



New Star Private Equity Investment Trust PLC

Quarterly Newsletter – December 2007

Investment policy: The company's objective is to produce capital growth by investing in a diversified portfolio of limited partnership interests and listed vehicles that provide exposure to European mid-market buy-outs.

Launch date: 01 July 2007 **Fund size:** GBP£72.2m **NAV:** 356.11p **Share price:** 299.0p

Market commentary

The final three months of 2007 was a volatile and uncertain period for investors in global financial markets. On the one hand, investor confidence was disturbed by the deepening credit crisis and fears that the US economy would enter a recession and drag down global economic growth rates. On the other, there were hopes that the monetary easing programme introduced by the US Federal Reserve would ameliorate the consequences of the US housing downturn and credit market dislocation.

While full effects of the credit crunch had yet to have much influence on transaction prices during the period under review, it did reduce the number of transactions. For the New Star Private Equity Investment Trust there was only one transaction to note from its general partners during the quarter. This was the £26 million purchase by ITV of 12 Yard, a 50%-owned subsidiary of Hat Trick Productions backed by August Equity. In addition to the initial sale proceeds, there is potential for further payments if 12 Yard, which develops and produces new television formats, meets certain hurdles over the next three years.

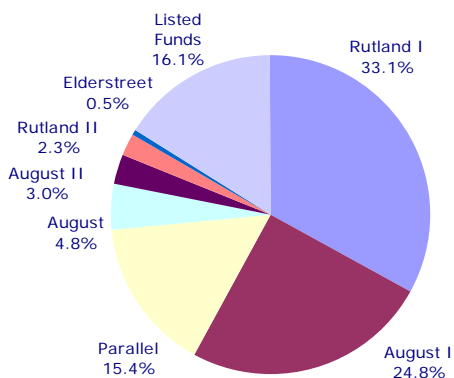
The period was not so quiet for listed private equity funds and fears of a marked slowdown in realisations and the risk of write downs resulted in a sharp widening in discounts to stated net asset values. Against this background, the fund added two new holdings to the portfolio that had a specialist focus, for example in the oil and gas sector, rather than chasing widening discounts. That said, there were many compelling opportunities within the sector at the end of the year.

During the period, meetings were held with a number of private equity managers of both listed funds and limited partnerships. In the case of the latter, the fund made commitments to three new funds following further due diligence.

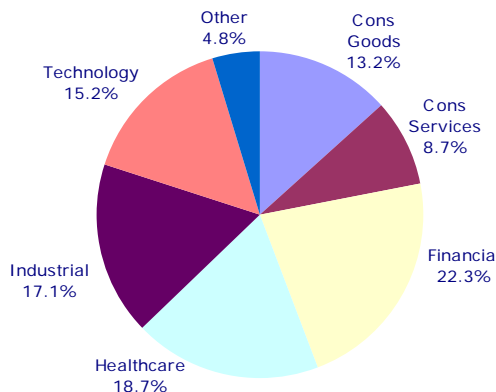
Nick Brind and Paul Craig, co-managers

Fund composition

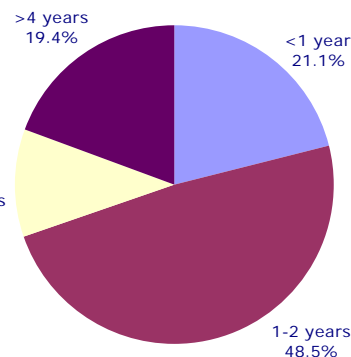
By manager:



By sector:



Limited Partnerships by vintage:



Performance (% return)

NAV			Share price		
3 months	YTD	Since inception	3 months	YTD	Since inception
0.31%	2.52%	2.52%	-3.86%	-3.55%	-3.55%

Source: All fund information from New Star Asset Management Limited at 31 December 2007. Past performance is not necessarily a guide to future performance.

Investment manager: New Star Asset Management Limited. **Company secretary:** New Star Asset Management Limited. **Registrar:** Capita Registrars. **Email:** closedendfunds@newstaram.com. **Website:** www.newstaram.com/alternative-investments/closed-end-funds. **Listing:** London Stock Exchange. **Mnemonic:** NSPE. **SEDOL:** 3095531. **ISIN:** GB0030955313.

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