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## Fund of Funds Firm Raises \$1.8bn for Asian Private Equity

**Laura Kreutzer**

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Asia Alternatives, one of the oldest fund-of-fund managers focused exclusively on Asian private equity, has raised a bit more than \$1.8 billion in new funds to back private equity managers in the region.

The firm said it has collected a total of \$1 billion from multiple investors for two funds of funds, Asia Alternatives Capital Partners IV LP and AACP IV Ex-Japan Investors LP, surpassing the \$750 million combined goal for the two funds. It raised the remaining capital through a series of separate individual vehicles created specifically for different institutional investors.

The \$1.8 billion pool exceeds the \$1.5 billion that the firm collected for its third fundraising effort in 2012 and is the largest capital pool Asia Alternatives has raised since the firm's launch in 2005.

The firm plans to commit the capital to a range of private equity funds across Asia with an emphasis on the North Asian economies of Japan, Korea and Greater China, including Hong Kong and Taiwan.

It has already committed about 20% of the fund's capital, using money raised from earlier closings of the fund, according to co-founder and Managing Director Melissa Ma.

Typically, private equity firms raise funds in a series of closings, which allows them to begin investing the money raised before holding a final closing, at which point they no longer accept money from new investors.

Chinese private equity figures prominently in Asia Alternatives' investment strategy, and Ms. Ma estimates about half of the newest capital pool could wind up in China-focused private equity funds, including ones denominated in Chinese yuan.

Although China's economic growth rate has slowed recently, Ms. Ma said she believes the nation is shifting to a period of more "stable, balanced growth."

"While this new norm is likely to have near-term ups and downs, on a long-term basis it puts the country on a positive trajectory," she said.

Ms. Ma added that China focused private equity firms are exploring a wider range of exit options, after a roughly 16-month hiatus for initial public offerings within China

between late 2012 and early 2014. Historically, IPOs have been the most common exit avenue for private equity backed companies in China.

"That event has forced managers to think more creatively and about liquidity and how to get cash out even in downside scenarios," Ms. Ma said.

Asia Alternatives received strong support from its investor base for the new offering: 80% of the investors in the latest fundraising effort also backed previous offerings, according to a news release. Investors that have previously backed the firm's funds of funds include Cathay Life Insurance Co., Comprehensive Financial Management, Florida State Board of Administration, Jasper Ridge Partners, Massachusetts Mutual Life Insurance Company, New York State Common Retirement Fund, San Francisco City and County Employees' Retirement System, Teachers' Retirement System of the State of Illinois, University of Missouri, University of Vermont and Virginia Retirement System.

Eaton Partners, LLC served the placement agent for Asia Alternatives, and Pillsbury Winthrop Shaw Pittman LLP provided legal counsel.