

Newsletter

General Market Review April 2007

Economic Review

Analysts expected the CPI (Consumer Price Index) to rise 0.4% in April, boosted by an increase in gasoline prices (an average of \$2.89 per gallon in April, versus an average of \$2.61 per gallon in March). The rising gas prices have had a significant impact on consumer sentiment, as have reports of rising food prices. In addition, April's employment report was less welcoming than in recent months. Limiting the downside, however, is likely to be continued advances in the stock market. These combined factors have resulted in a decrease in the University of Michigan Sentiment Index to 87.1 in April, compared to 88.4 in March. Analysts also predicted housing starts to soften in April, with a forecast of 1450k of privately owned new homes from 1518k. The inventory overhang in the housing market will likely preclude a recovery in home construction in the foreseeable future.

Industrial production is likely to advance a modest 0.2% in April. Analysts expect utilities output to rebound following March's 7% decline, which was a result of unseasonably warm weather. Manufacturing output should be little changed, as increases in auto production are likely to be offset by declines in manufacturing hours worked.

Sources: CS Research & Analytics

Absolute Private Equity Ltd.

Portfolio Description

Absolute Private Equity focuses its investment strategy mainly on the private equity market. Absolute Private Equity commits its money to private equity funds, which pursue investment strategies differing by industry, geographic region and stage of financing. The asset class of private equity is characterized by a long investment horizon. From the time of capital commitment, through the investment cycle and up to the realization period, between three to seven years elapse. In order to maximize the returns on capital invested for its shareholders, Absolute Private Equity employs a cash management strategy through a portfolio of absolute return strategies, which targets investments in non-traditional funds that can generate immediate returns. The capital within the absolute return part will be allocated to the

private equity portion, as soon as the underlying private equity funds call committed capital for investments.

Investment Performance as of April 2007

		Performance April 2007	Performance year to date	Performance since Inception
Absolute Private Equity NAV (USD)	USD 100.62	4.29%	9.97%	89.14%
Share price (USD)	USD 97.60	4.00%	15.71%	72.68%
Premium (Discount)	-3.00%			
Morgan Stanley World Equity	1'577.86	4.21%	6.36%	20.89%
JP Morgan Global Government Bond Index	363.893	0.11%	0.65%	32.50%

Past performance is no guarantee of future results. Performance numbers are estimated net of management and performance fees and are subject to change.

Private Equity Review

The flurry of activity in the buyout market in recent years has been bolstered in part by the reversal of longstanding barriers that impeded effortless takeovers of companies. Obstacles such as geography, size, availability of financing, family control and government intervention, are no longer insurmountable. Private equity firms now regularly engage in deals that surpass each of these roadblocks. Moreover, many private equity firms believe that now is a better time than ever to complete deals given buoyant stock valuations, freely available financing and a favourable legislative climate. While all signs are pointing in the right direction, there could be a retraction ahead.

Many analysts believe that significantly eased merger-enforcement standards in the Bush Administration, as compared to previous administrations, favour increased M&A activity. According to a recent study by a former Federal Trade Commission economist, the Bush Justice Department's rate of merger challenges between 2002 and 2005 was the lowest of the past 20 years. Moreover, the Administration's easing of taxes was extremely beneficial for the industry. However, a potential change in the regime to a Democratic government would likely result in tightened fiscal control. Lawmakers are already discussing potentially taxing private equity gains at a higher rate, which has prompted more activity in the space while the tax rate remains lower.

There has also been an underlying shift in perspective within corporate boardrooms, as boards are now increasingly unwilling to resist demands to spin-off businesses or merge. This shift in mentality is driven in part by incentives – executives often stand to gain financially when there is a change of control, as their stock options gain value and other payments take effect. However, a series of corporate scandals and very public departures of CEOs with substantial packages could result in increased scrutiny and backlash within the industry.

While cheap debt has been plentiful, this trend could quickly reverse should interest rates rise, increasing the cost of debt for acquirers. As such, highly levered companies could find themselves in default, having a significant negative impact on private equity returns, as well as causing ripple effects throughout the economy. For example, cost cutting initiatives required to create leaner structures and service debt could result in widespread layoffs at private equity backed companies. Moreover, the opportunistic growth projections assumed for underlying portfolio company investments would be difficult to attain in a slowing economy.

