Market News

CapMan's Kummu: Allow LPs a more active role to monopolise smaller markets 2

Astarte Partners Co-Founder: no management fees, no problem with expert team-up strategy 2

Cleantech PE and VC investment recovers after two-month slump 3

Fewer, bigger deals leading European private equity exit activity surge 3

Biotech industry sees strong PE and VC deal activity as end of year looms 4

LP News

New Mexico Educational Retirement Board ("NMERB") re-ups with EIG Global Energy Partners amid $285m alternative assets commitments 5

Blackstone, Kedaara Capital ("Kedaara"), Vistria pick up $350m New York State Common Retirement System commitments 5

State of Wisconsin Investment Board ("SWIB") commits $256m to four PE funds 5

Huge Abraaj emerging markets fund among latest Hawaii Employees' Retirement System ("Hawaii ERS") PE commitments 6

San Francisco City & County Employees' Retirement System ("SFERS") backs six PE and real assets funds in latest $400m commitment surge 6

GP News

Low-debt private equity specialist Capital Partners closes third fund on $600m 6

Lime Rock Partners ("Lime Rock") collects $337m on way to Fund VIII goal 6

Asteroid mining and human longevity pioneer Diamandis back with second $200m-targeting Bold Capital fundraise 7

RiverVest Venture Partners ("RiverVest") back fundraising yet again, looks to almost double Fund III total 7

Frazier Healthcare Partners ("Frazier") launches new buyout vehicle months after closing life sciences fund 7

F2i on course to raise biggest ever Italian vehicle with €3.1bn Fund III first close 8

The European Investment Fund ("EIF") launches €2bn umbrella fund targeting SMEs 8

EMZ Partners ("EMZ") hits Fund 8 €815m hard cap to mark biggest ever vehicle 8

DRC Capital hits £600m hard cap for its Real Estate Debt Fund III 9

LSP beats hard cap to close major European medical tech fund on €280m 9

Main Capital beats oversubscribed Fund V target after holding €236.5m final close 9

CapMan raises €86m for Nordic-focused minority investment fund 10

Newly-formed Next Orbit Ventures ("Next Orbit") launches $2bn fund focused on India's electronics market 10

GenBridge Capital ("GenBridge") said to pick up GIC and JD.com backing to reach $500m hard cap close for debut fund 10

Cathay Capital ("Cathay") eyes China car tech innovation; holds first close for CNY1.5bn-targeting fund 11

Australia's Allegro said to seal A$380m of new capital with Fund III hard cap close 11

People News

Tenzing Private Equity continues hiring spree with Investec veteran Murray 11

Scale Venture Partners brings in ex Google Cloud and Amazon Web Services Product Manager Eric Anderson 12

Router Ventures ("Router") founder Jeff Slobotski named High Alpha Entrepreneur-in-Residence 12

Felix Capital ("Felix") adds two new people to team in wake of $150m Fund II close 12

Mid-market Arsenal Capital ("Arsenal") promotes three to partner, one to VP 13

Market News

CapMan's Kummu: Allow LPs a more active role to monopolise smaller markets

Allowing LPs with entrepreneurial backgrounds to take a more "active" role in deal sourcing is helping CapMan to monopolise the Finnish growth equity market, claims Cap Man Partner Antti Kummu.

Earlier this week the firm wrapped up its minority growth investment fund, beating its €80m target by €6m. Kummu told AltAssets the firm had chosen six entrepreneurs from its LP base to take a more active role in the fund, including in the sourcing of deals, helping the businesses after acquisition and playing a role in the eventual exit. He said this strategy will enable the firm to have a unique offering in the Finnish growth investing market, with expertise in every sector. He said, "Basically, with this fund, the entrepreneurs will be very active. They come from different backgrounds – families, corporations, and all of the growth company entrepreneurs that have already succeeded in their industry. They will help to source deals for us and help with the operations with their own expertise. We are placing them closer to our operation. Not only will we give them a more active role, we will also offer co-investment opportunities and take them to the board of those companies. We also expect them to source a lot of deals. We currently have a small team of five people, so we cannot have experts in all of the branches, but with these advisors we are able to cover all of the major industries."

The firm believes that this strategy will allow them to bypass the competition in what is a flourishing market, and grow in the space. Kummu added, "The Finnish market is very small and we are very focused on it, so we need to be able to operate in all of them, but we cannot be experts in each. We believe this strategy will help a lot with competition. The growth sector itself is relatively new in Finland. There are many venture capital funds and a well-covered buyouts market."

CapMan's latest fund will make investments of between €2m and €10m in companies across all industries in the growth market. The firm will only make minority investments in companies, giving business owners an "alternative" to traditional buyouts, and allowing them to continue growing the business with the strategic advice of the firm's entrepreneurs. Kummu said, "We are able to offer flexible solutions to entrepreneurs, and that is the core of minority investing."

Astarte Partners Co-Founder: no management fees, no problem with expert team-up strategy

Charging zero management fees might seem like lunacy to many in the private equity space, but Astarte Partners Co-Founder Teresa Farmaki says its unique strategy is helping it thrive in the gaps left by traditional PE firms.

Since its founding three years ago the now 14-strong team has focused exclusively in real assets, including transportation, specialist real estate and natural resources, in a strategy which sees it co-invest with institutional investors to back specialist businesses that can be scaled. The firm aims to partner with expert industry teams and provide up-front investment capital, making returns for investors based on the performance of that investment and the growth of the business in terms of total assets under management. Farmaki believes that the strategy is why business is booming, and not enduring the slog of competing with industry players in an auction-like environment. She said, "We invest in the more specialist areas where we have attractive real asset strategies, but there are often not many established managers. This is either because the perceived market for them is small or because of operational complexities that make it more complicated for them to invest in the space.

