AVCJ Weekly Digest | 23 November 2022 View in browser

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23 November 2022

COVER STORY

ESG: THE CASE FOR CONVERGENCE

With ISSB and TCFD pursuing pre-eminence in financial disclosure for sustainability and climate, GPs must get more serious about reporting.

Read more

TALKING POINTS

AVCJ AWARDS - AND THE WINNERS ARE...

Advantage Partners, Affinity Equity Partners, Baring Private Equity Asia, The Blackstone Group, CDH Investments, Five V Capital, Future Capital, L Catterton, Nexus Point Capital, Pacific Equity Partners, Potentia Capital, Quadrant Private Equity, Qiming Venture Partners. See here for more information.

Q&A

ADRIAN LI OF AC VENTURES

Adrian Li, founder and managing partner of Indonesia-focused AC Ventures, on Chinese incursions into Southeast Asia, localisation versus scale, the prospect of a protracted downturn, and being an Ironman.
Read more

ANALYSIS

SPORT INVESTMENT: CHINA FADING

Once a white-hot investment theme in China, and for Chinese investors looking overseas, sport has slipped into obscurity amid concerns about regulation and monetisation.
Read more

DEAL FOCUS

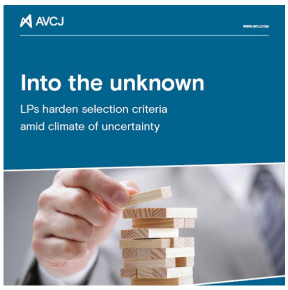
KKR AGREES FIRST AUSTRALIA GROWTH TECH DEAL

KKR has led a USD 68m Series B round for Australia's Advanced Navigation, an autonomous systems developer for robots and vehicles used everywhere from the freeway to orbit.
Read more

ANALYSIS

AVCJ FORUM 2022 SPECIAL ISSUE

How LPs are hardening selection criteria amid macro uncertainty; why investors are flocking to sports and entertainment deals; concerns about the prospects for US dollar funds in China; Q&As with CPPIB, BlackRock, and Northwestern University.
Read more



By the Numbers

AVCJ RESEARCH

APPETITE FOR DEPLOYMENT

"Two years ago, part of your life was going after the hottest company in the most aggressive way begging the entrepreneurs for a piece of the allocation," Tony Jiang, co-founder and a partner at Ocean Link, told the AVCJ Private Equity & Venture Forum.

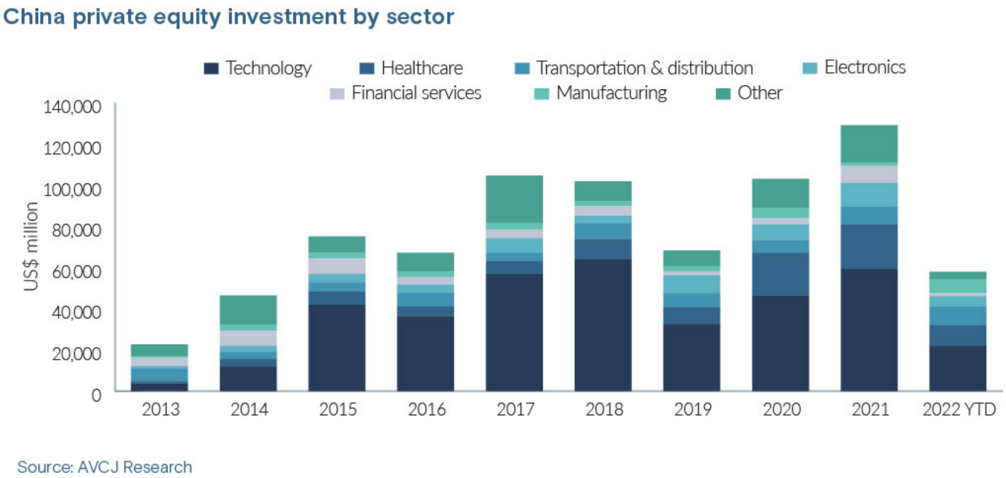
"There was very little room to negotiate on valuations and very little respect for investors. Fundraising was relatively easy, but then doing deals was actually very difficult and to some extent pretty scary. Today, I think it's almost the opposite."

Other investors chimed in with observations that valuations do not reflect the longer-term fundamentals of China's economy on an absolute or relative basis compared to other economies. Put simply, they are keen to deploy capital because the drop in valuations has made China attractive, despite economic challenges, regulatory uncertainty, and the government's apparent resolve to pursue zero-COVID policies.

Nearly USD 58bn has been invested in China year-to-date, down from USD 129.2bn in 2021 and USD 103.2bn in 2020. The average for the prior eight years is USD 87bn.

Technology is the biggest loser, having received USD 21.9bn so far this year, compared to USD 59.3bn in 2021. It is the least since 2014. Healthcare is also down by more than half, which is consistent with public market selloffs in the sector globally.

Capital appears to be gravitating towards tangible assets. Over USD 9.3bn has been pumped into transportation and distribution in 2022, putting it within touching distance of healthcare as the second-largest sector. The 2021 total was USD 8.6bn. Meanwhile, manufacturing has stolen third place, having risen from USD 1.7bn to USD 6.6bn.



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

AVCJ FORUM

- Apollo's Rowan tips alternatives allocations to top 50%
- TPG's Coulter calls for patience, perspective amid 'great reset'
- Investors see 2022 as a 'turning point' in GP-LP relations
- Uncertainty prompts deal financing discipline
- Tread more cautiously in PE-infra overlap
- Japan PE sees digitalisation as national imperative
- LPs' ESG checklists get ever more intricate
- Crypto's hyped transparency remains muddy
- GPs seek alternatives in absence of US IPOs
- One size does not fit all in Asia value creation
- Team diversity impacts fundraising prospects

FUNDS

- TPG reaches $3.4b first close on Asia fund
- China's CCV raises $150m opportunity fund
- Panacea closes second healthcare fund on $276m
- Wavemaker hits first close on SE Asia climate fund
- China's Sinovation reaches $250m mark on fifth VC fund

DEALS

- Brookfield buys Hong Kong's Trimco from Affinity
- Blackstone pursues $359m take-private of India's R Systems
- Glenwood invests $514m in Hanwha's advanced materials unit
- Indonesia's Blibli completes $509m IPO
- Fortress to buy Sogo & Seibu from Japan's Seven & i
- China automotive industry supplier Kasco raises $72m
- Bain buys Japan fashion business
- GSV leads $45m round for India's Simplilearn
- China AR start-up with celebrity founder raises $55m

For your calendar

UPCOMING EVENTS

- **6 December 2022 -** Mergermarket M&A Forum - Hong Kong
- **21-22 February 2023** - AVCJ China Forum

Connect with us & learn more

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