AltAssets

Fundraising & IR

WEEKLY REVIEW

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Headlines

Strong secondaries market leads to good pricing for fund assets

Private equity secondary dealmaking continues its rude health. Intermediary and advisor Elm Capital analyses the situation.

Secondary market prices for buyout funds persisted at record levels in the first half of 2014 and we saw a sharp increase in prices for venture capital funds, energy funds and funds of funds. Successful fundraising by secondary funds continues to fuel the demand and tends to push prices up. This trend is supported by rising stock markets and the large number of distributions paid during the period under review. High prices support liquidity on the secondary market as many investors are attracted by the possibility of selling funds at no discount or at a premium. The first half of 2014 was therefore characterised by higher prices and higher volumes.

Elm Capital acts as an intermediary and adviser on single fund transactions and portfolio sales. This newsletter uses statistics from our daily activity and our observations are related to the market in which we transact. Prices in the first half of 2014 remained at record high levels with the median for highest bids at 95 per cent of net asset value (NAV) for buyouts, and at 88 per cent of NAV for venture capital funds. Bids for energy funds were also strong at 95 per cent of NAV. A notable trend in the first half of this year was the interest for funds of funds and the sharp increase in prices for such funds. The median of the highest bids was 85 per cent of NAV, up from 70 per cent in the previous period. These prices require careful examination as many funds of funds do not provide quarterly NAVs.

If such funds are priced towards the end of the period under review, they often refer to NAVs that are out of date, especially in the present environment where NAVs have risen steadily during the first half and distributions were frequent. During the first half of the year, NAVs continued to increase across the board. We observed that, on average, NAVs were up by 10-15 per cent during the period. This increase in value was accompanied by a regular stream of distributions across all types of strategies, geographies and vintages. Such conditions allow secondary buyers to price transactions very close to or at a premium to NAV.

Most large buyout funds with sizeable portfolios could be sold at par or at a premium because of the NAV increases and the large distributions that occurred since the reference date used. Recent funds managed by the following General Partners were generally trading at NAV or above: Advent, Altor, Apax, Bain, Blackstone, Bridgepoint, Carlyle, Charterhouse, Cinven, CVC, Doughty Hanson, Equistone, EQT, Hellman & Friedman, New Mountain, Onex, PAI, Permira, TH Lee, TPG and Welsh Carson Anderson & Stowe. These are all well-known managers for which there is significant demand but a lack of supply as limited partners tend to hold on to the brand names. We observed that transactions on funds managed by these general partners were usually for mature vintages where the seller had reached its target return.

The transactions we closed in the first half were a mix of investors selling to reduce exposure to private equity and those taking advantage of high prices to sell funds where they had achieved their target return. In most cases, these transactions were highly opportunistic, with the key motivation being favourable market conditions. High volumes of distributions have provided substantial liquidity to Limited Partners, some of which are being recycled into secondary funds. This has created a positive fundraising environment for secondary funds, which have been able to raise record amounts. The competition among secondary funds therefore remains very high, driving returns down and pushing prices up.

Management fees major turn off for LPs considering private equity commitments

Unfavourable fund terms have stopped more than 60 per cent of institutional investors from committing to a private equity fund according to new research.

Private equity managers are not doing enough to appease institutional backers with regards to fees according to data from Preqin's forthcoming 2014 Private Equity Fund Terms Advisor report. It says management fees have been consistently named by investors as the area in which alignment of interest between LPs and GPs can be improved. One in ten investors now strongly disagree that interests between fund managers and investors are properly aligned according to the report, the highest level to date.

A further 27 per cent of investors also slightly disagree that interests are properly aligned. Investors based in North America are particularly dissatisfied with the current alignment of interests, with 42 per cent disagreeing that interests are properly aligned, compared to 24 per cent of Europe-based investors. Larger investors, those with $2bn or more in assets under management, feel that interests are not properly aligned, with 40 per cent of these investors stating so. In comparison 29 per cent of investors with less than $2bn of AUM said the same. Investors named the payment of fees on capital that has been committed but not yet invested as the second most important area in need of improvement after management fees, with 39 per cent of respondents indicating this. The report said, "Competition in the fundraising market is high and with so many competing funds, investors can afford to be selective – 30 per cent of our surveyed investors have rejected a fund based on its fund terms and conditions in the last six months alone."

