

# Asia-Focused Buyout Funds on Path for Record Fundraising

## However, buyout deal activity in the region sees a decline over recent years

Since 2011, Asia-focused private equity fundraising has declined, with aggregate capital secured by funds closed in 2016 reaching \$66bn, a 26% decrease from the \$89bn raised in 2014. However, while Asia-focused buyout funds experienced a decrease in fundraising in the same time period, 2017 seems to be on course for a record fundraising year. Asia-focused buyout funds have already raised \$23bn in capital so far, approaching the record \$24bn seen in the whole of 2014. A number of large funds have entered the market, and the industry has seen two record-setting buyout vehicles close so far this year. Despite this, buyout deal activity in the region has slowed in recent years, falling from \$50bn in 2015 to \$34bn in 2016.

**For more information and analysis, see the full *Preqin 2017 Asia Private Equity Report* here:**

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Asian-Private-Equity-and-Venture-Capital-September-2017.pdf>

### Key Asia Buyout Fundraising Facts:

- Asia accounts for 15% of the global private equity fundraising over the last 10 years. **Greater China remains the hub of private equity in Asia**, accounting for 44% of buyout deal value in the region since 2010.
- Buyout funds account for the largest proportion of aggregate capital raised by Asia-focused funds. **As of August 2017, Asia-focused buyout funds have raised \$23bn**, almost reaching the record \$24bn secured by buyout funds for the whole of 2014.
- **This is largely due to the closure of two vehicles in 2017:** the KKR Asian Fund III which secured \$9.3bn, and the Guoxin Fund 1 which secured CNY 50bn (\$7.2bn).
- The largest buyout fund in market, **Asian Institutional Investor Joint Overseas Investment Fund**, has a target size of \$10bn and is seeking to become the largest Asia-focused buyout fund ever.
- As a result, **dry powder available to Asia-focused fund managers sits at a record \$144bn** as of December 2016, with buyout funds accounting for 32% of total Asian dry powder.
- However, **buyout deal activity in Asia has slowed in recent years**. 2016 saw \$34bn in deals made, 32% less than the \$50bn recorded in 2015.
- Nonetheless, **in 2017 YTD, buyout deal value in Asia has reached \$18bn**, putting it on course to approach 2016's level of activity.

### Christopher Elvin, Head of Private Equity Products:

"Despite a steady decline in Asia-focused private equity fundraising levels, buyout funds focusing on the region are seeing record fundraising highs in 2017 so far. This is largely due to the closure of mega funds such as KKR Asia III and Guoxin Fund I, which will look to target opportunities in Asia and China respectively. With a further mega vehicle, *Asian Institutional Investor Joint Overseas Investment Fund*, currently in market targeting \$10bn, it seems as though we will continue seeing mega Asia-focused buyout funds come to market and raise capital from investors.

However, other elements of the private equity industry in Asia do not appear to have kept pace with fundraising activity. Buyout deal activity in the region has seen year-on-year declines in deal value, while dry powder available to fund managers has reached new record highs. This may create challenging conditions going forward, as firms seek to effectively deploy more capital into fewer opportunities. However, 2016 was the first year in the past decade where Asia-focused funds saw positive net cash flows, and if this continues the implications for the industry in Asia will be profound."

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