Private Equity International

June 2024 • privateequityinternational.com

EXTRA
A special report on sports investing

Business class

Your ticket to the PEI 300

PEI

Taking your vision from on-the-screen to on-the-ground

Choose an adviser who can translate big ideas from strategy to implementation.

Deloitte Private Equity
A greater return on ideas

www.deloitte.com/privateequity

©2024. For information, contact Deloitte Global.

Deloitte.

How to contact us

Senior Editor, Private Equity, EMEA
Adam Le
adam.l@pei.group, +44 20 7566 5437

Editor
Helen de Beer
helen.d@pei.group, +44 20 3307 2485

Head of Special Projects
Graeme Kerr
graeme.k@pei.group, +44 20 3862 7491

Senior Reporters
Madeleine Farman
madeleine.f@pei.group, +44 20 3937 6761
Carmela Mendoza
carmela.m@pei.group, +44 20 3640 7512

Reporter
Katrina Lau
katrina.l@pei.group, +852 3709 4697

Hong Kong Bureau Chief
Alex Lynn
alex.l@pei.group, +852 3704 4638

Americas Correspondent
Hannah Zhang
hannah.z@pei.group, +1 646-356 4525

Contributors
Ummair Arshid, Carl Ayers, Rafael Canton, Amy Carroll, Tricia Chuah, Claire Coe Smith, Kirk Falconer, Domonique Lemonius, Toby Mitchenall, Bill Myers, Hayley Philpott, Andrew Rodriguez, Disha Suresh, Kavinder Tack, Chris Witkowsky

Managing Editor, Production: **Mike Simlett**

Production Manager: **David Sharman**

Senior Production Editors: **Tim Kimber, Adam Koppeser**

Production Editors: **Helen Burch, Nicholas Manderson, Jeff Perlah**

Copy Editors: **Christine DeLuca, Khai Ojehomon**

Art Director: **Mike Scorer**

Head of Design: **Miriam Vysna**

Art Editor: **Lee Southey**

Art Director – Americas: **Allison Brown**

Senior Visual Designer: **Denise Berjak**

New Media Designer: **Ellie Dowsett**

Designer: **Shanzeh Adnan**

Marketing Solutions Director, Private Equity Group:
Alistair Robinson
alistair.r@pei.group, +44 20 7566 5454

Subscriptions and Reprints
subscriptions@pei.group

Customer Services
customerservices@pei.group

Editorial Director, US: **Rich Melville**

Editorial Director: **Philip Borel**

Change Management Director, Information Products: **Amanda Janis**

Director, Research and Analytics: **Dan Gunner**

Operations Director: **Colm Gilmore**

Managing Director, US: **Bill O'Conor**

Managing Director, Asia: **Chris Petersen**

Chief Commercial Officer: **Paul McLean**

Chief Executive Officer: **Tim McLoughlin**

For subscription information visit
privateequityinternational.com

Private Equity International

ISSN 1474-8800 • ISSUE 226 • JUNE 2024

Insight

2

IPO market Investors anticipate a resurgence

Regulation FTC bans most non-compete agreements **4**

Strategy Headway changes focus **6**

CalSTRS Pension monitors GPs' net-zero progress **7**

AEA Investors Firm explores secondaries opportunities **8**

TPG Eighth Asia flagship closes on $5.3bn **9**

Sino-Gulf Investcorp partners with China's CIC **10**

India ChrysCapital to begin fundraising for Fund X **11**

Norway Stumbling blocks remain for the country's PE market **12**

Secondaries What are the benefits of leading a deal? **13**

Number Crunch The Nordic region offers compelling returns **14**

EDITOR'S LETTER **16**

Cover story

18

PEI 300
We reveal private equity's biggest fundraisers and highlight the key trends driving our annual ranking

Sports report

39

The big deals from 2023 **40**

Arctos Partners on the power of sports investing **42**

NFL rule changes may even the score for PE **45**

The opportunity behind sporting talent **46**

The risks and challenges of the sector **47**

Analysis

36

Creativity amid adversity GPs are responding to market challenges with ingenuity, says Deloitte

Asia The continent is ripe for credit, wealth and decarbonisation investment **48**

Q1 fundraising The first quarter sees a slight decline **50**

Final close The appeal of the lower mid-market **52**

Insight

IPO market **Investors anticipate a resurgence before year-end**

The IPO market is showing early signs of optimism following a prolonged period of slowed activity, ***writes Hannah Zhang***.

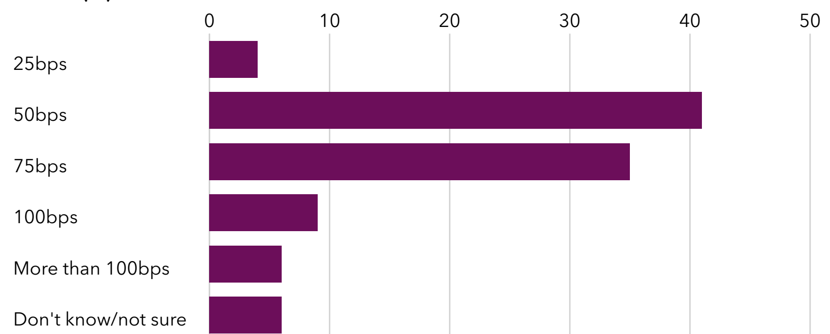
Nearly 90 percent of investors anticipate a resurgence in US IPO activities before the end of 2024, according to the latest *Investor Pulse* report published by financial communications firm Edelman Smithfield.

The findings are based on a January survey of 106 US-based chief investment officers, portfolio managers and buyside analysts. More than half of the participants work for investment firms with over $50 billion in AUM.

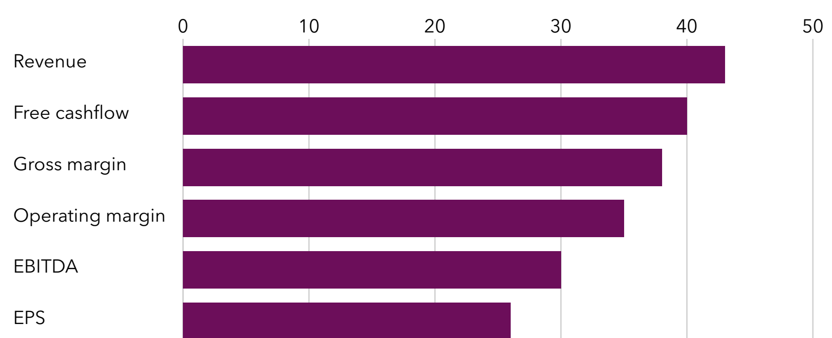
Growing confidence in the US IPO market bodes well for private equity firms, which have been facing a tough exit environment and mounting distribution pressures from LPs. Value and volume of buyout-backed exits in 2023 dropped by 44 percent and 24 percent year-on-year, respectively, according to Bain & Company's *Global Private Equity Report 2024*.

"We as a firm sold nothing last year; we didn't even try," François de Mitry, chief investment officer at European manager Astorg, tells *Private Equity International*. "We didn't put any businesses up for sale because we felt the environment was not favourable at all, whatever the quality of the business, and so that was not the best way to maximise value."

How many basis points must the Fed lower interest rates by before you will be willing to invest in an IPO? (%)



Most important factors when evaluating the future performance of a newly public company (%)



Source for all data: Edelman Smithfield

Depending on rates

Investors expect the US IPO market to recover when the Fed starts to cut interest rates. Seventy-six percent of investors strongly agreed that the Fed must lower interest rates before they will be willing to invest in an IPO, according to the Edelman report. More than 40 percent of investors said they won't invest in an IPO until the Fed cuts rates by at least 50 basis points.

The report also found that investors' appetite for new listings has picked up significantly since the 2020-21 IPO boom. According to the survey, 90 percent of institutional investors are about the same or more likely to invest in future IPOs in comparison to the investments made in the last IPO boom cycle.

Quality of future earnings is a top priority for companies that are about to enter the IPO market, according to the report. Sixty-four percent of investors said the quality of earnings is very important when evaluating a potential investment in an IPO – a higher percentage than those who prioritise profitability (42 percent). Factors like lower leverage, more balanced financial profiles, limited PE ownerships and strong governance are also key considerations.

"Following a record low number of issuers coming to market in 2022 and 2023, the US IPO market may have finally reached an inflection point," Ted McHugh, head of strategic situations and investor relations at Edelman Smithfield, said in the report. "While the macro environment remains somewhat uncertain, our data clearly shows that investors have a strong appetite for new issuers. This uptick in demand for new issuers is driven by investor expectations for high-quality, early-cycle investments at a reasonable valuation." ■

"The investment regime has… become more flexible, so I expect more to come"

***Markus Pimpl**, managing director for client solutions, EMEA, at Partners Group, tells Private Equity International that he expects to see more ELTIF products coming to market*

"I think you will see the loners disappear. Most of the small shops will disappear"

***Antoine Dréan**, founder and chairman of Triago, tells Private Equity International that he believes many smaller placement agents are at risk of becoming irrelevant*

The big numbers

Invest Europe's 2024 *Private Equity at Work* report details the asset class's impact on post-pandemic employment in 2022

10.9m

Number of employees working in private equity-backed companies in Europe in 2022

27,645

Number of companies in Europe that were backed by private equity in 2022

5%

Proportion of Europe's workforce employed by private equity-backed companies

451,511

Number of jobs created by private equity-backed companies

7.2%

Increase in PE-backed job creation versus 2% in European companies more generally

13.8%

Job creation rate in the information, communications and technology sector, the highest rate across all sectors

€553bn

Amount PE firms invested in European companies between 2018-22

€206bn

Amount committed by pension funds and insurance companies to European PE in 2018-22

Regulation **FTC bans most non-compete agreements**

The Federal Trade Commission has adopted new rules banning non-compete agreements and erasing nearly 30 million already existing agreements, ***writes Bill Myers***.

Antitrust officials approved the 570-page rules package in April. The rules prohibit companies from requiring or enforcing non-compete agreements from now on.

They also invalidate millions of already existing agreements, except for those covering senior executives – defined as those making over $151,000 per year and who are in "policy-making positions".

Supporters of the rule say non-compete agreements are a drag on the economy. In announcing the new rules, the FTC called them "a widespread and often exploitative practice imposing contractual conditions that prevent workers from taking a new job or starting a new business".

Regulators claim the ban on such agreements "will lead to new business formation growing by 2.7 percent per year, resulting in more than 8,500 additional new businesses created each year".

"The final rule is expected to result in higher earnings for workers, with estimated earnings increasing for the average worker by an additional $524 per year, and it is expected to lower healthcare costs by up to $194 billion over the next decade," the FTC said.

> "A blanket ban on non-competes will decrease new fund formation… and reduce choice for investors"
>
> Bryan Corbett
> Managed Funds Association

A critical role to play

The new rules may well be challenged. Ahead of the April vote, private funds advocates urged the FTC to carve out exemptions for their industry.

"Non-compete agreements play a critical role in protecting… asset managers' proprietary information and investment strategies they rely on to deliver returns for institutional investors, like pensions, foundations and endowments," Managed Funds Association president and CEO Bryan Corbett said. "A blanket ban on non-competes will decrease new fund formation, harm industry competition and reduce choice for investors.

"We understand the FTC's focus on American workers and their mobility, but urge the commission to pursue a balanced approach that fulfils their objectives without stifling innovation and harming investors."

The FTC says it understands concerns about trade secrets and says fund managers and other businesses have "several alternatives" to non-compete agreements. "Trade secret laws and non-disclosure agreements both provide employers with well-established means to protect… sensitive information. Researchers estimate that over 95 percent of workers with a non-compete already have an NDA."

The new rules are due to take effect from 4 September. ■

Governance **Caymans-based funds must hold annual meetings**

Private funds based in the Cayman Islands must hold at least one governance meeting annually under new local regulations, ***writes Carl Ayers***.

There are more than 18,000 private funds registered in the Caymans and managed by investment advisers registered with the US Securities and Exchange Commission. They now all fall under the Cayman Islands Monetary Authority's corporate governance rule, effective last October.

"We knew CIMA would eventually bring private funds" under its longstanding governance rule, Theo Lefkos, a Cayman Islands-based partner and head of private equity at law firm Conyers, tells affiliate title *Regulatory Compliance Watch*. "It was updated and expanded to apply to all regulated entities."

Pressure mounts

Lefkos says the impetus for expanding the rule to most private funds was pressure, particularly from the UK, that the islands' regulator needed to do more to improve its oversight of regulated entities.

One of the headline-catching requirements of the corporate governance rule is for a regulated entity to meet annually. "That's a big change to how most [fund] sponsors have operated," notes Lefkos.

The regulator added that larger or more complex entities should meet more frequently. It also said that where necessary "the operator shall request the attendance of its service provider(s) at its operators' meetings". ■

Private Funds CFO Network

PEI

Data and Technology Forum

October 8-9, 2024
San Jose Marriott, CA

Driving operational success through data and technology

Learn

Understand how your peers are incorporating the latest technologies including **AI**, **data analytics software**, **cybersecurity programs** and more into their day-to-day tasks.

Share

Engage in interactive discussions with your peers to address your most pressing challenges through the effective use of innovative technologies.

Connect

Build valuable connections with a reliable network of peers through the Private Funds CFO Network before the Forum.

Scan QR code for more information

Learn more:
privatefundscfo.com/cfo-data-and-technology/

Strategy shift **Headway changes focus from secondaries to deal-by-deal**

Headway Capital Partners has shifted its strategy away from secondaries to focus on the growing independent sponsors market, ***writes Madeleine Farman***.

The London-headquartered manager, which raised €627 million for its latest flagship against a €500 million target, is looking to balance its investments across North America and Western Europe, managing partner Christiaan de Lint tells *Private Equity International*. More than 40 percent of Headway Investment Partners V is already committed to 13 investments, according to a statement.

The fund backs private equity managers on a deal-by deal basis – a space where a record $31 billion was deployed last year, according to Triago data shared with *PEI*. The vehicle has a focus on independent sponsors searching for backing for single transactions, which the firm anticipates will make up the majority of its dealmaking.

"Why independent sponsors? It's a growing market," de Lint says. "There's a lack of institutional capital in that space."

Calling it what it is

Across its first two funds, Headway focused on more complex secondaries and secondary-direct deals before moving towards the growing independent sponsors market. The firm then began to pivot its strategy away from secondaries with its third fund, de Lint explains.

Its focus on deal-by-deal transactions became apparent with its €372 million Fund IV. More than half of transactions completed by that vehicle came from independent sponsors, he adds.

With its deal-by-deal focus, Fund V will have room to invest in, for example, co-investment opportunities, GP-led transactions and fund-based managers that may not have a current active fund, de Lint says.

The broader secondaries market laid the framework for independent sponsor deals 25 years ago when it backed fundless managers via a direct transaction to manage a portfolio of assets, de Lint explains. The firm has always had a flexible mandate to back secondaries transactions "that other people don't want to do, that are too complex, too different".

With its first funds, the firm would try to fit independent sponsor transactions into its secondary-direct pocket. "At some stage, we said, 'Well, let's call it what it is. This is not a secondary direct. This is really a fundless sponsor, an independent sponsor, a deal-by-deal strategy.'"

Relationship building

Managers operating within the independent sponsor market "need to basically be able to outperform the co-investment market with these type of deals", de Lint said.

Headway seeks out independent sponsors with a proven track record and strong assets, as well as a "compelling sourcing story", which includes factors such as the manager's relationship with a seller or management team, sector expertise or specific knowledge of the company, he adds. This enables that manager to buy attractive assets, typically below market price.

Investors in Fund V include European, US and international pension funds, asset managers, and endowments and foundations. The vehicle's backers were attracted to Headway's differentiated strategy, particularly family offices, which are more familiar with this space given that they are approached more regularly by independent sponsors, de Lint says.

Family offices in particular also bring investment opportunities to Headway as they "see us as an outsource due diligence, in a way, because we will do the work that they often don't have the resources or the knowledge for, or both", de Lint adds.

For the independent sponsors themselves, "we can help on the fundraising side because we know who likes this type of deal in the market – we know the family office [that] is active, we know the institutional capital that could do it, we understand who is around." ■

> "Why independent sponsors? It's a growing market. There's a lack of institutional capital in that space"

Christiaan de Lint
Headway Capital Partners

Permira **Firm taps former Apollo exec as head of investor relations**

Permira's head of investor relations and fundraising is leaving by the end of the year after nearly two decades at the London-headquartered firm, ***writes Carmela Mendoza***.

Chris Davison is a partner at the firm and serves on its operations committee. He has helped to raise more than €50 billion in equity capital across Permira's PE and credit business, according to the firm's website. It is unclear where he is headed next.

He joined Permira in 2005, having previously launched a PE research business at Almeida Capital. Permira declined to comment.

Davison will be replaced by Chris Buchanan, a former partner and global head of institutional sales at Apollo Global Management, according to two sources with knowledge of the matter. Buchanan left Apollo in April and will begin his new role in January 2025, *Private Equity International* understands. He has spent more than 15 years at Apollo, working across various roles including head of European and American sales and co-head for institutional clients, according to his LinkedIn profile.

Apollo appointed Chris McIntyre, who was previously managing director at Boston Consulting Group, as its global head of the institutional client group, per a statement from the firm in March.

Permira held a €16.7 billion final close last year on its eighth flagship fund. It also acquired a 40 percent stake in Spanish fund of funds manager AltamarCAM in July. ■

CalSTRS **Pension is monitoring GPs' net-zero progress**

The California State Teachers' Retirement System has adopted an asset class-specific approach in its commitment to net zero, ***writes Hannah Zhang***.

For private equity, this involves monitoring managers' net-zero capabilities through an annual survey and prioritising relationships with those who actively disclose their progress.

Over the past year, the US's second-largest public pension conducted a survey of PE managers it partners with to track their net-zero progress, according to details presented at its 2 May board meeting. The survey uses a colour-coded system to categorise assets managed by these PE managers into three groups: 'green', 'olive' and 'grey'. A manager is labelled 'green' if it measures and reports emissions for a significant part of its portfolio, 'olive' if it has committed to start measuring, and 'grey' if it has no immediate plan to start.

Nearly half (48 percent) of CalSTRS' PE managers are labelled 'green', according to the latest survey result presented in documents prepared for the pension's latest board meeting. Thirty-one percent of managers are labelled 'olive' and 19 percent are 'grey'.

"Large private equity firms are leading the way, given that their underlying holdings typically involve companies that are large and tend to conform to public company best practices," the documents note. "However, most of the underlying holdings involve relatively small companies held by small and mid-sized asset managers with more modest resources where industry best practices and standards are less developed with respect to measurement and reporting of emissions."

CalSTRS sent out the survey to 100 out of its 107 active GP relationships and received 95 responses. The participants represent 97 percent of its total PE net asset value as of the third quarter of last year.

"We've been talking to our managers about net zero since inception," Brian Rice, a portfolio manager at CalSTRS, said at the board meeting. The survey demonstrates the pension's latest effort to understand what resources GPs are allocating to net zero, he added.

Climate is king

The California pension also backs climate-focused strategies as part of its effort to reduce carbon emissions. The $336 billion institution has a 1 percent target allocation to climate- and low-carbon-themed private investments, affiliate title *New Private Markets* reported in April.

This is part of a 5 percent, multi-strategy target allocation for Sustainable Investment and Stewardship Strategies, a longstanding programme at CalSTRS. The SISS programme had $10 billion in assets as of last June and has made commitments of approximately $2 billion to climate-themed private funds. ■

AEA Investors **Buyout shop explores secondaries opportunities**

AEA Investors chairman John Garcia has been talking to potential investors about raising a fund in partnership with the firm to invest in GP-led continuation fund deals, ***writes Chris Witkowsky.***

Were it to move forward, AEA would be among a handful of buyout-focused GPs building out capabilities to invest in continuation fund deals. For instance, Leonard Green hired two secondaries professionals this year to raise its debut GP-led fund.

The push is not necessarily new for AEA, as Garcia has talked to LPs in the past about the strategy, sources tell affiliate title *Buyouts.* More recently, he has restarted talks for the launch of the strategy, sources note.

