



Industry Statistics

Q3 2017

Emerging Markets Private Capital Fundraising and Investment

About EMPEA

EMPEA is the global industry association for private capital in emerging markets. We are an independent non-profit organization. We have over 300 member firms, comprising institutional investors, fund managers and industry advisors, who together manage more than US\$1 trillion of assets and have offices in more than 100 countries across the globe. Our members share EMPEA's belief that private capital is a highly suited investment strategy in emerging markets, delivering attractive long-term investment returns and promoting the sustainable growth of companies and economies. We support our members through global authoritative intelligence, conferences, networking, education and advocacy.

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Announcements & Acknowledgements

Important Update to EMPEA's Research Methodology

Please note that this release incorporates several changes to EMPEA's research methodology. Afghanistan and Pakistan are now included in Emerging Asia, rather than MENA, regional totals. In addition, unless otherwise specified, EMPEA's data and statistics now include expanded coverage of private infrastructure and real assets and private credit funds, in addition to previously reported private equity activity.

For more information, please see our full Research Methodology at the end of this report or click here: <https://empea.org/data-methodology/>.

Acknowledgments

EMPEA would like to acknowledge Industry Partners who were consulted during the compilation of our Industry Statistics: the African Private Equity and Venture Capital Association (AVCA), Asociación Mexicana de Capital Privado (AMEXCAP), Associação Brasileira de Private Equity & Venture Capital (ABVCAP), Association Marocaine des Investisseurs en Capital (AMIC), Czech Private Equity & Venture Capital Association (CVCA), Hong Kong Venture Capital & Private Equity Association (HKVCA), Latin American Private Equity & Venture Capital Association (LAVCA) and the Polish Private Equity and Venture Capital Association (PSIK). We thank these Industry Partners for their support.

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For additional information, inquiries, or questions, please contact us at research@empea.net or call +1 202 524 6113.

Looking for Additional Data?

- EMPEA Members receive exclusive access to detailed reporting and analysis, including:
 - Fundraising and investment by region, sub-region and country;
 - Fund size distribution;
 - Listing of fund managers, funds, investments and exits;
 - Investment size distribution by region;
 - Investment by strategy and sector; and,
 - Cambridge Associates fund performance data.
- For additional information, please email the research team at research@empea.net or call +1 202 524 6113.

EMPEA Research Methodology

EMPEA's research methodology has been updated as of 2 November 2016. Afghanistan and Pakistan are now included in Emerging Asia, rather than MENA, regional totals. For any questions, please contact research@empea.net or +1 202 524 6113.

EMPEA's industry data and statistics provide an overview of fundraising, investment and exit activity among private alternative asset managers active in the emerging markets of Africa, Asia, Europe, Latin America and the Middle East. Unless stated otherwise, the information presented in EMPEA reports and data products is drawn from EMPEA's proprietary research database, FundLink, and is based on data obtained from surveys of industry participants, direct communications with fund managers, press releases, trade publications and exchanges with regional and local venture capital associations. Fundraising, investment and exit amounts in EMPEA reports have been confirmed wherever possible directly by fund managers. EMPEA updates historical data on a quarterly basis as new data from fund managers and other sources is compiled in FundLink. Any discrepancies between the aggregate statistics published by EMPEA and the constituent data on individual funds and transactions included in tables and raw data files can be attributed to confidential information that has been omitted from public reporting.

EMPEA's reporting covers activity by long-term, fixed-life, private, direct investment funds, backed by institutional investors, across the following three asset classes: private equity, private infrastructure and real assets and private credit—collectively “private funds” or “private capital”. EMPEA data and statistics exclude activity from real estate funds, funds of funds, secondaries funds, traditional investment holding companies, corporate strategic investors, government-owned or managed entities and captive investment vehicles, as well as funds investing primarily in publicly-traded equity or debt securities.

Funds

Reported fundraising totals reflect only official closes (interim and/or final) as reported in primary and secondary sources or directly by fund managers. Capital commitments accruing prior to or between official closes are not included in reporting.

Investments

EMPEA classifies investments into one of three asset classes—private equity, private infrastructure and real assets or private credit—and into one of the following deal types: buyout, growth, venture capital, PIPE, mezzanine or debt. Venture capital includes seed, early-stage and late-stage investments. When determining how an investment should be classified, EMPEA takes into account the typical investment strategy of the fund manager(s) involved, the type of security acquired, the reported round number or type of transaction, the development stage of the company at the time of investment, the company's business model and the type of product or service that the company provides. Secondary investments (both traditional and direct) are excluded from reporting. In addition, wherever possible, bank (acquisition) financing and co-investment from excluded entities (mentioned in the first section of this note) are excluded from reported investment values, both to ensure continuity across regions and to provide a more accurate picture of the scale and pace of capital deployment by the funds that are the primary focus of EMPEA's research.

EMPEA Research Methodology (*continued*)

Exits

EMPEA does not publish aggregate statistics on exit activity due to significant selection bias in the reporting of these transactions. Accordingly, exit data included in EMPEA reports and data products should not be treated as a comprehensive picture of all emerging markets exit activity, but as a sampling of exits from a given market or time period.

Sectors

EMPEA's fund and company sector classifications are based on the Industry Classification Benchmark (ICB), which is owned by FTSE International Limited (FTSE). FTSE® is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. FTSE does not accept any liability to any person for any loss or damage arising out of any error or omission in the ICB.

Abbreviations commonly used in EMPEA reports

EM – Emerging markets
PE – Private equity
VC – Venture capital
GP – General partner (fund manager)
LP – Limited partner (fund investor)

In some exhibits in EMPEA publications, percentage labels may not sum to 100% due to rounding. In all tables in which it appears, "N/A" denotes a confidential or otherwise undisclosed value.