"We aim to share a lot of the characteristics that institutional investors are looking for. So our strategy is to find strong operators or industry players in each sector and invest alongside them. Operational complexity is key in these asset classes. You need to know how to operate, and therefore we want to do partnerships with experienced asset operators. For example, in the aviation space you can find industry teams who have been working in a specific segment of the space for years. We create a partnership or joint venture with them and establish the appropriate investment product – it could be more like a fund or like a co-investment vehicle." The firm then deploys some of its own capital, which comes from its partners and institutional investors, while opening it up to more investors. The policy of no management fees means that the firm is very much counting on the success of the investment to generate returns.

This new approach makes for a more transparent and forward-thinking model, claims Farmaki. She added, "What we have in our logo is 'private capital working smarter'. This is because we want to bring a stronger alignment of interests in order to achieve superior returns. We aim to cover costs over the investment period when it's too early to have results, so we have a transparent fixed budget and expenses that we share pro rata among all our investors; how we make money is we share the returns after exposing a business to a much larger pool of capital.

"It is very much results-based – we charge no fees until success and evidence of the value that we bring. It is very unique; we have not found anyone who has anything identical." Because the strategy relies on the creation of investment opportunities, competition is lower, and the specialist focus means that it can go "under the radar" of bigger funds.

Cleantech PE and VC investment recovers after two-month slump

Private equity and venture capital investing in cleantech is back on the rise after a brief slump in the wake of a bumpy August, new research suggests.

The value of PE and VC investment in cleantech companies more than doubled to $830m in November, compared to the previous month's $326m figure, and outdid the $565m raised in September according to data from Zephyr, published by BvD. November's rise comes after a two-year high for PE- and VC-backing of the industry in August, when more than $21bn was invested in the sector. The picture is bleaker when compared to November 2016, however, with value falling 50 percent from $1.67bn. Volume also remained subdued, slipping 18 percent both month-on-month and year-on-year. Only four deals reached the $100m mark, accounting for a combined 84 percent of November's total PE and VC deal-making.

The most valuable deals with a cleantech target announced during the month involved Sumin Ruineng Wuxi Equity Investment Partnership investing $227m into China-based photovoltaic power development services provider Suzhou GCL New Energy Investment, a subsidiary of GCL New Energy Holdings. That was followed by a pair of deals in which the Canada Pension Plan Investment Board targeted India-based ReNew Power Ventures: the $200m purchase of compulsorily convertible preference shares, followed by the acquisition of Asian Development Bank's six percent holding in the wind power generator, valued at $150m. Rounding up the top four was Kuangda New Energy Investment's sale of six subsidiaries to Changzhou Haozhen Venture Investment Centre, a fund managed by Zheyin Xietong Capital Management, for $124m.

Other large PE, VC and DC deals during the four weeks under review featured targets in the US, the UK, Germany, Japan and Italy, Zephyr added. It said US cleantech companies were the most prolific PE and VC deal targets in October, after being involved in seven deals with an aggregate value of $81m. Although the country came first in terms of volume, it only placed third for value behind India and China thanks to the aforementioned deals.

Total PE and VC investments in Indian, Chinese and US firms were disproportionately larger than the UK ($25m), Germany ($5m) and Japan ($2m), which were fourth, fifth and sixth, respectively, on the value ranking. In wider M&A, there were 187 cleantech deals worth a combined $17.6bn targeting cleantech companies in November, representing a significant increase in value, but a decline in volume month-on-month. Value nearly doubled from the $9.8bn-worth of deal-making recorded in October, while volume reached its lowest point in the last two years, down four percent from 195 over the same timeframe. The vast improvement in value marked the second consecutive month of growth following the yearly low of $5.2bn in September, which came after one of the highest results on record in August ($26.8bn).

Fewer, bigger deals leading European private equity exit activity surge

The European private equity industry has seen a surge in exit activity in 2017 thanks to a string of large deals, new research shows.

The total European private equity-backed exit value rose by more than 10 percent this year to exceed €112bn – the fourth year in a row where total exit value on the continent exceeded €100bn according to data from CMBOR at Imperial College Business School, sponsored by Equistone Partners Europe and Investec Specialist Bank. Average exit size was the second highest on record at €257m thanks to fewer, larger deals, the research indicated, with volume down to 436 compared to last year's 449. The report said that average exit values have exceeded €200m in each of the last four years – even reaching €308m in 2015. Appetite for deal-making in 2017 came from both financial and trade buyers, accounting for 90 percent of the 436 asset sales at 198 and 195 respectively. Trade buyers had bigger wallets though, according to the research, with their deals comprising €51bn of the year's exit total against €46bn for private equity buyers.

Five of the year's largest exits went to trade buyers, highlighting the allure of private equity-backed businesses to acquisition-hungry firms in Europe and overseas. Notable sales to trade include CVC's €7.5bn sale of Formula One to Liberty Media, Nordic Capital's €4bn sale of Lindorff to Intrum Justitia and EQT's sale of Bureau van Dijk Electronic to Moody's for €3bn. IPOs accounted for 25 of the other exits in 2017, worth a combined €15bn, with Cerberus Capital Management's flotation of Austrian Bawag the largest at €4.8bn. The report said the strong numbers came in spite of uncertainty around Brexit progress as well as national elections in a number of Europe's major economies, suggesting unwavering appetite from buyers for European private equity-backed assets.

It added that with an average holding period of 70 months for harvested deals, it seems backers are prioritising multiples over IRRs for their investors. Equistone Partners Europe Head of IR Christiian Marriott said, "Private equity fund managers have continued to realise their investments at a consistently high rate, with an impressive €489bn generated through private equity-backed sales over the last four years. All exit routes have been open, including foreign buyers increasingly looking to buy European companies. The upshot of this is high-quality buyout houses generating strong returns for their investors who, in turn, are re-investing increasing sums back into the asset class." Overall buyout activity has recovered to 2015 levels according to the research, with the €90.2bn recorded for 2017 up approximately 50 percent on last year's figure.

