

ASEAN Private Equity

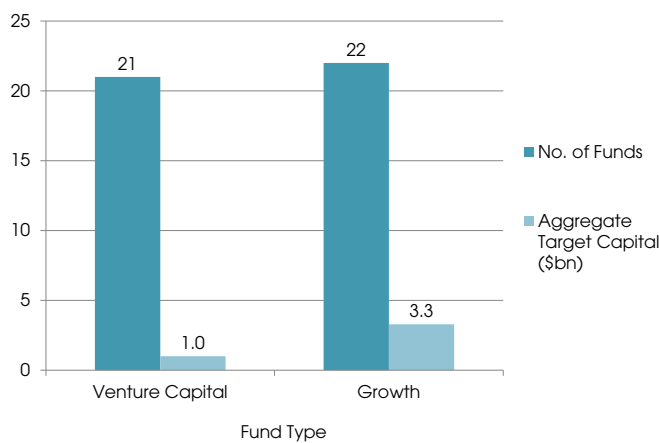
Preqin is delighted to collaborate with the SVCA again to examine the latest private equity and venture capital trends in the ASEAN region, using information from Preqin's [Private Equity Online](#).

In 2015, 13 ASEAN-focused private equity funds held a final close, securing an aggregate \$1.5bn in capital (Fig. 1). This is significantly less than in 2014, where 23 ASEAN-focused funds closed with an aggregate \$12.3bn in commitments.

Currently, the only fund types raising capital focused on the ASEAN region are venture capital and growth funds (Fig. 2), with 21 and 22 vehicles currently in market respectively. ASEAN China Investment Fund III is the largest venture capital fund currently raising capital; with a target of \$300mn, it will seek investments in a range of industries. The most prominent growth fund is Creador III, which launched in April 2015 and is looking to raise \$450mn by the end of 2016.

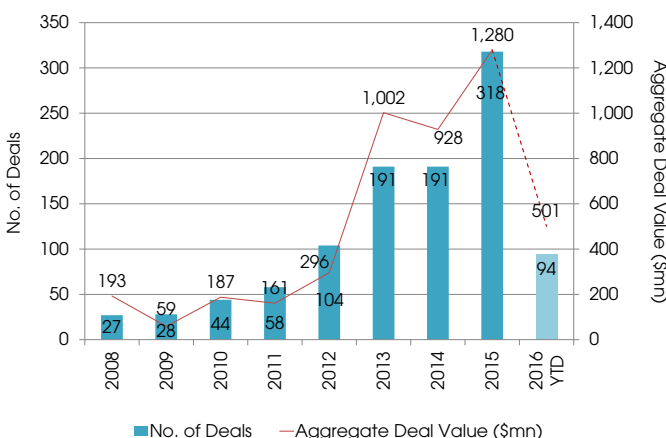
Buyout activity in the ASEAN region was relatively low in 2015. Only 37 deals were announced, with an aggregate value of \$4.2bn, significantly less than the 57 deals announced in 2014 which were worth an aggregate \$9.3bn (Fig. 3). On the other hand, a record 318 venture capital deals worth a total value of \$1.3bn took place in 2015 (Fig. 4).

Fig. 2: ASEAN-Focused Private Equity Funds in Market by Type (As at 11 April 2016)



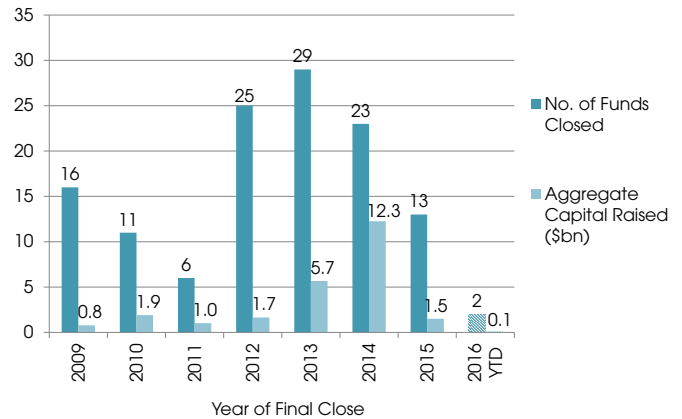
Source: Preqin Private Equity Online

Fig. 4: Number and Aggregate Value of Venture Capital Deals* in the ASEAN Region, 2008 - 2016 YTD (As at 11 April 2016)