Geographies

EMPEA data and statistics are compiled based on the “market” approach. Fundraising activity is categorized based on the countries, sub-regions or regions in which fund managers intend to invest, while investment activity is categorized based on the country headquarters of investee companies. For companies registered in offshore financial centers or developed markets, but operating exclusively or predominantly in emerging markets, investment activity is categorized based on the geographic footprint of the operations of investee companies. In the case of global or multi-regional funds, only those funds investing primarily in emerging markets are included in fundraising totals (e.g., pan-Asia funds with a significant portion of capital intended for investment in China and India). Country-dedicated fundraising data and statistics reflect only those funds with a single-country strategy or mandate. Target allocations to individual markets within a broader global or regional fund are not attributed to single-country fundraising totals.

Regions in this report

- **Emerging Asia:** Asia Pacific, excluding Japan, Australia and New Zealand.
- **Central and Eastern Europe (CEE) and Commonwealth of Independent States (CIS):** European Union accession countries (2004), Southeastern Europe (excluding Greece) and Turkey, as well as Russia and other CIS countries.
- **Latin America:** Mexico, Central and South America and the Caribbean (excluding Puerto Rico and other overseas territories and departments).
- **Middle East and North Africa (MENA):** Gulf Cooperation Council (GCC), Iran, Iraq, Jordan, Lebanon, Palestinian Territories, Syria and Yemen, as well as North Africa (Algeria, Egypt, Libya, Morocco, Sudan and Tunisia).
- **Sub-Saharan Africa:** Africa, excluding North Africa as defined above.

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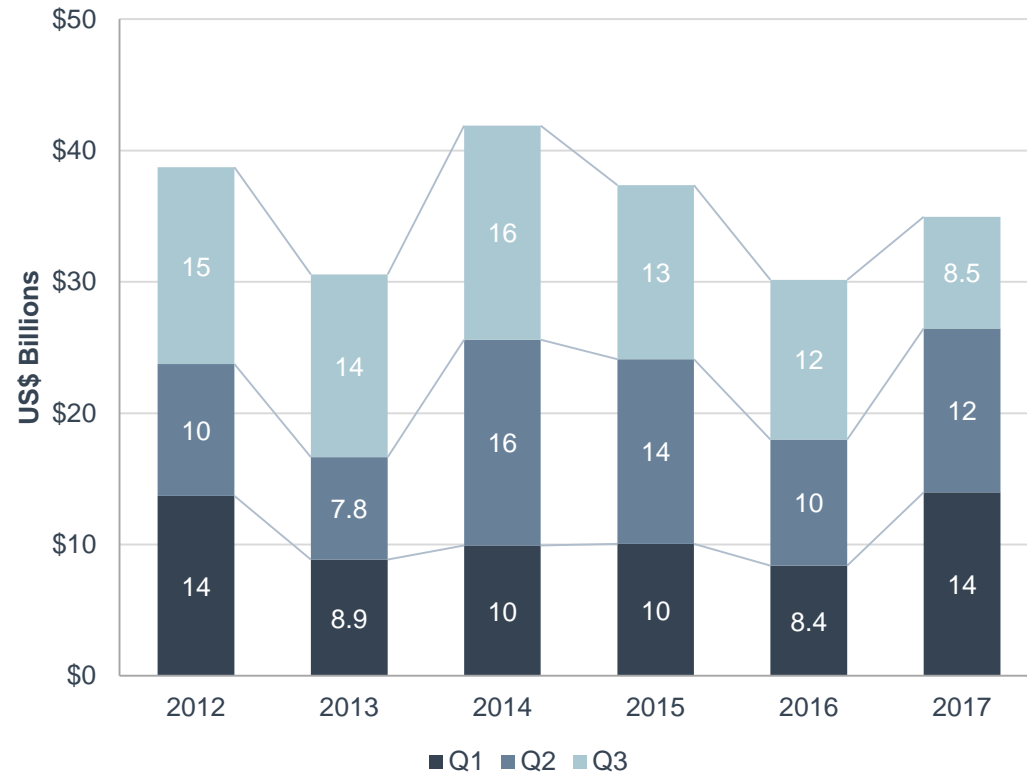
Q3 2017 Industry Statistics | Emerging Markets Private Capital

Five Takeaways

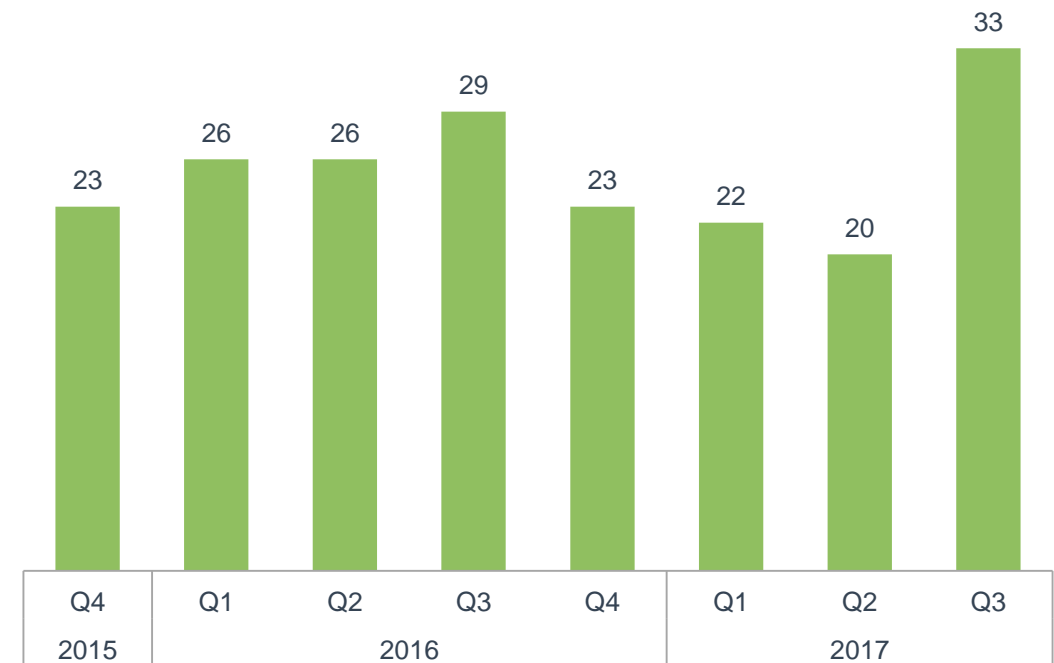
1. EM-focused Funds Raised Through Three Quarters Exceeded Last Year's Pace

