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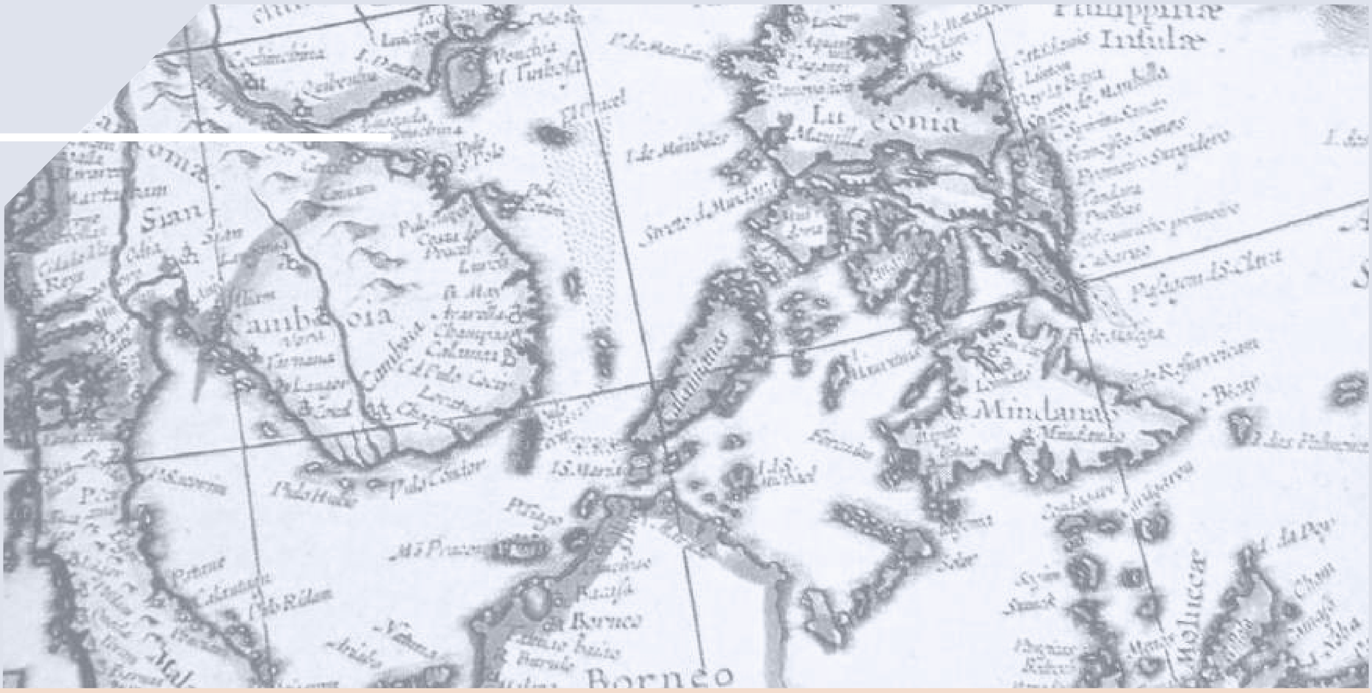

Inside this Issue:

A New Playbook

2020 will be a year to remember as the world was brought to its knees, economically – and for many, psychologically – as the world remains somewhat divided politically. But there is always a silver lining in every crisis. In this one – which we haven't yet seen the end of – the coronavirus resulted in the steepest global carbon emissions drop since World War 2.

Over the course of the pandemic, we grew to better appreciate essential goods and services, and integrated supply chain and logistics. Infrastructure will benefit as a result, and particularly in a region where economic growth prospects justify greater investments. Ontario Teachers Pension Plan is an example of an institution that has built its resources to do just that from Singapore. OTPP building an infrastructure team in Singapore could set a trend for more non-Asian investors to follow suit.

Meanwhile, GIC made headlines for being the most active state-owned investor globally in 2020, while Temasek was ranked as top tech investor in the same report by Global SWF.

In the midst of heightened geopolitical tensions, we saw the formation of Regional Comprehensive Economic Partnership (RCEP), a free trade agreement between ten ASEAN countries, Australia, China, Japan, New Zealand and South Korea. This is world's largest trading bloc, and in 2020, ASEAN became China's largest trading partner. Singapore also became the largest foreign investor in Vietnam, which is often singled out as a beneficiary of the US-China fallout.

Last year, Singapore also attracted an influx of senior professionals from Hong Kong, billionaire hedge fund manager Ray Dalio and billionaire hotpot queen, Shu Ping to set up their family offices, and TenCent to set up its regional hub.

We hosted in November 2020 our first family office roundtable, which brought together – virtually - family office executives and principals who shared their experience on investing amidst the pandemic. We learned that family offices have been busy recruiting from private equity, just as GPs are chasing family offices who can play an important role in backing new or spinoff teams.

SVCA will endeavour to continue joining the dots, to bring useful content, training and events in the months ahead. We are delighted to share that we will host our conference on 18 th of May 2021. We look forward to seeing you in person.At this juncture, it seems fitting to thank our sponsors for your patience and support during a most challenging year.

May the resilience symbolised by the Ox in the new lunar year be with us, and do submit your nominations for a special Resilience Award before the closing date.

Cheers to a happier, healthier year,

Sharon Lim
Director of Content
SVCA

Content

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Message from the Chairman 2021

Dear Members & Partners,

After a tumultuous pandemic-stricken 2020, we are marching into 2021 optimistic and with a steely determination to face whatever near and long-term consequences the Year of the Rat has left behind for us. 2021 ushers in The Yin Metal Ox, according to the Chinese calendar. The Ox is a hardworking creature known to be loyal, dependable and resilient - so our in-house writer born under the same sign tells me. Virtues that may serve us well in what will remain a highly dynamic environment.