The strategy is called TriBridge Capital, sources say. It's not clear if the fund has a target, or what stage the discussions are in. Garcia is looking for "a couple of billion dollars", according to one source, an LP who has heard the pitch.

The strategy would be operated in partnership with AEA; the details of the arrangement are not clear. An AEA spokesperson declined to provide details about the strategy.

Part of the pitch is that buyout dealmakers are well-positioned to work with other sponsors on continuation fund deals, which have characteristics of M&A transactions, one of the sources says.

Good relations

Some LPs have pushed back, arguing that continuation funds involve more than just deal considerations, including much LP relationship management – not likely something many dealmakers have had to handle.

It's unclear if AEA has invested in external continuation fund deals in the past. It has run such deals on its own assets: in 2023, the firm closed a single-asset deal for its portfolio company Singer Industrial. Lead investors were AEA's small-business funds, Apollo's secondaries group S3, and LGT Capital.

In 2022, AEA explored a single-asset deal for its asset Excelitas Technologies, which provides photonic products like lasers, as well as services for the lighting, optical and detection requirements of customers.

There are probably a further 10 or 20 firms that are likely to enter the secondaries market in the next 12-24 months in some fashion, Nigel Dawn, global head of Evercore's private capital advisory group, recently tells affiliate title *Secondaries Investor.* When these new groups enter the market, many of which he believes will position themselves as a lead investor, their own investors and co-investors are likely to follow.

"Over time its impact could be fairly significant," Dawn says, "and I wouldn't be surprised if in five years' time the secondaries market looks radically different." ■

Climate **Border to Coast raises another £1.2bn for climate**

Border to Coast Pensions Partnership, which manages a pool of capital on behalf of UK local government pension funds, has nearly doubled the size of its climate investment programme, ***writes Toby Mitchenall.***

It has raised an additional £1.2 billion ($1.5 billion; €1.4 billion) in commitments, having raised £1.4 billion in 2022. It brings Border to Coast's wider private markets programme to £16 billion in pension fund money.

To date, the investor has backed funds raised by Ara Partners, Macquarie, Hy24, Quinbrook, Brookfield, Blackstone, General Atlantic and others.

Border to Coast manages a pool of assets on behalf of 11 UK public pension schemes, which are also its shareholders.

Approaching investments

Institutional investors around the world are working out how to approach climate investing, a dominant theme that now spans asset classes, sectors and strategies. At affiliate title *New Private Markets'* Impact Investor Global Summit in May, delegates heard how allocators like the California Public Employees' Retirement System and APG Asset Management are approaching brown-to-green strategies.

"Capital markets need to play a critical role in meeting the challenge of decarbonisation by providing funding to support the development of climate solutions," said Border to Coast CIO Joe McDonnell in a press release. ■

TPG **Eighth Asia flagship closes on $5.3bn**

TPG's eighth Asia-focused fund has held a final close on $5.3 billion, the firm said on its Q1 2024 earnings call in May. The fund is the firm's largest Asia-dedicated vehicle to date, ***writes Katrina Lau***.

TPG Asia VIII was launched in January 2022 with an initial target of $6 billion, according to *Private Equity International* data. TPG had raised $4.3 billion as of end-September, the firm noted on its Q3 2023 earnings call in November.

Although short of its target size, the fund is 14 percent larger than its predecessor, TPG Asia VII, which collected $4.6 billion in 2019. Fund VII has generated a 1.52x TVPI and distributed $100 million as of Q2 2022, according to documents from the California Public Employees' Retirement System.

The latest final close comes at a time when fundraising for Asia-focused strategies is more difficult than ever. Asia VIII is one of the few multibillion-dollar Asia-focused funds to have closed since the start of 2023 – succeeding Primavera's $4.1 billion Fund IV, which closed in February 2023, and Bain Capital's $7.1 billion Fund V, which closed in November.

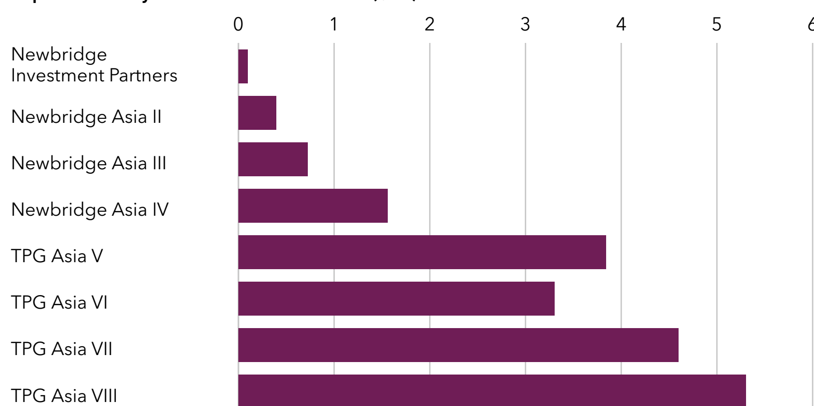
> "We plan to extend our leadership position in Asia"
>
> Jon Winkelried, TPG

Other managers are still battling the region's fundraising slowdown. Funds in market include PAG's 2021-vintage Asia Capital IV, which has so far collected just $2.41 billion against a target of $9 billion, per *PEI* data. Carlyle, meanwhile, is fundraising for its 2022-vintage Asia Partners VI and had collected $1.75 billion as of March 2024 against a $6 billion target, *PEI* data shows.

TPG Asia VIII has received commitments from its US LP base, including the likes of Teacher Retirement System of Texas, Washington State Investment Board and Employees Retirement System of Texas. "We raised approximately $600 million in the first quarter and over $345 million in early April," chief executive Jon Winkelried said on the Q1 2024 earnings call.

According to Winkelried, India has been a stronghold for TPG's Asia deployment. "Over the last five years, more than 40 percent of the capital we've deployed in Asia has been in India, and we've taken eight portfolio companies public there since late 2021. Looking ahead, we plan to extend our leadership position in Asia with near-term plans for further organic growth."

Capital raised by TPG's Asia-focused funds ($bn)



Source: Private Equity International

Tapping private wealth

Like many of its global counterparts, TPG is looking to ramp up its private wealth offering. The firm is planning to launch semi-liquid products tailored for private wealth clients, Winkelried said on the earnings call. TPG has historically raised $1 billion-$2 billion annually from the private wealth channel and is focused on "growing that figure by several multiples over the coming years".

Winkelried added: "During 2024, we plan to raise capital for nine products in the wealth channel, including climate, growth, credit solutions, direct lending and structured credit."

The private equity semi-liquid strategy will also provide a "stable and growing" source of capital for the firm, CFO Jack Weingart noted on the call. "We don't yet have a private equity semi-liquid product, but we're actively working on that and expect to launch it early next year at the latest."

Within the first quarter of 2024, TPG raised $4.7 billion, $2.1 billion of which was raised across credit strategies and $1.8 billion from Asia VIII and TPG Growth VI. Total assets under management grew by 63 percent, from $137 billion in Q1 2023 to $224 billion, mainly driven by the acquisition of credit and real estate manager TPG Angelo Gordon last year. ■

Sino-Gulf **Investcorp partners with China's CIC**

Bahrain-based manager Investcorp launched a billion-dollar fund in late-April to invest in high-growth companies in China and across the Middle East, ***writes Katrina Lau***.

China's sovereign wealth fund, China Investment Corporation, is its anchor investor.

The Golden Horizon Fund was announced at the China-GCC Investment and Business Co-operation Summit in Riyadh. The fund is aiming to make 10-12 investments, with 70 percent deployed in Gulf countries and 30 percent in China, head of emerging markets at Investcorp Walid Majdalani tells *Private Equity International*.

"From a sector-focused perspective, [we're looking to invest into] healthcare, consumer, transport, logistics and services," says Majdalani. "That could be business services or industrial services or technology services."

Speaking about sectors the firm has been investing into for the past 13 years, Majdalani says this time it is targeting opportunities in the mid-market space. "We're focusing on companies that have an enterprise value of $100 million [and] above. It could be a family-owned business."

Investcorp noted in a press release that CIC's anchor investment demonstrates the Gulf countries' appeal to investors, particularly through its "stable regulatory environment" and "pro-business policies".

"We have built several bilateral funds with leading financial institutions to facilitate industrial co-operation between China and major economies in the world," CIC's deputy CIO and executive vice-president Bin Qi noted in the release. "We are working closely with Investcorp to build a similar bilateral fund to strengthen financial and industrial ties between China and GCC countries."

$1bn

Target size of Investcorp's China- and Middle East-focused Golden Horizon Fund

China angle

Partnering with CIC gives Investcorp an advantage in the China market, Majdalani says. "We are very comfortable in the Middle East because we've been in business there for the past 40 years, but in places like China, having CIC there as a partner will clearly open doors for us to understand the ecosystem, the who's who, the access, the dealflow, etc."

While most of the fund will be deployed into Gulf-based companies, Investcorp is seeking portfolios that have a "China angle", Majdalani says. Rather than just setting up a company in China, the goal is to have more technical, knowledge or network exchange with the China market.

"When I say 'China angle', it doesn't mean taking a company in Riyadh and opening a shop in Beijing or vice versa. It could be through research and development; it could be through supply chain enhancement; it could be through sharing of knowledge of some sort. It doesn't have to be setting up offices." ■

Cybersecurity **New rules to impact fund managers**

Thousands of fund managers and other companies previously exempt from reporting cyberattacks and ransomware payments would now be required to report them under proposed new rules the Biden administration is weighing, ***writes Bill Myers***.

The rules would require firms to report cyber-hacks to the federal government within 72 hours of learning about them, and to report ransomware payments within 24 hours of making them. They would exempt firms that already must report cybersecurity breaches to other federal agencies such as the Securities and Exchange Commission or the Federal Trade Commission.

The SEC adopted similar reporting requirements for public companies last summer. An SEC proposal that would impact registered investment advisers, including some 5,600 registered private fund managers, is still pending.

The CISA proposal affects fund managers or portfolio companies involved in the broadly defined "critical infrastructure". The trend is unmistakable, though, experts say: sooner or later, nearly every company of any size in America will likely have to adjust to rigid new reporting requirements.

CISA says the rules as written will affect more than 316,000 companies, and cost private businesses $1.4 billion over the next decade to implement. They are the most sweeping cybersecurity regulations in US history. ■

India **ChrysCapital to begin fundraising for Fund X this year**

ChrysCapital, one of India's largest private equity firms, is looking to raise its 10th flagship fund, ***writes Katrina Lau***.

The fundraising process will launch this year, according to three sources familiar with the matter. The new fund is expected to have a target of around $2 billion, according to two sources. Should Fund X reach its target amount, it would make it the largest India-focused private equity vehicle ever raised.

Indian business publication Mint reported in January that ChrysCapital would seek $2 billion-$2.2 billion for Fund X.

The India-focused manager has been soliciting LPs for advice on the target amount and has considered going beyond $2 billion, one of the sources tells *Private Equity International*: "There's no specific final target set yet, but they have mentioned this at their AGM earlier this year and have thought about raising more than $2 billion."

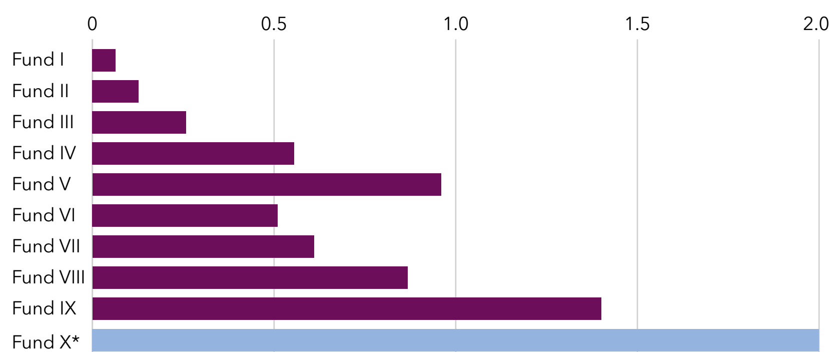
One source notes some LPs have raised concerns regarding the large fund size and whether the market has enough relevant opportunities.

ChrysCapital did not respond to a request for comment by press time.

The largest India-focused private equity fund was closed in April this year by Mumbai-based manager Kedaara Capital, which held a final close on $1.74 billion for its Growth Fund IV, according to *PEI* data.

ChrysCapital's ninth flagship was the second-largest India-focused PE fundraise, closing on $1.4 billion in 2022. Per *PEI* data, Fund IX received commitments from US-based insurer MetLife and German fund of funds manager RWB PrivateCapital Emissionshaus.

ChrysCapital flagship fund size ($bn)



*Fund X has a target of circa $2bn
Source: Private Equity International

India rises

Established in 1999, ChrysCapital has raised 10 funds to date – nine flagship funds and one continuation fund – and manages about $5 billion of assets, *PEI* data shows.

ChrysCapital Continuation Fund closed on roughly $700 million earlier this year, affiliate title *Secondaries Investor* reported. Led by HarbourVest Partners and LGT Capital Partners, the fund will house ChrysCapital's stake in the National Stock Exchange of India, which the manager acquired in 2016 with its $510 million ChrysCapital VI fund. It is understood to have been 2x oversubscribed and could be the largest GP-led transaction in the region.

Its eighth flagship, which closed on $867 million in 2018, has generated a 13.8 percent IRR and a 1.31x TVPI as of Q2 2023, according to documents provided by the Maryland State Retirement and Pension System. Its 2007-vintage Fund V, which closed on $959.6 million, pooled at least 17 LPs including the likes of California Public Employees' Retirement System and Rockefeller Foundation. The fund had generated a 1.5x TVPI as of Q2 2021 with an 8.4 percent IRR, according to documents from CalPERS.

According to Cepres data, Indian buyout funds have delivered a 1.45x median TVPI as of March 2024, while venture capital funds have delivered a 1.5x median TVPI.

India's buyout market is growing, with more global firms deploying an increased proportion of their Asia-Pacific allocation to the country. At PEI Group's NEXUS 2024 summit in March, Blackstone president and chief operating officer Jonathan Gray said India was the firm's third-largest market for deploying private equity capital, after only the US and the UK.

"Many people have found [India] a hard country to operate in. We've been a control investor, and the underlying growth of the country has been phenomenal revenue growth," Gray noted.

According to *PEI* data, 51 India-focused funds raised $11 billion between them in 2022, and another 62 funds that closed had India as one of their focus markets. In the following year, 30 India-focused funds raised $4.8 billion, and 32 funds had India as one of their focus markets. ■

Norway **Stumbling blocks remain for the country's PE market**

Expert analysis by **Alex Lynn**

It's one of the private equity industry's longest-running cases of 'will they, won't they?' Government Pension Fund Global – Norway's NKr15.8 trillion ($1.4 trillion; €1.3 trillion) sovereign wealth fund and the largest of its kind, globally – has once again been denied access to private equity. In April, the Ministry of Finance said it "does not wish to open for unlisted equities now", opting instead to establish an independent expert council this year to "assess different aspects" of the asset class.

Its decision goes against the advice of GPFG's manager, Norges Bank Investment Management, which in November said that opening the fund to unlisted equities could "give higher returns for the fund over time".

This isn't the first time we've been here. In 2018, Norway's government also declined to expand the fund's existing mandate, which at the time permitted NBIM to invest in unlisted companies whose boards had expressed an intention to IPO.

As *Private Equity International* noted at the time, the government's reluctance isn't wholly unexpected. GPFG described its first direct investment, in CVC Capital Partners-owned motor-racing franchise Formula 1, as "a mistake" in 2013 when the latter became mired in allegations of corruption. The latest decision also comes at a time when many private equity investors are concerned over a lack of distributions from existing funds.

And yet, GPFG is already permitted to invest up to 7 percent of its portfolio in unlisted real estate and 2 percent in unlisted infrastructure, accounting for 1.9 percent and 0.1 percent of the portfolio, respectively, as of 31 December, per its website.

> Of course, launching a private equity portfolio is no mean feat for an institution the size of GPFG

Where to begin?

Of course, launching a private equity portfolio is no mean feat for an institution the size of GPFG – after all, even a 1 percent allocation would require the fund to deploy some $14.3 billion.

For context, California Public Employees' Retirement System – the largest US public pension – committed $15 billion to private equity over each of the past two years, affiliate title *Buyouts* reported in March. It's important to note, however, that CalPERS has more than three decades of private equity relationships to leverage and will be less exposed to vintage concentration.

Therein lies the rub. Entering private equity in a way that moves the needle would require massive investment in staffing, consultants and lawyers, as well as the ability to tolerate one heck of a J-curve. At the same time, as one managing director at an LP consultancy tells us: "Any year you don't invest part of a large, long-duration institutional portfolio in private equity, you are missing opportunities."

The investment landscape is also evolving. In the US alone, the number of public companies declined from 4,400 in 2018 to 3,700 as of 2023, CNN reported last year. As NBIM noted in its November memo, an "increasingly larger share of global value creation" takes place in the unlisted market.

GPFG's universe of investable targets is only getting smaller. The case for its entry into private equity is therefore not only one of returns but, increasingly, also one of necessity. ■

alex.l@pei.group
Alex Lynn is Hong Kong Bureau Chief at PEI Group

Secondaries **What are the benefits of leading a deal?**

Comment

Expert analysis by **Adam Le**

Recently, the issue of who really led a deal – and what it actually means to lead a deal – reared its head again.

In April, one source told affiliate title *Secondaries Investor* that TPG negotiated the key terms of IK Partners' single-asset process for insurer Yellow Hive. According to a separate source, however, AlpInvest Partners and TPG jointly set the key terms and structuring for the transaction.

Amid the increasingly tense battle to be referred to as the 'true' deal lead – even down to whether a firm's name appears first or second in a headline or sentence – it's worth acknowledging that some investors don't want to lead deals at all.

There are a few reasons for wanting to be a deal-taker over a dealmaker. One is that some are simply happy to have access to high-quality assets via GP-led processes, so long as they have alignment with the lead investor. With positive selection bias leading to many high-performing assets being retained in continuation vehicles, some secondaries firms see value in simply creating an index-like fund that has exposure to trophy assets via CVs.

"It's kind of nice when I get a call, terms are agreed, legals are already done, data room's lovely [and] I know the deal's going to close," said Tori Buffery, then a partner at Morningside Capital Management, at PEI Group's NEXUS 2024 summit in March. "There's value to me that someone [else] has led that deal."

Another reason is that they don't see the preferential terms or fee discounts afforded to lead investors as something that really moves the needle when it comes to returns.

Fighting for the lead

It's not possible to say yet whether things like a 50-basis-point management fee break on a particular transaction will really translate into a sizeable difference in net returns for LPs. Still, there are other perks to being a lead: data from law firm Paul Hastings shows that, of the transactions it advised on over the past year, all CVs paid for lead investor expenses up to a capped amount.

What is possible to say is that there's anecdotal evidence that structuring and negotiating a deal necessitates higher conviction in a transaction, and it's these deals that will ultimately perform better – if the secondaries investor is good at what they do.

"There is something there in that if you [are sole] lead, you step up, you have higher conviction," said Tjarko Hektor, founder of New 2nd Capital, also speaking at NEXUS. He added that, of the roughly 50-plus transactions his firm has backed, deals in which he was a co-lead are the less well-performing ones.