The no. of large funds seeking commitments is also at a recent high, suggesting that the relatively low amount of capital raised in Q3 2017 represents a mere pause in an otherwise strong fundraising year

Emerging Markets Fundraising Through Three Quarters, 2012-2017



EM-focused Funds Seeking Capital* with Targets of US\$1B or More (No. of Funds)



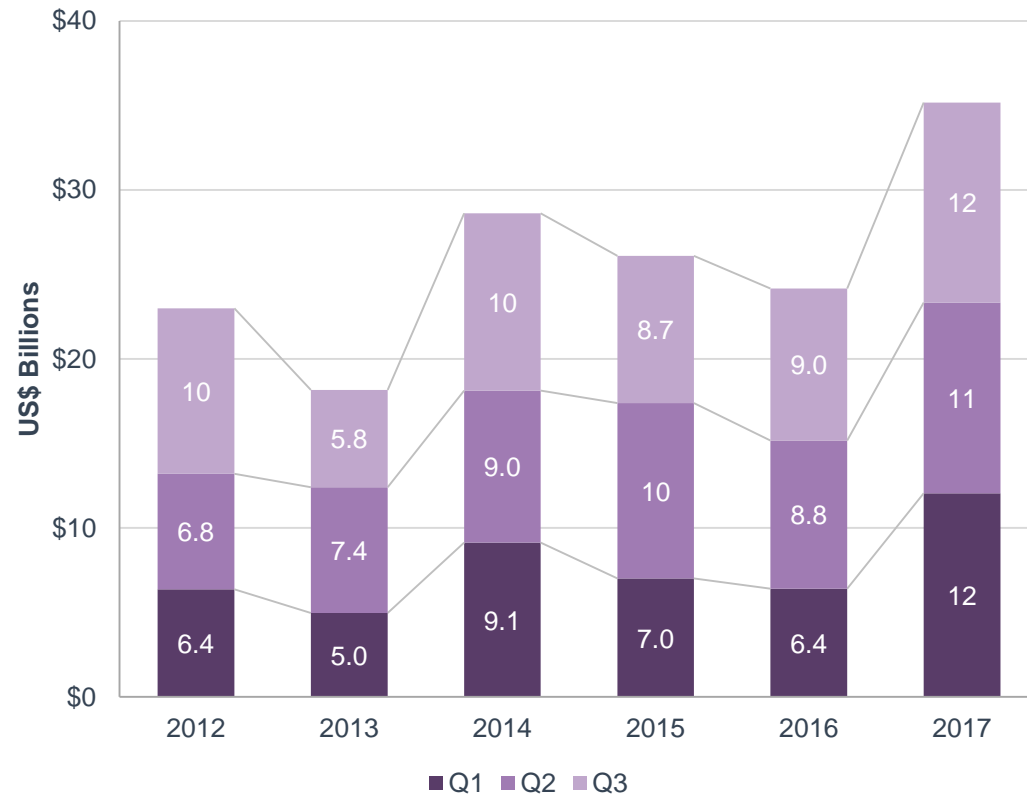
*Includes all funds reported to be actively seeking commitments as of the end of each quarter.

Note: Includes private equity, private credit, and private infrastructure and real assets. Data as of 30 September 2017. Published 6 November 2017.

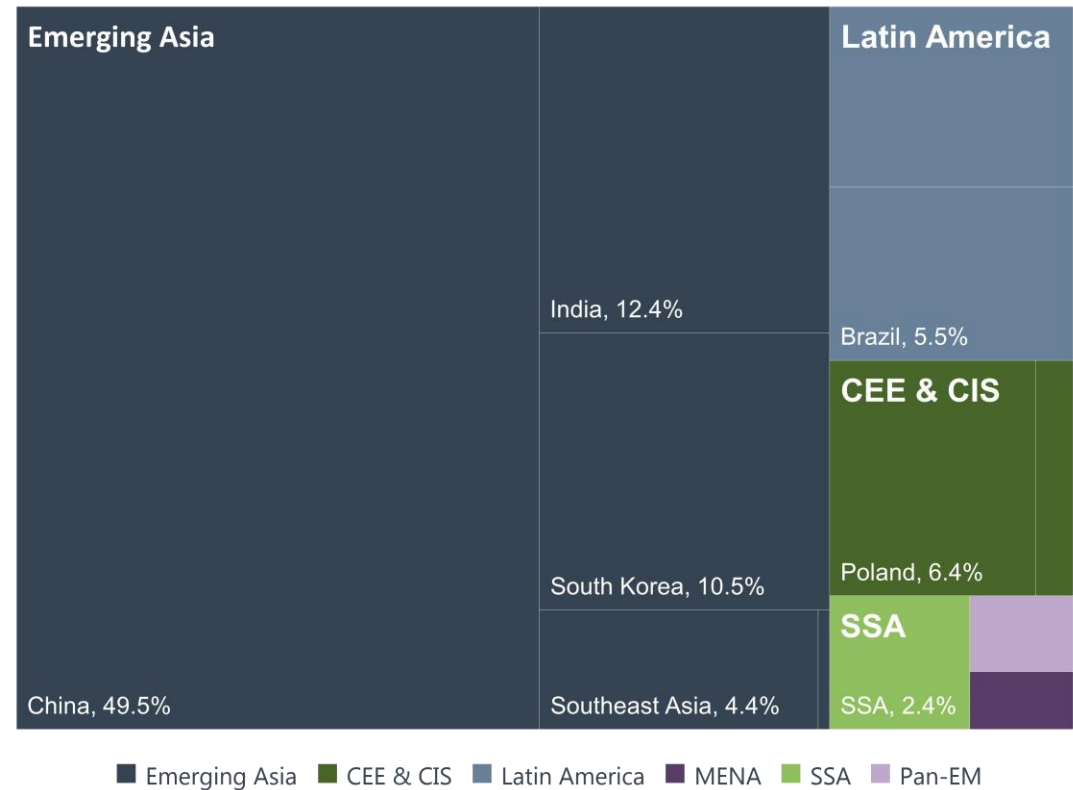
2. EM Capital Invested on Pace to Beat All Previous Years on Record

