the primary fund and secondary portfolios. Direct co-investment performance reflected valuation increases for companies including insurance claims manager *York Risk Services Group*, online home goods retailer *Wayfair*, which filed for a \$350 million IPO in August 2014, and publicly-traded *CDW Corporation* (CDW).

## INVESTMENT PORTFOLIO GROWTH GAIN OVER 31 JANUARY 2014 VALUE

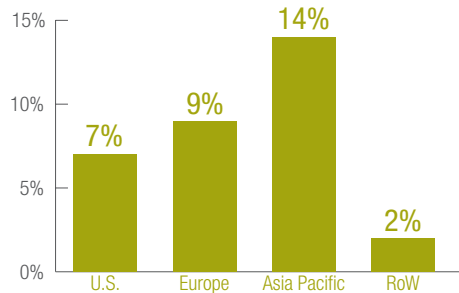
By Stage



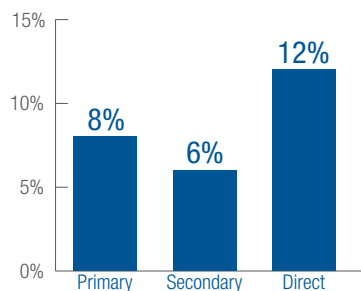
By Phase



By Geography



By Strategy



# 4

## Mature Phase

### Investment Portfolio Realisations and Liquidity

As companies within the Investment Portfolio achieve liquidity via IPOs, M&A events, and recapitalisations, managers return capital to the HarbourVest funds, creating realised value. HarbourVest funds then distribute cash to HVPE that can be used to fund its commitments to newer HarbourVest funds.

#### TOP 25 REALISATIONS

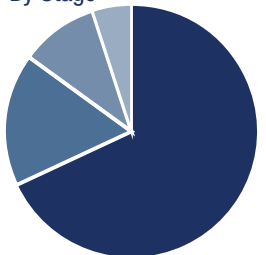
Company	Description	HVPE Realised Value*
<b>NCR Corporation (Digital Insight)</b>	<b>Financial technology</b>	<b>\$8.4</b>
Wilton Reinsurance Holdings	Life reinsurance capacity	3.6
<b>Deutsche Telekom (GTS Central Europe)</b>	<b>Central and Eastern Europe telecommunications</b>	<b>3.1</b>
<b>CDW Corporation</b>	<b>Multi-branded information technology products</b>	<b>3.1</b>
Jetro Cash & Carry	Restaurant and catering supplies	3.0
<b>Falcon Group</b>	<b>Czech telecommunications conglomerate</b>	<b>2.5</b>
VIP Shop Information Technology	Online flash sale retailer	2.4
Devon Energy Corporation (GeoSouthern Eagle Ford Development)	Oil exploration and production	2.3
Twitter	Online social network blog services	2.2
AutoTrader.com	Online auto purchases and sales	2.0
Tableau Software	Visual analysis and reporting software	2.0
Sedgwick CMS	Workers' compensation and disability claims management	1.9
NXP Semiconductors	Global semiconductors	1.8
<b>The Nielsen Company</b>	<b>Marketing and media information</b>	<b>1.7</b>
HCA Holdings	Hospital operator	1.7
SAP AG (FieldGlass)	Business-to-business software solutions	1.7
Bayer (Algeta)	Biotechnology developer	1.6
Sandvik (Varel International Energy Services)	Drill bit manufacturer	1.6
Primax Electronics	Consumer and business electronics	1.4
58.com	Online classified advertising in China	1.4
Wesco Holdings (Integrated Chemical Management Solutions)	Aerospace production support	1.3
Santander Consumer USA	Auto financing services	1.3
Totes Isotoner Corporation	Umbrella and weather-related products	1.3
<b>Takeda Pharmaceutical Company (Nycomed)</b>	<b>Specialty pharmaceuticals</b>	<b>1.2</b>
Merlin Entertainments	U.K.-based leisure attractions	1.2
<b>TOTAL</b>		<b>\$55.7</b>

Companies in **bold** are held at least in part by HarbourVest direct co-investment funds.

\* HVPE realised value represents HVPE's share of primary, secondary, and direct realisations received during the financial period.

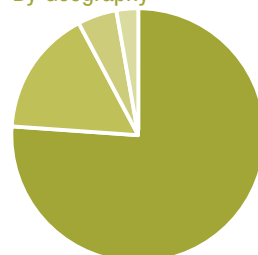
#### SOURCES OF REALISATIONS

By Stage



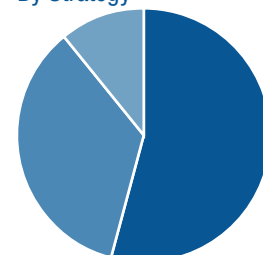
- 68% Buyout
- 17% Growth Equity
- 10% Venture
- 5% Other

By Geography



- 76% U.S.
- 16% Europe
- 5% Asia Pacific
- 3% Rest of World

By Strategy



- 54% Primary
- 35% Secondary
- 11% Direct

## Investment Portfolio IPOs and M&A Events

### Venture Portfolio

91 M&A Events | 64 IPOs

### Buyout / Other Portfolio

92 M&A Events | 36 IPOs

The positive trend for liquidity events continued through the six months ended 31 July 2014. A significant number of exits, partial sales, and recapitalisations within the underlying portfolio have enabled ongoing cash realisations. Selected examples of liquidity events for underlying HVPE companies are highlighted on the following pages.

The number of venture-backed IPOs outpaced buyouts, while M&A events were steady across both strategies during the six-month period. The ongoing and consistent liquidity demonstrates that a well-diversified portfolio can continue to generate cash.

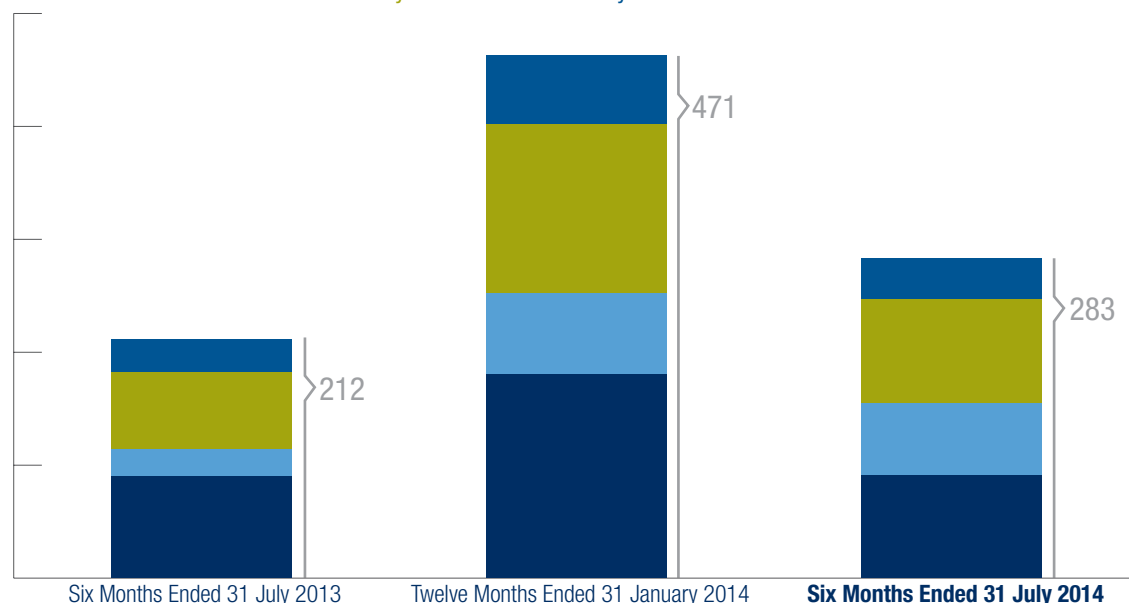
In total, there were 283 M&A and IPO events during the six months ended 31 July 2014, representing 9.2% of HVPE's NAV. This is well above the 212 events during the six months ended 31 January 2013 and on pace to exceed the 471 events during the financial year ended 31 January 2014. During the twelve months ended 31 July 2014, there were an average of 45 liquidity events each month.

After filing with the SEC for a highly publicised offering in May 2014, Chinese e-Commerce company *Alibaba* (NYSE: BABA) priced its IPO on September 18, 2014 at \$68.00 per share (at the top of its revised target range), raising \$22 billion and valuing the company at more than \$168 billion. It is the largest offering on a U.S. exchange to date. More than 271 million shares traded on September 19, and the stock closed at \$93.89, up approximately 38% from the offer price on its first day of trading. At the September 19, 2014 closing price, *Alibaba* had a market capitalization of approximately \$231 billion (excluding restricted shares and options available after the IPO).

HVPE holds a small position *Alibaba* via a buyout-focused U.S. fund-of-funds and Absolute Private Equity with U.S. buyout manager Silver Lake Management, which acquired a stake in the company in 2011. The IPO results in a value of more than six times cost for Silver Lake and an approximate 54% uplift in value over the 31 July 2014 valuation for HVPE.

### LIQUIDITY EVENTS

■ Venture M&A ■ Venture IPO ■ Buyout/Other M&A ■ Buyout/Other IPO



## Cash Proceeds from Largest Underlying Companies at 31 January 2014

### ACROMAS HOLDINGS LTD

**\$21 million\* | 2014 IPOs for AA and Saga**

- HVPE holding at 31 January 2014: 0.60%
  - HIPEP IV Direct
  - Permira (primary, secondary) (AA)
  - Charterhouse (primary, secondary) (Saga)



**\$4 million\* | June 2013 IPO 2014 sale of shares**

- HVPE holding at 31 January 2014: 0.82%
  - HarbourVest 2007 Direct, HarbourVest VIII Buyout (direct)
  - Madison Dearborn (primary, secondary, via Absolute)
  - Providence Equity Partners (primary, secondary, via Absolute)

### CAPSUGEL®

**\$4 million\* | 2013 and 2013 and 2014 recapitalisations**

- HVPE holding at 31 January 2014: 0.94%
  - HarbourVest 2007 Direct
  - Kohlberg Kravis Roberts (primary, secondary, via Conversus)