Preqin's head of private equity products, Christopher Elvin, said, "Preqin's latest survey of investors in private equity had many positive takeaways. "Investors are generally pleased with their private equity portfolios at present, given strong performance, and remain committed to the asset class. "One area, however, that investors are still not satisfied with is the alignment of interests between fund managers and investors, particularly when it comes to management fees. "Although Preqin has witnessed the average level of fees charged to investors come down slightly in recent years, investors clearly still think there is more that can be done on this front.

"With the number of private equity funds in market competing for investor capital still at record levels of over 2,000 vehicles, it is important that fund managers structure their funds in a way that instantly appeals to investors. "Given the high proportion of investors that have told Preqin they have rejected funds due to their terms and conditions, fund managers need to acknowledge the demands of their investors and be aware of the terms offered by their peers to ensure a successful fundraise."

Venture capital fundraising slides 71% in Canada

Venture fundraising in Canada saw a substantial drop in the second quarter, data from the country's private equity and venture capital association showed.

Fundraising declined 71 per cent year on year to C$112m, said CVCA. It was an even larger decline from the first quarter, which saw venture capital funds raise C$531m. In the year to date, fundraising in Canada declined 26 per cent compared with the first half of 2013. The report also showed that the share of government funds in fundraising has declined significantly over the past three quarters and failed to exceed commitments form funds of funds in the first two quarters of the year. Private independent funds raised C$439m, or 68 per cent of all funding in the Canadian venture capital space in the first half, while retail funds secured C$196m. Last year retail and private independent funds raised C$669m and C$488m, respectively.

CalPERS ups commitment to real estate to $6.6bn

The California Public Employees' Retirement System has reportedly committed a total of $6.6bn to real estate investment.

The US' largest pension plan has now set aside more than 2 per cent of its estimated $300bn pension pot to real estate following a recently-announced $2bn multifamily investment, said PERE. Other real estate investments from the fund include $1.33 billion to Institutional Multifamily Partners, seeking multifamily acquisition and development opportunities throughout the US. CalPERS has also earmarked $412.79m for a partnership with Invesco Real Estate for core apartment properties in the West and Midwest. Last week CalPERS revealed that it has decided to cease investing in hedge funds after reportedly paying $135m fees for an overall 7.1 per cent return.

Texas Teachers backs 17 funds

The Texas Teachers' Retirement System has reportedly approved commitments of $2.1bn to 17 vehicles.

The news was reported by Pensions and Investments. Earlier this year, the LP's head of private equity Richard Hall was poached by Harvard's $32.7bn endowment. Hall had worked with Texas Teachers' on private equity since 2008, and became head of the asset class at the limited partner in 2012. He started his role at Harvard in April. Texas Teachers has made commitments of €200m to Permira V, $250m to Lindsay Goldberg IV and $150m to each Great Hill Equity Partners V and Patria Brazilian Private Equity Fund V. Blackstone's GTS Co-Invest secured $83m, KKR Brazil Aggregator got $65m and Grosvenor2014-1 PE Investment Series received $50m. Other funds that have received commitments from the LP also include Crestview Partners III, which got $27m.

CalSTRS commits another $150m to First Reserve Energy Infrastructure

The California State Teachers' Retirement System reportedly committed $150m to private equity firm First Reserve in the second quarter of this year.