After a lull in 2016, capital deployed in major Asian markets, particularly China and South Korea, has driven the EM rebound

Emerging Markets Investment Through Three Quarters, 2012-2017



Emerging Markets Investment by Destination, Q1-Q3 2017 (% of Capital Invested)

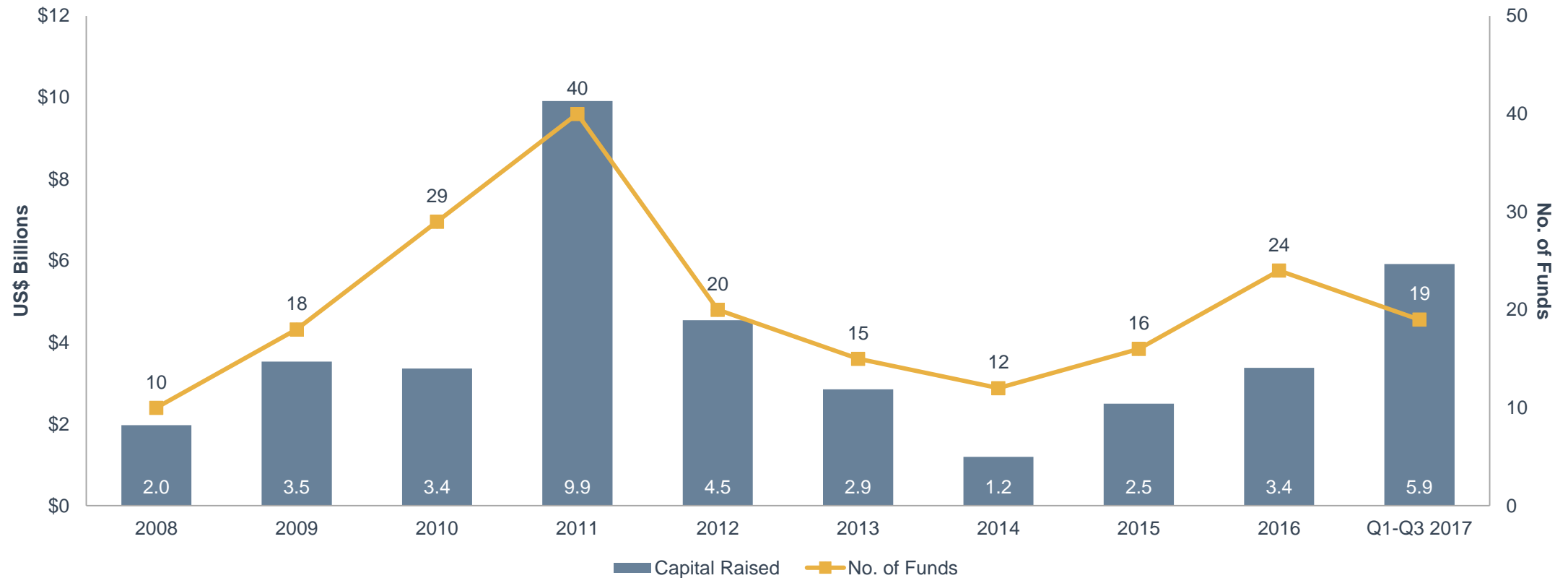


Note: Includes private equity, private credit, and private infrastructure and real assets. Data as of 30 September 2017. Published 6 November 2017.

3. Capital Raised for RMB Funds at Highest Level Since 2011

Resurgence reveals strong interest in alternative investments from both government-backed entities and private investors on the Mainland

Capital Raised by RMB-denominated Funds, 2008-Q3 2017

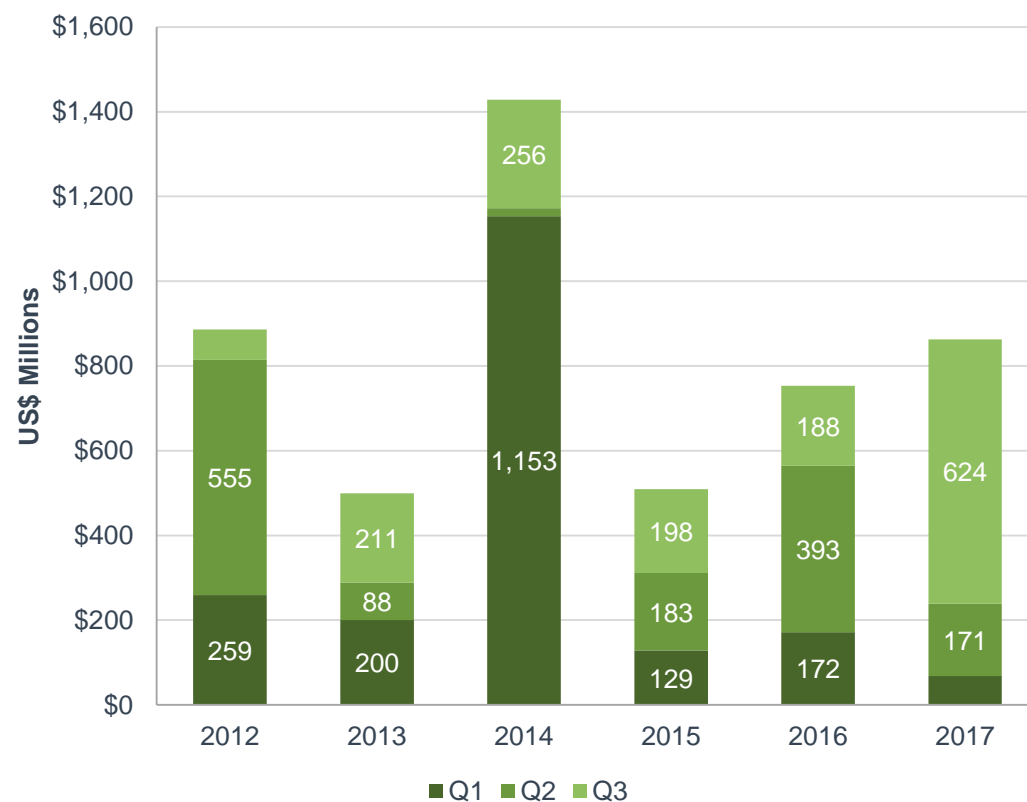


Note: Includes private equity, private credit, and private infrastructure and real assets. Data as of 30 September 2017. Published 6 November 2017.