Shaun Mullin of Growth & Acquisition Finance at Investec added, "The uptick in activity is likely down to a 'back-to-business mentality' as investors have had 18 months to get comfortable with a new European backdrop. The run-up to and particularly the period following the UK's Brexit vote saw investors pause and deals delayed, but the beginning of this year saw significant fundraising announced and strong deal activity coming through, some of which may have been pent up during the referendum aftermath. Our pipeline is currently fuller than it has been for two years." He continued, "With leverage readily available and high-quality assets coming to market as vendors gain confidence to put their assets on the block, we are confident this strong buyout activity will continue through next year." The recovery was led by a robust UK market, which comprised 30 percent of activity as value doubled to €27.1bn across 181 deals.

Germany and France also recorded sizeable levels of buyouts, with the former totalling 91 deals worth €17.7bn and the latter 92 deals worth €14.1bn. Benelux recorded a near doubling of buyout value from €5.4bn in 2016 to €9.8bn in 2017. Marriott said, "Following the post-referendum hiatus, activity levels in the UK market have been growing steadily through 2017, with no discernible adverse impact on private equity deal activity yet from either the triggering of Article 50 in March, the snap election in June or the ongoing Brexit negotiations."

Biotech industry sees strong PE and VC deal activity as end of year looms

The global biotech industry is recording a strong finish to the year in terms of private equity investment, despite a drop-off in capital from October's highs.

A total of 61 deals worth a combined $876m in November marked an uptick in volume compared to October's 41 deals, but could not compete with that month's $3.2bn deal value – the second highest of the year. Despite that drop, November's results were up by both volume and value year on year according to the research by Zephyr published by BvD, with November 2016 producing 42 deals worth a combined $556m. It was also the fourth-highest result of the year in terms of deal value, outstripping July, August and September and a lacklustre run between November last year and April 2017. The most valuable PE and VC deal announced during November was worth $114m, and involved US stem cell-derived diabetes islet therapy research and development company Semma Therapeutics securing a Series B round of funding led by Eight Roads and Cowen Healthcare Investment.

That was closely followed by a $107m Series C injection in Arcus Biosciences led by Google's GV arm, which also included Wellington Management Company, the Column Group and Taiho Ventures. These were the only two deals to break the $100m-barrier, and together accounted for 25 percent of total PE and VC investment during the month under review. US companies dominated the top 20, although businesses based in China and Israel also featured. In wider biotech M&A, volume and value both dropped in November to 106 deals worth $3.1bn. That represented a four percent decline on October's 110 deals, while value fell 54 percent from $6.87bn over the same timeframe. The same pattern was detected in a year-on-year comparison, Zephyr said, as both volume and value declined on November 2016. While volume fell more steeply, from 118 deals, value declined at a slower rate, from $3.4bn.

LP News

New Mexico Educational Retirement Board ("NMERB") re-ups with EIG Global Energy Partners amid $285m alternative assets commitments

The $12.6bn-managing New Mexico Educational Retirement Board has reportedly picked four asset managers for $285m of new commitments.

EIG Global Energy Partners has received a $100m commitment towards its 17th flagship fund, which is currently out targeting up to $7bn. P&I reported the commitments news, citing NMERB CIO Bob Jacksha. It said the LP had also committed up to $100m to ILS Capital Management's reinsurance 1609 Fund, a new relationship for the pension fund. Raith Capital Partners ("Raith") picked up $50m towards its second real estate fund, while BP Energy Partners received a $35m commitment towards its BP Natural Gas Opportunity Partners vehicle, the report added.

Raith was out looking to raise up to $225m for its debut fund in 2014, and had collected at least $75m by December that year, AltAssets reported at the time.

Blackstone, Kedaara Capital ("Kedaara"), Vistria pick up $350m New York State Common Retirement System commitments

Blackstone's latest fund aimed at the Asian real estate market picked up a $300m commitment from the New York State Common Retirement System, new documents released by the LP show.

The pension fund, which manages more than $200bn, also revealed a $40m commitment to Vistria Fund II through its emerging manager programme, and a pledge of close to $10m to Kedaara's second fundraise targeting Indian PE investments. Blackstone is understood to have hit a $5bn-plus first close for Blackstone Real Estate Partners Asia II in October, beating its initial target. It has not publicly revealed whether the fund has since hit a final close. That fund was already past the $5.08bn Blackstone collected for its debut fundraise in the strategy from 2014.

Kedaara is looking to raise up to $600m for its second fund, a slight increase on the $540m it gathered for its debut vehicle four years ago. Fund II has already picked up a commitment of up to $40m from the World Bank's investment arm the International Finance Corporation. Vistria Fund II is the second vehicle being raised by the firm, led by Barack Obama's long-time friend Martin Nesbitt. That fund had already collected at least $716m according to an SEC filing last month.

State of Wisconsin Investment Board ("SWIB") commits $256m to four PE funds

SWIB has backed four private equity funds in a $1.4bn commitment spree.

The $115.8bn pension fund committed $100m to GTCR's Fund XII, $53m to Waterland Private Equity Fund VII, and $50m each to LightBay Capital ("LightBay") and Sterling Group Credit Fund according to P&I. The $100m commitment to GTCR helped the firm on its way to its biggest ever fundraise after it hit its $5.25bn hard cap back in October. The vehicle will target high growth businesses across a range of sectors. LightBay's debut fund had already received a commitment from another pension fund, bagging $50m from the Houston Firefighters' Relief and Retirement Fund earlier this year. The vehicle will focus on mid-market buyouts and distressed debt.

The investor also committed $231.5m to Project Dynasty, $150m to WESCO V, and $100m each to FPA Core Plus III and Realterm Logistics Venture. Alongside these were smaller commitments to Penwood Joint Venture and Scout Fund II Co-Invest.

The LP also committed $525m to three funds in the "alpha" asset class, which included Pharo Management, Marshall Wace and Two Sigma Investments. The commitments come just weeks after AltAssets reported that The Carlyle Group had sealed an investment from WSIB for its $2.2bn private equity and infrastructure vehicles.

