



Private Equity Briefing

A global round-up of the key press news and comment relating to private equity

Wednesday, 30th January 2019

TOP STORY

2018: A bumper year for PE buyout deals

A total of 5,106 private equity-backed buyout deals were announced through 2018, an all-time record, building on the previous record of 4,829 seen in 2017, according to a new report from Preqin Insights. The total value of the deals rose to reach \$456bn, close to the \$460bn recorded in 2015. Preqin added that the figure could yet rise by up to 5%, as more information about the number of deals becomes available. Meanwhile, private equity buyout deals will falter in the first half of this year, according to DC Advisory UK CEO Richard Madden, due to macro-Brexit uncertainty and political instability. He added that the best-case scenario from private equity's point of view would be for a new vote to remain in the EU; the next-best alternative would be a swift and definitive agreement eliminating the volatility.

Opalesque Growth Business

ASSET MANAGEMENT

Asia Pacific wealth and AM industry to double by 2025

The Asia Pacific asset and wealth management industry will grow faster than in other regions with assets under management (AUM) expected to almost double to \$29.6trn in 2025 from \$15.1trn in 2017, PwC predicts in a new report. AUM is set to grow at a total compound annual growth rate of 8.7% in 2020, from \$15.1trn in 2017. The growth will be driven mainly by retail mutual funds and sovereign wealth funds. Assets of retail mutual funds are forecast to more than double to \$11.9trn in 2025 from \$5.5trn in 2017. Assets of sovereign wealth funds are expected to double to \$5.7trn from \$2.8trn over the same period.

International Investment

Family Offices increase in popularity in India

With India ranking sixth in the world's Ultra High Net Worth Population according to a recently-released **Credit Suisse** report, and the number of wealthy individuals set to increase, the concept of family offices (FOs) has been popularised in the country. Himanshu Kohli of Client Associates commented: "This role (of munshiji) has evolved and has become more sophisticated in this organised world and now some munshi-ies are playing the role of private CFOs for large wealthy families. With this revival, the whole industry of wealth management, including family office concept is evolving fast in our society." Apurva Damani, managing director - **Artha India Ventures** said: "With more entrepreneurs generating

wealth, and as the median incomes of Indians rise, many families are looking to develop a formal structure and even professionalize their investment vehicles. This is resulting in the growth of FOs as formal institutions.”

[Entrepreneur](#)

Asset managers look at a cull of weak funds

Severe pressure on fund fees is forcing many investment managers to consider which products will stay viable, with companies such as **JPMorgan Asset Management** looking to reduce their ranges.

[Financial Times](#)

Citco passes \$1trn milestone

Citco has passed the \$1trn mark for AUM. The provider of asset servicing solutions said the milestone was reached purely through organic growth, an industry first amongst alternative asset service providers.

[Private Equity Wire](#)

FINANCE & INVESTMENT

Transformative technologies in private debt

In 2017, investors allocated almost \$120bn into private debt funds, on the back of approximately \$100bn being raised in 2015 and 2016. To better understand the context into which investors are deploying such large amounts of capital, **SEI** and **Preqin** conducted a survey of private debt fund managers in mid-2018. They found that half of all investors think advancements in data analytics will spur the development of more customised investment vehicles within the next two years, while 57% think data analytics will soon permit more types of investors to participate in the private debt market. Beyond data analytics, almost one third of investors surveyed by SEI felt that fintech advances, such as the rise in prominence of peer to peer lending platforms, are a disruptive phenomenon that could displace traditional funds in the private debt market.

[Hedge Week](#)

Aggressive loan documentation ‘should be punished’

Leveraged loans with overly aggressive documentation should be downgraded by ratings agencies, investors have said, as concerns grow over weak lender protection. On covenant-lite loans, which offer little protection for lenders but have become established as the market norm, one senior investor is quoted in a Reuters report as saying: “I think the agencies have talked a bit about the impact of [covenant-lite] and what they think the recovery rates are. Our frustration is that they talk a good game, but you’re not seeing that reflected in the actual ratings”. Another banker remarked that: “Liquidity is chasing very few assets. But the more marginal credits will be found out and the banks will lose money. That will temper the banks’ behaviour”.