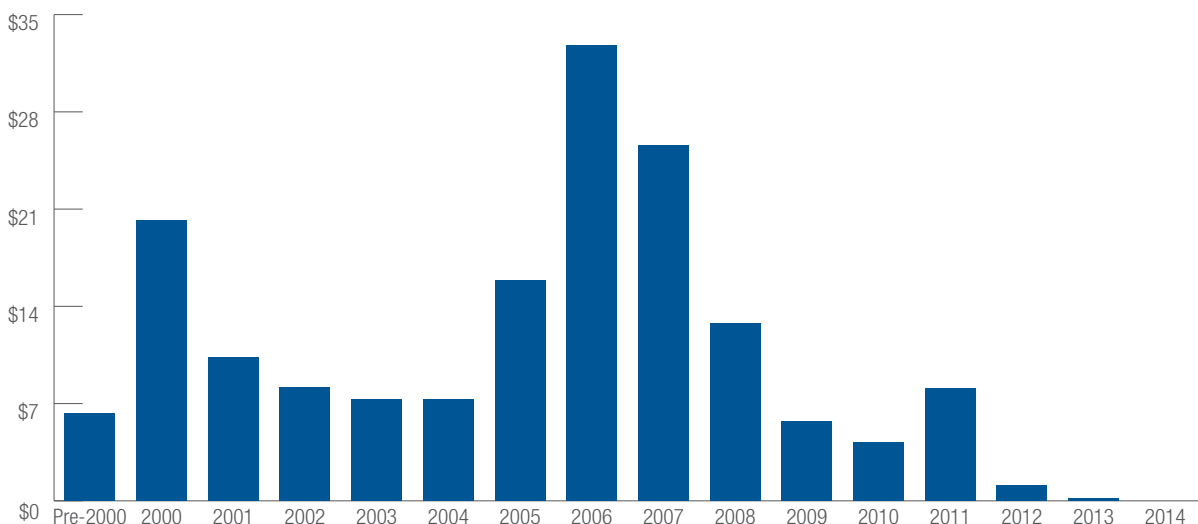


**\$2 million\* | May 2011 IPO 2014 sale of shares**

- HVPE holding at 31 January 2014: 1.12%
  - Blackstone (primary, secondary, via Absolute and Conversus)
  - Warburg Pincus (via Absolute and Conversus)

\* Approximate HVPE proceeds received to date.

### INVESTMENT PORTFOLIO REALISATIONS BY VINTAGE YEAR \$ Millions Realised During Financial Period Ended 31 July 2014



## Selected IPOs During Financial Period Ended 31 July 2014

Size refers to number of shares sold multiplied by price at IPO

### Venture



July 2014 | \$60m  
Infectious disease treatment



June 2014 | \$427m  
Wearable camera and accessories



June 2014 | \$52m  
Bone disease treatment



June 2014 | \$96m  
Obesity therapeutics



May 2014 | \$1.8b  
Chinese online retailer



May 2014 | \$100m  
Helpdesk systems



April 2014 | £360m  
Online meal delivery



April 2014 | \$116m  
Utility customer engagement



March 2014 | \$188m  
Network security solutions



March 2014 | \$75m  
Wireless LAN solutions



March 2014 | \$500m  
Online game developer



February 2014 | \$50m  
Protein-based therapeutics

### Buyout



July 2014 | A\$2.3b  
Hospital management



June 2014 | £1.4b  
Financial, insurance, and travel services



June 2014 | €847m  
Fast food and catering



May 2014 | £297m  
Card and gift retailer



May 2014 | A\$995m  
Outsourced facilities management



April 2014 | \$192m  
Online meal delivery



April 2014 | \$1.3b  
Pharmaceutical intelligence



April 2014 | \$627m  
Travel technology distribution services



March 2014 | £240m  
Insurance and reinsurance protection



March 2014 | £375m  
Discount retailer



March 2014 | A\$189m  
Fleet leasing and management



February 2014 | \$952m  
Food retailer

## 40% Uplift on Carrying Value at Realisation

HVPE received a total of \$147 million from HarbourVest funds and co-investments during the financial period ended 31 July 2014. The top 77 realisations within the portfolio were achieved at an uplift to carrying value of 40% and an average multiple of 3.8 times cost.

Within the largest realisations, the venture companies achieved a weighted average uplift of 59%, and the buyout companies achieved an uplift of 35%. Carrying value is defined as the value at the month end prior to the first announcement of a transaction.

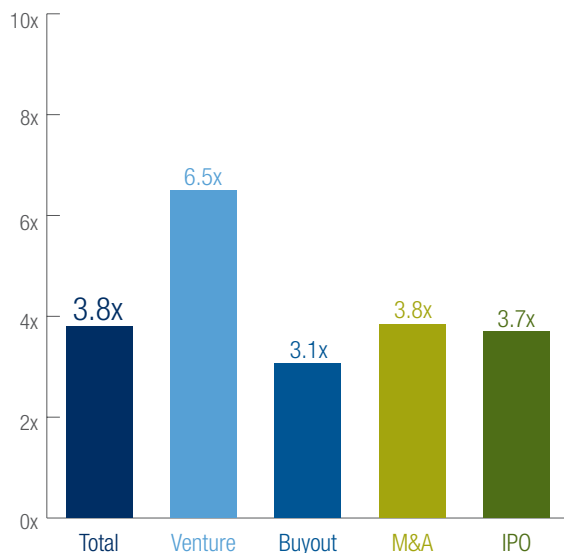
While private equity valuations are subjective based on observable inputs, the realisations experienced within the HVPE portfolio substantially exceeded carrying value.

## UPLIFT FROM PREVIOUS CARRYING VALUE ON COMPANY REALISATIONS

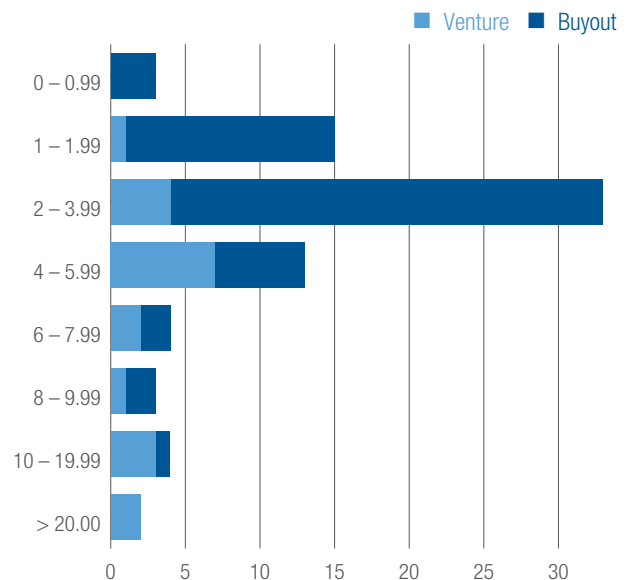
Weighted Average Uplift % on the Carrying Value\*



Weighted Average Multiple on the Cost of Investment



Multiple Range



\* Uplift represents weighted average return for the largest M&A realisations representing approximately 81% of total during the financial period.

## Realisations Received

HVPE received \$147 million of realisations (including dividends) from HarbourVest funds and co-investments during the six months ended 31 July 2014, above the six-month period to 31 July 2013 and on pace to exceed the financial year ended 31 January 2014. Maturing U.S. and international fund-of-funds, direct funds, secondary funds, and secondary co-investments distributed proceeds from IPOs, the sale of publicly-traded shares, M&A events, and recapitalisations.

Realised (\$ Millions)	Six Months Ended 31 July 2014	Twelve Months Ended 31 January 2014	Six Months Ended 31 July 2013
Fund-of-Funds	<b>\$91.5</b>	\$156.4	\$54.9
Direct Funds*	<b>\$15.5</b>	\$11.8	\$4.3
Secondary Funds	<b>\$16.6</b>	\$34.7	\$12.6
Total Received from HarbourVest Funds	<b>\$123.6</b>	\$202.9	\$71.8
Co-Investments			
Absolute	<b>\$9.2</b>	\$28.4	\$12.9
Conversus	<b>\$13.8</b>	\$25.2	\$14.3
TOTAL	<b>\$146.6</b>	\$256.5	\$99.0

\* Direct fund realisations include dividends from publicly-listed European senior loan fund HSLE.

### Larger Sources of Realisations Received

- **\$25 million / HarbourVest VIII Buyout (U.S. Fund-of-Funds)**  
Developing U.S. buyout-focused fund-of-funds distributed proceeds from its primary fund, secondary, and direct co-investment portfolios. Sources include M&A events and the sale of publicly-traded shares.
- **\$15 million / HarbourVest VI Partnership (U.S. Fund-of-Funds)**
- **\$14 million / Conversus**
- **\$13 million / HarbourVest VII Venture (U.S. Fund-of-Funds)**



## Managing a Listed Private Equity Company

Throughout HVPE's ongoing cycle of Commitments, Investment, Growth, and Realisation, the Independent Board (along with the Investment Manager) employs tools and policies to manage the risk and reward for the benefit of the Company's shareholders.

### Public Versus Private Equity Cycles

The mismatch of public and private equity cycles requires recognition and management given the significant differences that often exist between them. The Board and the Investment Manager must carefully monitor the Company's Balance Sheet to ensure that shareholder returns are maximised over the long term and risks are minimised. HVPE's Board and Investment Manager believe that successful private equity management requires consistent investment through the cycle, which in turn calls for patient capital in order to ensure sufficient NAV growth (relative to the rest of the portfolio) to generate the strongest returns.

### Listed Vehicle Fees

The fee structure and flow within a listed private equity fund-of-funds is very different from a single fund or a traditional limited partnership. As conditions across economic cycles vary, terms and fees reflect the current market situation. HVPE's independent Board of Directors seeks to ensure that shareholders' interests are managed and respected across the cycle of the portfolio and that net returns to shareholders are maximised.

HVPE's Board and Investment Manager believe that successful private equity management requires consistent investment through the cycle, which in turn calls for patient capital in order to ensure sufficient NAV growth (relative to the rest of the portfolio) to generate the strongest returns.

Capital flows within the fund-of-funds structure differ from a single fund or a traditional limited partnership.

### Capital Flows and Underlying Liquidity

Like fees, capital flows within the fund-of-funds structure differ from a single fund or a traditional limited partnership. HVPE makes commitments to funds that can take many years to draw down into the portfolio. An investment in the Company requires a firm understanding of the underlying cashflow and liquidity profile of the portfolio. The private equity portfolio is traditionally considered to be relatively illiquid (with respect to the timing of a sale) when compared to a listed stock. The liquidity events profiled within the Investment Manager's Review are an important element in analysing the portfolio alongside the traditional measures of maturity. The Board and the Investment Manager take these factors into consideration when making decisions about the timing of commitments to newly-formed funds.