Huge Abraaj emerging markets fund among latest Hawaii Employees' Retirement System ("Hawaii ERS") PE commitments

Abraaj's latest mega-fund exclusively targeting emerging markets private equity has reportedly picked up support from the Hawaii Employees' Retirement System.

The investment house is said to be eyeing between $5bn and $8bn for the globally-focused Fund VI, a marked change from the smaller, individual country and region funds it has tended to raise to date. Hawaii ERS has agreed to commit up to $50m to Fund VI according to P&I, which cited an email from LP CIO Vijoy Chattergy. KKR's latest Americas real estate fund also picked up $60m towards its $1.5bn target according to the report. It added that the LP had also agreed to commit up to $35m to the distressed debt vehicle Ascribe Opportunities Fund VI, $35m to TPG Growth IV and $15m to TPG's The Rise impact fund.

Ascribe's new vehicle is its first fundraise since rebranding from American Securities Opportunities Management, AltAssets revealed in a story about the raise last month. The firm had registered close to $400m for Ascribe Opportunities Fund IV at that point according to a US securities filing.

San Francisco City & County Employees' Retirement System ("SFERS") backs six PE and real assets funds in latest $400m commitment surge

SFERS has committed up to $400m to six private equity and real assets funds.

The $23bn pension fund committed $50m to Scout Energy Partners IV, $100m to Denham Capital Management's International Power fund, $100m to Clearlake Capital Partners V, $50m to Gaw Capital US Fund III and $100m across two Stonepeak Infrastructure Partners vehicles. The figures were revealed by documents from a recent meeting according to P&I. The commitments come just months after the LP backed four private equity vehicles with up to $185m. Allocations to private equity and real assets from the pension fund currently sit at 14 percent each, with targets of 18 percent and 17 percent according to its website.

GP News

Low-debt private equity specialist Capital Partners closes third fund on $600m

Connecticut-based Capital Partners has held a $600m final close for its third low-debt private equity investment fund.

Capital Partners said it planned to use Fund III to finance its acquisitions with only a low-to-moderate level of outside debt, with most of the capital provided in the form of equity. The firm tends to target between zero and 40 percent of debt in its investments, using a single debt class with long amortisation, flexible covenants and low interest rates.

The firm says it became dedicated to this approach in 2004, and believes that the use of only a moderate level of outside debt to finance transactions should result in decreased leverage-related risks for the portfolio companies, enabling portfolio company management to execute strategic growth plans with higher probabilities of success and greater growth in operating earnings. Its latest vehicle continues Capital Partners' strategy of picking up control investments in small- and medium-sized businesses in the manufacturing, distribution and service industries.

The news comes less than two months after the firm announced it had sold Breen Color Concentrates to Arsenal Capital Partners, a New York-based private equity house.

Lime Rock Partners ("Lime Rock") collects $337m on way to Fund VIII goal

Houston-based private equity firm Lime Rock is powering ahead with its latest fundraise in the hope of reaching up to $1bn.

The firm has registered $337m towards Fund VIII to date thanks to 33 investors, already putting it about halfway to the $750m it

gathered for Fund VII. The strategy the vehicle will adopt has not been confirmed, but it is expected to continue the firm's tried-and-tested strategy of investing between $50m and $150m in niche specialist companies across the oil and gas upstream industry on a global basis. The fundraise comes just a year after the firm raised $754m for Lime Rock Resources IV.

Lime Rock first raised a fund in 2002, and pulled in $320m. Three years later, the firm closed Lime Rock Resources after collecting $450m. Its third vehicle, Lime Rock Resources III, closed on $750m in 2013. The buyout firm currently boasts a portfolio of 23 businesses all in the gas and oil industry. Most recently, the firm took part in a private equity funding round that backed Reveal Energy Services with an undisclosed amount. Before that, it led an investment round in Capstone II, which saw it raise $100m in funding.

Asteroid mining and human longevity pioneer Diamandis back with second $200m-targeting Bold Capital fundraise

The venture capital firm launched by XPrize Foundation CEO Peter Diamandis is back targeting another $200m for its second fundraise.

Diamandis is the Co-Founder of a string of businesses at the cutting edge of human sciences, including Human Longevity, Singularity University and the asteroid-mining spacecraft developer Planetary Resources. Bold Capital registered to raise up to $200m for its debut venture capital fund in 2015, but has not publically revealed on how much that vehicle was eventually closed. The firm is yet to register any commitments for its second fund to date, a filing with the US securities regulator shows.

Bold Capital has made at least 20 investments to date according to Crunchbase, to which the firm links on its otherwise sparse website landing page. These investments include leading a $20m Series B round for Dreamscape Immersive, a $13m Series A for Cloudleaf and a $7m seed round for Metawave Corporation.

RiverVest Venture Partners ("RiverVest") back fundraising yet again, looks to almost double Fund III total

Life sciences-focused RiverVest is looking to almost double the amount collected for its third flagship fund through a Fund IV raise.

The firm, which targets the pharmaceutical and therapeutic medical device sectors, closed its third fund on just over $80m in 2015. RiverVest is now out raising up to $150m for Fund IV according to a filing made with the US securities regulator, although it is yet to register any capital for the vehicle. That marks a big jump for the firm in terms of capital under management, with its second fund having collected $75m. AltAssets revealed last year that RiverVest had registered more than $55m towards its second foray into later-stage fundraising through its 3×5 RiverVest Fund II. The firm was looking to raise up to $125m for that fund, but has not revealed whether it has since closed the vehicle.

Frazier Healthcare Partners ("Frazier") launches new buyout vehicle months after closing life sciences fund

Seattle-based Frazier has launched a new buyout vehicle just months after raising $419m for its life sciences fund.

It is not clear how much the firm hopes to raise for the vehicle, and no capital has been registered so far according to a filing with the SEC. However, the firm's last buyout fund held a final close on $525m back in 2016. The strategy that Growth Buyout Fund IX will adopt has not been confirmed, but previous vehicles have invested in profitable businesses in the healthcare services, pharmaceutical services and medical products sectors, according to its website. When closed, the fund will mark the firm's 11th vehicle and will hope to add to its current buyout portfolio, which boasts 16 companies. The healthcare buyout house first raised a fund in 1993, and has since raised nine vehicles.

