



# Preqin Industry News

Jessica Sutro delivers a round-up of the latest private equity news from Q3 2012, featuring exclusive intelligence on investor activity and recently launched and closed funds, uncovered by Preqin's analysts. Preqin Online subscribers can click on the investor/firm names to view the full profiles.

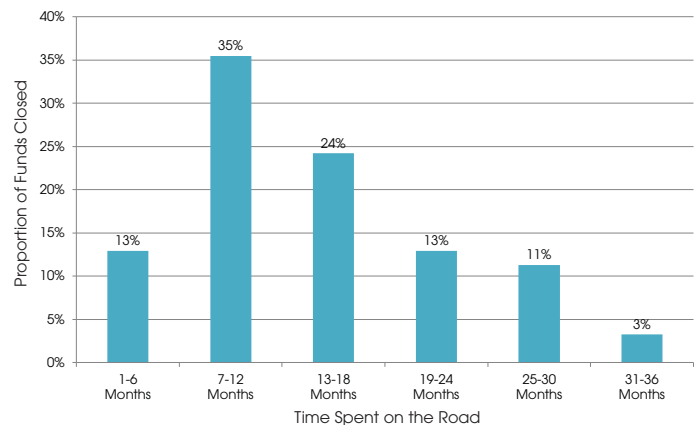
The financial crisis and global economic uncertainty has certainly impacted the private equity fundraising market in recent years, with many funds finding it challenging to stand out from the crowd to cautious investors. However, Q3 2012 has seen a number of funds reach a final close. Significantly, as shown in the Chart of the Month, of the funds to hold a final close in Q3 2012, 48% spent 12 months or less on the road. The average fundraising time for funds closed this quarter was 15 months, down from the 19 months in Q2 2012. A number of these funds have reached a final close in very good time – [Water Street Healthcare Partners III](#) raised \$750mn, \$100mn above its target, in July after just two months in market. [Thrive Capital Partners III](#) reached its \$150mn target in September over a 10 week fundraising period.

A number of other funds made significant final closes in Q3 2012. [Blackstone Group](#) held a final close on \$2.5bn in August for their first energy-focused fund [Blackstone Energy Partners](#), a vehicle that invests in energy and natural resources opportunities globally within a variety of sectors, including exploration and production, energy services and equipment, midstream, downstream and power. [Bain Capital Asia II](#) closed in July 2012 above its \$2bn target on \$2.3bn. The fund focuses on investment opportunities in China, Japan and India, and has flexibility to do deals in other parts of Asia and the Pacific Rim.

Fundraising has been buoyed by new investor commitments to the asset class, which have been providing fresh capital for the large number of vehicles currently on the road. [Temasek Holdings](#), a SGD 302.6bn Singapore-based sovereign wealth fund, made a commitment to the latest fund offering from [RRJ Capital](#), which is reported to be the largest ever single commitment made to a private equity fund. The fund is targeting \$4bn and will focus on opportunities across Asia, primarily China, Indonesia and Malaysia. Temasek Holdings has a particular preference for buyout and venture funds but also invests in mezzanine and distressed private equity vehicles. Geographically, Temasek Holdings has significant exposure to Asia, but it has also previously committed to a number of funds focusing on opportunities across the developed regions of North America and Europe.

Elsewhere, [Keva](#) is another investor looking to make significant commitments to the asset class in the future. The €32bn Finnish public pension fund is looking to commit to 10 private equity funds over the next 12 months, working with existing managers in its portfolio, as well as forming some new GP relationships over the coming year. Keva has a particular preference for buyout funds, but also looks to invest in growth, venture capital and mezzanine funds. Geographically, it has exposure to North America, Europe and Asia and over the longer term, will look to increase its exposure to Asia as it currently views China and South Korea favourably. It has a current allocation to the asset class of 5% of total assets, slightly below its target of 5.5%. Keva typically looks to commit between €25mn and €75mn per fund.

Chart of the Month: Time Spent on the Road by Funds Closed in Q3 2012



Source: Preqin Funds in Market

Despite the crowded fundraising market, with many vehicles competing for investor capital, a number of funds have launched this quarter. [Drug Royalty III](#), which launched in August 2012, will buy royalties from pharmaceutical and biotechnology companies, research institutions, universities and investors. The expansion/late stage vehicle invests globally across North America, Asia and the EU with a \$1bn target. [Yucaipa Companies](#) also launched its latest fund, [Yucaipa American Alliance Fund III](#) in September 2012, targeting \$1.65bn to invest in the US. The vehicle focuses on buyouts of mid to large size companies in consumer related industries.

Finally, a number of large private equity firms have experienced additions to their teams in Q3 2012. In September 2012 Danny Koh joined [Actis](#)'s Asia team as Director. The firm are currently raising [Actis 4](#), a growth fund with a \$3.5bn target to invest in South America, Africa, Central America and Asia. Within Asia, the fund focuses on investing in China and India in a broad range of industries. Elsewhere in Asia, [Capstone Partners](#) hired Alexandre Schmitz and Teena Jilka to increase its exposure in Asia. Schmitz is heading up Capstone Partners' new office in Singapore; Jilka is in charge of fundraising and origination in India and will work out of Capstone Partners' office in Switzerland.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to [spotlight@preqin.com](mailto:spotlight@preqin.com) and we will endeavour to publish them in the next issue.