

# Asia-Pacific Fund Finance Symposium— A Two-Part Summary

**September 26, 2019**

On 25 September, Debevoise sponsored and moderated a panel at the Asia-Pacific Fund Finance Symposium hosted by the Fund Finance Association in Hong Kong.

Below is the first of a two-part summary of a few key topics discussed during what was an enlightening day for all those in attendance.

## THE ASIAN MARKET—RELEVANT TRENDS

- **Asian economies:** Asia remains a growing market, led by China, but other countries in Asia are increasingly important. With trade friction globally, there is a view that country economies globally are decoupling, and this may be an opportunity for individual companies to take centre stage.
- **Private capital assets:** Asian assets under management have risen materially in the last few years. This growth is accelerating. Much of the increase stems from private equity but also infra and private credit.
- **Fund-raising:** Over the last 10 years up to 2018, there was a consistent boom in private capital fund-raising. There was a market drop last year (of 50%) due to Chinese internal leverage tightening and the impact of global trade disputes. 2019 fund-raising in Asia is positive again.
- **Private equity:** There is growing appetite for Australian buyout deals (whereas China-based activity has dropped off since 2018).

## VIEWS FROM ASIAN FUND SPONSORS

- **Financing approach:** Depending on fund strategy, LPs may support a combination of subscription lines and NAV lending by Asian GPs. GPs in Asia are

aware that they should consider financing needs at the fund-raising stage. The LPA should fit the finance strategy for a fund and match the understanding of GP and LPs.

- **Jurisdictions for fund-raising:** Cayman remains the key legal jurisdiction for fund-raising of Asian funds. Singapore and Hong Kong would need to open up from a legal perspective to be competitive as jurisdictions to raise funds.
- **Non-bank lenders:** GPs are aware that there are non-bank lenders emerging in the Asian fund finance market. With various new banks also in the market, the availability of capital for GPs in Asia is healthy.
- **Syndication of facilities:** GPs have historically preferred bilateral loans. Deals will be syndicated more broadly in Asia only where GPs see a need, which will likely be driven by increasing fund size and related facility size.
- **ILPA:** LPs in Asia are increasingly recognising that the ILPA principles are not prescriptive, and there is no one size fits all. Sovereign wealth funds in Asia were in any event asking for increased disclosure by GPs even before the ILPA guidelines.



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