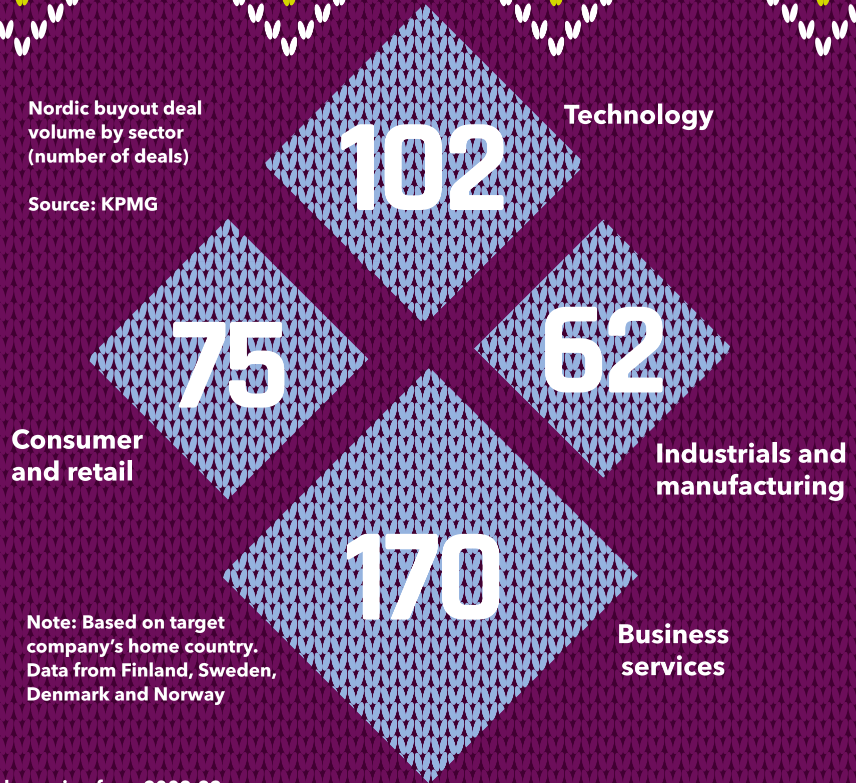
It's likely the battle over who's named as a lead in a deal will continue for some time, and for various reasons. For syndicators, the increasing evidence available that continuation funds can perform just as well as blindpool secondaries funds or even buyout funds provides ample reason to simply be a part of this market – even if that means sitting in the back seat. ■

---

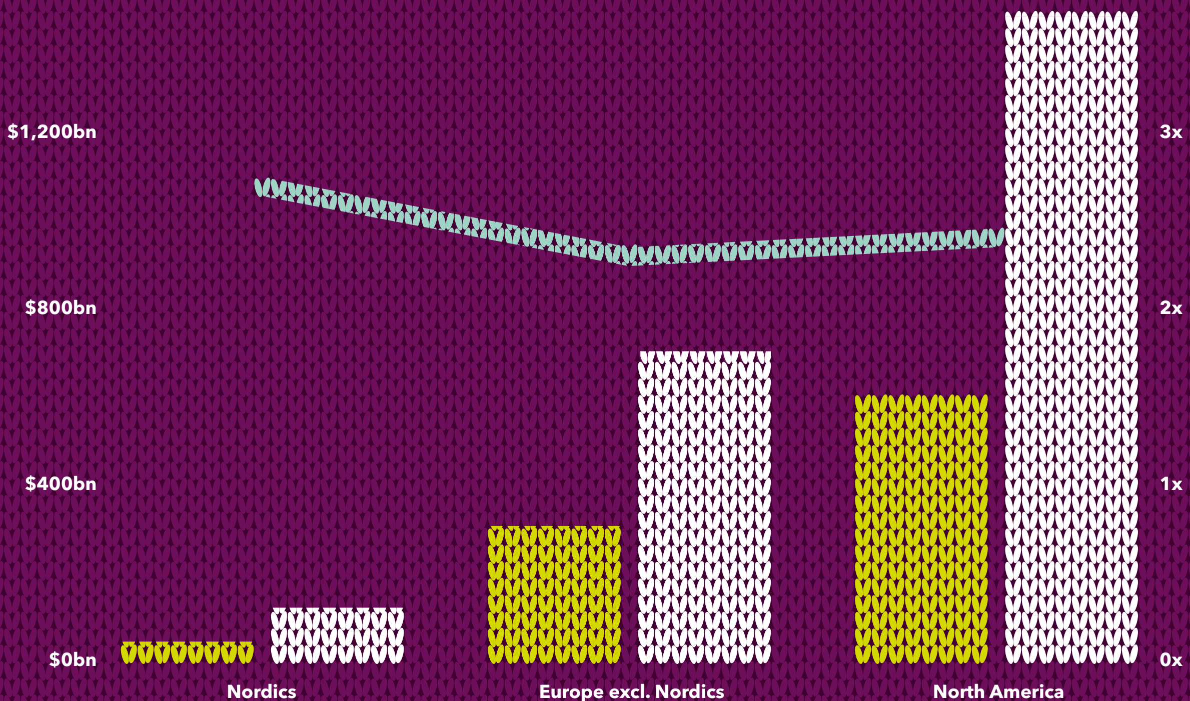
adam.l@pei.group
Adam Le is senior editor of private equity, EMEA, at PEI Group

North of expectations

Though a fraction of the size of nearby markets, the Nordic PE market offers compelling returns

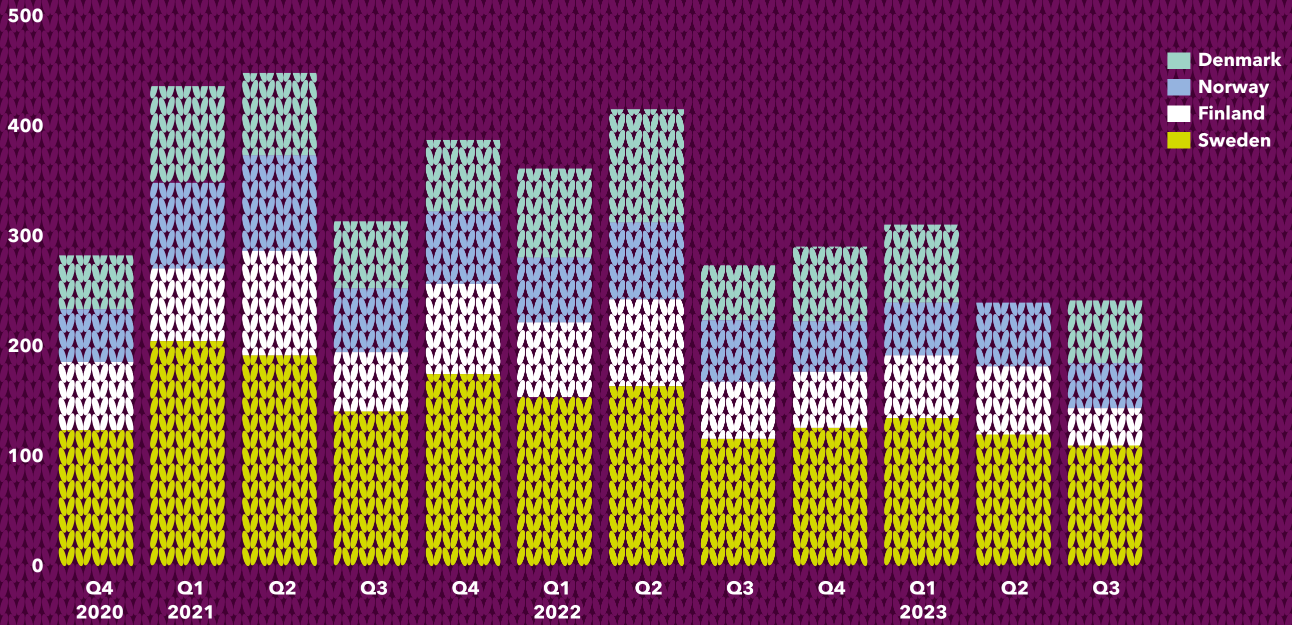


Performance of realised buyout investments by region from 2003-23



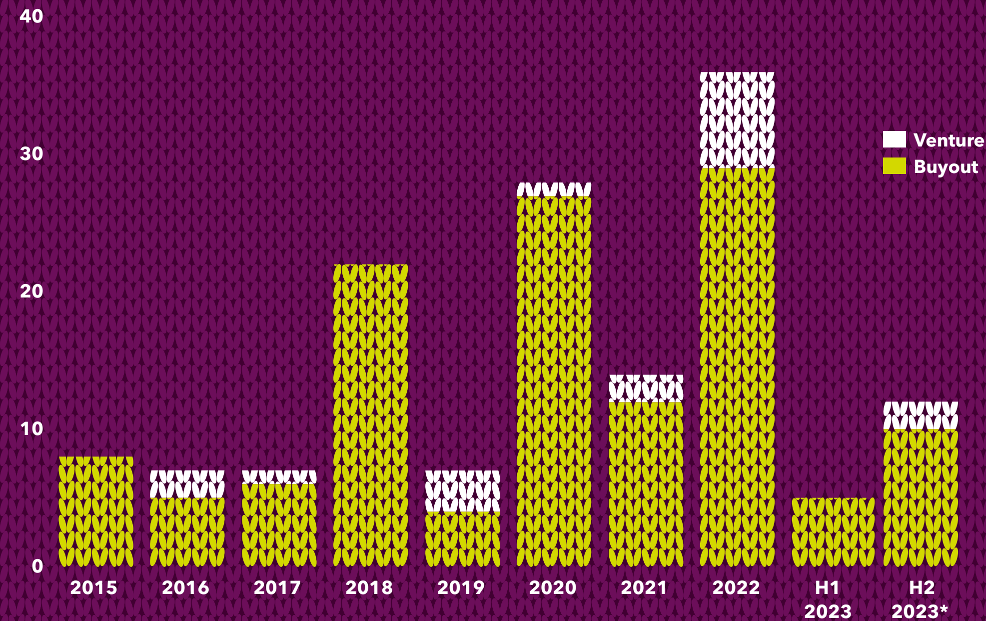
Source: SPI Research

Biggest Nordic markets for buyout deals (number of deals)



Note: Based on target company's home country
Source: KPMG

Fundraising by Nordic private equity buyout and venture funds (€bn)



*Estimate
Source: Argentum

27%

Decline in Nordic buyout investments in H1 2023 from the previous five-year average

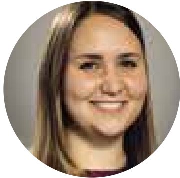
67%

Proportion of Nordic buyout investments that are within industrials and tech

Source: Argentum

Editor's letter

The PEI 300: A story of two halves



Helen de Beer
helen.d@pei.group

The PEI 300 is a good litmus test for how the fundraising market is functioning. The annual list looks at GPs' capital-raising totals over the past five years, taking into account the highs and lows of that period to create an overall leaderboard of private equity's biggest firms. This broad counting period allows us to look at GPs' fundraising activities with a wide lens.

This year's ranking contains both the dizzying heights of the post-pandemic fundraising boom and the more muted years that followed (see p. 18). This combination makes for some interesting results.

The top-ranked firm raised an impressive $124 billion over the past five years, though still fell short of the all-time record and its own total from a year prior. What's more, only two firms crossed the $100 billion barrier this year, down from three in 2023. At first glance, it would appear fundraising difficulties have finally started to catch up with the industry's biggest fund managers.

> **“[The ranking looks] at GPs' fundraising activities with a wide lens”**

This isn't the whole picture, however: all 300 firms on the ranking collectively raised $3.28 trillion, a 6 percent year-on-year increase. The top 10 alone raised $741 billion, up more than $10 billion from the previous ranking. Lastly, the requirements for making the list at all have gotten tougher: in 2023, the lowest-ranked firm raised $2.08 billion in five years; in 2024, that figure was $2.3 billion.

It's clear fundraising isn't the easy ride it once was. However, the results of this year's PEI 300 prove the asset class is still nothing but committed to its raison d'être.

Helen de Beer

Helen de Beer

PEI

New York
530 Fifth Avenue,
14th floor
New York,
NY 10036
T: +1 212 633 1919

London
100 Wood Street
London
EC2V 7AN
T: +44 20 7566 5445

Hong Kong
Room 1501-2, Level 15,
Nexxus Building,
No. 41 Connaught Road, Central,
Hong Kong
T: +852 3704 4635

Private Equity International
Published 10 times a year by PEI Group. To find out more about PEI Group visit **pei.group**

© PEI Group 2024

No statement in this magazine is to be construed as a recommendation to buy or sell securities. Neither this publication nor any part of it may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without the prior permission of the publisher. Whilst every effort has been made to ensure its accuracy, the publisher and contributors accept no responsibility for the accuracy of the content in this magazine. Readers should also be aware that external contributors may represent firms that may have an interest in companies and/or their securities mentioned in their contributions herein.

Cancellation policy You can cancel your subscription at any time during the first three months of subscribing and you will receive a refund of 70 percent of the total annual subscription fee. Thereafter, no refund is available. Any cancellation request needs to be sent in writing to the subscriptions departments (subscriptionenquiries@pei.group) in either our London or New York offices.

Printed by Stephens & George Ltd
stephensandgeorge.co.uk

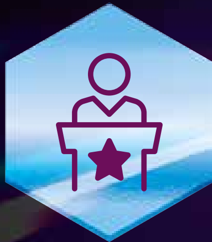
Private Equity International

Responsible Investment Forum: West

Palo Alto 2024

4-5 September | Crowne Plaza, Palo Alto

Fusing responsible investing with innovation



Hear from 70+ industry leaders

Uncover the latest trends and insights shaping the future of responsible investing on the dynamic West Coast. Gain a comprehensive overview of the current policies in place driving positive change and California's commitment to a more sustainable future.

Meet 50+ institutional investors

Join leading investors from North America and beyond. Previous investors have included American Student Assistance, CalSTRS, HOOPP, United Church Funds and many more.

New location and venue

Network with your peers in the heart of the Silicon Valley, understand their approaches to sustainable investment strategies and gain actionable insights to enhance your returns.

Find out more and secure your place.
Bring your team and unlock greater savings of up to 50%.

www.privateequityinternational.com/rif-west/

PEI

THE PEI 300

High flyers

The PEI 300 has become an even more exclusive club

Cover story

Introducing:
The PEI 300 of 2024
Page 20

Top 10:
The biggest players
Page 22

Risers, fallers
and newcomers
Page 24

Private wealth fuels
PE fundraising
Page 26

Bifurcation in the mid-market
Page 28

APAC's shrinking footprint
Page 30

GP stakes takes its share
Page 32

Impact capital
boosts inflows
Page 34

Blackstone holds PEI 300 top spot

The biggest fundraiser on the 2024 PEI 300 ranking brought in nearly $124bn over the past five years, writes Helen de Beer

Last year's biggest private equity fundraiser has returned to take the crown in 2024. Over the course of the past five years, Blackstone has raised $123.99 billion for its private equity strategy, marking the seventh time in the last 10 years that the firm has secured pole position on *Private Equity International*'s annual ranking of the biggest fundraisers in the asset class.

The figure is, however, a slight drop on previous winning totals: in 2023, Blackstone took the top spot with a total of $125.6 billion, whereas a year prior, KKR achieved an all-time high figure of $126.5 billion.

One reason for this shift is a change in the PEI 300's methodology: in previous years, the counting period has run from 1 January until 31 March five years later, whereas 2024 marks the first time the ranking runs from 1 January until 31 December. This slight shortening of the eligible fundraising window will inevitably account for a drop in some areas.

The second reason is, of course, that fundraising simply isn't an easy ride right now. Even the biggest firms aren't an exception, with only two managers – Blackstone and KKR – surpassing the $100 billion threshold this year, versus last year's three.

Joe Baratta, global head of private equity at Blackstone, tells *PEI*: "The last five years have been extremely volatile for investors… LPs have been dealing with a host of issues surrounding denominator effects – GPs investing more quickly than they anticipated and lower distributions from prior funds during a turbulent period for markets."

Blackstone, for its part, has navigated this environment by sticking to its guns. "We have maintained our investment discipline and strategy, and our long-term investors value our consistency… That focus on long-term performance – combined with the longevity of our LP relationships – helps us to continue raising significant capital, even in a more difficult fundraising environment."

$3.3trn

Capital raised by the full PEI 300 ranking in 2024

6%

Increase from 2023

Source: Private Equity International

Rocky ground

In spite of the uneven fundraising terrain, the overall ranking looks remarkably healthy. The 300 firms on the list collectively raised nearly $3.3 trillion between them over the past five years, up from $3.1 trillion a year prior. This 6 percent increase occurred in spite of the aforementioned narrowing of the counting window, suggesting the industry's struggles may be less profound than anticipated.

To some, this may come as a surprise. In the five-year period covered by this year's ranking, the industry has seen a plethora of funds closing below target, including Apollo Global Management's (29) Fund X, which closed on $20 billion last year against a $25 billion target; and TPG's (5) ninth flagship, which closed on $12 billion against a $15 billion target. As Karl Adam, a partner at Monument Group, told *PEI* last year: "You're kind of, in a way, getting pummelled from all angles."

Blackstone appears to have escaped from these circumstances relatively unscathed, something Baratta puts down to LPs choosing to invest their capital with a smaller number of managers. The firm's strong performance over

The top 10

2024		2023	Fund manager	Five-year fundraising total ($m)	Headquarters
1	◁▷	1	**Blackstone**	123,993	New York
2	◁▷	2	**KKR**	103,241	New York
3	◁▷	3	**EQT**	99,123	Stockholm
4	▲	15	**CVC Capital Partners**	77,570	Luxembourg
5	▲	6	**TPG**	61,934	Fort Worth
6	▼	5	**The Carlyle Group**	60,178	Washington, DC
7	▼	4	**Thoma Bravo**	59,060	Chicago
8	▼	7	**Advent International**	52,939	Boston
9	▲	10	**Warburg Pincus**	51,730	New York
10	▼	8	**Hg**	51,365	London

previous vintages has given it a reassuring track record: per data from the Minnesota State Board of Investment and Washington State Investment Board, the mean returns achieved by the five vintages from Blackstone Capital Partners III to VII is 1.94x TVPI and 17.1 percent IRR.

"[We] continue to see a general trend of consolidating GP relationships… LPs are doing more with fewer GPs," Baratta says. "We have LPs in our funds who've been with us for decades." Having recently hit $1 trillion in assets under management – a milestone for both the firm and private markets generally – Blackstone's fundraising dominance is perhaps less than surprising.

"This achievement is significant in many ways, including for me personally," chairman and chief executive Stephen Schwarzman said on the firm's Q2 2023 earnings call. "We've delivered for [investors] in good times and bad… In fact, virtually all of our drawdown funds we've launched in our history have been profitable for our investors."

According to Baratta, the milestone is simply a reflection of Blackstone's performance, rather than an end in itself. "We view the $1 trillion as a mile-marker on a much longer journey," he tells *PEI*. "We're excited about the future." ■

Methodology

How the ranking is determined

The 2024 PEI 300 ranking is based on the amount of private equity direct investment capital raised from third-party investors by firms for funds closed between 1 January, 2019, and 31 December, 2023, as well as capital raised for funds in market at the end of the counting period.

This is a departure from previous rankings, when the counting period ran for five years from 1 January to 31 March.

Legend
- ★ New company for 2024
- ▲ Up from 2023
- ▼ Down from 2023
- ◁▷ Unchanged from 2023

Definitions

Private equity
For purposes of the PEI 300, the definition of private equity is capital raised for a dedicated programme of investing directly into businesses. This includes equity capital for diversified private equity, buyouts, growth equity, venture capital and turnaround or control-orientated distressed investment capital.