## Balance Sheet Management

The Investment Manager seeks to utilise the strength of HVPE's balance sheet to benefit shareholders. The strength of the balance sheet is reflected in the Company's ability to:

- Purchase co-investments
- Commit capital to new HarbourVest funds
- Invest in its ongoing HarbourVest fund commitments

## The Private Equity Cycle

Stock market cycles typically run for five to seven years, punctuated by corrections of greater or lesser degrees. Conversely, private equity investment takes place over periods of a decade or more, with a typical HarbourVest fund-of-funds managed over 14 years. As a permanent capital vehicle, HVPE must take a long-term approach to the market cycle in order to maximise returns. The Company's use of debt enables it to make commitments on a regular and consistent basis, including periods when short-term cash flow from realisation activity is limited due to adverse movements in the public markets. By ensuring an even flow of commitments, overall returns are expected to be enhanced over the cycle through consistent investment at times when market pricing is low and by avoiding over-commitment during short-term peaks.

Gearing has decreased to 2% from a peak of 20% in September 2011. HVPE has repaid all of its outstanding debt through 31 August 2014.

## Gearing

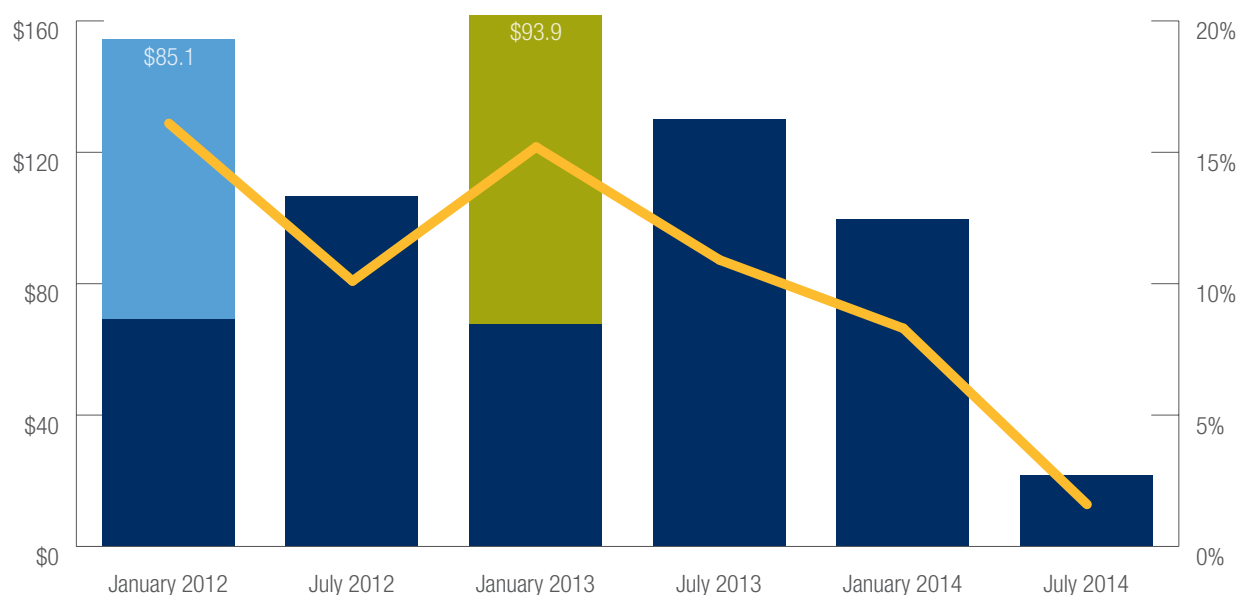
At 31 July 2014, a total of \$22 million is outstanding on HVPE's credit facility. This is a \$78 million decrease from 31 January 2014, including all foreign currency-denominated borrowings. During the six-month period, the Company repaid a total of \$99 million and borrowed \$21 million.

The \$20 million of Net Debt (outstanding debt less cash of \$2 million) indicates a Net Leverage Ratio (Net Debt divided by NAV) of 2%, which has decreased from 8% at 31 January 2014.

## GEARING

■ Total Borrowings ■ Absolute ■ Conversus — Gearing (%)

(\$ millions)



### Credit Facility

HVPE's balance sheet strength and flexibility is supported by its \$500 million multi-currency credit facility with Lloyds Bank plc (formerly the Bank of Scotland plc). The Company's existing credit facility was refinanced in April 2013.

Under the terms of the agreement, HVPE may borrow, repay, and re-borrow to fund commitments and working capital requirements through to the facility's expiry date in April 2018. The facility will remain at \$500 million until December 2014 and reduce to \$300 million in January 2015. The Company has pledged substantially all of its assets as collateral for such borrowings. The applicable LIBOR margin scales up from 210 basis points over LIBOR in 2013 to 290 basis points in 2015 and beyond for borrowings of less than \$100 million. In addition, a further 50 basis points will be payable on the total sum drawn if borrowings exceed \$100 million, together with a further 25 basis points on the total sum drawn if borrowings should be greater than \$200 million.

The credit facility contains financial covenants that limit the Company's indebtedness to 40% of assets (Asset Test Covenant), with the calculated value of the assets also subject to certain diversification tests. All financial covenants are tested and calculated on a quarterly basis. In addition, other covenants confer customary limitations that restrict HVPE's ability to make unduly concentrated commitments to funds, incur additional indebtedness or liens above the facility level, pay dividends above certain levels, or merge, consolidate, or substantially change its business without bank approval.

HVPE's balance sheet strength and flexibility is supported by its multi-currency credit facility.

### Management of Foreign Currency Exposure

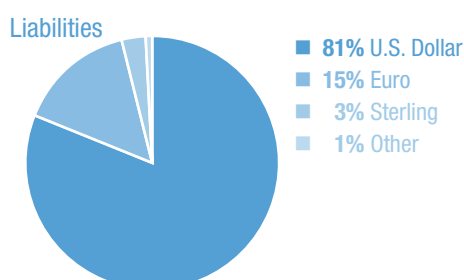
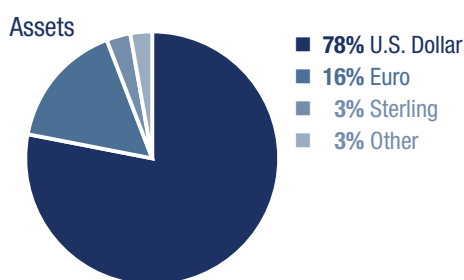
Despite euro movement affecting HVPE's Investment Portfolio, the overall result of currency movement is broadly neutral.

- The portfolio includes three euro-denominated HarbourVest funds and one sterling-denominated HarbourVest fund
- Approximately 16% of underlying holdings are denominated in euros
- The euro-denominated Investment Pipeline is €73 million

HVPE has exposure to foreign currency movements through foreign currency-denominated assets within the portfolio and through its Investment Portfolio of unfunded commitments, which are long term in nature. The Company's most significant currency exposure is to euros. At 31 July 2014, HVPE is hedging a part of its unfunded euro-denominated commitments with debt drawn in euros. This is an opportunistic use of the multi-currency credit facility and may change in the upcoming months as HVPE continues to pay down the outstanding debt. The Company does not actively use derivatives or other products to hedge the currency exposure.

From an asset perspective, HVPE had exposure to the currencies shown via its partnership holdings at 31 July 2014 (approximate).

### EXPOSURE TO FOREIGN CURRENCIES



## Valuation Policy

*Valuations Represent Fair Value Under U.S. GAAP*

HVPE's 31 July 2014 NAV is based on the 30 June 2014 NAV of each HarbourVest fund, adjusted for changes in the value of public securities, foreign currency, known material events, cash flows, and operating expenses during July 2014. The valuation of each HarbourVest fund is presented on a fair value basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The investments in Absolute and Conversus are valued at underlying NAV at 30 June 2014, adjusted for foreign exchange movements, cashflows, and known events to 31 July 2014.

The Investment Manager attempts to obtain financial information from a minimum of 75% of the underlying investments for each of HVPE's HarbourVest funds to calculate NAV (in most cases it is over 90% or close to 100%). For each fund, the accounting team then reconciles investments, realisations, and unrealised / realised gains and losses to the financials. The team also reviews underlying partnership valuation policies.

Please refer to the Unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements for additional information on HVPE's valuation policy.

## Management Fees and Performance Allocations

As an investor in HarbourVest funds, HVPE is charged the same management fees and is subject to the same performance allocations as other investors in such HarbourVest funds. In HVPE's Unaudited Consolidated Financial Statements, these fees are included in the change in NAV for the HarbourVest funds. However, for the purposes of the NAV analysis, they have been reclassified as direct HVPE expenses in order to provide a comprehensive and transparent view of operating costs.

HVPE pays a management fee for any co-investments consistent with the fees charged by the HarbourVest fund alongside which the co-investment is made. The table below profiles the management fees and performance allocations of the HarbourVest funds and co-investments in which the Company is invested.

Strategy	Current Management Fee*	Performance Allocation	% of Portfolio
Primary Investments	0.53%	None	48%
Secondary Investments	0.88%	10% - 12.5%	18%
Direct Investments	0.61%	10% - 20%	18%
Co-Investments	0.93%	11% - 12.5%	16%

\* Annualised

The management fee is the current average annual management fee charged by the HarbourVest funds as a percentage of committed capital. This amount will vary from year to year as the actual management fee charged by any given fund typically increases during the first few years of a fund's term and then decreases in the later years of the fund's term. These amounts do not reflect the management fees and carried interest paid to the managers of any underlying investments within the HarbourVest funds.

During the six months ended 31 July 2014, HVPE's share of fees charged within HarbourVest funds was \$6 million (\$0.08 per share), management fees paid for co-investments were \$0.8 million (\$0.01 per share), and HarbourVest related entities were allocated \$6 million in carried interest (\$0.08 per share).

HVPE pursues a forward-looking commitment strategy, and at any given time, total unfunded commitments represent potential capital calls over the next three (or more) years.

## Commitment Ratios

HVPE and many of its listed peers utilise the metric Commitment Coverage Ratio (calculated by dividing the sum of cash and available credit facility by unfunded commitments) as a measure of balance sheet risk. The Company's listed private equity peers typically have a shorter-term investment pipeline, and some have ceased to make new investments altogether. Therefore, HVPE's unfunded commitments can appear relatively high in comparison.

As noted in the 2014 Annual Report, HVPE's Investment Manager has created a new metric to provide greater insight into the Company's balance sheet position and a more relevant comparison to listed peers. The Rolling Coverage Ratio reflects the sum of cash, the available credit facility, and the realisations expected to be received during the current year over the expected cash investments in HarbourVest funds over the next three years. This calculation is designed to better align HVPE with its listed peers by excluding commitments that are likely to be drawn after the next three years, which is a differentiating feature of the Company's model.