Sources: LBO Wire

Private Equity Investments as of April 30 2007

Private Equity Funds	Investment Focus	Commitments USD	Market Value of Investments USD	% of Commitments	% of Absolute Private Equity Assets
Clarity Partners	Software & technology companies in telecom, media and internet	10'000'000	5'422'146	54.22%	0.53%
Bay Partners X	Early stage investment in US technology companies	8'000'000	4'713'246	58.92%	0.46%
GRP II	Start-up and venture capital in the US and EU	15'000'000	15'830'354	105.54%	1.56%
AC Private Equity Invest	Private Equity with focus on Southern Europe	10'000'000	11'412'487	114.12%	1.12%
Warburg Pincus Int'l	Venture capital, buyouts and recapitalizations in a broad range of industries world wide	105'826'250	111'167'787	105.05%	10.93%
WPIP Co. LLC	Venture capital, buyouts and recapitalizations in a broad range of industries world wide	94'173'750	99'370'517	105.52%	9.77%
Warburg Pincus Private Equity VIII	Venture & growth capital and buyouts in a broad range of industries	25'000'000	27'076'301	108.31%	2.66%
PAI Europe III-B	Focus on buyouts, lesser extent growth capital, in Western Europe	12'426'848	13'885'301	111.74%	1.37%
PAI Europe III-B3	Focus on buyouts, lesser extent growth capital, in Western Europe	12'184'946	13'761'295	112.94%	1.35%
CSFB Fund Investments VII Holdings, L.P.	Venture & growth capital and buyouts in a broad range of industries	140'000'000	100'537'276	71.81%	9.89%
CSFB Middle Market Value Investor, L.P.	Focus on middle market buyouts in the US	74'925'000	59'378'300	79.25%	5.84%
DLJ Merchant Banking Partners III	Buyout in a broad range of industries mainly in the US	15'000'000	9'432'673	62.88%	0.93%
Absolute Fiduciary Global Opportunities Partners, L.P.	Investments into distressed companies world-wide	50'000'000	30'149'377	60.30%	2.96%
Terra Firma Capita Partners II, L.P.	Heavy-asset based and out-of-favour European companies with a potential for active value creation	93'631'151	93'931'809	100.32%	9.24%
Terra Firma Capita Partners III, L.P.	Heavy-asset based and out-of-favour European companies with a potential for active value creation	13'202'247	0	0.00%	0.00%
DLJ Venture Partners II	Venture & growth capital in a broad range of industries world-wide	7'111'396	6'645'267	93.45%	0.65%
DLJ Offshore Partners IV, L.P.	Buyout in a broad range of industries mainly in the US and western Europe	10'000'000	3'599'991	36.00%	0.35%
The ADM Maculus Fund, L.P.	Distressed assets and undervalued situations in Asia	15'000'000	8'347'408	55.65%	0.82%
ADM Maculus Fund III, L.P.	Distressed assets and undervalued situations in Asia	20'000'000	5'321'818	26.61%	0.52%

(Cont.)

	Investment Focus	Commitments USD	Market Value of Investments USD	% of Commitments	% of Absolute Private Equity Assets
The Lightyear Fund L.P.	Private Equity with focus in the financial services industry	5'000'000	3'412'121	68.24%	0.34%
Lightyear Fund II L.P.	Private Equity with focus in the financial services industry	1'000'000	166'661	16.67%	0.02%
Wayzata Opportunities Fund LLC	Private Equity, with focus in distressed debt	10'000'000	8'309'863	83.10%	0.82%
Apollo Investment Fund, VI, L.P.	Private Equity with focus in classic, distressed and corporate buyouts	8'325'000	2'055'930	24.70%	0.20%
VSS Communications Parallel Partners IV, L.P.	Private Equity with focus in the media industry in both North America and Europe	10'000'000	2'723'613	27.24%	0.27%
Blackstone Capital Partners V, L.P.	Focus on leveraged buyouts in a diverse group of industries	15'000'000	6'119'268	40.80%	0.60%
Nordic Capital Fund VI	Investments in many industry sectors in Nordic region.	11'960'023	4'446'892	37.18%	0.44%
Madison Dearborn Capital Partners V, L.P.	Buyout opportunities in specific industries in US avoiding hightech	15'000'000	3'966'799	26.45%	0.39%
CSFB CFGI SPV Investros II, LLC	Focuses on early and late-stage venture capital investment in life sciences/biotechnology industry	5'000'000	1'071'757	21.44%	0.11%
Credit Suisse/ CFGI TV SPV, L.P.	Large Buyout in operating companies	15'000'000	3'765'492	25.10%	0.37%
Credit Suisse/CFGI BP II SPV, LLC	Focuses on leveraged buyouts transactions in the small-cap and mid-cap range	5'000'000	835'468	0.00%	0.00%
The Fourth Cinven Fund	Focuses on large European buyouts, typically being the lead investor in each transaction	16'635'402	3'874'552	23.29%	0.38%
Credit Suisse/CFGI BC IX SPV, LLC	Participates in growth capital buyouts and restructurings	15'000'000	6'226'035	41.51%	0.61%
Greenstone Capital Partners I, L.P.	Investments in established Small-Cap Businesses, co-invest in larger business in Australia and New Zealand	26'024'001	244'135	0.94%	0.02%
Centerbridge Capital Partners	Focuses on leveraged buyouts, corporate partnerships, recapitalizations, corporate buildups and distressed securities.	5'000'000	138'594	2.77%	0.01%
Permira IV, L.P.	Focuses on leveraged acquisitions of both private and publicly listed companies in TMT, chemicals and industrial products & services sectors.	8'095'652	1'526'674	18.86%	0.15%
Cerberus Institutional Partnership LP(series 4)	Investments in debt securities that are senior in the capital structure and often secured.	5'000'000	492'448	9.85%	0.05%
Hellman & Friedman Capital Partners VI, L.P.	Invests in a variety of transactions ranging from buyouts to restructurings and various types of minority investments.	15'000'000	0	0.00%	0.00%
TPG Star L.P.	Investments in growth equity, small buyout, recap and venture deals in divers sectors across the world.	5'000'000	146'415	2.93%	0.01%