Late last year, AltAssets reported that the firm exited PCI Pharma to Partners Group for $1bn. Since then, it has also been reported

that Frazier has hired four new people to work on its buyout strategy.

F2i on course to raise biggest ever Italian vehicle with €3.1bn Fund III first close

Italian infrastructure investor F2i has raced to a first close of its third fund after pulling in €3.1bn.

The close comes just two months after AltAssets reported that the firm was targeting €3.3bn and was in talks with Singapore's sovereign wealth fund GIC. The fund is now just shy of its goal, and if it hits its target, it would be the biggest ever raised by an Italian private investment firm. The vehicle will have a 12-year duration and will merge with Fund I, allowing it to start deploying capital into a number of opportunities, including airports, natural gas networks, renewable energy, solar and integrated water operators. Banks' foundations and pension funds are among the fund's biggest backers, and returning investors have committed €1.74bn of the total amount raised so far. F2i CEO Renato Ravanelli said, "We planned and successfully executed a very ambitious project. The goal was to raise new capital to continue the development, both in Italy and abroad, of the sizeable infrastructural holdings put together to date by F2i's first fund, which had drawn on all of its commitments."

The drawdown of Fund I will be completed when Fund III hits a final close, bringing an end to its 10-year life, which saw it invest €1.8bn and generate €3.4bn. If it hits its goal, it will more than double the €1.24bn the firm pulled in for Fund II, which closed in 2015. The close comes just months after the firm teamed up with Marguerite to buy up 90 percent of telecommunications business KPNQWEST.

Capstone Partners acted as the global placement agent during the fundraising process.

The European Investment Fund ("EIF") launches €2bn umbrella fund targeting SMEs

EIF has launched a new vehicle geared towards new investments for SMEs across the continent.

The new Asset Management Umbrella Fund, which is targeting up to €2bn, is aimed at increasing the amount of risk capital available for investment activity in Europe while maximising investments from institutional sources. The launch comes amid calls from institutional investors to reach high-performing managers in Europe and easier access to the private equity and venture capital markets. Cassa Forense will act as an anchor investor for the vehicle, with commitments expected from insurance companies, pension funds and sovereign wealth funds.

EIF Chairman Dario Scannapieco said, "I am delighted to be announcing EIF's new Asset Management Umbrella Fund which will create new SME financing options for Institutional Investors across Europe. EIF is a firm believer in the potential of innovative start-ups across Europe and this new Asset Management Umbrella Fund will be instrumental in catalysing private sector investments looking to identify the next leading innovators, whilst further strengthening the start-up ecosystem."

The fund launch comes just a month after the fund's Deputy Director of Investments Uli Grabenwarter told AltAssets that the European venture market is based on "solid" foundations, and was showing no signs of slowing down.

EMZ Partners ("EMZ") hits Fund 8 €815m hard cap to mark biggest ever vehicle

Paris-based EMZ has stormed past its target to raise its biggest ever fund after pulling in €815m.

EMZ Fund 8 comfortably beat its €750m target after attracting commitments from institutional investors across Europe and North America. It marks the firms largest vehicle to date, and surpasses the amount raised for its 2014 predecessor by €120m. The vehicle will follow the same strategy as previous funds managed by the firm, investing in medium-sized French businesses through buyout deals. It has already backed five companies, and will continue at the same pace into 2018. EMZ chairman Thierry Raiff said, "We appreciate the trust the investors have put in the team to address this niche but growing market. We will keep on managing our funds with the same philosophy and investment discipline, allowing us to serve returns across different economic cycles and with a good level of capital preservation."

The firm first raised a fund in 1990, and since then has raised six funds that have grown in size each time. It currently boasts a portfolio of 19 businesses, including Forlam Industries and MCI Group.

Reach Capital acted as placement agent during the fundraising process.

DRC Capital hits £600m hard cap for its Real Estate Debt Fund III

London-based DRC Capital has hit its £600m hard cap for its latest real estate debt fund.

DRC's European Real Estate Debt Fund III beat its £500m target after attracting commitments from investors across Europe, North America and the Middle East. Evercore acted as placement agent for the vehicle. The vehicle comfortably beats its predecessor vehicle, ERED II, which raised £487m back in 2014. The fund will make mezzanine and whole loan investments across the UK and Western Europe in all major commercial real estate asset classes. The firm has already started investing from the fund, and has a pipeline of opportunities ready for next year.

DRC Managing Partner Dale Lattanzio said, "We are very pleased to close DRC ERED III, which successfully raised capital during a challenging period with Brexit and macro-economic uncertainty. DRC's strong relationship with borrowers provides a network through which we continue to source opportunities and execute investments with speed and certainty."

Including the latest fundraise, the firm's high yield debt strategy has pulled in up to £1.4bn since its inception. Overall, the firm has raised more than £2.3bn across seven funds. Evercore acted as exclusive global placement agent for the fundraise.

LSP beats hard cap to close major European medical tech fund on €280m

European life sciences investor LSP has raised its biggest fund to date through the first and final close of LSP Health Economics Fund 2 ("LSP HEF 2") on €280m, above its initial hard cap.

The fundraise makes LSP HEF 2 the biggest fund in Europe solely dedicated to medical technology according to the firm, which said it would continue the strategy employed for its €112m debut vehicle from 2014. The new fund will aim to invest in private companies with innovative healthcare products in the field of medical devices, diagnostics and digital health. The first LSP Health Economics Fund made ten investments in the same field. Recent exits from that fund include Neuravi, which was acquired by Codman Neuro, part of Johnson & Johnson, and Rotation Medical, which was acquired by Smith & Nephew earlier this year. The European Investment Fund was among LSP HEF 2's LPs, as were health insurance companies, institutional investors, asset managers and family offices, LSP said.

