

## FUNDS

## Flowers of August

*Over US\$2 billion of new funds came in during the month of August alone while new funds have set ambitious targets*

Four months since **CVC Asia Pacific** announced the final closing of its second fund, CVC Capital Partners Asia Pacific II, which boasted a record US\$1.975 billion, August registered a new milestone. The final closings of these funds achieved by **JP Morgan Partners Asia** and **Morgan Stanley Private Equity Asia** respectively have added an additional US\$2.37 billion to the swelling pan-Asian private equity fund pool.

After a fund-raising period of less than six months, JP Morgan Partners Asia has announced the final closing of its second buyout fund, JP Morgan Asia Opportunity Fund II at US\$1.575 billion. Global institutions' interest in Asia's second largest buyout fund was so overwhelming that the buyout house's latest fund omitted the standard first closing procedure. In order to accommodate interested parties, the size of several institutional allocations had to be reduced, leaving some latecomers disappointed.

**Morgan Stanley Private Equity Asia** shared a similar experience to JP Morgan Partner Asia. The newly-formed Asian private equity investment arm of Morgan Stanley announced the final closing of its maiden fund, Morgan Stanley Private Equity Asia, LP, at US\$515 million.

Morgan Stanley's first Asian fund was feverishly courted by fund investors. Over US\$100 million of the fund pool came from the bank's private banking division, another US\$350 million committed by US-based institutional investors while senior employees of the firm took up the residual US\$65 million.

Malaysia based **Navis Capital Partners** joined the list of firms in announcing the closing of its latest fund. Navis Capital Partners IV closed at a hard capped US\$315 million. The fund will pursue opportunities in buyout situations across Asia.

The rising level of funds in the Asian private equity fund pool is far from over. The partners of South Korea's **Vogo Investment** are aiming for a 1 trillion won (US\$971 million) fund. The latest private equity firm to the growing domestic South Korean private equity market, Vogo Investment is expected to begin its investment operation.

Vogo Investment will bring together two former investment bankers who have been closely associated with foreign private equity houses. Mr Jae-woo Lee was formerly a managing director of **H&Q Asia Pacific** and instrumental in sourcing Good Morning Securities which reaped a five-fold return for H&Q Asia Pacific. Until his current position, Mr Lee was the country head of Lehman Brothers. His partner, Mr Jason Shin was the investment banking chief of Morgan Stanley which participated in **Newbridge Capital's** sale of Korea First Bank. The partnership also en-

lists Mr Byeon Yang Ho, a former official at the Ministry of Finance and Economy.

The founding partners believe that their abilities could rival global groups such as **The Carlyle Group** and Newbridge Capital, according to a recent interview with the *International Herald Tribune*.

At a time when limited partners are exhibiting an insatiable appetite for Asian private equity funds, three former key men at H&Q Asia Pacific, Messrs Kok Pun Chan, Wing Keong Siew and Eduardo David, have teamed up to form **Hupomone Capital Partners** which is seeking to raise US\$100 million to US\$120 million.

Flagship Capital Corporation, being the maiden fund of Hupomone Capital Partners, has received an US\$25 million commitment from Malaysia's Modal Perdana. According to Mr David, formerly the president of H&Q Asia Pacific's Philippines offices, the **Asian Development Bank** has earmarked up to US\$30 million for Flagship Capital Corporation, while US\$12.5 million will come from the Bahrain-based Shamil Bank and the three founding partners.

Flagship Capital Corporation will invest in a broad spectrum of business, including electronics and semiconductors, healthcare and related services and education. Its principal geographical focus is ASEAN and China.

In addition to the pool of capital brought in by Asia-based fund managements are funds coming from global private equity houses. In mid August, **Warburg Pincus** announced the final closing of its Warburg Pincus Private Equity IX, LP, at US\$8 billion. The largest pool of capital raised by the firm since being established in 1966, its latest fund has Asia as one of its target markets and will invest in early stage, growth and late stage companies (fig.15)

Although economists warn that the rising oil prices will slow down Asia's economic growth, judging by the torrent of capital coming into Asian private equity, its committed limited partners are banking on Asia's boom to bolster their returns in private equity. ■

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## Final Closings Achieved

Fund Management Firm	Fund	Size	Fund Nature	Geo Focus
JP Morgan Partners Asia	Asia Opportunity II	\$1,575m	buyout	pan-Asia
Morgan Stanley Private Equity Asia	Morgan Stanley Private Equity Asia	\$515m	expansion/growth	pan-Asia
Navis Capital Partners	Navis Capital Partners IV	US\$315 m	buyout	Pan-Asia
Warburg Pincus	Warburg Pincus Private Equity IX, LP	\$8,000m	seed, expansion/growth	global

## Funds Raising in Progress

Fund Management Firm	Fund	Target Size	Fund Nature	Geo Focus
Vogo Investment	-	Won 1 tn (US\$971m)	buyout	South Korea
Hupomone Capital Partners	Flagship Capital Corp.	\$100m to \$120m	expansion/growth	ASEAN and China

Fig.15

Source: ASIA PRIVATE EQUITY REVIEW