### COMMITMENT LEVEL RATIO

Investment Portfolio + Investment Pipeline	\$2,081m		
<b>NAV</b>	<b>\$1,246m</b>	<b>=</b>	<b>167%</b> (157% at 31 January 2014)

### COMMITMENT COVERAGE RATIO

Cash + Available Credit Facility	\$480m		
<b>Total Commitments</b>	<b>\$816m</b>	<b>=</b>	<b>59%</b> (71% at 31 January 2014)

### ROLLING COVERAGE RATIO

Cash + Available Credit Facility	\$480m		
Current Year Estimated Realisations	\$345m		
<b>Next Three Years Estimated Investments</b>	<b>\$843m</b>	<b>=</b>	<b>98%</b> (84% at 31 January 2014)

NOTE HVPE's credit facility will reduce from \$500 million to \$300 million in January 2015.

HVPE has a large portfolio of mature assets that has delivered a steady and relatively predictable flow of realisations over time. Since inception, the Company's investments in HarbourVest funds have been funded almost entirely from current year realisations, with debt remaining low even during the financial crisis.

## The Investment Manager

HarbourVest offers HVPE and other investors the opportunity to benefit from its experience, track record, organisational stability, consistent strategy, and proven process through primary funds, secondary funds, direct funds, and co-investments.

### About HarbourVest

HarbourVest is a leading global private equity investment firm with a long history of innovation and success. The HarbourVest team has been investing in the private markets for more than 32 years, gaining invaluable expertise and developing long-term relationships with sought-after partners along the way. The team strives to generate strong returns through investing in primary funds, in secondary investments, and directly in operating companies. A solid reputation throughout the industry gives HarbourVest access to a diverse range of high quality investment opportunities in the U.S., Latin America, Europe, Asia Pacific, and emerging markets.

### The Investment Committee

The Investment Committee leads HarbourVest's nearly 80 investment professionals that source, evaluate, and close private equity investments around the world. The global investment team uses a focused, consistent, and comprehensive process to evaluate assets and allow access to the primary partnerships, secondary purchases, and direct co-investments that it believes offer the strongest potential for returns.

### Control Environment

In December 2013, the firm issued its fifth *Type II SSAE 16 Report (formerly SAS 70) – Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness* for the period from 1 October 2012 to 30 September 2013, which was conducted by an independent auditor and documents controls across the firm's operations, including investment policy, reporting to clients, capital calls, distributions, cash management, and financial records.

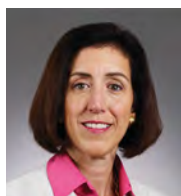
HarbourVest Partners, LLC acts as general partner of HarbourVest Partners L.P., a limited partnership organised under the laws of the State of Delaware, which terms shall, as the context requires, include affiliates and predecessors of HarbourVest Partners, LLC. HarbourVest and its affiliates have locations in Boston, London, Hong Kong, Tokyo, Bogotá, and Beijing.

### THE INVESTMENT COMMITTEE MEMBERS



**D. Brooks Zug, CFA**  
Senior Managing Director

- Founder of the firm
- HVPE Director
- Joined John Hancock in 1977 and co-founded Hancock Venture Partners (which later become HarbourVest) in 1982
- ADVISORY BOARDS: Accel, Advent, Doughty Hanson, Permira, Silver Lake, TA



**Kathleen Bacon**  
Managing Director

- Joined HarbourVest in 1994 from First National Bank of Boston
- ADVISORY BOARDS: *Venture* – Amadeus, Sofinnova; *Europe* – Apax, Arle, Butler, Exponent, Quadriga, TDR, Towerbrook; *Emerging Markets* – Ethos, FIMI, Helios



**Bill Johnston**  
Managing Director

- Joined HarbourVest in 1983 from John Hancock
- ADVISORY BOARD: GTS
- Prior Public Company Boards: Esprit Telecom, OneComm, VIA NET.WORKS



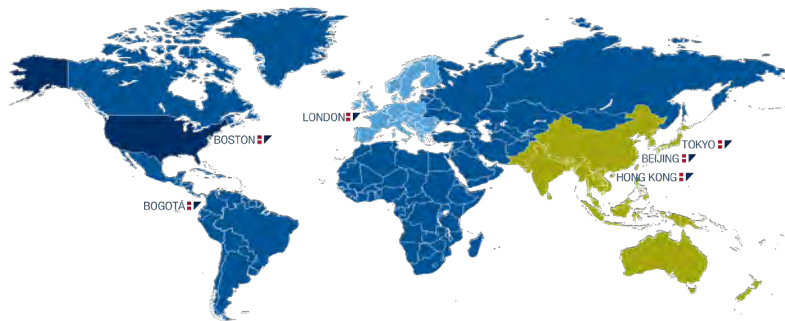
**Greg Stento**  
Managing Director

- Joined HarbourVest in 1998 from Comdisco Ventures and prior experience at Horsely Bridge
- ADVISORY BOARDS: Accel, August, Elevation, Garnett & Helfrich, Redpoint, Silver Lake Kraftwerk, Summit, TPG, WCAS



**John Toomey**  
Managing Director

- HVPE CFO from IPO through 2008
- Joined HarbourVest in 1997 from Smith Barney (rejoined in 2001 post-MBA)
- Chairman of Absolute Private Equity and HarbourVest Structured Solutions II (formed to acquire the assets of Conversus)



## Market Review

Globally, private equity managers are focused on liquidity, as IPO markets and M&A activity remain healthy across most of the world. In the U.S. and Europe, strong credit markets have driven prices higher and tempered buyout investment activity, while valuations in Asia and the Emerging Markets have stabilised, resulting in increased investment activity. U.S. venture capital funds are investing near-record amounts of capital, driven by a strengthening liquidity environment. Managers across the world continue to monitor the U.S. Federal Reserve's stimulus tapering, the re-emergence of growth in Europe, and the political unrest in Ukraine and Russia.

### U.S.

- The Federal Reserve began tapering stimulus, GDP growth rebounded to 4% in the second quarter
- Buyout fundraising is on pace to equal 2013 as investor demand remains; venture fundraising is on track to have its strongest year since 2006 with many top-performing managers coming to the market
- Buyout investments remain muted as managers are cautious and selective given elevated pricing; venture investments are on track to exceed the annual amount invested in the past ten years
- Managers remain focused on liquidity: a sellers' buyout market fueled record liquidity through IPOs, public market sales, recapitalisations, and M&A events; the venture liquidity environment continues to strengthen, with public markets receptive to IPOs and significant demand from strategic acquirers

### Europe

- The European economy continues to stabilise with stronger GDP growth expected across the region in 2014, led by the U.K.
- European private equity fundraising remains relatively modest and on pace to meet the 2013 total; several Southern European managers are raising capital
- Investment activity is consistent with 2013 with improving economic confidence and strengthening credit markets driving increasing prices for large buyouts
- Accommodating debt markets are supporting liquidity for refinancing and recapitalisation activity, and strong equity markets are stimulating record IPO volume (year to date to August 2014 IPOs are more than double the 2013 total)

### Asia Pacific

- Economic and political changes, particularly in China and India, could positively affect economic growth going forward
- Fundraising is on pace with 2013 but remains below 2010 to 2012 levels
- Investment activity increased nearly 30% over the first half of 2013 driven by more reasonable valuations
- Liquidity is increasing based on a re-opening of IPO markets in China and a stronger economic outlook

### Rest of World

- Emerging market growth projections for 2014 have tempered, but acceleration is expected into 2015 based on stronger exports; increased domestic consumption, urbanisation, and globalisation are creating investment opportunities
- Fundraising remains muted but is expected to increase in 2015 with large managers returning to market
- Declining valuations and currency stabilisation fueled investment activity (50% increase in the first quarter of 2014 versus prior year)
- The political unrest surrounding the current situation in Ukraine will have some impact on private equity activity in Russia and surrounding areas going forward.

## Recent Events

### **HVPE Publishes Estimated NAV at 30 August 2014**

HVPE publishes its estimated NAV on a monthly basis. These reports are available at the Company's website, generally within 15 days after month end.

At 31 August 2014, HVPE's estimated NAV per share was \$15.32, a \$0.03 decrease from the NAV per share of \$15.35 at 31 July 2014. During August, HVPE invested \$7 million in HarbourVest international fund-of-funds, HarbourVest Global Annual Fund, and HarbourVest Cleantech Fund II. The Investment Pipeline of unfunded commitments has increased to \$826 million based on the new HarbourVest fund commitment described below.

At the end of August, there is no debt outstanding against the credit facility, a \$21.8 million decrease from 31 July due to net repayments and foreign currency movement. Gearing has reduced to zero for the first time since March 2008. The Company also has \$29 million in cash on its balance sheet. At 31 August 2014, liquid resources of \$529 million (cash and available credit facility) represent 96% of commitments allocated to underlying partnerships and 64% of total commitments.

### **New HarbourVest Fund Commitment**

Subsequent to 31 July, in August 2014, HVPE committed \$20 million to HarbourVest Cleantech Fund II. The HarbourVest fund is focused on global cleantech investing, with an emphasis on innovation around promoting global sustainability and invests in high growth, mature, and cash flow positive sectors. At 31 August 2014, Cleantech II has called 7.5% of commitments and built a portfolio of primary funds and a direct co-investment in a German sub-metering services provider.

### **Expected Distribution**

In October 2013, HVPE distributed \$20 million in proceeds from the successful investments in Absolute and Conversus via a compulsory share redemption at NAV. At the time, it was stated that a further distribution of \$20 million would be made in the following year subject to four balance sheet tests. The Board is pleased to announce that these tests have been passed and that the second distribution will be made, again by means of a compulsory share redemption at NAV, in October 2014.



# About the Board

## Board of Directors



**Sir Michael Bunbury**  
Chairman,  
Independent Director



**D. Brooks Zug**  
Director



**Peter G. Wilson**  
Director



**Jean-Bernard Schmidt**  
Independent Director



**Andrew W. Moore**  
Independent Director



**Keith B. Corbin**  
Independent Director



**Alan C. Hodson**  
Independent Director

Andrew Moore and Brooks Zug were appointed directors on incorporation on 18 October 2007. Sir Michael Bunbury, Jean-Bernard Schmidt, and Keith Corbin were appointed on 19 October 2007. Alan Hodson and Peter Wilson were appointed directors on 30 April 2013 and 31 May 2013, respectively.

## Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the gain or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008, the requirements of NYSE Euronext and the London Stock Exchange, and the applicable regulations under Dutch law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that in their opinion, the Semi-Annual Report and accompanying Unaudited Consolidated Financial Statements are fair, balanced, and understandable.

### Statement by Responsible Persons in Accordance with the FMSA Transparency Decree Implementation Directive Transparency Issuing Institution

The directors confirm:

1. The compliance of the accompanying Unaudited Consolidated Financial Statements with the requirements of U.S. generally-accepted accounting principles.
2. The fairness of the management review included in the Semi-Annual Report.