The mammoth $186bn pension fund allocated the capital to the firm's Energy Infrastructure Fund II which closed on $2bn in June this year, according to Pensions and Investments. CalSTRS partnered with Industry Funds Management on a two-part, $500m global funds commitment and invested $150m to the debut First Reserve Energy Infrastructure Fund in April 2011. The pension fund's previous commitments to First Reserve include $800m dollars to both Fund XI and Fund XII and $200m to the firm's tenth fund. First Reserve's recent deals include committing up to $1bn to a joint venture with the UK's largest oil and gas company Petrofac in June this year.

PennSERS assigns $100m to three private equity funds following strong Q2 returns

The Pennsylvania State Employees' Retirement System has committed $100m to three private equity funds after the asset class pulled in 4.5 per cent return in the second quarter of this year.

PennSERS committed the largest amount of $50m to Hellman & Friedman Capital Partners Fund VIII. The vehicle focuses on control-orientated buyouts in North America and Europe. The board of the pension fund decided to commit $25m to the $2bn-targeting Advent Latin America Fund VI, which makes control buyout investments in Brazil, Mexico and Colombia. The same amount was signed off to HIG Bayside Loan Opportunity Fund IV which makes non-control stressed/distressed credit investments in small cap US borrowers. Overall alternatives raised 3.5 per cent for PennSers in the second quarter equating to $1.7bn. In July PennSERS upped its investments in private investment firm Centerbridge Capital and buyout house ABRY Partners by $75m.

MainePERS backs three buyout funds

Pension fund Maine Public Employees' Retirement System (MainePERS) has committed nearly $90m to three private equity funds including two vehicles managed by UK firm Inflexion.

The Augusta-based LP has committed up to £36m to Inflexion's Buyout Fund IV and Partnership Capital Fund I, while US firm Advent secured $30m for its Latin American Fund VI, said Pensions and Investments. MainePERS backed another fund managed by Advent, Global Private Equity VII, with a $30m commitment in 2012. Advent's latest Latin American vehicle is reportedly nearing a final close. Advent Latin American Private Equity Fund VI is targeting $2bn and the firm plans to wrap up the fundraise by the end of this month, according to a Dow Jones report.

Blackstone eyes $16bn for latest flagship private equity fundraise

The Blackstone Group is reportedly looking to raise $16bn for a new flagship buyout fund two years after closing its last main vehicle on a similar amount.

Marketing documents have already been sent out for Blackstone Capital Partners VII according to Reuters, which cited sources familiar with the matter. Blackstone took about four years to complete its last flagship fundraise, eventually reaching just over $16bn despite being stymied by the global financial crisis. That fund attracted a range of high profile institutional investors including the California Public Employees' Retirement System, Canada Pension Plan Investment Board and the New Jersey Division of Investment. BCP V, the vehicle's $21.7bn predecessor, was the largest private equity fund ever to be raised. BCP IV closed in 2002 with about $6.45bn of commitments.

Hellman & Friedman to wrap up oversubscribed $10.25bn fundraise after mere months

Hellman & Friedman Capital Partners is reportedly several billion dollars oversubscribed for its $8.9bn-targeting eighth fund despite only sending out marketing materials a few months ago.

The firm is now set to close on its $10.25bn hard cap despite turning some LPs away and requiring others to cut back the size of their commitments according to peHub, which cited three limited partners. It cited information in the latest LACERS pension fund meeting materials which show the fund is scheduled to hold a first close on about 90 per cent of total commitments on September 19. A final close is then due before the end of the year, it added. One LP source who spoke to peHub said the firm had only sent out PPMs in June this year.

Data from LP investor CalPERS shows Hellmans last fund, which closed in 2009 and is only just finishing its investment period, already had an 8.5 per cent net IRR at the end of March. Fund VI was tracking at a 12.4 per cent net IRR at the same point in time, while the 2004-vintage Fund V had a 28.1 per cent IRR. AltAssets revealed in July that the Kansas Public Employees Retirement System had allocated $50m to the fund. Hellman focuses on the software, financial services, energy and industrials and healthcare sectors. Its current investment portfolio includes insurance company HUB International and Gaztransport & Technigaz.