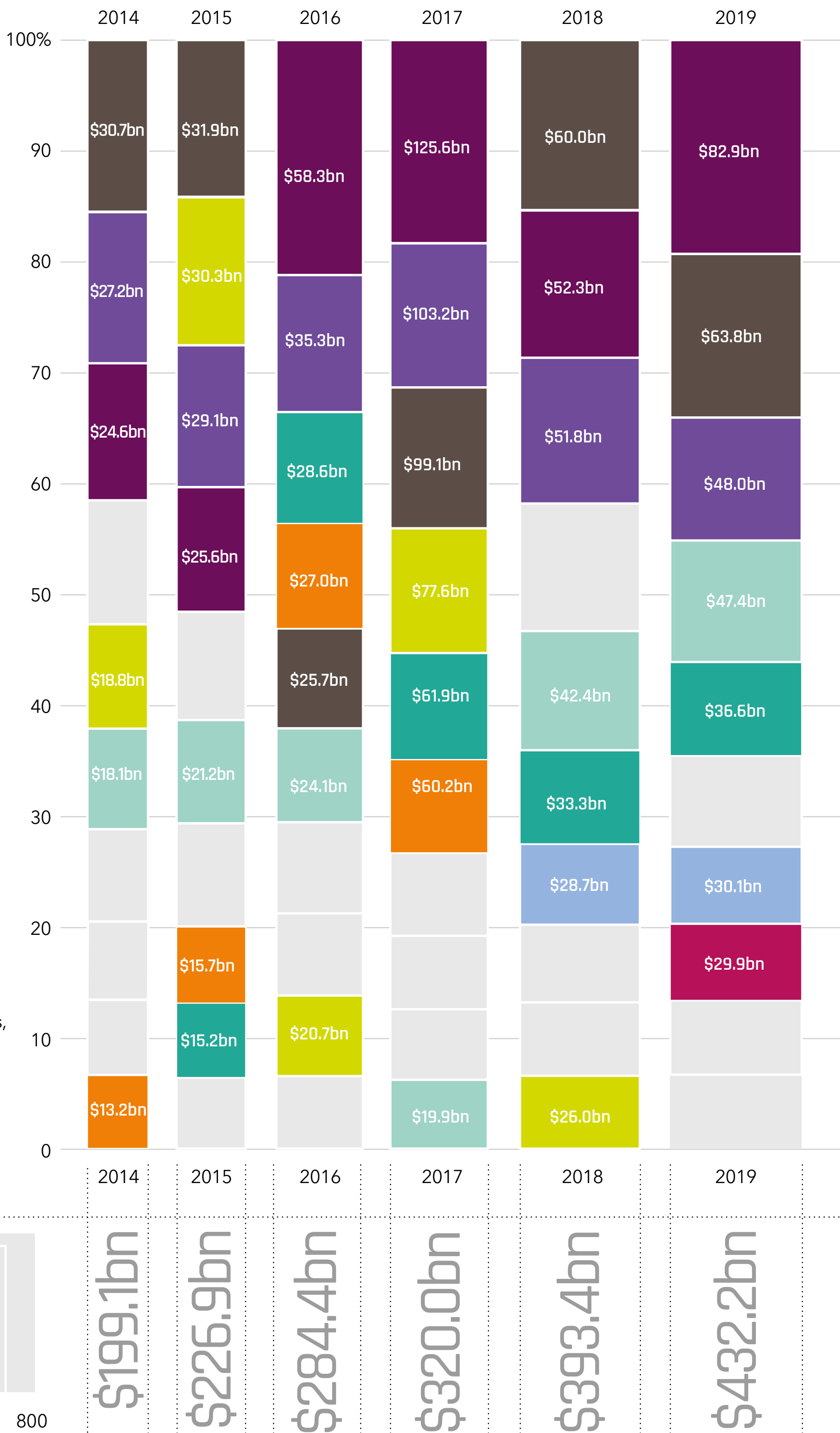
Capital raised
This means capital definitively committed to a private equity direct investment programme. In the case of a fundraising, it means the fund has had a final or official interim close after 1 January, 2019. We count the full amount of a fund if it has a close after this date, and we count the full amount of an interim close that has occurred recently, even if no official announcement has been made.

We also count capital raised through co-investment vehicles and other separate accounts that either invest alongside their main fund or are stand-alone, as long as these are not deal-by-deal fundraises.

What does NOT count as private equity?
Funds of funds, as well as funds that follow a secondaries, real estate, infrastructure, hedge fund, debt or mezzanine strategy and PIPEs.
The PEI 300 is not a performance ranking, nor does it constitute investment recommendations.

Top 10: The biggest players of 2024

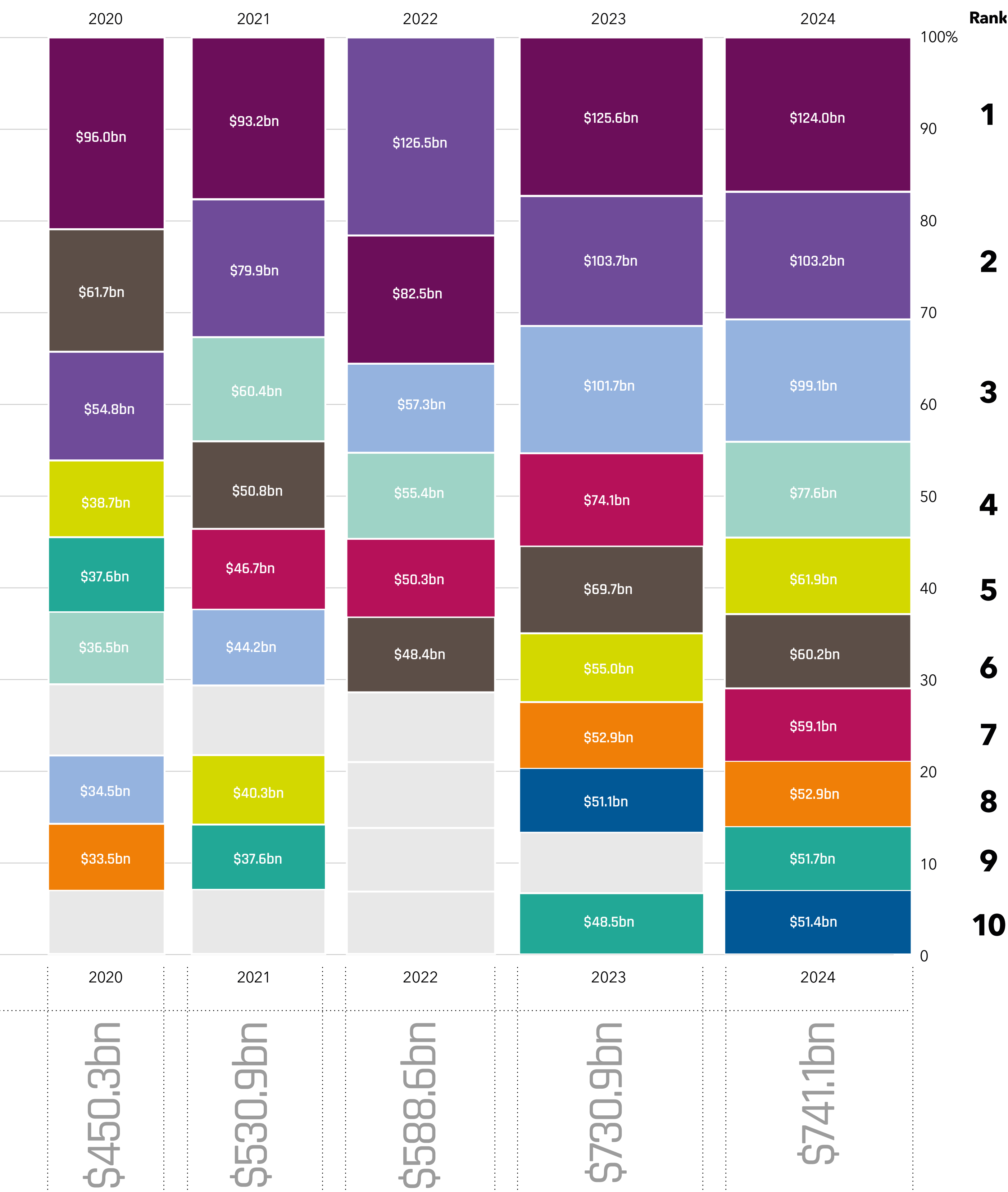
The top three hold their positions, while CVC's massive close on Fund IX brings it back to the top 10

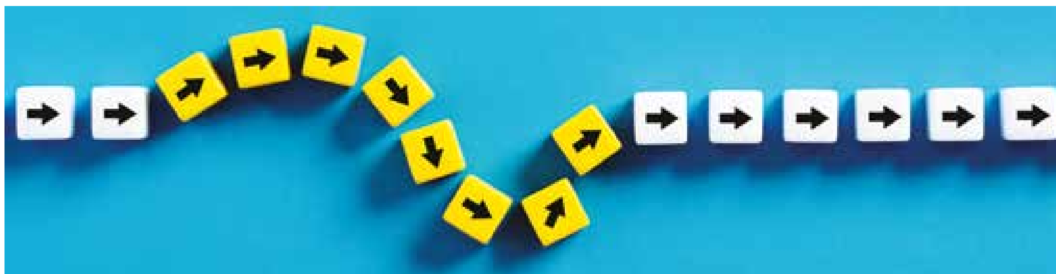


- Blackstone
- KKR
- EQT
- CVC Capital Partners
- TPG
- The Carlyle Group
- Thoma Bravo
- Advent International
- Warburg Pincus
- Hg
- Others (Apollo Global Management, Ares Management, Bain Capital, Clayton Dubilier & Rice, Clearlake, Capital Group, EnCap Investments, General Atlantic, Goldman Sachs, Hellman & Friedman, Insight Partners, Neuberger Berman Private Markets, Partners Group, Silver Lake, Vista Equity Partners)

Capital raised: Column width represents total capital raised by top 10 firms for the five years up to that year ($bn)

0 200 400 600 800


2020
2021
2022
2023
2024
Rank
100%
90
80
70
60
50
40
30
20
10
0
1
2
3
4
5
6
7
8
9
10
$96.0bn
$61.7bn
$54.8bn
$38.7bn
$37.6bn
$36.5bn
$34.5bn
$33.5bn
$93.2bn
$79.9bn
$60.4bn
$50.8bn
$46.7bn
$44.2bn
$40.3bn
$37.6bn
$126.5bn
$82.5bn
$57.3bn
$55.4bn
$50.3bn
$48.4bn
$125.6bn
$103.7bn
$101.7bn
$74.1bn
$69.7bn
$55.0bn
$52.9bn
$51.1bn
$48.5bn
$124.0bn
$103.2bn
$99.1bn
$77.6bn
$61.9bn
$60.2bn
$59.1bn
$52.9bn
$51.7bn
$51.4bn
$450.3bn
$530.9bn
$588.6bn
$730.9bn
$741.1bn



Moving up, slipping down

The largest private equity fund to ever close has shifted the face of the top 10 this year, while a host of newcomers have entered the ranking, writes Hannah Zhang

As the largest private equity managers continue to expand, it has become increasingly difficult to shake up the top 10 seats in the PEI 300 ranking. And yet, CVC Capital Partners has defied the odds, jumping 11 places to rank fourth this year.

CVC's impressive rise was prompted by the massive close of its ninth flagship fund, CVC Capital Partners IX, which closed on €26.8 billion against a €25 billion target last July. It is the largest-ever private equity fund, edging ahead of Blackstone Capital Partners VIII, which closed in 2019 on $26.2 billion. In addition, the firm managed to attract $6.8 billion for its latest investment vehicle targeting Asia, CVC Capital Partners Asia VI, despite a sluggish fundraising climate in the region (see p. 30).

CVC has also kicked off plans to list on Euronext Amsterdam after around three years of speculation that it was laying the groundwork for an initial public offering.

Fresh faces

This year's PEI 300 welcomes 41 firms that are either new entrants or returners, with San Francisco-based Iconiq Capital achieving the highest newcomer ranking (85). Other new faces include California-based Khosla Ventures (166), Indian growth investment firm Peak XV Partners (169) and China-based HongShan (126), which spun off from Sequoia Capital last year.

Among the top 50 firms in the list, New York-based KPS Capital Partners made the most significant leap, going from 101 in 2023 to 50 today. The firm closed two special situation funds in November, amassing a total of $9.7 billion. One of these vehicles, KPS Special Situations Fund VI, completed more than 95 percent of targeted capital commitments within six months, the firm's co-founder Michael Psaros tells *Private Equity International*.

"We believe proactive communications with our LP investor base… will be more critical than ever in the future," Psaros says. He adds that the firm aims to maintain transparent communications with LPs through robust meeting presentations and other information tools during future fundraising efforts.

Brazil-based Patria Investments is another major climber, rising 53 places to rank 81 in this year's list (see p. 27). The firm's head of Americas, Daniel Sorrentino, tells *PEI* its fundraising success is attributable to its diversification efforts across regions, sectors and asset classes.

"Clients are facing a volatile macro environment and their needs are changing rapidly as a result," Sorrentino says. "Volatility and uncertainty will continue to pose the greatest challenges to fundraising in the medium term. These might be geopolitical challenges or more technical ones, such as overallocation to a particular asset class."

In Europe, Luxembourg-based Astorg rose 11 places this year, with its eighth flagship fund attracting $4 billion. France's AXA IM Alts and UK-based Vitruvian Partners jumped 18 places and 96 places, respectively.

Some firms, meanwhile, have struggled with fundraising over the past few years. Among the top 50 firms in this year's PEI 300, New York-based General Atlantic and Goldman Sachs Asset Management dropped six and five places, respectively, to rank 15 and 17. Additionally, Nordic Capital slid 14 places to 38, while further down the list, Australian firm BGH Capital dropped 131 places to 282, almost falling off the list entirely. ■

TA Associates

19 ▲

Boston

The Boston-based firm rose 16 places to enter the top 20 in this year's PEI 300

Growth-focused TA Associates amassed $40 billion over the five-year period to December 2023 – a 70 percent increase on last year's total. The firm's jump, which brings it into the top 20 of the ranking for the first time, was aided by the close of its latest flagship.

TA XV received $16.5 billion in commitments, ahead of its $15 billion target, after just seven months in the market, according to *Private Equity International* data. The vehicle is more than 30 percent larger than its predecessor, which closed on $12.5 billion in 2021.

"Amid a period of macro uncertainty, our investors' continued trust and confidence in our investment strategy is particularly energising," CEO Ajit Nedungadi said in a statement announcing the oversubscribed fundraise.

TA's 2019 vintage Fund XIII has a TVPI of 1.75x and an IRR of 26.6 percent, while its 2016-vintage Fund XII has a TVPI of 3.11x and an IRR of 35.8 percent, *PEI* data shows.

The firm topped the HEC Paris-Dow Jones' Large Buyout Performance Ranking in 2023, marking the second year in a row it had placed first. The survey evaluated the performance of 101 firms that raised total equity of more than $1.6 trillion through 352 funds between 2010 and 2019.

Since its founding in 1968, TA has invested in more than 560 companies and has made almost 1,000 portfolio company acquisitions, according to its website.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
11	▲	17	Clayton, Dubilier & Rice	50,039	New York
12	▼	11	Silver Lake	49,121	Menlo Park, California
13	▲	18	Hellman & Friedman	46,715	San Francisco
14	▲	16	Vista Equity Partners	45,262	Austin
15	▼	9	General Atlantic	43,482	New York
16	▼	14	Clearlake Capital Group	42,941	Santa Monica, California
17	▼	12	Goldman Sachs	42,432	New York
18	▲	20	Leonard Green & Partners	40,870	Los Angeles
19	▲	35	TA Associates	40,000	Boston
20	▲	21	Permira Advisers	37,322	London
21	▼	13	Bain Capital	37,105	Boston
22	▼	19	Insight Partners	35,285	New York
23	▼	22	Cinven	34,978	London
24	▼	23	Brookfield Asset Management	32,830	Toronto
25	◁▷	25	Genstar Capital	32,403	San Francisco
26	▲	28	Blue Owl Capital	30,232	New York
27	▼	26	Francisco Partners	29,961	San Francisco
28	▲	30	Ares Management	29,612	Los Angeles
29	▲	36	Apollo Global Management	28,552	New York
30	▲	47	Andreessen Horowitz	28,172	Menlo Park, California
31	▼	29	Partners Group	28,032	Zug
32	▲	33	Neuberger Berman Private Markets	26,379	New York
33	▼	27	Tiger Global Management	25,695	New York
34	▲	43	Bridgepoint	23,239	London
35	▲	72	GTCR	23,176	Chicago
36	▲	41	BDT & MSD Partners	23,088	Chicago
37	▲	70	New Mountain Capital	22,669	New York
38	▼	24	Nordic Capital	22,596	Saint Helier, Jersey
39	▼	32	L Catterton	21,974	Greenwich, Connecticut
40	▲	61	Platinum Equity	21,918	Beverly Hills
41	▼	37	Stone Point Capital	21,727	Greenwich, Connecticut
42	▼	39	Adams Street Partners	20,742	Chicago
43	▲	50	PSG	20,160	Boston
44	◁▷	44	Ardian	19,832	Paris
45	▲	46	China Reform Fund Management Corporation	19,224	Beijing
46	▼	42	Veritas Capital	18,950	New York
47	▼	45	HarbourVest Partners	17,732	Boston
48	▲	51	China Merchants Capital	17,117	Shenzhen
49	▲	60	Astorg	17,064	Luxembourg
50	▲	101	KPS Capital Partners	17,036	New York

Private wealth fuels PE fundraising

Many GPs in the PEI 300 ranking are launching products designed to attract retail capital, writes Katrina Lau

Dedicated private wealth solutions have become a staple for fundraisers at a time when institutional commitments have slowed down.

Private wealth investors – ranging from sophisticated, structured family offices with dedicated CIOs to high-net-worth individuals investing via their private banks – have been at the centre of many GPs' attention over the past year. In this year's PEI 300 ranking, the top three firms in particular have ramped up their wealth offerings in one way or another.

Blackstone – the defending top-ranked firm on the list – saw its strongest quarter for private wealth strategies at the start of this year. The firm, which raised nearly $124 billion over the past five years, amassed a total of $8 billion from private wealth investors in the first quarter alone, according to its Q1 2024 earnings call. Of this total, $6.6 billion was committed through the firm's three main perpetual strategies – BXPE for private equity, BREIT for real estate and BCRED for private credit. BXPE, which launched in the beginning of this year, received $2.7 billion of investments in its debut quarter.

According to the firm's website, Blackstone manages $241 billion in AUM from the private wealth channel. Speaking on its Q1 2024 earnings presentation, chairman and chief executive officer Stephen Schwarzman said

sales for its perpetual strategies had increased by over 80 percent compared with Q4 2023.

Other firms in the upper echelons of the PEI 300 have employed their own strategies. EQT (3) launched its inaugural semi-liquid strategy, Nexus, in May 2023. As of 30 March 2024, Nexus had a net asset value of €603 million, with 69 percent in funds, 19 percent in co-investments and 13 percent of liquidity sleeve, according to the fund's March report.

In November, chief executive Christian Sinding noted that about 10 percent of the firm's AUM is from wealthy individuals and families – and that pool is growing.

"With Nexus and other types of products that we're going to be launching over time, there will be a lot of capital… 20 years from now, it could be half of our AUM," he said.

KKR (2), meanwhile, launched K-PRIME – the private equity strategy of the firm's wealth-focused K-Series product – in early 2023. Comprising four different products targeting private equity, infrastructure, real estate and credit, K-Series had raised about $3 billion as of 1 April 2024, chief financial officer Rob Lewin noted on its Q1 2024 earnings call in May.

The firm also set up shop in Zurich, Switzerland in December, primarily to focus on solidifying client relationships and building the firm's global wealth platform, according to a press release.

With the space getting more crowded, some managers have come out with an edge in their offering. Hg (10) – a specialist fund manager focused on software and technology investments – launched the first sector-specialised PE product for wealth investors in October 2023, dubbed Fusion. As of February 2024, Fusion has raised over €125 million, north of its original €100 million target, a source with knowledge of the matter told *Private Equity International* at the time. According to the fund's factsheet, it is targeting a net return of 15-17 percent.

As the industry seeks more ways to connect with private wealth investors, it is fair to assume more evergreen products may come to the fore. Individual investors' contributions may grow to represent even bigger portions of capital raised by top fundraisers in future iterations of the PEI 300. ■

Patria Investments

81 ▲

São Paulo

Patria Investments recently acquired Edinburgh-headquartered asset manager Abrdn's European PE business

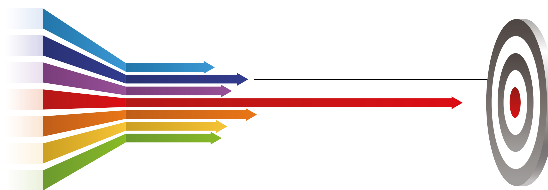
Brazilian investment firm Patria Investments has climbed 53 places in this year's PEI 300, taking it from 134 last year to 81 in 2024. The firm collected a total of $9.35 billion over the five-year period – 41 percent more than the $5.48 billion raised for last year's ranking.