(Cont.)

	Investment Focus	Commitments USD	Market Value of Investments USD	% of Commitments	% of Absolute Private Equity Assets
The Resolute Fund II, L.P.	The fund will make leveraged acquisitions of well managed and consistently profitable business in the middle market.	10'000'000	840'276	8.40%	0.08%
Trident IV, L.P.	Focuses on growth equity and buyout acquisitions of companies in the insurance/finance services industry	5'000'000	1'018'679	20.37%	0.10%
Providence Equity Partners VI, L.P.	Focuses on leveraged buyout, growth capital, consolidations and under-managed companies in the medi/communications industries.	15'000'000	1'487'701	9.92%	0.15%
Point 406 Ventures I, L.P.	The Fund will invest in IT Security and IT Infrastructure; Technology-enable Business Services; and Next Generation Software	5'000'000	625'000	12.50%	0.06%
Silver Lake Partners III, L.P.	Focuses on Technology, technology-enabled and related growth industries.	15'000'000	0	0.00%	0.00%
Apax Europe VII-A, L.P.	The fund will primarily make buyout acquisitions, opportunistically growth capital investments and to an even lesser extent, PIPE transactions.	15'000'000	0	0.00%	0.00%
Matlin Patterson Global Opportunities Partners III, L.P.	Investments into distressed companies worldwide	10'000'000	0	0.00%	0.00%
Beacon India Private Equity Fund, L.P.	Private Equity with focus on India	5'000'000	696'517	13.93%	0.07%
Arch Capital	Insurance and financial services company that provides reinsurance and insurance products on a worldwide basis.	0	13'107'527	–	–
Silver Lake Sumeru Fund L.P.	Focuses primarily on investing in middle market companies in the technology, technology-enabled and related growth industries.	10'000'000	0	0.00%	0.00%
The Bay City Capital Fund V, L.P.	Investments into Biopharmaceutical, drug discovery, medical device and medical diagnostic industries	5'000'000	0	0.00%	0.00%
HIG Europe Capital Partners IV, L.P.	Focuses on private equity, growth capital and other equity-related investments in lower middle-market companies primarily in Europe.	15'000'000	0	0.00%	0.00%
Total		1'038'521'666	687'281'771	66.18%	67.58%
	Total Net Assets Absolute Private Equity	1'017'024'867			

Overall Allocation Overview as of April 30, 2007

	Asset Value (USD)	In % of Total Assets
Private Equity Investments	687'281'771	67.58%
Absolute Return Strategies	216'717'961	21.31%
Cash	113'025'135	11.11%
Total Net Assets	1'017'024'867	100.00 %

Private Equity Investments Review

Total commitments as of April 2007 stand at USD 1'039 million, of which USD 687 million have been invested. This represents 66.18% of committed capital and 67.58% of total net assets. During April, USD 7.44 million was called for new investments. Unrealized gains of USD 25.3 million were attributable to GRP II, PAI Europe III, CSFB MMV, Matlin Patterson GOP, Arch Capital, The Light year Fund I, LP, VSS Communications Paralle Partners IV, LP and Nordic Capital Fund VI. Unrealized loss of USD 11.8 million came from Clarity Partners, WPIP, WPIP LLC, WP Private Equity VIII. Distributions of USD 21.7 million came from Bay Partners, GRP II, PAI Europe III, CSFB MMB, DLJ MB III, WPIP, WPIP LLC, WP Private Equity VIII, CSFB Fund VII and VSS Communications Partners IV, LP, recallable ROC of 1.19 million from CSFB MMV and Apollo Investment Fund VI, LP and TPG Star L.P.

Valor: 1111333
 Bloomberg ticker: ABSP SW <EQUITY>

Neither this document nor any copy hereof may be sent or taken or transmitted into the United States or distributed, directly or indirectly, in the United States or to any U.S. person. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. The securities issued by Absolute Private Equity AG have not and will not be registered under the Securities Act of 1933 of the United States of America. This document is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities. This document does not constitute a prospectus in the sense of Art. 652a resp. Art. 1156 of the Swiss Code of Obligations.