LSP Managing Partner Rudy Dekeyser said, "The success of this fundraising is a strong validation of our strategy – investing in medical innovation to benefit both patients, and investors. As with the first LSP Health Economics Fund, we plan to invest in companies with products that can improve quality of care and lower healthcare spending. Our portfolio companies not only contribute to the sustainability of today's healthcare systems, they also tend to be highly successful in the market, leading to fast adoption and making them attractive acquisition targets. Success stories like Neuravi and Rotation Medical from the first LSP Health Economics Fund are great examples of how our strategy can combine the best patient care with superior returns to our investors."

LSP Managing Partner René Kuijten added, "With this new and sizable fund, we have now firmly established our health economics and medical technology strategy. Together with our other fund strategies, LSP 1-5 investing mainly in drug development and LSP Public investing in public health care companies, we now cover the entire life sciences landscape as one of Europe's largest investors in the sector."

Main Capital beats oversubscribed Fund V target after holding €236.5m final close

Dutch buyout house Main Capital has comfortably beaten its target after pulling in €236.5m for its latest vehicle.

Main Capital V was originally targeting €200m, but closed at its hard cap after huge interest from investors. It eclipses its predecessor, Fund IV, which closed on $86m in 2015. The vehicle will buy up majority stakes in growing software companies in the Benelux and DACH region in the form of buy outs. It has already made a number of investments, acquiring majority interests in intelligence software business JobRouter and SaaS software group GOconnectIT.

The final close comes at a pivotal time for the firm. Since 2015 Main Capital has experienced rapid growth; recently set up an office in Düsseldorf and now employs more than 250 people. Including the capital raised for the current fund, the firm now has €375m under management in growing software businesses. Back in September, AltAssets reported that the firm had bought up a majority stake in Berlin-based software business Evania Video.

CapMan raises €86m for Nordic-focused minority investment fund

Finnish private equity firm CapMan has raised €86m for its latest growth fund.

The vehicle will make minority investments of between €2m and €10m into unlisted companies, holding them for between two and five years. It will target the Nordic region with a sharp focus on Finland. The figure raised is €6m above the original target revealed by AltAssets back in August. The latest fund is some way off the €294.6m the firm collected for its 2010 vehicle, and slightly below the €99.1m it raised for Russia II four years after.

The growth fund will allow entrepreneurs to invest in the fund and will let them take a more active role. It will be managed by Juha Mikkola and Antti Kummu, who have more than 25 years of experience in private equity behind them. Kummu said, "Minority investing differs from traditional private equity investments as the entrepreneur maintains the majority ownership and decision-making power in the company, but still receives the know-how and financing from the investor that helps to grow the business further."

CapMan CEO Joakim Frimodig said, "I am very proud of our newly launched growth investment fund and of our growth equity team. We at CapMan create new products and investment strategies, which resonate with the market demand and meet the needs of our clientele in the best possible way."

Last year it was reported that the firm had made its ninth investment from Buyout Fund X when it acquired Nordic temporary housing service operator Forenom.

Newly-formed Next Orbit Ventures ("Next Orbit") launches $2bn fund focused on India's electronics market

Newly-formed venture firm Next Orbit has launched a new $2bn fund to focus on India.

The Mumbai-based firm set up the fund under the regulation of the Abu Dhabi Global Marker financial centre after receiving commitments from the Gulf region according to Reuters. Three quarters of the fund will be raised from the region, with the remaining $500m to be secured from a consortium which includes the Indian government and high-net-worth individuals. The vehicle will target India's semiconductor and electronics industries, a sector that imported nearly $45bn worth of electronic goods in 2016. The investments will be aimed at creating infrastructure for the rapidly growing electronic goods and components market across the country.

The global semiconductor industry is attracting much attention currently. Back in September AltAssets reported that President Trump had blocked a bid from a Chinese government-backed private equity firm for Lattice Semiconductor. Earlier this year, it was also reported that Silver Lake was to invest up to $3bn of debt in Toshiba's semiconductor unit.

GenBridge Capital ("GenBridge") said to pick up GIC and JD.com backing to reach $500m hard cap close for debut fund

Fledgling Chinese private equity investor GenBridge has reportedly struck its $500m hard cap to close its debut consumer-focused fund.

AVCJ said the firm beat its $400m target for the fundraise, which was launched this time last year, with Singapore sovereign investor GIC acting as an anchor investor. Chinese online retailer JD.com was also a sizeable investor, the report added. GenBridge has two members of JD.com's M&A team in its founding team. Earlier this year World Bank's investment arm IFC revealed it planned to commit up to $25m to the fund, which will target consumer businesses in China.

Last week, Chinese buyout giant CDH Investments ("CDH") launched its sixth China fund targeting up to $2.5bn. If it were to hit its target it would equal its predecessor, which collected the same amount in 2014, but would comfortably beat CDH's $1.45bn 2010 vehicle.

Cathay Capital ("Cathay") eyes China car tech innovation; holds first close for CNY1.5bn-targeting fund

Cathay has hit a first close for its CNY1.5bn-targeting ($226m) fund, which looks to profit from innovation in the Chinese automotive industry.

The firm's CarTech Fund has picked up support from cornerstone investors Valeo and Yangtze River Industry Fund for the first close. China is the world's largest automotive market and is leading the new mobility sector according to Cathay. It said that the unique context of China's urban transportation challenge and the high penetration rate of mobile internet, combined with the rapid and aggressive introduction of alternative mobility and sharing concepts, is compressing the time needed to commercialize smart, connected car technology and related services.

The CarTech Fund will look to invest in high-potential companies focusing on core technologies for cars, enabling them to become indispensable parts of the self-driving car revolution and unlocking the new mobility ecosystem. Hanbing Wang, Chairman of the board at Yangtze River Industry Fund, said, "The automotive industry has become one of the core pillars of the Chinese economy today and its economic contribution is growing too. Automobile manufacturing is traditionally a core strength of Hubei Province. We are happy to partner with Cathay Capital and Valeo to promote this strategic sector's growth and to seek new breakthrough in Hubei."