According to *Private Equity International* data, Patria is seeking $2.5 billion for its latest buyout fund, Brazilian Private Equity Fund VII. Launched in June 2022, the vehicle had collected $1.2 billion as of November 2023. Its predecessor had generated a 20.2 percent IRR and 1.56x TVPI as of Q4 2023, according to *PEI* data.

In October 2023, Patria said it would be acquiring Abrdn's £7.4 billion ($9.22 billion; €8.6 billion) European private equity business. The acquisition, which came as part of Patria's bid to build out its mid-market alternatives offering, was completed in April, according to a statement. The transaction included all of Abrdn's European and global private equity funds, listed private equity trusts and mandates managed or advised by Abrdn private equity, representing approximately $7.8 billion of fee-earning assets under management.

The Latin America-focused asset manager had $32 billion in AUM as of 31 March 2024, of which $11.7 billion – or 37 percent – was in private equity strategies, according to its latest earnings.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
51	▼	49	Summit Partners	16,042	Boston
52	▼	31	Hillhouse Capital Group	15,787	Hong Kong
53	▲	85	The Jordan Company	14,914	New York
54	▼	52	H.I.G. Capital	14,881	Miami
55	▲	57	Apax Partners	14,420	London
56	▼	54	Accel-KKR	14,110	Menlo Park, California
57	▼	48	Thomas H. Lee Partners	13,198	Boston
58	◁▷	58	Hamilton Lane	13,193	Conshohocken, Pennsylvania
59	▲	77	AXA IM Alts	12,781	Paris
60	▲	156	Vitruvian Partners	12,215	London
61	▼	55	Lightspeed Venture Partners	11,990	Menlo Park, California
62	▲	66	TSG Consumer Partners	11,935	Larkspur, California
63	▼	38	BC Partners	11,600	London
64	▼	59	Eurazeo	11,597	Paris
65	▼	34	PAI Partners	10,996	Paris
66	▲	75	TCV	10,971	Menlo Park, California
67	▲	82	Morgan Stanley Investment Management	10,688	New York
68	▲	115	MBK Partners	10,250	Seoul
69	▲	76	Oaktree Capital Management	10,180	Los Angeles
70	▲	80	Bregal Investments	10,085	New York
71	▲	73	New Enterprise Associates	10,004	Chevy Chase, Maryland
72	▼	63	GI Partners	9,958	Scottsdale, Arizona
73	▲	84	Welsh, Carson, Anderson & Stowe	9,906	New York
74	▲	226	STG	9,857	Menlo Park, California
75	▼	68	General Catalyst Partners	9,807	Cambridge
76	▼	40	BlackRock	9,629	New York
77	▼	65	Audax Private Equity	9,561	Boston
78	▲	89	Harvest Partners	9,471	New York
79	▼	78	Primavera Capital Group	9,425	Beijing
80	▼	79	Oak Hill Capital	9,405	New York
81	▲	134	Patria Investments	9,354	São Paulo
82	▼	81	Waterland Private Equity Investments	9,245	Bussum, Netherlands
83	▲	105	Investindustrial	9,195	London
84	▼	74	Madison Dearborn Partners	9,191	Chicago
85	★	-	Iconiq Capital	9,048	San Francisco
86	▼	62	CPE	8,946	Beijing
87	▲	93	Triton Partners	8,945	Luxembourg
88	▼	83	Arcline Investment Management	8,864	San Francisco
89	▼	86	Founders Fund	8,842	San Francisco
90	▼	69	Bessemer Venture Partners	8,650	Redwood City, California
91	▲	102	AEA Investors	8,555	New York
92	▲	155	Hahn & Co.	8,539	Seoul
93	▲	138	Centerbridge Partners	8,498	New York
94	▲	209	Five Arrows	8,478	Paris
95	▼	87	Arsenal Capital Partners	8,380	New York
96	▲	99	Kelso & Company	8,373	New York
97	▲	149	Wellington Management	8,122	Boston
98	▲	212	American Industrial Partners	8,100	New York
99	▼	92	Great Hill Partners	8,078	Boston
100	▼	95	Charlesbank Capital Partners	8,073	Boston



Bifurcation in the mid-market

While becoming more difficult to define, the mid-market offers vast opportunity for outperformance, writes Madeleine Farman

Mid-market fundraising remains bifurcated between those managers that have the ability to raise quickly and those that are finding themselves in market longer than they may have originally anticipated. That's according to Carolina Espinal and Ryan Gunther, managing directors at HarbourVest Partners, which sits at number 47 on this year's PEI 300 ranking.

Mid-market stalwart Genstar Capital is an example of the former. It closed its latest flagship, Genstar Capital Partners XI, last year on $12.6 billion, ahead of its $11 billion target. The San Francisco-based buyout firm spent just four months in market with the raise, according to *Private Equity International* data. It has raised over $32 billion over the five-year period and is positioned at number 25 on the PEI 300 ranking.

As the PE industry continues to grow and mature, the sprawling mid-market is becoming increasingly difficult to define. The opportunities for outperformance, however, are vast.

HarbourVest's definition of the mid-market remains fluid to consider fund size and target company size, and varies by geography, Espinal and Gunther tell *PEI*. "As managers have grown in scale, their orientation might remain the mid-market, but they might be raising funds where our clients might think, 'Well, if you're raising a $10 billion fund, that's not really mid-market'," Espinal says.

When it comes to mid-market manager selection, LPs have historically had a focus on mature markets like the US and Europe, Boston-based Gunther says. While there is "a lot of opportunity" in Asia – particularly across Japan, India and Australia – LPs have recently shied away from the largest parts of the region's market, namely China, given geopolitical and macro uncertainties.

Investors 'expecting more'

A shift in the mid-market's top-quartile returns is also accentuating the bifurcated market. HarbourVest would see top mid-market managers generating net multiples of 2x and 20 percent net IRRs in the mid-2000s, and top performers were even able to outperform those expectations in the late 2010s and early 2020s. "I do think investors are expecting more, and those managers who have been able to achieve that are raising very quickly," Gunther adds.

Other examples of mid-market firms able to achieve quick flagship fundraises, according to *PEI* data, include San Francisco-headquartered Alpine Investors (103), which surpassed its $3.8 billion target to reach $4.5 billion after seven months in the market; Boston-based Parthenon Capital Partners (115), which closed on $4.5 billion ahead of a $3.5 billion target in March of last year; and New York-headquartered Cortec Group (158), which surpassed its $2.5 billion target to reach $3.2 billion within a year of launching its vehicle.

Compared with the large-cap market, where managers are vying for multibillion-dollar businesses, there are "more ways to win in the mid-market", Gunther and Espinal explain. There is more opportunity to professionalise management teams, win transactions at lower prices by sourcing directly from families and founders, and complete equity-only investments before building value in those companies via consolidation plays, they say.

There is also more specialisation to be found in the mid-market, Gunther says. "Beyond technology, you don't see a large-cap healthcare fund or a large-cap industrials fund. [In] the mid-market, there... is the opportunity to access sector specialisation."

In Europe, there is a particular structural opportunity – be that by geography or by sector, Espinal says. In technology, for example, "you have big opportunities relative to the US in terms of how penetrated tech and software is", Espinal says. Industrial-based economies like Germany, for example, are ripe for technological disruption where tech can be leveraged "to bring those industries to the forefront for the next cycle". ■

Arctos Partners

131 ▲

Dallas

The sports- and GP financing-focused firm has scored at least two fundraising home runs so far

It's hard to think of a firm that has gone from strength to strength as quickly as Arctos Partners. The firm launched in 2020 and within a year had raised the largest first-time private equity fund in history with its $2.84 billion debut sports vehicle.

At 131, Arctos is 16 positions higher than it was in the previous year's ranking. For a firm only founded four years ago to be in the top half of the PEI 300 ranking at all is an impressive feat.

A breakdown of Arctos's recent fundraises and strategy launches sheds some light into how the Dallas-based firm is faring. In April, Arctos said it had collected more than $4.1 billion for its sophomore sports fund, beating its $2.5 billion target. Its two sports-focused funds are the largest vehicles dedicated to investing in the sector, and it has already invested in Paris Saint-Germain FC, the Aston Martin Aramco Formula 1 team and entities that own the Utah Jazz, New Jersey Devils and Philadelphia 76ers.

Arctos has also launched a GP financing strategy, Keystone, and is seeking $4 billion for its debut vehicle, according to *Private Equity International* data. This will provide bespoke offerings to alternatives managers at the management company, fund and asset level, Arctos executives told *PEI* last year.

With the launch of its first office outside North America last year in London, the firm's pace of growth is looking swift.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
101	▼	98	NGP Energy Capital Management	8,020	Dallas
102	▼	88	Coatue Management	7,926	New York
103	▲	199	Alpine Investors	7,840	San Francisco
104	▲	160	CBC Group	7,637	Singapore
105	▲	111	Accel	7,563	Palo Alto, California
106	▲	145	KSL Capital Partners	7,544	Denver
107	▲	218	Altas Partners	7,488	Toronto
108	▼	96	Cerberus Capital Management	7,488	New York
109	▼	108	IK Partners	7,366	London
110	▼	91	Inflexion Private Equity Partners	7,331	London
111	▼	94	GCM Grosvenor	7,329	Chicago
112	▲	121	Oakley Capital Private Equity	7,290	London
113	▼	67	TowerBrook Capital Partners	7,270	New York
114	▲	133	DCP Capital	7,200	Hong Kong
115	▼	114	Parthenon Capital Partners	7,111	Boston
116	▲	122	Legend Capital	6,884	Beijing
117	▼	104	China Renaissance Group	6,882	Beijing
118	▲	120	GHO Capital Partners	6,765	London
119	▼	107	TDR Capital	6,640	London
120	▼	110	ArchiMed	6,587	Lyon
121	▲	128	Valor Equity Partners	6,565	Chicago
122	▲	139	One Equity Partners	6,512	New York
123	▲	295	Alvarez & Marsal Capital Partners	6,339	Greenwich, Connecticut
124	◁▷	124	ARCH Venture Partners	6,285	Chicago
125	▼	97	Battery Ventures	6,230	Boston
126	★	–	HongShan	6,206	Shanghai
127	▲	189	Altor Equity Partners	6,111	Stockholm
128	▲	144	Vistria Group	6,108	Chicago
129	▼	64	Roark Capital Group	6,020	Atlanta
130	▼	125	Providence Equity Partners	6,016	Providence, Rhode Island
131	▲	147	Arctos Partners	5,995	Dallas
132	▼	127	Greenbriar Equity Group	5,974	Greenwich, Connecticut
133	▲	196	Kohlberg & Company	5,931	Mount Kisco, New York
134	▲	143	EnCap Investments	5,903	Houston
135	▼	100	K1 Investment Management	5,880	Manhattan Beach, California
136	▲	300	Arlington Capital Partners	5,810	Chevy Chase, Maryland
137	▼	112	The Riverside Company	5,739	New York
138	▼	130	Montagu Private Equity	5,692	London
139	▼	71	Quantum Energy Partners	5,618	Houston
140	▼	131	Gryphon Investors	5,606	San Francisco
141	▲	162	Berkshire Partners	5,587	Boston
142	▼	135	Novacap	5,581	Montreal
143	▲	148	Pacific Equity Partners	5,508	Sydney
144	▼	132	FountainVest Partners	5,500	Hong Kong
145	▼	119	Qiming Venture Partners	5,498	Shanghai
146	▼	106	Index Ventures	5,400	San Francisco
147	▲	159	Tikehau Capital	5,371	Paris
148	▼	136	B Capital Group	5,345	Manhattan Beach, California
149	▲	181	Lindsay Goldberg	5,326	New York
150	▲	164	Flagship Pioneering	5,294	Cambridge

Fundraising headwinds shrink APAC's footprint

Several prominent Asia-based firms lost their footing or fell out of the list altogether this year as PE's distribution drought intensifies, writes Alex Lynn

Asia-Pacific's fundraising headwinds continue to erode the region's presence in this year's PEI 300. Only 35 firms headquartered in the region made it onto 2024's list, down from 39 last year and a significant decline from the 48 recorded in 2022. It is also noticeably lower than the previous five-year average of 44.

Several notable names have dropped out of the list altogether. Hong Kong-headquartered Affinity Equity Partners, which sat at a lofty 117 last year, failed to register this year after its most recent fund – the $6 billion Affinity Asia Pacific Fund V – fell out of the counting period. The firm is, however, in market with a successor, according to *Private Equity International* data.

Tokyo-based buyout firm Advantage Partners also missed this year's ranking after placing 237th last year, as its $380 million Advantage Partners Japan-Linked Asia Fund, which invests across the region, fell out of contention. It too is back with a successor fund.

Raising an Asia-Pacific fund has become much harder in recent years. Geopolitical tensions, regulatory uncertainty and a slowdown in private equity distributions have prompted some international investors to favour their home markets at the expense of those deemed riskier, harder to diligence or with less-predictable paths to exit.

"The bigger hit will be those that rely… on US LPs, because that part of the market has, I think, now frozen," says Vish Ramaswami, head of Asia-Pacific private investments at Cambridge Associates. "There's a lot of geopolitics involved, and traditionally the USD LP base focused on China or generally in Asia has been US-based."

China's tribulations

China's private equity market, in particular, has slowed as a result of diminished inflows from overseas. China firms to have dropped out of this year's ranking include Oceanpine (which in 2023 sat at 214), 5Y Capital (242), YunFeng Capital (266) and Hopu Investment Management (294).

"The China fundraising cycle is being delayed further and it's going to remain the challenge," says Niklas Amundsson, a Hong Kong-based partner at placement firm Monument Group. "There's no catalyst to change, really, in the next 12 months – and I think in [2025, there] will be even fewer China firms on the list."

Several general Asia-Pacific firms also saw sharp declines in their rank. PAG, a pan-Asian giant that made it to 41 on the 2019 ranking, slipped to 250 this year, from 109 in 2023. The firm's last flagship PE fund to reach final close – PAG Asia Capital III – did so on $6.1 billion in 2018. Its successor has so far raised just $2.41 billion after more than two and a half years in market, according to *PEI* data.

Also dropping in the rankings were Shanghai-based Qiming Venture Partners (from 119 to 145 in 2024) and Australian buyout shop BGH Capital (from 151 to 280).

Still, there are some success stories. North Asia-focused MBK Partners climbed to 68 from 115 in 2023, having so far raised $3.5 billion towards a $6 billion target for its sixth buyout flagship, according to *PEI* data. Seoul-based buyout firm Hahn & Co rose 63 places to 92, and healthcare specialist CBC Group – headquartered in Singapore – rose 56 places to 104.

"There are a few bright spots," notes Amundsson. "Japan… is a very hot fundraising market this year, so I think the money being raised in Japan at the moment will contribute to the numbers and Japanese managers will be coming in on the list or coming up on the list in future years." ■

Investcorp

161 ▼

Manama

The highest-ranked Middle Eastern GP on the PEI 300 has had a busy few years

Bahrain-headquartered Investcorp dropped 20 places in this year's ranking after seeing a 6 percent decline in its total capital raised. This was in part due to previous funds falling out the counting period for the ranking: for example, Investcorp Technology Partners IV, which closed on $400 million in 2018, is no longer eligible. The firm nonetheless raised nearly $4.9 billion over the five-year period, making it the highest-ranked Middle Eastern GP on this year's ranking.

While home to a number of vast institutional investors, the Middle East is not an active region for fund managers. According to *Private Equity International's* Q1 2024 fundraising report, MENA only accounted for 0.03 percent of fundraising in the quarter. However, activity is picking up: data from the Global Private Capital Association shows that private capital investment in the Middle East grew 30 percent in 2022 to $19.8 billion, from $15.2 billion the previous year.

Despite its drop, Investcorp has had a busy couple of years. In early 2023, the firm opened an office in Japan – its 14th globally and fifth in Asia. Shortly thereafter, the firm disclosed it had raised at least $1.2 billion for its North American Private Equity Fund I. Then, in May that year, Investcorp teamed up with Wafra on a GP stakes deal: London-headquartered MML Capital sold a passive minority stake to the pair of firms in a bid to scale its business on an international level.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
151	▲	238	Generation Investment Management	5,232	London
152	▼	137	CITIC Capital	5,134	Hong Kong
153	▲	175	Patient Square Capital	5,100	Menlo Park, California
154	▼	123	Sapphire Ventures	5,002	Austin
155	▼	116	Norwest	5,000	Palo Alto, California
156	▼	126	Thrive Capital	5,000	New York
157	▲	233	Reverence Capital Partners	4,947	New York
158	▲	297	Cortec Group	4,900	New York
159	▲	173	OrbiMed Advisors	4,897	New York
160	★	-	CapVest	4,893	London
161	▼	141	Investcorp	4,864	Manama, Bahrain
162	▲	232	Flexpoint Ford	4,825	Chicago
163	◁▷	163	SK Capital Partners	4,772	New York
164	▼	158	CDH Investments	4,688	Hong Kong
165	▼	53	Sequoia Capital	4,681	Menlo Park, California
166	★	-	Khosla Ventures	4,657	Menlo Park, California
167	★	-	Ara Partners	4,560	Houston
168	▼	157	Nautic Partners	4,500	Providence, Rhode Island
169	★	-	Peak XV Partners	4,496	Bengaluru
170	▼	165	Hidden Hill Capital	4,472	Shanghai
171	◁▷	171	Pantheon	4,414	London
172	▼	167	Centurium Capital	4,410	Beijing
173	▼	150	JMI Equity	4,394	Baltimore
174	▼	161	Spectrum Equity	4,368	Boston
175	▲	270	Incline Equity Partners	4,325	Pittsburgh
176	▼	118	Sentinel Capital Partners	4,300	New York
177	▲	182	Gridiron Capital	4,289	New Canaan, Connecticut
178	▲	197	Kayne Anderson Capital Advisors	4,221	Los Angeles
179	▼	153	Gaorong Capital	4,185	Beijing
180	▲	192	IMM Private Equity	4,180	Seoul
181	★	-	Keensight Capital	4,154	Paris
182	▲	183	Matrix Partners	4,150	San Francisco
183	▼	166	Oak HC/FT	4,140	Stamford, Connecticut
184	▼	177	Summa Equity	4,074	Stockholm
185	▼	169	Cathay Capital Private Equity	4,045	Paris
186	▼	103	Pathway Capital Management	4,044	Irvine, California
187	▼	129	Linden Capital Partners	4,040	Chicago
188	▲	267	Kleiner Perkins	3,888	Menlo Park, California
189	★	-	Verdane	3,881	Oslo
190	▼	176	Sun Capital Partners	3,872	Boca Raton, Florida
191	★	-	Motive Partners	3,870	New York
192	▼	179	FTV Capital	3,824	San Francisco
193	★	-	JF Lehman & Company	3,806	New York
194	▲	222	Qualitas Energy	3,803	Madrid
195	▼	193	Siris Capital Group	3,789	New York
196	▼	191	Kinderhook Industries	3,788	New York
197	▼	188	Revelstoke Capital Partners	3,773	Denver
198	▲	240	The Column Group	3,755	San Francisco
199	▲	272	Onex	3,749	Toronto
200	★	-	Montefiore Investment	3,718	Paris

GP stakes takes its share

Selling a minority interest to a dedicated buyer can boost your next flagship fundraise, writes Adam Le

Fundraising for GP stakes strategies has been lumpy in recent years. At least $3.4 billion was raised for the strategy last year, down 79 percent on the previous year, when almost $16 billion was collected in final closes, according to *Private Equity International* data. Firms collected $11.4 billion in 2021, and the previous year just under $900 million.

This year's PEI 300 counts at least six firms that raise dedicated GP stakes funds. Blackstone, the top-ranked firm in this year's list, is investing its $5.6 billion third Strategic Capital fund, and this year moved its GP stakes unit into its Strategic Partners secondaries group. The firm counts similarities between both strategies – such as the need to conduct due diligence at the underlying manager level, a shallow J-curve when it comes to investing, and comparable fund terms – as reasons why it makes sense to marry the two strategies under one umbrella.