Blackstone back with second Tactical Opportunities fund, eyes up to $8bn

Listed US alternative assets major The Blackstone Group is reportedly eyeing up to $8bn for its second-generation Tactical Opportunities fund.

About $2bn to $3bn will be contained within a commingled fund according to peHub, which said the balance would be held in large accounts. It cited two people with knowledge of the situation, one of whom it said had heard the fund pitch. Blackstone closed its debut Tactical Opportunities fund on $5.6bn following a 2012 launch. The funds are targeted at investors hoping to make opportunistic investments but lacking the ability to respond quickly to changing markets. It employs an opportunistic, multi-class investment strategy targeting special situations deals.

Apollo passes hugely increased $2.5bn target for Credit Opportunities Fund III

US private equity major Apollo Global Management has passed its $2.5bn target for its latest credit opportunity fundraise in what appears to be a final close.

The firm has gathered about $2.75bn for Credit Opportunity Fund III according to an updated filing with the US Securities and Exchange Commission, with 131 LPs making commitments. AltAssets revealed in June that the firm had registered almost $1.5bn of commitments for the fund. Apollo initially hoped to raise just $750m for Fund III, but quickly raised that to $1.25bn and later to $2.5bn as commitment started to pour in. The firm's previous credit opportunities fund held a final close on $500m in 2008. In January this year Apollo closed its latest flagship fund on $17.5bn, making it the biggest vehicle raised since the financial crisis. Fund VIII will focus on distressed investments, corporate carve-outs and opportunistic buyouts.

Energy Spectrum two-thirds to $1.2bn target for oil and gas Fund VII

Private equity firm Energy Spectrum Capital has registered $783.9m for its $1.2bn-targeting seventh oil and gas fund.

Energy Spectrum Partners VII has so far attracted commitments from 62 LPs, according to the firm's filing with the US securities regulator. The latest vehicle from the Texas-based Energy Spectrum looks set to bigger than the previous vehicle which closed on $999m in 2011. Investments from Fund VI include Costar Midstream and Lakewood Midstream. The firm's fifth vehicle closed on $612m in 2007. Energy Spectrum was founded in 1996 and invests in companies that acquire, develop and operate midstream energy assets. The firm has pulled in more than $2.3bn equity capital in the last

18 years including from corporate and public pension funds, insurance companies, endowments, banks and other institutional investors.

Rockpoint pulls in $950m for debut core-plus fund

US real estate investor Rockpoint Group has raised $950m for its latest fund.

The Boston-headquartered firm said it has closed Core Plus I with investments from a small group of primarily existing investors. The fund close follows the wrapping up of Rockpoint Real Estate Fund IV, which closed in March 2013 with $2.33bn in investor commitments. LPs invested in Rockpoint's fourth vintage-2011 fund include the Oregon Public Employees Retirement Fund which agreed to commit $100m to it in December 2013.

Investments from the vehicle were advertised as being focused on stabilised commercial real estate assets with strong existing cash flows. Rockpoint is said to be targeting equity investments in office and multi-family commercial real estate assets in the US as well as using debt origination, preferred equity or debt acquisitions to a lesser extent. The firm's Fund III was projected to make an investment return of 1.4-times, and the second core-plus fund 0.9-times return.

Performance Equity launches $400m direct investment fund

Investment firm Performance Equity Management has launched a new direct investment fund with a $400m target and a $550m hard cap, AltAssets has learned.

Performance Direct Investments III has yet to register its first commitment, according to a document filed with the US Securities and Exchange Commission. The Greenwich, Connecticut-based firm is raising the fund without a placement agent and expects to receive a management fee of $40m, the filing showed. Performance Equity does direct as well as secondary deals and invests in funds, targeting the US, Europe, Asia Pacific and emerging markets. The firm currently has committed capital of more than $20bn.

The Column Group steams past Fund II target, collects $306m

Biotechnology-focused firm The Column Group has beaten its target for its second venture capital fund by holding what is believed to be a $306m final close.

