



## **With \$1 Trillion on Hand, Private Equity Set to Deal**

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Private equity firms have more than \$1 trillion (€760bn) available for dealmaking this year after the industry achieved the second highest level of fundraising on record last year.

Private equity firms held final closes for 768 funds last year, raising \$554bn, according to research group Preqin.

The new funds raised supplemented the uninvested capital available from earlier vehicles, bringing overall firepower to \$1.02 trillion according to Preqin calculations. Buyout funds account for the biggest chunk of that figure, with \$472bn in available capital.

Much of this is concentrated in funds controlled by the 10 largest buyout firms – they have \$197bn in uncalled capital available according to Preqin, equivalent to 19% of the global total across all fund types.

The total amount of capital raised last year was the second highest amount on record, behind the \$625bn raised in 2007 and ahead of the \$525bn raised in 2006.

Buyout funds raised the most capital, with \$216bn of the total, although venture funds were the most numerous, with 217 funds compared to 170 buyout vehicles. Firms raised 166 real estate funds worth \$116.8bn, the second largest total.

In geographic terms, the US topped global fundraising activity. US-based groups raised 390 funds worth a combined \$318.1bn, compared to 203 worth \$143.6bn in Europe and 175 worth \$92.2bn in Asia and the rest of the world.

Despite a difficult fundraising environment with some investors seeking to rein in allocations to the asset class or renegotiate existing commitments, the pipeline of forthcoming funds looks strong. There are currently 1,684 targeting a combined \$888bn in commitments on the road as of January, Preqin said.

Tim Friedman, a spokesman for Preqin, said: "Conditions are not as promising as in previous years, but a well thought out strategy can still yield results even in these challenging times. Far from being put off as a result of the dramatic events in the market in recent months, the majority of investors remain positive towards private equity."

Friedman sounded a cautionary note for future fundraisings, however: "Many investors are currently not in a position to be making new investments, but we expect that as market

conditions settle many will be able to re-enter the market. However, in many cases the scale and size of investments will have been cut back, and there will not be enough capital available to fulfill the fundraising objectives of all managers currently on the road. We expect that while some managers will be able to close funds on target, we will also see increasing instances of fund targets being lowered, and even instances of fund managers postponing or abandoning their efforts until the market becomes more receptive.”