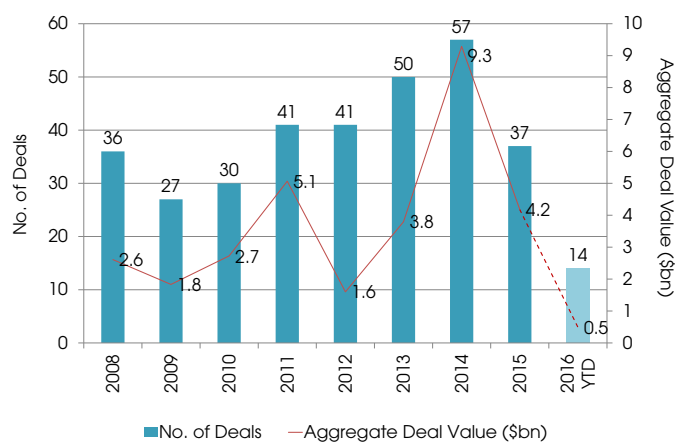
Source: Preqin Private Equity Online

Fig. 1: Annual ASEAN-Focused Private Equity Fundraising, 2009 - 2016 YTD (As at 11 April 2016)



Source: Preqin Private Equity Online

Fig. 3: Number and Aggregate Value of Private Equity-Backed Buyout Deals in the ASEAN Region, 2008 - 2016 YTD (As at 11 April 2016)



Source: Preqin Private Equity Online

Fig. 5: Five Largest ASEAN-Based Private Equity GPs by Estimated Dry Powder (\$bn)

Firm	Headquarters	Estimated Dry Powder (\$mn)
Axiom Asia Private Capital	Singapore	1,082
Navis Capital Partners	Malaysia	791
Northstar Group	Singapore	773
Vertex Ventures Southeast Asia & India	Singapore	532
Gateway Partners	Singapore	492

Source: Preqin Private Equity Online

*Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt.

Private Equity & Venture Capital Assets under Management in 2015 - SVCA

In 2015, the assets under management* (AUM) of Singapore-based private equity and venture capital fund managers grew a modest 8.7% to USD 28.5bn (SGD 39.1bn).

Investments by Singapore-based fund managers stayed almost flat at USD 9.6bn in 2015. However, the proportion of investments into Southeast Asia declined. This was in line with overall private equity (PE) investments into Southeast Asia, which saw a significant decrease of more than 44%, from USD 4.7bn to USD 2.6bn amidst a challenging business environment plagued by political, economic and foreign exchange risks. With few investments above USD 500mn, significant PE investments included Quest Global Services (Singapore), Golden Foods Siam (Thailand) and Salim Group (Indonesia).

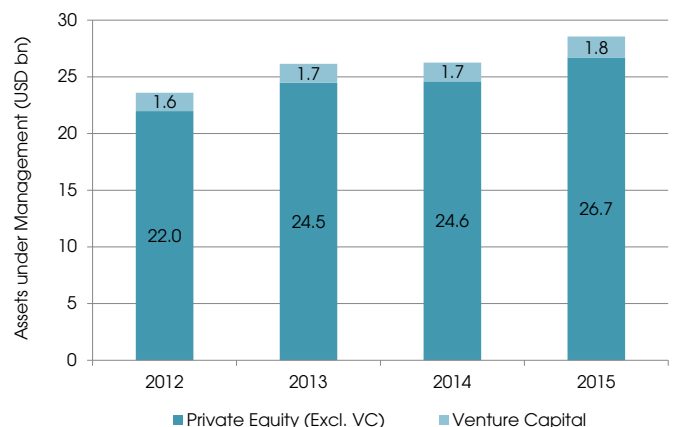
Venture capital (VC) investments into Southeast Asia continued to grow, climbing 16% to USD 1.28bn in 2015, dominated by the USD 350mn investment into GrabTaxi by foreign VCs and the USD 82.1mn financing for Giosis, the parent company of Qoo10, a joint venture with eBay and a leading online marketplace in the region.

Although Singapore-based private equity investors took advantage of opportunities further afield such as China, Korea, India and the US, Singapore continued to be a hub for PE investments, with locally-based investors accounting for more than 50% of investments into the region.

PE investments into Singapore-based target companies suffered a hefty drop of more than 60% to USD 729mn, while VC investment targets kept pace with the rest of Southeast Asia, rising 14% to USD 533mn. Overall, Singapore target companies continued to account for more than 30% of PE/VC investments into Southeast Asia.

**AUM estimates include committed capital (uncalled commitments or dry powder plus unrealized value of portfolio assets) for funds with principal management or invested capital for funds with discretionary/advisory management responsibilities in Singapore, excluding sovereign wealth funds.*

Fig. 1: Singapore Private Equity and Venture Capital Assets under Management* (AUM), 2012 - 2015



Source: SVCA

Singapore Venture Capital & Private Equity Association (SVCA)

Singapore Venture Capital & Private Equity Association (SVCA) was formed in 1992 to promote the development of the venture capital and private equity industry.

