

Media Release

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AUSTRALIAN PRIVATE CAPITAL ASSETS GROW TO \$68 BILLION

Assets under management increase by 119% over the decade to June 2019

SYDNEY: The Australian private capital industry reached a record \$68 billion in assets under management (AUM) at June 2019, up from \$60 billion the previous year, according to the *Preqin & Australian Investment Council Yearbook 2020*.

Significantly, Australia stands out as an appealing investment destination, with the private capital market continuing to display one of the most attractive risk/return profiles in the world, demonstrating its potential for long-term, stable returns for investors.

Private equity (PE) and venture capital (VC) also followed the trend for increased AUM in 2019, rising to a new record high of \$33 billion, an increase of 16% on 2018.

PE deal activity was robust in the food and healthcare sectors, with consumer discretionary representing the largest share (52%) of aggregate buyout deal value in 2019, up from 11% in 2018, while healthcare accounted for 37%, a 30% increase on the prior year. Buyout deals involving Healthscope, Navitas and Arnott's Biscuits Limited headlined the volume of activity in these sectors.

Meanwhile, VC funds raised a total of \$632 million for investment in Australia which represents the second-highest annual total in the past decade. The IT sector continued to dominate in terms of aggregate venture capital deal value (51%) and number of transactions (59%).

"The industry is well-placed to withstand the ongoing disruptions arising from COVID-19, with dry powder levels for private equity and venture capital now totalling \$13 billion. Current investments in healthcare, technology and agriculture, are likely to respond well in the post-COVID-19 market rebound which will be vitally important to the nation's overall economic recovery," said Australian Investment Council Chief Executive, Yasser El-Ansary.

"The period ahead will present a unique opportunity for Australia to redesign its economy on the back of this current crisis. The role that private capital investment can play in structurally transforming industry sectors and driving new innovation, and at the same time accelerating productivity and business competitiveness, is very significant," he added.

The Yearbook data confirms that in the decade to June 2019, the industry experienced a significant (119%) increase in combined Australian-focused private capital investment across the PE, VC, private debt, real estate, agriculture and infrastructure sectors.

"While at a macro level, Australia is recognised for its natural resources, private capital is going from strength to strength with some of the largest deals recorded in the healthcare and consumer discretionary sectors," said Mark O'Hare, Chief Executive at Preqin. "The private equity and venture capital spaces have seen a significant uptick in activity, and investors are increasingly seeing Australia as a growth market with significant potential.

"Looking ahead, Australia is well-positioned to be at the forefront of the future of private capital. It is home to almost half of the APAC signatories to the UN's ESG framework. Investors in the country are pursuing diverse and flexible investment strategies to take advantage of emerging sectors. The economy is fundamentally strong, and seems ideally placed to recover from the current volatility. With some of the largest institutional investors and pension funds in the world, Australia will be an exciting market to watch on the world stage."

The Yearbook uses figures compiled by leading international alternative assets data provider Preqin, and looks at fundraising, investments and exits across the Australian private capital industry. (page 1 of 2)



Key highlights

- Australian private equity and venture capital firms had a combined \$33 billion in assets under management (\$25 billion PE and \$8 billion VC) as of June 2019
- The aggregate value of private equity-backed buyout deals in Australia in 2019 was \$16 billion
- Public-to-private transactions accounted for 53% of total Australian buyout deal value in 2019
- Australia-focused PE AUM recorded a third consecutive year of growth reaching a new high of \$25 billion at June 2019
- Australia-focused funds with 2010-2017 vintages, generated the highest median net IRR of 15.0% and lowest median risk at 7.7% standard deviation of net IRR compared to America which had the highest risk at 15.5% and a return of 13.2%
- 60% of Australian private debt-backed deals in 2019 focused on senior debt
- Superannuation funds represent the largest proportion (47%) of domestic investors in private capital
- 150 of Asia-Pacific's 378 signatories to the UN Principles for Responsible Investment are located in Australia. Superannuation funds account for 60% of the 150 signatories.

-ENDS-

Note: all currency units are in Australian dollars unless otherwise stated.

To arrange an interview with Yasser El-Ansary, please contact:

Robyn Tolhurst
Public Affairs Manager
Australian Investment Council
E: robyn.tolhurst@aic.co T: +61 2 8243 7000 M: +61 436 388 919

About the 2020 Yearbook

The *Australian Private Capital Market Overview: Preqin & Australian Investment Council Yearbook 2020* tracks activity in the Australian private capital industry. It is based on data contained in the Preqin Pro data platform, as well as on-the-ground information collected by both Preqin and the Australian Investment Council. Report content has been co-authored by the Australian Investment Council and Preqin.

About the Australian Investment Council:

The Australian Investment Council is the voice of private capital in Australia. Private capital investment has played a central role in the growth and expansion of thousands of businesses, which when combined represents a multi-billion dollar contribution to the Australian economy. Our members are the standard-bearers of professional investment and include: private equity, venture capital and private credit funds, alongside institutional investors such as superannuation and sovereign wealth funds, as well as leading financial, legal and operational advisers.

The Australian Investment Council requests its name always appear in full and not abbreviated or as an acronym.

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About Preqin:

Preqin is the Home of Alternatives™, the foremost provider of data, analytics and insights to the alternative assets community. From pioneering rigorous methods of data collection to developing a revolutionary platform, we have committed ourselves to furthering the understanding of alternatives for over 16 years. Through close partnership with our clients, we continuously build innovative tools and mine new intelligence to enable them to make the best decisions every day.

For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.

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