### Audit Committee

An Audit Committee consists of Mr. Keith Corbin (Chairman), Mr. Andrew Moore, Mr. Alan Hodson, and Mr. Jean-Bernard Schmidt. The Audit Committee examines the effectiveness of the Company's internal control systems, the annual and interim reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them. The Audit Committee ensures that the Company's contracts of engagement with the Investment Manager, Administrator, and other service providers are operating satisfactorily so as to ensure the safe and accurate management and administration of the Company's affairs and business and are competitive and reasonable for the shareholders. Additionally, the Audit Committee makes appropriate recommendations to the Board and ensures that the Company complies to the best of its ability with applicable laws and regulations and adheres to the tenet of generally-accepted codes of conduct.

The Audit Committee receives information from the Secretary's compliance department and the external auditor.

By Order of the Board



Michael Bunbury  
Chairman



Keith Corbin  
Chairman of the Audit Committee

29 September 2014

# Unaudited Consolidated Financial Statements

## Consolidated Financial Statements

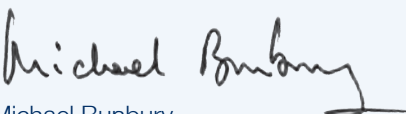
### Consolidated Statement of Assets and Liabilities 31 July 2014 and 31 January 2014

In U.S. Dollars

	31 July 2014 (Unaudited)	31 January 2014 (Audited)
<b>ASSETS</b>		
Investments (Note 4)	1,265,328,775	1,264,244,768
Cash and equivalents	2,134,774	2,903,752
Other assets	3,792,457	4,365,560
<b>Total assets</b>	<b>1,271,256,006</b>	<b>1,271,514,080</b>
<b>LIABILITIES</b>		
Debt facility payable (Note 6)	21,754,980	99,686,315
Accounts payable and accrued expenses	3,441,527	4,157,610
Accounts payable to HarbourVest Advisers L.P. (Note 9)	546,891	644,718
<b>Total liabilities</b>	<b>25,743,398</b>	<b>104,488,643</b>
Commitments (Note 5)		
<b>NET ASSETS</b>	<b>\$1,245,512,608</b>	<b>1,167,025,437</b>
<b>NET ASSETS CONSIST OF</b>		
Class A shares, Unlimited shares authorised, 81,166,782 shares issued and outstanding, no par value	1,245,512,507	1,167,025,336
Class B shares, 10,000 shares authorised, 101 shares issued and outstanding, no par value	101	101
<b>NET ASSETS</b>	<b>\$1,245,512,608</b>	<b>1,167,025,437</b>
<b>Net asset value per share for Class A shares</b>	<b>\$15.35</b>	<b>\$14.38</b>
<b>Net asset value per share for Class B shares</b>	<b>\$1.00</b>	<b>\$1.00</b>

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

The Unaudited Consolidated Financial Statements on pages 33 to 45 were approved by the Board on 29 September 2014 and were signed on its behalf by:

  
 Michael Bunbury  
 Chairman

  
 Keith Corbin  
 Chairman of the Audit Committee

## Consolidated Statement of Operations For the Six-Month Period Ended 31 July 2014 and the Year Ended 31 January 2014

In U.S. Dollars

	<b>31 July 2014 (Unaudited)</b>	<b>31 January 2014 (Audited)</b>
<b>REALISED AND UNREALISED GAINS (LOSSES) ON INVESTMENTS</b>		
Net realised gain (loss) on investments	76,440,630	60,006,150
Net change in unrealised appreciation (depreciation) on:		
Investments	7,956,038	108,340,706
Translation of other assets and liabilities denominated in foreign currency	(575,082)	(1,118,272)
Net change in unrealised appreciation (depreciation)	7,380,956	107,222,434
<b>NET GAIN ON INVESTMENTS</b>	<b>83,821,586</b>	<b>167,228,584</b>
<b>INVESTMENT INCOME</b>		
Dividends	113,753	426,659
Interest from cash and equivalents	28,106	37,158
Total investment income	141,859	463,817
<b>EXPENSES</b>		
Non-utilisation fees <i>(Note 6)</i>	1,530,955	1,976,991
Investment services <i>(Note 3)</i>	955,960	1,321,950
Interest expense <i>(Note 6)</i>	948,536	2,895,295
Management fees <i>(Note 3)</i>	806,657	1,459,687
Financing expenses	387,783	669,174
Professional fees	352,579	1,073,419
Directors' fees and expenses <i>(Note 9)</i>	231,479	396,244
Other expenses	262,325	1,262,765
Total expenses	5,476,274	11,055,525
<b>NET INVESTMENT LOSS</b>	<b>(5,334,415)</b>	<b>(10,591,708)</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$78,487,171</b>	<b>\$156,636,876</b>

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

## Consolidated Statement of Changes in Net Assets For the Six-Month Period Ended 31 July 2014 and the Year Ended 31 January 2014

In U.S. Dollars

	<b>31 July 2014 (Unaudited)</b>	<b>31 January 2014 (Audited)</b>
INCREASE IN NET ASSETS FROM OPERATIONS		
Net realised gain (loss) on investments	76,440,630	60,006,150
Net change in unrealised appreciation (depreciation)	7,380,956	107,222,434
Net investment loss	(5,334,415)	(10,591,708)
Net increase in net assets resulting from operations	78,487,171	156,636,876
Redemption of Class A shares	—	(19,849,040)
NET ASSETS AT BEGINNING OF PERIOD	1,167,025,437	1,030,237,601
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$1,245,512,608</b>	<b>\$1,167,025,437</b>

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

## Consolidated Statement of Cash Flows

### For the Six-Month Period Ended 31 July 2014 and the Year Ended 31 January 2014

In U.S. Dollars

	<b>31 July 2014 (Unaudited)</b>	<b>31 January 2014 (Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase in net assets resulting from operations	78,487,171	156,636,876
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net realised (gain) loss on investments	(76,440,630)	(60,006,150)
Net change in unrealised (appreciation) depreciation	(7,380,956)	(107,222,434)
Contributions to private equity investments	(64,275,154)	(163,398,784)
Distributions from private equity investments	146,492,791	256,038,709
Other	(240,807)	(638,512)
<b>Net cash provided by operating activities</b>	<b>76,642,415</b>	<b>81,409,705</b>
<b>FINANCING ACTIVITIES</b>		
Debt facility drawings	21,000,000	10,300,000
Payments on debt facility	(98,411,393)	(74,222,270)
Redemption of Class A shares	—	(19,849,040)
<b>Net cash used in financing activities</b>	<b>(77,411,393)</b>	<b>(83,771,310)</b>
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	<b>(768,978)</b>	<b>(2,361,605)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,903,752</b>	<b>5,265,357</b>
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>	<b>\$2,134,774</b>	<b>\$2,903,752</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	\$954,638	\$2,895,302

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

## Consolidated Schedule of Investments at 31 July 2014 (Unaudited)

### In U.S. Dollars

U.S. Funds	Unfunded Commitment	Total Amount Invested*	Total Distributions Received	Fair Value	Fair Value as a % of Net Assets
HarbourVest Partners V-Partnership Fund L.P.	2,220,000	46,709,079	43,502,595	3,646,623	0.3
HarbourVest Partners VI-Direct Fund L.P.	1,312,500	46,722,408	29,395,895	15,042,229	1.2
HarbourVest Partners VI-Partnership Fund L.P.	5,175,000	204,623,049	177,616,328	60,293,240	4.8
HarbourVest Partners VI-Buyout Partnership Fund L.P.	450,000	8,633,048	7,454,007	1,917,061	0.2
HarbourVest Partners VII-Venture Partnership Fund L.P.†	4,968,750	132,640,448	86,010,703	106,841,075	8.6
HarbourVest Partners VII-Buyout Partnership Fund L.P.†	4,550,000	73,717,291	54,908,196	40,660,287	3.3
HarbourVest Partners VIII-Cayman Mezzanine & Distressed Debt Fund L.P.	6,250,000	43,951,553	26,979,581	30,178,292	2.4
HarbourVest Partners VIII-Cayman Buyout Fund L.P.	37,500,000	215,258,801	98,190,140	197,673,130	15.9
HarbourVest Partners VIII-Cayman Venture Fund L.P.	3,750,000	46,441,736	20,814,642	48,803,039	3.9
HarbourVest Partners 2007 Cayman Direct Fund L.P.	5,750,000	94,376,849	29,765,807	108,904,928	8.7
HarbourVest Partners 2013 Cayman Direct Fund L.P.	70,478,996	29,881,486	3,338,920	32,292,388	2.6
HarbourVest Partners IX-Cayman Buyout Fund L.P.	54,315,000	16,965,726	1,602,619	18,061,167	1.4
HarbourVest Partners IX-Cayman Credit Opportunities Fund L.P.	9,812,500	2,736,193	166,529	3,332,923	0.3
HarbourVest Partners IX-Cayman Venture Fund L.P.	43,750,000	26,575,714	770,049	31,422,118	2.5
<b>Total U.S. Funds</b>	<b>250,282,746</b>	<b>989,233,381</b>	<b>580,516,011</b>	<b>699,068,500</b>	<b>56.1</b>

<b>International / Global Funds</b>	<b>Unfunded Commitment</b>	<b>Total Amount Invested*</b>	<b>Total Distributions Received</b>	<b>Fair Value</b>	<b>Fair Value as a % of Net Assets</b>
HarbourVest International Private Equity Partners III-Partnership Fund L.P.	3,450,000	147,728,557	134,276,013	14,755,646	1.2
HarbourVest International Private Equity Partners IV Direct Fund L.P.	—	61,452,400	47,809,075	12,424,827	1.0
HarbourVest International Private Equity Partners IV-Partnership Fund L.P.	3,125,000	126,647,051	113,009,496	37,262,777	3.0
Dover Street VII Cayman Fund L.P.‡	5,750,000	94,250,000	60,489,894	78,536,621	6.3
Dover Street VIII Cayman Fund L.P.	123,300,000	56,824,389	10,730,694	66,902,644	5.4
HIPEP V - 2007 Cayman European Buyout Companion Fund L.P.§	5,082,843	61,130,813	17,604,993	55,726,296	4.4
HIPEP VI-Cayman Partnership Fund L.P.**	71,636,500	62,152,600	4,818,918	69,147,140	5.6
HIPEP VI-Cayman Asia Pacific Fund L.P.	22,250,000	27,937,431	3,010,890	30,961,840	2.5
HIPEP VI-Cayman Emerging Markets Fund L.P.	15,900,000	14,159,489	1,399,733	13,671,814	1.1
HIPEP VII Partnership Feeder Fund L.P.	125,000,000	—	—	(23,815)	(0.0)
HIPEP VII Asia Pacific Feeder Fund L.P.	30,000,000	—	—	(1,250)	(0.0)
HIPEP VII Emerging Markets Feeder Fund L.P.	20,000,000	—	—	(833)	(0.0)
HIPEP VII Europe Feeder Fund L.P.††	53,560,000	—	—	(1,388)	(0.0)
HarbourVest Global Annual Private Equity Fund L.P.	85,000,000	—	—	(30,000)	(0.0)
HVPE Avalon Co-Investment L.P.	1,643,962	85,135,136	46,957,492	84,959,129	6.8
HVPE Charlotte Co-Investment L.P.	—	93,894,011	38,942,456	97,494,038	7.8
HarbourVest Senior Loans Europe‡‡	—	14,409,000	12,149,179	4,474,789	0.4
<b>Total International / Global Funds</b>	<b>565,698,305</b>	<b>845,720,877</b>	<b>491,198,833</b>	<b>566,260,275</b>	<b>45.5</b>
<b>TOTAL INVESTMENTS</b>	<b>\$815,981,051</b>	<b>\$1,834,954,258</b>	<b>\$1,071,714,844</b>	<b>\$1,265,328,775</b>	<b>101.6%</b>

\* Includes purchase of limited partner interests for shares and cash at the time of HVPE's IPO.