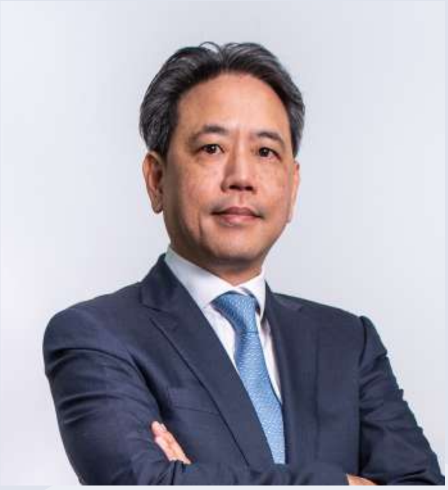
I wish all of you the strength, flexibility and stakeholder support to make the necessary decisions to reset and ready yourselves for this new chapter of Venture Capital and Private Equity investing.

As far as the SVCA is concerned, after what was certainly a difficult year for our organisation as well, we are pleased to see a gradual return to pre-Covid practices, including the return to in-person events, which have been challenging to organise for most of 2020. While we have hosted a number of web-based events, we look forward to gradually interacting with our member and partner community face-to-face again soon. And we hope to be able to “catch up” with regular agenda items, we were forced to postpone, especially our popular industry conference.

We would like to thank our members for their continuous support and loyalty throughout a challenging 2020, and we look forward to continued engagement in 2021 through various avenues, be it through our publications, workshops, or simply seek our advice when they are in need of a solution or introduction.

We wish you all a successful 2021!

Enjoy this issue of our Quarterly Letter,
Yours Sincerely,
Thomas Lanyi



Sneak Preview to

One-on-One with Loke Wai San

Novo Tellus Capital Partners

Novo Tellus has raised $250 million in 18 months, through what must have been the most brutal fundraising cycle this industry has ever seen, for a second private equity fund. The amount raised appears modest relative to multi-billion dollar regional funds, but represents a tenfold increase from a $25 million first fund. SVCA caught up with cofounder and managing partner, Loke Wai San on his journey since 2011 when he launched Novo Tellus Capital Partners.

Raising Fund 2

Fundraising commenced in 2018, and the last trip to the US spanned three weeks to conclude at the end of January of 2020. "That was the fourth trip in 18 months, and prior to this road trip, I had spent as many as six weeks on the road fundraising from the UK to Zurich to the US," Wai San told SVCA in early January.

Luckily for Wai San, the meetings with Investment Committees at a number of pension and endowment funds were mostly completed by January 2020, before the full effects of the pandemic restricted international travel, disrupting fundraising for many.

The fund held a first close on $50m in 2019, comprising primarily of re-ups from existing LPs in the maiden fund. The second fund which hoped to raise $175 million secured $148m in commitments by the second close in mid 2020.

"On the surface, a 10x increase in fund size seems a big leap. However, when investors 'peel-the-onion' and look at what we did in Fund 1, it becomes obvious that the types of investments we made and the level of involvement we have in our portfolio companies, is entirely consistent with a $250m fund. In all honesty, I was hoping to raise a lot more than $25m for our first fund, which had a $100m target.

Anchoring Role of Cofounder

ACT Holdings, the family office of James Toh anchored the first fund. The cofounder and shareholder of Novo Tellus crossed paths with Wai San at A.T. Kearney, and has been instrumental in fundraising thus far, and played a pivotal role in getting the maiden fund off the ground back in 2011.

James' family business, ACT was started in 1969 to invest in several joint ventures with the Hitachi Group in consumer electronics, and the local Singapore partner of Fujitec Elevator Corporation, which operated the largest elevator factory in South East Asia from 1974 to 2011.

"My family office has invested into a number of PE and VC funds but none received as large a cheque as the one we wrote to anchor Novo Tellus Fund 1. I was very impressed with Wai San's grit, approach and industry knowledge, and made the biggest bet with my family wealth in Novo Tellus back in 2011, and then again in 2019. Wai San works twice as hard as anyone I know, and delivers five times as much as the next guy."

James' biggest private equity bet has also delivered the highest return.

"The strategy of investing in established industrial and technology businesses in the Southeast Asia's lower middle market was just not on any LPs' minds in 2011. We stuck to our strategy and got creative with co-investments where the enterprise values of our investments were between $20m to $100m," Wai San shared.

Overcoming Past Hurdles

Managing a small fund also gave rise to budgetary constraints which made it difficult to retain investment executives, Wai San explained. “It was hard when you train someone for job to lose the executive in a matter of months to firms which were able to pay a salary you can’t afford with a $25m fund.”

Novo Tellus started with a small team of three in 2011, and grew to 4 in 2018 before Keith Toh joined as a General Partner. Keith and Wai San have a 15-year relationship which can be traced back to San Francisco where they first got acquainted, Keith at Francisco Partners (2001-2013), and Wai San, at Baring Private Equity Asia (2000-2010).

“Having worked with Keith on deals while he was at FP and while I was at Baring Asia made his joining us at Novo Tellus a natural fit. We are thrilled with the way the team has grown since Keith joined, and believe that our team‘s expertise and dynamics were key in our fund raise.”

Track Record

Institutional investors now make up 80 percent of the second fund, and nearly every investor in Fund 1 has returned. Fund One has distributed 3.5X of invested capital, and yielded 28 percent net IRR from 4 out of five deals. One deal remains to be divested, and Wai San reckons the MoC on the maiden fund could rise further.

The DPI and IRR were not lost on the endowment and pension funds Wai San approached when he was raising his second fund. By August 2020, Novo Tellus had a soft final close on the fund when it started to turn away LPs who did not make a commitment.