AltAssets revealed back in April that the firm had passed the halfway mark in the $250m-targeting fundraise, but it has now easily beaten that top figure according to an updated filing with the US securities regulator. The firm has tapped 50 LPs to hit the $306m figure, the filing shows. Column did not use a placement agent in the raise. Column closed its debut vehicle on $65.5m in March 2010.

The firm aims to invest in between ten and 12 disease-focused drug discovery companies per fund, committing between $15m and $30m per deal. Its portfolio businesses include vaccine company Immune Design, orally administered small-molecule drugs developer PTC and Constellation, which is focused on epigenetics, a new field of science involving selective regulators critical to controlling gene expression. In May the firm joined Third Rock Ventures in a $25.1m Series B financing round for biotech startup Nurix.

Top Tier registers $202m for seventh fund of funds just months after Fund VI close

US fund of funds Top Tier Capital has confirmed its return to the fundraising market despite only closing its predecessor vehicle earlier this year.

Top Tier is targeting $404m for Fund VII and has already gathered exactly half this amount according to a filing with the US Securities and Exchange Commission. The filing suggest that capital has all come from the firm, as it lists just a single investor and says the amount includes a commitment from the GP. Top Tier did not respond to a request for clarification. The firm closed its sixth fund of funds on $441m in January, tapping just seven LPs according to a filing at the time. Its final close came more than 18 months after the firm registered its first commitments to the fund. Top Tier focuses on venture capital and growth capital funds, and also makes secondary deals and co-investments with "proven managers". Last year San Francisco-based Top Tier hired former Union Venture Corp president Jeff Watts as chief business development officer.

Watts now leads Top Tier's investor client business activities in sales, marketing and customer service as well as taking a place on the firm's investment team.

Emerging markets-focused LeapFrog closes new fund on $400m

With a war chest of $400m, LeapFrog will now be able to do the type of deals that its much smaller first vehicle had to pass on, the emerging markets focused firm's co-founder Jim Roth told AltAssets.

LeapFrog has just announced that it has closed its second fund on $400m, making it roughly three times the size of its $135m debut vehicle closed in 2010. In an interview with AltAssets, Roth said he does not expect it to be difficult to deploy all that cash as there have been deals that the irst fund has had to pass on. Roth said, "What we found during our first fundraise was that there were a lot of deals that we couldn't do just because they were largest than the amounts of available cash that we had."

He noted that insurance companies require a lot of follow-on investment after the initial deal, adding that the firm will also look at bigger businesses and will do four or five deals in the $40m to $50m range. Roth said there will be no other changes in the fimr's strategy and the bulk of the fund will be invested in deals in the $15m to $20m range. According to Roth, the insurance markets in LeapFrog's focus geographies are still "radically under-penetrated," just as they were when the firm was putting its first fund to work. Roth said, "In almost all the countries that we're invested in less than five per cent of population has any form of insurance. Even though insurance has been growing at an absolutely rapid rate, very small percentage of the population is covered by insurance."

New firm from ex-Gores Group managing directors eyes $300m debut fund

Angeles Equity Partners, the new firm set up by a pair of former Gores Group managing directors, is understood to be eyeing $300m for its debut fund.

PeHub first reported the fund target, citing two sources. The firm has been founded by Jordan Katz and Tim Meyer, who left Gores Group earlier this year. The report said Angeles will target mid-market deals in the industrials sector, and has tapped Moelis & Co and GCA Savvian as placement agents for the fund. Gores Group closed its fourth private equity fund at its $300m hard cap in 2012 after an oversubscribed fundraise. Gores Small Capitalisation Partners (SCP) Fund will target lower mid-market businesses below the target size of its flagship third fund, which closed on more than $2bn in January 2011. The firm said an extra $100m from Gores Capital III will be co-invested alongside the new fund.

Real estate firm Centennial nears halfway mark for $300m-targeting Fund IV

US real estate investor Centennial Holdings has reportedly held the first close for its $300m-targeting fourth fund.