† Includes ownership interests in HarbourVest Partners VII-Cayman Partnership entities.

‡ Includes ownership interest in Dover Street VII (AIV 1) Cayman Fund L.P.

§ Fund denominated in euros. Commitment amount is €47,450,000.

\*\* Fund denominated in euros. Commitment amount is €100,000,000.

†† Fund denominated in euros. Commitment amount is €40,000,000.

‡‡ Fund denominated in British pounds. 10,000,000 shares held at 31 July 2014. Cumulative distributions include dividends received which are included as part of dividend income in the Consolidated Statement of Operations.

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



## Consolidated Schedule of Investments at 31 January 2014 (Audited)

### In U.S. Dollars

U.S. Funds	Unfunded Commitment	Total Amount Invested*	Total Distributions Received	Fair Value	Fair Value as a % of Net Assets
HarbourVest Partners V-Direct Fund L.P.	—	4,365,345	4,638,206	543,892	0.1%
HarbourVest Partners V-Partnership Fund L.P.	2,220,000	46,709,079	41,622,255	6,268,814	0.5
HarbourVest Partners VI-Direct Fund L.P.	1,312,500	46,722,408	29,395,895	15,622,096	1.3
HarbourVest Partners VI-Partnership Fund L.P.	5,175,000	204,623,049	162,846,598	74,398,648	6.4
HarbourVest Partners VI-Buyout Partnership Fund L.P.	450,000	8,633,048	6,858,071	2,439,263	0.2
HarbourVest Partners VII-Venture Partnership Fund L.P.†	6,293,750	131,315,448	72,565,515	114,627,377	9.8
HarbourVest Partners VII-Buyout Partnership Fund L.P.†	5,250,000	73,017,291	46,939,697	46,013,212	3.9
HarbourVest Partners VIII-Cayman Mezzanine & Distressed Debt Fund L.P.	7,250,000	42,951,553	20,852,970	33,871,241	2.9
HarbourVest Partners VIII-Cayman Buyout Fund L.P.	51,250,000	201,508,801	73,090,141	192,477,843	16.5
HarbourVest Partners VIII-Cayman Venture Fund L.P.	5,750,000	44,441,736	14,581,142	50,542,084	4.3
HarbourVest Partners 2007 Cayman Direct Fund L.P.	5,750,000	94,376,849	24,189,737	102,013,862	8.8
HarbourVest Partners 2013 Cayman Direct Fund L.P.	63,500,000	36,860,482	—	40,455,820	3.5
HarbourVest Partners IX-Cayman Buyout Fund L.P.	59,462,500	11,818,226	339,522	13,104,363	1.1
HarbourVest Partners IX-Cayman Credit Opportunities Fund L.P.	10,375,000	2,173,693	166,529	2,543,378	0.2
HarbourVest Partners IX-Cayman Venture Fund L.P.	51,100,000	19,225,714	770,049	21,713,995	1.9
<b>Total U.S. Funds</b>	<b>275,138,750</b>	<b>968,742,722</b>	<b>498,856,327</b>	<b>716,635,888</b>	<b>61.4</b>

<b>International / Global Funds</b>	<b>Unfunded Commitment</b>	<b>Total Amount Invested*</b>	<b>Total Distributions Received</b>	<b>Fair Value</b>	<b>Fair Value as a % of Net Assets</b>
HarbourVest International Private Equity Partners III- Partnership Fund L.P.	3,450,000	147,728,557	131,792,013	16,950,271	1.4%
HarbourVest International Private Equity Partners IV- Direct Fund L.P.	—	61,452,400	43,623,932	16,140,520	1.4
HarbourVest International Private Equity Partners IV- Partnership Fund L.P.	3,125,000	126,647,051	105,723,081	42,887,753	3.7
Dover Street VII Cayman Fund L.P.††	6,250,000	93,750,000	48,341,467	84,320,694	7.2
Dover Street VIII Cayman Fund L.P.	142,200,000	37,924,389	6,223,400	45,331,229	3.9
HIPEP V - 2007 Cayman European Buyout Companion Fund L.P.‡	5,119,285	61,130,813	17,604,993	53,876,963	4.6
HIPEP VI-Cayman Partnership Fund L.P.§	84,287,500	49,783,450	2,480,340	52,251,488	4.5
HIPEP VI-Cayman Asia Pacific Fund L.P.	28,250,000	21,937,431	1,043,225	23,476,595	2.0
HIPEP VI-Cayman Emerging Markets Fund L.P.	17,550,000	12,509,489	1,399,733	11,097,460	1.0
HVPE Avalon Co-Investment L.P.	1,643,962	85,135,136	37,795,576	89,939,379	7.7
HVPE Charlotte Co-Investment L.P.	—	93,894,011	25,136,080	105,459,586	9.0
HarbourVest Senior Loans Europe**	—	14,409,000	10,116,109	5,876,942	0.5
<b>Total International / Global Funds</b>	<b>291,875,747</b>	<b>806,301,727</b>	<b>431,279,949</b>	<b>547,608,880</b>	<b>46.9</b>
<b>TOTAL INVESTMENTS</b>	<b>\$567,014,497</b>	<b>\$1,775,044,449</b>	<b>\$930,136,276</b>	<b>\$1,264,244,768</b>	<b>108.3%</b>

\* Includes purchase of limited partner interests for shares and cash at the time of HVPE's IPO.

† Includes ownership interests in HarbourVest Partners VII-Cayman Partnership entities.

‡ Fund denominated in euros. Commitment amount is €47,450,000.

§ Fund denominated in euros. Commitment amount is €100,000,000.

\*\* Fund denominated in British pounds. 10,000,000 shares held at 31 January 2014. Cumulative distributions include dividends received which are included as part of dividend income in the Consolidated Statement of Operations.

†† Includes ownership interest in Dover Street VII (AIV 1) Cayman Fund L.P.

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

# Notes to Consolidated Financial Statements

## Note 1 Company Organisation and Investment Objective

HarbourVest Global Private Equity Limited (the “Company” or “HVPE”) is a closed-end investment company registered with the Registrar of Companies in Guernsey under The Companies (Guernsey) Law, 2008 and the Netherlands Authority for the Financial Markets (AFM). The Company’s registered office is PO Box 156, Frances House, Sir William Place, St. Peter Port, Guernsey GY1 4EU. The Company was incorporated and registered in Guernsey on 18 October 2007. HVPE is designed to offer shareholders long-term capital appreciation by investing in a diversified portfolio of private equity investments. The Company invests in private equity through private equity funds and may make co-investments or other opportunistic investments. The Company is managed by HarbourVest Advisers L.P. (the “Investment Manager”), an affiliate of HarbourVest Partners, LLC (“HarbourVest”), a private equity fund-of-funds manager. The Company is intended to invest in and alongside existing and newly-formed HarbourVest funds. HarbourVest is a global private equity fund-of-funds manager and typically invests capital in primary partnerships, secondary investments, and direct investments across vintage years, geographies, industries, and strategies. Operations of the Company commenced on 6 December 2007, following the initial global offering of the Class A ordinary shares.

### Share Capital

The Company’s Class A shares are listed on the Specialist Fund Market (“SFM”) of the London Stock Exchange and Euronext Amsterdam by NYSE Euronext under the symbol “HVPE”. At 31 July 2014, there were 81,166,782 issued Class A ordinary shares of no par value. The Class A shares are entitled to the income and increases and decreases in the net asset value (“NAV”) of the Company, and to any dividends declared and paid, but have limited voting rights. Dividends may be declared by the Board of Directors and paid from available assets subject to the directors being satisfied that the Company will, after payment of the dividend, satisfy a statutory solvency test. Dividends will be paid to shareholders pro rata to their shareholdings. Final dividends must be approved by the holders of the Class B shares.

The Class B shares were issued to HVGPE Holdings Limited, a Guernsey limited liability company, which is owned by affiliates of HarbourVest. The Class B shares have the right to elect all of the directors and make other decisions usually made by shareholders. As at 31 July 2014, 101 Class B shares of no par value have been issued. The Class B shares are not entitled to income or any increases and decreases in the net asset value of the Company or to any dividends declared and paid.

The Class A shareholders must approve any amendment to the memorandum and articles of incorporation except any changes that are administrative in nature, any material change from the investment strategy and/or investment objective of the Company, or the terms of the investment management agreement. These require the approval of 75% of each of the Class A and Class B shares.

There is no minimum statutory capital requirement under Guernsey law.

### Investment Manager, Company Secretary, and Administrator

The directors have delegated certain day-to-day operations of the Company to the Investment Manager and the Company Secretary and Fund Administrator, under advice to the directors, pursuant to service agreements with those parties. The Investment Manager is responsible for, among other things, selecting, acquiring, and disposing of the Company’s investments, carrying out financing, cash management, and risk management activities, providing investment advisory services, including with respect to HVPE’s investment policies and procedures, and arranging for personnel and support staff of the Investment Manager to assist in the administrative and executive functions of the Company.

### Directors

The directors are responsible for the determination of the investment policy of the Company on the advice of the Investment Manager and have overall responsibility for the Company’s activities. This includes the periodic review of the Investment Manager’s compliance with the Company’s investment policies and procedures and the approval of certain investments. A majority of directors must be independent directors and not affiliated with HarbourVest or any affiliate of HarbourVest.