It seeks to foster greater understanding of the importance of VC and PE to the economy in support of entrepreneurship and innovation. The association facilitates interaction and collaboration among its members. SVCA also acts as a platform for dialogue on regulatory and policy issues pertaining to VC and PE and builds linkages to centres of VC and PE activities in the region.

www.svca.org.sg

Preqin Private Equity Online: The Leading Source of Intelligence on the Private Equity Industry

Private Equity Online is Preqin's flagship online private equity information resource and encompasses all of Preqin's private equity databases. With unrivalled data and intelligence, Private Equity Online provides a 360° transparent view of all aspects of the asset class, including fund terms and conditions, fundraising, fund managers, institutional investors, fund performance, deals and exits, service providers and more.

For more information, or to arrange a demonstration, please visit: www.preqin.com/peo

Strong Confidence in ASEAN

- Kuo-Yi Lim, Managing Director, Monk's Hill Ventures



How do you think the ASEAN venture capital market will fare in 2016 as compared to 2015?

Early stage - seed, series A - funding will still be relatively robust and active, as a number of regional or country-specific funds were raised recently. Similarly, on the demand side, there will be start-ups which create long-lasting and sustainable products and services that are worth investing in.

As for series B, C and D, investors targeting these companies tend to have an international perspective and their outlook on deals is driven by global developments. Due to the emerging nature of ASEAN, the amount of resources they devote to this region can be low and sporadic, hence companies based here need to offer compelling value in order to raise the funding they require. In addition, cooling sentiment for the technology sector will make it difficult to raise later stage funding. I think there is space for more ASEAN-focused funds to provide companies with capital in rounds B, C and D.

Overall, I believe that good deals will continue to be available in the region. Two factors that make this possible are the emergence of mobile internet access and the lack of penetration of services such as banking, healthcare and education. These are needs which can be met by technology, presenting opportunities for entrepreneurs to close the gap in the next few years.

With Monk's Hill Ventures focused on technology, which sub sectors are most promising right now, and how are you positioned to invest in them?

The rise of the middle class continues to drive demand for innovation and services. Generally, B2C- and B2B2C-focused sectors will continue to attract investments. These include fintech – particularly for the unbanked and underbanked – logistics, healthcare and media. Mobile-first ventures will continue to dominate.

Monk's Hill Ventures' investment team and our LPs have deep domain and operational expertise in these sectors with a global perspective.

What are the challenges you face raising a first-time fund?

The main challenge is marketing the strategy of a Southeast Asia-focused, early-stage technology venture fund, which is new to many LPs. This is a very new story and many institutions, particularly those from outside Asia, are just beginning to get educated in its potential.

What kinds of institutions constitute your LP base?

Our LPs include the sovereign wealth fund, Temasek Holdings, and several other corporates such as Telstra, Cisco Systems, YJ Capital and Itochu Corporation. The inclusion of a large LP like Temasek Holdings is a big help in our fundraising process. It increases LPs' confidence in us, which lowers the barrier in

attracting subsequent capital and opens doors for us. These elements certainly enable us to get initial conversations going with potential LPs. However, the decision made by any LP will ultimately still be predicated on the fund strategy, the GP and how the commitment fits within its own objectives.

How does being a Singapore-based GP provide an advantage over foreign managers in terms of making investments in Singapore?

Singapore-based GPs have strong ties with various ASEAN governing bodies, enterprises, and family conglomerates and are therefore more deeply integrated into the local start-up ecosystems.

How have recent regulatory reforms in ASEAN impacted your investments?

Generally, regulatory reforms that are in progress for emerging ASEAN markets are making investing easier. Although there are still regulatory issues surrounding foreign ownership, both Vietnam and Indonesia have become more investor-friendly with regards to specific sectors.

Regulatory reforms remove some level of uncertainty and complexity when we look at investing in a company and how we structure an investment. In terms of sectoral relaxation, such as what we have seen in fintech, the changes in regulations will always be helpful, allowing start-ups in these sectors to grow faster.

Which countries within ASEAN do you think will be attractive for investments this year?

We continue to see a healthy deal flow in Singapore, Indonesia, Malaysia and the Philippines. These economies are attractive in terms of their demographics and level of entrepreneurial activities, especially in the sectors that we focus on - internet, mobile and enterprise. We are also seeing interesting opportunities emerging in Thailand, Vietnam and even Myanmar.

Monk's Hill Ventures

Monk's Hill Ventures is a venture capital firm investing in technology start-ups that will take advantage of the fast growing Southeast Asian markets. It is a partnership of seasoned entrepreneurs who have built and backed global companies based both in Silicon Valley and Asia. Monk's Hill Ventures invests in top entrepreneurs in post-seed companies in Southeast Asia.

www.monkshill.com