



25 October 2023



COVER STORY

ASIA DISTRESS: LANDSLIDES ON HOLD?

Investors are witnessing an uptick in turnaround opportunities based on delayed pandemic effects and a poor macro outlook.

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TALKING POINTS

AVCJ AWARDS - VOTING CLOSES ON OCTOBER 30

Have your say on the top firms, fundraises, investments, and exits of the year. For more information, go to <https://community.ionanalytics.com/avcj-awards-2023>

Q&A

JAKE HAINES OF PACIFIC EQUITY PARTNERS



Australia's Pacific Equity Partners quietly launched a credit strategy – PEP Capital Solutions – in 2021 and has since deployed AUD 700m (USD 445m). Jake Haines, a managing director at the firm, explains where it has gone.

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BOLT.EARTH LOOKS TO CLOSE INDIA'S EV INFRA GAP

Bolt.Earth turned its electric vehicle operating system into the foundation stone for India's largest charging network aimed at two- and three-wheelers overlooked by mainstream operators.

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ISBIM TARGET'S REAL ESTATE'S DIGITISATION CATCH-UP



A renewed focus on safety and sustainability has prompted property developers to consider technology-enabled fixes. IsBIM is riding the wave from Greater China through Asia and the Middle East.

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By the Numbers

AVCJ RESEARCH

DIVIDING LINES

Will the exemption for passive fund commitments by LPs that [appeared in indicative guidelines](#) for the US executive order restricting investment in certain Chinese technology assets be forthcoming? Based on recent communication involving a US Congressional committee that has targeted VC firms with exposure to China, legislators are aware of the potential problems.

Sequoia Capital is the latest VC firm [to receive a letter](#) from the Congressional Select Committee on the Chinese Communist Party asking for details of its investments in semiconductors, quantum computing, and artificial intelligence (AI) in China. But the letter differs from those sent to other firms because it acknowledges Sequoia's plan to separate its US and China operations.

The committee noted that rather than staunch flows of US capital into “problematic PRC companies,” the separation “may insulate some types of capital flows from regulatory scrutiny they would have otherwise been subject to under the recently released executive order.”

In short, HongShan – as Sequoia Capital China is now known – will no longer be subject to the screening processes and US legal compliance protocols imposed globally out of Menlo Park, so it can invest wherever it likes. And US LPs can continue to back the firm's funds. The committee suggested that any regulations should cover not only fund-level transactions but also LP commitments to funds.

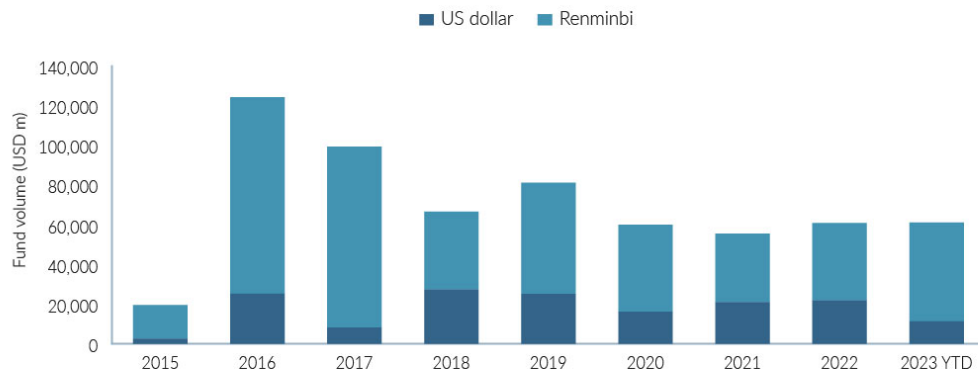
This would choke off US funding venture capital funds by LPs that are not already shunning China managers. (VCs that avoid the designated sensitive technologies would not be impacted, but the impact of heightened compliance requirements and the general negative vibe on China would be far-reaching.) Managers would likely respond by raising more renminbi capital.

Commitments to US dollar China funds across all strategies stood at USD 11.2bn by the end of the third quarter, compared to USD 21.8bn for the full 12 months of 2022. Renminbi fundraising, meanwhile, is on course for a bumper year. Nearly USD 50bn has been committed, exceeding the 12-month totals for 2022, 2021, and 2020. The USD 56bn raised in 2019 is within reach.

However, most of this capital is not being raised by managers with established US dollar fund businesses who are shifting focus to local currency – or at least, not yet.

China accounted for nine of the 15 largest fund closes region-wide in the third quarter. Five of those, including four of the top six, were renminbi vehicles. One of the five was a national level government guidance fund: the CNY 31.5bn (USD 4.3bn) National Research Group Phase II Synergetic Development Fund. Three others were similar provincial-level vehicles.

China fundraising – US dollar vs renminbi



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.

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The rest of the week

FUNDS

- [Quadria hits \\$500m first close on third healthcare fund](#)
- [PayPal backs Quona, Sweef impact funds](#)
- [CBC hits second close on China life science real assets fund](#)
- [East targets \\$30m for Indonesia healthcare VC fund](#)

DEALS

- [Bain, DNE launch \\$250m China advanced manufacturing platform](#)
- [Australia's Employment Hero raises Series F at \\$1.3b valuation](#)
- [General Atlantic backs India travel platform, Affirma exits](#)
- [PEP participates in \\$634m Australia land lease operator deal](#)
- [China's Baichuan AI raises \\$300m](#)
- [Anchorage targets Australia's Southern Cross Media](#)
- [Faering invests \\$30m in India's Vastu, Multiples exits](#)
- [Korea's STIC to exit biofuels player to PE-backed consortium](#)
- [Blackbird, Airtree back \\$18m round for Australia's Darwinium](#)

For your calendar

UPCOMING EVENTS

- **13 November 2023** - [AVCJ Diversity & Inclusion Forum](#)
- **13 November 2023** - [AVCJ ESG Forum](#)
- **14-16 November 2023** - [36th AVCJ Private Equity & Venture Forum](#)
- **6 December 2023** - [Mergermarket M&A Forum - Hong Kong](#)



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