4. Experienced GPs Closing New Funds in Q3 Boosted CEE-focused Fundraising

Enterprise Investors and Abris Capital Partners closed their eighth and third funds, respectively, reflecting continued support for CEE-focused strategies among LPs

CEE (excl. Turkey) Fundraising Through Three Quarters, 2012-2017 (US\$B)



Largest CEE (excl. Turkey)-focused Funds with Closes, Q1-Q3 2017

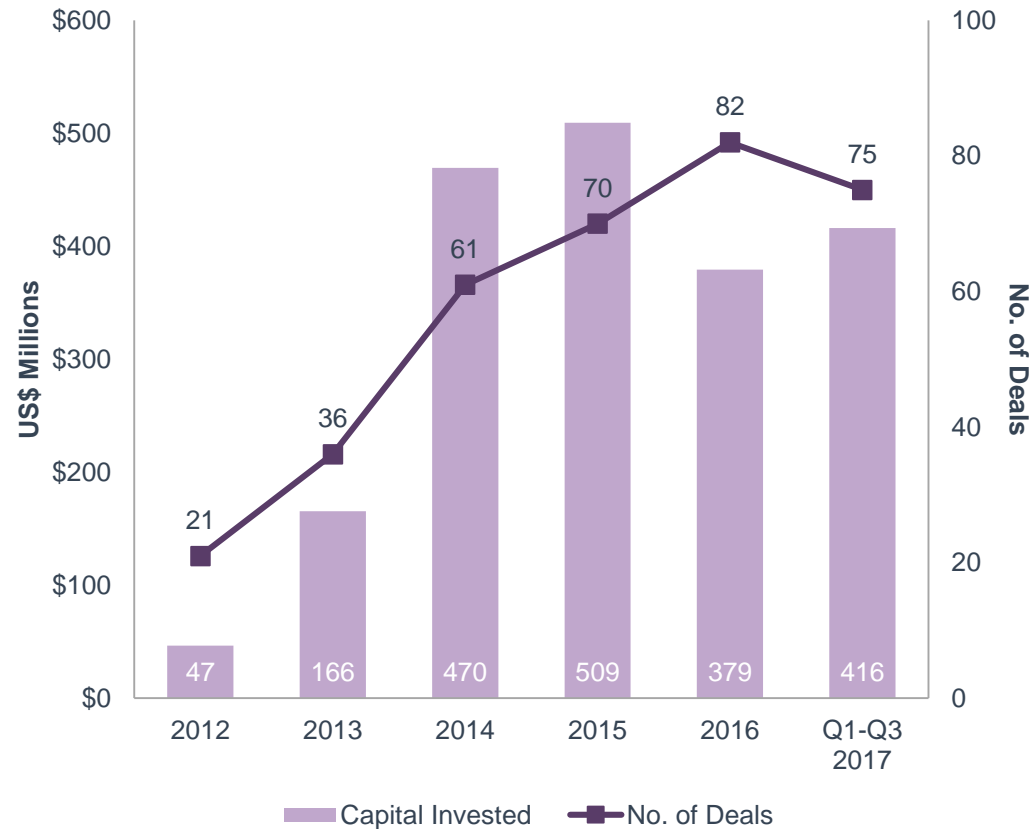
Fund Manager(s)	Fund Name	Geographic Focus	Fund Type	Total Capital Raised to Date (US\$m)
Enterprise Investors	Polish Enterprise Fund VIII	CEE, Poland	Buyout	592
Abris Capital Partners	Abris CEE Mid-Market Fund III	CEE, Poland	Buyout	561
Karma Ventures	Karma Ventures I	CEE	Venture Capital	68
South Central Ventures	Enterprise Innovation Fund (ENIF)	CEE	Venture Capital	46
Baltcap Management	BaltCap Growth Fund	Baltics	Growth	46
Fribourg Capital	Fribourg Digital I	Romania	Venture Capital	24
Birdeye Capital	Birdeye Timber Fund	Estonia	Real Assets	8

Note: Includes private equity, private credit, and private infrastructure and real assets. Data as of 30 September 2017. Published 6 November 2017.

5. VC Fund Managers Continue to Deploy Capital in Fintech Opportunities

Capital invested in the fast-growing vertical has already exceed last year's total

EM VC Fintech Deals, 2012-Q3 2017



Largest Disclosed EM VC Fintech Deals, Q1-Q3 2017

Fund Manager(s)	Company	Country	Investment Amount (US\$m)	Investment Date
Sequoia Capital, Matrix Partners, Morgan Stanley Private Equity Asia (MSPEA), Norwest Venture Partners (NVP)	Five Star	India	52	Aug-17
Goodwater Capital, Altos Ventures, Bessemer Venture Partners, Partech Ventures	Viva Republica (Toss)	South Korea	48	Mar-17
Ribbit Capital, Creation Investments Capital Management, SAIF Partners India, Sequoia Capital	Zen Lefin (Capital Float)	India	45	Aug-17
Qiming Venture Partners, Source Code Capital	Beijing ABC Fintech	China	30	Sep-17
Institutional Venture Partners (IVP), Collaborative Fund, Data Collective, Lowercase Capital, Ribbit Capital	Tala	Pan-EM	30	Feb-17
SBI Ven Capital, Bessemer Venture Partners	Innoviti Payment Solutions	India	19	Jul-17