“While it wasn’t an easy decision to turn away potential new LPs, we had to make a decision by summer 2020 as the fund had already exceeded our target.”

So while many were struggling with fundraising in 2020, Wai San experienced to opposite of what he encountered when he was raising the first fund.

Then and Now

“Back then, in 2011, when you tell LPs you are raising a Southeast Asia fund that will invest in industrial and technology SMEs, and Indonesia isn’t really included in your geographical focus, LPs walk away. I have had two LPs end meetings in five minutes because I was not going into Indonesia or Vietnam.”

Today, in 2021, armed with a much larger fund, and a team which has tripled and still growing, Wai San is making the most of the inefficiencies in seemingly mundane sectors that the engineers at Novo Tellus understand, and focused on the more mature markets in Southeast Asia where the fund has been successful: Singapore and Malaysia.

“We get regional exposure through our Singapore -headquartered SMEs in emerging markets like Vietnam, and admittedly, the escalating US-China tensions have helped to increase the appeal of Southeast Asia as a region to be investing into.”

Novo Tellus has been busy building a pipeline of deals in the past year concurrently as it finalised the raising of Fund 2 in addition to obtaining regulatory clearances and licensing for managing a larger pool of third-party capital.

Building a Concentrated Portfolio

Fund 2 is expected to make no more than ten investments, and 20-25% of the Fund may be invested in any single deal.

“We like to build a concentrated portfolio. Some LPs like it, others, not. It takes seven years to really build a business to scale, and we will choose businesses where we can join the board even in the Chairman capacity, to drive decisions on roll-ups. This isn’t like venture capital, where you back numerous startups and hope you get one homerun. We will not drift from the equity growth model where we will pick SMEs which are in the industrial and technology space, in precision engineering, software to hard tech or B2B enterprise business.”

And because the deal pipeline is quite full, Wai San expects to return to the market for Fund 3 in two years. By which time, James believes his role in fundraising would be greatly diminished.

Register here join us for a ‘live’ interview with Wai San at 1000 SGT on Friday, 22 January, 2021.

BMS Launches in Asia

BMS Group launches Asia operations in Singapore and proposed operations in Hong Kong, pending regulatory approval, with Private Equity, M&A and Tax practice

Founded in 1980, BMS Group is an independent employee-owned specialist insurance and reinsurance broker. It has launched business operations in Asia with a seasoned and highly rated team to build up a Private Equity, M&A and Tax (PEMAT) practice. Sandra Lee, CEO, who brings with her more than 16 years of legal, M&A and insurance experience, tells us about the beginnings of BMS Asia and what the future of M&A insurance will hold for the Asian market.

Q: Can you tell us more about BMS and the ambitions in Asia, particularly given the challenging backdrop?

BMS started as an independent, employee-owned broking and advisory company and while it has evolved successfully with a global presence, it has not wavered from its core values and an emphasis on strong personal relationships with employees, clients, insurers and other contacts, which we as a team strongly identify with.

Some may consider launching a business like ours in the current climate a bold move, but for BMS this is just the latest stage in the strategy to provide clients with a competitive and diverse, globally integrated offering by establishing scalable hubs in the key insurance markets around the world. BMS's blueprint is proving to be resilient as the firm continues to deliver impressive business growth globally, despite the challenging circumstances.

A key reason for setting up the business was complaints from clients about the lack of options after the recent consolidation in the insurance broking market. Hopefully, BMS' entry to the Asian markets would be a breath of fresh air. We're confident that our strategy of hiring high-quality broking talent with local expertise and a global perspective will resonate well with clients in Asia.

We're ambitious and aim to build the leading M&A and Tax broking firm in Asia. With the support of BMS' long-term investors British Columbia Investment Management Corporation and Preservation Capital Partners, we intend to grow our Asian footprint organically by building our network, strategic talent acquisition and – who knows? – potentially M&A activity of our own.

Q: How do you distinguish yourself from other brokers in this area?

One word – expertise. With senior members of the team each bringing more than a decade of experience in the legal, tax and insurance industries to the table, we've built up our reputation in the Asian market for having the requisite technical expertise and knowledge. As a leading independent broker, we can offer a genuine alternative to the world's largest intermediaries and our independence gives us the freedom to be innovative and entrepreneurial and thus pursue the very best solutions for our clients. This provides our clients with an advantage in the highly competitive M&A ecosystem.

Q: What are some M&A risk solutions trends that you are seeing in Asia?

M&A risk solutions have evolved in the US and Europe but in Asia, it is still early days. Asian buyers have traditionally been aware of the risks involved in acquiring M&A targets but not how such risks could be transferred to the insurance market in a cost-efficient manner. We expect solid growth in our main insurance solutions Warranty & Indemnity Insurance (**W&I**), Tax Liability Insurance (**TLI**) and Contingent Risk Insurance (**CRI**) as M&A practitioners in the region become more familiar with the solutions and their strategic uses.

Private Equity funds have been and will remain key users of our solutions although there has been an uptake in the use of our solutions by corporates and pension funds, as part of a trend of managing corporate risks prudently.

Q: What are some factors accounting for those who may be hesitant to adopt these solutions?

We've observed that there are some who choose to self-insure, simply falling back on warranty protection in the sale agreement rather than having to incur premium costs. This begs the question, when does M&A insurance move from one end of the spectrum where it is seen as an unnecessary cost, to the other end where it is recognised as changing the dynamics and adding real value to the transaction?

It is not an easy analysis as several factors influence this decision. First, each M&A transaction is unique - no two companies or acquisitions share the same exact risk profile. Second, due to the confidential nature of the industry, there is limited public information on insurances being taken out, scope of coverage and claims statistics. Third, the risks undertaken by the insurer are unknown and contingent, which render the cost-benefit analysis imperfect. Some M&A deal makers fill this gap by reasoning that the risk is negligible, since no such risks had materialised in past transactions.