The Atlanta based firm has pulled in $132m for Centennial Real Estate Fund IV, according to PERE. The launch of the fund was first reported in March this year. Centennial set a minimum investment requirement of $1m for the vehicle and at that point had not registered any LP commitments, according to a document filed with the US Securities and Exchange Commission. The firm usually invests between $100m and $50m per deal with a holding period of four to seven years.

Kennedy Wilson registers $158m for fifth real estate fund

Global real estate investor Kennedy Wilson has pulled in at least $158.5m for its fifth fund.

The California-headquartered firm has raised the capital thanks to investments from nine LPs, according to its filing with the US securities regulator. No target has been set for the fund, but its commitments so far bring it over the half way mark to the size of its predecessor vehicle Kennedy Wilson Real Estate Fund IV which closed on $303m in June last year. Fund IV included a GP commitment of $15m from the firm. Through its fund management and separate account businesses, Kennedy Wilson is a strategic investor of real estate investments in the US, UK, Ireland, Spain and Japan. Its remit includes investing in commercial and residential properties with recent deals including the completion of 66 multifamily units at UK retail, residential and entertainment centre The Rock.

Blue Cloud eyes second fund after tapping out debut in 20 months

New York-based is reportedly eyeing a second fund of up to $100m after completing its final investment from its debut vehicle within 20 months of its launch.

Dow Jones said the new fund will be between four and eight times the size of the firm's $12.5m debut vehicle from 2012, which recently notched its tenth and last investment. It cited general partner Rami Rahal, who said the firm would continue targeting companies with $50m to $60m of revenues which are two or three years from exit, and could need another $10m to $15m of capital from new investors. BCV had its first exit earlier this year with the sale of AFS Technologies, a developer of subscription-based software applications for the F&B and CPG industries, to Court Square Capital. Current companies in BCV's portfolio include Aras, Cloudbees and Vidyo.

Co-founder and general partner Mir Arif said, "We are excited about our portfolio of market-leading SaaS companies and proud of our partnership with the industry's top-tier VC and PE firms. "Our SaaS sector domain expertise, strong industry relationships and unique co-investment model have positioned us as an ideal partner for software entrepreneurs and VC firms." Last month Blue Cloud made its first investment in recruitment software company The Resumator as part of a $15m funding round led by Volition Capital Partners. The Resumator provides recruiting software to startups, small businesses and growing enterprises and supports more than 2,200 customers in 63 countries worldwide.

Fund of funds manager Granite Hill hits $10m first close for new vehicle

Chicago-based investment firm Granite Hall Partners has held a first close of $10m for its $50m-targeting fifth fund of funds.

The fund will invest in six to eight distressed and alternative credit managers. Granite Hall has already invested in Apollo Credit Opportunity Fund III in the first deal via its new vehicle, which is expected to hit its final close within a year. The firm was launched in 2000 as Sports Venture Partners and rebranded as Granite Hall in 2008. It initially provided professional athletes and sports executives the opportunity to invest in private equity funds and changed its name to reflect the wider group of LPs it now has.

Govtech pulls in $23m to back government services tech startups

San Francisco-based venture capital firm Govtech has launched what it claims is the first fund dedicated to government tech startups.

The Govtech Fund has already raised $23m and made four investments to date, backing businesses including SmartProcure, SeamlessDocs and AmigoCloud. Founder and managing partner Ron Bouganim said, "I'm thrilled to announce the launch of the Govtech Fund. "We're proud to support a new generation of venture-backable technology startups that have emerged in the past few years — helping governments become more efficient, more responsive and better able to serve society. "This is just the beginning of a decades-long wave of innovation in government." Govtech picks startups building hardware and software tools which government departments use for daily operations to deliver services to citizens.

Northgate launches seventh fund

Venture capital firm Northgate has launched its seventh fund, AltAssets has learned.