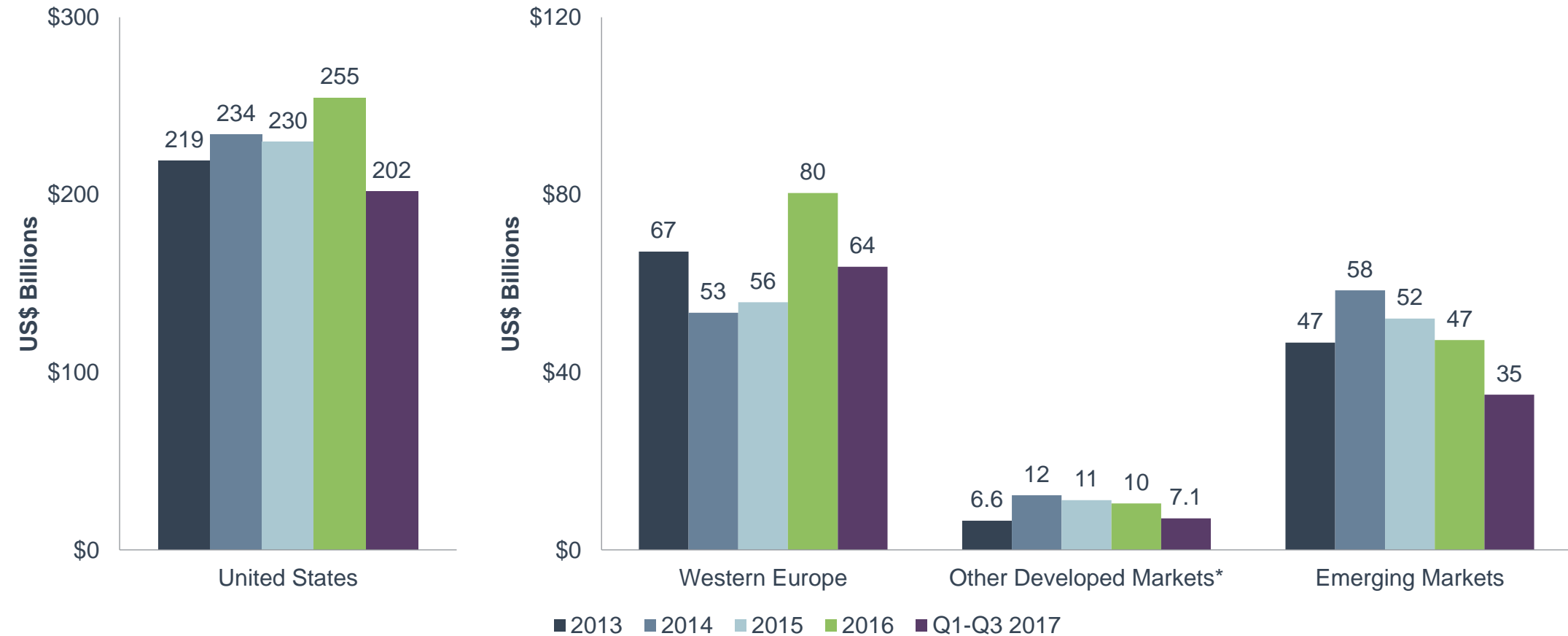
Data as of 30 September 2017. Published 6 November 2017.

Q3 2017 Industry Statistics

Global Private Capital Overview

Global Fundraising

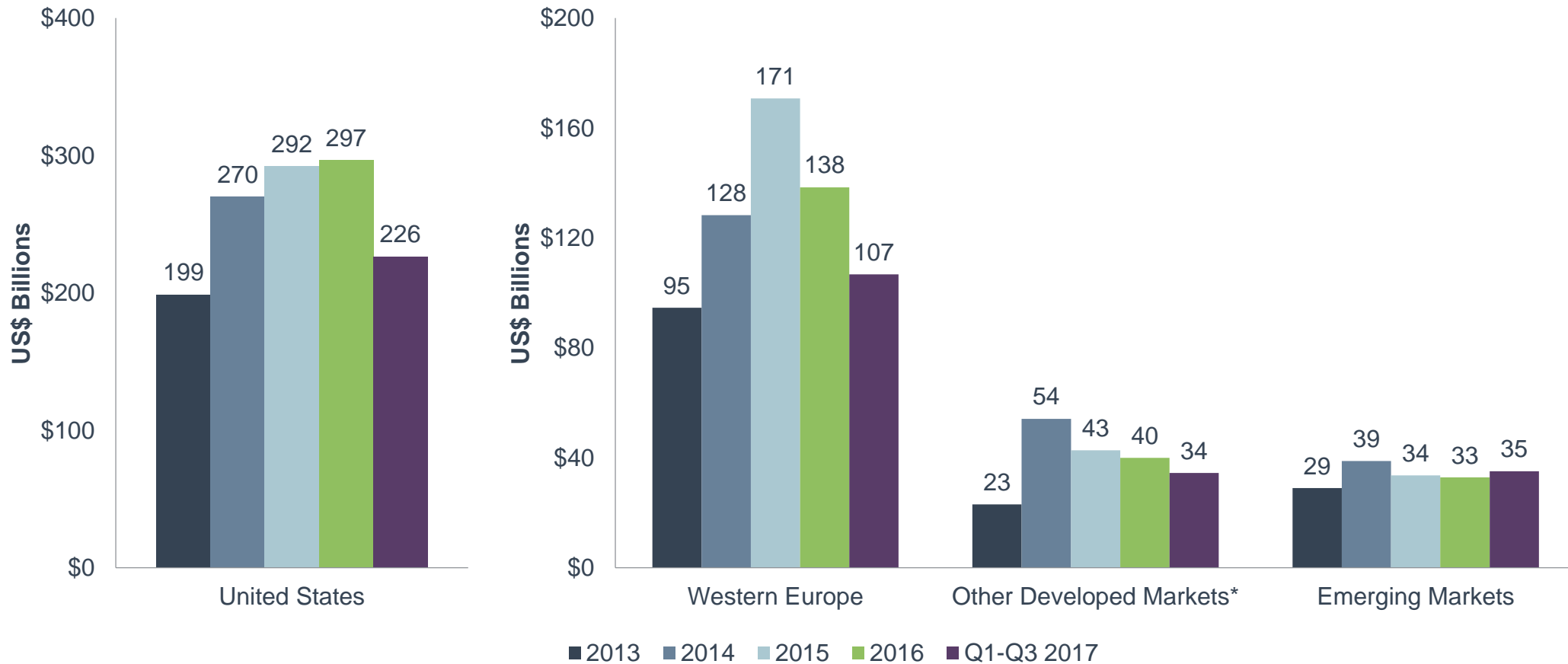
Note: Includes private equity, private credit, and private infrastructure and real assets.