Two of the current independent directors, Andrew Moore and Keith Corbin, are also directors of HarbourVest Structured Solutions II GP Limited, the general partner of HarbourVest Structured Solutions II L.P., a Guernsey partnership managed by HarbourVest and set up to implement the Conversus transaction. The Board does not consider this arrangement to present a conflict of interest, and has concluded that Mr. Moore and Mr. Corbin shall continue to be considered independent directors of HVPE.

## NOTE 2 Summary of Significant Accounting Policies

Accounting policies have been applied consistently as presented in the latest audited accounts. Certain comparative amounts have been reclassified to conform to the current periods presentation.

## NOTE 3 Material Agreements and Related Fees

### Administrative Agreement

The Company has retained JTC Group (“JTC”) as Company Secretary and Administrator. Fees for these services are paid as invoiced by JTC and include an administration fee of £12,718 per annum, a secretarial fee of £27,106 per annum, an additional value fee equal to 1/12 of 0.005% of the net asset value of the Company above \$200 million as at the last business day of each month, and reimbursable expenses. During the period ended 31 July 2014, fees of \$61,963 were incurred to JTC and are included as other expenses in the Consolidated Statement of Operations.

### Registrar

The Company has retained Capita as share registrar. Fees for this service include an annual base fee of £8,338 per annum. During the period ended 31 July 2014, registrar fees of \$9,950 were incurred and are included as other expenses in the Consolidated Statement of Operations.

### Independent Auditor’s Fees

For the six-month period ended 31 July 2014, \$57,200 has been accrued for auditor’s fees and is included in professional fees in the Consolidated Statement of Operations. There were no non-audit fees paid to the independent auditor for the six-month period ended 31 July 2014.

## Investment Management Agreement

The Company has retained HarbourVest Advisers L.P. as the Investment Manager. The Investment Manager is reimbursed for costs and expenses incurred on behalf of the Company in connection with the management and operation of the Company. The Investment Manager does not directly charge HVPE management fees or performance fees other than with respect to parallel investments. During the period ended 31 July 2014, reimbursements for services provided by the Investment Manager were \$955,960. However, as an investor in the HarbourVest funds, HVPE is charged the same management fees and is subject to the same performance allocations as other investors in such HarbourVest funds.

During the six-month period ended 31 July 2014, HVPE has two parallel investments: HarbourVest Acquisition S.à.r.l. (via HVPE Avalon Co-Investment L.P.) and HarbourVest Structured Solutions II, L.P. (via HVPE Charlotte Co-Investment L.P.). Management fees paid for the parallel investments made by the Company were consistent with the fees charged by the funds alongside which the parallel investments were made. During the period ended 31 July 2014 and year ended 31 January 2014, management fees included in the Consolidated Statement of Operations were as follows:

	31 July 2014 (Unaudited)	31 January 2014 (Audited)
HVPE Avalon Co-Investment L.P.	466,921	937,351
HVPE Charlotte Co-Investment L.P.	339,736	522,336
<b>Total Management Fees</b>	<b>\$806,657</b>	<b>\$1,459,687</b>

For the six-month period ended 31 July 2014, management fees on the HVPE Avalon Co-Investment L.P. investment were calculated based on a weighted average effective annual rate of 1.08% on committed capital to the parallel investment. For the six-month period ended 31 July 2014, management fees on the HVPE Charlotte Co-Investment L.P. investment were calculated based on a weighted average effective annual rate of 0.90% on capital originally committed (0.79% on committed capital net of management fee offsets) to the parallel investment.

## NOTE 4 Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under generally accepted accounting principles in the United States, the Company discloses the fair value of its investments in a hierarchy that prioritises the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

*Level 2* – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

*Level 3* – Inputs that are unobservable.

Generally, the majority of the Company's investments are valued utilising unobservable inputs, and are therefore classified within Level 3.

Level 3 partnership investments include limited partnership interests in other investment partnerships. For investments in limited partnerships and other pooled investment vehicles, the Company encourages all managers to apply fair value principles in their financial reports that are consistent with U.S. generally accepted accounting principles. Inputs used to determine fair value include financial statements provided by the investment partnerships which typically include fair market value capital account balances. In reviewing the underlying financial statements and capital account balances, the Company considers compliance with authoritative guidance on fair value measurements, the currency in which the investment is denominated, and other information deemed appropriate. If the Company shall in good faith determine that a manager is not reporting fair value consistent with U.S. generally accepted accounting principles, the Company shall use best efforts to undertake its own valuation analysis using fair market value principles and adjust such value so it is in accordance with the authoritative guidance. Income derived from investments in partnerships is recorded using the equity pick-up method.

Because of the inherent uncertainty of these valuations, the estimated fair value may differ significantly from the value that would have been used had a ready market for this security existed, and the difference could be material.

The following table summarises the Company's investments that were accounted for at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
<b>Balance at 31 January 2013</b>	<b>\$12,645,957</b>	<b>—</b>	<b>\$1,175,127,778</b>	<b>\$1,187,773,735</b>
Contributions to investments	—	—	163,398,784	163,398,784
Net realised gain (loss) on investments	—	—	60,770,252	60,770,252
Net change in unrealised appreciation (depreciation) on investments	366,220	—	107,974,486	108,340,706
Distributions received from investments	(7,135,235)	—	(248,903,474)	(256,038,709)
Transfers in and/or (out) of Level	—	—	—	—
<b>Balance at 31 January 2014</b>	<b>\$5,876,942</b>	<b>—</b>	<b>\$1,258,367,826</b>	<b>\$1,264,244,768</b>
Contributions to investments	—	—	64,275,154	64,275,154
Net realised gain (loss) on investments	—	—	75,345,606	75,345,606
Net change in unrealised appreciation (depreciation) on investments	517,164	—	7,438,874	7,956,038
Distributions received from investments	(1,919,317)	—	(144,573,474)	(146,492,791)
Transfers in and/or (out) of Level	—	—	—	—
<b>Balance at 31 July 2014</b>	<b>\$4,474,789</b>	<b>—</b>	<b>\$1,260,853,986</b>	<b>\$1,265,328,775</b>
Net change in unrealised gain (loss) on investments related to investments still held at 31 July 2014			\$8,281,613	

The Company recognises transfers at the current value at the transfer date. There were no transfers during the period ended 31 July 2014. Investments include limited partnership interests in private equity partnerships, all of which carry restrictions on redemption. The investments are non-redeemable and the Investment Manager estimates an average remaining life of 9 years with 1 to 18 remaining.

As of 31 July 2014, the Company had invested \$1,877,270,311 or 69.7% of the Company's committed capital in investments and had received \$1,107,997,904 in cumulative distributions (including dividends from HarbourVest Senior Loans Europe).

There were no investment transactions during the period ended 31 July 2014 in which an investment was acquired and disposed of during the period.

## NOTE 5 Commitments

As of 31 July 2014, the Company has unfunded investment commitments to other limited partnerships of \$815,981,051 which are payable upon notice by the partnerships to which the commitments have been made. Unfunded investment commitments of \$130,279,343 within this balance are denominated in euros.

## NOTE 6 Debt Facility

On 4 December 2007 the Company entered into an agreement with Lloyds Bank plc (formerly Bank of Scotland plc) regarding a multi-currency revolving credit facility ("Facility") for an aggregate amount up to \$500 million. In April 2013, HVPE refinanced the facility which will remain at \$500 million until December 2014 and will reduce to \$300 million thereafter. The new facility is set to expire in April 2018. Amounts borrowed against the Facility accrue interest at an aggregate rate of the LIBOR/GBP LIBOR/EURIBOR, a margin, and a mandatory cost, if any. A margin of 2.55% per annum was charged for the period from 1 February 2014 to 31 July 2014. For the six-month period ended 31 July 2014, the weighted average effective annual interest rate was 2.1% and the interest rate on the outstanding balance was 2.65%. The Facility is secured by the private equity investments and cash and equivalents of the Company, as defined in the agreement. Availability of funds under the Facility and interim repayments of amounts borrowed are subject to certain covenants and diversity tests applied to the investment portfolio of the Company. At 31 July 2014 and 31 January 2014, \$21,754,980 and \$99,686,315 respectively was outstanding against the Facility. Included in other assets at 31 July 2014 are deferred financing costs of \$3,095,869 related to refinancing the facility. The deferred financing costs are amortised on the terms of the facility. The Company is required to pay a non-utilisation fee calculated as 40 basis points per annum on the daily balance of the unused Facility amount for the period from 1 February 2013 to 22 April 2013 and 55 basis points per annum for the period from 23 April 2013 to 31 December 2013. For the period from 1 January 2014 to 31 July 2014, a fee of 70 basis points was charged. For the six-month period ended 31 July 2014, \$948,536 in interest expense and \$1,530,955 in non-utilisation fees have been incurred.

## NOTE 7 Financial Highlights\*

For the Six-Month Period Ended 31 July 2014 and Year Ended 31 January 2014

	<b>31 July 2014 (Unaudited)</b>	<b>31 January 2014 (Audited)</b>	
<b>Class A Shares</b>			
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of period	\$14.38	\$12.46	
Net realised and unrealised gains	1.03	2.05	
Net investment loss	(0.06)	(0.13)	
Net decrease from redemption of Class A shares	—	(0.00)**	
<b>Total from investment operations</b>	<b>0.97</b>	<b>1.92</b>	
Net asset value, end of period	\$15.35	\$14.38	
Market value, end of period	\$11.85	\$10.75	
Total return at net asset value	6.7%††	15.4%	
Total return at market value	10.2%††	24.1%	
RATIOS TO AVERAGE NET ASSETS			
Expenses‡	0.91%††	1.01%	
Net investment loss	(0.88)%††	(0.96)%	
PORTFOLIO TURNOVER‡	0.0%	0.0%	

\* The class B shares are not entitled to any income or increases and decreases in the net asset value of the Company.

† Does not include operating expenses of underlying investments.

‡ The turnover ratio has been calculated as the number of transactions divided by the average net assets.

\*\* Represents less than \$.01.

†† Annualised

‡‡ Not Annualised

## **NOTE 8 Publication and Calculation of Net Asset Value**

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class is calculated by dividing the net asset value of the relevant class account by the number of shares of the relevant class in issue on that day. The Company publishes the NAV per share of the Class A shares as calculated, monthly in arrears, at each month-end, generally within 15 days.

## **NOTE 9 Related Party Transactions**

The shareholders of HVGPE Holdings Limited are members of HarbourVest Partners, LLC, and are the partners or members of the General Partner entities of each of the HarbourVest funds in which the Company owns an interest.