Cathay President Mingpo Cai added, "Automotive and mobility has been one of Cathay's key focuses for years. Cathay Innovation for instance has invested in Europe's largest P2P car rental platform, Drivy, and has completed its investment in China's largest mobile car maintenance and services platform Lechebang. We also recently invested in the world-class autonomous driving start-up Momenta. China has a very promising automotive market and, thanks to the launch of our CarTech Fund, we will encourage partnerships between young Chinese start-ups and leading international companies in order to accelerate mutual developments."

Cathay was founded by Cai and Edouard Moinet in 2006 to target cross-border investment and the expansion of companies from China, Europe and the US. The firm's team of 80 employees currently manages eight funds and more than $2bn in assets.

Australia's Allegro said to seal A$380m of new capital with Fund III hard cap close

Australian buyout house Allegro has reportedly pulled in more than A$380m for its latest fund after hitting the vehicle's hard cap.

The firm has pulled in A$290m for Fund III and A$92m for a sidecar vehicle after just a few months on the road according to AVCJ. AltAssets reported in October that Allegro was prepping for a target-beating final close for its third fund by the end of the month, after pulling in more than A$200m for the first close of the vehicle. The firm, which was founded in 2004 by Chester Moynihan and Adrian Loader, has been investing institutional capital since 2008. It closed its second fund – and its first actual fundraise – on A$180m two years ago, just short of its initial A$200m target. In 2008 Allegro took on management of the $300m 2004 vintage ABN AMRO Capital Australia Fund II which it renamed Allegro Private Equity Fund I. Allegro was given the task of managing the vehicle by institutional investors, including Macquarie Group, who had voted to remove the manager.

Investments made out of Fund II to date include Terrex Seismic, Healthy Life, Great Southern Rail, Carpet Court NZ, Custom Bus, Pizza Hut Australia, Experience Australia and JSW.

People News

Tenzing Private Equity continues hiring spree with Investec veteran Murray

Lower mid-market UK private equity firm Tenzing has brought on board former Investec Director Rowena Murray to expand its investment team.

Murray will have responsibility for leading new investments and supporting the firm's portfolio alongside Rob Jones and Mike Reynolds. She joined Investec in Australia after an early career as a corporate lawyer, before switching to the firm's UK operations in 2005. Tenzing Co-Founder and joint Managing Partner Guy Gillon said, "We're delighted to welcome Rowena to the team. She brings an additional dimension to Tenzing's offering through her work with listed businesses as well as entrepreneurs. She also

has a sound understanding of mid-market private equity having worked alongside a number of firms in her advisory career."

The move continues a busy month for Tenzing, which has seen Reynolds and John Messer join the investment team and portfolio company FMP Global complete its second acquisition.

Scale Venture Partners brings in ex Google Cloud and Amazon Web Services Product Manager Eric Anderson

Scale Venture Partners has brought in former Google Product Manager Eric Anderson as a Principal.

Anderson worked in the Data Analytics and Machine Learning Group at Google Cloud, leading the team that launched Cloud Dataprep and key components of Cloud Dataflow. He was previously a Product Manager at Amazon Web Services and built aircraft engines in General Electric's Operation Management Leadership Program. California-based Scale Venture Partners raised $335m for Fund V at the beginning of last year, outdoing the $300m it gathered for Fund IV in May 2013.

The venture capital firm, which primarily focuses on sectors such as big data, digital marketing, SaaS and cloud-based services, plans to continue with the investment strategy from Fund IV.

Router Ventures ("Router") founder Jeff Slobotski named High Alpha Entrepreneur-in-Residence

Router Managing Partner Slobotski has become an Entrepreneur-in-Residence at Indianapolis-based venture studio High Alpha.

Slobotski will continue in his role at Router, the firm he founded three years ago, following the appointment. High Alpha Partner Kristian Anderson said, "Jeff's passion and experience in supporting founders and building start-up communities is remarkable. Jeff is one of the best relationship builders we know, and I'm confident that he will have an outsized impact on our portfolio as he brings the full weight of his knowledge, experience and network to High Alpha." Seed-stage investor Router's portfolio includes High Alpha companies Quantifi and Zylo.

Prior to founding Router, Slobotski launched and grew the digital media and events company Silicon Prairie News and organised the annual Midwest start-up conference, Big Omaha. He said, "I'm excited to be joining the High Alpha team – having seen first-hand High Alpha's impact on their portfolio, the city of Indianapolis and the SaaS industry. High Alpha's ability to launch and scale start-ups in the Midwest is unparalleled.

"This is a unique opportunity for me to bring my experience to High Alpha and partner in launching another high-impact technology company." Router took part in a $2.3m seed funding round for an AI-powered digital marketing software business Quantifi in the summer.

Felix Capital ("Felix") adds two new people to team in wake of $150m Fund II close

London-based venture firm Felix has added two new people to its team following the close of its second fund.

The early-stage tech investor hired George Pallis as its first Entrepreneur-in-Residence and Emilie Spire as an Associate, just months after raising $150m for its Fund II.

Pallis joins from Deliveroo where he spent two years as Director of Marketing. He started his career as an Online Marketing Acquisition Executive at Betclic Everest Group, moving on a year later to Lounge Lover where he was an Ecommerce Manager. In 2013, he joined TransferWise as Head of Performance Marketing, and then spent eight months at Flaviar as Director of Growth.

Spire joins the firm from BlaBlaCar, where she spent nearly two years as a Corporate Development Associate and then as an Operations Project Manager. Before that, she spent slightly more than a year at Partech Ventures. She started her career at Extendam as a Venture Capital Intern. In 2012 she spent three months at HPE Growth Capital as a Private Equity Analyst Intern before spending six months at Ardian. Before joining Partech, Spire spent a year at EY working in Transaction Advisory Services. At Felix, Spire will help with deal sourcing through the firm's thematic deal search programme.