*Includes Australia, Canada, Israel, Japan and New Zealand. Data as of 30 September 2017. Published 6 November 2017. Sources: Developed Markets – PitchBook; EM – EMPEA.

Global Investment

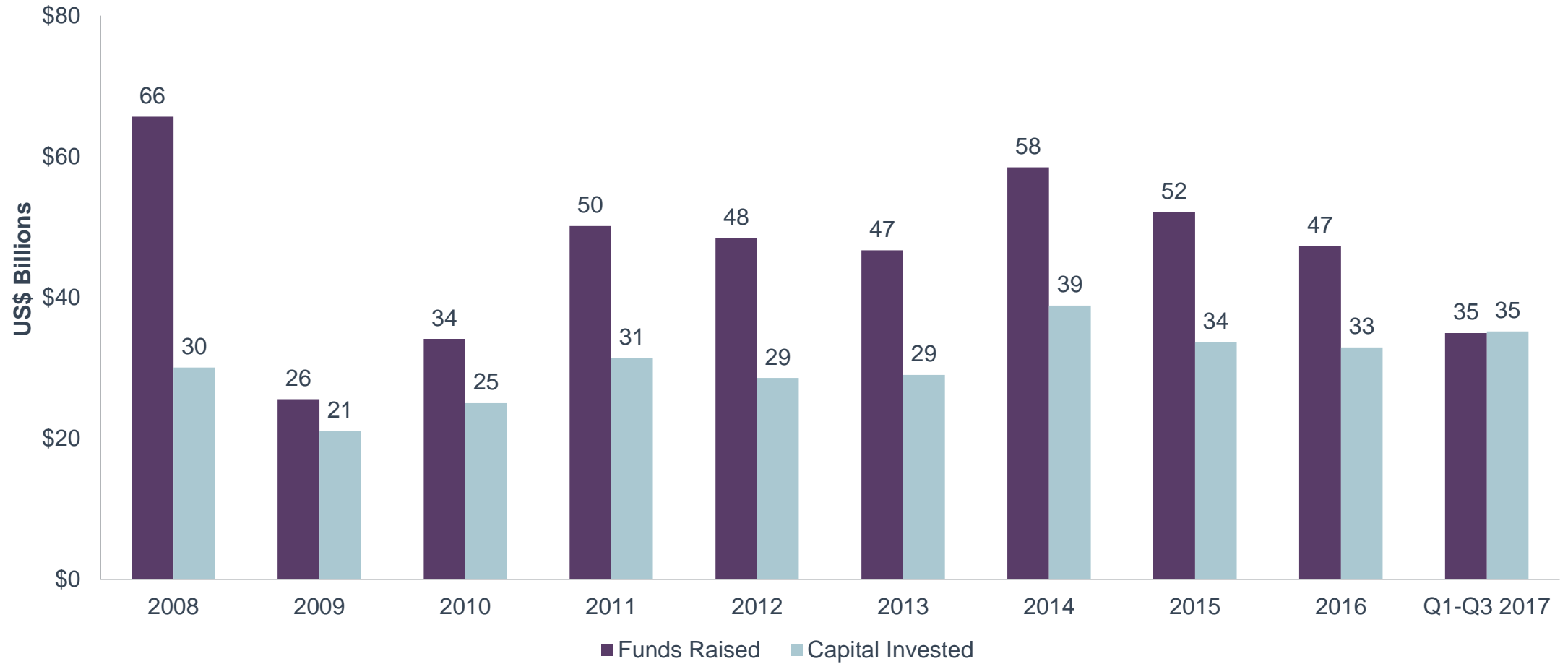
Note: Includes private equity, private credit, and private infrastructure and real assets.



*Includes Australia, Canada, Israel, Japan and New Zealand. Data as of 30 September 2017. Published 6 November 2017. Sources: Developed Markets – PitchBook; EM – EMPEA.

