

28 Jan 2010 00:00 GMT

Axiom Asia raises \$950m for second fund of funds

The Singapore-based fund of funds manager exceeded its target of \$750m and had indications of interests worth more than \$1.1bn.

Siddharth Poddar, PE OnLine

Axiom Asia Private Capital has raised \$950 million for Axiom Asia Private Capital Fund II, its second fund of funds, exceeding its target of \$750 million. The fund was oversubscribed and the firm said it had indications of interest exceeding \$1.1 billion but closed on its \$950 million hard-cap.

Founded by professionals who formerly worked at the Government of Singapore Investment Corporation, Axiom closed its debut fund of funds on \$440 million in March 2007. That fund is fully committed, Yewhong Goh, managing director at Axiom, told sister news site *PEI Asia*. He declined to comment on the number of managers Axiom has backed in the region.

Axiom saw 98 percent of its investors from the first fund return as limited partners in Fund II and investments of more than \$400 million from new investors. The firm's fundraising traction is a reflection of investors' positive view of the Asian private equity market, Axiom's team and the performance of its first fund, Goh said.

The fund was placed by Probitas Partners.

Axiom II will invest in buyout, venture capital and growth capital funds. Like its predecessor, its core focus is on funds investing in Greater China, India and Japan, but it will also make commitments to funds investing in Southeast Asia, Korea and Australia.

Axiom will target commitments of up to \$100 million and will focus on mid-market country-specific funds in order to capitalise on the inefficiencies in the emerging Asian private equity market, Goh said. He added that the firm would be a lot more selective with large funds because there are fewer inefficiencies at the large end of the deal spectrum and most transactions are completed through auction, with winners typically paying the highest price.

Some 15 percent to 20 percent of the first fund's capital was invested in secondary transactions. Goh said that while there is "no pressure" to do secondaries, the firm anticipates a strong year for secondary deal flow in 2010 and does not rule out committing a higher percentage of this second fund to the

strategy. Co-investment opportunities will also be sought by the fund. Overall, the firm anticipates a quiet year for fundraising in Asia. Chihtsung Lam, also managing director, explained that the impact of the financial crisis on fundraising had happened “in a lag”. Firms that were running out of capital at the time of the Lehmans collapse had no choice but to go to market in 2009, whereas others were able to put fundraising plans on hold. As such, he predicted, 2010 will be a slower year for primary fund investment.

“Fundraising will pick up in 2011,” he stated. “For us [in 2010] it will be partially compensated by the secondaries market and co-investment opportunities.” Axiom’s team is headed by managing directors Goh, Lam, and Edmond Ng, all of whom earlier worked together at GIC Special Investments, the private equity unit of the Singaporean sovereign wealth fund. Marc Lau and Chris Loh, investment directors at Axiom, were also formerly at GIC Special Investments. The firm currently has a team of 10 investment professionals.

The firm now manages about \$1.4 billion, making it among the largest independent homegrown fund of fund managers in Asia alongside Hong Kong-based Asia Alternatives, which closed its second fund in November 2008, also on \$950 million.