

Venture Capital Prepares for Landmark Year in Asia

Strong fundraising pipeline puts 2017 on course for bumper year as level of capital available for firms to invest surges

The latest research from Preqin finds that Asia-focused venture capital fundraising has remained robust in recent years, with funds closed since the beginning of 2014 raising a combined \$43bn. Despite annual fundraising totals declining slightly in 2016, 2017 could mark a landmark year as the fundraising pipeline for the region continues to develop apace. Almost 200 funds are currently seeking capital from investors to deploy into venture capital opportunities in Asia, including the China State-Owned Venture Investment Fund, which will become the largest venture capital fund ever raised if it reaches its target size. Together, Asia-focused venture capital funds are targeting over \$50bn from investors, and have already secured more than half that via interim closes.

For more information and analysis on the VC industry, see the full March Private Equity Spotlight here: www.preqin.com/docs/newsletters/pe/Preqin-Private-Equity-and-Venture-Capital-Spotlight-March-2017.pdf

Other Key Venture Capital in Asia Facts:

- Asia-focused venture capital fundraising peaked at \$14.5bn, before declining slightly as funds raised \$14.1bn in 2015 and \$13.3bn in 2016. Cumulatively, **333 funds have raised \$43.3bn since the start of 2014.**
- China-focused funds account for the majority of this capital: **138 China-focused funds have raised a combined \$27.6bn** since that start of 2014, while 49 India-focused funds have raised \$4.9bn.
- At the same time, the fundraising market is becoming increasingly competitive. At the start of March, **183 Asia-focused venture capital funds are seeking a combined \$56bn from investors.**
- This is significantly higher than the 130 funds that were seeking \$20bn at the start of 2016, and is seven times as much as the \$8bn that was being sought by 77 funds at the start of 2014.
- **Eighty-five funds currently in market have already held an interim close**, securing \$28bn in investor capital – more than half the aggregate amount targeted.
- Among the funds in market is the **China State-Owned Venture Investment Fund, which is targeting CNY 200,000mn (\$29.8bn)**. If it reaches this size at final close, it will be the largest venture capital fund ever.
- Partly due to these interim closes, **Asia-focused venture capital dry powder has surged from \$34bn at the end of 2016 to \$52bn in March 2017.**

Felice Egidio, Head of Venture Capital Products:

“The development of the venture capital industry in Asia has undoubtedly been one of the major success stories of recent years. Robust fundraising and healthy deal flow have established the region as a key player in the global industry, and with domestic and international investors increasingly targeting Asia-based start-ups, it is of little surprise that fundraising looks set to accelerate in 2017.

In particular, China has played a central role in the growth of the Asian market, and is now beginning to rival Silicon Valley as a hub of venture capital activity. The Chinese government has looked to encourage entrepreneurship by providing support and financing for start-ups alongside private firms. However, venture capital fund managers across Asia will have to prove that they can provide the strong returns that investors demand in order to ensure that the current boom in fundraising can translate into a long-term ascendancy.”

Please note, all data is correct as at 16 March 2017; figures subject to revisions as further information becomes available.

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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