[Reuters](#)

Israeli cybersecurity investments exceed \$1bn for first time

A new report by Start-Up Nation Central, which tracks the tech industry in Israel, shows that investments in cybersecurity firms in the country exceeded the \$1bn mark for the first time last year. The \$1.19bn invested in 2018 represented a 47% increase since 2017 and the fourth record-breaking year of investments in a row. Non-Israeli investors participated in some 65% of the 117 investment deals concluded last year, with the majority of foreign investors venture capital firms based in the U.S., but significant funds have also come from investors from France, Japan and the United Kingdom.

[Jerusalem Post](#) [Times of Israel](#)

CORPORATE

AnaCap secures investment from Italian bank

AnaCap Financial Partners has secured a structured investment into a portfolio of SME loans from a leading Italian bank with which AnaCap has a long-standing relationship across a broad range of transactions. The portfolio, which has a face value of €4bn, is comprised of a static, highly granular pool of performing loans made to a mix of SME and corporate borrowers concentrated in the more prosperous area of Northern Italy. The investment marks the initial investment for AnaCap's fourth Credit Opportunities Fund, following a first close in November 2018.

Private Equity Wire

RLAM objects to Apollo's RPC takeover

A second big investor in RPC Group has protested against the £3.3bn takeover of the packaging business by **Apollo Global Management**. **Royal London Asset Management** said it was "very surprised and somewhat disappointed" with the 782p-per-share cash offer from Apollo that RPC recommended to shareholders earlier this week.

[The Times](#) [The Daily Telegraph](#) [Financial Times](#) [Daily Mail](#)

Firms eye Nestle's skin health business

Cinven and **Advent** have teamed up to bid for Nestle's skin health business, with **Blackstone**, **KKR**, **Carlyle**, **CVC**, **EQT** and **Partners Group** also expected to bid. The joint bid could value the business at around \$7bn, sources suggest. The sale, being run by **Credit Suisse** and **Evercore**, is expected to see first-round bids submitted in early March.

Reuters

Cerberus battles for NordLB stake

Cerberus Capital Management is competing with buyout rivals Centerbridge and Apollo in a bidding war for a minority stake in German Landesbank group NordLB, with an offer deadline coming up on Friday.

Financial Times

REGULATORY

JP Morgan cleared to sell funds in China

JPMorgan Asset Management has won approval from the China Securities Regulatory Commission to sell two Hong Kong-based funds into China. The funds are being offered through the "mutual recognition of funds" (MRF) scheme, which was established to allow fund managers to sell their Hong Kong registered products in mainland China.

Financial Times [City AM](#)

Deloitte and KPMG under investigation by Malaysian regulator

Malaysia's Securities Commission has confirmed it is looking into the roles of Deloitte and KPMG in the 1MDB scandal. The Malaysia government investment fund, established by former prime minister Najib Razak, has been under investigation for its links with corruption and the disappearance of over \$4.5bn between 2009 and 2014.

[Economia](#)

COMMERCIAL FINANCE

Realblocks closes seed funding round backed by Morgan Creek

RealBlocks, a blockchain-based real estate platform, has successfully closed a seed funding round supported by digital assets manager **Morgan Creek Digital**. The \$3.1m round was

led by US commerce firm Science Inc., with participation also from **Zelkova Ventures**, **Ulu Ventures**, and **Cross Culture Ventures**. Anthony Pompliano, founder of Morgan Creek Digital, remarked: "2019 is going to be an incredibly important year for blockchain projects [...] One of our core theses at Morgan Creek Digital has been that every stock, bond, currency, and commodity will be tokenized at some point in the future."

[Coin Telegraph](#) [BTC Manager](#) [Smartereum](#)

PROPERTY DEVELOPMENT

Hong Kong real estate investors turn to co-living

As rising property prices in Hong Kong push investors towards alternative assets, one beneficiary is co-living investors. Increased demand in co-living properties has seen a surge in interest from more Hong Kong and institutional investors. Other assets gaining interest are data centres and parking garages. Co-living is attractive to investors as renting an apartment in the territory now accounts for about 80% of young professionals' starting salaries, up from 45% in 2006.

[The Real Deal](#)

Stam launches Paris residential fund

Stam has launched a dedicated residential property fund which will focus on Paris. The investment and asset manager has purchased two assets worth €110m for the fund, while it is also seeking to raise up to €400m. Antoine de Broglie, the chairman of STAM France IM and STAM Europe, said: "The Parisian residential real estate appears to be a resilient asset class in the long term with a price per square metre which has not sustained the inflation incurred by the price per square metre of offices."

[IPE Real Assets](#) [Property EU](#)

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