However, M&A players should bear in mind that the cost and coverage of M&A insurance are in constant flux as the industry continues to adapt. A fresh cost-benefit analysis should be undertaken for each transaction, bearing in mind unknown factors and differences in coverage for each transaction. More importantly, dealmakers should consider how such insurance coverage could be expanded to tip the cost benefit analysis.

Q: Can any of the solutions be used in a non-M&A context?

It follows that our solutions, especially TLI, are now increasingly used in a non-M&A context. The potential for TLI is great as corporates are facing an extremely uncertain tax environment. There is a 'perfect storm' on the way with (i) the aftermath of the COVID-19 pandemic with a sharp decline in tax revenues for governments; (ii) greater exchange of information among tax authorities, (iii) a strong uptake in the number of tax audits and disputes; and (iv) a rapid digital transformation of business models creating new tax risks. Corporates are looking for innovative strategies to eliminate their tax risks and TLI is the answer to that.

More information on our team and offering can be found on www.bmsgroup.com/asia

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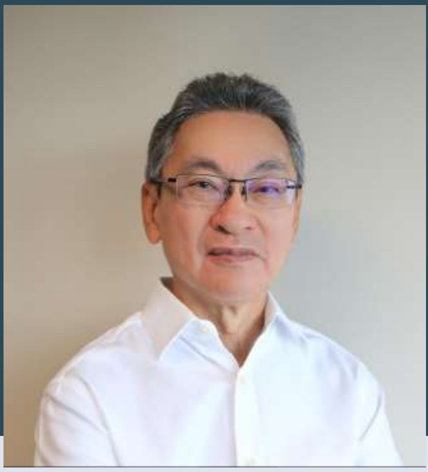
In Conversation with Altara Ventures



Homegrown private equity fund manager Credence Partners was rebranded to Altara Ventures in September 2020 with two former partners from B Capital Group – Dave Ng and Gavin Teo. The duo, who have worked in Silicon Valley will join the managing partners from Credence – Tan Chow Boon and Seow Kiat Wang and chairman Koh Boon Hwee, a prominent businessman who's chaired DBS Bank, Singapore Telecommunications, SIA Engineering, and sat on numerous boards.

The trio in 1991 founded Omni Electronics which was listed in 1997, and sold in 2001 for $890 million. Fast forward to 2006, they founded Credence Partners which announced in March 2020 its plans to launch its first venture fund. Six months later, Altara Ventures was formed, bringing together Gavin, Dave who overlapped at B Capital for less than five years, Kiat Wang and Chow Boon, and Boon Hwee who have worked together for 35 years across multiple platforms. SVCA interviewed all five General Partners on 23 December, 2020, to understand how they came together.

SVCA: How did the two teams come together to form Altara Ventures?

Koh: We came to understand that Kevin and Dave were preparing to leave whatever they were doing to raise a fund. And we were also raising our first venture capital fund. After having gotten to know them for the last 6 to 8 months, we could probably go and do it separately, but I guess you need to have some diversity and because we got along well together, we thought that we should just combine and do it all together and then upsize our fund. We were going to be quite happy with raising $100 million. And now, I think we are a little bit more ambitious than that.

SVCA: Where are you on your fundraise?

Tan: Our first close was $50 million and then we will have another close, by which time, we should at least hit half our target of $150m. We have a hard cap at $200m.

Koh: The tech scene in this part of the world is not like China, where I think companies are going to scale much faster, much larger, and because they started more than 10 years ago. Southeast Asia in my view, is probably about 10 years behind, 10 to 15 years behind. And the geography is a little bit more difficult to manage because it's not a single homogeneous market.

Whatever enterprise you're backing has got to have some regional ambitions, but then we're not dealing in a single country like the United States or China. We're dealing with Indonesia and the Philippines and Vietnam, and everyone had got slightly different nuances, so I think you need to be a little bit more careful about the size of the cheques that you are writing.

SVCA: Do you see SE Asia replicating China's success?

Koh: China is a very unique market, and I'm not 100% certain that Southeast Asia will be on the same trajectory or train path, but we do think that technology investing in Southeast Asia, the timing is probably better today than 10 years ago.

SVCA: With Altara Ventures, what happens to Credence Private Equity?

Tan: Our fund investment period is over. We have four companies left, three listed, and one is making plans for corporate action. Once we complete that activity, we will only focus on the VC fund. There are no current plans to raise a follow-on fund to Credence.

We thought it best to do one thing, and one thing very well. So we thought the VC opportunities in this part of world will be tremendous. That's our view, and we should not miss this cycle.

SVCA: Is that why you pivoted from PE to VC?

Koh: From my perspective, it isn't really much of a pivot. What happens is that, at least for the three of us, our background is actually industry and manufacturing. We're very familiar with growing a company from almost ground up coming out of our experience in Omni Industries, which is a company that we started from scratch, essentially (in 1991) and then eventually sold it in 2001. We wouldn't do that again though (laughs).

If we do it again, we will acquire a company and then start from there, saves us the first two or three years. We're very familiar with that process of building and divesting a company and it made sense that when Credence was started we would continue to focus on companies like that, and that was the rationale for the Credence Private Equity Fund that we set up.

But it isn't a pivot because all this time in our personal capacity we've been making seed and angel investments; so if you look at the combined portfolio of the three of us over the last ten to 15 years, they would total 120 or 130.