Other amounts payable to HarbourVest Advisers L.P. of \$546,891 represent expenses of the Company incurred in the ordinary course of business, which have been paid by and are reimbursable to HarbourVest Advisers L.P. at 31 July 2014.

HarbourVest fund-of-funds invest in partnerships managed by Sofinnova Partners, of which Director Jean-Bernard Schmidt is a former Managing Partner. Board-related expenses, primarily compensation, of \$231,479 were incurred during the six-month period ended 31 July 2014. Two of the directors, Andrew Moore and Keith Corbin, are also directors of HarbourVest Structured Solutions II GP Limited, the general partner of HarbourVest Structured Solutions II L.P.

## **NOTE 10 Indemnifications**

### **General Indemnifications**

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties and which provide for general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. Based on the prior experience of the Investment Manager, the Company expects the risk of loss under these indemnifications to be remote.

### **Investment Manager Indemnifications**

Consistent with standard business practices in the normal course of business, the Company has provided general indemnifications to the Investment Manager, any affiliate of the Investment Manager and any person acting on behalf of the Investment Manager or such affiliate when they act in good faith, in the best interest of the Company. The Company is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim, but expects the risk of having to make any payments under these general business indemnifications to be remote.

### **Directors and Officers Indemnifications**

The Company's articles of incorporation provide that the directors, managers or other officers of the Company shall be fully indemnified by the Company from and against all actions expenses and liabilities which they may incur by reason of any contract entered into or any act in or about the execution of their offices, except such (if any) as they shall incur by or through their own negligence, default, breach of duty or breach of trust respectively.

## **NOTE 11 Subsequent Events**

In the preparation of the financial statements, the Company has evaluated the effects, if any, of events occurring after 31 July 2014 through 29 September 2014, the date that the financial statements were issued.

On 5 August 2014, the Company committed \$20 million to HarbourVest Partners Cleantech II Fund L.P.

During September 2014, the Board approved a \$20 million distribution to be made in the form of a share redemption, which is expected to be paid in October 2014.

There were no other events or material transactions subsequent to 31 July 2014 that required recognition or disclosure in the financial statements.

# Disclosures

## Forward-Looking Statements

This report contains certain forward-looking statements.

Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, forward-looking statements can be identified by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” and “would,” or the negative of those terms or other comparable terminology. The forward-looking statements are based on the Investment Manager’s beliefs, assumptions, and expectations of future performance and market developments, taking into account all information currently available. These beliefs, assumptions, and expectations can change as a result of many possible events or factors, not all of which are known or are within the Investment Manager’s control. If a change occurs, the Company’s business, financial condition, liquidity, and results of operations may vary materially from those expressed in forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Any forward-looking statements are only made as at the date of this document, and the Investment Manager neither intends nor assumes any obligation to update forward-looking statements set forth in this document whether as a result of new information, future events, or otherwise, except as required by law or other applicable regulation.

In light of these risks, uncertainties, and assumptions, the events described by any such forward-looking statements might not occur. The Investment Manager qualifies any and all of its forward-looking statements by these cautionary factors.

Please keep this cautionary note in mind while reading this report.

**Some of the factors that could cause actual results to vary from those expressed in forward-looking statements include, but are not limited to:**

- the factors described in this report;
- the rate at which HVPE deploys its capital in investments and achieves expected rates of return;
- HarbourVest’s ability to execute its investment strategy, including through the identification of a sufficient number of appropriate investments;
- the ability of third-party managers of funds in which the HarbourVest funds are invested and of funds in which the Company may invest through parallel investments to execute their own strategies and achieve intended returns;
- the continuation of the Investment Manager as manager of the Company’s investments, the continued affiliation with HarbourVest of its key investment professionals, and the continued willingness of HarbourVest to sponsor the formation of and capital raising by, and to manage, new private equity funds;
- HVPE’s financial condition and liquidity, including its ability to access or obtain new sources of financing at attractive rates in order to fund short-term liquidity needs in accordance with the investment strategy and commitment policy;
- changes in the values of, or returns on, investments that the Company makes;
- changes in financial markets, interest rates or industry, general economic or political conditions; and
- the general volatility of the capital markets and the market price of HVPE’s shares.

## Publication and Calculation of Net Asset Value

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class is calculated by dividing the net asset value of the relevant class account by the number of shares of the relevant class in issue on that day. The Company intends to publish the estimated NAV per share and the NAV per share for the Class A shares as calculated, monthly in arrears, as at each month-end, generally within 15 days.



## Certain Information

HVPE is subject to the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht, "FMSA") and is registered with the Netherlands Authority for the Financial Markets as a closed-end investment company pursuant to section 1:107 of the FMSA. It is also authorised by the Guernsey Financial Services Commission as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the "POI Law"). HVPE is subject to certain ongoing requirements under the FMSA and POI Law and certain rules promulgated thereunder relating to the disclosure of certain information to investors, including the publication of annual and semi-annual financial statements.

## Risk Factors

HVPE's Investment Manager believes that there are four principal risks related to an investment in HVPE:

- The NAV is at risk of decline, particularly if the economic recovery or equity markets falter.
- HVPE's Net Leverage is likely to fluctuate, and obligations could be difficult to fund under certain circumstances.
- HVPE depends on HarbourVest and its investment professionals for core services.
- HVPE could, in the future, experience periods of share illiquidity, ongoing price volatility, and discounts to NAV.

### NAV Risks

Despite positive trends, the economic and stock market recovery remains fragile with persistent levels of unemployment in many markets. HVPE makes venture capital and buyout investments in companies where operating performance is affected by the economy. While these companies are generally privately owned, their valuations are influenced by public market comparables. In addition, approximately 17% of the Company's portfolio is made up of publicly-traded securities whose values increase or decrease alongside public markets. Should the global public markets decline, or the economic recovery falter, it is likely that HVPE's NAV could be negatively affected. There is also a risk that leveraged buyout investments could breach debt covenants, resulting in writedowns in value.

Approximately 22% of the HVPE portfolio is denominated in non-U.S. dollar currencies, primarily euros. Foreign currency movement affects HVPE's investments, borrowings on the credit facility, and unfunded commitments. HVPE has exposure to foreign currency movements through foreign currency-denominated assets within the portfolio and through its unfunded commitments, which are long term in nature. The Company's most significant currency exposure is to euros. At 31 July 2014, HVPE is hedging a part of its unfunded euro-denominated commitments with debt drawn in euros. This is an opportunistic use of the multi-currency credit facility and may change as HVPE continues to pay down the outstanding debt. The Company does not actively use derivatives or other products to hedge the currency exposure.

### Balance Sheet Risks

This document describes HVPE's balance sheet strategy and a willingness to utilise leverage to finance new investments. The Company also continues to maintain its over-commitment strategy and may draw on its credit facility to bridge periods of negative cash flow when investments are greater than realisations. The level of potential borrowing available under the credit facility is negatively affected by declining NAVs. Therefore, in a period of declining NAVs, reduced realisations, and rapid substantial investments, the Company's Net Leverage Ratio could increase beyond an appropriate level. In such a situation, the Company could undertake a series of actions, including an asset sale, which could result in further NAV declines.

### Reliance on HarbourVest

HVPE is dependent on its Investment Manager and HarbourVest's investment professionals. With the exception of the 2011 Absolute investment and 2012 Conversus investment, nearly all of HVPE's assets are invested in HarbourVest funds. Additionally, HarbourVest employees play key roles in the operation of the Company. The departure or reassignment of some or all of HarbourVest's professionals could prevent HVPE from achieving its investment objectives.

### Trading Volume and Price

While trading in HVPE shares has increased considerably recently, the stock may experience periods of illiquidity. Without liquidity, it could be very difficult for a shareholder to sell shares in large quantities without having a negative impact on the share price and possibly causing the shares to trade at a greater discount to NAV.

## Key Information

Exchanges	<b>Euronext Amsterdam / London Stock Exchange</b>
Ticker	<b>HVPE</b>
Listing Date	<b>6 December 2007 (Euronext) 12 May 2010 (LSE)</b>
Fiscal Year End	<b>31 January</b>
Base Currency	<b>U.S. Dollars</b>
ISIN	<b>GG00B28XHD63</b>
Bloomberg	<b>HVPE NA, HVPE LN</b>
Reuters	<b>HVPE.AS, HVPE.L</b>
Common Code	<b>032908187</b>
Amsterdam Security Code	<b>612956</b>
Investment Manager	<b>HarbourVest Advisers L.P. (affiliate of HarbourVest Partners, LLC)</b>
Registration	<b>Netherlands Authority for the Financial Markets</b>
Fund Consent	<b>Guernsey Financial Services Commission</b>
Outstanding Shares	<b>81,166,782 Class A Ordinary Shares</b>

## 2014 / 2015 Calendar

Monthly NAV Estimate  
**Generally within 15 days of Month End**

Interim Management Statement  
**November 2014 / June 2015**

Annual Report and Audited Consolidated Financial Statements  
**May 2015**

## Company Advisors

**Registered Office**  
**HarbourVest Global  
Private Equity Limited**  
Company Registration  
Number: 47907  
PO Box 156  
Frances House  
Sir William Place  
St Peter Port  
Guernsey GY1 4EU  
Tel +44 1481 702 400  
Fax +44 1481 702 407

**Investment Manager**  
**HarbourVest Advisers L.P.**  
c/o HarbourVest Partners, LLC  
One Financial Center  
Boston MA 02111 U.S.A.  
Tel +1 617 348 3707  
Fax +1 617 350 0305

**Auditors**  
**Ernst & Young LLP**  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4AF  
Tel +44 1481 717 400  
Fax +44 1481 713 901

**Company Secretary  
and Fund Administrator**  
**JTC (Guernsey) Limited**  
PO Box 156  
Frances House  
Sir William Place  
St Peter Port  
Guernsey GY1 4EU  
Tel: +44 1481 702 400  
Fax: +44 1481 702 407  
www.jtcgroup.com

**Registrar**  
**Capita Registrars**  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU U.K.  
Tel +44 (0)871 664 0300  
(U.K.)  
Tel +44 (0)20 8369 3399  
(outside U.K.)

**Joint Corporate Brokers**  
**Jeffries Hoave Govett**  
Vinters Place  
68 Upper Thames Street  
London EC4V 3BJ U.K.  
Tel +44 20 7155 4579  
Fax +44 20 7980 4861

**J.P. Morgan Cazenove\***  
25 Bank Street  
Canary Wharf  
London E14 5JP U.K.  
Tel +44 20 7588 2828

\* J.P. Morgan Securities Ltd., which conducts its U.K. investment banking activities as J.P. Morgan Cazenove.

