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COVER STORY

ASIA CO-INVESTMENT: GUN-SHY LPs?

Overallocation, risk aversion, and troubleshooting existing deals have prompted some LPs - but not all - to pull back from co-investment in Asia.

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PROFILE

CHINA'S YUNQI PARTNERS



It took seven years for Yunqi Partners' 2B investment thesis to be proven with the emergence of a swath of unicorns. The Chinese VC firm expects much more from the space – at rational valuations.

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Q&A

RICK BAKER OF BLACKBIRD VENTURES

Rick Baker, co-founder of Australia's Blackbird Ventures, on pricing adjustments in the tech space, fundraising and secondaries, valuing unicorns, and the rise of ChatGPT.

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INDIAN DRONE MAKER TAKES FLIGHT



Recently launched Indian VC firm SphitiCap is making a high-conviction investment in local industrial drone maker Garuda Aerospace. It hopes a sizeable debut fund will help carry the start-up to IPO.

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GOING REGIONAL TO FILL THE CODING GAP

NxtWave is helping India's massive engineering community get up to snuff in much-needed software-related skillsets. This is most difficult and most rewarding in lower-tier cities.

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DEAL OF THE YEAR - MID CAP: HONOUR LINE SHIPPING



Nexus Point Capital secured the acquisition of Honour Line Shipping despite higher offers from rival bidders because it did its homework on the industry and established good relations with the founders.

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FUNDRAISING OF THE YEAR - MID CAP: POTENTIA CAPITAL

For Australia's Potentia Capital, the beauty of its sophomore fundraiser was not that it took four months, but that it took two years. Putting out feelers well before the official launch created buzz.

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OPERATIONAL VALUE ADD: SONA COMSTAR



The Blackstone Group built a leader in India's electric vehicle components space by combining – and then re-orienting – two traditional automotive players. Not even COVID-19 could stymie its progress.

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By the Numbers

AVCJ RESEARCH

LONG WHITE CLOUD

New Zealand-based Pencarrow Private Equity has [closed its sixth fund](#) at the hard cap of NZD 300m (USD 187m), having scaled up from NZD 250m in the previous vintage. The LP base is similar to Fund V, featuring a US family office and a collection of local foundations, community trusts, and indigenous Maori financiers known as iwi groups.

The new fund is the joint largest raised for deployment in New Zealand alongside a fund-of-funds managed by NZ Growth Capital Partners. A vehicle raised by Australia-based Blackbird Ventures, which closed on NZD 275m last November, is in third.

The ranking of the top 15 New Zealand vehicles raised to date reflects the relatively concentrated pool of domestic managers: the likes of Pencarrow, Pioneer Capital, and Waterman Capital appear multiple times. One characteristic these GPs share is a propensity for cross-border expansion – recognition that the New Zealand market alone cannot offer the scale most need for critical mass.

PE investment in the country reached a record USD 5bn in 2022 – in contrast to most other Asian markets, which peaked in 2021. An intermittent stream of large-cap deals skews the headline numbers, most recently a string of telecom tower deals.

Largest New Zealand-focused private equity funds

Fund	Strategy	Manager	Final close	NZD m
Pencarrow VI Investment Fund	Buyout	Pencarrow Private Equity	Dec-22	300
Elevate NZ Venture Fund	Fund-of-funds	NZ Growth Capital Partners	Mar-20	300
Blackbird Ventures (New Zealand) Fund II	Venture	Blackbird Ventures	Nov-22	275
Pioneer Capital Partners III	Growth	Pioneer Capital Management	Mar-17	260
Maui Capital Aqua Fund	Growth	Maui Capital	Jun-12	250
Pencarrow V Investment Fund	Buyout	Pencarrow Private Equity	Apr-18	250
Waterman Fund 4	Buyout	Waterman Capital	Oct-19	230
Waterman Fund 3	Buyout	Waterman Capital	Mar-16	200
Pioneer Capital Partners II	Venture	Pioneer Capital Management	Jun-13	150
Pencarrow IV Investment Fund	Buyout	Pencarrow Private Equity	Mar-13	124
Oriens Capital Private Equity Fund II	Growth	Oriens Capital	Jun-21	80
Pencarrow Bridge Fund	Growth	Pencarrow Private Equity	Nov-16	80
Knox Investment Partners Fund IV	Growth	Knox Investment Partners	Jun-14	65
Blackbird Ventures (New Zealand) Fund I	Venture	Blackbird Ventures	Jul-19	60
Pacific Channel Fund II	Venture	Pacific Channel	Mar-21	55

Source: AVCJ Research

All of the trends featured here were sourced from AVCJ's proprietary database, AVCJ Research, featuring comprehensive information on private equity deals, fundraises and exits.

Read more on AVCJ Research

The rest of the week

FUNDS

- [Guangzhou government commits \\$29bn to fund-of-funds](#)
- [Singapore's Grayscale hits first close on debut VC fund](#)

DEALS

- [DCP backs China expansion by Canadian vitamins brand](#)
- [Allegro agrees take-private of Australian law firm](#)
- [Advent backs China pest control company](#)
- [L Catterton re-ups in Australian kombucha brand](#)
- [Kotak fund invests \\$129m in India's Biocon](#)
- [Anchorage agrees carve-out from New Zealand's Green Cross Health](#)
- [Amazon leads Series D for India's FreshToHome](#)
- [Cenova leads \\$40m Series B for China's Eluminex](#)
- [Japan's Astroscale raises \\$76m Series G](#)
- [Capital Square secures post-merger India IT services deal](#)
- [China distributed power specialist PCG raises \\$73m](#)

OTHER

- [Fan Bao cooperating with investigation - China Renaissance](#)
- [Hong Kong pledges more capital for local start-ups](#)
- [500 Global adds three partners in Southeast Asia](#)
- [Regulator raises the qualification bar for Chinese GPs](#)

For your calendar

UPCOMING EVENTS

- **7-9 March 2023** - [AVCJ Australia & New Zealand Forum](#)
- **14 March 2023** - [Mergermarket M&A Forum - Australia](#)
- **15 March 2023** - [InfraLogic Investors Forum - Australia](#)
- **25 April 2023** - [Mergermarket M&A Forum - Southeast Asia](#)
- **26-27 April 2023** - [AVCJ Southeast Asia Forum](#)



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Get in touch

subs@avcj.com

25th Floor, The Center
99 Queen's Road Central; Hong Kong SAR

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