Investing seed and angel rounds means half of them will fail. Sometimes, you see some of the ones that are successful, but the public never sees all the ones that fall by the wayside. One of our successes is obviously Razer. Only with hindsight it looks as though that is a great investment but people forget that when we first invested, the bottom red line scared everybody. They had something like $15 million in revenue and $30 million in losses. So it was very tough at that point in time for them to raise the money. And also it was a very long gestation, from the time we invested up to the time the company IPO was 14 years.

That's one of the advantages of being a private investor. You don't have a life to the fund. You can stick through it if you believe in it.

And because we are seed and angel investors, the Series A and Series B for example, are always invested by institutional funds, but in doing some of the analysis of the work that we have done, we came to the conclusion that you know, while we are very disciplined in maintaining our angel and seed investments, our economics would be better if we were able to follow on in the A and the B financing rounds and that was the genesis for this.

SVCA: Why only now? Isn't the VC market here a bit crowded vs the growth opportunity set Credence was targeting?

Koh: Because we now have the benefit of hindsight, and have analyzed the data. And while there may still be opportunities in industrial /manufacturing PE, we thought the VC opportunities in this part of world will be tremendous and we should not miss this cycle.

Seow: The VC investment approach is also a bit different, in that you often syndicate the deals, unlike the PE deals where you tend to be a single party investing into that deal. In a market where there are very few players, opportunities may also be few and far between.

SVCA: How would you distinguish PE vs VC?

Koh: Frankly it's continuum, the lines have always been blurred. In the investment business, we like to draw hard and fast lines between asset classes, but in reality it doesn't actually work that way. Look for example at a company like Razer: the skills that are required today is primarily private equity skills. How to grow the business, how to scale it up. It's got nothing to do with startup anymore.

So when you ask the question, 'why did you decide to do A versus B?' it isn't because there are no opportunities in private equity, it is just that we believe anyway that you are going to do something, you ought to just focus, as opposed to trying to do too many things because the skill set is slightly different. The kind of people that you would have, the kind of people that we would work with and have on board for private equity versus venture capital will also be different.

L to R: Seow Kiat Wang, Dave Ng, Koh Boon Hwee, Gavin Teo, Tan Chow Boon

SVCA: Why raise a venture fund when there is greater freedom to being an angel or seed investor, with no accountability to third party LPs? Why not just raise money through a SPAC?

Koh: I think if you don't want to do that, you shouldn't be in this business. I'm not 100% convinced, for example, that in spite of the flurry of SPACs going on right now, that that will eventually turn out to be a good formula for the investors. I think it's a very good formula for the promoters. When the bloom wears off, do I believe, for example, that valuations in the SPAC world today are realistic? I frankly don't.

SVCA: How do you know this partnership is going to work?

Koh: We don't. But we have our convictions. How do you know when you get married it's going to work? It's a conviction, right? You can't predict the future.

Seow: I would say Boon Hwee is a very good coach, leader. Chow Boon and I started out working for him at HP. We would know, and after a while you adjust to one another and it helps that we don't have a super ego within the group, and we accommodate another. With Dave and Gavin, we spent part of this year doing the integration. We held discussions about how we're going to manage the firm, values and then after that, you know. Thereafter, we announced the decision to the rest of the employees, helping everybody make the adjustment and transition. So far, it's worked out very well.

Dave: We all come from a technology background. We always look at the core merit of what we're trying to do, our vision. And you know this is a group of people that we respect and that we genuinely want to work with. I think that is the foundation of the consideration, at least for me.

Gavin: If I have half as much energy as these three gentlemen on any given day, I feel very lucky. What we bring to the table where we want to build collectively as a firm.

Koh: When it comes down to the investment committee meetings, all five of us are there, and we have equal votes. It doesn't matter what deal you did. We usually try to make it unanimous.

It doesn't matter if it's four to one, if that one is really, really strongly against something... investmen topportunities are like buses. You miss one, there will be another.

Finally, this is what I believe: When you leave home in the morning, you check your ego. And when you leave work in the evening whatever happened, and the arguments you have, you trash it in the dustbin before you leave the office. Then you will work out perfectly. It's as simple as that.

People

Blackstone loses Kishore Moorjani

Kishore Moorjani, 48, has left The Blackstone Group as Asia head of Tactical Opportunities, after nine years. He will be succeeded by a senior partner who will relocate from New York to Hong Kong. Moorjani is the third senior managing director departing from Blackstone in Asia since last month, according to Bloomberg.

Before Blackstone, Kishore was the Founder and CIO of Credit Asia Capital, a special situations investment firm he established in partnership with the Blackstone Strategic Alliance Fund. Prior to that, he launched the Asia business for D.B. Zwirn, a $5 billion special situations investment firm, and worked at Colony Capital in Asia.

Wang leaves L Catterton

Wang Jun, a Partner at L Catterton Asia, has resigned from the private equity firm to form a new China-focused early stage consumer fund initiative. Wang joined L Capital Asia as a senior vice president in 2010, before L Capital Asia was merged to become L Catterton in 2016.

SquarePeg adds second Partner in SG

Square Peg has added Piruze Sabuncu as a second Partner to focus on Southeast Asia where the Australian VC hopes to ramp up its investments after raising $450m for a fourth fund. Piruze will join Tushar Roy who moved to set up the new Singapore office in August 2020.

The former McKinsey consultant was also head of Southeast Asia and Hong Kong at Stripe, a technology company that starts and scales internet businesses for almost five years.

OTPP moves Amit Sobti

Amit Sobti, director of private capital at Ontario Teachers Pension Plan has transferred from Hong Kong to Singapore in mid December. Amit is the first member of OTPP's private equity (direct investing) team in the new Singapore office, which opened in September 2020. Prior to joining OTPP in 2016, Amit was at Unitas Capital in Hong Kong and Warburg Pincus in New York.