Blue Owl Capital, which holds the title of having raised the market's largest dedicated GP stakes fund with its $12.9 billion Blue Owl GP Stakes V vehicle, moved up two positions to 26. Meanwhile, Hunter Point Capital, which makes its debut in the ranking this year, raised $3.3 billion for its first such fund in March, beating its $2.5 billion target.

Age-old question

As the challenging fundraising environment continues into 2024, the question of whether and how selling a minority stake in one's management company to a GP stakes buyer can assist with fundraising has become even more pertinent.

$12.9bn

Size of the largest dedicated GP stakes fund, raised by Blue Owl Capital

According to publicly available data compiled by Houlihan Lokey's private equity GP advisory team based on a data set of private fund managers that sold stakes to major dedicated GP stakes buyers between 2015-19, the average increase in the next flagship fund size post-stake sale was 75 percent. The median increase was 55 percent. Under 10 percent did not grow the next vintage of their flagship fund sizes post-GP stake sale.

"The data demonstrates that if you are a strong manager and you've sold a stake, you are still doing very well, if not better, because of the extra fundraising help from your GP stakes partner or the prestige of having sold a stake and thus being regarded as a top-calibre manager who others want to partner with," says Joseph Lombardo, head of the private equity GP advisory at Houlihan Lokey.

The ability to help with fundraising is a major potential benefit of selling a minority stake to a dedicated GP buyer – many of which have capital formation or capital introduction teams that can introduce their partner GPs to LPs and widen their fundraising networks, Lombardo adds.

The press coverage that often comes with selling a stake can also be beneficial from a marketing perspective, he adds. A well-respected GP stakes buyer going "fully under the hood" of a manager's business, track record, value creation process and sourcing abilities and then deciding that they want to own a piece of that manager can be a "pretty compelling stamp of approval that resonates with the market", Lombardo says.

"If an institutional LP sees that, they likely say ok, if this well-regarded GP stakes buyer wanted to partner with this GP and then paid up to do so, the GP must genuinely be great at what they do." ■

LGT Capital Partners

209 ▼

Pfaeffikon

The Swiss firm dropped 19 places this year after pivoting its strategy towards the secondaries market

After no changes to its PE fundraising total since the previous counting period, LGT Capital Partners dropped out of the top 200 firms this year.

The firm is largely eyeing growth in the secondaries market – a strategy that does not count towards its PEI 300 total. It has raised more than $4.3 billion for its latest secondaries flagship fund so far, according to *Private Equity International* data, while the fund's predecessor closed on $4.5 billion against a $3.8 billion target in 2021. LGT Capital is also out with Crown Secondaries Special Opportunities III, which has raised $2.07 billion since launching in December 2021.

A pivot towards secondaries is not uncommon in today's fundraising market, where an increased need for liquidity has driven more managers to investigate new avenues. "Within the secondaries market, while discounts have narrowed since 2022, they still exceed recent mid-term levels," according to LGT's investment outlook published in January. "More robust dealflow is affording secondaries buyers an opportunity to be more selective and to focus on asset quality, attractive transaction dynamics, GP alignment and more reasonable pricing."

In late April, LGT Capital emerged as one of the backers of the $700 million continuation fund run by ChrysCapital to hold on to its stake in the National Stock Exchange of India.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
201	▲	231	Lux Capital Management	3,685	New York
202	▼	187	Wind Point Partners	3,675	Chicago
203	▼	184	Capital Constellation	3,630	New York
204	▲	284	Menlo Ventures	3,607	Menlo Park, California
205	▼	185	Boyu Capital	3,605	Hong Kong
206	▼	203	G Squared	3,575	Chicago
207	▼	146	Ridgemont Equity Partners	3,543	Charlotte
208	▲	288	Trivest Partners	3,520	Coral Gables, Florida
209	▼	190	LGT Capital Partners	3,499	Pfaeffikon, Switzerland
210	★	-	Warren Equity Partners	3,445	Jacksonville
211	▲	252	Ribbit Capital	3,443	Palo Alto, California
212	★	-	Omnes Capital	3,439	Paris
213	▼	195	Searchlight Capital Partners	3,410	New York
214	▲	241	Avista Capital Partners	3,383	New York
215	▼	194	Paine Schwartz Partners	3,373	San Mateo, California
216	▼	200	Seven2	3,295	London
217	▼	202	Hony Capital	3,268	Beijing
218	▼	174	Trilantic Capital Partners North America	3,266	New York
219	▼	204	BOND	3,250	San Francisco
220	▼	205	Odyssey Investment Partners	3,250	New York
221	▼	180	Frazier Healthcare Partners	3,247	Seattle
222	▲	223	Riverwood Capital	3,246	Menlo Park, California
223	★	-	Butterfly Equity	3,212	Beverly Hills
224	▼	207	Vertex Holdings	3,207	Singapore
225	★	-	Appian Capital Advisory	3,202	London
226	▼	198	Source Code Capital	3,187	Beijing
227	▼	208	IDG Capital	3,173	Beijing
228	▼	186	Georgian Partners	3,150	Toronto
229	▼	221	Kimmeridge	3,145	New York
230	▲	248	Lovell Minnick Partners	3,136	Radnor, Pennsylvania
231	★	-	Torquest Partners	3,129	Toronto
232	▲	234	Sagard	3,117	Toronto
233	★	-	WestCap	3,107	New York
234	▼	152	Atlas Holdings	3,100	Greenwich, Connecticut
235	▼	168	China Everbright Limited	3,098	Hong Kong
236	★	-	Craft Ventures	3,089	San Francisco
237	▲	290	Lightyear Capital	3,081	New York
238	▼	215	RUBICON Technology Partners	3,061	Boulder, Colorado
239	▼	229	STIC Investments	3,060	Seoul
240	▼	140	GGV Capital	3,053	Menlo Park, California
241	★	-	Eclipse	3,045	Palo Alto, California
242	▲	289	Vivo Capital	3,027	Palo Alto, California
243	★	-	Vestar Capital Partners	3,024	New York
244	▲	247	Peppertree Capital Management	3,000	Chagrin Falls, Ohio
245	▼	220	Rhône Group	2,986	New York
246	▲	259	BV Investment Partners	2,976	Boston
247	▼	201	Lead Edge Capital	2,967	New York
248	★	-	Liberty Strategic Capital	2,950	Washington DC
249	★	-	Altimeter Capital Management	2,942	Boston
250	▼	109	PAG	2,935	Hong Kong

Impact and energy transition boost inflows

Climate-themed opportunities are taking up a large share of institutional capital, writes Carmela Mendoza

Impact investing and energy transition capital is making its mark on the PEI 300, with 10 firms in the top 50 having funds dedicated to these strategies.

Brookfield Asset Management's (24) Global Transition Fund, which closed on $15 billion in 2022 and is the largest impact fund raised in private markets to date, is the most prominent example. Capital raised for the vehicle bridges buyouts and infrastructure, with a mandate to acquire sustainability solutions businesses; asset-heavy, high-emitting businesses; and renewable energy generation and storage infrastructure. In February this year, the manager raised a further $10 billion in the first closing for its successor, BGTF II.

Speaking to affiliate title *New Private Markets* in February, Brookfield president Connor Teskey said many institutional investors have been creating allocations or dedicated pools of capital for transition investments. He added that in the last two or three years, energy transition funds have demonstrated their "very attractive risk-adjusted return… and a very large and growing attractive commercial strategy".

Major impact

Among the top five firms in this year's ranking, KKR (2), EQT (3) and TPG (5) all have impact-focused funds. KKR raised $2.8 billion for its second global impact fund, a growth and buyout strategy that closed in November and is

focused on four themes: climate action, sustainable living, lifelong learning and inclusive growth. EQT's Future Fund, meanwhile, collected €3 billion last year. Capital will be deployed across two themes: climate and nature, and health and wellbeing.

KKR's global co-head of impact Ken Mehlman told *NPM* last year: "The energy transition is now a global imperative, driven in part by geopolitical events like Russia's attack on Ukraine, along with environmental and economic considerations – and there is unprecedented policy support and corporate commitment driving it."

Texas-based TPG, which moved up one spot in this year's ranking, said it had raised $7.3 billion for a climate-focused impact fund, Rise Climate I. The fund's broad sector approach – ranging from growth equity to value-add infrastructure – will invest in sustainable fuels and molecules, energy transition and green mobility, and carbon solutions.

Other examples of impact funds include the $1 billion Impact Mission Fund from Apollo Global Management (29), which moved up seven places from 2023's ranking. Apollo's Article 9 buyout fund targets impact-aligned investment themes, including economic opportunity, education, health, safety and wellness, industry 4.0 and resource sustainability.

Bain Capital's (21) sophomore Double Impact Fund, meanwhile, closed on $800 million in October 2020. The fund, which is nearly fully invested as of February, invests between $20 million and $80 million across themes including health and wellness, education and workforce development, and sustainability. Bain is eyeing $1 billion for its next impact fund.

L Catterton (39) wants its debut impact offering to transform the consumer sector. In addition to aligning its impact to specific targets within the Sustainable Development Goals, the fund ties a portion of its carry to impact and reports according to the Sustainable Finance Disclosure Regulation's Article 9 requirements.

Industry body the Global Impact Investing Network estimates the impact market is now worth more than $1 trillion. As LPs seek more impact and climate-related strategies in the years to come, we expect more firms in the PEI 300 to vie for a greater share of institutions' allocations. ■

Quadrant Private Equity

268 ▲

Sydney

One of Australia's oldest buyout firms may have reversed its freefall out of the PEI 300

Quadrant Private Equity had in prior years seemed destined to lose its place in the PEI 300 ranking altogether. The firm, which was founded in 1996, had until this year seen consecutive declines from its lofty position at 139 in 2018. It sat at 282 last year, having slipped from 233 in 2022.

Its reversal of fortunes is in part due to the A$600 million ($396 million; €368 million) final close for its first Strategic Equity Fund in June last year. Unlike Quadrant's flagship vehicles, this strategy takes minority positions of between 10-30 percent, *Australian Financial Review* reported at the time of the closing.

Quadrant's five-year total is also bolstered by two growth funds, which together collected A$930 million, as well as its most recent flagship – Quadrant Private Equity No 7, which closed on A$1.24 billion in December 2020. The vehicle had made four investments as of May 2024, according to its website: childcare business Affinity Education Group; consultancy TSA; construction supplier Jaybro; and healthcare distributor Aidacare.

Australia's future fundraising prospects look bright. The market has been touted as a comparatively safe destination for LP capital that might otherwise have gone towards riskier markets in Asia-Pacific, such as China or Southeast Asia. If such conditions persist, Quadrant may well climb back up the ranking.

2024 Rank		2023 Rank	Firm	Five-year fundraising total ($m)	Headquarters
251	▲	255	FSI	2,923	Milan
252	▼	224	Yingke Private Equity	2,921	Shanghai
253	▼	225	Brighton Park Capital	2,902	Greenwich, Connecticut
254	▼	227	Stripes	2,893	New York
255	★	-	Gemspring Capital	2,885	Westport, Connecticut
256	▲	286	Brightstar Capital Partners	2,878	New York
257	▲	292	Crestview Partners	2,809	New York
258	▼	219	LLR Partners	2,800	Philadelphia
259	★	-	GreenOaks Capital Partners	2,771	San Francisco
260	▼	243	SkyKnight Capital	2,764	San Francisco
261	★	-	Aurora Capital Partners	2,760	Los Angeles
262	★	-	Hunter Point Capital	2,740	New York
263	★	-	CAZ Investments	2,730	Houston
264	★	-	Carnelian Energy Capital	2,725	Houston
265	▲	296	ABRY Partners	2,705	Boston
266	▼	246	Court Square	2,700	New York
267	▼	250	The Sterling Group	2,697	Houston
268	▲	282	Quadrant Private Equity	2,680	Sydney
269	★	-	WindRose Health Investors	2,655	New York
270	▲	271	Hermes GPE	2,601	London
271	▼	213	Eastern Bell Capital	2,582	Shanghai
272	▼	142	Levine Leichtman Capital Partners	2,582	Los Angeles
273	▲	280	Fifth Wall	2,582	Marina del Rey, California
274	★	-	Norvestor	2,579	Oslo
275	▼	256	Kaszek Ventures	2,555	São Paulo
276	▼	254	FSN Capital	2,554	Oslo
277	★	-	Schroders Capital	2,542	London
278	▼	257	HGGC	2,540	Palo Alto, California
279	▼	263	LS Power Group	2,534	New York
280	▼	262	Altaris Capital Partners	2,526	New York
281	▼	228	Summit Rock Advisors	2,496	New York
282	▼	151	BGH Capital	2,492	Melbourne
283	▼	211	Meritech Capital Partners	2,464	Palo Alto, California
284	▼	260	Livingbridge	2,432	London
285	★	-	Ufenau Capital Partners	2,419	Schwyz, Switzerland
286	★	-	Forbion	2,414	Naarden, Netherlands
287	▼	274	ACON Investments	2,385	Washington DC
288	▼	249	Barings	2,368	Charlotte
289	▼	276	Aquiline Capital Partners	2,365	New York
290	▼	279	Peak Rock Capital	2,350	Austin
291	★	-	Capricorn Investment Group	2,337	Palo Alto, California
292	★	-	Anthos Capital	2,330	Santa Monica, California
293	★	-	QED Investors	2,326	Alexandria, Virginia
294	★	-	Rivean Capital	2,325	Amsterdam
295	▼	244	SDC Capital Partners	2,308	New York
296	★	-	Crosspoint Capital Partners	2,300	Menlo Park, California
297	★	-	Versant Ventures	2,299	San Francisco
298	▼	283	Wynnchurch Capital	2,280	Rosemont, Illinois
299	★	-	ZWC Partners	2,268	Beijing
300	★	-	JPMorgan Asset Management	2,265	New York

KEYNOTE INTERVIEW

Creativity amid adversity

GPs are responding to a challenging market environment with ingenuity and innovation, say Deloitte's Emma Cox and Bryant Huber

SPONSOR
DELOITTE

Q GPs are facing a challenging fundraising environment. How are you seeing your clients respond?

Emma Cox: It has been an extremely difficult time for many private equity firms, and for new entrants in particular. Against a backdrop of higher interest rates, we have seen a slowdown in exits driven by a dislocation between buyer and seller price expectations. This lack of distributions has impacted fundraising, meaning competition for LP allocations is high.

Despite this, many of our mega-fund clients in particular have been extremely successful in their fundraising, as LPs have consolidated with a smaller number of larger GPs – particularly those that have demonstrated above-average returns and can offer additional benefits in terms of improved reporting and increased co-investment opportunities.

We believe these underlying dynamics, coupled with other factors such as succession challenges, will dramatically impact the shape of the industry.

Bryant Huber: GPs are responding to these challenges with creativity. In response to a lack of liquidity, we have seen a significant increase in the use of continuation vehicles; in response to a challenging fundraising environment, we have seen firms offering disruptive terms – for instance, offering LPs greater co-investment in transactions. GPs are also seeking access to new sources of capital, including private wealth investors.

In addition, some firms have acquired or created insurance companies to provide access to continuous long-term capital.

We are also seeing GPs expanding into new asset classes as they build AUM, including secondaries, private credit, infrastructure and real estate. For many firms, this cross-asset diversification is a critical strategy as the overall private capital industry continues to evolve. Finally, with multiple expansion in many industries remaining challenged, we are also seeing an increased focus on value creation plans.

Q Are you seeing M&A at the GP level? What is driving those transactions?

EC: M&A at the GP level is at an all-time high. It allows GPs to diversify into new strategies more quickly, enabling them to capture more LP capital at a time when those LPs are consolidating their relationships. Meanwhile,

effective consolidation can result in operational and cost efficiencies: our data indicates that integrated firms generate 6-8 percent higher operating margins than non-integrated firms. Finally, I would point to succession. M&A can help facilitate leadership transition, enabling the retiring generation to unlock enterprise value in the process.

BH: Asset class diversification is certainly a key driver of M&A, alongside geographical expansion. Publicly listed firms have been most active due to their balance sheet liquidity; it will be interesting to see how privately held firms engage more fully in GP M&A activity.

Q What key factors should be considered by GPs engaging in M&A?

BH: GPs engaged in firm-level M&A transactions face the choice of integration or structural and operational segregation. Integration can result in improved performance as both parties are able to leverage shared capabilities, access to finance and access to data, for example. However, the nature and pace of integration is critically important.

Potential challenges exist around the impact on talent and on the collective go-to-market approach. Firms need to carefully evaluate revenue and cost synergies against what is best for both organisations as they come together. It is critical to design and implement an appropriate new governance model that truly meshes the strategy, culture and talent at both investment management firms, as well as appropriate incentivisation and retention programmes for key talent.

EC: I would add that, where succession is the primary driver for M&A, there are additional factors to consider: firms must decide on the right price, payment terms and structure to appropriately reward the former owners while not disincentivising the next generation. That is hugely important for the longevity of the firm.

> *"Our data indicates that integrated firms generate 6-8 percent higher operating margins than non-integrated firms"*
>
> **EMMA COX**

Q What are the key near-term opportunities for PE?

EC: In addition to opportunities related to consolidation and accessing new pools of capital, I would point to GPs' ability to leverage data, including through the use of AI, to enhance performance. We are increasingly seeing clients building in-house data teams. Those teams are using data to support investment decisions, drive value creation opportunities (including ESG), and enhance reporting. They are working hard to improve both the quantity and quality of data interrogation.

They are also increasingly implementing generative AI (in the origination phase) as a value creation lever within portfolio companies. This is a space that is moving extremely quickly, and I believe those firms that are focused on remaining ahead of the curve will reap the rewards.

BH: We are also seeing an increase in transaction activity, as interest rates have stabilised to a degree. We expect to see continued headwinds in 2024, but we certainly believe it will be a better year than 2023 in terms of deal volumes.

We recently surveyed more than 750 private equity dealmakers in the US and found that 86 percent expect to complete more deals over the next 12 months than they did in the past year. As such, our optimism appears to be matched by deal-doers themselves.

Furthermore, we expect to see an increase in complex transactions as GPs seek to drive differentiated value in their investments. That is leading to an uptick in carve-outs, joint ventures, business combination deals and cross-border transactions. These are more challenging deals to execute, certainly, but if done properly, they can drive tremendous value.

We are seeing GPs developing transformation plans for the assets they buy earlier and earlier in the process, recognising that differentiated returns will be driven by value creation during the holding period. They are also focusing closely on exit preparation, engaging firms like ours around sellside readiness and networking capital optimisation in order to drive favourable exit outcomes.

GPs have large numbers of companies in their portfolios today as a result of market dislocation, and so they are leveraging their advisers and scaling up internally in order to deal with an annual exit volume that is potentially going to be far higher than the historical norm.

Overall, I would say we are very bullish about the private equity industry, as it has demonstrated sustained and successful performance since its inception, as well as a willingness to adapt and innovate in response to change. There will certainly be more of that change to come, but everything points to the industry continuing to deliver outsized returns for investors, whatever comes their way. This is why we are so excited to stay close to our private equity clients, helping them drive value both at the firm level and within their portfolios. ■

Emma Cox is global private equity leader and Bryant Huber is US private equity leader at Deloitte

Announcing the 2023-2024

Holt-MM&K-Buyouts North American Private Equity & Venture Capital Compensation Report

Develop competitive comp plans and become a top contender for recruits in 2024 (with stress-free budget planning) using the benchmarking data found in the new 2023-2024 North American PE/VC compensation report.

Part 1 describes firm-wide compensation practices such as:

- Annual bonus plans
- Carried interest plans
- Co-investment plans
- Employee benefits, i.e. healthcare insurance, retirement plans, etc.
- Payroll costs as percent of revenue
- Year-over-year salary, bonus and staffing changes

Part 2 includes—Salary, bonus, carry distribution and carry point in 47 different job titles

Sample groups include:

- LBO/growth equity firms by size
- Venture capital firms by size
- Mezzanine firms
- Funds of Funds
- Institutional private equity firms (owned by a company or investment bank)

The report also features break-outs for Canadian and Asian firms.

Exclusive offer:

Subscribers receive **10%** off the report using discount code **CRSUBS10** online at **privateequityinternational.com/23-comp-rpt/** during checkout.