Northgate Venture Partners VII has yet to register its first commitment, a document filed with the US Securities and Exchange Commission showed. The Danville, California-based firm did not disclose how much it was looking to raise for the fund and was not immediately available for comment. Northgate is raising the fund without a placement agent and it has not set a minimum commitment requirement for outside investors, according to the filing. The firm's previous fund was closed in 2012 with commitment of $275m. Northgate is focused on North American, European and Japanese-based private equity funds and North American and European-based venture capital funds. It also targets vehicles in emerging markets including Asia, emerging European countries and Latin America. The firm also does direct investments, focusing on venture-backed businesses in various sectors.

Proa Capital outstrips debut vehicle with €255m Fund II first close

Spanish private equity firm Proa Capital has hit is €255m first close for its second private equity fund, it is understood.

The firm has passed the €250m it raised for its 2008 debut fund through the close according to PEI, which previously said Proa expected to hit its €350m hard cap by the end of the year. Founder and managing partner Fernando Ortiz did not immediately respond to a request for comment. Ortiz launched Proa in early 2007 after leaving his role as partner at Nmas Private Equity. He previously worked as director of private equity new technologies at IT-focused investment vehicle Argentaria.

Earlier this month fellow Spanish buyout house Miura Private Equity held a €200m final close for its second fund. The firm said most of the commitments came from major European and North American institutional investors including pension funds, university endowments and alternative asset managers. Miura said it planned to continue its strategy of focusing on taking controlling stakes in Spanish and Portuguese companies by investing equity of between €6m and €15m.

Denmark's CataCap exceeds hard-cap with closure of its first fund

New Danish venture capital firm CataCap has exceed its hard-cap by 10 per cent by closing its first fund on DKK1.1bn ($191m).

CataCap said the SME fund was the first of its type raised in Demark for several years, and said it had already completed three platform investments and two add-on acquisitions since its first close in December 2012. The final close easily beat the firm's DKK800m target and made the rare move of outdoing its hard-cap, which had been set at DKK1bn. CatCap invests in SMEs it believes are characterised by a significant development potential and an innovative business model with long-term sustainability.

Firm partner Vilhelm Hahn-Paterson said the fundraise had been an “exciting though demanding journey” given that 2012 was a historically tough fundraising year in Europe. He said, “In 2012 we reached our first closing target by raising DKK500m. The fact that we have more than doubled the fund size in the final closing exceeds our expectations and it's a clear recognition of our business model and accomplishments to date.” About 40 per cent of the fund backers are non-Danish, with LPs including European investor Access Capital Partners and global investor Adveq, whose investment was its first ever in Denmark.

Hahn-Paterson added, “Foreign Investors are increasingly looking at the small-cap segment because it holds a greater number of attractive targets compared with the mid-and large-cap segments. “But to be successful as a private equity fund you need to produce results wand prove your value proposition. There are no shortcuts, raising money is not a walk in the Park. As a result we are very happy that our efforts have now paid off.”

EIF investment helps NeoMed close Fund V on €92.1m

Medical-focused venture capital firm NeoMed Management has held the final close of its Innovation V fund on €92.1m ($122m).

The northern European firm attracted capital from the European Investment Fund and returning investors such as investment manager Höegh Capital Partners and fund of funds investor Argentum. The latest vehicle is slightly smaller than NeoMed IV which was launched in 2005 and closed on €104m. That fund is now fully invested.

NeoMed said that for Fund V it will continue its strategy of backing emerging companies which develop medical products. The vehicle has already been used to invest in six medical technology and specialty pharma companies based in Europe and the US. NeoMed managing partner Erik Amble said, “The final closing of our fifth fund at about the same size as our last fund with strong support from returning NeoMed investors, the EIF and several new investors, is a major milestone. “It enables NeoMed Management to continue to pursue its well-proven investment approach and to maintain its position as a leading Europe-based venture capital firm specialised in the international healthcare and medical products industry.”