Temasek hires from IKEA

Temasek has hired IKEA's chief sustainability officer Steve Howard to head its sustainability and stewardship group. Steve, who will take over from Robin Hu, served on IKEA's executive group management 2011-2017. Steve is also a cofounder of We Mean Business, a group that works with businesses to slash emissions.

Hamilton Lane returns to SG

Investment consultant Hamilton Lane has transferred Zhang Xiaying, who is responsible for business development from Hong Kong to head its new Singapore office. The move marks a return to Singapore after Hamilton Lane in 2004 appointed Alain Vandenborre, then also Chairman of SVCA, to lead the firm's business development efforts in Southeast Asia.

Zhang will be joined in Singapore by Jensen Tam, vice president of relationship management. Prior to joining Hamilton Lane in 2016, Zhang was with BNP Paribas' Global Markets Institutional Solutions Sales team.

Deals

CVC Busy in SE Asia

CVC Capital Partners has agreed to buy Irrawaddy Towers Asset Holding, Myanmar's largest telecom tower company, in a $700m deal, marking buyout firm's foray into the Southeast Asia country. The privately-held company has close to 4,000 towers across Myanmar, according to a statement.

In what has become the third investment in the country, CVC has agreed to invest up to $124m for a 40% stake in The Fast Group, a Philippines-based end-to-end logistics group from CVC Capital Partners Asia IV.

Founded by the Chongbian family in the 1970s, Fast Group has its roots in William Lines, a shipping company that was listed in the 1990s.

Brice Cu, Managing Director, CVC Capital Partners, said the fund agreed to invest in the business in 2019 and had been working closely with the business for a year in building a pipeline of attractive acquisition opportunities.

TPG, Northstar invest into Japfa

TPG and Northstar Group have invested $236m for 80% of Indonesia's agri-food company, Japfa's Southeast Asia branded dairy business, which the latter will continue to own 20% stake in. The disposal of a majority stake in the SE Asia dairy business will enable Japfa to focus on fast expanding China dairy, Indonesia's poultry and Vietnam's swine businesses. Last year, Japfa sold a 25% stake in its China dairy farm business to Meiji for $254.4m.

"Based on both these strategic partnership transactions, the combined implied equity value of the dairy businesses across China and Southeast Asia is over $1.3 billion," according to Japfa CEO, Mr Tan Yong Nang.

Gojek, Tokopedia in $18b merger talks

Indonesia's Gojek and Tokopedia are in advance talks to merge ahead of a planned IPO. The leading ride-hailing and e-payment platform and the local e-commerce pioneer are valued at $10.5b and $7.5b respectively, or $18b merged. Indonesia's two most valuable unicorns have considered a potential merger since 2018, but discussions accelerated after merger talks between Gojek and rival Grab reached an impasse, sources told Bloomberg.

GIC ploughs more into Vingroup

GIC has led a consortium to invest VND 4.7 trillion or $203m in Vietnam's Vingroup private hospital developer and operator to expand Vinmec (VMC) medical network. GIC will receive a share of income from VMC, proportionate with its equity interest, whilst Vingroup will continue to reinvest all income into the business.

GIC has also emerged as the most active state-owned investor globally in 2020, according to Global SWF, a financial firm that tracks the activity of state-owned investors. The same report noted that GIC invested $17.7b in 65 transactions, ahead of $15b for 33 investments deployed by Canadian Pension Plan or CPPIB. Temasek was identified as top tech investor with $2.3b invested especially in ecommerce and life sciences.

Asia Partners led $30m financing in Carsome

Carsome, a used car platform has raised $30m in its latest Series D financing round led by Asia Partners, and joined by existing Carsome investors, which includes Burda Principal Investments and Ondine Capital.

Carsome is based in Malaysia with operations in Singapore, Indonesia, and Thailand. It has a regional network spanning 6,000 car dealerships. It is also a platform that connects auto dealers with individual vehicle sellers. Carsome has reportedly doubled its monthly revenue in the last six months. Carsome Group's CFO said the business has achieved operational profitability ahead of its earlier projections in October 2020. Rival Carro secured $110.5m in debt financing from Mitsubishi Corporation and MS&AD Ventures in the same month.

Funds

Axiom Asia VI closes at $1.8b

Axiom Asia has raised $1.8 billion to close its sixth fund-of-funds at its hardcap. The sixth flagship FoF invests into primary funds, secondaries and co-investments. Michigan Retirement Systems committed $50 million to Axiom Asia VI. Other LPs include Metropolitan Government of Nashville & Davidson County and State Teachers Retirement System of Ohio.

Singapore-based Axiom is currently raising Axiom Asia Opportunity Fund, a secondaries fund, and Axiom Asia Co-Investment Fund II.

Mekong raises $246m for Vietnam

Mekong Capital has raised $246m for a fifth fund, Mekong Enterprise Fund IV (MEF IV) more than double its predecessor, Mekong Enterprise Fund III ($112m). MEF IV will continue to make growth equity investments in Vietnam, with a focus on retail, education, restaurants, consumer services, FMCG, and health care. MEF IV has a expects to about twelve investments, each ranging from $10m to $35m.

Heritas eyes $30m fund

Heritas is looking to raise $30m for an impact fund that will focus on seed and Series A opportunities in healthtech, edutech and foodtech. Founded in 2013 as a fund management arm of IMC Group, Heritas Venture Fund II will be raising more third party capital than the existing fund had. The maiden fund, launched in 2017, has invested in ten startups. In the most recent transaction, Heritas led a $3m round in Cakap, an Indonesian edtech startup.

UOB scoops $60m for impact

UOB Venture Management and Credit Suisse have raised more than $60m at the first close of Asia Impact Investment Fund II. This second impact fund, which has a $100m target, will make investments ranging from $1m to $15m in agriculture, education, healthcare and logistics, or on improving the accessibility of affordable housing, sanitation, clean water and energy.