SPORTS REPORT

A 9-page special report

The big deals from 2023
Page 40

Arctos Partners on the power of sports investing
Page 42

NFL rule changes may even the score for PE
Page 45

The opportunity behind sporting talent
Page 46

The risks and challenges of the sector
Page 47

Goal-orientated

Apollo, Clearlake and Sixth Street are among the private equity firms to have bought and sold in the world of sports last year, writes Rafael Canton

Private equity firms are increasingly investing in sports, including everything from taking stakes in professional sports teams to investing in the marketing firms that pitch their products.

A major reason for this is consumers' willingness to spend money on live experiences. Small discretionary spending on live sporting events has proven to be steady and recession resistant.

"Whether it's spend on make-up or an NFL ticket, small discretionary spend has been very resilient," Sherri Williams, partner and head of investor relations at the Raine Group, tells affiliate title *PE Hub*.

Here's a look at seven of the largest private equity sports deals that took place in 2023. ■

1

Sixth Street

In April, San Francisco-based private equity firm Sixth Street backed the creation of National Women's Soccer League team Bay FC. The team played its first home game on 30 March, which was attended by around 18,000 fans – a record for Bay Area women's professional football. Sixth Street CEO Alan Waxman will serve on the NWSL's board of governors.

Sixth Street also backed and launched the Soccer Champions Tour in May – a series of games played last summer in major markets across the US featuring top international teams such as Manchester United and Real Madrid. The firm is reported to be launching a dedicated sports fund this year.

2

BPEA EQT

Also in April, BPEA EQT acquired Florida-based sports education brand IMG Academy for $1.25 billion from global sports and entertainment company Endeavor. The all-cash deal saw IMG Academy continue to operate under its brand name.

"IMG Academy's brand is globally recognised, and we see compelling opportunities in supporting its international expansion, including Asia, and broadening its educational offering, leveraging BPEA EQT's insights from having led Nord Anglia Education's growth in the region," Jack Hennessy, partner and co-head of education within BPEA EQT's advisory team, said in a statement.

3

Apollo Global Management

Apollo Global Management portfolio company Yahoo acquired Nashville-based sports betting app Wagr in April. As part of the deal, the three-year-old start-up was integrated into Yahoo Sports.

"Wagr stands out for their innovative emphasis on community and social engagement in sports gaming," Yahoo CEO Jim Lanzone said in a statement.

4

NewSpring Holdings

In June, NewSpring Holdings, a Pennsylvania-based private equity growth expansion fund, acquired Underdog Venture Team to launch New York-based Underdog & Co, a marketing services firm that operates in the sports, media, entertainment and non-profit sectors.

The deal was NewSpring Holdings' first investment in the sports sector. David Nugent, co-founder of the Underdog Venture Team, will retain a significant equity stake in the newly formed entity.

"We look to partner with entrepreneurs and operators who have successfully built businesses within a specific industry, bringing the domain knowledge and expertise needed to build platform companies of scale," said Skip Maner, general partner of NewSpring Holdings, in a statement.

5

GMF Capital

New York-based GMF Capital acquired Motorsport Network Media in June. In addition to acquiring a majority stake, GMF also gained an option to buy the remaining minority interest at a later date.

"We will leverage the brands' market-leading position across the motorsport and automotive industries and push the business to the centre of fandom," said Gary Fegel, founder and principal of GMF Capital, in a statement. "Our acquisition will allow the business to aggressively pursue new growth opportunities, which will benefit employees, advertisers, partners and tens of millions of users worldwide."

6

SRJ Sports Investments

In August, SRJ Sports Investments made a minority investment in mixed martial arts company Professional Fighters League. As part of the investment, SRJ will become an investor in a new regional league, PFL MENA, and will support PFL's Saudi Arabia expansion and the wider MENA region. SRJ is based in Saudi Arabia.

"This investment aims to nurture the local and regional talent pool in martial arts, promote gender equality in sport and bring new opportunities directly to Saudi Arabia and the wider MENA region," said SRJ chairman Bander Bin Mogren in a statement.

7

Clearlake, Charlesbank and Fortress

In September, Clearlake Capital Group, Charlesbank Capital Partners and Fortress Investment Group became majority stakeholders of Learfield after the company completed a recapitalisation. The deal decreased the Texas-based collegiate sports marketing firm's outstanding debt by over $600 million. Learfield also gained $150 million in new equity investments.

Previous majority owners Endeavor, Silver Lake and Atairos are now minority stake owners after the deal. Learfield is deeply embedded in college sports and has a wide focus, ranging from ticketing software to multimedia rights.

"We believe that this transaction, Clearlake's OPS resources and the new capital provided will advance Learfield's position in college athletics and fuel the company's ability to create opportunities for schools and brands to build new communities and experiences for college sports fans," said James Pade, partner and managing director at Clearlake, in a statement. ■

KEYNOTE INTERVIEW

The power of sports investing

Professional sports franchises are unique assets with high scarcity value and long-term recurring revenues that present the opportunity to compound capital over long periods, say Chad Hutchinson and Jordan Solomon, partners at Arctos Partners

Q Why is sports such an attractive asset class for private equity investors?

Chad Hutchinson: Over the last 50 years, live sport has evolved into a multibillion-dollar global media and entertainment business of considerable scale. However, despite claiming a large portion of both our aggregate entertainment hourly consumption and entertainment industry revenues, the North American sports sector had, until recently, been untouched by institutional investment.

This changed in late 2019 when Major League Baseball became the first league in the US to allow

institutional fund ownership in order to provide growth capital, acquisition financing and improved liquidity for franchise owners.

There are several reasons why we believe the asset class is attractive to PE investors. These are scarce assets with high barriers to entry, high recurring revenues and sticky customers that are usually fanatics. What's more, the core intellectual property held by the teams can be monetised in lots of different ways, including live events, linear broadcasting, streaming, real estate, data services and the wide range of technology assets surrounding the ecosystem.

Importantly, sports ownership has historically generated compelling returns with low leverage and low correlation across market and economic cycles. We believe owning these assets represents an enduring opportunity to compound capital over long periods – a powerful attribute for private market investors.

What's more, the market dynamics provide an attractive alpha-harvesting opportunity for value-add, sector-focused investors.

Q What are the main drivers of value for professional sports franchises? Where do you see opportunities for future growth?

Jordan Solomon: There are three primary drivers of value: the unique business fundamentals, the resilience of the business model and the secular mega-trend tailwinds.

Starting with the fundamentals, sports franchises have a consistent track record of highly visible growth in revenues with strong operating leverage. This has resulted in notable improvements in structural profit potential in these businesses. They also achieved this with very low leverage: the average debt level for a North American professional sports franchise is typically around 10-20 percent loan-to-value because the leagues restrict borrowing.

Turning to the resilience of the asset class, we saw how well sports performed during the pandemic. In 2020 and 2021, when games were either not being played or fans were not in stadiums, revenues never dropped below 85 percent of pre-pandemic levels. North American sport is one of only three industries (along with healthcare and education) that has seen a 7 percent revenue growth CAGR or higher for the last 30 years, and growth has persisted at this rate despite the disruption from covid-19.

Finally, there are several secular mega-trends supporting these businesses, including the long-term value of live sports content, the demand for live experiences, people wanting to be together and the interconnectedness of the global digital economy. As a result, we believe there is a huge opportunity to build brands and long-term enterprise value in this sector.

Q How do your backgrounds and experiences pre-Arctos help you perform as investors?

Chad Hutchinson: Prior to Arctos, I had an eight-year professional sports career, including playing for the Dallas Cowboys, Chicago Bears and St Louis Cardinals. That has given me a certain view of the industry and a network that is very unique.

After sports, I went on to spend 18 years working in private equity, predominantly on the credit side with Sixth Street. One thing we always looked at there was downside protection, and that really informs the way I view risk and reward. I am always looking at what can go wrong and how we might lose money.

Jordan Solomon: Previously, I was executive vice-president of MSG Sports at the Madison Square Garden Company, overseeing a $700 million revenue sports portfolio that included the New York Knicks and the New York Rangers. Before that, I worked for the NBA, so I bring a lot of operational experience, and perspective from the sports industry.

Q How do you think about driving PE returns for your investors?

JS: Between 2012-21, annualised net returns for investments in buyout and venture funds were approximately 17-20 percent, while public markets and real assets returned 8-10 percent. Over the same period, North American sports grew 18 percent annually, despite having low leverage, low volatility and a low or negative correlation to traditional asset classes.

If you look at a more challenging environment, like the mid-1960s to the mid-1980s, when inflation was high and volatile, public markets had a really hard time – many investors actually lost real wealth investing in public equities. However, North American sports grew 16 percent annually. Based on these factors, we believe that sports ownership has consistently provided attractive returns with lower overall portfolio risk.

In addition to the beta of the sports ecosystem, we seek to drive excess returns through asset selection, pricing, creative structuring and post-acquisition value-add through the Arctos Operating Platform.

Q How do you engage with your portfolio companies?

CH: Whenever we invest in a team, we start by sitting down with the management team and ownership group and running an evaluation of all their

assets, motivations, goals, organisational structure and so on. We then typically map out a 100-day plan to determine where we need to focus our resources to help them achieve their vision. Some teams may be great at ticketing but need help on sponsorship; others may not need our help driving the business but want to buy another team or invest in some adjacent real estate. Every plan is different.

One example from our portfolio is the Utah Jazz, an NBA team based in Salt Lake City. We helped them acquire a National Hockey League team and relocate that team to Salt Lake City, and we are also supporting investment in real estate adjacent to their arena.

In addition to our dedicated team, we are supplemented with a bench of external resources. We have six operating advisers with expertise across various facets of the sports industry and three dedicated operating partners that help teams build specific playbooks in areas like platform building, digital media, talent, revenue optimisation and innovation.

Through these resources, combined with our data science platform, we feel we have really built out the idea of being a value-add partner – not just as a capital provider, but by helping to drive value with our platform.

"North American sport is one of only three industries… that has seen a 7 percent revenue growth CAGR or higher for the last 30 years"

JORDAN SOLOMON

Q How does Arctos apply data science across the organisation?

JS: We are heavily focused on using data to drive engagement, increase sourcing, enhance due diligence and unlock value in our portfolio. We have done that by building Arctos Insights, a proprietary data lake and research platform that positions us as a critical thought partner to the industry. We regularly publish unique content, host webinars, create flash reports and share proprietary tools with our franchise and league partners.

Our research and content flywheel creates a regular cadence of conversation and interactions with owners, executives, league leadership and other stakeholders who view us as a collaborative and creative partner – and, importantly, result in proprietary opportunities that wouldn't have otherwise existed.

Q How does investing in North American leagues differ from European or global leagues and organisations?

JS: We think the big five North American professional sports leagues have a more attractive risk-return profile and a more predictable business model than most global leagues, particularly compared with European football.

Unlike North American leagues, European football leagues do not have fixed membership; the bottom teams are relegated to a lower league, which could have severe financial ramifications. In addition, the financial performance of North American franchises is largely recurring, with national revenues distributed pro-rata regardless of market size and team performance. Lastly, the relationship between players and North American leagues are governed by a collective bargaining agreements with players, which creates predictability around expenses.

This doesn't mean we won't invest outside of North America – in fact, we have made recent investments in French soccer club Paris Saint-Germain and the Aston Martin Formula 1 team. These are premier global assets that exhibit many of the characteristics we seek in North American franchises.

Q Where do you see value outside of sports teams and ownership groups?

CH: The adjacencies we are focused on right now are real estate, disruptive technologies coming into the sports ecosystem and platform building.

All of our teams want to go and build real estate, because that is how you activate the space around your arena in the period between games, whether that is through hotels, retail or even multi-family housing.

A lot of our portfolio companies have already started to execute this thesis, so we can roll out that playbook across teams with the potential to create tremendous revenue growth and incremental cashflow.

We are also investing in businesses that serve teams and leagues, where we believe we can make a big impact and allow our teams to co-invest alongside us to create synergy within the sports ecosystem.

Finally, control ownership in North American sports is highly fragmented. There are approximately 130 different ownership groups that own 153 franchises across the big five North American leagues. We believe there is a meaningful opportunity for franchise owners to grow via M&A and cross-sell opportunities across ticketing, sponsorship, real estate, operations, analytics and so on from owning and operating teams in the same market. ■

Evening the score

NFL ownership rule changes may help private equity increase its presence in the industry, writes Kirk Falconer

Private equity, which is pursuing sports deals with gusto, may soon have a new source of opportunity.

At the end of last year, *Sports Business Journal* reported that the National Football League is exploring changes in its ownership rules, potentially opening the door to institutional capital. NFL commissioner Roger Goodell appointed five NFL team owners to a committee charged with evaluating its policies and setting out a model that would facilities PE investment in sport, the report said.

The group was due to prepare any recommendations for team owners to consider at a March 2024 annual meeting. However, the NFL postponed the vote after the initial proposal it presented received "less pushback than expected", *Sports Business Journal* noted. As such, final approval may take until the autumn.

A big hit

The change in ownership rules is big news for a number of reasons. The sports industry has traditionally been the preserve of super-rich families and individuals. Only recently have some owners begun to find reasons to lift bans on institutional capital – such as access to liquidity and growth capital, not to mention brand-building know-how.

If the NFL throws out the welcome mat to private equity, it would be following in the footsteps of other North American leagues. Over 2019-21, Major League Baseball, Major League Soccer, the National Basketball

Association and the National Hockey League all adjusted their rules to allow select funds to acquire minority stakes in teams.

The news is also big because the NFL is such a prized asset. Football games are marquee sports events, with the Super Bowl holding the title of most-viewed championship game in the US. The league has been savvy about monetising content, helping to push the average club's value to a record $5.1 billion – led by the Dallas Cowboys – in 2023, according to *Forbes*.

It is these premium values that have driven unheard-of private equity investing since 2021. The torrent of money owes much to deals in Europe's soccer leagues, where control acquisitions are common. An example is 2022's reported $3.1 billion purchase of Chelsea FC led by Eldridge's Todd Boehly and Clearlake Capital.

In addition, league rule changes in the US have sparked a run of minority investments by shops like Arctos Partners and Blue Owl's Dyal HomeCourt Partners. Along with team and league-focused deals, private equity is also buying into franchise assets (for example, media rights) and multi-asset holding companies.

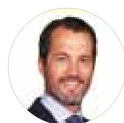
New players

Though nascent, sports private equity has emerged as a distinct niche strategy. Pioneers in the space, such as RedBird Capital Partners, have been joined of late by funds both big and small. In a report published in 2022, affiliate title *Buyouts* counted 20-30 active investors – a range that has almost certainly grown. In October, four former executives of RedBird Capital Partners in partnership with the firm unveiled Otro Capital, an investor in sports, media, gaming and entertainment, targeting under-monetised and under-valued assets. Otro has hired placement agent PJT Park Hill to raise its debut fund.

While the NFL today prohibits institutional capital, private equity has from time to time made its presence felt indirectly: last summer, the Washington Commanders was acquired for a reported $6.05 billion – one of the priciest club purchases in sports industry history. The buyer was a group led by Josh Harris, co-founder of Apollo Global Management and founder of sports and venue management company Harris Blitzer Sports & Entertainment, and included Blackstone executive David Blitzer.

Anticipated updates on NFL ownership rules later this year may well open the gates to further private equity participation in this space. ■

The next gold rush



Guest comment by **Liad Meida**, managing partner of Gatemore and chairman of GSE Worldwide

Sporting talent is opening new investment opportunities for private equity, thanks in part to new forms of connectivity and Gen Z fans

Private equity's strong appetite for sports-related investments has been very apparent in recent years and months.

In May 2023, Apollo co-founder Josh Harris purchased the Washington Commanders for a record-setting $6 billion. In September, Ares Management, which holds a $225 million investment in Inter Miami FC, announced a $500 million investment in UK football club Chelsea FC. This was followed by Dynasty Equity's investment in Liverpool FC only weeks later.

The attraction to sports as an asset class is understandable. The sector's value has driven media rights for sports to astonishing record levels, with S&P Global Market Intelligence predicting the total value of sports media rights across TV and streaming to surpass $30 billion by 2025 in the US alone.

Sports also have 'real asset' characteristics: a finite number of teams and leagues with significant barriers to creating news ones. Private equity has caught on to this: 20 of the 30 teams in the US National Basketball Association have some kind of PE backing as of end-2023, while firms such as CVC have invested heavily in Formula 1 and the Women's Tennis Association.

New connections

Team and league ownership are significant but only part of the broader value chain in professional sports, where the real value often lies with the players, driven primarily by fan engagement and support.

Younger generations are consuming sports in different ways from their parents. Back in the day, the focus of fans was their local teams. Today, Gen Z sports viewers are as much into fantasy leagues, betting on matches and following players on social media as they are into watching their home team games.

These new forms of connectivity are growing the value base of sports and have put us on the cusp of a new era, where the tremendous off-court value of athletes promises to reconfigure the entire sector.

While traditional endorsement deals will remain the bread and butter of sports marketers, sports agents and corporate sponsors have started to understand the broader value of athletes in raising the profile of brands.

> *"The tremendous off-court value of athletes promises to reconfigure the entire sector"*

Equity-owning athletes

This has led to an increasing number of deals that tie the athletes more fundamentally to the businesses with which they partner. For example, the marquee deal that brought Lionel Messi to Major League Soccer in 2023 has set the new standard for megastars.

Athletes are evolving from being paid spokespeople to becoming equity owners of brands. Star Mexican-American golfer Abraham Ancer co-founded tequila brand Flecha Azul and brought Hollywood star Mark Wahlberg in as an investor. The ecosystem for these types of deals keeps growing, and top athletes increasingly expect to participate in the growth of the brands they promote.

As the value of talent rises, so too does the value of the agencies that serve as gatekeepers. Private equity was an early investor into this now-hot area, backing larger agencies such as CAA, Endeavor, UTA and Wasserman.

In September, François-Henri Pinault, CEO of French luxury group Kering, purchased a majority stake in CAA from TPG for $7 billion. This landmark deal establishes the financial and strategic value of controlling the talent side of the game.

As with other trends, others are likely to follow Pinault's game plan. ■

Jumping hurdles

Private equity deals in professional sports present unique risks and challenges, mainly stemming from a lack of control, writes Kirk Falconer

While private equity's appetite for increasingly plentiful sports opportunities is on the rise, there are challenges, including the industry's complex – and still unfamiliar – dynamics.

This was discussed in Deloitte's *Private Equity in Sports Playbook* report issued in March. It says deal activity in professional sports "presents unique risks and challenges that differ from traditional investments". Among them is the "limited control" private equity firms have over investments once they acquire a stake in a team.

In many cases, the report says, "controlling shareholders retain decision-making power", leaving minority investors with "limited influence".

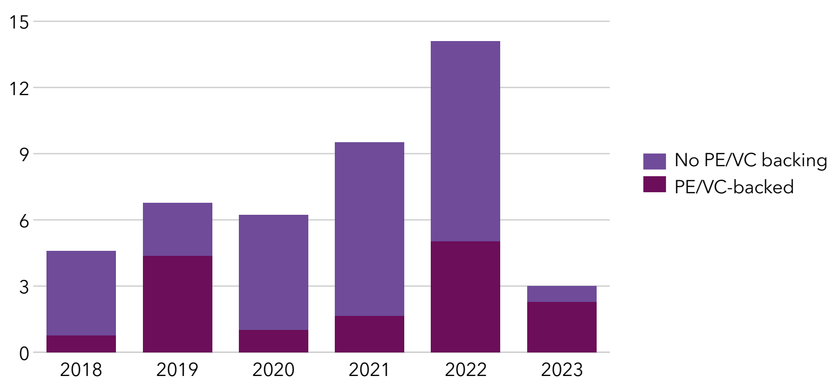
This is relevant to the recent spate of investing in North American leagues. Over 2019-21, Major League Baseball, Major League Soccer, the National Basketball Association and the National Hockey League adjusted their rules to allow select private equity firms to acquire minority stakes in teams. In dollar terms, more investing of late has instead been focused on European soccer leagues, where control deals are often permitted.

