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Fundraising: Why Asian Capital Is Surging

Mounir Guen, MVision:

In Asia, the pools of capital, the AUM of those pools of capital, pension plans, insurance companies and governments, is increasing dramatically and at a very steep elasticity, so that we can expect to see quite a significant volume of capital coming from that part of the world very soon and very quickly.

Privcap: To what extent have favorable policies enabled Asian LPs to enter the private equity market?

Guen: At this particular point, the real spearhead is focused on government capital, pension capital and insurance capital.

The regulators allowing alternatives to be an integral component of the portfolio structure and allowing globalization in terms of accessibility to those assets is quite critical, not only for the way we look at where the capital will come for what's raised on a global basis for us at this time, but also domestically, where that capital is able to really support the growth of the asset class domestically.

What challenges do you think this abundance of capital will present?

Guen: The question I have is how they will be able to deploy? The interesting thing is that they have three areas of access: primary, secondary and directs. So, the question will be how they will mix the three to be able to achieve their targets. Because the objective, when you allocate 5% to alternatives, is that you need to be as close to 5% as possible. If distributions are coming back fast and furious, that money has to be deployed. So, the community in and of itself is going to start promoting itself a bit more, travel a bit more and work with consultants and advisors to access pools of capital.

These new programs that are moving—because they're using a combination of primary, secondary and co-investor directs—are actually

cutting those J curves down to, like, three years. It's really amazing, the ability to penetrate and position. Their impact is going to come a lot sooner and quicker than people realize.



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