NeoMed was launched in 1997 and has since invested in 38 emerging companies. Of these it has realised 29 investments, most recently exiting its stake in catheter business Endosense. The firm was among investors taking part in a $35m financing round for root canal therapy business Sonendo which was announced earlier this month.

Dutch VC firm Aglaia Biomedicall launches second fund

Dutch venture capital firm Aglaia Biomedical ventures is targeting $65m for its second fund aimed at companies combating cancer.

Aglaia said Oncology Fund II, which has a target size of $80m to $100m, was its first vehicle to attract institutional investors as well as high net worth individuals. Backers for the new fund include the European Investment Fund and several other unnamed institutional LPs. The firm said Fund II would invest in 10 to 15 biotechnology startups in the process of developing ground-breaking technologies aimed at preventing and curing cancer. Aglaia Partner Mark Krul said, “We demonstrated the effectiveness of our strategy with our first fund. “The confidence our investors have placed in us will now enable us to use this new fund to substantially increase our contribution to the fight against cancer by building a portfolio of companies engaged in developing truly innovative anti-cancer medications.” Its portfolio of companies include immunotherapy company ISA Pharmaceuticals and is a Dutch biotech company SomantiX.

SC Capital Partners raises $365m for fourth Asia real estate fund

Singapore private equity firm SC Capital Partners has registered $365.5m worth of commitments for its Real Estate Capital Asia Partners IV fund.

The SC Capital vehicle has so far attracted investments from 10 LPs, according to its filing with the US securities regulator. No target is stated for the real estate vehicle, but it is well on its way to being at least as big as Real Estate Capital Asia Partners III which closed on $530m exactly two years ago. The third vehicle from SC Capital was formed to acquire real estate and real estate-related assets across Asia. Investments in the portfolio include properties in Shanghai, Sydney and Tokyo. Real Estate Capital Asia Partners II fund closed on $190.3m in 2008. Private equity major Blackstone beat the target for its Asian real estate fund having secured $4.19bn as of July this year.

DFJ, Walden join forces to launch $150m Korean venture fund

Investment firms Draper Fisher Jurvetson (DFJ) and Walden International have teamed up with South Korea's Small and Medium Business Administration (SMBA) to launch a $150m venture capital fund.

DFJ and Walden will each commit $75m to the vehicle, according to the Asian Venture Capital Journal. The two firms will manage the fund, which will invest at least 51 per cent of its capital in Korean startups and SMEs. Korea Fund will be marketed alongside the Korean Yozma Fund, which is aiming to raise KRW200bn ($192m) by 2017. DFJ's recent deals include an investment in cluster management software provider Bright Computing as part of its Series B round.

Ithmar Capital eyes $430m listed PE-style vehicle

Middle East-based buyout house Ithmar Capital is reportedly readying a listed private equity-style vehicle raising up to AED1.6bn ($436m).

The firm has hired Credit Suisse and Deutsche Bank to run an initial share sale for the vehicle according to Reuters, which cited sources close to the matter. Capital raised from the flotation will be used to back private equity-like deals, including investments in its own portfolio companies, the report added. That would include Al Noor Hospitals, in which it currently owns a 20 per cent stake. Reuters added that the subscription process could being as early as next month, and is expected to be completed before the end of the year. Reports back in July suggested Ithmar Capital and fellow Middle East private equity player Gulf Capital were looking to sell their own shares to the public to help fund new investments. The UAE-based firms are looking to benefit from an economic rebound in the region.

IHS holds $140m first close for Fund II

African real estate investor International Housing Solutions (IHS) has held a first close for its latest real estate fund targeting sub-Saharan Africa.

HIS Fund II has raised $140m, according to Private Equity Africa. LPs that have backed the fund include the Overseas Private Investment Corporation, which agreed to invest up to $80m in June. Other funds targeting the region that have recently been closed include INjaro Investment's inaugural fund, which has raised $49m. Injaro Agricultural Capital Holdings received commitments of $15m, $10m and $7m from European development finance institutions CDC, FMO and Proparco, respectively.