EM Fundraising & Investment

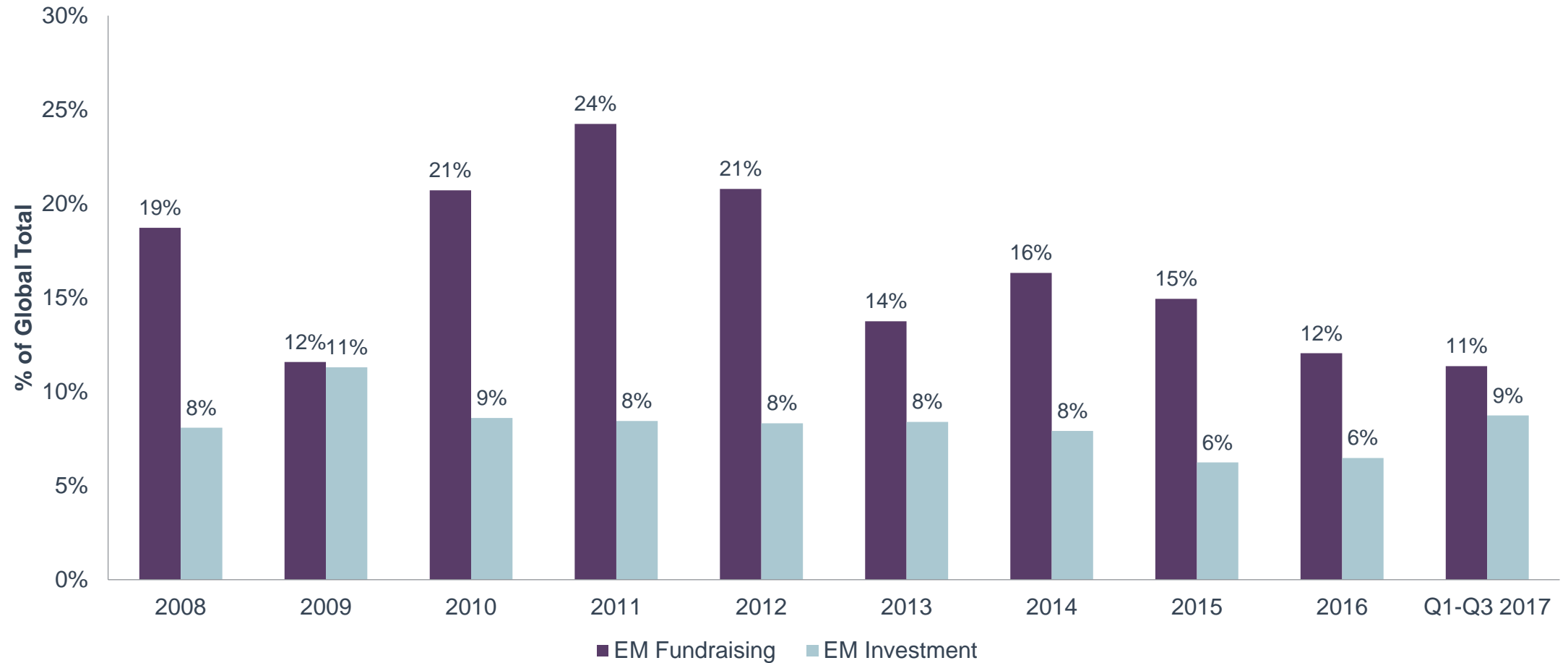
Note: Includes private equity, private credit, and private infrastructure and real assets.



Data as of 30 September 2017. Published 6 November 2017.

EM Fundraising & Investment as % of Global Total

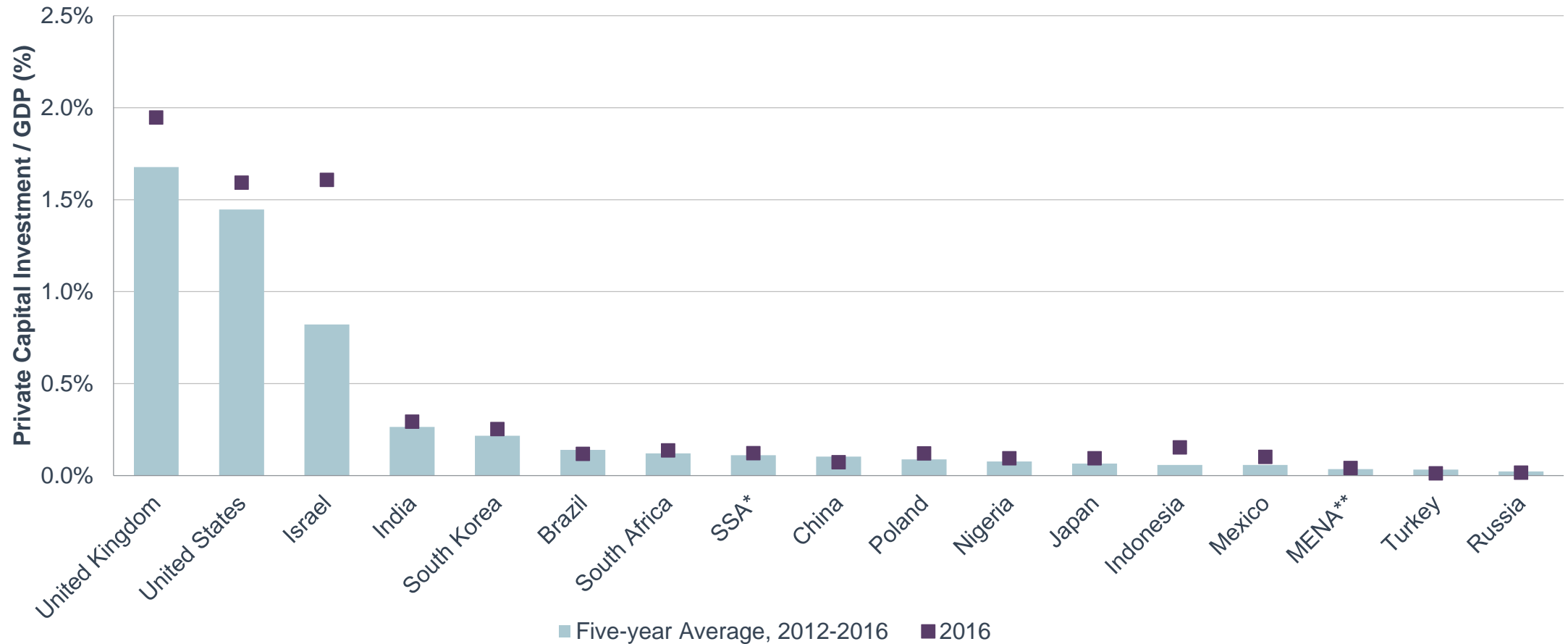
Note: Includes private equity, private credit, and private infrastructure and real assets.



Data as of 30 September 2017. Published 6 November 2017.

Global Private Capital Penetration

Note: Includes private equity, private credit, and private infrastructure and real assets.



*Sub-Saharan Africa. **Middle East & North Africa. Data as of 30 September 2017. Published 6 November 2017. Sources: Developed Markets – PitchBook; EM – EMPEA. All GDP data obtained from IMF World Economic Outlook Database (October 2017).

Disclaimer

This information is intended to provide an indication of industry activity based on the best information available from public and proprietary sources. EMPEA has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. EMPEA is not responsible for any decision made or action taken based on information drawn from this report.



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