

Asia Private Equity Universe Grows in Importance

Asia-focused private equity accounts for a quarter of global industry AUM

Asia's importance within the private equity and venture capital universe has grown over the past few years, with Asia-focused private equity funds accounting for \$722bn of assets under management – a quarter of the global total. Growth funds account for 42% of Asia-focused dry powder, while venture capital funds account for the second largest proportion (29%). Although investors have yet to see the same capital distribution levels from Asia-focused funds as they have from more established regions, the levels of Asia-focused capital distributions are nonetheless growing, and have exceeded \$60bn every year since 2015. Additionally, Asia-focused funds have posted higher returns than North America- and Europe-focused funds for recent vintage years, with Asia-focused funds returning over 17% for 2015 vintage vehicles.

For more information and analysis, see the full *September Asia Private Equity Special Report* here: <http://docs.preqin.com/reports/Preqin-Special-Report-Asian-Private-Equity-September-2018.pdf>

Key Private Equity in Asia Facts:

- With \$722bn in assets under management, **Asia-focused private equity funds account for a quarter of global AUM as at the end of 2017.**
- Asia-focused private equity funds hold \$246bn in dry powder. **Asia-focused growth funds account for the largest proportion (42%) of dry powder** and venture capital funds represent the second largest portion (29%).
- Despite a year-on-year decrease in the number of Asia-focused funds closed since 2015, aggregate capital raised has increased due to larger funds entering the market: **in 2013, just 12% of funds closed on \$250mn or more; in 2018 this proportion has grown to 35%.**
- While Asia-focused private equity funds have yet to see positive net cash flow, capital calls reached a record high of \$107bn at the end of 2017 and **capital distributions have exceeded \$60bn every year since 2015.**
- Asia-focused private equity funds have seen strong returns, posting returns of 12% or higher for vintages 2010-2015. In fact, **Asia-focused vintage 2015 funds returned over 17%, outperforming North America- and Europe-focused vehicles.**
- **The largest hub of Asia-based investors is in China**, with the region accounting for almost a third (32%) of investors in Asia. Meanwhile, Japan accounts for the second largest proportion (21%) of Asia-based investors.
- Although the majority of investors in Europe and North America are foundations and pension funds, **the largest proportion of investors in Asia are corporate investors and banks**, which make up 27% and 12% of investors in the region respectively.

Christopher Elvin, Head of Private Equity:

“Asia has always played an important part in the private equity and venture capital ecosystem, but its importance was not fully recognized until our recent research efforts. Although investors have yet to see the same returns of cash in Asia than they have for North America- and Europe-focused funds, Asia-focused private equity funds’ returns rival those of more established regions, pushing the region to see strong capital distributions in recent years. Asia already represents 25% of the global alternative assets industry, and the region will only grow in coming years.”

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