Control issues

Another issue raised in the Deloitte report is the "lack of control" minority investors have in determining exit strategies. At the moment, private equity firms "typically must obtain approval from both the majority owner of the team and the league commissioner prior to exiting".

This circumstance is not entirely outside of private equity's experience. In North American leagues, the current preference for passive non-controlling investments tailored to long-horizon ownership structures is not unlike GP staking, for example.

PE- and VC-backed sports services deals by aggregate transaction value ($bn)



2023 data as of 25 October. 'Sports services' include teams, agents, promoters, nutrition services, instruction services and clubs.
Source: S&P Global

In addition, the *Sports Playbook* says, there is the potential for "fierce" competition among investors. This owes to the "scarcity of sports assets" – which drive up values, making it difficult for firms "to acquire stakes in desirable franchises at reasonable valuations in anticipation of private equity-like returns".

Attractive qualities

Despite the challenges, the allure of investing in professional sports remains strong, the report notes.

It's hard to argue with that. Private equity investing in sports deals has intensified since 2021, with unprecedented billions pouring into acquisitions of stakes in teams, leagues, assets (for example, media rights) and multi-asset holding companies on a global basis.

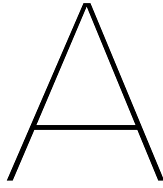
For most of this period, dealmaking has been countercyclical. The all-time largest deployment of dollars was in 2022, according to PitchBook data, the first year of the market slowdown.

This trend is readily explained: commanding premium values, sports only recently opened up to private equity, as the industry has traditionally been the preserve of the super-rich. In the past few years, owners have found reasons to lift bans on outside capital – such as access to liquidity and growth financing.

Opportunities seem set to expand further. The National Football League, the sole North American major league to keep a ban, is exploring new rules (see p. 45), with a committee of owners slated to deliver recommendations. ■

Full steam ahead on Asia

Tikehau Capital believes Asia-Pacific is in 'one of the best configurations it has ever been' for private credit, private wealth and decarbonisation, writes Katrina Lau

t a time when many GPs and LPs are rethinking their approach to Asia-Pacific private markets, Tikehau Capital is doubling down on the region.

In April, the Paris-headquartered firm opened an office in Hong Kong – its fourth in the region after Japan, Korea and Singapore. The outpost is intended to strengthen investor relations and investment activities in the region, primarily focusing on private credit, as well as eyeing opportunistic private equity investments, according to a statement.

The firm's debut Asia-focused private equity fund of funds closed on $100 million in 2021, according to *Private Equity International* data.

"Asia is probably in one of the best configurations it has ever been," Tikehau's executive chairman of Asia, Bruno de Pampelonne, tells *PEI*. "It's an exciting time to be here, at least for us. The Asian banks, which had always been at the forefront of financing the economy, are slowly retrenching a bit and leaving space for the private credit market – the same way it happened in Europe when we started in 2007.

"The economy in Southeast Asia is doing relatively well, and there's a pretty good environment for private debt to pick up."

Coinciding with a high interest rate environment, Asia's alternative financing space is complemented by tailwinds, as high credit yields "will probably remain high for a while", Pampelonne adds.

Also in April, Tikehau announced its partnership with Hong Kong-based private credit platform Flow Capital, which specialises in real estate debt, to source opportunities in Hong Kong and Asia that could be offered as co-investments to both institutional LPs and family offices.

"For our Hong Kong office, we have three missions," says Pampelonne. "The first one is to be the prime contact for Hong Kong investors, potentially also for Greater China investors; second is to invest in Hong Kong; third is to develop our brand in Hong Kong through our presence and through partnerships, joint ventures and potential acquisitions.

"We'll start with a few people, two or three, we haven't exactly figured out the number yet… We're going to hire locally and also bring in global staff from the group, just to make sure that the Tikehau culture and the Hong Kong culture are blended well."

The Flow partnership follows a similar agreement with Singapore-based brokerage firm UOB-Kay Hian in February to launch a new

private credit strategy focusing on Asia's medium-sized companies. Both Tikehau and UOB-Kay Hian have committed $50 million to the strategy.

Private wealth boost

Tikehau has raised a total of €6.5 billion in net inflows over the course of 2023, according to its Q4 update. Of this, €1.6 billion came from private wealth investors, co-founder Mathieu Chabran noted on its full-year 2023 earnings call in March. "After 10 years on the ground in Singapore and now in Korea, in Japan, soon to be in Hong Kong, also spending a fair bit of time in Australia and mainland China, the progress our colleagues have made there [is] extremely encouraging… You should see Asia as a key driver of growth for Tikehau in the coming years."

According to Pampelonne, private investor capital currently makes up about 30 percent of Tikehau's €45 billion AUM. "When we started in 2004 and launched the asset management company, 100 percent of our AUM was from private wealth, and we want to keep our DNA of private wealth because it's part of our culture."

Wealthy individuals and families have varying tastes and, as such, require a tailored approach. Asian private wealth investors, says Pampelonne, are seasoned LPs with some nuances relative to their European and American counterparts. "In Asia, it's not a question of education, because Asian investors are very acute and very sophisticated.

"They are very sophisticated real estate investors, probably even more than [their] European [peers], because real estate has been a long tradition in Asia. Perhaps Asian private wealth investors are slightly less knowledgeable about private debt, which is more well known in the US and Europe, and they might be slightly less knowledgeable on private equity as well."

Compared with those in Europe and the US, Asia-based private investors generally aim for faster returns and investments that mature quicker, Pampelonne adds. "They are looking at an investment horizon of three to five years, [whereas] in the US and Europe people can look at funds with a timeline of five to seven years. It's also a very diverse universe between an Indian family and a Japanese family, or a Korean or Chinese, Hong Kong family, who all have different [investment] motivations."

> *"In Asia, [private wealth is] not a question of education, because Asian investors are very acute and very sophisticated"*
>
> **BRUNO DE PAMPELONNE**
> **Tikehau Capital**

That said, many of these LPs share a growing interest in co-investments, Pampelonne notes. Family office investors, in particular, are more frequently asking for co-investment opportunities when committing to funds to double down on potential synergies between their expertise and a particular company. "Family office investors, very often, like to invest more in co-investment than in funds in Asia; therefore co-investment is a very important component of our products.

"Our funds are medium-sized funds. We don't manage $20 billion funds and we don't intend to do so for the time being. We'd rather manage smaller funds, about $4 billion-$5 billion, where we can look at smaller deals that sometimes are more attractive and we can also offer co-investments."

Decarb appetite

Like the rest of the world, Asia is beginning to witness an intergenerational wealth transfer. As more next-generation family members become decision makers in family offices, investment appetites for decarbonisation and impact strategies are on the rise.

Tikehau's T2 Energy Transition Fund closed on €1.14 billion in February 2021, according to *PEI* data. The fund, which focuses on European businesses that target reducing greenhouse gas emissions, had generated a 1.18x TVPI as of Q2 2023, according to data from Teachers' Retirement System of the City of New York. The firm is seeking €2 billion-€3 billion for its successor fund, per the firm's H1 2023 earnings call. According to its Q1 2024 update, the strategy has received a re-up from a "large existing Spanish private bank".

Asian LPs show growing demand for global decarbonisation investment opportunities, says Pampelonne, noting that the firm may in future offer an Asia-focused decarbonisation product. "Five years ago in Asia, decarbonisation or energy transition was not at all top of the agenda… In the last three years, we see a complete shift in this part of the world.

"The younger generation has different aspirations than the older one, both in terms of investment and in terms of management of the company… They are clearly not only interested, but there is a very strong demand for such products." ■

A slow start to 2024

Capital raised in the first quarter of the year saw a slight decrease on previous years, writes Carmela Mendoza

Private equity funds gathered $176.7 billion in the first quarter of 2024, a drop of roughly 10 percent from the $195.5 billion recorded in the same period last year, according to *Private Equity International* data.

Interest rate uncertainty continues to weigh on buyout and exit activity, while record dry powder for the asset class remains stacked for 2024, the data shows.

Despite the slowdown, EQT hauled in €22 billion for its 10th flagship fund and a further €3 billion for its Future Fund, accounting for nearly 30 percent of capital collected by the 10 largest funds in the quarter. Mega-funds from Cinven, Apax Partners and BDT & MSD Partners also boosted fundraising totals.

Other notable fundraising trends include the dominance of North America-focused funds, which accounted for nearly 50 percent of aggregate capital raised during the quarter, and LPs' appetite for buyouts, which made up 75 percent of fundraising value.

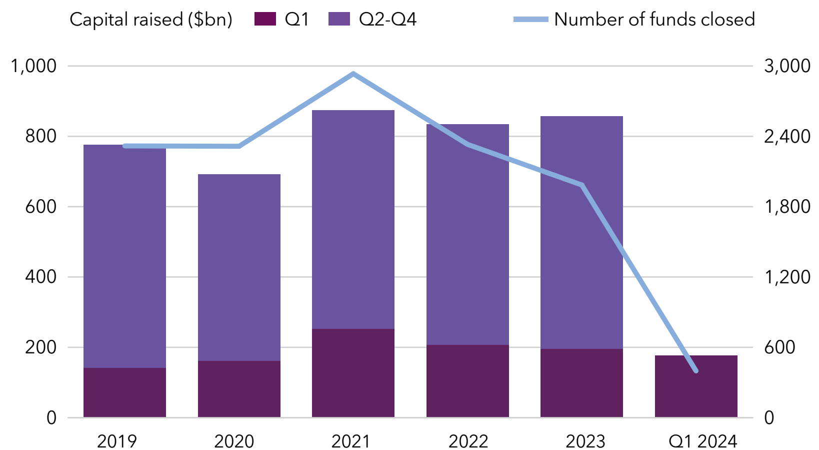
Future improvements

2024 will undoubtedly be a better fundraising year than 2023, industry participants tell *PEI*. That said, fundraising will continue to take longer than it did two years ago, according to Ken Rosh, head of the private equity funds group at Fried Frank.

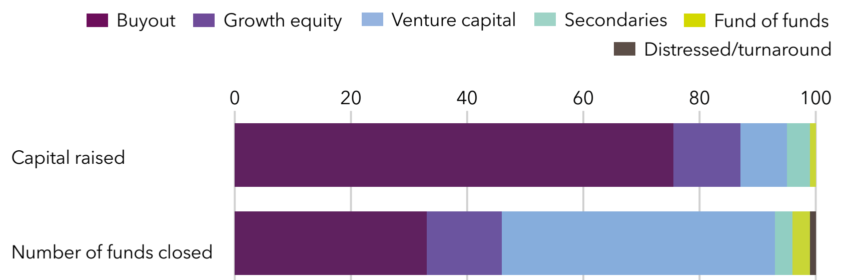
"Additionally, we're seeing more heavily negotiated side letter provisions than there had been in the past and more time focused on due diligence. Sponsors understand that – it's the current reality of fundraising."

Rosh adds the firm is seeing a continued flight to quality and a lot of activity across a range of funds including impact, credit and real estate. "Investors recognise the value of these long-term, closed-end vehicles where GPs can, as a fiduciary, monitor investments and not feel pressure to manage to quarterly earnings."

Private equity year-on-year fundraising



Fundraising strategy breakdown (%)

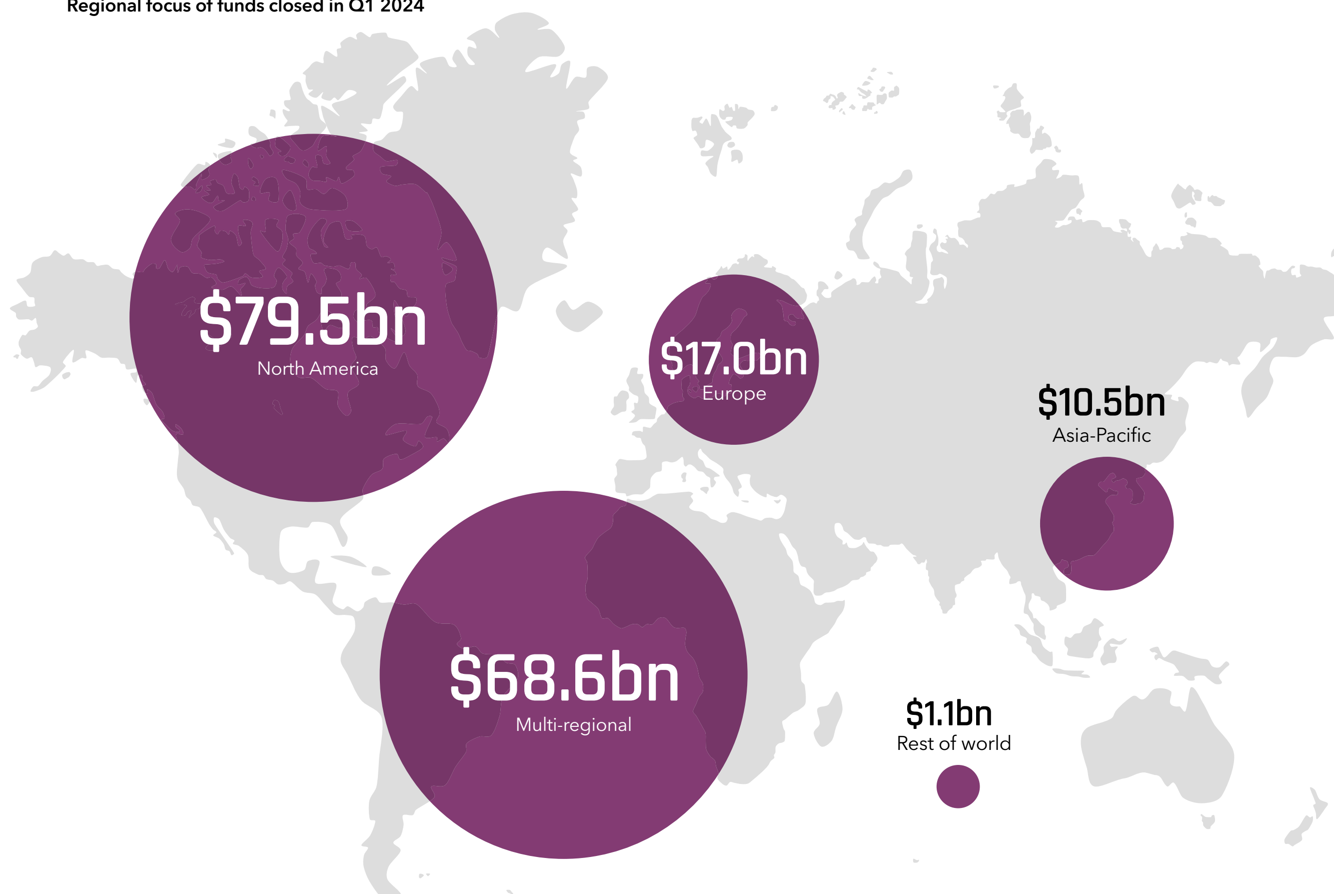


Source for all data: Private Equity International

LPs are also taking time amid the challenging market landscape to watch investment patterns and see where their managers are finding the best opportunities.

Geeta Kapadia, CIO of Fordham University, told panellists at PEI Group's NEXUS 2024 summit in March that the slowdown in fundraising has been "good" for LPs as it allows them to spend more time on the portfolio and their GPs. "We're learning more about

Regional focus of funds closed in Q1 2024



Ten largest funds closed in Q1 2024

Fund	Manager	Capital raised ($bn)	Regional focus	Strategy focus
EQT X	EQT	23.76	Multi-regional	Buyout
The Eighth Cinven Fund	Cinven	14.31	Multi-regional	Buyout
BDT Capital Partners Fund IV	BDT & MSD Partners	14.00	North America	Buyout
Apax XI	Apax Partners	12.00	Multi-regional	Buyout
Resolute Fund VI	The Jordan Company	6.85	North America	Buyout
CVC Capital Partners Asia VI	CVC Capital Partners	6.80	Asia-Pacific	Buyout
Arlington Capital Partners VI	Arlington Capital Partners	3.80	North America	Buyout
Hunter Point Capital Fund I	Hunter Point Capital	3.30	Multi-regional	Growth equity
EQT Future Fund	EQT	3.25	North America	Buyout
Cortec Group Fund VIII	Cortec Group	3.20	North America	Buyout

$176.7bn

Total capital raised by private equity funds in Q1 2024
Source: Private Equity International

their DPIs, digging into their growth and fees… and reassessing whether or not they are the types of firms that we want to continue to invest in."

A total of 5,305 funds are in the market targeting over $1 trillion between them as of 15 April, according to the data. The largest among them are Blackstone Capital Partners IX and Vista Equity Partners VIII, which are targeting $20 billion apiece. Silver Lake Partners VII, which had a $22 billion target, closed on $20.5 billion in May. ■

“[We can] really handhold, guide and walk our portfolio company and the management teams”

Suzanne Yoon, founder and managing partner of Kinzie Capital Partners

IMAGE: STUART KINLOUGH C/O LEMONADE ILLUSTRATION AGENCY

In a troubled fundraising market, selectivity has become the name of the game, ***writes Helen de Beer***. Managers that are able to find a niche and establish themselves as experts in that field have a stronger chance of navigating the fundraising drought. For Suzanne Yoon, founder and managing partner of Kinzie Capital Partners, this means focusing on the lower mid-market.

Speaking at PEI Group’s NEXUS 2024 summit earlier this year, Yoon explained that one of the benefits of operating in this space includes being closer with its portfolio companies. “[That] relates to the entrepreneurial spirit of most of the companies that we’re investing in… They’re very nimble and excited.

“[In the lower mid-market] we can have a true hands-on impact on our portfolio companies… [We can] really handhold, guide and walk our portfolio company and the management teams.”

Definitions of the mid-market vary considerably: in *Private Equity International*’s March deep dive into the UK mid-market, sources gave us an array of deal values, ranging from £10 million ($13 million; €12 million) at the smaller end and maxing out at around £500 million. On fund size, vehicles can range from £500 million-£2 billion, sources said.

At the lower end of this range, where Kinzie operates, size can be an issue. “With a smaller business, they’re just more… subject to market fluctuations. That in itself is a real challenge,” Yoon said. “You have to really manage your leverage. We have to manage to those things and make sure that we’re not overpaying.”

She added that another major hurdle to the lower mid-market is a lack of sophistication or operational know-how, which can often restrict businesses’ ability to scale or adopt the appropriate technologies. “Most of the companies we acquire have… what I call ‘technology debt’, where they haven’t been able to make the investments into the business that they have wanted to. Either because they don’t know how, or they don’t know how to resource for what they believe is important.” ■

Access the world's leading family offices

Guide to Family Offices is an essential digital resource for in-depth and proprietary information about the world's leading family offices that invest in alternative assets.

The newly expanded 8th Edition includes:

- Over **500** single and multi-family office investment profiles
- Description and investment objectives
- Assets under management
- Fund opportunities sought by strategy, size, geography, T&C requirements
- Direct and co-investment opportunities sought by strategy, size, industry

This guide is the key to locating new investors quick and easy!

Included with the family office guide is an exclusive database of more than **2,400** family office and wealth manager executives (with **1,500+** hard-to-find e-mail addresses).

Subscribers receive **10% off** the guide online at **privateequityinternational.com/gfo8/**
Enter promo code **FOSUBS10** at checkout to redeem.

PEI

Buyouts

New Private Markets

Responsible Investment Forum Asia 2024

29–30 October | Marina Bay Sands, Singapore

Asia's #1 event for sustainability in private markets

Learn from 50+ industry leaders

Tackle key themes including the evolution of sustainability in Asian private equity, managing complex supply chains, embedding ESG into value creation plans and much more.

Meet 50+ institutional investors

Join leading investors from Asia and beyond allocating to sustainable investments including APG Asset Management, Monetary Authority of Singapore, Ontario Teachers' Pension Plan, Temasek and many more.

Share your challenges

Network with your peers at this inaugural gathering. Hosted in Singapore, a burgeoning sustainability hub, understand their challenges and gain actionable insights to enhance your returns.

Find out more and secure your place at this inaugural event.
Bring your team and unlock greater savings of up to 50%.

www.newprivatemarkets.com/rif-asia/