Industry Statistics
Mid-Year 2019
Emerging Market Private Capital Fundraising and Investment
EMPEA is the global industry association for private capital in emerging markets. An independent, non-profit organization, the association brings together 300+ firms—including institutional investors, fund managers, and industry advisors—who manage more than USD5 trillion in assets across 130 countries. EMPEA members share the organization’s belief that private capital can deliver attractive long-term investment returns and promote the sustainable growth of companies and economies. EMPEA supports its members globally through authoritative research and intelligence, conferences, networking, education, and advocacy.

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Update to Methodology

Standard EMPEA investment reporting now includes expanded coverage of direct secondary transactions, including investments for both minority and majority stakes on either a single-asset or a portfolio basis, but excluding purchases of LP stakes and fund restructurings. In addition, 'Sub-Saharan Africa' and 'MENA' have been replaced with 'Africa' and 'Middle East' as top-level regions in EMPEA's geographic classification system. Private capital activity in North Africa will henceforth be included in Africa regional totals in standard EMPEA data releases and reports. 'MENA' totals can be produced for members upon request.

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

Acknowledgments

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- EMPEA Members receive exclusive access to detailed reporting and analysis, including:
  - Fundraising and investment by region, sub-region, and country;
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  - Investment by strategy and sector; and,
  - Cambridge Associates fund performance data.
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• Global Private Capital Overview
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Africa: Fundraising Revival

Capital raised has rebounded after two slow years, with USD1.6 billion raised in 1H 2019, putting the region on pace for its highest annual total since 2015

Africa Fundraising by Strategy, 2H 2015-1H 2019


Largest Africa Funds Achieving a Close, 1H 2019

Established regional private equity players raising follow-on funds and new entrants to the region’s infrastructure space have led the way.
Southeast Asia: Late-Stage VC in Focus

Fundraising for Southeast Asia in 1H 2019 surpassed the total for all of 2018, with both regional PE veterans and new local VC teams raising capital.

Southeast Asia Fundraising by Strategy, 2012-1H 2019

Southeast Asia Venture Capital Investment by Stage, 2016-1H 2019

The sustained growth of local technology ecosystems has translated into more late-stage VC opportunities for GPs in Southeast Asia.

China: Rebalancing After a Record Year

After reaching new highs in 2018, funds raised and capital invested in China decreased by 31% and 34%, respectively, year over year, in 1H 2019

Not all sectors were equally affected by the slowdown in investment, however, with health care and real estate services attracting large tickets from global and local GPs.

India: Investment Continues to Climb

Despite a slowdown in fundraising, particularly in the VC segment, investment continues to climb and is on track to exceed all years on record with USD6.5 billion in disclosed capital invested in 1H 2019.

India Fundraising, 2012-1H 2019

India Investment by Asset Class, 2012-1H 2019

Central & Eastern Europe (CEE): A Subdued First Half

Capital deployed in CEE declined in 1H 2019 in part due to fewer large transactions, with Mid Europa's buyout of Poland-based intive the only disclosed deal above USD100 million; lower-middle-market PE and venture capital have remained the mainstay for the region.

Latin America: Private Credit Opportunities in Brazil

GPs put more than USD4.4 billion to work in Latin America in 1H 2019, with Brazil garnering the lion's share; special situations and distressed debt opportunities in Brazil have contributed to a pickup in private credit investments in the region over the last 12 months.

Latin America Investment by Geography, 2H 2015-1H 2019

Latin America Private Credit Investment, 2012-1H 2019

Middle East: Old Strengths, New Opportunities

Fund managers deployed USD1.1 billion in the region in 1H 2019, led by KKR and Blackrock’s USD1 billion acquisition of a 40% interest in ADNOC Oil Pipelines.

Middle East Investment, 2012-1H 2019


Middle East Investment by Business Segment, 1H 2019 (% of Total No. of Deals)

Deal volume, in contrast, has been driven by technology-enabled businesses and VC activity.
Energy & Power: Shift Toward Renewables

With the exception of a few large oil & gas pipeline investments in 1H 2019, the energy investment landscape has shifted toward alternative electricity.