KKR raises more than $18b for Asia

KKR has amassed more than $18 billion across three Asia dedicated fund vehicles. The US buyout firm has secured $3.9 billion at the final close of its inaugural Asia Pacific Infrastructure fund to invest across emerging and developed markets in sectors including waste, renewables, power and utilities, telecommunications and transportation infrastructure. The Fund closed at its hard cap to become the largest pan-regional infrastructure fund to have been raised for Asia Pacific. KKR invested approximately $300m alongside external investors through its balance sheet and employee commitments.

In addition, KKR also closed its first Asia dedicated real estate fund at $1.7b. Since 2011, KKR has invested more than $1.5b of equity in approximately 20 real estate transactions.

These funds come on top of $13b collected for KKR Asian Fund IV and parallel fund vehicles from 260 investors, according to a SEC filing in October 2020. The fund has a $12.5b target.

FMO proposes $15m for Archipelago

Dutch entrepreneurial development bank FMO is proposing a fund commitment of $15m for Archipelago Asia Focus Fund II. The fund managed by Singapore-based Archipelago Capital seeks control or buyout opportunities three sectors: (i) consumer goods and services, (ii) financial services, and (iii) industrials and logistics in Indonesia, Thailand, Malaysia and the Philippines.

Last October, FMO approved a $6m investment, alongside DEG which committed the same amount, as part of a COVID Liquidity Injection Plan to support Falcon House Partners Fund I portfolio companies in healthcare, retail, F&B and hospitality.

SPACtacular start to 2021

2020 has been hailed as Year of the Special Purpose Acquisition Company (SPAC) due to an extraordinary record-breaking 248 SPACs raising $83 billion. This accounted for 40 percent of the total IPO market in the US in 2020, and represents a 600% surge in one year. Last year's SPAC fever has certainly set the tone for a 'SPACtacular' start to 2021, with 35 blank cheque companies raising $9.17 billion in less than two weeks into the new year, according to data from SPACInsider.

Vickers Ventures, Softbank Investment Advisers (manager of Softbank Vision Fund), Provident Growth and Ivanhoe Capital collectively have raised nearly $1.2B in 2021. Pacific Century and Thiel Capital's second SPAC is expected to raise a further $200m after a first SPAC by the same sponsors, Bridgetown Holdings raised $550m in October, and explored a $10b acquisition of Tokopedia. (See Tokopedia's latest merger discussion on p12).In September 2020, Ravi Thakran and L Catterton raised $225m for Aspirational Consumer Lifestyle Corp, and as the name of the SPAC implies, the blank cheque company is looking at acquiring an aspirational consumer brand.

SPAC is not new

SPAC has been around since the1980s, according to MarketWatch. SPAC has not always been popular, as success has been patchy, but private equity came into the picture over the last decade as sponsors, lending credibility to the 'blank cheque company' concept, and arguably underpinning the 2016-2019 upward trend that cumulated in 2020 blockbuster.

We asked Jeffrey Chi, a sponsor of Vickers Vantage I (trading under the ticker symbol "VCKAU" on Nasdaq) why Vickers Ventures joined the SPAC bandwagon.

"VC- backed companies tend to stay private a lot longer as the traditional path towards an IPO is not a short process and market sentiments can shift very quickly these days. This means that the IPO process is a risky endeavour to pursue. A SPAC is a useful instrument to shorten the time towards a public listing, as it only requires the shareholders of both the SPAC and the target to agree. I believe there is a gap in the market for this type of financing. As a VC fund managers, this also acts to provide our LPs shorter time to monetising. In the course of us funding an investment, that investment will already be liquid by the time we consummate the transaction."

"Backdoor" to IPO a company

SPACs are perceived to be a "backdoor listing", giving private companies such as Tokopedia and Traveloka a way of getting listed more quickly. A SPAC mitigates the risks that an IPO process contains and brings to IPO high quality businesses that have stayed private longer than necessary.

Unlike traditional "backdoor listings", SPACs are created for the purpose of merging with a target. SPAC managers, are therefore expected to find quality investments that will do well in the public markets. The order is just reversed vis-à-vis traditional IPOs. SPACs actually create competition to the traditional IPO process and the way shares are distributed to the public markets. This means that more quality companies can access public investors more quickly, at lower cost and lower risk.

Conflict of interest for GP-sponsored SPACs

Jeff Chi does not believe there is a conflict of interest. SPACs, like funds, are an investment vehicle, and a typical PE or VC manager tends to manage multiple funds. Fund managers would need to demonstrate that the SPAC would not compete with the funds for deals and resources. Potential conflicts of interest can arise if the SPAC's target is a portfolio company of the sponsor manager. However, there are other shareholders in both the SPAC and the portfolio company, so their collective vote will ensure that the deal is reasonable. It is also not uncommon for listed companies to enter into related party transactions as long as these are fully disclosed with third party advisors and independent valuations, Jeff Chi explained.

SPAC Economics: Sponsors Capital at Risk

The sponsors provide the initial capital which goes towards expenses such as incorporation, legal, accounting and underwriting fees. Unlike IPO investors, SPAC sponsors' capital is not redeemable. In the event a deal is not consummated within the stipulated two-year timeframe, SPAC sponsors lose that capital. In exchange for the risk and the work SPAC sponsors undertake, they typically receive a 20% promote.

SPACs here to stay?

While there remains a great deal of scepticism toward SPACs given the exuberance, there are also fans including Apollo founder Josh Harris who believe that the SPAC trend "is here to stay." Apollo has raised its own SPACs and also exited positions in companies through these blank cheque companies.