Back in July, the firm's founder Frederic Court told AltAssets that Felix had attracted a number of high profile LPs to its second vehicle, and could have raised $200m due to such high demand.

Mid-market Arsenal Capital ("Arsenal") promotes three to partner, one to VP

Mid-market private equity firm Arsenal has promoted three to Investment Partner and one to Vice President.

The promotions come just months after the firm hired former Actis Executive Patricia Grad as a Senior Managing Director. Gene Gorbach, Roy Seroussi and Brian Orkin have been made Investment Partners, while Yoonmo Yan has been moved into a Vice President role. Gorbach joined the firm in 2008 as a Senior Associate, and currently serves on the boards of three healthcare companies. Seroussi joined Arsenal in the same year as an Associate on the specialty industrials team and currently sits on the boards of four companies, including Inhance Technologies. Orkin also worked in the specialty industrials team after joining seven years ago, undertaking a number of business development and strategy roles. Yang joined only last year as a Senior Associate in the healthcare team. Arsenal Co-Founder Jeff Kovach said, "We are very pleased to recognise these individuals and their contributions to the firm. At the core of Arsenal's success is a deep and talented team and we remain committed to the continuous development of our professionals."

The promotions mark a busy period for the industrial and healthcare investor. Earlier this year, AltAssets reported that the firm had agreed a $670m exit from Accella Performance Materials. In August, it was also reported that Arsenal had bought up military, chemical and medical light business Cyalume.

DRC|Capital

£600 million

The undersigned acted as placement agent

EVERCORE

DRC Capital raises £600 million for DRC European Real Estate Debt Fund III

6 December 2017: DRC Capital is pleased to announce the Final Close of DRC European Real Estate Debt Fund III, (DRC ERED III) with total commitments of £600 million, hitting its hard cap and surpassing its target fund size of £500 million.

DRC ERED III raised its capital from a high quality investor base consisting primarily of public and private pension funds and insurance investors across Europe, North America and the Middle East. New investors constituted c.40% of the commitments, complementing strong interest from existing DRC investors.

The Fund will originate mezzanine and whole loan investments across the UK and Western Europe and across all major commercial real estate asset classes.

DRC Capital has maintained a consistent investment pace throughout the capital raising period of DRC ERED III, deploying a significant percentage of the Fund's capital by Final Close, across a portfolio of investments. Based on its strong pipeline, DRC believes it will be able to maintain this current deployment pace well into the new year.

DRC ERED III continues to take advantage of the market opportunity presented by the banking sector's need to de-lever due to ongoing regulatory reform. The differential between the availability of commercial real estate debt in the European market and demand from borrowers demonstrates that the market opportunity continues to offer a unique value proposition for global investors wishing to seek attractive risk adjusted returns.

Dale Lattanzio, Managing Partner for DRC Capital said; "We are very pleased to close DRC ERED III which successfully raised capital during a challenging period of BREXIT and macro-economic uncertainty. We continue to fulfil the ongoing demand for alternative debt in the European real estate sector. DRC's strong relationship with borrowers provides a network through which we continue to source opportunities and execute investments with speed and certainty".

Evercore acted as exclusive global placement agent for the fundraise.

DRC ERED III is the third fund in DRC Capital's high yield debt strategy, which has raised approximately £1.4 billion since its inception. It is the firm's seventh fund across its three core real estate debt strategies; Senior Debt; High Yield Debt and Whole Loans and takes DRC Capital's total capital raised to date to over £2.3 billion.

DRC Capital recently received the prestigious title of "UK & European CRE Debt Manager of the Year (2017)" for a second consecutive year, as awarded by the Professional Pension Investment Awards and judged by industry specialists and the pension investor community.

About AltAssets

AltAssets serves the information and communications needs of the global private equity industry. Over the last decade, we have built trust and gained the goodwill of thousands of LPs around the world. With their support we continue to provide products and services that facilitate more efficient and effective LP-GP interactions.

The AltAssets online news service is used by 50,000 professionals each month in over 150 countries. Limited Partner magazine is the most widely read trade magazine amongst institutional investors worldwide and is distributed to over 5,000 LP organisations.

AltAssets LP-GP Forums bring together active institutional investors with leading fund managers to build long-term investment partnerships in specific sectors such as clean energy, infrastructure, real estate, venture and mid-market private equity.

Contact Details
AltAssets Editorial: Mike Didymus-True
mdidymus@altassets.net
+44 (0)207 749 1272

Aaron Sohdi
asohdi@altassets.net
+44 (0)207 749 1293

About Evercore Private Funds Group

Evercore's Private Funds Group (PFG) provides comprehensive, global advisory services on capital raising for select private fund sponsors.

Our clients include General Partners pursuing a wide spectrum of alternative investment strategies and asset classes, including Leveraged Buyouts, Growth Equity, Distressed, Private Debt, Infrastructure, Real Estate, Energy and Power.

Employing a distinct and rigorous diligence process, PFG partners with the highest quality General Partners, advising and executing on all aspects of the fundraising process. Our objective is to provide superior execution and an expedited capital raise.

PFG is one of the few high-quality, globally-positioned firms in the private placement landscape, serving clients and sourcing capital across North America, Europe and Asia from offices in London, New York, San Francisco and Hong Kong.

Contact Details
London: Meredith Bourne
meredith.bourne@evercore.com
+44 (0)207 290 3289

New York: Anisa Javeri
javeri@evercore.com
+1 (646) 264 2381

Hong Kong: Manda Chan
manda.chan@evercore.com
(852) 9651 3161

London
15 Stanhope Gate
London, W1K 1LN
Tel: (0)207 290 3290

New York
40 East 52nd Street
New York, NY 10022
Tel: (646) 264 2374

San Francisco
3 Embarcadero Center, Suite 1450
San Francisco, CA 94111
Tel: (415) 229 8096

Hong Kong
Two Exchange Square
Central, Hong Kong
Tel: (852) 3983 2604

Disclaimer – AltAssets

Disclaimer – Evercore