Investments in upstream oil & gas opportunities have fallen away, reflecting broader market conditions and an increasing emphasis on sustainable energy solutions.
Fintech & Financials: Growing Interest in Technology-Enabled Companies

Fintech has accounted for an increasing share of all investment activity in the financial sector


Payments companies are drawing the largest proportion of fintech investment across emerging markets, led by significant deals completed in China and Latin America.
Health Care: Still a Priority Sector for Investors

Despite a pronounced slowdown in other sectors in 1H 2019, EM health care opportunities continue to attract private capital, with overall activity declining only slightly year over year.

Biotech and pharmaceuticals have driven deal activity in Emerging Asia, but the majority of deals in other regions have focused on traditional health care providers.
Global Private Capital Fundraising by Geographic Focus, 2015-1H 2019

* Includes Australia, Canada, Israel, Japan, and New Zealand.

Note: Global data includes private equity and venture capital, private credit, and private infrastructure and real assets. Sources: Developed Markets – PitchBook; EM – EMPEA. Data as of 30 June 2019. Published 11 September 2019.
Global Private Capital Investment by Geographic Destination, 2015-1H 2019

* Includes Australia, Canada, Israel, Japan, and New Zealand.

Note: Global data includes private equity and venture capital, private credit, and private infrastructure and real assets. Sources: Developed Markets – PitchBook; EM – EMPEA. Data as of 30 June 2019. Published 11 September 2019.
EM Fundraising & Investment

EM Funds Raised and Capital Invested, 2008-1H 2019 (USD Billions)

Note: Includes private equity and venture capital, private credit, and private infrastructure and real assets. Data as of 30 June 2019. Published 11 September 2019.
EM Fundraising & Investment

EM Funds Raised and Capital Invested as % of Global Total, 2008-1H 2019

Note: Includes private equity and venture capital, private credit, and private infrastructure and real assets. Sources: Developed Markets – PitchBook; EM – EMPEA. Data as of 30 June 2019. Published 11 September 2019.
Global Private Capital Penetration

Disclosed Private Capital Invested as % of GDP, 2014-2018

NOTE: EMPEA’s research methodology has been updated as of 5 February 2019. Standard EMPEA investment reporting now includes expanded coverage of direct secondary transactions, including investments for both minority and majority stakes on either a single-asset or a portfolio basis, but excluding purchases of LP stakes and fund restructurings. In addition, ‘Sub-Saharan Africa’ and ‘MENA’ have been replaced with ‘Africa’ and ‘Middle East’ as top-level regions in EMPEA's geographic classification system. Private capital activity in North Africa will henceforth be included in Africa regional totals in standard EMPEA data releases and reports. ‘MENA’ totals can be produced for members upon request. For additional details, 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, private, direct investment funds, backed by institutional investors, across the following three asset classes: private equity, private credit, and private infrastructure and real assets—collectively 'private funds' or 'private capital'. EMPEA data and statistics exclude activity from real estate funds, fund 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 credit, and private infrastructure and real assets—and into one of the following deal types: buyout, secondary buyout, growth, venture capital, replacement capital, secondary portfolio, 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.
Purchases of LP stakes by secondary buyers and fund restructurings 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.

**Exits**

Aggregate data on exit activity in emerging markets can be subject to significant selection bias in the reporting of such 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.

**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 predominately 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 are defined as:

- **Africa**: All African countries, including North Africa.
- **Emerging Asia**: Asia Pacific, excluding Japan, Australia, and New Zealand. Includes Afghanistan and Pakistan.
- **Central and Eastern Europe (CEE) and the 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**: Gulf Cooperation Council (GCC), Iran, Iraq, Jordan, Lebanon, Palestinian Territories, Syria, and Yemen.
Methodology (continued)

Sectors
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Additional Notes
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)

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