SVCA asked the Singapore Stock Exchange it would consider offering SPAC, given its popularity.

"We have had the benefit and experience of observing other jurisdictions that have listed SPACs over the last decade. However, we will consider its viability carefully and how we could encourage this structurally. It is possible that we will have a public consultation as early as this quarter," Mohamed Nasser Ismail, Head of Equity Capital Markets said in response to SVCA's query.

ASEAN Fundraising at a Glance – Q4 2020

ASEAN Fundraising at a Glance - Q4 2020

ASEAN-Based Private Equity & Venture Capital Funds Closed in Q4 2020 (As at December 2020)

Fund	Firm	Headquarters	Fund Type	Fund Size (mn)	Final Close Date
Axiom Asia VI	Axiom Asia Private Capital	Singapore	Fund of Funds	1,800 USD	Nov-20
Novo Tellus PE Fund 2	Novo Tellus Capital Partners	Singapore	Buyout	250 USD	Dec-20
Ascent Myanmar Growth Fund I	Ascent Capital Partners	Singapore	Growth	88 USD	Nov-20
AMASIA CIV T4	Amasia VC	Singapore	Venture (General)	30 USD	Nov-20
LuneX Ventures	Golden Gate Ventures	Singapore	Early Stage: Seed	5 USD	Dec-20
Nalanda India Equity Fund	Nalanda Capital	Singapore	PIPE	-	Nov-20

Source: Preqin Pro

Largest ASEAN-Based Private Equity Funds in Market (As at December 2020)

Fund	Firm	Headquarters	Fund Type	Target Size (mn)
Sino-Singapore (Chongqing) Connectivity Private Equity Fund	UOB Venture Management	Singapore	Growth	20,000 RMB
Navis Asia Fund VIII	Navis Capital Partners	Malaysia	Buyout	1,750 USD
Gateway Fund II	Gateway Partners	Singapore	Growth	1,000 USD
Northstar Equity Partners V	Northstar Group	Singapore	Buyout	800 USD
Makara Innovation Fund	Makara Capital Partners	Singapore	Growth	700 USD
Ascenta V	Affirma Capital	Singapore	Buyout	500,000 KRW
Lion-OCBC Capital Asia Fund II	LionGlobal Capital Partners	Singapore	Growth	400 USD
Foundation Private Equity Fund	Foundation Private Equity	Singapore	Secondaries	300 USD
Ikhlas Capital	Ikhlas Capital	Singapore	Growth	300 USD
Jasmine Private Market Fund I	JI Capital Partners	Singapore	Growth	300 USD
KV Asia Capital Fund II	KV Asia Capital	Singapore	Buyout	300 USD
Tembusu Guizhou Baijiu Fund	Tembusu Partners	Singapore	Growth	300 USD
Archipelago Asia Focus Fund II	Archipelago Capital Partners	Singapore	Buyout	250 USD
AIGF Fund II	AIGF Advisors	Singapore	Growth	200 USD
Arthit Capital Fund	Arthit Capital Management	Singapore	Growth	150 USD
Ocean Fund	Circulate Capital	Singapore	Hybrid	150 USD
Venturi Partners Consumer Fund	Venturi Partners	Singapore	Growth	150 USD
Vietnam Growth Investment Fund	SSI Asset Management	Vietnam	Growth	150 USD
Axiom Asia Co-Investment Fund II	Axiom Asia Private Capital	Singapore	Co-Investment Multi-Manager	-
Axiom Asia Opportunity Fund	Axiom Asia Private Capital	Singapore	Secondaries	-

Source: Preqin Pro

Largest ASEAN-Based Venture Capital Funds in Market (As at December 2020)

Fund	Firm	Headquarters	Fund Type	Target Size (mn)
Asia AgriTech Fund	Vanda Global Capital	Singapore	Venture (General)	1,500 USD
Japan Israel High Tech Ventures 2	Chartered Group	Singapore	Early Stage: Start-up	500 USD
Vickers Venture Fund VI	Vickers Venture Partners	Singapore	Venture (General)	500 USD
Xeraya Opportunity Fund	Xeraya Capital	Malaysia	Venture (General)	400 USD
MDI Seed Stage Fund	MDI Ventures	Indonesia	Early Stage: Seed	300 USD
Asian GreenTech Fund	Malaysia Venture Capital Management	Malaysia	Venture (General)	200 USD
Golden Gate Growth Fund I	Golden Gate Ventures	Singapore	Early Stage: Start-up	200 USD
Openspace Ventures III	Openspace Ventures	Singapore	Early Stage	200 USD
Openspace Ventures Opportunities Fund	Openspace Ventures	Singapore	Expansion / Late Stage	200 USD
Socialpreneur Growth Fund	Gomif Partners	Singapore	Early Stage	200 USD
Altara Ventures I	Altara Ventures	Singapore	Early Stage	150 USD
Visvires New Protein II	New Protein Capital	Singapore	Early Stage	150 USD
Hatcher+ H2 Fund	Hatcher+	Singapore	Early Stage: Seed	125 USD
Sistema Asia Fund	Sistema Asia Capital	Singapore	Early Stage: Start-up	120 USD
Gayo Capital Fund I	Gayo Capital	Singapore	Venture (General)	100 USD
Monk's Hill Ventures Opportunities Fund	Monk's Hill Ventures	Singapore	Early Stage	100 USD
Qualgro Fund II	Qualgro	Singapore	Early Stage	100 USD
SEACap Healthcare Fund	SEA Investment Capital	Indonesia	Venture (General)	100 USD
SPiCE	Spice Venture Capital	Singapore	Early Stage: Seed	100 USD
iGlobe Platinum Fund III	iGlobe Partners	Singapore	Early Stage	100 USD

Source: Preqin Pro

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